

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) **August 15, 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 August 15, 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. 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.

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: August 15, 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 2023 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.

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 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 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

- Q4 sales +0.6% vs. YA to \$84.4 million
- Gross margin increased ~20 bps vs. YA to 29.7%
- Q4 EBITDA of \$11.8 million (net income of \$7.4) vs. \$13.0 million (net income of \$8.6) YA
- Historically high Q4 operating cash flow of \$11.5 million; Q4 free cash flow of \$10.4 million

Strategic

- Continuing to reap benefits of long-term operational improvements and working capital discipline, supporting trend of profitable growth
- Ended year with strong growth in Land-Based Transmissions, Marine and Propulsion
- Completed acquisition of Katsa Oy, expanding our global footprint and introducing our portfolio into new, growing markets

- Sales increased by 3.4% vs. YA
- Sustained activity across global commercial markets contributing to strong demand
- Veth six-month backlog decreased 3.7% sequentially
- Rolla & Veth partnership performing well due to strength in luxury yacht market
- Demand for workboat marine transmissions in Asia Pacific remains strong
- Government defense spending surge fueling growth, particularly in patrol boat projects





- Increased sales by 9.3% vs. YA
- ARFF transmissions demand supporting backlog expansion
 - Record levels of backlog
- Oil & Gas exports flat

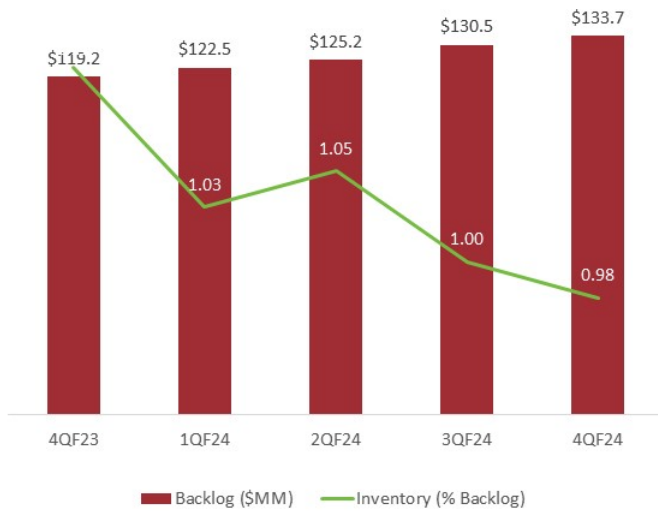
- Sales decreased by 8.9% vs. YA
- Sequential improvement in demand
- Continued weakness primarily for commoditized products; higher-content products showing resilience
- Continuing to advance OEM partnerships



CONTINUED BACKLOG GROWTH



BACKLOG AND INVENTORY % OF BACKLOG



- 6-month backlog continuing to increase on sequential and year-over-year basis
 - Acquisition of Katsa Oy accounts for \$12.6 million of backlog
- Reductions in inventory in 4Q 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.

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)



FINANCIAL OVERVIEW

TWIN(DISC.

SALES

(\$ in millions)



- Consistent healthy demand across global markets
- Operational execution driving performance
- Adjusting for divestiture of BCS in FY 2024, FY 2024 revenue was \$26 million, or 9.5%, higher than prior year

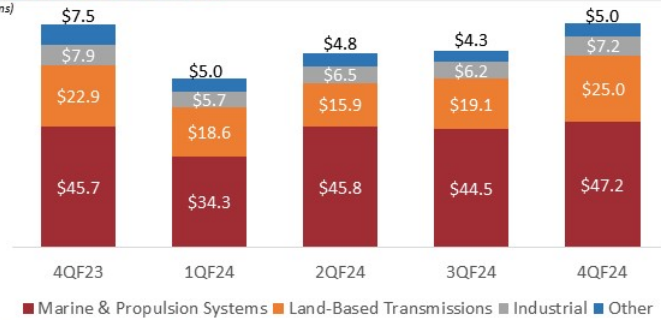
EARNINGS PER SHARE



- Bargain purchase gain of \$3.7 million from the acquisition of Katsa Oy included in Other income
- Adjusting for divestiture of BCS in FY 2024 and sale of our Belgian facility in FY 2023, FY 2024 operating income was \$2.7 million higher than prior year
- Increase in ME&A spend vs. YA driven by inflationary impact on wages and benefits, costs related to the Katsa acquisition, investments to drive our hybrid electric strategy and increased bonus and stock compensation expenses

