

THE TORO COMPANY

Investor Presentation

June 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

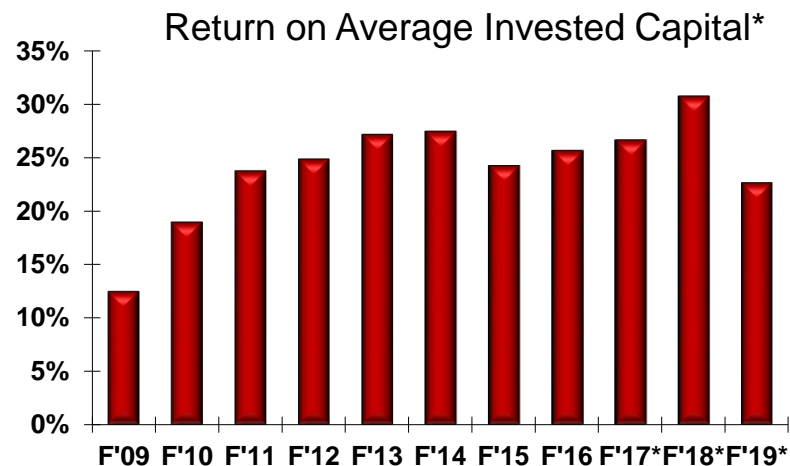
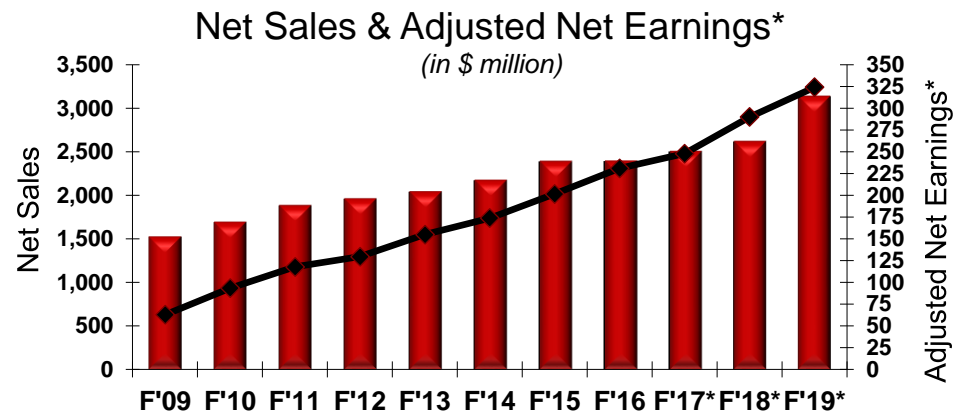


INVESTMENT SUMMARY

(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

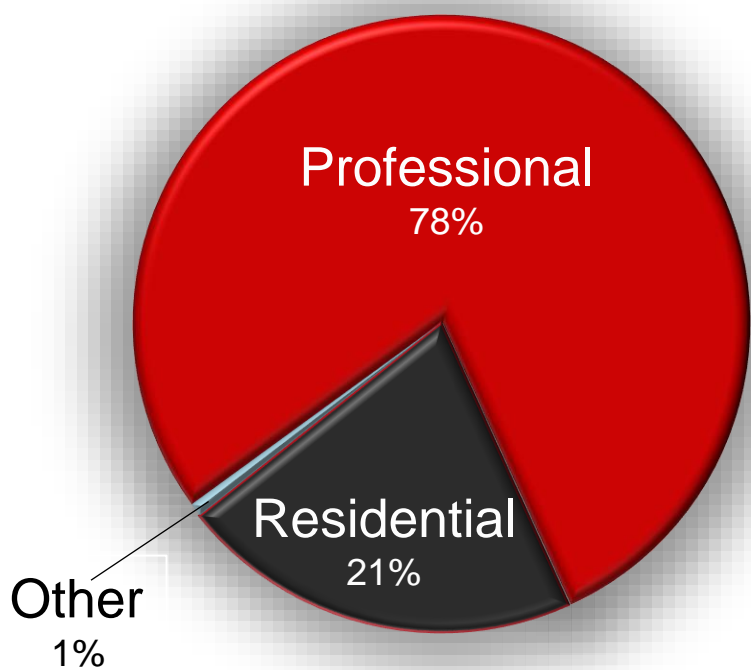


*Non-GAAP Measure: refer to the Appendix of this presentation for additional information and reconciliation

