

THE TORO COMPANY

Investor Presentation

December 2020



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".

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.

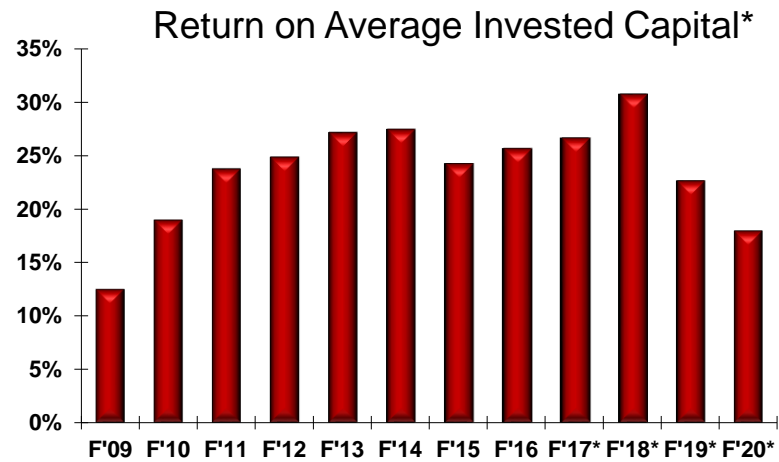
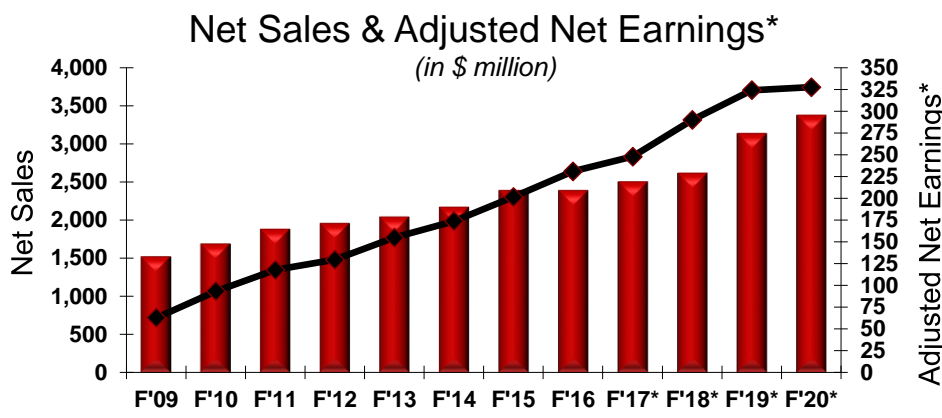
Caring Relationships

INVESTMENT SUMMARY

(NYSE: TTC)

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

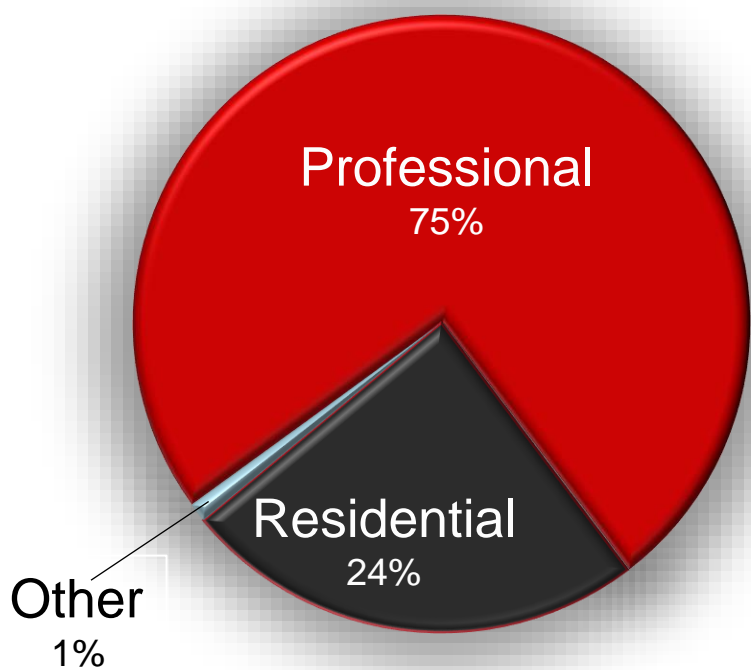


*Non-GAAP Measure: refer to the Appendix of this presentation for additional information and reconciliation

