

# TheStreet Quant Ratings

|                                       |   |    |    |                                       |      |    |   |                     |    |   |   |    |   |   |                            |  |
|---------------------------------------|---|----|----|---------------------------------------|------|----|---|---------------------|----|---|---|----|---|---|----------------------------|--|
| BUY                                   |   |    |    |                                       | HOLD |    |   | SELL                |    |   |   |    |   | <b>HOLD</b>                               | RATING SINCE<br>11/22/2023 |  |
| A+                                    | A | A- | B+ | B                                     | B-   | C+ | C | C-                  | D+ | D | D-  | E+ | E |   |                            | E-                                       |
| Annual Dividend Rate<br><b>\$4.40</b> |   |    |    | Annual Dividend Yield<br><b>1.79%</b> |      |    |   | Beta<br><b>1.12</b> |    |   | Market Capitalization<br><b>\$140.7 Billion</b> |    |   | 52-Week Range<br><b>\$181.85-\$248.55</b> |                            | Price as of 3/14/2024<br><b>\$244.63</b> |

Sector: **Retail Trade** | Industry Group: **Building Material and Supplies Dealers**

## LOW BUSINESS DESCRIPTION

Lowe's Companies, Inc., together with its subsidiaries, operates as a home improvement retailer in the United States. The company offers a line of products for construction, maintenance, repair, remodeling, and decorating.

## STOCK PERFORMANCE (%)

|              | 3 Mo. | 1 Yr. | 3 Yr (Ann) |
|--------------|-------|-------|------------|
| Price Change | 8.46  | 24.28 | 12.56      |

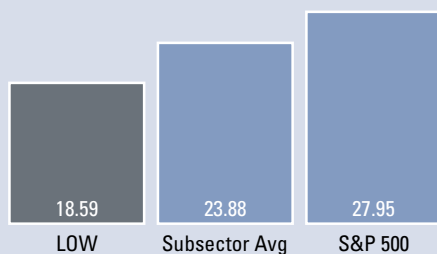
## GROWTH (%)

|            | Last Qtr | 12 Mo. | 3 Yr CAGR |
|------------|----------|--------|-----------|
| Revenues   | -17.13   | -11.01 | -1.21     |
| Net Income | 6.47     | 20.02  | 9.81      |
| EPS        | 12.02    | 31.46  | 19.40     |

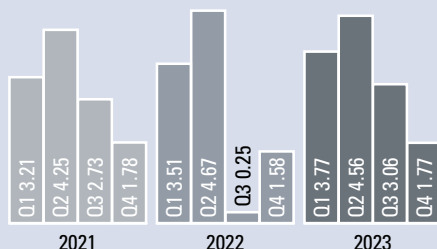
## RETURN ON EQUITY (%)

|         | LOW | Subsector Avg | S&P 500 |
|---------|-----|---------------|---------|
| Q4 2023 | NA  | 1,167.84      | 17.66   |
| Q4 2022 | NA  | 874.52        | 19.00   |
| Q4 2021 | NA  | 0.21          | 18.28   |

