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

November 4, 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	**No. 23-0993790**
(State or other jurisdiction of incorporation)	(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 November 4, 2021, Quaker Chemical Corporation announced its results of operations for the third quarter ended September 30, 2021 in a press release, the text of which is included as Exhibit 99.1 hereto. Supplemental information related to the same period 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 November 4, 2021 (furnished herewith).
99.2	Supplemental Information related to the third quarter ended September 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: November 4, 2021	By:	/s/ SHANE W. HOSTETTER
		Shane W. Hostetter
		Senior Vice President, Chief Financial Officer

Exhibit 99.1

NEWS
Contact:
Shane W. Hostetter
Senior Vice President and Chief Financial Officer
investor@quakerhoughton.com
T. 1.610.832.4000

For Release: Immediate

QUAKER HOUGHTON ANNOUNCES THIRD QUARTER 2021 RESULTS

- Record net sales of $449.1 million increased 22% compared to the third quarter of 2020
- Reported net income of $31.1 million, earnings per diluted share of $1.73 and non-GAAP net income of $29.4 million
- Non-GAAP earnings per diluted share of $1.63 increased 5% compared to the third quarter of 2020
- Adjusted EBITDA of $66.2 million increased 3% compared to the third quarter of 2020 resulting in record trailing twelve month adjusted EBITDA of $279 million
- $13 million invested in three acquisitions estimated to add $2 million of full year adjusted EBITDA in 2022

November 4, 2021

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in millions, except per share data)	**2021**	**2020**	**2021**	**2020**
Net sales	$ 449.1	$ 367.2	$ 1,314.1	$ 1,031.8
Net income (loss) attributable to Quaker Chemical Corporation	31.1	27.3	103.2	(8.8)
Earnings (loss) per diluted share attributable to Quaker Chemical Corporation	1.73	1.53	5.76	(0.50)
Non-GAAP net income *	29.4	27.7	99.8	55.9
Non-GAAP earnings per diluted share *	1.63	1.56	5.56	3.15
Adjusted EBITDA *	66.2	63.9	213.4	156.5

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

Third Quarter of 2021 Consolidated Results

Third quarter of 2021 net sales of $449.1 million increased 22% compared to $367.2 million in the prior year quarter primarily due to higher sales volumes of approximately 10%, which includes additional net sales from acquisitions of 4%, increases from selling price and product mix of 10% and the positive impact from foreign currency translation of 2%. The increase in organic sales volumes, which excludes the benefits of recent acquisitions, compared to the third quarter of 2020 was primarily driven by the Company's continued market share gains as well as the continued gradual improvement in end market conditions as it relates to the impacts of COVID-19. The increase in selling price and product mix is primarily the result of the Company's price increases implemented in 2021 to help offset the unprecedented increases in raw material costs the Company has experienced throughout 2021.

The Company had net income in the third quarter of 2021 of $31.1 million or $1.73 per diluted share, compared to third quarter of 2020 net income of $27.3 million or $1.53 per diluted share. Excluding 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 third quarter of 2021 non-GAAP earnings per diluted share was $1.63 compared to $1.56 in the prior year third quarter. The Company's current quarter adjusted EBITDA of $66.2 million increased 3% compared to $63.9 million in the third quarter of 2020 primarily due to the increase in net sales, higher realized cost synergies from the Combination and benefits from foreign exchange gains compared to the prior year, partially offset by lower gross margins in the current quarter driven by higher raw material costs as well as higher selling, general and administrative expenses ("SG&A"). The Company's current quarter gross margin of 32.3% declined sequentially compared to 35.5% in the second quarter of 2021. While the sequential decline and continued gross margin headwinds were previously expected, the magnitude of the challenges from continued raw material cost increases and global supply chain and logistics pressures exceeded the Company's expectations. Partially helping to offset the lower gross margin, the Company estimates that it realized cost synergies associated with the Combination of approximately $19 million during the third quarter of 2021 compared to approximately $17 million during the third quarter of 2020.

Michael F. Barry, Chairman, Chief Executive Officer and President, commented, “We had record net sales for the third quarter despite being negatively impacted by the automotive semiconductor shortage and continued supply chain challenges. Good end-market demand continues to be the major contributor to our earnings performance as organic sales volumes increased 6% from the third quarter of 2020. We continued to see market share gains in the quarter as our net sales benefited 3% compared to the prior year from new business wins. The major negative trend in the quarter was the continued significant escalation of raw material costs. While we previously anticipated that our gross margins were going to be lower than the second quarter due to higher costs, since then our raw material costs have continued to escalate causing third quarter costs to be much greater than our expectations. This ultimately negatively impacted our sequential gross margins by 3.2% compared to the second quarter as our raw materials costs increased nearly 10% in the third quarter from the second quarter.”

Mr. Barry continued, “Looking forward, we expect raw material costs to continue to increase in the fourth quarter but we do expect the magnitude of the increases to be lower. We have and will be implementing more price increases to address these unprecedented increases in raw material costs. Our goal is to put enough price increases in place by the end of the year so we enter 2022 at our targeted product margin levels. From a revenue perspective, in the fourth quarter we expect to see continued good demand for most of our businesses but we do expect a negative impact in China due to power restrictions and its impact on our customers’ production as well as a continued negative impact due to semiconductor shortages on automotive. While we expect some top line headwinds in the fourth quarter, we also expect to have sequential improvement in our product margins and we expect our adjusted EBITDA to be in a similar range to the third quarter. Looking ahead to 2022, we expect another strong year for Quaker Houghton with net sales and earnings growth to be above our normal long-term trends as we expect good growth in our end markets, continued market share gains and higher gross margins as our pricing initiatives catch up from the lag we are experiencing in 2021 due to significant raw material inflation.”

Third Quarter of 2021 Segment Results

The Company’s third 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 September 30,		Nine Months Ended September 30,	
Net Sales*	**2021**	**2020**	**2021**	**2020**
Americas	$ 150.8	$ 119.5	$ 425.3	$ 330.0
EMEA	122.2	94.0	365.5	276.5
Asia/Pacific	98.7	84.9	286.9	226.9
Global Specialty Businesses	77.4	68.8	236.4	198.4
Segment operating earnings*				
Americas	$ 31.3	$ 31.1	$ 97.2	$ 70.6
EMEA	20.2	17.4	68.8	46.3
Asia/Pacific	23.3	27.3	74.0	66.1
Global Specialty Businesses	20.7	21.2	69.0	58.1

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

All four segments had higher net sales compared to the third quarter of 2020. Each of the segments continued to benefit from higher sales volumes, including additional net sales from acquisitions, as well as the positive impact of foreign currency translation and increases in selling price and product mix. Higher organic sales volumes for generally all segments are primarily driven by the Company's continued market share gains as well as the continued gradual year-over-year improvement in end market conditions as it relates to the impacts of COVID-19. As reported, the Company's Americas and EMEA segment operating earnings were higher compared to the third quarter of 2020 reflecting the increase in net sales including the benefits of acquisitions; however, all of the Company's segment's operating earnings were negatively impacted primarily by the unprecedented raw material cost increases and the impact of disruptions in the global supply chain that continued throughout the third quarter of 2021 and to a lesser extent by higher SG&A, including an increase in direct selling expenses associated with year-over-year inflation increases and increases due to increased net sales as well as lower levels of prior year SG&A as a result of temporary cost saving measures implemented in response to COVID-19.

Cash Flow and Liquidity Highlights

The Company has no material debt maturities until August 1, 2024. As of September 30, 2021, the Company's total gross debt was $900.7 million and its cash on hand was $141.4 million. The Company's net debt was $759.3 million, and its net debt divided by its trailing twelve months adjusted EBITDA was approximately 2.7 to 1 as of September 30, 2021. The Company's consolidated net leverage ratio, as defined under its bank agreement, was approximately 2.5 to 1 as of September 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 $12.1 million during the third quarter of 2021, bringing its year-to-date net operating cash flow to $2.5 million in the first nine months of 2021, as compared to a net operating cash flow of $112.0 million in the first nine months of 2020. The significant 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 continued rising raw material costs as well as a build in inventory to ensure the Company has appropriate stock to meet its customer demands in anticipation of continuing stress on the Company's global supply chain.

Recent Acquisition Activity

During the third quarter of 2021 and early in the fourth quarter, the Company has completed several smaller acquisitions that expand its strategic product offerings and increase the Company's presence in its core metalworking industries. In total, the Company's initial purchase price for these acquisitions was approximately $13 million, which is subject to post-closing adjustments as well as certain earn-out provisions that could total approximately $4 million in additional consideration pending future performance or growth thresholds. The Company estimates that these acquisitions in aggregate will add full year net sales of approximately $15 million and approximately $2 million of full year adjusted EBITDA going forward. The Company's acquisitions that were completed consist of:

- Remaining interest in Grindaix, a private German business and former joint venture with Quaker Houghton, which provides solutions that precisely measure and optimize fluid applications for the metalworking industry;

- Select assets from 3-S Mühendislik A.S. ("3-S"), a private Turkish company that provides hydraulic fluids, coolants, cleaners, and rust preventative oils within Turkey. 3-S has been a distributor for Quaker Houghton in Turkey since 2003; and

- Baron Industries ("Baron"), a privately held company headquartered in Madison Heights, MI, USA, that provides vacuum impregnation services of castings, powder metal and electrical components. Baron expands the Company's geographic presence as well as broadens its product offerings and service capabilities within its existing impregnation business that was initially entered into as part of its past acquisition of Norman Hay.

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 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 and 2022 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 September 30, 2021 adjusted EBITDA of $278.9 million, which includes (i) the nine months ended September 30, 2021 adjusted EBITDA of $213.4 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 nine months ended September 30, 2020 adjusted EBITDA of approximately $156.5 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 September 30,		Nine Months Ended September 30,	
	2021	**2020**	**2021**	**2020**
Operating income	$ 36,010	$ 34,859	$ 119,720	$ 24,653
Houghton combination, integration and other acquisition-related expenses (a)	5,963	6,913	18,977	23,442
Restructuring and related charges	(880)	1,383	593	3,585
Fair value step up of acquired inventory sold	—	—	801	226
CEO transition costs	285	—	1,097	—
Inactive subsidiary's non-operating litigation costs	320	—	613	—
Customer bankruptcy costs	—	—	—	463
Facility remediation costs, net	1,490	—	1,490	—
Indefinite-lived intangible asset impairment	—	—	—	38,000
Non-GAAP operating income	$ 43,188	$ 43,155	$ 143,291	$ 90,369
Non-GAAP operating margin (%)	9.6%	11.8%	10.9%	8.8%

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	**2020**	**2021**	**2020**
Net income (loss) attributable to Quaker Chemical Corporation	$ 31,058	$ 27,304	$ 103,243	$ (8,812)
Depreciation and amortization (a)(b)	21,542	21,022	66,334	63,764
Interest expense, net	5,637	6,837	16,725	22,109
Taxes on income (loss) before equity in net income of associated companies (c)	795	2,245	26,702	(7,603)
EBITDA	$ 59,032	$ 57,408	$ 213,004	$ 69,458
Equity income in a captive insurance company	(108)	(542)	(4,071)	(697)
Houghton combination, integration and other acquisition-related expenses (a)	5,786	6,913	12,871	22,679
Restructuring and related charges	(880)	1,383	593	3,585
Fair value step up of acquired inventory sold	—	—	801	226
CEO transition costs	285	—	1,097	—
Inactive subsidiary's non-operating litigation costs	320	—	613	—
Customer bankruptcy costs	—	—	—	463
Facility remediation costs, net	2,019	—	2,019	—
Indefinite-lived intangible asset impairment	—	—	—	38,000
Pension and postretirement benefit costs, non-service components	(343)	(1,375)	(596)	22,491
Brazilian non-income tax credits	—	—	(13,293)	—
Currency conversion impacts of hyper-inflationary economies	58	154	336	278
Adjusted EBITDA	$ 66,169	$ 63,941	$ 213,374	$ 156,483
Adjusted EBITDA margin (%)	14.7%	17.4%	16.2%	15.2%
Adjusted EBITDA	$ 66,169	$ 63,941	$ 213,374	$ 156,843
Less: Depreciation and amortization - adjusted (a)(b)	21,365	21,022	65,616	63,002
Less: Interest expense, net	5,637	6,837	16,725	22,109
Less: Taxes on income before equity in net income of associated companies – adjusted (c)	9,765	8,337	31,277	15,473
Non-GAAP net income	$ 29,402	$ 27,745	$ 99,756	$ 55,899

Non-GAAP Earnings per Diluted Share Reconciliations

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
GAAP earnings (loss) per diluted share attributable to Quaker Chemical Corporation common shareholders	$ 1.73	$ 1.53	$ 5.76	$ (0.50)
Equity income in a captive insurance company per diluted share	(0.01)	(0.03)	(0.23)	(0.04)
Houghton combination, integration and other acquisition-related expenses per diluted share (a)	0.26	0.30	0.58	1.03
Restructuring and related charges per diluted share	(0.04)	0.06	0.03	0.15
Fair value step up of acquired inventory sold per diluted share	—	—	0.03	0.01
CEO transition costs per diluted share	0.01	—	0.05	—
Inactive subsidiary's non-operating litigation costs per diluted share	0.02	—	0.03	—
Customer bankruptcy costs per diluted share	—	—	—	0.02
Facility remediation costs, net, per diluted share	0.09	—	0.09	—
Indefinite-lived intangible asset impairment per diluted share	—	—	—	1.65
Pension and postretirement benefit costs, non-service components per diluted share	(0.02)	(0.06)	(0.03)	0.83
Brazilian non-income tax credits per diluted share	(0.04)	—	(0.48)	—
Currency conversion impacts of hyper-inflationary economies per diluted share	0.00	0.01	0.02	0.02
Impact of certain discrete tax items per diluted share	(0.37)	(0.25)	(0.29)	(0.02)
Non-GAAP earnings per diluted share	$ 1.63	$ 1.56	$ 5.56	$ 3.15

(a) The Company recorded $0.2 million and $0.7 million of accelerated depreciation expense related to the Combination during the three and nine months ended September 30, 2021, respectively, compared to $0.8 million during the nine months ended September 30, 2020. In the three and nine months ended September 30, 2021 all $0.2 million and $0.7 million, respectively, was recorded in cost of goods sold ("COGS"), while in the nine months ended September 30, 2020, $0.7 million was recorded in COGS and $0.1 million 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 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 nine months ended September 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 nine months ended September 30, 2021 includes $0.3 million and $0.9 million, respectively, and for the three and nine months ended September 30, 2020 included approximately $0.2 million and $0.9 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 nine months ended September 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 September 30,		Nine Months Ended September 30,	
Net Sales	**2021**	**2020**	**2021**	**2020**
Americas	$ 150,799	$ 119,540	$ 425,343	$ 330,012
EMEA	122,241	94,005	365,491	276,546
Asia/Pacific	98,659	84,877	286,924	226,850
Global Specialty Businesses	77,373	68,802	236,359	198,417
Total net sales	$ 449,072	$ 367,224	$ 1,314,117	$ 1,031,825
Segment operating earnings				
Americas	$ 31,273	$ 31,099	$ 97,155	$ 70,590
EMEA	20,153	17,439	68,802	46,269
Asia/Pacific	23,285	27,304	73,990	66,106
Global Specialty Businesses	20,663	21,161	69,041	58,114
Total segment operating earnings	95,374	97,003	308,988	241,079
Combination, integration and other acquisition-related expenses	(5,786)	(6,913)	(18,259)	(22,786)
Restructuring and related charges	880	(1,383)	(593)	(3,585)
Fair value step up of acquired inventory sold	—	—	(801)	(226)
Indefinite-lived intangible asset impairment	—	—	—	(38,000)
Non-operating and administrative expenses	(38,691)	(39,786)	(122,760)	(110,282)
Depreciation of corporate assets and amortization	(15,767)	(14,062)	(46,855)	(41,547)
Operating income	36,010	34,859	119,720	24,653
Other income (expense), net	647	(239)	19,344	(22,407)
Interest expense, net	(5,637)	(6,837)	(16,725)	(22,109)
Income (loss) before taxes and equity in net income of associated companies	$ 31,020	$ 27,783	$ 122,339	$ (19,863)

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 and global supply chain constraints 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 global supply chain constraints as well as any projected global economic rebound or anticipated positive results due to Company actions taken in response, 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 as a result of supply chain disruptions. 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 of 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 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 third quarter performance is scheduled for November 5, 2021 at 8:30 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 per share data)

	(Unaudited)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net sales	$ 449,072	$ 367,224	$ 1,314,117	$ 1,031,825
Cost of goods sold	303,941	227,032	858,341	660,396
Gross profit	145,131	140,192	455,776	371,429
%	32.3%	38.2%	34.7%	36.0%
Selling, general and administrative expenses	104,215	97,037	317,204	282,405
Indefinite-lived intangible asset impairment	-	-	-	38,000
Restructuring and related charges	(880)	1,383	593	3,585
Combination, integration and other acquisition-related expenses	5,786	6,913	18,259	22,786
Operating income	36,010	34,859	119,720	24,653
%	8.0%	9.5%	9.1%	2.4%
Other income (expense), net	647	(239)	19,344	(22,407)
Interest expense, net	(5,637)	(6,837)	(16,725)	(22,109)
Income (loss) before taxes and equity in net income of associated companies	31,020	27,783	122,339	(19,863)
Taxes on income (loss) before equity in net income of associated companies	795	2,245	26,702	(7,603)
Income (loss) before equity in net income of associated companies	30,225	25,538	95,637	(12,260)
Equity in net income of associated companies	848	1,804	7,668	3,536
Net income (loss)	31,073	27,342	103,305	(8,724)
Less: Net income attributable to noncontrolling interest	15	38	62	88
Net income (loss) attributable to Quaker Chemical Corporation	$ 31,058	$ 27,304	$ 103,243	$ (8,812)
%	6.9%	7.4%	7.9%	-0.9%
Share and per share data:				
Basic weighted average common shares outstanding	17,812,216	17,743,538	17,800,082	17,704,662
Diluted weighted average common shares outstanding	17,870,392	17,800,865	17,860,068	17,704,662
Net income (loss) attributable to Quaker Chemical Corporation common shareholders - basic	$ 1.74	$ 1.53	$ 5.78	$ (0.50)
Net income (loss) attributable to Quaker Chemical Corporation common shareholders - diluted	$ 1.73	$ 1.53	$ 5.76	$ (0.50)

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

	(Unaudited) September 30, 2021	December 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 141,393	$ 181,833
Accounts receivable, net	433,631	372,974
Inventories, net	254,894	187,764
Prepaid expenses and other current assets	63,278	50,156
Total current assets	893,196	792,727
Property, plant and equipment, net	190,833	203,883
Right of use lease assets	34,314	38,507
Goodwill	630,669	631,212
Other intangible assets, net	1,048,688	1,081,358
Investments in associated companies	94,110	95,785
Deferred tax assets	18,409	16,566
Other non-current assets	31,608	31,796
Total assets	$ 2,941,827	$ 2,891,834
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings and current portion of long-term debt	$ 52,611	$ 38,967
Accounts and other payables	219,601	198,872
Accrued compensation	40,655	43,300
Accrued restructuring	4,050	8,248
Other current liabilities	93,042	93,573
Total current liabilities	409,959	382,960
Long-term debt	839,275	849,068
Long-term lease liabilities	24,599	27,070
Deferred tax liabilities	174,405	192,763
Other non-current liabilities	109,893	119,059
Total liabilities	1,558,131	1,570,920
Equity		
Common stock, $1 par value; authorized 30,000,000 shares; issued and outstanding 2021 - 17,888,577 shares; 2020 - 17,850,616 shares	17,889	17,851
Capital in excess of par value	914,277	905,171
Retained earnings	505,635	423,940
Accumulated other comprehensive loss	(54,723)	(26,598)
Total Quaker shareholders' equity	1,383,078	1,320,364
Noncontrolling interest	618	550
Total equity	1,383,696	1,320,914
Total liabilities and equity	$ 2,941,827	$ 2,891,834

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

	(Unaudited) Nine Months Ended September 30,	
	2021	**2020**
Cash flows from operating activities		
Net income (loss)	$ 103,305	$ (8,724)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Amortization of debt issuance costs	3,562	3,562
Depreciation and amortization	65,440	62,818
Equity in undistributed earnings of associated companies, net of dividends	(7,563)	1,415
Acquisition-related fair value adjustments related to inventory	801	229
Deferred compensation, deferred taxes and other, net	(21,865)	(30,657)
Share-based compensation	8,441	17,820
(Gain) loss on disposal of property, plant, equipment and other assets	(4,819)	105
Insurance settlement realized	-	(818)
Indefinite-lived intangible asset impairment	-	38,000
Combination and other acquisition-related expenses, net of payments	(1,705)	2,498
Restructuring and related charges	593	3,585
Pension and other postretirement benefits	(5,638)	16,219
(Decrease) increase in cash from changes in current assets and current liabilities, net of acquisitions:		
Accounts receivable	(68,664)	30,225
Inventories	(72,962)	2,137
Prepaid expenses and other current assets	(24,512)	(113)
Change in restructuring liabilities	(4,557)	(12,772)
Accounts payable and accrued liabilities	32,652	(13,481)
Net cash provided by operating activities	2,509	112,048
Cash flows from investing activities		
Investments in property, plant and equipment	(12,823)	(12,184)
Payments related to acquisitions, net of cash acquired	(31,975)	(3,132)
Proceeds from disposition of assets	14,744	11
Insurance settlement interest earned	-	41
Net cash used in investing activities	(30,054)	(15,264)
Cash flows from financing activities		
Payments of term loan debt	(28,558)	(28,132)
Borrowings (repayments) on revolving credit facilities, net	39,143	(16,485)
Repayments on other debt, net	(585)	(527)
Dividends paid	(21,175)	(20,520)
Stock options exercised, other	704	2,385
Purchase of noncontrolling interest in affiliates	-	(1,047)
Distributions to noncontrolling affiliate shareholders	-	(751)
Net cash used in financing activities	(10,471)	(65,077)
Effect of foreign exchange rate changes on cash	(2,486)	(529)
Net (decrease) increase in cash, cash equivalents and restricted cash	(40,502)	31,178
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	$ 141,393	$ 174,733

Exhibit 99.2


Quaker Houghton
Third Quarter 2021 Results
Investor Conference Call
Quaker Houghton
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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 helps investors to 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 third quarter earnings news release, dated November 4, 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 and global supply chain constraints 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 of 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 global supply chain constraints as well as any projected global economic rebound or anticipated positive results due to Company actions taken in response, 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 as a result of supply chain disruptions. 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 of 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 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

Andrew E. Tometich
Chief Executive Officer & President (effective December 1, 2021)

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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Third Quarter 2021 Headlines

- Record net sales of $449.1 million increased 22% compared to the third quarter of 2020
- Reported net income of $31.1 million, earnings per diluted share of $1.73 and non-GAAP net income of $29.4 million
- Non-GAAP earnings per diluted share of $1.63 increased 5% compared to the third quarter of 2020
- Adjusted EBITDA of $66.2 million increased 3% compared to the third quarter of 2020 resulting in record trailing twelve month adjusted EBITDA of $279 million
- $13 million invested in three acquisitions estimated to add $2 million of full year adjusted EBITDA in 2022

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Chairman Comments

Third Quarter of 2021

- Record quarterly net sales despite the continued negative impacts of the automotive semiconductor shortage and supply chain challenges
- Demand continues to be the major contributor to earnings performance as organic sales volumes increased 6% from third quarter of 2020 largely due to underlying market growth and continued market share gains
- Gross margins were negatively impacted by increases in raw material costs that were higher than previously expected and resulted in a sequential decline in gross margin by 3.2% as our raw material costs increased approximately 10% sequentially

Fourth Quarter of 2021 Outlook

- End market demand expected to remain good but will be negatively impacted by the power restrictions in China and the continued impact from semiconductor shortages on the automotive industry
- Expect to have sequential improvement in our product margins and expect adjusted EBITDA to be in a similar range to the third quarter of 2021

"Looking ahead to 2022, we expect another strong year for Quaker Houghton with net sales and earnings growth to be above our normal long-term trends as we expect good growth in our end markets, continued market share gains and higher gross margins as our pricing initiatives catch up from the lag we are experiencing in 2021 due to significant raw material inflation." - Michael F. Barry, Chairman, CEO and President

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Financial Highlights

Third quarter of 2021

- Record net sales of $449.1 million increased 22% due to higher volumes of 10%, which includes additional net sales from acquisitions of 4%, increases in selling price and product mix of approximately 10% and the positive impact from foreign currency translation of 2%
- Gross profit increased $4.9 million or approximately 4% compared to Q3'20 due to an increase in net sales largely offset by declines in gross margins to 32.3% in Q3'21 compared to 38.2% in Q3'20
  - Sequentially, the continued escalation in raw material costs and tight supply chain drove lower gross margins compared to 35.5% in Q2'21 and lower gross profit despite higher net sales compared to Q2'21
- SG&A increased $7.2 million primarily due to additional SG&A from acquisitions and foreign currency translation, an increase in direct selling expenses on the net sales increase as well as higher labor-related costs compared to Q3'20 as the prior year benefited from temporary cost savings measures implemented in response to COVID-19
- Non-operating items include foreign currency transaction gains during Q3'21 compared to foreign currency transaction losses in Q3'20 as well as a loss on disposal of assets related to property damage to the Company's global headquarters caused by Hurricane Ida
- Effective tax rates of 2.6% and 8.1% in Q3'21 and Q3'20, respectively, include various one-time items; without these items effective tax rates would have been ~25% and ~24% for Q3'21 and Q3'20, respectively
- Non-GAAP EPS of $1.63 increased 5% compared to $1.56 in Q3'20 and adjusted EBITDA of $66.2 million increased 3% compared to $63.9 million in Q3'20
- Operating cash flow of $12.1 million compared to Q3'20 of $67.4 million driven by a significant change in working capital as strong net sales and volumes resulted in a large increase in accounts receivable as well as significant increases in inventory due to stock builds to address the tight supply chain and rising raw material costs

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Financial Snapshot

(dollars in millions, unless otherwise noted)

	Q3 2021	Q3 2020	Variance (1)		Q2 2021	Variance (1)		YTD 2021	YTD 2020	Variance (1)	
GAAP											
Net Sales	$ 449.1	$ 367.2	$ 81.8	22%	$ 435.3	$ 13.8	3%	$1,314.1	$1,031.8	$ 282.3	27%
Gross Profit	145.1	140.2	4.9	4%	154.5	(9.3)	-6%	455.8	371.4	84.3	23%
Gross Margin (%)	32.3%	38.2%	-5.9%	-15%	35.5%	-3.2%	-9%	34.7%	36.0%	-1.3%	-4%
Operating Income (Loss)	36.0	34.9	1.2	3%	38.8	(2.8)	-7%	119.7	24.7	95.1	386%
Net Income (Loss)	31.1	27.3	3.8	14%	33.6	(2.5)	-7%	103.2	(8.8)	112.1	-1272%
Earnings (Loss) Per Diluted Share	1.73	1.53	0.20	13%	1.88	(0.15)	-8%	5.76	(0.50)	6.26	-1252%
Non-GAAP											
Non-GAAP Operating Income	$ 43.2	$ 43.2	$ 0.0	0%	$ 46.4	$ (3.2)	-7%	$ 143.3	$ 90.4	$ 52.9	59%
Non-GAAP Operating Margin (%)	9.6%	11.8%	-2.1%	-18%	10.7%	-1.0%	-10%	10.9%	8.8%	2.1%	25%
Adjusted EBITDA	66.2	63.9	2.2	3%	70.1	(3.9)	-6%	213.4	156.5	56.9	36%
Adjusted EBITDA Margin (%)	14.7%	17.4%	-2.7%	-15%	16.1%	-1.4%	-8%	16.2%	15.2%	1.1%	7%
Non-GAAP Earnings Per Diluted Share	1.63	1.56	0.07	5%	1.82	(0.19)	-10%	5.56	3.15	2.41	77%

(1) *Certain amounts may not calculate due to rounding*

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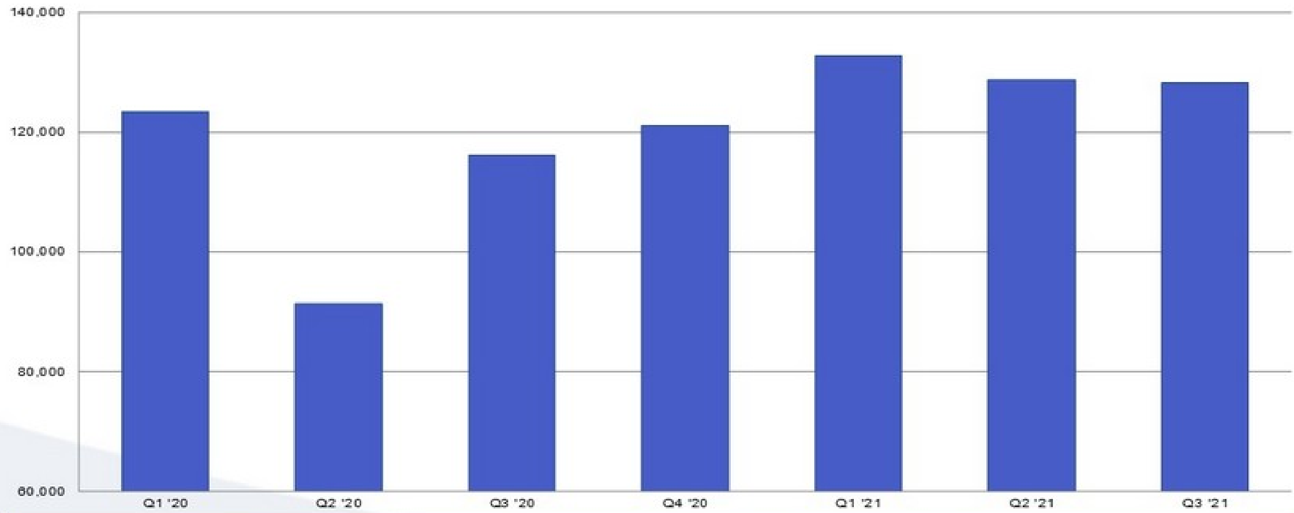
Total Company Volume Trend

(kilograms, in thousands)



Q3'21 volumes up 10% compared to Q3'20 (including acquisitions of 4%)

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Pro Forma Adjusted EBITDA

(dollars in millions)

Record TTM adjusted EBITDA driven by strong net sales growth

(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 $900.7 million and cash on hand of $141.4 million result in net debt of $759.3 million compared to $717.3 million as of December 31, 2020
- Net debt to TTM adjusted EBITDA of 2.7x as of September 30, 2021, compared to 3.2x as of December 31, 2020
- Expect to remain in compliance with all bank covenants including net debt to adjusted EBITDA covenant (2.5x as of September 30, 2021, compared to a maximum permitted leverage of 4.0x)
- Credit Facility cost of debt ~1.6% in Q3'21 and ~1.6% as of September 30, 2021 (~1.9% w/ interest rate swap)
- Net operating cash inflow of $12.1 million in Q3'21 and year-to-date 2021 operating cash flow of $2.5 million; strong earnings are being offset by significant investments in working capital as a result of the strong net sales and volumes resulting in a large increase in accounts receivable as well as significant increases in inventory due to stock builds to address the tight supply chain and rising raw material costs

Leverage	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21
Reported	3.5	3.4	3.7	3.4	3.2	3.1	2.7	2.7
Bank	2.9	2.8	3.1	2.9	2.8	2.8	2.5	2.5

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Appendix

Actual and Non-GAAP Results

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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 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 or for any of its other acquisitions 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 and 2022 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 third quarter earnings news release dated November 4, 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 September 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)

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Operating income	$ 36,010	$ 34,859	$ 119,720	$ 24,653
Houghton combination, integration and other acquisition-related expenses	5,963	6,913	18,977	23,442
Restructuring and related charges	(880)	1,383	593	3,585
Fair value step up of acquired inventory sold	-	-	801	226
CEO transition costs	285	-	1,097	-
Inactive subsidiary's non-operating litigation costs	320	-	613	-
Customer bankruptcy costs	-	-	-	463
Facility remediation costs, net	1,490	-	1,490	-
Indefinite-lived intangible asset impairment	-	-	-	38,000
Non-GAAP operating income	$ 43,188	$ 43,155	$ 143,291	$ 90,369
Non-GAAP operating margin (%)	9.6%	11.8%	10.9%	8.8%

Quaker Houghton. Forward Together

Adjusted EBITDA & Non-GAAP Net Income Reconciliation

(dollars in thousands, unless otherwise noted)

		Q3 2021		Q3 2020		YTD 2021		YTD 2020
Net income (loss) attributable to Quaker Chemical Corporation	$	31,058	$	27,304	$	103,243	$	(8,812)
Depreciation and amortization		21,542		21,022		66,334		63,764
Interest expense, net		5,637		6,837		16,725		22,109
Taxes on income (loss) before equity in net income of associated companies		795		2,245		26,702		(7,603)
EBITDA	$	59,032	$	57,408	$	213,004	$	69,458
Equity income in a captive insurance company		(108)		(542)		(4,071)		(697)
Houghton combination, integration and other acquisition-related expenses		5,786		6,913		12,871		22,679
Restructuring and related charges		(880)		1,383		593		3,585
Fair value step up of acquired inventory sold		-		-		801		226
CEO transition costs		285		-		1,097		-
Inactive subsidiary's non-operating litigation costs		320		-		613		-
Customer bankruptcy costs		-		-		-		463
Facility remediation costs, net		2,019				2,019		-
Indefinite-lived intangible asset impairment		-		-		-		38,000
Pension and postretirement benefit costs, non-service components		(343)		(1,375)		(596)		22,491
Brazilian non-income tax credits		-		-		(13,293)		-
Currency conversion impacts of hyper-inflationary economies		58		154		336		278
Adjusted EBITDA	$	66,169	$	63,941	$	213,374	$	156,483
Adjusted EBITDA Margin (%)		14.7%		17.4%		16.2%		15.2%
Adjusted EBITDA	$	66,169	$	63,941	$	213,374	$	156,483
Less: Depreciation and amortization - adjusted		21,365		21,022		65,616		63,002
Less: Interest expense, net		5,637		6,837		16,725		22,109
Less: taxes on income before equity in net income of associated companies - adjusted		9,765		8,337		31,277		15,473
Non-GAAP Net Income	$	29,402	$	27,745	$	99,756	$	55,899

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Adjusted EBITDA Reconciliation

Trailing Twelve Months Q3 2021

(dollars in thousands)

	A YTD Q3 2020	B Full Year 2020	C = B - A Last Three Months 2020	D YTD Q3 2021	E = C + D TTM Q3 2021
Net (loss) income attributable to Quaker Chemical Corporation	$ (8,812)	$ 39,658	$ 48,470	$ 103,243	$ 151,713
Depreciation and amortization	63,764	84,494	20,730	66,334	87,064
Interest expense, net	22,109	26,603	4,494	16,725	21,219
Taxes on (loss) income before equity in net income of associated companies	(7,603)	(5,296)	2,307	26,702	29,009
EBITDA	$ 69,458	$ 145,459	$ 76,001	$ 213,004	$ 289,005
Equity income in a captive insurance company	(697)	(1,151)	(454)	(4,071)	(4,525)
Houghton combination, integration and other acquisition-related expenses	22,679	29,538	6,859	12,871	19,730
Restructuring and related charges	3,585	5,541	1,956	593	2,549
Fair value step up of acquired inventory sold	226	226	-	801	801
CEO transition costs	-	-	-	1,097	1,097
Inactive subsidiary's non-operating litigation costs	-	-	-	613	613
Customer bankruptcy costs	463	463	-	-	-
Facility remediation costs, net	-	-	-	2,019	2,019
Indefinite-lived intangible asset impairment	38,000	38,000	-	-	-
Pension and postretirement benefit costs, non-service components	22,491	21,592	(899)	(596)	(1,495)
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	278	450	172	336	508
Adjusted EBITDA	$ 156,483	$ 221,974	$ 65,491	$ 213,374	$ 278,865

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Non-GAAP EPS Reconciliation

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
GAAP earnings (loss) per diluted share attributable to Quaker Chemical Corporation common shareholders	$ 1.73	$ 1.53	$ 5.76	$ (0.50)
Equity income in a captive insurance company per diluted share	(0.01)	(0.03)	(0.23)	(0.04)
Houghton combination, integration and other acquisition-related expenses per diluted share	0.26	0.30	0.58	1.03
Restructuring and related charges per diluted share	(0.04)	0.06	0.03	0.15
Fair value step up of acquired inventory sold per diluted share	-	-	0.03	0.01
CEO transition costs per diluted share	0.01	-	0.05	-
Inactive subsidiary's non-operating litigation costs per diluted share	0.02	-	0.03	-
Customer bankruptcy costs per diluted share	-	-	-	0.02
Facility remediation costs, net, per diluted share	0.09	-	0.09	-
Indefinite-lived intangible asset impairment per diluted share	-	-	-	1.65
Pension and postretirement benefit costs, non-service components per diluted share	(0.02)	(0.06)	(0.03)	0.83
Brazilian non-income tax credits per diluted share	(0.04)	-	(0.48)	-
Currency conversion impacts of hyper-inflationary economies per diluted share	0.00	0.01	0.02	0.02
Impact of certain discrete tax items per diluted share	(0.37)	(0.25)	(0.29)	(0.02)
Non-GAAP earnings per diluted share	$ 1.63	$ 1.56	$ 5.56	$ 3.15

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Segment Performance

(dollars in thousands)

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Net sales				
Americas	$ 150,799	$ 119,540	$ 425,343	$ 330,012
EMEA	122,241	94,005	365,491	276,546
Asia/Pacific	98,659	84,877	286,924	226,850
Global Specialty Businesses	77,373	68,802	236,359	198,417
Total net sales	**$ 449,072**	**$ 367,224**	**$ 1,314,117**	**$ 1,031,825**
Segment operating earnings				
Americas	$ 31,273	$ 31,099	$ 97,155	$ 70,590
EMEA	20,153	17,439	68,802	46,269
Asia/Pacific	23,285	27,304	73,990	66,106
Global Specialty Businesses	20,663	21,161	69,041	58,114
Total segment operating earnings	**95,374**	**97,003**	**308,988**	**241,079**
Combination, integration and other acquisition-related expenses	(5,786)	(6,913)	(18,259)	(22,786)
Restructuring and related charges	880	(1,383)	(593)	(3,585)
Fair value step up of acquired inventory sold	-	-	(801)	(226)
Indefinite-lived intangible asset impairment	-	-	-	(38,000)
Non-operating and administrative expenses	(38,691)	(39,786)	(122,760)	(110,282)
Depreciation of corporate assets and amortization	(15,767)	(14,062)	(46,855)	(41,547)
Operating income	**36,010**	**34,859**	**119,720**	**24,653**
Other income (expense), net	647	(239)	19,344	(22,407)
Interest expense, net	(5,637)	(6,837)	(16,725)	(22,109)
Income (loss) before taxes and equity in net income of associated companies	**$ 31,020**	**$ 27,783**	**$ 122,339**	**$ (19,863)**

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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.

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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.

Quaker Houghton. Forward Together