# Forward Together™

## Quaker Houghton Investor Presentation

## February 2020

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# Risks and Uncertainties Statement

**Regulation G**

The attached charts include Company information that does not conform to generally accepted accounting principles ("GAAP"). In addition, the Company has provided certain unaudited pro forma financial information in the attached charts. The unaudited pro forma financial information is based on the historical consolidated financial statements and results of both Quaker, as reported, and Houghton, and has been prepared to illustrate the effects of the Combination. The unaudited pro forma financial information has been presented for informational purposes only and is not necessarily indicative of Quaker Houghton's past results of operations, nor is it indicative of the future operating results of Quaker Houghton and should not be considered a substitute for the financial information presented in accordance with 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 amended by Form 10-K/A, as well as the third quarter earnings news release dated November 12, 2019, which has been furnished to the Securities and Exchange Commission ("SEC") on Form 8-K and the Company's Form 10-Q for the period ended September 30, 2019, 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, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements can be identified by the fact that they do not relate strictly to historical or current facts. We have based these forward-looking statements on our current expectations about future events. These forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, intentions, financial condition, results of operations, future performance, and business, including but not limited to statements relating to the potential benefits of the Combination described above, our current and future results and plans, and statements that include the words "may," "could," "should," "would," "believe," "expect," "anticipate," "estimate," "intend," "plan" or similar expressions. 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. Furthermore, the Company is subject to the same business cycles as those experienced by steel, automobile, aircraft, appliance, and durable goods manufacturers. Our forward-looking statements are subject to risks, uncertainties and assumptions about the Company and its operations that are subject to change based on various important factors, some of which are beyond our control. These risks, uncertainties, and possible inaccurate assumptions relevant to the Company's business could cause its results to differ materially from expected and historical results. Other factors beyond those discussed in this presentation could also adversely affect us, including, but not limited to the following related to the Combination:

- potential adverse effects on the Company's business, properties or operations caused by the implementation of the Combination;
- the Company's ability to promptly, efficiently and effectively integrate the operations of Houghton and Quaker Chemical;
- the ability to develop or modify financial reporting, information systems and other related financial tools to ensure overall financial integrity and adequacy of internal control procedures;
- the ability to identify and take advantage of potential synergies, including cost reduction opportunities, while maintaining legacy business and other related attributes, as well as the risk that the costs to achieve synergies may be more than anticipated;
- difficulties in managing a larger, combined company, addressing differences in business culture and retaining key personnel;
- 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 related to the Combination.

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, 2018 as well as the proxy statement the company filed on July 31, 2017 and in our quarterly and other reports filed from time to time with the SEC. 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.

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# Quaker Houghton.

## Combination of Two Iconic Companies Specializing in Industrial Process Fluids.

**Quaker Chemical 1918**

**Houghton International 1865**

**Headquartered in PA**

**15k** customers

**4k** colleagues

**$1.6** billion in sales

**115** countries served around the world

**35** manufacturing locations

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# Strategic Rationale for Combination – Exceeding My Expectations!

| Observations | Strategic Rationale |
|---|---|
| • Best in the business talent<br>• Hard to tell legacy Q from legacy H | ✓Strong Talent and Cultural Fit |
| • Market leader solely focused on our space<br>• More resources to deploy for customer service, innovation/R&D, customer solutions | ✓Increases Size and Scale |
| • Cross-selling “playbook” activated with early wins<br>• Norman Hay leverages new customer solutions capabilities | ✓Accelerates Growth Opportunities |
| • Broader and deeper product portfolio yields more opportunities for innovation<br>• Ability to leverage different approaches, equipment and customer connections to drive solutions | ✓Enhances R&D Capabilities |
| • Increased confidence in achieving ≥ $60MM in synergies | ✓Achieves Significant Cost Synergies |

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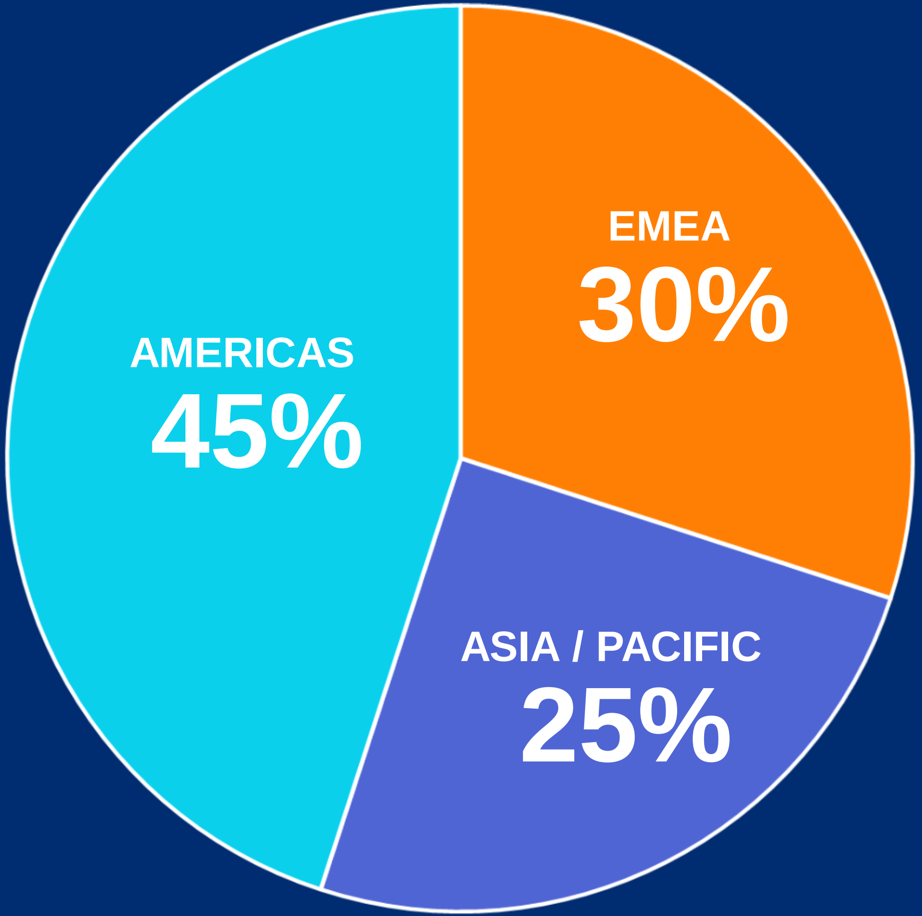
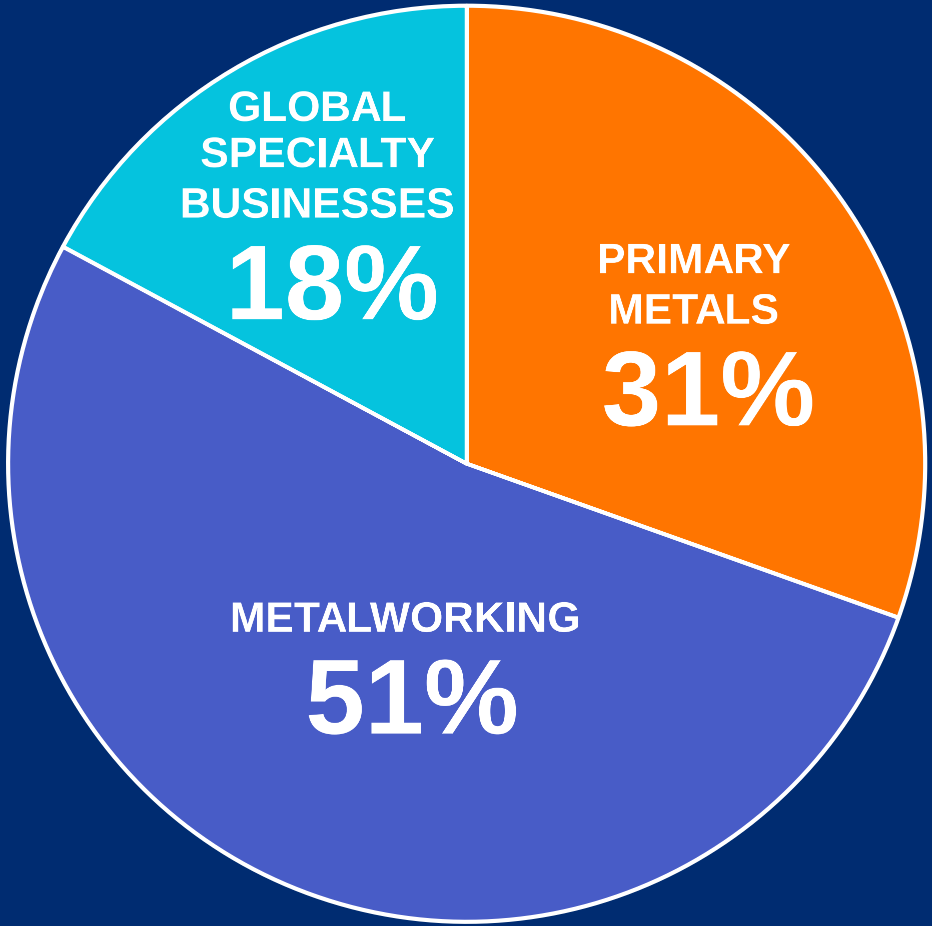
# Quaker Houghton: Leading Global Supplier of Industrial Process Fluids; Net Sales ~ $1.6B

