

THE TORO COMPANY

Serving Customers Through Superior Innovation and Superior Customer Care

Investor Presentation
December 2018



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

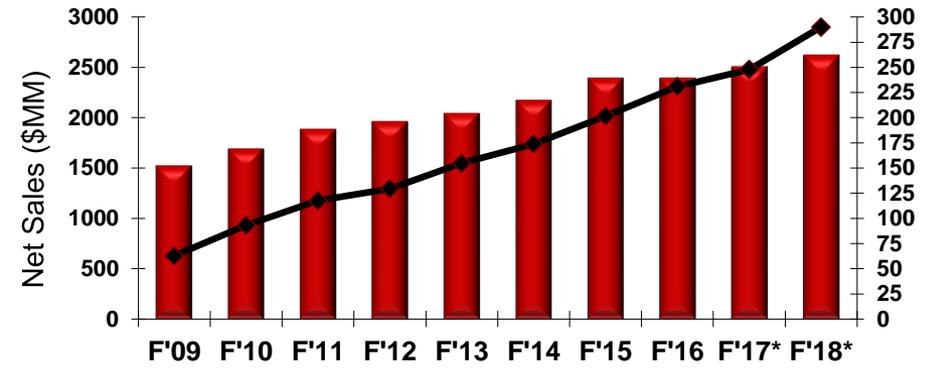
(NYSE: TTC)

Summary & Financial Performance

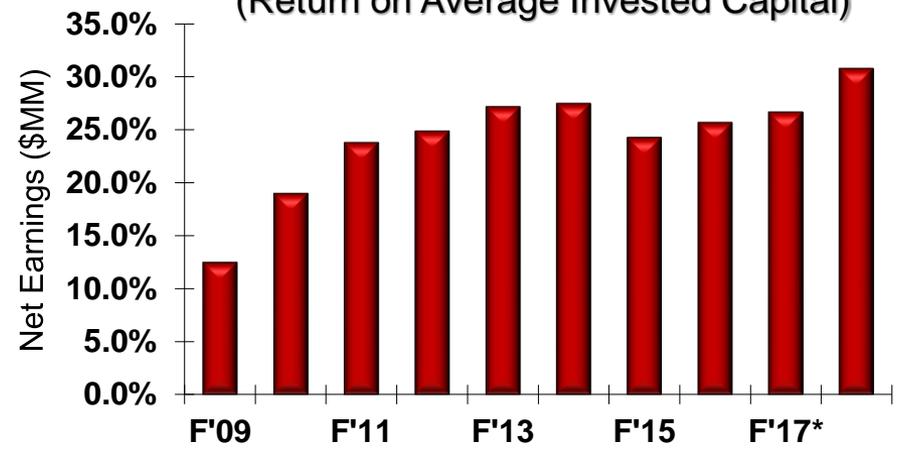
- Rich History and Deep Expertise in Solutions for the Outdoor Environment & Development of Distribution and Customer Care Networks
- Diverse Portfolio of Markets & Products
- Innovation & Brand Leadership
- Strong Financial Performance



(Net Sales & Earnings)



(Return on Average Invested Capital)



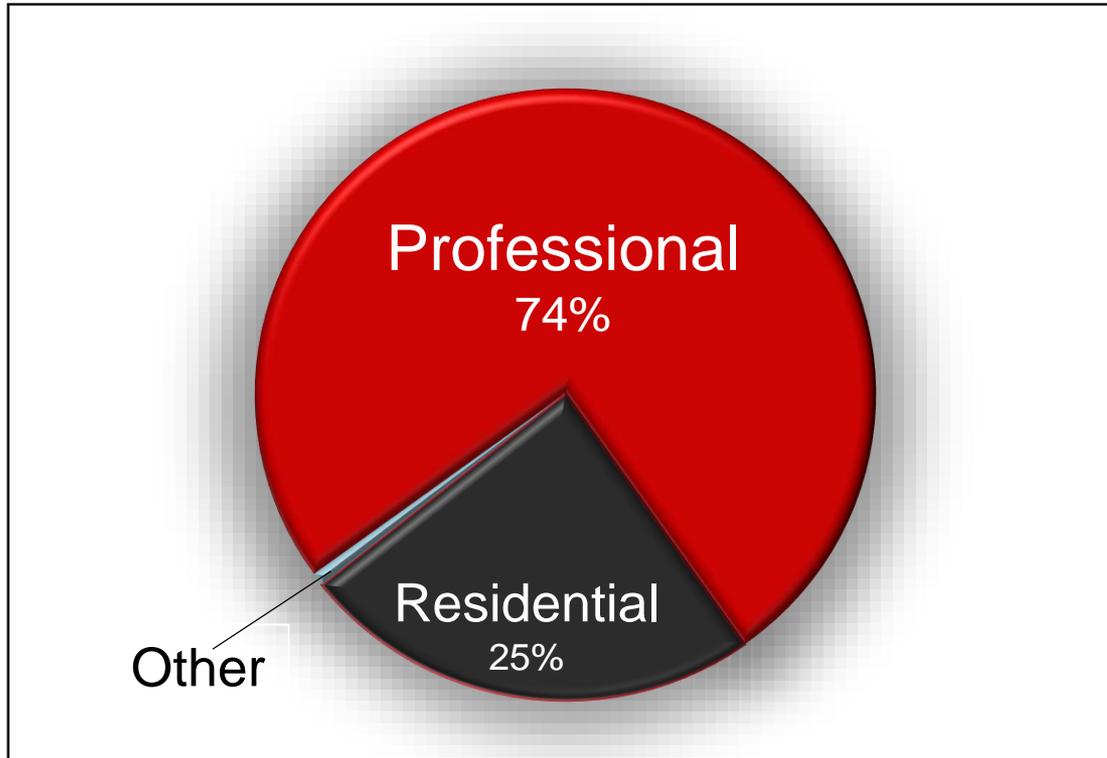
*Non-GAAP Measures: refer to the Appendix of this presentation for additional information and reconciliation



