



# Lowe's Companies (LOW)

Updated August 26<sup>th</sup>, 2025 by Quinn Mohammed

## Key Metrics

<b>Current Price:</b>	\$259	<b>5 Year CAGR Estimate:</b>	9.6%	<b>Market Cap:</b>	\$145 B
<b>Fair Value Price:</b>	\$246	<b>5 Year Growth Estimate:</b>	9.0%	<b>Ex-Dividend Date:</b>	10/23/2025
<b>% Fair Value:</b>	105%	<b>5 Year Valuation Multiple Estimate:</b>	-1.0%	<b>Payment Date<sup>1</sup>:</b>	11/06/2025
<b>Dividend Yield:</b>	1.9%	<b>5 Year Price Target</b>	\$379	<b>Years of Dividend Growth:</b>	62
<b>Dividend Risk Score:</b>	A	<b>Sector:</b>	Consumer Discretionary	<b>Rating:</b>	Hold

## Overview & Current Events

Lowe's Companies is the second-largest home improvement retailer in the US (after Home Depot). The company, which has a current market capitalization of \$145 billion, was founded in 1946 and is headquartered in Mooresville, NC. Lowe's operates or services more than 1,700 home improvement and hardware stores in the U.S. Lowe's trades under the ticker symbol LOW on the NYSE.

On June 2, 2025, Lowe's completed its acquisition of Artisan Design Group (ADG) for \$1.325 billion. ADG designs, distributes, and installs interior surface finishes for flooring, cabinets, and countertops. In FY 2024, ADG generated \$1.8 billion of revenue. The acquisition expands Lowe's Pro offering into a new distribution channel in a \$50 billion market.

On August 20, 2025, Lowe's announced it will acquire Foundation Building Materials (FBM), for \$8.8 billion. FBM is a distributor of interior building products for large residential and commercial professionals in new construction and repair and remodel. It generated \$6.5 billion in revenue in 2024. The deal is expected to close in the fourth quarter.

Lowe's reported second quarter 2025 results on August 20<sup>th</sup>, 2025. Total sales came in at \$24.0 billion compared to \$23.6 billion in the same quarter a year ago. Comparable sales increased by 1.1%. Net earnings-per-share of \$4.27 compared to \$4.17 in second quarter 2024, and were driven by strong performance in Pro and DIY, partly offset by unfavorable weather.

The company did not repurchase any of its common stock in the quarter, but it paid out \$673 million in dividends.

Lowe's updated its fiscal 2025 outlook and now expects to earn adjusted EPS of \$12.20 to \$12.45 on total sales of \$84.5 to \$85.5 billion. Capex will likely come in at \$2.5 billion, and Lowe's expects an operating margin of 12.2% to 12.3%.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>EPS</b>	\$3.29	\$3.99	\$4.39	\$5.11	\$5.74	\$8.86	\$12.04	\$10.17	\$13.20	\$12.23	<b>\$12.31</b>	<b>\$18.94</b>
<b>DPS</b>	\$1.07	\$1.33	\$1.58	\$1.85	\$2.13	\$2.36	\$2.80	\$3.70	\$4.30	\$4.50	<b>\$4.80</b>	<b>\$7.39</b>
<b>Shares<sup>1</sup></b>	910	866	830	801	763	735	676	605	575	563	<b>560</b>	<b>520</b>

Lowe's has increased its earnings-per-share at an attractive pace in recent years. Between 2015 and 2024, Lowe's grew its earnings-per-share at a 15.7% CAGR. And in the recent 5-year period, Lowe's grew this rate to 16.3% per year.

Earnings-per-share have been driven by comparable store sales growth, increasing margins, and the company's share repurchases, which have lowered the share count meaningfully. Significant buybacks mean that the company's net earnings are split over a lower number of shares, which accelerates growth in per-share net income. Especially when Lowe's valuation is lower, these share repurchases are highly accretive. Lowe's would likely ramp up its buybacks if its valuation declined meaningfully, and in the past, they have made good profits by buying back shares at a lower price.

