



FOURTH QUARTER 2017
EARNINGS CALL

February 28, 2018

FOURTH QUARTER HIGHLIGHTS

Comp Sales	+4.1%
Gross Margin	33.73%
SG&A	24.28%¹
Operating Margin*	7.08%¹
EPS	\$0.67^{1, 2}
Adjusted EPS**	\$0.74

- Compelling consumer messaging, strong holiday event performance and integrated omni-channel capabilities drove comp growth that exceeded our expectations
 - Positive comps in 13 of 14 regions
 - Positive comps in 9 of 11 product categories, one category ~flat
- Repurchased \$133 million of stock under share repurchase program and paid \$341 million in dividends

¹ Includes \$66 million for the one-time cash bonus for eligible hourly U.S. employees.

² Includes a \$20 million tax charge associated with the Tax Cuts and Jobs Act of 2017.

* Operating margin is defined as operating income as a percentage of sales.

** Adjusted EPS is a non-GAAP financial measure and reflects adjustments for certain discrete amounts. Refer to the Non-GAAP Measures section of this document, starting on page 14, for additional information as well as reconciliation between the Company's GAAP and non-GAAP financial measures.

TOTAL SALES SUMMARY¹

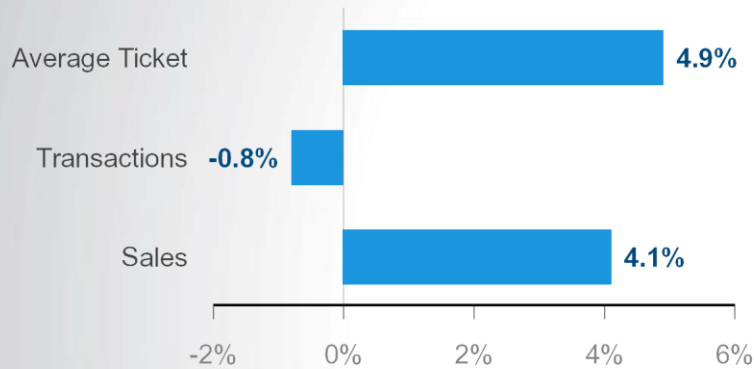
	Total
Sales	\$15.5B
Average Ticket	\$73.44
Customer Transactions	211.0M

¹ The extra week in the fourth quarter of fiscal 2016 contributed approximately \$950 million in sales. That extra week caused a calendar shift this year which negatively impacted fourth quarter total sales growth by approximately \$1 billion or 7%.

