Investor Teleconference Presentation
Fourth Quarter 2020

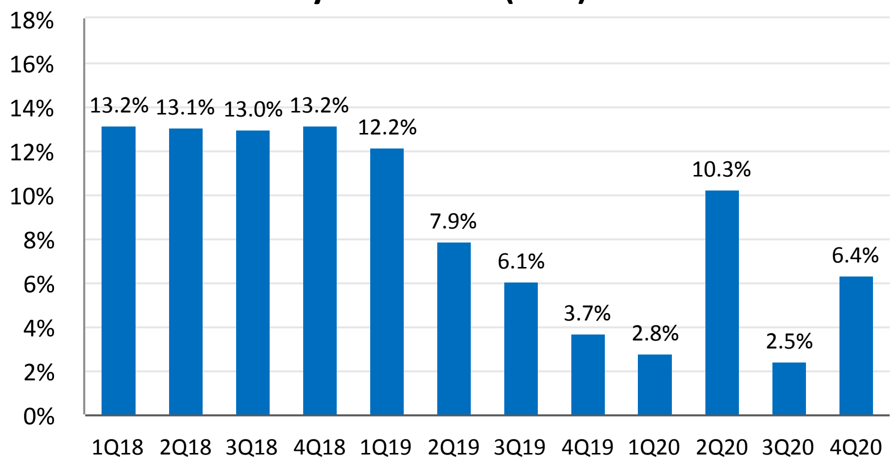
Fastenal Company
January 20, 2021

Safe Harbor Statement

All statements made herein that are not historical facts (e.g., future operating results and business activity in light of the COVID-19 pandemic, as well as expectations regarding operations, including gross margin and 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 Fastenal's Form 10-K for the year ended December 31, 2019 and subsequently filed Form 10-Qs filed with the Securities and 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.

