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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## FORM 8-K

Current Report  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (date of earliest event reported) April 23, 2003

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## WATSCO, INC.

(Exact Name of Registrant as Specified in Its Charter)

**Florida**  
(State or Other  
Jurisdiction of Incorporation)

**1-5581**  
(Commission  
File Number)

**59-0778222**  
(IRS Employer  
Identification No.)

**2665 South Bayshore Drive**  
**Suite 901**  
**Coconut Grove, Florida 33133**  
(Address of Principal Executive Offices, Including Zip Code)

**(305) 714-4100**  
Registrant's telephone number, including area code

**N/A**  
(Former Name or Former Address, if Changed Since Last Report)

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**Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.**

(c) Exhibit 99.1—Watsco, Inc. Press Release dated April 23, 2003

**Item 9. Regulation FD Disclosure.**

On April 23, 2003, Watsco, Inc. (the “Company”) issued a press release reporting its financial results for the quarter ended March 31, 2003. A copy of the Company’s press release is attached hereto as Exhibit 99.1 and is hereby incorporated by reference.

In addition to being furnished pursuant to “Item 9. Regulation FD Disclosure” (“Item 9”) of Form 8-K, the information contained in this Form 8-K is being furnished pursuant to “Item 12. Results of Operations and Financial Condition,” under Item 9 of Form 8-K, as directed by the United States Securities and Exchange Commission in Release No. 34-47583.

The information in this Form 8-K and the Exhibit attached hereto shall be deemed “furnished” and not deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any Company filing under the Securities Act of 1933, as amended.

| <u>Exhibit<br/>Number</u> | <u>Description</u>  |
|---------------------------|---|
| 99.1                      | Press release dated April 23, 2003 issued by Watsco, Inc. |



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## Exhibit Index

| <u>Exhibit<br/>Number</u> | <u>Exhibit Description</u>                                |
|---------------------------|---|
| 99.1                      | Press release dated April 23, 2003 issued by Watsco, Inc. |

**Watsco Reports Record First Quarter Operating Results –  
EPS Up 36%, Net Income Up 25%**

MIAMI, FLORIDA, April 23, 2003 – Watsco, Inc. (NYSE:WSO) today announced record operating results for the first quarter ended March 31, 2003. Diluted earnings per share for the quarter grew 36% to 15 cents per share versus 11 cents in 2002. Net income increased 25% to \$3.8 million from \$3.0 million in 2002.

Operating profit grew 14% to \$7.6 million for the quarter, with operating margins expanding 30 basis points. Gross profit increased 1% to \$63.8 million as gross selling margins increased 30 basis points to 24.8% from 24.5% a year ago. Selling, general and administrative expenses decreased \$.1 million and interest expense decreased 19% or \$.4 million due to a 19% reduction in average daily borrowings resulting from strong cash flow.

Sales during the first quarter were \$257.4 million, including a 4% same-store sales increase in residential and light-commercial HVAC products and a decline in sales of manufactured housing products.

Borrowings at March 31, 2003 were \$80.0 million, a reduction of 20% or \$20.0 million over last year. In addition, the Company repurchased approximately 226,000 shares of common stock for \$3.0 million. Watsco's balance sheet strengthened during the quarter with the Company's debt-to-total capitalization ratio improving to 20% from 24% a year ago.

Albert H. Nahmad, President & Chief Executive Officer commented, "We are extremely pleased by our record operating results during the first quarter. Our results highlight the continued impact of initiatives undertaken to improve selling margins, operating efficiency and asset quality in the core HVAC distribution business. The first and fourth quarters are always the low points in seasonal demand for our products, so we are encouraged as these results indicate the prospect of another strong year for Watsco."

Watsco is the nation's largest independent distributor of air conditioning, heating and refrigeration equipment and related products in the distribution segment of the HVAC/R industry, currently operating 317 locations serving customers in 31 states. Additional information about Watsco may be found on the Internet at <http://www.watsco.com>.

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This document includes certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from these expectations due to changes in economic, business, competitive market and regulatory factors. More detailed information about those factors is contained in Watsco's filings with the Securities and Exchange Commission.

**WATSCO, INC.**  
**Consolidated Results of Operations**  
(In thousands, except per share data)

|                            | Three Months Ended<br>March 31, |                 |
|----------------------------|---------------------------------|-----------------|
|                            | 2003                            | 2002            |
| Revenue                    | \$ 257,398                      | \$ 256,815      |
| Cost of sales              | 193,612                         | 193,840         |
| Gross profit               | 63,786                          | 62,975          |
| SG&A expenses              | 56,232                          | 56,344          |
| Operating profit           | 7,554                           | 6,631           |
| Interest expense, net      | (1,512)                         | (1,867)         |
| Income before income taxes | 6,042                           | 4,764           |
| Income tax provision       | (2,236)                         | (1,722)         |
| Net income                 | <u>\$ 3,806</u>                 | <u>\$ 3,042</u> |
| Basic earnings per share   | \$ 0.15                         | \$ 0.12         |
| Diluted earnings per share | \$ 0.15                         | \$ 0.11         |
| Weighted average shares:   |                                 |                 |
| Basic                      | 25,122                          | 25,837          |
| Diluted                    | 25,778                          | 27,549          |

**Segment Information:**

|                   | Three Months Ended<br>March 31, |                   |
|-------------------|---------------------------------|-------------------|
|                   | 2003                            | 2002              |
| Revenue:          |                                 |                   |
| Distribution      | \$ 250,732                      | \$ 248,792        |
| Staffing          | 6,666                           | 8,023             |
| Total             | <u>\$ 257,398</u>               | <u>\$ 256,815</u> |
| Operating profit: |                                 |                   |
| Distribution      | \$ 11,236                       | \$ 9,270          |
| Staffing          | (409)                           | (288)             |
| Corporate         | (3,273)                         | (2,351)           |
| Total             | <u>\$ 7,554</u>                 | <u>\$ 6,631</u>   |

**WATSCO, INC.**  
**Consolidated Balance Sheets**  
(In thousands)

|   | March 31,<br>2003 | December 31,<br>2002 |
|---|-------------------|----------------------|
| Cash and cash equivalents                         | \$ 19,138         | \$ 25,880            |
| Accounts receivable, net                          | 133,256           | 129,396              |
| Inventories                                       | 190,620           | 176,407              |
| Other current assets                              | 11,576            | 13,878               |
| <b>Total current assets</b>                       | <b>354,590</b>    | <b>345,561</b>       |
| Property & equipment, net                         | 24,416            | 25,850               |
| Other non-current assets                          | 131,706           | 132,308              |
| <b>Total assets</b>                               | <b>\$ 510,712</b> | <b>\$ 503,719</b>    |
| Accounts payable & accrued liabilities            | \$ 94,774         | \$ 86,180            |
| Current portion of long-term obligations          | 249               | 272                  |
|   | 95,023            | 86,452               |
| Borrowings under revolving credit agreement       | 50,000            | 50,000               |
| Long-term notes                                   | 30,000            | 30,000               |
| Other long-term obligations                       | 6,207             | 8,066                |
| <b>Total liabilities</b>                          | <b>181,230</b>    | <b>174,518</b>       |
| Shareholders' equity                              | 329,482           | 329,201              |
| <b>Total liabilities and shareholders' equity</b> | <b>\$ 510,712</b> | <b>\$ 503,719</b>    |