

Quaker Chemical Corporation

Investor Presentation

March 2017



Risk 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 and most recent quarterly report filed on Form 10-Q, as filed with the SEC.

Forward-Looking Statements

This presentation may contain 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 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 could also adversely affect us. Therefore, we caution you not to place undue reliance on our forward-looking statements. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995.



☐ Our Company

☐ Financial Review

Approaching 100 Years As A Leading Specialty Chemical Company

- **Founded in 1918**
- **Corporate HQ in Conshohocken, PA**
- **Leading positions in specialty lubricants to the metals, coatings and fluids markets**
- **Approximately 2,000 associates**
- **36 locations in 21 countries**
- **R&D Centers Globally: 2016 Spend \$23M**
- **Serving over 2,500 customers globally**



Quaker is the leading provider of customized solutions and technology driven specialty chemical products for metals processing

Recognized for Excellence



For 6 years (2010–2013, 2015–2016), Quaker was named to the “Top Workplaces” list on philly.com – based on opinions of our associates in the Philadelphia, USA area.

In 2014, 2013, 2012 and 2010, Quaker was named by *Forbes* as one of the “Best Small Companies” in America.



In 2010, Quaker was also named one of the “Most Trustworthy Companies.”



In 2012, Quaker was named to the *Philadelphia Business Journal's* list of the Fastest-Growing Companies and also Top 100 Public Companies.

In 2010, Quaker was named to *Investor Business Daily's* list of “Best of 2010 – Top 100 Stocks.”

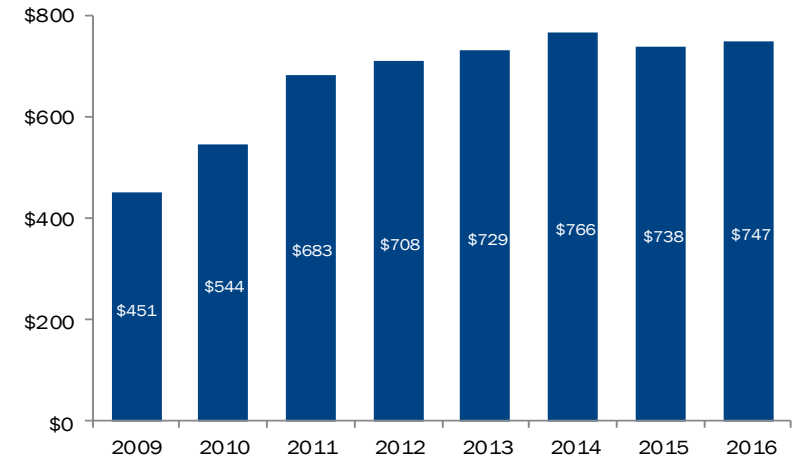


Proud of Our Accomplishments

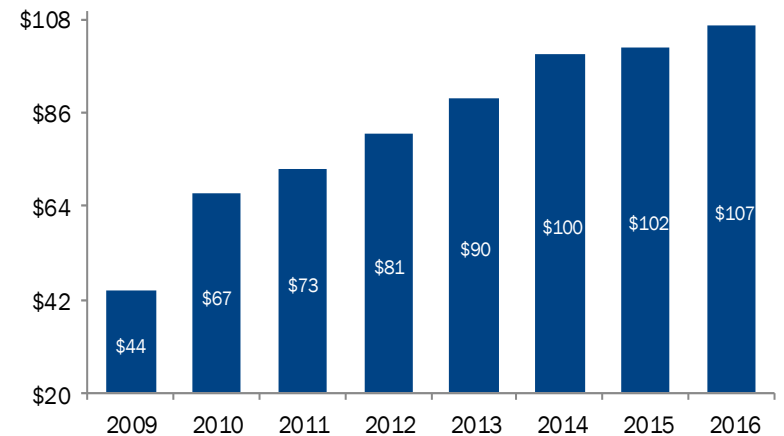
Financials at a Glance

- **2016 Sales: \$747M (Including a \$22M Decrease Due to Foreign Exchange)**
- **2016 Reported Diluted EPS: \$4.63**
- **2016 Non-GAAP Diluted EPS: \$4.60**
- **2016 Record Adjusted EBITDA: \$107M**
- **2009-2016 Adjusted EBITDA CAGR: 13.4%**
- **Current Market Cap: Approx. \$1.8B**
- **Dividend Consistency: 45 Years (increased 40 years)**

