Slide #	Commentary
	Bruce Thomas
1	Thank you, Operator. Good afternoon and welcome to Encore Capital Group's fourth 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 Craig Buick, who has been in place as the CEO of Cabot Credit Management since the first of January. Many of you have met Craig before in his prior role as Cabot's Chief Financial Officer. Ashish and Jon will make prepared remarks today, and then we will be happy to take your questions.
2 Safe Harbor	Unless otherwise noted, comparisons made on this conference call will be between the fourth quarter of 2019 and the fourth quarter of 2018, or between the full-year 2019 and the full-year 2018. We will do our best to make those distinctions clear. 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 & 2019 Accomplish-ments	Thanks, Bruce, and good afternoon everyone. Thank you for joining our earnings call. Today Encore announced financial results for the fourth quarter and full-year of 2019. We have again achieved record results across nearly every key financial measure, and our business is delivering its strongest performance in the history of the company. In addition, during 2019 we reached a critical inflection point in which the majority of our MCM collections are coming from more recently purchased portfolios with higher returns. At the same time, we continue to reduce collection costs. This combination significantly increases our operating leverage. Today I will provide an update on our priorities and accomplishments, but first let me provide a few highlights on our strong performance in 2019: Global collections from our debt purchasing business exceeded $2 billion dollars for the first time and global revenues were a record $1.4 billion dollars. Within that total, U.S. revenues grew 15% to a record $818 million dollars. At the end of the year, our worldwide ERC had increased 8% to a record $7.7 billion dollars. We deployed a record $682 million dollars in the U.S. during 2019, reflecting our strong returns in our largest market. Encore's GAAP net income increased 45% to a record $168 million dollars, or $5.33 per share. Adjusted income in 2019 increased 32% to a record $187 million dollars, or $5.95 per share.

4 Q4 Financial Highlights	We delivered another strong quarter in Q4, with approximately $500 million dollars in global collections and $348 million dollars in revenues. In the fourth quarter, we earned GAAP net income of $43 million dollars, or $1.36 per share. This compares to $47 million dollars, or $1.50 per share in the fourth quarter of 2018, a period in which we recorded a favorable settlement related to Cabot's acquisition of dlc that impacted our GAAP results a year ago, but not our adjusted results. Adjusted income in Q4 this year was $49 million dollars or $1.56 per share, compared to $45 million dollars, or $1.45 per share in the fourth quarter a year ago.
5 Strong Cash Generation	Our business generates significant amounts of cash as we collect on the portfolios we own. Accordingly, our fourth quarter and full-year 2019 performance reflects continued strong cash generation in our business. Together with many who follow our industry, we believe adjusted EBITDA - when combined with collections applied to principal balance - is an important measure of the return of capital to the business. Our increased level of cash generation is providing additional capital for us to purchase portfolios at strong returns, and is also contributing to our multi-year success in steadily reducing our debt leverage. We set a new record for adjusted EBITDA in 2019 and we expect our cash generation will continue to grow in 2020.

6 MCM (U.S.) Business	Let's now turn to an update on the performance of MCM, our U.S. business. We deployed a record $682 million dollars in the U.S. in 2019, up 7% compared to the prior year. The initial full year purchase price multiple for MCM's 2019 vintage reached 2.2 times, a level we have not seen since our 2013 vintage. It's important to note that initial purchase price multiples for MCM have been steadily rising for more than three years. MCM collections were a record $1.3 billion dollars in 2019, growing 8% compared to the prior year. The principal driver of this growth for MCM was our call center & digital channel, for which collections increased 13% year-over-year. Our consumer-centric approach and improved productivity continue to drive a higher proportion of collections through MCM's call center & digital channel. Based on our current view of the U.S. market, we expect MCM's collections to continue to grow in 2020. Initiatives to reduce costs and improve efficiency continue to have a meaningful impact on our MCM business and have reduced our cost-to-collect by 210 basis points in 2019 compared to the prior year.

