



2024
THIRD QUARTER

**INVESTOR
TELECONFERENCE**

OCTOBER 11, 2024

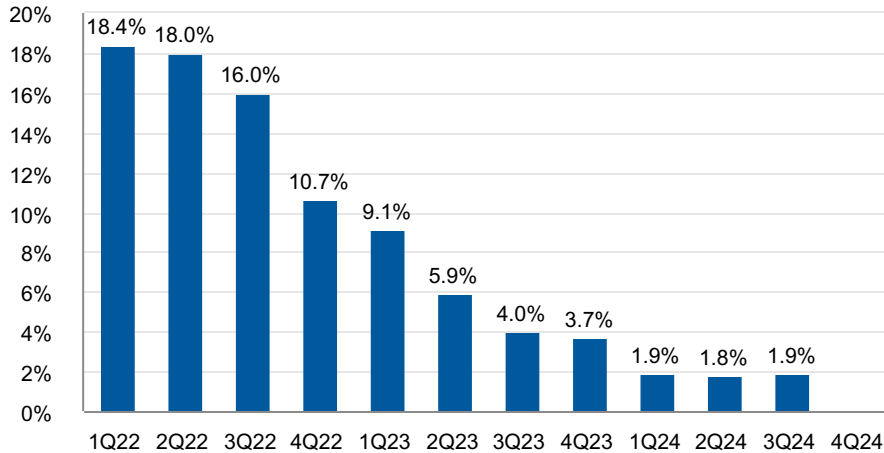
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SAFE HARBOR STATEMENT

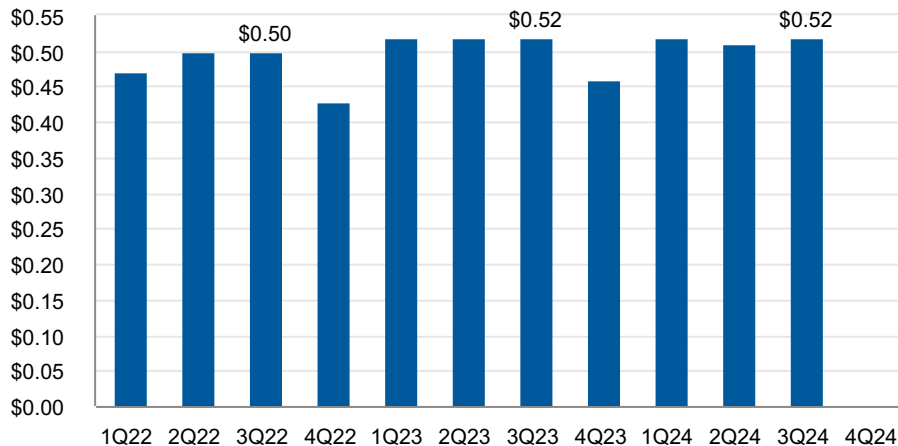
All statements made herein that are not historical facts (e.g., future operating results, long-term share gains, and business activity, as well as expectations regarding operations, including gross and operating income margin, future inventory levels, pricing, Onsite and weighted FMI device signings, operating costs (including SG&A), capital expenditures, sales through our digital footprint, the potential impact of our growth drivers and trends with larger customers, and supply chain matters) 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 Fastenal Company's (collectively referred to as 'Fastenal' or by terms such as 'we', 'our', or 'us') 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 non-GAAP financial measures. Information required by Regulation G with respect to such non-GAAP financial measures can be found in the appendix including a comparison and reconciliation to the comparable GAAP measures.

