

2023 FOURTH QUARTER

INVESTOR
TELECONFERENCE
JANUARY 18, 2024



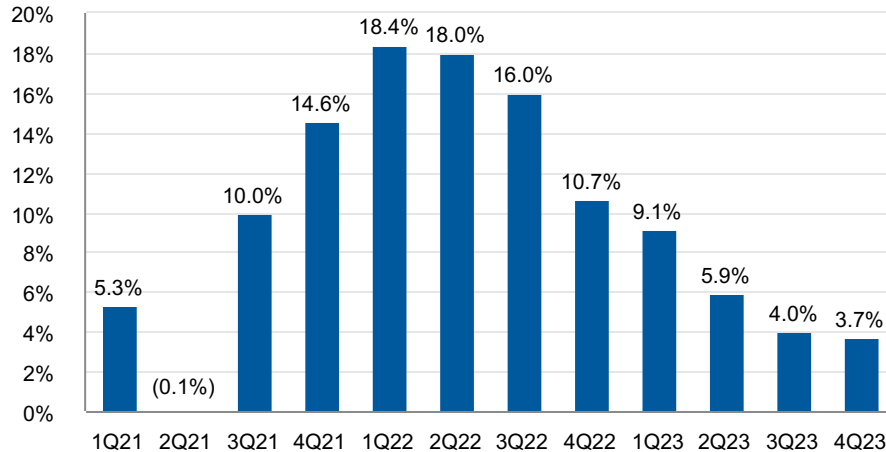
FASTENAL[®]
WHERE **INDUSTRY** MEETS **INNOVATION**[™]

SAFE HARBOR STATEMENT

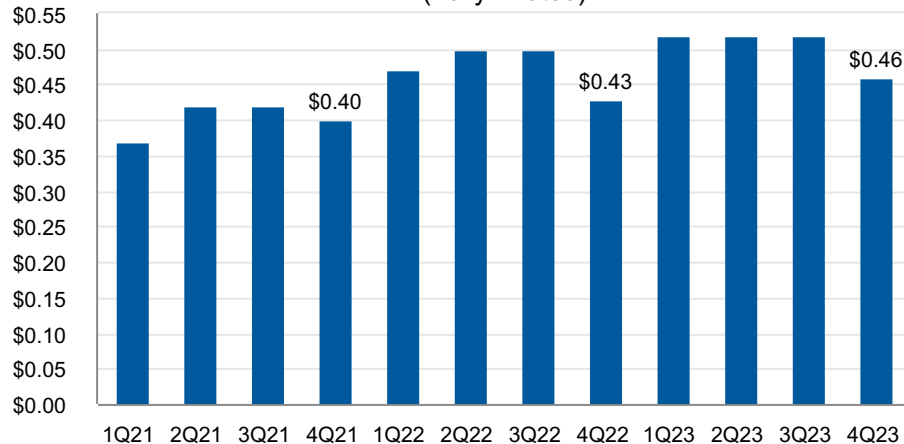
All statements made herein that are not historical facts (e.g., future operating results, long-term share gains, and business activity, as well as expectations regarding operations, including gross margin, future inventory levels, pricing, Onsite and weighted FMI device signings, the size of our U.S./Canada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

CEO MESSAGES ON 4Q23

Daily Sales Rate (DSR) Growth



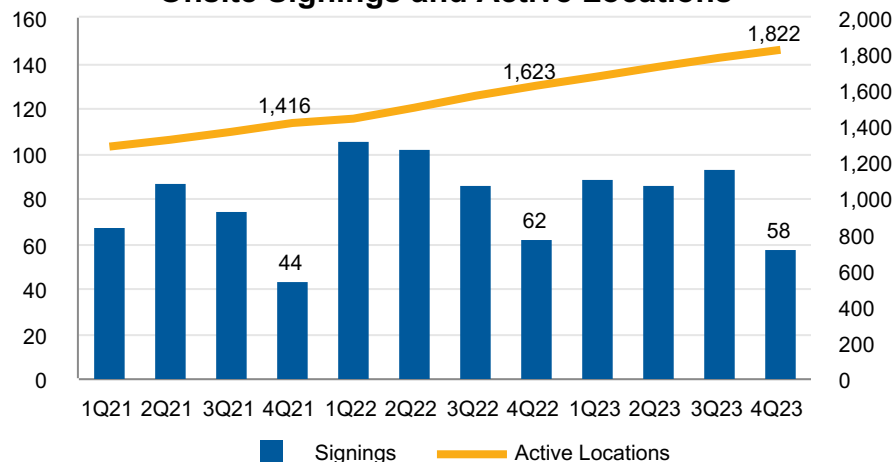
EPS
(Fully Diluted)