7 Cabot (Europe) Business	Turning to Europe, our portfolio purchases in 2019 totaled $307 million dollars, and were at returns that were in a range between 150 and 200 basis points higher than the prior year. These higher returns are being driven by our focus on purchasing in the U.K. market, where our operational scale provides competitive advantage, as well as unique access to portfolio purchasing brought about by our leading servicing platform. Collections in 2019 from our European debt purchasing business grew 5% in constant currency and exceeded last year's record total on a reported basis. Our European ERC of $3.8 billion dollars was up slightly in constant currency terms, and up 4% as reported. Cabot continued to reduce debt leverage during the year, driven by our improved operating performance while being more selective in our portfolio purchases. In order to continue to capture the attractive portfolio purchasing opportunities in the U.K. and in Europe while reducing our debt leverage, we entered into co-investment agreements with new third-party investors during Q4. The co-investment model enables us to maintain our strong relationships with issuer clients by servicing the portfolios while reducing our capital needs. Our co-investment model also reduces the risk related to large portfolio purchases and allows us to build and maintain scale in our operation. Finally, we continued to improve our collections efficiency in continental Europe as we streamlined our operations in Spain, where we reduced headcount by 200 and will complete the consolidation of facilities into one location in the first quarter.

8 Progress on Strategic Priorities	Our strong financial performance is the result of our continued steady progress on three strategic priorities. First, we are maintaining a sharp focus on the valuable U.S. and U.K. markets, where we have our highest risk-adjusted returns. Second, we are continuously innovating to grow collections and reduce our costs. Our innovation enhances our competitive advantages in our platforms, which uniquely enables us to extract higher returns on purchased portfolios. Third, we continue to strengthen our balance sheet while delivering strong financial results. The impact of our continuous focus on these three strategic priorities is beginning to show in our financial performance and the strengthening of our balance sheet, which we believe will create long-term shareholder value. Let's now take a closer look at these priorities.
9 Market Focus	Our capital allocation decisions and the execution of our business strategy over the last two years reflect our sharpened focus on our most valuable markets - the United States and the United Kingdom. In 2019, more than 92% of our portfolio purchasing was directed toward either the U.S. or the U.K., and we deployed a record $682 million dollars in the U.S. during the past year. We also streamlined and simplified our business structure through the sale of Refinancia in December 2018 and the sale of Baycorp in August 2019. These divestitures were consistent with our strategy of concentrating our resources on our businesses with the highest risk-adjusted returns.

10 Our Market-Leading Scale	We believe it is vitally important to establish scale in our key markets in order to achieve superior returns. Our collective scale in the U.S. and the U.K. is unmatched and as a result, we continue to see superior returns in these markets. We plan to preserve and expand these scale advantages over time through continued, disciplined capital allocation and in continually seeking to improve our operating performance in these two large and important markets.
11 Competitive Advantage	Our strong financial performance throughout 2019 has led to increased operating margins, reflecting our higher portfolio returns and improved operating efficiency, which are the result of a number of key factors. First, we continue to leverage advanced analytical tools and capabilities, and we employ proprietary data assets to underwrite portfolios and develop collection strategies. This coordinated effort leads to stronger returns on the portfolios we purchase. Second, we continue to strive for improved operating efficiency by lowering costs in each of our collection channels, and increasing our effectiveness in providing recovery solutions to consumers through our lowest cost call center & digital channel. Third, we remain committed to preserving and expanding the scale advantages we've built in our key markets. The U.S. and U.K. markets share certain characteristics that we believe to be vitally important, including market sophistication, substantial opportunities for growth, and significant barriers to entry for new participants. These drivers together have helped us achieve the best operating margin within our peer group.

