Watsco Inc.

WSO

NYSE; shops; SIC 5070, Wholesale-Hardware & Plumbing & Heating Equipment & Supplies; CIK 0000105016

A

strongest fifth of 256 graded peers in shops

rank 27 of 256; percentile 10.4; sampling error 2.9 points; lower is stronger

A B C D E

A, the bull



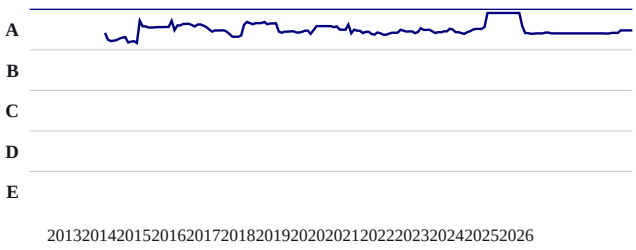
Scoreboard	
Profitability	B/C percentile 42.3
Solvency	A percentile 11.5
Growth and financing	C percentile 47.3
Reliability	0.94 AUC filers with over $2.67B assets; 95% interval 0.88 to 0.97; 61 events, 2020 to 2025
Peer failure rate	0.52% a year Item 1.03 bankruptcies, same asset band, 2012 to 2025
Size band	over $2.67B assets total assets $4.4B
Standard universe	inside revenue above $1M and assets above $10M
Warnings	none triggered; fortress balance sheet not computable: dilution, distress
Inputs computable	10 of 14
Graded from	filings received through Feb 27, 2026 246 days before the rescan; latest periodic filing 10-Q received Aug 7, 2026
Last close	$303.71 2026-10-30; market equity $0; no price enters the letter

Share price, twelve months to the rescan



Split-adjusted close. Each lollipop is a rescan and carries the letter held then.

Letter at every rescan, 2012 to 2026



Sector percentile at each rescan, stronger toward the top; facts filed by each date only.

Business, in the company's words

opening of Item 1 of the 10-K received Feb 27, 2026

Watsco, Inc. and its subsidiaries (collectively, "Watsco," the "Company", or "we," "us," or "our") was incorporated in Florida in 1956 and is the largest distributor of air conditioning, heating and refrigeration equipment and related parts and supplies ("HVAC/R") in the HVAC/R distribution industry in North America. At December 31, 2025, we operated from 695 locations in 43 U.S. States, Canada, Mexico and Puerto Rico with additional market coverage on an export basis to portions of Latin America and the Caribbean, through which we serve more than 130,000 active contractors that service the replacement and new construction markets.

The fourteen inputs

lower percentile is stronger; sleeves and inputs within a sleeve carry equal weight

Input	Value	Peer median	Percentile, 0 to 100	Pct	Peers	Period end
Profitability, sleeve percentile 42.3						
Gross profitability	46.0%	42.0%		43.3	240	2025-12-31
Return on invested capital	22.2%	10.9%		23.5	84	2025-12-31
Accruals ratio	(1.6%)	(4.8%)		81.5	285	2025-12-31

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Gross margin stability, five years	0.6 pts	1.2 pts		21.0	218	2025-12-31
Solvency, sleeve percentile 11.5						
Twelve-month failure probability	not computable	0.04%				
firm-wide XBRL shares cannot be assigned to one ticker class						
Altman Z double-prime	not computable	1.93				
one or more required annual facts are missing						
Net debt to EBITDA	(0.09x)	1.84x		15.7	100	2025-12-31
Interest coverage	not computable	2.28x				
latest aligned inputs end 2015-12-31; latest annual assets end 2025-12-31						
Current ratio	4.12x	1.38x		7.4	293	2025-12-31
Growth and financing, sleeve percentile 47.3						
Revenue growth, three-year compound	(0.2%)	1.6%		57.7	267	2025-12-31
Free cash flow growth, three-year compound	(0.08%)	5.2%		62.9	148	2025-12-31
Reinvestment rate	22.9%	8.4%		42.1	152	2025-12-31
Asset growth, three years	8.2%	3.4%		26.6	270	2025-12-31
Net share issuance, one year	not computable	(0.6%)				
firm-wide XBRL shares cannot be assigned to one ticker class						