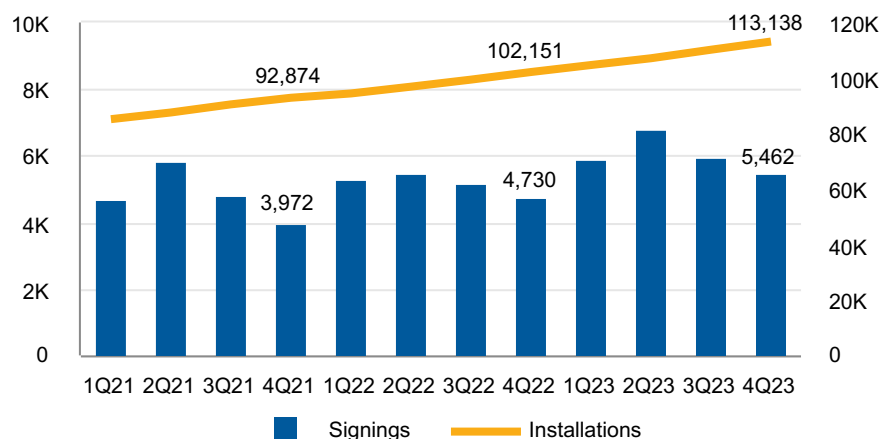
- 2023 saw two struggles. First, a sustained sub-50 PMI reflected soft business activity, including in 4Q23. Second, poorer execution than we expect of ourselves, manifested in leadership changes made during the year.
- 4Q23 daily sales were only +3.7%, though our EPS of \$0.46 increased 8.4%. For full year 2023, net sales and daily sales were +5.2% and +5.7%, respectively, which translated into EPS of \$2.02, an increase of 6.7%
- The performance of our growth initiatives was uneven in 4Q23 and the year. Still, 2023 had further development of our key account model, growth in our installed base of Onsite locations and FMI devices, and an increase in our Digital Footprint. These efforts allowed us to defend our operating margin despite slow business activity and a less favorable pricing environment.
- Operating cash flow was a record \$1.43B in 2023, increasing 52.3% from 2022. We converted 124.0% of net earnings into operating cash, up from 86.6% in 2022.
- We paid a fifth dividend of \$0.38 per share in December 2023, the fourth such supplemental payout since going public in 1987. Total dividends paid to shareholders in 2023 were \$1.02B, or 80.0% of our free cash flow (operating cash less net capital spending and cash paid for acquisitions). We retain a high degree of confidence in the future cash generating capabilities of our business.

4Q23 GROWTH DRIVER UPDATE

Onsite Signings and Active Locations



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



- **Onsites:** We had 58 signings in 4Q23. Active sites finished at 1,822, +12.3% from 4Q22. Daily sales, excluding transferred branch sales, grew at a mid single-digit rate from 4Q22. Units operating since 2021 or earlier were down at a low single-digit rate, though on a per-unit basis to account for closures they grew at a mid single-digit rate.

We signed 326 Onsites in 2023. Our signings goal in 2024 is 375 to 400 locations.

- **FMI Technology:** We signed 5,462 weighted devices (88/day) in 4Q23, versus 4,730 (76/day) in 4Q22. Our installed base was 113,138 weighted devices, +10.8% from 4Q22. Activity through our FMI technology platform represented 41.5% of sales in 4Q23, versus 38.7% of sales in 4Q22 and 35.1% of sales in 4Q21.

