

Lowe's Companies, Inc.

Bull vs. Bear: DIY challenged, but stock could see support in improving macro

Reiterate Rating: BUY | PO: 289.00 USD | Price: 228.33 USD

F4Q home improvement spending remains muted

Spending at home improvement retailers declined (6.3%) y/y in F4Q24 (Nov-Jan), in-line with (6.2%) y/y declines in F3Q24, per BAC aggregated credit and debit card data. See the [BoFA on USA note published 15 Feb 2024](#) for an explanation of the methodology, disclaimers, and limitations with BAC aggregated credit and debit card data. This compares to our 4Q comparable sales forecast of (6%) vs. (7.4%) reported in F3Q.

Challenging DIY big-ticket demand offsetting Pro growth

F3Q comparable sales declined (7.4%) which included a comp ticket decline of (0.5%) and a comp transaction decline of (6.9%). While we expect lumber deflation headwinds to ease into 2024, ticket could see continued pressure from a more normalized appliance promotion environment and fewer big-ticket DIY transactions. Traffic has faced continued pressure from softer demand in DIY discretionary projects, which has fully offset positive comp transactions in Pro. LOW's initiatives in Pro should drive continued share gains and growth in this category (~25% of LOW sales), but a recovery in DIY demand trends would represent a larger sales & productivity unlock.

Difficult expense comparisons in '24, PPI provides offset

LOW faces difficult expense comparisons in 2024 driven by one-time legal settlement benefits realized in 1H23 and likely higher incentive compensation vs. lower-than-target levels in 2H23. We also expect continued wage investments going forward. However, opex productivity initiatives (including omnichannel, sourcing, fulfillment, etc.) should provide an offset as well as potential cost-saving measures in a lower sales environment (e.g. workforce management tools, advertising, incentive comp, project spend, etc.).

Improving macro indicators support outlook; Reiterate Buy

While the macro remains choppy, we see signs of improvement from trough levels (see our [Feb 7 HD report](#)). Further, LOW still offers attractive shareholder return, due to its combination of 1) opportunity for market share gains in Pro, 2) margin growth from process/merchandising/supply chain improvements (LOW's Total Home strategy & PPI), 3) share repurchase capacity, and 4) dividend growth. Our \$289 PO is based on ~21x our 2024E EPS estimate of \$13.72.

Estimates (Jan) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	12.04	13.83	13.10	13.72	15.75
GAAP EPS	12.08	10.20	13.20	13.72	15.75
EPS Change (YoY)	35.9%	14.9%	-5.3%	4.7%	14.8%
Consensus EPS (Bloomberg)			13.06	12.93	14.06
DPS	2.84	3.76	4.13	4.54	5.00
Valuation (Jan)					
P/E	19.0x	16.5x	17.4x	16.6x	14.5x
GAAP P/E	18.9x	22.4x	17.3x	16.6x	14.5x
Dividend Yield	1.2%	1.6%	1.8%	2.0%	2.2%
EV / EBITDA*	14.2x	13.5x	15.0x	14.8x	14.2x
Free Cash Flow Yield*	5.2%	4.7%	4.7%	4.7%	5.1%

* For full definitions of *IQmethod*SM measures, see page 13.

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Timestamp: 16 February 2024 05:18AM EST

16 February 2024

Equity

Key Changes

(US\$)	Previous	Current
2024E Rev (m)	86,178.9	88,098.5
2025E Rev (m)	87,471.6	88,514.9
2026E Rev (m)	88,783.7	90,769.1
2024E DPS	4.35	4.13

Robert F. Ohmes, CFA
Research Analyst
BoFA
+1 646 855 0078
robert.ohmes@bofa.com

Elizabeth L. Suzuki
Research Analyst
BoFA
+1 646 855 2547
elizabeth.suzuki@bofa.com

Molly Baum
Research Analyst
BoFA
+1 646 855 4904
molly.baum@bofa.com

Stock Data

Price	228.33 USD
Price Objective	289.00 USD
Date Established	22-Aug-2023
Investment Opinion	B-1-7
52-Week Range	181.85 USD - 237.21 USD
Mrkt Val (mn) / Shares Out (mn)	158,004 USD / 692.0
Free Float	99.5%
Average Daily Value (mn)	582.22 USD
BoFA Ticker / Exchange	LOW / NYS
Bloomberg / Reuters	LOW US / LOW.N
ROE (2024E)	NA
Net Dbt to Eqty (Jan-2023A)	NA
ESGMeter™	High

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BoFA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BoFA ESGMeter Methodology".

DIY = Do-it-yourself

Opex = operating expense

PPI = Perpetual Productivity Improvements

iQprofileSM Lowe's Companies, Inc.

iQmethodSM – Bus Performance*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	32.4%	36.7%	33.6%	32.3%	34.0%
Return on Equity	NM	NM	NM	NM	NM
Operating Margin	12.6%	13.0%	13.0%	13.2%	13.4%
Free Cash Flow	8,266	7,466	7,487	7,397	8,128

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	1.2x	1.1x	1.2x	1.2x	1.2x
Asset Replacement Ratio	1.0x	0.9x	1.1x	1.1x	1.1x
Tax Rate	24.7%	24.2%	24.3%	24.5%	24.5%
Net Debt-to-Equity Ratio	NM	NM	NM	NM	NM
Interest Cover	13.7x	11.3x	8.3x	8.2x	8.3x

Income Statement Data (Jan)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	96,249	97,059	88,099	88,515	90,769
% Change	7.4%	0.8%	-9.2%	0.5%	2.5%
Gross Profit	32,056	32,257	29,422	30,095	30,989
% Change	8.4%	0.6%	-8.8%	2.3%	3.0%
EBITDA	13,975	14,642	13,149	13,357	13,909
% Change	23.8%	4.8%	-10.2%	1.6%	4.1%
Net Interest & Other Income	(885)	(1,124)	(1,380)	(1,420)	(1,460)
Net Income (Adjusted)	8,413	8,728	7,652	7,741	8,099
% Change	26.7%	3.7%	-12.3%	1.2%	4.6%

Free Cash Flow Data (Jan)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	8,441	8,740	7,654	7,743	8,097
Depreciation & Amortization	1,882	1,981	1,662	1,682	1,725
Change in Working Capital	(204)	(1,426)	17	(199)	135
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	0	0	(17)	0	0
Capital Expenditure	(1,853)	(1,829)	(1,829)	(1,829)	(1,829)
Free Cash Flow	8,266	7,466	7,487	7,397	8,128
% Change	-1.2%	-9.7%	0.3%	-1.2%	9.9%
Share / Issue Repurchase	(12,710)	(15,808)	(6,148)	(4,469)	(10,900)
Cost of Dividends Paid	(1,984)	(2,370)	(2,413)	(2,564)	(2,570)
Change in Debt	2,947	9,233	1,000	2,000	2,000

Balance Sheet Data (Jan)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	1,133	1,348	1,324	3,738	445
Trade Receivables	271	384	349	350	359
Other Current Assets	18,656	19,710	18,318	18,841	18,868
Property, Plant & Equipment	19,071	17,567	17,734	17,881	17,985
Other Non-Current Assets	5,509	4,699	4,699	4,699	4,699
Total Assets	44,640	43,708	42,424	45,509	42,357
Short-Term Debt	868	1,084	1,084	1,084	1,084
Other Current Liabilities	18,164	17,905	16,495	16,821	16,992
Long-Term Debt	23,859	32,876	33,876	35,876	37,876
Other Non-Current Liabilities	6,565	6,097	6,147	6,197	6,247
Total Liabilities	49,456	57,962	57,602	59,978	62,199
Total Equity	(4,816)	(14,254)	(15,178)	(14,469)	(19,842)
Total Equity & Liabilities	44,640	43,708	42,424	45,509	42,357

* For full definitions of iQmethodSM measures, see page 13.

