



# Virtual Investor Day

November 19, 2021

qurate  
RETAIL, INC.

# Disclaimers

## **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 business strategies and priorities (including opportunities for growth, future business investments and capital allocation), stock repurchases, projected sources and uses of cash (including uses of free cash flow and return of free cash flow to stockholders), the impact of COVID-19, market potential, future financial performance, the impact of purchase accounting relating to acquisitions, market conditions, sales demand, customer growth, trends in digital video consumption, new services and product offerings and launches, the realization of estimated and expected synergies from prior acquisitions, tax rates, interest deductions, estimated cost savings, deferred tax liability and contingent interest on exchangeable debentures, the redemption and repurchase of exchangeable debentures, leverage expectations and targets, organizational structure 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.

## **Financial Information**

Unless otherwise noted, financial data pertaining to QRI and its subsidiaries provided herein is as reported in the QRI and QVC quarterly reports on Form 10-Q for the quarterly period ended September 30, 2021 and in our earnings press release dated November 4, 2021. Information regarding other companies is based on most recent publicly available information.

## **Non-GAAP Measures**

This presentation includes certain non-GAAP financial measures including Adjusted OIBDA and Free Cash Flow. The required definitions and reconciliations (Preliminary Note and Schedules) can be found at the end of this presentation.

# Agenda

## **Qurate Retail Overview**

David Rawlinson, President and CEO, Qurate Retail, Inc.

## **QxH Customer Overview**

Brian Beitler, Chief Marketing Officer, QxH

## **Financial Overview**

Jeff Davis, EVP, CFO, Qurate Retail Group

## **Corporate Matters**

Brian Wendling, Chief Accounting Officer & Principal Financial Officer, Qurate Retail, Inc.

## **Q&A**

Greg Maffei, Chairman, Qurate Retail, Inc.

David Rawlinson, President and CEO, Qurate Retail, Inc.

Jeff Davis, EVP, CFO, Qurate Retail Group



# Qurate Retail Overview

David Rawlinson II

President and CEO

Qurate Retail, Inc.

# Qurate Retail Introduction

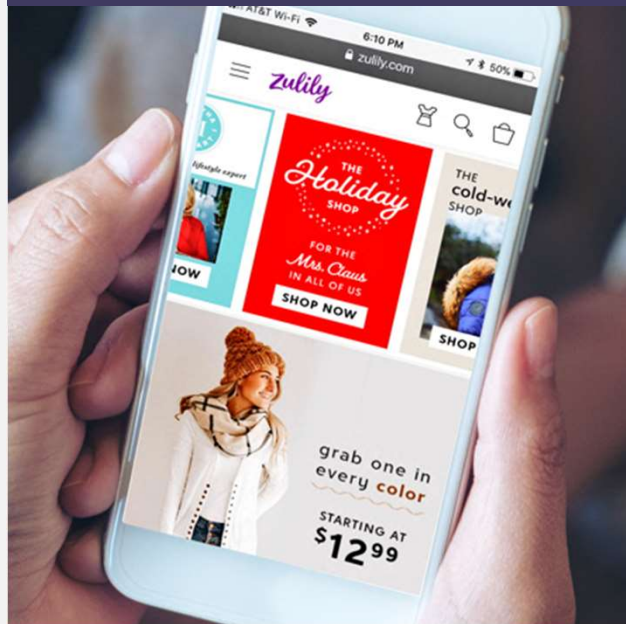


BALLARD DESIGNS | FRONTGATE  
Garnet Hill | **grandinroad.**

## Largest Video Commerce Platform



## Daily Discovery Destination



## Aspirational Lifestyle Brands



QxH + QVC INTERNATIONAL

**\$11.6B**

REVENUE<sup>1</sup>

**16.0M**

CUSTOMERS<sup>1</sup>

ZULILY

**\$1.6B**

REVENUE<sup>1</sup>

**5.3M**

CUSTOMERS<sup>1</sup>

CORNERSTONE BRANDS

**\$1.2B**

REVENUE<sup>1</sup>

**2.4M**

CUSTOMERS<sup>1</sup>

<sup>1</sup>Last 12 months ended September 30, 2021

# David Rawlinson II

CEO Qurate Retail Oct. 1, 2021

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## Previous

- NielsenIQ
- Grainger Global Online
- ITT Corp.
- White House Fellow

## Board Member

- Discover Financial
- NielsenIQ

Background of innovating  
and transforming  
businesses



Qurate Retail senior  
management's experience  
in media and retail



# Overview

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1. Why Qurate Retail
2. Opportunities for Growth
3. Key Takeaways

1

# Why Qurate Retail

# Initial Observations

## What I See

- Passionate and engaged loyal customer base
- Substantial scale and reach
- Mastering high-engagement, high-volume formula
- Iterating and learning across most of the relevant next-generation platforms
- Profitable and highly cash generative model

## Opportunities

- Accelerate pace of digital transformation
- Multiply avenues of learning and innovation
- Build a platform that can attract new customers at scale
- Expand proprietary and exclusive brands

**STRENGTH OF THE  
BASE BUSINESS**



**CAPTURE SHARE IN  
vCOMMERCE GROWTH**

# Why Qurate Retail?

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**Business with durable,  
profitable foundation**



**Untapped potential  
for future growth**

**With greater urgency,  
focus and aspiration,  
we can...**

- Renew our growth trajectory
- Continue substantial cash return to shareholders

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# Opportunities for Growth

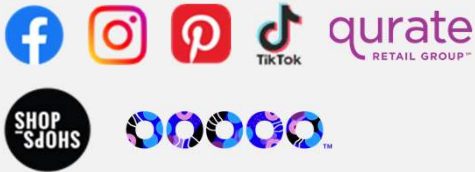
# The Evolving Video Commerce Landscape

## SOCIAL PLATFORMS

(established and new) that are leveraging “live” & “live-like” experiences to enhance their commerce growth

**Primary Delivery:** Mobile apps

**Established/Emerging Players:**



## DIGITAL STREAMING SERVICES

that provide destinations/portals for “live” & “live-like” shopping experience

**Primary Delivery:**

Streaming services/ integrated TV apps/mobile apps

**Established/Emerging Players:**



## DEDICATED LINEAR CHANNELS

with “live” & “live-like” shopping experiences

**Primary Delivery:**

Cable services or OTA

**Established Players:**

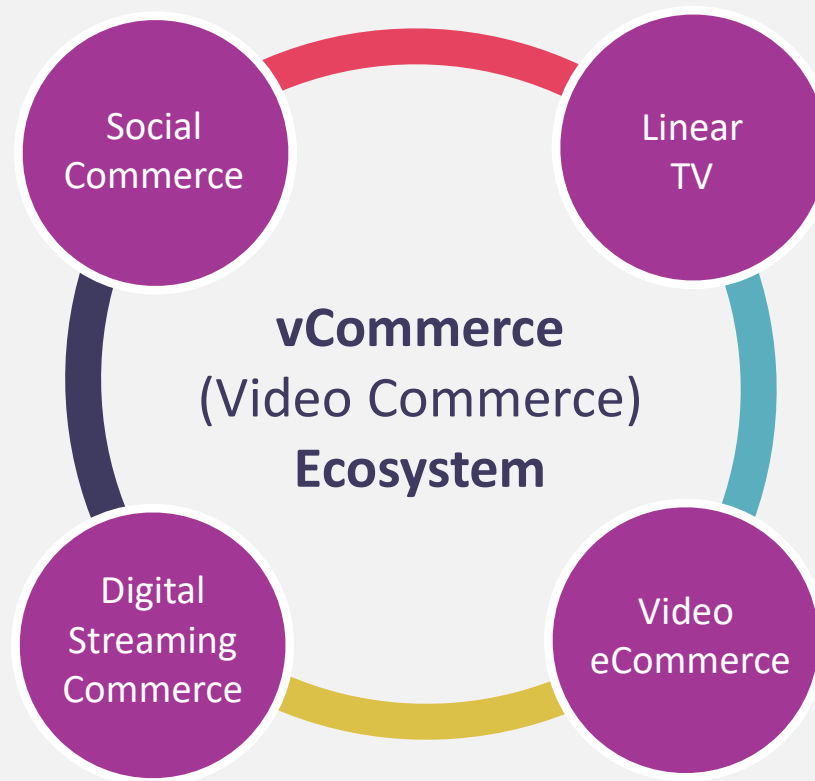


## TRADITIONAL ECOMMERCE

enhanced by “live” & “live-like” experiences

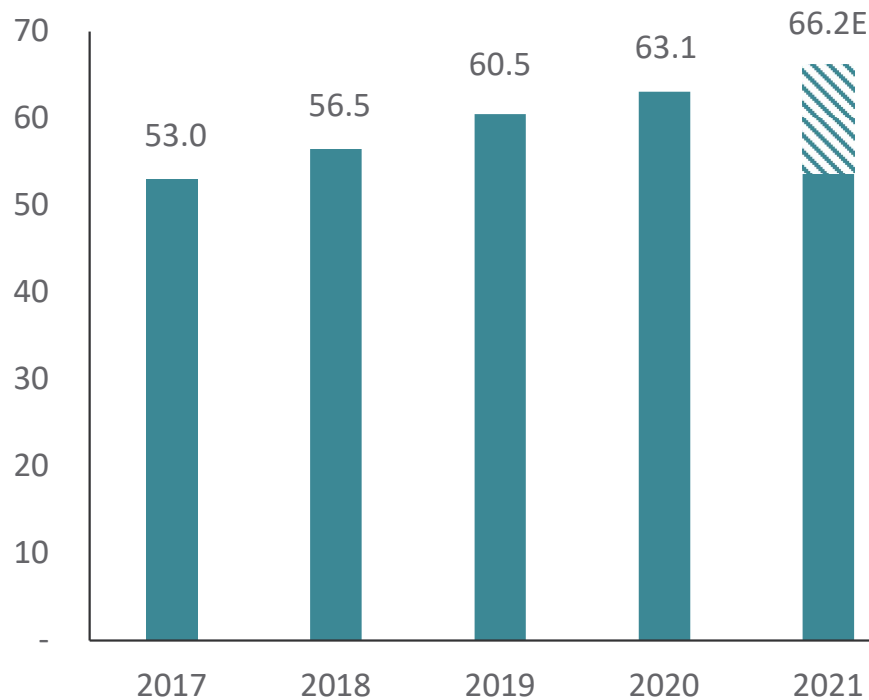
**Primary Delivery:** websites/apps of pure play & brick/mortar retail

**Established/Emerging Players:**



# Powerful and Growing Presence on Linear TV

**QxH Total Minutes Viewed  
(in billions)**



**200M+ Homes and  
14 Channels Globally**

U.S. Channel	Daily Reach (millions)	Daily Tune-In
QVC	3.6	2.6x
HSN	1.9	2.0x
QVC 2	0.9	2.1x
QVC 3	0.5	1.7x
HSN 2	0.4	1.7x

Minutes viewed is the sum of total daily minutes viewed for each year.  
 2021 is projected based on YTD through October plus an estimate for the last two months based on historical trends.  
 Daily reach reflects the distinct number of households that tuned into that channel for 20-consecutive seconds.  
 Daily tune-in is the number of times per day a household tunes in on an average. Household must watch for 20-consecutive seconds for each tune-in.

# Qurate Retail Has Authority to Win in vCommerce

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## vCommerce Essentials

- Authentic shopping experiences across commerce platforms
- Storytelling through hosts, influencers and entrepreneurs that both engages and sells
- Capability to offer established brands, and experience building home-grown multi-million dollar exclusive and proprietary brands
- Agility to shift product mix in real-time to meet needs and trends
- Ability to attract, retain and convert *new* customers to best customers
- Product and supply chain control to ensure high-quality, end-to-end experiences
- Multiple payment options: the original buy-now-pay-later firm with approximately \$6 billion in gross merchandise value

