

2023 SECOND QUARTER



INVESTOR TELECONFERENCE

JULY 13, 2023

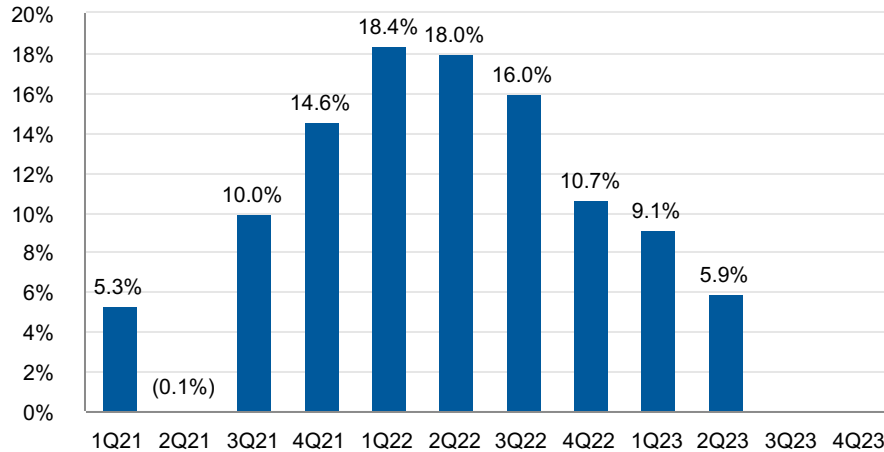
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SAFE HARBOR STATEMENT

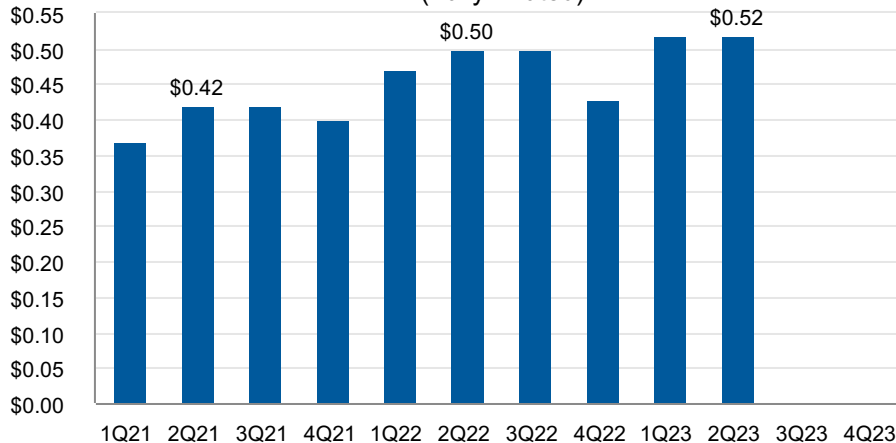
All statements made herein that are not historical facts (e.g., future operating results, long-term share gains, and business activity, as well as expectations regarding operations, including gross margin, future inventory levels, pricing, Onsite and weighted FMI device signings, the size of our U.S./Canada network of traditional branches, operating costs, capital expenditures, sales through our digital footprint, 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 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 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 to the comparable GAAP measures.

CEO MESSAGES ON 2Q23

Daily Sales Rate (DSR) Growth



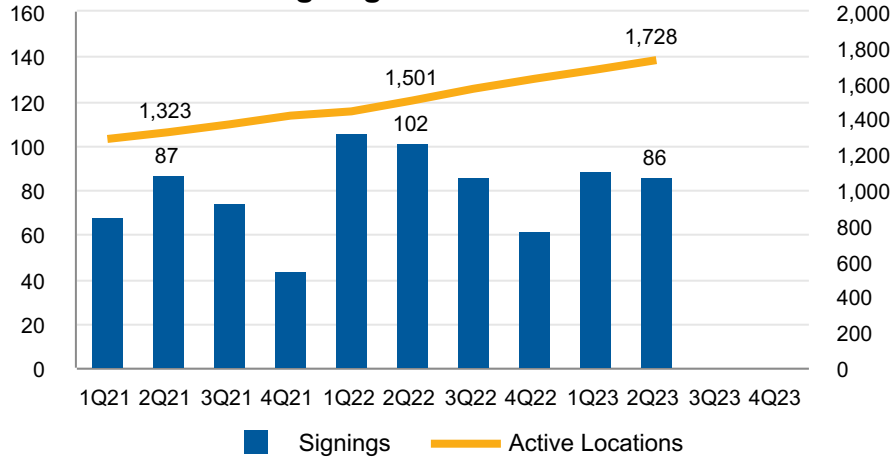
EPS
(Fully Diluted)



