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COMPANY OVERVIEW

Kohler Co. (Kohler or 'the company') is engaged in the manufacturing of plumbing equipment, furniture and accessories, cabinet and tiles, engines, and generators. It also operates in the hospitality and real estate businesses. The company primarily operates in the US, where it is headquartered in Kohler, Wisconsin.

Kohler Co. is a private company and is not obliged to release its annual report. Therefore, its revenues are not available.

KEY FACTS

| Head Office | Kohler Co.  
|            | 444 Highland Drive  
|            | Kohler  
|            | Wisconsin  
|            | Michigan  
|            | USA  
| Phone      | 1 920 457 4441  
| Fax        | 1 920 459 1826  
| Web Address | www.kohler.com  
| Revenue / turnover () |  
| Financial Year End | December  
| Employees | 34,000  
| Ticker |  

BUSINESS DESCRIPTION

Kohler Co. (Kohler or 'the company') is a US-based privately held company with worldwide presence. Its products and services include plumbing fixtures, furniture, tile and stone, and primary and backup power systems. The company also conducts business in the hospitality and real estate segment. The company has more than 52 manufacturing locations worldwide.

Kohler's operations span across four business groups: kitchen and bath, interiors, global power, hospitality and real estate.

The Kohler kitchen and bath group several businesses involved in manufacture of plumbing products and cabinetry supplying products utilized in kitchen and bathrooms. The customers for these products are from all the sectors, residential, commercial and industrial. The group has manufacturing units in 11 countries around the world. Kitchen and bath products have a large portfolio of brands built over time through internal development and acquisitions in various countries.

Interior group caters to the home improvement market and the customers primarily belong to the household sector. This group over the time acquired several companies to build the product and brand portfolio. Interior group's has six manufacturing units located in the US and two in Indonesia. The group conducts both, manufacturing and retail operations.

Global power group encompasses the manufacturing of engines, generators and also offers rental power. Within the group, the engine division manufactures the engines and supplies them to equipment manufacturers and small engines for industries like transportation, agriculture, marine and light-construction industries. Its power systems division is involved in the manufacturing of residential and industrial generators, generator set maintenance services and also manufactures electrical control panels and automation consoles. Apart from this, rental power offers temporary power, climate control and luxury restrooms to the industrial, commercial, disaster recovery and event markets throughout the US.

The hospitality and real estate group operates resorts such as Destination Kohler, home to the American club, and another resort in Wisconsin. The company also owns Old Course Hotel Golf Resort and Spa in Scotland. Kohler also owns and operates village realty and development, which guides the orderly development of land within the village of Kohler.
HISTORY

Kohler Co. (Kohler or 'the company') was established as Kohler & Silberzahn in 1873, when John Michael Kohler purchased the Sheboygan Union Iron and Steel Foundry. Initially, the firm produced cast iron and steel implements for farmers in the area, castings for the city's furniture factories, and ornamental iron pieces that included hitching posts, cemetery crosses, urns, and settees.

The company introduced enameled plumbing fixtures in the rebuilt factory in 1883.

The company was reorganized under the name J. M. Kohler Sons Company in 1901.

In 1941, the company was awarded a plumbing contract to provide plumbing services for the Parkchester residential development.

In 1958, Kohler opened a new manufacturing plant at Spartanburg in South Carolina, and produced vitreous china and fiberglass reinforced plastic products.

In 1975, the company opened another plant at Brownwood, Texas.


Kohler expanded its operations by buying Baker, Knapp & Tubbs (1986); and Jacob Delafon (1986). The company also established an overseas subsidiary, Kohler Japan in 1986.

Kohler's operations in Europe grew through its acquisitions of Sanijura (bathroom furniture, France) in 1993.

Kohler's operations in Europe grew through its acquisitions of Osio (enamel baths, Italy) in 1994.

Kohler acquired Robern (mirrored cabinets) in 1995.

Kohler's operations in Europe grew through its acquisitions of Holdiam (baths, whirlpools, and sinks, France) in 1995.

