Fastenal Company Reports 2024 Third Quarter Earnings

WINONA, Minn., October 11, 2024 (BUSINESS WIRE) -- Fastenal Company (Nasdaq:FAST) (collectively referred to as 'Fastenal' or by terms such as 'we', 'our', or 'us'), a leader in the wholesale distribution of industrial and construction supplies, today announced its financial results for the quarter ended September 30, 2024. Except for share and per share information, or as otherwise noted below, dollar amounts are stated in millions. Throughout this document, percentage and dollar calculations, which are based on non-rounded dollar values, may not be able to be recalculated using the dollar values included in this document due to the rounding of those dollar values. References to daily sales rate (DSR) change may reflect either growth (positive) or contraction (negative) for the applicable period. Beginning in the first quarter of 2024, references to 'net earnings', 'operating and administrative expenses', and 'earnings before income taxes' have been revised in our condensed consolidated financial statements and financial reports, including this document, to 'net income', 'selling, general, and administrative (SG&A) expenses', and 'income before income taxes', respectively, and are calculated in conformity with U.S. GAAP.

PERFORMANCE SUMMARY

	Nine-month Period			Three-month Period		
	2024	2023	Change	2024	2023	Change
Net sales	$5,721.5	5,588.1	2.4%	$1,910.2	1,845.9	3.5%
Business days	192	191		64	63	
Daily sales	$ 29.8	29.3	1.9%	$ 29.8	29.3	1.9%
Gross profit	$2,583.7	2,555.1	1.1%	$ 858.6	847.6	1.3%
% of net sales	*45.2%*	*45.7%*		*44.9%*	*45.9%*	
Selling, general, and administrative expenses	$1,418.5	1,380.2	2.8%	$ 470.5	460.9	2.1%
% of net sales	*24.8%*	*24.7%*		*24.6%*	*25.0%*	
Operating income	$1,165.2	1,174.9	-0.8%	$ 388.1	386.7	0.4%
% of net sales	*20.4%*	*21.0%*		*20.3%*	*21.0%*	
Income before income taxes	$1,163.8	1,167.8	-0.3%	$ 387.6	385.4	0.6%
% of net sales	*20.3%*	*20.9%*		*20.3%*	*20.9%*	
Net income	$ 888.5	888.6	0.0%	$ 298.1	295.5	0.9%
Diluted net income per share	$ 1.55	1.55	-0.2%	$ 0.52	0.52	0.7%

Note – Daily sales are defined as the total net sales for the period divided by the number of business days (in the United States) in the period.

QUARTERLY RESULTS OF OPERATIONS

Sales

Net sales increased $64.2, or 3.5%, in the third quarter of 2024 when compared to the third quarter of 2023. There was one more selling day in the third quarter of 2024 relative to the prior year period and, taking this into consideration, our net daily sales increased 1.9% in the third quarter of 2024 compared to the third quarter of 2023. We estimate the disruption from Hurricane Helene to operations and logistics within our Southeast and Atlantic Coastal regions reduced our daily sales by 5 to 25 basis points in the third quarter of 2024. Changes in foreign exchange rates negatively affected sales in both the third quarter of 2024 and the third quarter of 2023 by approximately 10 basis points.

An increase in unit sales in the third quarter of 2024 was primarily due to growth with larger customers and Onsite locations opened in the last two years. The impact of product pricing on net sales in the third quarter of 2024 was not material, in contrast to the third quarter of 2023, when the impact of product pricing was modestly positive. The pricing environment was stable throughout the third quarter of 2024.

From a product standpoint, we have three categories: fasteners [including fasteners used in original equipment manufacturing (OEM) and maintenance, repair, and operations (MRO)], safety supplies, and other product lines, the latter of which includes eight smaller product categories, such as tools, janitorial supplies, and cutting tools. We continued to experience a divergence in the performance of our fastener versus our non-fastener product lines in the third quarter of 2024, which we believe primarily relates to two factors. First, fasteners are more heavily oriented toward production of final goods than maintenance, which results in greater susceptibility to periods of weaker industrial production. Second, we continued to experience relatively faster growth with warehousing customers due to market share gains and product mix, which primarily benefits our safety product line. This impact is beginning to moderate as we come up against more difficult comparison periods. The DSR change when compared to the same period in the prior year and the percent of sales in the period were as follows:

