

Watsco Inc. (WSO-B)

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

Watsco Inc. WSO-B; shops	
Grade	A ▼ A B C D E strongest fifth of 258 graded peers percentile 11.9; sampling error 2.9 points; lower is stronger
Rank	31 of 258
Profitability	B/C percentile 42.4
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 active; fortress balance sheet not computable: dilution, distress
Inputs computable	10 of 14
Graded from	filings received through Feb 27, 2026 224 days before the rescans; latest periodic filing 10-Q received Aug 7, 2026
Last close	\$312.75 2026-09-10; market equity \$0
Price used in grade	None

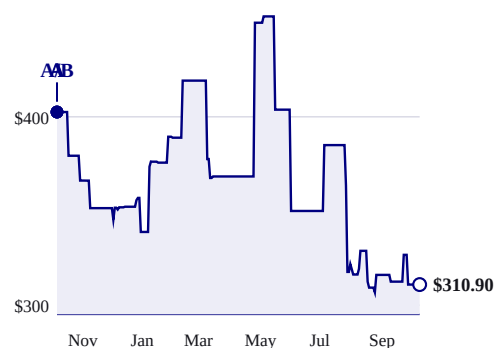


A, the bull

strongest fifth of its sector;
letters are fifths of the 258
graded peers

Share price, twelve months to the rescans

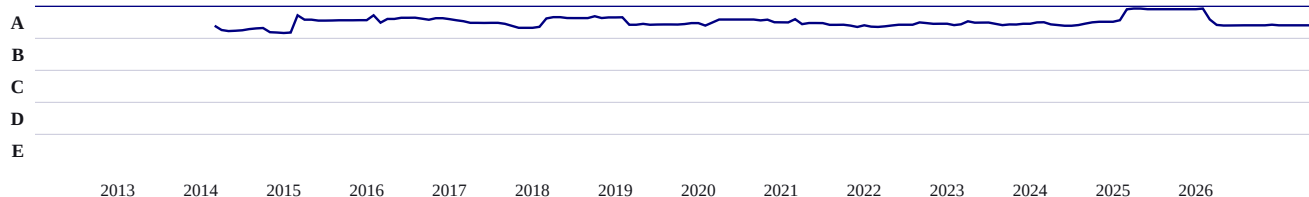
split-adjusted close; the letter is fixed at the rescans that set it



Rescans on file: A from Mar 21, 2014, A/B from Jan 21, 2015, A from Feb 21, 2015, A from Mar 21, 2015

Letter at every rescans

Jan 21, 2012 to Oct 9, 2026; sector percentile, 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; equal-weighted sleeves

Input	Percentile, 0 to 100	Value	Peer median	Percentile	Peers	Period end
Profitability, sleeve percentile 42.4						
Gross profitability		46.0%	42.6%	43.8	242	2025-12-31
Return on invested capital		22.2%	10.9%	23.5	84	2025-12-31
Accruals ratio		(1.6%)	(4.9%)	81.6	287	2025-12-31
Gross margin stability, five years		0.6 pts	1.2 pts	20.9	219	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	1.92			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	2.26x			latest aligned inputs end 2015-12-31; latest annual assets end 2025-12-31
Current ratio		4.12x	1.37x	7.3	295	2025-12-31
Growth and financing, sleeve percentile 47.3						
Revenue growth, three-year compound		(0.2%)	1.5%	57.3	269	2025-12-31
Free cash flow growth, three-year compound		(0.08%)	5.6%	64.0	147	2025-12-31
Reinvestment rate		22.9%	7.3%	41.4	152	2025-12-31
Asset growth, three years		8.2%	3.4%	26.4	272	2025-12-31
Net share issuance, one year		not computable	(0.6%)			firm-wide XBRL shares cannot be assigned to one ticker class

