

QUAKER CHEMICAL CORP  
Form 10-Q  
November 01, 2018

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

**FORM 10-Q**

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

**For the quarterly period ended September 30, 2018**

**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**

**QUAKER CHEMICAL CORPORATION**

**(Exact name of Registrant as specified in its charter)**

**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.**

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, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer”, “smaller reporting company”, and “emerging growth company” in Rule 12b-2 of the Exchange Act.

|  |   |  |  |  |
|--|---|--|--|--|
|  | Large accelerated filer <input checked="" type="checkbox"/> |  | Accelerated filer <input type="checkbox"/>         |  |
|  | Non-accelerated filer <input type="checkbox"/>              |  | Smaller reporting company <input type="checkbox"/> |  |
|  | Emerging growth company <input type="checkbox"/>            |  |  |  |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 September 30, 2018**

**13,334,364**

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**QUAKER CHEMICAL CORPORATION AND CONSOLIDATED SUBSIDIARIES**

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**PART I**  
**FINANCIAL INFORMATION**

**Item 1. Financial Statements (Unaudited).**

**Quaker Chemical Corporation**

**Condensed Consolidated Statements of Income**

*(Dollars in thousands, except per share data)*

|  | Unaudited          |            |                   |            |
|--|--------------------|------------|-------------------|------------|
|  | Three Months Ended |            | Nine Months Ended |            |
|  | September 30,      |            | September 30,     |            |
|  | 2018               | 2017       | 2018              | 2017       |
| Net sales  | \$ 222,022         | \$ 212,918 | \$ 656,039        | \$ 609,010 |
| Cost of goods sold   | 140,929            | 138,142    | 418,562           | 391,512    |
| Gross profit   | 81,093             | 74,776     | 237,477           | 217,498    |
| Selling, general and administrative expenses                         | 53,270             | 51,092     | 157,360           | 148,740    |
| Combination-related expenses   | 2,904              | 9,675      | 12,404            | 23,088     |
| Operating income   | 24,919             | 14,009     | 67,713            | 45,670     |
| Other (expense) income, net  | (523)              | 249        | (631)             | (1,427)    |
| Interest expense   | (1,510)            | (793)      | (4,804)           | (2,229)    |
| Interest income  | 521                | 762        | 1,581             | 1,825      |
| Income before taxes and equity in net income of associated companies | 23,407             | 14,227     | 63,859            | 43,839     |
| Taxes on income before equity in net income of associated companies  | 4,330              | 3,140      | 13,554            | 14,229     |
| Income before equity in net income of associated companies           | 19,077             | 11,087     | 50,305            | 29,610     |
| Equity in net income of associated companies                         | 694                | 617        | 1,623             | 2,049      |
| Net income   | 19,771             | 11,704     | 51,928            | 31,659     |
| Less: Net income attributable to noncontrolling interest             | 81                 | 562        | 260               | 1,619      |
| Net income attributable to Quaker Chemical Corporation               | \$ 19,690          | \$ 11,142  | \$ 51,668         | \$ 30,040  |
| Per share data:  |                    |            |                   |            |