



INVESTOR PRESENTATION

First Quarter Fiscal 2021



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 2020 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.

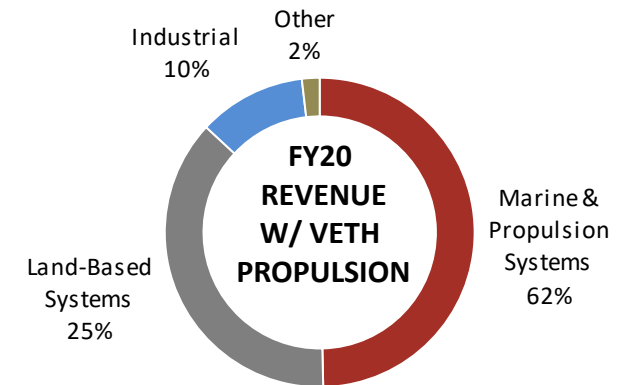
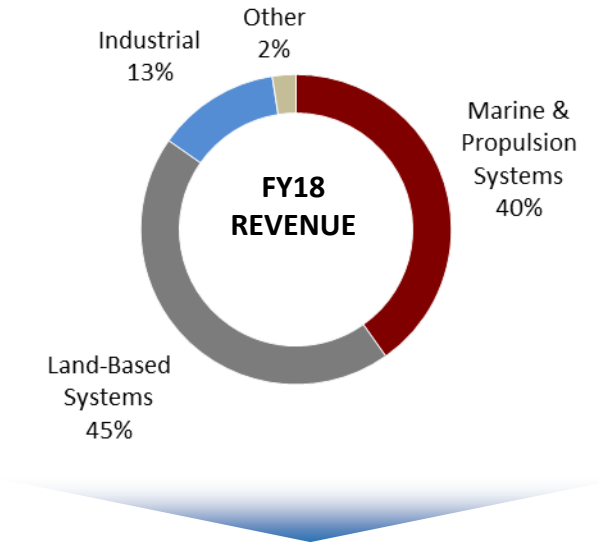
TWIN DISC OVERVIEW



TWIN DISC AT A GLANCE



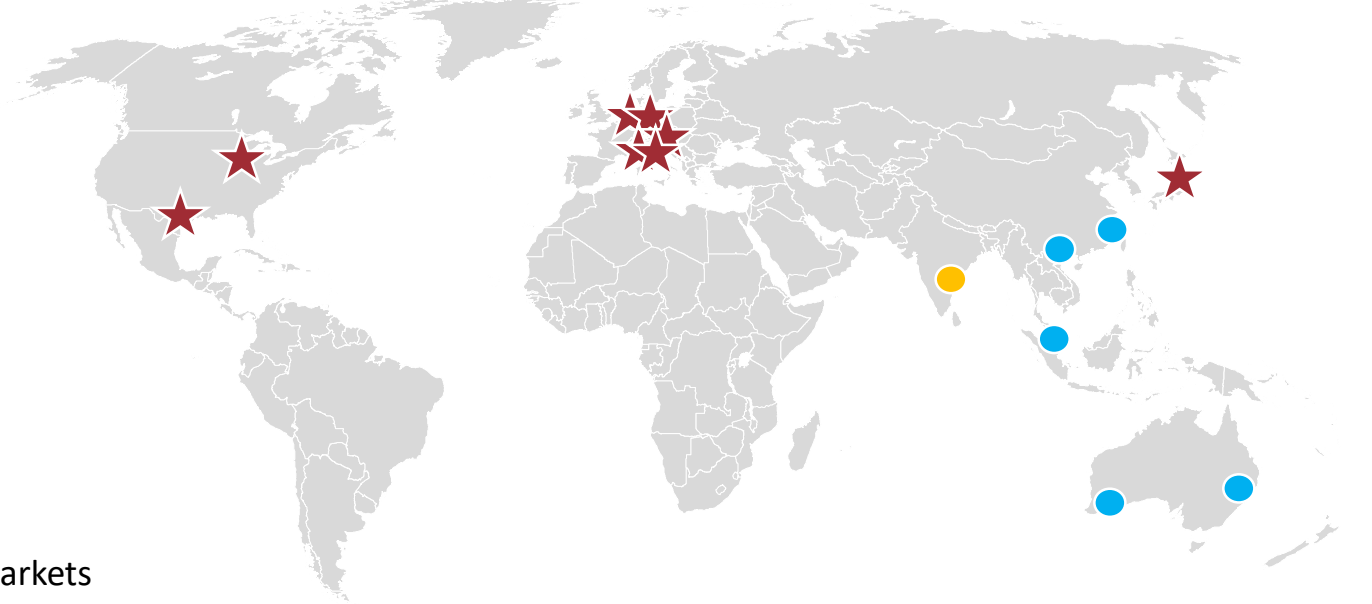
- Founded in 1918
- Headquartered in Racine, WI
 - ~800 employees
- Designer and manufacturer of heavy duty power transmission equipment
- A global company
 - Manufacturing operations in the U.S., Belgium, Netherlands, Italy, Switzerland and Japan (JV)
 - World-wide distributor network
 - Global: 64% of FY20 sales to international markets
- Diversified product and market portfolio made up of three product groups: marine and propulsion systems, land-based systems and industrial products
- Recently completed acquisition of Veth Propulsion (July 2018), further expanding geography and product offering
- Q1 FY19 follow-on offering raised \$32M to strengthen balance sheet and provide capital for further strategic action.



