



qurate
RETAIL, INC.

Curated Experiences.
Infinite Possibilities.®

Qurate Retail Company Overview

September 2020

Disclaimers

This presentation includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about the anticipated cash and preferred stock dividend 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"), 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 QRI 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 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, including its most recent Forms 10-K and 10-Q, for additional information about QRI and about the risks and uncertainties related to its businesses which may affect the statements made in this presentation.

This presentation includes non-GAAP financial measures including adjusted OIBDA, free cash flow, and constant currency. With respect to adjusted OIBDA 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 10, 2020, as well as earnings press releases relating to prior periods, all of which are available on our website.

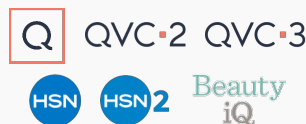
This presentation includes reference to free cash flow, which is a non-GAAP financial measure for QRI. QRI defines free cash flow as cash flows from operating activities less capital expenditures, expenditures for television distribution rights, investments in and loans to cost and equity investees and 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 measure. 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 20 of this presentation.

Business Update

Direct-To-Consumer Shopping Experiences At Scale



- 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:

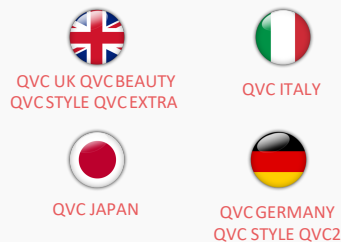


\$8.3B Revenue
18.6% Adjusted OIBDA margin²
10.6M customers
92M households
57% eCommerce³
67% mobile⁴



International ¹

- 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:



\$2.7B Revenue
16.5% Adjusted OIBDA margin²
4.6M customers
124M households
41% eCommerce³
75% mobile⁴



- Leading pure-play online retailer focused on delivering a boutique experience every day
- Operates through flash sales, desktop and mobile websites, as well as mobile applications

\$1.6B Revenue
3.1% Adjusted OIBDA margin²
5.4M customers
74% mobile⁴



Cornerstone Brands, Inc.

- Consists of a portfolio of aspirational home and apparel brands
- Prominent in the direct marketing and retail space, including catalog distribution and related websites
- The Cornerstone brands include:

FRONTGATE[®] BALLARD DESIGNS

Garnet Hill[®] grandinroad.

Ryllace[®]

\$0.9B Revenue
3.7% Adjusted OIBDA margin²
73% eCommerce³

Note: FY 2019 Data

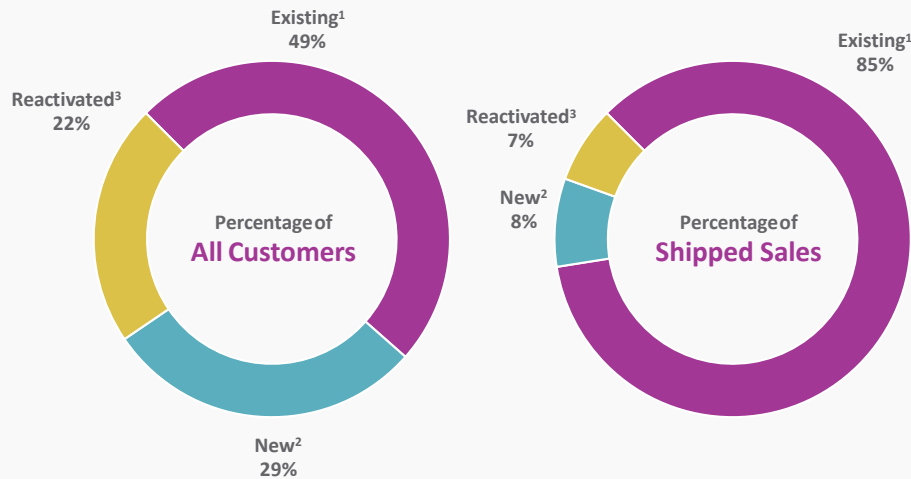
¹ Includes QVC Japan, QVC Germany, QVC UK, QVC Italy and QVC France, which terminated its operations on March 13, 2019; ² Adjusted OIBDA margin is defined as Adjusted OIBDA divided by Total Revenue

³ Represents percentage of revenue derived from eCommerce orders; ⁴ Percentage of eCommerce revenue

QURATE RETAIL, INC.

