



wfscorp.com

World Fuel Services Corporation **2017 First Quarter Earnings Call**

April 27, 2017

Caution Concerning Forward Looking Statements

Certain statements made today, including comments about World Fuel'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 Fuel's actual results to materially differ from the forward-looking information. A description of the risk factors that could cause results to materially differ from these projections can be found in World Fuel's most recent Form 10-K and other reports filed with the Securities and Exchange Commission. World Fuel assumes no obligation to revise or publicly release the results of any revisions to these forward-looking statements in light of new information or future events.

This presentation includes certain non-GAAP financial measures, as defined in Regulation G. A reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures is included in World Fuel's press release and can be found on its website.

Business Overview



Michael Kasbar

Chairman and Chief Executive Officer

First Quarter Overview

- **Today we announced first quarter adjusted earnings of \$35 million or \$0.50 adjusted diluted earnings per share**
- **Aviation segment posted solid results**
 - Increases came from core resale activities in North America, Europe and Asia as well as government fueling operations
- **Marine segment remains a very challenging operating environment**
 - Cost savings initiatives have allowed us to streamline operations and adapt to current market dynamics
- **Land segment rebounded sequentially, but remained lower year-over-year**
 - Declines in natural gas in the US and heating oil in the UK
 - Results further impacted by poor market dynamics in legacy wholesale and supply and trading activities on the East Coast.

