

THE TORO COMPANY

Investor Presentation

June 2022



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 historical U.S. GAAP financial measures to the corresponding historical non-GAAP financial measures, can be found in our related financial filings in the section titled "Non-GAAP Financial Measures".



OVERVIEW

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



INVESTMENT SUMMARY

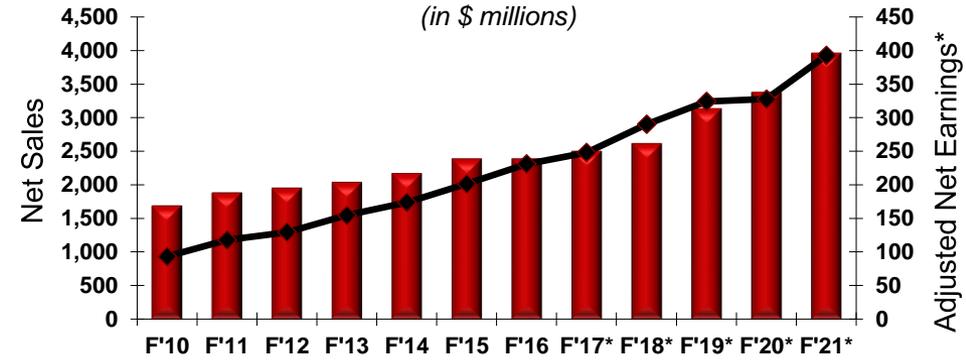
(NYSE: TTC)

TTC is a Market Leader With:

- Rich History and Deep Expertise in Solutions for Outdoor Environments
- Best in Class Distribution & Customer Care Networks
- Innovation & Brand Leadership
- Strong Financial Performance
- Effective Capital Allocation

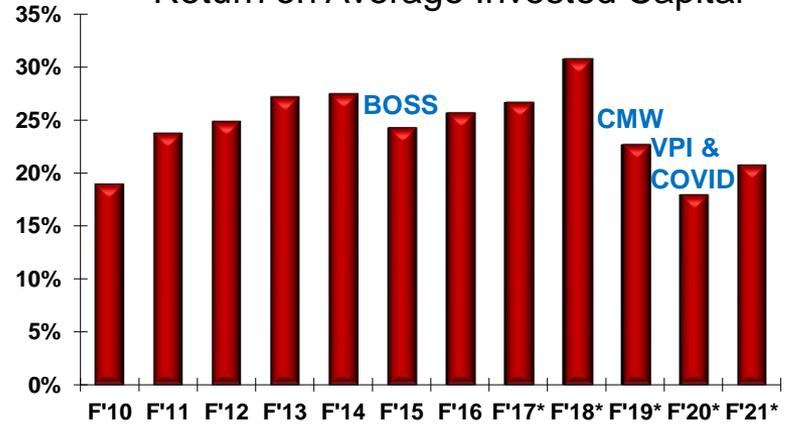


Net Sales & Adjusted Net Earnings*



FINANCIALS: Consistent sales and earnings growth over time

Return on Average Invested Capital*



ROIC: Sustained return well in excess of cost of capital

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

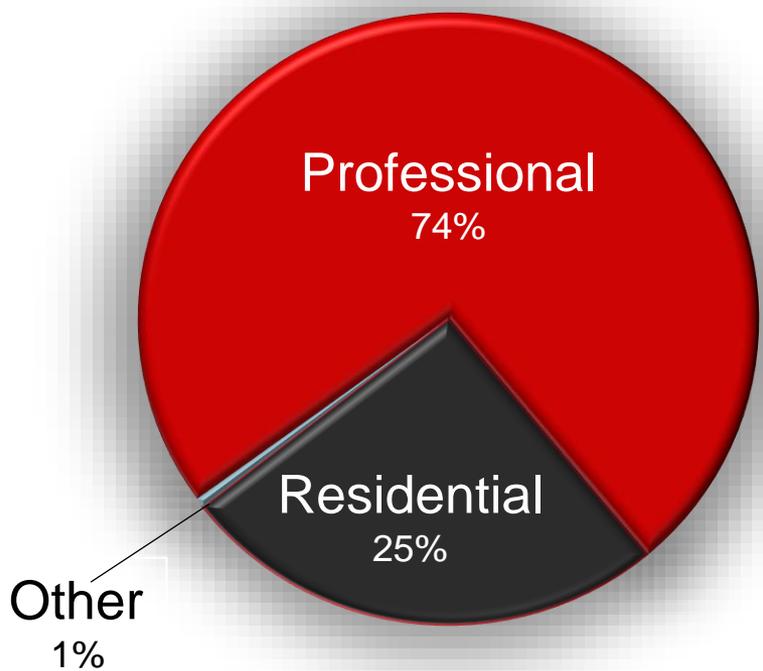


SEGMENT INFORMATION

DIVERSE PORTFOLIO

F'21 NET SALES = \$3.96 BILLION

Segments



Professional
F'21 Net Sales: \$2.93 billion
F'21 Segment Earnings: 17.3%

Residential
F'21 Net Sales: \$1.01 billion
F'21 Segment Earnings: 12.0%

Product Type



Geographic Market





PROFESSIONAL SEGMENT

Landscape and Grounds

Turf Equipment

Snow & Ice Management

Lighting & Irrigation



- Comprehensive offerings + customer care network serve contractor needs year-round
- Heavy use drives replacement & parts
- Wide customer reach and geographic strength in the large and rapidly growing zero-turn mower market, with Exmark, Toro, and newly-acquired Spartan lines
- TTC Advantage
 - Leverage brand, product leadership, service/distribution network
 - Product innovation, durability/quality, technology leadership



