

Quaker Chemical Corporation

Investor Presentation

May 2017



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 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 most recent annual report filed on Form 10-K and most recent quarterly report filed on Form 10-Q, as filed with the SEC.

Forward-Looking Statements

This presentation contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. 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 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, significant changes in applicable tax rates and regulations, future terrorist attacks and other acts of violence. Other factors, including those related to the previously announced Houghton combination, could also adversely affect us including, but not limited to:

- the risk that Quaker shareholders may not approve the proposed transaction;
- the risk that a required regulatory approval will not be obtained or is subject to conditions that are not anticipated or acceptable to us;
- the potential for regulatory authorities to require divestitures in connection with the proposed transaction, which would result in a smaller than anticipated combined business;
- the risk that a closing condition to the proposed transaction may not be satisfied in a timely manner;
- risks associated with the financing of the transaction;
- the occurrence of any event, change or other circumstance that could give rise to the termination of the purchase agreement;
- potential adverse effects on Quaker Chemical's business, properties or operations caused by the implementation of the transaction;
- Quaker Chemical's ability to promptly, efficiently and effectively integrate Houghton International's operations into those of Quaker Chemical;
- risks related to the disruption of each company's time from ongoing business operations due to the proposed transaction; and,
- the outcome of any legal proceedings that may be instituted against the companies following announcement of the merger agreement and transactions contemplated therein.

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, you should refer to the Risk Factors detailed in Item 1A of our 2016 Form 10-K, and in our quarterly and other reports filed from time to time with the Commission. We caution you not to place undue reliance on these forward-looking statements, which are current only as of the date on which we issued this report. 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

□ Quaker Financial Review

□ Houghton + Quaker = A Compelling Combination

□ Houghton and Quaker Financial Review

□ Appendix

Approaching 100 Years As A Leading Specialty Chemical Company

- **Founded in 1918**
- **Corporate HQ in Conshohocken, PA**
- **Leading positions in specialty lubricants to the metals, coatings and fluids markets**
- **Approximately 2,000 associates**
- **36 locations in 21 countries**
- **R&D Centers Globally: 2016 Spend \$23M**
- **Serving over 2,500 customers globally**



Quaker is the leading provider of customized solutions and technology driven specialty chemical products for metals processing

Recognized for Excellence



For 6 years (2010–2013, 2015–2017), Quaker was named to the “Top Workplaces” list on *philly.com* – based on opinions of our associates in the Philadelphia, USA area.

In 2014, 2013, 2012 and 2010, Quaker was named by *Forbes* as one of the “Best Small Companies” in America.



In 2010, Quaker was also named one of the “Most Trustworthy Companies.”



In 2012, Quaker was named to the *Philadelphia Business Journal's* list of the Fastest-Growing Companies and also Top 100 Public Companies.

In 2010, Quaker was named to *Investor Business Daily's* list of “Best of 2010 – Top 100 Stocks.”

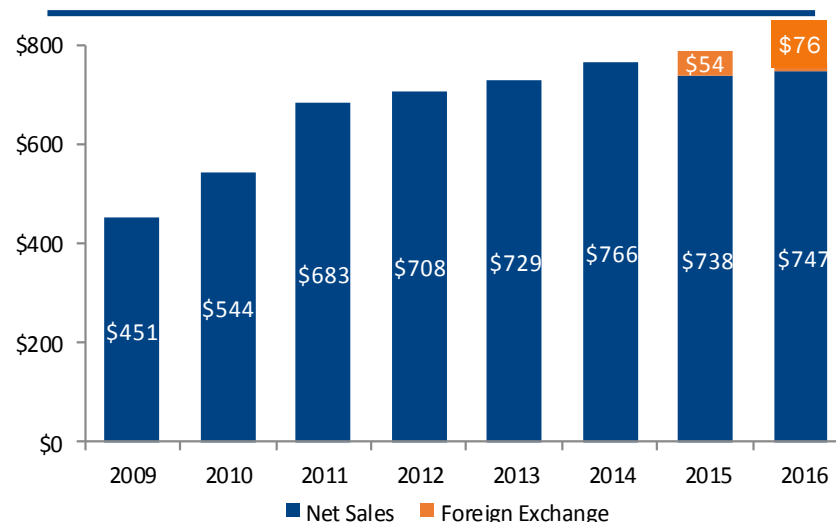


Proud of Our Accomplishments

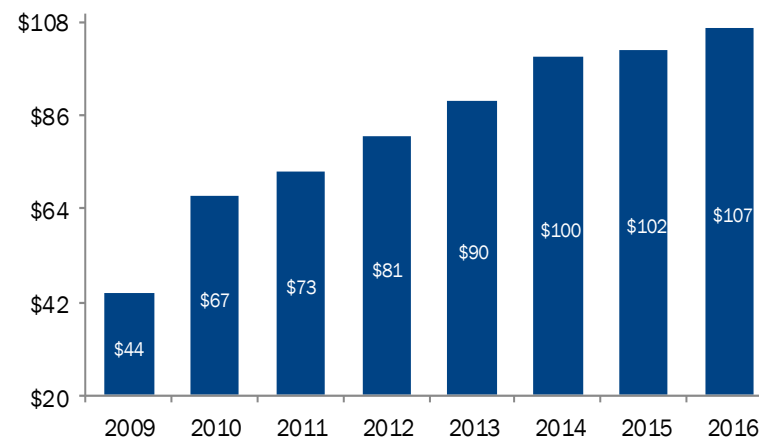
Financials at a Glance

- **2016 Sales: \$747M (Including a \$22M Decrease Due to Foreign Exchange)**
- **2016 Reported Diluted EPS: \$4.63**
- **2016 Non-GAAP Diluted EPS: \$4.60**
- **2016 Record Adjusted EBITDA: \$107M**
- **2009-2016 Adjusted EBITDA CAGR: 13.4%**
- **Current Market Cap: Approx. \$1.8B**
- **Dividend Consistency: 45 Years (increased 41 years)**

Net Sales



Adjusted EBITDA



Leadership with Deep Industry Experience



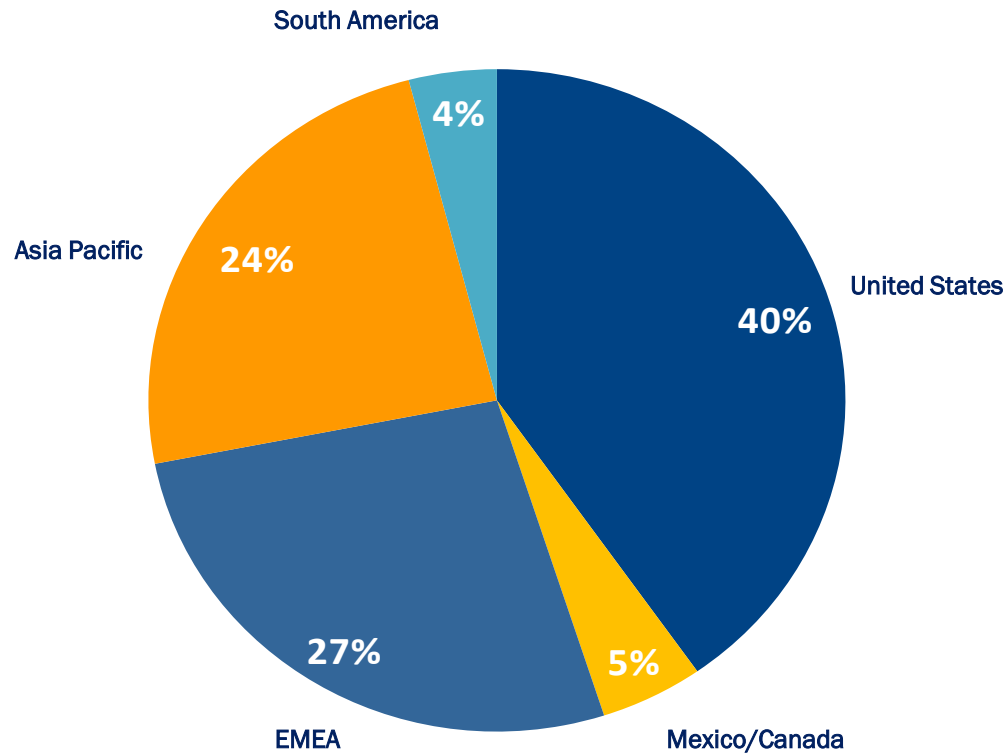
	Title	Age	Year Joined Quaker	Previous Employers / Roles
Michael Barry	Chairman, President & Chief Executive Officer	59	1998 (19 years)	Senior Vice President and Managing Director – North America Vice President and Chief Financial Officer
Mary Dean Hall	Vice President, Chief Financial Officer & Treasurer	60	2015 (1 Year)	20 Years in Senior Financial Roles with Eastman Chemical and Over 10 Years in Senior Banking Roles
Joseph Berquist	Vice President & Managing Director – North America	45	1997 (20 years)	Senior Director, North America Commercial Industry Business Director – Metalworking/Fluid Power
Dieter Laininger	Vice President & Managing Director – South America & Global Leader - Primary Metals	53	1991 (26 years)	Industry Business Manager for Steel and Metalworking – EMEA
Adrian Steeples	Vice President & Managing Director – Asia Pacific	56	2010 (7 years)	20 Years experience with various managing roles at BP / Castrol
Wilbert Platzer	Vice President & Managing Director – EMEA	55	1995 (22 years)	Vice President – Global Industrial Metalworking Vice President – Worldwide Operations

