

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of the earliest event reported)
March 10, 2017

NL INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

New Jersey (State or other jurisdiction of incorporation)	1-640 (Commission File Number)	13-5267260 (IRS Employer Identification No.)
5430 LBJ Freeway, Suite 1700, Dallas, Texas (Address of principal executive offices)		75240-2697 (Zip Code)
Registrant's telephone number, including area code (972) 233-1700		

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

Item 7.01 Regulation FD Disclosure.

The registrant hereby furnishes the information set forth in its press release issued on March 10, 2017, a copy of which is attached hereto as Exhibit 99.1 and incorporated herein by reference.

The information, including the exhibit, the registrant furnishes in this report is not deemed "filed" for purposes of section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. Registration statements or other documents filed with the U.S. Securities and Exchange Commission shall not incorporate this information by reference, except as otherwise expressly stated in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Item No.</u>	<u>Exhibit Index</u>
99.1	Press release dated March 10, 2017 issued by the registrant.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NL Industries, Inc.

(Registrant)

By: /s/ Gregory M. Swalwell

Gregory M. Swalwell, Executive Vice President and Chief Financial Officer

Date: March 10, 2017

INDEX TO EXHIBITS

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NL Industries, Inc.
Three Lincoln Centre
5430 LBJ Freeway, Suite 1700
Dallas, TX 75240-2697

Contact: Gregory M. Swalwell
Executive Vice President and
Chief Financial Officer
(972) 233-1700

News Release



FOR IMMEDIATE RELEASE

NL REPORTS FOURTH QUARTER 2016 RESULTS

DALLAS, TEXAS – March 10, 2017 - NL Industries, Inc. (NYSE: NL) today reported net income attributable to NL stockholders of \$9.6 million, or \$.20 per share, in the fourth quarter of 2016 compared to a net loss attributable to NL stockholders of \$5.6 million, or \$.11 per share, in the fourth quarter of 2015. For the full year of 2016, NL reported a net income attributable to NL stockholders of \$15.3 million, or \$.31 per share, compared to a net loss attributable to NL stockholders of \$23.9 million, or \$.49 per share in 2015.

Net sales increased \$.6 million to \$26.3 million in the fourth quarter of 2016 compared to the same period in 2015 primarily due to higher Security Products sales to existing government customers. Net sales for the full year of 2016 were comparable to 2015 as our Security Products segment was able to substantially replace revenue for a government security end-user project which did not recur in 2016 with a new project with the same customer which began to ship in August and was completed in December. Income from operations attributable to CompX increased in the 2016 periods primarily due to a more favorable customer and product mix for both Security Products and Marine Components, particularly in the fourth quarter for Security Products, and improved pricing and manufacturing efficiencies for Marine Components resulting in better leverage of fixed costs.

Kronos' net sales of \$333.7 million in the fourth quarter of 2016 were \$46.7 million, or 16%, higher than in the fourth quarter of 2015. Net sales of \$1,364.3 million in the full year of 2016 were \$15.5 million, or 1%, higher than in the full year of 2015. Net sales increased in the fourth quarter as compared to the same period in 2015 due to higher average TiO₂ selling prices and higher sales volumes. Net sales increased in the full year 2016 primarily due to higher sales volumes partially offset by lower average selling prices. Kronos' average TiO₂ selling prices were 8% higher in the fourth quarter of 2016 as compared to the fourth quarter of 2015, and were 3% lower in the full year as compared to 2015. Kronos' average selling prices at the end of 2016 were 2% higher than at the end of the third quarter of 2016, and were 10% higher than at the end of 2015. TiO₂ sales volumes in the fourth quarter were 8% higher as compared to the fourth quarter of 2015 due to higher sales in North American and export markets, partially offset by lower sales in the European market. TiO₂ sales volumes in the full year of 2016 were 7% higher than 2015 due to higher sales in European, North American and export markets, partially offset by lower sales in Latin America. Kronos' sales volumes in the fourth quarter and full year 2016 set an overall new record for a fourth quarter and full-year period. Fluctuations in currency exchange rates (primarily the euro) also affected net sales comparisons, decreasing net sales by approximately \$1 million in the fourth quarter 2016 and by approximately \$9 million in the full year 2016 period as compared to the comparable periods in 2015. The table at the end of this press release shows how each of these items impacted the overall increase in sales.

