



**Item 2.02. Results of Operations and Financial Condition.**

On February 26, 2021, Qurate Retail, Inc. (the “Company”) issued a press release (the “Earnings Release”) setting forth information, including financial information, which is intended to supplement the financial statements and related Management’s Discussion and Analysis of Financial Condition and Results of Operations contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020, filed with the Securities and Exchange Commission (the “SEC”) on February 26, 2021.

This Item 2.02 and the Earnings Release attached hereto as Exhibit 99.1, insofar as they disclose historical information regarding the Company’s results of operations or financial condition for the year ended December 31, 2020, are being furnished to the SEC.

**Item 9.01. Financial Statements and Exhibits.**

**(d) Exhibits**

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#">Earnings Release, dated February 26, 2021.</a>
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 26, 2021

QURATE RETAIL, INC.

By: /s/ Wade Haufschild  
Name: Wade Haufschild  
Title: Senior Vice President

3

---

---

Corporate updates:

From November 25, 2020 through January 31, 2021, repurchased 7.7 million QRTEA shares at an average price per share of \$10.77 and total cost of \$82 million

Special cash dividend of \$1.50 per common share, for an aggregate dividend of approximately \$625 million, paid in December 2020

Discussion of Results

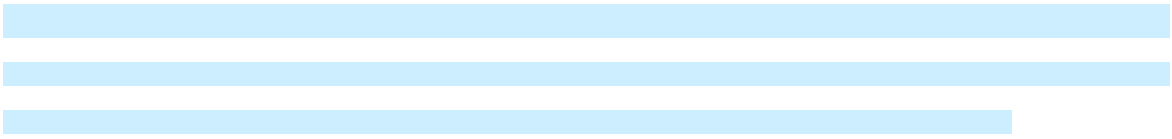
Unless otherwise noted, the following discussion compares financial information for the three months and year ended December 31, 2020 to the same periods in 2019.

**FOURTH QUARTER 2020 FINANCIAL RESULTS**

<i>(amounts in millions)</i>	4Q19	4Q20	% Change	% Change Constant Currency <sup>(a)</sup>
<b>Revenue</b>				
QxH	\$ 2,692	\$ 2,723	1 %	
QVC International	775	896	16 %	10 %
Zulily	452	503	11 %	
Cornerstone	254	331	30 %	
Intersegment eliminations	-	(1)	NM	
<b>Total Qurate Retail Revenue</b>	<b>\$ 4,173</b>	<b>\$ 4,452</b>	<b>7 %</b>	<b>6 %</b>
<b>Operating Income</b>				
QxH <sup>(b)</sup>	\$ 191	\$ 384	NM	
QVC International	115	144	25 %	20 %
Zulily	(13)	(15)	(15)%	
Cornerstone	3	34	1,033 %	
Unallocated corporate cost	(9)	(17)	(89)%	
<b>Total Qurate Retail Operating Income</b>	<b>\$ 287</b>	<b>\$ 530</b>	<b>85 %</b>	
<b>Adjusted OIBDA</b>				
QxH	\$ 443	\$ 486	10 %	
QVC International	133	162	22 %	16 %
Zulily	16	9	(44)%	
Cornerstone	12	40	233 %	
Unallocated corporate cost	(4)	(14)	(250)%	
<b>Total Qurate Retail Adjusted OIBDA</b>	<b>\$ 600</b>	<b>\$ 683</b>	<b>14 %</b>	<b>13 %</b>

a) For a definition of constant currency financial metrics, see the accompanying schedules.

b) QxH incurred a \$147 million non-cash impairment charge related to HSN's trademark in the fourth quarter of 2019.





QVC International reported constant currency revenue gains and customer growth in all markets for the quarter and full year. For the quarter, the business generated gains in nearly every category, led by home and beauty. For the full year, the business reported growth in home, beauty and electronics, while apparel and accessories were essentially flat.

