

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): **February 27, 2019**

QURATE RETAIL, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-33982
(Commission
File Number)

84-1288730
(I.R.S. Employer
Identification No.)

12300 Liberty Blvd.
Englewood, Colorado 80112
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(720) 875-5300**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On February 27, 2019, 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, 2018, filed with the Securities and Exchange Commission (the "SEC") on February 28, 2019.

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, 2018, are being furnished to the SEC.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	<u>Earnings Release, dated February 27, 2019.</u>

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 28, 2019

QURATE RETAIL, INC.

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

“In 2018, we made meaningful progress shaping the future of Qurate Retail, highlighted by the strongest new customer growth at QVC US in its 33-year history and continued gains in digital and mobile engagement,” said Mike George, President and CEO, Qurate Retail. “Results for the year were led by top-line growth at QVC US and International d en



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Unallocated corporate cost	(20)	(29)	(45)%
Total Qurate Retail Adjusted OIBDA (pro forma)	\$ 2,243	\$ 2,159	(4)%
Former Liberty Ventures corporate and other	(27)	(5)	
Pre-acquisition HSN and Cornerstone results	(266)	-	
Total Qurate Retail Adjusted OIBDA (as reported)	\$ 1,950	\$ 2,154	

a) For a definition of constant currency financial meMest

In the fourth quarter, HSN realized sales declines in electronics and jewelry, which were partially offset by gains primarily in accessories, beauty and apparel. For the full year, HSN realized declines in all categories. For the fourth quarter, operating margin expansion, excluding the impact of ASC 606, reflects lower transaction costs, which were partially offset by the aforementioned impairment charge and higher purchase accounting amortization. Adjusted OIBDA margin contraction, excluding the impact of ASC 606, was primarily due to higher inventory obsolescence and warehouse costs, which were partially offset by the reclassification of costs associated with certain TV distribution rights to amortization expense and lower customer service costs. For the full year, operating margin contraction, excluding ASC 606, primarily reflects higher amortization expense and the impairment charge, which was partially offset by lower transaction costs. Adjusted OIBDA margin expansion, excluding the impact of ASC 606, was due mainly to higher product and shipping margins and lower bad debt, fixed and customer service costs, which were partially offset by higher inventory obsolescence and warehouse expenses.