## Geographic and Product Snapshot

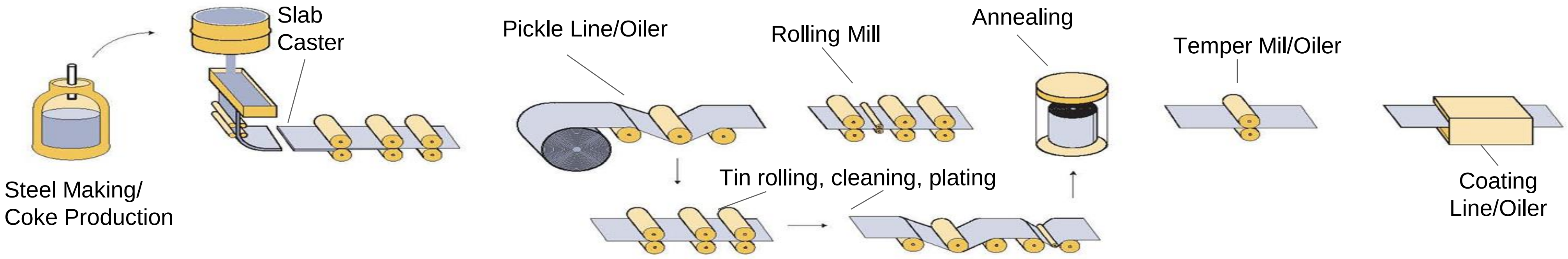



Note: Based on TTM Q3 2019 Pro Forma Net Sales as of September 30, 2019 plus an additional ~$78 million in Net Sales due to the acquisition of Norman Hay

# Quaker Houghton: Value Proposition for Primary Metals

**Sheet Metal Production Process**




**QH Value Proposition**

1. **End-to-End Fluid Portfolio**: Continuous Casting Fluid › Hydraulic Fluids & Greases › Hot Rolling Oils › Pickling Oils › Cold Rolling Oils › TemperMill Fluids › Cleaners › Coatings
2. **On-site Technical Expertise**: Application Expertise, Process Expertise, Inventory Management, Cost Savings (TCO) Projects
3. **Customized Technology**: **Product Customization, New Formulation Development, Regulatory Support**

**Customer Benefits $$$**

Reduced Operating Costs + Enhanced Surface Quality and Protection + Extended and Improved Roll Life + Reduced Scrap and Waste

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# Quaker Houghton: Value Proposition for Metalworking

**Business Segments**

**Metal Working Processes**

Die-Casting → Hot Forging → Soft Machining → Heat Treatment → Hard Grinding → Cleaning → Corrosion Protection

## QH Value Proposition

1. **Expanded Product Portfolio:** Offering for entire metalworking fluid lifecycle
2. **FluidCare (On-Site Support):** Application, Inventory and Chemical Management, Training, Cost Savings (TCO) Projects
3. **Innovation and Application Expertise:** New Product Development, Product and Formulation Customization
4. **Fluid Intelligent Solutions:** Data, Equipment and Engineering

**Customer Benefits $$$**

Sustainable Cost Reductions + Product Surface Improvements + Equipment & Tool-life Improvement + Increased Throughput & Utilization

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# Outperformance Powered by Distinctive Customer Intimacy Model

**A Customer-Intimate Model** at the center of our organizational decision-making

**Products & Solutions**
Offerings are tailored to customer processes and needs

**Knowledge & Expertise**
Customer facing experts driving sustainable on-site improvements

**On-Site Support**
Dedicated service teams of experts at customer locations

**Responsiveness**
Fast response time to product deliveries, formulation changes, and sample testing

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# Proven Executive Leadership Team