	DSR Change Three-month Period		% of Sales Three-month Period	
	2024	2023	2024	2023
OEM fasteners	-3.1%	2.4%	19.0%	20.0%
MRO fasteners	-5.3%	-8.5%	11.2%	12.1%
Total fasteners	-4.0%	-2.0%	30.2%	32.1%
Safety supplies	6.8%	9.2%	22.5%	21.4%
Other product lines	3.7%	6.8%	47.3%	46.5%
Total non-fasteners	4.7%	7.5%	69.8%	67.9%

From an end market standpoint, we have five categories: heavy manufacturing, other manufacturing, non-residential construction, reseller, and other, the latter of which includes government/education and transportation/warehousing. Our manufacturing end markets are outperforming primarily due to the relative strength we are experiencing with key account customers with significant managed spend where our service model and technology is particularly impactful. This disproportionately benefits manufacturing customers. Other end market sales are improving primarily as a result of strength with warehousing customers due to market share gains and product mix. We believe the weakness in our reseller end market reflects efforts in many industries to reduce channel inventories. The DSR change when compared to the same period in the prior year and the percent of sales in the period were as follows:

	DSR Change Three-month Period		% of Sales Three-month Period	
	2024	2023	2024	2023
Heavy manufacturing	0.7%	9.0%	42.7%	43.2%
Other manufacturing	6.2%	2.5%	32.4%	31.1%
Total manufacturing	3.0%	6.2%	75.1%	74.3%
Non-residential construction	-3.6%	-7.2%	8.6%	9.1%
Reseller	-11.3%	-6.9%	5.1%	5.8%
Other end markets	5.6%	8.1%	11.2%	10.8%
Total non-manufacturing	-1.5%	-1.3%	24.9%	25.7%

We report our customers in two categories: national accounts, which are customers with significant revenue potential and a national, multi-site contract, and non-national accounts, which include large regional customers, small local customers, and government customers. We continued to experience a significant divergence in the performance of our national account customers versus our non-national account customers, which relates to the relative growth of our sales through Onsite locations and larger, key accounts. The DSR change when compared to the same period in the prior year and the percent of sales in the period were as follows:

	DSR Change Three-month Period		% of Sales Three-month Period	
	2024	2023	2024	2023
National accounts	5.6%	8.6%	63.6%	60.8%
Non-national accounts	-4.1%	-1.9%	36.4%	39.2%

Growth Drivers

- We signed 93 new Onsite locations (defined as dedicated sales and service provided from within, or in proximity to, the customer's facility) in the third quarter of 2024, resulting in 302 year-to-date signings of new Onsite locations. We had 1,986 active sites on September 30, 2024, which represented an increase of 11.7% from September 30, 2023. Daily sales through our Onsite locations, excluding sales transferred from branches to new Onsites, grew at a low single-digit rate in the third quarter of 2024 over the third quarter of 2023. This growth is due to contributions from Onsites activated and implemented in 2024 and 2023, which more than offset the impact of closures and a decline in revenues from Onsites activated prior to 2023. Our goal for Onsite signings in 2024 remains between 375 to 400, although the lower half of this range seems most likely given the pace of signings through the third quarter of 2024.
- FMI Technology is comprised of our FASTStock℠ (scanned stocking locations), FASTBin® (infrared, RFID, and scaled bins), and FASTVend® (vending devices) offering. FASTStock's fulfillment processing technology is not embedded, is relatively less expensive and highly flexible in application, and delivered using our proprietary mobility technology. FASTBin and FASTVend incorporate highly efficient and powerful embedded data tracking and fulfillment processing technologies. The first statistic is a **weighted FMI® measure**, which combines the signings and installations of FASTBin and FASTVend in a standardized machine equivalent unit (MEU) based on the expected output of each type of device. We do not include FASTStock in this measurement because scanned stocking locations can take many forms, such as bins, shelves, cabinets, pallets, etc., that cannot be converted into a standardized MEU. The second statistic is **sales through FMI Technology**, which combines the sales through FASTStock, FASTBin, and FASTVend. A portion of the growth in sales experienced by FMI, particularly FASTStock and FASTBin, reflects the migration of products from less efficient non-digital stocking locations to more efficient, digital stocking locations.