Net Sales



Adjusted EBITDA



Leadership with Deep Industry Experience

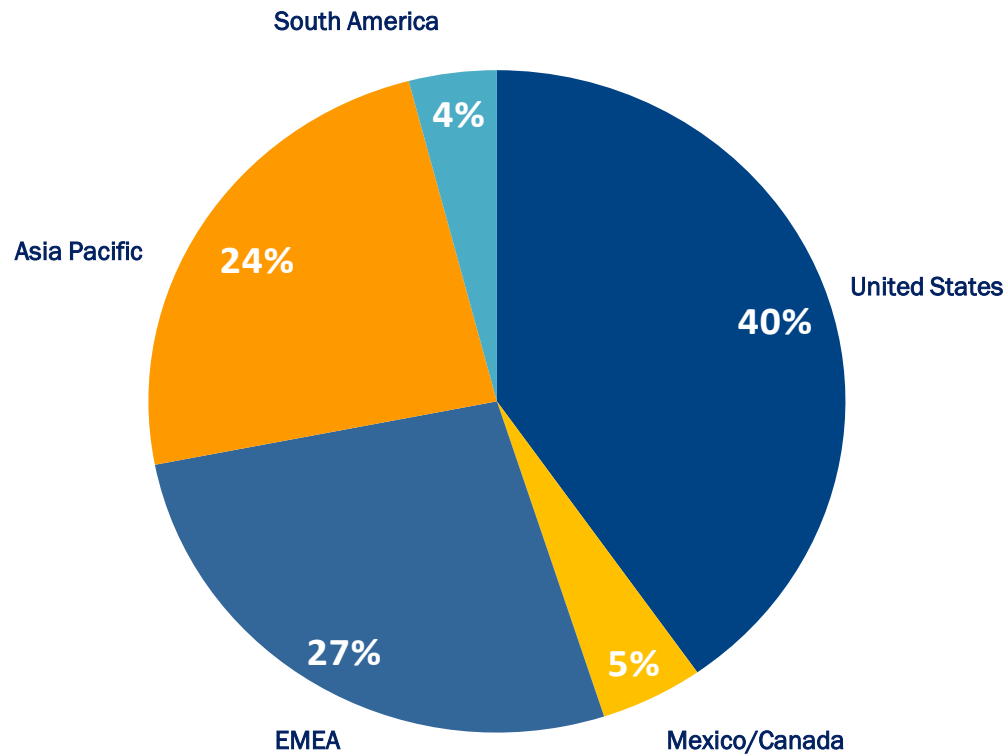
	Title	Age	Year Joined Quaker	Previous Employers / Roles
Michael Barry	Chairman, President & Chief Executive Officer	58	1998 (19 years)	Senior Vice President and Managing Director – North America Vice President and Chief Financial Officer
Mary Dean Hall	Vice President, Chief Financial Officer & Treasurer	60	2015 (1 Year)	20 Years in Senior Financial Roles with Eastman Chemical and Over 10 Years in Senior Banking Roles
Joseph Berquist	Vice President & Managing Director – North America	45	1997 (20 years)	Senior Director, North America Commercial Industry Business Director – Metalworking/Fluid Power
Dieter Laininger	Vice President & Managing Director – South America & Global Leader - Primary Metals	53	1991 (26 years)	Industry Business Manager for Steel and Metalworking – EMEA
Adrian Steeples	Vice President & Managing Director – Asia Pacific	56	2010 (7 years)	20 Years experience with various managing roles at BP / Castrol
Wilbert Platzer	Vice President & Managing Director – EMEA	55	1995 (22 years)	Vice President – Global Industrial Metalworking Vice President – Worldwide Operations

Operations and Employees Delivering in a Diverse Set of Global Geographies



Global Footprint Positions Quaker for Strong Growth Alongside its Global Customer Base

2016 Net Sales Breakdown



60% of Sales are Outside of the U.S.

Strong Market Positions and Focused Business Portfolio



Primary Metals



Metalworking



Coatings

Leveraging Industry Leadership and Acquisitions Across Several Business Lines

% 2016 Revenue

50%

42%

8%

Positioned as a Market Leader



Primary Metals

- ✓ **No. 1 supplier to sheet mills worldwide**
- ✓ **Rolling oils, cleaners, corrosion preventives, fire resistant hydraulic fluids**
- ✓ **Market leader in cold rolled steel technology**

Key Competitors:



HOUGHTON[™]



Large Market Opportunity



Metalworking

- ✓ **Metal forming, grinding, machining, can lubricants**
- ✓ **One of several leaders in \$5 billion+ market**
- ✓ **Auto and Tube & Pipe focus**
- ✓ **Opportunity for market consolidation**

Key Competitors:



HOUGHTON[™]





Coatings

- ✓ **Leader in chemical milling maskants to aerospace industry**
- ✓ **Strong niche positions in marine, concrete and other metal coatings**

Technically Advanced, Customized Solutions

Products and related technical services are highly effective at lowering customers' "total cost of ownership" and improving their overall end product quality at a low incremental cost

