

Forward Together™

Quaker Houghton Investor Presentation
July 2020



Risks and Uncertainties Statement

On August 1, 2019, Quaker Chemical Corporation (the “Company”, also known as Quaker Houghton) completed its combination with Houghton International, Inc. (“Houghton”) (herein referred to as “the Combination”). In addition, the Company acquired the operating divisions of Norman Hay plc (“Norman Hay”) on October 1, 2019.

Regulation G

The attached charts include Company information that does not conform to generally accepted accounting principles (“GAAP”). In addition, the Company has provided certain unaudited pro forma financial information in the attached charts. The unaudited pro forma financial information is based on the historical consolidated financial statements and results of both Quaker, as reported, and Houghton, and has been prepared to illustrate the effects of the Combination. The unaudited pro forma financial information has been presented for informational purposes only and is not necessarily indicative of Quaker Houghton’s past results of operations, nor is it indicative of the future operating results of Quaker Houghton and should not be considered a substitute for the financial information presented in accordance with GAAP. Management believes that an analysis of this data is meaningful to investors because it provides insight with respect to ongoing operating results of the Company and allows investors to better evaluate the financial results of the Company. These measures should not be viewed as an alternative to GAAP measures of performance. Furthermore, these measures may not be consistent with similar measures provided by other companies. These measures should not be viewed as an alternative to GAAP measures of performance. This data should be read in conjunction with the Company’s first quarter of 2020 and full year 2019 earnings news releases, which have been furnished to the Securities and Exchange Commission (“SEC”) on Form 8-K as well as its Annual Report for the year ended December 31, 2019.

Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements can be identified by the fact that they do not relate strictly to historical or current facts. We have based these forward-looking statements, including statements regarding the potential effects of the COVID-19 pandemic on the Company’s business, results of operations, or financial condition and our expectations regarding our liquidity position and continued compliance with the terms of the Company’s credit facility, on our current expectations about future events. These forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, intentions, financial condition, results of operations, future performance, and business, including, but not limited to, the potential benefits of the Combination, the impacts on our business as a result of the COVID-19 pandemic, our current and future results and plans and statements that include the words “may,” “could,” “should,” “would,” “believe,” “expect,” “anticipate,” “estimate,” “intend,” “plan” or similar expressions. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected in such statements. A major risk is that demand for the Company’s products and services is largely derived from the demand for its customers’ products, which subjects the Company to uncertainties related to downturns in a customer’s business and unanticipated customer production shutdowns. Other major risks and uncertainties include, but are not limited to, the primary and secondary impacts of the COVID-19 pandemic, including actions taken in response to the pandemic by various governments, which could exacerbate some or all of the other risks and uncertainties faced by the Company, including the potential for significant increases in raw material costs, customer financial stability, worldwide economic and political conditions, foreign currency fluctuations, significant changes in applicable tax rates and regulations, future terrorist attacks and other acts of violence. Furthermore, the Company is subject to the same business cycles as those experienced by steel, automobile, aircraft, industrial equipment, and durable goods manufacturers. The ultimate significance of COVID-19 on our business will depend on, among other things, the extent and duration of the pandemic, the severity of the disease and the number of people infected with the virus, the effects on the economy by the pandemic, including the resulting market volatility, and by the measures taken by governmental authorities and other third parties restricting day-to-day life and the length of time that such measures remain in place, and governmental programs implemented to assist businesses impacted by the COVID-19 pandemic. Other factors could also adversely affect us, including those related to the Combination and other acquisitions and the integration of the combined company as well as other acquired businesses. Our forward-looking statements are subject to risks, uncertainties and assumptions about the Company and its operations that are subject to change based on various important factors, some of which are beyond our control. These risks, uncertainties, and possible inaccurate assumptions relevant to the Company’s business could cause its actual results to differ materially from expected and historical results. All forward-looking statements included in this presentation, including expectations about the improvements in business conditions in the second half of 2020 and into 2021, are based upon information available to the Company as of the date of this presentation, which may change. Therefore, we caution you not to place undue reliance on our forward-looking statements. For more information regarding these risks and uncertainties as well as certain additional risks that we face, you should refer to the Risk Factors detailed in Item 1A of our Annual Report for the year ended December 31, 2019, in Item 1A of our Quarterly Report on Form 10-Q for the period ended March 31, 2020, and in our quarterly and other reports filed from time to time with the SEC. We do not intend to, and we disclaim any duty or obligation to, update or revise any forward-looking statements to reflect new information or future events or for any other reason. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995.



Quaker Houghton.

Combination of **Two** Iconic Companies
Specializing in
Industrial Process Fluids.



