

A photograph of a two-story brick Lowe's store with a large white "LOWE'S" sign on the front. The store has blue awnings over the entrance and windows. A parking lot with several cars is in the foreground. A white outline of a house shape is superimposed over the top half of the image. A semi-transparent dark blue box is in the bottom left corner containing the event title and date.

LOWE'S

2022 Analyst & Investor Conference

DECEMBER 7, 2022

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”, “outlook”, “scenario”, “guidance”, and similar expressions are forward-looking statements. Forward-looking statements involve, among other things, expectations, projections, and assumptions about future financial and operating results, objectives, business outlook, priorities, sales growth, shareholder value, capital expenditures, cash flows, the housing market, the home improvement industry, demand for products and services, share repurchases, Lowe’s strategic initiatives, including those relating to acquisitions and dispositions and the impact of such transactions on our strategic and operational plans and financial results. Such statements involve risks and uncertainties, and we can give no assurance that they 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 volatility and/or lack of liquidity from time to time in U.S. and world financial markets and the consequent reduced availability and/or higher cost of borrowing to Lowe’s and its customers, the risk that asset impairment and deal-related transaction costs on the divestiture of the Canadian retail business could ultimately be greater than what we currently expect, slower rates of growth in real disposable personal income that could affect the rate of growth in consumer spending, inflation and its impacts on discretionary spending and on our costs, shortages, and other disruptions in the labor supply, interest rate and currency fluctuations, home price appreciation or decreasing housing turnover, the availability of consumer credit and of mortgage financing, trade policy changes or additional tariffs, outbreaks of pandemics, fluctuations in fuel and energy costs, inflation or deflation of commodity prices, natural disasters, armed conflicts, acts of both domestic and international terrorism, and other factors that can negatively affect our customers.

Investors and others should carefully consider the foregoing factors and other uncertainties, risks and potential events including, but not limited to, those described in “Item 1A - Risk Factors” in our most recent Annual Report on Form 10-K and as may be updated from time to time in Item 1A in our quarterly reports on Form 10-Q or other subsequent filings with the SEC. All such forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update these statements other than as required by law.





Brandon Sink

CHIEF FINANCIAL OFFICER



Affirming 2022 financial outlook

~\$97-98B

Sales¹

Comparable Sales (Flat to -1%)

13.0%

Adjusted
Operating Margin^{2,3}

\$13.⁶⁵ - \$13.⁸⁰

Adjusted
Diluted EPS³

Up to \$2B

Capital Expenditures

~\$13B

Share Repurchases

>37%

Adjusted Return on
Invested Capital (ROIC)³

Note: Canadian retail business represents 60 basis points dilution to the FY2022 adjusted operating margin outlook.

¹ Includes 53rd week, which is expected to increase total sales by approximately \$1.0 - \$1.5 billion.

² Adjusted Operating Margin represents Adjusted Operating Income as a percentage of Sales.

³ All full year 2022 outlook adjusted measures exclude asset impairment and expected transaction costs associated with the sale of our Canadian retail business. Adjusted Operating Margin, Adjusted Operating Income and Adjusted Diluted Earnings per Share are non-GAAP financial measures. In addition, ROIC is calculated using a non-GAAP financial measure. The Company does not provide a reconciliation for non-GAAP estimates on a forward-looking basis where it is unable to provide a meaningful or accurate calculation or estimation of reconciling items without unreasonable effort, including timing of and deal-related transaction costs associated with the sale of our Canadian retail business.



2023 scenario planning

GIVEN THE UNCERTAIN NATURE OF THE SECTOR'S PERFORMANCE AND RANGE OF POSSIBLE OUTCOMES, LOWE'S HAS MODELED VARIOUS FINANCIAL RESULTS IN 2023

		Fiscal 2023 Scenarios ¹			
		OUTLOOK 2022 ²	ROBUST MARKET	MODERATE MARKET	WEAK MARKET
TOTAL SALES		\$97 – 98B	\$92B	\$90B	\$87B
	Comp Sales	Flat to -1.0%	+2%	-1%	-4%
ADJ. OPERATING INCOME		\$13B	\$13B	\$12B	\$12B
	% of Sales vs. LY	13.0% +40 bps	13.9% +90 bps	13.7% +70 bps	13.3% +30 bps
ROIC		>37%	~40%	~38%	~36%
RELEVANT MARKET			Flat to +1%	-2% to -3%	-5% to -6%

¹ Each scenario assumes that the sale of the Canadian retail business is complete at end of fiscal year 2022.

