

# FASTENAL COMPANY AND SUBSIDIARIES

## Consolidated Balance Sheets (Amounts in millions except share information)

	December 31	
	2018	2017
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 167.2	116.9
Trade accounts receivable, net of allowance for doubtful accounts of \$12.8 and \$11.9, respectively	714.3	607.8
Inventories	1,278.7	1,092.9
Prepaid income taxes	9.0	—
Other current assets	147.0	118.1
Total current assets	2,316.2	1,935.7
Property and equipment, net	924.8	893.6
Other assets	80.5	81.2
Total assets	\$ 3,321.5	2,910.5
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Current portion of debt	\$ 3.0	3.0
Accounts payable	193.6	147.5
Accrued expenses	240.8	194.0
Income taxes payable	—	6.5
Total current liabilities	437.4	351.0
Long-term debt	497.0	412.0
Deferred income taxes	84.4	50.6
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, 400,000,000 shares authorized, 285,901,919 and 287,591,536 shares issued and outstanding, respectively	2.9	2.9
Additional paid-in capital	3.0	8.5
Retained earnings	2,341.6	2,110.6
Accumulated other comprehensive loss	(44.8)	(25.1)
Total stockholders' equity	2,302.7	2,096.9
Total liabilities and stockholders' equity	\$ 3,321.5	2,910.5

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

	2018	2017	2016
Net sales	\$ 4,965.1	4,390.5	3,962.0
Cost of sales	2,566.2	2,226.9	1,997.2
Gross profit	2,398.9	2,163.6	1,964.8
Operating and administrative expenses	1,400.2	1,282.8	1,169.5
Gain on sale of property and equipment	(0.5)	(1.0)	(0.5)
Operating income	999.2	881.8	795.8
Interest income	0.4	0.4	0.4
Interest expense	(12.6)	(9.1)	(6.5)
Earnings before income taxes	987.0	873.1	789.7
Income tax expense	235.1	294.5	290.3
Net earnings	\$ 751.9	578.6	499.4
Basic net earnings per share	\$ 2.62	2.01	1.73
Diluted net earnings per share	\$ 2.62	2.01	1.73
Basic weighted average shares outstanding	287.0	288.2	288.9
Diluted weighted average shares outstanding	287.2	288.3	289.2

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

	2018	2017	2016
<b>Cash flows from operating activities:</b>			
Net earnings	\$ 751.9	578.6	499.4
Adjustments to reconcile net earnings to net cash provided by operating activities, net of acquisitions:			
Depreciation of property and equipment	134.1	123.6	103.5
Gain on sale of property and equipment	(0.5)	(1.0)	(0.5)
Bad debt expense	8.1	8.2	8.6
Deferred income taxes	33.8	(30.0)	25.6
Stock-based compensation	5.1	5.2	4.1
Amortization of intangible assets	4.1	3.8	0.5
Changes in operating assets and liabilities, net of acquisitions:			
Trade accounts receivable	(120.3)	(103.7)	(40.5)
Inventories	(193.3)	(76.3)	(80.9)
Other current assets	(28.9)	(15.6)	29.1
Accounts payable	46.1	36.3	(17.2)
Accrued expenses	46.8	37.6	(28.6)
Income taxes	(15.5)	19.4	15.5
Other	2.7	(0.9)	1.3
Net cash provided by operating activities	674.2	585.2	519.9
<b>Cash flows from investing activities:</b>			
Purchases of property and equipment	(176.3)	(119.9)	(189.5)
Proceeds from sale of property and equipment	9.5	7.4	6.5
Cash paid for acquisitions	(3.7)	(58.7)	—
Other	(3.4)	(8.1)	(5.1)
Net cash used in investing activities	(173.9)	(179.3)	(188.1)
<b>Cash flows from financing activities:</b>			
Proceeds from debt obligations	980.0	1,015.0	950.0
Payments against debt obligations	(895.0)	(980.0)	(920.0)
Proceeds from exercise of stock options	13.4	9.5	29.3
Purchases of common stock	(103.0)	(82.6)	(59.5)
Payments of dividends	(441.9)	(369.1)	(346.6)
Net cash used in financing activities	(446.5)	(407.2)	(346.8)
Effect of exchange rate changes on cash and cash equivalents	(3.5)	5.5	(1.3)
Net increase (decrease) in cash and cash equivalents	50.3	4.2	(16.3)
Cash and cash equivalents at beginning of year	116.9	112.7	129.0
Cash and cash equivalents at end of year	\$ 167.2	116.9	112.7
<b>Supplemental disclosure of cash flow information:</b>			
Cash paid for interest	\$ 12.6	8.7	6.2
Net cash paid for income taxes	\$ 215.3	304.1	248.3

See accompanying Notes to Consolidated Financial Statements.