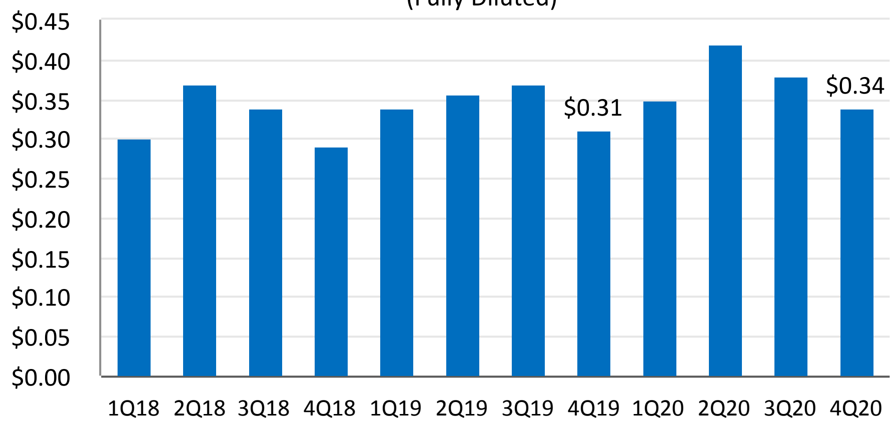
CEO Messages on 4Q20

Daily Sales Rate (DSR) Growth



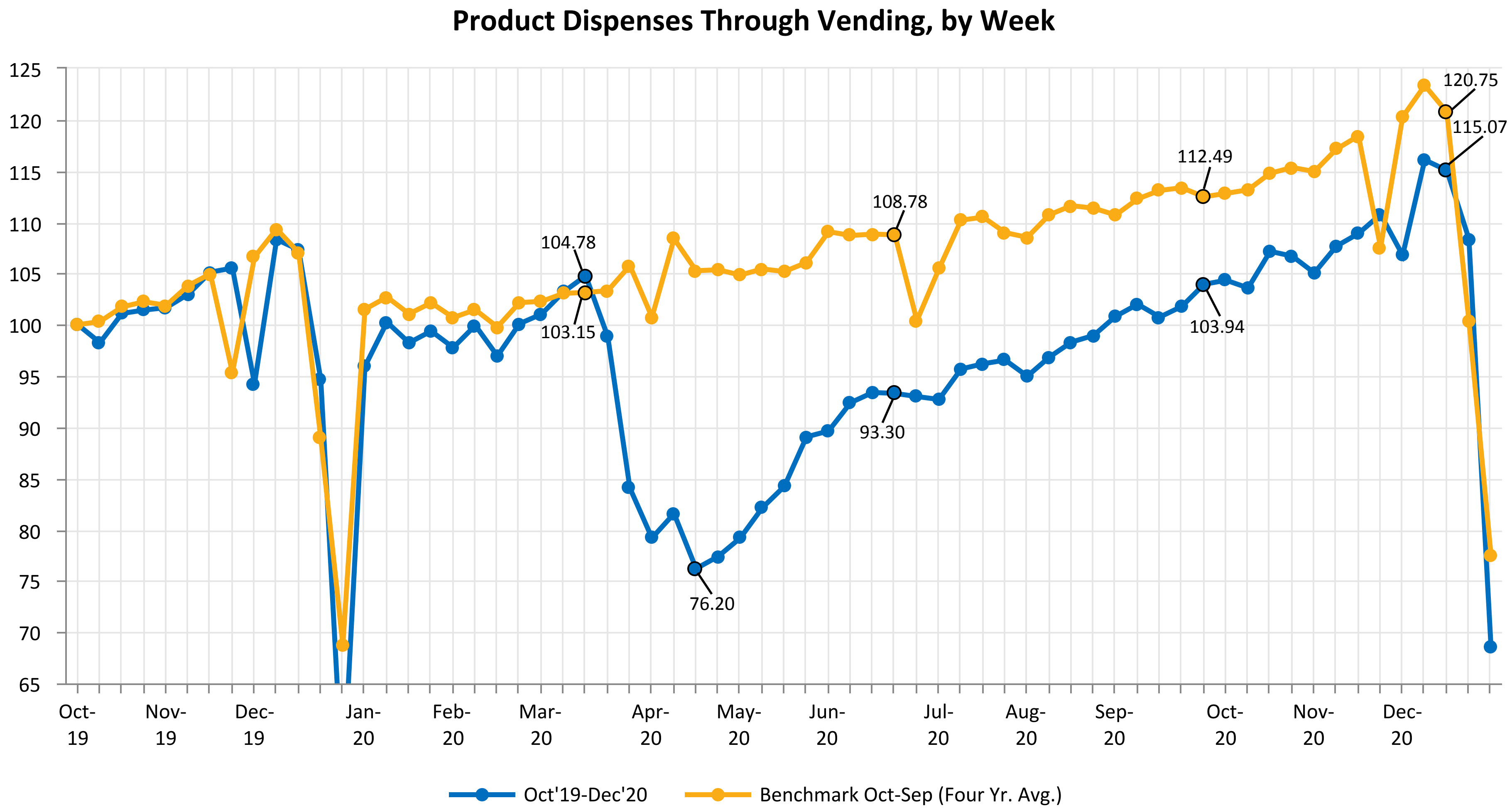
EPS

(Fully Diluted)



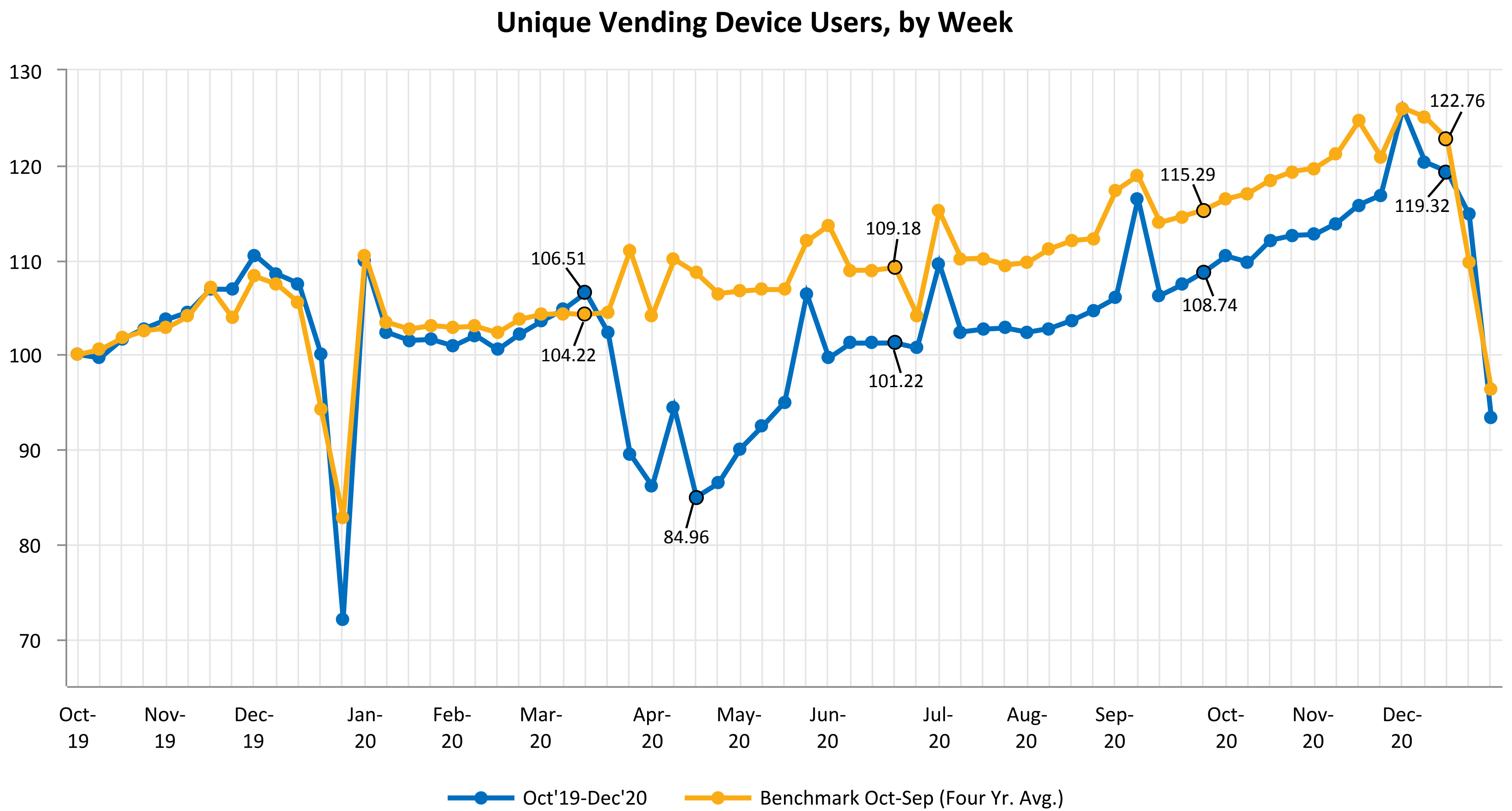
- *Daily sales grew 6.4%, with improving industrial activity as we exited 2020. The Blue Team's management of operating cost was excellent, producing 10.6% operating income growth.*
- *Safety has over performed over time, providing about 26% of our growth in the two years from 2017 to 2019 despite being less than 20% of sales. In 2020, amid economic contraction and a COVID-linked surge in PPE demand, its contribution swelled to 156%. Our presence and capabilities in safety allowed us to serve, highlighted our 'problem solving' culture, and should open up new customer and end market opportunities to us.*
- *Customer engagement on growth drivers has improved. Still, COVID has caused customers to slow the sales cycle and pace of signings, including amid the 4Q20 COVID case surge.*
- *2020 was important in terms of becoming a better supply chain partner. Our purchase of certain Apex assets, utilization of e-commerce, commercialization of FAST Bin, deployment of mobility, and evolution of our branch model is creating more ways for the Blue Team to illuminate our customer's supply chains and bring them (and ourselves) efficiencies.*
- *Strong profits and working capital management produced strong cash flow in 2020, allowing us to pay a special dividend while retaining a conservative capital structure.*