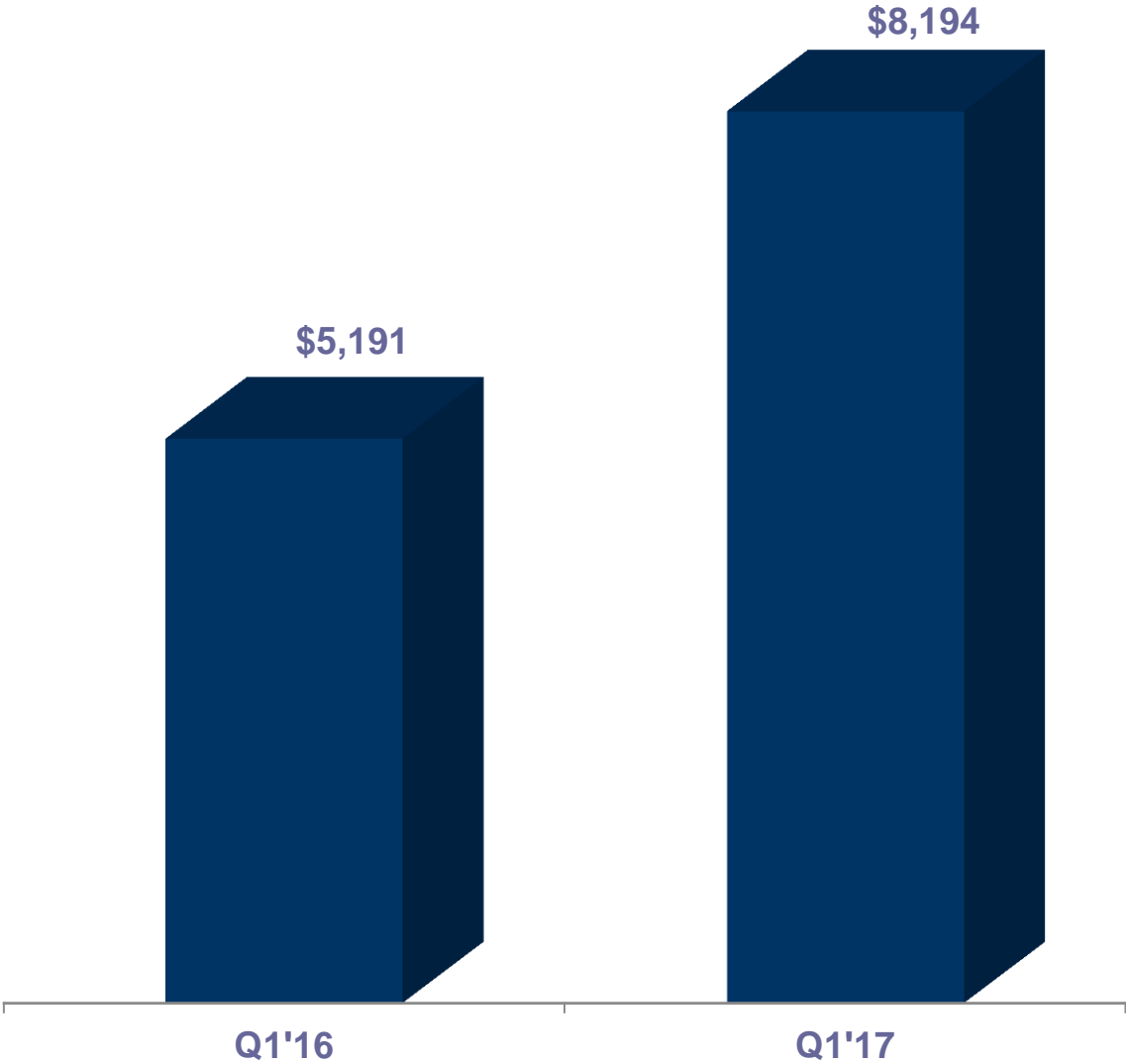
Financial Overview



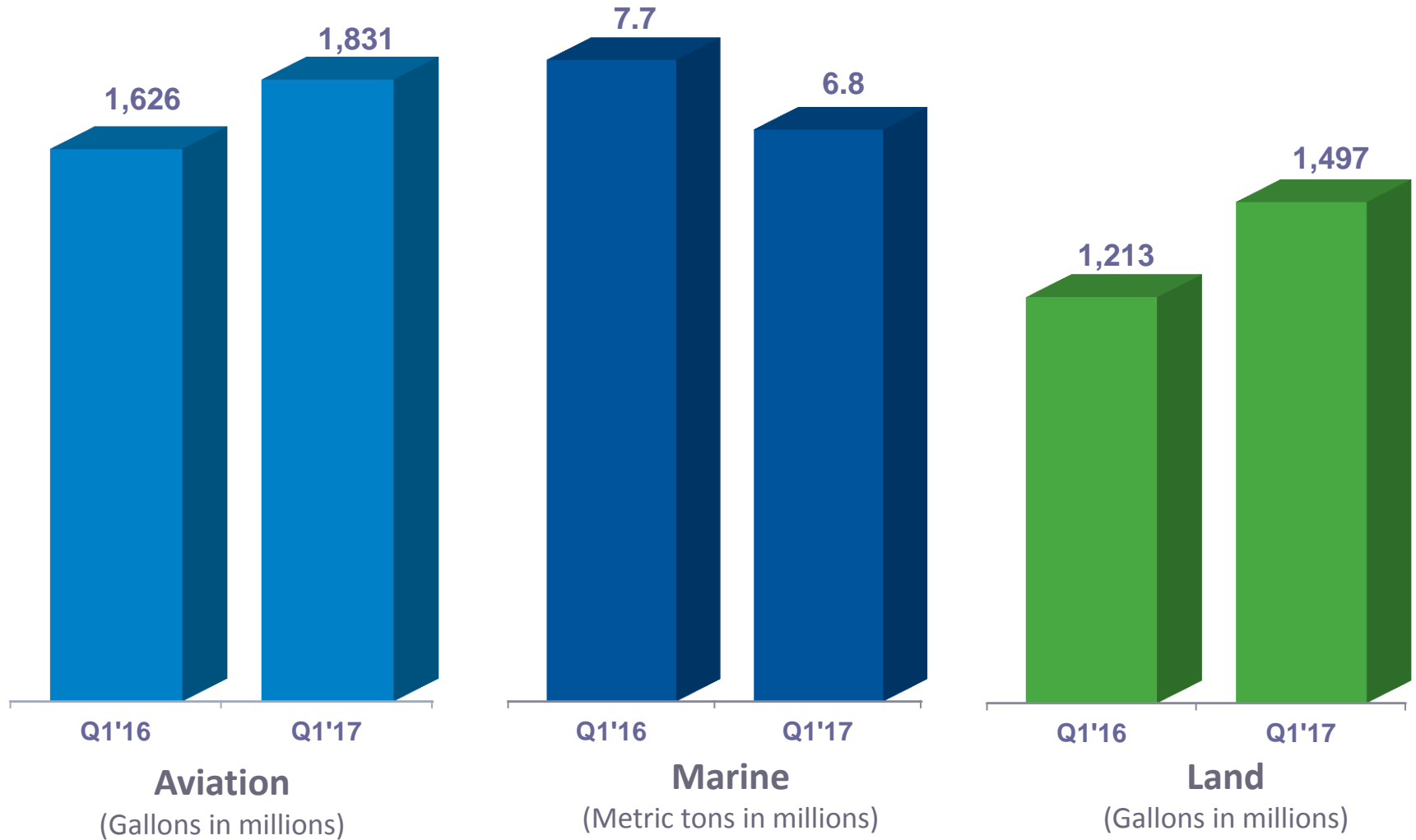
Ira Birns

Executive Vice President and
Chief Financial Officer

