

FleetCor Reports Fourth Quarter and Fiscal Year 2013 Financial Results

Written by Australian Business

NORCROSS, Ga.--([BUSINESS WIRE](#))--FleetCor Technologies, Inc. (NYSE:FLT), a leading global provider of fuel cards and workforce payment products to businesses, today reported financial results for its fourth quarter and year ended December 31, 2013.

"We are pleased to announce a strong finish to 2013 with adjusted net income per diluted share growth of 32% for the fourth quarter and 35% for the year. We also had a tremendous business development year as we completed seven acquisitions and signed six partnership deals all over the globe leading to further geographic and product diversification," said Ron Clarke, chairman and chief executive officer, FleetCor Technologies, Inc.

Financial Results for Fourth Quarter 2013:

GAAP Results

- Total revenues increased 26% to \$255.5 million compared to \$202.6 million in the fourth quarter of 2012;
- Net income increased 13% to \$68.1 million compared to \$60.1 million in the fourth quarter of 2012;
- Net income per diluted share increased 14% to \$0.80 compared to \$0.70 in the fourth quarter of 2012.

Non-GAAP Results

- Adjusted revenues¹ (revenues, net less merchant commissions) increased 28% to \$237.7 million compared to \$185.0 million in the fourth quarter of 2012;
- Adjusted net income¹ increased 30% to \$92.1 million compared to \$70.7 million in the fourth quarter of 2012;
- Adjusted net income per diluted share¹ increased 32% to \$1.08 compared to \$0.82 in the fourth quarter of 2012.

Financial Results for Fiscal Year 2013:

GAAP Results

- Total revenues increased 27% to \$895.2 million compared to \$707.5 million in 2012;
- Net income increased 32% to \$284.5 million compared to \$216.2 million on 2012;
- Net income per diluted share increased 33% to \$3.36 compared \$2.52 per diluted share in 2012.

Non-GAAP Results

- Adjusted revenues¹ (revenues, net less merchant commissions) in 2013 increased 27% to \$827.0 million compared to \$649.0 million in 2012;
- Adjusted net income¹ for 2013 increased 34% to \$342.7 million compared to \$256.0 million in 2012;
- Adjusted net income per diluted share increased 35% to \$4.05 compared to \$2.99 in 2012.

Fiscal Year 2014 Outlook:

For fiscal year 2014 FleetCor Technologies, Inc. is expecting the following:

- Total revenues between \$1,070 million and \$1,090 million;
- Adjusted net income between \$418 million and \$428 million;
- Adjusted net income per diluted share between \$4.90 and \$5.00.

The Company's fiscal-year guidance assumptions for 2014 are as follows:

- Fuel prices and market spreads at the 2013 average

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- FX rates equal to current levels
- Tax rate of 30.6%
- Fully diluted shares outstanding of 85.6 million shares
- No impact related to acquisitions or material new partnership agreements not already disclosed

“We have great momentum heading into 2014 and are projecting another double-digit revenue and profit growth year despite expected headwinds in interest expense and tax rates. Our guidance produces a 21% revenue and 22% adjusted net income per share growth rate, at the midpoint of our guidance range, versus 2013,” said Eric Dey, chief financial officer FleetCor Technologies, Inc.

Conference Call

The Company will host a conference call to discuss fourth quarter 2013 financial results today at 5:00pm ET. Hosting the call will be Ron Clarke, chief executive officer, and Eric Dey, chief financial officer. The conference call can be accessed live over the phone by dialing (877) 941-8416, or for international callers (480) 629-9808. A replay will be available one hour after the call and can be accessed by dialing (877) 870-5176 or (858) 384-5517 for international callers; the conference ID is 4664950. The replay will be available until February 12, 2014. The call will be webcast live from the Company's investor relations website at investor.fleetcor.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the federal securities laws. Statements that are not historical facts, including statements about FleetCor's beliefs, expectations and future performance, are forward-looking statements.

