Slide #	**Commentary**
	Bruce Thomas
1	Thank you, Operator. Good afternoon and welcome to Encore Capital Group's third quarter 2018 earnings call. With me on the call today are Ashish Masih, our President and Chief Executive Officer, Jonathan Clark, Executive Vice President and Chief Financial Officer, and by phone Paul Grinberg, President of Encore's International business and Ken Stannard, the CEO of Cabot Credit Management, our subsidiary based in the U.K. Ashish 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, comparisons made on this conference call will be between the third quarter of 2018 and the third quarter of 2017. 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 Introduction and Encore Update	Thanks, Bruce, and good afternoon everyone. Thank you for joining our conference call. Today Encore announced financial results for the third quarter of 2018 that included records for both collections and estimated remaining collections. This reflects our progress innovating our collections process and the benefit of adding operational capacity over the past couple of years. This performance is indicative of the health of the major markets we serve and our market positions. This quarter's results include roughly two months of our 100% ownership of Cabot because we completed the Cabot transaction on July 24th. As expected, our GAAP earnings results in Q3 were substantially impacted by items associated with the transaction. This transaction brings certainty to our future together and the freedom to implement our strategies and fully share proprietary information. We believe that owning Cabot will benefit Encore in both the short term and the long term. We are now a clear leader in both the United States and in the United Kingdom, the world's two most important markets for our industry, and we expect that these markets will generate long-lasting cash flows and favorable returns for years to come.

4 Q3 Results	I'd like to highlight a few areas of Encore's third quarter performance. Encore earned GAAP net income from continuing operations of $21 million dollars, or $0.69 per share. Adjusted income was $36 million dollars or $1.19 per share. The vast majority of the difference between our GAAP and adjusted results in the quarter was driven by the costs associated with the Cabot transaction, which Jon will cover in his remarks. Global collections were up 13% to $499 million dollars, representing our third consecutive quarter of record collections. The increase in collections continues to be driven by the capacity we steadily added over the past several quarters and our ongoing focus on operational innovation. Our ERC, or estimated remaining collections, also reached a new all-time high of $7.2 billion dollars at the end of the third quarter, growing 10% compared to the same period a year ago.
5 Strong Cash Generation	I'm also pleased to highlight Encore's continued strong cash generation. We believe adjusted EBITDA - when combined with collections applied to principal balance - is an important measure of return of capital to the business. This cash generation enables a number of valuable activities, such as growing the business, deploying capital for debt portfolios, reducing debt, and investing in innovation. Our increased level of adjusted EBITDA over the past year has given us the flexibility to achieve record deployments as we simultaneously added collections capacity in the U.S. business, while also completing the Cabot transaction.

6 U.S. Market	In the U.S., the market for debt purchasing remains favorable. The Federal Reserve recently released August 2018 figures, and revolving credit in the U.S., which is comprised largely of credit cards, has again reached an all-time high. Commentary from issuing banks during recent earnings reports confirmed that credit card outstandings continue to grow. At this point in the macroeconomic cycle, we believe that loan losses will continue to rise in the coming years, providing us significant opportunities to purchase large amounts of charged-off debt from issuers at attractive returns. Consistent with this expectation of healthy supply, pricing in the U.S market remains favorable. According to our estimates, the fresh segment continues to grow as a percentage of the overall market and will comprise more than 85% of all charged-off credit card receivables to be sold in 2018. We remain particularly well positioned to benefit from this industry trend, as we have focused on expanding capacity and improving our ability to collect on fresh paper over the past several years.

7 Encore's U.S. Business	We purchased $123 million dollars of portfolios in the U.S. during the quarter and have secured forward flow purchase commitments that will continue our solid momentum into next year. Through the end of Q3, we have deployed more than $500 million dollars in the U.S. and remain on track to purchase more paper in the U.S. in 2018 than in any other year. From an operations perspective, collections in the U.S. in Q3 were at their highest level ever and were 18% higher than the same period a year ago. In particular, call center collections were up 33% compared to the third quarter of 2017. This performance was driven by operational innovation as well as the effectiveness and efficiency of our steady capacity expansion. We are seeing results from our investments in our digital collections platform as online collections were up 50% compared to a year ago. This investment in digital collections and other technology-based programs, including speech analytics, provide opportunities to increase our efficiency and make the best use of our scale.
8 European Market	Turning to the European market, the third quarter was characterized by strong deal flow in the U.K. and several countries in continental Europe. Following record portfolio sales in 2017 and encouraged by continuing regulatory and supervisory pressure, banks across Europe are continuing to improve their balance sheets through sales of their charged-off receivables. We expect this activity will continue through 2018 and beyond. Overall, we are seeing banks selling paper closer to charge off than they have in the past. We are also seeing a growing pipeline of servicing opportunities as banks seek solutions for their increasing credit management needs.

