

WORLD FUEL SERVICES CORP
Form 10-K
February 23, 2012

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2011

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
COMMISSION FILE NUMBER 1-9533

WORLD FUEL SERVICES CORPORATION
(Exact name of registrant as specified in its charter)

Florida 59-2459427
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

9800 Northwest 41st Street, Suite 400
Miami, Florida 33178
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (305) 428-8000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class: Common Stock, par value \$0.01 per share	Name of each exchange on which registered: New York Stock Exchange
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Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-Accelerated filer Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in 12b-2 of the Exchange Act). Yes No

As of June 30, 2011, the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the market price at which the common equity was last sold was \$2,471,070,000.

As of February 15, 2012, the registrant had approximately 71,153,000 shares of outstanding common stock, par value \$0.01 per share.

Documents incorporated by reference:

Part III Specified Portions of the Registrant's Definitive Proxy Statement for the 2012 Annual Meeting of Shareholders.

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PART I

Item 1. Business

Overview

World Fuel Services Corporation (the "Company") was incorporated in Florida in July 1984 and along with its consolidated subsidiaries is referred to collectively in this Annual Report on Form 10-K ("2011 10-K Report") as "World Fuel," "we," "our" and "us."

We are a leading global fuel logistics company, principally engaged in the marketing, sale and distribution of aviation, marine, and land fuel products and related services on a worldwide basis. We compete by providing our customers value-added benefits, including single-supplier convenience, competitive pricing, the availability of trade credit, price risk management, logistical support, fuel quality control and fuel procurement outsourcing. We have three reportable operating business segments: aviation, marine, and land. We primarily contract with third parties for the delivery and storage of fuel products and in some cases own storage and transportation assets for strategic purposes. In our aviation segment, we offer fuel and related services to major commercial airlines, second and third-tier airlines, cargo carriers, regional and low cost carriers, airports, fixed based operators, corporate fleets, fractional operators, private aircraft, military fleets and to the U.S. and foreign governments, and we also offer a private label charge card to customers in the general aviation industry and charge card processing services in connection with the purchase of aviation fuel and related services. In our marine segment, we offer fuel and related services to a broad base of marine customers, including international container and tanker fleets, commercial cruise lines, yachts and time-charter operators, as well as to the U.S. and foreign governments. In our land segment, we offer fuel and related services to petroleum distributors operating in the land transportation market, retail petroleum operators, and industrial, commercial and government customers. Additionally, we also operate a small number of retail gas stations in the U.S. and Gibraltar.

We have offices located in the United States, the United Kingdom, Denmark, Norway, the Netherlands, Germany, Greece, Turkey, the United Arab Emirates, Russia, Taiwan, South Korea, Singapore, Japan, Hong Kong, Costa Rica, Brazil, Chile, Argentina, Mexico, Colombia, Canada, South Africa, Gibraltar, India and Australia. See "Item 2 Properties" for a list of principal offices by business segment and "Exhibit 21.1 Subsidiaries of the Registrant" included in this 2011 10-K Report for a list of our subsidiaries.

Financial information with respect to our business segments and the geographic areas of our business is provided in Note 11 to the accompanying consolidated financial statements included in this 2011 10-K Report.

Our principal executive offices are located at 9800 Northwest 41st Street, Suite 400, Miami, Florida 33178 and our telephone number at this address is (305) 428-8000. Our internet address is www.wfscorp.com and the investor relations section of our website is located at <http://ir.wfscorp.com>. We make available free of charge, on or through the investor relations section of our website, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q ("10-Q Report"), Current Reports on Form 8-K, Proxy Statements and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") with the Securities and Exchange Commission ("SEC") as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. Also posted on our website are our Code of Corporate Conduct and Ethics, Board of Directors' committee charters and Corporate Governance Principles. Our internet website and information contained on our internet website are not part of this 2011 10-K Report and are not incorporated by reference in this 2011 10-K Report.

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Aviation Segment

We market fuel and related services to major commercial airlines, second and third-tier airlines, cargo carriers, regional and low-cost carriers, airports, fixed based operators, corporate fleets, fractional operators, private aircraft, military fleets and to the U.S. and foreign governments. Our aviation-related services include fuel management, price risk management, arranging ground handling, providing 24/7 global dispatch services and arranging and providing international trip planning, including flight plans, weather reports and overflight permits. In addition, we offer a private label charge card to customers in the general aviation industry and charge card processing services in connection with the purchase of aviation fuel and related services. Our customers require cost effective and professional fuel services since fuel is a major component of an aircraft's operating costs. We have developed an extensive network of third-party suppliers and service providers that enables us to provide aviation fuel and related services throughout the world. We believe the breadth of our service offering combined with our global supplier network is a strategic differentiator that allows customers to secure fuel and high-quality services in any location worldwide on short notice.

We purchase our aviation fuel from suppliers worldwide and then it is typically delivered into our customers' aircraft or designated storage directly from our suppliers pursuant to arrangements with them or from our fuel inventory pursuant to contracts with various third parties. Inventory is purchased at airport locations or shipped via pipelines and held at multiple locations for strategic reasons. We typically hedge inventory in pipelines in an effort to protect us against price risk. We also engage in both contract sales, which are sales made pursuant to fuel purchase contracts with customers who commit to purchasing fuel from us over the contract term, and spot sales, which are sales that do not involve continuing contractual obligations by our customers to purchase fuel from us. Our cost of fuel is generally tied to market-based formulas or is government controlled and our suppliers typically extend unsecured trade credit to us. We may prepay our fuel purchases when limited by the amount of credit extended to us by suppliers or as required to transact business in certain countries. We also enter into derivative contracts in order to mitigate the risk of market price fluctuations of certain of our transactions and to offer our customers fuel pricing alternatives to meet their needs.

During each of the years presented in the accompanying consolidated statements of income, none of our aviation customers accounted for more than 10% of total consolidated revenue.

Marine Segment

We market fuel and related services to a broad base of marine customers, including international container and tanker fleets, commercial cruise lines, yachts and time-charter operators, as well as to the U.S. and foreign governments. Through our extensive network of offices, we provide our customers with real-time global market intelligence and rapid access to quality and competitively priced marine fuel 24 hours a day, every day of the year. Our marine fuel related services include management services for the procurement of fuel, cost control through the use of price hedging instruments, quality control and claims management. Our customers require cost effective and professional fuel services since fuel is a major component of a vessel's operating costs.

We primarily act as a reseller as we generally take delivery for fuel purchased at the same place and time as the fuel is sold, mark it up and contemporaneously resell the fuel to our customer. We also sell fuel from our inventory, which we maintain in certain locations for strategic reasons in storage facilities that we own or lease and generally hedge in an effort to protect us against price risk. We also act as a broker where we are paid a commission for negotiating the transaction by arranging the fuel purchase contract between the supplier and the end user and expediting the arrangements for the delivery of fuel. In addition, we enter into derivative contracts in order to mitigate the risk of market price fluctuations on certain of our transactions and to offer our customers fuel pricing alternatives to meet their needs.

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The majority of our marine segment activity consists of spot sales. Our cost of fuel is generally tied to spot pricing or market-based formulas or is government controlled, and our suppliers typically extend trade credit to us.

We also contract with third parties to provide various services for our customers, including fueling of vessels in port and at sea, and transportation and delivery of fuel and fuel products.

During each of the years presented in the accompanying consolidated statements of income, none of our marine customers accounted for more than 10% of total consolidated revenue.

Land Segment

We market fuel and related services to petroleum distributors operating in the land transportation market, retail petroleum operators and industrial, commercial and government customers and operate a small number of retail gasoline stations in the U.S. and Gibraltar. Our land-related services include management services for the procurement of fuel and price risk management. We provide land fuel and related services throughout most of the United States as well as parts of Brazil and the United Kingdom.

We act as a reseller as we purchase fuel from a supplier, mark it up and contemporaneously resell it to our customers through spot sales and contract sales. Fuel is delivered to our customers directly or at designated tanker truck loading terminals commonly referred to as "racks", which are owned and operated by our suppliers or other third-parties, or directly to customer locations through third party carriers. We also maintain inventory in certain locations including pipelines and ship inventory via railcar. Inventory held in storage or being shipped is typically hedged in an effort to protect us against price risk. Our cost of fuel is generally tied to market-based formulas, and our suppliers typically extend unsecured trade credit to us. We also enter into derivative contracts in order to mitigate the risk of market price fluctuations for certain of our transactions and to offer our customers fuel pricing alternatives to meet their needs.

During each of the years presented in the accompanying consolidated statements of income, none of our land customers accounted for more than 10% of total consolidated revenue.

Competitors

Our competitors within the highly fragmented world-wide downstream markets of aviation, marine and land fuel are numerous, ranging from large multinational corporations, principally major oil producers, which have significantly greater capital resources, to relatively small and specialized firms. We compete with the major oil producers that market fuel directly to the large commercial airlines, shipping companies and petroleum distributors operating in the land transportation market as well as fuel resellers. We believe that our extensive market knowledge, worldwide presence, logistical expertise, extension of credit and use of derivatives to provide fuel pricing alternatives give us the ability to compete in the marketplace.

Employees

As of February 15, 2012, we employed 1,798 people worldwide.