Rolling Lubricants



Corrosion Protection
and Metal Finishing



Machining and
Grinding Compounds



Tube and Pipe Coatings



Mining Products

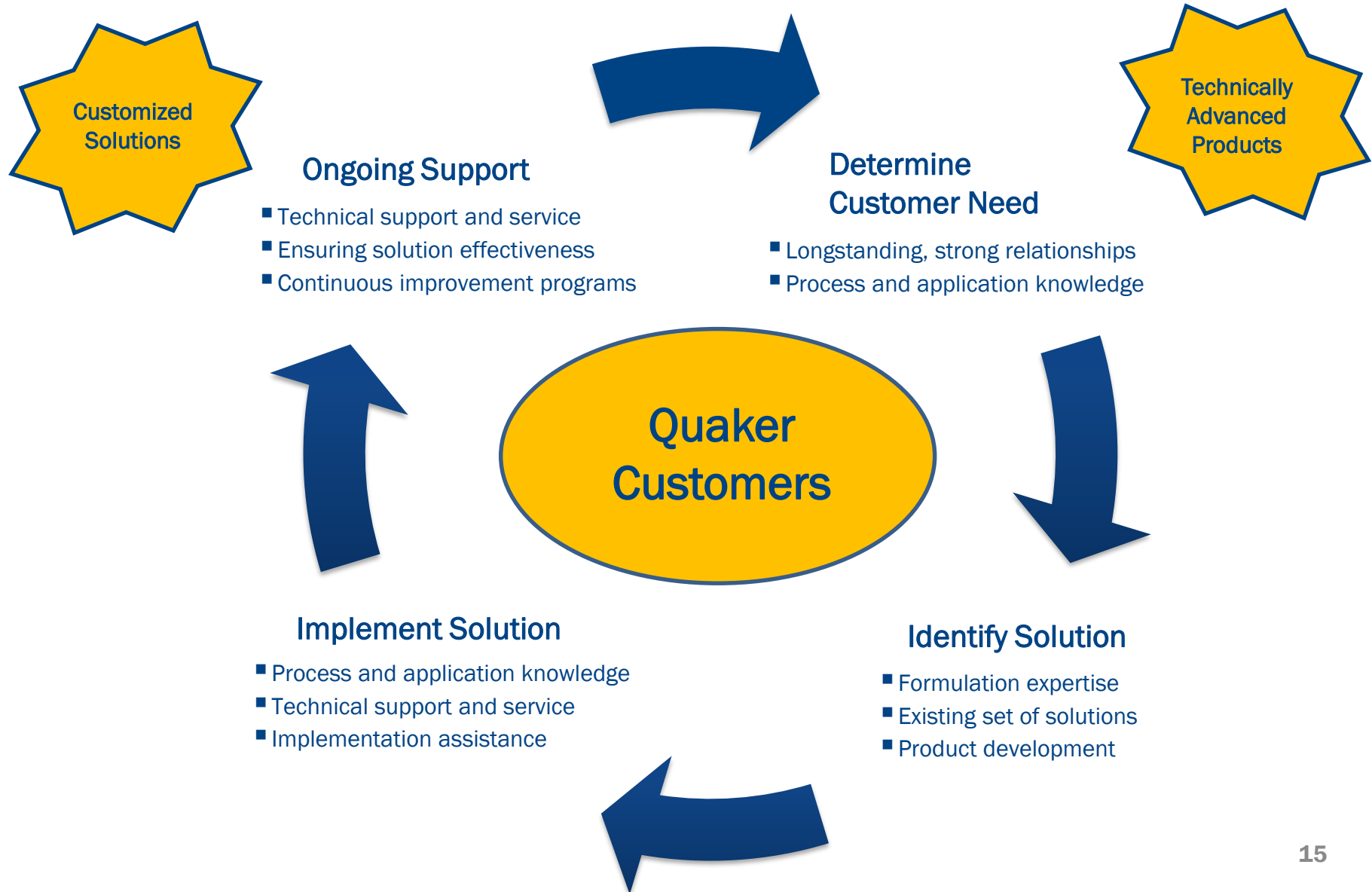


Specialty Hydraulic
Fluids and Greases



“Customer Intimacy”

