



Investor Teleconference Presentation First Quarter 2017



Fastenal Company
April 12, 2017

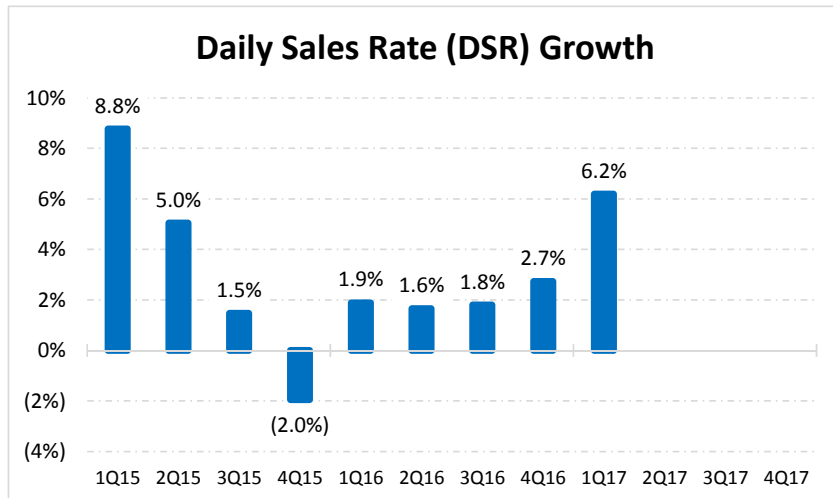
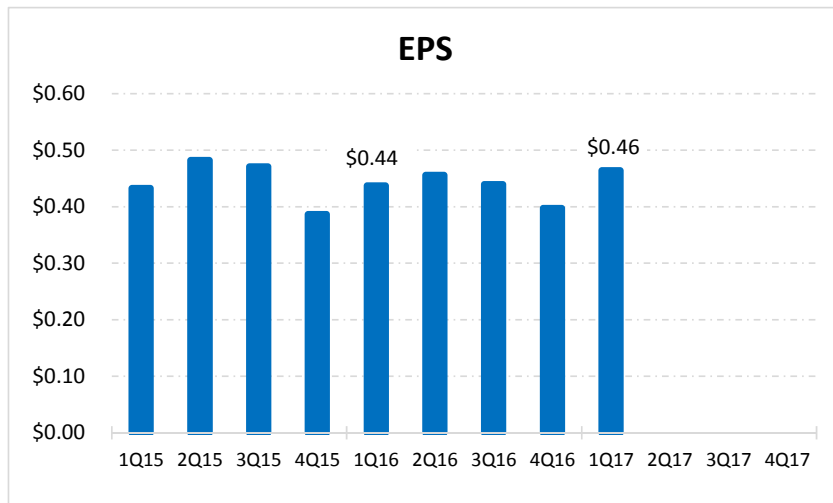


Safe Harbor Statement

All statements made herein that are not historical facts (e.g., goals regarding Onsite and vending signings as well as expectations regarding capital expenditures) 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 the Form 10-K for Fastenal Company for the year ended December 31, 2016 filed with the Securities & 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.



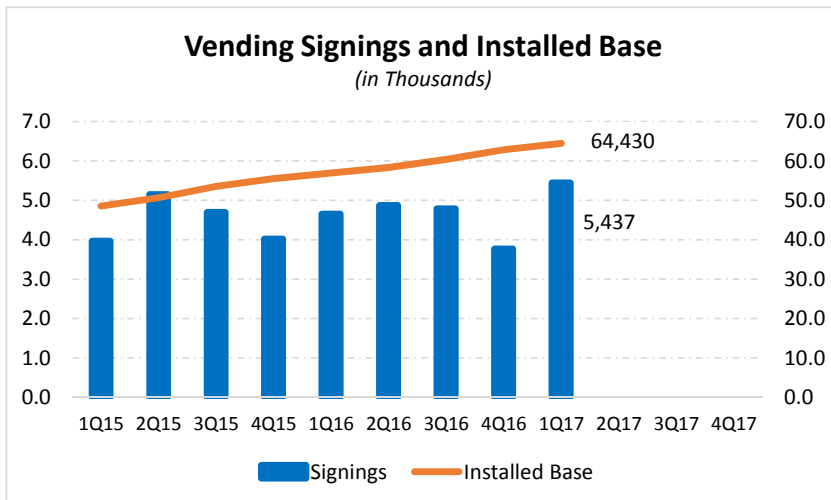
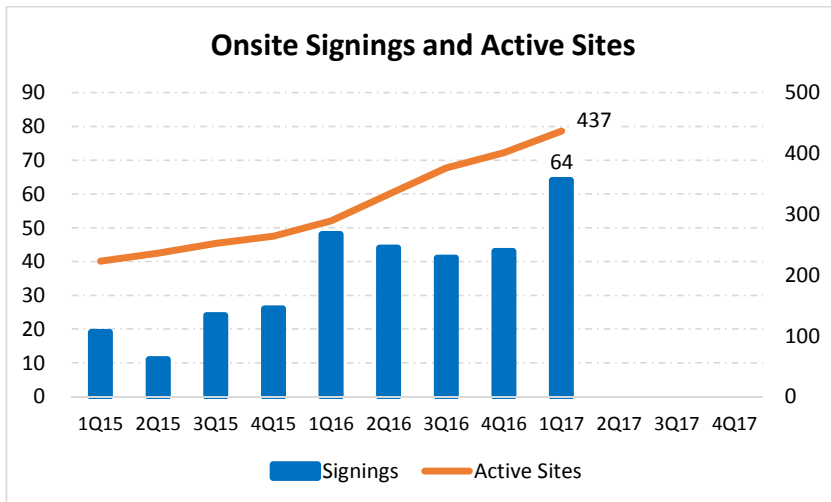
CEO Messages on 1Q17



