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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

February 17, 2004

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)

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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 February 17,
2004.

Item 12. Results of Operations and Financial Condition.

On February 17, 2004, Quaker Chemical Corporation announced its results of operations for the fourth quarter and full year ended December 31, 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: February 17, 2004

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 Sales and Annual Earnings Growth

CONSHOHOCKEN, Pa., February 17, 2004 /PRNewswire-FirstCall/ -- Quaker Chemical Corporation (NYSE: KWR) today announced record annual and fourth quarter sales and improved annual earnings for 2003.

Net sales for 2003 were \$340.2 million, up 24% from the prior year, and for the fourth quarter were \$93.7 million, up 30% from the fourth quarter of 2002. For the full year 2003, net income was up 4% with earnings per diluted share at \$1.52 compared to \$1.51 per diluted share in 2002. Earnings for the fourth quarter of 2003 were \$0.41 per diluted share compared to \$0.46 per diluted share in the fourth quarter of 2002. The 2003 full year and fourth quarter earnings were consistent with previous Company guidance.

Ronald J. Naples, Chairman and Chief Executive Officer, commented, "2003 was a mixed year with a great top line, but earnings that never came up to our initial expectations. Our sales growth considerably outstripped earnings growth because a significant part of our sales growth was in acquisitions and new chemical management services (CMS) revenues that have different margin characteristics. We were negatively impacted by softness in a number of our core steel markets. In addition, we estimate raw material price increases raised our costs by approximately \$2.5 million as our key raw material market prices are at four-year highs. Higher pension and insurance costs also hurt the bottom line. Despite these negatives, we managed a 4% increase in net income and stayed committed to important strategic actions. We completed three tight-fit acquisitions and advanced customer penetration through major new CMS contracts, all of which we expect to contribute to future growth. Our balance sheet remains strong, and we extended our dividend record to 31 consecutive years of increases."

Fourth Quarter Summary

Net income for the fourth quarter was \$4.1 million versus \$4.4 million for the fourth quarter of 2002, or \$0.41 per diluted share versus \$0.46 per diluted share in the prior year period.

Net sales for the fourth quarter were a record \$93.7 million, up 30% from \$71.9 million for the fourth quarter of 2002. Foreign exchange rate translation and the Company's 2003 acquisitions favorably impacted net sales by \$7.1 million and \$4.5 million, respectively. Fourth quarter sales also included approximately \$10.0 million from the Company's recently awarded CMS contracts, which were effective May 1, 2003. The remaining part of the net sales increase is primarily due to growth in the Asia/Pacific and South America regions offset by a decline in business in the U.S. and Europe.

Gross margin as a percentage of sales declined from 40.2% for the fourth quarter of 2002 to 35.5% for the fourth 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 fourth quarter related to the new CMS contracts is approximately 4 percentage points. The remaining decline in gross margin as a percentage of sales is primarily due to increased raw material costs.

Selling, general and administrative expenses for the quarter increased \$5.2 million compared to the fourth quarter of 2002. Approximately half of the increase is due to foreign exchange rate translation and the Company's 2003 acquisitions. Increases in other expenses, including pension, insurance and the Company's continued rollout of its global ERP system, contributed to the remainder of the increase. Included in the fourth quarter results is a \$0.1 million net restructuring charge for the fourth quarter. 2003 severance program costs of approximately \$0.3 million were partially offset by the release of \$0.2

million of unused restructuring accruals related to the Company's 2001 restructuring program.

The 2003 effective tax rate was reduced to 31% from 32% in 2002 primarily due to the Company's favorable settlement of several outstanding tax audits and appeal issues.

The increase in equity income for the fourth quarter of 2003 primarily reflects a priority distribution received from the Company's real estate joint venture as well as improved performance from this joint venture.

Full Year Summary

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Net income for 2003 increased to \$14.8 million from \$14.3 million in 2002. Earnings per diluted share increased to \$1.52 from \$1.51 in 2002.

Net sales for 2003 increased to \$340.2 million, up 24% from \$274.5 million for 2002. Foreign exchange rate translation and timing of the Company's 2002 and 2003 acquisitions favorably impacted net sales by \$18.2 million and \$14.0 million, respectively. Net sales for 2003 also included approximately \$27.0 million from the Company's new CMS contracts. The remaining part of the net sales increase of approximately 2% 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. and Europe.

