

qurate
RETAIL, INC.

Deutsche Bank High Yield Conference

October 5, 2020

Important Disclosures

Forward-Looking Statements

This presentation includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about future financial performance, business strategies, leverage targets 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 novel Coronavirus pandemic, possible changes in market acceptance of new products or services, competitive issues, regulatory matters affecting our business, and continued access to capital on terms acceptable to Qurate Retail, Inc. (“QRI”) and QVC, Inc. (“QVC”). 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 its 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 the most recent Forms 10-K and 10-Q, for additional information about QRI and QVC and about the risks and uncertainties related to the businesses of QRI and QVC which may affect the statements made in this presentation.

Non-GAAP Measures

This presentation includes Adjusted OIBDA, which is a non-GAAP financial measure. QRI and QVC define Adjusted OIBDA as operating income (loss) plus depreciation and amortization, stock-based compensation, separately reported litigation settlements, restructuring, acquisition and other related costs and impairments. Further, this presentation includes Adjusted OIBDA margin, which is also a non-GAAP financial measure. QRI and QVC define Adjusted OIBDA margin as Adjusted OIBDA divided by revenue. This presentation also includes Free Cash Flow, which is a non-GAAP financial measure. QRI and QVC define Free Cash Flow as net cash provided by operating activities less certain investing and financing expenses: Capital Expenditures, Expenditures for Television Distribution Rights, Investments in and Loans to Cost and Equity Investees, and Dividends Paid to Non-controlling Interest

QRI and QVC’s chief operating decision maker and management team use Adjusted OIBDA and Free Cash Flow in conjunction with other measures to evaluate the businesses and make decisions about allocating resources among the businesses.

QRI and QVC believe Adjusted OIBDA is an important indicator of the operational strength and performance of its business by identifying those items that are not directly a reflection of each business’ performance or indicative of ongoing business trends. In addition, this measure allows management to view operating results and perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. Adjusted OIBDA is used as a measure of operating performance and QRI and QVC view operating income as the most directly comparable GAAP measure.

Free Cash Flow is not a measurement of our financial performance or liquidity under GAAP and does not purport to be an alternative to net cash provided from operating activities or any other performance or liquidity measures derived in accordance with GAAP. Management believes Free Cash Flow is useful as a supplemental measure of our liquidity and uses Free Cash Flow to facilitate company-to-company cash flow comparisons, which may vary from company to company for reasons unrelated to operating performance. QRI and QVC view net cash from operations as the most comparable GAAP measure.

Adjusted OIBDA and Free Cash Flow are not meant to replace or supersede operating income, net cash flow from operations or any other GAAP measure, but rather to supplement such GAAP measures in order to present investors with the same information that QRI and QVC’s management considers in assessing the results of operations and performance of its assets. Please see the schedules at the end of this presentation for a reconciliation of Adjusted OIBDA to operating income calculated in accordance with GAAP and Free Cash Flow to net cash flow from operations.

On Today's Call

qurate
RETAIL GROUP™

Jeff Davis

Chief Financial Officer

Mark Pave

Global Treasury Leader

qurate
RETAIL, INC.

Ben Oren

Senior Vice President & Treasurer

Jessica Moore

Assistant Vice President, Finance

Qurate At a Glance

Qurate Retail, Inc.



22M+
CUSTOMERS¹

380M
HOMES REACHED²

15
TV NETWORKS²

140+
HOURS OF LIVE CONTENT
DAILY

Top 10
ECOMMERCE³

220M+
PACKAGES SHIPPED

10M
FACEBOOK FANS

12
WEBSITES
2.4B
DIGITAL SESSIONS⁴

250+
SOCIAL PAGES

QVC, Inc.



\$8.3B Revenue
18.6% Adjusted OIBDA margin⁶
10.6M Customers
92M Households
57% eCommerce⁷
67% Mobile⁸

- Retailer and marketer of consumer products through merchandise-focused U.S. televised shopping programs, the Internet, mobile apps and OTT platforms
- Represents combined QVC US and HSN entities
- Key video commerce platforms include:



\$2.7B Revenue
16.5% Adjusted OIBDA margin⁶
4.6M Customers
124M Households
41% eCommerce⁷
75% Mobile⁸

- Various international channels primarily in Germany, Austria, Japan, the U.K., Ireland, and Italy
- Product sourcing teams select products tailored to the interests of each local market
- Key video commerce platforms include:



Note: FY2019 unless otherwise noted and includes QxH (QVC US and HSN), QVC International, Zulily and the Cornerstone Brands; ¹ Represents total customers across consolidated QVC, HSN, Zulily, and the Cornerstone brands; ² Includes QVC's JV in China; ³ In North America (Source: Digital Commerce 360); ⁴ Includes web, mobile web, and apps; ⁵ Includes QVC Japan, QVC Germany, QVC UK, QVC Italy and QVC France, which terminated its operations on March 13, 2019; ⁶ Adjusted OIBDA margin is defined as Adjusted OIBDA divided by Total Revenue; ⁷ Represents percentage of revenue derived from eCommerce orders; ⁸ Percentage of eCommerce revenue

QVC, Inc. Key Credit Highlights

1

Significant Global Scale

- **380M+ homes**¹ via broad distribution of direct-to-consumer access and **15M+ customers**²
- **140+ hours** of live content delivered daily via **15 TV networks**¹ and OTT / digital platforms
- **\$11.1B** Revenue and **\$1.9B** Adjusted OIBDA³

2

Operating Resilience Amidst COVID Environment

- Strong revenue growth and viewership gains benefiting from consumer shift to at-home entertainment / shopping
- Rapidly adapted product offering and programming, driving meaningfully improved sales and new customer growth trends
- Indications of strong lifetime value among new customers