For the quarter and full year, operating income and adjusted OIBDA margin increased primarily due to revenue growth, improved product margins, favorable fulfillment expense driven by average selling price leverage and lower TV commissions, partially offset by higher incentive compensation accruals and inventory obsolescence expense partially offset by improved product margin due to average selling price leverage and lower TV commissions.

For the full year, operating income and adjusted OIBDA margin also benefited from comping an approximate \$23 million operating loss and a \$6 million adjusted OIBDA loss incurred in 2019 related to the closure of QVC France, which terminated its operations on March 13, 2019.

**Zulily** \$'

For the quarter and full year, Zulily revenue increased on customer growth and gains in home and hardlines, which were partially offset by declines in women's apparel and footwear. Operating income and adjusted OIBDA margin decreased in the quarter primarily due to higher product costs and higher fulfillment expense.







From November 25, 2020 through January 31, 2021, Qurate Retail repurchased approximately 7.7 million shares of Series A common stock (Nasdaq: QRTEA) at an average cost per share of \$10.77 for total cash consideration of \$82 million. The remaining repurchase authorization for Qurate Retail is approximately \$414 million as of February 1, 2021. During the quarter ending December 31, 2020, Qurate Retail distributed a special cash dividend to holders of QRTEA and QRTEB common stock in the amount of \$1.50 per common share, for an aggregate dividend of approximately \$625 million.

For the year ended December 31, 2020, Qurate Retail returned over \$1.4 billion to shareholders, comprised of (i) \$626 million special cash dividend distributed on September 14, 2020, (ii) \$625 million special cash dividend distributed on December 7, 2020, (iii) \$70 million of share repurchases, (iv) \$49 million of repurchases of 3.5% exchangeable senior debentures due 2031 and (v) approximately \$25 million in interest payments on the Preferred Stock (defined below). On September 14, 2020, Qurate Retail distributed a special dividend to holders of QRTEA and QRTEB common stock consisting of 0.03 shares of newly issued 8.0% Series A Cumulative Redeemable Preferred Stock (the "Preferred Stock"), having an initial liquidation price of \$100 per share of Preferred Stock, with cash paid in lieu of fractional shares.

#### **FOOTNOTES**

- 1) Qurate Retail's President and CEO, Mike George, and Executive Chairman, Greg Maffei will discuss these highlights and other matters on Qurate Retail's earnings conference call that will begin at 8:30 a.m. (E.S.T.) on February 26, 2021. For information regarding how to access the call, please see "Important Notice" later in this document.
- 2) For a definition of constant currency financial metrics, see the accompanying schedules. Applicable reconciliations can be found in the financial tables at the beginning of this press release.
- 3) For definitions and applicable reconciliations of adjusted OIBMike



of Qurate Retail's exposure to changes in the MSI share price. The MSI Exchangeables will remain junior in right of payment to debt issued by QVC, Inc.

Qurate Retail benefits from an indemnification agreement with Liberty Broadband with respect to its Charter exchangeable debentures. Following a merger between Liberty Broadband and GCI Liberty during the fourth quarter of 2020, Liberty Broadband has assumed the indemnification agreement that was previously held by GCI Liberty. The indemnification agreement compensates Qurate Retail for any payments made in excess of the adjusted principal amount of the debentures to any holder that exercises its exchange right on or before the put/call date of the debentures. This indemnification agreement is not subject to the same conditions as the indemnification agreement entered into by Liberty Broadband with respect to its Charter exchangeable debentures.



This press release also references certain financial metrics on a constant currency basis, which is a non-GAAP measure, for Qurate Retail. Constant currency financial metrics, as presented herein, are calculated by translating the current-year and prior-year reported amounts into comparable amounts using a single foreign exchange rate for each currency.