Company Sector

Retailing-Hardlines

Company Description

Founded in 1946, Lowe's Companies (LOW) is a leading home improvement retailer with over 1,700 stores in the US. The company is focusing investments on Pro-focused initiatives, technology, and omnichannel capabilities, in addition to improving its retail store productivity.

Investment Rationale

We believe a healthy consumer backdrop (and particularly strong homeowner balance sheets) will provide support to LOW in the medium term, particularly as it continues to see the benefits of its restructuring initiatives over time. We believe LOW's profitability will also continue to improve and its comp & margin gap with HD will continue to narrow as it gains traction with Pros.

Stock Data

Average Daily Volume

2,549,896

Quarterly Earnings Estimates

	2023	2024
Q1	3.52A	3.67A
Q2	4.68A	4.57A
Q3	3.27A	3.07A
Q4	2.28A	1.75E

Bull/Bear Debate

Exhibit 1: LOW Bull vs Bear Analysis

We outline key bull & bear arguments on LOW below

Category	Bull	Bear
Existing Home Sales & Renovation Activity	Our Homebuilder team's US Existing Home Sales Indicator (see report) improved sharply in December as falling mortgage rates, higher MBA mortgage applications, and a rising pending home sales index inflected positively in the last three months. The January RENO Barometer indicates sequential recovery in 4Q23 through 2Q24. Favorable LT drivers include home price appreciation, an aging housing stock, pent up demand, millennial household formation, and increased usage (as individuals spend more time at home vs. pre-covid). HD & LOW are also less sensitive to housing turnover than retailers focusing on bigger-ticket categories like flooring, furniture, and mattresses, in our view.	Housing "lock-in" could cause existing home sales to remain lower for longer as existing home inventory is historically low with 79% of current homeowners locked in at <5% mortgage rates. In addition, big-ticket discretionary trends have continued to soften as consumers remain cautious on larger projects and as they shift spend from goods to services. LOW faces higher relative exposure from this trend given its over-indexing to the DIY consumer (75% of sales vs. the broader industry at 50%)
Top-line / Same-Store Sales	LOW's strategic initiatives to drive pro sales & penetration (including MVP Pro rewards, enhanced merchandising, and a new CRM program) should continue to support comps. Commodities deflation (which negatively impacted comps by 50bps in F3Q) should moderate as our BofA Paper/Forest & Packaging team forecasts framing lumber prices will inflect to a y/y increase by 2Q24.	Spending at home improvement retailers declined (7%) y/y in January, vs. (7.5%) y/y in Dec. and (4.6%) in Nov., per BAC aggregated card data. Spending on housing-related services increased in January to +1.2% vs. (4.1%) in Dec. & (0.5%) in Nov. LOW's traffic has moderated back to or below 2019 levels as customer transactions have been declining (vs. LY) for 2.5 years. Average ticket remains ~35% above 2019, but was down slightly in F3Q24 could pressure same-store sales if trade down to smaller project sizes & big-ticket discretionary weakness persist and/or disinflation across the broader market requires price concessions (e.g. re-introduction of pre-pandemic levels of vendor-funded promotions pressuring appliance ASPs).
Gross Margin	We expect GM to see continued support from merchandising PPI initiatives as well as easing product & transportation costs. Longer-term, we expect LOW to see continued growth in Lowe's One Roof Media Network which could drive increased vendor funding.	Longer-term, LOW's path to a 14.5% operating margin includes a slight Gross Margin decline as expected supply chain & pro initiative investments more than offset merchandising & supply chain perpetual productivity improvement (PPI) benefits.
EBIT Margin	PPI initiatives and disciplined expense management should provide an offset in a depressed top-line environment. LOW has multiple levers it can pull to protect operating margins including workforce management tools that allow the company to quickly adjust store labor hours, advertising expense, incentive comp, and incremental project spend. A recovery in DIY discretionary demand and a corresponding return to positive comps would serve as an important unlock to enhanced PPI savings and expense leverage.	LOW has more difficult expense comparisons in 1H24 as it laps one-time legal settlement benefits from LY, and in 2H24 as incentive compensation normalizes vs. LY. While LOW has been able to offset elevated wage expenses through its PPI initiatives, we expect potential expense deleverage if sales remain pressured in 2024.
Competitive Landscape	LOW is executing on its Total Home Strategy to accelerate market share gains for both Pro and DIY customers. While the DIY demand environment has been weak, its successes in the pro space have been made evident through consistent quarterly pro comp growth & LOW's target to grow pro sales at 2x the market rate over the next several years.	Pro customers still only make up ~25% of LOW sales, despite investments in & an increasing focus on this customer cohort. LOW's Total Home Strategy should improve the company's competitive positioning, but the associated costs could imply a structurally higher cost to operate which would require higher comps to leverage.
Valuation	LOW's opportunity for ongoing market share gains, margin growth, share purchase capacity, and dividend growth warrant a higher multiple vs. history in our view. LOW is also trading at a wider discount to HD than it does historically, which could imply an opportunity for LOW to bridge this gap if demand recovers and if LOW's "Total Home" strategy drives share gains.	LOW is currently trading at 12.3x calendar 2025 Bloomberg consensus EBITDA, which is above its 10-year historical average of 10.7x.

