

Q4 2024 Earnings Call

February 20, 2025

www.world-kinect.com

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Disclaimer and Cautionary Note Regarding Forward-Looking Statements

Certain statements, including comments about World Kinect Corporation's expectations regarding future plans, performance and acquisitions are forward-looking statements that are subject to a range of uncertainties and risks that could cause World Kinect's actual results to materially differ from the forward-looking information. The forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the words "believe," "anticipate," "expect," "estimate," "project," "could," "would," "will," "will be," "will continue," "plan," or words or phrases of similar meaning. Specifically, this presentation includes forward-looking statements regarding expectations regarding our future plans and performance, including our operating margin, gross profit, adjusted EBITDA and free cash flow. All of our forward-looking statements are qualified in their entirety by cautionary statements and risk factor disclosures contained in our SEC filings. These forward-looking statements are estimates and projections reflecting our best judgment and involve risks, uncertainties or other factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Although we believe the estimates and projections reflected in the forward-looking statements are reasonable, our expectations may prove to be incorrect. Our actual results may differ materially from the future results, performance or achievements expressed or implied by the forward-looking statements.

Important factors that could cause actual results to differ materially from the results and events anticipated or implied by such forward-looking statements include, but are not limited to: the imposition of tariffs in connection with the new U.S. presidential administration and retaliatory tariffs in response thereto, or renegotiation of existing trade agreements; customer and counterparty creditworthiness and our ability to collect accounts receivable and settle derivative contracts; changes in the market prices of energy or commodities or extremely high or low fuel prices that continue for an extended period of time; adverse conditions in the industries in which our customers operate; our inability to effectively mitigate certain financial risks and other risks associated with derivatives and our physical fuel products; our ability to achieve the expected level of benefit from our restructuring activities and cost reduction initiatives; relationships with our employees and potential labor disputes associated with employees covered by collective bargaining agreements; our failure to comply with restrictions and covenants governing our outstanding indebtedness; the impact of cyber and other information technology or security related incidents on us, our customers or other parties; changes in the political, economic or regulatory environment generally and in the markets in which we operate, including as a result of the current conflicts in Eastern Europe and the Middle East and the change in the U.S. presidential administration; greenhouse gas reduction programs and other environmental and climate change legislation adopted by governments around the world, including cap and trade regimes, carbon taxes, increased efficiency standards and mandates for renewable energy, each of which could increase our operating and compliance costs as well as adversely impact our sales of fuel products; changes in credit terms extended to us from our suppliers; non-performance of suppliers on their sale commitments and customers on their purchase commitments; non-performance of third-party service providers; our ability to effectively integrate and derive benefits from acquired businesses; our ability to meet financial forecasts associated with our operating plan; lower than expected cash flows and revenues, which could impair our ability to realize the value of recorded intangible assets and goodwill; the availability of cash and sufficient liquidity to fund our working capital and strategic investment needs; currency exchange fluctuations; inflationary pressures and their impact on our customers or the global economy, including sudden or significant increases in interest rates or a global recession; our ability to effectively leverage technology and operating systems and realize the anticipated benefits; failure to meet fuel and other product specifications agreed with our customers; environmental and other risks associated with the storage, transportation and delivery of petroleum products; reputational harm from adverse publicity arising out of spills, environmental contamination or public perception about the impacts on climate change by us or other companies in our industry; risks associated with operating in high-risk locations, including supply disruptions, border closures and other logistical difficulties that arise when working in these areas; uninsured or underinsured losses; seasonal variability that adversely affects our revenues and operating results, as well as the impact of natural disasters, such as earthquakes, hurricanes and wildfires; declines in the value and liquidity of cash equivalents and investments; our ability to retain and attract senior management and other key employees; changes in U.S. or foreign tax laws, interpretations of such laws, changes in the mix of taxable income among different tax jurisdictions, or adverse results of tax audits, assessments, or disputes; our failure to generate sufficient future taxable income in jurisdictions with material deferred tax assets and net operating loss carryforwards; changes in multilateral conventions, treaties, tariffs or other arrangements between or among sovereign nations; our ability to comply with U.S. and international laws and regulations, including those related to anti-corruption, economic sanction programs and environmental matters; the outcome of litigation, regulatory investigations and other legal matters, including the associated legal and other costs; and other risks described from time to time in our 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, except as required by law.

Non-GAAP Financial Measures

We believe that the non-GAAP financial measures (collectively, the “Non-GAAP 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 the non-GAAP financial measures may not be comparable to the presentation of such metrics by other companies. Our forward-looking guidance for our non-GAAP metrics depends on future levels of revenues and other metrics which are not reasonably estimable at this time. Accordingly, we cannot provide a reconciliation between projected adjusted gross profit, adjusted operating expense, and the most comparable GAAP metrics without unreasonable effort.

The Non-GAAP Measures exclude acquisition and divestiture related expenses, costs associated with restructuring activities (including all costs associated with exit activities), impairments, gains or losses on the extinguishment of debt, gains or losses on sale of businesses, integration costs associated with our acquisitions, and non-operating legal settlements, primarily because we do not believe they are reflective of our core operating results. We also exclude costs associated with a previously disclosed erroneous bid made in the Finnish power market (the “Finnish bid error”) that resulted in the extraordinary losses.

Definitions

- “Net income” means net income (loss) attributable to World Kinect as presented in the Statements of Income and Comprehensive Income.
- “Operating margin” means income from operations as a percentage of gross profit.

We use the following non-GAAP measures:

- Adjusted net income attributable to World Kinect (“adjusted net income”) is defined as net income excluding the impact of acquisition and divestiture related expenses, costs associated with restructuring activities (including all costs associated with exit activities), impairments, gains or losses on the extinguishment of debt, gains or losses on sale of businesses, integration costs, non-operating legal settlements, and costs associated with the Finnish bid error.
- Adjusted diluted earnings per common share is computed by dividing adjusted net income by the sum of the weighted average number of shares of common stock outstanding for 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. For the purpose of calculating Adjusted EPS, the weighted average number of shares of common stock outstanding is adjusted to include the convertible note hedges. Potentially dilutive securities include share-based compensation awards, such as non-vested restricted stock units, performance stock units where the performance requirements have been met, settled stock appreciation rights awards, and the convertible notes.
- Adjusted earnings before interest, taxes, depreciation and amortization (“Adjusted EBITDA”) is defined as net income including noncontrolling interest and excluding the impact of interest, income taxes, and depreciation and amortization, in addition to acquisition and divestiture related expenses, costs associated with restructuring activities (including all costs associated with exit activities), impairments, gains or losses on sale of businesses, integration costs, non-operating legal settlements, and costs associated with the Finnish bid error.
- Adjusted income from operations is defined as income from operations excluding the impact of acquisition and divestiture related expenses, costs associated with restructuring activities (including all costs associated with exit activities), impairments, integration costs, and costs associated with the Finnish bid error.
- Consolidated and Land Adjusted gross profit is defined as gross profit excluding the impact of costs associated with the Finnish bid error.
- Adjusted income from operations as a percentage of adjusted gross profit (“adjusted operating margin”) is computed by dividing adjusted income from operations by adjusted gross profit.
- Adjusted operating expenses is defined as operating expenses excluding the impact of acquisition and divestiture related expenses, costs associated with restructuring activities (including all costs associated with exit activities), impairments, integration costs, and costs associated with the Finnish bid error.
- Adjusted Corporate Unallocated Operating Expenses are defined as corporate operating expenses excluding the impact of acquisition and divestiture related expenses, costs associated with restructuring activities (including all costs associated with exit activities), impairments, integration costs, and costs associated with the Finnish bid error.
- Free Cash Flow is defined as operating cash flow minus total capital expenditures as presented in the Statement of Cash Flows.
- Net Debt is defined as Total Debt less cash.