- Demand gains drove daily sales growth of 6.2% annually, the fastest since 1Q15. Fastener sales returned to growth, and non-fastener sales grew 9.4% (and double-digits in March).
- Pre-tax earnings grew 5.5%, the fastest pace since 2Q15.
- Achieved 20 bps of operating expense leverage, which contributed to an improved incremental operating margin.
- Strong cash flow driven by seasonality, lower capital spending, and the absence of incremental CSP 16 investment.
- Closed acquisition of Mansco, Fastenal's largest to date.



1Q17 Growth Driver Update

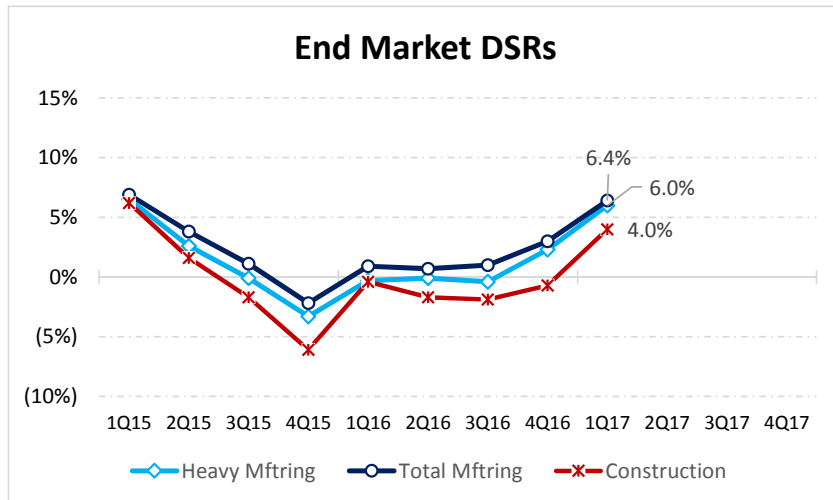
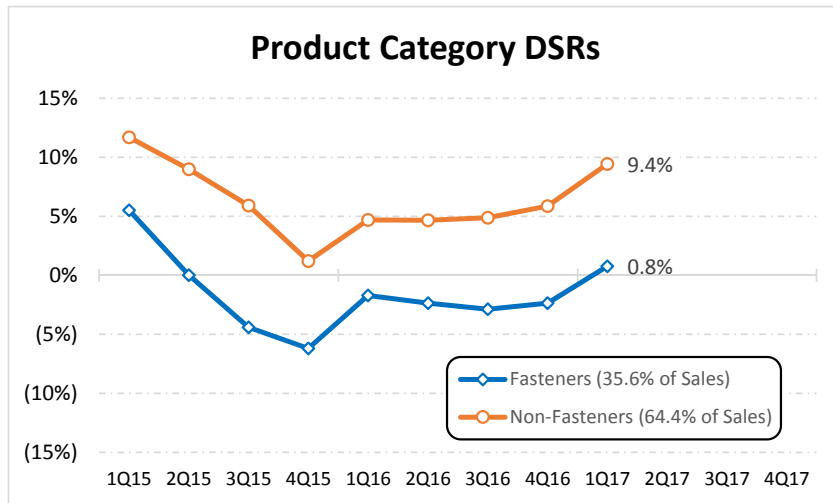


- Signed 64 new Onsites, finishing with 437 active locations (up 51.2%). Our goal remains 275-300 signings in 2017 (versus 176 signings in 2016).
- Signed 5,437 vending units, up 17.0% annually. Sales of product through our machines grew double digits. Our goal remains 22,000 gross signings in 2017.
- Total National Accounts sales rose 9.2% in 1Q17. Sales to 64 of our Top 100 customers grew in the period.
- Daily Sales of CSP product—including CSP 16 stock put into the stores last year—rose 10.4%.