3

Significant Cash Flow Generator with Low Leverage

- Generated **\$1B+ free cash flow** in first half of 2020⁴
- Historically **convert ~40-50%** of Adjusted OIBDA to FCF
- Covenant leverage⁵ reduction to 2.0x LTM 6/30/20 with approximately **\$660M net debt paydown** in first half 2020

4

Conservative Financial Policy

- Maintain 2.5x target leverage while deploying excess cash flow commensurate with past shareholder return
- Significant liquidity through revolver, ample cash balances and strong cash flow
- Proactively address near-term debt maturities

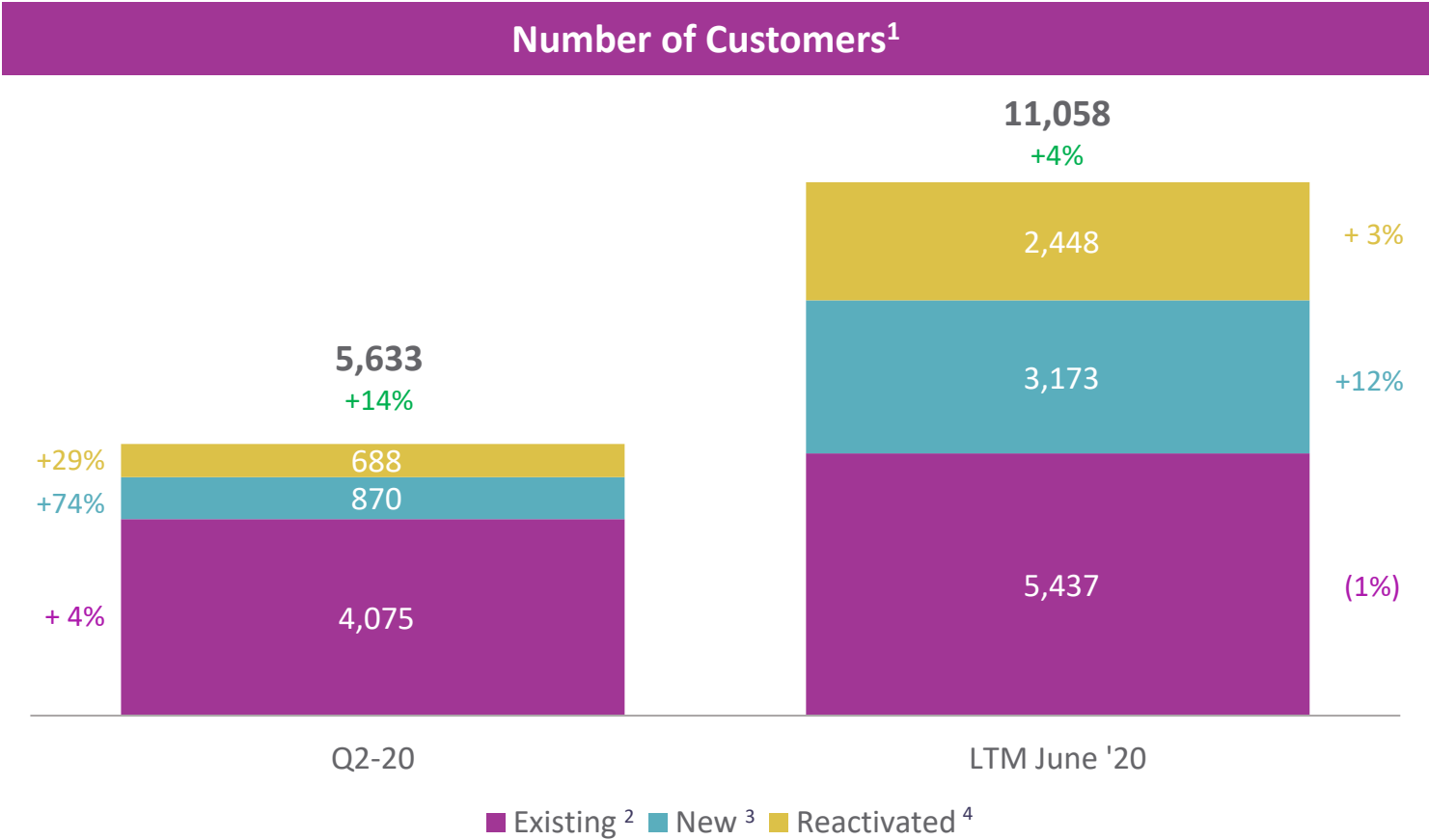
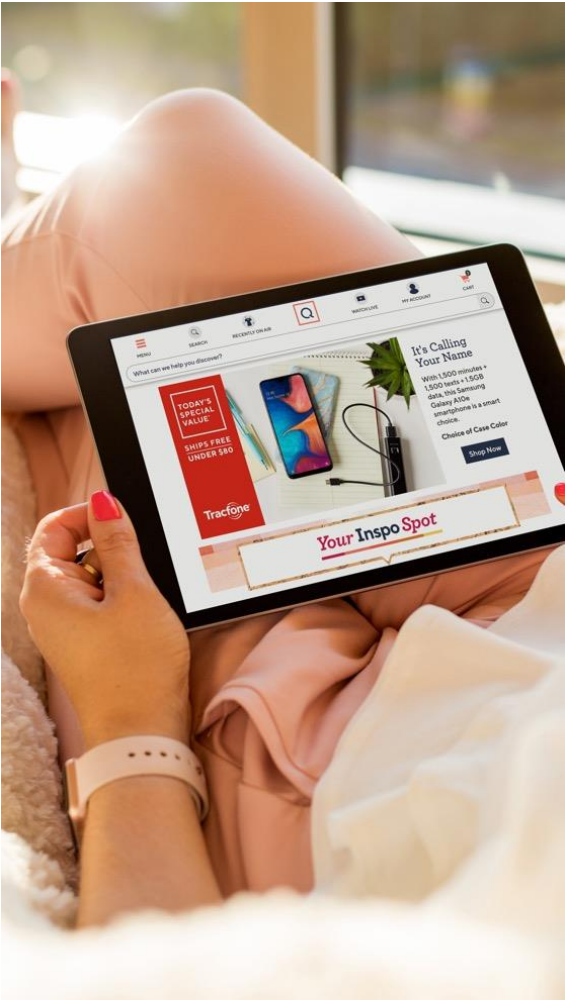
QVC, Inc.'s Strong Operational Performance Amidst COVID-19