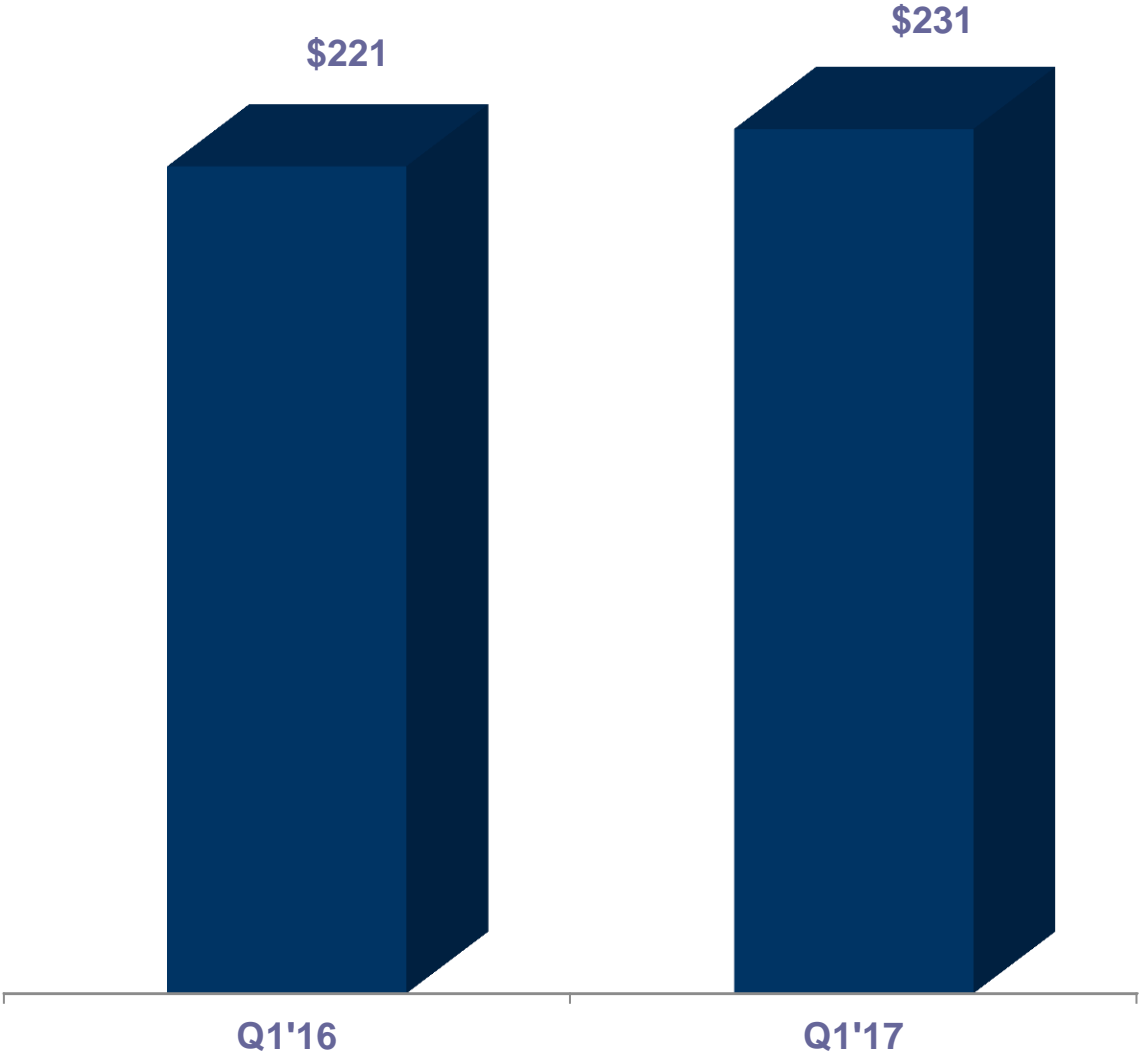
Consolidated Revenue (\$ in millions)



Volume by Segment



Consolidated Gross Profit (\$ in millions)



