

THE TORO COMPANY

Richard M. Olson
Chairman & Chief Executive Officer

Baird's 2019 Global Industrial Conference
November 6, 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

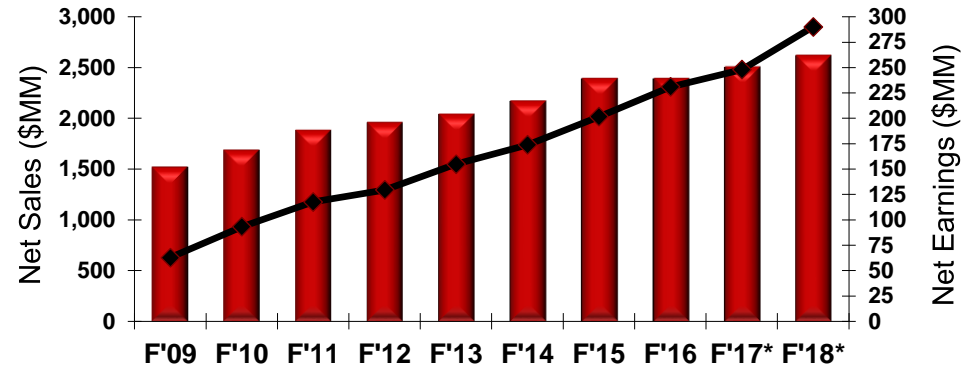
(NYSE: TTC)

Summary & Financial Performance

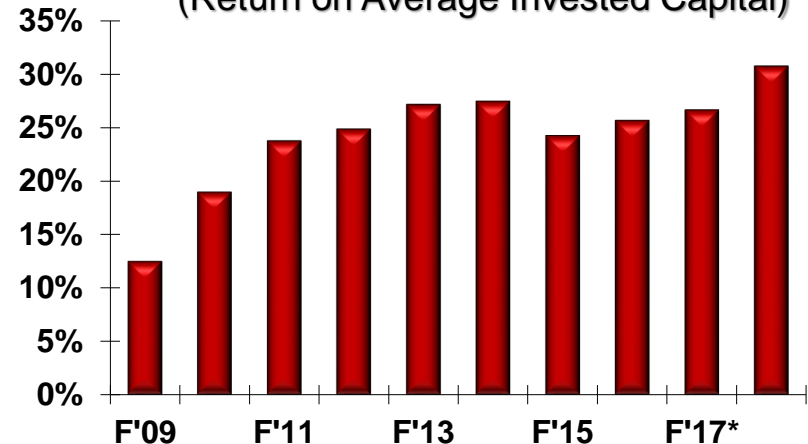
- Rich History and Deep Expertise in Solutions for the Outdoor Environment & Development of Distribution and Customer Care Networks
- Diverse Portfolio of Markets & Products
- Innovation & Brand Leadership
- Strong Financial Performance



(Net Sales & Earnings)



(Return on Average Invested Capital)

