

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) **April 30, 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 April 30, 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	<a href="#">Presentation Materials</a>
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: April 30, 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](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 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

- Q3 sales +0.5% vs. YA to \$74.2 million
- Gross margin increased ~210 bps vs. YA to 28.2%
- EBITDA of \$7.0 million (net income of \$3.5) vs. \$7.0 million (net income of \$3.3) YA
- Robust operating cash flow of \$22.3 million YTD; free cash flow of \$14.7 million YTD

## Strategic

- Impact of long-term operational improvements and working capital discipline supporting trend of profitable growth
- End market demand remains stable, driving improved backlog
- Announced agreement to acquire Katsa Oy, expanding our global footprint and introducing our portfolio into new, growing markets

- Increased sales by 3% vs. YA
- Global commercial markets show sustained activity, fostering robust demand
- Government defense spending surge fueling growth, particularly in patrol boat projects
- Veth six-month backlog increased 16% sequentially
  - Resulting in the recent Veth inventory build to support rising demand
- Capturing continued demand for workboat marine transmissions in Asia Pacific





- Decreased sales 2.5% vs. YA
- Oil & Gas exports to Asia were flat
- Initial orders secured in North America for Oil & Gas units signifying market penetration
- Expansion in backlog fueled by ARFF transmissions demand



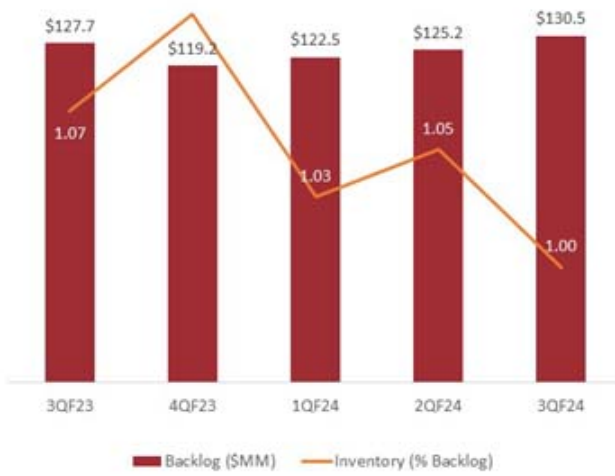
- Decreased sales 15% vs. YA
- Ongoing softness amongst key industrial customers
- Continued weakness primarily for commoditized products; higher-content products showing resilience
- Ongoing progress in advancing OEM partnerships



# CONTINUED BACKLOG GROWTH



## BACKLOG AND INVENTORY % OF BACKLOG



- 6-month backlog continuing to increase on sequential and year-over-year basis
- Expecting additional inventory reductions 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.

# 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)



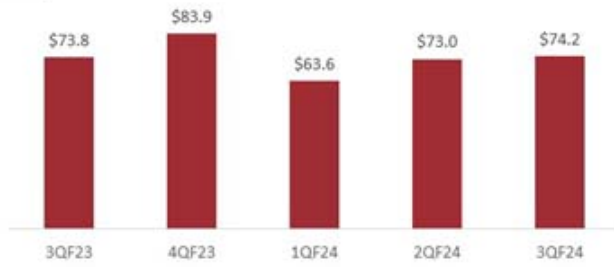
Technical drawing of a mechanical component, likely a pump or motor, showing various views and dimensions. The drawing includes labels such as 'INLET', 'OUTLET', 'SENDER 1', and 'SENDER 2'. Dimensions are provided in both millimeters and inches. A red banner with the text 'FINANCIAL OVERVIEW' is overlaid on the drawing.