Operations and Employees Delivering in a Diverse Set of Global Geographies



Global Footprint Positions Quaker for Strong Growth Alongside its Global Customer Base

2016 Net Sales Breakdown



60% of Sales are Outside of the U.S.

Strong Market Positions and Focused Business Portfolio



Primary Metals



Metalworking



Coatings

Leveraging Industry Leadership and Acquisitions Across Several Business Lines

% 2016 Revenue

50%

42%

8%

Positioned as a Market Leader



Primary Metals

- ✓ **No. 1 supplier to sheet mills worldwide**
- ✓ **Rolling oils, cleaners, corrosion preventives, fire resistant hydraulic fluids**
- ✓ **Market leader in cold rolled steel technology**

Key Competitors:



HOUGHTON[™]



Large Market Opportunity



Metalworking

- ✓ **Metal forming, grinding, machining, can lubricants**
- ✓ **One of several leaders in \$5 billion+ market**
- ✓ **Auto and Tube & Pipe focus**
- ✓ **Opportunity for market consolidation**

Key Competitors:



HOUGHTON[™]





Coatings

- ✓ **Leader in chemical milling maskants to aerospace industry**
- ✓ **Strong niche positions in marine, concrete and other metal coatings**

Products and related technical services are highly effective at lowering customers' "total cost of ownership" and improving their overall end product quality at a low incremental cost

Rolling Lubricants



Corrosion Protection
and Metal Finishing



Machining and
Grinding Compounds



Tube and Pipe Coatings



Mining Products

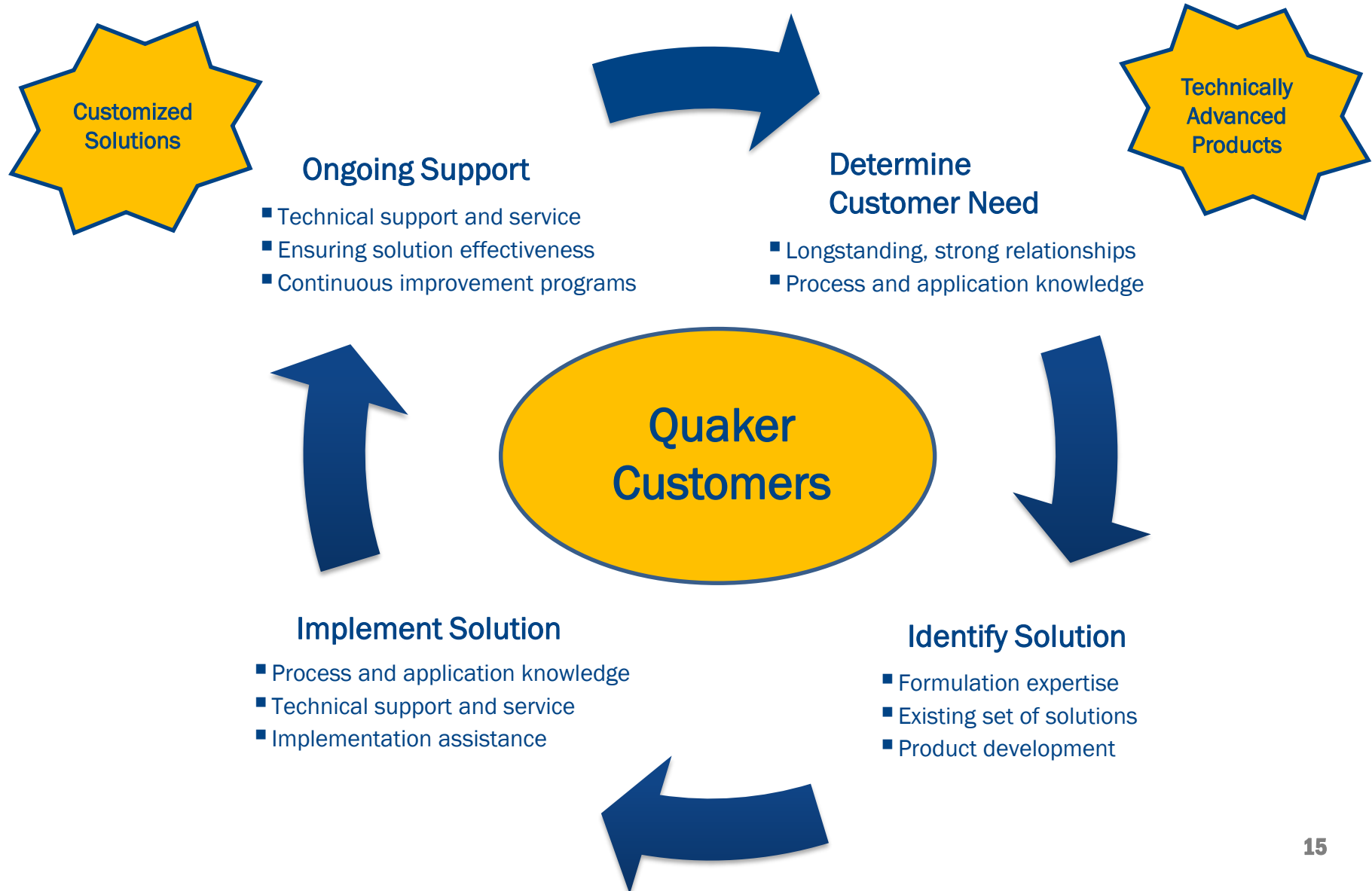


Specialty Hydraulic
Fluids and Greases



“Customer Intimacy”