Quaker Chemical 1918
Houghton International 1865
Headquartered in PA



15k

customers



4k

colleagues



\$1.6b

2019 Pro Forma
Sales



115

countries served around
the world



34

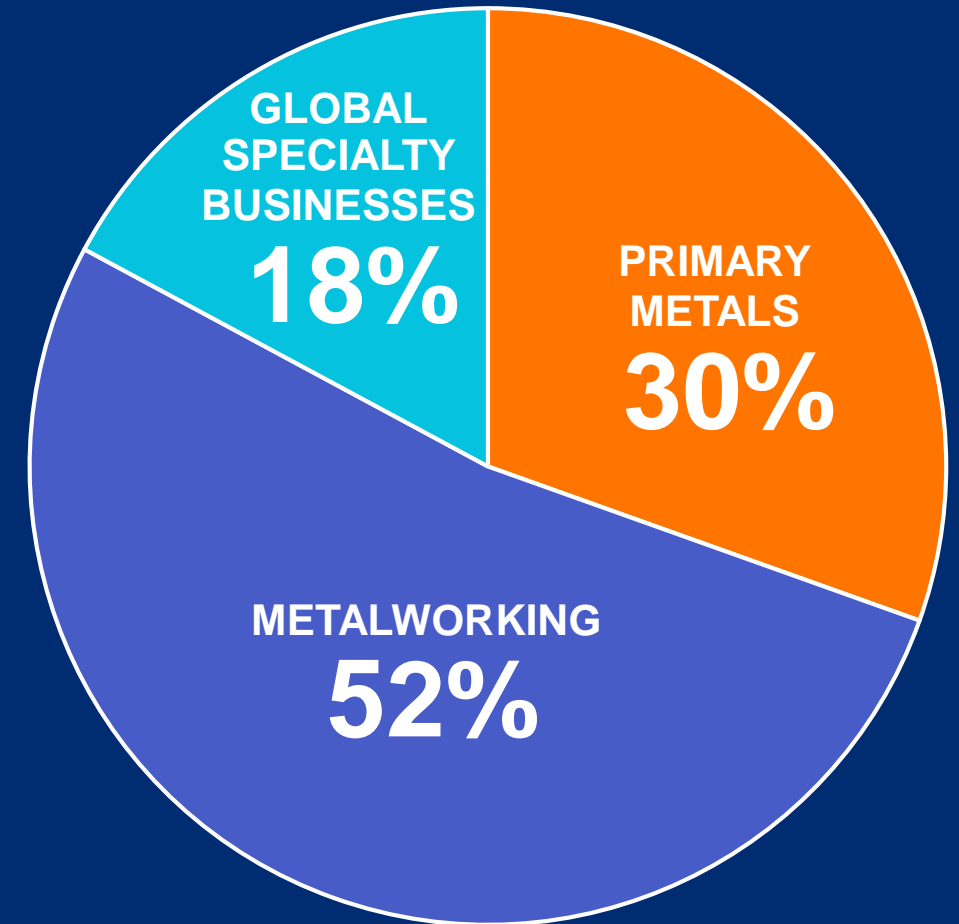
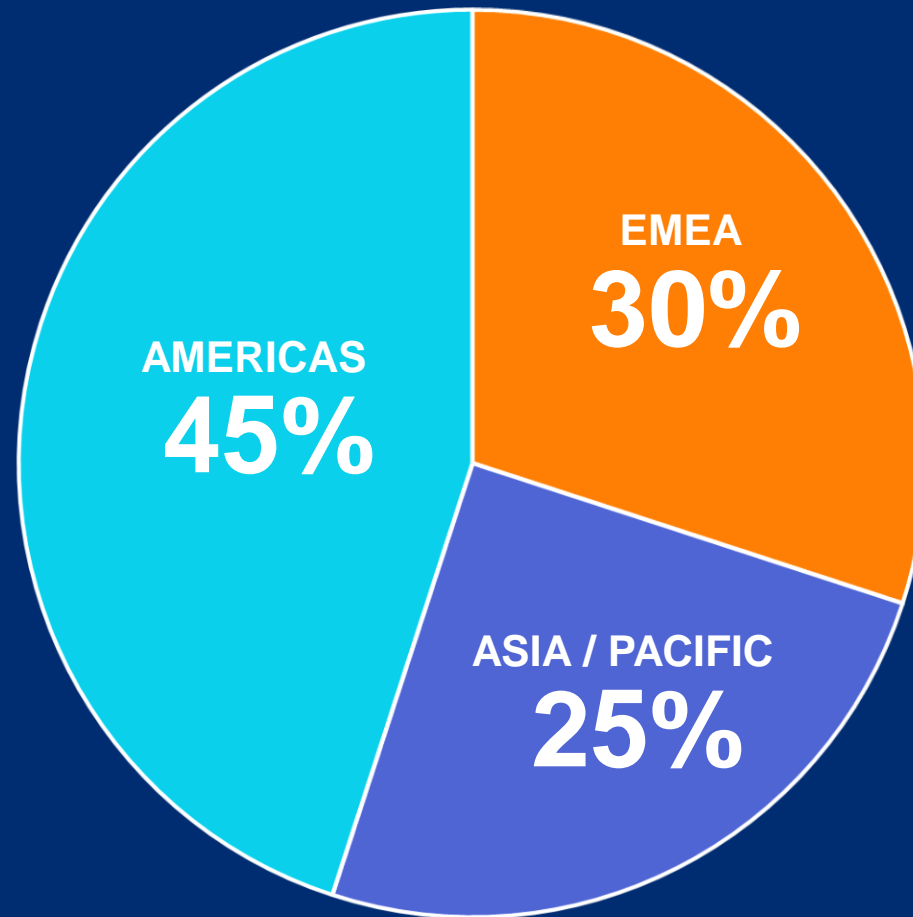
manufacturing
locations

Strategic Rationale for Combination – Exceeding My Expectations!

Observations	Strategic Rationale
<ul style="list-style-type: none"> • Best in the business talent • Hard to tell legacy Q from legacy H 	 <ul style="list-style-type: none"> ✓ Strong Talent and Cultural Fit
<ul style="list-style-type: none"> • Market leader solely focused on our space • More resources to deploy for customer service, innovation/R&D, customer solutions 	 <ul style="list-style-type: none"> ✓ Increases Size and Scale
<ul style="list-style-type: none"> • Cross-selling “playbook” activated with early wins • Norman Hay leverages new customer solutions capabilities 	 <ul style="list-style-type: none"> ✓ Accelerates Growth Opportunities
<ul style="list-style-type: none"> • Broader and deeper product portfolio yields more opportunities for innovation • Ability to leverage different approaches, equipment and customer connections to drive solutions 	 <ul style="list-style-type: none"> ✓ Enhances R&D Capabilities
<ul style="list-style-type: none"> • End state cost synergies recently updated to \$75 million from original \$60 million estimate 	 <ul style="list-style-type: none"> ✓ Achieves Significant Cost Synergies

