

THE TORO COMPANY

Investor Presentation

August 2019



OUR PURPOSE

To help our customers enrich the beauty, productivity and sustainability of the land.

OUR VISION

To be the most trusted leader in solutions for the outdoor environment. Every day. Everywhere.

OUR MISSION

To deliver superior innovation and to deliver superior customer care.

Help Our Customers

Most Trusted

Superior Innovation & Superior Customer Care

OUR GUIDING PRINCIPLES

The Toro Company's success is founded on a long history of caring relationships based on trust and integrity. These relationships are the foundation on which we build market leadership with the best in innovative products and solutions to make outdoor environments beautiful, productive, and sustainable. We are entrusted to strengthen this legacy of excellence.

Caring Relationships



SAFE HARBOR

- This presentation contains forward-looking statements regarding our business and future financial and operating results made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.
- These forward-looking statements are based on management’s current assumptions and expectations of future events. Actual events and results may differ from those predicted.
- Please refer to the cautionary statement and risk factors in our most recent annual report on Form 10-K, subsequent quarterly reports on Form 10-Q, and other filings with the Securities and Exchange Commission.
- This presentation also contains Non-GAAP financial measures and more information about our use of such Non-GAAP financial measures, as well as a reconciliation of the most directly comparable GAAP financial measure to the corresponding Non-GAAP financial measure, can be found in our related financial filings in the section titled “Non-GAAP Financial Measures.”

INVESTMENT SUMMARY

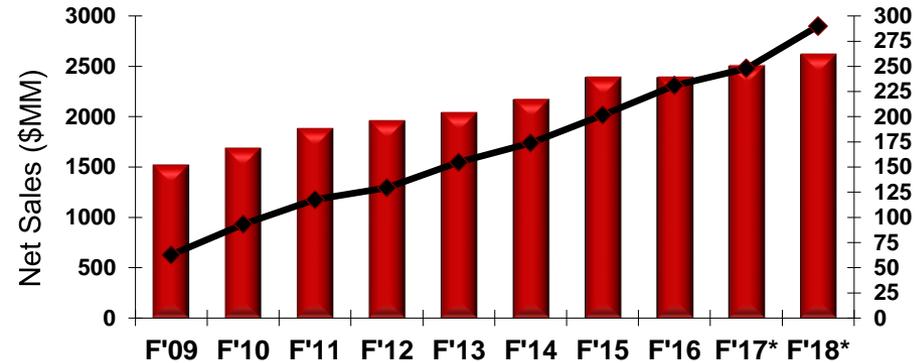
(NYSE: TTC)

Summary & Financial Performance

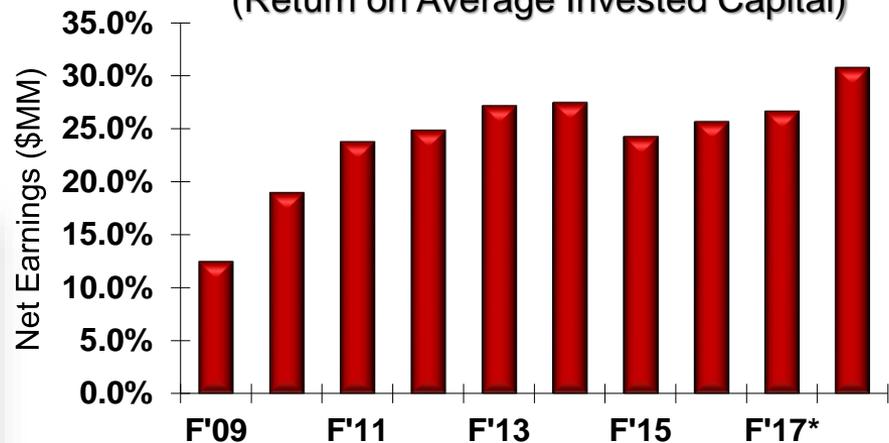
- Rich History and Deep Expertise in Solutions for the Outdoor Environment & Development of Distribution and Customer Care Networks
- Diverse Portfolio of Markets & Products
- Innovation & Brand Leadership
- Strong Financial Performance



(Net Sales & Earnings)



(Return on Average Invested Capital)

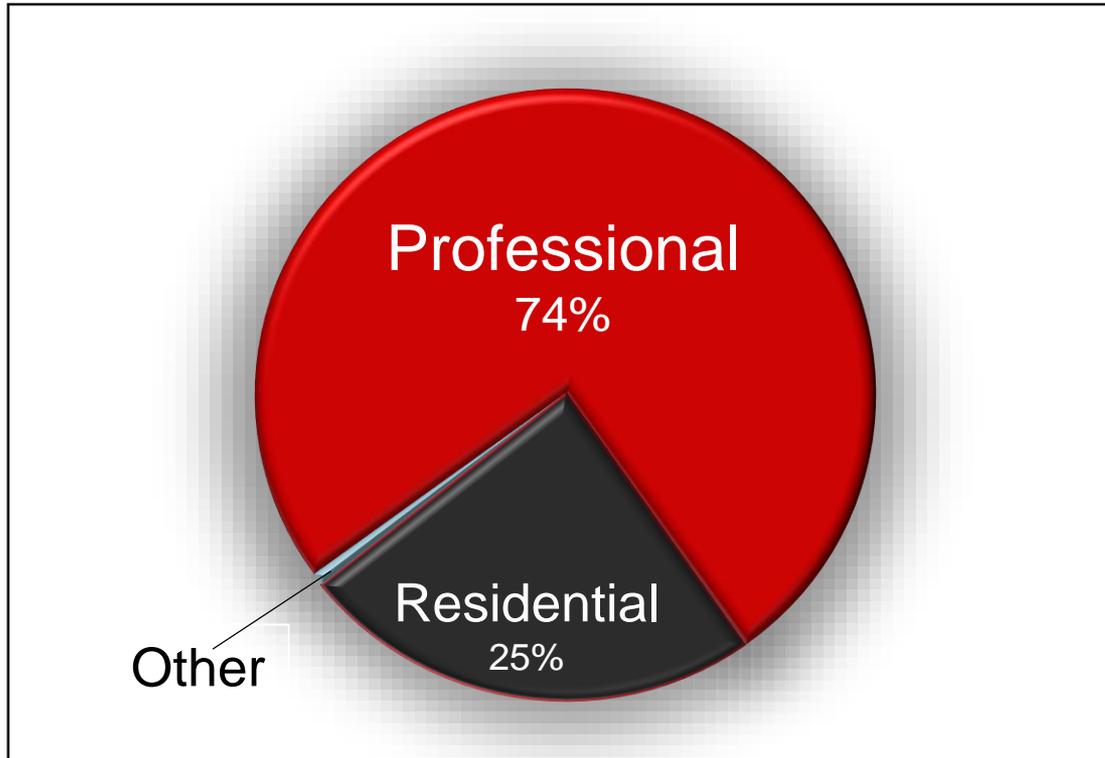


*Non-GAAP Measures: refer to the Appendix of this presentation for additional information and reconciliation

