

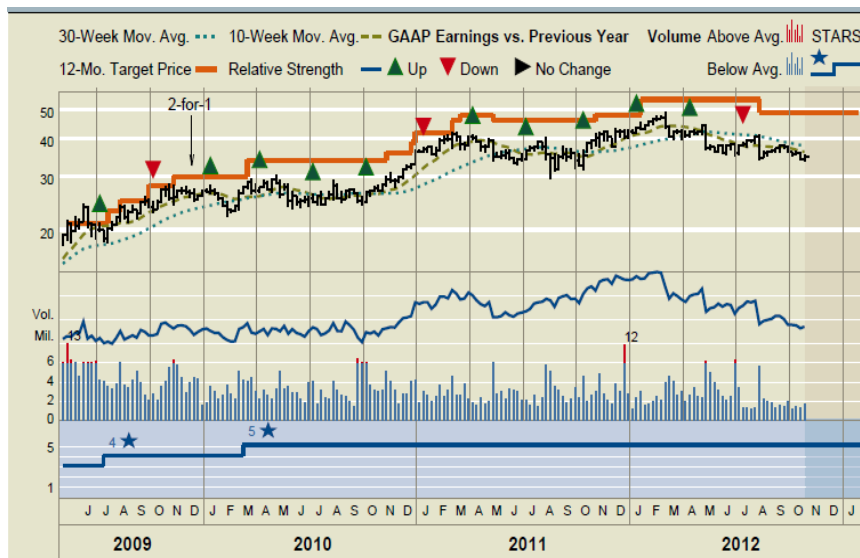
World Fuel Services Corp (INT)

Sector: Energy (Industry: Oil & Gas Refining & Marketing)

Prepared by Chris Taylor 11/14/2012

Key Stock Statistics (Source S&P, Thompson One Banker, Value Line, Company Reports, MorningStar, Yahoo Finance, Market Line)

| | | | | | | | |
|-------------------------|---------|-----------------------------|--------|------------------------|-----------|------------------------------|-------|
| Recommendation: | BUY | Dividend Yield: | 0.38% | 52 Week Range: | \$34-\$49 | Beta: | 0.77 |
| Intrinsic Value: | \$72.98 | Dividend Rate/Share: | \$0.15 | PE Ratio (TTM): | 14.0x | Forward PE (2013E): | 12.8x |
| Current Price: | \$38.29 | 3 Year FV Reversion: | 24.3% | EPS (TTM): | \$2.74 | 5 Year Proj EPS CAGR: | 6.6% |
| Market Cap: | 2.7B | 5 Year FV Reversion: | 14.1% | Credit Rating: | N/A | | |



Investment Theme: Our buy recommendation on World Fuel Services is motivated by the company's robust global presence, diversified customer base, and the value added services it provides its customers. Furthermore, we see a rising demand of fuel in 2013 and beyond, which should be favorable to continued revenue growth. Opportunities for revenue growth are also seen through continued acquisitions as the company has significant cash on its balance sheet, an untapped \$800M credit line, and the company has been successful in integrating past acquisitions quickly. INT is an attractive investment as its recent acquisition of Carter Energy will have a significant positive impact on 2013 earnings and a conservative estimate has the company currently trading at only 12.8x next year's earnings.

Overview:

World Fuel Services is a market leading fuel reseller to customers in the marine, aviation, and land segments. Its market share in the industry is likely to continue to increase as their newly promoted CEO Michael Kasbar is driven to increase acquisitions. In addition, the company has a large cash position and a readily available \$800M line of credit which provide the opportunity for continued acquisitions. In addition, INT's recently acquired companies are becoming fully integrated within the company like Carter Energy and should report favorable results going forward and have an immediate impact on earnings per share. INT revenue stream is diversified both geographically and by its customer base. Therefore, revenue streams should be more robust than companies that are reliant upon specific geographies and large customers.

Earnings per share is estimated to increase to \$3.00 in 2013, \$3.26 in 2014, and \$3.47 in 2015. Revenues are expected to increase as the global economy recovers, thus resulting in fuel demand increases. Successful integration and acquisition of companies for INT is estimated to enhance revenues going forward and provide positive results towards earnings per share.

INT is currently trading at \$38.28 per share, giving a trailing twelve month P/E of 14.0x, and a forward P/E of just 12.8x, which are historically attractive ratios. Our discounted cash flow analysis assumes a WACC of 6.1%, revenue growth of 12%, and results in an estimated intrinsic value of \$72.98.

Risks to our valuation include a major decline in demand of oil. While INT benchmarks its performance against gross profit margin, earnings are mostly generated from volume of sales. Any geopolitical risk which increases oil prices could negatively impact the consumption of oil by consumers. Additionally, risks include a continued global slowdown which would decrease demand for fuel. We believe that INT is significantly diversified and could withstand the current challenges.