Regulation

Our current and past activities are subject to substantial regulation by federal, state and local government agencies, inside and outside the United States, which enforce laws and regulations governing the transportation, sale, storage and disposal of fuel and the collection, transportation, processing, storage, use and disposal of hazardous substances and wastes, including waste oil and petroleum products. For example, U.S. federal and state environmental laws applicable to us include statutes that: (i) allocate the cost of remedying contamination among specifically identified parties and prevent future contamination; (ii) impose national ambient standards and, in some cases, emission standards, for air pollutants that present a risk to public health or welfare; (iii) govern the management, treatment, storage and disposal of hazardous wastes; and (iv) regulate the discharge of pollutants into waterways. International treaties also prohibit the discharge of petroleum products at sea. The penalties for violations of environmental laws include injunctive relief, recovery of damages for injury to air, water or property, and fines for non-compliance. See "Item 1A Risk Factors," and "Item 3 Legal Proceedings."

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We may also be affected by new environmental laws and regulations that apply to us or our customers in the future, some of which could reduce the demand for our products and services. For example, the U.S. Environmental Protection Agency has finalized rules requiring the reporting of greenhouse gas ("GHG") emissions by facilities meeting certain annual emissions thresholds and to regulate emissions from major sources of GHGs under the Clean Air Act. In addition, a number of countries outside the U.S. have enacted or are considering GHG emission schemes. Although the ultimate impact of these or other future measures is difficult to accurately predict, they could affect our operations, earnings and competitive position.

Forward-Looking Statements

Certain statements made in this report and the information incorporated by reference in it, or made by us in other reports, filings with the SEC, press releases, teleconferences, industry conferences or otherwise, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. 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," "will likely result," "plan," or words or phrases of similar meaning.

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. The Company's actual results may differ materially from the future results, performance or achievements expressed or implied by the forward-looking statements. These statements are based on our management's expectations, beliefs and assumptions concerning future events affecting us, which in turn are based on currently available information.

Examples of forward-looking statements in this 2011 10-K Report include, but are not limited to, our expectations regarding our business strategy, business prospects, operating results, effectiveness of internal controls to manage risk, working capital, liquidity, capital expenditure requirements and future acquisitions. Important assumptions relating to the forward-looking statements include, among others, assumptions regarding demand for our products, the cost, terms and availability of fuel from suppliers, pricing levels, the timing and cost of capital expenditures, outcome of pending litigation, competitive conditions, general economic conditions and synergies relating to acquisitions, joint ventures and alliances. These assumptions could prove inaccurate. Although we believe that the estimates and projections reflected in the forward-looking statements are reasonable, our expectations may prove to be incorrect.

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:

- customer and counterparty creditworthiness and our ability to collect accounts receivable and settle derivative contracts;
- changes in the market price of fuel;
- changes in the political, economic or regulatory conditions generally and in the markets in which we operate;
- our failure to effectively hedge certain financial risks and the use of derivatives;
- non-performance by counterparties or customers to derivative contracts;
- changes in credit terms extended to us from our suppliers;
- non-performance of suppliers on their sale commitments and customers on their purchase commitments;
- loss of, or reduced sales, to a significant government customer;
- non-performance of third-party service providers;
- adverse conditions in the industries in which our customers operate, including a continuation of the global recession and its impact on the airline and shipping industries;
- currency exchange fluctuations;
- failure of the fuel we sell to meet specifications;
- our ability to manage growth;

our ability to integrate acquired businesses;

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material disruptions in the availability or supply of fuel;

risks associated with the storage, transportation and delivery of petroleum products;

risks associated with operating in high risk locations, such as Iraq and Afghanistan;

uninsured losses;

the impact of natural disasters, such as hurricanes;

our failure to comply with restrictions and covenants in our senior revolving credit facility ("Credit Facility") and our senior term loan facility ("Term Loan Facility");

the liquidity and solvency of banks within our Credit Facility and Term Loan Facility;

increases in interest rates;

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 or changes in the mix of taxable income among different tax jurisdictions;

our ability to comply with U.S. and international laws and regulations including those related to anti-corruption, economic sanction programs and environmental matters;

increased levels of competition;

the outcome of litigation; and

other risks, including those described in "Item 1A Risk Factors" and those described from time to time in our other filings with the SEC.

We operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for us to predict all of those risks, nor can we assess the impact of all of those risks on our business or the extent to which any factor may cause actual results to differ materially from those contained in any forward-looking statement. The forward-looking statements in this 2011 10-K Report are based on assumptions management believes are reasonable. However, due to the uncertainties associated with forward-looking statements, you should not place undue reliance on any forward-looking statements. Further, forward-looking statements speak only as of the date they are made, and unless required by law, we expressly disclaim any obligation or undertaking to publicly update any of them in light of new information, future events, or otherwise.

For these statements, we claim the protection of the safe harbor for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act.

Item 1A. Risk Factors

We extend credit to most of our customers in connection with their purchases of fuel and related services from us, and our business, financial condition, results of operations and cash flows will be adversely affected if we are unable to collect accounts receivable.

We extend credit to most of our customers in connection with their purchases of fuel and related services from us. Our success in attracting customers has been due, in part, to our willingness to extend credit on an unsecured basis to customers that would otherwise be required to prepay or post letters of credit with other suppliers of fuel and related services. While no single customer represents more than 10% of our total consolidated revenue, diversification of credit risk is limited because we sell primarily within the aviation, marine and land transportation industries.

Our exposure to credit losses will depend on the financial condition of our customers and other factors beyond our control, such as deteriorating conditions in the world economy or in the aviation, marine or land transportation industries, political instability, terrorist activities, military

action and natural disasters in our market areas. The unprecedented levels of disruption and volatility in the credit and financial markets over the past several years have increased our possible exposure to customer credit risk because it has made it harder for our customers to access sufficient capital to meet their liquidity needs. This market turmoil coupled with a reduction of business activity generally increases our risks related to our status as an unsecured creditor of most of our customers. Credit losses, if significant, would have a material adverse effect on our business, financial condition, results of operations and cash flows.

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We are exposed to counterparty risk in connection with certain of our contracts. The soundness of our counterparties, which include customers, suppliers and financial institutions, could adversely affect us.

We operate in the aviation, marine and land fuel industries and as a result, we have exposure to our customers and suppliers in those industries. As part of our price risk management services, we offer our customers various pricing structures on future purchases of fuel, as well as derivative products designed to assist our customers in hedging their exposure to fluctuations in fuel prices. For example, in the ordinary course of business we enter into fixed forward pricing contracts with our customers and suppliers under which we agree to sell or purchase, as the case may be, fuel at fixed prices and they agree to purchase or sell, as the case may be, fixed volumes of fuel during the term of the contract. If there is a significant fluctuation in the price of fuel, there is a risk they could decide to, or be forced to, default under their obligations to us. Even if the counterparty to a fixed forward pricing contract does not default, if a customer has agreed to purchase fuel from us at a fixed price and the price of fuel subsequently drops, we will be, in effect, extending unsecured credit to that customer at the time the fuel is purchased. We have credit standards and perform credit evaluations of our customers and suppliers, which are based in part on our credit history with the applicable party. In this difficult economic environment, our credit evaluations may be inaccurate and we cannot assure you that credit performance will not be materially worse than anticipated, and, as a result, materially and adversely affect our business, financial position, results of operations and cash flows.

We also use derivatives to hedge certain of our fuel inventories and certain purchase and sale commitments. In connection with these activities, we are exposed to financial risk associated with fluctuations in fuel prices. We typically hedge this risk by entering into commodity-based derivative instruments with financial institution counterparties, such as broker/dealers, commercial banks and investment banks. These transactions are typically done on an unsecured basis. Should any counterparty fail to honor its obligations under our agreements with them, we could sustain significant losses that could have a material adverse effect on our business, financial condition, results of operations and cash flows.

On July 21, 2010, President Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act into law, including Title VII, titled "Wall Street Transparency and Accountability Act of 2010." Among other things, the Act provides for new federal regulation of the over-the-counter swaps market both for commodities and securities, and gives the U.S. Commodity Futures Trading Commission ("CFTC") and the SEC broad authority to regulate the swaps market and its principal participants. This includes, among others, derivative transactions linked to crude oil, refined products and natural gas prices. The CFTC and the SEC are continuing to consider and finalize rules governing, among other things, where swaps are transacted (on exchange versus off exchange); how they are transacted (cleared versus uncleared; margined versus unmargined); the differing responsibilities of those who participate in over-the-counter derivatives (end users, swap dealers, major swap participants), the size of derivative positions maintained (position limits); and the requisite transparency for these markets (recordkeeping and reporting). We are currently evaluating how this legislation will impact our business, but because of the sweeping nature of the changes being undertaken (and to be undertaken), as well as the need for clarifying and implementing regulations and/or technical corrections, at this time, we cannot predict whether or how our ability to conduct our business will be impacted. Some of these new regulations could lead to increased costs and liquidity requirements to participants in the swaps market. The timing and scope of this and other regulation remains uncertain, but any such regulation could change the efficiency of the derivative markets and the volatility in the commodity and underlying markets and impact our ability to offer derivative and other price management products. Any of the foregoing could have a material adverse effect on our and our counterparties' respective businesses, financial conditions, results of operations and cash flows.

We are exposed to various risks in connection with our use of derivatives.