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

¹ Existing customer: Customer who made a purchase in two consecutive 12 month periods; ² New customer: Never purchased previously

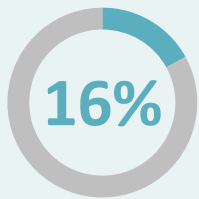
³ Reactivated customer: Purchased in past, but not in last 12 months prior to most recent purchase; ⁴ For the 12-month period ended September 2019

Powered by Super Users

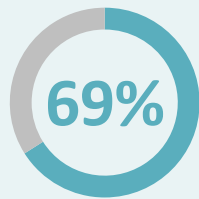
QVC US Example – 12 Months Ended June 2020

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
1.9M
MARKETING
IMPRESSIONS¹

163M
DIGITAL VISITS
NON-OWNED
DIGITAL
PLATFORMS

New Customers

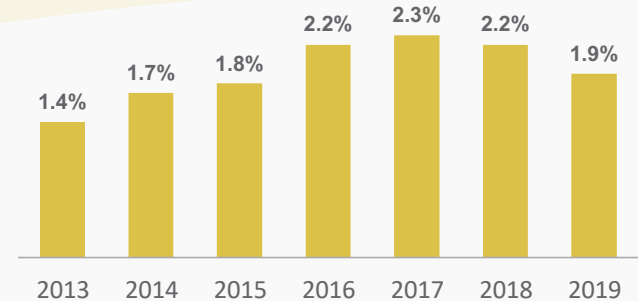
Best New
Customers

2.7M

38K
IN YEAR 1

90K⁴
BY YEAR 3

New Customers Converting To
Best Customers At Stable Rates⁵



In Year One

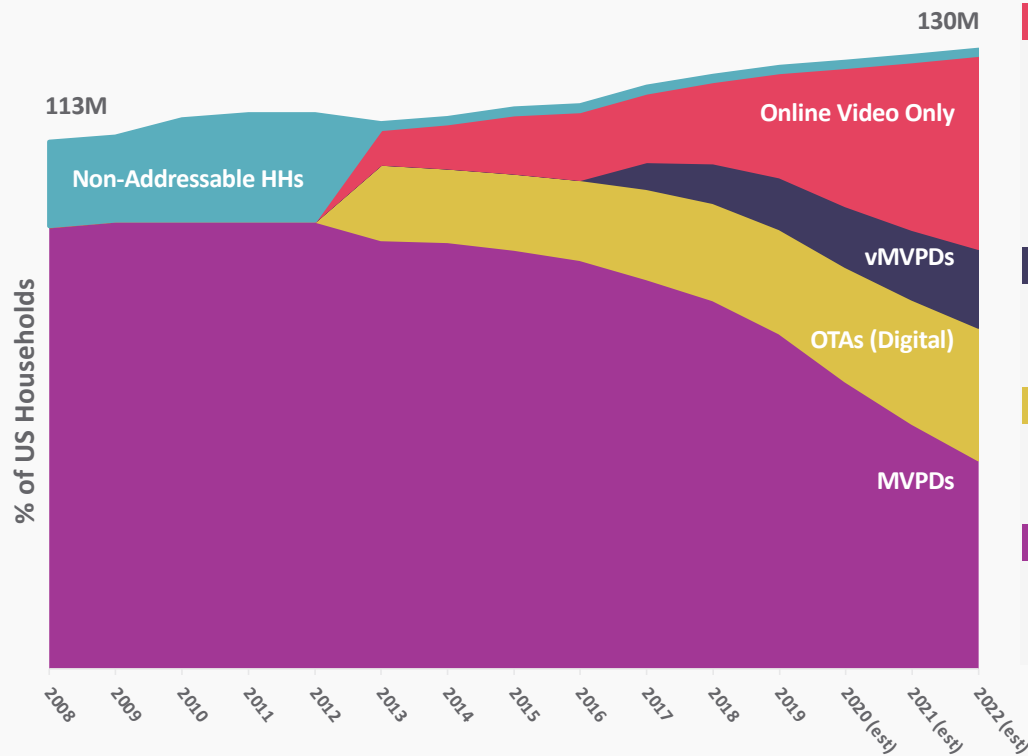
¹LTM ended September 30, 2019

² Source: Comscore Essentials: Rubik, October 2018-September 2019, U.S.- based on top 20% of monthly viewers. Includes QVC, QVC2, & QVC3; ³ Source: Comscore TV Essentials: Rubik, October 2018-September 2019

⁴ Estimate based on 2016 to 2018 conversion rate; ⁵ QVC US percent of new customers converting to best customers.

Digital Penetration

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%

Source: SNL Kagan as of April 2020, unless otherwise noted

¹ 3-year CAGR, 2019A–2022E

² December 2019 internal estimate

Financial Update

Strong Operational Performance Amidst COVID-19

| (\$M) | Q2'19 | Q2'20 | Delta |
|--------------------------------------|---------|---------|---------|
| Total Revenue | \$3,111 | \$3,422 | +10% |
| eCommerce Revenue | \$1,833 | \$2,186 | +19% |
| % of Total Revenue | 58.9% | 63.9% | +496bps |
| Adjusted OIBDA | \$513 | \$565 | +10% |
| Adjusted OIBDA Margin ⁽¹⁾ | 16.5% | 16.5% | +2bps |
| Free Cash Flow ⁽²⁾ | \$220 | \$920 | +318% |