**Michael Barry** –
Chairman,
Chief Executive
Officer
& President

## Business Leaders

**Jeewat Bijlani** –
SVP, Managing
Director – Americas

**Dieter Laininger** –
SVP, Managing
Director – APAC

**Adrian Steeples** –
SVP, Managing
Director – EMEA

**Joseph Berquist** –
SVP, Global Specialty
Businesses & Chief
Strategy Officer

## Global Functional Leaders

**Mary Dean Hall** –
SVP, CFO & Treasurer

**Kym Johnson** –
SVP, CHRO

**Robert T. Traub** –
SVP, General Counsel
& Corporate Secretary

**Wilbert Platzer** –
SVP, Global Operations,
EHS & Procurement

**Dr. Dave Slinkman** –
SVP, Chief Technology
Officer

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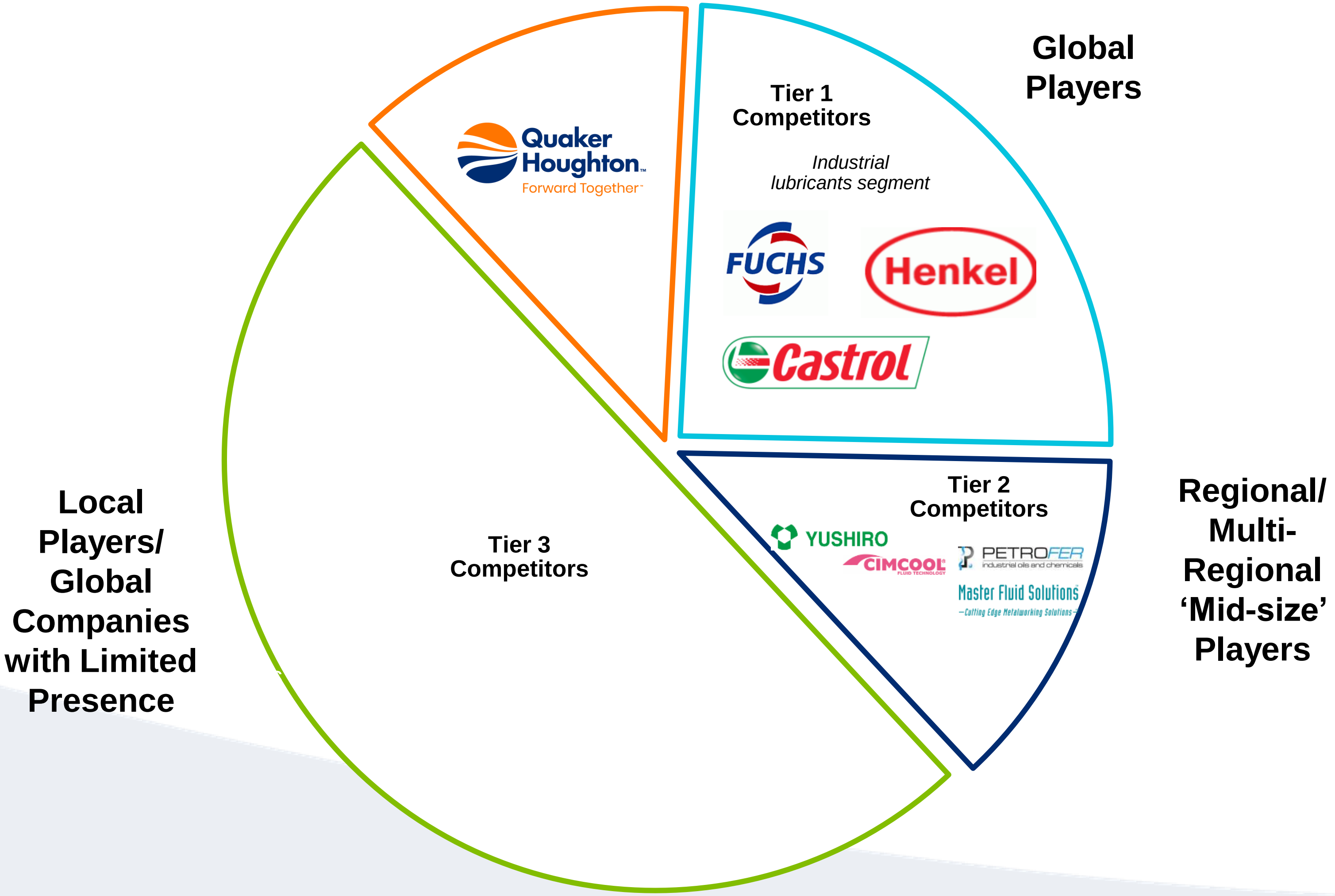
# Competitive Landscape: Only Global Pure Play in Our Addressable Markets

## ~$12.6B Addressable Market




Source: Quaker Houghton management and Charles River Associates estimates, Kline, Grandview, LEK.

# Differentiated from Competitors by Scale, Focus and Solution Offering

| | Quaker Houghton Forward Together | Tier 1 Competitors | Tier 2 Competitors | Tier 3 Competitors | |
|---|---|---|---|---|---|
| | | FUCHS, Castrol, Henkel | YUSHRIO, PETROFER, CIMCOOL, Master Fluid Solutions | Small, Local Player | Diversified Chemical Companies |
| **Scale and Global Reach** | 🟢 | 🟢 | 🔴/🟡 | 🔴 | 🟢 |
| **Tight Strategic Focus** | 🟢 | 🟢/🟡 | 🟢 | 🟢 | 🔴 |
| **Portfolio Breadth and Depth** | 🟢/🟡 | 🟢/🟡 | 🔴/🟡 | 🔴 | 🔴 |
| **Industry Talent and Expertise** | 🟢/🟡 | 🟡 | 🟡 | 🔴/🟡 | 🔴/🟡 |
| **Service Capabilities: Fluidcare® & Solutions** | 🟢 | 🟡 | 🔴/🟡 | 🔴/🟡 | 🟡 |

🟢 Advantage 🟡 Neutral / Average 🔴 Potential Disadvantage

*Industrial Processing Fluid Market Perspective*

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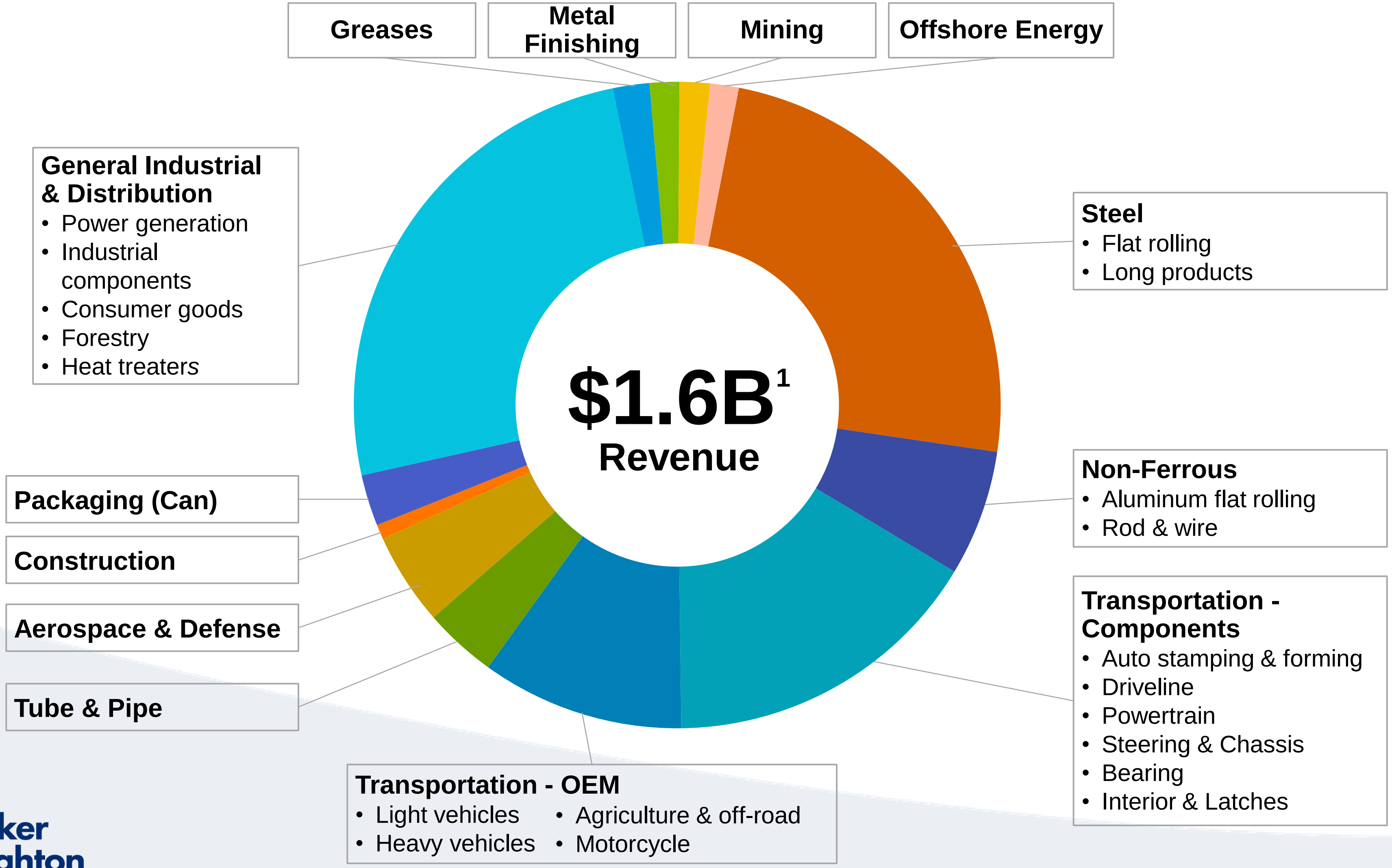
# Diversified End Markets

## QH Continues to Expand Addressable Markets

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Note: 1. Based on TTM Q3 2019 Pro Forma Net Sales as of September 30, 2019 plus an additional ~$78 million in Net Sales due to the acquisition of Norman Hay.