# Advantaged Digital Video Ecosystem

## Digital Livestreaming TV (livestreams)

### PAY SERVICES



12M  
HOUSEHOLDS

### FREE SERVICES



16M  
HOUSEHOLDS

### STREAMING DEVICE AND SMART TV SERVICES



78M  
DEVICES



## QVC/HSN Interactive Streaming Shopping Service (livestreams, VOD, original series)



75M DEVICES

## Social Streaming (livestreams, VOD, original series)



+39% VIDEO VIEWS OF  
ALL 6 CHANNELS Y/Y

+42% LIVE VIEWS ON  
YOUTUBE Y/Y

## QVC & HSN Website and Apps (livestreams, VOD, in-app purchasing)



## Free Over-the-Air TV (universal carriage in most of our countries)

11.5M INCREMENTAL U. S. HOMES

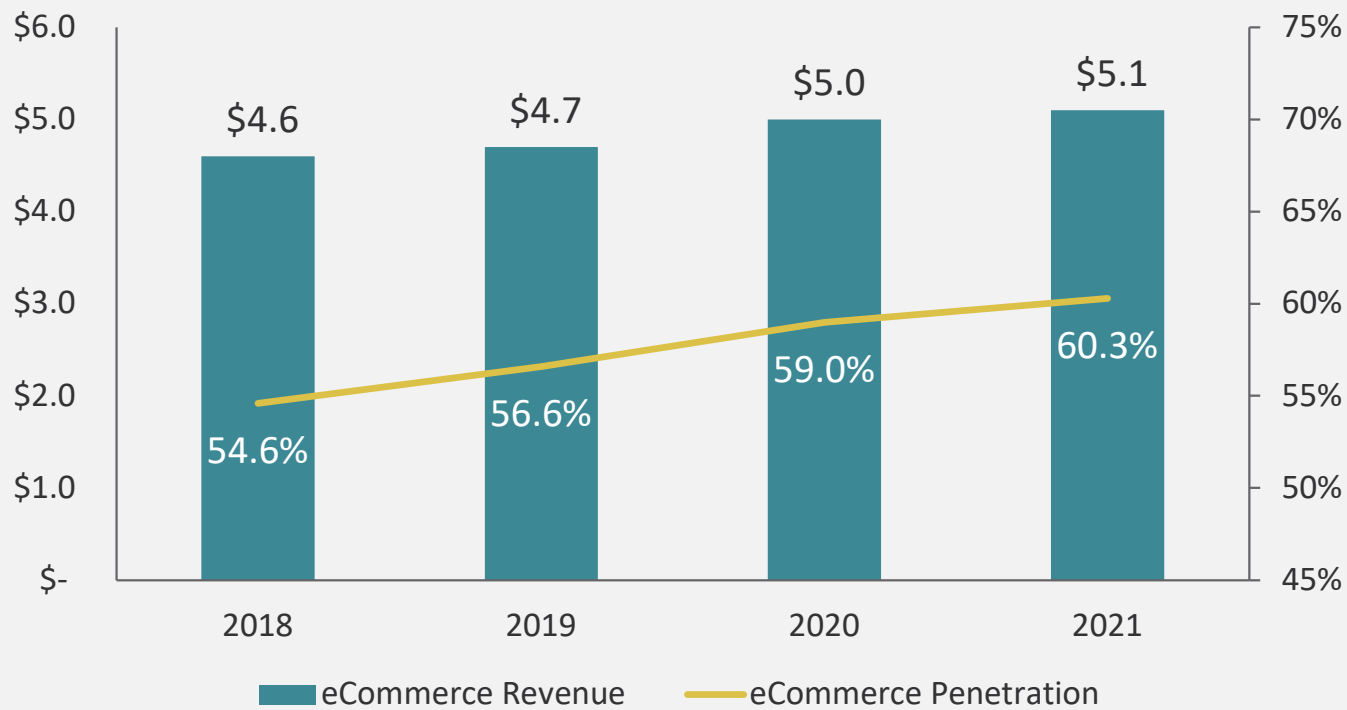
## Powerful Base Business

## Pay TV (favorable channel position on nearly all major cable and satellite providers across 7 countries)

70M TV HOMES (QxH) | 124M TV HOMES (QVC Int'l)

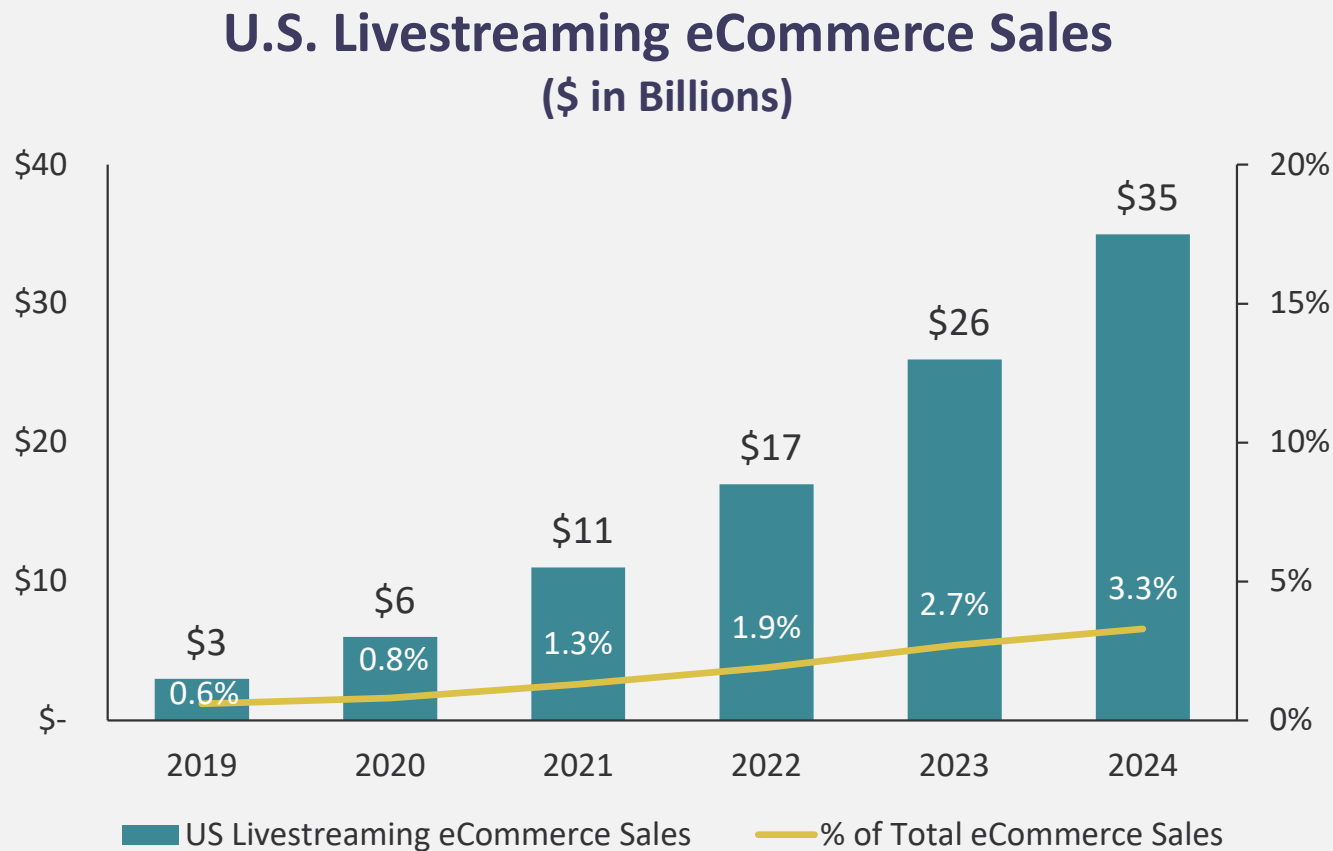
# Accelerate eCommerce

**QxH eCommerce Revenue and Penetration<sup>1</sup>**  
(\$ in Billions)



<sup>1</sup>LTM ended September

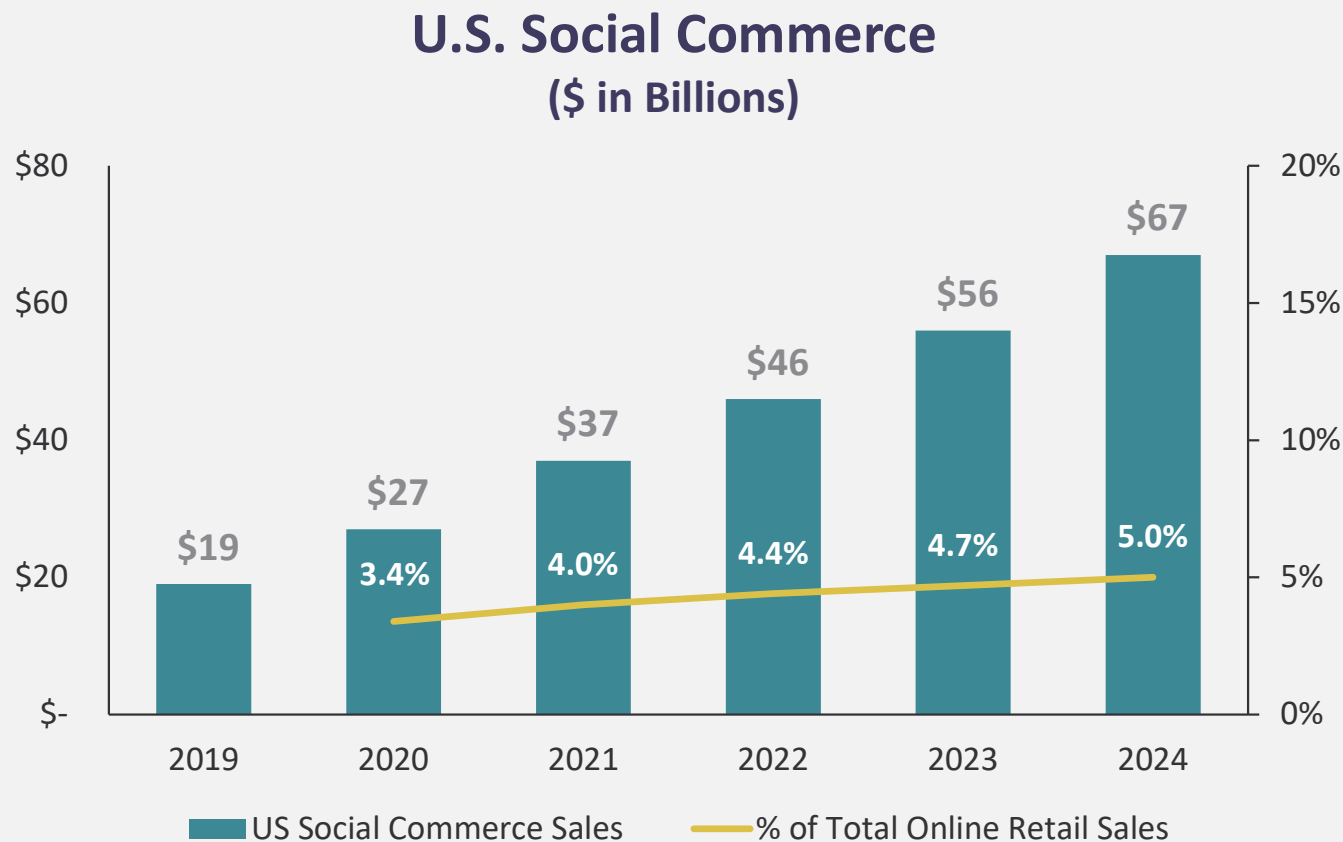
# A Large Opportunity in Total Digital Livestream Commerce



Source: Coresight Research as published in [retailtouchpoints.com](https://retailtouchpoints.com), October 6, 2021.

Coresight defines livestream shopping as a new way to buy products online through real-time, shoppable videos. It blends entertainment and eCommerce by allowing influencers to share their finds and interact with their followers. It is delivered through social media, marketplaces and owned media.

# A Large Opportunity in Total Social Commerce

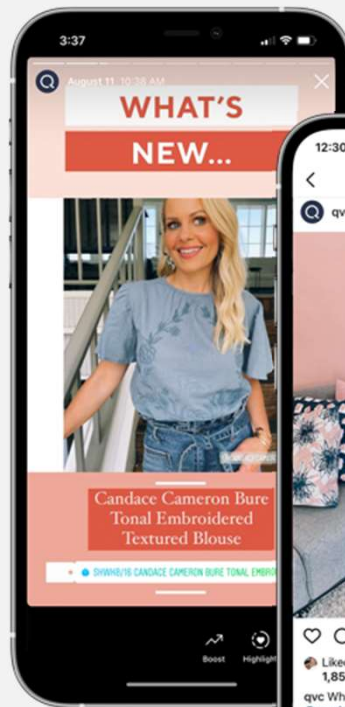


Source: eMarketer, May 2021. eMarketer defines social commerce as *products or services ordered by buying directly on the social platform or through clicking links on the social network that leads to the retailer's product page with an immediate purchase option (Facebook Shop, WeChat Mini Programs, etc.). Also includes transactions that were agreed on social platforms initially but payment took place elsewhere, such as PayPal (e.g., C2C transactions on Facebook Marketplace).*

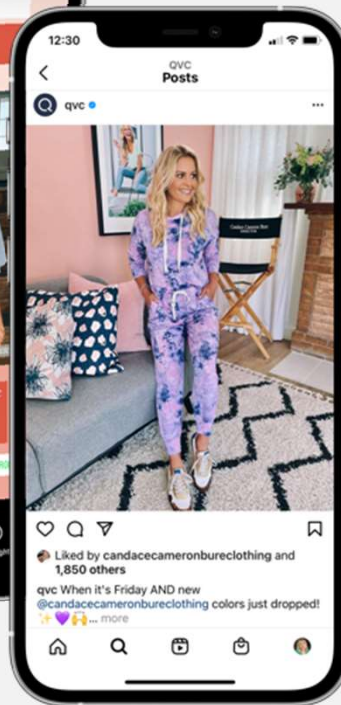
# Mastering High-Engagement Formula



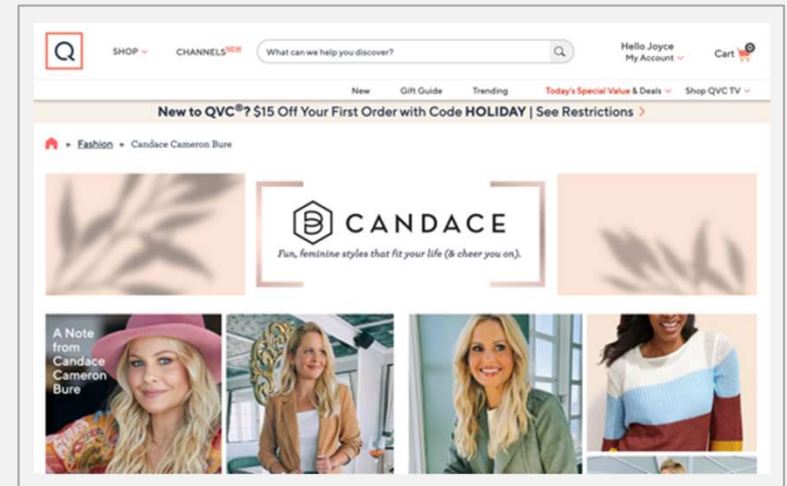
CCB TikTok



QVC IG Story



QVC IG Post



CCB Landing Page on QVC.com



On-Air

# Zulily

**\$1.6B Revenue<sup>1</sup>**  
**+1% Y/Y**

## Recent Performance Drivers

- Limited supply of national brand inventory
- Marketing pressure from iOS privacy changes
- Cost inflation: freight, fulfillment center labor, marketing
- Sales deleverage
- Continued rapid growth of factory direct business
- Stabilized hardlines and kids categories

**Create the Best Shopping Experience for Mom**

## Strategic Initiatives

- Focus on (early-stage) mom
- Diversify marketing channels, including growing & expanding influencers
- Enable internal tools for maximum process efficiencies
- Accelerate factory direct and national brands growth
- Continue to deliver unbeatable prices and greatest value to mom

Moms control household purchases representing **\$2T in spending power<sup>2</sup>**

<sup>1</sup>LTM September 2021

<sup>2</sup>Source: Zulily total addressable market management estimates, U.S. Census data, Simmons Stream market research

# Cornerstone Brands

**\$1.2B Revenue<sup>1</sup>**  
**+22% Y/Y**

## Recent Performance Drivers

- Momentum in Home brands
- Rebound in Apparel and growing Home Textile business at Garnet Hill
- Cost inflation: freight
- Continue to improve stocking position to satisfy unmet demand

BALLARD DESIGNS | FRONTGATE<sup>®</sup>  
Garnet Hill | grandinroad.