Vending data excludes units associated with our leased locker program



1Q17 Business Cadence



- *The U.S. PMI averaged 57.0 in 1Q17, vs. 49.8 in 1Q16 and 53.3 in 4Q16.*
- *U.S. Industrial Production (IP) was +0.6% in Jan./Feb. 2017 vs. 1Q16 and +0.3% vs. 4Q16.*
- *Fastener sales growth turned positive on better macro trend. Non-fastener sales accelerated and were +11.8% in March.*
- *Sentiment is strong in construction and oil/gas and is firming in manufacturing. The chief laggard is transportation-related manufacturing.*



1Q17 Results Summary

Annual Rates of Change 1Q17 1Q16 % Chg.

Dollar amounts in millions, except per share amounts

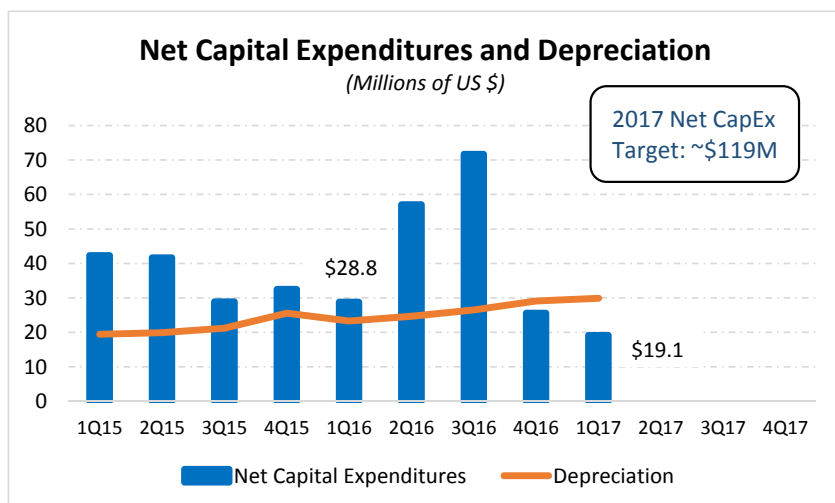
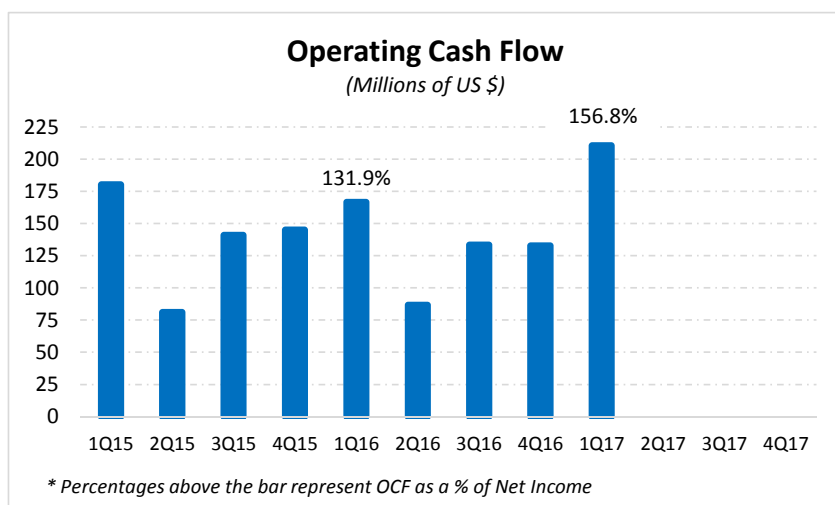
Net Sales	\$1,047.7	\$986.7	6.2%
DSR Yr./Yr. % Chg.	---	---	6.2%
Gross Profit	\$518.0	\$491.5	5.4%
Gross Profit Margin	49.4%	49.8%	(40 bps)
Employee-Related Exp.	---	---	3.7%
Occupancy-Related Exp.	---	---	1.2%
Selling Transportation Exp.	---	---	20.6%
Operating Income	\$212.5	\$201.2	5.6%
Operating Income Margin	20.3%	20.4%	(10 bps)
EPS (Fully-Diluted)	\$0.46	\$0.44	6.2%
Onsite Signings	64	48	33.3%
Vending Signings	5,437	4,647	17.0%
Store Count	2,480	2,626	(5.6%)
Store FTE	11,197	11,380	(1.6%)
Total FTE	16,756	17,045	(1.7%)
Operating Cash Flow	\$210.4	\$166.5	26.4%
% of Net Earnings	156.8%	131.9%	---
Capital Expenditures (Net)	\$19.1	\$28.8	(33.7%)
Dividends	\$92.6	\$86.5	7.0%
Dividends Per Share	\$0.32	\$0.30	6.7%
Share Repurchase	\$0.0	\$59.5	---
Total Debt	\$365.0	\$370.0	(1.4%)
Tot. Debt/Capital	15.6%	16.9%	

