

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 earliest event reported): November 4, 2020

KRONOS WORLDWIDE, INC.
(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

1-31763
(Commission
File Number)

76-0294959
(I.R.S. Employer
Identification No.)

5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240-2620
(Address of Principal Executive Offices, and 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. below):

- Written communication 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 communication pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communication 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	KRO	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 “Kronos Worldwide Reports Third Quarter 2020 Results” that the registrant issued on November 4, 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 issued on November 4, 2020, a copy of which is attached as Exhibit 99.1 and incorporated herein by reference. The information, including the exhibit, the registrant furnishes in this report under this Item 7.01, and the exhibit in Item 9.01, 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 4, 2020 issued by the registrant.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* 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.

KRONOS WORLDWIDE, INC.
(Registrant)

Date: November 4, 2020

By: /s/ James W. Brown
James W. Brown,
Executive Vice President and Chief Financial Officer

News Release

FOR IMMEDIATE RELEASE



KRONOS WORLDWIDE REPORTS THIRD QUARTER 2020 RESULTS

DALLAS, TEXAS...November 4, 2020... Kronos Worldwide, Inc. (NYSE:KRO) today reported net income of \$8.1 million, or \$.07 per share, in the third quarter of 2020 compared to net income of \$17.9 million, or \$.16 per share, in the third quarter of 2019. For the first nine months of 2020, Kronos Worldwide reported net income of \$53.7 million, or \$.46 per share, compared to net income of \$77.7 million, or \$.67 per share in the first nine months of 2019. We reported lower net income in the third quarter of 2020 as compared to the third quarter of 2019 primarily due to lower income from operations resulting from the effects of lower sales volumes and lower average TiO₂ selling prices, partially offset by lower production costs. We reported lower net income in the first nine months of 2020 compared to the same period in 2019 primarily due to lower income from operations resulting from the effects of lower sales volumes, lower average TiO₂ selling prices and higher raw materials and other production costs, as discussed below. Our results of operations for the first nine months of 2020 were significantly impacted by the COVID-19 pandemic, specifically through sharply reduced demand for certain of our products resulting from the rapid contraction across the global economy occurring in the second quarter, with demand improving throughout the third quarter of 2020, but not to pre-pandemic levels in all regions of the world. Comparability of our results was also impacted by the effects of changes in currency exchange rates, also discussed below.

Net sales of \$416.9 million in the third quarter of 2020 were \$20.5 million, or 5%, lower than in the third quarter of 2019. Net sales of \$1.2 billion in the first nine months of 2020 were \$134.5 million, or 10%, lower than in the first nine months of 2019. Net sales decreased in the 2020 periods primarily due to lower sales volumes and lower average TiO₂ selling prices. TiO₂ sales volumes were 6% lower in the third quarter of 2020 as compared to the third quarter of 2019 primarily due to lower demand in our European and export markets and 11% lower in the first nine months of 2020 as compared to the same prior year period due to lower sales volumes in all major markets resulting from demand contraction related to the COVID-19 pandemic. Our average TiO₂ selling prices were 4% lower in the third quarter and 2% lower in the first nine months of 2020 as compared to the same periods in 2019. Our average TiO₂ selling prices at the end of the third quarter of 2020 were comparable to our average TiO₂ selling prices at the end of the second quarter of 2020 and 3% lower than the beginning of the year. Fluctuations in currency exchange rates (primarily the euro) also affected net sales comparisons, increasing net sales by approximately \$7 million in the third quarter of 2020 and decreasing net sales by approximately \$4 million in the first nine months of 2020 as compared to the same periods in 2019. The table at the end of this press release shows how each of these items impacted net sales.

Our TiO₂ segment profit (see description of non-GAAP information below) in the third quarter of 2020 was \$22.7 million as compared to \$36.8 million in the third quarter of 2019. For the year-to-date period, the Company's segment profit was \$106.9 million as compared to \$141.2 million in the first nine months of 2019. Segment profit decreased in the third quarter of 2020 as compared to the third quarter of 2019 primarily due to lower income from operations resulting from the effects of lower sales volumes and lower average TiO₂ selling prices, partially offset by lower production costs. Segment profit decreased in the first nine months of 2020 compared to the same period in 2019 primarily due to lower income from operations resulting from the effects of lower sales volumes, lower average TiO₂ selling prices and higher raw materials and other production costs. TiO₂ production volumes were 11% lower in the third quarter of 2020 and 5% lower in the year-to-date period of 2020 as compared to the same periods in 2019. We operated our production facilities at overall average capacity utilization rates of 92% in the first nine months of 2020 (95%, 96% and 86% in the first, second and third quarters of 2020, respectively) compared to 97% in 2019 (97% in each of the first, second and third quarters of 2019). Early in the third quarter of 2020, we decreased production levels to align with demand and our market expectations for the near term as a result of the COVID-19 pandemic, and late in the third quarter we began increasing production levels as demand improved. Fluctuations in currency exchange rates also affected segment profit comparisons, which decreased segment profit by approximately \$5 million in the third quarter of 2020 as compared to the same period in 2019 and increased segment profit by approximately \$6 million in the year-to-date 2020 period as compared to the same period of 2019.

Our net income before interest expense, income taxes and depreciation and amortization expense (EBITDA) (see description of non-GAAP information below) in the third quarter of 2020 was \$28.6 million compared to EBITDA of \$40.6 million in the third quarter of 2019. For the first nine months of 2020, the Company's EBITDA was \$126.4 million compared to \$156.6 million in the first nine months of 2019.