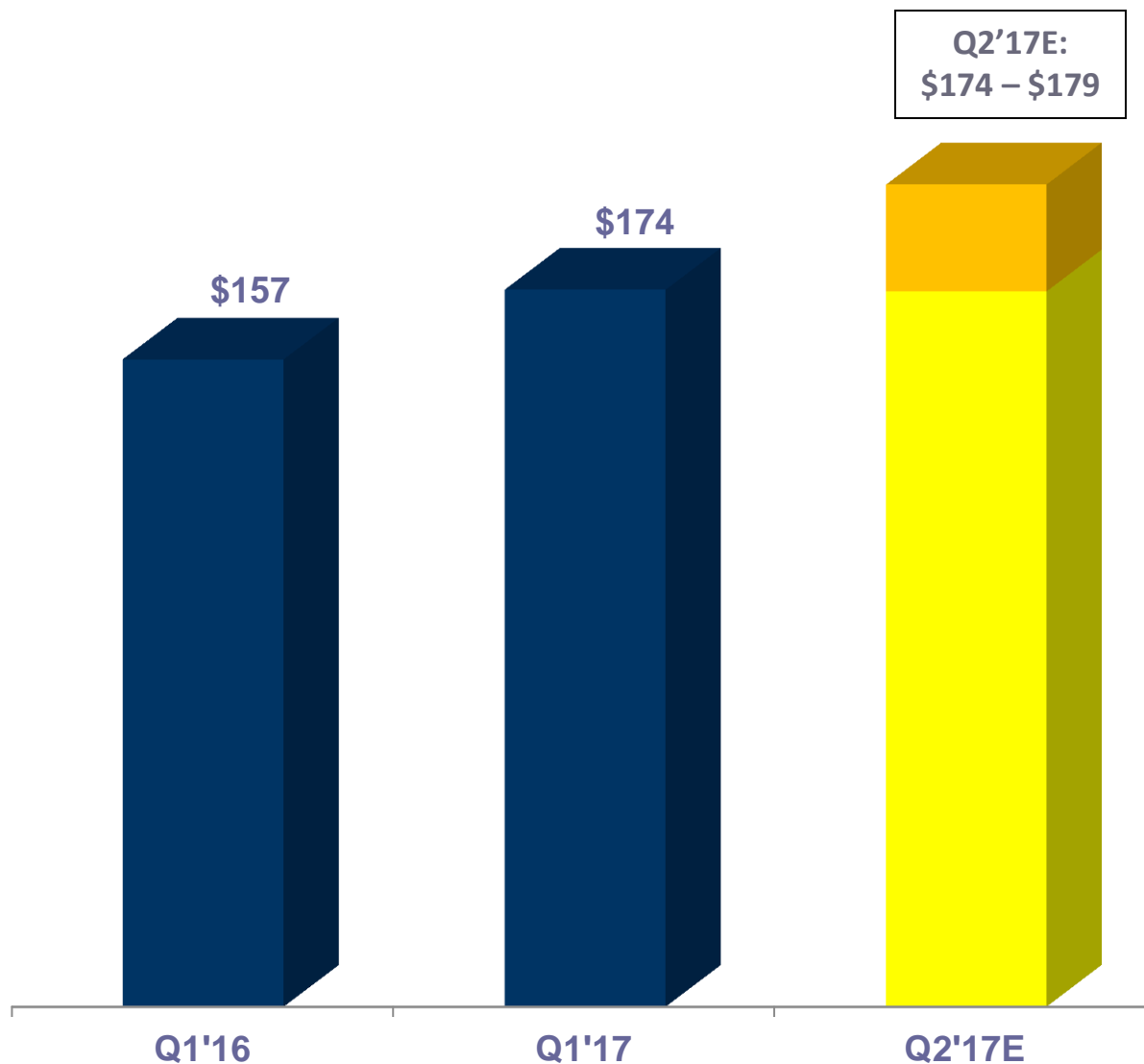
Gross Profit by Segment (\$ in millions)



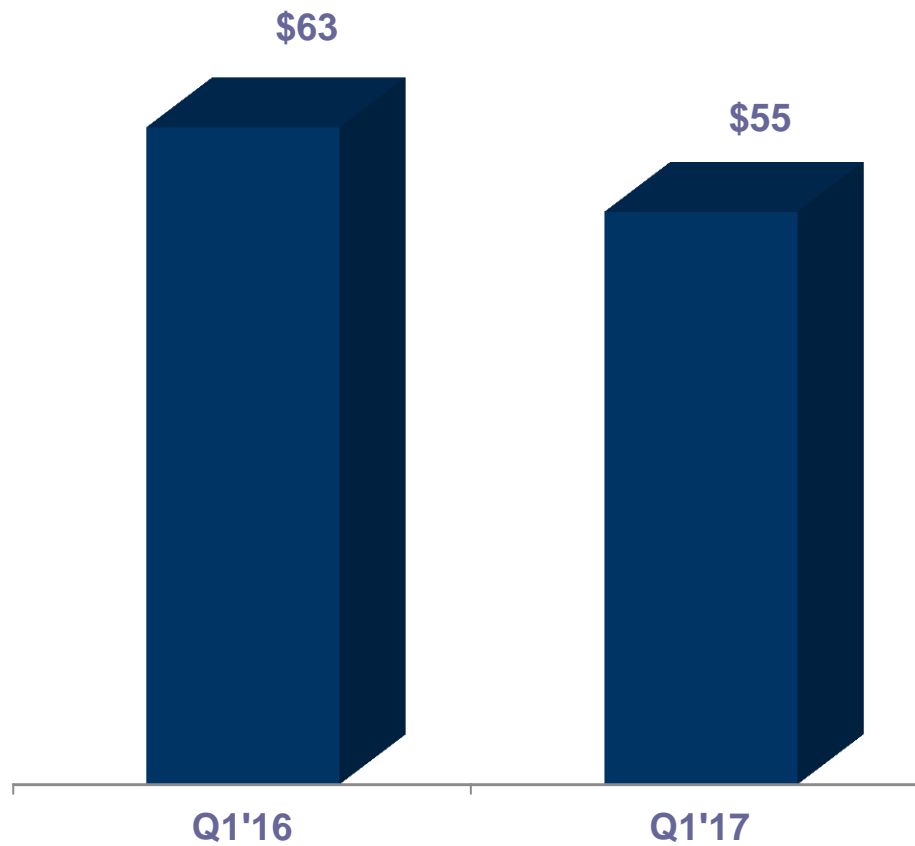
Reconciliation of Non-Recurring Items (\$ in millions)

