

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 26, 2011
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 April 26, 2011, Quaker Chemical Corporation announced its results of operations for the first quarter ended March 31, 2011, 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 26, 2011.
99.2	Supplemental Information related to first quarter ended March 31, 2011.

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 26, 2011

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



**For Release:
Immediate**

NEWS

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

QUAKER CHEMICAL CORPORATION ANNOUNCES FIRST QUARTER 2011 RESULTS

- Strong quarterly sales up 25% to \$159.9 million from Q1 2010
- Q1 2011 diluted EPS of \$0.91 vs. \$0.84 diluted EPS in Q1 2010
- Product volumes higher than Q1 2010 by 16%

April 26, 2011

CONSHOHOCKEN, PA – Quaker Chemical Corporation (NYSE:KWR) today announced net sales of \$159.9 million and earnings per diluted share of \$0.91 for the first quarter of 2011, up 25% and 8%, respectively, compared to net sales of \$128.3 million and earnings per diluted share of \$0.84 for the first quarter of 2010.

Michael F. Barry, Chairman, Chief Executive Officer and President, commented, “We are off to a good start in 2011, despite the continuing challenge of escalating raw material costs. We are and will be implementing additional price increases as part of our ongoing effort to restore our margins to more acceptable levels. However, our profitability continues to grow due to good demand in our base markets, new business gained and the contribution from our recent acquisitions.”

Mr. Barry further stated, “Despite the uncertainties in the raw material markets and global economies, our goal for 2011 remains to build upon the profitability we achieved in 2010. With our leadership positions in both the emerging and mature markets, as well as our organic and external growth opportunities, I remain confident in our prospects for 2011 and beyond.”

First Quarter 2011 Summary

Net sales for the first quarter of 2011 were \$159.9 million, an increase of 25% from \$128.3 million in the first quarter of 2010. The increase in net sales was primarily the result of higher volumes and selling prices across the globe. Product volumes were higher by approximately 16% including the effects of acquisitions. Selling prices and mix increased revenues by approximately 7%, as the Company continues to implement price increases to help offset higher raw material costs. Foreign exchange rates also increased revenues by approximately 2%.

Gross profit increased by approximately \$5.4 million, but gross margin decreased from 36.9% in the first quarter of 2010 to 33% in the first quarter of 2011, as raw material costs continued to escalate, particularly in the first quarter of 2011. The Company continues to implement price increases to recover these higher costs.

Selling, general and administrative expenses (“SG&A”) increased approximately \$5.0 million compared to the first quarter of 2010. Higher selling costs on increased business activity, our 2010 acquisitions, foreign exchange rate translation and higher professional fees accounted for approximately 62% of the increase. Higher inflationary and other costs partially offset by lower incentive compensation accounted for the remainder of the increase. SG&A as a percentage of sales decreased to 24.2% in the first quarter of 2011 from 26.2% in the first quarter of 2010.

Quaker Chemical Corporation

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Net interest expense decreased due to lower interest rates despite higher average borrowings. Equity in net income of associated companies increased compared to the first quarter of 2010 as the prior year quarter reflected a charge of approximately \$0.03 per diluted share related to the first quarter 2010 devaluation of the Venezuelan Bolivar Fuerte.

The Company's low first quarter 2011 and 2010 effective tax rates include the expiration of applicable statutes of limitations for uncertain tax positions of approximately \$0.11 per diluted share, in each period. The Company has experienced and expects to further 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. However, the Company expects a higher effective tax rate for the full year 2011 as compared to the first quarter 2011 rate.

Balance Sheet and Cash Flow Items

Debt increased from December 31, 2010 due to higher working capital requirements on increased business activity, as well as the timing of payments related to incentive compensation.

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 April 27, 2011 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,	
	2011	2010
Net sales	\$ 159,865	\$ 128,320
Cost of goods sold	107,131	80,980
Gross profit	52,734	47,340
%	33.0%	36.9%
Selling, general and administrative expenses	38,634	33,669
Operating income	14,100	13,671
%	8.8%	10.7%
Other income, net	539	763
Interest expense, net	(946)	(1,127)
Income before taxes and equity in net income (loss) of associated companies	13,693	13,307
Taxes on income before equity in net income (loss) of associated companies	2,822	3,181
Income before equity in net income (loss) of associated companies	10,871	10,126
Equity in net income (loss) of associated companies	359	(89)
Net income	11,230	10,037
Less: Net income attributable to noncontrolling interest	630	618
Net income attributable to Quaker Chemical Corporation	\$ 10,600	\$ 9,419
%	6.6%	7.3%
Per share data:		
Net income attributable to Quaker Chemical Corporation Common Shareholders - basic	\$ 0.92	\$ 0.85
Net income attributable to Quaker Chemical Corporation Common Shareholders - diluted	\$ 0.91	\$ 0.84