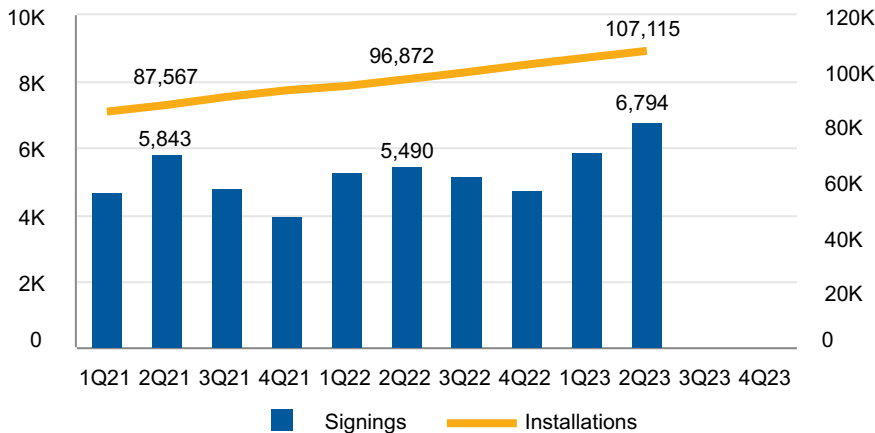
- 2Q23 was challenging, with EPS of \$0.52 rising 4.6%. Softer manufacturing activity contributed to daily sales growth decelerating to 5.9%. We did not leverage in the period, due both to cyclical factors and our not adjusting variable costs quickly enough to keep pace with the slower rate of sales.
- We converted 101.4% of the quarter's net earnings into operating cash flow; traditionally, this rate for 2Q averages 60% to 70%. This reflects favorable working capital trends, especially for inventory where our DOH in 2Q23 hit levels last experienced in 2002.
- In 2Q23, we appointed Jeff Watts as Chief Sales Officer. Mr. Watts has been with Fastenal for 27 years and since 2015, has led our international sales efforts. He will bring greater coordination to our global sales strategies, while sustaining the entrepreneurial approach that drives our success. Terry Owen, who has been with Fastenal for 28 years, was appointed Chief Operating Officer and will continue to focus on the efficiency of our logistics operations and operations support areas.
- Short-term cyclical factors aside, over the last several years we have improved both our labor and inventory productivity. We believe this forms an excellent foundation for long-term share gains.

2Q23 GROWTH DRIVER UPDATE

Onsite Signings and Active Locations



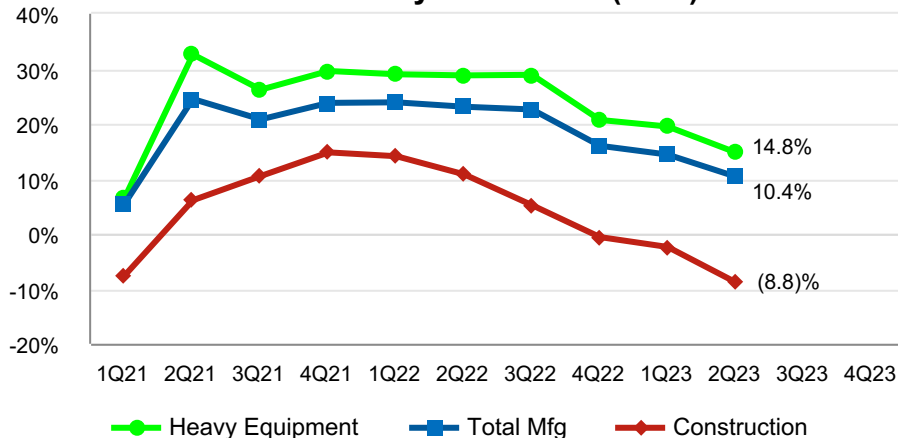
Weighted FMI Device Signings and Installations