CEO Messages on 4Q20



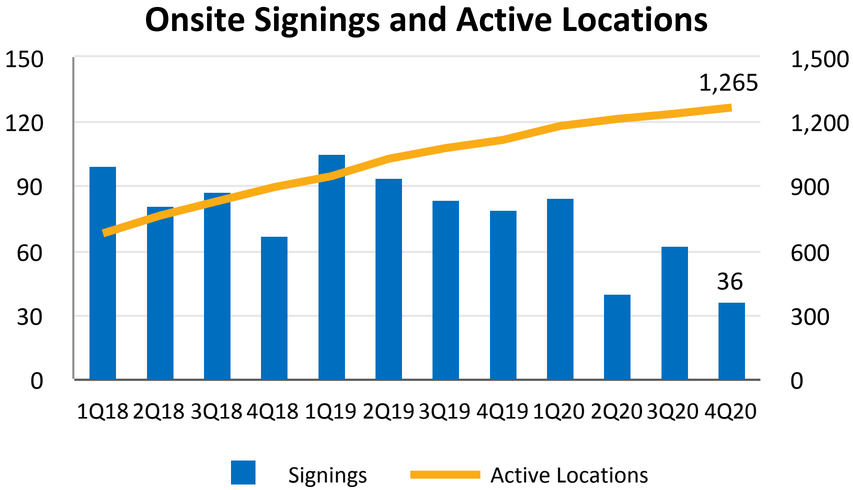
Note: Dec'20 through Dec 29th

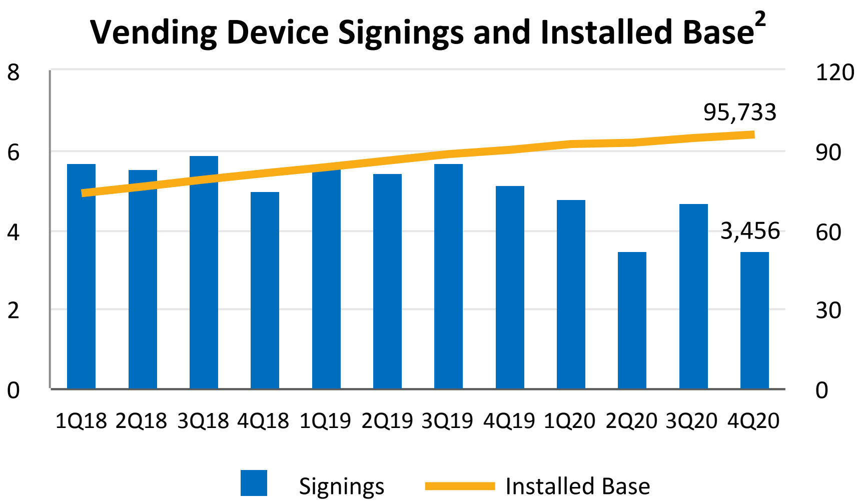
CEO Messages on 4Q20



Note: Dec'20 through Dec 29th

4Q20 Growth Driver Update





- ***Onsites***: *we signed 36 in 4Q20, finishing with 1,265 active sites, +13.6% from 4Q19. Daily sales growth, excluding transferred branch sales, rose low single-digits. We are targeting 375 to 400 signings in 2021, though conditions will need to become more favorable than at present to achieve that range.*

- ***Vending***: *we signed 3,456 devices in 4Q20 with an ending installed base of 95,733 devices, +6.4% from 4Q19. Daily sales growth increased by low-to-mid single-digits in 4Q20.*

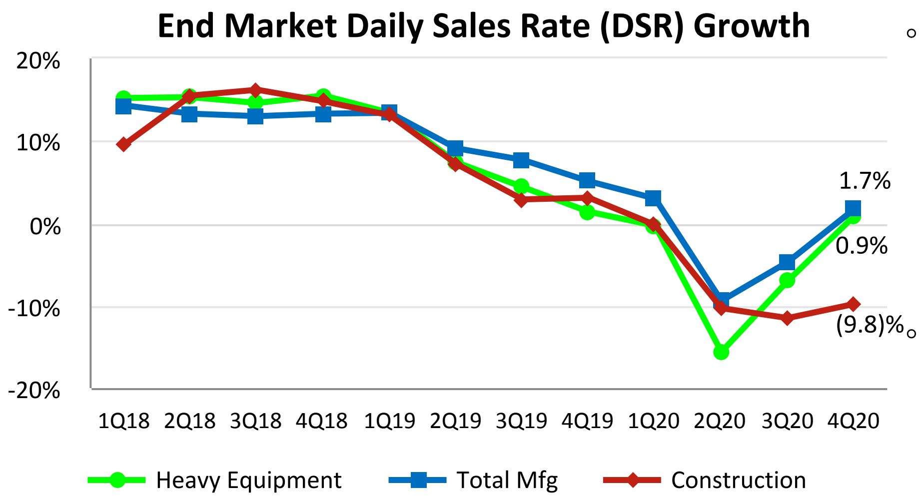
  2021 will bring accelerating commercialization of FAST Bin, which complements vending. As a result, in 2021 we will report 'weighted FMI device' signings and installations, which expresses combined vending and FAST Bin activity as a machine-equivalent unit (MEU). We are targeting 23,000 to 25,000 MEU signings in 2021.

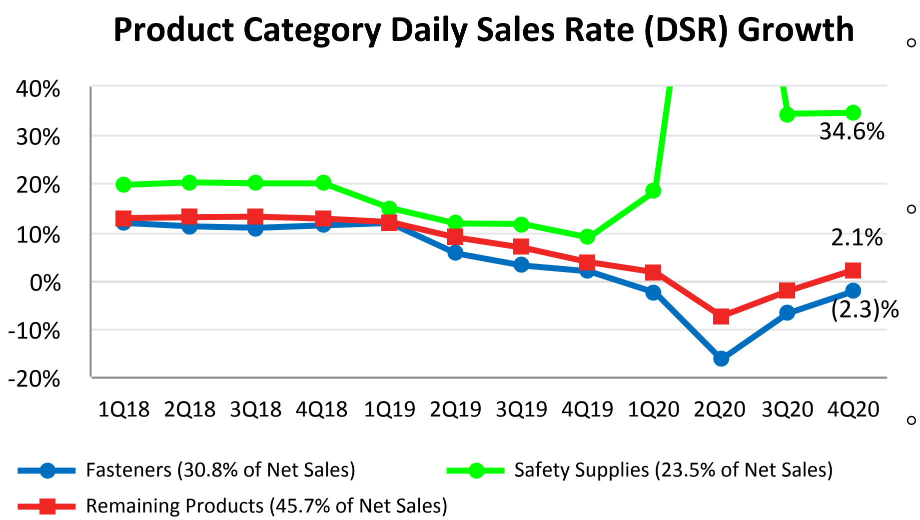
- ***E-commerce***: *daily sales were up 38.3% in 4Q20, accelerating through the period. Large customer-oriented EDI was +43.6%, while web sales were up 23.0%.*

- ***Total*** *in-market locations were 3,268 at end of 4Q20, up 1.2% from 3,228 at 4Q19. We closed/converted 32 traditional branches and 29 Onsites in 4Q20.*

[1] In-market locations include global public branches and Onsites
[2] Data excludes ~15K vending devices related to a leased locker program