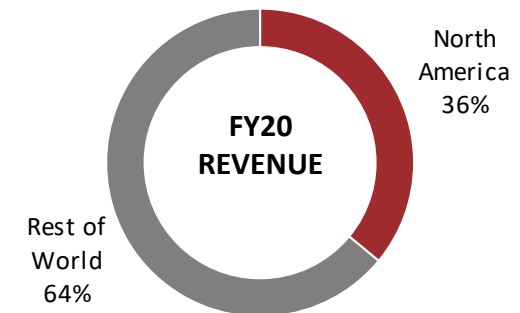
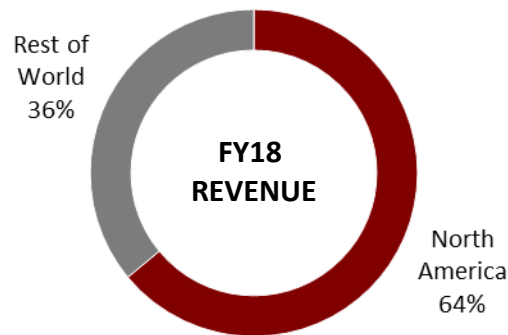
GEOGRAPHIC DIVERSITY



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



- North American oil and gas markets driving increase in FY18/19, decline in FY20/21.
- European segment has been relatively stable in recent years, Veth driving FY19 and FY20 growth.
- Asia Pacific sales have experienced strong recovery in FY18 and into FY19, softening in FY20.

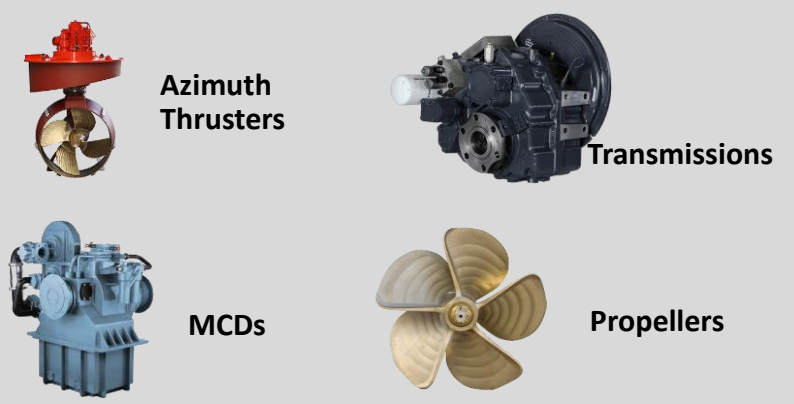


- Continued growth in land-based transmission business
- Development of hybrid/electric technologies for marine and industrial applications
- Integration of Veth Propulsion acquisition and expansion into new markets
- Increased focus on controls and system integration rather than individual components
- North American footprint expansion to accommodate volume growth
 - Texas facility for depot & industrial assembly (begin production Dec '20)
 - Separate aftermarket facility in SE Wisconsin (opened in May '19)
- M&A priorities
 - Industrial
 - Marine technology, hybrid focus

Target Markets
 Diesel powered planning & displacement vessels
 30' – 250'.

Products

- transmissions
- propellers
- MCD's
- controls



Market Dynamics

- European market remains stable
- Asian growth rebounded in FY18/19.
- Long term growth in Asia, Latin America and North America expected to continue
- Acquisition of Veth Propulsion expected to provide significant synergistic growth opportunities



Target Markets

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

Products

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



Transmissions



Steering



Propellers



Surface Drives



EJS



Trim Systems



Controls

Market Dynamics

- Market remains stable but off historic highs, some market share gains recently.
- EJS™ establishing strong market acceptance.
- Estimated 5+ years before market recovers to pre-recession levels.
- Continue to emphasize technological differentiation.