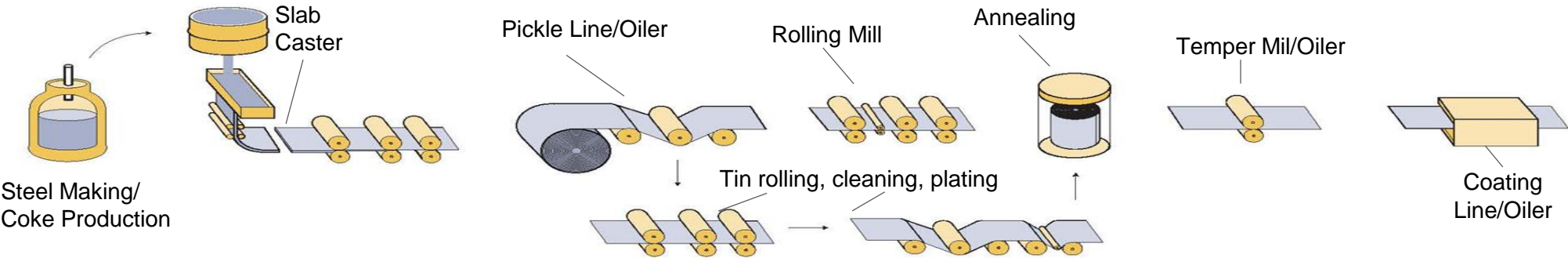
Quaker Houghton: Leading Global Supplier of Industrial Process Fluids with 2019 Pro Forma Net Sales ~ \$1.6B

Geographic and Product Snapshot

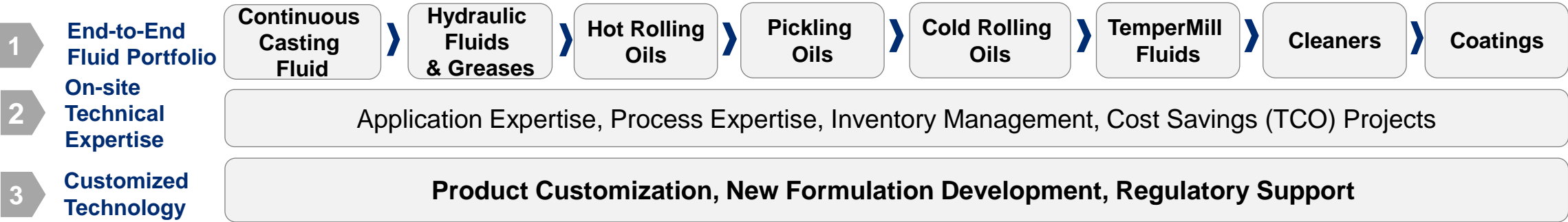


Quaker Houghton: Value Proposition for Primary Metals

Sheet Metal Production Process



QH Value Proposition



Customer Benefits \$\$\$



Quaker Houghton: Value Proposition for Metalworking

Business Segments



Metal Working Processes



QH Value Proposition

- 1 **Expanded Product Portfolio:** Offering for entire metalworking fluid lifecycle
- 2 **FluidCare (On-Site Support):** Application, Inventory and Chemical Management, Training, Cost Savings (TCO) Projects
- 3 **Innovation and Application Expertise:** New Product Development, Product and Formulation Customization
- 4 **Fluid Intelligent Solutions:** Data, Equipment and Engineering