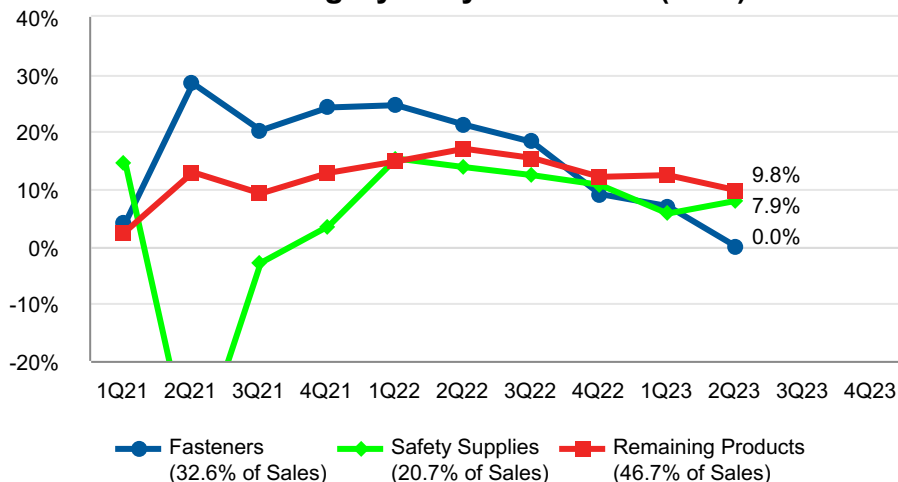
- Onsites:** We had 86 signings in 2Q23. Active sites finished at 1,728, +15.1% from 2Q22. Daily sales, excluding transferred branch sales, grew at a high-teens rate from 2Q22. Based on the pace of signings in the first six months of 2023, we anticipate signing approximately 350 Onsite locations in 2023, adjusted from our prior range of 375 to 400 sites.
- FMI Technology:** We signed 6,794 weighted devices (106/day) in 2Q23, versus 5,490 (86/day) in 2Q22. Our installed base was 107,115 weighted devices, +10.6% from 2Q22. Activity through our FMI technology platform represented 39.8% of sales in 2Q23, versus 35.6% of sales in 2Q22 and 30.7% of sales in 2Q21. Our 2023 signings goal remains 23,000 to 25,000 MEU of FASTBin and FASTVend units.
- eCommerce:** Daily sales rose 44.7% in 2Q23. Large customer-oriented electronic data interface (EDI) was up 37.3%, while web sales were up 67.7%.
- Sales through our **Digital Footprint** (FMI technology plus non-FMI-related eCommerce) was 55.3% of sales in 2Q23, versus 47.9% in 2Q22. We currently believe sales running through our Digital Footprint will reach 60% at some point in 2023, a revision from our previous figure of 65% due to lower FASTStock conversions than anticipated. Our long-term expectation of 85% is unchanged.

2Q23 BUSINESS CADENCE

End Market Daily Sales Rate (DSR) Growth



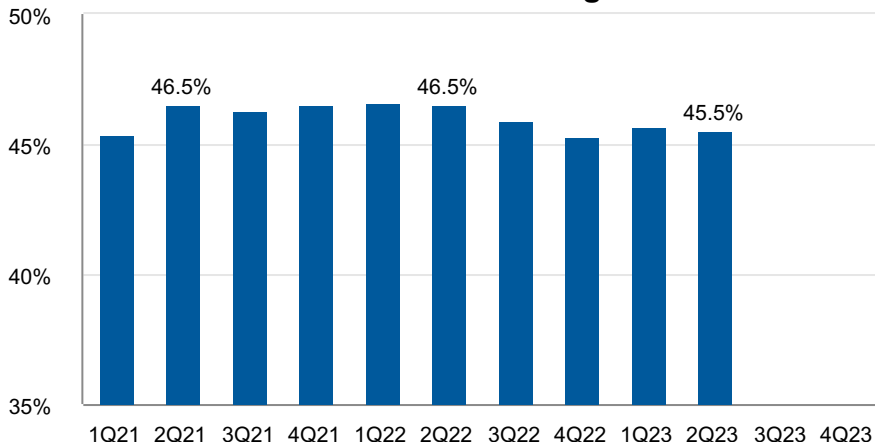
Product Category Daily Sales Rate (DSR) Growth