Aviation segment	\$ 2.7
Land segment	\$ 0.6
Marine segment	\$ 0.5
Corporate overhead-unallocated	\$ 0.4
Non-operating expenses	\$ 0.6
Total non-recurring items	<u><u>\$ 4.8</u></u>

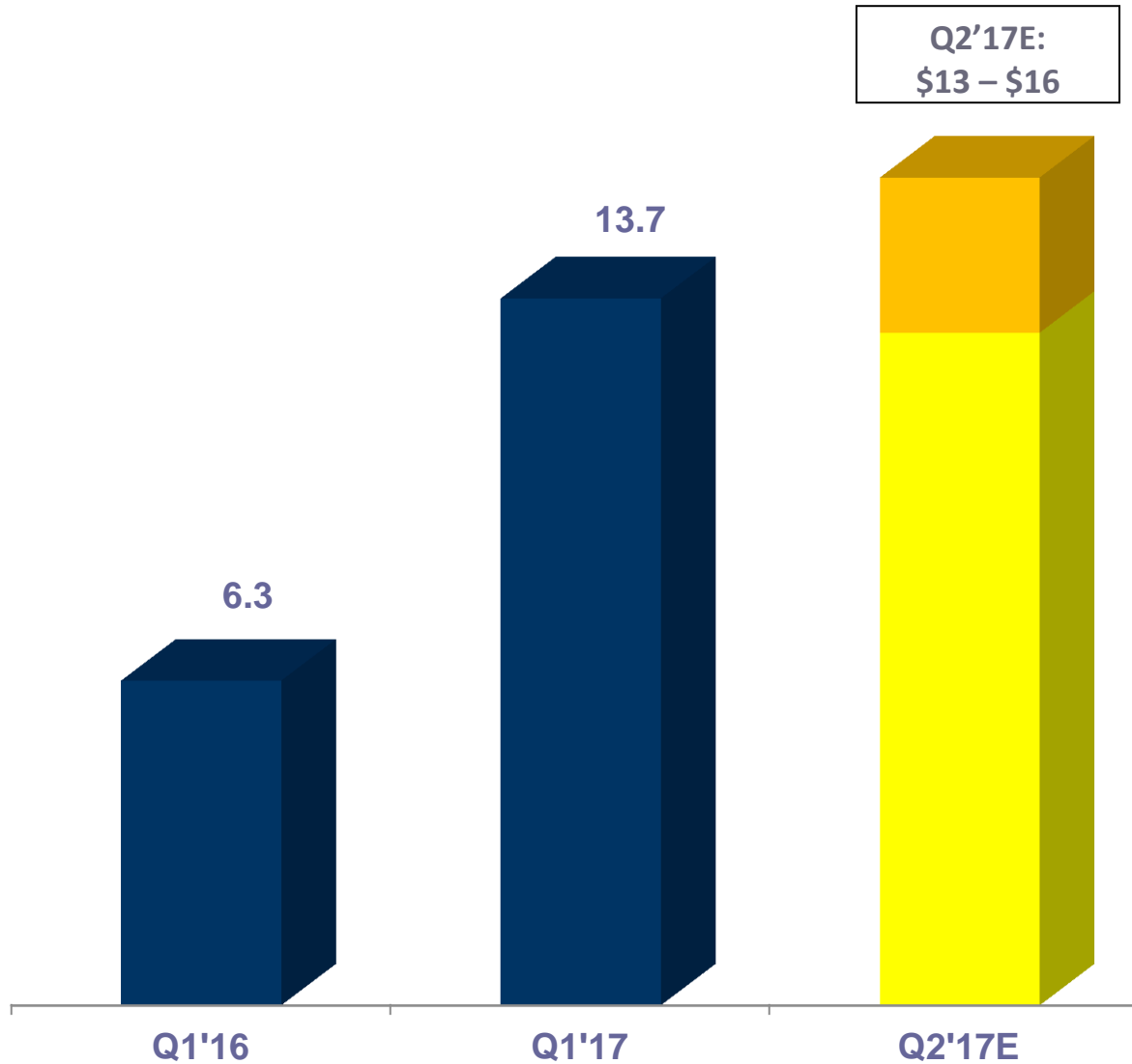
Consolidated Operating Expenses (excluding bad debt provision) (\$ in millions)



