



# A Great American Success Story



Presented by:

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November 17, 2023

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- Founded in 1967 in Winona, Minnesota, Fastenal has become the largest nationwide wholesale distributor of fasteners (screws, bolts, sockets, rivets, nails) and other industrial & construction products
- Fasteners hold the world together: buildings, vehicles, aircraft, bridges, machines, every aspect of the global industrial economy
- Owns and operates over 3300 stores and continues to grow
- Presence in 25 countries
- Strong e-commerce business model with order fulfillment and next-day delivery
- 11 Industrial service locations
- 8 manufacturing facilities
- World's largest provider of vending machines – over 100,000 worldwide
- Employs over 22,000 people worldwide
  - 71% of which interact with customers on a daily or frequent basis



Fasteners



Safety



Janitorial and Cleaning



Tools and Equipment



Cutting Tools and Metalworking



Material Handling, Lifting and Rigging



Abrasives



Electrical



Adhesives, Sealants, and Tape



Pneumatics



Plumbing



HVAC and Refrigeration



Hardware and Building Supplies



Lubricants, Coolants, and Fluids



Paint and Painting Supplies



**FAST Solutions**  
— ONSITE —

# How does Fastenal Make Money?



- Retail Store Sales: through the network of 3400 company-owned stores, they sell directly to customers in person. These stores are strategically located near customers.
- E-commerce: over 10,000 SKUs on a wide variety of industrial fasteners and other equipment, with 11 distribution centers that support fast order fulfillment and next-day delivery.
- Vending Machines (FMI Technology): these machines are placed on-site at the customer's facility and handle orderly and efficient vending of supplies on-demand. Saves the customer time and reduces their working capital needs by having ample supplies on-site without having to buy it all up-front.
- Services: supply chain organizational efficiency consulting services for customers

# Fastenal's Competitive Advantages



- 3400 store network, 8 manufacturing facilities and 11 distribution centers supplying 100,000 SKUs give the company exceptional network effects
- FMI Technology: on-site vending machines maximize ROI to customers, which secures Fastenal's revenue
- Captive logistics fleet for in-house last-mile delivery services
- Scale: in-house manufacturing at scale gives them the power to create customized tooling per customer specifications at competitive costs

# Customers who use Fastenal products and services report:



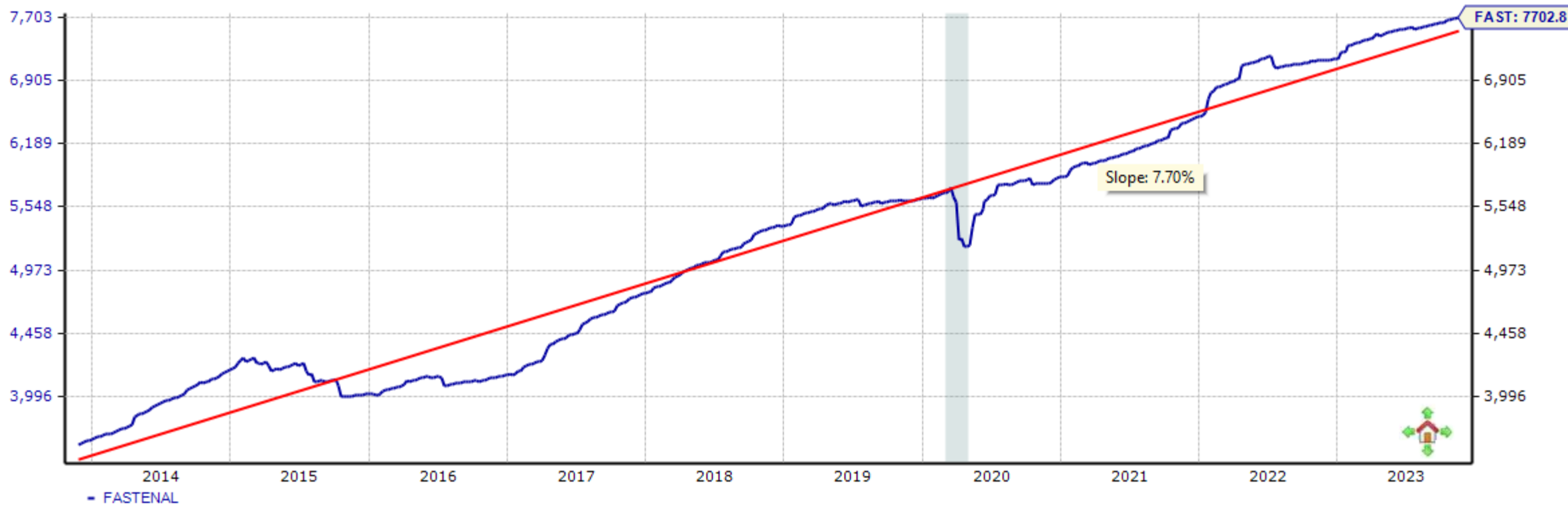
- 51% average reduction in sourcing hours
- 55% average reduction in material distribution hours
- 37% average reduction in inventory
- 36% average reduction in employee travel time
- 20% average consumption reduction for vended items
- 75% average P2P process savings  
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- = 21.4% average Total Cost of Ownership savings