Customers



Target Markets

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Products

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- steering



Transmissions



Steering



Propellers



Surface Drives



EJS



Trim Systems



Controls



Market Dynamics

- Experienced growth in FY17-FY19 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



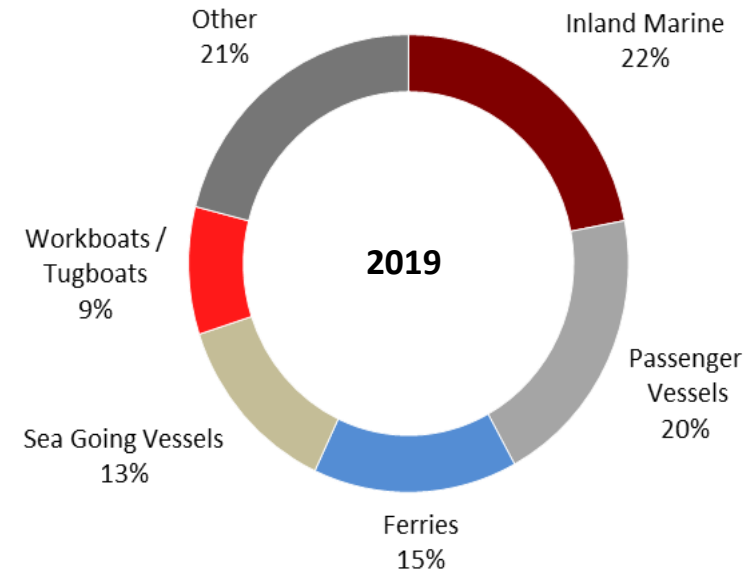
RECENT ACQUISITION: VETH PROPULSION OVERVIEW



TRANSACTION OVERVIEW & BUSINESS DESCRIPTION

- Acquired Veth Propulsion for €53.0 million (€3.3 million paid in TWIN stock) on 7/2/2018.
- Financed with existing cash / new debt facility
- Veth Propulsion's fiscal 2020 net sales were approximately €53 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

- ☑ *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



TA90-8501 Fracking Transmission



TA90-7500 Fracking Transmission



TD61-1180 ARFF Transmission





Market Dynamics

- **Pressure Pumping:**
 - Traditionally cyclical market.
 - Weak NA market in FY20 and into FY21, following strong FY18/19.
 - Global markets continue to represent opportunity for above-average growth in the long term
 - China demand relatively stable.
 - Strong NA market share solid platform for future sales and profitability.
- **Airport Rescue and Fire Fighting (ARFF) :**
 - Markets expected to remain stable with potential for modest growth
 - Released next generation transmission system for ARFF



Customers



<h2>Target Markets</h2>	<p>Heavy duty industrial disconnect applications.</p>
<h2>Products</h2> <ul style="list-style-type: none"> ■ Mechanical & hydraulic clutches ■ Reduction gearboxes ■ Pump mount drives 	<div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;">  <p>Power Take-Off HP1200</p> </div> <div style="text-align: center;"> <p>Power Take-Off SP314</p>  </div> <div style="text-align: center;">  <p>Pump Drive</p> </div> <div style="text-align: center;"> <p>Clutch</p>  </div> </div>
<h2>Market Dynamics</h2>	<ul style="list-style-type: none"> ■ North American Energy Related: <ul style="list-style-type: none"> – Cyclical market with strong share – Limited market activity through FY20, into FY21 ■ Irrigation & Pumping Applications: <ul style="list-style-type: none"> – 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: <ul style="list-style-type: none"> – Leveraging controls technology as a competitive advantage – Accelerating activity with new customers and applications



Customers













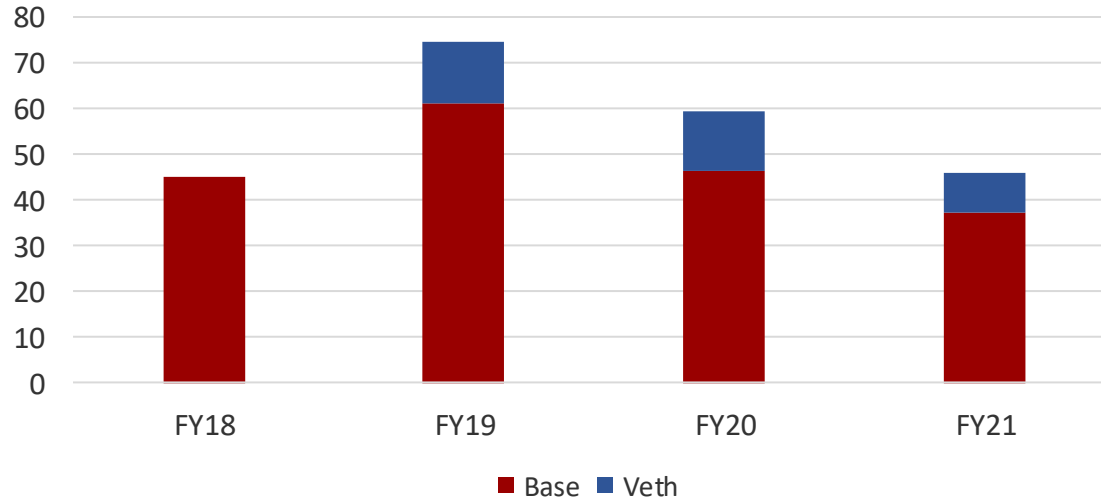
The background features a technical drawing of a mechanical assembly. On the left, a side view shows dimensions: 74.7 (2.94), 237.5 (9.35), 388.1 (15.28), 455.4 (17.93), and 901.7 (35.50). On the right, a top view shows two towers labeled 'TOWER 1' and 'TOWER 2', with dimensions 8.50 between them and 3.44 from the centerline. Labels 'INLET' and 'OUTLET' are present. A circular component at the bottom right has dimensions 5.625, 2.812, and 4.871. The text 'THRU EQUALLY SPACE' is partially visible.

