

qurate  
RETAIL, INC.

Curated Experiences.  
Infinite Possibilities.™

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Q1 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 and product offerings, 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 contained

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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 May 9, 2019 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 May 9, 2019 earnings release, which is available on our website.

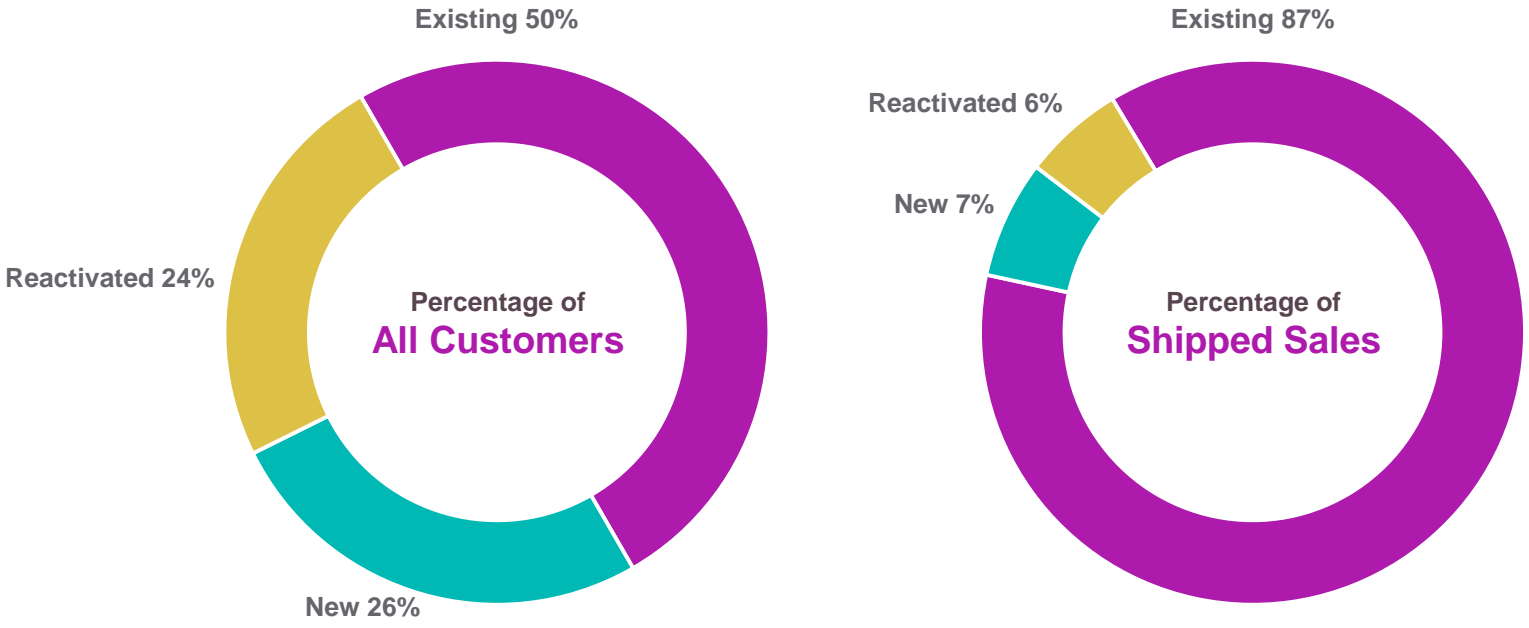
# QxH: Leveraging Competitive Strengths to Evolve in Changing Market Landscape

	MARKET TRENDS	STRATEGIC PRIORITIES
MEDIA	<p><b>Shifting Viewership Behaviors</b></p> <ul style="list-style-type: none"><li>• Growth of cord cutting &amp; cord nevers</li><li>• Decline of traditional TV viewing</li><li>• Explosion of digital media consumption</li></ul> 	<p><b>Win in Digital</b></p> <ul style="list-style-type: none"><li>• Leverage TV networks as powerful marketing channel<ul style="list-style-type: none"><li>➢ Launched BeautyiQ as first digital network</li><li>➢ Enhanced broadcast distribution and launched QVC3</li><li>➢ Optimize programming, continued growing viewership</li></ul></li><li>• Expand performance marketing</li><li>• Enhance digital shopping experiences on QxH and third party platforms</li></ul> 
COMMERCE	<p><b>Changing Competitive Dynamics</b></p> <ul style="list-style-type: none"><li>• Shift to ecommerce and new brick &amp; mortar experiences</li><li>• Ease of price comparisons and promotional intensity</li><li>• Rise of digitally native brands and social influencers</li><li>• Shortening product lifecycles</li></ul> 	<p><b>Be the Best at Product Curation &amp; Discovery</b></p> <ul style="list-style-type: none"><li>• Invest in merchandising, programming, and sourcing capabilities and processes<ul style="list-style-type: none"><li>➢ Improve speed to market</li><li>➢ Increase exclusivity, expand proprietary development</li><li>➢ Provide best value</li><li>➢ Grow digital only assortments</li></ul></li><li>• Create destination programming on air and online</li></ul> 



