



THIRD QUARTER 2022

INVESTOR TELECONFERENCE

OCTOBER 13, 2022

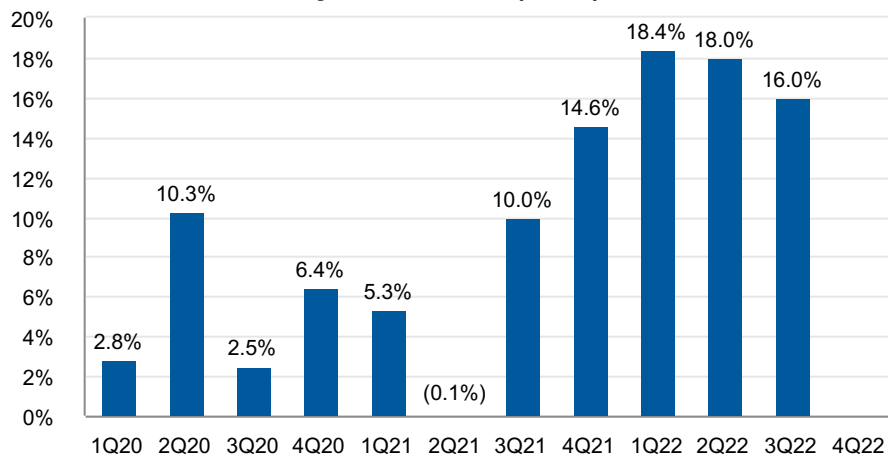


SAFE HARBOR STATEMENT

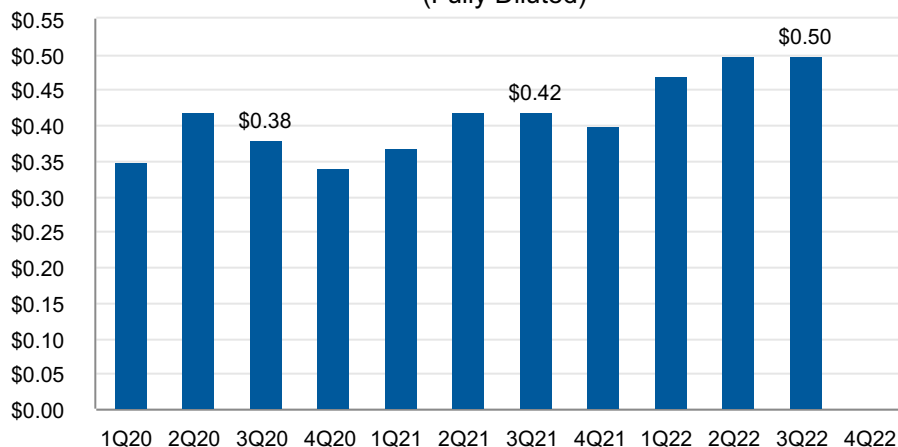
All statements made herein that are not historical facts (e.g., future operating results and business activity, as well as expectations regarding operations, including gross margin, future inventory levels, pricing, Onsite and weighted FMI device signings, the size of our U.S./Canada network of traditional branches, operating costs, capital expenditures, digital footprint, and supply chain difficulties) 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 3Q22

Daily Sales Rate (DSR) Growth



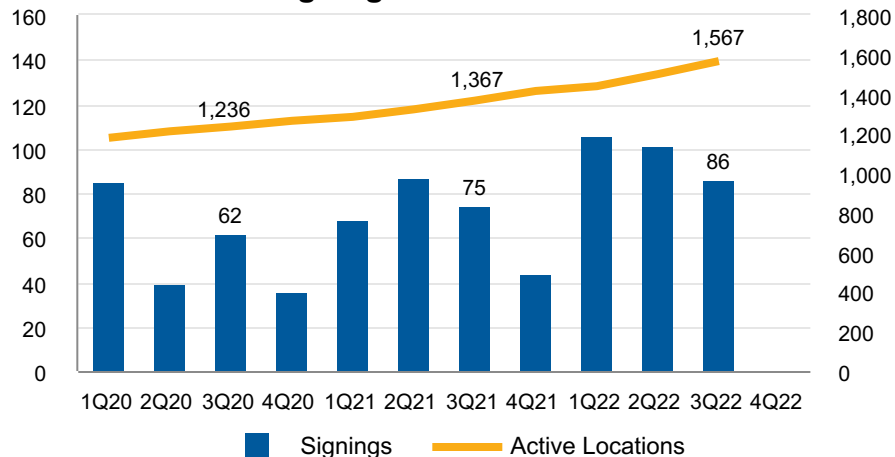
EPS (Fully Diluted)



