

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the Quarter Ended APRIL 28, 1995 Commission File Number 1-8649

THE TORO COMPANY
(Exact name of registrant as specified in its charter)

DELAWARE 41-0580470
(State of Incorporation) (I.R.S. Employer Identification Number)

8111 LYNDAL AVE SOUTH
BLOOMINGTON, MINNESOTA 55420
TELEPHONE NUMBER: (612) 888-8801

(Address, including zip code, and telephone number, including area code, of
registrant's principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required
to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during
the preceding 12 months (or for such shorter period that the registrant was
required to file such reports), and (2) has been subject to such filing
requirements for the past 90 days.

Yes No

The number of shares of Common Stock outstanding as of April 28, 1995 was
12,763,886.

THE TORO COMPANY
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PART I. FINANCIAL INFORMATION

THE TORO COMPANY AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS (UNAUDITED)
 (DOLLARS IN THOUSANDS, EXCEPT PER-SHARE DATA)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	April 28, 1995	April 29, 1994	April 28, 1995	April 29, 1994
Net sales	\$ 310,613	\$ 276,476	\$ 730,267	\$ 601,650
Cost of sales	203,271	178,787	470,792	388,339
Gross profit	107,342	97,689	259,475	213,311
Selling, general and administrative expense	76,245	70,817	202,916	179,618
Earnings from operations	31,097	26,872	56,559	33,693
Interest expense	3,428	3,631	8,503	10,178
Other income, net	(1,563)	(2,820)	(6,344)	(6,850)
Earnings before income taxes	29,232	26,061	54,400	30,365
Provision for income taxes	11,693	10,424	21,760	12,146
Net earnings	\$ 17,539	\$ 15,637	\$ 32,640	\$ 18,219
Retained earnings at beginning of period	121,751	93,063	109,688	93,451
Dividends on common stock of \$0.12, \$0.12, \$0.36 and \$0.36 per share, respectively	(1,528)	(1,511)	(4,566)	(4,481)
Retained earnings at end of period	\$ 137,762	\$ 107,189	\$ 137,762	\$ 107,189
Net earnings per share of common stock and common stock equivalent	\$ 1.32	\$ 1.19	\$ 2.48	\$ 1.40

See accompanying notes to condensed consolidated financial statements.

THE TORO COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(DOLLARS IN THOUSANDS)

	April 28, 1995	April 29, 1994	July 31, 1994
	-----	-----	-----
ASSETS			
Cash and cash equivalents	\$ 11,709	\$ 7,664	\$ 36,231
Receivables (net)	329,447	300,751	183,683
Inventories	138,018	123,662	118,764
Prepaid expenses	30,093	23,004	25,817
	-----	-----	-----
Total current assets	509,267	455,081	364,495
	-----	-----	-----
Property, plant and equipment	203,928	182,009	185,478
Less accumulated depreciation and amortization	138,128	125,091	126,635
	-----	-----	-----
	\$ 65,800	\$ 56,918	\$ 58,843
	-----	-----	-----
Other assets	17,397	18,266	20,301
	-----	-----	-----
Total assets	\$ 592,464	\$ 530,265	\$ 443,639
	-----	-----	-----
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current portion of long-term debt	\$ 16,055	\$ 45,645	\$ 20,300
Short-term debt	91,863	43,588	-
Accounts payable	44,650	38,193	37,035
Other accrued liabilities	167,245	155,882	131,377
	-----	-----	-----
Total current liabilities	319,813	283,308	188,712
	-----	-----	-----
Deferred income taxes	-	759	-
Long-term debt, less current portion	65,369	77,245	81,025
Deferred income	5,250	5,250	5,250
	-----	-----	-----
Stockholders' equity:			
Common stock par value \$1.00, authorized 35,000,000 shares; issued and outstanding 12,763,886 shares at April 28, 1995 (net of 63,281 treasury shares), 12,604,218 shares at April 29, 1994 (net of 28,544 treasury shares), and 12,561,204 shares at July 31, 1994 (net of 76,153 treasury shares)	12,764	12,604	12,561
Additional paid-in capital	53,604	49,357	49,420
Retained earnings	137,762	107,189	109,688
Foreign currency translation adjustment	514	(224)	(405)
	-----	-----	-----
Receivable from ESOP	204,644	168,926	171,264
	(2,612)	(5,223)	(2,612)
	-----	-----	-----
Total common stockholders' equity	202,032	163,703	168,652
	-----	-----	-----
Total liabilities and common stockholders' equity	\$ 592,464	\$ 530,265	\$ 443,639
	-----	-----	-----