  Our goal for weighted FASTBin and FASTVend device signings in 2024 remains between 26,000 to 28,000 MEUs.

  The table below summarizes the signings and installations of, and sales through, our FMI devices.

	Nine-month Period			Three-month Period		
	2024	2023	Change	2024	2023	Change
Weighted FASTBin/FASTVend signings (MEUs)	21,194	18,664	13.6%	7,281	5,969	22.0%
Signings per day	*110*	*98*		*114*	*95*	
Weighted FASTBin/FASTVend installations (MEUs; end of period)				123,193	110,191	11.8%
FASTStock sales	$ 728.9	708.6	2.9%	$ 244.7	234.2	4.5%
% of sales	***12.6%***	***12.5%***		***12.7%***	***12.5%***	
FASTBin/FASTVend sales	$1,710.7	1,550.6	10.3%	$ 586.8	526.2	11.5%
% of sales	*29.5%*	*27.4%*		*30.3%*	*28.2%*	
FMI sales	$2,439.6	2,259.2	8.0%	$ 831.5	760.4	9.3%
FMI daily sales	*$ 12.7*	*11.8*	*7.4%*	*$ 13.0*	*12.1*	*7.6%*
% of sales	***42.1%***	***39.9%***		***43.0%***	***40.7%***	

- Our eBusiness includes eProcurement activities [e.g., integrated transactions, including electronic data interchange (EDI)] and eCommerce (transactional website sales). Growth of our eBusiness reflects both new sales that enhance our growth rate and a shift in existing sales from non-digital to digital processes that improves efficiency. Daily sales through eBusiness grew 25.6% in the third quarter of 2024 and represented 30.1% of our total sales in the period. In the third quarter of 2024, daily sales through eProcurement and eCommerce grew 33.2% and 6.6%, respectively.

Our digital products and services are comprised of sales through FMI (FASTStock, FASTBin, and FASTVend) plus that proportion of our eBusiness sales that do not represent billings of FMI services (collectively, our Digital Footprint). We believe the data that is created through our digital capabilities enhances product visibility, traceability, and control that reduces risk in operations and creates ordering and fulfillment efficiencies for both us and our customers. As a result, we believe our opportunity to grow our business will be enhanced through the continued development and expansion of our digital capabilities.

Our Digital Footprint in the third quarter of 2024 represented 61.1% of our sales, an increase from 57.1% of sales in the third quarter of 2023.

Gross Profit

Our gross profit, as a percentage of net sales, decreased to 44.9% in the third quarter of 2024 from 45.9% in the third quarter of 2023. Our gross profit percentage was primarily impacted by four factors. First, we experienced unfavorable customer and product mix. This reflects relatively stronger growth from large customers, including Onsite customers, and non-fastener products, each of which tend to have a lower gross profit percentage than our business as a whole. Second, we experienced higher import duties particularly related to Mexico. Third, we received a large shipper rebate in the third quarter of 2023 that did not recur in the third quarter of 2024. Fourth, supplier rebates were lower, as weaker demand resulted in lower purchasing for products affected by such programs than originally anticipated. Price-cost did not meaningfully impact our gross profit percentage during the third quarter of 2024.

SG&A Expenses

Our SG&A expenses, as a percentage of net sales, were 24.6% in the third quarter of 2024 versus 25.0% in the third quarter of 2023. The combined effects of one extra selling day in the third quarter of 2024 as compared to the third quarter of 2023 and efforts to control costs in light of soft underlying business activity resulted in total SG&A expenses in the period increasing 2.1%, which was below our rate of net sales growth.

Employee-related expenses, which represent 70% to 75% of total SG&A expenses, increased 3.5% in the third quarter of 2024 compared to the third quarter of 2023. We experienced an increase in employee base pay, due to higher average FTE and higher average wages during the period, as well as higher health insurance costs. This was partly offset by lower bonus and commission payments reflecting slower sales and profit growth versus the third quarter of 2023.

Occupancy-related expenses, which represent 15% to 20% of total SG&A expenses, increased 4.1% in the third quarter of 2024 compared to the third quarter of 2023. This was primarily a result of modest increases in a number of areas, including general inflation in branch costs, incremental depreciation and other costs associated with hub investments and upgrades, and higher utility costs.