- We had a solid performance in 3Q22. Our 16.0% daily sales growth was leveraged to 19.1% operating profit growth and, ultimately, strong operating cash flow (54.1% growth). The Blue Team continues to execute well.
- 3Q22 demand was stable. September's 2.7% sequential DSR growth lagged the historic norm of 3.4%, impacted by storms hitting the southeastern U.S. The storms likely reduced our sequential DSR by 0.5%.
- However, Regional VP feedback was more cautious. Our growth driver signings, discussed on the next page, provide momentum to continue to outgrow our marketplace. That said, we are preparing for a softer 2023.
- The business setting continued to feel more "normal":
 - I spent a week visiting employees in Europe, my first international trip since pre-pandemic. Despite the challenges of the last three years, our European year-to-date distribution sales are up nearly 80% in 2022 when compared to the same period in 2019, a figure understated by U.S. dollar strength over that time;
 - Our pre-pandemic margin profile re-emerged: mix-driven lower gross margin but strong expense leverage. Today, though, that is producing operating margin expansion;
 - 3Q22 cash flow conversion grew over the prior year for the first time since 1Q21, with an improving outlook.

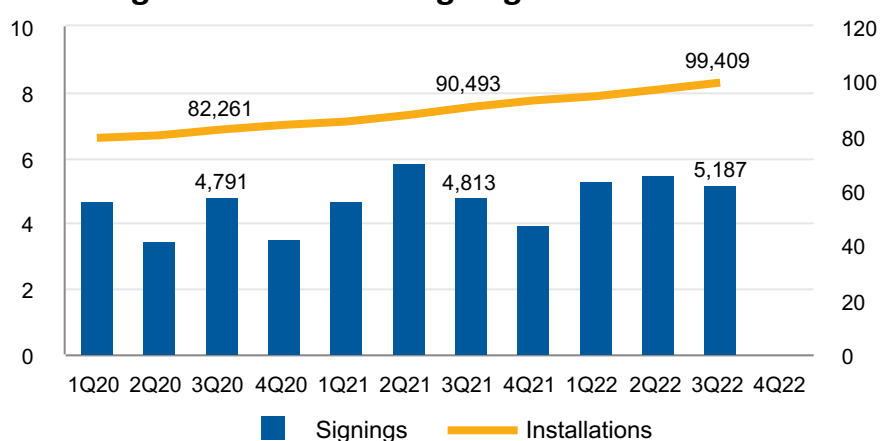
3Q22 GROWTH DRIVER UPDATE

Onsite Signings and Active Locations



- Onsites:** We had 86 signings in 3Q22 and finished with 1,567 active sites, +14.6% from 3Q21. Daily sales, excluding transferred branch sales, grew more than 20% from 3Q21. Our 2022 goal remains 375 to 400 signings, with the lower half of the range being more likely given year-to-date signings.
- FMI Technology:** We signed 5,187 weighted devices in 3Q22 (81 per day), versus 4,813 in 3Q21 (75 per day), with a final installed base of 99,409 weighted devices, +9.9% from 3Q21. Activity through our FMI technology platform represented 36.9% of sales in 3Q22, versus 33.0% of sales in 3Q21 and 25.0% of sales in 3Q20. Our 2022 goal remains 21,000 to 23,000 MEU of FASTBin and FASTVend signings.
- eCommerce:** Daily sales rose 50.2% in 3Q22. Large customer-oriented EDI was up 50.8%, while web sales were up 48.6%.
- Sales through our Digital Footprint** (FMI technology plus non-FMI-related eCommerce) was 49.5% of sales in 3Q22, versus 43.7% in 3Q21. We continue to anticipate we will hit 52% of our sales running through our Digital Footprint in 2022.