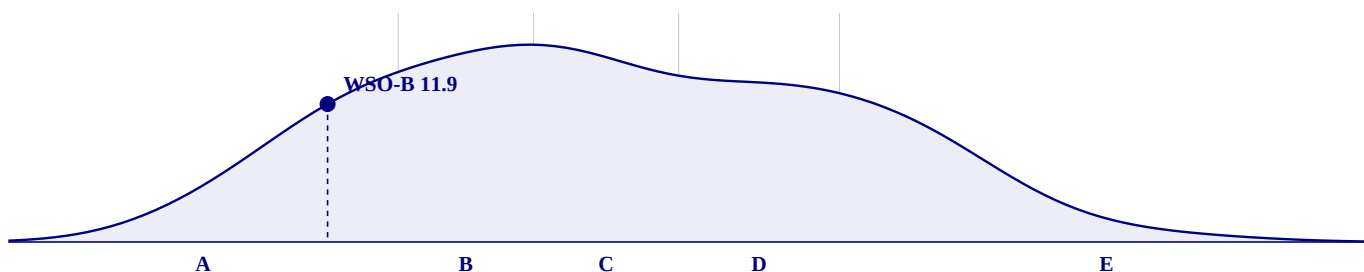
Warnings

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 258 peers

shops; letters are fifths of this list



Rank	Company	Percentile	Letter	Warnings
27	Ulta Beauty, Inc. (ULTA)	10.1	A	
28	Eplus Inc. (PLUS)	10.5	A	fortress
				balance sheet
29	Lovesac Co. (LOVE)	10.9	A	fortress
				balance sheet
30	Dutch Bros Inc. (BROS)	11.3	A	fortress
				balance sheet
31	Watsco Inc. (WSO)	11.9	A	fortress
				balance sheet
32	Watsco Inc. (WSO-B) <	11.9	A	fortress
				balance sheet
33	Ollie's Bargain Outlet Holdings, Inc. (OLLI)	12.5	A	fortress
				balance sheet
34	Unifirst Corp. (UNF)	12.8	A	late filer,
				fortress
				balance sheet
35	Richardson Electronics, Ltd. (RELL)	13.2	A	
36	Village Super Market Inc. (VLGEA)	13.6	A	fortress
				balance sheet
37	Core & Main, Inc. (CNM)	14.0	A	

What the price implies

at the 2026-09-10 close; none enters the grade

Measure	Value	Peer median	Percentile
Twelve-month price change, skipping the latest month	(18.8%)	(0.1%)	31
Distance from 52-week high	(31.4%)	(24.1%)	41
EBIT to enterprise value	not computable	5.3%	
Free cash flow yield	not computable	4.2%	
Book value to price	not computable	0.36	
Sales to price	not computable	1.75	
Composite equity issuance, five years	not computable	(16.7%)	
Relative strength against the sector, log excess return	(0.19)	0.02	31

Diagnostics

not in 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	63 (10-Q received Aug 7, 2026)
Median daily dollar volume, 63 sessions	\$0