CEO MESSAGES ON 3Q24

Daily Sales Rate (DSR) Growth



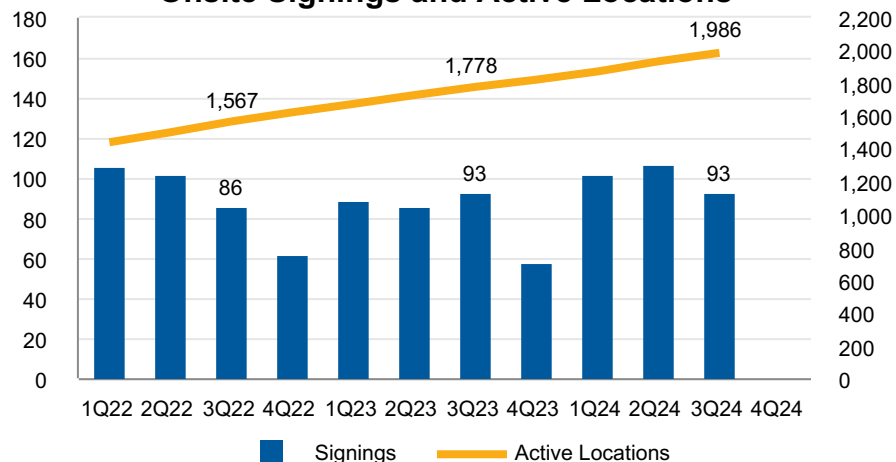
Net Income Per Share (Fully Diluted)



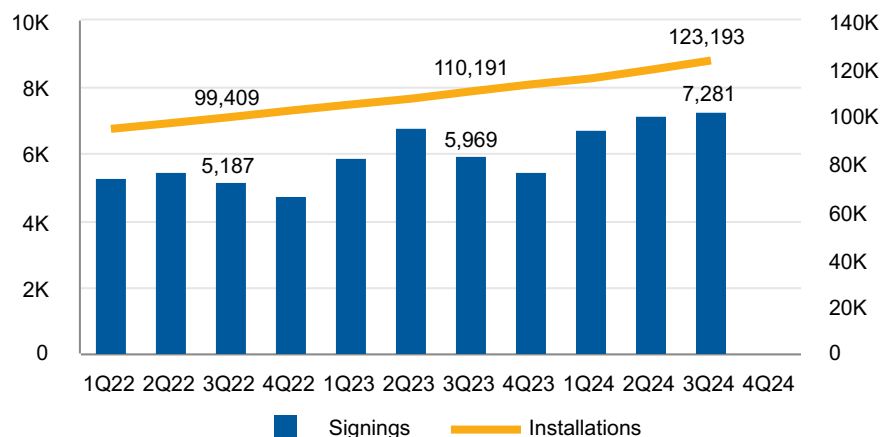
- 3Q24 net sales were +3.5%, which produced EPS of \$0.52, +0.7%. Our DSR was +1.9%. The Blue Team is never satisfied with this level of growth, although it reflects a continuation of challenging business conditions. The quarter finished stronger than it began, which is a welcome change.
- Our September DSR points to further momentum from changes made in the last 12 to 18 months. Another quarter of solid signings reflects accelerating growth in the number of our key and national account customers.
- We continue to manage to both current conditions and future growth. For instance, average FTE was +2.8% in 3Q24, but absent adds to Onsites, Information Technology (IT), and Business Analytics, which we view as critical for future growth, average FTE was +1.0%. Our SG&A expenses were +2.8% year-to-date, not enough to defend margins in the current environment but representative of balanced and effective cost management.
- Improvements in asset efficiency the past few years have created strategic flexibility. We began using that flexibility in 3Q24, adding inventory to improve service to our in-market locations and reduce low-margin fill-in buys, as well as streamline picking in our hubs to generate efficiencies.

3Q24 GROWTH DRIVER UPDATE

Onsite Signings and Active Locations



Weighted FMI Device Signings and Installations (MEUs) ⁽¹⁾

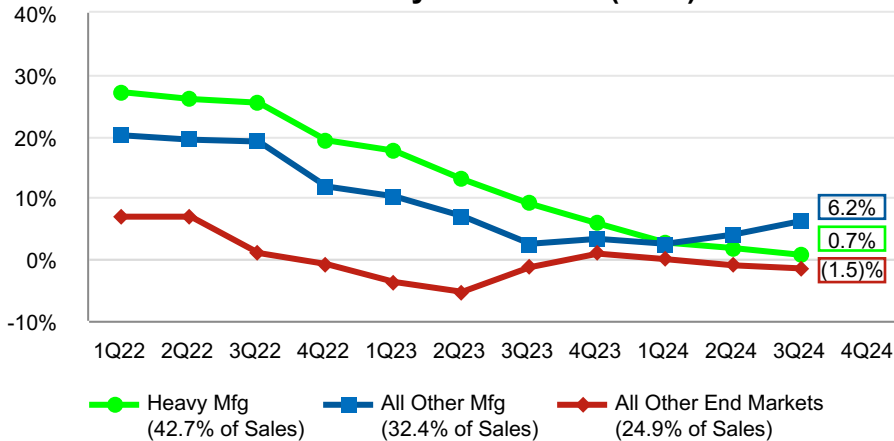


⁽¹⁾ Machine equivalent units (MEUs)

