

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 earliest event reported)

May 4, 2023

VALHI, INC.

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation)

**1-5467**  
(Commission  
File Number)

**87-0110150**  
(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:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common stock	VHI	NYSE

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 “Valhi Reports First Quarter 2023 Results” issued on May 4, 2023, 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 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<b>Item No.</b>	<b>Description</b>
99.1	<a href="#">Press release dated May 4, 2023 entitled “Valhi Reports First Quarter 2023 Results” and issued by the registrant.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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**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.

**VALHI, INC.**  
(Registrant)

By: /s/ Amy A. Samford

*Amy A. Samford*

*Executive Vice President and Chief Financial Officer*

Date: May 4, 2023

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## VALHI REPORTS FIRST QUARTER 2023 RESULTS

DALLAS, TEXAS . . May 4, 2023. Valhi, Inc. (NYSE: VHI) reported a net loss attributable to Valhi stockholders of \$4.9 million, or \$.17 per share, in the first quarter of 2023 compared to net income of \$45.4 million, or \$1.59 per share, in the first quarter of 2022. Net income attributable to Valhi stockholders decreased in the first quarter of 2023 compared to the first quarter of 2022 primarily due to lower operating results from our Chemicals Segment.

The Chemicals Segment's net sales were \$426.3 million in the first quarter of 2023 compared to \$562.9 million in the first quarter of 2022. The Chemicals Segment's net sales comparisons were impacted by the net effects of lower sales volumes in all major markets, partially offset by higher average TiO<sub>2</sub> selling prices. The Chemicals Segment's TiO<sub>2</sub> sales volumes were 29% lower in the first quarter of 2023 as compared to the first quarter of 2022. Average TiO<sub>2</sub> selling prices were 4% higher in the first quarter of 2023 as compared to the first quarter of 2022. Average TiO<sub>2</sub> selling prices at the end of the first quarter of 2023 were 4% lower than at the end of 2022. Fluctuations in currency exchange rates (primarily the euro) also affected net sales comparisons, decreasing our Chemicals Segment's net sales by approximately \$11 million in the first quarter of 2023 as compared to the first quarter of 2022. The table at the end of this press release shows how each of these items impacted our Chemical Segment's net sales.

The Chemicals Segment's operating loss in the first quarter of 2023 was \$15.1 million as compared to operating income of \$86.4 million in the first quarter of 2022. The Chemicals Segment's operating income decreased in the first quarter of 2023 compared to the same period in 2022 primarily due to lower sales volumes and higher production costs (including raw material and energy costs), somewhat offset by higher average TiO<sub>2</sub> selling prices. In addition, the Chemicals Segment's cost of sales in the first quarter of 2023 includes \$22 million of unabsorbed fixed production and other manufacturing costs associated with production curtailments at certain of its facilities during the first quarter as the Chemicals Segment adjusted its TiO<sub>2</sub> production volumes to align inventory levels with lower demand. TiO<sub>2</sub> production volumes were 24% lower in the first quarter of 2023 compared to the first quarter of 2022. As a result of reduced demand and scheduled maintenance activities, the Chemicals Segment operated its production facilities at 76% of practical capacity utilization in the first quarter of 2023 compared to full practical capacity in the first quarter of 2022. Fluctuations in currency exchange rates (primarily the euro) decreased the Chemicals Segment's operating loss by approximately \$19 million in the first quarter of 2023 as compared to the first quarter of 2022.

The Chemicals Segment's operating loss in 2023 includes an insurance settlement gain of \$1.7 million related to a 2020 business interruption insurance claim.

The Component Products Segment's net sales were \$41.2 million in the first quarter of 2023 compared to \$42.1 million in the first quarter of 2022. The Component Products Segment's net sales decreased in the first quarter of 2023 compared to the same period in 2022 primarily due to lower security products sales to the government security and healthcare industry markets, partially offset by higher marine components sales predominantly to the industrial market. Operating income attributable to the Component Products Segment was \$7.0 million in the first quarter of 2023 compared to \$6.3 million in the first quarter of 2022. The Component Products Segment's operating income increased during the first quarter of 2023 due to higher gross margins largely from marine components which more than offset lower security products sales.

The Real Estate Management and Development Segment had sales of \$25.2 million in the first quarter of 2023, including \$24.9 million in revenue on sales of land held for development, compared to sales of \$24.0 million in the first quarter of 2022, including \$22.2 million in revenue on sales of land held for development. Land sales revenue is generally recognized over time based on cost inputs, and land sales revenues are dependent on spending for development activities. Land sales revenues are also impacted by the relative timing of when new land parcel sales are closed. Sales comparisons between the first quarters of 2023 and 2022 are affected by Basic Water Company and its subsidiaries which was deconsolidated following the date it voluntarily filed for Chapter 11 bankruptcy protection in the United States Bankruptcy Court for the District of Nevada on September 10, 2022.

