

# ModernGraham Valuation

Company Name:

Fastenal Company

Company Ticker FAST

Date of Analysis

11/27/2015



## 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  | \$11,619,669,422 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2  | 4.54             | Pass |
| 3. Earnings Stability                      | Positive EPS for 10 years prior  |                  | Pass |
| 4. Dividend Record                         | Dividend Payments for 10 years prior   |                  | Pass |
| 5. Earnings Growth                         | Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end | 107.16%          | Pass |
| 6. Moderate PEmg Ratio                     | PEmg < 20  | 25.12            | Fail |
| 7. Moderate Price to Assets                | PB Ratio < 2.5 OR PB*PEmg < 50   | 6.54             | Fail |

*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            | 4.54 | Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1              | 0.00 | 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

|                     |            |
|---------------------|------------|
| <b>Defensive</b>    | <b>No</b>  |
| <b>Enterprising</b> | <b>Yes</b> |

## Stage 2: Determination of Intrinsic Value

|                             |                |
|-----------------------------|----------------|
| EPSmg                       | \$1.60         |
| MG Growth Estimate          | 10.38%         |
| <b>MG Value</b>             | <b>\$46.77</b> |
| MG Value based on 3% Growth | \$23.17        |
| MG Value based on 0% Growth | \$13.58        |
| Market Implied Growth Rate  | 8.31%          |

### MG Opinion

|                      |                      |
|----------------------|----------------------|
| Current Price        | \$40.14              |
| % of Intrinsic Value | 85.83%               |
| <b>Opinion</b>       | <b>Fairly Valued</b> |

## Stage 3: Information for Further Research

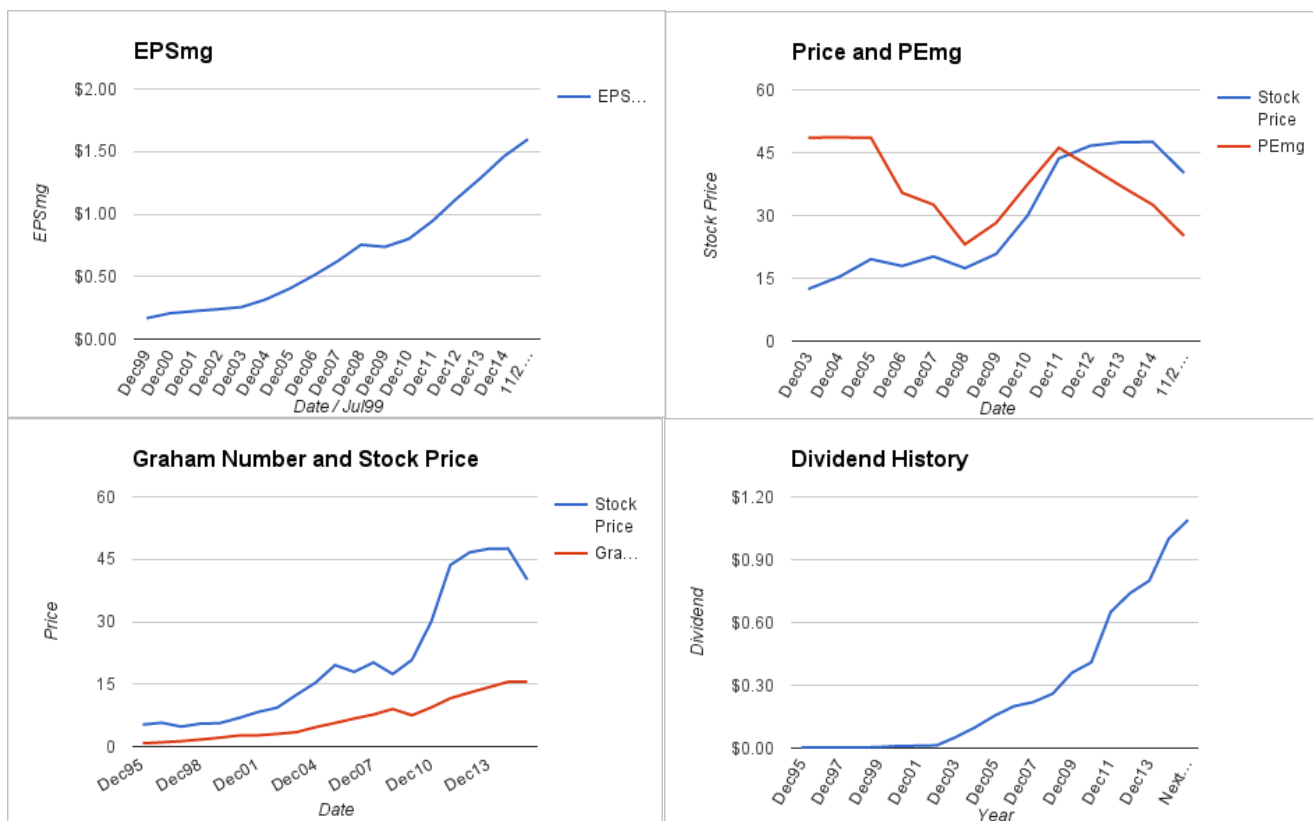
|  |         |
|--|---------|
| Net Current Asset Value (NCAV)                 | \$3.31  |
| Graham Number                                  | \$15.57 |
| PEmg   | 25.12   |
| Current Ratio                                  | 4.54    |
| PB Ratio                                       | 6.54    |
| Dividend Yield                                 | 2.72%   |
| Number of Consecutive Years of Dividend Growth | 18      |

