

QUAKER CHEMICAL CORP
Form 10-Q
October 28, 2015

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, 2015

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

19428 – 2380

(Address of principal executive offices)

(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, 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 September 30, 2015

13,305,629

QUAKER CHEMICAL CORPORATION AND CONSOLIDATED SUBSIDIARIES

	Page	
PART I.		
Item 1.		
	FINANCIAL INFORMATION	
	Financial Statements (unaudited)	
	<u>Condensed Consolidated Statements of Income for the Three and Nine Months Ended September 30, 2015 and September 30, 2014</u>	2
	<u>Condensed Consolidated Statements of Comprehensive Income for the Three and Nine Months Ended September 30, 2015 and September 30, 2014</u>	3
	<u>Condensed Consolidated Balance Sheets at September 30, 2015 and December 31, 2014</u>	4
	<u>Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2015 and September 30, 2014</u>	5
	<u>Notes to Condensed Consolidated Financial Statements</u>	6
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	22
Item 3.	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	30
Item 4.	<u>Controls and Procedures</u>	31
PART II.	<u>OTHER INFORMATION</u>	32
Item 1.	<u>Legal Proceedings</u>	32
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	32
Item 6.	<u>Exhibits</u>	33
Signatures		33

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,	
	2015	2014	2015	2014
Net sales	\$ 189,224	\$ 198,867	\$ 554,280	\$ 571,827
Cost of goods sold	117,895	128,567	346,006	368,197
Gross profit	71,329	70,300	208,274	203,630
Selling, general and administrative expenses	52,601	49,747	150,237	142,759
Operating income	18,728	20,553	58,037	60,871
Other income (expense), net	185	914	(97)	558
Interest expense	(697)	(641)	(1,891)	(1,747)
Interest income	422	642	1,117	1,990
Income before taxes and equity in net income of associated companies	18,638	21,468	57,166	61,672
Taxes on income before equity in net income of associated companies	4,541	5,724	15,624	18,808
Income before equity in net income of associated companies	14,097	15,744	41,542	42,864
Equity in net income (loss) of associated companies	738	375	(688)	2,506
Net income	14,835	16,119	40,854	45,370
Less: Net income attributable to noncontrolling interest	464	423	1,067	1,517
Net income attributable to Quaker Chemical Corporation	\$ 14,371	\$ 15,696	\$ 39,787	\$ 43,853
Per share data:				
Net income attributable to Quaker Chemical Corporation				
Common Shareholders – basic	\$ 1.08	\$ 1.18	\$ 2.99	\$ 3.31