



Quaker Chemical Corporation (KWR)

Updated March 14th, 2025, by Yiannis Zourmpanos

Key Metrics

Current Price:	\$130	5 Year CAGR Estimate:	19.5%	Market Cap:	\$2.4 B
Fair Value Price:	\$240	5 Year Growth Estimate:	5.0%	Ex-Dividend Date:	04/16/2025
% Fair Value:	54%	5 Year Valuation Multiple Estimate:	13.0%	Dividend Payment Date:	04/30/2025
Dividend Yield:	1.5%	5 Year Price Target	\$306	Years Of Dividend Growth:	18
Dividend Risk Score:	A	Retirement Suitability Score:	B	Rating:	Buy

Overview & Current Events

Quaker Chemical Corporation (KWR), which operates as Quaker Houghton, was founded in 1918 as Quaker Oil Products Corporation. The company develops, produces, and markets a broad range of formulated chemical specialty products and offers chemical management services for various heavy industrial and manufacturing applications worldwide. The company's business is divided into four segments, namely the Americas, Europe, Middle East and Africa, Asia/Pacific, and Global Specialty Businesses. With over 35 locations in 21 countries, Quaker Houghton has a global presence and generates more than 50% of net sales outside the United States.

On February 24th, 2025, the company announced results for the fourth quarter of 2024. KWR reported Q4 non-GAAP EPS of \$1.33, missing market estimates by \$0.19.

Quaker Houghton reported Q4 2024 net sales of \$444.1 million, a 5% decline from the prior year, as lower selling prices, foreign currency headwinds, and soft end-market demand impacted revenue. Despite the challenging environment, the company maintained adjusted EBITDA of \$64.8 million, with non-GAAP net income of \$23.6 million, though both were down from Q4 2023. Net income for the quarter totaled \$14.2 million (\$0.81 per share). The company attributed the revenue decline to lower index-based pricing, weaker demand in the Americas and EMEA, and a 1% decline in organic sales volumes, partially offset by new business wins and acquisitions contributing 2% to sales. CEO Joseph A. Berquist highlighted Quaker Houghton's focus on efficiency improvements and a \$20 million cost-saving initiative for 2025, expected to enhance margins and competitiveness.

For the full year, net sales reached \$1.84 billion, with net income of \$116.6 million (\$6.51 per share). Adjusted EBITDA of \$310.9 million reflected a solid operating performance, despite weaker sales in the Americas and EMEA. The company generated \$204.6 million in operating cash flow, completed two strategic acquisitions, and returned \$82.4 million to shareholders through dividends and share repurchases. Looking ahead, management expects revenue, EBITDA, and earnings growth in 2025, driven by cost efficiencies, strategic acquisitions, and continued global expansion—particularly in Asia/Pacific, where new business momentum remains strong.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$3.84	\$4.63	\$5.01	\$6.05	\$5.83	\$4.78	\$6.85	\$5.80	\$6.29	\$6.51	\$8.00	\$10.21
DPS	\$0.30	\$0.32	\$0.35	\$0.36	\$0.37	\$0.39	\$0.40	\$0.42	\$0.44	\$1.88	\$1.94	\$2.36
Shares¹	13.3	13.3	13.3	13.3	17.7	17.9	17.9	18.0	17.9	17.9	18.6	22.4

Quaker Chemical Corporation is pursuing a range of strategies to realize long-term growth. It is expanding its product portfolio through R&D, focusing on developing innovative solutions. KWR also targets new markets in emerging economies such as Asia, Latin America, and the Middle East by establishing local operations and partnerships. Strategic acquisitions of complementary businesses are also a crucial part of its growth strategy, such as Coral Chemical, allowing for quick access to new technologies and markets. In addition, the company focuses on improving operational efficiency through lean manufacturing and automation, reducing costs, and enhancing profitability.

¹ The shares are in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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We have revised our EPS forecast to \$8.00 for 2025, which matches the midpoint of analysts' estimates. Additionally, we believe that the firm can grow annually slightly faster than the Special Chemical industry's projected growth of 4%. With a 5.0% annual growth rate, KWR's EPS could reach \$10.21 by 2030. Quaker Chemical Corporation's DPS had a 10-year and five-year CAGR of 4.5% and 10.8%, respectively. The company's approach to managing its capital supports the payment of competitive cash dividends. Thus, we have assumed a relatively moderate annual growth of 4.0%.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	21.6	21.0	28.6	27.9	31.3	38.6	36.1	29.4	29.6	26.9	16.3	30.0
Avg. Yld.	1.5%	1.4%	1.0%	0.9%	0.8%	0.8%	0.7%	1.0%	1.0%	1.1%	1.5%	0.8%

Quaker Chemical Corporation is trading at a forward P/E of 16.3, significantly lower than the five-year average P/E of 29.1 and its 10-year average of 32.1. Thus, we have assumed a stable P/E of 30.0 to value the company by 2030, close to its historical averages, which suggests a target price of \$306.

