Slide #	Commentary
	Bruce Thomas
1	Thank you, Operator. Good afternoon and welcome to Encore Capital Group's first quarter 2020 earnings call. Joining me on the call today are Ashish Masih, our President and Chief Executive Officer, Jonathan Clark, Executive Vice President and Chief Financial Officer, Ryan Bell, President of Midland Credit Management, based in San Diego, and Craig Buick, CEO of Cabot Credit Management, based in London. Ashish and Jon will make prepared remarks today, and then we will be happy to take your questions. We ask for your patience as, consistent with social distancing best practices, each of us from the company will be speaking from a different location. We'll do our best to mitigate any impact this may have on the execution of the call.
2 Safe Harbor	Unless otherwise noted, comparisons made on this conference call will be between the first quarter of 2020 and the first quarter of 2019. 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 & Covid-19 Update	Thanks, Bruce, and good afternoon everyone. Thank you for joining our earnings call. We are living in an unprecedented time due to the Covid-19 pandemic. It is impacting the health of our loved ones, the businesses we rely upon, the state of the global economy, and the way we live our daily lives. For those who are on the call, I hope that you and your families are safe, healthy, and finding ways to stay connected under the current circumstances. Before we begin, I want to recognize those impacted directly by the coronavirus and their families and friends, as well as the selfless heroes – the healthcare workers, first responders and law enforcement officers - who are tirelessly working with immense courage to help us all through this crisis. I would also like to thank our 7000+ employees around the world who have stepped up to the challenges of these unprecedented times. At Encore, we have been helping people recover from financial difficulty and turn toward a path of economic empowerment for years. It remains at the core of what we do and is even more relevant in current times. I'd now like to take a moment to provide an update on the impact of the COVID-19 pandemic on our people, our business and our environment. First, the health and well-being of our people is our most important responsibility. Early on, we activated our Business Continuity Plan designed to protect our people and our business. We created a cross-functional global taskforce that continues to manage our response to the evolving situation. Through a combination of social distancing and working from home, we have remained operational across all our jurisdictions, and I'm proud to say that our people adapted quickly to their changing work environments. {continued on next page}

3 Introduction & COVID-19 Update (continued)	In times of crisis, it is prudent to maintain a solid footing and ample financial resources. The improvements we have made in strengthening our balance sheet over the past two years have provided us with a solid liquidity position. This strong position increases our flexibility and will also enable us to capitalize on purchasing opportunities as we navigate our way through the coming months. As a leading player in the credit management services industry, Encore continues to treat our consumers with empathy, dignity, and respect during this difficult time. Many of the hardships brought about by COVID-19, and the measures implemented to contain the spread of the virus, are similar in nature to the hardships encountered by our consumers on a day-to-day basis. Our consumer-centric collections approach, which is a core competency of ours, is designed specifically to work with consumers facing such hardships. At the same time, there are a number of factors impacting our collections that are outside of our control, including restrictions within certain court systems and the various shut-downs impacting the broader business environment. We operate in a highly regulated industry, and across the globe governments and regulators are adopting changes in order to provide relief to COVID-impacted consumers. Adapting to changes such as these is a strength of ours, made possible by the expertise of our team, as well as through prudent investment in systems and compliance over the past several years. Finally, we have solid relationships with the banks and credit card issuers from whom we purchase portfolios and to whom we provide credit management services. It is our aim to be strong partners for them and to be able to respond quickly as their needs evolve through these uncertain times.

4 Q1 Financial Highlights	Turning now to Q1, today we announced financial results for the first quarter of 2020, during which we delivered another period of strong operating performance. Additionally, it should be noted that the impacts of the COVID-19 outbreak did not occur until the quarter was nearly complete. While we delivered record collections of $527 million dollars and record ERC of $8.5 billion dollars, this strong performance was overshadowed by changes we made to our collections forecast caused by COVID-19. These forecast changes resulted in a non-cash charge of $109 million dollars in the first quarter. As a result, we reported a first quarter GAAP net loss of $10 million dollars, or $0.33 per share, with the non-cash charge reducing our earnings by $87 million dollars after tax, or $2.77 per share. Without the impact of revising our collections forecast in response to COVID-19, we would have established a new record level of quarterly earnings in the first quarter by a wide margin. The adjusted loss in Q1 was $6 million dollars or $0.19 per share.

