Quaker Chemical Corporation

Third Quarter 2017 Results

Investor Conference Call

October 27, 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 as well as the third quarter earnings news release dated October 26, 2017, which has been furnished to the SEC on Form 8-K and the Company's Form 10-Q for the quarterly period ended September 30, 2017, which has been 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 ("the Combination"), could also adversely affect us including, but not limited to:

- 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 Combination, which would result in a smaller than anticipated combined business;
- the risk that a closing condition to the Combination may not be satisfied in a timely manner;
- risks associated with the financing of the Combination;
- the occurrence of any event, change or other circumstance that could give rise to the termination of the share purchase agreement;
- potential adverse effects on Quaker Chemical's business, properties or operations caused by the implementation of the Combination;
- Quaker Chemical's ability to promptly, efficiently and effectively integrate the operations of Houghton International and Quaker Chemical;
- risks related to each company's distraction from ongoing business operations due to the Combination; and,
- the outcome of any legal proceedings that may be instituted against the companies following announcement of the share purchase 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 Form 10-K for the year ended December 31, 2016, the proxy statement filed on July 31, 2017 and in our quarterly and other reports filed from time to time with the 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.

Speakers

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

Michael F. Barry

Chairman of the Board, Chief Executive Officer & President

Mary Dean Hall

Vice President, Chief Financial Officer & Treasurer

Robert T. Traub

Vice President, General Counsel & Corporate Secretary

Third Quarter 2017 Headlines

- 12% growth in net sales primarily driven by strong volume increase of 7%
- Net income of $11.1 million and earnings per diluted share of $0.83 includes the impact of $9.7 million or $0.52 per diluted share of Houghton combination-related expenses
- 6% increase in non-GAAP earnings per diluted share to $1.32
- Solid earnings drives 4% increase in adjusted EBITDA to $29.4 million

Chairman Comments

Third Quarter 2017

It's what's inside that counts.

- **Third Quarter 2017**
  - ✓ Net sales of $212.9 million driven by increases in organic volume on continued market share gains and increased production in some end markets
  - ✓ Strong volumes drove higher gross profit despite a decline in gross margin primarily due to higher raw material costs and changes in product mix
  - ✓ Operating income benefited from continued discipline in managing SG&A, leveraging significant net sales growth in the quarter
  - ✓ Strong operating performance coupled with a lower tax rate drove a 6% increase in non-GAAP earnings per diluted share to $1.32 and a 4% increase in adjusted EBITDA to $29.4 million
- **2017 Outlook**
  - ✓ Market share gains and leveraging of past acquisitions will continue to help offset market challenges
  - ✓ Expect gross margins to trend upwards over the next few quarters, gradually heading back to the 37% target

Overall, we remain confident in our future and expect 2017 to be another good year for Quaker, as we expect to increase non-GAAP earnings and adjusted EBITDA for the eighth consecutive year

Financial Highlights

Third Quarter 2017

- Net sales increase of 12% due to organic volume growth of 5%, increases primarily from the Q4'16 acquisition of Lubricor of 2%, an increase from changes in price and product mix of 3% and a positive impact from FX of 2%
- Lower gross margin of 35.1% in Q3'17 compared to 37.2% in Q3'16 primarily due to changes in raw material costs and the mix of certain products sold
- Houghton combination-related expenses of $9.7 million or $0.52 per diluted share in Q3'17 compared to $1.2 million or $0.08 per diluted share in Q3'16
- Operating income benefited from continued discipline in managing SG&A costs, leveraging significant sales growth
- Lower effective tax rate of 22.1% due to a current year accounting standard adoption
- Positive impact from FX translation of approximately 1% or $0.02 per diluted share
- Non-GAAP EPS of $1.32 up 6% and adjusted EBITDA of $29.4 million up 4%
- Year-to-date net operating cash flow of $40.8 million compared to $53.0 million in the prior year period, primarily due to outflows of $12.7 million for Houghton combination-related expenses in the current year and higher levels of cash invested in working capital due to Company's strong sales growth

