



qurate  
RETAIL, INC.

Curated Experiences.  
Infinite Possibilities.®

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Q2 2021  
Earnings Presentation

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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; expectations regarding consumer trends 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, the impact of the COVID-19 pandemic on our businesses, 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 contained herein to reflect any change in QRI’s or QVC’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Please refer to the publicly filed documents of QRI and QVC, including their most recent Forms 10-Q and 10-K, for additional information about QRI and QVC and about the risks and uncertainties related to their respective businesses which may affect the statements made in this presentation.

This presentation includes non-GAAP financial measures including adjusted OIBDA, adjusted OIBDA margin, free cash flow, and constant currency. Information regarding the comparable GAAP metrics, along with required definitions and reconciliations, can be found in this presentation or in the earnings press release issued August 6, 2021, 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 August 6, 2021 earnings press release, which is available on our website.

This presentation includes reference to free cash flow, which is a non-GAAP financial measure for QRI. QRI defines free cash flow as cash flows from operating activities less capital expenditures, expenditures for television distribution rights, investments in green energy and dividends paid to non-controlling interests. QRI believes free cash flow is an important indicator of the financial stability of our business. QRI believes cash flows from operating activities is the most directly comparable GAAP measures. Free cash flow is not meant to replace or supersede this GAAP measure, but rather to supplement such GAAP measures in order to present investors with a supplemental metric of financial performance. Please see the reconciliation of free cash flow to cash flows from operating activities calculated in accordance with GAAP for QRI on slide 12 of this presentation.

# Key Highlights

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## → Encouraging Q2-21 results

- Sustained growth on top of 2020 performance
- Continued to expand and innovate digital ecosystem
- Experienced unit volume growth and increased spend per customer at QxH
  - High engagement from best customers

## → Category mix shift evolved as expected

- Rebound in demand for Apparel and Accessories
- Lower demand for pandemic-related Home and Electronic products
  - Sustained demand in home décor

## → Repurchased 5.9 million shares for \$74 million from May 1, 2021 through July 31, 2021

- Increased remaining repurchase authorization to approximately \$780 million

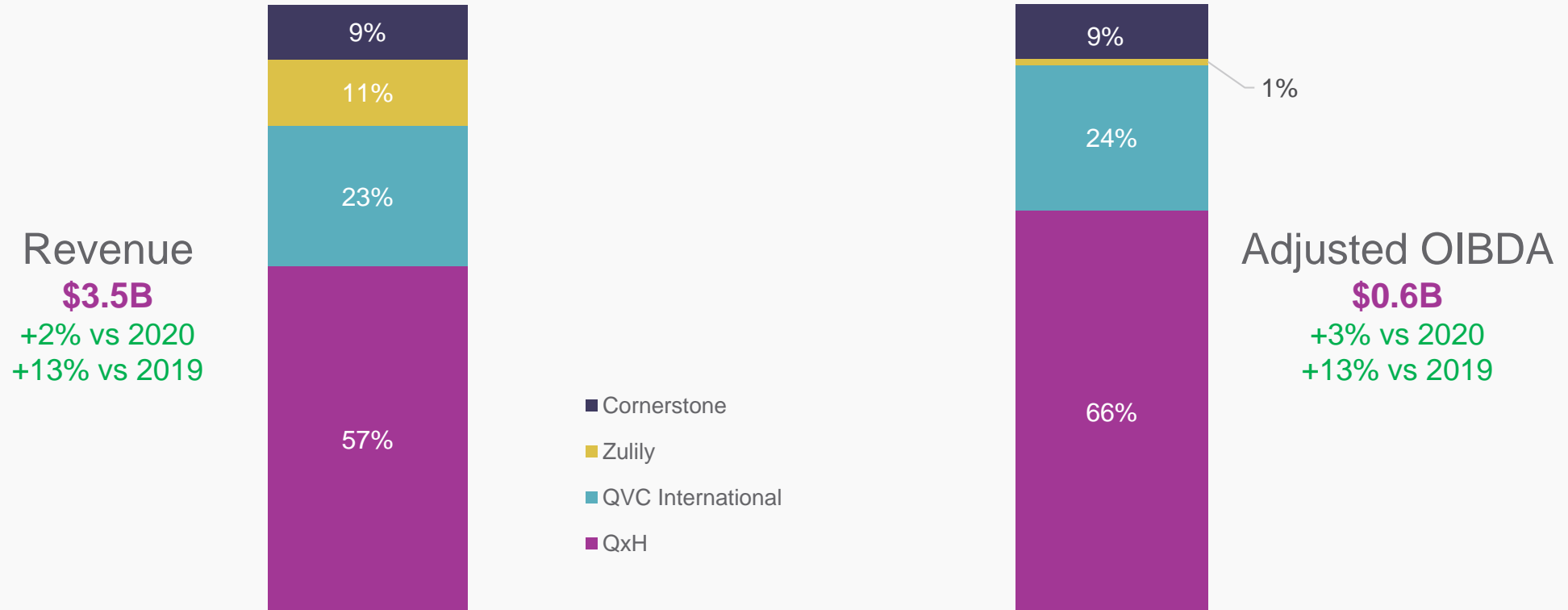
## → Remain well-positioned to capitalize on accelerated trends of digital commerce and home-centric shopping as a more significant presence in consumers' lives