Safety, Quality, Competitive Advantage, & Recession Resiliency

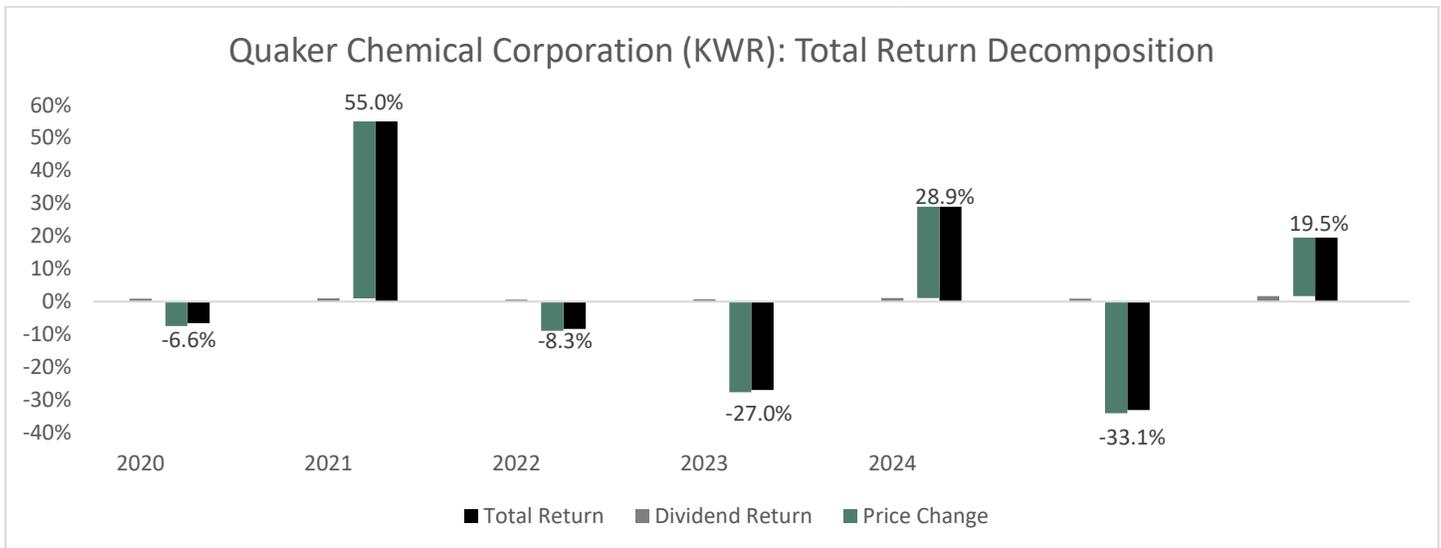
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	33%	29%	28%	24%	26%	33%	24%	29%	28%	29%	24%	23%

For heavy industrial and manufacturing applications, Quaker Chemical Corporation enjoys a competitive edge in producing and selling a variety of Special Chemical formulations. Because of this edge over competitors, the business can increase profits and benefit its shareholders. Quaker Chemical demonstrated outstanding financial performance with a 10.0% increase in revenue during FY2022 compared to FY2021 during the most recent economic downturn, and despite macroeconomic challenges, the company maintained resilient profitability in 2024, generating \$1.84 billion in net sales while executing strategic acquisitions, cost-saving initiatives, and shareholder returns totaling \$82.4 million through dividends and share repurchases. In Q4, Quaker Houghton repurchased 312,997 shares for approximately \$49.2 million in 2024, including 174,909 for \$26.3 million, as part of its commitment to returning value to shareholders.

Final Thoughts & Recommendation

We maintain our buy rating on the stock premised upon the 19.5% annualized total returns for the medium-term, derived from the forecasted earnings-per-share growth of 5.0%, the 1.5% dividend yield, and a valuation tailwind.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	766	738	747	820	868	1,134	1,418	1,761	1,944	1,953
Gross Profit	273	278	280	291	312	392	513	595	613	706
Gross Margin	35.7%	37.7%	37.5%	35.5%	36.0%	34.6%	36.2%	33.8%	31.5%	36.1%
SG&A Exp.	196	196	194	199	208	284	381	419	455	484
D&A Exp.	17	19	20	20	20	87	83	87	80	82
Operating Profit	78	81	87	94	105	109	136	191	156	223
Op. Margin	10.2%	11.0%	11.6%	11.4%	12.1%	9.7%	9.6%	10.8%	8.0%	11.4%
Net Profit	56	51	61	20	59	32	40	121	(16)	113
Net Margin	7.4%	6.9%	8.2%	2.5%	6.9%	2.8%	2.8%	6.9%	-0.8%	5.8%
Free Cash Flow	42	62	64	54	66	27	160	27	13	240
Income Tax	24	18	23	42	25	2	(5)	35	25	56

Balance Sheet Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assets	666	681	692	722	710	2,850	2,892	2,956	2,822	2,714
Cash & Equivalents	65	81	89	90	104	124	182	165	181	195
Acc. Receivable	189	188	195	208	202	376	373	431	473	445
Inventories	78	75	77	87	94	175	188	265	285	234
Goodwill & Int.	148	152	154	158	147	1,729	1,713	1,659	1,458	1,409
Total Liabilities	300	299	279	313	273	1,608	1,571	1,568	1,543	1,329
Accounts Payable	75	67	78	93	88	164	192	227	194	185
Long-Term Debt	76	82	66	67	37	921	888	893	953	754
Total Equity	357	373	403	408	435	1,241	1,320	1,387	1,278	1,384
D/E Ratio	0.21	0.22	0.17	0.16	0.08	0.74	0.67	0.64	0.75	0.54

Profitability & Per Share Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Return on Assets	9.0%	7.6%	8.9%	2.9%	8.3%	1.8%	1.4%	4.2%	-0.6%	4.1%
Return on Equity	16.3%	14.0%	15.8%	5.0%	14.1%	3.8%	3.1%	9.0%	-1.2%	8.5%
ROIC	14.0%	11.3%	13.0%	4.2%	12.5%	2.4%	1.8%	5.4%	-0.7%	5.2%
Shares Out.	13.3	13.3	13.3	13.3	13.3	17.7	17.9	17.9	18.0	17.9
Revenue/Share	58.25	55.81	56.74	61.91	65.20	74.75	79.87	98.64	108.84	109.03
FCF/Share	3.17	4.72	4.85	4.07	4.95	1.81	9.04	1.54	0.74	13.41

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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