Q2'20 Trends

- Achieved revenue growth across all business units and geographic markets with meaningful sales gains and significant new customer additions across every business unit and geographic market
- Successfully delivered content and experiences across eCommerce, video and social platforms to meet changing demands
- Adapted product offerings, merchandising, marketing and programming to be in tune with what customers have most cared about throughout the stages of the COVID-19 pandemic
- Executed a significant strategic pullback on promotional activity across all businesses to provide a better foundation for healthy, sustainable long-term growth and also to manage elevated demand

Note: Data shows 6/30/20A on a consolidated basis unless otherwise noted

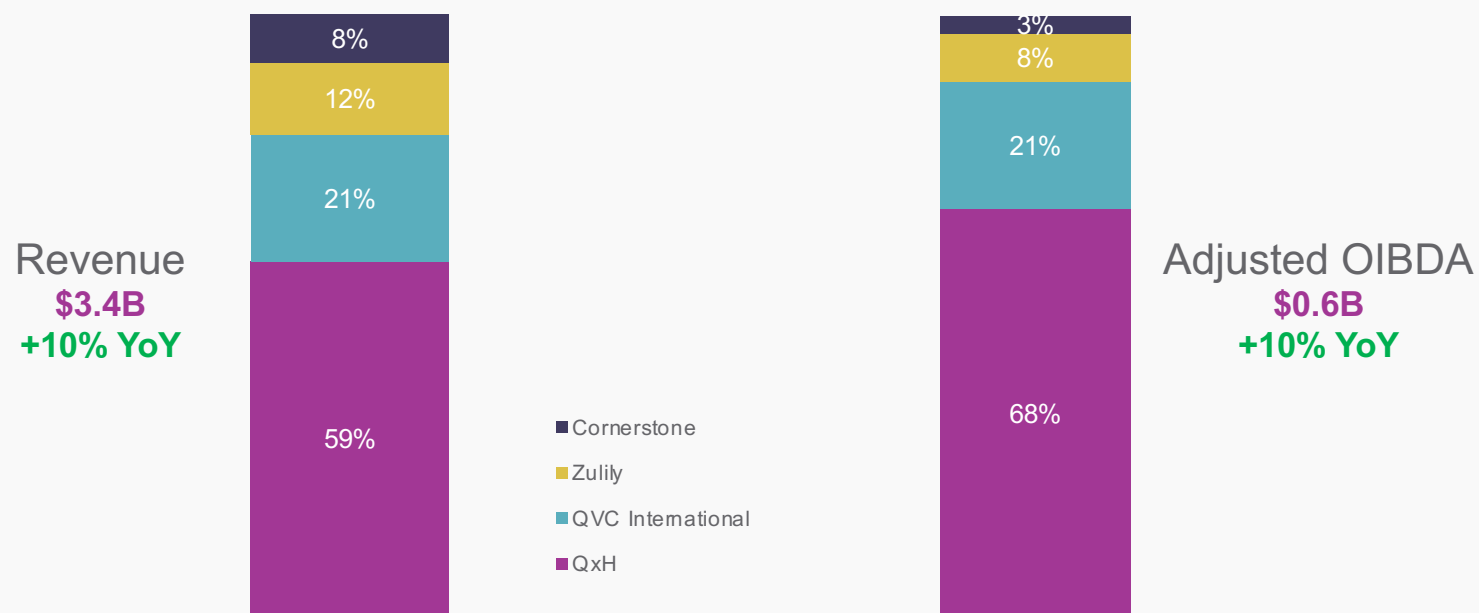
¹ Adjusted OIBDA Margin calculated as Adjusted OIBDA divided by Total Revenue

² See reconciliation on page 20 (Free Cash Flow metrics are before preferred dividends and exclude special cash dividend declared 8/21/2020)