5 Non-Cash Charge to Revenues	The changes to our collections forecast had a significant impact on our financial results for Q1 as the large non-cash charge led to a loss in the first quarter. Importantly, these forecast changes are very much driven by anticipated delays in collections and not by an expectation of permanently reduced collections. The COVID-19 pandemic has affected each of the world's major economies differently. Likewise, each of our businesses has also experienced different levels of impact. We are seeing that our business in continental Europe has been impacted more than our business in the U.K., and our business in the U.S. has been impacted even less. Our forecast revisions in response to COVID-19 were based on delays in a portion of Q2, Q3 and Q4 2020 collections. In the U.S., we estimated the delays to range from 12 to 21 months. In Europe, we estimated the delays to range over a number of years, due in part to the nature of lengthy payment plans in the U.K. Both in the U.S. and in the U.K., our history of success in purchasing portfolios with high returns is a contributing factor to the relative size of our Q1 charge, as even a modest delay in collecting from a large pool group with a high return can generate a meaningful charge. Jon will provide more detail regarding this point in his prepared remarks. Although we don't normally provide partial quarter performance updates, we are pleased to share that our global collections in April were approximately 15% above our revised collections forecast.

6 Strong Cash Generation	With record collections in the first quarter, our business continues to generate significant amounts of cash as we collect on the portfolios we own. In fact, we set a new record in the first quarter for the combination of adjusted EBITDA added to collections applied to principal balance, which is the industry benchmark for cash generation.
7 MCM (U.S.) Business	Turning now to our business in the U.S., MCM collections in the first quarter were a record $375 million dollars and were up 14% compared to Q1 of last year. MCM delivered a strong period of purchasing in Q1 with U.S. deployments totaling $185 million dollars at an attractive purchase price multiple of 2.3 times. As I mentioned previously, we take pride in our strong relationships with the banks and as the COVID-19 pandemic evolves, we continue to have constructive conversations with our partners with whom we have forward flow arrangements. Despite the addition, beginning in Q1, of 100% of court costs to operating expenses, we succeeded in again reducing our cost-to-collect compared to the year ago period. This is a strong reflection of our continued focus on expense management and operating efficiency.

8 Cabot (Europe) Business	Turning to Cabot, the COVID-19 pandemic is having a substantial impact on much of Europe, although the impact does differ from country to country. Cabot has adapted quickly to the varying conditions in each market, which reflects a deep understanding of our markets and years of experience in adapting to change. It is important to remember that Cabot, like MCM, has been helping customers who have been experiencing financial hardship for many years. This is what we do. As part of helping customers, we regularly provide forbearance to customers when it is the right thing to do. In the U.K., the FCA has provided industry guidance that calls for firms to offer forbearance when appropriate in hardship cases. Importantly, the proper, respectful handling of hardship cases is already embedded in Cabot's collections approach. Within Cabot, the UK is our largest business, representing nearly 40% of Encore's overall ERC. During Q1, we saw consumer collections performing in line with expectations, and saw no material change in payment plan breakage rates. In other parts of Europe, the impact from COVID-19 has been more profound. Emerging collections performance in late March and April indicates that the impact of COVID-19 on the Spanish market has been more significant than in the U.K. However Spain represents less than 7% of Encore's overall ERC. Regarding the purchasing environment in Europe, since the viral outbreak began, banks have largely paused normal sales processes to focus more on addressing their near-term customer needs. As a result, we expect a lower level of new portfolios coming to market in the near term. {continued on next page}

8 Cabot (Europe) Business (continued)	However, over the medium-term, we anticipate that increased volumes of portfolios with strong returns will come to market as charge-offs are expected to rise meaningfully as a result of the COVID-19 pandemic. I'll have more to say on this topic in a few moments. I'd now like to hand over the call to Jon for a more detailed look at our first quarter financial results…

	Jonathan Clark
9 Detailed Financial Discussion	Thank you, Ashish. As a reminder - we will sometimes refer to our U.S. business by its brand name, Midland Credit Management, or more simply MCM. We may also refer to our European business as Cabot.
10 Q1 Deployments	Global deployments totaled $214 million dollars in the first quarter, compared to $262 million dollars in the first quarter of 2019. MCM deployed a total of $185 million dollars in the U.S. during Q1, up 6% from the same period a year ago, when we deployed $174 million dollars. European deployments totaled $29 million dollars during the first quarter, compared to $84 million dollars in the same quarter a year ago. Deployments decreased in the first quarter this year primarily due to a relatively limited supply of portfolios coming to market in our core markets and as a result of our continued focus on returns.
11 Q1 Collections	Global collections were a record $527 million dollars in the first quarter – and grew 3% compared to the same quarter a year ago, a period in which Baycorp, a business we sold in August of 2019, generated $12 million dollars of collections. In constant currency and after adjusting for the sale of Baycorp, global collections grew 6% compared to Q1 of 2019. MCM collections in the U.S. grew 14% in Q1, to a record $375 million dollars. Collections from our debt purchasing business in Europe in the first quarter were $144 million dollars, down 9% in constant currency.