# ~13% Market Share in $12.6B Addressable Market

## Significant Opportunities to Grow

| ~$12.6B Addressable Market | | QH Market Share[2] | Strategic Segments |
|---|---|---|---|
| **PRIMARY METALS** | **$1.4B** | ~38% | • Steel<br>• Non-Ferrous |
| **METALWORKING**<br>Mid-large size customers | **$3.7B** | ~13% | • Transportation – OEM<br>• Transportation – Components<br>• Aerospace & Defense<br>• Tube & Pipe |
| **METALWORKING**<br>Small-mid size customers | **$5.4B** | ~7% | • General Industrial<br>• Indirect Channel |
| **GLOBAL SPECIALTY BUSINESSES** | **$2.1B[1]** | ~13% | • Global Specialty Segment |

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Source: 1. Quaker Houghton management and Charles River Associates estimates, Kline, Grandview, LEK.
Source: 2. Assessment based on management estimates of current target addressable markets within larger segments (coatings, plating, grease, mining).

# Stronger Product Portfolio: Broader and Deeper

## Metalworking

| | Q | QH |
|---|---|---|
| Metal Removal Fluids - Synthetic | ● | ●●● |
| Metal Removal Fluids - Soluble | ●● | ●●● |
| Metal Removal - Neat Oils | ● | ●●● |
| Metal Cleaning | ●● | ●●● |
| Corrosion Protection | ●● | ●●● |
| Metal Drawing and Forming Fluids | ●● | ●●● |
| Die Cast - Mold Release | ●●● | ●●● |
| Heat Treatment/ Quenchants | ○ | ●●● |
| Metal Forging Fluids | ○ | ●● |

## Industrial

| | Q | QH |
|---|---|---|
| Synthetic Fire-Resistant Hydraulic Fluids | ●● | ●●● |
| Water Glycol Fire-Resistant Hydraulic Fluids | ● | ●●● |
| Specialty Grease | ● | ● |
| Offshore Sub-Sea Control Fluids | ○ | ●●● |

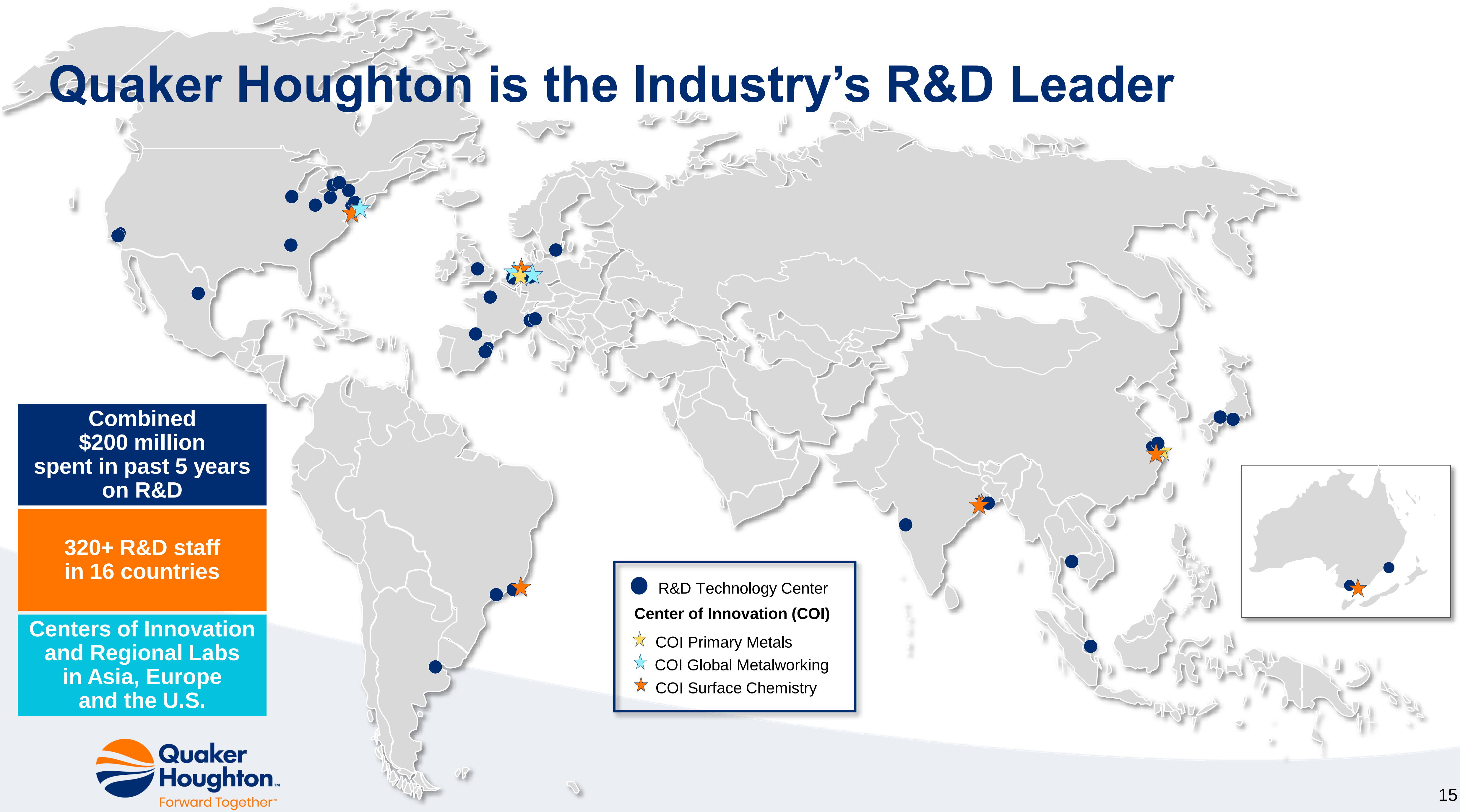
## Metals

| | Q | QH |
|---|---|---|
| Steel Rolling | ●●● | ●●● |
| Tinplate Rolling | ●● | ●●● |
| Steel Surface Cleaners | ●● | ●●● |
| Corrosion Protection | ●● | ●●● |
| Ferrous Metal Surface Treatment | ●● | ●● |
| Aluminum Hot Rolling | ●● | ●●● |
| Rod & Wire Drawing | ○ | ●● |

**Product Portfolio Strength and Breadth**

● ● ● High ● ● Medium ● Low ○ No Presence

# Quaker Houghton is the Industry's R&D Leader




**Combined $200 million spent in past 5 years on R&D**

**320+ R&D staff in 16 countries**

**Centers of Innovation and Regional Labs in Asia, Europe and the U.S.**

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# Combined R&D Organizations Create Unique Capabilities

**QUAKER**

- Strong analytical capabilities in U.S. and China
- Deep research in Global Metalworking and Steel Rolling Groups
- Investment in application of customer simulation
- Active Safety Program

**HOUGHTON**

- Strong analytical capabilities in Europe
- Investment in lab bench tribology and emulsion equipment
- Vitality focus
- Focus on Industry 4.0

