Slide #	**Commentary**
	Bruce Thomas
1	Thank you, Operator. Good afternoon and welcome to Encore Capital Group's fourth quarter 2018 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, our subsidiary based in the U.K. 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 fourth quarter of 2018 and the fourth quarter of 2017, or between the full year 2018 and the full year 2017. 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 and Encore Update	Thanks, Bruce, and good afternoon everyone. Thank you for joining our conference call. Today Encore announced financial results for the fourth quarter and for the full year. 2018 was a year of significant achievement for Encore, characterized by our accomplishment of key objectives and record results. This is a very good time for the debt buying industry, particularly in the United States, and our improving performance reflects our strong position in key markets. As the year began, strong forward flow commitment levels drove our expectation that the U.S. market would support an aggressive capital deployment plan with strong returns. In order to capitalize on this favorable purchasing environment, we deployed more in the United States in 2018 than in any prior year. Through our operational innovation and increased productivity, global collections and revenues increased to record levels. This performance helped generate record profitability and was key to delivering on our expectation of at least 20% growth in earnings per share for 2018. In July we completed our acquisition of the remaining interest in Cabot Credit Management. Accordingly, our fourth quarter financial performance includes 100% of the benefit of our full ownership of Cabot for the first time, contributing to our record results.

4 Encore's U.S. Operations	Turning now to our U.S. business… From an operations perspective, collections in the U.S. increased 11%, or $123 million dollars in 2018 to their highest level ever. For the quarter, collections in the U.S. grew by 15% compared to Q4 of 2017. Our consumer-centric approach to collections and improved productivity are driving a higher proportion of call center and digital collections compared to legal collections. As a result, U.S. call center and digital collections for the year were up 25% compared to 2017, and were also up 25% for the quarter versus Q4 of 2017. Our investments in our digital collections 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.
5 Encore's U.S. Deployments	2018 was a very good year for Encore from a capital deployment perspective. We increased deployments in the U.S. by 19% to $638 million dollars, higher than in any other prior year, reflecting the favorable purchasing conditions and attractive returns. In anticipation of another strong year of investing in U.S. portfolios, we have already secured approximately $480 million dollars in forward flow purchase commitments for 2019, and we expect to continue to grow deployments. Fresh paper continues to dominate U.S. market supply and comprised virtually all of our purchases during the year.

6 U.S. Revolving Credit	The debt purchasing market in the U.S. has been favorable for some time now. Importantly, we believe that a much better market for buying portfolios is yet to come. In fact, the Federal Reserve recently released December 2018 figures, and revolving credit in the U.S., which is comprised largely of credit cards, has reached an all-time high of $1.04 trillion dollars.
7 Unemployment and Net Charge-Offs	Historically, there has been a strong correlation in the U.S. between the unemployment rate and the credit card charge-off rate. When more of the population are out of work, more people are susceptible to having trouble paying their credit card bills, thus leading to an increase in charge-off rates. However, over the past two years, charge-off rates have increased despite the fact that unemployment remains at historically low levels. We believe this charge-off growth has been driven not by unemployment, as is typical, but instead by increased lending. We believe that the best purchasing opportunities are 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 an 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.