Business Overview



Michael J. Kasbar
Chairman & CEO

Financial Overview



Ira M. Birns
Executive Vice President &
CFO

Q4 and Full Year 2024 Results

Q4 and Full Year 2024 Financial Highlights

Q4 2024

Gross Profit \$259MM 11% or (8%) Adj.¹

Operating Cash Flow \$120MM

Free Cash Flow² \$102MM

GAAP Net loss (\$102MM), Diluted EPS (\$1.77) (206%)

Adj. Net Income¹ \$36MM, Adj. Diluted EPS² \$0.62 15%

Adj. EBITDA² \$95MM (5%)

Full Year 2024

Gross Profit \$1.03B (3%) or (7%) Adj.¹

Operating Cash Flow \$260MM

Free Cash Flow² \$192MM

GAAP Net Income \$67MM, Diluted EPS \$1.13 32%

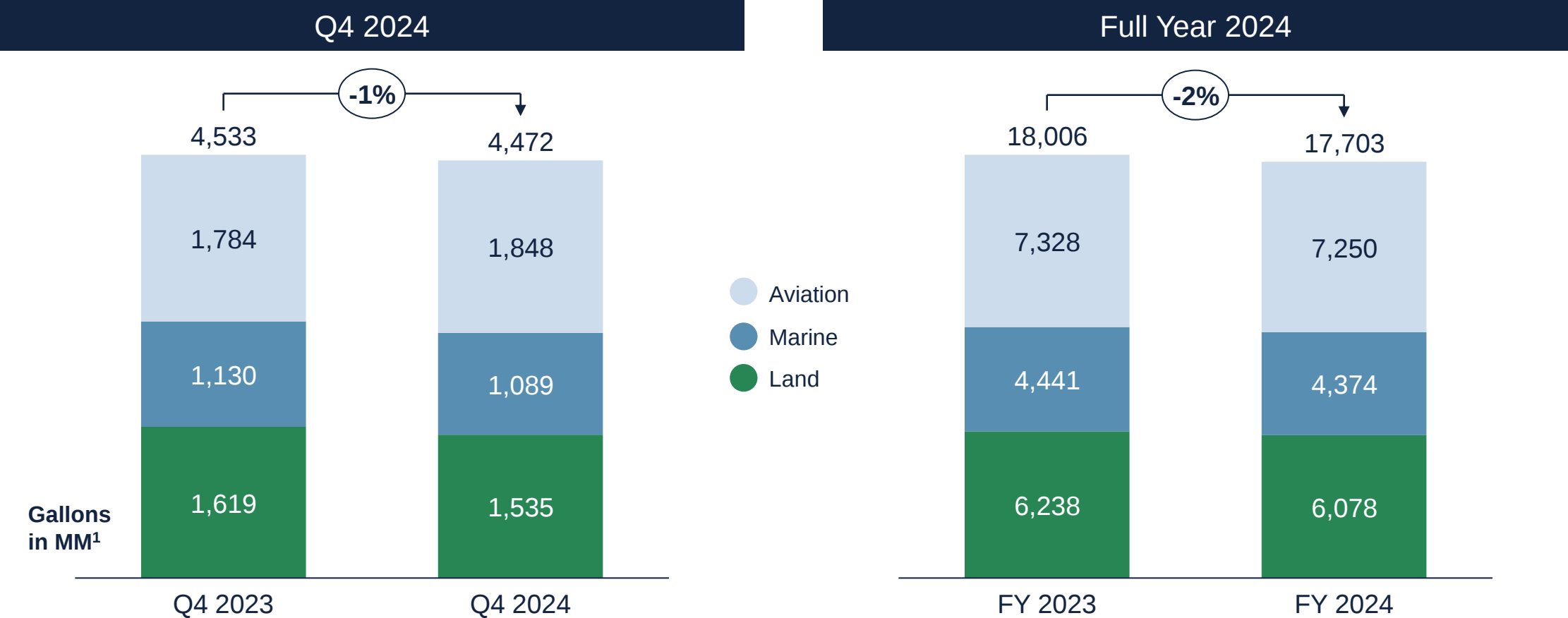
Adj. Net Income¹ \$130MM, Adj. Diluted EPS² \$2.18 12%

Adj. EBITDA² \$361MM (6%)

Note: Q4 2024 and Full Year 2024 information as reported as of February 20, 2025, compared to prior year's results.

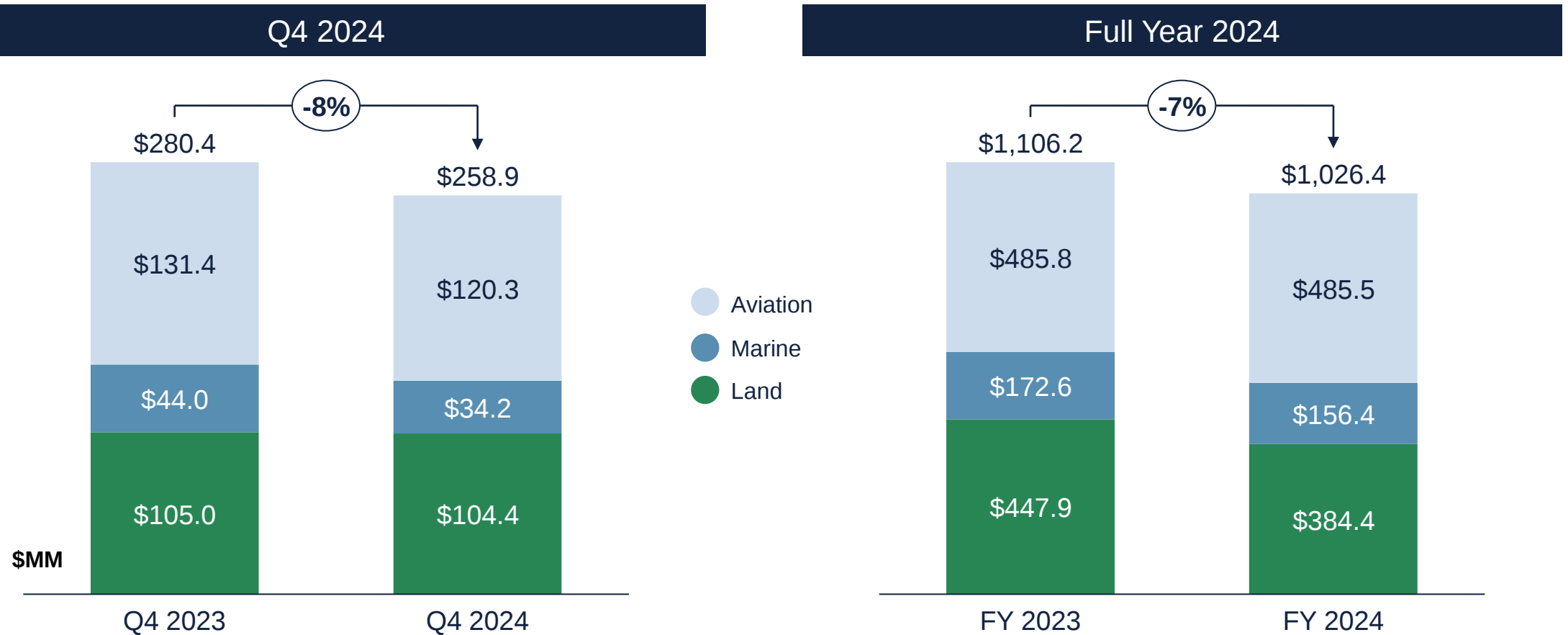
1. Q4 2024 Adjusted Gross Profit decreased 8% when compared with Q4 2023, and decreased 7% when comparing Full Year 2024 with Full Year 2023
2. Adjusted Gross Profit, Free Cash Flow, Adjusted Net Income, Adjusted Diluted EPS, and Adjusted EBITDA are non-GAAP financial measures. Please see Appendix for a reconciliation of these non-GAAP financial measures to their most directly comparable GAAP measure.

Q4 and Full Year 2024 Volumes¹



Note:
 1. Includes gallons and gallon equivalents.