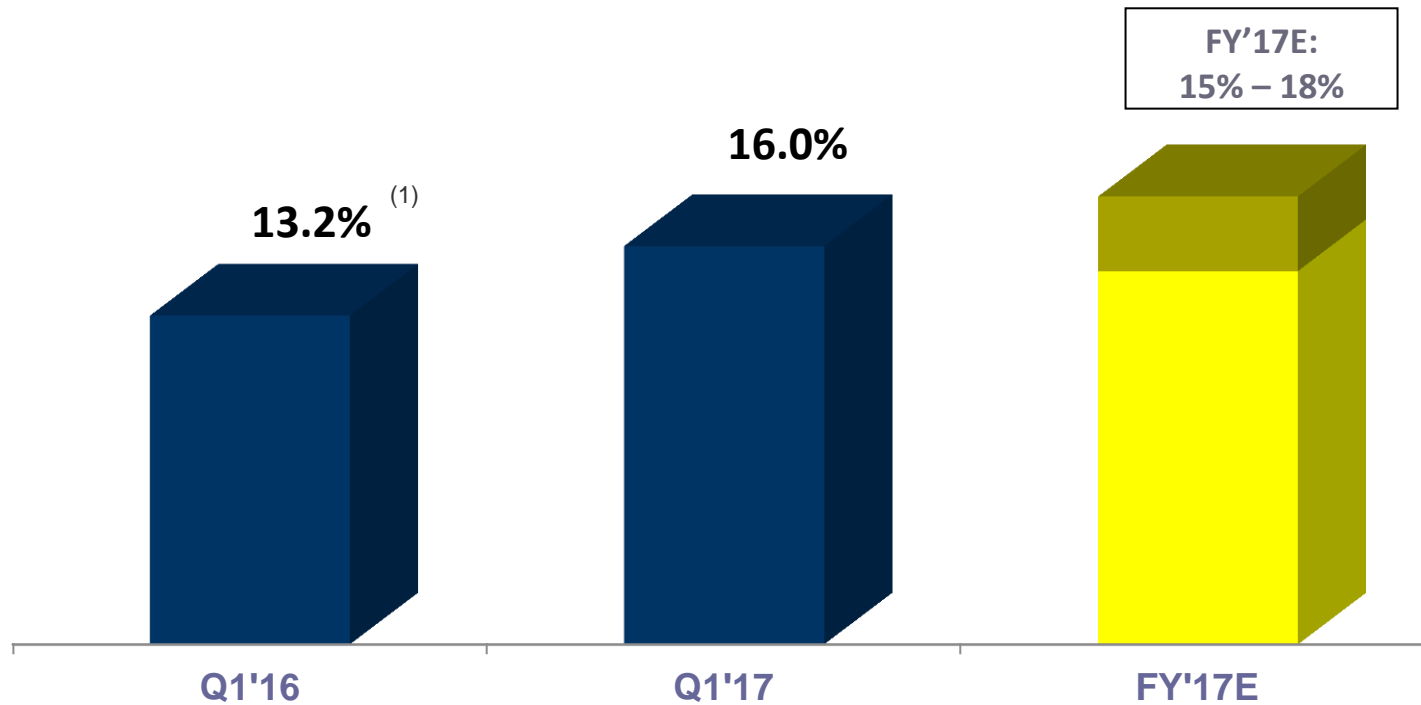
Consolidated Income From Operations (\$ in millions)



Non-Operating Expenses (\$ in millions)

