The following prepared remarks are an excerpt from the 2017 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 2017 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 updated financial guidance for fiscal year 2017; our ability to scale and grow our business, generate future cash flow and compete in the long-term; expectations regarding our planned investment initiatives and our ability to provide additional product features to our subscribers; expectations regarding revenue growth in our key brands and declines in total subscribers and revenue in our non-strategic brands; expectations regarding overall subscriber declines for the foreseeable future; our planned uses of cash in the future; our plans to 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,” “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 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 may differ from expectations; the possibility that our planned investment initiatives will not result in a positive return on investment; our inability to successfully enhance the customer product and service experience and improve customer satisfaction and retention through operational and infrastructure improvements; difficulties or delays in our efforts to build brand awareness of our key brands; our inability to drive revenue growth by increasing ARPS through cross-selling and other product-related initiatives; 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” section of our most recent Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 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, and bank adjusted EBITDA. Definitions of these non-GAAP financial measures and reconciliations to their comparable GAAP measures are included in our 2017 third quarter earnings release and presentation, each dated October 31, 2017, 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 2017 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-Q filed with the SEC on August 4, 2017 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), 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.

Finally, year-over-year pro forma growth rates mentioned on this call are calculated as if we had owned Constant Contact for all of 2016. Please note that these growth rates only reflect the 2016 pro forma results for Constant Contact and are not adjusted for the pre-acquisition periods of any of our smaller acquisitions made during 2016.

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. Before I dive into the prepared comments, I want to hit a few high level topics that I think are important to set the tone for this call and calls going forward.

First, we have a high quality set of assets, which both Marc and I will reference multiple times. My experience is that high quality assets are the result of talented people, and I’ve been very pleased with the energy and capability of the people I’ve met since joining the company.

Second, we are not growing at the rate we expected as these assets have been assembled, and our first steps will be to simplify how we operate to begin to have a team executing at the scale we have accumulated.

So welcome to our third quarter fiscal 2017 earnings call. I am very excited to be here this morning and to represent the team that I joined in August. While still early in my tenure, I’m pleased with what I’ve seen so far.

As you know, we have a valuable set of market-leading assets in the domain, web hosting, and email marketing space. Strategically, we are positioned with scale to invest in a dynamic and growing total addressable market. The nature of our historic M&A model, with a focus on growth, and cash-
generating assets has resulted in a strong cash flow foundation built upon multiple products and services across multiple brands.

In 2017, we will do over a billion dollars in revenue through relationships with over 5 million subscribers. However, as I mentioned, due in part to the rapid acquisition of assets, we do not operate at the scale we have accumulated. Specifically, in our web presence business, our plan is to integrate selected operations and offerings in order to invest in the experience and value we deliver to our targeted higher revenue customers. In our email marketing business, the acquisition of Constant Contact has worked well for the company, with excellent profit and cash flow generation. Going forward, we will invest more in this business in order to bring additional capabilities to our customers. In both segments of our business, we believe we have opportunities to grow by focusing investments on continuously increasing the value we can deliver to current and future customers.

**Slide 7** Turning now to Q3 performance, GAAP revenue was $295.2 million. GAAP net loss was $(40.3) million, and GAAP cash flow from operations was $46.4 million. Adjusted EBITDA was $93.8 million, and free cash flow was $31.9 million. We ended the third quarter with approximately 5.1 million subscribers on platform at an average revenue per subscriber, or ARPS, of $19.03.

**Slide 8** Operationally our businesses continued to execute on planned initiatives. In our web presence business, we continued to focus on the acquisition of higher lifetime revenue customers and hold steady with our approach to de-emphasize certain brands. Within this segment, we believe that longer-term a more integrated combination of our strategic brands operating with scale will be the basis of future growth, with continued focus on high lifetime revenue customers.

Email marketing continued to help our overall performance with year over year revenue growth of 6%. We believe that the email marketing opportunity across the globe is healthy, and we have a strong brand in Constant Contact. Long-term, we believe that growth opportunities will be driven by investment in product capabilities, marketing initiatives including international expansion, and through further collaboration with our web presence operations.

I will now turn the call over to Marc Montagner, our CFO and interim COO.

**Marc Montagner, Chief Financial Officer & Interim Chief Operating Officer**

**Slide 9** Thank you Jeff.
Slide 10 I am pleased to review our third quarter results, which reflect our continued focus on our 2017 goals.

- GAAP revenue for the third quarter 2017 was $295.2 million;
- Adjusted EBITDA was $93.8 million; and
- Free cash flow, defined as cash flow from operations, less capitalized expenditures and capitalized leases, was $31.9 million.

Looking at the business by segment, web presence revenue totaled $193.7 million, a decrease of 1 percent from the same period a year ago. We saw positive revenue growth in the aggregate for our key brands. Our non-strategic brands continued to see a decline in revenue and subscribers. Email marketing revenue totaled $101.5 million. Compared to the same period a year ago, the email marketing segment grew approximately 6% year over year.

Turning to adjusted EBITDA by segment, web presence contributed $42.6 million. Email marketing contributed $51.1 million to adjusted EBITDA in Q3 2017. Adjusted EBITDA for the web presence segment excludes the impact of approximately $14 million in impairment expense related to the reduction in value of certain intangibles, primarily domain name assets. Additionally, both segments exclude a combined total of $8 million of accrued expense, which we have reserved in connection with ongoing discussions with the staff of the SEC to resolve potential claims arising from the investigations initiated against Endurance and Constant Contact in December 2015.