## Strategic Initiatives

- Leverage growing customer file behind consumer interest in home fueled by new hybrid work environment to further drive growth
- Continue expansion of brick-n-mortar retail to expand Omni-Channel customer shopping experience
- Build out logistics and network capabilities to optimize inbound and outbound performance and expense

Leverage home spending  
and digital shopping trends



Capitalize on strong growth of  
our affluent customer base

<sup>1</sup>LTM September 2021

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## Key Takeaways

# Key Takeaways



Business with durable, profitable foundation



Authority to win in vCommerce



Untapped potential for future growth



Engaged customer base with growth opportunity



Outstanding cash flow and access to capital

**STRENGTH OF THE  
BASE BUSINESS**



**CAPTURE SHARE IN  
vCOMMERCE GROWTH**

# Consumers Deserve Human





# QxH Customer Overview

**Brian Beitler**

Chief Marketing Officer

QxH

# A Stable & Highly Desirable Customer

## QxH

MULTI-GENERATIONAL	2018	2019	2020	US Pop
Age 18-24	1%	1%	1%	12%
Age 25-34	3%	4%	4%	17%
Age 35-44	8%	9%	9%	17%
Age 45-54	17%	17%	17%	16%
Age 55-64	29%	27%	26%	17%
Age 65-74	28%	28%	28%	13%
Age 75+	14%	14%	15%	8%
<b>AVG INCOME (2020)</b>	<b>\$97K</b>			<b>\$68K</b>

## THE POWER OF THE CORE

- More loyal
- More affluent
- More time & passion for shopping
- Appreciates a deal, but pays for quality

Source: Customer Surveys, Morning Consult

Sources: QXH Database Analytics, US Census Bureau

The percentages in the table represent the age mix of QxH customers in the respective years and the US population as estimated by the US Census Bureau for 2020. The average income is \$97K for QxH customers and \$68k for the US population.

# Significant Buying Power

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**11M**

**TOTAL QxH  
CUSTOMERS**

**\$8.5K**

**AVERAGE  
DISCRETIONARY  
SPENDING PER  
QxH CUSTOMER**

**\$94B**

**TOTAL QxH  
CUSTOMER  
POTENTIAL**

# Attributes Our Customers Value

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## DISCOVERY

“

I've really gotten some great products and things that I use now every single day that **I didn't even know existed...**

– KRISTIN M.

I didn't know about HSN until my friend told me about it and now I spend my whole paycheck on apparel at HSN... so now I'm hooked. They just have **unique things that you don't see everywhere else.**

– ANDRIA M.

## CONNECTION

“

QVC shows me things that people enjoy and creates this experience that we are all in this together, having fun... it's a nice way to feel **connected to people.**

– DAVID F.

It didn't feel like the hosts were selling to you as much, **it was more like a friend...** I never thought I could be friends with Marla Wynne, but it was kind of fun to have her show that side of herself... her dog getting in the way while my cat was walking in front of me.

– DR. JACQUELINE C.

# Attributes Our Customers Value

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## KNOWLEDGE

“

I like the Lug bags and yes you could buy them elsewhere... like Amazon, but you have to search for the deal versus **QVC tells you about the product, you can see it, the host is honest...** QVC will not sell a product that is not high quality and the best buy.

– SHERRI D.

I don't cook but HSN makes me feel like I need to. I've walked past air fryers 100 times in store but **seeing the air fryer demos on HSN and how to use them** inspired me to purchase 2 and use.

– ANDREA W.

## CONVENIENCE

“

I like QVC because it is **convenient and easy...** I've never gotten anything from QVC that wasn't good quality, if I buy it, I know it will be a good quality... and the convenience of watching someone demonstrate it.

– LEE ANN L.

HSN was my go-to for holiday gifts last year because of the **convenience and being able to shop from home...** I have the Best Buy credit card but still go to HSN for electronics because I don't find it [Best Buy] as convenient and I can't see the different parts and how it operates in store.

– ANDREA W.

# Attributes Our Customers Value

## VALUE (QUALITY FOR THE MONEY)

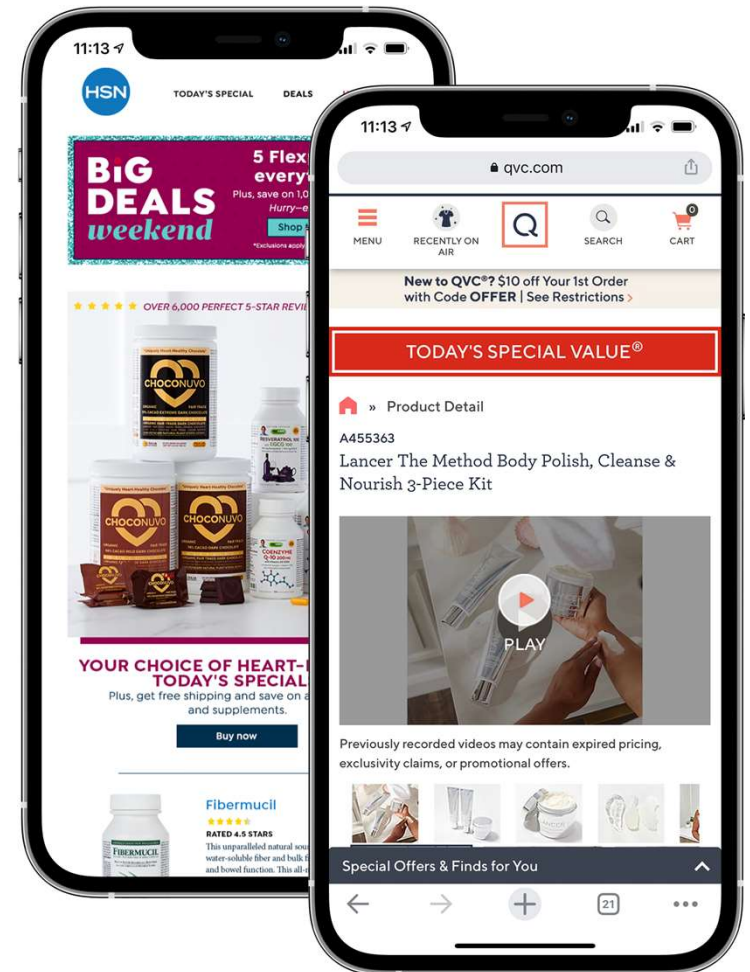
“

I've always enjoyed the QVC brand and it's quality. I've been happy with the things I have purchased and they don't wear out... the shirt I am wearing is a Denim & Co shirt, I probably bought it 15 years ago. I realized this morning how many items in my house from QVC... **the items from QVC last.**

– KATHLEEN L.

**The value that I find at QVC really makes me feel good.** I really enjoy going through and seeing what the item cost at retail at my local stores or other outlets and comparing it to the QVC pricing and knowing that I got a good deal.

– MICHELLE M.





## How We See The Market Opportunity

**50M**

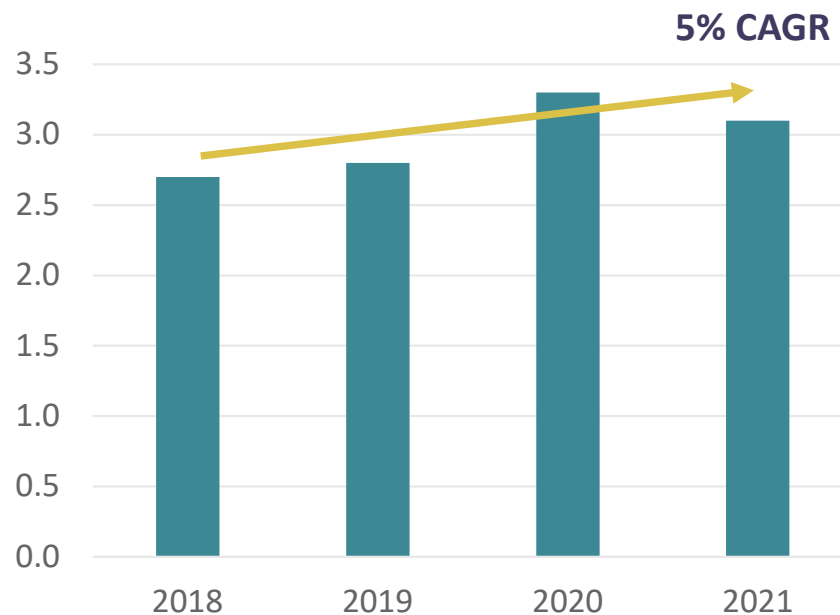
**AMERICAN WOMEN THAT  
SHARE THE ATTITUDES AND  
VALUES OF OUR CUSTOMERS**

Source: US Bureau of Labor Statistics  
Attitudinal segment definition via Kantar MONITOR – 2021

# Accelerating Acquisition

QxH

## Number of New Customers<sup>1</sup>



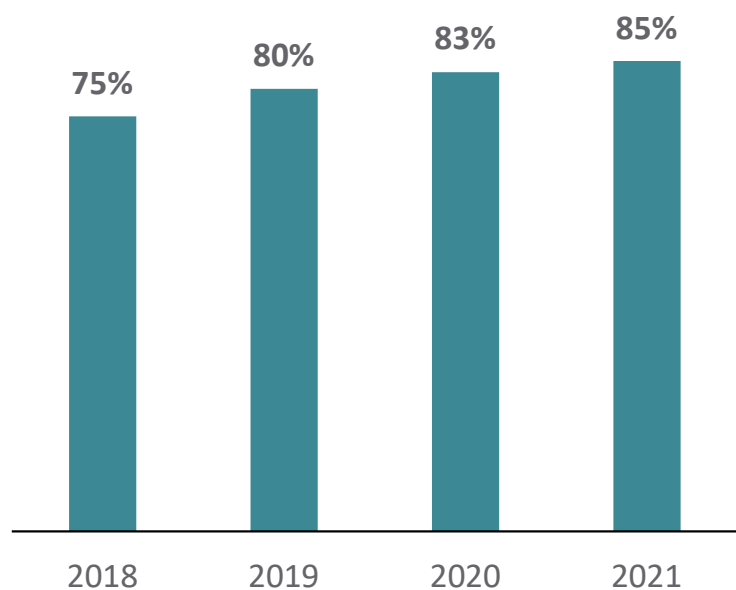
- Strengthening our position in the marketplace
- Diversifying our marketing investment
- Leveraging new product & service offerings
- Growing our vCommerce reach

<sup>1</sup>LTM ended September 2021. In millions.

