Slide #	Commentary
	Bruce Thomas
1	Thank you, Operator. Good afternoon and welcome to Encore Capital Group's first quarter 2024 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 and Ryan Bell, President of Midland Credit Management. 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 on this conference call will be made between the first quarter of 2024 and the first quarter of 2023. In addition, today's discussion will include forward-looking statements that are based on current expectations and assumptions and are subject to risks and uncertainties. Actual results could differ materially from our expectations. Please refer to our SEC filings for a detailed discussion of potential risks and uncertainties. We undertake no obligation to update any forward-looking statement. 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 investor presentation, which is available on the Investors section of our website. As a reminder, following the conclusion of this call a replay of this conference call, along with our prepared remarks, will also be available on the Investors section of our website. With that, let me turn the call over to Ashish Masih, our President and Chief Executive Officer.

	Ashish Masih
3 Q1 2024 Highlights	Thanks, Bruce, and good afternoon, everyone. Thank you for joining us. I'll begin today's call with key highlights from the first quarter: Encore's solid first quarter performance was driven by strong portfolio purchasing in the U.S. and double-digit collections growth on a global basis. Continued growth in U.S. portfolio supply, driven by both credit card lending growth and a charge off rate at a 10-year high, has led to very attractive pricing and returns. As a result, we continue to allocate the vast majority of our capital to the U.S. market, deploying a record $237 million dollars in the U.S. in the first quarter. In Europe, the portfolio purchasing market remains very competitive. Although we continue to see some examples of improved pricing, we believe European portfolio pricing still does not consistently reflect the higher cost of capital caused by higher interest rates. As a result, we continue to be very selective, which has led to reduced Cabot portfolio purchases. Overall, our performance in the first quarter was well aligned with expectations as portfolio purchasing, collections and cash generation are all off to a strong start in 2024.

4 Our Business and Our Strategy	I believe it's helpful to remind investors of the critical role we play in the consumer credit ecosystem by assisting in the resolution of unpaid debts. These unpaid debts are an expected and necessary outcome of the lending business model – although the levels may vary depending on the stage of the macroeconomic cycle. Regardless of where we are in the macroeconomic cycle, our Mission is to create pathways to economic freedom for the consumers we serve, by helping them resolve their past-due debts. We achieve this by engaging consumers in honest, empathetic and respectful conversations. Our business is to purchase portfolios of non-performing loans at attractive returns while minimizing funding costs. For each portfolio that we own, we strive to exceed our collection expectations, while maintaining an efficient cost structure as well as ensuring the highest level of compliance and consumer focus. We achieve these objectives through our three-pillar strategy. This strategy enables us to deliver strong financial performance while positioning us well to capitalize on portfolio purchasing opportunities. We believe this is instrumental for building long-term shareholder value. The first pillar of our strategy, Market Focus, concentrates our efforts on the markets where we can achieve the highest risk-adjusted returns. Let's now take a look at our two largest markets, beginning with the U.S...

5 U.S. Outstandings and Charge Off Rate	U.S. revolving credit has been steadily rising since early 2021. Each month, for the last two years, the U.S. Federal Reserve has reported a new record level of outstandings. At the same time, since bottoming out in late 2021, the credit card charge off rate in the U.S. has also been steadily rising and is now at a 10-year high.
6 U.S. Bankcard Delinquency Rates	Similarly, U.S. consumer credit card delinquencies, a leading indicator of future charge offs, also continue to rise. With both lending and the charge off rate growing simultaneously, purchasing conditions in the U.S. market remain highly favorable with continued strong growth in U.S. market supply and attractive pricing. The most recent delinquency data supports our expectation that 2024 will be another year of record portfolio sales by U.S. banks and credit card issuers.

7 U.S. Business	With this environment in the U.S. as a backdrop, Q1 was another strong quarter of portfolio purchasing for our MCM business. We deployed a record $237 million dollars in the U.S. at strong returns, the result of our disciplined purchasing approach amid an attractive pricing environment. MCM collections in the first quarter were $369 million dollars, up 12% compared to the first quarter of 2023. In addition, throughout the quarter, consumer payment behavior remained stable. After expanding MCM's internal collections capacity last year through the addition of approximately 500 account managers, we believe we are appropriately staffed to accommodate our higher recent purchase volumes. We expect the benefits from expanding our operations headcount will increase over time as these newer account managers gain experience and drive increased efficiencies and scale in our MCM collections operation.
8 U.K. Outstandings and Charge Off Rate	In contrast to the U.S., supply in the U.K. has been growing much more slowly. Credit card outstandings are still not yet back to pre-pandemic levels as banks in the U.K., unlike those in the U.S., have not meaningfully increased lending since the pandemic. In addition, U.K. charge offs remain at low levels.

