



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.



Non-GAAP disclosure

Management of Lowe's Companies, Inc. (the Company) uses certain non-GAAP financial measures and considers them to be important supplemental measures of the Company's performance. In addition, management believes 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 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.

Please refer to the appendix for a reconciliation between the company's reported GAAP and non-GAAP financial measures. 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 and the information is not available without unreasonable effort, including timing of and deal-related transaction costs associated with the sale of the Canadian retail business.



Marvin R. Ellison

CHAIRMAN AND CHIEF EXECUTIVE OFFICER



Strong results delivered, 2018-2022E

+36%

4-year Sales growth

+440 bps

Adjusted
Operating Margin¹

+169%

4-year Adjusted
EPS growth¹

>500 bps

Pro customer
service scores



+141%

Total stock return



\$43B

Capital return to shareholders

Note:

Sales and Adjusted EPS growth based on mid-point of full year 2022 outlook. Adjusted Operating Margin growth based on full year 2022 outlook.

Pro customer service scores measured Q4 2018 – Q3 2022.

Total stock return calculated for the periods November 30, 2018 – November 30, 2022.

Capital return to shareholders includes estimated capital return in-line with full year 2022 outlook.

¹ Adjusted Operating Margin and Adjusted EPS are non-GAAP financial measures. Please refer to the reconciliation of non-GAAP financial measures in the appendix for fiscal year 2018. 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.



Strong, diverse leadership team



30+
YEARS
experience

Bill Boltz
EVP, Merchandising



15+
YEARS
experience

Janice Dupré
EVP, Human Resources



30+
YEARS
experience

Donald Frieson
EVP, Supply Chain



25+
YEARS
experience

Seemantini Godbole
EVP, Chief Digital &
Information Officer



35+
YEARS
experience

Bill McCanless
EVP, General Counsel
& Corp. Secretary



25+
YEARS
experience

Joe McFarland
EVP, Stores



20+
YEARS
experience

Brandon Sink
EVP, Chief Financial Officer



Value and culture

CORE BEHAVIORS



Focus on customers



Deliver results



Take action



Show courage



Continue learning

CORE PRIORITIES



Supporting Associates



Serving Customers



Improving Communities

TRANSLATES INTO



Shareholder value



Transformation timeline



2018–2020

Retail Fundamentals
to improve operating
capabilities



2020 AND BEYOND

Total Home Strategy
to accelerate market share
gains with DIY & Pro

Total Home Strategy

MARKET SHARE ACCELERATION WITH DIY AND PRO CUSTOMERS



Drive **Pro**
penetration



Accelerate
online business



Expand
installation
services



Drive
localization



Elevate
assortment

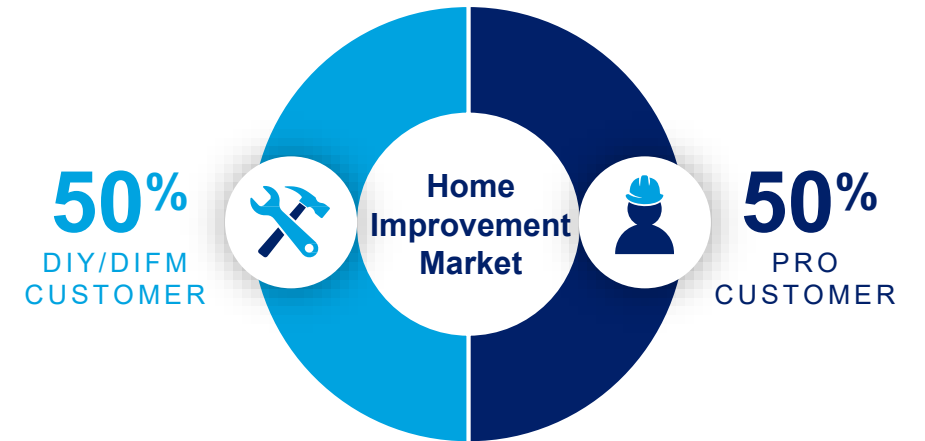
Providing a **full complement of products and services** for Pros and consumers alike, enabling a Total Home solution for every need in the home



Home improvement market

ATTRACTIVE MARKET EXPECTED TO BENEFIT FROM LONG-TERM GROWTH DRIVERS

U.S. HOME IMPROVEMENT (HI)
TOTAL ADDRESSABLE MARKET



Long-term HI growth drivers

BENEFITING FROM UNIQUE CONVERGENCE OF STRUCTURAL TAILWINDS

U.S. Housing Stock



Home price appreciation



Age of housing
50% of homes
~41 years old



Undersupply of homes
1.5–2M units

Consumer Finances



Disposable income
\$1.5T in excess savings,
~85% concentrated in top
40% of income earners



Record homeowner equity
~\$330K average homeowner
equity...an all time high

Demographic Trends



Millennial household formation
250K incremental first-time
home buyers per year
through 2025



Baby Boomers aging in place



Remote work
~50% in-office
occupancy vs. pre-pandemic

Sources: U.S. Census Bureau (age of housing stock & forecasted Millennial household formation)
John Burns Consulting, (undersupply of homes)
Federal Reserve (aggregate consumer savings increase & average homeowner equity)
Kastle Back to Work Barometer (in-office occupancy)



Home building vs. home improvement

DEMAND DRIVERS FOR HOME IMPROVEMENT ARE DISTINCT FROM THOSE DRIVING HOME BUILDING



HOME BUILDING DEMAND DRIVERS

- Mortgage rates
- Affordability
- Labor & supply constraints

More discretionary



HOME IMPROVEMENT DEMAND DRIVERS

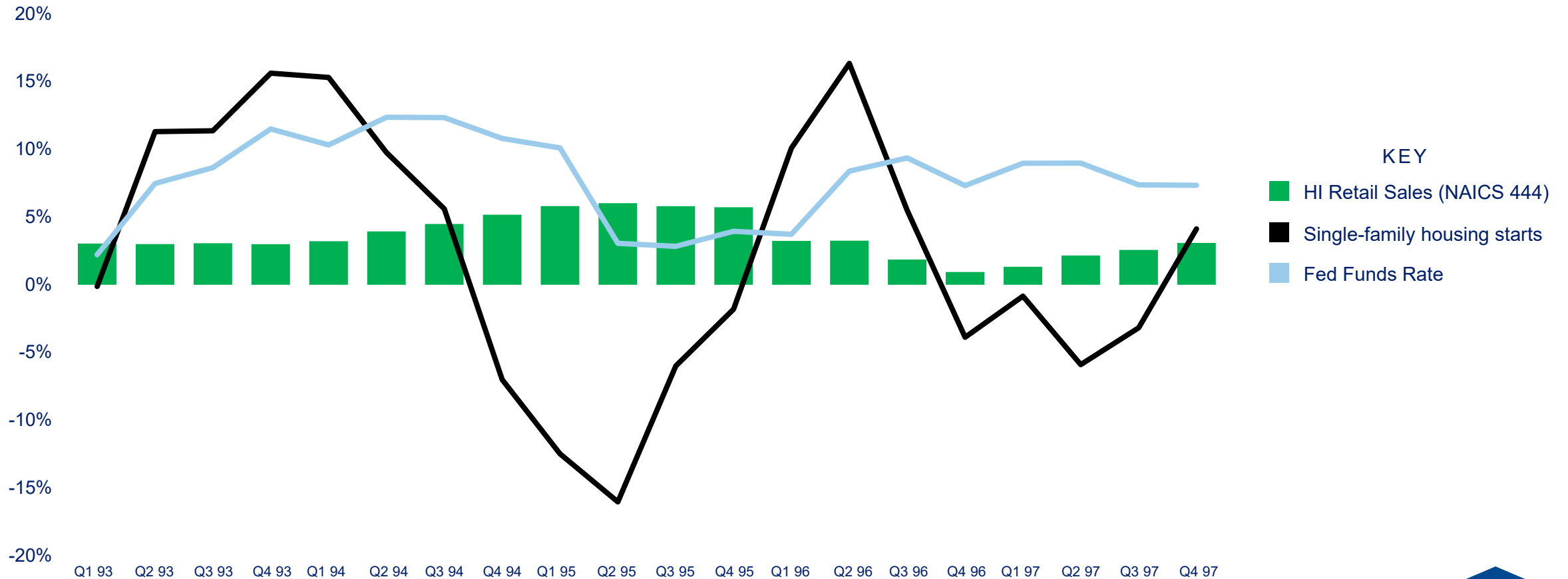
- Home price appreciation
- Age of the housing stock
- Disposable personal income

Less discretionary

Home improvement spend in the 1990s

HI CAN PERFORM WELL EVEN WHEN HOME BUILDING SLOWS

HI Retail Sales vs. Fed Funds Rate & Construction, 1993–1997



DIY / DIFM customer overview

PROVIDING A TOTAL HOME SOLUTION ACROSS LIFESTYLES & GENERATIONS

Who we'll win with



**Millennial homeowners
with kids**



Baby Boomers

How we'll win



**Everyday
value**



**Seamless omnichannel
experience shopping**



**Innovative
products**



**Localized
assortments**



**Private brand
differentiation**



**Install solutions
for busy DIFM**



Pro customer overview

TAKING SHARE WITH SMALL AND MEDIUM PROS

Lowe's Pro Customer



Tradespeople



Repair & remodelers



Property managers

One Stop Shop for Pros



Fast & simple omnichannel shopping



Job site delivery



Pro brands & products



Financing & loyalty



Job lot inventory quantities



Perpetual Productivity Improvement (PPI)

CULTURE OF CONTINUOUS IMPROVEMENT ACROSS THE ENTERPRISE



Modernizing enterprise technology

SUNSETTING 30-YEAR-OLD SYSTEMS



Drive sales



Expand inventory visibility



Improve customer service

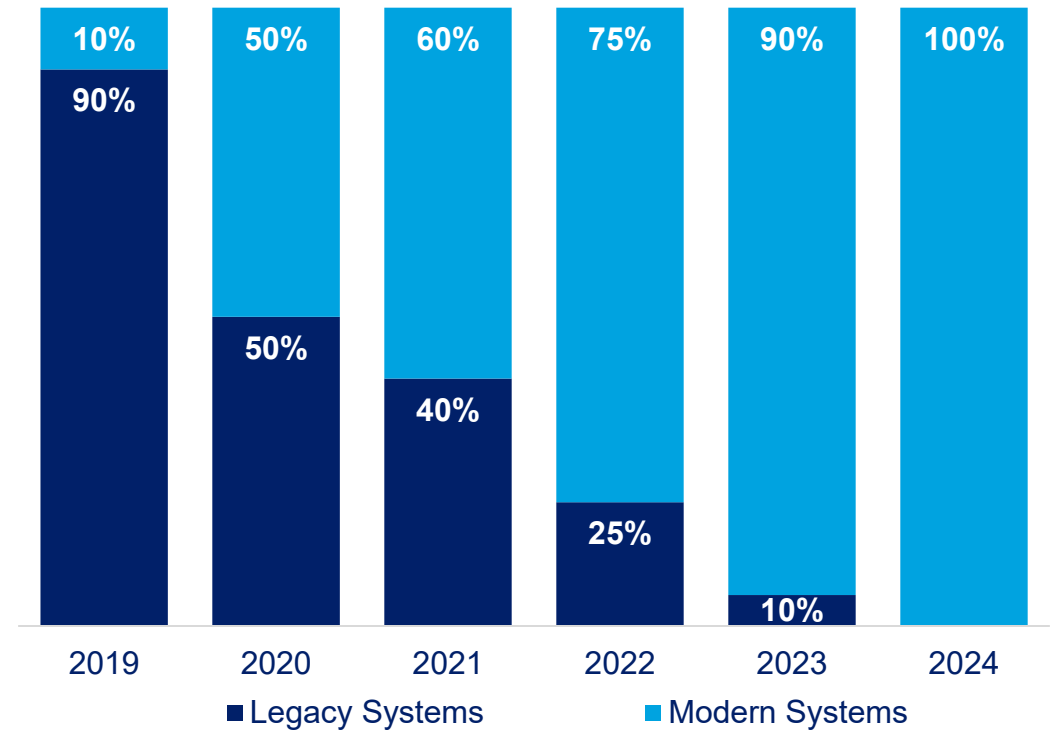


Enhance associate experience



Unlock productivity

Multi-year conversion to omnichannel systems



Responsible corporate citizen



Sustainability

- **Announced 2050 science-based net zero target**
- Generated 287K+ MWh of renewable energy in 2021
- \$6B+ in customer lifetime savings from ENERGY STAR® products sold in 2021
- \$11B+ in customer lifetime savings from WaterSense® products sold in 2021



Our Associates

- Providing a diverse and inclusive workplace
- Invested \$3B+ in incremental wages and share-based compensation programs for front-line associates from 2018-2022
- Awarded \$700M+ associate bonuses over past 12 months
- Investing in development, including Lowe's U in stores



Our Communities

- Contributed \$100M to support our communities in 2021 with a focus on safe, affordable housing, skilled trades education and natural disaster response
- Announced a 5-year, \$100M commitment to improving hometowns across the U.S.

New science-based, net-zero target

STRIVING TO ACHIEVE NET ZERO ACROSS LOWE'S FULL VALUE CHAIN BY 2050

Between 2021-2030

- Reduce scope 1 and 2 emissions by 40%
- Reduce scope 3 emissions by 22.5%

By 2050

- Reduce scope 1, 2 and 3 emissions by at least by 90%
- Offset any remaining emissions to reach net zero

HOW WE'LL DO IT



Drive efficiency and electrification across our product portfolio, operations and supply chain



Promote transition to clean energy sources



Transition away from hard to recycle materials and increase public awareness of recycling options



Elevating brand reputation

#1 Specialty Retailer



3 years in a row

Member of
**Dow Jones
Sustainability Indices**

Powered by the S&P Global CSA

Recognized by leading voices in Diversity and Inclusion



Key investment highlights



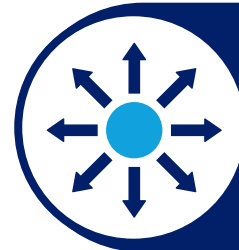
Favorable industry backdrop
& resilient business model



Well-capitalized and investing
in omnichannel capabilities



Taking market share across
DIY and Pro



Significant productivity
expansion opportunity



Responsible corporate citizen



Disciplined capital allocation

Merchandising

BILL BOLTZ, EXECUTIVE VICE PRESIDENT, MERCHANDISING



What our stores used to look like

Ineffective reset process



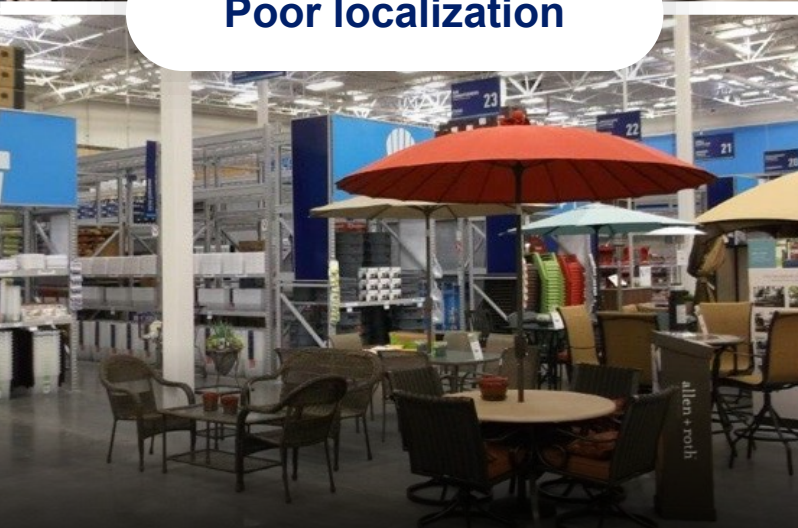
Inventory management/
out of stock issues



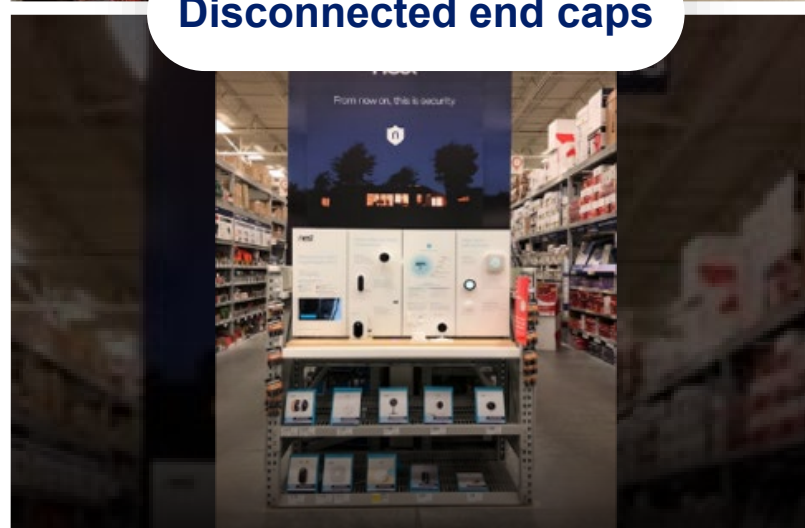
Pro product gaps



Poor localization



Disconnected end caps



Poor space utilization



What our stores look like today

Sales per Square Foot

\$130 or 39% increase

2018-22

Based on full year 2022 outlook.

