



# Lowe's Companies (LOW)

Updated May 25<sup>th</sup>, 2026 by Quinn Mohammed

## Key Metrics

<b>Current Price:</b>	\$215	<b>5 Year CAGR Estimate:</b>	12.1%	<b>Market Cap:</b>	\$121 B
<b>Fair Value Price:</b>	\$250	<b>5 Year Growth Estimate:</b>	7.0%	<b>Ex-Dividend Date:</b>	07/23/2026
<b>% Fair Value:</b>	86%	<b>5 Year Valuation Multiple Estimate:</b>	3.1%	<b>Payment Date<sup>1</sup>:</b>	08/06/2026
<b>Dividend Yield:</b>	2.2%	<b>5 Year Price Target</b>	\$351	<b>Years of Dividend Growth:</b>	62
<b>Dividend Risk Score:</b>	A	<b>Sector:</b>	Consumer Discretionary	<b>Rating:</b>	Buy

## Overview & Current Events

Lowe's Companies is the second-largest home improvement retailer in the U.S. (after Home Depot). The company, which has a current market capitalization of \$121 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 October 9, 2025, Lowe's completed its acquisition of 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.

Lowe's reported first quarter 2026 results on May 20<sup>th</sup>, 2026. Total sales came in at \$23.1 billion compared to \$20.9 billion in the same quarter a year ago. Comparable sales increased by 0.6%. Adjusted earnings-per-share of \$3.03 were 3.8% higher compared to first quarter 2025.

The company did not repurchase any of its common stock in the quarter, but it paid out \$674 million in dividends.

Lowe's maintained its fiscal 2026 outlook and still expects to earn adjusted EPS of \$12.25 to \$12.75 on total sales of \$92 billion to \$94 billion. Capex will likely come in at \$2.5 billion, and Lowe's expects an operating margin of roughly 11.7%.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	\$3.99	\$4.39	\$5.11	\$5.74	\$8.86	\$12.04	\$10.17	\$13.20	\$12.23	\$11.85	<b>\$12.50</b>	<b>\$17.53</b>
<b>DPS</b>	\$1.33	\$1.58	\$1.85	\$2.13	\$2.36	\$2.80	\$3.70	\$4.30	\$4.50	\$4.70	<b>\$4.80</b>	<b>\$7.05</b>
<b>Shares<sup>1</sup></b>	866	830	801	763	735	676	605	575	563	561	<b>560</b>	<b>525</b>

Lowe's has increased its earnings-per-share at an attractive pace in recent years. Between 2016 and 2025, Lowe's grew its earnings-per-share at a 12.9% CAGR. But in the recent 5-year period, this rate has decelerated to 6.0% 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 decade. We expect Lowe's to increase earnings per share at a 7% annual growth rate in the next five years.

<sup>1</sup> In millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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Lowé'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. Lowé's has raised its dividend by 15% 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	18.6	18.7	18.7	18.9	21.4	20	17.3	19.9	19.8	20.1	17.2	20.0
Avg. Yld.	1.8%	1.9%	1.9%	2.0%	1.7%	1.2%	1.6%	2.0%	1.8%	1.9%	2.2%	2.0%

Lowé's trades at 17.2 times this year's expected earnings-per-share right now, which represents a discount to its 10-year average of 19.3. The current valuation is now below our fair value estimate of 20 times expected earnings. As a result, we see the potential for a moderate valuation tailwind due to valuation expansion over the intermediate term.

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

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	33%	36%	36%	37%	27%	23%	36%	33%	37%	40%	38%	40%

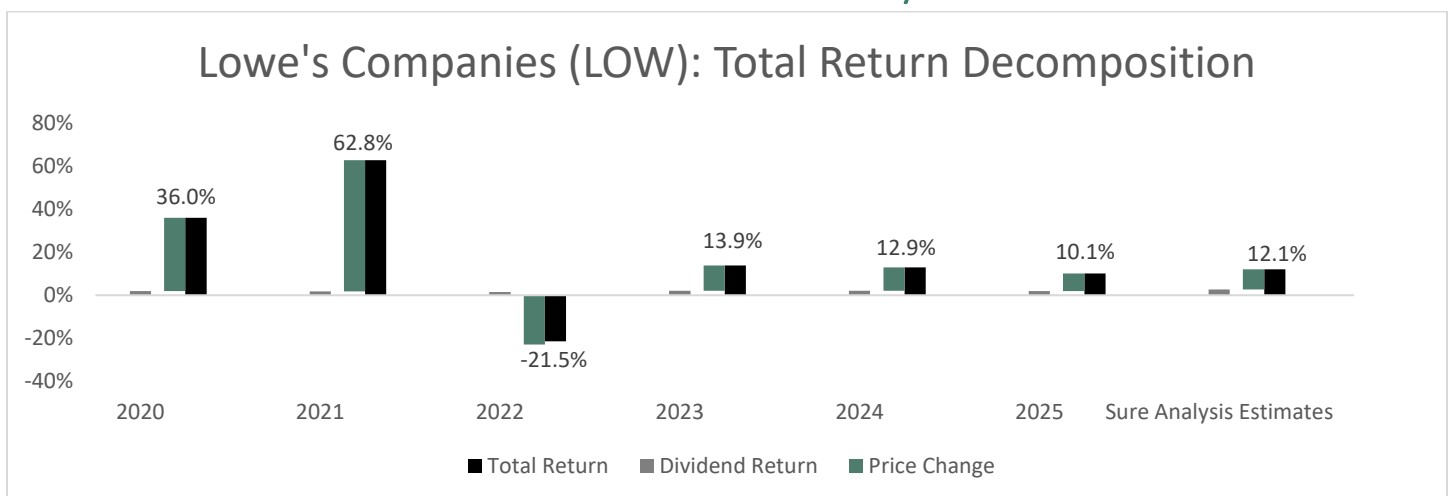
Lowé's is a Dividend King; the company has raised its dividend annually for 62 years in a row, even during recessions, the great financial crisis, and the covid pandemic. This extraordinarily strong track record, coupled with the fact that Lowé's dividend payout ratio is fairly low, shows that Lowé's 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.