We enter into financial derivative contracts in order to mitigate the risk of market price fluctuations in aviation, marine and land fuel, to offer our customers fuel pricing alternatives to meet their needs and to mitigate the risk of fluctuations in foreign currency exchange rates. We also enter into proprietary derivative transactions, primarily intended to capitalize on arbitrage opportunities related to basis or time

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spreads related to fuel products we sell. The majority of our derivatives are not designated as cash flow hedges for accounting purposes and therefore changes in the fair market value of such derivatives are recognized as a component of revenue or cost of revenue (based on the underlying transaction type) in our consolidated income statement. Our efforts to hedge our exposure to fuel price fluctuations could be ineffective. For example, there currently is no market for aviation jet fuel futures so we enter into hedging transactions with respect to our aviation business by trading in heating oil futures. To the extent the price of aviation jet fuel and heating oil are not correlated, then our attempts to mitigate price risk associated with our aviation business would not be effective. For purposes of hedging, heating oil is not a perfect substitute for aviation jet fuel and short-term significant pricing differences may occur. For example, in the period immediately following Hurricane Katrina in 2005, the price of aviation jet fuel increased substantially while the price of heating oil remained relatively constant. Certain of our derivative activities are within the Level II and Level III categories within the fair value hierarchy set out by accounting guidance for fair value measurements; and as such, require a high degree of subjective assessment and judgment by management in connection with determining fair value. In addition, proprietary derivative transactions, by their nature, entail exposure to adverse changes in commodity prices in relation to the proprietary position. Although we have established limits on such exposure, any such adverse changes could result in losses. The risks we face because of our use of financial derivatives can be exacerbated by volatility in the financial and other markets.

In addition, we may fail to adequately hedge our risks or could otherwise incur losses if our employees fail to comply with our policies and procedures on hedging or proprietary trading, for example by failing to hedge a specific financial risk or to observe limits on exposure, which could subject us to significant financial losses that could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Changes in the market price of fuel may have a material adverse effect on our business.

Fuel prices have been extremely volatile in the recent past, are likely to continue to be volatile in the future and depend on factors outside the control of the Company, such as:

expected and actual supply and demand for fuel;

political conditions;

laws and regulations related to environmental matters, including those mandating or incentivizing alternative energy sources or otherwise addressing global climate change;

changes in pricing or production controls by OPEC;

technological advances affecting energy consumption and supply;

energy conservation efforts;

price and availability of alternative fuels; and

weather.

A rapid decline in fuel prices could cause our inventory value to be higher than market, resulting in our inventory being marked down to market or the inventory itself sold at lower prices. If fuel prices increase, our customers may not be able to purchase as much fuel from us because of their credit limits, which could also adversely impact their businesses sufficiently enough to cause them to be unable to make payments owed to us for fuel purchased on credit. They may also choose to reduce the amount of fuel they consume in their operations to reduce costs or to otherwise comply with new environmental regulations to obtain incentives associated therewith. There would be no assurance that the volume of orders from our customers would increase again or that we would be able to replace lost volumes with new customers. In addition, if fuel prices increase, our own credit limits could prevent us from purchasing enough fuel from our suppliers to meet our customers' demands or could require us to use so much cash for fuel purchases as to impair our liquidity.

We maintain fuel inventories for competitive reasons. Because fuel is a commodity, we have no control over the changing market value of our inventory. Our inventory is valued using the average cost methodology and is stated at the lower of average cost or market. Accordingly, if the market value of our inventory was less than our average cost, we would record a write-down of inventory and a non-cash charge to cost of revenue. In addition, we may not be able to sell our inventory at the market value or average cost reflected in our financial statements at any given time.

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Economic, political and other risks associated with international sales and operations could adversely affect our business and future operating results.

Because we offer fuel products and services on a worldwide basis, our business is subject to risks associated with doing business internationally. Our business and future operating results could be harmed by a variety of factors, including:

trade protection measures and import or export licensing requirements, which could increase our costs of doing business internationally;

the costs of hiring and retaining senior management for overseas operations;

difficulty in staffing and managing widespread operations, which could reduce our productivity;

unexpected changes in regulatory requirements, which may be costly and require significant time to implement;

laws restricting us from repatriating profits earned from our activities within foreign countries, including the payment of distributions;

governmental actions that may result in the deprivation of our contractual rights or the inability to obtain or retain authorizations required to conduct our business;

political risks specific to foreign jurisdictions; and

terrorism, war, civil unrest and natural disasters.

In particular, we operate in emerging markets, such as Russia and certain countries in Asia and Latin America, which have been plagued by corruption and have uncertain regulatory environments, both of which could have a negative impact on our operations there. Many countries in which we operate historically have been, and may continue to be, susceptible to recessions or currency devaluation.

We also operate in certain high risk locations such as Iraq and Afghanistan that are experiencing military action or continued unrest which could disrupt the supply of fuel or otherwise disrupt our operations there. In these high risk locations where we have operations, we may incur substantial costs to maintain the safety of our personnel. Despite these activities, in these locations, we cannot guarantee the safety of our personnel, and we may suffer future losses of employees or subcontractors.

Fluctuations in foreign exchange rates could materially affect our reported results.

The majority of our business transactions are denominated in U.S. dollars. However, in certain markets, payments to some of our fuel suppliers and from some of our customers are denominated in local currency. We also have certain liabilities primarily for local operations, including income and transactional taxes, which are denominated in foreign currencies. This subjects us to foreign currency exchange risk. Although we use hedging strategies to manage and minimize the impact of foreign currency exchange risk, at any given time, only a portion of such risk may be hedged and such risk may be substantial. As a result, fluctuations in foreign exchange rates could adversely affect our profitability.

In addition, many of our customers are foreign customers and may be required to purchase U.S. dollars to pay for our products and services. A rapid depreciation or devaluation in currency affecting our customers could have an adverse effect on our customers' operations and their ability to convert local currency to U.S. dollars to make required payments to us. This could, in turn, increase our credit losses and adversely affect our business, financial condition, results of operations and cash flows.

Third parties who fail to provide services to us and our customers as agreed could harm our business.

We use third parties to provide various services to our customers, including into-plane fueling at airports, fueling of vessels in port and at sea and delivering land-based fuel. The failure of these third parties to perform these services in accordance with contractual terms for any reason, such as an interruption of their business because of weather, environmental or labor difficulties or political unrest, could affect our relationships with our customers and subject us to claims and other liabilities which might have a material adverse effect on our business, financial condition, results of operations and cash flows.

To the extent that we use third parties in our operations in emerging markets, we are also subject to the risk that we could be held accountable for the failure of these third parties to comply with the laws and regulations of the U.S. government and various international jurisdictions.

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If the fuel we purchase from our suppliers fails to meet our contractual specifications we have agreed to supply to our customers, our business could be adversely affected.

We purchase the fuel we resell from various suppliers. If the fuel we resell fails to meet the specifications we have agreed to with customers, our relationship with our customers could be adversely affected and we could be subject to claims and other liabilities that could have a material adverse effect on our business, financial condition, results of operations and cash flows. Although in most cases we have recourse against our suppliers for fuel which fails to meet contractual specifications, such recourse cannot be assured.

Non-performance of suppliers on their sale commitments and customers on their purchase commitments could disrupt our business.

We enter into sale and purchase agreements with customers and suppliers for fuel at fixed prices. To the extent either a customer or supplier fails to perform on their commitment, we may be required to sell or purchase the fuel at prevailing market prices, which could be significantly different than the fixed price within the sale and purchase agreements and therefore significant differences in these prices could cause losses that would have a material adverse effect on our business, financial condition, results of operations and cash flows.

Material disruptions in the availability or supply of fuel would adversely affect our business.

The success of our business depends on our ability to purchase, sell and coordinate delivery of fuel and fuel-related services to our customers. Our business would be adversely affected to the extent that political instability, natural disasters, terrorist activity, military action or other conditions disrupt the availability or supply of fuel. In addition, we rely on a single or limited number of suppliers for the provision of fuel and related services in certain markets. These parties may have significant negotiation leverage over us, and should they be unable or unwilling to supply us on commercially reasonable terms, our business would be adversely affected.

Adverse conditions in the aviation, marine and land transportation industries may have an adverse effect on our business.

Our business is focused on the marketing of fuel and fuel-related services to the aviation, marine and land transportation industries. These industries are generally affected by economic cycles and therefore weak economic conditions can have a negative impact on the business of our customers which may, in turn, have an adverse effect on our business. In addition, any political instability, natural disasters, terrorist activity or military action that disrupts shipping, flight operations or land transportation will adversely affect our customers and may reduce the demand for our products and services. Our business could also be adversely affected by increased merger activity in the aviation, marine or land transportation industries, which may reduce the number of customers that purchase our products and services, as well as the prices we are able to charge for such products and services.

In addition, the aviation, marine and land transportation industries are subject to laws and regulations related to environmental matters, including those mandating or incentivizing alternative energy sources or otherwise addressing global climate change, which may reduce the demand for our products and services. For example, some of our customers in the transportation industry may be required to purchase allowances or offsets or incur other costs to comply with existing or future requirements relating to GHG emissions. Although the ultimate impact of such requirements is very difficult to accurately predict, they could have a material impact on our business and on the businesses of our customers.

Insurance coverage for some of our operations may be insufficient to cover losses.

Although we maintain insurance to cover risks associated with the operation of our business, there can be no assurance that the types of insurance we obtain or the level of coverage will be adequate. Also, if we take, or fail to take, certain actions, our insurance carriers may refuse to pay particular claims. If the cost of insurance increases, we may decide to discontinue certain insurance coverage or reduce our level of coverage to offset the cost increase. In addition, insurance coverage that we currently have could become difficult or impossible to obtain in the future. Our marine and land businesses do not have liability insurance to cover the acts or omissions of our subcontractors. None of our liability insurance covers acts of war and terrorism. If we are held responsible for any acts of war or terrorism, accident or

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other event, and the liability is not adequately covered by insurance and is of sufficient magnitude, our business, financial condition, results of operations and cash flows will be adversely affected.

