



TORO[®]

The Toro Company

A Century of Innovation

2014 Robert W. Baird Industrial Conference
November 10-11, 2014

www.thetorocompany.com



Forward-Looking Statements

All forward-looking statements are being 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 expectations of future events, and often can be identified by words such as "expect," "strive," "looking ahead," "outlook," "guidance," "forecast," "goal," "optimistic," "anticipate," "continue," "plan," "estimate," "project," "believe," "should," "could," "will," "would," "possible," "may," "likely," "intend," and similar expressions or future dates. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected or implied. Particular risks and uncertainties that may affect our operating results or financial position include, among others: worldwide economic conditions, including slow or negative growth rates in global and domestic economies and weakened consumer confidence; disruption at our manufacturing or distribution facilities, including drug cartel-related violence affecting our maquiladora operations in Juarez, Mexico; fluctuations in the cost and availability of raw materials and components, including steel, engines, hydraulics and resins; the impact of abnormal weather patterns, including unfavorable weather conditions exacerbated by global climate change or otherwise; the impact of natural disasters and global pandemics; the level of growth or contraction in our key markets; government and municipal revenue, budget and spending levels; dependence on The Home Depot as a customer for our residential segment; elimination of shelf space for our products at dealers or retailers; inventory adjustments or changes in purchasing patterns by our customers; our ability to develop and achieve market acceptance for new products; increased competition; risks attendant to international operations and markets, including political, economic and/or social instability and tax policies in the countries in which we manufacture or sell our products; foreign currency exchange rate fluctuations; our relationships with our distribution channel partners, including the financial viability of our distributors and dealers; risks associated with acquisitions, including the acquisition of the BOSS snow and ice management business; management of our alliances or joint ventures, including Red Iron Acceptance, LLC; the costs and effects of enactment of, changes in and compliance with laws, regulations and standards, including those relating to consumer product safety, Tier 4 emissions requirements, conflict mineral disclosure, taxation, healthcare and environmental, health and safety matters; unforeseen product quality problems; loss of or changes in executive management or key employees; interruption of our management information systems, including by unauthorized access, security breaches, cyber attacks, or other disruptive events; the occurrence of litigation or claims, including those involving intellectual property or product liability matters; and other risks and uncertainties described 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. We undertake no obligation to update forward-looking statements to reflect events or circumstances after the date made.

Company Overview

(NYSE: TTC)

Summary

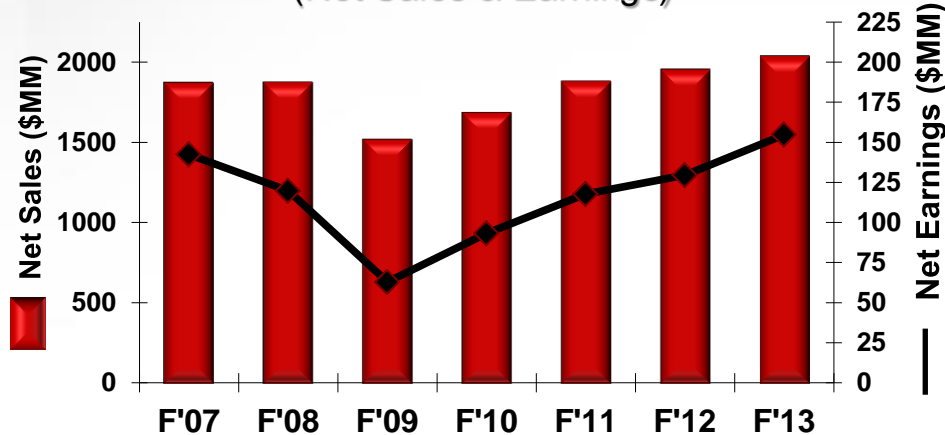
- Rich History and Deep Expertise in the Care of Turf and Landscapes and Development of Distribution & Customer Care Networks
- Diverse Portfolio of Markets & Products
- Innovation & Brand Leadership
- Recent Corporate Milestone—Centennial in July 2014

Opportunities

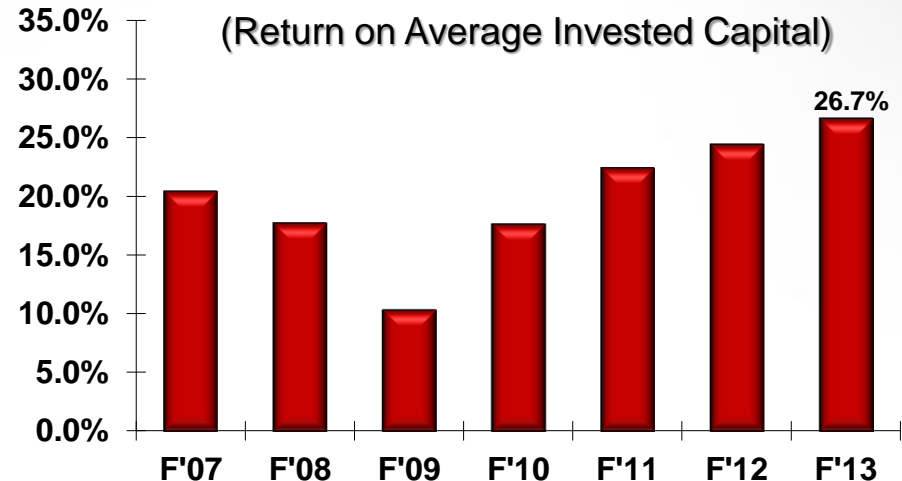
- Top-Line Growth Potential
- Margin Expansion Opportunity
- Strong Balance Sheet

Financial Performance

(Net Sales & Earnings)



(Return on Average Invested Capital)



TORO

LAWN-BOY

eXmark

Irritrol



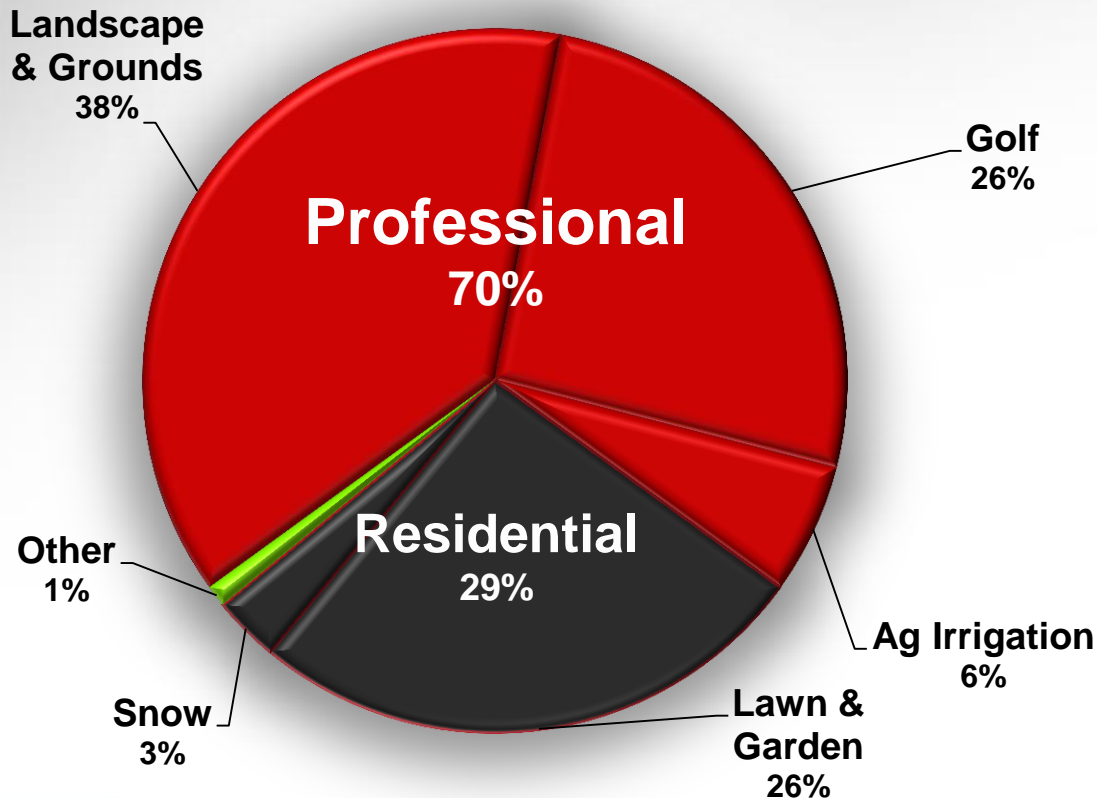
Lawn Genie **HAYTER**
MAKERS OF THE FINEST MOWERS