## P/E COMPARISON

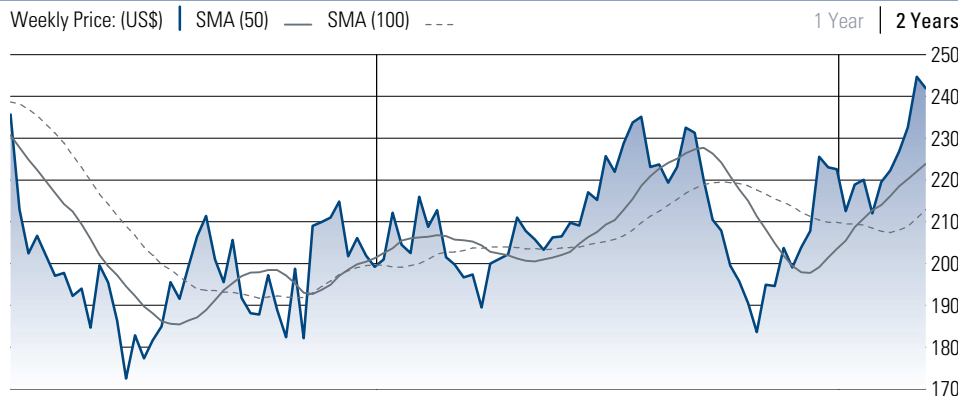


## EPS ANALYSIS' (\$)



NA = not available NM = not meaningful

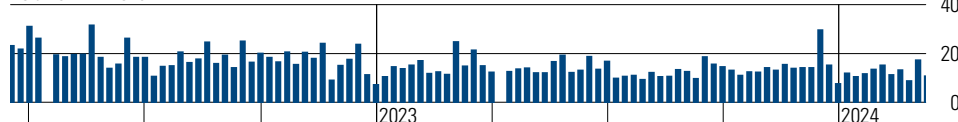
1 Compustat fiscal year convention is used for all fundamental data items.



## Rating History



## Volume in Millions



COMPUSTAT for Price and Volume, TheStreet Ratings, Inc. for Rating History

## RECOMMENDATION

We rate LOWE'S COS INC (LOW) a HOLD. The primary factors that have impacted our rating are mixed - some indicating strength, some showing weaknesses, with little evidence to justify the expectation of either a positive or negative performance for this stock relative to most other stocks. The company's strengths can be seen in multiple areas, such as its increase in net income, good cash flow from operations and increase in stock price during the past year. However, as a counter to these strengths, we find that the company's profit margins have been poor overall.

## HIGHLIGHTS

The net income growth from the same quarter one year ago has significantly exceeded that of the Building Material, Garden Equipment, Supplies Deal subsector average, but is less than that of the S&P 500. The net income increased by 6.5% when compared to the same quarter one year prior, going from \$958.00 million to \$1,020.00 million.

Net operating cash flow has significantly increased by 145.67% to \$1,108.00 million when compared to the same quarter last year. In addition, LOWE'S COS INC has also vastly surpassed the subsector average cash flow growth rate of 6.88%.

The stock price has risen over the past year, but, despite its earnings growth and some other positive factors, it has underperformed the S&P 500 so far. Looking ahead, our view is that this company's fundamentals will not have much impact in either direction, allowing the stock to generally move up or down based on the push and pull of the broad market.

LOW, with its decline in revenue, underperformed when compared the subsector average of 4.7%. Since the same quarter one year prior, revenues fell by 17.1%. The declining revenue has not hurt the company's bottom line, with increasing earnings per share.

The gross profit margin for LOWE'S COS INC is currently lower than what is desirable, coming in at 32.40%. Regardless of LOW's low profit margin, it has managed to increase from the same period last year. Despite the mixed results of the gross profit margin, the net profit margin of 5.48% trails the subsector average.

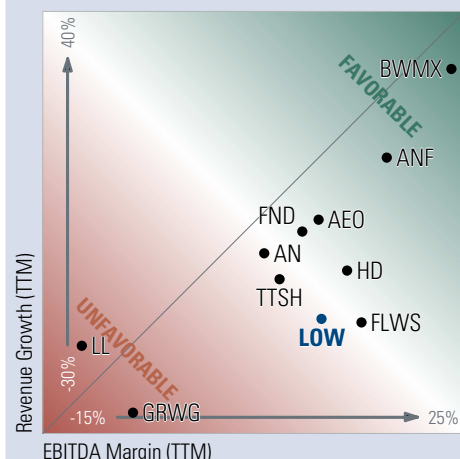
# TheStreet Quant Ratings

Sector: Retail Trade | Building Material and Supplies Dealers

|                                       |                                       |                     |   |   |  |
|---------------------------------------|---------------------------------------|---------------------|---|---|--|
| Annual Dividend Rate<br><b>\$4.40</b> | Annual Dividend Yield<br><b>1.79%</b> | Beta<br><b>1.12</b> | Market Capitalization<br><b>\$140.7 Billion</b> | 52-Week Range<br><b>\$181.85-\$248.55</b> | Price as of 3/14/2024<br><b>\$244.63</b> |
|---------------------------------------|---------------------------------------|---------------------|---|---|--|

