



18-Jul-20

The Grail Report

A Strong Buy Recommendation **Market in Uptrend** **Issue No 19 2020**

Part 1 - Summary of Key Data

Stock Info

Symbol LOW
 Name Lowes Companies Inc
 Industry Retail
 Industry Ranking 3

Purchase Info

From Date 18-Mar-20
 Entry Price 65.02
 Today's Price 144.39
 Profit or loss **122.1%**

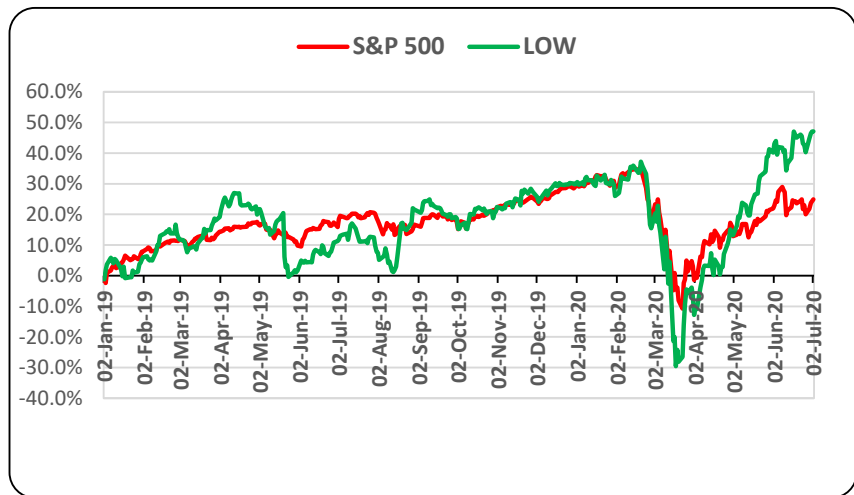
Lowe's Companies, Inc. (Lowe's) is a home improvement company. The Company operates approximately 2,370 home improvement and hardware stores. The Company offers a range of products for maintenance, repair, remodelling and decorating. The Company offers home improvement products in categories, including Lumber and Building Materials; Tools and Hardware; Appliances; Fashion Fixtures; Rough Plumbing and Electrical; Lawn and Garden; Seasonal and Outdoor Living; Paint; Flooring; Millwork, and Kitchens. The Company also supports the communities that focus on K-12 public education and community improvement projects. The Company serves its customers in the United States, Canada and Mexico.

Buy Signal

Latest Low 123.94
 Buy Point 130.14
 Buy Signal **BUY?**
 Buy Point Gain **11.0%**

Sell Signal

Latest High 144.39
 Sell Point 133.69
 Sell Signal
 Sell Point Loss



EPS Growth Forecasts

Current Qtr	Next Qtr	Average	Current Year	2019	Earnings date
16.7%	2.9%	9.8%	16.6%	8.2%	16-Aug-20

Stock Metrics

P/E Ratio	Beta	R Squared	Safety Margin	S&P 500 Correlation
21.65	0.87	0.31	1.17	56%

Part 2 - Detailed Analysis

P/E RATIO: PASS

The P/E of a company must be greater than 5 to eliminate weak companies, but not more than 3 times the current Market P/E because the situation is much too risky, and never greater than 43. **LOW's** P/E is **24.37**, based on trailing 12-month earnings, while the current market PE is **28.00**. Therefore, it passes the first test.

SALES GROWTH RATE: PASS

Another important issue regarding sales growth is that the rate of quarterly sales growth is rising. To evaluate this, the change from this quarter last year to the present quarter (**10.9%**) must be examined, and then compared to the previous quarter last year compared to the previous quarter (**2.4%**) of the current year. Sales growth for the prior must be greater than the latter. For **LOW** this criterion has been met.

CURRENT QUARTER EARNINGS: PASS

The first of these criteria is that the current EPS be positive. **LOW's** EPS (**\$1.76**) pass this test.

QUARTERLY EARNINGS ONE YEAR AGO: PASS

The EPS for the quarter one year ago must be positive. **LOW's** EPS for this quarter last year (**\$1.31**) pass this test.

POSITIVE EARNINGS GROWTH RATE FOR CURRENT QUARTER: PASS

The growth rate of the current quarter's earnings compared to the same quarter a year ago must also be positive. **LOW's** growth rate of **34.35%** passes this test.

