
**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**

July 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))
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INFORMATION TO BE INCLUDED IN THE REPORT

Item 2.02. Results of Operations and Financial Condition.

On July 30, 2012, Quaker Chemical Corporation announced its results of operations for the second quarter ended June 30, 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 July 30, 2012.
99.2	Supplemental Information related to second quarter ended June 30, 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: July 30, 2012

By: /s/ MARGARET M. LOEBL

Margaret M. Loebel
Vice President, Chief Financial
Officer and Treasurer



For Release:
Immediate

NEWS

Contact:
Margaret M. Loebel
Vice President, CFO &
Treasurer
610-832-4160

QUAKER CHEMICAL CORPORATION ANNOUNCES SECOND QUARTER 2012 RESULTS

- Net sales up 5% from the second quarter of 2011
- Net income up 7% from the second quarter of 2011
- Quarterly operating cash flow of \$15.2 million

July 30, 2012

CONSHOHOCKEN, PA – Quaker Chemical Corporation (NYSE:KWR) today announced net sales of \$176.8 million for the second quarter of 2012, up 5% compared to second quarter 2011 net sales of \$167.8 million. Net income of \$10.5 million and earnings per diluted share of \$0.81 for the second quarter of 2012 were up 7% and 3%, respectively, compared to \$9.8 million and \$0.79 earnings per diluted share for the second quarter of 2011. For the first six months of 2012, the Company reported net sales of \$354.4 million, up 8% compared to net sales of \$327.7 million for the first six months of 2011. Net income of \$22.5 million and earnings per diluted share of \$1.72 for the first six months of 2012 were up 10% and 2%, respectively, compared to net income of \$20.4 million and earnings per diluted share of \$1.69 for the first six months of 2011. The second quarter of 2012 includes charges of approximately \$0.06 per diluted share for certain customer bankruptcies in the U.S. and \$0.03 per diluted share related to CFO transition costs. The second quarter and first half of 2012 earnings per diluted share include an approximate \$0.03 and \$0.11 dilutive effect as a result of the Company's equity offering in May 2011, respectively.

Michael F. Barry, Chairman, Chief Executive Officer and President, commented, "We are pleased with the second quarter results, especially in light of the bankruptcy and CFO transition charges. We are being negatively impacted by a stronger dollar and weaker demand in several geographical areas such as Europe, China, Brazil and India. However, these negatives have been offset by additional new business and our recent acquisitions as well as the continuing manufacturing recovery of North America. Looking forward to the second half, we expect the global economic environment to remain challenging, with continued weakness in most regions. However, I remain confident that 2012 will be another good year for Quaker. In addition, our strong balance sheet and cash flow generation continues to provide us the financial flexibility to invest in our strategic growth initiatives, pay dividends to our shareholders, and grow our Company further via acquisition."

Second Quarter 2012 Summary

Net sales for the second quarter of 2012 were \$176.8 million, an increase of 5% from \$167.8 million in the second quarter of 2011. Product volumes, including acquisitions, were higher by 6%, selling price and mix increased revenues by 5%, while foreign exchange rates decreased revenues by 6%.

Gross profit increased by \$6.9 million, or 13%, from the second quarter of 2011. The second quarter of 2012 gross margin increased to 34.3% from 32.0% for the second quarter of 2011 and 33.7% for the first quarter of 2012. The increase in gross margin reflects the Company's ongoing initiative of restoring margins to more acceptable levels through price increases, as well as mix effects experienced in the quarter.

Quaker Chemical Corporation

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Selling, general and administrative expenses (“SG&A”) increased approximately \$4.8 million compared to the second 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. The second quarter of 2012 SG&A includes charges of approximately \$0.06 per diluted share for certain customer bankruptcies in the U.S. and \$0.03 per diluted share related to CFO transition costs. As a result, the second quarter of 2012 SG&A, as a percentage of sales, increased to 24.7% compared to 23.1% for the second quarter of 2011 and 24.3% for the first quarter of 2012.

Other income decreased in the second quarter of 2012 primarily due to foreign exchange losses compared to foreign exchange gains in the second quarter of 2011. Interest expense in the second quarter of 2012 was comparable to the second quarter of 2011, however, decreases in interest expense due to lower average borrowings were partially offset by increases related to the accretion of certain acquisition-related liabilities.

