

=====

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

October 30, 2003
Date of Report (Date of earliest event reported)

QUAKER CHEMICAL CORPORATION
(Exact name of Registrant as specified in its charter)

Commission File Number 0-7154

PENNSYLVANIA
(State or other jurisdiction of
incorporation or organization)

No. 23-0993790
(I.R.S. Employer
Identification No.)

One Quaker Park
901 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)

=====

INFORMATION TO BE INCLUDED IN THE REPORT

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

The following exhibit is filed as part of this report:

Exhibit No.

99.1 Press Release of Quaker Chemical Corporation dated
October 30, 2003

Item 12. Results of Operations and Financial Condition.

On October 30, 2003, Quaker Chemical Corporation announced its results of operations for the third quarter ended September 30, 2003 in a press release, the text of which is included as Exhibit 99.1 hereto.

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 thereunto duly authorized.

QUAKER CHEMICAL CORPORATION
Registrant

Date: October 30, 2003

By: /s/ Michael F. Barry

Vice President and
Chief Financial Officer

[LOGO] Quaker

For Release:
Immediate

NEWS

Contact:
Michael F. Barry
Vice President and
Chief Financial Officer
610/832-8500-----
Quaker Chemical Announces Record Quarterly Sales

October 30, 2003

CONSHOHOCKEN, PA -- For its third quarter, Quaker Chemical Corporation (NYSE: KWR) today announced record quarterly sales of \$89.7 million and earnings per diluted share of \$0.42, a 17% increase over the second quarter of 2003 earnings per diluted share.

Third Quarter Summary

Net income for the third quarter was \$4.1 million versus \$4.3 million for the third quarter of 2002, or \$0.42 per diluted share versus \$0.45 per diluted share in the prior year period. On a sequential basis, third quarter net income increased 19% over the second quarter's net income of \$3.5 million.

Net sales for the third quarter were a record \$89.7 million, up 22% from \$73.3 million for the third quarter 2002. Foreign exchange rate translation and the Company's 2003 acquisitions favorably impacted net sales by \$4.8 million and \$1.3 million, respectively. Third quarter sales also include approximately \$9.7 million from the Company's recently awarded chemical management services (CMS) contracts, which were effective May 1, 2003. The remaining part of the net sales increase of approximately 1% is primarily due to double-digit growth in the Asia Pacific and South America regions offset by a decline in business in the U.S.

Gross margin as a percentage of sales declined from 40.1% for the third quarter of 2002 to 34.3% for the third quarter of 2003. As previously disclosed, the Company's new CMS contracts have caused different relationships between margins and revenue than in the past. At the majority of current CMS sites, the Company effectively acts as an agent and records revenue and costs from these sales on a net sales or "pass-through" basis. The new CMS contracts have a different structure, which results in the Company recognizing in reported revenue the gross revenue received from the CMS site customer and in cost of goods sold, the third party product purchases, which substantially offset each other. The negative impact to gross margin for the third quarter related to the new CMS contracts is approximately 4 percentage points. The remaining decline in gross margin as a percentage of sales is due to increased raw material costs, as well as product and regional sales mix. The Company continues to expect raw material prices to remain at these levels in the near term due to sustained high oil prices.

Selling, general and administrative expenses for the quarter increased \$1.8 million or 8% compared to the third quarter of 2002. Approximately \$1.4 million of the increase is due to foreign exchange rates and the Company's 2003 acquisitions. Increases in other expenses, including pension and the Company's continued rollout of its global ERP system, were largely offset by reduced incentive compensation expense.

Other income was lower primarily due to foreign exchange gains in 2002 as a result of the weakening of the Brazilian real and its impact on the U.S. dollar denominated cash balances in Brazil.

The year-to-date effective tax rate was reduced to 30% in the third quarter primarily due to the Company's favorable settlement of several outstanding tax audits and appeal issues.

Ronald J. Naples, Chairman and Chief Executive Officer, stated, "Though our overall earnings level is consistent with our previous guidance, we continue to see softer than expected demand for our products and services to the steel industry in the U.S. and Europe. In the third quarter, this was somewhat offset by significant growth in our Brazilian and South American markets, lower overall tax rates, and lower incentive compensation. In addition, we continue to be negatively impacted by higher raw material prices primarily due to continued high crude oil prices."

Mr. Naples continued, "While we continue to see short-term challenges in front of us, we are also making significant strides with our key strategic initiatives. In 2003, we have now made three tight-fit acquisitions, including

the recently announced acquisition of the Cincinnati-Vulcan steel business. All of these acquisitions bring key customer relationships and product technology, enabling us to enhance our already strong market positions. In addition, all three are expected to be slightly accretive to earnings in the short term and more significant profit contributors longer term. Also, we continue to grow our CMS business and have recently been awarded another two major auto CMS sites that are in addition to the seven new sites we started up in May. And finally, during the last 12 months we have implemented our global ERP system at four of our largest sites in Holland, Spain, and the U.S. We believe all of the above initiatives are key steps in helping us achieve our longer-term business strategies."

