Q1 2019 RESULTS

"Our first quarter comparable sales performance is a clear indication that the consumer is healthy and our focus on retail fundamentals is gaining traction. Our commitment to improving in-stocks and customer service coupled with our focus on winning with the pro customer were integral to driving improved sales. However, the unanticipated impact of the convergence of cost pressure, significant transition in our merchandising organization, and ineffective legacy pricing tools and processes led to gross margin contraction in the quarter which impacted earnings. We are taking the necessary actions to more systematically analyze and implement retail price changes to mitigate cost pressure. Our recent acquisition of the Retail Analytics platform from Boomerang Commerce will also assist in modernizing and digitizing our approach to pricing. We are still in the early stages of our transformation, and with the changes we are putting in place, we expect to deliver improved gross margin performance over the balance of the year."

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

FINANCIAL HIGHLIGHTS

$17.7B
IN SALES
+2.2%

+4.2%
U.S. COMP SALES

31.46%
GROSS MARGIN
-165 basis points

7.99%
OPERATING MARGIN
-45 basis points

$1.31
DILUTED EPS
+10.1%

$1.22
ADJ. DILUTED EPS[1]
+2.5%

WE RETURNED **$1.2 BILLION** TO OUR SHAREHOLDERS THROUGH DIVIDENDS AND SHARE REPURCHASES

1 Adjusted Diluted EPS is a non-GAAP financial measure. Refer to lowes.com/investor for a reconciliation of non-GAAP measures.

COMPARABLE SALES SUMMARY

TRANSACTIONS/TICKET

COMP TRANSACTIONS +2.2%

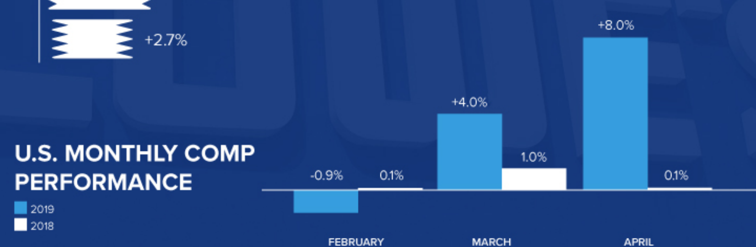
COMP AVERAGE TICKET +1.3%

Lowe's ProServices ABOVE COMPANY AVERAGE

LOWES.COM SALES GROWTH +16%

TICKET SIZE

U.S. MONTHLY COMP PERFORMANCE



MERCHANDISING DEPARTMENT PERFORMANCE

Positive comps in **10** of **13** merchandising departments.

ABOVE COMPANY AVERAGE

SEASONAL & OUTDOOR LIVING

LAWN & GARDEN

TOOLS

APPLIANCES

Positive comps in **13** of 15 regions

PROGRESS AGAINST INITIATIVES

- Improved service model in stores and better in-stock execution resulting in improved customer satisfaction scores from DIY and Pro customers.
- Positive early results from implementation of Merchandising Service Teams including reductions in out-of-stocks and improved sales productivity.
- Completed rollout of field merchandising teams to drive merchandising productivity.
- Rolled out approximately 88,000 SMART mobile devices to our stores to improve associate productivity.
- Acquired Retail Analytics platform from Boomerang Commerce which will bolster strategic and data-driven pricing and merchandise assortment decisions.
- Early evidence that Pro strategic initiatives are working:
  - Improved job lot quantities
  - Added dedicated loaders
  - Added dedicated department supervisors to all Pro areas
  - Redesigned our field structure staffing
  - Improved product presentation

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