# FINANCIAL OVERVIEW



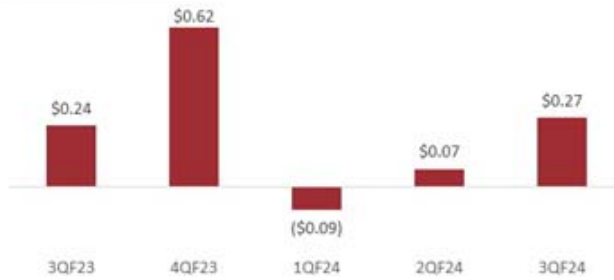
## SALES

(\$ in millions)



- Generally stable demand across global markets
- Capitalizing on realization of price increases

## EARNINGS PER SHARE



- Increase in earnings vs YA due to strong operational execution
- Increase in ME&A spend vs. YA driven by investments in growth and strategy as well as inflation impacts

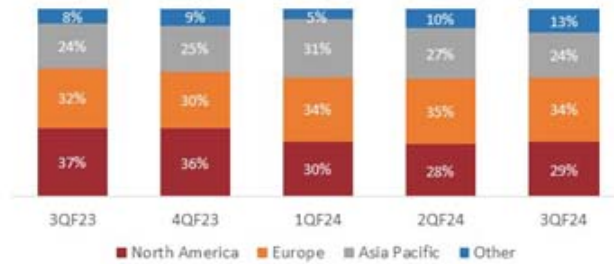
## SALES BY PRODUCT GROUP

(\$ 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



- Sales improved slightly vs YA
- Decreasing proportion of overall sales in North American market, with demand remaining steady
- Asia Pacific and Europe capturing a combined 58% of total sales in the quarter

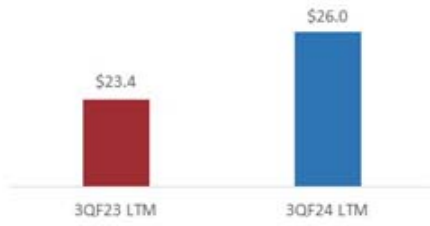
# STRONG BALANCE SHEET



## BALANCE SHEET (\$ in millions)



## EBITDA (\$ in millions)



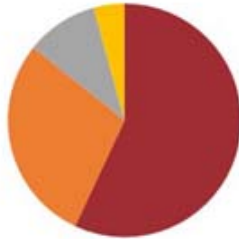
## LEVERAGE RATIO



## TWIN DISC GROSS MARGIN



## THIRD QUARTER GROSS PROFIT BY PRODUCT GROUP



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

## THIRD QUARTER GROSS MARGIN DRIVERS

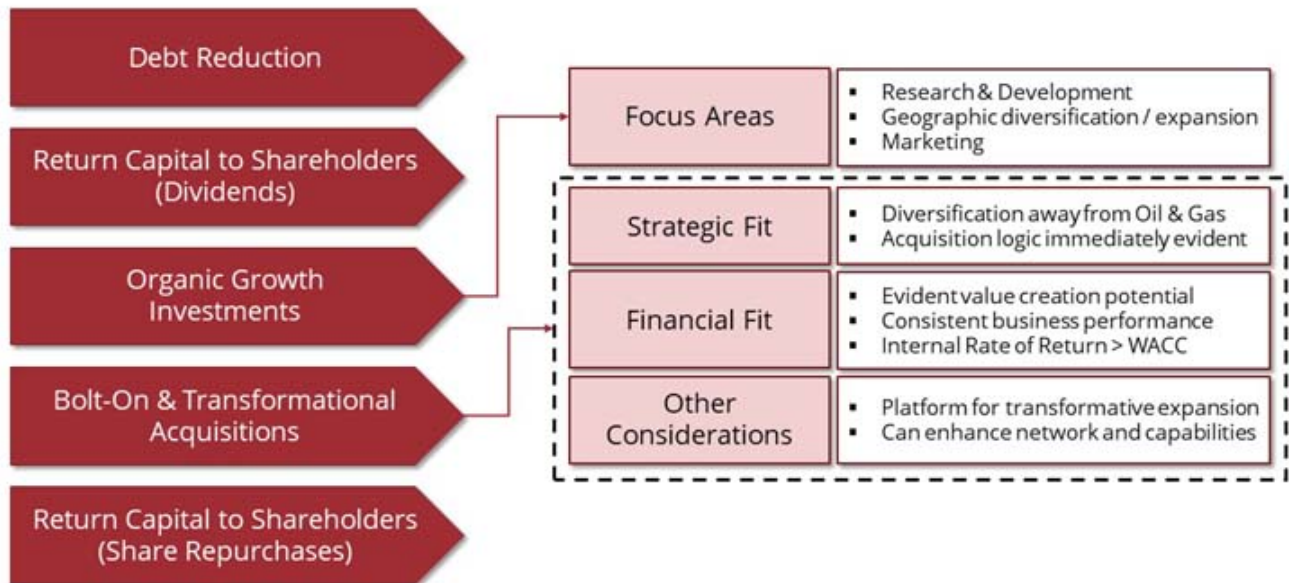
- Gross margin increased 210 basis points vs. YA
- Capturing tailwinds from pricing actions executed throughout FY 2023
- Cost reduction activities and operational efficiencies

