

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) **February 7, 2024**

**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**

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 February 7, 2024. 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](http://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. The words "believes," "expects," "intends," "plans," "anticipates," "hopes," "likely," "will," and similar expressions identify such forward-looking statements. These statements are based on the Company's expectations and involve risks, uncertainties and other important factors that could cause the actual results performance or achievements of the Company (or entities in which the Company has interests), or industry results, to differ materially from future results, performance or achievements expressed or implied by such forward-looking statements. Certain factors that could cause the Company's actual future results to differ materially from those discussed are noted in connection with such statements, but other unanticipated factors could arise. Certain risks regarding the Company's forward-looking statements 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, 2023. Readers are cautioned not to place undue reliance on these forward-looking statements which reflect management's view only as of the date of this Form 8-K. The Company undertakes no obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, conditions or circumstances.

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**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

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EXHIBIT NUMBER DESCRIPTION

99.1 [Presentation Materials](#)

104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

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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: February 7, 2024

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. 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, "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](http://www.twindisc.com)), or by request from the Investor Relations department at the Company.

## 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.

### Financial

- Q2 sales +15.2% vs. YA to \$73.0 million
- Gross margin increased ~140 bps vs. YA to 28.3%
- EBITDA of \$5.5 million vs. \$7.0 million YA, down due to \$4.2 million prior year gain on sale of facility
- Robust operating cash flow of \$16.0 million; free cash flow of \$10.6 million

### Strategic

- Profitable growth supported by solid operational execution, working capital improvements
- Capturing stable demand, driving continued backlog growth
- Significantly increased orders for workboat marine transmissions in Asia Pacific

- Increased sales by 29% vs. YA
- Continued activity in global commercial markets supporting strong demand
- Increase in government defense spending driving patrol boat projects
- Veth six-month backlog increased 6% sequentially
  - Near-term Veth inventory build to support anticipated rising demand in 2H 2024
- Capturing recently increased demand for workboat marine transmissions in Asia Pacific





- Increased sales 8% vs. YA
- Solid continued demand in Oil & Gas markets supporting growth
  - First new unit orders in North America for Oil & Gas
- ARFF transmissions demand driving backlog expansion
- General increase in orders across business sequentially; seeing early improvement of pullback in spare parts orders



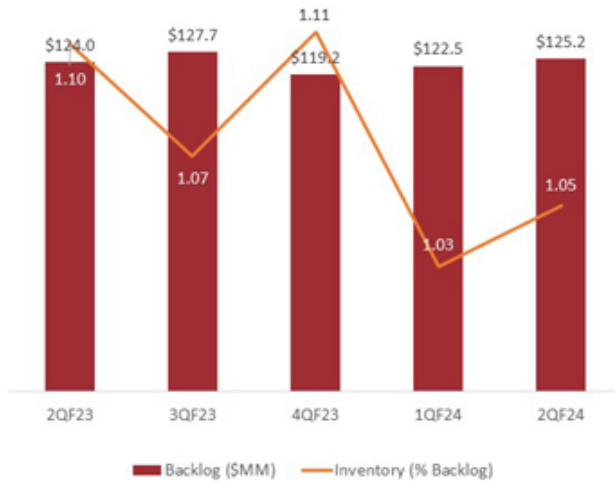
- Sales declined 13% due to continued softness amongst key industrial customers
  - Continued weaker demand primarily for commoditized products; higher-content products performing well
- Continuing to advance domestic OEM partnerships



# CONTINUED BACKLOG GROWTH



## BACKLOG AND INVENTORY % OF BACKLOG



- 6-month backlog continuing to increase on sequential and year-over-year basis
- Temporary increase in inventory as a percentage of backlog, reflecting a short-term headwind driven by near-term Veth inventory build
  - Inventories expected to come down in 2H 2024 as backlog is worked through

Note: Backlog figures are reflective of a six-month period. The six-month order backlog is considered more representative of operating conditions than total backlog.

# LONG-TERM 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)



Technical drawing of a mechanical assembly, likely a turbine or engine component, showing various parts and dimensions. The drawing includes labels for 'TOWER 1', 'TOWER 2', 'INLET', and 'OUTLET'. Dimensions are provided in millimeters and inches. A red banner with the text 'FINANCIAL OVERVIEW' is overlaid on the drawing.

