SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended June 30, 2018

Commission file number 1-13905

COMPX INTERNATIONAL INC.
(Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of Incorporation or organization)	**57-0981653** (IRS Employer Identification No.)
5430 LBJ Freeway, Suite 1700, Three Lincoln Centre, Dallas, Texas (Address of principal executive offices)	**75240-2620** (Zip Code)

Registrant’s telephone number, including area code **(972) 448-1400**

Indicate by checkmark:

Whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such a shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ (Do not check if a smaller reporting company)

Smaller reporting company ☐ 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. ☐

Whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒.

Number of shares of Class A common stock outstanding on August 1, 2018: 12,435,557

COMPX INTERNATIONAL INC.

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Items 2, 3, 4 and 5 of Part II are omitted because there is no information to report.

COMPX INTERNATIONAL INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	December 31, 2017	June 30, 2018 (unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 29,655	**$ 33,732**
Accounts receivable, net	10,446	**13,761**
Inventories, net	15,382	**16,579**
Prepaid expenses and other	879	**795**
Total current assets	56,362	**64,867**
Other assets:		
Note receivable from affiliate	38,200	**37,600**
Goodwill	23,742	**23,742**
Other noncurrent	590	**590**
Total other assets	62,532	**61,932**
Property and equipment:		
Land	4,935	**4,931**
Buildings	22,774	**22,903**
Equipment	67,373	**68,005**
Construction in progress	569	**1,013**
	95,651	**96,852**
Less accumulated depreciation	63,586	**65,122**
Net property and equipment	32,065	**31,730**
Total assets	$ 150,959	**$ 158,529**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 10,792	**$ 9,934**
Income taxes payable to affiliates	470	**1,137**
Total current liabilities	11,262	**11,071**
Noncurrent liabilities -		
Deferred income taxes	3,112	**3,254**
Stockholders' equity:		
Preferred stock	—	**—**
Class A common stock	24	**24**
Class B common stock	100	**100**
Additional paid-in capital	55,612	**55,751**
Retained earnings	80,849	**88,329**
Total stockholders' equity	136,585	**144,204**
Total liabilities and stockholders’ equity	$ 150,959	**$ 158,529**

Commitments and contingencies (Note 1)

See accompanying Notes to Condensed Consolidated Financial Statements.

COMPX INTERNATIONAL INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

	Three months ended June 30,		Six months ended June 30,	
	2017	2018	2017	2018
	(unaudited)		(unaudited)	
Net sales	$ 30,002	**$ 32,385**	$ 59,950	**$ 60,798**
Cost of goods sold	20,494	**21,150**	40,756	**40,061**
Gross profit	9,508	**11,235**	19,194	**20,737**
Selling, general and administrative expense	4,907	**5,251**	10,068	**10,380**
Operating income	4,601	**5,984**	9,126	**10,357**
Interest income	482	**640**	817	**1,212**
Income before taxes	5,083	**6,624**	9,943	**11,569**
Provision for income taxes	1,780	**1,627**	3,489	**2,846**
Net income	$ 3,303	**$ 4,997**	$ 6,454	**$ 8,723**
Basic and diluted net income per common share	$ 0.27	**$ 0.40**	$ 0.52	**$ 0.70**
Cash dividends per share	$ 0.05	**$ 0.05**	$ 0.10	**$ 0.10**
Basic and diluted weighted average shares outstanding	12,422	**12,430**	12,421	**12,428**

See accompanying Notes to Condensed Consolidated Financial Statements.

COMPX INTERNATIONAL INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Six months ended June 30, 2017	Six months ended June 30, 2018
	(unaudited)	
Cash flows from operating activities:		
Net income	$ 6,454	**$ 8,723**
Depreciation and amortization	1,828	**1,733**
Deferred income taxes	71	**142**
Other, net	189	**259**
Change in assets and liabilities:		
Accounts receivable, net	(1,823)	**(3,324)**
Inventories, net	(417)	**(1,300)**
Accounts payable and accrued liabilities	(1,676)	**(898)**
Accounts with affiliates	(327)	**667**
Prepaids and other, net	32	**84**
Net cash provided by operating activities	4,331	**6,086**
Cash flows from investing activities:		
Capital expenditures	(1,599)	**(1,366)**
Note receivable from affiliate:		
Collections	27,200	**25,900**
Advances	(39,300)	**(25,300)**
Net cash used in investing activities	(13,699)	**(766)**
Cash flows from financing activities -		
Dividends paid	(1,242)	**(1,243)**
Cash and cash equivalents - net change from:		
Operating, investing and financing activities	(10,610)	**4,077**
Balance at beginning of period	33,153	**29,655**
Balance at end of period	$ 22,543	**$ 33,732**
Supplemental disclosures -		
Cash paid for income taxes	$ 3,747	**$ 2,036**

See accompanying Notes to Condensed Consolidated Financial Statements.

COMPX INTERNATIONAL INC.

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

Six months ended June 30, 2018

(In thousands)

(unaudited)

	Common stock		Additional paid-in capital	Retained earnings	Total stockholders' equity
	Class A	Class B			
Balance at December 31, 2017	$ 24	$ 100	$ 55,612	$ 80,849	$ 136,585
Net income	—	—	—	8,723	8,723
Issuance of common stock	—	—	139	—	139
Cash dividends	—	—	—	(1,243)	(1,243)
Balance at June 30, 2018	**$ 24**	**$ 100**	**$ 55,751**	**$ 88,329**	**$ 144,204**

See accompanying Notes to Condensed Consolidated Financial Statements.

Note 1 – Organization and basis of presentation:

Organization. We (NYSE American: CIX) are 87% owned by NL Industries, Inc. (NYSE: NL) at June 30, 2018. We manufacture and sell component products (security products and recreational marine components). At June 30, 2018, Valhi, Inc. (NYSE: VHI) owns 83% of NL's outstanding common stock and a wholly-owned subsidiary of Contran Corporation owns 92% of Valhi's outstanding common stock. All of Contran's outstanding voting stock is held by a family trust established for the benefit of Lisa K. Simmons and Serena Simmons Connelly and their children, for which Ms. Simmons and Ms. Connelly are co-trustees, or is held directly by Ms. Simmons and Ms. Connelly or entities related to them. Consequently, Ms. Simmons and Ms. Connelly may be deemed to control Contran, Valhi, NL and us.

At our 2018 annual meeting of stockholders held May 23, 2018, our stockholders approved our second amended and restated certificate of incorporation, which among other things added a right for each holder of shares of our Class B common stock, at its option, to convert any or all of those shares into the same number of shares of our Class A common stock. The shares of our Class A and Class B common stock are identical in all respects, except for certain voting rights and certain conversion rights in respect of the shares of Class B common stock. Holders of our shares of Class B common stock are entitled to ten votes per share for election of our directors, and one vote per share on all other matters presented to our stockholders for their approval. Holders of our shares of Class A common stock are entitled to one vote per share on all matters presented to our stockholders for their approval. Our second amended and restated certificate of incorporation became effective on July 17, 2018 when we filed such certificate with the Delaware Secretary of State. Immediately after such effectiveness, NL, which owned all of the 10,000,000 issued and outstanding shares of our Class B common stock, converted such Class B shares into 10,000,000 shares of our Class A common stock. This conversion eliminated the dual-class voting structure with respect to election of our directors, providing for equal voting rights with respect to the election of directors for all shares of common stock and providing for uniform and equivalent corporate governance rights to all holders of our common stock. The rights of holders of Class A common stock were not otherwise affected, and the conversion does not affect the calculation of our earnings per share and has no impact on our consolidated financial position, results of operations or liquidity. Following such conversion, our authorized capital stock consists of 20,000,000 shares of Class A common stock (of which 12,435,557 shares are issued and outstanding), 10,000,000 shares of Class B common stock (none of which are issued and outstanding) and 1,000 shares of preferred stock (none of which are issued and outstanding). The second amended and restated certificate of incorporation does not permit the reissuance or resale of any of the shares of Class B common stock which were converted, and we expect our board of directors will take action in the near term to eliminate the 10,000,000 shares of Class B common stock currently authorized by the second amended and restated certificate of incorporation.