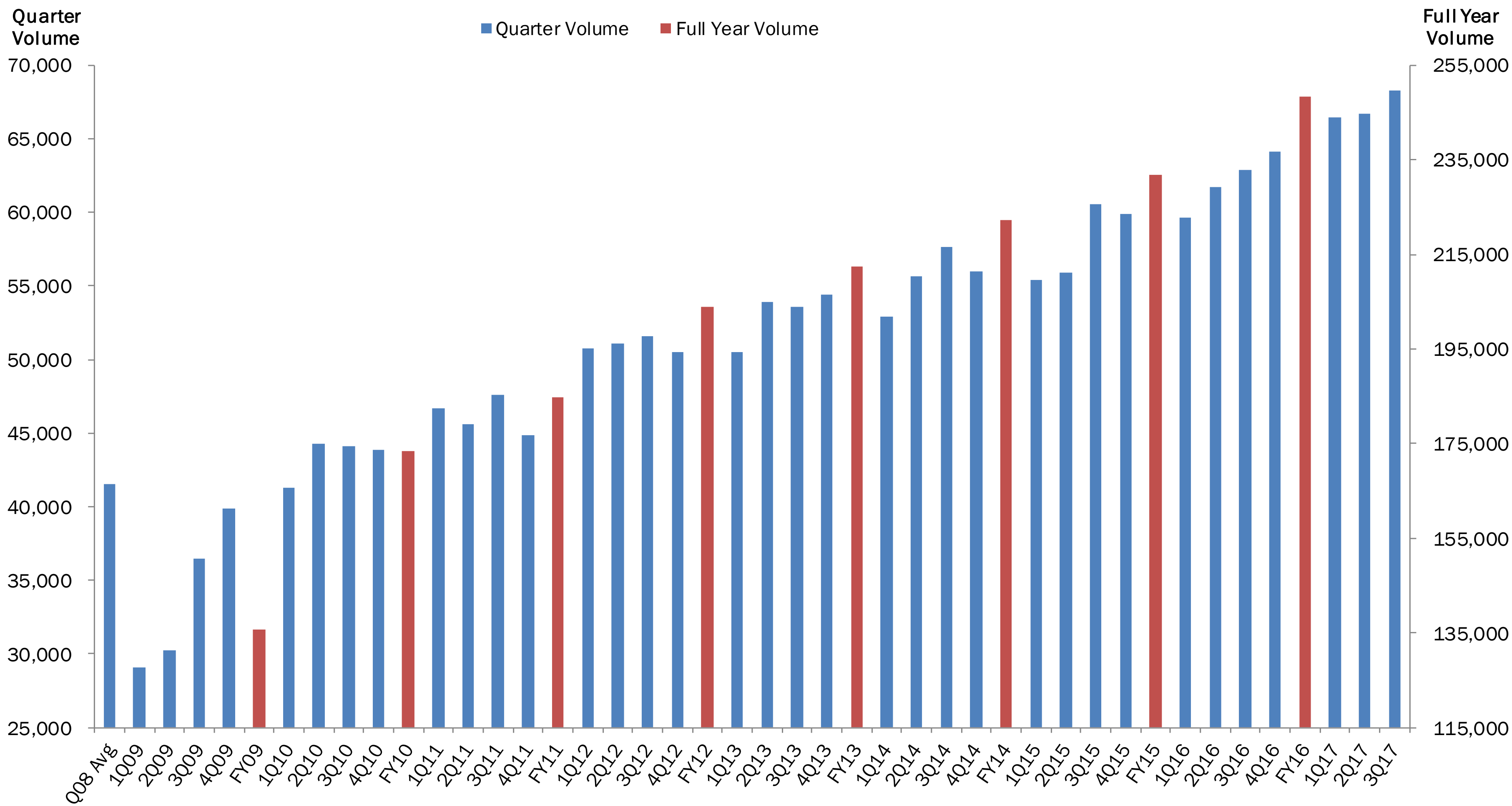
Financial Snapshot

($ Millions unless otherwise noted)	Q3 2017	Q3 2016	YTD 2017	YTD 2016
Net Sales	212.9	190.4	609.0	555.4
Gross Profit	74.8	70.9	217.5	210.3
Gross Margin	35.1%	37.2%	35.7%	37.9%
SG&A	51.1	47.9	148.7	144.7
Combination-related expenses	9.7	1.2	23.1	1.2
Operating Income	14.0	21.9	45.7	64.4
Operating Margin	6.6%	11.5%	7.5%	11.6%
Net Income Attributable to Quaker Chemical Corporation	11.1	16.0	30.0	44.0
Earnings Per Diluted Share	0.83	1.21	2.25	3.32
Non-GAAP Earnings Per Diluted Share	1.32	1.25	3.74	3.34
Adjusted EBITDA	29.4	28.3	85.6	80.9
Adjusted EBITDA Margin	13.8%	14.9%	14.1%	14.6%
Net Cash	36.0	22.7	—	—
Net Operating Cash Flow	20.0	17.0	40.8	53.0
Effective Tax Rate	22.1%	28.3%	32.5%	31.0%

