Slide #	**Commentary**
	Bruce Thomas
1	Thank you, Operator. Good afternoon and welcome to Encore Capital Group's fourth quarter 2020 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 fourth quarter of 2020 and the fourth quarter of 2019 or between the full year 2020 and the full year 2019. 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. Please note that at the conclusion of today's call, we will post our annual report to our website, which includes, among other items, a letter to shareholders and a copy of our Form 10-K. With that, let me turn the call over to Ashish Masih, our President and Chief Executive Officer.

	Ashish Masih
3 Today's Call	Thanks, Bruce, and good afternoon everyone. Thank you for joining our earnings call. As always, a primary goal of these earnings calls is to help you understand how we look at our business and what metrics we track to measure our performance. I will start with a high-level recap of 2020 including our achievements. Then I'll review our strategy, as well as key measures that are important indicators of the strength of our business. Next, Jon will review our financial results, after which I'll comment on our priorities for 2021 and beyond. Importantly, at the conclusion of today's call, we will also post to our website our first ever annual report. It includes, among other items, a letter to shareholders, which provides me an opportunity to share my vision for Encore with you. We will begin with a look back at our performance in 2020…

4 2020 Key Financial Measures and Achievement	2020 was an unprecedented year for Encore as we continued to execute on our strategy, delivered strong financial results, and reached several milestones despite the impact of the COVID-19 pandemic. When the pandemic was in its early stages, our prior investments in technology and compliance enabled us to quickly provide safe working conditions for our colleagues and maintain full operational capability. For consumers, financial hardship became more prevalent as a result of the pandemic, which for us meant that we would increasingly be called upon to do precisely what we do every day: engage in honest, empathetic and respectful conversations with consumers to help them resolve their debts. For the year, we delivered strong returns while achieving new highs for cash generation, collections, revenues and earnings. Our portfolio purchases in 2020 were limited by the amount of supply available in our key markets, though the deals we did win had strong purchase price multiples and returns, the result of our disciplined approach to deploying capital. We implemented our new unified global funding structure in 2020 by combining the balance sheets of our two largest businesses. This transformation provided Encore with one of the strongest and most flexible balance sheets in our industry, particularly as we continued to reduce our leverage, which was down from 2.7 times to 2.4 times by year end.

5 Our Business and Our Strategy	Our core business is relatively straightforward. We look to purchase portfolios of non-performing loans at attractive cash returns, using funding with the lowest cost available to us. For each portfolio we own, we strive to meet or exceed our collection expectations, 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 not only enabled us to deliver outstanding financial performance in 2020, it has also positioned us well to capitalize on future opportunities and is instrumental in building long-term shareholder value.
6 Market Focus	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. We target markets that have a large and consistent flow of purchasing opportunities, a strong regulatory framework that creates advantages for firms with sufficient financial and operational capabilities, a high degree of sophistication and data availability, and stable, long-term returns. As a result, we focus more on the U.S. and the U.K., which are markets that meet all these criteria. We are also strengthening our presence in markets we believe can become more important for us over time, such as Spain, France, Portugal and Ireland. As a result of our focus on our most valuable markets we thrive on recurring portfolio sales through the credit cycle, and our success does not rely on large macro events that cause surges in NPL supply.

7 U.S. Business	The U.S. is our largest and most valuable market, where we continued to improve our operating leverage in 2020. We accomplished this by growing collections to a record level while reducing our costs through our operational innovation and increased productivity. We also continued to drive a higher proportion of collections through our cost-efficient call center and digital channel. At the same time, although the impacts of the pandemic have limited the availability of portfolio supply, particularly later in the year, we deployed capital at the highest purchase multiples we have seen in years. Due to COVID-related operational constraints, MCM's expenses in 2020 were lower than we would have incurred otherwise. These constraints have now largely diminished, and spending levels have normalized. Due to our expertise in compliance and risk management, as well as the time we've had to prepare, we are well-positioned to fully implement the long-awaited industry rules announced by the CFPB, which will become effective in November 2021. For the full year in the US, we delivered collections that were 106% of the 2019 year-end ERC forecast.