Basis of presentation. Consolidated in this Quarterly Report are the results of CompX International Inc. and its subsidiaries. The unaudited Condensed Consolidated Financial Statements contained in this Quarterly Report have been prepared on the same basis as the audited Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2017 that we filed with the Securities and Exchange Commission ("SEC") on February 28, 2018 (the "2017 Annual Report"). In our opinion, we have made all necessary adjustments (which include only normal recurring adjustments) in order to state fairly, in all material respects, our consolidated financial position, results of operations and cash flows as of the dates and for the periods presented. We have condensed the Consolidated Balance Sheet at December 31, 2017 contained in this Quarterly Report as compared to our audited Consolidated Financial Statements at that date, and we have omitted certain information and footnote disclosures (including those related to the Consolidated Balance Sheet at December 31, 2017) normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Our results of operations for the interim periods ended June 30, 2018 may not be indicative of our operating results for the full year. The Condensed Consolidated Financial Statements contained in this Quarterly Report should be read in conjunction with our 2017 Consolidated Financial Statements contained in our 2017 Annual Report.

Our operations are reported on a 52 or 53-week year. For presentation purposes, annual and quarterly information in the Condensed Consolidated Financial Statements and accompanying notes are presented as ended June 30, 2017, December 31, 2017 and June 30, 2018. The actual dates of our annual and quarterly periods are July 2, 2017, December 31, 2017 and July 1, 2018, respectively. Unless otherwise indicated, references in this report to "we", "us" or "our" refer to CompX International Inc. and its subsidiaries, taken as a whole.

Note 2 – Business segment information:

	Three months ended June 30,		Six months ended June 30,	
	2017	2018	2017	2018
	(In thousands)		(In thousands)	
Net sales:				
Security Products	$ 26,039	**$ 27,248**	$ 52,049	**$ 51,304**
Marine Components	3,963	**5,137**	7,901	**9,494**
Total net sales	$ 30,002	**$ 32,385**	$ 59,950	**$ 60,798**
Operating income (loss):				
Security Products	$ 5,361	**$ 6,814**	$ 11,053	**$ 12,426**
Marine Components	495	**937**	866	**1,523**
Corporate operating expenses	(1,255)	**(1,767)**	(2,793)	**(3,592)**
Total operating income	4,601	**5,984**	9,126	**10,357**
Interest income	482	**640**	817	**1,212**
Income before taxes	$ 5,083	**$ 6,624**	$ 9,943	**$ 11,569**

Intersegment sales are not material.

Note 3 – Accounts receivable, net:

	December 31, 2017	June 30, 2018
	(In thousands)	
Accounts receivable, net:		
Security Products	$ 9,341	**$ 11,680**
Marine Components	1,175	**2,151**
Allowance for doubtful accounts	(70)	**(70)**
Total accounts receivable, net	$ 10,446	**$ 13,761**

Note 4 – Inventories, net:

	December 31, 2017	June 30, 2018
	(In thousands)	
Raw materials:		
Security Products	$ 2,156	**$ 1,986**
Marine Components	574	**679**
Total raw materials	2,730	**2,665**
Work-in-process:		
Security Products	8,290	**8,642**
Marine Components	1,546	**1,988**
Total work-in-process	9,836	**10,630**
Finished goods:		
Security Products	2,079	**2,286**
Marine Components	737	**998**
Total finished goods	2,816	3,284
Total inventories, net	$ 15,382	**$ 16,579**

Note 5 – Accounts payable and accrued liabilities:

	December 31, 2017	June 30, 2018
	(In thousands)	
Accounts payable:		
Security Products	$ 1,897	**$ 2,268**
Marine Components	375	**$ 715**
Accrued liabilities:		
Employee benefits	7,413	**5,471**
Customer tooling	290	**364**
Taxes other than on income	289	**433**
Other	528	**683**
Total accounts payable and accrued liabilities	$ 10,792	**$ 9,934**

Note 6 – Revenue Recognition

Our sales involve single performance obligations to ship our products pursuant to customer purchase orders. In some cases, the purchase order is supported by an underlying master sales agreement, but our purchase order verification notice generally evidences the contract with our customer by specifying the key terms of product and quantity ordered, price and delivery and payment terms. Effective January 1, 2018 with the adoption of Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*(see Note 10), we record revenue when we satisfy our performance obligations to our customers by transferring control of our products to them, which generally occurs at point of shipment or upon delivery. Such transfer of control is also evidenced by transfer of legal title and other risks and rewards of ownership (giving the customer the ability to direct the use of, and obtain substantially all of the benefits of, the product), and our customers becoming obligated to pay us and such payment being probable of occurring. In certain arrangements we provide shipping and handling activities after the transfer of control to our customer (e.g. when control transfers prior to delivery). In such arrangements shipping and handling are considered fulfillment activities, and accordingly, such costs are accrued when the related revenue is recognized.

Revenue is recorded in an amount that reflects the net consideration we expect to receive in exchange for our products. Prices for our products are based on terms specified in published list prices and purchase orders, which generally do not include financing components, noncash consideration or consideration paid to our customers. As our standard payment terms are less than one year, we have elected the practical expedient under ASC 606 and we have not assessed whether a contract has a significant financing component. We state sales net of price, early payment and distributor discounts as well as volume rebates (collectively, variable consideration). Variable consideration, to the extent present, is not material and is recognized as the amount to which we are most-likely to be entitled, using all information (historical, current and forecasted) that is reasonably available to us, and only to the extent that a significant reversal in the amount of the cumulative revenue recognized is not probable of occurring in a future period. Differences, if any, between estimates of the amount of variable consideration to which we will be entitled and the actual amount of such variable consideration have not been material in the past. We report any tax assessed by a governmental authority that we collect from our customers that is both imposed on and concurrent with our revenue-producing activities (such as sales, use, value added and excise taxes) on a net basis (meaning we do not recognize these taxes either in our revenues or in our costs and expenses).

Frequently, we receive orders for products to be delivered over dates that may extend across reporting periods. We invoice for each delivery upon shipment and recognize revenue for each distinct shipment when all sales recognition criteria for that shipment have been satisfied. As scheduled delivery dates for these orders are within a one year period, under the optional exemption provided by ASC 606, we do not disclose sales allocated to future shipments of partially completed contracts.

ASU 2014-09 requires a disaggregation of our sales into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. We have determined such disaggregation of our sales is the same as the disclosure of our sales by segment. See Note 2.

Note 7 – Provision for income taxes:

	Six months ended June 30,	
	2017	2018
	(In thousands)	
Expected tax expense, at the U.S. federal statutory income tax rate of 35% in 2017 and 21% in 2018	$ 3,480	**$ 2,430**
Domestic production activities deduction	(298)	-
State income taxes	269	**396**
Other, net	38	**20**
Total income tax expense	$ 3,489	**$ 2,846**

As discussed in the 2017 Annual Report, on December 22, 2017, H.R.1, formally known as the "Tax Cuts and Jobs Act" ("2017 Tax Act") was enacted into law. This new tax legislation, among other changes, (i) reduced the U.S. Federal corporate income tax rate from 35% to 21% effective January 1, 2018; (ii) eliminated the domestic production activities deduction beginning in 2018; and (iii) allows for the expensing of certain capital expenditures. Following the enactment of the 2017 Tax Act, the Securities and Exchange Commission issued Staff Accounting Bulletin ("SAB") 118 to provide guidance on the accounting and reporting impacts of the 2017 Tax Act. SAB 118 states that companies should account for changes related to the 2017 Tax Act in the period of enactment if all information is available and the accounting can be completed. In situations where companies do not have enough information to complete the accounting in the period of enactment, a company must either 1) record an estimated provisional amount if the impact of the change can be reasonably estimated; or 2) continue to apply the accounting guidance that was in effect immediately prior to the 2017 Tax Act if the impact of the change cannot be reasonably estimated. If estimated provisional amounts are recorded, SAB 118 provides a measurement period of no longer than one year during which companies should adjust those amounts as additional information becomes available in the reporting period within the measurement period in which such adjustment is determined.

