

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)
November 8, 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)

75240-2620
(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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

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.

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 November 8, 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 November 8, 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: November 8, 2017

News Release



FOR IMMEDIATE RELEASE

NL REPORTS THIRD QUARTER 2017 RESULTS

DALLAS, TEXAS – November 8, 2017 - NL Industries, Inc. (NYSE: NL) today reported net income attributable to NL stockholders of \$17.5 million, or \$.36 per share, in the third quarter of 2017 compared to \$7.4 million, or \$.15 per share, in the third quarter of 2016. For the first nine months of 2017, NL reported net income attributable to NL stockholders of \$67.0 million, or \$1.38 per share, compared to \$5.7 million, or \$.12 per share in the first nine months of 2016.

Net sales decreased \$1.4 million in the third quarter of 2017 as compared to the third quarter of 2016, and increased \$4.3 million in the first nine months of 2017 compared to the same period in 2016. Income from operations attributable to CompX was \$3.4 million in the third quarter of 2017 compared to \$4.5 million in the third quarter of 2016, and was \$12.5 million in the first nine months of 2017 compared to \$11.5 million in the first nine months of 2016. Third quarter 2017 net sales decreased over the comparable 2016 period primarily as a result of the Security Products reporting unit's sales in 2016 to a single government customer that, as expected, did not recur. Year-to-date 2017 net sales increased over the comparable 2016 period primarily due to the Security Products reporting unit's increased sales volumes to existing government customers, partially offset by a decrease in sales of security products to an original equipment manufacturer of recreational transportation products. Income from operations attributable to CompX decreased in the third quarter of 2017 primarily due to the lower Security Products sales and unfavorable relative changes in customer and product mix in the Security Products reporting segment as well as higher manufacturing costs at the Marine Components segment. Income from operations attributable to CompX increased for the first nine months of 2017 compared to the 2016 period principally due to the higher sales at the Security Products reporting unit.

Kronos' net sales of \$464.5 million in the third quarter of 2017 were \$108.4 million, or 30%, higher than in the third quarter of 2016. Net sales of \$1.276 billion in the first nine months of 2017 were \$245.1 million, or 24%, higher than in the first nine months of 2016. Net sales increased in 2017 due to higher average TiO₂ selling prices and higher sales volumes. Kronos' average TiO₂ selling prices were 23% higher in the third quarter of 2017 as compared to the third quarter of 2016 and were 20% higher in the first nine months of the year as compared to the same prior year period. Kronos' average selling prices at the end of the third quarter of 2017 were 8% higher than at the end of the second quarter of 2017 and were 21% higher than at the end of 2016, with higher prices in all major markets. TiO₂ sales volumes in each of the third quarter and year-to-date period of 2017 were 5% higher as compared to the same periods in 2016 due to higher sales in the European, North American and export markets. Kronos' sales volumes in the third quarter and first nine months of 2017 set a new overall record for a third quarter and first-nine-month period. Fluctuations in currency exchange rates (primarily the euro) also affected Kronos' net sales comparisons, increasing net sales by approximately \$13 million in the third quarter of 2017 and decreasing net sales by approximately \$2 million in the first nine months of 2017 as compared to the same periods in 2016. The table at the end of this press release shows how each of these items impacted the overall increase in Kronos' sales.

Kronos' income from operations in the third quarter of 2017 was \$91.6 million as compared to \$28.0 million in the third quarter of 2016. For the year-to-date period, Kronos' income from operations was \$214.0 million as compared to \$38.2 million in the first nine months of 2016. Kronos' income from operations increased in the third quarter of 2017 primarily due to higher average TiO₂ selling prices and higher sales and production volumes partially offset by higher costs for certain raw materials and other production costs. Kronos' income from operations in the first nine months of 2017 increased primarily due to higher average TiO₂ selling prices, higher sales and production volumes and lower raw materials and other production costs. Kronos' TiO₂ production volumes were 2% higher in the third quarter and 7% higher in the first nine months of 2017 as compared to the same periods in 2016. Kronos operated its production facilities at full practical capacity utilization rates in the first nine months of 2017 compared to approximately 97% in the first nine months of 2016. Kronos' production volumes in the third quarter and first nine months of 2017 set a new overall record for a third quarter and first-nine-month period. Fluctuations in currency exchange rates also affected segment profit comparisons, which decreased segment profit by approximately \$6 million in the third quarter and by approximately \$19 million in the year-to-date period.