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

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



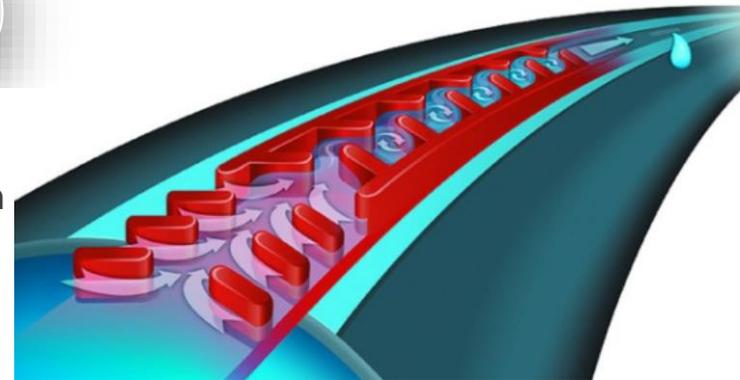
- Turf Equipment & Irrigation Systems
- TTC Advantage
 - Innovation & Performance—Share Gain & Margin Expansion
 - Strong Network of Distributors, Relationships & Customer Care



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



- 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

F'18 FULL-YEAR RESULTS

(RELEASED DECEMBER 6, 2018)

	F'18 FY	▲ from F'17 FY	F'18 Q4	▲ from F'17 Q4
Revenues	\$2,618.7M	+4.5%	\$539.3M	+10.4%
Gross Margin (% of Revenues)	35.9%	-90 bps	33.2%	-450 bps
SG&A (% of Revenues)	21.7%	-90 bps	25.2%	-280 bps
Operating Earnings (\$)	\$373.1M	+5.1%	\$43.0M	-9.4%
Operating Earnings (% of Revenues)	14.2%	flat	8.0%	-170 bps
Reported EPS	\$2.50	+3.7%	\$0.36	+16.1%
Adjusted EPS*	\$2.67	+19.7%	\$0.32	+6.7%

