
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

April 30, 2012
Date of Report (Date of earliest event reported)

QUAKER CHEMICAL CORPORATION
(Exact name of Registrant as specified in its charter)

Commission File Number 001-12019

PENNSYLVANIA
(State or other jurisdiction of
incorporation or organization)

No. 23-0993790
(I.R.S. Employer
Identification No.)

One Quaker Park
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))

INFORMATION TO BE INCLUDED IN THE REPORT

Item 2.02. Results of Operations and Financial Condition.

On April 30, 2012, Quaker Chemical Corporation announced its results of operations for the first quarter ended March 31, 2012 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.

99.1	Press Release of Quaker Chemical Corporation dated April 30, 2012.
99.2	Supplemental Information related to first quarter ended March 31, 2012.

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
Registrant

Date: April 30, 2012

By: /s/ Mark A. Featherstone
Mark A. Featherstone
Vice President and
Chief Financial Officer



NEWS

**For Release:
Immediate**

**Contact:
Mark A. Featherstone
Vice President and
Chief Financial Officer
610-832-4160**

QUAKER CHEMICAL CORPORATION ANNOUNCES FIRST QUARTER 2012 RESULTS

- Net sales up 11% from the first quarter of 2011
- Net income up 13% from the first quarter of 2011
- Net operating cash flow of \$6.7 million

April 30, 2012

CONSHOHOCKEN, PA – Quaker Chemical Corporation (NYSE:KWR) today announced net sales of \$177.6 million for the first quarter of 2012, up 11% compared to first quarter 2011 net sales of \$159.9 million. Net income of \$11.9 million for the first quarter of 2012 was up 13% compared to \$10.6 million for the first quarter of 2011. Earnings per diluted share were consistent for the first quarter of 2012 compared to the first quarter of 2011, reflective of the dilution from the Company's second quarter 2011 equity offering.

Michael F. Barry, Chairman, Chief Executive Officer and President, commented, "We are off to a solid start in 2012, despite a sluggish global economic environment, particularly in Europe and China. However, we continue to benefit from the ongoing recovery of manufacturing in North America, additional new business, and our recent acquisitions. Looking forward, we expect the global economic environment to remain mixed, with continued softness in many regions. In addition, we are now experiencing higher raw material costs, which began to escalate toward the end of the quarter. We will be implementing price increases over the next several months, but there will be a lag impact in our margins. Despite these factors, I remain confident in our future and expect 2012 to be another good year for Quaker."

First Quarter 2012 Summary

Net sales for the first quarter of 2012 were \$177.6 million, an increase of 11% from \$159.9 million in the first quarter of 2011. Selling prices and mix increased revenues by approximately 8%, reflecting the Company's price increases implemented in 2011 to help offset rising raw material costs. Product volumes were higher by approximately 5%, including acquisitions. Foreign exchange rates decreased revenues by approximately 2%.

Gross profit increased by approximately \$7.1 million, or 13%, from the first quarter of 2011, with gross margin increasing to 33.7% from 33.0%. The increase in gross margin from the first quarter of 2011 reflects price increases the Company implemented in 2011 to help restore margins that were affected by escalating raw material costs. Gross margin also increased one percentage point from the fourth quarter of 2011 percentage of 32.7%.

Selling, general and administrative expenses ("SG&A") increased approximately \$4.5 million compared to the first quarter of 2011, primarily related to acquisitions and higher selling, inflationary and other costs on increased business activity, which were partially offset by decreases due to foreign exchange rate translation and lower incentive compensation costs. SG&A as a percentage of sales was 24.3% for the first quarter of 2012, which was consistent with the first quarter of 2011 but lower than the fourth quarter of 2011 percentage of 26.1%.