Combined, all other SG&A expenses, which represent 10% to 15% of total SG&A expenses, decreased 8.4% in the third quarter of 2024 compared to the third quarter of 2023. Our largest cost categories, information technology (IT) expenses and selling-related transportation costs, were relatively stable, with the latter experiencing lower fuel expenses that were mostly offset by slightly higher lease costs. As a result, the reduction in all other SG&A expenses reflects the accumulation of small changes in a number of areas, such as an increase in supplier marketing credits, lower bad debt expense, and a decline in general insurance costs.

Operating Income

Our operating income, as a percentage of net sales, decreased to 20.3% in the third quarter of 2024 from 21.0% in the third quarter of 2023.

Net Interest

We had net interest expense of $0.5 in the third quarter of 2024, compared to net interest expense of $1.3 in the third quarter of 2023. We had slightly higher interest income reflecting higher rates earned on our cash balances and slightly lower interest expense as a result of lower average borrowings through the third quarter of 2024.

Income Taxes

We recorded income tax expense of $89.5 in the third quarter of 2024, or 23.1% of income before income taxes. Income tax expense was $89.9 in the third quarter of 2023, or 23.4% of income before income taxes. We believe our ongoing tax rate, absent any discrete tax items or broader changes to tax law, will be approximately 24.5%. Our tax rate in the third quarter of 2024 was below our expected ongoing tax rate due to the tax benefits associated with (1) the exercise of stock options during the period and (2) return to provision adjustments processed in the quarter.

Net Income

Our net income during the third quarter of 2024 was $298.1, an increase of 0.9% compared to the third quarter of 2023. Our diluted net income per share was $0.52 in the third quarter of 2024, which was unchanged from $0.52 in the third quarter of 2023.

BALANCE SHEET AND CASH FLOW

Net cash provided by operating activities was $296.9 in the third quarter of 2024, a decrease of 23.5% from the third quarter of 2023, representing 99.6% of the period's net income versus 131.3% in the third quarter of 2023. The decrease in operating cash flow, as a percent of net income, primarily reflects our operating assets and liabilities being a significant use of cash in the third quarter of 2024 as compared to a significant source of cash in the third quarter of 2023. This was primarily attributable to inventory, which swung to a use of cash in the third quarter of 2024 versus a source of cash in the third quarter of 2023.

Net cash provided by operating activities was $890.5 in the first nine months of 2024, a decrease of 17.4% from the first nine months of 2023, representing 100.2% of the period's net income versus 121.4% in the first nine months of 2023. The decrease in operating cash flow, as a percent of net income, was driven by the same variables as the third quarter of 2024, primarily attributable to inventory shifting to a use of cash in the first nine months of 2024 versus a significant source of cash in the first nine months of 2023.

The dollar and percentage change in accounts receivable, net, inventories, and accounts payable as of September 30, 2024 when compared to September 30, 2023 were as follows:

	September 30		Twelve-month Dollar Change	Twelve-month Percentage Change
	2024	2023	2024	2024
Accounts receivable, net	$ 1,200.6	1,171.0	$ 29.7	2.5%
Inventories	1,559.5	1,513.8	45.7	3.0%
Trade working capital	$ 2,760.1	2,684.8	$ 75.4	2.8%
Accounts payable	$ 301.7	275.1	$ 26.5	9.6%
Trade working capital, net	$ 2,458.4	2,409.7	$ 48.8	2.0%
Net sales in last three months	$ 1,910.2	1,845.9	$ 64.2	3.5%

Note - Amounts may not foot due to rounding difference.

The increase in our accounts receivable balance in the third quarter of 2024 was primarily attributable to two factors. First, our receivables increased as a result of growth in sales to our customers. Second, we continue to experience a shift in our mix due to relatively stronger growth from national account customers, which tend to carry longer payment terms than our non-national account customers.

The increase in our inventory balance in the third quarter of 2024 was primarily attributable to two factors. First, our inventory increased as a result of growth in sales to our customers. Second, we began to add stock intended to improve service to our in-market locations and generate efficiencies in our hubs. We expect to add $30.0 to $35.0 of inventory, primarily imported fasteners, to support these initiatives, of which approximately 80% was added in the third quarter of 2024. These factors more than offset the effects of soft underlying business activity and modest product cost deflation.