**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



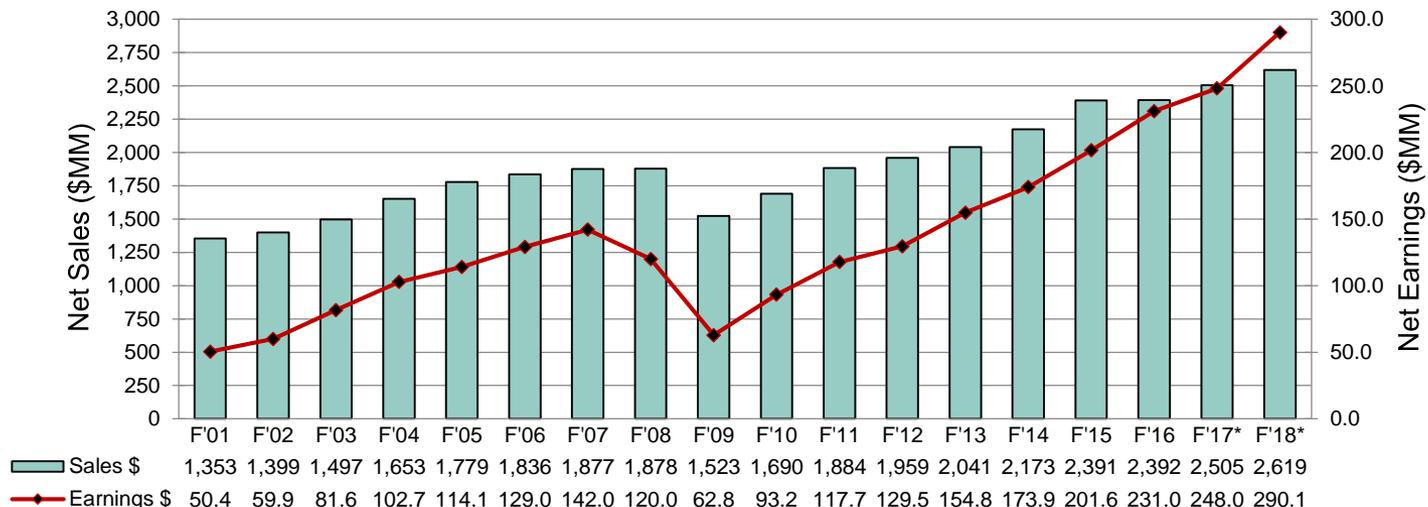
F'15 – F'17

- 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.

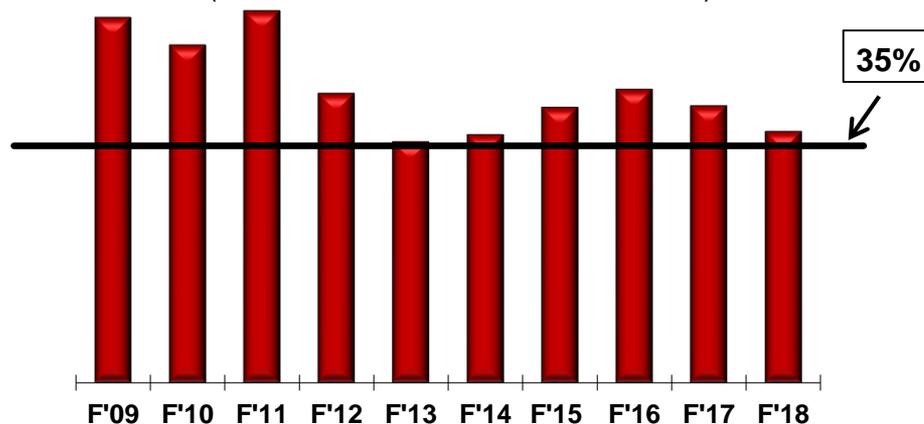


- Leadership Through Innovation
 - Sustained 3%+ Investment in Research & Engineering
 - Passion to Address Customers Unmet Needs
 - Drive Market Share Gains & Margin Expansion
- Acquisitions
 - Bias for Professional, Global, Water & Technology
 - Seeking Platforms for Growth—Adjacencies to Core Businesses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



Vitality Index

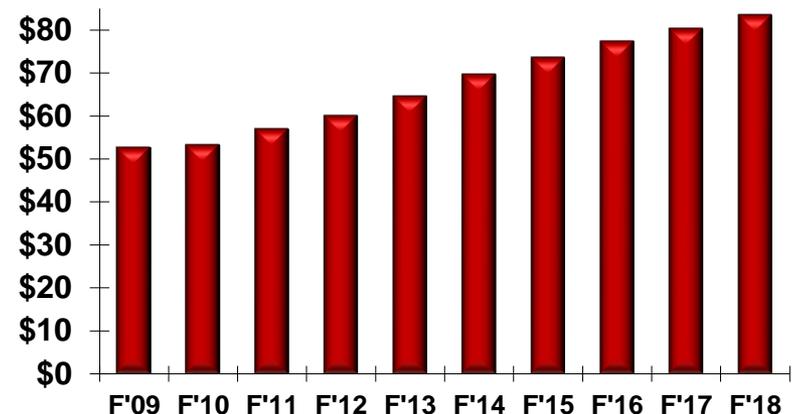
(Percent of Sales from New Products*)