Efficient reset process



Consistent job lot quantities



Intuitive adjacencies



Localized assortments



Expanded seasonal area

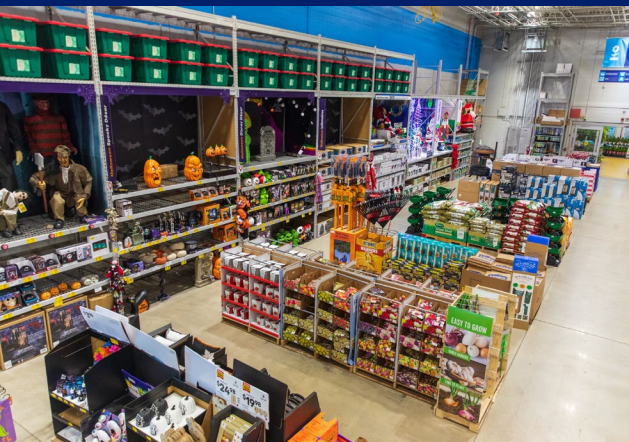


Space productivity

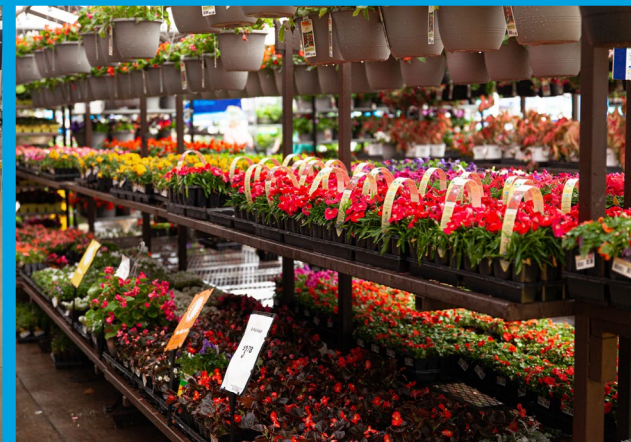


Commitment to the DIY customer

EXPANDED SEASONAL LAYDOWN AREA



MORE IMMERSIVE & INVITING EXPERIENCE



Total Home Strategy

MARKET SHARE ACCELERATION



Drive **Pro**
penetration



Accelerate
online business



Expand
installation
services



Drive
localization



Elevate
assortment

Providing a **full complement of products and services** for Pros and consumers alike, enabling a Total Home solution for every need in the home



Powerful Pro brand lineup

ADDED CRITICAL PRO BRANDS AND PRODUCTS FOR A COMPETITIVE OFFERING



Balanced brand strategy

A CATEGORY-SPECIFIC BLEND OF WELL-KNOWN NATIONAL BRANDS AND HIGH-VALUE PRIVATE BRANDS



National brands

with longstanding, loyal Pro and DIY customers



Origin21™

Private brands

that drive value and differentiation



Unfocused approach to private brands

PREVIOUSLY, TOO MANY BRANDS WITHOUT A WELL-DEFINED VALUE PROPOSITION

allen + roth.

AquaSource



GATEHOUSE



IDYLIS



Master Forge



PORTFOLIO.



SEVERE WEATHER



Style SELECTIONS

TASK FORCE



Driving private brand penetration

FOCUSED EFFORTS IN STRATEGICALLY TARGETED CATEGORIES

allen + roth.



Holiday
LIVING



Origin21™



RB
RELIABILT®

SEVERE
WEATHER®

sta
green®

STAINMASTER®

Style®
SELECTIONS

UTILITECH®



STAINMASTER[®] extension

BUILDING ON TRUSTED BRAND PLATFORM WITH NEW CATEGORIES BEYOND CARPET



LAMINATE
Scratch resistant



SHEET VINYL
Waterproof



TILE
Stain resistant



LUXURY VINYL
DIY click install



RUGS
Washable

Growing share in Paint

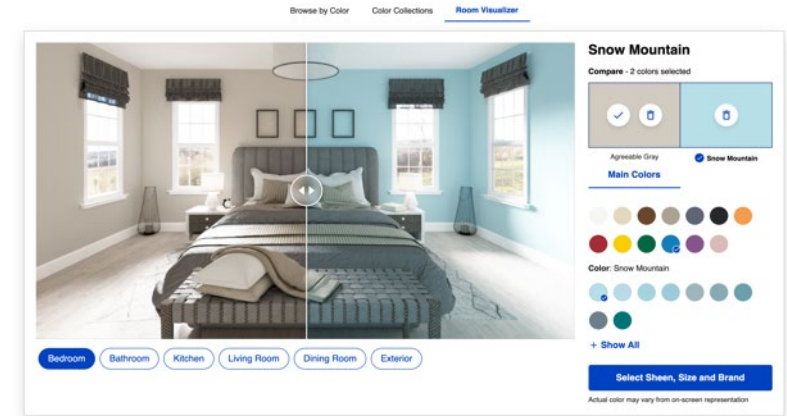
BUILDING BRAND LOYALTY ACROSS PRO AND DIY CUSTOMERS



STAINMASTER® Paint



New Color Wall



Paint Visualizer

New paint products,
including STAINMASTER® Paint

Redesigning department,
including new “Color Walls”

Omnichannel capabilities,
including Pro jobsite delivery, BOPIS
tinted paint and visualizers



Driving traffic through product innovation

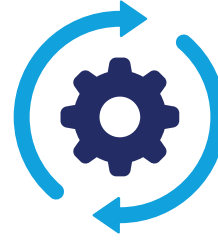
WORKING WITH SUPPLIERS TO INFUSE INNOVATION ACROSS CATEGORIES



Easy-to-install



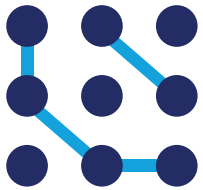
Durability



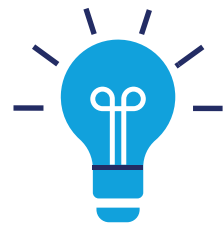
Versatility



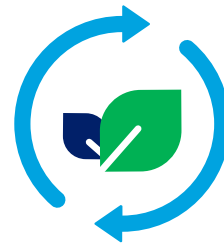
Light weight



Smart technology



Energy efficiency



Sustainability

Helping customers live more sustainably



Sustainable Products



Customer Engagement



Rebate & tax credit opportunities

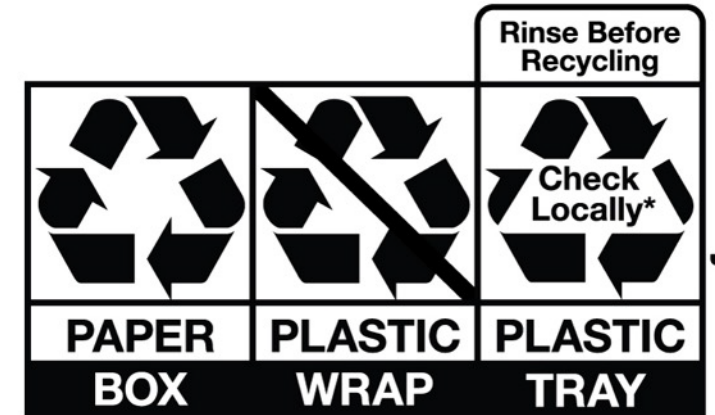


How to videos



Buying guides

Packaging Improvements



*Not recycled in all communities



Merchandising PPI



Product cost management

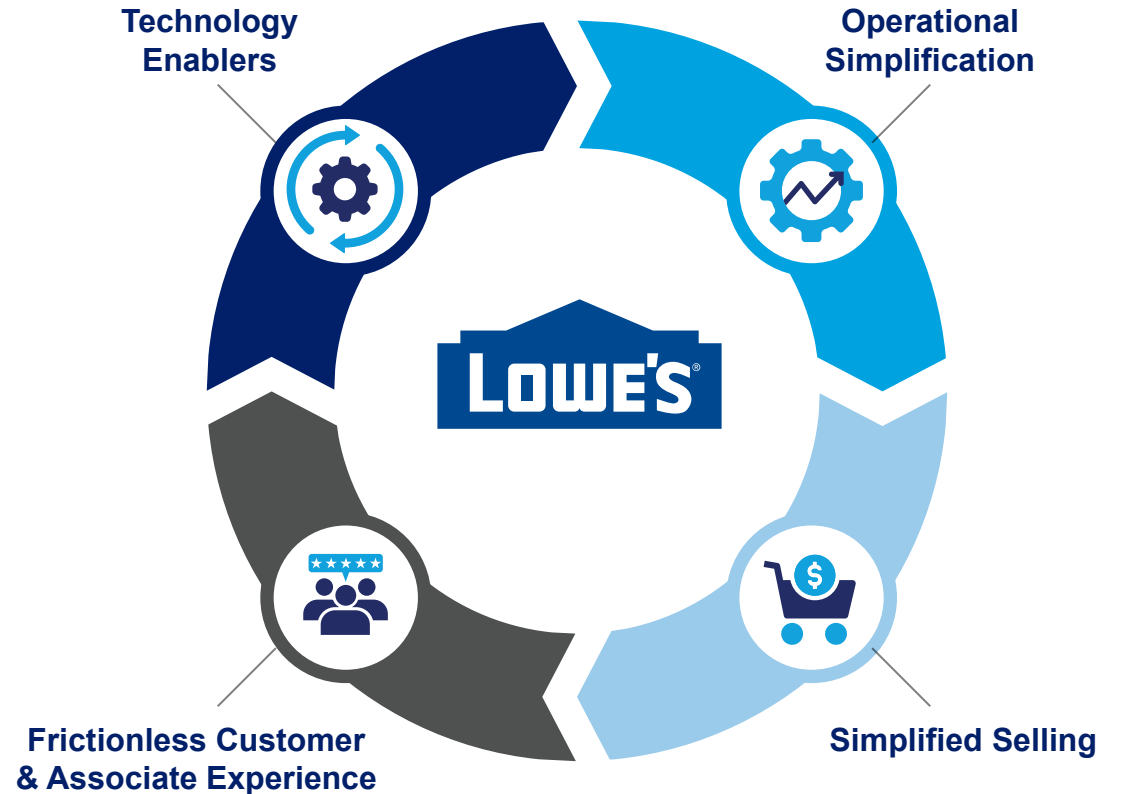


Inventory productivity



Pricing and promotional strategies

PERPETUAL PRODUCTIVITY IMPROVEMENT (PPI)



Everyday competitive pricing

EVERYDAY VALUE FOR OUR CUSTOMERS ACROSS THE PRICING SPECTRUM

Event offers



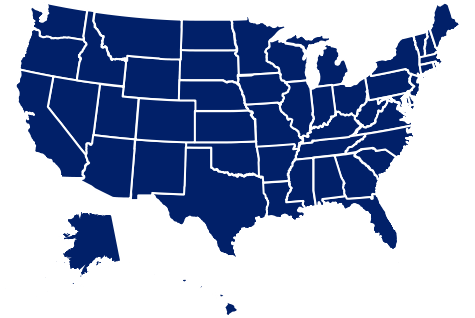
Pro pricing



Bundled pricing



Localized pricing



Electronic pricing in Appliances & Lumber



Total Home Strategy

MARKET SHARE ACCELERATION



Drive **Pro**
penetration



Accelerate
online business



Expand
installation
services



Drive
localization



Elevate
assortment

Providing a **full complement of products and services** for Pros and consumers alike, enabling a Total Home solution for every need in the home

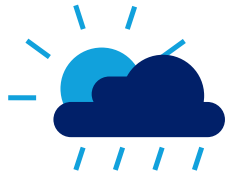


Tailoring assortments at a store level

Localizing based on:



Regulations & building codes



Climate



Demographics, including income & generational differences

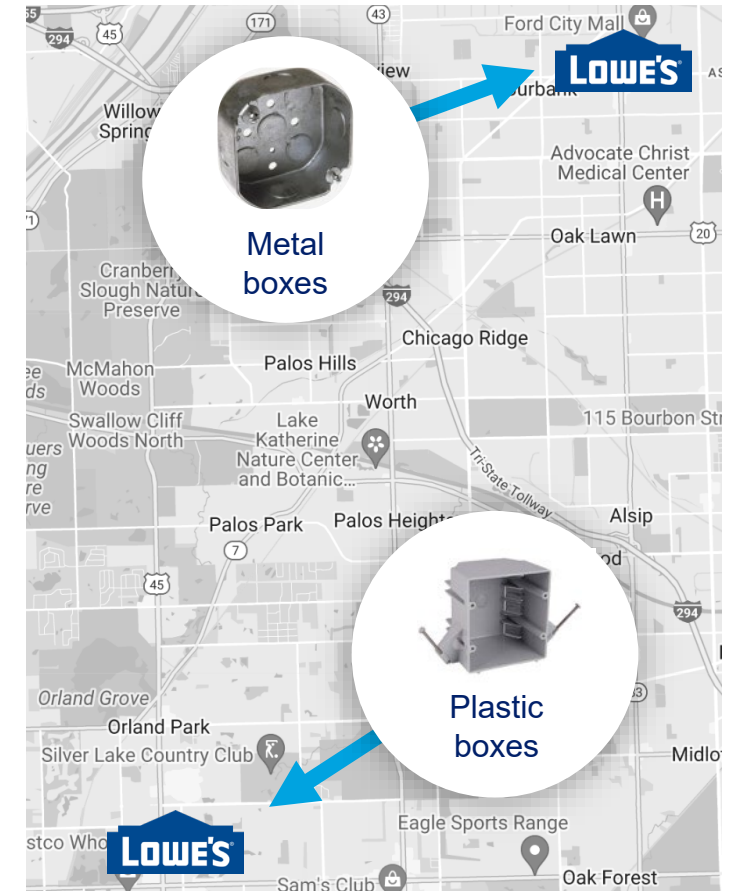


Lifestyle trends & preferences



Home types & sizes

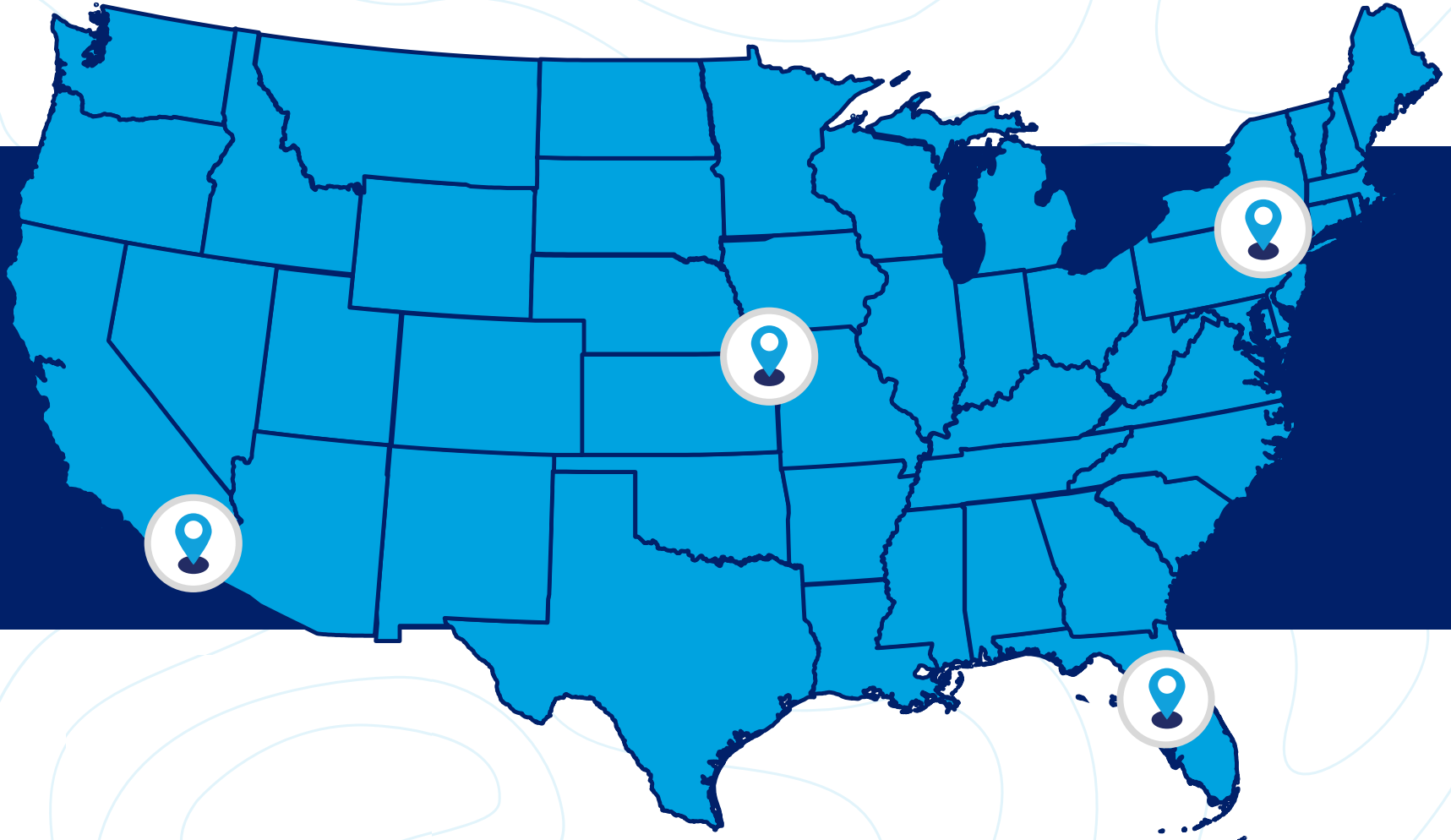
Building code compliance example



Market localization

CREATING TEMPLATES FOR COMMON MARKET CATEGORIES

Rural
Urban
Coastal

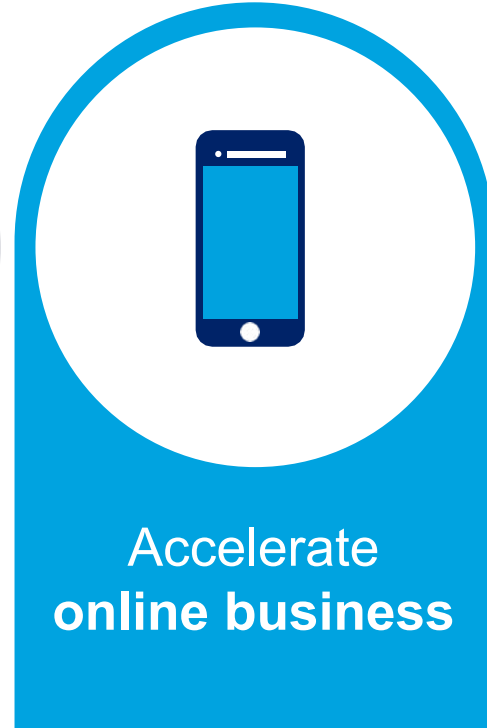


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Enhanced omnichannel capabilities

MEETING CUSTOMER DEMAND TO SHOP HOWEVER, WHENEVER & WHEREVER THEY CHOOSE

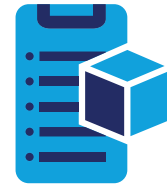
ECOSYSTEM



**Online
Merchandising**



**User
Experience**



Fulfillment

LOWE'S ONE ROOF MEDIA NETWORK

A robust portfolio of omnichannel advertising services powered by:



Lowe's customer data



Real-time shopping trends



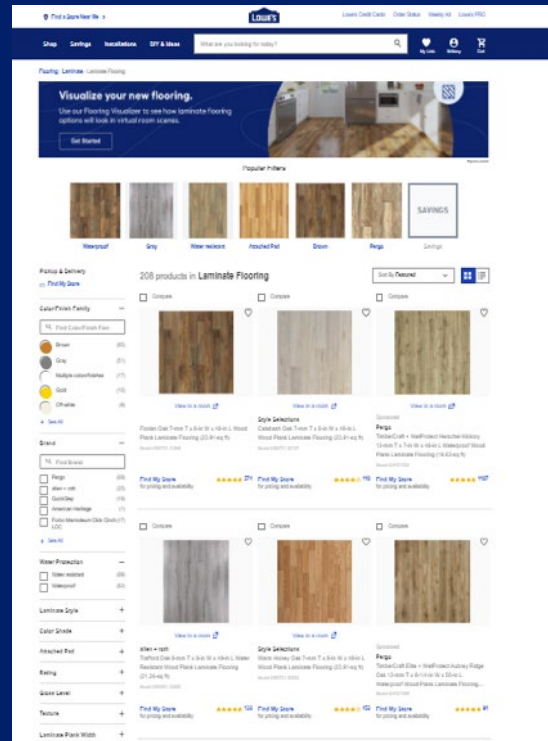
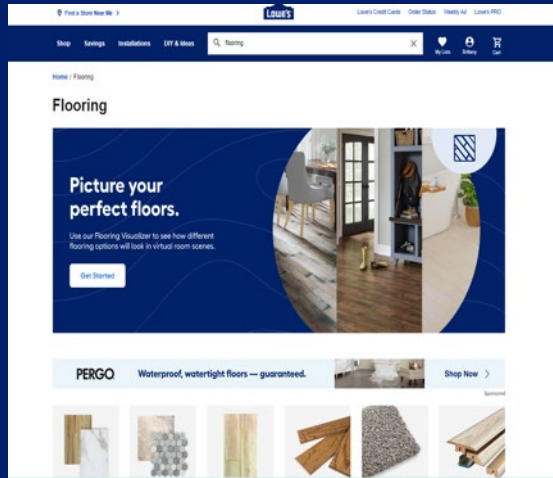
Onsite & offsite advertising



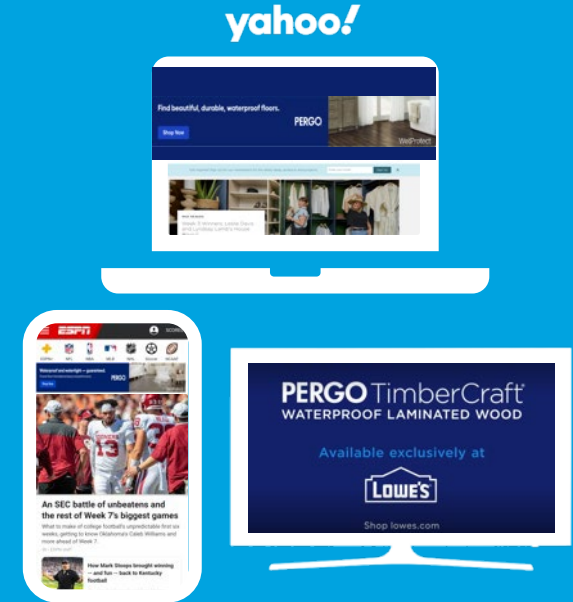
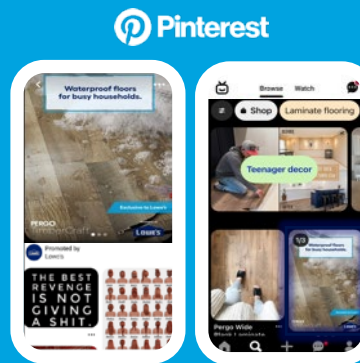
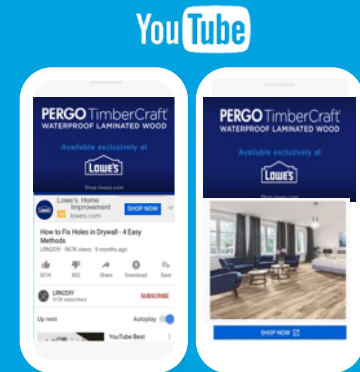
A portfolio of advertising opportunities

TURN-KEY ADVERTISING PLACEMENTS ON LOWES.COM AND ACROSS THE DIGITAL LANDSCAPE

Lowes.com Advertising



Social Media & Omnichannel Advertising



Merchandising recap



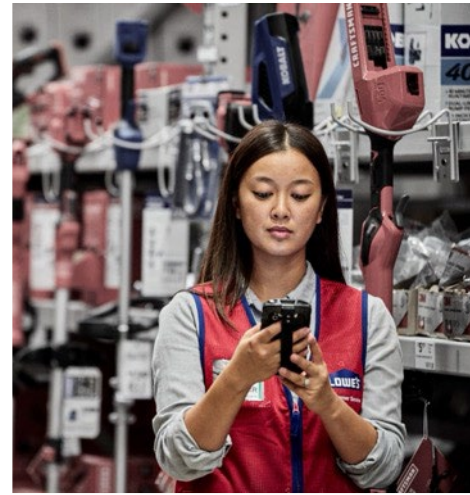
Store Operations

JOE MCFARLAND, EXECUTIVE VICE PRESIDENT, STORES



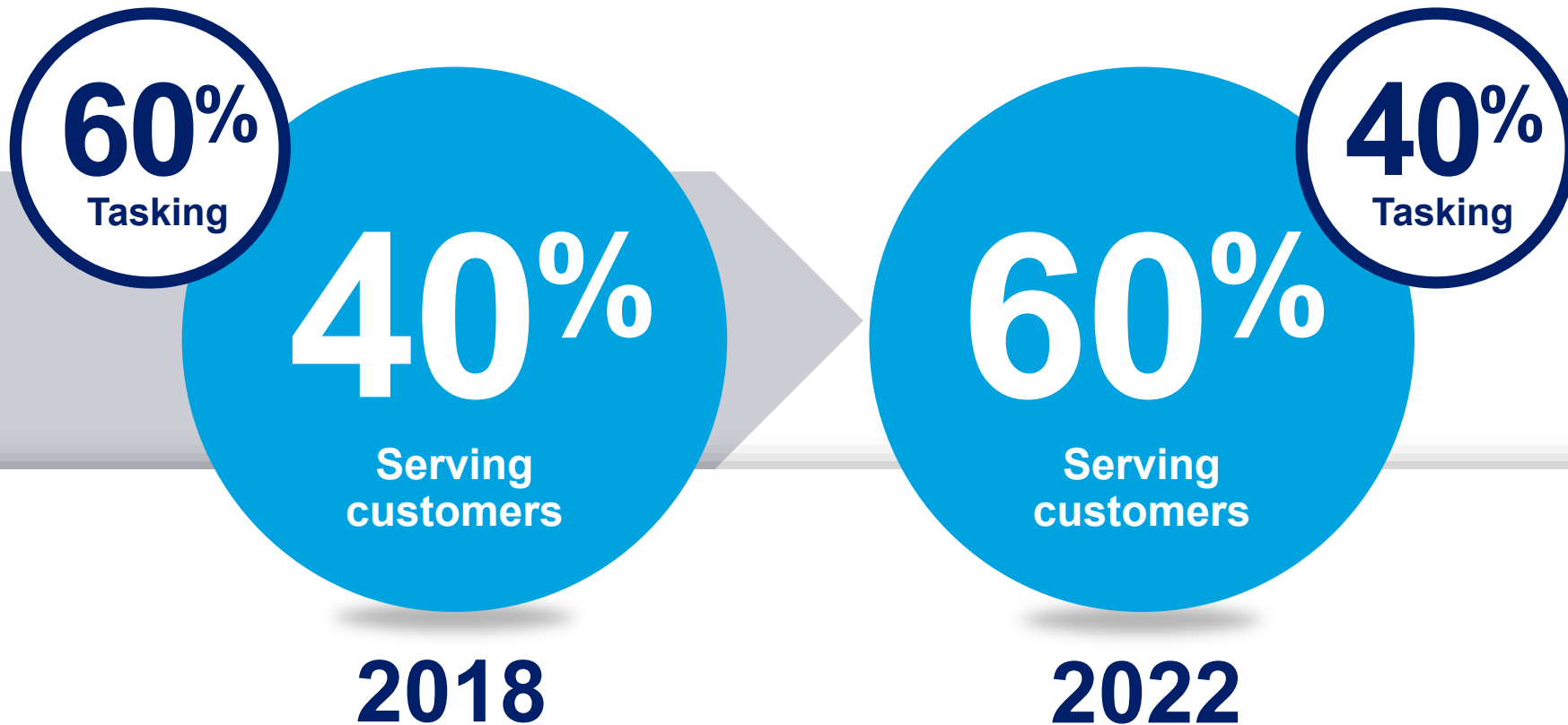
Dedicated team of front-line associates

OUR KNOWLEDGABLE, FRIENDLY ASSOCIATES ARE A COMPETITIVE ADVANTAGE IN HOME IMPROVEMENT



Greater focus on customer service

SHIFTED PAYROLL HOURS FROM 60% TASKING / 40% SERVICE
... TO 40% TASKING / 60% SERVICE



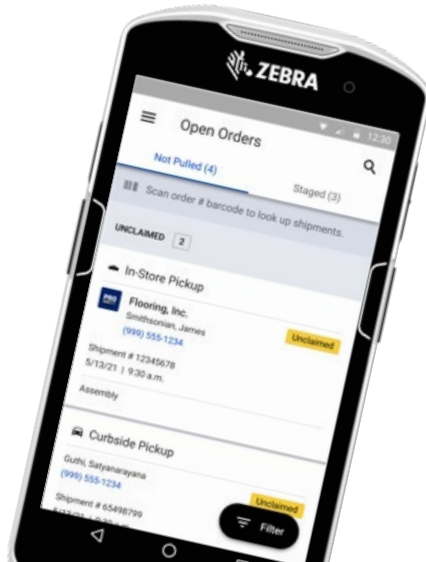
> 500 bps
Improved Customer
Service Scores
2018-2022