Sources

each row links to the 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	0001193125-26-082486
2	assets	us-gaap:Assets	\$4.4B	2025-12-31	2026-02-27	10-K	0001193125-26-082486
3	operating income	us-gaap:OperatingIncomeLoss	\$720.3M	2025-12-31	2026-02-27	10-K	0001193125-26-082486
4	pretax income	us-gaap:IncomeLossFromContinuingOperationsBeforeIncomeTaxesExtraordinaryItemsNoncontrollingInterests	\$150.1M	2025-12-31	2026-02-27	10-K	0001193125-26-082486
5	income tax	us-gaap:IncomeTaxExpenseBenefit	\$361.6M	2025-12-31	2026-02-27	10-K	0001193125-26-082486
6	total debt	us-gaap:LongTermDebtAndCapitalLeaseObligations	\$2.8B	2025-12-31	2026-02-27	10-K	0001193125-26-082486
7	book equity	us-gaap:StockholdersEquity	\$433.3M	2025-12-31	2026-02-27	10-K	0001193125-26-082486
8	cash	us-gaap:CashAndCashEquivalentsAtCarryingValue	\$337.2M	2024-12-31	2026-02-27	10-K	0001193125-26-082486
9	total debt	us-gaap:LongTermDebtAndCapitalLeaseObligations	\$2.7B	2024-12-31	2026-02-27	10-K	0001193125-26-082486
10	book equity	us-gaap:StockholdersEquity	\$526.3M	2024-12-31	2026-02-27	10-K	0001193125-26-082486
11	cash	us-gaap:CashAndCashEquivalentsAtCarryingValue	\$497.0M	2025-12-31	2026-02-27	10-K	0001193125-26-082486
12	net income	us-gaap:NetIncomeLoss	\$569.6M	2025-12-31	2026-02-27	10-K	0001193125-26-082486
13	operating cash flow	us-gaap:NetCashProvidedByUsedInOperatingActivities	\$4.5B	2024-12-31	2026-02-27	10-K	0001193125-26-082486
14	assets	us-gaap:Assets	\$7.2B	2025-12-31	2026-02-27	10-K	0001193125-26-082486
15	revenue	us-gaap:Revenues	\$2.0B	2024-12-31	2026-02-27	10-K	0001193125-26-082486
16	gross profit	us-gaap:GrossProfit	\$7.6B	2024-12-31	2026-02-27	10-K	0001193125-26-082486
17	revenue	us-gaap:Revenues	\$2.0B	2023-12-31	2026-02-27	10-K	0001193125-26-082486
18	gross profit	us-gaap:GrossProfit	\$7.3B	2023-12-31	2026-02-27	10-K	0001193125-26-082486
19	revenue	us-gaap:Revenues	\$2.0B	2022-12-31	2025-02-28	10-K	0001193125-25-041730
20	gross profit	us-gaap:GrossProfit	\$7.3B	2022-12-31	2025-02-28	10-K	0001193125-25-041730
21	revenue	us-gaap:Revenues	\$1.7B	2021-12-31	2024-02-23	10-K	0001193125-24-044609
22	gross profit	us-gaap:GrossProfit	\$6.3B	2021-12-31	2024-02-23	10-K	0001193125-24-044609
23	revenue	us-gaap:Revenues	\$43.8M	2025-12-31	2026-02-27	10-K	0001193125-26-082486
24	depreciation amortization	us-gaap:DepreciationDepletionAndAmortization	\$336.7M	2015-12-31	2018-03-01	10-K	0001193125-18-067229
25	operating income	us-gaap:OperatingIncomeLoss	\$5.5M	2015-12-31	2016-02-29	10-K	0001193125-16-484870
26	interest expense	us-gaap:InterestExpense	\$3.0B	2025-12-31	2026-02-27	10-K	0001193125-26-082486
27	current assets	us-gaap:AssetsCurrent	\$717.7M	2025-12-31	2026-02-27	10-K	0001193125-26-082486
28	current liabilities	us-gaap:LiabilitiesCurrent	\$34.5M	2025-12-31	2026-02-27	10-K	0001193125-26-082486
29	capital expenditure	us-gaap:PaymentsToAcquirePropertyPlantAndEquipment	\$773.1M	2024-12-31	2026-02-27	10-K	0001193125-26-082486
30	operating cash flow	us-gaap:NetCashProvidedByUsedInOperatingActivities	\$30.1M	2024-12-31	2026-02-27	10-K	0001193125-26-082486
31	capital expenditure	us-gaap:PaymentsToAcquirePropertyPlantAndEquipment	\$562.0M	2023-12-31	2026-02-27	10-K	0001193125-26-082486
32	operating cash flow	us-gaap:NetCashProvidedByUsedInOperatingActivities	\$35.5M	2023-12-31	2026-02-27	10-K	0001193125-26-082486
33	capital expenditure	us-gaap:PaymentsToAcquirePropertyPlantAndEquipment	\$572.0M	2022-12-31	2025-02-28	10-K	0001193125-25-041730
34	operating cash flow	us-gaap:NetCashProvidedByUsedInOperatingActivities	\$35.7M	2022-12-31	2025-02-28	10-K	0001193125-25-041730
35	capital expenditure	us-gaap:PaymentsToAcquirePropertyPlantAndEquipment	\$3.1B	2024-12-31	2026-02-27	10-K	0001193125-26-082486
36	current assets	us-gaap:AssetsCurrent	\$983.9M	2024-12-31	2026-02-27	10-K	0001193125-26-082486
37	current liabilities	us-gaap:LiabilitiesCurrent	\$3.7B	2023-12-31	2025-02-28	10-K	0001193125-25-041730
38	assets	us-gaap:Assets	\$3.5B	2022-12-31	2024-02-23	10-K	0001193125-24-044609
39	assets	us-gaap:Assets					