

QUAKER CHEMICAL CORP  
Form 10-Q  
July 31, 2014

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

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FORM 10-Q

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QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from                    to

Commission file number 001-12019

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

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Pennsylvania  
(State or other jurisdiction of  
incorporation or organization)

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

One Quaker Park, 901 E. Hector Street,  
Conshohocken, Pennsylvania  
(Address of principal executive offices)

19428 – 2380  
(Zip Code)

Registrant's telephone number, including area code: 610-832-4000

Not Applicable

Former name, former address and former fiscal year, if changed since last report.

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Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer  (Do not check if smaller reporting company)

Accelerated filer

Smaller reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Number of Shares of Common Stock  
Outstanding on June 30, 2014

13,242,167

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QUAKER CHEMICAL CORPORATION AND CONSOLIDATED SUBSIDIARIES

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FINANCIAL INFORMATION

## Item 1. Financial Statements (Unaudited).

## Quaker Chemical Corporation

Condensed Consolidated Statement of Income  
(Dollars in thousands, except per share amounts)

|  | Unaudited                   |            |                           |            |
|--|-----------------------------|------------|---------------------------|------------|
|  | Three Months Ended June 30, |            | Six Months Ended June 30, |            |
|  | 2014                        | 2013       | 2014                      | 2013       |
| Net sales  | \$ 191,286                  | \$ 184,846 | \$ 372,960                | \$ 361,039 |
| Cost of goods sold   | 123,070                     | 117,532    | 239,630                   | 231,117    |
| Gross profit   | 68,216                      | 67,314     | 133,330                   | 129,922    |
| Selling, general and administrative expenses                         | 47,271                      | 47,521     | 93,012                    | 92,718     |
| Operating income   | 20,945                      | 19,793     | 40,318                    | 37,204     |
| Other income (expense), net  | 117                         | 2,301      | (356 )                    | 2,647      |
| Interest expense   | (581 )                      | (762 )     | (1,106 )                  | (1,506 )   |
| Interest income  | 895                         | 229        | 1,348                     | 398        |
| Income before taxes and equity in net income of associated companies | 21,376                      | 21,561     | 40,204                    | 38,743     |
| Taxes on income before equity in net income of associated companies  | 6,538                       | 6,828      | 13,084                    | 10,961     |
| Income before equity in net income of associated companies           | 14,838                      | 14,733     | 27,120                    | 27,782     |
| Equity in net income of associated companies                         | 1,104                       | 1,942      | 2,131                     | 3,084      |
| Net income   | 15,942                      | 16,675     | 29,251                    | 30,866     |
| Less: Net income attributable to noncontrolling interest             | 515                         | 592        | 1,094                     | 1,164      |
| Net income attributable to Quaker Chemical Corporation               | \$ 15,427                   | \$ 16,083  | \$ 28,157                 | \$ 29,702  |
| Per share data:  |                             |            |                           |            |
| Net income attributable to Quaker Chemical Corporation Common        |                             |            |                           |            |
| Shareholders – basic   | \$ 1.17                     | \$ 1.22    | \$ 2.13                   | \$ 2.26    |
| Net income attributable to Quaker Chemical Corporation Common        |                             |            |                           |            |
| Shareholders – diluted   | \$ 1.16                     | \$ 1.22    | \$ 2.13                   | \$ 2.26    |
| Dividends declared   | \$ 0.300                    | \$ 0.250   | \$ 0.550                  | \$ 0.495   |

The accompanying notes are an integral part of these condensed consolidated financial statements.

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Quaker Chemical Corporation

Condensed Consolidated Statement of Comprehensive Income  
(Dollars in thousands)

|   | Unaudited               |          |                       |          |
|---|-------------------------|----------|-----------------------|----------|
|   | Three Months Ended June |          | Six Months Ended June |          |
|   | 30,                     | 30,      | 30,                   | 30,      |
|   | 2014                    | 2013     | 2014                  | 2013     |
| Net income                                    | \$15,942                | \$16,675 | \$29,251              | \$30,866 |
| Other comprehensive income (loss), net of tax |                         |          |                       |          |
| Curren  |                         |          |                       |          |