The following prepared remarks are an excerpt from the 2014 Second 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.

Statements in these prepared remarks which are not statements of historical fact, including but not limited to statements concerning our expected future growth opportunities, our investment priorities, our financial guidance for fiscal year 2014 (including the third quarter of fiscal year 2014), our long term annual growth rate expectations and our expectations regarding our future financial and operating performance, are "forward-looking statements" (as defined in the U.S. Private Securities Litigation Reform Act of 1995). These forward-looking statements are based on our current expectations and beliefs, as well as a number of assumptions concerning future events. These statements are subject to risks, uncertainties, assumptions and other important factors set forth in our SEC filings, many of which are outside our control, that could cause actual results to differ materially from the results discussed in the forward-looking statements. Some of the key factors that could cause actual results to differ from our expectations include: the rate of growth of the SMB market for our solutions; our inability to maintain a high level of subscriber satisfaction; our inability to continue to add new subscribers and increase sales to our existing subscribers; system or Internet failures; our dependence on establishing and maintaining strong brands; our inability to maintain or improve our competitive position or market share; the loss of strategic relationships or alliances with third parties; our inability to integrate recent or potential future acquisitions; the business risks of international operations; the loss or unavailability of any of our co-located data centers; our recognition of revenue for subscription-based services over the term of the applicable subscriber agreement; the occurrence of security or privacy breaches; and adverse consequences of our substantial level of indebtedness.

You are cautioned to not place undue reliance on such forward-looking statements because actual results may vary materially from those expressed or implied. All forward-looking statements are based on information available to us on August 7, 2014, the date of the Earnings Conference Call, and we assume no obligation to, and expressly disclaim any obligation to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

These prepared remarks also contain non-GAAP financial measures as defined by the Securities and Exchange Commission in Regulation G. Reconciliations of the non-GAAP financial measures to their comparable GAAP measures are included in the Second Quarter 2014 earnings release and presentation, each dated August 7, 2014, and available in the investor relations section of our website at www.endurance.com.

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Angela White – Director, Investor Relations

Hi my name is Angela White, Director of Investor Relations. On behalf of the Endurance International Group, it is my pleasure to welcome you to our second quarter earnings call. We will first go through some prepared remarks after which we will turn to Q&A. A presentation to accompany our comments is available at 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 28, 2014 for 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 present several non-GAAP financial measures, including adjusted EBITDA, unlevered free cash flow (UFCF), free cash flow (FCF), adjusted revenue and average revenue per subscriber (ARPS). A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures is available in the presentation located at the investor relations section of our website.

With that, I will turn you over to Hari Ravichandran, our founder, President and CEO.

Hari Ravichandran – Founder, President and CEO

(Slide 8) Thanks Angela, hello everyone and welcome to our second quarter earnings call. For those of you new to Endurance, please refer to the front section of our presentation, available on the IR website, which provides a brief overview of our company.

We are very pleased to report another quarter for the company where solid growth in our core operating metrics drove better than expected financial performance. For the second quarter, adjusted revenue was $159.0 million, exceeding the high end of the guidance range of $154-$156 million by $3 million. This represented an adjusted revenue growth rate of 22% over Q2 2013, including the impact of Directi, which we acquired in the first quarter of 2014. Adjusted EBITDA and unlevered free cash flow (UFCF) also came in ahead of the high end of the guidance range at $56.5 million and $43.6 million, respectively. Free cash flow was also strong, growing 50% to $29.5 million from $19.7 million in the same period last year. As we have noted, we continue to invest excess cash flows into accretive revenue-generating opportunities, which has served to drive revenue growth ahead of expectations.

As in prior quarters, our two key organic growth drivers of adding high quality subscribers and selling them more products and services provides the foundation for what we do. During Q2, we added approximately 93,000 net paying subscribers, bringing our total subscribers on platform to over 3.7 million. Subscriber growth was driven by two factors - word of mouth customer advocacy and our growing network of online referral partners. By focusing on the customer experience, we seek to drive strong Net Promoter Scores which, in turn, creates advocacy amongst our subscriber base. Second, our growing network of over 500,000 referral partners sends a diverse and relevant stream of SMB traffic to our sites, many of which ultimately convert into paying subscribers.