Gross margin as a percentage of sales declined from 40.6% for 2002 to 35.7% for 2003. The Company's new CMS contracts negatively impacted gross margin for 2003 by approximately 3 percentage points with the remaining decline primarily due to increased raw material costs and product mix.

Selling, general and administrative expenses for 2003 increased \$9.6 million from 2002. Approximately three quarters of the increase is due to foreign exchange rate translation and the Company's acquisitions. Increases in other expenses, including pension, insurance, and the Company's continued rollout of its global ERP system, accounted for the remainder of the increase, offset in part by lower incentive compensation.

Balance Sheet and Cash Flow Items

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The Company's debt-to-total capital ratio remains strong at 34% at the end of 2003 versus 25% at the end of 2002. The increase in debt by \$30 million in 2003 is primarily due to the three acquisitions and the new CMS contracts in 2003. The Company's cash position also increased by \$8.1 million.

As previously disclosed, the Company received \$4.6 million of priority cash distributions from its real estate joint venture during 2003. In addition, the higher accounts receivable and inventory at the end of 2003 is primarily due to the Company's new CMS contracts and foreign exchange rate changes.

In 2003, capital expenditures were \$12.6 million, primarily related to the Company's global ERP implementation and the Company's U.S. laboratory renovation. Payments related to acquisitions were \$16.0 million in 2003 versus \$21.3 million in 2002.

2004 Outlook

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Mr. Naples stated, "We believe 2004 will be a year of solid revenue growth, and we will again have to manage through higher costs, especially raw materials. As we exited 2003, we experienced a four-year high in the pricing of our key raw material markets: crude oil-based, animal fats, and vegetable oils. We think these markets will get better, but there is obviously uncertainty out there, particularly with respect to crude. In addition, we again expect to see higher expenses related to administrative areas such as pension, insurance and Sarbanes-Oxley compliance, as well as our strategic ERP implementation and the restoration of performance-based incentive compensation. On the positive side, we expect to see solid revenue growth in all business segments and regions due to our initiatives as well as improved economic conditions. Balancing these divergent factors, our plans call for a slight improvement in earnings in 2004. For the first quarter, we expect that earnings will be around the first quarter of 2003."

Mr. Naples continued, "More than ever, we are convinced that we are on the right strategic track with our key imperatives of selling value rather than simply fluids, operating as a globally-integrated whole, and harnessing our global knowledge. We're confident that dedication to these imperatives will result in

long-term financial performance more in line with our goals. They have kept us in a strong market position during the recent difficult operating environment, focusing us on bringing unique value to our customers, as well as increasing our differentiation from competitors through our global organization. We believe the five tight-fit acquisitions completed over the past two years and the new CMS contracts will be more significant contributors to our revenue and earnings. It is our expectation that our strong balance sheet and good cash flow generation will enable us to continue to grow the Company through acquisitions as well as maintain our record of annual dividend increases."

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 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 fourth quarter and full year results is scheduled for February 18, 2004 at 2:30 p.m. (ET). Access the conference by calling 800-922-0755 or visit Quaker's Web site at www.quakerchem.com for a live webcast.

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Quaker Chemical Corporation

Condensed Consolidated Statement of Income

(Dollars in thousands, except per share data)

	(Unaudited)			
	Three Months ended December 31,		Twelve Months ended December 31,	
	2003	2002	2003	2002
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Net sales	\$93,689	\$71,869	\$340,192	\$274,521
Cost of goods sold	60,413	43,010	218,818	162,944
Gross margin	33,276	28,859	121,374	111,577
%	35.5%	40.2%	35.7%	40.6%
Selling, general and administrative	26,835	21,604	97,202	87,604
Restructuring, net	57	-	57	-
Operating income	6,384	7,255	24,115	23,973
%	6.8%	10.1%	7.1%	8.7%
Other income (expense), net	(66)	(59)	764	1,135
Interest expense, net	(147)	(43)	(761)	(790)
Income before taxes	6,171	7,153	24,118	24,318
Taxes on income	2,104	2,289	7,488	7,782
	4,067	4,864	16,630	16,536
Equity in net income of associated companies	774	(19)	1,244	295
Minority interest in net income of subsidiaries	(726)	(431)	(3,041)	(2,534)
Net income	\$4,115	\$4,414	\$14,833	\$14,297
%	4.4%	6.1%	4.4%	5.2%

