

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): **October 16, 2018**

TWIN DISC, INCORPORATED

(exact name of registrant as specified in its charter)

WISCONSIN
(State or other jurisdiction
of incorporation)

001-7635
(Commission
File Number)

39-0667110
(IRS Employer
Identification No.)

1328 Racine Street

Racine, Wisconsin 53403

(Address of principal executive offices)

Registrant's telephone number, including area code: **(262)638-4000**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934. (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure

The executive officers of Twin Disc intend to present materials at meetings with investors and analysts and at investor conferences on or after October 16, 2018. A copy of the presentation materials to be used at those meetings and from time to time thereafter is filed as Exhibit 99.1 hereto. The presentation materials will also be posted on the Company's website, www.twindisc.com. The Company does not intend to file any update of these presentation materials. The fact that these presentation materials are being furnished should not be deemed an admission as to the materiality of any information contained in the materials.

The information included in the presentation includes financial information determined by methods other than in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Company's management uses these non-GAAP measures in its analysis of the Company's performance. The Company believes that the presentation of certain non-GAAP measures provides useful supplemental information that is essential to a proper understanding of the operating results of the Company's core businesses. These non-GAAP disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies.

The information in this Form 8-K being furnished under Item 7.01 shall not be deemed to be "filed" for the purposes of Section 18 of the Securities and Exchange Act of 1934 (the "Exchange Act"), or otherwise subject to the liabilities of such section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing. The presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on the Company's expectations and involve risks and uncertainties that could cause the Company's actual results to differ materially from those set forth in the statements. These risks are discussed in the Company's filings with the Securities and Exchange Commission, including an extensive discussion of these risks in the Company's Annual Report on Form 10-K for the year ended June 30, 2018.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

| EXHIBIT NUMBER | DESCRIPTION |
|----------------|--|
| 99.1 | Presentation Materials |

SIGNATURE

Pursuant to the requirements of section 13 or 15(d) 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.

Date: October 16, 2018

Twin Disc, Inc.

/s/JEFFREY S. KNUTSON
Jeffrey S. Knutson
Vice President-Finance, Chief
Financial Officer, Treasurer
& Secretary

Confidential



JUNIPER INVESTOR MEETING
October 16, 2018

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 2018 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.



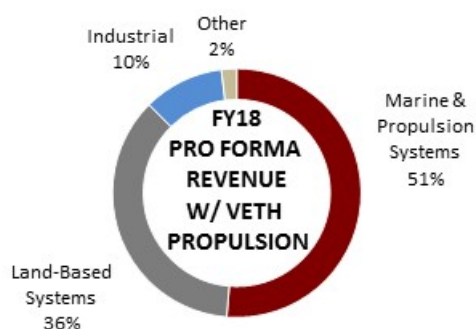
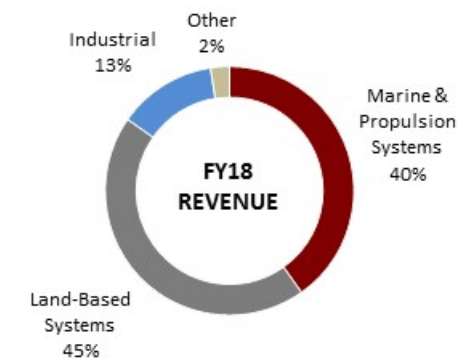
TWIN DISC OVERVIEW

TWIN DISC STRATEGIC PRIORITIES

- Continued growth in land-based transmission business
- Increased focus on controls and system integration rather than individual components
- Integration of Veth Propulsion acquisition
- Development of hybrid technologies for diesel applications
- North American footprint expansion to accommodate volume growth
 - Texas facility for depot & industrial assembly
 - Separate aftermarket facility in SE Wisconsin
- M&A priorities
 - Industrial
 - Marine technology