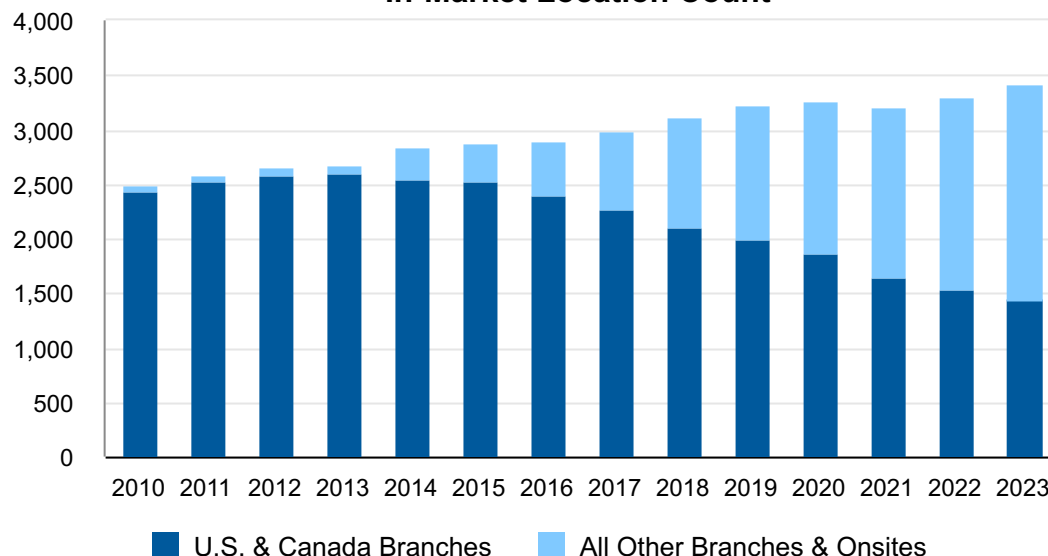
We signed 24,126 MEU of FASTBin and FASTVend units in 2023. Our signings goal in 2024 is 26,000 to 28,000 MEU.

- **eCommerce:** Daily sales rose 28.3% in 4Q23. Large customer-oriented electronic data interface (EDI) was up 22.7%, while web sales were up 45.5%.
- Sales through our **Digital Footprint** (FMI technology plus non-FMI-related eCommerce) was 58.1% of sales in 4Q23, versus 52.6% in 4Q22. We anticipate sales running through our Digital Footprint will reach 66% at some point in 2024. Our long-term expectation of 85% is unchanged.

⁽¹⁾ Machine equivalent units (MEUs)

GETTING CLOSER TO THE CUSTOMER

In-Market Location Count



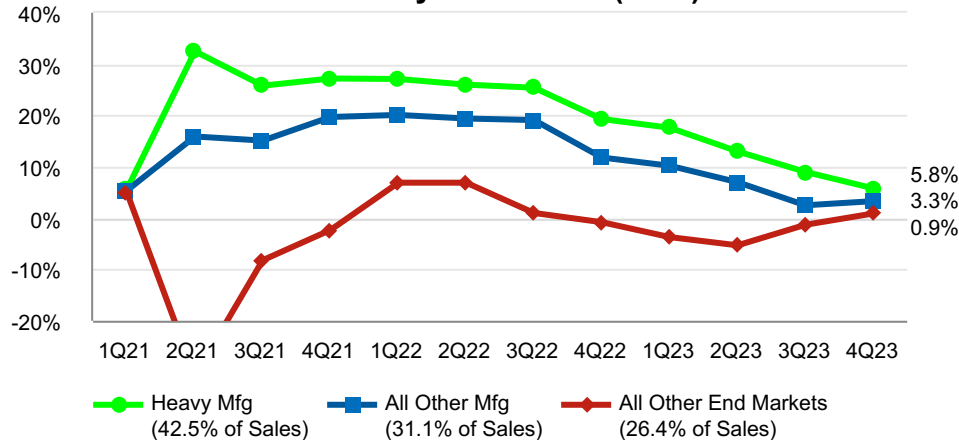
- **Total in-market⁽¹⁾ locations** were 3,419 at the end of 4Q23, up 3.4% from 3,306 at 4Q22. Our total in-market location count continues to grow due to a rising installed base of Onsites. In 2015, Onsites constituted 9.1% of our in-market locations; in 2023, they were 53.3%.
- Our Onsite business began with a customer request 20+ years ago. Over time, this morphed into our Onsite business model. This prompted us to revisit our branch network density, which we began to reduce in 2013.
- Over the last several years we have stated our U.S./Canada network would likely trend toward 1,450 traditional branches. We ended 2023 with 1,441 branches in the U.S./Canada markets and believe our branch count will remain between 1,400 and 1,500.
- 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. Based on prior analysis of a target branch count of 1,450, we believe we still have 30-minute access to roughly 93.5% of the U.S. manufacturing base.