4Q20 Business Cadence





- *U.S. PMI averaged 59.2 in 4Q20. U.S. Industrial Production in Oct/Nov. 2020 declined 5.3% versus 4Q19. These metrics are trending more favorably, supported by encouraging signs in our business, such as resumption of growth in December of more cyclical products and our manufacturing end market, rising sales per vending device, etc.*
- *COVID continues to impact the marketplace, especially as it relates to staffing and supply chain. However, in contrast to 2Q20, companies are mostly navigating around these issues as opposed to shutting down operations.*
- *4Q20 safety daily sales grew 34.6%. Activity continues to be a blend of COVID spending, firming economic activity, more stringent safety protocols, and new customers.*
- *Fastener daily sales fell 2.3% in 4Q20, but grew 0.5% in December. Renewed growth in more cyclical lines (material handling also resumed growth in December) reflects better activity, especially in core manufacturing markets.*
- *National Accounts' daily sales rose 7.8% in 4Q20, and grew double-digits in December. Non-National Account daily rose 4.8%, with 52% of our branches growing in 4Q20.*

4Q20 Results Summary

Annual Rates of Change Dollar amounts in millions, except per share amounts	4Q20	4Q19	% Chg.
Net Sales	$1,358.0	$1,276.9	6.4%
Daily Sales	*21.6*	*20.3*	*6.4%*
Gross Profit	$618.8	$598.4	3.4%
Gross Profit Margin	45.6%	46.9%	(130) bps
Employee-Related Exp.	—	—	0.9%
Occupancy-Related Exp.	—	—	(0.5%)
All Other Oper/Admin Exp.	—	—	(16.0%)
Operating Income	$264.4	$238.9	10.6%
Operating Income Margin	19.5%	18.7%	80 bps
EPS (Fully-Diluted)	$0.34	$0.31	9.6%
Onsite Signings	36	79	(54.4%)
Vending Device Signings	3,456	5,144	(32.8%)
In-market location count	3,268	3,228	1.2%
In-market location FTE	11,260	12,236	(8.0%)
Total FTE	17,836	18,968	(6.0%)
Operating Cash Flow	$321.0	$252.4	27.2%
% of Net Earnings	163.7%	141.2%	—
Capital Expenditures (Net)	$42.6	$60.5	(29.6%)
% of Net Sales	3.1%	4.7%	—
Dividends	$373.2	$126.3	195.5%
Share Repurchases	$0.0	$0.0	—
Total Debt	$405.0	$345.0	17.4%
Tot. Debt/Capital	12.9%	11.5%	—

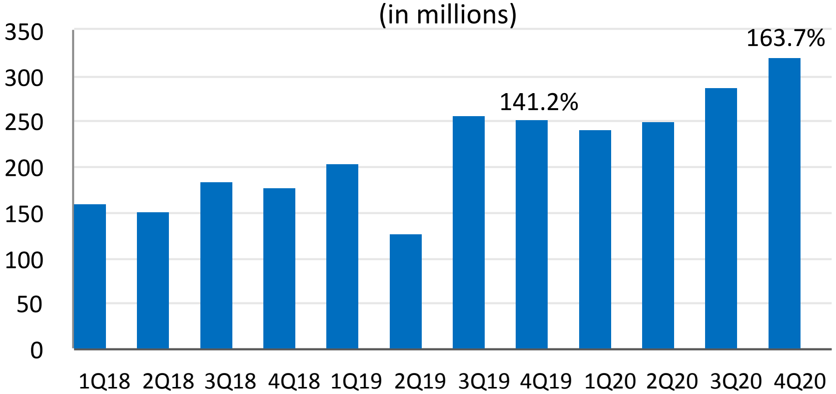
Percentage calculations may not be able to be reproduced due to rounding of dollar values.

- *4Q20 gross margin was 45.6%, down 130 bps from 4Q19, but bucked seasonality to increase from 45.3% in 3Q20.*
- *Mix and organizational factors contributed to the annual decline, but were stable sequentially. Product margin was lower, notably in safety. Safety margins rose sequentially, though, on targeted pricing actions. Freight was favorable annually and sequentially on reduced cost around the movement and staffing of our trucking fleet. We do expect shipping and port costs to begin increasing in 1Q21.*
- *COVID-affected PPE exceeded one-third of safety sales and has margins below the broader safety category. Lower margins are likely to persist well into 2H21 as we sell through lower margin masks in inventory. These impacts did moderate in 4Q20 versus the preceding period, which should continue in 2021.*
- *4Q20 operating margin was 19.5%, up 80 bps from 4Q19. Operating costs were 26.1% of net sales, down 210 bps. We tightly controlled headcount, travel costs, and facilities expense, had lower vending costs, and benefited from lower fuel expense and rationalizing our field fleet.*

