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# **World Fuel Services Corporation** **2017 Second Quarter Earnings Call**

July 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

# Second Quarter Overview

- **Today we announced second quarter adjusted earnings of \$34 million or \$0.50 adjusted diluted earnings per share**
- **Aviation segment volume at highest level ever**
  - Increases came from core resale activities in North America as well as continued stable performance from government business
- **Marine segment continues to experience weak demand with an abundance of supply**
  - Primary drivers of decline were related to drop off in Asian business and lack of demand for risk management products
- **Land segment faced further supply challenges on the East Coast**
  - Results impacted by oversupply on the East Coast and adverse pricing environment in Brazil

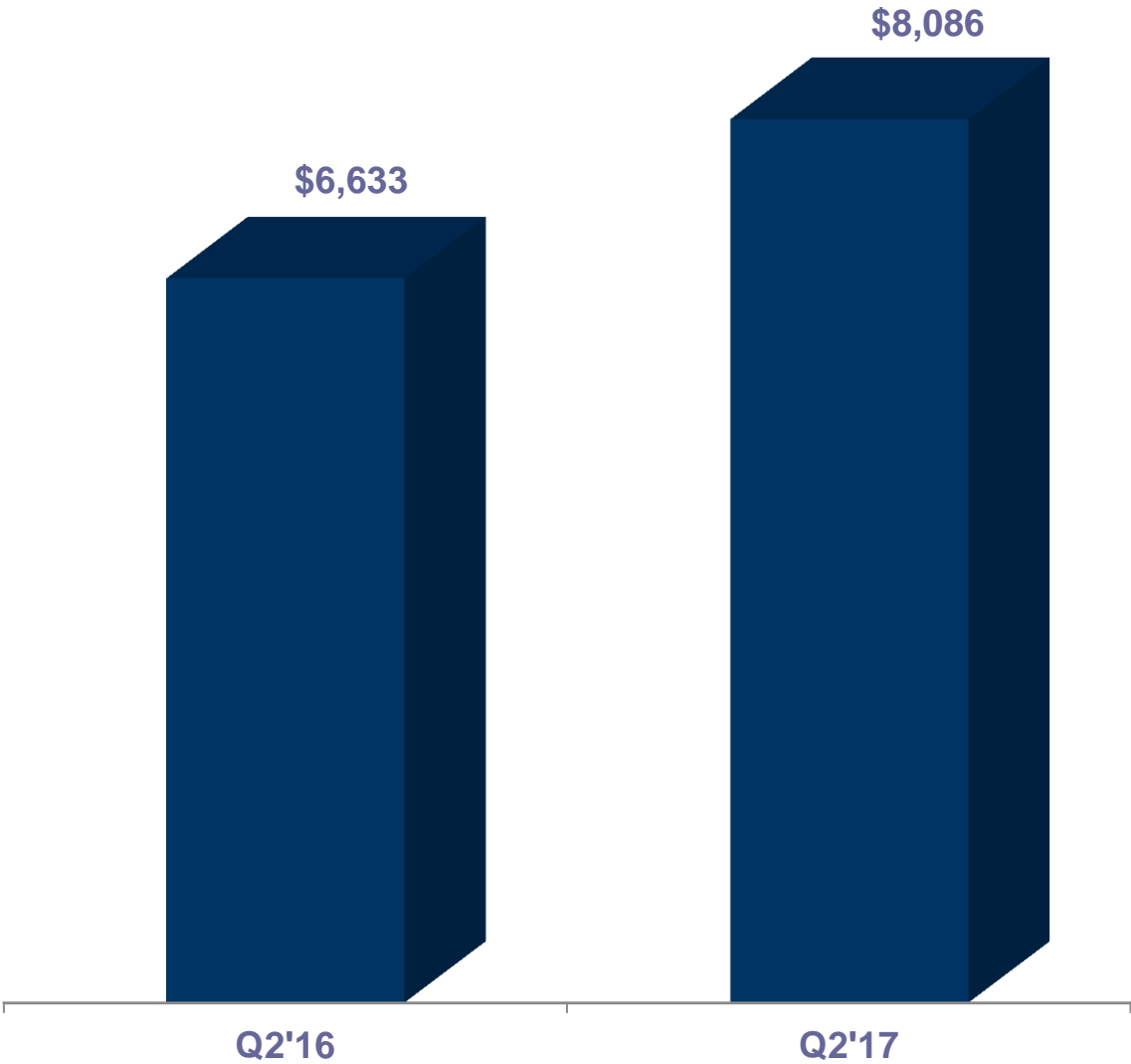
# Financial Overview



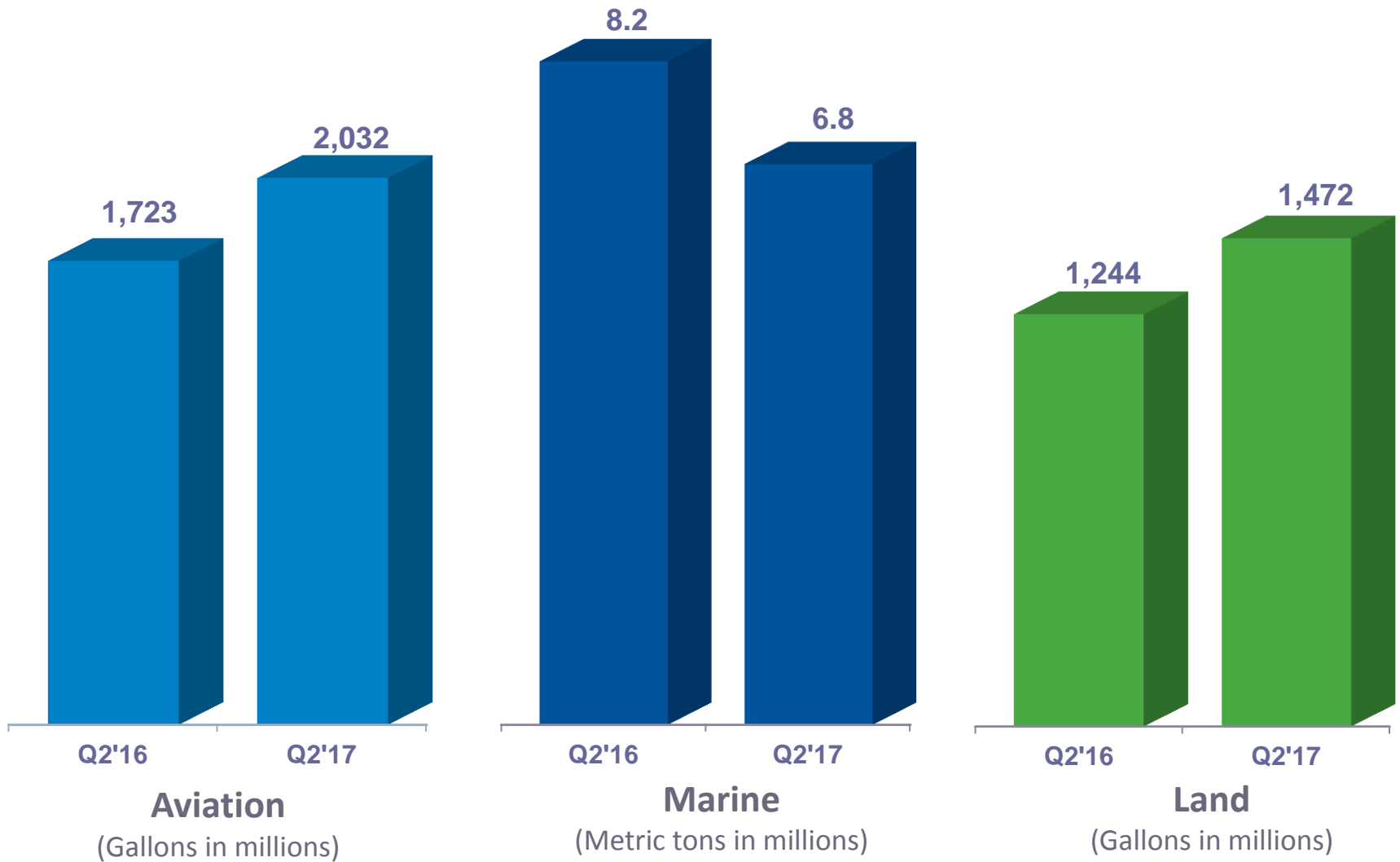
## **Ira Birns**

Executive Vice President and  
Chief Financial Officer

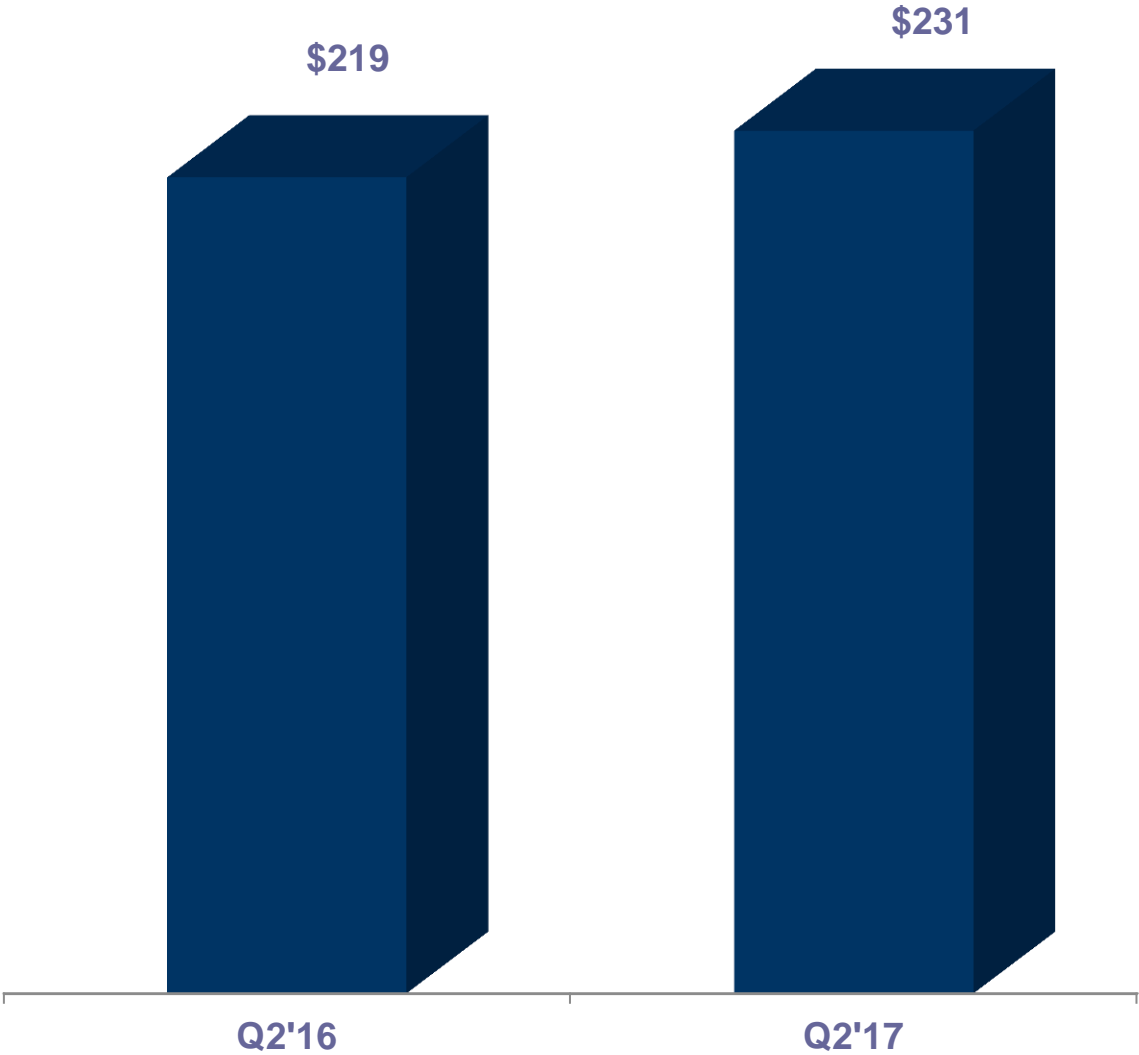
# Consolidated Revenue (\$ in millions)