⁽¹⁾ In-market locations include traditional branches, international branches, and Onsites

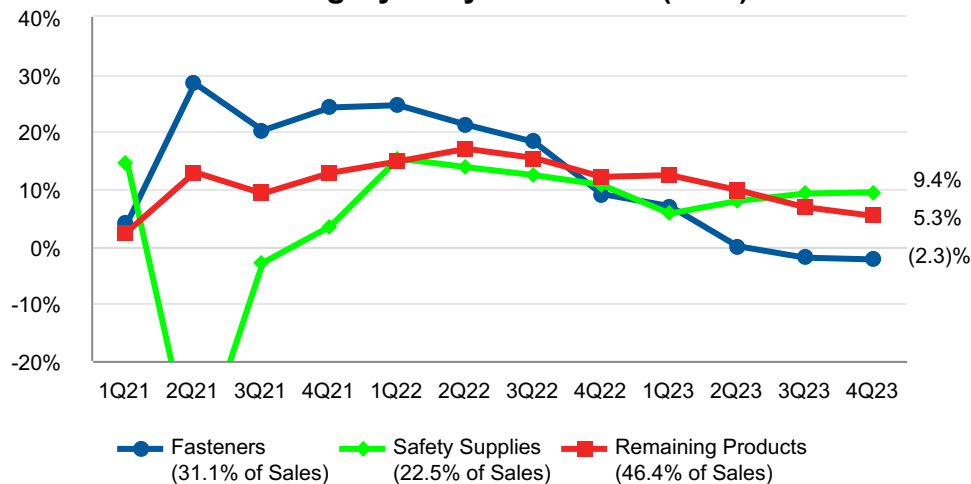
	YOY Change										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
U.S. & Canada Branches	0.9%	(2.3%)	(0.7%)	(5.1%)	(5.0%)	(7.1%)	(5.7%)	(6.1%)	(11.7%)	(7.2%)	(6.3%)
All Other Branches & Onsites	19.1%	276.5%	17.4%	40.8%	40.7%	41.5%	22.7%	13.1%	11.5%	13.9%	11.9%
Combined	1.3%	6.1%	1.2%	0.6%	2.9%	4.5%	3.4%	1.2%	(1.8%)	3.0%	3.4%

4Q23 BUSINESS CADENCE

End Market Daily Sales Rate (DSR) Growth



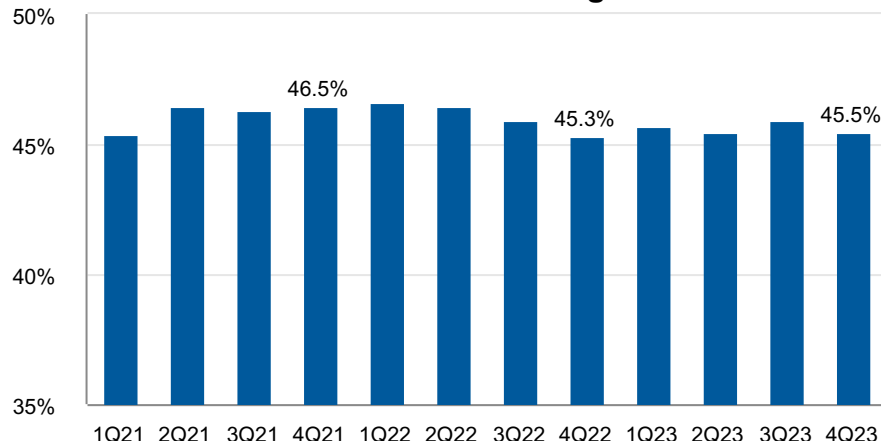
Product Category Daily Sales Rate (DSR) Growth



