

**Lowe's Companies, Inc.**  
**Consolidated Statements of Earnings**  
(In millions, except per share and percentage data)

	January 31, 2020		Fiscal
	Amount	% Sales	February 1, 2019
<b>Current Earnings</b>			
Net sales	\$ 72,148	100.00%	\$ 72,148
Cost of sales	49,205	68.20	49,205
<b>Gross margin</b>	<b>22,943</b>	<b>31.80</b>	<b>22,943</b>
Expenses:			
Selling, general and administrative	15,367	21.30	15,367
Depreciation and amortization	1,262	1.75	1,262
<b>Operating income</b>	<b>6,314</b>	<b>8.75</b>	<b>6,314</b>
Interest - net	691	0.96	691
Loss on extinguishment of debt	—	—	—
<b>Pre-tax earnings</b>	<b>5,623</b>	<b>7.79</b>	<b>5,623</b>
Income tax provision	1,342	1.86	1,342
<b>Net earnings</b>	<b>\$ 4,281</b>	<b>5.93%</b>	<b>\$ 4,281</b>

Gross Profit = Net Sales – Cost of Sales  
= \$72,148 - \$49,205 = \$22,943

On a multi step income statement like this one gross profit is displayed (called gross margin in this case)

Gross profit margin or percent =  
\$22,943 / \$72,148 = 31.8%

Net Profit = Gross Profit – Expenses  
\$22,943 - \$15,367 - \$1,262 - \$691 =  
\$5,623 Net profit before taxes AKA Pre Tax earnings already displayed

Net Profit Margin = \$5,623/\$72,148 = 7.8%

**Lowe's Companies, Inc.**  
**Consolidated Balance Sheets**  
(In millions, except par value)

	January 31, 2020	February 1, 2019
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	716 \$	511
Short-term investments	160	218
Merchandise inventory - net	13,179	12,561
Other current assets	1,263	938
<b>Total current assets</b>	<b>15,318</b>	<b>14,228</b>
Property, less accumulated depreciation	18,669	18,432
Operating lease right-of-use assets	3,891	—
Long-term investments	372	256
Deferred income taxes - net	216	294
Goodwill	303	303
Other assets	702	995
<b>Total assets</b>	<b>\$ 39,471</b>	<b>\$ 34,508</b>

Return on Investment = Net Profit / Average Total Assets

Average = (Beginning + Ending)/2 =  
(\$34,508 + \$39,471)/2 = \$36,990

ROI = \$5,623 / \$36,990 = 15.2%