Forward-looking statements can be identified by the use of words such as "anticipate," "intend," "believe," "estimate," "plan," "seek," "project," "expect," "may," "will," "would," "could" or "should," the negative of these terms or other comparable terminology. Examples of forward-looking statements in this press release include statements relating to revenue and earnings guidance, assumptions underlying financial guidance, and expectations regarding recent deals. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from those contained in any forward-looking statement, such as delays or failures associated

with implementation; fuel price and spread volatility; changes in credit risk of customers and associated losses; the actions of regulators relating to payment cards or resulting from investigations; failure to maintain or renew key business relationships; failure to maintain competitive offerings; failure to maintain or renew sources of financing; failure to complete, or delays in completing, anticipated new partnership arrangements or acquisitions and the failure to successfully integrate or otherwise achieve anticipated benefits from such partnerships or acquired businesses; failure to successfully expand business internationally; the impact of foreign exchange rates on operations, revenue and income; the effects of general economic conditions on fueling patterns and the commercial activity of fleets, as well as the other risks and uncertainties identified under the caption "Risk Factors" in FleetCor's Annual Report on Form 10-K for the year ended December 31, 2012, filed with the Securities and Exchange Commission on March 1, 2013. FleetCor believes these forward-looking statements are reasonable; however, forward-looking statements are not a guarantee of performance, and undue reliance should not be placed on such statements. The forward-looking statements included in this press release are made only as of the date hereof, and FleetCor does not undertake, and specifically disclaims, any obligation to update any such statements or to publicly announce the results of any revisions to any of such statements to reflect future events or developments.

About Non-GAAP Financial Measures

Adjusted revenue is calculated as revenues, net less merchant commissions. Adjusted net income is calculated as net income, adjusted to eliminate (a) non-cash stock-based compensation expense related to share-based compensation awards, (b) amortization of deferred financing costs and intangible assets, (c) amortization of the premium recognized on the purchase of receivables, and (d) loss on the early extinguishment of debt. EBITDA is calculated as net income as reflected in our income statement, adjusted to eliminate (a) interest expense, (b) tax expense, (c) depreciation of long-lived assets (d) amortization of intangible assets and (e) other (income) expense, net. The Company uses adjusted revenues as a basis to evaluate the company's revenues, net of the commissions that are paid to merchants to participate in our card programs. The commissions paid to merchants can vary when market spreads fluctuate in much the same way as revenues are impacted when market spreads fluctuate. The Company believes this is a more effective way to evaluate the company's revenue performance. The Company uses EBITDA as a basis to evaluate our operating performance net of the impact of certain items during the period. We believe that EBITDA may be useful to investors for understanding our operating performance on a consistent basis. We prepare adjusted net income to eliminate the effect of items that we do not consider indicative of our core operating performance. Adjusted revenues and adjusted net income are supplemental measures of operating performance that do not represent and should not be considered as an alternative to revenues, net, net income or cash flow from operations, as determined by U.S. generally accepted accounting principles, or U.S. GAAP, and our calculation

thereof may not be comparable to that reported by other companies. We believe it is useful to exclude non-cash stock-based compensation expense from adjusted net income because non-cash equity grants made at a certain price and point in time do not necessarily reflect how our business is performing at any particular time and stock-based compensation expense is not a key measure of our core operating performance. We also believe that amortization expense can vary substantially from company to company and from period to period depending upon their financing and accounting methods, the fair value and average expected life of their acquired intangible assets, their capital structures and the method by which their assets were acquired; therefore, we have excluded amortization expense from our adjusted net income. We also exclude loss on the early extinguishment of debt from adjusted net income, as this expense is non-cash and is one-time in nature and does not reflect the ongoing operations of the business.

Management uses adjusted revenues, adjusted net income, and EBITDA:

- as measurements of operating performance because they assist us in comparing our operating performance on a consistent basis;
- for planning purposes, including the preparation of our internal annual operating budget;
- to allocate resources to enhance the financial performance of our business; and
- to evaluate the performance and effectiveness of our operational strategies.

We believe adjusted revenues, adjusted net income and EBITDA are key measures used by the Company and investors as supplemental measures to evaluate the overall operating performance of companies in our industry. By providing these non-GAAP financial measures, together with reconciliations, we believe we are enhancing investors' understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing strategic initiatives.

