

# DEARBORN PARTNERS

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Another Dearborn Partners Core Rising Dividend SMA Portfolio Increase: Watsco, Inc.

On February 18, 2025, Watsco, Inc. announced an 11.1% increase in its quarterly dividend per share to \$3.00 (\$12.00 annually) from \$2.70 (\$10.80 annually). The increase will be reflected in the Company's next quarterly dividend payment in April 2025.

From the press release:

Albert H. Nahmad, Watsco's Chairman & CEO stated: "We are pleased to increase dividends to shareholders, reflecting the strength of our 2024 performance and our confidence in the prospects of our business, which is fundamentally supported by our strong balance sheet."

Watsco has paid dividends to shareholders for 51 consecutive years. The Company's philosophy is to share increasing amounts of cash flow through higher dividends while maintaining a conservative balance sheet with continued capacity to build its distribution network. Future changes in dividends are considered in light of investment opportunities, cash flow, general economic conditions and Watsco's overall financial condition.

Watsco is the largest distributor of heating, air conditioning and refrigeration (HVAC/R) products with locations in the United States, Canada, Mexico, and Puerto Rico, and on an export basis to Latin America and the Caribbean. The Company's focus is on the replacement market, which has increased in size and importance as a result of the aging of installed systems, the introduction of higher energy efficient models and the necessity of HVAC products in homes and businesses. According to data published in March 2023 by the Energy Information Administration, there are approximately 102 million HVAC systems installed in the United States that have been in service for more than 10 years, most of which operate well below current minimum efficiency standards.

Watsco, Inc. is in the Industrials sector of our Dearborn Partners Core Rising Dividend separately managed account (SMA) portfolio. So far this year, 9 of 49 companies in our Core Rising Dividend portfolio have announced 9 dividend increases averaging about 6.5% more than these companies paid a year earlier. No companies in this portfolio have reduced or suspended dividends so far this year.

Thank you for your continued interest in our Dearborn Partners Rising Dividend Strategy.

*This dividend increase announcement is not a complete description of, nor a recommendation to invest in, any investment strategy (the "Strategy") mentioned herein. It is for informational purposes only and does not constitute an offer to sell nor a solicitation to buy, is not a recommendation regarding any securities transaction, nor is it an offer to provide advisory or other services by Dearborn Partners, L.L.C. The information contained in this writing should not be construed as financial or investment advice on any subject matter. Past performance is no guarantee of future results. There is no assurance the Strategy will be profitable, achieve its objectives, be suitable for you, or not incur losses. Some of the information herein has been obtained from third party sources. We believe such information is reliable but we have not in each case verified its accuracy or completeness. Any opinions herein are as of the date of this report and are subject to change without notice. Dividends are not guaranteed and must be authorized by the company's board of directors. There is no assurance that any Rising Dividend portfolio company will increase its dividend, or not reduce its dividend, or not have a significant decrease in its stock price.*

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