Under GAAP, we are required to revalue our net deferred tax liability associated with our U.S. net taxable temporary differences in the period in which the new tax legislation is enacted based on deferred tax balances as of the enactment date, to reflect the effect of such reduction in the corporate income tax rate. Our temporary differences as of December 31, 2017 were not materially different from our temporary differences as of the enactment date, accordingly revaluation of our net taxable temporary differences was based on our net deferred tax liability as of December 31, 2017. Such revaluation resulted in a non-cash deferred income tax benefit of $1.9 million recognized as of December 31, 2017 in continuing operations, reducing our net deferred income tax liability. The amounts recorded as of December 31, 2017 as a result of the 2017 Tax Act represent estimates based on information currently available. We have not made any additional measurement-period adjustments to the provisional amounts recorded for this item during the first six months of 2018 because we are still waiting on additional guidance that may impact the income tax effects of the new legislation recognized at December 31, 2017. We will complete our accounting for this item within the prescribed measurement period ending December 22, 2018, pursuant to the guidance under SAB 118, and if we determine an adjustment to the provisional amount recognized at December 31, 2017 is required, we will recognize such adjustment in the reporting period within the SAB 118 measurement period in which such adjustment is determined.

Note 8 – Financial instruments:

The following table presents the financial instruments that are not carried at fair value but which require fair value disclosure:

	December 31, 2017		June 30, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	(In thousands)			
Cash and cash equivalents	$ 29,655	$ 29,655	**$ 33,732**	**$ 33,732**
Accounts receivable, net	10,446	10,446	**13,761**	**13,761**
Accounts payable	2,272	2,272	**2,983**	**2,983**

Due to their near-term maturities, the carrying amounts of accounts receivable and accounts payable are considered equivalent to fair value.

Note 9 – Related party transactions:

From time to time, we may have loans and advances outstanding between us and various related parties pursuant to term and demand notes. We generally enter into these loans and advances for cash management purposes. When we loan funds to related parties, we are generally able to earn a higher rate of return on the loan than we would earn if we invested the funds in other instruments, and when we borrow from related parties, we are generally able to pay a lower rate of interest than we would pay if we had incurred third-party indebtedness. While certain of these loans to affiliates may be of a lesser credit quality than cash equivalent instruments otherwise available to us, we believe we have considered the credit risks in the terms of the applicable loans. In this regard, we have an unsecured revolving demand promissory note with Valhi whereby we agreed to loan Valhi up to $40 million. Our loan to Valhi, as amended, bears interest at prime plus 1.00%, payable quarterly, with all principal due on demand, but in any event no earlier than December 31, 2019. Loans made to Valhi at any time under the agreement are at our discretion. At June 30, 2018, the outstanding principal balance receivable from Valhi under the promissory note was $37.6 million. Interest income (including unused commitment fees) on our loan to Valhi was $0.4 million and $0.5 million for the three months ended June 30, 2017 and 2018, respectively, and $0.8 million and $1.0 million for the six months ended June 30, 2017 and 2018, respectively.

Note 10 – Recent accounting pronouncements:

Adopted

On January 1, 2018, we adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* for all contracts which were not completed as of January 1, 2018 using the modified retrospective method. Prior to adoption of this standard, we recorded sales when our products were shipped and title and other risks and rewards of ownership had passed to our customer, which was generally at the time of shipment (although in some instances shipping terms were FOB destination point, for which we did not recognize revenue until the product was received by our customer). Following adoption of this standard, we record sales when we satisfy our performance obligations to our customers by transferring control of our products to them, which we have determined is at the same point in time that we recognized revenue prior to adoption of this new standard. Accordingly, the adoption of Topic 606 as of January 1, 2018 did not have a material impact on our consolidated financial statements, and we believe adoption of this standard will have a minimal effect on our revenues on an ongoing basis. See Note 6.

Pending Adoption

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which is a comprehensive rewriting of the lease accounting guidance which aims to increase comparability and transparency with regard to lease transactions. The primary change will be the recognition of lease assets for the right-of–use of the underlying asset and lease liabilities for the obligation to make payments by lessees on the balance sheet for leases currently classified as operating leases. The ASU also requires increased qualitative disclosure about leases in addition to quantitative disclosures currently required. Companies are currently required to use a modified retrospective approach to adoption with a practical expedient which will allow companies to continue to account for existing leases under the prior guidance unless a lease is modified, other than the requirement to recognize the right-of-use asset and lease liability for all operating leases. The changes indicated above will be effective for us beginning in the first quarter of 2019, with early adoption permitted. We have not yet evaluated the effect this ASU will have on our Consolidated Financial Statements, but given the amount of our future minimum payments under non-cancellable operating leases at December 31, 2017 totaling $0.4 million, we do not expect the adoption of this standard to have a material effect on our Consolidated Balance Sheet.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Business Overview

We are a leading manufacturer of engineered components utilized in a variety of applications and industries. Through our Security Products segment we manufacture mechanical and electronic cabinet locks and other locking mechanisms used in recreational transportation, postal, office and institutional furniture, cabinetry, tool storage and healthcare applications. We also manufacture stainless steel exhaust systems, gauges, throttle controls and trim tabs for the recreational marine and other industries through our Marine Components segment.

General

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Statements in this Quarterly Report that are not historical facts are forward-looking in nature and represent management's beliefs and assumptions based on currently available information. In some cases, you can identify forward-looking statements by the use of words such as "believes," "intends," "may," "should," "could," "anticipates," "expects" or comparable terminology, or by discussions of strategies or trends. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we do not know if these expectations will be correct. Such statements by their nature involve substantial risks and uncertainties that could significantly impact expected results. Actual future results could differ materially from those predicted. The factors that could cause actual future results to differ materially from those described herein are the risks and uncertainties discussed in this Quarterly Report and those described from time to time in our other filings with the SEC and include, but are not limited to, the following:

- Future demand for our products,
- Changes in our raw material and other operating costs (such as 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,
- Price and product competition from low-cost manufacturing sources (such as China),
- The impact of pricing and production decisions,
- Customer and competitor strategies including substitute products,
- Uncertainties associated with the development of new product features,
- Future litigation,
- Potential difficulties in integrating future acquisitions,
- Decisions to sell operating assets other than in the ordinary course of business,
- Environmental matters (such as those requiring emission and discharge standards for existing and new facilities),
- The ultimate outcome of income tax audits, tax settlement initiatives or other tax matters, including future tax reform,
- The impact of current or future government regulations (including employee healthcare benefit related regulations),
- General global economic and political conditions that introduce instability into the U.S. economy (such as changes in the level of gross domestic product in various regions of the world),
- Operating interruptions (including, but not limited to labor disputes, hazardous chemical leaks, natural disasters, fires, explosions, unscheduled or unplanned downtime, transportation interruptions and cyber-attacks); and
- Possible disruption of our business or increases in the cost of doing business resulting from terrorist activities or global conflicts.

Should one or more of these risks materialize or if the consequences worsen, or if 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.

Operations Overview

We reported operating income of $6.0 million in the second quarter of 2018 compared to $4.6 million in the same period of 2017. Operating income for the first six months of 2018 was $10.4 million compared to $9.1 million for the comparable period in

2017. The increase in operating income in 2018 over 2017 primarily resulted from favorable changes in customer and product mix and improved manufacturing efficiencies in Security Products as well as higher sales and continued margin improvement for Marine Components.

