



June 25, 2013



Safe Harbor Statement

This presentation contains statements that are forward-looking within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. These statements are based on management's current expectations that are based on assumptions that are subject to risks and uncertainties. Actual results may vary because of variations between these assumptions and actual performance. Investors are referred to Twin Disc's fiscal year 2012 Annual Report and Form 10-K, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Forward-Looking Information," which outlines certain risks regarding the Company's forward-looking statements. Copies of the Company's SEC filings may be obtained from the SEC, and are available on Twin Disc's web site (www.twindisc.com), or by request from the Investor Relations department at the Company.



Twin Disc, Incorporated

Twin Disc At A Glance



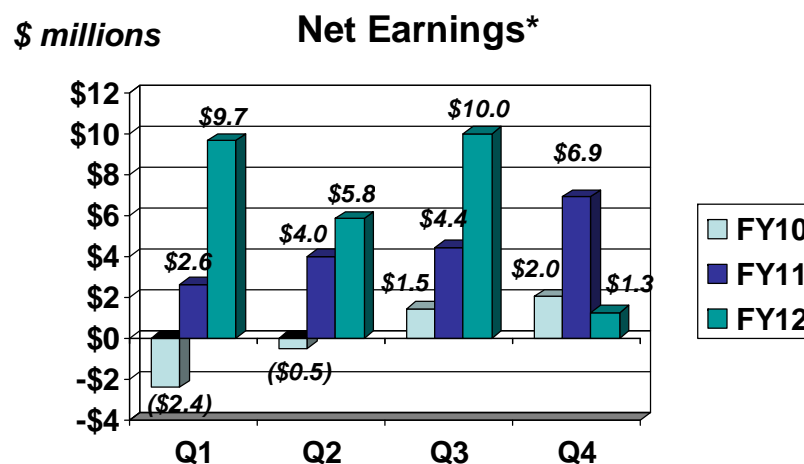
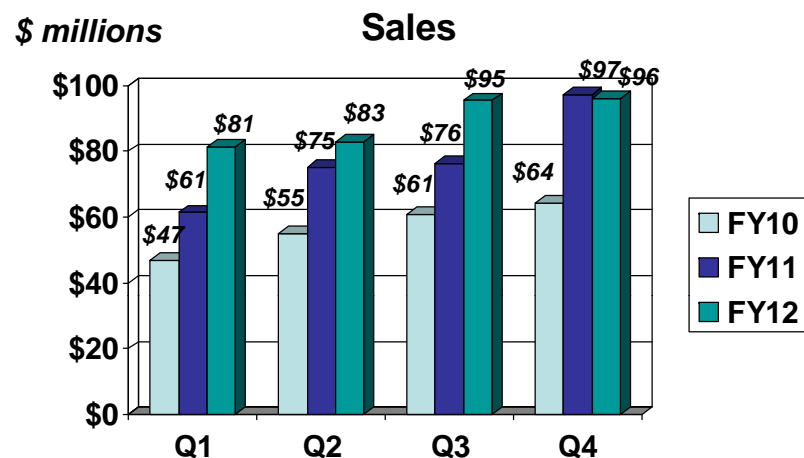
- ★ # Manufacturing location (# of facilities in each location)
- Company owned distribution/service location
- Purchasing/sourcing offices

- Founded in 1918
- Headquartered in Racine, WI
- ≈1,030 employees (FYE '12)
- FY12 Revenues of \$356M
FY11 Revenues of \$310M
FY10 Revenues of \$228M
- We are a global company
 - Well-known customers around the world
 - Mfg Operations in the U.S., Italy, Belgium, Switzerland and Japan (JV)
 - World-wide distributor network
 - Global: 53% of fiscal 2012 sales to international markets



FY 2012 Highlights

- Quarterly sequential sales & earnings improvement
 - Sales up over 15% vs. FY '11
 - Earnings up nearly 40% to record \$2.26 per diluted share
- Key Markets
 - Oil & gas markets experienced strong growth in shipments compared to FY '11
 - Sales in the Pacific Rim continued strong, at near record levels, Asia became 2nd largest market after N. America
 - Modest recovery in Mega Yacht and European markets off of fiscal '10 lows
 - Patrol boat business continued to expand
 - ARFF, Military & Commercial Marine were steady



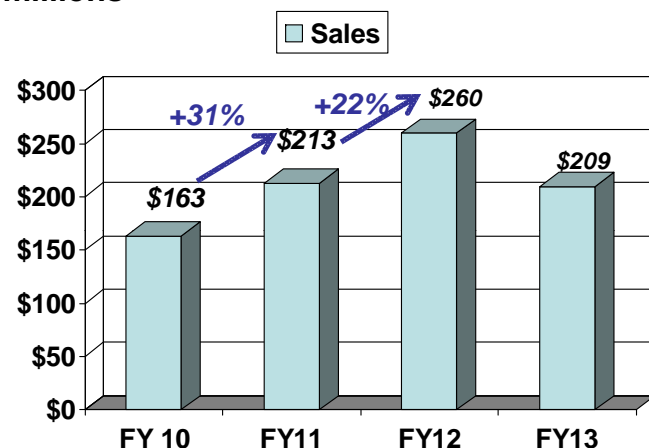
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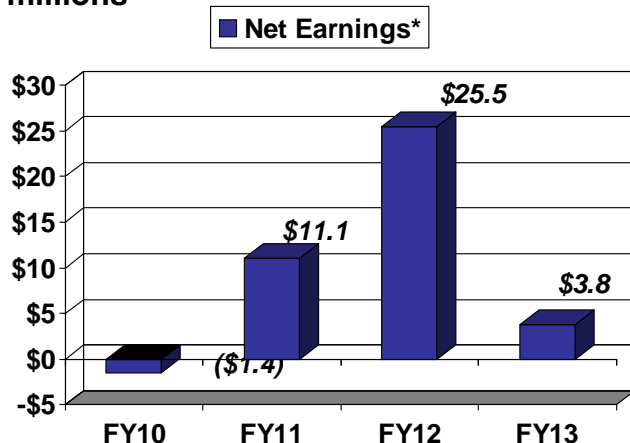
Net Sales & Net Earnings

(FY '13 – first nine months)

\$ millions



\$ millions



- Sales down 19% from record FY '12
 - Pressure pumping transmission business continued to slow down
 - Commercial marine business experienced strong demand in North America (Gulf Coast) & Asia
- \$3.8 million profit, or \$0.34 per diluted share, down from all-time first nine months record of FY '12
 - Unfavorable mix of business and volume declines impacted margins & overall profitability in Q1, typically the Company's weakest quarter