*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

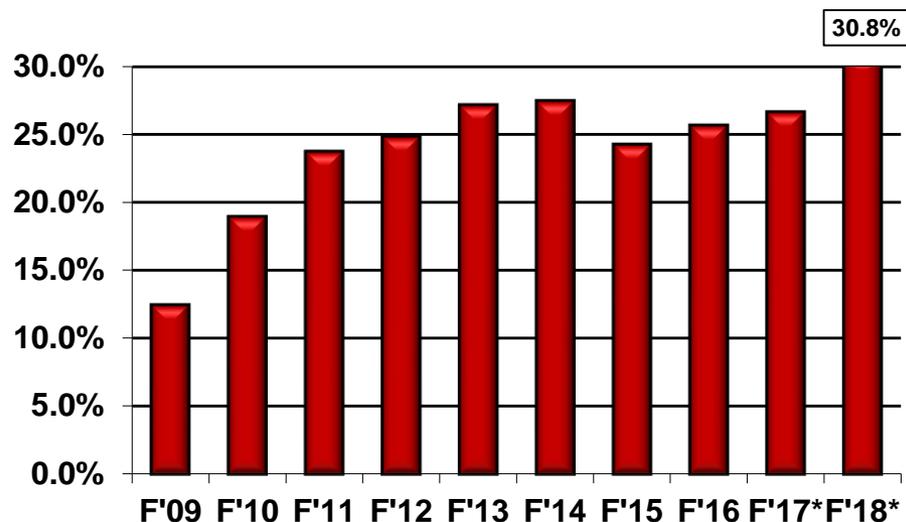
Return to Shareholders

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

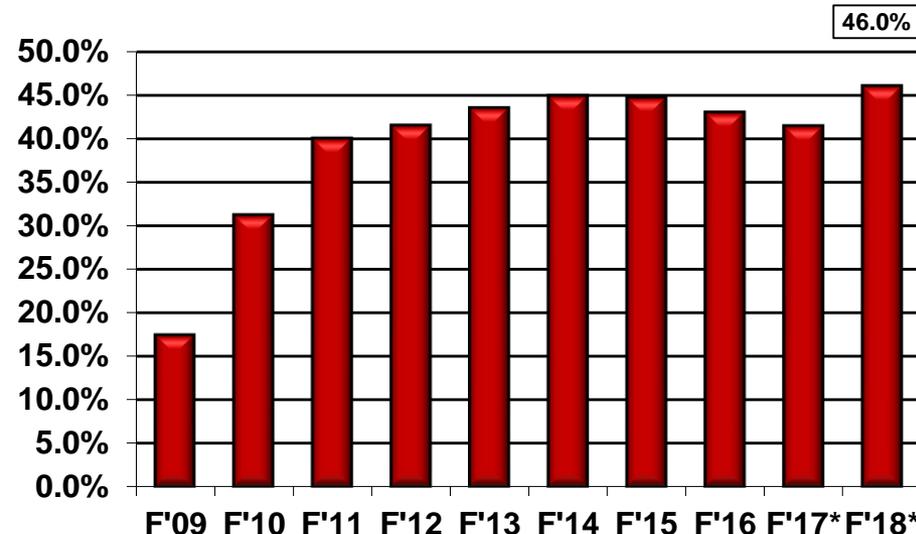
(\$ millions)	F'10	F'11	F'12	F'13	F'14	F'15	F'16	F'17	F'18
Operating Cash Flow	\$193	\$120	\$200	\$234	\$197	\$250	\$384	\$361	\$365
Capital Expenditures	\$49	\$57	\$43	\$49	\$71	\$56	\$51	\$58	\$90
Strategic Acquisitions (net of cash)	\$10	\$15	\$10	\$2	\$1	\$198	\$0	\$24	\$31
Dividends Paid	\$24	\$25	\$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 (%)*