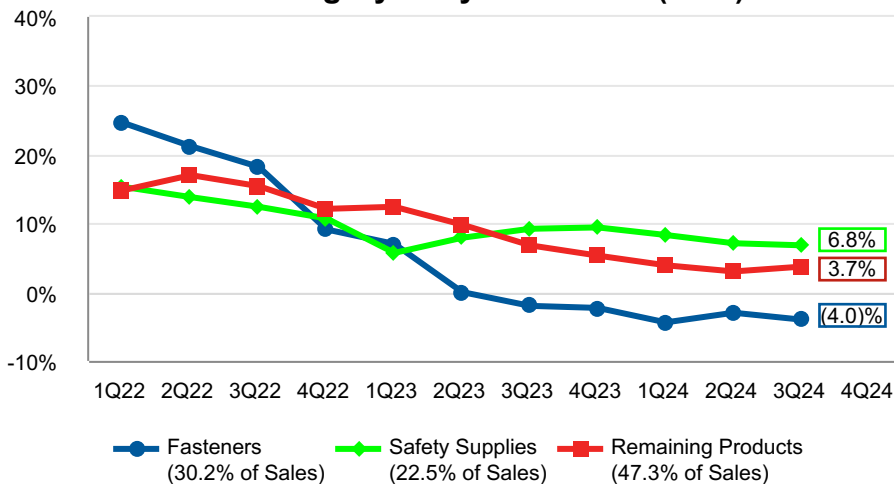
- Onsites:** We had 93 signings in 3Q24. Active sites finished at 1,986, +11.7% from 3Q23. Daily sales, excluding transferred branch sales, grew low single-digits from 3Q23. Sales from sites opened in 2023-24 more than offset declining sales at older units. Our 2024 signings goal remains 375 to 400 locations, although we are pacing to be at the lower half of that range.
- FMI Technology:** We signed 7,281 weighted devices (114/day) in 3Q24, versus 5,969 (95/day) in 3Q23. Our installed base was 123,193 weighted devices, +11.8% from 3Q23. Activity through our FMI technology platform represented 43.0% of sales in 3Q24, versus 40.7% and 36.9% in 3Q23 and 3Q22, respectively. Our 2024 signings goal remains 26,000 to 28,000 MEUs.
- eBusiness:** Daily sales rose 25.6% in 3Q24. Daily sales through eProcurement and eCommerce were up 33.2% and 6.6%, respectively.
- Sales through our **Digital Footprint** (FMI technology plus non-FMI-related eBusiness) was 61.1% of total sales in 3Q24, versus 57.1% and 49.5% in 3Q23 and 3Q22, respectively. We continue to target our Digital Footprint reaching 63% in 2024, although we are behind this pace currently. Usage of our digital tools has broadened, but volume through them remains below expectations due to slower business activity.

3Q24 BUSINESS CADENCE

End Market Daily Sales Rate (DSR) Growth



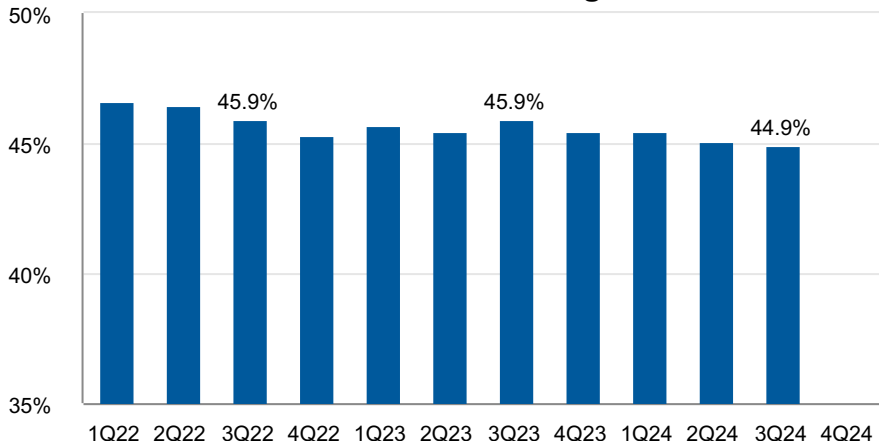
Product Category Daily Sales Rate (DSR) Growth