Customer Benefits \$\$\$

Sustainable Cost Reductions



Product Surface Improvements



Equipment & Tool-life Improvement



Increased Throughput & Utilization

Outperformance Powered by Distinctive Customer Intimacy Model



Proven Executive Leadership Team

Business Leaders



Michael Barry –
Chairman,
Chief Executive
Officer
& President



Jeewat Bijlani –
SVP, Managing
Director – Americas



Dieter Laininger –
SVP, Managing
Director – APAC



Adrian Steeples –
SVP, Managing
Director – EMEA



Joseph Berquist –
SVP, Global Specialty
Businesses & Chief
Strategy Officer

Global Functional Leaders



Mary Dean Hall –
SVP, CFO & Treasurer



Kym Johnson –
SVP, CHRO



Robert T. Traub –
SVP, General Counsel
& Corporate Secretary



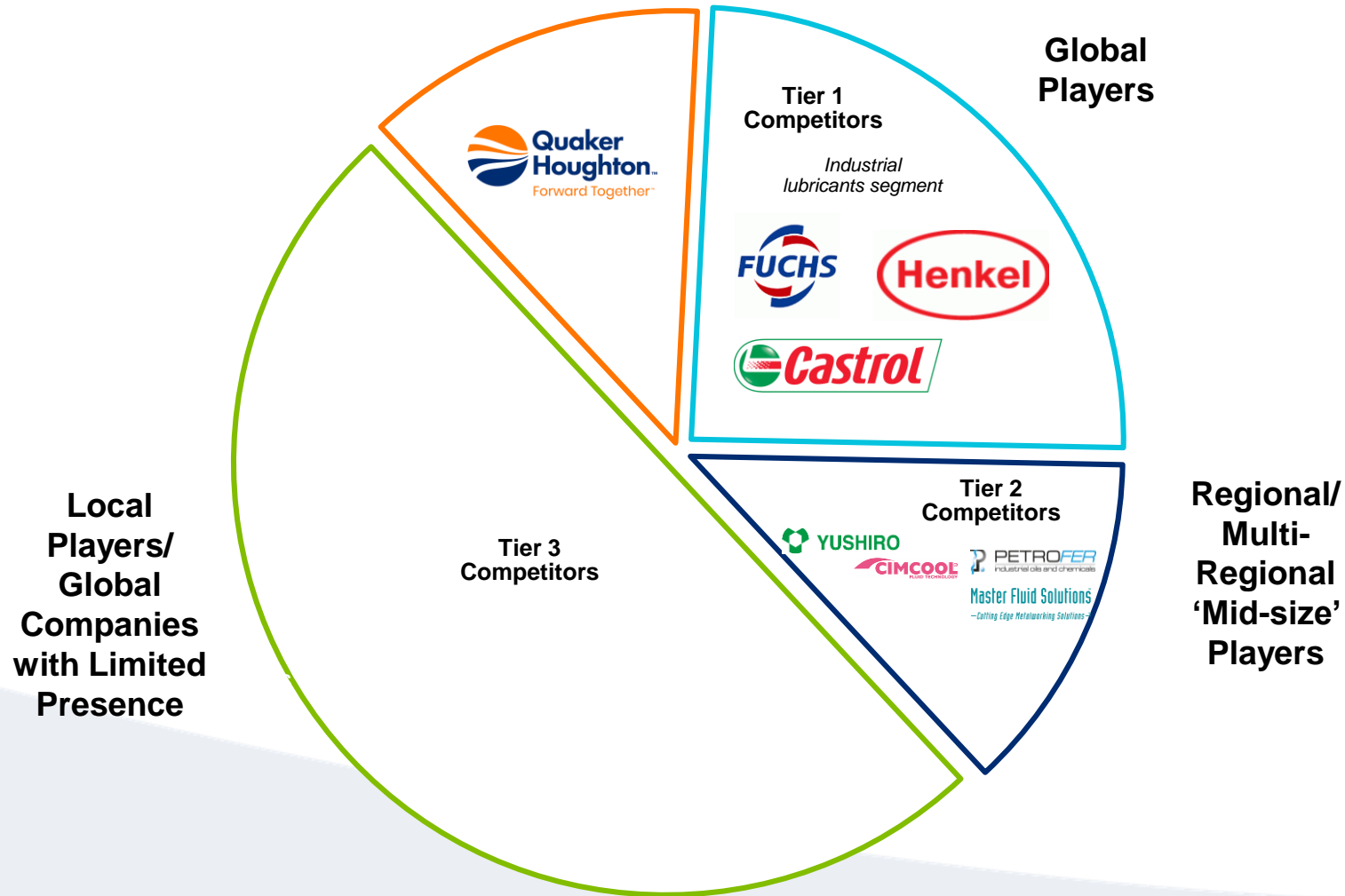
Wilbert Platzer –
SVP, Global Operations,
EHS & Procurement




































Dr. Dave Slinkman –
SVP, Chief Technology
Officer


Competitive Landscape: Only Global Pure Play in Our Addressable Markets

~\$12.6B Addressable Market



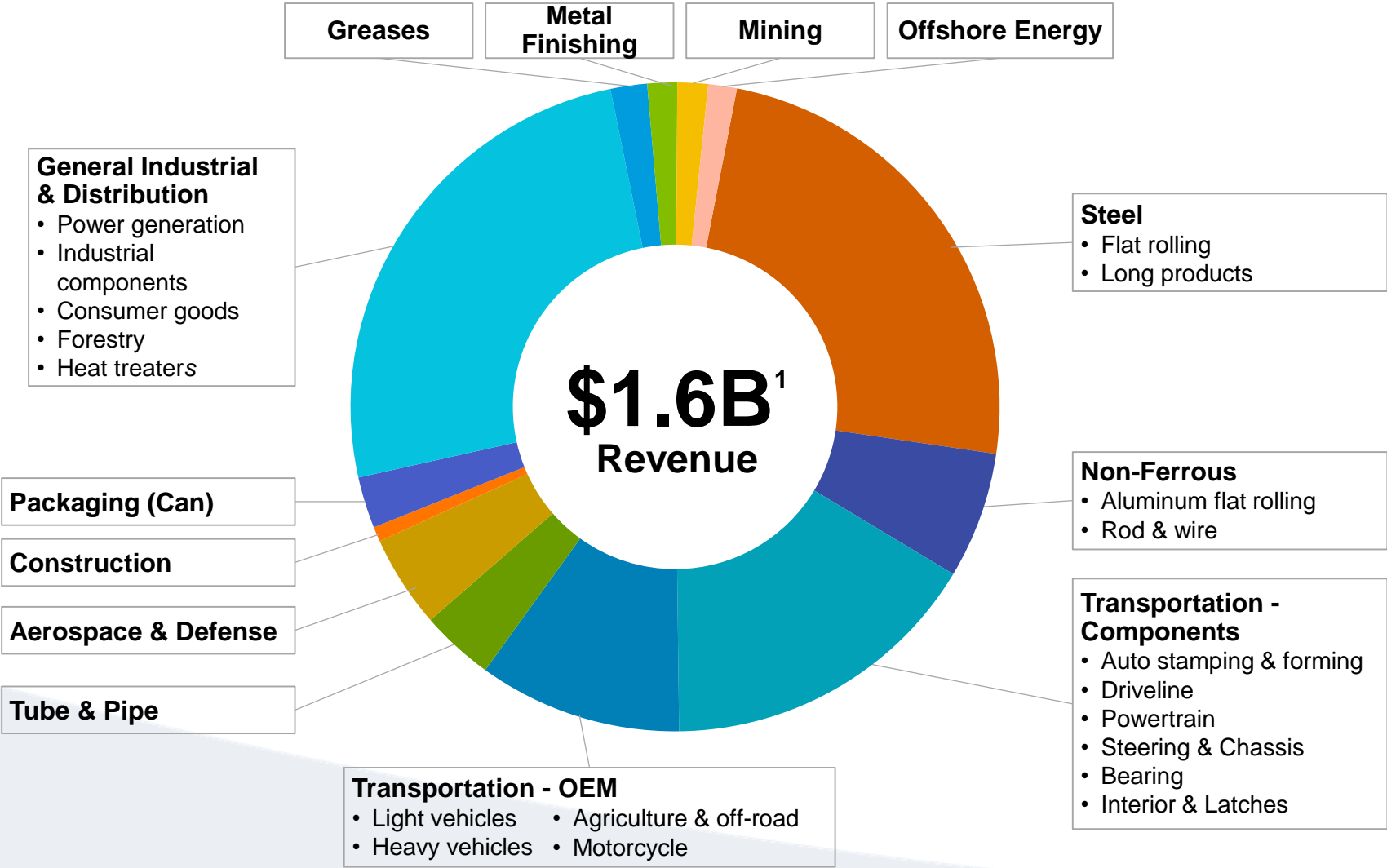
Differentiated from Competitors by Scale, Focus and Solution Offering