In addition, during the quarter we strengthened the on-boarding funnel by renewing and extending our Google partnership under the Get American Business Online program. Over the next few quarters, we expect to broaden our relationship with Google to include additional geographies as well as products and services from Google's portfolio aimed at SMBs. Finally we made an equity investment in Automattic, which manages the business operations of Wordpress.com. WordPress is widely recognized as one of the most popular publishing platforms on the web, powering over 22% of the world's top 10 million websites, and our investment reflects our continued commitment to WordPress and the open source community.

Beyond growing our subscriber base, increases in ARPS also fueled revenue growth. In Q2, ARPS grew to $14.33, an increase of $1.32 over Q2 2013 ARPS of $13.01. New product introductions, an increase in the take rate of products and an increase in the number of high-ARPS subscribers all contributed to increases in ARPS. These factors, combined with the Directi subscriber base, helped deliver our highest quarter of ARPS on record.

Overall, we are pleased with our performance and continue to be very excited about the opportunity ahead of us. Now, I'd like to turn the call over to Tiv Ellawala, our CFO, who will review the financial and operating metrics in more detail, as well as provide color on expectations for the second half.

Tiv Ellawala - CFO

Thank you, Hari. As Hari noted, strong performance in our two main operating levers for growth, adding paying subscribers and increasing ARPS once again drove financial performance ahead of guidance.

(Slide 10) In Q2, we added approximately 93,000 net paying subscribers in the quarter vs. 55,000 in Q2 2013. Excluding Directi, we added approximately 92,000 net paying subscribers in the quarter. Our total paying subscriber base is now approximately 3.7 million. During the first half of the year, we added approximately 193,000 net paying subscribers excluding the contribution from Directi. Strong yields from our direct marketing programs, expansion of our funnel to include product lead-ins, growth in our referral partner network and favorable trends in free to pay conversions helped fuel the growth. We are also seeing strong secular tailwinds in our markets as online penetration grows, the number of businesses going online increases, and the demand for online products and services increases as a result of changes in purchasing behavior and patterns. The US still remains our largest market with growing contribution from Brazil, India and China.

Our ARPS grew to $14.33 during the quarter which reflected an increase of $1.32 from $13.01 in Q2 2013. Excluding Directi, our ARPS grew to $13.35 which was a $0.34 increase from Q2 2013. ARPS and net subscriber adds reflect typical seasonality in the business, as billings tend to be highest in Q1.

In addition, product attachment rates increased growing to an average of 4.5 products per subscriber in the quarter from 3.7 products per subscriber in Q2 2013. The number of subscribers who spend more than $500 per year on our products and services also increased to 114,000, an increase of 8,000 over the last quarter and a 14,000 increase over the end of last year. Some of our most popular products driving our attach rates include security, back-up and storage, SEO/SEM and additional domains. In addition, rollout of services such as managed WordPress, VPS hosting and dedicated hosting are contributing to higher cart values and the increase in subscribers spending at least $500 per year. Our MRR retention rate was stable at 99%. Finally, our subscriber acquisition costs remained consistent with prior quarters.

(Slide 11) Moving to financials, adjusted revenue was $159.0 million for the quarter, an increase of 22% over Q2 2013 and $3 million higher than the top end of our guidance range of $154-$156 million. Adjusted revenue excluding Directi was $146.2 million, representing an increase of over 12% versus Q2 2013. Better than expected net paying subscriber additions and ARPS growth drove our exceeding revenue expectations.

Adjusted EBITDA was $56.5 million for the quarter, representing an increase of 5% versus $53.7 million in Q2 2013 and $0.5 million higher than the top end of our guidance range of $54-$56 million. We exceeded our expectations on adjusted EBITDA as we managed our costs while re-investing in higher marketing spend. As we noted in our Q1 call, we are increasing marketing investments this year to add subscribers and drive revenue as we completed integration of past acquisitions. As previously noted, we expect these marketing investments to contribute positively to cash flow in 2015. Our adjusted EBITDA was also impacted by the increase in G&A costs as a result of public company costs. During Q2, we also booked integration and restructuring charges associated with the reorganization of our data centers, support locations and staff. Given the rapid growth in our business over the last 3 years, including the expansion of our international footprint, we have undertaken a project to rationalize our data center footprint, drive better yields, and consolidate our support call centers. We expect additional integration and restructuring charges in H2 until this consolidation is complete at the end of this fiscal year.