12 Q1 Revenues	Global revenues, reported for the first time under the new CECL accounting standard, were $289 million dollars in the first quarter. In the U.S., MCM revenues were $208 million dollars in the first quarter. In Europe, Q1 revenues were $76 million dollars. Under CECL, instead of allowances and allowance reversals, we now report changes in expected recoveries, which consists of a current component and a future component. The current component is a measure of how much we collected in the quarter compared to expectations. This will be referred to in our filings as "changes to expected current period recoveries", which in Q1 totaled $10 million dollars. This means we collected $10 million dollars more than we expected when the quarter began, another reflection of the strength of our underlying business. In conversation, we call these "cash overs" for collecting more than expected and "cash unders" for collecting less. As you might expect, the future component is labeled "changes to expected future period recoveries", and under CECL, this number will reflect both positive and negative changes to the collections forecast. For Encore in Q1, that is the $109-million-dollar non-cash charge mentioned earlier. To be clear, three primary factors impact the calculation to determine this charge: how many collection dollars are expected to be delayed, how long the delay is expected to be, and the discount rate. Under CECL, the discount rate is the effective interest rate - or EIR - based on the purchase prices of the various portfolio contained within a pool group and the expected future cash flows at the time of purchase. And for Encore, we've been booking portfolios at strong returns for some time. As a result, even a modest delay in collections for a large pool group with a high EIR, causes a meaningful non-cash charge. {continued on next page}

12 Q1 Revenues (continued)	As Ashish mentioned in his earlier comments regarding the effect of the viral outbreak on our earnings -- without the impact of revising our collection curves in response to COVID-19, we would have established a new record level of quarterly revenues in the first quarter by a wide margin. Before we leave this topic, I would like to share my perspective on these COVID-related forecast changes. When we as an industry encounter something that impacts all players on a macro-economic level – like the COVID pandemic – the non-cash charges we incur are a zero sum game. The macro-impacts will be largely universal and will apply uniformly to all players within each geography. I believe those who had the best engines before the crisis will have the best engines during and after the crisis. I also believe that all of these charges will be self-correcting over the next few quarters through cash overs, cash unders and future forecast changes. If I know one thing, it's that none of us initially got it right, but as we move over time from projections to actuals, the true economic impact will be consistent.
13 ERC	There were a number of significant changes to our ERC since the end of December. As a result, we will not only compare our Q1 2020 ERC to the total from a year ago, but will also compare it to the total from a quarter ago to better explain the changes. Our global ERC total was a record $8.5 billion dollars at the end of March, up $1.2 billion dollars, or 15%, when compared to the end of Q1 2019. It is notable that our total from a year ago included $139 million dollars of ERC associated with Baycorp, our former Australian subsidiary we sold in August of 2019. In constant currency and after adjusting for the sale of Baycorp, global ERC was up 21% compared to Q1 of 2019.

14 ERC Walk	Since the end of 2019, we have implemented the new CECL accounting standard which resulted in two one-time transitional adjustments to ERC, which we mentioned during our previous earnings call. First, we are now including court cost recoveries in our collection forecast, which resulted in a $316-million-dollar increase. To remind you, this now makes us consistent with the rest of the industry in terms of court cost treatment. Second, we moved from a fixed duration forecast to a 15-year rolling forecast, which added $635 million dollars to our ERC. Again, these two adjustments were associated with the transition to the standard and will not be repeated in the future. Typical updates to ERC comprise the balance of the changes, except for the impact of COVID-19, which resulted in an ERC reduction of only $31 million dollars, or less than four-tenths of one percent of our ERC. This small number reflects our belief that the vast majority of the impact of COVID-19 on our back book is due to expected delayed collections and not an expected permanent loss of collections.
15 Q1 EPS Walk	In the first quarter, Encore recorded a GAAP loss of $0.33 per share. As Ashish mentioned earlier, this loss was the direct result of changes in our collections expectations caused by the COVID-19 pandemic. The impact to GAAP earnings in Q1 was $2.77 per share. After other non-cash and non-operating adjustments, our non-GAAP Economic EPS was a loss of $0.19 per share in Q1.