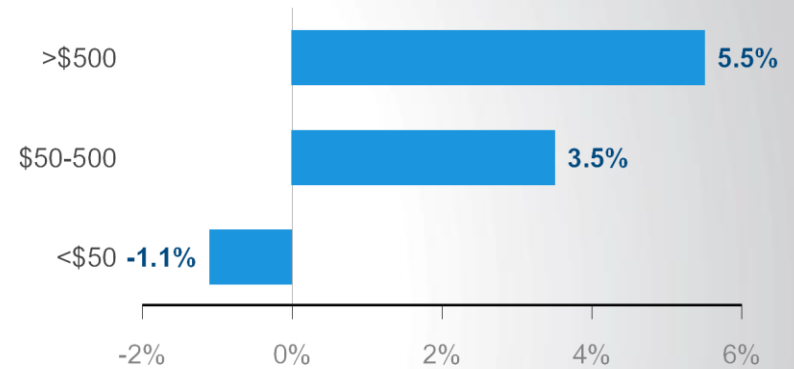


COMPARABLE SALES SUMMARY¹

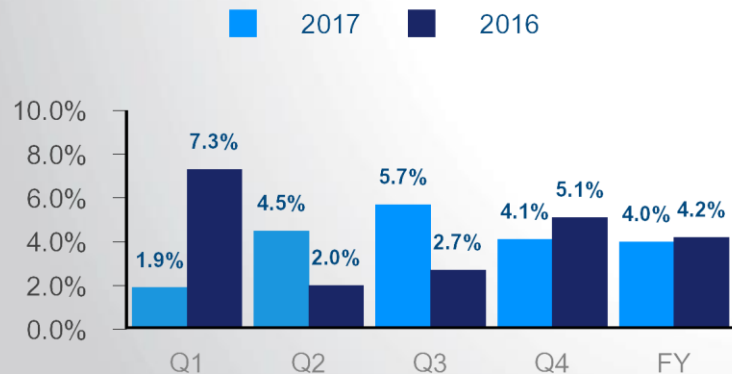
Transaction/Ticket



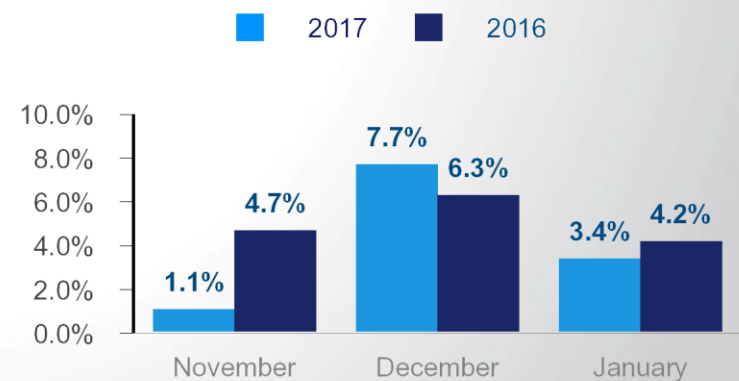
Ticket Size



Quarterly Trend



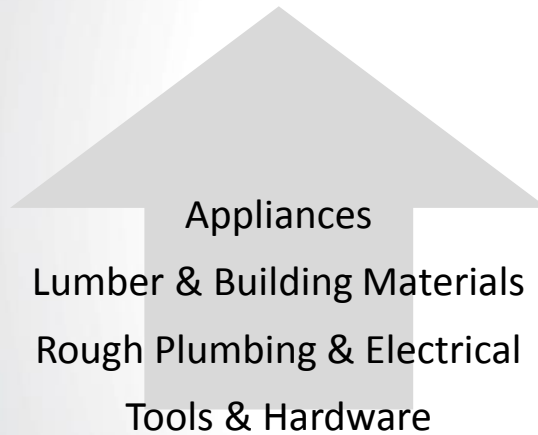
Monthly Trend



¹ RONA was included in the comparable sales calculation for the first time in July 2017.

PRODUCT CATEGORY PERFORMANCE¹

Above Average



Below Average



¹Q4 comp sales were +4.1%. Positive comps in 9 of 11 product categories, one category ~flat.

OPERATING MARGIN SUMMARY

	% of Sales	Leverage/ (Deleverage)	Drivers
Gross Margin	33.73%	(68) bps	(+) Value improvement (+) Pricing optimization (-) Competitive actions (-) Product mix (-) Shrink
SG&A	24.28%	(29) bps	(+) Prior year's severance-related costs (+) Employee insurance (+) Incentive compensation (-) One-time cash bonus (-) Customer delivery (-) Advertising (-) Prior year's 53 rd week
Depreciation and Amortization	2.37%	Flat	
Operating Margin	7.08%	(97) bps	

BALANCE SHEET SUMMARY

		YOY Change
Cash & Cash Equivalents	\$588M	+\$30M or +5.2%
Inventory	\$11.4B	+\$935M or +8.9%
Inventory Turnover	3.90x	-15 bps¹
Accounts Payable	\$6.6B	-\$61M or -0.9%
Lease Adjusted Debt to EBITDAR	2.33x	
Return on Invested Capital	18.8%	

¹ The extra week in 2016 negatively impacted inventory turnover by 6 bps.