- Unmatched digital video ecosystem
- Scale and resources
- Customer experience that creates lasting relationships
- Large base of savvy, engaged and highly loyal shoppers

# Revenue & Adjusted OIBDA Growth

## Business Segment Contribution

Q2 2021



Revenue  
**\$3.5B**  
+2% vs 2020  
+13% vs 2019

Adjusted OIBDA  
**\$0.6B**  
+3% vs 2020  
+13% vs 2019

**\$2.2B eCommerce Revenue | 62% of Revenue**  
Flat vs 2020 | +19% vs 2019

Note: Percentages within the stacked bars exclude intersegment eliminations and unallocated corporate costs.

# Revenue & Adjusted OIBDA Growth

## Year-on-Year Quarterly Comparative

	REVENUE							
	2020					2021		
	Q1	Q2	Q3	Q4	FY2020	Q1	Q2	
QxH	(4)%	7%	7%	1%	3%	8%	(1)%	
QVC International	(1)%	11%	11%	16%	10%	22%	11%	
QVC International <sup>A</sup>	0%	12%	8%	10%	8%	15%	5%	
Zulily	(20)%	16%	10%	11%	4%	19%	(6)%	
Cornerstone	(5)%	18%	26%	30%	19%	41%	18%	
<b>Total Qurate Retail</b>	(5)%	10%	10%	7%	5%	14%	2%	
Total Qurate Retail <sup>A</sup>	(5)%	10%	9%	6%	5%	13%	1%	

	ADJUSTED OIBDA							
	2020					2021		
	Q1	Q2	Q3	Q4	FY 2020	Q1	Q2	
QxH	(17)%	(2)%	10%	10%	1%	19%	1%	
QVC International	(4)%	12%	25%	22%	14%	47%	21%	
QVC International <sup>A</sup>	(3)%	13%	21%	16%	12%	38%	16%	
Zulily	(88)%	543%	238%	(44)%	73%	200%	(80)%	
Cornerstone	(167)%	50%	775%	233%	185%	1,450%	148%	
<b>Total Qurate Retail</b>	(17)%	10%	24%	14%	8%	35%	3%	
Total Qurate Retail <sup>A</sup>	(16)%	10%	23%	13%	8%	32%	2%	