POPE

Diverse Portfolio

F'13 Revenues—\$2 Billion

Segments & Markets



Professional

F'13 Sales: \$1,425M

F'13 Segment Earnings: 17.9%

- Innovation leader
- Performance, productivity & customer care relationships valued by customers
- Planned & more regular customer spending
- Higher margins

Residential

F'13 Sales: \$594M

F'13 Segment Earnings: 10.4%

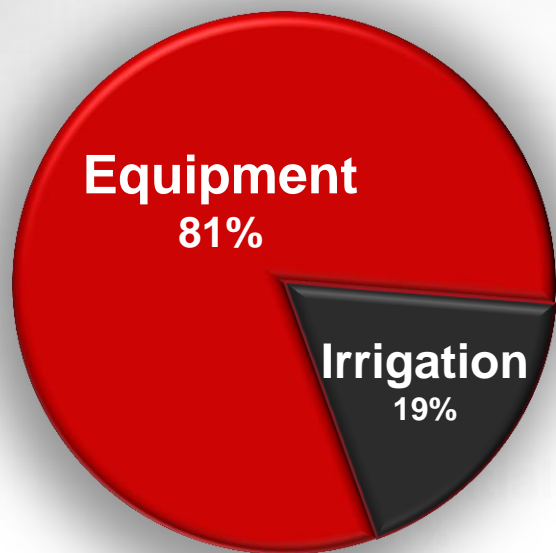
- Powerful brands
- Strong sales channel & service network
- Innovation, quality & durability rewarded by customers

TORO.

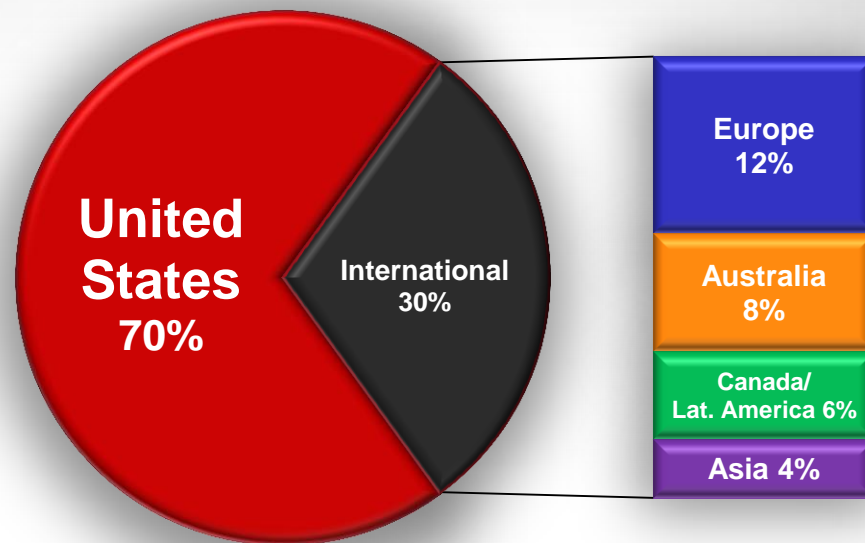
Diverse Portfolio

F'13 Revenues—\$2 Billion

Products



Geography



Professional—Golf



- **Worldwide Market**




- **Turf Equipment & Irrigation Systems**

- **Fundamentals**

- Existing Courses Replacing Aging Equipment / Irrigation Systems
- International New Golf Course Development

- **Toro Advantage & Opportunities**

- Powerful Brand 
- Innovation & Performance—Share Gain & Margin Expansion
- Strong Network of Distributors, Relationships & Customer Care

- **Competitive Landscape**

- Global Competitors
 - Equipment—Deere, Jacobsen (Textron)
 - Irrigation—Rainbird



Professional—Landscape & Grounds



Landscape & Grounds

- **Worldwide Market**
 - Professional Landscape Maintenance, Sports Fields, Municipalities, Universities & Schools
- **Fundamentals**
 - Heavy Use Drives Parts & Replacement
 - Customer Needs & Shifts
 - Rural, Municipal & International Opportunities
- **Toro Advantage & Opportunities**
 - ZTR Leadership
 - Product Innovation, Durability & Quality
 - Toro & Exmark Channel Strength
- **Competitive Landscape**
 - Scag, Deere, Hustler, Kubota + Many Smaller Competitors



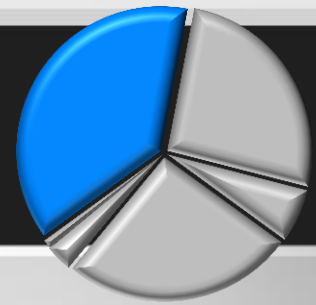
Irrigation & Lighting

- **Worldwide Market**
 - Residential & Commercial Applications
 - Contractor Installed
- **Fundamentals**
 - Housing / Construction Recovery
 - Share Expansion Opportunities
 - Increasing Demand for Efficient Water Solutions
- **Toro Advantage & Opportunities**
 - Innovation Leadership for Irrigation & Lighting Systems
 - Irrigation Association New Product Award—2013, 2012 & 2011
- **Competitive Landscape**
 - Rainbird, Hunter



Professional—Landscape & Grounds

(Continued)



Specialty Construction

- **Worldwide Market**
 - Utility Contractors & Companies, Public Works
- **Fundamentals**
 - Infrastructure Development
 - Utility Improvements
 - Housing / Construction Recovery
- **Toro Advantage & Opportunities**
 - Extension of Established CUL & Walking Trencher Product Lines
 - Leverage Channel Development Competencies
 - Innovation Opportunities
- **Competitive Landscape**
 - Vermeer, Ditch Witch

TORO.



TORO.

Rental

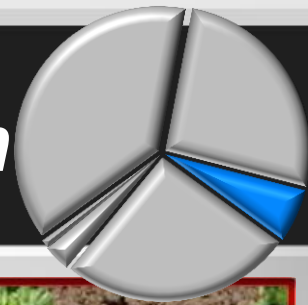
- **Worldwide Market**
 - Rental Companies & Contractors
- **Fundamentals**
 - Housing / Construction Recovery
 - Heavy Use Drives Parts & Replacement
 - Customer Rent & Buy Opportunities
- **Toro Advantage & Opportunities**
 - Leverage Brand & Product Leadership
 - Broad Premium Product Line-Up
 - Product Innovation, Durability & Quality
- **Competitive Landscape**
 - Vermeer, Ditch Witch, Wacker, Multi Quip

TORO.

exmark.