Per share data:

Net income - basic	\$0.43	\$0.48	\$1.58	\$1.56
Net income - diluted	\$0.41	\$0.46	\$1.52	\$1.51

Shares Outstanding:

Basic	9,516,698	9,238,138	9,381,267	9,171,720
Diluted	9,954,500	9,503,266	9,761,261	9,473,917

Quaker Chemical Corporation

Consolidated Balance Sheet

(Dollars in thousands,
except par value)

December 31,

2003	2002
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Assets

Current Assets

Cash and cash equivalents	\$21,915	\$13,857
Accounts receivable, net	78,121	53,353
Inventories, net	32,211	23,636
Deferred income taxes	4,550	5,874
Prepaid expenses and other current assets	6,727	6,953

Total current assets	143,524	103,673
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Property, plant, and equipment, net

62,391	48,512
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Goodwill

33,301	21,927
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Other intangible assets, net

9,616	5,852
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Investments in associated companies

6,005	9,060
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Deferred income taxes

12,846	10,609
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Other assets

19,664	14,225
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Total assets	\$287,347	\$213,858
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Liabilities and Shareholders' Equity

Current liabilities

Short-term borrowings and current portion of long-term debt	\$42,992	\$12,205
Accounts payable	39,240	27,461
Dividends payable	2,019	1,962
Accrued compensation	6,816	10,254
Other current liabilities	14,738	14,262

Total current liabilities	105,805	66,144
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Long-term debt

15,827	16,590
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Deferred income taxes

2,688	1,518
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Accrued pension and postretirement benefits

34,165	28,723
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Other non-current liabilities

6,802	5,166
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Total liabilities	165,287	118,141
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Minority interest in equity of subsidiaries

9,708	7,662
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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	2,181	626
Retained earnings	117,308	110,448
Unearned compensation	(621)	(1,245)
Accumulated other comprehensive loss	(15,406)	(27,078)

113,126	92,415
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Treasury stock, shares held at cost;

2003 - 54,178, 2002 - 324,109	(774)	(4,360)
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Total shareholders' equity	112,352	88,055
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Total liabilities and

shareholders' equity

\$287,347
=====\$213,858
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Quaker Chemical Corporation

Consolidated Statement of Cash Flows-----
For the twelve months ended December 31,
-----(Dollars in thousands)

2003

2002

Cash Flows from operating activities		
Net income	\$14,833	\$14,297
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	6,677	5,432
Amortization	960	805
Equity in net income of associated companies	(844)	(295)
Minority interest in earnings of subsidiaries	3,041	2,534
Deferred income taxes	1,389	328
Deferred compensation and other, net	(418)	107
Pension and other postretirement benefits	428	1,452
Increase (decrease) in cash from changes in current assets and current liabilities, net of acquisitions and divestitures:		
Accounts receivable, net	(14,604)	(657)
Inventories	(4,692)	(3,101)
Prepaid expenses and other current assets	(648)	(194)
Accounts payable and accrued liabilities	478	7,107
Change in restructuring liabilities	(1,026)	(2,156)
Estimated taxes on income	2,803	(1,261)
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Net cash provided by operating activities	8,377	24,398
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Cash flows from investing activities		
Capital expenditures	(12,608)	(10,837)
Dividends and distributions from associated companies	4,080	515
Payments related to acquisitions	(15,983)	(21,285)
Proceeds from disposition of assets	232	1,682
Other, net	(87)	(326)
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Net cash used in investing activities	(24,366)	(30,251)
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Cash flows from financing activities		
Dividends paid	(7,916)	(7,714)
Net increase in short-term borrowings	30,581	9,026
Repayment of long-term debt	(2,570)	(2,853)
Treasury stock issued	4,328	2,951
Distributions to minority shareholders	(2,391)	(2,673)
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Net cash provided by (used in) financing activities	22,032	(1,263)
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Effect of exchange rate changes on cash	2,015	424
Net increase (decrease) in cash and cash equivalents	8,058	(6,692)
Cash and cash equivalents at beginning of year	13,857	20,549
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Cash and cash equivalents at the end of year	\$21,915	\$13,857
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