		Tier 1 Competitors	Tier 2 Competitors	Tier 3 Competitors	
		  	   	Small, Local Player	Diversified Chemical Companies
Scale and Global Reach					
Tight Strategic Focus					
Portfolio Breadth and Depth					
Industry Talent and Expertise					
Service Capabilities: Fluidcare® & Solutions					

 Advantage
  Neutral / Average
  Potential Disadvantage
Industrial Processing Fluid Market Perspective

Diversified End Markets

QH Continues to Expand Addressable Markets



Note: 1. Based on 2019 Pro Forma Net Sales as of December 31, 2019 plus an additional ~\$60 million in Net Sales due to the acquisition of Norman Hay.

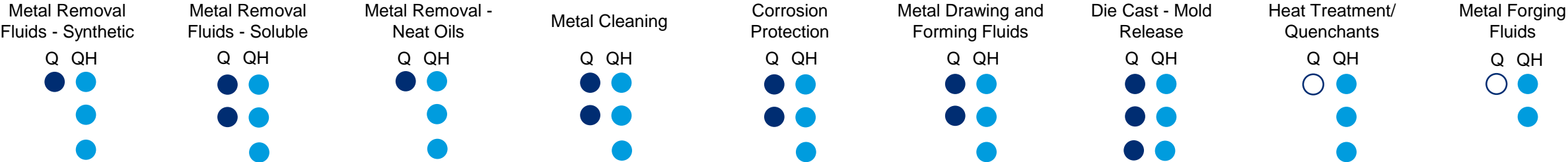
~13% Market Share in \$12.6B Addressable Market

Significant Opportunities to Grow

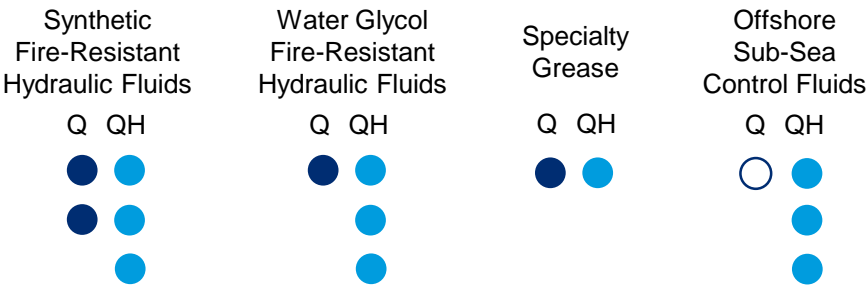
~\$12.6B Addressable Market		QH Market Share ²	Strategic Segments
PRIMARY METALS	\$1.4B	~38%	<ul style="list-style-type: none"> • Steel • Non-Ferrous
METALWORKING Mid-large size customers	\$3.7B	~13%	<ul style="list-style-type: none"> • Transportation – OEM • Transportation – Components • Aerospace & Defense • Tube & Pipe
METALWORKING Small-mid size customers	\$5.4B	~7%	<ul style="list-style-type: none"> • General Industrial • Indirect Channel
GLOBAL SPECIALTY BUSINESSES	\$2.1B ¹	~13%	<ul style="list-style-type: none"> • Global Specialty Segment

Stronger Product Portfolio: Broader and Deeper

Metalworking



Industrial



Metals



Product Portfolio Strength and Breadth

● ● ● High ● ● Medium ● Low ○ No Presence

Quaker Houghton is the Industry's R&D Leader

Combined
\$200 million
spent in past 5 years
on R&D

320+ R&D staff
in 16 countries

Centers of Innovation
and Regional Labs
in Asia, Europe
and the U.S.

- R&D Technology Center
- ★ Center of Innovation (COI)
 - ★ COI Primary Metals
 - ★ COI Global Metalworking
 - ★ COI Surface Chemistry

Combined R&D Organizations Create Unique Capabilities

QUAKER

- Strong analytical capabilities in U.S. and China
- Deep research in Global Metalworking and Steel Rolling Groups
- Investment in application of customer simulation
- Active Safety Program

HOUGHTON

- Strong analytical capabilities in Europe
- Investment in lab bench tribology and emulsion equipment
- Vitality focus
- Focus on Industry 4.0

- **Accelerated** innovation speed + **Faster** speed to market
- **Complete** customer solutions
- **Enhanced** customer intimacy
- **Deeper** analytical capabilities
- **Experience** to address regulatory compliance

Well-Positioned to Address Market Trends

TECHNOLOGY ADVANCEMENT

ELECTRIC VEHICLES



INDUSTRY 4.0



NEW MATERIALS / ADDITIVE MFG



CLIMATE CHANGE / SUSTAINABILITY

LIGHT-WEIGHTING



TIGHTENING REGULATORY ENVIRONMENT



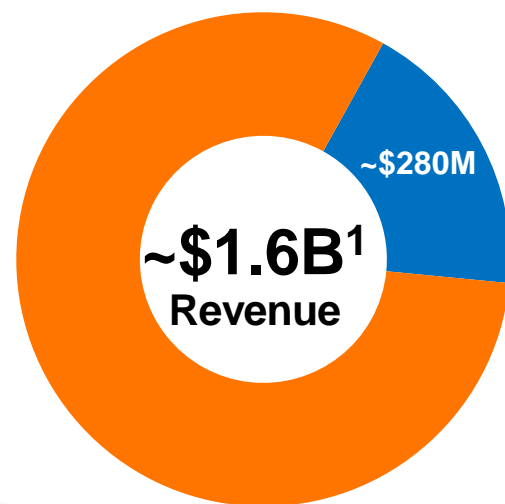
GREEN CHEMISTRY INITIATIVES



Moderate Sales Impact from Growing EV Penetration Over Next Ten Years

Potential Opportunities in EV can Help Offset Impact

~17% of current sales directly related to auto engines, transmissions and drivetrains