FINANCIAL OVERVIEW

TWIN DISC

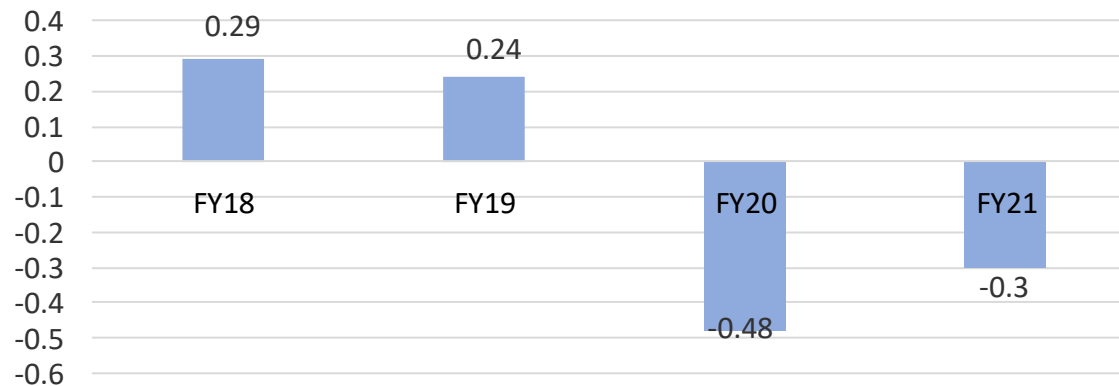
NET SALES

(\$ in millions)



- Weak O&G demand in FY20 and FY21 following strong FY19.
- All markets negatively impacted by COVID-19 pandemic.
- Asia Pacific volume stable, with strong Australian market demand.

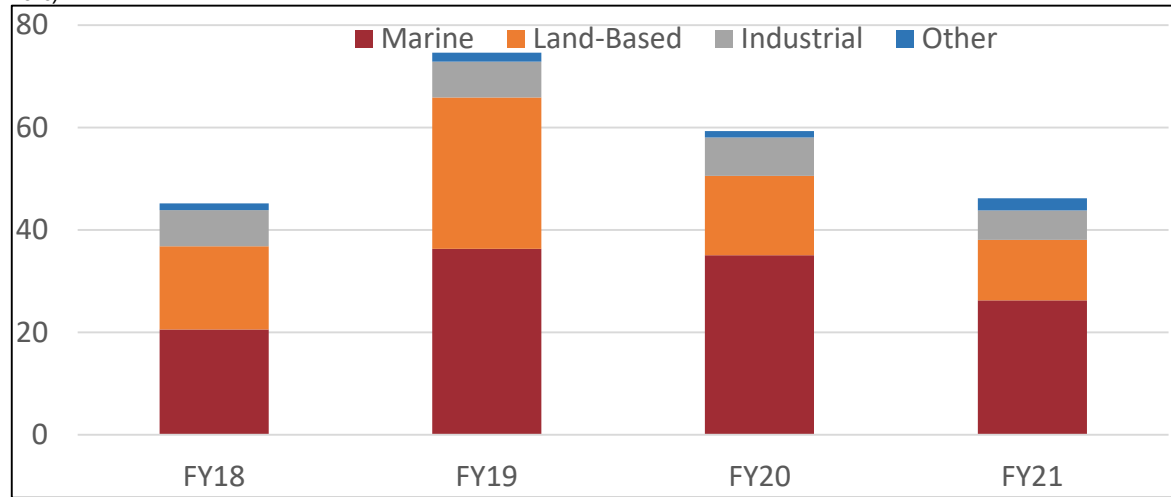
EARNINGS PER SHARE



- FY20 impacted by volume decline, primarily O&G.
- FY21 unfavorable volume impact due to COVID-19 driven decline in global demand.
- \$3.9M product performance charge in FY20 first quarter, roughly \$0.24 impact.

