



World Fuel Services Corporation Reports Record First Quarter Earnings

April 30, 2015

Generated \$107 million of Operating Cash Flow in the First Quarter

MIAMI--(BUSINESS WIRE)--Apr. 30, 2015-- World Fuel Services Corporation (NYSE: INT) today reported first quarter net income of \$55.6 million or \$0.78 diluted earnings per share compared to \$50.7 million or \$0.71 diluted earnings per share in the first quarter of 2014. Excluding the impact of the previously disclosed retirement of our former aviation segment president and a deferred revenue purchase accounting adjustment, adjusted first quarter net income was \$59.0 million or \$0.83 diluted earnings per share. Non-GAAP net income and diluted earnings per share for the first quarter, excluding share-based compensation, amortization of acquired intangible assets, costs associated with the aforementioned retirement and deferred revenue adjustments were \$65.0 million and \$0.91, respectively, compared to \$58.5 million and \$0.83 in 2014.

"The strength of our business model and the diversity of our markets served us well as we posted a solid result in the first quarter," stated Michael J. Kasbar, chairman and chief executive officer of World Fuel Services Corporation. "We continue to develop our global energy, logistics, transaction management and payment processing platform within our existing markets and products and expand into adjacencies that will provide us with sustainable growth."

The company's aviation segment generated gross profit of \$82.9 million, an increase of \$8.3 million or 11% sequentially and \$14 million or 20% year-over-year. The company's marine segment generated gross profit of \$53.9 million, a decrease of \$5.6 million or 9% sequentially, but an increase of \$6.1 million or 13% year-over-year. The company's land segment posted gross profit of \$78.6 million, a decrease of \$6.7 million or 8% sequentially, but an increase of \$7.3 million or 10% year-over-year.

"We generated \$107 million of operating cash flow in the first quarter, which marks the eleventh consecutive quarter of positive cash flow from operations and totals more than \$700 million over this period," said Ira M. Birns, executive vice president and chief financial officer. "We continue to drive operational excellence across all of our business segments, while delivering solid returns to our shareholders."

Non-GAAP Financial Measures

The non-GAAP financial measures exclude costs associated with share-based compensation, amortization of acquired intangible assets, deferred revenue purchase accounting adjustments, expenses related to the acquisition of Watson Petroleum and the termination of an employment agreement primarily because we do not believe they are reflective of the Company's core operating results. We believe the exclusion of share-based compensation from operating expenses is useful given the variation in expense that can result from changes in the fair value of our common stock, the effect of which is unrelated to the operational conditions that give rise to variations in the components of our operating costs. Also, we believe the exclusion of the amortization of acquired intangible assets, the expenses related to the acquisition of Watson Petroleum and the termination of an employment agreement are useful for purposes of evaluating operating performance of our core operating results and comparing them period over period. In accordance with the fair value provisions applicable to the accounting for business combinations, acquired deferred revenue is often recorded on the opening balance sheet at an amount that is lower than the historical carrying value. Although this acquisition accounting requirement has no impact on our business or cash flows, it adversely impacts our reported GAAP revenue in the reporting periods following an acquisition. We believe that the exclusion of the deferred revenue purchase accounting adjustment is useful to investors as an additional means to reflect trends of our business and provides investors with financial information that facilitates comparison of both historical and future results. We believe that these non-GAAP financial measures, when considered in conjunction with our financial information prepared in accordance with GAAP, are useful to investors to further aid in evaluating the ongoing financial performance of the Company and to provide greater transparency as supplemental information to our GAAP results.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. In addition, our presentation of non-GAAP net income and non-GAAP diluted earnings per common share may not be comparable to the presentation of such metrics by other companies. Non-GAAP diluted earnings per common share is computed by dividing non-GAAP net income attributable to World Fuel and available to common shareholders by the sum of the weighted average number of shares of common stock, stock units, restricted stock entitled to dividends not subject to forfeiture and vested RSUs outstanding during the period and the number of additional shares of common stock that would have been outstanding if our outstanding potentially dilutive securities had been issued. Investors are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures.