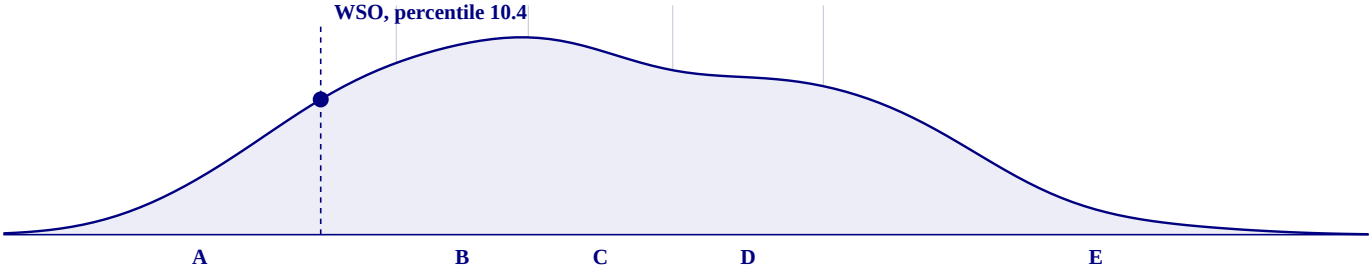
Warnings

1 of 7 checks triggered; none of them enters the letter

Check	Measured
Fortress balance sheet	cash minus debt is 71,648,000 USD; Altman Z is not used

Among 256 peers

shops; letters are fifths of this list



Composite score of every graded peer, smoothed; vertical rules are the letter band edges; stronger to the left.

Rank	Company	Percentile	Letter	Warnings
22	Best BUY Co. Inc. (BBY)	8.2	A	fortress balance sheet
23	QXO, Inc. (QXO)	8.8	A	
24	QXO, Inc. (QXO-PB)	8.8	A	
25	FirstCash Holdings, Inc. (FCFS)	9.4	A	
26	Ulta Beauty, Inc. (ULTA)	9.8	A	
27	Watsco Inc. (WSO)	10.4	A	fortress balance sheet
28	Watsco Inc. (WSO-B)	10.4	A	fortress balance sheet
29	Dutch Bros Inc. (BROS)	11.0	A	fortress balance sheet
30	Eplus Inc. (PLUS)	11.4	A	fortress balance sheet
31	Lovesac Co. (LOVE)	11.8	A	fortress balance sheet
32	Ollie's Bargain Outlet Holdings, Inc. (OLLI)	12.2	A	fortress balance sheet

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What the price implies

at the 2026-10-30 close; none of these enters the grade

Measure	Value	Peer median	Percentile
Twelve-month price change, skipping the latest month	(20.8%)	0.7%	28
Distance from 52-week high	(33.6%)	(20.3%)	31
EBIT to enterprise value	not computable	5.2%	
Free cash flow yield	not computable	3.9%	
Book value to price	not computable	0.35	
Sales to price	not computable	1.59	
Composite equity issuance, five years	not computable	(16.8%)	
Relative strength against the sector, log excess return	(0.21)	0.03	28

Diagnostics

shown on every report; none enters the grade

Measure	Value
Piotroski F-score None of 9, period end 2025-12-31	
Return on assets above zero	pass
Operating cash flow above zero	pass
Return on assets improved	fail
Operating cash flow exceeds net income	pass
Long-term leverage fell	pass
Current ratio improved	pass
No new shares issued	fail
Gross margin improved	pass
Asset turnover improved	fail
Cash, filings, liquidity	
Cash and equivalents	$364.2M
Operating cash flow, four quarters	$733.3M
Months of runway	not finite
Days since last periodic filing	85 (10-Q received Aug 7, 2026)
Median daily dollar volume, 63 sessions	$150.4M