PROFESSIONAL SEGMENT

Landscape and Grounds – Electrification Platform

The future of lawn care is being built by Toro

- Launched all-electric commercial-grade Revolution Series Grandstand® and Z Master® mowers in October 2021
- Proprietary HyperCell™ Battery Management System stays cool and will run a full workday on a single charge
- Also equipped with our Horizon360® functionality to enable increased contractor productivity, using GPS and machine telematics to tie employees, equipment, crews and customer jobs together in a singular system
- Our Toro Total Care customer support helps maximize turf time, minimize downtime
- <https://revolution.toro.com/>



**WORK SMARTER
NOT HARDER**

Horizon360™ is a contractor-grade software solution built to streamline and optimize every critical aspect of your business while reducing day-to-day chaos.

SCHEDULING | TRACKING | INVOICES | ANALYTICS



HORIZON360
CONTRACTOR BUSINESS SOFTWARE

LEARN MORE





PROFESSIONAL SEGMENT

Underground & Specialty Construction

- Strong brands and innovative product portfolio
- Global network of dealers & rental partners
- Long-standing customer relationships
- Growth opportunities
 - Telecom (fiber optics, 5G)
 - Utilities (gas, electricity)
 - Infrastructure (water, wastewater)
 - Rental (independent dealers, national accounts)



TORO

Ditch Witch

AMERICAN AUGERS

SUBSITE ELECTRONICS

radius TOOLS FOR HIG PROFESSIONALS

MANAGEMENT

TRENCOR

PROFESSIONAL SEGMENT

Golf



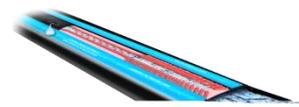
- Market leader, both turf & irrigation
- TTC Advantage
 - Innovation, performance and ability to provide comprehensive solutions drives share gain & margin expansion; the only company that can provide **both** turf and irrigation products
 - Best-in-class network of distributors; deep relationships & superior customer care



Micro-Irrigation



- Fundamentals & Opportunities
 - Efficient water use & increasing demand for food production
 - Increase yields & reduce resource use (e.g., water, energy, fertilizer)



TTC Advantage

- Product quality & innovation - Blue Stripe®, AquaTraxx®
- Leverage investments in new geographic markets

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



RESIDENTIAL SEGMENT

For the Homeowner



- Full suite of innovative products for all seasons, including walk-behind & zero-turn riding mowers, snow throwers, handheld maintenance products

TTC Advantage

- Powerful brands
- Leadership in innovation, quality & durability
- Strong home center relationships & dealer network
- Strength in OPE and incremental handheld offerings provide momentum in the move to battery



YOUR SMART YARD IS ON THE WAY.



BENEFITS OF COMPLEMENTARY BUSINESSES

Irrigation

Water-Saving Solutions

We all play a part in protecting our water resources. Toro's many advanced irrigation technologies help you water more efficiently, while still getting those great results you desire.



Innovation
Transference

Professional



The industry's first and only fairway mower with a true hybrid drive system.

Production
Optimization

Residential

Bolsters Brand
Recognition





**WHAT ELSE MAKES TTC
SPECIAL?**

SUSTAINABILITY AT TTC

Deeply rooted in our purpose and strategic business priorities
Continue to advance efforts by focusing on our Products, Processes, and People

PRODUCTS: Persistent drive to develop innovative, safe and high-quality products and emerging technologies that are designed to yield performance, productivity and environmental benefits for our customers

PROCESSES: Maximize resource efficiency and reduce our environmental impacts across our operations

PEOPLE: Committed to fostering a culture that embraces workplace safety and diversity, equity and inclusion; continuing our strong legacy of giving back to our communities; and conducting business with integrity and according to the highest standards of ethical behavior



"THERE IS MUCH WE HAVE DONE,
AND THERE IS MORE WE CAN,
AND WILL, DO."