We sell a significantly large number of products that have a wide variation in selling price and manufacturing cost, which results in certain practical limitations on our ability to quantify the impact of changes in individual product sales quantities and selling prices on our net sales, cost of goods sold and gross profit. In addition, small variations in period-to-period net sales, cost of goods sold and gross profit can result from changes in the relative mix of our products sold.

Results of Operations

	Three months ended June 30,			
	2017	%	2018	%
	(Dollars in thousands)			
Net sales	$ 30,002	100.0%	**$ 32,385**	**100.0%**
Cost of goods sold	20,494	68.3%	**21,150**	**65.3%**
Gross profit	9,508	31.7%	**11,235**	**34.7%**
Operating costs and expenses	4,907	16.4%	**5,251**	**16.2%**
Operating income	$ 4,601	15.3%	**$ 5,984**	**18.5%**

	Six months ended June 30,			
	2017	%	2018	%
	(Dollars in thousands)			
Net sales	$ 59,950	100.0%	**$ 60,798**	**100.0%**
Cost of goods sold	40,756	68.0%	**40,061**	**65.9%**
Gross profit	19,194	32.0%	**20,737**	**34.1%**
Operating costs and expenses	10,068	16.8%	**10,380**	**17.1%**
Operating income	$ 9,126	15.2%	**$ 10,357**	**17.0%**

Net sales. Net sales increased $2.4 million in the second quarter of 2018 compared to the same period in 2017 due to higher sales of security products across the majority of our markets and continued strong growth in sales of marine components to various marine and industrial markets. Net sales increased $0.8 million in the first six months of 2018 compared to the same period in 2017 due to the higher Marine Components sales volumes, partially offset by lower Security Products sales volumes to existing government security customers. Relative changes in selling prices did not have a material impact on net sales comparisons.

Cost of goods sold and gross profit. Cost of goods sold as a percentage of sales for the second quarter and first six months of 2018 was approximately 3% and 2% less than the same periods in 2017, respectively. As a result, gross profit increased over the same periods. The higher gross profit percentage for both comparative periods is the result of favorable changes in customer and product mix in Security Products and improved manufacturing efficiencies facilitated by increased production volumes and cost reductions in each of our business segments. Gross profit for the second quarter increased over the prior year due to the aforementioned factors as well as higher sales for both business segments. Gross profit for the first six months of 2018 increased over 2017 due primarily to lower fixed costs at Security Products and higher sales and improved manufacturing efficiencies for Marine Components.

Operating costs and expenses. Operating costs and expenses consist primarily of sales and administrative-related personnel costs, sales commissions and advertising expenses, as well as gains and losses on plant, property and equipment. Operating costs and expenses for the second quarter and first six months of 2018 were comparable to the same periods in 2017.

Operating income. As a percentage of net sales, operating income for the second quarter and first six months of 2018 increased compared to the same periods of 2017 and was primarily impacted by the factors impacting cost of goods sold, gross margin and operating costs discussed above.

Provision for income taxes. A tabular reconciliation of our actual tax provision to the U.S. federal statutory income tax rate is included in Note 7 to the Condensed Consolidated Financial Statements. Our operations are wholly within the U.S. and therefore our effective income tax rate is primarily reflective of the U.S. federal statutory rate and applicable state taxes.

Segment Results

The key performance indicator for our segments is operating income.

	Three months ended June 30, 2017	Three months ended June 30, 2018	% Change	Six months ended June 30, 2017	Six months ended June 30, 2018	% Change
	(Dollars in thousands)			(Dollars in thousands)		
Net sales:						
Security Products	$ 26,039	**$ 27,248**	5%	$ 52,049	**$ 51,304**	-1%
Marine Components	3,963	**5,137**	30%	7,901	**9,494**	20%
Total net sales	$ 30,002	**$ 32,385**	8%	$ 59,950	**$ 60,798**	1%
Gross profit:						
Security Products	$ 8,439	**$ 9,667**	15%	$ 17,164	**$ 17,968**	5%
Marine Components	1,069	**1,568**	47%	2,030	**2,769**	36%
Total gross profit	$ 9,508	**$ 11,235**	18%	$ 19,194	**$ 20,737**	8%
Operating income:						
Security Products	$ 5,361	**$ 6,814**	27%	$ 11,053	**$ 12,426**	12%
Marine Components	495	**937**	89%	866	**1,523**	76%
Corporate operating expenses	(1,255)	**(1,767)**	-41%	(2,793)	**(3,592)**	-29%
Total operating income	$ 4,601	**$ 5,984**	30%	$ 9,126	**$ 10,357**	13%
Gross profit margin:						
Security Products	32.4%	**35.5%**		33.0%	**35.0%**	
Marine Components	27.0%	**30.5%**		25.7%	**29.2%**	
Total gross profit margin	31.7%	**34.7%**		32.0%	**34.1%**	
Operating income margin:						
Security Products	20.6%	**25.0%**		21.2%	**24.2%**	
Marine Components	12.5%	**18.2%**		11.0%	**16.0%**	
Total operating income margin	15.3%	**18.5%**		15.2%	**17.0%**	

Security Products. Security Products net sales in the second quarter of 2018 increased 5% compared to the same period in 2017 on improved sales across the majority of our markets, particularly gas station security, government and distribution. Security Products net sales decreased 1% for the first six months of 2018 compared to the same period last year primarily due to approximately $0.9 million lower sales to existing government security customers and $0.4 million lower sales to a customer serving the recreational transportation market. Gross profit margin and operating income as a percentage of sales for the second quarter and first six months of 2018 increased compared to the same periods in the prior year due to favorable changes in customer and product mix as well as improved manufacturing efficiencies resulting from favorable production volumes and lower production costs, including headcount reductions made during the second quarter of 2017 and lower employee medical costs.

Marine Components. Marine Components net sales increased 30% and 20% in the second quarter and first six months of 2018, respectively, as compared to the same periods last year. The increase in sales reflects generally improved demand for products sold to various marine markets, including original equipment manufacturers of recreational towboats and larger center-console boats, as well as increased sales to government and industrial customers. Gross profit margin and operating income as a percentage of net sales increased in the second quarter and first six months of 2018 compared to the same periods last year due to improved fixed cost leverage facilitated by the higher production volumes and improved manufacturing efficiencies resulting from remediation of the personnel turnover experienced in key departments during 2017.

Outlook. Sales for the first half of 2018 reflect continued strong demand for our products, allowing us to eclipse sales achieved for the first half of 2017 despite lower sales to existing government security customers and lower sales to a significant customer serving the recreational transportation market in 2018. Based upon anticipated sales in other Security Products markets and continued growth in Marine Component sales, where we continue to benefit from innovation and diversification in our product offerings to the recreational boat markets, we expect consolidated sales for full year 2018 to meet or exceed 2017 sales. We monitor changes in economic conditions and sales order rates and will respond to fluctuations in customer demand through continuous evaluation of staffing levels and consistent execution of our lean manufacturing and cost improvement initiatives. Additionally, we continue to seek opportunities to gain market share in markets we currently serve, to expand into new markets and to develop new product features in order to mitigate the impact of changes in demand as well as broaden our sales base.

Liquidity and Capital Resources

Consolidated cash flows –

Operating activities. Trends in cash flows from operating activities, excluding changes in assets and liabilities, have generally been similar to the trends in operating earnings. Changes in assets and liabilities result primarily from the timing of production, sales and purchases. Changes in assets and liabilities generally tend to even out over time. However, period-to-period relative changes in assets and liabilities can significantly affect the comparability of cash flows from operating activities.