Chart #5

Product Volume by Quarter and Year

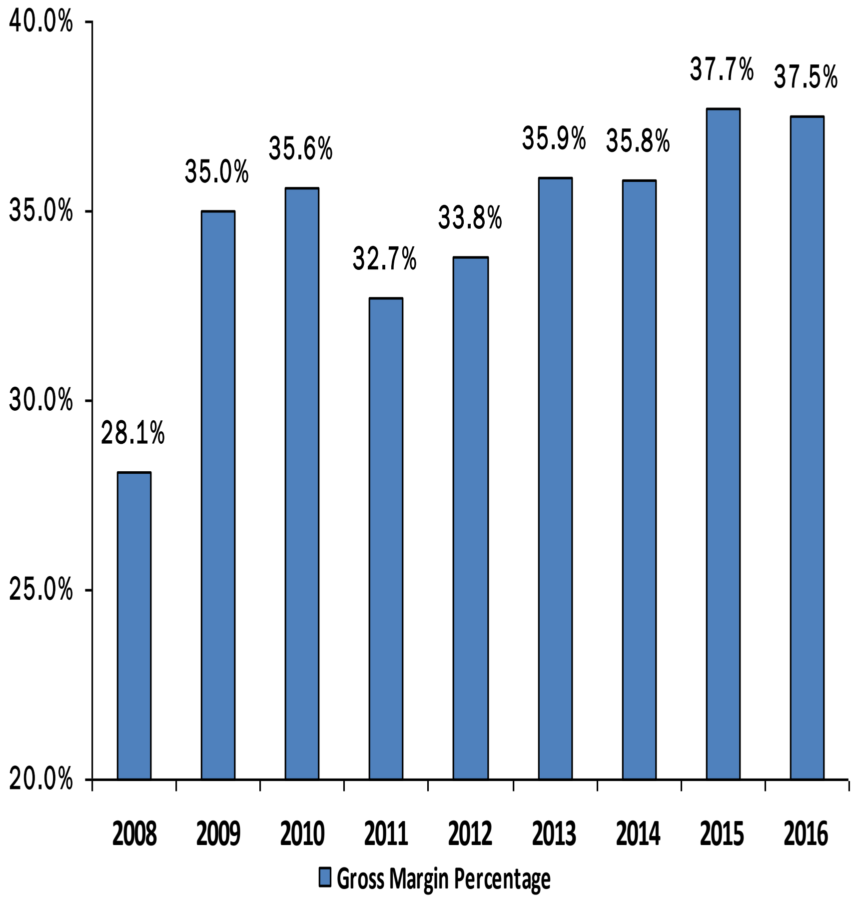
in Thousands of Kilograms

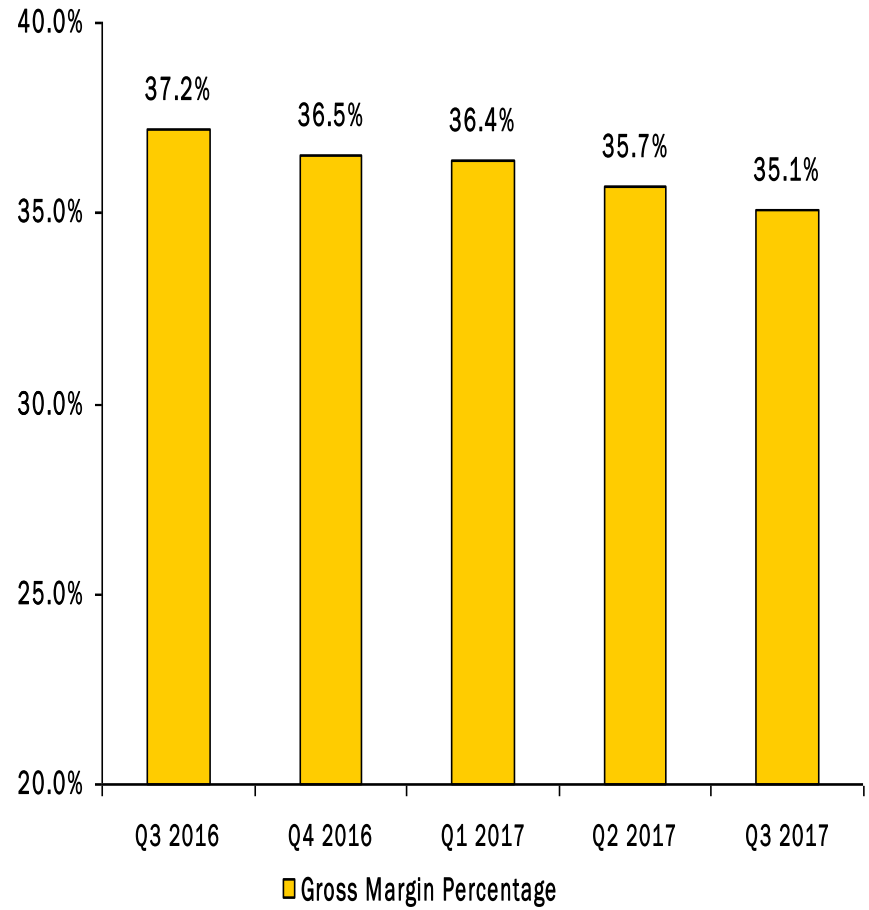


Strong organic volumes continue to drive top line growth

Chart #6

Gross Margin Percentage Trends





Gross margins challenged due to changes in raw material costs and mix of products sold, but expect to trend upwards over the next few quarters gradually heading back to the 37% target

