



Investor Teleconference Presentation Fourth Quarter 2021



Fastenal Company
January 19, 2022



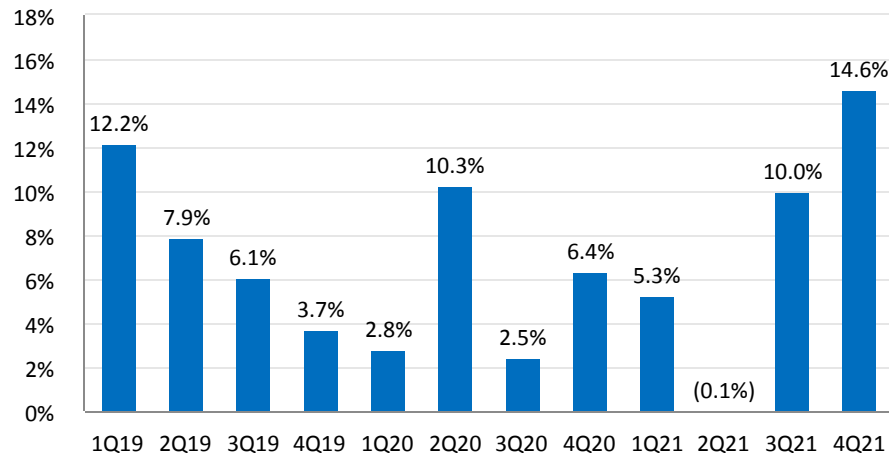
Safe Harbor Statement

All statements made herein that are not historical facts (e.g., future operating results and business activity in light of inflation, supply chain constraints, labor shortages, and the COVID-19 pandemic, as well as expectations regarding operations, including gross margin, future inventory levels, pricing, Onsite and weighted FMI device signings, the size of our U.S./Canada network of traditional branches, operating costs, and capital expenditures) are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially. More information regarding such risks can be found in our most recent annual and quarterly reports filed with the Securities and Exchange Commission. Any numerical or other representations in this presentation do not represent guidance by management and should not be construed as such. The appendix to the following presentation includes a discussion of certain non-GAAP financial measures. Information required by Regulation G with respect to such non-GAAP financial measures can be found in the appendix.



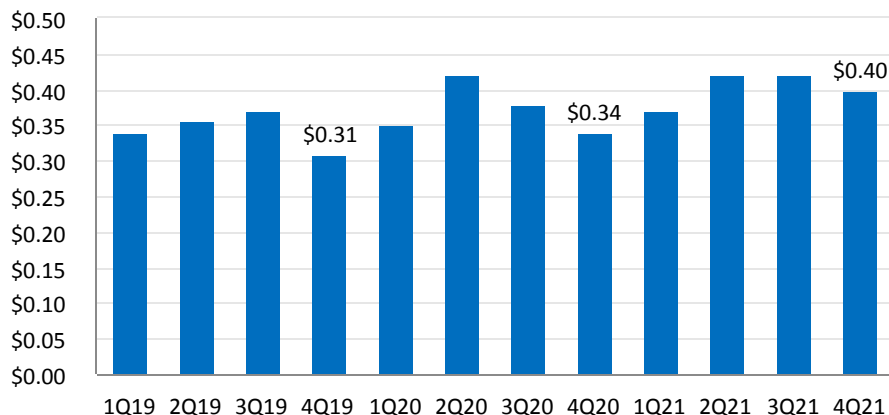
CEO Messages on 4Q21

Daily Sales Rate (DSR) Growth



EPS

(Fully Diluted)



- Net sales grew 12.8% in 4Q21 (up 14.6% on a daily basis; up 16.5% in December on a daily basis). This reflects strong demand, good pricing, improved product availability, and fewer holiday-related shutdowns than is typical. Operating margin grew 13.8%.
- The 2020 distortions make comparisons of 2021 to 2019 relevant (see table on page 4). A few things stand out:
 - Our two-year net sales growth accelerated through the year, from up 8.2% in 1Q21 to up 20.0% in 4Q21.
 - Gross profit margin recovered from 2020, as expected, but was still down 40 bps from 4Q19. This reflects neutral price/cost - with progress still to be made in spots - and mix impact.
 - Operating profit grew faster than sales, speaking to greater productivity and effective cost control.
- We consider COVID-19 to be an ongoing element of our global business environment.
- Growth driver details follow on page 5, but we continue to see expansion in sales through our Digital Footprint, which was 46.4% in 4Q21, versus an estimated 37.2% in 4Q20.