Source: Company filings, BofA Global Research

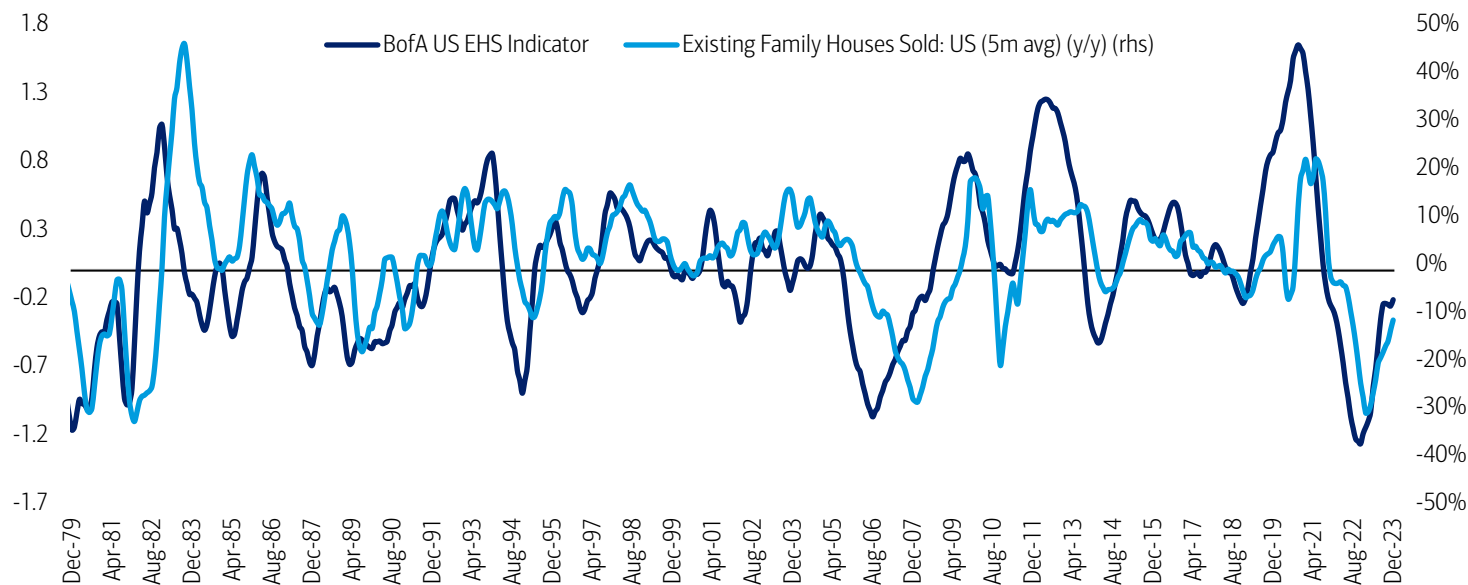
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Existing Home Sales & Reno Activity

Exhibit 2: BofA US Existing Home Sales Indicator vs. existing family houses sold year over year

The EHS indicator leads existing home sales by five months with a positive correlation (0.69 since 1979)

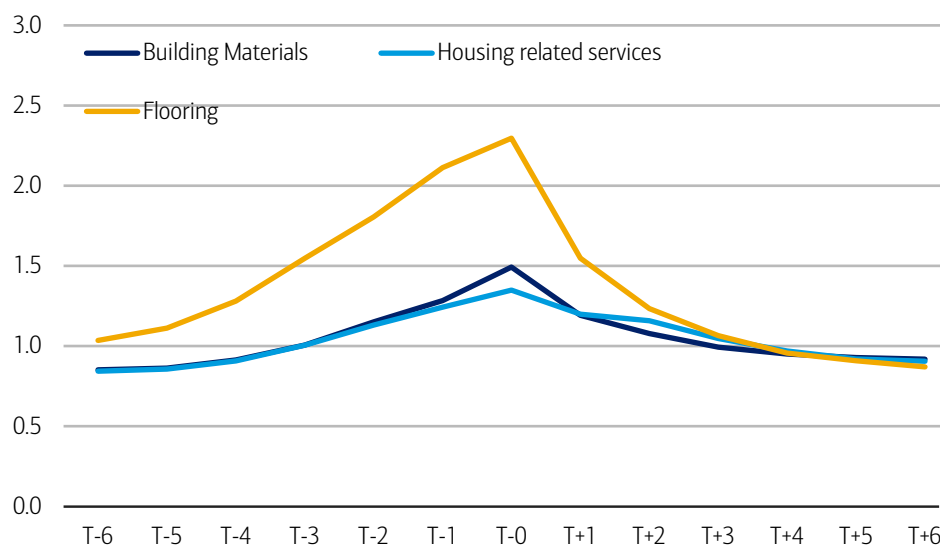


Source: BofA Global Research, National Association of Realtors. **Note:** The BofA US Existing Housing Indicator identified in this report is intended to be an indicative metric only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. This indicator was not created to act as a benchmark

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Exhibit 3: Within home improvement categories, flooring is materially impacted by housing turnover, with movers spending 2.3x as much as non-movers

Home improvement credit and debit card data spending comparison by month for households who moved in month T-0 vs. households who did not move

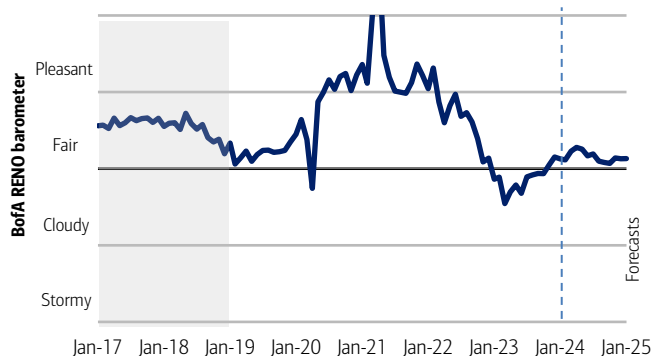


Source: BAC internal data

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Exhibit 4: The BofA RENO Barometer is moving past the 1H23 trough

BofA RENO Barometer recent readings and forecasts

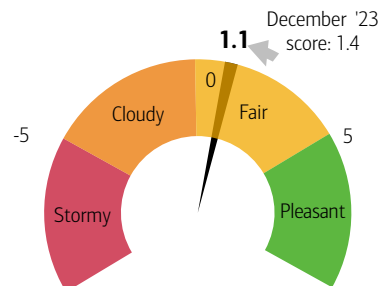


Source: BofA Global Research. The shaded area represents backtested results from Feb 2009-Sep 2018. The unshaded area represents actual performance since Oct 2018. This performance is back-tested and does not represent the actual performance of any account or fund. Back-tested performance depicts the theoretical (not actual) performance of a particular strategy over the time period indicated. No representation is being made that any actual portfolio is likely to have achieved returns similar to those shown herein.

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Exhibit 5: The BofA RENO Barometer for January '23 down slightly vs December, but remained "Fair"

Most recent BofA RENO Barometer reading



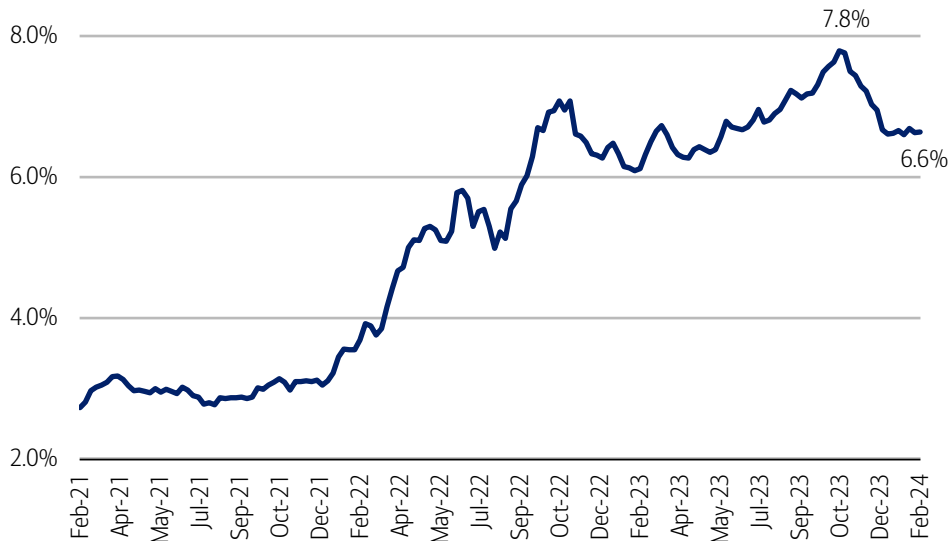
Source: BofA Global Research

The indicator identified above as the BofA RENO Barometer is intended to be an indicative metric only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. This indicator was not created to act as a benchmark.

