Quaker Chemical Corporation

Second Quarter 2017 Results

Investor Conference Call

July 28, 2017

Risks and Uncertainties Statement

Quaker

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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 second quarter earnings news release dated July 27, 2017, 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, 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 Quaker shareholders may not approve the Combination;
- 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, 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

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

Second Quarter 2017 Headlines

- 8% growth in net sales driven by a strong volume increase of 7%
- Net income of $11.9 million and earnings per diluted share of $0.89 include the impact of Houghton combination-related expenses
- 12% increase in non-GAAP earnings per diluted share to $1.24

Chairman Comments

Second Quarter 2017

- ## Second Quarter 2017
  - ✓ Net sales of $201.2 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 raw material cost increases
  - ✓ Operating income benefited from relatively consistent levels of SG&A on the strong net sales growth, excluding $4.3 million of Houghton-related expenses
  - ✓ Strong operating performance coupled with a lower tax rate drove non-GAAP EPS of $1.24 and adjusted EBITDA of $28.0 million, despite a negative foreign exchange impact on earnings of 1%
- ## 2017 Outlook
  - ✓ Market share gains and leveraging of past acquisitions will continue to help offset market challenges
  - ✓ Expect gross margins to trend upwards gradually over the next two quarters, 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

Second Quarter 2017

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- Net sales increase of 8% to $201.2 million driven by strong organic volume growth of 5%, increases from the Q4'16 acquisition of Lubricor of 2% and an increase from price and product mix of 2%, partially offset by FX of 1%
- Lower gross margin of 35.7% in Q2'17 compared to 38.2% in Q2'16 primarily due to higher raw material costs
- Houghton combination-related expenses of $4.3 million or $0.27 per diluted share
- SG&A was relatively consistent year-over-year due to continued cost discipline and prior cost savings initiatives
- Other expense included a charge of $1.9 million or $0.09 per diluted share to settle certain U.S. pension plan obligations
- Lower effective tax rate of 26.2% due to a current year accounting standard adoption and the prior year temporarily inflated tax rate at one of the Company's subsidiaries
- Non-GAAP EPS of $1.24 up 12% and adjusted EBITDA of $28.0 million up 1%
- Year-to-date net operating cash flow of $20.8 million compared to $36.0 million in the prior year period, primarily due to outflows of $10.1 million for certain Houghton-related expenses and higher levels of cash invested in working capital