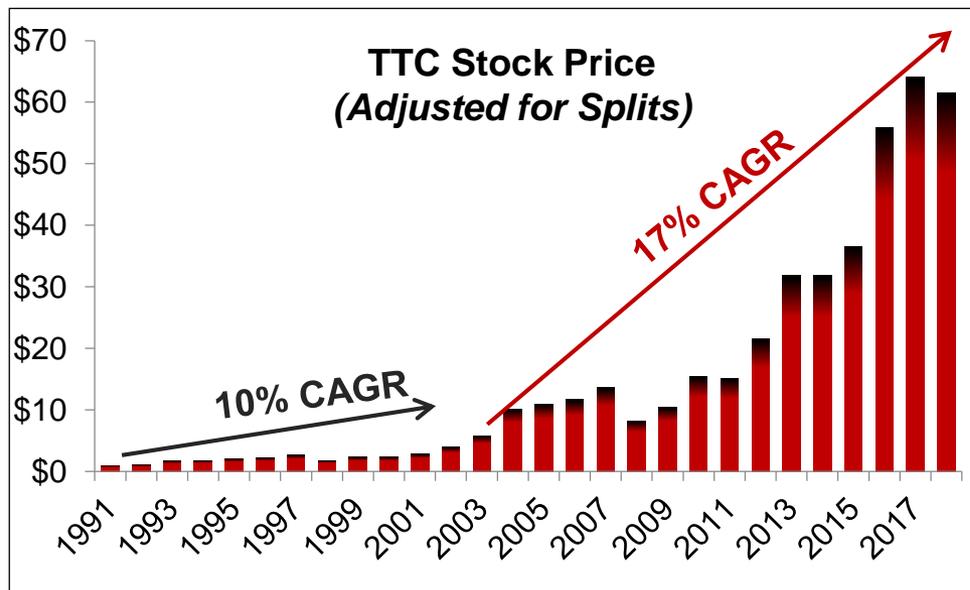
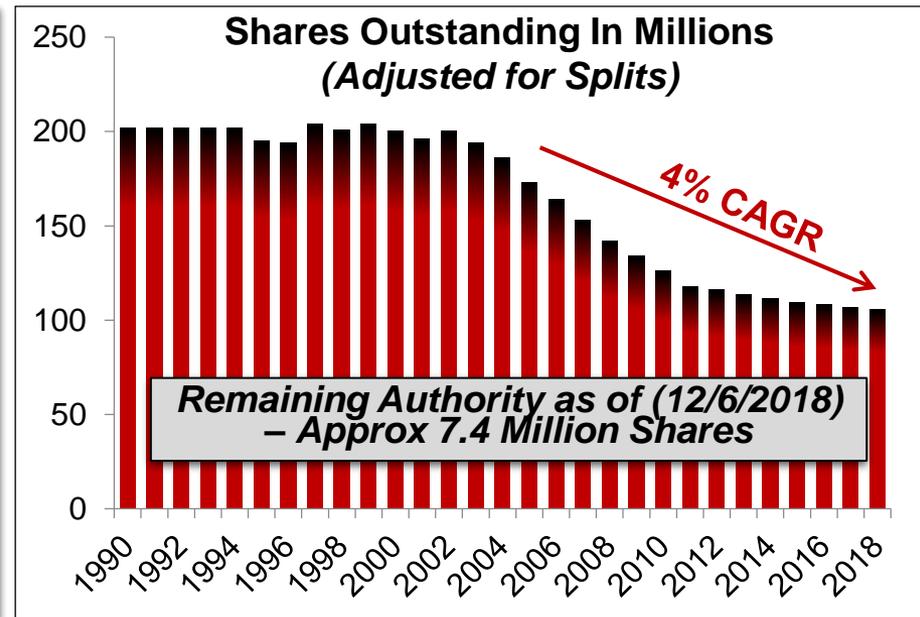
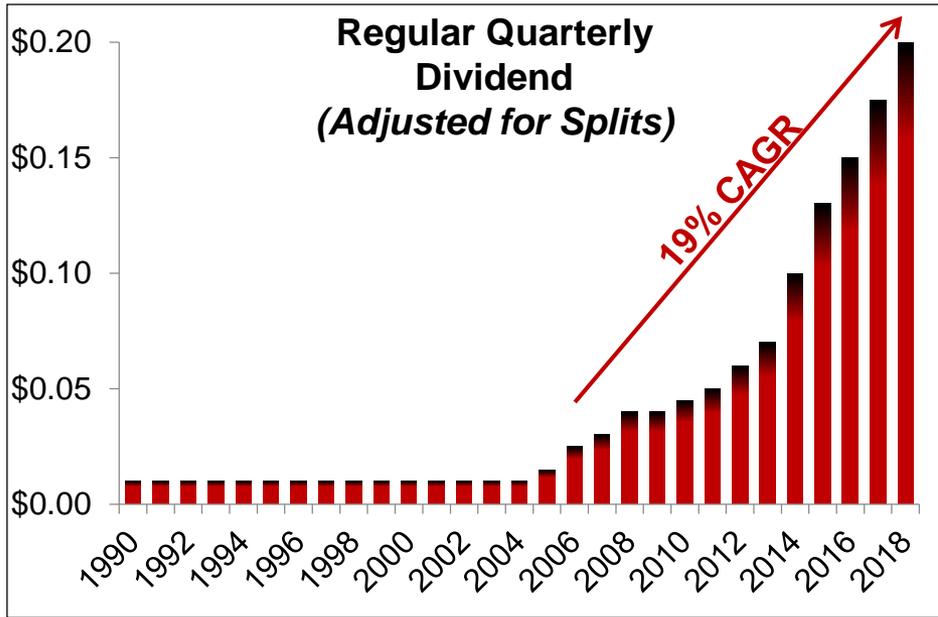