Chart #7

Adjusted EBITDA

Baseline Historical Performance

FY 2008 – Q3 2017

CAGR: 12.4%

+700 Margin bps

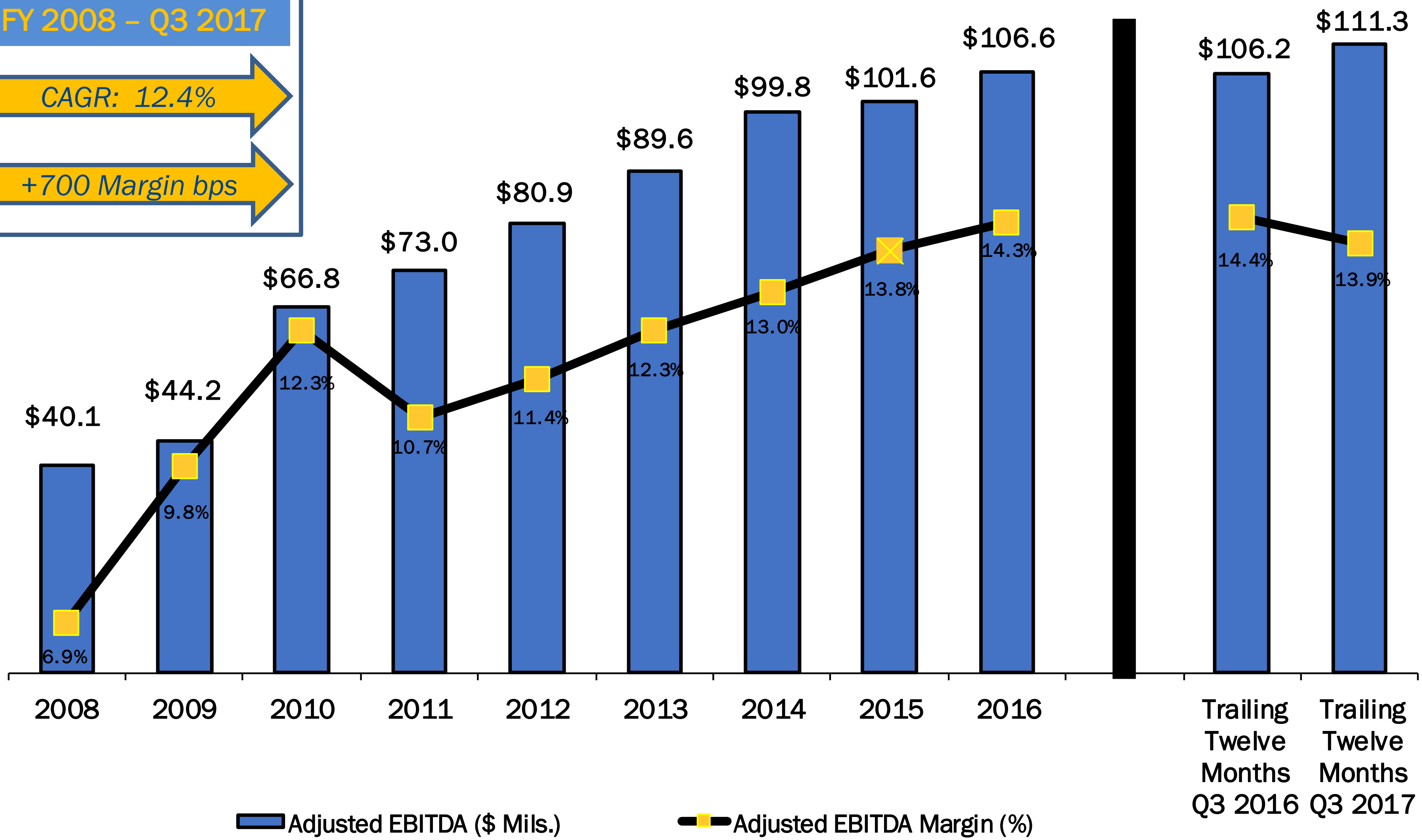
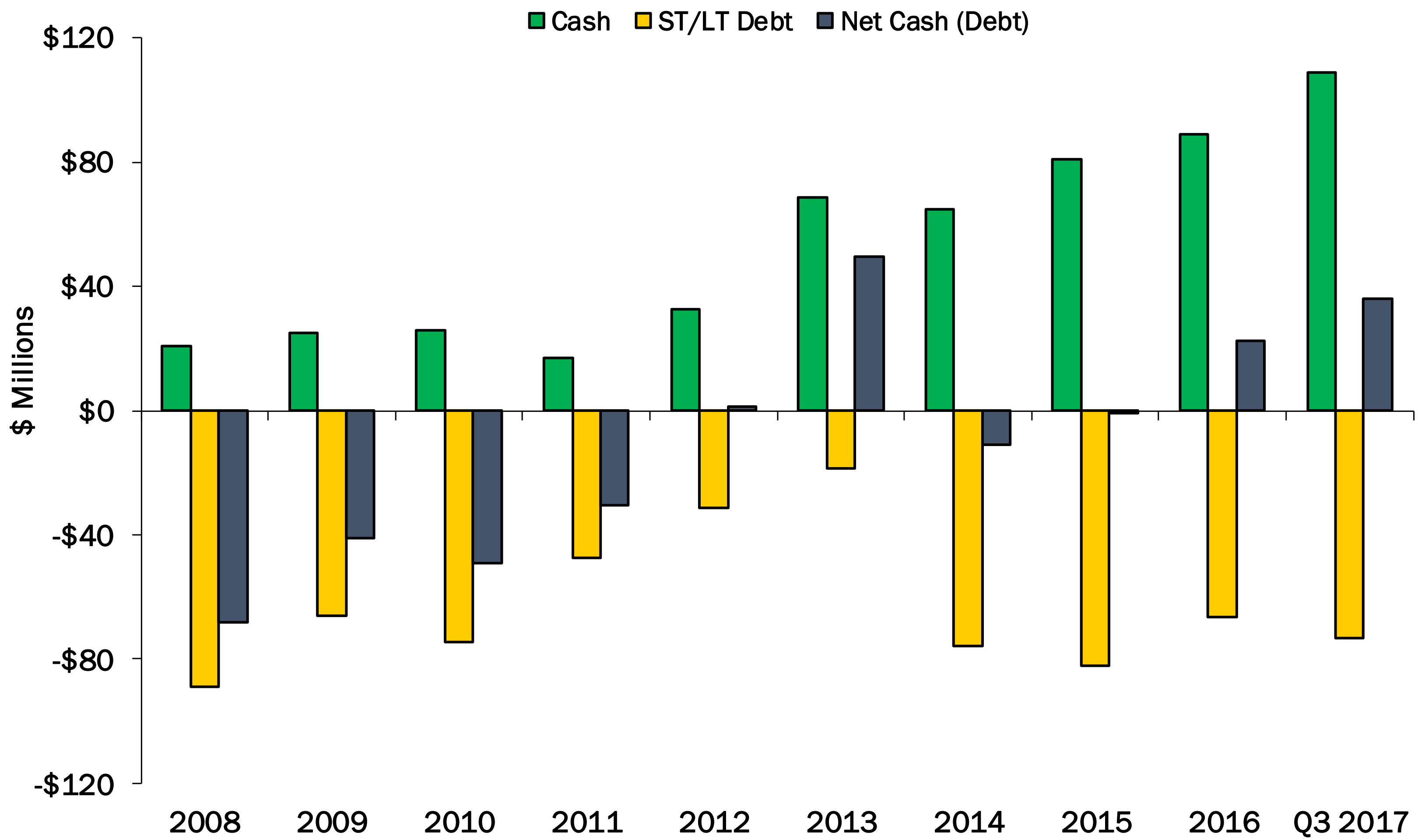


