



Who makes the miracles happen?

Austin Speed

Cori Cunningham

Esam Hijazi



# Company History

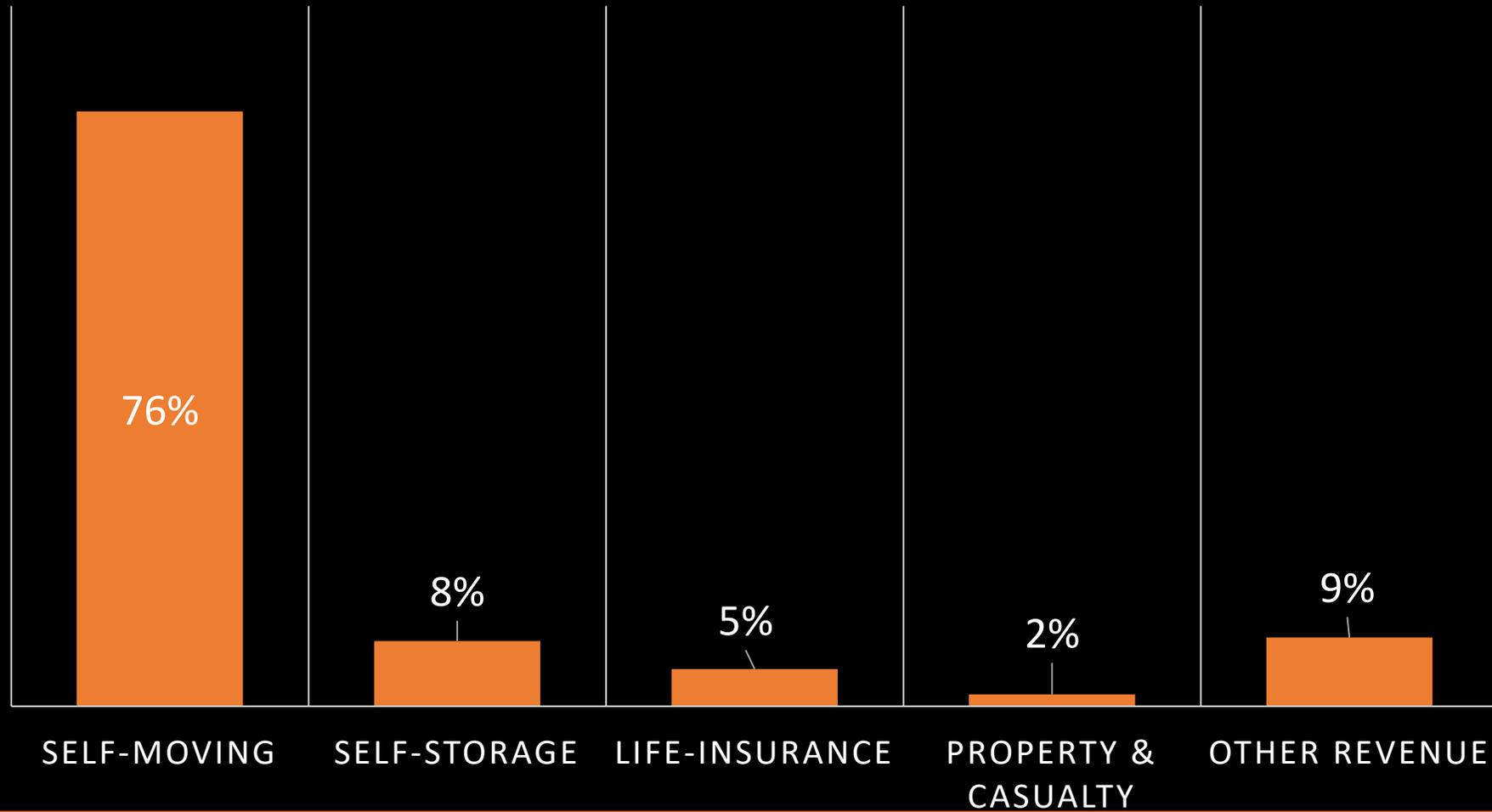
- 1945 - Started after the war with trailers only.
- 1949 - Trailers could be rented from city to city in the U.S.
- 1955 – U-haul owns 10,000 trailers.
- 1974 – Opens first company center.
- 2003 – Amerco filed CH. 11 Bankruptcy
- 2004 – Refinanced their debt and left bankruptcy behind