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Exhibit 6: Freddie Mac Enhanced PMMS US 30 Year Fixed Mortgage Rate (NSA, %)

Mortgage rates are up y/y, but have declined over 100bps since they reached a peak of 7.78% in October of 2023



Source: Bloomberg, Freddie Mac Primary Mortgage Market Survey (PMMS)

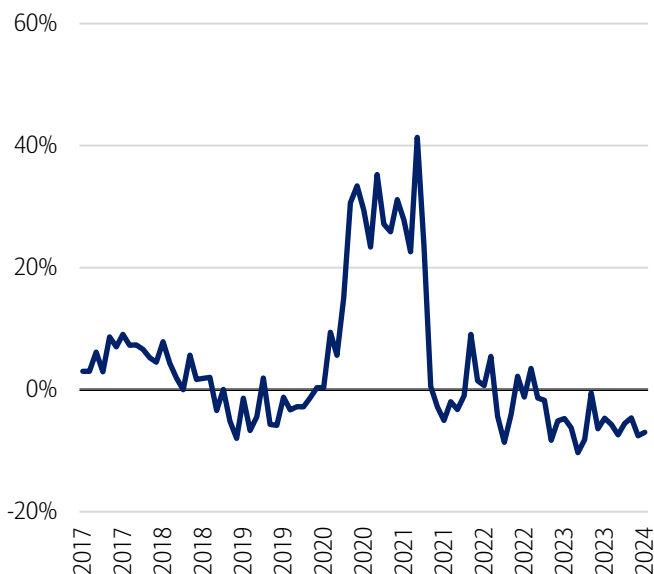
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Top-line / Same-store sales

BAC Credit & Debit Card Data

Exhibit 7: Monthly BAC aggregated card spending data at home improvement retailers (y/y % change)

For January 2024, spending at home improvement retailers declined (7%) y/y vs. (7.0%) y/y in December 2023, per BAC aggregated card data

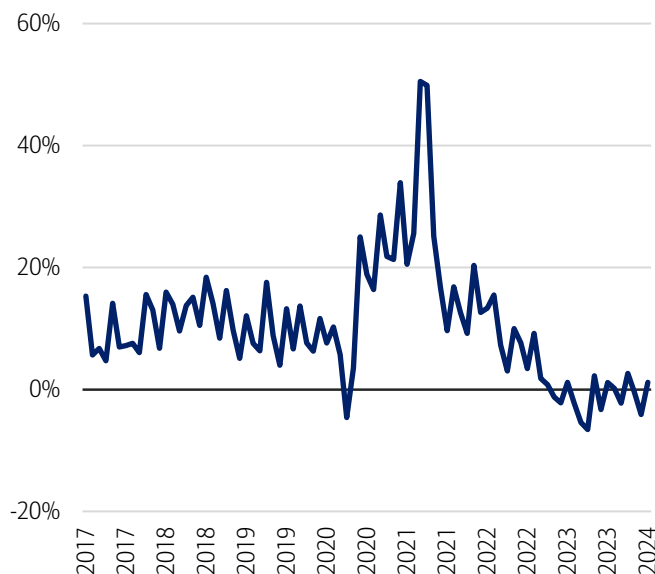


Source: BAC Internal Data

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Exhibit 8: Monthly BAC aggregated card spending data at housing-related services (y/y % change)

For January 2024, spending on housing-related services increased +1.2% y/y vs. (4.1%) y/y in December 2023, per BAC aggregated card data

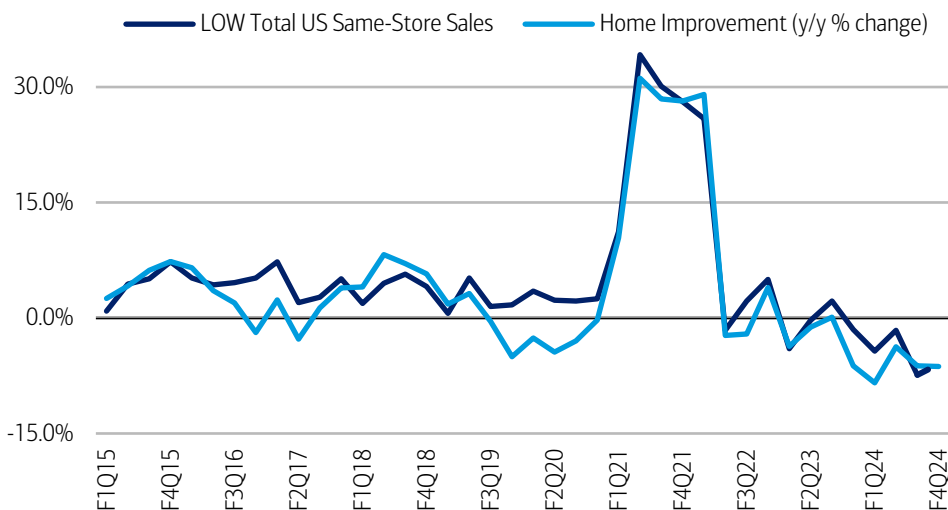


Source: BAC internal data

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Exhibit 9: Quarterly BAC aggregated card spending data at home improvement retailers vs. LOW comparable sales (y/y % change)

F4Q (Nov-Jan) spending at home improvement retailers is down (6.3%), compared to a (6.2%) decline in F3Q. Home improvement spending has a 96% correlation with LOW U.S. comps