Foundations of operational productivity

LEVERAGING TECHNOLOGY TO ENABLE SERVICE & ALIGN LABOR HOURS WITH DEMAND

125K+
Smartphones
for Front-line
Associates



- Real-time data on sales floor
- Enables focus on service, not tasking
- Continually adding new functionality

Industry-Leading
Workforce Management Tools



- Customer-centric scheduling
- Aligned by store / department / day / hour
- Agility to flex quickly when demand trends change



Perpetual Productivity Improvement (PPI)

CULTURE OF CONTINUOUS IMPROVEMENT ACROSS STORE OPERATIONS



Streamlining omnichannel fulfillment

UPGRADED TECHNOLOGY AND EQUIPMENT DRIVES PRODUCTIVITY AND BETTER SERVICE ACROSS ALL BOPIS AND PARCEL STORE ORDERS

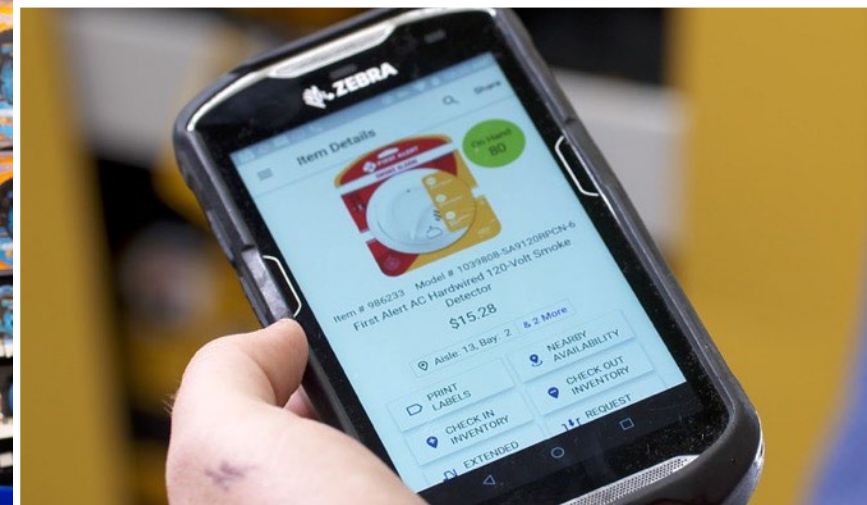


Single mobile solution replaces multiple outdated devices



Equipment upgrades, including order picking carts with mobile printers

Improved Inventory Visibility, on and off-shelf



Picking efficiency accelerated by new **Store Inventory Management System**



Front-end transformation

TRANSFORMATION TO DRIVE EFFICIENCIES AND A BETTER CUSTOMER EXPERIENCE



Scale homegrown
self checkout



Optimize front
end staffing



Expand BOPIS
staging space



Best-in-class returns processes

UNLOCKING LABOR PRODUCTIVITY & RECOVERY TO LOWE'S



Streamline returns
for customers
and associates



Centralized
return-to-vendor
process



Increase recovery
to Lowe's

Total Home Strategy

MARKET SHARE ACCELERATION



Drive Pro
penetration



Accelerate
online business



Expand
installation
services



Drive
localization



Elevate
assortment

Providing a **full complement of products and services** for Pros and consumers alike, enabling a Total Home solution for every need in the home



Transformed Pro offering, 2018-2021

INVESTED IN SERVICE, EXPERIENCE, INVENTORY, AND REDESIGNED STORE FOOTPRINT



Dedicated Service



Job Lot Quantities



U.S. Stores Reset



Pro Conveniences

Launched Lowe's MVPs Pro Reward and Partnership Program in 2022



Earn back when you spend
Towards Lowe's e-Gift cards



All-Pro Prizes
Chances to win prizes
Pros use everyday



Exclusive Offers
Free drinks and snacks, access to business tools, and Paint Rewards



Bonus Points
Earn points to redeem additional rewards, regardless of spend

More ways to save through Pro credit

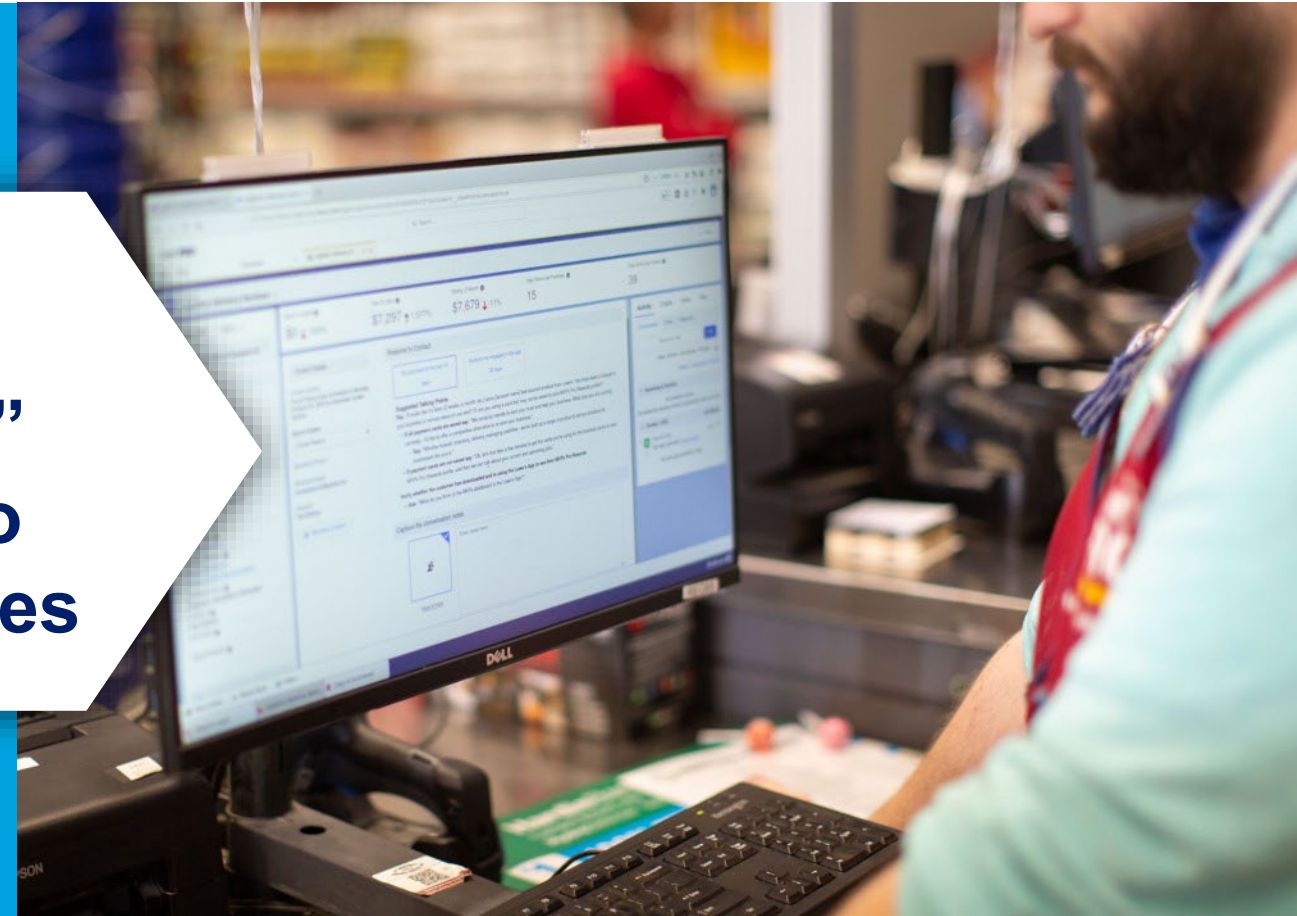


Leverage Pro CRM to expand wallet share

DATA-DRIVEN INSIGHTS TO TAILOR OFFERING BY TRADE AND TIER

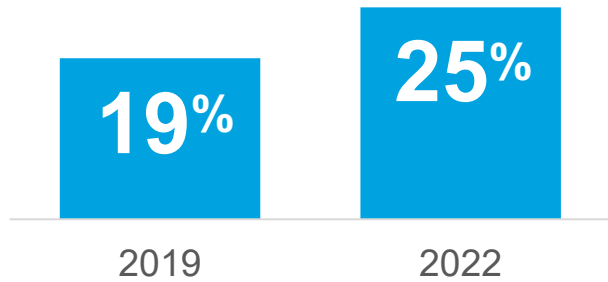


CRM system will prompt associates to take the
“Next Best Action”
to better meet Pro needs & drive sales



Driving long-term Pro growth

IMPROVED PRO PRODUCT AND SERVICE OFFERING HAS DRIVEN HIGHER SALES, PENETRATION AND CUSTOMER SATISFACTION



600 bps increase in Pro penetration, 2019-22

16%

2022 YTD Pro growth

+500 bps

Improved Pro Customer Service Scores
2018-22

76%

3-year Pro growth, 2022 YTD



Pro Sales Target

Grow at 2x market rate

Note: 2022 Pro growth measured through Q3 2022



Total Home Strategy

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Solutions for the DIFM customer

LEVERAGING INSTALLATION SERVICES TO DELIVER A TOTAL HOME SOLUTION

Ordering installs
on Lowes.com

50+
installation services



Solar Installation by ADT



ESG-focused operational efficiency

Achieved 2025 goal of reducing Scope 1 and 2
greenhouse gas emissions (GHG) by

42%

four years early in 2021

Invested **\$550M** from 2019–2021 across

- LED lighting upgrades
- New high-efficiency HVAC
- Updated building management systems
- Pallet grinders



50%

renewable energy target
for Lowe's facilities by 2030



Store operations recap



**Grow Pro sales
at 2x market**



**Expand installation
services**



**Drive
productivity**



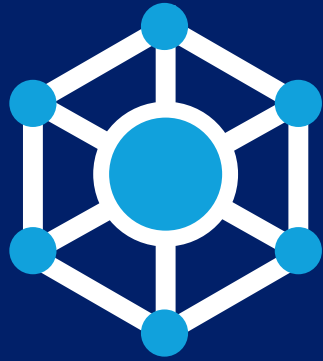
**Deliver excellent
customer service**

Technology

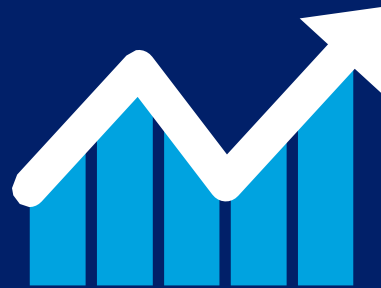
SEEMANTINI GODBOLE, CHIEF DIGITAL AND INFORMATION OFFICER



Vision



**Create a true
omnichannel
experience**



**Grow online
sales**



**Attract and retain
the best tech talent
in retail**

Key Tech Wins, 2018-2022

CUSTOMER EXPERIENCE



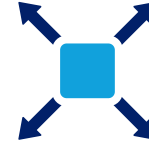
Moved **Lowe's.com** to the cloud, 15K+ improvements



Dramatically improved **user experience**



Curbside pickup and touchless **lockers**



LiDAR Measure Your Space™



Pro Loyalty & CRM

ASSOCIATE EXPERIENCE



125K+ **smart phones** for store associates



Workforce management tools



Modern associate **selling systems**



Electronic signs

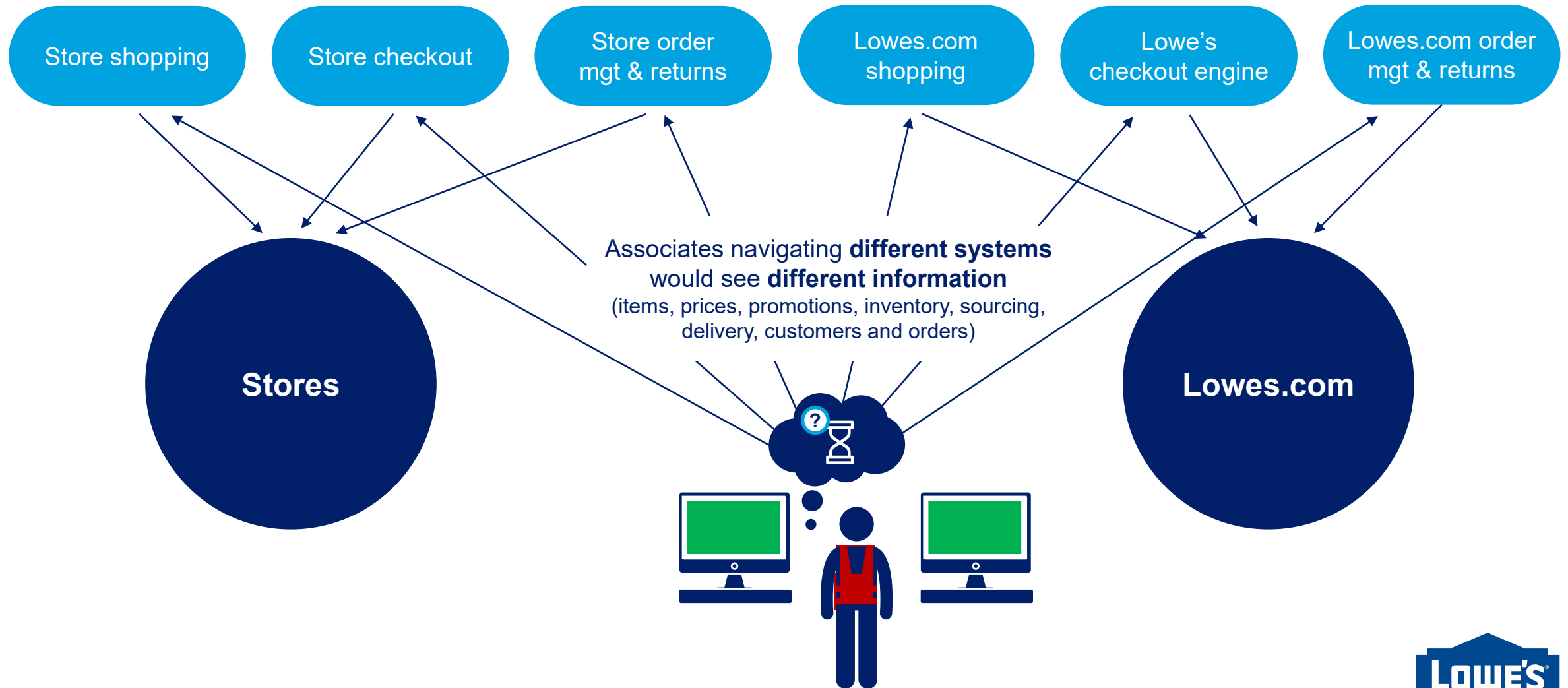


Store Inventory Management System



Disconnected legacy networks

2018



Future state omnichannel network

Omnichannel Network

Single source for items, prices, promotions, inventory, sourcing, delivery, customers and orders

