UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

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

August 3, 2021
Date of Report (Date of earliest event reported)

QUAKER CHEMICAL CORPORATION

(Exact name of registrant as specified in its charter)

Commission File Number 001-12019

PENNSYLVANIA (State or other jurisdiction of incorporation)	**No. 23-0993790** (I.R.S. Employer Identification No.)

901 E. Hector Street
Conshohocken, Pennsylvania 19428
(Address of principal executive offices)
(Zip Code)

(610) 832-4000
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $1 par value	KWR	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

INFORMATION TO BE INCLUDED IN THE REPORT

Item 2.02. Results of Operations and Financial Condition.

On August 3, 2021, Quaker Chemical Corporation announced its results of operations for the second quarter ended June 30, 2021 in a press release, the text of which is included as Exhibit 99.1 hereto. Supplemental information related to the same periods is also included as Exhibit 99.2 hereto.

Item 9.01. Financial Statements and Exhibits.

The following exhibits are included as part of this report:

Exhibit No.	Description
99.1	Press Release of Quaker Chemical Corporation dated August 3, 2021 (furnished herewith).
99.2	Supplemental Information related to the second quarter ended June 30, 2021 (furnished herewith).
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

QUAKER CHEMICAL CORPORATION

Date: August 3, 2021

By: /s/ SHANE W. HOSTETTER

Shane W. Hostetter

Senior Vice President, Chief Financial Officer

Exhibit 99.1

NEWS
Contact:
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For Release: Immediate

QUAKER HOUGHTON ANNOUNCES SECOND QUARTER 2021 RESULTS

- Record net sales of $435.3 million increased 52% compared to the second quarter of 2020 and up 1% sequentially compared to the first quarter of 2021
- Gross margin of 35.5% improved from the second quarter of 2020 but as expected declined sequentially compared to the first quarter of 2021
- Reported net income of $33.6 million and earnings per diluted share of $1.88 and non-GAAP net income of $32.4 million and non-GAAP earnings per diluted share of $1.82
- Adjusted EBITDA of $70.1 million increased 118% compared to the second quarter of 2020
- Record trailing twelve month adjusted EBITDA of $277 million drives a reduction in net debt to trailing twelve months adjusted EBITDA of 2.7 to 1

August 3, 2021

CONSHOHOCKEN, PA – Quaker Houghton ("the Company") (NYSE: KWR), the global leader in industrial process fluids, today announced its second quarter of 2021 results.

	Three Months Ended June 30,		Six Months Ended June 30,	
($ in millions, except per share data)	**2021**	**2020**	**2021**	**2020**
Net sales	$ 435.3	$ 286.0	$ 865.0	$ 664.6
Net income (loss) attributable to Quaker Chemical Corporation	33.6	(7.7)	72.2	(36.1)
Earnings (loss) per diluted share attributable to Quaker Chemical Corporation	1.88	(0.43)	4.03	(2.03)
Non-GAAP net income *	32.4	3.7	70.4	28.2
Non-GAAP earnings per diluted share *	1.82	0.21	3.93	1.59
Adjusted EBITDA *	70.1	32.1	147.2	92.5

** Refer to the Non-GAAP Measures and Reconciliations section below for additional information*

Second Quarter of 2021 Consolidated Results

Second quarter of 2021 net sales of $435.3 million increased 52% compared to $286.0 million in the prior year quarter primarily due to higher volumes of 40%, which includes additional net sales from acquisitions of 5%, the positive impact from foreign currency translation of 8% as well as increases from selling price and product mix of approximately 4%. The significant increase in sales volumes compared to the second quarter of 2020 was primarily a result of the prior year quarter being the most severely impacted by COVID-19 globally as well as the continued improvement in end market conditions and continued market share gains realized in the current quarter.

The Company had net income in the second quarter of 2021 of $33.6 million or $1.88 per diluted share, compared to a second quarter of 2020 net loss of $7.7 million or $0.43 per diluted share. The current quarter net income includes a non-recurring amount related to certain non-income tax credits recorded by the Company's Brazilian subsidiaries. The prior year second quarter net loss was primarily driven by the negative impact of the COVID-19 pandemic on the Company. Excluding the Brazil non-income tax credits as well as costs associated with the combination with Houghton International, Inc. (the "Combination") and other non-core or non-recurring items in each period, the Company's second quarter of 2021 non-GAAP earnings per diluted share was $1.82 compared to $0.21 in the prior year second quarter. The Company's current quarter adjusted EBITDA of $70.1 million increased 118% compared to $32.1 million in the second quarter of 2020 primarily due to the significant increase in net sales quarter-over-quarter as well as higher realized cost synergies from the Combination, partially offset by higher raw material costs incurred in the current quarter. While the Company's current quarter gross margin of 35.5% did improve compared to the prior year second quarter, this was primarily driven by the prior year negative impact of significantly lower volumes and the related impact from fixed manufacturing costs. The Company's current quarter gross margin declined sequentially compared to 36.3% in the first quarter of 2021 due to raw material cost increases and global supply chain and logistics pressures. The Company estimates that it realized cost synergies associated with the Combination of approximately $18.5 million during the second quarter of 2021 compared to approximately $12 million during the second quarter of 2020.

Michael F. Barry, Chairman, Chief Executive Officer and President, commented, “We had a strong second quarter despite unprecedented increases in raw material costs and supply chain issues. Strong demand continues to be the major contributor to our earnings performance as sales volumes increased 4% from the fourth quarter of 2020; although volumes did decline 3% sequentially from the first quarter which was unusually strong due to some customer replenishment in their supply chains. We continued to see strong market share gains in the quarter as our net sales benefited 4% compared to the prior year from new business wins. The major negative trend in the quarter was the continued escalation of raw material costs. This negatively impacted our sequential gross margins by 1% as there was a lag between our product price increases and our raw material cost increases.”

Mr. Barry continued, “Looking forward, we expect raw material costs to continue to increase in the third quarter and we are implementing additional price increases to help offset them. Our gross margins for the third quarter are expected to be at or somewhat below our second quarter level before beginning to increase in the fourth quarter. We do expect that we will have a more stable raw material environment in the fourth quarter and will have implemented sufficient price increases during the year to return our product margins to their targeted level as we exit the year. On the sales side, we do expect demand to remain strong, but also to have some headwinds in automotive due to the semiconductor shortage and some seasonality trends which we typically experience in the second half of the year. Overall, we reaffirm our previous floor guidance on full year adjusted EBITDA and believe 2021 will be a very good year for us as we take a step change in our profitability, complete our integration cost synergies, continue to take share in the market place, achieve positive impacts from our recent acquisitions, and get to our targeted leverage ratio.”

Second Quarter of 2021 Segment Results

The Company’s second quarter of 2021 operating performance in each of its four reportable operating segments: (i) Americas; (ii) Europe, Middle East and Africa (“EMEA”); (iii) Asia/Pacific; and (iv) Global Specialty Businesses, reflect similar drivers to that of its consolidated performance.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Net Sales*				
Americas	$ 139.7	$ 80.6	$ 274.5	$ 210.5
EMEA	123.4	77.7	243.3	182.5
Asia/Pacific	91.6	68.4	188.3	142.0
Global Specialty Businesses	80.6	59.3	159.0	129.6
Segment operating earnings*				
Americas	$ 33.6	$ 10.3	$ 65.9	$ 39.5
EMEA	23.4	10.5	48.6	28.8
Asia/Pacific	23.2	19.3	50.7	38.8
Global Specialty Businesses	24.2	16.4	48.4	37.0

** Refer to the Segment Measures and Reconciliations section below for additional information*

All four segments had higher net sales compared to the second quarter of 2020. Each of the segments benefited from higher sales volumes, additional net sales from acquisitions, the positive impact of foreign currency translation and generally from increases in selling price and product mix. Net sales in the Americas and Global Specialty Businesses benefited from additional net sales from Coral while each of the regional segments benefited from additional net sales from the tin-plating solutions business acquired in February 2021. As reported, all of the Company's segment operating earnings were higher compared to the second quarter of 2020 which reflects higher current quarter net sales coupled with a higher gross margin in most segments as compared to the prior year second quarter, partially offset by higher selling, general and administrative expenses ("SG&A") in each segment, which was the result of an increase in direct selling expenses associated with the significant increase in net sales and to a lesser extent the lower levels of prior year SG&A as a result of COVID-19 temporary cost saving measures. Overall, the Company and all of its segments continued to benefit from the global economic recovery from the COVID-19 pandemic as well as the benefits of realized cost savings associated with the Combination.

