

ModernGraham Valuation

Company Name:

Fastenal Company

Company Ticker FAST

Date of Analysis

8/22/2015



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	Pass
3. Earnings Stability	Positive EPS for 10 years prior	Pass
4. Dividend Record	Dividend Payments for 10 years prior	Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	Pass
5. Earnings Growth	PEmg < 20	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	Fail
7. Moderate Price to Assets		

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	Pass
3. Earnings Stability	Positive EPS for 5 years prior	Pass
4. Dividend Record	Currently Pays Dividend	Pass
5. Earnings Growth	EPSmg greater than 5 years ago	Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	1.60
MG Growth Estimate	10.49%
MG Value	\$47.30
MG Value based on 3% Growth	\$23.27
MG Value based on 0% Growth	\$13.64
Market Implied Growth Rate	7.96%

MG Opinion

Current Price	\$39.18
% of Intrinsic Value	82.83%
Opinion	Fairly Valued

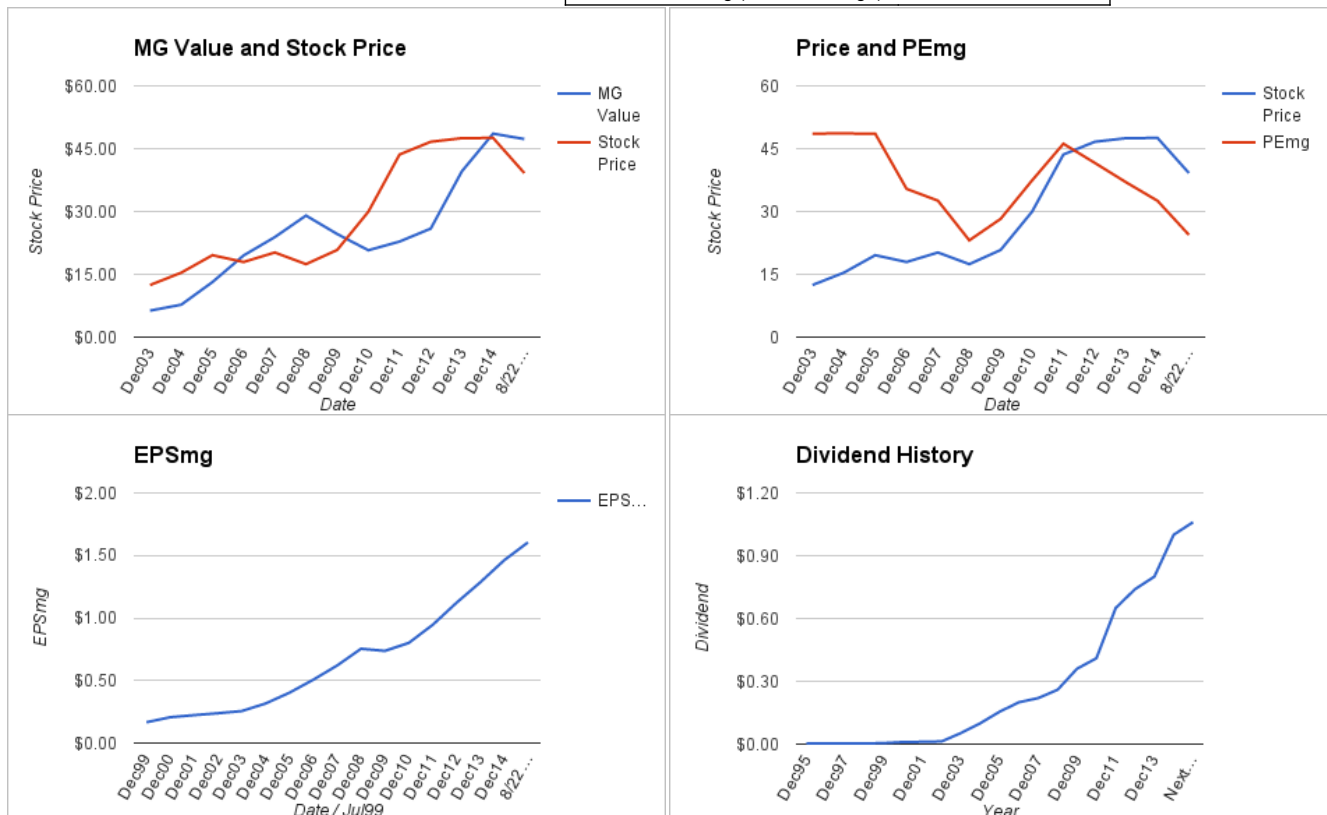
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$3.24
PEmg	24.42
Current Ratio	4.19
PB Ratio	6.48
Dividend Yield	2.71%
Number of Consecutive Years of Dividend Growth	18

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.77	Next Fiscal Year Estimate	\$1.60
Dec14	\$1.66	Dec14	\$1.46
Dec13	\$1.51	Dec13	\$1.29
Dec12	\$1.42	Dec12	\$1.12
Dec11	\$1.21	Dec11	\$0.94
Dec10	\$0.90	Dec10	\$0.80
Dec09	\$0.62	Dec09	\$0.74
Dec08	\$0.94	Dec08	\$0.75
Dec07	\$0.78	Dec07	\$0.62
Dec06	\$0.66	Dec06	\$0.51
Dec05	\$0.55	Dec05	\$0.40
Dec04	\$0.43	Dec04	\$0.32
Dec03	\$0.28	Dec03	\$0.26
Dec02	\$0.25	Dec02	\$0.24
Dec01	\$0.23	Dec01	\$0.22
Dec00	\$0.27	Dec00	\$0.21
Dec99	\$0.22	Dec99	\$0.17
Dec98	\$0.18	Balance Sheet Information Jun15	
Dec97	\$0.14	Total Current Assets	\$1,663,373,000
Dec96	\$0.11	Total Current Liabilities	\$396,576,000
Dec95	\$0.09	Long-Term Debt	\$0
		Total Assets	\$2,480,932,000
		Intangible Assets	\$0
		Total Liabilities	\$716,948,000
		Shares Outstanding (Diluted Average)	291,830,000



Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other
ModernGraham
posts about the
company

[The Best Companies of the Machinery Industry – August 2015](#)
[30 Companies in the Spotlight This Week – 5/23/15](#)
[Fastenal Company Quarterly Valuation – May 2015 \\$FAST](#)
[27 Companies in the Spotlight This Week – 2/14/15](#)
[Fastenal Company Quarterly Valuation – February 2015 \\$FAST](#)

Other
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companies

[A.O. Smith Corporation Analysis – Initial Coverage \\$AOS](#)
[The Best Companies of the Machinery Industry – August 2015](#)
[Danaher Corporation Analysis – August 2015 Update \\$DHR](#)
[Pall Corporation Analysis – August 2015 Update \\$PLL](#)
[AGCO Corporation Analysis – Initial Coverage \\$AGCO](#)
[Snap-on Inc. Analysis – August 2015 Update \\$SNA](#)
[Joy Global Inc. Analysis – August 2015 Update \\$JOY](#)
[Rockwell Automation Analysis – July 2015 Update \\$ROK](#)
[Caterpillar Inc. Analysis – 2015 Update \\$CAT](#)
[W.W. Grainger Inc. Analysis – July 2015 Update \\$GWW](#)