The company entered the Chinese plumbing market through four joint ventures in 1996 and 1997.

Kohler acquired Canac (cabinets, Canada) in 1996.

Kohler acquired the Old Course Hotel Golf Resort and Spa in St. Andrews, Scotland, along with Golf Resorts International in 2004. With this purchase, Kohler owned the Old Course Hotel, the nearby Dukes Golf Course, as well as the spa and two full-service restaurants located within the hotel.

Kohler Mira acquired Daryl Industries, a shower enclosure manufacturer based in the UK. Also in 2005, Kohler's global power segment acquired a French generator manufacturer, SDMO Industries.
The McGuire Furniture Company opened McGuire New York, the company’s new East Coast flagship showcasing its luxury furniture, lighting, textiles and accessories in 2005.

Kohler Power Systems’ launched its EPA Tier 2 compliant diesel generators include KOHLER models of EOZD (60 Hz) and EFOZD (50 Hz) diesel generators with the capacities ranging from 30kW (kilo watt) to 180kW, later in the same year.

Baker Furniture, a subsidiary of Kohler, closed its warehouse distribution and corporate offices in Grand Rapids, in 2006.

Kohler chose Collicutt Energy Services as its residential and mobile distributor for Northern California, parts of Southern California and parts of Nevada. In addition, Kohler forged a joint venture with YinXiang of China to develop, manufacture market and distribute gasoline engines.

Kohler global power segment purchased Lombardini Srl from Mark IV Luxembourg, a subsidiary of Mark IV Industries, during 2007.

The company also appointed its engine distributors in countries such as Austria, Bulgaria, Croatia, Slovenia, and Bosnia. McGuire Furniture, a subsidiary of Kohler, introduced new outdoor designs by Orlando Diaz-Azcuy that includes a contemporary seating and tables for outdoor use, in 2007.

In 2007, Kohler introduced gasoline marine generators including the 13 and 15EGZ models, equipped with a 1.6-liter, 4-cylinder, single-overhead cam, port- injected engine (rated at 1800 rpm).

In 2008, the company acquired Mark David, an upscale provider of sourced case goods and upholstered seating to the hospitality industry. The acquisition provided a strong complement to Kohler’s existing portfolio of home fashion brands. In the same year, Kohler’s Global Power Group acquired Uninterruptible Power Supplies (UPSL), a provider of UPS (uninterruptible power supply) system and service for the UK, from management and from Barclays Ventures. The acquisition was to expand its Global Power Group business.

The company later, set up a production facility in Gujarat, India to produce toilets, lavatories, faucets, bathtubs, whirlpools, showers, and others bath products; and the plant started operating in 2009.

Kohler was awarded Silver LEED Status from the US Green Building Council for its work to transform the company’s Environmental, Health and Safety building into a more environmentally efficient structure.

In 2009, the company launched new modular kitchen products in India to further expand its product offerings in the country.

Kohler, in cooperation with the US Consumer Product Safety Commission (CPSC), voluntarily recalled six individual KOHLER and STERLING brand bath door units.

In 2010, the company received inaugural excellence award From EPA WaterSense program for strategic collaboration.
Kohler and United Auto Workers Local 833 reached an agreement on a new five-year labor contract that covers approximately 2,300 union associates, both active and on layoff, at the company's Kohler and Mosel manufacturing locations in Wisconsin, in 2010.

In 2011, the company voluntarily recalled few units of Kohler Purist, Pinstripe, Finial glass shower doors due to laceration hazard.

Kohler entered into a partnership with Homes for Our Troops, a national non-profit organization that builds specially adapted homes for severely injured veterans, during 2012.