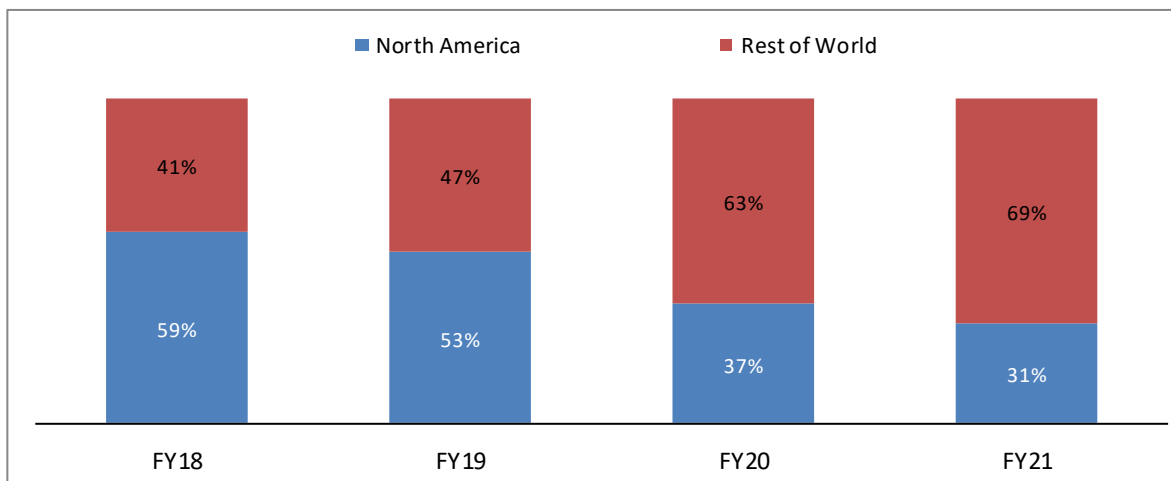
NET SALES BY CATEGORY

(\$ 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

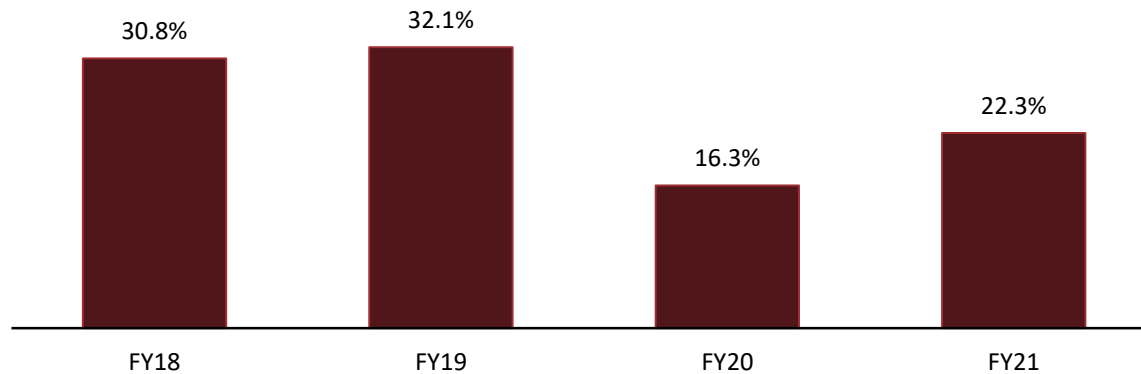


- North America net sales decreased significantly in FY20 and FY21, mainly due to decreased activity in the oil and gas markets and the impact of COVID-19.
- Recent increase in ROW sales is due to Veth acquisition, strong Asia Pacific demand and decline in NA O&G activity.

HISTORICAL FINANCIAL PERFORMANCE – Q1



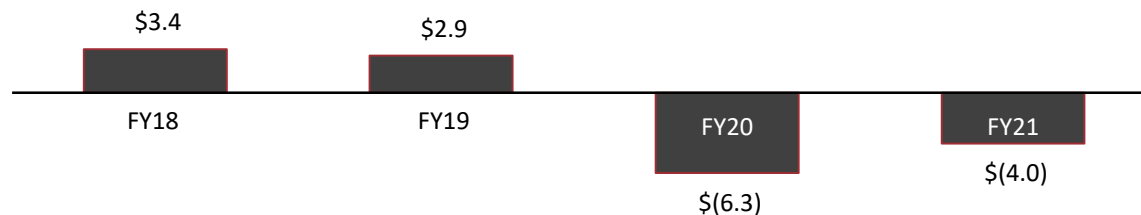
GROSS MARGIN



- Reduced volume, due to impact of COVID-19 on global demand, along with poor product mix impacted GP%.
- Product performance issue recorded in Q1 impacted FY20 by 660 basis points. Excluding this, margin at 22.9% suffered with lower volume and poor product mix – O&G volume.
- FY18/19 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

NET INCOME

(\$ in millions)



- FY21 loss driven by volume impact of COVID-19 pandemic.
- FY20 loss attributed to reduced volume, poor mix and product performance issue. ME&A spending controlled with reduced volume.
- FY19 improved primarily on volume, Veth acquisition, gain on Mill Log sale and improved tax rate.
- Net income turned positive in FY18 after two down years, due primarily to a favorable tax adjustment, improved volume, favorable mix, operating efficiencies and cost rationalization.