Professional—Agriculture Irrigation

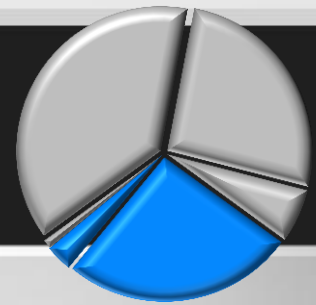


- **Worldwide Market**
- **Micro-Irrigation Solutions**
 - Drip Tape—High Value Row Crops (e.g. Onions, Strawberries)
 - Drip Line—Permanent Crops (e.g. Vineyards, Fruit Trees)
- **Fundamentals**
 - Demand for Food Production & Efficient Water Use
 - Increase Yields, Reduce Resources (e.g. Water, Energy, Fertilizer)
- **Toro Advantage & Opportunities** 
 - Product Quality & Innovation—Blue Stripe® and AquaTraxx®
 - Leverage Investments in New Geographic Markets—China & Romania
 - Product Expansion Opportunities (e.g. Controls, Sensors)
- **Competitive Landscape**
 - Netafim, Jain Irrigation, RIVULIS (acquired from Deere by FIMI)



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

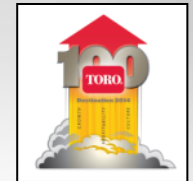
Residential



- **Worldwide Market**
- **Lawn, Garden & Snow Equipment**
 - Walk-Behind & ZTR Mowers, Snow Throwers, Handheld Maintenance Products
- **Fundamentals**
 - U.S. WPM Replacement Market (~5M WPMs/Year)
 - ZTR Opportunity
 - Innovation Rewarded
- **Toro Advantage & Opportunities**
 - Powerful Brands    
 - Leadership in Product Innovation, Quality & Durability
 - Strong Home Center Relationship
 - Strong Servicing Dealer Network 
- **Competitive Landscape**
 - Craftsman, Ariens, Husqvarna, MTD, John Deere, Briggs & Stratton



Driving Continuous Improvement



F'01 – F'03

- Goal to achieve 5% PAT
- Focus on cost “right sizing”
- Significant gross margin improvement
- Minimal revenue growth

F'04 – F'06

- Goal to achieve “6%+” PAT
- Goal to drive 8% 3 year compound revenue growth
- Began LEAN journey
- SGA leveraging
- Commodities affect gross margins

F'07 – F'09

- Growth is first...
 - Goal to drive 3 year compound revenue growth of 8%
 - New strategic and business development resource in place
- Continue building LEAN enterprise
 - Goal to achieve “7%+” PAT
 - Working capital as % of sales “in the teens”

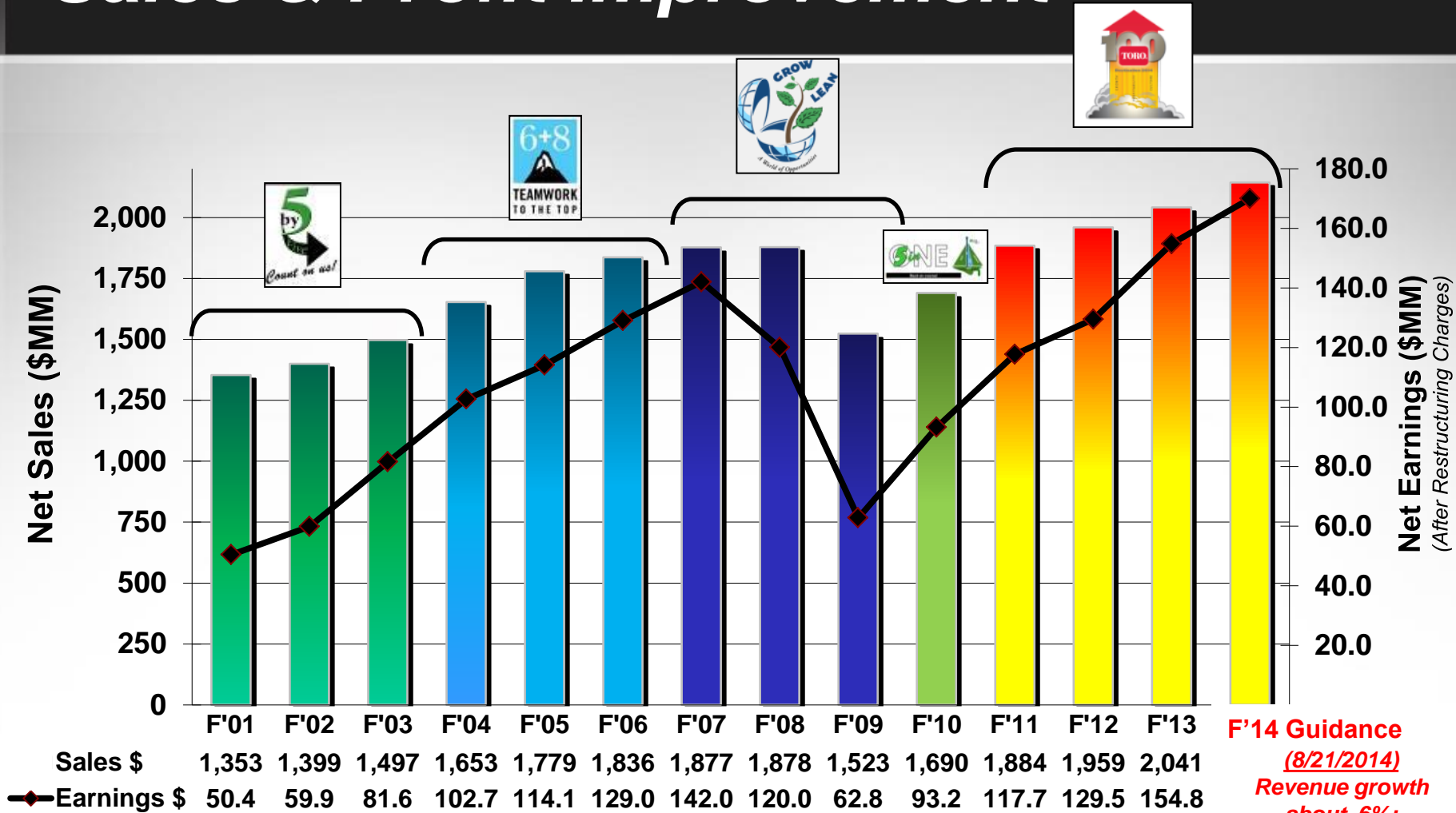
F'10

- One year initiative – back on course
- Focus on customer
- Singular Goal – 5% PAT
- Bridge to next initiative – leading to Toro’s Centennial in 2014

F'11 – F'14

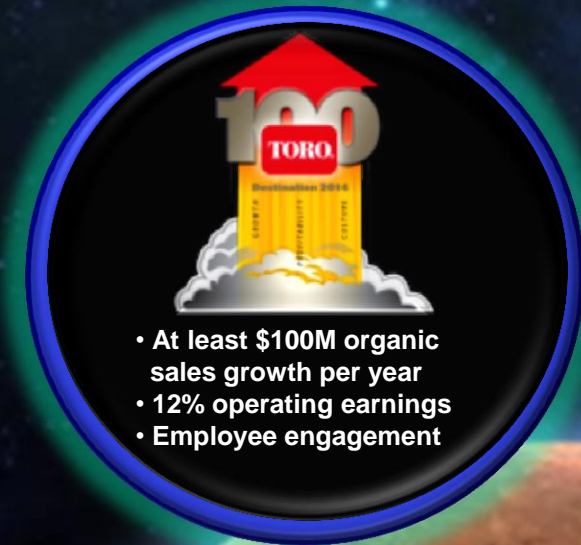
- + \$100M organic growth each year
- Exceed 12% operating earnings
- Employee engagement goals:
 - excellence
 - relationships
 - innovation