Key Tenet of Quaker Business Model



Blue Chip Customer Base with Long-Term Relationships

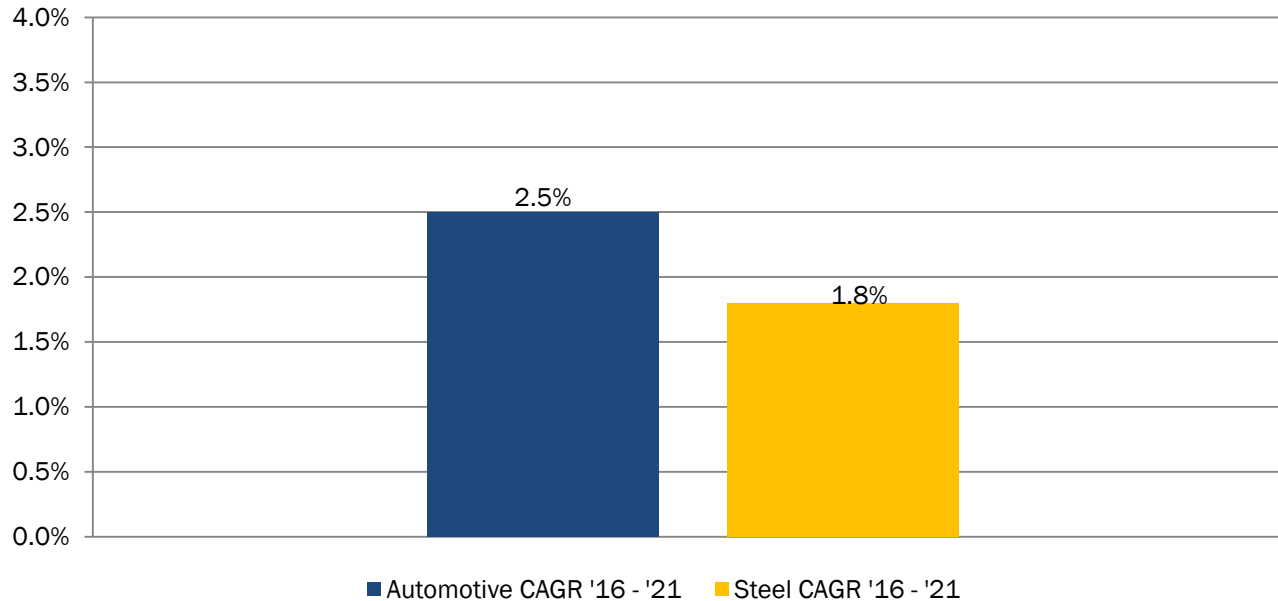
Representative Customers

- Diverse customer base with sales in over 75 countries
- Long-term relationships with key customers
 - Top 10 customers have relied on Quaker for over a decade
 - Many key customers serviced on a global basis
- Superior customer service and strong understanding of customers' needs
- Solutions are critical, but account for only a small percentage of overall costs



External Industry Growth Projections

Global Automotive & Steel Industry Growth (1)(2)

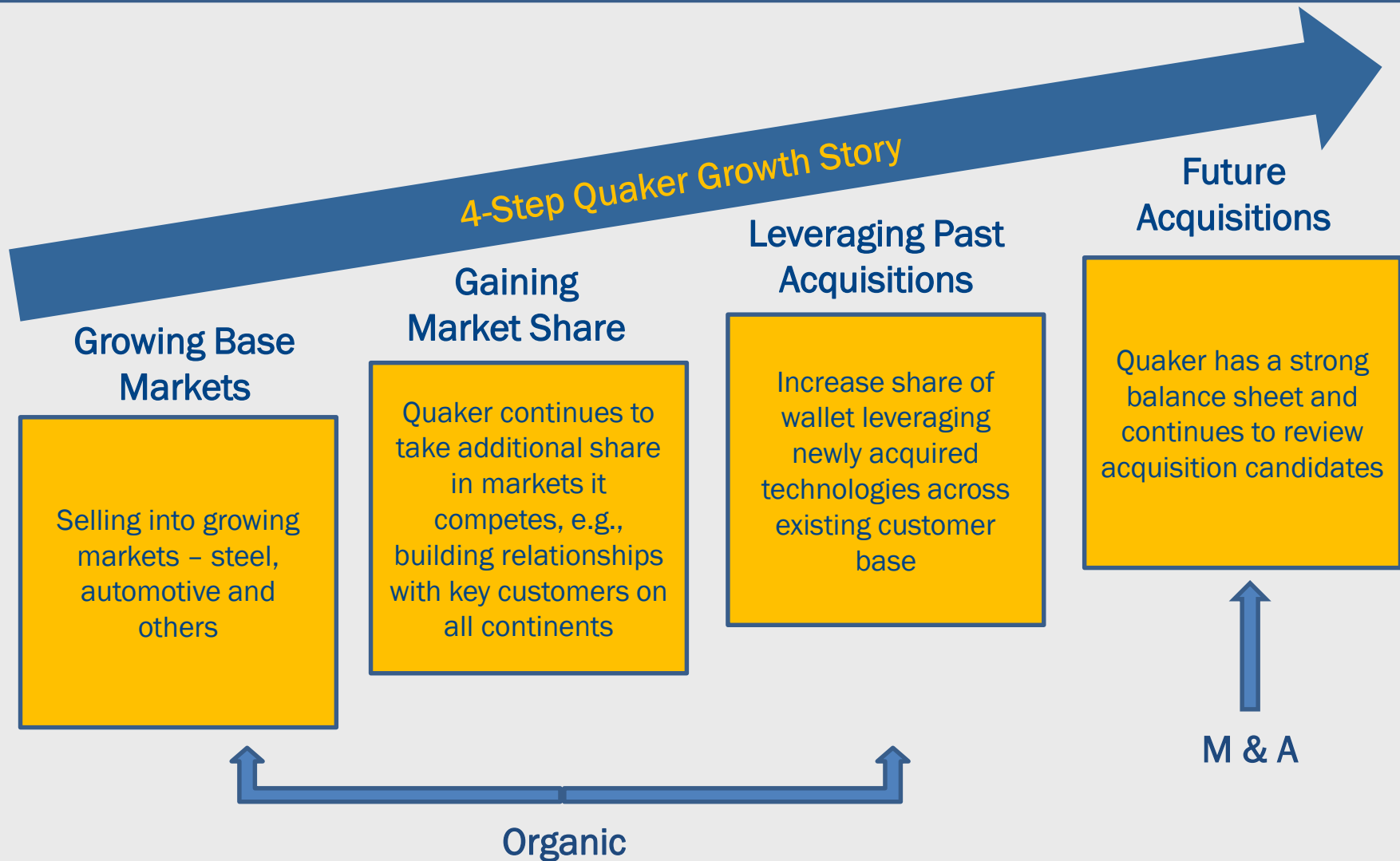


Market Growth Expected to Moderate Slightly After 2016

Source: CRU International Steel Sheet Market Outlook and LMC Automotive.

(1) Represents apparent consumption of hot-rolled sheet and coil plate. (2) Represents global light vehicle production by region.

Growth Strategy



□ Quaker

□ Quaker Financial Review

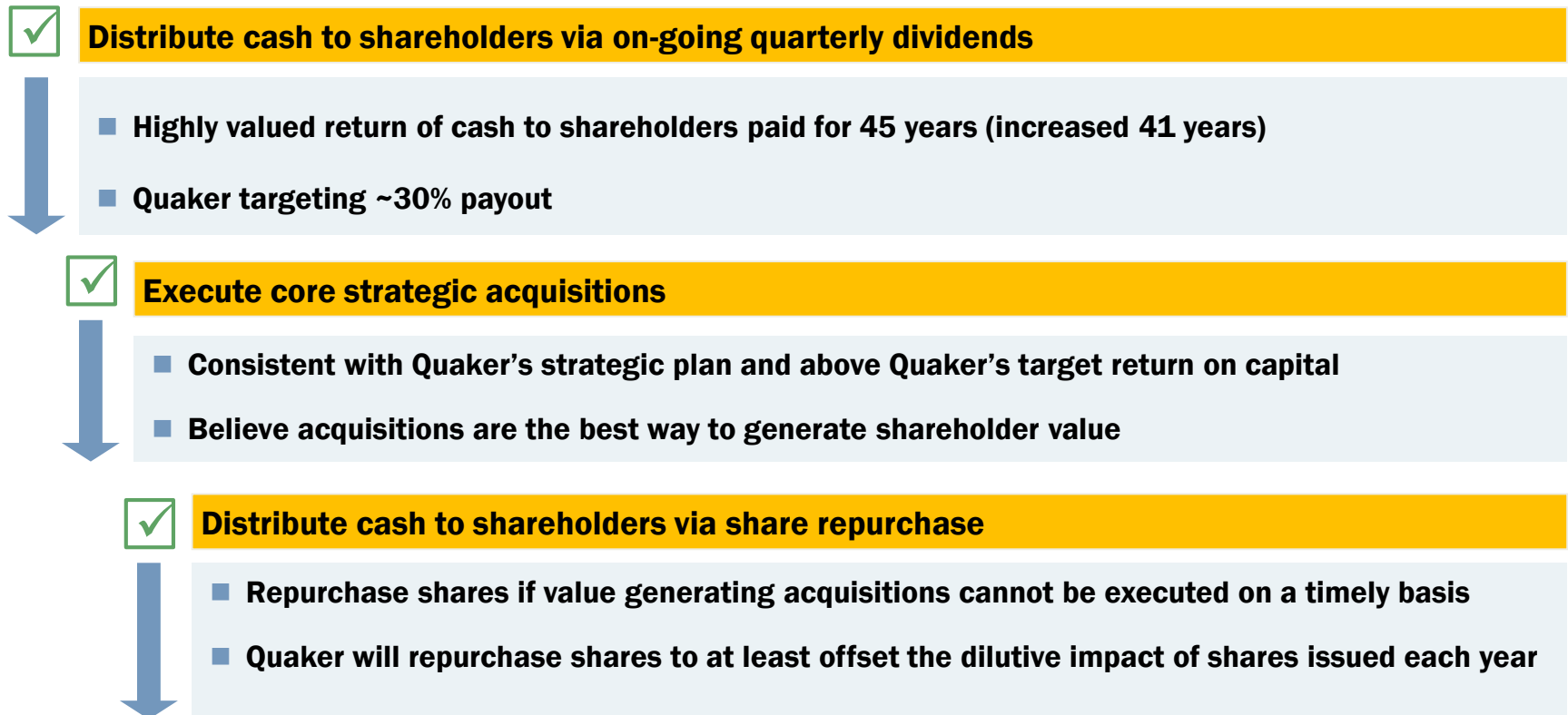
□ Houghton + Quaker = A Compelling Combination