STATEMENT OF CASH FLOWS SUMMARY

	Amount
Operating Cash Flow	\$5.1B
Capital Expenditures	\$1.1B
Free Cash Flow	\$3.9B
Share Repurchases:	
Fiscal Year	\$3.1B
Authorization Remaining	\$6.9B

ECONOMIC LANDSCAPE

- Key drivers of home improvement spending are real disposable personal income, home prices, and housing turnover.
- Outlook for the home improvement industry remains positive, supported by job gains and income growth, strong consumer balance sheets, and favorable revolving credit usage.
- Quarterly Consumer Sentiment Survey revealed that homeowners continue to have a favorable view of the national economy, personal finances, and home prices.
- Rising home prices should continue to encourage homeowners to engage in more discretionary projects in addition to ongoing maintenance and repair spending

STRATEGIC PRIORITIES



KNOW THE CUSTOMER

Enhancing our analytic capabilities to deliver insights that allow us to meet evolving customers needs



CHANGE HOW WE ENGAGE

Connecting with customers and associates when, how and where they desire



EXPAND OUR FULFILLMENT OPTIONS

Providing dependable, convenient and faster delivery options for customers



DELIVER COMPELLING PRODUCT EXPERIENCES

Delivering relevant and inspiring product experiences to provide value and personalized choice



GROW THE PRO BUSINESS

Increasing Pro penetration by providing unique solutions for their specific needs



DIFFERENTIATE WITH SERVICES

Delivering complete home improvement solutions through a differentiated services platform for the growing "Do It For Me" market

2018 BUSINESS OUTLOOK

(COMPARISONS TO FISCAL YEAR 2017 – BASED ON U.S. GAAP)



- Total sales are expected to increase approximately 4 percent
- Comparable sales are expected to increase approximately 3.5 percent
- The Company expects to add approximately 10 home improvement and hardware stores
- Operating income as a percentage of sales (operating margin) is expected to decrease approximately 30 basis points¹
- The effective income tax rate is expected to be approximately 25.5 percent
- Diluted earnings per share of \$5.40 to \$5.50 are expected for the fiscal year ending February 1, 2019
- Cash flow from operations are expected to be approximately \$6.5B
- Capital expenditures are expected to be approximately \$1.7B
- The Company expects to repurchase approximately \$2.5B of stock

¹ Includes 4 basis point net negative impact from the gain on the sale of the company's interest in its Australian joint venture (2Q 2017) and the one-time bonus paid to eligible hourly U.S. employees (4Q 2017).