# Volume by Segment

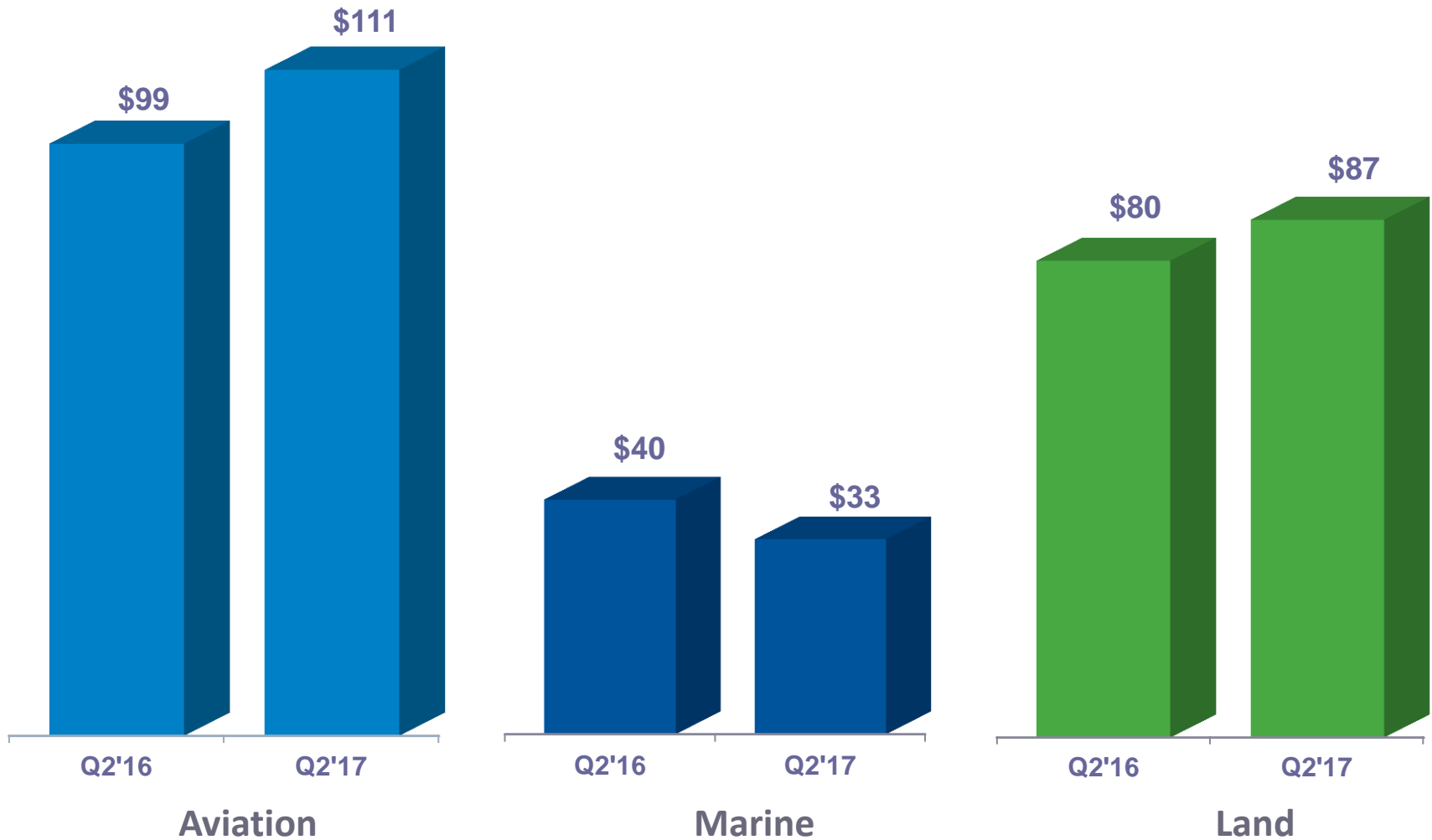


# Consolidated Gross Profit (\$ in