The following prepared remarks are an excerpt from the Second Quarter 2020 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 Second Quarter 2020 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 2020; the potential impact of the COVID-19 pandemic on our business; our plans for continued investment to grow our business and the anticipated results of such investments; the closing, timing, and the anticipated benefits from the Retention Science acquisition; our ability to expand our total addressable market and grow our customer base; our ability to maintain and accelerate growth; the expected long term reduction in certain costs; 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 herein 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, possibility that our financial guidance or actual financial results may differ from expectations; 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 the Retention Science acquisition will not close; the possibility that the Retention Science acquisition or our other planned investment initiatives will not result in the anticipated benefits to our business; 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 our Form 10-Q filed with the SEC on May 6, 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). 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 2020 second quarter earnings release and/or presentation, each dated July 30, 2020, and available in the investor relations section of our website at www.endurance.com.

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Good morning. It is my pleasure to welcome you to our second quarter 2020 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 14, 2020 and Form 10-Q filed on May 6, 2020, 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  Thank you Angela and good morning. Despite the disruption and uncertainty brought about by the COVID-19 pandemic, I am encouraged by the resilience and ingenuity we are seeing from individuals and businesses as they navigate this complex environment. Obviously the environment remains highly complex as we end the summer and enter the traditional school year and fall cycle. At a macro level we remain focused on investing in solutions that are critical for the success of all businesses, including our SMB target market.

Turning to results, second quarter revenue was $274.0 million and adjusted EBITDA was $84.0 million. We continued our trend of positive net subscriber additions with over 97,000 net adds in the quarter. Excluding the impact of the SinglePlatform sale in December 2019, GAAP revenue grew 1% year over year and cash bookings grew 5% year over year.

I am extremely proud of the way our team members continue to collaborate and deliver solutions that are critical to the success of our customers. For the last several months, our team has executed against the backdrop of COVID-related disruptions to their work environment as well as to their personal lives.
Slide 6  Turning to slide 6, we operate two scale business segments—digital marketing and web presence. As the needs for web presence, digital marketing, ecommerce, and other services converge in this growing market, customers are increasingly looking for solutions that are easy to use, priced reasonably, and drive the value necessary to help them succeed.

Over the last two years, we have increased investment to address these opportunities in the market, scaling our business and delivering value to an increasing number of customers. With focused investment in our strategic brands, we are expanding our total addressable market as we move beyond our original primary solutions as a domain name registrar, website host, and email marketing platform. In addition to our product and engineering investments, we are also adding valuable capabilities through bolt-on acquisitions such as Retention Science and Ecomdash.

Our strategic investment efforts are delivering results while we remain disciplined with our operating and capital spend. We have made great progress scaling and integrating our teams in APAC, LATAM and Holland as we all work to support a core set of strategic brands and drive growth.

Slide 7  Turning now to slide 7 and starting with our digital marketing segment—we are transforming Constant Contact from an email marketing point solution provider to a digital marketing platform. We are pleased with the operational progress we made in the first half of the year and our results reflect excellent progress towards our goal to accelerate growth. Turning now to slide 8.

Slide 8  Constant Contact is a well-known direct to small business brand with a long history of delivering high-touch support combined with customer return on investment. Our SaaS email marketing business is highly profitable and we are investing to enhance our core platform while expanding our solution set to address an increasing set of customer use cases.

Our Constant Contact brand is a valuable asset and the core of our digital marketing segment. We recently launched a redesign of the brand with messaging that we believe asserts our position as a digital marketing services provider, not only in email marketing, but also in strategic adjacencies. For example, our message incorporates our expansion into ecommerce, websites, and social marketing. The rebrand was completed by Constant Contact’s in-house agency team, which brought a fresh and modern feel to the brand. Listening to customers and employees, the result was an identity that honors where we’ve been while portraying our vision for what comes next.

As we look to opportunities to serve customers with advanced marketing needs, we are leveraging our existing solution set and integrating acquired solutions. Last fall we added Ecomdash, an ecommerce platform that enables inventory management, distribution and multi-channel marketplace listings for ecommerce retailers, and this morning we announced the acquisition of Retention Science which is highlighted on slide 9.

Slide 9  We are excited to add the very entrepreneurial Retention Science team that has scaled their business to annualized revenue of approximately $8 million. The company serves mid-market and enterprise customers that are focused on direct-to-consumer and ecommerce selling. The addition of
this team and technology platform will allow us to accelerate our efforts to support and retain our existing e-commerce customers, while capturing a larger share of the growing e-commerce solutions market. We welcome the team to Endurance.

**Slide 10** Turning now to our web presence segment. We are pleased with the year over year growth of cash bookings, GAAP revenue and net subscribers. We are also pleased with the team’s execution across the globe, delivering very strong adjusted EBITDA of approximately $42 million, which does include some benefit from lower healthcare, travel, and facilities-related expenses. Turning now to slide 11.

**Slide 11** Our results year to date confirm that our investment in strategic brands is working. Our U.S. teams, combined with our APAC, LATAM, and Holland teams, are delivering positive results in support of our web presence growth strategy. Our focus for the remainder of the year is on our brand level solution roadmaps which deliver continuous user experience improvement and customer success through product packaging and solution integration.