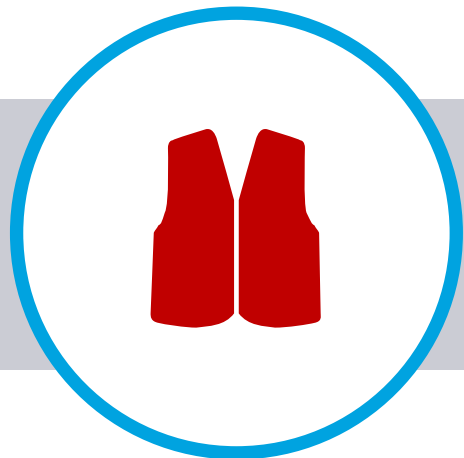
² Includes 53rd week, which is expected to increase total sales by approximately \$1.0 - \$1.5 billion. Full year 2022 outlook for Adjusted Operating Income, which is a non-GAAP financial measure, and ROIC, which is calculated using a non-GAAP financial measure, excludes asset impairment and expected transaction costs associated with the sale of our Canadian retail business.

Note: Lowe's relevant market is 75% DIY / 25% Pro vs. Total Market of 50% Pro / 50% DIY.



Levers we can flex to protect operating margins

IN A LOWER SALES ENVIRONMENT, WE HAVE LEVERS WE CAN MANAGE TO PROTECT FLOW-THROUGH



**Store
expense**



**Near-term
inventory buys**



**Advertising
expense**



**Incentive
compensation**



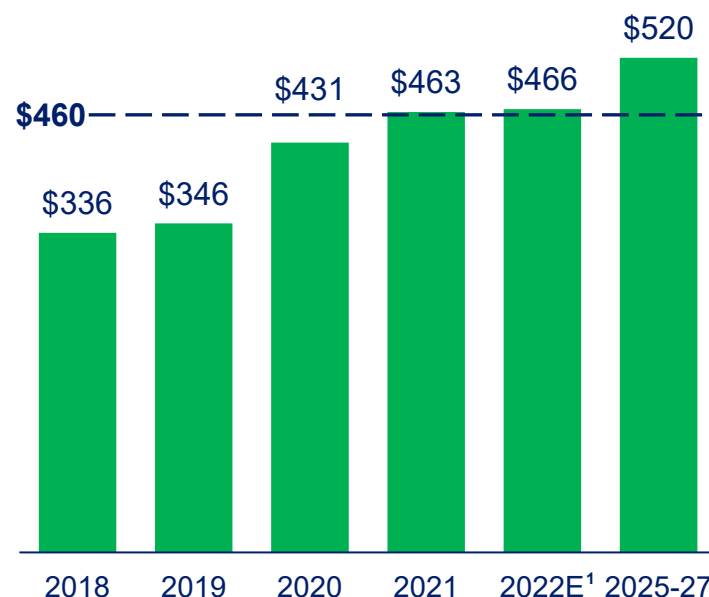
**Rationalize &
defer incremental
projects**

Building on our momentum...

...WITH MEANINGFUL GROWTH AND PRODUCTIVITY EXPANSION STILL AHEAD

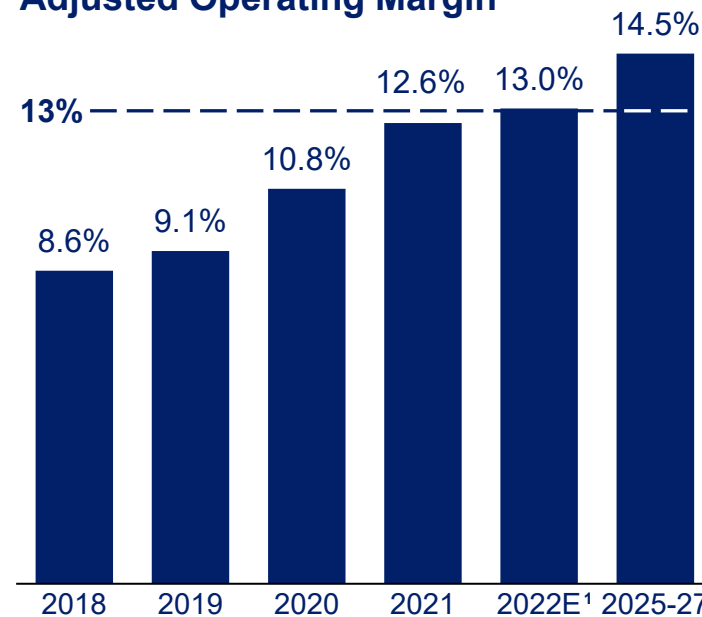
— LONG-TERM TARGET FROM 2020 INVESTOR UPDATE