In June 2015, Kohler announced a partnership with Whirlpool Corporation for a research project to identify ways to achieve net-zero water in the home.
# KEY EMPLOYEES

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<thead>
<tr>
<th>Name</th>
<th>Job Title</th>
<th>Board</th>
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<tbody>
<tr>
<td>David Kohler</td>
<td>President and Chief Executive Officer</td>
<td>Executive Board</td>
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<tr>
<td>Herbert V. Kohler, Jr.</td>
<td>Executive Chairman</td>
<td>Executive Board</td>
</tr>
<tr>
<td>Rob Zimmerman</td>
<td>Senior Channel Manager, Sustainability</td>
<td>Senior Management</td>
</tr>
<tr>
<td>Jeffrey P. Cheney</td>
<td>Chief Financial Officer-Chief Financial Officer and Vice President</td>
<td>Senior Management</td>
</tr>
<tr>
<td>Thomas G. Cromwell</td>
<td>President-Group President, Worldwide Power Operations</td>
<td>Senior Management</td>
</tr>
<tr>
<td>Richard J. Fotsch</td>
<td>President-President, Global Power Group</td>
<td>Senior Management</td>
</tr>
</tbody>
</table>
KEY EMPLOYEE BIOGRAPHIES

David Kohler

Board: Executive Board
Job Title: President and Chief Executive Officer
Since: 2009

Mr. Kohler has been the President and Chief Executive Officer of Kohler Co. (Kohler or 'the company') since 2009. He previously served as the President and Chief Operating Officer of the company from 2009 until 2015. Mr. Kohler began his work in the company on summer jobs in 1983 and 1985 as a Stable Helper and as a Caster at Wellworth bowls, graduating from Duke in 1988, coming back to the company for two years as Planning Analyst and a stint as a Foreman in the Iron Foundry. Mr. Kohler was elected to the Kohler Board of Directors in 1999 and it’s Executive Committee in 2007. He is the past Chairman of the National Kitchen and Bath Association's Board of Governors of Manufacturing.

Herbert V. Kohler, Jr.

Board: Executive Board
Job Title: Executive Chairman
Since: 2015

Mr. Kohler, Jr., has been the Executive Chairman of Kohler since 2015. Prior to this, he served as the Chief Executive Officer of the company since 1972.
MAJOR PRODUCTS & SERVICES

Kohler Co. (Kohler or 'the company') specializes in the manufacturing of plumbing equipments and is also engaged in manufacturing furniture and accessories, cabinet and tiles, engines and generators. It is also indulged in hospitality and real estate businesses. The company's key products, service and brands include the following:

Kitchen and bath segment:

Air baths
Baths
Bidets
Decorated products
Faucets
Fixtures
Flushometers
Furniture and mirrored cabinets
Showers
Sinks
Spa products
Toilet seats
Toilets

Global power segment:

Auxiliary power units
Diesel generators
Gas generators
Generator controls
Paralleling switchgear
Power accessories
Residential generators
Temperature controls
Transfer switches

Interior segment:

Beds
Cabinets
Chairs
Chests
Desks
Lighting products
Mirrors
Sofas
Kohler Co.
Major Products & Services

Tables

Accommodation and leisure resort

Ann Sacks
Baker
Devonshire
Kohler
Robern
Sterling
WaterTile
REVENUE ANALYSIS

Overview

Kohler Co. is a private company and is not obliged to release its annual report. Therefore, a revenue analysis is not available.
 SWOT ANALYSIS

Kohler Co. (Kohler or 'the company') is engaged in the manufacturing of plumbing equipments, furniture and accessories, cabinet and tiles, engines and generators. It is also indulged in hospitality and real estate businesses. It is a large company with presence in 50 countries across the world, which enabled a large customer base and diversified revenue streams. However, increasing competition with stringent environmental regulations would negatively impact Kohler's market share and margins.