DIVERSE PORTFOLIO

F'20 REVENUES—\$3.4 BILLION

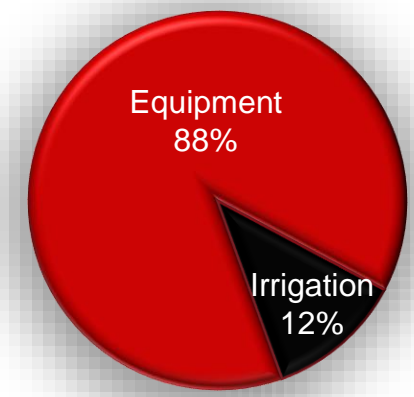
Segments



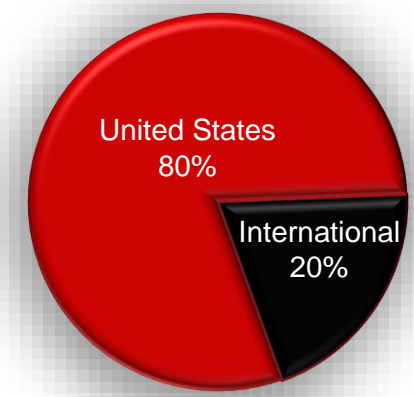
Professional
F'20 Sales: \$2,523 million
F'20 Segment Earnings: 16.9%

Residential
F'20 Sales: \$821 million
F'20 Segment Earnings: 13.8%

Product Type



Geographic Market





PROFESSIONAL SEGMENT

Rental, Specialty & Underground Construction

- Strong brands and product portfolio
- Global network of dealers and 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

Landscape and Grounds Market

Turf
Equipment

Snow & Ice
Management

Lighting &
Irrigation

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



PROFESSIONAL SEGMENT

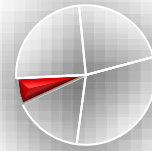
Golf Market



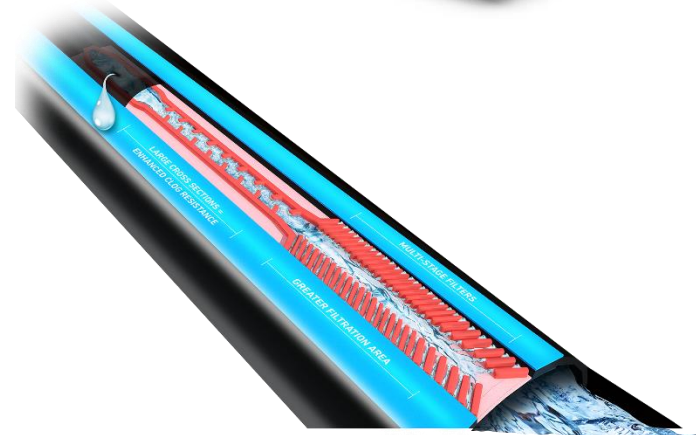
- Turf Equipment & Irrigation Systems
- TTC Advantage
 - Innovation & Performance—Share Gain & Margin Expansion
 - Strong Network of Distributors, Relationships & Customer Care



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



TSC **TRACTOR
SUPPLY CO**



BENEFITS OF COMPLEMENTARY BUSINESSES



Innovation
Transference

Professional



Production
Optimization

Residential

Bolsters Brand
Recognition



FOURTH-QUARTER FISCAL 2020 RESULTS

(RELEASED DECEMBER 16, 2020)

	AS REPORTED		AS ADJUSTED*	
	F'20 Q4	Change from F'19 Q4	F'20 Q4	Change from F'19 Q4
Net Sales	\$841.0M	+14.5%		
Gross Profit (\$)	\$300.4M	+22.6%	\$300.4M	+18.5%
Gross Margin (% of Revenues)	35.7%	+230 bps	35.7%	+120 bps
Operating Earnings (\$)	\$93.5M	+115.9%	\$93.5M	+51.4%
Operating Earnings (% of Revenues)	11.1%	+520 bps	11.1%	+270 bps
Earnings Before Income Taxes	\$88.6M	+102.7%	\$88.6M	+40.6%
Net Earnings	\$72.2M	+88.7%	\$69.2M	+33.5%
Diluted EPS	\$0.66	+88.6%	\$0.64	+33.3%