The second quarter of 2012 earnings per diluted share of \$0.81 reflects an approximate \$0.03 dilutive effect as a result of the Company’s equity offering in May of 2011.

Year-to-Date Summary

Net sales for the first half of 2012 were \$354.4 million, an increase of 8% from \$327.7 million in the first half of 2011. Product volumes, including acquisitions, were higher by 5%, selling price and mix increased revenues by 7%, while foreign exchange rates decreased revenues by 4%.

Gross profit increased by \$13.9 million, or 13%, from the first half of 2011 with gross margin increasing to 34.0% from 32.5% for the first half of 2011, reflecting the Company’s ongoing initiative of restoring margins and mix effects noted above.

SG&A increased approximately \$9.3 million compared to the first half 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. The first half of 2012 SG&A includes the bankruptcy charges and CFO transition costs, as discussed above. SG&A, as a percentage of sales, increased to 24.5% from 23.6% for the first half of 2011.

Other income decreased in the first half of 2012 primarily due to higher foreign exchange losses and lower third party license fees as compared to the first half of 2011. Interest expense was relatively flat compared to the first half of 2011, however, decreases in interest expense due to lower average borrowings were offset by increases related to the accretion of certain acquisition-related liabilities.

The Company’s low year-to-date 2012 and 2011 effective tax rates of 26.1% and 25.7%, respectively, reflect decreases in reserves for uncertain tax positions due to the expiration of applicable statutes of limitations for certain tax years of approximately \$0.12 and \$0.11 per diluted share, respectively. The Company has experienced and expects to further experience volatility in its 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.

Equity in net income of associated companies decreased in the first half of 2012 as compared to the first half of 2011, primarily due to the Company’s July 2011 purchase of the remaining ownership interest in its Mexican affiliate.

The first half of 2012 earnings per diluted share of \$1.72 reflect an approximate \$0.11 dilutive effect as a result of the Company’s equity offering in May of 2011.

Balance Sheet and Cash Flow Items

Net operating cash flow of \$15.2 million was generated in the second quarter of 2012, primarily led by the Company’s second quarter net income. The Company’s consolidated leverage ratio remained strong at less than one times EBITDA.

Subsequent Events

In July 2012, the Company acquired NP Coil Dexter Industries, S.r.l., a European manufacturer and supplier of metal surface treatment products. The acquired business has annual net sales of approximately \$11.0 million.

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 second quarter results is scheduled for July 31, 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)

	(Unaudited)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net sales	\$ 176,797	\$ 167,792	\$ 354,435	\$ 327,657
Cost of goods sold	116,161	114,026	234,004	221,157
Gross profit	60,636	53,766	120,431	106,500
%	34.3%	32.0%	34.0%	32.5%
Selling, general and administrative expenses	43,653	38,825	86,746	77,459
Operating income	16,983	14,941	33,685	29,041
%	9.6%	8.9%	9.5%	8.9%
Other (expense) income, net	(134)	791	207	1,330
Interest expense	(1,151)	(1,200)	(2,325)	(2,418)
Interest income	137	271	260	543
Income before taxes and equity in net income of associated companies	15,835	14,803	31,827	28,496
Taxes on income before equity in net income of associated companies	4,874	4,499	8,319	7,321
Income before equity in net income of associated companies	10,961	10,304	23,508	21,175
Equity in net income of associated companies	209	251	355	610
Net income	11,170	10,555	23,863	21,785
Less: Net income attributable to noncontrolling interest	630	714	1,377	1,344
Net income attributable to Quaker Chemical Corporation	<u>\$ 10,540</u>	<u>\$ 9,841</u>	<u>\$ 22,486</u>	<u>\$ 20,441</u>
%	6.0%	5.9%	6.3%	6.2%
Per share data:				
Net income attributable to Quaker Chemical Corporation Common Shareholders - basic	\$ 0.81	\$ 0.80	\$ 1.74	\$ 1.72
Net income attributable to Quaker Chemical Corporation Common Shareholders- diluted	\$ 0.81	\$ 0.79	\$ 1.72	\$ 1.69