EARNINGS GROWTH RATE FOR THE PAST SEVERAL QUARTERS: PASS

Compare the earnings growth rate of the previous three quarters with long-term EPS growth rate. Earnings growth in the previous 3 quarters should be at least half of the long-term EPS growth rate. Half of the long-term EPS growth rate for **LOW** is **10.09%**. This should be less than the growth rates for the 3 previous quarters, which are **15.05%**, **74.36%**, and **165.69%**. **LOW** passes this test, which means that it has good, reasonably steady earnings.

EPS GROWTH FOR CURRENT QUARTER MUST BE GREATER THAN PRIOR 3 QUARTERS: PASS

If the growth rate of the prior three quarter's earnings, **157.41%**, (versus the same three quarters a year earlier) is greater than the growth rate of the current quarter earnings, **34.35%**, (versus the same quarter one year ago) then the stock fails, with one exception: if the growth rate in earnings between the current quarter and the same quarter one year ago is greater than 30%, then the stock would pass. The growth rate over this period for **LOW** is **34.4%**, and it would therefore pass this test.

EPS GROWTH FOR CURRENT QUARTER MUST BE GREATER THAN THE HISTORICAL GROWTH RATE: PASS

The EPS growth rate for the current quarter, **34.35%** must be greater than or equal to the historical growth which is **20.18%**. **LOW** would therefore pass this test.

EARNINGS PERSISTENCE: FAIL

Companies must show persistent yearly earnings growth. To fulfil this requirement a company's earnings must increase each year for a five-year period. **LOW**, whose annual EPS growth before extraordinary items for the previous 5 years (from the earliest to the most recent fiscal year) were **2.73**, **3.48**, **4.11**, **2.84**, and **5.49**, fails this test.

LONG-TERM EPS GROWTH: PASS

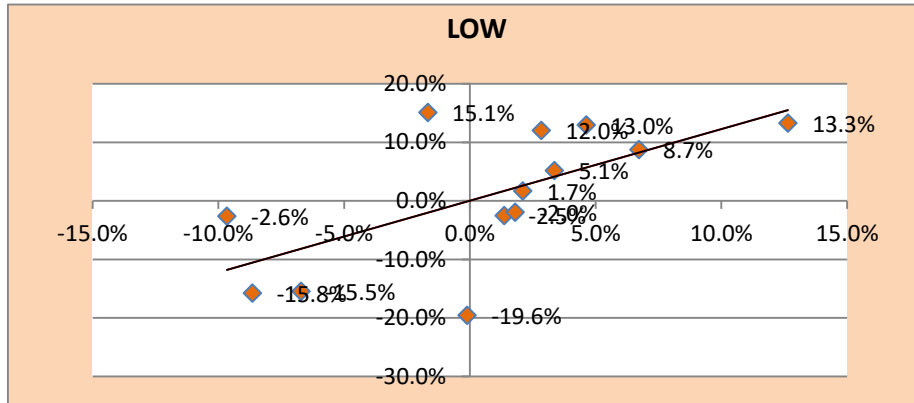
One final earnings test required is that the long-term earnings growth rate must be at least 15% per year. **LOW's** long-term growth rate of **20.18%**, based on the average of the 3, 4- and 5-year historical eps growth rates, passes this test.

TOTAL DEBT/EQUITY RATIO: FAIL

A final criterion is that a company must not have a high level of debt. A high level of total debt, due to high interest expenses, can have a very negative effect on earnings if business moderately turns down. If a company does have a high level, an investor may want to avoid this stock altogether. **LOW's** Debt/Equity (**1,270.63%**) is considered high relative to its industry (**1,270.63%**) and fails this test.