Sales & Profit Improvement



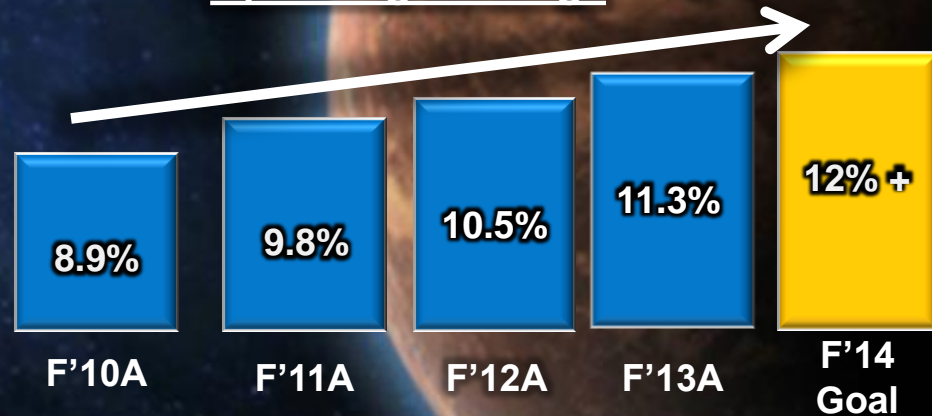
Destination 2014

Goals & Achievements



- Innovation
- Profitable Revenue Growth
- Quality, Productivity & LEAN

Operating Earnings

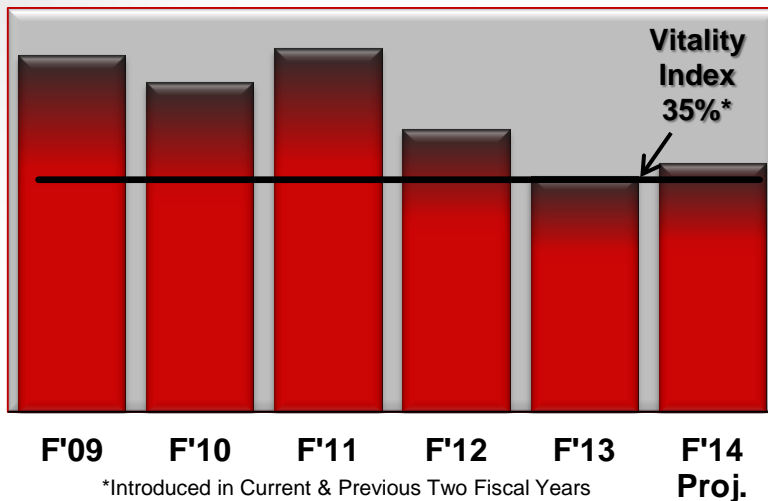


Investments in Growth

Driving Growth in the Core

- **Leadership Through Innovation**

- Investment of at Least 3% of Sales in Research & Engineering
- Passion to Address Customers Unmet Needs
- Differentiate from Competition
- Drive Market Share Gains & Margin Expansion



Industry Leading Innovation

- Greensmaster® eFlex®
- Groundsmaster® 360 rotary mower
- Precision™ Soil Sensor
- Precision™ Series spray nozzles
- Evolution™ Controller
- Aqua-Traxx® Drip Irrigation
- TimeCutter® ZTR
- TimeMaster™ & TurfMaster™ 30" WPM
- TRX Trencher
- FLEX™ Series LED



TORO.

Investments in Growth

Driving Growth Beyond the Core

- **Strategic Acquisitions**

- Bias for Professional, International & Water Businesses
- Seeking Platforms for Growth—Adjacencies to Core Businesses
- Diligent Process—Right Opportunity & Price

Golf

*Graden (2011), Ty-Crop (2009),
Southern Green (2008),*



Underground/Rental

*Astec (2012), Stone (2012),
Lawn Solutions (2011), US Praxis (2010)*



Irrigation Controls & Sensors

Rain Master (2007), Turf Guard (2007)



Landscape Lighting

Unique (2011)



Micro Irrigation

Xiamen Xiangfeng (2013)



BOSS[®] Acquisition

(Announced October 27, 2014)



- **BOSS[®] Professional Snow & Ice Management Business**

- Snowplows, Salt and Sand Spreaders & Related Parts and Accessories for Light and Medium Duty Trucks, ATVs, UTVs & Loaders
- Key Customers are Professional Contractors & Municipalities
- Privately-Held Business Founded in 1985
- Approximately 340 Employees & Manufacturing Based in Iron Mountain, MI
- Anticipated 2014 Revenues of \$125 Million



- **Transaction Summary**

- Purchase Price of \$227 Million Primarily Paid in Cash (\$30 Million Note)
- Funded with Cash on Hand & New Credit Facility and Senior Term Loan
- Subject to Customary Closing Conditions & Expected to Close in Q1 Fiscal 2015
- Slightly Accretive in Fiscal 2015



- **Strategic Rationale**

- TTC Professional Contractor Market Position Strengthened with Counter-Seasonal Products
- High Quality, Well-Run Business with Growth Opportunities
- Cultural Alignment Around Innovation, Customer Service, Quality and Durability & Commitment to Employees and Communities



Capital Deployment

Cash From Operations



Operating and Growth Needs

- PP&E Investments
- Strategic Acquisitions



Return to Shareholders

- Regular Dividends (30-40% of 3-Yr Average EPS)
- Share Repurchases

(\$ millions)	F'06	F'07	F'08	F'09	F'10	F'11	F'12	F'13	Total
Operating Cash Flow	\$190	\$184	\$216	\$252	\$194	\$113	\$186	\$222	\$1,557
Capital Expenditures	\$40	\$42	\$49	\$38	\$49	\$57	\$43	\$49	\$367
Strategic Acquisitions	\$0	\$10	\$4	\$6	\$10	\$15	\$10	\$2	\$57
Dividends Paid	\$15	\$19	\$23	\$21	\$24	\$25	\$26	\$32	\$185
Share Repurchases	\$147	\$183	\$110	\$115	\$136	\$130	\$93	\$100	\$1,014
Total Capital Deployed	\$202	\$254	\$186	\$180	\$219	\$227	\$172	\$183	\$1,623
% of Operating Cash Flow	106%	138%	86%	71%	113%	201%	93%	82%	104%

TORO.

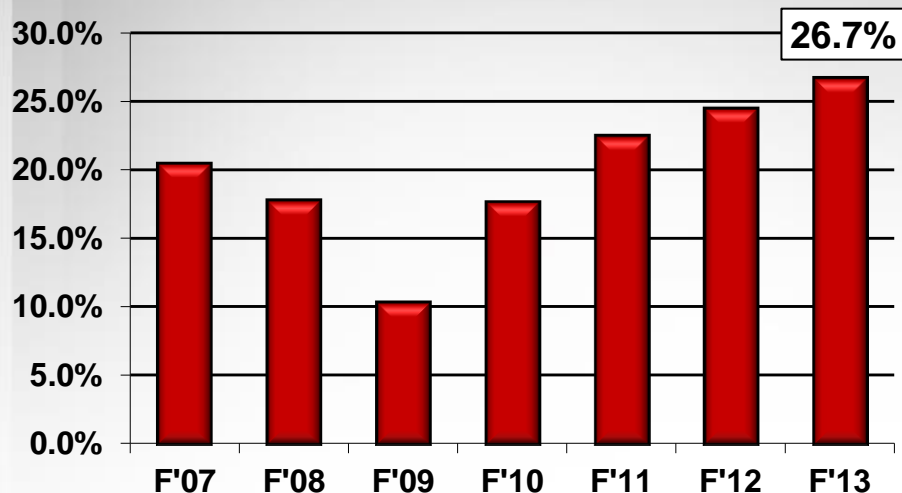
Average Price of Shares Purchased

\$22 \$27 \$20 \$17 \$25 \$28 \$36 \$46

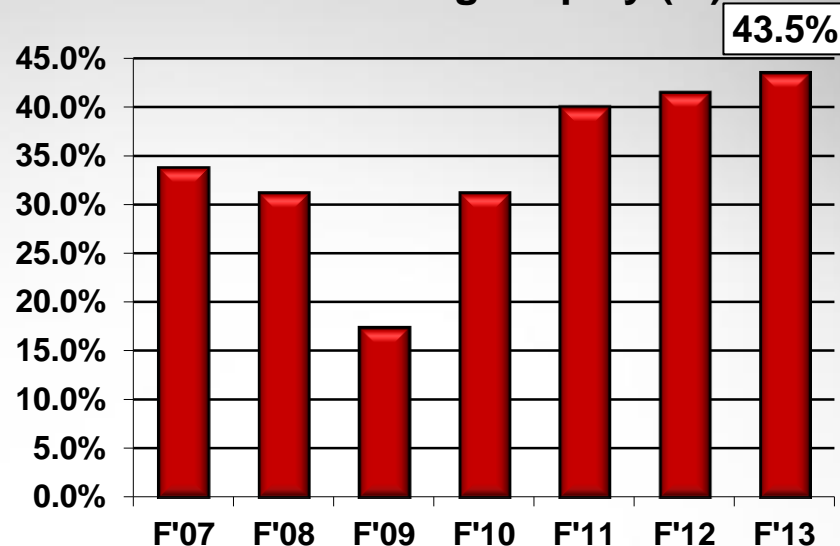
Key Performance Measures

Delivering Strong Returns

Return on Average Invested Capital (%)