# FINANCIAL OVERVIEW



# FINANCIAL PERFORMANCE



## SALES

(\$ in millions)



- Generally stable demand across global markets
- Capitalizing on increased pricing and favorable product mix

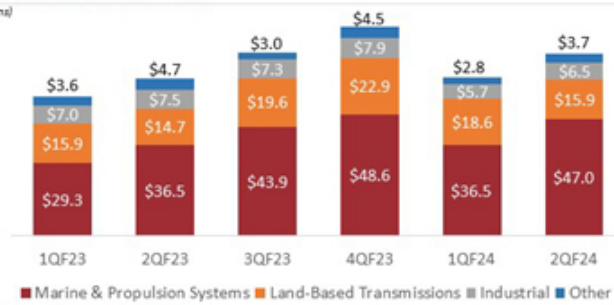
## EARNINGS PER SHARE



- Lower earnings vs. YA due to currency and inflationary headwinds, one-time benefit of facility sale recorded in prior year period
- ME&A spend has increased vs. YA due to focus on hybrid / electric strategy; however has decreased as a percentage of total revenue

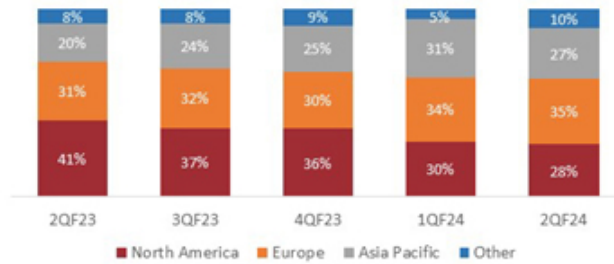
## SALES BY PRODUCT GROUP

(\$ in millions)



- Continued strength within Marine and Propulsion Systems and Land-Based Transmissions:
  - Consistent market demand
  - Geographic expansion
  - Strategic partnerships
- Lower sales in Industrial due to softened demand

## SALES MIX BY GEOGRAPHY



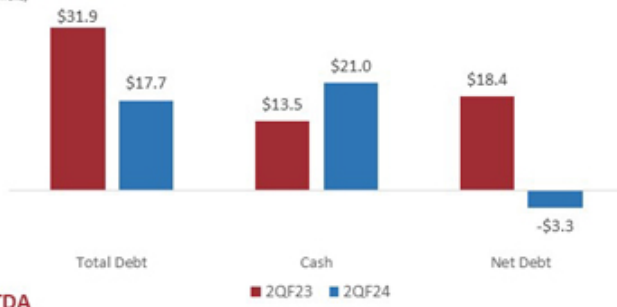
- Increased sales across multiple regions, with Asia Pacific and Europe capturing a combined increase of 39% of total sales versus fiscal year end
- Decreasing proportion of overall sales in North American market, with demand remaining steady

# STRONG BALANCE SHEET



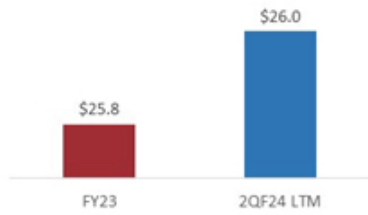
## BALANCE SHEET

(\$ in millions)

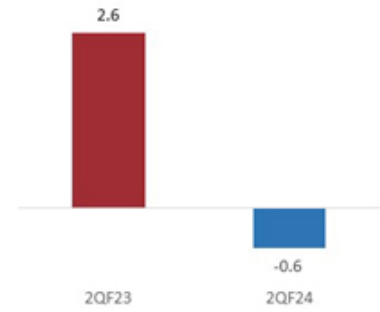


## EBITDA

(\$ in millions)



## LEVERAGE RATIO



## TWIN DISC GROSS MARGIN



## SECOND QUARTER GROSS MARGIN DRIVERS

- Gross margin increased 140 basis points vs. YA
- Increased volume; favorable product mix
- Capturing tailwinds from pricing actions executed throughout FY 2023

