



qurate  
RETAIL, INC.

Curated Experiences.  
Infinite Possibilities.®

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**Q3 2020**  
**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 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-K and 10-Q, 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

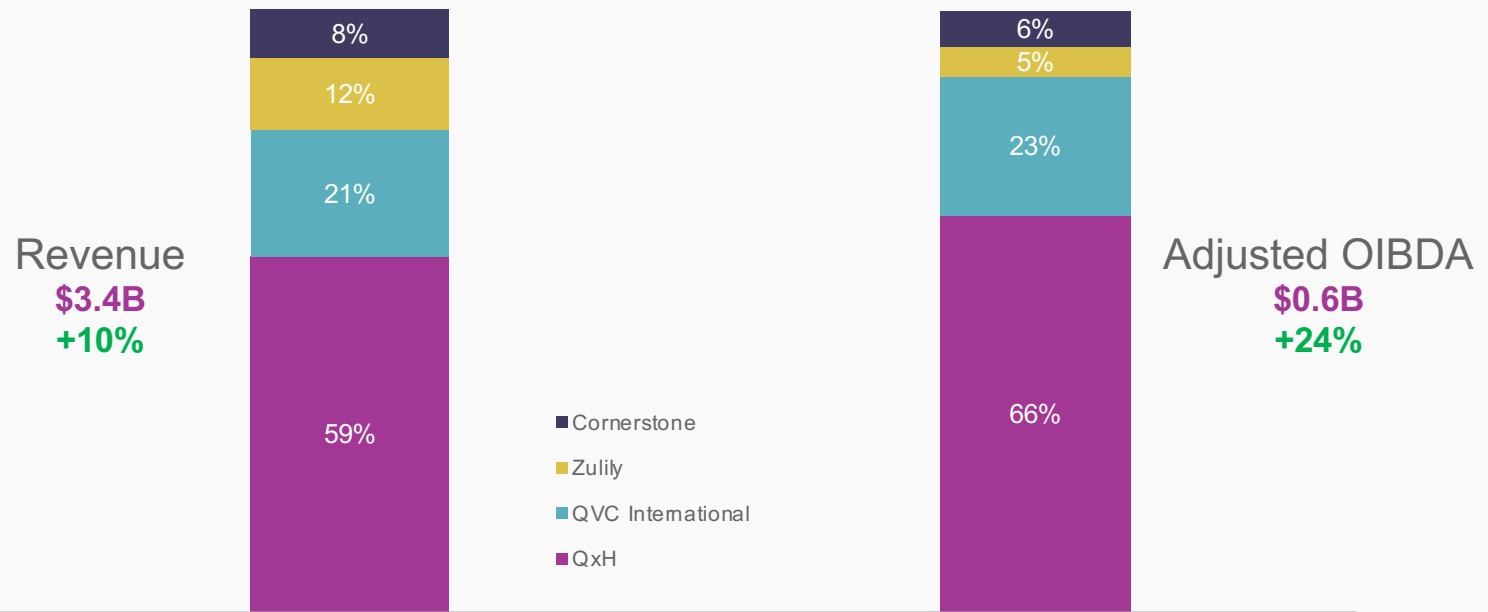
OIBDA, adjusted OIBDA margin, free cash flow, and constant currency. Information regarding the comparable GAAP metrics, along with required definitions and reconciliations, can be found in this presentation or in the earnings press release issued November 5, 2020, as well as earnings press releases relating to prior periods, all of which are available on our website. This presentation is designed to be read in conjunction with the November 5, 2020, 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 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 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 10 of this presentation.

# Revenue & Adjusted OIBDA

## Business Segment Contribution

Q3 2020



**\$2.1B** eCommerce Revenue

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

## Revenue & Adjusted OIBDA

### Year-on-Year Quarterly Comparative

REVENUE								
	2019					2020		
	Q1	Q2	Q3	Q4	FY 2019	Q1	Q2	Q3
QxH	-4%	-1%	-4%	-3%	-3%	-4%	7%	7%
QVC International	-5%	-2%	2%	1%	-1%	-1%	11%	11%
QVC International (Constant Currency)	1%	1%	3%	1%	1%	0%	12%	8%
Zulily	-5%	-13%	-17%	-18%	-14%	-20%	16%	10%
Cornerstone	-10%	-11%	-2%	-6%	-7%	-5%	18%	26%
<b>Total Qurate Retail</b>	-4%	-4%	-4%	-5%	-4%	-5%	10%	10%
Total Qurate Retail (Constant Currency)	-3%	-3%	-4%	-5%	-4%	-5%	10%	9%