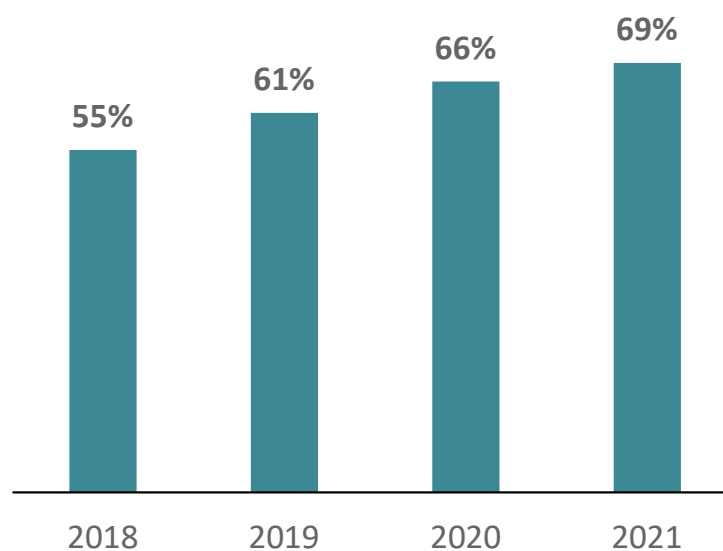
# Driving Digital Onboarding

QxH

## First Purchase Online



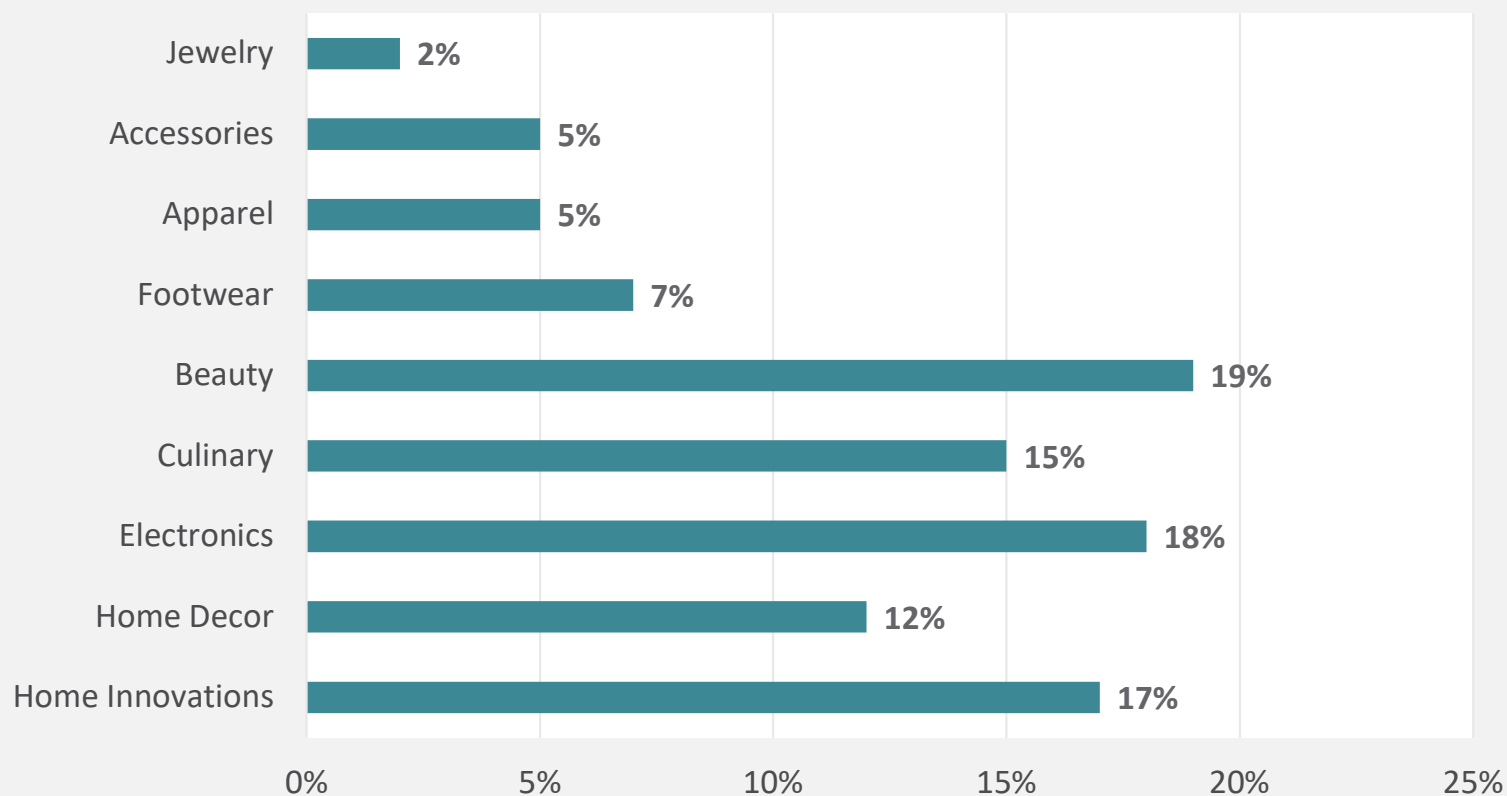
## First Purchase Off-Air Item



# Leveraging Our Diverse Assortments

QxH

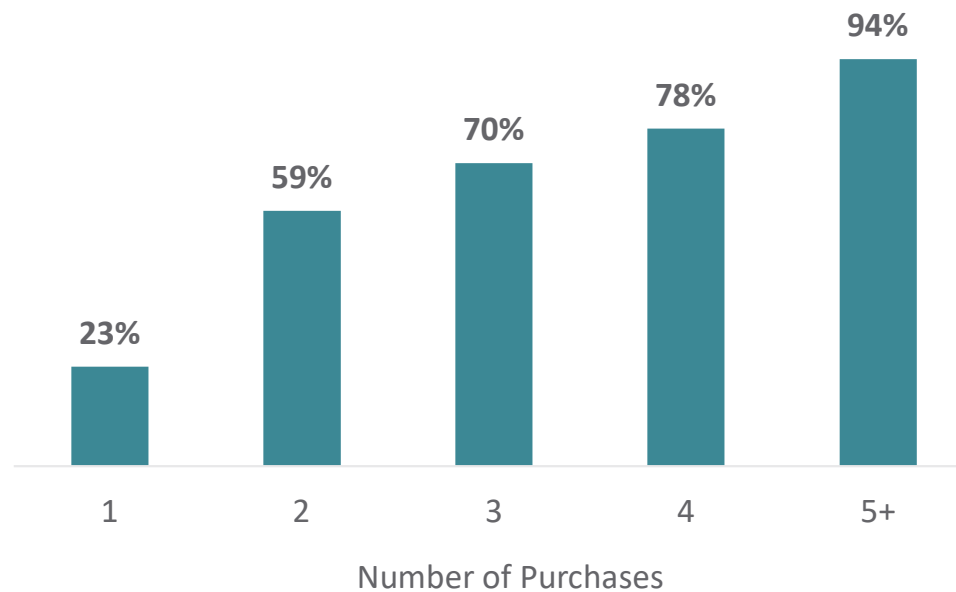
## First Category Purchased



# Building Retention & Value Through Frequency

QxH

## Retention Rate by Number of Purchases<sup>1</sup>

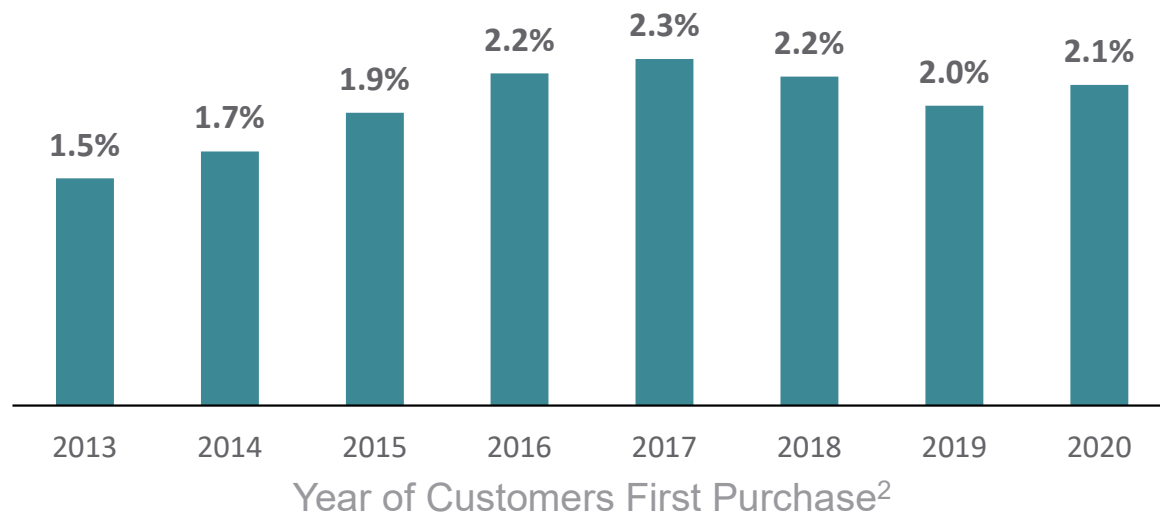


<sup>1</sup>Rate of customers who made a purchase in the 12 months following the 12-month period ended Sept 2020.

# Continuing to Create Best Customers

## QVC US

### New Customers Converting to Best Customers In Year One<sup>1</sup>



<sup>1</sup>Customers who became a 20+ unit customer in their first year.

<sup>2</sup>Represents customers who made their first purchase in the 12 months ended September 30 of each respective year and became a best customer in the 12 months following first purchase.

# “Subscription Like” Power of the Best Customers

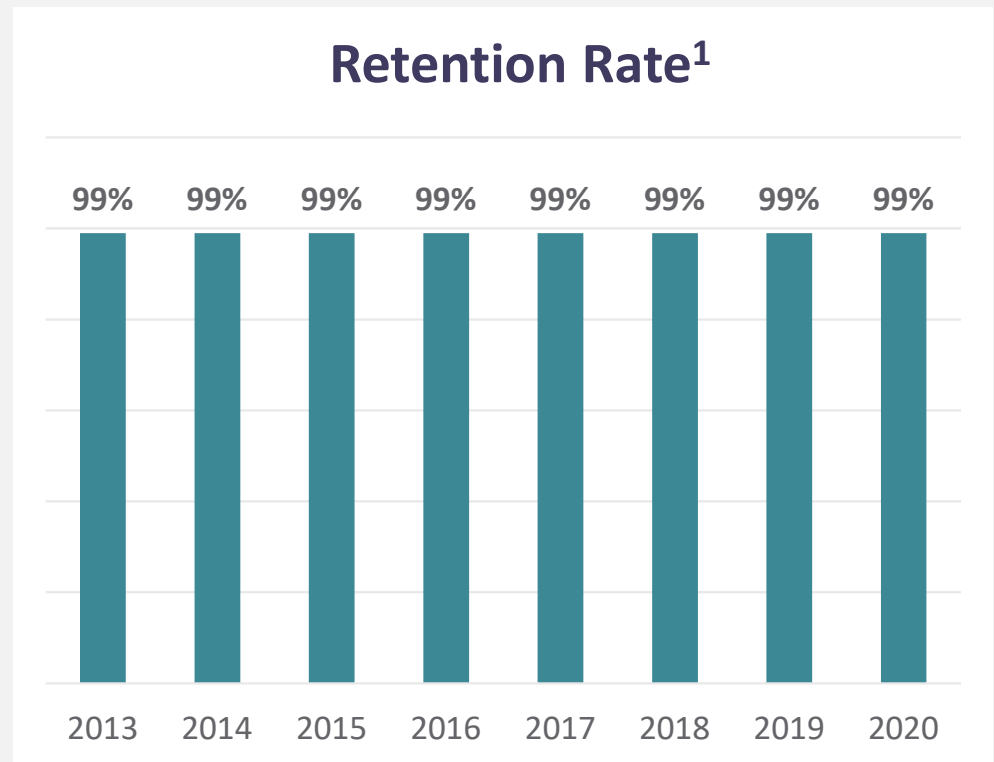
## BEST CUSTOMER

20+ units purchased in the past 12 months

- 16% of all customers
- 70% of shipped sales
- 72 items per year
- \$3,402 average revenue per customer
- 33 web visits per month
- 18 days tuned in per month

## QVC US

### Retention Rate<sup>1</sup>



Best customer data as LTM ended September 2021.

<sup>1</sup>Represents customers who purchased 20+ units in the 12 months ended September 30 of each respective year, and retained as a customer in the 12 months following..



# Financial Overview

Jeff Davis

Chief Financial Officer  
Qurate Retail Group

# Poised to Accelerate & Grow Shareholder Value

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Significant  
Global  
Scale

Resilient  
Financial  
Profile

Navigating  
Rapidly Changing  
Macro Factors

Returning  
Substantial Cash to  
Shareholders

# Significant Global Scale

Last 12 Months Ended September 30, 2021

## Supply Chain

19 Fulfillment Centers  
35 Countries of Origin

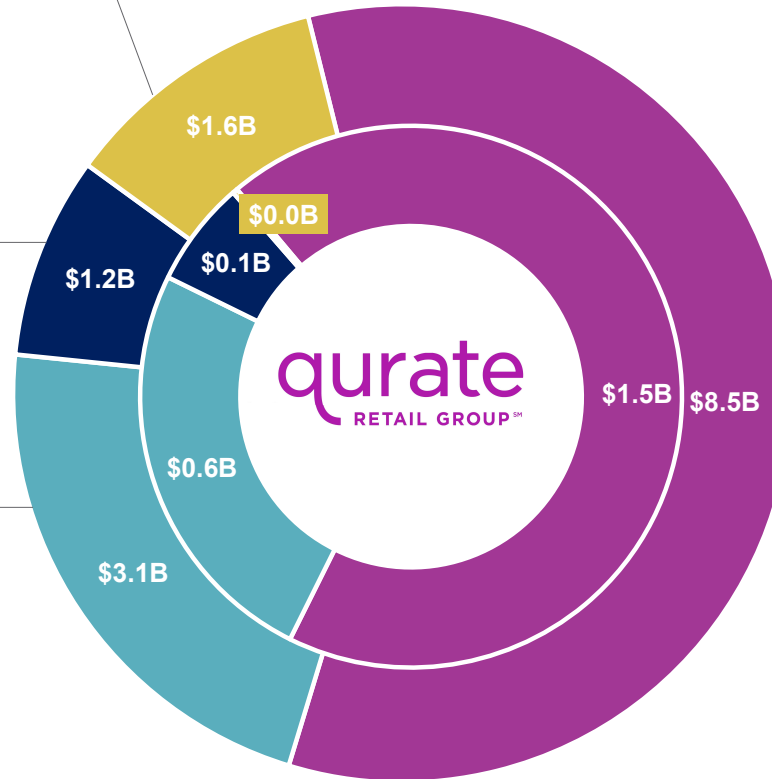
## Media Powerhouse

14 Linear TV Channels  
20 hours / day Live TV  
200M+ Homes Reached

*zulily*

Cornerstone Brands, Inc.