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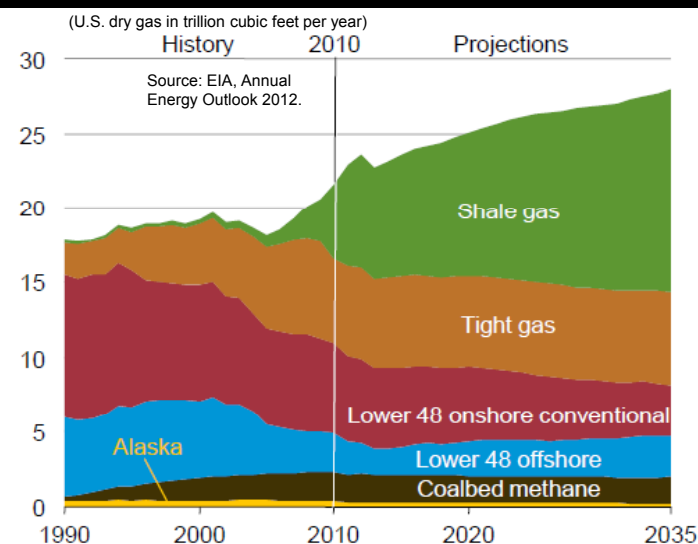
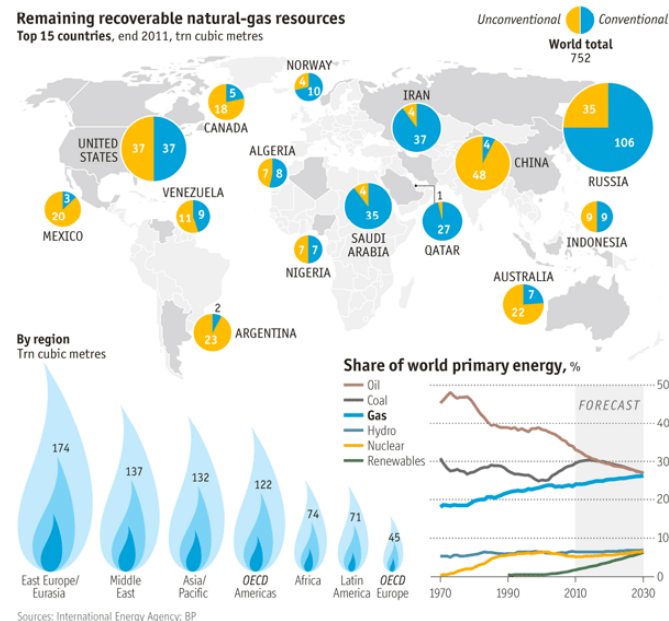
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Land-Based Products

Pressure Pumping

- *Fiscal 2012 Highlights:*
 - Achieved record unit sales
 - Introduced 7500 series transmission into the market
 - Backlog declined as order activity dropped throughout the 2nd half of fiscal year
- *Fiscal 2013 Outlook:*
 - Expect slow orders and shipments thru balance of year
 - Operators will continue to adjust to supply overhang and lower prices
- *Fiscal 2014 & Beyond:*
 - Unconventional drilling to grow significantly
 - International opportunities to expand
 - 7500 acceptance to continue
 - Company continues to be well positioned for growth





Twin Disc, Incorporated



Land-Based Products

ARFF & Military

- *Fiscal 2012 Highlights:*
 - ARRF and military transmission sales continued to show modest, steady growth
- *Fiscal 2013 Outlook:*
 - Developing next generation transmission system
 - Market to remain stable, with potential for modest growth
- *Fiscal 2014 & Beyond:*
 - Expect to see continued steady demand for both ARFF and military transmissions over the long run





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Land-Based Products

Industrial Products

- *Fiscal 2012 Highlights:*

- Shipments and orders up in N. America, and more moderately in Europe
- Aggregate, recycling, construction and oil & gas markets recovered from post recession levels

- *Fiscal 2013 Outlook:*

- Market expected to remain steady thru fiscal 2013
- Developing remote controlled dry PTO's and upgrading hydraulic PTO product line
- Expanding pump drives into higher HP
- Focus on expansion into BRIC

- *Fiscal 2014 & Beyond:*

- Expect international markets to drive long-term growth strategy
- Continue product differentiation and technological innovation to meet market demands





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Marine & Propulsion Systems

Commercial Marine

- *Fiscal 2012 Highlights:*

- N. American (particularly Gulf Coast) market experienced strong year-over-year gains
- Asia continued near record levels
- European shipbuilding remained at weak levels

- *Fiscal 2013 Outlook:*

- N. American and Asian markets expected to continue to grow at record levels
- European market remains uncertain, likely to take 2-3 years to recover

- *Fiscal 2014 & Beyond:*

- Continue expansion into South America (particularly Brazil) and Asia
- New product development, including joystick for commercial applications





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Marine & Propulsion Systems

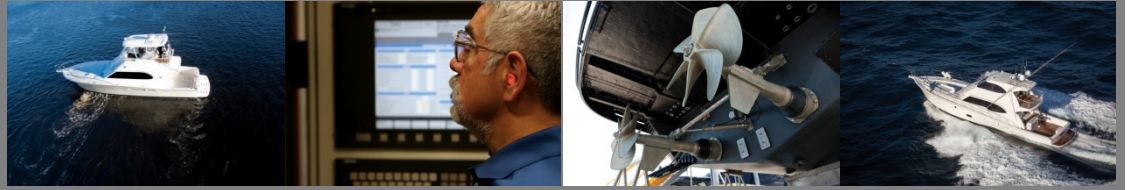
Patrol Boat

- ***Fiscal 2012 Highlights:***
 - Growth continued in Asia, especially China, as need for coastal security increased
 - Twin Disc propulsion package recognized as the standard for fast patrol boat technology
- ***Fiscal 2013 Outlook:***
 - Demand remains strong, but unpredictable due to delays in build schedules
- ***Fiscal 2014 & Beyond:***
 - Expect demand for coastal security applications to further grow





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Marine & Propulsion Systems

Pleasure Craft

- *Fiscal 2012 Highlights:*

- Market remained at historic lows (down 50-70% versus prior highs)
- EJS™ introduced, gained market share
- Announced Caterpillar agreements

- *Fiscal 2013 Outlook:*

- New boat construction to remain at depressed levels
- Continue to focus on global packaging strategy to gain market share
- Cat® Three60 available to the market

- *Fiscal 2014 & Beyond:*

- Likely 5+ years before market fully recovers to pre-recession levels
- Continue to emphasize product development and technological differentiation in our products to further market share gains





Corporate Profile – Geographic Diversity

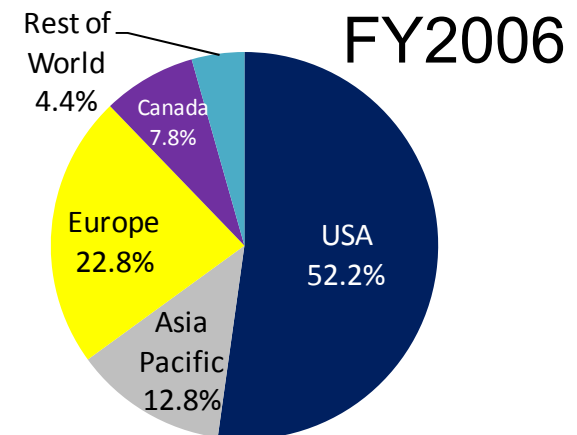
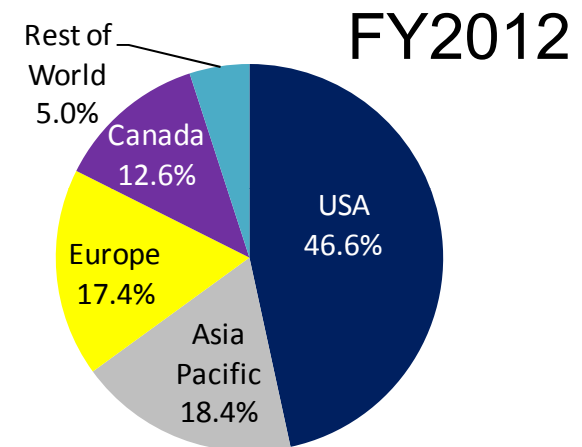
Sales (as a % of total sales)