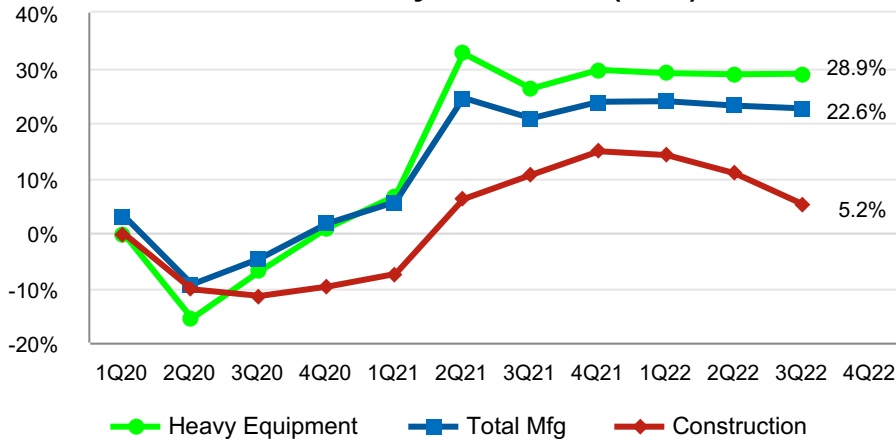
Weighted FMI Device Signings and Installations ⁽¹⁾



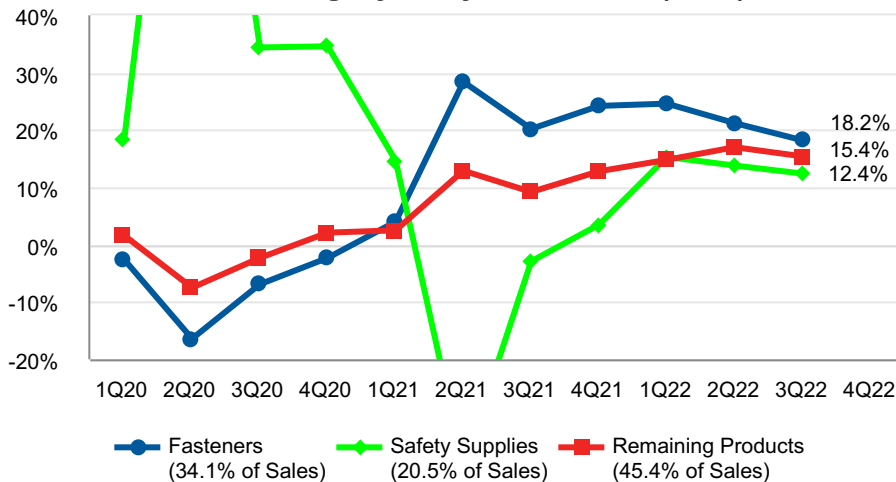
⁽¹⁾ Data excludes ~7.5K non-weighted vending devices related to a locker lease program

3Q22 BUSINESS CADENCE

End Market Daily Sales Rate (DSR) Growth



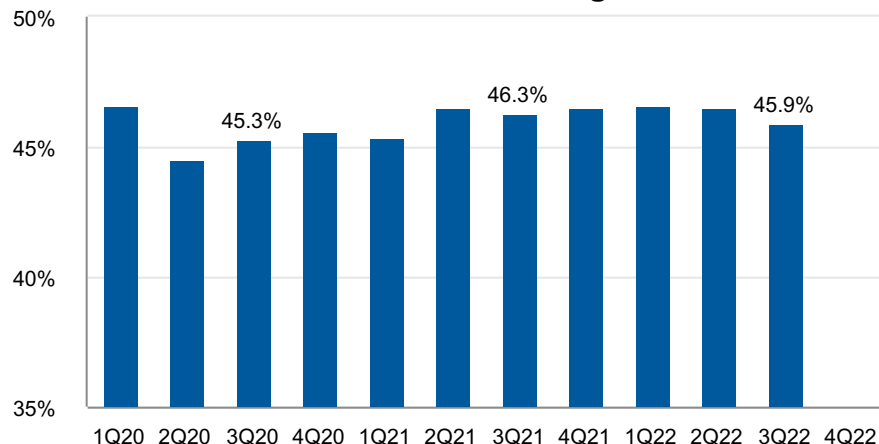
Product Category Daily Sales Rate (DSR) Growth



