



# Q4 2019 RESULTS

"In the fourth quarter, we delivered profitability that exceeded our expectations given strong expense management, improving gross margin and enhanced process execution. Our sales growth was driven almost entirely by our U.S. brick and mortar stores, supported by our investments in technology, store environment and the Pro business. We have a detailed road map in place to modernize our e-commerce platform and accelerate Lowes.com sales, which combined with the sales productivity improvement in our physical stores, underscores our opportunity to unlock additional growth. Though we are only one year into a multi-year plan, we made significant progress transforming our company and believe we are well positioned to capitalize on solid demand in a healthy home improvement market. We are entering 2020 from a position of strength and remain confident that our focus on retail fundamentals combined with technology improvements will continue to pay dividends across the business. I would like to thank all of our associates for their continued commitment to serving customers."

- Marvin R. Ellison, Lowe's president and CEO

## FINANCIAL HIGHLIGHTS

**\$16.0B**  
IN SALES  
+2.4%

**+2.6%**  
U.S. COMP  
SALES

**31.08%**  
GROSS  
MARGIN  
-22 basis points

**5.98%**  
OPERATING  
MARGIN  
+961 basis points

**\$0.66**  
DILUTED EPS

WE RETURNED

**~\$1.1  
BILLION**

TO OUR  
SHAREHOLDERS  
THROUGH DIVIDENDS  
AND SHARE  
REPURCHASES

**31.89%**  
ADJ. GROSS  
MARGIN<sup>1</sup>  
+40 basis points

**7.15%**  
ADJ. OPERATING  
MARGIN<sup>1</sup>  
+70 basis points

**\$0.94**  
ADJ. DILUTED EPS<sup>1</sup>  
+17.5%

## U.S. COMPARABLE SALES SUMMARY

### TRANSACTIONS/TICKET

COMP  
TRANSACTIONS

**-0.5%**

COMP AVERAGE  
TICKET

**+3.0%**

**LOWE'S ProServices**  
ABOVE COMPANY AVERAGE

LOWES.COM  
SALES GROWTH **+3%**

### COMP SALES BY TICKET SIZE

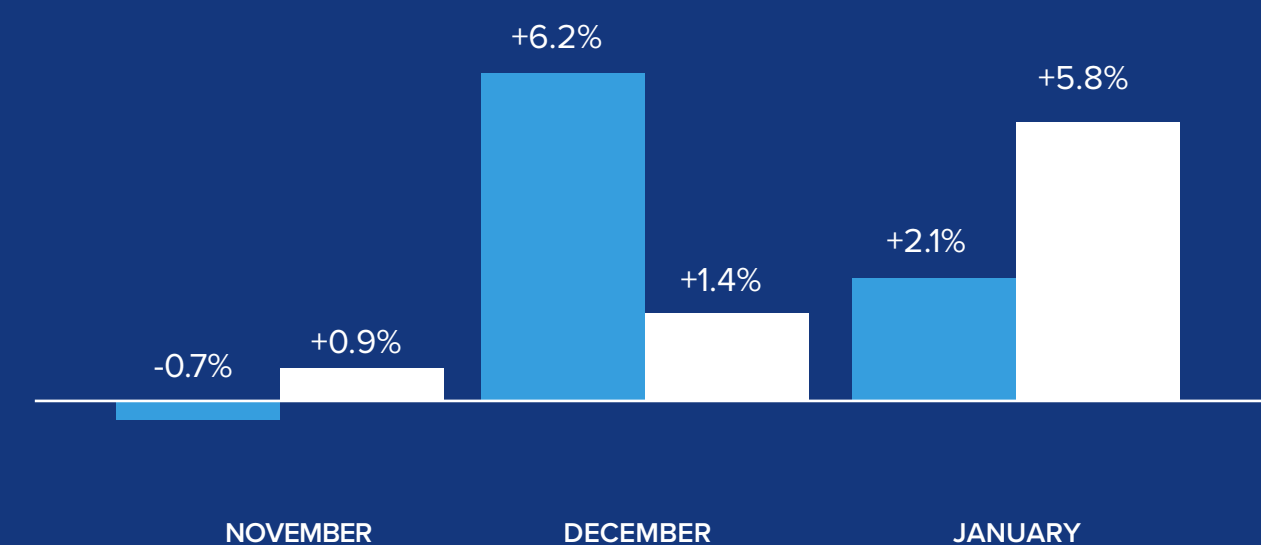
>\$500 **+3.8%**

\$50-500 **+2.7%**

<\$50 **-0.3%**

### U.S. MONTHLY COMP PERFORMANCE

■ 2019  
■ 2018



## PROGRESS AGAINST INITIATIVES

- Leveraged process improvements and technology to improve store labor productivity; optimized our current mix of labor hours to better serve customers, moving from a mix of 60% of payroll hours dedicated to tasking and only 40% dedicated to selling in 2018, to a current mix of more than 50% dedicated to selling.
- Pro strategic initiatives are gaining traction with another quarter of Pro comps outpacing DIY growth.
- Improved service model in stores and better in-stock execution resulted in our fourth consecutive quarter of improved customer service scores from both DIY and Pro customers.

## MERCHANDISING DEPARTMENT PERFORMANCE

Positive comps in **9 of 13** merchandising departments.

ABOVE COMPANY AVERAGE



Positive comps in  
**14** of 15 U.S. regions

<sup>1</sup> Adjusted Gross Margin, Adjusted Operating Margin, and Adjusted Diluted EPS are non-GAAP financial measures. Refer to Lowes.com/investor for a reconciliation of non-GAAP measures.



# STRATEGIC INITIATIVES

## OUR MISSION

Together, deliver the right home improvement products, with the best service and value, across every channel and community we serve.



### SUPPLY CHAIN TRANSFORMATION

Fulfillment and Delivery Optimization

Order Management Optimization



### MERCHANDISING EXCELLENCE

Improve Productivity

Drive Localization

Improve Reset Execution

Best-in-Class Online Experience



### OPERATIONAL EFFICIENCY

Store Simplification

In-Stock Execution



### CUSTOMER ENGAGEMENT

Own the Pro

Associate Engagement

OMNI-CHANNEL