Cash Flow and Liquidity Highlights

The Company has no material debt maturities until August 1, 2024. As of June 30, 2021, the Company's total gross debt was $904.8 million and its cash on hand was $145.6 million. The Company's net debt was $759.2 million, and its net debt divided by its trailing twelve months adjusted EBITDA was approximately 2.7 to 1 as of June 30, 2021. The Company's consolidated net leverage ratio, as defined under its bank agreement, was approximately 2.5 to 1 as of June 30, 2021 compared to a maximum permitted leverage of 4.0 to 1. Based on current projections of future liquidity and leverage, the Company does not expect any compliance issues with its bank covenants.

The Company had net operating cash flow of $3.0 million during the second quarter of 2021, bringing its year-to-date net operating cash outflow to $9.6 million in the first six months of 2021, as compared to a net operating cash inflow of $44.7 million in the first six months of 2020. The $54.2 million decrease in net operating cash flow year-over-year was primarily driven by a significant change in working capital, as the Company's strong current year net sales and volumes resulted in a large increase in accounts receivable coupled with an increase in inventory as a result of rising raw material costs as well as a build in inventory to ensure the Company has appropriate stock to meet customer demands in anticipation of potential further stress on the global supply chain.

Non-GAAP Measures and Reconciliations

The information included in this press release includes non-GAAP (unaudited) financial information that includes EBITDA, adjusted EBITDA, adjusted EBITDA margin, non-GAAP operating income, non-GAAP operating margin, non-GAAP net income and non-GAAP earnings per diluted share. The Company believes these non-GAAP financial measures provide meaningful supplemental information as they enhance a reader's understanding of the financial performance of the Company, are indicative of future operating performance of the Company, and facilitate a comparison among fiscal periods, as the non-GAAP financial measures exclude items that are not indicative of future operating performance or not considered core to the Company's operations. Non-GAAP results are presented for supplemental informational purposes only and should not be considered a substitute for the financial information presented in accordance with GAAP.

The Company presents EBITDA which is calculated as net income (loss) attributable to the Company before depreciation and amortization, interest expense, net, and taxes on income (loss) before equity in net income of associated companies. The Company also presents adjusted EBITDA which is calculated as EBITDA plus or minus certain items that are not indicative of future operating performance or not considered core to the Company's operations. In addition, the Company presents non-GAAP operating income which is calculated as operating income (loss) plus or minus certain items that are not indicative of future operating performance or not considered core to the Company's operations. Adjusted EBITDA margin and non-GAAP operating margin are calculated as the percentage of adjusted EBITDA and non-GAAP operating income to consolidated net sales, respectively. The Company believes these non-GAAP measures provide transparent and useful information and are widely used by analysts, investors, and competitors in our industry as well as by management in assessing the operating performance of the Company on a consistent basis.

Additionally, the Company presents non-GAAP net income and non-GAAP earnings per diluted share as additional performance measures. Non-GAAP net income is calculated as adjusted EBITDA, defined above, less depreciation and amortization, interest expense, net, and taxes on income before equity in net income of associated companies, in each case adjusted, as applicable, for any depreciation, amortization, interest or tax impacts resulting from the non-core items identified in the reconciliation of net income attributable to the Company to adjusted EBITDA. Non-GAAP earnings per diluted share is calculated as non-GAAP net income per diluted share as accounted for under the "two-class share method." The Company believes that non-GAAP net income and non-GAAP earnings per diluted share provide transparent and useful information and are widely used by analysts, investors, and competitors in our industry as well as by management in assessing the operating performance of the Company on a consistent basis.

As it relates to 2021 projected adjusted EBITDA growth for the Company, including as a result of our recent acquisitions, as well as other forward-looking information described further above, the Company has not provided guidance for comparable 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 determine 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, as well as the impact of COVID-19. 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.

The Company's reference to trailing twelve months adjusted EBITDA within this press release refers to the twelve month period ended June 30, 2021 adjusted EBITDA of $276.6 million, which includes (i) the six months ended June 30, 2021 adjusted EBITDA of $147.2 million, as presented in the non-GAAP reconciliations below, and (ii) the twelve months ended December 31, 2020 adjusted EBITDA of $222.0 million, as presented in the non-GAAP reconciliations included in the Company's fourth quarter and full year 2020 results press release dated February 25, 2021, less (iii) the six months ended June 30, 2020 adjusted EBITDA of approximately $92.5 million, as presented in the non-GAAP reconciliations below.

The following tables reconcile the Company's non-GAAP financial measures (unaudited) to their most directly comparable GAAP (unaudited) financial measures (dollars in thousands unless otherwise noted, except per share amounts):

Non-GAAP Operating Income and Margin Reconciliations

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Operating income (loss)	$ 38,816	$ 2,238	$ 83,710	$ (10,206)
Houghton combination, integration and other acquisition-related expenses (a)	6,784	8,253	13,014	16,529
Restructuring and related charges	298	486	1,473	2,202
Fair value step up of acquired inventory sold	—	226	801	226
CEO transition costs	308	—	812	—
Inactive subsidiary's non-operating litigation costs	242	—	293	—
Customer bankruptcy costs	—	—	—	463
Indefinite-lived intangible asset impairment	—	—	—	38,000
Non-GAAP operating income	$ 46,448	$ 11,203	$ 100,103	$ 47,214
Non-GAAP operating margin (%)	10.7%	3.9%	11.6%	7.1%

EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin and Non-GAAP Net Income Reconciliations

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income (loss) attributable to Quaker Chemical Corporation	$ 33,570	$ (7,735)	$ 72,185	$ (36,116)
Depreciation and amortization (a)(b)	22,344	21,158	44,792	42,742
Interest expense, net	5,618	6,811	11,088	15,272
Taxes on income (loss) before equity in net income of associated companies (c)	15,218	3,222	25,907	(9,848)
EBITDA	$ 76,750	$ 23,456	$ 153,972	$ 12,050
Equity income in a captive insurance company	(883)	(482)	(3,963)	(155)
Houghton combination, integration and other acquisition-related expenses (a)	6,658	7,963	7,085	15,766
Restructuring and related charges	298	486	1,473	2,202
Fair value step up of acquired inventory sold	—	226	801	226
CEO transition costs	308	—	812	—
Inactive subsidiary’s non-operating litigation costs	242	—	293	—
Customer bankruptcy costs	—	—	—	463
Indefinite-lived intangible asset impairment	—	—	—	38,000
Pension and postretirement benefit costs, non-service components	(129)	341	(253)	23,866
Brazilian non-income tax credits	(13,293)	—	(13,293)	—
Currency conversion impacts of hyper-inflationary economies	106	73	278	124
Adjusted EBITDA	$ 70,057	$ 32,063	$ 147,205	$ 92,542
Adjusted EBITDA margin (%)	16.1%	11.2%	17.0%	13.9%
Adjusted EBITDA	$ 70,057	$ 32,063	$ 147,205	$ 92,542
Less: Depreciation and amortization - adjusted (a)(b)	22,218	20,869	44,251	41,980
Less: Interest expense, net	5,618	6,811	11,088	15,272
Less: Taxes on income before equity in net income of associated companies – adjusted (c)	9,773	673	21,512	7,136
Non-GAAP net income	$ 32,448	$ 3,710	$ 70,354	$ 28,154