Source: Company filings, BAC Internal Data

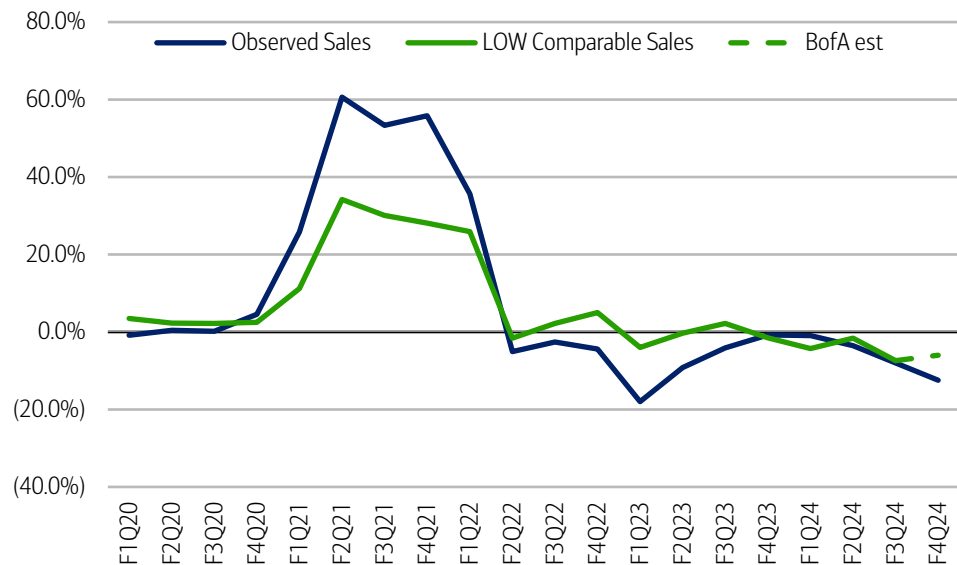
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See [BofA on USA note published 15 Feb 2024](#) for an explanation of the methodology, disclaimers, and limitations with BAC aggregated credit and debit card data.

Bloomberg Second Measure

Exhibit 10: Bloomberg Second Measure credit and debit card data – Observed Sales

LOW observed sales declined (12.5%) y/y in F4Q vs. a (8%) y/y decline observed in F3Q

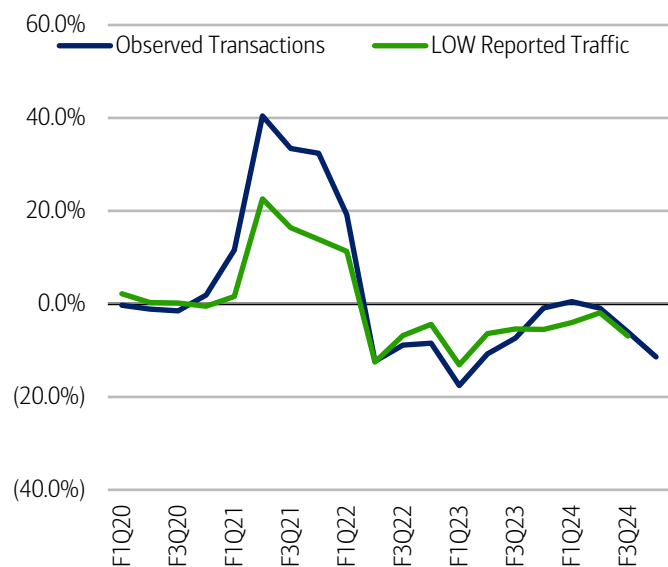


Source: Bloomberg Financial LP – ALTD <GO>, Company filings, BofA Global Research estimates

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Exhibit 11: Bloomberg Second Measure credit and debit card data – Observed Transactions

Observed transactions decelerated sequentially in F4Q to (11.4%) y/y vs. (6%) y/y observed in F3Q

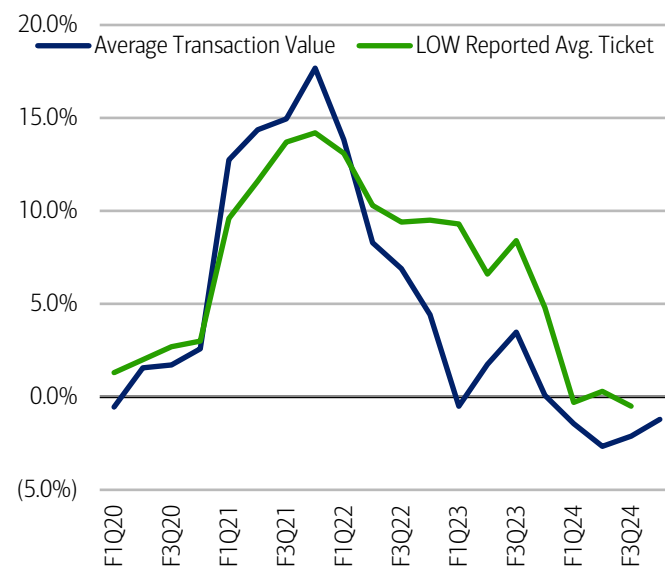


Source: Bloomberg Financial LP – ALTD <GO>, Company filings

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Exhibit 12: Bloomberg Second Measure credit and debit card data – Average Transaction Value (ATV)

Average transaction value (ATV) improved sequentially to (1.2%) y/y vs. (2.1%) y/y in F3Q



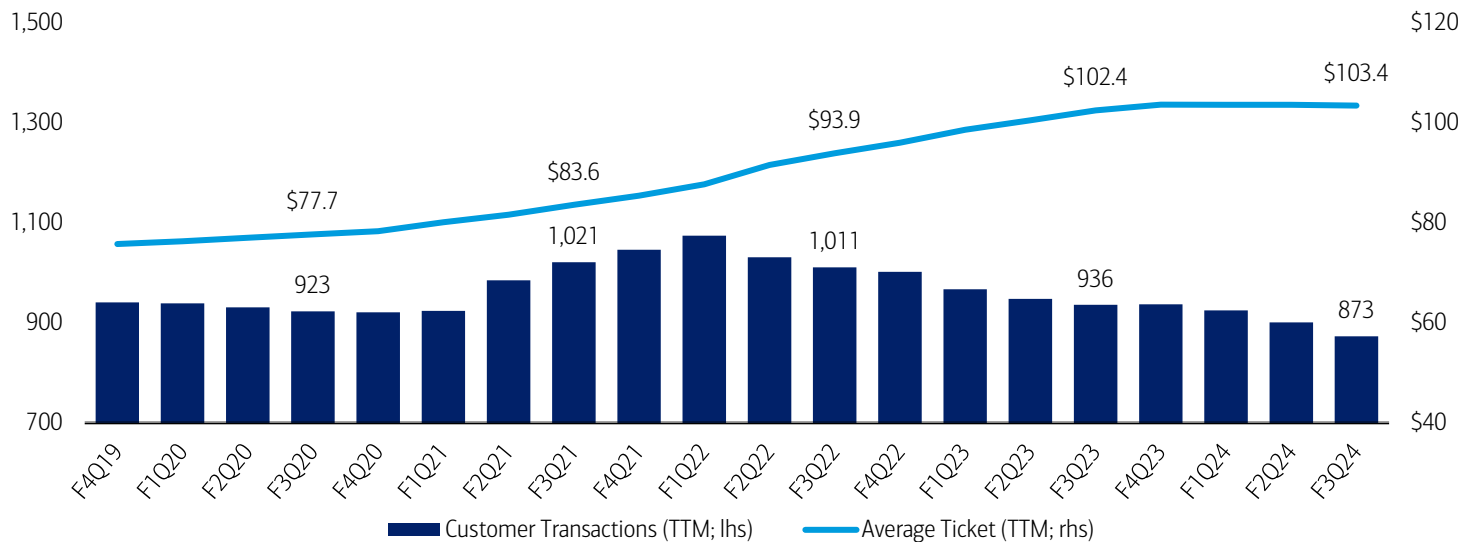
Source: Bloomberg Financial LP – ALTD <GO>, Company filings