Our failure to comply with the restrictions of our Credit Facility and Term Loan Facility could adversely affect our operating flexibility.

We have the ability to borrow money pursuant to a Credit Facility and Term Loan Facility that impose certain operating and financial covenants on us, such as limiting or prohibiting our ability to (i) pay dividends, (ii) incur additional debt, (iii) create liens, (iv) make restricted payments, (v) sell assets or (vi) engage in mergers or acquisitions. Our failure to comply with obligations under these facilities, including meeting certain financial ratios, could result in an event of default. An event of default, if not cured or waived, would permit acceleration of any outstanding indebtedness under these facilities, could trigger cross-defaults under other agreements to which we are a party, such as certain derivative contracts and promissory notes issued in connection with acquisitions, and would impair our ability to obtain working capital advances and letters of credit, any of which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our cash equivalents and investments are subject to risks which may cause illiquidity and losses from declines in value.

Our cash equivalents, principally consisting of overnight investments, bank money market accounts, bank time deposits, money market mutual funds and investment grade commercial paper, are subject to credit, liquidity, market and interest rate risk, which can be exacerbated by volatility in the capital markets. Adverse changes to these risks could result in the decline of the fair value of our cash equivalents and investments and could materially affect our business, financial condition, results of operations and cash flows.

Our business is dependent on the ability to obtain financing to meet our capital requirements and fund our future growth, which may be particularly difficult to obtain if there is volatility in the credit and capital markets.

We rely on credit arrangements with banks, suppliers and other parties as a significant source of liquidity for capital requirements not satisfied by operating cash flow. A substantial tightening of the global credit markets could affect our ability to obtain credit as and when we need it on commercially reasonable terms or at all and, consequently, could have a negative impact on our future development and growth. If we are unable to obtain debt financing and instead raise capital through an equity issuance, existing shareholders would be diluted. Even if we are able to obtain debt financing, the restrictions creditors place on our operations and our increased interest expense and leverage could limit our ability to grow.

If we are unable to retain our senior management and key employees, our business and results of operations could be harmed.

Our ability to maintain our competitive position is largely dependent on the services of our senior management and key personnel. Although we have employment agreements with certain of our key executive officers, the employment agreements do not prevent those officers from ceasing their employment with us at any time. If we are unable to retain existing senior management and key personnel, or to attract other qualified senior management and key personnel on terms satisfactory to us, our business will be adversely affected. While we maintain key man life insurance with respect to certain members of our senior management, our coverage levels may not be sufficient to offset any losses we may suffer as a result of departing officers, and there is no assurance that we will continue to maintain key man life insurance in the future.

Businesses we have acquired or may acquire in the future as well as strategic investments such as joint venture arrangements will expose us to increased operating risks.

As part of our growth strategy, we have been acquisitive and intend to continue to explore acquisition opportunities of fuel resellers and other related service businesses. For example, we acquired all of the outstanding stock of Ascent Aviation Group, Inc. ("Ascent") and Nordic Camp Supply ApS and certain affiliates ("NCS") in 2011. We cannot provide any assurance that we will find attractive acquisition candidates in the future, that we will be able to acquire such candidates on economically acceptable terms or that we will be able to finance acquisitions on economically acceptable terms. Even if we are able to acquire new businesses in the future, they could result in the incurrence of substantial additional

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indebtedness and other expenses or potentially dilutive issuances of equity securities and may affect the market price of our common stock, inhibit our ability to pay dividends or restrict our operations. We have also entered into joint venture arrangements intended to complement or expand our business and may continue to do so in the future. These joint ventures are subject to substantial risks and liabilities associated with their operations, as well as the risk that our relationships with our joint venture partners do not succeed in the manner that we anticipate.

These investments could expose us to additional business and operating risks and uncertainties, including:

the ability to effectively integrate and manage acquired businesses or strategic investments, while maintaining uniform standards and controls;

the ability to realize our investment and anticipated synergies in the acquired businesses or strategic investments;

the diversion of management's time and attention from other business concerns, the potentially negative impact of changes in management on existing business relationships and other disruptions of our business;

the risks associated with entering markets in which we may have no or limited direct prior experience;

the potential loss of key employees, customers or suppliers of the acquired businesses;

the requirement to write-down acquired assets as a result of the acquired business being worth less than we paid for it;

capital expenditure requirements exceeding our estimates;

the risk that an acquisition or strategic investment could reduce our future earnings; and

the assumption of material liabilities, exposure to unknown liabilities, and no or limited indemnities.

Changes in U.S. or foreign tax laws could adversely affect our business and future operating results.

We are affected by various U.S. and foreign taxes imposed on the purchase and sale of aviation, marine and land fuel products. These taxes include sales, excise, GST, VAT, and other taxes. Changes in U.S. and foreign tax laws or our failure to comply with those tax laws could adversely affect our business, financial condition, results of operations and cash flows.

Our international operations require us to comply with applicable U.S and international laws and regulations.

Doing business on a worldwide basis requires the Company and its subsidiaries to comply with the laws and regulations of the U.S. government and various international jurisdictions. These regulations place restrictions on our operations, trade practices and partners and investment decisions. In particular, our international operations are subject to U.S. and foreign anti-corruption laws and regulations, such as the Foreign Corrupt Practices Act ("FCPA"), and economic sanction programs administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"). The FCPA prohibits us from providing anything of value to foreign officials for the purposes of influencing official decisions or obtaining or retaining business. As part of our business, we regularly deal with state-owned business enterprises, the employees of which are considered foreign officials for purposes of the FCPA. In addition, some of the international locations in which we operate lack a developed legal system and have higher than normal levels of corruption. Economic sanctions programs restrict our business dealings with certain countries and individuals. From time to time, certain of our subsidiaries have had limited business dealings in countries subject to comprehensive OFAC-administered sanctions, specifically Cuba, Iran, Syria and Sudan. These business dealings, which represent an insignificant amount of our consolidated revenues and income, generally consist of the purchase of overflight permits and the provision of flight support and fuel services pursuant to licenses issued by OFAC or as otherwise permitted by U.S. sanctions regulations. As a result of the above activities, we are exposed to a heightened risk of violating anti-corruption laws and OFAC regulations. Violations of these regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts and revocations or restrictions of licenses, as well as criminal fines and imprisonment.

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We have established policies and procedures designed to assist the Company's and its personnel's compliance with applicable U.S. and international laws and regulations. However, there can be no assurance that our policies and procedures will effectively prevent us from violating these regulations in every transaction in which we may engage, and such a violation could adversely affect our reputation, business, financial condition, results of operations and cash flows. In addition, various state and municipal governments, universities and other investors maintain prohibitions or restrictions on investments in companies that do business with sanctioned countries, which could adversely affect the market for our securities.

On April 19, 2009, we received an administrative subpoena from OFAC requesting information regarding transactions that the Company has conducted involving Cuba since April 1, 2004. Upon receipt of this subpoena, we initiated an internal review to identify transactions involving Cuba, and we voluntarily expanded the scope of this review to include transactions involving Iran and Sudan. On December 8, 2009, we received a separate administrative subpoena from OFAC requesting information regarding the Company's transactions involving Sudanese overflight payments since June 30, 2008. We responded to both subpoenas and identified certain transactions that may have resulted in violations of U.S. sanctions regulations or our OFAC-issued licenses, including the failure to make certain periodic reports as required by our OFAC-issued licenses and a small number of sanctioned country-related transactions which took place after one of our licenses had expired. In our responses to OFAC, we noted that the transactions we identified as potential violations resulted in very small amounts of revenue to us, and that we intend to take certain remedial actions to further strengthen our compliance related policies and procedures. Nevertheless, should OFAC determine that these activities constituted violations of U.S. sanctions regulations, civil penalties, including fines, could be assessed against the Company. Additionally, in the course of its ongoing review, OFAC could request additional information from us, in the form of additional subpoenas or otherwise, and we intend to fully cooperate with any such additional subpoenas or requests. We cannot predict the ultimate outcome of the OFAC review, the total costs to be incurred in response to this review, the potential impact on our personnel, the effect of implementing any further measures that may be necessary to ensure full compliance with U.S. sanctions regulations or to what extent, if at all, we could be subject to fines, sanctions or other penalties.

We face intense competition and, if we are not able to effectively compete in our markets, our revenues and profits may decrease.

Competitive pressures in our markets could adversely affect our competitive position, leading to a possible loss of market share or a decrease in prices, either of which could result in decreased revenues and profits. Our competitors are numerous, ranging from large multinational corporations, which have significantly greater capital resources than us, to relatively small and specialized firms. In addition to competing with fuel resellers, we also compete with the major oil producers that market fuel directly to the large commercial airlines, shipping companies and petroleum distributors operating in the land transportation market. Although many major oil companies have been divesting their downstream assets, some continue to compete with us in certain markets while others may decide to reenter the market in the future. Our business could be adversely affected because of increased competition from these oil companies, who may choose to increase their direct marketing or provide less advantageous price and credit terms to us than to our fuel reseller competitors.

Reduced sales to our government customers could adversely affect our profitability.

We have a large and varied customer base. During 2011, no individual customer accounted for revenue totaling more than 10% of our consolidated revenue. However, due to the higher level of profitability associated with our government services business, the loss of a significant government customer or a material reduction in sales to a significant government customer could adversely affect our business, financial condition, results of operations and cash flows.