Chart #4

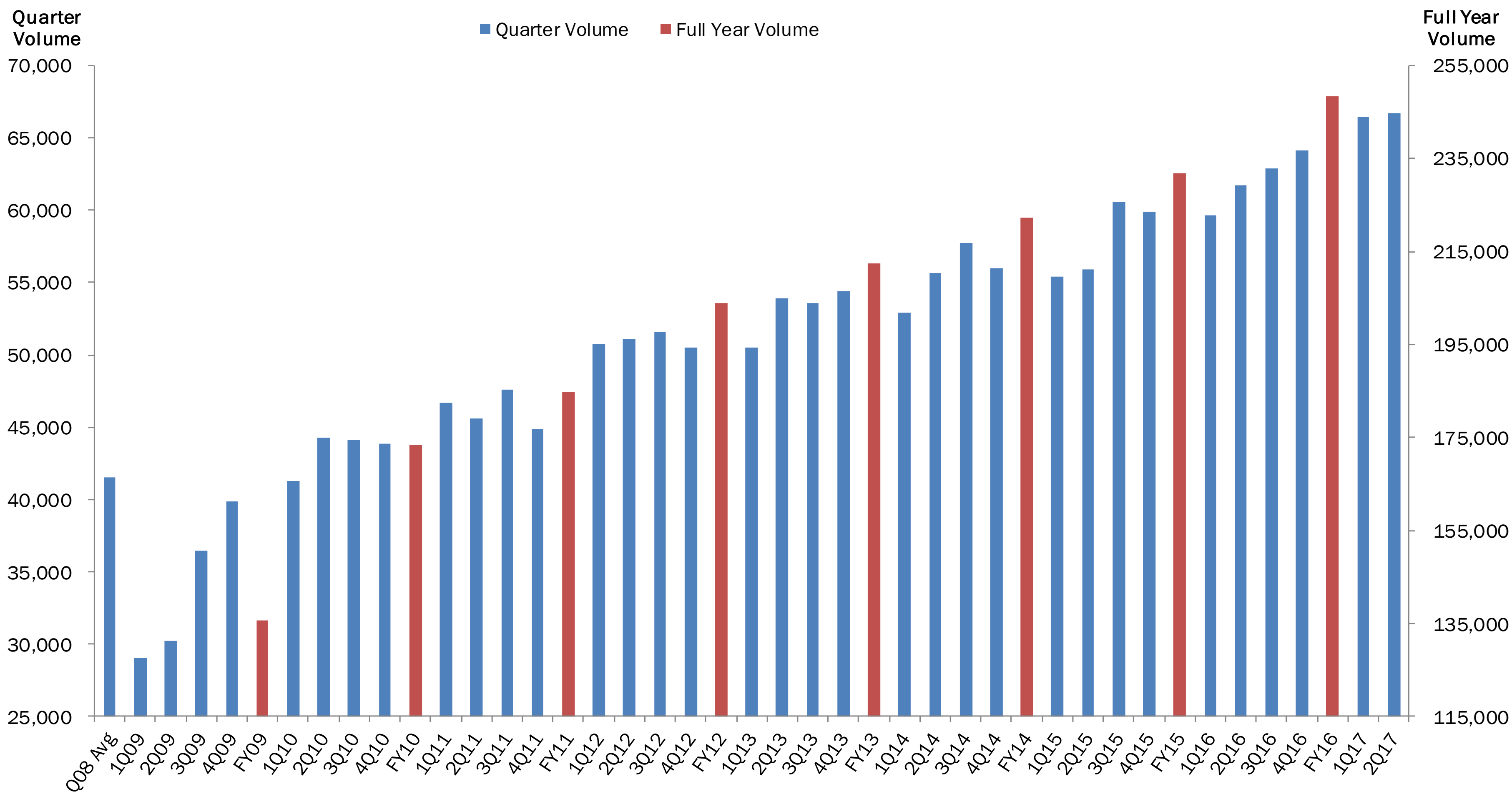
Financial Snapshot

($ Millions unless otherwise noted)	Q2 2017	Q2 2016	YTD 2017	YTD 2016
Net Sales	201.2	186.9	396.1	365.0
Gross Profit	71.8	71.4	142.7	139.4
Gross Margin	35.7%	38.2%	36.0%	38.2%
SG&A	49.6	48.7	97.6	96.8
Combination-related expenses	4.3	—	13.4	—
Operating Income	17.9	22.7	31.7	42.5
Operating Margin	8.9%	12.1%	8.0%	11.7%
Net Income Attributable to Quaker Chemical Corporation	11.9	15.0	18.9	28.0
Earnings Per Diluted Share	0.89	1.13	1.42	2.11
Non-GAAP Earnings Per Diluted Share	1.24	1.11	2.42	2.09
Adjusted EBITDA	28.0	27.7	56.2	52.6
Adjusted EBITDA Margin	13.9%	14.8%	14.2%	14.4%
Net Cash	24.2	12.0	—	—
Net Operating Cash Flow	12.5	25.2	20.8	36.0
Effective Tax Rate	26.2%	32.6%	37.4%	32.5%