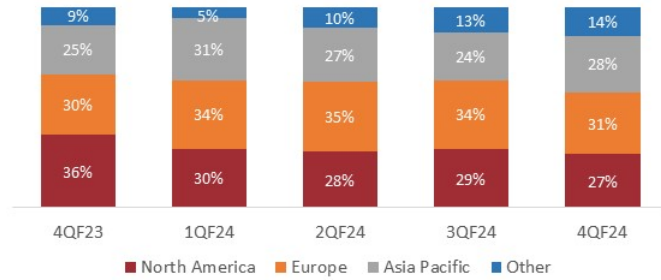
SALES BY PRODUCT GROUP

(\$ in millions)



- Growth supported by strength within Marine and Propulsion Systems and Land-Based Transmissions:
 - Consistent market demand
 - Geographic expansion
 - Strategic partnerships
- Recovery in Industrials sales

SALES MIX BY GEOGRAPHY



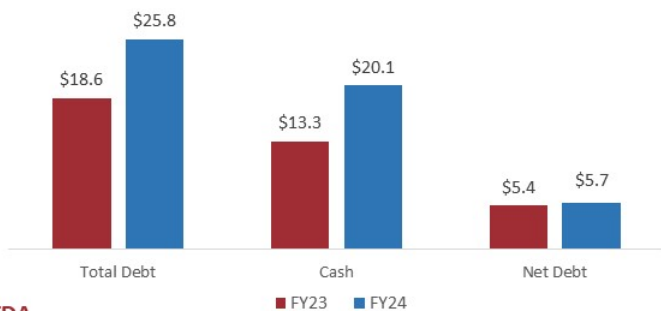
- Decreasing proportion of overall sales in North American market continued, with demand remaining steady
- Asia Pacific and Middle East capturing a greater proportion of total sales in the quarter

STRONG BALANCE SHEET



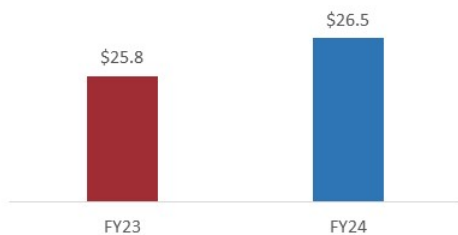
BALANCE SHEET

(\$ in millions)

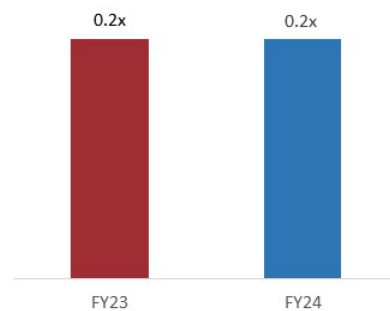


EBITDA

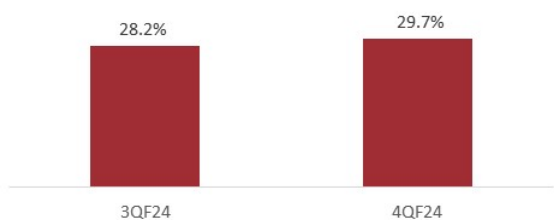
(\$ in millions)