Cash Flow

	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



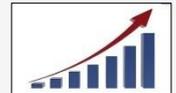
Leveraging a High Value Business Model

- 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 Growth Annually
- Market Share & Margin Expansion Opportunities
- Disciplined Process & Financial Capacity for Acquisitions



GUIDANCE

(AS OF DECEMBER 6, 2018)

F'19 FY:

Adjusted EPS*	~\$2.90 - \$2.95	
Revenues	To Exceed 5%	<i>(Includes approximately 1 percent growth due to recent acquisition of distributor partner)</i>
Gross Margin (% of Revenues)	Improvement Compared to F'18	
SG&A (% of Revenues)	Consistent with F'18	
Adjusted Effective Tax Rate*	~21.5%	<i>(Excludes the benefit of the excess tax deduction for share-based compensation)</i>
CapEx	~\$85M	
Depreciation & Amortization	Slightly Higher Compared to F'18	
Interest Expense	Slightly Higher Compared to F'18	
Share Repurchases	Expect to spend an Amount Similar to F'18	
Free Cash Flow	~\$300M	
F'19 Q1 Adjusted EPS*:	~\$0.48 - \$0.50	<i>(Includes unfavorable, one-time impact in Q1 of \$0.02 related to acquisition costs)</i>

**Non-GAAP Measures: refer to the Appendix of this presentation for additional information and reconciliation
The actual impact of the U.S. tax reform may differ from our estimates, due to, among other things, changes in interpretations and assumptions we have made, guidance that may be issued, and changes in our structure or business model.*



APPENDIX**NON-GAAP FINANCIAL MEASURES**

- This presentation contains certain non-GAAP financial measures.
- 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

FOURTH QUARTER NON-GAAP RECONCILIATIONS

The following is a reconciliation for our reported net earnings, reported diluted earnings per share (EPS), and reported effective tax rate to our adjusted net earnings, adjusted diluted EPS, and adjusted effective tax rate:

(\$ In Thousands, Except Per-Share Data)	Net Earnings		Diluted EPS		Effective Tax Rate	
	October 31, 2018	October 31, 2017	October 31, 2018	October 31, 2017	October 31, 2018	October 31, 2017
As Reported - GAAP	\$39,037	\$33,848	\$0.36	\$0.31	10.4%	27.9%
Impacts of tax reform						
Net deferred tax asset revaluation	(39)	--	--	--	0.1%	--%
Deemed repatriation tax	128	--	--	--	(0.3)%	--%
Benefit of the excess tax deduction for share-based compensation	(4,917)	(859)	(0.04)	(0.01)	11.3%	1.8%
As Adjusted – Non-GAAP	\$34,209	\$32,989	\$0.32	\$0.30	21.5%	29.7%

F'18 FULL YEAR NON-GAAP RECONCILIATIONS

The following is a reconciliation for our reported net earnings, reported diluted earnings per share (EPS), and reported effective tax rate to our adjusted net earnings, adjusted diluted EPS, and adjusted effective tax rate:

	Net Earnings		Diluted EPS		Effective Tax Rate	
	October 31, 2018	October 31, 2017	October 31, 2018	October 31, 2017	October 31, 2018	October 31, 2017
(\$ In Thousands, Except Per-Share Data)						
As Reported - GAAP	\$271,939	\$267,717	\$2.50	\$2.41	27.0%	24.2%
Impacts of tax reform						
Net deferred tax asset revaluation	19,274	--	0.18	--	(5.2)%	--%
Deemed repatriation tax	13,428	--	0.12	--	(3.6)%	--%
Benefit of the excess tax deduction for share-based compensation	(14,555)	(19,720)	(0.13)	(0.18)	3.9%	5.6%
As Adjusted – Non-GAAP	\$290,086	\$247,997	\$2.67	\$2.23	22.1%	29.8%