Shopping, checkout, order management & returns for **all channels**

IN STORE

Associate terminals

Smart phones

ONLINE

Lowe's.com

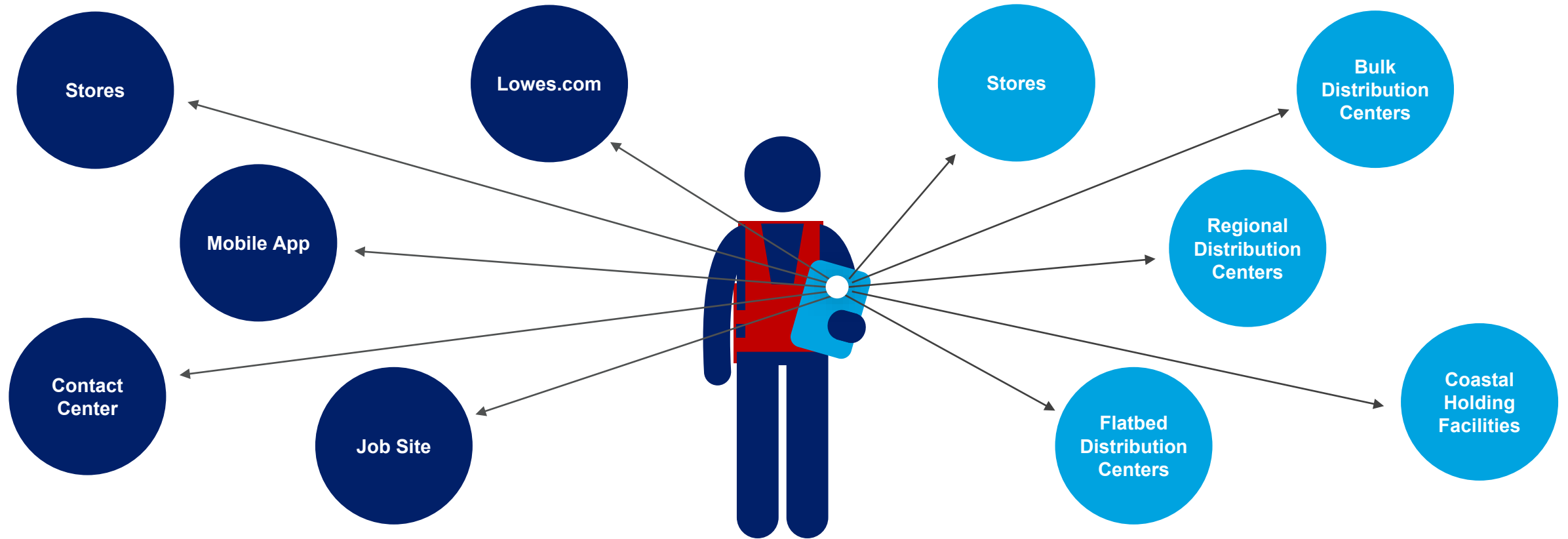
Lowe's app

OTHER

Contact center

Job site

Omnichannel experience

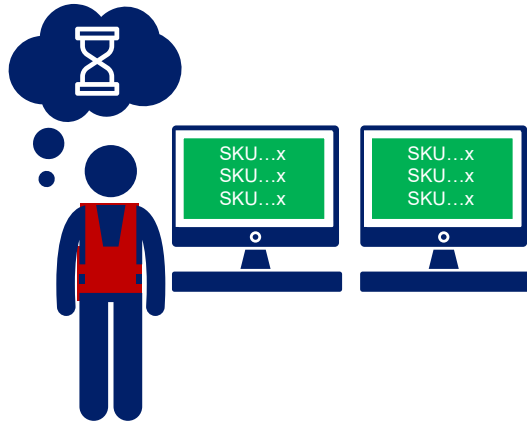


A single view of our customer, regardless of which channel(s) they use

A single view of our inventory, regardless of where it is

Modernizing enterprise technology

SUNSETTING 30-YEAR-OLD CHECKOUT, ORDER AND INVENTORY MANAGEMENT SYSTEMS



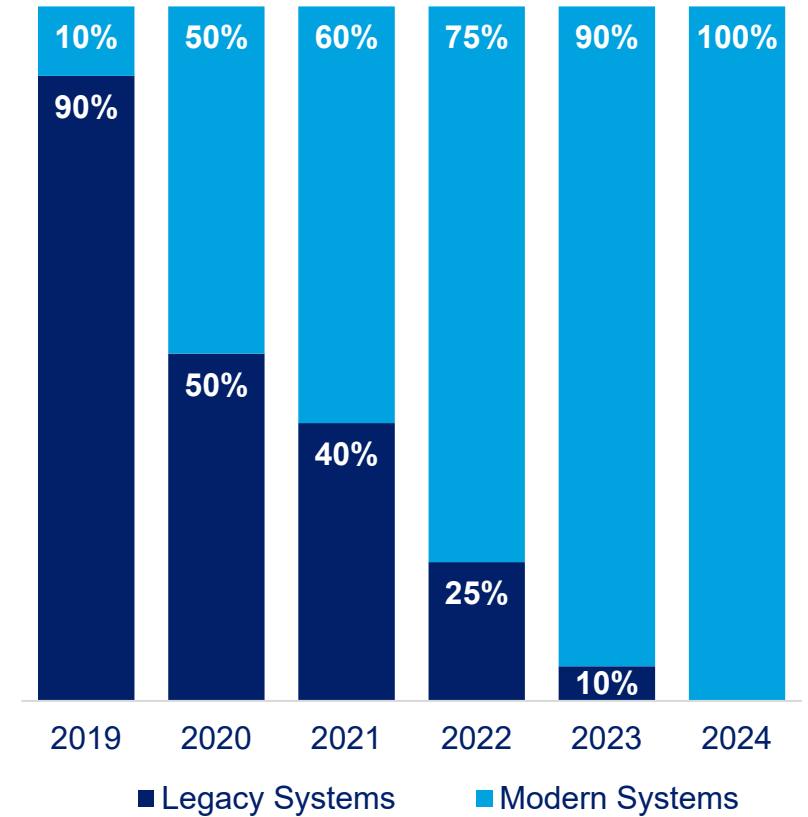
Current multiple green screens

BEFORE



One simple touch screen user interface

AFTER



Enabling supply chain transformation

USING AI, MACHINE LEARNING AND AUTOMATION TO IMPROVE CUSTOMER SATISFACTION



Total Home Strategy

MARKET SHARE ACCELERATION



Drive **Pro**
penetration



Accelerate
online business



Expand
installation
services



Drive
localization



Elevate
assortment

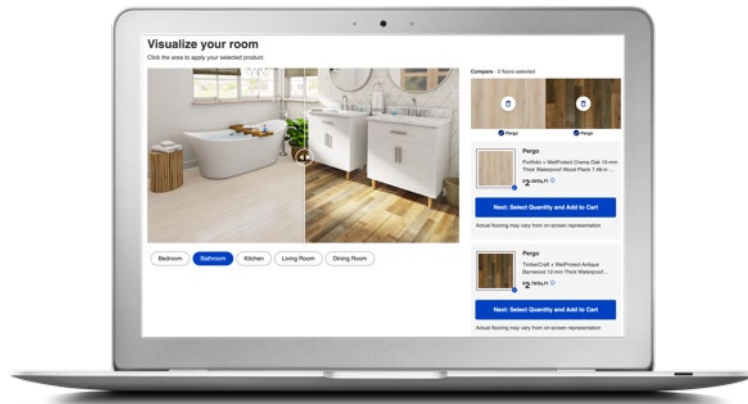
Providing a **full complement of products and services** for Pros and consumers alike, enabling a Total Home solution for every need in the home



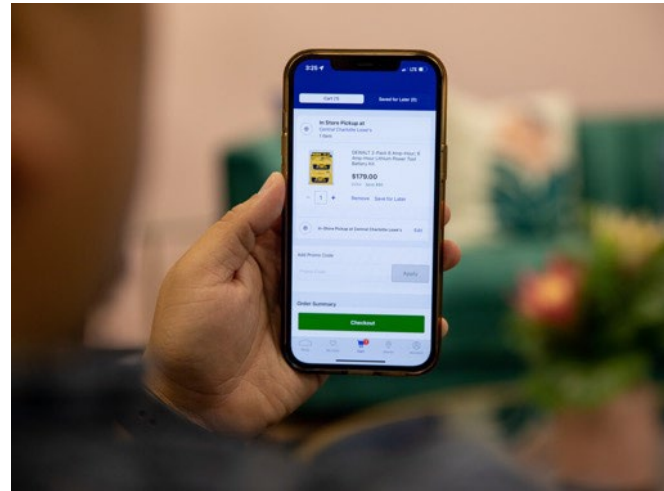
Growing online sales

TREMENDOUS GROWTH RUNWAY STILL AHEAD OF US

Enhanced Experience



Drive Traffic and Conversion



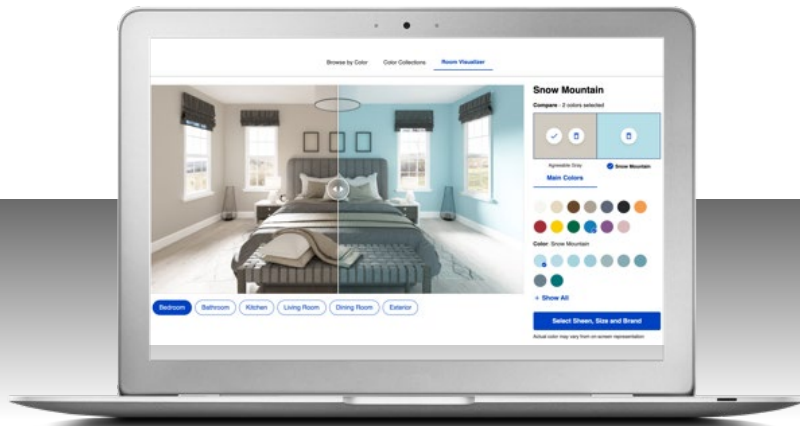
Omnichannel Selling



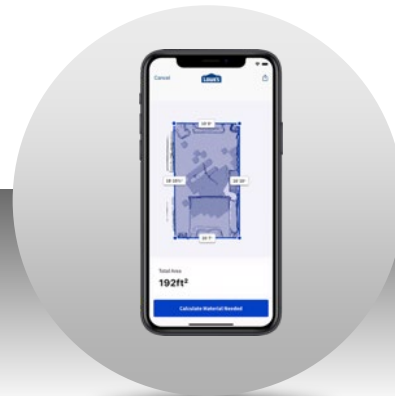
Enhanced user experience

MAKING PROJECTS EASIER

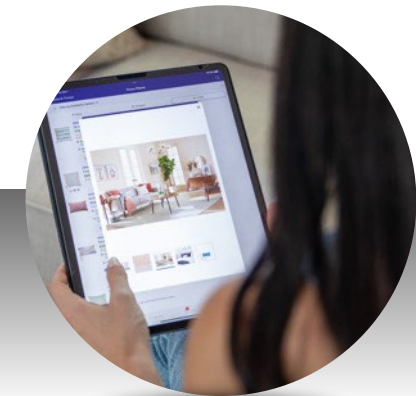
to visualize



to estimate



to shop



Driving higher online conversion



Omnichannel selling

POWER THE ENDLESS AISLE...DRIVING LOWES.COM GROWTH FROM THE AISLES OF THE STORE



MVPs Pro Online Experience

ENABLING FAST & SIMPLE PRO OMNICHANNEL SHOPPING



Instantly build bulk pricing quotes from anywhere on Lowes.com



Pre-authorize Pro “runners” in the app to quickly pick up an order



Expanded jobsite delivery options, including fully integrated gig network on Lowes.com

END RESULTS



Greater productivity and time savings for the Pro customer



Higher sales for Lowe's



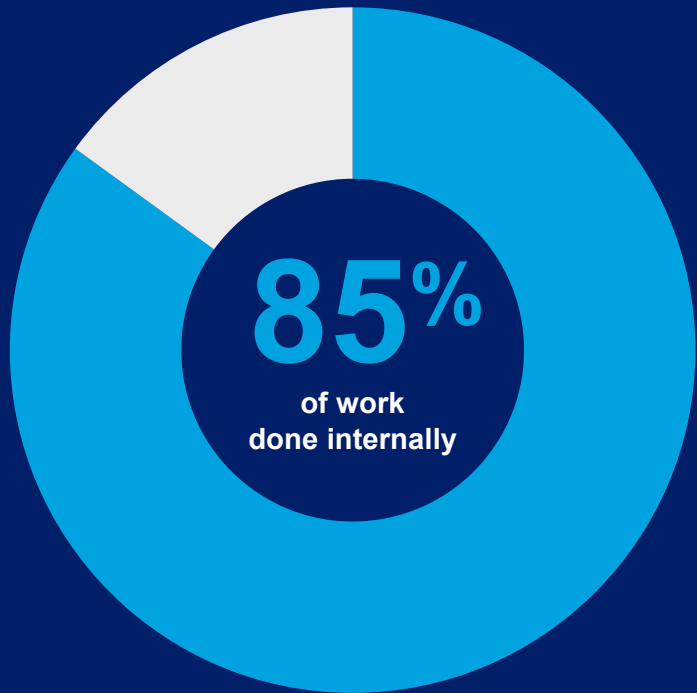
Best-in-class team

IN PLACE FOR NEXT PHASE OF TRANSFORMATION

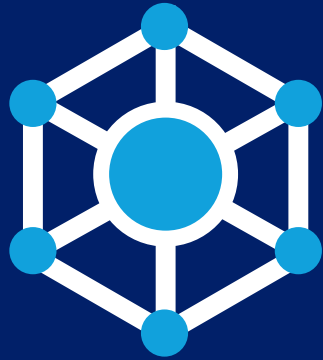
Added **2,000+** global tech associates

Opened state-of-the-art **Tech Hub**

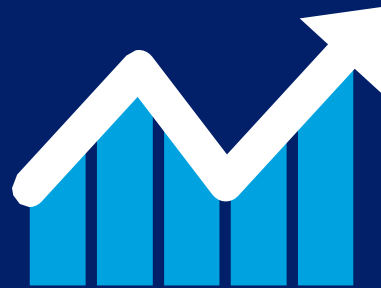
Established **LaunchPad** program



Technology recap



**Create a true
omnichannel
experience**



**Grow online
sales**



**Attract and retain
the best tech talent
in retail**

Supply Chain

DON FRIESON, EXECUTIVE VICE PRESIDENT, SUPPLY CHAIN



Our supply chain

BUILDING A WORLD-CLASS OMNICHANNEL SUPPLY CHAIN



**Network Capacity
and Service**



**Flow Management
and Optimization**



Market Delivery



**Omnichannel
Fulfillment**

Supply chain overview

Since 2018, added nearly

16 MILLION
SQUARE
FEET

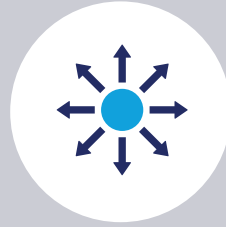
...with 100+ facilities
in the network



Smart and flexible supply chain



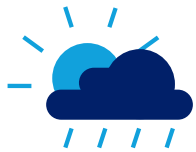
Expanded **coastal holding facility network**



Expanded **capacity** across supply chain network



Agile nodes that can replenish & fulfill



Enables faster response to **seasonal trends**, quickly flowing product where it's needed