Q4 and Full Year 2024 Adjusted Gross Profit



Segment Overview: Aviation Volumes

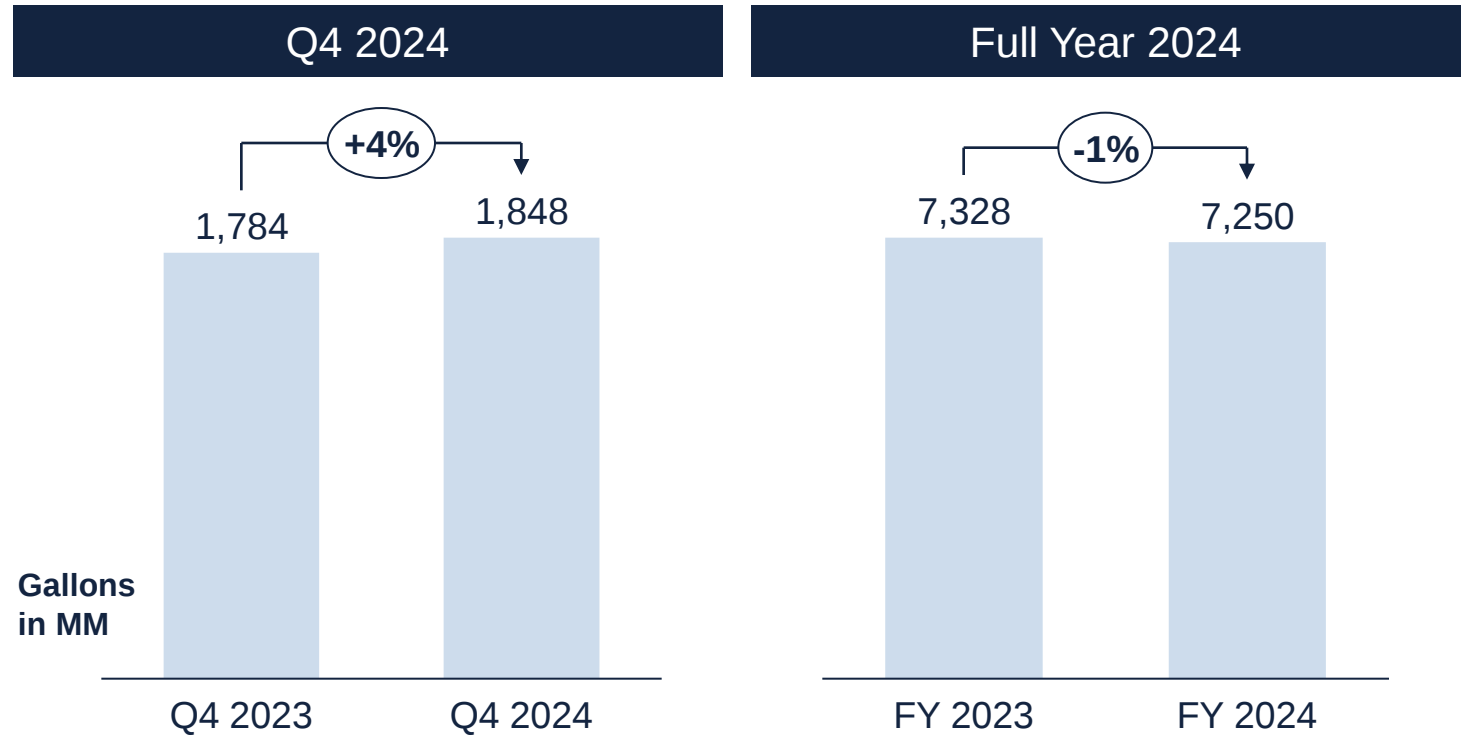
Volume Highlights

Q4 2024 Highlights vs Q4 2023:

- An increase of 4% principally driven by core aviation business activity

FY 2024 Highlights vs FY 2023:

- Down 1% impacted by our decision to exit certain low margin bulk fuel business. Excluding this impact, full year 2024 volume was up approximately 4% year-over-year.



Segment Overview: Aviation Gross Profit

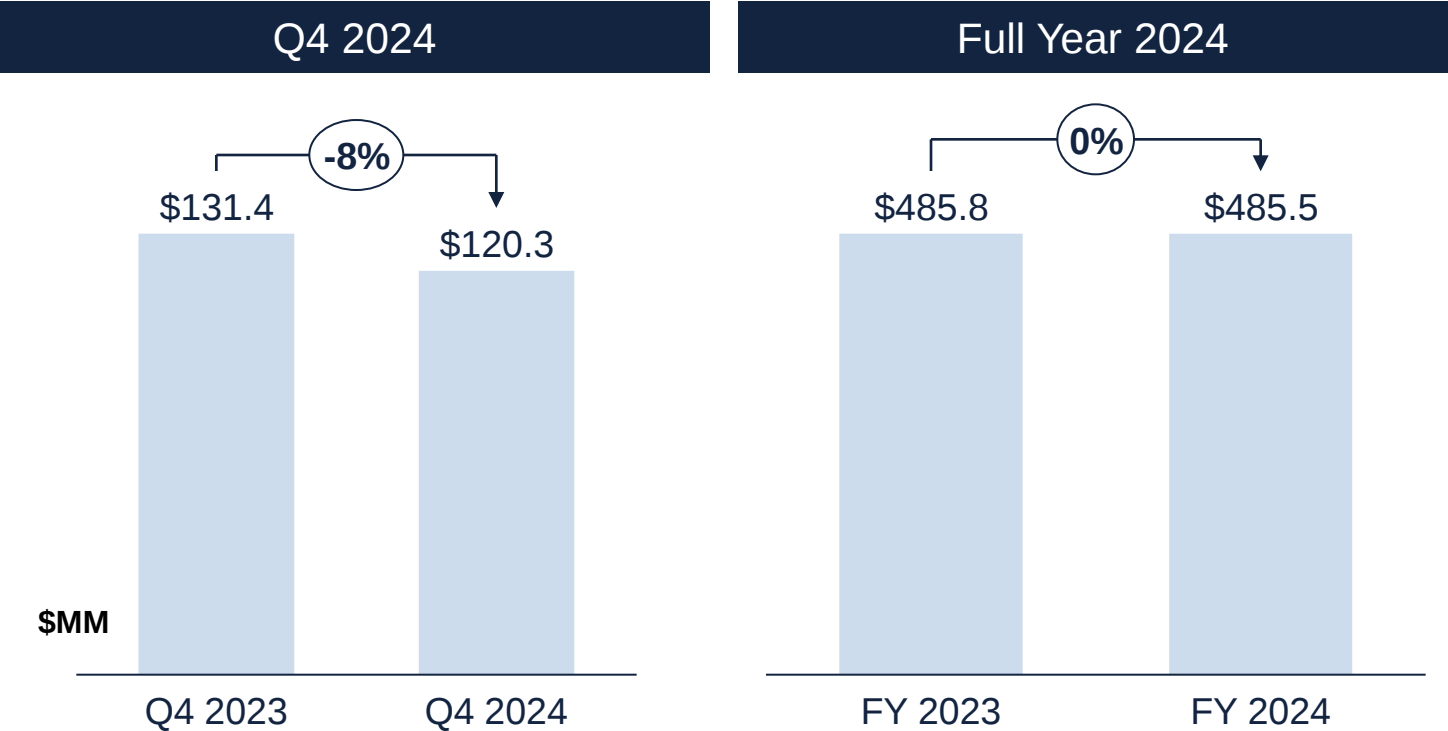
Gross Profit Highlights

Q4 2024 Highlights vs Q4 2023:

- A decrease of 8% mainly attributable to the sale of Avinode in Q2 2024 as well as lower inventory-related profitability year-over-year, partially offset by growth in our core commercial resale activities and general aviation business.

FY 2024 Highlights vs FY 2023:

- Flat year-over-year, with growth in our core commercial resale business generally offset by the impact of the Avinode sale.



Aviation Q1 2025 Gross Profit Outlook



Aviation Gross Profit Outlook

- As we look to the first quarter, aviation results should experience a traditional seasonal decline from the fourth quarter and we expect a year-over-year decrease in gross profit, again, principally impacted by the Avinode exit.