- *Highlights:*

- More than 50% of sales were outside the USA in fiscal 2012
- Asia surpassed Europe as 2nd largest end market (achieving record sales)
- Sales to China more than doubled year-over-year
- Overall CAGR from 2006 to 2012 = 7% (Asia = 13%)

- *Outlook:*

- Continue to focus on BRIC as largest growth opportunity
- Sourcing, sales and engineering resources already on the ground in India & China, with plans to expand the Company's capabilities in those regions





Managing Our Cost Structure

CAPEX

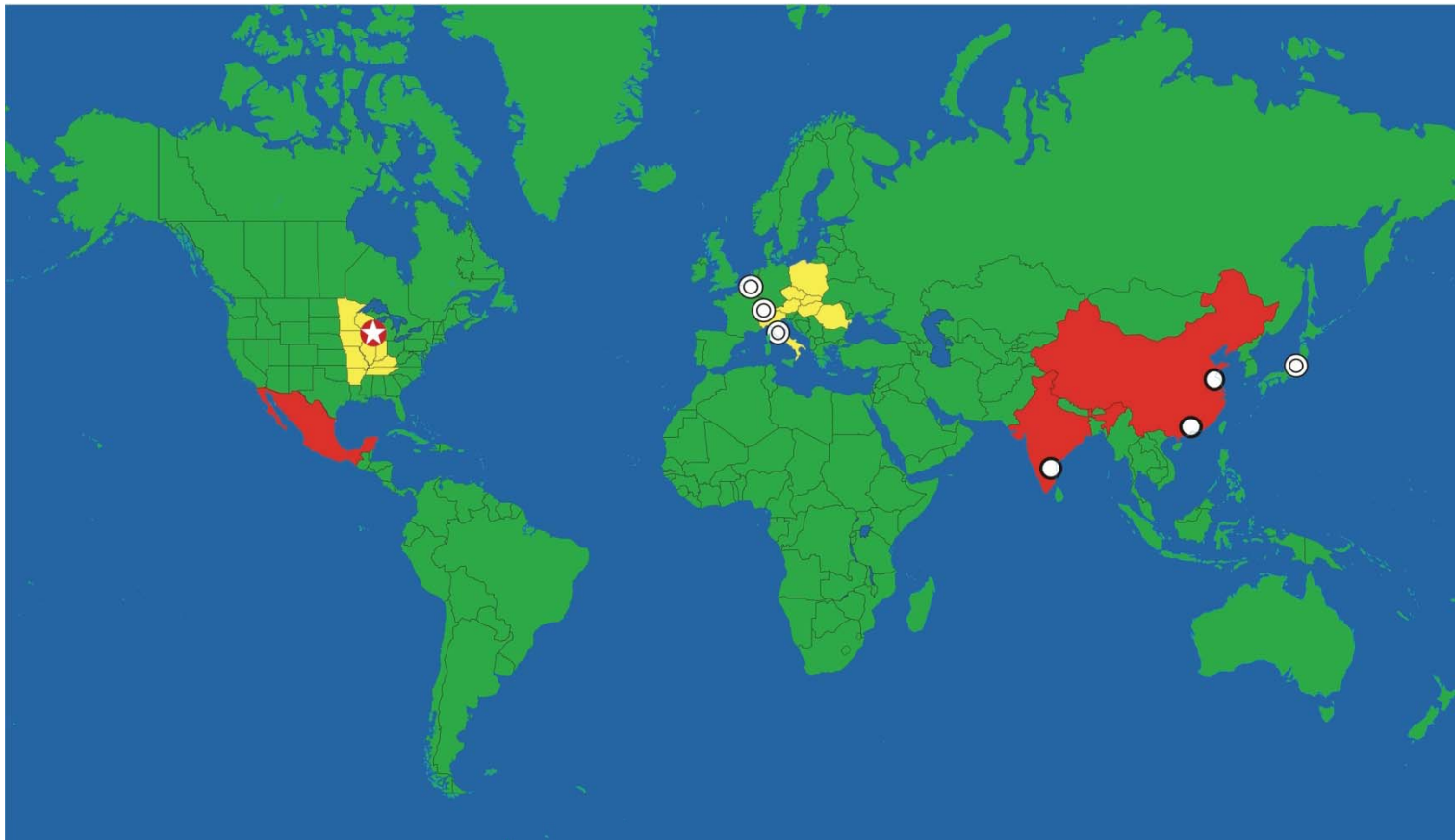
- Investing in core competencies
- Expanding presence in low cost manufacturing locations
- Spent \$90+ million over past 8 yrs





Twin Disc, Incorporated

Managing Our Cost Structure



Low Cost

Lower Cost

○ Sourcing Offices

★ Corporate HQ/Mfg

○ Mfg locations

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What Differentiates Us?

- Technology

- Oil & Gas

- 8500 Series
 - 7500 Series



- ARFF

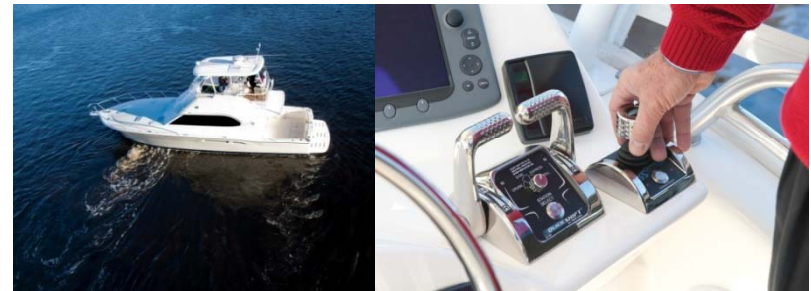
- “Pump & Roll”

- Military

- “Legacy” Contracts

- Marine

- Patented QuickShift®
 - Express Joystick System®

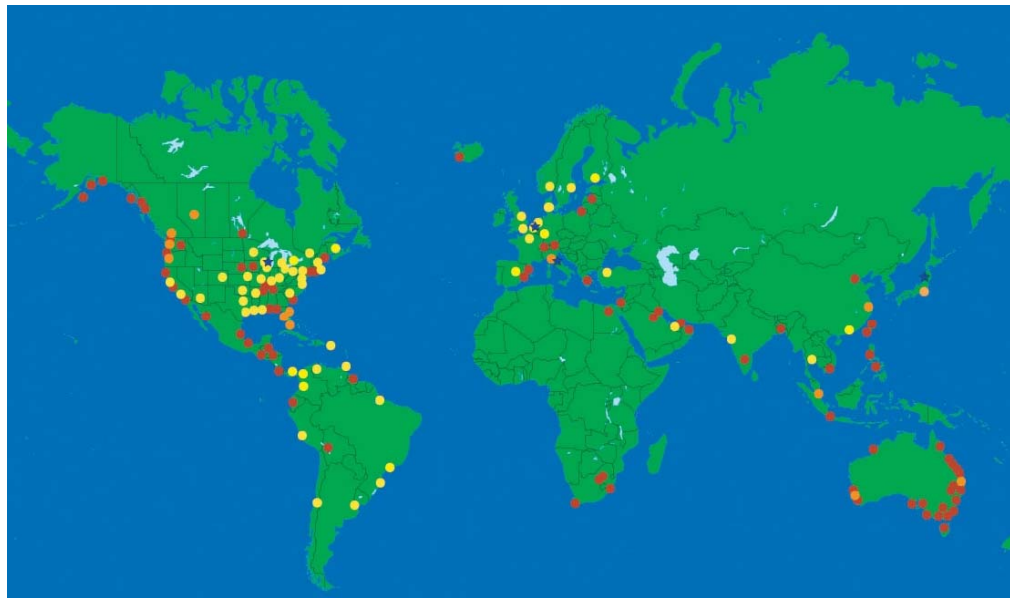


- Dynamic Positioning/DPII
 - Rolla CFD



What Differentiates Us?