4Q20 Cash Flow Profile

Operating Cash Flow

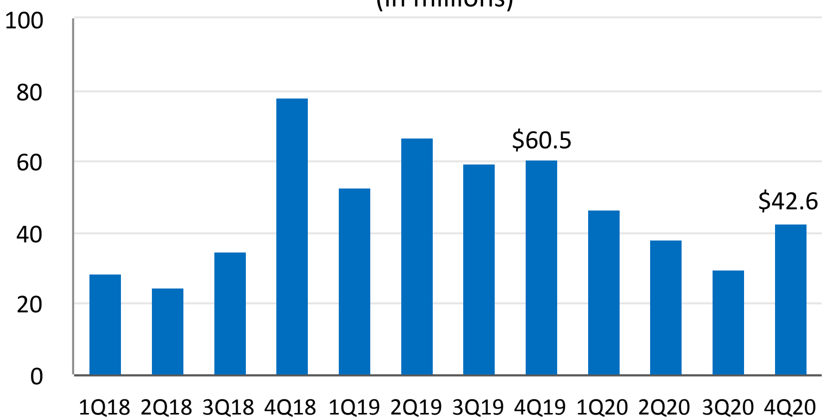
(in millions)



*** Percentages above the bar represent OCF as a % of Net Earnings**

Net Capital Expenditures

(in millions)



2021(E) Net CapEx: $170.0 to $200.0; 2020(A) Net Capex: $157.5

- *4Q20 operating cash flow was $321.0, or 163.7% of net earnings. Net working capital was a large source of cash in the period due to soft business activity, good execution on working capital assets, and payables timing.*
- *Accounts receivable rose 3.7% in 4Q20 reflecting higher sales, with strong collections generating improvement in DSO. Inventory fell 2.1% on reductions in branch stock and moderating growth in Onsite and hub inventory. We are seeing good sell-through of our COVID-related mask inventory, which we still expect will carry well into 2H21.*
- *Net capital spending was $42.6 in 4Q20, down from $60.5 in 4Q19 on lower spending across most tracked categories. Our 2021 net capital spending range is $170.0 and $200.0.*
- *We returned $373.2 of capital to shareholders through dividends in 4Q20, including a $0.40 special dividend in December.*
- *Balance sheet debt was 12.9% of total capital, with ample liquidity to take advantage of growth opportunities. Our revolver was unused at year end.*

Net Capital Expenditures = Property & Equipment, net of Proceeds from Sales

Appendix

Non-GAAP Financial Measures

The appendix 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 11 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.

Stock Split

Share and per share information in this document has been adjusted to reflect the two-for-one stock split effective at the close of business on May 22, 2019.

Return on Invested Capital*

Calculation of Return on Invested Capital

(Amounts in millions)	TTM 4Q20	TTM 4Q19
Operating Income	$1,141.8	1,057.2
(Income Tax Expense)	(273.6)	(252.8)
NOPAT	$ 868.2	804.4
Total Current Assets	$2,478.4	2,386.7
Cash and Cash Equivalents	(210.3)	(171.1)
Accounts Payable	(199.9)	(193.2)
Accrued Expenses	(261.8)	(246.2)
Property & Equipment, Net	1,027.0	974.0
Other Assets	314.5 [1]	313.8
Invested Capital	$3,147.9	3,064.0
ROIC	**27.6%**	**26.3%**

We include operating lease right-of-use assets related to adoption of ASC 842 as of January 1, 2019. The value prior to adoption is estimated.

[1] Refers to the average unamortized value of acquired non-operating intangible assets.

Reconciliation of ROIC to Return on Assets (ROA)

(Amounts in millions)	TTM 4Q20	TTM 4Q19
Net Earnings	$ 859.1	790.9
Total Assets	$3,882.3	3,674.5
ROA	**22.1%**	**21.5%**
NOPAT	$ 868.2	804.4
Add: Income Tax Expense	273.6	252.8
Operating Income	1,141.8	1,057.2
Add: Interest Income	0.6	0.4
Subtract: Interest Expense	(9.7)	(13.9)
Subtract: Income Tax Expense	(273.6)	(252.8)
Net Earnings	**$ 859.1**	**790.9**
Invested Capital	$3,147.9	3,064.0
Add: Cash and Cash Equivalents	210.3	171.1
Add: Accounts Payable	199.9	193.2
Add: Accrued Expenses	261.8	246.2
Add: Excluded Other Assets	62.5 [1]	—
Total Assets	**$3,882.3**	**3,674.5**

*Amounts may not foot due to rounding differences.