millions)





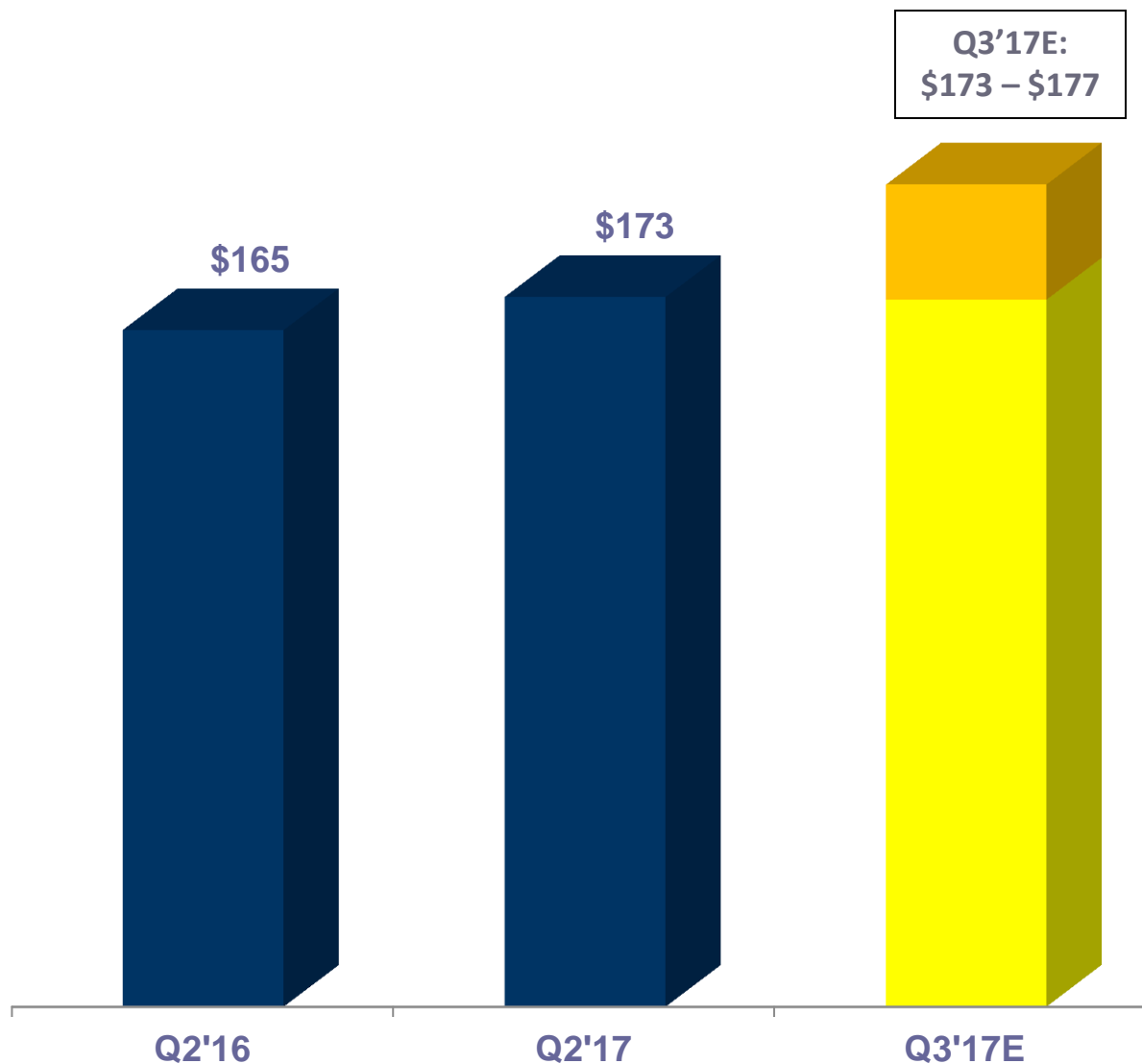
# Gross Profit by Segment (\$ in millions)