Return on Average Equity (%)



Cash Flow

	F'07	F'08	F'09	F'10	F'11	F'12	F'13
Operating Activities Net Cash	\$183.6	\$215.7	\$251.5	\$193.5	\$113.9	\$185.8	\$221.9
Cap Ex	(\$42.2)	(\$48.9)	(\$37.9)	(\$48.7)	(\$57.4)	(\$43.2)	(\$49.4)
Free Cash Flow **	\$141.4	\$166.8	\$213.6	\$144.8	\$56.5	\$142.6	\$172.5

**Free Cash Flow = Reconciliation Shown Above



Non GAAP Measures

ROIC =

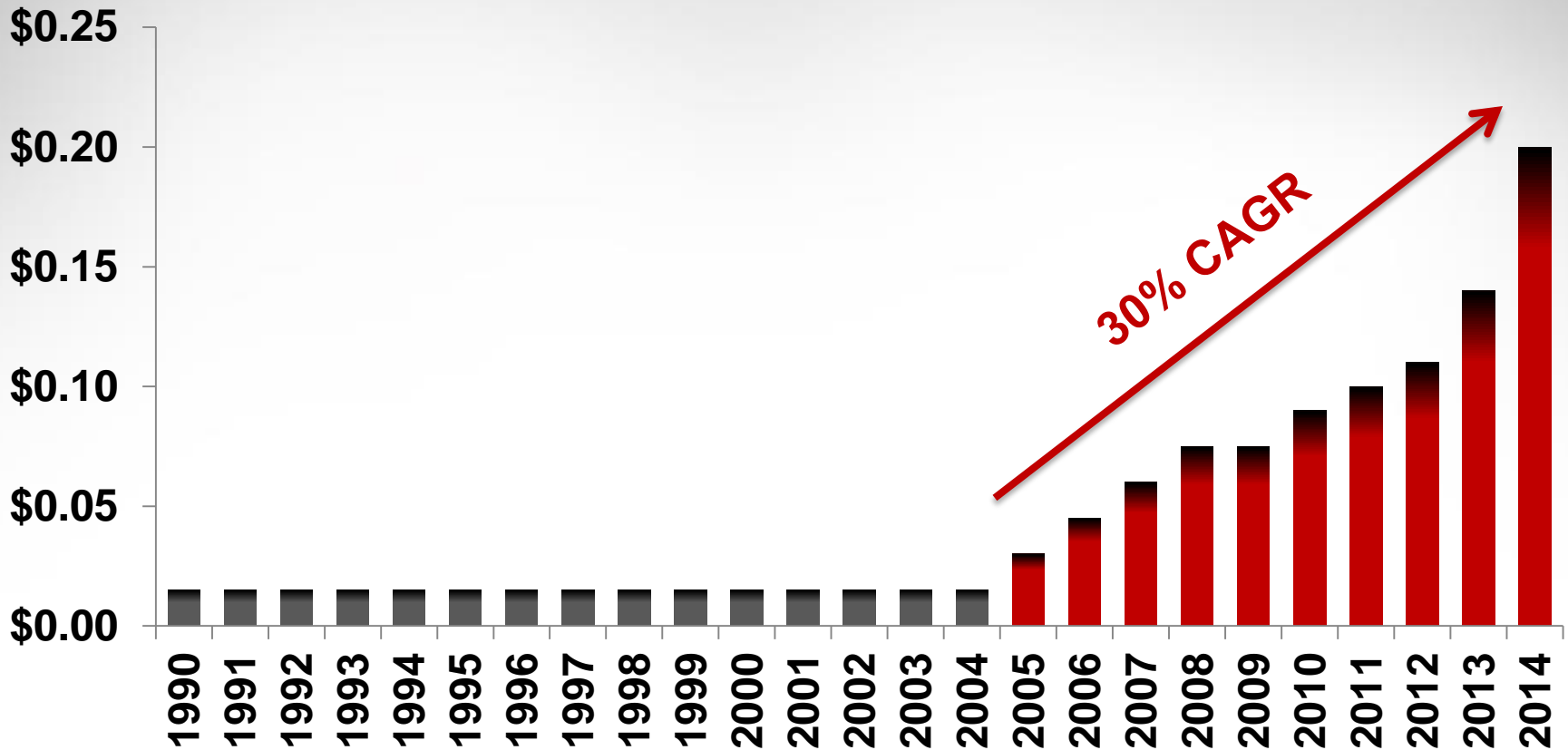
$$\frac{\text{Net Income}}{\text{Short-term debt} + \text{Long-term debt} + \text{equity}}$$

ROAE =

$$\frac{\text{Net Income}}{\text{Average total equity}}$$

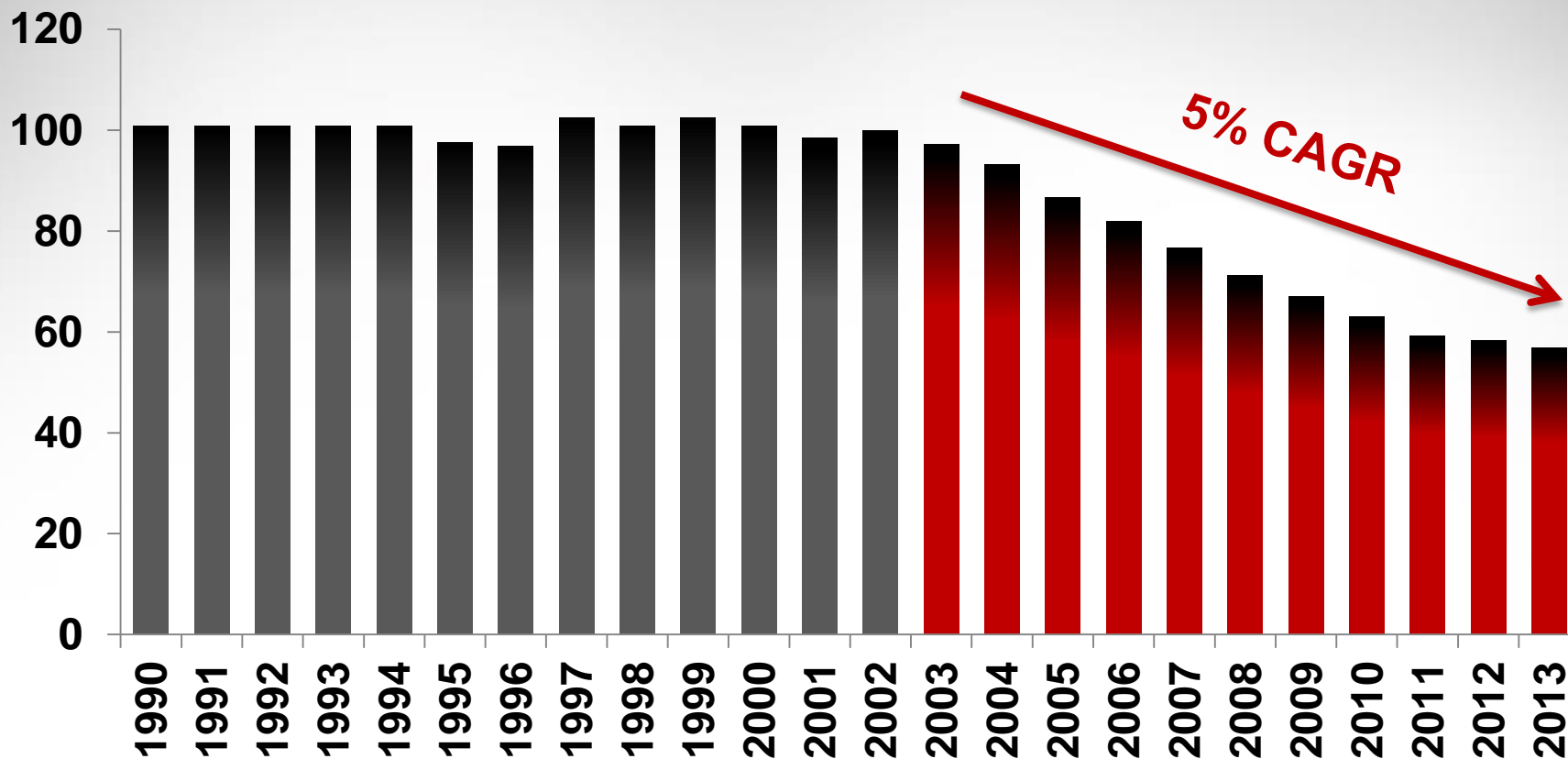
Increasing Dividends

Regular Quarterly Dividend
(Adjusted for Splits)