### Useful Links:

|  |                               |
|--|-------------------------------|
| <a href="#">ModernGraham tagged articles</a> | <a href="#">Morningstar</a>   |
| <a href="#">Google Finance</a>               | <a href="#">MSN Money</a>     |
| <a href="#">Yahoo Finance</a>                | <a href="#">Seeking Alpha</a> |
| <a href="#">GuruFocus</a>                    | <a href="#">SEC Filings</a>   |

| EPS History               |        | EPSmg History                          |                 |
|---------------------------|--------|--|-----------------|
| Next Fiscal Year Estimate | \$1.75 | 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 | <b>Balance Sheet Information Sep15</b> |                 |
| Dec97                     | \$0.14 | Total Current Assets                   | \$1,672,990,000 |
| Dec96                     | \$0.11 | Total Current Liabilities              | \$368,280,000   |
| Dec95                     | \$0.09 | Long-Term Debt                         | \$0             |
|                           |        | Total Assets                           | \$2,495,277,000 |
|                           |        | Intangible Assets                      | \$0             |
|                           |        | Total Liabilities                      | \$711,786,000   |
|                           |        | Shares Outstanding (Diluted Average)   | 290,475,000     |





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

[19 Best Stocks For Value Investors This Week – 8/29/15](#)  
[Fastenal Company Analysis – August 2015 Update \\$FAST](#)  
[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](#)

Other  
ModernGraham  
posts about related  
companies

[Pentair PLC Valuation – November 2015 Update \\$PNR](#)  
[A.O. Smith Corp Valuation – November 2015 Update \\$AOS](#)  
[Danaher Corporation Valuation – November 2015 Update \\$DHR](#)  
[AGCO Corporation Valuation – November 2015 Update \\$AGCO](#)  
[Snap-on Inc. Valuation – November 2015 Update \\$SNA](#)  
[Joy Global Inc. Valuation – November 2015 Update \\$JOY](#)  
[Rockwell Automation Inc. Valuation – October 2015 Update \\$ROK](#)  
[Paccar Inc. Analysis – October 2015 Update \\$PCAR](#)  
[W.W. Grainger Inc. Analysis – October 2015 Update \\$GWW](#)  
[My Personal Holdings: Deere & Company – October 2015 Update \\$DE](#)