# QxH Customer Profile<sup>1</sup>

TTM March 2019



**EXISTING CUSTOMERS**

Annual Purchases: **28** Items purchased | **\$1.5K** Spend

<sup>1</sup> Existing customer: Customer who made a purchase in two consecutive 12 month periods  
New customer: Never purchased  
Reactivated customer: Purchased in past, but not in last 12 months

# Revenue & Adjusted OIBDA

## Year-on-Year Quarterly Comparative

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

ADJUSTED OIBDA						
	Q1	Q2	Q3	Q4	FY 2018	Q1 2019
QxH	-4%	-2%	4%	-6%	-3%	-5%
QVC International	9%	-7%	-6%	-12%	-5%	-6%
QVC International (Constant Currency)	-1%	-12%	-7%	-11%	-8%	-1%
Zulily	80%	12%	50%	-11%	19%	-37%
Cornerstone	-50%	-10%	-200%	-50%	-54%	0%
<b>QURATE RETAIL TOTAL</b>	0%	-3%	0%	-9%	-4%	-7%
<b>QURATE RETAIL TOTAL (Constant Currency)</b>	-2%	-3%	0%	-8%	-4%	-5%

<sup>1</sup> Excludes private label credit card income for 2018 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%

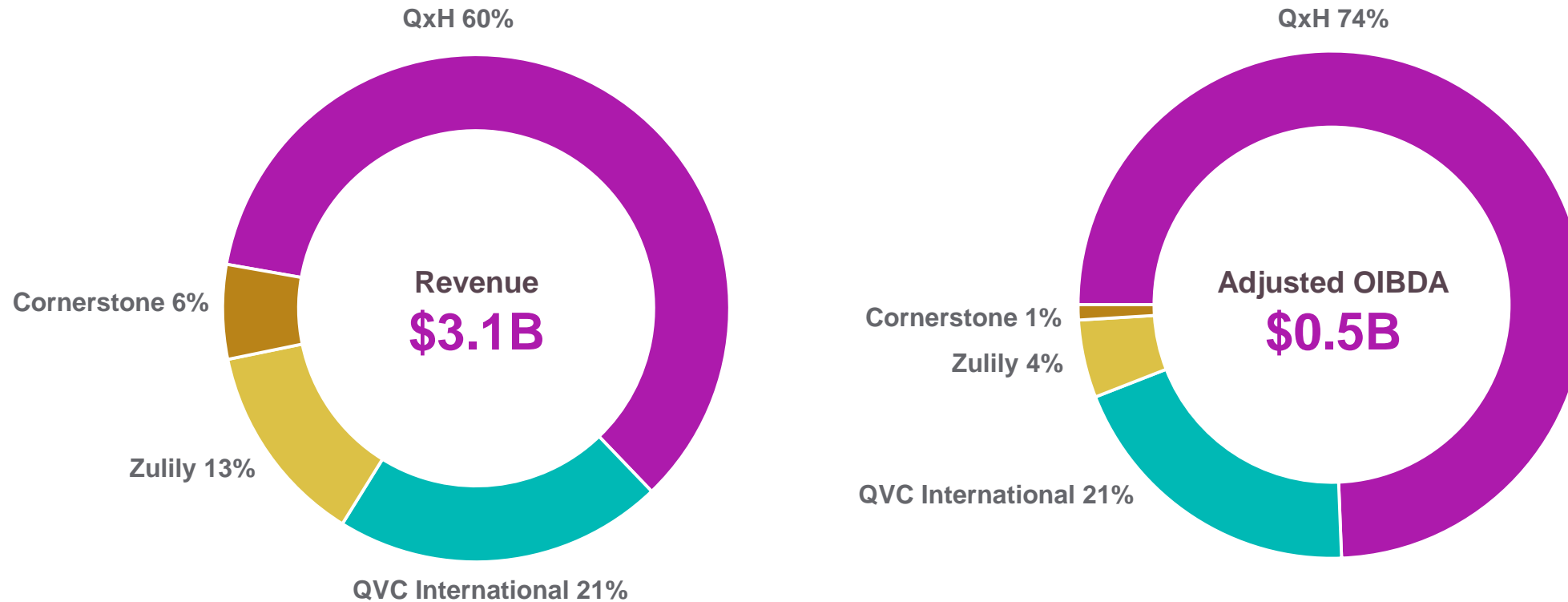
<sup>4</sup> Qurate Retail Total as reported for 2018: Q1 through Q4 is 4%, 2%, 2%, and 1%, respectively. Full year is 2%

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

# Revenue and Adjusted OIBDA

## Business Segment Contribution

Q1 2019



**\$1.8B** eCommerce Revenue

Note: Percentages exclude intersegment eliminations and unallocated corporate costs