# QxH Category Performance

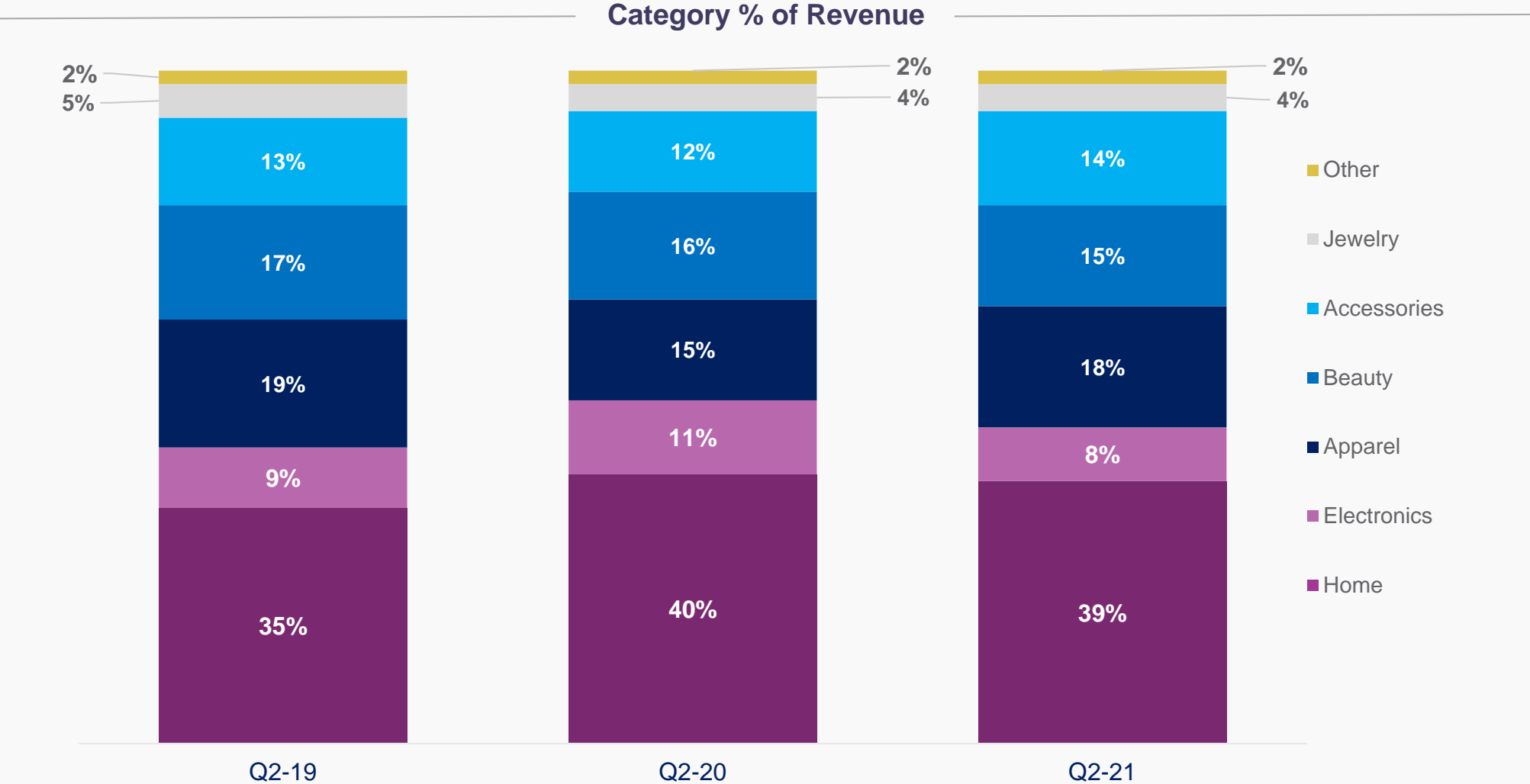
## Prior-Year Comparative

	2020					2021	
	Q1	Q2	Q3	Q4	FY 2020	Q1	Q2
Home	0%	22%	22%	17%	16%	14%	(3)%
Electronics	(4)%	25%	(6)%	(17)%	(6)%	16%	(23)%
Apparel	(9)%	(12)%	(7)%	(10)%	(9)%	(3)%	19%
Beauty	(1)%	2%	(2)%	(10)%	(3)%	(1)%	(10)%
Accessories	(4)%	(1)%	10%	6%	3%	12%	11%
Jewelry	(13)%	(11)%	(5)%	(9)%	(10)%	0%	(7)%
<b>Total</b>	<b>(4)%</b>	<b>7%</b>	<b>7%</b>	<b>1%</b>	<b>3%</b>	<b>8%</b>	<b>(1)%</b>