- Richard M. Olson

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'19

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

F'20

- Singular Goal – \$485M adjusted operating earnings*



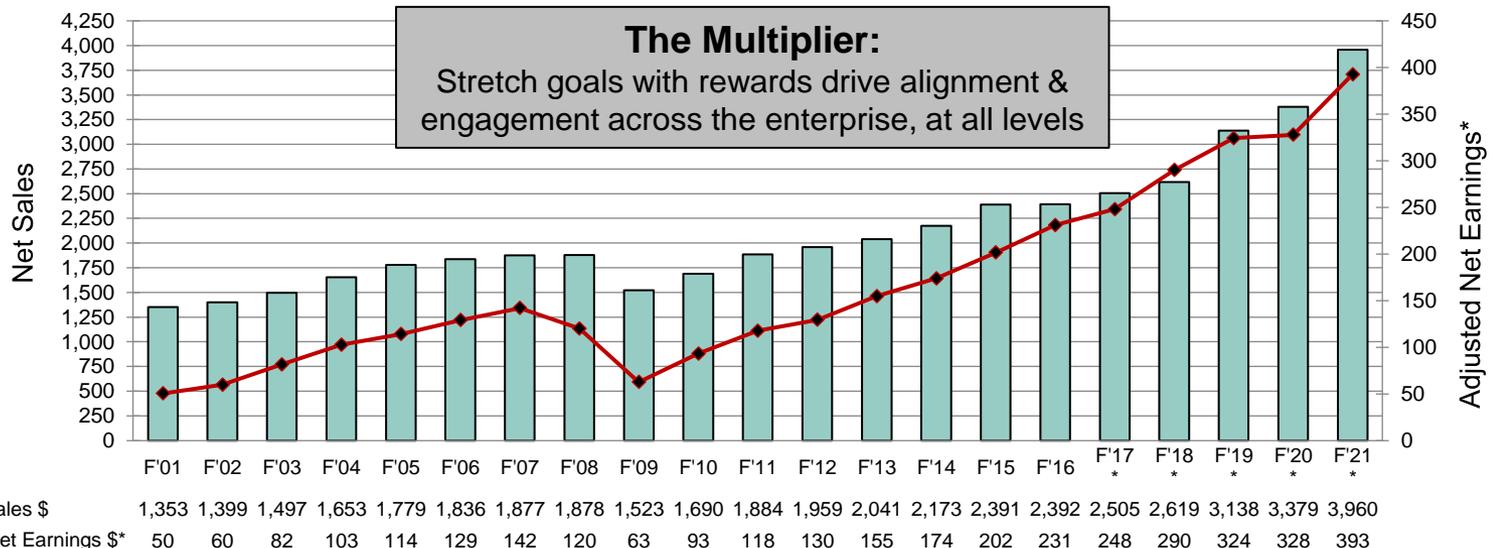
F'21

- ✓ \$3.7B net sales
- ✓ \$485M adjusted operating earnings*



F'22 – F'24

- Exceed \$5B net sales by end of F'24 through organic growth
- Exceed \$750M annual adjusted operating earnings by end of F'24



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

PRIORITIZING INVESTMENTS IN GROWTH

STRONG BALANCE SHEET & CASH FLOW PROVIDES FINANCIAL FLEXIBILITY

- Leadership Through Innovation**

- Sustained 3%+ investment in research & engineering
- Passion to address customers unmet needs
- Drives market share gains & margin expansion

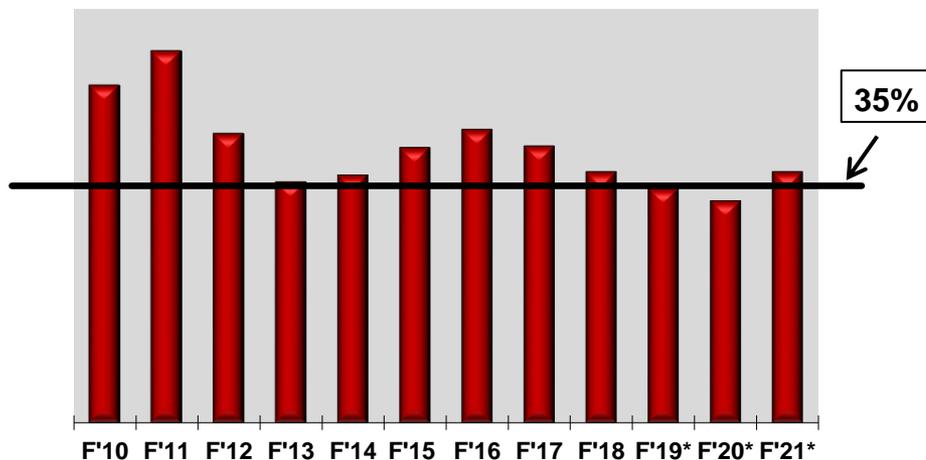


- Strategic Acquisitions**

- Bias for Professional, Global, Water, Technology
- Seeking platforms for sustainable, long-term growth; adjacencies to core businesses
- Disciplined process – right opportunity **and** price

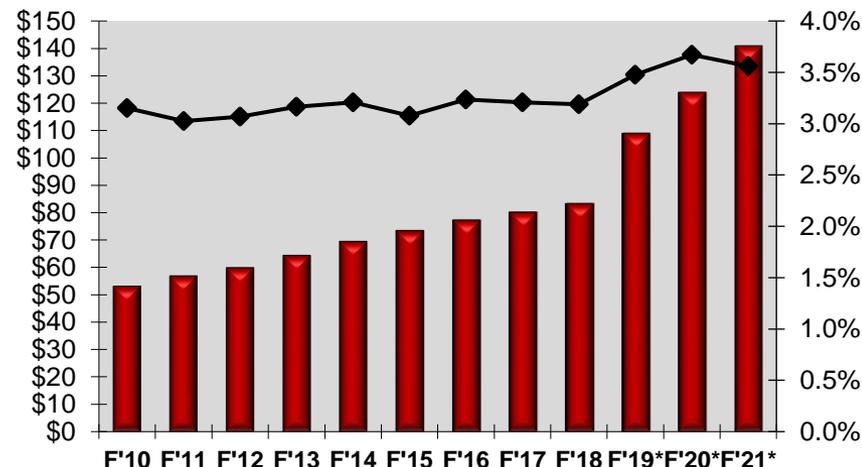


Vitality Index**



*Includes Charles Machine Works for F'19+ and Venture Products for F'20+
 **Percent of Sales from New Products Introduced Over the Prior Three Years