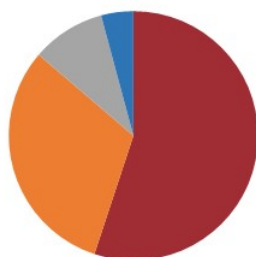
LEVERAGE RATIO



TWIN DISC GROSS MARGIN



FOURTH QUARTER GROSS PROFIT BY PRODUCT GROUP



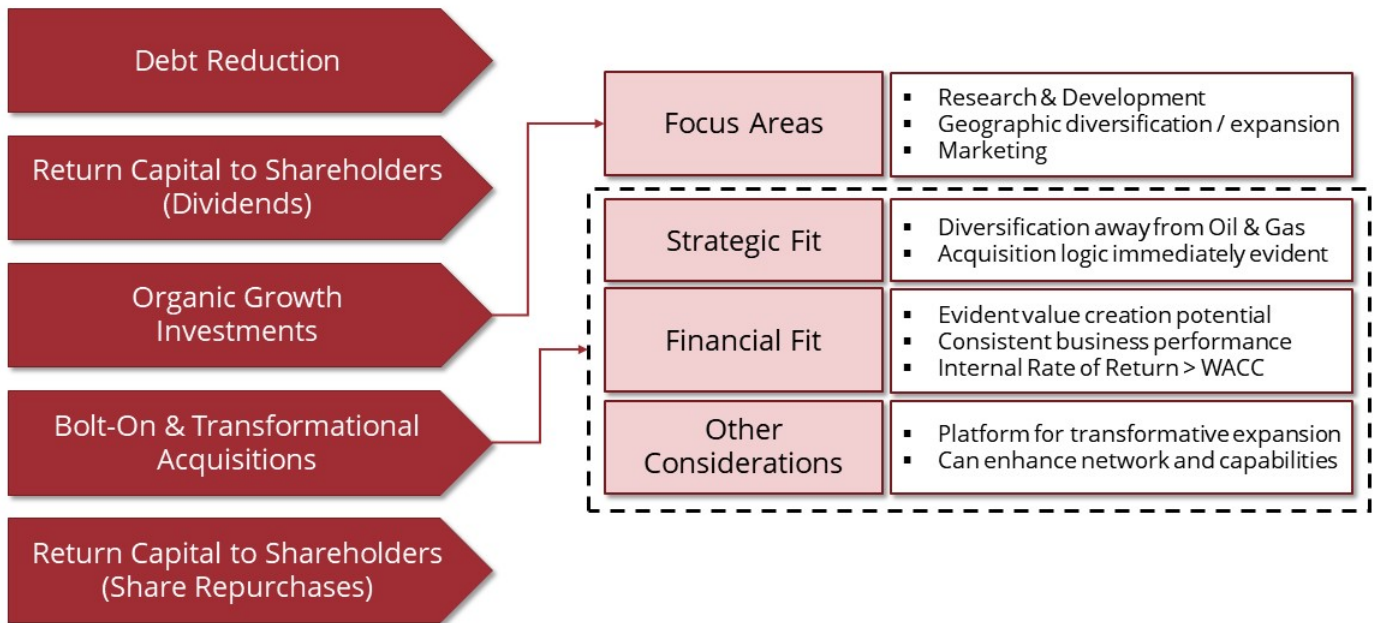
■ Marine & Propulsion Systems ■ Land-Based Transmissions ■ Industrial ■ Other

FOURTH QUARTER GROSS MARGIN DRIVERS

- Gross margin increased sequentially by 150 basis points vs. YA
- Capturing tailwinds from pricing actions executed throughout FY 2023
- Cost reduction activities and operational efficiencies

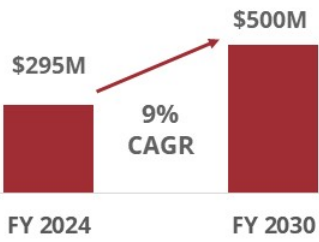
INFLATION & SUPPLY CHAIN EXPECTATIONS

- Supply chain improvements enabling stronger shipments
- Continuing to face currency headwinds and higher labor costs within ME&A



2030 TARGETS AND DRIVERS

Revenue

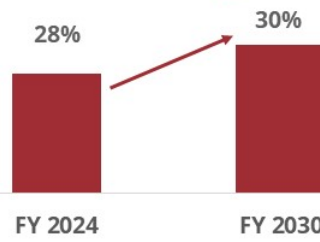


FY 2024

FY 2030

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

Gross Margin



FY 2024

FY 2030

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

FCF Conversion

Maintain at least 60%

- Supply chain processes
- Manufacturing footprint
- Capital spending discipline

- Sustained outperformance in Q4 marked by margin expansion and robust cash generation
- Strong balance sheet supported by prudent working capital management
- Well positioned entering fiscal 2025 with healthy backlog supported by strong end market demand
- Expecting market conditions to remain consistent in 2025
- Updating medium term revenue, gross margin, and FCF targets



Q&A

Fiscal 2024 Fourth Quarter Earnings Call

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APPENDIX

TWIN(DISC.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO REPORTED FINANCIAL MEASURES



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

	June 30, 2024	June 30, 2023
Current maturities of long-term debt	2,000	2,010
Long-term debt	23,811	16,617
Total debt	\$25,811	\$18,627
Less cash	20,070	13,263
Net debt	\$5,741	\$5,364

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO REPORTED FINANCIAL MEASURES



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

	FY24	4QF24	3QF24	2QF24	1QF24	4QF23
Net Income (loss) attributable to Twin Disc	\$10,988	\$7,410	\$3,822	\$930	\$(1,173)	\$8,594
Interest expense	1,443	394	263	392	394	571
Income tax expense	4,121	1,515	398	1,662	546	1,439
Depreciation and amortization	9,981	2,528	2,479	2,531	2,492	2,423
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$26,533	\$11,847	\$6,957	\$5,516	\$2,259	\$13,027

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO REPORTED FINANCIAL MEASURES



NET DEBT TO EBITDA LEVERAGE RATIO CALCULATION

	FY24	FY23
Net debt	\$5,741	\$5,364
EBITDA	26,533	25,781
Leverage Ratio	0.2x	0.2x

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO REPORTED FINANCIAL MEASURES



RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW (In thousands; unaudited)

	For the Quarter Ended		For the Four Quarters Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Net cash provided by operating activities	11,499	16,037	33,716	22,898
Acquisition of fixed assets	(1,109)	(1,108)	(8,707)	(7,918)
Free cash flow	\$10,390	\$14,929	\$25,009	\$14,980