□ Houghton and Quaker Financial Review

□ Appendix

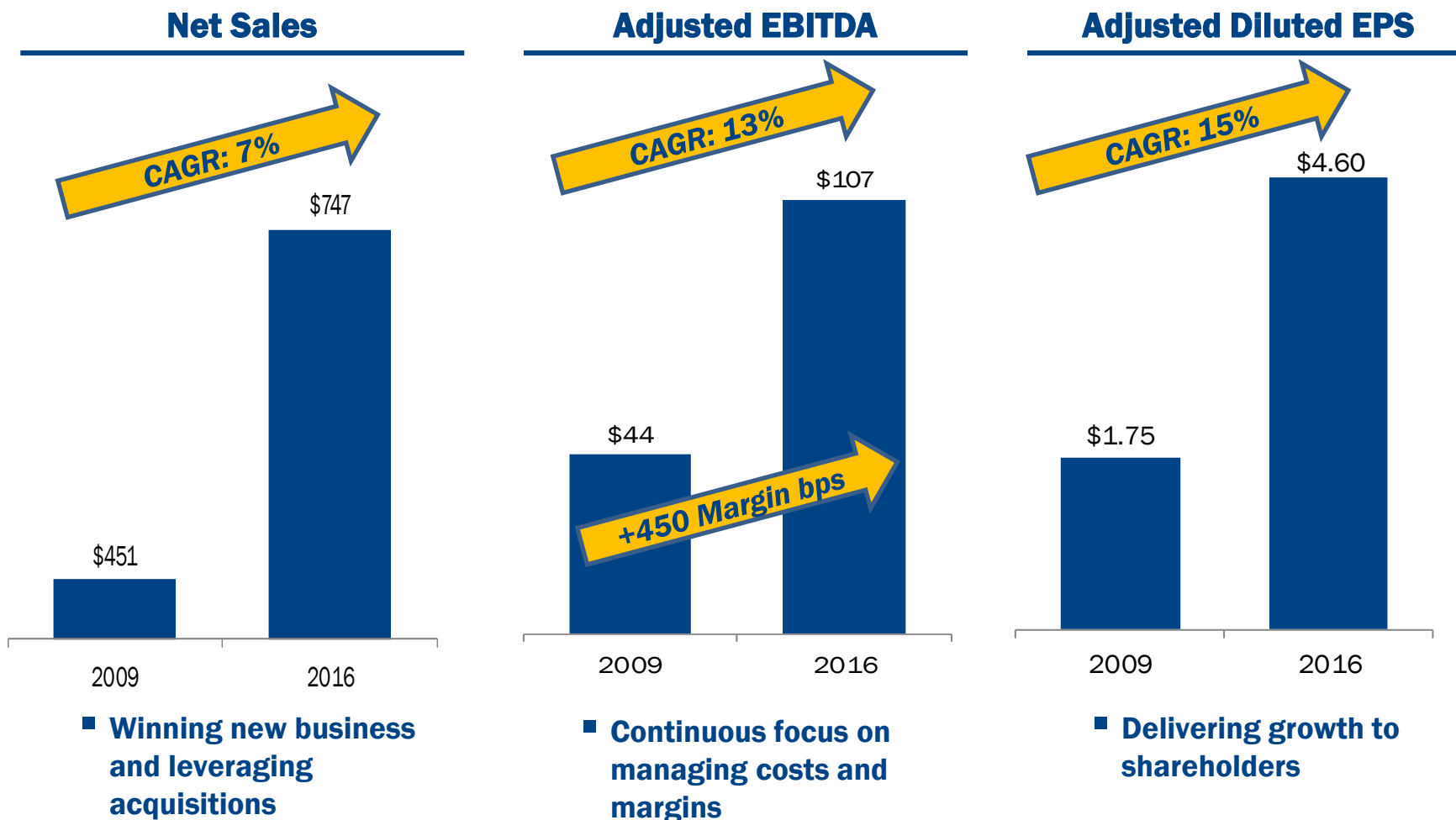
Capital Allocation -- Guiding Principles

Quaker's Capital Allocation Waterfall



Target Leverage: 2.0x – 2.5x Adjusted EBITDA Over Time

Discipline and Clear Strategy Has Translated Into Strong and Consistent Financial Results

