

FASTENAL COMPANY AND SUBSIDIARIES

Consolidated Balance Sheets (Amounts in millions except share information)

	December 31	
	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 174.9	167.2
Trade accounts receivable, net of allowance for doubtful accounts of \$10.9 and \$12.8, respectively	741.8	714.3
Inventories	1,366.4	1,278.7
Prepaid income taxes	16.7	9.0
Other current assets	157.4	147.0
Total current assets	2,457.2	2,316.2
Property and equipment, net	1,023.2	924.8
Operating lease right-of-use assets	243.2	—
Other assets	76.3	80.5
Total assets	\$ 3,799.9	3,321.5
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of debt	\$ 3.0	3.0
Accounts payable	192.8	193.6
Accrued expenses	251.5	240.8
Current portion of operating lease liabilities	97.4	—
Total current liabilities	544.7	437.4
Long-term debt	342.0	497.0
Operating lease liabilities	148.2	—
Deferred income taxes	99.4	84.4
Commitments and contingencies (Notes 5, 8, 9, and 10)		
Stockholders' equity:		
Preferred stock: \$0.01 par value, 5,000,000 shares authorized, no shares issued or outstanding	—	—
Common stock: \$0.01 par value, 800,000,000 shares authorized, 574,128,911 and 571,803,838 shares issued and outstanding, respectively	2.9	2.9
Additional paid-in capital	67.2	3.0
Retained earnings	2,633.9	2,341.6
Accumulated other comprehensive loss	(38.4)	(44.8)
Total stockholders' equity	2,665.6	2,302.7
Total liabilities and stockholders' equity	\$ 3,799.9	3,321.5

See accompanying Notes to Consolidated Financial Statements.

FASTENAL COMPANY AND SUBSIDIARIES

Consolidated Statements of Earnings
(Amounts in millions except earnings per share)
For the year ended December 31

	2019	2018	2017
Net sales	\$ 5,333.7	4,965.1	4,390.5
Cost of sales	2,818.3	2,566.2	2,226.9
Gross profit	2,515.4	2,398.9	2,163.6
Operating and administrative expenses	1,459.4	1,400.2	1,282.8
Gain on sale of property and equipment	(1.2)	(0.5)	(1.0)
Operating income	1,057.2	999.2	881.8
Interest income	0.4	0.4	0.4
Interest expense	(13.9)	(12.6)	(9.1)
Earnings before income taxes	1,043.7	987.0	873.1
Income tax expense	252.8	235.1	294.5
Net earnings	\$ 790.9	751.9	578.6
Basic net earnings per share	\$ 1.38	1.31	1.00
Diluted net earnings per share	\$ 1.38	1.31	1.00
Basic weighted average shares outstanding	573.2	573.9	576.4
Diluted weighted average shares outstanding	574.4	574.3	576.7

See accompanying Notes to Consolidated Financial Statements.

FASTENAL COMPANY AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(Amounts in millions)

For the year ended December 31

	2019	2018	2017
Cash flows from operating activities:			
Net earnings	\$ 790.9	751.9	578.6
Adjustments to reconcile net earnings to net cash provided by operating activities, net of acquisitions:			
Depreciation of property and equipment	144.6	134.1	123.6
Gain on sale of property and equipment	(1.2)	(0.5)	(1.0)
Bad debt expense	5.5	8.1	8.2
Deferred income taxes	15.0	33.8	(30.0)
Stock-based compensation	5.7	5.1	5.2
Amortization of intangible assets	4.1	4.1	3.8
Changes in operating assets and liabilities, net of acquisitions:			
Trade accounts receivable	(30.4)	(120.3)	(103.7)
Inventories	(84.4)	(193.3)	(76.3)
Other current assets	(10.4)	(28.9)	(15.6)
Accounts payable	(0.8)	46.1	36.3
Accrued expenses	10.7	46.8	37.6
Income taxes	(7.7)	(15.5)	19.4
Other	1.1	2.7	(0.9)
Net cash provided by operating activities	842.7	674.2	585.2
Cash flows from investing activities:			
Purchases of property and equipment	(246.4)	(176.3)	(119.9)
Proceeds from sale of property and equipment	6.6	9.5	7.4
Cash paid for acquisitions	—	(3.7)	(58.7)
Other	0.1	(3.4)	(8.1)
Net cash used in investing activities	(239.7)	(173.9)	(179.3)
Cash flows from financing activities:			
Proceeds from debt obligations	910.0	980.0	1,015.0
Payments against debt obligations	(1,065.0)	(895.0)	(980.0)
Proceeds from exercise of stock options	58.5	13.4	9.5
Purchases of common stock	—	(103.0)	(82.6)
Payments of dividends	(498.6)	(441.9)	(369.1)
Net cash used in financing activities	(595.1)	(446.5)	(407.2)
Effect of exchange rate changes on cash and cash equivalents	(0.2)	(3.5)	5.5
Net increase in cash and cash equivalents	7.7	50.3	4.2
Cash and cash equivalents at beginning of year	167.2	116.9	112.7
Cash and cash equivalents at end of year	\$ 174.9	167.2	116.9
Supplemental disclosure of cash flow information:			
Cash paid for interest	\$ 13.9	12.6	8.7
Net cash paid for income taxes	\$ 242.7	215.3	304.1

See accompanying Notes to Consolidated Financial Statements.