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

FISCAL YEAR 2020 RESULTS

(RELEASED DECEMBER 16, 2020)

	AS REPORTED		AS ADJUSTED*	
	F'20	Change from F'19	F'20	Change from F'19
Net Sales	\$3,378.8M	+7.7%		
Gross Profit (\$)	\$1,189.8M	+13.5%	\$1,194.6M	+8.5%
Gross Margin (% of Revenues)	35.2%	+180 bps	35.4%	+30 bps
Operating Earnings (\$)	\$426.4M	+31.2%	\$433.4M	+7.4%
Operating Earnings (% of Revenues)	12.6%	+220 bps	12.8%	(10 bps)
Earnings Before Income Taxes	\$407.1M	+26.4%	\$414.1M	+3.1%
Net Earnings	\$329.7M	+20.3%	\$327.7M	+1.1%
Diluted EPS	\$3.03	+19.8%	\$3.02	+0.7%

*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'19

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

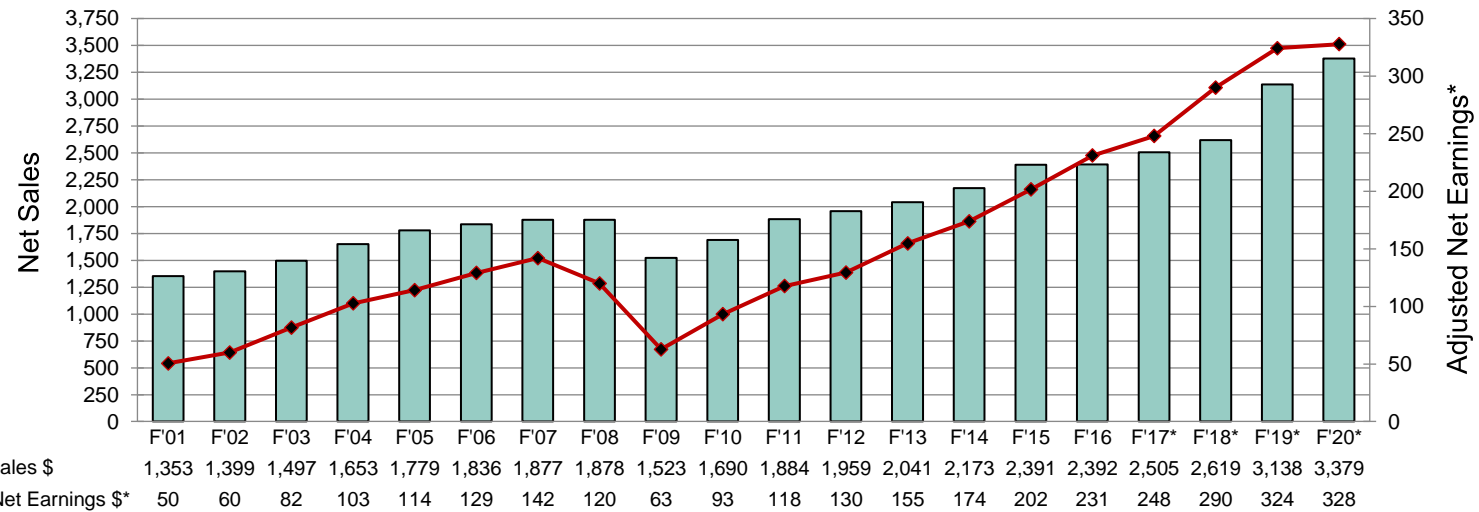
F'20

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



F'21

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



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

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

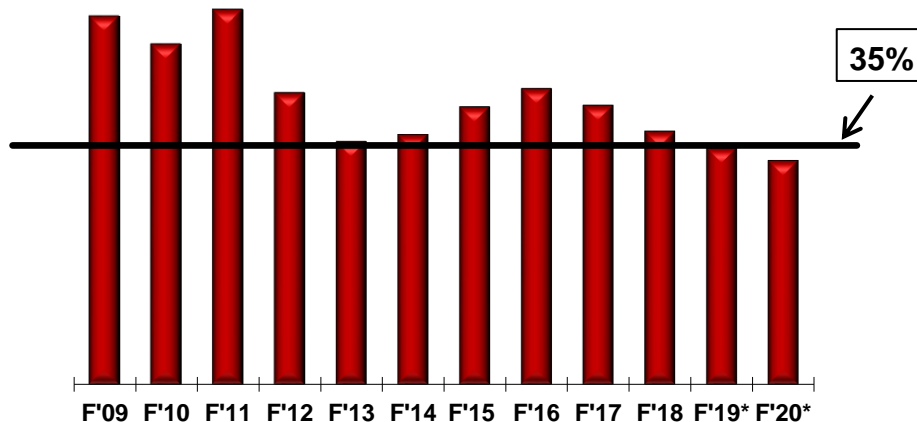
INVESTMENTS IN GROWTH

- 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

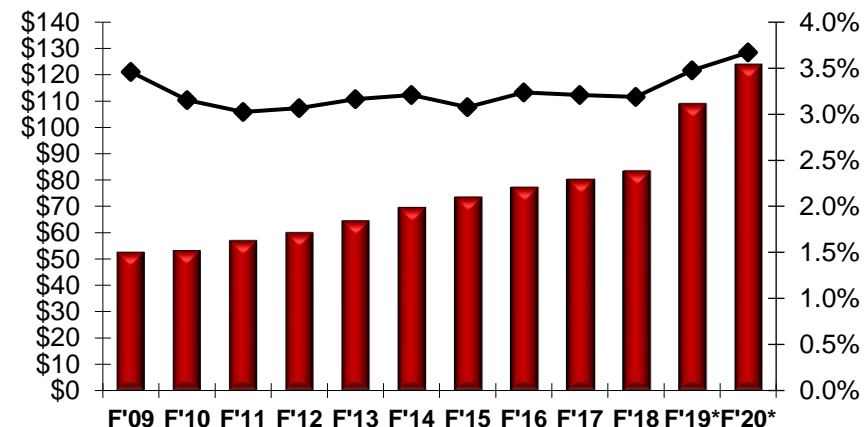
(Percent of Sales from New Products**)



*Includes Charles Machine Works for F'19+ and Venture Products for F'20
 **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