DIVERSE PORTFOLIO

F'19 REVENUES—\$3.1 BILLION

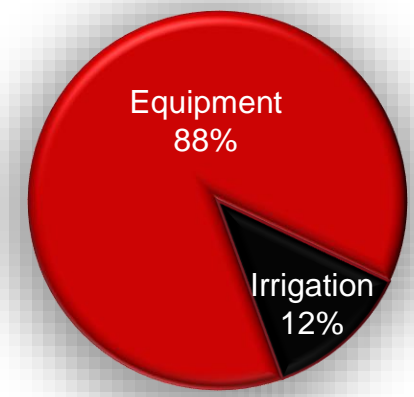
Segments



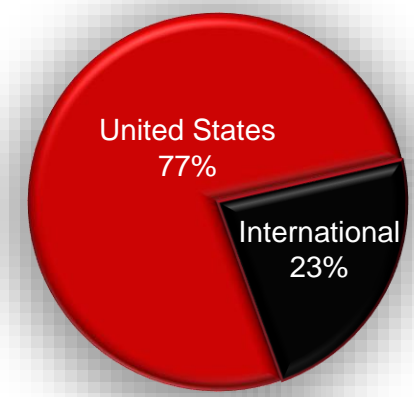
Professional
F'19 Sales: \$2,443 million
F'19 Segment Earnings: 15.6%

Residential
F'19 Sales: \$661 million
F'19 Segment Earnings: 9.9%

Product Type



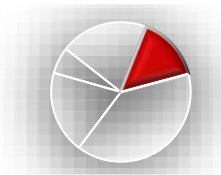
Geographic Market



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 (CON'T)

Landscape and Grounds Market



Turf
Equipment

Snow & Ice
Management

Lighting &
Irrigation

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 (CON'T)

Golf Market



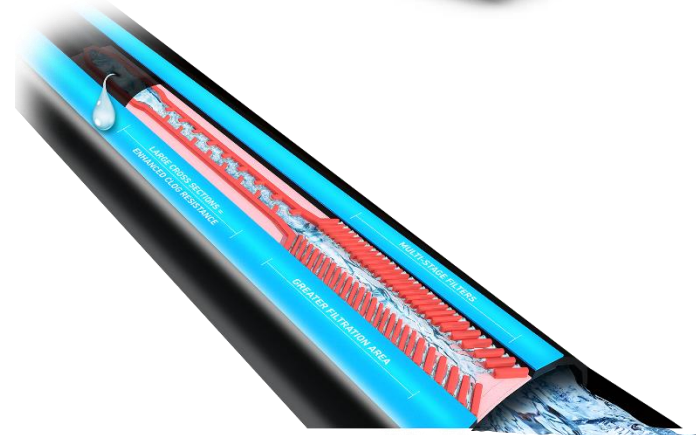
- Turf Equipment & Irrigation Systems
- TTC Advantage
 - Innovation & Performance—Share Gain & Margin Expansion
 - Strong Network of Distributors, Relationships & Customer Care



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 Mass Retail Relationships
 - Strong Servicing Dealer Network



TSC **TRACTOR
SUPPLY CO**



BENEFITS OF COMPLEMENTARY BUSINESSES



Innovation
Transference

Professional

Production
Optimization

Residential

Bolsters Brand
Recognition



SECOND QUARTER FISCAL 2020 RESULTS

(RELEASED JUNE 4, 2020)

	AS REPORTED		AS ADJUSTED*	
	F'20 Q2	Change from F'19 Q2	F'20 Q2	Change from F'19 Q2
Net Sales	\$929.4M	-3.4%		
Gross Profit (\$)	\$306.7M	-4.5%	\$310.0M	-6.3%
Gross Margin (% of Revenues)	33.0%	-40 bps	33.4%	-100 bps
Operating Earnings (\$)	\$125.8M	-8.7%	\$129.7M	-17.9%
Operating Earnings (% of Revenues)	13.5%	-80 bps	14.0%	-240 bps
Earnings Before Income Taxes	\$121.4M	-11.5%	\$125.2M	-20.4%
Net Earnings	\$98.4M	-14.8%	\$100.2M	-20.5%
Diluted EPS	\$0.91	-15.0%	\$0.92	-21.4%