Supports greater import volume—**Private Brands** & direct import conversion



Enables **localization efforts**



Lowers **cost to serve**

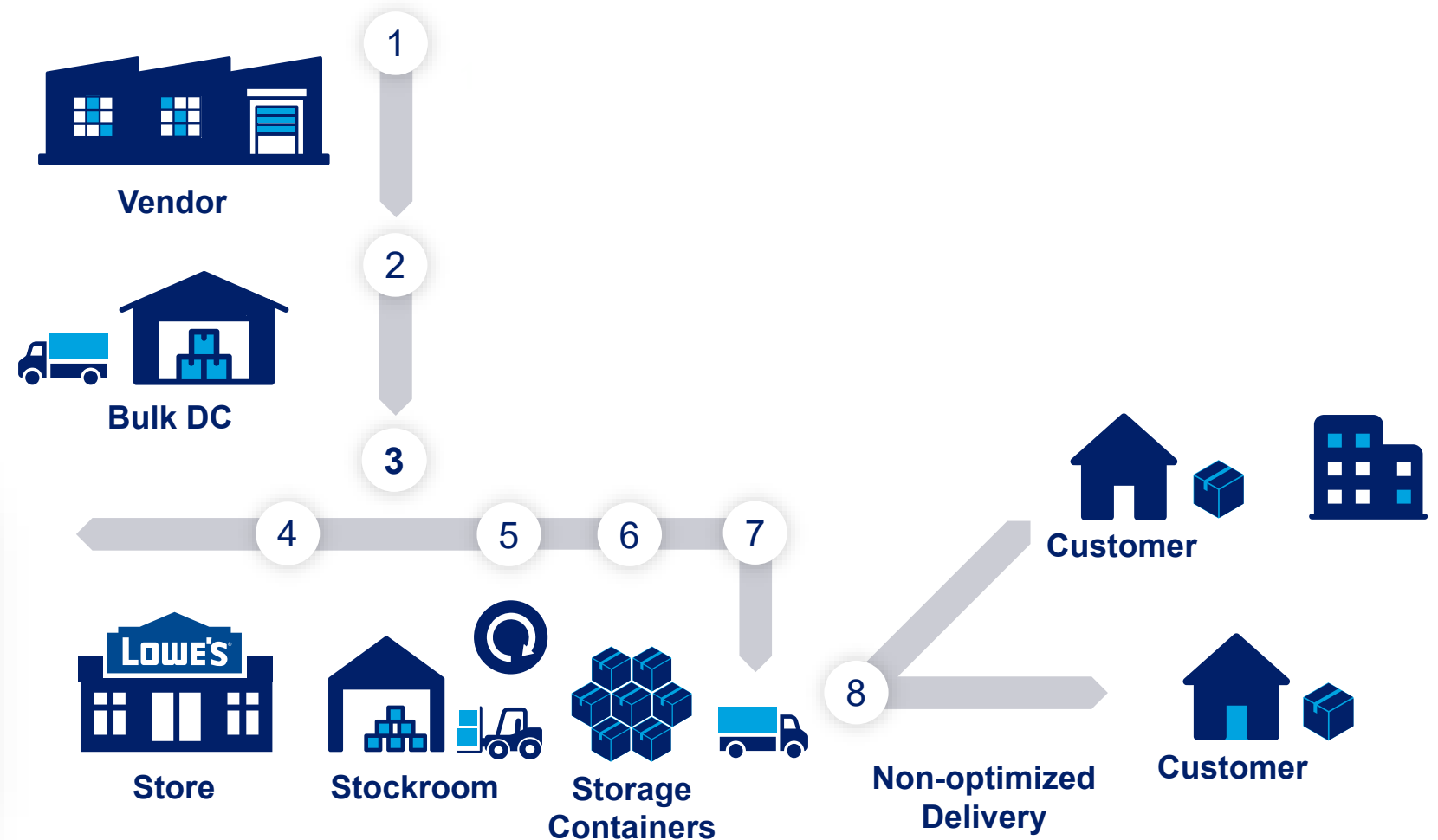
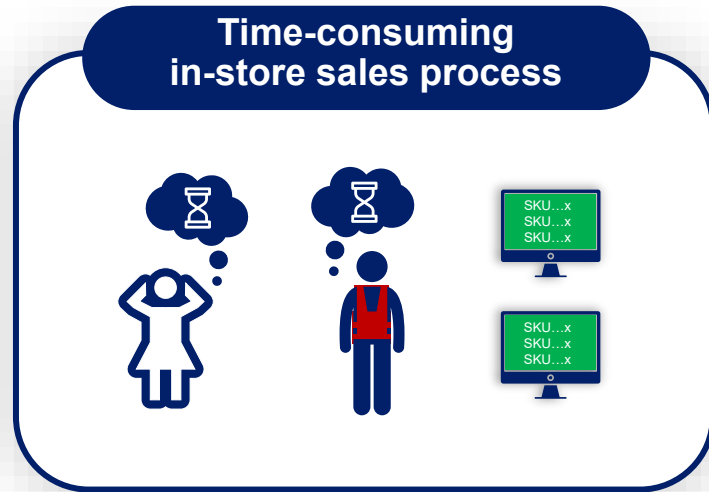


Improves **customer experience**



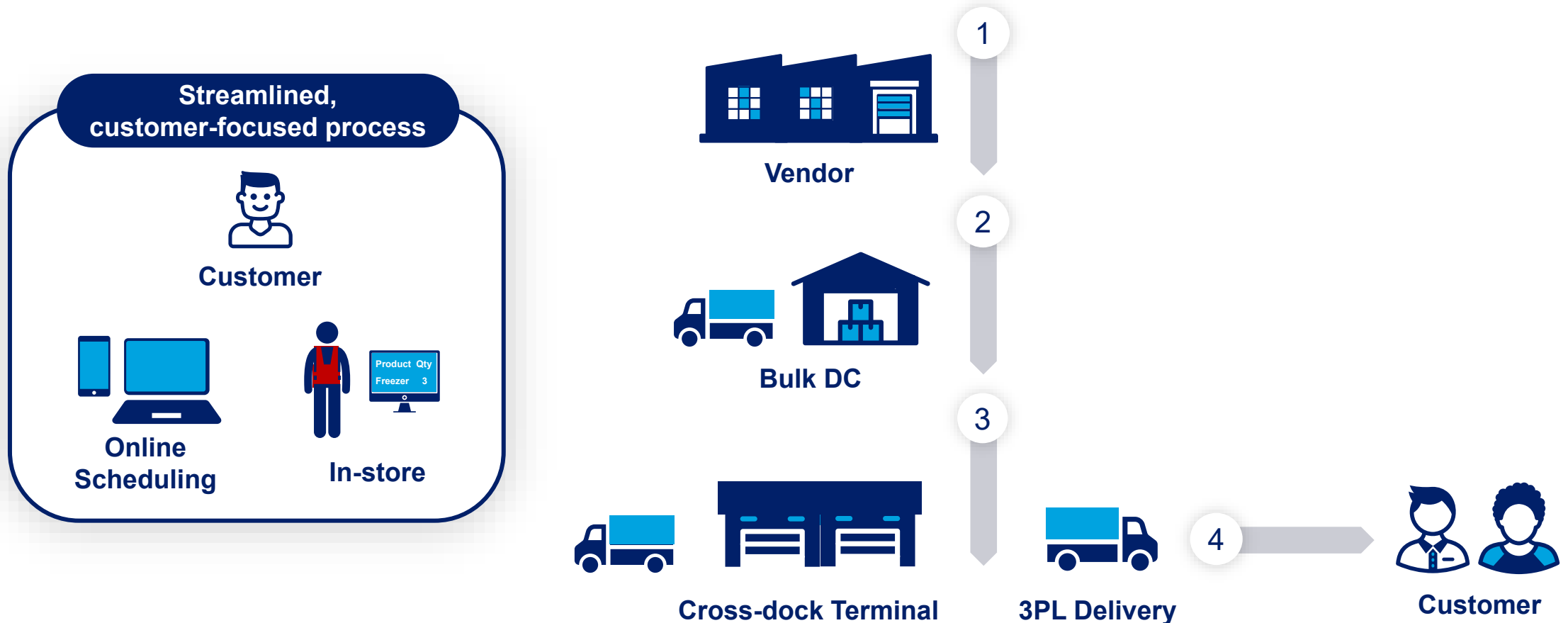
Transitioning from store delivery model...

INEFFICIENT AND OVERLY COMPLICATED



...to big & bulky market delivery model

FULLY ROLLED OUT IN 2023



Enhances **Appliance leadership position**,
improved **inventory turns**
and better **customer experience**



Leveraging store backrooms

LOWE'S STORES OFFER A COMPETITIVE ADVANTAGE WITH 10,000 SQUARE FOOT BACKROOMS

Enhanced Parcel Store Network



Pro Paint Fulfillment

An advertisement for Lowe's 4Pro paint fulfillment. It features the Lowe's 4Pro logo, the text 'GET THE QUANTITY YOU NEED - FAST.', a truck icon, and 'FREE NEXT DAY DELIVERY*'. Below this, there are two steps: 1. Place your paint order with one of our Pro Associates. Your order will be fulfilled as early as the next business day when ordered by 12 p.m. 2. Pick up at your local Lowe's® store or have it delivered directly to your jobsite. Then, get back to work. The ad also shows two buckets of Valspar Ultra paint and a photo of a painter working.

BOPIS for Online-Only SKUs



Market delivery

EXTENDING BENEFITS OF MARKET DELIVERY TO PRO FLATBED DELIVERIES



Wider product selection



Better customer experience



Optimized delivery



Incremental sales



Lower damages



Improved inventory turns

DIY AND PRO CUSTOMER

LOWE'S



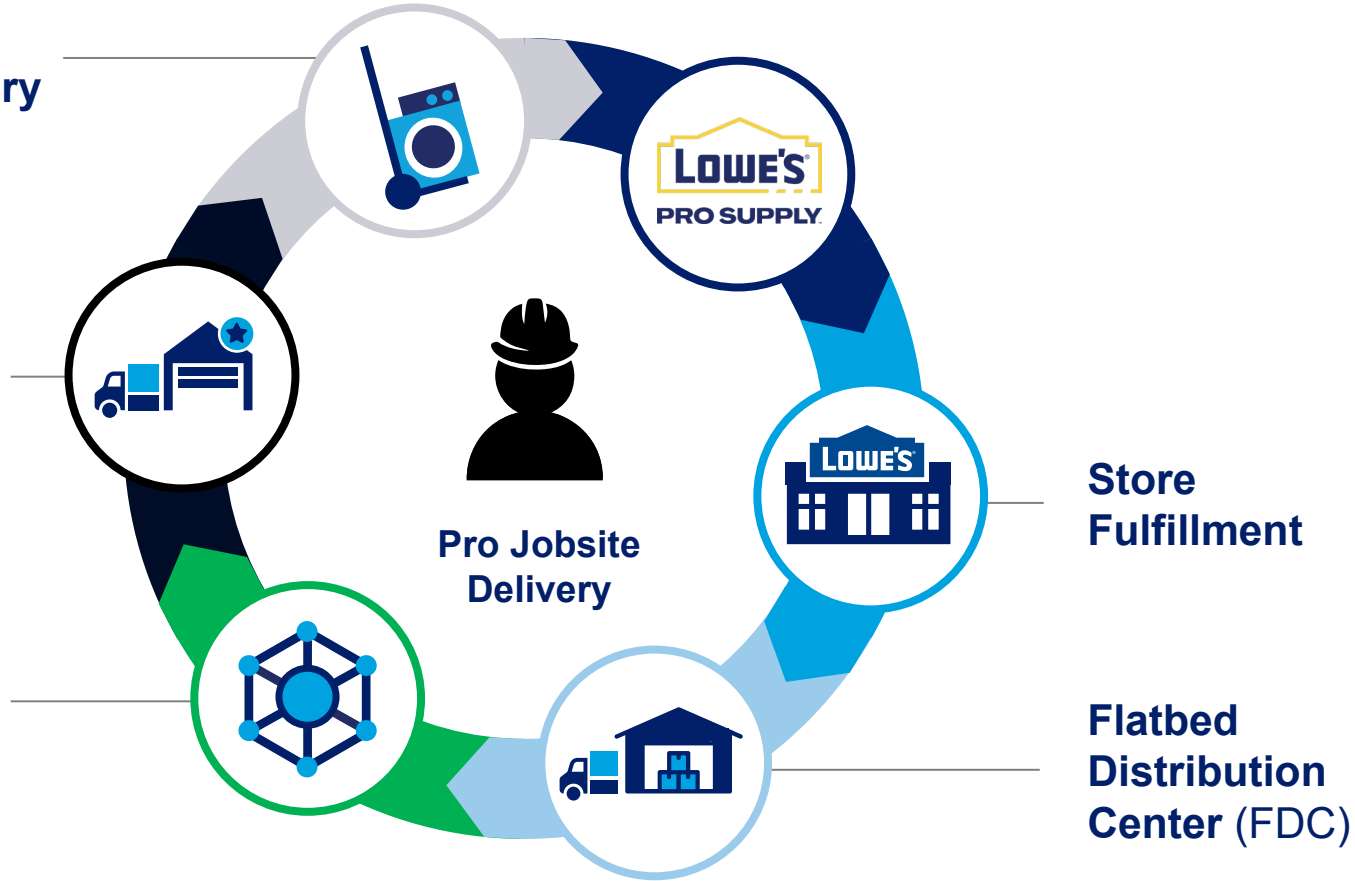
Pro fulfillment network

MULTI-PRONGED APPROACH, LEVERAGING COMBINATION OF EXISTING ASSETS AND NEW PRO FULFILLMENT CENTERS

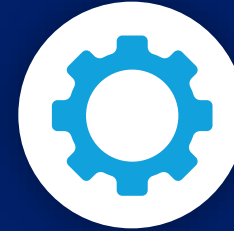
Big & Bulky
Market Delivery

Pro
Fulfillment
Center (PFC)