Revenue & Adjusted OIBDA

Business Segment Contribution

Q2 2020

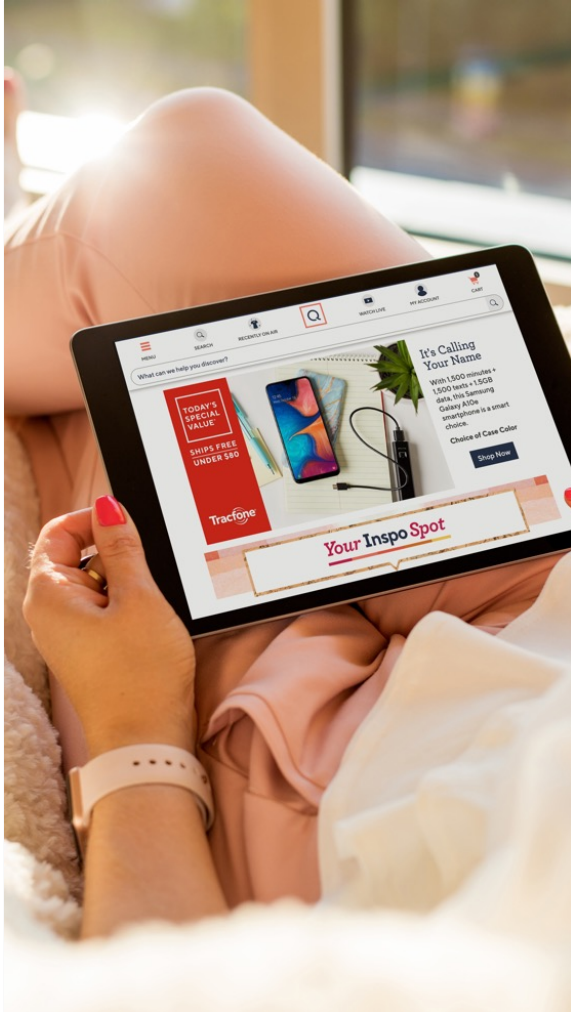


\$2.2B eCommerce Revenue

Note: Percentages exclude intersegment eliminations and unallocated corporate costs.

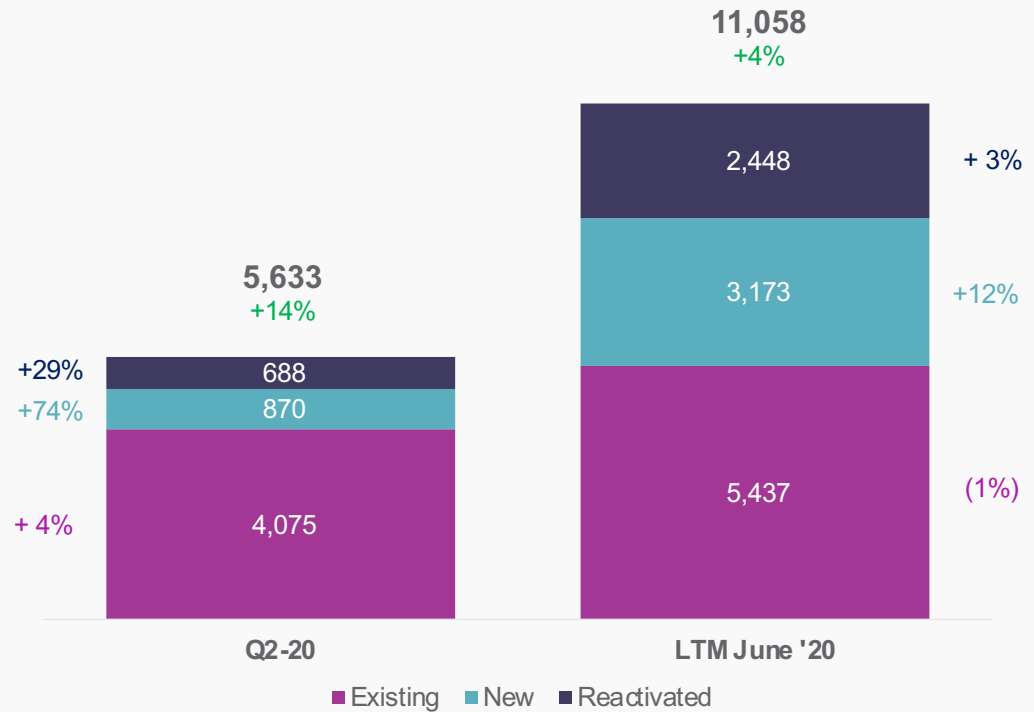
QURATE RETAIL, INC.