Consistent Share Repurchases

Shares Outstanding In Millions
(Adjusted for Splits)

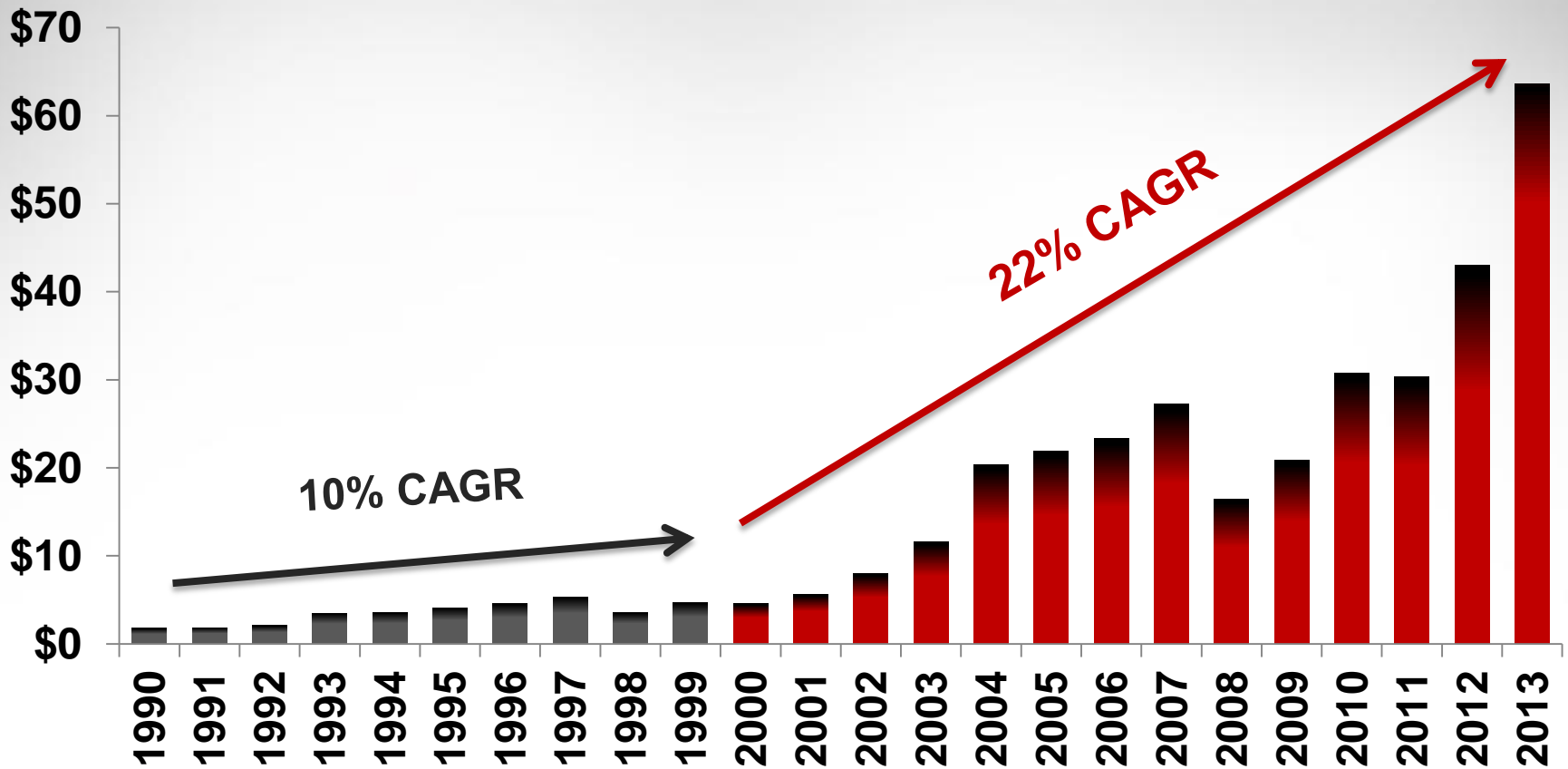


Increasing Shareholder Value

Stock Price Appreciation

TTC Stock Price

(Adjusted for Splits)



TORO.

Closing Stock Price—December 31, 2013

Summary

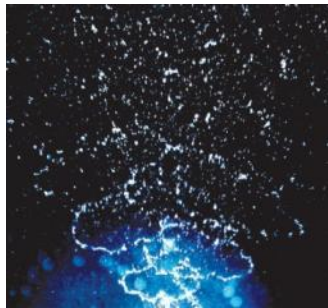
- **Building on a Solid Foundation**
 - A Century of Innovation, Relationships & Excellence
 - Enduring Company Culture & Effective Employee Initiatives
 - Demonstrated Recent Financial Improvement
- **Leveraging a High Value Business Model**
 - Diverse Portfolio with Strong Brands & Market Share
 - Solid Financial Returns & Strong Balance Sheet
 - Shareholder Value Created & Returned
- **Driving Growth and Profitability**
 - Top-Line Growth Potential Within and Beyond the Core
 - Market Share & Margin Expansion Opportunities
 - Disciplined Process & Financial Capacity for Strategic Acquisitions



Count on it.



Appendix



F'14 3Q & YTD Results

(Released August 21, 2014)

	<u>F'14 3Q</u>	<u>▲ from F'13 3Q</u>	<u>F'14 YTD</u>	<u>▲ from F'13 YTD</u>
Revenues	\$567.5M	11.3%	\$1.659B	6.0%
Operating Earnings (\$)	\$70.8M	22.7%	\$238.7M	9.8%
Operating Earnings (% of Revenues)	12.5%	120bps	13.6%	50bps
Gross Margin (% of Revenues)	35.6%	70bps	35.8%	(10)bps
SG&A (% of Revenues)	22.9%	(50)bps	22.0%	(50)bps
EPS	\$0.87	27.9%	\$2.82	11.5%

Guidance

(As of August 21, 2014)

F'14 FY

EPS:	About \$2.94 to \$2.96
Revenues:	Up About 6% From F'13
Gross Margin: (% of Revenues)	Improvement of Approximately 10 to 20 bps from F'13
SG&A: (% of Revenues)	Some Improvement Over F'13
Tax Rate:	About 32.5%
CapEx:	About \$65M to \$70M
Depreciation & Amortization:	About \$50M
FX:	Similar Drag to F'13
Other Income:	Down from F'13 (One-Time Benefit)
Dilutive Shares:	Reduction Similar To or Less Than F'13
Free Cash Flow:	About \$145M