Information Relating to Forward-Looking Statements

This release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995,

including statements regarding our expectations about our expansion and sustainable growth. These forward-looking statements are qualified in their entirety by cautionary statements and risk factor disclosures contained in the company's Securities and Exchange Commission ("SEC") filings, including the company's Annual Report on Form 10-K filed with the SEC on February 12, 2015. Actual results may differ materially from any forward-looking statements due to risks and uncertainties, including, but not limited to: our ability to effectively integrate and derive benefits from acquired businesses, our ability to capitalize on new market opportunities, potential liabilities and the extent of any insurance coverage, the outcome of pending litigation and other proceedings, the impact of quarterly fluctuations in results, the creditworthiness of our customers and counterparties and our ability to collect accounts receivable, fluctuations in world oil prices or foreign currency, changes in political, economic, regulatory, or environmental conditions, adverse conditions in the markets or industries in which we or our customers and suppliers operate, our failure to effectively hedge certain financial risks associated with the use of derivatives, non-performance by counterparties or customers on derivatives contracts, loss of, or reduced sales, to a significant government customer, uninsured losses, the impact of natural disasters, adverse results in legal disputes, unanticipated tax liabilities, our ability to retain and attract senior management and other key employees and other risks detailed from time to time in the company's SEC filings. New risks emerge from time to time and it is not possible for management to predict all such risk factors or to assess the impact of such risks on our business. Accordingly, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, changes in expectations, future events, or otherwise.

About World Fuel Services Corporation

Headquartered in Miami, Florida, World Fuel Services is a global fuel logistics, transaction management and payment processing company, principally engaged in the distribution of fuel and related products and services in the aviation, marine and land transportation industries. World Fuel Services sells fuel and delivers services to its clients at more than 8,000 locations in more than 200 countries and territories worldwide.

The company's global team of market makers provides deep domain expertise in all aspects of aviation, marine and land fuel management. Aviation customers include commercial airlines, cargo carriers, private aircraft and fixed base operators (FBOs), as well as the United States and foreign governments. World Fuel Services' marine customers include international container and tanker fleets, cruise lines and time-charter operators, as well as the United States and foreign governments. Land customers include petroleum distributors, retail petroleum operators, and industrial, commercial, residential and government accounts. The company also offers transaction management services which consist of card payment solutions and merchant processing services to customers in the aviation, marine and land transportation industries. For more information, call 305-428-8000 or visit www.wfscorp.com.

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES **CONSOLIDATED BALANCE SHEETS** (UNAUDITED - IN MILLIONS)

	As of	
	March 31, 2015	December 31, 2014
Assets:		
Current assets:		
Cash and cash equivalents	\$ 391.0	\$ 302.3
Accounts receivable, net	2,202.3	2,307.9
Inventories	421.9	437.6
Prepaid expenses and other current assets	<u>580.4</u>	<u>627.1</u>
Total current assets	3,595.6	3,674.9
Property and equipment, net	203.9	202.7
Goodwill, identifiable intangible and other non-current assets	<u>988.5</u>	<u>1,002.4</u>
Total assets	<u>\$ 4,788.0</u>	<u>\$ 4,880.0</u>
Liabilities and equity:		
Liabilities:		
Current liabilities:		
Short-term debt	\$ 21.4	\$ 17.9
Accounts payable	1,736.2	1,850.1
Accrued expenses and other current liabilities	<u>355.2</u>	<u>373.3</u>

Total current liabilities	2,112.8	2,241.3
Long-term debt	679.4	672.0
Other long-term liabilities	113.6	101.8
Total liabilities	<u>2,905.8</u>	<u>3,015.1</u>
Equity:		
World Fuel shareholders' equity	1,871.5	1,855.4
Noncontrolling interest equity	10.7	9.5
Total equity	<u>1,882.2</u>	<u>1,864.9</u>
Total liabilities and equity	<u>\$ 4,788.0</u>	<u>\$ 4,880.0</u>

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED - IN MILLIONS, EXCEPT EARNINGS PER SHARE DATA)

	For the Three Months ended	
	March 31,	
	<u>2015</u>	<u>2014</u>
Revenue	\$ 7,340.7	\$ 10,550.9
Cost of revenue	<u>7,125.3</u>	<u>10,362.9</u>
Gross profit	<u>215.4</u>	<u>188.0</u>
Operating expenses:		
Compensation and employee benefits	88.6	71.1
Provision for bad debt	1.3	1.1
General and administrative	<u>54.0</u>	<u>51.5</u>
Total operating expenses	<u>143.9</u>	<u>123.7</u>
Income from operations	71.5	64.3
Non-operating expenses, net	<u>(7.0)</u>	<u>(2.5)</u>
Income before income taxes	64.5	61.8
Provision for income taxes	<u>9.9</u>	<u>11.3</u>
Net income including noncontrolling interest	54.6	50.5
Net loss attributable to noncontrolling interest	<u>(1.0)</u>	<u>(0.2)</u>
Net income attributable to World Fuel	<u>\$ 55.6</u>	<u>\$ 50.7</u>
Basic earnings per common share	<u>\$ 0.79</u>	<u>\$ 0.72</u>
Basic weighted average common shares	<u>70.7</u>	<u>70.7</u>
Diluted earnings per common share	<u>\$ 0.78</u>	<u>\$ 0.71</u>
Diluted weighted average common shares	<u>71.4</u>	<u>71.4</u>