Sales per Square Foot

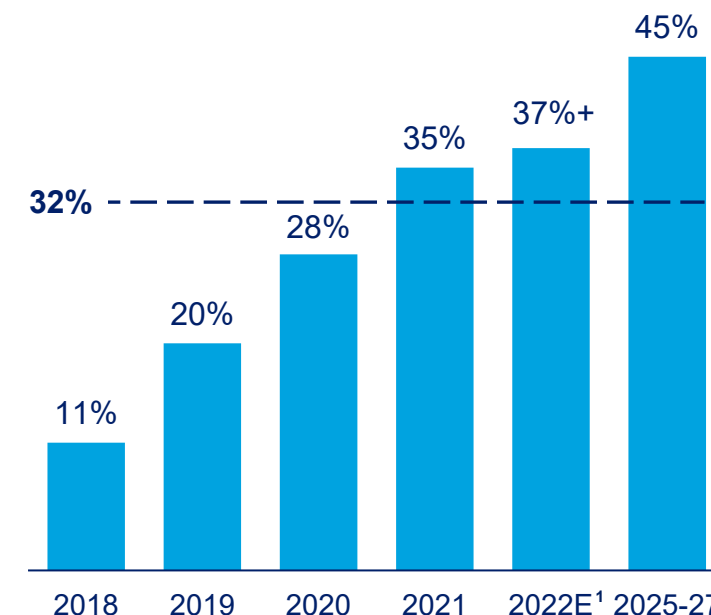


\$520 sales per square foot target based on 194 million square feet of selling space in U.S. Total Canada selling square footage is 14 million.