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

YEAR TO DATE FISCAL 2020 RESULTS

(RELEASED JUNE 4, 2020)

	AS REPORTED		AS ADJUSTED*	
	F'20 YTD	Change from F'19 YTD	F'20 YTD	Change from F'19 YTD
Net Sales	\$1,696.9M	+8.4%		
Gross Profit (\$)	\$594.8M	+10.8%	\$598.5M	+9.5%
Gross Margin (% of Revenues)	35.1%	+80 bps	35.3%	+40 bps
Operating Earnings (\$)	\$216.9M	+4.4%	\$222.8M	-2.9%
Operating Earnings (% of Revenues)	12.8%	-50 bps	13.1%	-160 bps
Earnings Before Income Taxes	\$207.5M	+0.1%	\$213.4M	-6.8%
Net Earnings	\$168.5M	-3.8%	\$169.8M	-7.0%
Diluted EPS	\$1.55	-4.3%	\$1.56	-7.7%

*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

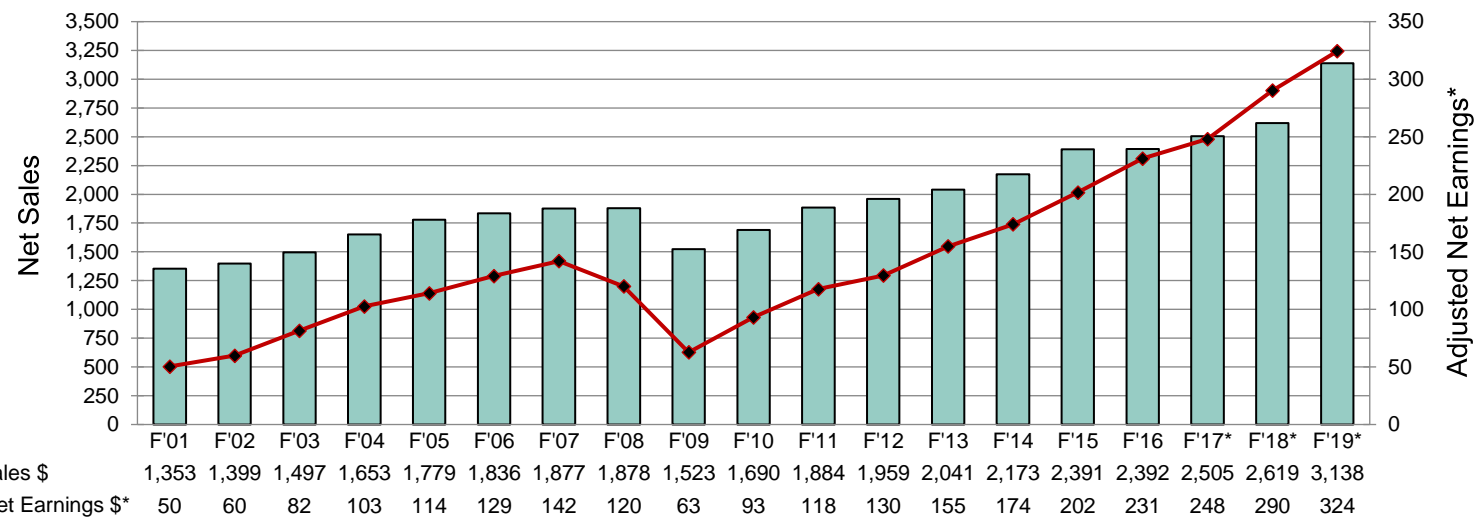
- 5% or more organic growth each year
- 15.5% or more operating earnings margin by end of F'20

The Toro Company



F'20

- Singular Goal – \$485M Adjusted Operating Earnings*



*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.

