



Quaker Chemical Announces Record Quarterly Sales and Increased Earnings

October 30, 2002

CONSHOHOCKEN, Pa., Oct 30, 2002 /PRNewswire-FirstCall via COMTEX/ -- Quaker Chemical Corporation (NYSE: KWR) today announced that net sales for the third quarter of 2002, ended September 30, 2002, were a record high \$72.7 million versus \$63.5 million for the third quarter of 2001, an increase of over 14%. Earnings for the quarter were \$4.3 million or \$0.45 per diluted share, which represents a 29% improvement over earnings for the second quarter of 2002 of \$0.35 per diluted share. Reported earnings in the third quarter of 2001 of \$0.12 per diluted share were negatively impacted by special charges of \$3.7 million or \$0.28 per diluted share, consisting of restructuring and nonrecurring expenses as well as an additional reserve for doubtful accounts. Excluding these 2001 special charges, earnings for the third quarter of 2002 were 12% higher than the third quarter of 2001.

Sales for the quarter were aided by the Company's acquisition earlier this year of United Lubricants, Epmar, and a controlling interest in its South Africa joint venture. Excluding the impact of these acquisitions, net sales would have been \$66.1 million or 4% above the prior year. SG&A expenses in the third quarter increased primarily due to the noted acquisitions, as well as higher pension, insurance, and other administrative costs.

Earnings for the first nine months of 2002 were \$9.9 million or \$1.05 per diluted share. During the first nine months of 2001, earnings were \$9.2 million or \$1.02 per diluted share and \$1.30 per diluted share excluding the special charges. Net sales for the first nine months of 2002 were \$202.1 million versus \$192.8 million for the same period a year ago. Excluding revenue from the acquisitions made in 2002, net sales for the first nine months would have been \$188.8 million.

Ronald J. Naples, Chairman and Chief Executive Officer, stated, "We continue to perform as expected in 2002 by showing sequential quarterly progress. Through this third quarter, our business activity level has grown each quarter with improvement in all regions except South America. In addition, our recent acquisitions continue to perform well and have been slightly accretive to the bottom line."

Mr. Naples continued, "As we enter the fourth quarter, we do see some challenges in our operating environment. Raw material prices are starting to rise, and the global economic, and in some cases, political, environment causes demand uncertainty looking forward. Certain industry segments (e.g., aerospace) and regions (e.g., South America) are surely under some pressure. However, we have made progress with our penetration into our core steel and metalworking markets, and we continue to expect market share increases from these segments. We are convinced that our key strategic imperatives of selling value rather than simply fluids, operating as a globally-integrated enterprise, and harnessing our global knowledge will continue to increase our differentiation from our competitors. Although there is less visibility ahead than we would like, we expect fourth quarter earnings to be similar to the third quarter. This provides the prospect of a slight increase in full year earnings over the 2001 operating earnings level of \$1.49 per diluted share (excluding special charges)."

Quaker Chemical Corporation, headquartered in Conshohocken, Pennsylvania, is a worldwide developer, producer, and marketer of custom-formulated chemical specialty products and a provider of chemical management services for manufacturers around the globe, primarily in the steel and automotive industries.

This release contains forward-looking statements that are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected in such statements. Such risks and uncertainties include, but are not limited to, further downturns in our customers' businesses, significant increases in raw material costs, worldwide economic and political conditions, foreign currency fluctuations, and future terrorist attacks such as those that occurred on September 11, 2001.

As previously announced, Quaker Chemical's investor conference to discuss third quarter earnings results is scheduled for October 31, 2002, at 2:30 p.m. (ET). Access the conference by calling 800-922-0755 or visit Quaker's Web site at www.quakerchem.com for a live webcast.

Quaker Chemical Corporation

Condensed Consolidated Statement of Income
For the period ended September 30,

	Unaudited			
	Dollars in thousands except per share data			
	Third Quarter		Nine Months	
	2002	2001	2002	2001
Net Sales	\$72,693	\$63,514	\$202,077	\$192,802
Cost of goods sold	43,294	38,371	119,359	114,752
Gross Margin	29,399	25,143	82,718	78,050
%	40.4%	39.6%	40.9%	40.5%

Selling, general and administrative expenses	22,697	19,065	66,000	58,914
Restructuring and nonrecurring expenses	-	3,225	-	3,225
Operating Income	6,702	2,853	16,718	15,911
%	9.2%	4.5%	8.3%	8.3%
Other income (expense), net	942	(469)	1,194	690
Interest expense, net	(469)	(205)	(747)	(719)
Income before taxes	7,175	2,179	17,165	15,882
Taxes on income	2,296	675	5,493	4,923
	4,879	1,504	11,672	10,959
Equity in net income of associated companies	130	244	314	740
Minority interest in net income of subsidiaries	(720)	(632)	(2,103)	(2,456)
Net income	\$4,289	\$1,116	\$9,883	\$9,243
%	5.9%	1.8%	4.9%	4.8%
Per Share Data:				
Net income - basic	\$0.47	\$0.12	\$1.08	\$1.02
Net income - diluted	\$0.45	\$0.12	\$1.05	\$1.02
Shares Outstanding:				
Basic	9,222,050	9,115,591	9,149,337	9,028,096
Diluted	9,453,208	9,174,754	9,433,279	9,088,547
Other Information:				
Depreciation and Amortization	\$1,495	\$1,534 A	\$4,147	\$4,640

A: Upon adopting SFAS No. 142, "Goodwill and Other Intangible Assets," effective January 1, 2002, the Company no longer amortizes goodwill. The Company recorded goodwill amortization of \$243 or \$0.02 per diluted share and \$760 or \$0.06 per diluted share for the three and nine months ended September 30, 2001, respectively.

SOURCE Quaker Chemical Corporation

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