Non-GAAP Earnings per Diluted Share Reconciliations

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
GAAP earnings (loss) per diluted share attributable to Quaker Chemical Corporation common shareholders	$ 1.88	$ (0.43)	$ 4.03	$ (2.03)
Equity income in a captive insurance company per diluted share	(0.05)	(0.03)	(0.22)	(0.01)
Houghton combination, integration and other acquisition-related expenses per diluted share (a)	0.28	0.37	0.32	0.73
Restructuring and related charges per diluted share	0.02	0.02	0.07	0.09
Fair value step up of acquired inventory sold per diluted share	—	0.01	0.03	0.01
CEO transition costs per diluted share	0.02	—	0.04	—
Inactive subsidiary's non-operating litigation costs per diluted share	0.01	—	0.01	—
Customer bankruptcy costs per diluted share	—	—	—	0.02
Indefinite-lived intangible asset impairment per diluted share	—	—	—	1.65
Pension and postretirement benefit costs, non-service components per diluted share	(0.01)	0.01	(0.01)	0.89
Brazilian non-income tax credits per diluted share	(0.44)	—	(0.44)	—
Currency conversion impacts of hyper-inflationary economies per diluted share	0.01	0.01	0.02	0.01
Impact of certain discrete tax items per diluted share	0.10	0.25	0.08	0.23
Non-GAAP earnings per diluted share	$ 1.82	$ 0.21	$ 3.93	$ 1.59

(a) The Company recorded $0.1 million and $0.5 million of accelerated depreciation expense related to the Combination during the three and six months ended June 30, 2021, respectively, compared to $0.3 million and $0.8 million during the three and six months ended June 30, 2020, respectively. In the three and six months ended June 30, 2021 all $0.1 million and $0.5 million, respectively, was recorded in cost of goods sold ("COGS"), while in the three and six months ended June 30, 2020, $0.3 million and $0.7 million, respectively, was recorded in COGS, and less than $0.1 million and $0.1 million, respectively, was recorded in Combination, integration and other acquisition-related expenses. The amounts recorded within COGS are included in the caption Houghton combination, integration and other acquisition-related expenses in the reconciliation of Operating income (loss) to Non-GAAP operating income and GAAP earnings (loss) per diluted share attributable to Quaker Chemical Corporation common shareholders to Non-GAAP earnings per diluted share. In addition, the total amounts are included within the caption Depreciation and amortization in the reconciliation of Net income (loss) attributable to Quaker Chemical Corporation to Adjusted EBITDA; however, they are excluded in the reconciliation of Adjusted EBITDA to Non-GAAP net income. In addition, during the six months ended June 30, 2021, the Company recognized a gain of $5.4 million associated with the sale of certain held-for-sale real property assets which was the result of the Company's manufacturing footprint integration plans. This gain was recorded within Other income (expense), net and therefore is included in the caption Houghton combination, integration and other acquisition-related expenses in the reconciliation of Net income (loss) attributable to Quaker Chemical Corporation to Adjusted EBITDA and GAAP earnings (loss) per diluted share attributable to Quaker Chemical Corporation common shareholders to Non-GAAP earnings per diluted share, however it is excluded in the reconciliation of Operating income (loss) to Non-GAAP operating income.

(b) Depreciation and amortization for the three and six months ended June 30, 2021 includes $0.3 million and $0.6 million, respectively, and for the three and six months ended June 30, 2020 included $0.3 million and $0.7 million, respectively, of amortization expense recorded within equity in net income of associated companies in the Statement of Operations, which is attributable to the amortization of the fair value step up for the Company's 50% interest in a Houghton joint venture in Korea as a result of required purchase accounting.

(c) Taxes on income before equity in net income of associated companies – adjusted includes the Company's tax expense adjusted for the impact of any current and deferred income tax expense (benefit), as applicable, of the reconciling items presented in the reconciliation of Net income (loss) attributable to Quaker Chemical Corporation to adjusted EBITDA, above, determined utilizing the applicable rates in the taxing jurisdictions in which these adjustments occurred, subject to deductibility. This caption also includes the impact of certain specific tax charges and benefits in the three and six months ended June 30, 2021 and 2020, which the Company does not consider core or indicative of future performance.

Segment Measures and Reconciliations

The Company's operating segments, which are consistent with its reportable segments, reflect the structure of the Company's internal organization, the method by which the Company's resources are allocated and the manner by which the chief operating decision maker assesses the Company's performance. The Company has four reportable segments: (i) Americas; (ii) EMEA; (iii) Asia/Pacific; and (iv) Global Specialty Businesses. The three geographic segments are composed of the net sales and operations in each respective region, excluding net sales and operations managed globally by the Global Specialty Businesses segment, which includes the Company's container, metal finishing, mining, offshore, specialty coatings, specialty grease and Norman Hay businesses. Segment operating earnings for each of the Company's reportable segments are comprised of the segment's net sales less directly related COGS and SG&A. Operating expenses not directly attributable to the net sales of each respective segment, such as certain corporate and administrative costs, Combination, integration and other acquisition-related expenses, and Restructuring and related charges, are not included in segment operating earnings. Other items not specifically identified with the Company's reportable segments include interest expense, net and other income (expense), net.

The following tables reconcile the Company's reportable operating segments performance to that of the Company's (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
Net Sales	**2021**	**2020**	**2021**	**2020**
Americas	$ 139,673	$ 80,576	$ 274,544	$ 210,472
EMEA	123,436	77,702	243,250	182,541
Asia/Pacific	91,559	68,421	188,265	141,973
Global Specialty Businesses	80,594	59,341	158,986	129,615
Total net sales	$ 435,262	$ 286,040	$ 865,045	$ 664,601
Segment operating earnings				
Americas	$ 33,648	$ 10,303	$ 65,882	$ 39,491
EMEA	23,405	10,471	48,649	28,830
Asia/Pacific	23,227	19,261	50,705	38,802
Global Specialty Businesses	24,209	16,393	48,378	36,953
Total segment operating earnings	104,489	56,428	213,614	144,076
Combination, integration and other acquisition-related expenses	(6,658)	(7,995)	(12,473)	(15,873)
Restructuring and related charges	(298)	(486)	(1,473)	(2,202)
Fair value step up of acquired inventory sold	—	(226)	(801)	(226)
Indefinite-lived intangible asset impairment	—	—	—	(38,000)
Non-operating and administrative expenses	(43,077)	(32,045)	(84,069)	(70,496)
Depreciation of corporate assets and amortization	(15,640)	(13,438)	(31,088)	(27,485)
Operating income (loss)	38,816	2,238	83,710	(10,206)
Other income (expense), net	14,010	(993)	18,697	(22,168)
Interest expense, net	(5,618)	(6,811)	(11,088)	(15,272)
Income (loss) before taxes and equity in net income of associated companies	$ 47,208	$ (5,566)	$ 91,319	$ (47,646)