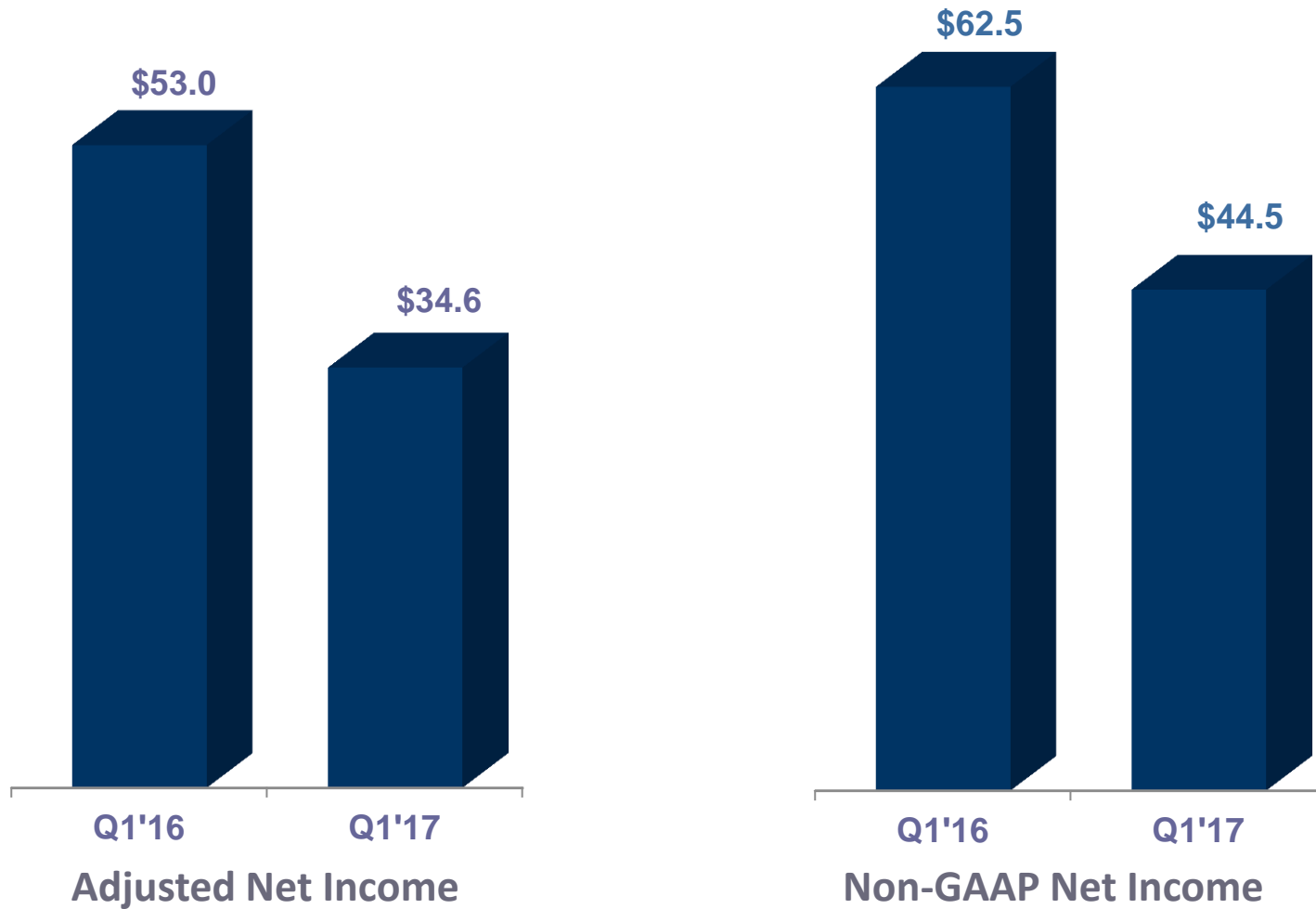


Effective Tax Rate

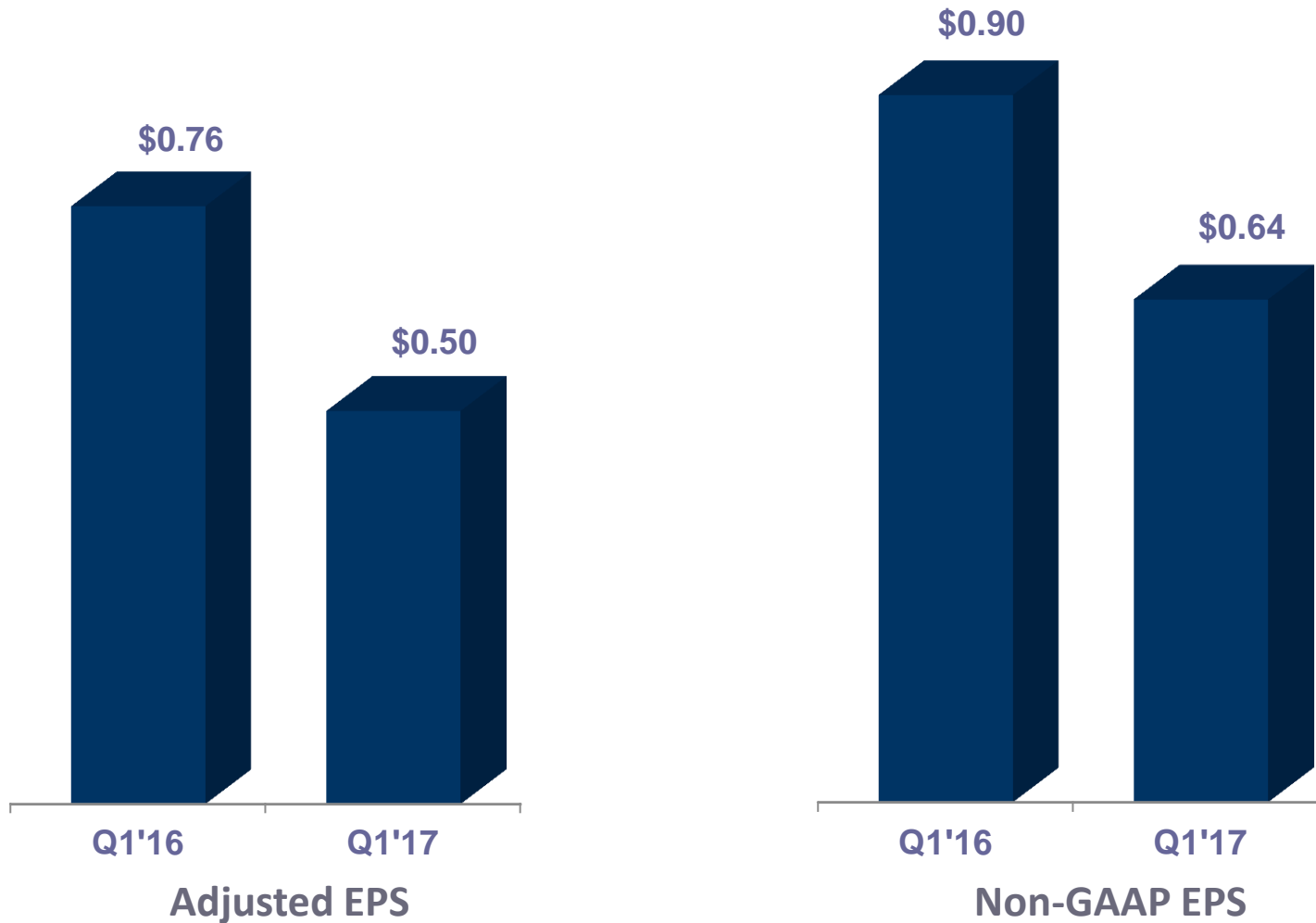


(1) Excludes the impact of a discrete tax item

Net Income (\$ in millions)