Performance Summary

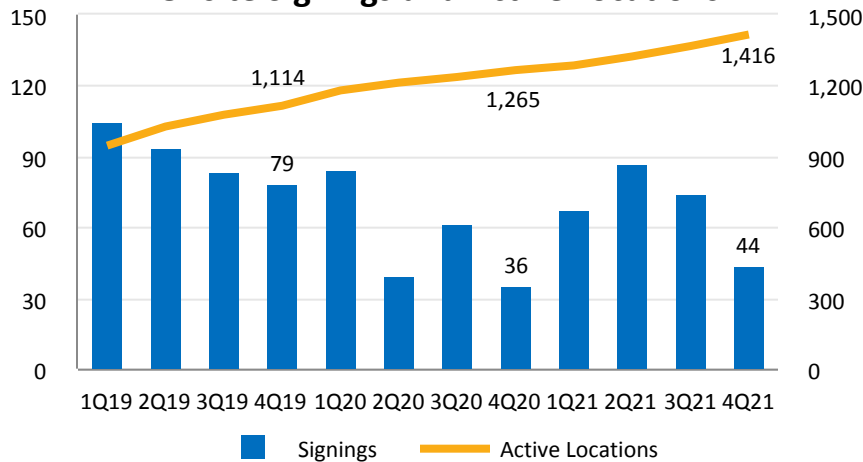
(Comparison to 2019 Periods)

	Twelve-month Period			Three-month Period		
	2021	2019	Change	2021	2019	Change
Net sales	\$ 6,010.9	5,333.7	12.7%	\$ 1,531.8	1,276.9	20.0%
Business days	253	254		62	63	
Daily sales	\$ 23.8	21.0	13.1%	\$ 24.7	20.3	21.9%
Gross profit	\$ 2,777.2	2,515.4	10.4%	\$ 712.9	598.4	19.1%
<i>% of net sales</i>	46.2%	47.2%		46.5%	46.9%	
Operating and administrative expenses	\$ 1,559.8	1,458.2	7.0%	\$ 412.0	359.5	14.6%
<i>% of net sales</i>	26.0%	27.3%		26.9%	28.2%	
Operating income	\$ 1,217.4	1,057.2	15.2%	\$ 300.9	238.9	25.9%
<i>% of net sales</i>	20.3%	19.8%		19.6%	18.7%	
Earnings before income taxes	\$ 1,207.8	1,043.7	15.7%	\$ 298.5	236.4	26.3%
<i>% of net sales</i>	20.1%	19.6%		19.5%	18.5%	
Net earnings	\$ 925.0	790.9	17.0%	\$ 231.2	178.7	29.4%
Diluted net earnings per share	\$ 1.60	1.38	16.4%	\$ 0.40	0.31	28.9%

