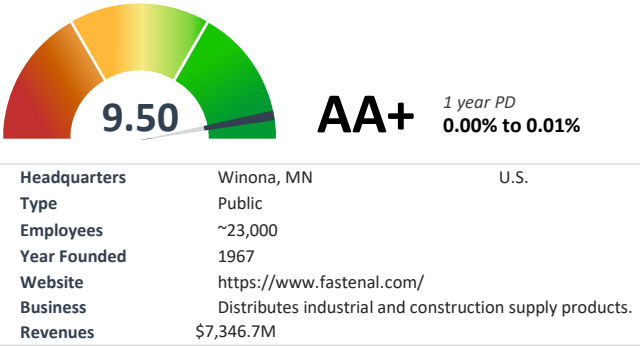


# Fastenal Company



## Company Overview

- Company Overview:** Fastenal Company is a leading distributor of industrial and construction supplies, serving a diverse range of industries with a vast product portfolio.
- Product:** Fasteners, safety supplies, and industrial tools make up key offerings, supported by services like custom machining and automated inventory management solutions.
- Customers:** The company serves a wide customer base, including manufacturing, construction, and maintenance sectors, with a strategic focus on large national accounts and onsite locations.
- Ownership:** Publicly traded on NASDAQ under 'FAST', with a shareholder base comprising institutional investors, company insiders, and individual investors.
- Debt Structure:** \$200mn in unsecured debt is gradually maturing in 2025, 2026, 2027, and 2030 - each note ranging from \$25mn to \$75mn - all senior unsecured with an interest rate below 3.0%. To put things in context - they also have \$40mn utilization under an unsecured R/C-line with an unused capacity of up to \$1.16bn (maturity date 9/2027).
- Other (pros/cons):** Fastenal’s low leverage (Net Debt/EBITDA of 0.19) and strong liquidity (Current Ratio of 4.57) significantly reduce short-term credit risk, despite exposure to economic cycles. High margins (EBITDA of 23.1%) and efficient capital use (ROCE of 40.2%) support long-term stability, and Net Income growing in excess over Revenue growth.

## Financial Snapshot

	Dec-21	Dec-22	Dec-23	Chg
\$ '000s	T12	T12	T12	%
Total Revenue	6,010,900	6,980,600	7,346,700	5.2%
Gross Profit	2,777,200	3,215,800	3,354,500	4.3%
Adjusted EBITDA	1,377,300	1,619,500	1,695,300	4.7%
Gross Profit Margin	46.2%	46.1%	45.7%	-0.4 ppt
EBITDA Margin	22.9%	23.2%	23.1%	-0.1 ppt
Net Income	925,000	1,086,900	1,155,000	6.3%

				Weight	Rating Range	
				75%	8.5	to 10.0

# of Benchmarks:		25	Industry Median	Company Metric	Percentile Rank	# of Industry Benchmarks	25
			\$7,134M	\$7,347M		Company Financials Date	Dec-23
Liquidity	Revenue					Industry Benchmarks - Primary: Broadcasting	
	Current Ratio	2.03	4.57	<div></div>	100%		
	Quick Ratio	1.10	2.27	<div></div>	100%		
Leverage	Net Debt / EBITDA	1.76	0.19	<div></div>	93%		
	Debt to Assets	35.7%	12.0%	<div></div>	88%		
Profitability	EBITDA Margin	10.4%	23.1%	<div></div>	88%		
	ROCE %	18.5%	40.2%	<div></div>	93%		

## Business Risk

Industry Group Risk Profile				Media And Entertainment		20%	4.5	to	6.5
Industry Risk Assessment		KPI Rating	Contribution	Industry Group Description					
Cyclicality		Intermediate risk	<div></div>	Entities that derive a majority of their revenues from operating as ad agencies and marketing services companies, ad-supported online content platforms, broadcast networks, cable TV and over-the-top (OTT) networks, data publishers, e-commerce service providers, educational publishers, film and TV programming production companies, local TV stations, motion picture exhibitors, music publishing and recording companies, newspapers/magazines, outdoor advertising companies, printing companies, and radio stations.					
Competitive Risk		Intermediate risk	<div></div>						
Global Industry		Intermediate risk	<div></div>						
Market Segment Outlook		Stable	<div></div>						
Competitive Position Profile				Distribution		50%	7.0	to	9.0
Competitive Position KPIs		KPI Rating	Contribution	Rating Guideline					
Cycle-Tested		< 2000	<div></div>	Navigated multiple economic down-cycles.					
Geographic Coverage		Above Average	<div></div>	Covers most regions nationally with its distribution network.					
Supplier Relationships		Above Average	<div></div>	Has solid relationships with multiple suppliers.					
Product Range		Strong	<div></div>	Distributes a wide range of products from diverse categories.					
Customer Relationships		Strong	<div></div>	Strong relationships with major retail chains and outlets.					
Delivery Speed		Above Average	<div></div>	Above-average delivery times.					
Inventory Management		Above Average	<div></div>	Good inventory management with infrequent stockouts.					
Value-Added Services		Strong	<div></div>	Provides high-value services like merchandising support, data analysis, or after-sales support.					
Technology Use		Strong	<div></div>	Uses advanced technology for order management, inventory control, and shipping.					
Management, Governance, Sponsorship						30%	6.0	to	8.0

## Anchor Modifiers

Modifiers					
Trend Analysis		Adjustment	<div></div>	Moderate Positive	
Financial Flexibility		Adjustment	<div></div>	Very High	

## Rating Range (Rounded)

9.0	to	10.0
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