

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)
August 5, 2020

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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock	NL	New York Stock Exchange

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.

The registrant hereby furnishes the information set forth in its press release entitled “NL Reports Second Quarter 2020 Results” that the registrant issued on August 5, 2020, a copy of which is attached hereto as Exhibit 99.1 and incorporated herein by reference.

The press release the registrant furnishes as Exhibit 99.1 to this current 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 7.01 Regulation FD Disclosure.

The registrant hereby furnishes the information set forth in its press release entitled “NL Industries Announces Quarterly Dividend for the Third Quarter of 2020 at \$.04 Per Share” that the registrant also issued on August 5, 2020, a copy of which is attached hereto as Exhibit 99.2 and incorporated herein by reference.

The press release the registrant furnishes as Exhibit 99.2 to this current 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>Description</u>
99.1*	<u>Press release dated August 5, 2020 entitled “NL Reports Second Quarter 2020 Results” and issued by the registrant.</u>
99.2*	<u>Press release dated August 5, 2020 entitled “NL Industries Announces Quarterly Dividend for the Third Quarter of 2020 at \$.04 Per Share” and issued by the registrant.</u>

* Filed herewith

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.

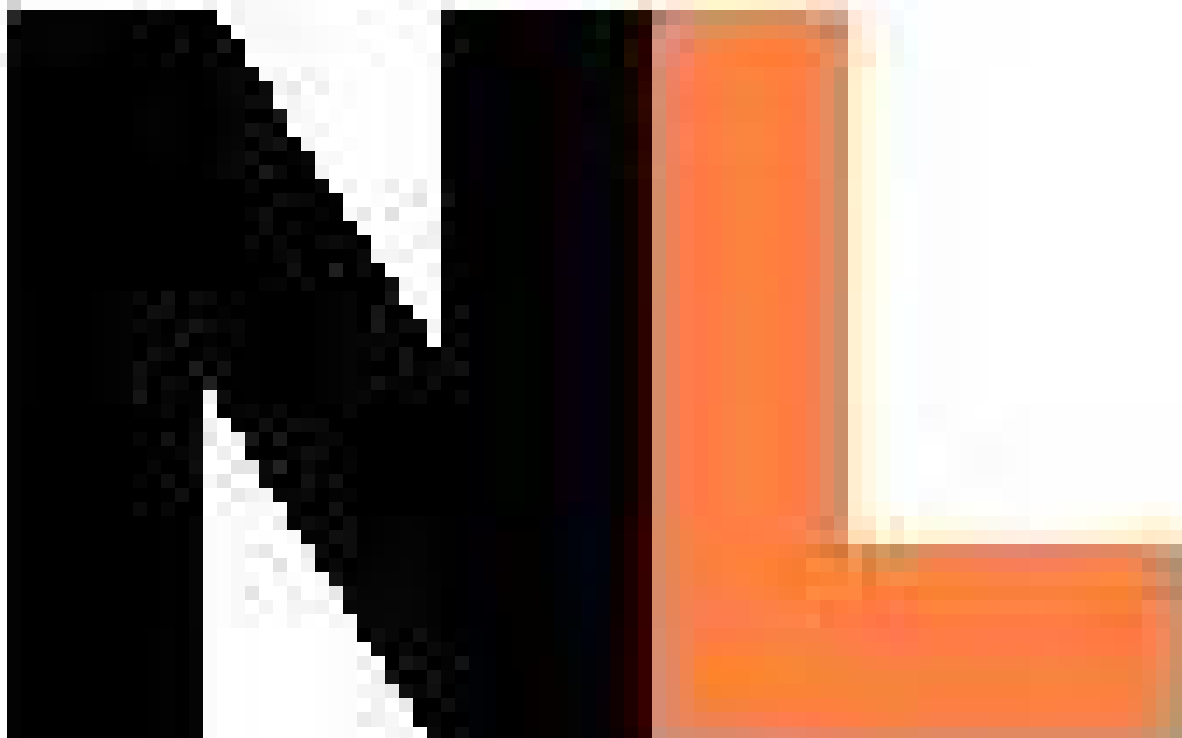
(Registrant)