Adjusted Operating Margin²



ROIC³



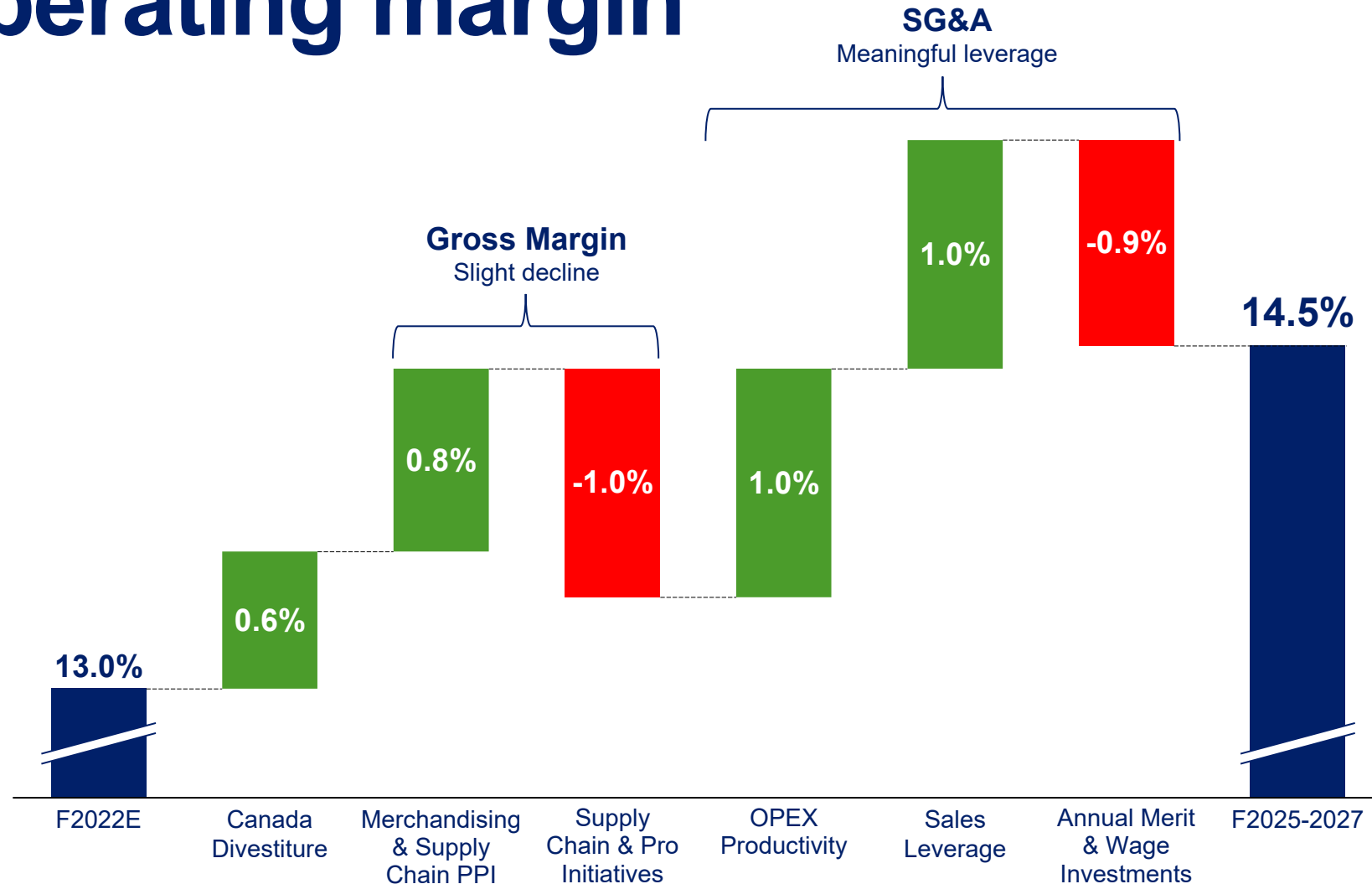
Expect to achieve long-term targets by 2025 in Robust scenario, and by 2027 in Moderate scenario

¹ 2022E expected results are based on full year 2022 outlook. Adjusted Operating Margin and ROIC are adjusted to exclude asset impairment and expected transaction costs associated with the sale of our Canadian retail business.

² Adjusted Operating Margin is a non-GAAP financial measure. Refer to the appendix for a reconciliation between the company's GAAP and non-GAAP financial measures. Fiscal year 2021 results reflect GAAP operating margin.

³ ROIC is calculated using a non-GAAP financial measure. Refer to the appendix for a reconciliation between the company's GAAP and non-GAAP financial measures.

Building blocks to 14.5% operating margin



LINE OF SIGHT TO
15%
Operating Margin

WITHIN 24 MONTHS
AFTER ACHIEVING 14.5%

WITH ADDITIONAL
VOLUME, PRODUCTIVITY
& INVESTMENTS

Expect to achieve long-term targets by 2025 in Robust scenario, and by 2027 in Moderate scenario



Increasing Pro penetration unlocks productivity

ILLUSTRATIVE EXAMPLE



25% Pro penetration

Current company average



30% Pro penetration



Assumes incremental company investments in

- MVPs Online Pro Experience
- Pro Never Out SKUs
- Modest growth in Pro salesforce
- Pro Fulfillment Network

- Higher **sales** with only modest increase in labor hours
- Higher store-level **profitability**
- Faster **inventory turns**

Represents more than half of company's expected 100 bps sales volume leverage

Note: Waterfall chart on previous slide references expected 100 basis points of sales volume leverage as a building block to 14.5% operating margin.