ADJUSTED OIBDA								
	2019					2020		
	Q1	Q2	Q3	Q4	FY 2019	Q1	Q2	Q3
QxH	-5%	-1%	-7%	-9%	-6%	-17%	-2%	10%
QVC International	-6%	6%	14%	3%	4%	-4%	12%	25%
QVC International (Constant Currency)	-1%	10%	15%	3%	6%	-3%	13%	21%
Zulily	-37%	-76%	-56%	-53%	-56%	-88%	543%	238%
Cornerstone	0%	-26%	157%	100%	57%	-167%	50%	775%
<b>Total Qurate Retail</b>	-7%	-5%	-3%	-8%	-6%	-17%	10%	24%
Total Qurate Retail (Constant Currency)	-5%	-5%	-2%	-7%	-4%	-16%	10%	23%

Note: Percentages on a segment basis exclude intersegment eliminations and unallocated corporate costs.



## QxH Category Performance

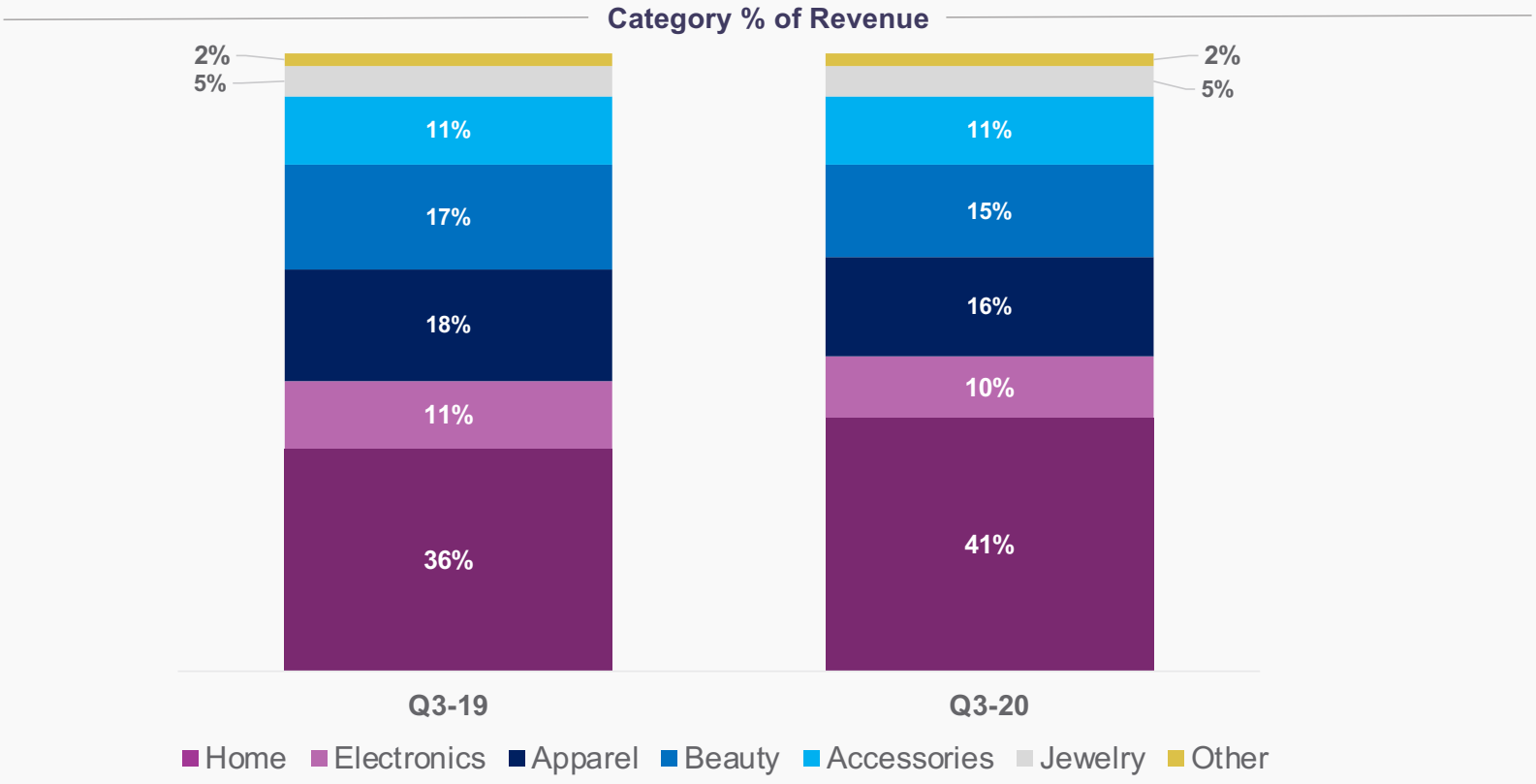
Prior-Year Comparative

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

### Notable Brands



# QxH Category Mix Shift to Home

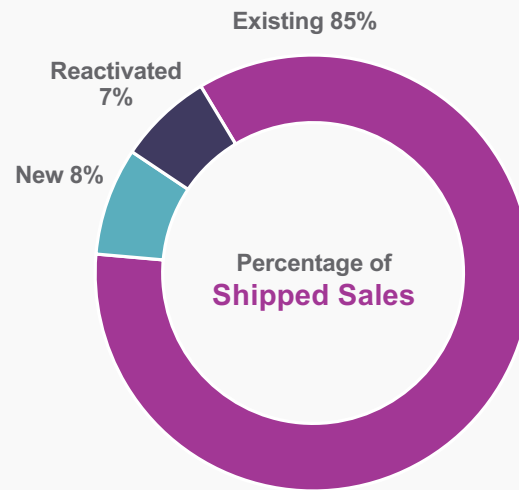
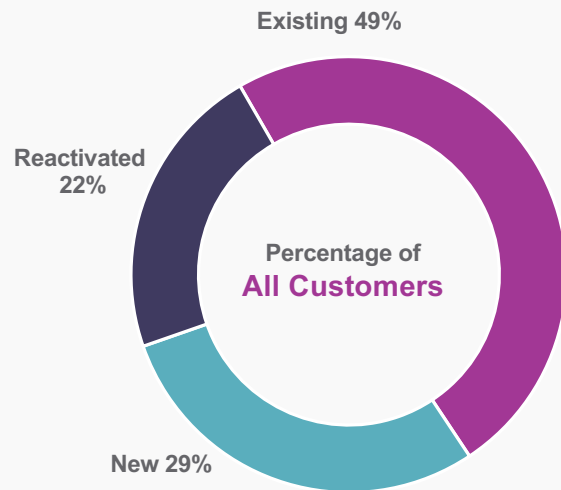


Fashion Categories:  
Home Categories:

Apparel, Beauty, Accessories and Jewelry  
Home and Electronics

# QxH Customer Profile

Trailing Twelve Months  
Ended September 2020



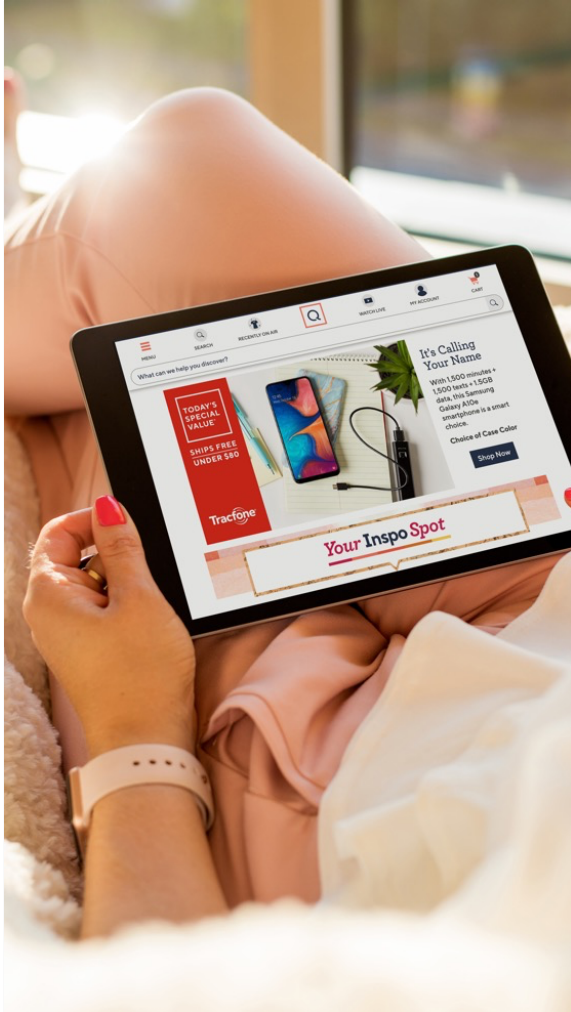
## Existing Customers

Annual Purchases: **28** Items purchased

**\$1.4K** Spend

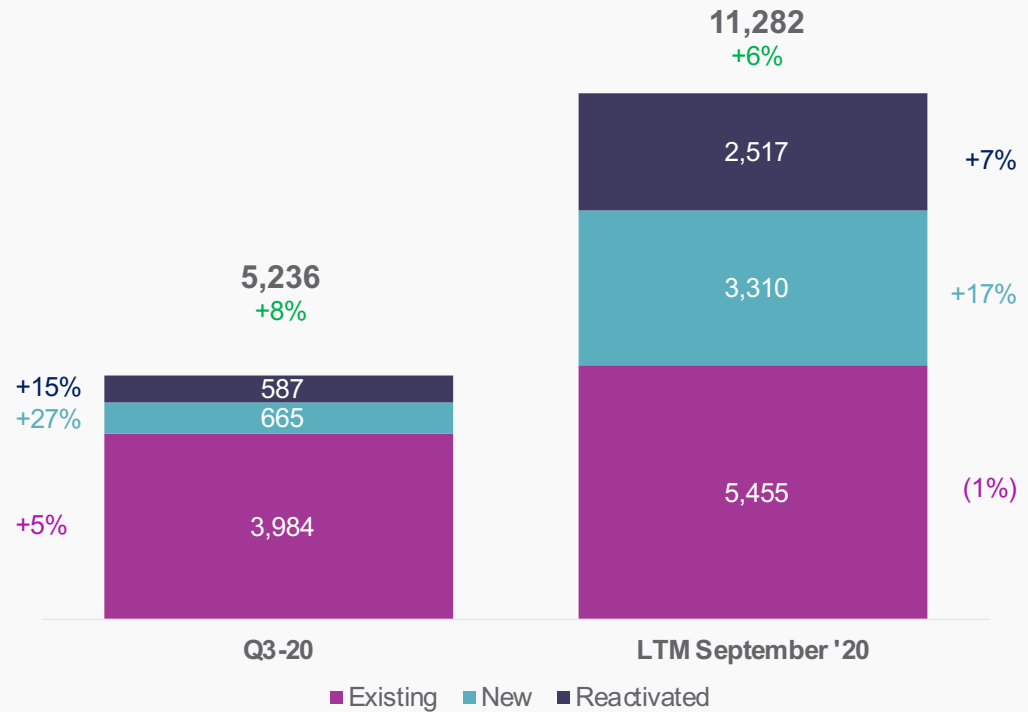
New: Never purchased previously  
Reactivated: Purchased in past, but not in last 12 months  
Existing: Made a purchase in two consecutive 12-month periods





## QxH Customer Growth

Number of Customers  
Year-on-Year Comparative



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



## QxH Adjusted OIBDA Margin

### Basis Point Change Year Over Year

		Adjusted OIBDA	Explanation
<b>Q3-19 Margin</b>		<b>18.7%</b>	
<b>Product Margin<sup>1</sup></b>	Cost of Goods Sold	220	(+) Customer Returns, Shipping & Handling Revenue, Vendor Negotiations, Pricing/Promotional Actions (-) Category Mix
<b>Fulfillment<sup>2</sup></b>	Cost of Goods Sold	(90)	(-) Freight Rates, Bethlehem-Related Duplicate Cost, Wage Rates, Pack Factor (+) Returns
<b>Obsolescence</b>	Cost of Goods Sold	(65)	(-) Transition of warehouse management system
<b>Commissions<sup>3</sup></b>	Operating Expense	30	(+) Digital Penetration
<b>Marketing</b>	SG&A	(35)	(-) Performance Marketing & Integrated Marketing Tests
<b>Bad Debt</b>	SG&A	75	(+) Provision Adjustments, Recoveries
<b>Administrative Costs<sup>4</sup></b>	SG&A	(105)	(-) Incentive Compensation (+) Sales Leverage, Cost Management
<b>Other<sup>5</sup></b>	Various	20	Miscellaneous
<b>Q3-20 Margin</b>		<b>19.2%</b>	
<b>Δ vs. LY</b>		<b>50</b>	

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> Reflects carriage agreements and off-air penetration

<sup>4</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>5</sup> Includes miscellaneous non-material items not included in above categories

## Qurate Retail, Inc. Free Cash Flow

US\$ Millions

	Nine Months Ended	
	September 2019	September 2020
Net Cash Provided by Operating Activities	910	1,855
Less: Capital Expenditures	(249)	(165)
Less: Expenditures for Television Distribution Rights	(128)	(41)
Less: Investments in and Loans to Cost and Equity Investees	(109)	(88)
Less: Dividends Paid to Non-controlling Interest	(34)	(46)
<b>Free Cash Flow</b>	<b>390</b>	<b>1,515</b>

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RETAIL, INC.

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