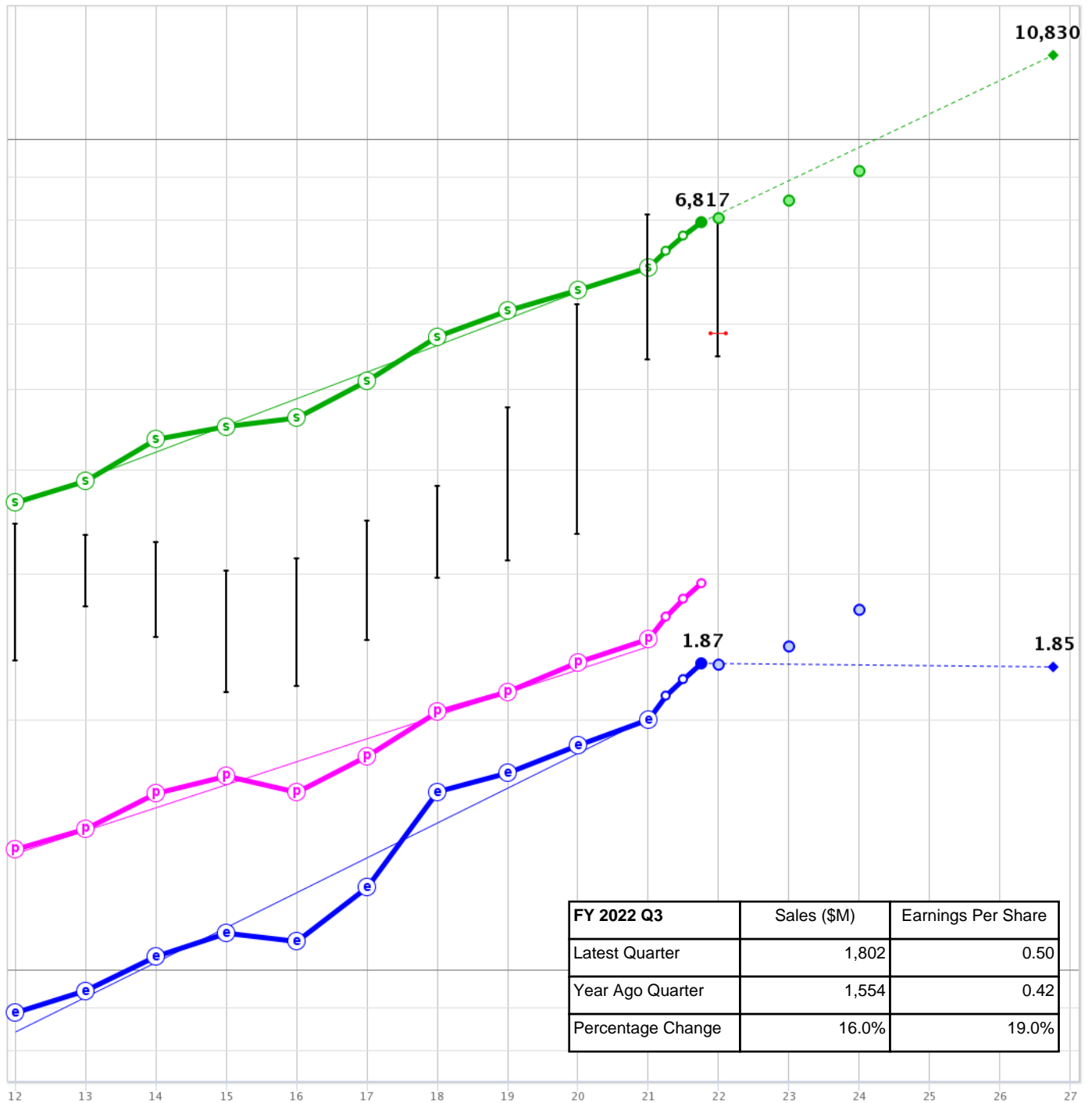


Stock Selection Guide

Company	Fastenal		Date	10/26/22	
Prepared by	BALLESTEROS		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Industrial Distribution		
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	574.7	4.5	76.9		
Debt (\$M)	808.9	% to Tot Cap	20.4	% Pot Dil	0.3

Symbol: FAST

1 VISUAL ANALYSIS of Sales, Earnings, and Price



- | | | | |
|-----------------------------------|------|--|-------|
| (1) Historical Sales Growth | 7.7% | (3) Historical Earnings Per Share Growth | 10.1% |
| (2) Estimated Future Sales Growth | 9.7% | (4) Estimated Future Earnings Per Share Growth | -0.2% |

2 EVALUATING Management

Fastenal

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Last 5 Year Avg.
% Pre-tax Profit on Sales	21.5%	21.5%	21.1%	21.3%	19.9%	19.9%	19.9%	19.6%	20.1%	20.1%	19.9%
% Earned on Equity	27.0%	25.6%	25.8%	28.7%	26.2%	28.5%	32.4%	30.6%	29.7%	31.1%	30.4%
% Debt To Capital	0.0%	0.0%	4.5%	16.8%	16.8%	16.5%	17.8%	18.1%	19.2%	17.3%	17.8%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 46.67 (10/26/22)

52-WEEK HIGH 64.75

52-WEEK LOW 43.73

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2017	27.7	19.9	1.01	27.6	19.8	0.64	63.7	3.2
2018	30.6	23.7	1.31	23.3	18.1	0.77	58.8	3.3
2019	37.9	24.8	1.38	27.5	18.0	0.87	63.0	3.5
2020	50.5	26.7	1.49	33.9	17.9	1.00	67.1	3.7
2021	64.7	43.4	1.60	40.5	27.1	1.12	70.0	2.6
AVERAGE		27.7		30.6	20.2		64.5	
CURRENT/TTM			1.87	34.6	23.4	1.24	66.3	
AVERAGE PRICE EARNINGS RATIO: 25.4					CURRENT PRICE EARNINGS RATIO: 25.0			

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 30.6 X Estimate High Earnings/Share 1.85 = Forecasted High Price \$ 56.7

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 20.2 X Estimate Low Earnings/Share 1.87 = Forecasted Low Price \$ 37.8

(b) Avg. Low Price of Last 5 Years 27.7

(c) Recent Market Low Price 26.7

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{1.24}{3.74\%} = 33.1$

Selected Forecasted Low Price \$ 37.8

C ZONING using 25%-50%-25%

Forecasted High Price 56.7 Minus Forecasted Low Price 37.8 = 18.9 Range. 25% of Range 4.7

Buy Zone 37.8 to 42.5

Hold Zone 42.5 to 51.9

Sell Zone 51.9 to 56.7

Present Market Price of 46.67 is in the **HOLD** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price}} = \frac{56.7 - 46.67}{46.67} = 0.216$
 $\frac{\text{Present Price} - \text{Low Price}}{\text{Present Price}} = \frac{46.67 - 37.8}{46.67} = 0.191$
 Ratio = $\frac{0.216}{0.191} = 1.1$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price}}{\text{Closing Price}} = \frac{56.7}{46.67} = 1.2139$ X 100 = 121.39 - 100 = 21.4 % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{1.12}{46.67} = 0.0266 = 2.7\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{64.5\%}{30.60} = 2.1\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{64.5\%}{25.40} = 2.5\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 4.0 %
 Average Yield 2.1 %
 Annualized Rate of Return 6.1 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 0.2 %
 Average Yield 2.5 %
 Annualized Rate of Return 2.7 %