- *The gross profit margin declined mostly from mix changes, as well as higher freight costs (increased activity), and expenses related to an inventory tracking initiative.*
- *Good leverage of employee and occupancy costs, supporting an improved incremental operating margin of 18.5%. Higher fuel costs lifted transportation expense.*
- *Price was not a factor, though conditions are increasingly inflationary.*
- *Headcount was lower annually but ticked up sequentially with business activity. A lower store count, including from 4Q16 to 1Q17, reflects the closure of locations that were able to be consolidated into nearby facilities.*

Percentage calculations may not be able to be reproduced due to rounding of dollar values.



1Q17 Cash Flow Profile



- *Operating cash flow was up 26.4% to a record \$210.4 million, or 156.8% of net earnings. Seasonality, better earnings, and the absence of spending related to CSP 16 contributed.*
- *Net capital spending of \$19.1 million fell 33.7% to a six-year low due to lower spending related to CSP 16, distribution center projects, and trucks. We continue to expect net capital expenditures to be down 35% in 2017.*
- *Primary uses of free cash were dividends and the acquisition of Mansco.*
- *Total debt was 15.6% of total capital, down slightly from the prior year.*



Appendix

Non-GAAP Financial Measures

This document 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 investors in 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

<i>(Amounts in millions)</i>	TTM 1Q17	TTM 1Q16
Operating Income	\$807.1	\$826.2
(Income Tax Expense)	(293.4)	(307.4)
NOPAT	\$513.7	\$518.8
Total Current Assets	\$1,789.0	\$1,698.1
Cash and Cash Equivalents	(142.4)	(135.7)
Accounts Payable	(144.1)	(145.4)
Accrued Expenses	(171.4)	(174.1)
Property & Equipment, Net	858.7	804.9
Other Assets, Net	66.9	30.4
Invested Capital	\$2,256.7	\$2,078.2
ROIC	22.8%	25.0%

Reconciliation of ROIC to Return on Assets (ROA)

<i>(Amounts in millions)</i>	TTM 1Q17	TTM 1Q16
Net Earnings	\$507.4	\$515.0
Total Assets	\$2,714.6	\$2,533.4
ROA	18.7%	20.3%
NOPAT	\$513.7	\$518.8
Add: Income Tax Expense	<u>293.4</u>	<u>307.4</u>
Operating Income	807.1	826.2
Add: Interest Income	0.4	0.3
Subtract: Interest Expense	(6.8)	(4.1)
Subtract: Income Tax Expense	<u>(293.4)</u>	<u>(307.4)</u>
Net Earnings	\$507.4	\$515.0
Invested Capital	\$2,256.7	\$2,078.2
Add: Cash and Cash Equivalents	142.4	135.7
Add: Accounts Payable	144.1	145.4
Add: Accrued Expenses	171.4	174.1
Total Assets	\$2,714.7	\$2,533.4

* Amounts may not foot due to rounding differences.