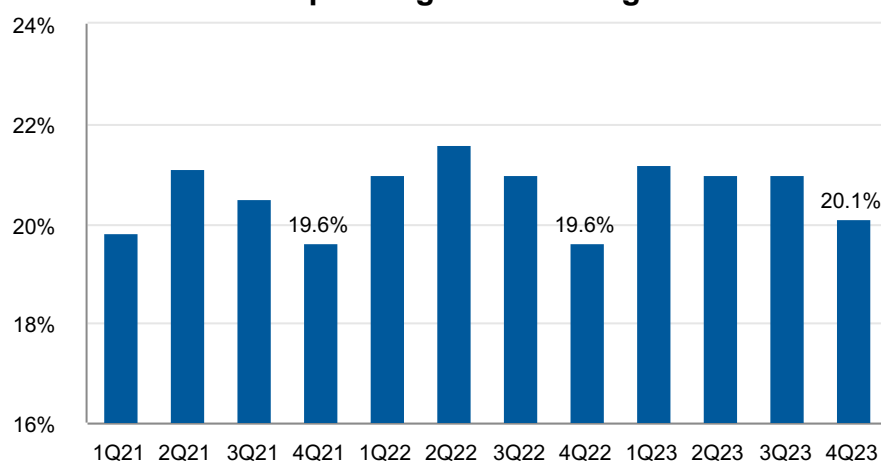
- U.S. Industrial Production declined 0.1% in Oct./Nov. 2023 over 4Q22, though heavier manufacturing components such as fabricated metal and machinery remained weaker than the broader index. U.S. PMI averaged 46.9 in 4Q23, making it 14 straight months of falling manufacturing activity.
- Daily sales grew 3.7% in 4Q23. December daily sales grew 5.3%, beating normal sequential seasonality. Warehousing, a component of other end markets, had strong holiday-related sell-through, favorable product mix, and easier comparisons. Excluding warehousing, November and December daily sales beat the seasonal benchmark more narrowly. Regional feedback reflects soft but stable activity in non-Warehousing markets.
- Fastener** daily sales fell reflecting the cyclical nature of the product and the steeper slide in price contribution. **Other Products** slowed on cyclical factors; less-cyclical janitorial was the strongest component. **Safety** was strong reflecting good FASTVend signings and strength from warehousing customers.
- Pricing remains stable with contribution to growth from price in 4Q23 within normal historical ranges.
- National Accounts'** daily sales rose 8.5% in 4Q23, with 59 of our Top 100 customers growing. **Non-National Account** daily sales fell 3.2% in 4Q23, with 53.4% of our in-market locations growing.

4Q23 MARGIN SUMMARY

Gross Profit Margin



Operating Income Margin

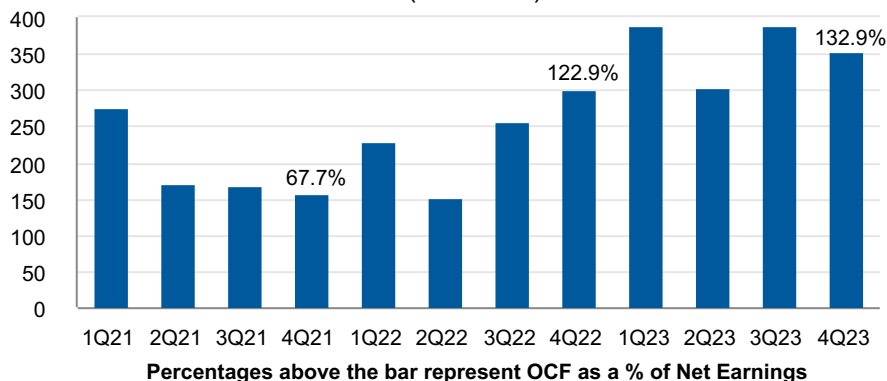


- 4Q23 gross margin was 45.5%, up from 45.3% in 4Q22. Better product margin and slightly favorable price-cost more than offset the negative effect of customer and product mix.
- Price-cost dynamics were comparable to the third quarter of 2023. We continue to experience a stable pricing environment and slightly lower costs related to shipping. The benefit largely recaptures the price-cost deficit we experienced in the comparable prior-year period. Our goal remains to be price-cost neutral, and our expectation is that we will trend back to that over the next several quarters.
- Our 4Q23 operating margin was 20.1%, up from 19.6% in 4Q22. Operating expenses were 25.3% of net sales, from 25.7% in 4Q22 despite the low daily sales growth.
- We achieved modest leverage of occupancy costs reflecting our reduced branch base and lower vending expenses related to the roll-off of machine depreciation. We achieved healthy leverage of our other operating and administrative expenses resulting from easier comparisons, tighter cost discipline, greater contribution from supplier collaboration programs, and higher income from asset sales.