Key Tenet of Quaker Business Model



Blue Chip Customer Base with Long-Term Relationships

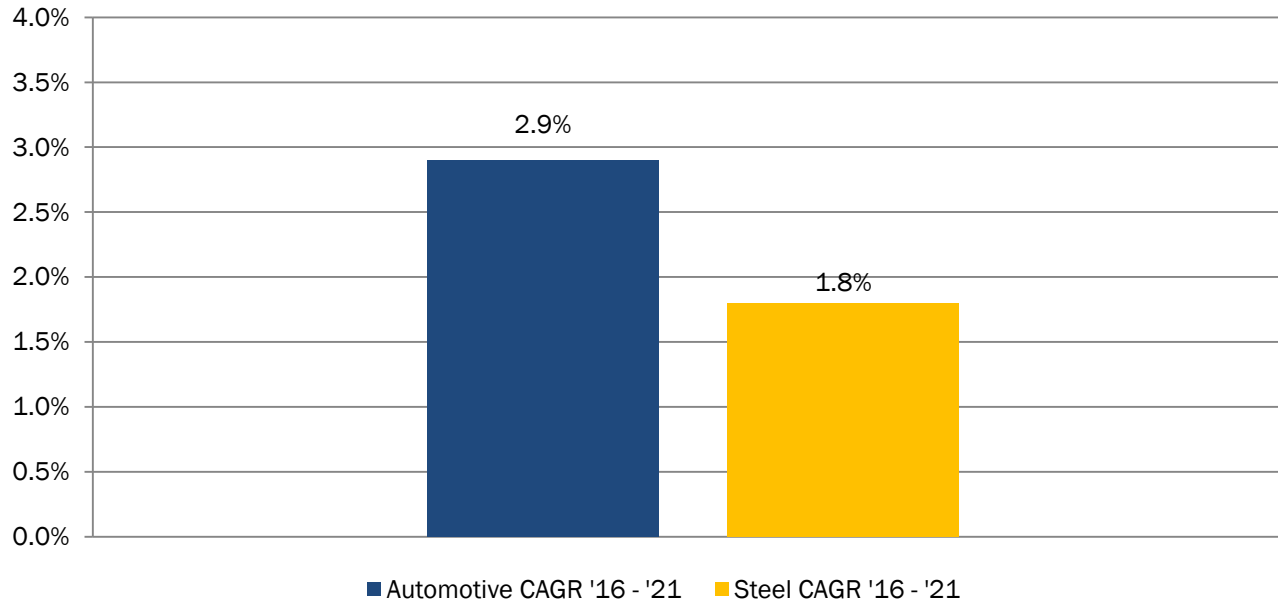
Representative Customers

- Diverse customer base with sales in over 75 countries
- Long-term relationships with key customers
 - Top 10 customers have relied on Quaker for over a decade
 - Many key customers serviced on a global basis
- Superior customer service and strong understanding of customers' needs
- Solutions are critical, but account for only a small percentage of overall costs



External Industry Growth Projections

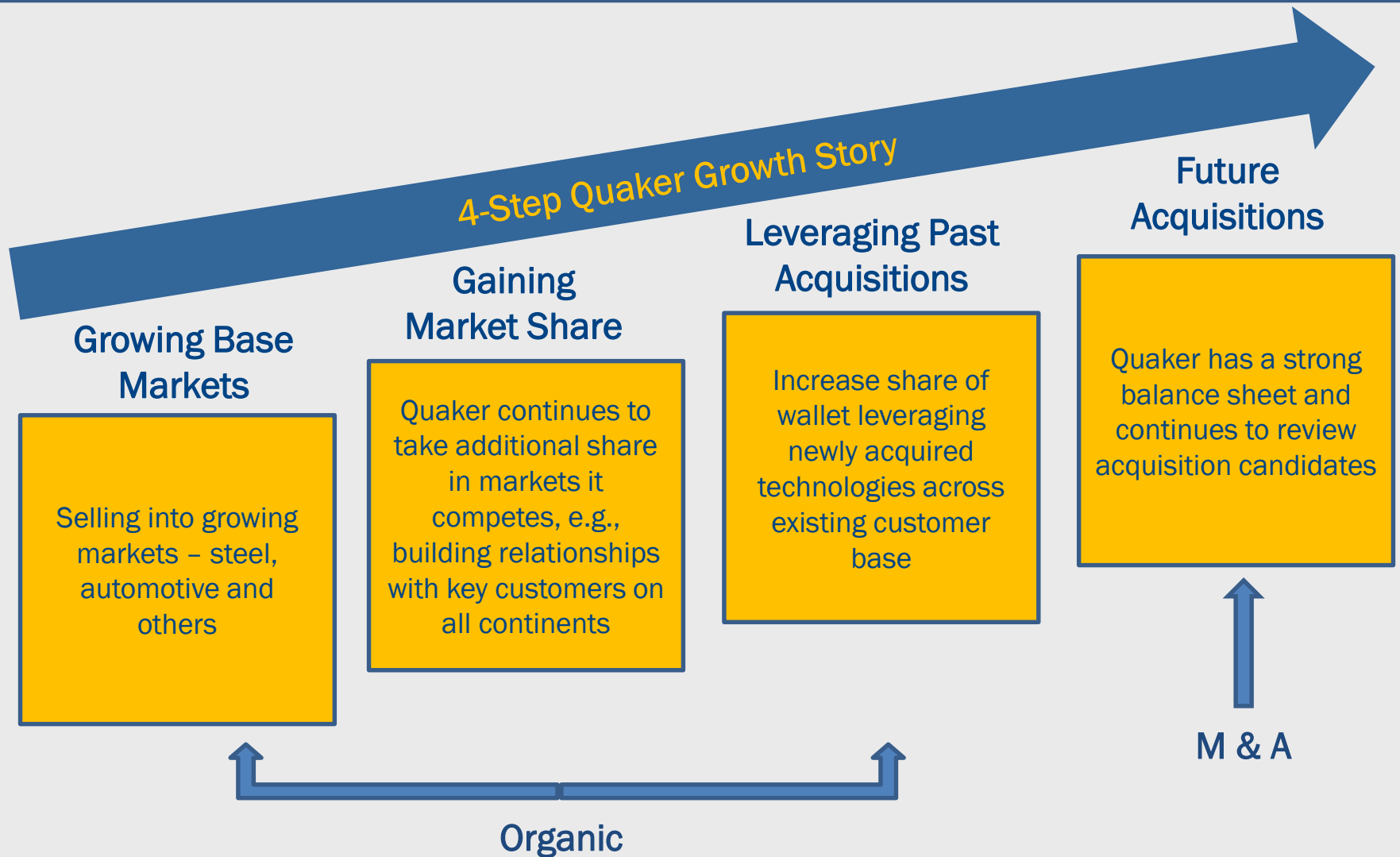
Global Automotive & Steel Industry Growth ⁽¹⁾⁽²⁾