Fully
Integrated
Gig Network



ENHANCED PRO
CUSTOMER EXPERIENCE



Greater
productivity—
never leave the
jobsite



Fast & simple
online shopping
experience



Receive larger
orders in one
jobsite delivery



Parcel & gig network fulfillment

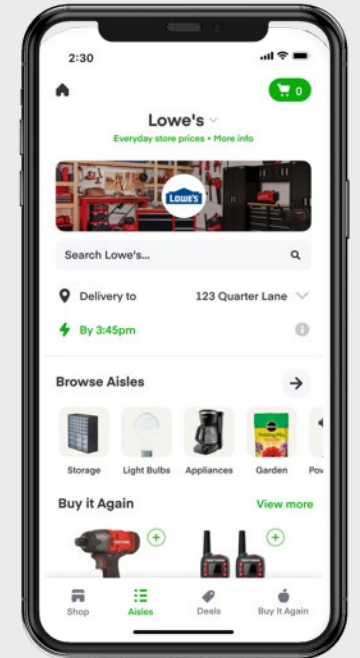
SPEED AND EFFICIENCY THROUGH A CUSTOMER DEMAND-DRIVEN FULFILLMENT ECOSYSTEM



Enhancing parcel fulfillment capabilities



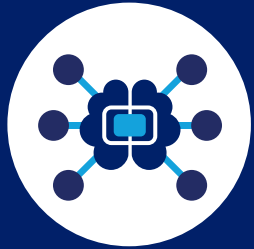
Gig networks handling same-day delivery



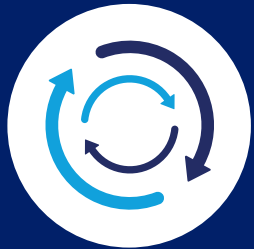
Supply chain PPI



Robotics & automation



Modernizing technology

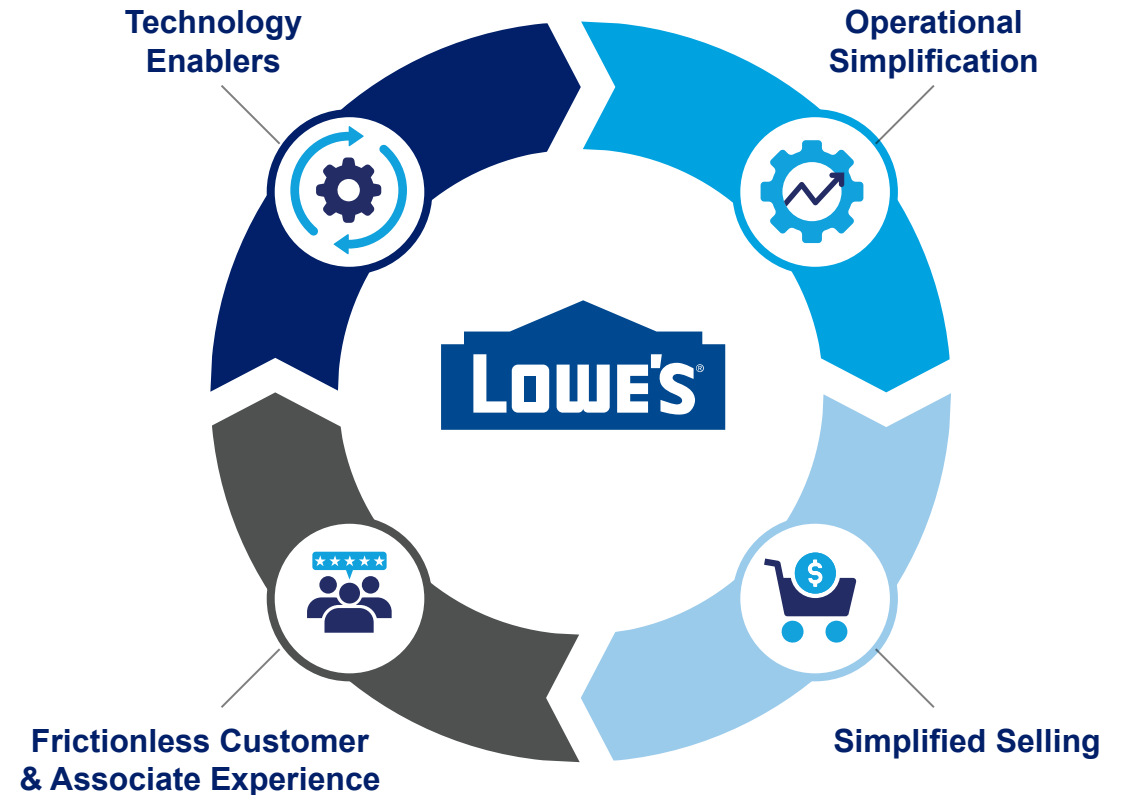


Improving capacity & flow



Process standardization

PERPETUAL PRODUCTIVITY IMPROVEMENT (PPI)

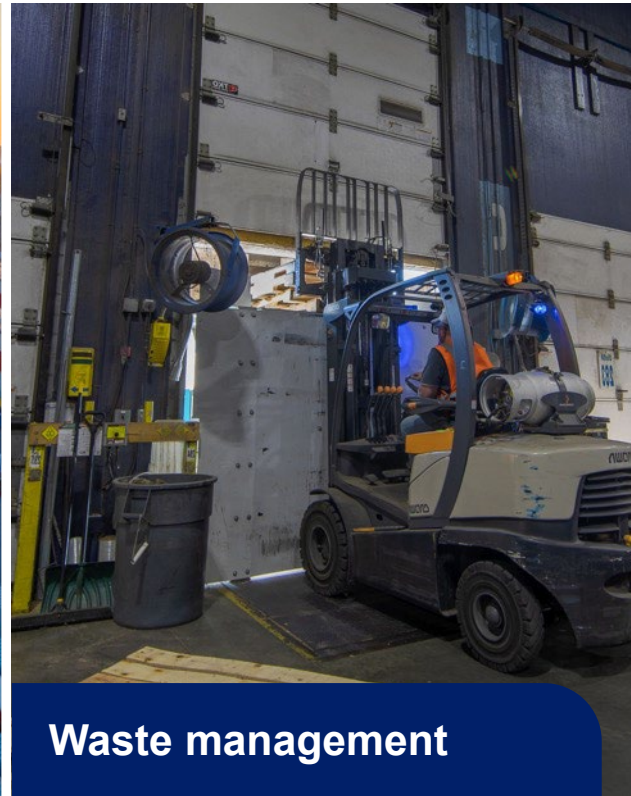


ESG-focused operational efficiency

DRIVING EFFICIENCY & SUSTAINABILITY ACROSS OUR SUPPLY CHAIN



Building efficiency



Waste management



Electrification of assets



Reducing miles driven

Supply chain recap

BUILDING A WORLD-CLASS OMNICHANNEL SUPPLY CHAIN THAT'S SMARTER, FASTER AND MORE FLEXIBLE



**Network Capacity
and Service**



**Flow Management
and Optimization**



Market Delivery



**Omnichannel
Fulfillment**

Human Resources

JANICE DUPRÉ, EXECUTIVE VICE PRESIDENT, HUMAN RESOURCES



Becoming **the** employer of choice in retail



Powered by our proactive associate listening strategy & feedback loop, including input from **91%** of our associates in 2022 annual survey

Investments in our people

GOOD JOBS



\$3B+

in incremental front-line wages and share-based compensation (2018–2022)



Competitive wages, bonuses & benefits



Flexible scheduling

SENSE OF BELONGING



Multi-year

program integrating D&I initiatives into corporate strategy



\$100M community investment in 2021



Launched new inVESTed recognition platform

PROMISING FUTURES



11,600

new store leadership roles



Significant investments in leadership & development, including expanding Lowe's University



Enhancing the Lowe's experience



Debt-free education



Everyday Lowe's
10% associate
discount



Associate
trades education



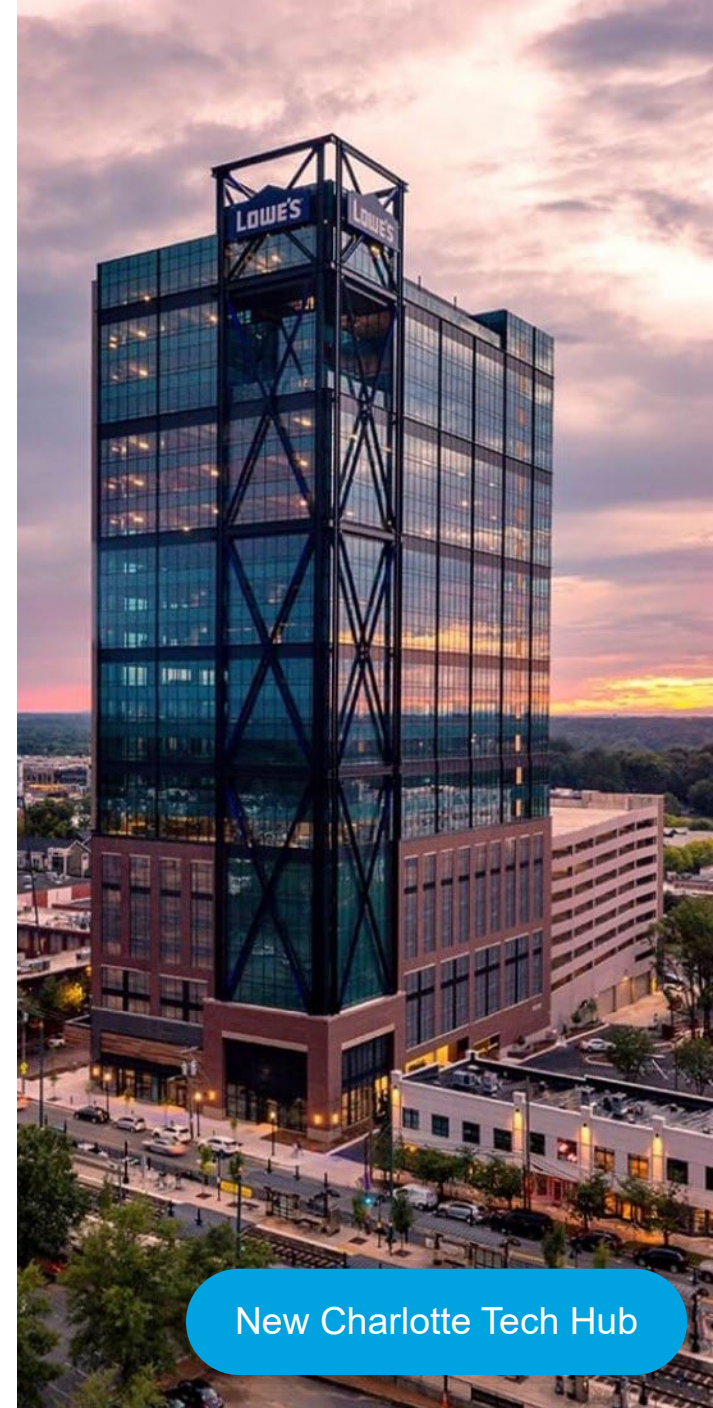
Discounted stock
purchase plan



Women's
leadership programs



\$200M in bonuses
ahead of the holidays



New Charlotte Tech Hub

HR investments are generating returns



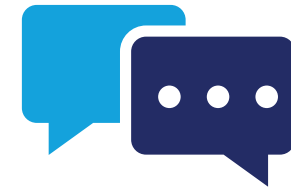
 Higher sales



 Improved customer service



 Accelerated onboarding



 Stronger engagement

Integrating D&I into our corporate strategy

FOCUSED ON THREE AREAS: TALENT, CULTURE AND BUSINESS



Talent

Build a workforce that can provide the best products and services for all customers



Culture

Foster an inclusive culture that unleashes the unique abilities of our full workforce



Business

Innovate to provide better and more diverse services and solutions

Promoting diversity across all levels



Total Workforce

39%

WOMEN

35%

PEOPLE
OF COLOR



Officers

25%

WOMEN

32%

PEOPLE
OF COLOR



Executive Officers

25%

WOMEN

50%

PEOPLE
OF COLOR



Board of Directors

33%

WOMEN

42%

PEOPLE
OF COLOR

Recognized by leading voices in Diversity and Inclusion



NOTE: Data reflects Lowe's U.S. total workforce and officer diversity as of our 2021 Culture, Diversity & Inclusion report. Data for executive officers and our Board of Directors reflects current composition.



Strengthening our community relationships

WORKING WITH COMMUNITY LEADERS TO BUILD A DIVERSE TALENT PIPELINE AND INCLUSIVE CULTURE



Business resource groups promote D&I within our workforce

LEADERSHIP ALSO LEVERAGES GROUPS FOR INSIGHTS, IDEAS AND PERSPECTIVES



Continuous focus on associate experience

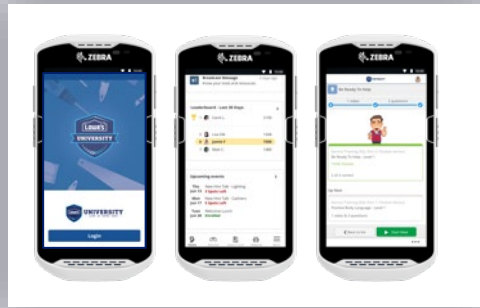
ATTRACTING, DEVELOPING, PROMOTING AND RETAINING THE TOP TALENT IN RETAIL



Enabling better futures for our associates

FOCUSED ON GROWING TALENT FROM WITHIN ... THROUGH LEADERSHIP DEVELOPMENT

Lowe's University



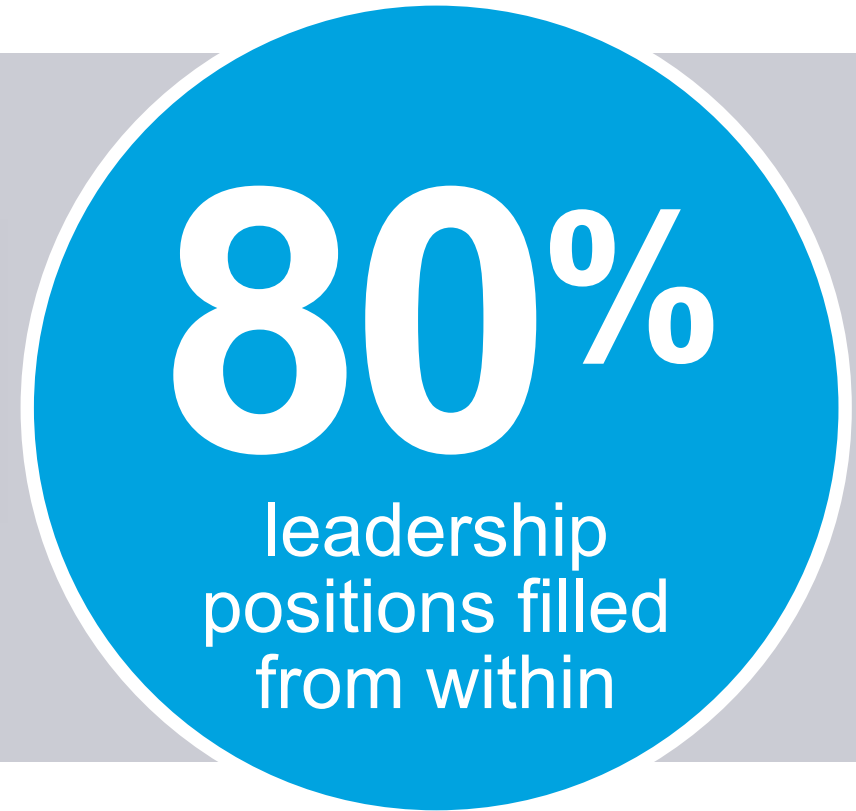
In-aisle training



Immersive leadership programs



Store labs



Becoming **the** employer of choice in retail



Good jobs



**Sense of
belonging**



**Promising
futures**

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.

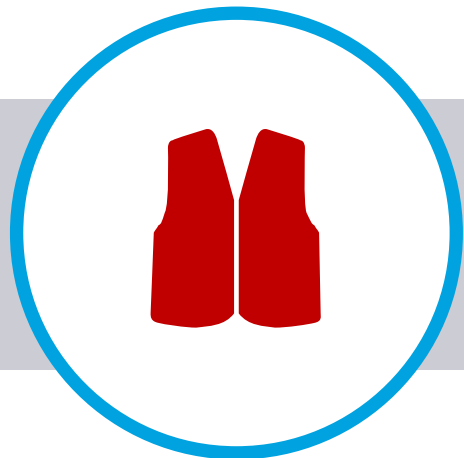
² Includes 53rd week, which is expected to increase total sales by approximately \$1.0 - \$1.5 billion. Full year 2022 outlook for Adjusted Operating Income, which is a non-GAAP financial measure, and ROIC, which is calculated using a non-GAAP financial measure, excludes asset impairment and expected 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.

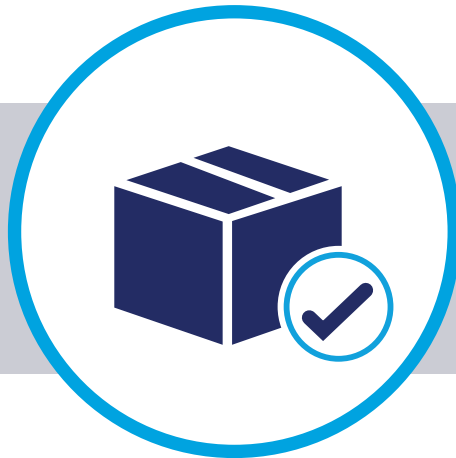


Levers we can flex to protect operating margins

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**



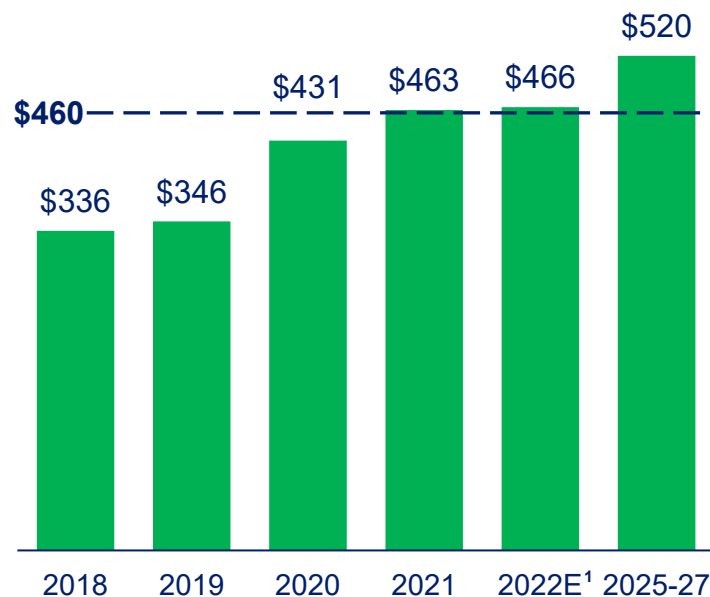
**Rationalize &
defer incremental
projects**

Building on our momentum...