Q2'20 Accomplishments

- Achieved meaningful sales gains, especially in eCommerce, and significant new customer growth across business units and geographic markets
- Rapidly adapted product offerings, merchandising, marketing and programming to be in tune with customer demands throughout stages of pandemic
 - Growth powered by high demand for home-related products with softness in fashion
- Successfully delivered content and experiences across eCommerce, video and social platforms to meet changing demands
 - Traditional TV viewership up 10% with additional viewership gains on OTT / digital platforms
- Executed significant strategic pullback on promotional activity to provide better foundation for healthy, sustainable long-term growth and also to manage elevated demand
- Year-to-date through Q2, contributed \$40M in relief funding to support team member safety and financial wellbeing, assist local communities and combat racial injustice

(\$ millions)	Q2'19	Q2'20	Delta
Total Revenue	\$2,514	\$2,723	+8%
eCommerce Revenue	\$1,301	\$1,541	+18%
% of Total Revenue	51.8%	56.6%	+484bps
Adjusted OIBDA ¹	\$501	\$507	+1%
Adjusted OIBDA Margin ²	19.9%	18.6%	(131)bps
YTD 6/30 Free Cash Flow ³	\$394	\$1,047	+166%

QxH Customer Growth

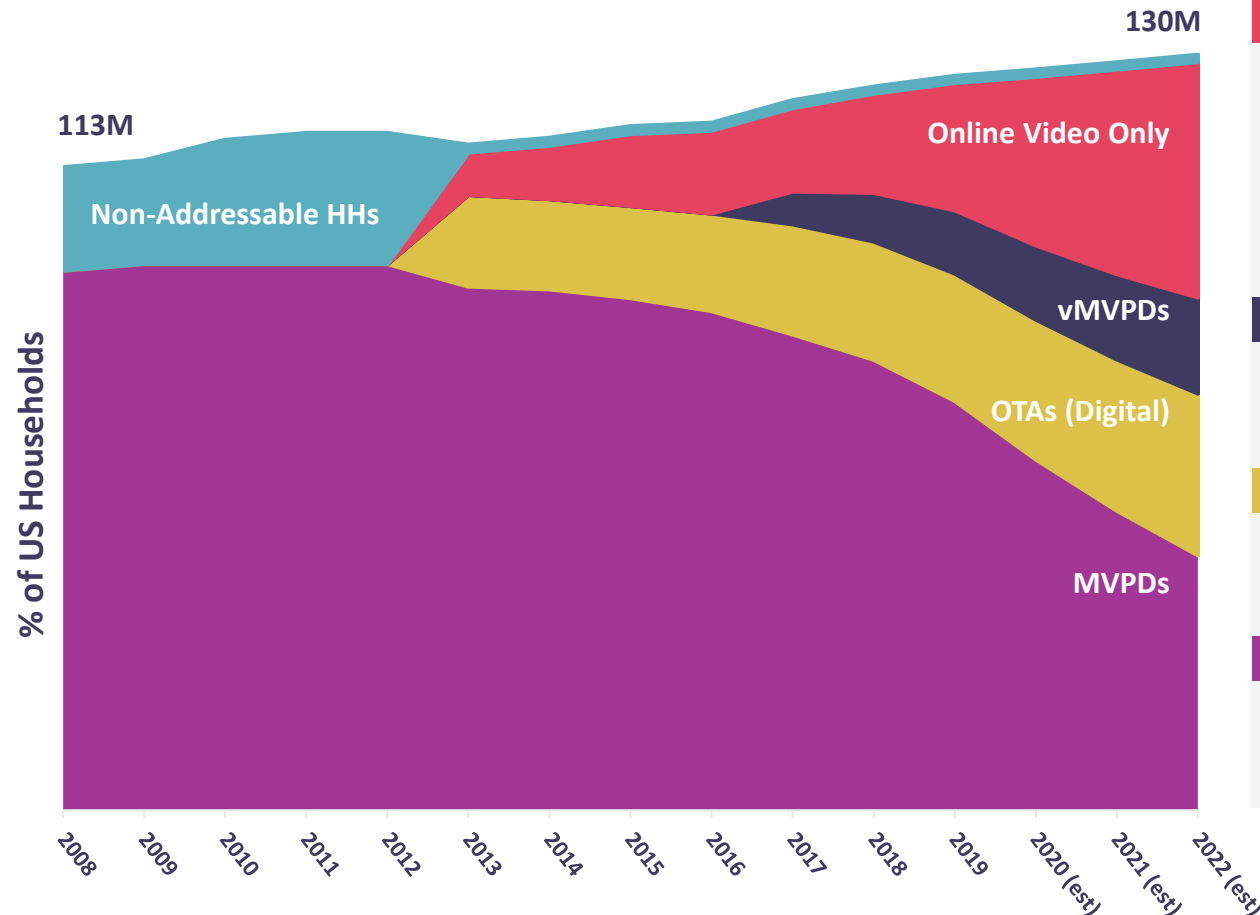


¹ Number of Customers in thousands; ² Existing customer: Customer who made a purchase in two consecutive 12 month periods; ³ New customer: Never purchased previously; ⁴ Reactivated customer: Purchased in past, but not in last 12 months

