



**ENDURANCE**  
International Group

**Investor Overview Presentation**

April 30, 2020

# FORWARD LOOKING STATEMENTS AND OTHER IMPORTANT CAUTIONS

*This presentation contains 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: the potential impact of the COVID-19 pandemic on our business; our intention to continue executing our 2020 operating plan and deliver increased value to customers; the anticipated impact of the CARES Act on us; the expected benefits of our move to a simplified operating structure; the anticipated results of our investments in engineering and development and sales and marketing; our expectation that our continued investment in engineering, products and services will drive improved experiences and value for our customers; our plans to expand the solutions we offer to our customers; our intention to continue our efforts to simplify our business; our expected level of capital expenditures; our expected use of free cash flow; 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 this presentation that are not historical facts, and statements identified by words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “feels,” “seeks,” “future,” “strives,” “sees,” “estimates,” “should,” “may,” “will,” “continues,” “confident,” “positions,” “invests,” “commits,” 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 those 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 the impact of the COVID-19 pandemic on the economy and our business will be different from or more extensive than we expect; the possibility that our financial results may differ from expectations; the possibility that we may not be able to execute our investment or operational plans or that these plans will not result in the anticipated benefits to our business; the possibility that we will not return to or be able to maintain revenue and/or subscriber growth; an adverse impact on our business from litigation or regulatory proceedings or commercial disputes; 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 or the impact of COVID-19 on that market; our inability to 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, 2019 filed with the SEC on February 14, 2020 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](http://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.*

*This presentation includes 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 this presentation or to be part of this presentation.*

*Non-GAAP Financial Measures: this presentation contains non-GAAP financial measures as defined by the SEC in Regulation G, including adjusted EBITDA, free cash flow, net debt, and bank adjusted EBITDA. Definitions of these non-GAAP financial measures and reconciliations to their comparable GAAP measures are included in our 2020 first quarter earnings release and/or presentation, each dated April 30, 2020, and available in the investor relations section of our website at [www.endurance.com](http://www.endurance.com).*

# **BUSINESS OVERVIEW**

# Helping SMBS Get Online

## Product Lifecycle

*Become the premier online platform for small business globally*



# Investing to Grow Our Two Scale Strategic Platforms

## Digital Marketing



## Web Presence



Latin America • Asia Pacific • Sitebuilder • Ecomdash • Innovation Team

## Expanding Addressable Market

Investment in engineering across strategic brands  
Solutions aimed at driving customer success

Creating value through a focus on the  
customer

# FINANCIAL AND OPERATING METRICS

# Core Brand Focus Delivering Results

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
<b>Consolidated, Adjusted for SinglePlatform Sale<sup>(1)</sup></b>					
Revenue, excl. SinglePlatform*	\$ 273.7	\$ 271.4	\$ 270.4	\$ 272.4	\$ 272.2
Adjusted EBITDA, excl. SinglePlatform*	\$ 76.9	\$ 75.3	\$ 79.6	\$ 77.8	\$ 72.5
Total subscribers at period end	4.758	4.746	4.757	4.766	4.780
Net subscriber additions	(19.2)	(12.7)	11.0	8.9	14.0
<b>Consolidated, as reported</b>					
Revenue	\$ 280.7	\$ 278.2	\$ 277.2	\$ 277.2	\$ 272.2
Adjusted EBITDA	\$ 78.5	\$ 76.3	\$ 80.6	\$ 78.2	\$ 72.5
Total subscribers at period end	4.783	4.769	4.780	4.766	4.780
Net subscriber additions	(19.8)	(13.3)	10.7	(14.4)	14.0
Net debt	\$ 1,769	\$ 1,718	\$ 1,699	\$ 1,614	\$ 1,608

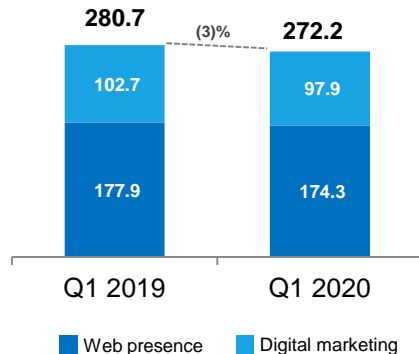
All numbers in millions

(1) Represents FY2019 as if the sale of SinglePlatform had occurred prior to January 1, 2019.