## PEER GROUP ANALYSIS

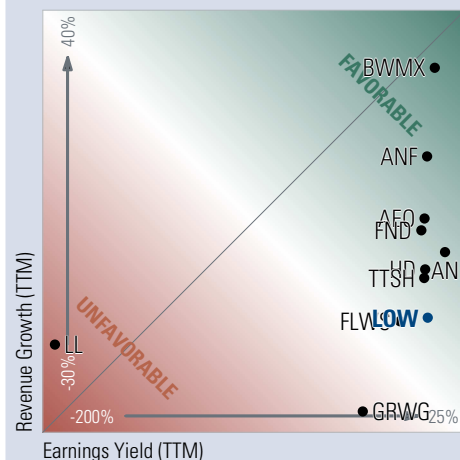
### REVENUE GROWTH AND EBITDA MARGIN\*



Companies with higher EBITDA margins and revenue growth rates are outperforming companies with lower EBITDA margins and revenue growth rates. Companies for this scatter plot have a market capitalization between \$55.8 Million and \$371.9 Billion. Companies with NA or NM values do not appear.

\*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization.

### REVENUE GROWTH AND EARNINGS YIELD



Companies that exhibit both a high earnings yield and high revenue growth are generally more attractive than companies with low revenue growth and low earnings yield. Companies for this scatter plot have revenue growth rates between -26.5% and 30.4%. Companies with NA or NM values do not appear.

## SUBSECTOR ANALYSIS

LOWE'S COS INC falls within the Retail Trade sector and the Building Material and Supplies Dealers industry group of the North American Industry Classification System or NAICS. More precisely, a significant portion of company activities involve Home Centers .

TheStreet Quant Ratings is currently tracking 189 companies in the Retail Trade sector that total around \$4,309 billion in market capitalization as well as \$3,320 billion in annual sales.

The Building Material, Garden Equipment, Supplies Dealers subsector accounts for 7.7% of those revenues.

Industries in the Building Material and Garden Equipment and Supplies Dealers subsector retail new building materials, hardware, paint, and garden and outdoor power equipment and supplies. Establishments in this subsector with fixed point-of-sale locations, including home centers and retail lumber yards, may display merchandise either indoors or outdoors under covered areas. The staff is usually knowledgeable in the use of the specific products being retailed in the construction, repair, and maintenance of the home and associated grounds.

### PEER GROUP: Building Material and Garden Equipment and Supplies Dealers

| Ticker     | Company Name               | Recent Price (\$) | Market Cap (\$M) | Price/Earnings | Net Sales TTM (\$M) | Net Income TTM (\$M) |
|------------|----------------------------|-------------------|------------------|----------------|---------------------|----------------------|
| <b>LOW</b> | <b>LOWE'S COS INC</b>      | <b>244.63</b>     | <b>140,690</b>   | <b>18.59</b>   | <b>86,377.00</b>    | <b>7,726.00</b>      |
| BWMX       | BETTERWARE DE MEXICO SAPI  | 18.44             | 688              | 11.04          | 769.55              | 62.08                |
| AN         | AUTONATION INC             | 155.24            | 6,471            | 6.85           | 26,948.90           | 1,021.10             |
| ANF        | ABERCROMBIE & FITCH        | 125.36            | 6,319            | 20.15          | 4,280.68            | 328.12               |
| LL         | LL FLOORING HOLDINGS INC   | 1.81              | 56               | NM             | 956.84              | -100.63              |
| AEO        | AMERN EAGLE OUTFITTERS INC | 23.08             | 4,559            | 26.84          | 5,261.77            | 170.04               |
| FLWS       | 1-800-FLOWERS.COM          | 10.15             | 380              | NM             | 1,907.48            | -61.88               |
| HD         | HOME DEPOT INC             | 375.27            | 371,899          | 24.85          | 152,669.00          | 15,143.00            |
| TTSH       | TILE SHOP HOLDINGS INC     | 6.51              | 290              | 28.30          | 377.15              | 10.07                |
| FND        | FLOOR & DECOR HLDGS        | 121.37            | 12,958           | 53.47          | 4,413.88            | 245.98               |
| GRWG       | GROWGENERATION CORP        | 1.91              | 117              | NM             | 230.89              | -34.17               |