DIVERSE PORTFOLIO

F'18 REVENUES—\$2.6 BILLION

Segments



Professional
F'18 Sales: \$1.95B
F'18 Segment Earnings: 20.5%

Residential
F'18 Sales: \$650M
F'18 Segment Earnings: 9.9%

Products



PROFESSIONAL SEGMENT

Charles Machine Works

- Strong underground construction brands
- Global network of world class dealers
- Long-standing customer relationships
- Growth opportunities
 - Infrastructure (water, wastewater)
 - Telecom (fiber optics, 5G)
 - Utilities (gas, electricity)



PROFESSIONAL SEGMENT

Landscape and Grounds Market

Turf
Equipment

Snow & Ice
Management

Irrigation &
Lighting

Rental &
Specialty
Construction



- Serving Contractor Needs Year-Round
- Heavy Use Drives Replacement & Parts
- TTC Advantage
 - Leverage Brand & Product Leadership
 - Product Innovation, Durability & Quality



PROFESSIONAL SEGMENT

Golf Market



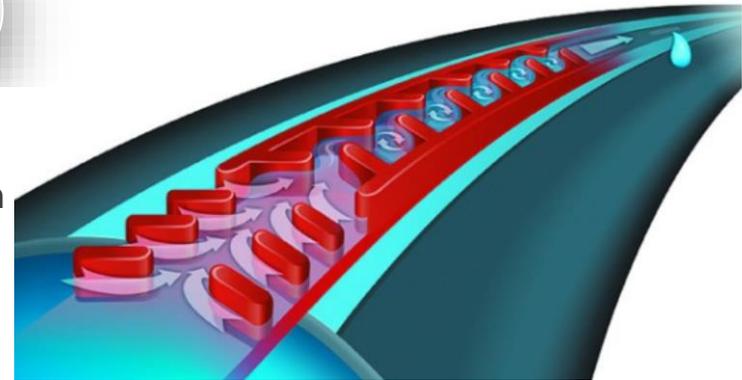
- Turf Equipment & Irrigation Systems
- TTC Advantage
 - Innovation & Performance—Share Gain & Margin Expansion
 - Strong Network of Distributors, Relationships & Customer Care



Micro-Irrigation Market



- Fundamentals & Opportunities
 - Efficient Water Use & Higher Demand for Food Production
 - Increase Yields & Reduce Resources (e.g. Water, Energy, Fertilizer)
- TTC Advantage
 - Product Quality & Innovation—Blue Stripe® and AquaTraxx®
 - Leverage Investments in New Geographic Markets



	Flood	Center Pivot	Micro
Acreage	50%	40%	10%
Efficiency	40%	70%	90%+

RESIDENTIAL SEGMENT

For the Homeowner

Lawn

Garden

Snow
Equipment



- Walk-Behind & ZTR Mowers, Snow Throwers, Handheld Maintenance Products
- TTC Advantage
 - Powerful Brands
 - Leadership in Product Innovation, Quality & Durability
 - Strong Home Center Relationship
 - Strong Servicing Dealer Network



Customer Reviews

"I love the snow blower it had no problems whatsoever working through the ice and snow. I'm very pleased with this product."

LawrenceSanders - Ohio
Great Product

BENEFITS OF COMPLEMENTARY BUSINESSES



Innovation
Transference

Professional

Production
Optimization

Residential

Bolsters Brand
Recognition



F'19 Q3 RESULTS

(RELEASED AUGUST 22, 2019)

	AS REPORTED		AS ADJUSTED*	
	F'19 Q3	▲ from F'18 Q3	F'19 Q3	▲ from F'18 Q3
Revenues	\$838.7M	+27.9%		
Gross Profit (\$)	\$266.0M	+13.8%	\$301.3M	+28.9%
Gross Margin (% of Revenues)	31.7%	-390 bps	35.9%	+30 bps
Operating Earnings (\$)	\$73.9M	-20.4%	\$112.4M	+21.0%
Operating Earnings (% of Revenues)	8.8%	-540 bps	13.4%	-80 bps
Earnings Before Income Taxes	\$71.2M	-23.6%	\$109.7M	+17.6%
Net Earnings	\$60.6M	-23.3%	\$89.8M	+22.2%
Diluted EPS	\$0.56	-23.3%	\$0.83	+22.1%

*Non-GAAP Measures: refer to the Appendix of this presentation for additional information and reconciliation

F'19 YEAR TO DATE RESULTS

(RELEASED AUGUST 22, 2019)

	AS REPORTED		AS ADJUSTED*	
	F'19 YTD	▲ from F'18 YTD	F'19 YTD	▲ from F'18 YTD
Revenues	\$2,403.7M	+15.6%		
Gross Profit (\$)	\$802.9M	+5.4%	\$847.7M	+11.3%
Gross Margin (% of Revenues)	33.4%	-320 bps	35.3%	-130 bps
Operating Earnings (\$)	\$281.7M	-14.7%	\$341.9M	+3.6%
Operating Earnings (% of Revenues)	11.7%	-420 bps	14.2%	-170 bps
Earnings Before Income Taxes	\$278.4M	-15.3%	\$338.6M	+3.0%
Net Earnings	\$235.7M	+1.2%	\$272.4M	+6.5%
Diluted EPS	\$2.18	+1.9%	\$2.52	+7.2%

*Non-GAAP Measures: refer to the Appendix of this presentation for additional information and reconciliation

DRIVING CONTINUOUS IMPROVEMENT THROUGH EMPLOYEE INITIATIVES



F'01 – F'03

- ✓ Goal to achieve 5% PAT



F'04 – F'06

- ✓ Goal to achieve "6%+" PAT
- ✓ Goal to drive 8% 3 year compound revenue growth
- ✓ Began LEAN journey