- 94+ Years of Proven Application Know-How
- Niche Market Focus



- Global Distribution and Service Network
- Product/Market & Geographic Diversity
- Core Manufacturing Capabilities

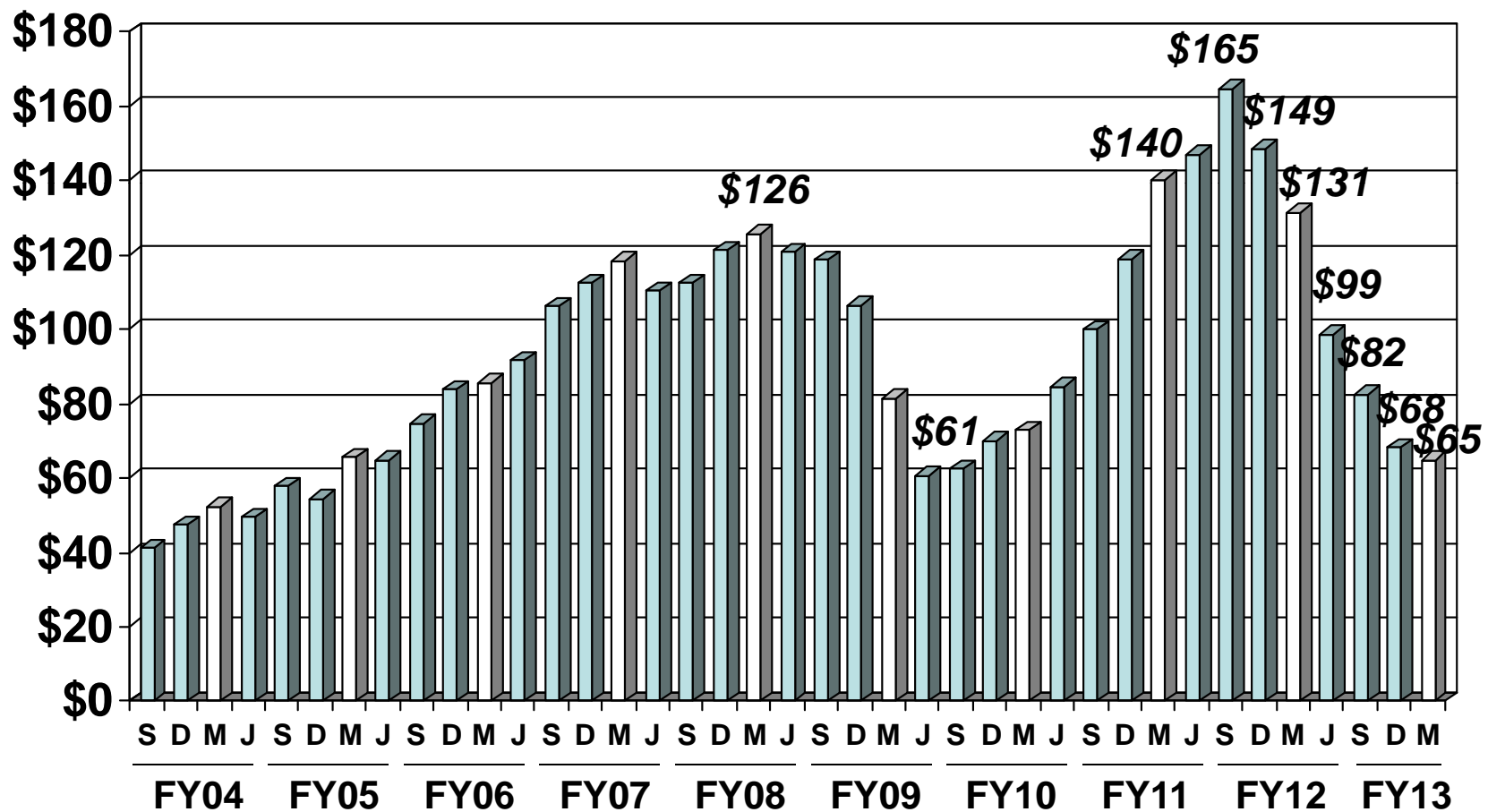


Looking Ahead



Corporate Six Month Backlog

\$ millions (Mfg Orders to be shipped in the next 6 months)





Fiscal Year 2013 Outlook

- Oil and Gas landscape causes near term outlook to be cautious
- Marine markets will remain mixed
 - Pleasure Craft improving off of low base, primarily from market share gains – EJS™ & Cat Three60 impact
 - Work Boat, including US Gulf and Asian markets, showing improvement
 - Patrol Boat market is expanding
- Industrial, ARFF & Military showing modest growth
- Asian market continues at near record levels; Europe is slow; while US (excluding Oil and Gas) is improving modestly



Fiscal Year 2014 & Beyond

- Oil and Gas landscape: mid to longer term prospects remain very favorable
 - Continued globalization of the pressure pumping business
 - 7500 expected to gain market share
- Global marine markets expected to be growing
 - Pleasure Craft market expected to be recovering, as well as continuing market share gains coming from EJS® and Cat® Three60 and the introduction of innovative Cat POD system featuring patented QuickShift® transmission technology
 - North American and Asian Work Boat market anticipated to continue to grow, with Europe beginning to show signs of recovery
 - Patrol Boat demand for coastal security applications to grow
- Industrial, ARFF & Military outlook remains steady
- European markets will continue to be a challenge
- Global growth opportunities in BRIC markets, particularly China, India and Brazil, continue to materialize



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WE PUT HORSEPOWER TO WORK™

June 25, 2013



Twin Disc, Incorporated

Appendices



Corporate Profile – Market Diversity

Pleasure Craft Market:

- *Target Markets:* High speed planing and displacement yachts from 50' to 150', diesel-powered
- *Products:* Transmissions, Surface Drives, Propellers, Steering/Thruster/Trim Systems, Water Jets, Controls, EJS
- *Channels:* Engine OEMs & dealers, & boat builders
- *Customers:* CAT, CMD, MAN, MTU, Volvo / Azimuth, Baia, Ferretti, Maritimo, Palmer Johnson, Riviera, Sanlorenzo, Sunseeker
- *Competition:* ZF, Reintjes / Kamewa / Side Power, Ultraflex





Corporate Profile – Market Diversity

Work Boat Market:

- *Target Markets:* planing and displacement vessels from 30' to 250', diesel-powered
- *Products:* Transmissions, Propellers, MCD's, Water Jets, Controls
- *Channels:* Engine OEMs & dealers, boat builders & distribution
- *Customers:* CAT, Cummins, IVECO, Mitsubishi, Volvo / Damen / Sewart Supply (operators: Secor, Tidewater, Groupe Bourbon)
- *Competition:* ZF, Reintjes / Kamewa, Hamilton





Corporate Profile – Market Diversity

Patrol Boat Market:

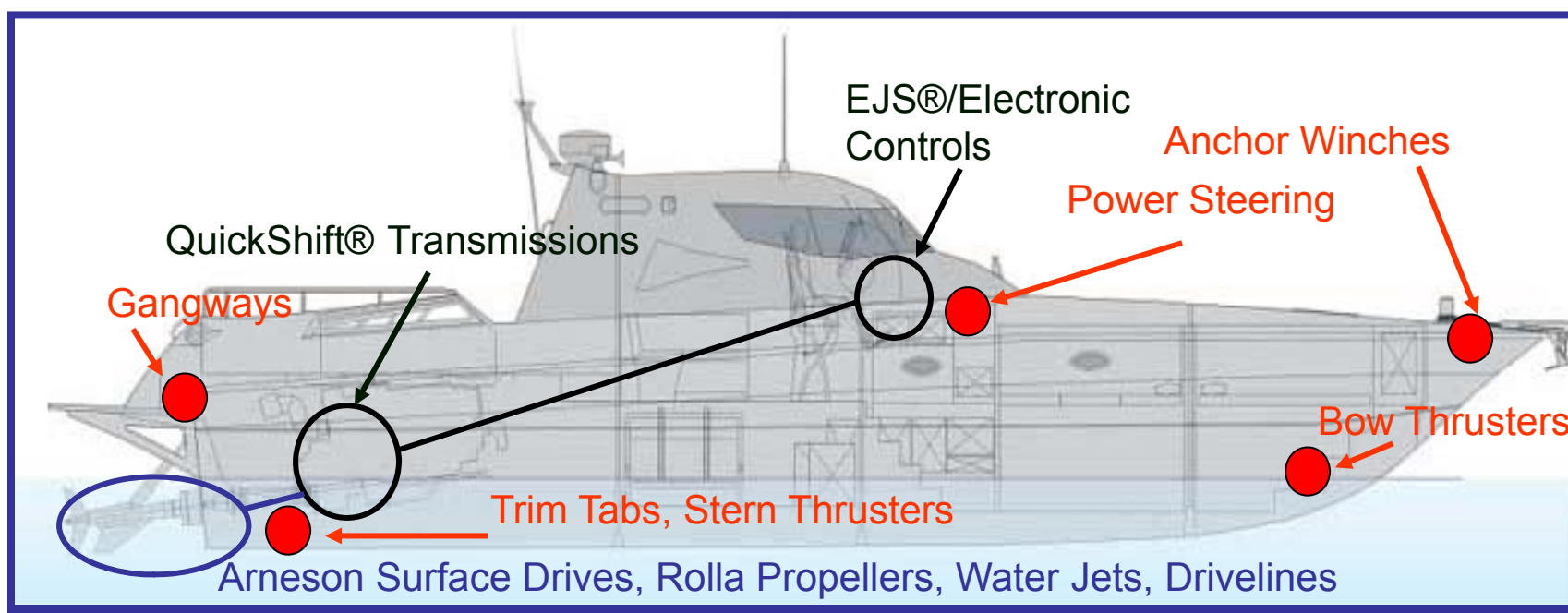
- **Target Markets:** military, patrol and coast guard vessels from 30' to 90', diesel-powered
- **Products:** Transmissions, Surface Drives, Propellers, Steering/Thruster/Trim Systems, Water Jets, Controls, EJS
- **Channels:** Engine OEMs & dealers, naval authorities & boat builders
- **Customers:** CAT, CMD, MAN, MTU, Volvo / Indian Navy/Coast Guard, Israeli Navy, Turkish Coast Guard, USCG, US Navy, RCMP
- **Competition:** ZF / Kamewa





Corporate Profile – Market Diversity

Marine Transmissions, Propulsion & Boat Management Systems



We have been very successful “bundling” more marine products

- Increasing content and value on each vessel
- Working directly with the shipyards
- Industry expert on vessel performance and handling



Corporate Profile – Market Diversity

Industrial Products:

- *Target Market:* Heavy duty industrial disconnect applications
- *Products:* Mechanical & hydraulic clutches, PTOs & pump mount drives, 100 - 2,500 HP
- *Channels:* Distribution & OEMs
- *Customers:* Bandit, Morbark, Peterson Pacific / OEM engine dealers
- *Competitors:* Funk, NACD, PT Tech, Stiebel, Transfluid, WPT





Corporate Profile – Market Diversity

Industrial Transmissions:

- *Target Market:* Off-highway and all-terrain specialty vehicles, diesel powered
- *Products:* Powertrain components - 400 to 3,000 HP
- *Channel:* OEM vehicle mfrs.
- *Customers:* BAE, Rosenbauer, Oshkosh, Tatra / BJ Services, Cisco High-Lift, Crown Energy, Enerflo, Fractec, MG Bryan, Trican, Tai'an, Zoomlion
- *Competitors:* Allison, Cat

