Slide #	Commentary
	Bruce Thomas
1	Thank you, Operator. Good afternoon and welcome to Encore Capital Group's second quarter 2017 earnings call. With me on the call today are Ashish Masih, our President and Chief Executive Officer, and Jonathan Clark, Executive Vice President and Chief Financial Officer. Ashish and Jon will make prepared remarks today, and then we will be happy to take your questions. Paul Grinberg, President of Encore's International business, will also be joining us remotely for the Question and Answer session.
2 (Safe Harbor)	Before we begin, we have a few items to note. Unless otherwise specified, all comparisons made on this conference call will be between the second quarter of 2017 and the second quarter of 2016. 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 (Intro/ Encore Update)	Good afternoon and welcome to our second quarter earnings call. I've been looking forward to this call, which is my first since taking over as CEO of Encore. Having spent much of the last eight years leading Encore's domestic business, I have an appreciation for the depth and breadth of our industry expertise, our relationships with issuers and the collaborative environment in which we work every day. As I reflect on our business, I'd like to highlight a number of key attributes that have contributed to our success and will allow us to maintain a leadership position in the global debt purchasing and recovery industry: • First, our extensive investment in data analytics and behavioral science form the foundation of our ability to predict collections performance and drive our pricing accuracy for portfolio purchases. • Second, our global operating platform allows us to innovate and refine our collection strategies in order to improve portfolio liquidation. • Third, our operational scale and cost leadership drive strong profitability and investment returns. • Fourth, proven ability to access capital positions us well to benefit from favorable market conditions in the U.S. and other parts of the world. • And finally, our relentless focus on risk management and regulatory compliance has become a competitive advantage for Encore. My transition into the chief executive role has gone smoothly due to the healthy state of Encore and our industry, as well as our continued focus on a well-established strategic direction. I would like to begin today's call by discussing industry dynamics and Encore's second quarter results:

3 (Intro/ Encore Update) continued	We delivered a solid quarter of financial and operational performance. U.S. investment returns continue to improve as a result of the domestic pricing and supply environment coupled with our steady progress on liquidation improvement initiatives. In Europe, deployments were strong in the second quarter and our international business delivered solid earnings as a result of improved collections. Let's now turn to a review of Encore's domestic business…

4 (U.S. Market)	In the second quarter, the U.S. market continued to exhibit favorable purchasing dynamics. Recent financial results from large credit card issuers indicate that delinquency and net charge-off rates continue to rise, while loan loss provisions continue to build, suggesting a continuation of the increases in supply we've been reporting for the last several quarters. Pricing in the second quarter remained favorable and we continue to stay committed to our disciplined pricing strategy. Domestic deployments for charged-off credit cards in Q2 were up slightly compared to the same period a year ago. However, the combination of better pricing and our liquidation improvement program has generated significantly more Estimated Remaining Collections, or ERC, for these purchases compared to purchases in the same period a year ago. This dynamic will lead to stronger profitability in the future. While the entire market can benefit from decreased pricing, we believe our focus on driving liquidation improvements uniquely positions us to leverage these positive market conditions. Expected returns associated with our new deployments are up substantially compared to last year. Our core U.S. money multiple year-to-date through the end of Q2 was 2.0, which compares favorably to the 1.8 multiple from a year ago. Through our successful portfolio purchases, including forward flow arrangements, we are well positioned for a strong year of deployments at substantially better returns, having already secured more than $425 million dollars of commitments by the end of the second quarter.

4 (U.S. Market) continued	As you may remember, the CFPB issued its Advance Notice of Proposed Rulemaking back in November of 2013, to which Encore submitted comments. Although this process has taken a long time, the CFPB has now announced that it will take the next step by issuing the Notice of Proposed Rulemaking in September. These rules, which could become effective sometime in 2018, are expected to address debt collectors' and debt buyers' communications practices as well as consumer disclosures. As we've said before, we view the finalization of new rules for our industry to be a positive step for all market participants who are capable of and willing to invest in robust, compliant operations.