Segment Overview: Land Volumes

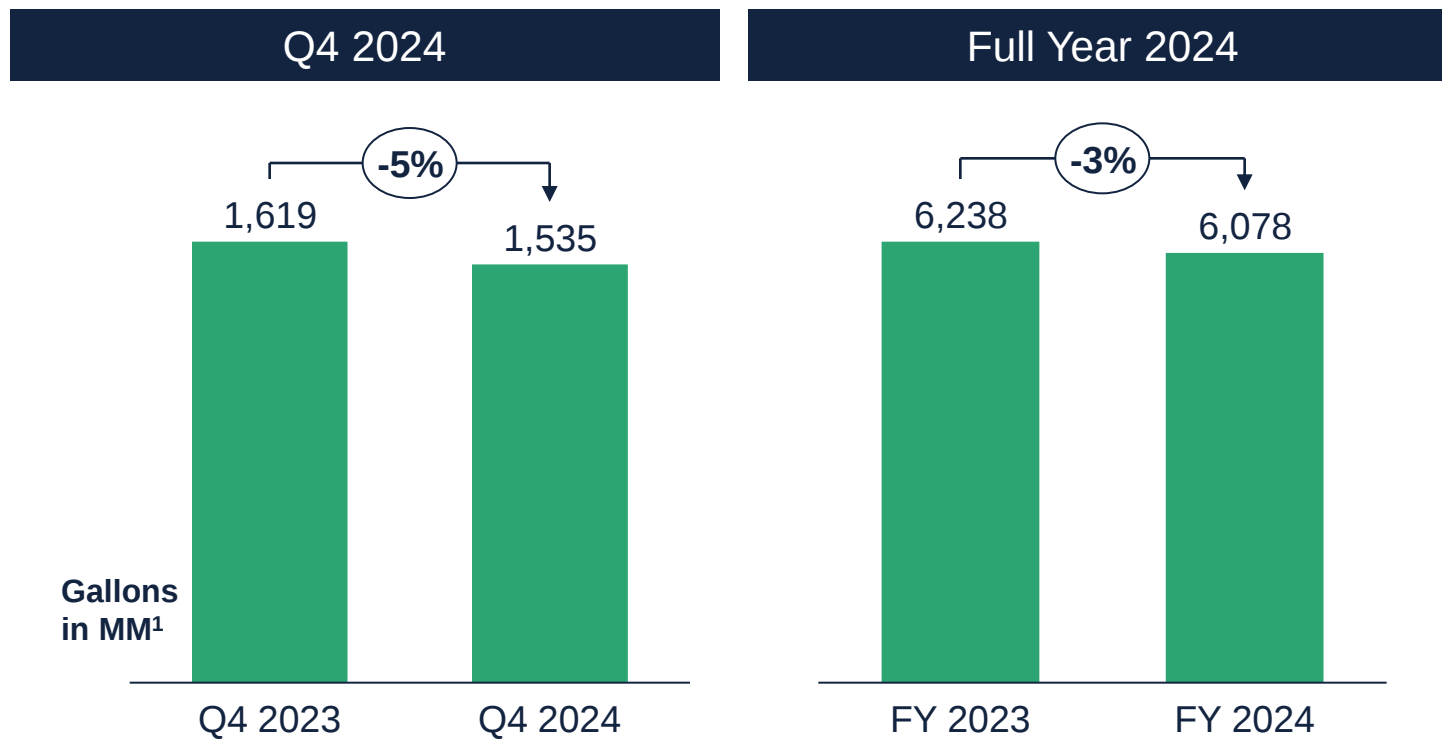
Volume Highlights

Q4 2024 Highlights vs Q4 2023:

- Decrease in volume year-over-year is principally driven by decreases in our North American Wholesale and Retail Business activities

FY 2024 vs FY 2023

- Full Year Volume down 3% year-over-year



Note:

1. Includes gallons and gallon equivalents.



Segment Overview: Land Adjusted Gross Profit

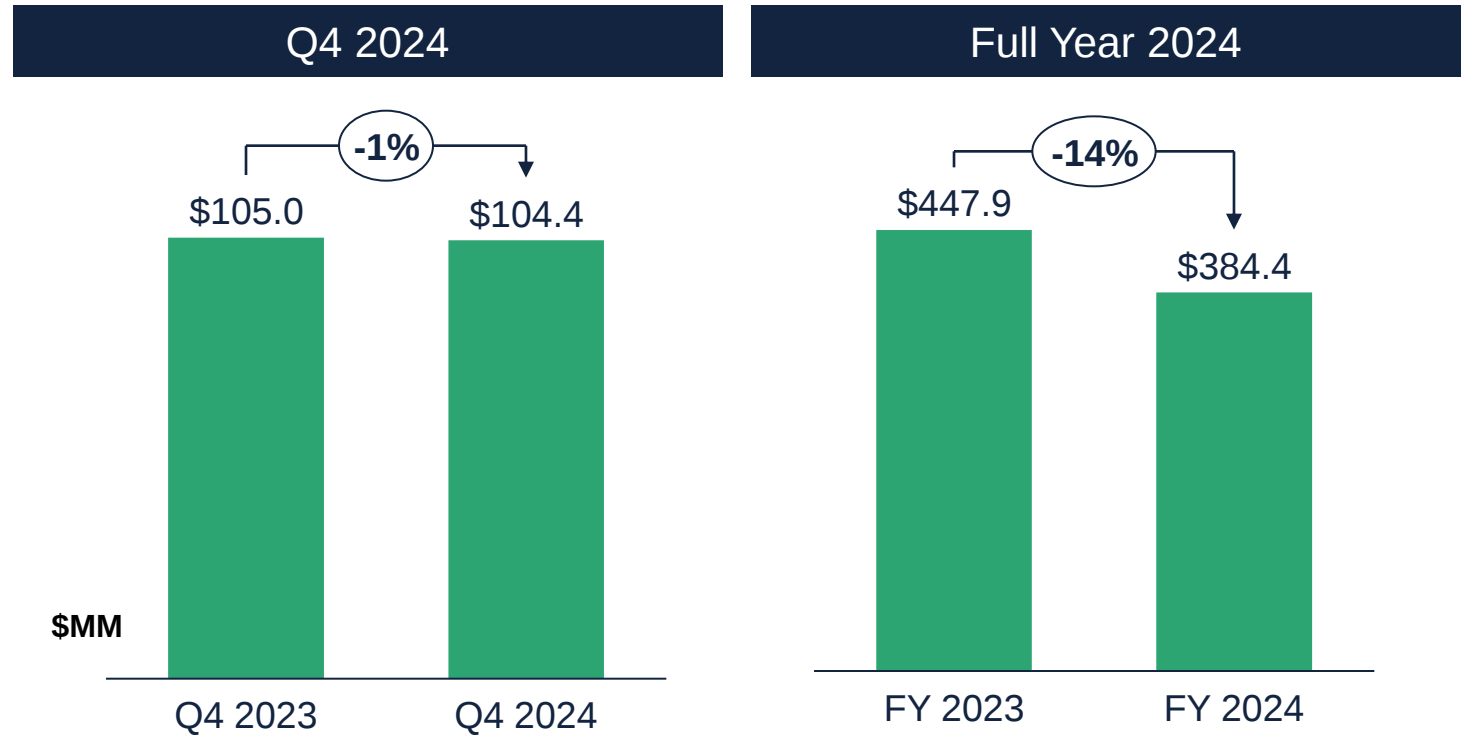
Adjusted Gross Profit Highlights

Q4 2024 Highlights vs Q4 2023:

- Effectively flat year-over-year

FY 2024 Highlights vs FY 2023:

- Lower 14% year-over-year primarily attributable to unfavorable market conditions in Brazil and the UK, as well as lower profit contributions from our natural gas, power, and sustainability related offerings.