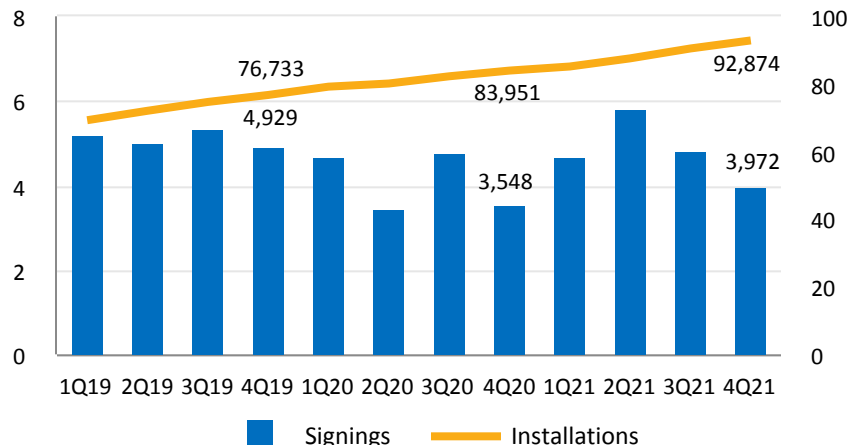


4Q21 Growth Driver Update

Onsite Signings and Active Locations



Weighted FMI Device Signings and Installations¹



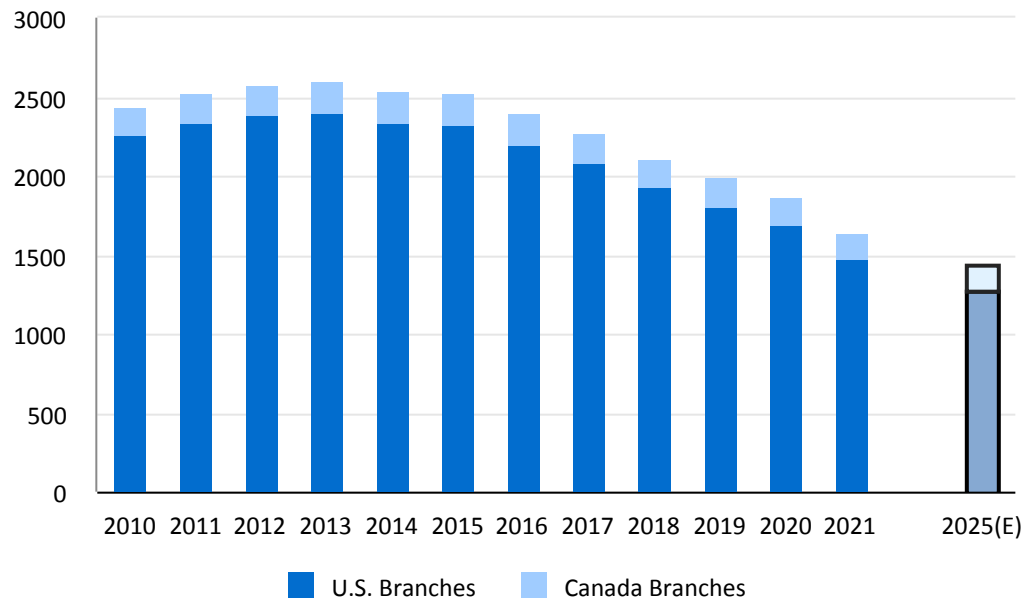
- **Onsites:** We had 44 signings in 4Q21 (274 YTD) and finished with 1,416 active sites, +11.9% from 4Q20. Daily sales, excluding transferred branch sales, grew more than 20% from 4Q20. Our goal is 375 to 400 signings in 2022.
- **FMI Technology:** We signed 3,972 weighted devices in 4Q21 (19,311 YTD), versus 3,548 in 4Q20, with an ending installed base of 92,874 weighted devices, +10.6% from 4Q20. FMI devices were 35.1% of sales in 4Q21, versus 27.2% of sales in 4Q20 and an estimated 27.5% of sales in 4Q19. Our goal is 23,000 to 25,000 MEU signings of FASTBin and FASTVend devices in 2022.
- Conditions for signings remain challenging, and achieving our goals will likely require some easing of the stresses related to inflation, the supply chain, labor shortages, and the pandemic.
- **eCommerce:** daily sales rose 48.2% in 4Q21. Large customer-oriented EDI was up 47.8%, while web sales were up 49.5%.
- Sales through our **Digital Footprint** (FMI technology plus non-FMI-related eCommerce) was 46.4% of sales in 4Q21, versus an estimated 37.2% in 4Q20 and an estimated 35.5% in 4Q19. Our goal is to hit 55% in 2022, but we believe this could ultimately grow to approximately 85% of our sales.

¹ Data excludes ~12.0K non-weighted vending devices related to a locker lease program



Branch Consolidation

Branch Count



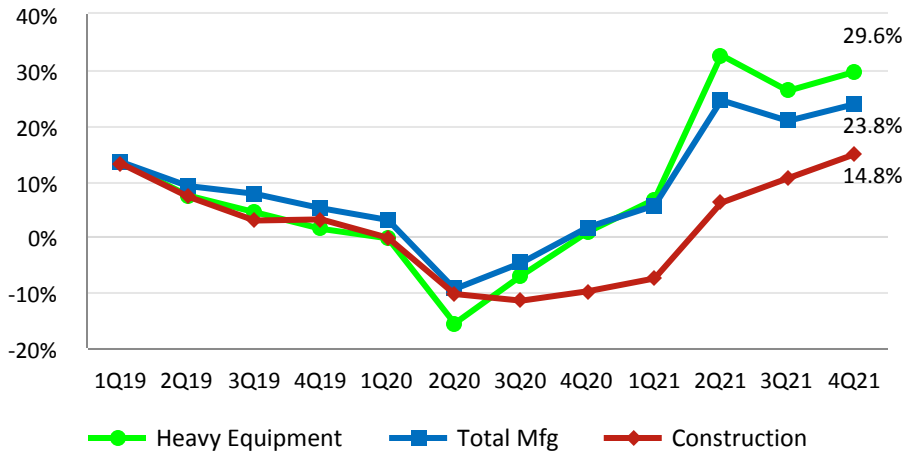
- **Total in-market¹ locations** were 3,209 at the end of 4Q21, down 1.8% from 3,268 at 4Q20. We opened two traditional branches and 65 Onsites in 4Q21. We closed/converted 68 traditional branches and 16 Onsites in 4Q21.
- Traditional branch closings accelerated in 2021, primarily within the United States. Our stronger focus on Onsites and the supply chain tools that comprise our Digital Footprint have provided additional opportunities for consolidation of our network.
- Our U.S./Canada network will likely trend toward 1,450 traditional branches.
- At our peak United States branch count in 2013, we believe we had 30-minute access to 95.0% of the U.S. manufacturing base. In 2020, prior to the latest round of consolidations, this was roughly 94.0%. We anticipate it will approximate 93.5% at our target branch count.