Continuing to Expand Digital Penetration

Fast growing digital, online and alternative platforms keep pace with growing addressable US households

Total Number Of US Occupied Households



Distribution Platforms

QxH Penetration²

Online Video Only

Over-The-Top Examples: Roku, Apple TV, Fire TV, Comcast Flex, Samsung TV+, Vizio, Pluto TV, Xumo
Social Video Examples: YouTube, Facebook/FB Live, Instagram/IGTV

Sector Growth Rate: 23%¹

90%

vMVPDs

Examples: AT&T TV Now, Sling, Hulu, YouTube TV, FRNDLY

Sector Growth Rate: 15%¹

12%

Over-The-Air (Digital)

Examples: Ion, Tegna, Nexstar, CBS-DABL

Sector Growth Rate: 8%¹

65%

MVPDs

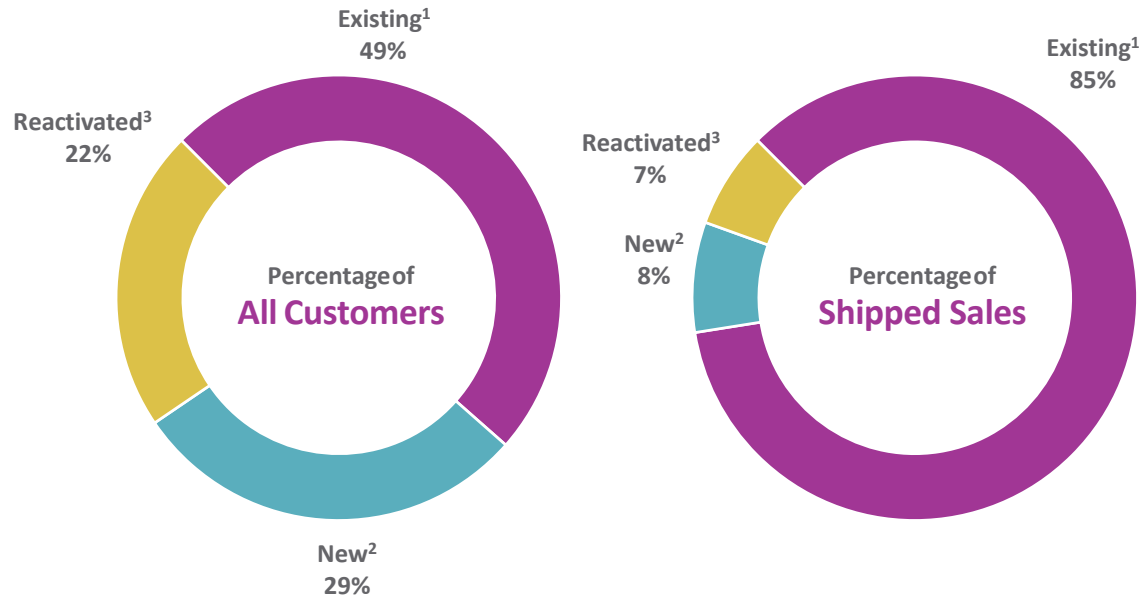
Examples: Comcast, DirecTV, Charter, Fios

Sector Growth Rate: (10%)¹

100%

Highly Attractive QxH Customer Profile

TTM June 2020



- ➡ 35-65 year old women
- ➡ Above average income and high household wealth
- ➡ Avid, savvy shopper
- ➡ Highly engaged with family and life
- ➡ Hobbies include travel, cooking, gardening
- ➡ High customer retention at nearly 90%⁴