10



QxH Customer Growth

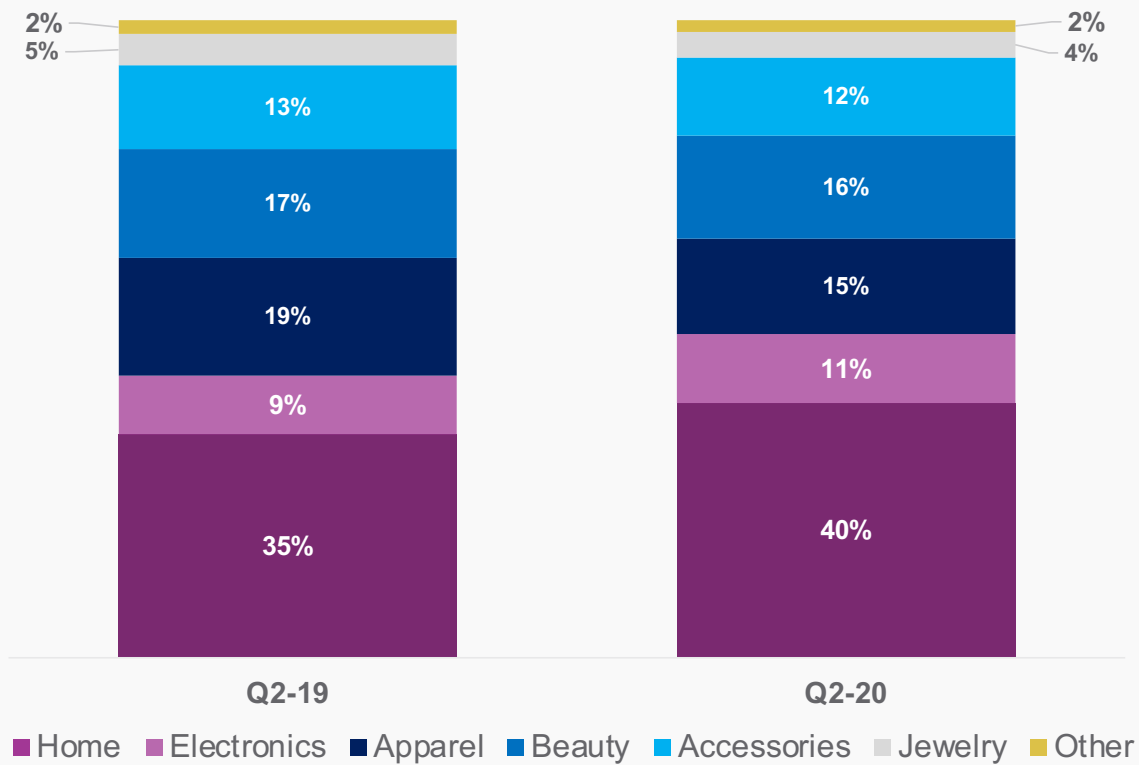
Number of Customers



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

QxH Category Mix Shift to Home and Electronics

Category % of Revenue





QxH Category Performance

Prior Year Comparative

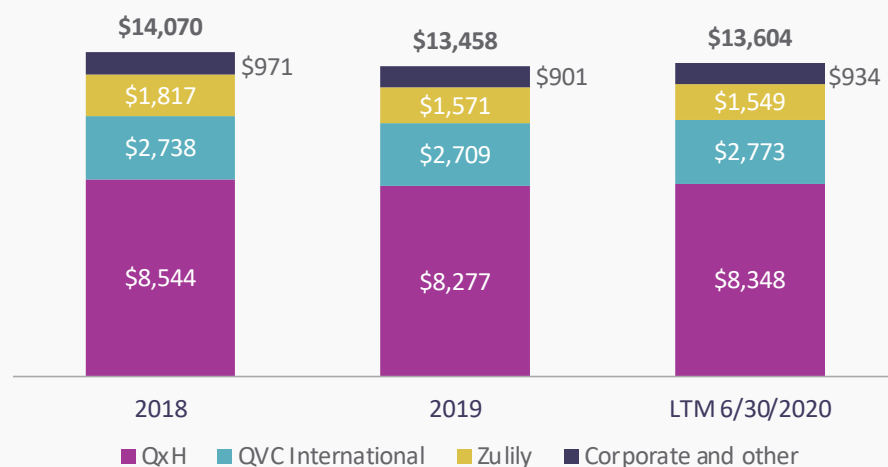
| CATEGORY | 2019 | | | | | 2020 | |
|-------------|------|----|------|----|---------|------|----|
| | Q1 | Q2 | Q3 | Q4 | FY 2019 | Q1 | Q2 |
| Home | ● | ● | ● | ● | ● | ● | ● |
| Apparel | ● | ● | ● | ● | ● | ● | ● |
| Beauty | ● | ● | ● | ● | ● | ● | ● |
| Accessories | ● | ● | ● | ● | ● | ● | ● |
| Electronics | ● | ● | Flat | ● | ● | ● | ● |
| Jewelry | ● | ● | ● | ● | ● | ● | ● |

Notable Brands

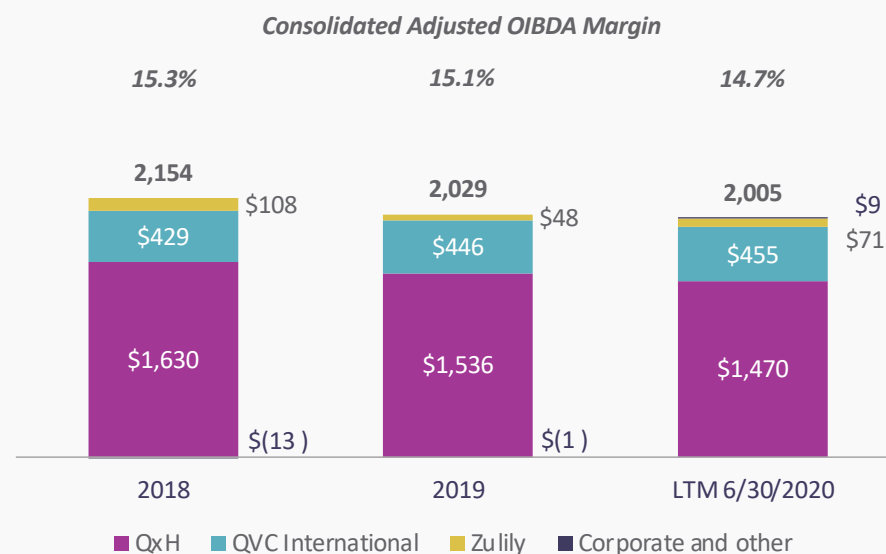


Highly Profitable and Scaled Business

Revenue (\$M)