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

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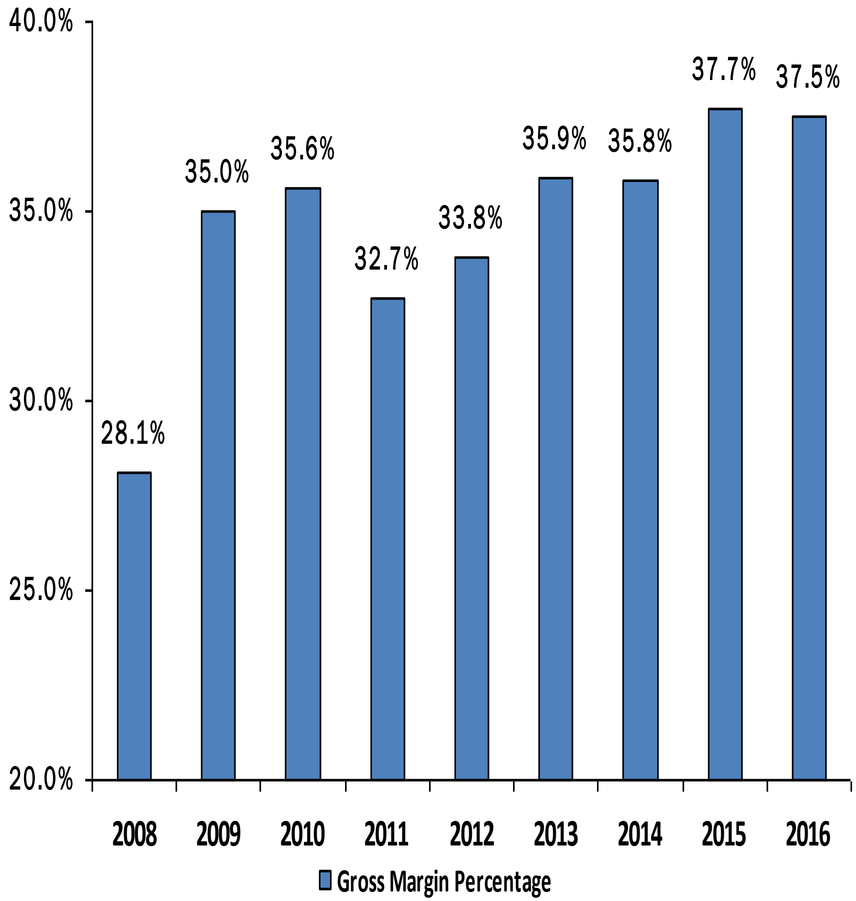