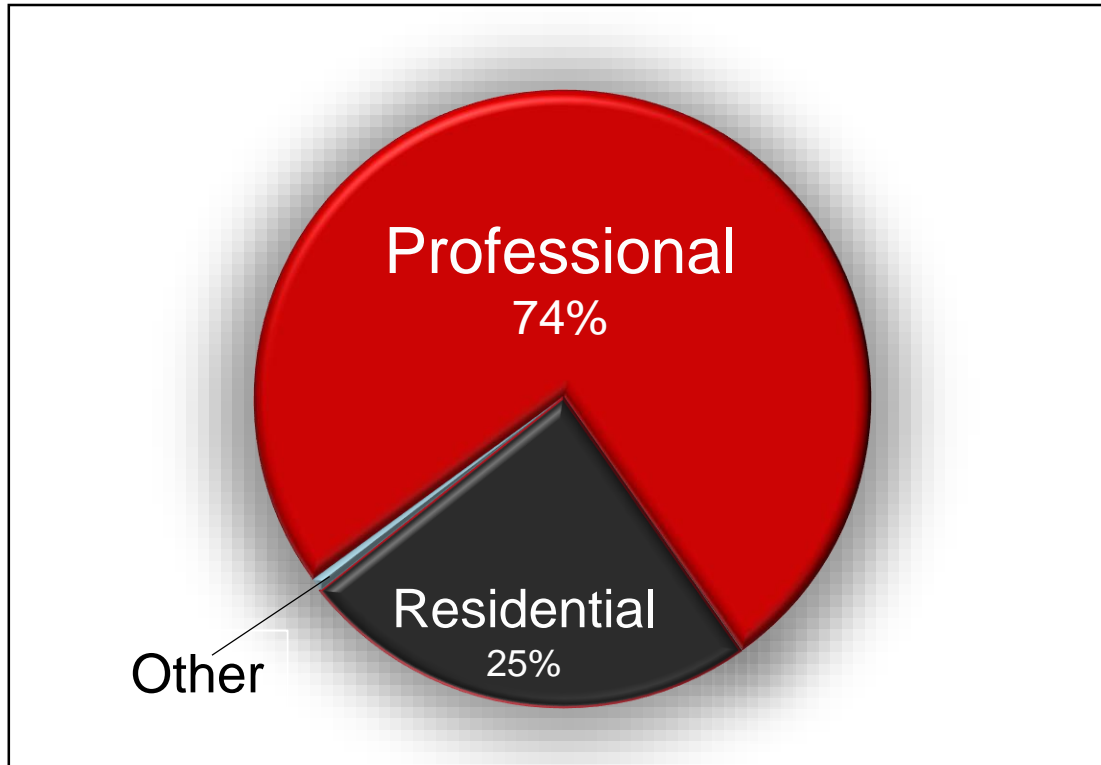


*Non-GAAP Measures: refer to the Appendix of this presentation for additional information and reconciliation

DIVERSE PORTFOLIO

F'18 REVENUES—\$2.6 BILLION

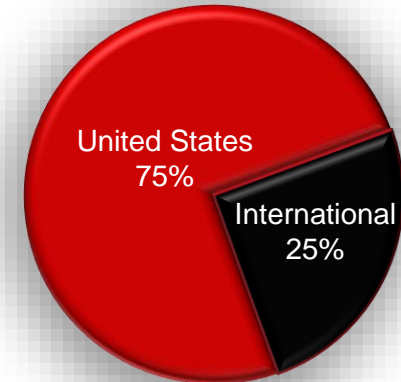
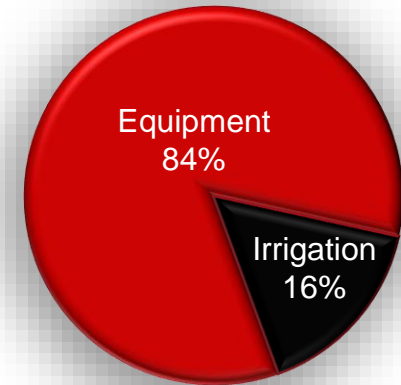
Segments



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



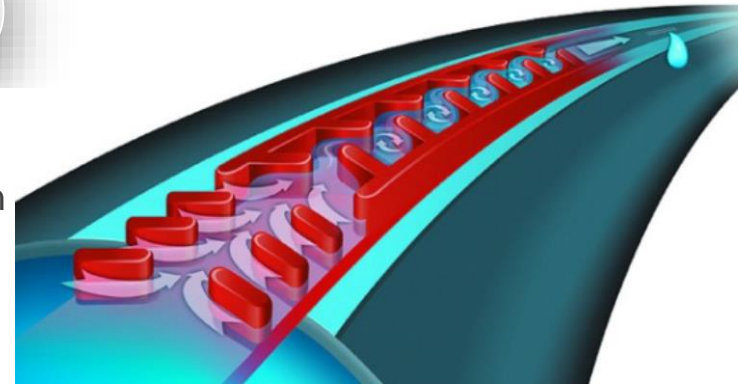
- Turf Equipment & Irrigation Systems
- TTC Advantage
 - Innovation & Performance—Share Gain & Margin Expansion
 - Strong Network of Distributors, Relationships & Customer Care