Net cash provided by operating activities for the first six months of 2018 increased by $1.8 million as compared to the first six months of 2017. The increase is primarily due to the net effects of:

- Higher operating income of $1.3 million in 2018;
- Higher interest income received of $0.4 million in 2018;
- Lower cash paid for taxes of $1.7 million in 2018, due to tax legislation that, among other changes, reduced the U.S. Federal corporate income tax rate from 35% to 21% effective January 1, 2018 (see Note 7); and
- Higher net cash used by relative changes in our inventories, receivables, prepaids, payables and non-tax related accruals of approximately $1.6 million in 2018;

Relative changes in working capital can have a significant effect on cash flows from operating activities. As shown below, the change in our average days sales outstanding from December 31, 2017 to June 30, 2018 varied by segment, primarily as a result of relative changes in the timing of collections. Overall, our June 30, 2018 days sales outstanding were consistent with recent trends and in line with our expectations. For comparative purposes, we have provided December 31, 2016 and June 30, 2017 numbers below.

Days Sales Outstanding:	December 31, 2016	June 30, 2017	December 31, 2017	June 30, 2018
Security Products	36 Days	38 Days	39 Days	39 Days
Marine Components	33 Days	31 Days	31 Days	38 Days
Consolidated CompX	36 Days	37 Days	38 Days	39 Days

As expected, our total average number of days in inventory decreased from December 31, 2017 to June 30, 2018 primarily as a result of the seasonal increase in sales during the second quarter 2018 as compared to the fourth quarter of 2017. The variability in days in inventory among our segments primarily relates to the differences in the complexity of the production processes and therefore the length of time it takes to produce and sell end-products. For comparative purposes, we have provided December 31, 2016 and June 30, 2017 numbers below.

Days in Inventory:	December 31, 2016	June 30, 2017	December 31, 2017	June 30, 2018
Security Products	73 Days	65 Days	76 Days	67 Days
Marine Components	122 Days	89 Days	96 Days	93 Days
Consolidated CompX	79 Days	68 Days	79 Days	71 Days

Investing activities. Our capital expenditures were $1.4 million in the first six months of 2018 compared to $1.6 million in the first six months of 2017. During the first six months of 2018, Valhi repaid a net $0.6 million under the promissory note ($25.3 million of gross borrowings and $25.9 million of gross repayments). During the first six months of 2017, Valhi borrowed a net $12.1 million under the promissory note ($39.3 million of gross borrowings and $27.2 million of gross repayments). See Note 9 to the Condensed Consolidated Financial Statements.

Financing activities. Financing activities consisted only of quarterly cash dividends ($0.05 per share) and were comparable for the noted periods.

Future cash requirements –

Liquidity. Our primary source of liquidity on an on-going basis is our cash flow from operating activities, which is generally used to (i) fund capital expenditures, (ii) repay short-term or long-term indebtedness incurred primarily for capital expenditures, investment activities or reducing our outstanding stock, (iii) provide for the payment of dividends (if declared), and (iv) lend to affiliates. From time-to-time, we will incur indebtedness, primarily to fund capital expenditures or business combinations.

Periodically, we evaluate liquidity requirements, alternative uses of capital, capital needs and available resources in view of, among other things, our capital expenditure requirements, dividend policy and estimated future operating cash flows. As a result of this process, we have in the past and may in the future seek to raise additional capital, refinance or restructure indebtedness, issue additional securities, modify our dividend policy or take a combination of such steps to manage our liquidity and capital resources. In the normal course of business, we may review opportunities for acquisitions, joint ventures or other business combinations in the component products industry. In the event of any such transaction, we may consider using available cash, issuing additional equity securities or increasing our indebtedness or that of our subsidiaries.

We believe that cash generated from operations together with cash on hand, as well as our ability to obtain external financing, will be sufficient to meet our liquidity needs for working capital, capital expenditures, debt service, dividends (if declared) and any amounts we might loan from time to time under the terms of our revolving loan to Valhi discussed in Note 9 to our Condensed Consolidated Financial Statements (which loans would be solely at our discretion) for both the next 12 months and five years. To the extent that our actual operating results or other developments differ from our expectations, our liquidity could be adversely affected.

All of our $33.7 million aggregate cash and cash equivalents at June 30, 2018 were held in the U.S.

Capital Expenditures. Firm purchase commitments for capital projects in process at June 30, 2018 totaled $0.3 million. Our 2018 capital investments are limited to those expenditures required to meet our expected customer demand and those required to properly maintain our facilities and technology infrastructure.

Commitments and Contingencies. There have been no material changes in our contractual obligations since we filed our 2017 Annual Report and we refer you to that report for a complete description of these commitments.

Off-balance sheet financing arrangements –

We do not have any off-balance sheet financing agreements other than the operating leases discussed in our 2017 Annual Report.

Recent accounting pronouncements –

See Note 10 to our Condensed Consolidated Financial Statements.

Critical accounting policies –

There have been no changes in the first six months of 2018 with respect to our critical accounting policies presented in Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2017 Annual Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are exposed to market risk from changes in interest rates and raw material prices. There have been no material changes in these market risks since we filed our 2017 Annual Report, and we refer you to Part I, Item 7A – "Quantitative and Qualitative Disclosure About Market Risk" in our 2017 Annual Report. See also Note 8 to the Condensed Consolidated Financial Statements.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures. We maintain disclosure controls and procedures which, as defined in Exchange Act Rule 13a-15(e), means controls and other procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit to the SEC under the Securities Exchange Act of 1934, as amended (the "Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information we are required to disclose in the reports that we file or submit to the SEC under the Act is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions to be made regarding required disclosure. Our management with the participation of Scott C. James, our President and Chief Executive Officer, and James W. Brown, our Vice President, Chief Financial Officer and Controller, has evaluated the design and operating effectiveness of our disclosure controls and procedures as of June 30, 2018. Based upon their evaluation, these executive officers have concluded that our disclosure controls and procedures are effective as of the date of such evaluation.

Internal Control Over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting which, as defined in Exchange Act Rule 13a-15(f), means a process designed by, or under the supervision of, our principal executive and principal financial officers, or persons performing similar functions, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets,
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors, and
- Provide reasonable assurance regarding prevention or timely detection of an unauthorized acquisition, use or disposition of our assets that could have a material effect on our Condensed Consolidated Financial Statements.

Changes in Internal Control Over Financial Reporting. There have been no changes in our internal control over financial reporting during the quarter ended June 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. OTHER INFORMATION

ITEM 1A. Risk Factors.

Reference is made to the 2017 Annual Report for a discussion of the risk factors related to our businesses. There have been no material changes in such risk factors during the first six months of 2018.

ITEM 6. Exhibits.

Item No.	Exhibit Index
3.1	Second Amended and Restated Certificate of Incorporation of Registrant
31.1	Certification
31.2	Certification
32.1	Certification
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

We have retained a signed original of any of the above exhibits that contains signatures, and we will provide such exhibit to the Commission or its staff upon request. We will also furnish, without charge, a copy of our Code of Business Conduct and Ethics, and Audit Committee Charter, each as adopted by our board of directors on June 3, 2015, upon request. Such requests should be directed to the attention of our Corporate Secretary at our corporate offices located at 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240.

SIGNATURES

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 thereunto duly authorized.

COMPX INTERNATIONAL INC.
(Registrant)

Date: August 6, 2018

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

Exhibit 3.1

**SECOND AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
COMPX INTERNATIONAL INC.**

COMPX INTERNATIONAL INC., a corporation duly organized and existing under the General Corporation Law of the State of Delaware (the "*Corporation*"), does hereby certify as follows:

1. That the name of the Corporation is CompX International Inc. The name under which the Corporation was originally incorporated is National Cabinet Lock, Inc., and the date of filing of the Corporation's original certificate of incorporation was August 4, 1993.

