



# qurate

RETAIL, INC.

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Q4 2019

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## Safe Harbor and Non-GAAP Measures

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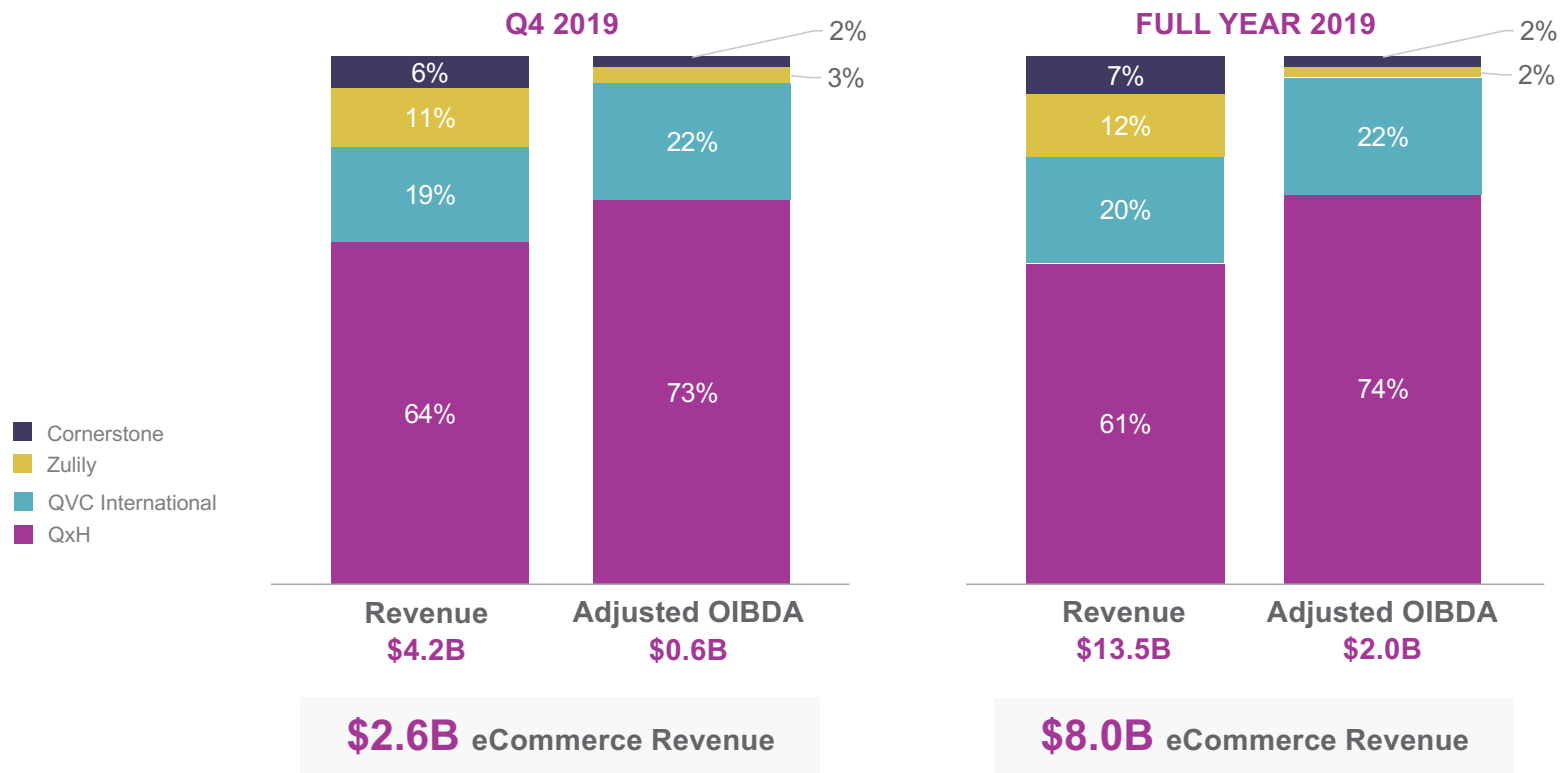
This presentation includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about business strategies, synergies resulting from the acquisition of HSN and the integration of the QVC and HSN businesses, and other matters that are not historical facts. These forward-looking statements involve many risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements, including, without limitation, possible changes in market acceptance of new products or services, competitive issues, regulatory matters affecting our businesses, continued access to capital on terms acceptable to Qurate Retail, Inc. (“QRI”) and QVC, Inc. (“QVC”), availability of investment opportunities and market conditions conducive to stock repurchases. These forward-looking statements speak only as of the date of this presentation, and each of QRI and QVC expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement

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This presentation includes non-GAAP financial measures including adjusted OIBDA and constant currency. Information regarding the comparable GAAP metrics, along with required definitions and reconciliations can be found in the earnings press release issued February 25, 2020 as well as earnings press releases relating to prior periods, all of which are available on our website. This presentation is designed to be read in conjunction with the February 25, 2020 earnings release, as well as the earnings releases relating to our first, second and third quarters of 2019, all of which are available on our website.

# Revenue & Adjusted OIBDA

## Business Segment Contribution



Note: Percentages exclude intersegment eliminations and unallocated corporate costs. Dollar amounts include intersegment eliminations and unallocated corporate costs

# Revenue & Adjusted OIBDA

## Year-on-Year Quarterly Comparative

REVENUE <sup>1</sup>										
	2018					2019				
	Q1	Q2	Q3	Q4	FY 2018	Q1	Q2	Q3	Q4	FY 2019
QxH <sup>2</sup>	-2%	-2%	0%	1%	-1%	-4%	-1%	-4%	-3%	-3%
QVC International	14%	7%	1%	-3%	4%	-5%	-2%	2%	1%	-1%
QVC International (Constant Currency)	2%	1%	2%	-1%	1%	1%	1%	3%	1%	1%
Zulily <sup>3</sup>	17%	13%	18%	5%	12%	-5%	-13%	-17%	-18%	-14%
Cornerstone	-8%	-9%	-7%	-4%	-7%	-10%	-11%	-2%	-6%	-7%
<b>Total Qurate Retail<sup>4</sup></b>	<b>3%</b>	<b>1%</b>	<b>1%</b>	<b>0%</b>	<b>1%</b>	<b>-4%</b>	<b>-4%</b>	<b>-4%</b>	<b>-5%</b>	<b>-4%</b>
Total Qurate Retail (Constant Currency) <sup>5</sup>	1%	0%	2%	1%	1%	-3%	-3%	-4%	-5%	-4%

ADJUSTED OIBDA										
	2018					2019				
	Q1	Q2	Q3	Q4	FY 2018	Q1	Q2	Q3	Q4	FY 2019
QxH	-4%	-2%	4%	-6%	-3%	-5%	-1%	-7%	-9%	-6%
QVC International	9%	-7%	-6%	-12%	-5%	-6%	6%	14%	3%	4%
QVC International (Constant Currency)	-1%	-12%	-7%	-11%	-8%	-1%	10%	15%	3%	6%
Zulily	80%	12%	50%	-11%	19%	-37%	-76%	-56%	-53%	-56%
Cornerstone	-50%	-10%	-200%	-50%	-54%	0%	-26%	157%	100%	57%
<b>Total Qurate Retail</b>	<b>0%</b>	<b>-3%</b>	<b>0%</b>	<b>-9%</b>	<b>-4%</b>	<b>-7%</b>	<b>-5%</b>	<b>-3%</b>	<b>-8%</b>	<b>-6%</b>
Total Qurate Retail (Constant Currency)	-2%	-3%	0%	-8%	-4%	-5%	-5%	-2%	-7%	-4%

<sup>1</sup> Excludes private label credit card income for 2018 growth rate calculations

<sup>2</sup> QxH as reported for 2018: Q1 through Q4 is 0%, 0%, 1%, and 2%, respectively. Full year is 1%

<sup>3</sup> Zulily as reported for 2018: Q1 through Q4 is 17%, 13%, 18%, and 6%, respectively. Full year is 13%

<sup>4</sup> Total Qurate Retail as reported for 2018: Q1 through Q4 is 4%, 2%, 2%, and 1%, respectively. Full year is 2%

<sup>5</sup> Total Qurate Retail (constant currency) as reported for 2018: Q1 through Q4 is 1%, 1%, 2%, and 1%, respectively. Full year is 2%