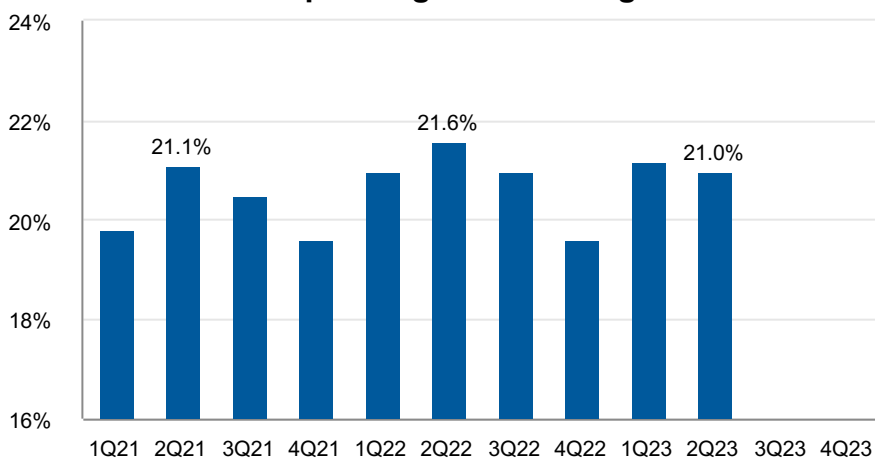
- U.S. Industrial Production rose 0.3% in Apr./May 2023 over 2Q22, with heavier manufacturing components declining. U.S. PMI averaged 46.7 in 2Q23, including 46.0 in June; sub-50 readings are consistent with declining manufacturing activity.
- June's daily sales growth (+4.7%) decelerated and ended weaker than it started (third time in last four months). Feedback from regional leadership continues to point to cautious customer sentiment in June, though the degree of concern did not meaningfully deepen over the period.
- In 2Q23, **Manufacturing** (74.8% of sales) daily sales were +10.4% with our Onsite and customer solution consultant (CSC) programs producing growth in excess of market trends. **Construction** (9.2% of sales) daily sales were -8.8%, which continues to reflect a shift at our traditional branches to focus on larger, key accounts.
- **National Accounts'** daily sales rose 10.3% in 2Q23, with 73 of our Top 100 customers growing. **Non-National Account** daily sales rose 0.2% in 2Q23, with 51.9% of our branches growing.
- Price contributed 190 to 220 bps to growth in 2Q23, expectedly moderating from 1Q23 (290 to 320 bps of contribution). We did not take broad pricing actions during the period.

2Q23 MARGIN SUMMARY

Gross Profit Margin



Operating Income Margin

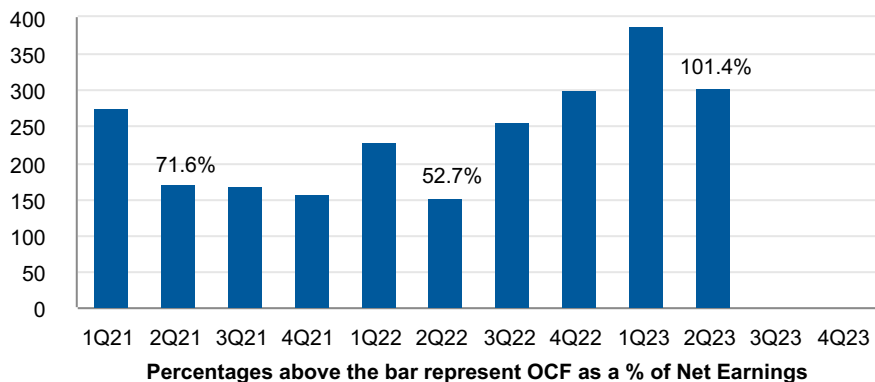


- Our 2Q23 operating margin was 21.0%, down from 21.6% in 2Q22. Our incremental operating margin was 11.0%.
- 2Q23 gross margin was 45.5%, down from 46.5% in 2Q22 primarily due to customer/product mix with our strongest growth coming from Onsite locations and non-fastener products, each of which tend to carry lower gross margins.
- Freight contributed favorably to gross margin, reflecting leverage of record freight revenue, reduced use of external shipping services, and lower fuel costs. This was largely offset by higher organizational/overhead costs. Price/cost did not materially impact gross margin in the period.
- In 2Q23, our SG&A was 24.6% of net sales, improved from 25.0% in 2Q22. This leverage was due to payroll-related costs, particularly lower incentive compensation from lower growth and profitability versus 2Q22.
- We did not leverage non-labor-related expenses. This partly reflects investment in information technology and growth in our installed base of FMI devices against slowing volumes. However, it also reflects the time it takes to scale back general operating expenses in response to slower activity. These were partly offset by a decline in, and leverage of, transportation-related selling expenses as a result of lower fuel costs.