Market Growth Expected to Moderate Slightly After 2016

Source: CRU International Steel Sheet Market Outlook and LMC Automotive.

(1) Represents apparent consumption of hot-rolled sheet and coil plate. (2) Represents global light vehicle production by region.



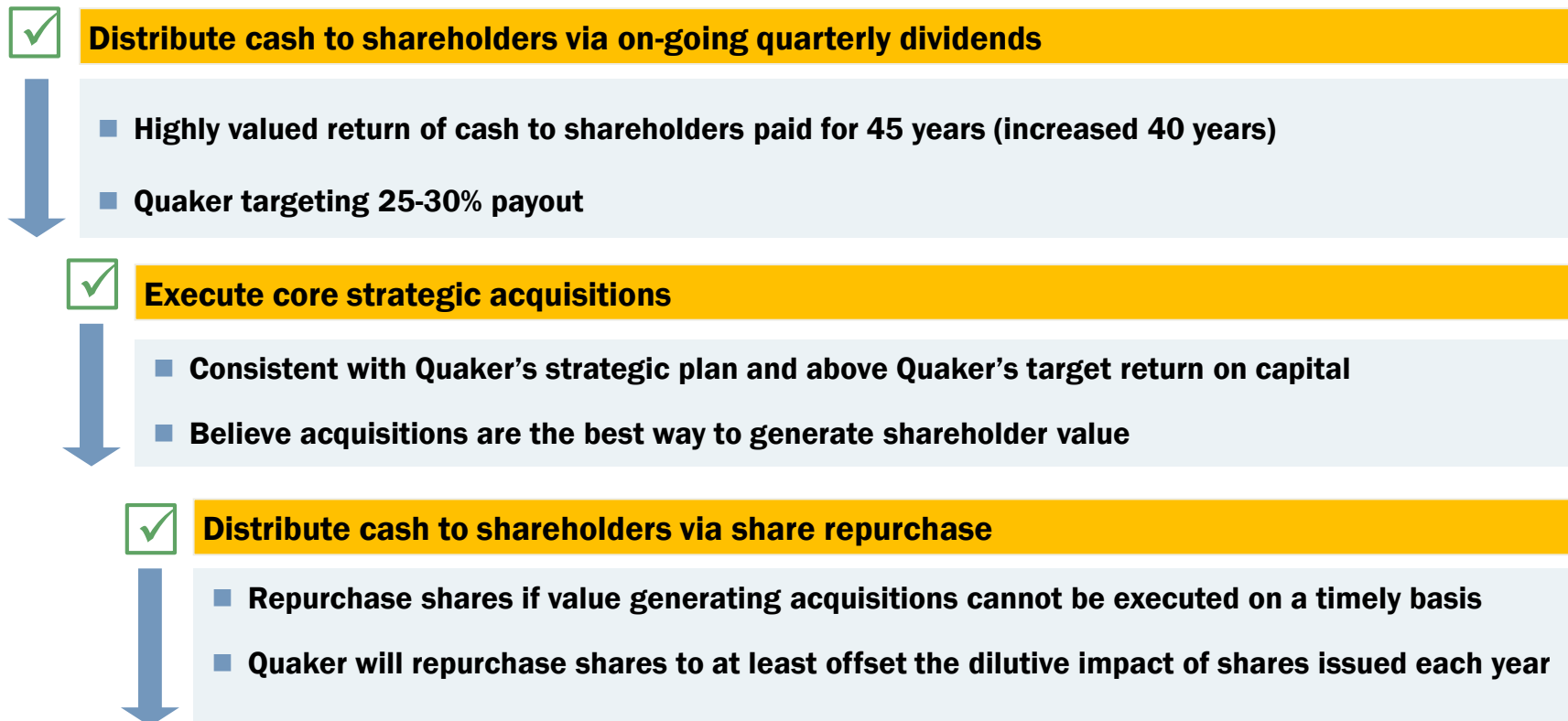