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

	(Unaudited)	
	June 30, 2012	December 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents	\$ 25,252	\$ 16,909
Accounts receivable, net	156,424	150,676
Inventories, net	77,678	74,758
Prepaid expenses and other current assets	18,009	17,206
Total current assets	277,363	259,549
Property, plant and equipment, net	82,655	82,916
Goodwill	57,033	58,152
Other intangible assets, net	30,397	31,783
Investments in associated companies	7,891	7,942
Deferred income taxes	27,644	29,823
Other assets	36,370	35,356
Total assets	\$ 519,353	\$ 505,521
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings and current portion of long-term debt	\$ 563	\$ 636
Accounts and other payables	74,679	68,125
Accrued compensation	10,610	16,987
Other current liabilities	22,334	20,901
Total current liabilities	108,186	106,649
Long-term debt	45,004	46,701
Deferred income taxes	6,622	7,094
Other non-current liabilities	86,116	89,351
Total liabilities	245,928	249,795
Equity		
Common stock, \$1 par value; authorized 30,000,000 shares; issued 13,010,639 shares	13,011	12,912
Capital in excess of par value	92,199	89,725
Retained earnings	192,116	175,932
Accumulated other comprehensive loss	(32,091)	(29,820)
Total Quaker shareholders' equity	265,235	248,749
Noncontrolling interest	8,190	6,977
Total equity	273,425	255,726
Total liabilities and equity	\$ 519,353	\$ 505,521

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Quaker Chemical Corporation
Condensed Consolidated Statement of Cash Flows
For the six months ended June 30,
(Dollars in thousands)

	(Unaudited)	
	2012	2011
Cash flows from operating activities		
Net income	\$ 23,863	\$ 21,785
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	5,969	5,405
Amortization	1,465	973
Equity in undistributed earnings of associated companies, net of dividends	(171)	(32)
Deferred compensation and other, net	1,332	4,162
Stock-based compensation	2,078	1,854
Gain on disposal of property, plant and equipment	(13)	(78)
Insurance settlement realized	(808)	(864)
Pension and other postretirement benefits	(1,951)	(4,168)
(Decrease) increase in cash from changes in current assets and current liabilities, net of acquisitions:		
Accounts receivable	(7,031)	(17,392)
Inventories	(3,871)	(13,986)
Prepaid expenses and other current assets	(1,946)	(4,029)
Accounts payable and accrued liabilities	3,025	6,537
Net cash provided by operating activities	<u>21,941</u>	<u>167</u>
Cash flows from investing activities		
Capital expenditures	(6,423)	(6,641)
Payments related to acquisitions	-	(717)
Proceeds from disposition of assets	84	221
Insurance settlement received and interest earned	35	42
Change in restricted cash, net	773	822
Net cash used in investing activities	<u>(5,531)</u>	<u>(6,273)</u>
Cash flows from financing activities		
Repayments of long-term debt	(1,754)	(40,402)
Dividends paid	(6,213)	(5,413)
Stock options exercised, other	(925)	146
Proceeds from sale of common stock, net of related expenses	-	48,143
Excess tax benefit related to stock option exercises	1,420	162
Distributions to noncontrolling shareholders	(30)	-
Net cash (used in) provided by financing activities	<u>(7,502)</u>	<u>2,636</u>
Effect of exchange rate changes on cash		
	(565)	1,245
Net increase (decrease) in cash and cash equivalents	8,343	(2,225)
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>\$ 25,252</u>	<u>\$ 23,541</u>



**Quaker Chemical Corporation
Investor Conference Call
July 31, 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 second quarter earnings news release dated July 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 June 30, 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.