4Q23 CASH FLOW PROFILE

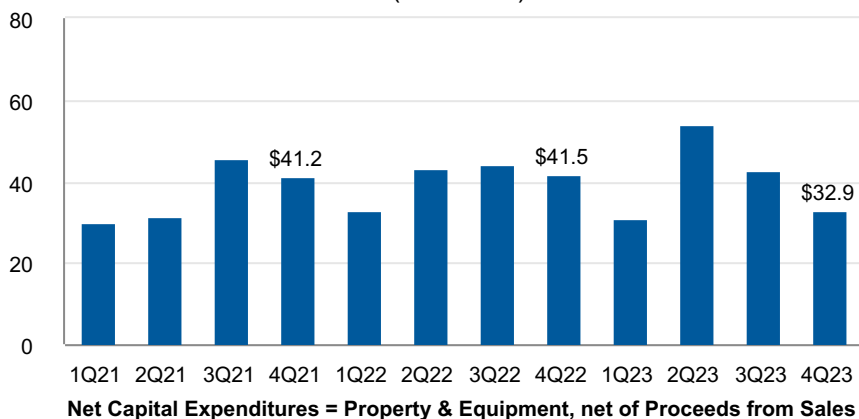
Operating Cash Flow

(in millions)



Net Capital Expenditures

(in millions)



2024(E) Net CapEx: \$225.0 to \$245.0; 2023(A) Net CapEx: \$160.6

- 4Q23 operating cash flow was \$354.0, or 132.9% of net earnings. For the full year of 2023, operating cash flow was \$1,432.7, or 124.0% of net earnings. The absence of last year's supply chain constraints, slower business activity, and internal process improvements resulted in working capital being a significant source of cash in 2023.
- The strong cash flow, and our confidence in the sustained cash generating capability of our model, allowed us to pay out a supplemental dividend in December 2023. As a result, we returned \$417.3 of capital to shareholders through dividends in 4Q23 and \$1,016.8 in 2023.
- We remain conservatively capitalized, with balance sheet debt at 7.2% of total capital in 4Q23, versus 14.9% in 4Q22.
- Accounts receivable** rose 7.3% from 4Q22 as a result of sales growth, a shift in our sales mix toward larger customers, and slower year-end payments. **Inventory** fell 10.8% from 4Q22, reflecting shorter order cycles for imported products, softer business activity, modest product deflation, and internal process improvements.
- Net capital spending was \$160.6 in 2023, versus \$162.4 in 2022. This was below our targeted range due to the timing of certain outlays and the impact of slow business activity on spending. Our 2024 net capital spending range is \$225.0 to \$245.0 on investments in hub capacity and facility picking capabilities, FMI purchases, and IT spending.

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 10 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 4Q23	TTM 4Q22
Operating Income	\$	1,528.7	1,453.6
Income Tax Expense		(367.0)	(353.1)
Net Operating Profit After Tax (NOPAT)	\$	1,161.7	1,100.5
<hr/>			
Total Current Assets	\$	3,072.9	2,990.7
Cash and Cash Equivalents		(225.7)	(233.2)
Accounts Payable		(259.6)	(244.1)
Accrued Expenses		(241.1)	(269.7)
Property & Equipment, Net		1,010.6	1,014.6
Other Assets		422.4	418.5
Invested Capital	\$	3,779.5	3,676.8
<hr/>			
ROIC		30.7%	29.9%

Reconciliation of ROIC to Return on Assets (ROA)

(Amounts in millions)		TTM 4Q23	TTM 4Q22
Net Earnings	\$	1,155.0	1,086.9
Total Assets	\$	4,505.8	4,423.8
ROA		25.6%	24.6%
<hr/>			
NOPAT	\$	1,161.7	1,100.5
Add: Income Tax Expense		367.0	353.1
Operating Income		1,528.7	1,453.6
Add: Interest Income		4.1	0.7
Subtract: Interest Expense		(10.8)	(14.3)
Subtract: Income Tax Expense		(367.0)	(353.1)
Net Earnings	\$	1,155.0	1,086.9
<hr/>			
Invested Capital	\$	3,779.5	3,676.8
Add: Cash and Cash Equivalents		225.7	233.2
Add: Accounts Payable		259.6	244.1
Add: Accrued Expenses		241.1	269.7
Total Assets	\$	4,505.8	4,423.8

* 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.
2024 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%)	(6.3%)
2023 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%	(2.6%)	1.3%	4.0%	5.5%	(3.0%)	2.3%	(2.5%)	(5.3%)
<i>Delta v. 2023 Benchmark</i>	(0.6%)	0.1%	(2.9%)	(2.8%)	0.2%	(2.0%)	(2.1%)	(6.9%)	0.5%	(1.6%)	0.4%	(7.8%)	(1.1%)	(8.8%)	1.0%	1.3%
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. 2023 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. 2023 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. 2023 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 in the 2023 benchmark.