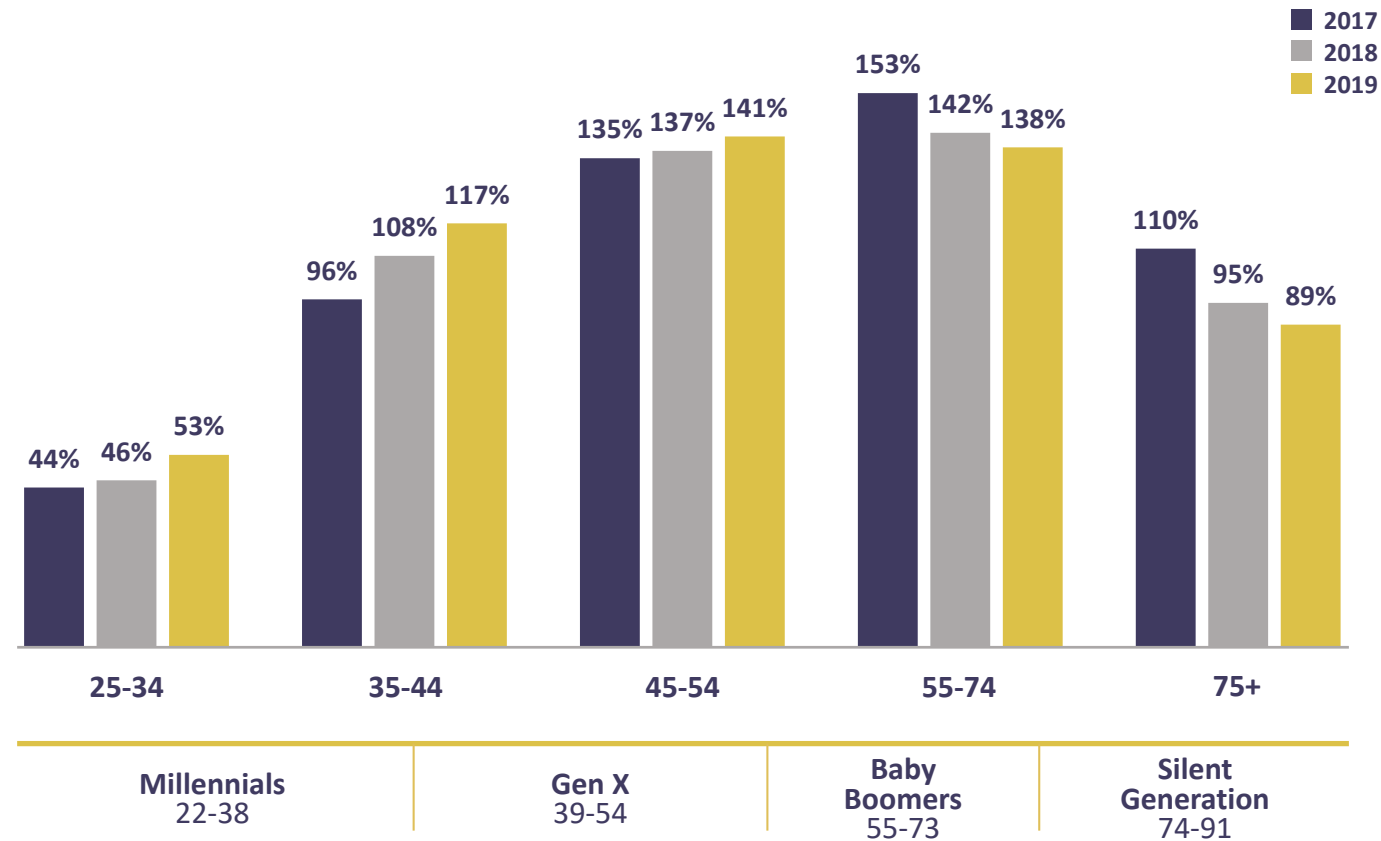
Existing Customers

Annual Purchases: **27** Items purchased | **\$1.4K** Spend

QxH New Customers Trending Younger

Average Customer Age at QxH Has Been Stable to Slightly Younger

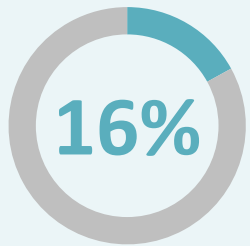
Index to Total Population,
12 Months Ended September 2019