APPENDIX

FORWARD LOOKING STATEMENTS

This presentation includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Statements including words such as “believe”, “expect”, “anticipate”, “plan”, “desire”, “project”, “estimate”, “intend”, “will”, “should”, “could”, “would”, “may”, “strategy”, “potential”, “opportunity” and similar expressions are forward-looking statements. Forward-looking statements involve estimates, expectations, projections, goals, forecasts, assumptions, risks and uncertainties. Forward-looking statements include, but are not limited to, statements about future financial and operating results, Lowe’s plans, objectives, business outlook, priorities, expectations and intentions, expectations for sales growth, comparable sales, earnings and performance, shareholder value, capital expenditures, cash flows, the housing market, the home improvement industry, demand for services, share repurchases, Lowe’s strategic initiatives, including those relating to acquisitions by Lowe’s and the expected impact of such transactions on our strategic and operational plans and financial results, and any statement of an assumption underlying any of the foregoing and other statements that are not historical facts. Although we believe that the expectations, opinions, projections, and comments reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and we can give no assurance that such statements will prove to be correct. Actual results may differ materially from those expressed or implied in such statements. A wide variety of potential risks, uncertainties, and other factors could materially affect our ability to achieve the results either expressed or implied by these forward-looking statements including, but not limited to, changes in general economic conditions, such as the rate of unemployment, interest rate and currency fluctuations, changes to tax laws applicable to corporate multinationals, such as the recently enacted U.S. Tax Cuts and Jobs Act of 2017, fuel and other energy costs, slower growth in personal income, changes in consumer spending, changes in the rate of housing turnover, the availability of consumer credit and of mortgage financing, inflation or deflation of commodity prices, and other factors that can negatively affect our customers, as well as our ability to: (i) respond to adverse trends in the housing industry, a reduced rate of growth in household formation, and slower rates of growth in housing renovation and repair activity, as well as uneven recovery in commercial building activity; (ii) secure, develop, and otherwise implement new technologies and processes necessary to realize the benefits of our strategic initiatives focused on omni-channel sales and marketing presence and enhance our efficiency; (iii) attract, train, and retain highly-qualified associates; (iv) manage our business effectively as we adapt our operating model to meet the changing expectations of our customers; (v) maintain, improve, upgrade and protect our critical information systems from data security breaches, ransomware and other cyber threats; (vi) respond to fluctuations in the prices and availability of services, supplies, and products; (vii) respond to the growth and impact of competition; (viii) address changes in existing or new laws or regulations that affect consumer credit, employment/labor, trade, product safety, transportation/logistics, energy costs, health care, tax or environmental issues; (ix) positively and effectively manage our public image and reputation and respond appropriately to unanticipated failures to maintain a high level of product and service quality that could result in a negative impact on customer confidence and adversely affect sales; and (x) effectively manage our relationships with selected suppliers of brand name products and key vendors and service providers, including third party installers. In addition, we could experience impairment losses if either the actual results of our operating stores are not consistent with the assumptions and judgments we have made in estimating future cash flows and determining asset fair values, or we are required to reduce the carrying amount of our investment in certain unconsolidated entities. With respect to acquisitions, potential risks include the effect of such transactions on Lowe’s and the target company’s strategic relationships, operating results and businesses generally; our ability to integrate personnel, labor models, financial, IT and others systems successfully; disruption of our ongoing business and distraction of management; hiring additional management and other critical personnel; increasing the scope, geographic diversity and complexity of our operations; significant integration costs or unknown liabilities; and failure to realize the expected benefits of the transaction. For more information about these and other risks and uncertainties that we are exposed to, you should read the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates” included in our most recent Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the “SEC”) and the description of material changes thereto, if any, included in our Quarterly Reports on Form 10-Q or subsequent filings with the SEC.

The forward-looking statements contained in this presentation are expressly qualified in their entirety by the foregoing cautionary statements. The foregoing list of important factors that may affect future results is not exhaustive. When relying on forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. All such forward-looking statements are based upon data available as of the date of this presentation or other specified date and speak only as of such date. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf about any of the matters covered in this presentation are qualified by these cautionary statements and in the “Risk Factors” included in our most recent Annual Report on Form 10-K and the description of material changes thereto, if any, included in our Quarterly Reports on Form 10-Q or subsequent filings with the SEC. We expressly disclaim any obligation to update or revise any forward-looking statement, whether as a result of new information, change in circumstances, future events, or otherwise, except as may be required by law.

NON-GAAP MEASURES

Management is using non-GAAP financial measures in this presentation, as further outlined in the following slides, because it considers them to be important supplemental measures of the Company's performance. Management also believes that these non-GAAP financial measures provide additional insight for analysts and investors in evaluating the Company's financial and operating performance. These non-GAAP financial measures should not be considered alternatives to, or more meaningful indicators of, the Company's earnings per common share, total debt or other financial measures as prepared in accordance with GAAP. The Company's methods of determining these non-GAAP financial measures may differ from the methods used by other companies for these or similar non-GAAP financial measures. Accordingly, these non-GAAP financial measures may not be comparable to measures used by other companies.

Detailed reconciliations between the Company's GAAP and non-GAAP financial results are shown within and are available on the Company's website at www.lowes.com/investor.

NON-GAAP MEASURES

EBITDAR

We define EBITDAR as earnings before interest, taxes, depreciation, amortization, share-based payments, rent, and certain items as defined by the Company's credit facility.