## Notable Brands

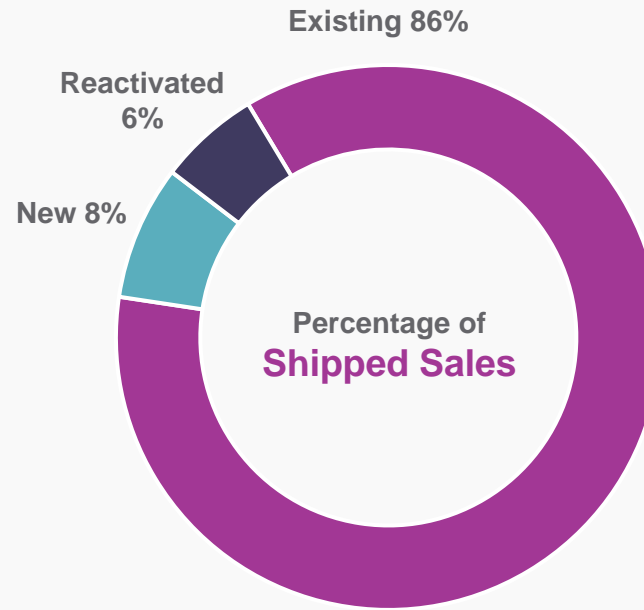
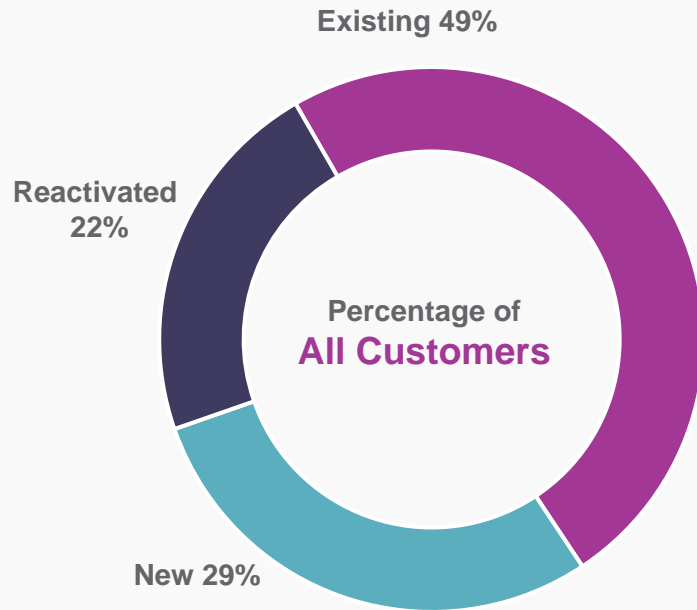


# QxH Category Mix Shift to Apparel and Accessories



# QxH Customer Profile

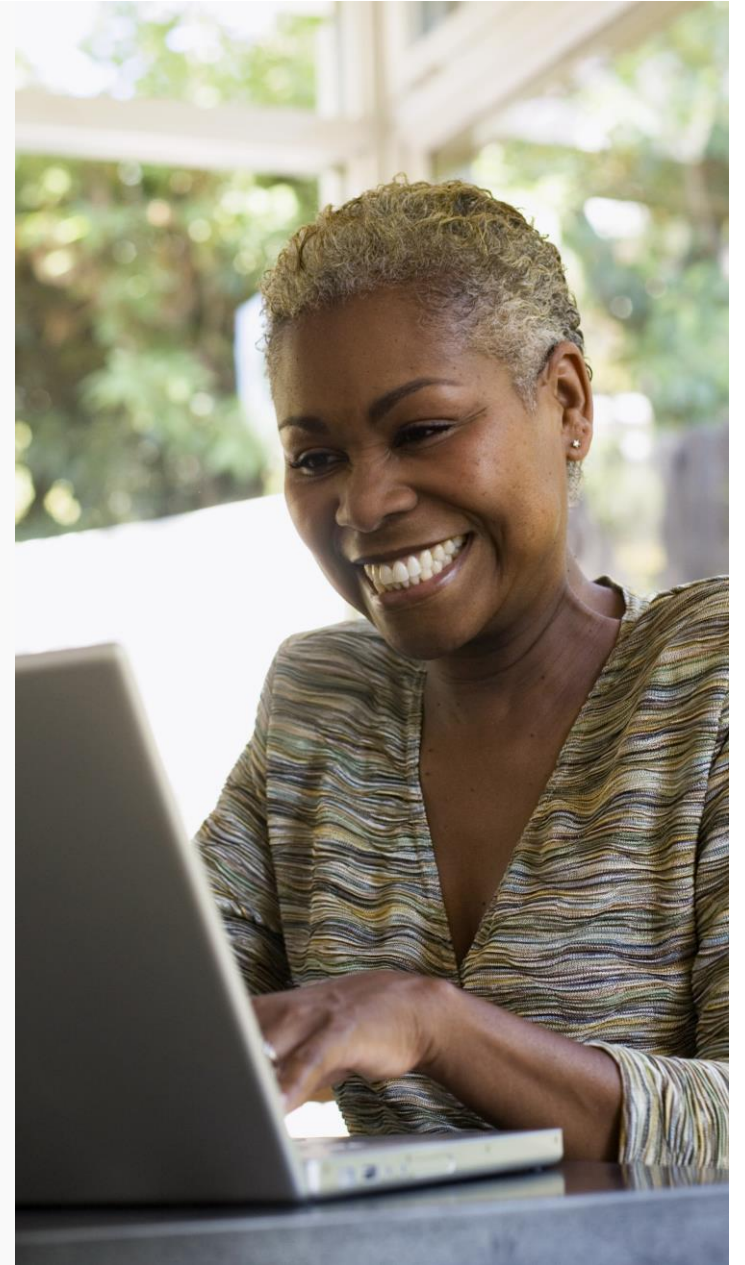
Trailing Twelve Months  
Ended June 2021