Chart #8

Balance Sheet

Cash and Debt



Continued strong cash flow generation and balance sheet

Chart #9

APPENDIX

Non-GAAP EPS Reconciliation

Quaker
It's what's inside that counts.

	Q3 2017	Q3 2016	YTD 2017	YTD 2016
GAAP earnings per diluted share	$ 0.83	$ 1.21	$ 2.25	$ 3.32
Equity income in a captive insurance company per diluted share	(0.03)	(0.04)	(0.11)	(0.07)
Houghton combination-related expenses per diluted share	0.52	0.08	1.47	0.08
U.S. pension plan settlement charge per diluted share	-	-	0.09	-
Cost streamlining initiative per diluted share	-	-	0.01	-
Currency conversion impacts of the Venezuelan bolivar fuerte per diluted share	0.00	-	0.03	0.01
Non-GAAP earnings per diluted share	$ 1.32	$ 1.25	$ 3.74	$ 3.34

Adjusted EBITDA Reconciliation

Quaker
It's what's inside that counts.

	Q3 2017	Q3 2016	YTD 2017	YTD 2016
Net income attributable to Quaker Chemical Corporation	11,142	16,008	30,040	43,969
Depreciation and amortization	5,017	4,868	14,954	14,788
Interest expense	793	758	2,229	2,226
Taxes on income before equity in net income of associated companies	3,140	6,121	14,229	19,664
Equity income in a captive insurance company	(400)	(597)	(1,427)	(952)
Houghton combination-related expenses	9,675	1,157	23,088	1,157
U.S. pension plan settlement charge	-	-	1,860	-
Cost streamlining initiative	-	-	286	-
Currency conversion impacts of the Venezuelan bolivar fuerte	35	-	375	88
Adjusted EBITDA	29,402	28,315	85,634	80,940
Adjusted EBITDA Margin (%)	13.8%	14.9%	14.1%	14.6%

Adjusted EBITDA Reconciliation

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net income	9,833	16,058	32,120	45,892	47,405	56,339	56,492	51,180	61,403
Depreciation	10,879	9,525	9,867	11,455	12,252	12,339	12,306	12,395	12,557
Amortization	1,177	1,078	988	2,338	3,106	3,445	4,325	6,811	7,009
Interest expense	5,509	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	4,977	7,065	12,616	14,256	15,575	20,489	23,539	17,785	23,226
Equity loss (income) from a captive insurance company	1,299	162	(313)	(2,323)	(1,812)	(5,451)	(2,412)	(2,078)	(1,688)
Non-cash gain from the purchase of an equity affiliate	-	-	-	(2,718)	-	-	-	-	-
Equity affiliate out of period charge	-	-	564	-	-	-	-	-	-
Restructuring expense (credit)	2,916	2,289	-	-	-	-	-	6,790	(439)
Transition costs related to key employees	3,505	2,443	1,317	-	609	-	-	-	-
Houghton combination-related expenses	-	-	-	-	-	-	-	-	1,531
Verkol transaction-related expenses	-	-	-	-	-	-	-	2,813	-
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 charge	-	-	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	-	-	322	-	-	357	321	2,806	88
Adjusted EBITDA	40,095	44,153	66,838	72,971	80,935	89,618	99,835	101,588	106,576
Adjusted EBITDA Margin (%)	6.9%	9.8%	12.3%	10.7%	11.4%	12.3%	13.0%	13.8%	14.3%

Chart #12

TTM Adjusted EBITDA Reconciliation

Quaker
It's what's inside that counts.

	I = G + H	H	G = F - D	F	E = C + D	D	C = B - A	B	A
	Trailing Twelve Months Q3 2017	YTD Q3 2017	Last Three Months 2016	FY 2016	Trailing Twelve Months Q3 2016	YTD Q3 2016	Last Three Months 2015	FY 2015	YTD Q3 2015
Net income	47,474	30,040	17,434	61,403	55,362	43,969	11,393	51,180	39,787
Depreciation	12,552	9,464	3,088	12,557	12,635	9,469	3,166	12,395	9,229
Amortization	7,180	5,490	1,690	7,009	7,132	5,319	1,813	6,811	4,998
Interest expense	2,892	2,229	663	2,889	2,920	2,226	694	2,585	1,891
Taxes on income before equity in net income of associated companies	17,791	14,229	3,562	23,226	21,825	19,664	2,161	17,785	15,624
Equity income from a captive insurance company	(2,163)	(1,427)	(736)	(1,688)	(1,809)	(952)	(857)	(2,078)	(1,221)
Restructuring (credit) expense	(439)	-	(439)	(439)	6,790	-	6,790	6,790	
Houghton combination-related expenses	23,462	23,088	374	1,531	1,157	1,157	-	-	-
Verkol transaction-related expenses	-	-	-	-	-	-	-	2,813	2,813
Customer bankruptcy costs	-	-	-	-	149	-	149	328	179
U.S. pension plan settlement charge	1,860	1,860	-	-	-	-	-	-	-
Cost streamlining initiatives	286	286	-	-	-	-	-	173	173
Currency conversion impacts of the Venezuelan bolivar fuerte	375	375	-	88	88	88	-	2,806	2,806
Adjusted EBITDA	111,270	85,634	25,636	106,576	106,249	80,940	25,309	101,588	76,279
Adjusted EBITDA Margin (%)	13.9%	14.1%	13.4%	14.3%	14.4%	14.6%	13.8%	13.8%	13.8%