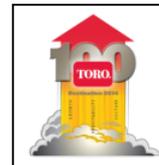
F'07 – F'09

- Goal to drive 3 year compound revenue growth of 8%
- Goal to achieve "7%+" PAT
- ✓ Working capital as % of sales "in the teens"



F'10

- ✓ Singular Goal – 5% PAT



F'11 – F'14

- \$100M+ organic growth each year
- ✓ 12%+ operating earnings by end of F'14



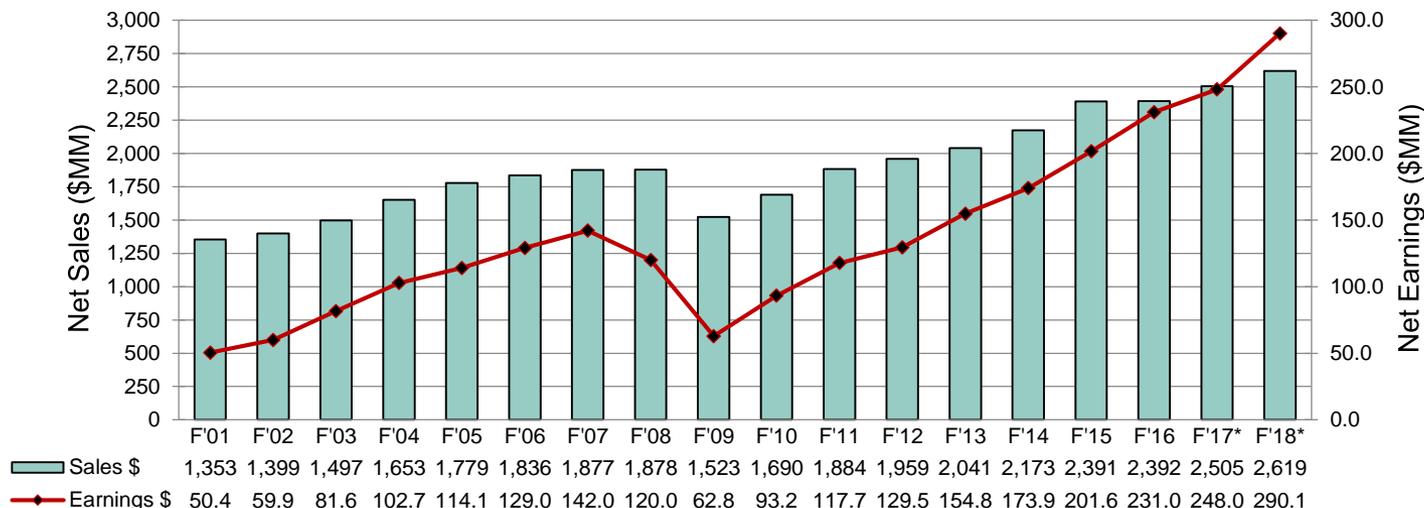
F'15 – F'17

- 5% or more organic growth each year
- ✓ 13%+ operating earnings by end of F'17
- Working capital below 13% by end of F'17



F'18 – F'20

- 5% or more organic growth each year
- 15.5% or more operating earnings by end of F'20



*Non-GAAP Measures: refer to the Appendix of this presentation for additional information and reconciliation

CORPORATE RESPONSIBILITY

- The Toro Company continually seeks to improve its energy efficiency and reduce the environmental footprint of its global manufacturing facilities.
- The Toro Company's values-based culture governs how our people conduct business, interact with each other, and support our customers.
- The Toro Company was founded on an unwavering conviction to conduct business according to the highest standards of ethical behavior.
- The Toro Company believes that along with its industry leadership and financial success comes a responsibility to give back to the communities in which our employees live and work.
- As we strive to attract and retain the very best employees, we are committed to fostering an atmosphere that embraces diversity and supports Toro's programs and policies related to equal opportunity.
- The Toro Company is committed to developing innovative and safe products that yield performance, productivity and environmental benefits for our customers.

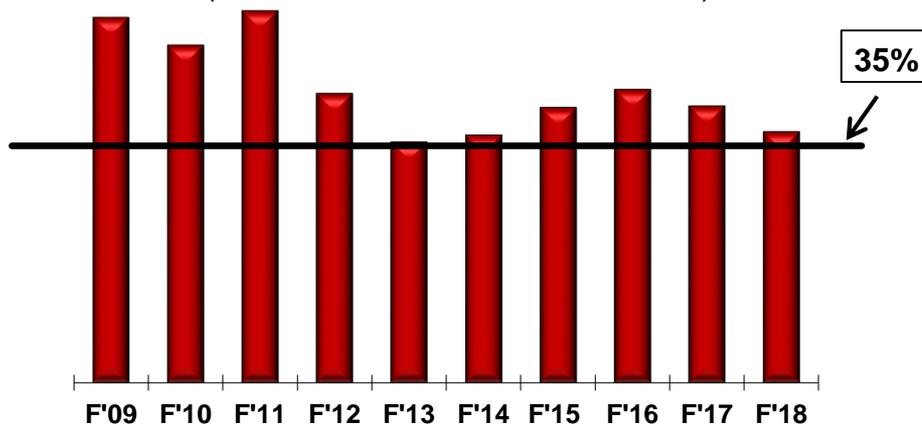


- Leadership Through Innovation
 - Sustained 3%+ Investment in Research & Engineering
 - Passion to Address Customers Unmet Needs
 - Drive Market Share Gains & Margin Expansion
- Acquisitions
 - Bias for Professional, Global, Water & Technology
 - Seeking Platforms for Growth—Adjacencies to Core Businesses
 - Diligent Process—Right Opportunity & Price



Vitality Index

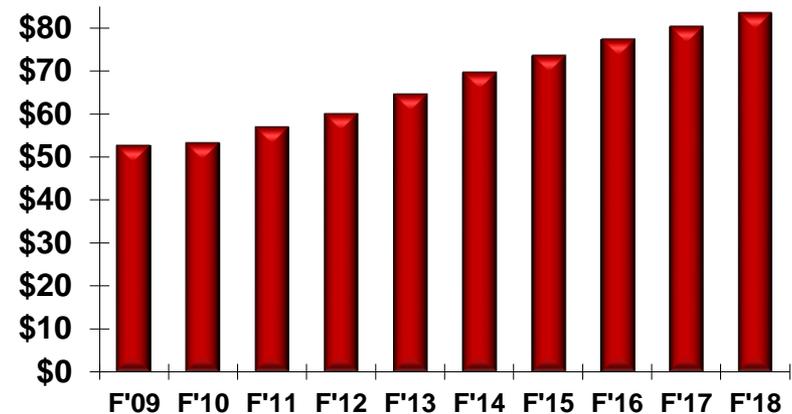
(Percent of Sales from New Products*)