16 Balance Sheet Strength	As Ashish mentioned earlier, in this challenging environment, it is prudent to maintain a solid footing and ample financial resources. The improvements we have made in strengthening our balance sheet over the past two years have provided us with a solid liquidity position and has created increased optionality as we navigate our way through the coming months. We have reduced our debt to equity ratio over the last two-plus years from 5.9 times to 3.8 times, with an uptick in this metric in Q1 primarily caused by the implementation of CECL and foreign currency effects in the first quarter. We have also reduced our ratio of net debt to adjusted EBITDA, a measure common in our industry. Over the past two years, we have reduced this ratio from 3.2 times to 2.6 times, resulting in a level that is among the lowest in our industry. Encore's de-levering has been driven by strong operating performance and focused capital deployment which have driven higher levels of efficiency and improved profitability. The combined available capacity under the revolving credit facilities for Encore in the U.S. and for Cabot was $581 million dollars at the end of the first quarter, and we concluded Q1 with $169 million dollars of non-client cash on the balance sheet.

17 Changes Driven by CECL	We adopted the new CECL accounting standard on January 1st and we would like to offer a brief recap of the key changes to our financial reporting being driven by the new standard. To begin, we now employ a rolling 15-year ERC forecast across our entire business, as we typically continue to see collections on portfolios up to 15 years and beyond. From a revenue recognition standpoint, the EIR of each pool group is now fixed for life from the time of purchase, and both over- and under-performance are recognized immediately in the period. We also changed our accounting for court costs: o We now expense all court costs up-front, when they are incurred. o Because court cost recovery payments are now treated as collections, our reported purchase price multiples did increase by approximately a tenth of a turn, making it easier to compare our multiples with those of our peers, as they already account for court costs using this method. o Even though we performed strongly enough in Q1 to reduce our cost-to-collect, the accounting change regarding court costs does put upward pressure on the cost-to-collect metric. Additionally, the change to our accounting with regard to court costs led to a one-time reduction in equity of $44 million dollars. Finally, as a reminder, the implementation of CECL has no impact on the strong cash flows we generate. With that, I'd like to turn it back over to Ashish.

	Ashish Masih
18 U.S. Market Opportunity	Thank you, Jon. The effects of COVID-19 on society are many, but one aspect that has become increasingly clear from government reports is that unemployment has risen dramatically in literally every major economy in the world. Historically, increases in unemployment have driven corresponding increases in credit card charge-off rates and bank loan delinquency rates. As the COVID-19 situation runs its course, we expect charge-off rates in the U.S. will react to the spike in unemployment, potentially driving a significant increase in the supply of receivables for our industry.
19 U.K. Market Opportunity	As you know, we are focused on both the U.S. and U.K markets, and we have the same expectation in the U.K. regarding the likely impact on charge-off rates in reaction to the spike in unemployment there. We expect both the U.S. and the U.K. markets are poised for substantial growth in the supply of charged-off receivables.

20 Our Strategic Priorities	For quite a while now, we have provided quarterly updates on our strategic priorities. We believe these three company-wide areas of steady focus are instrumental in building shareowner value. As a result of our emphasis on these priorities, we are well positioned for the unprecedented times caused by the COVID-19 pandemic. Our focus on the U.S. and U.K markets has minimized the impact on our company related to those countries in Europe that have experienced deeper repercussions from COVID. In addition, we closed the sale of our Brazilian portfolios in April, allowing us to further concentrate our efforts on our key markets. Innovation and investments in technology, such as digital collections and speech analytics, have enhanced our competitive advantages in our core markets, and have also enabled us to quickly adapt to the varying operating conditions resulting from the pandemic. Perhaps the most important of the three priorities has been our heightened focus on strengthening our balance sheet – while delivering strong results quarter after quarter. As a result of this effort, we enter this period of uncertainty with a strong balance sheet and solid liquidity position.

21 Q1 Summary	In summary, Q1 was a strong operating quarter for Encore in which we delivered record collections and record cash generation. In response to the COVID-19 outbreak, we implemented safety measures, social distancing and work-from-home strategies to protect our people and our operating capabilities. Additionally, had it not been for the non-cash accounting charge related to COVID, we would have reported record quarterly revenues and profits by a wide margin in Q1, an indication of our strong underlying performance and ability to generate considerable cash from our investments in high-return portfolios. Looking ahead, we have a solid liquidity position and believe the strength of our balance sheet, which we have improved over the last two years, will allow us to capture upcoming opportunities in our core markets, the U.S. and the U.K., which are poised for substantial growth. In closing, I believe that crises such as COVID-19 not only help build character, but also reveal it. I know that the current situation will reveal the strength of Encore's character, and I am confident that we will emerge stronger and more resilient than ever. As a company we are well prepared. We are the experts in helping people who are facing financial difficulties. We are doing that now, and we will continue to do so in the future. Now we'd be happy to answer any questions that you may have. Operator, please open up the lines for questions.
21 Closing	That concludes the call for today. Thanks for taking the time to join us and we look forward to providing our second quarter 2020 results in August.