Forward-Looking Statements

This press release 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, and financial condition, our expectations that we will maintain sufficient liquidity and remain in compliance with the terms of the Company's credit facility, statements regarding remediation of our material weaknesses in internal control over financial reporting, expectations about future demand and raw material costs, and statements regarding the impact of increased raw material costs and pricing initiatives, 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 and other acquisitions, the impacts on our business as a result of the COVID-19 pandemic and any projected global economic rebound or anticipated positive results due to Company actions taken in response to the pandemic, and 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 slowdowns and shutdowns, including as is currently being experienced by many automotive industry companies. 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, supply chain disruptions, customer financial instability, worldwide economic and political disruptions, 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 our customers in the steel, automobile, aircraft, industrial equipment, and durable goods industries. The ultimate impact 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 including as new variants emerge, the continued uncertainty regarding global availability, administration, acceptance and long-term efficacy of vaccines, or other treatments, for COVID-19 or its variants, the longer-term 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 business operations and the length of time that such measures remain in place, as well as laws and other governmental programs implemented to address the pandemic or assist impacted businesses, such as fiscal stimulus and other legislation designed to deliver monetary aid and other relief. Other factors could also adversely affect us, including those related to the Combination and other acquisitions and the integration of 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 our business could cause our actual results to differ materially from expected and historical results. All forward-looking statements included in this press release, including expectations about the improvements in business conditions during 2021 and future periods, are based upon information available to the Company as of the date of this press release, 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, refer to the Risk Factors section, which appears in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2020, and in subsequent reports filed from time to time with the Securities and Exchange Commission. 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.

Conference Call

As previously announced, the Company's investor conference call to discuss its second quarter performance is scheduled for August 4, 2021 at 7:30 a.m. (ET). A live webcast of the conference call, together with supplemental information, can be accessed through the Company's Investor Relations website at investors.quakerhoughton.com. You can also access the conference call by dialing 877-269-7756.

About Quaker Houghton

Quaker Houghton is the global leader in industrial process fluids. With a presence around the world, including operations in over 25 countries, our customers include thousands of the world's most advanced and specialized steel, aluminum, automotive, aerospace, offshore, can, mining, and metalworking companies. Our high-performing, innovative and sustainable solutions are backed by best-in-class technology, deep process knowledge and customized services. With approximately 4,200 employees, including chemists, engineers and industry experts, we partner with our customers to improve their operations so they can run even more efficiently, even more effectively, whatever comes next. Quaker Houghton is headquartered in Conshohocken, Pennsylvania, located near Philadelphia in the United States. Visit quakerhoughton.com to learn more.

Quaker Chemical Corporation
Condensed Consolidated Statements of Operations
(Dollars in thousands, except share and per share amounts)

	(Unaudited)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net sales	$ 435,262	$ 286,040	$ 865,045	$ 664,601
Cost of goods sold	280,811	188,654	554,400	433,364
Gross profit	154,451	97,386	310,645	231,237
%	35.5%	34.0%	35.9%	34.8%
Selling, general and administrative expenses	108,679	86,667	212,989	185,368
Indefinite-lived intangible asset impairment	-	-	-	38,000
Restructuring and related charges	298	486	1,473	2,202
Combination, integration and other acquisition-related expenses	6,658	7,995	12,473	15,873
Operating income (loss)	38,816	2,238	83,710	(10,206)
%	8.9%	0.8%	9.7%	-1.5%
Other income (expense), net	14,010	(993)	18,697	(22,168)
Interest expense, net	(5,618)	(6,811)	(11,088)	(15,272)
Income (loss) before taxes and equity in net income of associated companies	47,208	(5,566)	91,319	(47,646)
Taxes on income (loss) before equity in net income of associated companies	15,218	3,222	25,907	(9,848)
Income (loss) before equity in net income of associated companies	31,990	(8,788)	65,412	(37,798)
Equity in net income of associated companies	1,610	1,066	6,820	1,732
Net income (loss)	33,600	(7,722)	72,232	(36,066)
Less: Net income attributable to noncontrolling interest	30	13	47	50
Net income (loss) attributable to Quaker Chemical Corporation	$ 33,570	$ (7,735)	$ 72,185	$ (36,116)
%	7.7%	-2.7%	8.3%	-5.4%
Share and per share data:				
Basic weighted average common shares outstanding	17,802,366	17,697,496	17,793,915	17,685,010
Diluted weighted average common shares outstanding	17,849,521	17,697,496	17,846,010	17,685,010
Net income (loss) attributable to Quaker Chemical Corporation common shareholders - basic	$ 1.88	$ (0.43)	$ 4.04	$ (2.03)
Net income (loss) attributable to Quaker Chemical Corporation common shareholders - diluted	$ 1.88	$ (0.43)	$ 4.03	$ (2.03)

Quaker Chemical Corporation
Condensed Consolidated Balance Sheets
(Dollars in thousands, except par value and share amounts)

	(Unaudited) June 30, 2021	December 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 145,610	$ 181,833
Accounts receivable, net	418,642	372,974
Inventories, net	242,809	187,764
Prepaid expenses and other current assets	60,844	50,156
Total current assets	867,905	792,727
Property, plant and equipment, net	194,441	203,883
Right of use lease assets	36,160	38,507
Goodwill	633,449	631,212
Other intangible assets, net	1,068,795	1,081,358
Investments in associated companies	98,013	95,785
Deferred tax assets	13,392	16,566
Other non-current assets	32,664	31,796
Total assets	$ 2,944,819	$ 2,891,834
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings and current portion of long-term debt	$ 48,079	$ 38,967
Accounts and other payables	219,617	198,872
Accrued compensation	33,399	43,300
Accrued restructuring	5,278	8,248
Other current liabilities	94,061	93,573
Total current liabilities	400,434	382,960
Long-term debt	847,154	849,068
Long-term lease liabilities	25,668	27,070
Deferred tax liabilities	181,264	192,763
Other non-current liabilities	114,898	119,059
Total liabilities	1,569,418	1,570,920
Equity		
Common stock, $1 par value; authorized 30,000,000 shares; issued and outstanding 2021 - 17,878,137 shares; 2020 - 17,850,616 shares	17,878	17,851
Capital in excess of par value	910,862	905,171
Retained earnings	482,001	423,940
Accumulated other comprehensive loss	(35,943)	(26,598)
Total Quaker shareholders' equity	1,374,798	1,320,364
Noncontrolling interest	603	550
Total equity	1,375,401	1,320,914
Total liabilities and equity	$ 2,944,819	$ 2,891,834

Quaker Chemical Corporation
Condensed Consolidated Statements of Cash Flows
(Dollars in thousands)