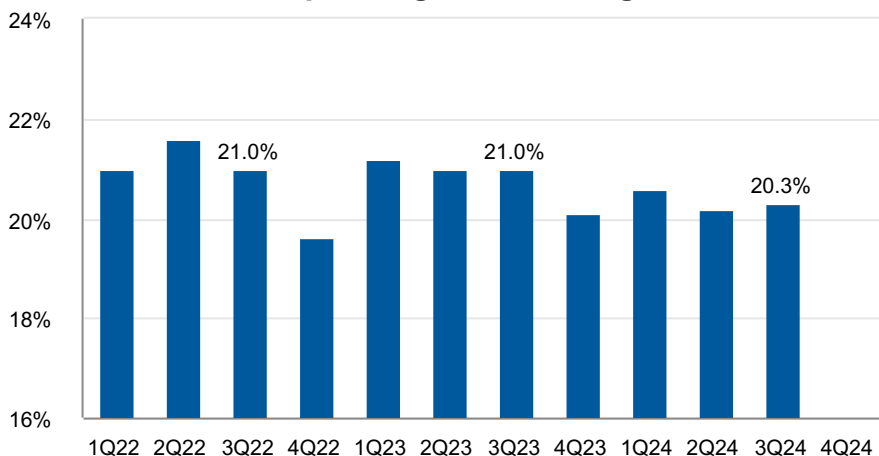
- U.S. PMI averaged 47.1 in 3Q24, marking 22 of 23 months sub-50. U.S. Industrial Production was -0.4% in Jul./Aug. 2024 over 3Q23. Heavier manufacturing series, such as fabricated metal (-1.2%) and machinery (-2.3%), were weaker than the broader index.
- Our DSR in 3Q24 was +1.9%. Growth in Onsites opened in 2023-24 and in National Accounts (DSR +5.6%) overcame sales declines in older Onsites from closures and soft demand, and weakness with smaller customers (non-National Accounts DSR was -4.1%).
- 3Q24 ended stronger, with our September DSR +3.2% and topping historical sequentials despite the impact of Hurricane Helene and slower growth from warehousing customers as they run into tougher comparison periods.
- Regional leadership tone was mixed on continued weakness in many end markets and uncertainty over end of year shutdowns. Still, this was an improvement on prior months, which was credited more to new account wins than better business activity.
- The pricing picture was largely unchanged in 3Q24. Fastener pricing is lower on lower costing, and there remains a bit of pressure in non-fasteners on soft market demand. Price impact was still slightly negative to our 3Q24 sales, but targeted actions taken in the period lessened the impact versus 2Q24.

