



Fastenal Bull Sees More Upside Amid Healthcare, Safety Push

Ticker/Price: FAST \$38

Analysis:

Fastenal (FAST) afternoon buyer of 2,000 August \$40 calls around \$2 as the May \$37.50 calls roll out and over 3,000 at the strike now. FAST also seeing buyers of 1700 June \$37.5 calls, same spot where buyers active on 4/27. Shares have held up well and back near new all-time highs above \$38.50 with a weekly breakout targeting \$45+. FAST is a bit over-extended above its 8-EMA but solid near-term trend and likely holds the YTD VPOC around \$36 on a pullback. The \$22B company trades 27.5X earnings and 4X sales with a 2.6% yield. FAST is coming off a strong quarter despite the overall retail weakness. Their safety business which makes eye protection, respiratory protection, hand protection, and other PPE rose 31% while their government business which focuses on sales to FEMA, among other federal agencies, rose 31%. Analysts have an average target for shares of \$75. Argus positive on 4-15 noting that the company has become a "critical infrastructure" provider due to its presence with state/local governments, first responders, and food processors, among other customer verticals. Baird positive on 4-15 as well noting that FAST has typically outperformed during recessionary periods. William Blair noting on 4-14 that if April is the worst sales month, then 2020 EPS could hold up much better than most thought given the store re-openings expected. Short interest is 4.5% but declining steadily since early 2018. Hedge fund ownership fell 6.5% in Q4. Route One Investment with 12M shares, their third largest. FAST insiders have been active in 2020 with the biggest purchase a \$640,000 buy from a director in January at \$35.57.

Hawk Vision:



Hawk's Perspective: FAST is a bit over-heated here but a nice name to target on a dip back to \$35/\$36 as it is showing clear relative strength and value.

Confidence Ranking: \$\$