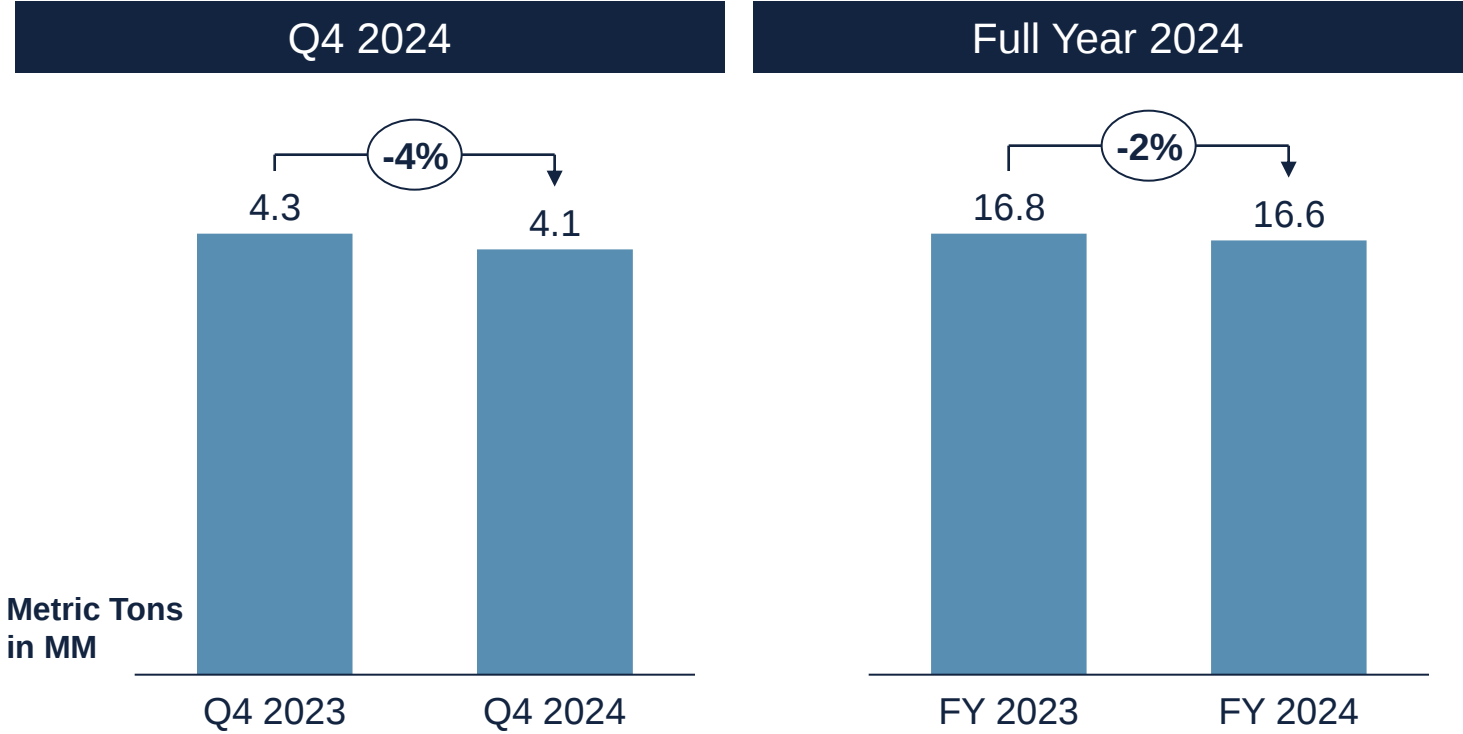
Land Q1 2025 Outlook



Land Gross Profit Outlook

- Looking to the first quarter, we expect land gross profit to be up year-over-year, with more significant improvement in profitability expected as the year progresses.

Segment Overview: Marine Volumes

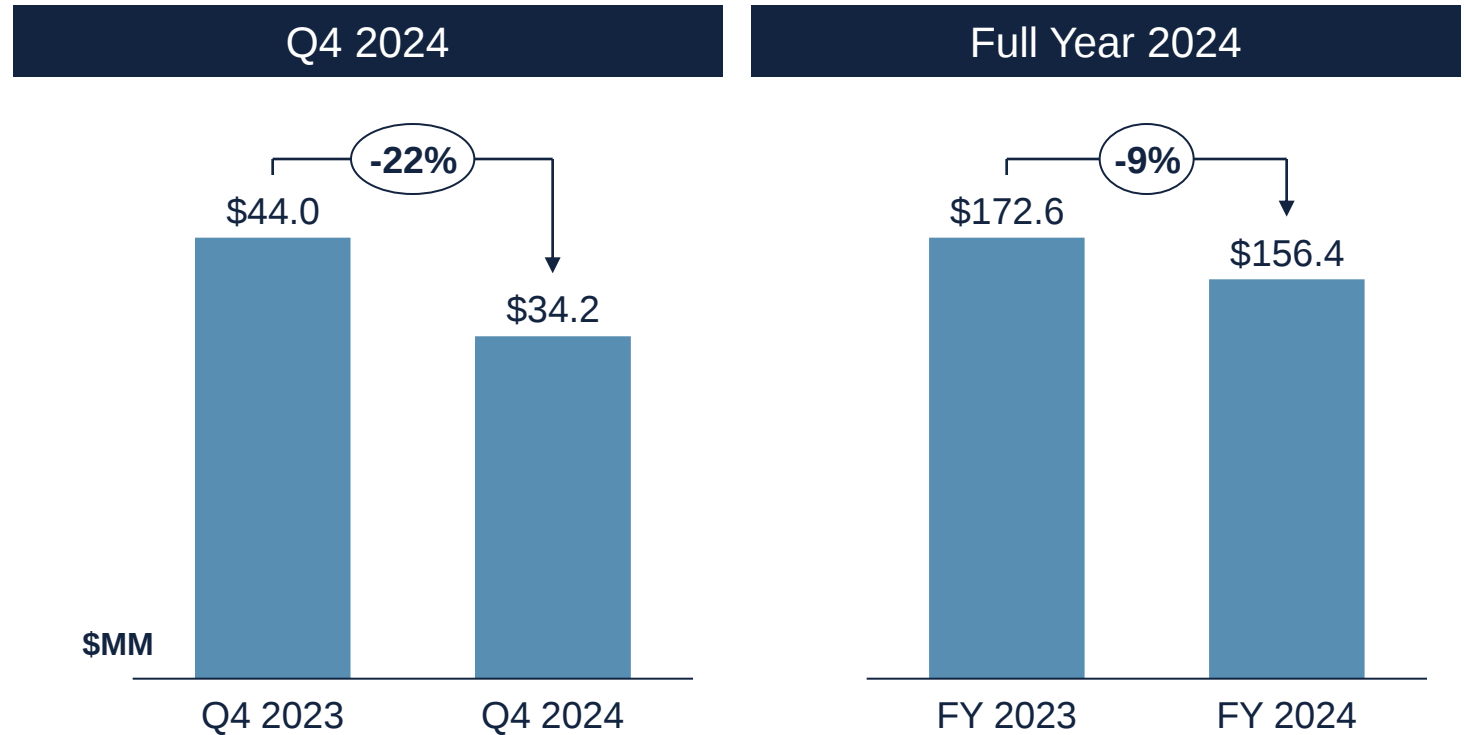


Segment Overview: Marine Gross Profit

Gross Profit Highlights

Q4 and Full Year:

- The year-over-year decrease in gross profit for both the fourth quarter and the full year, was principally driven by lower bunker fuel prices and reduced market volatility