Part 3 - Risk Metrics

Measures the monthly alpha component against the S&P 500

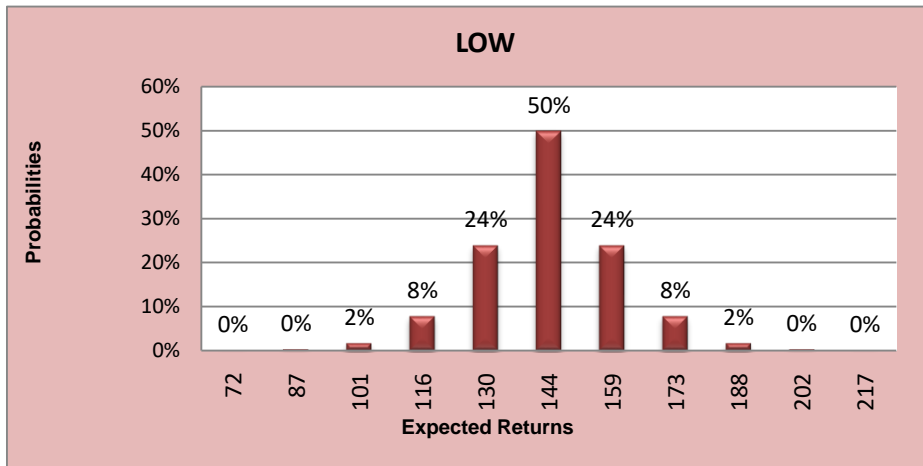


ALPHA 2019

0.8%

Value at Risk

Today's Price	Losses	Price	Loss	Probability
144.39	-10%	129.95	-14.44	23.9%
	-20%	115.51	-28.88	7.8%
	-30%	101.07	-43.32	1.7%
	-40%	86.63	-57.76	0.2%
	-50%	72.20	-72.20	0.0%



Probability calculations

Probability	84.1%
Nr of standard deviations	1.00
= 1 chance in:	6.3
Start Date	17-Jul-20
Start Price	144.39
Today's Price	144.39
Forecasted Price	193.63
Expected Gain from Start Price	34.1%
Current Price	144.39
Remainder left of forecast \$	49.24
Remainder left of forecast %	25.4%

Frequencies of sigma

Nr days of negative sigma	103
Total days measured	388
Percentage days	27%
1 Chance in:	3.8
Nr days between 0 & 1 sigma	85
Total days measured	388
Percentage days	22%
1 Chance in:	4.6
Days between 1 & 2 sigmas	177
Total days	388
Percentage days	46%
1 Chance in:	0.5

Part 4 - Stock Evaluations

Grail Ratings

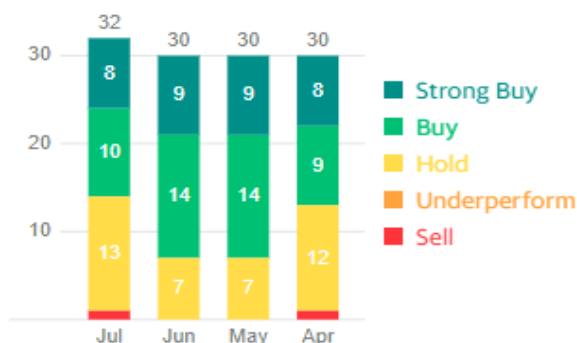
Strong Buy	> 75%	SB
Firm Buy	> 70% < 74%	
Moderate Buy	> 65% < 69%	
Weak Buy	> 60% < 64%	

External Advisors

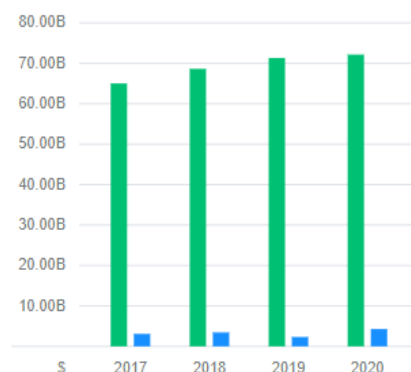
IBD	96
Navellier	SB
Zack	BUY

Yahoo Finance

Recommendation Trends >



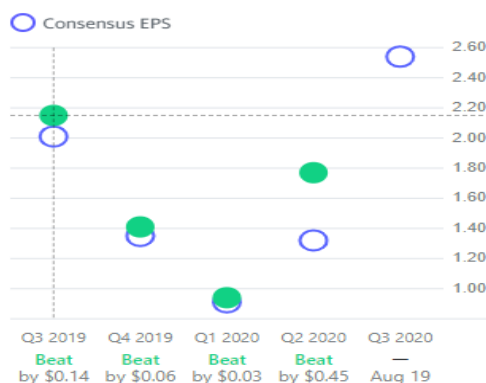
Annual Quarterly Revenue Earnings



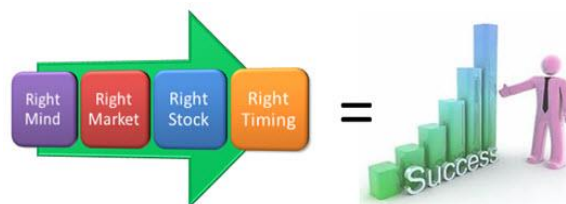
Total ESG Risk score >

12.6 Low 3rd percentile

Earnings >



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