

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of Earliest Event Reported) **June 14, 2023**

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.)

222 East Erie Street, Suite 400, Milwaukee, Wisconsin 53202

(Address of principal executive offices)

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

1328 Racine Street, Racine, Wisconsin 53403

(Former name or former address, if changed since last report)

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

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock (No Par Value)	TWIN	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§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 June 14, 2023. 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, 2022.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

EXHIBIT NUMBER	DESCRIPTION
99.1	Presentation Materials
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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 hereunto duly authorized.

Date: June 14, 2023

Twin Disc, Incorporated

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



TWIN DISC, INC

Investor Presentation



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. The words "anticipates," "believes," "intends," "estimates," and "expects," or similar anticipatory expressions, usually identify forward-looking statements. 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 2022 Annual Report and Form 10-K under the caption "Risk Factors," which outlines certain risks regarding the Company's forward-looking statements, including but not limited to the impact of general economic conditions and the cyclical nature of many of the Company's product markets; foreign currency risks and other risks associated with the Company's international sales and operations; the ability of the Company to successfully implement price increases to offset increasing commodity costs; the ability of the Company to generate sufficient cash to pay its indebtedness as it becomes due; and the possibility of unforeseen tax consequences and the impact of tax reform in the U.S. or other jurisdictions. 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. The Company assumes no obligation, and disclaims any obligation, to publicly update or revise any forward-looking statements to reflect subsequent events, new information, or otherwise.

Non-GAAP Financial Disclosures

Financial information excluding the impact of asset impairments, restructuring charges, foreign currency exchange rate changes and the impact of acquisitions, if any, in this press release 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 press release are made alongside the most directly comparable GAAP measures.

Definitions

Earnings before interest, taxes, depreciation and amortization (EBITDA) is calculated as net earnings or loss excluding interest expense, the provision or benefit for income taxes, depreciation and amortization expenses.

Net debt is calculated as total debt less cash.

Leverage Ratio is calculated as net debt divided by the sum of EBITDA over the last twelve months.



01.

Robust backlog supported by healthy demand growth across product groups



02.

Innovative technologies in **Marine and Industrial** scalable across attractive end markets



03.

Strategic playbook focused on margin expansion and cash generation



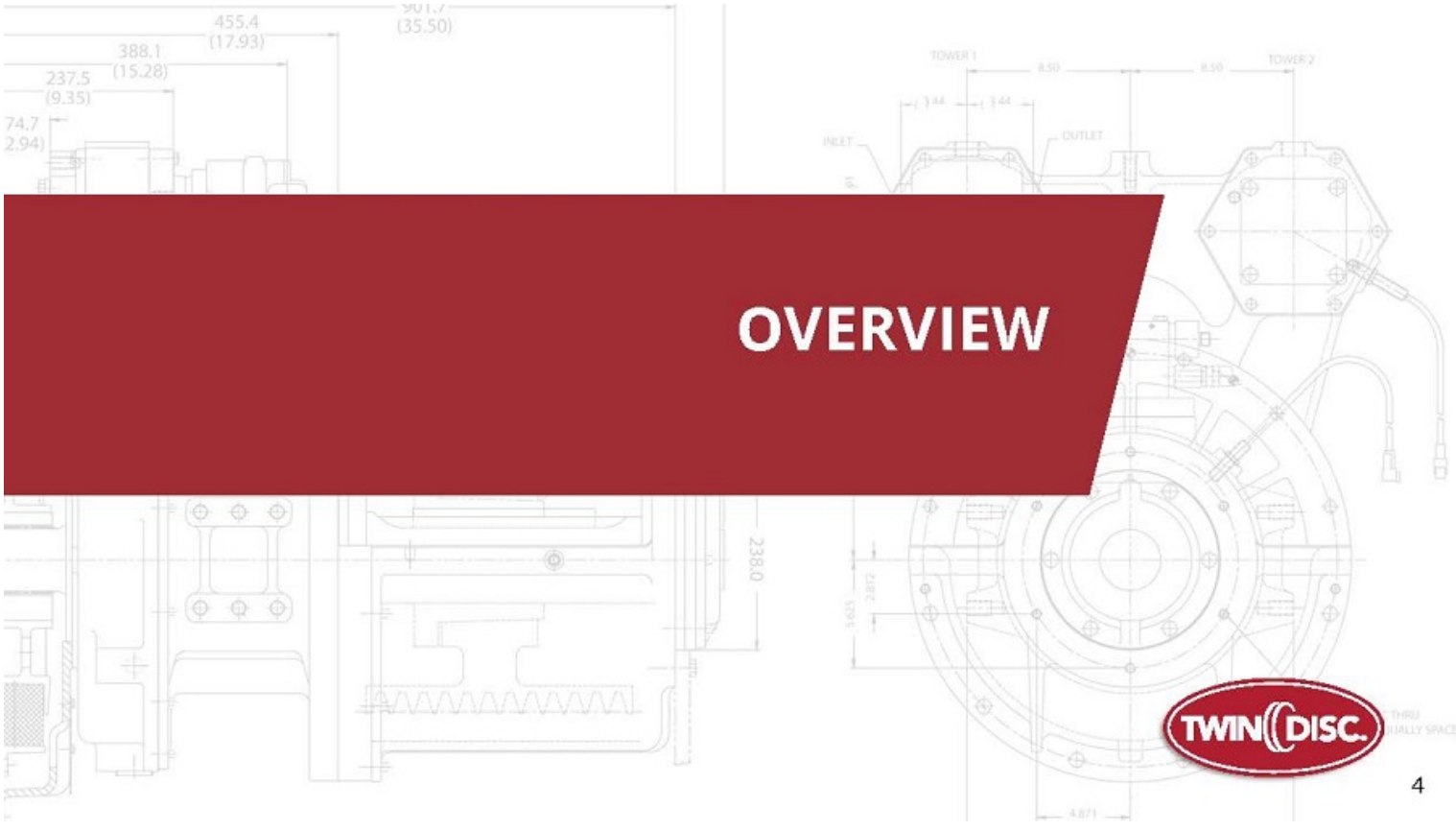
04.