☐ Our Company

☐ Financial Review

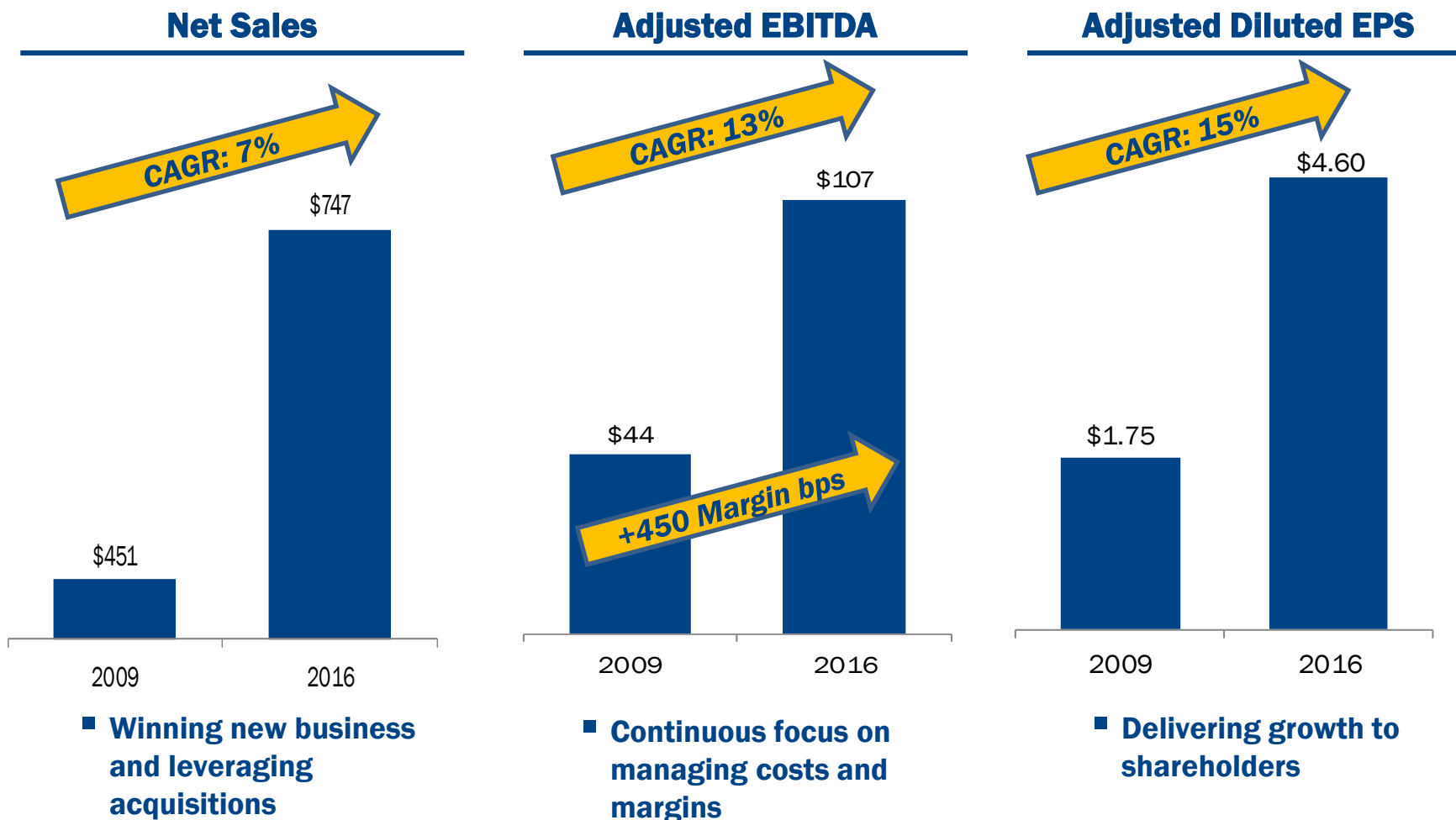
Capital Allocation – Guiding Principles

Quaker's Capital Allocation Waterfall



Target Leverage: 2.0x – 2.5x Adjusted EBITDA Over Time

Discipline and Clear Strategy Has Translated Into Strong Financial Results and Achievable Targets