Lease-Adjusted Debt

We define Lease-Adjusted Debt as short-term debt, current maturities of long-term debt, long-term debt excluding current maturities, and six times the last four quarters' rent. We believe six times rent is a reasonable industry standard estimate of the economic value of our leased assets.

Lowe's believes the ratio of Lease-Adjusted Debt to EBITDAR is a useful supplemental measure, as it provides an indication of the results generated by the Company in relation to its level of indebtedness.

NON-GAAP MEASURES

ROIC

We define ROIC as trailing four quarters' Net Operating Profit after Tax (NOPAT) divided by the average of ending debt and equity for the last five quarters.

Lowe's believes ROIC is a useful measure of how effectively the Company uses capital to generate profits.

Free Cash Flow

We define Free Cash Flow as net cash provided by operating activities less capital expenditures.

Lowe's believes Free Cash Flow is a useful measure to describe the Company's financial performance and measures its ability to generate excess cash from its business operations.

NON-GAAP MEASURES

Adjusted Diluted Earnings Per Share

We have presented Adjusted Diluted Earnings Per Share to exclude the impacts of certain items, as further detailed below, not contemplated in Lowe's original Business Outlooks for 2017 and 2016 to assist the user in understanding performance relative to that Business Outlook.

In the fourth quarter of 2017, the company recognized the items below:

- \$0.02 per share for a tax charge associated with the Tax Cuts and Jobs Act of 2017; and
- \$0.05 per share for a one-time cash bonus to eligible hourly U.S. employees.

In addition to the items referenced above, fiscal 2017 also included the following:

- \$0.34 per share for the loss on extinguishment of debt in the first quarter; and
- \$0.11 per share for the gain from the sale of the company's interest in its Australian joint venture in the second quarter.

RECONCILIATION OF NON-GAAP MEASURES

EBITDAR	Four Quarters Ended	
	February 2, 2018	February 3, 2017
Net Earnings	3,447	3,093
Interest ¹	633	645
Taxes	2,042	2,108
Depreciation and Amortization ²	1,528	1,575
Share-based Payments	99	91
Rent	626	549
Certain Charges	530 ³	549 ⁴
EBITDAR	8,905	8,610

¹ Interest includes amortization of original issue discount, deferred loan costs & other non-cash amortization charges

² Depreciation and amortization represents total Company depreciation, including Distribution Networks and Millworks, as well as amortization of certain trademarks and intangibles

³ Certain charges includes \$464M loss on extinguishment of debt and a \$66M charge related to the one-time Tax Reform Bonus.

⁴ Certain charges includes the following: \$290M impairment associated with the joint venture in Australia; \$76M goodwill and long-lived asset impairment charge associated with Orchard Supply Hardware; \$96M charge related to a write-off as part of the Company's ongoing review of strategic initiatives; and \$87M charge from severance-related costs associated with productivity initiatives in Fiscal 2016.

RECONCILIATION OF NON-GAAP MEASURES

Lease Adjusted Debt	Four Quarters Ended	
	February 2, 2018	February 3, 2017
Short-term Borrowings	1,137	510
Current Maturities of LTD	294	795
Long-term Debt Excluding Current Maturities	15,564	14,394
Total Debt	16,995	15,699
6 Times Rent	3,755	3,291
Lease Adjusted Debt	20,750	18,990
EBITDAR	8,905	8,610
Lease Adjusted Debt to EBITDAR	2.33	2.21

RECONCILIATION OF NON-GAAP MEASURES

ROIC	Four Quarters Ended	
	February 2, 2018	February 3, 2017
Net Earnings	3,447	3,093
Interest	633	645
Loss on Extinguishment of Debt	464	—
Taxes	2,042	2,108
Net Operating Profit	6,586	5,846
Effective Tax Rate	37.2%	40.5%
Tax Adjustment	2,450	2,370
NOPAT	4,136	3,476
Average Debt and Equity	21,999	21,958
ROIC	18.80%	15.83%