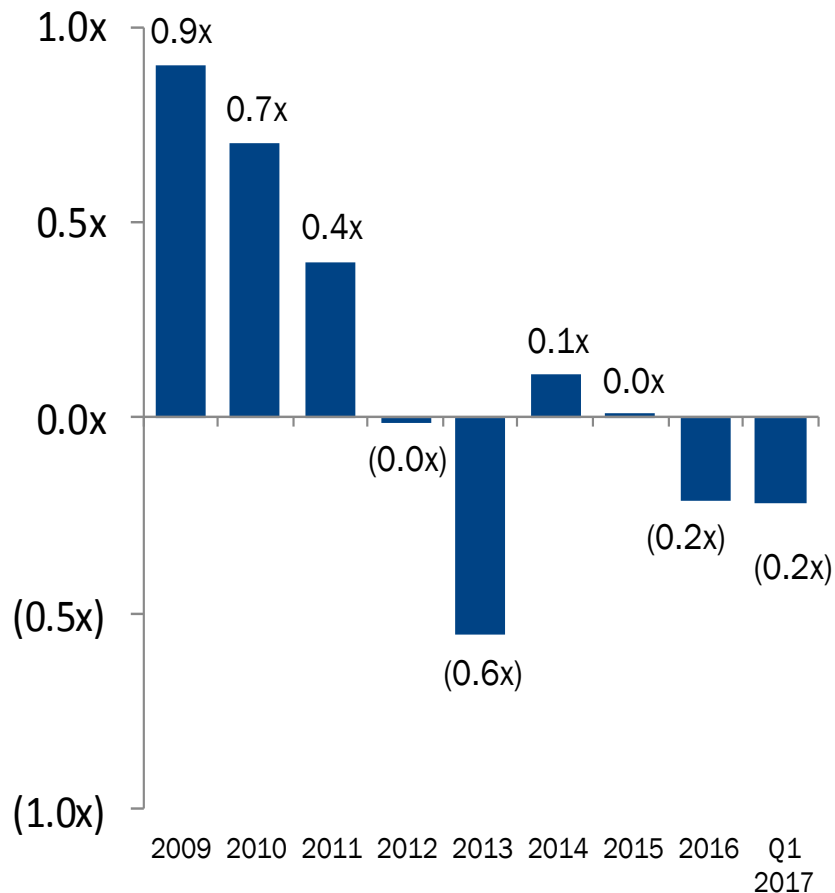


EVA Approach Drives Strong Results

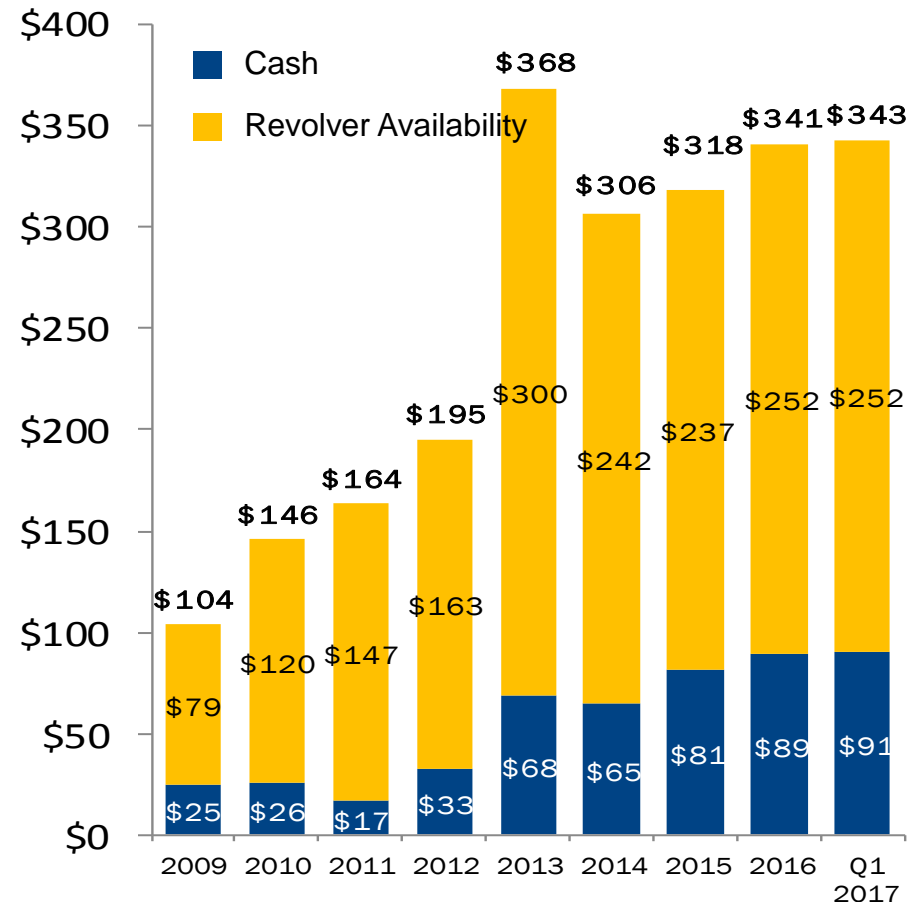
Strong Balance Sheet From Which to Grow

It's what's inside that counts.®

Net (Cash) Debt / LTM Adjusted EBITDA



Liquidity: Cash + Revolver Availability



Note: Dollars in millions.

☐ Quaker

☐ Quaker Financial Review

☐ Houghton + Quaker = A Compelling Combination

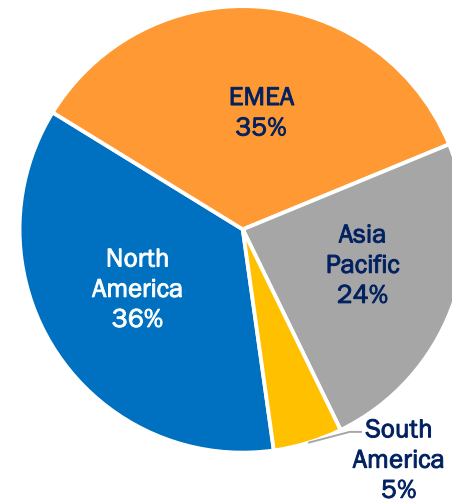
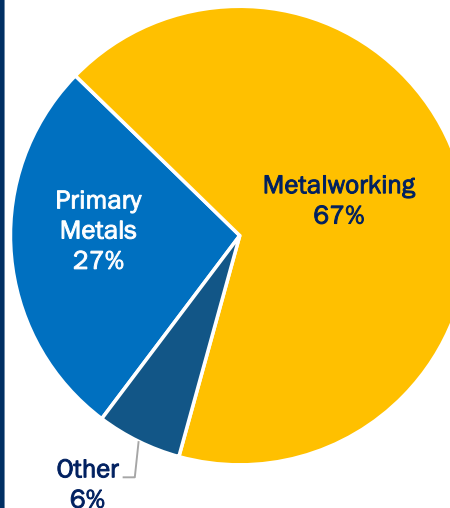
☐ Houghton and Quaker Financial Review

☐ Appendix

Houghton International: A Global Leader In Metalworking Fluids And Services



- Founded in 1865 as E.F. Houghton & Co.
- Corporate headquarters in Valley Forge, PA
- A global leader in advanced metalworking fluids and services
- Leading positions in specialty lubricants and hydraulic fluids to the metals, coatings and offshore drilling markets, selling into 88 countries
- 15 manufacturing facilities in 10 countries across 5 continents
- Privately owned by the Hinduja Group, a leading family-led enterprise with diversified global operations



Key Facts	
Sales	\$767 million
Adjusted EBITDA	\$120 million
% adjusted EBITDA margin	16%
Headquarters	Valley Forge, PA
Employees	~2,000 in 33 Countries

A Combination of Two Similar Companies in Businesses We Know

Quaker + Houghton: A Value-Creating Combination

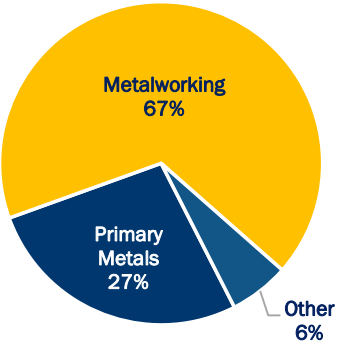
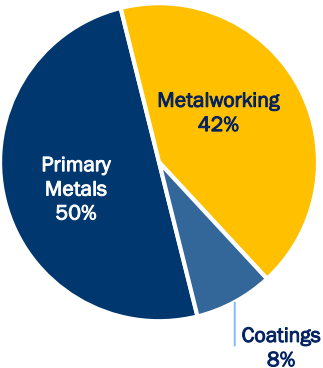


- ✓ **Strong Talent and Cultural Fit**
- ✓ **Increases Size and Scale**
- ✓ **Accelerates Growth Opportunities**
- ✓ **Achieves Significant Cost Synergies**
- ✓ **Balanced Capital Structure Approach**
- ✓ **Strong Free Cash Flow**

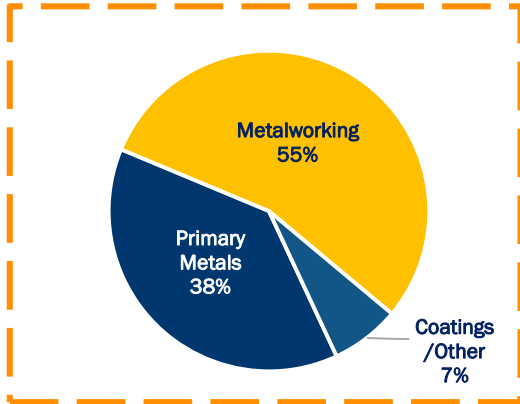
Diversified Product And Geographic Profile



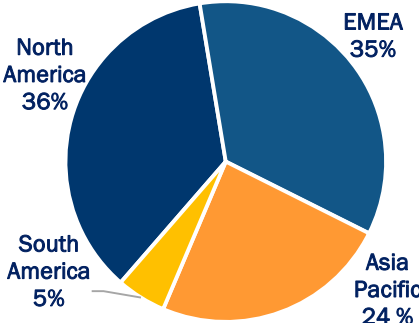
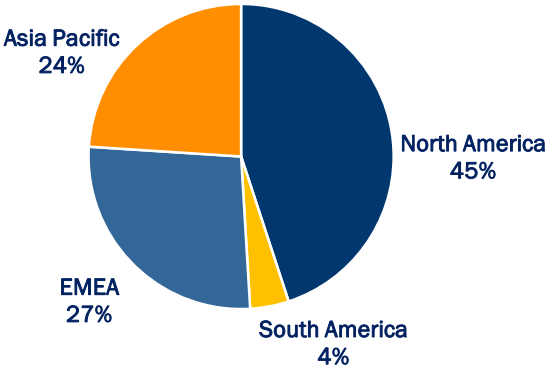
Sales By Product Type



