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Home-improvement retailer Lowe's saw net income rise 2.7 percent in the first quarter as less skittish consumers decided to undertake fix-up projects and buy lawn mowers, gas grills and other big-ticket items.

Lowe's nails good quarter

Home tax credits, energy rebates boost income

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NEW YORK — Lowe's Cos. said shoppers spent more on home improvement projects in the first quarter and opted to buy new big-ticket items such as riding mowers rather than fix them, pushing the retailer's net income up 2.7 percent.

The nation's No. 2 home-improvement chain also said government stimulus programs, including tax credits for home purchases and rebates for energy-efficient products, aided re-

sults, as did warmer weather.

The company's results Monday beat estimates and raised its guidance for the year. But shares fell as the new expectations fell short of analysts' predictions.

CEO Robert Niblock said two-thirds of Lowe's business comes from repairs, while the rest comes from discretionary purchases such as patio furniture and grills. Shoppers pulled back on those non-essentials when the economy slumped, and now that they're worrying less about the economy, more are starting to buy new mowers,

for example, rather than fix old ones.

"They were spending more there to maintain the existing because they didn't want to take the plunge and buy a new mower," Niblock said. "Now that they're feeling relatively better, we saw nice performance."

The company, in Mooresville, N.C., earned \$489 million, or 34 cents a share, in the three months ended April 30. In the same period last year the company earned \$476 million, or 32 cents a share.

Revenue rose 4.7 percent to \$12.39 billion.

According to Thomson Reuters, analysts expected earnings per share of 31 cents on revenue of \$12.24 billion.

Shares fell 81 cents, or 3.1 percent, to close at \$25.26 Monday.

Morningstar equity analyst Pete Wahlstrom said Lowe's long-term trends are improving. He pointed out that revenue at stores open at least a year rose 2.4 percent in the quarter, marking the first growth in 15 quarters. That's a key figure because it measures growth at existing stores, rather than new ones.