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

	(Unaudited)	
	March 31, 2011	December 31, 2010
ASSETS		
Current assets		
Cash and cash equivalents	\$ 23,564	\$ 25,766
Accounts receivable, net	130,948	116,266
Inventories	70,230	60,841
Prepaid expenses and other current assets	13,899	12,609
Total current assets	238,641	215,482
Property, plant and equipment, net	78,494	76,535
Goodwill	53,675	52,758
Other intangible assets, net	23,579	24,030
Investments in associated companies	9,439	9,218
Deferred income taxes	27,303	28,846
Other assets	44,896	42,561
Total assets	\$ 476,027	\$ 449,430
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings and current portion of long-term debt	\$ 809	\$ 890
Accounts and other payables	76,595	63,893
Accrued compensation	9,728	17,140
Other current liabilities	19,108	19,268
Total current liabilities	106,240	101,191
Long-term debt	83,766	73,855
Deferred income taxes	6,410	6,108
Other non-current liabilities	78,849	81,177
Total liabilities	275,265	262,331
Equity		
Common stock, \$1 par value; authorized 30,000,000 shares; issued 11,531,148	11,531	11,492
Capital in excess of par value	39,132	38,275
Retained earnings	152,237	144,347
Accumulated other comprehensive loss	(9,497)	(13,736)
Total Quaker shareholders' equity	193,403	180,378
Noncontrolling interest	7,359	6,721
Total equity	200,762	187,099
Total liabilities and equity	\$ 476,027	\$ 449,430

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

	(Unaudited)	
	2011	2010
Cash flows from operating activities		
Net income	\$ 11,230	\$ 10,037
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	2,656	2,593
Amortization	486	254
Equity in net (income) loss of associated companies, net of dividends	(262)	89
Deferred compensation and other, net	1,967	289
Stock-based compensation	868	727
Gain on disposal of property, plant and equipment	(40)	(32)
Insurance settlement realized	(365)	(345)
Pension and other postretirement benefits	(4,910)	(2,265)
Increase (decrease) in cash from changes in current assets and current liabilities, net of acquisitions:		
Accounts receivable	(12,478)	(3,606)
Inventories	(8,309)	(5,332)
Prepaid expenses and other current assets	(2,397)	(1,360)
Accounts payable and accrued liabilities	4,455	(5,818)
Net cash used in operating activities	<u>(7,099)</u>	<u>(4,769)</u>
Cash flows from investing activities		
Capital expenditures	(3,475)	(2,042)
Proceeds from disposition of assets	170	41
Insurance settlement received and interest earned	22	5,038
Change in restricted cash, net	343	(2,742)
Net cash (used in) provided by investing activities	<u>(2,940)</u>	<u>295</u>
Cash flows from financing activities		
Proceeds from long-term debt	10,000	7,583
Repayments of long-term debt	(231)	(122)
Dividends paid	(2,701)	(2,550)
Stock options exercised, other	(50)	135
Excess tax benefit related to stock option exercises	78	321
Net cash provided by financing activities	<u>7,096</u>	<u>5,367</u>
Effect of exchange rate changes on cash	741	(1,124)
Net decrease in cash and cash equivalents	(2,202)	(231)
Cash and cash equivalents at the beginning of the period	25,766	25,051
Cash and cash equivalents at the end of the period	<u>\$ 23,564</u>	<u>\$ 24,820</u>



**Quaker Chemical Corporation
Investor Conference Call
April 27, 2011**



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 26, 2011, 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, 2011, 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 2011 Results

- Diluted EPS of \$0.91 in 1Q 2011 vs. EPS of \$0.84 for 1Q 2010
 - 1Q 2010 results include a charge of EPS \$0.03 related to the devaluation of the Venezuelan Bolivar
 - Both quarters include tax benefits of \$0.11 related to FIN 48, Accounting for Uncertainty in Income Taxes
- Sales up 25% to \$159.9 MM with product volume up 16% including acquisitions, compared to 1Q 2010
- Volume was up 9% including acquisitions from Q4 2010
- Gross margin of 33.0% vs. 36.9% in 1Q 2010 and 33.7% in 4Q 2010, due to higher raw material costs outpacing pricing actions. Additional 2011 pricing actions planned.
- Debt increased from December 31, 2010 due to higher working capital requirements on increased business activities, as well as the timing of payments related to incentive compensation