- **Accelerated** innovation speed
  - **Faster** speed to market
- **Complete** customer solutions
- **Enhanced** customer intimacy
- **Deeper** analytical capabilities
- **Experience** to address regulatory compliance

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# Well-Positioned to Address Market Trends

| | | | |
|---|---|---|---|
| TECHNOLOGY ADVANCEMENT | ELECTRIC VEHICLES | INDUSTRY 4.0 | NEW MATERIALS / ADDITIVE MFG |
| CLIMATE CHANGE / SUSTAINABILITY | LIGHT-WEIGHTING | TIGHTENING REGULATORY ENVIRONMENT | GREEN CHEMISTRY INITIATIVES |

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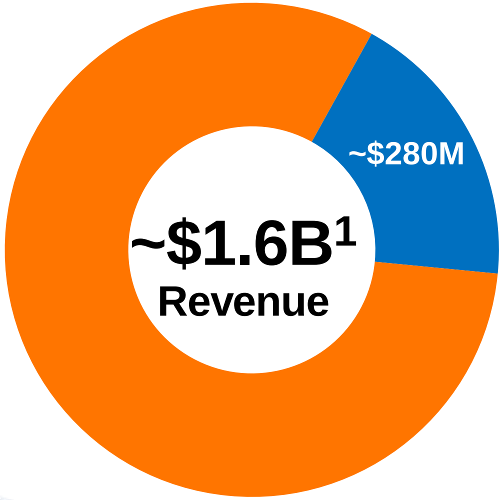
# Moderate Sales Impact from Growing EV Penetration Over Next Ten Years

## Potential Opportunities in EV can Help Offset Impact

**~17% of current sales directly related to auto engines, transmissions and drivetrains**




**Sales related to Automotive Engine & Transmission and Drivetrain**

**Limited impact from higher EV penetration**

**Estimated impact on QH sales growth given EV's market penetration**

**Impact of EV on Total QH sales growth[2]**

| | '19-25 | '25-30 |
|---|---|---|
| **Moderate Case** | +0.3% | -0.3% |
| **Aggressive Case** | 0% | -0.5% |

**Quaker Houghton has no exposure to engine oils and transmission fluids**

**Potential gains to offset impact from EV in scenario**

- New process fluid applications required for BEV will bolster growth in other product segments:
  - Die casting
  - Aluminum rod and wire
  - Hot aluminum forming
  - Specialty grease
  - Advanced High Strength Steels
- Infrastructure spending to fully realize EV expansion (charging stations, power grid)
- Fleet replacement could accelerate auto production rates through 2030

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Note: 1. Based on TTM Q3 2019 Pro Forma Net Sales as of September 30, 2019 plus an additional ~$78 million in Net Sales due to the acquisition of Norman Hay.
Note: 2. Assume current automotive engine, transmission and drivetrain related sales grow / decline at the projected ICE market growth rate; sales in EV is assumed to grow at projected EV market growth rate; assume MWF fluid in EV at lower rate of usage in ICE (by management estimate); the remaining sales stays constant.

# Data and Equipment Solutions: Complement Existing Product Portfolio

## Growing Pipeline of Customer Opportunities and Interest

EATON
FCA FIAT CHRYSLER AUTOMOBILES
WALKER DIE CASTING, INC.
BOEING
Ford
Allison Transmission
Danfoss
ARCONIC Innovation, engineered.
GKN

Fluid Optimization
QH FLUIDWORKER

Fluid Mixing
QH FLUIDMIX

QH Engineering & Design Services

Fluid Control
QH FLUIDCONTROL

Data Monitoring & Reporting
QH FLUIDTREND
Data Driven Solutions

Fluid Recycling & Treatment

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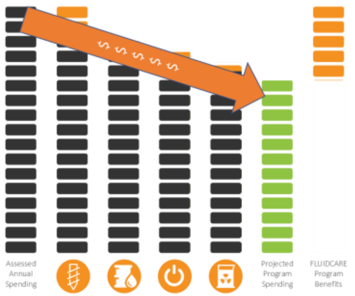
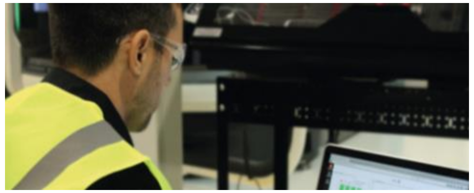
# A Win-Win Partnership: Quaker Houghton and Customer

Ternium | Ford | ArcelorMittal | RENAULT | AMERICAN AXLE & MANUFACTURING | ARCONIC Innovation, engineered. | BAOSTEEL

| CUSTOMER BENEFIT | CUSTOMER BENEFIT | CUSTOMER BENEFIT |
|---|---|---|
|   |   |     |
| ➔ Sustainable OPEX and Process Improvements | ➔ Training and Onsite Support<br>➔ Fluid Intelligence Academy | ➔ Innovative Solutions |

## QUAKER HOUGHTON BENEFIT

- ➔ Customer For Life
- ➔ Profitable Growth and Margins
- ➔ Competitive Differentiation
- ➔ Increasing Barriers to Entry

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# Our Plan to Grow

- Mid-teens **market share** allows plenty of **room to grow**
- Combination provides unique opportunities to **cross-sell** products to **expanded customer base** and **end markets**
- Well positioned to take advantage of macro trends like **electrification, digitization**, and an expected **increased regulatory environment**
- We are in **markets** that are expected to **grow at a steady rate of 1-3%**
- Differentiated **customer intimate** business model will enable **share gains above market at 2-4%**
- Continue to pursue strategic **acquisitions**

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# Integration Progress to Date

Held face-to-face discussions & celebrations in first 10 days

Connected networks and aligned communication systems

Global Listening Surveys

**Do Great Things Together**

Launch of Core Values


Safety Initiatives – Roll out of Global EHS management software, Dupont training system, 10 Lifesaving rules and Live Safe campaign