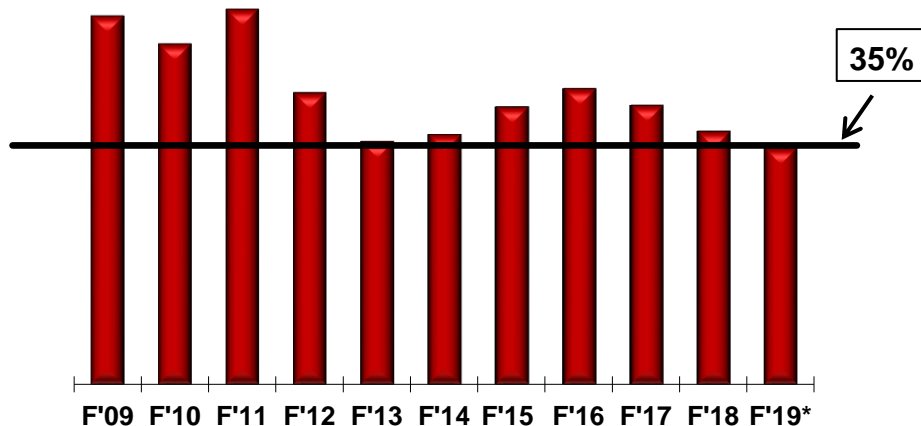


INVESTMENTS IN GROWTH

- 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

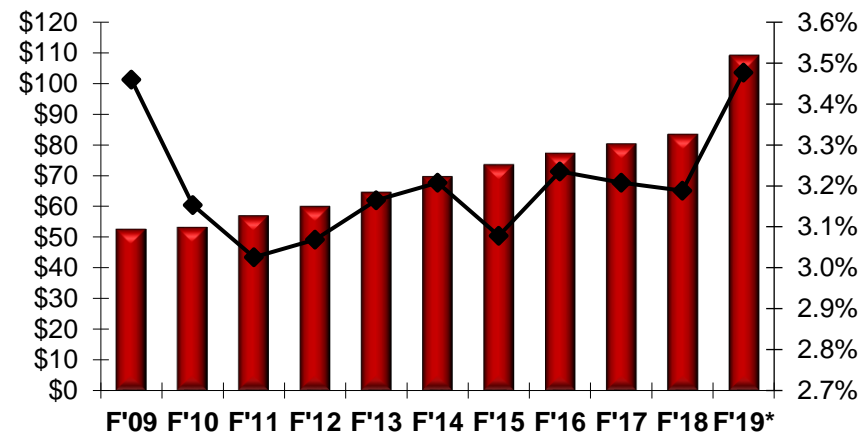


Vitality Index
(Percent of Sales from New Products**)



*Includes Charles Machine Works for F'19
**Introduced Over the Prior Three Years

R&E Investment and % of Net Sales
(\$ in Millions)