## SECOND QUARTER GROSS PROFIT BY PRODUCT GROUP



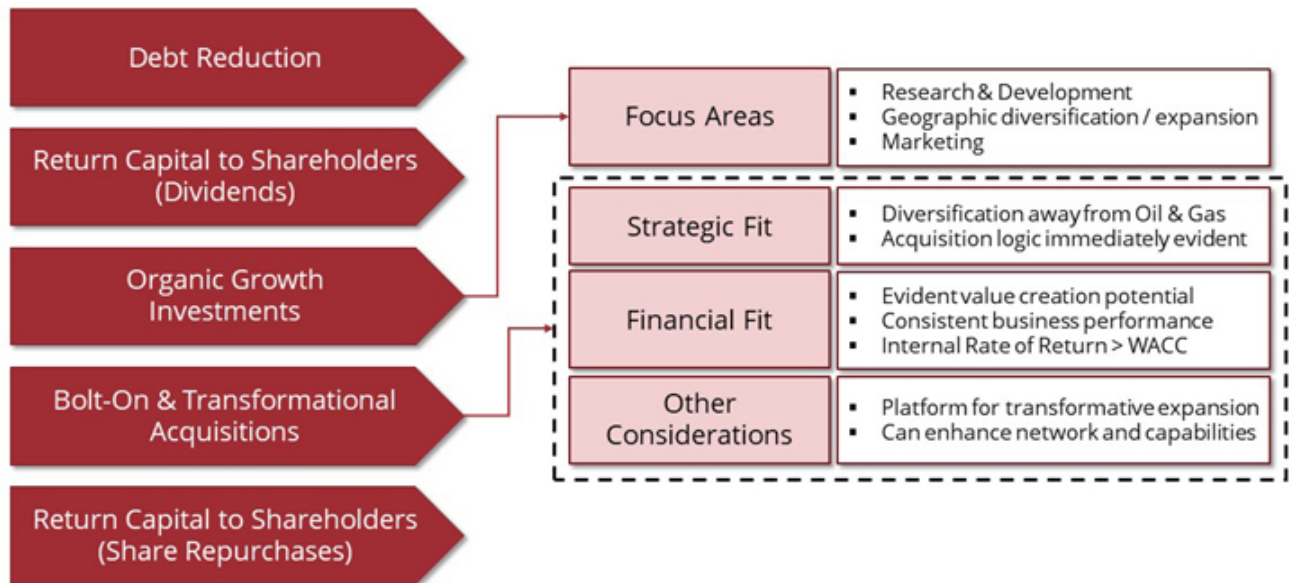
■ Marine & Propulsion Systems ■ Land-Based Transmissions ■ Industrial ■ Other

