Fastenal Company (FAST)

Updated July 14th, 2026, by Aristofanis Papadatos

Key Metrics

Current Price:	$46	**5 Year CAGR Estimate:**	0.9%	**Market Cap:**	$53 B
Fair Value Price:	$30	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date:**	7/28/26
% Fair Value:	153%	**5 Year Valuation Multiple Estimate:**	-8.2%	**Dividend Payment Date:**	8/25/26
Dividend Yield:	2.3%	**5 Year Price Target**	$42	**Years Of Dividend Growth:**	27
Dividend Risk Score:	D	**Sector:** Industrials		**Rating:**	Hold

Overview & Current Events

Fastenal began in 1967 when Bob Kierlin and four friends pooled together $30,000 to open the first store. The original intent was to dispense nuts and bolts via vending machine, but that idea got off the ground after 20 years. The company went public in 1987 and today provides fasteners, tools and supplies to its customers via about 1,600 public branches, 2,700 active Onsite locations and 141,000 managed inventory devices. Fastenal has a market capitalization of $53 billion. On May 22nd, 2025, Fastenal performed a two-for-one stock split. All figures in this report are adjusted for this split.

In mid-July, Fastenal reported (7/14/26) results for the second quarter of 2026. It grew its sales 15% over last year's quarter thanks to market share gains with large customers and price hikes. Gross margin slipped from 45.3% to 44.6% due to higher input costs but earnings-per-share grew 16%, from $0.29 to $0.33, in line with the analysts' consensus. Fastenal has missed the analysts' estimates in only 3 of the last 27 quarters. The company is still facing challenges due to the effect of tariffs on input costs. Nevertheless, Fastenal has proved resilient to nearly all kinds of challenges and remains on track to grow its earnings-per-share at a double-digit rate this year, to a new all-time high.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$0.44	$0.51	$0.66	$0.69	$0.75	$0.80	$0.95	$1.01	$1.00	$1.09	***$1.25***	***$1.75***
DPS	$0.30	$0.32	$0.39	$0.43	$0.50	$0.56	$0.62	$0.70	$0.78	$0.88	***$1.04***	***$1.32***
Shares[1]	1156	1150	1144	1148	1152	1156	1152	1146	1148	1151	***1151***	***1150***

Fastenal has grown its earnings-per-share at a 10.7% average annual rate over the last decade and at a 7.9% average annual rate over the last five years. This has been driven by a variety of factors, including strong growth of sales, an improvement in margins and tax reform. The COVID-19 pandemic impacted many businesses, but Fastenal proved resilient in 2020. The traditional business faced challenges, but the Safety segment more than offset lost sales. We expect 7% growth of earnings-per-share over the next five years.

Fastenal is in the midst of a transformation from the traditional public branches leading the business to Onsite locations and managed inventory (mostly vending devices) heading the growth story. (Public store count topped out in 2014 and has since been declining, while Onsite and vending have increased materially.) We believe this is a prudent move, establishing stickier relationships with customers. This is especially true since only a small fraction of the company's business is from walk-in customers while the majority is done business-to-business.

The large, national accounts are tougher for margins, but this is offset by incremental volume. Moreover, the company is exposed to a fair amount of cyclicality, as over half of its business is in construction and heavy manufacturing.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	25.3	23.3	20.8	23.6	28.0	35.6	27.6	27.5	35.5	38.4	***36.8***	***24.0***
Avg. Yld.	2.7%	2.7%	2.8%	2.6%	2.4%	2.1%	2.4%	2.5%	2.2%	2.1%	***2.3%***	***3.1%***

[1] In millions.

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Over the past decade, shares of Fastenal have traded hands with an average price-to-earnings ratio of 28.6. Even during the depths of the Great Recession, shares did not trade below 15 times earnings. The stock has rarely traded with a price-to-earnings ratio below 20 since 2010. Overall, Fastenal has always traded at a premium valuation.

This premium has implications on the shareholder return side, as the dividend yield will remain modest (even with an elevated payout ratio) and share buybacks do not enhance shareholder value. (The last time a meaningful number of shares was retired was in 2015, when the company took on debt). Assuming a fair price-to-earnings ratio of 24.0 for 2031, the stock is likely to incur an -8.2% annualized valuation drag over the next five years.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	69%	63%	59%	62%	67%	70%	66%	69%	78%	81%	***83%***	***75%***