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

PRODUCT IMAGES

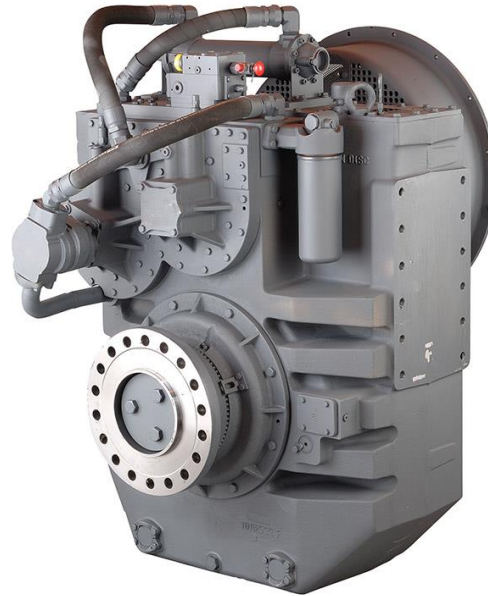


THRU
EQUALLY SPACE



QUICKSHIFT®
You've got to feel it to believe it.

Marine Transmission
MGX 5065
270hp – 570hp



QUICKSHIFT®
You've got to feel it to believe it.

Marine Transmission
MGX 5600
1300hp – 2100hp



Marine Control Drive
(MCD)
5 Models
215hp – 6035hp



Surface Drive



ROLLA™
A Twin Disc Company



Controls
EC 300



Express Joystick

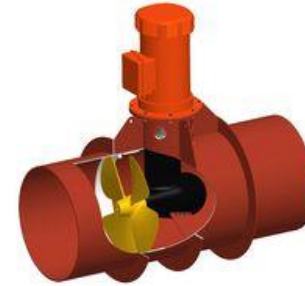
MARINE & PROPULSION PRODUCTS - VETH



Z-Drives



L-Drives



Tunnel Thrusters



Veth-Jet

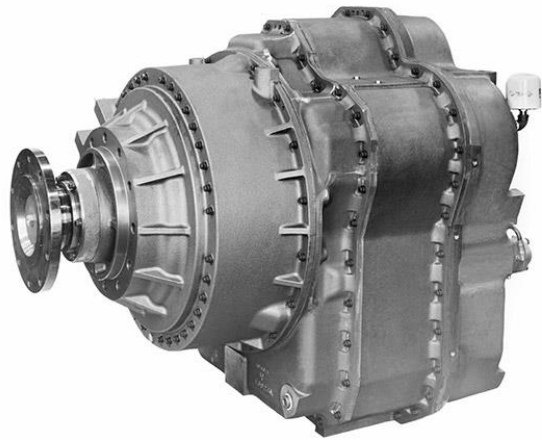


**Diesel Engines /
Generator Sets**



Electronics

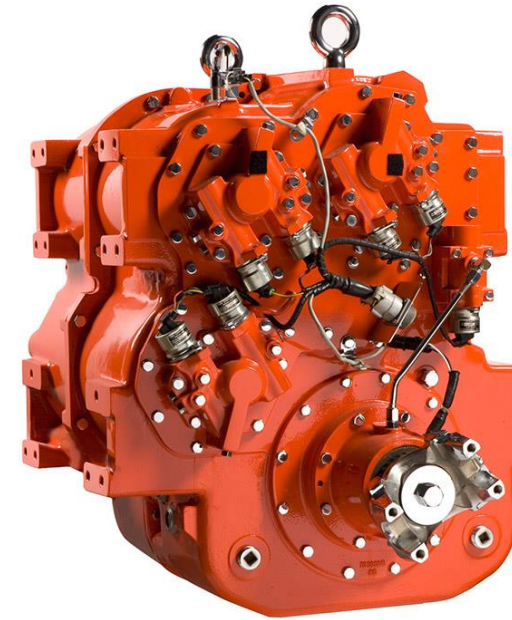
TRANSMISSION PRODUCTS



TA90-8501
Fracing Transmission
3000hp (2300kW)