*Introduced in Current & Previous Two Fiscal Years

R&E Investment

(In Millions)



CAPITAL DEPLOYMENT

Cash From Operations



▣ Free Cash Flow Conversion to Approximate Net Income Over Time

Operating and Growth Needs

- Internal Productive Assets
- Acquisitions & Alliances



▣ Target Debt-to-EBITDA Ratio of 1-2x

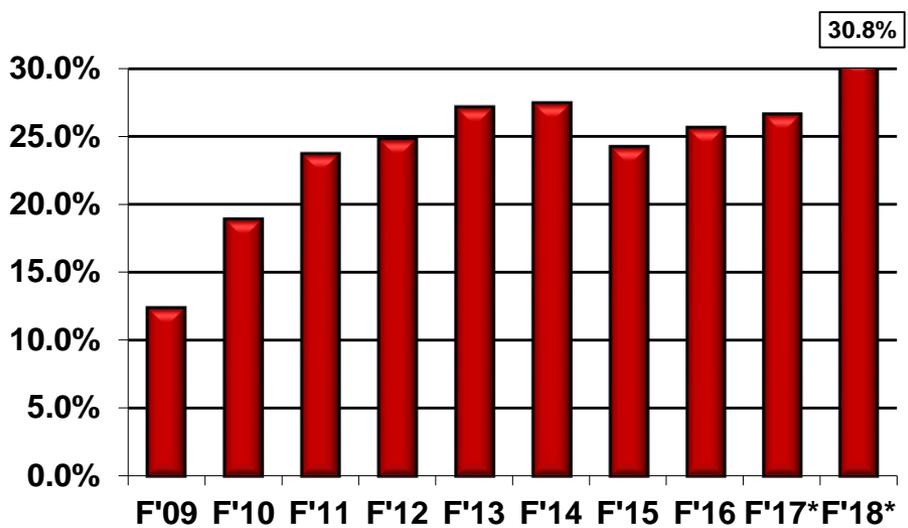
Return to Shareholders / Debt Repayment

- Regular Dividends (30-40% of 3-Yr Average Reported EPS)
- Debt Repayment / Share Repurchases

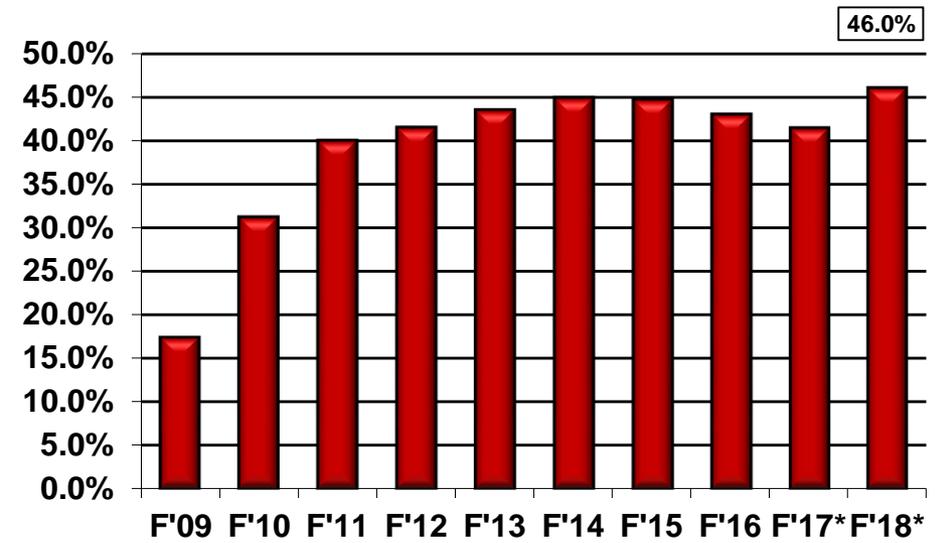
(\$ millions)	F'10	F'11	F'12	F'13	F'14	F'15	F'16	F'17	F'18
Operating Cash Flow	\$193	\$120	\$200	\$234	\$197	\$250	\$384	\$361	\$365
Capital Expenditures	\$49	\$57	\$43	\$49	\$71	\$56	\$51	\$58	\$90
Strategic Acquisitions (net of cash)	\$10	\$15	\$10	\$2	\$1	\$198	\$0	\$24	\$31
Dividends Paid	\$24	\$25	\$26	\$32	\$45	\$56	\$66	\$76	\$85
Share Repurchases	\$136	\$130	\$93	\$99	\$102	\$106	\$110	\$159	\$160
Total Capital Deployed	\$218	\$227	\$172	\$183	\$219	\$416	\$227	\$318	\$367
% of Operating Cash Flow	113%	190%	86%	78%	111%	167%	59%	88%	101%