TWIN DISC AT A GLANCE

- Founded in 1918
- Headquartered in Racine, WI
 - ~900 employees (incl. Veth)
- Designer and manufacturer of heavy duty power transmission equipment
- A global company
 - Manufacturing operations in the U.S., Belgium, Netherlands, Italy, Switzerland and Japan (JV)
 - World-wide distributor network
 - Global: 46% of FY18 pro forma sales to international markets
- Diversified product and market portfolio made up of three segments: marine and propulsion systems, land-based systems and industrial products
- Recently completed acquisition of Veth Propulsion, further expanding geography and product offering
 - FY18 pro forma revenue of \$295.7 million
- Q1 FY19 follow-on offering raised \$32M to strengthen balance sheet and provide capital for further strategic action.



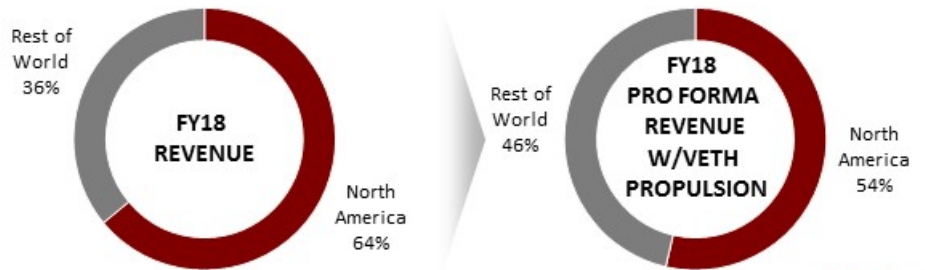
Note: Represents fiscal year ending June 30, 2018.

GEOGRAPHIC DIVERSITY

★ Manufacturing location ● Company owned distribution / service location ● Purchasing / sourcing offices



- North American oil and gas markets driving increase in FY18
- European segment has been relatively stable in recent years
- Asia Pacific sales have experienced strong recovery in FY18






Note: Represents fiscal year ending June 30, 2018.

MARINE & PROPULSION – WORK BOAT / COMMERCIAL MARINE

| | | |
|---|---|---|
| Target Markets | Diesel powered planning & displacement vessels 30' – 250'. |  |
| Products - transmissions - propellers - MCD's - controls |  | |
| Market Dynamics | <ul style="list-style-type: none"> - European market remains stable - Recent softness in China economy tempered Asian growth in recent years - Long term growth in Asia, Latin America and North America expected to continue - Acquisition of Veth Propulsion expected to provide synergistic growth opportunities | Customers  |

MARINE & PROPULSION – PLEASURE CRAFT

| | | |
|--|---|--|
| Target Markets | High speed diesel powered planing & displacement yachts 50' – 150'. |  |
| Products <ul style="list-style-type: none"> - transmissions - propellers - controls - Arneson surface drives - EJS - trim systems - steering |  <p> Transmissions Steering Propellers Surface Drives EJS Trim Systems Controls </p> | |
| Market Dynamics | <ul style="list-style-type: none"> – Market remains stable but off historic highs, some market share gains recently – EJS™ introduced and Cat®Three60 available – Estimated 5+ years before market recovers to pre-recession levels – Continue to emphasize technological differentiation | Customers  |

MARINE & PROPULSION – PATROL CRAFT

Target Markets

High speed diesel powered planing & displacement yachts 50' – 150'.

Products

- transmissions
- propellers
- controls
- Arneson surface drives
- EJS
- trim systems
- steering



Market Dynamics

- Experienced recent growth as demand for coastal security applications has increased globally
- Expect long term growth to continue
- Demand for high performance and reliability provides competitive advantage.