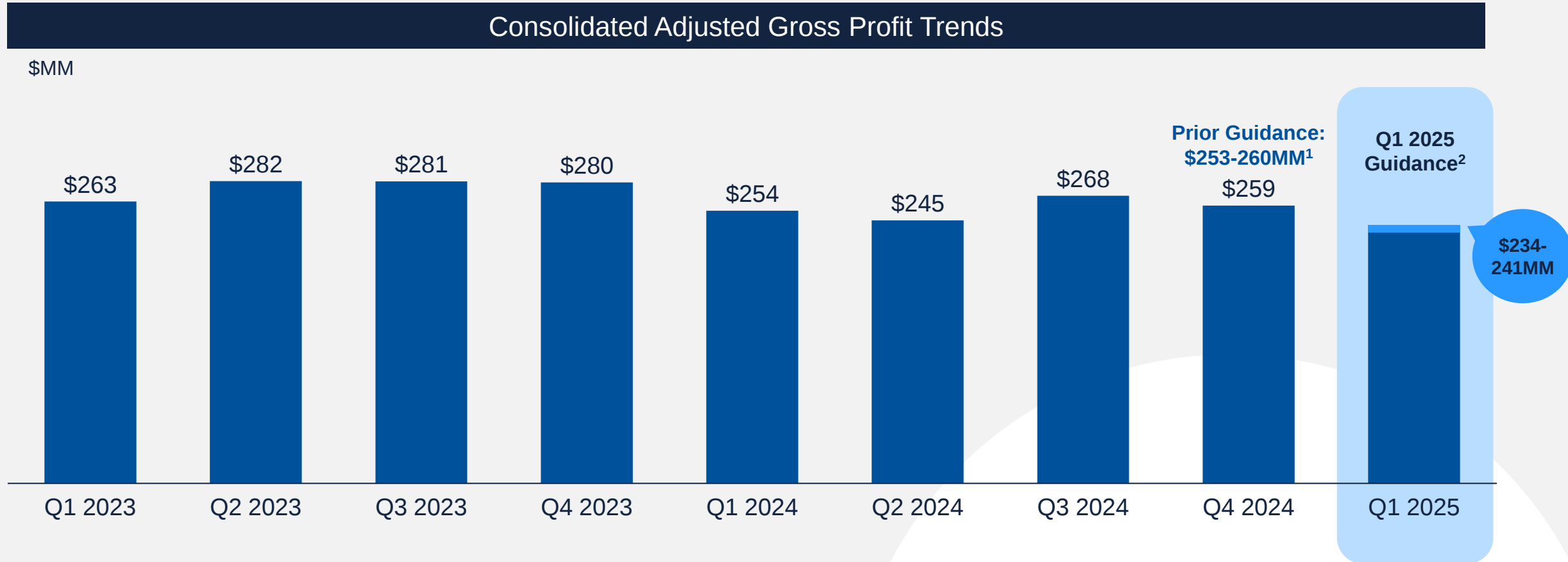
Marine 1Q 2025 Outlook



Marine Gross Profit Outlook

- Looking to the first quarter, we expect marine gross profit to be down year-over-year principally driven by lower bunker fuel prices and reduced market volatility.
- As the year progresses, we should begin to see the Marine year-over-year comparisons normalize as market conditions and prices began softening in the second quarter of 2024.

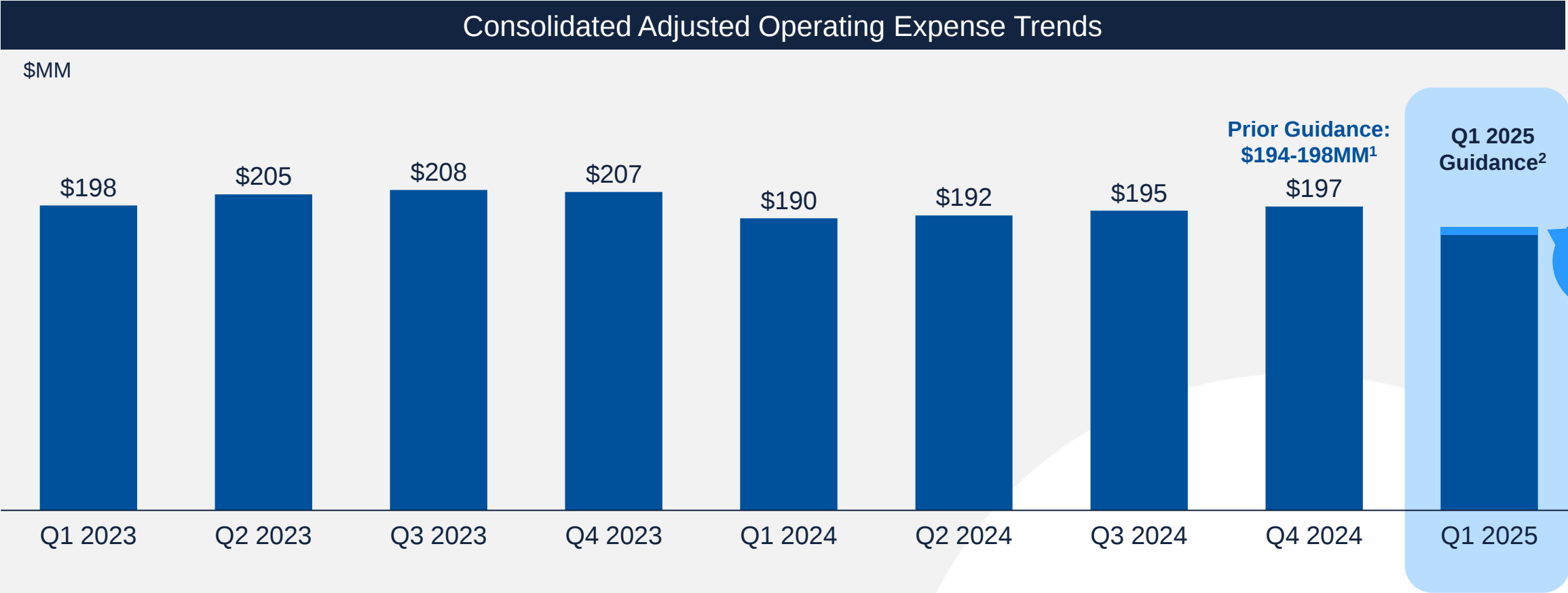
Consolidated Adjusted Gross Profit Trends

**Note:**

1. Guidance for Q4 2024 earnings provided on October 24, 2024.

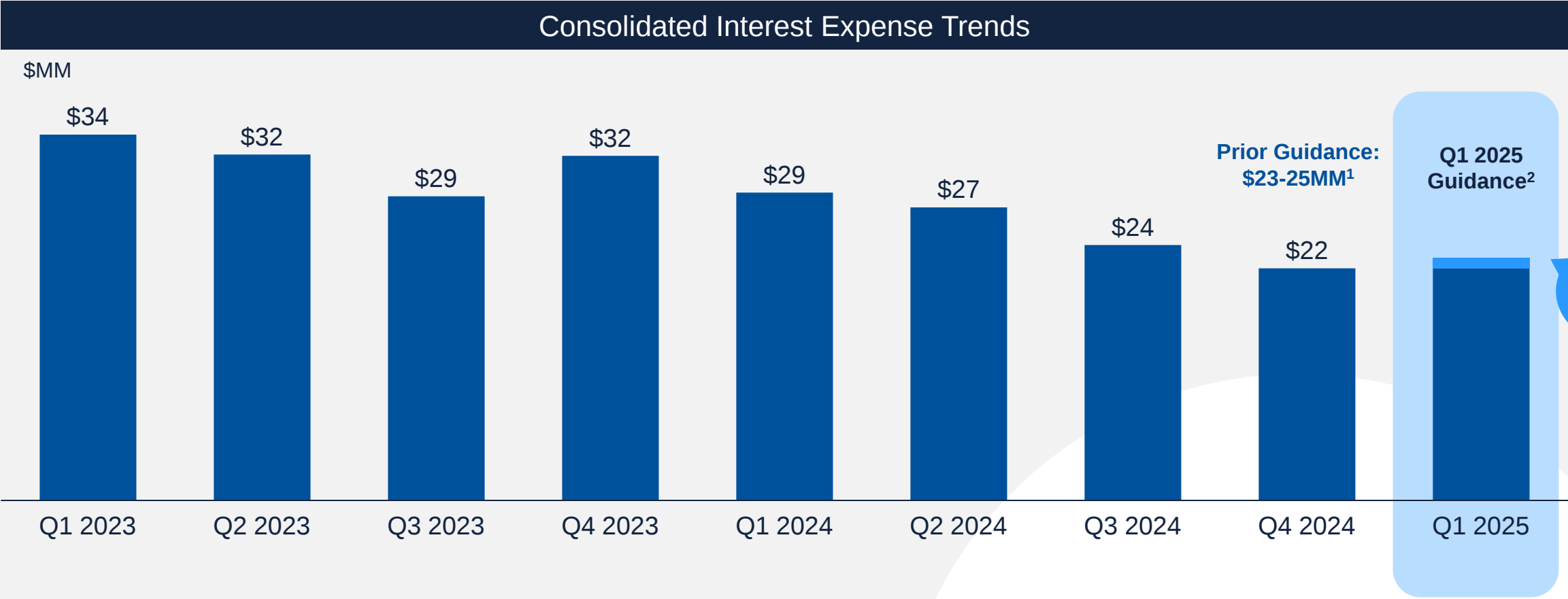
2. Not a guarantee of actual future performance. Actual performance is subject to various risks and uncertainties, including those referenced in our most recent Form 10-K and other filings with the SEC.