 **QVC**  
International



 **QVC** 

## Global Customer Base

~24M Customers  
332M Units Shipped  
3 Continents

**Net Revenue \$14.4B (Outer)**

**Adjusted OIBDA \$2.2B (Inner)**

## QxH Proprietary Brands

154 Team Members  
36 Total Brands:  
17 Culinary / Home  
19 Apparel / Fashion

# Navigating Rapidly Changing Macro Factors

Taking strategic action to reignite customer base as COVID restrictions lift

Nine Months Ended September 30, 2021

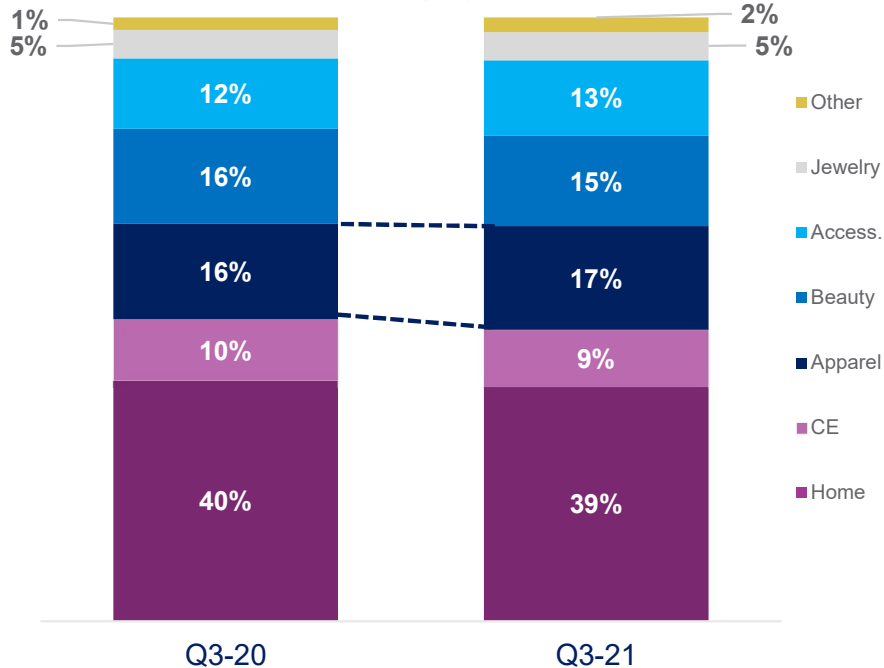
## QxH Category Dynamics

Fashion Rebound  
Narrow-based Beauty Recovery  
Home & Consumer Electronics Decelerate

## Changing Macro Landscape

Supply Chain Disruption  
Product Scarcity  
Wide-spread Cost Inflation

## Category Mix



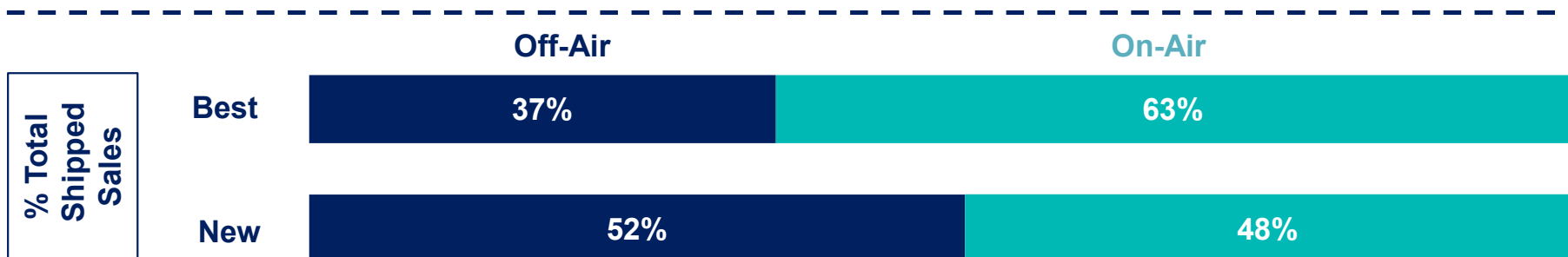
- 80% TSV inventory arrived late | 60% > 2 weeks delayed
- 30 – 45% Global TSVs rescheduled
- Shipping container cost > 2.5x 2020 level
- Increased fulfillment center wages 20 – 25%
- Strategically adjusting price
- Piloting micro-fulfillment to relieve seasonal labor shortages
- Diversifying suppliers (Inventory & Transportation)
- Scheduling earlier receipts ( $\leq 2$  months) to hedge delivery delays
- Jointly chartered ships to clear ~70% container backlog
- Diverting shipments through less congested ports
- Rerouting inland shipments

# QxH Category & Viewership Dynamics

Category performance largely reflects Customer behavior and widespread product scarcity



■ = Home      ★ = Top 3 Categories  
■ = Fashion      ● | ● | ● = YTD YoY Total Category Trend

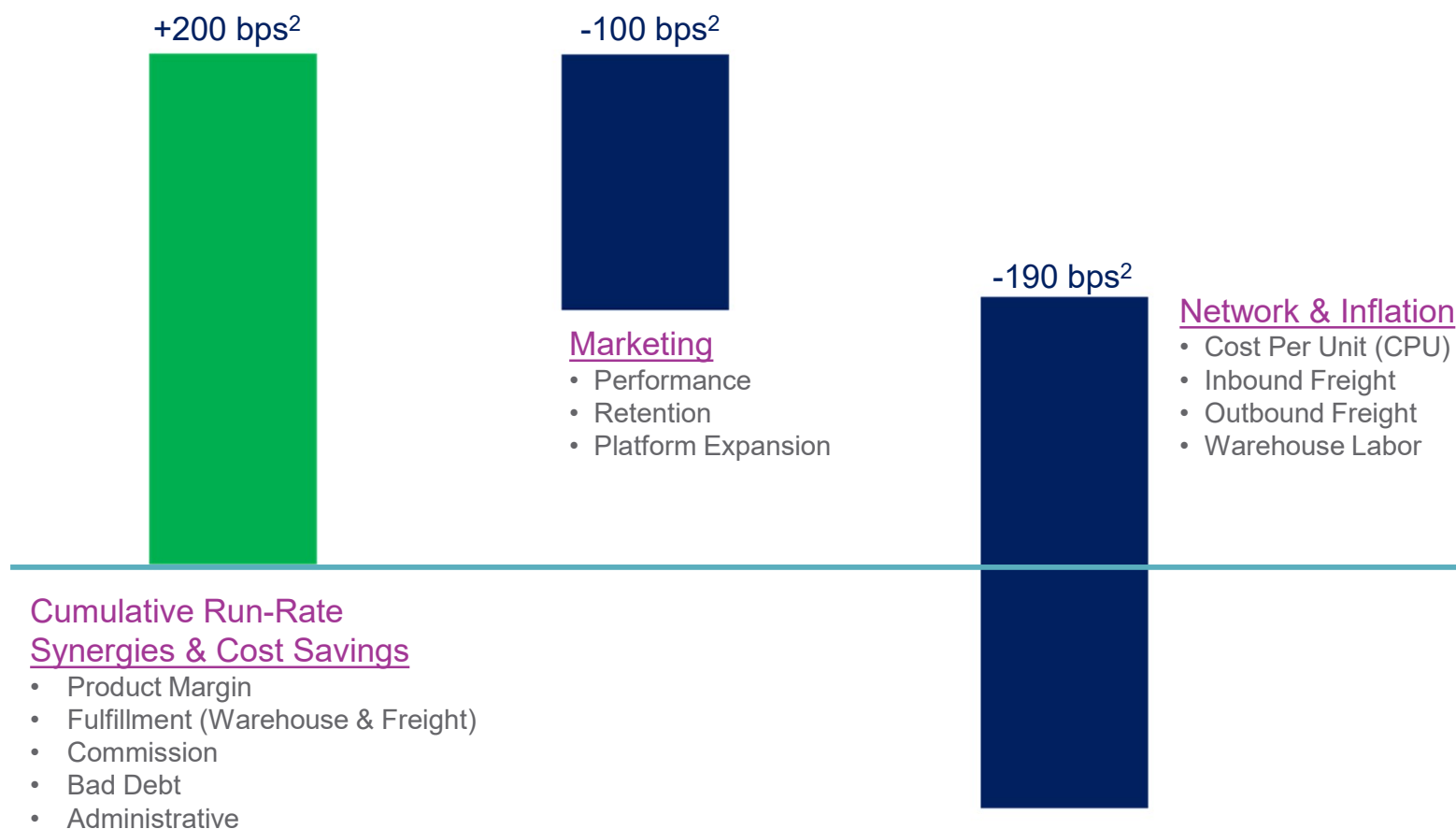


# QxH Integration and Cost Savings Initiatives

Achieved 80% cumulative savings target<sup>1</sup> | On-track to deliver remainder by year-end 2022

Fueling audience development and partially offsetting cost pressures

For the period January 2018 – September 2021

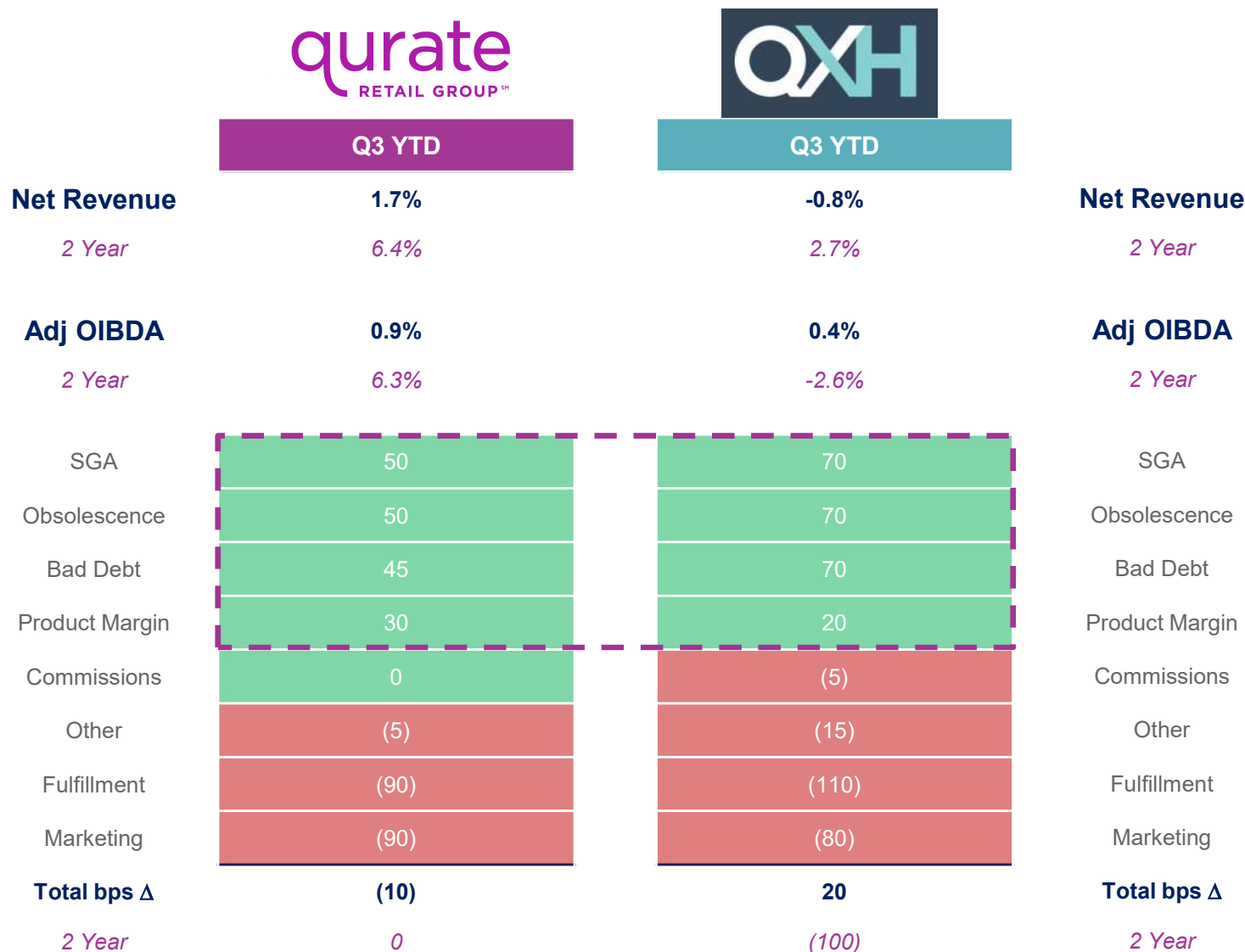


1. Cumulative synergies and cost savings target (\$375M – \$400M) for the fiscal period 2018 – 2022

2. Represents bps impact relative to TTM Net Revenue as of September 30, 2021

# Changing Macro Landscape

Improvements in category mix and disciplined operational actions  
overshadowed by unparalleled inflationary costs