3Q24 MARGIN SUMMARY

Gross Profit Margin



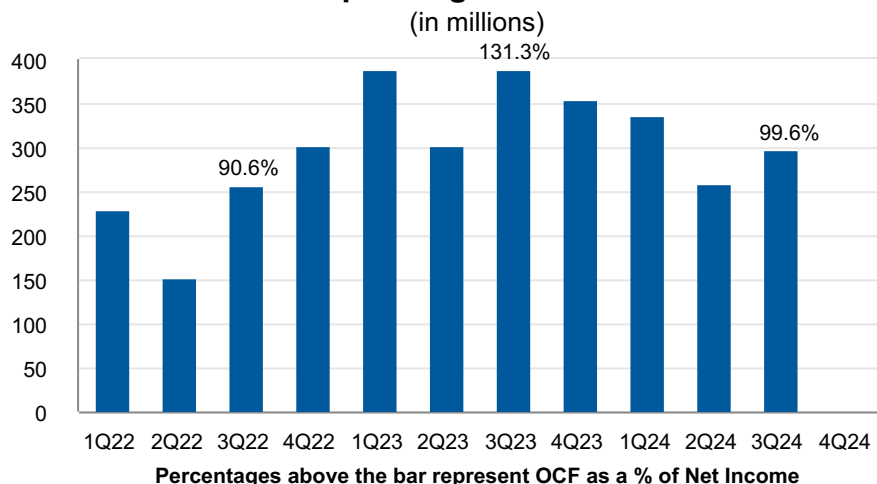
Operating Income Margin



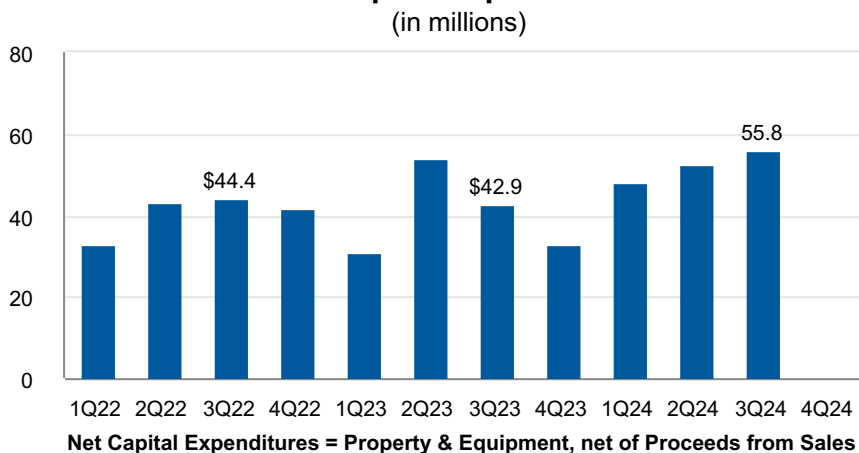
- 3Q24 operating margin was 20.3%, down from 21.0% in 3Q23. We continue to balance tight cost management and investing to support growth. At this point, we believe margin pressure is a by-product of slow growth, not an indication of ineffective expense control.
- Gross margin declined to 44.9% from 45.9% in 3Q23. This was impacted by product/customer mix, higher import fees, the absence of a shipper rebate we realized in 3Q23, and a reduction in supplier rebates. Price/cost did not materially affect gross margin.
- SG&A costs were 24.6% of sales from 25.0% in 3Q23. Leverage benefited from one extra sales day and an increase in supplier marketing credits.
- SG&A costs were +2.1% in 3Q24 and +2.8% year-to-date. We will continue to tighten where possible, but invest where prudent. For example, while average FTE in 3Q24 was +2.8%, excluding additions for Onsites, IT, and Business Analytics, our average FTE was +1.0%, trailing sales. Also, while 3Q24 sales-related travel spending was the highest of the year, spending on non-sales travel and supplies was at its lowest of the year and -8.7% from 3Q23.

3Q24 CASH FLOW PROFILE

Operating Cash Flow



Net Capital Expenditures



2024(E) Net CapEx: \$235.0 to \$255.0; 2023(A) Net CapEx: \$160.6

- 3Q24 operating cash flow was \$296.9, or 99.6% of net income, below 3Q23 (131.3%). The process of rightsizing inventory post-supply chain crisis has concluded, as has the outsized cash generation that came with it, even as we begin to make targeted investments in inventory.
- **Accounts receivable** rose 2.5% from 3Q23 to support customer growth and as a result of a continued shift in our sales mix toward larger customers. **Inventory** rose 3.0% from 3Q23, which includes approximately \$25.0 to improve product availability for our in-market locations, which we expect will pay for itself by reducing low-margin fill-in buys, as well as create efficiencies around picking in our hubs.
- Net capital spending was \$55.8 in 3Q24, versus \$42.9 in 3Q23. We expect 2024 net capital spending to be between \$235.0 to \$255.0, a significant increase over the prior year reflecting greater spending on FMI devices and facility construction and upgrades. We are trending to the very low end of the range, however, as certain spending, notably of IT, has begun to get pushed into 2025.
- We returned \$223.4 of capital to shareholders through dividends in 3Q24 versus \$199.8 in 3Q23.
- Balance sheet debt was 6.3% of total capital in 3Q24, versus 7.0% in 3Q23 and 7.2% in 4Q23.