**Strength**

- Large company with wide geographical footprint
- Global manufacturing base
- Diverse businesses and large product portfolio

**Weakness**

- Lack of scale as compared to peers
- Product recalls tarnishing brand image

**Opportunity**

- Positive outlook for online retailing in the US
- Increasing demand for efficient plumbing fixtures in the US

**Threat**

- Intense competition in small engines market
- Decline in the growth rate of global real estate management and development industry

**Strength**

Large company with wide geographical footprint

Kohler has expanded to create a large company with presence across many countries. It regularly features among the Forbes 400 companies; Forbes billionaires companies; and among the largest private companies on Forbes list. In addition, Kohler has presence in 52 locations outside of the US in various countries like France, Italy, the UK, and several Asia-Pacific regions as well. It has more than 50 manufacturing locations worldwide and more than 34,000 associates working on six continents. Large geographical presence reduces the business risk as the company is not singularly exposed to vagaries of specific economies. Furthermore, the company is addressing large global consumer base to enhance revenues and being a large company proves advantageous while establishing presence in new markets.

Global manufacturing base

Kohler has presence in several geographies and to complement its operations the company established a strong manufacturing and supplier base. It has more than 50 manufacturing locations across the world. The kitchen and bath group has manufacturing facilities in the US, Canada, Mexico, the UK, France, Spain, Egypt, Morocco, China, Thailand and New Zealand. In most of these places it has more than one manufacturing unit. Its interiors group has manufacturing facility in Indonesia apart from the US and power business has manufacturing facilities in seven locations outside of the US. Having such a large manufacturing base across regions facilitates smooth functioning of operations without interruptions. In addition, the presence in several low cost countries leads to cost efficient products as well while gaining
Diverse businesses and large product portfolio

Kohler has presence in several diversified businesses and has built a strong product portfolio in each of its businesses. The company's businesses include kitchen and bath supplies, interiors, power equipments and solutions and hospitality and real estate services. Across each of these categories Kohler offers exhaustive products and services. These include design oriented as well as utility oriented products thus serving different customer profiles. The company's presence in several businesses leads to a large customer base and the customers are from diverse sectors like household, industrial, etc. Large product portfolios provide a seamless shopping experience which increases average customer spending.

Weakness

Lack of scale as compared to peers

The company is small in size compared to its competitors. Many of its competitors, such as Masco and American Standard Companies are larger and enjoy a competitive advantage in accessing financial, technical and human resources. For instance, Masco is a large Fortune 500 company. In addition, these competitors will be able to absorb raw material price hikes better than Kohler, which has relatively a lower scale of operations. The company's small scale of operations compared to its peers would weaken the market position of the company and will be a competitive disadvantage.

Product recalls tarnishing brand image

In July 2011, the company voluntarily recalled few units of Kohler Purist, Pinstripe, Finial glass shower doors due to laceration hazard. In addition, Kohler in cooperation with the US Consumer Product Safety Commission (CPSC) voluntary recalled six individual KOHLER and STERLING brand bath door units in October 2010. The bath doors were withdrawn as may not have been properly tempered during manufacturing and may cause injury if broken. The recalled bath doors include the KOHLER Fluence frameless by-pass bath door and the STERLING Finesse Frameless by-pass bath door models, manufactured in August 2010. Product recalls affect the brand image and consumer perception of Kohler's product quality.

Opportunity

Positive outlook for online retailing in the US

The online retail sales are growing at a faster rate globally. According to the US Department of Commerce, online retail sales (adjusted for seasonal variation) in the US increased from $169.3 billion in 2010 to $297.3 billion in 2014, representing a compound annual growth rate (CAGR) of 15.1%. E-commerce sales increased 14.4% in 2014 over 2013. Total e-commerce sales for 2015 were estimated at $341.7 billion, an increase of 14.6% (±0.9%) from 2014. Total retail sales in 2015 increased 1.4% (±0.4%) from 2014. E-commerce sales in 2015 accounted for 7.3% of total sales. E-commerce sales in 2014
accounted for 6.4% of total sales. The company operates online stores which enable online sales in the kitchen and bath segment. Online channel facilitates increase in customer base by addressing larger audience and meeting the requirements of different customer profiles. In addition, the company can enhance its top line and competitiveness by pro-actively strengthening its presence in online retailing, which is experiencing high growth.