Date: August 5, 2020

By: /s/ Amy A. Samford

*Amy A. Samford, Vice President and
Chief Financial Officer*

News Release



FOR IMMEDIATE RELEASE

NL REPORTS SECOND QUARTER 2020 RESULTS

DALLAS, TEXAS – August 5, 2020 - NL Industries, Inc. (NYSE: NL) today reported net income attributable to NL stockholders of \$4.6 million, or \$.09 per share, in the second quarter of 2020 compared to net income attributable to NL stockholders of \$5.9 million, or \$.12 per share, in the second quarter of 2019. For the first six months of 2020, NL reported net income attributable to NL stockholders of \$6.5 million, or \$.13 per share, compared to net income of \$21.1 million, or \$.43 per share for the first six months of 2019. NL results include an unrealized loss of \$14.3 million in the first six months of 2020 related to the change in value of marketable equity securities compared to a \$14.9 million unrealized gain in the first six months of 2019. NL also recognized a pre-tax litigation settlement expense of \$19.6 million (\$.32 per share, net of income tax benefit) in the second quarter of 2019.

CompX net sales were \$23.8 million for the second quarter of 2020 compared to \$33.7 million in the second quarter of 2019 and \$56.1 million for the six months ended June 30, 2020 compared to \$64.9 million for the same prior year period. Income from operations attributable to CompX was \$2.4 million for the second quarter of 2020 compared to \$5.6 million for the second quarter of 2019 and \$7.4 million for the first six months of 2020 compared to \$9.9 million for the same prior year period. The COVID-19 pandemic impacted CompX's operations during the second quarter of 2020 due to government mandated closures and reduced demand for its products which resulted in a decrease in net sales and operating income in the second quarter and for the first six months of 2020 compared to the same periods in 2019.

NL recognized equity in earnings of Kronos of \$5.7 million in the second quarter of 2020 compared to \$9.0 million in the same period of 2019 and \$13.9 million in the first six months of 2020 compared to \$18.2 million in the same period of 2019. Kronos' net sales of \$386.0 million in the second quarter of 2020 were \$98.5 million, or 20%, lower than in the second quarter of 2019. Kronos' net sales of \$807.0 million in the first six months of 2020 were \$114.0 million, or 12%, lower than in the first six months

of 2019. Kronos' net sales decreased in the 2020 periods primarily due to lower sales volumes and lower average TiO₂ selling prices. Kronos' TiO₂ sales volumes were 22% lower in the second quarter of 2020 as compared to the second quarter of 2019 and 14% lower in the first six months of 2020 as compared to the same prior year period due to lower sales volumes in all major markets primarily due to demand contraction related to the COVID-19 pandemic. Kronos' average TiO₂ selling prices were 1% lower in the second quarter and first six months of 2020 as compared to the same periods in 2019. Kronos' average TiO₂ selling prices at the end of the second quarter of 2020 were comparable to the end of the first quarter of 2020. Fluctuations in currency exchange rates (primarily the euro) also affected net sales comparisons, decreasing net sales by approximately \$4 million in the second quarter of 2020 and approximately \$11 million in the first six months of 2020 as compared to the same periods in 2019.

Kronos' income from operations in the second quarter of 2020 was \$33.0 million as compared to \$46.5 million in the second quarter of 2019. For the year-to-date period, Kronos' income from operations was \$76.5 million as compared to \$95.5 million in the first six months of 2019. Kronos' income from operations decreased in the 2020 periods primarily due to the unfavorable effects of lower sales volumes, lower average TiO₂ selling prices and higher raw materials and other production costs. Kronos' TiO₂ production volumes were 2% lower in the second quarter and year-to-date periods of 2020 as compared to the same periods in 2019. Kronos operated its production facilities at overall average capacity utilization rates of 95% in the first six months of 2020 (95% and 96% in the first and second quarters of 2020, respectively) compared to 97% in 2019 (97% in the first and second quarters of 2019). Fluctuations in currency exchange rates also affected the year-to-date income from operations comparison, which increased income from operations by approximately \$11 million in the year-to-date 2020 period as compared to the same period of 2019. Fluctuations in currency exchange rates had a nominal effect on the second quarter income from operations comparison.

Corporate expenses decreased \$1.1 million in the second quarter of 2020 compared to the second quarter of 2019 primarily due to lower litigation fees and related costs. Corporate expenses decreased \$.7 million in the first six months of 2020 compared to the same period of 2019 primarily due to lower litigation fees and related costs partially offset by higher environmental remediation and related costs. We recognized an additional \$19.6 million pre-tax litigation settlement expense in the second quarter of 2019 for a settlement agreement that was approved by the court in July 2019.