KEY PERFORMANCE MEASURES

Return on Average Invested Capital (%)*



Return on Average Equity (%)*

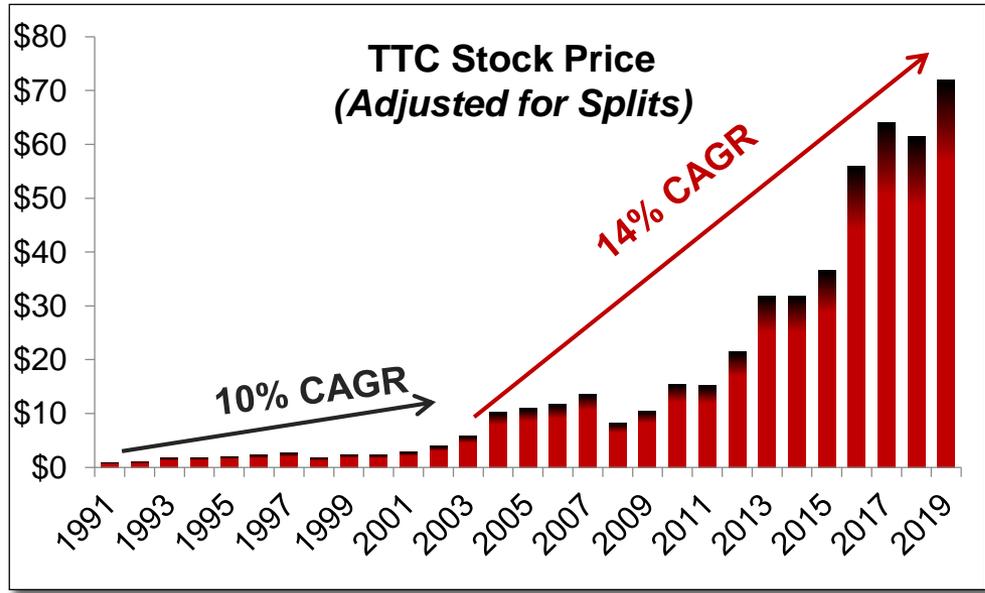
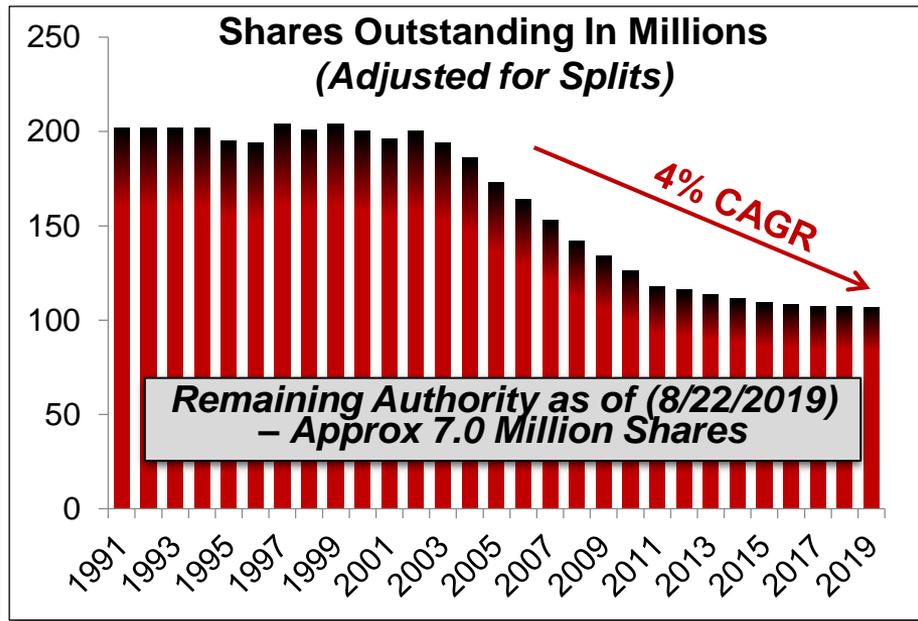
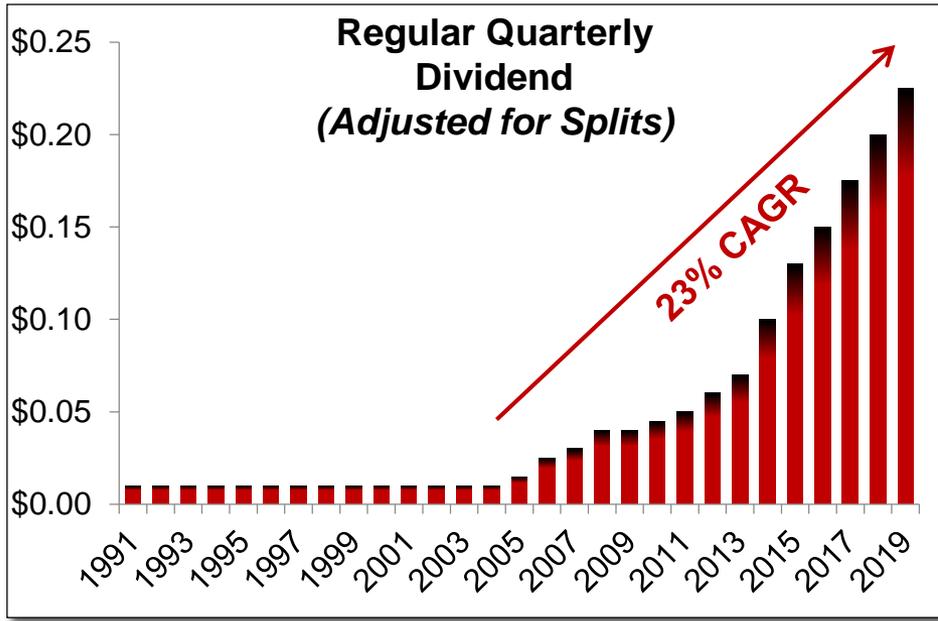


Cash Flow

	F'10	F'11	F'12	F'13	F'14	F'15	F'16	F'17	F'18
Operating Activities Net Cash	\$193.2M	\$119.9M	\$199.9M	\$234.4M	\$196.9M	\$249.6M	\$384.3M	\$360.7M	\$364.8M
Cap Ex	(\$48.7M)	(\$57.4M)	(\$43.2M)	(\$49.4M)	(\$71.1M)	(\$56.4M)	(\$50.7M)	(\$58.3M)	(\$90.1M)
Free Cash Flow	\$144.5M	\$62.5M	\$156.7M	\$184.9M	\$125.8M	\$193.2M	\$333.6M	\$302.5M	\$274.7M

*Non-GAAP Measures: refer to the Appendix of this presentation for additional information and reconciliation

INCREASING SHAREHOLDER VALUE



SUMMARY

GAINING MOMENTUM

Building on a Solid Foundation

- Beginning our Second Century of Innovation, Relationships & Excellence
- Enduring Company Culture & Effective Employee Initiatives
- Demonstrated Consistent Financial Performance



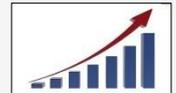
Leveraging a High Value Business Model

- Diverse Portfolio with Strong Brands & Market Share
- Solid Financial Returns & Strong Balance Sheet
- Consistent Return of Value to Shareholders



Driving Growth and Profitability

- Mid-Single Digit Organic Growth Annually
- Market Share & Margin Expansion Opportunities
- Disciplined Process & Financial Capacity for Acquisitions



GUIDANCE

(AS OF AUGUST 22, 2019)

F'19 FY:

Adjusted EPS*	~ \$2.92 - \$3.00
Revenue	~ To exceed 3.1B
Adjusted Gross Margin*	Expect second half y/y improvement
Adjusted Effective Tax Rate*	~ 20%
CapEx	~ 3% of revenue
Interest Expense	~ \$30M
Share Repurchases	Expect to curtail for the remainder of F'19 to repay acquisition debt
Free Cash Flow*	~ 80 - 90% Reported net income conversion