Sequential Trends*

Daily Sales Rate (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.
2021 BENCHMARK* **	(0.5%)	1.7%	3.1%	4.3%	0.1%	1.7%	1.8%	8.1%	(3.4%)	3.2%	3.0%	11.0%	(2.6%)	8.0%	(3.6%)	(7.2%)
2020 BENCHMARK* **	(1.0%)	1.2%	3.1%	4.3%	0.1%	1.7%	1.8%	8.1%	(3.4%)	3.3%	2.2%	10.3%	(2.5%)	7.5%	(4.0%)	(7.4%)
2020 DSR	(1.3%)	2.5%	(0.3%)	2.2%	3.9%	10.4%	(3.3%)	13.3%	(10.5%)	3.8%	2.9%	8.3%	(2.6%)	5.5%	(0.6%)	(7.4%)
Delta v. Benchmark	*(0.3%)*	*1.3%*	*(3.4%)*	*(2.2%)*	*3.8%*	*8.7%*	*(5.1%)*	*5.2%*	*(7.0%)*	*0.5%*	*0.6%*	*(2.0%)*	*(0.1%)*	*(2.0%)*	*3.4%*	*0.0%*
2019 DSR	(0.5%)	1.4%	4.2%	5.6%	(2.4%)	2.5%	1.4%	7.1%	(4.4%)	3.9%	3.1%	9.8%	(4.4%)	4.9%	(3.1%)	(9.5%)
Delta v. Benchmark	*0.4%*	*0.2%*	*1.1%*	*1.3%*	*(2.5%)*	*0.8%*	*(0.4%)*	*(1.0%)*	*(1.0%)*	*0.6%*	*0.9%*	*(0.5%)*	*(1.9%)*	*(2.6%)*	*1.0%*	*(2.1%)*
2018 DSR	(1.3%)	4.0%	2.1%	6.2%	2.4%	0.6%	3.7%	13.5%	(3.6%)	3.8%	3.6%	17.5%	(3.0%)	13.9%	(4.4%)	(5.3%)
Delta v. Benchmark	*(0.3%)*	*2.8%*	*(1.0%)*	*1.8%*	*2.3%*	*(1.1%)*	*2.0%*	*5.4%*	*(0.2%)*	*0.5%*	*1.3%*	*7.2%*	*(0.5%)*	*6.4%*	*(0.3%)*	*2.1%*
2017 DSR	0.2%	1.5%	3.6%	5.1%	2.2%	1.4%	2.8%	12.0%	(2.4%)	2.2%	3.8%	16.0%	(2.1%)	13.5%	(4.2%)	(7.1%)
Delta v. Benchmark	*1.2%*	*0.3%*	*0.5%*	*0.8%*	*2.1%*	*(0.3%)*	*1.1%*	*3.9%*	*1.1%*	*(1.1%)*	*1.5%*	*5.7%*	*0.4%*	*6.0%*	*(0.2%)*	*0.3%*

Days Count	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	**Total**
2021	20	20	23	22	20	22	21	22	21	21	21	20	253
2020	22	20	22	22	20	22	22	21	21	22	20	21	255
2019	22	20	21	22	22	20	22	22	20	23	20	20	254
2018	22	20	22	21	22	21	21	23	19	23	21	19	254
2017	21	20	23	20	22	22	20	23	20	22	21	20	254

** Acquisition of Mansco lifted the 2017 DSRs for April along with the Jan. to June, Jan. to Sep., and Jan. to Oct. Cumulative Changes by 1.3pps each.*

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

**** The benchmark for each month is the average of the previous five years for that month (excluding the impact of the March 2017 Mansco Acquisition). Surge sales associated with COVID-19 make sequential averages from March 2020 through July 2020 unrepresentative. As a result, the 2021 benchmark for those months uses a preceding five-year average that <u>excludes</u> 2020. All other months use the immediately preceding five-year average.*

Notes:

- Good Friday was in April of 2019 vs. March of 2018. Good Friday remained in April of 2020 and will be in April of 2021.
- Amounts may not foot due to rounding differences.

Employee Statistics

HEADCOUNT STATISTICS	Absolute Count 4Q20	3Q20	Change Since 3Q20	4Q19	Change Since 4Q19	FTE Count [1] 4Q20	3Q20	Change Since 3Q20	4Q19	Change Since 4Q19
In-market locations (branches & Onsites)	12,680	12,708	(0.2%)	13,977	(9.3%)	11,260	11,302	(0.4%)	12,236	(8.0%)
Non-in-market selling	1,952	1,921	1.6%	1,854	5.3%	1,923	1,895	1.5%	1,824	5.4%
Selling subtotal	14,632	14,629	0.0%	15,831	(7.6%)	13,183	13,197	(0.1%)	14,060	(6.2%)
Distribution/Transportation	3,583	3,593	(0.3%)	4,012	(10.7%)	2,591	2,638	(1.8%)	2,895	(10.5%)
Manufacturing	639	657	(2.7%)	711	(10.1%)	607	618	(1.8%)	674	(9.9%)
Administrative [2]	1,511	1,457	3.7%	1,394	8.4%	1,455	1,409	3.3%	1,339	8.7%
Non-selling subtotal	5,733	5,707	0.5%	6,117	(6.3%)	4,653	4,665	(0.3%)	4,908	(5.2%)
Total	20,365	20,336	0.1%	21,948	(7.2%)	17,836	17,862	(0.1%)	18,968	(6.0%)