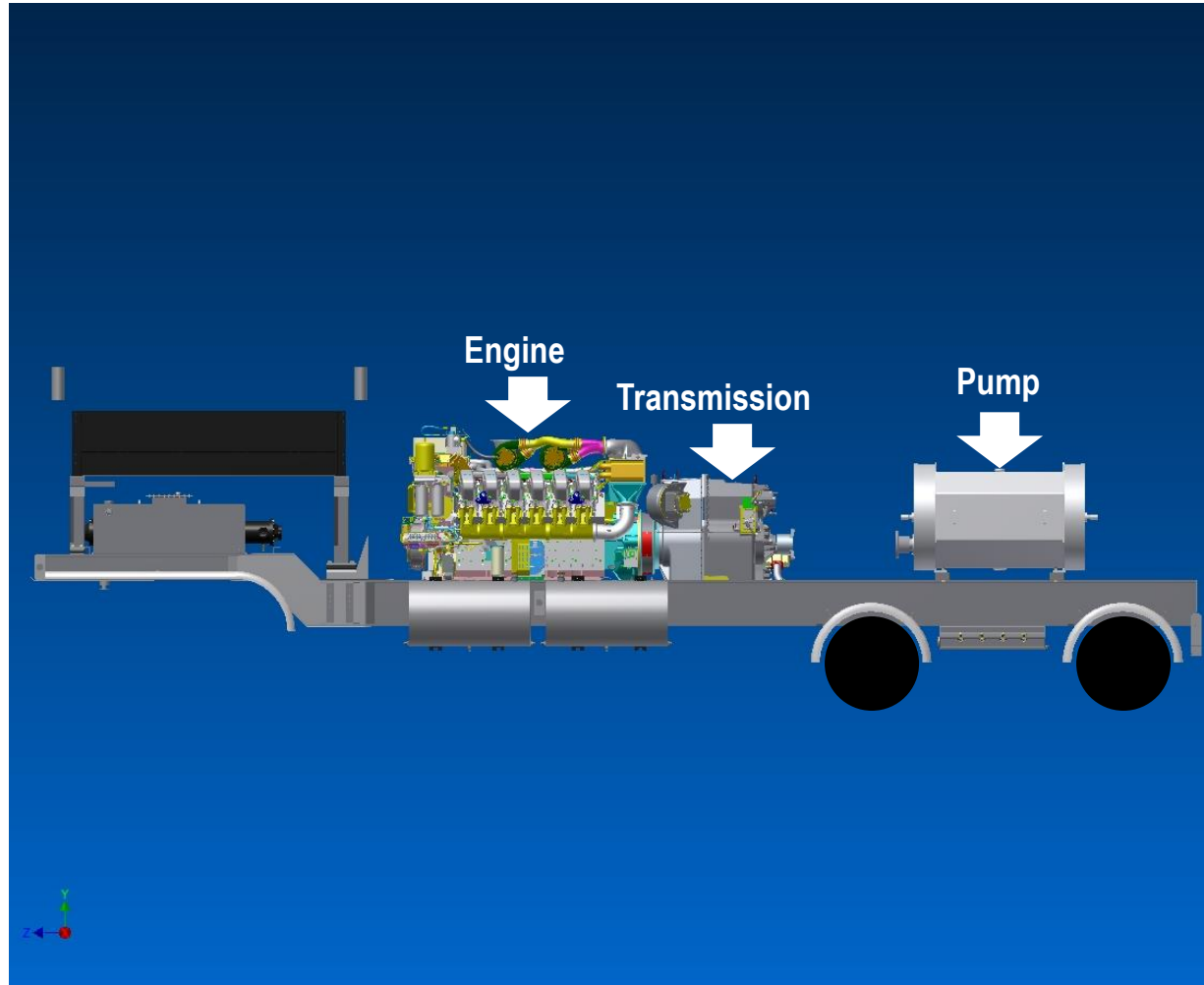


TA90-7500
Fracing Transmission
2600hp (1939kW)



TD61-1180
ARFF Transmission
705hp (526kW)