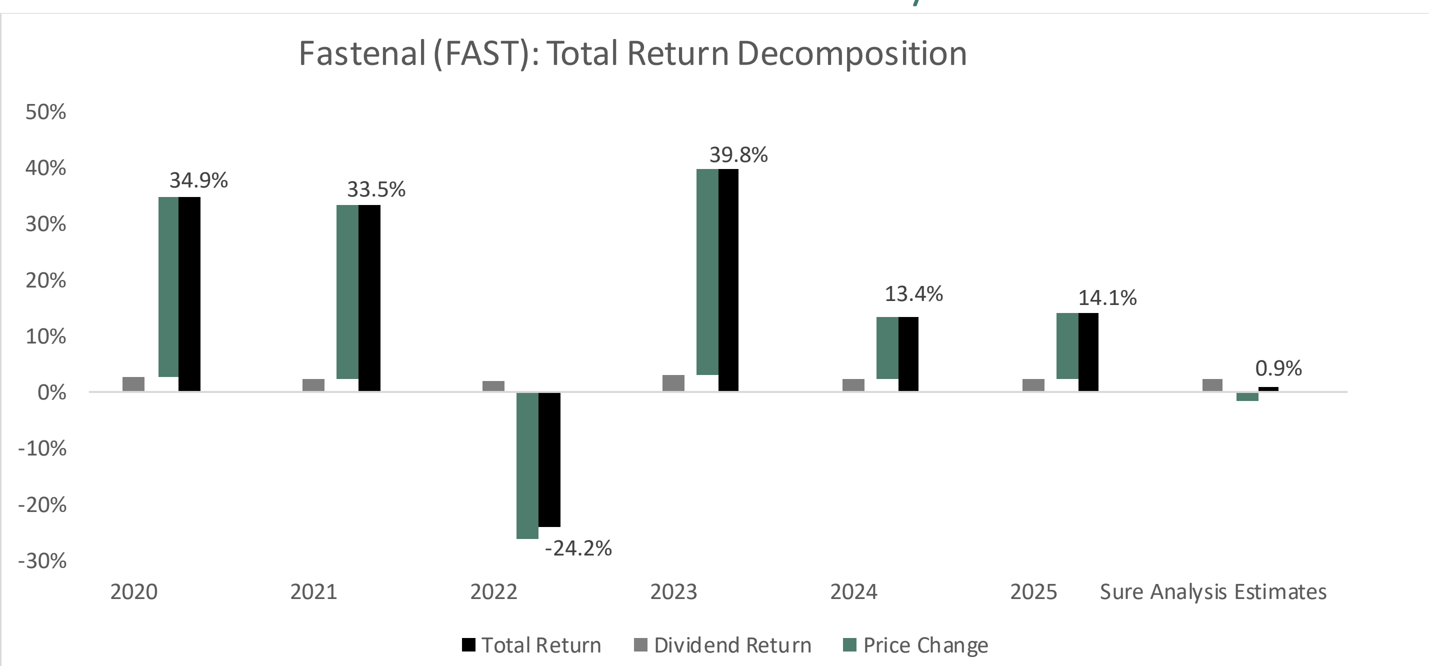
Fastenal has a first mover competitive advantage in its industrial vending and Onsite locations, creating a very sticky and well-attuned customer relationship with high switching costs. Moreover, its scale allows the company to continue its growth path, adjust to business preferences and reliably deliver needed goods.

During the Great Recession, Fastenal reported earnings-per-share of $0.39, $0.48, $0.31, and $0.45 for the 2007 through 2010 period. Moreover, the dividend kept rising during that period. While we note some cyclical possibilities in the construction industry, thus far the company has proven itself to be well prepared to endure financial storms. We note that the dividend payout ratio is elevated, but we believe this is reasonable considering the debt-free balance sheet. Indeed, Fastenal actually paid a special dividend in 2020 and 2023, citing high cash balances and a favorable outlook.

Final Thoughts & Recommendation

Fastenal has proven a great company, with consistent growth of earnings and dividends. Moreover, it is executing moves to better cement itself as a go-to supplier. It is the sort of business that you would be proud to own. However, the market has rewarded the stock with a premium valuation. We expect the stock to offer a 0.9% average annual total return over the next five years, as 7.0% earnings growth and a 2.3% dividend may be partly offset by an -8.2% valuation headwind. The stock receives a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	3962	4391	4965	5334	5647	6011	6980	7347	7546	8201
Gross Profit	1965	2164	2399	2515	2568	2777	3216	3355	3402	3523
Gross Margin	49.6%	49.3%	48.3%	47.2%	45.5%	46.2%	46.1%	45.7%	45.1%	43.0%
SG&A Exp.	1170	1283	1400	1459	1427	1560	1762	1826	1892	2036
D&A Exp.	104	127	138	149	162	171	177	177	175	179
Operating Profit	795	881	999	1056	1140	1217	1454	1529	1510	1656
Operating Margin	20.1%	20.1%	20.1%	19.8%	20.2%	20.2%	20.8%	20.8%	20.0%	20.2%
Net Profit	499	579	752	791	859	925	1087	1155	1151	1258
Net Margin	12.6%	13.2%	15.1%	14.8%	15.2%	15.4%	15.6%	15.7%	15.2%	15.3%
Free Cash Flow	330	465	498	596	934	614	767	1260	947	1051
Income Tax	290	295	235	253	274	283	353	367	358	397

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	2669	2911	3322	3800	3965	4299	4549	4463	4698	5053
Cash & Equivalents	113	117	167	175	246	236	230	221	256	277
Accounts Receivable	500	608	714	742	769	900	1013	1088	1109	1245
Inventories	993	1093	1279	1366	1338	1524	1708	1523	1645	1748
Goodwill & Int. Ass.	---	---	---	---	---	---	---	---	---	---
Total Liabilities	736	814	1019	1134	1232	1257	1385	1114	1082	1109
Accounts Payable	109	148	194	193	207	233	255	264	288	317
Long-Term Debt	390	415	500	345	405	390	555	260	200	336
Shareholder's Equity	1933	2097	2303	2666	2733	3042	3163	3349	3616	3944
LTD/E Ratio	0.2	0.2	0.2	0.13	0.15	0.13	0.18	0.08	0.06	0.11

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	19.2%	20.7%	24.1%	22.2%	22.1%	22.4%	24.6%	25.6%	25.1%	25.8%
Return on Equity	26.7%	28.7%	34.2%	31.8%	31.8%	32.0%	35.0%	35.5%	33.0%	33.3%
ROIC	22.2%	23.9%	28.3%	27.2%	27.9%	28.2%	30.4%	31.5%	31.0%	29.7%

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.