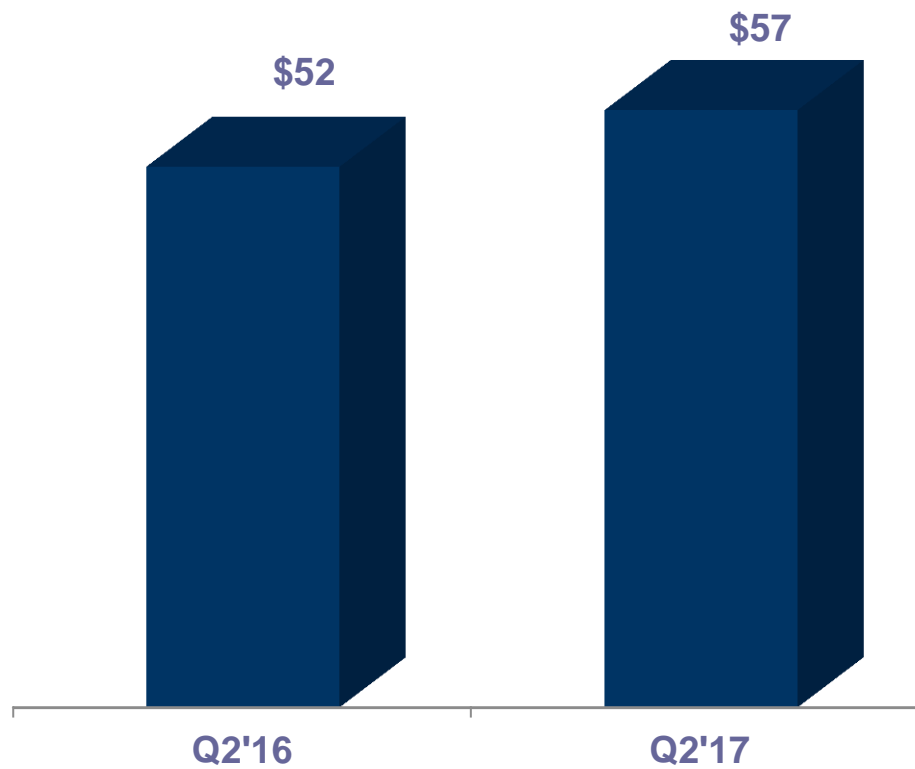
# Reconciliation of Non-Recurring Items (\$ in millions)

Aviation segment	\$ 3.2
Land segment	\$ 1.1
Marine segment	\$ 0.8
Corporate overhead-unallocated	\$ 0.6
<b>Total non-recurring items</b>	<b><u>\$ 5.7</u></b>

