

FASTENAL CO
Form 10-Q
April 17, 2015
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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 March 31, 2015, 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 incorporation or organization) | (I.R.S. Employer Identification No.) |
| 2001 Theurer Boulevard | 55987-1500 |
| Winona, Minnesota | (Zip Code) |
| (Address of principal executive offices) | |
| (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, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|-------------------------------------|---------------------------|--------------------------|
| Large Accelerated Filer | <input checked="" type="checkbox"/> | Accelerated Filer | <input type="checkbox"/> |
| Non-accelerated Filer | <input type="checkbox"/> | Smaller Reporting Company | <input type="checkbox"/> |
| (Do not check if a smaller reporting company) | | | |

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

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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 April 13, 2015 |
|---|-------------------------------|
| Common Stock, par value \$.01 per share | 293,955,044 |

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PART I — FINANCIAL INFORMATION

ITEM 1 — FINANCIAL STATEMENTS

FASTENAL COMPANY AND SUBSIDIARIES

Consolidated Balance Sheets

(Amounts in thousands except share information)

| | (Unaudited) | |
|--|-------------------|----------------------|
| | March 31, 2015 | December 31, 2014 |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$120,790 | 114,496 |
| Trade accounts receivable, net of allowance for doubtful accounts of \$13,316 and \$12,619, respectively | 521,094 | 462,077 |
| Inventories | 867,922 | 869,224 |
| Deferred income tax assets | 21,578 | 21,765 |
| Other current assets | 97,563 | 115,703 |
| Total current assets | 1,628,947 | 1,583,265 |
| Property and equipment, less accumulated depreciation | 783,151 | 763,889 |
| Other assets, net | 11,839 | 11,948 |
| Total assets | \$2,423,937 | 2,359,102 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Line of credit | \$125,000 | 90,000 |
| Accounts payable | 132,234 | 103,909 |
| Accrued expenses | 168,943 | 174,002 |
| Income taxes payable | 66,186 | 7,442 |
| Total current liabilities | 492,363 | 375,353 |
| Deferred income tax liabilities | 68,761 | 68,532 |
| Stockholders' equity: | | |
| Preferred stock, 5,000,000 shares authorized | — | — |
| Common stock, 400,000,000 shares authorized, 293,955,044 and 295,867,844 shares issued and outstanding, respectively | 2,940 | 2,959 |
| Additional paid-in capital | — | 33,744 |
| Retained earnings | 1,887,159 | 1,886,350 |
| Accumulated other comprehensive loss | (27,286) | (7,836) |
| Total stockholders' equity | 1,862,813 | 1,915,217 |
| Total liabilities and stockholders' equity | \$2,423,937 | 2,359,102 |
| See accompanying notes to consolidated financial statements. | | |

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FASTENAL COMPANY AND SUBSIDIARIES

Consolidated Statements of Earnings

(Amounts in thousands except earnings per share)

| | (Unaudited) | |
|--|--------------------|---------|
| | Three Months Ended | |
| | March 31, | |
| | 2015 | 2014 |
| Net sales | \$953,317 | 876,501 |
| Cost of sales | 469,267 | 428,023 |
| Gross profit | 484,050 | 448,478 |
| Operating and administrative expenses | 280,387 | 269,843 |
| Gain on sale of property and equipment | (108) | (216) |
| Operating income | 203,771 | 178,851 |
| Interest income | 99 | 120 |
| Interest expense | (358) | (126) |
| Earnings before income taxes | 203,512 | 178,845 |
| Income tax expense | 75,906 | 66,914 |
| Net earnings | \$127,606 | 111,931 |
| Basic net earnings per share | \$0.43 | 0.38 |
| Diluted net earnings per share | \$0.43 | 0.38 |
| Basic weighted average shares outstanding | 295,238 | 296,642 |
| Diluted weighted average shares outstanding | 295,937 | 297,495 |
| See accompanying notes to consolidated financial statements. | | |

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FASTENAL COMPANY AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(Amounts in thousands)

| | (Unaudited) Three Months Ended March 31, | |
|--------------|--|------|
| | 2015 | 2014 |
| Net earnings | \$ 127,606 | |