## Existing Customers

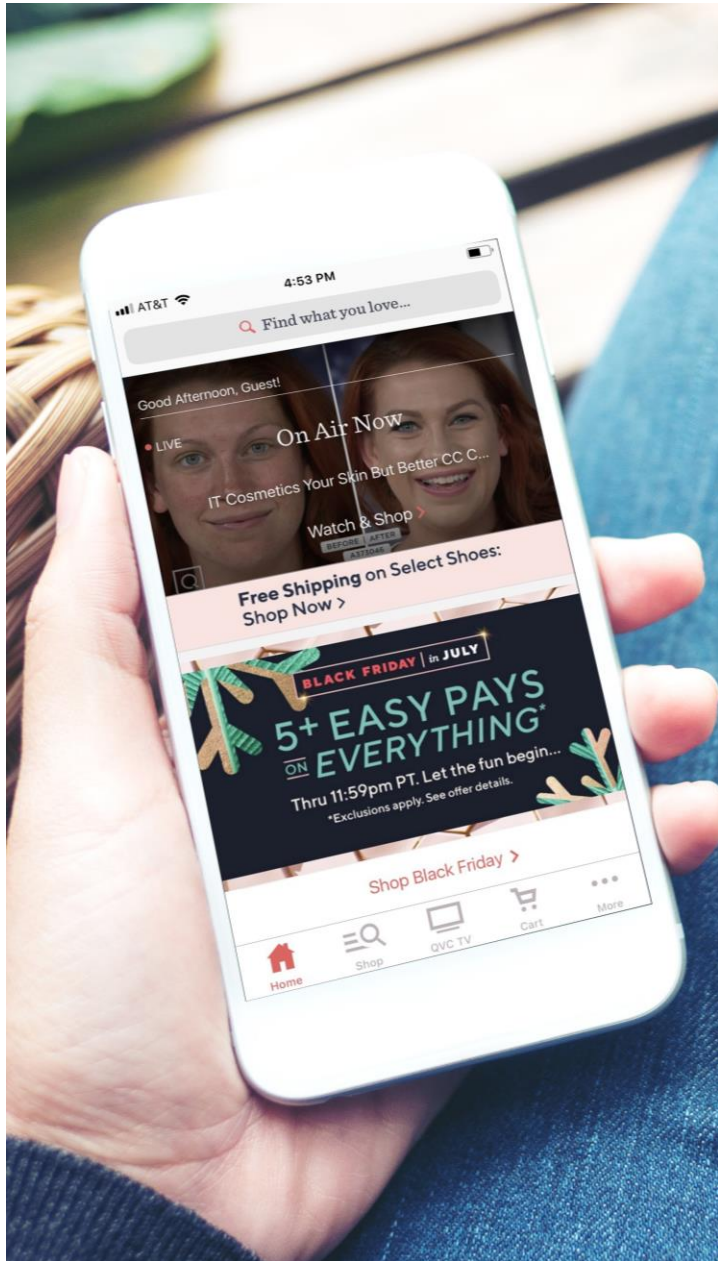
Annual Purchases: **28** Items purchased