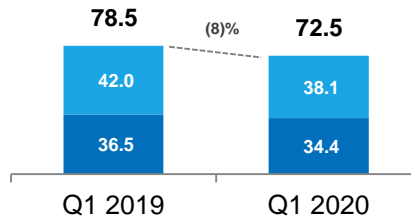
\* Please refer to Non-GAAP and other Supplemental Information slides for a reconciliation of Revenue – excluding SinglePlatform, Adjusted EBITDA – excluding SinglePlatform, adjusted EBITDA, and net debt to their nearest comparable GAAP measures, as well as for definitions of these metrics and total subscribers.

# Q1 2020 Key Financial Metrics

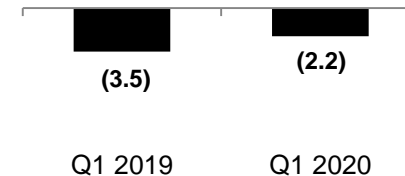
## GAAP Revenue (\$M)



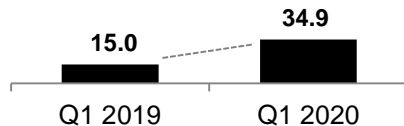
## Adjusted EBITDA (\$M)



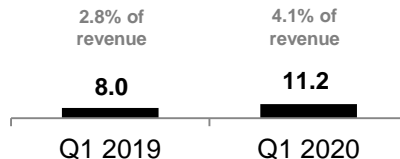
## Net Income (\$M)



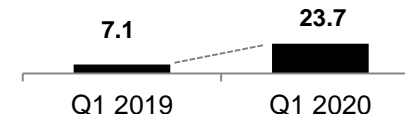
## Cash Flow from Operations (\$M)



## Capital Expenditures (incl. Financed Equipment) (\$M)



## Free Cash Flow <sup>(1)</sup> (\$M)



(1) Free cash flow defined as cash flow from operations, less capital expenditures and financed equipment obligations.

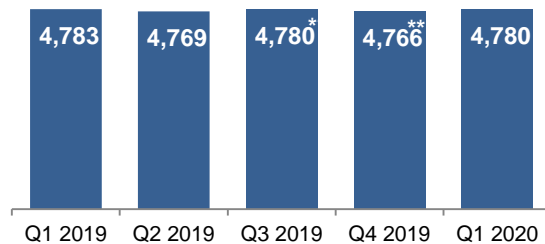
Note: Individual numbers may not add to total due to rounding.

Please refer to Non-GAAP and other Supplemental Information slides for a reconciliation of Adjusted EBITDA and Free Cash Flow to their nearest comparable GAAP measures, as well as for definitions of these metrics.

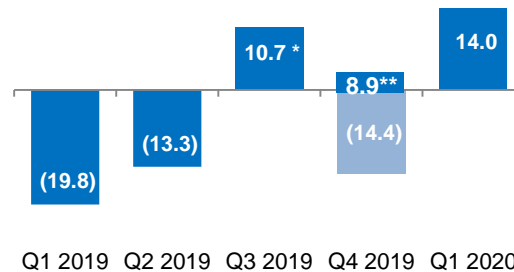


# Q1 2020 Key Operating Metrics

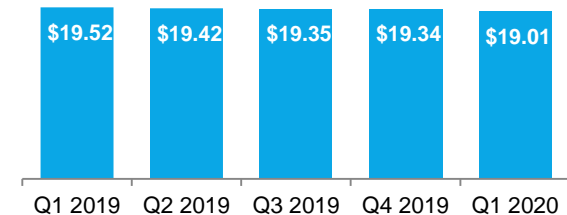
## Quarterly Total Subscribers ('000s)



## Quarterly Net Subscriber (Loss) Additions ('000s)



## Combined Quarterly ARPS (\$)



\*Total subscriber count at period end and net subscriber additions include approximately 1.3K subscribers from the Ecomdash acquisition in September 2019. Excluding this impact, net subscriber additions would have been 9.4K.

\*\*Total subscriber count at period end and the reported quarterly net subscriber loss of 14.4K reflects the disposition of approximately 23.0K subscribers as a result of the SinglePlatform sale in December of 2019. Excluding this impact, net subscriber additions would have been 8.9K.

