Quaker Chemical Corporation (KWR)

Updated August 12th, 2025, by Yiannis Zourmpanos

Key Metrics

Current Price:	$127	**5 Year CAGR Estimate:**	18.1%	**Market Cap:**	$2.2 B
Fair Value Price:	$220	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date:**	10/17/25
% Fair Value:	58%	**5 Year Valuation Multiple Estimate:**	11.6%	**Dividend Payment Date:**	10/31/25
Dividend Yield:	1.6%	**5 Year Price Target**	$280	**Years Of Dividend Growth:**	19
Dividend Risk Score:	C	**Sector:**	Materials	**Rating:**	Hold

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 July 31st, 2025, the company announced results for the second quarter of 2025. KWR reported Q2 non-GAAP EPS of $1.71, missing market estimates by $0.12.

Quaker Houghton posted Q2 2025 net sales of $483.4 million, up 4% year-over-year, driven by 2% organic volume growth and strong new business wins, particularly in Asia/Pacific, which delivered 8% organic growth. Acquisitions added approximately 6% to sales, offsetting a 4% decline in selling price and product mix. Despite revenue gains, the company reported a net loss of $66.6 million, or $3.78 per diluted share, versus net income of $34.9 million a year earlier, primarily due to an $88.8 million non-cash goodwill impairment in its EMEA segment. On a non-GAAP basis, net income was $30 million, with adjusted EBITDA of $75.5 million and a 15.6% margin.

CEO Joe Berquist highlighted resilient performance despite ongoing macro headwinds, with Asia/Pacific momentum and broad-based new business growth outpacing sluggish conditions in the Americas and EMEA. The company initiated actions targeting $20 million in additional run-rate cost savings by 2026 and expects full-year 2025 revenue and earnings to be in line with 2024 levels. Cash flow from operations totaled $38.5 million year-to-date, with net debt at $734.8 million (2.6x trailing adjusted EBITDA). KWR repurchased $32.7 million in shares during the quarter and increased its quarterly dividend by 5%, underscoring confidence in long-term shareholder returns.

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	***$7.33***	***$9.35***
DPS	$0.30	$0.32	$0.35	$0.36	$0.37	$0.39	$0.40	$0.42	$0.44	$1.88	***$2.03***	***$2.47***
Shares[1]	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.

We have revised our EPS forecast to $7.33 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

[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.

a 5.0% annual growth rate, KWR's EPS could reach $9.35 by 2030. Quaker Chemical Corporation's has a DPS growth rate of 4.5% and 5.4% for the last 10- and five-years, 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	***17.3***	***30.0***
Avg. Yld.	1.5%	1.4%	1.0%	0.9%	0.8%	0.8%	0.7%	1.0%	1.0%	1.1%	***1.6%***	***0.9%***

Quaker Chemical Corporation is trading at a forward P/E of 17.3, 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 suggest a target price of $280.

Safety, Quality, Competitive Advantage, & Recession Resiliency

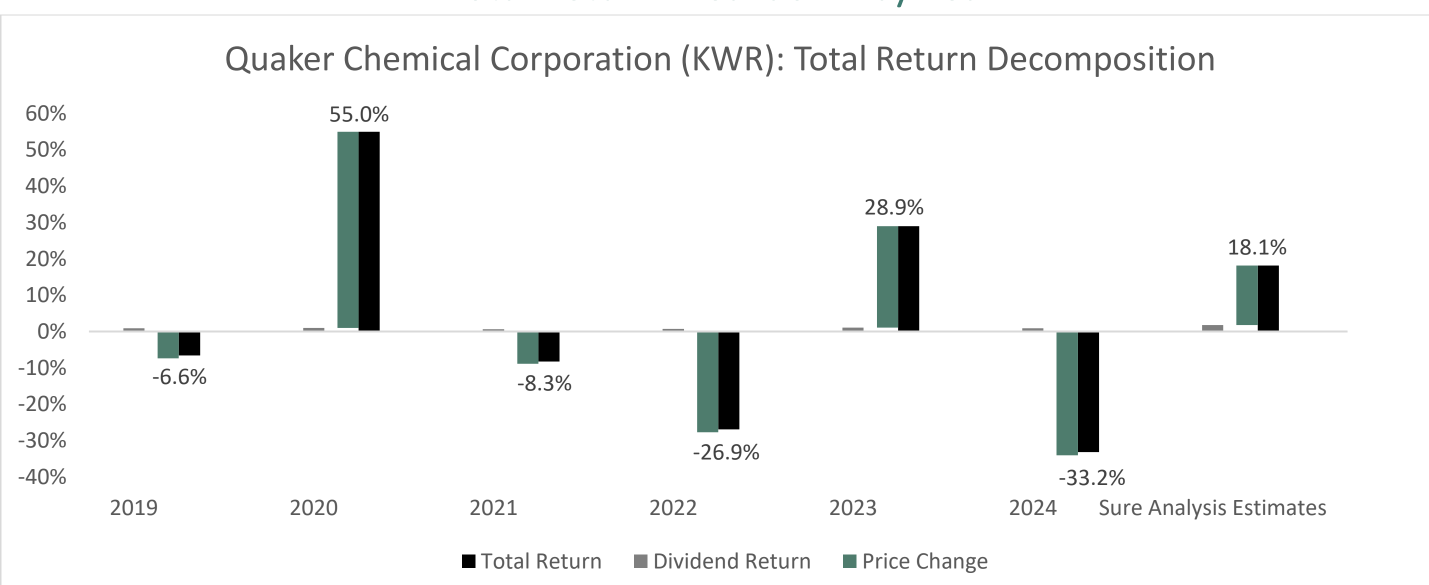
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	33%	29%	28%	24%	26%	33%	24%	29%	28%	29%	***28%***	***26%***