Corporate expenses and interest expense in the first quarter of 2023 were comparable to the first quarter of 2022. Interest income and other increased to \$4.9 million in the first quarter of 2023 compared to \$0.9 million in the first quarter of 2022 primarily due to higher average interest rates and increased investment balances.

The statements in this press 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 the expectations reflected in such forward-looking statements are reasonable, we cannot give any assurances that these expectations will 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 predicted. While it is not possible to identify all factors, we continue to face many risks and uncertainties. Among the factors that could cause our 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 certain of our businesses (such as Kronos' TiO<sub>2</sub> operations);
- Customer and producer inventory levels;
- Unexpected or earlier-than-expected industry capacity expansion (such as the TiO<sub>2</sub> industry);
- Changes in raw material and other operating costs (such as ore, zinc, brass, aluminum, steel and energy 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 and energy costs, reduce demand or perceived demand for TiO<sub>2</sub>, component products and land held for development 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);
- Operating interruptions (including, but not limited to, labor disputes, leaks, natural disasters, fires, explosions, unscheduled or unplanned downtime, transportation interruptions, cyber-attacks, certain regional and world events or economic conditions and public health crises such as COVID-19);
- Competitive products and substitute products;
- Customer and competitor strategies;
- Potential difficulties in integrating future acquisitions;
- Potential difficulties in upgrading or implementing accounting and manufacturing software systems;
- Potential consolidation of our competitors;
- Potential consolidation of our customers;
- The impact of pricing and production decisions;
- Competitive technology positions;
- Our ability to protect or defend intellectual property rights;
- The introduction of trade barriers or trade disputes;
- The ability of our subsidiaries to pay us dividends;
- Uncertainties associated with new product development and the development of new product features;
- 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 and between the euro and the Norwegian krone) or possible disruptions to our business resulting from uncertainties associated with the euro or other currencies;
- Decisions to sell operating assets other than in the ordinary course of business;
- The timing and amounts of insurance recoveries;

- Our ability to renew, amend, refinance or establish credit facilities;
- Increases in interest rates;
- 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, or new developments regarding environmental remediation or decommissioning obligations 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 NL, with respect to asserted health concerns associated with the use of such products) including new environmental health and safety or other regulations (such as those seeking to limit or classify TiO<sub>2</sub> or its use);
- The ultimate resolution of pending litigation (such as NL's lead pigment and environmental matters);
- Our ability to comply with covenants contained in our revolving bank credit facilities;
- Our ability to complete and comply with the conditions of our licenses and permits;
- Changes in real estate values and construction costs in Henderson, Nevada; and
- Possible future litigation.

Should one or more of these risks materialize (or the consequences of such 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.

Valhi, Inc. is engaged in the chemicals (TiO<sub>2</sub>), component products (security products and recreational marine components) and real estate management and development industries.

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#### **Investor Relations Contact**

Bryan A. Hanley  
Senior Vice President and Treasurer  
Tel. 972-233-1700

**VALHI, INC. AND SUBSIDIARIES**  
**CONDENSED SUMMARY OF OPERATIONS**  
(In millions, except earnings per share)

	Three months ended	
	March 31,	
	2022	2023
	(unaudited)	
<b>Net sales</b>		
Chemicals	\$ 562.9	\$ 426.3
Component products	42.1	41.2
Real estate management and development	24.0	25.2
<i>Total net sales</i>	<u>\$ 629.0</u>	<u>\$ 492.7</u>
<b>Operating income (loss)</b>		
Chemicals	\$ 86.4	\$ (15.1)
Component products	6.3	7.0
Real estate management and development	8.0	10.6
<i>Total operating income</i>	100.7	2.5
General corporate items:		
Interest income and other	.9	4.9
Other components of net periodic pension and OPEB expense	(3.3)	(1.2)
Changes in market value of Valhi common stock held by subsidiaries	.1	(1.1)
General expenses, net	(8.2)	(7.9)
Interest expense	(6.9)	(7.0)
<i>Income (loss) before income taxes</i>	83.3	(9.8)
Income tax expense (benefit)	19.9	(6.1)
<i>Net income (loss)</i>	63.4	(3.7)
Noncontrolling interest in net income of subsidiaries	18.0	1.2
<i>Net income (loss) attributable to Valhi stockholders</i>	<u>\$ 45.4</u>	<u>\$ (4.9)</u>
Amounts attributable to Valhi stockholders:		
Basic and diluted net income (loss) per share	\$ 1.59	\$ (.17)
Basic and diluted weighted average shares outstanding	28.5	28.5

**VALHI, INC. AND SUBSIDIARIES**  
**IMPACT OF PERCENTAGE CHANGE IN CHEMICAL SEGMENT'S NET SALES**  
**(unaudited)**

	<b>Three months ended March 31, 2023 vs. 2022</b>
Percentage change in TiO <sub>2</sub> net sales:	
TiO <sub>2</sub> product pricing	4 %
TiO <sub>2</sub> sales volumes	(29)
TiO <sub>2</sub> product mix/other	3
Changes in currency exchange rates	(2)
Total	<u>(24)%</u>