5 (2017 Progress)	As we have said in the past, as our purchasing dollar becomes more efficient, we purchase more accounts and can expect related expenses to follow. Similar to prior quarters, a portion of our capital deployment in Q2 was dedicated to purchasing portfolios containing more accounts per dollar deployed when compared to prior years. These portfolios, with their higher account volumes, generate increased near-term expenses from account manager hiring, legal placements, and letter volumes. They also generate strong returns. We understand this dynamic well and are willing to absorb this near-term expense in order to drive higher IRRs and more favorable long-term results. Spending on these initiatives in Q2 took place according to our plan and our collections capacity growth remains on track. We continue to buy predominantly fresh paper and we believe that the majority of market supply will consist of fresh paper for the foreseeable future. Our recent capacity expansion is tailored toward providing consumer-centric account servicing, which we believe leads to better long-term returns, particularly for fresh accounts. We have been able to add capacity quickly, which is a good example of Encore's ability to rapidly and efficiently adapt to changes in market conditions. As a result, we remain in excellent position to capitalize on favorable purchasing conditions in the U.S. Let's now turn our focus to our International business…

6 (Cabot)	Cabot deployed over $90 million dollars in Q2, reflecting a particularly strong purchasing quarter in Europe. Similar to a program implemented in the US a couple of years ago, Cabot began a program to increase liquidations through a series of operational, technological and analytical initiatives. We are seeing solid improvements in collections as a result of these initiatives. These improvements, combined with the success of several cost efficiency programs, enable us to continue to deploy capital in a competitive market at strong risk-adjusted returns. Our Q2 results reflect improved collections driven by this program and our models indicate that this trend will continue in the future. Accordingly, this quarter, we felt very confident in reversing a portion of the allowance charge that we took last year related to our European business. This trend of sustained improvement in collections also supported increased ERC expectations for other European portfolios, leading to increases in IRRs and revenue across several pool groups. In March 2016, Cabot became the first large credit management service company in the United Kingdom to be authorized by the FCA, and in May 2017, Cabot became the first credit management service company to be authorized by the Central Bank of Ireland, reaffirming Cabot's leadership in regulatory compliance. As we have previously mentioned, J.C. Flowers and Encore have begun a process that could result in the initial public offering of Cabot on the London stock exchange as early as Q4 of this year. The process remains on track, and as we have stated in the past, our ability to provide updates about any IPO or similar activity at Cabot is limited by securities laws.

7 (Debt Leverage)	Our consolidated debt to equity ratio at June 30th was 4.9. Considering this ratio without Cabot, our debt to equity ratio was 2.3, which is less than half of the consolidated ratio. It is important to remember that we fully consolidate Cabot's debt on our balance sheet because we have 43 percent economic interest in Cabot and we control their board. However, Cabot's debt has no recourse to Encore. It is clear from this illustration that Encore is far less levered than our financials would indicate. Upon consummation of the Cabot IPO, we intend to deconsolidate Cabot from our financial statements. The potential deconsolidation would significantly change our financial statements. For example, assets and liabilities attributable to Cabot would be removed and the fair value of our retained interest in Cabot would be accounted for under equity method accounting. We believe this will make it much easier for investors to understand Encore's true financial condition. I'd now like to turn the call over to Jon for a more detailed look at our Q2 financial results…

	Jonathan Clark
8 (Detailed Financial Discussion)	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, Grove, Refinancia and Baycorp in our financial statements. Where indicated, we will adjust the numbers to account for non-controlling interests.
9 (Q2 Results)	Turning to Encore's results in the second quarter, Encore earned GAAP net income from continuing operations of $20 million dollars, or $0.77 per share. Adjusted income was $23 million dollars or $0.88 per share. We earned through a 3 cent foreign currency exchange headwind in the second quarter. Cash collections in the quarter were $446 million dollars and our ERC at June 30 was $6.3 billion dollars, a new all-time high for our business.