# Resilient Financial Profile

Strong Adjusted OIBDA and Free Cash Flow Generation

	2019	2020	LTM 9/30/21
Adjusted OIBDA	\$2,029	\$2,198	\$2,213
Net Cash from Operations (excluding Working Capital)	\$1,621	\$1,629	\$1,540
Working Capital <sup>1</sup>	(337) →	826 →	(225)
TV Distribution Rights	(134) →	(56) →	(199)
Capital Expenditures	(325)	(257)	(261)
Dividend to Non-Controlling Interest	(40)	(62)	(62)
Investment in Green Energy <sup>2</sup>	(139)	(118)	(128)
Free Cash Flow (FCF) <sup>2</sup>	\$646	\$1,962	\$665

- 2020 FCF bolstered by discrete working capital enhancements and off-year TV carriage contract renewal cycle

1. Working Capital = Changes in Operating Assets and Liabilities

2. In Q1-21 we changed the definition of FCF. Instead of subtracting investments in and loans to cost and equity investees, we now subtract investments in green energy

# Working Capital & TV Distribution

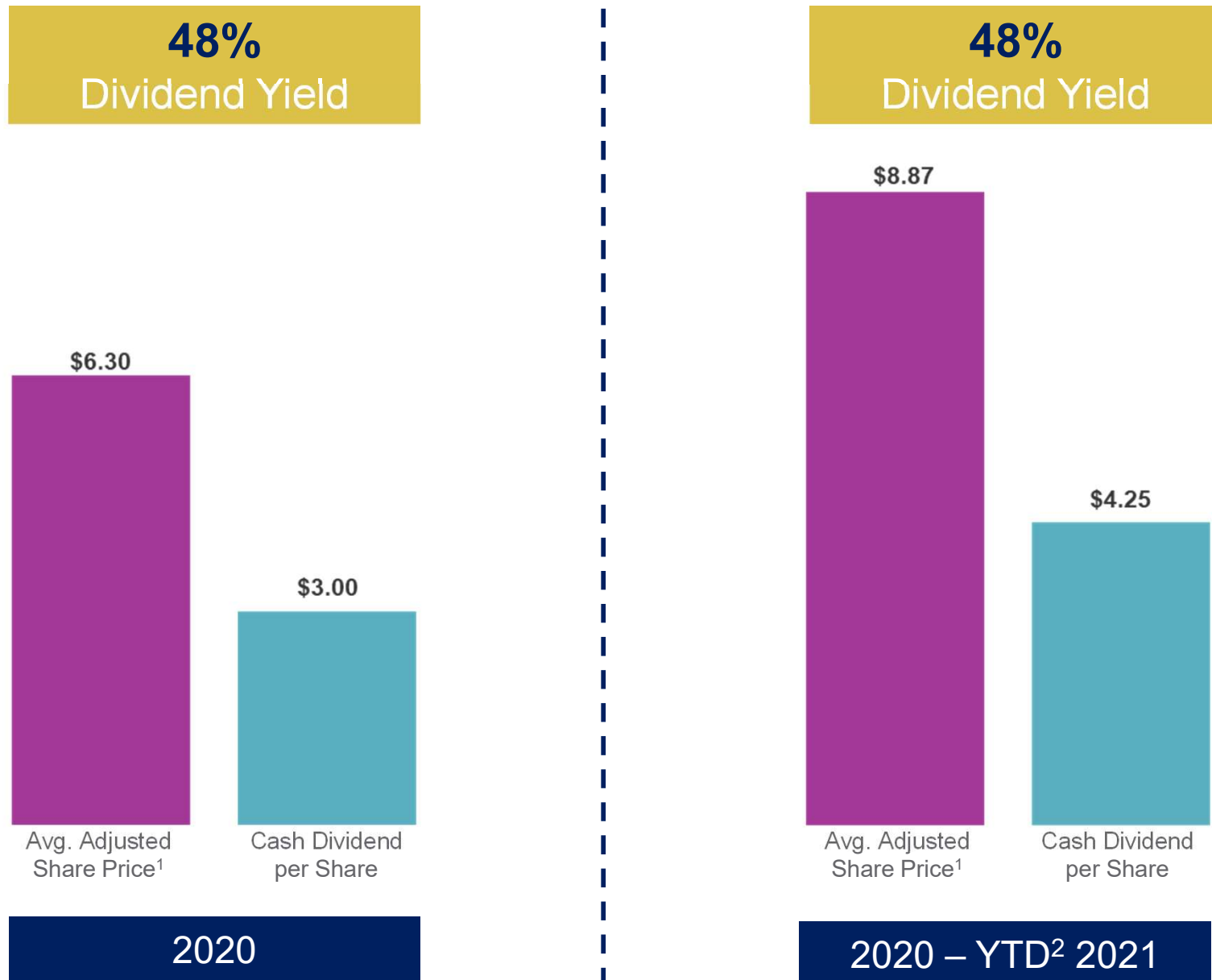
Normalization of 2020 discrete actions converts 'Source of Funds' to 'Use of Funds'

Major Driver	2020	2021
Accounts Receivable	<ul style="list-style-type: none"> <li>➤ Strategically Reduced Offered Installments</li> <li>➤ Improved Delinquency Trends</li> </ul>	<ul style="list-style-type: none"> <li>■ Event Driven Installment Increase</li> <li>■ Reduced Reserves for Bad Debt</li> </ul>
Inventory	<ul style="list-style-type: none"> <li>➤ Reduced Receipts / Elevated Customer Demand</li> <li>■ Transition Fulfillment Network</li> </ul>	<ul style="list-style-type: none"> <li>■ Increased Receipts – Hedge Supply Scarcity</li> <li>■ Elevated Inbound Freight Costs</li> </ul>
Accounts Payable	<ul style="list-style-type: none"> <li>➤ Aligned Payment Terms with Customer Installments<sup>1</sup></li> <li>➤ Category / Product Mix Shift</li> </ul>	<ul style="list-style-type: none"> <li>■ Payment Timing – Early Inventory Receipts</li> <li>■ Category / Product Mix Shift</li> </ul>
Accrued Liabilities	<ul style="list-style-type: none"> <li>➤ Outsized Management Incentives</li> <li>➤ Increased Profitability / CARES Act Tax Deferrals</li> <li>■ Reduced Customer Returns (Category/Product)</li> </ul>	<ul style="list-style-type: none"> <li>■ Normalized accruals</li> </ul>
TV Distribution	<ul style="list-style-type: none"> <li>➤ Off-cycle year for carriage contract renewals</li> </ul>	<ul style="list-style-type: none"> <li>■ On-cycle year for carriage contract renewals</li> </ul>

1 – Represents discrete actions in 2020 which are now part of the base in 2021 for purposes of year over year improvement

# Substantial Cash Returned to Shareholders

\$4.25 special cash dividends over last 15 months



1. Average Adjusted Share Price = Closing price adjusted for stock splits, dividends and/or capital gain distributions.  
2. YTD Adjusted Share Price as of 11/9/2021



# Corporate Matters

**Brian Wendling**

Chief Accounting Officer &  
Principal Financial Officer  
Qurate Retail, Inc.

# Recent Capital Structure Improvements

- **Refinanced QVC revolver on October 27<sup>th</sup>**
  - (i) extended maturity to 2026 at better pricing, (ii) upsized capacity to \$3.25b from \$2.95b, (iii) expanded borrowing group to include QVC (including QVC International), Zulily and Cornerstone, and (iv) recognized netting of all unrestricted cash of borrowers and their restricted subsidiaries for leverage calculations
    - Co-borrowers can be removed from revolver at any time assuming compliance with covenants and no drawn balance at respective entity
- **Will redeem 100% of MSI Exchangeables by year-end 2021 with borrowings from newly amended QVC revolver**
  - Market value of \$549m
  - Simplifies balance sheet and will result in \$10m annual interest savings
  - Cost to redeem approximately \$315m, net of proceeds from unwind of MSI total return swap
    - Expect additional associated tax liability of \$105m
- **1.9x pro forma leverage<sup>(1)</sup> at QVC, Inc. as of 9/30, including impact of amendment to covenant calculations**
  - De-levered from 2.4x as of Q4-19
  - Maintaining leverage target of 2.5x at QVC, Inc.

(1) As defined in QVC, Inc.'s credit facility and based on combined adjusted OIBDA of QVC, Inc., Zulily, LLC and Cornerstone Brands. Pro forma for amendment to credit agreement on 10/27/21. Among the definitional changes to QVC, Inc. leverage, two primary revisions include (a) Cornerstone added to the borrowing group and (b) recognition of all unrestricted cash of the borrowers and their restricted subsidiaries. The primary revisions reduce leverage from 2.1x to 1.9x as of September 30, 2021 on a pro forma basis. Leverage ratio excludes debt at Liberty Interactive LLC.



**30 YEARS OLD WITH NO HOME,  
WIFE, OR CHILDREN**

**BUT MY TAXES ARE INCREDIBLY SIMPLE SO  
I'VE GOT THAT GOING FOR ME, WHICH IS NICE.**

# Ongoing Tax and Liability Management Strategy

## Expected increase in effective and cash tax rate in 2022 due to sunset of clean coal investment credits at end of 2021

- Normalized annual **effective tax rate** expected to be 27-30% pre-tax income in 2022
  - Includes federal, state and foreign taxes
  - Exchangeable bonds do not impact effective tax rate
- Annual **cash tax rate** expected to be approximately 12-14% of adjusted OIBDA in 2022
  - Cash tax rate driven lower by deductible portion of contingent interest expense from exchangeable debentures

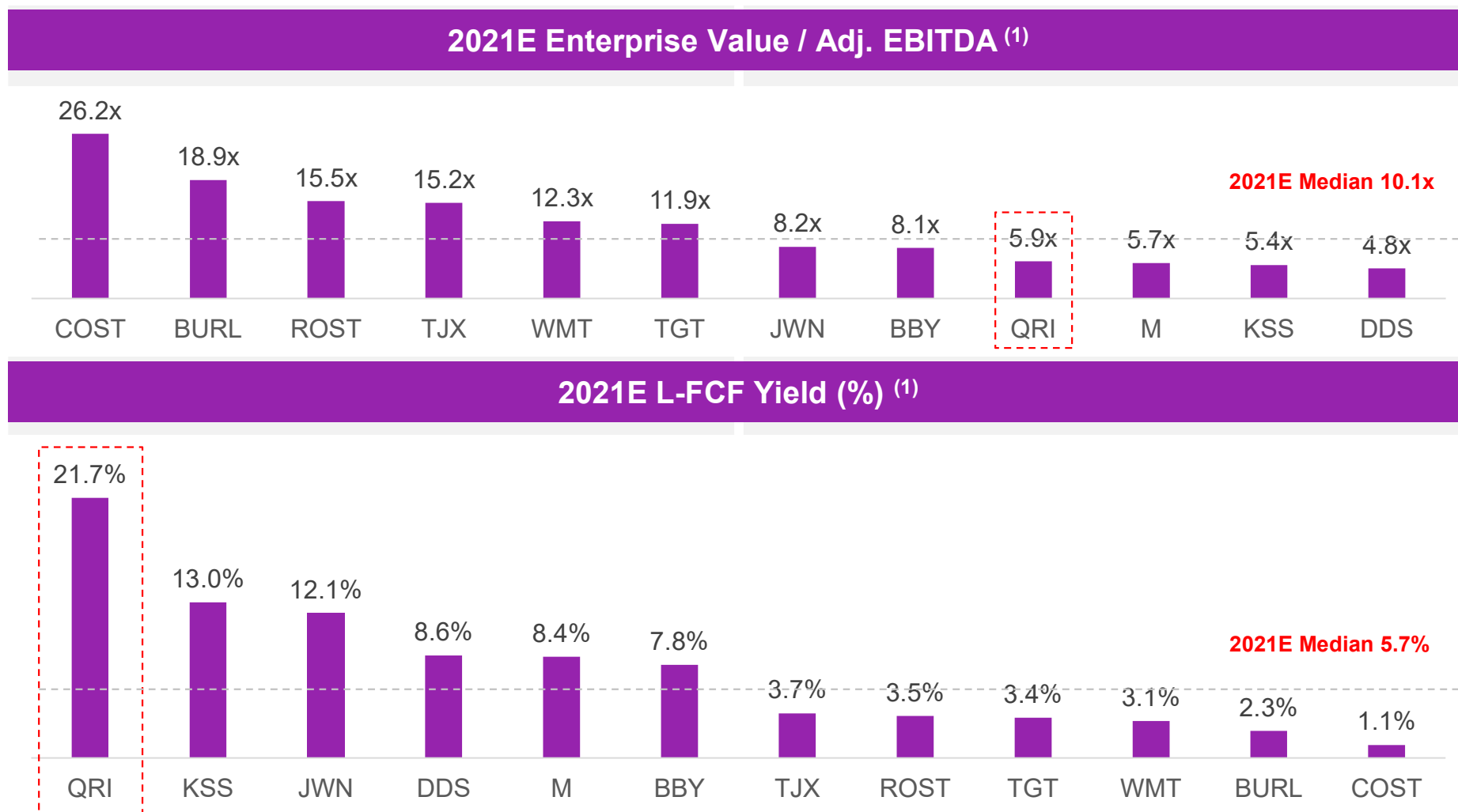
## Actively sourcing new green energy investments...

- Reviewing carbon capture and other alternative energy projects which would have tax benefits beginning late 2022

## Continue to opportunistically repurchase small amounts of remaining exchangeable bonds and monitor any changes in tax legislation...