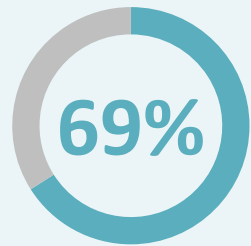
Powered by Super Users – QVC US Example

Best Customer

20+ Purchases In The Last 12 Months



OF ALL CUSTOMERS



OF SHIPPED SALES

69

ITEMS PER YEAR

\$3.4K

AVERAGE SPEND

97%

RETENTION

35

WEB VISITS PER MONTH

18

DAYS TUNING INTO
QVC TV PER MONTH²

Best Customers Join Every Year

Viewer & Visitor
Reach

69M³

TV VIEWERS

163M

DIGITAL VISITS

1.9M

MARKETING
IMPRESSIONS¹

NON-OWNED
DIGITAL
PLATFORMS

New Customers

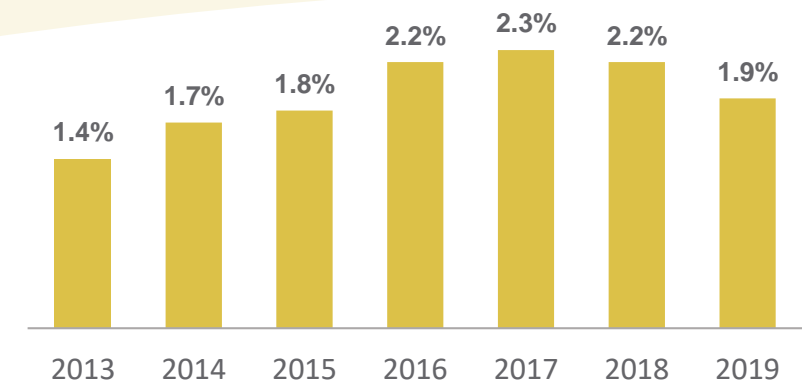
Best New
Customers

2.7M

38K
IN YEAR 1

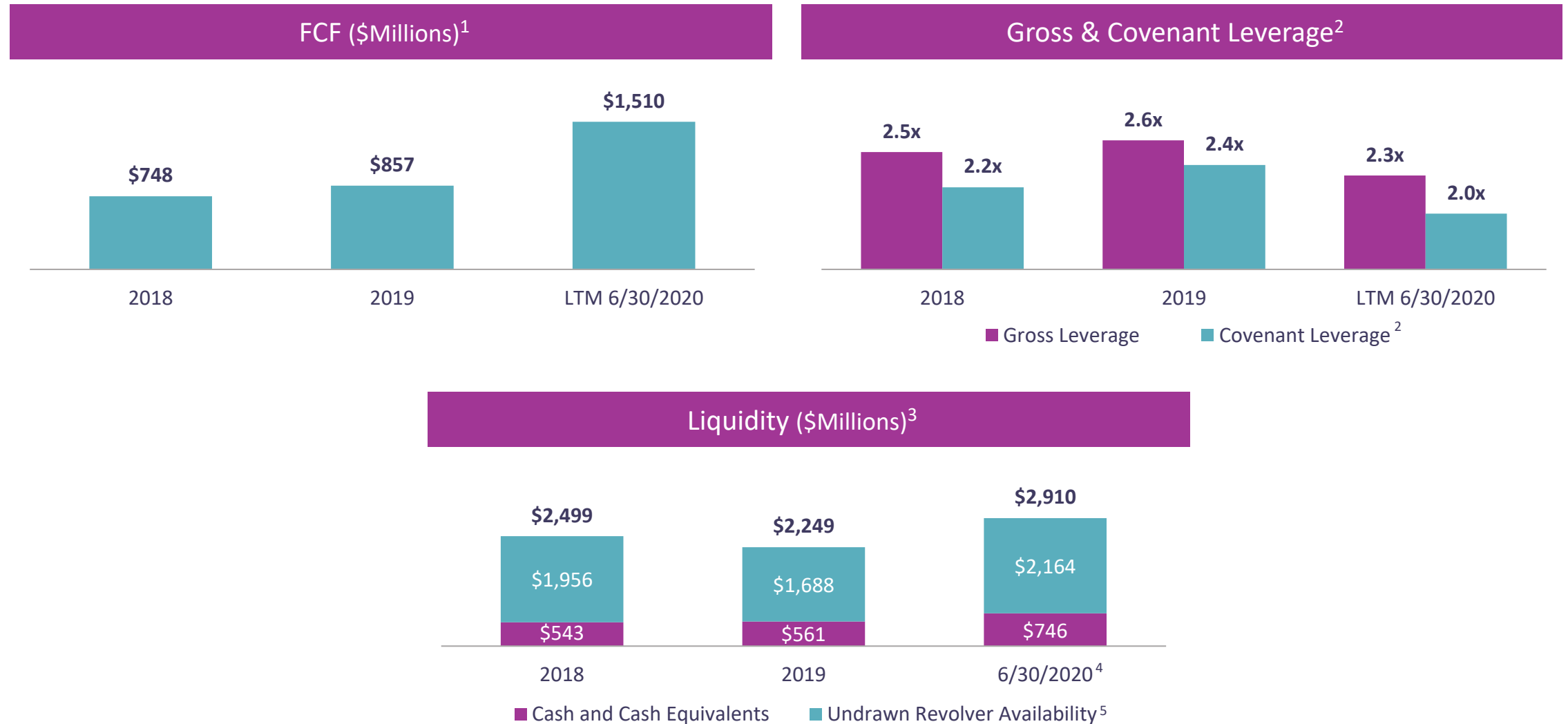
90K⁴
BY YEAR 3

New Customers Converting To
Best Customers At Stable Rates⁵



In Year One

High FCF Generation with Low Leverage



Note: Data includes QxH and QVC International financials unless otherwise noted; ¹ Free Cash Flow for QVC, Inc., reconciliation provided on page 17 (Free Cash Flow metrics are before future preferred dividends and exclude special cash dividend paid on 9/14/2020); ² Covenant Leverage Adjusted OIBDA consolidated with Zulily. Covenant Leverage calculated as defined in QVC, Inc.'s credit agreement (includes QxH, QVC International and Zulily); ³ Includes cash and cash equivalents for QVC, Inc. plus undrawn revolver availability on QVC, Inc.'s \$2.95B Credit Facility as of 6/30/2020 (Liquidity as of 6/30/2020 excludes impacts from special cash dividend paid on 9/14/2020 and cash at Qurate Retail, Inc. from the green energy asset sale). Available liquidity under the revolver is subject to the 3.5x maximum consolidated debt ratio test included in QVC's bond indentures; ⁴ 6/30/2020 cash balance pro forma for ~\$49mm of repurchase premium and fees and expenses associated with the repurchase of the 2022 Senior Notes; ⁵ Undrawn revolver excludes outstanding letters of credit

QRI Preferred Stock

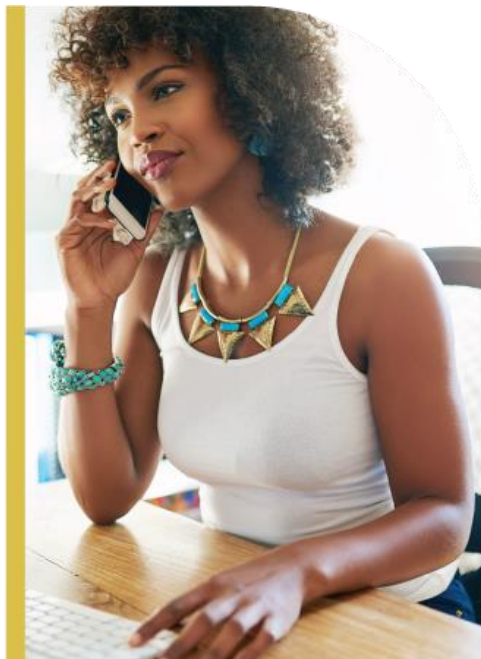
On September 14, Qurate Retail, Inc. (“QRI”) completed the preferred stock dividend distribution of \$3.00 per QRTEA/B share (\$1.25B in aggregate¹); this action reflects management’s continued confidence in QRI’s strong cash flow generating capability to deliver sustained benefits to shareholders

Rationale

- Effectively dividing common stock into more bond-like instrument and more levered common equity
- Attractive security with longer tenor and compelling after-tax rate for shareholders who elect to hold
- Highlights management and board of directors’ confidence in strong free cash flow generation at QRI, even after preferred dividends
- Ability to attract new investor base, including fixed income investors

Preferred Stock Overview

- Non-voting with 8.0% dividend rate, paid quarterly
- Mandatory redemption date of March 15, 2031
 - Non-Call 5 (other than Extraordinary Transactions); after 5 years, callable at par plus half the distribution rate and stepping down annually
- Certain comparisons to subordinated debt:
 - Penalty for missed payments: rate step-ups (a preferred cannot enforce creditor rights); after consecutive dividend delinquencies or a missed redemption/liquidation payment, investors begin to receive right to elect board seat(s), subject to certain restrictions
 - Restricted payment limitations: Unable to pay dividends to common or repurchase common shares unless all accumulated preferred distributions satisfied
 - Ranking: senior to common, junior to all other debt in capital structure
- Trades on NASDAQ under ticker “QRTEP”



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RETAIL, INC.