**Slide 12** Across our two scale businesses, we are positioned to participate in the secular growth in the market for SMB digital services. Our plan for the second half of the year reflects continued investment to drive growth and we will remain focused on strengthening our company while we navigate this complex economic and healthcare environment.

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 13** Thank you Jeff.

**Slide 14** I’m pleased to review our second quarter 2020 results. On a reported basis:

- GAAP revenue was $274.0 million
- Adjusted EBITDA was $84.0 million
- Free cash flow, defined as cash flow from operations, less capital expenditures and financed equipment, was $55.9 million.

Note that in the same period a year ago, revenue and adjusted EBITDA contribution from SinglePlatform was $6.8 million and $1.1 million, respectively. The sale of SinglePlatform occurred in December 2019. Normalizing for these numbers, revenue in the same period a year ago would have been $271.4 million and adjusted EBITDA $75.3 million.

Our year over year increase in adjusted EBITDA was due to higher revenue, non-recurring reductions in employee healthcare costs, lower consulting and contractor costs, and lower travel and facilities-related spend. This was offset by increased levels of investment in marketing and engineering. Lower employee healthcare costs were due mostly to delayed doctors’ visits and elective healthcare procedures during 2Q
2020. In addition, we dramatically reduced our business travel in 2Q 2020 and almost all of our employees have been working remotely since mid-March.

We expect that eventually our healthcare costs will return to more normal levels. We expect that a portion of the COVID-related reductions in travel and facilities-related costs we have seen will be sustainable over the longer term, as we re-engineer our business. This will give us the flexibility to invest these savings in other areas of our business or to flow them through to the bottom line.

GAAP cash flow from operations in Q2 was $67.8 million. Capex was $11.8 million, and free cash flow was $55.9 million. The year over year increases in cash flow from operations and free cash flow were mostly impacted by higher cash billings, lower expenses, lower interest rates and the delay of a tax payment.

**Slide 15** We finished the second quarter of 2020 with 4.877 million subscribers. Net subscriber additions for the first quarter were approximately 97.3K. Net additions were driven mostly by strong gross additions in the web presence segment. In the second quarter of 2020, combined average revenue per subscriber (ARPS) was $18.92. ARPS in the web presence segment was $13.49. In digital marketing, ARPS was $69.00.

**Slide 16** First half revenue was $546.2 million, adjusted EBITDA was $156.5 million and free cash flow was $79.7 million. In the same period a year ago, revenue and adjusted EBITDA contribution from SinglePlatform was $13.9 million and $2.6 million, respectively. Normalizing for these numbers, revenue in the same period a year ago would have been $545.0 million and adjusted EBITDA $152.2 million.

**Slide 17** We ended Q2 2020 with $1.696 billion in total senior debt. Including other deferred purchase obligations and capital leases of $5 million, and total cash on the balance sheet of $151 million, total net debt at the end of the period was $1.550 billion. During the second quarter we made scheduled amortization payments of $7.9 million of the principal on our term loan debt.

Our LTM bank adjusted EBITDA for the period ending June 30, 2020 was $326.1 million. Our senior debt leverage ratio was 3.72x and remains well below our maximum senior secured leverage ratio of 6.0x.

**Slide 18** We ended the quarter with $151 million of cash on the balance sheet. We will continue to manage our balance sheet prudently this year. With the first half of the year behind us, we feel comfortable with our liquidity position, notwithstanding the potential impacts of the pandemic on the overall economy and on our company.

During the second quarter, we purchased $9.3 million of our high yield bonds at an average discount of approximately three percent. Combined with first quarter activity, total year to date bond repurchases were $12.2 million.

Turning to our term loan, during the quarter we paid $7.9 million in scheduled amortization. Year to date we have paid down $15.8 million on our principal term loan.
Year to date we repurchased a total 8,708,720 shares for $14.4 million at an average price per share of $1.66. The bulk of these purchases occurred in the first quarter.

Finally, we signed a contract to acquire Retention Science for a total purchase price of $35 million, with $17.5 million to be paid upon close. The remaining $17.5 million will be paid in earn-outs and deferred consideration over the next three years. We expect this transaction to close by mid-August 2020.

**Slide 19** When we released preliminary results a few weeks ago, we reintroduced guidance for 2020. Our updated guidance incorporates the benefit we are seeing in our business as a result of our investment in delivering value to our customers and current business conditions. This guidance also incorporates the revenue contribution for the remainder of the year and the small dilutive impact to adjusted EBITDA that we expect from the Retention Science acquisition.

Thank you for joining us today. I will now turn the call over to Jeff.

Jeffrey H. Fox – President and CEO

**Slide 20** Thanks Marc.

**Slide 21** We are very pleased with our first half performance. Since I joined the business in late 2017, we have been executing a very disciplined integration program to operate at scale while building out our critical teams in engineering, marketing, customer service and operations. We are focused on delivering increased value to our customers, and believe our first half results confirm our strategy to focus our investment on selected strategic brands as we build our scale SMB digital marketing platform.

Thank you for joining us this morning, and we look forward to our next update. Now I’ll turn the call back to the operator to begin Q&A.