The increase in our accounts payable balance in the third quarter of 2024 was primarily attributable to an increase in our product purchases to support the addition of inventory intended to improve service to our in-market locations and generate efficiencies in our hubs.

During the third quarter of 2024, our investment in property and equipment, net of proceeds from sales, was $55.8, which was an increase from $42.9 in the third quarter of 2023. During the first nine months of 2024, our investment in property and equipment, net of proceeds from sales, was $156.7, which was an increase from $127.7 in the first nine months of 2023. This was primarily related to two factors. First, spending on FMI was higher based on strong signings and installations, particularly of higher-end and higher-cost vending devices. Second, we have had an increase in spending for facility construction and upgrades.

For the full year of 2024, we expect our investment in property and equipment, net of proceeds from sales, to be within a range of $235.0 to $255.0, an increase from $160.6 in 2023. The expected growth on a year-to-year basis is based on spending to complete our Utah distribution center, investments in picking technology and equipment in our hubs and branches, higher outlays for FMI hardware reflecting our higher targeted signings and a mix of more expensive machines, and an increase in spending on IT.

During the third quarter of 2024, we returned $223.4 to our shareholders in the form of dividends, compared to the third quarter of 2023 when we returned $199.8 to our shareholders in the form of dividends. During the first nine months of 2024, we returned $669.9 to our shareholders in the form of dividends, compared to the first nine months of 2023 when we returned $599.5 to our shareholders in the form of dividends. We did not repurchase any of our common stock in the first nine months of 2024 or 2023.

Total debt on our balance sheet was $240.0 at the end of the third quarter of 2024, or 6.3% of total capital (the sum of stockholders' equity and total debt). This compares to $260.0, or 7.0% of total capital, at the end of the third quarter of 2023.

ADDITIONAL INFORMATION

The table below summarizes our absolute and full time equivalent (FTE; based on 40 hours per week) employee headcount, our investments related to in-market locations (defined as the sum of the total number of branch locations and the total number of active Onsite locations), and weighted FMI devices at the end of the periods presented and the percentage change compared to the end of the prior periods.

			Change Since:		Change Since:		Change Since:
	Q3 2024	Q2 2024	Q2 2024	Q4 2023	Q4 2023	Q3 2023	Q3 2023
Selling personnel - absolute employee headcount	16,666	16,774	-0.6%	16,512	0.9%	16,261	2.5%
Selling personnel - FTE employee headcount	15,080	15,386	-2.0%	15,070	0.1%	14,750	2.2%
Total personnel - absolute employee headcount	23,518	23,629	-0.5%	23,201	1.4%	22,862	2.9%
Total personnel - FTE employee headcount	20,894	21,249	-1.7%	20,721	0.8%	20,284	3.0%
Number of branch locations	1,597	1,599	-0.1%	1,597	—%	1,615	-1.1%
Number of active Onsite locations	1,986	1,934	2.7%	1,822	9.0%	1,778	11.7%
Number of in-market locations	3,583	3,533	1.4%	3,419	4.8%	3,393	5.6%
Weighted FMI devices (MEU installed count)	123,193	119,306	3.3%	113,138	8.9%	110,191	11.8%

During the last twelve months, we increased our total FTE employee headcount by 610. This reflects an increase in our total FTE selling and sales support personnel of 330, which is oriented heavily toward supporting expansion of our Onsite locations. We had an increase in our distribution and transportation FTE personnel of 167 to support increased product throughput at our distribution facilities. We had an increase in our remaining FTE personnel of 113 which relates primarily to personnel investments in IT and business analytics.

The table below summarizes the number of branches opened and closed, net of conversions, as well as the number of Onsites activated and closed, net of conversions during the periods presented.

	Nine-month Period		Three-month Period	
	2024	2023	2024	2023
Branch openings	7	8	4	3
Branch closures, net of conversions	(7)	(76)	(6)	(23)
Onsite activations	268	252	93	79
Onsite closures, net of conversions	(104)	(97)	(41)	(29)

Our in-market network forms the foundation of our business strategy. In recent years, we have seen a gradual increase in our in-market locations. This has reflected significant growth in Onsites and, to a lesser degree, international branches, which has more than overcome a meaningful decline in our traditional branch network from a strategic rationalization that aligned our physical footprint with changes in our business strategies. Branch closures may occur in the future to reflect normal churn in our business, but the strategic rationalization has concluded. As a result, we expect to see an increase in the rate of in-market location growth as we continue to open Onsites while our traditional branch network remains stable or grows moderately to sustain and improve our North American network, to continue our global expansion beyond North America, and to support our growth drivers.