The peer group comparison is based on Major Building Material, Garden Equipment, Supplies Dealers companies of comparable size.

# TheStreet Quant Ratings

Sector: Retail Trade | Building Material and Supplies Dealers

|                                       |                                       |                     |   |   |  |
|---------------------------------------|---------------------------------------|---------------------|---|---|--|
| Annual Dividend Rate<br><b>\$4.40</b> | Annual Dividend Yield<br><b>1.79%</b> | Beta<br><b>1.12</b> | Market Capitalization<br><b>\$140.7 Billion</b> | 52-Week Range<br><b>\$181.85-\$248.55</b> | Price as of 3/14/2024<br><b>\$244.63</b> |
|---------------------------------------|---------------------------------------|---------------------|---|---|--|

## COMPANY DESCRIPTION

Lowe's Companies, Inc., together with its subsidiaries, operates as a home improvement retailer in the United States. The company offers a line of products for construction, maintenance, repair, remodeling, and decorating. It also provides home improvement products, such as appliances, seasonal and outdoor living, lawn and garden, lumber, kitchens and bath, tools, paint, millwork, hardware, flooring, rough plumbing, building materials, decor, and electrical. In addition, the company offers installation services through independent contractors in various product categories; and extended protection plans and repair services. It sells its national brand-name merchandise and private brand products to professional customers, homeowners, and renters. The company also sells its products through Lowes.com website; and through mobile applications. Lowe's Companies, Inc. was founded in 1921 and is based in Mooresville, North Carolina.

LOWE'S COS INC  
1000 Lowe's Boulevard  
Mooresville, NC 28117  
USA  
Phone: 704 758 1000  
<http://www.lowes.com>

## STOCK-AT-A-GLANCE

Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of LOW shares. It is provided in order to give you a deeper understanding of our rating methodology as well as to paint a more complete picture of a stock's strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock's valuation. Please refer to our Valuation section on page 5 for further information.

| FACTOR  | SCORE                     |      |   |   |   |        |
|---|---------------------------|------|---|---|---|--------|
| <b>Growth</b>   | <b>2.5 out of 5 stars</b> | ★    | ★ | ☆ | ☆ | ☆      |
| Measures the growth of both the company's income statement and cash flow. On this factor, LOW has a growth score better than 40% of the stocks we rate.                               |                           | weak |   |   |   | strong |
| <b>Total Return</b>   | <b>4.5 out of 5 stars</b> | ★    | ★ | ★ | ★ | ☆      |
| Measures the historical price movement of the stock. The stock performance of this company has beaten 80% of the companies we cover.  |                           | weak |   |   |   | strong |
| <b>Efficiency</b>   | <b>5.0 out of 5 stars</b> | ★    | ★ | ★ | ★ | ★      |
| Measures the strength and historic growth of a company's return on invested capital. The company has generated more income per dollar of capital than 90% of the companies we review. |                           | weak |   |   |   | strong |
| <b>Price volatility</b>   | <b>5.0 out of 5 stars</b> | ★    | ★ | ★ | ★ | ★      |
| Measures the volatility of the company's stock price historically. The stock is less volatile than 90% of the stocks we monitor.  |                           | weak |   |   |   | strong |
| <b>Solvency</b>   | <b>1.5 out of 5 stars</b> | ★    | ☆ | ☆ | ☆ | ☆      |
| Measures the solvency of the company based on several ratios. The company is more solvent than 20% of the companies we analyze.   |                           | weak |   |   |   | strong |
| <b>Income</b>   | <b>4.0 out of 5 stars</b> | ★    | ★ | ★ | ★ | ☆      |
| Measures dividend yield and payouts to shareholders. The company's dividend is higher than 70% of the companies we track.   |                           | weak |   |   |   | strong |

## THESTREET QUANT RATINGS RESEARCH METHODOLOGY

TheStreet Quant Ratings' stock model projects a stock's total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e. how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.