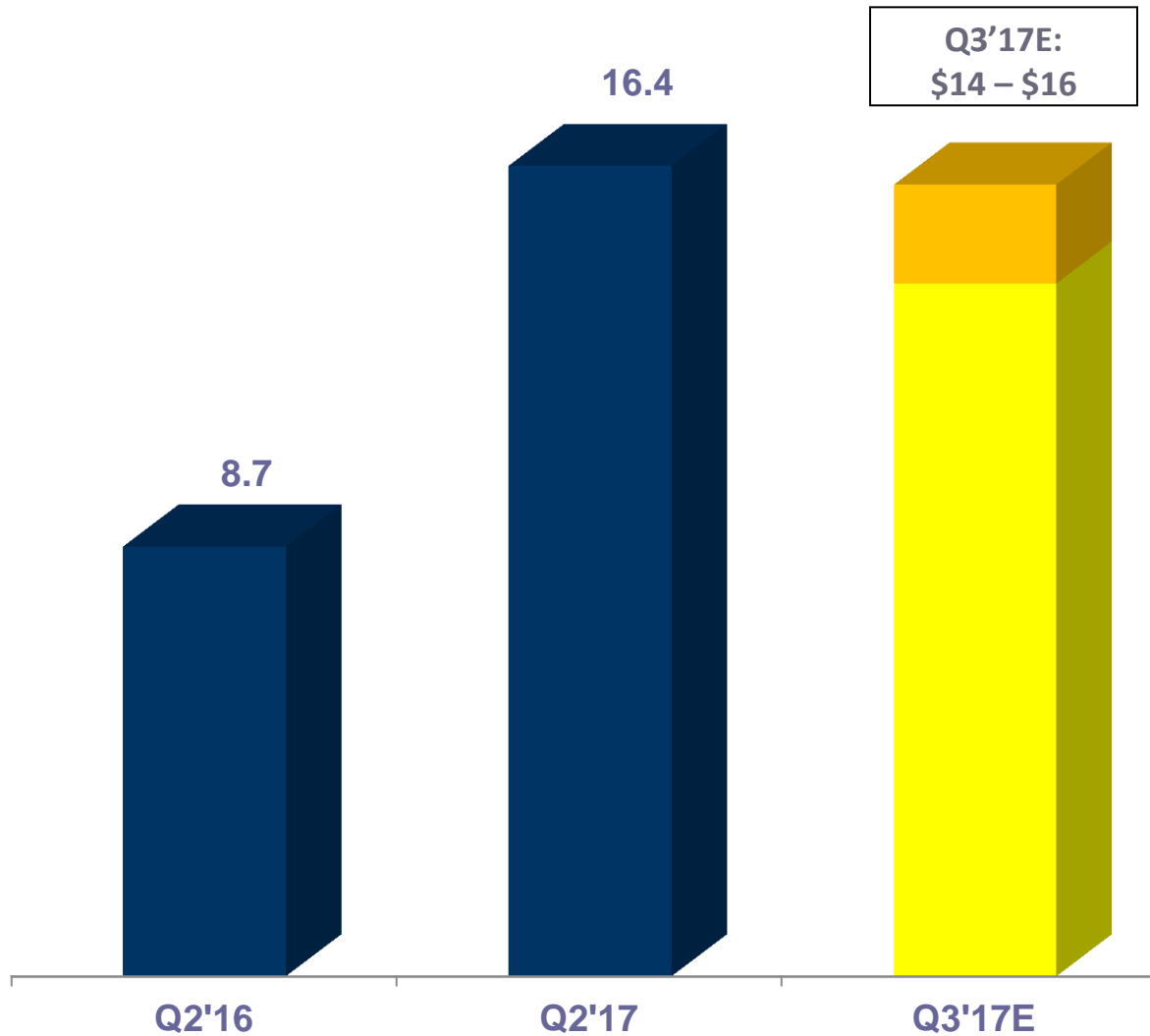
# Consolidated Operating Expenses (excluding bad debt provision) (\$ in millions)



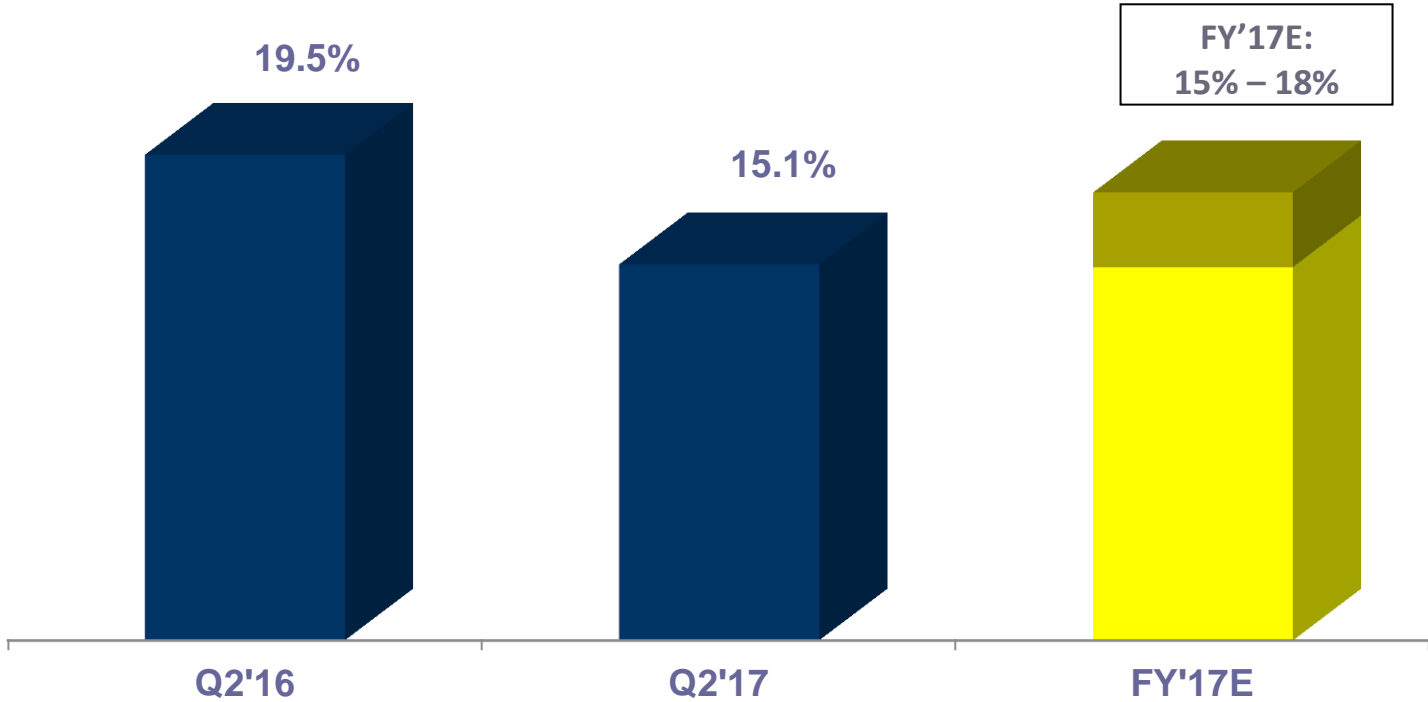
# Consolidated Income From Operations (\$ in millions)