Lowé'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. Lowé'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 U.S. is large enough for two companies to make great profits.

## Final Thoughts & Recommendation

Lowé's offers 12.1% annualized total return potential thanks to its strong expected growth performance. Shares are now trading below our estimate of fair value and 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 Lowé's digests its recent large acquisitions. LOW earns a buy rating.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenue</b>	59,074	65,017	68,619	71,309	72,148	89,597	96,250	86,380	83,670	86,286
<b>Gross Profit</b>	20,570	21,674	22,434	22,908	22,943	29,572	32,056	28,840	27,880	26,944
<b>Gross Margin</b>	34.8%	33.3%	32.7%	32.1%	31.8%	33.0%	33.3%	33.4%	33.3%	31.2%
<b>SG&amp;A Exp.</b>	14,105	14,375	14,444	17,413	15,367	18,526	18,301	15,570	15,680	16,791
<b>D&amp;A Exp.</b>	1,587	1,590	1,540	1,607	1,410	1,594	1,882	1,923	1,972	2,194
<b>Operating Profit</b>	4,971	5,846	6,586	4,018	6,314	9,647	12,093	11,560	10,470	10,153
<b>Op. Margin</b>	8.4%	9.0%	9.6%	5.6%	8.8%	10.8%	12.6%	13.4%	12.5%	11.8%
<b>Net Profit</b>	2,546	3,091	3,447	2,314	4,281	5,835	8,442	7,726	6,957	6,636
<b>Net Margin</b>	4.3%	4.8%	5.0%	3.2%	5.9%	6.5%	8.8%	8.9%	8.3%	7.7%
<b>Free Cash Flow</b>	3,587	4,450	3,942	5,019	2,812	9,258	8,260	6,176	7,698	7,651
<b>Income Tax</b>	1,873	2,108	2,042	1,080	1,342	1,904	2,766	2,449	2,196	2,093

## Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Assets</b>	31,266	34,408	35,291	34,508	39,471	46,735	44,640	41,800	43,100	56,160
<b>Cash &amp; Equivalents</b>	405	558	588	511	716	4,690	1,133	921	1,761	1,352
<b>Inventories</b>	9,458	10,458	11,393	12,561	13,179	16,193	17,605	16,890	17,410	17,300
<b>Total Liabilities</b>	23,612	27,974	29,418	30,864	37,499	45,298	49,456	56,840	57,330	66,077
<b>Accounts Payable</b>	5,633	6,651	6,590	8,279	7,659	10,884	11,354	8,704	9,290	9,762
<b>Long-Term Debt</b>	12,649	15,699	16,995	16,223	19,306	21,780	24,727	35,920	35,490	43,964
<b>Total Equity</b>	7,654	6,434	5,873	3,644	1,972	1,437	-4,816	-15,050	-14,230	-9,917
<b>LTD/E Ratio</b>	1.65	2.44	2.89	4.45	9.79	15.16	N/A	N/A	N/A	N/A

## Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Return on Assets</b>	8.1%	9.4%	9.9%	6.6%	11.6%	13.5%	18.5%	18.1%	16.4%	13.2%
<b>Return on Equity</b>	28.9%	43.9%	56.0%	48.6%	152.5%	342.3%	N/A	N/A	N/A	N/A
<b>ROIC</b>	12.2%	14.6%	15.3%	10.8%	20.8%	26.2%	39.1%	38.1%	33.0%	22.0%
<b>Shares Out.</b>	927	881	840	812	778	750	699	584	568	560
<b>Revenue/Share</b>	63.73	73.80	81.69	87.82	92.74	119.46	137.70	147.91	147.31	154.08
<b>FCF/Share</b>	3.87	5.05	4.69	6.18	3.61	12.34	11.82	10.58	13.55	13.66

*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, 2025 corresponds to Lowe's fiscal 2026, 2024 corresponds to fiscal 2025, and so on.*

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