CAPITAL DEPLOYMENT

Cash From Operations



▣ Free Cash Flow Conversion to Approximate Net Earnings Over Time

Operating and Growth Needs

- Internal Productive Assets
- Acquisitions & Alliances



▣ Target Debt-to-EBITDA Ratio of 1-2x

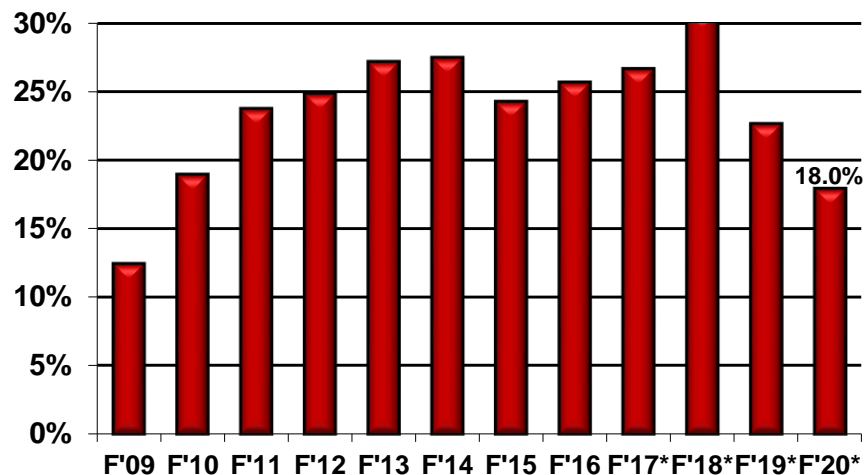
Return to Shareholders / Debt Repayment

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

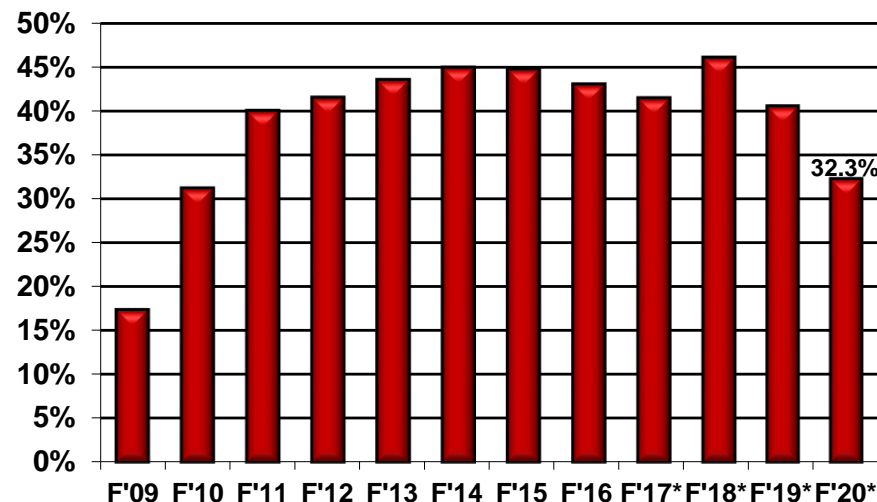
(\$ millions)	F'11	F'12	F'13	F'14	F'15	F'16	F'17	F'18	F'19	F'20
Operating Cash Flow	\$120	\$200	\$234	\$197	\$250	\$384	\$361	\$365	\$337	\$539
Capital Expenditures	\$57	\$43	\$49	\$71	\$56	\$51	\$58	\$90	\$93	\$78
Strategic Acquisitions <i>(net of cash)</i>	\$15	\$10	\$2	\$1	\$198	\$0	\$24	\$31	\$697	\$138
Dividends Paid	\$25	\$26	\$32	\$45	\$56	\$66	\$76	\$85	\$96	\$108
Share Repurchases	\$130	\$93	\$99	\$102	\$106	\$110	\$159	\$160	\$20	\$0
Total Capital Deployed	\$227	\$172	\$182	\$219	\$416	\$227	\$317	\$366	\$906	\$324
<i>% of Operating Cash Flow</i>	<i>190%</i>	<i>86%</i>	<i>78%</i>	<i>111%</i>	<i>167%</i>	<i>59%</i>	<i>88%</i>	<i>100%</i>	<i>269%</i>	<i>60%</i>