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 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. ROIC is a measure of performance not defined by accounting principles generally accepted in the United States, and should be considered in addition to, not in lieu of, GAAP reported measures.

The tables that follow on page 9 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.

RETURN ON INVESTED CAPITAL*

Calculation of Return on Invested Capital (ROIC)

(Amounts in millions)	TTM 3Q24	TTM 3Q23
Operating Income	\$ 1,519.1	1,507.8
Income Tax Expense	(363.2)	(361.7)
Net Operating Profit After Tax (NOPAT)	\$ 1,155.9	1,146.1
Total Current Assets	\$ 3,204.1	3,171.6
Cash and Cash Equivalents	(294.9)	(264.5)
Accounts Payable	(288.4)	(276.2)
Accrued Expenses	(230.8)	(259.1)
Property & Equipment, Net	1,028.0	1,010.1
Other Assets	435.5	430.3
Invested Capital	\$ 3,853.5	3,812.2
ROIC	30.0%	30.1%

Reconciliation of ROIC to Return on Assets (ROA)

(Amounts in millions)	TTM 3Q24	TTM 3Q23
Net Income	\$ 1,154.9	1,134.2
Total Assets	\$ 4,667.5	4,612.0
ROA	24.7%	24.6%
NOPAT	\$ 1,155.9	1,146.1
Add: Income Tax Expense	363.2	361.7
Operating Income	1,519.1	1,507.8
Add: Interest Income	6.5	2.1
Subtract: Interest Expense	(7.5)	(14.0)
Subtract: Income Tax Expense	(363.2)	(361.7)
Net Income	\$ 1,154.9	1,134.2
Invested Capital	\$ 3,853.5	3,812.2
Add: Cash and Cash Equivalents	294.9	264.5
Add: Accounts Payable	288.4	276.2
Add: Accrued Expenses	230.8	259.1
Total Assets	\$ 4,667.5	4,612.0

* 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	Jun.	Cum. Chg., Jan. to Jun.	Jul.	Aug.	Sep.	Cum. Chg., Jan. to Sep.	Oct.	Cum. Chg., Jan. to Oct.	Nov.	Dec.
	BENCHMARK**	0.1%	1.6%	3.3%	4.9%	(0.7%)	2.5%	1.4%	8.2%	(3.2%)	2.7%	3.6%	11.5%	(2.1%)	9.2%	(3.1%)
2024 DSR	(0.7%)	2.7%	0.2%	2.8%	(1.3%)	1.5%	1.6%	4.6%	(5.3%)	3.0%	5.1%	7.2%				
<i>Delta v. Benchmark</i>	(0.8%)	1.1%	(3.1%)	(2.0%)	(0.6%)	(1.1%)	0.2%	(3.6%)	(2.1%)	0.3%	1.5%	(4.3%)				
2023 DSR	(0.4%)	1.7%	1.0%	2.6%	(0.2%)	0.7%	(0.2%)	2.9%	(2.6%)	1.3%	4.0%	5.5%	(3.0%)	2.3%	(2.5%)	(5.3%)
<i>Delta v. Benchmark</i>	(0.5%)	0.1%	(2.3%)	(2.3%)	0.5%	(1.9%)	(1.5%)	(5.3%)	0.5%	(1.4%)	0.4%	(6.0%)	(0.9%)	(6.8%)	0.6%	1.0%
2022 DSR	1.7%	3.1%	3.6%	6.9%	(1.2%)	3.2%	0.2%	9.2%	(1.6%)	1.3%	2.7%	11.8%	(0.1%)	11.7%	(4.3%)	(6.6%)
<i>Delta v. Benchmark</i>	1.6%	1.6%	0.3%	2.0%	(0.5%)	0.7%	(1.1%)	1.0%	1.5%	(1.4%)	(1.0%)	0.3%	2.0%	2.5%	(1.2%)	(0.3%)
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>	0.9%	(3.9%)	2.3%	(1.7%)	(1.5%)	3.1%	0.2%	0.0%	(0.3%)	0.4%	1.2%	1.5%	2.2%	3.9%	1.7%	1.6%

Days Count															Total		
2025	22	20	21		22	21	21		22	21	21		23		19	21	254
2024	22	21	21		22	22	20		22	22	20		23		20	20	255
2023	21	20	23		20	22	22		20	23	20		22		21	19	253

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

** The benchmark for each month is the average of the previous five years for that month. As COVID-19-related surge sales made sequential averages in 2020 unrepresentative, the benchmark uses a preceding five-year average that excludes 2020.