¹ In-market locations include global branches and Onsites



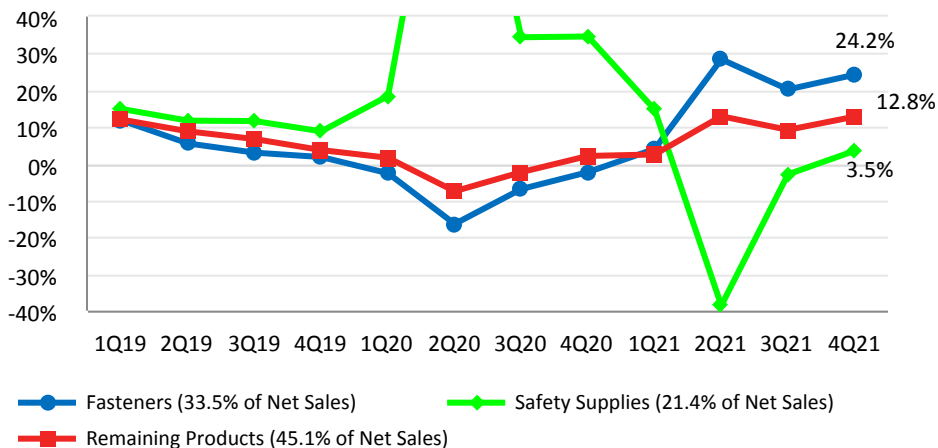
4Q21 Business Cadence

End Market Daily Sales Rate (DSR) Growth



- U.S. PMI averaged 60.2 in 4Q21. U.S. Industrial Production in Oct/Nov 2021 increased 4.8% versus 4Q20. The data reflects continued favorable manufacturing sector conditions.
- Supply chains remain tight, though product availability did improve in 4Q21, particularly for domestic-sourced products. Labor markets remain tight. Material costs in the market stabilized at high levels, though our own costs will likely rise in 1H22 as product works through our internal supply chain. These stresses did not worsen in 4Q21, however.
- Product dynamics in 4Q21 were little changed from the prior period. **Fastener** daily sales rose 24.2% on strong demand and favorable pricing. **Safety** returned to growth with daily sales up 3.5% as strong demand and favorable pricing more than offset a decline in COVID-affected parts. **Other products** daily sales rose 12.8%. Janitorial products were still negative, but most other categories were up mid-teens or better.
- National Accounts'** daily sales rose 19.9% in 4Q21, with 82 of our Top 100 customers growing. **Non-National Account** daily sales rose 7.6% in 4Q21, with 72% of our branches growing. Excluding government, which fell 35.7%, our non-national account business would have grown mid-teens on strong manufacturing and non-residential construction demand.

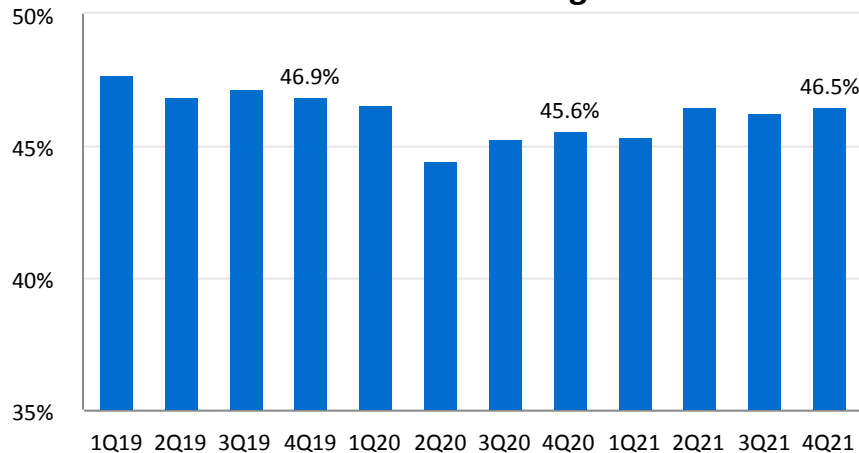
Product Category Daily Sales Rate (DSR) Growth