Accelerating growth across end markets through Industrial and Marine Technology **M&A opportunities**



05.

Niche capabilities and specific product group offerings capitalize on **global demographic & secular tailwinds**

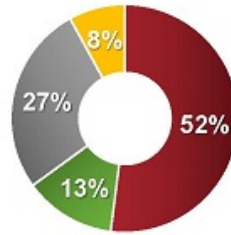


OVERVIEW



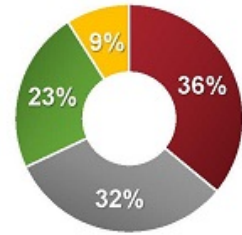
Founding Year	1918
Headquarters	Racine, WI
Employees	~800
Reporting Segments	Manufacturing Distribution
Revenue	\$242.9M
EBITDA Margin	8.9%

FY22 Revenue by Segment



■ Marine & Propulsion Systems ■ Industrial
■ Land-Based Systems ■ Other

FY22 Revenue by Geography

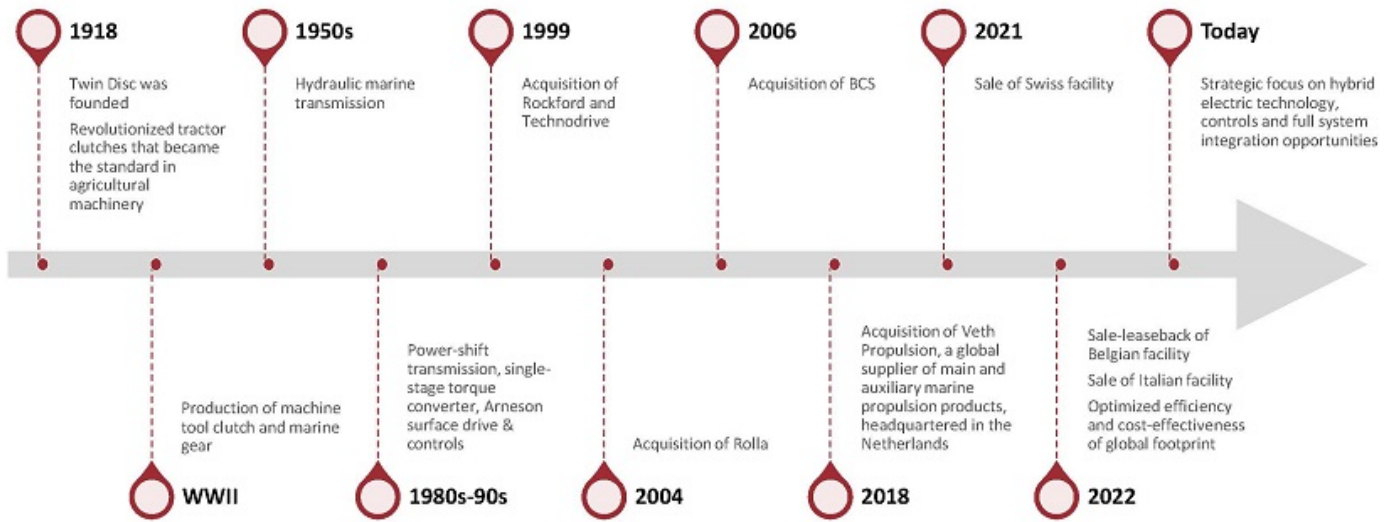


■ North America ■ Europe ■ Asia Pacific ■ Other

Key Market Differentiators

- ▶ A century of expertise putting horsepower to work and delivering world-class solutions to our global customer base
- ▶ Leveraging our leadership position in drive train technology to deliver solutions for today and tomorrow - i.e., traditional diesel, hybrid, and fully electric solutions
- ▶ Veth Propulsion provides an edge in Marine markets, with industry-leading technology known for innovation and reliability

TWIN DISC EVOLUTION





Marine & Propulsion Systems

Diesel powered planning & displacement vessels

- Positioned to capitalize on paradigm shifts in propulsion
- Robust, world-wide distribution network
- Strong opportunity for organic and inorganic growth



Land-Based Transmission

Diesel powered off-highway and all-terrain specialty vehicles

- Increasing global demand for Oil & Gas
- E-Frac and Hybrid solutions expand Twin Disc's addressable market
- Capability to rebuild transmissions when new engine availability is limited



Industrial

Heavy duty industrial disconnect applications

- Competitive advantage by focusing on full systems and technology for controllers
- R&D investments drive new product launches and increased customer applications

Leveraging Proprietary Offerings, Technology, In-House Expertise, and Scale Across Markets

Twin Disc's Unique Position

- Veth acquisition provided complementary products and powerful new technologies
- In-house hybrid and electrification expertise
- Expansion into new markets and geographies

Substantial Growth Opportunities Across End Markets

- Commercial Craft
- Fast Commercial Craft
- Passenger Vessels
- Patrol Craft
- Pleasure Craft



Twin Disc's Unique Position

- Over a century of experience in power transmission product design and innovation