2. That the Corporation's Second Amended and Restated Certificate of Incorporation set forth in **Exhibit A** attached hereto (the "*Second Amended and Restated Certificate of Incorporation*") was duly adopted in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware.

3. That upon the filing and effectiveness of the Second Amended and Restated Certificate of Incorporation, the Corporation's Certificate of Incorporation will be amended and restated in its entirety to read as set forth on **Exhibit A** attached hereto.

IN WITNESS WHEREOF, the undersigned officers of CompX International Inc. do hereby certify under penalty of perjury that the Second Amended and Restated Certificate of Incorporation is the act and deed of the Corporation and that the facts stated herein are true and accordingly, have hereunto set our hands as of this 17th day of July, 2018.

COMPX INTERNATIONAL INC.

By: /s/ Robert D. Graham
Robert D. Graham
Executive Vice President

ATTEST

By: /s/ Jane R. Grimm
Jane R. Grimm, Secretary

Exhibit A

**SECOND AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
COMPX INTERNATIONAL INC.**

(Original Certificate of Incorporation
Filed August 4, 1993 under
the name National Cabinet Lock, Inc.)

ARTICLE ONE

The name of the corporation is CompX International Inc.

ARTICLE TWO

The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street, County of New Castle, Wilmington, Delaware, 19801. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE THREE

The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

ARTICLE FOUR

(A) Authorized Stock. The total number of shares of stock which the Corporation shall have authority to issue is thirty million one thousand (30,001,000) shares, consisting of (i) twenty million (20,000,000) shares of Class A Common Stock, par value $.01 per share (hereinafter referred to as "Class A Common Stock"), and ten million (10,000,000) shares of Class B Common Stock, par value $.01 per share (hereinafter referred to as "Class B Common Stock") (the Class A Common Stock and the Class B Common Stock being hereinafter collectively referred to as the "Common Stock"), and (ii) one thousand (1,000) shares of Preferred Stock, par value $.01 per share (hereinafter referred to as "Preferred Stock").

(B) Common Stock. The following is a statement of the relative powers, preferences and participating, optional or other special rights, and the qualifications, limitations and restrictions of the Class A Common Stock and the Class B Common Stock of the Corporation:

(i) Except as otherwise set forth in this Article Four, the relative powers, preferences and participating, optional or other special rights, and the qualifications, limitations and restrictions of the Class A Common Stock and the Class B Common Stock shall be identical in all respects.

(ii) Subject to the rights of holders of Preferred Stock, and subject to any other provisions of this Certificate of Incorporation, holders of Class A Common Stock and Class B Common Stock shall be entitled to receive such dividends and other distributions in cash, stock or property of the Corporation as may be declared thereon by the Board of Directors from time to time out of assets or funds of the Corporation legally available therefor. If any dividend or other distribution in cash or other property is paid with respect to Class A Common Stock or with respect to Class B Common Stock, a like dividend or other distribution in cash or other property shall also be paid with respect to shares of the other class of Common Stock, in an amount equal per share. Neither the shares of Class A Common Stock nor the shares of Class B Common Stock may be reclassified, subdivided or combined unless such reclassification, subdivision or combination occurs simultaneously and in the same proportion for each class.

(iii) (a)At each meeting of the stockholders of the Corporation, each holder of Common Stock shall be entitled to one vote in person or by proxy for each share of Class A Common Stock or Class B Common Stock standing in his or her name on the transfer books of the Corporation, except in connection with the election of directors, in which case each holder of Class A Common Stock shall be entitled to one vote in person or by proxy for each share of Class A Common Stock standing in his or her name on the transfer books of the Corporation and each holder of Class B Common Stock shall be entitled to ten votes in person or by proxy for each share of Class B Common Stock standing in his or her name on the transfer books of the Corporation. Except as may be otherwise required by law or by this Article Four, the holders of Class A Common Stock and Class B Common Stock shall vote together as a single class, subject to any voting rights which may be granted to holders of Preferred Stock, on all matters submitted to a vote of stockholders of the Corporation.

(b) Except as otherwise provided by law, and subject to any rights of the holders of Preferred Stock, the provisions of this Certificate of Incorporation shall not be modified, revised, altered or amended, repealed or rescinded in whole or in part, without the approval of a majority of the votes entitled to be cast by the holders of the Class A Common Stock and the Class B Common Stock, voting together as a single class; provided, however, that with respect to any proposed amendment of this Certificate of Incorporation which would alter or change the powers, preferences or special rights of the shares of Class A Common Stock or Class B Common Stock so as to affect them adversely, the approval of a majority of the votes entitled to be cast by the holders of the shares affected by the proposed amendment, voting separately as a class, shall be obtained in addition to the approval of a majority of the votes entitled to be cast by the holders of the Class A Common Stock and the Class B Common Stock voting together as a single class as hereinbefore provided. Any increase in the authorized number of shares of any class or classes of stock of the Corporation or creation, authorization or issuance of any securities convertible into, or warrants, options or similar rights to purchase, acquire or receive, shares of any such class or classes of stock shall be deemed not to affect adversely the powers, preferences or special rights of the shares of Class A Common Stock or Class B Common Stock.

(c) Each reference in this Certificate of Incorporation to a majority or other proportion of shares of Common Stock, Class A Common Stock or Class B Common Stock shall refer to such majority or other proportion of the votes to which such shares of

Common Stock, Class A Common Stock or Class B Common Stock, as applicable, are entitled.

(iv) In the event of any dissolution, liquidation or winding up of the affairs of the Corporation, whether voluntary or involuntary, after payment in full of the amounts required to be paid to the holders of Preferred Stock, the remaining assets and funds of the Corporation shall be distributed pro rata to the holders of Class A Common Stock and Class B Common Stock (and, for the avoidance of doubt, such distribution shall be irrespective of the difference in voting rights between such classes of stock). For purposes of this paragraph (B)(iv), the voluntary sale, conveyance, lease, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the assets of the Corporation or a consolidation or merger of the Corporation with one or more other corporations or other Persons (whether or not the Corporation is the corporation surviving such consolidation or merger) shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary. For purposes hereof "Person" shall mean any individual, firm, corporation or other entity.

(v) (a)Prior to a "Tax-Free Spin-Off" (as defined below), shares of Class B Common Stock may be transferred to (i) a member of the Contran Corporation Control Group (as defined in this paragraph (B)(v)(a) below) as Class B Common Stock or (ii) a Person (as defined in paragraph (B)(iv) above) outside the Contran Corporation Control Group in a transaction that is not a "Tax-Free Spin-Off" whereupon such shares of Class B Common Stock shall automatically be converted into shares of Class A Common Stock. A transfer of Class B Common Stock which results in such a conversion shall be effected by the presentation at the Office of the Secretary of the Corporation (or at such additional place or places as may from time to time be designated by the Secretary of the Corporation) of the certificate(s) for such shares, in proper form for transfer and accompanied by all requisite stock transfer tax stamps and of a written notice executed by the transferring member of the Contran Corporation Control Group which states that the shares evidenced by the certificate(s) presented should be converted into the same number of shares of Class A Common Stock and requesting that the Corporation issue all of such shares of Class A Common Stock to Person(s) named therein, setting forth the number of shares of Class A Common Stock to be issued to each such Person(s) and the denominations in which the certificates therefor are to be issued. To the extent permitted by law, such conversion shall be deemed to have been effected at the close of business on the date of such surrender. Following a Tax-Free Spin-Off, shares of Class B Common Stock shall no longer be convertible into shares of Class A Common Stock except as set forth in paragraph (B)(v)(b) below. For purposes hereof, a member of the Contran Corporation Control Group shall be Contran Corporation, a Delaware corporation, and any entity included in the affiliated group as defined in §1504 of the Internal Revenue Code, as amended from time to time (the "Code"), of which Contran Corporation or its successor is the common parent (such group being hereinafter referred to as "CCCG"). Any shares of Class B Common Stock transferred to any Person other than a member of the CCCG (other than in a Tax-Free Spin-Off) shall automatically convert into shares of Class A Common Stock. For purposes hereof, a "Tax-Free Spin-Off shall be any transfer effected in connection with a distribution of Class B Common Stock as a spin-off, split-up or split-off to stockholders of a member of the CCCG intended to be on a tax-free basis under the Code. For purposes of this paragraph (B)(v), a Tax-Free Spin-Off shall be deemed to have occurred at the time shares are first transferred to stockholders of a member of the CCCG who are not members of the CCCG, following receipt of an affidavit described in clause (2) of the first sentence of paragraph (B)(v)(d) below.