Customers

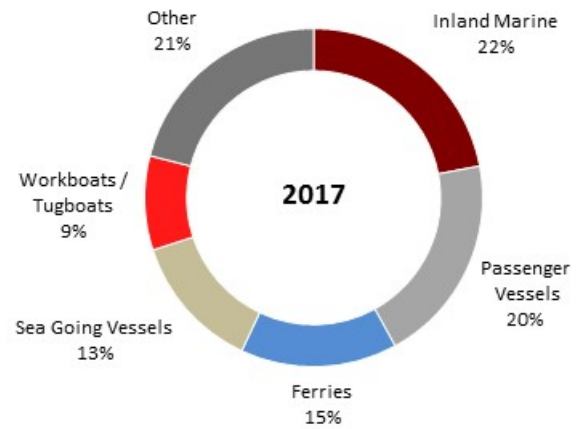


RECENT ACQUISITION: VETH PROPULSION OVERVIEW

TRANSACTION OVERVIEW & BUSINESS DESCRIPTION

- Acquired Veth Propulsion for €49.7 million; additional consideration of up to €3.3 million payable in Twin Disc common stock if certain earn-out provisions are met
- Financed with existing cash / new debt facility
- Veth Propulsion's expected calendar 2018 net sales are approximately €51 million
- Global manufacturer of highly-engineered main and auxiliary marine propulsion products
- Leader in rudder propellers, bow thrusters, generator sets and engine service and repair
- Strong presence in key European maritime markets with deep and long-standing customer relationships
- Main headquarters located in Papendrecht, Netherlands with a global presence in over 40 countries

END MARKET BY SHIP TYPE



Z-Drives



L-Drives



Diesel Engines /
Generator Sets



Propellers



Veth-Jet



Steering Grids



Electronics



Elbow Thruster

VETH PROPULSION PRODUCT OVERVIEW

Azimuth Thrusters

- Rudder propeller with 360° maneuverability
- Allows for greater flexibility in design of marine engine room
- Mountable without dry-docking



Tunnel Thrusters

- Customized solutions designed for each vessel structure
- Increase efficiency and minimal cavitation with unique streamlined tailpiece



Tunnel Thrusters

Diesel Engines / Generator Sets

- Distributor of diesel engines / generator sets
- Broad product offering
- Full supply, installation, service and repair services
- Product combinations serve multiple applications



Diesel Engines / Generator Sets

Electronics / Other

- Operating systems and control panels for Veth Propulsion products certified for maritime sector
- Fully dimmable touchscreen color panels
- Rapid start, motor readings and autopilot systems



Electronics

STRATEGIC RATIONALE FOR VETH PROPULSION ACQUISITION

- ☑ *Complementary product offering with exposure to new technologies*
- ☑ *Additive engineering talent and product development capabilities*
- ☑ *Acceleration of hybrid technology strategy*
- ☑ *End market diversification away from land-based energy markets and a broader array of overall demand drivers for Twin Disc (i.e., commercial marine exposure)*
- ☑ *Extension of European footprint with a new, world-class facility*
- ☑ *Significant synergy potential, with expected annual synergies of ~\$2 million by FY21*
- ☑ *Compelling value creation opportunity with anticipated strong earnings accretion and return on invested capital*

LAND BASED TRANSMISSION PRODUCTS

| | |
|------------------------|--|
| Target Markets | Diesel powered off-highway and all-terrain specialty vehicles 400hp – 3000hp. |
| Products | <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>TA90-8501 Fracking Transmission</p> </div> <div style="text-align: center;">  <p>TA90-7500 Fracking Transmission</p> </div> <div style="text-align: center;">  <p>TD61-1180 ARFF Transmission</p> </div> </div> |
| Market Dynamics | <ul style="list-style-type: none"> ▪ Pressure Pumping: <ul style="list-style-type: none"> – Decline in global oil prices in 2015 caused drop in demand into FY17 – Started to ship units to Latin America in FY14 – Global markets continue to represent opportunity for above-average growth in the long term – After an extended pause, initial new unit order received in second quarter of FY17 – Both new unit and aftermarket activity sustained through FY18 ▪ Airport Rescue and Fire Fighting (ARFF) : <ul style="list-style-type: none"> – Markets expected to remain stable with potential for modest growth – Released next generation transmission system for ARFF |



Customers



















INDUSTRIAL PRODUCTS

Target Markets

Heavy duty industrial disconnect applications.