## INFLATION & SUPPLY CHAIN EXPECTATIONS

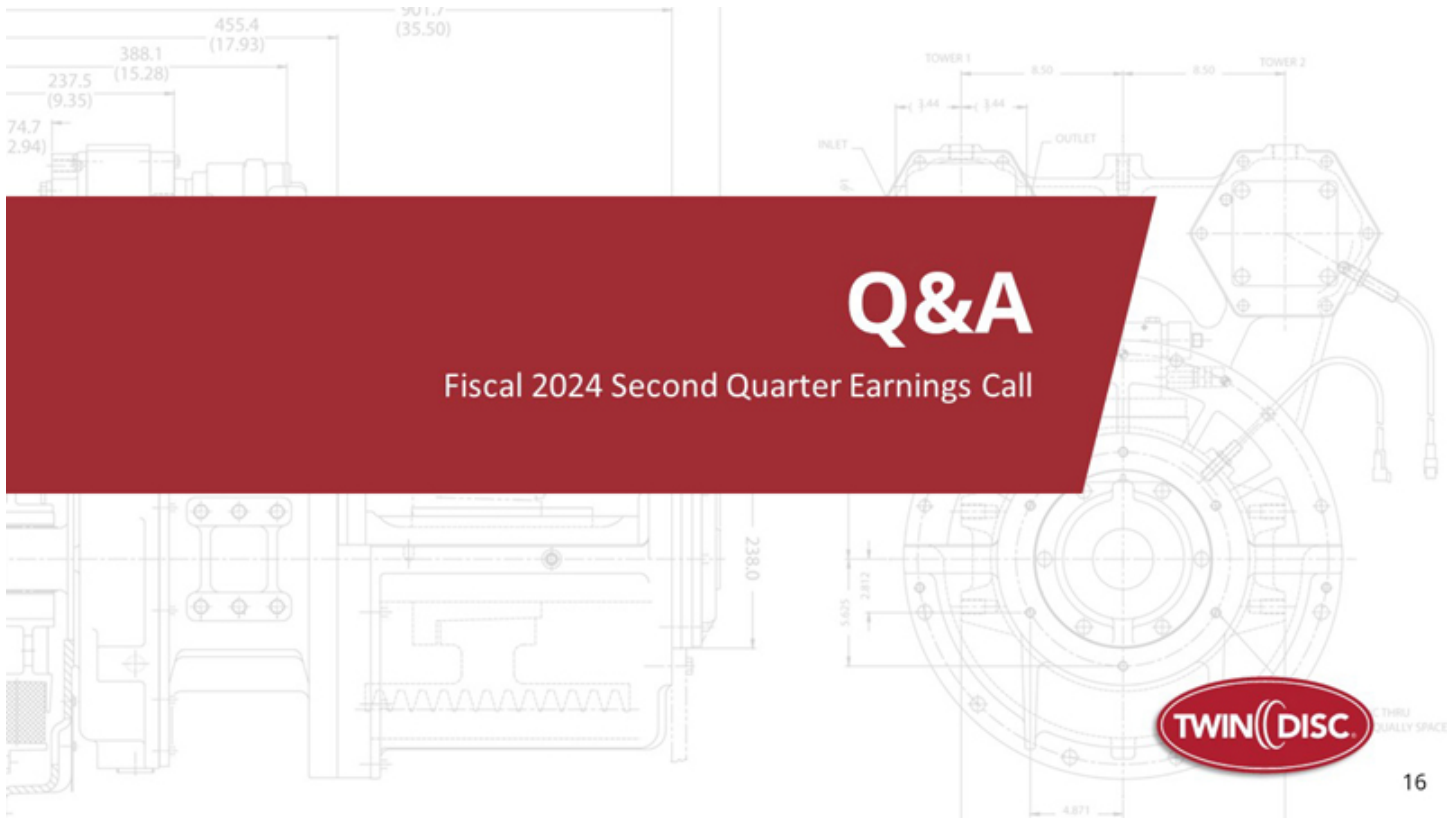
- Supply chain improvements continuing to enable stronger shipments
- Facing some currency headwinds and higher labor costs within ME&A



# CAPITAL ALLOCATION FRAMEWORK



- Continued momentum of double-digit revenue growth, margin expansion, and ample cash generation
- Cautiously optimistic outlook due to lingering macroeconomic volatility; Anticipating continued demand heading into 2H 2024
- Strong performance strengthening balance sheet, providing added flexibility to pursue growth opportunities