Adjusted Operating Expense Continues to Trend Down Year-over-Year



Note:
1. Guidance for Q4 2024 earnings provided on October 24, 2024.
2. Not a guarantee of actual future performance. Actual performance is subject to various risks and uncertainties, including those referenced in our most recent Form 10-K and other filings with the SEC.

Interest Expense Has Declined Significantly Year-over-Year

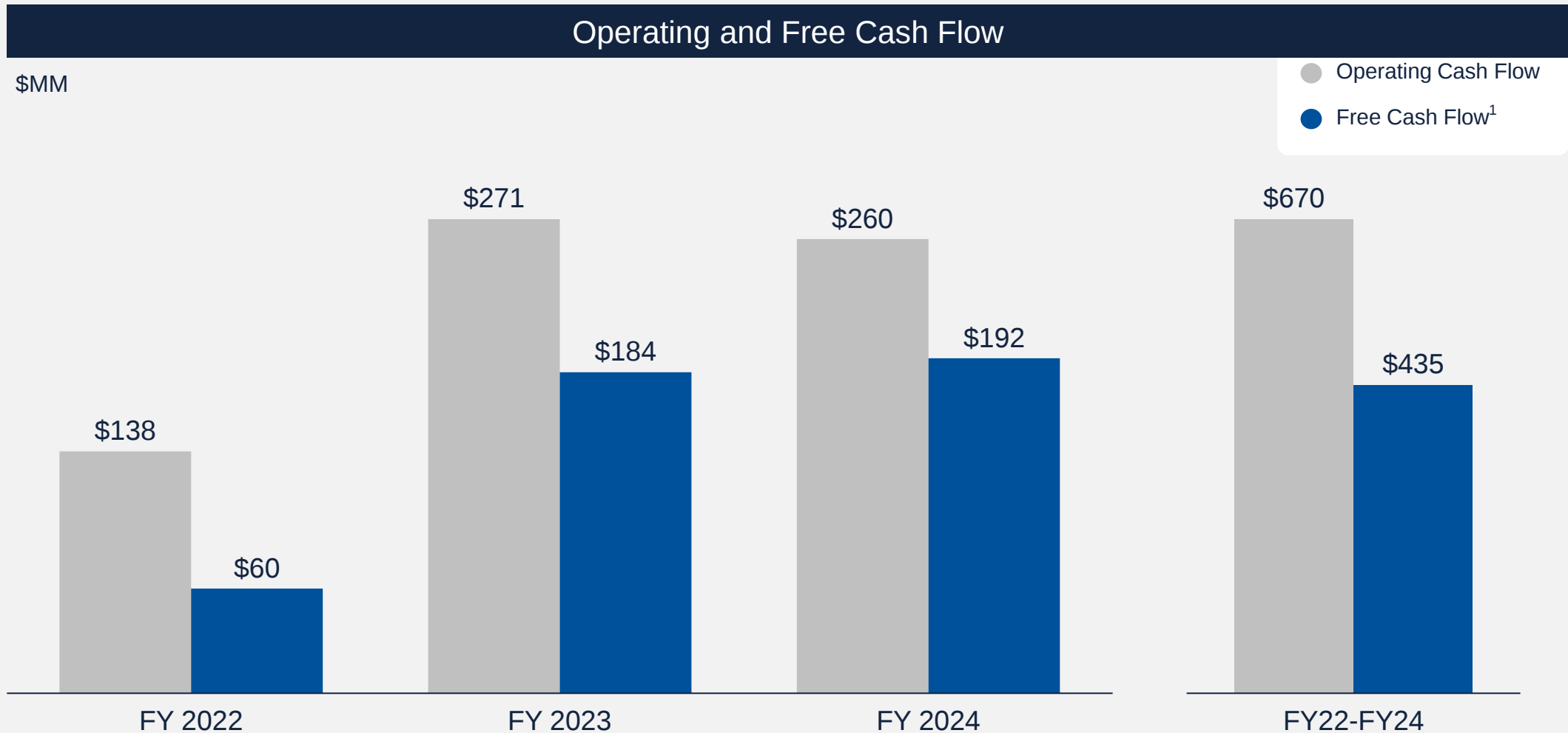


Note:

1. Guidance for Q4 2024 earnings provided on October 24, 2024.

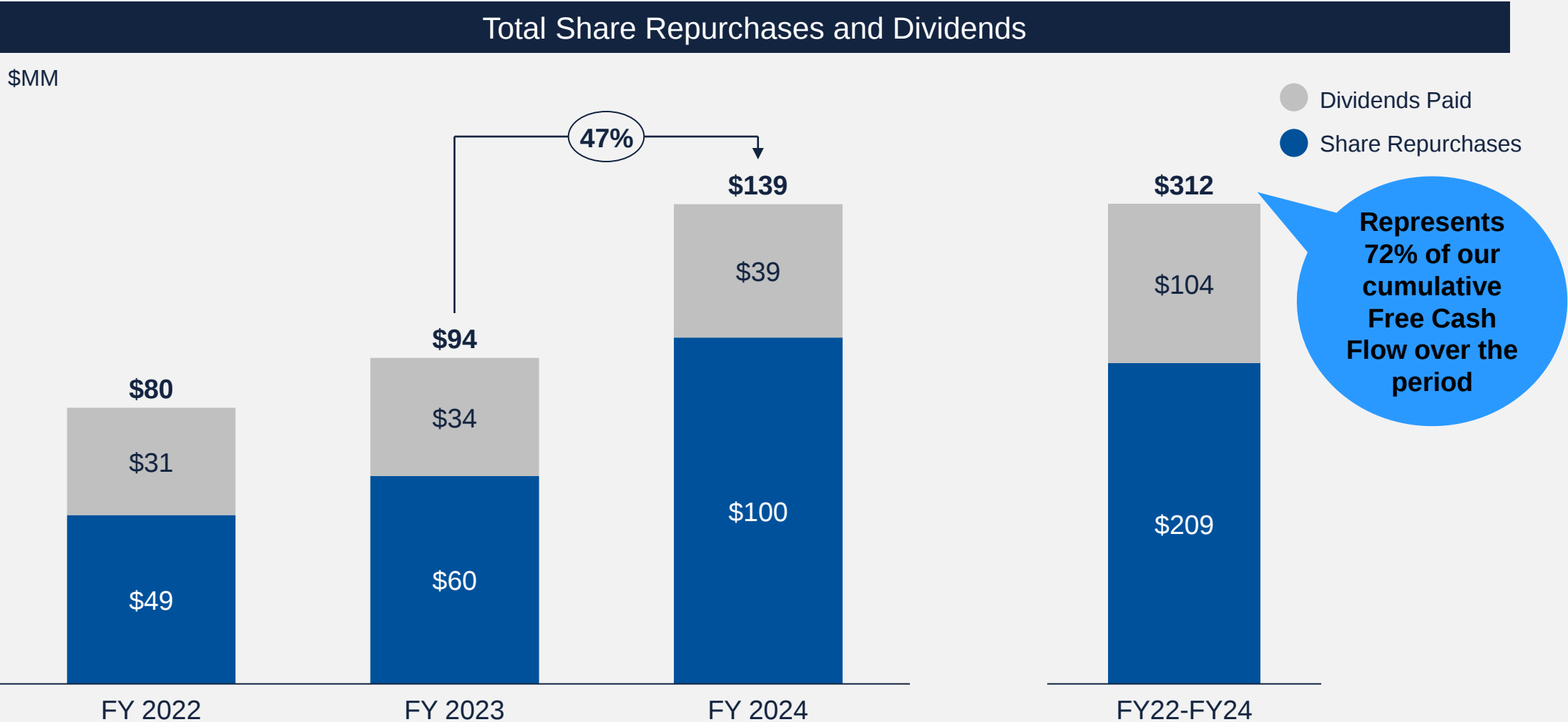
2. Not a guarantee of actual future performance. Actual performance is subject to various risks and uncertainties, including those referenced in our most recent Form 10-K and other filings with the SEC.