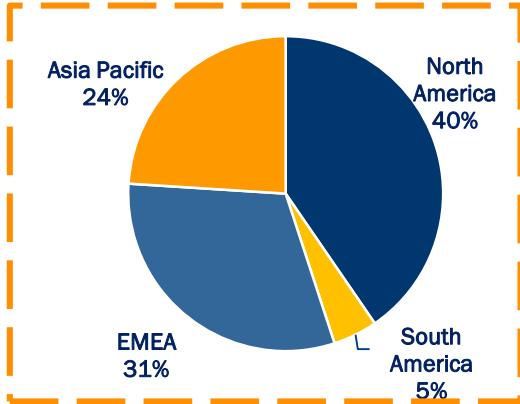
Combined



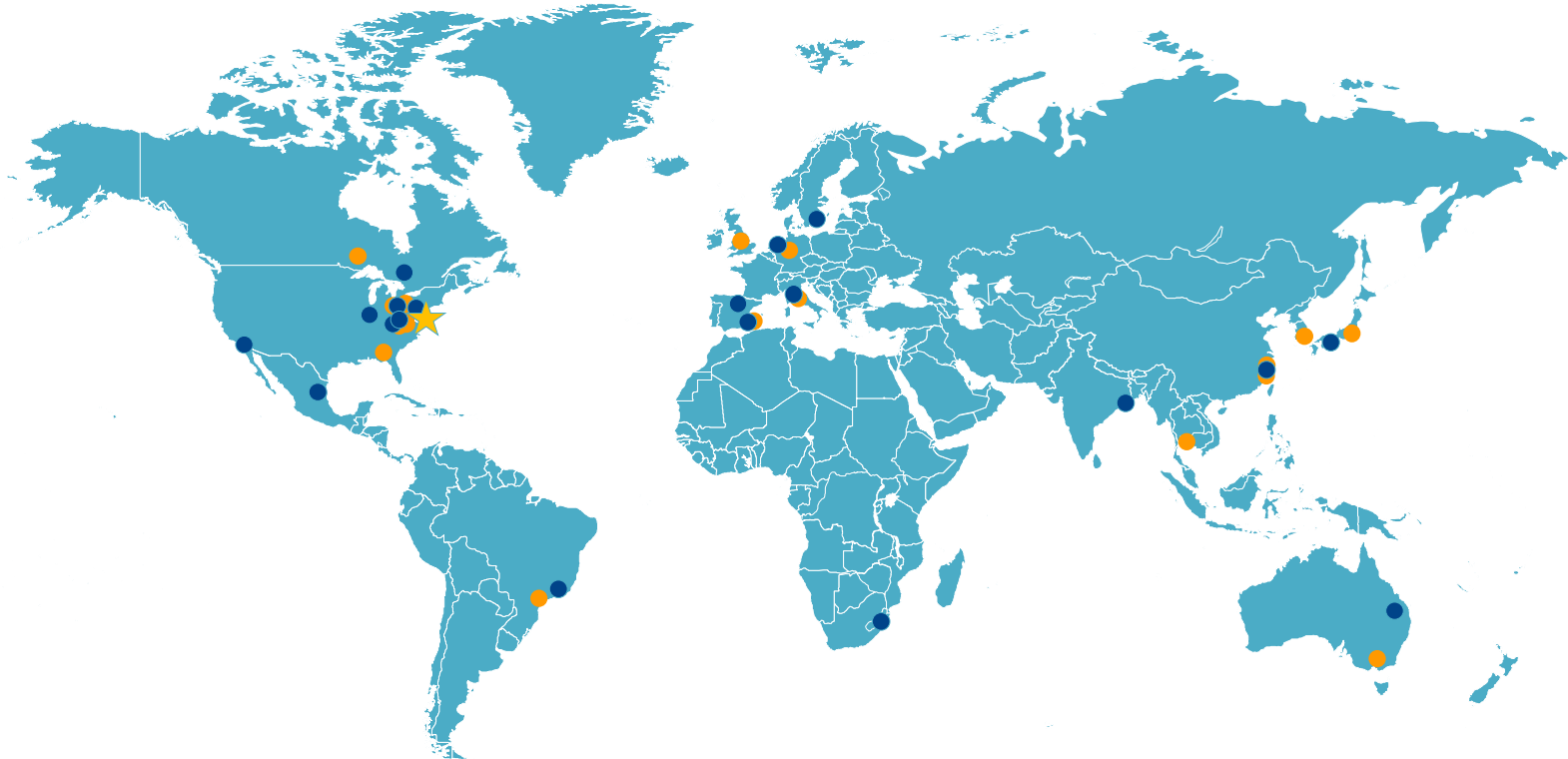
Sales By Geography



Combined



Highly Synergistic Footprint





Q+H corporate headquarters



Quaker
It's what's inside that counts.®



HOUGHTON

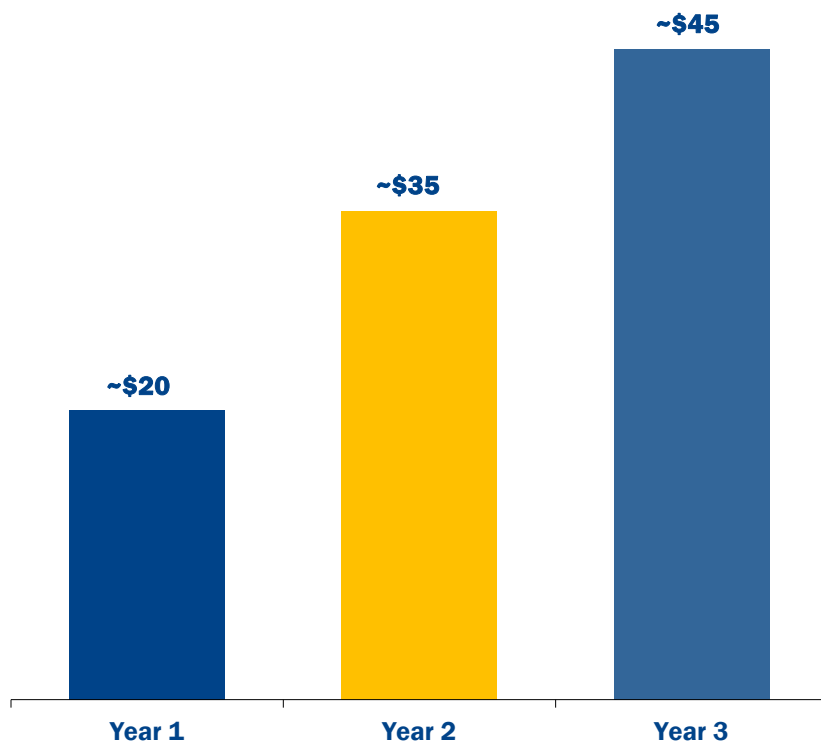
Global facilities	North America	South America	EMEA	Asia Pacific	Total
	8	1	6	4	19
	6	1	4	4	15

Enhanced Global Scale with 34 Global Facilities Supporting ~15,000 Customers

Significant Cost Synergies

Synergy Realization Timing

(\$ in millions)



Sources of Synergy

- Manufacturing footprint optimization
- Raw material purchasing
- Freight / warehousing
- Ester production
- Headcount reductions
- Non-labor SG&A
- Optimize IT platforms