## INFLATION & SUPPLY CHAIN EXPECTATIONS

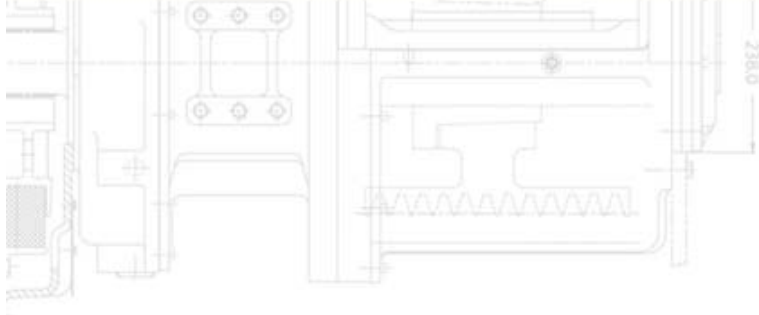
- Supply chain improvements enabling stronger shipments
- Continuing to face currency headwinds and higher labor costs within ME&A



# CAPITAL ALLOCATION FRAMEWORK



- Continued trend of outperformance in Q3 highlighted by margin expansion and robust cash generation
- Strengthened balance sheet, supported by consistent profitable growth, providing flexibility to pursue strategic growth opportunities as part of balanced capital allocation approach
- Maintaining cautiously optimistic outlook as demand remains healthy amidst ongoing macroeconomic volatility



# Q&A

Fiscal 2024 Third Quarter Earnings Call





Technical drawing of a mechanical assembly, likely a pump or motor component, showing various views and dimensions. The drawing includes a side view on the left and a top view on the right. Dimensions are provided in millimeters and inches. Labels include 'INLET', 'OUTLET', 'SENDER 1', and 'SENDER 2'. A red banner with the word 'APPENDIX' is overlaid on the drawing.

# APPENDIX



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



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

	March 29, 2024	March 31, 2023
Current maturities of long-term debt	2,000	2,000
Long-term debt	15,042	29,276
<b>Total debt</b>	<b>\$17,042</b>	<b>\$31,276</b>
Less cash	23,843	14,024
<b>Net debt</b>	<b>(\$6,801)</b>	<b>\$17,252</b>

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



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

	3QF24 LTM	3QF24	FY23	2QF24	1QF24	4QF23	3QF23
Net Income (loss) attributable to Twin Disc	\$10,354	\$3,822	\$10,380	\$930	\$(1,172)	\$6,775	\$3,281
Interest expense	1,620	263	2,253	392	394	571	522
Income tax expense	4,045	398	3,788	1,662	546	1,439	548
Depreciation and amortization	9,919	2,479	9,359	2,531	2,492	2,423	2,670
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$25,939	\$6,957	\$25,781	\$5,515	\$2,260	\$11,208	\$7,021

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



## NET DEBT TO EBITDA LEVERAGE RATIO CALCULATION

	3QF24	3QF23
Net debt	(\$6,801)	\$17,252
EBITDA (LTM)	25,939	23,360
Leverage Ratio	-0.3x	0.7x