The following prepared remarks are an excerpt from the 2019 Third 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 Third 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 2019; our expectation that our revenue trends will continue to improve and that we will make further progress towards, and eventually achieve, quarter over quarter and/or year over year revenue growth; our belief that our increased investment in engineering and product development is positioning our business to expand our total addressable market over the next several years; our belief that we can expand the reach of the Constant Contact brand to early life cycle customers; our plan to increase investment in sales and marketing in the fourth quarter; our expectation that the integration of our India-based marketing and engineering operations with our core web presence teams in the U.S will result in expansion of our reach over time as we leverage a common technology; our belief that there is an opportunity to increase ARPS over time through the integration of additional products including our site builder, e-commerce, and O365 and G-Suite email offers; 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 financial guidance or actual 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 return to quarter over quarter and/or year over year revenue growth later than we anticipate, or not at all; 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 third quarter earnings release and presentation, each dated October 31, 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 third 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 Thank you Angela and good morning. Our third quarter results reflect continued operational progress executing our strategy to focus our engineering, sales and marketing investments on selected strategic brands. Revenue was $277.2 million and adjusted EBITDA was $80.6 million. We ended the quarter with approximately 4.8 million subscribers on platform, a net increase of approximately 10,000 subscribers from last quarter, including approximately 1,300 subscribers from our Ecomdash acquisition. In the quarter we purchased Ecomdash for $9.6 million while also reducing our net debt by approximately $19 million.

We are pleased with the net positive subscriber additions this quarter, an indicator that our investment focus on our core strategic brands is working. We believe, however, that completing a return to revenue growth will be the strongest signal that the day-to-day execution of our plan has been effective. With a quarter of the year remaining, we are seeing revenue progress trail unit progress. We expect our revenue trend to continue to improve, but at this time we are lowering our expectations for full year GAAP revenue to $1.115 billion which does reflect continued progress toward topline inflection.

Slide 6 Turning to slide 6. We operate two scale businesses, email marketing and web presence, both of which serve a converging small business marketplace that is growing in the U.S. and internationally.

Our increased investment in engineering and product development is positioning both businesses to expand our total addressable market over the next several years. Specifically we are investing to complement our traditional web hosting and email marketing core service offerings by leveraging selected software assets including our builder and newly acquired Ecomdash capabilities across our strategic brands.

Slide 7 Turning now to our current segment performance. In email marketing, our investments remain focused on expanding our solution set to serve more customers—evolving Constant Contact from an email marketing business into a digital marketing platform. We believe we can expand the reach of the Constant Contact brand to early life cycle customers. During the third quarter we officially launched our "Start Your Business" solution set under the Constant Contact brand, with products such as a free site-builder and domains. We will also continue to invest in providing additional value to core email marketing customers through solution packaging improvements such as our recently launched marketing and social media functionality. Along with seasonal pick-up in marketing spend, as we focus on 2020, we expect to increase investment in sales and marketing in the fourth quarter, in order to test our positioning in an expanded set of channels. In addition, we will be working with our Ecomdash team to leverage future capabilities and offers under the Constant Contact brand. Please note that the Ecomdash business was added to this segment in the third quarter of 2019, with approximately 1,300 subscribers.

Slide 8 Turning now to our web presence segment, our focus is on integrating assets to operate at scale. As a reminder, we have been investing to grow our team and business in Latin America and are pleased with the progress over the last several quarters. We are also investing more in our valuable assets and team in India, which has historically served the APAC market under multiple brands. In 2019, we have focused on integrating our India-based marketing and engineering operations with our core web presence teams in the U.S. We expect this to result in expansion of our reach over time as we leverage a common technology platform. Overall within the segment, we remain focused on improving the user experience in order to deliver solutions with increasing value to customers across our strategic brands.

Slide 9 In our domain business, we are investing to expand our overall web presence market position. We have historically focused on website hosting offers, while under-indexing our effort to attract the segment of the market that starts with early life products such as domains. In 2019 we have made significant improvements to the customer experience, which combined with increased marketing spend, is delivering net unit growth. We see opportunity to increase ARPS over time through the integration of additional products including our site builder, e-commerce, and O365 and G-Suite email offers. As noted on our Q2 call, we've continued to experience weakness in the marketplace for our portfolios of premium domain names, which pressured year over year comparisons in the quarter.

Slide 10 We continue to see progress as we focus our investments on our strategic brands and selected platforms. The teams remain focused on the key drivers of returning to growth--delivering more value to customers, simplifying operations, and executing our plan.

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 third quarter results.

- GAAP revenue was $277.2 million
- Adjusted EBITDA was $80.6 million
- Free cash flow, defined as cash flow from operations, less capital expenditures and financed equipment, was $27.8 million.

Our year over year decline in adjusted EBITDA was due mostly to lower revenue and increased levels of investment in engineering and development, analytics, IT privacy and cyber security. This was partially offset by benefits from lower domain registration fees and lower data center costs, and lower program marketing spend.

GAAP cash flow from operations in Q3 was $41.0 million. Capex was $13.1 million. Year over year cash flow from operations and free cash flow were mostly impacted by the refinancing of our term loan in June 2018. The timing of the refinancing resulted in lower cash interest payments in Q3 2018. In addition, capex year over year was higher.

Slide 13 We finished the third quarter with 4.780 million subscribers. Total subscribers increased by approximately 10,700 in the third quarter 2019. Excluding the addition of approximately 1,300 subscribers that joined us as part of the Ecomdash acquisition, total subscribers increased by approximately 9,400. We are very pleased to see the trend in net subscribers go from negative 67,000 in the same period a year ago to positive 10,700 in Q3 2019. This is the first time we've been net subscriber positive since 2Q 2016.

In the third quarter 2019, combined average revenue per subscriber (ARPS) was $19.35. ARPS in the web presence segment was $13.32. In email marketing, ARPS was $69.79, and in domains, ARPS was $14.88.

Slide 14 Let's now turn to year-to-date results on slide 14. Revenue was $836.1 million. Adjusted EBITDA was $235.5 million and free cash flow was $82.6 million. The lower adjusted EBITDA year over year is a result of a combination of lower revenue and increased investment in engineering and development, IT privacy and cyber security, and analytics. Cost savings in data centers and lower domain registration fees partially offset the impact.

Slide 15 We are revising our guidance for 2019, and as of the date of this call, our guidance for 2019 is the following:

- GAAP revenue of approximately $1.115 billion;
- Adjusted EBITDA of $300 to $310 million; and
- Free cash flow of approximately $110 to $120 million.

Given delays in achieving our inflection point for revenue growth, we are lowering our revenue guidance for 2019. We are also lowering the top end of our adjusted EBITDA guidance. Free cash flow guidance remains unchanged. Please also note that we intend to increase sales and marketing spend in Q4 2019 versus Q3 2019. This will result in lower adjusted EBITDA in Q4 versus Q3.

We expect capital expenditures of approximately $50 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 16 We ended the third quarter with $1.780 billion in total senior debt. Including other deferred purchase obligations and capital leases of $5 million, and total cash on the balance sheet of $86 million, total net debt at the end of the period was $1.699 billion. During the third quarter we paid down approximately $25 million of the principal of our term loan debt.

Our LTM bank adjusted EBITDA for the period ending September 30, 2019 was $317.9 million. Our senior debt leverage ratio was 4.24x 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 17 Thanks Marc. We are focused on returning to top line growth as the team continues to simplify operations and execute Q4 and 2020 plans for investment in our strategic brands. Thank you for joining us this morning. Now I'll turn the call back to the operator to begin Q&A.