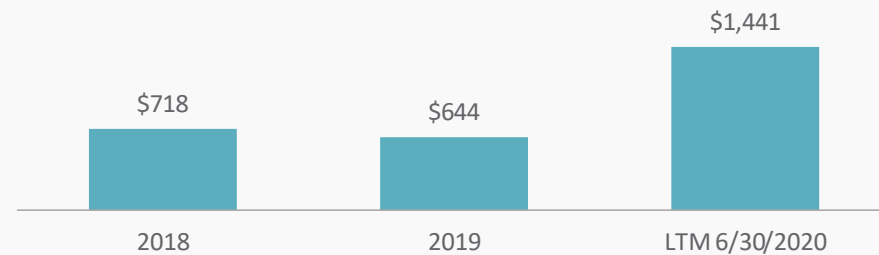
Adjusted OIBDA (\$M)



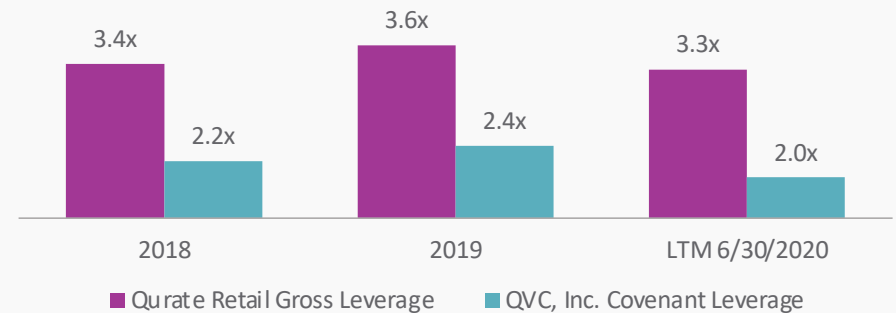
- Q2 Consolidated Adjusted OIBDA margins decreased due to the shift in category mix from apparel, accessories and jewelry to home and electronics, but was offset by higher sales volumes