If we fail to comply with environmental laws and other government regulations applicable to our operations, we could suffer penalties or costs that could have a material adverse effect on our business.

We are required to comply with extensive and complex environmental laws and other regulations at the international, federal, state and local government levels relating to, among other things:

the transportation and handling of fuel and fuel products;

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the operation of fuel storage and distribution facilities;

workplace safety;

fuel spillage or seepage;

environmental damage; and

hazardous waste disposal.

If we should fail to comply with these laws and other regulations, we could be subject to substantial fines or penalties and to civil and criminal liability.

If we are involved in a spill, leak, fire, explosion or other accident involving hazardous substances or if there are releases of fuel or fuel products we own, our operations could be disrupted and we could be subject to material liabilities, such as the cost of investigating and remediating contaminated properties or claims by customers, employees or others who may have been injured, or whose property may have been damaged. These liabilities, to the extent not covered by insurance, could have a material adverse effect on our business, financial condition, results of operations and cash flows. Some environmental laws impose strict liability, which means we could have liability without regard to whether we were negligent or at fault.

In addition, compliance with existing and future environmental laws regulating the delivery of fuel by barge, truck or railcar, fuel storage terminals and underground storage tanks that we own or operate may require significant capital expenditures and increased operating and maintenance costs. The remediation and other costs required to clean up or treat contaminated sites could be substantial and may not be covered by insurance.

Our fuel storage and transportation operations have inherent risks that could negatively impact our results of operations and financial condition.

Operating fuel storage terminals and transporting fuel products carries with it the inherent risks of oil spills and other environmental mishaps, fires, collisions and other catastrophic disasters, loss of life, severe damage to and destruction of property and equipment, loss of product and business interruption. Damage arising from such occurrences may result in third party lawsuits asserting large claims. We maintain insurance to mitigate these costs, but there can be no assurance that our insurance would be sufficient to cover the liabilities suffered by us from the occurrence of one or more of the risks described above. Further, if we are negligent or otherwise responsible in connection with any such event, our insurance may not cover our claim. Any of these occurrences, and any resulting media coverage, could have a material adverse effect on our stock price and on our business, financial condition, results of operations and cash flows.

If we are held liable for clean up and other costs related to several businesses we exited, which handled hazardous and non-hazardous waste, such liability could adversely affect our business and financial condition.

We have exited several businesses, such as the waste management and remediation services business, that handled hazardous and non-hazardous waste. We treated and/or transported this waste to various disposal facilities in the United States. We have been sued in the past and may be sued in the future as a potentially responsible party for the clean up of such disposal facilities and may be held liable for these and other clean up costs pursuant to U.S. federal and state laws and regulations. In addition, under these laws and regulations, we may be required to clean up facilities previously operated by us.

Our operations may be adversely affected by competition from other energy sources.

Fuel competes with other sources of energy, some of which are less costly on an equivalent energy basis. In addition, we cannot predict the effect that the development of alternative energy sources might have on our operations.

Current and future litigation could have an adverse effect on us.

We are currently involved in certain legal proceedings in our ordinary course of business. Lawsuits and other legal proceedings can involve substantial costs, including the costs associated with investigation, litigation and possible settlement, judgment, penalty or fine. Although insurance is maintained to mitigate these costs, there can be no assurance that costs associated with lawsuits or other legal proceedings will not exceed the limits of insurance policies. Our business, financial condition, results of

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operations and cash flows could be adversely affected if a judgment, penalty or fine is not fully covered by insurance.

We are exposed to risks from legislation requiring companies to have adequate internal controls over financial reporting and to evaluate those internal controls.

Section 404 of the Sarbanes-Oxley Act of 2002 requires our management to assess, and our independent registered public accounting firm to attest to, the effectiveness of our internal control structure and procedures for financial reporting. We completed an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2011, and we have an ongoing program to perform the system and process evaluation and testing necessary to continue to comply with these requirements. Our expansive international operations and integration of acquired companies exacerbate the risks associated with the need to maintain effective internal controls. Accordingly, we expect to continue to incur increased expense and to devote additional management resources to Section 404 compliance. In the event that our chief executive officer, chief financial officer or independent registered public accounting firm determines that our internal control over financial reporting is not effective as defined under Section 404, investor perceptions and our reputation may be adversely affected and the market price of our stock could decline. Moreover, even if we and our auditors do not identify any deficiencies in our internal control system, it may not prevent all potential errors or fraud.

An increase in interest rates may cause the market price of our common stock to decline.

Like all equity investments, an investment in our common stock is subject to certain risks. In exchange for accepting these risks, investors may expect to receive a higher rate of return than would otherwise be obtainable from lower-risk investments. Accordingly, as interest rates rise, the ability of investors to obtain higher risk-adjusted rates of return by purchasing government-backed debt securities may cause a corresponding decline in demand for riskier investments generally, including yield-based equity investments such as publicly traded corporate interests. Reduced demand for our common stock resulting from investors seeking other more favorable investment opportunities may cause the trading price of our common stock to decline.

Item 1B. Unresolved Staff Comments

None.

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Item 2. Properties

The following table sets forth our principal properties, all of which are leased, as of February 15, 2012. We consider all of our properties and facilities to be suitable and adequate for our present needs and do not anticipate that we will experience difficulty in renewing or replacing those leases that expire in 2012 in any material respect.

WORLD FUEL SERVICES CORPORATION and SUBSIDIARIES

PROPERTIES

Location	Principal Use	Lease Expiration
9800 Northwest 41st Street, Suite 400 Miami, FL 33178, USA	Executive, administrative, operations and sales office for corporate, aviation, marine and land segments	May 2021
3340 S. Harlem Avenue Riverside, IL 60546, USA	Administrative, operations and sales office for land segment	June 2018
Portland House 10th and 13th Floor Bressenden Place London, UK SW1E 5BH	Administrative, operations and sales office for marine segment	March 2015
Kingfisher House North Park Gatwick Road Crawley, West Sussex, UK RH102XN	Administrative, operations and sales office for aviation and land segments	September 2015
238A Thompson Road #17-08 Novena Square Tower A Singapore 307684	Administrative, operations and sales office for aviation and marine segments	December 2012
Office No. 2003, Swiss Tower Plot No. Y3, Jumeirah Lakes Towers Dubai, United Arab Emirates	Sales and marketing office for aviation and marine segments	March 2017
Av. Rio Branco 181/3004 Rio de Janeiro, Brazil 20040 007	Sales office for marine segment	February 2013
Calle Francisco Sarabia No. 34 B Colonia Penon de los Banos Delegación Venustiano Carranza C.P. 15520, Mexico D.F.	Administrative, operations and sales office for aviation segment	October 2012
Oficentro Ejecutivo La Sabana Sur, Edificio #7, Piso 4 San José, Costa Rica	Administrative, operations and sales office for aviation and marine segments	Two Leases: May 2013 March 2013
555 West Brown Deer Road, Suite 200 Milwaukee, WI 53224, USA	Administrative, operations and sales office for land segment	January 2013
Cabriole Center 5201 W. 73rd St Eden Prairie, MN 55435, USA	Administrative, operations and sales office for aviation and land segments	December 2013
3000 Bayport Drive Suite 470 Tampa, FL 33607, USA	Administrative, operations and sales office for aviation segment	October 2016
One Mill Street	Administrative, operations and sales office	December 2015

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Parish, NY 13131, USA

for aviation segment

Virkelyst 10
DK-9400 Nr. Sundby, Denmark

Administrative, operations and sales office
for aviation segment

August 2015

Item 3. Legal Proceedings

Brendan Airways Litigation

One of our subsidiaries, World Fuel Services, Inc. ("WFSI") was involved in a dispute with Brendan Airways, LLC ("Brendan"), an aviation fuel customer, with respect to certain amounts Brendan claimed to have been overcharged in connection with fuel sale transactions from 2003 to 2006. In August 2007, WFSI filed an action in the state circuit court in and for Miami-Dade County, Florida seeking declaratory relief with respect to the matters disputed by Brendan. In October 2007, Brendan filed a counterclaim against WFSI. In February 2008, the court dismissed WFSI's declaratory action. Brendan's counterclaim remained pending as a separate lawsuit against WFSI, and Brendan sought \$4.5 million in damages, plus interest and attorney's fees. In December 2011, the matter was settled through a confidential settlement agreement. The settlement did not have a material impact on our financial condition, results of operations or cash flows.

Other Matters

We are involved in litigation and administrative proceedings primarily arising in the normal course of our business. In the opinion of management, our liability, if any, under any other pending litigation or administrative proceedings, even if determined adversely, would not materially affect our financial condition, results of operations or cash flows. As of December 31, 2011, we had recorded certain reserves which were not significant.

Item 4. Mine Safety Disclosures

Not applicable.

Table of Contents**PART II****Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities**

Our common stock is traded on the New York Stock Exchange ("NYSE") under the symbol INT. As of February 15, 2012, there were 320 shareholders of record of our common stock and the closing price of our stock on the NYSE was \$46.90. The following table sets forth, for each quarter in 2011 and 2010, the high and low closing sales prices of our common stock as reported by the NYSE.