- Generally size repurchases to utilize disallowed interest deductions to offset exchangeable tax liability, resulting in no incremental tax hit
- A modest change in tax rate doesn't alter long-term plan around exchangeable bonds

# Still Undervalued Relative to Peers

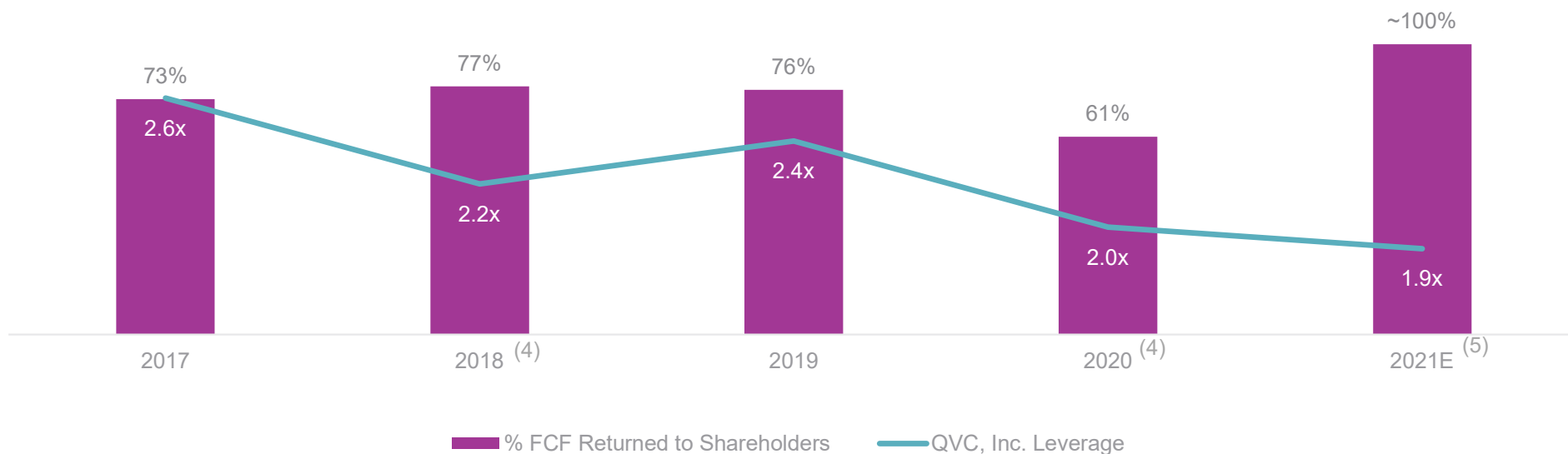


Note: QRI figures based on consensus estimates as of 11/2/21; Market data as of 11/15/21.

# 2021 Capital Return Strategy

- YTD through 10/31 repurchased \$267m at average cost per share of \$11.63
  - Includes \$23m from settlement of financial instruments
  - Repurchased \$46m through remaining financial instrument settlement in November
- Target repurchasing 10% of share count by YE 2021<sup>(1)</sup>
- \$1.25 per share special cash dividend payable 11/22, total distribution approximately \$495m<sup>(2)</sup>
  - Optimal timing in event tax rates increase in 2022

## Returning Large Percent of Free Cash Flow to Shareholders<sup>(3)</sup>



(1) Based on 12/31/20 share count.

(2) Based on QRTEA/QRTEB shares outstanding as of 10/31/21.

(3) Includes share repurchases, special cash dividends and cash spent on tax management.

(4) Free cash flow in respective year includes dispositions of investments.

(5) Leverage as of 9/30/21 pro forma for amendment to credit agreement on 10/27/21. Free cash flow estimate includes potential one-time tax, green energy and other items.

# Uses of Excess Free Cash Flow



## Share Repurchases

- Meaningful component of capital return strategy

## Cash Dividends

- Diversification of traditional capital return strategies
- Maintain flexibility with special cash dividends

## Debt and Tax Liability Management

- Opportunistically repurchase small amounts of remaining exchangeable bonds
- Continued investment in high return, tax-advantaged assets (including green energy)

Expect to return vast majority of Qurate Retail's excess free cash flow to shareholders going forward



# Q&A

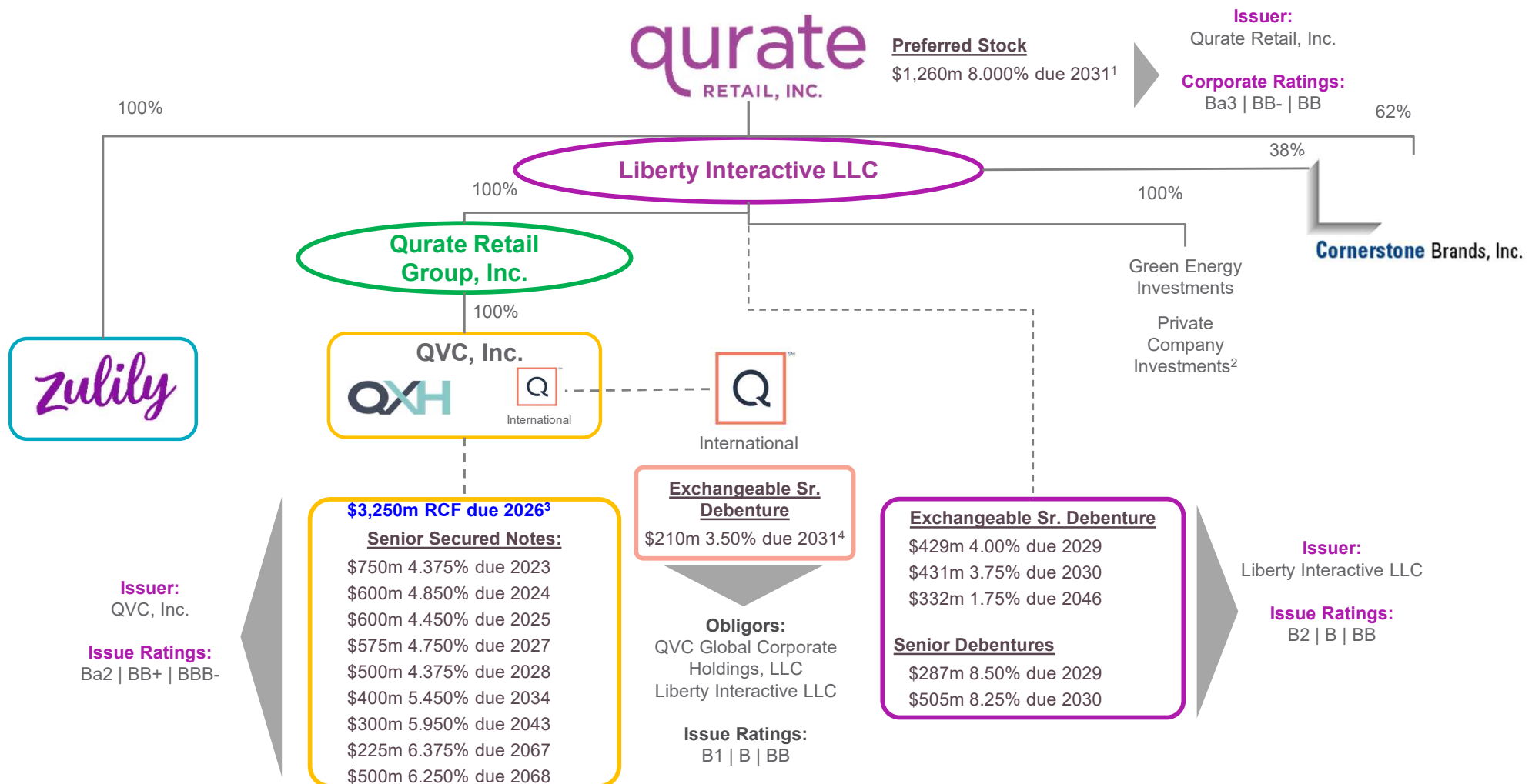
Greg Maffei, Chairman, Qurate Retail, Inc.

David Rawlinson, President and CEO, Qurate Retail, Inc.



# Appendix

# Qurate Retail Organizational Structure

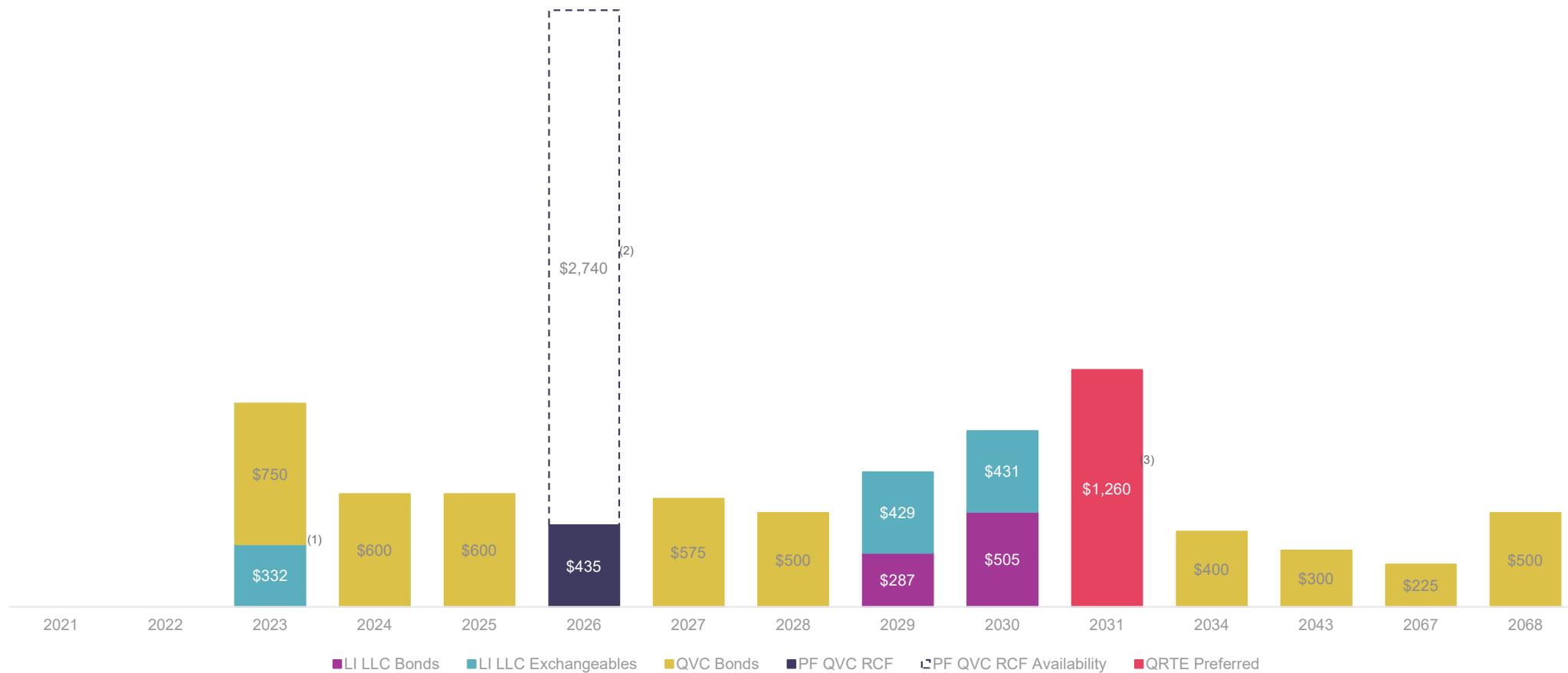


Note: Debt amounts are as of 9/30/21. <sup>1</sup> Liquidation value of the preferred stock as of 9/30/21; <sup>2</sup> Private assets include, among others, Liberty Technology Venture Capital II, Netbase Quid, and Sound Ventures Investments; <sup>3</sup> Pro forma for amendment to credit agreement on 10/27/21. \$120m drawn as of 9/30/21;

<sup>4</sup> 3.5% exchangeable senior debentures are unsecured and rank junior to QVC, Inc.'s existing notes and senior to Liberty Interactive LLC's exchangeable senior debentures. Liberty Interactive, LLC is co-obligor on 3.50% exchangeable senior debentures. Issued notice for 3.50% exchangeable senior debentures to redeem in full on 12/13/21 any debentures not previously properly surrendered for exchange.

# Debt Maturity Profile and Leverage

## Qurate Retail, Inc. Debt Maturity Schedule (\$ Millions)







As of 9/30/21. Liberty Interactive LLC and QVC exchangeables shown at face value. Debt and maturity profile shown pro forma for amendment to credit agreement on 10/27/21 and pro forma for redemption of 3.50% exchangeable senior debentures, which will be redeemed in full on 12/13/21 for any debentures not previously properly surrendered for exchange. Assumes \$315m net cost for redemption funded with revolver draw.

(1) 1.75% CHTR exchangeable at par; indemnification asset from Liberty Broadband covers exchange value.

(2) Available capacity shown pro forma for \$315m drawdown to fund redemption of 3.50% exchangeable senior debentures. Undrawn revolver includes outstanding letters of credit. Total pro forma revolver capacity is \$3.25b.

(3) Liquidation value of the preferred stock as of 9/30/21.