RECONCILIATION OF NON-GAAP MEASURES

Free Cash Flow	FY 2018E	FY 2017	FY 2016
Net Cash Provided by Operating Activities	6,500	5,065	5,617
Capital Expenditures	1,700	1,123	1,167
Free Cash Flow	4,800	3,942	4,450

E = Estimate

SUMMARY OF ADJUSTMENTS

Summary of Operating Income Impacts (Income)/Expense	2016					2017				
	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD
Net Gain on Settlement of Foreign Currency Hedge	(160)	84			(76)					
Non-cash Charge on Australian Joint Venture			290		290					
Non-cash Project Write-offs			96		96					
Non-cash Goodwill & Long-lived Asset Impairment Charges			76		76					
Severance-Related Costs				84	84					
Gain from Sale of Interest in Australian Joint Venture							(96)			(96)
One-time Cash Bonus Attributable to Tax Reform									66	66
Total	(160)	84	462	84	470		(96)		66	(30)
Summary of Non-Operating Income Impacts (Income)/Expense	2016					2017				
	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD
Loss on Extinguishment of Debt						464				464
Total						464				464

RECONCILIATION OF NON-GAAP MEASURES

The following provides a reconciliation of adjusted diluted earnings per share to diluted earnings per common share, the most directly comparable GAAP financial measure.

	Three Months Ended					
	February 2, 2018 (13-week quarter)			February 3, 2017 (14-week quarter)		
	Pre-Tax Earnings	Tax	Net Earnings	Pre-Tax Earnings	Tax	Net Earnings
Diluted earnings per share, as reported			\$0.67			\$0.74
Severance-related costs	—	—	—	0.10	(0.04)	0.06
IRC Section 987 charge	—	—	—	—	0.04	0.04
Premium on RONA Preferred Shares ¹	—	—	—	—	—	0.02
Impact of tax reform	—	0.02	0.02	—	—	—
One-time cash bonus attributable to tax reform	0.08	(0.03)	0.05	—	—	—
Adjusted diluted earnings per share			\$0.74			\$0.86

¹ Under the two-class method, the premium paid to redeem the RONA preferred shares was deducted from net earnings to compute net earnings allocable to common shareholders

RECONCILIATION OF NON-GAAP MEASURES

The following provides a reconciliation of adjusted diluted earnings per share to diluted earnings per common share, the most directly comparable GAAP financial measure.

	Year Ended					
	February 2, 2018 (52-week year)			February 3, 2017 (53-week year)		
	Pre-Tax Earnings	Tax	Net Earnings	Pre-Tax Earnings	Tax	Net Earnings
Diluted earnings per share, as reported			\$4.09			\$3.47
Net gain on foreign currency hedge	—	—	—	(0.09)	0.04	(0.05)
Australian joint venture impairment	—	—	—	0.33	—	0.33
Project write-offs	—	—	—	0.11	(0.04)	0.07
Orchard Supply Hardware goodwill and long-lived asset impairment	—	—	—	0.08	(0.03)	0.05
Severance-related costs	—	—	—	0.09	(0.03)	0.06
IRC Section 987 charge	—	—	—	—	0.04	0.04
Premium on RONA Preferred Shares ¹	—	—	—	—	—	0.02
Loss on extinguishment of debt	0.55	(0.21)	0.34	—	—	—
Gain on sale of interest in Australian joint venture	(0.11)	—	(0.11)	—	—	—
Impact of tax reform	—	0.02	0.02	—	—	—
One-time cash bonus attributable to tax reform	0.08	(0.03)	0.05	—	—	—
Adjusted diluted earnings per share			\$4.39			\$3.99

¹ Under the two-class method, the premium paid to redeem the RONA preferred shares was deducted from net earnings to compute net earnings allocable to common shareholders

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