R&E Investment and % of Net Sales



(\$ in Millions)
 *Includes Charles Machine Works for F'19+ and Venture Products for F'20+



MOST RECENT FINANCIAL INFORMATION

SECOND-QUARTER FISCAL 2022 RESULTS

(RELEASED JUNE 2, 2022)

<i>All amounts in USD</i>	AS REPORTED			AS ADJUSTED*		
	F'22 Q2	F'21 Q2	Change	F'22 Q2	F'21 Q2	Change
Net Sales	1.25B	1.15B	+ 8.7%			
Gross Profit (\$)	405.4M	403.0M	+ 0.6%	406.4M	403.0M	+ 0.9%
Gross Margin (% of Net Sales)	32.4%	35.1%	- 270 bps	32.5%	35.1%	- 260 bps
Operating Earnings (\$)	170.6M	180.7M	- 5.6%	172.3M	180.7M	- 4.6%
Op Earnings (% of Net Sales)	13.7%	15.7%	- 200 bps	13.8%	15.7%	- 190 bps
Earnings Before Income Taxes	165.1M	177.2M	- 6.9%	166.8M	177.2M	- 5.9%
Net Earnings	131.1M	142.2M	- 7.8%	132.1M	140.3M	- 5.8%
Diluted EPS	\$1.24	\$1.31	- 5.3%	\$1.25	\$1.29	- 3.1%

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

FIRST SIX MONTHS FISCAL 2022 RESULTS

(RELEASED JUNE 2, 2022)

AS REPORTED

All amounts in USD

	F'22 YTD	F'21 YTD	Change
Net Sales	2.182B	2.022B	+ 7.9%
Gross Profit (\$)	705.8M	718.0M	- 1.7%
Gross Margin (% of Net Sales)	32.3%	35.5%	- 320 bps
Operating Earnings (\$)	262.2M	322.2M	- 18.6%
Op Earnings (% of Net Sales)	12.0%	15.9%	- 390 bps
Earnings Before Income Taxes	252.2M	313.1M	- 19.4%
Net Earnings	200.6M	253.5M	- 20.8%
Diluted EPS	\$1.89	\$2.32	- 18.5%

AS ADJUSTED*

F'22 YTD	F'21 YTD	Change
706.9M	718.0M	- 1.5%
32.4%	35.5%	- 310 bps
265.0M	305.1M	- 13.2%
12.1%	15.1%	- 300 bps
255.0M	296.0M	- 13.9%
201.8M	233.5M	- 13.6%
\$1.91	\$2.14	- 10.7%

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

FISCAL 2022 GUIDANCE

(AS OF JUNE 2, 2022)

Net Sales Growth (%)	14% to 16%
Adjusted Operating Earnings Margin* (%)	Similar to Fiscal 2021
Adjusted Diluted EPS* (\$)	\$4.00 to \$4.15
Capital Expenditures (\$)	~ \$150M
Depreciation & Amortization (\$)	~ \$120M
Interest Expense (\$)	~ \$36M
Adjusted Effective Tax Rate* (%)	~ 21%
Free Cash Flow (“FCF”) Conversion* (%)**	80% to 90%

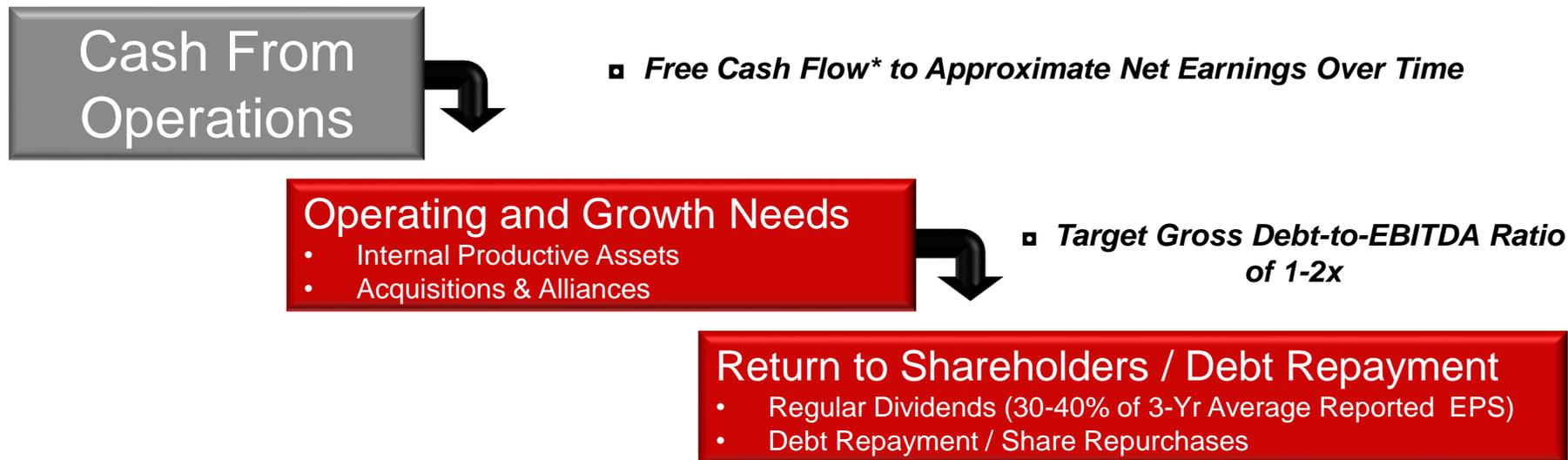
*Non-GAAP Measure: refer to the Appendix of this presentation for additional information and reconciliation