Cash Flow Profile Remains Strong



Note:
1. Free Cash Flow is defined as operating cash flow minus total capital expenditures as presented in the Statement of Cash Flows.
Please see Appendix for a reconciliation of this non-GAAP financial measure to its most directly comparable GAAP measure.

Total Capital Allocated to Share Repurchases and Dividends Increased in 2024



Note:
Full bars represent total share repurchases and dividends paid for the twelve months ended December 31.

Guidance Summary¹

Date Guidance Provided	Period	Guidance Metric	Guidance		Actual
October 24, 2024 ²	Q4 2024	Total Gross Profit	\$253 – 260MM	✓	\$259MM
	Q4 2024	Adj. Operating Expense	\$194 – 198MM	✓	\$197MM
	Q4 2024	Interest Expense	\$23 – 25MM	✓	\$22MM
	FY 2024	FY 2024 Tax Rate	17 – 19%	✓	15%
February 20, 2025	Q1 2025	Total Gross Profit	\$234 – 241MM		
	Q1 2025	Adj. Operating Expense	\$179 – 184MM		
	Q1 2025	Interest Expense	\$22 – 23MM		
	FY 2025	FY 2025 Tax Rate	22 – 25%		

Notes:

1. Not a guarantee of actual future performance. Actual performance is subject to various risks and uncertainties, including those referenced in our most recent Form 10-K and other filings with the SEC.
2. Guidance for Q4 2024 earnings provided on October 24, 2024.

Appendix

Non-GAAP Reconciliation (1/5)

\$ in millions, except per share data

	For the Three Months Ended December 31,				For the Twelve Months Ended December 31,			
	2023		2024		2023		2024	
	Net Income	Earnings per share	Net Income	Earnings per share	Net Income	Earnings per share	Net Income	Earnings per share
GAAP Measure	(\$34.8)	(\$0.58)	(\$101.8)	(\$1.77)	\$52.9	\$0.86	\$67.4	\$1.13
Adjusted Shares	-	-	-	0.02	-	-	-	-
Acquisition and divestiture	0.4	0.01	0.4	0.01	1.0	0.02	0.4	0.01
Loss (gain) on sale of a business	(1.6)	(0.03)	111.3	1.92	(2.2)	(0.04)	15.1	0.25
Asset Impairments	32.4	0.54	25.3	0.44	32.8	0.53	29.0	0.49
Finnish bid error	48.8	0.81	0.1	0.00	48.8	0.79	1.3	0.02
Exit Cost - provisions for credit losses	-	-	4.4	0.08	-	-	4.4	0.07
Restructuring Charges	7.2	0.12	1.4	0.02	7.2	0.12	7.1	0.12
Income tax impact	(20.4)	(0.34)	(5.0)	(0.09)	(20.4)	(0.33)	4.9	0.08
Adjusted non-GAAP measure	32.2	0.54	36.0	0.62	120.0	1.95	129.7	2.18

Note (1): For the three months ended December 31, 2024, Adjusted diluted earnings per share is calculated considering the impact of dilutive shares that were not considered for GAAP purposes as the quarter is in a net loss position, and considers the convertible note hedges as described under "Non-GAAP Financial Measures" above. GAAP weighted-average shares outstanding was 57.5 million, there were 0.7 million dilutive shares outstanding and the impact of the convertible note hedge was 0.2 million shares, resulting in a non-GAAP weighted average shares outstanding of 58.0 million. For the three months ended December 31, 2023, the dilutive shares outstanding that were excluded due to the GAAP net loss for the period did not impact the calculation of Adjusted EPS. There are no adjustments made to diluted weighted-average shares outstanding for any other period presented.

Non-GAAP Reconciliation (2/5)

\$ in millions

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2023	2024	2023	2024
Net income (loss) including noncontrolling interest	(\$34.8)	(\$101.2)	\$53.7	\$67.9
Interest expense and other financing cost, net	32.3	21.8	127.7	102.2
Provision (benefit) for income taxes	(11.8)	(0.0)	13.0	27.6
Depreciation and amortization	26.7	31.1	104.5	106.4
EBITDA	12.4	(48.3)	298.9	304.0
Acquisition and divestiture	0.4	0.4	1.0	0.4
Loss (gain) on sale of a business	(1.6)	111.3	(2.2)	15.1
Asset Impairments	32.4	25.3	32.8	29.0
Finnish bid error	48.8	0.1	48.8	1.3
Exit Cost - provisions for credit losses	-	4.4	-	4.4
Restructuring Charges	7.2	1.4	7.2	7.1
Adjusted EBITDA	99.8	94.5	386.4	361.5

Non-GAAP Reconciliation (3/5)

\$ in millions

	For the Three Months Ended							
	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,	December 31,
	2023	2023	2023	2023	2024	2024	2024	2024
Gross Profit GAAP Measures	\$262.7	\$281.7	\$281.4	\$232.4	\$254.1	\$245.2	\$268.1	\$258.9
Finnish bid Error	-	-	-	48.0	-	-	-	-
Gross Profit Adjusted Non-GAAP Measures	262.7	281.7	281.4	280.4	254.1	245.2	268.1	258.9

	For the Three Months Ended							
	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,	December 31,
	2023	2023	2023	2023	2024	2024	2024	2024
Operating Expenses GAAP Measure	\$198.2	\$206.2	\$208.2	\$247.7	\$190.8	\$200.0	\$195.8	\$229.0
Acquisition and divestiture related expenses	-	0.5	-	0.4	-	-	0.0	0.4
Finnish bid error	-	-	-	0.8	0.9	0.4	(0.0)	0.1
Asset impairments	-	0.3	0.0	32.4	-	2.4	1.2	25.3
Exit Cost - provisions for credit losses	-	-	-	-	-	-	-	4.4
Restructuring charges	-	-	-	7.2	0.2	5.6	(0.0)	1.4
Operating Expenses Adjusted Non-GAAP Measure	198.2	205.3	208.2	206.8	189.7	191.6	194.7	197.4

Non-GAAP Reconciliation (4/5)

\$ in millions	For the Three Months Ended December 31,				For the Twelve Months Ended December 31,			
	Land		Consolidated		Land		Consolidated	
	2023	2024	2023	2024	2023	2024	2023	2024
Gross Profit GAAP Measures	\$57.0	\$104.4	\$232.4	\$258.9	\$399.8	\$384.4	\$1,058.2	\$1,026.4
Finnish bid Error	48.0	-	48.0	-	48.0	-	48.0	-
Gross Profit Adjusted Non-GAAP Measures	105.0	104.4	280.4	258.9	447.9	384.4	1,106.2	1,026.4

Non-GAAP Reconciliation (5/5)

<i>\$ in millions</i>	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2023	2024	2023	2024
Net cash provided by (used in) operating activities	\$4.5	\$120.3	\$271.3	\$259.9
Capital expenditures	19.8	17.8	87.6	68.2
Free cash flow	(15.2)	102.4	183.7	191.7

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