Sales related to Automotive Engine & Transmission and Drivetrain

Limited impact from higher EV penetration

Quaker Houghton has no exposure to engine oils and transmission fluids

Estimated impact on QH sales growth given EV's market penetration

Impact of EV on Total QH sales growth²

	'19-25	'25-30
Moderate Case	+0.3%	-0.3%
Aggressive Case	0%	-0.5%

Potential gains to offset impact from EV in scenario

- New process fluid applications required for BEV will bolster growth in other product segments:
 - Die casting
 - Aluminum rod and wire
 - Hot aluminum forming
 - Specialty grease
 - Advanced High Strength Steels
- Infrastructure spending to fully realize EV expansion (charging stations, power grid)
- Fleet replacement could accelerate auto production rates through 2030

Data and Equipment Solutions: Complement Existing Product Portfolio

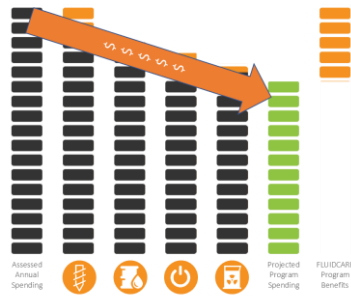
Growing Pipeline of Customer
Opportunities and Interest



A Win-Win Partnership: Quaker Houghton and Customer



CUSTOMER BENEFIT



- ➔ Sustainable OPEX and Process Improvements

CUSTOMER BENEFIT



- ➔ Training and Onsite Support
- ➔ Fluid Intelligence Academy

CUSTOMER BENEFIT



- ➔ Innovative Solutions

QUAKER HOUGHTON BENEFIT

- ➔ Customer For Life
- ➔ Profitable Growth and Margins
- ➔ Competitive Differentiation
- ➔ Increasing Barriers to Entry

Our Plan to Grow

▶ Mid-teens **market share** allows plenty of **room to grow**

▶ Combination provides unique opportunities to **cross-sell** products to **expanded customer base** and **end markets**

▶ Well positioned to take advantage of macro trends like **electrification, digitization**, and an expected **increased regulatory environment**

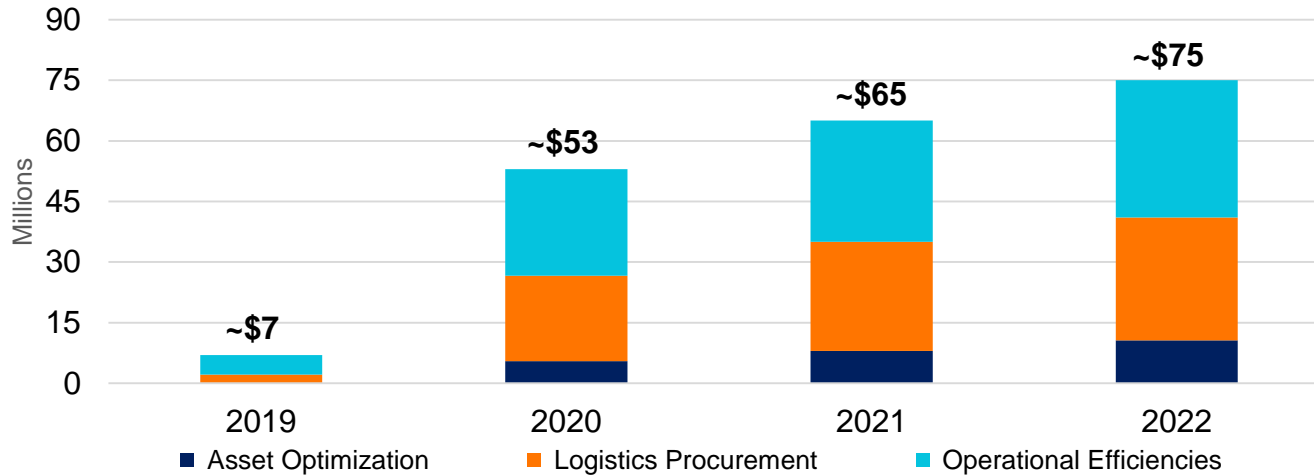
▶ We are in **markets** that are expected to **grow at a rate of 1-3%** over time

▶ Differentiated **customer intimate** business model will enable **share gains above market at 2-4%** into the future

▶ Continue to pursue strategic **acquisitions**

Realizing Significant Cost Synergies

Estimated Synergy Realization Timing



Recent Synergy Updates

- Synergies of ~\$53 million in 2020 (up from \$35 million); ~\$65 million in 2021 (up from \$50 million) and ~\$75 million in 2022 (up from \$60 million)
- At the end of the first quarter of 2020, the Company estimates it has realized ~ \$17 million of cumulative synergies

Sources of Synergy

Asset Optimization (~15%)

- Manufacturing footprint optimization
- Optimize IT platforms

Logistics & Procurement (~40%)

- Raw material purchasing
- Freight / warehousing
- Ester production

Operational Efficiencies (~45%)