8 European Market	Turning to the European market… In the fourth quarter we saw an active marketplace with opportunities to win business at attractive returns. Due to continuing regulatory and supervisory pressure, banks across Europe continue to improve their balance sheets by selling their charged-off receivables. We are also seeing a growing pipeline of servicing opportunities as banks look to experienced servicers, such as Wescot, to outsource a more significant portion of their increasing credit management needs. Similar to the US, 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 Encore's European Business	Cabot provides us a leading platform for long-term leadership and growth in Europe, particularly in the U.K., and we continue to focus on driving synergies from the transaction. Our U.S. and U.K. teams are collaborating in various key competencies such as decision science & analytics, digital collections, speech analytics, collections platforms, and consumer-focused call techniques. Our previously separate operations in Spain are now being managed as a single purchasing and servicing business under one leadership, leveraging the combined expertise in SME and consumer debt. Turning now to annual results, we deployed $455 million dollars in European portfolio purchases in 2018, buying the majority of this total in the U.K. Collections in 2018 from our European debt purchasing business were up 15% compared to 2017, continuing a strong multi-year growth trend. Overall European revenues, aided by the inclusion of Wescot servicing revenues for the full year, were up 30% in 2018. Our growing servicing capabilities are providing us opportunities to work with a broad range of banks on BPO contracts, as well as on pre- and post-charge-off servicing arrangements. The acquisition of the remaining interest in Cabot allows us to step back and consider our deployment from a consolidated perspective, without having to take into account the previous minority interest. As a result of this change, and after considering the differences in returns across our key markets, we plan on deploying a higher proportion of our capital in the more attractive U.S. market in 2019, while being more selective in purchasing portfolios in Europe. At the same time, we plan to grow our servicing cash flows and focus on operational efficiency. We expect all of these actions will contribute to reducing Cabot's leverage. We also expect that Encore's consolidated leverage will improve slightly in 2019 as a result of this plan.

10 Detailed Financial Discussion	Before I hand the call over to Jon, I'd like to spend a moment on Encore's other businesses. You may recall that over the past several years, when the U.S. market headwinds created pressure on volumes and returns, we made investments in a number of international markets. Those markets allowed us to deploy capital at higher returns. We closely monitor and evaluate the progress of all of our businesses and R&D investments as these markets and our corporate priorities evolve. As a result, in December we divested our interest in the Refinancia platform in Colombia and Peru. Although we developed significant market share in this region, we believe that future growth of this business was limited. Furthermore, U.S. market conditions have recovered, making the U.S. market and its returns comparatively more attractive. Our reduced operational footprint after divesting Refinancia allows us to sharpen our focus on better returns in our core markets. With that, I'd like to hand the call over to Jon for a more detailed review of our financial results…

	Jonathan Clark
10 Detailed Financial Discussion (continued)	Thank you, Ashish. Before I go into our financial results in detail, I would like to remind you, that as required by US GAAP, we are showing 100 percent of the results for Cabot, Baycorp and Refinancia in our financial statements. Where indicated, we will adjust the numbers to account for non-controlling interests. Keep in mind that the Cabot transaction was completed in July, and therefore we were only partial owners of Cabot for periods before the fourth quarter of 2018.
11 Q4 Earnings	In the fourth quarter, Encore earned record GAAP net income from continuing operations of $47 million dollars, or $1.50 per share. This compares to $13 million dollars, or $0.48 per share in the fourth quarter of 2017. Adjusted income was also a record at $45.5 million dollars or $1.45 per share, compared to $28 million dollars, or $1.05 per share in the fourth quarter a year ago.
12 Strong Cash Generation	I'm pleased to highlight Encore's 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. This cash generation enables a number of valuable activities, such as purchasing debt portfolios, reducing debt, expanding collections capacity, and investing in innovation. Our increased level of adjusted EBITDA over the past year has given us the flexibility to achieve record deployments in the U.S at the same time that we added collections capacity in the U.S. business and completed the Cabot transaction.

13 Deployments	Global deployments totaled $247 million dollars in the fourth quarter, compared to $301 million dollars in the fourth quarter of 2017. We deployed a total of $134 million dollars in the U.S. during Q4, all of which represented fresh portfolios of charged-off credit card paper. This compares to $170 million dollars of U.S. deployments in Q4 of 2017. European deployments totaled $106 million dollars during the fourth quarter, compared to $110 million dollars in deployments in the same quarter a year ago. For the full year, deployments totaled $1.13 billion dollars, compared to $1.06 billion dollars in 2017. We deployed a record total of $638 million dollars in the U.S. during 2018, an increase of $102 million dollars, or 19% compared to $536 million dollars of U.S. deployments in 2017. European deployments totaled $455 million dollars in 2018, compared to $464 million dollars in 2017.