Products

- Mechanical & hydraulic clutches
- Reduction gearboxes
- Pump mount drives



Power Take-Off
HP1200

Power Take-Off
SP314



Pump Drive



Clutch

Market Dynamics

- **North American Energy Related:**
 - Impacted by fall of oil prices beginning in FY15
 - Demand recovered in FY17 through FY18 as North American oil & gas market recovered
 - Twin Disc gained market share during recovery
- **Irrigation & Pumping Applications:**
 - Power take-off and industrial gearbox lines drove growth
 - Solid reputation for quality, global service and new product development expected to continue to generate growth opportunities in the future
- **Several recent product launches expected to drive sales in near term:**
 - Leveraging controls technology as a competitive advantage
 - Accelerating activity with new customers and applications



Customers



Bandit
INDUSTRIES, INC.



MORBARK



Peterson
an Astec Industries Co.

TWIN DISC
YEARS



GROWTH OVERVIEW

FY19 GROWTH OUTLOOK

■ Marine markets are beginning to accelerate

- Asian commercial marine markets experienced softening from FY15 through FY17, but experienced significant recovery in FY18
 - Longer term, this remains a potential high growth market for the Company's products
- North American commercial marine (non-oil and gas) demonstrating strong momentum
- Offshore support vessel market still depressed, with initial positive signs of recovery
- Global mega yacht market remains flat, however opportunity exists for select market share gains
- Patrol boat market expected to continue to expand in the long-term as coastal security remains a focus around the world
- Veth synergies provide significant growth potential in global commercial marine applications

■ North American oil & gas landscape key variable in near term outlook

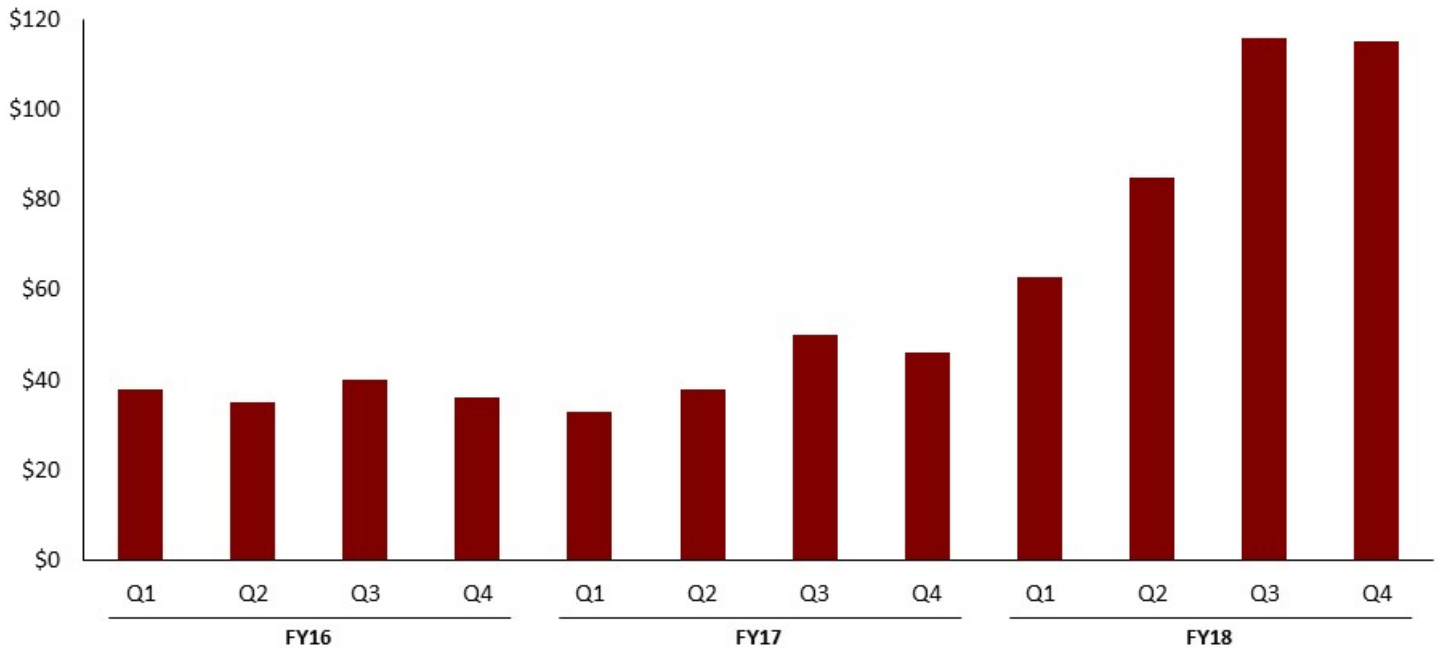
- Recent order activity drives consistent volume through FY19
- Sustained aftermarket activity signals broader recovery
- Intent on maintaining / growing our position in this market