## QxH Category Performance

Prior Year Comparative

CATEGORY	2018					2019				
	Q1	Q2	Q3	Q4	FY 2018	Q1	Q2	Q3	Q4	FY 2019
Home	●	●	●	●	●	●	●	●	●	●
Apparel	●	●	●	●	●	●	●	●	●	●
Beauty	●	●	●	●	●	●	●	●	●	●
Accessories	●	●	●	●	●	●	●	●	●	●
Electronics	●	●	●	●	●	●	●	Flat	●	●
Jewelry	●	●	●	●	●	●	●	●	●	●

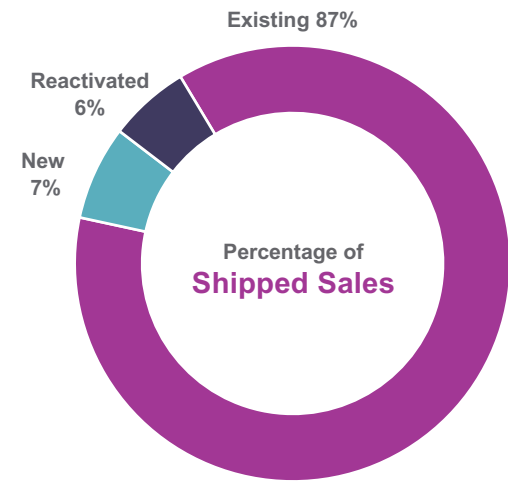
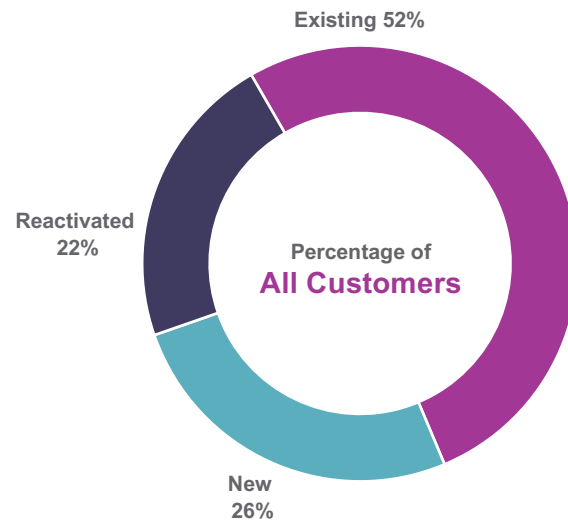
### Notable Brands





## QxH Customer Profile

TTM December 2019



### Existing Customers

**Annual Purchases:** 27 Items purchased

**\$1.4K** Spend

- Existing customer: Customer who made a purchase in two consecutive 12-month periods
- New customer: Never purchased previously
- Reactivated customer: Purchased in past, but not in last 12 months

## QxH Adjusted OIBDA Margin

Basis Point Change Year-on-Year

CONTRIBUTING FACTOR	Q4 2019	Full Year 2019
Commissions <sup>1</sup>	55	100
Product Mix Impact <sup>2</sup>	(5)	60
Warehouse <sup>3</sup>	(40)	(55)
Inventory Management <sup>4</sup>	(65)	(75)
Freight (QxH Operated Facilities)	(80)	(65)
Marketing	(40)	(30)
Other <sup>5</sup>	75	15
<b>TOTAL</b>	<b>(100)</b>	<b>(50)</b>

<sup>1</sup> Includes accounting changes and synergies from renegotiated contracts and growth in off-air

<sup>2</sup> Includes initial margin, in-period returns, S&H revenue, ASP deleverage and freight (drop ship)

<sup>3</sup> Includes ramp up of Ontario, CA fulfillment center and start up costs associated with network optimization

<sup>4</sup> Includes inventory obsolescence reserve adjustments, liquidations and costs associated with clearing Ingenious Designs (IDL) brands

<sup>5</sup> Includes royalties, PLCC, returns, bad debt and other

Note: All figures rounded to the nearest 5 bps

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RETAIL, INC.

 QVC |  HSN |  Zulily | BALLARD DESIGNS | FRONTGATE | Garnet Hill |  grandinroad. | Ryllace