8 U.K. and European Businesses	Turning now to our business in the U.K. and Europe. Our focus on operating efficiency and expense management in 2020 enabled us to deliver continued solid profitability despite the pressure on European economies caused by the pandemic. After enduring a particularly challenging first half of the year, our collections performance in Europe improved substantially through the remainder of 2020 as Cabot began to resume more normal collection activity. We finished the year with collections totaling 88% of the 2019 year-end ERC forecast. The pandemic caused U.K. banks to pause much of their portfolio sales during the year, which impacted Cabot's portfolio purchases. Looking forward, our new global funding structure removes the prior constraints related to Cabot's standalone leverage and thus provides us an enhanced ability to deploy capital at attractive returns as purchasing opportunities pick up again.

9 Competitive Advantage	The second pillar of our strategy focuses on enhancing our competitive advantages in our core markets. Encore's foundation is comprised of certain key competencies. Our data analytics capabilities allow us to accurately price risk and optimize collections to maximize financial returns. We excel at operating in highly regulated environments where compliance is embedded in everything we do. We treat each consumer with fairness and respect on their path to financial recovery. In addition, we take pride in our operating efficiency, supported by our scale, low-cost platform and investments in digital technology.
10 Strong Earnings	Our competitive platform has enabled a track record of delivering strong earnings, which continued in 2020 and we expect will continue in 2021 as well. For the year, we grew GAAP net income by 26% compared to 2019, despite the impact of $40 million dollars of expenses, after tax, related to the implementation of our new global funding structure and subsequent refinancing activities.
11 Cash Generation	Our competitive platform also enables us to generate a significant amount of consistent cash flow. Our cash generation in 2020 increased 6% compared to 2019, 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 the de-leveraging of our balance sheet. 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.

12 Differentiated Returns	Our competitive advantages also allow us to deliver differentiated returns. For some time now we have highlighted our return performance in the form of Return on Average Equity, and we compare well to the rest of our peer group on this measure. We would also like to emphasize an additional metric that we track: Return on Invested Capital. By its nature, ROIC ultimately takes into account both the performance of our collections operation as well as our ability to appropriately price risk and invest our capital. We believe that it's important to show that our underlying business delivers strong, stable returns that we can maintain through the credit cycle. ROIC can be calculated in several ways, but the metric we will be providing from this point forward will be adjusted for non-operating impacts that might otherwise distort our underlying results. Furthermore, because we operate in a number of different tax jurisdictions, our tax provision sometimes introduces volatility into the accounting for our business. We've therefore chosen to provide a pre-tax measure of ROIC, which we believe more accurately reflects the stability of our underlying business. Our ROIC performance 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 believe you will find it difficult to find such attractive returns at other companies in or around our industry.

13 Value Creation	ROIC is useful as a standalone measure of performance for an operating and investing business such as Encore. It is also a helpful metric when used in comparison to our weighted average cost of debt on a relative basis. We believe our strong operating performance and balance sheet together create value. In simple terms, we create increased value as the spread between our returns and our cost of debt expands.
14 Balance Sheet Strength	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 being successful in our sector. While operating in a very challenging environment, our continued focus on further strengthening our balance sheet in 2020 enabled us to reduce our leverage ratio from 2.7 times to 2.4 times, which is comfortably within our targeted range of 2 to 3 times. We also successfully executed our plan to combine the balance sheets of our two largest businesses to form a unified global funding structure. Consequently, we believe we have established a best-in-class capital structure in terms of cost, liquidity, tenor, diversification of capital sources, and overall flexibility. This will allow us to capitalize on opportunities that will come in 2021 and beyond. I'd now like to hand over the call to Jon for a more detailed look at our financial results…