UFCF was $43.6 million for the quarter, representing an increase of 7% versus $40.8 million in Q2 2013 and $0.6 million higher than the top end of our guidance range of $41-$43 million. Our capex spend for the quarter was $7.6 million or 4.8% of adjusted revenue which contributed to favorability on UFCF. Our FCF was $29.5 million for the quarter, an increase of 50% versus $19.7 million in Q2 2013. Our FCF benefited from increasing scale and reduced financing costs over the year prior.

(Slide 12) Looking at financial performance during the first half of fiscal 2014, adjusted revenue grew 21% year over year to $311.8 million. Excluding the impact of Directi, adjusted revenue grew 13% year over year. Adjusted EBITDA was $115.6 million, reflecting year over year growth of 3%, and unlevered free cash flow was $92.6 million, reflecting 8% year over year growth. Our FCF was $65.0 million, reflecting year over year growth of 48%.

(Slide 13) Moving on to our capital structure, our net debt increased by $12 million over Q1 2014 to $1,077 million as total bank debt increased due to borrowings of $33 million on our $125 million revolving credit facility. During the quarter, we paid out approximately $65 million of Directi obligations and made an equity investment of $15 million in Automattic, which as Hari mentioned, is the company that manages the business operations of WordPress.com. In addition, in H2 2014, we expect to pay approximately $13 million of remaining deferred consideration, to be funded from operating cash flow. Any excess cash flows after investing in opportunities we believe will drive future adjusted EBITDA will be used to pay down the draw against our revolving credit facility. Over the medium term, we expect to manage our debt levels to less than 4.0x adjusted EBITDA through a combination of growing our adjusted EBITDA and opportunistically paying down our bank debt.

(Slide 14) Moving on to guidance, we come out of the first half of the year with stronger than expected topline results and are consequently raising our full year adjusted revenue guidance.

- Full year 2014 adjusted revenue of $639 - $643 million, which represents year over year growth of 21%-22% percent compared to our prior guidance of $637-$642 million
- Adjusted EBITDA expectations remain at $230 - $235 million and
- UFCF expectations remain at $180 - $190 million

Our adjusted revenue guidance assumes we continue to invest in marketing programs to drive revenue provided we can do so at reasonable subscriber acquisition costs and favorable ROIs. Our guidance also assumes that Directi contributes approximately $40 million to adjusted revenue and year over year adjusted revenue growth excluding Directi to be approximately 13% to 14%. Directi has performed above expectations in terms of both its core organic growth as well as revenue synergies realized by leveraging the Directi platform to take our other Endurance brands to new geographies. Our integration of Directi is running ahead of initial expectations.

Our fiscal year adjusted EBITDA and UFCF guidance also incorporates the higher level of investment in marketing this year. We expect to see a positive contribution to cash flow from these marketing investments starting in fiscal 2015 as subscribers remain on platform, renew their subscription at higher prices and buy additional products. Finally, we expect to continue to re-invest any upside back into the business so long as accretive opportunities to add subscribers and drive ARPS are available.

For the period ending September 30, 2014, we expect:

- Adjusted revenue of $161 - $164 million, which represents year over year growth of 20%-22%
- Adjusted EBITDA of $55 - $57 million and
- UFCF of $42 - $44 million

We believe our outlook reflects our focus on the importance of balancing growth and investment in order to build a foundation that will support many years of future growth.

With that, I will turn you back to Hari for additional comments before we start the Q&A. Hari?

Hari Ravichandran – Founder, President and CEO

Thanks Tiv. The solid financial and operating performance we just discussed is a result of our focus on the five foundations that support growth in subscriber base and ARPS. We believe that over the long-term, continued focus on these foundations will benefit the experience we offer to our subscribers and further enhance scale in the business. I'd like to take a moment to provide a brief update on the growth priorities we highlighted last quarter.

(Slide 16) First, our technology platform lays the groundwork for everything we do, and allows us to quickly identify the subscribers around the world best suited to take advantage of our products, then cost effectively deliver applications and services to those subscribers at scale. We continue to invest here in order to deliver reliable, scalable and robust cloud-based solutions across our family of brands. The three distinct and differentiated advantages of our platform include, 1) an "integration" layer which allows our brands, our partners and our subscribers to share common cloud services and more quickly achieve scale; 2) a "solution suite" featuring an ever-expanding catalog of best-in-class web enablement and management cloud applications; and 3) "delivery systems" used to attract, engage and grow our 3.7 million subscriber relationships.