Diluted Earnings Per Share



Balance Sheet Management

- **Total accounts receivable was \$2.2 billion at quarter end**
 - Down \$135 million compared to the fourth quarter of 2016

- **Net working capital was \$940 million**
 - Net working capital decreased \$90 million compared to the fourth quarter of 2016

- **Generated \$137 million of operating cash flow during quarter**
 - Generated operating cash flow for the 18th out of the last 19 quarters
 - Repurchased \$11 million of shares in the first quarter
 - Plan to repurchase additional shares to offset dilutive impact of employee stock awards

In Closing

- **We performed as expected in the first quarter**
- **We generated significant cash flow from operations despite increasing fuel prices**
- **We remain confident in our ability to deliver results consistent with the guidance we provided to start the year**
 - Expectations dependent on continued strong contributions from government-related activity, contributions from our three recent acquisitions, historically normal winter weather patterns in the UK and US and our ability to fully realize our previously announced cost savings initiatives

Questions & Answers

Earnings Reconciliation (\$ in millions except per share data)

	<u>Q1 2016</u>	<u>Q1 2017</u>
Revenue, as reported	\$ 5,190.8	\$ 8,194.3
Gross profit, as reported	\$ 221.5	\$ 231.4
Operating expenses, as reported	\$ 160.5	\$ 181.1
Expenses related to the acquisitions and other non-recurring charges	(1.5)	(4.2)
Operating expenses, as adjusted	<u>\$ 158.9</u>	<u>\$ 176.9</u>
Operating income, as reported	\$ 61.0	\$ 50.3
Expenses related to the acquisitions and other non-recurring charges	1.5	4.2
Operating income, as adjusted	<u>\$ 62.6</u>	<u>\$ 54.6</u>
Non-operating expense, as reported	\$ 6.3	\$ 14.3
Expenses related to other non-recurring charges	-	(0.6)
Non-operating expense, as adjusted	<u>\$ 6.3</u>	<u>\$ 13.7</u>
Income before tax, as reported	\$ 54.8	\$ 36.1
Expenses related to the acquisitions and other non-recurring charges	1.5	4.8
Income before tax, as adjusted	<u>\$ 56.3</u>	<u>\$ 40.9</u>
Provision for income taxes, as reported	\$ 3.1	\$ 5.0
Expenses related to the acquisitions and other non-recurring charges	0.3	1.5
Provision for income taxes, as adjusted	<u>\$ 3.5</u>	<u>\$ 6.5</u>
Minority interest , as reported	\$ (0.1)	\$ (0.3)
Net income , as reported	\$ 51.8	\$ 31.3
Expenses related to the acquisitions and other non-recurring charges	1.2	3.3
Net income, as adjusted	<u>\$ 53.0</u>	<u>\$ 34.6</u>
Diluted earnings per common share, as reported	\$ 0.74	\$ 0.45
Expenses related to the acquisitions and other non-recurring charges	\$ 0.02	\$ 0.05
Diluted earnings per common share, as adjusted	<u>\$ 0.76</u>	<u>\$ 0.50</u>

Guidance Reconciliation

With regard to the Company's outlook for 2017, reconciliation of Adjusted EPS to the most directly comparable GAAP measure is not available without unreasonable efforts on a forward-looking basis due to the high variability and complexity with respect to the charges excluded from this non-GAAP measure, including expenses associated with acquisitions and divestitures, and other unusual gains and losses, which we are unable to predict without unreasonable efforts due to their inherent uncertainty. Consequently, any attempt to disclose such reconciliation would imply a degree of precision that could be confusing or misleading to investors.

While we do not expect the variability of the above charges to have a significant impact on our future GAAP financial results, there can be no assurance that they will not materially affect our future GAAP financial results. The expected 2017 adjusted EPS range assumes the following: (i) weighted-average outstanding shares of approximately 70 million; (ii) a full-year effective tax rate in a range of 15 to 18 percent; (iii) the integration and realization of anticipated financial and operational contributions from acquisitions announced in 2016, but does not contemplate the impact of any potential future acquisitions; (iv) the realization of cost savings of approximately \$15 million in 2017; (v) performance consistent with management's current visibility into its annual operating performance, including continued contributions from our government-related activities; and (vi) traditional seasonal weather patterns in 2017.