Outlook

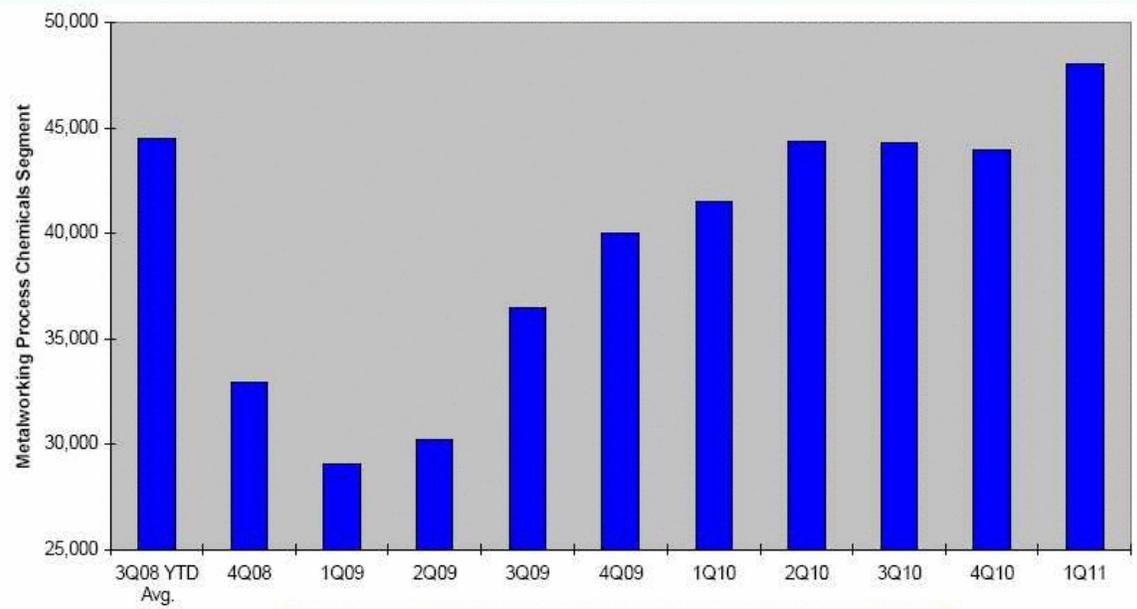
Short-term

- Some demand uncertainty with recent interest rate increases in China, India and Brazil
- Limited margin visibility over the next one to two quarters as raw material costs continue to escalate
 - Lag effect with additional price increases
- Helping to offset these uncertainties are new business gained and growth from recent acquisitions
- Continued goal to build upon the record profits achieved in 2010

Longer-term

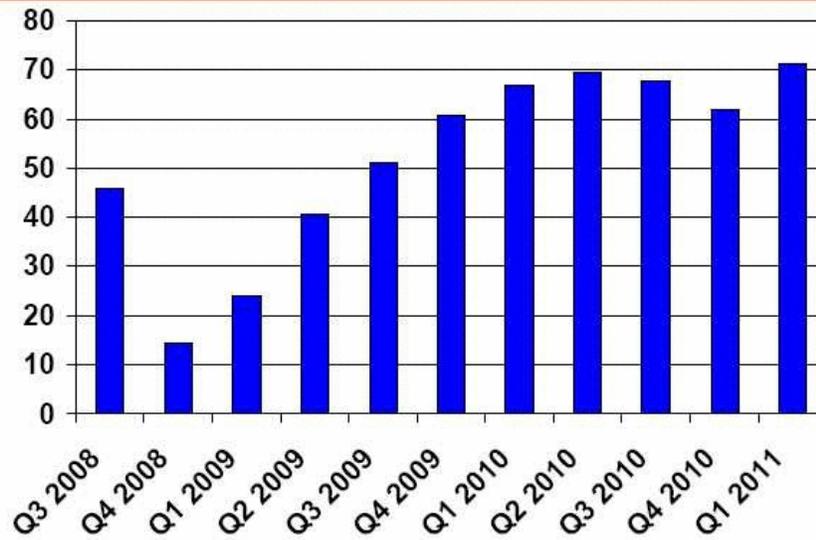
- Good growth prospects as Europe and U.S. markets continue to recover and emerging markets continue strong growth