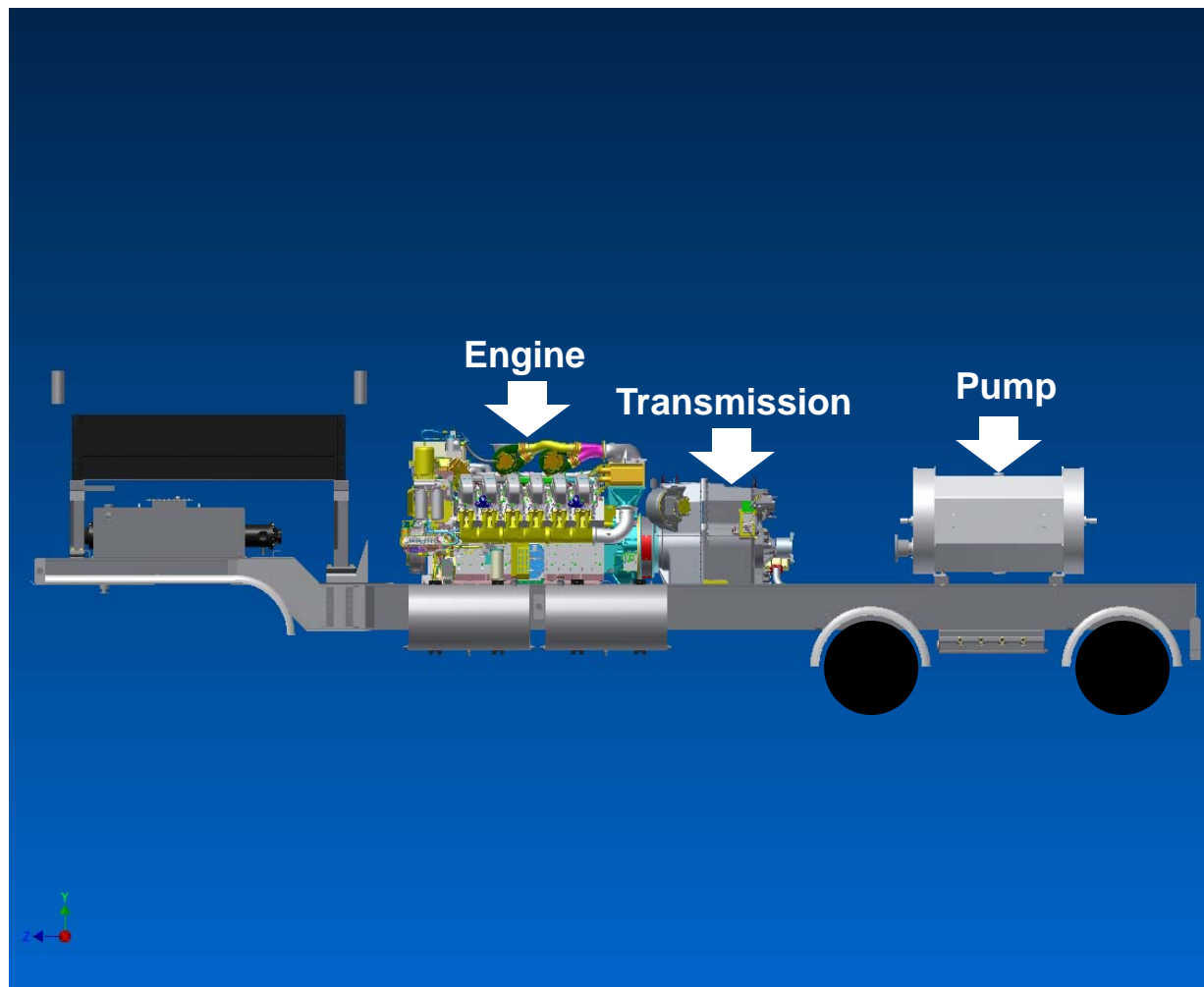




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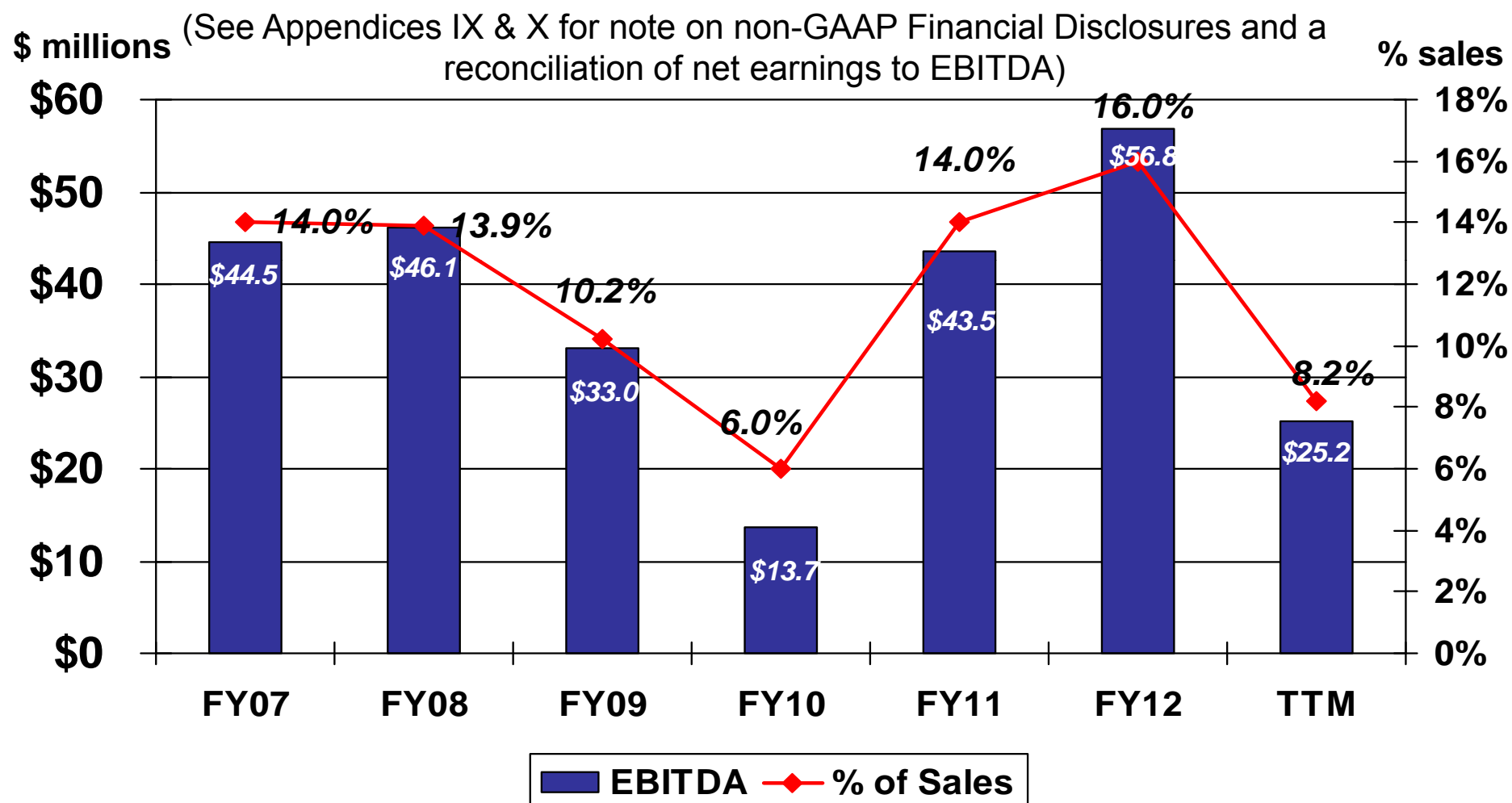
Appendix VII

Frac Rig Diagram





EBITDA



* See Appendix X for reconciliation of TTM figures to reported figures.



Non-GAAP Financial Disclosures

Non-GAAP Financial Disclosures

Financial information excluding the impact of certain significant items in this presentation are not measures that are defined in U.S. Generally Accepted Accounting Principles ("GAAP"). These items are measures that management believes are important to adjust for in order to have a meaningful comparison to prior and future periods and to provide a basis for future projections and for estimating our earnings growth prospects. Non-GAAP measures are used by management as a performance measure to judge profitability of our business absent the impact of foreign currency exchange rate changes and acquisitions. Management analyzes the company's business performance and trends excluding these amounts. These measures, as well as EBITDA, provide a more consistent view of performance than the closest GAAP equivalent for management and investors. Management compensates for this by using these measures in combination with the GAAP measures. The presentation of the non-GAAP measures in this presentation are made alongside the most directly comparable GAAP measures.

Definition - Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

The sum of, net earnings and adding back provision for income taxes, interest expense, depreciations and amortization expenses: this is a financial measure of the profit generated excluding the above mentioned items.