(b) In the event of a Tax-Free Spin-Off, shares of Class B Common Stock shall automatically convert into shares of Class A Common Stock on the fifth anniversary of the date on which shares of Class B Common Stock are first transferred to stockholders of a member of the CCCG in a Tax-Free Spin-Off unless, prior to such Tax-Free Spin-Off, the distributing member of the CCCG or its successor, as the case may be, delivers to the Corporation an opinion of counsel, reasonably satisfactory to the Corporation, to the effect that such conversion could adversely affect the ability of the distributing member of the CCCG, or its successor, as the case may be, to obtain a favorable ruling from the Internal Revenue Service (the "IRS") that the distribution would be a Tax-Free Spin-Off under the Code. If such an opinion is received, approval of such conversion shall be submitted to a vote of the holders of the Common Stock as soon as practicable after the fifth anniversary of the Tax-Free Spin-Off unless the distributing member of the CCCG or its successor, as the case may be, delivers to the Corporation an opinion of counsel, reasonably satisfactory to the Corporation, prior to such anniversary to the effect that such vote could adversely affect the status of the Tax-Free Spin-Off (including without limitation the ability to obtain a favorable ruling from the IRS); if such opinion is so delivered, such vote shall not be held. At the meeting of stockholders called for such purpose, each holder of Common Stock shall be entitled to one vote in person or by proxy for each share of Common Stock standing in his or her name on the transfer books of the Corporation. Approval of such conversion shall require the approval of a majority of the votes, on the per share voting basis provided in the preceding sentence, entitled to be cast by the holders of the Class A Common Stock and the Class B Common Stock present and voting, voting together as a single class, and the holders of the Class B Common Stock shall not be entitled to a separate class vote. Such conversion shall be effective on the date on which such approval is given at a meeting of stockholders called for such purpose.

The Corporation will provide notice of any automatic conversion of all outstanding shares of Class B Common Stock to all holders of record of the Common Stock as soon as practicable following such conversion; provided, however, that the Corporation may satisfy such notice requirement by providing such notice prior to such conversion. Such notice shall be provided by mailing notice of such conversion first class postage prepaid, to each holder of record of the Common Stock at such holder's address as it appears on the transfer books of the Corporation; provided, further, that no failure to give such notice nor any defect therein shall affect the validity of the automatic conversion of any shares of Class B Common Stock. Each such notice shall state, as appropriate, the following:

(1) the automatic conversion date;
(2) that all outstanding shares of Class B Common Stock are automatically converted;
(3) the place or places where certificates for such shares are to be surrendered for conversion; and
(4) that no dividends of Class B Common Stock will be declared after such conversion date.

(c) Immediately upon any conversion of the Class B Common Stock into Class A Common Stock made pursuant to this Article Four, the rights of the holders of such shares of Class B Common Stock as such shall cease and such holders shall be treated for all purposes as having become the record owners of the shares of Class A Common Stock issuable upon such conversion; provided, however, that such Persons shall be entitled to receive when paid dividends, if any, declared on the Class B Common Stock as of a record date preceding the time of such conversion and unpaid as of the time of such conversion, subject to paragraph (B)(v)(g) below.

(d) Prior to a Tax-Free Spin-Off, shares of Class B Common Stock may be freely transferred. Such shares of Class B Common Stock shall be transferred on the books of the Corporation and a new certificate therefor issued, upon presentation at the office of the Secretary of the Corporation (or at such additional place or places as may from time to time be designated by the Secretary of the Corporation) of the certificate for such shares, in proper form for transfer and accompanied by all requisite stock transfer tax stamps, only if such certificate when so presented shall also be accompanied by any one of the following:

(1) an affidavit from the transferring member of the CCCG stating that such certificate is being presented to effect a transfer by the transferring member of the CCCG of such shares to another member of the CCCG; or

(2) an affidavit from the transferring member of the CCCG stating that such certificate is being presented to effect a transfer by the transferring member of the CCCG of such shares to the stockholders of a member of the CCCG in connection with a Tax-Free Spin-Off.

Each affidavit of a record holder furnished pursuant to this paragraph (B)(v)(d) shall be verified as of a date not earlier than five days prior to the date of delivery thereof, and, where such record holder is a corporation or partnership, shall be verified by an officer of the corporation or by a general partner of the partnership, as the case may be.

The delivery by a record holder of shares of Class B Common Stock of a certificate for such shares, endorsed by him or her for transfer or accompanied by an instrument of transfer signed by him or her, to a Person who receives such shares in connection with and as security for a bona fide obligation, then such Person or any successive transferee of such certificate may treat such endorsement or instrument as authorizing him or her on behalf of such record holder to convert such shares for the purpose of the transfer to himself or herself of the shares of Class A Common Stock issuable upon such conversion, and to give on behalf of such record holder the written notice of conversion, and may convert such shares of Class B Common Stock accordingly.

If a record holder of shares of Class B Common Stock shall deliver a certificate for such shares, endorsed by him or her for transfer or accompanied by an instrument of transfer signed by him or her, to a Person who receives such shares in connection with a transfer which does not meet the qualifications set forth in this paragraph (B)(v)(d), then such Person or any successive transferee of such certificate may treat such endorsement or instrument as authorizing him or her on behalf of such record holder to convert such shares in the manner above provided for the purpose of the transfer to himself or herself of the shares of Class A Common Stock issuable upon such conversion, and to give on behalf of such record holder the written notice of conversion above required, and may convert such shares of Class B Common Stock accordingly.

If such shares of Class B Common Stock shall improperly have been registered in the name of such a Person (or in the name of any successive transferee of such certificate) and a new certificate therefor issued, such Person or transferee shall surrender such new certificate for cancellation, accompanied by the written notice of conversion above required, in which case (1) such Person or transferee shall be deemed to have elected to treat the endorsement on (or instrument of transfer accompanying) the certificate so delivered by such former record holder as authorizing such Person or transferee on behalf of such former record holder so to convert such shares and so to give such notice, (2) the shares of Class B Common Stock registered in the name of such former record holder shall be deemed to have been surrendered for conversion for the purpose of the transfer to such Person or transferee of the shares of Class A Common Stock issuable upon conversion, and (3) the appropriate entries shall be made on the books of the Corporation to reflect such action. In the event that the Board of Directors of the Corporation (or any committee of the Board of Directors, or any officer of the Corporation, designated for the purpose by the Board of Directors) shall determine, upon the basis of facts not disclosed in any affidavit or other document accompanying the certificate for shares of Class B Common Stock when presented for transfer, that such shares of Class B Common Stock have been registered in violation of the provisions of this paragraph (B)(v), or shall determine that a Person is enjoying for his or her own benefit the special rights and powers of shares of Class B Common Stock in violation of such provisions, then the Corporation shall take such action at law or in equity as is appropriate under the circumstances. Without limiting the generality of the preceding sentence, an unforeclosed pledge made to secure a bona fide obligation shall not be deemed to violate such provisions.