About FleetCor

FleetCor is a leading global provider of fuel cards and workforce payment products to businesses. FleetCor's payment programs enable businesses to better control employee spending and provide card-accepting merchants with a commercial customer base that can increase their sales and customer loyalty. FleetCor serves commercial accounts in

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North America, Latin America, Europe, Australia and New Zealand. For more information, please visit www.fleetcor.com.

¹ Reconciliations of GAAP results to non GAAP results are provided in Exhibit 1 attached. Additional supplemental data is provided in Exhibit 2 and segment information is provided in Exhibit 3.

FleetCor Technologies, Inc. and subsidiaries Consolidated Statements of Income (In thousands, except per share amounts)

	Three Months Ended December 31, 2013		Year Ended December 31, 2012	
	2013		2012	
	(Unaudited)		(Unaudited)	
Revenues, net	\$			255,501
Expenses:				
Merchant commissions		17,783		17,599
Processing		38,604		32,285

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Selling		18,397	
General and administrative	50,509		31,256
Depreciation and amortization		24,158	
Operating income		106,050	
Other expense, net	472		602
Interest expense, net		5,501	
Total other expense		5,973	

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Income before income taxes	100,077	89,179
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Provision for income taxes		31,957
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Net income	\$	68,120
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Basic earnings per share	\$	0.83	\$
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Diluted earnings per share	\$	0.80	\$
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Weighted average shares outstanding: Basic shares	82,388	83,378
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Diluted shares	85,277	85,750
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FleetCor Technologies, Inc. and subsidiaries
Consolidated Balance Sheets
(In thousands, except share and par value amounts)

December

(Unaudited)

Assets

Current assets:

Cash and cash equivalents	\$	338,105
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Restricted cash	48,244	53,000
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Accounts receivable (less allowance for doubtful accounts of \$22,416)	570,351	and \$525,461
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Securitized accounts receivable - restricted securitization investors	310,000	298,000
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Prepaid expenses and other current assets	40,062	28,000
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Deferred income taxes		4,750
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Total current assets		1,353,512
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Property and equipment	111,100	93,902
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Less accumulated depreciation and amortization		(57,144)
Net property and equipment	53,956		45,196
Goodwill		1,552,725	
Other intangibles, net	871,263		463,864
Other assets			144,808
Total assets		\$	3,976,264

Liabilities and Stockholders' Equity

Current liabilities:			
Accounts payable	\$	467,201	
Accrued expenses	114,870		75,
Customer deposits	182,541		187
Securitization facility	349,000		298
Current portion of notes payable and other debt obligations	602,439		14
Other current liabilities		132,846	

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Total current liabilities		1,908,897	
Notes payable and other obligations, less current portion	474,939		485,217
Deferred income taxes	249,504		180,609
Other noncurrent liabilities		99,030	
Total noncurrent liabilities		823,473	
Commitments and contingencies			
Stockholders' equity:			
Common stock, \$0.001 par value; 475,000,000 shares authorized,			118,206,262 shares
Additional paid-in capital	631,667		542,000
Retained earnings	1,035,198		750,000
Accumulated other comprehensive loss	(47,426))	
Less treasury stock, 35,734,492 shares at December 31, 2013 and			December 31, 2012
	(375,663))	(375,663)

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Total stockholders' equity 1,243,893

Total liabilities and stockholders' equity 3,976,263

¹ Certain prior period amounts have been reclassified for consistent presentation

FleetCor Technologies, Inc. and Subsidiaries Consolidated Statements of Cash Flows (In Thousands)

	Year Ended December 31, 2013 (Unaudited)	2012
Operating activities		
Net income	\$	284,501
		\$
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	16,885	14,116
Stock-based compensation	26,676	19,275
Provision for losses on accounts receivable	19,887	21,896
Amortization of deferred financing costs	3,276	2,279
Amortization of intangible assets	49,313	32,376
Amortization of premium on receivables	5,263	3,265
Deferred income taxes	(5,453))

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Changes in operating assets and liabilities (net of acquisitions):		
Restricted cash	5,430	2,088
Accounts receivable	(45,005))
Prepaid expenses and other current assets	(74,585))
Other assets	38,906	(46,553)
Excess tax benefits related to stock-based compensation	(62,585))
Accounts payable, accrued expenses and customer deposits	1,635	
Net cash provided by operating activities	375,685	
Investing activities		
Acquisitions, net of cash acquired	(728,343))
Purchases of property and equipment	(20,785))
Net cash used in investing activities	(749,128))