Micro-Irrigation Market



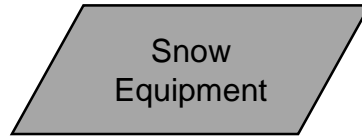
- Fundamentals & Opportunities
 - Efficient Water Use & Higher Demand for Food Production
 - Increase Yields & Reduce Resources (e.g. Water, Energy, Fertilizer)
- TTC Advantage
 - Product Quality & Innovation—Blue Stripe® and AquaTraxx®
 - Leverage Investments in New Geographic Markets



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

RESIDENTIAL SEGMENT

For the Homeowner



- 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.”

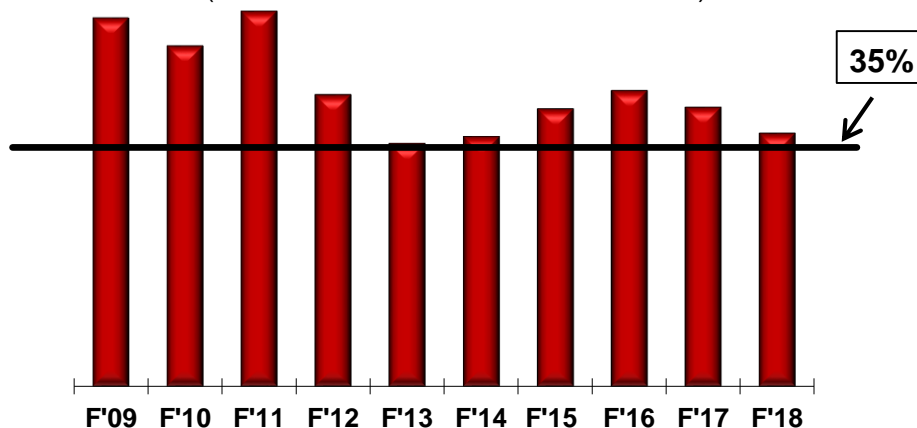
Lawrence Sanders - Ohio
Great Product

- 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

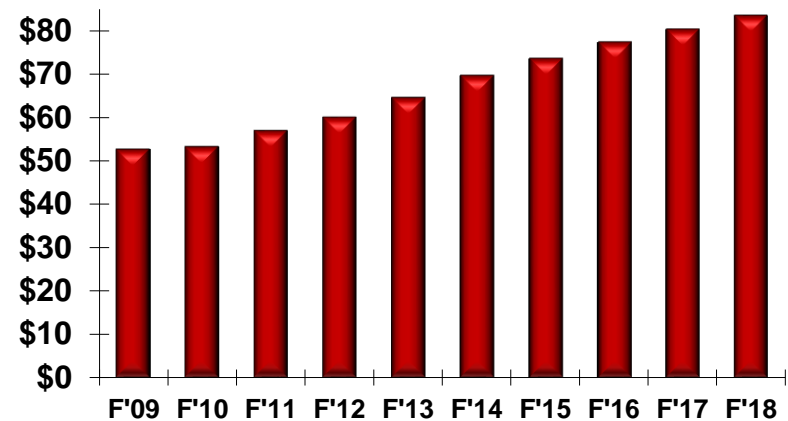
(Percent of Sales from New Products*)