Notes:

- Good Friday was in April of 2021, 2022, 2023, and March of 2024. In 2025, Good Friday will be in April.
- Amounts may not foot due to rounding differences.

EMPLOYEE STATISTICS

HEADCOUNT STATISTICS	Absolute Count							FTE Count ⁽¹⁾						
	3Q24	2Q24	Change Since 2Q24	4Q23	Change Since 4Q23	3Q23	Change Since 3Q23	3Q24	2Q24	Change Since 2Q24	4Q23	Change Since 4Q23	3Q23	Change Since 3Q23
Selling personnel ⁽²⁾	16,666	16,774	(0.6%)	16,512	0.9%	16,261	2.5%	15,080	15,386	(2.0%)	15,070	0.1%	14,750	2.2%
Distribution/ Transportation personnel	4,103	4,091	0.3%	4,042	1.5%	3,955	3.7%	3,151	3,172	(0.7%)	3,095	1.8%	2,984	5.6%
Manufacturing personnel	743	748	(0.7%)	733	1.4%	745	(0.3%)	714	721	(1.0%)	697	2.4%	704	1.4%
Organizational support personnel ⁽³⁾	2,006	2,016	(0.5%)	1,914	4.8%	1,901	5.5%	1,949	1,970	(1.1%)	1,859	4.8%	1,846	5.6%
Total personnel	23,518	23,629	(0.5%)	23,201	1.4%	22,862	2.9%	20,894	21,249	(1.7%)	20,721	0.8%	20,284	3.0%

NOTES:

⁽¹⁾ FTE – "Full-Time Equivalent". FTE is based on 40 hours per week.

⁽²⁾ Of our Selling Personnel, 80%-85% are attached to a specific in-market location.

⁽³⁾ Organizational support personnel consists of: (1) Sales & Growth Driver Support personnel (35% to 40% of category), which includes sourcing, purchasing, supply chain, product development, etc.; (2) IT personnel (35% to 40% of category); and (3) Administrative Support personnel (22% to 27% of category), which includes human resources, Fastenal School of Business, accounting and finance, senior management, etc.

IN-MARKET LOCATION STATISTICS

	2014 ⁽¹⁾	2015	2016	2017	2018	2019	2020	2021	2022	2023	Year-to-Date 2024
Starting Branches	2,687	2,637	2,622	2,503	2,383	2,227	2,114	2,003	1,793	1,683	1,597
Opened Branches	24	41	40	18	11	12	12	10	12	10	7
Closed/Converted Branches ⁽²⁾	(74)	(56)	(159)	(138)	(167)	(125)	(123)	(220)	(122)	(96)	(7)
Ending Branches ⁽³⁾	2,637	2,622	2,503	2,383	2,227	2,114	2,003	1,793	1,683	1,597	1,597
United States	2,344	2,328	2,202	2,084	1,932	1,814	1,697	1,484	1,369	1,277	1,269
Canada/Mexico	246	247	250	248	238	239	237	236	235	233	235
Rest of the World	47	47	51	51	57	61	69	73	79	87	93
Starting Onsites	0	214	264	401	605	894	1,114	1,265	1,416	1,623	1,822
Opened Onsites	0	63	161	218	318	312	257	242	306	329	268
Closed/Converted Onsites ⁽²⁾	0	(13)	(24)	(14)	(29)	(92)	(106)	(91)	(99)	(130)	(104)
Ending Onsites ⁽³⁾	214	264	401	605	894	1,114	1,265	1,416	1,623	1,822	1,986
United States	181	220	329	493	739	935	1,055	1,184	1,338	1,506	1,626
Canada/Mexico	25	35	61	94	126	143	163	178	218	247	290
Rest of the World	8	9	11	18	29	36	47	54	67	69	70
In-Market Locations	2,851	2,886	2,904	2,988	3,121	3,228	3,268	3,209	3,306	3,419	3,583

⁽¹⁾ Onsite locations have existed since 1992; however, we did not specifically track their number until we identified our Onsite program as a growth driver in 2014. Therefore, Starting, Opened, and Closed/Converted Onsites are intentionally omitted for 2014.