Kronos' other operating income, net in the first nine months of 2016 includes an insurance settlement gain of \$3.4 million (NL's equity interest was \$.7 million, or \$.01 per share, net of income tax expense) related to a 2014 business interruption claim.

In September 2017, Kronos voluntarily prepaid and terminated its term loan indebtedness using a portion of the proceeds from its September 2017 issuance of €400 million principal amount of 3.75% Senior Secured Notes due September 2025. Kronos' results in the third quarter of 2017 include a non-operating pre-tax charge of \$7.1 million (NL's equity interest was \$.9 million, or \$.02 per share, net of income tax benefit) related to such prepayment.

Kronos' income tax benefit in the first nine months of 2017 includes a non-cash deferred income tax benefit of \$170.4 million (NL's equity interest was \$33.7 million, or \$.69 per share) as a result of a net decrease in Kronos' deferred income tax asset valuation allowance related to its German and Belgian operations (such income tax benefit of Kronos was \$7.8 million in the third quarter of 2017, and NL's equity interest was \$1.5 million, or \$.03 per share, net of income tax expense). Kronos' income tax benefit in the third quarter of 2017 also includes an aggregate income tax benefit of \$11.3 million (NL's equity interest was \$2.2 million, or \$.05 per share) related to the execution and finalization of an Advance Pricing Agreement between Canada and Germany. Kronos' income tax expense in the first nine months of 2016 includes a non-cash deferred income tax expense of \$2.1 million (NL's equity interest was \$.4 million, or \$.01 per share) as a result of a net increase in Kronos' deferred income tax asset valuation allowance related to its German and Belgian operations (most of which was recognized in the second quarter), and a third quarter current income tax benefit of \$5.6 million (NL's equity interest was \$1.1 million, or \$.02 per share) related to the execution and finalization of an Advance Pricing Agreement between U.S. and Canada.

Corporate expenses were lower in the third quarter and first nine months of 2017 compared to the same period of 2016 as lower environmental remediation and related costs and, to a lesser extent, lower administrative expenses, more than offset higher litigation fees and related costs in both the quarter and year-to-date periods. Interest and dividend income increased \$.5 million and \$1.4 million in the third quarter and first nine months of 2017 as compared to the same periods of 2016 primarily due to interest earned on CompX's loan to an affiliate which was entered into in August 2016.

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 cyclical nature 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 ore, zinc, brass, aluminum, steel and energy 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 (such as Kronos' new enterprise resource planning system)
- 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 or 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), chemicals (TiO₂) and other businesses.

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
Net sales	\$ 28.4	\$ 27.0	\$ 82.6	\$ 86.9
Cost of sales	<u>19.0</u>	<u>18.8</u>	<u>56.5</u>	<u>59.5</u>
Gross margin	9.4	8.2	26.1	27.4
Selling, general and administrative expense	4.9	4.8	14.6	14.9
Other operating income (expense):				
Insurance recoveries	.1	.1	.4	.2
Other income, net	-	.1	-	.1
Corporate expense	<u>(4.6)</u>	<u>(2.7)</u>	<u>(13.5)</u>	<u>(11.6)</u>
Income (loss) from operations	-	.9	(1.6)	1.2
Equity in earnings of Kronos Worldwide, Inc.	6.8	22.4	6.1	93.4
General corporate item:				
Interest and dividend income, net	<u>.4</u>	<u>1.0</u>	<u>1.2</u>	<u>2.5</u>
Income before income taxes	7.2	24.3	5.7	97.1
Income tax expense (benefit)	<u>(.6)</u>	<u>6.5</u>	<u>(1.0)</u>	<u>28.9</u>
Net income	7.8	17.8	6.7	68.2
Noncontrolling interest in net income of subsidiary	<u>.4</u>	<u>.3</u>	<u>1.0</u>	<u>1.2</u>
Net income attributable to NL stockholders	<u>\$ 7.4</u>	<u>\$ 17.5</u>	<u>\$ 5.7</u>	<u>\$ 67.0</u>
Net income per share attributable to NL stockholders	<u>\$.15</u>	<u>\$.36</u>	<u>\$.12</u>	<u>\$ 1.38</u>
Weighted average shares used in the calculation of net income per share	48.7	48.7	48.7	48.7