Quaker Chemical Corporation

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The Company's low first quarter of 2012 and first quarter of 2011 effective tax rates include the expiration of applicable statutes of limitations for uncertain tax positions of approximately \$0.12 and \$0.11 per diluted share, respectively. The Company has experienced and expects to experience volatility in its quarterly effective tax rates due to the varying timing of tax audits and the expiration of applicable statutes of limitations as they relate to uncertain tax positions, among other factors. However, the Company expects a higher effective tax rate for the full year of 2012 as compared with the first quarter of 2012 effective tax rate.

Equity in net income of associated companies decreased in the first quarter of 2012 as compared to the first quarter of 2011, primarily due to the Company's July 2011 purchase of the remaining ownership interest in its Mexican affiliate. The first quarter of 2012 earnings per diluted share of \$0.91 reflect an approximate \$0.08 dilutive effect as a result of the second quarter of 2011 equity offering.

Balance Sheet and Cash Flow Items

Net operating cash flow was \$6.7 million for the first quarter of 2012 versus an outflow in the first quarter of 2011, due in part to higher earnings as well as significantly improved working capital performance. The Company's consolidated leverage ratio remained strong at less than one times EBITDA.

Forward-Looking Statements

This release contains forward-looking statements that are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected in such statements. A major risk is that the Company's demand is largely derived from the demand for its customers' products, which subjects the Company to downturns in a customer's business and unanticipated customer production shutdowns. Other major risks and uncertainties include, but are not limited to, significant increases in raw material costs, customer financial stability, worldwide economic and political conditions, foreign currency fluctuations, and future terrorist attacks such as those that occurred on September 11, 2001. Other factors could also adversely affect us. Therefore, we caution you not to place undue reliance on our forward-looking statements. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995.

Conference Call

As previously announced, Quaker Chemical's investor conference call to discuss first quarter results is scheduled for May 1, 2012 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 Web site at <http://www.quakerchem.com>. You can also access the conference call by dialing 877-269-7756.

About Quaker

Quaker Chemical Corporation is a leading global provider of process chemicals, chemical specialties, services, and technical expertise to a wide range of industries – including steel, aluminum, automotive, mining, aerospace, tube and pipe, coatings, and construction materials. Our products, technical solutions, and chemical management services enhance our customers' processes, improve their product quality, and lower their costs. Quaker's headquarters is located near Philadelphia in Conshohocken, Pennsylvania.

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Quaker Chemical Corporation
Condensed Consolidated Statement of Income
(Dollars in thousands, except per share data and share amounts)

	(Unaudited)	
	Three Months Ended March 31,	
	2012	2011
Net sales	\$ 177,638	\$ 159,865
Cost of goods sold	117,843	107,131
Gross profit	59,795	52,734
%	33.7%	33.0%
Selling, general and administrative expenses	43,093	38,634
Operating income	16,702	14,100
%	9.4%	8.8%
Other income, net	341	539
Interest expense	(1,174)	(1,218)
Interest income	123	272
Income before taxes and equity in net income of associated companies	15,992	13,693
Taxes on income before equity in net income of associated companies	3,445	2,822
Income before equity in net income of associated companies	12,547	10,871
Equity in net income of associated companies	146	359
Net income	12,693	11,230
Less: Net income attributable to noncontrolling interest	747	630
Net income attributable to Quaker Chemical Corporation	\$ 11,946	\$ 10,600
%	6.7%	6.6%
Per share data:		
Net income attributable to Quaker Chemical Corporation Common Shareholders - basic	\$ 0.92	\$ 0.92
Net income attributable to Quaker Chemical Corporation Common Shareholders - diluted	\$ 0.91	\$ 0.91

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

	(Unaudited)	
	March 31, 2012	December 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents	\$ 18,964	\$ 16,909
Accounts receivable, net	162,464	150,676
Inventories	75,588	74,758
Prepaid expenses and other current assets	17,024	17,206
Total current assets	274,040	259,549
Property, plant and equipment, net	83,991	82,916
Goodwill	59,064	58,152
Other intangible assets, net	31,303	31,783
Investments in associated companies	7,458	7,942
Deferred income taxes	29,368	29,823
Other assets	37,181	35,356
Total assets	\$ 522,405	\$ 505,521
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings and current portion of long-term debt	\$ 607	\$ 636
Accounts and other payables	76,257	68,125
Accrued compensation	9,906	16,987
Other current liabilities	22,889	20,901
Total current liabilities	109,659	106,649
Long-term debt	47,900	46,701
Deferred income taxes	7,236	7,094
Other non-current liabilities	86,946	89,351
Total liabilities	251,741	249,795
Equity		
Common stock, \$1 par value; authorized 30,000,000 shares; issued 12,950,752	12,951	12,912
Capital in excess of par value	90,836	89,725
Retained earnings	184,764	175,932
Accumulated other comprehensive loss	(25,902)	(29,820)
Total Quaker shareholders' equity	262,649	248,749
Noncontrolling interest	8,015	6,977
Total equity	270,664	255,726
Total liabilities and equity	\$ 522,405	\$ 505,521

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Quaker Chemical Corporation
Condensed Consolidated Statement of Cash Flows
For the three months ended March 31,
(Dollars in thousands)

	(Unaudited)	
	2012	2011
Cash flows from operating activities		
Net income	\$ 12,693	\$ 11,230
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	3,057	2,656
Amortization	746	486
Equity in undistributed earnings of associated companies, net of dividends	38	(262)
Deferred compensation and other, net	(103)	1,967
Stock-based compensation	1,186	868
Gain on disposal of property, plant and equipment	(14)	(40)
Insurance settlement realized	(483)	(365)
Pension and other postretirement benefits	(2,357)	(4,910)
Decrease in cash from changes in current assets and current liabilities, net of acquisitions:		
Accounts receivable	(9,764)	(12,478)
Inventories	352	(8,309)
Prepaid expenses and other current assets	(557)	(2,397)
Accounts payable and accrued liabilities	1,938	4,455
Net cash provided by (used in) operating activities	<u>6,732</u>	<u>(7,099)</u>
Cash flows from investing activities		
Investments in property, plant and equipment	(3,178)	(3,475)
Proceeds from disposition of assets	64	170
Insurance settlement received and interest earned	18	22
Change in restricted cash, net	465	343
Net cash used in investing activities	<u>(2,631)</u>	<u>(2,940)</u>
Cash flows from financing activities		
Proceeds from long-term debt	1,350	10,000
Repayments of long-term debt	(189)	(231)
Dividends paid	(3,105)	(2,701)
Stock options exercised, other	(1,288)	(50)
Excess tax benefit related to stock option exercises	546	78
Net cash (used in) provided by financing activities	<u>(2,686)</u>	<u>7,096</u>
Effect of exchange rate changes on cash	640	741
Net increase (decrease) in cash and cash equivalents	2,055	(2,202)
Cash and cash equivalents at the beginning of the period	16,909	25,766
Cash and cash equivalents at the end of the period	<u>\$ 18,964</u>	<u>\$ 23,564</u>



Quaker Chemical Corporation
Investor Conference Call
May 1, 2012



Risk and Uncertainties Statement

Regulation G

The attached charts include Company information that does not conform to generally accepted accounting principles (GAAP). Management believes that an analysis of this data is meaningful to investors because it provides insight with respect to ongoing operating results of the Company and allows investors to better evaluate the financial results of the Company. These measures should not be viewed as an alternative to GAAP measures of performance. Furthermore, these measures may not be consistent with similar measures provided by other Companies.

This data should be read in conjunction with the Company's first quarter earnings news release dated April 30, 2012, which has been furnished to the SEC on Form 8-K, and the Company's Form 10-Q for the quarterly period ended March 31, 2012, which has been filed with the SEC.

Forward-Looking Statements

This presentation may contain forward-looking statements that are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected in such statements. A major risk is that the Company's demand is largely derived from the demand for its customers' products, which subjects the Company to downturns in a customer's business and unanticipated customer production shutdowns. Other major risks and uncertainties include, but are not limited to, significant increases in raw material costs, customer financial stability, worldwide economic and political conditions, foreign currency fluctuations, and future terrorist attacks such as those that occurred on September 11, 2001. Other factors could also adversely affect us. Therefore, we caution you not to place undue reliance on our forward-looking statements. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995.

1st Quarter 2012 Results

- **Net Income up \$1.3 million or 13% in 1Q 2012 vs. 1Q 2011**
 - EPS of \$0.91 equal with 1Q 2011, including \$0.08 dilutive impact related to 2Q 2011 equity offering
 - Favorable \$0.12 and \$0.11 diluted EPS impact due to uncertain tax position falloff in 1Q 2012 and 1Q 2011

- **Sales of \$177.6 million up 11% over 1Q 2011**
 - Led by selling price and mix increases of 8% and higher volumes of 5%, including acquisitions

- **Gross profit up \$7.1 million, or 13%, compared to 1Q 2011**
 - Gross margin percentage higher than 4Q 2011 and 1Q 2011 due to 2011 selling price increases implemented to restore margins

- **SG&A % of sales of 24.3% consistent with 1Q 2011 and below 4Q 2011**

- **\$6.7 million of operating cash flow in 1Q 2012 vs. (\$7.1) million outflow in 1Q 2011**

- **Leverage ratio remains a strong 0.6 X at March 31, 2012, consistent with year end 2011**

Outlook

Short-term

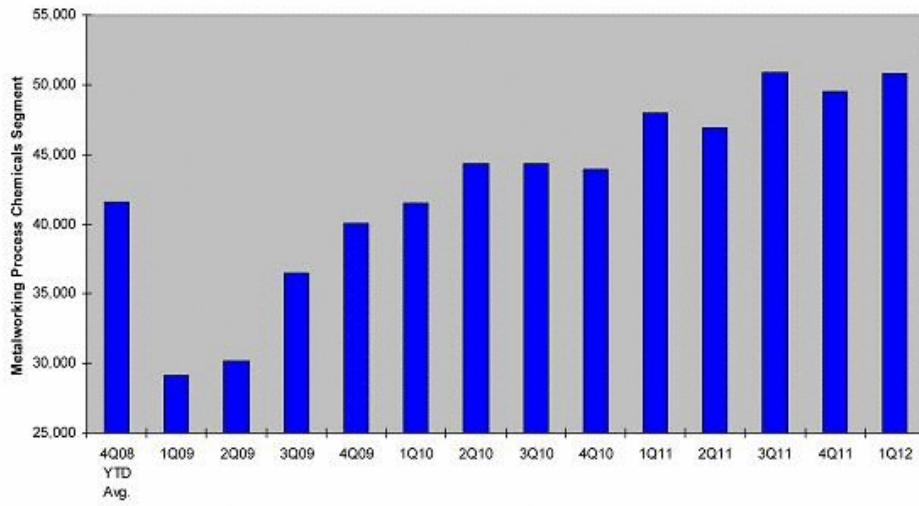
- Global economic environment remains mixed
 - Sluggish global economy, especially in Europe and China
 - Raw material cost escalation toward end of 1Q 2012 and continuing in 2Q 2012
 - Continued recovery of manufacturing in North America and additional new business
- Price increases planned to be implemented, but lag effect will impact margins
- Growth through recent acquisitions and other strategic initiatives

Longer-term

- Continued growth in emerging markets and continued recovery of developed markets
- Continued leveraging of product line adjacencies across our global platform

Chart 1

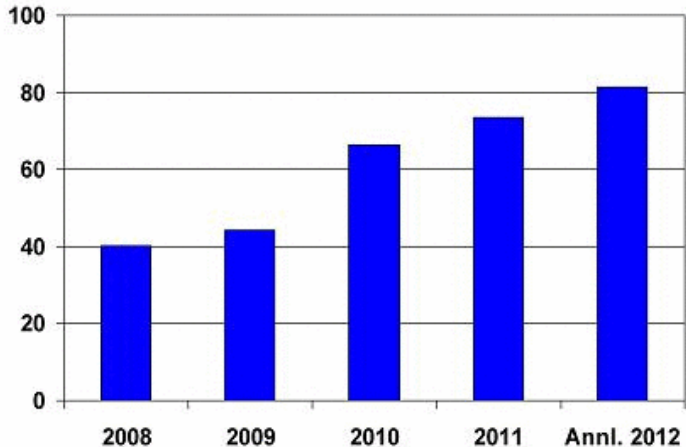
Product Volume by Quarter



Volume increases from 4Q 2011 to 1Q 2012

Chart 2

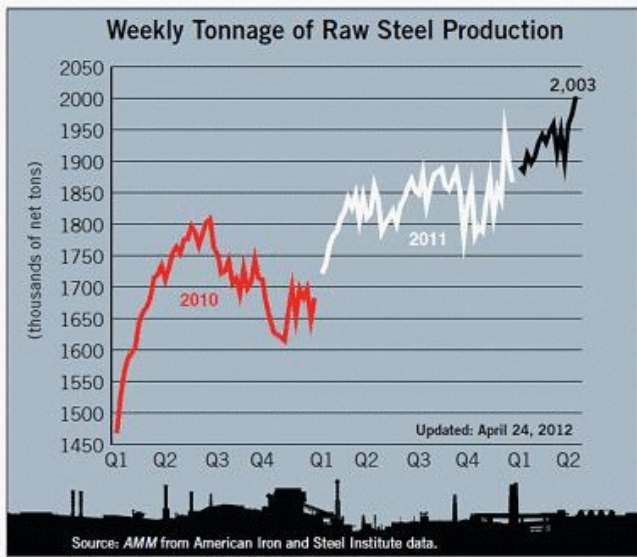
Annualized Run Rate of Adjusted EBITDA



Note: Excludes restructuring, CEO transition costs, equity affiliate out-of-period charge, non-cash gain from purchase of equity affiliate and non-income tax contingency charge
Annualized EBITDA for 2012 is first quarter 2012 EBITDA multiplied by 4.

2012 Annualized EBITDA tracking ahead of Full Year 2011

NA Steel Market Data



Summary

- Significant increases in quarterly sales and net income over Q1 2011, with equity offering dilution impacting year-over-year EPS comparison
- 1Q 2012 and 1Q 2011 include \$0.12 and \$0.11 diluted EPS of tax benefits related to falloff of uncertain tax provisions
- Gross margin showed improvement compared to 1Q 2011 and 4Q 2011 due to 2011 price increases, but rising raw material costs toward the end of 1Q 2012 indicate potential lag impact on margins
- SG&A as a percentage of sales improved almost 2 percentage points from 4Q 2011 and consistent with 1Q 2011
- Balance sheet and liquidity continue to be strong
- Positioned for good growth over next several years in both emerging and mature markets

Reconciliation of Annualized Run Rate of Adjusted EBITDA

	2008	2009	2010	2011	Q1 2012
Net income attributable to Quaker Chemical Corporation	11,132	16,220	31,807	43,569	11,946
Add / (subtract):					
Depreciation	10,879	9,525	9,867	11,455	3,057
Amortization	1,177	1,078	988	2,338	746
Interest expense	5,509	5,533	5,225	4,666	1,174
Taxes on income	4,977	7,065	12,616	14,256	3,445
Restructuring and related activities	2,916	2,289	-	-	-
Non-income tax contingency charge	-	-	4,132	-	-
Mexico out-of-period charge	-	-	564	-	-
CEO transition costs	3,505	2,443	1,317	-	-
Non-cash gain from purchase of equity affiliate	-	-	-	(2,718)	-
Adjusted EBITDA	40,095	44,153	66,516	73,566	20,368
Multiply by Annual Run Rate	1	1	1	1	4
Annualized Run Rate of Adjusted EBITDA	40,095	44,153	66,516	73,566	81,472