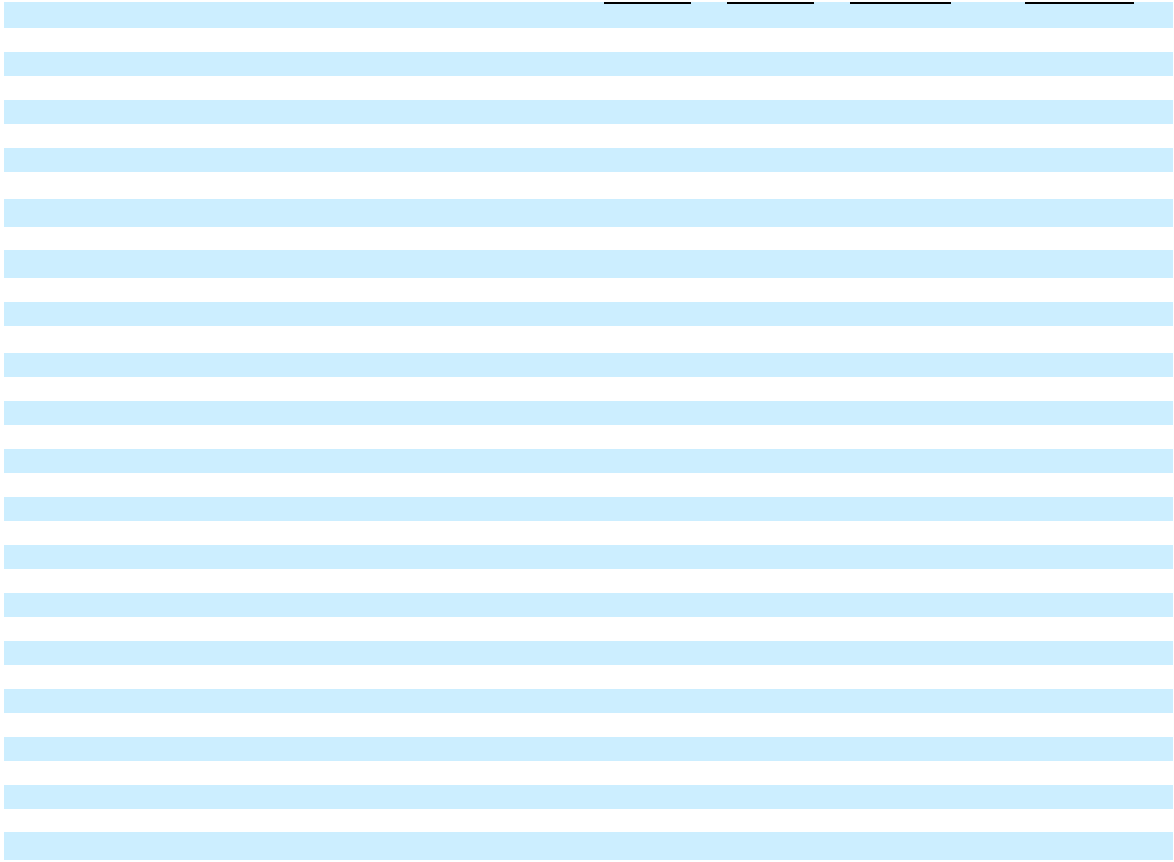
As a result of Qurate Retail's adoption of ASC 606, HSN revenue for the three months and year ended December 31, 2018 includes an additional \$5 and \$16 million of revenue, respectively, from its private label credit card program which was previously classified as an offset to SG&A expense. Excluding the impact of this accounting adjustment, HSN revenue declined 1% in the fourth quarter and declined 7% for the full year. The impact of this change on reported adjusted OIBDA margins was insignificant for both the quarter and full year.

As previously discussed in the third quarter of 2018, HSN is operating under several renewed carriage agreements with certain distribution partners beginning in the third quarter of 2018 which provide for capitalized upfront payments that are amortized over the life of the agreements, versus HSN's previous convention of expensing the payment associated with the contract terms each quarter. This change has a positive impact on HSN's adjusted OIBDA with a corresponding increase in HSN's amortization expense, but is cash neutral over the life of the agreements.

zulily

Revenue increased in the fourth quarter and full year due to strong customer acquisition. For the quarter, operating loss improved due to lower purchase accounting amortization. Adjusted OIBDA declined mainly due to higher freight, fixed and marketing expenses, which were partially offset by higher product margins and private label credit card income. For the full year, operating loss and adjusted OIBDA improved due to sales growth including the ramp up of zulily's private label credit card income, as well as higher product margins and leverage of fixed and operating expenses. These gains were partially offset by higher freight and marketing costs. The impact of ASC 606 as it relates to recognizing revenue at the time of shipment rather than delivery had a negative impact on reported revenue and adjusted OIBDA in the fourth quarter, but did not materially impact full year reported revenue and adjusted OIBDA.