- Strong North American customer base provides a solid foundation for growth
- In-house diesel and hybrid / electrification expertise

Substantial Growth Opportunities Across End Markets

- Airport Rescue and Fire
- Energy
- Military



Twin Disc's Unique Position

- Best-in-class quality
- Proprietary technology in controls, hybrid, EV
- In-house engineering capabilities
- Accelerating activity with new customers and application expansion among existing customers

Substantial Growth Opportunities Across End Markets

- | | |
|----------------|--------------|
| ▪ Agriculture | ▪ Irrigation |
| ▪ Construction | ▪ Municipal |
| ▪ Energy | ▪ Recycling |
| ▪ Forestry | ▪ Transport |





STRATEGY



Leading Hybrid/Electric solution provider for niche marine and land-based applications

Continued expansion of Veth product to reach new markets and geographies

Rationalize global footprint for efficiency and customer response

Increased focus on controls and system integration rather than individual components

M&A priorities: Industrial and Marine Technology (Hybrid focus)

Transforming the global Off-Highway and Marine markets with our sustainable Hybrid and Electric powertrains, empowering customers to meet business goals as well as regulatory requirements

- Expertise in drive train technology provides edge in hybrid technology
- Veth Propulsion provides a competitive advantage in electrification
- In midst of global paradigm shift toward sustainable energy sources and technology

5x to 10x

More Content
(vs. standard application)

Land-Based E-Frac

- Initial E-Frac applications achieving performance beyond expectations
- Significant volume anticipated starting in late FY23
- Signed 18-month exclusive agreement with Sewart Supply for E-Frac applications

Pleasure Craft

- Initial Hinckley Silent Jet combines the benefits of diesel and electric propulsion
- Seamless transition between diesel and electric power
- Benefits of silent operation under electric power or high-performance diesel propulsion

Passenger Vessel

- No noise
- No diesel fumes
- No exhaust stacks obscuring views

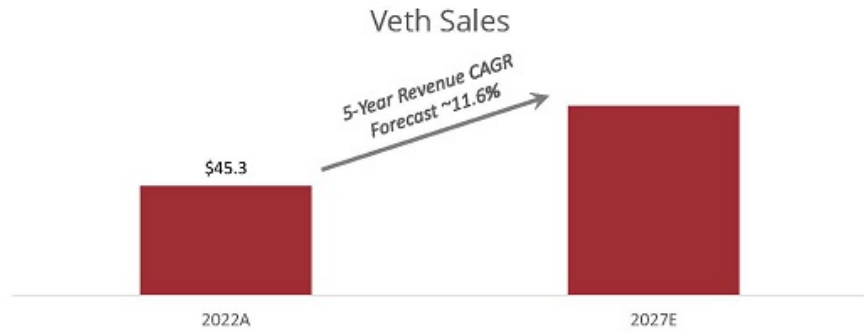
VETH EXPANSION



Global supplier of main and auxiliary Marine propulsion products

Strategic Fit

- Complementary products and powerful new technologies
- Enhances engineering talent and product development capabilities
- Prior history working with Veth enables efficient integration
- Accelerates sales and marketing opportunities

