LOWE'S Q4 2018 RESULTS

"Overall, we are pleased with the progress we are making in our business. Most of the intense work over the past six months to transform our company has been in preparation for an improved spring season and fiscal 2019. Therefore, we are encouraged by an improved comparable sales progression through the fourth quarter, culminating in U.S. home improvement comp growth of 5.8% in January. Although we have remaining work to do, we are pleased with the results we are seeing in early spring categories which is evidence that we are focused on the right actions at this stage of our transformation."

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

FINANCIAL HIGHLIGHTS

$15.6B
IN SALES
+1.0%

+2.4%
U.S. HOME IMPROVEMENT COMP SALES

WE RETURNED $916 MILLION TO OUR SHAREHOLDERS THROUGH DIVIDENDS AND SHARE REPURCHASES

31.30%
GROSS MARGIN
-74 basis points

(3.63%)
OPERATING MARGIN
-1,071 basis points

6.44%
ADJ. OPERATING MARGIN[1,2]
-106 basis points

($1.03)
DILUTED LOSS PER SHARE
-254.4%

$0.80
ADJ. DILUTED EPS[1,3]
+8.1%

1 Adjusted Diluted EPS and Adjusted Operating Margin are non-GAAP financial measures. Refer to lowes.com/investor for a reconciliation of non-GAAP measures.

2 4Q 2017 Operating Margin was 7.08% and Adj. Operating Margin was 7.50%.

3 4Q 2017 Diluted EPS was $0.67 and Adj. Diluted EPS was $0.74.

COMPARABLE SALES SUMMARY

TRANSACTIONS/TICKET

COMP TRANSACTIONS: **-0.6%**

COMP AVERAGE TICKET: **+2.3%**

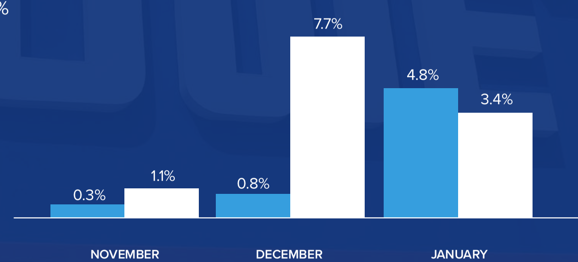
LOWE'S ProServices
ABOVE COMPANY AVERAGE

LOWES.COM SALES GROWTH
+11%

TICKET SIZE

>$500	3.6%
$50-500	0.6%
<$50	-0.3%

MONTHLY COMP PERFORMANCE



PRODUCT CATEGORY PERFORMANCE

Positive comps in **8** of **11** product categories

ABOVE COMPANY AVERAGE

- LAWN & GARDEN
- APPLIANCES
- TOOLS & HARDWARE
- LUMBER & BUILDING MATERIALS
- PAINT

Positive comps in **11** of 14 regions

PROGRESS AGAINST INITIATIVES

- **Delivered better customer service resulting in improved customer satisfaction scores from both DIY and Pro customers.**
- **Successful Merchandising Service Team pilot.**
- **Implementing retail fundamentals framework driving improved performance in Paint and early spring categories.**
- **Strong customer response to Craftsman with market share gains in each Craftsman category.**
- **Investing in job lot quantities to better meet Pro customer needs.**

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