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Traffic vs. Ticket trends

Exhibit 13: LOW Customer Transactions & Average Ticket

LOW customer transactions have dropped below 2019 levels on a TTM basis, while average ticket remains ~33% above

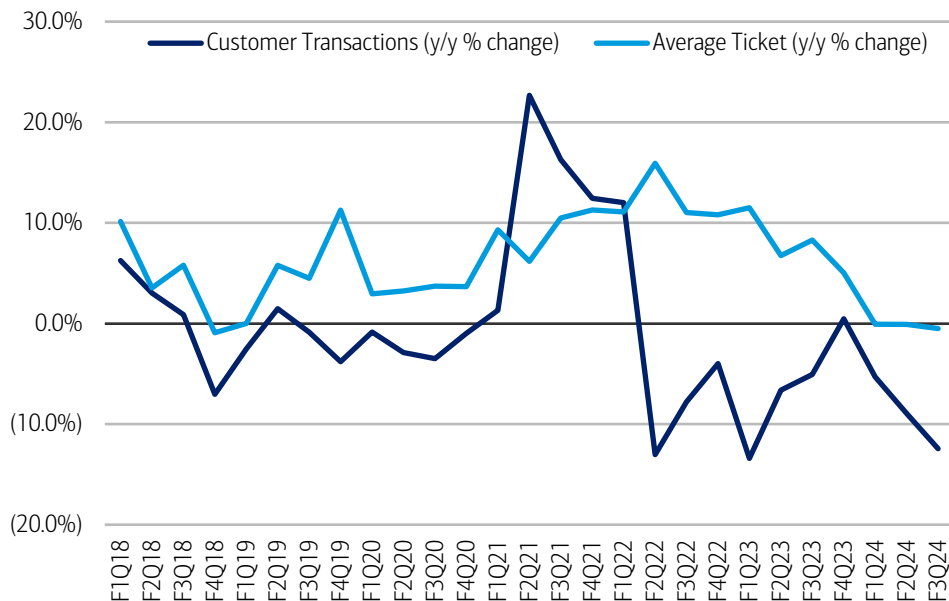


Source: Company filings

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Exhibit 14: LOW y/y % change in customer transactions & average ticket

Average ticket has seen pressure YTD from commodity deflation and big-ticket discretionary pressure



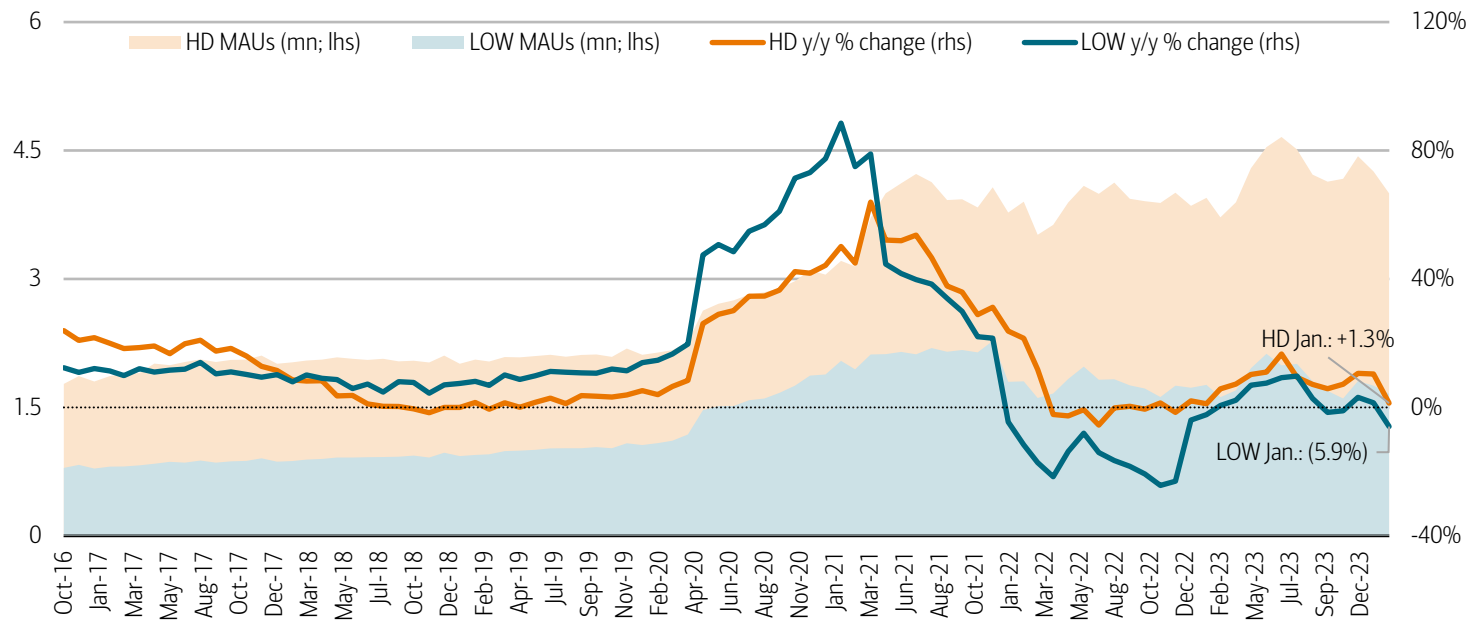
Source: Company filings

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Digital / Mobile App Monthly Active Users

Exhibit 15: Sensor Tower Mobile App Monthly Active User (MAU) trends

LOW Monthly Active Users decrease (5.9%) y/y, which compares to a +1.5% y/y increase in December and a (2.2%) y/y decline LY



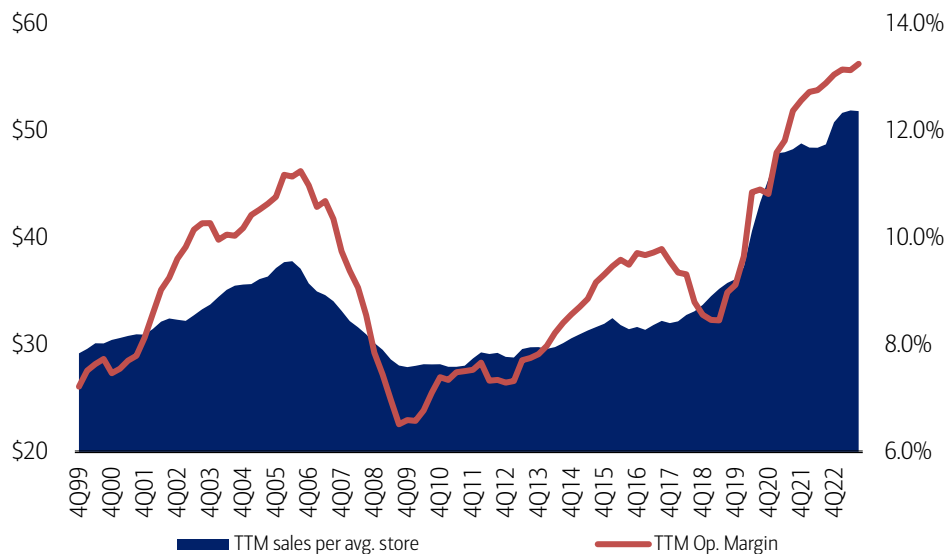
Source: SensorTower

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Margins

Exhibit 16: LOW TTM sales per avg. store vs. TTM op. margin

LOW has seen strong operating margin improvements supported by productivity improvements and growing sales per avg. store