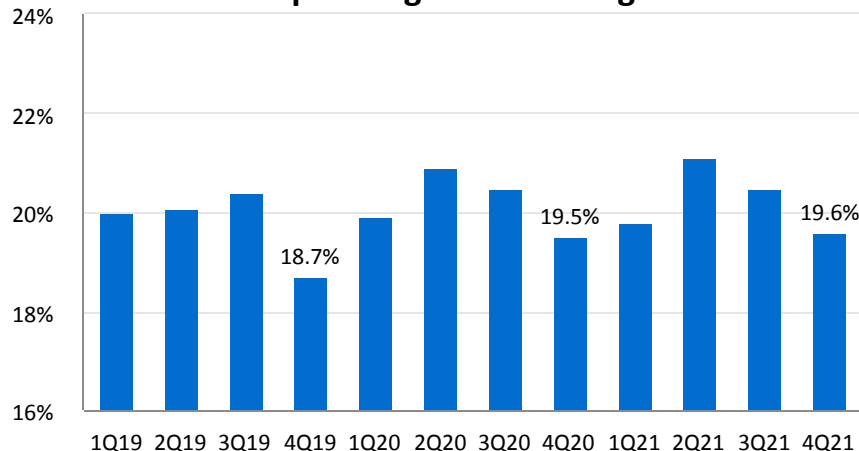


4Q21 Margin Summary

Gross Profit Margin



Operating Income Margin

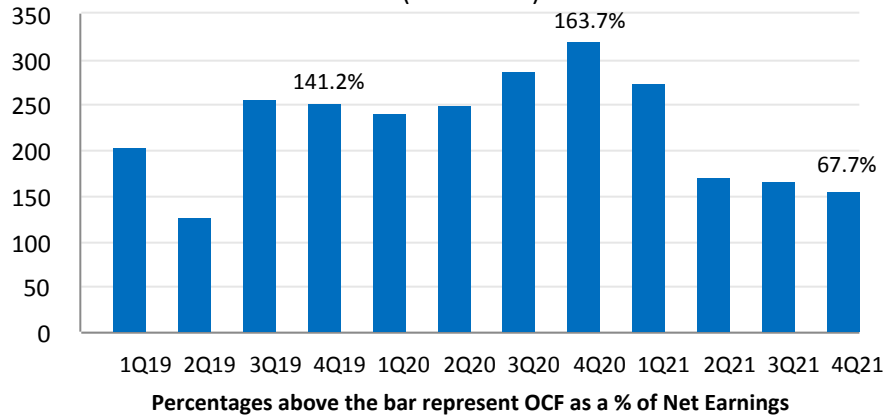


- Higher gross margin reflected two items. First, safety product margin was higher as mix and margin migrate toward pre-pandemic levels. Second, good demand contributed to good overhead absorption/organizational cost leverage.
- Product/customer mix was neutral to gross margin in 4Q21. This has continued to trend back toward negative territory, and the extent to which it pulls down gross margin in 2022 will likely depend on the rate at which the gap in growth between fasteners and non-fasteners narrows.
- Price added 440 to 470 bps to growth in 4Q21, offsetting higher product and transportation costs. We will experience higher costs in 1H22 as inflated product flows through our internal supply chain.
- Operating margin was stable at 19.6%, with an incremental margin at 21.0%. Operating costs were +80 bps as a percent of sales, mostly matching the increase in gross margin.
- 2021 experienced strong growth in incentive compensation, health insurance, travel/meal expense, fuel and branch freight. Provided sales growth remains strong, increases in these costs would be expected to moderate in 2022, promoting SG&A leverage and supporting an incremental margin range of 20% to 25%.

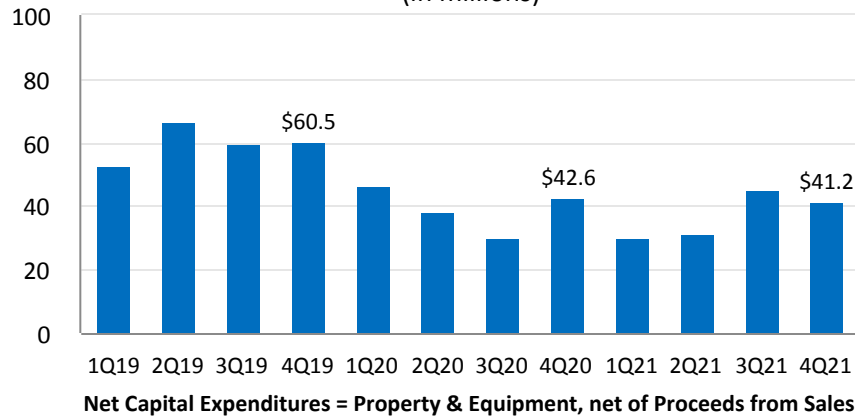


4Q21 Cash Flow Profile

Operating Cash Flow
(in millions)



Net Capital Expenditures
(in millions)



Net Capital Expenditures = Property & Equipment, net of Proceeds from Sales

2022(E) Net CapEx: \$180.0 to \$200.0; 2021(A) Net Capex: \$148.2

- 4Q21 operating cash flow was \$156.4, or 67.7% of net earnings. We continue to experience meaningful increases in working capital to support growth and account for inflation.
- Inventory rose 13.9% due to inflation and additions to support growth. Hub availability of domestic products improved in 4Q21, and we expect imported product to improve in 1Q22. Accounts receivable rose 17.0% on higher sales activity, a shift in mix toward customers with longer terms, and an increase in average terms to our largest customers.
- Net capital spending was \$148.2 in 2021, down from \$157.5 in 2020. Hub spending fell as we leveraged past investments, while FMI and vehicle spending was lower on lower signings and supply chain issues. Our 2022 net capital spending range is \$180.0 to \$200.0, reflecting anticipated higher FMI signings, upgrades to facilities and automation in hubs, and additions to capacity in our manufacturing operation.
- Balance sheet debt was 11.4% of total capital. Debt was slightly higher in 4Q21 compared to 3Q21 reflecting rising working capital needs, but we retain ample liquidity under our facilities. We returned \$161.1 of capital to shareholders through dividends in 4Q21.