Increasing demand for efficient plumbing fixtures in the US

The US has been experiencing increased green home building trend which is driving the demand for efficient and water conserving plumbing fixtures. The global green building market witnessed a healthy growth of 12.8% in 2014. The global green building materials market size is expected to exceed $364 billion by 2022. Green buildings are increasingly mandated by municipalities, states and federal governments in the US. Water-efficient plumbing fixtures are high on the list of most used green building features. Kohler is continuously focusing on the innovation and technology to launch new efficient plumbing fixtures. Furthermore, the home building industry is slowing down while the green building industry to a large extent was able to sustain the housing market slump. The company can efficiently tap this niche market and enhance revenues and to weather shrinking demand.

Threat

Intense competition in small engines market

The company faces stiff competition from rivals, such as American Standard and Masco Corporation in the small engines market. Japanese companies, such as Honda and Kawasaki also compete with the company. Kohler's small-engine industry faces its next threat from China, which has many small-engine manufacturers and a substantially lower cost base. Besides foreign competition, tougher environmental regulations are driving changes in small-engine companies. The increasing competition with stringent environmental regulations would negatively impact Kohler's market share and margins.

Decline in the growth rate of global real estate management and development industry

The real estate management and development industry has not been showing any significant increase over the years. According to MarketLine, the global real estate management and development industry shrank by 0.1% in 2014 to reach a value of $473.7 billion. In 2017, the global real estate management and development industry is forecast to have a value of $477 billion, representing a mere 0.7% increase since 2014. The US accounts for 40.4% of the global real estate management and development industry value. The company generates large part of its revenue from the US market. Any decrease in the global real estate management and development industry would impact the company's business adversely.
TOP COMPETITORS

The following companies are the major competitors of Kohler Co.

Briggs & Stratton Corporation
Elkay Manufacturing Company
Masco Corporation
Moen Incorporated
Starwood Hotels & Resorts Worldwide, Inc. (Inactive)
TOTO LTD.
COMPANY VIEW

Kohler Co. is a private company and has not released its annual report. Therefore, the company view is not available.
## LOCATIONS AND SUBSIDIARIES

### Head Office

Kohler Co.
444 Highland Drive
Kohler
Wisconsin
Michigan
USA
Phone: 1 920 457 4441
Fax: 1 920 459 1826
www.kohler.com

### Other Locations and Subsidiaries

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<th>Name</th>
<th>Address</th>
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<tbody>
<tr>
<td>Ann Sacks</td>
<td>8120 NE 33rd Dr. Portland Oregon USA</td>
<td></td>
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<td><a href="http://www.annsacks.com">www.annsacks.com</a></td>
</tr>
<tr>
<td>Chongqing Kohler Yinxiang Co. Ltd.</td>
<td>No. 8 Science and technology industrial park,</td>
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<td>Yubel District Chongqing CHN</td>
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<tr>
<td>KOHLER de Mexico</td>
<td>Norte 45 836 Col. Industrial Vallejo Azcapotzalco MEX</td>
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<td><a href="http://www.kohlermexico.com.mx">www.kohlermexico.com.mx</a></td>
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<tr>
<td>Dapha, Ltd.</td>
<td>109 Lane Avenue High Point North Carolina USA</td>
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<tr>
<td>KOHLER Industrial Castings</td>
<td>444 Highland Drive Mailstop 055 Kohler Wisconsin 53044 USA</td>
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<td>KOHLER Plumbing</td>
<td>444 Highland Drive Kohler Wisconsin 53044 USA</td>
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<td>Kohler Power Systems</td>
<td>N7650 CTH LS Kohler Wisconsin USA</td>
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<tr>
<td>KOHLER Power Systems</td>
<td>- EMEA Headquarters 3 rue de Brennus 93631 La Plaine Saint Denis FRA</td>
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<td>Phone: 33 1 4917 8300</td>
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<tr>
<td>McGuire Furniture</td>
<td>The American Club Resort</td>
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<td>1201 Bryant Street</td>
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