THE TORO COMPANY

Serving Customers Through Superior Innovation and Superior Customer Care

Raymond James 40th Annual Institutional Investors Conference
March 4, 2019
Richard M. Olson
Chairman and Chief Executive Officer
**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.

**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.
SAFE HARBOR

- This presentation contains forward-looking statements regarding our proposed acquisition of The Charles Machine Works, Inc., our business, 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, including for the proposed acquisition, delays in completing the transaction or not completing it at all; delays or failure by Toro in achieving expected synergies and EPS impact; integration challenges; and unanticipated liabilities or exposures.

- 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

*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 74%
Residential 25%
Other

Products

Equipment 84%
Irrigation 16%

United States 75%
International 25%

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

Residential
F’18 Sales: $650M
F’18 Segment Earnings: 9.9%
PROFESSIONAL SEGMENT

Landscape and Grounds Market

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

Turf Equipment  | Snow & Ice Management  | Irrigation & Lighting  | Rental & Specialty Construction

The Toro Company
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

<table>
<thead>
<tr>
<th></th>
<th>Flood</th>
<th>Center Pivot</th>
<th>Micro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acreage</td>
<td>50%</td>
<td>40%</td>
<td>10%</td>
</tr>
<tr>
<td>Efficiency</td>
<td>40%</td>
<td>70%</td>
<td>90%+</td>
</tr>
</tbody>
</table>
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.”

Lawrence Sanders - Ohio
Great Product
CHARLES MACHINE WORKS OVERVIEW

Summary

- Portfolio of leading brands
  - Ditch Witch®, American Augers®, Subsite®, Trencor®, Hammerhead®, Radius®, MTI®

- Global network of world class dealers

- Founded in 1902; HQ Perry, OK
  - 2,100 global employees

Production Footprint

Key Products
STRATEGIC RATIONALE
GREAT BRANDS - GREAT PRODUCTS - GREAT CHANNELS

- Strong underground construction brands

- Complements Toro’s specialty construction portfolio
  - Best-in-class dealer network
  - Long-standing customer relationships
  - Breadth of product offerings

- Expands business in adjacent growth areas
  - Infrastructure (water, wastewater)
  - Telecom (fiber optics, 5G)
  - Utilities (gas, electricity)

- Well aligned with Toro’s values and performance-based culture
  - Focus on innovation
  - Importance of long-term relationships
  - Commitment to community

- Anticipate significant cost synergies and working capital improvement opportunities

Driving growth and long-term value creation for shareholders
DRIVING CONTINUOUS IMPROVEMENT
THROUGH EMPLOYEE INITIATIVES

✓ Goal to achieve 5% PAT
✓ Goal to drive 8% 3 year compound revenue growth
✓ Began LEAN journey
✓ Goal to achieve “6%+” PAT
✓ Goal to achieve “7%+” PAT
✓ Working capital as % of sales “in the teens”

F’01 – F’03
F’04 – F’06
F’07 – F’09
F’10
F’11 – F’14
F’15 – F’17
F’18 – F’20

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

Sales $  
1,353 1,399 1,497 1,653 1,779 1,836 1,877 1,878 1,523 1,690 1,884 1,959 2,041 2,173 2,391 2,392 2,505 2,619

Net Earnings $  
50.4 59.9 81.6 102.7 114.1 129.0 142.0 120.0 62.8 93.2 117.7 129.5 154.8 173.9 201.6 231.0 248.0 290.1

*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.
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*)

R&E Investment
(In Millions)

*Introduced in Current & Previous Two Fiscal Years
**CAPITAL DEPLOYMENT**

- **Cash From Operations**
  - Free Cash Flow Conversion to Approximate Net Income Over Time

- **Operating and Growth Needs**
  - Internal Productive Assets
  - Acquisitions & Alliances

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

### Return to Shareholders

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

KEY PERFORMANCE MEASURES

Return on Average Invested Capital (%)*

0.0% 5.0% 10.0% 15.0% 20.0% 25.0% 30.0% 35.0% 40.0% 45.0% 50.0%
F’09 F’10 F’11 F’12 F’13 F’14 F’15 F’16 F’17* F’18*
30.8%

Return on Average Equity (%)*

0.0% 5.0% 10.0% 15.0% 20.0% 25.0% 30.0% 35.0% 40.0% 45.0% 50.0%
F’09 F’10 F’11 F’12 F’13 F’14 F’15 F’16 F’17* F’18*
46.0%

Cash Flow

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

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

Regular Quarterly Dividend (Adjusted for Splits)

Shares Outstanding In Millions (Adjusted for Splits)

Remaining Authority as of (2/21/2019) – Approx 7.0 Million Shares

TTC Stock Price (Adjusted for Splits)
## 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

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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 (%)