Sources

every fact behind the inputs; each row links to its filing index on sec.gov

#	Concept	XBRL tag	Value	Period end	Received	Form	Accession
1	gross profit	us-gaap:GrossProfit	$2.0B	2025-12-31	2026-02-27	10-K	26-082486
2	assets	us-gaap:Assets	$4.4B	2025-12-31	2026-02-27	10-K	26-082486
3	operating income	us-gaap:OperatingIncomeLoss	$720.3M	2025-12-31	2026-02-27	10-K	26-082486
4	pretax income	us-gaap:IncomeLossFromContinuingOperationsBeforeInc...	$737.7M	2025-12-31	2026-02-27	10-K	26-082486
5	income tax	us-gaap:IncomeTaxExpenseBenefit	$150.1M	2025-12-31	2026-02-27	10-K	26-082486
6	total debt	us-gaap:LongTermDebtAndCapitalLeaseObligations	$361.6M	2025-12-31	2026-02-27	10-K	26-082486
7	book equity	us-gaap:StockholdersEquity	$2.8B	2025-12-31	2026-02-27	10-K	26-082486
8	cash	us-gaap:CashAndCashEquivalentsAtCarryingValue	$433.3M	2025-12-31	2026-02-27	10-K	26-082486
9	total debt	us-gaap:LongTermDebtAndCapitalLeaseObligations	$337.2M	2024-12-31	2026-02-27	10-K	26-082486
10	book equity	us-gaap:StockholdersEquity	$2.7B	2024-12-31	2026-02-27	10-K	26-082486
11	cash	us-gaap:CashAndCashEquivalentsAtCarryingValue	$526.3M	2024-12-31	2026-02-27	10-K	26-082486
12	net income	us-gaap:NetIncomeLoss	$497.0M	2025-12-31	2026-02-27	10-K	26-082486
13	operating cash flow	us-gaap:NetCashProvidedByUsedInOperatingActivities	$569.6M	2025-12-31	2026-02-27	10-K	26-082486
14	assets	us-gaap:Assets	$4.5B	2024-12-31	2026-02-27	10-K	26-082486
15	revenue	us-gaap:Revenues	$7.2B	2025-12-31	2026-02-27	10-K	26-082486
16	gross profit	us-gaap:GrossProfit	$2.0B	2024-12-31	2026-02-27	10-K	26-082486
17	revenue	us-gaap:Revenues	$7.6B	2024-12-31	2026-02-27	10-K	26-082486
18	gross profit	us-gaap:GrossProfit	$2.0B	2023-12-31	2026-02-27	10-K	26-082486

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19	revenue	us-gaap:Revenues	$7.3B	2023-12-31	2026-02-27	10-K	26-082486
20	gross profit	us-gaap:GrossProfit	$2.0B	2022-12-31	2025-02-28	10-K	25-041730
21	revenue	us-gaap:Revenues	$7.3B	2022-12-31	2025-02-28	10-K	25-041730
22	gross profit	us-gaap:GrossProfit	$1.7B	2021-12-31	2024-02-23	10-K	24-044609
23	revenue	us-gaap:Revenues	$6.3B	2021-12-31	2024-02-23	10-K	24-044609
24	depreciation amortization	us-gaap:DepreciationDepletionAndAmortization	$43.8M	2025-12-31	2026-02-27	10-K	26-082486
25	operating income	us-gaap:OperatingIncomeLoss	$336.7M	2015-12-31	2018-03-01	10-K	18-067229
26	interest expense	us-gaap:InterestExpense	$5.5M	2015-12-31	2016-02-29	10-K	16-484870
27	current assets	us-gaap:AssetsCurrent	$3.0B	2025-12-31	2026-02-27	10-K	26-082486
28	current liabilities	us-gaap:LiabilitiesCurrent	$717.7M	2025-12-31	2026-02-27	10-K	26-082486
29	capital expenditure	us-gaap:PaymentsToAcquirePropertyPlantAndEquipment	$34.5M	2025-12-31	2026-02-27	10-K	26-082486
30	operating cash flow	us-gaap:NetCashProvidedByUsedInOperatingActivities	$773.1M	2024-12-31	2026-02-27	10-K	26-082486
31	capital expenditure	us-gaap:PaymentsToAcquirePropertyPlantAndEquipment	$30.1M	2024-12-31	2026-02-27	10-K	26-082486
32	operating cash flow	us-gaap:NetCashProvidedByUsedInOperatingActivities	$562.0M	2023-12-31	2026-02-27	10-K	26-082486
33	capital expenditure	us-gaap:PaymentsToAcquirePropertyPlantAndEquipment	$35.5M	2023-12-31	2026-02-27	10-K	26-082486
34	operating cash flow	us-gaap:NetCashProvidedByUsedInOperatingActivities	$572.0M	2022-12-31	2025-02-28	10-K	25-041730
35	capital expenditure	us-gaap:PaymentsToAcquirePropertyPlantAndEquipment	$35.7M	2022-12-31	2025-02-28	10-K	25-041730
36	current assets	us-gaap:AssetsCurrent	$3.1B	2024-12-31	2026-02-27	10-K	26-082486
37	current liabilities	us-gaap:LiabilitiesCurrent	$983.9M	2024-12-31	2026-02-27	10-K	26-082486
38	assets	us-gaap:Assets	$3.7B	2023-12-31	2025-02-28	10-K	25-041730
39	assets	us-gaap:Assets	$3.5B	2022-12-31	2024-02-23	10-K	24-044609

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