**FCF Conversion Percentage = Free Cash Flow/GAAP Net Earnings



ADDITIONAL FINANCIAL INFORMATION

EFFECTIVE CAPITAL DEPLOYMENT

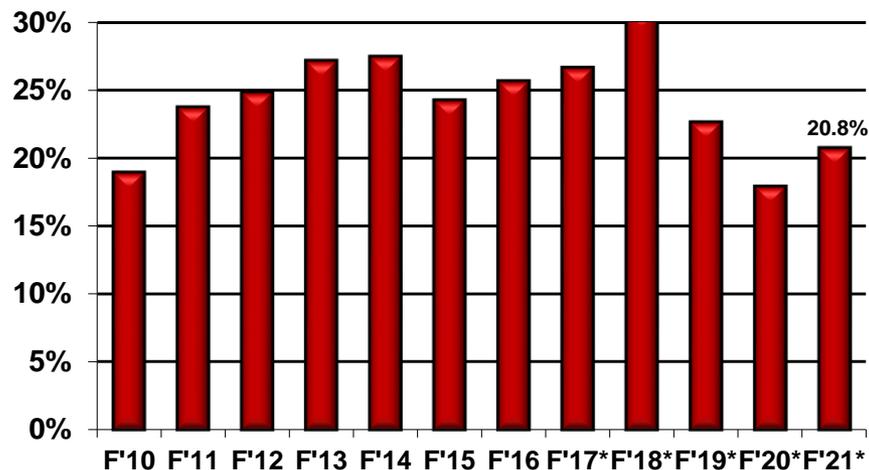


(\$ millions)	F'12	F'13	F'14	F'15	F'16	F'17	F'18	F'19	F'20	F'21
Operating Cash Flow	\$200	\$234	\$197	\$250	\$384	\$361	\$365	\$337	\$539	\$555
Capital Expenditures	\$43	\$49	\$71	\$56	\$51	\$58	\$90	\$93	\$78	\$104
Strategic Acquisitions	\$10	\$2	\$1	\$198	\$0	\$24	\$31	\$697	\$138	\$52
Dividends Paid	\$26	\$32	\$45	\$56	\$66	\$76	\$85	\$96	\$108	\$112
Share Repurchases	\$93	\$99	\$102	\$106	\$110	\$159	\$160	\$20	\$0	\$302
Capital Deployed	\$172	\$182	\$219	\$416	\$227	\$317	\$366	\$906	\$324	\$570

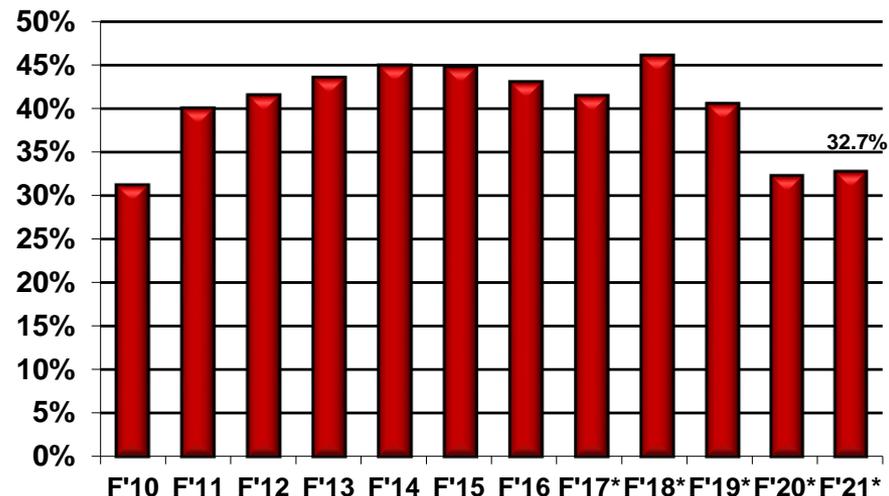
*Non-GAAP Measure: refer to the Appendix of this presentation for additional information and reconciliation