2nd Quarter 2012 Results

- **Net Income up 7% in 2Q 2012 vs. 2Q 2011**
 - Increased EPS of \$0.81 from \$0.79 in 2Q 2011
 - EPS includes \$0.06 of U.S. Customer Bankruptcies, \$0.03 of CFO transition charges and \$0.03 dilutive impact related to equity offering in May of 2011

- **Net sales of \$176.8 million up 5% over 2Q 2011**
 - Product volumes, including acquisitions, were higher by 6% and selling price / mix increases drove a 5% increase
 - All partially offset by foreign exchange rate translation of 6%

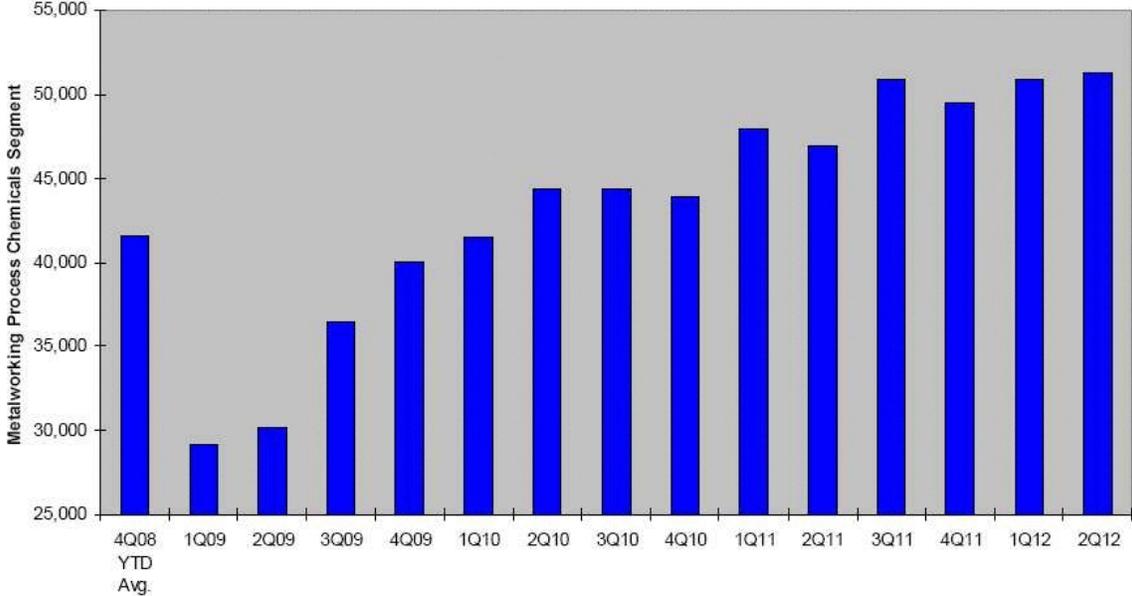
- **Gross profit up \$6.9 million, or 13%, compared to 2Q 2011**
 - Gross margin percentage higher than 2Q 2011 due to price increases implemented to restore margins and mix effects

- **SG&A % of sales of 24.7% up from 2Q 2011**
 - Primary drivers are acquisition related costs, additional selling and other costs on increased business activity and the bankruptcy charges and transition costs noted above, all partially offset by decreases due to foreign exchange rate translation

- **\$15.2 million of operating cash flow generated in 2Q 2012**

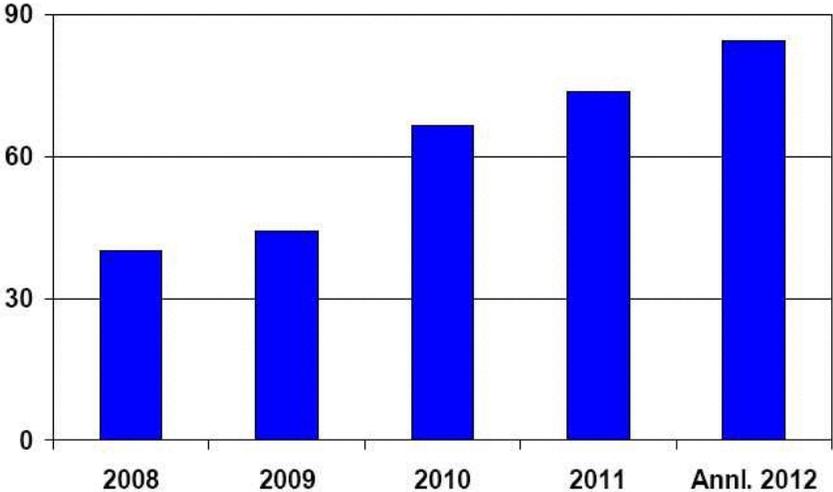
- **Leverage ratio remains a strong 0.6X at June 30, 2012, consistent with prior quarter end and year end 2011 levels**

