

## NEWS RELEASE



*Barry S. Logan*  
*Senior Vice President*  
*(305) 714-4102*  
*e-mail: blogan@watsco.com*

*Watsco, Inc.*  
*2665 S. Bayshore Drive, Suite 901*  
*Miami, Florida 33133, USA*  
*(305) 714-4100*  
*Fax: (305) 858-4492*  
*www.watsco.com*

*For Immediate Release:*

## **Watsco to Host Investor & Analyst Meeting Focused on Technology and Innovation**

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MIAMI, FLORIDA – (BUSINESS WIRE), October 19, 2015 – Watsco, Inc. (NYSE: WSO) announced today it will host an investor and analyst meeting on Friday, December 18, 2015 at the W South Beach Hotel in Miami Beach, Florida from 10:00 a.m. to 1:00 p.m. by invitation only. The meeting’s theme is “Technology at Watsco.”

Watsco has established itself as the leader in the HVAC distribution industry and has produced a 20% compounded annual total-return to shareholders over the last 25 years. Watsco is building on this growth and is actively increasing its investment in a number of scalable technologies.

Long-term goals of Watsco’s strategy:

- Enhance profitability and margins while generating increasing levels of cash flow.
- Operate the most innovative suite of technologies available in the industry.
- Create the industry’s deepest repository of information concerning customers, markets and products.
- Accelerate sales growth and grow market share for supplier partners.
- Extend Watsco’s reach into new geographies and additional sales channels.

Since 2012, Watsco has added over 100 technology employees to design and launch these initiatives while achieving record levels of operating performance. The current annual run-rate of technology-related costs is approximately \$20 million.

Watsco’s leadership will discuss the strategic vision and opportunities that are being designed and implemented:

### Mobile Apps, E-Commerce and Product Information

- Enable customer engagement, technical assistance and sales using any mobile device 24/7/365.
- Build the largest source of digitized HVAC product information (current data-enriched catalog includes over 300,000 SKUs with a goal of over 1 million).
- Launch and iterate new functionality to drive adoption and use.

### Business Intelligence & Data Analytics

- Provide intuitive data and analytics for better decision making to Watsco's 700 P&L managers and an expanding number of other internal users (user group currently over 1,600).
- Enhance customer service provided by a salesforce of over 1,000.
- Tailor sales efforts from a better understanding of purchasing behaviors.

#### Supply Chain Optimization

- Increase fill-rates to reduce missed sales.
- Improve inventory turns (targeted inventory decrease of 20% or \$150 million).
- Reduce infrastructure costs (a current annual spend of approximately \$160 million), including a 10% decrease in the 13 million square feet presently under lease.
- Leverage long-term sales growth against a lower cost structure and expand margins.

#### Enhance the Customer Experience

- Create an omni-channel shopping experience across online, mobile devices and in-store.
- Revolutionize the fulfillment process to provide customers hours of additional productivity.
- Achieve greater efficiency for the 7+ million annual transactions with over 200,000 discrete purchasers.
- Establish model stores to test and improve the process improvements outlined above, including enhanced product merchandising, inventory optimization, space planning and mobile-enabled order fulfillment.

A question and answer session will also be held to provide further insight into the presentation. An audio webcast and presentation slides will be available on our website, <http://www.watsco.com>.

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### **About Watsco**

Watsco improves indoor living and working environments with air conditioning and heating solutions that provide comfort regardless of the outdoor climate. There are approximately 89 million central air conditioning and heating systems installed in the United States that have been in service for more than 10 years. Older systems often operate below today's government mandated energy efficiency and environmental standards. Watsco has an opportunity to accelerate the replacement of these systems at a scale greater than our competitors as the movement toward reducing energy consumption and its environmental impact continues. This is especially important since heating and cooling accounts for approximately half of the energy consumed in a typical U.S. home.

Watsco's traditional sales channel is the sale of products from one of its 567 locations in the United States, Canada, Mexico and Puerto Rico, and on an export basis to Latin America and the Caribbean. This network has been built over the last 25 years and serves 88,000 active customers. Watsco is developing and investing in technologies to enable sales via e-commerce, on-line marketplaces and through the retail sales channel. As the industry leader, significant growth potential remains given that the estimated marketplace for HVAC/R products on an installed-basis is estimated to be \$72 billion. Additional information about Watsco may be found at <http://www.watsco.com>.

### **Forward-Looking Statements**

This document contains or incorporates by reference statements that are not historical in nature and that are intended to be, and are hereby identified as, “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Statements which are not historical in nature, including the words “anticipate,” “estimate,” “could,” “should,” “may,” “plan,” “seek,” “expect,” “believe,” “intend,” “target,” “will,” “project,” “focused,” “outlook” and variations of these words and negatives thereof and similar expressions are intended to identify forward-looking statements, including statements regarding, among others, (i) economic conditions, (ii) business and acquisition strategies, (iii) potential acquisitions and/or joint ventures, (iv) financing plans and (v) industry, demographic and other trends affecting our financial condition or results of operations. These forward-looking statements are based on management’s current expectations, are not guarantees of future performance and are subject to a number of risks, uncertainties and changes in circumstances, certain of which are beyond our control. Actual results could differ materially from these forward-looking statements as a result of several factors, including, but not limited to general economic conditions, competitive factors within the HVAC/R industry, effects of supplier concentration, fluctuations in certain commodity costs, consumer spending, consumer debt levels, new housing starts and completions, capital spending in the commercial construction market, access to liquidity needed for operations, seasonal nature of product sales, weather conditions, insurance coverage risks, federal, state and local regulations impacting our industry and products, prevailing interest rates, foreign currency exchange rate fluctuations, international political risk, cybersecurity risk and the continued viability of our business strategy.

We believe these forward-looking statements are reasonable; however, you should not place undue reliance on any forward-looking statements, which are based on current expectations. For additional information regarding other important factors that may affect our operations and could cause actual results to vary materially from those anticipated in the forward-looking statements see the discussion included in Item 1A “Risk Factors” of our most recent Annual Report on Form 10-K, as well as the other documents and reports that we file with the SEC. Forward-looking statements speak only as of the date the statement was made. We assume no obligation to update forward-looking information or the discussion of such risks and uncertainties to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except as required by applicable law. We qualify any and all of our forward-looking statements by these cautionary factors.