	(Unaudited) Six Months Ended June 30,	
	2021	2020
Cash flows from operating activities		
Net income (loss)	$ 72,232	$ (36,066)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Amortization of debt issuance costs	2,375	2,375
Depreciation and amortization	44,188	42,079
Equity in undistributed earnings of associated companies, net of dividends	(6,715)	3,219
Acquisition-related fair value adjustments related to inventory	801	229
Deferred compensation, deferred taxes and other, net	(13,849)	(22,033)
Share-based compensation	6,134	7,673
(Gain) loss on disposal of property, plant, equipment and other assets	(5,356)	81
Insurance settlement realized	-	(542)
Indefinite-lived intangible asset impairment	-	38,000
Combination and other acquisition-related expenses, net of payments	(2,305)	1,860
Restructuring and related charges	1,473	2,202
Pension and other postretirement benefits	(2,223)	18,784
(Decrease) increase in cash from changes in current assets and current liabilities, net of acquisitions:		
Accounts receivable	(47,252)	61,659
Inventories	(57,020)	(3,689)
Prepaid expenses and other current assets	(20,111)	(2,849)
Change in restructuring liabilities	(4,214)	(9,592)
Accounts payable and accrued liabilities	22,274	(58,728)
Net cash (used in) provided by operating activities	(9,568)	44,662
Cash flows from investing activities		
Investments in property, plant and equipment	(6,974)	(7,534)
Payments related to acquisitions, net of cash acquired	(29,424)	(3,132)
Proceeds from disposition of assets	14,744	11
Insurance settlement interest earned	-	37
Net cash used in investing activities	(21,654)	(10,618)
Cash flows from financing activities		
Payments of term loan debt	(19,065)	(18,702)
Borrowings on revolving credit facilities, net	29,433	205,500
Repayments on other debt, net	(219)	(684)
Dividends paid	(14,113)	(13,662)
Stock options exercised, other	(416)	(1,923)
Purchase of noncontrolling interest in affiliates	-	(1,047)
Distributions to noncontrolling affiliate shareholders	-	(751)
Net cash (used in) provided by financing activities	(4,380)	168,731
Effect of foreign exchange rate changes on cash	(683)	(4,575)
Net (decrease) increase in cash, cash equivalents and restricted cash	(36,285)	198,200
Cash, cash equivalents and restricted cash at the beginning of the period	181,895	143,555
Cash, cash equivalents and restricted cash at the end of the period	$ 145,610	$ 341,755

Exhibit 99.2

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Risks and Uncertainties Statement

Regulation G

The attached charts include Company information that does not conform to generally accepted accounting principles ("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. This data should be read in conjunction with the second quarter earnings news release, dated August 3, 2021, which has been furnished to the Securities and Exchange Commission ("SEC") on Form 8-K.

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, and financial condition, our expectations that we will maintain sufficient liquidity and remain in compliance with the terms of the Company's credit facility, statements regarding remediation of our material weaknesses in internal control over financial reporting, expectations of future demand and raw material costs, and statements regarding the impact of increased raw material costs and pricing initiatives, 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 and other acquisitions, the impacts on our business as a result of the COVID-19 pandemic and any projected global economic rebound or anticipated positive results due to Company actions taken in response to the pandemic, and 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 slowdowns and shutdowns, including as is currently being experienced by many automotive industry companies. 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, supply chain disruptions, customer financial instability, worldwide economic and political disruptions, 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 our customers in the steel, automobile, aircraft, industrial equipment, and durable goods industries. The ultimate impact 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 including as new variants emerge, the continued uncertainty regarding global availability, administration, acceptance and long-term efficacy of vaccines, or other treatments for COVID-19 or its variants, the longer-term 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 business operations and the length of time that such measures remain in place, as well as laws and other governmental programs implemented to address the pandemic or assist impacted businesses, such as fiscal stimulus and other legislation designed to deliver monetary aid and other relief. Other factors could also adversely affect us, including those related to the Combination and other acquisitions and the integration of 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 our business could cause our 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 during 2021 and future periods, 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, refer to the Risk Factors section, which appears in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2020, and in subsequent reports filed from time to time with the Securities and Exchange Commission. 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.

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Speakers

Michael F. Barry
Chairman of the Board, Chief Executive Officer & President

Shane W. Hostetter
Senior Vice President, Chief Financial Officer

Robert T. Traub
Senior Vice President, General Counsel & Corporate Secretary

David A. Will
Vice President and Global Controller

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Second Quarter 2021 Headlines

- Record net sales of $435.3 million increased 52% compared to the second quarter of 2020 and up 1% sequentially compared to the first quarter of 2021
- Gross margin of 35.5% improved from the second quarter of 2020 but as expected declined sequentially compared to the first quarter of 2021
- Reported net income of $33.6 million and earnings per diluted share of $1.88 and non-GAAP net income of $32.4 million and non-GAAP earnings per diluted share of $1.82
- Adjusted EBITDA of $70.1 million increased 118% compared to the second quarter of 2020
- Record trailing twelve month adjusted EBITDA of $277 million drives a reduction in net debt to trailing twelve months adjusted EBITDA of 2.7 to 1

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Chairman Comments

Second Quarter of 2021

- Strong second quarter of 2021 despite unprecedented increases in raw material costs and supply chain issues
- Demand continues to be the major contributor to earnings performance as sales volumes increased 4% from fourth quarter of 2020 largely due to continued market share gains and end market strength; sequentially volume decreased 3% due to unusually strong volumes in the first quarter due to customer replenishment in their supply chains
- Gross margins continue to be negatively impacted by increases in raw material costs and the continued timing lag with implementing higher selling prices which caused a 1% decline in gross margins sequentially
- Adjusted EBITDA of $70.1 million increased 118% from Q2'20 as the significant increase in net sales as well as higher realized cost synergies offset the continued escalation of raw material costs

2021 Outlook

- Customer demand and sales volumes expected to remain strong in the second half of the year but also anticipate some headwinds due to the semi-conductor shortage as well as typical seasonality trends
- Continued headwinds from higher raw material costs are expected to level off by the fourth quarter, and, coupled with additional selling price increases, should allow our product margins to return to our targeted levels by the end of the year; Gross margins for the third quarter expected to be at or somewhat below second quarter levels before increasing in the fourth quarter
- Previous guidance still an appropriate floor for 2021 full year adjusted EBITDA

"We continue to believe 2021 will be a very good year for us as we take a step change in our profitability, complete our integration cost synergies, continue to take share in the marketplace, achieve positive impacts from our recent acquisitions, and get to our targeted leverage ratio" - Michael F. Barry, Chairman, CEO and President

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Financial Highlights

Second quarter of 2021

- Record net sales of $435.3 million increased 52% primarily due to higher volumes of 40%, which included additional net sales from acquisitions of 5%, the positive impact from foreign currency translation of 8% and increases in selling price and product mix, net of approximately 4%
- Gross profit increased $57.1 million or 59% compared to Q2'20 due to an increase in net sales; gross margin was 35.5% in Q2'21 compared to 34.0% in Q2'20
  - Despite the unprecedented raw material costs increases in 2021, Q2'21 gross margin increased due to realized cost synergies and the impact of higher volumes on fixed manufacturing costs
- SG&A increased $22.0 million primarily due to the impact of sales increases on direct selling costs, additional SG&A from acquisitions, foreign currency translation and higher labor-related costs including incentive compensation on improved operating performance
- Non-operating items include other income of $13.3 million related to certain Brazilian non-income tax credits
- Effective tax rates of 32.2% and 57.9% in Q2'21 and Q2'20, respectively, include various one-time items; without these items effective tax rates would have been ~24% and ~18% for Q2'21 and Q2'20, respectively
- Adjusted EBITDA increased 118% to $70.1 million compared to $32.1 million in Q2'20 primarily due to the significant increase in net sales and higher realized cost synergies from the Combination, partially offset by the higher raw material costs in Q2'21
- Operating cash flow of $3.0 million compared to Q2'20 of $24.5 million driven by a significant change in working capital as the strong net sales and volumes resulted in a large increase in accounts receivable coupled with an increase in inventory due to rising raw material costs as well as restocking of inventory levels

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Financial Snapshot

(dollars in millions, unless otherwise noted)