CONFERENCE CALL TO DISCUSS QUARTERLY RESULTS

As we previously disclosed, we will host a conference call today to review the quarterly results, as well as current operations. This conference call will be broadcast live over the Internet at 9:00 a.m., central time. To access the webcast, please go to our Investor Relations Website at https://investor.fastenal.com/events.cfm.

ADDITIONAL MONTHLY AND QUARTERLY INFORMATION

We publish on the 'Investor Relations' page of our website at www.fastenal.com both our monthly consolidated net sales information and the presentation for our quarterly conference call (which includes information, supplemental to that contained in our earnings announcement, regarding results for the quarter). We expect to publish the consolidated net sales information for each month, other than the third month of a quarter, at 6:00 a.m., central time, on the fourth business day of the following month. We expect to publish the consolidated net sales information for the third month of each quarter and the conference call presentation for each quarter at 6:00 a.m., central time, on the date our earnings announcement for such quarter is publicly released.

FORWARD LOOKING STATEMENTS

Certain statements contained in this document do not relate strictly to historical or current facts. As such, they are considered 'forward-looking statements' that provide current expectations or forecasts of future events. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements can be identified by the use of terminology such as anticipate, believe, should, estimate, expect, intend, may, will, plan, goal, project, hope, trend, target, opportunity, and similar words or expressions, or by references to typical outcomes. Any statement that is not a historical fact, including estimates, projections, future trends, and the outcome of events that have not yet occurred, is a forward-looking statement. Our forward-looking statements generally relate to our expectations and beliefs regarding the business environment in which we operate, our projections of future performance, our perceived marketplace opportunities including our prospects to capture long-term value from certain warehousing customers and the related end market, our strategies, goals, mission, and vision, and our expectations about future capital expenditures, future tax rates, future inventory levels, pricing, future Onsite and weighted FMI device signings, investment in property and equipment, the impact of inflation or deflation on our cost of goods, controlling SG&A expenses including FTE growth, future traditional branch closures and openings, future operating results and business activity, and the impact of natural disasters on daily sales. You should understand that forward-looking statements involve a variety of risks and uncertainties, known and unknown (including risks disclosed in our most recent annual and quarterly reports), and may be affected by inaccurate assumptions. Consequently, no forward-looking statement can be guaranteed and actual results may vary materially. Factors that could cause our actual results to differ from those discussed in the forward-looking statements include, but are not limited to, those detailed in our most recent annual and quarterly reports. Each forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any such statement to reflect events or circumstances arising after such date. FAST-E

FASTENAL COMPANY AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(Amounts in millions except share and per share information)

Assets	(Unaudited) September 30, 2024	December 31, 2023
Current assets:		
Cash and cash equivalents	$ 292.2	221.3
Trade accounts receivable, net of allowance for credit losses of $4.2 and $6.4, respectively	1,200.6	1,087.6
Inventories	1,559.5	1,522.7
Prepaid income taxes	16.8	17.5
Other current assets	191.4	171.8
Total current assets	3,260.5	3,020.9
Property and equipment, net	1,044.2	1,011.1
Operating lease right-of-use assets	280.7	270.2
Other assets	153.0	160.7
Total assets	$ 4,738.4	4,462.9
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of debt	$ 115.0	60.0
Accounts payable	301.7	264.1
Accrued expenses	225.7	241.0
Current portion of operating lease liabilities	99.2	96.2
Total current liabilities	741.6	661.3
Long-term debt	125.0	200.0
Operating lease liabilities	187.6	178.8
Deferred income taxes	75.8	73.0
Other long-term liabilities	11.0	1.0
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, 572,881,159 and 571,982,367 shares issued and outstanding, respectively	5.7	5.7
Additional paid-in capital	73.3	41.0
Retained earnings	3,575.5	3,356.9
Accumulated other comprehensive loss	(57.1)	(54.8)
Total stockholders' equity	3,597.4	3,348.8
Total liabilities and stockholders' equity	$ 4,738.4	4,462.9

