Slide #	**Commentary**
	Bruce Thomas
1	Thank you, Operator. Good afternoon and welcome to Encore Capital Group's first quarter 2021 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 first quarter of 2021 and the first quarter of 2020. 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 Q1 2021 Highlights	Thanks, Bruce, and good afternoon everyone. Thank you for joining our earnings call. The first quarter for Encore was a period of strong operational and financial performance as we continued to execute on our strategy, improve our balance sheet and focus on our capital allocation priorities. To better understand our results, let's begin with some important highlights from the first quarter: The principal driver of our financial performance was our record collections in Q1. Since the beginning of the pandemic, especially in the U.S., consumers have been contacting us at a much higher rate resulting in a higher level of inbound call traffic and online digital interactions. This consumer behavior accelerated in the first quarter, generating significantly more collections than we had anticipated, and has continued into the beginning of Q2. Although it's uncertain how long this will last, the result was nearly $30 million dollars of incremental GAAP net income for the quarter, or approximately $1.00 of incremental GAAP earnings per share. The higher level of collections from Q1 drove improvement in a number of aspects of our business including higher cash flow, reduced cost to collect, lower leverage and higher returns. The consumer behaviors that are driving such strong collections are also resulting in lower delinquency and charge-off rates for the banks and credit card issuers who sell portfolios to us. Having said that, we continue to see each of the U.S. banks who were selling before the pandemic remain in the market as sellers. In Europe most sellers are now back in the market as well. However, even though the banks are still selling, they are simply selling less because there are fewer delinquent accounts and subsequently fewer charge-offs.

3 Q1 2021 Highlights (continued)	On a global basis, our portfolio purchases were $170 million dollars in Q1. Despite the subdued supply in the market, which has begun to impact portfolio pricing, we have remained disciplined and continue to purchase at very attractive returns. We have worked diligently over the past several years to improve our collections effectiveness and cost efficiency, and that has in turn allowed us to mitigate the impacts of higher market pricing on our returns. As a result, in comparison to our peers, these competitive advantages enable us to deliver higher returns. A quarter ago, we articulated our capital allocation priorities for the business. You may recall that we listed three priorities, including share repurchases. In recent quarters – including Q1 – we have generated a significant amount of excess capital. We have reduced our leverage to the low end of our target range of 2 to 3 times. As a result, in line with our capital allocation priorities, we repurchased $20 million dollars of Encore shares during the first quarter. In addition, we have increased our share repurchase authorization from the prior $50 million-dollar program to a $300 million-dollar multi-year program. We will continue to allocate capital according to our stated priorities and any future share repurchases are subject to maintaining our strong balance sheet, liquidity, and the continuation of our strong financial performance. To further describe our results for the quarter, I would like to anchor the conversation to our strategy that we have previously outlined and that allows us to consistently deliver best-in-class financial performance.

4 Our Business and Our Strategy	Our core business is relatively straightforward. Our objective is to purchase portfolios of non-performing loans at attractive cash-on-cash returns, using the lowest cost of funding available to us. We also strive to exceed our collection expectations for each of our portfolios, while ensuring the highest level of compliance and consumer focus, as well as maintaining an efficient cost structure. We achieve these objectives by maintaining focus on our three-pillar strategy. Our strategy enables us to consistently deliver outstanding financial performance, has positioned us well to capitalize on future opportunities, and is instrumental in building long-term shareholder value.

5 Market Focus: U.S. Business	The first pillar of our strategy, Market Focus, leads us to concentrate our efforts on our most valuable markets with the highest risk-adjusted returns. Our largest and most valuable market is in the U.S. MCM demonstrated improved operating leverage in the first quarter as we grew collections to a record level while continuing to drive a higher proportion of collections through our cost-efficient call center and digital channel. While this transition has been underway for a few years, it picked up pace over the past several quarters and accelerated again in Q1 as more of our consumers are calling us and connecting with us online to resolve their debts. The impact of this transition is apparent in the increased effectiveness and scalability of MCM's collections operation. In the first quarter, we grew collections by $61 million dollars compared to Q1 of 2020 while incurring only $2 million dollars of added operating expenses. While it's not clear how long this specific consumer behavior will last, the changes we have made operationally will benefit us in the long term. These factors combined to drive a significantly lower cost to collect in the quarter. Although the impacts of the pandemic have reduced the supply of portfolios for purchase, the capital we did deploy continues to be at attractive returns. The industry rules announced by the CFPB are now expected to become effective in early 2022. As a result of our expertise in compliance and risk management, we are well-positioned to fully implement these new rules.

6 Market Focus: U.K. and European Businesses	Turning now to our business in the U.K. and Europe. Our collections performance continues to normalize after a few quarters of COVID-related volatility. Collections in the first quarter grew 13% compared to Q1 last year and exceeded our expectations by 8%. Deployments of $78 million dollars were higher compared to the first quarter last year, with portfolio prices generally returning to pre-COVID levels. Most major sellers in the U.K. and Europe are now back selling in the market in some capacity, though we expect supply to remain inconsistent over the foreseeable future.
7 Competitive Advantage: Cash Generation	Our competitive platform enables us to consistently generate significant cash. Our cash generation for the twelve months ending in March increased 12%, reflecting the steady improvement in our business, the efficiency of our operations and the resilience of our portfolios. Our consistent growth in cash generation has contributed to a reduction in our borrowings and leverage ratio. Our strong cash generation also provides us with additional flexibility when we consider our capital allocation priorities, which include portfolio purchases at attractive returns, strategic and disciplined M&A, and share repurchases.