Appendix

Non-GAAP Financial Measures

The appendix includes information on our Return on Invested Capital ('ROIC'), which is a non-GAAP financial measure. We define ROIC as net operating profit less income tax expense divided by average invested capital over the trailing 12 months. We believe ROIC is a useful financial measure for investors in evaluating the efficiency and effectiveness of our use of capital and believe ROIC is an important driver of shareholder return over the long-term. Our method of determining ROIC may differ from the methods of other companies, and therefore may not be comparable to those used by other companies. Management does not use ROIC for any purpose other than the reasons stated above.

The tables that follow on page 11 include a reconciliation of the calculation of our return on total assets ('ROA') (which is the most closely comparable GAAP financial measure) to the calculation of our ROIC for the periods presented.

Stock Split

Share and per share information in this document has been adjusted to reflect the two-for-one stock split effective at the close of business on May 22, 2019.



Return on Invested Capital*

Calculation of Return on Invested Capital

(Amounts in millions)	TTM 4Q21	TTM 4Q20
Operating Income	\$ 1,217.4	1,141.8
Income Tax Expense	(282.8)	(273.6)
NOPAT	\$ 934.6	868.2
Total Current Assets	\$ 2,678.1	2,478.4
Cash and Cash Equivalents	(241.0)	(210.3)
Accounts Payable	(220.1)	(199.9)
Accrued Expenses	(285.2)	(261.8)
Property & Equipment, Net	1,025.0	1,027.0
Other Assets	428.8	314.5 ⁽¹⁾
Invested Capital	\$ 3,385.6	3,147.9
ROIC	27.6%	27.6%

⁽¹⁾ Other Assets excludes average unamortized value of acquired non-operating intangible assets.

Reconciliation of ROIC to Return on Assets (ROA)

(Amounts in millions)	TTM 4Q21	TTM 4Q20
Net Earnings	\$ 925.0	859.1
Total Assets	\$ 4,131.9	3,882.3
ROA	22.4%	22.1%
NOPAT	\$ 934.6	868.2
Add: Income Tax Expense	282.8	273.6
Operating Income	1,217.4	1,141.8
Add: Interest Income	0.1	0.6
Subtract: Interest Expense	(9.7)	(9.7)
Subtract: Income Tax Expense	(282.8)	(273.6)
Net Earnings	\$ 925.0	859.1
Invested Capital	\$ 3,385.6	3,147.9
Add: Cash and Cash Equivalents	241.0	210.3
Add: Accounts Payable	220.1	199.9
Add: Accrued Expenses	285.2	261.8
Add: Excluded Other Assets	—	62.5 ⁽¹⁾
Total Assets	\$ 4,131.9	3,882.3

*Amounts may not foot due to rounding differences.



Sequential Trends*

Daily Sales Rate (DSR) BENCHMARKS	Jan.*	Feb.	Mar.	Cum. Chg., Jan. to Mar.	Apr.	May	June	Cum. Chg., Jan. to Jun.	July	Aug.	Sep.	Cum. Chg., Jan. to Sep.	Oct.	Cum. Chg., Jan. to Oct.	Nov.	Dec.
2022 BENCHMARK**	(0.1%)	0.8%	3.4%	4.1%	0.1%	2.2%	1.9%	8.5%	(3.3%)	3.1%	3.4%	11.9%	(2.1%)	9.5%	(3.7%)	(6.6%)
2021 BENCHMARK**	(1.0%)	1.2%	3.1%	4.3%	0.1%	1.7%	1.8%	8.1%	(3.4%)	3.3%	2.2%	10.3%	(2.5%)	7.5%	(4.0%)	(7.4%)
2021 DSR	0.9%	(2.3%)	5.6%	3.1%	(2.2%)	5.6%	1.6%	8.2%	(3.4%)	3.1%	4.8%	13.0%	0.0%	13.0%	(1.4%)	(4.7%)
<i>Delta v. Benchmark</i>	1.9%	(3.5%)	2.5%	(1.2%)	(2.3%)	3.9%	(0.2%)	0.1%	0.0%	(0.2%)	2.6%	2.7%	2.5%	5.5%	2.6%	2.7%
2020 DSR	(1.3%)	2.5%	(0.3%)	2.2%	3.9%	10.4%	(3.3%)	13.3%	(10.5%)	3.8%	2.9%	8.3%	(2.6%)	5.5%	(0.6%)	(7.4%)
<i>Delta v. Benchmark</i>	(0.3%)	1.3%	(3.4%)	(2.2%)	3.8%	8.7%	(5.1%)	5.2%	(7.0%)	0.5%	0.6%	(2.0%)	(0.1%)	(2.0%)	3.4%	0.0%
2019 DSR	(0.5%)	1.4%	4.2%	5.6%	(2.4%)	2.5%	1.4%	7.1%	(4.4%)	3.9%	3.1%	9.8%	(4.4%)	4.9%	(3.1%)	(9.5%)
<i>Delta v. Benchmark</i>	0.4%	0.2%	1.1%	1.3%	(2.5%)	0.8%	(0.4%)	(1.0%)	(1.0%)	0.6%	0.9%	(0.5%)	(1.9%)	(2.6%)	1.0%	(2.1%)
2018 DSR	(1.3%)	4.0%	2.1%	6.2%	2.4%	0.6%	3.7%	13.5%	(3.6%)	3.8%	3.6%	17.5%	(3.0%)	13.9%	(4.4%)	(5.3%)
<i>Delta v. Benchmark</i>	(0.3%)	2.8%	(1.0%)	1.8%	2.3%	(1.1%)	2.0%	5.4%	(0.2%)	0.5%	1.3%	7.2%	(0.5%)	6.4%	(0.3%)	2.1%
Days Count																
2022	21	20	23		21	21	22		20	23	21		21		21	254
2021	20	20	23		22	20	22		21	22	21		21		21	253
2020	22	20	22		22	20	22		22	21	21		22		20	255