2Q23 CASH FLOW PROFILE

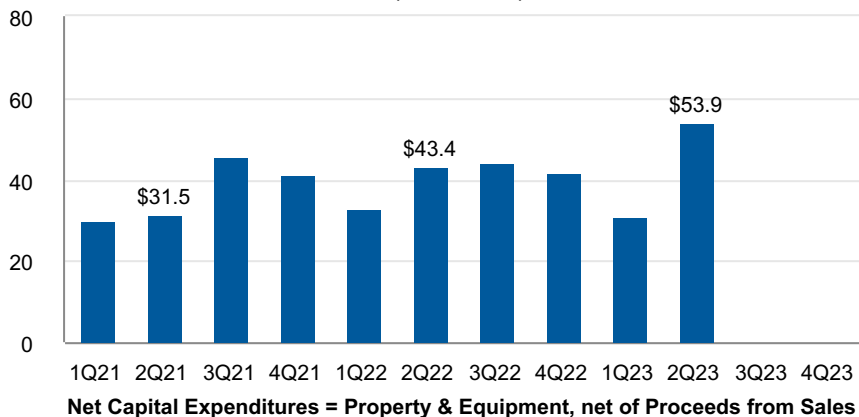
Operating Cash Flow

(in millions)



Net Capital Expenditures

(in millions)



2023(E) Net CapEx: \$210.0 to \$230.0; 2022(A) Net CapEx: \$162.4

- 2Q23 operating cash flow was \$302.1, or 101.4% of net earnings. The improvement in the current period reflects the absence of last year's supply chain constraints, which has reduced the working capital required to support our customer's operations.
- Accounts receivable rose 6.1% from the prior year. This reflects sales growth and relative growth with larger customers that tend to have longer terms, partly offset by improved receivables quality. Our DSO was 54.5 days, consistent with 2Q19 (54.9 days) despite a growing proportion of sales to national account customers.
- Inventory fell 6.0% from the prior year. We were able to shorten our order cycles, particularly for imported products, and have experienced flattening in inflation in our inventory. We retain a high level of fulfillment and customer service. Our DOH was 138.5 days, below 2Q19 (171.6) despite supply chain and inflation challenges.
- Net capital spending was \$53.9 in 2Q23. Our 2023 net capital spending range remains \$210.0 to \$230.0, though the low end of the range currently seems more likely. This range reflects facility upgrades and automation, equipment for our vehicle fleet, and information technology investments.
- We returned \$199.9 of capital to shareholders through dividends in 2Q23. Balance sheet debt was 9.4% of total capital in 2Q23 versus 13.7% in 2Q22.

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.

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

(Amounts in millions)	TTM 2Q23	TTM 2Q22
Operating Income	\$ 1,500.3	1,360.7
Income Tax Expense	(362.5)	(319.7)
NOPAT	\$ 1,137.8	1,041.0
Total Current Assets	\$ 3,144.9	2,929.0
Cash and Cash Equivalents	(245.8)	(284.9)
Accounts Payable	(276.9)	(264.0)
Accrued Expenses	(249.1)	(273.3)
Property & Equipment, Net	1,009.5	1,012.3
Other Assets	430.2	438.2
Invested Capital	\$ 3,812.8	3,557.3
ROIC	29.8%	29.3%

Reconciliation of ROIC to Return on Assets (ROA)

(Amounts in millions)	TTM 2Q23	TTM 2Q22
Net Earnings	\$ 1,123.3	1,031.4
Total Assets	\$ 4,584.6	4,379.5
ROA	24.5%	23.6%
NOPAT	\$ 1,137.8	1,041.0
Add: Income Tax Expense	362.5	319.7
Operating Income	1,500.3	1,360.7
Add: Interest Income	1.5	0.3
Subtract: Interest Expense	(16.0)	(9.9)
Subtract: Income Tax Expense	(362.5)	(319.7)
Net Earnings	\$ 1,123.3	1,031.4
Invested Capital	\$ 3,812.8	3,557.3
Add: Cash and Cash Equivalents	245.8	284.9
Add: Accounts Payable	276.9	264.0
Add: Accrued Expenses	249.1	273.3
Total Assets	\$ 4,584.6	4,379.5

* Amounts may not foot due to rounding differences.