Sequential Trends

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	(1.1%)	0.9%	4.5%	5.5%	(1.0%)	1.9%	1.8%	8.4%	(3.7%)	3.8%	1.8%	10.3%	(2.4%)	7.6%	(3.7%)	(6.9%)
2017 DSR	0.2%	1.5%	3.6%	5.1%												
<i>Delta v. Benchmark</i>	1.3%	0.6%	(0.9%)	(0.4%)												
2016 DSR	0.4%	(0.8%)	1.5%	0.7%	1.7%	0.6%	(0.2%)	2.9%	(2.3%)	2.4%	1.5%	4.5%	(0.9%)	3.6%	(5.5%)	(6.6%)
<i>Delta v. Benchmark</i>	1.5%	(1.7%)	(3.0%)	(4.8%)	2.7%	(1.3%)	(1.9%)	(5.5%)	1.4%	(1.4%)	(0.2%)	(5.8%)	1.5%	(4.0%)	(1.8%)	0.3%
2015 DSR	(3.6%)	(0.1%)	4.2%	4.0%	(2.1%)	3.4%	0.9%	6.3%	(4.3%)	4.1%	(0.9%)	5.0%	(2.0%)	2.9%	(3.0%)	(8.4%)
<i>Delta v. Benchmark</i>	(2.5%)	(1.0%)	(0.4%)	(1.5%)	(1.1%)	1.4%	(0.9%)	(2.1%)	(0.6%)	0.3%	(2.7%)	(5.3%)	0.4%	(4.7%)	0.7%	(1.5%)
2014 DSR	(1.4%)	3.0%	7.1%	10.3%	(2.6%)	4.2%	2.5%	14.8%	(3.8%)	5.8%	1.0%	18.0%	(1.5%)	16.2%	(2.7%)	(5.9%)
<i>Delta v. Benchmark</i>	(0.3%)	2.1%	2.6%	4.8%	(1.6%)	2.3%	0.7%	6.4%	(0.1%)	2.0%	(0.8%)	7.7%	0.9%	8.6%	0.9%	1.1%

DAYS COUNT																TOTAL	
2017	21	20	23		20	22	22		20	23	20		22		21	20	254
2016	20	21	23		21	21	22		20	23	21		21		21	21	255
2015	21	20	22		22	20	22		22	21	21		22		20	21	254
2014	22	20	21		22	21	21		22	21	21		23		19	20	253

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

NOTES:

- In 2017 Easter will fall in April (in 2016 Easter was in March).
- We began to use a benchmark based on a five-year average (2012–2016) in 2017. Previously, we used longer-term averages.
- Amounts may not foot due to rounding differences.



Employee Statistics

HEADCOUNT STATISTICS	Absolute Count				
	1Q17	1Q16	Change	4Q16	Change
Stores/Onsites	13,169	13,658	(3.6%)	12,966	1.6%
Non-Store Selling	1,578	1,609	(1.9%)	1,575	0.2%
Selling Personnel	14,747	15,267	(3.4%)	14,541	1.4%
Distribution	3,375	3,466	(2.6%)	3,403	(0.8%)
Manufacturing	615	643	(4.4%)	594	3.5%
Administrative	1,085	1,133	(4.2%)	1,086	(0.1%)
Non-Selling Personnel	5,075	5,242	(3.2%)	5,083	(0.2%)
Total Personnel	19,822	20,509	(3.3%)	19,624	1.0%

FTE Count				
1Q17	1Q16	Change	4Q16	Change
11,197	11,380	(1.6%)	10,797	3.7%
1,535	1,551	(1.0%)	1,528	0.5%
12,732	12,931	(1.5%)	12,325	3.3%
2,407	2,452	(1.8%)	2,330	3.3%
590	611	(3.4%)	571	3.3%
1,027	1,051	(2.3%)	1,039	(1.2%)
4,024	4,114	(2.2%)	3,940	2.1%
16,756	17,045	(1.7%)	16,265	3.0%

NOTES:

- FTE – “Full-Time Equivalent”. FTE is based on 40 hours per week.



Store Statistics

STORE STATISTICS	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
New Store Openings											
1Q	73	53	33	29	37	28	11	9	2	17	5
2Q	50	59	9	16	38	25	22	8	6	10	
3Q	24	28	3	45	19	20	11	5	5	8	
4Q	14	21	24	37	28	7	9	2	28	5	
Cumulative	161	161	69	127	122	80	53	24	41	40	5
Closed/Converted Locations											
Closed Locations											
Closed (Curr. Quarter)	0	0	(1)	(5)	(5)	(4)	(3)	(13)	(13)	(12)	(26)
Closed (Annual)	(1)	(8)	(10)	(7)	(28)	(16)	(16)	(73)	(50)	(144)	(26)
Converted Locations (Annual)											
Store-to-Customer Only	0	(2)	(1)	(1)	0	0	(2)	(2)	(6)	(16)	(2)
Customer Only-to-Store	0	0	0	2	1	3	0	1	0	1	0
Cumulative	(1)	(10)	(11)	(6)	(27)	(13)	(18)	(74)	(56)	(159)	(28)
YEAR-END STORE COUNT	2,160	2,311	2,369	2,490	2,585	2,652	2,687	2,637	2,622	2,503	2,480

NOTES:

- Includes 2,182 stores in the U.S., 196 in Canada, and 102 in the rest of the World.
- Year-End Store Count includes all locations that sell to multiple accounts (traditional stores, overseas stores, and strategic accounts stores). It excludes locations that sell to single accounts (strategic accounts sites and Onsites).