Slide #	Commentary
	Bruce Thomas
1	Thank you, Operator. Good afternoon and welcome to Encore Capital Group's second quarter 2016 earnings call. With me on the call today are Ken Vecchione, our President and Chief Executive Officer, Jonathan Clark, Executive Vice President and Chief Financial Officer, Ashish Masih, Executive Vice President, US Debt Purchasing & Operations, and Paul Grinberg, Group Executive, International and Corporate Development. Ken and Jon will make prepared remarks today, and then we will be happy to take your questions.
2 (Safe Harbor)	Before we begin, we have a few housekeeping items. Unless otherwise noted, all comparisons made on this conference call will be between the second quarter of 2016 and the second quarter of 2015. 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 Ken Vecchione, our President and Chief Executive Officer.

	Ken Vecchione
3 (Intro)	Thank you, Bruce, and good afternoon. In the second quarter, we earned $1.29 in Economic EPS, growing 7% percent compared to last year, assisted by higher revenues, strategic cost management initiatives and a lower tax rate driven by our capital allocation. This performance has led to an improvement in our return on invested capital on a year-over-year basis. Our returns in the U.S. market remain higher than last year's returns and are driven by continued progress in our consumer-focused liquidation programs and modestly better pricing. Our international businesses helped drive revenues higher than a year ago, particularly in our contingency collections business. Our emphasis on strategic cost management in the U.S. contributed to a 70 basis point improvement in our overall cost-to-collect. Full-year commitment levels for our U.S. business continued to grow, and the domestic market continues to exhibit pricing discipline. In Europe, we had a strong deployment quarter as we solidified our presence in Spain. This led to an overall solid second quarter of purchases for Encore.

4 (U.S.)	I'd like to begin by reviewing Encore's business on a regional basis for the second quarter. In the U.S., debt buyers have continued to exhibit discipline when bidding on portfolios, effectively reducing prices and enabling us to book business at higher returns when compared to a year ago. The market, which has been supply constrained due to the absence of sidelined issuers, is undergoing a transformation. We believe that pricing in the industry is declining as large and mid-tier debt purchasers seek higher returns for their invested capital. The pricing power in the market is shifting as issuers now compete for debt buyer capital. Encore's consumer-centric liquidation programs also help to reinforce the favorable trend in improving returns as first-year liquidations and consumer satisfaction are both on the rise. Our earnings in the second quarter were supported by cost reductions. In our core U.S. business, we successfully removed $18 million dollars of recurring expenses in the second quarter compared to last year, which offset declines in revenue. Year-to-date recurring expenses are down $30 million dollars.

5 (Europe)	In Europe, Cabot has continued to deliver on its customer focus as a key business priority, which they validated by winning the coveted “Treating Customers Fairly” industry award for 2016. Customer treatment is a key focus area of regulators in the United Kingdom. Many of the key legislative requirements applicable to the industry, defined principally by the Consumer Credit Act, have been in place for many years. However, the transition of regulatory oversight of the industry from the Office of Fair Trading to the Financial Conduct Authority (or “FCA”) in 2014 has more clearly defined the FCA’s principle-based expectations. As greater clarity has emerged, Cabot has been implementing changes in regulatory policy and practice for several years. This has enabled Cabot to affirm its leadership position in the U.K. by becoming the first large debt buyer to achieve FCA authorization. We have noted, however, the cumulative effect of these changes has gradually reshaped and extended Cabot’s collection curves beyond our original expectations. As an example of this evolution, one of the FCA’s Principles of Business requires that debt repayment plans must be proven as affordable to the consumer. This has resulted in more means-based evaluation of proposed repayments, with fewer discounted settlements up front, replaced by affordable sums of money paid in installments over longer periods of time. The cumulative impact of these and other regulatory expectations has resulted in more consumers entering into long term payment plans, foregoing short term settlements, which we expect will extend and increase collections over a longer period. As a result, we expect Cabot’s gross collections to rise over time. Cabot has implemented - and continues to evaluate - operational strategies that are designed to increase collections and mitigate the effects of the shift of collections from near to long term.

5 (Europe – continued)	As we have observed the cumulative impact of these changes, we've seen a recent and meaningful shift of near-term collections to longer-term sustainable collections. Collection curves are now extending to 15 years and beyond. This recent and meaningful shift has changed our outlook when compared to our original collections expectations. It's not yet possible for us to predict the precise impact that the changes in regulatory expectation will have on the ultimate timing and magnitude of collections at Cabot. While these changes are advantageous to the consumer, we expect the changes will result in increased collections over each pool's life, and believe pools could provide a steady source of income for 15 years and possibly longer. Under the authoritative accounting guidance, gross collections are to be discounted over the life of the collection curve. Even if total collections rise, a change in the timing and shape of those collections may dictate whether an allowance charge is warranted. Further analysis is being undertaken to determine the longer term impact of the cumulative changes on Cabot's collection curves, which is expected to be completed by the end of the third quarter. With regard to Q2 purchasing: In the second quarter, our capital in Europe was deployed primarily in the U.K., Spain, and for the first time in Portugal. At Cabot, just as we have done in the U.S., we're deploying many of the same innovative and consumer-focused liquidation programs in an effort to drive higher returns through the sharing of best practices with our U.S. business. In addition, as in our U.S. business, Cabot is implementing strategic cost management initiatives in order to support earnings, maintain returns, and offset the run-off of older portfolios with higher returns.