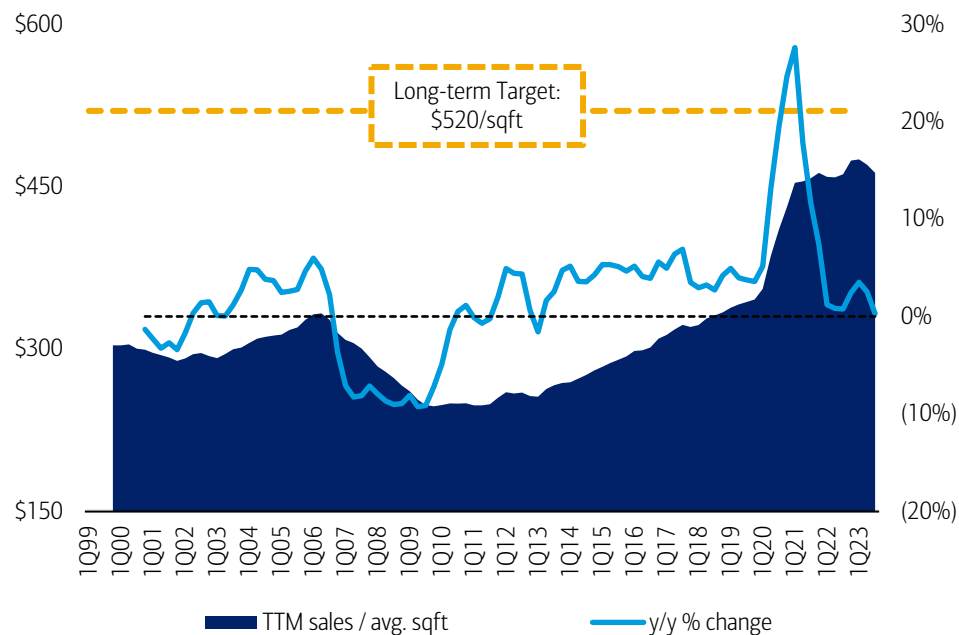


Source: Company filings

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Exhibit 17: LOW trailing twelve month (TTM) sales per average sqft historical growth

LOW's has grown its TTM sales / avg sqft to over \$460, which remains below its long-term target (provided at its 2022 analyst day) of \$520/sqft



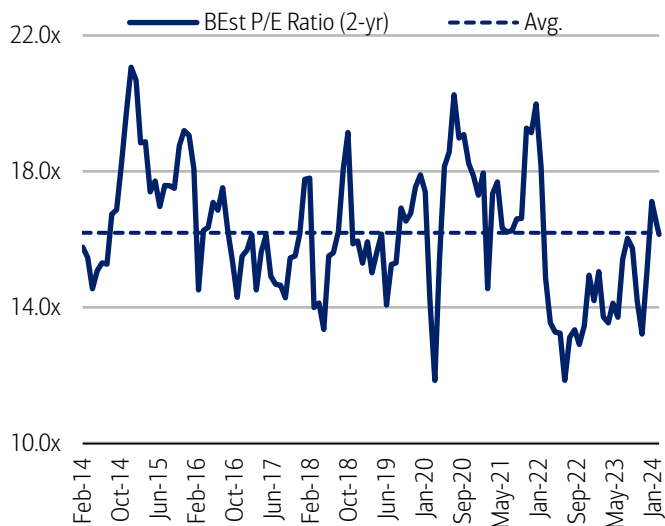
Source: Company filings

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Valuation

Exhibit 18: LOW 2-yr P/E Ratio

LOW is currently trading at 16.1x calendar 2025 Bloomberg consensus EPS, which is in-line with its 10-year historical average of 16.1x

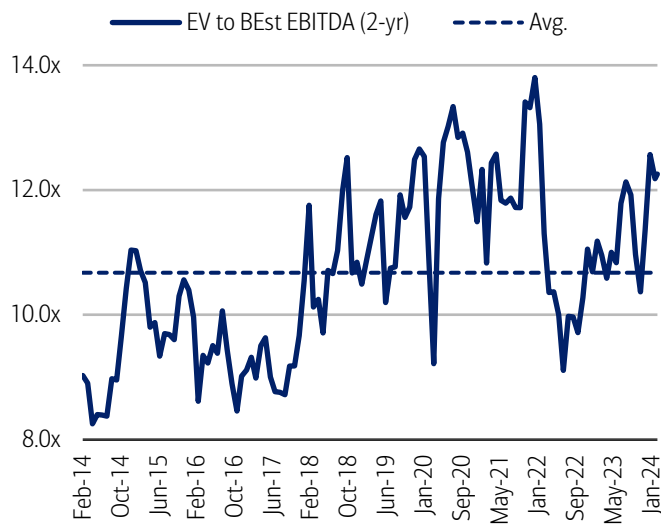


Source: Bloomberg

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Exhibit 19: LOW 2-yr EV/EBITDA Ratio

LOW is currently trading at 12.3x calendar 2025 Bloomberg consensus EBITDA, which is above its 10-year historical average of 10.7x