Relative to Q3 of last fiscal year, adjusted EBITDA margin in the web presence segment was essentially flat. The increase in adjusted EBITDA in the email marketing segment was driven mostly by higher revenue, lower costs, and some additional direct costs allocated to the web presence segment.

GAAP cash flow from operations was $46.4 million. Capex in Q3 2017 was $14.6 million, or 4.9 percent of GAAP revenue, and free cash flow was $31.9 million. During the quarter, cash from operations and free cash flow were negatively impacted by approximately $4.9 million in restructuring costs related primarily to the previously announced streamlining of our operations. As a reminder, during this quarter, we made a semi-annual interest payment of approximately $19 million on our high-yield debt.

Slide 11 Turning to year to date performance, on a pro forma basis, which reflects the impact of Constant Contact in 2016, revenue grew 3% year over year. During the same period, adjusted EBITDA grew 23% year over year on a pro forma basis. Note that the year to date fiscal 2016 pro forma results
reflect the negative impact of a purchase accounting adjustment of approximately $14.8 million on revenue and adjusted EBITDA related to the Constant Contact acquisition. Year over year growth rates would have been lower if factoring in the purchase accounting adjustment.

**Slide 12** Turning now to operating metrics, we ended Q3 2017 with approximately 5.122 million subscribers. Total subscribers decreased by approximately 95,000 from the end of last quarter. Subscriber losses from our non-strategic brands continue to drive the largest impact to the net subscriber losses. Combined average revenue per subscriber (ARPS) was $19.03. ARPS for the web presence segment was $13.91 and for the email marketing segment was $64.26.

As we have stated previously, we expect to continue to see overall subscriber decreases for the foreseeable future. Our overall subscriber losses have been driven primarily by our decision to discontinue our non-strategic products, which have been churning out at higher than average rates. Also contributing to this, but on a lesser scale, has been our decision to re-allocate more marketing spend to our key brands where we target higher lifetime revenue subscribers at higher subscriber acquisition costs.

We have seen low single-digit revenue growth in the aggregate for our key brands, driven by our focus on more disciplined lifetime revenue to subscriber acquisition cost ratios. Conversely, we continue to see year over year revenue decreases in our other non-strategic brands. Net subscriber losses continue to be driven primarily by the loss of lower value subscribers in our discontinued non-strategic product brands such as back-up and VPN. We believe this is the right approach, and the more sustainable approach, despite the near-term impact to net subscriber numbers.

A breakdown of our revenue mix during Q3 2017 is as follows:

- Hosting services and add-ons such as security, mobile optimization, and e-commerce integration represented approximately 48 percent of our revenue;
- email marketing was approximately 34 percent;
- domain registrations was approximately 13 percent;
- and the remainder of the business, such as domain monetization and co-marketing funds, accounted for approximately 5 percent.

**Slide 13** Turning now to guidance. Our expectations for the full year 2017 remain unchanged for revenue and free cash flow. We are increasing our adjusted EBITDA guidance by approximately $8 million from the midpoint of previous guidance. On a year over year basis, we now expect:
• GAAP revenue growth of 5 to 5.5% percent;
• Adjusted EBITDA growth of approximately 18%; and
• Free cash flow growth of approximately 25%.

We continue to expect capital expenditures of approximately $50 million. We now expect to pay down approximately $85 million in principal debt this year versus our original plan of $100 million, consisting of approximately $35 million in scheduled amortization payments and approximately $50 million of pre-payment.

**Slide 14**  We ended Q3 2017 with $2,020 million in total senior debt. Including other deferred obligations and capital leases of $13 million, and total cash on the balance sheet of $73 million, total net debt at the end of the period was $1,960 million. Our revolving credit facility remains at a zero balance and we maintain an available credit balance of $165 million.

Turning now to our calculation of bank adjusted EBITDA as defined in our credit agreement, our senior debt covenants are based on last twelve-months bank adjusted EBITDA, which was $356.0 million in Q3 2017. Our senior debt leverage ratio was 4.51x bank adjusted EBITDA at Q3 quarter end. We remain well below our maximum senior secured leverage ratio of 6.25x. We are still committed to reducing our secured debt to bank adjusted EBITDA leverage ratio to less than 4x in the medium term.

During the quarter our key uses of cash were approximately $38 million in interest payments, $18.5 million in debt re-payment and approximately $25 million in deferred considerations and related payments, primarily related to our site builder joint venture.

Our year to date performance reflects our commitment to free cash flow generation and debt-repayment. We are finalizing our 2018 planning and we look forward to sharing more on the next call. Our expectation is that investment will be focused on operating at scale and providing value to our customers. We also expect to use excess free cash flow to continue to pay down debt, and will seek to balance our goals accordingly. 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**  In closing, we have a valuable set of assets, and an addressable market that provides opportunity for growth. We believe that we can drive value by simplifying operations, and investing to
operate at scale. We look forward to sharing more with you on our next call. Thank you for joining us this morning. Now I’ll turn the call back to the operator to begin Q&A.