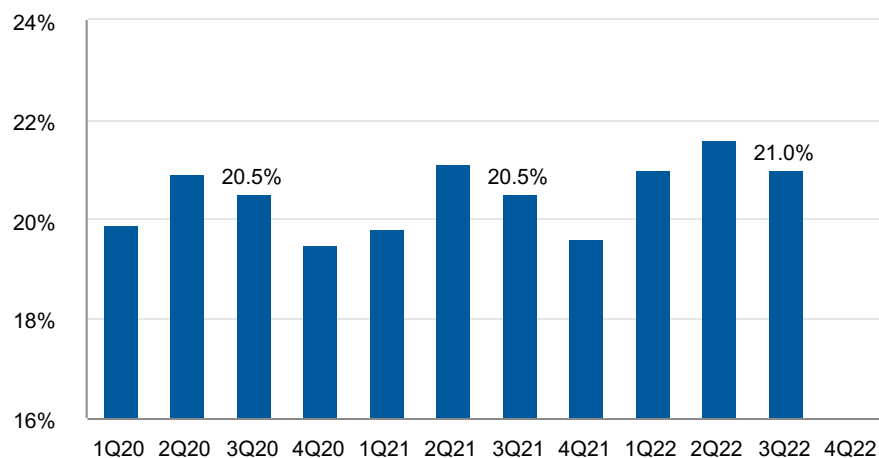
- U.S. Industrial Production rose 4.1% in July/August 2022 over 3Q21, and has been steady for the last five quarters. U.S. PMI averaged 52.2 in 3Q22, consistent with further near term growth, albeit at moderating rates as the metric was only narrowly above expansion in September.
- 3Q22 business activity was steady with the prior period, while sentiment was mixed. Adjusting for storm impacts and a difficult government comparison, our September daily sales rate was healthy on strong manufacturing trends. However, feedback from the field suggests there are pockets of increasing customer caution.
- Price added 550 to 580 bps to growth in 3Q22, easing from 2Q22 (660 to 690 bps contribution) as expected. We anticipate further moderation in 4Q22, as our comparisons become more challenging. Spot transportation and material costs have declined from peaks. However, price levels in the marketplace remain steady.
- Daily sales for **fasteners** (+18.2%) and **safety** (+12.4%) rose, and we achieved double-digit daily growth in all nine major product categories in 3Q22, and in eight of nine in September. Freight daily sales were +30.6% in 3Q22.
- **National Accounts'** daily sales rose 20.8% in 3Q22, with 83 of our Top 100 customers growing. **Non-National Account** daily sales (excluding government) rose 11.9% in 3Q22, with 70% of our branches growing.

3Q22 MARGIN SUMMARY

Gross Profit Margin



Operating Income Margin

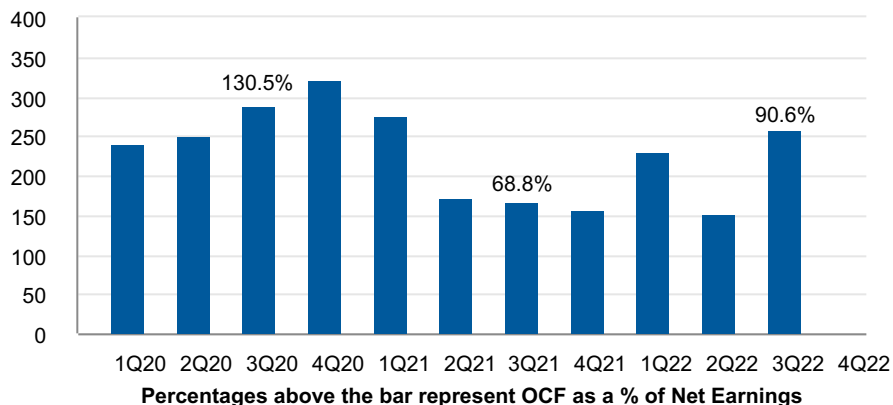


- Our 3Q22 operating margin was 21.0%, up 50 bps from 20.5% in 3Q21. Our incremental operating margin was 24.5%. Results reverted back to the pre-pandemic form of strong growth from larger accounts driving both lower gross margin and higher operating expense leverage.
- Operating expenses were 24.8% of net sales, 110 bps better than 3Q21. We leveraged both occupancy (branch consolidation) and employee-related (relatively slow growth in FTE, lower healthcare expenses) costs.
- 3Q22 gross margin was 45.9%, down 40 basis points from 46.3% in 3Q21, primarily due to several factors:
 - 1 Customer and product mix, which is consistent with our growth strategies and likely to be sustained;
 - 2 Negative price/cost, which we view as short-term. Price levels are stable, but not quite sufficient to reclaim all the cost inflation of the past 15 months. Inventory costs flattened in September versus August, though it will take several quarters for this to reflect in cost of goods sold.
 - 3 A glove write-down of \$3.4, which is a discrete item.