# QxH Category Performance

Prior Year Comparative

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

## NOTABLE BRANDS



# QxH Adjusted OIBDA Margin Year-on-Year Performance

Basis Point Change

CONTRIBUTING FACTOR	Q1 2019
Product Mix Impact <sup>1</sup>	40
Inventory Management <sup>2</sup>	(90)
Fulfillment <sup>3</sup>	(70)
Commissions <sup>4</sup>	140
Marketing	(30)
Other <sup>5</sup>	(10)
<b>TOTAL</b>	<b>(20)</b>

<sup>1</sup> Includes initial margin, in-period returns, S&H revenue, ASP leverage, freight (drop ship), bad debt

<sup>2</sup> Includes obsolescence reserve adjustments from inventory replenishment and liquidations, including exited brands (HSN)

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

<sup>4</sup> Includes accounting changes, synergies from renegotiated contracts, and shift to digital

<sup>5</sup> Includes customer service, freight (owned facilities), SG&A deleverage, returns reserve adjustment, and other

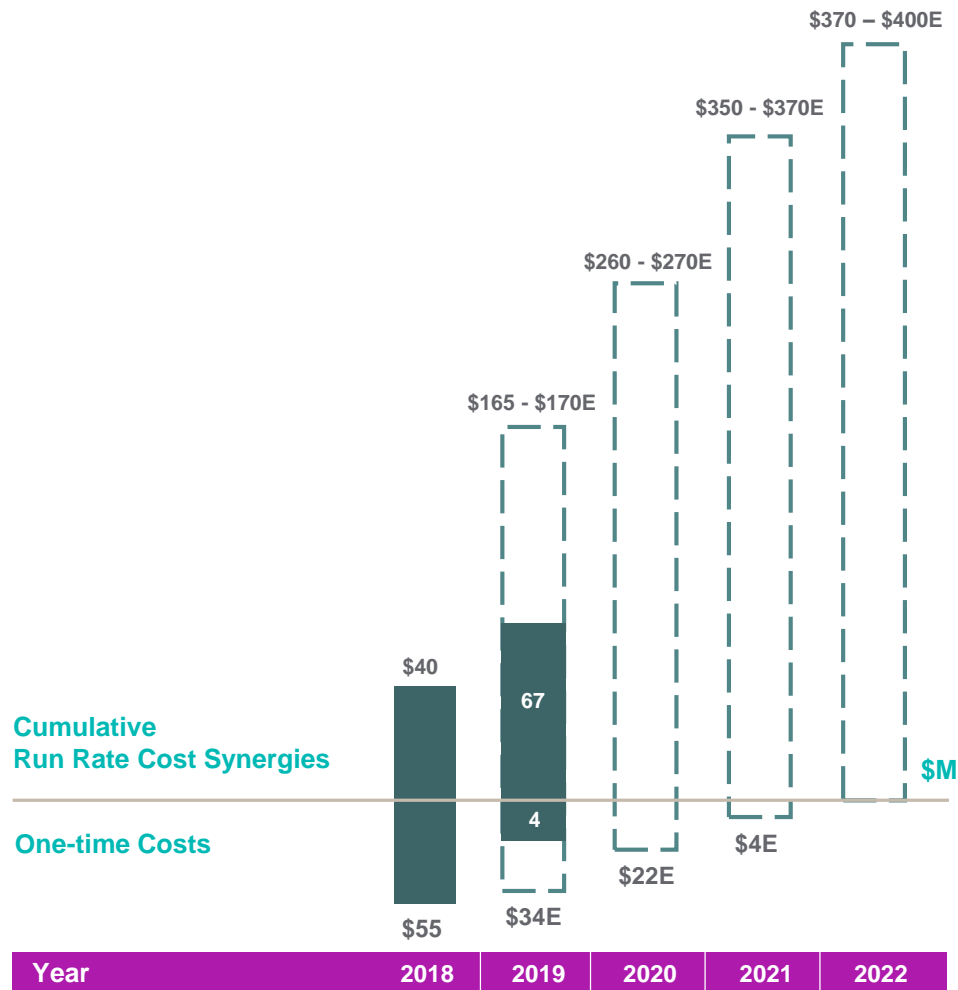
Note: All figures rounded to the nearest 5 bps





# QxH Cumulative Synergies Update

Q1 2019



	2018	2019
<b>Cumulative Run Rate Cost Synergies</b>		
Included in Adjusted OIBDA	32	59
Below Adjusted OIBDA	8	8
	40	67

	2018	2019
<b>One-Time Costs</b>		
Included in Adjusted OIBDA	(4)	(4)
Below Adjusted OIBDA	(51)	0
	(55)	(4)

	2018	2019
<b>Net Synergies</b>		
Included in Adjusted OIBDA	28	55
Below Adjusted OIBDA	(43)	8

<b>TOTAL NET SYNERGIES</b>	<b>(15)</b>	<b>63</b>
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