

FASTENAL COMPANY AND SUBSIDIARIES

Consolidated Balance Sheets
(Amounts in millions except share information)

December 31

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 116.9	112.7
Trade accounts receivable, net of allowance for doubtful accounts of \$11.9 and \$11.2, respectively	607.8	499.7
Inventories	1,092.9	993.0
Prepaid income taxes	—	12.9
Other current assets	118.1	102.5
Total current assets	1,935.7	1,720.8
Property and equipment, net	893.6	899.7
Other assets	81.2	48.4
Total assets	\$ 2,910.5	2,668.9
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of debt	\$ 3.0	10.5
Accounts payable	147.5	108.8
Accrued expenses	194.0	156.4
Income taxes payable	6.5	—
Total current liabilities	351.0	275.7
Long-term debt	412.0	379.5
Deferred income tax liabilities	50.6	80.6
Commitments and contingencies (Notes 5, 9, 10, and 11)		
Stockholders' equity:		
Preferred stock: \$0.01 par value, 5,000,000 shares authorized, no shares issued or outstanding	—	—
Common stock: \$0.01 par value, 400,000,000 shares authorized, 287,591,536 and 289,161,924 shares issued and outstanding, respectively	2.9	2.9
Additional paid-in capital	8.5	37.4
Retained earnings	2,110.6	1,940.1
Accumulated other comprehensive loss	(25.1)	(47.3)
Total stockholders' equity	2,096.9	1,933.1
Total liabilities and stockholders' equity	\$ 2,910.5	2,668.9

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

	2017	2016	2015
Net sales	\$ 4,390.5	3,962.0	3,869.2
Cost of sales	2,226.9	1,997.2	1,920.3
Gross profit	2,163.6	1,964.8	1,948.9
Operating and administrative expenses	1,282.8	1,169.5	1,121.5
Gain on sale of property and equipment	(1.0)	(0.5)	(1.4)
Operating income	881.8	795.8	828.8
Interest income	0.4	0.4	0.4
Interest expense	(9.1)	(6.5)	(3.1)
Earnings before income taxes	873.1	789.7	826.1
Income tax expense	294.5	290.3	309.7
Net earnings	\$ 578.6	499.4	516.4
Basic net earnings per share	\$ 2.01	1.73	1.77
Diluted net earnings per share	\$ 2.01	1.73	1.77
Basic weighted average shares outstanding	288.2	288.9	291.5
Diluted weighted average shares outstanding	288.3	289.2	292.0

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

	2017	2016	2015
Cash flows from operating activities:			
Net earnings	\$ 578.6	499.4	516.4
Adjustments to reconcile net earnings to net cash provided by operating activities, net of acquisitions:			
Depreciation of property and equipment	123.6	103.5	86.1
Gain on sale of property and equipment	(1.0)	(0.5)	(1.4)
Bad debt expense	8.2	8.6	8.8
Deferred income taxes	(30.0)	25.6	8.3
Stock-based compensation	5.2	4.1	5.8
Amortization of intangible assets	3.8	0.5	0.5
Changes in operating assets and liabilities, net of acquisitions:			
Trade accounts receivable	(103.7)	(40.5)	(20.6)
Inventories	(76.3)	(80.9)	(47.8)
Other current assets	(15.6)	29.1	(15.8)
Accounts payable	36.3	(17.2)	20.6
Accrued expenses	37.6	(28.6)	11.1
Income taxes	19.4	15.5	(26.6)
Other	(0.9)	1.3	4.9
Net cash provided by operating activities	585.2	519.9	550.3
Cash flows from investing activities:			
Purchases of property and equipment	(119.9)	(189.5)	(155.2)
Proceeds from sale of property and equipment	7.4	6.5	9.9
Cash paid for acquisitions	(58.7)	—	(23.5)
Other	(8.1)	(5.1)	(11.8)
Net cash used in investing activities	(179.3)	(188.1)	(180.6)
Cash flows from financing activities:			
Proceeds from debt obligations	1,015.0	950.0	1,215.0
Payments against debt obligations	(980.0)	(920.0)	(955.0)
Proceeds from exercise of stock options	9.5	29.3	19.1
Purchases of common stock	(82.6)	(59.5)	(292.9)
Payments of dividends	(369.1)	(346.6)	(327.1)
Net cash used in financing activities	(407.2)	(346.8)	(340.9)
Effect of exchange rate changes on cash and cash equivalents	5.5	(1.3)	(14.2)
Net increase (decrease) in cash and cash equivalents	4.2	(16.3)	14.6
Cash and cash equivalents at beginning of year	112.7	129.0	114.4
Cash and cash equivalents at end of year	\$ 116.9	112.7	129.0
Supplemental disclosure of cash flow information:			
Cash paid for interest	\$ 8.7	6.2	3.1
Net cash paid for income taxes	\$ 304.1	248.3	327.0

See accompanying Notes to Consolidated Financial Statements.