*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

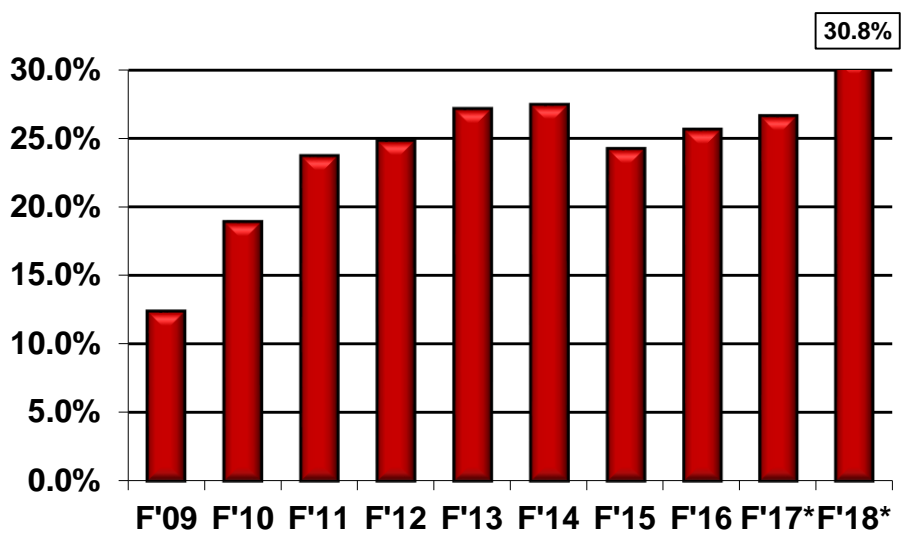
Return to Shareholders / Debt Repayment

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

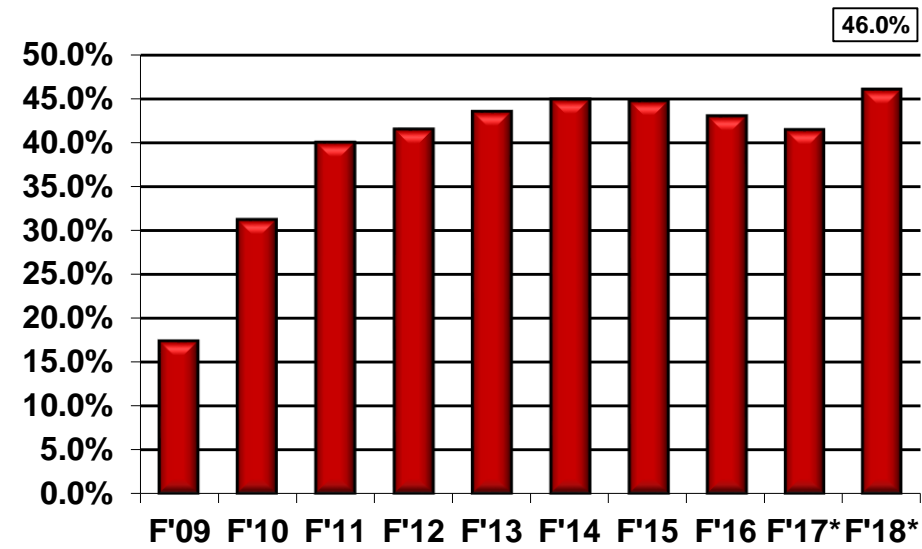
(\$ millions)	F'10	F'11	F'12	F'13	F'14	F'15	F'16	F'17	F'18
Operating Cash Flow	\$193	\$120	\$200	\$234	\$197	\$250	\$384	\$361	\$365
Capital Expenditures	\$49	\$57	\$43	\$49	\$71	\$56	\$51	\$58	\$90
Strategic Acquisitions (net of cash)	\$10	\$15	\$10	\$2	\$1	\$198	\$0	\$24	\$31
Dividends Paid	\$24	\$25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