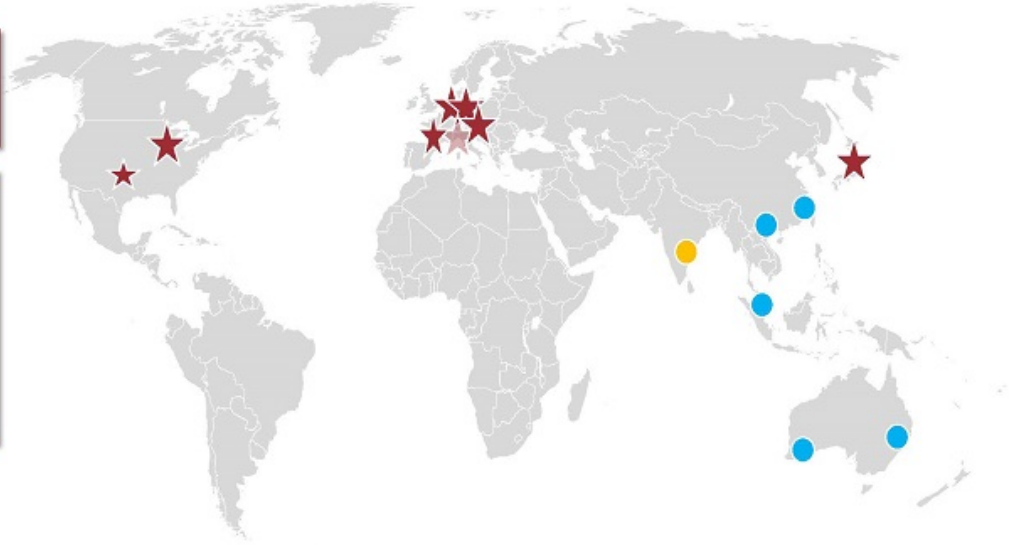


OPTIMIZE GEOGRAPHIC FOOTPRINT



\$162 million
FY22 International Sales

- World-wide distribution network
- Six countries with manufacturing operations
- Customers across 50 countries



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

Control and full-system integration focus to accelerate growth

Twin Disc products across all end markets are built with our control systems, utilizing multiple components and sophisticated controls to manage power output

Ability to package a **full system solution** to virtually any customer's specific application requirements

R&D investment continues to drive innovation while optimizing performance, reliability, and safety

Expanding market opportunity as Twin Disc hybrid systems ensure maximum efficiency and reduce fuel consumption

Driving force for growth opportunity in Marine and Industrial end markets

Bolt-on & Transformational Acquisitions Framework

M&A Priorities

✓ Marine Technology, Hybrid-focused

✓ Industrial

Strategic Fit	<ul style="list-style-type: none">▪ Diversification away from Oil & Gas▪ Acquisition logic immediately evident
Financial Fit	<ul style="list-style-type: none">▪ Evident value creation potential▪ Consistent business performance▪ Internal Rate of Return > Weighted Average Cost of Capital
Other Considerations	<ul style="list-style-type: none">▪ Platform for transformative expansion▪ Can enhance network and capabilities

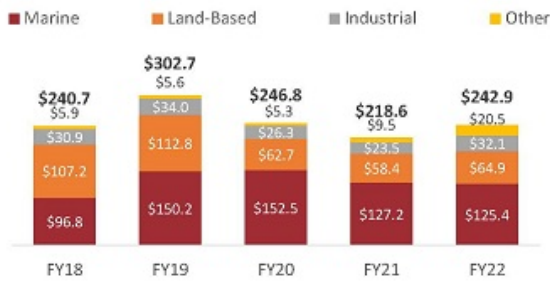


FINANCIAL OVERVIEW



NET SALES

(\$ in millions)

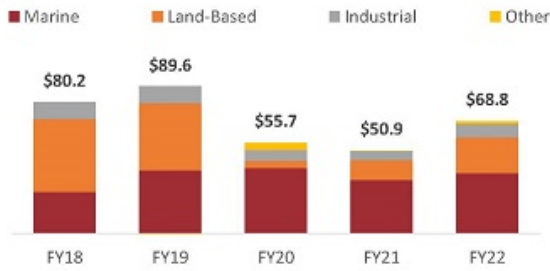


DILUTED EARNINGS PER SHARE



GROSS PROFIT BY PRODUCT GROUP

(\$ in millions)