F'15 FY

CapEx:	Similar to F'14
Depreciation & Amortization:	About \$55M

Earnings History

F'07—F'13

(\$ millions except EPS)	F'07	F'08*	F'09	F'10	F'11	F'12	F'13
Net Sales	\$1,877.0	\$1,878.0	\$1,523.4	\$1,690.4	\$1,884.0	\$1,958.7	\$2,041.4
Percent Growth	5.5%	0.1%	-18.9%	11.0%	11.5%	4.0%	4.2%
Gross Profit	\$678.4	\$652.7	\$511.0	\$576.4	\$636.6	\$673.1	\$724.8
% of Sales	36.1%	34.8%	33.5%	34.1%	33.8%	34.4%	35.5%
SG&A	\$454.7	\$454.3	\$395.8	\$425.1	\$452.2	\$467.5	\$494.1
% of Sales	24.2%	24.2%	26.0%	25.1%	24.0%	23.9%	24.2%
Operating Earnings	\$223.7	\$198.4	\$115.2	\$151.3	\$184.5	\$205.6	\$230.7
% of Sales	11.9%	10.6%	7.6%	9.0%	9.8%	10.5%	11.3%
Other (Inc)/Exp	-\$9.0	-\$2.2	\$1.8	\$7.1	\$7.3	\$7.6	\$12.3
Interest Expense	\$19.4	\$19.3	\$17.6	\$17.1	\$17.0	\$16.9	\$16.2
Pretax Earnings	\$213.2	\$181.3	\$95.8	\$141.3	\$174.8	\$196.3	\$226.7
% of Sales	11.4%	9.7%	6.3%	8.4%	9.3%	10.0%	11.1%
Net Earnings	\$142.4	\$119.7	\$62.8	\$93.2	\$117.7	\$129.5	\$154.8
% of Sales	7.6%	6.4%	4.1%	5.5%	6.2%	6.6%	7.6%
% Growth	24.8%	-15.9%	-47.5%	48.4%	26.3%	10.0%	19.5%
EPS	\$1.70	\$1.55	\$0.87	\$1.40	\$1.85	\$2.14	\$2.62
% Growth	-30.6%	-8.8%	-43.9%	60.9%	32.1%	15.7%	22.4%

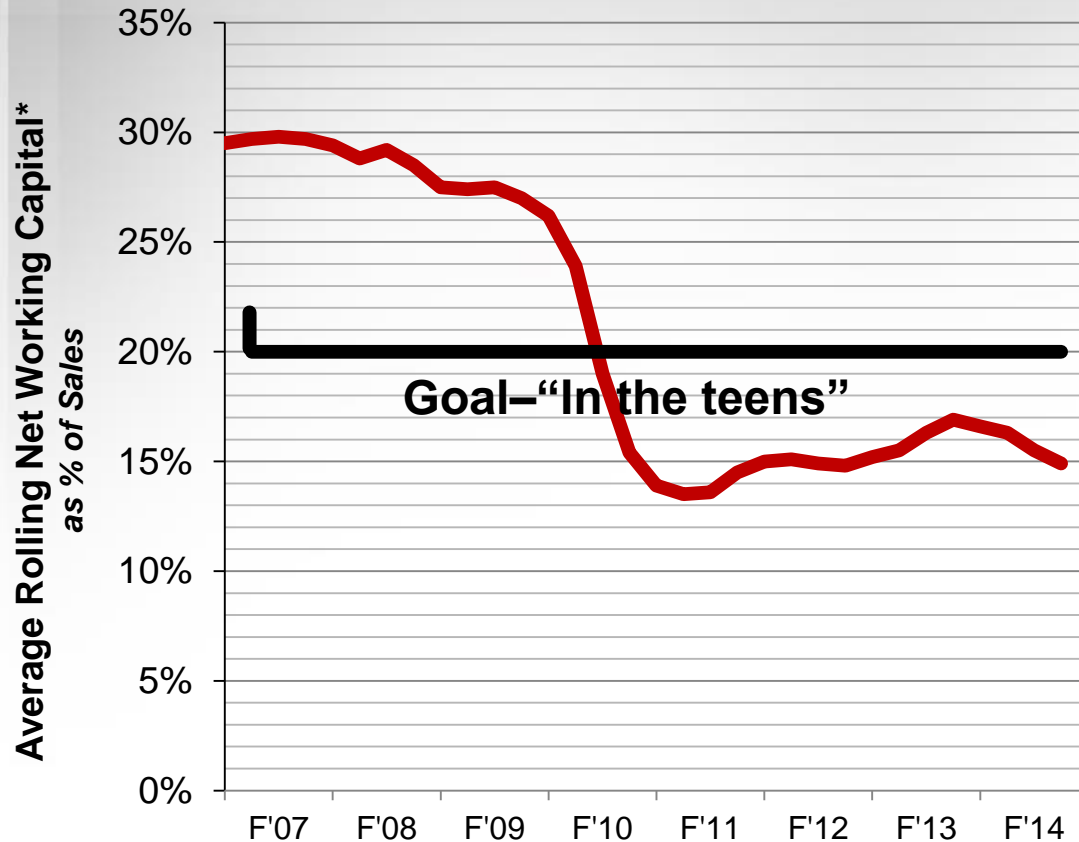
*Includes restructuring charges

FYE Balance Sheet

F'07—F'13

(\$ millions)	F'07	F'08	F'09	F'10	F'11	F'12	F'13
Cash	\$ 62.0	\$ 99.4	\$187.8	\$177.4	\$ 80.9	\$125.9	\$ 183.0
Accts Receivable	\$283.1	\$256.3	\$143.7	\$142.9	\$148.1	\$147.4	\$ 157.2
Inventory	\$251.3	\$207.1	\$176.3	\$194.4	\$223.0	\$251.1	\$ 240.1
Current Assets	\$664.9	\$643.9	\$582.2	\$585.0	\$532.9	\$612.1	\$ 653.3
Total Assets	\$950.8	\$932.3	\$872.7	\$885.6	\$870.7	\$935.2	\$1,002.7
Short-Term Debt	\$ 0.4	\$ 2.3	\$ 4.5	\$ 1.0	\$ 0.0	\$ 0.0	\$ 0.0
Total Curr Liabilities	\$341.5	\$324.5	\$316.8	\$368.3	\$359.1	\$378.1	\$ 388.8
Long-Term Debt	\$229.2	\$230.8	\$228.8	\$225.5	\$227.2	\$225.3	\$ 223.5
Equity	\$370.4	\$364.7	\$315.2	\$275.8	\$266.8	\$312.4	\$ 358.7
Total Debt/Capital	38.3%	39.0%	42.5%	45.1%	46.0%	41.9%	38.4%
Average Debt	\$266.0	\$290.2	\$243.2	\$228.6	\$227.3	\$231.5	\$ 223.8