IMPRESSIVE RETURNS BASED ON KEY PERFORMANCE MEASURES

Return on Average Invested Capital (%)*



Return on Average Equity (%)*



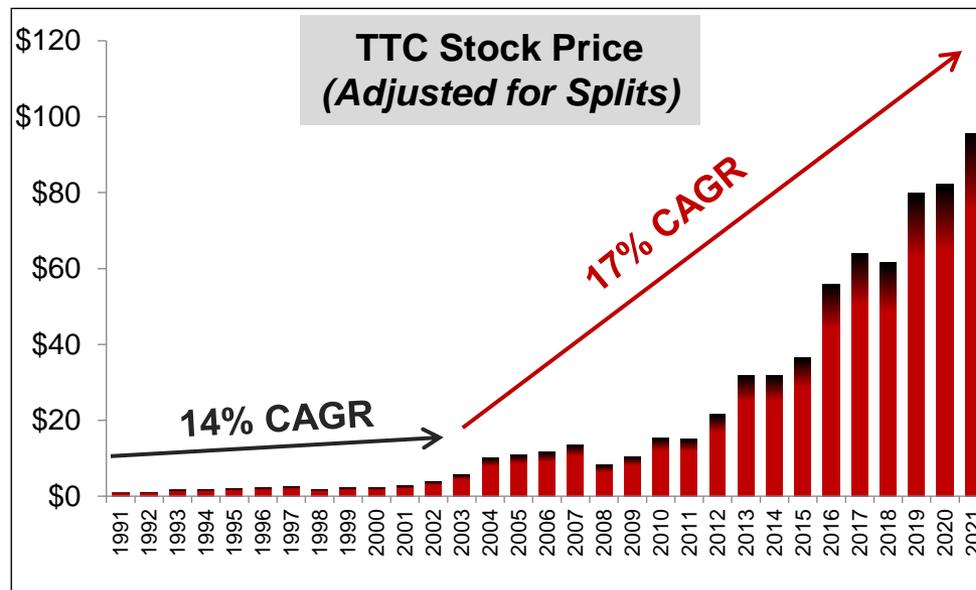
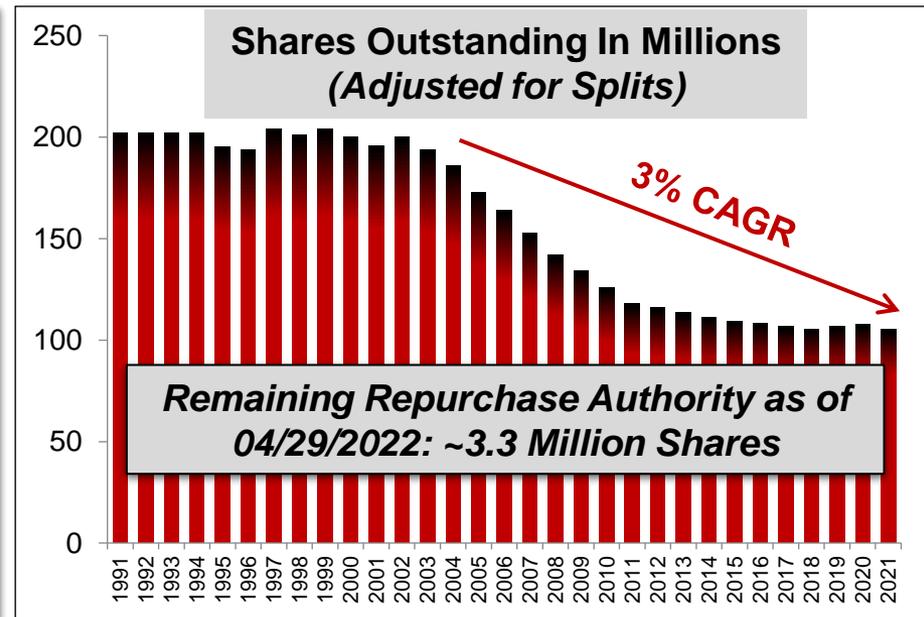
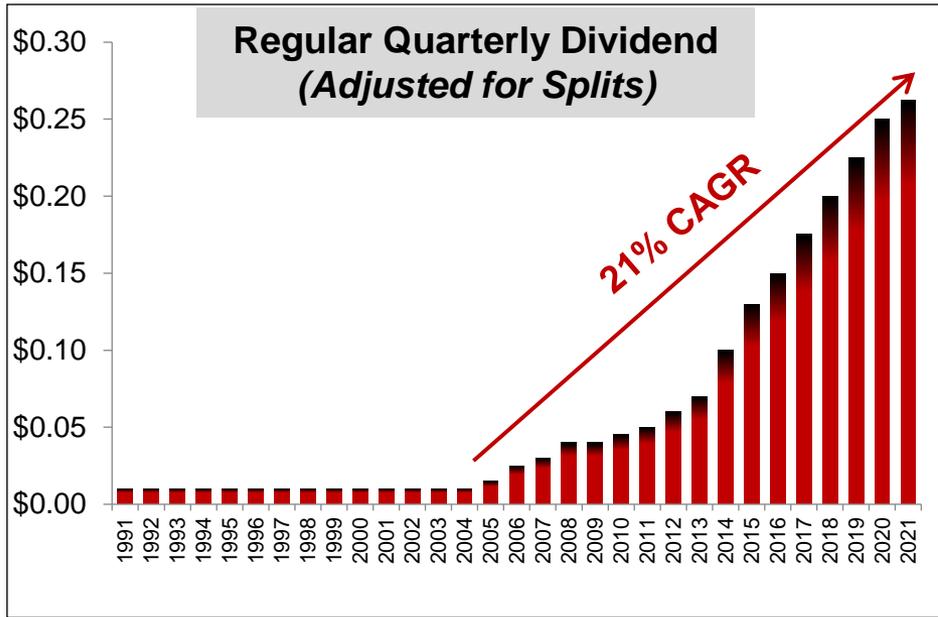
Strong and Consistent Cash Flow Generation