9 Encore's European Business	Our European business remained disciplined in its purchasing in Q3 while deploying $115 million dollars on portfolio purchases at solid returns, with the majority of buying taking place within the U.K. We are increasingly engaging with a broad range of banks to satisfy their servicing requirements through BPO contracts and in pre- and post-charge-off opportunities. These are areas of strength for our European business and provide us with greater opportunities to make off-market portfolio purchases from these banks, which supports the FCA's desire to provide continuity for the consumer. As in the U.S., we're investing in our digital collections platform, speech analytics in our call centers and other technology, to improve the quality of consumer contact and to make more efficient use of our resources and scale. In fact, Cabot was recently recognized at the Credit Excellence Awards in London for Best Use of Technology in the area of customer engagement. This demonstrates how we are embracing technology to not only enhance our collections abilities, but also to improve the consumer experience. I'd now like to hand the call over to Jon for a detailed look at our third quarter results…

	Jonathan Clark
10 Detailed Financial Discussion	Thank you, Ashish. 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 and Refinancia in our financial statements. Where indicated, we will adjust the numbers to account for non-controlling interests. Keep in mind that the Cabot transaction was completed on July 24th, which means that we were partial owners of Cabot for a stub period during the month of July 2018.
11 Q3 Deployments	Deployments totaled $249 million dollars in the third quarter, compared to $292 million dollars in the third quarter of 2017. We deployed a total of $123 million dollars in the U.S. during Q3, all of which represented fresh portfolios of charged-off credit card paper. This compares to $111 million dollars of U.S. deployments in Q3 of 2017. European deployments through Cabot and Grove totaled $115 million dollars during the third quarter, compared to $177 million dollars in deployments in the same quarter a year ago, which was an exceptionally strong quarter. We deployed $11 million dollars in other geographies in the third quarter, including purchases in Australia and in Latin America.

12 Q3 Collections	Worldwide collections grew 13 percent to a record $499 million dollars in the third quarter, compared to $443 million dollars a year ago. Collections in our domestic call centers reached a new all-time high, up 33% compared to Q3 of last year, as we continue to benefit from additional collections capacity and the acquisition in recent periods of portfolios with higher returns. We also reported strong collections performance in Europe in the third quarter, growing 7% compared to the same quarter last year.
13 Q3 Revenue	Worldwide revenues, adjusted by net allowances, grew 10 percent in the third quarter to $337 million dollars, compared to $307 million dollars in the prior year. U.S. revenues, adjusted by net allowances, were $179 million dollars in the third quarter, up 16 percent compared to the same quarter a year ago. In Europe, Q3 revenues, adjusted by net allowances, were $137 million dollars and grew primarily from the increase in collections driven by our operational innovation as well as additional servicing revenue from Wescot. Encore generated $32 million dollars of zero-basis revenue in Q3, compared to $34 million dollars in the same period a year ago.
14 ERC	Our ERC was a record $7.2 billion dollars at the end of the third quarter, up 10%, or $653 million dollars, compared to the end of the same period a year ago.

15 Q3 EPS Walk	In the third quarter, we recorded GAAP earnings from continuing operations of $0.69 per share. In reconciling our GAAP earnings to our adjusted earnings, and after applying the income tax effect and adjusting for non-controlling interest, we recorded adjusted EPS of $1.19 per fully diluted share, and our non-GAAP Economic EPS was also $1.19. We did not exclude any shares from the calculation of our Economic EPS in the third quarter. The vast majority of the adjustments contributing to the difference between our GAAP and Economic earnings were related to the completion of the Cabot transaction in the period. These items included, among other things, financing fees, incentive and retention compensation items, and the currency hedge. The cost of the hedge was substantially offset by a reduction in the cash portion of the purchase price for Cabot, the benefit of which does not flow through the P&L. We also recorded certain discrete tax charges in the third quarter relating to previously established deferred tax assets in Latin America from which we no longer believe we'll receive benefit. Our tax rate was also impacted by the effect on our earnings of the expenses related to the completion of the Cabot transaction. In the U.S. during the third quarter, we successfully exercised the remainder of the accordion feature associated with our U.S. credit facility, increasing total commitments by approximately $100 million dollars. In connection with this exercise, we also extended the maturity of approximately $100 million dollars of revolving commitments from February 2019 to December 2021. We similarly improved the flexibility and maturity schedule of Cabot's capital structure by extending and expanding Cabot's revolving credit facility and extending Cabot's asset-backed line of credit.

15 Q3 EPS Walk (continued)	One additional note: In order to reduce our exposure to potential future interest rate increases in the U.S., we recently hedged a significant portion of our debt. As a result, approximately 80% of our U.S. debt is now either hedged or bears a fixed interest rate. Similarly, we have employed an interest rate hedging strategy in Europe. Consequently, approximately two-thirds of Cabot's outstanding debt now has an interest rate that is either hedged or fixed. With that, I'd like to turn it back over to Ashish.

	Ashish Masih
16	Thank you, Jon.
Summary	In summary, I am pleased with Encore's recent operational and financial performance. We reported record cash collections and ERC in the third quarter, an indication of our continued strong operational performance. The U.S. market for debt purchasing remains favorable and we are purchasing receivables at strong returns. We expect to end 2018 with record deployments in the U.S. by a large margin compared to prior years. U.S. collections are exhibiting solid growth, while collections in the call center channel are growing at an even faster rate. The drivers of this growth are expanded collections capacity and our improved ability to liquidate portfolios. These factors position us well to capture the attractive returns available in the growing U.S. market. Our acquisition of the remaining interest in Cabot is a transformational event for Encore. Cabot has a highly differentiated platform and is the leading player in the U.K. in both debt purchasing and servicing. With a strong growth platform in several additional markets in Europe, Cabot provides access to significant strategic and financial opportunities for Encore. We are the global leader in debt purchasing when measured by ERC. We are well positioned to capitalize on new opportunities and deploy capital across the world's most important markets to capture the best returns.

17 Q&A Session	Now we'd be happy to answer any questions that you may have. Operator, please open up the lines for questions.
17	That concludes the call for today. Thanks for taking the time to join us and we look forward to providing our fourth quarter 2018 results in February.