Slide #	Commentary
	Bruce Thomas
1	Thank you, Operator. Good afternoon and welcome to Encore Capital Group's third quarter 2023 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 third quarter of 2023 and the third quarter of 2022. In addition, today's discussion will include forward-looking statements subject to risks and uncertainties. Actual future 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 Q3 2023 Highlights	Thanks, Bruce, and good afternoon, everyone. Thank you for joining us. I'll begin today's call with a few Q3 highlights: The third quarter was another period of strong purchasing in the U.S. at attractive returns for our MCM business, which continues to thrive. The continued growth in U.S. portfolio supply, driven by credit card lending growth and rising charge off rates, has led to improved portfolio pricing and returns. As a result, we deployed $179 million dollars in the U.S. in Q3 at an attractive 2.4 purchase price multiple. Concurrent with the favorable purchasing environment in the U.S., Cabot continues to navigate challenging market conditions in the U.K. and Europe. We continue to do what's right for the long-term success of Encore - constraining Cabot deployments until returns become more attractive – and investing instead in the stronger returns available in the U.S. market. In Q3, global collections were in line with expectations as we continue to see normalized consumer behavior and a stable collections environment. I'd also like to highlight our financing activity since the end of the third quarter. In October, amid challenging conditions in the capital markets, our strong balance sheet enabled us to tap an existing bond and also create a new U.S. facility that further enhanced our liquidity. Jon will provide more detail on these accomplishments in a few minutes.

4 Our Business and Our Strategy	I believe it's helpful to reiterate the critical role we play in the consumer credit ecosystem by assisting in the resolution of unpaid debts, which are an expected and necessary outcome of the lending business model. Our Mission is to help create pathways to economic freedom for the consumers we serve, by helping them resolve their past-due debts. We do that 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 consistently deliver outstanding financial performance and positions us well to capitalize on future 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 Market Focus: U.S. Outstandings and Charge Off Rate	Changes to consumer behavior during the pandemic led to unusually low credit card balances and below-average charge-offs, which in turn resulted in a reduced level of portfolio sales by banks. However, since early 2021, outstandings have been rising. Revolving credit in the U.S. surpassed pre-pandemic levels in early 2022. Each month thereafter the U.S. Federal Reserve has reported a new record level of outstandings, reflecting the steady growth in lending we have historically seen in the U.S. market. The same normalizing consumer behavior that has driven increased demand for consumer credit in the U.S. and lending growth by banks has also led to growing charge offs. Since bottoming out in late 2021, the credit card charge off rate in the U.S. has been steadily rising and is now approaching pre-pandemic levels.
6 U.S. Bankcard Delinquency Rates	U.S. consumer credit card delinquencies, a leading indicator of future charge-offs, have also continued to rise and are now above pre-pandemic levels. With both lending and the charge off rate growing simultaneously in the U.S., we're seeing continued strong growth in U.S. market supply and improving pricing. As a result, we expect 2023 to be a record year for portfolio sales by U.S. banks and credit card issuers.

7 Market Focus: U.S. Business	With this favorable environment as a backdrop, our MCM business had another strong quarter of portfolio purchasing in Q3. MCM deployed $179 million dollars at an attractive 2.4 purchase price multiple, the result of our disciplined purchasing approach amid an improving pricing environment. Over the past four quarters, MCM has deployed $775 million dollars at strong returns. To put that figure into proper context, MCM's current record for portfolio purchases for a full calendar year is $682 million dollars in 2019. We see no signs of this favorable purchasing environment slowing down. In fact, the supply pipeline in the U.S. remains robust with MCM's fourth quarter purchasing expected to be above $200 million dollars at a 2.4 multiple. This would establish a new record for MCM annual purchases. We cannot overstate the importance of our differentiated multiples, which are indicators of our higher returns, and their expected impact on future financial performance. This is particularly relevant as a number of our competitors are starting to face the realities of their prior purchasing and valuation decisions. MCM collections in the third quarter were $330 million dollars, indicative of stable consumer behavior in the U.S. As market supply continues to grow in the U.S., MCM continues to expand internal collections capacity. Since the beginning of 2023, MCM has added 350 account managers to our collections operation.