Merchandising & Supply Chain PPI

MULTI-YEAR IMPACT

\$1.4B – \$1.7B

- Optimize product margins to support every day competitive prices for customers
- Win-win supplier relationships

KEY EFFORTS

- ✓ Product cost management, including “claw backs” where raw material & transportation costs have decreased
- ✓ Increase private brand penetration
- ✓ Inventory productivity through space allocation and strategic investments in Pro Never Out SKUs
- ✓ Everyday Competitive Pricing, supporting disciplined promotional cadence and localized pricing
- ✓ Expand Lowe’s One Roof Media Network

Supply chain & Pro initiatives

MULTI-YEAR IMPACT

(\$1.6B) – (\$2.0B)

- Enables growth in Pro and Private Brands
- Enables higher Appliance and other Big & Bulky product sales
- Enhanced DIY & Pro omnichannel shopping experience

KEY EFFORTS

- ☒ Complete market delivery rollout for Big & Bulky products through new BDC / XDT facilities
- ☒ Expand Coastal Holding Facility network to handle higher import volume (increased private brand volume and direct-to-import conversion)
- ☒ Expand Pro Fulfillment Network, leveraging existing assets and new Pro Fulfillment Centers
- ☒ Expansion of MVPs Pro Rewards & Partnership Program

Transition to market delivery model

POSITIONING LOWE'S FOR NEXT CHAPTER OF GROWTH AND PRODUCTIVITY

Legacy Store Delivery Model



Store



Stockroom



Storage Containers

- Highly inefficient process
- Incapable of scaling for growth
- Next-day delivery limited to store inventory

Market Delivery Model



Cross-dock Terminal



3PL Delivery



Customer

- Enables **consolidation of leadership position in Appliances** and **profitable growth** in other Big & Bulky product sales
- Reduces **store payroll & damage** expenses
- Drives improved **inventory turns**
- Improves **customer experience**—with greater inventory selection
- Frees up store backrooms, which expands **fulfillment capabilities**



OPEX productivity

MULTI-YEAR IMPACT

\$1.5B – \$2.0B

- Supports sales growth, including “Endless Aisle”
- Drive strong customer satisfaction and loyalty through seamless omnichannel shopping experience
- Higher levels of associate engagement

KEY EFFORTS

- ☒ Conversion of enterprise technology to an omnichannel tech architecture
- ☒ Front-end transformation, scaling homegrown self checkout & optimizing cashier labor hours
- ☒ Streamlined omnichannel fulfillment
- ☒ Leverage strategic sourcing to reduce indirect spend and continue to outsource support functions
- ☒ Series of Perpetual Productivity Improvement initiatives across the enterprise that scale over time