5 (Europe – continued)	As you all know, the British chose to leave the European Union in a referendum vote held in late June. We've been asked by many for our thoughts on what this will mean to the debt recovery space. I believe that it's simply too early to predict with any accuracy what might happen in the future in the U.K. What is clear is that the pathway for the U.K. to actually exit the EU will be a lengthy process that includes the renegotiation of treaties between countries, which - some analysts say - could take several years to complete. For now, it's too early to tell what the impact of Brexit might be on our business, but so far since the vote, we see no significant impact to our consumers.
6 (Latin America)	We continue to be optimistic about our long-term prospects in Latin America, where expected returns are favorable. From a deployment standpoint, recent political and economic instability in Brazil has driven us to prioritize our business in Mexico for the time being. Returns from our Colombia-based Refinancia business continue to meet our expectations and we anticipate an improvement in market supply in the second half of the year. Characterized by higher IRRs and lower effective tax rates, we expect that our business in Latin America will be an important driver in moving our corporate ROIC higher in the long term. We'll turn our focus back to growth in the region when our comfort level regarding the macro political and economic conditions improves. Until then, we remain appropriately cautious - and optimistic - about our potential for expansion in Latin America.

7 (Future Platform Initiatives)	Together, the U.S., Europe and Latin America comprise the vast majority of our financial results today. However, we continue to expand our platforms in other regions as we look to the future. In India, we have worked diligently to establish our Encore Asset Reconstruction Company and we are now focused on operational readiness while we await license approval from The Reserve Bank of India. The Indian NPL market continues to grow while banks there have been ordered by regulators to clean up a massive $120 billion in distressed paper. In Australia, we expect our 2016 deployments to exceed those of last year as Baycorp works through the early phase of a business transformation.
8 (Debt and Debt Ratios)	On the next slide we provide our leverage statistics in a similar way to how our domestic lenders consider them, without Cabot. Our leverage ratio improved during the second quarter from 4.38 times to 4.26 times. Considering these ratios without Cabot, our debt to equity ratio is substantially lower, at 1.96 times. It's important to remember that we fully consolidate Cabot's debt on our balance sheet because we have a 43 percent economic interest in Cabot and we control their board. Nonetheless, Cabot's debt has no recourse to Encore. Consequently, Encore is far less levered than a quick review of our financials would indicate.

9 (CFPB Rules)	Last week the Consumer Financial Protection Bureau published an outline of proposed new industry rules as they prepare to convene the upcoming small business panel in August. This was an important milestone in the evolution of the rules for our industry. The document released last Thursday was an outline of proposed rules. We'll continue to evaluate these proposals as they become further refined so that we can precisely identify the actions we'll need to take in order to comply with the new expectations. We will also provide feedback and commentary on the rules to the CFPB. That being said, we're pleased that in a number of instances, the proposed new rules were derived from our own best practices and recommendations. Many of the new proposed rules are already part of our current operations, however it is not yet possible to predict the precise impact any final rulemaking will have on our operational practices. Overall, we believe that the new rules will provide important clarity around key issues in our industry, remove uncertainty that was over-hanging the company and our industry, help raise industry standards to our high level, and create a more level playing field for all industry participants, both large and small. I'll now turn it over to Jon, who will go through the financial results in more detail. Jon…

	Jonathan Clark
10 (Detailed Financial Discussion)	Thank you, Ken. Before I go into our financial results in detail, I would like to remind you that, as required by US GAAP, we are showing 100 percent of the results for Cabot, Grove, Refinancia and Baycorp in our financial statements. Where indicated, we will adjust the numbers to account for non-controlling interests.
11 (Q2 Results)	In the second quarter, Encore generated GAAP net income from continuing operations of $1.14 per share and Economic EPS of $1.29, an increase of 7% over last year. This earnings growth was supported by revenues totaling $289 million dollars, and strategic cost management, which contributed to a lower cost to collect. These quarterly results were impacted by a stronger dollar and a weaker pound, which distort the measurement of our year-over-year performance.