SEQUENTIAL TRENDS*

Daily Sales Rate (DSR) BENCHMARKS	Jan.*	Feb.	Mar.	Chg., Jan. to Mar.	Apr.	May	Jun.	Chg., Jan. to Jun.	Jul.	Aug.	Sep.	Chg., Jan. to Sep.	Oct.	Chg., Jan. to Oct.	Nov.	Dec.
BENCHMARK**	0.2%	1.5%	3.8%	5.4%	(0.5%)	2.7%	2.0%	9.8%	(3.1%)	2.9%	3.6%	13.4%	(1.9%)	11.2%	(3.5%)	(6.6%)
2023 DSR	(0.4%)	1.7%	1.0%	2.6%	(0.2%)	0.7%	(0.2%)	2.9%								
<i>Delta v. Benchmark</i>	(0.6%)	0.1%	(2.9%)	(2.8%)	0.2%	(2.0%)	(2.1%)	(6.9%)								
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>	1.5%	1.6%	(0.2%)	1.5%	(0.7%)	0.6%	(1.7%)	(0.5%)	1.5%	(1.6%)	(0.9%)	(1.5%)	1.8%	0.5%	(0.8%)	0.0%
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>	0.8%	(3.8%)	1.8%	(2.2%)	(1.7%)	2.9%	(0.4%)	(1.5%)	(0.3%)	0.2%	1.2%	(0.4%)	2.0%	1.9%	2.1%	2.0%
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>	(1.5%)	0.9%	(4.1%)	(3.2%)	4.4%	7.7%	(5.3%)	3.5%	(7.3%)	0.9%	(0.7%)	(5.0%)	(0.7%)	(5.7%)	2.9%	(0.8%)

Days Count															Total		
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
2022	21	20	23		21	21	22		20	23	21		21		21	20	254

* 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. We also exclude the impact of the 2017 Mansco acquisition.

Notes:

- Good Friday was in April of 2020, 2021, 2022, and 2023.
- Amounts may not foot due to rounding differences.

EMPLOYEE STATISTICS

HEADCOUNT STATISTICS	Absolute Count							FTE Count ⁽¹⁾						
	2Q23	1Q23	Change Since 1Q23	4Q22	Change Since 4Q22	2Q22	Change Since 2Q22	2Q23	1Q23	Change Since 1Q23	4Q22	Change Since 4Q22	2Q22	Change Since 2Q22
In-market locations (branches & Onsites)	13,668	13,668	0.0%	13,410	1.9%	13,134	4.1%	12,380	12,219	1.3%	12,017	3.0%	12,039	2.8%
Non-in-market selling	2,634	2,510	4.9%	2,488	5.9%	2,326	13.2%	2,613	2,485	5.2%	2,459	6.3%	2,299	13.7%
Selling subtotal	16,302	16,178	0.8%	15,898	2.5%	15,460	5.4%	14,993	14,704	2.0%	14,476	3.6%	14,338	4.6%
Distribution/Transportation	3,950	4,002	(1.3%)	3,974	(0.6%)	3,771	4.7%	3,053	3,029	0.8%	2,971	2.8%	2,872	6.3%
Manufacturing	754	753	0.1%	733	2.9%	701	7.6%	723	714	1.3%	696	3.9%	672	7.6%
Organizational support personnel ⁽²⁾	1,907	1,887	1.1%	1,781	7.1%	1,697	12.4%	1,862	1,815	2.6%	1,711	8.8%	1,641	13.5%
Non-selling subtotal	6,611	6,642	(0.5%)	6,488	1.9%	6,169	7.2%	5,638	5,558	1.4%	5,378	4.8%	5,185	8.7%
Total	22,913	22,820	0.4%	22,386	2.4%	21,629	5.9%	20,631	20,262	1.8%	19,854	3.9%	19,523	5.7%

NOTES:

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

⁽²⁾ 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) Information Technology personnel (35% to 40% of category); and (3) Administrative Support personnel (25% to 30% of category), which includes human resources, Fastenal School of Business, accounting and finance, senior management, etc.

