The following prepared remarks are an excerpt from the 2018 First Quarter Earnings Conference Call of Endurance International Group Holdings, Inc. To review the contents of the entire call, please refer to the official webcast, which is available in the investor relations section of Endurance’s website at www.endurance.com. These prepared remarks should be read in conjunction with Endurance’s 2018 First Quarter Earnings Presentation slides, which are available at the same location.

These prepared remarks contain certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements concerning: our financial guidance for fiscal year 2018; expectations regarding our planned investment initiatives during 2018 and beyond, including expectations that these initiatives will position us to capture more of the overall web presence market opportunity; our ability to simplify our operations, integrate our capabilities, carry out our operating plans and lay the groundwork for growth in future years; our ability to drive improvements to user experience, product capabilities and integration of third-party functionality; our ability to provide better pathways for cross-sell and strengthen key partnerships; our expectations regarding the financial performance of non-strategic assets; our ability to operate our platform at scale and deliver future value and growth; our plans to pay down debt and reduce our leverage over the medium-term; and our expected financial and operational performance in general. These forward-looking statements include, but are not limited to, plans, objectives, expectations and intentions and other statements contained in these prepared remarks that are not historical facts, and statements identified by words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “feels,” “seeks,” “future,” “strive,” “see,” “estimates,” “should,” “may,” “continue,” “confident,” “positions,” “committed,” “looking to,” “scheduled,” “long-term,” and variations of such words or words of similar meaning and the use of future dates. These forward-looking statements reflect our current views about our plans, intentions, expectations, strategies and prospects, which are based on the information currently available to us and on assumptions we have made. Although we believe that our plans, intentions, expectations, strategies and prospects as reflected in or suggested by these forward-looking statements are reasonable, we can give no assurance that these plans, intentions, expectations or strategies will be attained or achieved. Furthermore, actual results may differ materially from those described in the forward-looking statements and will be affected by a variety of risks and factors that are beyond our control including, without limitation, the possibility that our financial guidance may differ from expectations (including due to our payment of any settlements of pending legal proceedings); the possibility that our planned investment initiatives will not result in the anticipated benefits to our business; the possibility that we will continue to experience decreases in our subscriber base; an adverse impact on our business from litigation or regulatory proceedings; an adverse impact on our business from our substantial indebtedness and the cost of servicing our debt; the rate of growth of the Small and Medium Business (“SMB”) market for our solutions; our inability to grow our subscriber base, increase sales to our existing subscribers, or retain our existing subscribers; system or Internet failures; our inability to maintain or improve our competitive position or market share; and other risks and uncertainties discussed in our filings with the SEC, including the “Risk Factors” in our Annual Report on Form 10-K for the period ended December 31, 2017 filed with the SEC on February 22, 2018 and other reports we file with the SEC. You can obtain copies of our filings with the SEC for free at the SEC’s website (www.sec.gov). We do not assume any obligation to update any forward-looking statements contained in this document as a result of new information, future events or otherwise.

These prepared remarks include data based on our internal estimates. While we believe that our internal estimates are reasonable, no independent source has verified such estimates.

The information on, or that can be accessed through, any of our websites is not deemed to be incorporated in these prepared remarks or to be part of these prepared remarks.
Angela White, VP, Investor Relations

Good morning. It is my pleasure to welcome you to our first quarter 2018 earnings call. First, we will go through some prepared remarks after which we will turn to Q&A. We have prepared a presentation to accompany our comments, which is available in the investor relations section of our website at ir.endurance.com. While not necessary to follow along, we recommend referencing the presentation slides alongside our prepared remarks. As is customary, let me now read the safe harbor statement.

Statements made on today’s call will include forward-looking statements about Endurance’s future expectations, plans and prospects. All such forward-looking statements are subject to risks and uncertainties. Please refer to the cautionary language in today's earnings release and to our Form 10-K filed with the SEC on February 22, 2018 for a discussion of the risks and uncertainties that could cause our actual results to be materially different from those contemplated in these forward-looking statements. Endurance does not assume any obligation to update any forward-looking statements.

During this call, we will reference several non-GAAP financial measures, including adjusted EBITDA, free cash flow (FCF), net debt, and bank adjusted EBITDA. A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures is available in the presentation located in the investor relations section of our website.

With that, I will turn the call over to Jeff Fox, our president and CEO.

Jeffrey H. Fox – President and CEO

Slide 5 Thanks Angela and good morning. I’m pleased to report our first quarter 2018 results. Revenue was $291.4 million and we delivered $86.2 million of adjusted EBITDA. We ended the quarter with approximately five million subscribers on platform and continued to pay down debt in the quarter.

Slide 6 Since our last call, we have made significant progress as a leadership team executing our 2018 integrated operating plan. Before Marc and I touch on the details of the quarter, I want to put our progress towards growth in perspective as we focus on simplifying our business and increasing investment in our market-leading brands.

Specifically, our 2018 plan combines focused management of profitable but declining assets with increased investment into selected strategic brands, which include HostGator, Bluehost, Domain.com, Constant Contact, and SinglePlatform. Despite our net unit and revenue decline in the quarter, our results
in Q1 reflect good execution across the initiatives that support our transition to simplification, scale, and growth.