Launched new product packaging

U.S. benefits consolidated

Relocated to new global HQ & regional HQ in China

3 R&D technical exchanges

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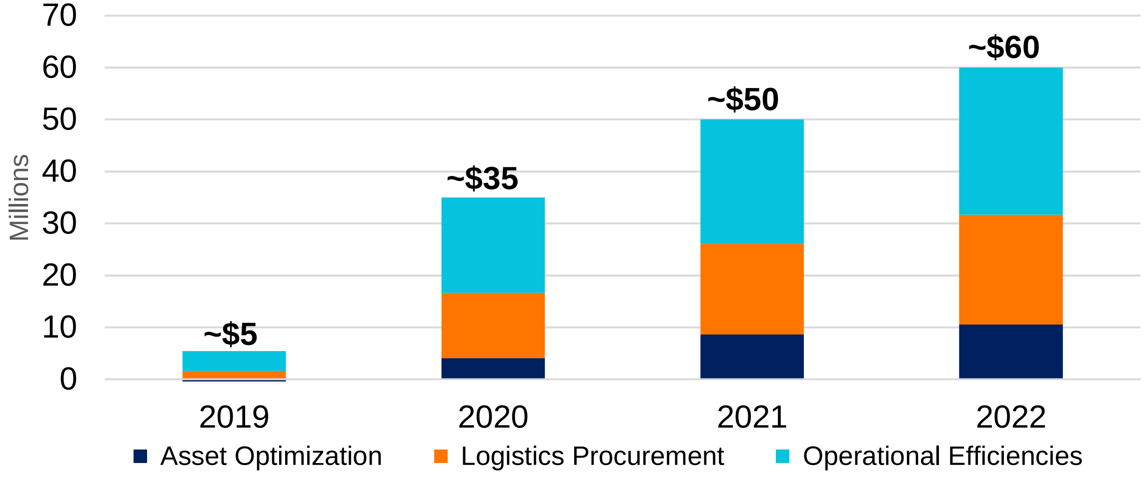
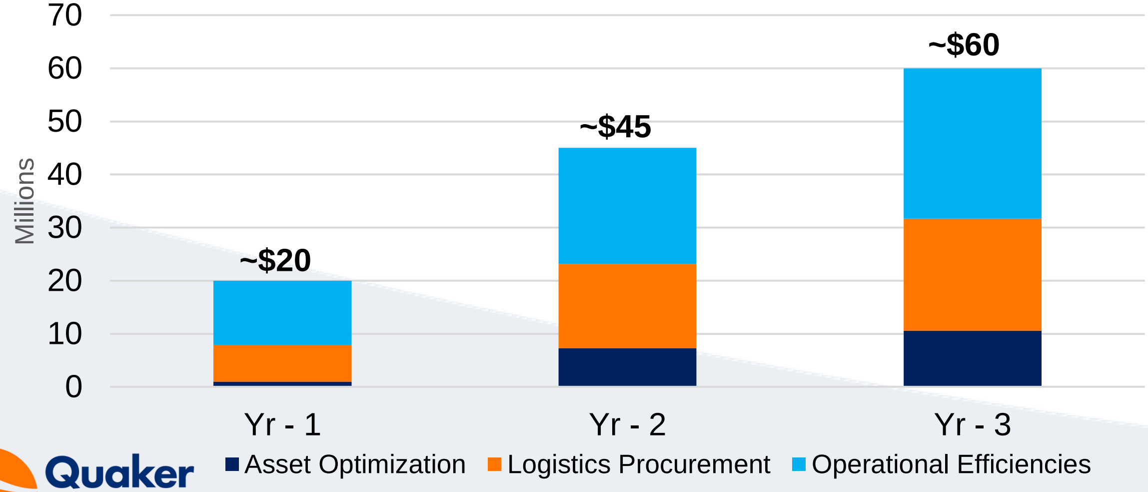
# Strong Focus on Realizing Significant Cost Synergies

## Estimated Synergy Realization Timing




## Sources of Synergy

**Asset Optimization (17%)**

- Manufacturing footprint optimization
- Optimize IT platforms

**Logistics & Procurement (35%)**

- Raw material purchasing
- Freight / warehousing
- Ester production

**Operational Efficiencies (48%)**

- Organizational redundancies
- Non-labor cost savings

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# Balanced Capital Allocation Strategy

## Supported by Strong Free Cash Flow

| | | |
|---|---|---|
| **Capex** | **Houghton Integration** | ~2.0% of sales first two years |
| | **Long-term** | ~1.5% of sales afterwards |
| **Acquisitions** | **Support Growth Strategy** | Bolt-ons will support core growth near term; larger opportunities considered post leverage reduction in ~ two years |
| **Return to Shareholders** | **Dividends** | Pay dividends consistent with Quaker's practice over 48 years |
| | **Share Repurchase** | Return excess cash to shareholders through opportunistic buybacks |
| **Capital Structure** | **Net Leverage Target ≤ 2.5x** | Repay debt to reach target range within two years after closing |

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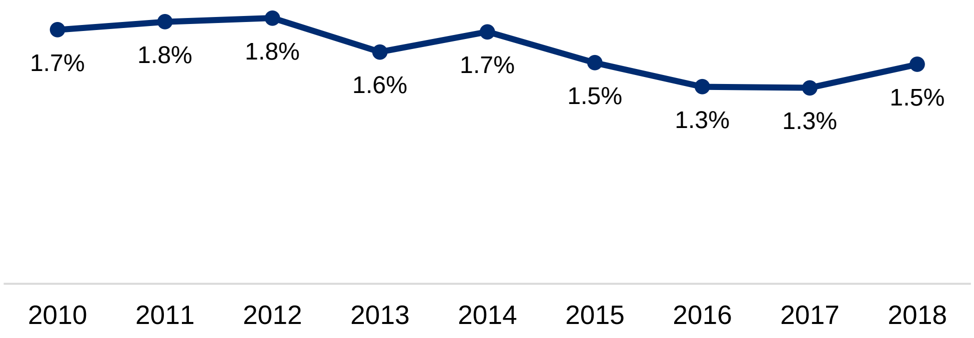
# Capital Allocation will Remain Disciplined and Balanced

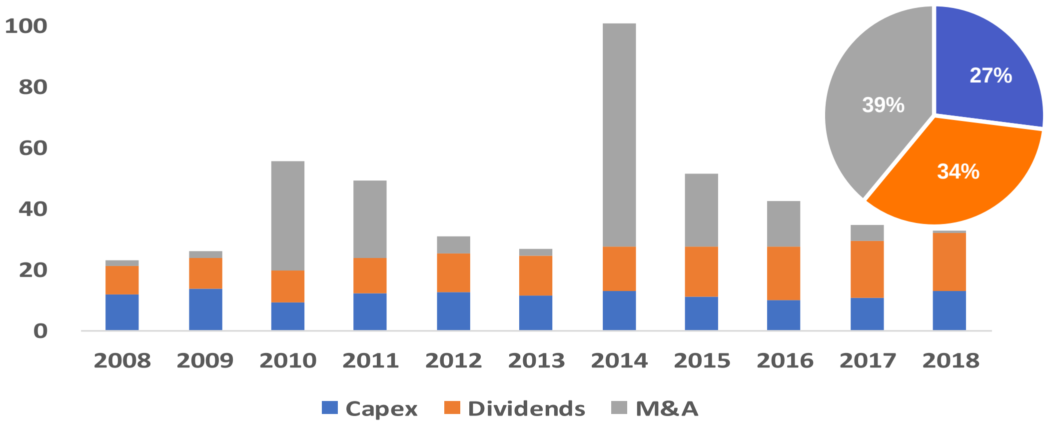
## Asset-lite footprint enhances cash flow