NOTES:

[1] *FTE – "Full-Time Equivalent". FTE is based on 40 hours per week.*

[2] *Administration primarily includes our Sales Support, Information Technology, Finance and Accounting, Human Resources, and senior leadership roles and functions.*

In-Market Location Statistics

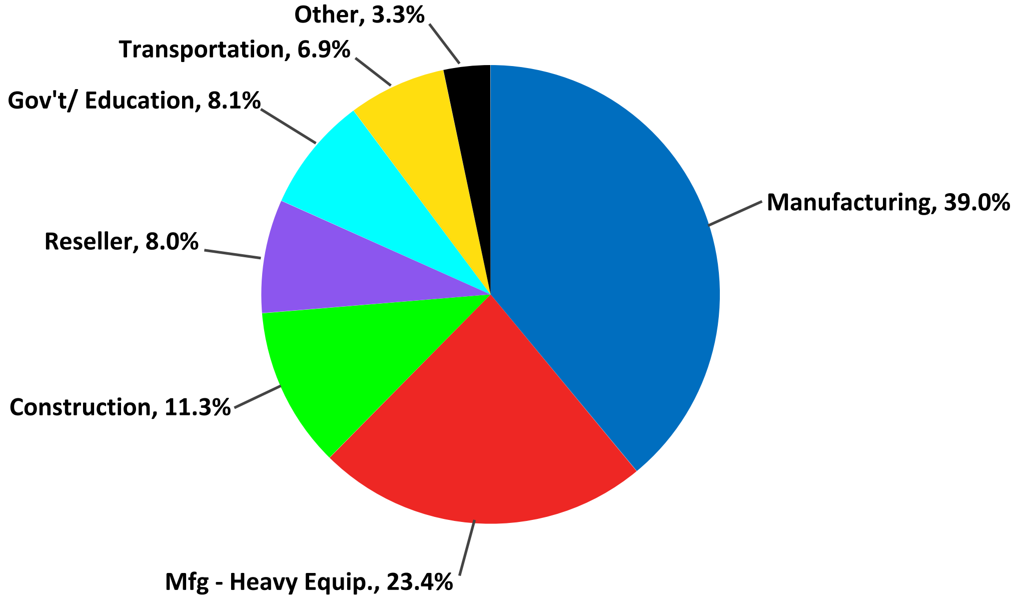
BRANCH STATISTICS	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
New Branch Openings											
1Q	29	37	28	11	9	2	17	5	0	3	3
2Q	16	38	25	22	8	6	10	5	5	3	4
3Q	45	19	20	11	5	5	8	5	3	2	3
4Q	37	28	7	9	2	28	5	3	3	4	2
Cumulative	127	122	80	53	24	41	40	18	11	12	12
Closed/Converted Branches, Net (Annual)	(6)	(27)	(13)	(18)	(74)	(56)	(159)	(138)	(167)	(125)	(123)
Branch Count	**2,490**	**2,585**	**2,652**	**2,687**	**2,637**	**2,622**	**2,503**	**2,383**	**2,227**	**2,114**	**2,003**
Active Onsites					**214**	**264**	**401**	**605**	**894**	**1,114**	**1,265**
TOTAL IN-MARKET LOCATIONS	**2,490**	**2,585**	**2,652**	**2,687**	**2,851**	**2,886**	**2,904**	**2,988**	**3,121**	**3,228**	**3,268**

NOTES:

- *As of December 31, 2020, includes 1,697 branches in the U.S., 179 in Canada, and 127 in the rest of the world.*
- *Branch Count includes all locations that sell to multiple customer accounts (primarily our traditional and overseas branches) and excludes locations that sell to single customer accounts (primarily our Onsite locations).*
- *Onsite location information prior to 2014 is intentionally omitted. While such locations have existed since 1992, we did not specifically track their number until we identified our Onsite program as a growth driver in 2014.*

End Market Profile

End Market Mix -- 2020



MAJOR SEGMENT GROWTH (Daily Sales rates)		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Full Year
Manufacturing	2020	4.3%	6.2%	(1.1%)	(15.6%)	(4.2%)	(8.2%)	(5.5%)	(5.0%)	(3.8%)	(0.1%)	1.4%	4.6%	(2.5%)
(incl. Heavy Equip.)	2019	13.8%	11.6%	14.7%	7.4%	11.5%	8.7%	7.9%	8.8%	6.4%	5.8%	7.5%	1.9%	8.8%
Construction	2020	3.2%	4.9%	(7.8%)	(15.5%)	(9.8%)	(5.5%)	(9.6%)	(13.5%)	(11.3%)	(9.9%)	(10.2%)	(8.6%)	(8.1%)
	2019	16.7%	11.0%	12.1%	8.3%	9.9%	3.6%	1.6%	1.4%	6.4%	4.0%	5.0%	0.2%	6.4%