# Financials:

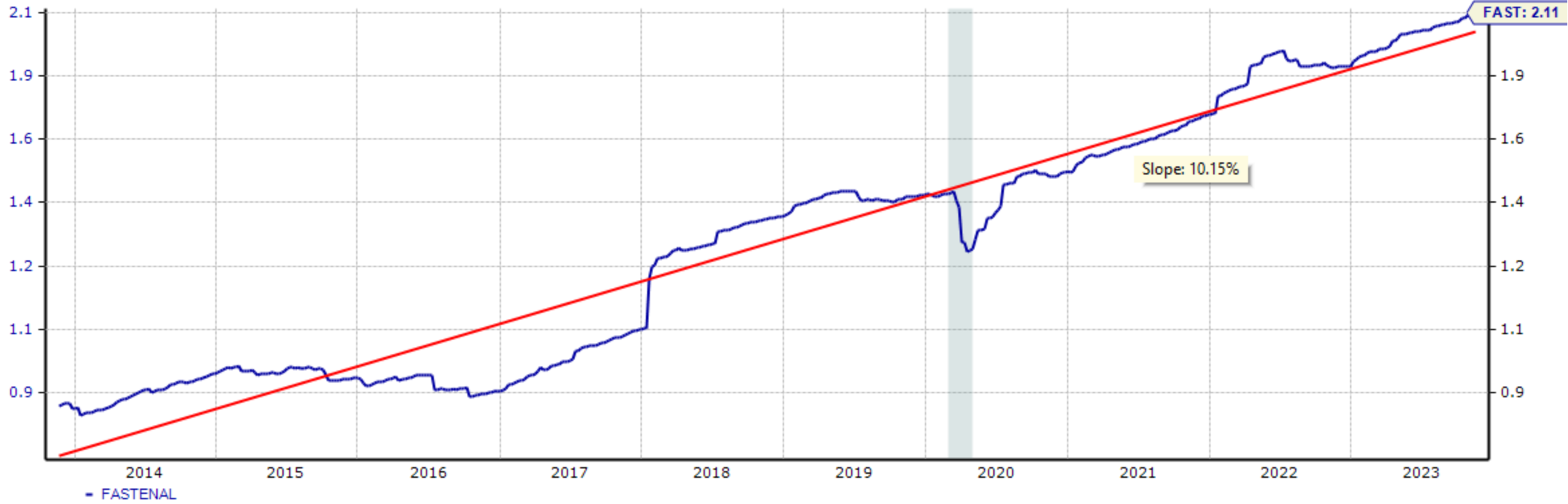


Revenue F12M  
FASTENAL





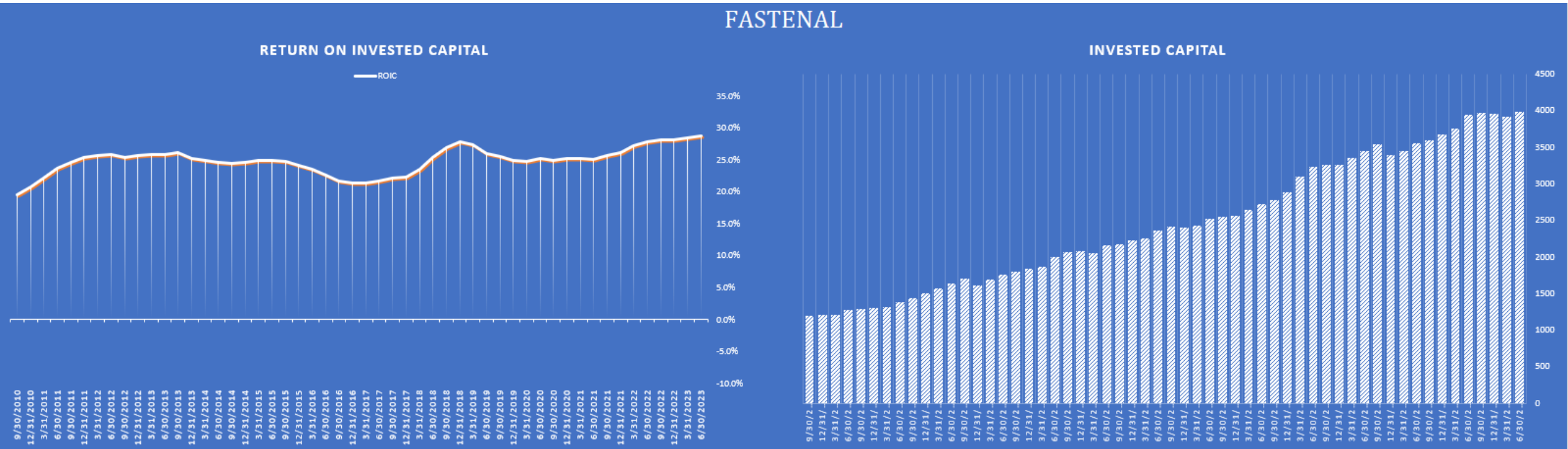
### EPS F12M FASTENAL



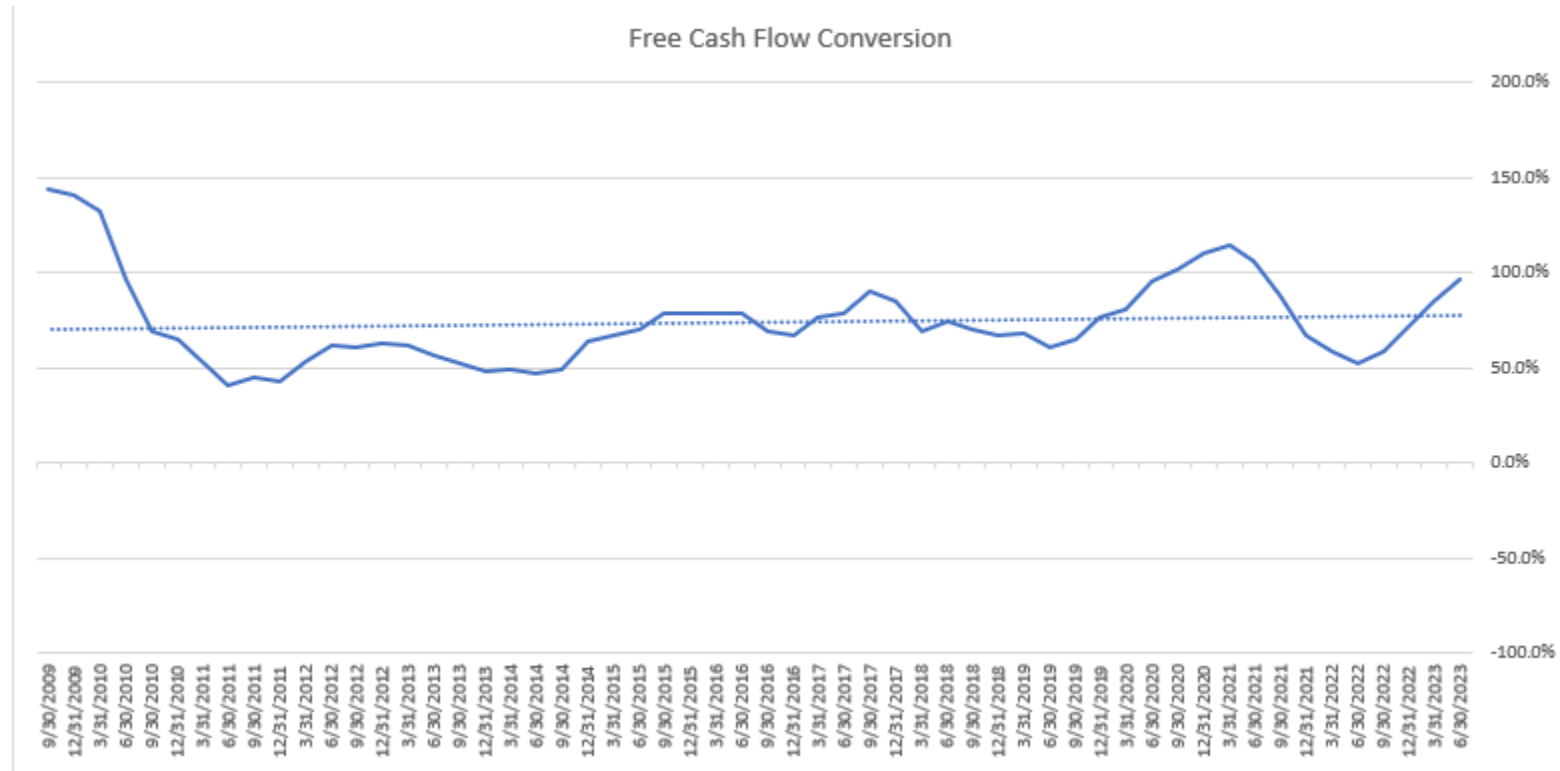


Highly efficient capital allocation has been the key growth driver for  
Fastenal

# For every \$1 of capital, Fastenal generates 30 cents operating profit



# ...with superb earnings quality



# RETURN ON INVESTED CAPITAL\*



## Calculation of Return on Invested Capital

(Amounts in millions)	TTM 3Q23	TTM 3Q22
Operating Income	\$ 1,507.8	1,421.5
Income Tax Expense	(361.7)	(337.8)
<b>NOPAT</b>	<b>\$ 1,146.1</b>	<b>1,083.7</b>
Total Current Assets	\$ 3,171.6	2,983.0
Cash and Cash Equivalents	(264.5)	(241.0)
Accounts Payable	(276.2)	(267.1)
Accrued Expenses	(259.1)	(280.2)
Property & Equipment, Net	1,010.1	1,013.9
Other Assets	430.3	428.2
<b>Invested Capital</b>	<b>\$ 3,812.2</b>	<b>3,636.8</b>
<b>ROIC</b>	<b>30.1%</b>	<b>29.8%</b>