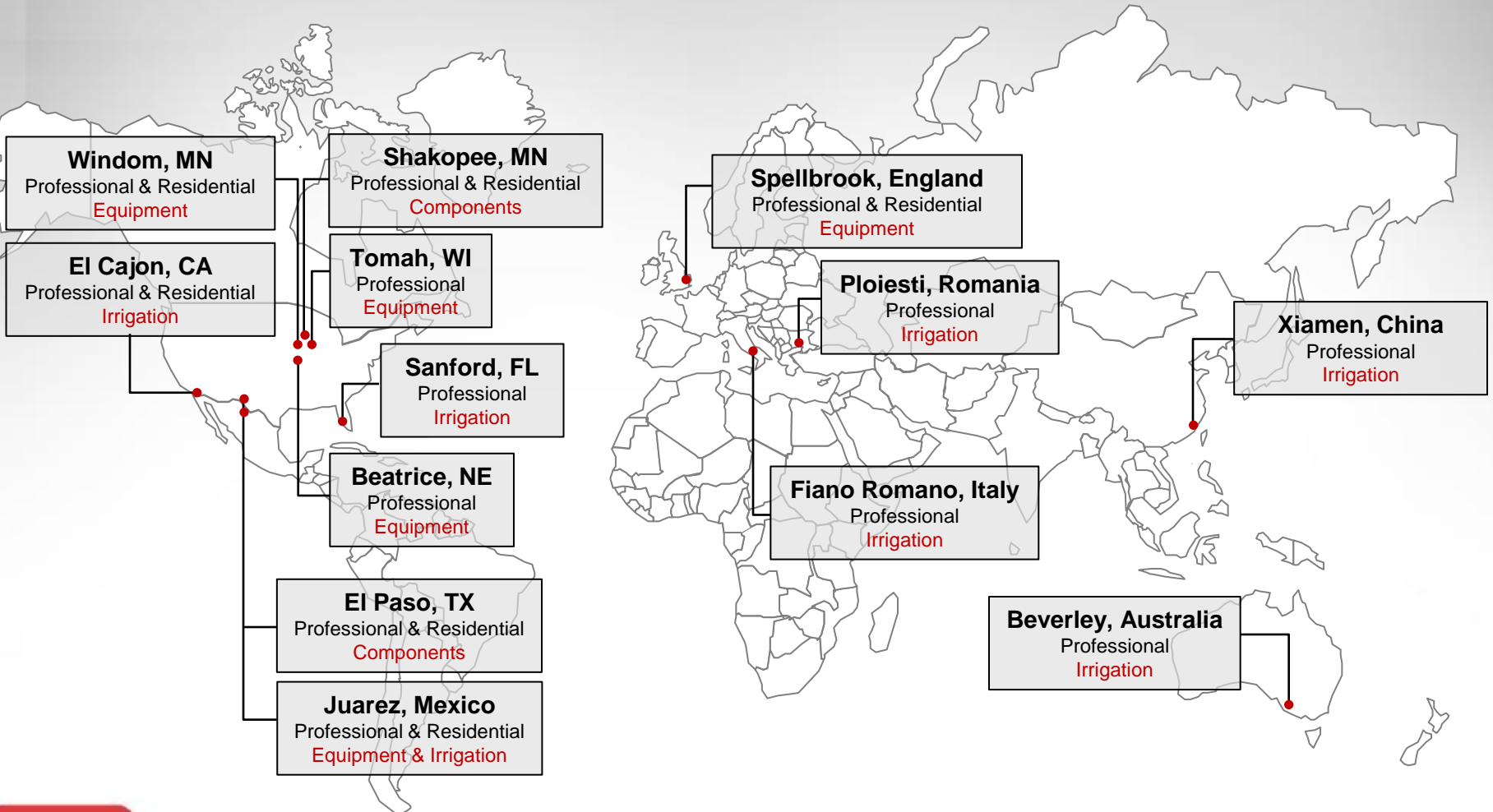
Working Capital Improvement



Highlights

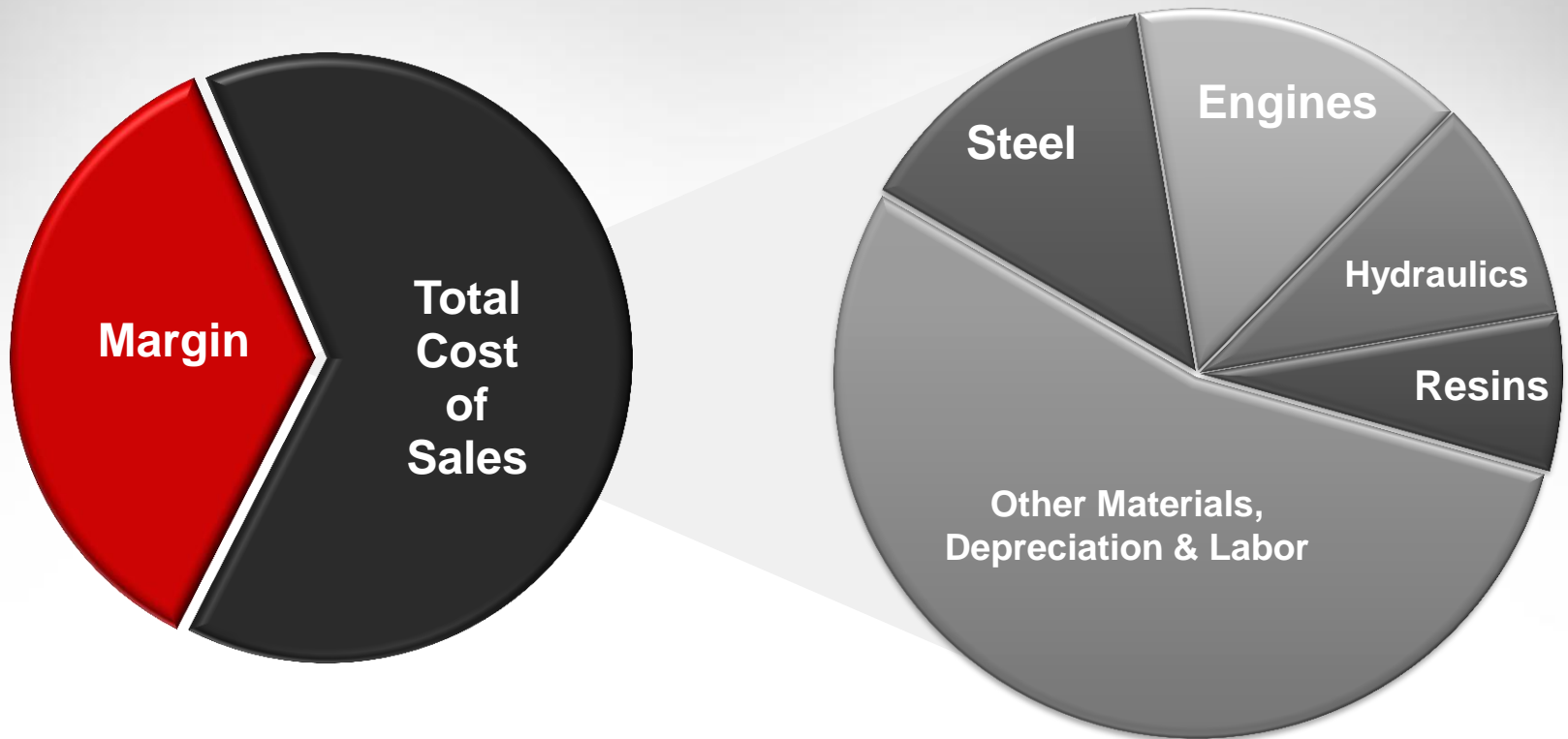
- Achieved long-term working capital management goal in F'10
- More than \$300M of average working capital freed up
 - A/R down over 50%
 - Inventory down over 30%
 - Payables up over 30%
- Contribution to strong cash flow & availability of capital for other uses
- Working capital goal to stay in mid-teens

Manufacturing Facilities



Material Costs

Major Components of Cost of Goods Sold



Cost Management Through Proactive Vendor Negotiations,
Alternative Sourcing Options & Internal Cost Reduction Efforts

Purpose & Brand Promise

Purpose

To help our customers
enrich the beauty, productivity
and sustainability of the land.

Brand Promise

“Toro is always there to help you care for your
landscapes the way you want, when you want, better
than anyone else.”

Pride in Excellence

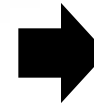
People Values

- **Respect & Trust**
- **Teamwork/
Partnership**
- **Empowerment**
- **Coaching**
- **Recognition**
- **Communication**



Performance Values

- **“Do What We Say We Will Do”**
- **Building Growth & Profitability**
- **Be Customer Driven With Urgency**
- **Embrace Risk & Opportunity**
- **Create & Leverage Innovation**
- **Continuously Improve**



Toro Vision

- **Purpose**
- **Value & Beliefs**
- **Mission**
- **Vivid Description**

Environmental & Giving

Environmental Principles

- Committed to the protection of the environment
- Part of our design & business strategy
- Go beyond just compliance
- Proactive design & raw material minimization
- Help customers answer environment challenges

Investment in Communities

- Toro Foundation gives 2% of domestic pretax income to communities where we do business
- Believe that healthy communities are good for business
- Focus on environment, turf enhancement
- Support education & community initiatives



Count on it.





TORO

Toro Innovation in Ag Micro Irrigation



Competitor



Differences that matter to growers...

↑ Yield

↓ Water
↓ Energy
↓ Product Failure

↓ Disease
↓ Fertilizer