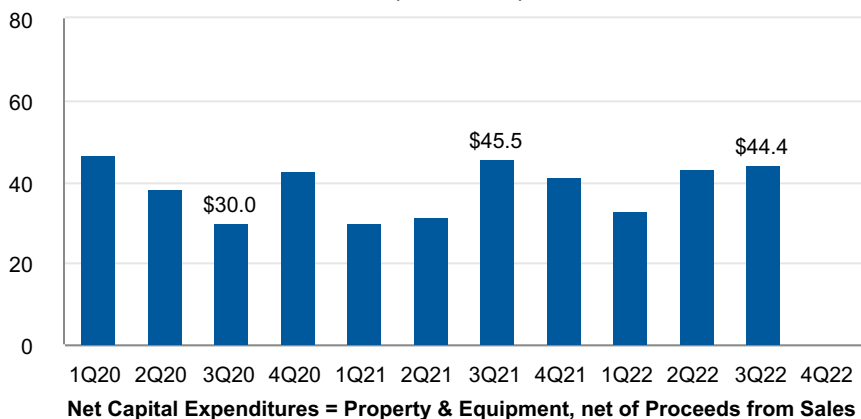
The combined impact of these items was 80 to 100 bps, and this was partly offset by leverage of organizational costs due to good business activity and strong freight revenue growth, which narrowed the net costs of our trucking activities.

3Q22 CASH FLOW PROFILE

Operating Cash Flow (in millions)



Net Capital Expenditures (in millions)



2022(E) Net CapEx: \$170.0 to \$190.0; 2021(A) Net Capex: \$148.2

- 3Q22 operating cash flow was \$257.9, or 90.6% of net earnings. The conversion rate is still below historical norms, but it was the first year-to-year increase since 1Q21. This was due to a moderation in our working capital investment.
- Accounts receivable rose 17.0% on higher sales activity and relative growth in larger customers that tend to have longer terms.
- Inventory rose 19.8%. Inflation accounted for slightly less than half of the increase with the balance being deeper stock in our hubs to improve service. The product build in our hubs is largely complete and supply chain predictability is stable, which allowed us to slightly shorten our order cycle in 3Q22.
- Net capital spending of \$44.4 in 3Q22 was essentially flat with \$45.5 in 3Q21. We lowered our expected net capital spend in 2022 to \$170.0 to \$190.0 (was \$180.0 to \$200.0). This reflects slightly lower spending for FMI hardware (lower signings) and vehicles (availability), as well as an increase in asset sales, largely related to facility sales.
- Balance sheet debt was 14.9% of total capital. Debt was higher both annually and sequentially from greater working capital needs and the repurchase of shares in the quarter. We returned \$272.8 of capital to shareholders through dividends (\$177.5) and share buyback (\$95.3) in 3Q22.

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 3Q22	TTM 3Q21
Operating Income	\$ 1,421.5	1,180.9
Income Tax Expense	(337.8)	(281.5)
NOPAT	\$ 1,083.7	899.4
Total Current Assets	\$ 2,983.0	2,708.5
Cash and Cash Equivalents	(241.0)	(291.2)
Accounts Payable	(267.1)	(233.7)
Accrued Expenses	(280.2)	(268.1)
Property & Equipment, Net	1,013.9	1,021.5
Other Assets	428.2	435.6
Invested Capital	\$ 3,636.8	3,372.6
ROIC	29.8%	26.7%

Reconciliation of ROIC to Return on Assets (ROA)