See accompanying notes to condensed consolidated financial statements.

THE TORO COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(DOLLARS IN THOUSANDS)

	Nine Months Ended	
	April 28, 1995	April 29, 1994
Cash flows from operating activities:		
Net earnings	\$ 32,640	\$ 18,219
Adjustments to reconcile net earnings to net cash used in operating activities:		
Provision for depreciation and amortization	13,325	13,680
(Gain)/loss on disposal of property, plant and equipment . . .	(256)	53
Provision for deferred income tax benefit	(297)	(613)
Tax benefit related to employee stock options	1,178	-
Changes in operating assets and liabilities:		
Receivables (net)	(163,181)	(126,977)
Inventories	(19,254)	(44,954)
Prepaid expenses	(4,276)	262
Payables and accruals	46,535	51,202
Accrued income taxes	(3,052)	7,615
Net cash used in operating activities	(96,638)	(81,513)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(19,863)	(9,323)
Proceeds from asset disposals	669	19
(Increase)/decrease in other assets	2,368	(4,541)
Net cash used in investing activities	(16,826)	(13,845)
Cash flows from financing activities:		
Increase in short-term debt	91,863	43,588
Increase in sale of receivables	17,417	6,589
Repayments of long-term debt	(19,901)	(15,080)
Deferred income	-	5,250
Proceeds from sale of common stock	6,220	6,026
Purchases of common stock	(3,011)	(1,234)
Dividends on common stock	(4,566)	(4,481)
Net cash provided by financing activities	88,022	40,658
Foreign currency translation adjustment	920	571
Net decrease in cash and cash equivalents	(24,522)	(54,129)
Cash and cash equivalents at beginning of period	36,231	61,793
Cash and cash equivalents at end of period	\$ 11,709	\$ 7,664

See accompanying notes to condensed consolidated financial statements.

THE TORO COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
APRIL 28, 1995

1. BACKGROUND

The information furnished reflects all adjustments which, in the opinion of management, are necessary for a fair presentation of the interim periods. The Toro Company's business is seasonal. Operating results for the three months and nine months ended April 28, 1995 are not necessarily indicative of the results that may be expected for the fiscal year ending July 31, 1995.

These statements should be read in conjunction with the financial statements and footnotes included in the company's Annual Report for the year ended July 31, 1994. The policies described in that report are used in preparing quarterly reports.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

Total assets for the company as of April 28, 1995 were \$592.5 million, an increase of \$62.2 million, or 11.7%, from the \$530.3 million reported at the end of the third quarter last year. The increase resulted primarily from increases in trade receivables and inventory. The increase in trade receivables reflected an increase in dealer receivables financed by the company as well as an increase in sales volume. Inventory increased as a result of increased production of riding products to meet anticipated demand and a reduction in walk power mower shipments in response to excess retail inventory levels.

Total debt as of April 28, 1995 was \$173.3 million, or \$6.8 million greater than the \$166.5 million reported at the end of the third quarter last year. The ratio of total debt to total capital of 46.2% has improved from the 50.4% reported as of April 29, 1994. The lower debt ratio resulted from an increase in equity as a result of 1995 earnings to date.