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 Q2 2025, Quaker Houghton repurchased 296,113 shares for $32.7 million, reinforcing its commitment to returning capital to shareholders.

Final Thoughts & Recommendation

Quaker Chemical Corporation earns a hold rating on the stock premised upon the 18.1% annualized total returns for the medium-term, derived from the forecasted earnings-per-share growth of 5.0%, the 1.6% dividend yield, a valuation tailwind, and a moderate dividend risk score.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	738	747	820	868	1,134	1,418	1,761	1,944	1,953	1,840
Gross Profit	278	280	291	312	392	513	595	613	706	686
Gross Margin	37.7%	37.5%	35.5%	36.0%	34.6%	36.2%	33.8%	31.5%	36.1%	37.3%
SG&A Exp.	196	194	199	208	284	381	419	455	484	485
D&A Exp.	19	20	20	20	87	83	87	80	82	84
Operating Profit	81	87	94	105	109	136	191	156	223	205
Op. Margin	11.0%	11.6%	11.4%	12.1%	9.7%	9.6%	10.8%	8.0%	11.4%	11.1%
Net Profit	51	61	20	59	32	40	121	(16)	113	117
Net Margin	6.9%	8.2%	2.5%	6.9%	2.8%	2.8%	6.9%	-0.8%	5.8%	6.4%
Free Cash Flow	62	64	54	66	27	160	27	13	240	163
Income Tax	18	23	42	25	2	(5)	35	25	56	49

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	681	692	722	710	2,850	2,892	2,956	2,822	2,714	2,611
Cash & Equivalents	81	89	90	104	124	182	165	181	195	189
Acc. Receivable	188	195	208	202	376	373	431	473	445	400
Inventories	75	77	87	94	175	188	265	285	234	227
Goodwill & Int.	152	154	158	147	1,729	1,713	1,659	1,458	1,409	1,346
Total Liabilities	299	279	313	273	1,608	1,571	1,568	1,543	1,329	1,256
Accounts Payable	67	78	93	88	164	192	227	194	185	198
Long-Term Debt	82	66	67	37	921	888	893	953	754	707
Total Equity	373	403	408	435	1,241	1,320	1,387	1,278	1,384	1,354
D/E Ratio	0.22	0.17	0.16	0.08	0.74	0.67	0.64	0.75	0.54	0.52

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	7.6%	8.9%	2.9%	8.3%	1.8%	1.4%	4.2%	-0.6%	4.1%	4.4%
Return on Equity	14.0%	15.8%	5.0%	14.1%	3.8%	3.1%	9.0%	-1.2%	8.5%	8.5%
ROIC	11.3%	13.0%	4.2%	12.5%	2.4%	1.8%	5.4%	-0.7%	5.2%	5.6%
Shares Out.	13.3	13.3	13.3	13.3	17.7	17.9	17.9	18.0	17.9	17.9
Revenue/Share	55.81	56.74	61.91	65.20	74.75	79.87	98.64	108.84	109.03	102.95
FCF/Share	4.72	4.85	4.07	4.95	1.81	9.04	1.54	0.74	13.41	9.11

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