# Balance Sheet Key Metrics

Total Debt (in \$MM)	03/31/2019	06/30/2019	09/30/2019	12/31/2019	03/31/2020
Repriced Term Loan	\$1,480	\$1,455	\$ 1,430	\$ 1,374	\$ 1,366
Unsecured Notes	350	350	350	350	347
Revolving Credit Facility	--	--	--	--	--
<b>Total Senior Debt</b>	<b>\$1,830</b>	<b>\$1,805</b>	<b>\$1,780</b>	<b>1,724</b>	<b>1,713</b>
Deferred Purchase Obligations	\$ 4	\$ 1	\$ 2	\$ 2	\$ 2
Financed Equipment	7	5	3	1	7
<b>Total Debt</b>	<b>\$1,841</b>	<b>\$ 1,811</b>	<b>\$ 1,785</b>	<b>\$ 1,727</b>	<b>\$ 1,722</b>
<b>Total Ending Cash</b>	<b>\$ 72</b>	<b>\$ 93</b>	<b>\$ 86</b>	<b>\$ 113</b>	<b>\$ 114</b>
<b>Net Debt<sup>(1)</sup></b>	<b>\$1,769</b>	<b>\$1,718</b>	<b>\$ 1,699</b>	<b>\$ 1,614</b>	<b>\$ 1,608</b>

Maturity	Coupon
February 2023	L+375
February 2024	10.875%
February 2021/June 2023	

	LTM 03/31/2020	Max. allowed
LTM bank adjusted EBITDA as defined in credit agreement	<b>\$310.9 million</b>	n/a
Total secured debt <sup>(2)</sup> to LTM bank adjusted EBITDA as defined in the credit agreement	<b>4.06x</b>	6.0x

- Interest payments on senior debt of \$39.3 million (\$20.2 million on term loan and \$19.1 million high yield of interest payment)
- Principal term loan debt payment of \$7.9 million in scheduled amortization.

(1) Net debt equals total debt less cash, cash equivalents, and restricted cash.

(2) Total secured debt as defined in the credit agreement.

Individual numbers may not add to totals shown due to rounding.

Please refer to Non-GAAP and other Supplemental Information slides for the definition of bank adjusted EBITDA and a reconciliation of bank adjusted EBITDA to its nearest comparable GAAP measure.

# **NON-GAAP AND OTHER SUPPLEMENTAL INFORMATION**

# GAAP TO NON-GAAP RECONCILIATION

## REVENUE, GROSS PROFIT, AND ADJUSTED EBITDA BY SEGMENT

The following table presents revenue, gross profit, and a reconciliation by segment of net income (loss) calculated in accordance with GAAP to adjusted EBITDA (all data in thousands):

	Three Months Ended March 31, 2019			Three Months Ended March 31, 2020		
	Web presence	Digital marketing	Total	Web presence	Digital marketing	Total
<b>Revenue</b>	<b>\$ 177,943</b>	<b>\$ 102,740</b>	<b>\$ 280,683</b>	<b>\$ 174,290</b>	<b>\$ 97,904</b>	<b>\$ 272,194</b>
Gross profit	\$ 82,782	\$ 74,047	\$ 156,829	\$ 84,142	\$ 71,788	\$ 155,930
Net (loss) income	\$ (9,426)	\$ 5,938	\$ (3,488)	\$ (7,234)	\$ 4,990	\$ (2,244)
Interest expense, net <sup>(1)</sup>	19,529	17,394	36,923	15,604	16,960	32,564
Income tax expense (benefit)	1,091	628	1,719	428	241	669
Depreciation	8,882	2,324	11,206	10,423	2,273	12,696
Amortization of other intangible assets	9,837	11,283	21,120	7,590	9,721	17,311
Stock-based compensation	5,933	3,083	9,016	6,590	3,246	9,836
Restructuring expenses	661	1,354	2,015	1,032	650	1,682
<b>Adjusted EBITDA</b>	<b>\$ 36,507</b>	<b>\$ 42,004</b>	<b>\$ 78,511*</b>	<b>\$ 34,433</b>	<b>\$ 38,081</b>	<b>\$ 72,514</b>

(1) Interest expense includes impact of amortization of deferred financing costs, original issuance discounts and interest income.

\* Excluding SinglePlatform, which contributed approximately \$1.6 million in adjusted EBITDA (excluding the impact of corporate cost allocations) in the first quarter of 2019, adjusted EBITDA would have been approximately \$76.9 million.

