

FASTENAL CO
Form 10-Q
July 17, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 2017, or
 Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____
Commission file number 0-16125

FASTENAL COMPANY
(Exact name of registrant as specified in its charter)

Minnesota 41-0948415
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)
2001 Theurer Boulevard 55987-1500
Winona, Minnesota
(Address of principal executive offices) (Zip Code)
(507) 454-5374
(Registrant's telephone number, including area code)
Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.) Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer
Non-accelerated Filer (Do not check if a smaller reporting company) Smaller Reporting Company
Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the

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Exchange Act. "

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes " No ý

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the last practicable date.

Class	Outstanding at July11, 2017
Common Stock, par value \$.01 per share	287,978,174

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PART I — FINANCIAL INFORMATION

ITEM 1 — FINANCIAL STATEMENTS

FASTENAL COMPANY AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(Amounts in millions except share and per share information)

	(Unaudited)	
	June 30, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 115.1	112.7
Trade accounts receivable, net of allowance for doubtful accounts of \$11.6 and \$11.2, respectively	613.5	499.7
Inventories	1,044.3	993.0
Prepaid income taxes	—	12.9
Other current assets	100.0	102.5
Total current assets	1,872.9	1,720.8
Property and equipment, net	895.2	899.7
Other assets	83.3	48.4
Total assets	\$ 2,851.4	2,668.9
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of debt	\$ 8.8	10.5
Accounts payable	141.2	108.8
Accrued expenses	180.4	156.4
Income taxes payable	11.9	—
Total current liabilities	342.3	275.7
Long-term debt	436.2	379.5
Deferred income tax liabilities	81.4	80.6
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, 287,978,174 and 289,161,924 shares issued and outstanding, respectively	2.9	2.9
Additional paid-in capital	1.2	37.4
Retained earnings	2,023.7	1,940.1
Accumulated other comprehensive loss	(36.3) (47.3
Total stockholders' equity	1,991.5	1,933.1
Total liabilities and stockholders' equity	\$ 2,851.4	2,668.9

See accompanying Notes to Condensed Consolidated Financial Statements.

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FASTENAL COMPANY AND SUBSIDIARIES

Condensed Consolidated Statements of Earnings

(Amounts in millions except earnings per share)

	(Unaudited)		(Unaudited)	
	Six Months Ended June 30,		Three Months Ended June 30,	
	2017	2016	2017	2016
Net sales	\$2,169.2	2,001.0	\$1,121.5	1,014.3
Cost of sales	1,092.7	1,007.9	563.0	512.7
Gross profit	1,076.5	993.1	558.5	501.6
Operating and administrative expenses	627.5	582.8	321.6	292.6
Gain on sale of property and equipment	(1.0)	(0.1)	(0.6)	(0.2)
Operating income	450.0	410.4	237.5	209.2
Interest income	0.2	0.2	0.1	0.1
Interest expense	(3.9)	(2.9)	(2.2)	(1.5)
Earnings before income taxes	446.3	407.7		