Year-to-Date Summary

- - - - -

Net income for the first nine months of the year was \$10.7 million versus \$9.9 million in the first nine months of 2002. Earnings per diluted share increased 6% to \$1.11 versus \$1.05 in the first nine months of 2002.

Net sales for the first nine months of the year increased to \$246.5 million, up 22% from \$202.7 million for the first nine months of 2002. Foreign exchange rate translation and timing of the Company's 2002 and 2003 acquisitions favorably impacted net sales by \$11.1 million and \$9.5 million, respectively. Net sales for the first nine months of the year also include approximately \$17.1 million from the Company's new CMS contracts. The remaining part of the net sales increase of approximately 3% is primarily due to double-digit growth in the Asia Pacific and South America regions offset by a decline in business in the U.S.

Gross margin as a percentage of sales declined from 40.8% for the first nine months of 2002 to 35.7% for the first nine months of 2003. The Company's new CMS contracts negatively impacted gross margin for the first nine months of 2003 by approximately 3 percentage points with the remaining decline due to increased raw material costs, as well as product and regional sales mix.

Selling, general and administrative expenses for the first nine months of 2003 increased \$4.4 million from the first nine months of 2002. \$4.3 million of the increase is due to foreign exchange rates and the Company's acquisitions. The remainder of the increase is primarily due to higher pension costs and the Company's continued implementation of its global ERP system partially offset by reduced incentive compensation expense.

Balance Sheet and Cash Flow items

- - - - -

The Company's debt to total capital ratio remains strong at 31% at the end of September, 2003 compared to 25% at the end of 2002 and 35% at the end of September, 2002. As of the end of September 2003, the Company had approximately \$26 million outstanding on its credit lines, which have a maximum borrowing capacity of \$50 million.

As previously disclosed, the Company received \$4.2 million of priority cash distributions from its real estate joint venture in the first half of 2003. In addition, the higher accounts receivable at the end of September 2003 is primarily due to the increased sales attributable to the Company's new CMS contracts, foreign exchange rate changes and higher sales volumes.

Outlook

- - - - -

Mr. Naples stated, "We do expect to see some pickup in business volumes in the fourth quarter primarily due to market share gains. However, this expectation is tempered by what we still see as significant demand uncertainty in many of our key markets for the fourth quarter as well as into next year. For example, we are getting signals that some of our customers may take longer than normal shutdowns in December. While our visibility is not clear, the net of all this is that we continue to estimate that our fourth quarter earnings will be similar to the third quarter. Despite the near-term struggles for earnings growth, we are confident that the strategic steps we have taken this year, as well as our strong balance sheet and dividend yield, put us in an excellent long-term position to continue to build our business, and hence, enable us to continue to create significant long-term value for both our customers and shareholders."

Quaker Chemical Corporation, headquartered in Conshohocken, Pennsylvania, is a worldwide developer, producer, and marketer of custom-formulated chemical specialty products and a provider of chemical management services for manufacturers around the globe, primarily in the steel and automotive industries.

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 uncertainties related to downturns in a customer's business and unanticipated customer production planning curtailments. 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.

As previously announced, Quaker Chemical's investor conference call to discuss third quarter results is scheduled for October 31, 2003 at 10:00 a.m. (ET). Access the conference by calling 800-922-0755 or visit Quaker's Web site at www.quakerchem.com for a live webcast.

Quaker Chemical Corporation

Condensed Consolidated Statement of Income

For the period ended September 30,

Unaudited

(Dollars in thousands, except per share data)

	Third Quarter		Nine Months	
	2003	2002	2003	2002
Net Sales	\$89,713	\$73,268	\$246,503	\$202,652
Cost of goods sold	58,928	43,869	158,405	119,934
Gross margin	30,785	29,399	88,098	82,718
%	34.3%	40.1%	35.7%	40.8%
Selling, general and administrative	24,459	22,697	70,367	66,000
Operating income	6,326	6,702	17,731	16,718
%	7.1%	9.1%	7.2%	8.2%
Other income, net	295	942	830	1,194
Interest expense, net	(240)	(469)	(614)	(747)
Income before taxes	6,381	7,175	17,947	17,165
Taxes on income	1,683	2,296	5,384	5,493
	4,698	4,879	12,563	11,672
Equity in net income of associated companies	215	130	470	314
Minority interest in net income of subsidiaries	(777)	(720)	(2,315)	(2,103)
Net income	\$ 4,136	\$ 4,289	\$ 10,718	\$ 9,883
%	4.6%	5.9%	4.3%	4.9%