9 U.K. and European Business	Cabot's collections in Q1 were $141 million dollars, up 6% compared to the first quarter a year ago. Given the current state of the U.K. economy, we believe ongoing weakness in consumer confidence is marginally impacting one-time settlements while existing payment plan performance remains stable. We continue to be selective with Cabot's portfolio purchases, which were $59 million dollars in the first quarter. We have maintained our purchasing discipline in the face of portfolio pricing in Europe that we believe still does not yet consistently reflect higher funding costs. We expect to continue to deploy at current low levels until the returns in Cabot's markets become more attractive. We are currently choosing to allocate significantly more capital to the U.S. market, which has higher returns, consistent with our well-established strategic focus. We also continue to prudently manage the Cabot cost structure given the reduced level of portfolio purchases in recent quarters.
10 Portfolio Purchasing	I would now like to highlight Encore's first quarter performance in terms of several key metrics, starting with portfolio purchasing: Encore's global portfolio purchases increased 7% in Q1 to $296 million dollars, with record U.S. deployments in our largest business, MCM. This increased portfolio purchasing will help drive Encore's collections growth over the next few years. The fact that 80% of our global deployment in the first quarter was in the U.S. is a reminder of the flexibility that our global funding structure provides to us. This structure enables us to allocate capital toward our highest return opportunities.

11 ERC Growth	As market supply remains elevated in the U.S. and the pricing environment remains attractive, MCM's ERC – as well as our global total ERC– continues to grow. The significant amount of ERC we are adding reflects the efficiency of our global capital deployment and is reflected in our higher purchase price multiples. This current highly favorable purchasing environment in the U.S. is allowing MCM to purchase portfolios at strong returns, which adds future cash flows and profitability to the business.
12 Q1 2024 Collections	Global collections in the first quarter were $511 million dollars and were up 10% compared to Q1 a year ago. The past several quarters of higher portfolio purchases, particularly in the U.S., has led to meaningful growth in collections. I'd now like to hand over the call to Jon for a more detailed look at our financial results…
	Jonathan Clark
13 Detailed Financial Discussion	Thank you, Ashish.

14 Q1 2024 Key Financial Measures	The first quarter was another period of strong purchasing for our U.S. business at attractive returns, while our collections grew in each of our key markets. Collections were in line with expectations for the quarter and we had small adjustments to our ERC, which impacted earnings in a negative way. I'd like to highlight a few items and provide more detail: Q1 collections of $511 million dollars was approximately one million dollars above forecast. Small adjustments to our ERC resulted in negative changes in expected future recoveries totaling $13 million dollars, which reduced Q1 EPS by $0.46. ERC at the end of the quarter was $8.3 billion dollars, up 7% compared to a year ago. Operating expenses remain well-controlled and were up only 1% compared to Q1 last year as we begin to realize operating leverage and the scale benefits of collections growth in our business as well as the cost efficiencies that accompany a higher proportion of digital collections. GAAP net income of $23 million dollars and GAAP EPS of 95 cents in the first quarter were up 25% and 27%, respectively, compared to the first quarter of 2023.
15 Cash Generation	We believe that our ability to generate significant cash provides us with an important competitive advantage, which is also a key component of our three-pillar strategy. Similar to the dynamic Ashish mentioned earlier, higher portfolio purchases at strong returns over the past several quarters have also led to meaningful growth in cash generation, a trend we expect will continue. Our cash generation in Q1 was up 14% compared to Q1 of 2023.