Revenue/Earnings Data

| Revenue (Million \$) | | | | | |
|----------------------|-------|-------|-------|-------|--------|
| | 1Q | 2Q | 3Q | 4Q | Year |
| 2012 | 9,479 | 9,619 | -- | -- | -- |
| 2011 | 7,079 | 8,709 | 9,511 | 9,324 | 34,623 |
| 2010 | 3,918 | 4,397 | 4,987 | 5,829 | 19,131 |
| 2009 | 2,014 | 2,533 | 3,203 | 3,545 | 11,295 |
| 2008 | 4,491 | 5,651 | 5,453 | 2,913 | 18,509 |
| 2007 | 2,702 | 3,273 | 3,608 | 4,146 | 13,730 |

| Earnings Per Share (\$) | | | | | |
|-------------------------|------|------|-------|-------|-------|
| | 1Q | 2Q | 3Q | 4Q | Year |
| 2012 | 0.65 | 0.68 | E0.73 | E0.75 | E2.81 |
| 2011 | 0.58 | 0.70 | 0.74 | 0.69 | 2.71 |
| 2010 | 0.56 | 0.61 | 0.60 | 0.56 | 2.31 |
| 2009 | 0.44 | 0.47 | 0.49 | 0.57 | 1.96 |
| 2008 | 0.28 | 0.36 | 0.69 | 0.49 | 1.81 |
| 2007 | 0.26 | 0.29 | 0.26 | 0.32 | 1.12 |

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3Q2012 Results:

World Fuel Services' third quarter in 2012 posted strong earnings per share of \$0.72, beating the consensus analyst estimate of \$0.70. Gross profit was seen to increase to \$181M, an increase of 5% from the previous quarter and an increase of 6% year over year. Gross Margins which the company believes is its greatest barometer of performance was seen as 1.8% which is in line when comparing quarter over quarter and year over year. This is positive news with significant global downtrends impacting the worldwide market during the quarter and INT was able to perform favorably. Breaking performance down to segments in the 3rd quarter we see that marine revenue was down 4% from the previous quarter and down 10% year over year. The driving factor for poor performance in the marine segment was decreased volumes. However, the aviation and land segments performed great mainly due to increased volumes. For the aviation segment revenue was up 8% from the previous quarter and up 8% year over year. For the land segment revenue was up 7% from the previous quarter and up 28% year over year. It is believed that the land segment will continue to grow as the acquisition of Carter Energy will be fully accounted for in future quarters.

2 Year Stock Price Performance (INT vs. SPY)



Investment Thesis:

We recommend World Fuel Services as a strong buy with a \$72.98 price target. INT has a robust global presence and operates in over 200 countries providing fuel logistics in the marine, aviation, and land segments. This global presence diversifies away concentrated geographic revenue risk. Along with its diversified geographical presence is a wide ranging customer base. Operating in three different segments allows INT to generate revenues in over 6000 locations from a mixed group of clients in both the private and public sectors. INT provides its customers with value added services aimed at increasing their customer's competitiveness. These value added services include global market intelligence, reliable and competitively priced fuel, and credit are just a few examples of benefits for INT's customers. These benefits create a sticky relationship between INT and its customers and helps generate recurring revenue. We believe these relationships will remain intact along with an increase in demand for fuel in 2013 and near future will help INT increase revenues and earnings per share.

Pros:

- Robust international presence: US, UK, Denmark, Norway, Netherlands, Germany, Greece, Turkey, UAE, Russia, Taiwan, South Korea, Singapore, Japan, Hong Kong, Costa Rica, Brazil, Chile, Argentina, Mexico, Colombia, Canada, and South Korea
- Preferred supplier to fuel customers – offers value added services to customers including single-supplier convenience, competitive pricing, availability of trade credit, price risk management, and fuel quality control
- Acquisitions enhance services, increasing revenue, growing market share: The Hiller Group (1/2011) a leading U.S. aviation fuel distributor (120 million gallons/year), Nordic Camp Supply (3/2011) a supplier of fuel logistics in Europe, Ascent Aviation Group (4/2011), Yacht Fuel Services (6/2011), Carter Energy (8/2012)
- Carter Energy purchase will supplement land segment and is estimated to add \$0.04 – \$0.07 to EPS annually.
- Rising demand for liquid fuels, diesel, and gasoline
- Compound annual growth rates of 26.3% for revenue and 24.9% for net income from 2006-2011
- Generated \$53.3M in free cash flow during Q32012
- \$800M untapped line of credit

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Industry Trends:

The U.S. Energy Information Administration predicts that demand for U.S. gasoline by the end of 2012 will have decreased 2.9% from 2011. However, the EIA has predicted demand will rebound in 2013 and increase 0.3%. A similar scenario is seen by the EIA for diesel and heating oil with a decline of 2.9% in 2012 from 2011 and a rebound in 2013 of 1.4%. It is estimated the average fuel price for 2012 will be \$3.65 per gallon and fall to \$3.44 in 2013. Similarly for diesel the average price for 2012 is seen to be \$3.96 and fall in 2013 to \$3.81. The U.S. is seen as becoming a major player in oil production as the EIA predicts production from its shale sources will increase at a 4.3% CAGR from 2010 to 2035. This increase in local supply will decrease U.S. demand for imported oil and help meet the forecast of demand, keeping the prices at the pump relatively stable.

Business Summary:

World Fuel Services (INT) is a global leader in the marketing and sale of marine, aviation, and land fuel products. INT offers fuel and connected services globally at over 2,500 airports, seaports and tanker truck loading terminals. INT delivers products to over 6000 locations in over 200 countries. INT has three operating segments: marine (42.1% of 2011 revenues, 30.7% of gross profits), aviation (37.2%, 48.2%) and land (20.8%, 21.1%). Marine customers include tanker fleets and time charter operators, U.S. and foreign governments. Aviation customers include commercial airlines, cargo carriers, corporate fleets, and military fleets. Aviation customers also are provided with value added options including extending credit, 24-hour service, fuel management services, flight plans, and weather reports. Land customers primarily include petroleum distributors. 57.7% of total revenues come from the Americas.

Management Review:

Michael Kasbar was named president and CEO effective January 1, 2012. Mr. Kasbar has been with the company since 1995 and held several roles including chief executive officer of the marine segment and chief operating officer. Mr. Kasbar is considered the driving force behind the company's aggressive acquisition strategy. His results can be seen with numerous acquisitions since taking office including Carter Energy in September of 2012. In the acquisitions INT looks to perform operational excellence and increase gross profits. It is expected that Mr. Kasbar will continue to drive INT going forward as an aggressive acquirer.