Value creation roadmap



**Core operational
excellence**



**Significant cash
flow generation**

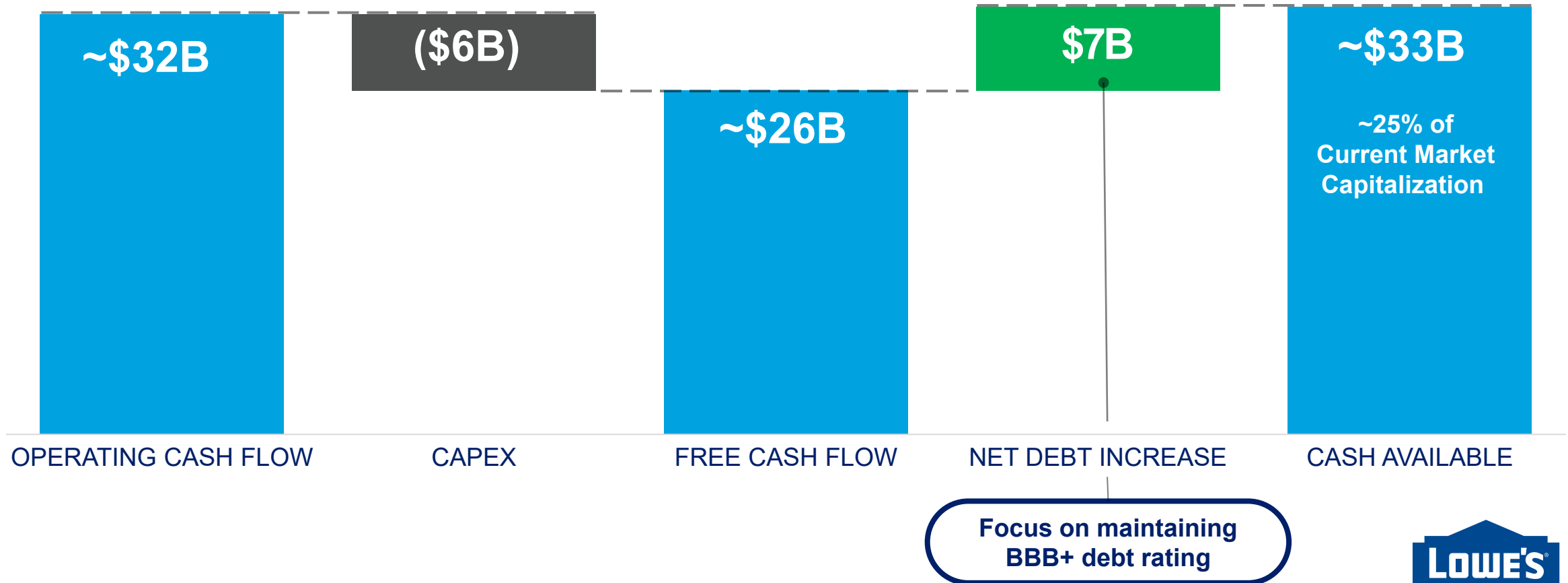


**Optimized capital
deployment**

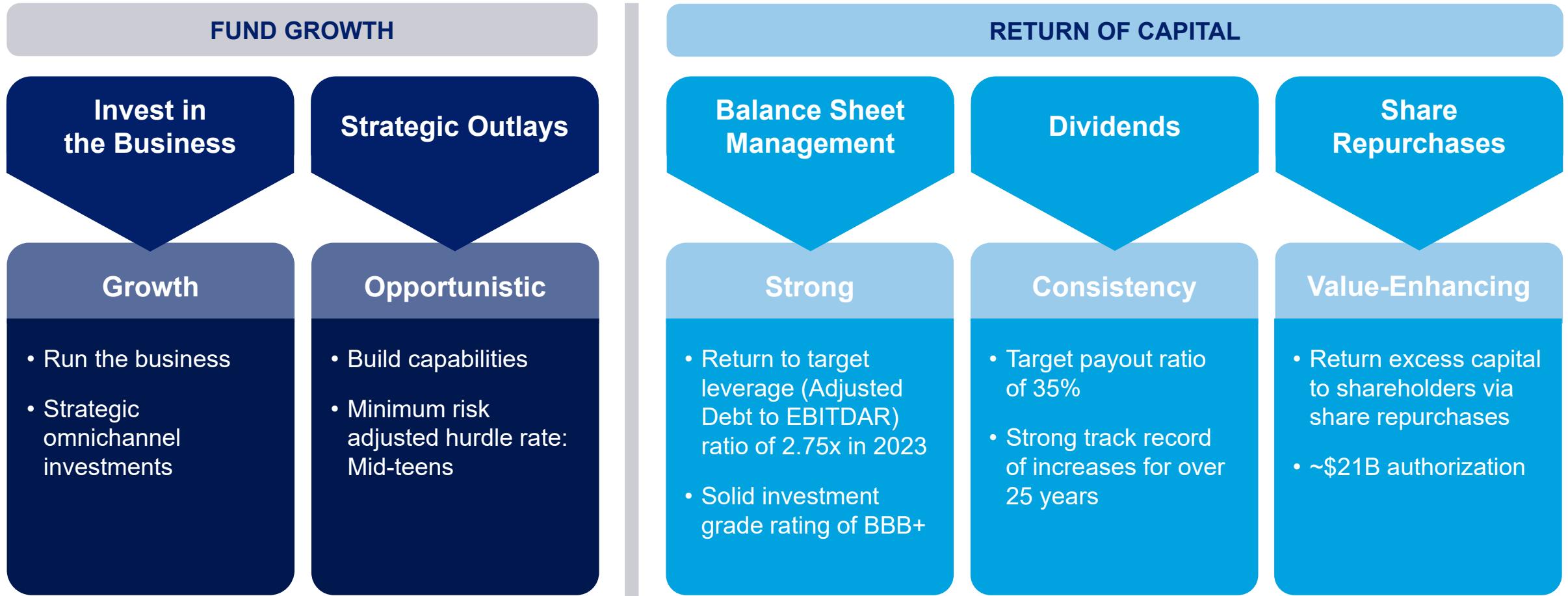


Expecting to return \$33 billion in capital over next 3 years

CASH GENERATION & CAPITAL ALLOCATION
ARE MAJOR CONTRIBUTORS TO VALUE CREATION



Best-in-class capital allocation strategy



Key investment highlights



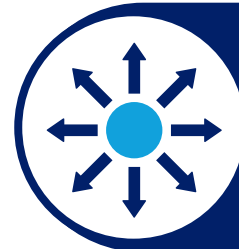
**Favorable industry backdrop
& resilient business model**