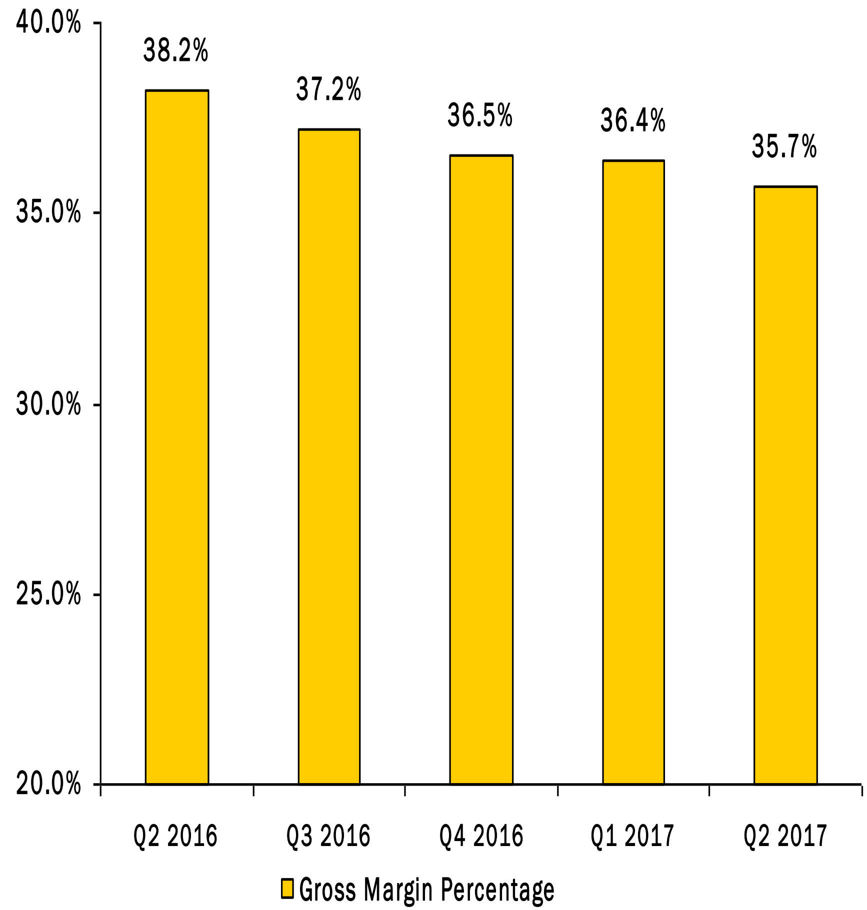

Gross Margins challenged due to rising raw material costs, but expect Gross Margins to gradually return to the 37% target level