12 Balance Sheet Strength	Further strengthening our balance sheet continues to be a key priority for Encore. Over the past two years, our disciplined capital deployment and improved operational performance has allowed us to grow earnings and increase ERC even while reducing our leverage. We have reduced our debt to equity ratio over the last two years from 5.9 times to 3.4 times. We have also reduced our ratio of net debt to adjusted EBITDA, a measure common in the debt purchasing industry. Since the first quarter of 2018, we have reduced this ratio from 3.2 times to 2.7 times, resulting in a level that is amongst the lowest in our industry. Although a portion of our overall improvement this year was driven by Cabot's leverage reduction, Encore's de-levering began two years ago, when our stronger operating performance and refocused capital deployment began to drive higher levels of efficiency and improved profitability. While we've been steadily reducing our leverage since the beginning of 2018, we have also been purchasing portfolios at attractive returns, allowing us to grow ERC by 13% on a constant currency basis, despite a reduction of $120 million dollars in ERC from the sale of Baycorp in the third quarter of 2019. Another key component to a stronger balance sheet is the timing of our debt maturities. We have taken steps over the past two years to extend maturities in both the US and Europe to provide additional financial flexibility. As a result of these efforts, we have ample liquidity to increase our deployments and capture strong returns in our core U.S. and U.K. markets, which are both poised for growth. 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 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.
14 Deployments	Global deployments totaled $235 million dollars in the fourth quarter, compared to $247 million dollars in the fourth quarter of 2018. MCM deployed a total of $154 million dollars in the U.S. during Q4, up 16% from the same period a year ago, when we deployed $134 million dollars. European deployments totaled $80 million dollars during the fourth quarter, compared to $106 million dollars in the same quarter a year ago. As we have previously discussed, European deployments decreased due to more selective purchasing related to our plan to reduce Cabot's leverage over time. In addition, Cabot's co-investment strategy – mentioned earlier by Ashish - will allow us to fully participate in purchasing and servicing the highest return portfolios available, while requiring less capital. For the year, we deployed approximately $1 billion dollars on a global basis. Our MCM business in the U.S. deployed $682 million dollars, establishing a new annual record level of purchasing directly from issuers.

15 Q4 Collections	Global collections were $499 million dollars in the fourth quarter -- up 3% compared to the same quarter a year ago, a period in which Baycorp, a business we sold in August of 2019, generated $13 million dollars of collections. MCM collections from our debt purchasing business in the U.S. grew 9% in Q4, to $322 million dollars. Collections in Europe in the fourth quarter were $166 million dollars, up 2% when compared to the same period last year.
16 2019 Collections	On a global basis, we collected a record $2 billion dollars in 2019 -- up 3% as reported and up 5% in constant currency. U.S. collections at MCM were a record $1.3 billion dollars and were up 8% for the year. European collections in 2019 exceeded the prior year's record and grew 5% in constant currency.
17 Q4 Revenue	Global revenues, adjusted by net allowances, were $348 million dollars in the fourth quarter. In the U.S., MCM revenues, adjusted by net allowances, were a record $218 million dollars in the fourth quarter -- up 22% compared to the same quarter a year ago. In Europe, Q4 revenues, adjusted by net allowances, were $123 million dollars. Our revenues in the fourth quarter included the impact of net allowance charges totaling $20 million dollars with the majority of the impact stemming from Cabot's 2018 vintage.

18 2019 Revenue	Revenue for full year 2019, grew 3%, to a record $1.4 billion dollars. The primary driver of this growth was our MCM business, which accounted for record U.S. revenues of $818 million dollars, which were up 15% over the prior year's total of $709 million dollars.
19 ERC	Our global ERC total was a record $7.7 billion dollars at the end of December, up $569 million dollars when compared to the end of 2018. This is up 8% as reported and up 6% in constant currency terms. Our growth in ERC for the year more than offset a reduction of $120 million dollars of ERC associated with our sale of Baycorp in August. In addition, in the fourth quarter we increased expected collections in the tails of certain pool groups in our MCM business by approximately $250 million dollars after a period of sustained overperformance.

20 Q4 EPS Walk	In the fourth quarter, Encore recorded GAAP earnings of $1.36 per share. As Ashish mentioned earlier, this compares to $1.50 per share in the fourth quarter of 2018, a period in which we recorded a favorable settlement related to Cabot's acquisition of dlc. That settlement impacted our GAAP results at the time, but not our Q4 2018 adjusted results. Accordingly, our non-GAAP Economic EPS was $1.56 per share in Q4 this year, an increase of 8% compared to $1.45 per share in the same quarter a year ago. Our fourth quarter GAAP and adjusted earnings include a $0.57 per share headwind from the net allowance charges in the period, which was partially offset by a $0.24 per share gain related to the sale of a European portfolio during the quarter. Our increased earnings power is evident in these results, as our costs continue to improve and a larger proportion of our U.S. revenues are derived from pool groups with stronger returns.
21 2019 EPS Walk	For the year, we recorded record GAAP earnings from continuing operations of $5.33 per fully diluted share. There were certain items that affected our full-year 2019 results. A number of these adjustments were associated with our divestiture of Baycorp in August, which drove a $0.23 per share reduction in GAAP EPS after tax. After making all adjustments and applying the tax effect, our non-GAAP Economic EPS for 2019 was a record $5.95.