*Includes Charles Machine Works for F'19

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

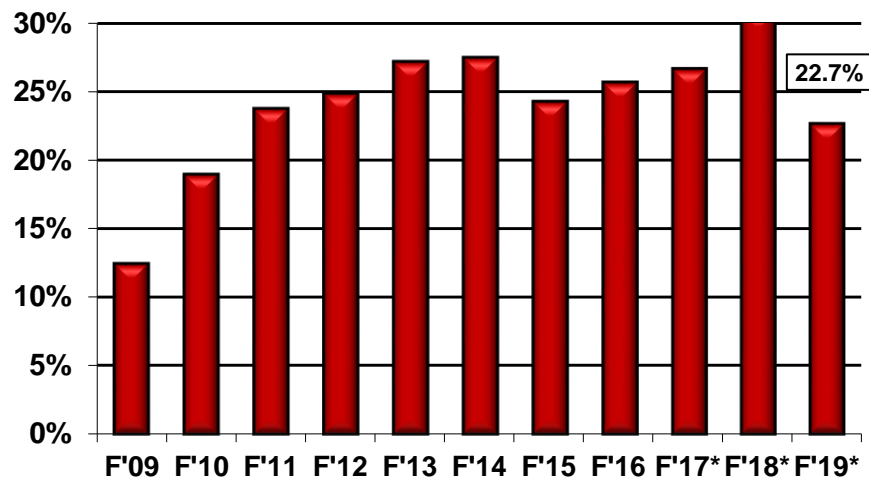
Return to Shareholders / Debt Repayment

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

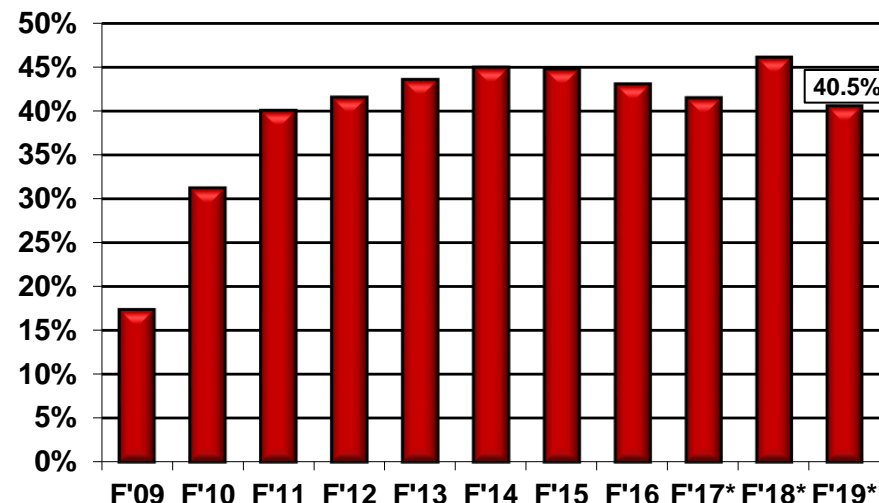
(\$ millions)	F'11	F'12	F'13	F'14	F'15	F'16	F'17	F'18	F'19
Operating Cash Flow	\$120	\$200	\$234	\$197	\$250	\$384	\$361	\$365	\$337
Capital Expenditures	\$57	\$43	\$49	\$71	\$56	\$51	\$58	\$90	\$93
Strategic Acquisitions (net of cash)	\$15	\$10	\$2	\$1	\$198	\$0	\$24	\$31	\$697
Dividends Paid	\$25	\$26	\$32	\$45	\$56	\$66	\$76	\$85	\$96
Share Repurchases	\$130	\$93	\$99	\$102	\$106	\$110	\$159	\$160	\$20
Total Capital Deployed	\$227	\$172	\$183	\$219	\$416	\$227	\$318	\$367	\$906
% of Operating Cash Flow	190%	86%	78%	111%	167%	59%	88%	101%	269%