Financial Trend Analysis:

Financial trends over the trailing five years have been positive. Revenue has grown at 26.3% CAGR over the past five years and net income has increased 24.9% over the same period. It is likely that revenue will continue to grow going forward as the company continues to acquire new companies and oil demand increases. INT is set to pay a \$0.15 dividend per share in 2012 which is equal to the dividend it paid out in 2011. The company's financials remain strong and it is predicted dividends payments will continue and have the possibility of increasing in the near future. Earnings per share has experienced consistent growth since 2007, rising from \$1.12 in 2007 to \$2.71 in 2011. This trend is likely to continue.

Financial Health:

World Fuel Services has a strong balance sheet and operates at a much lower debt to equity ratio than its competitors. INT was able to generate a significant amount of free cash flow in the third quarter in \$53.3M. The company has a significant amount of cash on its balance sheet and a readily available \$800M line of credit. One area to pay attention to going forward is increasing accounts receivables as this creates more risk for the company as customers are increasing their purchases on credit.

Competitive Analysis:

Worldwide Fuel Services offers its clients value added benefits to set itself apart from its competitors. Benefits its customers receive are competitive pricing, ability to obtain credit, price risk management, logistical support, fuel quality control, and fuel procurement outsourcing. In addition to these benefits, INT's global reach provides the ability of the customer to only have to rely on INT for their fuel services. The value added services aim to create tight relationships with its customers and generate more recurring revenue. INT only operates as a fuel reseller and thus conducts business only in the downstream portion of the oil market. INT's competition is with other fuel resellers operating in the same channel and with integrated oil companies which

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operate throughout all channels of the oil market, from exploration to sale. Integrated oil companies often seek larger customers such as major airlines and shipping companies. INT's value added services allows it to compete in this arena as well as with smaller customers.

Risk Factors:

- Relies on third parties to complete services to customers: plane fueling at airports, vessel fueling at port and sea, and land fuel delivery
- Environmental laws and regulations – substantial fines for improper handling of fuel, storage of fuel, fuel spillage
- Rising fuel prices – consumers decrease consumption as the price at the pump increases
- Competition – major oil producers which are integrated oil companies with significant capital resources
- Unsuccessful integration of an acquisition- a large cash position on the balance sheet and an untapped \$800M line of credit suggest INT is ready to continue acquisitions
- Geopolitical risk- especially in the Middle East could increase oil prices
- Global slowdown would impact need for fuel services and thus create a drag on revenues

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DCF Valuation Model:

| Discounted Cash Flow | Current | | | | | |
|--|---------|-------|-------|-------|-------|--------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Operating Profit | 226.2 | 271.3 | 293.0 | 316.5 | 335.5 | 352.2 |
| Taxes | 39 | 54.3 | 58.6 | 63.3 | 67.1 | 70.4 |
| NOPAT | 190.2 | 197.1 | 214.4 | 233.2 | 248.4 | 261.8 |
| Depreciation | 40.5 | 77.5 | 83.7 | 90.4 | 95.8 | 100.6 |
| Capex | 19.5 | 38.8 | 41.9 | 45.2 | 47.9 | 50.3 |
| Change In NWC | 386.2 | 66.5 | 93.0 | 100.5 | 81.4 | 71.9 |
| FCF | -175 | 169.3 | 163.3 | 177.9 | 214.9 | 240.2 |
| Terminal Growth Rate | | | | | | 2% |
| Terminal Value | | | | | | 6016.2 |
| PV of Cash Flows | | 159.6 | 145.1 | 149.1 | 169.8 | 178.9 |
| PV of Terminal Value | | | | | | 4480.2 |
| PV Enterprise Value | | | | | | 5282.7 |
| Plus: Cash | | | | | | \$ 205.40 |
| Less: LTD | | | | | | \$ 269.30 |
| Equity Value | | | | | | <u>\$ 5,218.78</u> |
| Current Shares Outstanding | | | | | | <u>71.5</u> |
| Equity Value Per Share | | | | | | <u>\$ 72.98</u> |
| Current (Discount)/Premium from Fair Value | | | | | | -47.5% |
| Buy Price = Fair Value less 20% | | | | | | \$ 58.38 |
| Sell Price = Fair Value plus 20% | | | | | | \$ 87.58 |

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Comparative Valuation Analysis:

| | Target | Comparables | | | |
|------------------|----------|-------------|----------|----------|----------|
| Ticker | INT | NRGY | CLNE | XTEX | NS |
| Dividend Yield | 0.42% | 11.60% | 0.00% | 7.74% | 8.13% |
| Payout Ratio | 5.47% | NEG | 0.00% | NEG | NEG |
| Market Cap | 2,566.00 | 2,452.40 | 1,345.20 | 1,000.50 | 3,813.00 |
| Enterprise Value | 2,694.80 | 4,256.70 | 1,419.70 | 2,175.30 | 6,424.90 |
| P/E | 13 | NEG | NEG | NEG | NEG |
| Price/Cash Flow | 9.8 | 12.7 | NEG | 6.5 | 13.8 |
| Price/Book Value | 1.7 | 2.3 | 2.6 | 1.2 | 1.6 |
| EV/EBITDA | 8.8 | 15.5 | NEG | 10.5 | 39.8 |
| EV/EBIT | 10 | 48.6 | NEG | 28.2 | NEG |
| Total Debt/EV | 0.1 | 0.4 | 0.2 | 0.5 | 0.4 |
| Net Margin | 0.51% | -1.64% | -25.01% | -0.19% | -2.11% |
| ROA | 5.30% | 1.20% | -8.61% | 2.30% | -1.62% |
| ROE | 14.26% | -2.98% | -16.19% | -0.42% | -6.32% |
| ROIC | 12.40% | 1.31% | -10.05% | 4.80% | -1.87% |