High FCF Generation with Low Leverage

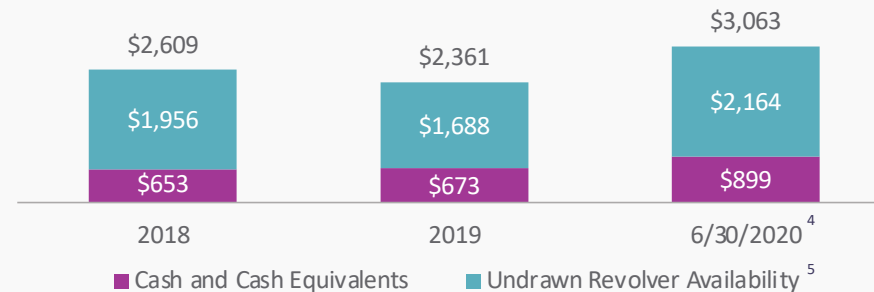
FCF (\$M)¹



Gross & Covenant Leverage²



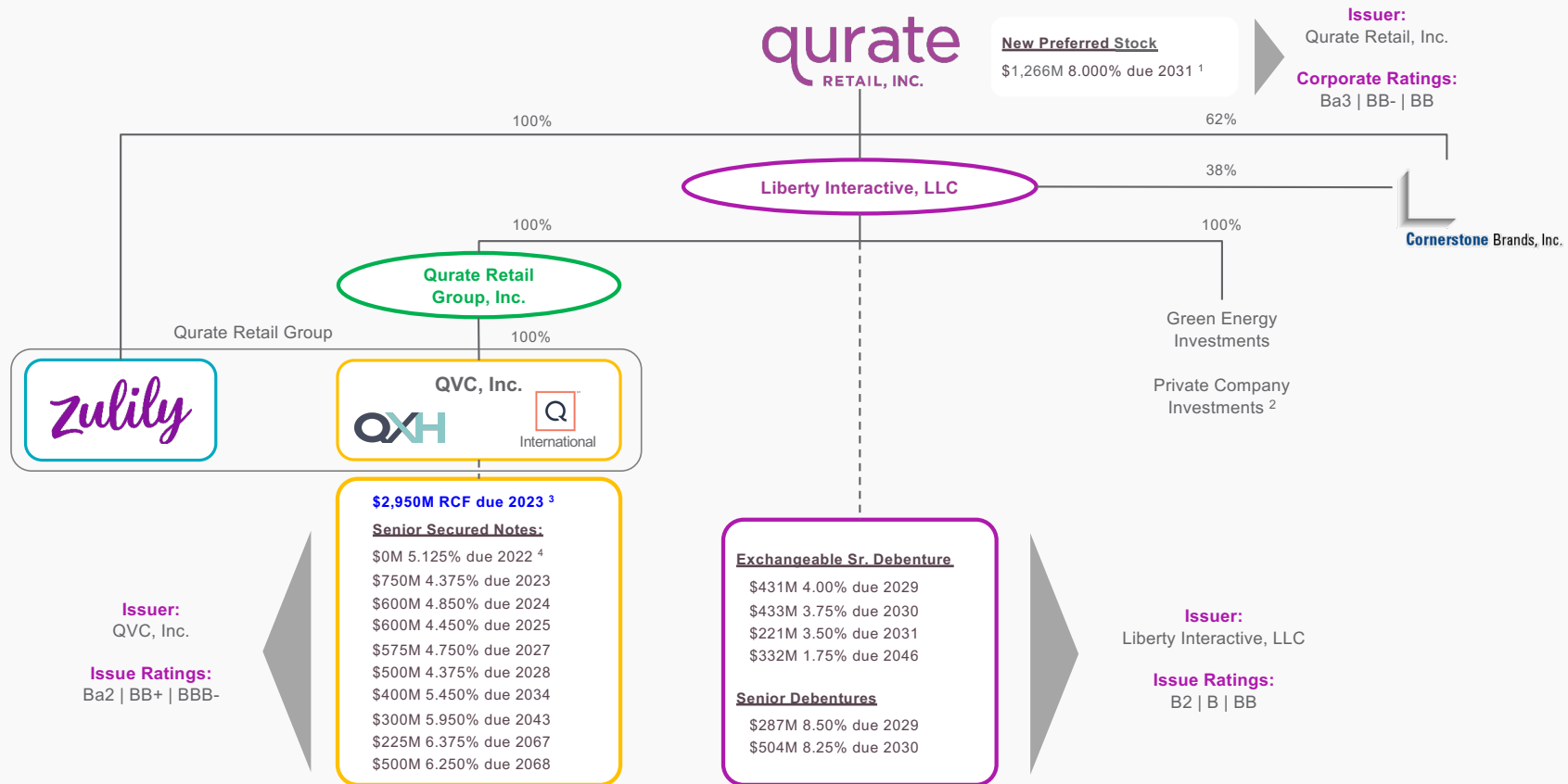
Liquidity (\$M)³



¹ See reconciliation provided on page 20 (Free Cash Flow metrics are before preferred dividends and exclude special cash dividend declared 8/21/2020); ² Gross leverage calculated on consolidated basis for Qurate Retail, Inc.; Covenant Leverage calculated as defined in QVC, Inc.'s credit agreement (includes QxH, QVC International and Zulily); ³ Includes cash and cash equivalents for Qurate Retail, Inc. plus undrawn revolver availability on QVC, Inc.'s \$2.95B Credit Facility. Available liquidity under the revolver is subject to the 3.5x maximum consolidated debt ratio test included in QVC's bond indentures; ⁴ 6/30/20 cash balance pro forma for ~\$49M of repurchase premium and fees and expenses associated with the repurchase of the 2022 Senior Notes; ⁵ Undrawn revolver excludes outstanding letters of credit

Appendix

Organizational Structure



Note: Debt amounts are as of 6/30/20. For purposes of this presentation, Qurate Retail Group consists of OxH (QVC US and HSN), QVC International and Zulily. It excludes Cornerstone Brands (Ballard Designs, Frontgate, Garnet Hill, Grandin Road and Ryllace), which is not part of the credit group governed under the QVC, Inc. Credit Facility; ¹ Estimated initial liquidation value for the preferred stock as of 8/31/2020 (final amount to be determined upon distribution); ² Private assets include, among others, Liberty Technology Venture Capital II, NetBase Solutions, Inc. and Brit + Co.; ³ \$400M of the Credit Facility has Zulily as a co-borrower; ⁴ Pro Forma for repurchase of Senior Secured Notes due 2022

Revenue & Adjusted OIBDA

Year-on-Year Quarterly Comparative

| REVENUE | | | | | | | |
|---|------|------|------|------|---------|------|-----|
| | 2019 | | | | | 2020 | |
| | Q1 | Q2 | Q3 | Q4 | FY 2019 | Q1 | Q2 |
| QxH | -4% | -1% | -4% | -3% | -3% | -4% | 7% |
| QVC International | -5% | -2% | 2% | 1% | -1% | -1% | 11% |
| QVC International (Constant Currency) | 1% | 1% | 3% | 1% | 1% | 0% | 12% |
| Zulily | -5% | -13% | -17% | -18% | -14% | -20% | 16% |
| Cornerstone | -10% | -11% | -2% | -6% | -7% | -5% | 18% |
| Total Qurate Retail, Inc. | -4% | -4% | -4% | -5% | -4% | -5% | 10% |
| Total Qurate Retail, Inc. (Constant Currency) | -3% | -3% | -4% | -5% | -4% | -5% | 10% |