# TheStreet Quant Ratings

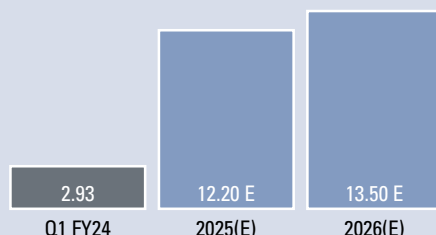
## LOWE'S COS INC

Sector: Retail Trade | Building Material and Supplies Dealers

|                                       |                                       |                     |   |   |  |
|---------------------------------------|---------------------------------------|---------------------|---|---|--|
| Annual Dividend Rate<br><b>\$4.40</b> | Annual Dividend Yield<br><b>1.79%</b> | Beta<br><b>1.12</b> | Market Capitalization<br><b>\$140.7 Billion</b> | 52-Week Range<br><b>\$181.85-\$248.55</b> | Price as of 3/14/2024<br><b>\$244.63</b> |
|---------------------------------------|---------------------------------------|---------------------|---|---|--|

### Consensus EPS Estimates<sup>2</sup> (\$)

IBES consensus estimates are provided by Thomson Financial



### FINANCIAL ANALYSIS

LOWE'S COS INC's gross profit margin for the fourth quarter of its fiscal year 2023 is essentially unchanged when compared to the same period a year ago. Even though sales decreased, the net income has increased. LOWE'S COS INC has very weak liquidity. Currently, the Quick Ratio is 0.08 which clearly shows a lack of ability to cover short-term cash needs. The company's liquidity has decreased from the same period last year.

During the same period, stockholders' equity ("net worth") has decreased by 5.58% from the same quarter last year. The key liquidity measurements indicate that the company is in a position in which financial difficulties could develop in the near future.

**STOCKS TO BUY:** TheStreet Quant Ratings has identified a handful of stocks that can potentially TRIPLE in the next 12-months. To learn more visit [www.TheStreetRatings.com](http://www.TheStreetRatings.com).

### INCOME STATEMENT

|                    | Q4 FY23   | Q4 FY22   |
|--------------------|-----------|-----------|
| Net Sales (\$mil)  | 18,602.00 | 22,445.00 |
| EBITDA (\$mil)     | 2,130.00  | 2,565.00  |
| EBIT (\$mil)       | 1,688.00  | 2,144.00  |
| Net Income (\$mil) | 1,020.00  | 958.00    |

### BALANCE SHEET

|                       | Q4 FY23    | Q4 FY22    |
|-----------------------|------------|------------|
| Cash & Equiv. (\$mil) | 1,228.00   | 1,732.00   |
| Total Assets (\$mil)  | 41,795.00  | 43,708.00  |
| Total Debt (\$mil)    | 40,145.00  | 37,994.00  |
| Equity (\$mil)        | -15,050.00 | -14,254.00 |

### PROFITABILITY

|                     | Q4 FY23 | Q4 FY22 |
|---------------------|---------|---------|
| Gross Profit Margin | 32.40%  | 32.33%  |
| EBITDA Margin       | 11.45%  | 11.42%  |
| Operating Margin    | 9.07%   | 9.55%   |
| Sales Turnover      | 2.07    | 2.22    |
| Return on Assets    | 18.48%  | 14.72%  |
| Return on Equity    | NA      | NA      |