Insurance recoveries represent amounts we receive from certain of our former insurance carriers and generally relate to the recovery of past lead pigment and asbestos litigation defense costs we have incurred. Substantially all of the insurance recoveries we recognized in the second quarter of 2019 relate to a settlement we reached with a single insurance carrier that agreed to reimburse us for a portion of our past and future litigation defense costs. Such insurance recoveries aggregated \$5.0 million (\$3.9 million, or \$.08 per share, net of income tax expense) in the first six months of 2019.

Interest and dividend income decreased \$1.6 million in the second quarter and \$2.0 million in the first six months of 2020 compared to the prior year periods primarily due to lower average outstanding balances under CompX's revolving promissory note receivable from Valhi and lower average interest rates partially offset by higher cash and cash equivalents and restricted cash and cash equivalents balances available for investment. Marketable equity securities represent unrealized gains (losses) on our portfolio of marketable equity securities during the periods.

Our results of operations for the second quarter of 2020 were significantly impacted by the COVID-19 pandemic, specifically through reduced demand for many of CompX and Kronos' products resulting from the rapid contraction of vast areas of the global economy. The extent of the COVID-19 impact on our future operations will depend on the time period and degree to which the COVID-19 pandemic persists in the global economy thereby reducing customer demand for certain of CompX and Kronos' products, including the timing and extent to which CompX and Kronos' customers' operations continue to be impacted, their customers' perception as to when consumer demand for their products will return to pre-pandemic levels and on any future disruptions in their operations or their suppliers' operations, all of which are difficult to predict.

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 we believe 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. 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 energy, ore, zinc, aluminum, steel 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 that harm the worldwide economy, disrupt our supply chain, increase material costs or reduce demand or perceived demand for Kronos' TiO₂ and our products or impair our ability to operate our facilities (including changes in the level of gross domestic product in various regions of the world, natural disasters, terrorist acts, global conflicts and public health crises such as COVID-19)
- 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

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- Competitive technology positions
- Our ability to protect or defend intellectual property rights
- Potential difficulties in integrating future acquisitions
- Potential difficulties in upgrading or implementing accounting and manufacturing software systems
- The introduction of trade barriers or trade disputes
- 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 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, cyber-attacks and public health crises such as COVID-19)
- 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 ability of our subsidiaries or affiliates to pay us dividends
- Uncertainties associated with CompX's development of new products and product features
- The ultimate outcome of income tax audits, tax settlement initiatives or other tax matters, including future tax reform
- 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), including new environmental health and safety regulations such as those seeking to limit or classify TiO₂ or its use
- 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 recreational 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 June 30,		Six months ended June 30,	
	2019	2020	2019	2020
Net sales	\$ 33.7	\$ 23.8	\$ 64.9	\$ 56.1
Cost of sales	22.7	16.4	44.3	38.3
Gross margin	11.0	7.4	20.6	17.8
Selling, general and administrative expense	5.4	5.0	10.7	10.4
Other operating income (expense):				
Insurance recoveries	4.7	.1	5.0	.1
Litigation settlement expense, net	(19.6)	-	(19.6)	-
Corporate expense	(3.6)	(2.5)	(5.7)	(5.0)
Income (loss) from operations	(12.9)	-	(10.4)	2.5
Equity in earnings of Kronos Worldwide, Inc.	9.0	5.7	18.2	13.9
General corporate items:				
Interest and dividend income	2.1	.5	3.6	1.6
Marketable equity securities	9.4	(2.2)	14.9	(14.3)
Other components of net periodic pension and OPEB cost	(.4)	(.2)	(.8)	(.4)
Interest expense	-	(.4)	-	(.7)
Income before income taxes	7.2	3.4	25.5	2.6
Income tax expense (benefit)	.6	(1.5)	3.2	(4.8)
Net income	6.6	4.9	22.3	7.4
Noncontrolling interest in net income of subsidiary	.7	.3	1.2	.9
Net income attributable to NL stockholders	\$ 5.9	\$ 4.6	\$ 21.1	\$ 6.5
Net income per share attributable to NL stockholders	\$.12	\$.09	\$.43	\$.13
Weighted average shares used in the calculation of net income per share	48.7	48.8	48.7	48.8

