Slide #	Commentary
	Bruce Thomas
1	Thank you, Operator. Good afternoon and welcome to Encore Capital Group's second quarter 2024 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 second quarter of 2024 and the second quarter of 2023. In addition, today's discussion will include forward-looking statements that are based on current expectations and assumptions and are subject to risks and uncertainties. Actual results could differ materially from our expectations. Please refer to our SEC filings for a detailed discussion of potential risks and uncertainties. We undertake no obligation to update any forward-looking statement. 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 investor presentation, which is available on the Investors section of our website. As a reminder, following the conclusion of this call a replay of this conference call, along with our prepared remarks, will also be available on the Investors section of our website. With that, let me turn the call over to Ashish Masih, our President and Chief Executive Officer.

	Ashish Masih
3 Q2 2024 Highlights	Thanks, Bruce, and good afternoon, everyone. Thank you for joining us. Before I begin today's quarterly remarks, I'd like to spend a moment addressing the news of Jonathan's retirement next year, which you've likely seen in the separate press release we issued today alongside our Q2 earnings release. This is something we've been carefully planning for. And although it's too early to start the goodbyes, I want to acknowledge Jon's invaluable contribution to Encore and our leadership team, and extend my gratitude for his dedication to Encore for more than a decade. So much of what makes Encore a respected industry leader today has been directly influenced by Jon's vision and guidance. Jon has made sure we'll continue to be in good hands after his departure with Tomas Hernanz transitioning into the Encore CFO role in April 2025. Many of you have met and even gotten to know Tomas over the years since he joined us back in 2016. With his proven track record and substantial industry and company knowledge, I am confident that Tomas will smoothly transition into the Encore CFO role and continue to be an important driver of our disciplined strategy and financial excellence, and I look forward to working with Tomas closely in his new role. I'll now begin with key highlights from the second quarter: Encore's second quarter results are a continuation of our strong performance trajectory. This performance was driven by sustained strong portfolio purchasing in the U.S. and double-digit global collections growth. In the U.S., the market for charged-off receivable portfolios continues to grow to record levels, driven by simultaneous growth in both credit card lending and the charge off rate. As a result, we continue to see very attractive pricing and returns in the U.S. Accordingly, we are currently allocating the vast majority of our capital to our MCM business in the U.S., which set another deployment record in the second quarter.

3 Q2 2024 Highlights (continued)	In Europe, the portfolio purchasing market is continuing to show signs of improvement but remains competitive. Although we see examples of improved pricing, we believe European portfolio pricing still does not consistently reflect the higher cost of capital caused by higher interest rates. We are maintaining our discipline and continue to be selective, which has led to reduced Cabot portfolio purchases. Overall, our year-to-date growth in portfolio purchasing, collections and cash generation reinforces our belief that 2024 will be a turning point in Encore's operational and financial results.

4 Our Business and Our Strategy	I believe it's helpful to remind investors of the critical role we play in the consumer credit ecosystem by assisting in the resolution of unpaid debts. These unpaid debts are an expected and necessary outcome of the lending business model – although the levels may vary depending on the stage of the macroeconomic cycle. Regardless of where we are in the cycle, our Mission is to create pathways to economic freedom for the consumers we serve, by helping them resolve their past-due debts. We achieve this 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 deliver strong financial performance while positioning us well to capitalize on portfolio purchasing 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 U.S. Outstandings and Charge Off Rate	U.S. revolving credit has been steadily rising since early 2021. Each month, for the last three years, the U.S. Federal Reserve has reported a new record level of outstandings and it continues to grow. At the same time, since bottoming out in late 2021, the credit card charge off rate in the U.S. has also been steadily rising and is now at its highest level in more than 10 years.
6 U.S. Bankcard Delinquency Rates	Similarly, U.S. consumer credit card delinquencies, which are a leading indicator of future charge offs, also continue to rise. With both lending and the charge off rate growing simultaneously, purchasing conditions in the U.S. market remain highly favorable. We are observing not only continued strong growth in U.S. market supply, but attractive pricing as well. The most recent quarterly delinquency data reflects a typical seasonal pattern, but at meaningfully higher levels than a year ago. This data supports our expectation that 2024 will be another year of record portfolio sales by U.S. banks and credit card issuers.
7 U.S. Business	With this highly favorable purchasing environment as a backdrop, Q2 was another strong quarter of portfolio purchasing for our MCM business. We deployed a record $237 million dollars in the U.S. at strong returns. MCM collections in the second quarter were $397 million dollars, up 18% compared to the second quarter of 2023. Consumer payment behavior remained stable throughout the quarter.