Notes:

- Good Friday was in April of 2020, 2021, 2022, 2023, and will be in March of 2024.
- Amounts may not foot due to rounding differences.

EMPLOYEE STATISTICS

HEADCOUNT STATISTICS	Absolute Count					FTE Count ⁽¹⁾				
	4Q23	3Q23	Change Since 3Q23	4Q22	Change Since 4Q22	4Q23	3Q23	Change Since 3Q23	4Q22	Change Since 4Q22
Selling personnel ⁽²⁾	16,512	16,261	1.5%	15,898	3.9%	15,070	14,750	2.2%	14,476	4.1%
Distribution/Transportation personnel	4,042	3,955	2.2%	3,974	1.7%	3,095	2,984	3.7%	2,971	4.2%
Manufacturing personnel	733	745	(1.6%)	733	0.0%	697	704	(1.0%)	696	0.1%
Organizational support personnel ⁽²⁾	1,914	1,901	0.7%	1,781	7.5%	1,859	1,846	0.7%	1,711	8.6%
Total personnel	23,201	22,862	1.5%	22,386	3.6%	20,721	20,284	2.2%	19,854	4.4%

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. Organizational support personnel consists of: (1) Sales & Growth Driver Support personnel (approximately 35% 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

	2013 ⁽¹⁾	2014 ⁽¹⁾	2015	2016	2017	2018	2019	2020	2021	2022	2023
Starting Branches	2,652	2,687	2,637	2,622	2,503	2,383	2,227	2,114	2,003	1,793	1,683
Opened Branches	53	24	41	40	18	11	12	12	10	12	10
Closed/ Converted Branches ⁽²⁾	(18)	(74)	(56)	(159)	(138)	(167)	(125)	(123)	(220)	(122)	(96)
Ending Branches ⁽³⁾	2,687	2,637	2,622	2,503	2,383	2,227	2,114	2,003	1,793	1,683	1,597
United States	2,402	2,344	2,328	2,202	2,084	1,932	1,814	1,697	1,484	1,369	1,277
Canada/ Mexico	245	246	247	250	248	238	239	237	236	235	233
Rest of the World	40	47	47	51	51	57	61	69	73	79	87
Starting Onsites	0	0	214	264	401	605	894	1,114	1,265	1,416	1,623
Opened Onsites	0	0	63	161	218	318	312	257	242	306	329
Closed/ Converted Onsites ⁽²⁾	0	0	(13)	(24)	(14)	(29)	(92)	(106)	(91)	(99)	(130)
Ending Onsites ⁽³⁾	0	214	264	401	605	894	1,114	1,265	1,416	1,623	1,822
United States	0	181	220	329	493	739	935	1,055	1,184	1,338	1,506
Canada/ Mexico	0	25	35	61	94	126	143	163	178	218	247
Rest of the World	0	8	9	11	18	29	36	47	54	67	69
In-Market Locations	2,687	2,851	2,886	2,904	2,988	3,121	3,228	3,268	3,209	3,306	3,419

⁽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, Onsite locations are intentionally omitted for 2013.

⁽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.

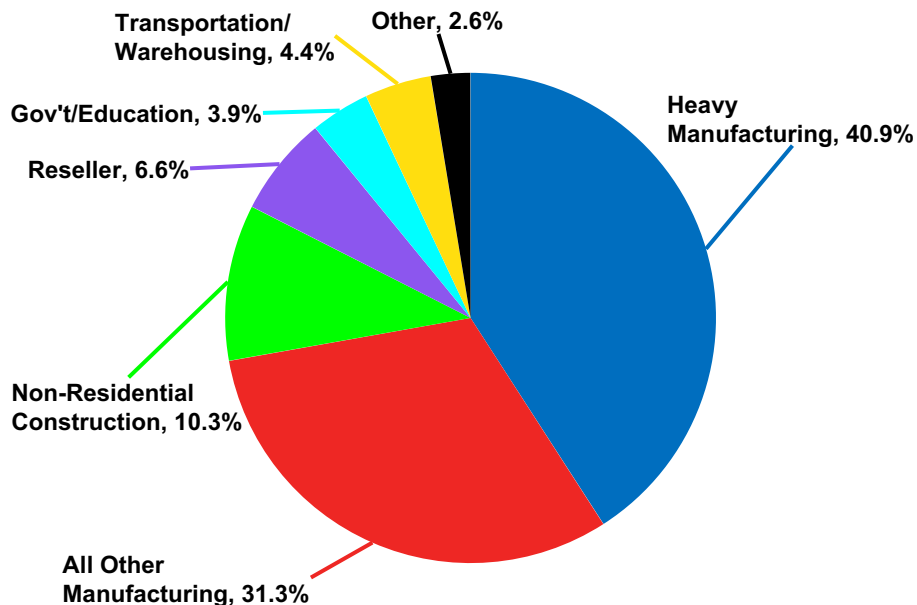
⁽³⁾ Beginning in 2022, the United States includes the Dominican Republic, Guam, and Puerto Rico which were previously grouped with other geographical regions. Prior period figures in the above table may differ slightly from those previously disclosed due to this minor change in reporting.