KEY PERFORMANCE MEASURES

Return on Average Invested Capital (%)*



Return on Average Equity (%)*



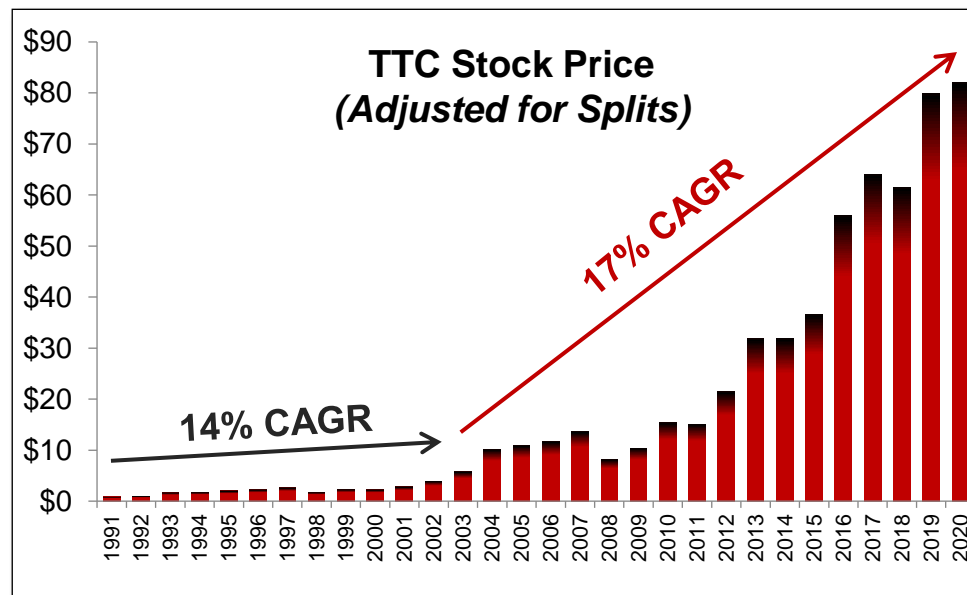
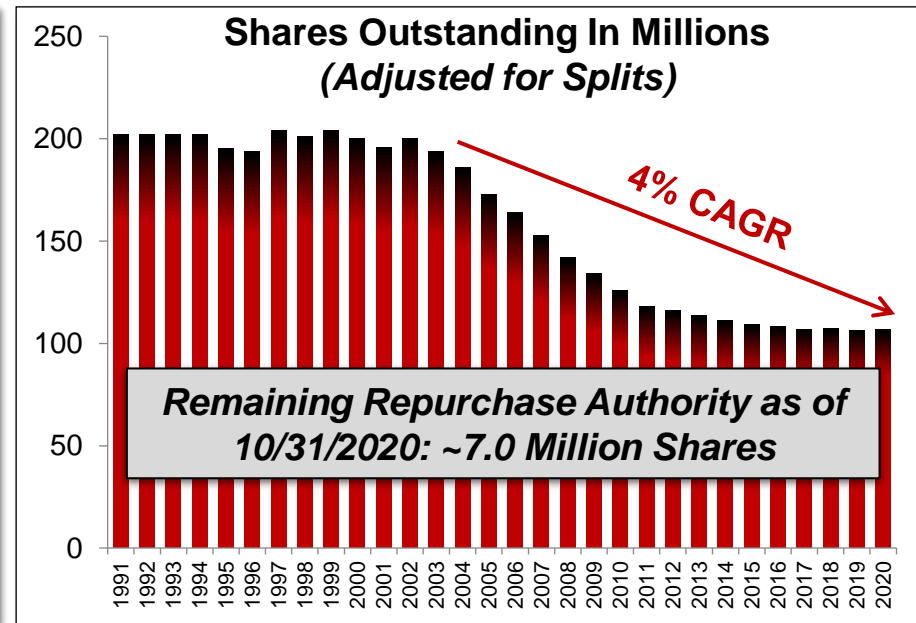
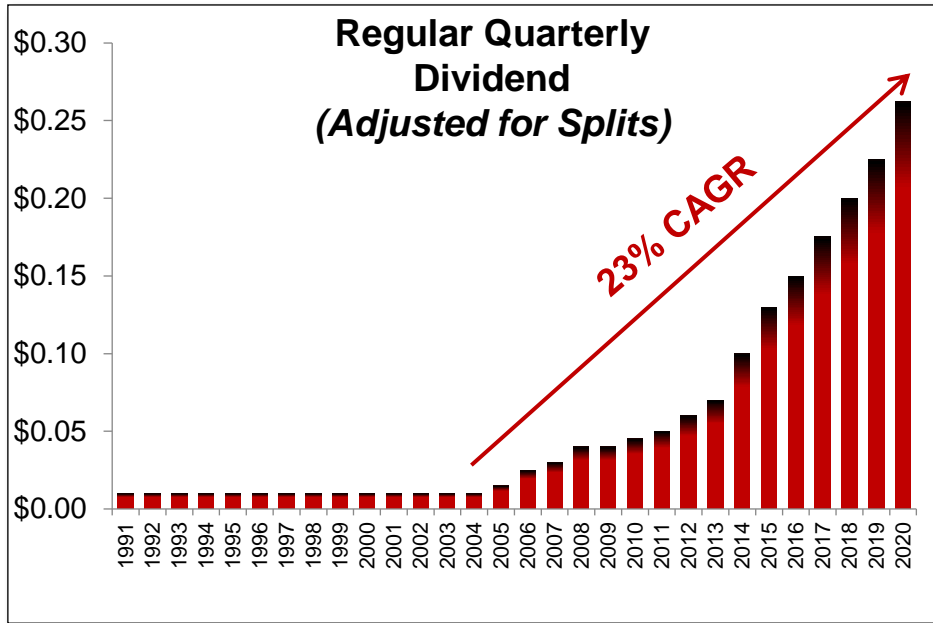
Cash Flow (\$ in millions)

	F'09	F'10	F'11	F'12	F'13	F'14	F'15	F'16	F'17	F'18	F'19	F'20
Operating Cash Flow	\$251.5	\$193.2	\$119.9	\$199.9	\$234.4	\$196.9	\$249.6	\$384.3	\$360.7	\$364.8	\$337.4	\$539.4
Capital Expenditures	(\$37.9)	(\$48.7)	(\$57.4)	(\$43.2)	(\$49.4)	(\$71.1)	(\$56.4)	(\$50.7)	(\$58.3)	(\$90.1)	(\$92.9)	(\$78.1)
Free Cash Flow (FCF)*	\$213.6	\$144.5	\$62.5	\$156.7	\$184.9	\$125.8	\$193.2	\$333.6	\$302.5	\$274.7	\$244.5	\$461.3
FCF Conversion**	340%	155%	53%	121%	119%	72%	96%	144%	113%	101%	89%	140%