# GAAP TO NON-GAAP RECONCILIATION

## Revenue and Adjusted EBITDA, excluding SinglePlatform

The following table presents a reconciliation of revenue and net income (loss) calculated in accordance with GAAP to revenue and adjusted EBITDA, excluding SinglePlatform (all data in thousands) :

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY2018	FY2019
<b>Revenue (reported)</b>	<b>\$280,683</b>	<b>\$278,204</b>	<b>\$277,193</b>	<b>\$277,198</b>	<b>\$1,145,291</b>	<b>\$1,113,278</b>
Revenue attributable to SinglePlatform	7,026	6,831	6,776	4,777	28,360	25,410
<b>Revenue, excl. SinglePlatform</b>	<b>\$273,657</b>	<b>\$271,373</b>	<b>\$270,417</b>	<b>\$272,421</b>	<b>\$1,116,931</b>	<b>\$1,087,868</b>
<b>Net (loss) income</b>	<b>(\$3,488)</b>	<b>(\$26,228)</b>	<b>\$7,816</b>	<b>\$9,553</b>	<b>\$4,534</b>	<b>(\$12,347)</b>
Interest expense, net (1)	\$36,923	\$36,723	\$35,752	\$34,056	\$148,391	\$143,454
Income tax expense (benefit)	\$1,719	\$6,160	(\$4,839)	\$14,839	(\$6,246)	\$17,879
Depreciation	\$11,206	\$10,899	\$11,280	\$11,566	\$48,207	\$44,951
Amortization of other intangible assets	\$21,120	\$21,349	\$21,668	\$21,046	\$103,148	\$85,183
Stock-based compensation	\$9,016	\$9,354	\$9,143	\$8,179	\$29,064	\$35,692
Restructuring expenses	\$2,015	\$183	(\$193)	(\$13)	\$3,368	\$1,992
Gain on sale of business	—	—	—	(\$40,700)	—	(\$40,700)
Loss of unconsolidated entities	—	—	—	—	\$267	—
Impairment of goodwill and other long-lived assets	—	\$17,892	—	\$19,648	—	\$37,540
Shareholder litigation reserve	—	—	—	—	\$7,325	—
<b>Adjusted EBITDA</b>	<b>\$78,511</b>	<b>\$76,332</b>	<b>\$80,627</b>	<b>\$78,174</b>	<b>\$338,058</b>	<b>\$313,644</b>
Adjusted EBITDA attributable to SinglePlatform	1,591	1,058	1,053	0.326	6,173	4,028
<b>Adjusted EBITDA excl. SinglePlatform</b>	<b>\$76,920</b>	<b>\$75,274</b>	<b>\$79,574</b>	<b>\$77,848</b>	<b>\$331,885</b>	<b>\$309,616</b>
	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY2018	FY2019
Email Marketing Segment						
<b>Revenue (reported)</b>	<b>\$102,740</b>	<b>\$102,479</b>	<b>\$102,765</b>	<b>\$102,688</b>	<b>\$410,052</b>	<b>\$410,672</b>
Revenue attributable to SinglePlatform	7,026	6,831	6,776	4,777	28,360	25,410
<b>Revenue, excl. SinglePlatform</b>	<b>\$95,714</b>	<b>\$95,648</b>	<b>\$95,989</b>	<b>\$97,911</b>	<b>\$381,692</b>	<b>\$385,262</b>

(1) Interest expense includes impact of amortization of deferred financing costs, original issuance discounts and interest income.

# GAAP TO NON-GAAP RECONCILIATION

## FREE CASH FLOW

The following table reflects the reconciliation of cash flow from operations to free cash flow ("FCF") (all data in thousands):

	Three Months Ended March 31,	
	2019	2020
Cash flows from operations	\$ 15,049	\$ 34,910
Less:		
Capital expenditures and financed equipment obligations <sup>(1)</sup>	(7,993)	(11,170)
Free cash flow	\$ 7,056	\$ 23,740

(1) Capital expenditures during the three months ended March 31, 2019 and 2020 includes \$2.6 million and \$1.3 million, respectively, of principal payments under a three year agreement for equipment financing. The remaining balance on the equipment financing is \$6.7 million as of March 31, 2020.