Our results of operations for the first nine months of 2020 were significantly impacted by the COVID-19 pandemic, primarily in the second and third quarters. 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 our products, including the timing and extent to which our customers' operations continue to be impacted, our customers' perception as to when consumer demand for their products will return to pre-pandemic levels and on any future disruptions in our operations or our 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. The factors that could cause actual future results to differ materially include, but are not limited to, the following:

- 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 business
- Customer and producer inventory levels
- Unexpected or earlier-than-expected industry capacity expansion
- Changes in raw material and other operating costs (such as energy and ore costs)
- Changes in the availability of raw materials (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 our TiO₂ 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
- Customer and competitor strategies
- Potential consolidation of our competitors
- Potential consolidation of our customers
- The impact of pricing and production decisions
- Competitive technology positions
- Potential difficulties in upgrading or implementing accounting and manufacturing software systems
- The introduction of trade barriers or trade disputes
- 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)
- Our ability to renew or refinance credit facilities
- Our ability to maintain sufficient liquidity
- 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, 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)
- Government laws and regulations and possible changes therein including new environmental health and safety regulations such as those seeking to limit or classify TiO₂ or its use
- 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 forecasted or expected. The Company disclaims any intention or obligation to update or revise any forward-looking statement whether as a result of changes in information, future events or otherwise.

In an effort to provide investors with additional information regarding the Company's results of operations as determined by accounting principles generally accepted in the United States of America (GAAP), the Company has disclosed certain non-GAAP information which the Company believes provides useful information to investors:

- The Company discloses segment profit, which is used by the Company's management to assess the performance of the Company's TiO₂ operations. The Company believes disclosure of segment profit provides useful information to investors because it allows investors to analyze the performance of the Company's TiO₂ operations in the same way that the Company's management assesses performance. The Company defines segment profit as income before income taxes, interest expense and certain general corporate items. Corporate items excluded from the determination of segment profit include corporate expense and interest income not attributable to the Company's TiO₂ operations; and
- The Company discloses EBITDA, which is also used by the Company's management to assess the performance of the Company's TiO₂ operations. The Company believes disclosure of EBITDA provides useful information to investors because it allows investors to analyze the performance of the Company's TiO₂ operations in the same way that the Company's management assesses performance. The Company defines EBITDA as net income before interest expense, income taxes and depreciation and amortization expense.

Kronos Worldwide, Inc. is a major international producer of titanium dioxide products.

KRONOS WORLDWIDE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per share and metric ton data)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2020	2019	2020
Net sales	\$ 437.4	\$ 416.9	\$ 1,358.4	\$ 1,223.9
Cost of sales	349.7	336.3	1,051.9	959.4
Gross margin	87.7	80.6	306.5	264.5
Selling, general and administrative expense	56.9	55.6	172.5	161.8
Other operating income (expense):				
Currency transactions, net	5.8	(2.9)	5.6	3.2
Other income, net	-	.6	.6	.7
Corporate expense	(3.5)	(3.4)	(11.6)	(10.8)
Income from operations	33.1	19.3	128.6	95.8
Other income (expense):				
Trade interest income	.2	-	1.0	.3
Other interest and dividend income	1.2	.1	4.2	1.2
Insurance settlement gain	-	-	-	1.5
Marketable equity securities	(1.9)	.4	(1)	(1.3)
Other components of net periodic pension and OPEB cost	(3.8)	(5.0)	(11.4)	(14.4)
Interest expense	(4.6)	(4.9)	(14.1)	(14.1)
Income before income taxes	24.2	9.9	108.2	69.0
Income tax expense	6.3	1.8	30.5	15.3
Net income	<u>\$ 17.9</u>	<u>\$ 8.1</u>	<u>\$ 77.7</u>	<u>\$ 53.7</u>
Net income per basic and diluted share	<u>\$.16</u>	<u>\$.07</u>	<u>\$.67</u>	<u>\$.46</u>
Weighted average shares used in the calculation of net income per share	115.7	115.5	115.8	115.6
TiO ₂ data - metric tons in thousands:				
Sales volumes	144	136	445	396
Production volumes	136	122	406	387

KRONOS WORLDWIDE, INC.
RECONCILIATION OF INCOME FROM
OPERATIONS TO SEGMENT PROFIT

(In millions)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2020	2019	2020
Income from operations	\$ 33.1	\$ 19.3	\$ 128.6	\$ 95.8
Adjustments:				
Trade interest income	.2	-	1.0	.3
Corporate expense	3.5	3.4	11.6	10.8
Segment profit	<u>\$ 36.8</u>	<u>\$ 22.7</u>	<u>\$ 141.2</u>	<u>\$ 106.9</u>

RECONCILIATION OF NET INCOME TO EBITDA

(In millions)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2020	2019	2020
Net income	\$ 17.9	\$ 8.1	\$ 77.7	\$ 53.7
Adjustments:				
Depreciation expense	11.8	13.8	34.3	43.3
Interest expense	4.6	4.9	14.1	14.1
Income tax expense	6.3	1.8	30.5	15.3
EBITDA	<u>\$ 40.6</u>	<u>\$ 28.6</u>	<u>\$ 156.6</u>	<u>\$ 126.4</u>

IMPACT OF PERCENTAGE CHANGE IN NET SALES

(Unaudited)

	Three months ended September 30, 2020 vs. 2019	Nine months ended September 30, 2020 vs. 2019
	<u> </u>	<u> </u>
Percentage change in net sales:		
TiO ₂ sales volumes	(6)%	(11)%
TiO ₂ product pricing	(4)	(2)
TiO ₂ product mix/other	3	3
Changes in currency exchange rates	<u>2</u>	<u>-</u>
Total	<u>(5)%</u>	<u>(10)%</u>