Readily Achievable Cost Synergies

Accelerated Revenue Growth: Expands Cross-Selling Opportunities

Common Products



Forming Fluids



Metal Cutting and Deformation



Corrosion Protection Fluids



Fluid Power



Industrial Process Cleaners



Food and Beverage Can Processing



✓ = common product

Complementary Products



Specialty Greases



Offshore Control Hydraulics



High Pressure Die Casting



Heat Treat Quenchants



Mining



Metal Finishing



Surface Treatment



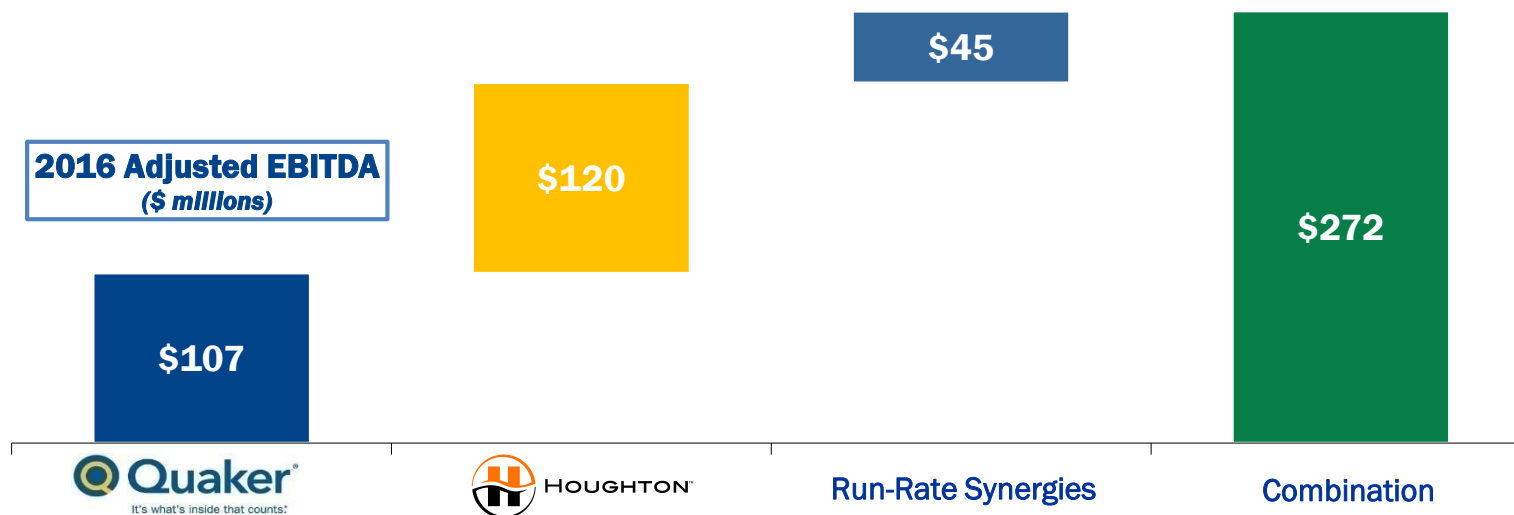
Bio-Based Lubricants





+ = cross-selling opportunity

~14,000 Customers Unique to Quaker or Houghton Creates Significant Cross-Selling Opportunities

Enhanced Financial Profile



(\$ in millions)			Combined including synergies ^(a)	Δ vs. Quaker standalone
2016 Sales	\$747	\$767	\$1,514	+2x
2016 Adjusted EBITDA	\$107	\$120	\$272	+2.5x
2016 Adjusted EBITDA margin	14%	16%	18%	+4% pts
2016 FCF margin ^(b)	13%	14%	17%	+4% pts
2016 FCF conversion ^(c)	91%	92%	93%	+2% pts

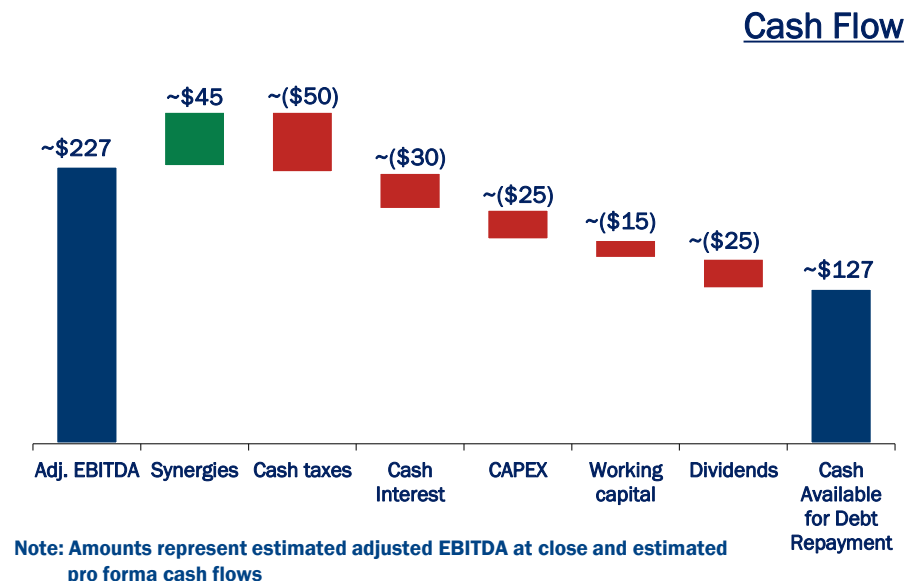
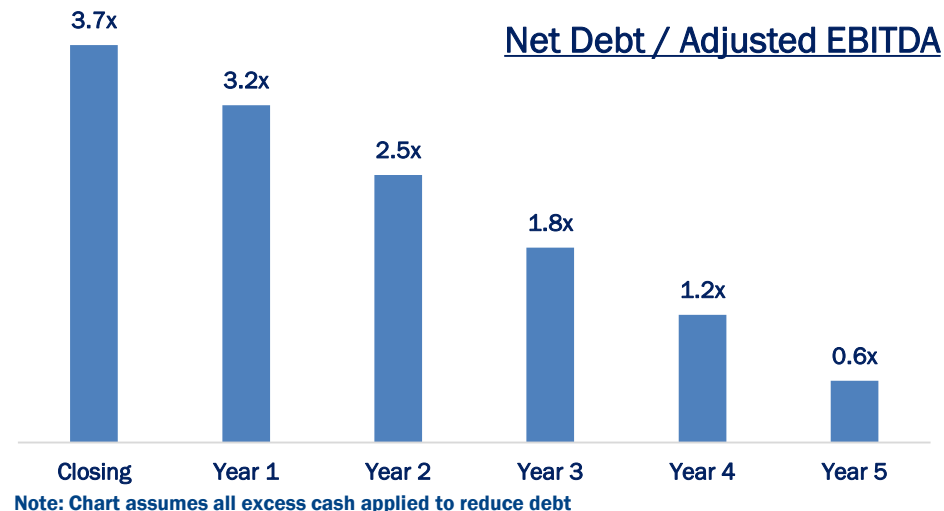
(a) Assumes \$45 million of synergies in adjusted EBITDA

(b) Calculated as adjusted EBITDA – CAPEX as a percent of sales

(c) Calculated as adjusted EBITDA – CAPEX as a percent of adjusted EBITDA

Capital Allocation: Reducing Debt Becomes A Priority

- **Strong Free Cash Flow generation supports rapid debt reduction and balanced capital allocation approach:**
 - **Focus on deleveraging to 2x - 2.5x adjusted EBITDA ratio**
 - **Combined company has asset-lite profile with expected capex of ~1.5% of sales**
 - **Pay dividends consistent with Quaker's practice over the past 45 years**
 - **Continue acquisitions when leverage and liquidity improve**



- ❑ Quaker
- ❑ Quaker Financial Review
- ❑ Houghton + Quaker = A Compelling Combination
- ❑ Houghton and Quaker Financial Review
- ❑ Appendix

Strategic Rationale

Strong Talent and Cultural Fit	<ul style="list-style-type: none">▪ Combined 250 years dedicated to customers in these unique industries▪ Two talent-rich organizations with similar core values▪ Shared customer intimate business model
Increases Size and Scale	<ul style="list-style-type: none">▪ Combined Company has ~2x sales and ~2.5x adjusted EBITDA of Quaker▪ Scalable infrastructure will drive operating margin improvements
Accelerates Growth Opportunities	<ul style="list-style-type: none">▪ Enhances our ability to expand in higher growth markets and geographies▪ Complementary products and services offer significant cross-selling opportunities
Achieves Significant Cost Synergies	<ul style="list-style-type: none">▪ Estimated annual cost synergies of \$45 million (~40% of Houghton adjusted EBITDA)▪ Transaction expected to be accretive to adjusted EPS in year 1
Balanced Capital Structure Approach	<ul style="list-style-type: none">▪ Using debt and equity to optimize leverage while managing risk▪ ~3.7x net debt/adjusted EBITDA at close; ~3.1x with run-rate synergies of \$45 million▪ Balancing debt structure with cash flow to reduce leverage to ~2.5x within 2 years
Strong Free Cash Flow	<ul style="list-style-type: none">▪ Each Company generates strong free cash flow▪ Combined cash flow generation supports expedited debt reduction and continued dividends

