

Quaker Houghton

First Quarter 2025 Results
Investor Conference Call



Forward-Looking Statements

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 first quarter earnings news release, dated May 1, 2025, which has been furnished to the Securities and Exchange Commission (“SEC”) on Form 8-K.

Forward-Looking Statements

This presentation contains “forward-looking statements” that fall under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Securities Act of 1933, 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 on assumptions, projections and expectations about future events that we believe are reasonable based on currently available information, including statements regarding the potential effects of economic downturns; tariffs, including the uncertainty surrounding changes in tariffs; inflation and global supply chain constraints on the Company’s business, results of operations, and financial condition; our expectation that we will maintain sufficient liquidity and remain in compliance with the terms of the Company’s credit facility; expectations about future demand and raw material costs; and statements regarding the impact of increased raw material costs and pricing initiatives. 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, which may differ materially from our actual results, including but not limited to the potential benefits of acquisitions and divestitures, the impacts on our business as a result of global supply chain constraints, and our current and future results and plans and statements that include the words “may,” “could,” “should,” “would,” “believe,” “expect,” “anticipate,” “estimate,” “intend,” “outlook,” “target,” “possible,” “potential,” “plan” or similar expressions. Such statements include information relating to current and future business activities, operational matters, capital spending, and financing sources. A major risk is that demand for the Company’s products and services is largely derived from the demand for our customers’ products, which subjects the Company to uncertainties related to downturns in a customer’s business and unanticipated customer production slowdowns and shutdowns. Other major risks and uncertainties include, but are not limited to inflationary pressures, including increases in raw material costs; supply chain constraints and the impacts of economic downturns; customer financial instability; high interest rates and their impact on our and our customers’ business operations; the impacts from acts of war, terrorism and military conflicts, including those in Ukraine and the Middle East as well as economic, political and governmental actions taken by various governments and governmental organizations in response; economic and political disruptions particularly in light of numerous elections globally and the possibility of regime changes; the possibility of economic recession; legislative and regulatory developments including changes to existing laws and regulations, or the way they are interpreted, applied or enforced; tariffs, retaliatory tariffs, “trade wars” and trade restrictions, and the economic and other sanctions imposed by other nations on Russia and Belarus and/or other government organizations; suspensions of activities in Russia by many multinational companies; foreign currency fluctuations; significant changes in applicable tax rates and regulations; future terrorist attacks and other acts of violence; the impacts of consolidation in our industry, including loss or consolidation of a major customer, the effects of climate change, fires, or other natural disasters; the potential occurrence of cyber-security breaches, cyber-security attacks and other technology outages and security incidents; and U.S. political conditions and legislative and regulatory activity (or inactivity), including adoption of (or failure to adopt) new laws, regulations and executive orders, changes in existing laws, regulations and executive orders or the way they are interpreted or applied, and adoption of laws, regulations or executive orders that conflict among jurisdictions in which we operate. Furthermore, the Company is subject to the same business cycles as those experienced by our customers in the steel, automotive, aerospace, industrial equipment, aluminum and durable goods industries. 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 2025 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, 2024 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.

Non-GAAP 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, taxes on income before equity in net income of associated companies- adjusted, 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, facilitate a comparison among fiscal periods, and exclude items that management believes are not indicative of future operating performance or 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. In addition, our definitions of EBITDA, adjusted EBITDA, adjusted EBITDA margin, non-GAAP operating income, non-GAAP operating margin, taxes on income before equity in net income of associated companies- adjusted, non-GAAP net income, and non-GAAP earnings per share, as discussed and reconciled below to the most comparable GAAP measures, may not be comparable to similarly named measures reported by other companies.

The Company presents EBITDA which is calculated as net income attributable to the Company before depreciation and amortization, interest expense, and taxes on income 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 management believes are not indicative of future operating performance or 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 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, 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 performance of the Company on a consistent basis.

As it relates to future projections for the Company as well as other forward-looking information contained in this press release, 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. 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 first quarter earnings news release dated May 1, 2025, which has been furnished to the Securities and Exchange Commission on Form 8-K, the Company's Annual Report for the year ended December 31, 2024, and the Company's 10-Q for the period ended March 31, 2025. These documents may contain additional explanatory language and information regarding certain of the items included in the following reconciliations.

Speakers

Joe Berquist

Chief Executive Officer, President

Tom Coler

Executive Vice President, Chief Financial Officer

Robert T. Traub

Senior Vice President, General Counsel & Corporate Secretary

Jeffrey Schnell

Vice President, Investor Relations

Q1'25 Highlights

\$443m

Net Sales

\$69m

Adjusted
EBITDA¹

Strengthened our portfolio of advanced solutions and metalworking fluids with the acquisitions² of:

**Chemical Solutions
& Innovations**



\$1.58

Non-GAAP
Earnings per
Diluted Share¹

1.9x

Net Debt
Leverage^{1,3}

**Dipsol
Chemicals**



Natech



¹ This is a non-GAAP measure, refer to the reconciliations of our non-GAAP measures to their most comparable GAAP measures provided within this presentation and in our SEC filings

² The acquisitions of Dipsol Chemicals Co., Ltd. ("Dipsol") and Natech, Ltd ("Natech") closed in April 2025

³ Leverage ratio defined as gross debt minus cash and cash equivalents divided by trailing twelve month adjusted EBITDA

Financial Snapshot

(Unaudited; Dollars in millions, unless otherwise noted)

	Q1 2025	Q1 2024	Variance ⁽¹⁾	
<u>GAAP</u>				
Net sales	\$ 442.9	\$ 469.8	\$ (26.8)	(5.7%)
Gross profit	161.3	181.6	(20.3)	(11.2%)
Gross margin (%)	36.4%	38.7%	(2.2%)	
Operating income	27.6	55.5	(27.9)	(50.3%)
Operating income margin (%)	6.2%	11.8%	(5.6%)	
Net income	12.9	35.3	(22.3)	(63.3%)
Earnings per diluted share	0.73	1.95	(1.22)	(62.7%)
<u>Non-GAAP</u> ⁽²⁾				
Non-GAAP operating income	\$ 45.8	\$ 59.2	\$ (13.5)	(22.7%)
Non-GAAP operating margin (%)	10.3%	12.6%	(2.3%)	
Adjusted EBITDA	69.0	83.3	(14.2)	(17.1%)
Adjusted EBITDA margin (%)	15.6%	17.7%	(2.1%)	
Non-GAAP earnings per diluted share	1.58	2.09	(0.51)	(24.6%)

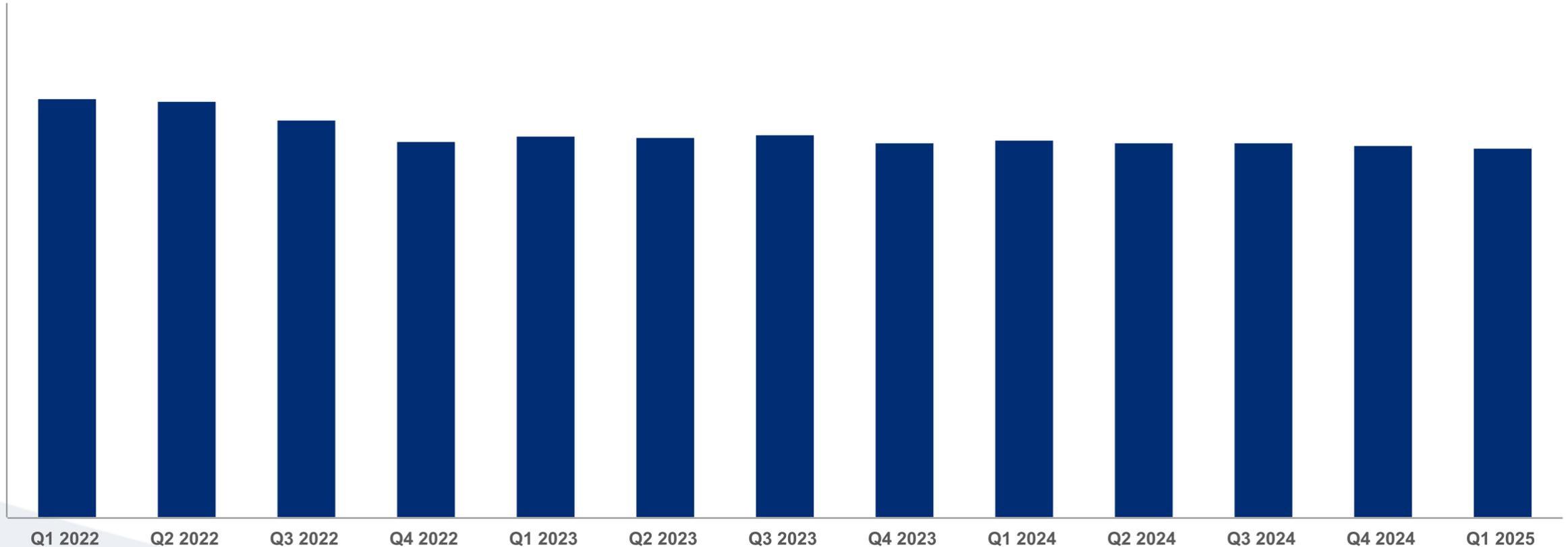


⁽¹⁾ Certain amounts may not calculate due to rounding

⁽²⁾ These are non-GAAP measures. Refer to the reconciliations of our non-GAAP measures to their most comparable GAAP measures provided within this presentation and in our SEC filings.

Total Company Volume Trend¹

(kilograms, in thousands)



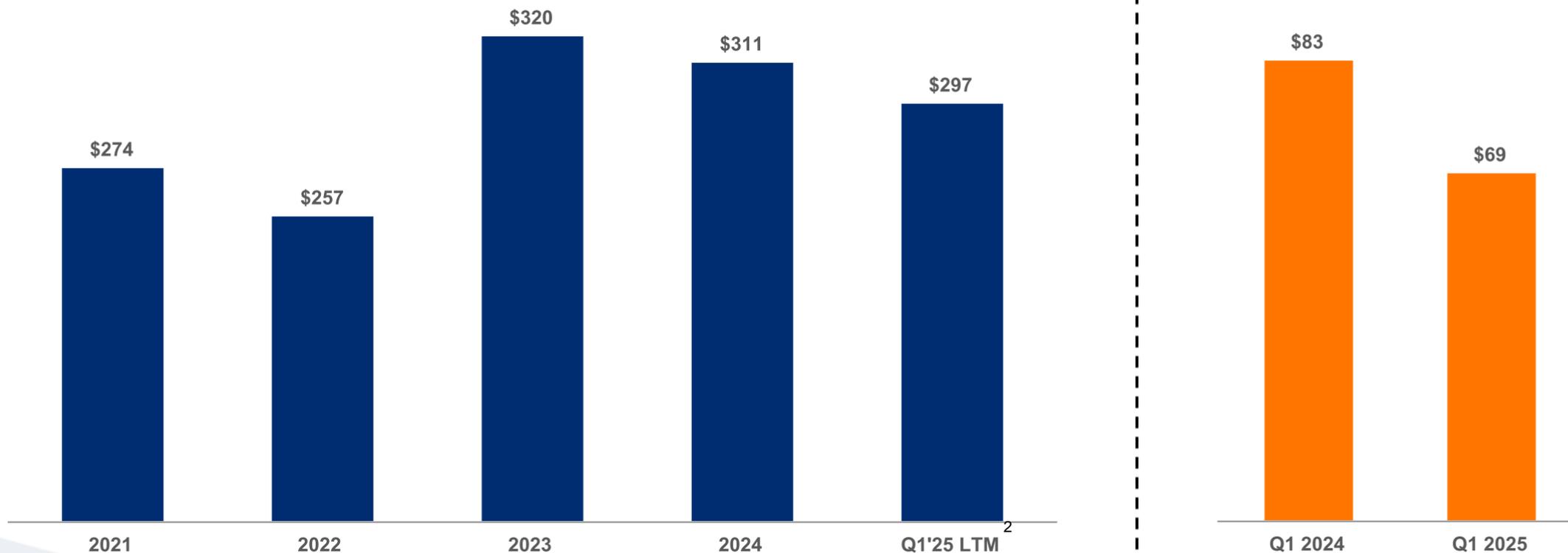
Sales volumes in Q1'25 declined compared to Q1'24 primarily due to a continuation of soft end market conditions and heightened uncertainty, partially offset by acquisitions



¹ The total company volume trend excludes volumes in the prior periods that are related to the tolling agreement for products previously divested related to the Combination, volumes related to business impacted due to the War in Ukraine, and volumes relating to the Sutai acquisition.

Adjusted EBITDA¹

(dollars in millions)



Generated \$69m of adjusted EBITDA in Q1'25, a decrease Y/Y reflecting soft end market activity, higher raw material costs and lower gross margins, partially offset by lower SG&A as we effectively managed our costs.

¹ This is a non-GAAP measure, refer to the reconciliations of our non-GAAP measures to their most comparable GAAP measures provided within this presentation and in our SEC filings.

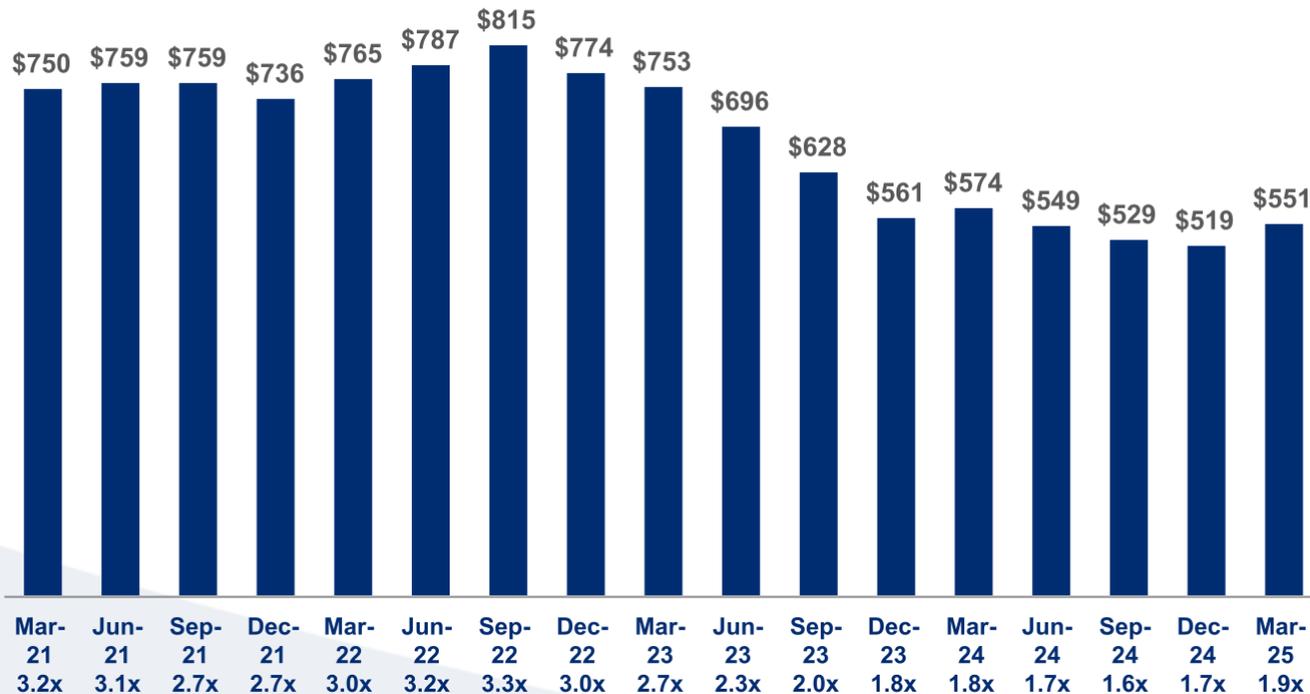
² The Company's reference to trailing twelve months adjusted EBITDA refers to the twelve month period ended March 31, 2025 adjusted EBITDA of \$296.7 million, which consists of (i) the three months ended March 31, 2025 adjusted EBITDA of \$69.0 million and (ii) the twelve months ended December 31, 2024 adjusted EBITDA of \$310.9 million less (iii) the three months ended March 31, 2024 adjusted EBITDA of \$83.3 million.



Leverage and Liquidity Update

Net Debt and Leverage Ratio¹

(Dollars in Millions)



- Total debt of \$737 million
- Cash and cash equivalents of \$186 million
- Net debt of \$551 million
- Leverage of 1.9x as of March 31, 2025¹
- Operating well within bank covenants
 - Bank leverage of 1.8x as of March 31, 2025²
 - Maximum permitted leverage of 4.0x²
- Healthy balance sheet and ample liquidity
 - No significant maturities until June 2027
 - Q1'25 cost of debt on credit facility was ~5.2%
 - In April 2025, we funded the Dipsol acquisition with borrowings under our existing credit facility

¹ Leverage ratio defined as gross debt minus cash and cash equivalents divided by trailing twelve month adjusted EBITDA

² Defined as net debt divided by trailing twelve month adjusted EBITDA, as calculated under the terms of the credit agreement

Appendix

Actual and Non-GAAP Results



Non-GAAP Operating Reconciliation

(Unaudited; Dollars in thousands, unless otherwise noted)

	Three Months Ended March 31,	
	2025	2024
Non-GAAP Operating Income and Margin Reconciliations:		
Operating income	\$ 27,624	\$ 55,526
Restructuring and related charges, net	14,590	1,857
Acquisition-related expenses	3,329	283
Customer insolvency costs	—	1,522
Other charges	226	54
Non-GAAP operating income	<u>\$ 45,769</u>	<u>\$ 59,242</u>
Non-GAAP operating margin (%)	10.3 %	12.6 %

Adjusted EBITDA Reconciliation

(Unaudited; Dollars in thousands, unless otherwise noted)

	Three Months Ended March 31,	
	2025	2024
EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin Reconciliations:		
Net income attributable to Quaker Chemical Corporation	\$ 12,922	\$ 35,227
Depreciation and amortization	20,830	21,056
Interest expense	9,545	10,824
Taxes on income before equity in net income of associated companies	7,542	12,508
EBITDA	50,839	79,615
Equity income in a captive insurance company	(671)	(506)
Restructuring and related charges, net	14,590	1,857
Acquisition-related expenses	3,329	283
Customer insolvency costs	—	1,522
Product liability claim costs, net	—	896
Currency conversion impacts of hyper-inflationary economies	535	(904)
Loss on acquisition-related hedges	1,943	—
Gain on sale of property	(2,177)	—
Other charges	659	519
Adjusted EBITDA	\$ 69,047	\$ 83,282
Adjusted EBITDA margin (%)	15.6 %	17.7 %

Adjusted EBITDA Reconciliation

(Unaudited; Dollars in thousands, unless otherwise noted)

EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin Reconciliations:	Twelve Months Ended December 31,			
	2024	2023	2022	2021
Net income (loss) attributable to Quaker Chemical Corporation	\$116,644	\$ 112,748	\$ (15,931)	\$121,369
Depreciation and amortization	85,108	83,020	81,514	87,728
Interest expense	41,002	50,699	32,579	22,326
Taxes on income before equity in net income of associated companies	49,300	55,585	24,925	34,939
EBITDA	292,054	302,052	123,087	266,362
Equity (income) loss in a captive insurance company	(2,930)	(2,090)	1,427	(4,993)
Acquisition-related expenses (credits)	1,454	(475)	10,990	18,718
Restructuring and related charges, net	6,530	7,588	3,163	1,433
Strategic planning (credits) expenses	(290)	4,704	14,446	—
Executive transition costs	7,288	688	2,813	2,986
Customer insolvency costs	3,213	—	—	—
Facility remediation (recoveries) charges, net	—	(2,141)	(1,804)	2,066
Product liability claim costs, net	2,040	—	—	—
Business interruption insurance proceeds	(1,000)	—	—	—
Currency conversion impacts of hyper-inflationary economies	811	7,849	1,617	564
Impairment charges	—	—	93,000	—
Gain on changes in insurance settlement restrictions of an inactive subsidiary and related insurance insolvency recovery	—	—	—	—
Brazilian non-income tax credits	—	—	—	(13,087)
Russia-Ukraine conflict related expenses	—	—	2,487	—
Loss on extinguishment of debt	—	—	6,763	—
Other charges (credits)	1,748	2,204	(839)	60
Adjusted EBITDA	\$310,918	\$ 320,379	\$257,150	\$274,109
Adjusted EBITDA margin (%)	16.9 %	16.4 %	13.2 %	15.6 %

Non-GAAP EPS Reconciliation

	Three Months Ended March 31,	
	2025	2024
Non-GAAP Earnings per Diluted Share Reconciliations:		
GAAP earnings per diluted share attributable to Quaker Chemical Corporation common shareholders	\$ 0.73	\$ 1.95
Equity income in a captive insurance company	(0.04)	(0.03)
Restructuring and related charges, net	0.62	0.08
Acquisition-related expenses, net	0.14	0.01
Customer insolvency costs	—	0.06
Product liability claim costs, net	—	0.04
Currency conversion impacts of hyper-inflationary economies	0.03	(0.05)
Loss on acquisition-related hedges	0.08	—
Gain on sale of property	(0.09)	—
Other charges	0.03	0.03
Impact of certain discrete tax items	0.08	—
Non-GAAP earnings per diluted share	<u>\$ 1.58</u>	<u>\$ 2.09</u>

Segment Performance

(Unaudited; Dollars in thousands, except per share amounts)

	Three Months Ended March 31,	
	2025	2024
Net sales		
Americas	\$ 213,711	\$ 229,754
EMEA	129,278	138,422
Asia/Pacific	99,925	101,583
Total net sales	<u>\$ 442,914</u>	<u>\$ 469,759</u>
Segment operating earnings		
Americas	\$ 58,462	\$ 66,770
EMEA	23,393	29,571
Asia/Pacific	25,930	30,377
Total segment operating earnings	107,785	126,718
Restructuring and related charges, net	(14,590)	(1,857)
Non-operating and administrative expenses	(50,717)	(54,177)
Depreciation of corporate assets and amortization	(14,854)	(15,158)
Operating income	27,624	55,526
Other income (expense), net	(709)	1,080
Interest expense	(9,545)	(10,824)
Income before taxes and equity in net income of associated companies	<u>\$ 17,370</u>	<u>\$ 45,782</u>