*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



SUMMARY

GAINING MOMENTUM

Building on a Solid Foundation

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



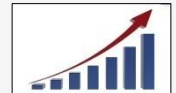
Leveraging a High Value Business Model

- 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



FISCAL 2021 GUIDANCE

(AS OF DECEMBER 16, 2020)

Net Sales Growth, %	6.0% to 8.0%
Adjusted Operating Earnings Margin, %	Moderate improvement compared with fiscal 2020 adjusted operating earnings margin
Adjusted Diluted EPS*, \$	\$3.35 to \$3.45
Capital Expenditures, \$	About \$115 million
Depreciation & Amortization, \$	About \$95 million
Free Cash Flow Conversion*, %	90% to 100%

*Non-GAAP Measure



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 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, free cash flow and free cash flow conversion, 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 core operations.
- 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 due to requiring 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'09	F'10	F'11	F'12	F'13	F'14	F'15	F'16	F'17*	F'18*	F'19*	F'20*
Adj. Op. Earnings* (1-Adj. Tax Rate)	\$75.6	\$99.8	\$124.2	\$135.7	\$157.5	\$178.4	\$207.2	\$233.7	\$249.3	\$290.6	\$325.8	\$343.3
Avg. Quarterly Capital Utilized	\$606.0	\$526.6	\$522.0	\$544.1	\$579.5	\$649.1	\$852.7	\$910.1	\$935.4	\$944.0	\$1,437.0	\$1,910.3
ROIC	12.5%	19.0%	23.8%	24.9%	27.2%	27.5%	24.3%	25.7%	26.7%	30.8%	22.7%	18.0%

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

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*	F'19*	F'20*
Adjusted Net Earnings	\$62.8	\$93.2	\$117.7	\$129.5	\$154.8	\$173.9	\$201.6	\$231.0	\$248.0	\$290.1	\$324.3	\$327.7
Avg. Quarterly Equity	\$361.3	\$298.6	\$294.4	\$312.4	\$355.8	\$387.1	\$451.0	\$537.6	\$599.5	\$630.8	\$800.8	\$1,016.5
ROAE	17.4%	31.2%	40.0%	41.5%	43.5%	44.9%	44.7%	43.0%	41.4%	46.0%	40.5%	32.2%

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

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

FOURTH-QUARTER & FULL-YEAR FISCAL 2020 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 twelve-month periods ended October 31, 2020 and October 31, 2019:

	Three Months Ended		Twelve Months Ended	
	October 31, 2020	October 31, 2019	October 31, 2020	October 31, 2019
Gross profit	\$ 300,395	\$ 245,067	\$ 1,189,774	\$ 1,047,963
Acquisition-related costs ¹	—	7,267	3,950	42,958
Management actions ²	—	1,199	857	10,316
Non-GAAP gross profit	\$ 300,395	\$ 253,533	\$ 1,194,581	\$ 1,101,237
Gross margin	35.7 %	33.4 %	35.2 %	33.4 %
Acquisition-related costs ¹	— %	1.0 %	0.2 %	1.4 %
Management actions ²	— %	0.1 %	— %	0.3 %
Non-GAAP gross margin	35.7 %	34.5 %	35.4 %	35.1 %
Operating earnings	\$ 93,481	\$ 43,306	\$ 426,357	\$ 325,029
Acquisition-related costs ¹	—	11,275	6,183	62,333
Management actions ²	—	7,163	857	16,311
Non-GAAP operating earnings	\$ 93,481	\$ 61,744	\$ 433,397	\$ 403,673
Earnings before income taxes	\$ 88,567	\$ 43,698	\$ 407,070	\$ 322,133
Acquisition-related costs ¹	—	11,275	6,183	62,333
Management actions ²	—	8,019	857	17,167
Non-GAAP earnings before income taxes	\$ 88,567	\$ 62,992	\$ 414,110	\$ 401,633
Net earnings	\$ 72,196	\$ 38,266	\$ 329,701	\$ 273,983
Acquisition-related costs ¹	99	9,347	5,021	51,149
Management actions ²	(5)	6,454	677	13,817
Tax impact of share-based compensation ³	(3,102)	(2,159)	(7,652)	(13,677)
U.S. Tax Reform ⁴	—	(86)	—	(1,012)
Non-GAAP net earnings	\$ 69,188	\$ 51,822	\$ 327,747	\$ 324,260

FOURTH-QUARTER & FULL-YEAR FISCAL 2020

NON-GAAP RECONCILIATIONS CONT.