Notes:

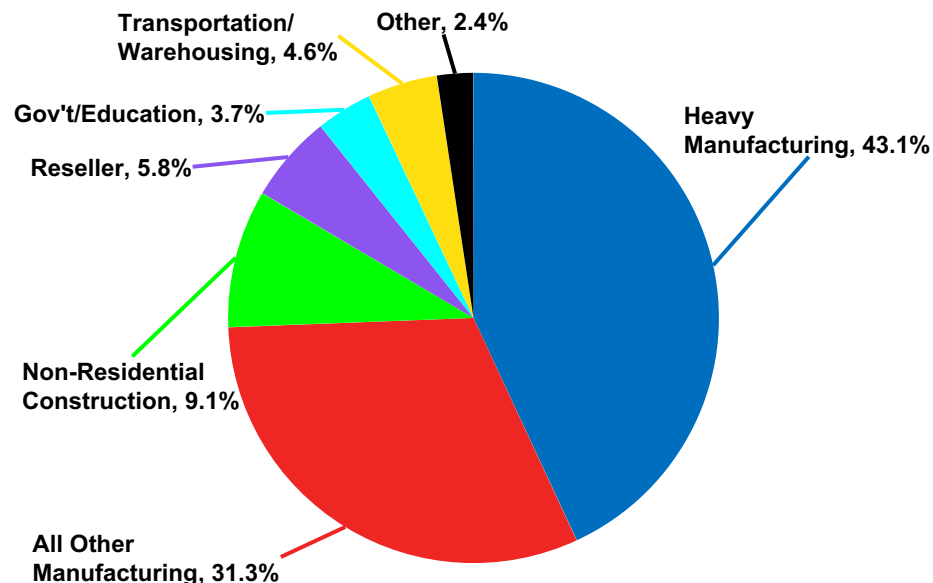
- Branch count includes all locations that sell to multiple customer accounts (primarily our traditional and overseas branches). Onsite count includes all locations that sell to a single customer account.

END MARKET PROFILE

End Market Mix - Full Year 2022



End Market Mix - Full Year 2023



MAJOR SEGMENT GROWTH

(Daily Sales rates)			Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Full Year
Heavy Manufacturing	2023		20.2%	19.7%	13.7%	14.8%	11.7%	12.6%	9.8%	8.6%	8.9%	5.6%	5.5%	5.7%	11.3%
	2022		23.7%	29.1%	28.3%	28.7%	25.1%	24.2%	25.1%	26.3%	24.7%	21.9%	18.2%	17.7%	24.3%
All Other Manufacturing	2023		13.1%	10.7%	7.4%	10.5%	7.1%	3.5%	3.1%	1.3%	3.5%	1.9%	3.2%	4.6%	5.7%
	2022		17.4%	21.7%	21.3%	22.1%	19.0%	17.2%	19.8%	20.0%	17.5%	15.3%	11.7%	8.1%	17.6%
All Other End Markets	2023		(1.9%)	(5.2%)	(3.9%)	(4.4%)	(6.1%)	(5.3%)	(3.5%)	(1.1%)	0.8%	(3.7%)	1.8%	5.3%	(2.4%)
	2022		3.0%	12.0%	6.1%	8.8%	7.3%	4.7%	7.6%	(0.7%)	(3.1%)	2.1%	(0.9%)	(4.0%)	3.5%

THANK YOU



FASTENAL[®]
WHERE INDUSTRY MEETS INNOVATION[™]