FASTENAL COMPANY AND SUBSIDIARIES

Condensed Consolidated Statements of Income

(Amounts in millions except income per share)

	(Unaudited) Nine Months Ended September 30,		(Unaudited) Three Months Ended September 30,	
	2024	2023	2024	2023
Net sales	$ 5,721.5	5,588.1	$ 1,910.2	1,845.9
Cost of sales	3,137.8	3,033.0	1,051.6	998.3
Gross profit	2,583.7	2,555.1	858.6	847.6
Selling, general, and administrative expenses	1,418.5	1,380.2	470.5	460.9
Operating income	1,165.2	1,174.9	388.1	386.7
Interest income	4.2	1.8	1.3	0.8
Interest expense	(5.6)	(8.9)	(1.8)	(2.1)
Income before income taxes	1,163.8	1,167.8	387.6	385.4
Income tax expense	275.3	279.2	89.5	89.9
Net income	$ 888.5	888.6	$ 298.1	295.5
Basic net income per share	$ 1.55	1.56	$ 0.52	0.52
Diluted net income per share	$ 1.55	1.55	$ 0.52	0.52
Basic weighted average shares outstanding	572.6	571.1	572.7	571.4
Diluted weighted average shares outstanding	574.1	572.9	574.2	573.1

FASTENAL COMPANY AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

(Amounts in millions)

	(Unaudited) Nine Months Ended September 30,		(Unaudited) Three Months Ended September 30,	
	2024	2023	2024	2023
Cash flows from operating activities:				
Net income	$ 888.5	888.6	$ 298.1	295.5
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation of property and equipment	123.0	126.1	41.8	42.1
Gain on sale of property and equipment	(3.0)	(2.7)	(1.3)	(1.5)
Bad debt (recoveries) expense	(0.2)	1.4	0.4	1.2
Deferred income taxes	2.8	(4.4)	1.6	(5.0)
Stock-based compensation	6.0	5.6	2.0	1.8
Amortization of intangible assets	8.0	8.0	2.6	2.6
Changes in operating assets and liabilities:				
Trade accounts receivable	(113.5)	(159.5)	7.4	(4.5)
Inventories	(36.2)	191.7	(48.4)	46.1
Other current assets	(19.6)	15.4	(26.1)	(8.3)
Accounts payable	40.3	21.7	9.6	11.8
Accrued expenses	(14.8)	(4.7)	7.7	6.6
Income taxes	0.7	(7.2)	(0.3)	(0.6)
Other	8.5	(1.3)	1.8	0.3
Net cash provided by operating activities	890.5	1,078.7	296.9	388.1
Cash flows from investing activities:				
Purchases of property and equipment	(166.3)	(136.5)	(59.4)	(46.9)
Proceeds from sale of property and equipment	9.6	8.8	3.6	4.0
Other	(0.3)	(0.5)	(0.1)	(0.1)
Net cash used in investing activities	(157.0)	(128.2)	(55.9)	(43.0)
Cash flows from financing activities:				
Proceeds from debt obligations	590.0	790.0	205.0	155.0
Payments against debt obligations	(610.0)	(1,085.0)	(200.0)	(245.0)
Proceeds from exercise of stock options	26.3	15.4	7.7	2.9
Cash dividends paid	(669.9)	(599.5)	(223.4)	(199.8)
Net cash used in financing activities	(663.6)	(879.1)	(210.7)	(286.9)
Effect of exchange rate changes on cash and cash equivalents	1.0	(4.0)	6.4	(4.3)
Net increase in cash and cash equivalents	70.9	67.4	36.7	53.9
Cash and cash equivalents at beginning of period	221.3	230.1	255.5	243.6
Cash and cash equivalents at end of period	$ 292.2	297.5	$ 292.2	297.5
Supplemental information:				
Cash paid for interest	$ 6.0	10.3	$ 1.8	2.1
Net cash paid for income taxes	$ 269.4	288.0	$ 87.6	94.3
Leased assets obtained in exchange for new operating lease liabilities	$ 75.5	96.3	$ 26.1	32.0

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