	Jonathan Clark
15 Detailed Financial Discussion	Thank you, Ashish. Before I begin, I'd like to provide an update on our efforts to further simplify our messaging and provide more clarity to the investment community. Going forward, we will be reducing the number of metrics we use to convey our earnings performance. Beginning with the first quarter of 2021, we will discontinue providing adjusted net income and Economic EPS. By fully anchoring our earnings messaging to GAAP net income and GAAP EPS, we hope to eliminate any confusion about the strength of our earnings power.
16 Portfolio Purchases	Deployments were $660 million dollars in 2020, compared to $1 billion dollars in 2019. Importantly, for the portfolios we did buy, our initial weighted average purchase price multiple was 2 1/2 times, which was the strongest multiple we've seen in years. This reflects our purchasing discipline, ability to maximize collections, and our focus on returns. The year-over-year decline in purchasing volume was caused by a lower supply of NPL portfolios available for purchase. This was a direct result of the impact of the COVID-19 pandemic, which led to reduced consumer delinquencies and charge-off rates. The purchasing decline was more pronounced in the U.K. than in the U.S. However, we continue to expect both markets will ultimately see delinquencies and charge-off rates increase over time, leading to increased opportunities for us to purchase NPL portfolios at attractive returns.

17 2020 Collections	Collections were a record $2.11 billion dollars in 2020, up 4% compared to the prior year. MCM collections grew 16% in 2020, to a record $1.53 billion dollars. Within that total, MCM's call center and digital collections grew 27% compared to the prior year. Cabot's collections through our debt purchasing business in Europe in 2020 were $554 million dollars, down 13% compared to the prior year. The majority of the decline occurred in the second quarter of 2020, after which collection trends improved through the end of the year. Despite the COVID Pandemic, Encore's global collections in 2020 achieved 100% of our ERC forecast for 2020.
18 2020 Revenues	Revenues in 2020 were up 7% to $1.5 billion dollars, compared to $1.4 billion dollars in the prior year. In the U.S., revenues were up 21% to $993 million dollars in 2020. In Europe, 2020 revenues were down 6% to $490 million dollars.
19 Global Funding Structure	Our new global funding structure, which we implemented in September of 2020, provided our business with important benefits soon after we put it in place. In the fourth quarter, we took advantage of favorable market conditions and refinanced $840 million dollars of senior secured notes, reducing our interest expense and pushing out maturities. In addition to reducing our cost of funds and extending maturities, our new funding structure enhances our access to capital markets and makes it easier for us to allocate capital to the markets with the best risk-adjusted returns.

20 Reducing Leverage	As a result of our new funding structure, and the strengthening of our balance sheet over the past three years, we have put ourselves in a strong position to capitalize on the attractive opportunities that lie ahead. Over this time, we have reduced our debt to equity ratio from 4.3 times to 2.7 times, and we have also reduced our ratio of net debt to adjusted EBITDA, a measure common in our industry. We have reduced this ratio from 2.8 times to 2.4 times, resulting in a level that is among the lowest in our peer group. Encore's leverage reduction has been driven by strong operating performance and focused capital deployment, which have in turn, driven higher levels of efficiency and cash flow.
21 Diversified Funding	Our new global funding structure provides many benefits to Encore, including the diversity of our funding sources. We now have access to more sources of capital than ever to optimize our debt stack over time. I believe 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
22 Our Financial Priorities for 2021 and Beyond	Thank you, Jon. As we look ahead to 2021 and beyond, I am excited about our market position and future prospects. In terms of supply, we anticipate an eventual increase in purchasing opportunities in the U.S., the U.K. and in Europe as charge-offs are expected to rise meaningfully. Consistent with our long-term view, we believe our strategy will continue to be instrumental in driving strong results and building shareholder value. With regard to operating and financial performance, our focus is to deliver strong ROIC through the credit cycle. With regard to our balance sheet, our objectives include preserving our financial flexibility, targeting leverage in a range between 2 and 3 times, and maintaining a strong double B debt rating. Our capital allocation priorities are - portfolio purchases at attractive returns, strategic and disciplined M&A, and share repurchases. I'm excited about our business in 2021 as 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 the many opportunities ahead. Now we'd be happy to answer any questions that you may have. Operator, please open up the lines for questions.
22 Closing	That concludes the call for today. Thanks for taking the time to join us and we look forward to providing our first quarter 2021 results in May.