(Amounts in millions)	TTM 3Q22	TTM 3Q21
Net Earnings	\$ 1,072.5	889.9
Total Assets	\$ 4,425.0	4,165.6
ROA	24.2%	21.4%
NOPAT	\$ 1,083.7	899.4
Add: Income Tax Expense	337.8	281.5
Operating Income	1,421.5	1,180.9
Add: Interest Income	0.4	0.4
Subtract: Interest Expense	(11.6)	(9.9)
Subtract: Income Tax Expense	(337.8)	(281.5)
Net Earnings	\$ 1,072.5	889.9
Invested Capital	\$ 3,636.8	3,372.6
Add: Cash and Cash Equivalents	241.0	291.2
Add: Accounts Payable	267.1	233.7
Add: Accrued Expenses	280.2	268.1
Total Assets	\$ 4,425.0	4,165.6

* 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.
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%)
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%				
<i>Delta v. Benchmark</i>	1.7%	2.4%	0.2%	2.7%	(1.3%)	1.1%	(1.7%)	0.7%	1.6%	(1.8%)	(0.7%)	(0.1%)				
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>	1.0%	(3.0%)	2.2%	(1.0%)	(2.3%)	3.4%	(0.3%)	(0.3%)	(0.2%)	0.0%	1.5%	1.1%	2.1%	3.5%	2.3%	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>	(1.2%)	1.7%	(3.7%)	(2.0%)	3.8%	8.2%	(5.2%)	4.8%	(7.2%)	0.7%	(0.5%)	(3.6%)	(0.5%)	(4.1%)	3.1%	(0.8%)
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>	(0.5%)	0.6%	0.8%	1.5%	(2.5%)	0.4%	(0.5%)	(1.3%)	(1.2%)	0.8%	(0.2%)	(2.1%)	(2.3%)	(4.6%)	0.7%	(2.9%)

Days Count															Total		
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
2021	20	20	23		22	20	22		21	22	21		21		21	20	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. We also exclude the impact of the 2017 Mansco acquisition.

Notes:

- Good Friday was in April of 2019, 2020, 2021, and 2022.
- Amounts may not foot due to rounding differences.

EMPLOYEE STATISTICS

HEADCOUNT STATISTICS	Absolute Count							FTE Count ⁽¹⁾						
	3Q22	2Q22	Change Since 2Q22	4Q21	Change Since 4Q21	3Q21	Change Since 3Q21	3Q22	2Q22	Change Since 2Q22	4Q21	Change Since 4Q21	3Q21	Change Since 3Q21
In-market locations (branches & Onsites)	13,243	13,134	0.8%	12,464	6.3%	12,347	7.3%	11,897	12,039	(1.2%)	11,337	4.9%	11,104	7.1%
Non-in-market selling	2,419	2,326	4.0%	2,106	14.9%	2,080	16.3%	2,387	2,299	3.8%	2,076	15.0%	2,049	16.5%
Selling subtotal	15,662	15,460	1.3%	14,570	7.5%	14,427	8.6%	14,284	14,338	(0.4%)	13,413	6.5%	13,153	8.6%
Distribution/Transportation	3,907	3,771	3.6%	3,675	6.3%	3,562	9.7%	2,889	2,872	0.6%	2,740	5.4%	2,560	12.9%
Manufacturing	706	701	0.7%	649	8.8%	653	8.1%	671	672	(0.1%)	619	8.4%	616	8.9%
Organizational support personnel ⁽²⁾	1,750	1,697	3.1%	1,613	8.5%	1,589	10.1%	1,675	1,641	2.1%	1,598	4.8%	1,531	9.4%
Non-selling subtotal	6,363	6,169	3.1%	5,937	7.2%	5,804	9.6%	5,235	5,185	1.0%	4,957	5.6%	4,707	11.2%
Total	22,025	21,629	1.8%	20,507	7.4%	20,231	8.9%	19,519	19,523	0.0%	18,370	6.3%	17,860	9.3%