**Non-GAAP Measures: refer to the Appendix of this presentation for additional information and reconciliation.*



APPENDIX**NON-GAAP FINANCIAL MEASURES**

- This presentation contains certain non-GAAP financial measures, which are not calculated or presented in accordance with U.S. GAAP, as information supplemental and in addition to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP. The non-GAAP financial measures included within this presentation consists of adjusted gross profit, operating earnings before income taxes, operating earnings, net earnings, net earnings per diluted share and effective tax rate, as measures of our operating performance.
- Management believes that the presentation of the non-GAAP measures provides useful information to investors and that these measures may assist investors in evaluating our operations.
- This Appendix includes a reconciliation of the non-GAAP financial measures used in the presentation to the most directly comparable GAAP financial measure.
- Non-GAAP financial measures have limitations as analytical tools, and should not be considered in isolation, or as a substitute for, our financial results prepared in accordance with U.S. GAAP.
- Investors should note that any non-GAAP financial measure we use may not be the same non-GAAP financial measure, and may not be calculated in the same manner, as that of other companies.

NON-GAAP RECONCILIATIONS

Return on Average Invested Capital (%)

(\$ in Millions)	F'09	F'10	F'11	F'12	F'13	F'14	F'15	F'16	F'17*	F'18*
Op Earn * (1-Tax Rate)	\$75.6	\$99.8	\$124.2	\$135.7	\$157.5	\$178.4	\$207.2	\$233.7	\$249.3	\$290.6
Avg. Quarterly Capital Utilized	\$606.0	\$526.6	\$522.0	\$544.1	\$579.5	\$649.1	\$852.7	\$910.1	\$935.4	\$944.0
ROIC	12.5%	19.0%	23.8%	24.9%	27.2%	27.5%	24.3%	25.7%	26.7%	30.8%

$$\frac{\text{Operating Earnings* (1-Tax Rate)}}{\text{Avg. Quarterly Capital Utilized}} = \text{ROIC}$$

Return on Average Equity (%)

(\$ in Millions)	F'09	F'10	F'11	F'12	F'13	F'14	F'15	F'16	F'17*	F'18*
Net Income	\$62.8	\$93.2	\$117.7	\$129.5	\$154.8	\$173.9	\$201.6	\$231.0	\$248.0	\$290.1
Avg. Quarterly Equity	\$361.3	\$298.6	\$294.4	\$312.4	\$355.8	\$387.1	\$451.0	\$537.6	\$599.5	\$630.8
ROAE	17.4%	31.2%	40.0%	41.5%	43.5%	44.9%	44.7%	43.0%	41.4%	46.0%

$$\frac{\text{Net Income}}{\text{Avg. Quarterly Equity}} = \text{ROAE}$$

*Non-GAAP Measures: F'17 & F'18 ROIC and ROAE are calculated with Adjusted Tax Rate and Adjusted Net Earnings

Q3 & FIRST NINE MONTHS NON-GAAP RECONCILIATIONS

The following table provides a reconciliation of financial measures calculated and reported in accordance with GAAP, as well as adjusted non-GAAP financial measures for the three and nine month periods ended August 2, 2019 and August 3, 2018:

	Three Months Ended		Nine Months Ended	
	August 2, 2019	August 3, 2018	August 2, 2019	August 3, 2018
Gross profit	\$ 265,981	\$ 233,653	\$ 802,896	\$ 761,948
Management actions ¹	9,117	—	9,117	—
Acquisition-related costs ²	26,172	—	35,691	—
Adjusted non-GAAP gross profit	\$ 301,270	\$ 233,653	\$ 847,704	\$ 761,948
Operating earnings	\$ 73,944	\$ 92,894	\$ 281,723	\$ 330,089
Management actions ¹	9,148	—	9,148	—
Acquisition-related costs ²	29,304	—	51,058	—
Adjusted non-GAAP operating earnings	\$ 112,396	\$ 92,894	\$ 341,929	\$ 330,089
Earnings before income taxes	\$ 71,235	\$ 93,275	\$ 278,435	\$ 328,826
Management actions ¹	9,148	—	9,148	—
Acquisition-related costs ²	29,304	—	51,058	—
Adjusted non-GAAP earnings before income taxes	\$ 109,687	\$ 93,275	\$ 338,641	\$ 328,826
Net earnings	\$ 60,607	\$ 79,009	\$ 235,717	\$ 232,902
Management actions ¹	7,351	—	7,351	—
Acquisition-related costs ²	23,953	—	41,814	—
Tax impact of share-based compensation ³	(1,200)	(5,025)	(11,518)	(9,638)
U.S. Tax Reform ⁴	(926)	(500)	(926)	32,613
Adjusted non-GAAP net earnings	\$ 89,785	\$ 73,484	\$ 272,438	\$ 255,877
Diluted EPS	\$ 0.56	\$ 0.73	\$ 2.18	\$ 2.14
Management actions ¹	0.07	—	0.07	—
Acquisition-related costs ²	0.22	—	0.39	—
Tax impact of share-based compensation ³	(0.01)	(0.05)	(0.11)	(0.09)
U.S. Tax Reform ⁴	(0.01)	—	(0.01)	0.30
Adjusted non-GAAP diluted EPS	\$ 0.83	\$ 0.68	\$ 2.52	\$ 2.35

Q3 & FIRST NINE MONTHS NON-GAAP RECONCILIATIONS CONT.

The Toro Company

	Three Months Ended		Nine Months Ended	
	August 2, 2019	August 3, 2018	August 2, 2019	August 3, 2018
Effective tax rate	14.9 %	15.3%	15.3 %	29.2 %
Management actions ¹	1.6 %	—%	0.5 %	— %
Acquisition-related costs ²	(1.4)%	—%	(0.7)%	— %
Tax impact of share-based compensation ³	1.7 %	5.4%	4.1 %	2.9 %
U.S. Tax Reform ⁴	1.3 %	0.5%	0.3 %	(9.9)%
Adjusted non-GAAP effective tax rate	18.1 %	21.2%	19.5 %	22.2 %

¹ During the third quarter of fiscal 2019, the company announced it will wind down its Toro-branded large horizontal directional drill and riding trencher product line. These amounts represent costs incurred in relation to such wind down and are primarily comprised of costs related to the write-down of inventory, anticipated inventory retail support activities, and accelerated depreciation on fixed assets during the three and nine month periods ended August 2, 2019.