WACC Calculation:

| WACC Calculation | |
|---|--------------|
| Marginal tax rate | 20% |
| Risk free rate | 1.65% |
| Market risk premium | 5.90% |
| Beta | 0.77 |
| Cost of equity | 6.19% |
| Cost of debt pre-tax | 6.16% |
| After tax cost of debt | 4.93% |
| Share price | \$38.28 |
| Market capitalization | 2,737 |
| Total debt | 288 |
| Total capital | 3,026 |
| % equity capital | 90.5% |
| % debt capital | 9.5% |
| Weighted average cost of capital | 6.07% |

Total Return Calculation:

| Total Return Calculation | |
|--------------------------|----------|
| Current Price | \$ 38.28 |
| Fair Value | \$ 72.98 |
| Div 1 | \$ 0.15 |
| Div 2 | \$ 0.15 |
| Div 3 | \$ 0.15 |
| Div 4 | \$ 0.15 |
| Div 5 | \$ 0.15 |
| Ttl Ann Ret 3 yr to FV | 24.3% |
| Ttl Ann Ret 5 yr to FV | 14.1% |

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Valuation Assumptions:

| Assumption Summary | |
|----------------------|----------|
| Current Price | \$ 38.28 |
| 2013 Est. EPS | \$ 3.00 |
| 2014 Est. EPS | \$ 3.26 |
| Revenue Growth | 12% |
| Tax Rate | 20% |
| WACC | 6.07% |
| Terminal Growth Rate | 2.00% |

Income Statement Projection:

| | Projections | | | | | |
|-------------------------|-------------|----------|----------|----------|----------|----------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Sales | 34608.30 | 38761.30 | 41862.20 | 45211.18 | 47923.85 | 50320.04 |
| COGS | 33963.60 | 38024.83 | 41066.82 | 44352.16 | 47013.29 | 49363.96 |
| Gross profit | 644.70 | 736.46 | 795.38 | 859.01 | 910.55 | 956.08 |
| Gross Margin | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| SG&A | 378.00 | 387.61 | 418.62 | 452.11 | 479.24 | 503.20 |
| EBITDA | 266.70 | 348.85 | 376.76 | 406.90 | 431.31 | 452.88 |
| Depreciation | 40.50 | 77.52 | 83.72 | 90.42 | 95.85 | 100.64 |
| Operating profit (EBIT) | 226.20 | 271.33 | 293.04 | 316.48 | 335.47 | 352.24 |
| Operating Margin | 0.7% | 0.7% | 0.7% | 0.7% | 0.7% | 0.7% |
| Taxes | 39.00 | 54.27 | 58.61 | 63.30 | 67.09 | 70.45 |
| Interest Expense | 16.6 | 20 | 20 | 20 | 20 | 20 |
| Net income | 190.20 | 197.06 | 214.43 | 233.18 | 248.37 | 261.79 |
| Net Margin | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% |

| Shareholder information | | | | | | |
|-----------------------------------|------|------|------|------|------|------|
| Average no. of shares outstanding | 71.5 | 71.5 | 71.5 | 71.5 | 71.5 | 71.5 |
| Dividends | 10.7 | 10.7 | 10.7 | 10.7 | 10.7 | 10.7 |
| Earnings per share | 2.66 | 2.76 | 3.00 | 3.26 | 3.47 | 3.66 |
| Dividends per share | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 |

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Historical Financial Data:

| Annual Income Statement | | | | | |
|---|-------------------|-------------------|-------------------------------|-------------------|-------------------|
| | 12/31/2011 USD | 12/31/2010 USD | 12/31/2009 USD restated | 12/31/2008 USD | 12/31/2007 USD |
| Income Statement | | | | | |
| Net Sales or Revenues | 34,608.3 | 19,131.1 | 11,295.2 | 18,509.4 | 13,729.6 |
| Operating Expenses - Total | 34,382.2 | 18,950.3 | 11,141.2 | 18,354.3 | 13,641.3 |
| Cost of Goods Sold | 33,963.6 | 18,669.9 | 10,902.6 | 18,098.8 | 13,477.4 |
| Selling, General & Admin Expenses | 378.0 | 261.3 | 221.6 | 241.6 | 157.0 |
| Depreciation, Depletion & Amortization | 40.5 | 19.1 | 17.0 | 13.9 | 6.9 |
| Depreciation | 15.5 | 9.3 | 8.7 | 8.3 | 5.5 |
| Amortization of Intangibles | 25.0 | 9.8 | 8.3 | 5.6 | 1.4 |
| Amortization of Deferred Charges | - | - | - | - | - |
| Other Operating Expenses | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Operating Income | 226.1 | 180.9 | 154.0 | 155.1 | 88.3 |
| Extraordinary Credit - Pretax | 13.5 | 0.9 | 4.1 | 1.3 | 0.0 |
| Extraordinary Charge - Pretax | 0.0 | 0.0 | 0.0 | 1.4 | 4.3 |
| Non-Operating Interest Income | 0.8 | 0.7 | 1.2 | 1.9 | 5.0 |
| Interest Expense On Debt | 16.6 | 5.5 | 4.9 | 10.3 | 1.9 |
| Pretax Equity In Earnings | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Reserves- Increase(Decrease) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other Income/Expense - Net | 14.4 | 0.5 | (4.5) | (9.0) | (0.5) |
| Interest Capitalized | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Pretax Income | 238.2 | 177.5 | 149.9 | 137.6 | 86.6 |
| Income Taxes | 39.0 | 31.0 | 32.3 | 32.4 | 21.2 |
| Current Domestic Income Tax | 10.5 | 13.6 | (0.2) | 6.8 | 9.1 |
| Current Foreign Income Tax | 27.5 | 22.4 | 20.9 | 25.0 | 15.1 |
| Deferred Domestic Income Tax | 8.4 | (5.7) | 5.8 | 0.4 | (3.2) |
| Deferred Foreign Income Tax | (6.8) | (1.7) | 2.2 | 0.2 | 0.2 |
| Income Tax Credits | 0.6 | (2.4) | (3.8) | 0.0 | 0.0 |
| Minority Interest | 5.2 | (0.4) | 0.4 | 0.2 | 0.6 |
| Equity In Earnings | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| After Tax Other Income/Expense | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Discontinued Operations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Income Before Extra Items/Preferred Div | 194.0 | 146.9 | 117.1 | 105.0 | 64.8 |
| Extr Items & Gain(Loss) Sale of Assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Income Before Preferred Dividends | 194.0 | 146.9 | 117.1 | 105.0 | 64.8 |
| Preferred Dividend Require | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Income to Common Shareholders | 194.0 | 146.9 | 117.1 | 105.0 | 64.8 |
| EPS Incl Extraordinary Items | 2.7 | 2.3 | 2.0 | 1.8 | 1.1 |
| EPS - Continuing Operations | 2.7 | 2.3 | 2.0 | 1.8 | 1.1 |
| Dividend Per Share | 0.2 | 0.2 | 0.2 | 0.1 | 0.1 |
| Common Shares Used to Calc Diluted EPS | 71,510,000.0 | 63,441,000.0 | 59,901,000.0 | 58,058,000.0 | 58,124,000.0 |

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Annual Cash Flow Statement

| | 12/31/2011 USD | 12/31/2010 USD | 12/31/2009 USD restated | 12/31/2008 USD | 12/31/2007 USD |
|--|-------------------|-------------------|-------------------------------|-------------------|-------------------|
| Operations | | | | | |
| Net Income / Starting Line | 194.0 | 146.9 | - | 105.0 | 64.8 |
| Depreciation, Depletion & Amortization | 40.5 | 19.1 | 17.0 | 13.9 | 6.9 |
| Depreciation & Depletion | 15.5 | 9.3 | - | 8.3 | 5.5 |
| Amortization of Intangible Assets | 25.0 | 9.8 | 8.3 | 5.6 | 1.4 |
| Deferred Income Taxes & Investment Tax Credit | 1.6 | (7.4) | 7.5 | 0.5 | (3.0) |
| Deferred Income Taxes | 1.6 | (7.4) | 7.5 | 0.5 | (3.0) |
| Investment Tax Credits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other Cash Flow | 27.8 | 11.1 | 11.3 | 31.9 | 14.0 |
| Funds From Operations | 264.0 | 169.7 | 152.9 | 151.4 | 82.6 |
| Extraordinary Items | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Funds From/For Other Operating Activities | (406.6) | (205.4) | (75.0) | 242.1 | (160.5) |
| Dec(Inc) In Receivables | (726.0) | (357.1) | (265.1) | 698.4 | (513.0) |
| Dec(Inc) In Inventories | (222.4) | (58.9) | (93.6) | 74.8 | (26.8) |
| Inc(Dec) In Accounts Payable | 573.6 | 274.3 | 256.2 | (531.3) | 316.3 |
| Inc(Dec) In Income Taxes Payable | - | - | - | - | - |
| Inc(Dec) In Other Accruals | 5.9 | 27.8 | (6.2) | 21.1 | (6.3) |
| Dec(Inc) In Other Assets/Liabilities | (37.6) | (91.5) | 33.2 | (21.0) | 69.2 |
| Net Cash Flow - Operating Activities | (142.5) | (35.7) | 77.9 | 393.5 | (77.9) |
| Investing | | | | | |
| Capital Expenditures (Addition to Fixed Assets) | (19.5) | (12.5) | (6.5) | (6.8) | (16.6) |
| Additions To Other Assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Assets From Acquisitions | (122.7) | (177.8) | (52.0) | (93.4) | (54.9) |
| Increase In Investments | 0.0 | 0.0 | (25.2) | 0.0 | (30.1) |
| Decrease In Investments | 0.0 | 10.0 | 25.2 | 0.0 | 32.6 |
| Disposal of Fixed Assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other Use/(Source) - Investing | 2.4 | 0.0 | 3.4 | 0.0 | 0.0 |
| Other Uses - Investing | (11.1) | 0.0 | (3.4) | 0.0 | 0.0 |
| Other Sources - Investing | 8.7 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Cash Flow - Investing | (144.6) | (180.3) | (61.8) | (100.2) | (69.0) |
| Financing | | | | | |
| Net Proceeds From Sale/Issue of Com & Pref | 0.0 | 219.1 | 1.0 | 2.6 | 1.1 |
| Proceeds From Stock Options | 0.0 | 0.3 | 1.0 | 2.6 | 1.1 |
| Other Proceeds From Sale/Issuance of Stock | 0.0 | 218.8 | 0.0 | 0.0 | 0.0 |
| Com/Pfd Purchased | (10.2) | (3.8) | (5.0) | (1.6) | (2.6) |
| Long Term Borrowings | 5,269.6 | 0.0 | 2.1 | 1,886.1 | 276.0 |
| Reduction In Long Term Debt | (5,035.0) | (15.0) | (24.4) | (1,911.6) | (257.3) |
| Inc(Dec) In Short Term Borrowings | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash Dividends Paid - Total | (10.6) | (8.9) | (7.7) | (4.3) | (4.3) |
| Common Dividends (Cash) | 10.6 | 8.9 | 7.7 | 4.3 | 4.3 |
| Preferred Dividends (Cash) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other Source (Use) - Financing | 8.7 | (1.4) | (0.4) | 15.4 | (6.4) |
| Other Sources - Financing | 16.0 | 10.4 | 0.0 | 16.1 | 4.1 |
| Other Uses - Financing | (7.2) | (11.8) | (0.5) | (0.7) | (10.4) |
| Net Cash Flow - Financing | 222.6 | 190.0 | (34.4) | (13.4) | 6.6 |
| Effect of Exchange Rate On Cash | (2.9) | 0.1 | 2.8 | (1.7) | - |
| Inc(Dec) In Cash & Short Term Investments | (67.5) | (26.0) | (15.5) | 278.2 | (140.3) |