- Organizational redundancies
- Non-labor cost savings

Balanced Capital Allocation Strategy

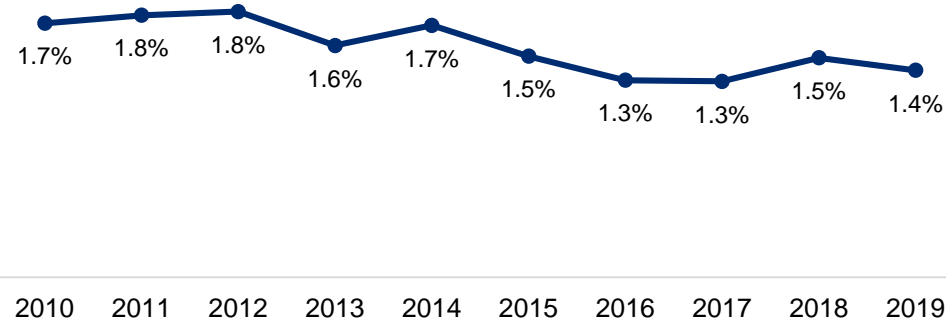
Supported by Strong Free Cash Flow with adjustments for COVID-19

Capital Structure	Net Leverage Target $\leq 2.5x$	Post COVID-19 focus on reducing leverage while maintaining strong liquidity and compliance with bank covenants
Capex	Houghton Integration	Post COVID-19 reduction in capex to low \$20's mm vs previous ~\$35 mm estimate for 2020; preserves integration related capex
	Long-term	~1.5% of sales after integration plan completed in ~ two years
Return to Shareholders	Dividends	Maintain/increase dividends consistent with Quaker's practice over 48 years
	Share Repurchase	Return excess cash to shareholders through opportunistic buybacks
Acquisitions	Support Growth Strategy	Bolt-ons will support core growth near term; larger opportunities considered post leverage reduction in ~ two years

Capital Allocation will Remain Disciplined and Balanced

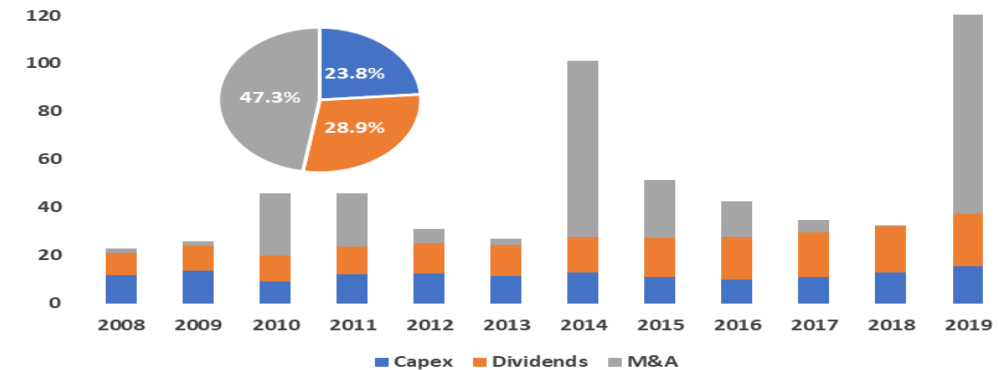
Asset-lite footprint enhances cash flow

Capex as % of Sales

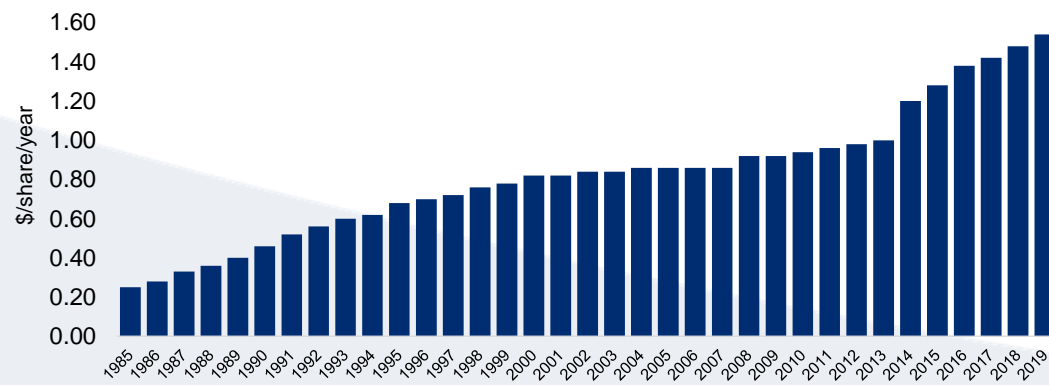


Balanced across categories

Capital Allocation History (\$MM)



Long-standing commitment to dividends



COVID 19 Liquidity Notes

- In past downturns, when sales volumes declined significantly, operating cash flow improved due to reduced working capital requirements
- Significant efforts to enhance 2020 cashflow to promote liquidity and covenant flexibility
- The Company does not expect any significant cash burn during 2020



- Capital Allocation History (\$MM) chart above excludes the cash consideration paid (\$797.6MM) for Houghton in 2019

Success: What Does it Look Like?

We are highly confident in our ability to deliver our Integration Plan

1

We will have industry leading safety performance

2

We will have retained our customers

3

We will have achieved our targets and increased Adjusted EBITDA margin by ~4% pts

4

We will be growing above the market by 2 to 4%

5

We will have reduced our debt to targeted level of $\leq 2.5x$ net debt to Adjusted EBITDA