| ADJUSTED OIBDA | | | | | | | |
|---|------|------|------|------|---------|-------|------|
| | 2019 | | | | | 2020 | |
| | Q1 | Q2 | Q3 | Q4 | FY 2019 | Q1 | Q2 |
| QxH | -5% | -1% | -7% | -9% | -6% | -17% | -2% |
| QVC International | -6% | 6% | 14% | 3% | 4% | -4% | 12% |
| QVC International (Constant Currency) | -1% | 10% | 15% | 3% | 6% | -3% | 13% |
| Zulily | -37% | -76% | -56% | -53% | -56% | -88% | 543% |
| Cornerstone | 0% | -26% | 157% | 100% | 57% | -167% | 50% |
| Total Qurate Retail, Inc. | -7% | -5% | -3% | -8% | -6% | -17% | 10% |
| Total Qurate Retail, Inc. (Constant Currency) | -5% | -5% | -2% | -7% | -4% | -16% | 10% |

QxH Adjusted OIBDA Margin

Basis Point Change Year Over Year

| | | Adjusted OIBDA | Explanation |
|---|--------------------|----------------|---|
| Q2-19 Margin | | 21.1% | |
| Product Margin¹ | Cost of Goods Sold | (25) | (-) Category Mix, Early Q2 Pricing Actions/S&H (+) Returns, Mid Q2 Promotional Reset |
| Fulfillment² | Cost of Goods Sold | (60) | (-) COVID Premium Pay, Pack Factor, Freight Rate Increases, Drop Ship (+) Returns, Sales Leverage |
| Obsolescence | Cost of Goods Sold | (10) | (-) Outlet Stores Closures |
| Commissions³ | Operating Expense | 35 | (+) Digital Penetration |
| Marketing | SG&A | (55) | (-) Performance Marketing |
| Bad Debt | SG&A | (10) | (-) New Customer Exposure, Potential Economic Risk (+) Provision Adjustments |
| Administrative Costs⁴ | SG&A | (40) | (-) Incentive Compensation, Severance, Charitable Donations, WFH Allowances (+) Sales Leverage, Outside Services, Travel |
| Other⁵ | Various | (15) | Miscellaneous |
| Q2-20 Margin | | 19.3% | |
| Δ vs. LY | | (180) | |

Note: All figures rounded to the nearest 5 bps

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

² Includes owned facilities warehouse and freight, Manpower and Non-Manpower expenses, and drop-ship

³ Reflects carriage agreements and off-air penetration

⁴ Includes other Manpower and Non-Manpower expenses (including bonus accrual, outside services, legal settlements, severance, remote work allowances, COVID-related costs, and travel & entertainment)

⁵ Includes miscellaneous non-material items not included in above categories

Qurate Retail, Inc. Free Cash Flow

| (\$M) | Years ended December 31, | | | 6 months ended June 30, | | 3 months ended June 30, | |
|---|--------------------------|---------|------------------------|-------------------------|---------|-------------------------|---------|
| | 2018 | 2019 | LTM (June 30, 2020) | 2019 | 2020 | 2019 | 2020 |
| Net Cash Provided by Operating Activities | \$1,273 | \$1,284 | \$1,889 | \$593 | \$1,198 | \$437 | \$1,026 |
| Less: Capital Expenditures | (275) | (325) | (266) | (167) | (108) | (106) | (63) |
| Less: Expenditures for Television Distribution Rights | (140) | (134) | (20) | (124) | (10) | (72) | (9) |
| Less: Investments in and Loans to Cost and Equity Investees | (100) | (141) | (120) | (76) | (55) | (33) | (19) |
| Less: Dividends Paid to Non-controlling Interest | (40) | (40) | (42) | (28) | (30) | (6) | (15) |
| Free Cash Flow | \$718 | \$644 | \$1,441 | \$198 | \$995 | \$220 | \$920 |

Qurate Retail, Inc. Adjusted OIBDA Reconciliation

| (\$M) | Years ended December 31, | | | 6 months ended June 30, | | 3 months ended June 30, | |
|---|--------------------------|--------------|------------------------|-------------------------|------------|-------------------------|------------|
| | 2018 | 2019 | LTM (June 30, 2020) | 2019 | 2020 | 2019 | 2020 |
| Qurate Retail, Inc. Operating Income | \$1,324 | \$184 | \$196 | \$624 | \$636 | \$336 | \$405 |
| Plus: Depreciation and amortization | 637 | 606 | 581 | 311 | 286 | 158 | 144 |
| Plus: Stock-based compensation | 88 | 71 | 61 | 37 | 27 | 18 | 16 |
| Plus: Impairment of intangible assets | 33 | 1,167 | 1,167 | - | - | - | - |
| Plus: Transaction related costs | 72 | 1 | - | 1 | - | 1 | - |
| Qurate Retail, Inc. Adjusted OIBDA | 2,154 | 2,029 | 2,005 | 973 | 949 | 513 | 565 |



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