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%

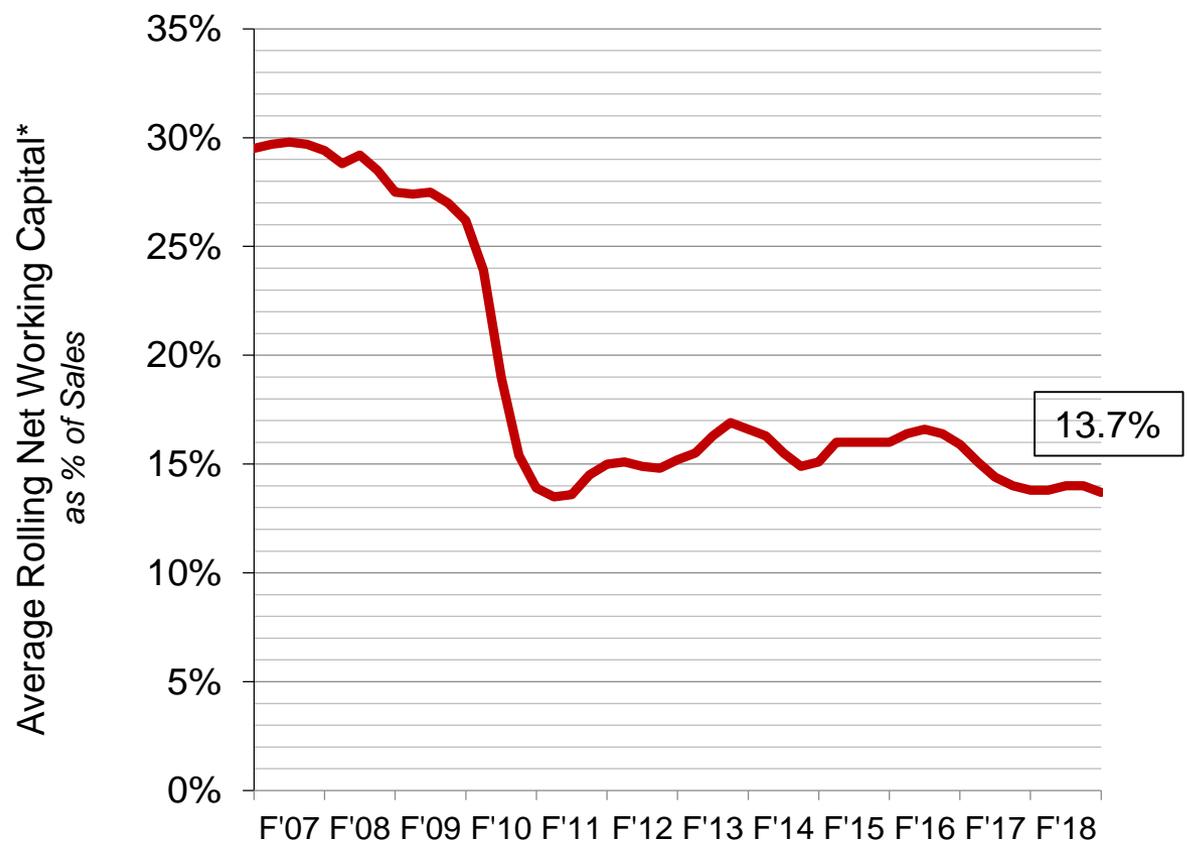
*Non-GAAP Measures: refer to the Appendix of this presentation for additional information and reconciliation