**Slide 7** Starting with our email marketing segment, we are focused on delivering additional solution capabilities designed to provide more value to current and future customers. In addition, we are increasing our growth investment in selected international markets while the team continues to execute on our web presence cross-sell initiative. We are pleased with the progress we made during the first quarter and we will continue to ramp investment throughout the year.

**Slide 8** In our web presence segment, we are investing to improve every aspect of the customer journey across our Bluehost, HostGator, and site builder platforms. We made good progress during the first quarter and will continue to ramp investment in support, engineering, and selected aspects of customer acquisition spend throughout the year.

In addition we are driving continued year over year improvement in customer service levels while demonstrating improved operating efficiency. Our engineering team is focused on our strategic hosting and site builder capabilities. Our sales and marketing team is making progress operating at scale with continued focus on higher lifetime revenue customers. Overall, we are making progress simplifying the journey for our customers.

**Slide 9** In our domain segment, we are focused on integrating selected teams, enhancing the customer experience and positioning our Domain.com platform for growth. With over 12 million domains under management, we have the scale to grow this customer base as we increase the value we deliver. Our 2018 plan is focused on improved profitability as we build out a more simplified customer journey.

Overall we are pleased with our results in our combined web presence and domain segments despite the decline in revenue and units in the first quarter. We are very focused on simplifying our operations and integrating our site builder, domain, hosting and email marketing capabilities to provide value to customers throughout their journey with Endurance.

Our teams are executing to plan, as demonstrated by our first quarter results. We serve a large and dynamic addressable market and we believe our 2018 plan will create value for customers and stakeholders over time. With that, I will turn the call over to Marc Montagner, our CFO.
Marc Montagner, Chief Financial Officer

Slide 10  Thank you Jeff.

Slide 11  I am pleased to review our first quarter results.  
- GAAP revenue was $291.4 million, a decrease of 1 percent compared to the first quarter of 2017;  
- Adjusted EBITDA was $86.2 million, an 8 percent increase over the same period in 2017; and  
- Free cash flow, defined as cash flow from operations, less capital expenditures and capitalized leases, was $44.9 million, or an increase of 100% over the same period in 2017.

GAAP cash flow from operations in Q1 2018 was $52.4 million. Capex in Q1 2018 was $7.5 million, or 2.6% of GAAP revenue. Free cash flow was $44.9 million. Year over year increases in cash from operations and free cash flow were due mostly to lower operating expenses, timing of certain payments, and lower cash interest payments.

Year over year, we saw improved operating efficiencies, lower data center costs, lower support costs, lower domain registration costs, and lower fixed marketing costs. Some of the savings were reinvested into program marketing and engineering and development.

During the first quarter of 2018, we booked a reserve of $8.5 million in connection with our efforts to settle our two ongoing shareholder lawsuits. Although we have booked a reserve, there is no guarantee that either lawsuit will actually be settled, or that any agreement we reach will be approved by the court.

Slide 12  Turning now to operating metrics, we finished the quarter with 5.011 million subscribers. Total subscribers decreased by approximately 40,000 from last quarter, primarily due to subscriber losses from our non-strategic brands. Combined average revenue per subscriber (ARPS) was $19.30. ARPS in the web presence segment in Q1 was $13.49. In email marketing, ARPS was $65.83 in Q1, and in domains, ARPS was $16.54 in Q1.

Slide 13  Turning now to guidance. Our expectations for the full year 2018 remain unchanged from our last call. For 2018, we still expect:

- GAAP revenue of $1.140 to $1.160 billion;  
- Adjusted EBITDA of $310 to $330 million; and  
- Free cash flow of approximately $120 million, before payment of potential settlements of pending legal proceedings.

We expect capital expenditures of approximately $55-$60 million in 2018. We intend to use our excess free cash flow to pay down approximately $100 million of the principal balance of our term loan.

Slide 14  We ended Q1 with $1,930 million in total senior debt. Including other deferred obligations and capital leases of $21 million, and total cash on the balance sheet of $88 million, total net debt at the end of the period was $1,863 million. Our revolving credit facility remains at a zero balance and we maintain an available credit balance of $165 million. During the quarter, we paid down a total of $25.5 million on the balance of our term loan debt.
Before finishing my remarks, I would like to highlight footnote 1 on slide 11. Due to a mistake in allocation of intercompany domain costs, we have revised our segment adjusted EBITDA in the web presence and domain segments for 2016 and 2017. Email marketing and consolidated adjusted EBITDA remain unchanged. We have posted the revised segment information in the appendix of this presentation.

And finally, I would like to note that the team did an excellent job in Q1 2018 of managing expenses while being very disciplined in ramping investments to improve customer experience in our key strategic brands.

Thank you for joining us today, and now I’ll turn the call back over to Jeff to close out the call.

Jeffrey H. Fox – President and CEO

Slide 15  Thanks Marc.  In closing, our 2018 operating plan is in full swing.  We continue to believe in the opportunity we have to build on our position as a leading operator in the SMB space.  We are excited about the steps we are taking toward operating our multi-service platform at scale and delivering future value and growth. Thank you for joining us this morning.  Now I’ll turn the call back to the operator to begin Q&A.