KEY PERFORMANCE MEASURES

Return on Average Invested Capital (%)*



Return on Average Equity (%)*



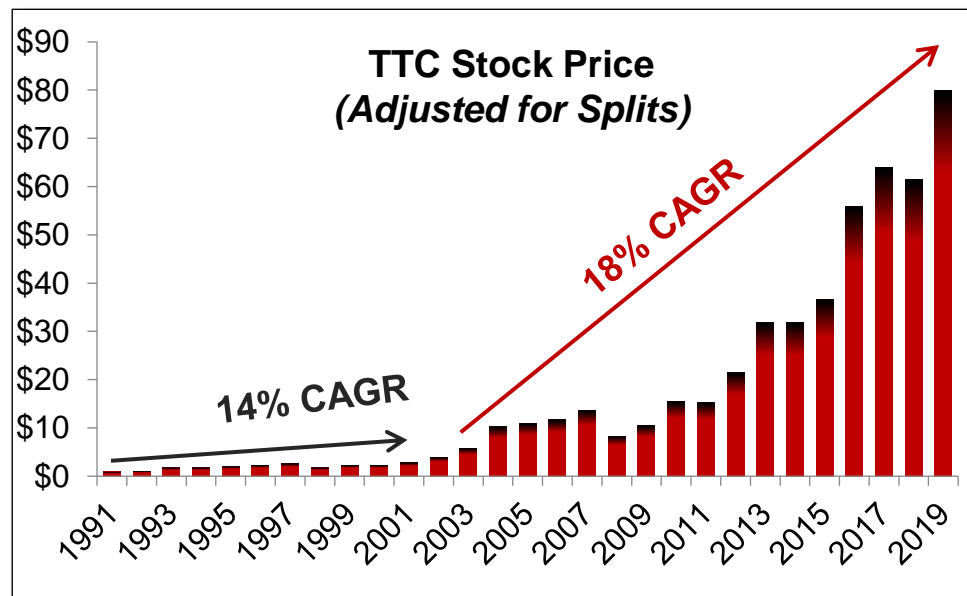
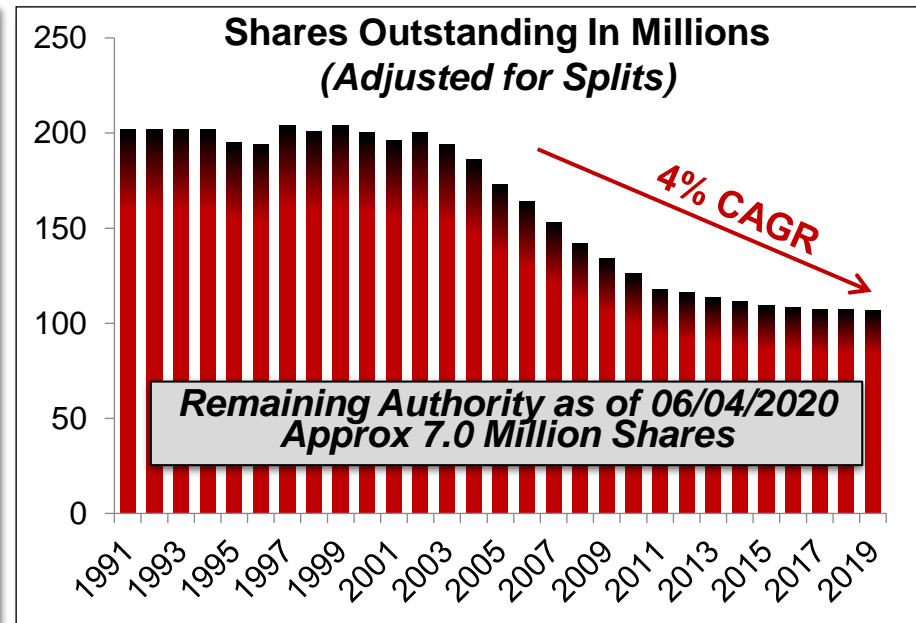
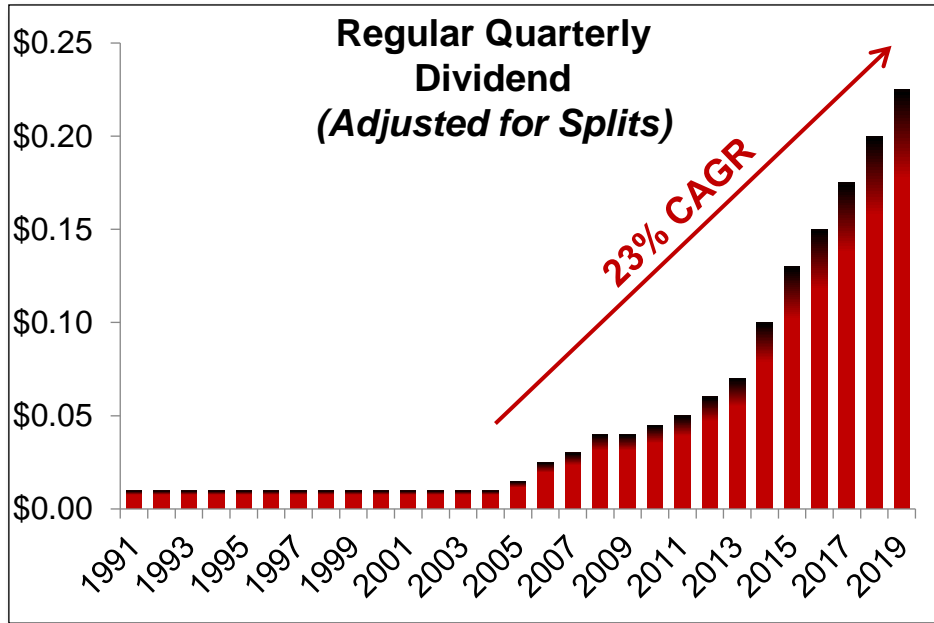
Cash Flow (\$ in millions)

	F'09	F'10	F'11	F'12	F'13	F'14	F'15	F'16	F'17	F'18	F'19
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
Capital Expenditures	(\$37.9)	(\$48.7)	(\$57.4)	(\$43.2)	(\$49.4)	(\$71.1)	(\$56.4)	(\$50.7)	(\$58.3)	(\$90.1)	(\$92.9)
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
FCF Conversion**	340%	155%	53%	121%	119%	72%	96%	144%	113%	101%	89%

*Non-GAAP Measures: 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

- Beginning our Second Century of Innovation, Relationships & Excellence
- Enduring Company Culture & Effective Employee Initiatives
- Demonstrated Consistent Financial Performance



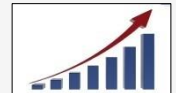
Leveraging a High Value Business Model

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





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 before income taxes, operating earnings, net earnings, net earnings per diluted share and effective tax rate, each as adjusted, and free cash flow 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*
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
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
ROIC	12.5%	19.0%	23.8%	24.9%	27.2%	27.5%	24.3%	25.7%	26.7%	30.8%	22.7%