² During the second quarter of fiscal 2019, the company acquired The Charles Machine Works, Inc. ("CMW"), a privately held Oklahoma corporation. These amounts represent integration and transaction costs, as well as the take-down of the inventory fair value step-up amount and amortization of the backlog intangible asset resulting from purchase accounting adjustments, related to the company's acquisition of CMW during the three and nine month periods ended August 2, 2019.

³ In the first quarter of fiscal 2017, the company adopted Accounting Standards Update No. 2016-09, *Stock-based Compensation: Improvements to Employee Share-based Payment Accounting*, which requires that any excess tax deduction for share-based compensation be immediately recorded within income tax expense. These amounts represent the discrete tax benefits recorded as excess tax deductions for share-based compensation during the three and nine month periods ended August 2, 2019 and August 3, 2018.

⁴ Signed into law on December 22, 2017, the Tax Cuts and Jobs Act ("Tax Act"), reduced the U.S. federal corporate tax rate from 35.0 percent to 21.0 percent, effective January 1, 2018, resulting in a blended U.S. federal statutory tax rate of 23.3 percent for the fiscal year ended October 31, 2018. This reduction in rate required the re-measurement of the company's net deferred taxes as of the date of enactment. The Tax Act also imposed a one-time deemed repatriation tax on the company's historical undistributed earnings and profits of foreign affiliates. During the three and nine month periods ended August 2, 2019, the company recorded a tax benefit of \$0.9 million related to a prior year true-up of the Tax Act. During the three and nine month periods ended August 3, 2018, the remeasurement of the company's net deferred taxes and the one-time deemed repatriation tax resulted in a combined benefit of \$0.5 million and a combined charge of \$32.6 million.

EARNINGS HISTORY

F'14 - F'18

(\$ millions except EPS)	F'14	F'15	F'16	F'17*	F18*
Net Sales	\$2,172.7	\$2,390.9	\$2,392.2	\$2,505.2	\$2,618.7
Percent Growth	6.4%	10.0%	0.1%	4.7%	4.5%
Gross Profit	\$773.3	\$835.9	\$874.6	\$920.8	\$941.0
% of Sales	35.6%	35.0%	36.6%	36.8%	35.9%
SG&A	\$510.1	\$536.8	\$540.2	\$565.7	\$567.9
% of Sales	23.5%	22.5%	22.6%	22.6%	21.7%
Operating Earnings	\$263.2	\$299.1	\$334.4	\$355.1	\$373.1
% of Sales	12.1%	12.5%	14.0%	14.2%	14.2%
Other (Inc)/Exp	\$8.7	\$10.7	\$15.4	\$17.2	\$18.4
Interest Expense	-\$15.4	-\$18.8	-\$19.3	-\$19.1	-\$19.1
Pretax Earnings	\$256.4	\$291.0	\$330.5	\$353.2	\$372.4
% of Sales	11.8%	12.2%	13.8%	14.1%	14.2%
Net Earnings*	\$173.9	\$201.6	\$231.0	\$248.0	\$290.1
% of Sales	8.0%	8.4%	9.7%	9.9%	11.1%
% Growth	12.3%	15.9%	14.6%	7.4%	17.0%
EPS*	\$1.51	\$1.78	\$2.06	\$2.23	\$2.67
% Growth	15.3%	17.5%	15.7%	8.3%	19.7%

*Non-GAAP Measures: refer to the Appendix of this presentation for additional information and reconciliation