IN-MARKET LOCATION STATISTICS

	2017	2018	2019	2020	2021	2022	Quarterly			
							1Q23	2Q23	3Q23	4Q23
Starting Branches	2,503	2,383	2,227	2,114	2,003	1,793	1,683	1,660		
Opened Branches	18	11	12	12	10	12	2	3		
Closed/ Converted Branches ⁽¹⁾	(138)	(167)	(125)	(123)	(220)	(122)	(25)	(28)		
Ending Branches ⁽²⁾	2,383	2,227	2,114	2,003	1,793	1,683	1,660	1,635		
United States	2,084	1,932	1,814	1,697	1,484	1,369	1,343	1,315		
Canada/ Mexico	248	238	239	237	236	235	235	235		
Rest of the World	51	57	61	69	73	79	82	85		
Starting Onsites	401	605	894	1,114	1,265	1,416	1,623	1,674		
Opened Onsites	218	318	312	257	242	306	84	89		
Closed/ Converted Onsites ⁽¹⁾	(14)	(29)	(92)	(106)	(91)	(99)	(33)	(35)		
Ending Onsites ⁽²⁾	605	894	1,114	1,265	1,416	1,623	1,674	1,728		
United States	493	739	935	1,055	1,184	1,338	1,378	1,425		
Canada/ Mexico	94	126	143	163	178	218	228	236		
Rest of the World	18	29	36	47	54	67	68	67		
In-Market Locations	2,988	3,121	3,228	3,268	3,209	3,306	3,334	3,363		

⁽¹⁾ 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.

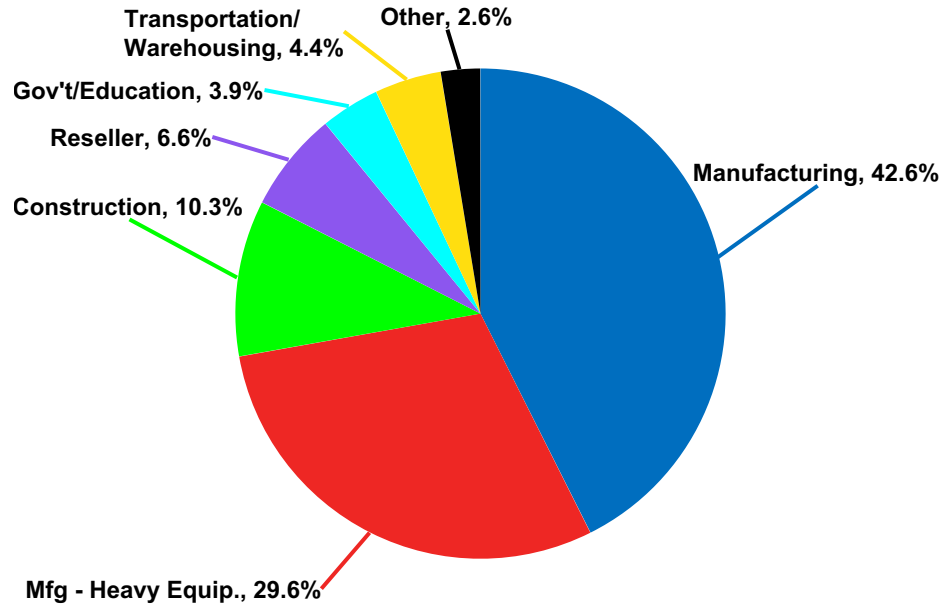
⁽²⁾ Beginning in 2022, the United States includes the Dominican Republic, Guam, and Puerto Rico which were previously grouped with other geographical regions. Prior period figures in the above table may differ slightly from those previously disclosed due to this minor change in reporting.

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 2022



MAJOR SEGMENT GROWTH (Daily Sales rates)		Jan.	Feb.	Mar.	Apr.	May	June	Year-to-Date	July	Aug.	Sep.	Oct.	Nov.	Dec.	Full Year
Manufacturing (incl. Heavy Equip.)	2023	17.0%	15.8%	11.0%	13.0%	9.7%	8.7%	12.3%							
	2022	20.8%	25.8%	25.2%	25.7%	22.4%	21.0%	23.5%	22.7%	23.5%	21.5%	19.0%	15.3%	13.4%	21.3%
Construction	2023	(1.7%)	(1.8%)	(3.5%)	(8.2%)	(9.5%)	(8.6%)	(5.7%)							
	2022	12.9%	19.5%	11.1%	13.4%	10.7%	8.3%	12.3%	8.8%	5.8%	1.4%	1.2%	(0.9%)	(2.5%)	7.2%

THANK YOU



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