	Price	
	High	Low
2011		
First quarter	\$41.44	\$35.58
Second quarter	40.61	33.11
Third quarter	39.49	31.65
Fourth quarter	42.87	32.23
2010		
First quarter	\$29.07	\$22.68
Second quarter	30.32	24.03
Third quarter	28.99	24.14
Fourth quarter	36.70	25.98

Cash Dividends

The following table sets forth the amount, the declaration date, record date and payment date for each quarterly cash dividend declared in 2011 and 2010.

	Per Share Amount	Declaration Date	Record Date	Payment Date
2011				
First quarter	\$0.0375	March 4, 2011	March 18, 2011	April 8, 2011
Second quarter	0.0375	June 10, 2011	June 24, 2011	July 8, 2011
Third quarter	0.0375	September 6, 2011	September 16, 2011	October 7, 2011
Fourth quarter	0.0375	November 22, 2011	December 16, 2011	January 6, 2012
2010				
First quarter	\$0.0375	March 4, 2010	March 19, 2010	April 8, 2010
Second quarter	0.0375	June 3, 2010	June 18, 2010	July 7, 2010
Third quarter	0.0375	September 2, 2010	September 17, 2010	October 6, 2010
Fourth quarter	0.0375	December 2, 2010	December 17, 2010	January 5, 2011

Our Credit Facility and Term Loan Facility restrict the payment of cash dividends to a maximum of the sum of (i) \$50 million plus (ii) 50% of the consolidated net income calculated quarterly for the previous four fiscal quarters plus (iii) 100% of the net proceeds of all equity issuances made after the closing date of the Credit Facility and Term Loan Facility. For additional information regarding our Credit Facility and Term Loan Facility, see Note 6 to the accompanying consolidated financial statements, included herein, and "Liquidity and Capital Resources" in "Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations."

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Stock Performance

This graph compares the total shareholder return on our common stock with the total return on the Russell 2000 Index and the S&P Energy Index for the five-year period from December 31, 2006 through December 31, 2011. The cumulative return includes reinvestment of dividends.

Comparison of 5 Year Cumulative Total Return*

Among World Fuel Services Corporation, the Russell 2000 Index, and the S&P Energy Index

*\$100.00 invested on 12/31/06 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31st.

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Equity Compensation Plans

The following table summarizes securities authorized for issuance related to outstanding stock-settled stock appreciation rights ("SSAR Awards") and restricted stock units ("RSUs") under our equity compensation plan (which was approved by our shareholders) and available for future issuance under our equity compensation plan as of December 31, 2011 (in thousands, except weighted average price data):

Plan name or description	(a) Maximum number of securities to be issued upon exercise of outstanding SSAR Awards and RSUs	(b) Weighted average price of outstanding SSAR Awards and RSUs	(c) Number of securities remaining available for future issuance under equity compensation plan (excluding securities reflected in column (a))
2006 Omnibus Plan	1,418	\$5.49	4,718

There are no outstanding warrants to purchase our common stock.

Table of Contents**Recent Sales of Unregistered Securities**

On March 1, 2011, we issued 691,422 shares of unregistered common stock with an estimated fair value of \$27.5 million to the sellers of NCS. We relied on Section 4(2) of the Securities Act of 1933, as amended, for an exemption from registration of these shares.

On December 31, 2010, we issued 301,416 shares of unregistered common stock with an estimated fair value of \$11.0 million to the sellers of The Hiller Group Incorporated in connection with our acquisition of all of the outstanding stock of The Hiller Group Incorporated, Air Petro Corp. and all of the outstanding membership interests of HG Equipment, LLC and AHT Services, LLC (collectively, "Hiller"). We relied on Section 4(2) of the Securities Act of 1933, as amended, for an exemption from registration of these shares.

On October 1, 2010, we issued 388,199 shares of unregistered common stock with an estimated fair value of \$10.0 million to the sellers of Western Petroleum Company ("Western") in connection with our acquisition of all of the outstanding stock of Western. We relied on Section 4(2) of the Securities Act of 1933, as amended, for an exemption from registration of these shares.

Repurchase of Common Stock

The following table presents information with respect to repurchases of common stock made by us during the quarterly period ended December 31, 2011 (in thousands, except average price per share data):

Period	Total Number of Shares Purchased (1)	Average Price Per Share Paid	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Total Cost of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Remaining Authorized Stock Repurchases under Publicly Announced Plans or Programs (2)
10/1/11-10/31/11		\$		\$	\$50,000
11/1/11-11/30/11	2	38.79			50,000
12/1/11-12/31/11					50,000
Total	2	\$38.79		\$	\$50,000

(1) These shares relate to the purchase of stock tendered by employees to exercise share-based payment awards and satisfy the required withholding taxes related to share-based payment awards.

(2) In October 2008, our Board of Directors authorized a \$50.0 million stock repurchase program. The program does not require a minimum number of shares to be purchased and has no expiration date but may be suspended or discontinued at any time. As of December 31, 2011, no shares of our common stock had been repurchased under this program. The timing and amount of shares to be repurchased under the program will depend on market conditions, share price, securities law and other legal requirements and other factors.

For information on repurchases of common stock for the first three quarters of 2011, see the corresponding 10-Q Report for each such quarter.

Table of Contents**Item 6. Selected Financial Data**

The following selected consolidated financial data should be read in conjunction with the consolidated financial statements and related notes thereto and Part II, Item 7 of this report appearing under the caption, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other financial data and "Risk Factors" included elsewhere in this 2011 10-K Report. The historical results are not necessarily indicative of the operating results to be expected in the future. All financial information presented has been prepared in U.S. dollars and in accordance with accounting principles generally accepted in the United States.

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES
SELECTED CONSOLIDATED FINANCIAL DATA

(In thousands, except earnings and dividends per share data)

	For the Year ended December 31,				
	2011 (1)	2010 (2)	2009 (3)	2008 (4)	2007 (5)
Revenue	\$34,622,854	\$19,131,147	\$11,295,177	\$18,509,403	\$13,729,555
Cost of revenue	33,987,851	18,689,006	10,919,586	18,114,020	13,484,283
Gross profit	635,003	442,141	375,591	395,383	245,272
Operating expenses (6)	378,031	261,275	221,596	241,643	159,384
Income from operations	256,972	180,866	153,995	153,740	85,888
Non-operating (expense) income, net	(18,769)	(3,336)	(4,086)	(16,165)	698
Income before taxes	238,203	177,530	149,909	137,575	86,586
Provision for income taxes	39,001	31,027	32,346	32,370	21,235
Net income including noncontrolling interest	199,202	146,503	117,563	105,205	65,351
Net income (loss) attributable to noncontrolling interest	5,173	(362)	424	166	578
Net income attributable to World Fuel	\$194,029	\$146,865	\$117,139	\$105,039	\$64,773
Basic earnings per common share	\$2.74	\$2.36	\$1.99	\$1.82	\$1.14
Basic weighted average common shares	70,687	62,168	59,003	57,707	56,853
Diluted earnings per common share	\$2.71	\$2.31	\$1.96	\$1.80	\$1.11
Diluted weighted average common shares	71,510	63,441	59,901	58,244	58,346
Cash dividends declared per common share	\$0.150	\$0.150	\$0.150	\$0.075	\$0.075

	As of December 31,				
	2011 (1)	2010 (2)	2009 (3)	2008 (4)	2007 (5)
Cash, cash equivalents and short-term investments	\$205,415	\$272,893	\$306,943	\$322,452	\$44,251
Accounts receivable, net	2,160,561	1,386,700	951,398	676,100	1,370,656
Total current assets	3,122,227	2,067,867	1,467,947	1,172,150	1,665,308

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Total assets	3,697,246	2,566,450	1,747,995	1,404,626	1,798,046
Total current liabilities	2,026,142	1,358,484	951,711	750,787	1,230,328
Total long-term liabilities	324,386	81,402	63,035	45,693	83,058
Total shareholders' equity	1,346,718	1,126,564	733,249	608,146	484,660

(1)

In 2011, we acquired NCS and Ascent on March 1st and April 1st, respectively, and completed six additional acquisitions which were not material individually or in the aggregate. The financial position and results of operations of these acquisitions have been included in our consolidated financial statements since their respective acquisition dates.

(2)

In 2010, we acquired i) certain assets of Falmouth Oil Services Limited (the "FOS business") on January 1st, ii) certain assets of Lakeside Oil Company, Inc., including the assets comprising its wholesale motor fuel distribution business (the "Lakeside business") on July 1st, iii) Western on October 1st, iv) all of the outstanding stock of Shell Company of Gibraltar Limited, ("Gib Oil") on December 1st, and v) Hiller on December 31st. The financial position and results of operations of these acquisitions have been included in our consolidated financial statements since their respective acquisition dates.

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- (3) In April 2009, we acquired all of the outstanding stock of Henty Oil Limited, Tank and Marine Engineering Limited and Henty Shipping Services Limited (collectively, "Henty") and certain assets of TGS Petroleum, Inc., including the assets comprising its wholesale motor fuel distribution business (the "TGS business"). The financial position and results of operations of these acquisitions have been included in our consolidated financial statements since April 1, 2009.
- (4) In June 2008, we acquired certain assets of Texor Petroleum Company, Inc. The financial position and results of operations of this acquisition have been included in our consolidated financial statements since June 1, 2008.
- (5) In December 2007, we acquired all of the outstanding stock of each of Kropp Holdings, Inc. and Avcard Services, Ltd. The financial position and results of operations of these acquisitions have been included in our consolidated financial statements since December 1, 2007.
- (6) Included in operating expenses are total non-cash compensation costs associated with share-based payment awards of \$11.0 million for 2011, \$10.1 million for 2010, \$6.5 million for 2009, \$14.7 million for 2008 (including special bonus awards of \$4.5 million, which were settled in our common stock in 2009) and \$7.2 million for 2007.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with "Item 6 Selected Financial Data," and with the accompanying consolidated financial statements and related notes thereto appearing elsewhere in this 2011 10-K Report. The following discussion may contain forward-looking statements, and our actual results may differ significantly from the results suggested by these forward-looking statements. Some factors that may cause our results to differ materially from the results and events anticipated or implied by such forward-looking statements are described in "Item 1A Risk Factors."