### Capex as % of Sales

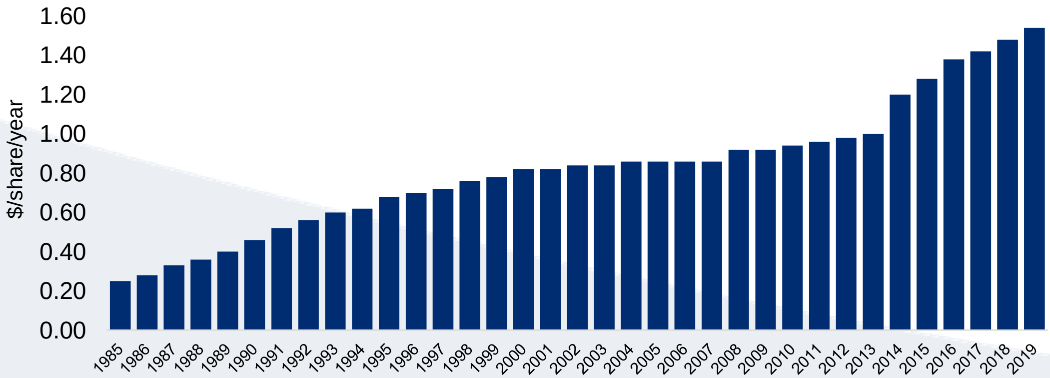



## Balanced across categories

### Capital Allocation History ($MM)

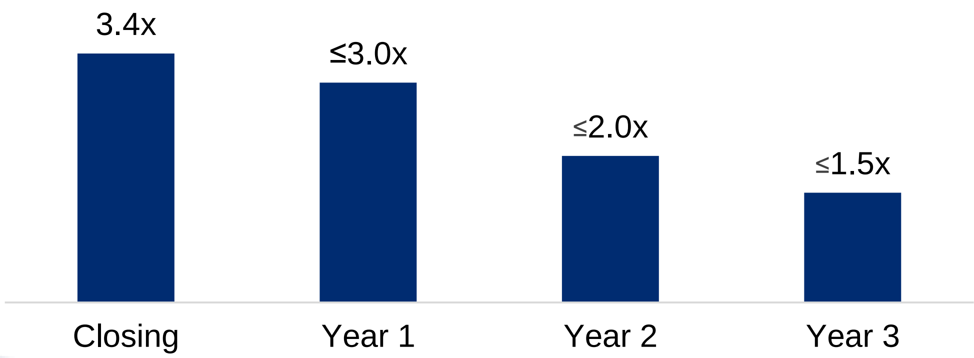



## Long-standing commitment to dividends




## Committed to improving leverage

### Net Debt / Adjusted EBITDA




**Note: Chart assumes all excess cash applied to reduce debt.**

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# Success: What Does it Look Like After 2 Years?

**We are highly confident in our ability to deliver our Integration Plan**

1. We will have industry leading safety performance
2. We will have retained our customers
3. We will have achieved our targets and increased Adjusted EBITDA margin by ~4% pts
4. We will be growing above the market by 2 to 4%
5. We will have reduced our debt to targeted level of ≤ 2.5x net debt to Adjusted EBITDA
6. We will have made at least one acquisition and be positioned for more
7. We will have an engaged and happy workforce

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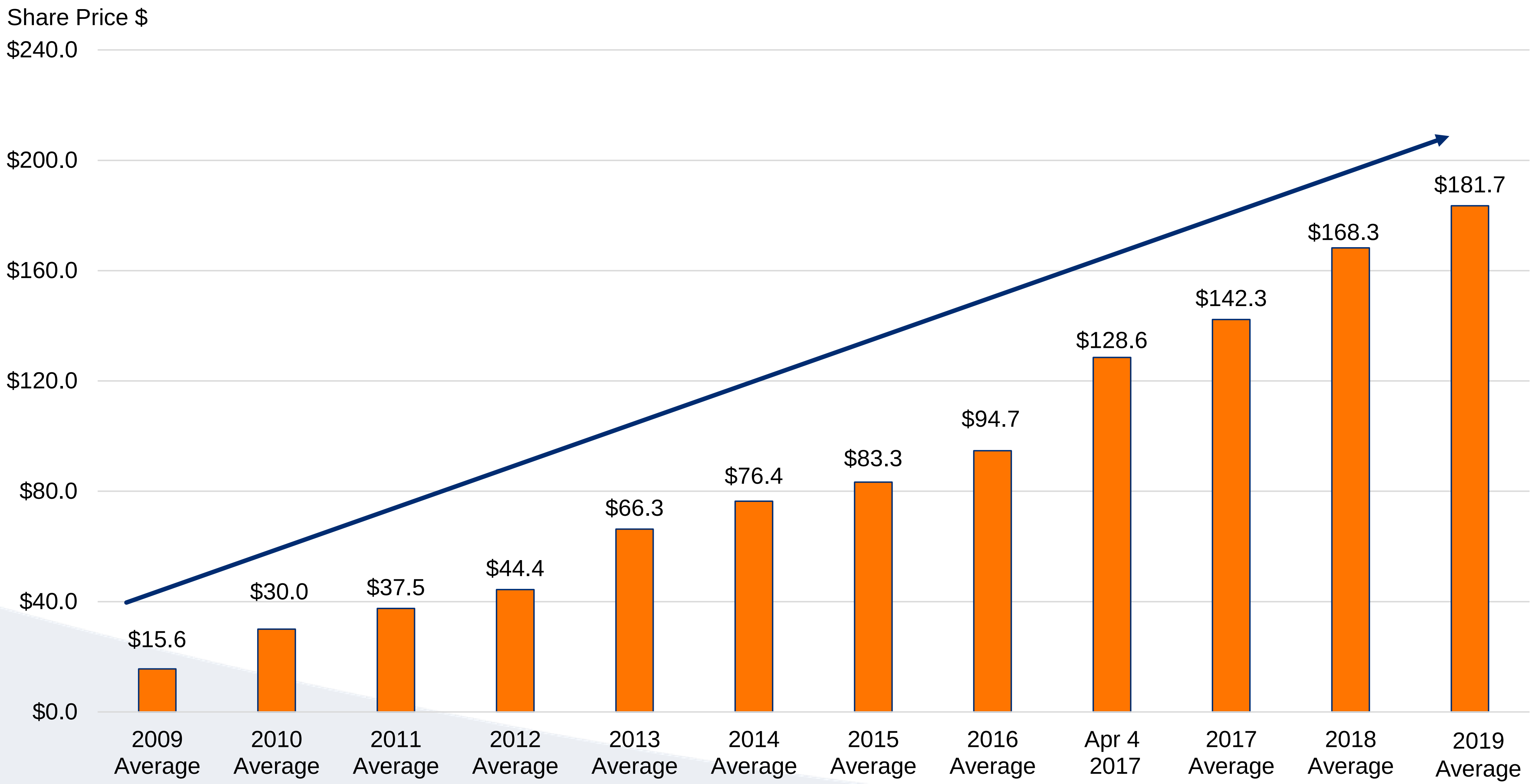
# Creating Shareholder Value Is Our Priority