World Fuel Services Corp (INT)

Sector: Energy (Industry: Oil & Gas Refining & Marketing)

Prepared by Chris Taylor 11/14/2012

Annual Balance Sheet

| | 12/31/2011 USD | 12/31/2010 USD | 12/31/2009 USD restated | 12/31/2008 USD | 12/31/2007 USD |
|---|-------------------|-------------------|-------------------------------|-------------------|-------------------|
| Assets | | | | | |
| Cash & ST Investments | 270.3 | 280.6 | 319.2 | 322.5 | 54.3 |
| Cash | 205.4 | 272.9 | 298.8 | 314.4 | 46.2 |
| Short Term Investments | 64.9 | 7.7 | 20.4 | 8.1 | 8.1 |
| Receivables (Net) | 2,160.6 | 1,441.8 | 973.0 | 748.4 | 1,370.7 |
| Inventories - Total | 472.6 | 211.5 | 126.8 | 28.7 | 103.0 |
| Raw Materials | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Work In Process | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Finished Goods | 472.6 | 211.5 | 126.8 | 28.7 | 103.0 |
| Progress Payments & Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Prepaid Expenses | 109.3 | - | - | - | 128.7 |
| Other Current Assets | 152.4 | 133.9 | 48.9 | 72.6 | 8.7 |
| Current Assets - Total | 3,165.1 | 2,067.9 | 1,467.9 | 1,172.2 | 1,665.3 |
| Long Term Receivables | - | - | - | 6.8 | 11.3 |
| Investment In Unconsolidated Subsidiaries | - | - | - | - | - |
| Other Investments | 3.2 | 0.6 | 0.2 | 0.0 | 0.0 |
| Property Plant & Equipment - Net | 90.7 | 64.1 | 38.8 | 35.3 | 36.9 |
| Property Plant & Equipment - Gross | 141.9 | 104.3 | 69.0 | 59.5 | 59.5 |
| Land | 5.0 | - | - | - | - |
| Buildings | - | - | - | - | - |
| Construction Work In Progress | - | - | - | - | - |
| Machinery & Equipment | 48.3 | 18.6 | 5.4 | 4.5 | 14.4 |
| Rental/Lease Property | - | - | - | - | - |
| Transportation Equipment | - | - | - | - | - |
| PP&E - Other | 21.1 | 22.3 | 14.3 | 7.6 | 9.5 |
| PP&E Under Capitalized Leases | - | - | - | - | - |
| (Less) Accumulated Depreciation | 51.2 | 40.2 | 30.2 | 24.1 | 22.6 |
| Accum Depr-Land | - | - | - | - | - |
| Accum Depr-Buildings | - | - | - | - | - |
| Accum Depr-Machinery & Equip. | - | - | - | - | - |
| Accum Depr-Rental/Lease Property | - | - | - | - | - |
| Accum Depr-Transport Equip. | - | - | - | - | - |
| Accum Depr-PP&E Other | - | - | - | - | - |
| Accum Depr-PP&E Under Cap Leases | - | - | - | - | - |
| Other Assets | 479.0 | 433.9 | 241.1 | 183.5 | 80.9 |
| Deferred Charges | - | - | - | - | - |
| Tangible Other Assets | 25.1 | 28.8 | 14.5 | 2.3 | 2.3 |
| Intangible Other Assets | 453.9 | 405.2 | 226.6 | 181.2 | 78.6 |
| Total Assets | 3,738.0 | 2,566.5 | 1,748.0 | 1,397.8 | 1,794.4 |
| Liabilities | | | | | |
| Accounts Payable | 1,739.7 | 1,131.2 | 797.0 | 548.9 | 1,067.0 |
| ST Debt & Current Portion of LT Debt | 17.8 | 17.1 | 6.7 | 23.8 | 0.1 |
| Accrued Payroll | - | - | - | - | - |
| Income Taxes Payable | 1.0 | 59.9 | 19.1 | - | - |
| Dividends Payable | - | - | - | - | - |
| Other Current Liabilities | 310.6 | 150.3 | 129.0 | 178.3 | 164.1 |
| Current Liabilities - Total | 2,069.0 | 1,358.5 | 951.7 | 751.0 | 1,231.1 |
| Long Term Debt | 269.3 | 24.6 | 9.9 | 9.5 | 45.2 |

World Fuel Services Corp (INT)

Sector: Energy (Industry: Oil & Gas Refining & Marketing)