■ Industrial product introductions will continue to drive growth

BACKLOG SUMMARY

SIX MONTH BACKLOG ⁽¹⁾

(*\$ in millions*)



Note: Excludes Veth Propulsion.

(1) Backlog defined as orders scheduled for shipment during the next six months.

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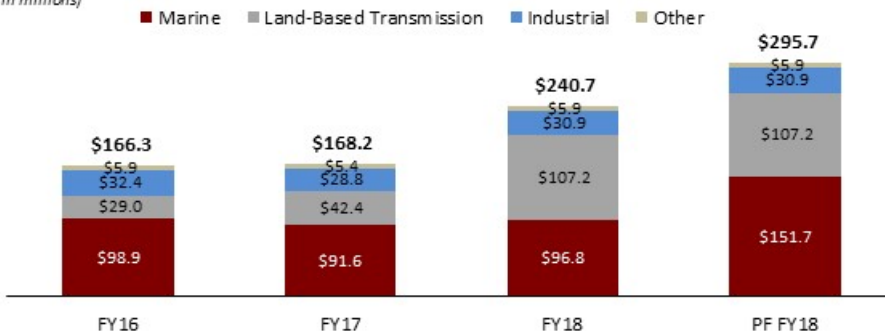


FINANCIAL OVERVIEW

NET SALES DIVERSITY

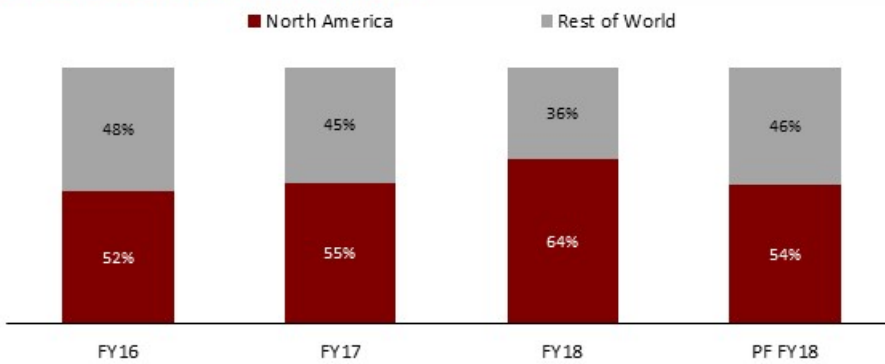
NET SALES BY CATEGORY

(\$ in millions)



- Marine segment includes marine transmissions, controls, surface drives, propellers and boat management systems
- Land-Based Transmission products include applications for oilfield and natural gas, military and airport rescue and firefighting
- Industrial products includes clutches, power take-offs and pump drives sold to the agriculture, recycling, construction and oil and gas markets