### DEBT

|                   | Q4 FY23 | Q4 FY22 |
|-------------------|---------|---------|
| Current Ratio     | 1.23    | 1.10    |
| Debt/Capital      | 1.60    | 1.60    |
| Interest Expense  | NA      | 338.00  |
| Interest Coverage | NA      | 6.34    |

### SHARE DATA

|                          | Q4 FY23   | Q4 FY22   |
|--------------------------|-----------|-----------|
| Shares outstanding (mil) | 574       | 601       |
| Div / share              | 1.10      | 1.05      |
| EPS                      | 1.77      | 1.58      |
| Book value / share       | -26.22    | -23.72    |
| Institutional Own %      | NA        | NA        |
| Avg Daily Volume         | 2,658,638 | 2,969,052 |

<sup>2</sup> Sum of quarterly figures may not match annual estimates due to use of median consensus estimates.

# TheStreet Quant Ratings

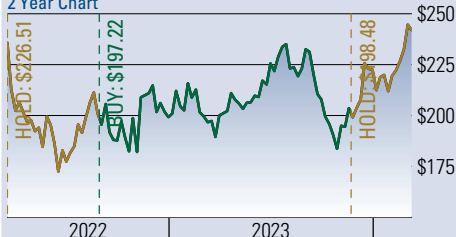
Sector: Retail Trade | Building Material and Supplies Dealers

|                                       |                                       |                     |   |   |  |
|---------------------------------------|---------------------------------------|---------------------|---|---|--|
| Annual Dividend Rate<br><b>\$4.40</b> | Annual Dividend Yield<br><b>1.79%</b> | Beta<br><b>1.12</b> | Market Capitalization<br><b>\$140.7 Billion</b> | 52-Week Range<br><b>\$181.85-\$248.55</b> | Price as of 3/14/2024<br><b>\$244.63</b> |
|---------------------------------------|---------------------------------------|---------------------|---|---|--|

## RATINGS HISTORY

Our rating for LOWE'S COS INC has not changed since 11/22/2023. As of 3/14/2024, the stock was trading at a price of \$244.63 which is 1.6% below its 52-week high of \$248.55 and 34.5% above its 52-week low of \$181.85.

2 Year Chart



## MOST RECENT RATINGS CHANGES

| Date     | Price    | Action    | From | To   |
|----------|----------|-----------|------|------|
| 11/22/23 | \$198.48 | Downgrade | Buy  | Hold |
| 8/30/22  | \$197.22 | Upgrade   | Hold | Buy  |
| 3/14/22  | \$226.51 | No Change | Hold | Hold |

Price reflects the closing price as of the date listed, if available

## RATINGS DEFINITIONS & DISTRIBUTION OF THESTREET RATINGS

(as of 3/14/2024)

**31.74% Buy** - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.

**30.61% Hold** - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.

**37.64% Sell** - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

**The Arena Group**  
**200 Vesey Street, 24th Floor**  
**New York, NY 10281**  
**www.thestreet.com**

Research Contact: 212-321-5381  
 Sales Contact: 866-321-8726

## VALUATION

HOLD. This stock's P/E ratio indicates a discount compared to an average of 23.88 for the Building Material, Garden Equipment, Supplies Deal subsector and a discount compared to the S&P 500 average of 27.95. Normally, for additional comparison, we would look at the price-to-book ratio; however, this company's price-to-book ratio is negative making the value useless for comparisons. The price-to-sales ratio is well below both the S&P 500 average and the subsector average, indicating a discount. After reviewing these and other key valuation criteria, LOWE'S COS INC proves to trade at a discount to investment alternatives.

|                |   |   |   |         |          |
|----------------|---|---|---|---------|----------|
| Price/Earnings | 1 | 2 | 3 | 4       | 5        |
|                |   |   |   | premium | discount |

**LOW 18.59** Peers **23.88**

- Discount. A lower P/E ratio than its peers can signify a less expensive stock or lower growth expectations.
- LOW is trading at a discount to its peers.