14 Q4 Collections	Global collections grew 11% to $484 million dollars in the fourth quarter, compared to $438 million dollars a year ago. Our domestic call center and digital collections were up 25% compared to Q4 of last year, due to the benefits of our consumer-centric collections approach and improved account manager productivity. We also reported strong collections performance in Europe in the fourth quarter, growing 7% compared to the same period last year.
15 2018 Collections	On a global basis, we collected a record $1.97 billion dollars in 2018, up 11% compared to 2017 collections, which totaled $1.77 billion dollars. European collections in 2018 grew 15% compared to the prior year, primarily as a result of better performance from liquidation improvement initiatives at Cabot.
16 Q4 Revenue	Global revenues, adjusted by net allowances and allowance reversals, grew 10% in the fourth quarter to $349 million dollars, compared to $317 million dollars in Q4 of 2017. U.S. revenues, adjusted by net allowances and allowance reversals, were $179 million dollars in the fourth quarter, up 7% compared to the same quarter a year ago. In Europe, Q4 revenues, adjusted by net allowances and allowance reversals, were $144 million dollars and grew primarily from the increase in collections driven by our operational innovation as well as additional servicing revenue from Wescot.

17 2018 Revenue	Revenue for the full year of 2018 grew 15% to a record \$1.36 billion dollars, compared to \$1.19 billion dollars of revenue in 2017, and primarily reflected our growth in European collections driven by our operational improvements.
18 ERC	Our ERC was \$7.2 billion dollars at the end of December, up \$209 million dollars compared to the end of December 2017.
19 Q4 EPS Walk	In the fourth quarter, we recorded GAAP earnings from continuing operations of \$1.50 per share. The pre-tax impact of the adjustments in the quarter totaled minus one cent. After applying the income tax effect, we end up with \$1.45 per fully diluted share, and our non-GAAP Economic EPS was also \$1.45. Our GAAP net income in the quarter was larger than our adjusted income principally as a result of a favorable settlement related to Cabot's prior acquisition of dlc, 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 fourth quarter.

20 2018 EPS Walk	For the year, we recorded GAAP earnings from continuing operations of $4.06 per fully diluted share. There were also certain items that affected our full-year 2018 results. The majority of these adjustments were associated with our acquisition of the remaining interest in Cabot. After making all adjustments and applying the tax effect, Encore's adjusted income was $4.98 per fully diluted share and our non-GAAP Economic EPS for 2018 was also $4.98. For clarity, we've included in our appendix the pertinent information about our share count that was used to calculate Encore's earnings per share throughout 2018. With that, I'd like to turn it back over to Ashish.

	Ashish Masih
21 Summary & Outlook	Thank you, Jon. In summary, I am very pleased with Encore's operational and financial performance and excited about our prospects. We reported record earnings for the fourth quarter, as well as records for global cash collections, revenues and earnings for the year. In the U.S., the market for debt purchasing remains favorable and we deployed a record amount of capital in 2018 to purchase portfolios to capitalize on this opportunity. In addition, call center and digital collections were up 25% for the year. 2018 was also a transformational year for Encore, during which we increased our ownership of Cabot to 100%, and we continue to focus on driving synergies from the transaction. Collections from European debt purchasing grew 15% for the year, and revenues, which included a full year of Wescot results, grew 30% in 2018. Looking forward, in Europe, we expect collections from debt purchasing to continue to grow in 2019 and we plan to further grow our capital light servicing business. During 2019, we expect a higher proportion of our capital deployments to occur in the U.S., to take advantage of the current market's higher returns. Importantly, we are well positioned to purchase portfolios with even better returns once the growth in credit card charge-off rates begins to accelerate.

22 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 first quarter 2019 results in May.