* The January average is based on the historical change in January vs. October. All other months are sequential.

** The benchmark for each month is the average of the previous five years for that month (excluding the impact of the March 2017 Mansco Acquisition). Surge sales associated with COVID-19 make sequential averages in 2020 unrepresentative. As a result, the 2021 and 2022 benchmarks use a preceding five-year average that excludes 2020.

Notes:

- Good Friday was in April of 2019 vs. March of 2018. Good Friday remained in April of 2020 and 2021, and will be in April of 2022.
- Amounts may not foot due to rounding differences.



Employee Statistics

HEADCOUNT STATISTICS	Absolute Count					FTE Count ¹				
	4Q21	3Q21	Change Since 3Q21	4Q20	Change Since 4Q20	4Q21	3Q21	Change Since 3Q21	4Q20	Change Since 4Q20
In-market locations (branches & Onsites)	12,464	12,347	0.9%	12,680	(1.7%)	11,337	11,104	2.1%	11,260	0.7%
Non-in-market selling	2,106	2,080	1.3%	1,952	7.9%	2,076	2,049	1.3%	1,923	8.0%
Selling subtotal	14,570	14,427	1.0%	14,632	(0.4%)	13,413	13,153	2.0%	13,183	1.7%
Distribution/Transportation	3,675	3,562	3.2%	3,583	2.6%	2,740	2,560	7.0%	2,591	5.8%
Manufacturing	649	653	(0.6%)	639	1.6%	619	616	0.5%	607	2.0%
Administrative ²	1,613	1,589	1.5%	1,511	6.8%	1,598	1,531	4.4%	1,455	9.8%
Non-selling subtotal	5,937	5,804	2.3%	5,733	3.6%	4,957	4,707	5.3%	4,653	6.5%
Total	20,507	20,231	1.4%	20,365	0.7%	18,370	17,860	2.9%	17,836	3.0%

NOTES:

¹ FTE – “Full-Time Equivalent”. FTE is based on 40 hours per week.

² Administration primarily includes our Sales Support, Information Technology, Finance and Accounting, Human Resources, and senior leadership roles and functions.



In-Market Location Statistics

BRANCH STATISTICS	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
New Branch Openings											
1Q	37	28	11	9	2	17	5	0	3	3	2
2Q	38	25	22	8	6	10	5	5	3	4	5
3Q	19	20	11	5	5	8	5	3	2	3	1
4Q	28	7	9	2	28	5	3	3	4	2	2
Cumulative	122	80	53	24	41	40	18	11	12	12	10
Closed/Converted Branches, Net (Annual)	(27)	(13)	(18)	(74)	(56)	(159)	(138)	(167)	(125)	(123)	(220)
Branch Count	2,585	2,652	2,687	2,637	2,622	2,503	2,383	2,227	2,114	2,003	1,793
Active Onsites				214	264	401	605	894	1,114	1,265	1,416
TOTAL IN-MARKET LOCATIONS	2,585	2,652	2,687	2,851	2,886	2,904	2,988	3,121	3,228	3,268	3,209