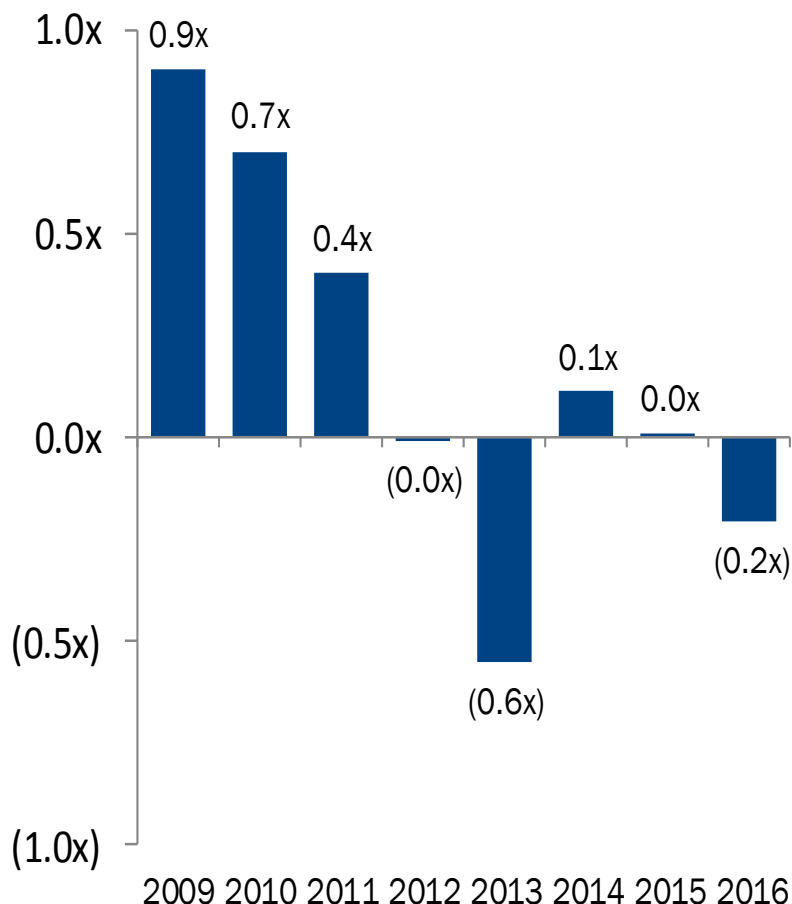


EVA Approach Drives Strong Results

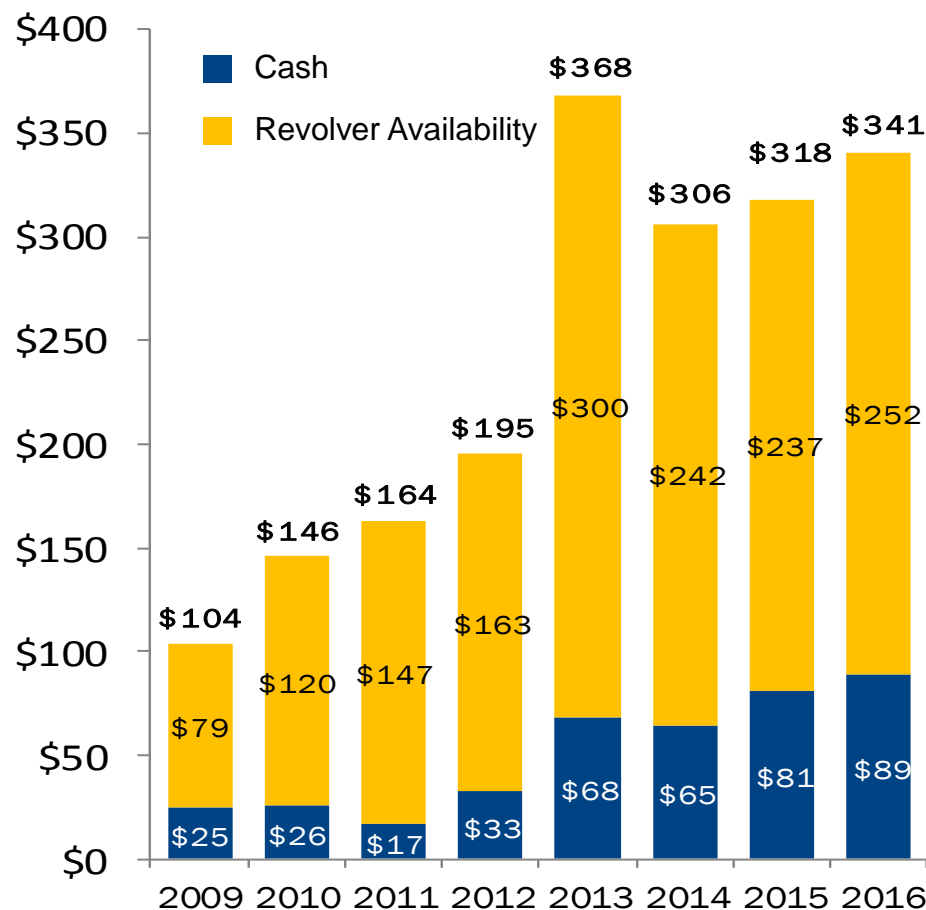
Strong Balance Sheet

From Which to Grow

Net (Cash) Debt / LTM Adjusted EBITDA



Liquidity: Cash + Revolver Availability



Note: Dollars in millions.