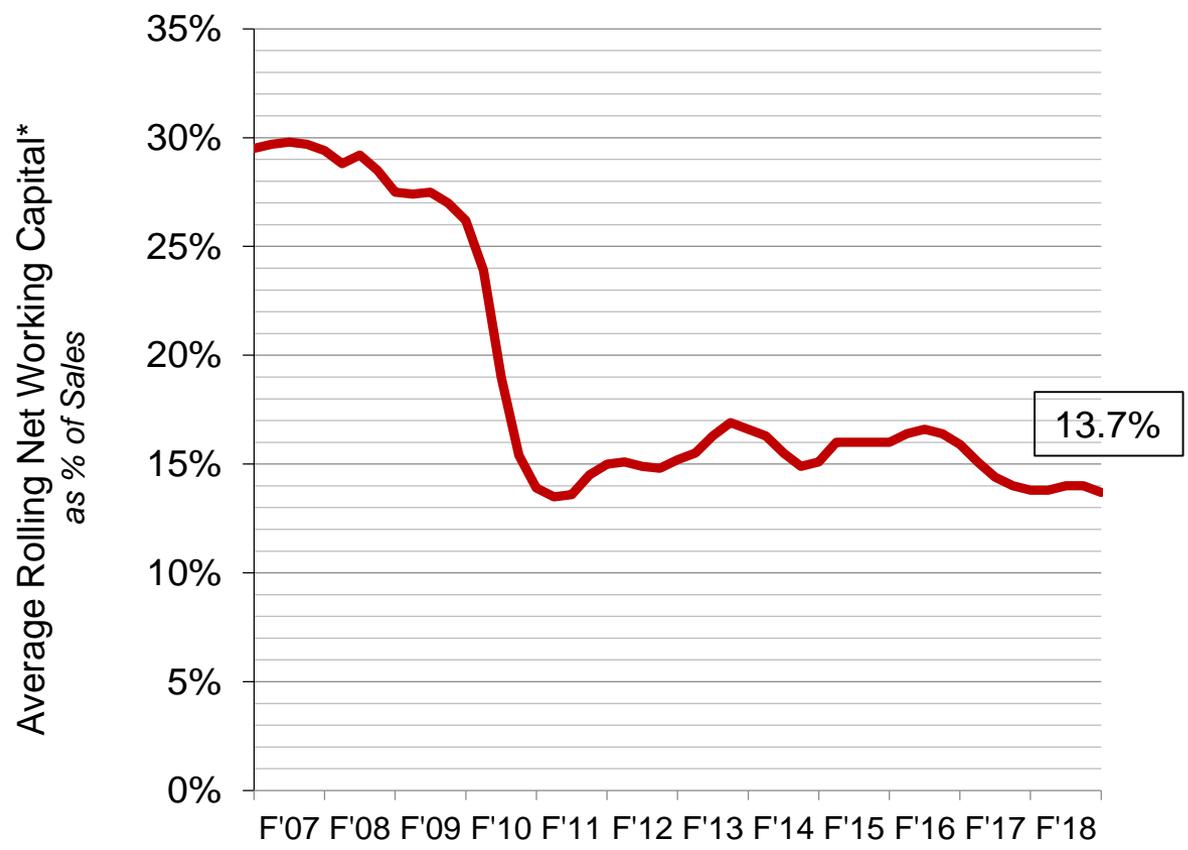
FYE BALANCE SHEET

F'14 - F'18

(\$ millions)	F'14	F'15	F'16	F'17	F'18
Cash	\$ 314.9	\$ 126.3	\$ 273.6	\$ 310.3	\$ 289.1
Accts Receivable	\$ 158.2	\$ 177.0	\$ 163.3	\$ 183.1	\$ 193.2
Inventory	\$ 274.6	\$ 334.5	\$ 307.0	\$ 329.0	\$ 358.3
Current Assets	\$ 781.2	\$ 672.6	\$ 779.0	\$ 859.9	\$ 894.6
Total Assets	\$1,188.9	\$1,300.4	\$1,384.6	\$1,493.8	\$1,571.0
Short-Term Debt	\$ 20.8	\$ 0.2	\$ 0.0	\$ 0.0	\$ 0.0
Current Portion LT Debt	\$ 6.6	\$ 23.1	\$ 22.5	\$ 26.3	\$ 0.0
Total Curr Liabilities	\$ 400.4	\$ 443.7	\$ 163.8	\$ 521.8	\$ 532.6
Long-Term Debt	\$ 343.8	\$ 351.6	\$ 328.5	\$ 305.6	\$ 312.5
Equity	\$ 408.7	\$ 462.2	\$ 550.0	\$ 617.1	\$ 668.9
Total Debt/Capital	47.6%	44.8%	39.0%	35.0%	31.8%
Average Debt	\$ 244.1	\$ 399.6	\$ 373.0	\$ 338.3	\$ 316.4

WORKING CAPITAL

F'07 - F'18

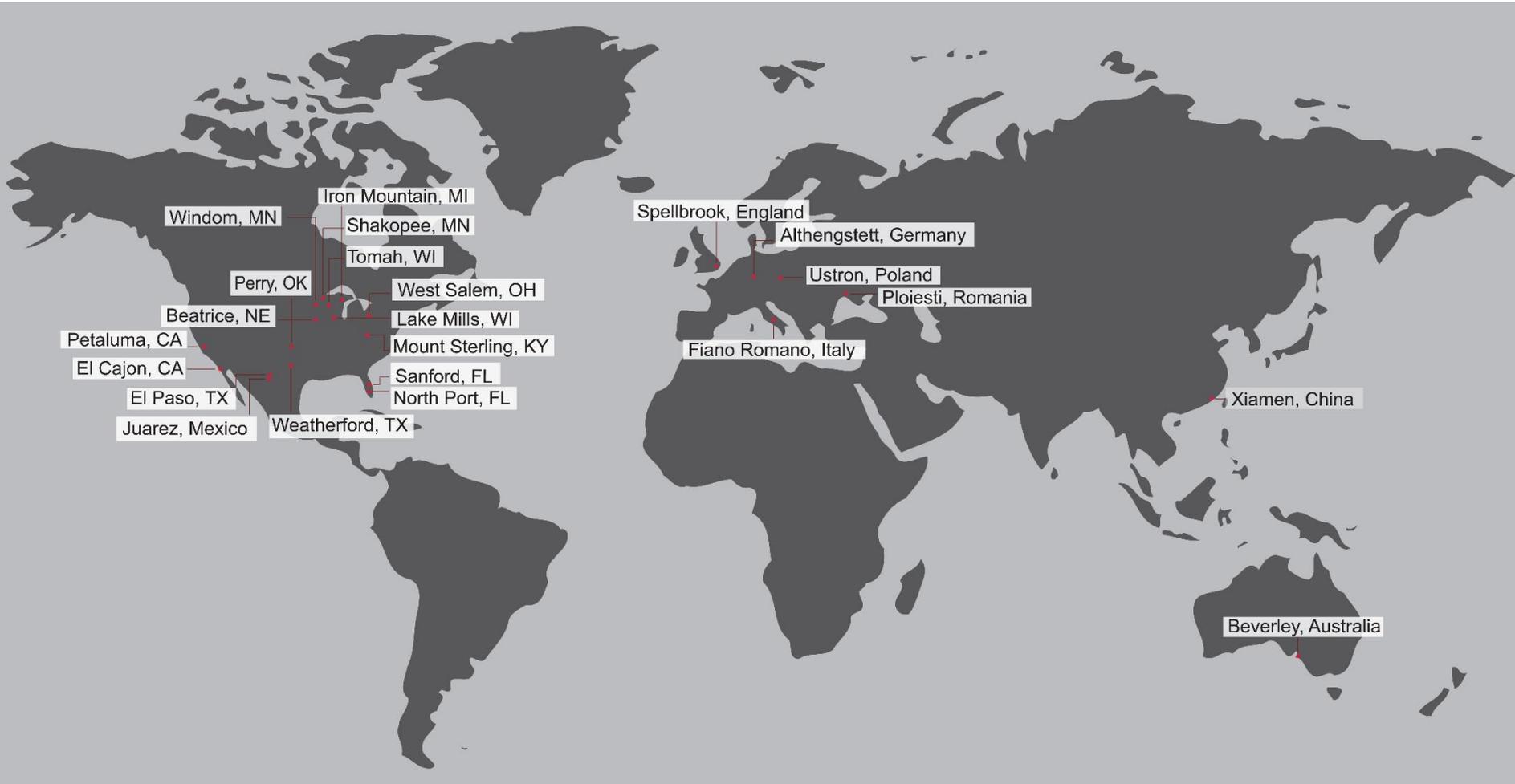


A Few Key Numbers

- Achieved long-term working capital goal at end of F'10
- More than \$300M of average working capital freed up for other uses
 - A/R down over 50%
 - Inventory down over 30%
 - Payables up over 30%

**Non-GAAP Measure:
 Average net working capital as % of net sales for trailing 12 months
 Net Working Capital = Accounts Receivable+ Net Inventory – Trade Payables*

MANUFACTURING LOCATIONS



MATERIAL COSTS

F'18 Major Components of Cost of Goods Sold