The business of the company is seasonal. Historically, accounts receivable balances increase throughout the winter months as a result of extended payment terms made available to customers and decrease in the late spring when payments become due. Peak borrowing usually occurs in the third quarter. The seasonal working capital requirements of the business are financed primarily with short-term debt. Management believes that the combination of funds available through existing financing options, coupled with forecasted cash flows, will provide the capital resources necessary to meet the company's working capital requirements.

RESULTS OF OPERATIONS

The following table sets forth sales by product line.

(Dollars in thousands)	Three Months Ended			
	April 28, 1995	April 29, 1994	\$ Change	% Change
Consumer products.	\$ 172,925	\$ 158,346	\$ 14,579	9.2 %
Commercial products.	100,448	85,038	15,410	18.1
Irrigation products.	37,240	33,092	4,148	12.5
Total *	\$ 310,613	\$ 276,476	\$ 34,137	12.3 %
* Includes International sales of:	\$ 56,461	\$ 57,774	\$ (1,313)	(2.3) %

(Dollars in thousands)	Nine Months Ended			
	April 28, 1995	April 29, 1994	\$ Change	% Change
Consumer products.	\$ 411,660	\$ 330,637	\$ 81,023	24.5 %
Commercial products.	222,946	192,413	30,533	15.9
Irrigation products.	95,661	78,600	17,061	21.7
Total *	\$ 730,267	\$ 601,650	\$ 128,617	21.4 %
* Includes International sales of:	\$ 114,983	\$ 101,400	\$ 13,583	13.4 %

Changes in net sales for the third quarter and year to date were attributed to the following factors. Consumer product sales reflected increased demand and improved availability of riding products and increased sales of Toro brand walk power mowers, especially the new Super Recycler-Registered Trademark- mower. Year to date, exceptional sales of snow removal equipment as well as increased sales of riding products and Toro brand walk power mowers attributed to the increase over the prior year. Lawn-Boy walk power mower sales declined as a result of reduced shipments in response to excess retail inventory as well as a delayed spring season as a result of adverse weather patterns. The increase in commercial product sales reflected continued strength in the golf and tax-supported markets. Sales of equipment to landscape contractors as well as the addition of recycling equipment products in 1995 also contributed to the increase. The irrigation product sales increase reflected continued growth in the golf, commercial and residential markets as well as the positive impact of a distribution change implemented by the company last year. International sales for the quarter reflected a decline in commercial products as a result of a shift in the timing of customer requirements which was partially offset by continued strong sales of consumer products. On a year to date basis international sales increased because of rebounding economies which resulted in increased golf course irrigation equipment sales as well as increased sales of walk power mowers, snow removal equipment and riding products.

Gross profit of \$107.3 million was \$9.6 million (9.8%) higher than the \$97.7 million reported for the third quarter of 1994. As a percent of sales, gross profit decreased slightly to 34.6% for the third quarter of 1995 compared to 35.3% for the third quarter last year as the company continued to incur increases in the cost of certain raw materials. Year to date gross profit was \$259.5 million, \$46.2 million (21.7%) higher than the \$213.3 million reported last year. The dollar increase is attributed to increased sales volume and a favorable product mix which was offset partially by an increase in the cost of certain raw materials such as aluminum ingot and raw steel.

Selling, general and administrative (S G & A) expense increased \$5.4 million, or 7.6%, to \$76.2 million from the \$70.8 million for the third quarter last year. Year to date S G & A of \$202.9 million increased \$23.3 million from the \$179.6 million reported a year ago. As a percent of sales, year to date S G & A decreased to 27.8% compared to 29.9% for the prior year. The dollar increases occurred principally as a result of increased marketing expenditures, a company-wide initiative to replace existing information systems, the addition of a joint venture with a distributor and the establishment of recycling equipment products, distribution enhancement and support, increased product development and various employee incentive programs.

Interest expense of \$3.4 million for the quarter was \$0.2 million, or 5.6%, less than the \$3.6 million the same period last year. Year to date interest expense decreased \$1.7 million to \$8.5 million from the \$10.2 million reported a year ago. These decreases are principally because of the reduction in long-term debt.