Prepared by Chris Taylor 11/14/2012

| | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| LT Debt Excl Capital Leases | 266.0 | 21.6 | 9.9 | 9.5 | 45.2 |
| Non-Convertible Debt | 266.0 | 21.6 | 9.9 | 9.5 | 45.2 |
| Convertible Debt | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Capitalized Lease Obligations | 3.4 | 3.0 | 0.0 | 0.0 | 0.0 |
| Provision for Risks & Charges | 47.7 | 45.3 | 42.0 | 30.5 | 25.8 |
| Deferred Income | - | - | - | 0.0 | 0.0 |
| Deferred Taxes | (2.7) | - | - | (6.8) | (3.6) |
| Deferred Taxes - Credit | - | - | - | - | - |
| Deferred Taxes - Debit | 2.7 | - | - | 6.8 | 3.6 |
| Deferred Tax Liability In Untaxed Reserves | - | - | - | - | - |
| Other Liabilities | 7.9 | 11.5 | 11.1 | 5.6 | 12.1 |
| Total Liabilities | 2,391.3 | 1,439.9 | 1,014.7 | 789.9 | 1,310.6 |
| Shareholders' Equity | | | | | |
| Non-Equity Reserves | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Minority Interest | 13.8 | (0.6) | 0.2 | 0.0 | 0.0 |
| Preferred Stock | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Preferred Stock - Non Redeemable | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Preferred Stock - Redeemable | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Common Equity | 1,333.0 | 1,127.2 | 733.0 | 607.9 | 483.9 |
| Common Stock | 0.7 | 0.7 | 0.6 | 0.3 | 0.3 |
| Capital Surplus | 502.6 | 469.0 | 213.4 | 205.0 | 179.8 |
| Revaluation Reserves | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other Appropriated Reserves | - | 4.8 | 3.8 | (4.4) | 0.0 |
| Unappropriated (Free) Reserves | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Retained Earnings | 836.2 | 652.8 | 515.2 | 407.0 | 303.8 |
| Equity In Untaxed Reserves | - | - | - | - | - |
| ESOP Guarantees | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Unrealized Foreign Exchange Gain(Loss) | (6.5) | 0.0 | 0.0 | 0.0 | 0.0 |
| Unrealized Gain(Loss) on Marketable Securities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| (Less) Treasury Stock | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Shareholders Equity | 1,333.0 | 1,127.2 | 733.0 | 607.9 | 483.9 |
| Total Liabilities & Shareholders Equity | 3,738.0 | 2,566.5 | 1,748.0 | 1,397.8 | 1,794.4 |
| Common Shares Outstanding | 71.2 | 69.6 | 59.4 | 58.6 | 57.2 |

World Fuel Services Corp (INT)

Sector: Energy (Industry: Oil & Gas Refining & Marketing)

Prepared by Chris Taylor 11/14/2012

| Annual Ratios | | | | | |
|-----------------------------------|-------------------|-------------------|-------------------------------|-------------------|-------------------|
| | 12/31/2011 USD | 12/31/2010 USD | 12/31/2009 USD restated | 12/31/2008 USD | 12/31/2007 USD |
| Valuation Measures | | | | | |
| Market Cap | 2,987.0 | 2,516.8 | 1,590.9 | 1,083.9 | 829.6 |
| Net Sales or Revenues | 34,608.3 | 19,131.1 | 11,295.2 | 18,509.4 | 13,729.6 |
| Total Debt | 287.1 | 41.6 | 16.6 | 33.4 | 45.2 |
| Net Assets | 3,738.0 | 2,566.5 | 1,748.0 | 1,397.8 | 1,794.4 |
| Enterprise Value | 3,017.7 | 2,277.2 | 1,288.6 | 794.8 | 820.6 |
| EBITDA | 295.3 | 202.1 | 171.7 | 161.8 | 95.4 |
| EBIT | 254.8 | 183.0 | 154.8 | 147.9 | 88.5 |
| Capital Expenditure | 19.5 | 12.5 | 6.5 | 6.8 | 16.6 |
| Valuation | | | | | |
| Price/Earnings | 15.5 | 15.7 | 13.7 | 10.2 | 13.0 |
| Price/Sales | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Price/Cash Flow | 11.4 | 13.5 | - | 7.1 | 10.2 |
| Price/Book Value | 2.2 | 2.2 | 2.2 | 1.8 | 1.7 |
| Price/Tangible BV | 3.4 | 3.5 | - | 2.5 | 2.0 |
| Enterprise Value | | | | | |
| Enterprise Value / Sales | 0.1 | 0.1 | 0.1 | 0.0 | 0.1 |
| Enterprise Value/ EBITDA | 10.2 | 11.3 | 7.5 | 4.9 | 8.6 |
| Enterprise Value / EBIT | 11.8 | 12.4 | 8.3 | 5.4 | 9.3 |
| Enterprise Value / Cash Flow | 11.4 | 13.4 | 8.4 | 5.3 | 9.9 |
| Enterprise Value / Free Cash Flow | - | - | 20.2 | 2.1 | - |
| Credit Statistics | | | | | |
| Total Debt/ Enterprise Value | 0.1 | 0.0 | 0.0 | 0.0 | 0.1 |
| Net Debt / Enterprise Value | 0.0 | - | (0.2) | - | - |
| Total Debt / EBITDA | 1.0 | 0.2 | 0.1 | 0.2 | 0.5 |
| Net Debt / EBITDA | 0.1 | NEG | NEG | NEG | NEG |
| EBITDA / Interest Expense | 17.8 | 37.0 | 35.2 | 15.6 | 49.7 |
| EBITDA - Capex / Interest Expense | 16.6 | 34.7 | 33.9 | 15.0 | 41.1 |
| EBIT/ Interest Expense | 15.3 | 33.5 | 31.7 | 14.3 | 46.1 |
| Liquidity Leverage | | | | | |
| Quick Ratio | 1.2 | 1.3 | 1.4 | 1.4 | 1.2 |
| Current Ratio | 1.5 | 1.5 | 1.5 | 1.6 | 1.4 |
| Cash Flow/Current Liabilities | (0.1) | (0.0) | 0.1 | 0.5 | (0.1) |
| Long Term Debt / Equity | 20.2 | 2.2 | 1.4 | 1.6 | 9.3 |
| Total Debt / Equity | 21.5 | 3.7 | 2.3 | 5.5 | 9.4 |
| Long Term Debt / Total Capital | 16.7 | 2.1 | 1.3 | 1.5 | 8.5 |
| Total Debt / Total Capital | 17.6 | 3.6 | 2.2 | 5.2 | 8.6 |
| Working Capital / Total Capital | 67.8 | 61.6 | 69.5 | 68.2 | 82.1 |
| Profitability Ratios | | | | | |
| Gross Margin | 1.75% | 2.31% | 3.33% | 2.14% | 1.79% |
| Gross Margin - 5 Yr Average | 2.26% | 2.31% | - | 2.05% | 2.38% |
| EBITDA Margin | 0.85% | 1.06% | 1.52% | 0.87% | 0.69% |
| EBITDA Margin - 5 Yr Average | 0.95% | 0.98% | 0.92% | 0.78% | 0.77% |
| EBIT Margin | 0.74% | 0.96% | 1.37% | 0.80% | 0.64% |
| EBIT Margin - 5 Yr Average | 0.85% | 0.90% | 0.85% | 0.73% | 0.71% |
| Pre-Tax Margin | 0.69% | 0.93% | 1.33% | 0.74% | 0.63% |
| Pre-Tax Margin - 5 Yr Average | 0.86% | 0.88% | - | 0.68% | 0.73% |
| Net Margin | 0.56% | 0.77% | 1.04% | 0.57% | 0.47% |

