Slide #	Commentary
	Bruce Thomas
1	Thank you, Operator. Good afternoon and welcome to Encore Capital Group's first quarter 2019 earnings call. With me on the call today are Ashish Masih, our President and Chief Executive Officer, Jonathan Clark, Executive Vice President and Chief Financial Officer, and by phone Ken Stannard, the CEO of Cabot Credit Management. Ashish and Jon will make prepared remarks today, and then we will be happy to take your questions.
2 Safe Harbor	Before we begin, we have a few housekeeping items. Unless otherwise noted, comparisons made on this conference call will be between the first quarter of 2019 and the first quarter of 2018. In addition, today's discussion will include forward-looking statements subject to risks and uncertainties. Actual results could differ materially from these forward-looking statements. Please refer to our SEC filings for a detailed discussion of potential risks and uncertainties. During this call, we will use rounding and abbreviations for the sake of brevity. We will also be discussing non-GAAP financial measures. Reconciliations to the most directly comparable GAAP financial measures are included in our earnings presentation, which was filed on Form 8-K earlier today. As a reminder, this conference call will also be made available for replay on the Investors section of our website, where we will also post our prepared remarks following the conclusion of this call. With that, let me turn the call over to Ashish Masih, our President and Chief Executive Officer.

	Ashish Masih
3 Introduction & Q1 Highlights	Thanks, Bruce, and good afternoon everyone. Thank you for joining our earnings call. Today Encore announced financial results for the first quarter of 2019. I'm pleased to report that our performance continues to excel and we achieved record results across several key financial measures. These results are being driven by our efficient operating platforms and strong positions in key markets. Global collections from our debt purchasing business were $514 million dollars, surpassing the half-billion-dollar mark for the first time. Revenues grew to $347 million dollars in Q1 as U.S. revenues grew by 10%. By the end of the quarter, our worldwide ERC, or Estimated Remaining Collections, had grown to a record $7.3 billion dollars. In the first quarter, Encore earned record GAAP net income of $49 million dollars, or $1.57 per share. This compares to $22 million dollars, or 83 cents per share in the same quarter a year ago. Adjusted income was also a record in Q1 at $46 million dollars or $1.46 per share, compared to $26 million dollars, or 98 cents per share in the first quarter a year ago.

4 Strong Cash Generation	As you know, our business generates significant amounts of cash each month as we collect on the portfolios we own. Our record net income in the first quarter reflects continued strong cash generation. We believe adjusted EBITDA - when combined with collections applied to principal balance - is an important measure of the return of capital to the business. Historically, our strong cash generation has enabled a number of valuable activities, such as purchasing portfolios, reducing our debt, expanding our collections capacity, and investing in innovation. Currently, our increased level of adjusted EBITDA provides additional capital for us to purchase portfolios, especially in the attractive U.S. market.
5 U.S. Market	From a supply perspective, the Federal Reserve's most recent report indicated that revolving credit in the U.S., which is comprised largely of credit cards, continues to grow, reaching an all-time high of over one trillion dollars in February 2019. In addition, the U.S. credit card charge-off rate in Q1 rose to 3.82%, the highest level in almost seven years, according to Bloomberg Intelligence. Their data also revealed that delinquencies, a leading indicator for future charge-offs, increased in the first quarter at all seven of the largest U.S. credit card issuers when compared to the fourth quarter of 2018. Against a backdrop of stable and favorable pricing, the debt purchasing market in the U.S. continues to provide us with opportunities to deploy capital at attractive returns. Looking forward, issuers continue to indicate that they expect loan losses to increase in coming quarters. Consequently, we believe that an even better market for buying portfolios is yet to come for this credit cycle in the U.S. When unemployment begins to rise, combined with the record level of revolving debt, we expect a meaningful increase in supply for our industry. Based on previous cycles, we expect this will lead to a further rise in purchase price multiples and even more attractive purchasing opportunities for Encore.

6 Encore's U.S. Business (MCM)	2019 is off to a solid start for our U.S. business – also known as Midland Credit Management, or MCM. We deployed $174 million dollars in the U.S. in the first quarter, consisting primarily of fresh paper. MCM collections were a record $330 million dollars, growing 10% compared to the first quarter of 2018. Our consumer-centric approach to collections and improved productivity continue to drive a higher proportion of call center and digital collections compared to legal and agency collections. As a result, our MCM call center and digital collections were up 15% in the first quarter compared to the same period a year ago. Our investments in our digital platform continue to drive online collections growth. In addition, speech analytics and other technology-based initiatives provide opportunities to increase our productivity and make the best use of our scale.
7 Encore's U.S. (MCM) Collections Performance	We are now seeing what we believe is just the beginning of the collections growth we expect from our MCM business going forward. Some of our collections growth stems from our record deployments in the U.S. in 2018. An even larger portion of our recent collections growth is the direct result of our more effective collections operation. To help demonstrate how much we have improved our ability to collect, we have provided a look into our actual MCM collections performance data.