22 CECL	We adopted the new CECL accounting standard on January 1st. Although you will not see any changes in our fourth quarter or full-year 2019 presentation of results, there will be changes to our accounting beginning next quarter. We would like to offer a brief preview of the accounting changes being driven by the new standard. Let me begin by saying we do not expect CECL to have a material impact on our financial results going forward. In addition, CECL will have no economic or cash impact. The implementation of CECL will cause changes to the way we account for our business, but will not have any impact on the strong cash flows we generate. Beginning with our first quarter 2020 results, you will see the following changes: • First, we will employ a rolling 15-year ERC forecast across our entire business, which will cause a slight increase in ERC, as we typically see collections on portfolios up to 15 years and beyond. • We will also change our accounting for court costs: o In the past, we expensed approximately half of our court costs in the current period and capitalized the remainder. Under CECL, we will expense all court costs, which will cause an increase to our reported court cost expense. o At the same time, we will begin to classify court cost recovery payments as collections, which will drive additional corresponding revenues. We expect these additional revenues will approximately offset the additional court cost expense over time. o Because court cost recovery payments will be treated as collections, our reported purchase price multiples will increase, making it easier to compare our multiples with those of our peers, as they already account for court costs using this method.

	◦ While our collection costs continue to trend in a downward direction, we expect this accounting change regarding court costs will have a negative impact on our cost-to-collect metric of approximately 250 basis points, even though our actual cash costs will remain unchanged. In summary, you will see changes due to CECL beginning with our first quarter presentation of results. We do not expect these changes will have a material impact on our reported future financial performance and will have no impact on the strong cash flows we generate. With that, I'd like to turn it back over to Ashish.

	Ashish Masih
23	Thank you, Jon.
2019 Summary	In summary, Q4 was a great quarter for Encore and 2019 was a terrific year. I am very pleased with both our operational and financial performance and I continue to be very excited about our prospects. As a result of smarter deployment, improved liquidation, and lower costs, we delivered record results in 2019 in nearly every important aspect of our global business – collections, revenues, ERC and earnings. In the U.S., our largest market, we deployed a record level of capital at an initial purchase price multiple of 2.2 times - our best in years - and reported record revenues and collections while reducing costs - thus substantially improving our operating performance. At Cabot, returns for portfolios purchased in 2019 were higher by 150 to 200 basis points compared to 2018. On a global basis, we grew ERC by 8% in 2019 while reducing our consolidated debt leverage. Our steady and consistent strategic direction is beginning to pay off in consistent, strong results. Our strategic priorities include: • #1: Concentrating on the U.S. and U.K., our most valuable markets with the highest risk-adjusted returns • #2: Innovating to continually enhance our competitive advantages, and • #3: Strengthening our balance sheet while delivering strong results. Our progress on these priorities is strengthening our business and helping to drive a new level of financial performance for Encore.

24 2020 Outlook	Our 2019 results underscore our ability to grow earnings. That has also been demonstrated by our results over the last several years. To be clear, we operate in an industry sector that can be cyclical, and portfolio purchasing opportunities and returns can fluctuate between quarters and years, as well as across markets. While we seek to grow earnings, we do not have a target for an earnings growth rate. Instead, we seek to maximize portfolio returns by participating in the largest, most valuable markets, and by continuously improving the competitiveness and performance of our platforms. Given the attractiveness of our core markets, this strategy has enabled us to deliver significant earnings growth over the past several years. We are confident in our outlook and we feel very optimistic as we begin 2020. In fact, we expect to grow collections, revenues, ERC, and earnings in 2020 while further reducing our debt leverage. We feel that the current consensus does not adequately reflect this, and thus feel compelled to comment on our outlook for 2020. To put it simply, as a result of the substantial operating leverage in our business, and taking note of the attractiveness of our key markets, as well as our track record over the past several years, we believe the investment community is underestimating our ability to grow earnings in 2020 and beyond. Now we'd be happy to answer any questions that you may have. Operator, please open up the lines for questions.
24 Closing	That concludes the call for today. Thanks for taking the time to join us and we look forward to providing our first quarter 2020 results in May.