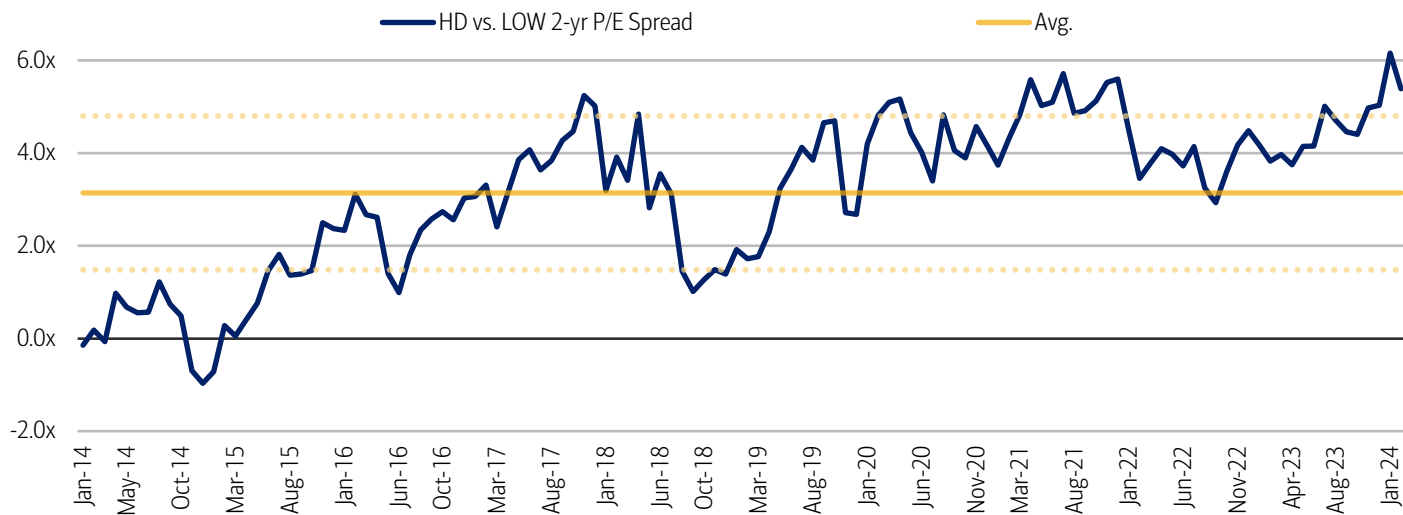


Source: Bloomberg

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Exhibit 20: HD vs. LOW 2-yr P/E Spread (HD 2yr P/E – LOW 2yr P/E)

The spread between HD & LOW stock is elevated relative to its 10-year history, which could support LOW's stock price if the DIY demand environment / sentiment improves



Source: Bloomberg; Note: dotted line represents 1 standard deviation from average

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Price objective basis & risk

Lowe's Companies, Inc. (LOW)

Our PO of \$289 is based on around 21x our 2024 EPS estimate. We believe a multiple above the hardlines average (20x) is warranted given solid fundamentals and the relatively defensive nature of the home improvement industry, countered by near-term economic and sentiment risk. In addition, LOW has an opportunity to expand margins for several years through continued productivity improvements and product differentiation.

Upside risks to our PO are improving consumer sentiment and other macro metrics tied to renovation spending, better-than-expected margin expansion from sales growth coupled with cost-saving and productivity initiatives, and upside from favorable weather events. Downside risks to our PO are rising interest rates which may continue to dampen investor sentiment towards housing, a slower than expected improvement in comps, and slower than anticipated progress towards margin improvement goals.

Analyst Certification

I, Robert F. Ohmes, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - Retail Hardline Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Arhaus, Inc.	ARHS	ARHS US	Jason Haas, CFA
	Boot Barn	BOOT	BOOT US	Jason Haas, CFA
	Driven Brands	DRVN	DRVN US	Jason Haas, CFA
	Five Below Inc.	FIVE	FIVE US	Jason Haas, CFA
	Floor and Decor Holdings, Inc.	FND	FND US	Robert F. Ohmes, CFA
	Genuine Parts	GPC	GPC US	Jason Haas, CFA
	Lowe's Companies, Inc.	LOW	LOW US	Robert F. Ohmes, CFA
	Mattel	MAT	MAT US	Jason Haas, CFA
	Mister Car Wash	MCW	MCW US	Jason Haas, CFA
	Ollie's	OLLI	OLLI US	Jason Haas, CFA
	O'Reilly Automotive, Inc.	ORLY	ORLY US	Jason Haas, CFA
	Petco	WOOF	WOOF US	Jason Haas, CFA
	PROG Holdings Inc	PRG	PRG US	Jason Haas, CFA
	Rollins Inc.	ROL	ROL US	Jason Haas, CFA
	Tempur Sealy International Inc.	TPX	TPX US	Jason Haas, CFA
	The Home Depot, Inc.	HD	HD US	Robert F. Ohmes, CFA
	Upbound Group Inc.	UPBD	UPBD US	Jason Haas, CFA
NEUTRAL				
	AutoZone Inc.	AZO	AZO US	Jason Haas, CFA
	Hasbro	HAS	HAS US	Jason Haas, CFA
	Sonos, Inc.	SONO	SONO US	Jason Haas, CFA
	Williams-Sonoma	WSM	WSM US	Jason Haas, CFA
UNDERPERFORM				
	Advance Auto Parts, Inc.	AAP	AAP US	Jason Haas, CFA
	Best Buy Co., Inc.	BBY	BBY US	Robert F. Ohmes, CFA
	Snap-on	SNA	SNA US	Elizabeth L Suzuki
	Tractor Supply Company	TSCO	TSCO US	Jason Haas, CFA
	Whirlpool	WHR	WHR US	Jason Haas, CFA

iQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

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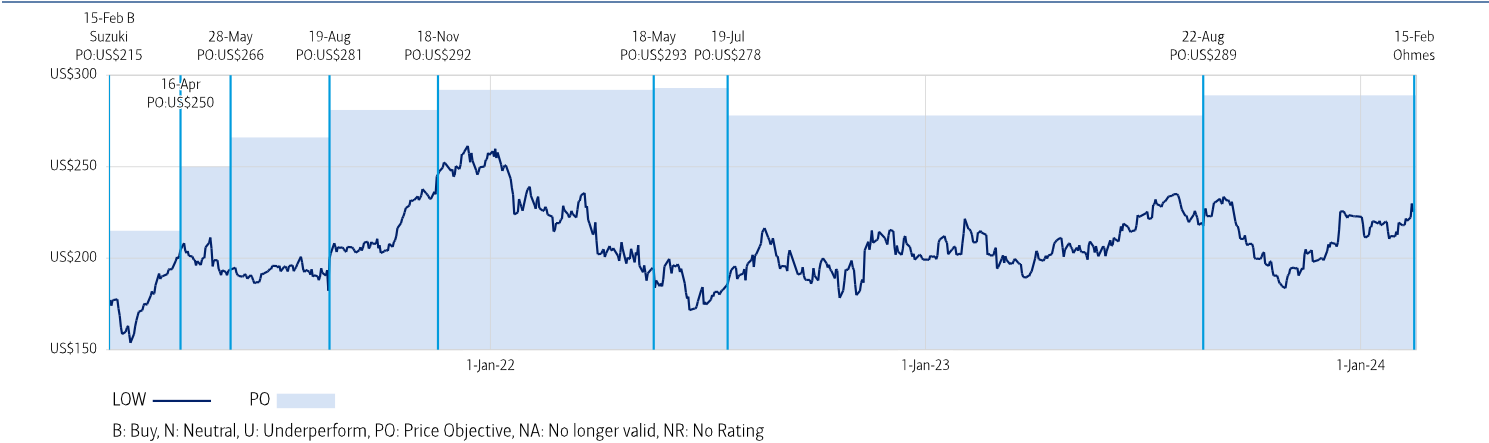
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Lowe's (LOW) Price Chart



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Equity Investment Rating Distribution: Retailing Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	96	57.83%	Buy	39	40.63%
Hold	32	19.28%	Hold	12	37.50%
Sell	38	22.89%	Sell	18	47.37%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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