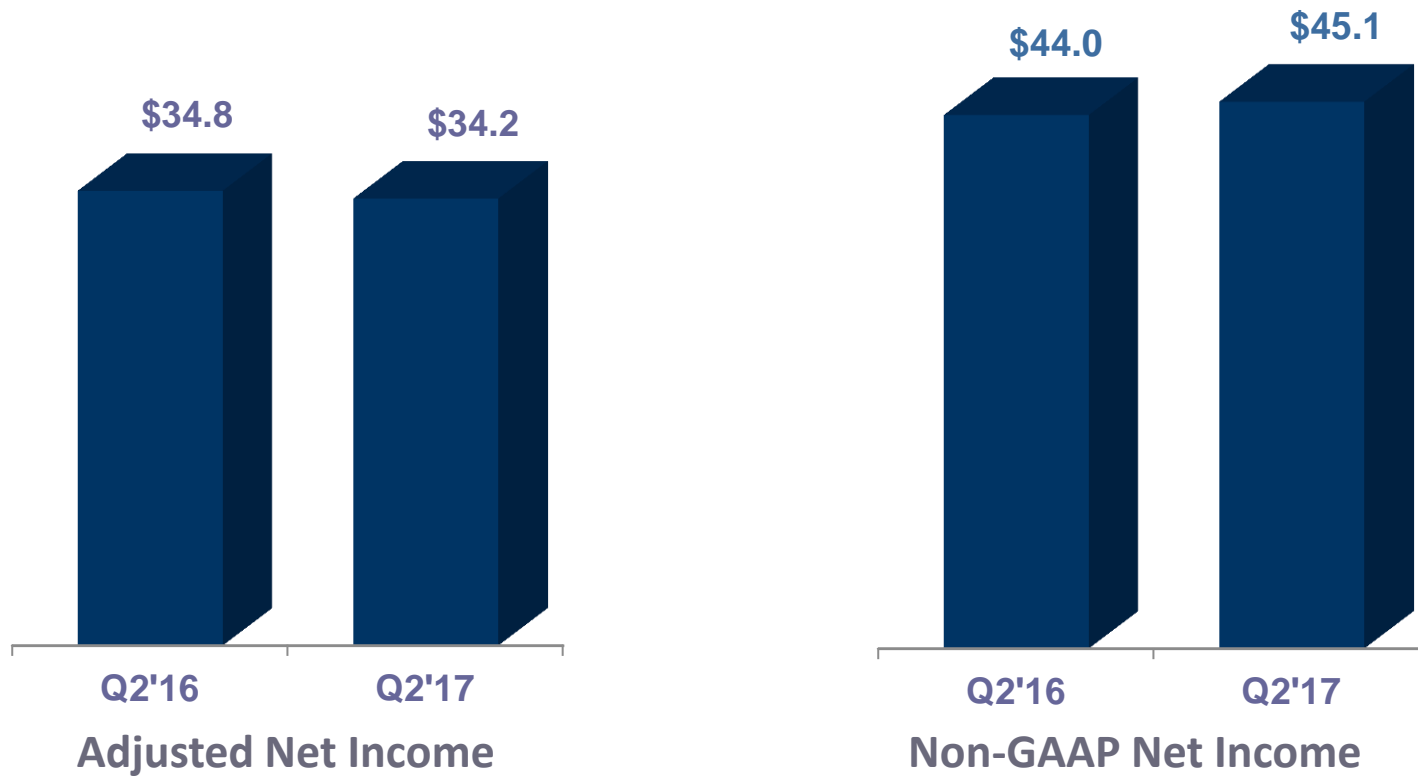
# Non-Operating Expenses (\$ in millions)