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED - IN MILLIONS)

	For the Three Months ended March 31,	
	2015	2014
Cash flows from operating activities:		
Net income including noncontrolling interest	\$ 54.6	\$ 50.5
Adjustments to reconcile net income including noncontrolling interest to net cash provided by operating activities:		
Depreciation and amortization	13.4	12.4
Provision for bad debt	1.3	1.1
Share-based payment award compensation costs	4.2	4.0
Other	(8.5)	4.5
Change in cash collateral with financial counterparties	43.6	(10.1)
Changes in assets and liabilities, net of acquisitions	(1.7)	29.2
Total adjustments	52.3	41.1
Net cash provided by operating activities	106.9	91.6
Cash flows from investing activities:		
Acquisition of businesses, net of cash acquired and other investments	(3.7)	(154.0)
Capital expenditures	(13.1)	(8.9)
Escrow payment related to an assumed obligation of an acquired business	-	(21.7)
Other	5.3	-
Net cash used in investing activities	(11.5)	(184.6)
Cash flows from financing activities:		
Borrowings of debt, net	6.7	252.2
Dividends paid on common stock	(2.6)	(2.6)
Other	(6.5)	(2.3)
Net cash (used in) provided by financing activities	(2.4)	247.3
Effect of exchange rate changes on cash and cash equivalents	(4.3)	0.1
Net increase in cash and cash equivalents	88.7	154.4
Cash and cash equivalents, as of beginning of period	302.3	292.1
Cash and cash equivalents, as of end of period	\$ 391.0	\$ 446.5

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(UNAUDITED - IN MILLIONS, EXCEPT EARNINGS PER SHARE DATA)

	For the Three Months ended March 31,	
	2015	2014
Non-GAAP financial measures and reconciliation:		
GAAP net income attributable to World Fuel	\$ 55.6	\$ 50.7
Share-based compensation expense, net of income taxes ⁽¹⁾	2.3	2.7
Intangible asset amortization expense, net of income taxes ⁽²⁾	3.7	4.0
Deferred revenue purchase accounting adjustment, net of income taxes ⁽³⁾	1.1	-
Expenses related to the acquisition of Watson Petroleum, net of income taxes	-	1.1
Termination of employment agreement, net of income taxes ⁽⁴⁾	2.3	-

Non-GAAP net income attributable to World Fuel	\$ 65.0	\$ 58.5
GAAP diluted earnings per common share	\$ 0.78	\$ 0.71
Share-based compensation expense, net of income taxes ⁽¹⁾	0.03	0.04
Intangible asset amortization expense, net of income taxes ⁽²⁾	0.05	0.06
Deferred revenue purchase accounting adjustment, net of income taxes ⁽³⁾	0.02	-
Expenses related to the acquisition of Watson Petroleum, net of income taxes	-	0.02
Termination of employment agreement, net of income taxes ⁽⁴⁾	0.03	-
Non-GAAP diluted earnings per common share	\$ 0.91	\$ 0.83

- (1) The pre-tax amount of share-based compensation expense was \$3.4 and \$4.0 million for the three months ended March 31, 2015 and 2014, respectively.
- (2) The pre-tax amount of intangible asset amortization expense was \$5.4 and \$6.0 million for the three months ended March 31, 2015 and 2014, respectively.
- (3) The pre-tax amount of deferred revenue purchase accounting adjustment was \$1.5 million for the three months ended March 31, 2015.
- (4) The pre-tax amount of the termination of employment agreement was \$3.8 million for the three months ended March 31, 2015.

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES
BUSINESS SEGMENTS INFORMATION
(UNAUDITED - IN MILLIONS)

	For the Three Months ended March 31,	
	2015	2014
Revenue:		
Aviation segment	\$ 2,897.0	\$ 4,249.8
Marine segment	2,320.7	3,480.2
Land segment	2,123.0	2,820.9
	<u>\$ 7,340.7</u>	<u>\$ 10,550.9</u>
Gross profit:		
Aviation segment	\$ 82.9	\$ 68.9
Marine segment	53.9	47.8
Land segment	78.6	71.3
	<u>\$ 215.4</u>	<u>\$ 188.0</u>
Income from operations:		
Aviation segment	\$ 27.8	\$ 30.1
Marine segment	26.1	21.0
Land segment	31.8	26.5
	<u>\$ 85.7</u>	<u>\$ 77.6</u>
Corporate overhead - unallocated	14.2	13.3
	<u>\$ 71.5</u>	<u>\$ 64.3</u>



Source: World Fuel Services Corporation

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