Per share data:

Net income - basic	\$0.44	\$0.47	\$1.15	\$1.08
Net income - diluted	\$0.42	\$0.45	\$1.11	\$1.05

Shares Outstanding:

Basic	9,410,675	9,222,050	9,335,628	9,149,337
Diluted	9,856,783	9,453,208	9,687,346	9,433,279

Quaker Chemical Corporation

Condensed Consolidated Balance Sheet

Unaudited

(Dollars in thousands)

September 30, December 31,
2003 2002

ASSETS

Current Assets

Cash and cash equivalents	\$ 17,981	\$ 13,857
Accounts receivable, net	73,953	53,353
Inventories		
Raw materials and supplies	14,619	11,342
Work-in-process and finished goods	15,742	12,294
Prepaid expenses and other current assets	12,214	12,827
	-----	-----
Total current assets	134,509	103,673

Property, plant and
equipment, at cost

	129,739	113,207
--	---------	---------

Less accumulated depreciation	72,650	64,695
	-----	-----

Net property, plant and equipment	57,089	48,512
--------------------------------------	--------	--------

Goodwill	28,890	21,927
----------	--------	--------

Other intangible assets	6,290	5,852
-------------------------	-------	-------

Investments in associated companies	5,736	9,060
-------------------------------------	-------	-------

Deferred income taxes	10,571	10,609
-----------------------	--------	--------

Other assets	15,734	14,225
	-----	-----

Total assets	\$258,819	\$213,858
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities

Short-term borrowings and current portion of long-term debt	\$ 28,991	\$ 12,205
--	-----------	-----------

Accounts and other payables	35,420	29,423
-----------------------------	--------	--------

Accrued compensation	7,317	10,254
----------------------	-------	--------

Other current liabilities	15,326	14,262
	-----	-----

Total current liabilities	87,054	66,144
---------------------------	--------	--------

Long-term debt	18,222	16,590
----------------	--------	--------

Deferred income taxes	1,744	1,518
-----------------------	-------	-------

Other noncurrent liabilities	37,004	33,889
	-----	-----

Total liabilities	144,024	118,141
	-----	-----

Minority interest in equity
of subsidiaries

	10,054	7,662
	-----	-----

Shareholders' equity

Common stock \$1 par value; authorized 30,000,000 shares; issued (including treasury shares) 9,664,009 shares	9,664	9,664
--	-------	-------

Capital in excess of par value	1,404	626
--------------------------------	-------	-----

Retained earnings	115,216	110,448
-------------------	---------	---------

Unearned compensation	(776)	(1,245)
-----------------------	-------	---------

Accumulated other comprehensive (loss)	(19,018)	(27,078)
	-----	-----

	106,490	92,415
--	---------	--------

Treasury stock, shares held at cost; 2003 - 122,369, 2002 - 324,109	(1,749)	(4,360)
	-----	-----

Total shareholders' equity	104,741	88,055
	-----	-----

	\$258,819	\$213,858
	=====	=====

Quaker Chemical Corporation

Condensed Consolidated Statement of Cash Flows

Unaudited

(Dollars in thousands)

	2003	2002
Cash flows from operating activities		
Net Income	\$ 10,718	\$ 9,883
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	5,246	3,571
Amortization	620	576
Equity in net income of associated companies	(470)	(314)
Minority interest in earnings of subsidiaries	2,315	2,103
Deferred compensation and other postretirement benefits	257	290
Pension and other, net	2,995	1,885
Increase (decrease) in cash from changes in current assets and current liabilities:		
Accounts receivable, net	(14,460)	(3,375)
Inventories	(4,362)	(2,543)
Prepaid expenses and other current assets	1,587	(1,326)
Accounts payable and accrued liabilities	(2,235)	4,288
Change in restructuring liabilities	(908)	(1,763)
Net cash provided by operating activities	1,303	13,275
Cash flows from investing activities		
Investments in property, plant and equipment	(7,820)	(7,642)
Dividends and distributions from associated companies	3,890	307
Payments related to acquisitions	(6,737)	(21,285)
Other, net	(117)	(443)
Net cash (used in) investing activities	(10,784)	(29,063)
Cash flows from financing activities		
Net increase in short-term borrowings	16,686	23,121
Dividends paid	(5,909)	(5,756)
Treasury stock issued	3,106	2,618
Distributions to minority shareholders	(1,018)	(1,514)
Net cash provided by financing activities	12,865	18,469
Effect of exchange rate changes on cash	740	(186)
Net increase (decrease) in cash and cash equivalents	4,124	2,495
Cash and cash equivalents at beginning of period	13,857	20,549
Cash and cash equivalents at end of period	\$ 17,981	\$ 23,044