Appendix

QVC, Inc. Adjusted OIBDA Reconciliations

(\$ in millions)	2018	2019	LTM 6/30/20
Operating Income	\$1,512	\$1,327	\$1,287
Depreciation & Amortization	\$411	\$468	\$456
Stock-based Compensation	\$46	\$39	\$35
Impairment of Intangibles	\$30	\$147	\$147
Transaction-Related Costs	\$60	\$1	—
Adjusted OIBDA	\$2,059	\$1,982	\$1,925
Revenue	\$11,282	\$10,986	\$11,121
Adjusted OIBDA Margin	18.3%	18.0%	17.3%

QVC, Inc. Adjusted OIBDA Reconciliations (cont'd)

(\$ in millions)	2Q19	3Q19	4Q19	1Q20	2Q20	LTM 6/30/20
Operating Income	\$365	\$330	\$306	\$270	\$381	\$1,287
Depreciation & Amortization	\$124	\$112	\$114	\$114	\$116	\$456
Stock-based Compensation	\$11	\$10	\$9	\$6	\$10	\$35
Impairment of Intangibles	–	–	\$147	–	–	\$147
Transaction-Related Costs	\$1	–	–	–	–	–
Adjusted OIBDA	\$501	\$452	\$576	\$390	\$507	\$1,925
Revenue	\$2,514	\$2,504	\$3,467	\$2,427	\$2,723	\$11,121
Adjusted OIBDA Margin	19.9%	18.1%	16.6%	16.1%	18.6%	17.3%
QxH Adjusted OIBDA	\$395	\$346	\$443	\$293	\$388	\$1,470
QVC Int'l Adjusted OIBDA	\$106	\$106	\$133	\$97	\$119	\$455

QVC, Inc. Free Cash Flow Reconciliation

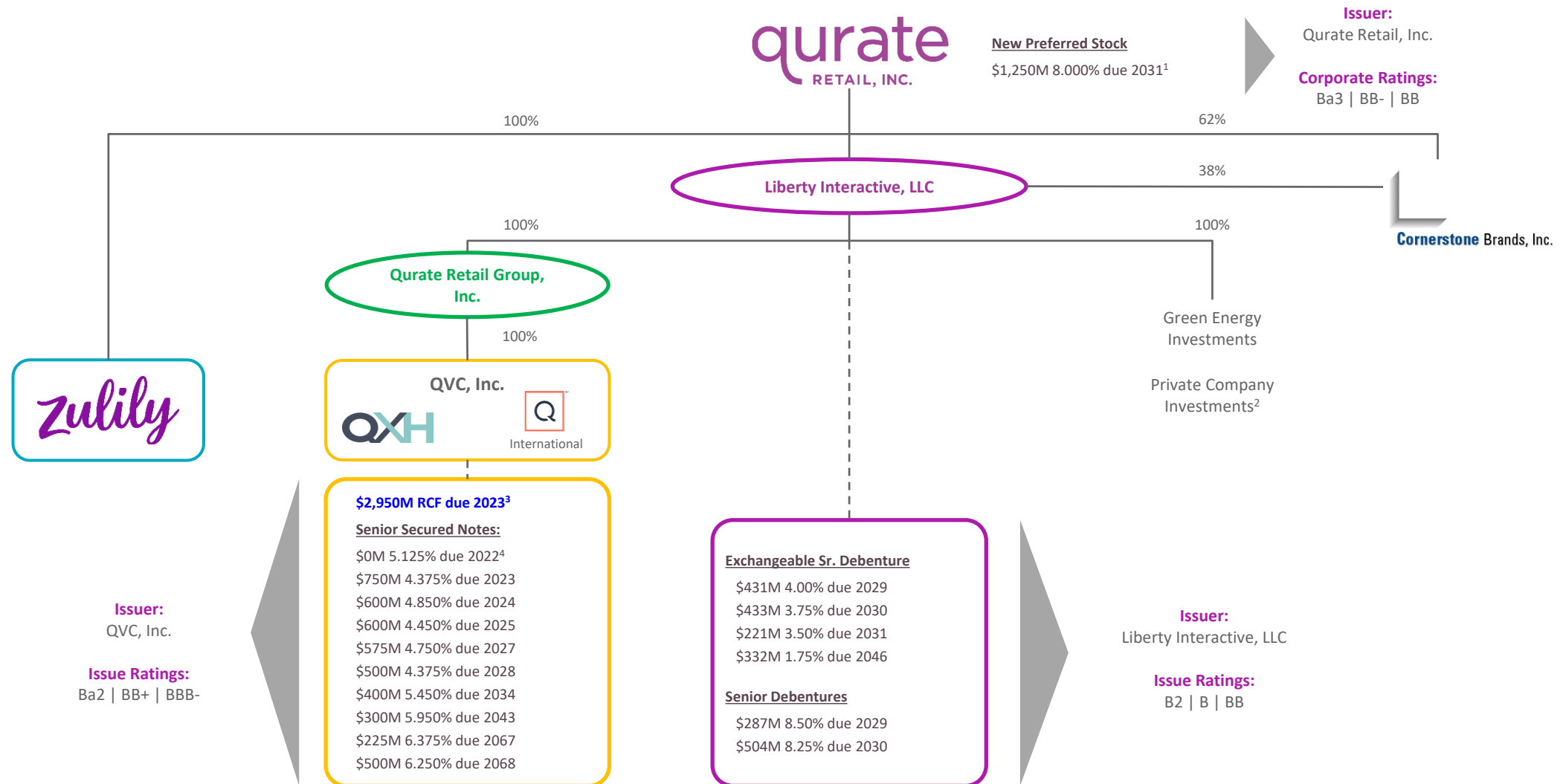
(\$ in millions)	2018	2019	LTM 6/30/20	6 Months Ending 6/30	
				2019	2020
Net Cash Provided by Operating Activities	\$1,156	\$1,322	\$1,802	\$699	\$1,179
Capital Expenditures	(228)	(291)	(230)	(153)	(92)
Expenditures for Television Distribution Rights	(140)	(134)	(20)	(124)	(10)
Investments in and Loans to Cost and Equity Investees	0	0	0	0	0
Dividends Paid to Non-controlling Interest	(40)	(40)	(42)	(28)	(30)
Free Cash Flow	\$748	\$857	\$1,510	\$394	\$1,047

