Slide #	Commentary
	Bruce Thomas
1	Thank you, Operator. Good afternoon and welcome to Encore Capital Group's second quarter 2022 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, and Craig Buick, CEO of Cabot 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 made on this conference call will be between the second quarter of 2022 and the second quarter of 2021. 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	Thanks, Bruce, and good afternoon, everyone. Thank you for joining us.
Q2 2022 Highlights	Encore delivered another quarter of strong operating performance in Q2. To better understand our results, let's begin with some important highlights: Our financial results in the second quarter were again impacted by better-than-expected collections within our MCM business in the U.S. This performance led to an increase in future period collection expectations and resulted in higher revenues in Q2, similar to the first quarter of this year but on a much smaller scale. On a global basis, our portfolio purchases were $173 million dollars, up 21% compared to the second quarter last year. We continue to purchase at attractive returns relative to our competitors. Looking forward, banks are reporting that their lending continues to grow, and delinquencies are rising. In the past, lending growth and rising delinquency levels have been strong leading indicators of increased portfolio supply for our industry. Finally, consistent with our capital allocation priorities - and as we continue to deliver strong returns and solid cash flows - we repurchased $25 million dollars of Encore shares in the second quarter.

4 Our Business and Our Strategy	As context, I believe it's helpful to understand the critical role we play in the consumer credit ecosystem by assisting in the resolution of unpaid debts, which are an expected outcome of the lending business model. Our mission is to help consumers resolve their debts so they can regain the freedom to focus on what is important to them. And we do that by engaging consumers in honest, empathetic and respectful conversations. We look 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 both 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, positions us well to capitalize on future opportunities and we believe is instrumental in 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.

5 Market Focus: U.S. & U.K. Outstandings	As the pandemic emerged in 2020, changes in consumer behavior and government support of the economy led to lower credit card balances and below-average charge offs, which in turn has resulted in lower portfolio sales by banks. However, since early 2021, outstandings have been rising as banks are now reporting growth in lending. In fact, revolving credit in the U.S. has now surpassed pre-pandemic levels while credit card balances continue to recover in the U.K. We believe that continued lending growth will translate into more charge-offs and lead to higher levels of portfolio sales by banks in due course. This also means that more consumers will be looking to resolve their debts in order to regain their economic freedom, and our team stands ready to support them. Turning now to our largest and most valuable market in the U.S…

6 Market Focus: U.S. Business	MCM collections in the second quarter were $355 million dollars, down 19% compared to Q2 last year. This decline was primarily due to normalizing consumer behavior and lower portfolio purchasing in recent quarters. With regard to our back book, which contains all of the portfolios we purchased before this year, our collections operation continues to outperform expectations. This sustained overperformance at MCM led us to again raise future collection expectations, similar to the first quarter of this year, but on a much smaller scale. In Q2, this resulted in $60 million dollars of additional estimated remaining collections or ERC. MCM portfolio purchases in the second quarter were $116 million dollars, an increase of 30% when compared to $90 million dollars in the same quarter last year, and were a result of increased supply in the U.S. market. We also believe the somewhat higher pricing we had seen recently in the U.S. has plateaued. MCM's purchase price multiples continue to reflect our competitive advantage.

7 Market Focus: U.K. and European Business	Turning to our business in Europe… In the second quarter, Cabot collections were $142 million dollars, down 16% compared to Q2 of last year, primarily due to the impact of foreign currency exchange and lower portfolio purchasing in recent quarters. In constant currency, Cabot collections were $158 million dollars, representing a decline of only 6% compared to Q2 of last year. Cabot portfolio purchases in the second quarter were $57 million dollars compared to $53 million dollars in Q2 of last year. Market supply has been inconsistent and portfolio purchasing remains highly competitive. In keeping with our strategy, we maintained discipline in buying portfolios.
8 Competitive Advantage: Cash Generation	The second pillar of our strategy focuses on enhancing our competitive advantages. Our competitive platform enables us to generate significant cash flow, although our cash generation has been impacted by lower portfolio purchasing in recent quarters as well as the normalization of consumer behavior. Nonetheless, we expect this trend to begin to reverse after we resume purchasing higher volumes of portfolios that are more in line with pre-pandemic levels.