**Well-capitalized and investing
in omnichannel capabilities**



**Taking market share
across DIY and Pro**



**Significant productivity
expansion opportunity**



Responsible corporate citizen



Disciplined capital allocation

Appendix

Reconciliation of non-GAAP measures

Management of Lowe's Companies, Inc. (the Company) uses certain non-GAAP financial measures to 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 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 and may not be comparable.

The Company does not provide a reconciliation for non-GAAP estimates on a forward-looking basis where it is unable to provide a meaningful or accurate calculation or estimation of reconciling items without unreasonable effort, including timing of and deal-related transaction costs associated with the sale of our Canadian retail business.

The Company's non-GAAP financial measures are intended to provide better visibility to the following:

1. Operating performance, and
2. Capital/asset productivity measures.



Operating performance

The Company has provided a comparison to the non-GAAP financial measures of adjusted operating income and adjusted operating margin for fiscal years 2020, 2019, and 2018. These measures exclude the impacts of certain discrete items, as further described below, to assist the user in further understanding the Company's operational performance comparisons to fiscal years 2020, 2019, and 2018.

Fiscal 2020 Impacts

For fiscal 2020, the Company recognized financial impacts from the following discrete item, not contemplated in the Company's Business Outlook for fiscal 2020:

- Beginning in the third quarter of fiscal 2019, the Company began a strategic review of its Canadian operations, and in the fourth quarter of fiscal 2019, the Company announced additional actions to improve future performance and profitability of its Canadian operations. As a result of this review and related actions, the Company recognized pre-tax operating costs of \$45 million related to inventory write-downs and other closing costs in fiscal 2020 (Canada restructuring).

Fiscal 2019 Impacts

For fiscal 2019, the Company recognized financial impacts from the following discrete items, not contemplated in the Company's Business Outlook for fiscal 2019:

- Prior to the beginning of fiscal 2019, the Company announced its intention to exit its Mexico retail operations and had planned to sell the operating business. However, in the first quarter of fiscal 2019, after an extensive market evaluation, the decision was made to instead sell the assets of the business. That decision resulted in an \$82 million tax benefit in the first quarter of fiscal 2019. In addition, the Company recognized \$35 million of pre-tax operating costs for the fiscal year 2019 associated with the exit and ongoing wind-down of the Mexico retail operations (Mexico adjustments).
- During the third quarter of fiscal 2019, the Company began a strategic review of its Canadian operations. As a result of this review and related actions, the Company recognized pre-tax operating costs and charges of \$230 million, consisting of inventory liquidation, long-lived asset impairment, accelerated depreciation and amortization, severance, and other costs, as well as a net \$26 million impact to income tax expense related to income tax valuation allowance (Canada restructuring).



Operating performance

Fiscal 2018 Impacts

For fiscal 2018, the Company recognized financial impacts from the following discrete items, not contemplated in the Company's Business Outlook for fiscal 2018:

- During the fourth quarter of fiscal 2018, the Company recorded \$952 million of goodwill impairment associated with its Canadian operations (Canadian goodwill impairment).
- On August 17, 2018, the Company committed to exit its Orchard Supply Hardware operations. As a result, the Company recognized pre-tax charges of \$561 million associated with long-lived asset impairment and discontinued projects, accelerated depreciation and amortization, severance, and lease obligation costs in fiscal year 2018 (Orchard Supply Hardware charges).
- On October 31, 2018, the Company committed to close 20 under-performing stores across the U.S. and 31 locations in Canada, including 27 under-performing stores. As a result, the Company recognized pre-tax charges of \$271 million associated with long-lived asset impairment, severance, lease obligation costs, and accelerated depreciation in fiscal year 2018 (U.S. and Canada closing charges).
- As previously discussed above, on November 20, 2018, the Company announced its plans to exit retail operations in Mexico and was exploring strategic alternatives. The Company recognized \$244 million associated with long-lived asset impairment in fiscal year 2018 (Mexico impairment charges).
- During the third quarter of fiscal 2018, the Company identified certain non-core activities within its U.S. home improvement business to exit, including Alacrity Renovation Services and Iris Smart Home. As a result, the Company recognized pre-tax charges of \$46 million primarily associated with long-lived asset impairment and inventory write-downs in fiscal year 2018 (Non-core activities charges).
- During fiscal year 2018, the Company recorded a pre-tax charge of \$13 million associated with severance costs due to the elimination of the Project Specialists Interiors position (Project Specialists Interiors charge).