10 (Q2 Deployments)	Deployments totaled $246 million dollars in the second quarter, up 6% compared to the $233 million dollars of purchases we made in the same quarter a year ago. In the United States, the majority of our $132 million dollars of deployments represented fresh charged-off credit card debt. This compares to our domestic deployment of $129 million dollars a year ago, which was also a strong quarter. European deployments totaled $92 million dollars with the majority attributed to portfolio purchases in the U.K. at solid returns. This compares favorably to a year ago when we deployed $86 million dollars. Our liquidation improvement programs have allowed us to more than offset the competitive market dynamics in certain European markets to earn better returns than a year ago. During the second quarter we also deployed $22 million dollars in other geographies including Australia and Colombia, compared to $18 million dollars of purchases a year ago.

11 (Q2 Collections)	Worldwide collections were $446 million dollars in the second quarter, compared to $434 million dollars a year ago. In constant currency terms, collections grew 6 percent in the quarter. Encore's collections in our U.S. call centers grew 5 percent in Q2 compared to last year, as we leveraged our increased call center capacity. Our call centers continue to represent our preferred channel of collections. Keep in mind, that as our call center capacity grows, we are able to deploy more capital at favorable returns. The delays we had been experiencing in domestic legal collections were eliminated before the second quarter began and we are now operating efficiently at a more typical legal collections run rate.

12 (Q2 Revenue)	Worldwide revenue in the second quarter was $291 million dollars compared to $289 million dollars a year ago. In constant currency, revenue was $302 million dollars in the second quarter, which was up 4 percent compared to the prior year. Domestic revenues were up 5 percent compared to the same quarter last year. Q2 revenue in Europe was down due to currency effects and the trailing impact of the allowance charge taken in the third quarter of last year. During the quarter, we recorded $2 million dollars of domestic net portfolio allowance reversals. As Ashish mentioned, we recorded $8 million dollars of net portfolio allowance reversals in Europe as a result of the increases in collections driven by our liquidation improvement initiatives. We also recorded a small allowance charge of approximately $680 thousand dollars on a portfolio in Latin America. In the second quarter, we increased domestic yields primarily in pools in the 2011 through 2016 vintages as a result of sustained over-performance. In Europe, we increased yields on certain pool groups in the 2013 through 2016 vintages, also as a result of sustained over-performance and expectations of strong collections in the future. Encore generated $39 million dollars of zero-basis revenue in Q2, compared to $32 million dollars in the same period a year ago.

13 (ERC)	Our ERC at June 30 was $6.3 billion dollars, up $719 million dollars, representing an increase of 13 percent compared to the end of the second quarter of 2016. In the second quarter, our higher purchase-price-multiple reflects more ERC per dollar deployed than a year ago. In Q2 we spent 4% more for charged-off U.S. credit card portfolios but generated 22% more ERC than a year ago.
14 (Q2 EPS Walk)	In the second quarter, we recorded GAAP earnings from continuing operations of $0.77 per share. In reconciling our GAAP earnings to our adjusted earnings, adjustments totaled 17 cents per share. After applying the income tax effect of the adjustments and adjusting for non-controlling interest, we end up with $0.87 per fully diluted share, and our non-GAAP Economic EPS was $0.88. With that, I'd like to turn it back over to Ashish

	Ashish Masih
15 (Summary)	Thanks, Jon. As I reflect on our performance in the quarter, I'm excited about the opportunities that lie ahead. We continue to observe positive trends in supply and pricing in the U.S., our largest market. We are well-positioned to benefit from these market conditions and are working diligently to maximize our returns. To summarize, we delivered a solid quarter of financial and operational performance: • Market supply in the U.S. continues to grow, driving continued favorable pricing. • These market conditions – along with our improving liquidation rates – are enabling us to book core business with money multiples at 2.0. • From a deployment perspective, in the U.S. we have secured more than $425 million dollars in commitments for 2017. • Cabot had a strong purchasing quarter in Europe and its liquidation improvement initiatives are producing sustained improved collections across many different pool groups. • Preparation for a Cabot IPO remains on track.
16 (Q&A Session)	Now we'd be happy to answer any questions that you may have. Operator, please open up the lines for questions.

16 (Sign Off)	That concludes the call for today. Thanks for taking the time to join us and we look forward to providing our third quarter 2017 results in November.