NET SALES MIX BY GEOGRAPHY



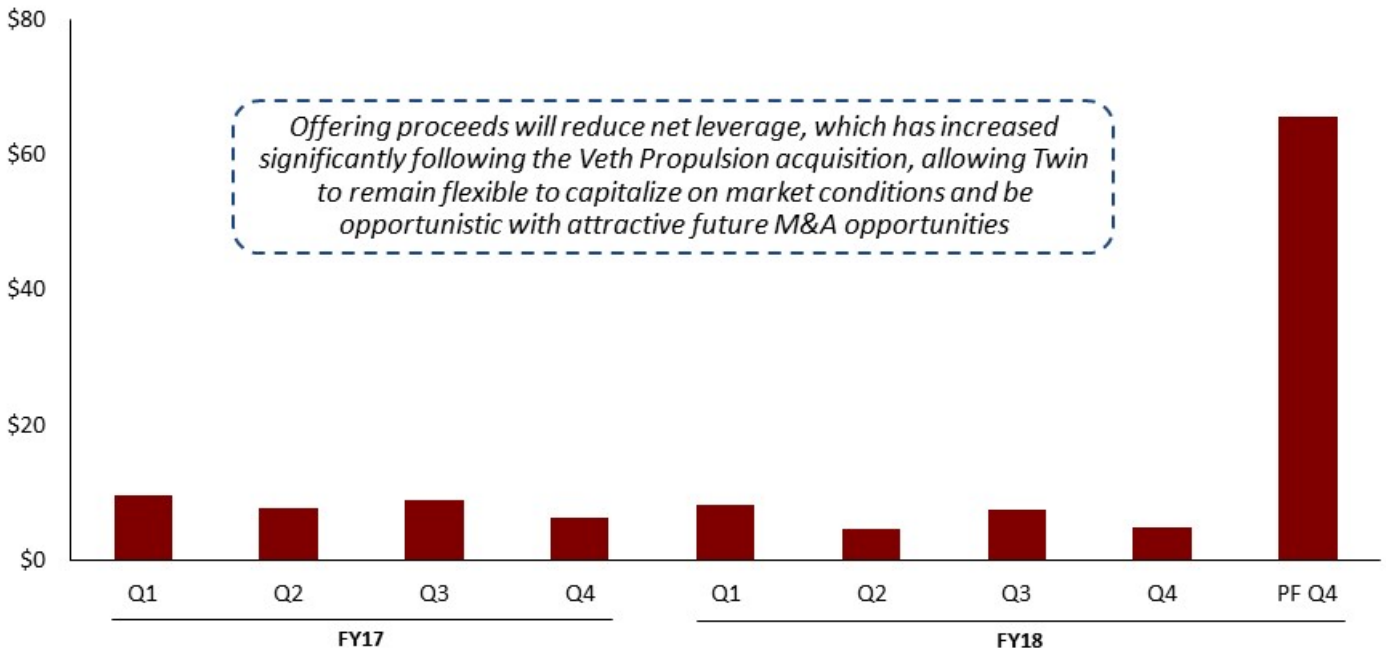
- North America net sales increased significantly in FY18, mainly due to increased activity in the oil and gas markets
- Overall magnitude of international net sales has stayed roughly consistent
- Acquired net sales from Veth Propulsion will help further diversify geographic net sales dispersion

Note: Represents fiscal year ending June 30. Pro forma (PF FY18) includes full year of Veth Propulsion.

LEVERAGE PROFILE

TOTAL DEBT

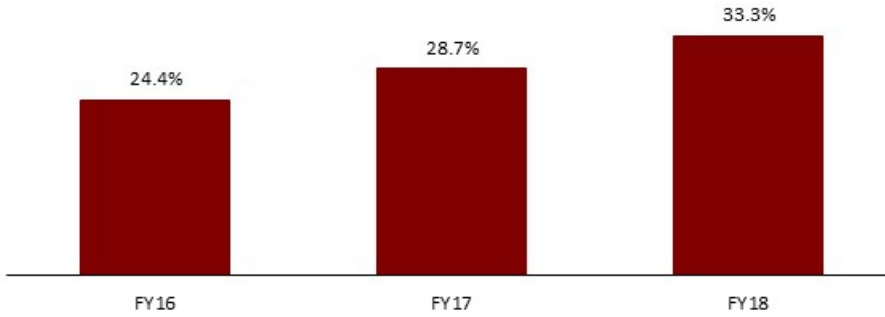
(\$ in millions)



Note: Represents fiscal year ending June 30. Pro forma (PF FY18) includes impact of Veth Propulsion acquisition.