...WITH MEANINGFUL GROWTH AND PRODUCTIVITY EXPANSION STILL AHEAD

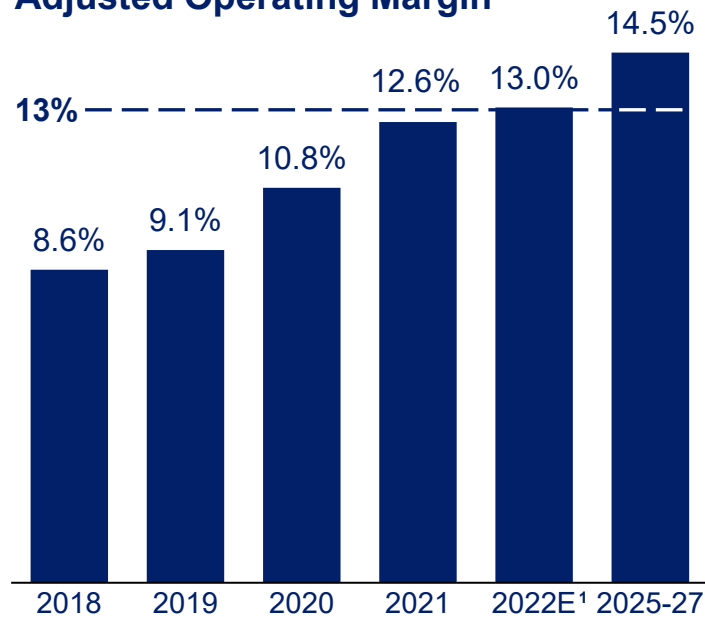
— — LONG-TERM TARGET FROM 2020 INVESTOR UPDATE

Sales per Square Foot

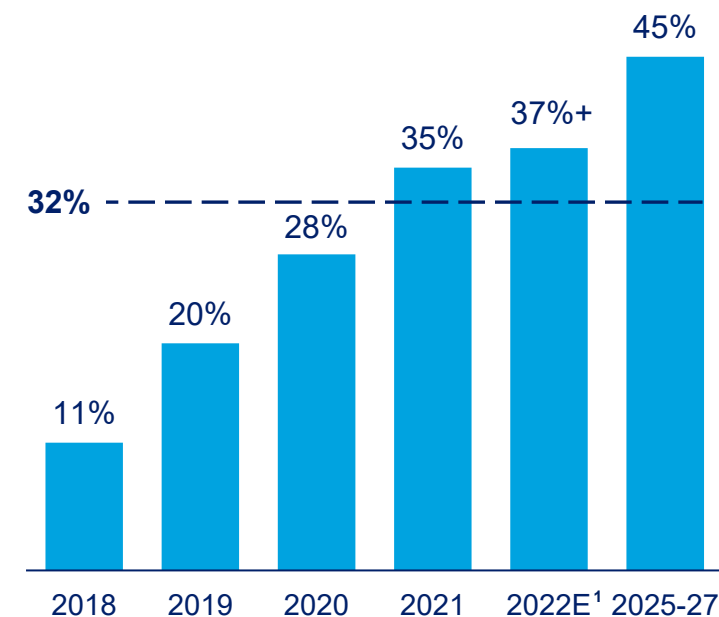


\$520 sales per square foot target based on 194 million square feet of selling space in U.S. Total Canada selling square footage is 14 million.

Adjusted Operating Margin²



ROIC³



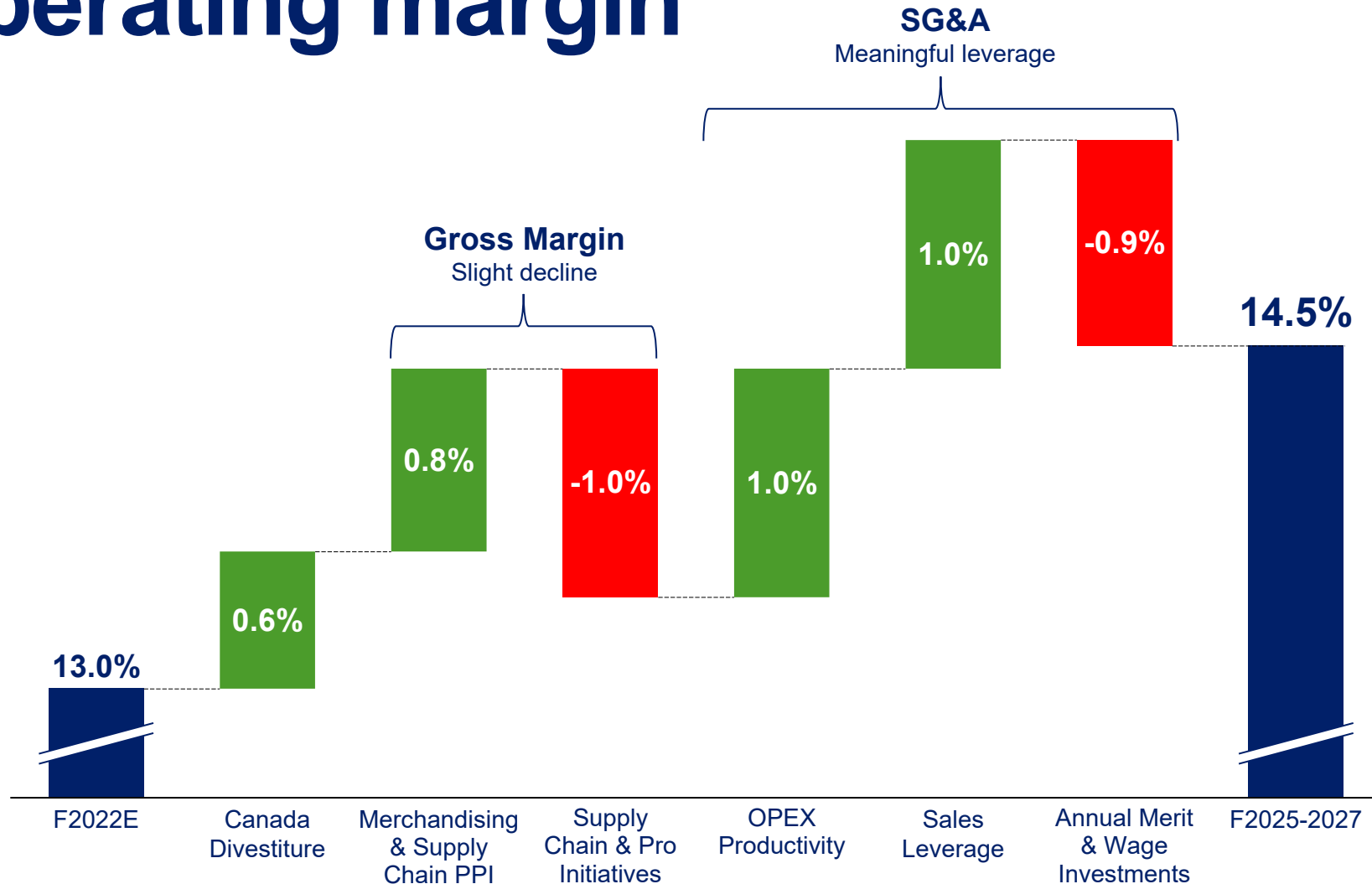
Expect to achieve long-term targets by 2025 in Robust scenario, and by 2027 in Moderate scenario

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



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

Market Delivery Model



- 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**

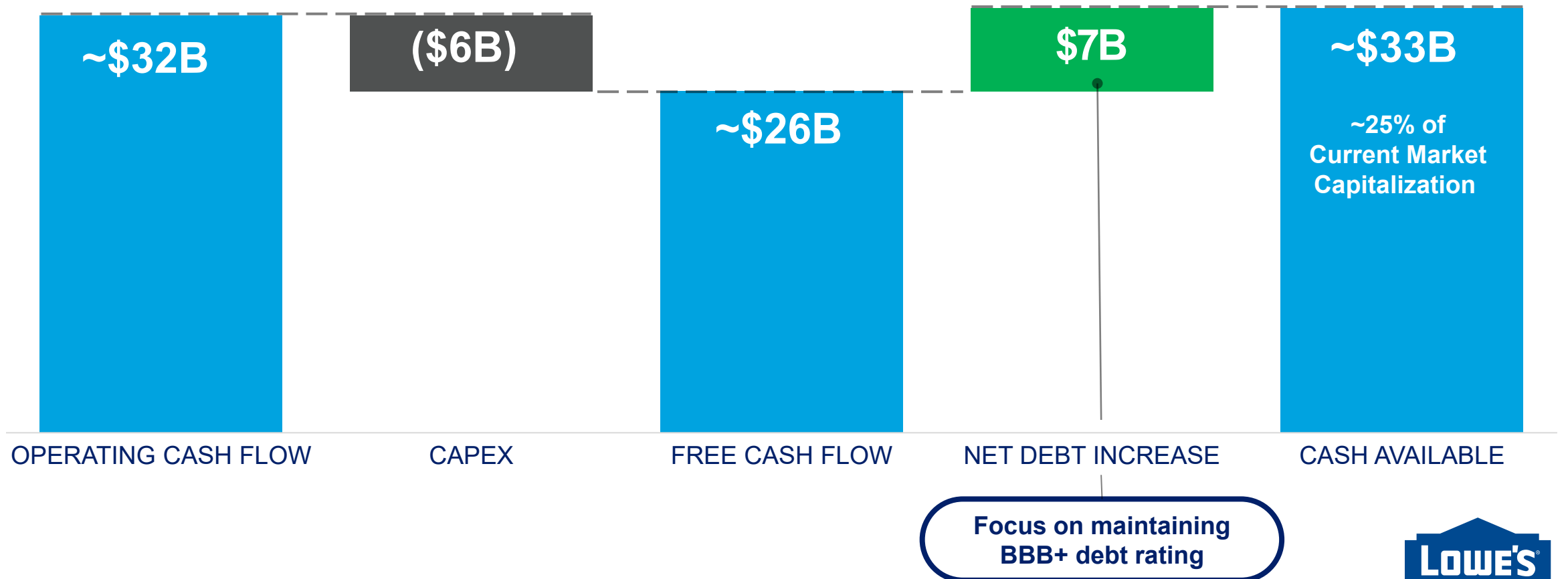


**Optimized capital
deployment**

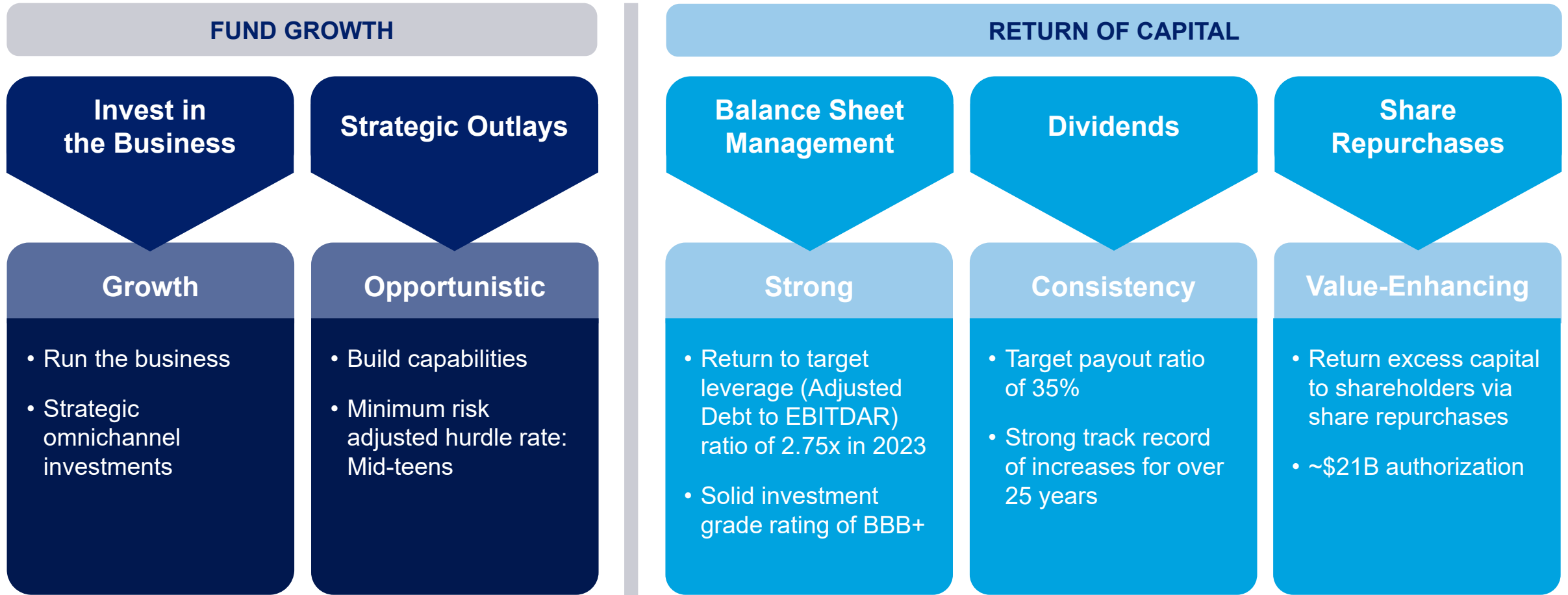


Expecting to return \$33 billion in capital over next 3 years

CASH GENERATION & CAPITAL ALLOCATION ARE MAJOR CONTRIBUTORS TO VALUE CREATION



Best-in-class capital allocation strategy



Key investment highlights



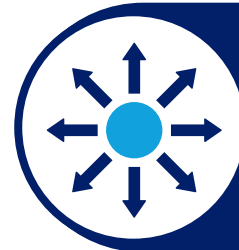
Favorable industry backdrop
& resilient business model



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, and adjusted diluted earnings per share for fiscal 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 %

Operating performance

	Year Ended		
	February 1, 2019		
Adjusted Diluted Earnings Per Share	Pre-Tax Earnings	Tax ¹	Net Earnings
Diluted Earnings Per Share, As Reported			\$ 2.84
Canadian goodwill impairment	1.17	(0.03)	1.14
Orchard Supply Hardware charges	0.68	(0.17)	0.51
U.S. and Canada charges	0.33	(0.08)	0.25
Mexico impairment charges	0.30	0.01	0.31
Non-core activities charges	0.06	(0.02)	0.04
Project Specialists Interiors charge	0.02	—	0.02
Adjusted Diluted Earnings Per Share			\$ 5.11

¹ Represents the corresponding tax benefit or expense related to the item excluded from adjusted diluted earnings per share.

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.