# SUPPLEMENTAL INFORMATION

## CALCULATION OF AVERAGE REVENUE PER SUBSCRIBER (ARPS)

The following table presents the calculation of average revenue per subscriber (ARPS) on a consolidated basis and by segment (all data in thousands, except ARPS data):

	Three Months Ended March 31,	
	2019	2020
Consolidated revenue	\$ 280,683	\$ 272,194
Consolidated total subscribers	4,783	4,780
Consolidated average subscribers for the period	4,793	4,773
Consolidated ARPS	\$ 19.52	\$ 19.01
Web presence revenue	\$ 177,943	\$ 174,290
Web presence subscribers	4,288	4,309
Web presence average subscribers for the period	4,297	4,303
Web presence ARPS	\$ 13.80	\$ 13.50
Digital marketing revenue	\$ 102,740	\$ 97,904
Digital marketing subscribers	495	471
Digital marketing average subscribers for the period	496	470
Digital marketing ARPS	\$ 69.11	\$ 69.50

# GAAP TO NON-GAAP RECONCILIATION

## BANK ADJUSTED EBITDA

The following table presents a reconciliation of net income (loss) calculated in accordance with GAAP to bank adjusted EBITDA (all data in thousands except compliance and coverage ratio):

	Q2 2019	Q3 2019	Q4 2019	Q1 2020	TTM
Net income (loss)	\$ (26,228)	\$ 7,816	\$ 9,553	\$ (2,244)	\$ (11,103)
Interest expense	37,037	36,057	34,368	32,734	140,196
Income tax expense (benefit)	6,160	(4,839)	14,839	669	16,829
Depreciation	10,899	11,280	11,566	12,696	46,441
Amortization of other intangible assets	21,349	21,668	21,046	17,311	81,374
Stock-based compensation	9,354	9,143	8,179	9,836	36,512
Integration and restructuring costs	183	(193)	(13)	1,682	1,659
Transaction expenses and charges	-	-	-	-	-
(Gain) loss of unconsolidated entities	-	-	-	-	-
Impairment of long-lived assets	17,892	-	19,648	-	37,540
(Gain) loss on assets, not ordinary course	-	-	(40,700)	-	(40,700)
Legal advisory and related expenses	465	849	(3,962)	9	(2,639)
Billed revenue to GAAP revenue adjustment	(3,143)	578	(4,065)	13,073	6,443
Domain registration cost cash to GAAP adjustment	1,421	465	1,163	(2,527)	522
Currency translation	63	75	18	185	341
Adjustment for acquisitions on a pro forma basis	(54)	(43)	-	-	(97)
Adjustment for dispositions on a pro forma basis	(1,058)	(1,053)	(326)	-	(2,437)
	<u>\$ 74,340</u>	<u>\$ 81,803</u>	<u>\$ 71,314</u>	<u>\$ 83,424</u>	<u>\$ 310,881</u>
Current portion of notes payable					\$ 31,606
Current portion of financed equipment					6,081
Notes payable - long term					1,641,938
Financed equipment - long term					597
Certain deferred consideration amounts					-
Original issue discounts and deferred financing costs					39,602
Less:					
Unsecured notes					(347,025)
Cash					(111,808)
Certain permitted restricted cash					-
Net Senior Secured Indebtedness					<u>\$ 1,260,991</u>
Debt coverage compliance ratio					<u>4.06</u>
Required maximum coverage ratio					<u>6.00</u>



# SUPPLEMENTAL INFORMATION

## NON-GAAP & KEY OPERATING MEASURES

In addition to our financial information presented in accordance with GAAP, we use adjusted EBITDA, free cash flow, net debt, and bank adjusted EBITDA, which are non-GAAP financial measures, to evaluate the operating and financial performance of our business, identify trends affecting our business, develop projections, make strategic business decisions, evaluate our capital structure, and monitor our liquidity and compliance with the financial covenant in our credit agreement. In this presentation, we are also presenting the following additional non-GAAP financial measures: revenue – excluding SinglePlatform and adjusted EBITDA – excluding SinglePlatform. A non-GAAP financial measure is a numerical measure of a company's operating performance, financial position or cash flow that excludes amounts that are included in the most directly comparable measure calculated and presented in accordance with GAAP or includes amounts that are excluded from the most directly comparable measure calculated and presented in accordance with GAAP.

Our non-GAAP financial measures may not provide information that is directly comparable to that provided by other companies in our industry, as other companies in our industry may calculate non-GAAP financial results differently. In addition, there are limitations in using non-GAAP financial measures because they are not prepared in accordance with GAAP and exclude expenses that may have a material impact on our reported financial results. For example, adjusted EBITDA excludes interest expense, which has been and will continue to be for the foreseeable future a significant recurring expense in our business. The presentation of non-GAAP financial information is not meant to be considered in isolation from, or as a substitute for, the most directly comparable financial measures prepared in accordance with GAAP. We urge you to review the reconciliations of our non-GAAP financial measures to their comparable GAAP financial measures, and not to rely on any single financial measure to evaluate our business.