Kronos' income from operations in the fourth quarter of 2016 was \$42.9 million as compared to a loss from operations of \$19.7 million in the fourth quarter of 2015. For the full year 2016, Kronos' income from operations was \$81.1 million as compared to loss from operations of \$1.1 million for the full year 2015. Kronos' income from operations for the full year 2015 includes an aggregate workforce reduction charge of \$21.7 million (NL's equity interest was \$3.6 million, or \$.07 per share, net of income tax benefit), most of which was recognized in the second quarter. Kronos' income from operations increased in the fourth quarter of 2016 as compared to the fourth quarter of 2015 primarily due to the net effects of higher average TiO₂ selling prices, higher sales and production volumes and lower raw material and other production costs. Excluding the impact of the 2015 workforce reduction charge, Kronos' income from operations increased in the full year 2016 primarily due to the net effects of lower average TiO₂ selling prices, higher sales and production volumes and lower raw material and other production costs (including cost savings resulting from workforce reductions implemented in 2015). Kronos' TiO₂ production volumes were 11% higher in the fourth quarter of 2016 and 3% higher for the full year of 2016 as compared to the same periods of 2015. Kronos operated its production facilities at overall average capacity utilization rates of 98% in 2016 (approximately 97%, 95%, 100% and 100% of practical capacity in the first, second, third and fourth quarters, respectively) compared to approximately 95% in the in 2015 (93%, 100%, 95% and 92% in the first, second, third and fourth quarters of 2015, respectively). Kronos' production rates in the first and fourth quarters of 2015 were impacted by the implementation of certain productivity-enhancing improvement projects at certain facilities, as well as necessary improvements to ensure continued compliance with our permit regulations, which resulted in longer-than-normal maintenance shutdowns in some instances. Fluctuations in currency exchange rates also affected Kronos' income from operations comparisons, which increased income from operations by approximately \$1 million in the fourth quarter of 2016 and by approximately \$14 million for the full year of 2016.

Kronos' other operating income in 2016 includes an aggregate insurance settlement gain of \$4.3 million (NL's equity interest was \$.6 million, or \$.01 per share, net of income tax expense) related to two separate business interruption claims, of which \$.9 million (NL's equity interest was \$.1 million, net of income tax expense) was recognized in the fourth quarter.

Kronos' securities transactions, for full year 2015 includes an aggregate non-cash charge of \$12.0 million (NL's equity interest was \$1.5 million, or \$.03 per share, net of income tax benefit) for an other-than-temporary impairment on Kronos' investment in a marketable equity security.

Kronos' income tax expense in 2015 includes a non-cash deferred income tax expense of \$159.0 million (NL's equity interest was \$31.4 million, or \$.65 per share, net of income taxes) related to the recognition of a deferred income tax asset valuation allowance related to its German and Belgian operations, most of which was recognized in the second quarter. Kronos' income tax expense in 2016 includes a net \$3.4 million (NL's equity interest was \$.7 million, or \$.01 per share, net of income taxes) current income tax benefit related to the execution and finalization of an Advance Pricing Agreement between the U.S. and Canada, a \$2.2 million (NL's equity interest was \$.4 million, or \$.01 per share, net of income taxes) non-cash deferred income tax benefit related to a net decrease in the deferred income tax asset valuation related to Kronos' German and Belgian operations, mostly recognized in the second and fourth quarters, and a \$2.4 million (NL's equity interest was \$.5 million, or \$.01 per share, net of income taxes) non-cash expense related to the increase in Kronos' reserve for uncertain tax positions, mostly recognized in the fourth quarter.