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Financing activities

Excess tax benefits related to stock-based compensation	32,505		29,355
Repurchase of common stock	—		(200,000)
Proceeds from issuance of common stock	36,408		27,187
Borrowings on securitization facility	51,000		18,000
Deferred financing costs paid	(1,970))	
Principal payments on notes payable	(28,125))	
Proceeds from notes payable	-		250,000
Borrowings from U.S. revolver	575,000		455,000
Payments on U.S. revolver	(250,000))	
Borrowings from foreign revolver	911,025		—
Payments on foreign revolver	(705,715))	
Payments on swing line of credit, net			(1,874)
Payments on acquired debt	(164,083))	
Other		(14,380))

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Net cash provided by financing activities	435,725	
Effect of foreign currency exchange rates on cash	(7,826)
Net increase (decrease) in cash and cash equivalents	54,256	(1,510)
Cash and cash equivalents, beginning of year	283,649	
Cash and cash equivalents, end of year	338,105	

Supplemental cash flow information

Cash paid for interest	\$	25,886
Cash paid for income taxes	\$	99,308

Exhibit 1 RECONCILIATION OF NON-GAAP MEASURES (In thousands, except shares and per share amounts) (Unaudited)

The following table reconciles revenues, net to adjusted revenues:

Three Months Ended December 31, 2013 **Year Ended December 31, 2013**

Revenues, net	\$	255,501
Merchant commissions		17,783
Total adjusted revenues	\$	237,718

The following table reconciles net income to EBITDA:

Three Months Ended December 31, 2013 **Year Ended December 31, 2013**

Net income	\$	68,120	
Provision for income taxes	31,957		29,108
Interest expense, net	5,501		3,390
Depreciation and amortization	24,158		15,116

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Other expense, net	472
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EBITDA	\$	130,208
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The following table reconciles net income to adjusted net income and

adjusted net in

Three Months Ended December 31, 2013 **Year Ended December 31, 2013**

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Net income	\$	68,120
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Stock based compensation	14,235	4,988
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Amortization of intangible assets	17,778	9,332
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Amortization of premium on receivables	815	816
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Amortization of deferred financing costs	842	683
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Total pre-tax adjustments	33,670	15,819
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Income tax impact of pre-tax adjustments (at the effective tax rate)	(9,712)	
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NORTH AMERICA

- Transactions	42,262	39,
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- Revenues, net per transaction	\$	2.97
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- Revenues, net	\$	125,359
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INTERNATIONAL

- Transactions	47,817	38,
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- Revenues, net per transaction	\$	2.72
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- Revenues, net	\$	130,142
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FLEETCOR CONSOLIDATED REVENUES

- Transactions	90,079	78,
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FLEETCOR CONSOLIDATED ADJUSTED REVENUES

- Transactions	90,079	78,
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- Adjusted Revenues per transaction	\$	2.64
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- Adjusted Revenues	\$	237,718
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¹ Adjusted revenues is a non-GAAP financial measure defined as revenue

Sources of Revenue ²

Three Months Ended December 31, Year Ended December 31,
2013

Revenue from customers and partners 56.8 %

Revenue from merchants and networks 43.2 %

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Revenue tied to fuel-price spreads 13.6 %

Revenue influenced by absolute price of fuel 16.3 %

Revenue from program fees, late fees, interest and other %

² Expressed as a percentage of consolidated revenue, net.

Exhibit 3
Segment Results
(In thousands)
(Unaudited)

	Three Months Ended December 31, 2013	Year Ended December 31, 2012	2013
Revenues, net: ¹			
North America		\$	125,359
International			130,142

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\$ 255,501 \$

Operating income:

North America \$ 51,904

International 54,146

\$ 106,050 \$

Depreciation and¹amortization:

North America \$ 6,669

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International 17,489

\$ 24,158 \$

Capital expenditures:
North America \$ 1,834

International 3,603

\$ 5,437 \$

¹ The results from our Russian business acquired in the second quarter of