Consistent with Quaker's M&A Growth Strategy

Transaction Overview

Purchase Price and Structure	<ul style="list-style-type: none"> ▪ Houghton shareholders to receive \$172.5 million in cash and 24.5% (~4.3 million shares) of Quaker; Quaker will assume Houghton's net debt of approximately \$690 million ▪ Represents an enterprise value of approximately \$1.42 billion^(a) ▪ Represents a transaction multiple (purchase price vs 2016 adjusted EBITDA) of 11.8x pre-synergies and 8.6x with run-rate synergies^{(a)(b)}
Leadership, Governance and Ownership	<ul style="list-style-type: none"> ▪ Michael Barry will be the Chairman and CEO of the combined company ▪ Quaker Board will increase from 9 directors to 12; the Hinduja Group will nominate 3 ▪ Pro forma equity ownership of 75.5% existing Quaker shareholders and 24.5% Houghton shareholders
Financing and Leverage	<ul style="list-style-type: none"> ▪ Quaker has secured \$1.15 billion in committed financing from Bank of America and Deutsche Bank to support the transaction ▪ Leverage of ~3.7x net debt to 2016 adjusted EBITDA at close; ~3.1x with run-rate synergies^{(b)(c)} ▪ Attractive pricing and terms; cost of debt ~3% at today's rates
Conditions to Close	<ul style="list-style-type: none"> ▪ Approval of Quaker shareholders ▪ Regulatory approvals in U.S., Europe and Asia Pacific ▪ Customary closing conditions ▪ Expected closing Q4 2017 to Q1 2018

(a) Based on Quaker's 10 day Volume Weighted Average Price ("VWAP") as of March 31, 2017 of \$129.70

(b) Assumes \$45 million of run-rate synergies

(c) Assumes \$950 million of new debt issued to fund transaction; estimated \$965 million total debt at close

Adjusted EBITDA Reconciliation

	2009	2010	2011	2012	2013	2014	2015	2016
Net Income Attributable to Quaker Chemical Corporation	\$16,058	\$32,120	\$45,892	\$47,405	\$56,339	\$56,492	\$51,180	\$61,403
Depreciation	9,525	9,867	11,455	12,252	12,339	12,306	12,395	12,557
Amortization	1,078	988	2,338	3,106	3,445	4,325	6,811	7,009
Interest Expense	5,533	5,225	4,666	4,283	2,922	2,371	2,585	2,889
Taxes on income before equity in net income of associated companies	7,065	12,616	14,256	15,575	20,489	23,539	17,785	23,226
Equity Loss (Income) from a Captive Insurance Company	162	(313)	(2,323)	(1,812)	(5,451)	(2,412)	(2,078)	(1,688)
Revaluation of a Previously Held Ownership Interest in an Equity Affiliate	-	-	(2,718)	-	-	-	-	-
Equity Affiliate Out of Period Charge	-	564	-	-	-	-	-	-
Restructuring Expenses	2,289	-	-	-	-	-	6,790	(439)
CEO Transition Costs	2,443	1,317	-	-	-	-	-	-
CFO Transition Costs	-	-	-	609	-	-	-	-
Certain uncommon transaction-related expenses	-	-	-	-	-	-	2,813	1,531
U.K. Pension Plan Amendment	-	-	-	-	-	902	-	-
Customer Bankruptcy Costs	-	-	-	1,254	-	825	328	-
Cost Streamlining Initiatives	-	-	-	-	1,419	1,166	173	-
Non-Income Tax Contingency Charges	-	4,132	-	-	796	-	-	-
Change in Acquisition-Related Earnout Liability	-	-	(595)	(1,737)	(497)	-	-	-
Mineral Oil Excise Tax Refund	-	-	-	-	(2,540)	-	-	-
Currency Conversion Impacts of the Venezuelan Bolivar Fuerte	-	322	-	-	357	321	2,806	88
Adjusted EBITDA	\$44,153	\$66,838	\$72,971	\$80,935	\$89,618	\$99,835	\$101,588	\$106,576
Adjusted EBITDA Margin	9.8%	12.3%	10.7%	11.4%	12.3%	13.0%	13.8%	14.3%

Note: Dollars in thousands.

Non-GAAP Earnings Per Diluted Share Reconciliation

	2009	2010	2011	2012	2013	2014	2015	2016
GAAP Earnings Per Diluted Share	\$1.45	\$2.80	\$3.66	\$3.63	\$4.27	\$4.26	\$3.84	\$4.63
Equity Loss (Income) from a Captive Insurance Company Per Diluted Share	0.02	(0.03)	(0.19)	(0.14)	(0.41)	(0.18)	(0.16)	(0.13)
Revaluation of a Previously Held Interest in an Equity Affiliate Per Diluted Share	-	-	(0.22)	-	-	-	-	-
Equity Affiliate Out of Period Charge Per Diluted Share	-	0.05	-	-	-	-	-	-
Restructuring Expenses Per Diluted Share	0.14	-	-	-	-	-	0.36	(0.02)
CEO Transition Costs Per Diluted Share	0.14	0.08	-	-	-	-	-	-
CFO Transition Costs Per Diluted Share	-	-	-	0.03	-	-	-	-
Certain uncommon transaction-related expenses Per Diluted Share	-	-	-	-	-	-	0.15	0.11
U.K. Pension Plan Amendment Per Diluted Share	-	-	-	-	-	0.05	-	-
Customer Bankruptcy Costs Per Diluted Share	-	-	-	0.06	-	0.05	0.02	-
Cost Streamlining Initiatives Per Diluted Share	-	-	-	-	0.08	0.06	0.01	-
Non-Income Tax Contingency Charges Per Diluted Share	-	0.26	-	-	0.04	-	-	-
Change in Acquisition-Related Earnout Liability Per Diluted Share	-	-	(0.03)	(0.09)	(0.03)	-	-	-
Mineral Oil Excise Tax Refund Per Diluted Share	-	-	-	-	(0.14)	-	-	-
Currency Conversion Impacts of the Venezuelan Bolivar Fuerte Per Diluted Share	-	0.03	-	-	0.03	0.02	0.21	0.01
Non-GAAP Earnings Per Diluted Share	\$1.75	\$3.19	\$3.22	\$3.49	\$3.84	\$4.26	\$4.43	\$4.60

2016 Adjusted EBITDA Reconciliation For Potential Combination



(\$ in millions)

Net income attributable to Quaker Chemical Corporation	\$61
Net interest expense ^(c)	1
Tax expense on income before equity in net income of associated companies	23
Depreciation	13
Amortization	7
EBITDA	\$105
Equity income in a captive insurance company	(2)
Transaction-related expenses	2
Full-year impact of Lubricor acquisition ^(c)	2
Other ^(a)	(0)
Adjusted EBITDA	\$107

- (a) Other includes a charge related to the inventory fair value adjustment in the Lubricor acquisition offset by a net credit due to restructuring and cost streamlining activities
- (b) Other includes a charge related to a legal settlement and a charge related to the inventory fair value adjustment in the Wallover acquisition offset by a gain on the sale of an asset
- (c) The difference between the 2016 Adjusted EBITDA calculation per slide 36 and slide 38 is the inclusion of interest income (i.e. net interest expense) and including a forward estimated full year run rate of the prior year Lubricor acquisition



(\$ in millions)

Net loss attributable to Houghton International	(\$37)
Net interest expense	50
Tax benefit on loss before equity in net income of associated companies	(5)
Depreciation	11
Amortization	44
EBITDA	\$63
Cost reduction activities	4
Transaction-related expenses	3
Impairment of goodwill and intangible assets	41
Management fees and expenses to owners	3
Non-income tax settlement expense	2
Full-year impact of Wallover acquisition	3
Other ^(b)	1
Adjusted EBITDA	\$120

Additional Information Reference

In connection with the proposed transaction, Quaker will file a proxy statement with the Securities and Exchange Commission. INVESTORS AND SECURITY HOLDERS ARE ADVISED TO READ THIS PROXY STATEMENT WHEN IT BECOMES AVAILABLE, BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders may obtain a free copy of the proxy statement (when available) and other documents filed by Quaker with the Commission at the Commission's web site at <http://www.sec.gov>. Free copies of the proxy statement, once available, and of Quaker's other filings with the Commission may also be obtained from the Company by directing a request to: Victoria K. Gehris, Investor Relations, 610.832.4246.

Quaker and its directors, executive officers and other members of its management may solicit proxies from its shareholders in favor of the transaction. Information concerning such persons who may be considered participants in the solicitation of Quaker's shareholders under the rules of the Commission will be set forth in the definitive proxy statement to be filed by Quaker with the Commission in connection with the transaction.