Cornerstone



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eCommerce Revenue	\$ 943	\$ 1,050	11 %	8 %
eCommerce % of Total Revenue	35.8 %	38.3 %	250 bps	
Mobile % of eCommerce Revenue	68.2 %	71.5 %	330 bps	
LTM Total Customers	4.6	4.7	2 %	
HSN				
Cost of Sales % of Revenue	66.6 %	66.6 %	0 bps	
Operating Income Margin (%)	4.4 %	2.2 %	NM	
Adjusted OIBDA Margin (%)	9.4 %	9.7 %	30 bps	
Average Selling Price	\$ 54.68	\$ 55.04	1 %	
Units Sold			(9)%	
Return Rate	15.1 %	14.2 %	(90)bps	
eCommerce Revenue	\$ 1,099	\$ 1,074	(2)%	
eCommerce % of Total Revenue	46.9 %	48.8 %	190 bps	
Mobile % of eCommerce Revenue	56.0 %	60.3 %	430 bps	
LTM Total Customers	4.7	4.5	(4)%	
zulily				
Cost of Sales % of Revenue	74.1 %	74.1 %	0 bps	
Operating Income Margin (%)	(8.0)%	(5.2)%	280 bps	
Adjusted OIBDA Margin (%)	5.6 %	5.9 %	30 bps	
Mobile % of Total Orders	67.3 %	71.5 %	420 bps	
LTM Total Customers	5.8	6.6	14 %	
Cornerstone				
Operating Income Margin (%)	0.8 %	(3.4)%	NM	
Adjusted OIBDA Margin (%)	4.4 %	2.2 %	(220)bps	
eCommerce Revenue	\$ 740	\$ 703	(5)%	
eCommerce % of Total Revenue	71.0 %	72.5 %	150 bps	
China JV				
Revenue	\$ 164	\$ 172	5 %	
Adjusted OIBDA	\$ 2	\$ 2	- %	

- a) For a definition of constant currency financial metrics, see the accompanying schedules.
- b) Based on net revenue.
- c) Based on gross US Dollar orders.
- d) LTM: Last twelve months.
- e) Measured as returned sales over gross shipped sales.
- f) Prior year historical results are included for comparative purposes.
- g) This joint venture is accounted for as an equity investment.
- h) Certain prior year operating metrics of HSN have been restated to conform to QVC methodology and may differ from those reported in Qurate Retail's Q4-17 earnings press release.

Taxes

Qurate Retail estimates that its ongoing annual effective tax rate will be in the range of 17% - 20% including federal, state and foreign taxes, net of tax credits generated by Qurate Retail's green energy investments. This estimate excludes the impact of one-time tax items and is subject to adjustment. Qurate Retail's 06

acquisition of ILG on September 1, 2018. Qurate Retail subsequently sold its entire position of VAC shares for \$313 million of totalh



changes in law and government regulations that may impact the derivative instruments that hedge certain of our financial risks, the availability of investment opportunities and market conditions conducive to stock repurchases. These forward-looking statements speak only as of the date of this press release, and Qurate Retail expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in Qurate Retail'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 Qurate Retail, including the most recent Form 10-K, for additional information about Qurate Retail and about the risks and uncertainties related to Qurate Retail's business which may affect the

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

	Years ended December 31,	
	2018	2017
amounts in millions		
Revenue:		
Total revenue, net	\$ 14,070	10,404
Operating costs and expenses:		
Cost of retail sales (exclusive of depreciation shown separately below)	9,209	6,789
Operating expense	970	659
Selling, general and administrative, including stock-based compensation	1,897	1,188
Impairments of long-lived assets	33	—
Depreciation and amortization	637	725
	12,746	9,361
Operating income (loss)	1,324	1,043
Other income (expense):		
Interest expense	(381)	(355)
Share of earnings (losses) of affiliates, net	(162)	(200)
Realized and unrealized gains (losses) on financial instruments, net	76	145
Gains (losses) on transactions, net	1	410
Tax sharing income (expense) with GCI Liberty, Inc.	32	-
Other, net	(7)	7
	(441)	7
Earnings (loss) from continuing operations before income taxes	883	1,050
Income tax benefit (expense)	(60)	985
Earnings (loss) from continuing operations	823	2,035
Earnings (loss) from discontinued operations, net of taxes (note 5)	141	452
Net earnings (loss)	964	2,487
Less net earnings (loss) attributable to the noncontrolling interests	48	46
Net earnings (loss) attributable to Qurate Retail, Inc. shareholders	\$ 916	2,441