9 Competitive Advantage: Differentiated Returns	Our competitive advantages also allow us to deliver differentiated returns. In addition to cash generation, another important measure of our business is return on invested capital, which considers both the performance of our collections operation as well as our ability to price risk appropriately when investing our capital. Accordingly, one of our fundamental financial priorities is that our underlying business delivers strong, long-term returns. Our ROIC performance continues to be favorably impacted by the revenue effect of our recent increases in ERC, reflecting higher returns on those portfolios for which we raised our collections expectations.
10 Balance Sheet Strength: Leverage	The third pillar of our strategy makes the strength of our balance sheet a constant priority. Our strong operating performance and focused capital deployment over many consecutive quarters have driven higher levels of cash flow and contributed to a lower level of debt, which in turn have reduced our leverage significantly over time. At the end of the second quarter, our leverage ratio was 2.0 times, compared to 1.9 times a year ago, and remains near the lowest in the industry. We remain well-positioned with sufficient liquidity and capacity to fund the opportunities that lie ahead. I'd now like to hand over the call to Jon for a more detailed look at our financial results…

	Jonathan Clark
11 Detailed Financial Discussion	Thank you, Ashish.
12 Q2 2022 Key Financial Measures	When comparing the second quarter this year to the second quarter a year ago, keep in mind that the elevated level of collections in Q2 of 2021 was extraordinary, and resulted - in part - from U.S. consumer behavior that has largely normalized since the beginning of 2022. The combination of collections over-performance in the second quarter and higher collections expectations for the future, increased our revenue and contributed to increases in earnings and returns in the quarter. In accounting for the additional ERC mentioned earlier, the corresponding changes in expected future recoveries contributed $15 million dollars to the revenue line in the second quarter and added 43 cents of GAAP EPS in Q2.

13 Q2 2022 Collections	Collections were $498 million dollars in Q2, down 19% compared to the extraordinary collections in the second quarter of last year, but were higher than we expected. The decline on a comparative basis was driven primarily by lower portfolio purchasing in recent quarters and normalizing consumer behavior. For portfolios owned at the end of 2021, Encore's global collections performance through the second quarter was 107% of our portfolio ERC forecast for the period as of December 31, 2021. For MCM and for Cabot, collections through Q2 by this same measure were 116% and 91%, respectively. With regard to collections in Europe, the weakening of the pound in relation to the U.S. dollar has created a separation between reported and constant currency results. In this case, Cabot's collections performance through Q2 on a constant currency basis was 96% of our ERC forecast, with the underperformance largely the result of weakness in Spain. Collections in the U.K. through the second quarter of 2022 on a constant currency basis were generally in line with expectations.
14 Q2 2022 Revenues	Revenues in Q2 were $357 million dollars, down 17% compared to the second quarter a year ago.

15 Diversified Funding	Our global funding structure provides many benefits to Encore, including financial flexibility, diversity of capital sources, lower funding costs and extended maturities. At the end of the second quarter, available capacity under our global RCF was $576 million dollars, and we concluded the quarter with $135 million dollars of non-client cash on the balance sheet, which is sufficient liquidity and capacity to fund the opportunities that lie ahead. We believe our strong balance sheet provides us very competitive funding costs relative to our peer group. Nonetheless, the cost of capital is increasing for all players in the industry due to the current rising interest rate environment, which should have a moderating effect on portfolio pricing. With that, I'd like to turn it back over to Ashish.

	Ashish Masih
16 Our Financial Priorities	The second quarter for Encore was another period of strong operational performance, though comparisons to Q2 last year are difficult, as it was Encore's biggest collections quarter ever. But a lot has changed over the last 12 months. The consumer behavior that, in part, drove record collections in the U.S. last year has largely returned to normal. It is important to note that this same consumer behavior also contributed to meaningfully reducing charge-offs and portfolio supply during the same time period. However, we are continuing to see the credit normalization that we have discussed in previous quarters. As a result, we have started to see an increase in portfolio supply in the U.S. although the supply in Europe remains inconsistent. This of course means more consumers will need our support and we're ready to help them resolve their debts and restore their financial health, consistent with our mission and the critical role we play in the consumer credit ecosystem. As we look ahead, we anticipate a few key factors will unfold during the upcoming portion of the cycle. On the one hand, we expect pressure on our earnings for the next few quarters after two years of lower purchasing coupled with the normalization of consumer behavior. On the other hand, we expect to deploy increasing amounts of capital to purchase portfolios, particularly in the U.S., in line with the supply increase being driven by this same normalization of consumer behavior. I really like the position we are in, as we believe that players such as Encore who are experienced operators and have strong balance sheets, liquidity and access to capital, are best positioned to benefit from the portion of the cycle we are now entering. Now we'd be happy to answer any questions that you may have. Operator, please open up the lines for questions.

Q&A Session	
16 Closing Comments	As we close the call today, I'd like to reiterate a couple of key points. Our strategy of focusing on the right markets, executing effectively to deliver strong returns on our portfolios, and maintaining a strong balance sheet are key drivers of our best-in-class performance. Looking ahead, as credit continues to normalize, leading to higher portfolio supply, we expect to continue increasing our portfolio purchasing. We're also as committed as ever to the critical role we play in the credit ecosystem and to help consumers regain their financial freedom. It's what we do best. Thanks for taking the time to join us and we look forward to providing our third quarter results in November.