Qurate Retail believes constant currency financial metrics are an important indicator of financial performance, in particular for QVC, due to the translational impact of foreign currency fluctuations relating to its subsidiaries in the UK, Germany, Italy and Japan. We use constant currency financial metrics to provide a framework to assess how our businesses performed excluding the effects of foreign currency exchange fluctuations. Please see the financial tables at the beginning of this press release for a reconciliation of the impact of foreign currency fluctuations on revenue, operating income, Adjusted OIBDA and average selling price.

SCHEDULE 1

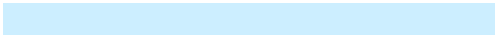
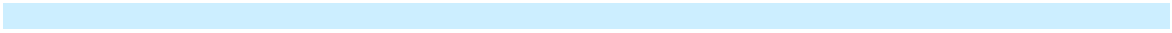
The following table provides a reconciliation of Qurate Retail's adjusted OIBDA to its operating income calculated in accordance with GAAP for the three months ended December 31, 2019, March 31, 2020, June 30, 2020, September 30, 2020 and December 31, 2020 and year ended December 31, 2019 and 2020.

CONSOLIDATED OPERATING INCOME AND PRO FORMA ADJUSTED OIBDA RECONCILIATION

(amounts in millions)	4Q19	1Q20	2Q20	3Q20	4Q20	2019	2020
<b>Qurate Retail, Inc. Operating Income (Loss)</b>	\$ 287	\$ 231	\$ 405	\$ 406	\$ 530	\$ 184	\$ 1,572
Depreciation and amortization	149	142	144	141	135	606	562
Stock compensation expense	17	11	16	15	15	62	62







\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



**QURATE RETAIL, INC.**  
**STATEMENT OF OPERATIONS INFORMATION**  
(unaudited)

	Years ended December 31,	
	2020	2019
amounts in millions		
<b>Revenue:</b>		
Total revenue, net	\$ 14,177	13,458
<b>Operating costs and expenses:</b>		
Cost of retail sales (exclusive of depreciation shown separately below)	9,291	8,899
Operating expense	867	844
Selling, general and administrative, including stock-based compensation	1,885	1,758
Impairment of intangible assets and long-lived assets	—	1,167
Depreciation and amortization	562	606
	<u>12,605</u>	<u>13,274</u>
Operating income (loss)	1,572	184
<b>Other income (expense):</b>		
Interest expense	(408)	(374)
Share of earnings (losses) of affiliates, net	(156)	(160)
Realized and unrealized gains (losses) on financial instruments, net	(110)	(251)
Gains (losses) on transactions, net	224	(1)
Tax sharing income (expense) with Liberty Broadband	(39)	(26)
Other, net	(32)	6
	<u>(521)</u>	<u>(806)</u>
Earnings (loss) from continuing operations before income taxes	1,051	(622)
Income tax benefit (expense)	211	217
Earnings (loss) from continuing operations	1,262	(405)
	58	51
Less net earnings (loss) attributable to the noncontrolling interests		
Net earnings (loss) attributable to Qurate Retail, Inc. shareholders	<u>\$ 1,204</u>	<u>(456)</u>

	2019	2018
Operating activities:		
Net income		
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		
Impairment of long-lived assets		
Stock-based compensation		
Loss on disposal of long-lived assets		
Change in accounts receivable		
Change in accounts payable		
Change in other assets and liabilities		
Net cash provided by operating activities	_____	_____
Investing activities:		
Purchase of property and equipment	(_____)	(_____)
Proceeds from disposal of long-lived assets	_____	_____
Net cash used in investing activities	(_____)	(_____)
Financing activities:		
Proceeds from the issuance of common stock	_____	_____
Proceeds from the issuance of debt	_____	_____
Payments of debt	(_____)	(_____)
Payments of dividends	(_____)	(_____)
Net cash provided by financing activities	_____	_____
Net change in cash and cash equivalents	_____	_____
Cash and cash equivalents at the beginning of the period	_____	_____
Cash and cash equivalents at the end of the period	_____	_____