This quarter, we were particularly excited about the expanded roll out of compelling technology across our largest brands directed at improving our ability to track and personalize each subscriber interaction. Given the diversity of our subscriber base, this flexibility creates a very interesting opportunity to better address subscriber pain points. Since Q1, we've captured approximately 50 million incremental subscriber events across nearly 2,500 designated user actions, and are actively testing various engagement programs designed to further accelerate the purchase of additional products. We are encouraged by the strong improvements in conversion rates, support call drivers, and overall subscriber engagement that we are already seeing as a result of these efforts.

Second, as noted last quarter the launch of hundreds of new top-level domains, combined with our investment in the Directi business, positions us well for future growth in the domain market. In Q2, we began offering over 130 of these recently released top-level domains (nTLDs) across our various brands. These new extensions allow our small business owners to enhance their online brand identities and differentiate themselves in the market while unlocking an attractive incremental product revenue stream for us. In the months ahead, we plan to continue to accelerate our release of new domain extensions, improve our targeted marketing programs to better promote the value of these products, and streamline the fulfillment and management process by standardizing on Directi's world-class domain management platform across our existing brands.

Third, the intensity of mobile usage across our base of subscribers continues to grow, affirming our strategy to invest in both engaging and empowering our subscribers to manage their web presence and business operations anytime and anywhere. Presently, we offer solutions that allow small businesses to create or augment their desktop web presence with a mobile presence. We believe the mobile opportunity is still nascent and we are seeing strong demand for our mobile related offerings. For example, 95% of the website themes sold through our Mojo Marketplace feature responsive designs that automatically adjust to the visitor's screen size. In our international markets, where more small business owners are "mobile first," our BigRock brand is experimenting with new, mobile friendly subscriber acquisition and onboarding experiences. As we mentioned last quarter, we are also very excited about the upcoming release of our next mobile application for small business owners to tap into a cross-brand community of like-minded small businesses for learning, advice and inspiration, which is scheduled to roll out in test mode in H2 2014.

Fourth, we are expanding our geographic footprint by introducing our portfolio of brands to international markets. The Directi acquisition and its world class technology platform have enabled us to do this in a scalable and cost effective way. Bluehost is now launched in Brazil, Russia, China and Turkey and Hostgator is now available in Brazil, Russia, India, China and Turkey. Accomplishing these market launches so quickly is a testament to the progress we are making in integrating Directi into our business. We expect that Spanish speaking countries such as Spain and Mexico will follow next, giving our flagship brands native language support for the world's top three spoken languages. As we gain traction in these exciting new markets, we plan to continue to strengthen our beachhead position by expanding local operations.

Finally, we continue to refine our product distribution methods. The efficacy of our distribution platform regularly improves as our investments in automation, behavioral targeting and personalization across our brands begin to pay dividends. As planned, we launched Mojo Marketplace to the iPage brand and are beginning to see the benefits. Additionally in Q2 we extended our subscriber reach as our brands increasingly take advantage of our new campaign management solutions. Demand for higher value professional services such as marketing and design assistance, and website management solutions, continues to increase as well. As we improve optimization of our communications across our various subscriber touch points, we expect to see not only higher conversion rates and growth in average revenue per transaction, but also more follow-on opportunities as overall subscriber engagement increases.

Moving beyond our core organic investments, as we think about how to provide the best returns to shareholders, we also continue to evaluate M&A and equity investment opportunities. Given the feedback we received during the IPO process, we consciously took a step back from M&A for a brief period in order to clarify the organic growth in the business. As we approach a full year of operating as a public company, we are also mindful of not wanting to forego opportunities that may contribute to growing the business, and create additional shareholder value over time.

Overall, we are very excited about the opportunity ahead of us--our success to-date in addressing the market and sustaining healthy double-digit top line growth give us confidence that we are making the right decisions and allocating our investments appropriately for the long-term. Thank you all for listening today and for your interest in the company, and I'll now turn the call over to the operator for Q&A.