Product Volume by Quarter



Volume slightly improving throughout 2012

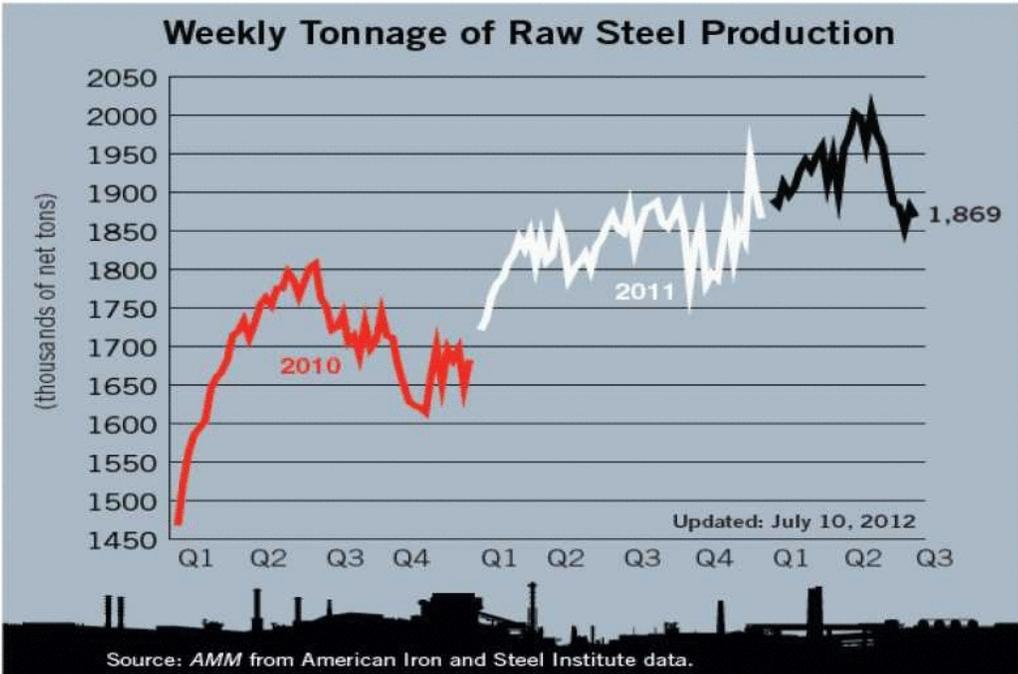
Annualized Run Rate of Adjusted EBITDA



Note: Excludes restructuring, transition costs related to key employees, an equity affiliate out-of-period charge, non-cash gain from purchase of equity affiliate, non-income tax contingency charge and U.S. bankruptcy charges. Annualized EBITDA for 2012 is EBITDA for the first half of 2012 multiplied by two.

2012 Annualized EBITDA tracking ahead of Full Year 2011

NA Steel Market Data



Reconciliation of Annualized Run Rate of Adjusted EBITDA

	2008	2009	2010	2011	YTD Annualized 2012
Net income attributable to Quaker Chemical Corporation	11,132	16,220	31,807	43,569	22,486
Add / (subtract):					
Depreciation	10,879	9,525	9,867	11,455	5,969
Amortization	1,177	1,078	988	2,338	1,465
Interest expense	5,509	5,533	5,225	4,666	2,325
Taxes on income	4,977	7,065	12,616	14,256	8,319
Restructuring and related activities	2,916	2,289	-	-	-
Non-income tax contingency charge	-	-	4,132	-	-
Mexico out-of-period charge	-	-	564	-	-
Transition costs related to key employees	3,505	2,443	1,317	-	558
Non-cash gain from purchase of equity affiliate	-	-	-	(2,718)	-
U.S. Customer Bankruptcies	-	-	-	-	1,156
Adjusted EBITDA	40,095	44,153	66,516	73,566	42,278
Multiply by Annual Run Rate	1	1	1	1	2
Annualized Run Rate of Adjusted EBITDA	40,095	44,153	66,516	73,566	84,556