Overview

We are a leading global fuel logistics company, principally engaged in the marketing, sale and distribution of aviation, marine, and land fuel products and related services on a worldwide basis. We compete by providing our customers value-added benefits, including single-supplier convenience, competitive pricing, the availability of trade credit, price risk management, logistical support, fuel quality control and fuel procurement outsourcing. We have three reportable operating business segments: aviation, marine, and land. We primarily contract with third parties for the delivery and storage of fuel products and in some cases own storage and transportation assets for strategic purposes. In our aviation segment, we offer fuel and related services to major commercial airlines, second and third-tier airlines, cargo carriers, regional and low cost carriers, airports, fixed based operators, corporate fleets, fractional operators, private aircraft, military fleets and to the U.S. and foreign governments, and we also offer a private label charge card to customers in the general aviation industry and charge card processing services in connection with the purchase of aviation fuel and related services. In our marine segment, we offer fuel and related services to a broad base of marine customers, including international container and tanker fleets, commercial cruise lines, yachts and time-charter operators, as well as to the U.S. and foreign governments. In our land segment, we offer fuel and related services to petroleum distributors operating in the land transportation market, retail petroleum operators, and industrial, commercial and government customers. Additionally, we also operate a small number of retail gas stations in the U.S. and Gibraltar.

In our aviation and land segments, we primarily purchase and resell fuel, and we do not act as brokers. Profit from our aviation and land segments is primarily determined by the volume and the gross profit achieved on fuel resales, and in the case of the aviation segment, a percentage of processed charge card revenue. In our marine segment, we primarily purchase and resell fuel and also act as brokers for others. Profit from our marine segment is determined primarily by the volume and gross profit achieved on fuel resales and by the volume and commission rate of the brokering business. Our profitability in our segments also depends on our operating expenses, which may be significantly affected to the extent that we are required to provide for potential bad debt.

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Our revenue and cost of revenue are significantly impacted by world oil prices, as evidenced in part by our revenue and cost of revenue fluctuations in recent fiscal years, while our gross profit is not necessarily impacted by changes in world oil prices. However, significant movements in fuel prices during any given financial period can have a significant impact on our gross profit, either positively or negatively depending on the direction, volatility and timing of such price movements.

We may experience decreases in future sales volumes and margins as a result of the ongoing deterioration in the world economy, transportation industry, natural disasters and continued conflicts and instability in the Middle East, Asia and Latin America, as well as potential future terrorist activities and possible military retaliation. In addition, because fuel costs represent a significant part of our customers' operating expenses, volatile and/or high fuel prices can adversely affect our customers' businesses, and, consequently, the demand for our services and our results of operations. Our hedging activities may not be effective to mitigate volatile fuel prices and may expose us to counterparty risk. See "Item 1A Risk Factors" of this 2011 10-K Report.

Reportable Segments

We have three reportable operating segments: aviation, marine and land. Corporate expenses are allocated to each segment based on usage, where possible, or on other factors according to the nature of the activity. We evaluate and manage our business segments using the performance measurement of income from operations. Financial information with respect to our business segments is provided in Note 11 to the accompanying consolidated financial statements included in this 2011 10-K Report.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements included elsewhere in this 2011 10-K Report, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to unbilled revenue and related costs of sales, bad debt, share-based payment awards, derivatives, goodwill and identifiable intangible assets and certain accrued liabilities. We base our estimates on historical experience and on other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We have identified the policies below as critical to our business operations and the understanding of our results of operations. For a detailed discussion on the application of these and other significant accounting policies, see Note 1 to the accompanying consolidated financial statements included in this 2011 10-K Report.

Revenue Recognition

Revenue from the sale of fuel is recognized when the sales price is fixed or determinable, collectability is reasonably assured and title passes to the customer, which is when the delivery of fuel is made to our customer directly from us, the supplier or a third-party subcontractor. Our fuel sales are generated as a fuel reseller as well as from on-hand inventory supply. When acting as a fuel reseller, we generally purchase fuel from the supplier, mark it up and contemporaneously resell the fuel to the customer, normally taking delivery for purchased fuel at the same place and time as the delivery is made to the customer. We record the gross sale of the fuel as we generally take inventory risk, have latitude in establishing the sales price, have discretion in the supplier selection, maintain credit risk and are the primary obligor in the sales arrangement.

Revenue from fuel-related services is recognized when services are performed, the sales price is fixed or determinable and collectability is reasonably assured. We record the sale of fuel-related services on a gross basis as we generally have latitude in establishing the sales price, have discretion in supplier selection, maintain credit risk and are the primary obligor in the sales arrangement.

Commission from fuel broker services is recognized when services are performed and collectability is reasonably assured. When acting as a fuel broker, we are paid a commission by the supplier.

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Revenue from charge card transactions is recognized at the time the purchase is made by the customer using the charge card. Revenue from charge card transactions is generated from processing fees.

Share-Based Payment Awards

We account for share-based payment awards on a fair value basis. Under fair value accounting, the grant-date fair value of the share-based payment award is amortized as compensation expense, on a straight-line basis, over the vesting period for both graded and cliff vesting awards. Annual compensation expense for share-based payment awards is reduced by an expected forfeiture amount on the outstanding share-based payment awards.

We use the Black-Scholes option pricing model to estimate the fair value of SSAR Awards. The estimation of the fair value of SSAR Awards on the date of grant using an option-pricing model is affected by our stock price as well as assumptions regarding a number of complex and subjective variables. These variables include our expected stock price volatility over the term of the awards, actual and projected employee stock option exercise behaviors, risk-free interest rates and expected dividends. The expected term of SSAR Awards represents the estimated period of time from grant until exercise or conversion and is based on vesting schedules and expected post-vesting, exercise and employment termination behavior. Expected volatility is based on the historical volatility of our common stock over the period that is equivalent to the award's expected life. Any adjustment to the historical volatility as an indicator of future volatility would be based on the impact to historical volatility of significant non-recurring events that would not be expected in the future. Risk-free interest rates are based on the U.S. Treasury yield curve at the time of grant for the period that is equivalent to the award's expected life. Dividend yields are based on the historical dividends of World Fuel over the period that is equivalent to the award's expected life, as adjusted for stock splits.

The estimated fair value of common stock, restricted stock and RSUs is based on the grant-date market value of our common stock, as defined in the respective plans under which the awards were granted.

Cash flows from tax benefits resulting from tax deductions in excess of the compensation cost recognized for share-based payment awards (excess tax benefits) are classified as financing cash flows. These excess income tax benefits were credited to capital in excess of par value.

Accounts Receivable and Allowance for Bad Debt

Credit extension, monitoring and collection are performed for each of our business segments. Each segment has a credit committee that is responsible for approving credit limits, setting and maintaining credit standards and managing the overall quality of the credit portfolio. We perform ongoing credit evaluations of our customers and adjust credit limits based upon a customer's payment history and creditworthiness, as determined by our review of our customer's credit information. We extend credit on an unsecured basis to most of our customers. Accounts receivable are deemed past due based on contractual terms agreed to with our customers.

We continuously monitor collections and payments from our customers and maintain a provision for estimated credit losses based upon our historical experience with our customers, current market and industry conditions affecting our customers and any specific customer collection issues that we have identified. Historical payment trends may not be a useful indicator of current or future credit worthiness of our customers, particularly in these difficult economic and financial markets. Accounts receivable are reduced by an allowance for bad debt.

If credit losses exceed established allowances, our business, financial condition, results of operations and cash flows may be adversely affected. For additional information on the credit risks inherent in our business, see "Item 1A Risk Factors" in this 2011 10-K Report.

Inventories

Inventories are valued using the average cost methodology and are stated at the lower of average cost or market. Components of inventory include fuel purchase costs, the related transportation costs and for inventories included in a fair value hedge relationship, changes in the estimated fair market values.

Derivatives

We enter into financial derivative contracts in order to mitigate the risk of market price fluctuations in aviation, marine and land fuel, to offer our customers fuel pricing alternatives to meet their needs and to

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mitigate the risk of fluctuations in foreign currency exchange rates. We also enter into proprietary derivative transactions, primarily intended to capitalize on arbitrage opportunities related to basis or time spreads related to fuel products we sell. We have applied the normal purchase and normal sales exception ("NPNS"), as provided by accounting guidance for derivative instruments and hedging activities, to certain of our physical forward sales and purchase contracts. While these contracts are considered derivative instruments under the guidance for derivative instruments and hedging activities, they are not recorded at fair value, but rather are recorded in our consolidated financial statements when physical settlement of the contracts occurs. If it is determined that a transaction designated as NPNS no longer meets the scope of the exception, the fair value of the related contract is recorded as an asset or liability on the consolidated balance sheet and the difference between the fair value and the contract amount is immediately recognized through earnings.