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

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

## Return on Average Equity (%)

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

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

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

<table>
<thead>
<tr>
<th>($ In Thousands, Except Per-Share Data)</th>
<th>Net Earnings</th>
<th>Diluted EPS</th>
<th>Effective Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 1, 2019</td>
<td>$59,540</td>
<td>$0.55</td>
<td>15.0%</td>
</tr>
<tr>
<td>February 2, 2018</td>
<td>$22,604</td>
<td>$0.21</td>
<td>66.0%</td>
</tr>
</tbody>
</table>

**Impacts of tax reform:**

<table>
<thead>
<tr>
<th></th>
<th>February 1, 2019</th>
<th>February 2, 2018</th>
<th>February 1, 2019</th>
<th>February 2, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net deferred tax asset revaluation</strong></td>
<td>--</td>
<td>20,513</td>
<td>--</td>
<td>0.19</td>
</tr>
<tr>
<td><strong>Deemed repatriation tax</strong></td>
<td>--</td>
<td>12,600</td>
<td>--</td>
<td>0.11</td>
</tr>
<tr>
<td><strong>Benefit of the excess tax deduction for share-based compensation</strong></td>
<td>(4,361)</td>
<td>(3,576)</td>
<td>(0.04)</td>
<td>(0.03)</td>
</tr>
</tbody>
</table>

**As Adjusted – Non-GAAP**

<table>
<thead>
<tr>
<th>February 1, 2019</th>
<th>February 2, 2018</th>
<th>February 1, 2019</th>
<th>February 2, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>$55,179</td>
<td>$52,141</td>
<td>$0.51</td>
<td>$0.48</td>
</tr>
<tr>
<td>21.2%</td>
<td>21.5%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# Earnings History

**F’14 - F’18**

<table>
<thead>
<tr>
<th></th>
<th>F’14</th>
<th>F’15</th>
<th>F’16</th>
<th>F’17</th>
<th>F’18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>$2,172.7</td>
<td>$2,390.9</td>
<td>$2,392.2</td>
<td>$2,505.2</td>
<td>$2,618.7</td>
</tr>
<tr>
<td><strong>Percent Growth</strong></td>
<td>6.4%</td>
<td>10.0%</td>
<td>0.1%</td>
<td>4.7%</td>
<td>4.5%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>$773.3</td>
<td>$835.9</td>
<td>$874.6</td>
<td>$920.8</td>
<td>$941.0</td>
</tr>
<tr>
<td>% of Sales</td>
<td>35.6%</td>
<td>35.0%</td>
<td>36.6%</td>
<td>36.8%</td>
<td>35.9%</td>
</tr>
<tr>
<td><strong>SG&amp;A</strong></td>
<td>$510.1</td>
<td>$536.8</td>
<td>$540.2</td>
<td>$565.7</td>
<td>$567.9</td>
</tr>
<tr>
<td>% of Sales</td>
<td>23.5%</td>
<td>22.5%</td>
<td>22.6%</td>
<td>22.6%</td>
<td>21.7%</td>
</tr>
<tr>
<td><strong>Operating Earnings</strong></td>
<td>$263.2</td>
<td>$299.1</td>
<td>$334.4</td>
<td>$355.1</td>
<td>$373.1</td>
</tr>
<tr>
<td>% of Sales</td>
<td>12.1%</td>
<td>12.5%</td>
<td>14.0%</td>
<td>14.2%</td>
<td>14.2%</td>
</tr>
<tr>
<td><strong>Other (Inc)/Exp</strong></td>
<td>$8.7</td>
<td>$10.7</td>
<td>$15.4</td>
<td>$17.2</td>
<td>$18.4</td>
</tr>
<tr>
<td><strong>Interest Expense</strong></td>
<td>-$15.4</td>
<td>-$18.8</td>
<td>-$19.3</td>
<td>-$19.1</td>
<td>-$19.1</td>
</tr>
<tr>
<td><strong>Pretax Earnings</strong></td>
<td>$256.4</td>
<td>$291.0</td>
<td>$330.5</td>
<td>$353.2</td>
<td>$372.4</td>
</tr>
<tr>
<td>% of Sales</td>
<td>11.8%</td>
<td>12.2%</td>
<td>13.8%</td>
<td>14.1%</td>
<td>14.2%</td>
</tr>
<tr>
<td><strong>Net Earnings</strong></td>
<td>$173.9</td>
<td>$201.6</td>
<td>$231.0</td>
<td>$248.0</td>
<td>$290.1</td>
</tr>
<tr>
<td>% of Sales</td>
<td>8.0%</td>
<td>8.4%</td>
<td>9.7%</td>
<td>9.9%</td>
<td>11.1%</td>
</tr>
<tr>
<td>% Growth</td>
<td>12.3%</td>
<td>15.9%</td>
<td>14.6%</td>
<td>7.4%</td>
<td>17.0%</td>
</tr>
<tr>
<td><strong>EPS</strong></td>
<td>$1.51</td>
<td>$1.78</td>
<td>$2.06</td>
<td>$2.23</td>
<td>$2.67</td>
</tr>
<tr>
<td>% Growth</td>
<td>15.3%</td>
<td>17.5%</td>
<td>15.7%</td>
<td>8.3%</td>
<td>19.7%</td>
</tr>
</tbody>
</table>