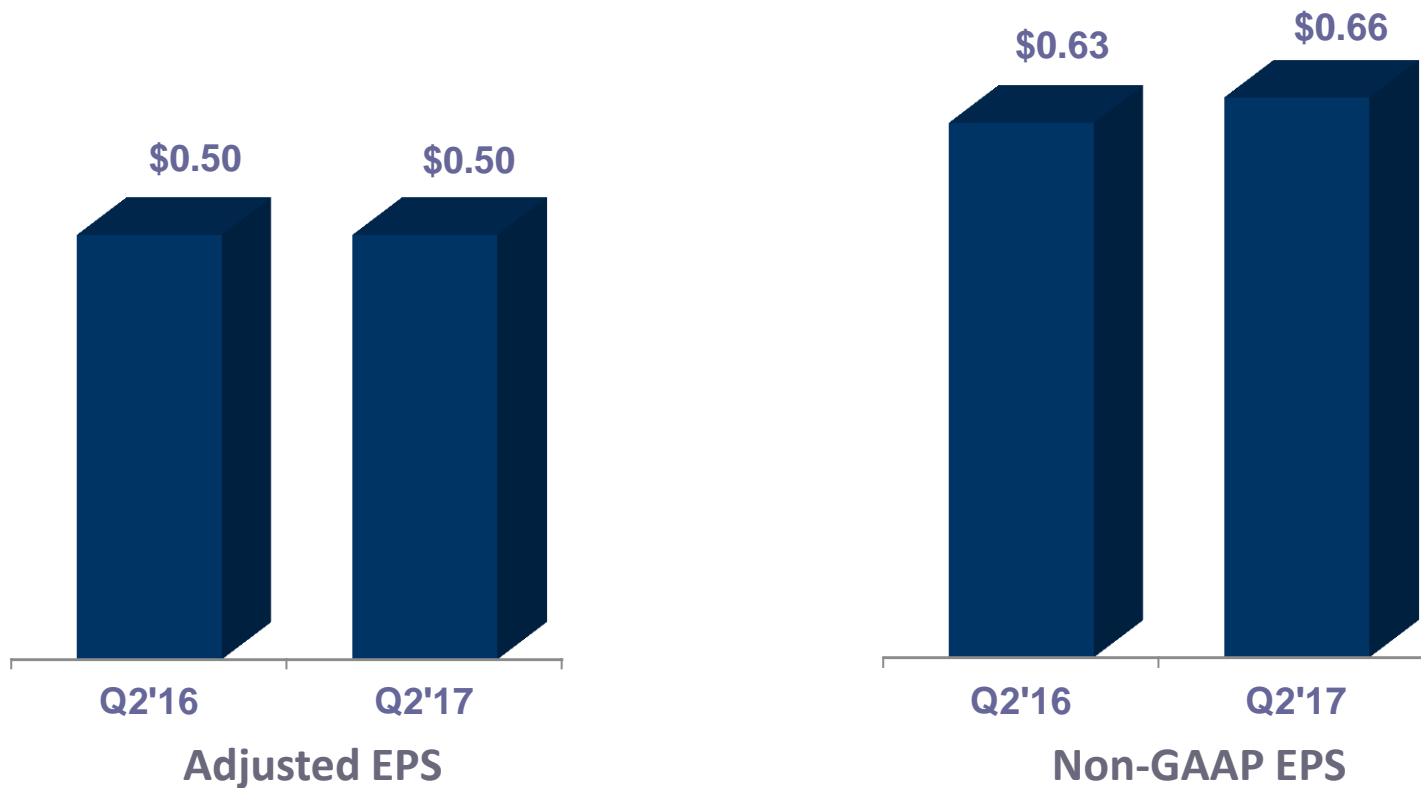
# Effective Tax Rate



# Net Income (\$ in millions)



# Diluted Earnings Per Share





# Balance Sheet Management

- **Total accounts receivable was \$2.2 billion at quarter end**
- **Net working capital was \$890 million**
  - Net working capital decreased \$50 million compared to the first quarter of 2017
- **Generated \$19 million of operating cash flow during quarter**
  - Year-to-date operating cash flow generation of \$156 million
  - Repurchased \$21 million of shares in the second quarter - \$32 million YTD

# In Closing

- **We are still facing challenges in our marine and parts of our land segments, but delivered a good result during our seasonally weakest quarter**
- **We again generated operating cash flow, repaid debt, further strengthening our balance sheet**
- **Our long-term opportunities remain strong across legacy activities and newer growth engines**
- **We continue to focus on improving efficiencies and driving growth, backed by our strong balance sheet and dedication of our global team**

# Questions & Answers

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

	Q2 2016			Q2 2017		
	As Reported	Adjustments	As Adjusted	As Reported	Adjustments	As Adjusted
Revenue	\$6,633.0	\$0.0	\$6,633.0	\$8,086.2	\$0.0	\$8,086.2
Gross Profit	218.5	-	218.5	231.0	-	231.0
Operating Expenses	173.0	(5.9)	167.0	179.7	(5.7)	174.1
Operating Income	45.6	5.9	51.5	51.2	5.7	56.9
Non-operating expense	8.7	(0.0)	8.7	16.4	-	16.4
Income before Tax	36.9	5.9	42.8	34.9	5.7	40.5
Provision for income taxes	7.1	1.2	8.2	4.6	1.5	6.1
Minority interest	(0.2)	-	(0.2)	0.2	-	0.2
Net income	\$30.0	\$4.8	\$34.8	\$30.0	\$4.2	\$34.2
Diluted earnings per common share	\$0.43	\$0.07	\$0.50	\$0.44	\$0.06	\$0.50

Note: Adjustments are related to acquisitions and other non-recurring charges

# 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.