## Reconciliation of ROIC to Return on Assets (ROA)

(Amounts in millions)	TTM 3Q23	TTM 3Q22
Net Earnings	\$ 1,134.2	1,072.5
Total Assets	\$ 4,612.0	4,425.0
<b>ROA</b>	<b>24.6%</b>	<b>24.2%</b>
NOPAT	\$ 1,146.1	1,083.7
Add: Income Tax Expense	361.7	337.8
Operating Income	1,507.8	1,421.5
Add: Interest Income	2.1	0.4
Subtract: Interest Expense	(14.0)	(11.6)
Subtract: Income Tax Expense	(361.7)	(337.8)
<b>Net Earnings</b>	<b>\$ 1,134.2</b>	<b>1,072.5</b>
Invested Capital	\$ 3,812.2	3,636.8
Add: Cash and Cash Equivalents	264.5	241.0
Add: Accounts Payable	276.2	267.1
Add: Accrued Expenses	259.1	280.2
<b>Total Assets</b>	<b>\$ 4,612.0</b>	<b>4,425.0</b>

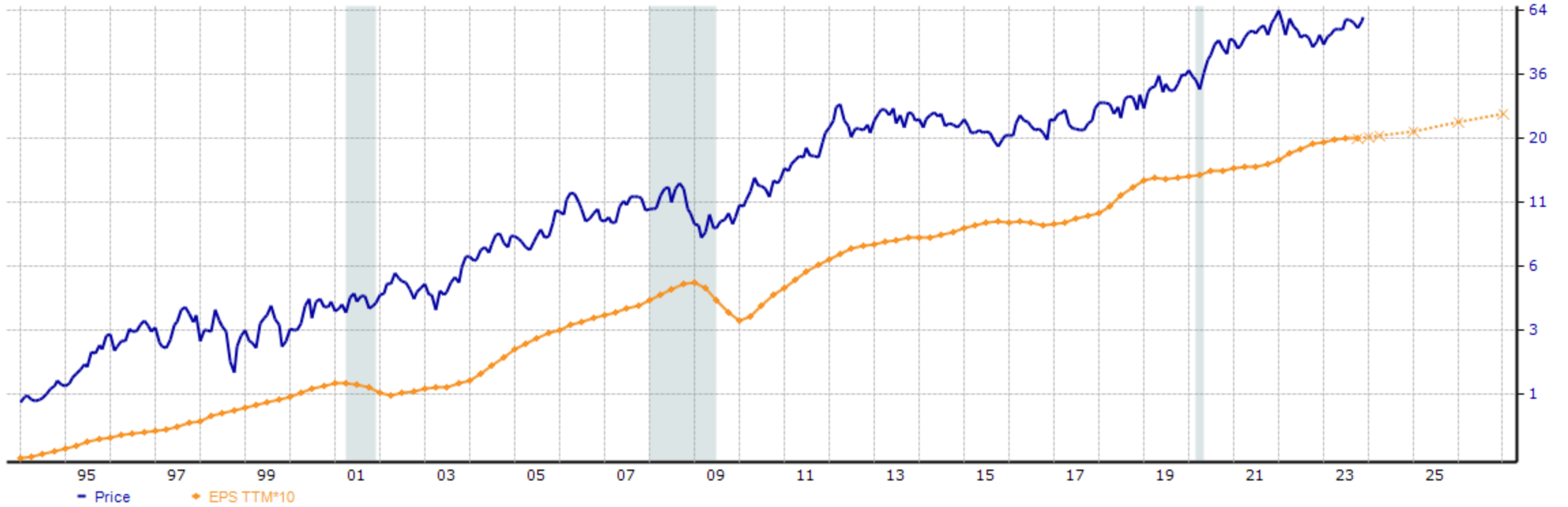
\* Amounts may not foot due to rounding differences.

# Net Result



Price & Earnings  
FASTENAL

Price \$ | EPS\*10



# The Big Four Metrics for Quality



- Linearity:
  - EPS Linearity: 0.95
  - FCF Linearity: 0.84
  
- Growth:
  - EPS Growth CAGR (20-yr): 12.4%
  - FCF Growth CAGR (20-yr): 18.4%
  
- Return on Invested Capital:
  - Current: 28.8%
  - 10-yr Median: 25.1%
  
- Free Cash Flow Conversion:
  - Current: 96.1%
  - 10-yr Median: 70%



# Thank You for Attending!



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