Reconciliation of Net Earnings to EBITDA

<i>in \$ thousands, except % data</i>	TTM	2012	2011	2010	2009	2008	2007
Net Earnings	\$ 5,097	\$ 26,743	\$ 17,997	\$ 597	\$ 11,502	\$ 24,252	\$ 21,852
Income Taxes	7,977	17,815	13,897	992	6,257	10,904	12,273
Interest Expense	1,347	1,475	1,719	2,282	2,487	3,038	3,154
Depreciation & Amortization	10,771	10,756	9,904	9,817	9,774	7,881	7,252
Earnings before interest, taxes, depreciation and amortization	\$ 25,192	\$ 56,789	\$ 43,517	\$ 13,688	\$ 30,020	\$ 46,075	\$ 44,531
Net Sales	\$ 305,459	\$ 355,870	\$ 310,393	\$ 227,534	\$ 295,618	\$ 331,694	\$ 317,200
EBITDA as a % of Sales	8.2%	16.0%	14.0%	6.0%	10.2%	13.9%	14.0%

* See Appendix XI for reconciliation of TTM figures to reported figures.

NOTE: 2011 and 2012 fiscal year figures have been revised. See Footnote A in the Company's Form 10Q for the period ending December 28, 2012.



Reconciliation of TTM Data to Reported Quarterly Figures

	<u>FY 10**</u>	<u>FY 11**</u>	<u>Q1 12*</u>	<u>Q2 '12*</u>	<u>Q3 '12*</u>	<u>Q4 '12*</u>	<u>FY 12**</u>	<u>Q1 13*</u>	<u>Q2 13*</u>	<u>Q3 13*</u>	<u>TTM</u>
Sales	\$ 227,534	\$ 310,393	\$ 81,330	\$ 82,941	\$ 95,490	\$ 96,109	\$ 355,870	\$ 68,793	\$ 72,325	\$ 68,232	\$ 305,459
Gross Profit	60,465	107,683	30,768	29,562	33,056	28,246	121,632	19,416	22,311	17,674	87,647
Operating Income	3,085	34,716	14,859	9,465	15,310	5,237	44,871	2,796	5,541	269	13,843
Interest Exp	2,282	1,719	359	381	389	346	1,475	306	329	366	1,347
Net Earnings	597	17,997	9,656	5,840	9,984	1,263	26,743	1,231	3,360	(757)	5,097
EPS, Diluted	\$ 0.05	\$ 1.57	\$ 0.84	\$ 0.50	\$ 0.86	\$ 0.11	\$ 2.31	\$ 0.11	\$ 0.29	\$ (0.07)	\$ 0.44
EPS, Basic	\$ 0.05	\$ 1.59	\$ 0.85	\$ 0.51	\$ 0.87	\$ 0.11	\$ 2.34	\$ 0.11	\$ 0.30	\$ (0.07)	\$ 0.45
CAPEX	4,456	12,028	3,587	3,306	3,667	3,173	13,733	1,337	2,192	1,589	8,291
Deprec.	9,817	9,904	2,573	2,738	2,699	2,746	10,756	2,632	2,713	2,680	10,771
Oper Cash Flow	35,116	13,860	(1,641)	(1,948)	(220)	18,253	14,444	2,082	10,010	(1,290)	29,055
Dividends	3,133	3,411	914	914	1,029	1,029	3,886	1,026	1,029	1,012	4,096
Pretax Income	1,722	32,029	14,894	9,234	14,850	5,778	44,756	2,363	5,234	32	13,407
Taxes	992	13,897	5,184	3,385	4,821	4,425	17,815	1,097	1,815	640	7,977

* Quarterly Data is from the Company's unaudited quarterly Form 10-Q filings with the SEC.

** Annual Data is from the Company's audited Form 10-K filing with the SEC.

NOTE: 2011 and 2012 fiscal year figures have been revised. See Footnote A in the Company's Form 10Q for the period ending December 28, 2012.



Fiscal Year Condensed Consolidated Statements of Operations

(\$ thousands, per Form 10-K)	TTM*	2012	2011	2010	2009	2008
Sales	\$ 305,459	\$ 355,870	\$ 310,393	\$ 227,534	\$ 295,618	\$ 331,694
Gross Profit	87,647 28.7%	121,632 34.2%	107,683 34.7%	60,465 26.6%	81,443 27.6%	104,868 31.6%
MEA Expense	70,134 23.0%	73,091 20.5%	72,967 23.5%	57,380 25.2%	61,658 20.9%	65,976 19.9%
Impairment Charge	3,670	3,670	-	-	-	-
Interest Expense	1,347	1,475	1,719	2,282	2,487	3,038
Misc. Exp/(Inc)	(911)	(1,360)	968	(919)	(747)	606
Pretax Earnings	13,407	44,756	32,029	1,722	18,045	35,248
Income Taxes	7,977	17,815	13,897	992	6,257	10,904
Minority Interest	(333)	(198)	(135)	(133)	(286)	(92)
Net Earnings	\$ 5,097	\$ 26,743	\$ 17,997	\$ 597	\$ 11,502	\$ 24,252
EBITDA	\$ 25,192	\$ 56,789	\$ 43,517	\$ 13,688	\$ 33,020	\$ 46,075
DILUTED EPS	\$ 0.45	\$ 2.31	\$ 1.57	\$ 0.05	\$ 1.03	\$ 2.13

* Represents trailing four quarter figures as of the quarter ending March 29, 2013. See Appendix XI for reconciliation of TTM figures to reported figures.

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First Nine Months: Condensed Consolidated Statements of Operations

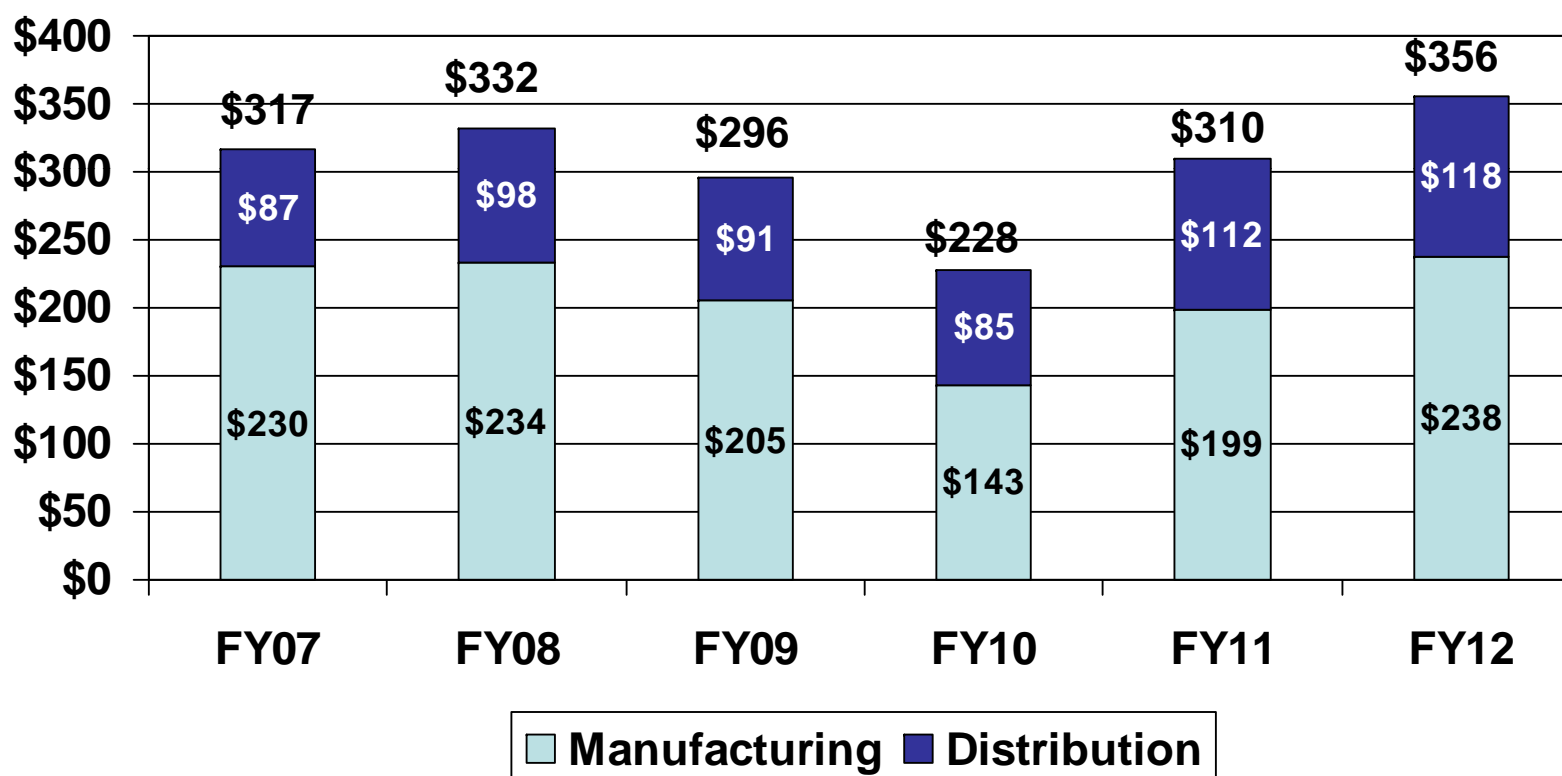
(\$ thousands, unaudited)