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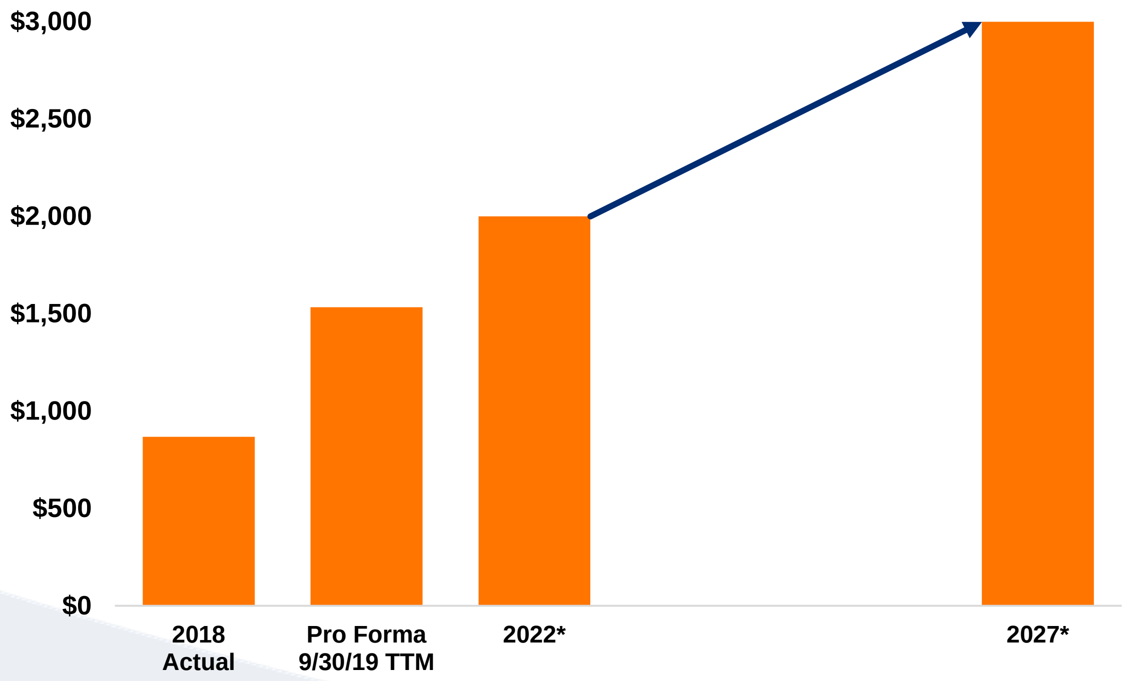
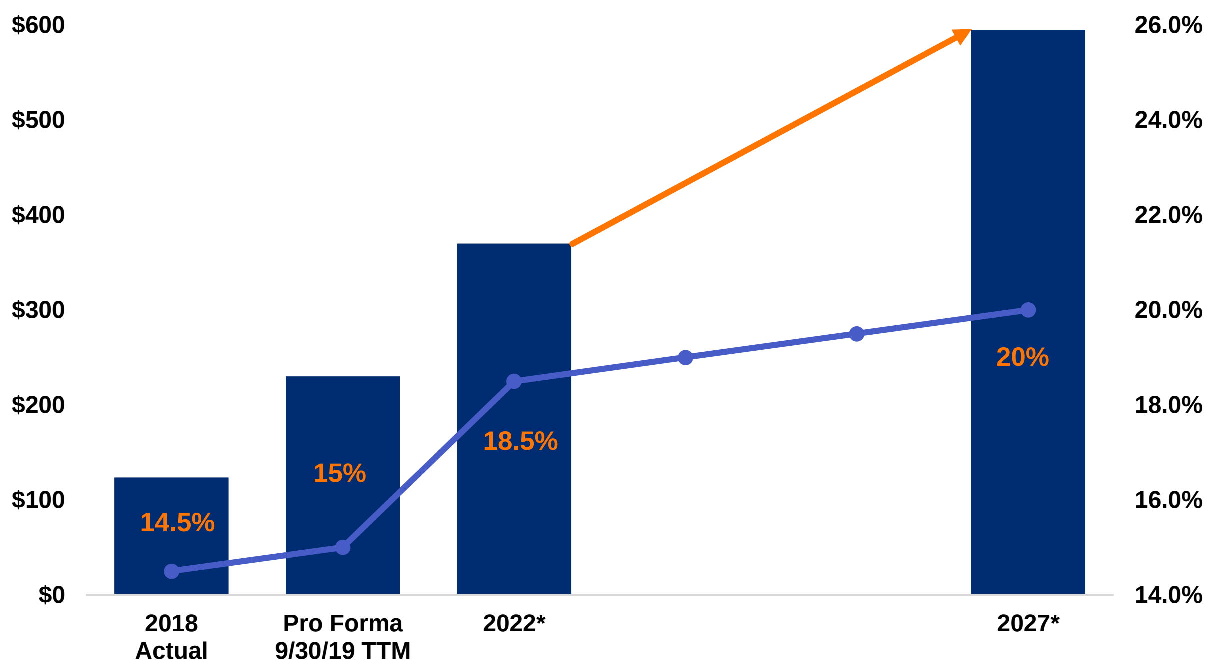
# Quaker Houghton: Positioned for Growth

## Revenue ($MM)




## Adjusted EBITDA ($MM)




***Key Assumptions: Management's View of What Future Could Look Like***

- **Sales growth:** Assumed ~3.5% in 2020 and ~5% thereafter, reflecting above market growth consistent with historical 2-4% achieved
- **Houghton integration:** Successful integration with full $60 million cost synergies achieved during 2021
- **Additional acquisitions:** Assumes bolt-on acquisitions of $50 million of sales in 2020 and 2021, and $100 million thereafter; acquired sales and EBITDA assumed at a half year convention; assumed cost synergies, but at a lower level than Houghton

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Data Footnote: 2018 Actual data for Quaker legacy only, Pro Forma 9/30/19 TTM includes estimated performance of Quaker Houghton for the trailing twelve months September 30, 2019 in millions of dollars (see appendix for reconciliation) and 2022 and 2027 estimates adhere to the forward-looking statements disclosures made at the onset of this presentation.

# Appendix

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# Note to Forward Looking Statements and Non-GAAP Reconciliations

As it relates to certain non-GAAP and forward looking statements including, but not limited to, the full year expected results for the Company's acquisition of the operating divisions of Norman Hay plc, as well as the Company's forward looking calculations for potential 2022 and 2027 results, and the forward looking calculations of Adjusted EBITDA compared to net debt, the Company has not provided guidance for GAAP measures or a quantitative reconciliation of forward-looking non-GAAP financial measures to the most directly comparable U.S. GAAP measure because it is unable to predict with reasonable certainty the ultimate outcome of certain significant items necessary to calculate such measures without unreasonable effort.

These items include, but are not limited to, certain non-recurring or non-core items the Company may record that could materially impact net income, such as Combination and other acquisition-related expenses and restructuring expenses, as well as income taxes. These items are uncertain, depend on various factors, and could have a material impact on the U.S. GAAP reported results for the guidance period.

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# TTM Q3 ’19 Pro Forma Reconciliation

(dollars in millions)

| | TTM Q3 2019 | | | | |
|---|---|---|---|---|---|
| | As Reported | Houghton | Divestitures | Other (a) | Pro Forma* |
| Net Sales | $ 994 | $ 683 | $ (46) | $ (22) | $1,568 |
| | | | | | |
| Net Income Attributable to Quaker Houghton | $ 24 | $ (7) | $ (9) | $ 13 | $ 21 |
| Depreciation and Amortization | 29 | 44 | - | 5 | 78 |
| Interest Expense, Net | 8 | 48 | - | (21) | 35 |
| Taxes on Income (b) | 16 | 4 | (2) | 4 | 21 |
| EBITDA* | 77 | 89 | (11) | 0 | 154 |
| Equity Income in a Captive Insurance Company | (1) | - | - | - | (1) |
| Fair Value Step Up of Houghton Inventory Sold | 10 | - | - | - | 10 |
| Combination and Other Acquisition-Related Expenses | 28 | 46 | - | - | 74 |
| Restructuring Expenses | 24 | (0) | - | - | 24 |
| Gain on Sale of Divested Assets | - | (35) | - | - | (35) |
| Pension and Postretirement Benefit Costs, Non-Service Components | 3 | (0) | - | - | 2 |
| Affiliate Management Fees | - | 1 | - | - | 1 |
| Other Addbacks (c) | 1 | (0) | - | - | 1 |
| Adjusted EBITDA* | $ 142 | $ 99 | $ (11) | $ 0 | $ 230 |
| Adjusted EBITDA Margin* (%) | 15% | 15% | 25% | 0% | 15% |

*Certain amounts may not calculate due to round, including EBITDA, Adjusted EBITDA, Adjusted EBITDA margin (%) as well as the total pro forma financial results presented for combined Quaker Houghton.

(a) Other includes estimated increases to depreciation and amortization due to purchase accounting fair value adjustments and a reduction of interest expense based on the average borrowings of the period plus the purchase consideration under the Quaker Houghton facility estimated interest rates.

(b) Taxes on income related to the Divestiture and Other reflect each tax effected at the U.S. tax rate of 21%.

(c) Other addbacks include insurance insolvencies, currency conversion impacts on hyper-inflationary economies, and a gain on the liquidation of an inactive legal entity.

Quaker Houghton
Forward Together