(\$ in millions)	F'10	F'11	F'12	F'13	F'14	F'15	F'16	F'17	F'18	F'19	F'20	F'21
Operating Cash Flow	\$193.2	\$119.9	\$199.9	\$234.4	\$196.9	\$249.6	\$384.3	\$360.7	\$364.8	\$337.4	\$539.4	\$555.5
Capital Expenditures	(\$48.7)	(\$57.4)	(\$43.2)	(\$49.4)	(\$71.1)	(\$56.4)	(\$50.7)	(\$58.3)	(\$90.1)	(\$92.9)	(\$78.1)	(\$104)
FCF*	\$144.5	\$62.5	\$156.7	\$184.9	\$125.8	\$193.2	\$333.6	\$302.5	\$274.7	\$244.5	\$461.3	\$451.5
FCF Conversion**	155%	53%	121%	119%	72%	96%	144%	113%	101%	89%	140%	110%

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

**FCF Conversion Percentage = Free Cash Flow/GAAP Net Earnings

INCREASING SHAREHOLDER VALUE OVER TIME



LOOKING FORWARD

Building on a Solid Foundation

- Continuing the Foundation of Innovation, Relationships & Excellence
- Enduring Company Culture & Effective Employee Initiatives
- Demonstrated Consistent Financial Performance and Cash Flow Generation



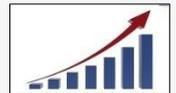
Leveraging a High Value Business Model

- Diverse Portfolio with Strong Brands, Technology Leadership & Market Share
- Solid Financial Returns & Strong Balance Sheet
- Consistent Return of Value to All Stakeholders



Driving Growth and Profitability

- Favorable Macro Factors, Steady Replacement Cycle & Innovation Drive Future Organic Growth
- Market Share & Margin Expansion Opportunities
- Disciplined Process & Financial Capacity for Strategic Investments







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, as applicable, consist of gross profit, gross margin, operating earnings, earnings before income taxes, net earnings, net earnings per diluted share and the effective tax rate, each as adjusted, as well as free cash flow, free cash flow conversion percentage, return on average invested capital and return on average equity.
- Management believes that the presentation of these non-GAAP measures provides useful information to investors and that these measures may assist investors in evaluating our core operational performance and cash flows, as a measure of our liquidity.
- This Appendix includes a reconciliation of the historical non-GAAP financial measures used in the presentation to the most directly historical comparable GAAP financial measures.
- Reconciliations of forward-looking non-GAAP guidance to projected U.S. GAAP guidance is not provided because it would require an unreasonable effort to do so.
- Non-GAAP financial measures have limitations as analytical tools, and should not be considered in isolation, or as a substitute for, our financial measures 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'10	F'11	F'12	F'13	F'14	F'15	F'16	F'17*	F'18*	F'19*	F'20*	F'21*
Adj. Op. Earnings* (1-Adj. Tax Rate)	\$99.8	\$124.2	\$135.7	\$157.5	\$178.4	\$207.2	\$233.7	\$249.3	\$290.6	\$325.8	\$343.3	\$407.6
Avg. Quarterly Capital Utilized	\$526.6	\$522.0	\$544.1	\$579.5	\$649.1	\$852.7	\$910.1	\$935.4	\$944.0	\$1,437.0	\$1,910.3	\$1,962.6
ROIC	19.0%	23.8%	24.9%	27.2%	27.5%	24.3%	25.7%	26.7%	30.8%	22.7%	18.0%	20.8%

Adjusted Operating Earnings*(1-Adjusted Effective Tax Rate)
Avg. Quarterly Capital Utilized = ROIC

Return on Average Equity (%)*

(\$ in Millions)	F'10	F'11	F'12	F'13	F'14	F'15	F'16	F'17*	F'18*	F'19*	F'20*	F'21*
Adjusted Net Earnings	\$93.2	\$117.7	\$129.5	\$154.8	\$173.9	\$201.6	\$231.0	\$248.0	\$290.1	\$324.3	\$327.7	\$392.7
Avg. Quarterly Equity	\$298.6	\$294.4	\$312.4	\$355.8	\$387.1	\$451.0	\$537.6	\$599.5	\$630.8	\$800.8	\$1,016.5	\$1,199.4
ROAE	31.2%	40.0%	41.5%	43.5%	44.9%	44.7%	43.0%	41.4%	46.0%	40.5%	32.2%	32.7%

Adjusted Net Earnings
Avg. Quarterly Equity = ROAE

**Non-GAAP Measures: F'17, F'18, F'19, F'20 & F'21 ROIC and ROAE are calculated with Adjusted Operating Earnings, Adjusted Effective Tax Rate and Adjusted Net Earnings*

SECOND-QUARTER FISCAL 2022

RECONCILIATION OF NON-GAAP PERFORMANCE MEASURES

The following table provides a reconciliation of financial performance measures calculated and reported in accordance with U.S. GAAP to the most directly comparable non-GAAP financial performance measures included within the accompanying press release for the three- and six-month periods ended April 29, 2022 and April 30, 2021:

	Three Months Ended		Six Months Ended	
	April 29, 2022	April 30, 2021	April 29, 2022	April 30, 2021
Gross profit	\$ 405,369	\$ 402,953	\$ 705,845	\$ 717,989
Acquisition-related costs ¹	1,024	—	1,024	—
Non-GAAP gross profit	\$ 406,393	\$ 402,953	\$ 706,869	\$ 717,989
Gross margin	32.4 %	35.1 %	32.3 %	35.5 %
Acquisition-related costs ¹	0.1 %	— %	0.1 %	— %
Non-GAAP gross margin	32.5 %	35.1 %	32.4 %	35.5 %
Operating earnings	\$ 170,577	\$ 180,716	\$ 262,203	\$ 322,181
Acquisition-related costs ¹	1,736	—	2,752	—
Litigation settlement, net ²	—	—	—	(17,075)
Non-GAAP operating earnings	\$ 172,313	\$ 180,716	\$ 264,955	\$ 305,106
Earnings before income taxes	\$ 165,056	\$ 177,243	\$ 252,203	\$ 313,069
Acquisition-related costs ¹	1,736	—	2,752	—
Litigation settlement, net ²	—	—	—	(17,075)
Non-GAAP earnings before income taxes	\$ 166,792	\$ 177,243	\$ 254,955	\$ 295,994
Net earnings	\$ 131,125	\$ 142,171	\$ 200,635	\$ 253,452
Acquisition-related costs ¹	1,375	—	2,179	—
Litigation settlement, net ²	—	(17)	—	(13,472)
Tax impact of stock-based compensation ³	(367)	(1,871)	(987)	(6,449)
Non-GAAP net earnings	\$ 132,133	\$ 140,283	\$ 201,827	\$ 233,531
Net earnings per diluted share	\$ 1.24	\$ 1.31	\$ 1.89	\$ 2.32
Acquisition-related costs ¹	0.01	—	0.03	—
Litigation settlement, net ²	—	—	—	(0.13)
Tax impact of stock-based compensation ³	—	(0.02)	(0.01)	(0.05)
Non-GAAP net earnings per diluted share	\$ 1.25	\$ 1.29	\$ 1.91	\$ 2.14
Effective tax rate	20.6 %	19.8 %	20.4 %	19.0 %
Tax impact of stock-based compensation ³	0.2 %	1.1 %	0.4 %	2.1 %
Non-GAAP effective tax rate	20.8 %	20.9 %	20.8 %	21.1 %

1. On January 13, 2022, the company completed the acquisition of Intimidator. Acquisition-related costs for the three month period ended April 29, 2022 represent integration costs incurred for our acquisition of Intimidator. Acquisition-related costs for the six month period ended April 29, 2022 represent transaction and integration costs incurred for our acquisition of Intimidator. No acquisition-related costs were incurred during the three and six month periods ended April 30, 2021.

2. On November 19, 2020, Exmark Manufacturing Company Incorporated ("Exmark"), a wholly-owned subsidiary of TTC, and Briggs & Stratton Corporation ("BGG") entered into a settlement agreement ("Settlement Agreement") relating to the decade-long patent infringement litigation that Exmark originally filed in May 2010 against Briggs & Stratton Power Products Group, LLC ("BSPPG"), a former wholly-owned subsidiary of BGG (Case No. 8:10CV187, U.S. District Court for the District of Nebraska) (the "Infringement Action"). The Settlement Agreement provided, among other things, that upon approval by the bankruptcy court, and such approval becoming final and nonappealable, BGG agreed to pay Exmark \$33.65 million ("Settlement Amount"). During January 2021, the first quarter of fiscal 2021, the Settlement Amount was received by Exmark in connection with the settlement of the Infringement Action and at such time, the underlying events and contingencies associated with the gain contingency related to the Infringement Action were satisfied. As such, the company recognized in selling, general and administrative expense within the Consolidated Statements of Earnings during the first quarter of fiscal 2021 (i) the gain associated with the Infringement Action and (ii) a corresponding expense related to the contingent fee arrangement with the company's external legal counsel customary in patent infringement cases equal to approximately 50 percent of the Settlement Amount. Accordingly, litigation settlement, net represents the net amount recorded within selling, general and administrative expense in the Condensed Consolidated Statements of Earnings for the settlement of the Infringement Action during the six month period ended April 30, 2021. No amounts were recorded for litigation settlement, net during the three month period ended April 30, 2021 or the three and six month periods ended April 29, 2022.

3. The accounting standards codification guidance governing employee stock-based compensation requires that any excess tax deduction for stock-based compensation be immediately recorded within income tax expense. Employee stock-based compensation activity, including the exercise of stock options, can be unpredictable and can significantly impact our net earnings, net earnings per diluted share, and effective tax rate. These amounts represent the discrete tax benefits recorded as excess tax deductions for stock-based compensation during the three and six month periods ended April 29, 2022 and April 30, 2021.

SECOND-QUARTER FISCAL 2022 RECONCILIATION OF NON-GAAP LIQUIDITY MEASURES

The following table provides a reconciliation of net cash provided by operating activities, the most directly comparable GAAP financial measure, to non-GAAP free cash flow for the six-month periods ended April 29, 2022 and April 30, 2021:

(Dollars in thousands)	Six Months Ended	
	April 29, 2022	April 30, 2021
Net cash provided by operating activities	\$ 42,864	\$ 318,619
Less: Purchases of property, plant and equipment	35,969	26,198
Non-GAAP free cash flow	6,895	292,421
Net earnings	\$ 200,635	\$ 253,452
Non-GAAP free cash flow conversion percentage	3.4 %	115.4 %

MANUFACTURING LOCATIONS