NL's insurance recoveries reflect in part amounts we received from certain of our former insurance carriers, and relate to the recovery of prior lead pigment and asbestos litigation defense costs incurred by us. Such insurance recoveries were \$3.7 million (or \$.05 per share, net of income taxes) in 2015 compared to \$.4 million in 2016 (or \$.01 per share, net of income taxes). Substantially all of the insurance recoveries we recognized in 2015 relate to a first quarter settlement we reached with one of our insurance carriers in which they agreed to reimburse us for a portion of our past lead pigment litigation defense costs.

Corporate expenses decreased \$1.9 million in the fourth quarter of 2016 as compared to the fourth quarter of 2015 primarily due to lower environmental remediation and related costs. Corporate expenses decreased \$.5 million in 2016 compared to 2015 primarily due to lower litigation and related costs, partially offset by higher environmental remediation and related costs.

As previously reported, our income tax benefit in 2015 includes a first quarter non-cash income tax benefit of \$3.0 million (or \$.06 per share) related to a net reduction in our reserve for uncertain tax positions.

The statements in this release relating to matters that are not historical facts are forward-looking statements that represent management's beliefs and assumptions based on currently available information. Although NL believes that the expectations reflected in such forward-looking statements are reasonable, we cannot give any assurances that these expectations will prove to be correct. Such statements by their nature involve substantial risks and uncertainties that could significantly impact expected results, and actual future results could differ materially from those described in such forward-looking statements. While it is not possible to identify all factors, we continue to face many risks and uncertainties. Among the factors that could cause actual future results to differ materially include, but are not limited to:

- Future supply and demand for our products
- The extent of the dependence of certain of our businesses on certain market sectors
- The cyclicity of our businesses (such as Kronos' TiO₂ operations)
- Customer and producer inventory levels
- Unexpected or earlier-than-expected industry capacity expansion (such as the TiO₂ industry)
- Changes in raw material and other operating costs (such as energy, ore, zinc and brass costs) and our ability to pass those costs on to our customers or offset them with reductions in other operating costs
- Changes in the availability of raw material (such as ore)
- General global economic and political conditions (such as changes in the level of gross domestic product in various regions of the world and the impact of such changes on demand for, among other things, TiO₂ and component products)
- Competitive products and substitute products
- Price and product competition from low-cost manufacturing sources (such as China)
- Customer and competitor strategies
- Potential consolidation of Kronos' competitors
- Potential consolidation of Kronos' customers
- The impact of pricing and production decisions
- Competitive technology positions
- Potential difficulties in integrating future acquisitions
- Potential difficulties in upgrading or implementing new accounting and manufacturing software systems
- The introduction of trade barriers
- Possible disruption of Kronos' or CompX's business, or increases in our cost of doing business resulting from terrorist activities or global conflicts
- The impact of current or future government regulations (including employee healthcare benefit related regulations)
- Fluctuations in currency exchange rates (such as changes in the exchange rate between the U.S. dollar and each of the euro, the Norwegian krone and the Canadian dollar), or possible disruptions to our business resulting from potential instability resulting from uncertainties associated with the euro or other currencies
- Operating interruptions (including, but not limited to, labor disputes, leaks, natural disasters, fires, explosions, unscheduled or unplanned downtime, transportation interruptions and cyber attacks)
- Decisions to sell operating assets other than in the ordinary course of business
- Kronos' ability to renew or refinance credit facilities
- Our ability to maintain sufficient liquidity
- The timing and amounts of insurance recoveries
- The extent to which our subsidiaries or affiliates were to become unable to pay us dividends
- The ultimate outcome of income tax audits, tax settlement initiatives or other tax matters
- Uncertainties associated with CompX's development of new product features
- Our ability to utilize income tax attributes or changes in income tax rates related to such attributes, the benefits of which may not have been recognized under the more-likely-than-not recognition criteria
- Environmental matters (such as those requiring compliance with emission and discharge standards for existing and new facilities or new developments regarding environmental remediation at sites related to our former operations)
- Government laws and regulations and possible changes therein (such as changes in government regulations which might impose various obligations on former manufacturers of lead pigment and lead-based paint, including us, with respect to asserted health concerns associated with the use of such products)

- The ultimate resolution of pending litigation (such as our lead pigment and environmental matters)
- Possible future litigation.