	Q2 2021	Q2 2020	Variance (1)		Q1 2021	Variance (1)		YTD 2021	YTD 2020	Variance (1)	
GAAP											
Net Sales	$ 435.3	$ 286.0	$ 149.2	52%	$ 429.8	$ 5.5	1%	$ 865.0	$ 664.6	$ 200.4	30%
Gross Profit	154.5	97.4	57.1	59%	156.2	(1.7)	-1%	310.6	231.2	79.4	34%
Gross Margin (%)	35.5%	34.0%	1.4%	4%	36.3%	-0.9%	-2%	35.9%	34.8%	1.1%	3%
Operating Income (Loss)	38.8	2.2	36.6	1634%	44.9	(6.1)	-14%	83.7	(10.2)	93.9	-920%
Net Income (Loss)	33.6	(7.7)	41.3	-534%	38.6	(5.0)	-13%	72.2	(36.1)	108.3	-300%
Earnings (Loss) Per Diluted Share	1.88	(0.43)	2.31	-537%	2.15	(0.27)	-13%	4.03	(2.03)	6.06	-299%
Non-GAAP											
Non-GAAP Operating Income	$ 46.4	$ 11.2	$ 35.2	314%	$ 53.7	$ (7.3)	-14%	$ 100.1	$ 47.2	$ 52.9	112%
Non-GAAP Operating Margin (%)	10.7%	3.9%	6.7%	172%	12.5%	-1.8%	-15%	11.6%	7.1%	4.5%	63%
Adjusted EBITDA	70.1	32.1	38.0	118%	77.1	(7.1)	-9%	147.2	92.5	54.7	59%
Adjusted EBITDA Margin (%)	16.1%	11.2%	4.9%	44%	18.0%	-1.9%	-10%	17.0%	13.9%	3.1%	22%
Non-GAAP Earnings Per Diluted Share	1.82	0.21	1.61	767%	2.11	(0.29)	-14%	3.93	1.59	2.34	147%

(1) Certain amounts may not calculate due to rounding

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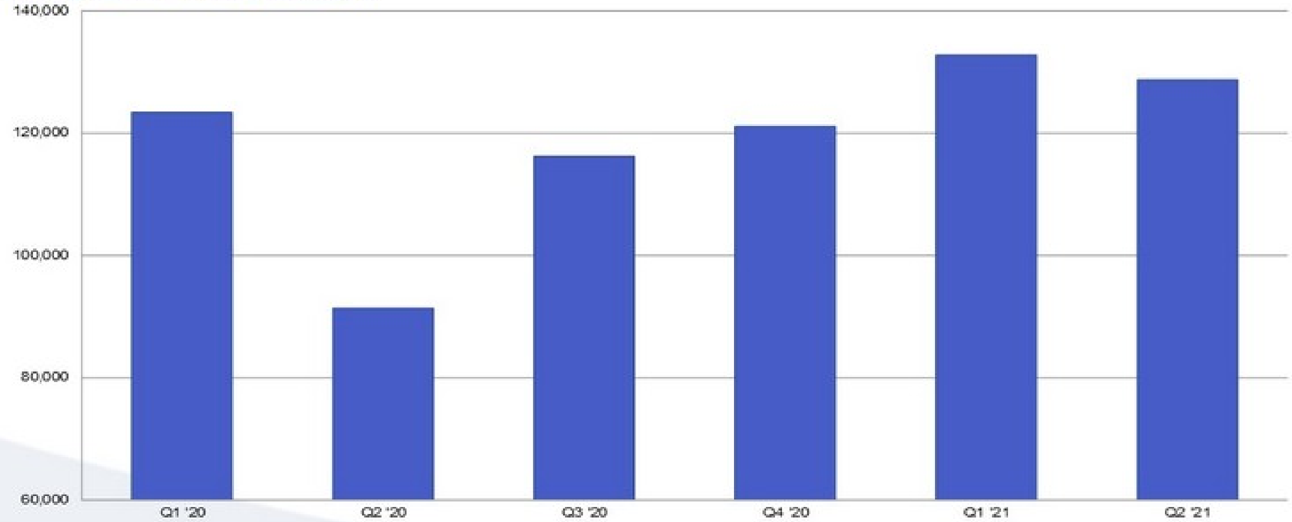
Total Company Volume Trend

(kilograms in thousands)



Q2'21 volumes up 41% compared to Q2'20 due to COVID-19

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Pro Forma Adjusted EBITDA

(dollars in millions)

Record TTM adjusted EBITDA driven by continued COVID-19 recovery and strong 1H'21 performance

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(1) Results presented above for 2020 and 2021 are the actual results for Quaker Houghton, all other years are pro forma results

Leverage and Liquidity Update

- Total gross outstanding borrowings of $904.8 million and cash on hand of $145.6 million result in net debt of $759.2 million compared to $717.3 million as of December 31, 2020
- Net debt to TTM adjusted EBITDA of 2.7x as of June 30, 2021, compared to 3.2x as of December 31, 2020; step change driven by the falloff of Q2'20 adjusted EBITDA from the TTM period (COVID-19 largest negative impact)
- Expect to remain in compliance with all bank covenants including net debt to adjusted EBITDA covenant (2.5x as of June 30, 2021, compared to a maximum permitted leverage of 4.0x)
- Credit Facility cost of debt ~1.6% in Q2'21 and ~1.6% as of June 30, 2021 (~1.9% w/ interest rate swap)
- Net operating cash inflow of $3.0 million in Q2'21 and year-to-date 2021 operating cash outflow of $9.6 million; strong current year earnings are being offset by significant changes in working capital; strong net sales and volumes resulted in a large increase in accounts receivable coupled with an increase in inventory due to rising raw material costs as well as inventory builds to address the tight supply chain market

Leverage							
Reported	3.5	3.4	3.7	3.4	3.2	3.1	2.7
Bank	2.9	2.8	3.1	2.9	2.8	2.8	2.5

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Appendix

Actual and Non-GAAP Results

Quaker Houghton

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Non-GAAP and Pro Forma Measures

The information included in this presentation includes non-GAAP (unaudited) financial information that includes EBITDA, adjusted EBITDA, adjusted EBITDA margin, non-GAAP operating income, non-GAAP operating margin, non-GAAP net income, non-GAAP earnings per diluted share, and pro forma net sales, net income (loss) attributable to Quaker Houghton, EBITDA, adjusted EBITDA, and adjusted EBITDA margin. The Company believes these non-GAAP financial measures provide meaningful supplemental information as they enhance a reader's understanding of the financial performance of the Company, are indicative of future operating performance of the Company, and facilitate a comparison among fiscal periods, as the non-GAAP financial measures exclude items that are not indicative of future operating performance or not considered core to the Company's operations. Non-GAAP results and pro forma information are presented for supplemental informational purposes only and should not be considered a substitute for the financial information presented in accordance with GAAP.

The Company presents EBITDA which is calculated as net income (loss) attributable to the Company before depreciation and amortization, interest expense, net, and taxes on income (loss) before equity in net income of associated companies. The Company also presents adjusted EBITDA which is calculated as EBITDA plus or minus certain items that are not indicative of future operating performance or not considered core to the Company's operations. In addition, the Company presents non-GAAP operating income which is calculated as operating income (loss) plus or minus certain items that are not indicative of future operating performance or not considered core to the Company's operations. Adjusted EBITDA margin and non-GAAP operating margin are calculated as the percentage of adjusted EBITDA and non-GAAP operating income to consolidated net sales, respectively. The Company believes these non-GAAP measures provide transparent and useful information and are widely used by analysts, investors, and competitors in our industry as well as by management in assessing the operating performance of the Company on a consistent basis.

Additionally, the Company presents non-GAAP net income and non-GAAP earnings per diluted share as additional performance measures. Non-GAAP net income is calculated as adjusted EBITDA, defined above, less depreciation and amortization, interest expense, net, and taxes on income before equity in net income of associated companies, in each case adjusted, as applicable, for any depreciation, amortization, interest or tax impacts resulting from the non-core items identified in the reconciliation of net income attributable to the Company to adjusted EBITDA. Non-GAAP earnings per diluted share is calculated as non-GAAP net income per diluted share as accounted for under the "two-class share method." The Company believes that non-GAAP net income and non-GAAP earnings per diluted share provide transparent and useful information and are widely used by analysts, investors, and competitors in our industry as well as by management in assessing the operating performance of the Company on a consistent basis.