Note: Free Cash Flow metrics are before future preferred dividends and exclude special cash dividend paid on 9/14/2020

Qurate Retail, Inc. Adjusted OIBDA Reconciliations

(\$ in millions)	2019	LTM 6/30/20	6 Months Ending 6/30	
			2019	2020
Qurate Retail, Inc. Operating Income	\$184	\$196	\$624	\$636
Plus: Depreciation and amortization	606	581	311	286
Plus: Stock-based compensation	71	61	37	27
Plus: Impairment of intangible assets	1,167	1,167	-	-
Plus: Transaction related costs	1	-	1	-
Qurate Retail, Inc. Adjusted OIBDA	\$2,029	\$2,005	\$973	\$949

Qurate Retail, Inc. Organizational Structure



Qurate Retail, Inc. Pro Forma Capitalization

(\$M)	Ratings	Maturity	Spread	Amount	xAdj. OIBDA
	Corp: Ba3 / BB- / BB (Stable / Negative / Stable)				
<u>QVC Inc.</u>					
Cash & Cash Equivalents at OpCo ¹				\$746	
\$2.95bn QVC / HSN / Zulily Revolving Credit Facility	Ba2 / BB+ / BBB-	Dec-23	L + 1.25 - 1.75%	-	
5.125% Senior Secured Notes	Ba2 / BB+ / BBB-	Jul-22	5.125%	-	
4.375% Senior Secured Notes	Ba2 / BB+ / BBB-	Mar-23	4.375%	750	
4.850% Senior Secured Notes	Ba2 / BB+ / BBB-	Apr-24	4.850%	600	
4.450% Senior Secured Notes	Ba2 / BB+ / BBB-	Feb-25	4.450%	600	
4.750% Senior Secured Notes	Ba2 / BB+ / BBB-	Feb-27	4.750%	575	
4.375% Senior Secured Notes	Ba2 / BB+ / BBB-	Sep-28	4.375%	500	
5.450% Senior Secured Notes	Ba2 / BB+ / BBB-	Aug-34	5.450%	400	
5.950% Senior Secured Notes	Ba2 / BB+ / BBB-	Mar-43	5.950%	300	
6.375% Senior Secured Notes	Ba2 / BB+ / BBB-	Sep-67	6.375%	225	
6.250% Senior Secured Notes	Ba2 / BB+ / BBB-	Nov-68	6.250%	500	
OpCo Total Debt				\$4,450	2.3x
OpCo Net Debt				\$3,704	1.9x
QVC, Inc. LTM 6/30/2020 Adjusted OIBDA				\$1,925	
Zulily Cash & Cash Equivalents				3	
Corporate and Other Cash & Cash Equivalents				150	
<u>Liberty Interactive LLC</u>					
8.500% Senior Debentures	B2 / B / BB	Jul-29	8.500%	287	
8.250% Senior Debentures	B2 / B / BB	Feb-30	8.250%	504	
4.000% Exchangeable Senior Debentures	B2 / B / BB	Nov-29	4.000%	431	
3.750% Exchangeable Senior Debentures	B2 / B / BB	Feb-30	3.750%	433	
3.500% Exchangeable Senior Debentures	B2 / B / BB	Jan-31	3.500%	221	
1.750% Exchangeable Senior Debentures	B2 / B / BB	Sep-46	1.750%	332	
Total Debt				\$6,658	3.3x
Total Net Debt				\$5,759	2.9x
<u>Qurate Retail, Inc.</u>					
New 8.0% Cumulative Redeemable Preferred Stock ²		Mar-31	8.000%	1,250	
Total Debt + Preferred				\$7,908	3.9x
Total Net Debt + Preferred				\$7,009	3.5x
Qurate Retail, Inc. LTM 6/30/2020 Adjusted OIBDA				\$2,005	

Note: Data as of 6/30/2020, pro forma for repurchase of Senior Secured Notes due 2022 and issuance of Senior Secured Notes due 2028; cash before preferred dividends; ¹ Includes cash at QVC, Inc. only and pro forma for ~\$49M of repurchase premium and fees and expenses associated with the repurchase of the 2022 Senior Notes; ² Initial liquidation value for the preferred stock as of 9/15/2020