	Three Months Ended		Twelve Months Ended	
	October 31, 2020	October 31, 2019	October 31, 2020	October 31, 2019
Diluted EPS	\$ 0.66	\$ 0.35	\$ 3.03	\$ 2.53
Acquisition-related costs ¹	—	0.09	0.05	0.47
Management actions ²	—	0.06	0.01	0.13
Tax impact of share-based compensation ³	(0.02)	(0.02)	(0.07)	(0.12)
U.S. Tax Reform ⁴	—	—	—	(0.01)
Non-GAAP diluted EPS	\$ 0.64	\$ 0.48	\$ 3.02	\$ 3.00
Effective tax rate	18.5 %	12.4 %	19.0 %	14.9 %
Acquisition-related costs ¹	(0.1)%	(0.4)%	— %	(0.3)%
Management actions ²	— %	0.6 %	— %	0.1 %
Tax impact of share-based compensation ³	3.5 %	4.9 %	1.9 %	4.3 %
U.S. Tax Reform ⁴	— %	0.2 %	— %	0.3 %
Non-GAAP effective tax rate	21.9 %	17.7 %	20.9 %	19.3 %

¹ On March 2, 2020, the company completed the acquisition of Venture Products, Inc. ("Venture Products") and on April 1, 2019, the company completed the acquisition of The Charles Machine Works, Inc. ("CMW"). Acquisition-related costs for the twelve month period ended October 31, 2020 represent transaction costs incurred for the company's acquisition of Venture Products, as well as integration costs and charges incurred for the take-down of the inventory fair value step-up amounts resulting from purchase accounting adjustments related to the acquisitions of Venture Products and CMW. No acquisition-related costs were incurred during the three month period ended October 31, 2020. Acquisition-related costs for the three and twelve month periods ended October 31, 2019 represent transaction and integration costs, as well as charges incurred for 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.

² During the third quarter of fiscal 2019, the company announced the wind down of its Toro-branded large horizontal directional drill and riding trencher product line ("Toro underground wind down"). Additionally, during the fourth quarter of fiscal 2019, the company incurred charges for a corporate restructuring event and a loss on the divestiture of a used underground construction equipment business. Management actions for the twelve month period ended October 31, 2020 represent inventory write-down charges incurred for the Toro underground wind down. No charges were incurred for the three month period ended October 31, 2020 related to the Toro underground wind down. Management actions for the three and twelve month periods ended October 31, 2019 represent charges incurred for the Toro underground wind down, including charges related to the write-down of inventory, anticipated inventory retail support activities, and accelerated depreciation on fixed assets; the corporate restructuring event, including employee severance charges; and the divestiture of a used underground construction equipment business, including the loss on the sale of the business.

³ The accounting standards codification guidance governing employee stock-based compensation requires that any excess tax deduction for share-based compensation be immediately recorded within income tax expense. Employee stock-based compensation activity, including the exercise of stock options under The Toro Company Amended and Restated 2010 Equity and Incentive Plan, can be unpredictable and can significantly impact the company's net earnings, diluted EPS, and effective tax rate. These amounts represent the discrete tax benefits recorded as excess tax deductions for share-based compensation during the three and twelve month periods ended October 31, 2020 and October 31, 2019.

⁴ Signed into law on December 22, 2017, Public Law No. 115-97 ("Tax Act" or "U.S. Tax Reform"), reduced the U.S. federal corporate tax rate from 35.0 percent to 21.0 percent, effective January 1, 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 twelve month periods ended October 31, 2019, the company recorded a tax benefit of \$0.1 million and \$1.0 million, respectively, related to a prior year true-up of the Tax Act. The Tax Act did not impact the company's Results of Operations for the three and twelve month periods ended October 31, 2020.

MANUFACTURING LOCATIONS