8 MCM Portfolio Purchases	We are now purchasing significantly more volume than we ever have in the U.S. Given current and expected market conditions, as well as our forward flow commitments already in hand, we anticipate 2024 to be another record year of portfolio purchasing for our MCM business in the U.S.
9 U.K. Outstandings and Charge Off Rate	In contrast to the U.S., supply in the U.K. has been growing much more slowly. Credit card outstandings just recently returned to pre-pandemic levels as banks in the U.K., unlike those in the U.S., have not been meaningfully increasing consumer lending. In addition, U.K. charge offs remain at low levels.
10 U.K. and European Business	Cabot's collections in Q2 were $149 million dollars, up 7% compared to the second quarter a year ago. We believe ongoing weakness in consumer confidence is marginally impacting one-time settlements while existing payment plan performance remains stable. We continue to be selective with Cabot's portfolio purchases, which were $42 million dollars in the second quarter. Although portfolio pricing continues to improve, we believe it still does not yet consistently reflect higher funding costs. Accordingly, we expect to continue to deploy at modest levels until the returns in Cabot's markets become more attractive. We are currently choosing to allocate significantly more capital to the U.S. market, which has higher returns, consistent with our well-established strategic focus. We also continue to prudently manage the Cabot cost structure given the reduced level of portfolio purchases in recent quarters.

11 Portfolio Purchasing	I would now like to highlight Encore's second quarter performance in terms of two key metrics, starting with portfolio purchasing: Encore's global portfolio purchases increased 2% in Q2 to $279 million dollars, with record U.S. deployments in our largest business, MCM. This increased level of portfolio purchasing will help drive Encore's collections growth over the next few years. The fact that the vast majority of our global deployment in the second quarter was in the U.S. is a reminder of the flexibility that our global funding structure provides to us. This structure enables us to allocate capital to the opportunities in the markets with the highest returns.
12 Collections	Global collections in the second quarter were $547 million dollars and were up 15% compared to Q2 a year ago. The past several quarters of higher portfolio purchases, particularly in the U.S., has led to meaningful growth in collections, a trend we expect to continue. I'd now like to hand over the call to Jon for a more detailed look at our financial results…

	Jonathan Clark
13 Detailed Financial Discussion	Thank you, Ashish.
14 Q2 2024 Key Financial Measures	The second quarter was another period of strong purchasing for our U.S. business at attractive returns, while collections grew in each of our key markets. Collections were higher than our forecast for the quarter and we made small adjustments to our ERC forecast, which together resulted in a positive impact to earnings. I'd like to highlight a few items and provide more detail: Q2 collections of $547 million dollars was up 15% compared to the second quarter last year. ERC at the end of the quarter was $8.4 billion dollars, up 5% compared to a year ago. Operating expenses remain well-controlled and were up 8% compared to Q2 last year as we continued to realize operating leverage and the scale benefits of collections growth in our business. GAAP net income of $32 million dollars and GAAP EPS of $1.34 in the second quarter were up 22% and 24%, respectively, compared to the second quarter of 2023.