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

IN-MARKET LOCATION STATISTICS

	Annual						Quarterly			
	2016	2017	2018	2019	2020	2021	1Q22	2Q22	3Q22	4Q22
Starting Branches	2,622	2,503	2,383	2,227	2,114	2,003	1,793	1,760	1,737	
Opened Branches	40	18	11	12	12	10	6	2	3	
Closed/ Converted Branches ⁽¹⁾	(159)	(138)	(167)	(125)	(123)	(220)	(39)	(25)	(24)	
Ending Branches ⁽²⁾	2,503	2,383	2,227	2,114	2,003	1,793	1,760	1,737	1,716	
United States	2,202	2,084	1,932	1,814	1,697	1,484	1,449	1,425	1,402	
Canada/ Mexico	250	248	238	239	237	236	236	236	236	
Rest of the World	51	51	57	61	69	73	75	76	78	
Starting Onsites	264	401	605	894	1,114	1,265	1,416	1,440	1,501	
Opened Onsites	161	218	318	312	257	242	57	81	92	
Closed/ Converted Onsites ⁽¹⁾	(24)	(14)	(29)	(92)	(106)	(91)	(33)	(20)	(26)	
Ending Onsites ⁽²⁾	401	605	894	1,114	1,265	1,416	1,440	1,501	1,567	
United States	329	493	739	935	1,055	1,184	1,195	1,245	1,289	
Canada/ Mexico	61	94	126	143	163	178	188	197	212	
Rest of the World	11	18	29	36	47	54	57	59	66	
In-Market Locations	2,904	2,988	3,121	3,228	3,268	3,209	3,200	3,238	3,283	

⁽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.

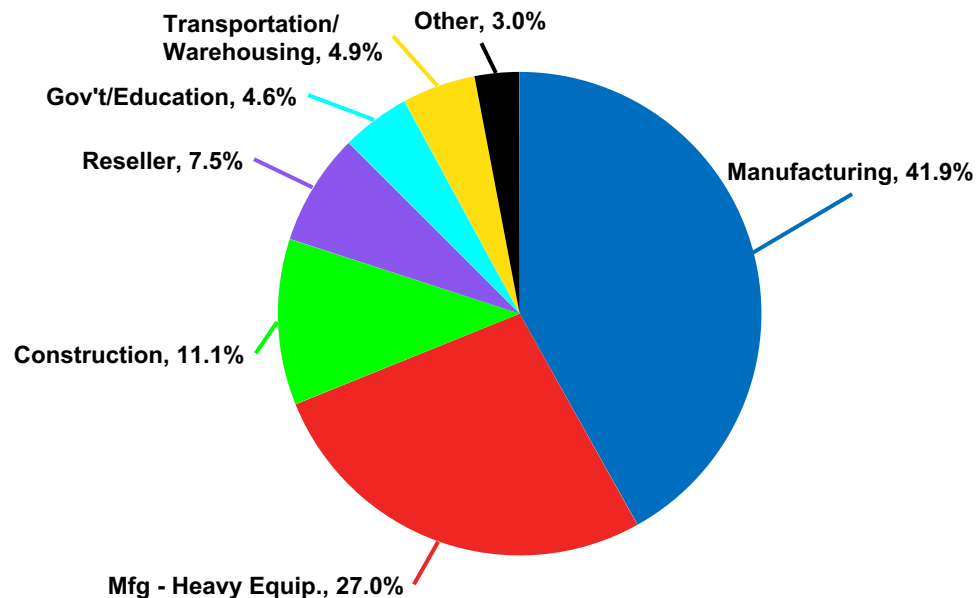
⁽²⁾ Beginning in 2022, the United States includes the Dominican Republic, Guam, and Puerto Rico which were previously grouped with other geographical regions. Prior period figures in the above table may differ slightly from those previously disclosed due to this minor change in reporting.

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 2021



MAJOR SEGMENT GROWTH

(Daily Sales rates)

		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Year-to-Date	Oct.	Nov.	Dec.	Full Year
Manufacturing (incl. Heavy Equip.)	2022	20.8%	25.8%	25.2%	25.7%	22.4%	21.0%	22.7%	23.5%	21.5%	23.2%				
	2021	4.8%	0.6%	10.8%	30.8%	18.9%	24.3%	22.5%	19.7%	20.1%	16.7%	22.9%	22.6%	25.8%	18.4%
Construction	2022	12.9%	19.5%	11.1%	13.4%	10.7%	8.3%	8.8%	5.8%	1.4%	9.8%				
	2021	(8.9%)	(14.4%)	0.0%	11.9%	4.4%	2.5%	9.5%	10.1%	11.7%	2.9%	14.2%	16.6%	13.5%	5.7%



THANK YOU

