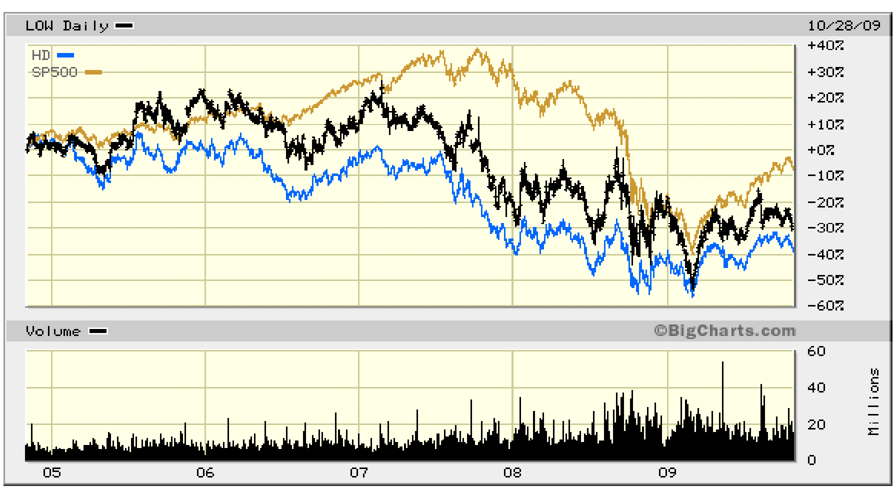
Lowe's Companies, Inc. (LOW)

LOW operates as a home improvement retailer, of which it is the second largest in the US and a top ten retailer in the US. The company operates around 1600 stores across the US and Canada, and 11 international locations. Stores carry a wide range of products including; appliances, lumber, paint, flooring, plumbing, lighting, nursery, etc. Apart from store sales, LOW creates revenue through instillation services and commercial projects. The company was founded in 1052 and headquartered in Mooresville, North Carolina.

Current Price	$19.66
52 Week High	$60.55
52 Week Low	$13.00
One Yr Target	$25.00
Market Cap (in billions)	$29.40
P/E (Trailing)	15.48
P/E(1 Yr Forward)	16.66
P/E/G	1.51
ROA	5.65%
ROE	10.22%
EPS	$1.27
Beta	1.43
Annualized Dividend	$0.36
Dividend Yield	1.83%
Analyst Consensus	2.10
Debt to Equity	0.84



Annual EPS

2005	$1.76	
2006	$2.04	15.46%
2007	$1.93	-5.38%
2008	$1.49	-22.50%
2009E	$1.27	-14.95%

Annual Revenue (in millions)

2005	$43,243.00	
2006	$46,927.00	8.52%
2007	$48,283.00	2.89%
2008	$48,230.00	-0.11%

Annual Net Income (in millions)

2005	$2,765.00	
2006	$3,105.00	12.30%
2007	$2,809.00	-9.53%
2008	$2,195.00	-21.86%

Free Cash Flows (in millions)

2005	$463.00	
2006	$586.00	26.57%
2007	$337.00	-42.49%
2008	$856.00	154.01%

Required Rate of Return

13.05%

Dividend Growth Model

Present Value of 2014 Price	n/a
Holding Period Return (5 years)	n/a

Expected Annualized Return Model

Present Value of 2014 Price	$22.59
Holding Period Return (5 years)	2.72%

Residual Income Model

Intrinsic Stock Price	$20.56

Analysis

Positives

Solid financial numbers, with valuation models having the stock fairly priced

High expected dividend growth rate

Negatives

Financial Statements

Balance Sheet is strong with good Retained Earnings growth and nice ROE history

Income Statement is very solid except for recent slumps in Net Income

Cash Flows are ok but are hurt by large Capital Expenditures

Industry Analysis

LOW is a big player in a small industry, yet one that requires considerable expenses

LOW is an industry leader in financial numbers

Summary

LOW is a solid company with lots to like. Its financial ratios and financial statements are solid, with good margins and efficiency metrics. It's a plus that LOW is a leader in such a concentrated industry, yet the nature of the industry means that companies must make large Capital Expenditures to maintain growth. LOW's revenues are very much correlated with the housing markets and interest rates, which currently are struggling to gain momentum. Some positives are that installation service demand has increased along with the aging population, and LOW has secured sales partnerships with several high profile brands. Currently is looks as if LOW's stock price is fairly valued and will hold that way for the near future. LOW is a good company and should outperform the market, yet is not strong enough for a buy rating.