**\$1.4K** Spend



**New:** Never purchased previously  
**Reactivated:** Purchased in past, but not in last 12 months  
**Existing:** Made a purchase in two consecutive 12-month periods





## QxH Customer Growth

### Customer Count Year-on-Year Comparative

	Q2 2021			LTM June 2021		
'000s	Count	vs 2020	vs 2019	Count	vs 2020	vs 2019
New	588	(32%)	+17%	3,329	+5%	+17%
Reactivated	569	(17%)	+7%	2,496	+2%	+5%
Existing	3,978	(2%)	+1%	5,616	+3%	+3%
<b>Total</b>	<b>5,135</b>	<b>(9%)</b>	<b>+4%</b>	<b>11,441</b>	<b>+3%</b>	<b>+7%</b>

- New:** Never purchased previously
- Reactivated:** Purchased in past, but not in last 12 months
- Existing:** Made a purchase in two consecutive 12-month periods

# QxH and QVC International Strategic Priorities

## Strategic Priority

### **Create Special Products at Compelling Values**

- Offer winning products with stories that inspire and excite
- Differentiate on compelling all-in value that triggers purchases

### **Extend Reach and Relevance**

- Provide holistic shopping and lifestyle video services across current and next-gen platforms with relevant content, experiences and interactive capabilities

### **Reimagine Daily Digital Discovery**

- Build habitual live-like experiences on our digital platforms through storytelling, personal connections, compelling product

### **Expand and Engage Our Passionate Community**

- Create demand and drive engagement through customer-centric, comprehensive marketing strategies coordinated across the customer journey that will increase customer spend and grow our customer file

### **Deliver Joyful Customer Service**

- Deliver unique and special moments that spark joy and interest, build trust and create lifetime loyalty

# QxH Adjusted OIBDA Margin

## Basis Point Change Year Over Year

Basis Point Change Year over Year	Fiscal 2021		Q2 Trend Driver
	Q1	Q2	
Prior Year	16.4%	19.3%	
Product Margin <sup>1</sup>	50	60	▲ ▼ Product Mix   Strategic Sourcing Liquidations
Fulfillment <sup>2</sup>	(55)	(145)	▲ ▼ Decommission Fulfillment Site Ramp Down ASP Deleverage   Cost Inflation (Freight Rates and Surcharges   Labor Rates)
Obsolescence	(15)	115	▲ Provision Adjustment   Liquidations
Commissions	15	(15)	▼ Growth in On-Air Sales
Marketing	(80)	(95)	
Bad Debt	140	100	▲ Lower Installments   Product and Customer Mix
Administrative Costs <sup>3</sup>	90	35	▲ Prior-Year Severance and COVID Support Payments
Other <sup>4</sup>	15	(15)	
Current Year	18.0%	19.7%	
Δ vs. LY	160	40	

Note: All figures rounded to the nearest 5 bps

<sup>1</sup> Includes Net Revenue less Product Cost of Goods Sold (including shipping & handling revenue, private label card income, returns, royalties, and liquidation costs)

<sup>2</sup> Includes owned facilities warehouse and freight, Manpower and Non-Manpower expenses, and drop-ship

<sup>3</sup> Includes other Manpower and Non-Manpower expenses (including bonus accrual, outside services, legal settlements, severance, remote work allowances, COVID-related costs, and travel & entertainment)

<sup>4</sup> Includes miscellaneous non-material items not included in above categories

# Qurate Retail, Inc. Free Cash Flow

US\$ Millions

	Six Months Ended June 30	
	2020	2021
<b>Net Cash Provided by Operating Activities</b>	1,198	702
Less: Capital Expenditures	(108)	(110)
Less: Expenditures for Television Distribution Rights	(10)	(170)
Less: Investments in Green Energy <sup>1</sup>	(55)	(60)
Less: Dividends Paid to Non-controlling Interest	(30)	(31)
<b>Free Cash Flow</b>	<b>995</b>	<b>331</b>

<sup>1</sup>Included within investments in and loans to cost and equity investees

# qurate

RETAIL, INC.

 QVC |  HSN | *zulily* | BALLARD DESIGNS | FRONTGATE | Garnet Hill | **grandinroad.**