Operating performance

The following measures are presented for comparison of operating performance for the fiscal years ended January 29, 2021, January 31, 2020, and February 1, 2019:

Adjusted Operating Income (in millions, except percentage data)	Year Ended		
	January 29, 2021	January 31, 2020	February 1, 2019
Net Sales, As Reported	\$ 89,597	\$ 72,148	\$ 71,309
Operating Income, As Reported	\$ 9,647	\$ 6,314	\$ 4,018
Canada restructuring	45	230	—
Mexico adjustments	—	35	—
Canadian goodwill impairment	—	—	952
Orchard Supply Hardware charges	—	—	561
U.S. and Canada charges	—	—	271
Mexico impairment charges	—	—	244
Non-core activities charges	—	—	46
Project Specialists Interiors charge	—	—	13
Adjusted Operating Income	\$ 9,692	\$ 6,579	\$ 6,105
Operating Margin, % of sales	10.77 %	8.75 %	5.64 %
Adjusted Operating Margin, % of sales	10.82 %	9.13 %	8.56 %

Capital/asset productivity measures

Return on Invested Capital

Return on Invested Capital (ROIC) is calculated using a non-GAAP financial measure. Lowe's believes ROIC is a meaningful metric for analysts and investors as a measure of how effectively the Company is using capital to generate financial returns. Although ROIC is a common financial metric, numerous methods exist for calculating ROIC. Accordingly, the method used by our management may differ from the methods used by other companies. We encourage you to understand the methods used by another company to calculate ROIC before comparing its ROIC to ours.

We define ROIC as the rolling 12 months' lease adjusted net operating profit after tax (Lease adjusted NOPAT) divided by the average of current year and prior year ending debt and shareholders' (deficit)/equity. Lease adjusted NOPAT is a non-GAAP financial measure, and net earnings is considered to be the most comparable GAAP financial measure. The calculation of ROIC, together with a reconciliation of net earnings to Lease adjusted NOPAT, is as follows:



Capital/asset productivity measures

ROIC (in millions, except percentage data)	Year Ended			
	January 28, 2022	January 29, 2021	January 31, 2020	February 1, 2019
Numerator				
Net Earnings	\$ 8,442	\$ 5,835	\$ 4,281	\$ 2,314
Plus:				
Interest expense, net	885	848	691	624
Operating lease interest ¹	160	171	195	206
Loss on extinguishment of debt	—	1,060	—	—
Provision for income taxes	2,766	1,904	1,342	1,080
Lease adjusted net operating profit	12,253	9,818	6,509	4,224
Less:				
Income tax adjustment ²	3,024	2,416	1,554	1,344
Lease adjusted net operating profit after tax	\$ 9,229	\$ 7,402	\$ 4,955	\$ 2,880
Denominator				
Average debt and shareholders' (deficit)/equity ³	\$ 26,109	\$ 26,686	\$ 24,950	\$ 25,713
Net Earnings to Average Debt and Shareholders' (Deficit)/Equity	32.3 %	21.9 %	17.2 %	9.0 %
Return on Invested Capital	35.3 %	27.7 %	19.9 %	11.2 %

¹ Includes a proforma estimate of operating lease interest for the fiscal year ended February 1, 2019, prior to the adoption of ASU 2016-02, Leases (Topic 842).

² Income tax adjustment is defined as lease adjusted net operating profit multiplied by the effective tax rate, which was 24.7%, 24.6%, 23.9%, and 31.8% for the years ended January 28, 2022, January 29, 2021, January 31, 2020, and February 1, 2019, respectively.

³ Average debt and shareholders' (deficit)/equity is defined as average current year and prior year ending debt, including current maturities, short-term borrowings, and operating lease liabilities, plus the average current year and prior year ending total shareholders' (deficit)/equity.