Other income, net decreased \$1.2 million to \$1.6 million from \$2.8 million from the third quarter last year. Excluding the effect of a patent infringement lawsuit settlement and the sale of the portable heater business in the third quarter last year, other income, net would have increased \$1.8 million because of income resulting from joint venture activity and foreign currency exchange gains. Year to date other income, net of \$6.3 million is \$0.6 million lower than the \$6.9 million reported a year ago. Excluding the effect of two lawsuit settlements and the sale of the portable heater business in the prior year, other income, net would have increased \$4.4 million because of increased finance revenue, foreign currency exchange gains and income resulting from joint venture activity.

PART II. OTHER INFORMATION

Item 6 Exhibits and Reports on Form 8-K

- (a) Exhibit 11 Computation of Earnings per Common Share
- (b) Exhibit 27 Financial Data Schedule

Summarized financial data; electronic filing only

- (c) Reports on Form 8-K

The Company did not file any Form 8-K reports during the third quarter of fiscal 1995.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE TORO COMPANY
(Registrant)

By /s/ Gerald T. Knight

Gerald T. Knight
Vice President, Finance
Chief Financial Officer
(principal financial officer)

Date: June 09, 1995

THE TORO COMPANY AND SUBSIDIARIES
 COMPUTATION OF EARNINGS PER COMMON SHARE (UNAUDITED)
 (DOLLARS IN THOUSANDS, EXCEPT PER-SHARE DATA)

	Three Months Ended		Nine Months Ended	
	April 28, 1995	April 29, 1994	April 28, 1995	April 29, 1994
Net earnings	\$ 17,539	\$ 15,637	\$ 32,640	\$ 18,219
Primary:				
Shares of common stock and common stock equivalents:				
Weighted average number of common shares outstanding	12,770,376	12,564,692	12,654,868	12,434,277
Dilutive effect of outstanding stock options (1)	504,457	544,903	487,789	543,553
	13,274,833	13,109,595	13,142,657	12,977,830
Net earnings per share of common stock and common stock equivalent	\$ 1.32	\$ 1.19	\$ 2.48	\$ 1.40
Fully Diluted:				
Shares of common stock and common stock equivalents:				
Weighted average number of common shares outstanding	12,770,376	12,564,692	12,654,868	12,434,277
Dilutive effect of outstanding stock options (2)	505,169	544,903	536,703	561,648
	13,275,545	13,109,595	13,191,571	12,995,925
Net earnings per share of common stock and common stock equivalent	\$ 1.32	\$ 1.19	\$ 2.47	\$ 1.40

- 1) Outstanding stock options and options exercised in the current period are converted to common stock equivalents by the treasury stock method using the average market price of the company's stock during each period.
- 2) Outstanding stock options and options exercised in the current period are converted to common stock equivalents by the treasury stock method using the greater of the average market price or the period-end market price of the company's stock during each period.

THIS SCHEDULE CONTAINS YEAR-TO-DATE INFORMATION EXTRACTED FROM THE 10-Q, THIRD QUARTER FILING, CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND RETAINED EARNINGS, CONDENSED CONSOLIDATED BALANCE SHEET AND EXHIBIT 11.

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9-MOS		
	JUL-31-1994	
	AUG-01-1994	
	APR-28-1995	
		11,709
		0
		329,447
		0
		138,018
		509,267
		203,928
		138,128
		592,464
	319,813	
		81,424
		12,764
	0	
		0
		189,268
592,464		
		730,267
	730,267	
		470,792
		202,916
	(6,344)	
	0	
	8,503	
	54,400	
	21,760	
32,640		
	0	
	0	
		0
	32,640	
	2.48	
	2.47	

Total net receivables
 Not included in quarterly financial information
 Total long-term debt
 Does not include additional paid-in-capital
 Other income, net