6

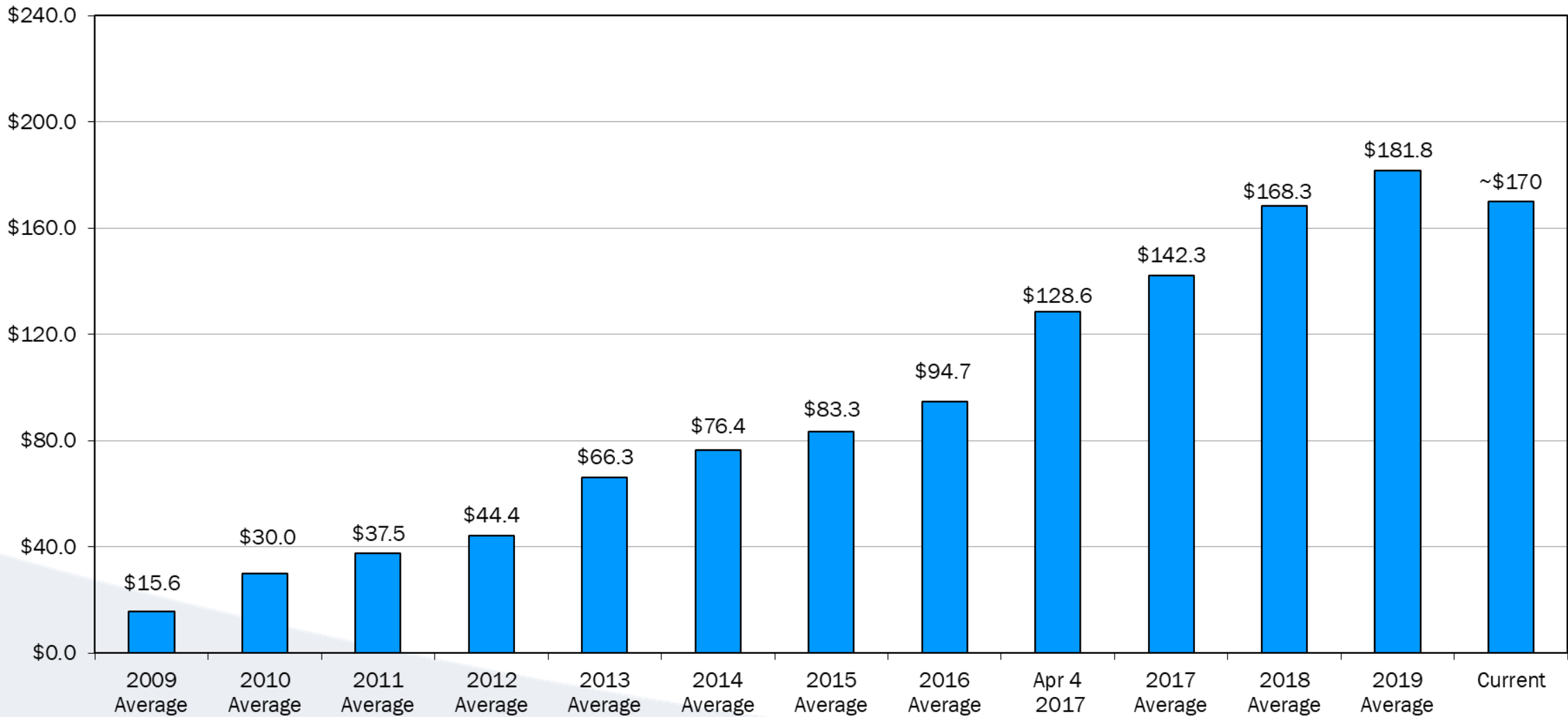
We will have made at least one acquisition and be positioned for more

7

We will have an engaged and happy workforce

Creating Shareholder Value Is Our Priority

Share Price \$



Appendix



Note to Forward Looking Statements and Non-GAAP Reconciliations

As it relates to certain non-GAAP and forward looking statements including, but not limited to, the full year expected results for the Company's acquisition of the operating divisions of Norman Hay plc, as well as the Company's forward looking calculations for potential 2022 and 2027 results, and the forward looking calculations of Adjusted EBITDA compared to net debt, the Company has not provided guidance for GAAP measures or a quantitative reconciliation of forward-looking non-GAAP financial measures to the most directly comparable U.S. GAAP measure because it is unable to predict with reasonable certainty the ultimate outcome of certain significant items necessary to calculate such measures without unreasonable effort.

These items include, but are not limited to, certain non-recurring or non-core items the Company may record that could materially impact net income, such as Combination and other acquisition-related expenses and restructuring expenses, as well as income taxes. These items are uncertain, depend on various factors, and could have a material impact on the U.S. GAAP reported results for the guidance period.

Full Year 2019 Pro Forma Reconciliations

(dollars in millions)

	YTD December 2019				
	As Reported	Houghton	Divestitures	Other (a)	Pro Forma*
Net Sales	\$ 1,134	\$ 475	\$ (34)	\$ (13)	\$1,562
Net Income Attributable to Quaker Houghton	\$ 32	\$ (3)	\$ (6)	\$ 10	\$ 33
Depreciation and Amortization	45	31	-	3	77
Interest Expense, Net	17	33	-	(15)	35
Taxes on Income (b)	2	(1)	(2)	3	2
EBITDA*	96	60	(8)	1	148
Fair Value Step Up of Houghton and Norman Hay Inventory Sold	12	-	-	-	12
Combination and Other Acquisition-Related Expenses	35	44	-	-	80
Restructuring Expenses	27	-	-	-	27
Gain on Sale of Divested Assets	-	(35)	-	-	(35)
Other Addbacks (c)	3	(0)	-	-	3
Adjusted EBITDA*	\$ 173	\$ 68	\$ (8)	\$ 1	\$ 234
Adjusted EBITDA Margin* (%)	15%	14%	24%	-4%	15%

*Certain amounts may not calculate due to round, including EBITDA, Adjusted EBITDA, Adjusted EBITDA margin (%) as well as the total pro forma financial results presented for combined Quaker Houghton.

(a) Other includes: (i) estimated increases to depreciation and amortization due to purchase accounting fair value adjustments; (ii) a reduction of interest expense based on the average borrowings of the period plus the purchase consideration under the Quaker Houghton facility estimated interest rates; (iii) adoption of required accounting guidance and alignment of related accounting policies; and (iv) elimination of transactions between Quaker and Houghton.

(b) Taxes on income related to both Divestitures and Other reflect each tax effected at the U.S. federal tax rate of 21%.

(c) Other addbacks include equity income in a captive insurance company; pension and postretirement benefit costs, non-service components; customer bankruptcy costs; insurance insolvency recoveries; and currency conversion impacts on hyper-inflationary economies