

**FY2018 RE-BASELINED
SUMMARY FINANCIALS
and
RECLASSIFICATION OF CERTAIN
SHIPPING AND HANDLING COSTS**



FISCAL YEAR 2018 RECLASSIFICATION OF SHIPPING AND HANDLING COSTS



RECLASSIFICATION OF S&H COSTS ¹ (IN MILLIONS)	Q1	Q2	Q3	Q4 ²	FY 2018 ²
COST OF SALES	\$265	\$314	\$282	\$289	\$1,150
SELLING, GENERAL & ADMINISTRATIVE	\$255	\$304	\$272	\$280	\$1,111
DEPRECIATION AND AMORTIZATION	\$10	\$10	\$10	\$9	\$39

¹ During the fourth quarter of fiscal 2018, the company changed its method of accounting for shipping and handling costs from its stores, distribution centers, and other locations to customers. Under the new accounting principle, shipping and handling costs related to the delivery of products from the company to customers are included in cost of sales, whereas previously, they were included in selling, general and administrative (SG&A) expense as well as depreciation and amortization.

² The Q4 and FY'18 financial statements reported in the fourth quarter of 2018 reflect the change in accounting principle.

FISCAL YEAR 2018 RE-BASELINED



	GAAP 2018 (includes S&H impacts)	CHARGES	ADJUSTED 2018	RE-BASELINE			OPERATIONAL		
				BUSINESS UNIT OPTIMIZATION	STORE CLOSURE LIQUIDATION	INVENTORY RATIONALIZATION	2018 OPERATIONAL	LEASE ACCOUNTING STANDARD	2018 RE-BASELINED
SALES	\$71.3B	---	\$71.3B	(\$740)M	\$11M	(\$24)M	\$70.6B	---	\$70.6B
GROSS MARGIN	32.1%	\$33M	32.2%	(\$248)M	\$32M	\$307M	32.7%	---	32.7%
SG&A % OF SALES	24.4%	(\$1,908)M	21.7%	(\$321)M	\$6M	---	21.5%	\$35M	21.6%
OPERATING MARGIN	5.6%	\$2,087M	8.6%	\$109M	\$27M	\$307M	9.3%	(\$24)M	9.2%
EPS	\$2.84	\$2.27	\$5.11	\$0.10	\$0.02	\$0.28	\$5.52	---	\$5.52

1) Refer to lowes.com/investor for a reconciliation of non-GAAP measures.

BASELINE FOR FUTURE GROWTH 

Q1 2018 RE-BASELINED



	GAAP 2018 (restated to include S&H impacts)	CHARGES	ADJUSTED 2018	RE-BASELINE			OPERATIONAL		
				BUSINESS UNIT OPTIMIZATION	STORE CLOSURE LIQUIDATION	INVENTORY RATIONALIZATION	2018 OPERATIONAL	LEASE ACCOUNTING STANDARD	2018 RE-BASELINED
SALES	\$17.4B	---	\$17.4B	(\$196)M	---	---	\$17.2B	---	\$17.2B
GROSS MARGIN	33.1%	---	33.1%	(\$77)M	---	---	33.0%	---	33.0%
SG&A % OF SALES	22.7%	---	22.7%	(\$93)M	---	---	22.4%	\$8M	22.4%
OPERATING MARGIN	8.4%	---	8.4%	\$33M	---	---	8.7%	(\$6)M	8.7%
EPS	\$1.19	---	\$1.19	\$0.03	---	---	\$1.22	---	\$1.22

1) Refer to lowes.com/investor for a reconciliation of non-GAAP measures.

BASELINE FOR FUTURE GROWTH

Q2 2018 RE-BASELINED



	GAAP 2018 (restated to include S&H impacts)	CHARGES	ADJUSTED 2018	RE-BASELINE			OPERATIONAL		
				BUSINESS UNIT OPTIMIZATION	STORE CLOSURE LIQUIDATION	INVENTORY RATIONALIZATION	2018 OPERATIONAL	LEASE ACCOUNTING STANDARD	2018 RE-BASELINED
SALES	\$20.9B	---	\$20.9B	(\$217)M	---	---	\$20.7B	---	\$20.7B
GROSS MARGIN	33.0%	---	33.0%	(\$84)M	---	---	32.9%	---	32.9%
SG&A % OF SALES	21.0%	(\$230)M	19.9%	(\$89)M	---	---	19.7%	\$9M	19.7%
OPERATING MARGIN	10.4%	\$230M	11.5%	\$17M	---	---	11.7%	(\$6)M	11.6%
EPS	\$1.86	\$0.21	\$2.07	\$0.02	---	---	\$2.09	---	\$2.09

1) Refer to lowes.com/investor for a reconciliation of non-GAAP measures.

BASELINE FOR FUTURE GROWTH 

Q3 2018 RE-BASELINED



	GAAP 2018 (restated to include S&H impacts)	CHARGES	ADJUSTED 2018	RE-BASELINE			OPERATIONAL		
				BUSINESS UNIT OPTIMIZATION	STORE CLOSURE LIQUIDATION	INVENTORY RATIONALIZATION	2018 OPERATIONAL	LEASE ACCOUNTING STANDARD	2018 RE-BASELINED
SALES	\$17.4B	---	\$17.4B	(\$297)M	---	(\$24)M	\$17.1B	---	\$17.1B
GROSS MARGIN	30.9%	\$5M	30.9%	(\$69)M	---	\$307M	32.9%	---	32.9%
SG&A % OF SALES	23.0%	(\$180)M	21.9%	(\$104)M	---	---	21.7%	\$9M	21.8%
OPERATING MARGIN	5.5%	\$280M	7.1%	\$38M	---	\$307M	9.3%	(\$6)M	9.2%
EPS	\$0.78	\$0.26	\$1.04	\$0.04	---	\$0.28	\$1.36	---	\$1.36

1) Refer to [lowes.com/investor](https://www.lowes.com/investor) for a reconciliation of non-GAAP measures.

BASELINE FOR FUTURE GROWTH

Q4 2018 RE-BASELINED



	GAAP 2018 (restated to include S&H impacts)	CHARGES	ADJUSTED 2018	RE-BASELINE			OPERATIONAL		
				BUSINESS UNIT OPTIMIZATION	STORE CLOSURE LIQUIDATION	INVENTORY RATIONALIZATION	2018 OPERATIONAL	LEASE ACCOUNTING STANDARD	2018 RE-BASELINED
SALES	\$15.6B	---	\$15.6B	(\$30)M	\$11M	---	\$15.6B	---	\$15.6B
GROSS MARGIN	31.3%	\$29M	31.5%	(\$18)M	\$32M	---	31.6%	---	31.6%
SG&A % OF SALES	32.6%	(\$1,497)M	23.0%	(\$35)M	\$6M	---	22.8%	\$8M	22.9%
OPERATING MARGIN	(3.6)%	\$1,577M	6.4%	\$20M	\$27M	---	6.8%	(\$6)M	6.7%
EPS	(\$1.03)	\$1.83	\$0.80	\$0.02	\$0.02	---	\$0.85	---	\$0.85

1) Refer to [lowes.com/investor](https://www.lowes.com/investor) for a reconciliation of non-GAAP measures.

BASELINE FOR FUTURE GROWTH