In addition, the Company has provided certain unaudited pro forma financial information in this presentation. The unaudited pro forma financial information is based on the historical consolidated financial statements and results of both Quaker 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. The Company has not provided pro forma financial information as it relates to the acquired operating divisions of Norman Hay plc based on materiality. Pro forma results for the year ended December 31, 2019 include five months of Houghton's operations post-closing of the Combination, while Houghton reflects seven months of results for the period from January 1, 2019 through July 31, 2019. Pro forma results for the years ended December 31, 2018, 2017 and 2016, respectively, include Quaker's historical results, while Houghton reflects its stand-alone results.

As it relates to 2021 projected adjusted EBITDA growth for the Company, including as a result of our recent acquisitions, the Company has not provided guidance for comparable 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 determine 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, as well as the impact of COVID-19. 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.

The following charts should be read in conjunction with the Company's second quarter earnings news release dated August 3, 2021, which has been furnished to the Securities and Exchange Commission on Form 8-K, and once filed with the Securities and Exchange Commission, the Company's 10-Q for the period ended June 30, 2021. These documents may contain additional explanatory language and information regarding certain of the items included in the following reconciliations.

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Non-GAAP Operating Income Reconciliation

(dollars in thousands, unless otherwise noted)

	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Operating income (loss)	$ 38,816	$ 2,238	$ 83,710	$ (10,206)
Houghton combination, integration and other acquisition-related expenses	6,784	8,253	13,014	16,529
Restructuring and related charges	298	486	1,473	2,202
Fair value step up of acquired inventory sold	-	226	801	226
CEO transition costs	308	-	812	-
Inactive subsidiary's non-operating litigation costs	242	-	293	-
Customer bankruptcy costs	-	-	-	463
Indefinite-lived intangible asset impairment	-	-	-	38,000
Non-GAAP operating income	$ 46,448	$ 11,203	$ 100,103	$ 47,214
Non-GAAP operating margin (%)	10.7%	3.9%	11.6%	7.1%

Quaker Houghton. Forward Together

Adjusted EBITDA & Non-GAAP Net Income Reconciliation

(dollars in thousands, unless otherwise noted)

	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Net income (loss) attributable to Quaker Chemical Corporation	$ 33,570	$ (7,735)	$ 72,185	$ (36,116)
Depreciation and amortization	22,344	21,158	44,792	42,742
Interest expense, net	5,618	6,811	11,088	15,272
Taxes on income (loss) before equity in net income of associated companies	15,218	3,222	25,907	(9,848)
EBITDA	$ 76,750	$ 23,456	$ 153,972	$ 12,050
Equity income in a captive insurance company	(883)	(482)	(3,963)	(155)
Houghton combination, integration and other acquisition-related expenses	6,658	7,963	7,085	15,766
Restructuring and related charges	298	486	1,473	2,202
Fair value step up of acquired inventory sold	-	226	801	226
CEO transition costs	308	-	812	-
Inactive subsidiary's non-operating litigation costs	242	-	293	-
Customer bankruptcy costs	-	-	-	463
Indefinite-lived intangible asset impairment	-	-	-	38,000
Pension and postretirement benefit costs, non-service components	(129)	341	(253)	23,866
Brazilian non-income tax credits	(13,293)	-	(13,293)	-
Currency conversion impacts of hyper-inflationary economies	106	73	278	124
Adjusted EBITDA	$ 70,057	$ 32,063	$ 147,205	$ 92,542
Adjusted EBITDA Margin (%)	16.1%	11.2%	17.0%	13.9%
Adjusted EBITDA	$ 70,057	$ 32,063	$ 147,205	$ 92,542
Less: Depreciation and amortization - adjusted	22,218	20,869	44,251	41,980
Less: Interest expense, net	5,618	6,811	11,088	15,272
Less: taxes on income before equity in net income of associated companies - adjusted	9,773	673	21,512	7,136
Non-GAAP Net Income	$ 32,448	$ 3,710	$ 70,354	$ 28,154

Quaker Houghton. Forward Together

Adjusted EBITDA Reconciliation

Trailing Twelve Months Q2 2021

(dollars in thousands)

	A YTD Q2 2020	B Full Year 2020	C = B - A Last Six Months 2020	D YTD Q2 2021	E = C + D TTM Q2 2021
Net (loss) income attributable to Quaker Chemical Corporation	$ (36,116)	$ 39,658	$ 75,774	$ 72,185	$ 147,959
Depreciation and amortization	42,742	84,494	41,752	44,792	86,544
Interest expense, net	15,272	26,603	11,331	11,088	22,419
Taxes on (loss) income before equity in net income of associated companies	(9,848)	(5,296)	4,552	25,907	30,459
EBITDA	$ 12,050	$ 145,459	$ 133,409	$ 153,972	$ 287,381
Equity income in a captive insurance company	(155)	(1,151)	(996)	(3,963)	(4,959)
Houghton combination, integration and other acquisition-related expenses	15,766	29,538	13,772	7,085	20,857
Restructuring and related charges	2,202	5,541	3,339	1,473	4,812
Fair value step up of acquired inventory sold	226	226	-	801	801
CEO transition costs	-	-	-	812	812
Inactive subsidiary's non-operating litigation costs	-	-	-	293	293
Customer bankruptcy costs	463	463	-	-	-
Indefinite-lived intangible asset impairment	38,000	38,000	-	-	-
Pension and postretirement benefit costs, non-service components	23,866	21,592	(2,274)	(253)	(2,527)
Brazilian non-income tax credits	-	-	-	(13,293)	(13,293)
Gain on changes in insurance settlement restrictions of an inactive subsidiary and related insurance insolvency recovery	-	(18,144)	(18,144)	-	(18,144)
Currency conversion impacts of hyper-inflationary economies	124	450	326	278	604
Adjusted EBITDA	$ 92,542	$ 221,974	$ 129,432	$ 147,205	$ 276,637

Quaker Houghton. Forward Together

Non-GAAP EPS Reconciliation

	Q2 2021	Q2 2020	YTD 2021	YTD 2020
GAAP earnings (loss) per diluted share attributable to Quaker Chemical Corporation common shareholders	$ 1.88	$ (0.43)	$ 4.03	$ (2.03)
Equity income in a captive insurance company per diluted share	(0.05)	(0.03)	(0.22)	(0.01)
Houghton combination, integration and other acquisition-related expenses per diluted share	0.28	0.37	0.32	0.73
Restructuring and related charges per diluted share	0.02	0.02	0.07	0.09
Fair value step up of acquired inventory sold per diluted share	-	0.01	0.03	0.01
CEO transition costs per diluted share	0.02	-	0.04	-
Inactive subsidiary's non-operating litigation costs per diluted share	0.01	-	0.01	-
Customer bankruptcy costs per diluted share	-	-	-	0.02
Indefinite-lived intangible asset impairment per diluted share	-	-	-	1.65
Pension and postretirement benefit costs, non-service components per diluted share	(0.01)	0.01	(0.01)	0.89
Brazilian non-income tax credits per diluted share	(0.44)	-	(0.44)	-
Currency conversion impacts of hyper-inflationary economies per diluted share	0.01	0.01	0.02	0.01
Impact of certain discrete tax items per diluted share	0.10	0.25	0.08	0.23
Non-GAAP earnings per diluted share	$ 1.82	$ 0.21	$ 3.93	$ 1.59

Quaker Houghton. Forward Together

Segment Performance

(dollars in thousands)