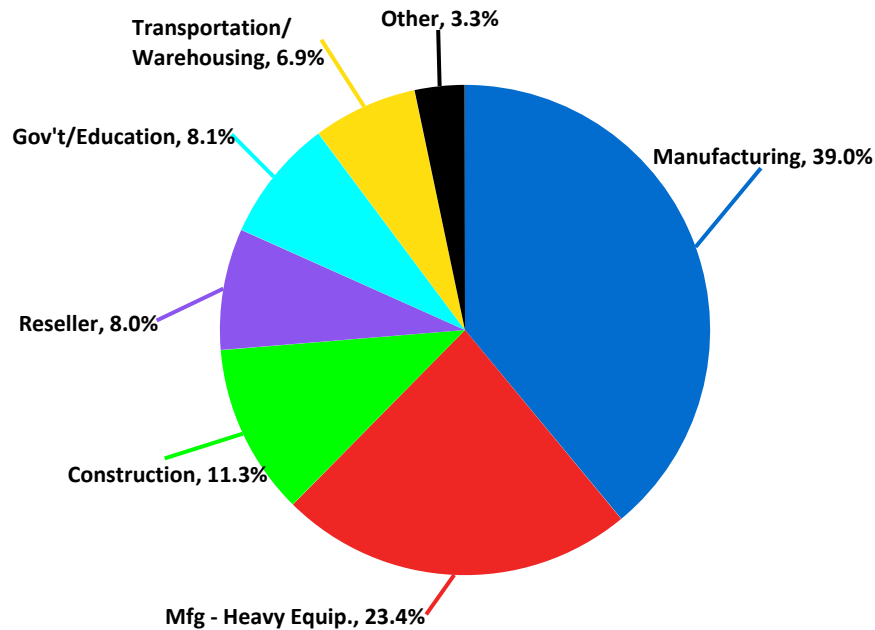
NOTES:

- As of December 31, 2021, includes 2,649 in-market locations in the U.S., 262 in Canada, 171 in Mexico & Caribbean, and 127 in the rest of the world.
- Branch Count includes all locations that sell to multiple customer accounts (primarily our traditional and overseas branches) and excludes locations that sell to single customer accounts (primarily our Onsite locations).
- Onsite location information prior to 2014 is intentionally omitted. While such locations have existed since 1992, we did not specifically track their number until we identified our Onsite program as a growth driver in 2014.

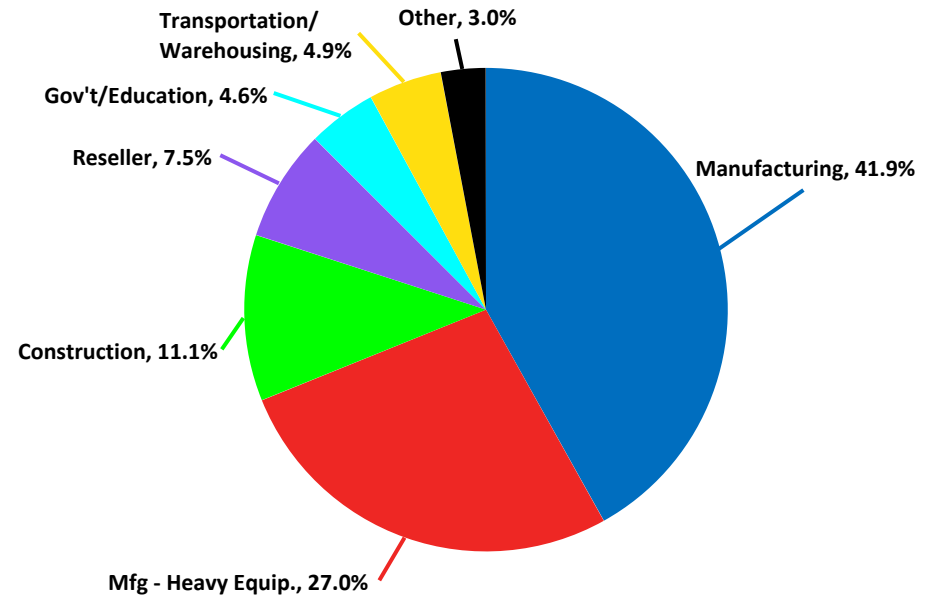


End Market Profile

End Market Mix — 2020



End Market Mix — 2021



MAJOR SEGMENT GROWTH

(Daily Sales rates)

		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Year-to-Date
Manufacturing (incl. Heavy Equip.)	2021	4.8%	0.6%	10.8%	30.8%	18.9%	24.3%	22.5%	19.7%	20.1%	22.9%	22.6%	25.8%	18.4%
	2020	4.3%	6.2%	(1.1%)	(15.6%)	(4.2%)	(8.2%)	(5.5%)	(5.0%)	(3.8%)	(0.1%)	1.4%	4.6%	(2.5%)
Construction	2021	(8.9%)	(14.4%)	0.0%	11.9%	4.4%	2.5%	9.5%	10.1%	11.7%	14.2%	16.6%	13.5%	5.7%
	2020	3.2%	4.9%	(7.8%)	(15.5%)	(9.8%)	(5.5%)	(9.6%)	(13.5%)	(11.3%)	(9.9%)	(10.2%)	(8.6%)	(8.1%)