|                          |   |   |   |         |          |
|--------------------------|---|---|---|---------|----------|
| Price/Projected Earnings | 1 | 2 | 3 | 4       | 5        |
|                          |   |   |   | premium | discount |

**LOW 18.12** Peers **22.27**

- Average. An average price-to-projected earnings ratio can signify an subsector neutral stock price and average future growth expectations.
- LOW is trading at a valuation on par with its peers.

|            |   |   |   |         |          |
|------------|---|---|---|---------|----------|
| Price/Book | 1 | 2 | 3 | 4       | 5        |
|            |   |   |   | premium | discount |

**LOW NM** Peers **345.33**

- Neutral. A lower price-to-book ratio makes a stock more attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- LOW's P/B is negative making this valuation measure meaningless.

|             |   |   |   |         |          |
|-------------|---|---|---|---------|----------|
| Price/Sales | 1 | 2 | 3 | 4       | 5        |
|             |   |   |   | premium | discount |

**LOW 1.63** Peers **2.22**

- Discount. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
- LOW is trading at a significant discount to its subsector on this measurement.

|                |   |   |   |         |          |
|----------------|---|---|---|---------|----------|
| Price/CashFlow | 1 | 2 | 3 | 4       | 5        |
|                |   |   |   | premium | discount |

**LOW 17.25** Peers **17.55**

- Average. The P/CF ratio, a stock's price divided by the company's cash flow from operations, is useful for comparing companies with different capital requirements or financing structures.
- LOW is trading at a valuation on par to its peers.

|                          |   |   |   |         |          |
|--------------------------|---|---|---|---------|----------|
| Price to Earnings/Growth | 1 | 2 | 3 | 4       | 5        |
|                          |   |   |   | premium | discount |

**LOW NM** Peers **19.88**

- Neutral. The PEG ratio is the stock's P/E divided by the consensus estimate of long-term earnings growth. Faster growth can justify higher price multiples.
- LOW's negative PEG ratio makes this valuation measure meaningless.

|                 |   |   |   |       |        |
|-----------------|---|---|---|-------|--------|
| Earnings Growth | 1 | 2 | 3 | 4     | 5      |
|                 |   |   |   | lower | higher |

**LOW 31.46** Peers **1.73**

- Higher. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- LOW is expected to have an earnings growth rate that significantly exceeds its peers.

|              |   |   |   |       |        |
|--------------|---|---|---|-------|--------|
| Sales Growth | 1 | 2 | 3 | 4     | 5      |
|              |   |   |   | lower | higher |

**LOW -11.01** Peers **-4.92**

- Lower. A sales growth rate that trails the subsector implies that a company is losing market share.
- LOW significantly trails its peers on the basis of sales growth.

## DISCLAIMER:

The opinions and information contained herein have been obtained or derived from sources believed to be reliable, but TheStreet Quant Ratings cannot guarantee its accuracy and completeness, and that of the opinions based thereon. Data is provided via the COMPSTAT® Xpressfeed product from Standard & Poor's, a division of The McGraw-Hill Companies, Inc., as well as other third-party data providers.

TheStreet Quant Ratings is a division of TheStreet, Inc., which is a publisher. This research report contains opinions and is provided for informational purposes only. You should not rely solely upon the research herein for purposes of transacting securities or other investments, and you are encouraged to conduct your own research and due diligence, and to seek the advice of a qualified securities professional, before you make any investment. None of the information contained in this report constitutes, or is intended to constitute a recommendation by TheStreet Quant Ratings of any particular security or trading strategy or a determination by TheStreet Quant Ratings that any security or trading strategy is suitable for any specific person. To the extent any of the information contained herein may be deemed to be investment advice, such information is impersonal and not tailored to the investment needs of any specific person. Your use of this report is governed by TheStreet, Inc.'s Terms of Use found at <http://www.thestreet.com/static/about/terms-of-use.html>.

NAICS is the North American Industry Classification System which provides the Sector, Subsector, and Industry Group structure used in this report. As many companies are diversified, the companies may also operate in other industry segments than the one listed.