7 Encore's U.S. (MCM) Collections Performance (continued)	One measure of improvement is our payer rate, shown on the graph on the left of slide 7. The data shows that we are turning a substantially higher percentage of accounts into paying accounts during the first year. In fact, the improvement was 44% for the 2016 to 2018 vintages compared to a baseline comprised of the 2013 to 2015 vintages. The drivers of this improvement include the success of our consumer-centric collections approach, our data and analytics innovation, as well as the improved quality of the paper we have been buying. The steep ramp of improvement during the first three months in the most recent vintages is the embodiment of taking the time to better understand each consumer and putting ourselves in a better position to collect as a result. Another measure of performance improvement is our first-year cash liquidation rate. This data captures an even more important message. We are now collecting 37% more of face value in the first 12 months. These results are changing our collections curves, with these early gains reflecting an overall increase in liquidations, improving upon the longer curves we've spoken of in the past. In simple terms, we are converting more accounts into payers, we are collecting more cash, and we are collecting it earlier.

8 Record U.K. Indebtedness	Let’s now turn to the European market, where we are seeing growing supply with opportunities to win business at attractive returns. Cabot continues to deliver strong results even though charge-off rates for unsecured debts in the U.K. remain near historic lows. Over the last year, though, the trend has been climbing and we expect charge-offs to increase substantially going forward. We believe the supply growth we’re seeing in the debt purchasing market is being driven by a number of factors. Most importantly, much like in the U.S., indebtedness in the U.K. has increased to record levels, and as a result, we anticipate a significant rise in consumer default rates in the future.
9 European Market	In addition, banks appear to be selling their accounts earlier after charge-off than they have historically. In the U.K., as well as in Continental Europe, we expect continuing regulatory and supervisory pressure to increasingly drive credit issuers toward a combination of more debt sales and a greater focus on credit management services. For example, the European Central Bank has ruled that banks across the European Union must provide for 100% of unsecured debts 2 years after they become delinquent, beginning with all debts entering delinquency after April 2018. Therefore banks will be increasingly incentivized to sell these assets to recognize value. We are also seeing a growing pipeline of servicing opportunities, particularly for BPO engagements, as banks look to experienced servicers such as Cabot to outsource a more significant portion of their increasing credit management needs.

10 Cabot's Leadership Businesses	Cabot is well positioned across the credit management spectrum of services to make the most of these growing market opportunities. Cabot is best known for its long-standing debt purchasing business and enjoys a massive scale advantage. Cabot manages significantly more financial services-related ERC in the U.K. than its closest competitor within the peer group. Cabot's debt collection agency is ranked number 1 for 73% of portfolio, as measured by placement volume, that we service for U.K. financial services institutions. Cabot is also the largest provider of collections-related business process outsourcing services to the top financial institutions in the U.K. BPO contracts are particularly valuable as they lead to long-term relationships between Cabot and its clients. Cabot's leadership in these areas is made possible through a common set of foundational advantages. Over time, Cabot has built strong, deep relationships with key financial institutions. Cabot leverages its scale to maintain leadership capabilities in employing technology and accumulating and analyzing data. In addition, Cabot has set the standard in the industry for regulatory compliance. The bottom line is: If you are a large issuer of credit in the U.K., you are likely working with Cabot.

11 Encore's European Business	Cabot again delivered strong financial and operational performance in the first quarter. Our deployments in Europe in the first quarter totaled $84 million dollars and were concentrated largely in the United Kingdom. Collections in Q1 from our European debt purchasing business grew 6% in constant currency, compared to the first quarter a year ago, continuing a strong multi-year growth trend. European revenues, adjusted by net allowances, increased 11% in constant currency in Q1 compared to the first quarter of last year. Our European ERC grew to $3.7 billion dollars and was up 11% in constant currency compared to the end of the first quarter a year ago. More specifically, CCM's operating income grew 15% in Q1 compared to the same period a year ago. The acquisition of the remaining interest of Cabot has created the opportunity to explore additional synergies, including potential debt financing options.