Investment Highlights

1	Focus & Leadership in Identified Markets	<ul style="list-style-type: none">#1 supplier to sheet mills worldwide; A leading supplier to metalworking marketMost focused pure play among the competition with discipline and financial flexibility
2	Strong Customer Relationships	<ul style="list-style-type: none">Long-standing relationships and high retention rates with blue-chip customer base globallyOver 10 years experience with each of Quaker's 10 largest customersSmall spend for Quaker products delivers significant impact to customer's bottom line
3	Diverse Geographic Footprint	<ul style="list-style-type: none">36 locations in 21 countries with 60% of 2016 net sales outside the U.S.Leadership positions in strategic emerging markets such as China, India, Mexico and Brazil
4	High Impact Employees	<ul style="list-style-type: none">Support customer relationships at all levels, develop technically advanced customized solutions and deliver on customer plant floors globallySignificant industry experience at all levels of QuakerManaged pricing and cost prudently during economic crisis, driving post-crisis transformation
5	Stable Financial Profile & Return	<ul style="list-style-type: none">Consistently performs well through economic cyclesEVA approach to managing businessLow capital intensity and financial flexibility to support future acquisitions45 consecutive years of increasing or maintaining dividend
6	Good Growth Story	<ul style="list-style-type: none">Industry leader selling into growing markets -- steel and automotive, among othersPositioned in growing emerging markets and growth through increased share in existing marketsAccess to new adjacent markets estimated at over \$1 billion via recent acquisitions

People Drive Excellence at Quaker



It's what's inside that counts[®]



□ Appendix

Adjusted EBITDA Reconciliation

	2009	2010	2011	2012	2013	2014	2015	2016
Net Income Attributable to Quaker Chemical Corporation	\$16,058	\$32,120	\$45,892	\$47,405	\$56,339	\$56,492	\$51,180	\$61,403
Depreciation	9,525	9,867	11,455	12,252	12,339	12,306	12,395	12,557
Amortization	1,078	988	2,338	3,106	3,445	4,325	6,811	7,009
Interest Expense	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	7,065	12,616	14,256	15,575	20,489	23,539	17,785	23,226
Equity Loss (Income) from a Captive Insurance Company	162	(313)	(2,323)	(1,812)	(5,451)	(2,412)	(2,078)	(1,688)
Revaluation of a Previously Held Ownership Interest in an Equity Affiliate	-	-	(2,718)	-	-	-	-	-
Equity Affiliate Out of Period Charge	-	564	-	-	-	-	-	-
Restructuring Expenses	2,289	-	-	-	-	-	6,790	(439)
CEO Transition Costs	2,443	1,317	-	-	-	-	-	-
CFO Transition Costs	-	-	-	609	-	-	-	-
Certain uncommon transaction-related expenses	-	-	-	-	-	-	2,813	1,531
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 Charges	-	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 Fuerte	-	322	-	-	357	321	2,806	88
Adjusted EBITDA	\$44,153	\$66,838	\$72,971	\$80,935	\$89,618	\$99,835	\$101,588	\$106,576
Adjusted EBITDA Margin	9.8%	12.3%	10.7%	11.4%	12.3%	13.0%	13.8%	14.3%

Note: Dollars in thousands.

Non-GAAP Earnings Per Diluted Share Reconciliation



	2009	2010	2011	2012	2013	2014	2015	2016
GAAP Earnings Per Diluted Share	\$1.45	\$2.80	\$3.66	\$3.63	\$4.27	\$4.26	\$3.84	\$4.63
Equity Loss (Income) from a Captive Insurance Company Per Diluted Share	0.02	(0.03)	(0.19)	(0.14)	(0.41)	(0.18)	(0.16)	(0.13)
Revaluation of a Previously Held Interest in an Equity Affiliate Per Diluted Share	-	-	(0.22)	-	-	-	-	-
Equity Affiliate Out of Period Charge Per Diluted Share	-	0.05	-	-	-	-	-	-
Restructuring Expenses Per Diluted Share	0.14	-	-	-	-	-	0.36	(0.02)
CEO Transition Costs Per Diluted Share	0.14	0.08	-	-	-	-	-	-
CFO Transition Costs Per Diluted Share	-	-	-	0.03	-	-	-	-
Certain uncommon transaction-related expenses Per Diluted Share	-	-	-	-	-	-	0.15	0.11
U.K. Pension Plan Amendment Per Diluted Share	-	-	-	-	-	0.05	-	-
Customer Bankruptcy Costs Per Diluted Share	-	-	-	0.06	-	0.05	0.02	-
Cost Streamlining Initiatives Per Diluted Share	-	-	-	-	0.08	0.06	0.01	-
Non-Income Tax Contingency Charges Per Diluted Share	-	0.26	-	-	0.04	-	-	-
Change in Acquisition-Related Earnout Liability Per Diluted Share	-	-	(0.03)	(0.09)	(0.03)	-	-	-
Mineral Oil Excise Tax Refund Per Diluted Share	-	-	-	-	(0.14)	-	-	-
Currency Conversion Impacts of the Venezuelan Bolivar Fuerte Per Diluted Share	-	0.03	-	-	0.03	0.02	0.21	0.01
Non-GAAP Earnings Per Diluted Share	\$1.75	\$3.19	\$3.22	\$3.49	\$3.84	\$4.26	\$4.43	\$4.60