	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Net sales				
Americas	$ 139,673	$ 80,576	$ 274,544	$ 210,472
EMEA	123,436	77,702	243,250	182,541
Asia/Pacific	91,559	68,421	188,265	141,973
Global Specialty Businesses	80,594	59,341	158,986	129,615
Total net sales	**$ 435,262**	**$ 286,040**	**$ 865,045**	**$ 664,601**
Segment operating earnings				
Americas	$ 33,648	$ 10,303	$ 65,882	$ 39,491
EMEA	23,405	10,471	48,649	28,830
Asia/Pacific	23,227	19,261	50,705	38,802
Global Specialty Businesses	24,209	16,393	48,378	36,953
Total segment operating earnings	**104,489**	**56,428**	**213,614**	**144,076**
Combination, integration and other acquisition-related expenses	(6,658)	(7,995)	(12,473)	(15,873)
Restructuring and related charges	(298)	(486)	(1,473)	(2,202)
Fair value step up of acquired inventory sold	-	(226)	(801)	(226)
Indefinite-lived intangible asset impairment	-	-	-	(38,000)
Non-operating and administrative expenses	(43,077)	(32,045)	(84,069)	(70,496)
Depreciation of corporate assets and amortization	(15,640)	(13,438)	(31,088)	(27,485)
Operating income (loss)	**38,816**	**2,238**	**83,710**	**(10,206)**
Other income (expense), net	14,010	(993)	18,697	(22,168)
Interest expense, net	(5,618)	(6,811)	(11,088)	(15,272)
Income (loss) before taxes and equity in net income of associated companies	**$ 47,208**	**$ (5,566)**	**$ 91,319**	**$ (47,646)**

Quaker Houghton. Forward Together

Appendix

Pro Forma Results

Quaker Houghton
Forward Together

Full Year 2019 Pro Forma Reconciliation

(dollars in millions)

	2019				
	Quaker	Houghton	Divestitures	Other (a)	Pro Forma*
Net sales	$ 1,134	$ 475	$ (34)	$ (13)	$ 1,562
Net Income (Loss) 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
Combination, Integration and Other Acquisition-Related Expenses	35	44	-	-	80
Gain on the Sale of Divested Assets	-	(35)	-	-	(35)
Fair Value Step Up of Houghton and Norman Hay Inventory Sold	12	-	-	-	12
Restructuring and Related Charges	27	-	-	-	27
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 rounding, 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) additional depreciation and amortization expense based on the initial estimates of fair value step up and estimated useful lives of depreciable fixed assets, definite-lived intangible assets and investment in associated companies acquired; (ii) adoption of required accounting guidance and alignment of related accounting policies; (iii) elimination of transactions between Quaker and Houghton; and (iv) an adjustment to interest expense, net, to reflect the impact of the new financing and capital structure of the combined Company.

(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 of hyper-inflationary economies.

Quaker Houghton.
Forward Together

Full Year 2018 Pro Forma Reconciliation

(dollars in millions)

	2018				
	Quaker	Houghton	Divestitures	Other (a)	Pro Forma*
Net sales	$ 868	$ 861	$ (53)	$ (22)	$ 1,655
Net Income (Loss) Attributable to Quaker Houghton	$ 59	$ (0)	$ (9)	$ 17	$ 66
Depreciation and Amortization	20	54	-	5	79
Interest Expense, Net	4	56	-	(25)	35
Taxes on Income (b)	25	3	(2)	5	30
EBITDA*	108	113	(12)	1	210
Combination, Integration and Other Acquisition-Related Expenses	16	7	-	-	23
Other Addbacks (c)	1	2	-	-	3
Adjusted EBITDA*	$ 126	$ 121	$ (12)	$ 1	$ 236
Adjusted EBITDA Margin* (%)	14%	14%	23%	-4%	14%

* Certain amounts may not calculate due to rounding, 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) additional depreciation and amortization expense based on the initial estimates of fair value step up and estimated useful lives of depreciable fixed assets, definite-lived intangible assets and investment in associated companies acquired; (ii) adoption of required accounting guidance and alignment of related accounting policies; (iii) elimination of transactions between Quaker and Houghton; and (iv) an adjustment to interest expense, net, to reflect the impact of the new financing and capital structure of the combined Company.

(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 currency conversion impacts on hyper-inflationary economies, a gain on the liquidation of an inactive legal entity and charges related to non-recurring non-income tax and VAT charges.

Quaker Houghton. Forward Together

Full Year 2017 Pro Forma Reconciliation

(dollars in millions)

	2017				
	Quaker	Houghton	Divestitures	Other (a)	Pro Forma*
Net Income (Loss) Attributable to Quaker Houghton	$ 20	$ (47)	$ (9)	$ 9	$ (26)
Depreciation and Amortization	20	55	-	5	80
Interest Expense, Net	1	51	-	(16)	37
Taxes on Income (b)	42	42	(2)	2	84
EBITDA*	83	102	(11)	0	175
Equity Income in a Captive Insurance Company	(3)	-	-	-	(3)
Combination, Integration and Other Acquisition-Related Expenses	30	10	-	-	40
Pension and Postretirement Benefit Costs, Non-Service Components	4	(1)	-	-	4
Cost Reduction Activities	0	2	-	-	2
Loss on Disposal of Held-for-Sale Asset	0	-	-	-	0
Insurance Insolvency Recovery	(1)	-	-	-	(1)
Affiliate Management Fees	-	2	-	-	2
Non-Income Tax Settlement Expense	-	1	-	-	1
Other Addbacks (c)	0	0	-	-	1
Adjusted EBITDA*	$ 115	$ 116	$ (11)	$ 0	$ 221
Adjusted EBITDA Margin* (%)	14%	15%	20%	0%	14%

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

(a) Other includes estimated increases to depreciation and amortization due to purchase accounting fair value adjustments and 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.

(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 includes charges related to inventory fair value step up adjustments in the Wallover acquisition, currency conversion impacts of hyper-inflationary economies and other non-recurring charges.

Quaker Houghton. Forward Together

Full Year 2016 Pro Forma Reconciliation

(dollars in millions)

	2016				
	Quaker	Houghton	Divestitures	Other (a)	Pro Forma*
Net Income (Loss) Attributable to Quaker Houghton	$ 61	$ (37)	$ (8)	$ 7	$ 23
Depreciation and Amortization	20	55	-	5	80
Interest Expense, Net	1	51	-	(14)	37
Taxes on Income (b)	23	(5)	(2)	2	18
EBITDA*	105	64	(10)	0	158
Equity Income in a Captive Insurance Company	(2)	-	-	-	(2)
Combination, Integration and Other Acquisition-Related Expenses	2	3	-	-	5
Pension and Postretirement Benefit Costs, Non-Service Components	2	(1)	-	-	1
Cost Reduction Activities	-	4	-	-	4
Impairment of Goodwill and Intangible Assets	-	41	-	-	41
Affiliate Management Fees	-	2	-	-	2
Non-Income Tax Settlement Expense	-	2	-	-	2
Full-Year Impact of Wallover Acquisition	-	3	-	-	3
Other Addbacks (c)	(0)	1	-	-	1
Adjusted EBITDA*	$ 107	$ 119	$ (10)	$ 0	$ 215
Adjusted EBITDA Margin* (%)	14%	16%	22%	0%	15%

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

(a) Other includes estimated increases to depreciation and amortization due to purchase accounting fair value adjustments and 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.

(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 includes a charge related to a legal settlement, a charge related to inventory fair value adjustments in the Wallover acquisition, offset by a gain on the sale of an asset, currency conversion impacts of hyper-inflationary economies and a restructuring credit.