Lowe's should be able to increase its sales over the coming years, but its earnings-per-share growth will be somewhat lower going forward compared to the last couple of years. We expect Lowe's to increase earnings per share at a 9% annual growth rate in the next five years.

<sup>1</sup> In millions

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Lowe's is a Dividend King - the company has raised the dividend annually for 62 years in a row - and its dividend growth rate was remarkably high in recent years. Lowe's has raised its dividend by 14% per year over the last 5 years. We expect this dividend growth to moderate in the coming years but remain near double-digit territory.

## Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	21.8	18.6	18.7	18.7	18.9	21.4	20.0	17.3	19.9	20.2	21.0	20.0
Avg. Yld.	1.5%	1.8%	1.9%	1.9%	2.0%	1.7%	1.2%	1.6%	1.9%	1.8%	1.9%	1.9%

Lowe's trades at 21.0 times this year's expected earnings-per-share right now, which is higher than its 10-year average of 19.5. The current valuation is now above our fair value estimate of 20 times expected earnings. As a result, we see the potential for a moderate valuation headwind due to valuation compression over the intermediate term.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	33%	33%	36%	36%	37%	27%	23%	36%	33%	37%	39%	39%

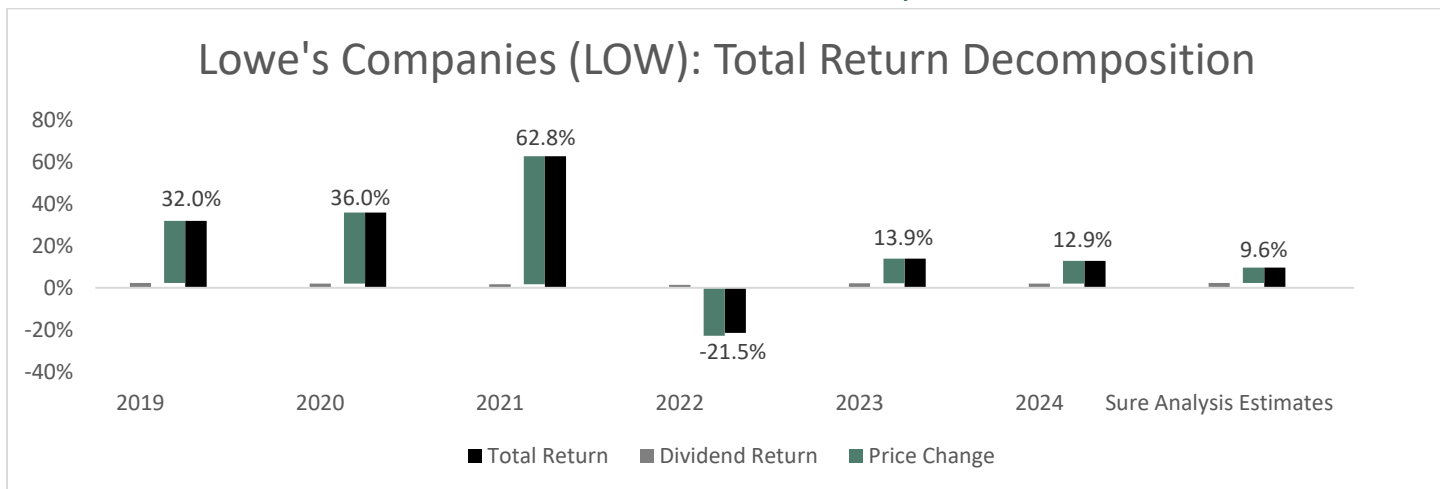
Lowe's is a Dividend King, the company has raised its dividend annually for 62 years in a row, even during recessions, the great financial crisis, and the covid pandemic. This extraordinarily strong track record, coupled with the fact that Lowe's dividend payout ratio is fairly low, shows that Lowe's is a reliable and low-risk dividend stock where investors do not have to worry about a dividend cut. In addition, many years of dividend growth should be in front of the company.