8 Market Focus: U.K. and European Business	Turning to our business in Europe… Cabot's collections were $135 million dollars in Q3, flat compared to recent quarters, as consumers' ability to pay remains steady in Cabot's markets. With U.K. credit card outstandings still 8% below the pre-pandemic level and charge-off rates still very low, the markets in the U.K. and continental Europe remain very competitive. Cabot portfolio purchases in Q3 were $51 million dollars. We continue to constrain Cabot portfolio purchases, reallocating capital to the U.S. market, as we believe European market pricing still does not yet fully reflect the higher cost of capital caused by higher interest rates. Cabot remains an integral part of Encore's global business strategy and its markets are amongst the most meaningful debt purchasing markets in the world. But as we have said in the past, ultimately pricing will need to align with higher funding costs before we allocate additional capital toward growing our deployments in Europe. We continue to prudently manage the Cabot cost structure given the reduced level of portfolio purchases in recent quarters.

9 Competitive Advantage: U.S. Purchase Price Multiples	The second pillar of our strategy focuses on enhancing our competitive advantages. We have built our business around certain key competencies that allow us to deliver differentiated returns and earnings as well as generate significant cash flow. Our disciplined purchasing and superior collections effectiveness, enable us to purchase portfolios at strong purchase price multiples. Then, over time, our continuous collection improvement efforts have enabled us to collect substantially more from both current and historical portfolio vintages. This, in turn, raises our current multiple for each vintage even higher and helps drive our differentiated returns. As a result of this diligent focus on returns, MCM's 2.4 multiple for Q3 purchases has raised our purchase multiple for U.S. portfolios purchased on a year-to-date basis to 2.3x. We look forward to another strong quarter in Q4 and also see a robust supply pipeline in the U.S. for 2024.
10 Competitive Advantage: U.S. ERC Growth	As market supply remains elevated in the U.S. and the pricing environment continues to improve, MCM's ERC is steadily growing. Importantly, as pricing continues to improve, we expect to collect more for every dollar of capital deployed. The significant amount of ERC we're adding each quarter reflects the efficiency of our capital deployment during this portion of the credit cycle. Our portfolio purchasing in the third quarter clearly illustrates this point. MCM's deployment in Q3 was 1.5% higher than in the third quarter a year ago, yet we added 20% more ERC from these more recent purchases at higher multiples. This is the portion of the cycle we've been anticipating. Our MCM business is in full stride purchasing portfolios at strong returns, which adds future cash flows and profitability to the business.

11 Competitive Advantage: Cash Generation	We believe that our ability to generate significant cash provides us an important competitive advantage, which is also a key component of the second pillar of our strategy. In the U.S., from 2020 through the first half of 2022, lower consumer spending, credit card balances and charge-off rates drove reduced market supply in our industry and also led to higher collections for our business. When consumer behavior began to normalize and incremental cash generation from these higher collections began to subside, our cash generation came under pressure as the prolonged period of lower portfolio purchases then led to reduced overall collections. More recently, however, higher portfolio purchases and improving pricing over the past few quarters have reversed this trend, enabling our cash generation to begin to grow again. This is a trend we expect will continue. I'd now like to hand over the call to Jon for a more detailed look at our financial results and to provide an update on the third pillar of our strategy – Balance Sheet Strength…

	Jonathan Clark
12 Detailed Financial Discussion	Thank you, Ashish.
13 Q3 2023 Key Financial Measures	The third quarter was another period of strong purchasing for our U.S. business at attractive returns, while our collections performance remained stable 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: Interest expense in Q3 of $51 million dollars, which was sequentially flat, has grown since last year primarily due to last year's increase in interest rates and higher debt balance related to our increased portfolio purchasing. Q3 collections of $465 million dollars resulted in $4 million dollars of recoveries below forecast, thus reducing Q3 EPS by $0.16. Changes in expected future recoveries totaling $13 million dollars reduced Q3 EPS by $0.44. Together, changes in recoveries reduced Q3 revenues by $17 million dollars and reduced Q3 earnings by $0.60. ERC at the end of the quarter was up 8% compared to a year ago. It bears repeating that CECL Accounting can cause significant fluctuations in quarterly reported results, but they **do** converge with cash results over the long-term. This is yet another reason that we believe it's important to take the long view of our financial metrics. This is consistent with the way we run the business and make decisions, employing a long-term perspective to building shareholder value.