(e) Prior to the occurrence of a Tax-Free Spin-Off, each certificate for shares of Class B Common Stock shall bear a legend on the face thereof reading as follows:

> "The transfer of shares of Class B Common Stock represented by this certificate prior to a Tax-Free Spin-Off will result in the automatic conversion of such shares into Class A Common Stock unless such shares of Class B Common Stock are transferred to a person or entity that meets the qualifications set forth in paragraph (B)(v) of Article Four of the Certificate of Incorporation of this corporation. Any person who receives such shares in connection with a transfer which does not meet the qualifications prescribed by said Article Four will become the registered record holder of such shares of Class A Common Stock. Each holder of this certificate, by accepting the same, accepts and agrees to all of the foregoing."

Upon and after the transfer of shares of Class B Common Stock in a Tax-Free Spin-Off, shares of Class B Common Stock shall no longer bear the legend set forth above in this paragraph (B)(v)(e).

(f) Upon any conversion of shares of Class B Common Stock into shares of Class A Common Stock pursuant to the provisions of this paragraph (B)(v), any dividend, for which the record date or payment date shall be subsequent to such conversion, which may have been declared on the shares of Class B Common Stock so converted shall be deemed to have been declared, and shall be payable, with respect to the shares of Class A Common Stock into or for which such shares of Class B Common Stock shall have been so converted, and any such dividend which is a Common Stock dividend shall be deemed to have been declared, and shall be payable, in shares of Class A Common Stock.

(g) The Corporation shall not reissue or resell any shares of Class B Common Stock which shall have been converted into shares of Class A Common Stock pursuant to or as permitted by the provisions of this paragraph (B)(v), or any shares of Class B Common Stock which shall have been acquired by the Corporation in any other manner. The Corporation shall, from time to time, take such appropriate action as may be necessary to retire such shares and to reduce the authorized amount of Class B Common Stock accordingly. The Corporation shall at all times reserve and keep available, out of its authorized but unissued Common Stock, such number of shares of Class A Common Stock as would become issuable upon the conversion of all shares of Class B Common Stock then outstanding.

(h) In connection with any transfer or conversion of any stock of the Corporation pursuant to or as permitted by the provisions of this paragraph (B)(v) or in connection with the making of any determination referred to in this paragraph (B)(v):

(1) the Corporation shall be under no obligation to make any investigation of facts unless an officer, employee or agent of the Corporation responsible for making such transfer or determination or issuing Class A Common Stock pursuant to such conversion has substantial reason to believe, or unless the Board of Directors (or a committee of the Board of Directors designated for the purpose) determines that there is substantial reason to believe, that any affidavit or other document is incomplete or incorrect in a material respect or that an investigation would disclose facts upon which any determination referred to in paragraph (B)(v) above should be made, in either of which events the Corporation shall make or cause to be made such investigation as it may deem necessary or desirable in the circumstances and have a reasonable time to complete such investigation; and

(2) neither the Corporation nor any director, officer, employee or agent of the Corporation shall be liable in any manner for any action taken or omitted in good faith.

(i) The Corporation will not be required to pay any documentary, stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Class A Common Stock on the conversion of shares of Class B Common Stock pursuant to this paragraph (B)(v), and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

(j) Prior to a Tax-Free Spin-Off, each holder of Class B Common Stock shall have the right, at its option, exercisable at any time and from time to time to convert any or all of such holder’s shares of Class B Common Stock into the same number of shares of Class A Common Stock. The conversion right of a holder of Class B Common Stock pursuant to this paragraph (B)(v)(j) shall be exercised by surrender to the Office of the Secretary of the Corporation (or at such additional place or places as may from time to time be designated by the Secretary of the Corporation) of the certificates representing shares to be converted, accompanied by written notice in form reasonably satisfactory to the Corporation that the holder elects to convert all or a portion of the shares of Class B Common Stock represented by such certificate and specifying the number of shares to be converted, and by all requisite stock transfer stamps. To the extent permitted by law, such conversion shall be deemed to have been effected at the close of business on the date of such surrender.

(vi) All rights to vote and all voting power (including, without limitation thereto, the right to elect directors) shall be vested exclusively in the holders of Common Stock, voting together as a single class, except as otherwise expressly provided in this Certificate of Incorporation, in a Preferred Stock Designation or as otherwise expressly required by applicable law.

(vii) No stockholder shall be entitled to exercise any right of cumulative voting.

(C) Preferred Stock. The Board of Directors is expressly authorized, at any time and from time to time, to provide for the issuance of shares of Preferred Stock in one or more series with such designations, preferences and relative, participating, optional or other special rights, and such qualifications, limitations or restrictions thereof, as shall be expressed in the resolution or resolutions providing for the issuance thereof adopted by the Board of Directors (a "Preferred Stock Designation") and as are not inconsistent with this Certificate of Incorporation or any amendment hereto, and as may be permitted by the DGCL. Except as otherwise expressly required by law and except for such voting powers as may be stated in the Preferred Stock Designation relating to any series of Preferred Stock, the holders of any such series shall not have voting power whatsoever.

(D) Record Holders. The Corporation shall be entitled to treat the Person (as defined in paragraph (B)(iv) of Article Four) in whose name any share of its stock is registered as the owner thereof for all purposes and shall not be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other Person, whether or not the Corporation shall have notice thereof, except as expressly provided by applicable law.

ARTICLE FIVE

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors of the Corporation is expressly authorized to make, alter or repeal the Bylaws of the Corporation.

ARTICLE SIX

The Corporation shall, to the fullest extent permitted by law, including Section 145 of the DGCL, as the same may be amended and supplemented, indemnify any and all officers and directors whom it shall have power to indemnify under said section from and against any and all of the expenses, liabilities, or other matters referred to in or covered by said Section, and the indemnification provided for herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any Bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee, trustee, fiduciary or agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.

ARTICLE SEVEN

No director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director; provided, however, that the foregoing clause shall not apply to any liability of a director (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL or (iv) for any transaction from which the director derived an improper personal benefit. Any repeal or modification of this Article Nine by the stockholders of the Corporation shall not adversely affect an right or protection of a director of the Corporation existing at the time of such repeal or modification.

ARTICLE EIGHT

The Corporation expressly elects not to be governed by Section 203 of the DGCL.

ARTICLE NINE

Whenever a compromise or arrangement is proposed between the Corporation and its creditors or any class of them and/or between the Corporation and its stockholders or any class of them, any court of equitable jurisdiction with the State of Delaware may, on the application in a summary way of the Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for the Corporation under the provisions of Section 291 of the DGCL or on the application of trustees in dissolution or of any receiver or receivers appointed for the Corporation under the provisions of Section 279 of the DGCL order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of the Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all creditors or class of creditors, and/or on all the stockholders or class of stockholders, of the Corporation, as the case may be, and also on the Corporation.

ARTICLE TEN

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation in the manner now or hereafter prescribed herein and by the laws of the State of Delaware, and all rights conferred upon stockholders herein are granted subject to this reservation.

Exhibit 31.1

CERTIFICATION

I, Scott C. James, certify that:

1) I have reviewed this quarterly report on Form 10-Q of CompX International Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2018

By: /s/ Scott C. James
Scott C. James
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, James W. Brown, certify that:

1) I have reviewed this quarterly report on Form 10-Q of CompX International Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 13d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2018

By: /s/ James W. Brown
James W. Brown
Vice President, Chief Financial Officer
and Controller
(Principal Accounting and Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CompX International Inc. (the Company) on Form 10-Q for the period ending June 30, 2018 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Scott C. James, President and Chief Executive Officer of the Company and I, James W. Brown, Vice President, Chief Financial Officer and Controller of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

By: /s/ Scott C. James
Scott C. James
President and Chief Executive Officer

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

Date: August 6, 2018

Note: The certification the registrant furnishes in this exhibit 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 Securities and Exchange Commission shall not incorporate this exhibit by reference, except as otherwise expressly stated in such filing.