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

	Three months ended June 30,		Six months ended June 30,	
	2019	2020	2019	2020
CompX - component products	\$ 5.6	\$ 2.4	\$ 9.9	\$ 7.4
Insurance recoveries	4.7	.1	5.0	.1
Litigation settlement expense, net	(19.6)	-	(19.6)	-
Corporate expense	(3.6)	(2.5)	(5.7)	(5.0)
Income (loss) from operations	<u>\$ (12.9)</u>	<u>\$ -</u>	<u>\$ (10.4)</u>	<u>\$ 2.5</u>

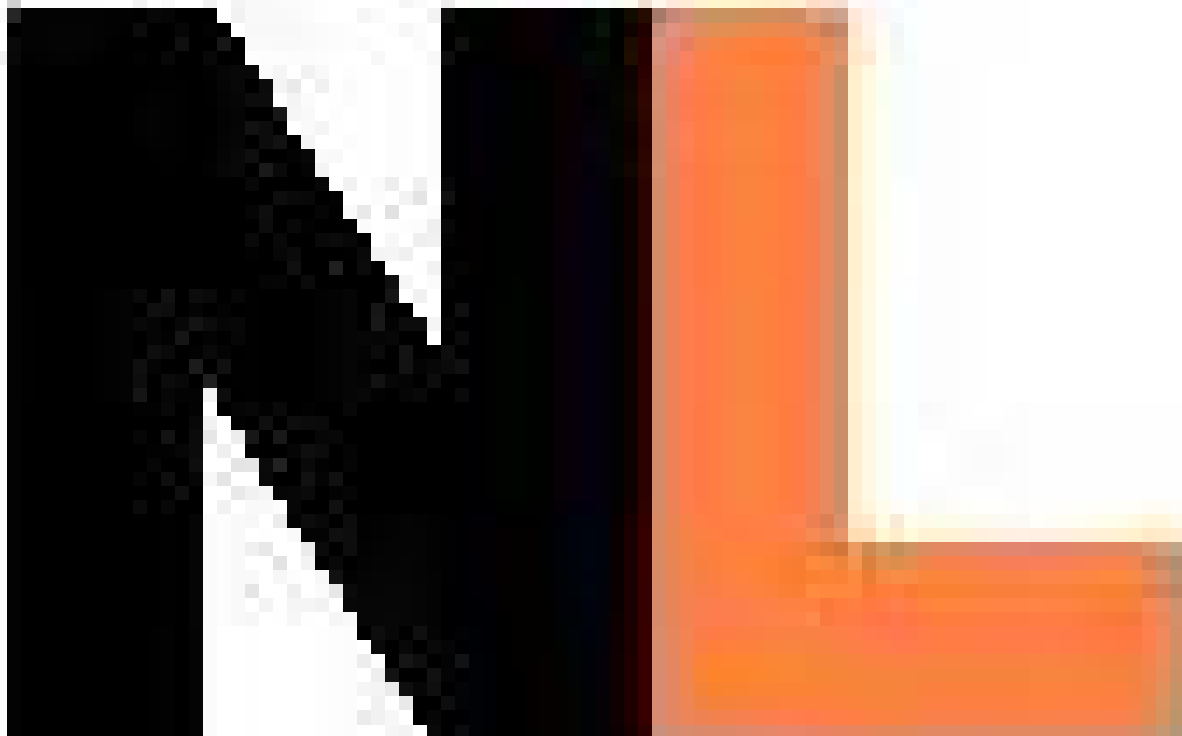
CHANGE IN KRONOS' TiO₂ SALES
(unaudited)

	Three months ended June 30, 2020 vs. 2019	Six months ended June 30, 2020 vs. 2019
	Percentage change in net sales:	
TiO ₂ sales volume	(22) %	(14) %
TiO ₂ product pricing	(1)	(1)
TiO ₂ product mix/other	4	4
Changes in currency exchange rates	<u>(1)</u>	<u>(1)</u>
Total	<u>(20) %</u>	<u>(12) %</u>

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News Release



FOR IMMEDIATE RELEASE

***NL INDUSTRIES ANNOUNCES QUARTERLY DIVIDEND
FOR THE THIRD QUARTER OF 2020 AT \$.04 PER SHARE***

DALLAS, TEXAS – August 5, 2020 - NL Industries, Inc. (NYSE:NL) today announced that its Board of Directors voted to declare a quarterly dividend of four cents (\$0.04) per share on its common stock payable on September 15, 2020 to shareholders of record at the close of business on September 1, 2020.

NL Industries, Inc. is engaged in the component products (security products and recreational marine components) and titanium dioxide products businesses.

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