The following prepared remarks are an excerpt from the 2019 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 2019 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 updated financial guidance and plan for fiscal year 2019; the fact that our plan reflects revenue growth in the second half of 2019; our expectations regarding the timing of revenue and subscriber trends generally, and the impact of our investments and initiatives on these trends; our belief that we will deliver on adjusted EBITDA and free cash flow goals for 2019; our expectation that over time, we will see a diminishing negative impact to overall revenue and units from our non-strategic brands as our strategic brand performance improves; our investment and operational plans for 2019 and beyond, including our ability to execute these plans and expectations that these plans will increase customer value to customers of our key strategic brands, improve the customer experience and our product offerings, simplify our business, and deliver future value and growth in our strategic brands; our capital expenditure plans; our ability to operate our business at scale or to simplify our operations; our plans to pay down debt; 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," "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 our updated financial guidance or actual financial results may differ from expectations, and that our transition back to revenue growth will not occur in the timeframe we expect; 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 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, 2018 filed with the SEC on February 21, 2019 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.

Non-GAAP Financial Measures: these prepared remarks contain 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 2019 first quarter earnings release and presentation, each dated April 30, 2019, and available in the investor relations section of our website at www.endurance.com.

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Angela White, VP, Investor Relations

Good morning. It is my pleasure to welcome you to our first quarter 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 21, 2019 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 results. Revenue was $280.7 million, and adjusted EBITDA was $78.5 million. We ended the quarter with approximately 4.8 million subscribers on platform, reflecting a net loss from last quarter of approximately 20 thousand subscribers. Our results reflect our increased investment across our key strategic brands in areas such as engineering and development and year over year progress in subscriber attrition trends.

Slide 6 We continue to make progress across the business as we position our scale multi-brand platform for growth. Our teams are driving business decisions with an owner-operator mindset, continuing to find cost savings. Across our brands, we are reallocating these savings to key strategic investments that we believe will drive value and improvements to the customer experience.

With four months of operations behind us, our 2019 plan remains largely in place. However, to better reflect the timing of our progress, we have reduced the midpoint of our revenue guidance by $20 million and the midpoint of our adjusted EBITDA and free cash flow guidance by $10 million and $5 million, respectively. Our view incorporates updates to the plan related to timing of advancements in one of our hosting brands and delayed monetization related to certain initiatives in our email marketing and domain segments.

We continue to focus on our transition back to growth as we deliver improvements to the customer experience and access to increasingly valuable solutions. Our plan reflects revenue growth in the second half of 2019 and our adjusted EBITDA and free cash flow guidance reflect a balance of investment choices and disciplined cost control.

Slide 7 Turning to our segment performance. Starting with our email marketing segment, our plan is to continue to build on our position as a small business solutions provider under the Constant Contact brand. In addition to improvements to our core email product, we are investing in adjacent product offers both natively and by integrating with third party solutions, such as social and event tools. We remain focused on expanding the potential market opportunity for the Constant Contact brand by adding new strategic on-ramps, which we will begin testing this quarter.

Slide 8 Turning now to our web presence segment. In our Bluehost brand, we remain focused on improving the value we provide to customers along their journey. We will continue to add solutions and improvements to our onboarding paths, such as our improved domain purchase experience and Office 365. We are also simplifying and guiding the customer journey through services offers and user experience improvements. At HostGator, we are working to strengthen our core capabilities and to improve the user experience while we continue to increase investment in our Latin America markets.

In addition to our larger strategic brands within this segment, we continue to take a focused management approach to our declining but cash-generative non-strategic assets. Over time we expect a diminishing negative impact to our overall revenue and units as our strategic brand performance improves with increased investment and focus on customer value.

Slide 9 In our domain segment, we continue to invest to improve and grow our Domain.com brand. Last year we refreshed our site experience, which has allowed the brand to absorb additional investment in marketing this year. We are seeing strong performance in our domain-led experience as a result. This year we will continue improvements along the upsell path for additional products such as Office 365, hosting, and site builder.

Slide 10 Overall, we have a lot to execute in our 2019 plan. We are making progress simplifying the business with focus on our key strategic brands, and expect to see this reflected in subscriber and revenue trends. With that, I'll turn the call over to Marc Montagner to discuss our financial results in more detail.

Marc Montagner, Chief Financial Officer

Slide 11 Thank you Jeff.

Slide 12 I am pleased to review our fiscal 2019 first quarter results.

- GAAP revenue was $280.7 million
- Adjusted EBITDA was $78.5 million
- Free cash flow, defined as cash flow from operations, less capital expenditures and financed equipment, was $7.1 million.

Our year over year decline in adjusted EBITDA was due mostly to lower revenue and increased levels of investment in E&D, fixed marketing, and analytics. This was offset mostly by benefits from lower data center costs and lower domain registration fees.

GAAP cash flow from operations in Q1 was $15.0 million. Capex was $8.0 million. Year over year cash from operations and free cash flow were negatively impacted by the timing of vendor payments and increased investments. We also saw an outflow for an escrow payment of approximately $6 million related to our previously disclosed and already expensed settlement of one of our two shareholder class action lawsuits.

Slide 13 We finished the first quarter with 4.783 million subscribers. Total subscribers decreased by approximately 20,000 from the fourth quarter 2018. We are pleased by the overall results in our strategic brands but we continue to see declines in subscriber numbers in our non-strategic brands.

In the first quarter, combined average revenue per subscriber (ARPS) was $19.52. ARPS in the web presence segment was $13.42. In email marketing, ARPS was $69.11, and in domains, ARPS was $15.88.

Slide 14 We have updated our guidance for 2019 to reflect the new timing of our progress, which Jeff noted earlier in the call. As of the date of this call, our guidance for 2019 is the following:

- GAAP revenue of $1.120 to $1.140 billion;
- Adjusted EBITDA of $300 to $320 million; and
- Free cash flow of $110 to $120 million.

Free cash flow guidance for the year includes the Q1 $6 million impact related to the previously noted escrow payment. We expect capital expenditures of approximately $50 to $55 million in 2019. We continue to expect to use our excess free cash flow to pay down approximately $100 million of debt in 2019.

Slide 15 We ended the first quarter with $1.830 billion in total senior debt. Including other deferred purchase obligations and capital leases of $11 million, and total cash on the balance sheet of $72 million, total net debt at the end of the period was $1.769 billion. During the first quarter we paid down approximately $25 million of the principal of our term loan debt.

Our LTM bank adjusted EBITDA for the period ending March 31, 2019 was $329.1 million. Our senior debt leverage ratio was 4.30x and remains well below our maximum senior secured leverage ratio of 6.0x.

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 16 Thanks Marc. This year we are investing with focus on our strategic brands and balancing decisions regarding monetization and the value our customers receive when doing business on our strategic platforms. Our plan is to balance the opportunity ahead of us as we focus on executing our 2019 plan. Before opening for questions, I want to thank the team for the progress we've made. We're grinding our way through simplification with focus on our core strategic brands, and we've made great progress over the last six quarters. Thank you for joining us this morning. Now I'll turn the call back to the operator to begin Q&A.