	2013	2012	2011	2010	2009
Sales	\$ 209,351	\$ 259,761	\$ 213,026	\$ 163,220	\$ 223,562
Gross Profit	59,402	93,386	71,562	41,038	62,176
	28.4%	36.0%	33.6%	25.1%	27.8%
MEA Expense	50,795	53,752	50,470	42,228	47,843
	24.3%	20.7%	23.7%	25.9%	21.4%
Interest Expense	1,001	1,129	1,309	1,821	1,837
Misc. Exp/(Inc)	(24)	(473)	836	(236)	37
Pretax Earnings	7,630	38,978	18,947	(2,775)	12,459
Income Taxes	3,552	13,390	7,786	(1,454)	3,639
Minority Interest	(243)	(108)	(61)	(122)	(72)
Net Earnings	\$ 3,835	\$ 25,480	\$ 11,100	\$ (1,443)	\$ 8,748
EBITDA	\$ 16,413	\$ 48,009	\$ 27,178	\$ 6,262	\$ 21,532
EBITDA as % of Sales	8%	18%	13%	4%	10%
DILUTED EPS	\$ 0.34	\$ 2.20	\$ 0.97	\$ (0.13)	\$ 0.78

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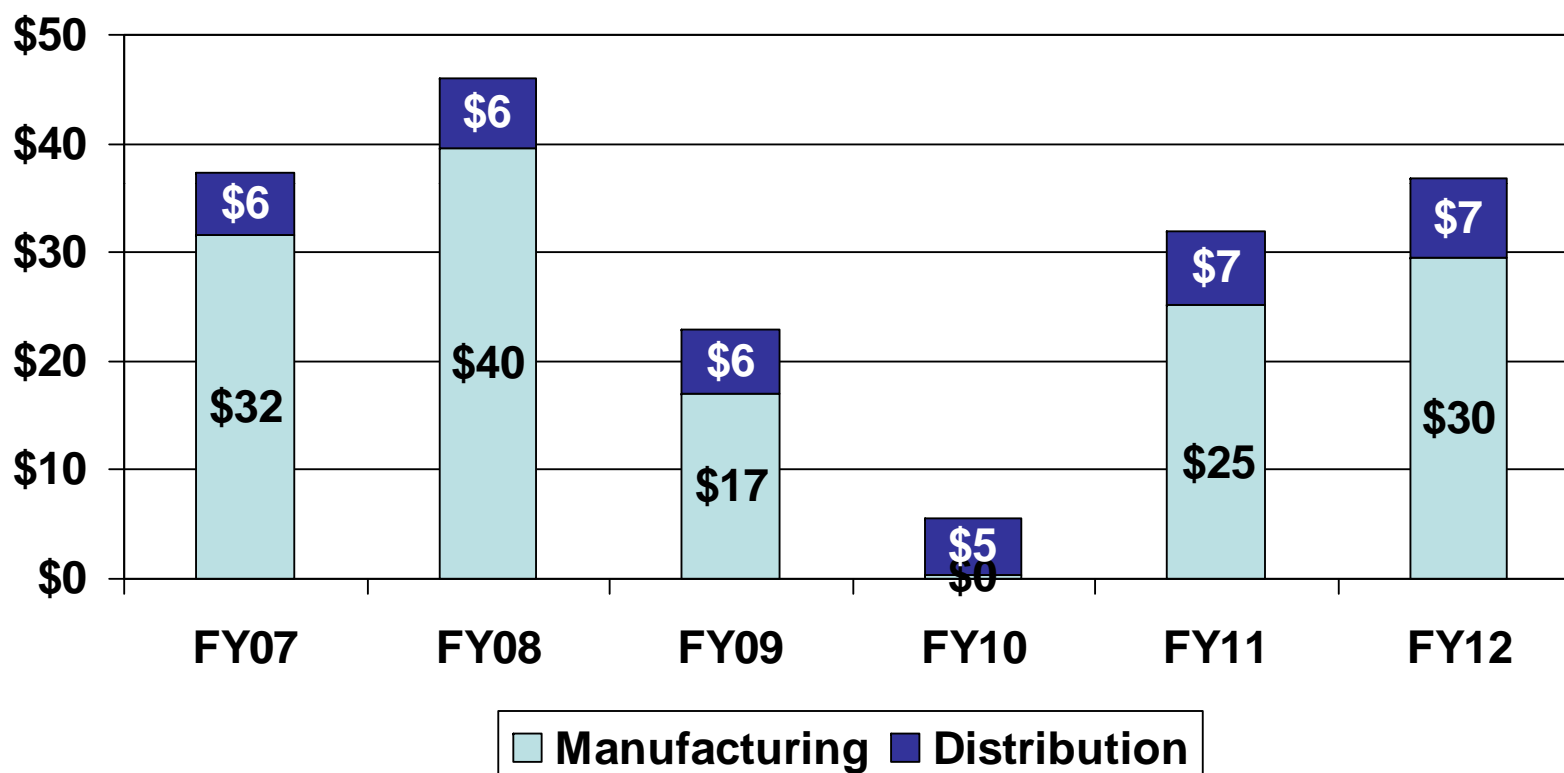


Historical Net Sales by Segment





Historical Net Earnings by Segment (before Corporate Expense)



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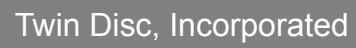


Twin Disc, Incorporated

Express Joystick System® in Action



Go to <http://www.twindisc.com/MarineProducts/EJS.html> to see the new revolutionary Twin Disc Express Joystick System® in action.



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