8 Competitive Advantage: Differentiated Returns	Our competitive advantages also allow us to deliver differentiated returns. A quarter ago we began to emphasize the importance of ROIC, which ultimately takes into account both the performance of our collections operation as well as our ability to appropriately price risk when investing our capital. We believe that it's important to demonstrate that our underlying business delivers strong, long-term returns that we can maintain through the credit cycle. Our ROIC performance in the first quarter, and over the last three years, is a solid indicator of improvements in our business and our ability to deliver strong returns under current market conditions as well as over time. We continue to believe it is difficult to find such attractive returns at other companies in or around our industry.

9 Balance Sheet Strength: Leverage Reduction	The third pillar of our strategy makes the strengthening of our balance sheet a constant priority. We believe that a strong balance sheet is critical to success. Our continued focus on further strengthening our balance sheet has enabled us to reduce our debt to equity ratio to 2.5 times and reduce our leverage ratio to 2.1 times, which is now at the low end of our targeted range of 2 to 3 times, and is near the lowest in the industry. Our strong operating performance and focused capital deployment have driven higher levels of cash flow, which in turn has led to leverage reduction. As a result of our financing accomplishments over the last year, we have significantly lowered our cost of funds, and we believe we have established a best-in-class capital structure that will allow us to capitalize on future opportunities. I'd now like to hand over the call to Jon for a more detailed look at our financial results…

	Jonathan Clark
10 Detailed Financial Discussion	Thank you, Ashish.
11 Q1 2021 Key Financial Measures	In the first quarter, very strong collections - along with expense control - drove higher revenue, net income and returns. Importantly, the resulting strong cash generation, combined with the subdued market for purchases, led to a significant drop in our leverage ratio and slightly lower ERC.
12 Q1 Collections	Collections were a record $606 million dollars in the first quarter, up 15% compared to Q1 last year. MCM collections grew 16% in the first quarter, to a record $436 million dollars. Within that total, MCM's call center and digital collections grew 25% compared to Q1 last year. Cabot's collections through our debt purchasing business in Europe in the first quarter were $163 million dollars, up 13% compared to Q1 last year. Encore's global collections in the first quarter achieved 117% of our ERC as of December 31, 2020.
13 Q1 Revenues	Revenues in the first quarter were up 44% to $417 million dollars, compared to $289 million dollars in Q1 last year. Recall that a year ago, the uncertainty surrounding the Coronavirus pandemic caused us to push out our collections forecast, which suppressed our revenues in the year ago quarter. In the first quarter this year, revenues in the U.S. were up 38% to $288 million dollars. In Europe, first quarter revenues were up 63% to $124 million dollars.

14 Estimated Remaining Collections	Our Estimated Remaining Collections at the end of Q1 was $8.3 billion dollars, down 2% compared to the end of Q1 last year, primarily as a result of very strong collections performance during the past year as well as lower portfolio purchasing during this same time period.
15 Diversified Funding	Our global funding structure provides many benefits to Encore, including lower funding costs, extended maturities and more capital diversity. We now have access to more funding sources than ever to optimize our capital structure over time. In the first quarter, we repaid $161 million dollars of outstanding principal on our convertible notes that matured in March using available liquidity. As a result, we've reduced the amount of convertible debt in our funding structure by $250 million dollars over the last twelve months. Available capacity under our global RCF was $530 million dollars at the end of the first quarter, and we concluded Q1 with $162 million dollars of non-client cash on the balance sheet. The importance of financial flexibility and access to a variety of capital sources cannot be overstated in a business like ours. With this flexibility, we are well prepared for the opportunities that lie ahead. With that, I'd like to turn it back over to Ashish.

	Ashish Masih
16 Our Financial Priorities	Thank you, Jon. As we look ahead to the rest of this year and beyond, I am excited about what we have accomplished as well as what the future holds. With our global funding structure now well established, we remain focused on executing our strategy, which we believe will continue to be instrumental in driving strong results and building long-term shareholder value. I'd also like to highlight our financial priorities which we articulated in our February report. Our strong financial performance in Q1 improved our standing with respect to our balance sheet objectives, which include preserving our financial flexibility, targeting leverage in a range between 2 and 3 times and maintaining a strong double-B debt rating. Consistent with our capital allocation priorities, we purchased portfolios at attractive multiples in the first quarter, guided by our disciplined approach. And as I mentioned earlier, in the first quarter we repurchased Encore shares in addition to receiving board approval to expand our repurchase authorization. Finally, with regard to operating and financial performance, our returns remain very strong and we intend to deliver strong ROIC through the credit cycle. I'm excited about our business in 2021. We continue to operate at a high level with a solid liquidity position and a strong, flexible balance sheet, which will allow us to capitalize on future opportunities. Now we'd be happy to answer any questions that you may have. Operator, please open up the lines for questions.

16 Closing	That concludes the call for today. Thanks for taking the time to join us and we look forward to providing our second quarter 2021 results in August.