World Fuel Services Corp (INT)

Sector: Energy (Industry: Oil & Gas Refining & Marketing)

Prepared by Chris Taylor 11/14/2012

| | | | | | |
|---|---------|--------|----------|----------|----------|
| Net Margin - 5 Yr Average | 0.68% | 0.69% | - | 0.52% | 0.57% |
| Efficiency Ratios | | | | | |
| Sales Per Employee | 19.2 | 12.8 | - | 15.9 | 15.0 |
| Operating Profit Per Employee | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Net Income Per Employee | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Assets Per Employee | 2.1 | 1.7 | - | 1.2 | 2.0 |
| Total Asset Turnover | 9.3 | 7.5 | 6.5 | 13.2 | 7.7 |
| Inventory Turnover | 99.3 | 110.4 | - | 274.7 | 151.8 |
| Receivable Turnover | 19.2 | 16.0 | - | 17.5 | 12.3 |
| Payable Turnover | 23.7 | 19.4 | - | 22.4 | 15.1 |
| Management Effectiveness | | | | | |
| Return on Equity | 15.77% | 15.79% | 17.47% | 19.24% | 14.24% |
| Return on Equity - 5 Yr Average | 16.50% | 16.63% | 16.40% | 16.29% | 15.61% |
| Return On Assets | 6.50% | 6.97% | 7.67% | 7.00% | 4.30% |
| Return On Assets - 5 Yr Average | 6.49% | 6.33% | 5.92% | 5.50% | 5.43% |
| Return On Invested Capital | 14.62% | 15.68% | 17.30% | 19.10% | 13.54% |
| Return On Invested Capital - 5 Yr Average | 16.05% | 16.31% | 15.90% | 15.47% | 14.74% |
| Dividend Ratios | | | | | |
| Dividend Per Share | 0.2 | 0.2 | - | 0.1 | 0.1 |
| Dividend Yield | 0.36% | 0.41% | - | 0.41% | 0.52% |
| Dividend Payout Ratio | 5.54% | 6.49% | - | 4.14% | 6.73% |
| Growth Rates | | | | | |
| Sales | 80.90% | 69.37% | (38.98%) | 34.81% | 27.30% |
| Sales - 5 Yr | 26.26% | 16.98% | 14.84% | 47.38% | 54.75% |
| EBITDA | 46.14% | 17.67% | - | 69.58% | 7.80% |
| EBITDA - 5 Yr | 27.26% | 26.22% | 32.50% | 38.92% | 46.67% |
| Net Income | 32.11% | 25.38% | 11.52% | 62.16% | 1.29% |
| Net Income - 5 Yr | 24.86% | 29.96% | 32.61% | 36.86% | 45.68% |
| EPS | 17.32% | 82.61% | (30.11%) | 62.33% | 0.90% |
| EPS - 5 Yr | 19.65% | 24.09% | 15.71% | 29.87% | 26.26% |
| Capital Expenditure | 56.12% | - | - | (59.04%) | (17.22%) |
| Capital Expenditure - 5 Yr | (0.54%) | 22.02% | 22.04% | 15.76% | 43.19% |
| Research & Development | - | - | - | - | - |
| Research & Development - 5 Yr | - | - | - | - | - |
| Stock Performance | | | | | |
| Price Close | 42.0 | 36.2 | 26.8 | 18.5 | 14.5 |
| % Change | 16.10% | 34.98% | 44.81% | 27.45% | (34.71%) |
| Total Return | 16.51% | 35.54% | 45.62% | 27.97% | (34.37%) |

Notes: