

# Forward Together™

Quaker Houghton Investor Presentation  
November 2021



# 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.

## 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 by the pandemic, including the resulting market volatility, and by the measures taken by governmental authorities and other third parties restricting day-to-day life and business operations and the length of time that such measures remain in place, as well as laws and other governmental programs implemented to address the pandemic or assist impacted businesses, such as fiscal stimulus and other legislation designed to deliver monetary aid and other relief. Other factors could also adversely affect us, including those related to the Combination and other acquisitions and the integration of acquired businesses. Our forward-looking statements are subject to risks, uncertainties and assumptions about the Company and its operations that are subject to change based on various important factors, some of which are beyond our control. These risks, uncertainties, and possible inaccurate assumptions relevant to our business could cause our actual results to differ materially from expected and historical results. All forward-looking statements included in this presentation, including expectations about 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.

# Quaker Houghton.

Combination of **Two** Iconic Companies  
Specializing in  
Industrial Process Fluids.



Quaker Chemical 1918  
**Houghton International 1865**  
Headquartered in PA



**~15k**  
customers



**~4k**  
colleagues



**\$1.7b**  
TTM Q3'21  
net sales



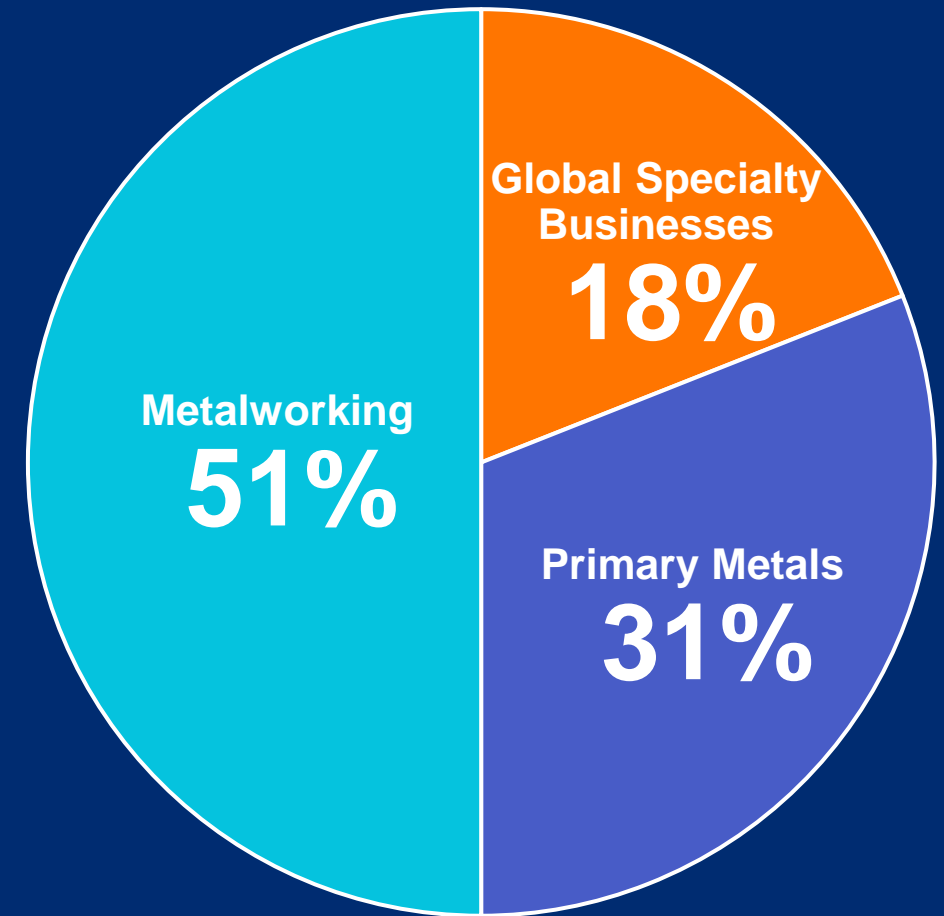
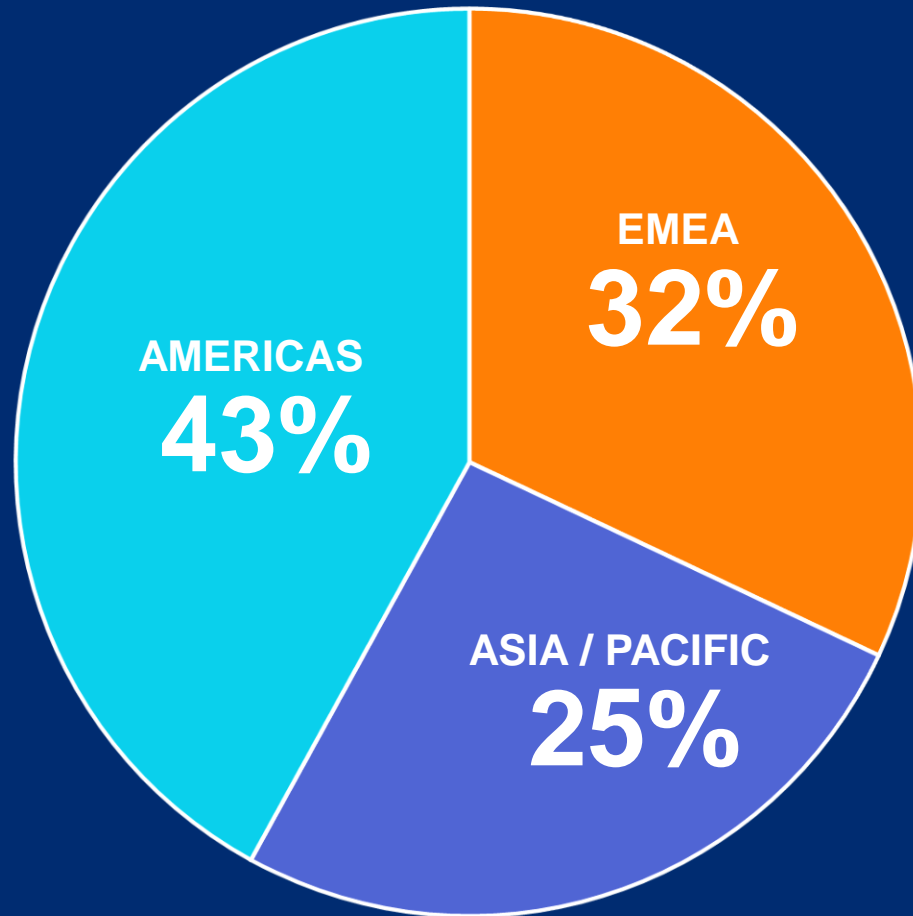
**115+**  
countries served around  
the world



**31**  
manufacturing  
locations

# Quaker Houghton: Leading Global Supplier of Industrial Process Fluids with TTM Q3'21 Net Sales of \$1.7B

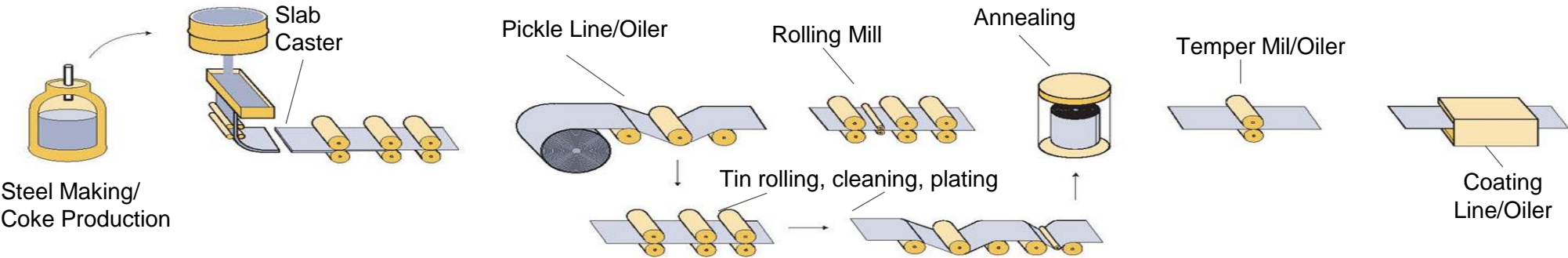
## Geographic and Product Snapshot



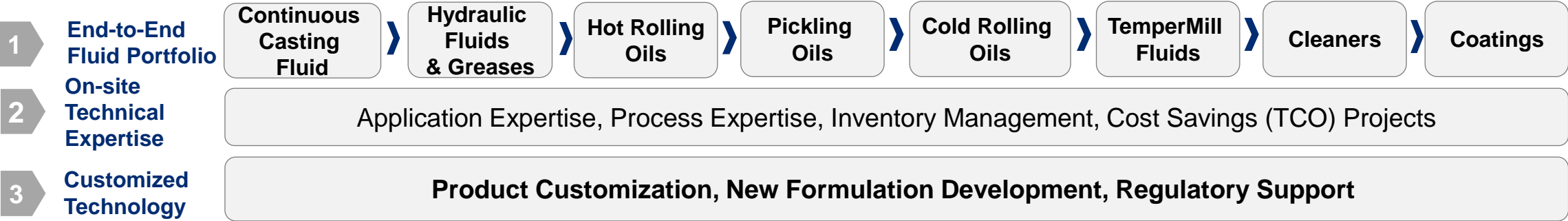


# Quaker Houghton: Value Proposition for Primary Metals

## Sheet Metal Production Process



## QH Value Proposition



## Customer Benefits \$\$\$



# Quaker Houghton: Value Proposition for Metalworking

## Business Segments



## Metal Working Processes



## QH Value Proposition

- 1 **Expanded Product Portfolio:** Offering for entire metalworking fluid lifecycle
- 2 **FluidCare (On-Site Support):** Application, Inventory and Chemical Management, Training, Cost Savings (TCO) Projects
- 3 **Innovation and Application Expertise:** New Product Development, Product and Formulation Customization
- 4 **Fluid Intelligent Solutions:** Data, Equipment and Engineering

**Customer Benefits \$\$\$**

Sustainable Cost Reductions



Product Surface Improvements



Equipment & Tool-life Improvement



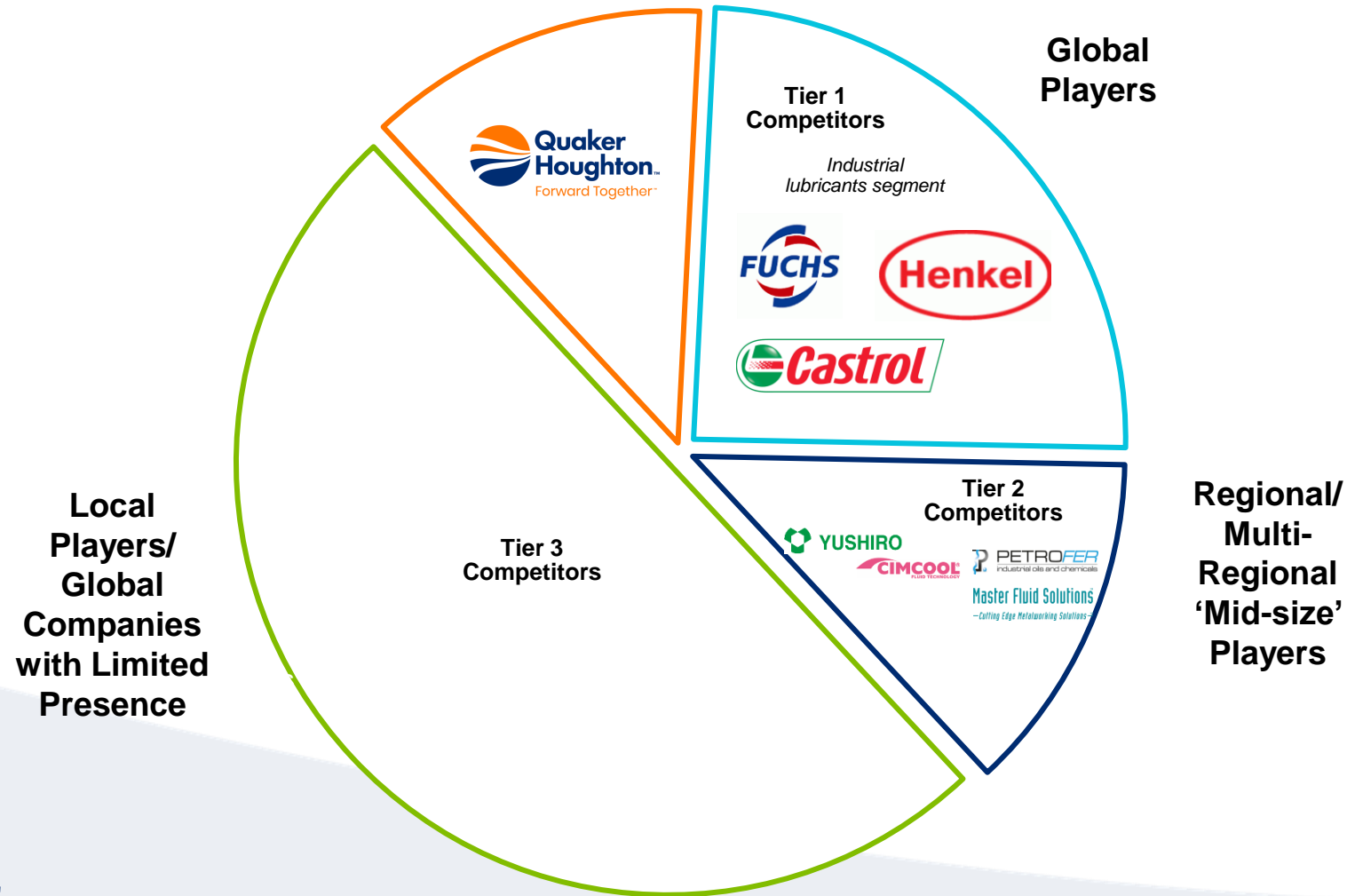
Increased Throughput & Utilization

# Outperformance Powered by Distinctive Customer Intimacy Model




































# Competitive Landscape: Only Global Pure Play in Our Addressable Markets



~\$13B Addressable Market





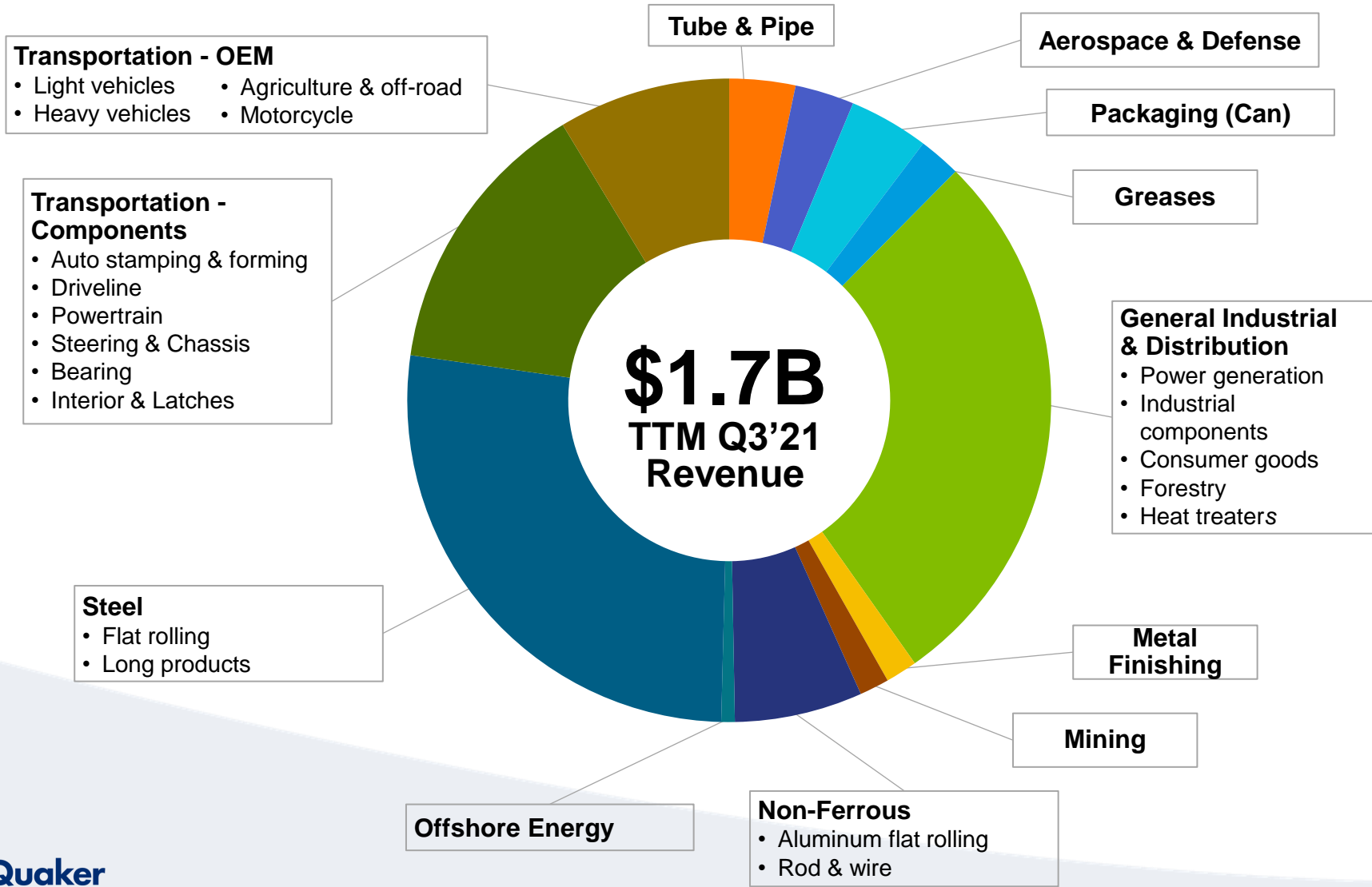
# Differentiated from Competitors by Scale, Focus and Solution Offering

		Tier 1 Competitors	Tier 2 Competitors	Tier 3 Competitors	
		  	   	Small, Local Player	Diversified Chemical Companies
Scale and Global Reach					
Tight Strategic Focus					
Portfolio Breadth and Depth					
Industry Talent and Expertise					
Service Capabilities: Fluidcare® & Solutions					

 Advantage
  Neutral / Average
  Potential Disadvantage  
*Industrial Processing Fluid Market Perspective*

# Diversified End Markets

## QH Continues to Expand Addressable Markets



# ~13% Market Share in ~\$13B Addressable Market

## Significant Opportunities to Grow

~\$12.6B Addressable Market		QH Market Share <sup>2</sup>	Strategic Segments
PRIMARY METALS	\$1.4B	~38%	<ul style="list-style-type: none"> <li>• Steel</li> <li>• Non-Ferrous</li> </ul>
METALWORKING Mid-large size customers	\$3.7B	~13%	<ul style="list-style-type: none"> <li>• Transportation – OEM</li> <li>• Transportation – Components</li> <li>• Aerospace &amp; Defense</li> <li>• Tube &amp; Pipe</li> </ul>
METALWORKING Small-mid size customers	\$5.4B	~7%	<ul style="list-style-type: none"> <li>• General Industrial</li> <li>• Indirect Channel</li> </ul>
GLOBAL SPECIALTY BUSINESSES	\$2.1B <sup>1</sup>	~13%	<ul style="list-style-type: none"> <li>• Global Specialty Segment</li> </ul>

# Quaker Houghton is the Industry's R&D Leader

Combined  
\$200 million  
spent in past 5 years  
on R&D

320+ R&D staff  
in 16 countries

Centers of Innovation  
and Regional Labs  
in Asia, Europe  
and the U.S.



# Well-Positioned to Address Market Trends

## TECHNOLOGY ADVANCEMENT

### ELECTRIC VEHICLES

A close-up of a white electric vehicle's charging port with a green plug inserted, set against a blurred background of a road and trees.

### INDUSTRY 4.0

A white autonomous vehicle with a sensor dome on its roof, driving on a road towards the viewer under a bright sky.

### NEW MATERIALS / ADDITIVE MFG

A 3D printing nozzle extruding material onto a red base on a white platform in a factory setting.

## CLIMATE CHANGE / SUSTAINABILITY

### LIGHT-WEIGHTING

A transparent, skeletal model of a car chassis, illustrating the concept of light-weighting.

### TIGHTENING REGULATORY ENVIRONMENT

A globe with a green circular arrow around it, symbolizing regulatory cycles or environmental impact.

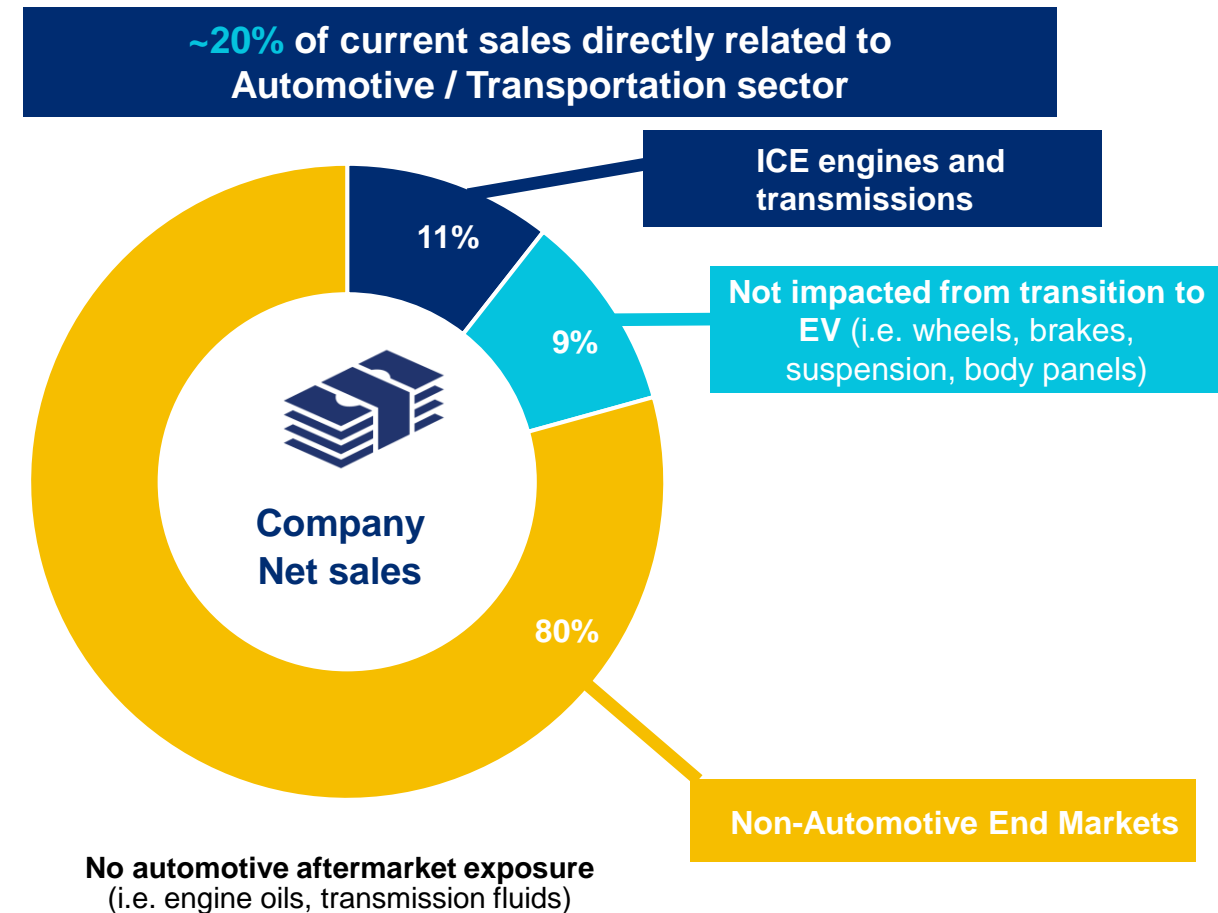
### GREEN CHEMISTRY INITIATIVES

Several glass laboratory flasks and beakers containing liquids of different colors, set against a green background.



# Electronic Vehicle Impact Overview

- 11% of our current sales are tied to automotive engines and transmissions which can be impacted by Electronic Vehicle (EV) trend
- Mixture of future growth in Hybrid Vehicles (HEV) vs. Full Battery Vehicles (BEV) will drive impact
  - **Positive:** More fluids(+22%) used in HEV versus Internal Combustion Engines (ICE)
  - **Negative:** Less fluids(-24%) used in BEV compared to ICE
- We expect our growth in the powertrain part of the automotive market to be ~2 to 3% CAGR from 2020 to 2030; including ICE, HEV, and BEV growth mix changes\* and new opportunities for EV



\* Assumes BEV/HEV/ICE production and market penetration at rates forecasted by IHS Markit in April 2021

# Data and Equipment Solutions: Complement Existing Product Portfolio

Growing Pipeline of Customer  
Opportunities and Interest



# Quaker Houghton's Sustainability Program

## Our **Vision** – What We Aspire to Achieve

### **SOCIAL. ENVIRONMENTAL. ECONOMIC PROGRESS.**

Through uniting our people, expertise, and resources, we will deliver contributions that result in a better, safer world and make a positive difference in the lives and organizations we touch.

## Our **Pillars** – How We Will Get There



**Innovating Together for  
a Better Tomorrow**



**Empowering Our Colleagues  
and Communities**



**Protecting Our  
Planet**



**Sourcing Our  
Materials Responsibly**

## Our **Goals** – How We Will Measure Success

**2030**  
aspirational goals

**2025**  
milestones

**2023**  
milestones

# Our Goals – **By 2030** We Aspire To...



**100%** of finished goods  
not classified as CMR

Reduction of fossil-based  
raw materials **30%**



**Carbon Neutrality**  
in our global operations

Set science-based  
targets to achieve  
**Net Zero**  
by 2050

**20%** Reduction of waste to landfill,  
hazardous waste, and water  
per ton produced

**25-27%** Female representation globally and in management  
Ethnic diversity in the U.S.

Cumulative hours of  
volunteering **250,000**

serious injury  
recordables **0**



**75%** of suppliers that exceed our  
performance threshold



# Integrated Goals for Customer Benefit



**90%+**

**Key customers** have  
**Sustainability Goals** in place  
which require their supply chain  
to take action



Increased renewable and  
recycled based products



Confidence in sustainable  
practices of supply chain



Decreased waste and  
energy at QH FLUIDCARE™  
locations



Decreased human hazards  
in products purchased



Decreased carbon footprint  
of products consumed



Decreased greenhouse  
gas emissions in  
supply chain



# Our Plan to Grow

▶ Mid-teens **market share** allows plenty of **room to grow**

▶ Combination provides unique opportunities to **cross-sell** products to **expanded customer base** and **end markets**

▶ Well positioned to take advantage of macro trends like **electrification, digitization**, and an expected **increased regulatory environment**

▶ We are in **markets** that are expected to **grow at a rate of 1-3%** over time

▶ Differentiated **customer intimate** business model will enable **share gains above market at 2-4%** into the future

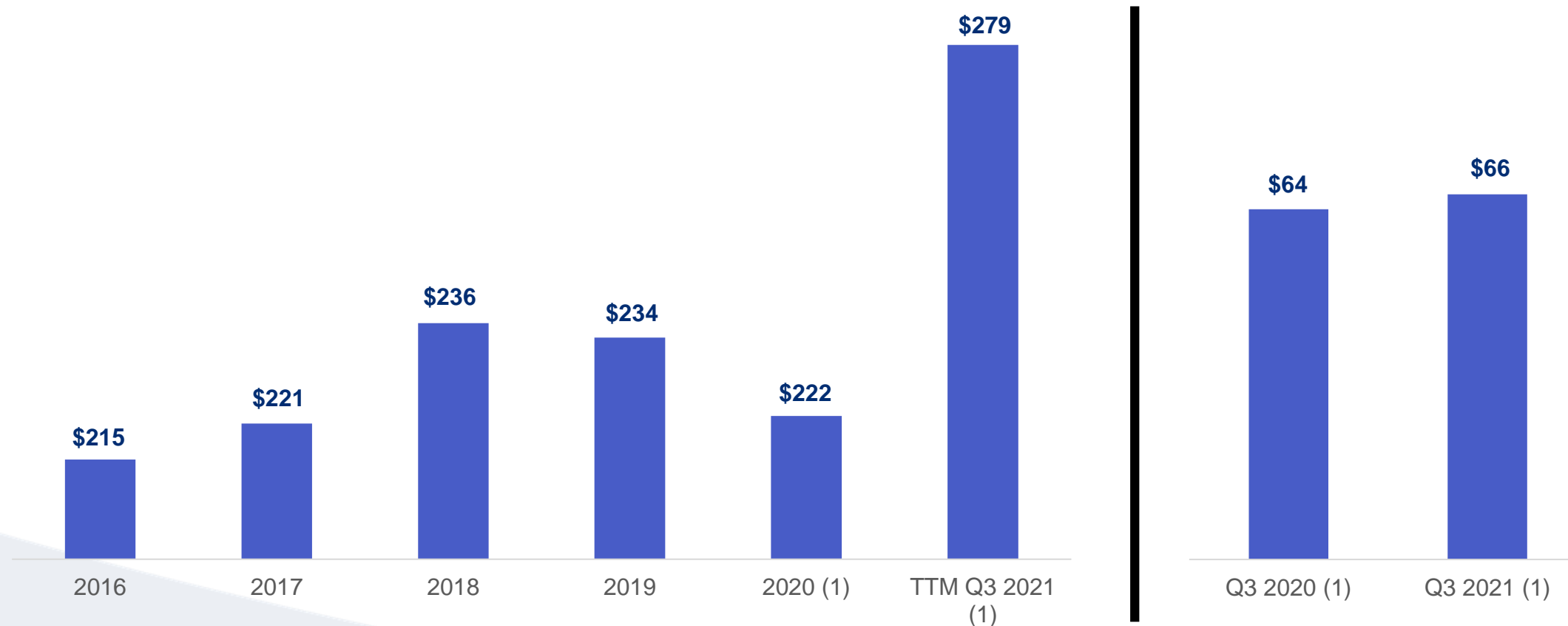
▶ Continue to pursue strategic **acquisitions**

# Impact of COVID-19

- Top priority continues to be to protect the health and safety of our employees and our customers, while working to ensure business continuity to meet customers' needs
- All 31 production facilities worldwide are open and operating
- Acted quickly to conserve cash and reduce costs during 2020, including eliminating discretionary spending, hiring freezes, selective furloughs and planned capital expenditures reduced by 30%
- Operating cash flow during 2020 was a record \$178 million; have not had and do not expect any liquidity or bank covenant issues
- Expect continued improvement in our markets as we progress through the next two years and get back to pre-COVID-19 volume levels
- In 2022, we expect another strong year with net sales and earnings growth above normal long-term trends

# Adjusted EBITDA Trend

*(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

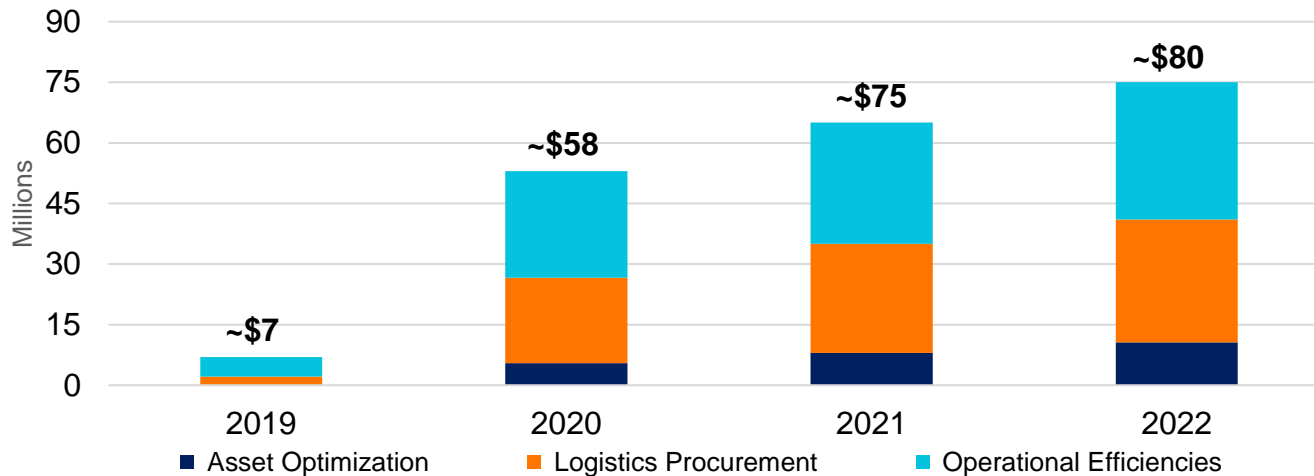
# Balanced Capital Allocation Strategy

Supported by Strong Free Cash Flow with adjustments for COVID-19

Capital Structure	Net Leverage Target $\leq 2.5x$	Post COVID-19 focus on reducing leverage while maintaining strong liquidity and compliance with bank covenants
Capex	Houghton Integration	Post COVID-19 reduction in capex to \$18 million in 2020; expect 2021 to be higher than 2020; preserves integration related capex
	Long-term	~1.5% of sales after integration plan completed in ~ two years
Return to Shareholders	Dividends	Maintain/increase dividends consistent with Quaker's practice over 49 years
	Share Repurchase	Return excess cash to shareholders through opportunistic buybacks
Acquisitions	Support Growth Strategy	Bolt-ons will support core growth near term; larger opportunities considered post leverage reduction in ~ two years

# Estimated Cost Synergies Increased

## Estimated Synergy Realization Timing



### Synergy Updates

- Realized ~\$7 million in 2019 and ~\$58 million in 2020 (up from initial estimate of \$35 million)
- Continues to expect to achieve synergies of ~\$75 million in 2021 (up from \$50 million) and ~\$80 million in 2022 (up from \$60 million)

## Sources of Synergy

### Asset Optimization (~15%)

- Manufacturing footprint optimization
- Optimize IT platforms

### Logistics & Procurement (~40%)

- Raw material purchasing
- Freight / warehousing
- Ester production

### Operational Efficiencies (~45%)

- Organizational redundancies
- Non-labor cost savings



# Success: What Does it Look Like?

**We are highly confident in our ability to deliver our Integration Plan**

1

We will have industry leading safety performance

2

We will have retained our customers

3

We will have achieved our targets and increased Adjusted EBITDA margin by ~4% pts

4

We will be growing above the market by 2 to 4%

5

We will have reduced our debt to targeted level of  $\leq 2.5x$  net debt to Adjusted EBITDA

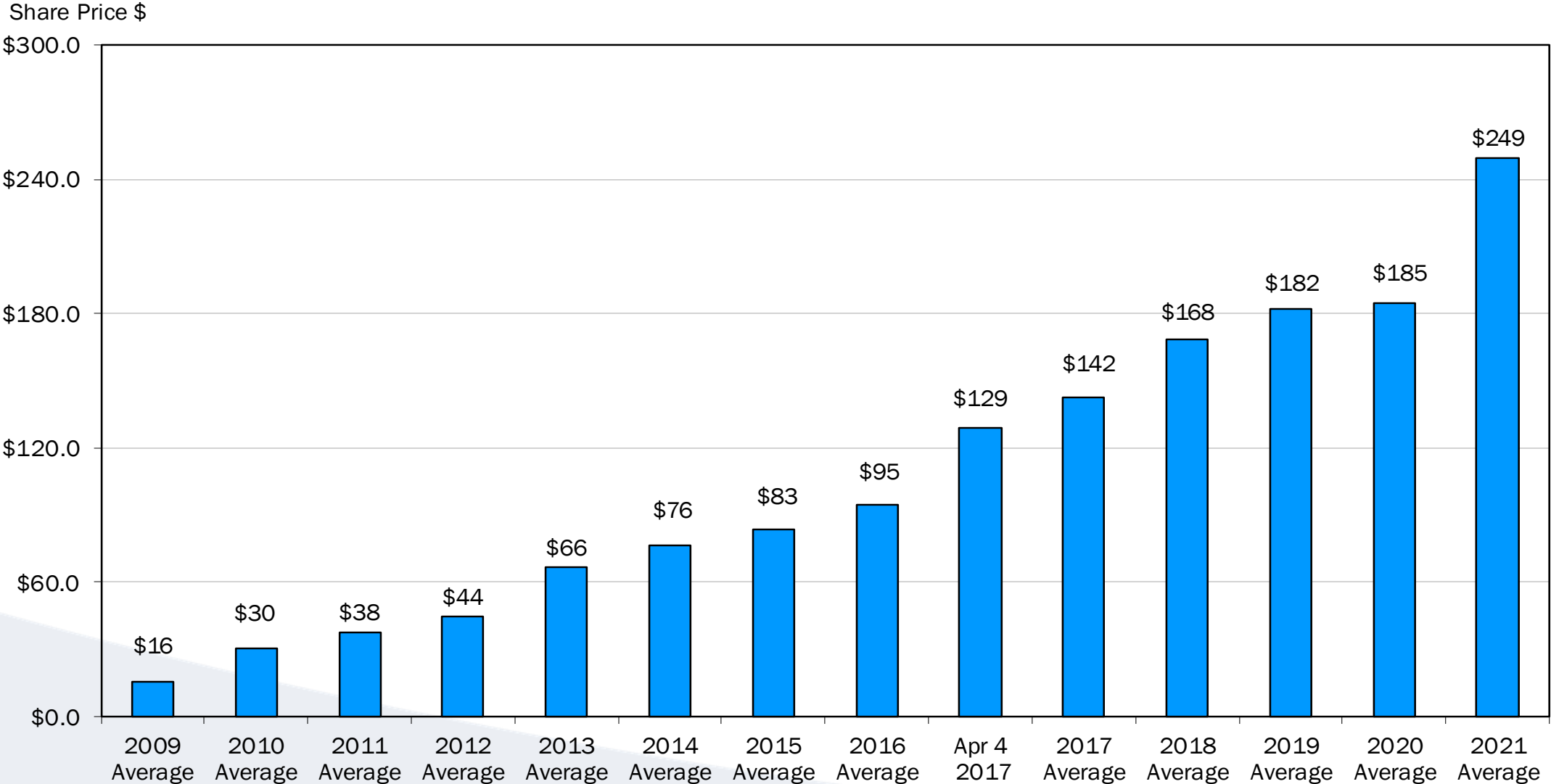
6

We will have made strategic “bolt-on” acquisitions and will be positioned for more sizable acquisitions by the end of our integration

7

We will have an engaged and happy workforce

# Creating Shareholder Value Is Our Priority



# Appendix

## *Actual and Non-GAAP Results*



# Non-GAAP and Pro Forma Measures

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

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

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

In addition, the Company has provided certain unaudited pro forma financial information in this presentation. The unaudited pro forma financial information is based on the historical consolidated financial statements and results of both Quaker and Houghton and has been prepared to illustrate the effects of the Combination. The unaudited pro forma financial information has been presented for informational purposes only and is not necessarily indicative of Quaker Houghton's past results of operations, nor is it indicative of the future operating results of Quaker Houghton and should not be considered a substitute for the financial information presented in accordance with GAAP. The Company has not provided pro forma financial information as it relates to the acquired operating divisions of Norman Hay plc 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 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 fourth quarter and full year earnings news release dated February 25, 2021, which has been furnished to the Securities and Exchange Commission on Form 8-K, and the Company's Annual Report for the year ended December 31, 2020 as well the second quarter earnings news release dated August 3, 2021, which has been furnished to the Securities and Exchange Commission on Form 8-K, and once filed with the Securities and Exchange Commission, the Company's 10-Q for the quarter ended June 30, 2021. These documents may contain additional explanatory language and information regarding certain of the items included in the following reconciliations.

# Adjusted EBITDA Reconciliation

(dollars in thousands)

	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 Reconciliation

Trailing Twelve Months Q3 2021

(dollars in thousands)

	A	B	C = B - A	D	E = C + D
	YTD Q3 2020	Full Year 2020	Last Three Months 2020	YTD Q3 2021	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

# Appendix

## *Pro Forma Results*



# 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.



# 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.



# 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.

# 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.