14 Q3 2023 Collections	Breaking our global collection results down into our two major businesses, MCM's collections in the U.S. grew 1% compared to Q3 last year. Cabot's collections in the third quarter grew 2%. For both MCM and Cabot, collections in Q3 were in line with expectations. For portfolios owned at the end of 2022, Encore's global collections performance year-to-date through the third quarter was 97% of our year-end portfolio ERC. For MCM and for Cabot, collections through Q3 by this same measure were 97% and 98%, respectively. All three of these figures through the third quarter were identical to our first half performance.
15 Balance Sheet Strength & Leverage	The third pillar of our strategy ensures that the strength of our balance sheet is a constant priority. When compared to the pre-pandemic years, Encore has become a much stronger company. We now have a unified global funding structure that provides us with financial flexibility, diversified sources of financing and extended maturities. Over the past several years, our strong operating performance and focused capital deployment, drove higher levels of cash generation and contributed to a lower level of debt, which reduced our leverage significantly. More recently, our leverage has risen, driven by both lower collections and increased portfolio purchasing during each of the last four quarters. But now, as the collections environment has stabilized, we are seeing our leverage level off, as we expected it would. With our strong balance sheet, we remain well-positioned to fund the portfolio purchasing opportunities that lie ahead.

16 Balance Sheet Strength: Diversified Funding	With higher interest rates and continued challenging conditions in the bond markets, the importance of our global funding structure cannot be overstated. We believe our balance sheet provides us very competitive funding costs when compared to our peers and competitors. Our funding structure also provides us financial flexibility and diversified funding sources to compete effectively in this growing supply environment. In October, we made good use of this flexibility by adding $175 million dollars of incremental liquidity to our balance sheet as we prepare for the robust supply pipeline we see in the U.S. in 2024. To achieve this, we entered into a $175-million-dollar facility secured by U.S. receivable portfolios. We also extended the maturity of the Cabot securitization facility to September 2028 and reduced its size by £95 million pounds to £255 million pounds. In addition, we issued an incremental 100 million Euro of our 2028 floating rate notes, as a follow-on tap of our December 2020 offering. With that, I'd like to turn it back over to Ashish.

	Ashish Masih
17 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 as the highly anticipated growth in market supply has arrived in the U.S. 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.
18 Competitive Advantages Differentiate Our Business	I'd also like to summarize our competitive advantages, especially during a time when a number of our competitors are dealing with their own challenges. These advantages differentiate our business in the industry and our long-term financial results are the evidence. First, we are the largest player in the U.S. debt purchasing market, which also happens to be the world's largest market with the highest returns. Second, we believe our ability to collect on the portfolios we buy - and our corresponding purchase price multiples - are best-in-class. We collect 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 reallocation of capital from our Cabot business in Europe 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 billion dollars of ERC has been built using a consistent, disciplined purchasing approach and represents our enormous capability to generate cash.

19 Our Mission, Vision and Values	We believe these competitive advantages, supported by our Mission, Vision and Values, truly differentiate Encore's standing in the debt purchasing industry. As the credit cycle continues to turn, we are committed to the essential role we play in the credit ecosystem through the great work our colleagues around the world are doing to help an increasing number of consumers restore their financial health.
20 Looking Ahead	In closing, as a result of the continued, disciplined execution of our strategy, we believe Encore is the best positioned company in our sector. We have the operational capability and balance sheet to capitalize on the substantial and growing portfolio purchasing opportunity in the U.S. market. • Looking ahead, we expect 2023 will be a record year of capital deployment in the U.S. for our MCM business at strong returns. • We see a robust supply pipeline in the U.S. for 2024, with even better returns. • We plan to remain disciplined in the highly competitive and valuable European market, and will only allocate significantly more capital when the returns become more attractive – which we expect will happen over time. • And we expect steady growth in ERC and earnings. 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 results and superior capabilities. As the consumer credit cycle continues to turn, the U.S. market is seeing the world's strongest supply growth. 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 us to continue to grow our cash generation. This is the portion of the credit cycle we have been waiting for. Thanks for taking the time to join us and we look forward to providing our fourth quarter and full year 2023 results in February.