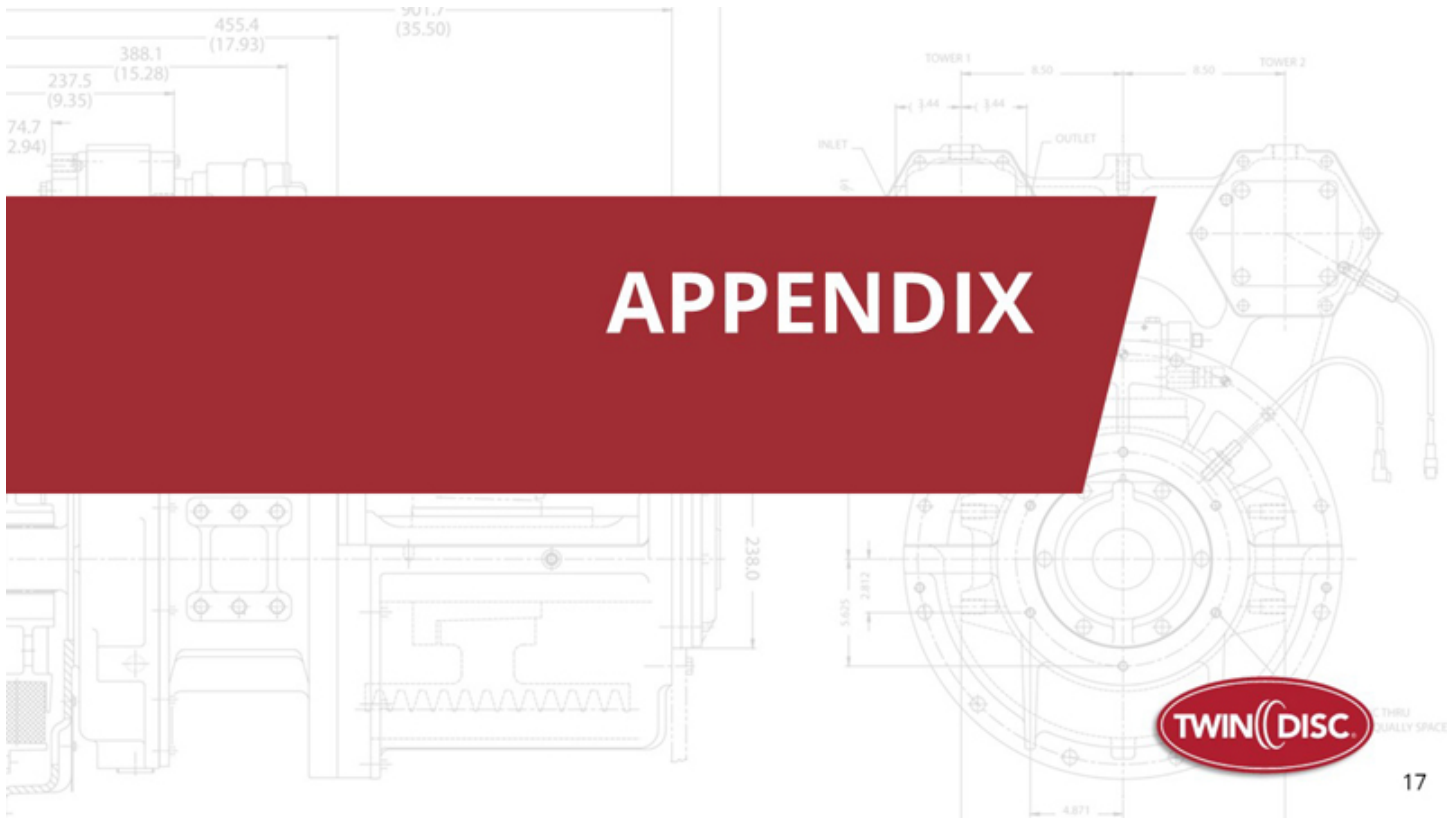


# Q&A

Fiscal 2024 Second Quarter Earnings Call



# APPENDIX



## RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO REPORTED FINANCIAL MEASURES



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

	December 29, 2023	December 30, 2022
Current maturities of long-term debt	2,000	2,000
Long-term debt	15,698	29,927
<b>Total debt</b>	<b>\$17,698</b>	<b>\$31,927</b>
Less cash	21,021	13,528
<b>Net debt</b>	<b>(\$3,323)</b>	<b>\$18,399</b>

# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO REPORTED FINANCIAL MEASURES



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

	2QF24 LTM	2QF24	FY23	1QF24	4QF23	3QF23	2QF23
Net Income (loss) attributable to Twin Disc	\$9,814	\$930	\$10,380	\$(1,172)	\$6,775	\$3,281	\$1,746
Interest expense	1,879	392	2,253	394	571	522	594
Income tax expense	4,195	1,662	3,788	546	1,439	548	2,489
Depreciation and amortization	10,116	2,531	9,359	2,492	2,423	2,670	2,126
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$26,004	\$5,515	\$25,781	\$2,260	\$11,208	\$7,021	\$6,955

# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO REPORTED FINANCIAL MEASURES



## NET DEBT TO EBITDA LEVERAGE RATIO CALCULATION

	2QF24	2QF23
Net debt	(\$3,323)	\$18,399
EBITDA	5,515	6,955
Leverage Ratio	-0.6x	2.6x