# Qurate Retail Exchangeable Debt Cheat Sheet

Description	1.75% Exchange. Debent. 	3.75% Exchange. Debent. 	4.00% Exchange. Debent. 	3.50% Exchange. Debent. <sup>(4)</sup> 
Issuing Entity	Liberty Interactive, LLC			QVC Global Corporate Holdings, LLC
Maturity date	Sept. 30, 2046	Feb. 15, 2030	Nov. 15, 2029	Jan. 15, 2031
Put/call date	Oct. 5, 2023	Call: Feb. 15, 2004	Call: Jan. 16, 2006	Call: Nov. 15, 2003
Principal <sup>(1)</sup>	\$332m	\$431m	\$429m	\$210m
Number of bonds outstanding <sup>(1)</sup>	332,240	459,999	468,693	437,404
Fair value of bonds outstanding <sup>(1)</sup>	\$714m	\$357m	\$363m	\$549m
Exchange price	\$341.10	Basket	Basket	\$91.16 <sup>(2)</sup>
Parity <sup>(3)</sup>	\$204.14	\$3.95	\$5.54	\$273.61
Conversion/\$1,000 principal amount	CHTR: 2.9317 shares	TMUS: 0.2419 shares LUMN: 0.5746 shares	TMUS: 0.3309 shares LUMN: 0.7860 shares	MSI: 5.2598 shares
Shares underlying	CHTR: 1.0m shares	TMUS: 0.1m shares LUMN: 0.3m shares	TMUS: 0.2m shares LUMN: 0.4m shares	MSI: 2.3m shares
Dividend Threshold	n/a	No threshold, entire dividend passed-through	No threshold, entire dividend passed-through	\$0.28 quarterly per MSI share

(1) As of 9/30/21  
(2) Remaining principal per \$1,000 original principal amount of debentures as of 9/30/21, divided by MSI shares underlying each debenture.  
(3) As of 11/9/21.  
(4) Issued notice for 3.50% exchangeable senior debentures to redeem in full on 12/13/21 any debentures not previously properly surrendered for exchange.

# Understanding Qurate Retail Interest Deductions

## Interest deductibility

- Annual interest expense includes cash interest and contingent interest on exchangeables
- Annual interest expense expected to exceed limitation on deductibility of 30% of EBIT plus interest income in future years
  - Do not expect to exceed cap in 2021 due to opportunistic repurchases of exchangeable bonds
  - EBITDA for US tax purposes is different than reported adjusted OIBDA
    - Tax EBITDA excludes adjusted OIBDA from Japan, Germany, and UK and is impacted by certain book to tax adjustments
  - Limitation on interest deductibility scheduled to change to 30% of EBIT in 2022
- Disallowed interest expected in future years
  - Carryforward does not expire
  - Expect utilization of all of the contingent interest expense carryforward by 2030
  - Plan to minimize annual disallowance in intervening years
    - i.e. gain from retirement of exchangeable bonds can be used to offset disallowed interest
- Total DTL as of 12/31/21 related to contingent interest on 3.75% and 4.00% exchangeable bonds approximately \$835m
- Disallowed interest in future years results in significant deferred interest carryforward by 2029 which should offset approximately ½ of gross DTL at maturity

# 3.75% and 4.00% Exchangeable Debentures:

## *Glossary of Key Terms*

- Cash interest: stated interest on bonds
  - 2021 expected cash interest: \$36m<sup>(1)</sup>
- Interest for tax purposes: rate higher than cash coupon allowed to be deducted for tax purposes and calculated off of bond's accreted basis
- Contingent interest: difference between interest for tax purposes and cash interest
  - Creates current period cash benefit from tax deductions that compounds semi-annually
  - 2021 expected contingent interest: \$341m
    - Growing to \$663m in 2029<sup>(2)</sup>
    - Results in approximately \$80m annual tax benefits today, growing to \$150m+ annual tax benefits by 2029
      - Annual tax benefits result in current period cash savings; remainder is deferred for use in future years
- Accreted basis: basis on bonds accretes annually by amount of contingent interest
- Deferred tax liability ("DTL"): accrual of current period contingent interest deductions that has to be paid at earlier of bond maturity or redemption of underlying bond
  - DTL calculated as: (accreted basis – face value) x (prevailing tax rate)
  - DTL as of 12/31/21 related to contingent interest on exchangeable bonds approximately \$835m<sup>(2)</sup>
    - Any incremental growth in DTL will be offset by commensurate amount of current period cash tax savings
    - In addition to the DTL, will owe \$834m principal at maturity

# 3.50%, 3.75% and 4.00% Exchangeable Debentures

Bond	Exch Ratio(s)	Cash Interest	Face (\$m) 9/30/21	FV (\$m) 9/30/21	Interest Rate Tax Purposes	Accreted Basis (\$m) 12/31/20	DTL 12/31/20
2029 <sup>(1)</sup>	0.3309 TMUS 0.786 LUMN	4%	\$429	\$363	9.069%	\$1,914	\$356
2030 <sup>(2)</sup>	0.2419 TMUS 0.5746 LUMN	3.75%	\$431	\$357	9.43%	\$2,082	\$396
2031 <sup>(3)</sup>	5.2598 MSI	3.5%	\$210	\$549	9.5%	\$1,861	\$181 <sup>(4)</sup>
TOTAL			\$1,070	\$1,269		\$5,857	\$933

Bond	Cash Coupon 2021E (\$m) <sup>(5)</sup>	Contingent Interest 2021E (\$m)	Total Tax Deductible Interest 2021E (\$m) (current and deferred)	Debt Retirements	Estimated Accreted Basis (\$m) 12/31/21E	DTL 12/31/21E
2029 <sup>(1)</sup>	\$19	\$158	\$177	-	\$2,072	\$395
2030 <sup>(2)</sup>	\$17	\$183	\$200	-	\$2,265	\$440
2031 <sup>(3)</sup>	\$13	\$148	\$161	\$(2,009)	-	-
TOTAL	\$49	\$489	\$538	\$(2,009)	\$4,337	\$835

(1) Estimated principal amount at maturity is \$413 million (assumes no further extraordinary distributions).

(2) Estimated principal amount at maturity is \$421 million (assumes no further extraordinary distributions).

(3) Issued notice to redeem 100% of 3.50% MSI exchangeable debentures by December 13, 2021.

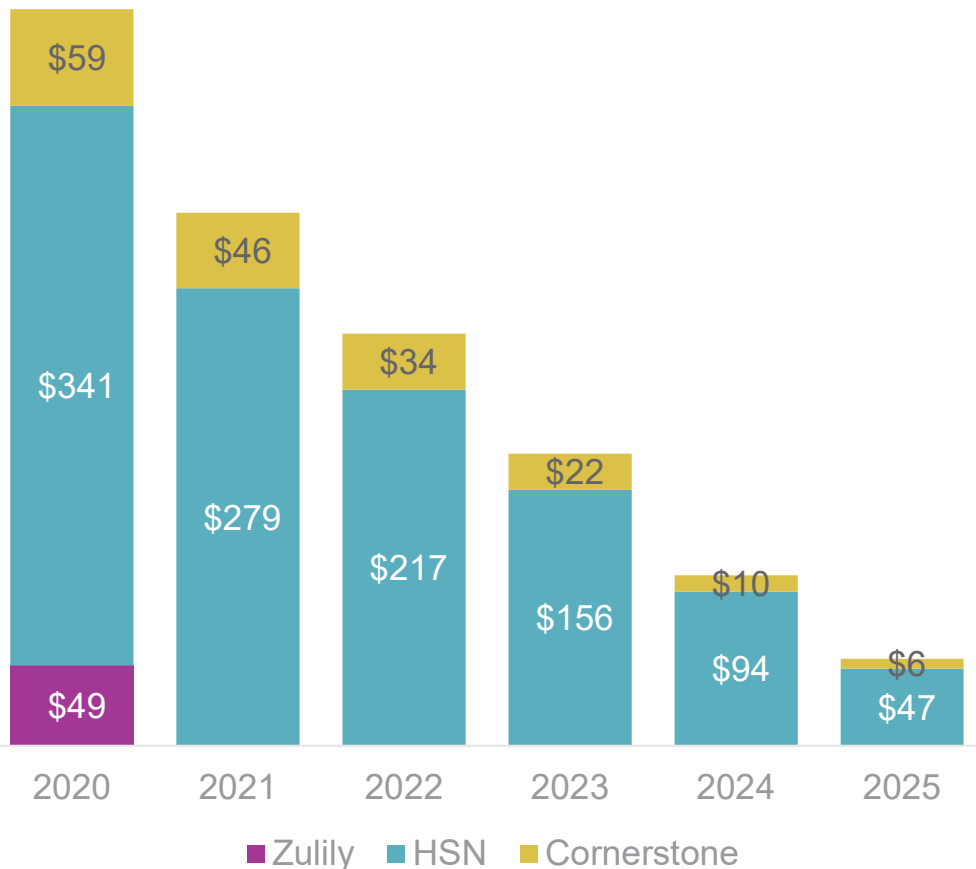
(4) In December 2020, a foreign subsidiary of QVC became the primary co-obligor on the 3.50% MSI Exchangeables. As a consequence, the 3.50% MSI Exchangeables became subject to the global intangible low-taxed income regime and the associated DTL was re-measured using a lower tax rate, resulting in a DTL balance of \$181m as of 12/31/20. Please note that for U.S. GAAP purposes, Qurate Retail does not record deferred taxes related to global intangible low-taxed income activity on its financial statements.

(5) Tax deductible interest. A portion of this reduces the outstanding principal amount of the bonds. See Qurate Retail press releases for more detail.

# Review of Purchase Accounting Amortization

## Qurate Retail Intangible Asset Balance

*\$ in millions*



## Purchase Accounting Amort.

- Purchase accounting amortization associated with Zulily, HSN & Cornerstone acquisitions
  - Annual HSN & Cornerstone purchase accounting amortization \$50m - \$75m through 2026 with minimal amortization in 2027
- Purchase accounting amortization is not deductible for cash tax purposes
- QVC purchase accounting rolled off in 2019
  - Dated back to 2003 acquisition of Comcast's interest in QVC
- Other non-acquisition related amortization at Qurate Retail approximately \$225m<sup>(1)</sup>
  - 50% related to channel placement (QxH)
  - 50% related to internally developed software

(1) For the twelve months ended 9/30/21.

# Accounting Treatment for Green Energy Investments

- GAAP treatment of green energy different from cash impact
- **Balance sheet**
  - Investments included in *Other assets, at cost, net of accumulated amortization*
  - Accounted for using equity method
- **Income statement**
  - Record share of underlying investments losses in *Share of earnings (losses) of affiliates, net*
  - Tax benefit from both operating loss and tax credits recognized in *Income tax (expense) benefit*
- **Statement of cash flows**
  - New investments (cash outflow) recorded in *Investments in and loans to cost and equity investees*
  - Occasionally get distributions from investments, including in event of asset sale; typically small and included in *Other investing activities, net*

# Non-GAAP Information – Preliminary Note

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## **Non-GAAP Measures**

To provide investors with additional information regarding our financial results, this presentation includes Adjusted OIBDA, which is a non-GAAP financial measure, for Qurate Retail, QVC (and certain of its subsidiaries), Zulily and Cornerstone together with a reconciliation to that entity or such businesses' operating income, as determined under GAAP. Qurate Retail defines 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.

Qurate Retail believes Adjusted OIBDA is an important indicator of the operational strength and performance of its businesses 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. Because Adjusted OIBDA is used as a measure of operating performance, Qurate Retail views operating income as the most directly comparable GAAP measure. Adjusted OIBDA is not meant to replace or supersede operating income or any other GAAP measure, but rather to supplement such GAAP measures in order to present investors with the same information that Qurate Retail's management considers in assessing the results of operations and performance of its assets. Please see the attached schedules for applicable reconciliations.

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 45 of this presentation.

# Non-GAAP Information - Schedules

## Non-GAAP Reconciliations Subsidiary Adjusted OIBDA

<i>(amounts in millions)</i>	LTM Ended Sept. '21
<b>QVC</b>	
Operating income	\$ 1,647
Depreciation and amortization	424
Stock compensation	44
<b>Adjusted OIBDA</b>	<b>\$ 2,115</b>
<b>QxH Adjusted OIBDA</b>	<b>\$ 1,551</b>
<b>QVC International Adjusted OIBDA</b>	<b>\$ 564</b>
<b>Zulily</b>	
Operating income (loss)	\$ (88)
Depreciation and amortization	80
Stock compensation	15
<b>Adjusted OIBDA (loss)</b>	<b>\$ 7</b>
<b>Cornerstone</b>	
Operating income	\$ 115
Depreciation and amortization	27
Stock compensation	1
<b>Adjusted OIBDA</b>	<b>\$ 143</b>

The table above provides a reconciliation of Adjusted OIBDA for QVC, Zulily and Cornerstone to that entity or such business' operating income (loss) calculated in accordance with GAAP for the twelve months ended September 30, 2021.

# Non-GAAP Information - Schedules

## Non-GAAP Reconciliations

### Qurate Retail, Inc. Adjusted OIBDA

			LTM Ended
<i>(amounts in millions)</i>	2019	2020	Sept. '21
<b>Qurate Retail, Inc. Operating Income</b>	\$ 184	\$ 1,572	\$ 1,610
Depreciation and amortization	606	562	531
Stock compensation expense	71	64	72
Impairment of intangible assets	1,167	-	-
Operating company level transaction related costs	1	-	-
<b>Qurate Retail, Inc. Adjusted OIBDA</b>	<b>\$ 2,029</b>	<b>\$ 2,198</b>	<b>\$ 2,213</b>

The table above provides a reconciliation of Qurate Retail's Adjusted OIBDA to its operating income calculated in accordance with GAAP for the years 2019 and 2020 and for the twelve months ended September 30, 2021.

# qurate

RETAIL, INC.

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