Chart #7

Adjusted EBITDA

Baseline Historical Performance

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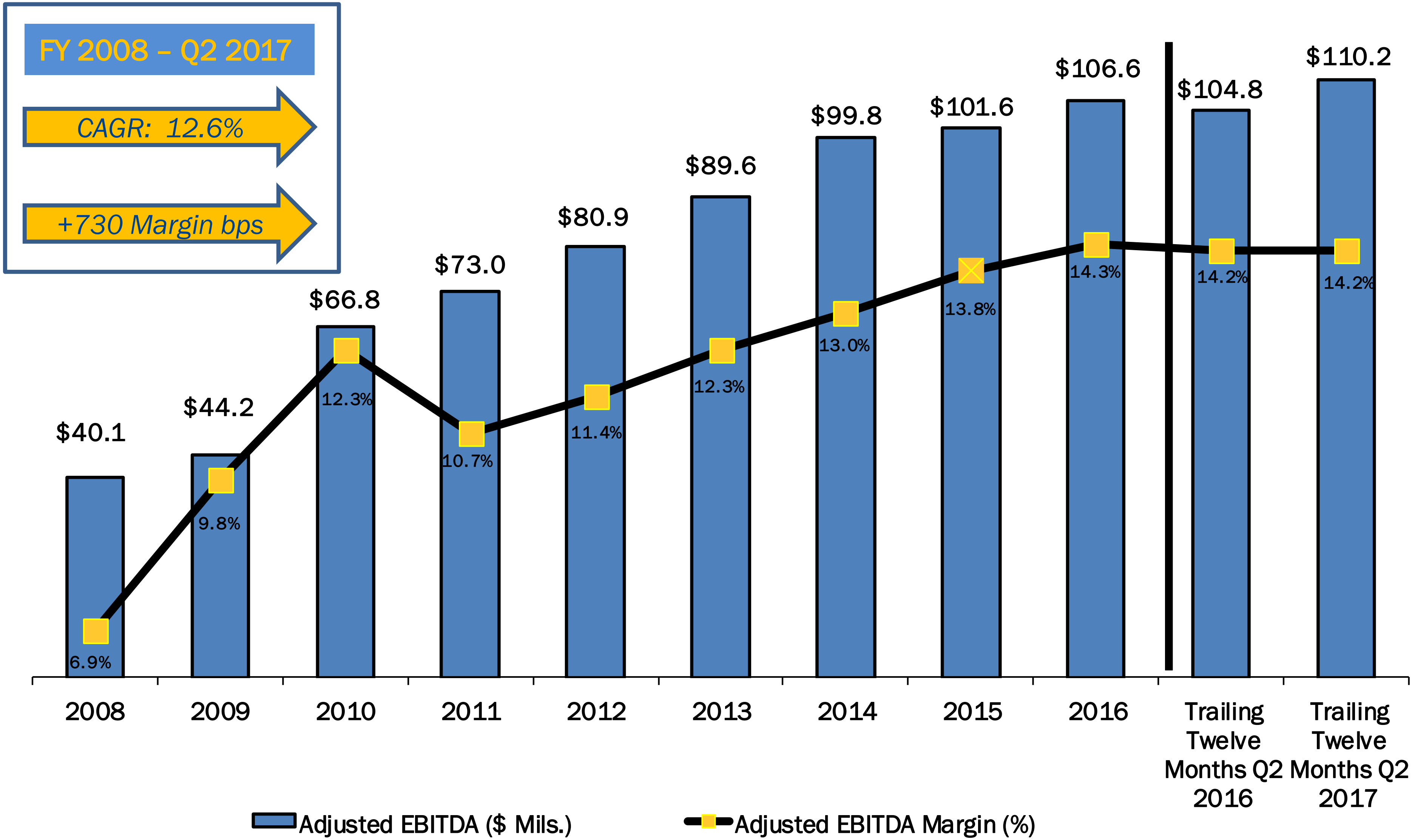
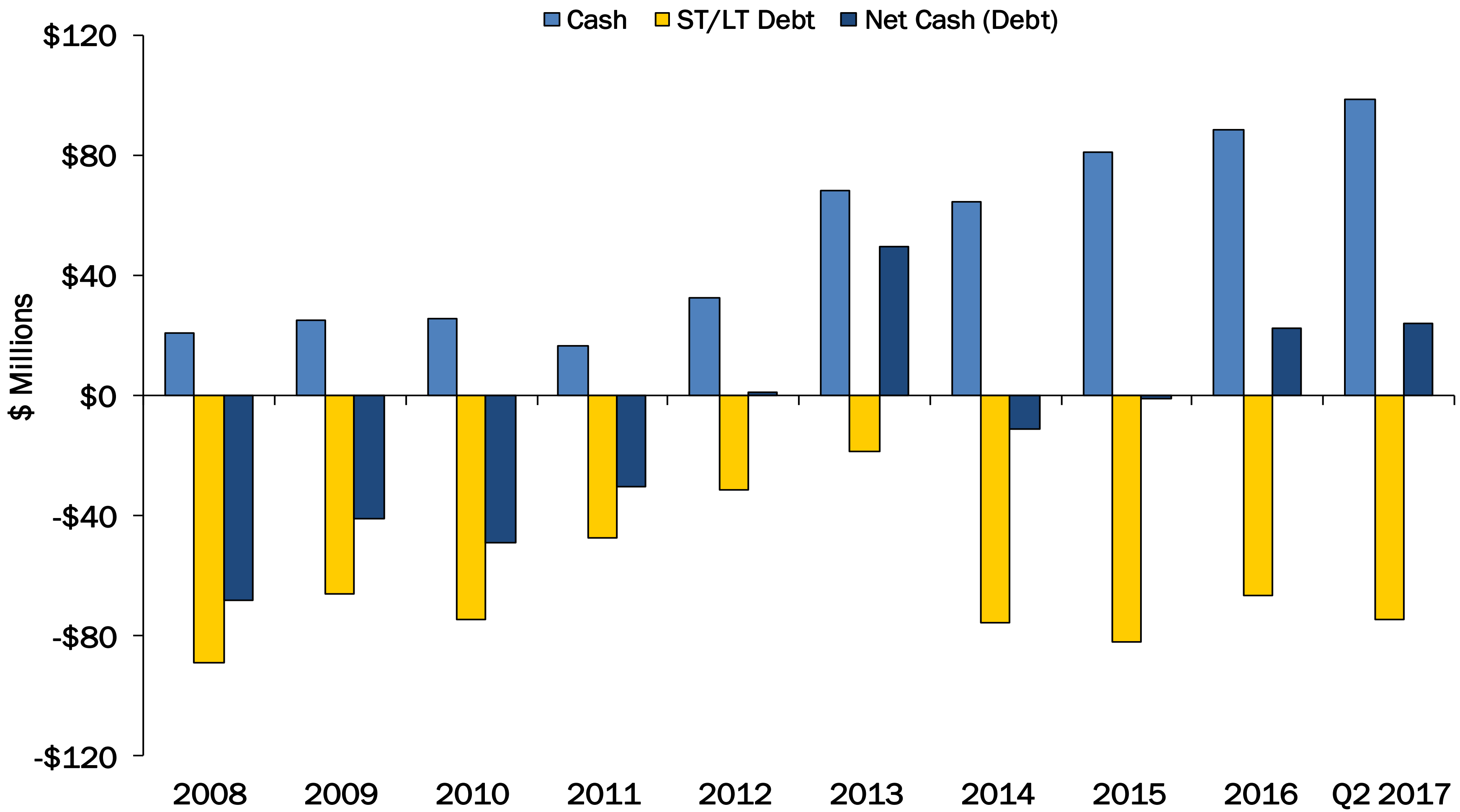