Frac Rig Diagram





Power Take-Off
HP1200
Released 3/16



Power Take-Off
SP314



Pump Drive
AM370



Clutch

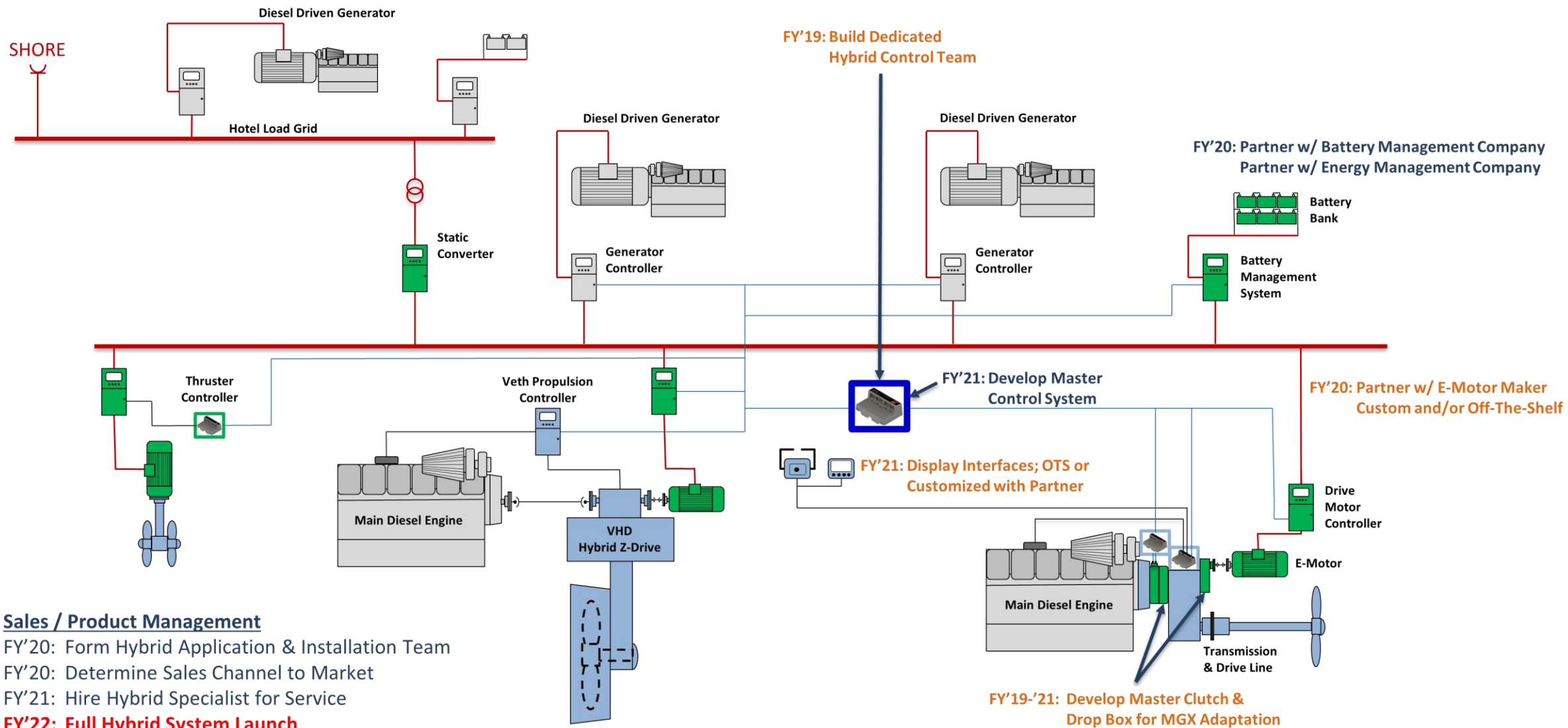


Gear Box



Universal Control Drive

HYBRID SYSTEM – SAMPLE SCHEMATIC



Sales / Product Management

FY'20: Form Hybrid Application & Installation Team

FY'20: Determine Sales Channel to Market

FY'21: Hire Hybrid Specialist for Service

FY'22: Full Hybrid System Launch

1. Regulation to reduce emissions

- International Maritime Organization (UN) sulfur reduction initiative for the global shipping industry
 - Reduce emissions by 50% by 2050
- “Black smoke” reduction initiatives in urban areas and major ports/waterways—invest only in vessels

2. Financial incentives to go hybrid

- Governments are offering subsidies to marine companies that install “green” propulsion systems
- In the USA, EPA Volkswagen “Dieselgate” Fund

3. Economics of doing business

- Electrical components for hybrid systems are getting cheaper
- For certain vessel types, the added cost of installing a hybrid system makes sense due to the operation expense savings



#Dieselgate



Study backs plan to shift Washington ferries to hybrid-electric power

By Workboat Staff on SEPTEMBER 4, 2018

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APPENDIX

TWIN DISC®

THRU
EQUALLY SPACE

RECONCILIATION OF NET INCOME TO EBITDA



(\$ in thousands)

	FY18	FY19	FY20	FY21 Q1 YTD
Net Income	\$9,528	\$10,673	(\$39,817)	(\$3,979)
Income Taxes	4,773	3,711	(4,169)	(929)
Interest Expense	282	1,927	1,860	573
Depreciation & Amortization	6,464	13,612	11,925	2,758
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$21,047	\$29,923	(\$30,201)	(\$1,577)
Net Sales	\$240,733	\$302,663	\$246,838	\$46,143
EBITDA as a % of Sales	8.7%	9.9%	(12.2%)	(3.4%)

INCOME STATEMENT SUMMARY – Q1 YTD



(\$ in thousands)

	FY18	FY19	FY20	FY21
Net Sales	\$45,064	\$74,689	\$59,290	\$46,143
Gross Profit	13,895	23,985	9,636	10,277
<i>% Margin</i>	30.8%	32.1%	16.3%	22.3%
MEA Expense	13,668	18,986	16,346	13,022
Restructuring Impairment	1,218	173	121	405
Interest Expense	64	717	389	573
Misc. Exp / (Inc)	198	319	691	1,143
Pretax Earnings	(\$1,253)	\$3,790	(\$7,911)	(\$4,866)
Income Taxes	(4,658)	887	(1,618)	(929)
Minority Interest	(13)	(41)	(18)	(42)
Net Income	\$3,392	\$2,862	(\$6,311)	(\$3,979)
EBITDA	\$442	\$7,986	(\$4,614)	(\$1,577)

Non-GAAP Financial Disclosures

Financial information excluding the impact of certain significant items 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 presentation are made alongside the most directly comparable GAAP measures.

Definition - Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

The sum of, net earnings and adding back provision for income taxes, interest expense, depreciations and amortization expenses: this is a financial measure of the profit generated excluding the above mentioned items.