Our derivatives that are subject to the accounting guidance for derivative instruments are recognized at their estimated fair market value in accordance with the accounting guidance for fair value measurements. If the derivative does not qualify as a hedge or is not designated as a hedge, changes in the estimated fair market value of the derivative are recognized as a component of revenue, cost of revenue or other income (expense), net (based on the underlying transaction type) in the consolidated statement of income. Derivatives which qualify for hedge accounting may be designated as either a fair value or cash flow hedge. For our fair value hedges, changes in the estimated fair market value of the hedge instrument and the hedged item are recognized in the same line item as a component of either revenue or cost of revenue (based on the underlying transaction type) in the consolidated statement of income. For our cash flow hedges, the effective portion of the changes in the fair market value of the hedge is recognized as a component of other comprehensive income in the shareholders' equity section of the consolidated balance sheet and subsequently reclassified into the same line item as the forecasted transaction when both are settled, while the ineffective portion of the changes in the estimated fair market value of the hedge is recognized as a component of other income (expense), net in the consolidated statement of income. Cash flows for our hedging instruments used in our hedges are classified in the same category as the cash flow from the hedged items. If for any reason hedge accounting is discontinued, then any cash flows subsequent to the date of discontinuance shall be classified in a manner consistent with the nature of the instrument.

To qualify for hedge accounting, as either a fair value or cash flow hedge, the hedging relationship between the hedging instruments and hedged items must be highly effective over an extended period of time in achieving the offset of changes in fair values or cash flows attributable to the hedged risk at the inception of the hedge. We use a regression analysis based on historical spot prices in assessing the qualification for our fair value hedges. However, our measurement of hedge ineffectiveness for our fair value inventory hedges utilizes spot prices for the hedged item (inventory) and forward or future prices for the hedge instrument. Therefore, the excluded component (forward or future prices) in assessing hedge qualification, along with ineffectiveness, is included as a component of cost of revenue in earnings. Adjustments to the carrying amounts of hedged items are discontinued in instances where the related fair value hedging instrument becomes ineffective and any previously recorded fair market value changes are not adjusted until the fuel is sold.

Goodwill and Identifiable Intangible Assets

Goodwill represents the future earnings and cash flow potential of acquired businesses in excess of the fair values that are assigned to all other identifiable assets and liabilities. Goodwill arises because the purchase price paid reflects numerous factors, including the strategic fit and expected synergies these acquisitions bring to existing operations and the prevailing market value for comparable companies. Goodwill is not subject to periodic amortization; instead, it is reviewed annually at year-end (or more frequently under certain circumstances) for impairment. We assess qualitative factors to determine whether it is more likely than not that the fair value of any individual reporting unit is less than its carrying amount. In performing the qualitative assessment, we assess relevant events and circumstances that may impact the fair value of our reporting units, including the following: (i) macroeconomic conditions, (ii) industry and market considerations, (iii) earnings quality/sustainability, (iv) overall financial performance, (v) events affecting a reporting unit, (vi) share price and (vii) recent fair value calculation for our reporting units, if available.

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After assessing the above described events and circumstances, if we determine that it is more likely than not that the fair value of a reporting unit is greater than its carrying value, then no further testing is required. Otherwise, we would perform the first step of quantitative testing for goodwill impairment.

In connection with our acquisitions, we record identifiable intangible assets existing at the date of the acquisitions for customer relationships, supplier and non-compete agreements and trademark/trade name rights. Identifiable intangible assets subject to amortization are amortized over their estimated lives and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable based on market factors and operational considerations. Identifiable intangible assets not subject to amortization are reviewed annually for impairment by comparing the estimated fair value of the intangible asset with its carrying value.

Extinguishment of Liability

In the normal course of business, we accrue liabilities for fuel and services received for which invoices have not yet been received. These liabilities are derecognized, or extinguished, if either (i) payment is made to relieve our obligation for the liability or (ii) we are legally released from our obligation for the liability, such as when our legal obligations with respect to such liabilities lapse or otherwise no longer exist. We derecognized vendor liability accruals due to the legal release of our obligations in the amount of \$8.3 million, \$9.8 million and \$8.6 million during 2011, 2010 and 2009, respectively, which is reflected as a reduction of cost of revenue in the accompanying consolidated statements of income.

Results of Operations

The results of operations include the results of (i) Ascent (aviation segment) commencing on April 1, 2011, (ii) NCS (aviation segment) commencing on March 1, 2011, (iii) Hiller (aviation segment) commencing on December 31, 2010, (iv) Gib Oil (aviation, marine and land segments) commencing on December 1, 2010, (v) Western (aviation and land segments) commencing on October 1, 2010, (vi) the Lakeside business (land segment) commencing on July 1, 2010, (vii) the FOS business (marine segment) commencing on January 1, 2010 and (viii) Henty (marine and land segments) and the TGS business (land segment) commencing on April 1, 2009, the acquisition date of each of these acquired businesses.

2011 compared to 2010

Revenue. Our revenue for 2011 was \$34.6 billion, an increase of \$15.5 billion, or 81.0%, as compared to 2010. Our revenue during these periods was attributable to the following segments (in thousands):

	2011	2010	\$ Change
Aviation segment	\$12,866,019	\$7,132,749	\$5,733,270
Marine segment	14,565,086	9,220,998	5,344,088
Land segment	7,191,749	2,777,400	4,414,349
Total	\$34,622,854	\$19,131,147	\$15,491,707

Our aviation segment contributed \$12.9 billion in revenue for 2011, an increase of \$5.7 billion, or 80.4% as compared to 2010. Of the total increase in aviation segment revenue, \$3.3 billion was due to an increase in the average price per gallon sold as a result of higher world oil prices in 2011 as compared to 2010. The remaining increase of \$2.4 billion was due to increased sales volume primarily from additional sales to both new and existing customers as well as incremental sales derived from the NCS, Ascent, Hiller and Western acquisitions.

Our marine segment contributed \$14.6 billion in revenue for 2011, an increase of \$5.3 billion, or 58.0%, as compared to 2010. Of the total increase in marine segment revenue, \$3.8 billion was due to an increase in the average price per metric ton sold as a result of higher world oil prices in 2011 as compared to 2010. The remaining increase of \$1.5 billion was due to increased sales volume from additional sales to both new and existing customers.

Our land segment contributed \$7.2 billion in revenue for 2011, an increase of \$4.4 billion as compared to 2010. Of the total increase in land segment revenue, \$2.7 billion was primarily due to incremental sales derived as a result of the Western and Lakeside business acquisitions as well as increased sales volume to both new and existing customers. The remaining increase of \$1.7 billion was due to an increase in the average price per gallon sold as a result of higher world oil prices in 2011 as compared to 2010.

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Gross Profit. Our gross profit for 2011 was \$635.0 million, an increase of \$192.9 million, or 43.6%, as compared to 2010. Our gross profit during these periods was attributable to the following segments (in thousands):

	2011	2010	\$ Change
Aviation segment	\$306,112	\$215,130	\$90,982
Marine segment	195,109	165,344	29,765
Land segment	133,782	61,667	72,115
Total	\$635,003	\$442,141	\$192,862

Our aviation segment gross profit for 2011 was \$306.1 million, an increase of \$91.0 million, or 42.3%, as compared to 2010. The increase in aviation segment gross profit was due to \$68.1 million in increased sales volume and \$22.9 million in increased gross profit per gallon sold as a result of sales derived from the NCS, Ascent, Hiller and Western acquisitions as well as increased sales volume in our organic business to both new and existing customers.

Our marine segment gross profit for 2011 was \$195.1 million, an increase of \$29.8 million, or 18.0%, as compared to 2010. The increase in marine segment gross profit was due to \$28.0 million of increased sales volume to both new and existing customers. The remaining increase of \$1.8 million was due to increased gross profit per metric ton sold primarily due to fluctuations in customer mix.

Our land segment gross profit for 2011 was \$133.8 million, an increase of \$72.1 million as compared to 2010. The increase in land segment gross profit was due to \$53.4 million in increased sales volume and \$18.7 million in increased gross profit per gallon sold as a result of sales derived from the Western and Lakeside business acquisitions, which were included in 2011 for a full year, as well as increased sales volume in our organic business to both new and existing customers.

Operating Expenses. Total operating expenses for 2011 were \$378.0 million, an increase of \$116.8 million, or 44.7%, as compared to 2010. The following table sets forth our expense categories (in thousands):

	2011	2010	\$ Change
Compensation and employee benefits	\$215,275	\$162,451	\$52,824
Provision for bad debt	8,173	4,262	3,911
General and administrative	154,583	94,562	60,021
Total	\$378,031	\$261,275	\$116,756

Of the total increase in operating expenses, \$52.8 million was related to compensation and employee benefits, \$3.9 million was related to provision for bad debt and \$60.0 million was related to general and administrative expenses. The increase in compensation and employee benefits was primarily due to compensation related to the inclusion of the acquired businesses, increases in incentive-based compensation and compensation for new hires to support our growing global business. The increase in provision for bad debt was due to the increase in accounts receivable as a result of increased volume and higher world oil prices and changes in the customer mix in the 2011 receivable portfolio as compared to 2010. The increase in general and administrative expenses was primarily due to the inclusion of the acquired businesses, including related amortization of acquired identifiable intangible assets, as well as increases related to professional fees and depreciation.

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Income from Operations. Our income from operations for 2011 was \$257.0 million, an increase of \$76.1 million, or 42.1%, as compared to 2010. Income from operations during these periods was attributable to the following segments (in thousands):

2011	2010	\$ Change
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