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

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*
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
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
ROAE	17.4%	31.2%	40.0%	41.5%	43.5%	44.9%	44.7%	43.0%	41.4%	46.0%	40.5%

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

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

SECOND QUARTER AND FIRST SIX MONTHS F'2020

NON-GAAP RECONCILIATIONS

The following tables 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 six month periods ended May 1, 2020 and May 3, 2019:

	Three Months Ended		Six Months Ended	
	May 1, 2020	May 3, 2019	May 1, 2020	May 3, 2019
Gross profit	\$ 306,717	\$ 321,298	\$ 594,805	\$ 536,915
Acquisition-related costs ¹	2,393	9,519	2,863	9,519
Management actions ²	857	—	857	—
Non-GAAP gross profit	\$ 309,967	\$ 330,817	\$ 598,525	\$ 546,434
Gross margin	33.0%	33.4%	35.1%	34.3%
Acquisition-related costs ¹	0.3%	1.0%	0.1%	0.6%
Management actions ²	0.1%	—%	0.1%	—%
Non-GAAP gross margin	33.4%	34.4%	35.3%	34.9%
Operating earnings	\$ 125,795	\$ 137,725	\$ 216,924	\$ 207,779
Acquisition-related costs ¹	3,004	20,107	5,022	21,754
Management actions ²	857	—	857	—
Non-GAAP operating earnings	\$ 129,656	\$ 157,832	\$ 222,803	\$ 229,533
Earnings before income taxes	\$ 121,371	\$ 137,180	\$ 207,510	\$ 207,200
Acquisition-related costs ¹	3,004	20,107	5,022	21,754
Management actions ²	857	—	857	—
Non-GAAP earnings before income taxes	\$ 125,232	\$ 157,287	\$ 213,389	\$ 228,954
Net earnings	\$ 98,446	\$ 115,570	\$ 168,537	\$ 175,110
Acquisition-related costs ¹	2,365	16,352	3,998	17,862
Management actions ²	682	—	682	—
Tax impact of share-based compensation ³	(1,342)	(5,957)	(3,377)	(10,318)
Non-GAAP net earnings	\$ 100,151	\$ 125,965	\$ 169,840	\$ 182,654

SECOND QUARTER AND FIRST SIX MONTHS F'2020

NON-GAAP RECONCILIATIONS (CON'T)

	Three Months Ended		Six Months Ended	
	May 1, 2020	May 3, 2019	May 1, 2020	May 3, 2019
Diluted EPS	\$ 0.91	\$ 1.07	\$ 1.55	\$ 1.62
Acquisition-related costs ¹	0.02	0.15	0.04	0.17
Tax impact of share-based compensation ³	(0.01)	(0.05)	(0.03)	(0.10)
Non-GAAP diluted EPS	\$ 0.92	\$ 1.17	\$ 1.56	\$ 1.69
Effective tax rate	18.9%	15.8 %	18.8%	15.5 %
Acquisition-related costs ¹	—%	(0.2)%	—%	(0.3)%
Tax impact of share-based compensation ³	1.1%	4.3 %	1.6%	5.0 %
Non-GAAP effective tax rate	20.0%	19.9 %	20.4%	20.2 %

¹ On March 2, 2020, the company completed the acquisition of Venture Products, Inc. ("Venture Products"), a privately held Ohio corporation. During the second quarter of fiscal 2019, the company acquired The Charles Machine Works, Inc. ("CMW"). Acquisition-related costs for the three and six month periods ended May 1, 2020 represent transaction costs incurred for the 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. Acquisition-related costs for the three and six month periods ended May 3, 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 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"). Management actions represent inventory write-down charges incurred during the three and six month periods ended May 1, 2020 for the Toro underground wind down.

³ In the first quarter of fiscal 2017, the company adopted Accounting Standards Update No. 2016-09, *Stock-based Compensation: Improvements to Employee Share-based Payment Accounting*, which requires that any excess tax deduction for share-based compensation be immediately recorded within income tax expense. These amounts represent the discrete tax benefits recorded as excess tax deductions for share-based compensation during the three and six month periods ended May 1, 2020 and May 3, 2019.

MANUFACTURING LOCATIONS