NET DEBT

(\$ in millions)



EBITDA

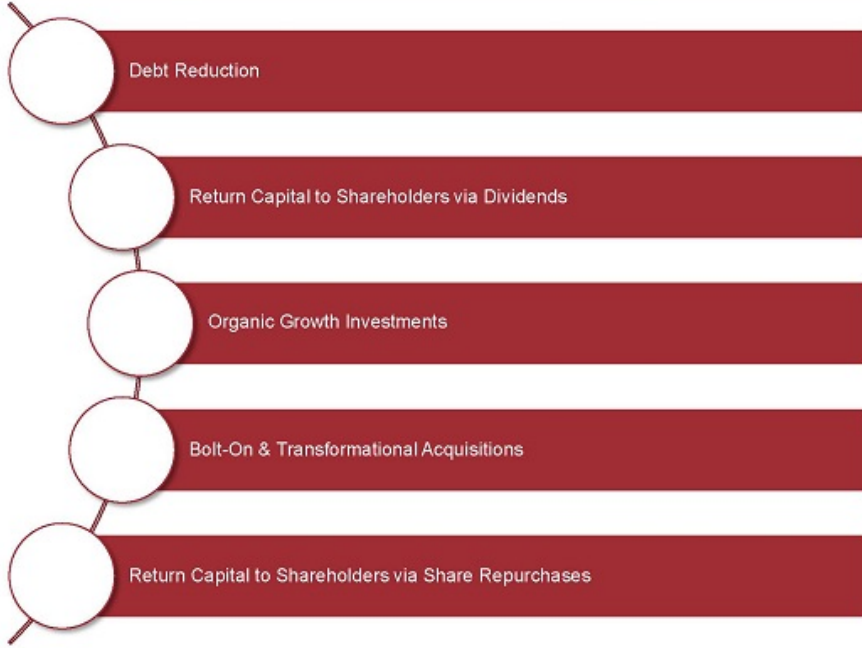
(\$ in millions)



LEVERAGE RATIO



CAPITAL ALLOCATION PRIORITIES



Revenue
\$400 million

- Hybrid/Electric leadership
- Veth global expansion
- Industrial focus
- M&A

Gross Margin
30%

- European cost structure
- Operational efficiencies
- Greater pass-through content

Free Cash Flow
Conversion
60%

- Supply chain processes
- Manufacturing footprint
- Capital spending discipline

- 1 Robust backlog supported by healthy demand growth across product groups
- 2 Innovative technologies in Marine and Industrial scalable across attractive end markets
- 3 Strategic playbook focused on margin expansion and cash generation
- 4 Accelerating growth across end markets through Industrial and Marine Technology M&A opportunities
- 5 Niche capabilities and specific product group offerings capitalize on global demographic & secular tailwinds



APPENDIX



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO REPORTED FINANCIAL MEASURES



RECONCILIATION OF TOTAL DEBT TO NET DEBT (In thousands; unaudited)

	FY18	FY19	FY20	FY21	FY22
Current maturities of long-term debt	-	2,000	4,691	2,000	2,000
Long-term debt	4,824	40,491	37,896	30,085	34,543
Total debt	\$4,824	\$42,491	\$42,587	\$32,085	\$36,543
Less cash	15,171	12,362	10,688	12,340	12,521
Net debt	(\$10,347)	\$30,129	\$31,899	\$19,745	\$24,022

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO REPORTED FINANCIAL MEASURES



RECONCILIATION OF CONSOLIDATED NET INCOME TO EBITDA (In thousands; unaudited)

	FY18	FY19	FY20	FY21	FY22
Net Income (loss) attributable to Twin Disc	9,528	\$10,673	(\$39,817)	(\$29,719)	\$8,095
Interest expense	282	1,927	1,860	2,358	2,128
Income tax expense (benefit)	4,773	3,711	(4,169)	19,681	1,823
Depreciation and amortization	6,464	13,612	11,925	11,243	9,547
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$21,047	\$29,923	(\$30,201)	\$3,563	\$21,593

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO REPORTED FINANCIAL MEASURES



NET DEBT TO EBITDA LEVERAGE RATIO CALCULATION

	FY18	FY19	FY20	FY21	FY22
Net debt	(10,347)	30,129	31,899	19,745	\$24,022
EBITDA	21,047	29,923	(30,201)	3,562	21,593
Leverage Ratio	(0.5)x	1.0x	(1.1)x	5.5x	1.1x