12 (Q2 Deployments)	Deployments totaled $233 million dollars in the second quarter. In the United States, the majority of our $129 million dollars of deployments represented charged-off credit card paper, nearly three quarters of which was comprised of fresh accounts. U.S. year-to-date purchases and commitments now total nearly $400 million dollars for 2016. Projected returns from our 2016 deployments continue to exceed those from 2015. European deployments through Cabot and Grove totaled $86 million dollars during the second quarter with the majority attributed to portfolio purchases in the U.K. and Spain. Cabot also purchased its first portfolio in Portugal during the second quarter. We deployed $18 million dollars in other geographies in the second quarter, including purchases in Australia and Latin America.
13 (Q2 Collections)	Worldwide collections declined 1 percent, to $434 million dollars in the second quarter. In constant currency terms, collections grew 2 percent in the quarter. An additional significant change to our collections on a year-over-year basis was from the addition of Baycorp, our subsidiary in Australia and New Zealand.

14 (Cash Flows)	The second calendar quarter of each year tends to generate our second highest level of cash flows. The impact of our strategic cost management programs helped drive EBITDA levels higher. In Q2, we generated $279 million dollars of Adjusted EBITDA, an increase of 2 percent over the second quarter of 2015. In constant currency terms, Adjusted EBITDA increased 5 percent. On a trailing twelve months' basis, we generated adjusted EBITDA of 1 billion - 76 million dollars, which was up 5 percent compared to the same period of the prior year.
15 (Q2 Revenues)	Revenue in the quarter was $289 million dollars, an increase of 2 percent over the second quarter of 2015. In constant currency terms, revenues grew 6 percent in the quarter. International revenues grew 24 percent in Q2 driven primarily by Cabot's acquisition of dlc and Encore's addition of Baycorp. Of particular note in the second quarter was a record proportion of revenues delivered by our international businesses, topping 42 percent for the first time in Encore's history. We had no portfolio allowances in the quarter. We recorded $2 million dollars of net portfolio allowance reversals in Q2, compared to $4 million dollars in the same quarter a year ago. In the second quarter, we increased domestic yields primarily in the 2010 vintage, and 2012 through 2015 vintages as a result of sustained over-performance by pools within those vintages.

16 (Cost-to-Collect)	Turning to cost-to-collect, excluding acquisition-related and other costs, our overall cost-to-collect in our portfolio purchasing and recovery business for the second quarter was 36.9 percent, compared to 37.6 percent in the same quarter a year ago. This reduction of 70 basis points year-over-year reflects the impact of our strategic cost management efforts in the U.S., and a higher proportion of Cabot's collections in our total. Cabot's collection costs trend lower than our overall cost-to-collect because of the many consumers who are already on payment plans with Cabot, and who historically involve little litigation. We continue to be successful in developing stronger relationships with our consumers, resulting in scheduled payment plans with far less discounting than in the past. These payments over time are yielding a greater net return per invested dollar.
17 (ERC)	Our Estimated Remaining Collections, or ERC, at the end of the second quarter was $5.5 billion dollars, a decrease of 3 percent compared to the end of June a year ago. In constant currency terms, our ERC grew 6 percent on a year-over-year basis.

18 (Q2 EPS Walk)	As a result of recent SEC interpretations, we've made some modifications to our non-GAAP disclosure. Most notable is that adjustments being made in the non-GAAP reconciliation of earnings and earnings per share will no longer be presented net of tax. In the second quarter, we recorded GAAP net income from continuing operations of $1.14 per share. Adjustments included 11 cents related to the non-cash interest and issuance costs associated with our convertible notes, 13 cents related to acquisition, integration and restructuring costs, 3 cents related to settlement fees and related administrative expenses, all followed by 2 cents for the amortization of certain acquired intangible assets related to our contingency collections business. After applying the income tax effect of the adjustments and adjusting for noncontrolling interest, we end up with $1.29 per fully diluted share, and our non-GAAP Economic EPS was also $1.29. Encore earned through a 4 cent foreign currency exchange headwind in the second quarter. Because our shares traded at an average price below the initial conversion prices of our convertible debt during the quarter, we did not exclude any shares from the calculation of our Economic EPS. With that, I'd like to turn it back over to Ken.

	Ken Vecchione
19 (Summary)	Thanks, Jon. As I look into the rear view mirror: • We've navigated through the uncertainty and volatility surrounding Brexit and the dramatic shifts in the value of the pound. • We believe the outline of new proposed rules from the CFPB provides important clarity around key issues in our industry, removes uncertainty that was overhanging the company and our industry, helps raise industry standards to our high level, and creates a more level playing field for all industry participants. • We're seeing positive traction in the U.S. market relating to pricing and returns. • And I continue to be proud of our management team and Encore's people located around the world for their hard work and dedication and the large degree of success we're having in this complex industry.
20 (Q&A Session)	Now we'd be happy to answer any questions that you may have. Operator, please open up the lines for questions.
20 (Sign Off)	That concludes the call for today. Thanks for taking the time to join us and we look forward to providing our third quarter 2016 results in November.