15 Cash Generation	We believe that our ability to generate significant cash provides us with an important competitive advantage, which is also a key component of our three-pillar strategy. Similar to the dynamic Ashish mentioned earlier, higher portfolio purchases at strong returns over the past several quarters have also led to meaningful growth in cash generation, a trend we expect to continue. Our cash generation in the second quarter was up 19% compared to Q2 of 2023.
16 Balance Sheet Strength: Leverage	The third pillar of our strategy ensures that the strength of our balance sheet is a constant priority. Our unified global funding structure provides us with financial flexibility, diversified sources of financing and extended maturities. It also underpins one of the best balance sheets in our industry with comparatively attractive leverage. Importantly, even with two consecutive quarters of record portfolio purchases in the U.S., our leverage declined again during the second quarter given our strong cash generation – just as we expected it would. This cash generation is driven by our increased volume of purchases over the last several quarters, the higher returns associated with those purchases and continued strong collections. Our leverage ratio of 2.7 times at the end of the second quarter remains well within our target range and is down from 2.9 times at the end of 2023.

17 Balance Sheet Strength: Proactively Managing Maturities	We believe our balance sheet provides us very competitive funding costs when compared to our peers. Our funding structure also provides us financial flexibility and diversified funding sources to compete effectively in this growing supply environment. In the second quarter, we again made good use of our diversified funding structure to proactively manage our debt maturities. We issued $500 million dollars of 2030 senior secured notes in Q2 in a transaction similar to our first quarter offering. These two bonds expanded our options for future financing, establishing our access to the broad and deep U.S. high-yield bond market. While we initially used the proceeds from these bonds to pay down our revolver, we plan to eventually use the proceeds to redeem our 2025 euro notes and 2026 sterling notes at par in October 2024 and November 2024, respectively. As a result, we now effectively have no material maturities until 2027. We estimate that after incorporating the impacts of these actions, interest expense for the full year 2024 will be approximately $250 million dollars. Importantly, we've been incorporating higher rates into our bidding strategy since interest rates started to rise two years ago. This is precisely why we have been emphasizing that pricing in the U.K. and Europe has not consistently adjusted to the currently higher cost of funding. In the U.S., however, market pricing has indeed adjusted to this higher cost of funding. With that, I'd like to turn it back over to Ashish.

	Ashish Masih
18 Our Financial Priorities	Thanks, Jon. 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 in the midst of the ongoing growth in U.S. market supply. 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.
19 Our Differentiated Business	I'd now like to highlight how we are differentiated from others in our industry, especially during a time when a number of our competitors are dealing with their own challenges. First, we are the largest player in the attractive U.S. debt purchasing market. Second, we believe our ability to collect on the portfolios we buy - and our corresponding purchase price multiples - lead to collecting more over a vintage's lifetime, which in turn generates more cash, more earnings and ultimately higher returns. And 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 current allocation of the vast majority of our capital 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.

20 Summary	In closing, I'd like to quickly summarize our second quarter performance: • Portfolio supply in the U.S. market continues to grow to record levels, which is where we are currently focusing the majority of our capital deployment. • Against this highly favorable backdrop, we deployed a record $237 million dollars in the U.S. in Q2 at strong returns. • In the U.K. and Europe, we are maintaining our discipline and continue to be very selective in our purchases until returns become more attractive. • Our overall performance through Q2 is ahead of our expectations, driven by strong portfolio purchasing and collections. Due to the strength of our position in the favorable U.S. market for portfolio purchasing and the continued execution of our strategy, we are raising our 2024 guidance provided in February. • We now anticipate our global portfolio purchasing this year to exceed $1.15 billion dollars, an increase of $75 million dollars when compared to 2023. • In addition, we expect our year-over-year collections growth to be approximately 11% to over $2.075 billion dollars, an increase of over $200 million dollars when compared to 2023. 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 operating results and superior capabilities, guided by a consistent strategy and clear financial priorities. As the consumer credit cycle continues to turn, the U.S. market for portfolio supply is growing to record levels. 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 is enabling 2024 to be a turning point in our operational and financial results. Thanks for taking the time to join us and we look forward to providing our third quarter results in November.