12 CFPB Notice of Proposed Rulemaking	As you know, yesterday the CFPB issued a Notice of Proposed Rulemaking on debt collection. We have been eagerly awaiting the next step in this process for a long time. You may recall that the bureau first announced its plan to issue new rules for our industry back in 2013. Establishing a consistent set of rules for our industry is a truly positive step. We look forward to the day when everyone in the industry is held to the same high standard, and confusion and uncertainty around existing regulations will be removed. Importantly, we expect the new rules will make it easier to reach our consumers through email and text messages. This rulemaking effort should also enable us to better help consumers move themselves toward financial recovery. The CFPB has provided for a 90-day comment period from the date of publication in the federal register. So, we can anticipate the comment period deadline to be late August 2019. While it is unclear how long the CFPB will take to evaluate the comments and issue a final rule, the CFPB did note that the effective date will be one year after the final rules are determined. With that, I'd like to hand the call over to Jon for a more detailed review of our financial results…

	Jonathan Clark
13 Detailed Financial Discussion	Thank you, Ashish. As Ashish mentioned in his opening remarks, we will be referring to our U.S. business going forward by its brand name, Midland Credit Management, or more simply MCM.
14 Q1 Deployments	Global deployments totaled $262 million dollars in the first quarter, compared to $277 million dollars in the first quarter of 2018. MCM deployed a total of $174 million dollars in the U.S. during Q1, almost all of which represented fresh portfolios of charged-off credit card paper. This compares to $179 million dollars of U.S. deployments in Q1 of 2018. European deployments totaled $84 million dollars during the first quarter, compared to $87 million dollars in the same quarter a year ago.
15 Q1 Collections	Global collections were $514 million dollars in the first quarter, growing 5% when compared to $489 million dollars a year ago, and growing 8% in constant currency terms. MCM collections from our debt purchasing business in the U.S. grew 10% in Q1 to a record $330 million dollars. Call center and digital collections for MCM were up 15% compared to Q1 of last year, due to the benefits of our consumer-centric collections approach and improved productivity. We also reported strong collections performance in Europe in the first quarter, growing 6% in constant currency terms, compared to the same period last year.

16 Q1 Revenues	Global revenues, adjusted by net allowances, were $347 million dollars in the first quarter, growing 6% compared to $327 million dollars in Q1 of 2018, and were up 10% in constant currency terms. In the U.S., MCM revenues, adjusted by net allowances, were $189 million dollars in the first quarter, up 10% compared to the same quarter a year ago. In Europe, Q1 revenues, adjusted by net allowances, were $135 million dollars and grew 11% in constant currency terms, primarily from the increase in collections driven by our operational innovation.
17 ERC	Our ERC was $7.3 billion dollars at the end of March, up $199 million dollars compared to the end of March 2018, and up 7% in constant currency terms.
18 Q1 EPS Walk	In the first quarter, we recorded GAAP earnings of $1.57 per share. After applying the adjustments and income tax effect, the result was $1.46 per fully diluted share, and our non-GAAP Economic EPS was also $1.46. Our GAAP net income in the quarter was larger than our adjusted income principally as a result of a favorable tax settlement related to a change in our tax accounting methodology, which was included in our GAAP results, but not in our adjusted results. We did not exclude any shares from the calculation of our Economic EPS in the first quarter. With that, I'd like to turn it back over to Ashish.

	Ashish Masih
19 Summary & Outlook	Thank you, Jon. In summary, I am very pleased with Encore's operational and financial performance in the first quarter and I am excited about our prospects. First, we reported record results in the first quarter. We set records for earnings, ERC and global cash collections, the latter surpassing half a billion dollars for the first time. In the U.S., we reported record collections for MCM in the first quarter, and call center and digital collections were up 15% compared to the first quarter a year ago. Secondly, looking ahead, consumer indebtedness in both the U.S. and the U.K. has reached new record levels, a strong indication of future increases in charge-offs and supply growth in our two most important markets. As a result, the U.S. market remains large and favorable while credit issuers in the U.K. and Europe are looking to increasingly outsource or sell defaulted portfolios. Third, both MCM and Cabot are leading platforms in their core markets in the U.S. and the U.K., which positions us well to capitalize on the increases in supply that we anticipate will happen in these markets. Fourth and finally, we are making solid progress in our journey to strengthen Encore's competitive position. This includes a continued focus on improving the performance of our most important platforms in the U.S. and Europe, while at the same time streamlining our business portfolio. These actions include the acquisition of the remaining interest in Cabot in July 2018, and the sale of our ownership interest in Refinancia in December 2018. As a result, we now own 100% of our largest and most strategic businesses, and we expect our results to become more comparable from period to period; and our reporting to be more simple going forward.

20 Q&A Session	Now we'd be happy to answer any questions that you may have. Operator, please open up the lines for questions.
	That concludes the call for today. Thanks for taking the time to join us and we look forward to providing our second quarter 2019 results in August.