Should one or more of these risks materialize (or the consequences of such a development worsen), or should the underlying assumptions prove incorrect, actual results could differ materially from those currently forecasted or expected. We disclaim any intention or obligation to update or revise any forward-looking statement whether as a result of changes in information, future events or otherwise.

NL Industries, Inc. is engaged in the component products (security products and performance marine components), chemical (TiO₂) and other businesses.

NL INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except earnings per share)
(Unaudited)

	Three months ended		Year ended	
	December 31,		December 31,	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
	(Unaudited)			
Net sales	\$ 25.7	\$ 26.3	\$ 109.0	\$ 108.9
Cost of sales	<u>18.1</u>	<u>17.2</u>	<u>75.6</u>	<u>73.7</u>
Gross margin	7.6	9.1	33.4	35.2
Selling, general and administrative expense	5.0	5.0	19.4	19.6
Other operating income (expense):				
Insurance recoveries	.2	-	3.7	.4
Other income, net	-	-	.1	-
Corporate expense	<u>(5.4)</u>	<u>(3.5)</u>	<u>(17.5)</u>	<u>(17.0)</u>
Income (loss) from operations	(2.6)	.6	.3	(1.0)
Equity in earnings (losses) of Kronos Worldwide, Inc.	(6.2)	7.1	(52.8)	13.2
General corporate item:				
Interest and dividend income	<u>.3</u>	<u>.5</u>	<u>1.2</u>	<u>1.7</u>
Income (loss) before income taxes	(8.5)	8.2	(51.3)	13.9
Income tax benefit	<u>(3.1)</u>	<u>(1.8)</u>	<u>(28.6)</u>	<u>(2.8)</u>
Net income (loss)	(5.4)	10.0	(22.7)	16.7
Noncontrolling interest in net income of subsidiary	<u>.2</u>	<u>.4</u>	<u>1.2</u>	<u>1.4</u>
Net income (loss) attributable to NL stockholders	<u>\$ (5.6)</u>	<u>\$ 9.6</u>	<u>\$ (23.9)</u>	<u>\$ 15.3</u>
Net income (loss) per share attributable to NL stockholders	<u>\$ (.11)</u>	<u>\$.20</u>	<u>\$ (.49)</u>	<u>\$.31</u>
Weighted average shares used in the calculation of net income per share	48.7	48.7	48.7	48.7

NL INDUSTRIES, INC.
COMPONENTS OF INCOME (LOSS) FROM OPERATIONS
(In millions)
(Unaudited)

	Three months		Year	
	ended December 31,		ended December 31,	
	2015	2016	2015	2016
CompX - component products	\$ 2.6	\$ 4.1	\$ 14.0	\$ 15.6
Insurance recoveries	.2	-	3.7	.4
Other income, net	-	-	.1	-
Corporate expense	(5.4)	(3.5)	(17.5)	(17.0)
Income (loss) from operations	<u>\$ (2.6)</u>	<u>\$.6</u>	<u>\$.3</u>	<u>\$ (1.0)</u>

CHANGE IN KRONOS' TiO₂ SALES
(Unaudited)

	Three months	Year
	ended December 31, 2016 vs. 2015	ended December 31, 2016 vs. 2015
Percentage change in sales:		
TiO ₂ product pricing	8%	(3)%
TiO ₂ sales volume	8	7
TiO ₂ product mix/other	-	(2)
Changes in currency exchange rates	<u>-</u>	<u>(1)</u>
Total	<u>16%</u>	<u>1%</u>