Product Volume by Quarter



Record Volume Level In Q1 2011

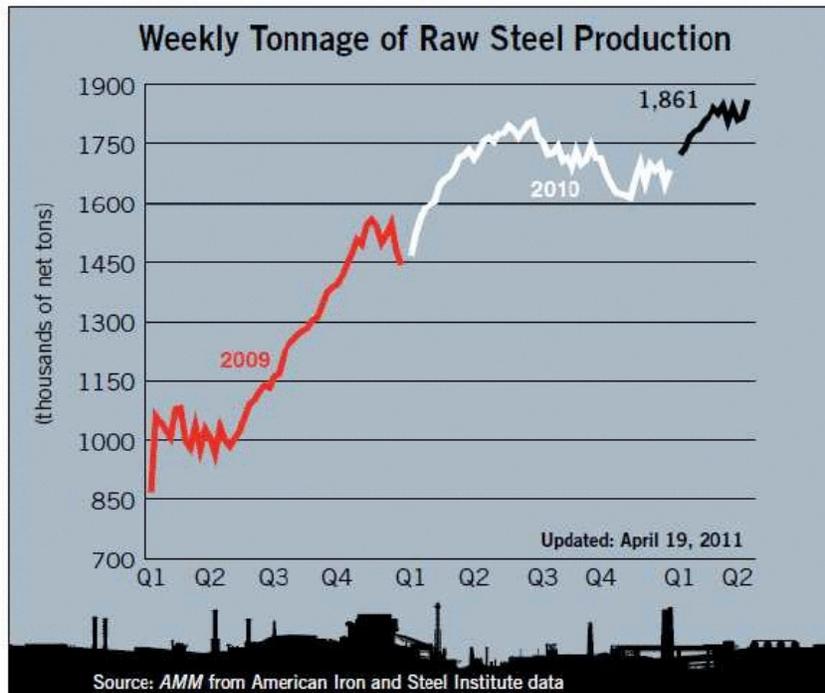
Annualized Run Rate of Adjusted EBITDA



Note: Excludes restructuring, CEO transition costs, equity affiliate out-of-period charge and non-income tax contingency charge. Annualized EBITDA is latest quarter's EBITDA multiplied by 4.

Current EBITDA Run Rate Highest In Quaker History

NA Steel Market Data



Summary

- Record quarter for sales, earnings and EBITDA
- Balance sheet continues to be strong
- Positioned for good growth over next several years in both emerging and mature markets
 - Emerging markets – well positioned in BRIC (Brazil, Russia, India & China) to take advantage of strong growth
 - Mature Markets – Steel and auto markets expected to have above normal growth as industries gradually rebound
- Raw material costs continue to increase
- Further pricing actions being planned for Q2

Reconciliation of Annualized Run Rate of Adjusted EBITDA

	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011
Net income (loss) attributable to Quaker Chemical Corporation	4,440	(2,722)	2	3,234	5,052	7,932	9,419	9,153	6,340	6,895	10,600
Add / (subtract):											
Depreciation	2,822	2,600	2,458	2,343	2,147	2,577	2,593	2,475	2,380	2,419	2,656
Amortization	300	271	257	265	275	281	254	208	274	252	486
Interest Expense	1,330	1,423	1,242	1,538	1,356	1,397	1,311	1,386	1,345	1,183	1,218
Taxes on income	967	(871)	(251)	1,567	2,747	3,002	3,181	4,143	1,661	3,631	2,822
Restructuring and related activities	-	2,916	2,289	-	-	-	-	-	-	-	-
Non-Income tax contingency charge	-	-	-	-	-	-	-	-	3,581	551	-
Mexcio Out-of-Period charge	-	-	-	-	-	-	-	-	-	564	-
CEO transition costs	1,625	-	-	1,193	1,250	-	-	-	1,317	-	-
Adjusted Quarterly EBITDA	11,484	3,617	5,997	10,140	12,827	15,189	16,758	17,365	16,898	15,495	17,782
Multiply by 4	4	4	4	4	4	4	4	4	4	4	4
Annualized Run Rate of Adjusted EBITDA	45,936	14,468	23,988	40,560	51,308	60,756	67,032	69,460	67,592	61,980	71,128

