

WORLD FUEL SERVICES CORP  
Form 10-Q  
November 02, 2010  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2010**

**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)

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**Florida**  
(State or other jurisdiction of  
incorporation or organization)

**59-2459427**  
(I.R.S. Employer  
Identification No.)

**9800 N.W. 41<sup>st</sup> Street, Suite 400**

**Miami, Florida**  
(Address of Principal Executive Offices)

**33178**  
(Zip Code)

**Registrant's Telephone Number, including area code: (305) 428-8000**

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

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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

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 Rule 12b-2 of the Exchange Act). Yes  No

The registrant had a total of 69,104,000 shares of common stock, par value \$0.01 per share, issued and outstanding as of October 25, 2010.

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**Part I Financial Information**

**General**

The following unaudited consolidated financial statements and notes thereto of World Fuel Services Corporation and its subsidiaries have been prepared in accordance with the instructions to Quarterly Reports on Form 10-Q and, therefore, omit or condense certain footnotes and other information normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States. In the opinion of management, all adjustments necessary for a fair presentation of the financial information, which are of a normal and recurring nature, have been made for the interim periods reported. Results of operations for the three and nine months ended September 30, 2010 are not necessarily indicative of the results for the entire fiscal year. The unaudited consolidated financial statements and notes thereto included in this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010 ( 10-Q Report ) should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009 ( 2009 10-K Report ). World Fuel Services Corporation ( World Fuel or the Company ) and its subsidiaries are collectively referred to in this 10-Q Report as we, our and us.

**Table of Contents****Item 1. Financial Statements****World Fuel Services Corporation and Subsidiaries****Consolidated Balance Sheets**

(Unaudited - In thousands, except per share data)

	As of	
	September 30, 2010	December 31, 2009
<b>Assets:</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 424,869	\$ 298,843
Short-term investments		8,100
Accounts receivable, net	1,163,383	951,398
Inventories	219,908	126,793
Short-term derivative assets, net	10,078	11,853
Prepaid expenses and other current assets	110,778	66,991
<b>Total current assets</b>	<b>1,929,016</b>	<b>1,463,978</b>
Property and equipment, net	52,516	38,777
Goodwill	182,625	153,841
Identifiable intangible assets, net	82,226	72,805
Other assets	22,632	11,827
<b>Total assets</b>	<b>\$ 2,269,015</b>	<b>\$ 1,741,228</b>
<b>Liabilities and equity:</b>		
<b>Liabilities:</b>		
<b>Current liabilities:</b>		
Short-term debt	\$ 8,822	\$ 6,684
Accounts payable	980,171	796,978
Short-term derivative liabilities, net	7,875	9,133
Customer deposits	51,419	63,967
Accrued expenses and other current liabilities	95,752	70,980
<b>Total current liabilities</b>	<b>1,144,039</b>	<b>947,742</b>
Long-term debt	8,348	9,925
Non-current income tax liabilities, net	40,295	39,164
Deferred compensation and other long-term liabilities	11,899	11,148
<b>Total liabilities</b>	<b>1,204,581</b>	<b>1,007,979</b>
<b>Commitments and contingencies</b>		
<b>Equity:</b>		
<b>World Fuel shareholders' equity:</b>		
Preferred stock, \$1.00 par value; 100 shares authorized, none issued		
Common stock, \$0.01 par value; 100,000 shares authorized, 68,717 and 59,385 issued and outstanding at September 30, 2010 and December 31, 2009, respectively	687	594
Capital in excess of par value	443,382	213,414
Retained earnings	615,968	515,218

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Accumulated other comprehensive income	4,339	3,795
Total World Fuel shareholders' equity	1,064,376	733,021
Noncontrolling interest equity	58	228
Total equity	1,064,434	733,249
Total liabilities and equity	\$ 2,269,015	\$ 1,741,228

The accompanying notes are an integral part of these unaudited consolidated financial statements.

**Table of Contents****World Fuel Services Corporation and Subsidiaries****Consolidated Statements of Income**

(Unaudited - In thousands, except per share data)

	For the Three Months ended September 30,		For the Nine Months ended September 30,	
	2010	2009	2010	2009
Revenue	\$ 4,987,074	\$ 3,202,653	\$ 13,302,370	\$ 7,749,936
Cost of revenue	4,874,967	3,107,921	12,983,876	7,476,301
Gross profit	112,107	94,732	318,494	273,635
Operating expenses:				
Compensation and employee benefits	43,048	32,359	116,749	101,231
Provision for bad debt	1,097	1,774	3,162	2,696
General and administrative	22,875	19,726	66,307	59,603
Total operating expenses	67,020	53,859	186,218	163,530
Income from operations	45,087	40,873	132,276	110,105
Non-operating expenses, net:				
Interest expense and other financing costs, net	989	761	2,470	2,699
Other expense (income), net	209	578	(420)	557
Total non-operating expenses, net	1,198	1,339	2,050	3,256
Income before income taxes	43,889	39,534	130,226	106,849
Provision for income taxes	7,515	10,437	22,961	23,990
Net income including noncontrolling interest	36,374	29,097	107,265	82,859
Net (loss) income attributable to noncontrolling interest	(381)	25	(170)	215
Net income attributable to World Fuel	\$ 36,755	\$ 29,072	\$ 107,435	\$ 82,644
Basic earnings per share	\$ 0.61	\$ 0.49	\$ 1.80	\$ 1.40
Basic weighted average common shares	60,496	59,156	59,768	58,866
Diluted earnings per share	\$ 0.60	\$ 0.48	\$ 1.76	\$ 1.39
Diluted weighted average common shares	61,663	60,162	60,985	59,532

The accompanying notes are an integral part of these unaudited consolidated financial statements.



**Table of Contents****World Fuel Services Corporation and Subsidiaries****Consolidated Statements of Shareholders' Equity and Comprehensive Income**

(Unaudited - In thousands)

	Common Stock		Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total World Fuel Shareholders Equity	Noncontrolling Interest Equity	Total Equity
	Shares	Amount						
Balance at December 31, 2009	59,385	\$ 594	\$ 213,414	\$ 515,218	\$ 3,795	733,021	228	733,249
Comprehensive income:								
Net income				107,435		107,435	(170)	107,265
Foreign currency translation adjustment								