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 IMPROVEMENT

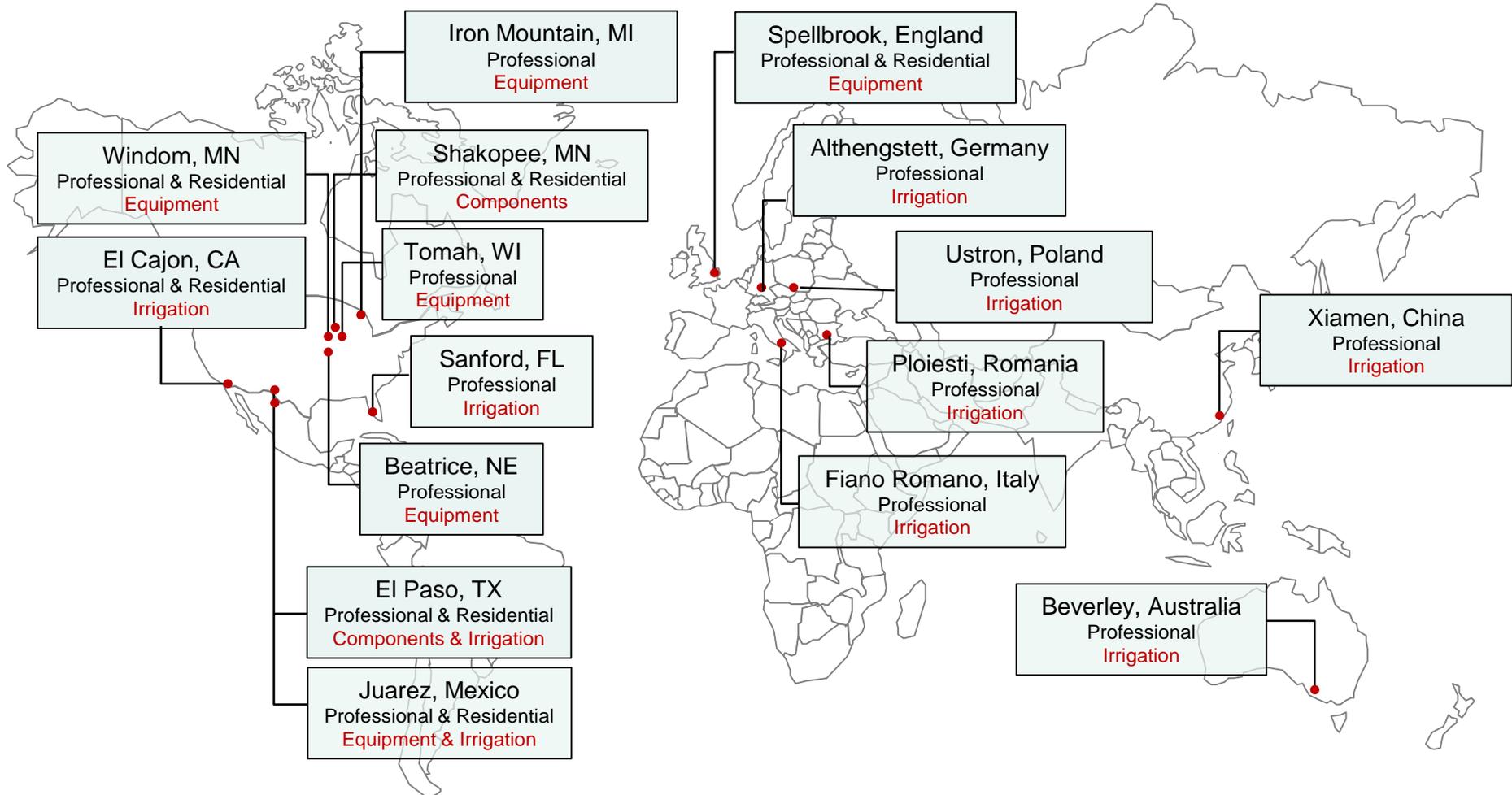


A Few Key Numbers

- 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%
- Renewed focus on working capital with a goal to get "In the teens"

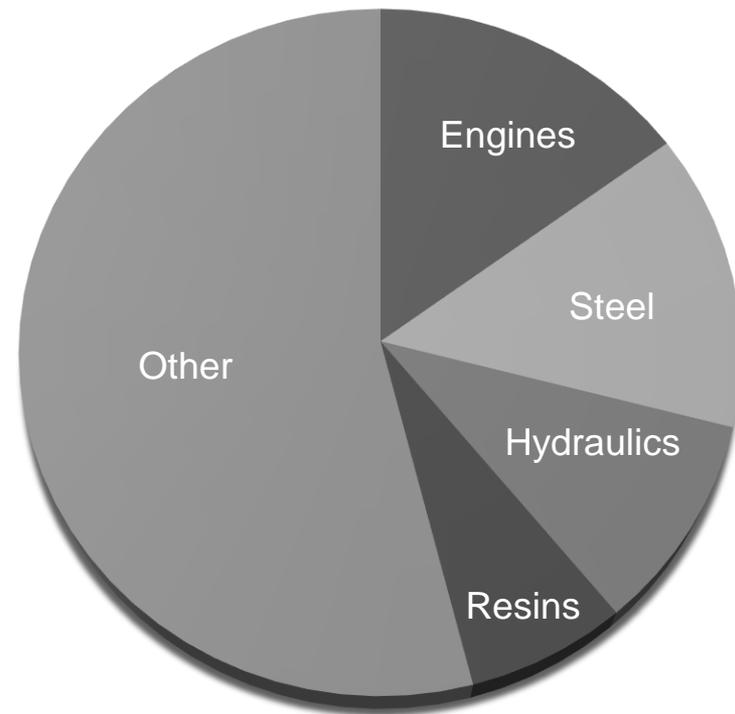
*Non-GAAP Measure:
 Average net working capital as % of net sales for trailing 12 months
 Net Working Capital = Accounts Receivable+ Net Inventory – Trade Payables

MANUFACTURING FACILITIES



MATERIAL COSTS

Major Components of Cost of Goods Sold





UNIQUE
LIGHTING SYSTEMS®



HAYTER
MAKERS OF THE FINEST MOWERS



Irritrol.

