# Watsco Inc.

**WSO**

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

**A**

**strongest fifth of 254 graded peers in shops**

rank 29 of 254; percentile 11.3; sampling error 3.0 points; lower is stronger

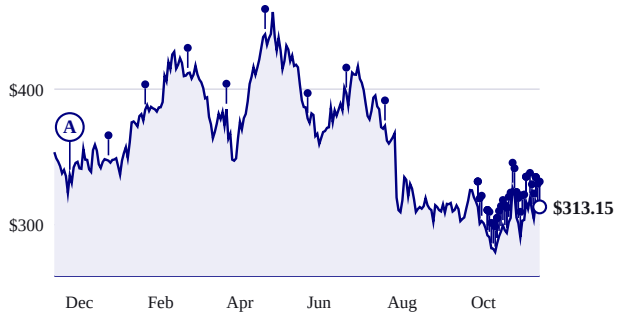
A B C D E

**A, the bull**



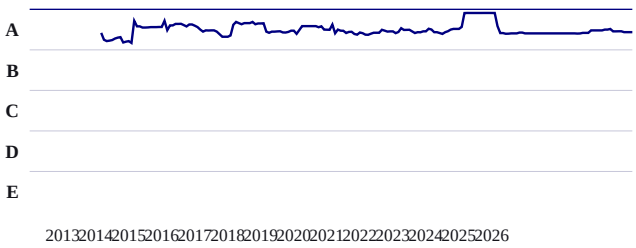
| Scoreboard | |
|---|---|
| **Profitability** | B/C<br>percentile 42.4 |
| **Solvency** | A<br>percentile 11.0 |
| **Growth and financing** | C<br>percentile 48.1 |
| **Reliability** | 0.94 AUC<br>filers with over $2.67B assets; 95% interval 0.88 to 0.97; 61 events, 2020 to 2025 |
| **Peer failure rate** | 0.52% a year<br>Item 1.03 bankruptcies, same asset band, 2012 to 2025 |
| **Size band** | over $2.67B assets<br>total assets $4.4B |
| **Standard universe** | inside<br>revenue above $1M and assets above $10M |
| **Warnings** | none triggered; fortress balance sheet<br>not computable: dilution, distress |
| **Inputs computable** | 10 of 14 |
| **Graded from** | filings received through Feb 27, 2026<br>258 days before the rescan; latest periodic filing 10-Q received Nov 6, 2026 |
| **Last close** | $313.37<br>2026-11-11; 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 42.4** | | | | | | |
| Gross profitability | 46.0% | 42.0% | | 43.2 | 238 | 2025-12-31 |
| Return on invested capital | 22.2% | 10.9% | | 22.6 | 83 | 2025-12-31 |
| Accruals ratio | (1.6%) | (4.9%) | | 83.2 | 283 | 2025-12-31 |

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| | | | | | | |
|---|---|---|---|---|---|---|
| Gross margin stability, five years | 0.6 pts | 1.3 pts | | 20.7 | 216 | 2025-12-31 |
| **Solvency, sleeve percentile 11.0** | | | | | | |
| Twelve-month failure probability | not computable | 0.03% | | | | |
| *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) | 1.38x | | 14.9 | 98 | 2025-12-31 |
| Interest coverage | not computable | 2.71x | | | | |
| *latest aligned inputs end 2015-12-31; latest annual assets end 2025-12-31* | | | | | | |
| Current ratio | 4.12x | 1.37x | | 7.0 | 295 | 2025-12-31 |
| **Growth and financing, sleeve percentile 48.1** | | | | | | |
| Revenue growth, three-year compound | (0.2%) | 1.6% | | 58.1 | 265 | 2025-12-31 |
| Free cash flow growth, three-year compound | (0.08%) | 4.6% | | 61.0 | 151 | 2025-12-31 |
| Reinvestment rate | 22.9% | 17.6% | | 47.0 | 151 | 2025-12-31 |
| Asset growth, three years | 8.2% | 3.1% | | 26.1 | 267 | 2025-12-31 |
| Net share issuance, one year | not computable | (0.6%) | | | | |
| *firm-wide XBRL shares cannot be assigned to one ticker class* | | | | | | |

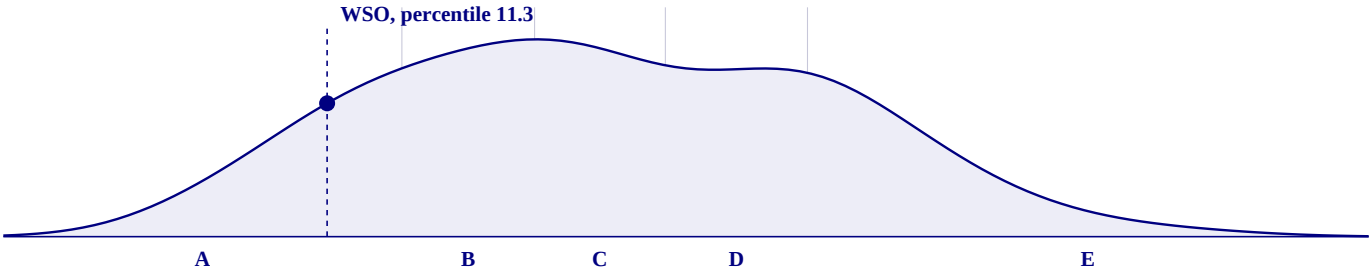
## Warnings

*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 254 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 |
|---|---|---|---|---|
| 24 | QXO, Inc. (QXO-PB) | 8.9 | A | |
| 25 | Eplus Inc. (PLUS) | 9.5 | A | fortress balance sheet |
| 26 | Dutch Bros Inc. (BROS) | 9.9 | A | fortress balance sheet |
| 27 | Amcon Distributing Co. (DIT) | 10.3 | A | |
| 28 | Lovesac Co. (LOVE) | 10.7 | A | fortress balance sheet |
| 29 | Watsco Inc. (WSO) | 11.3 | A | fortress balance sheet |
| 30 | Watsco Inc. (WSO-B) | 11.3 | A | fortress balance sheet |
| 31 | Weis Markets Inc. (WMK) | 11.9 | A | late filer |
| 32 | Ollie's Bargain Outlet Holdings, Inc. (OLLI) | 12.3 | A | fortress balance sheet |
| 33 | Village Super Market Inc. (VLGEA) | 12.6 | A | fortress balance sheet |
| 34 | Richardson Electronics, Ltd. (RELL) | 13.0 | A | |

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## What the price implies

*at the 2026-11-11 close; none of these enters the grade*

| Measure | Value | Peer median | Percentile |
|---|---|---|---|
| Twelve-month price change, skipping the latest month | (15.7%) | (0.8%) | 35 |
| Distance from 52-week high | (31.5%) | (18.8%) | 33 |
| EBIT to enterprise value | not computable | 5.1% | |
| Free cash flow yield | not computable | 3.7% | |
| Book value to price | not computable | 0.34 | |
| Sales to price | not computable | 1.53 | |
| Composite equity issuance, five years | not computable | (16.9%) | |
| Relative strength against the sector, log excess return | (0.08) | 0.08 | 35 |

## 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 | $498.7M |
| Operating cash flow, four quarters | $703.4M |
| Months of runway | not finite |
| Days since last periodic filing | 6 (10-Q received Nov 6, 2026) |
| Median daily dollar volume, 63 sessions | $152.0M |

## 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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