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

**F’14 - F’18**

<table>
<thead>
<tr>
<th>($ millions)</th>
<th>F’14</th>
<th>F’15</th>
<th>F’16</th>
<th>F’17</th>
<th>F’18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$314.9</td>
<td>$126.3</td>
<td>$273.6</td>
<td>$310.3</td>
<td>$289.1</td>
</tr>
<tr>
<td>Accts Receivable</td>
<td>$158.2</td>
<td>$177.0</td>
<td>$163.3</td>
<td>$183.1</td>
<td>$193.2</td>
</tr>
<tr>
<td>Inventory</td>
<td>$274.6</td>
<td>$334.5</td>
<td>$307.0</td>
<td>$329.0</td>
<td>$358.3</td>
</tr>
<tr>
<td>Current Assets</td>
<td>$781.2</td>
<td>$672.6</td>
<td>$779.0</td>
<td>$859.9</td>
<td>$894.6</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$1,188.9</td>
<td>$1,300.4</td>
<td>$1,384.6</td>
<td>$1,493.8</td>
<td>$1,571.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>($ millions)</th>
<th>F’14</th>
<th>F’15</th>
<th>F’16</th>
<th>F’17</th>
<th>F’18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-Term Debt</td>
<td>$20.8</td>
<td>$0.2</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
</tr>
<tr>
<td>Current Portion LT Debt</td>
<td>$6.6</td>
<td>$23.1</td>
<td>$22.5</td>
<td>$26.3</td>
<td>$0.0</td>
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<tr>
<td>Total Curr Liabilities</td>
<td>$400.4</td>
<td>$443.7</td>
<td>$163.8</td>
<td>$521.8</td>
<td>$532.6</td>
</tr>
<tr>
<td>Long-Term Debt</td>
<td>$343.8</td>
<td>$351.6</td>
<td>$328.5</td>
<td>$305.6</td>
<td>$312.5</td>
</tr>
<tr>
<td>Equity</td>
<td>$408.7</td>
<td>$462.2</td>
<td>$550.0</td>
<td>$617.1</td>
<td>$668.9</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>F’14</th>
<th>F’15</th>
<th>F’16</th>
<th>F’17</th>
<th>F’18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Debt/Capital</td>
<td>47.6%</td>
<td>44.8%</td>
<td>39.0%</td>
<td>35.0%</td>
<td>31.8%</td>
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<tr>
<td>Average Debt</td>
<td>$244.1</td>
<td>$399.6</td>
<td>$373.0</td>
<td>$338.3</td>
<td>$316.4</td>
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</table>
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
MATERIAL COSTS

Major Components of Cost of Goods Sold

- Engines
- Steel
- Hydraulics
- Resins
- Other
### F’19 Q1 RESULTS

**RELEASED FEBRUARY 21, 2019**

<table>
<thead>
<tr>
<th></th>
<th>F’19 Q1</th>
<th>▲ from F’18 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>$603.0M</td>
<td>+10.0%</td>
</tr>
<tr>
<td><strong>Gross Margin (% of Revenues)</strong></td>
<td>35.8%</td>
<td>-150 bps</td>
</tr>
<tr>
<td><strong>SG&amp;A (% of Revenues)</strong></td>
<td>24.2%</td>
<td>-90 bps</td>
</tr>
<tr>
<td><strong>Operating Earnings ($)</strong></td>
<td>$70.1M</td>
<td>+4.8%</td>
</tr>
<tr>
<td><strong>Operating Earnings (% of Revenues)</strong></td>
<td>11.6%</td>
<td>-60 bps</td>
</tr>
<tr>
<td><strong>Reported EPS</strong></td>
<td>$0.55</td>
<td>+161.9%</td>
</tr>
<tr>
<td><strong>Adjusted EPS</strong></td>
<td>$0.51</td>
<td>+6.3%</td>
</tr>
</tbody>
</table>

*Non-GAAP Measures: refer to the Appendix of this presentation for additional information and reconciliation*
The Toro Company to acquire Charles Machine Works (CMW) for $700M
- 8x EBITDA, inclusive of $30M anticipated annual run-rate synergies
- CY18E revenues of $725M
- Immediately accretive to EPS*
- Expected to close by the end of F’2019 Q3, subject to customary regulatory approvals
- Financed with new debt

Manufactures and distributes equipment and parts for the professional contractor in the underground construction market

Portfolio includes market-leading Ditch Witch® brand
- Invented the underground utility construction industry
- Largest business within CMW portfolio

Will strengthen our well-diversified portfolio of products and dramatically enhances our underground and specialty construction business

*Excludes purchase accounting adjustments and transaction related expenses