HISTORICAL FINANCIAL PERFORMANCE

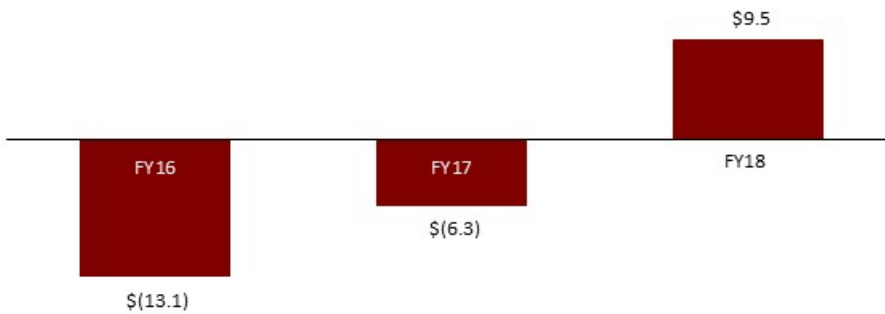
GROSS MARGIN



- FY18 gross margins were favorably impacted by higher sales volume and a favorable product mix, primarily related to increased demand from North American fracking customers for transmission and aftermarket products
- FY17 gross margins were favorably impacted by higher sales volume, favorable product mix, successful cost reduction efforts and improved operating efficiencies

NET INCOME

(\$ in millions)



- Net income turned positive in FY18 after two down years, due primarily to improved volume, led by oil and gas, favorable mix, operating efficiencies and cost rationalization

Note: Represents fiscal year ending June 30. Excludes Veth Propulsion.



APPENDIX

RECONCILIATION OF NET INCOME TO EBITDA

(\$ in thousands)

| | FY16 | FY17 | FY18 |
|---|------------|-----------|-----------|
| Net Income | (\$13,104) | (\$6,294) | \$9,528 |
| Income Taxes | (12,282) | (3,414) | 4,773 |
| Interest Expense | 426 | 303 | 282 |
| Depreciation & Amortization | 8,847 | 7,017 | 6,464 |
| Earnings before interest, taxes, depreciation and amortization (EBITDA) | (\$16,113) | (\$2,388) | \$21,047 |
| Net Sales | \$166,282 | \$168,182 | \$240,733 |
| EBITDA as a % of Sales | (9.7%) | (1.4%) | 8.7% |

Note: Represents fiscal year ending June 30. Excludes Veth Propulsion.

INCOME STATEMENT SUMMARY

(*\$ in thousands*)

| | FY16 | FY17 | FY18 |
|--------------------------|------------|-----------|-----------|
| Net Sales | \$166,282 | \$168,182 | \$240,733 |
| Gross Profit | 40,595 | 48,232 | 80,236 |
| % Margin | 24.4% | 28.7% | 33.3% |
| MEA Expense | 57,113 | 52,773 | 61,909 |
| Restructuring Impairment | 8,523 | 4,437 | 3,398 |
| Interest Expense | 426 | 303 | 282 |
| Misc. Exp / (Inc) | (172) | 248 | 227 |
| Pretax Earnings | (\$25,295) | (\$9,529) | \$14,420 |
| Income Taxes | (12,282) | (3,414) | 4,773 |
| Minority Interest | (91) | (179) | (119) |
| Net Income | (\$13,104) | (\$6,294) | \$9,528 |
| EBITDA | (\$16,113) | (\$2,388) | \$21,047 |

Note: Represents fiscal year ending June 30. Excludes Veth Propulsion.