Lowe's business is somewhat cyclical, but the company performed relatively well during the great financial crisis, nevertheless. Earnings-per-share declined by less than 20%, despite the housing market hit. Lowe's enjoys competitive advantages from scale and brand power as it operates in a duopoly with Home Depot. Neither of the two are expanding their store count significantly, and neither is interested in a price war. Both should remain highly profitable, as the home improvement market in the US is large enough for two companies to make great profits.

## Final Thoughts & Recommendation

Lowe's offers 9.6% annualized total return potential thanks to its strong expected growth performance. Shares are trading above our estimate of fair value but offer compelling growth potential for both earnings and the dividend. We expect that continued share buybacks will prove fruitful in the long term; however, buybacks are now on pause as Lowe's digests its recent large acquisitions. LOW now earns a hold rating.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	56,223	59,074	65,017	68,619	71,309	72,148	89,597	96,250	86,380	83,670
Gross Profit	19,558	20,570	21,674	22,434	22,908	22,943	29,572	32,056	28,840	27,880
Gross Margin	34.8%	34.8%	33.3%	32.7%	32.1%	31.8%	33.0%	33.3%	33.4%	33.3%
SG&A Exp.	13,272	14,105	14,375	14,444	17,413	15,367	18,526	18,301	15,570	15,680
D&A Exp.	1,586	1,587	1,590	1,540	1,607	1,410	1,594	1,882	1,923	1,972
Operating Profit	4,792	4,971	5,846	6,586	4,018	6,314	9,647	12,093	11,560	10,470
Op. Margin	8.5%	8.4%	9.0%	9.6%	5.6%	8.8%	10.8%	12.6%	13.4%	12.5%
Net Profit	2,698	2,546	3,091	3,447	2,314	4,281	5,835	8,442	7,726	6,957
Net Margin	4.8%	4.3%	4.8%	5.0%	3.2%	5.9%	6.5%	8.8%	8.9%	8.3%
Free Cash Flow	4,049	3,587	4,450	3,942	5,019	2,812	9,258	8,260	6,176	7,698
Income Tax	1,578	1,873	2,108	2,042	1,080	1,342	1,904	2,766	2,449	2,196

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	31,721	31,266	34,408	35,291	34,508	39,471	46,735	44,640	41,800	43,100
Cash & Equivalents	466	405	558	588	511	716	4,690	1,133	921	1,761
Inventories	8,911	9,458	10,458	11,393	12,561	13,179	16,193	17,605	16,890	17,410
Total Liabilities	21,753	23,612	27,974	29,418	30,864	37,499	45,298	49,456	56,840	57,330
Accounts Payable	5,124	5,633	6,651	6,590	8,279	7,659	10,884	11,354	8,704	9,290
Long-Term Debt	11,358	12,649	15,699	16,995	16,223	19,306	21,780	24,727	35,920	35,490
Total Equity	9,968	7,654	6,434	5,873	3,644	1,972	1,437	-4,816	-15,050	-14,230
LTD/E Ratio	1.14	1.65	2.44	2.89	4.45	9.79	15.16	N/A	N/A	N/A

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	8.4%	8.1%	9.4%	9.9%	6.6%	11.6%	13.5%	18.5%	18.1%	16.4%
Return on Equity	24.7%	28.9%	43.9%	56.0%	48.6%	152.5%	342.3%	N/A	N/A	N/A
ROIC	12.3%	12.2%	14.6%	15.3%	10.8%	20.8%	26.2%	39.1%	38.1%	33.0%
Shares Out.	990	927	881	840	812	778	750	699	584	568
Revenue/Share	56.79	63.73	73.80	81.69	87.82	92.74	119.46	137.70	147.91	147.31
FCF/Share	4.09	3.87	5.05	4.69	6.18	3.61	12.34	11.82	10.58	13.55

*Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise. Lowe's has an unusual calendar year. The company's fiscal year ends on January 31<sup>st</sup>. In the table above, 2024 corresponds to Lowe's fiscal 2025, 2023 corresponds to fiscal 2024, and so on.*

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