16 Balance Sheet Strength: Leverage	The third pillar of our strategy ensures that the strength of our balance sheet is a constant priority. Our unified global funding structure provides us with financial flexibility, diversified sources of financing and extended maturities. It also underpins one of the best balance sheets in our industry with comparatively attractive leverage. Importantly, even though we continue to purchase at higher levels, our leverage declined slightly during the quarter given our strong cash generation. As we have discussed, this cash generation is driven by both the increased volume of purchases over the last several quarters and the higher returns associated with those purchases. Our leverage ratio of 2.8 times at the end of the first quarter remains within our target range and is down from 2.9 times at the end of 2023.
17 Balance Sheet Strength: Diversified Funding	With elevated interest rates and evolving conditions in the bond markets, I'd like to emphasize the importance of our global funding structure. We believe our balance sheet provides us very competitive funding costs when compared to our peers. Our funding structure also provides us financial flexibility and diversified funding sources to compete effectively in this growing supply environment. In the first quarter, you may recall that we issued $500 million dollars of 2029 senior secured notes as a first-time issuer in the U.S. This offering expanded our options for future financing, establishing our access to the broad and deep U.S. high-yield bond market. While we initially used the proceeds to pay down our revolver, we plan to eventually use the proceeds to redeem our 2026 sterling senior secured notes at par in November 2024. I'd like to provide some additional context for this transaction. It is the case that the coupon associated with the new bond is higher than the sterling bond it will replace. Importantly, we've been building this kind of higher coupon into our bidding strategy since rates started to rise over a year ago. This is

17 Balance Sheet Strength: Diversified Funding (continued)	precisely why we have been emphasizing that pricing in the U.K. and Europe has not consistently adjusted to the currently higher cost of funding. In the U.S., however, market pricing has indeed adjusted to this higher cost of funding. I would also like to point out that our weighted average cost of debt on a pro forma basis after issuing the bonds and paying down the 2026 sterling notes is slightly below 6.5%. We also estimate this issuance – and other recent movements - will result in approximately $10 to $15 million dollars of additional interest expense through the end of 2024. Remember, if the current interest rate environment persists, then just as our cost of debt may increase over time, so will the positive impact of our investments in portfolios with higher returns. With that, I'd like to turn it back over to Ashish.
	Ashish Masih
18 Our Financial Priorities	Before I close, I'd like to remind everyone of our commitment to a consistent set of financial priorities that we established long ago. The importance of a strong, diversified balance sheet in our industry cannot be overstated, especially in the midst of the highly anticipated growth in U.S. market supply. We will continue to be good stewards of your capital by always taking the long view and prioritizing portfolio purchases at attractive returns in order to build long-term shareholder value.

19 Our Differentiated Business	I'd now like to describe how we are differentiated from others in our industry, especially during a time when a number of our competitors are dealing with their own challenges. First, we are the largest player in the attractive U.S. debt purchasing market. Second, we believe our ability to collect on the portfolios we buy - and our corresponding purchase price multiples - lead to collecting more over a vintage's lifetime, which in turn generates more cash, more earnings and ultimately higher returns. Third, our well-diversified global balance sheet allows us to allocate capital to opportunities with the highest returns. This flexibility is vital, as demonstrated by our allocation of the vast majority of our capital to our MCM business in the U.S. in order to maximize overall returns. Our balance sheet also provides us the flexibility to fund our business in a myriad of ways. This provides a significant advantage in times when traditional markets become less certain and more expensive. And finally, our $8 plus billion dollars of ERC represents our enormous capacity to generate cash.

20 Summary	In closing, I'd like to quickly summarize our first quarter performance: • Portfolio supply in the U.S. market, where we are currently focusing our capital, continues to grow to record levels. • Against this favorable backdrop, we deployed a record $237 million dollars in the U.S. in Q1 at strong returns. • In the U.K. and Europe, we are maintaining our discipline, being very selective in our purchases and constraining our capital deployment until returns become more attractive. • Our overall performance in Q1 was well-aligned with expectations and 2024 is off to a strong start. Driven by our strong first quarter performance – and the disciplined execution of our strategy – we remain on track to deliver on our 2024 guidance provided in February. This guidance called for portfolio purchasing this year to exceed our 2023 total and for our collections to grow approximately 8% to over $2 billion dollars. Now we'd be happy to answer any questions that you may have. Operator, please open up the lines for questions.
Q&A Session	

20 Closing Comments	As we close the call, I'd like to reiterate a few important points. We believe Encore is truly differentiated in our sector with a solid track record of operating results and superior capabilities. As the consumer credit cycle continues to turn, the U.S. market is seeing the world's strongest supply growth. With 2024 off to a strong start, we continue to apply our disciplined portfolio purchasing approach by allocating record amounts of capital to the U.S. market, which has the highest returns. When combined with our effective collections operation, we believe this approach will enable 2024 to be a turning point in our operational and financial results. Thanks for taking the time to join us and we look forward to providing our second quarter results in August.