**Revenue – Excluding SinglePlatform** is a non-GAAP financial measure that we calculate as revenue excluding revenue contributed by our SinglePlatform business, which we sold on December 5, 2019. We believe that this measure helps investors evaluate and compare our past performance excluding the impact of a non-core business that we have sold.

**Adjusted EBITDA** is a non-GAAP financial measure that we calculate as net (loss) income, excluding the impact of interest expense (net), income tax expense (benefit), depreciation, amortization of other intangible assets, stock-based compensation, restructuring expenses, transaction expenses and charges, gain on sale of business, (gain) loss of unconsolidated entities, impairment of goodwill and other long-lived assets, and shareholder litigation reserve. We view adjusted EBITDA as a performance measure and believe it helps investors evaluate and compare our core operating performance from period to period.

# SUPPLEMENTAL INFORMATION

## NON-GAAP & KEY OPERATING MEASURES

**Adjusted EBITDA – Excluding SinglePlatform** is a non-GAAP financial measure that we calculate as adjusted EBITDA less adjusted EBITDA contributed by our SinglePlatform business, which we sold on December 5, 2019. Adjusted EBITDA contributed by our SinglePlatform business excludes the impact of corporate costs that we had allocated to SinglePlatform, since we are continuing to incur these costs following the sale. We believe that this measure helps investors evaluate and compare our past performance excluding the impact of a non-core business that we have sold.

**Free Cash Flow, or FCF**, is a non-GAAP financial measure that we calculate as cash flow from operations less capital expenditures and financed equipment obligations. We believe that FCF provides investors with an indicator of our ability to generate positive cash flows after meeting our obligations with regard to capital expenditures (including financed equipment obligations).

**Net Debt** is a non-GAAP financial measure that we calculate as total debt (which is the sum of short and long term notes payable, deferred consideration and capital lease obligations) less cash, cash equivalents, and restricted cash. We use net debt to evaluate our capital structure.

**Bank Adjusted EBITDA** is a non-GAAP financial measure defined in our credit agreement as net income (loss) adjusted to exclude interest expense, income tax expense (benefit), depreciation and amortization. Bank Adjusted EBITDA also adjusts net income (loss) by excluding certain non-cash foreign exchange gains (losses), certain gains (losses) from sale of assets, stock-based compensation, unusual and non-recurring expenses (including acquisition related costs, gains or losses on early extinguishment of debt, and loss on impairment of tangible or intangible assets). It also adjusts net income (loss) for revenue on a billed basis, changes in deferred domain costs, share of loss (profit) of unconsolidated entities, and certain integration related costs. Finally, it adjusts net income (loss) for pro forma adjusted EBITDA on a twelve-month lookback period for acquisitions made in any given quarter. We use bank adjusted EBITDA to monitor our liquidity and compliance with the financial covenant in our credit agreement.

# SUPPLEMENTAL INFORMATION

## NON-GAAP & KEY OPERATING MEASURES

### Key Operating Metrics

**Total Subscribers** -We define total subscribers as the approximate number of subscribers that, as of the end of a period, are identified as subscribing directly to our products on a paid basis, excluding accounts that access our solutions via resellers or that purchase only domain names from us. Subscribers of more than one brand, and subscribers with more than one distinct billing relationship or subscription with us, are counted as separate subscribers. Total subscribers for a period reflects adjustments to add or subtract subscribers as we integrate acquisitions and/or are otherwise able to identify subscribers that meet, or do not meet, this definition of total subscribers. In the first quarter of 2020, these adjustments had a negligible impact on total subscriber count.

**Average Revenue Per Subscriber (ARPS)** -We calculate ARPS as the amount of revenue we recognize in a period, including marketing development funds and other revenue not received from subscribers, divided by the average of the number of total subscribers at the beginning of the period and at the end of the period, which we refer to as average subscribers for the period, divided by the number of months in the period. See definition of "Total Subscribers" above. ARPS does not represent an exact measure of the average amount a subscriber spends with us each month, since our calculation of ARPS is impacted by revenues generated by non-subscribers.