⁽²⁾ The net impact of non-in-market locations or Onsite locations converted to branches, branches converted to Onsite locations or non-in-market locations, and closures of branches or Onsite locations.

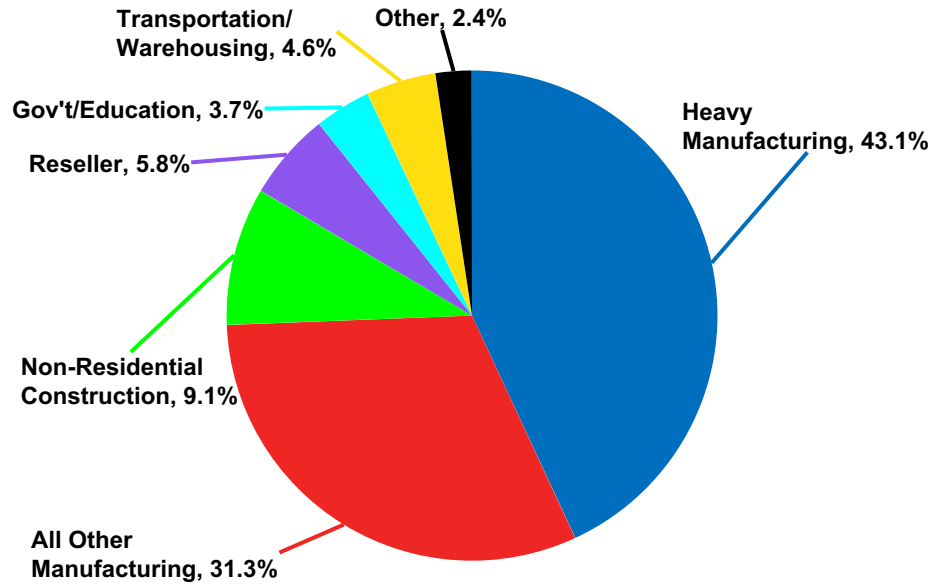
⁽³⁾ Beginning in 2022, the United States includes the Dominican Republic, Guam, and Puerto Rico which were previously grouped with other geographical regions. Prior period figures in the above table may differ slightly from those previously disclosed due to this minor change in reporting.

Notes:

- Branch count includes all locations that sell to multiple customer accounts (primarily our traditional and overseas branches). Onsite count includes all locations that sell to a single customer account.

END MARKET PROFILE

End Market Mix - Full Year 2023



MAJOR SEGMENT GROWTH

(Daily Sales Rates)

		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Year-to-Date	Oct.	Nov.	Dec.	Full Year
Heavy	2024	3.3%	3.1%	2.0%	1.9%	1.5%	2.2%	(1.0%)	2.3%	1.0%	1.7%				
Manufacturing	2023	20.2%	19.7%	13.7%	14.8%	11.7%	12.6%	9.8%	8.6%	8.9%	13.1%	5.6%	5.5%	5.7%	11.3%
All Other	2024	0.7%	3.6%	3.4%	2.2%	2.9%	7.1%	4.5%	6.6%	7.5%	4.2%				
Manufacturing	2023	13.1%	10.7%	7.4%	10.5%	7.1%	3.5%	3.1%	1.3%	3.5%	6.5%	1.9%	3.2%	4.6%	5.7%
All Other	2024	(0.5%)	0.9%	(0.2%)	(2.9%)	(0.3%)	0.3%	(2.9%)	(3.2%)	2.1%	(0.8%)				
End Markets	2023	(1.9%)	(5.2%)	(3.9%)	(4.4%)	(6.1%)	(5.3%)	(3.5%)	(1.1%)	0.8%	(3.4%)	(3.7%)	1.8%	5.3%	(2.4%)



**THANK
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