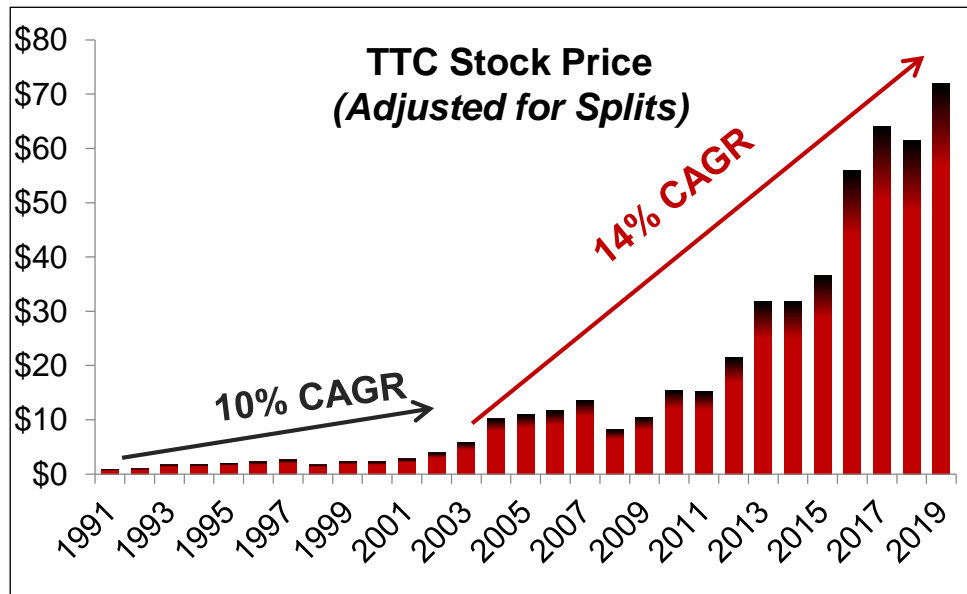
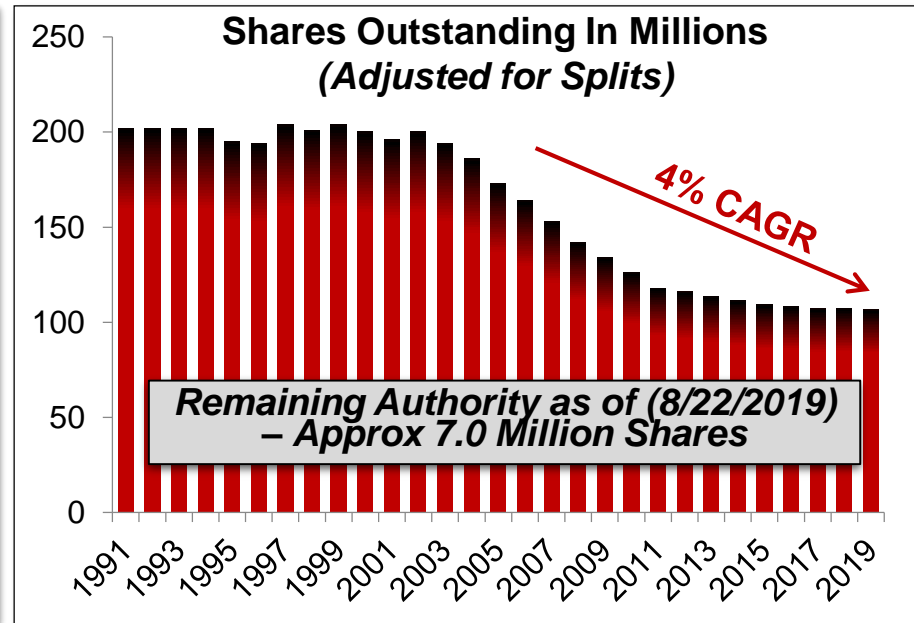
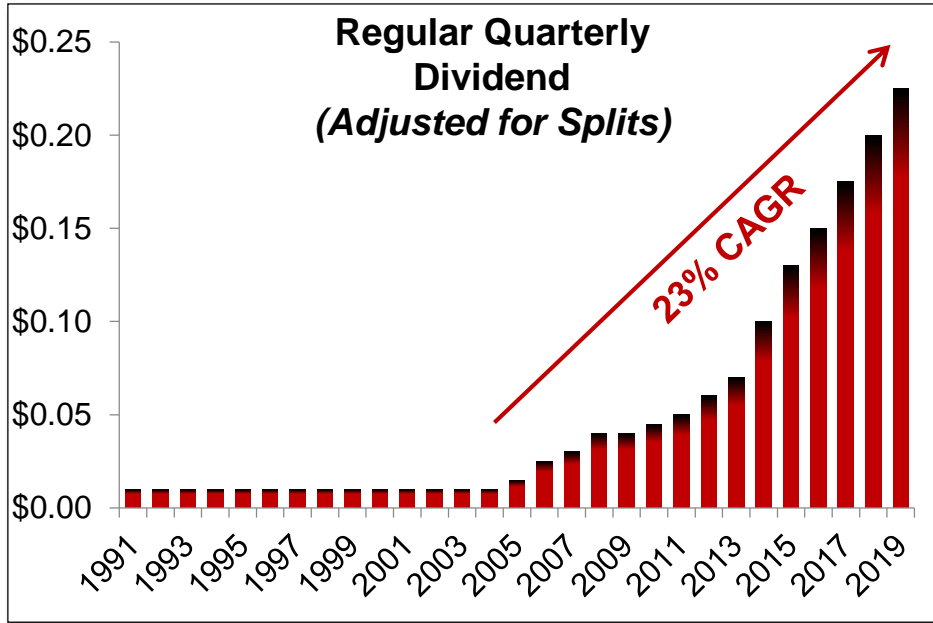