Chart #8

Balance Sheet

Cash and Debt



Continued strong cash flow generation and balance sheet

Chart #9

APPENDIX

Non-GAAP EPS Reconciliation

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	Q2 2017	Q2 2016	YTD 2017	YTD 2016
GAAP earnings per diluted share	$ 0.89	$ 1.13	$ 1.42	$ 2.11
Equity income in a captive insurance company per diluted share	(0.04)	(0.02)	(0.08)	(0.03)
Houghton combination-related expenses per diluted share	0.27	-	0.95	-
U.S. pension plan settlement charge per diluted share	0.09	-	0.09	-
Cost streamlining initiative per diluted share	-	-	0.01	-
Currency conversion impacts of the Venezuelan bolivar fuerte per diluted share	0.03	-	0.03	0.01
Non-GAAP earnings per diluted share	$ 1.24	$ 1.11	$ 2.42	$ 2.09

Chart #10

Adjusted EBITDA Reconciliation

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	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 #11

TTM Adjusted EBITDA Reconciliation

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	I = G + H Trailing Twelve Months Q2 2017	H YTD Q2 2017	G = F - D Last Six Months 2016	F FY 2016	E = C + D Trailing Twelve Months Q2 2016	D YTD Q2 2016	C = B - A Last Six Months 2015	B FY 2015	A YTD Q2 2015
Net income	52,340	18,898	33,442	61,403	53,725	27,961	25,764	51,180	25,416
Depreciation	12,559	6,333	6,226	12,557	12,609	6,331	6,278	12,395	6,117
Amortization	7,024	3,604	3,420	7,009	7,153	3,589	3,564	6,811	3,247
Interest expense	2,857	1,436	1,421	2,889	2,859	1,468	1,391	2,585	1,194
Taxes on income before equity in net income of associated companies	20,772	11,089	9,683	23,226	20,245	13,543	6,702	17,785	11,083
Equity income from a captive insurance company	(2,360)	(1,027)	(1,333)	(1,688)	(1,738)	(355)	(1,383)	(2,078)	(695)
Restructuring (credit) expense	(439)	-	(439)	(439)	6,790	-	6,790	6,790	-
Houghton combination-related expenses	14,944	13,413	1,531	1,531	-	-	-	-	-
Verkol transaction-related expenses	-	-	-	-	2,813	-	2,813	2,813	-
Customer bankruptcy costs	-	-	-	-	217	-	217	328	111
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	340	340	-	88	88	88	-	2,806	2,806
Adjusted EBITDA	110,183	56,232	53,951	106,576	104,761	52,625	52,136	101,588	49,452
Adjusted EBITDA Margin	14.2%	14.2%	14.1%	14.3%	14.2%	14.4%	14.0%	13.8%	26.5%