Cash Flow

	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





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

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

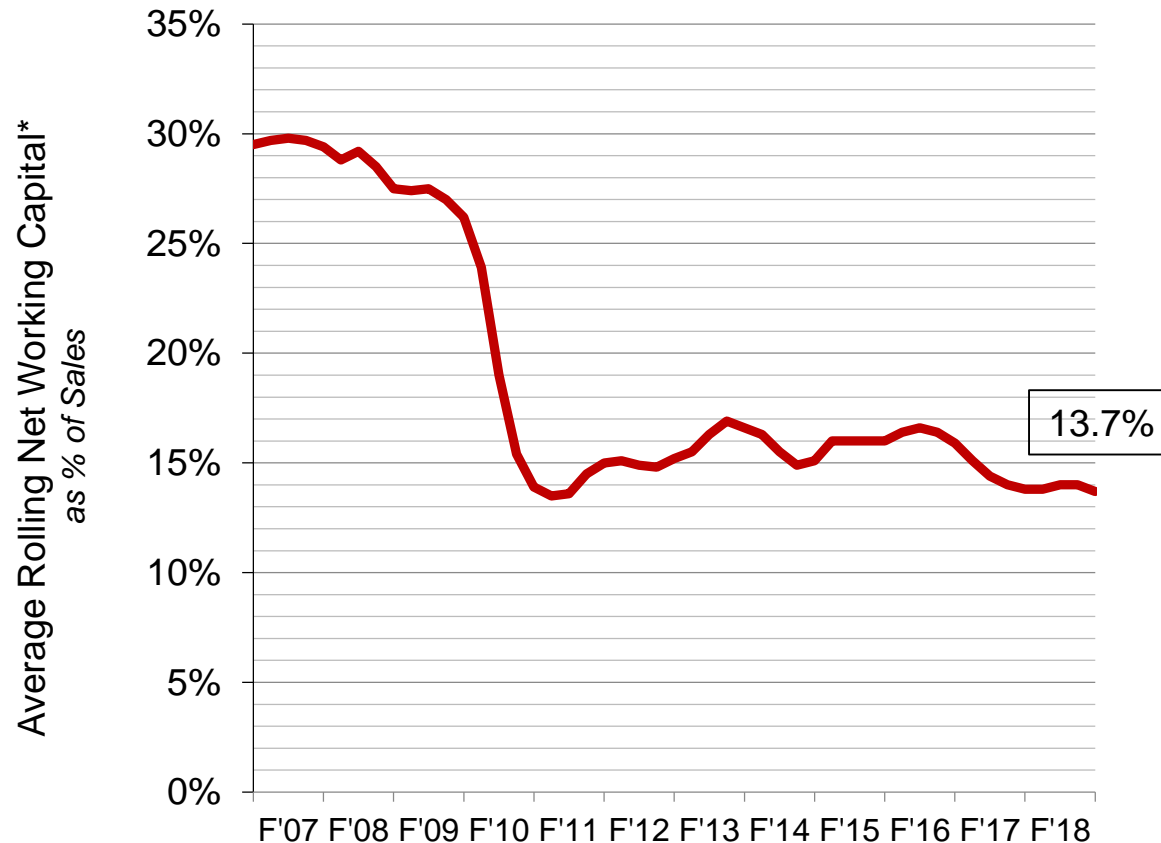
FYE BALANCE SHEET

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