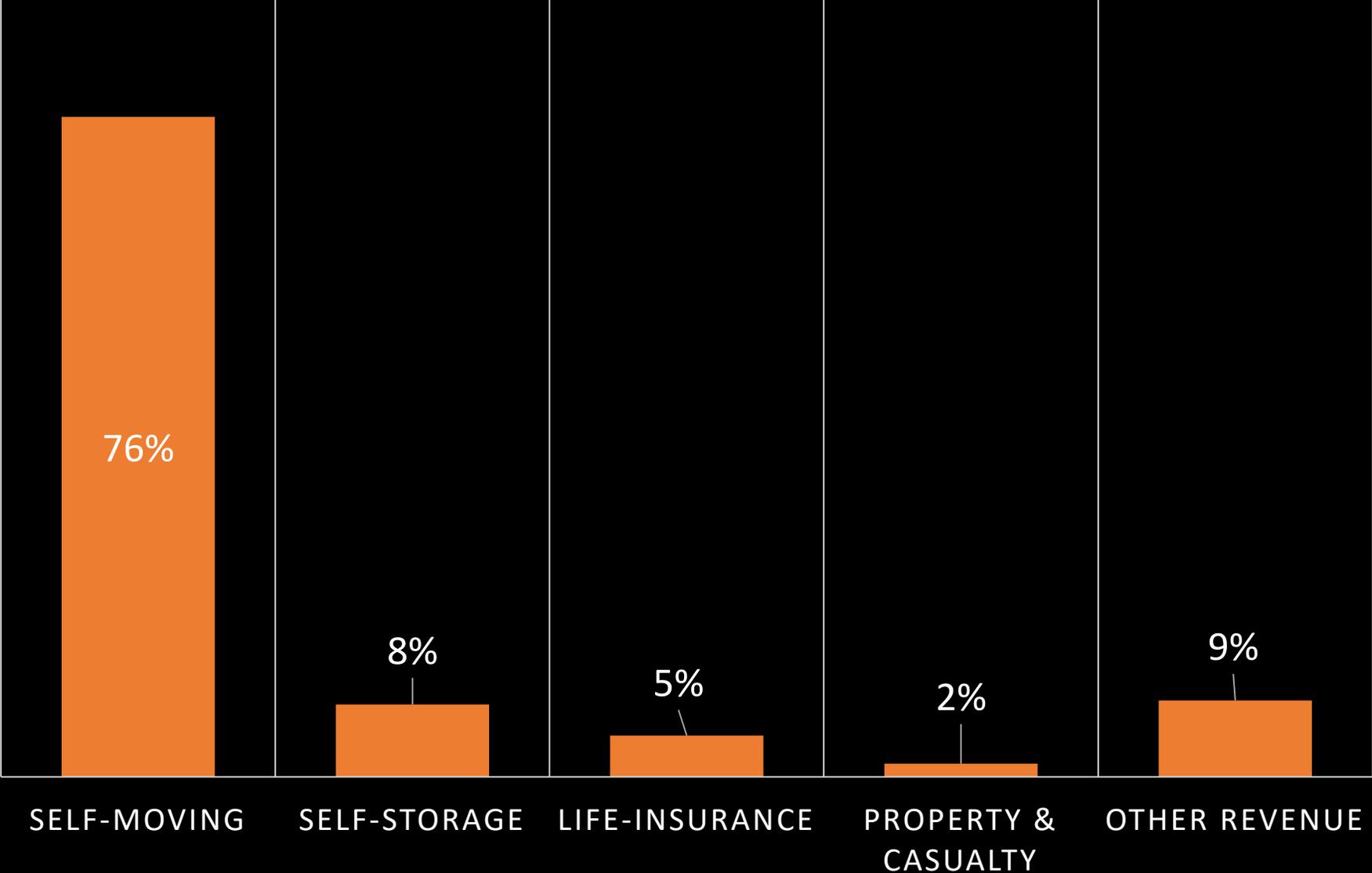
# Family Ownership

- Joe Shoen (Chairman) Owns 42.5% of the Company
- Benefits of family ownership
  - Goals are more likely to be aligned for success
- Risk
  - May not have the primary focus on shareholders

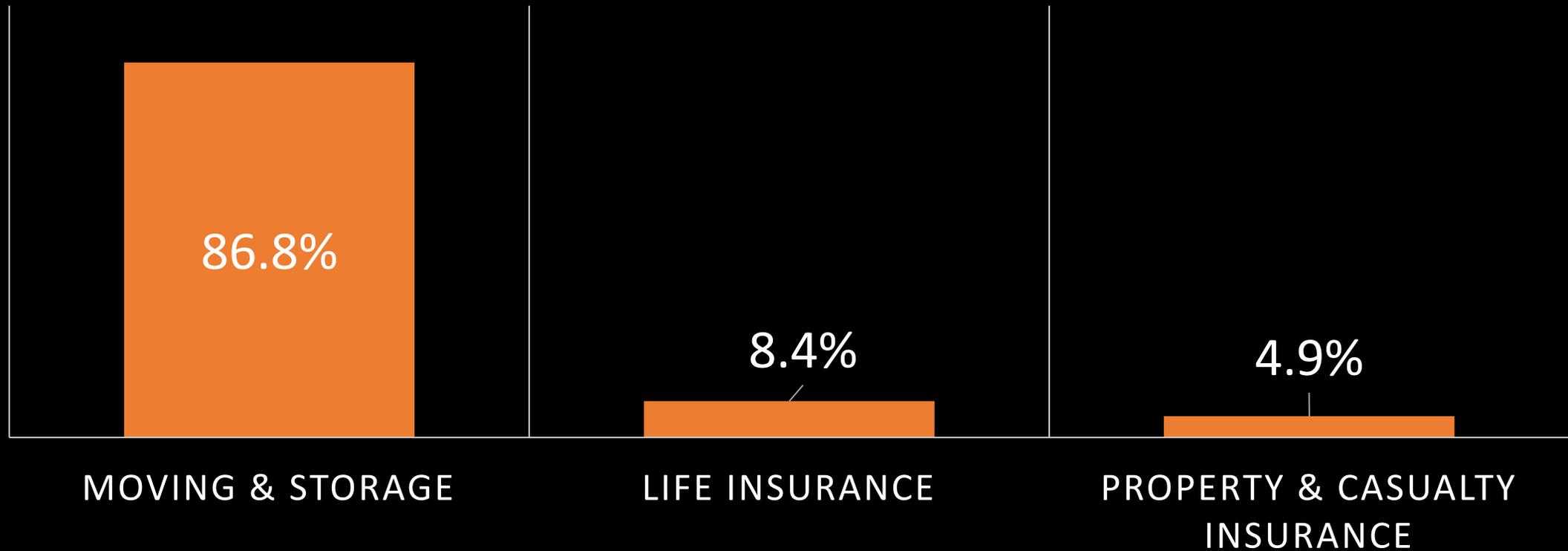
# Business Segments

# Revenues by Segment





# Operating Income by Segment



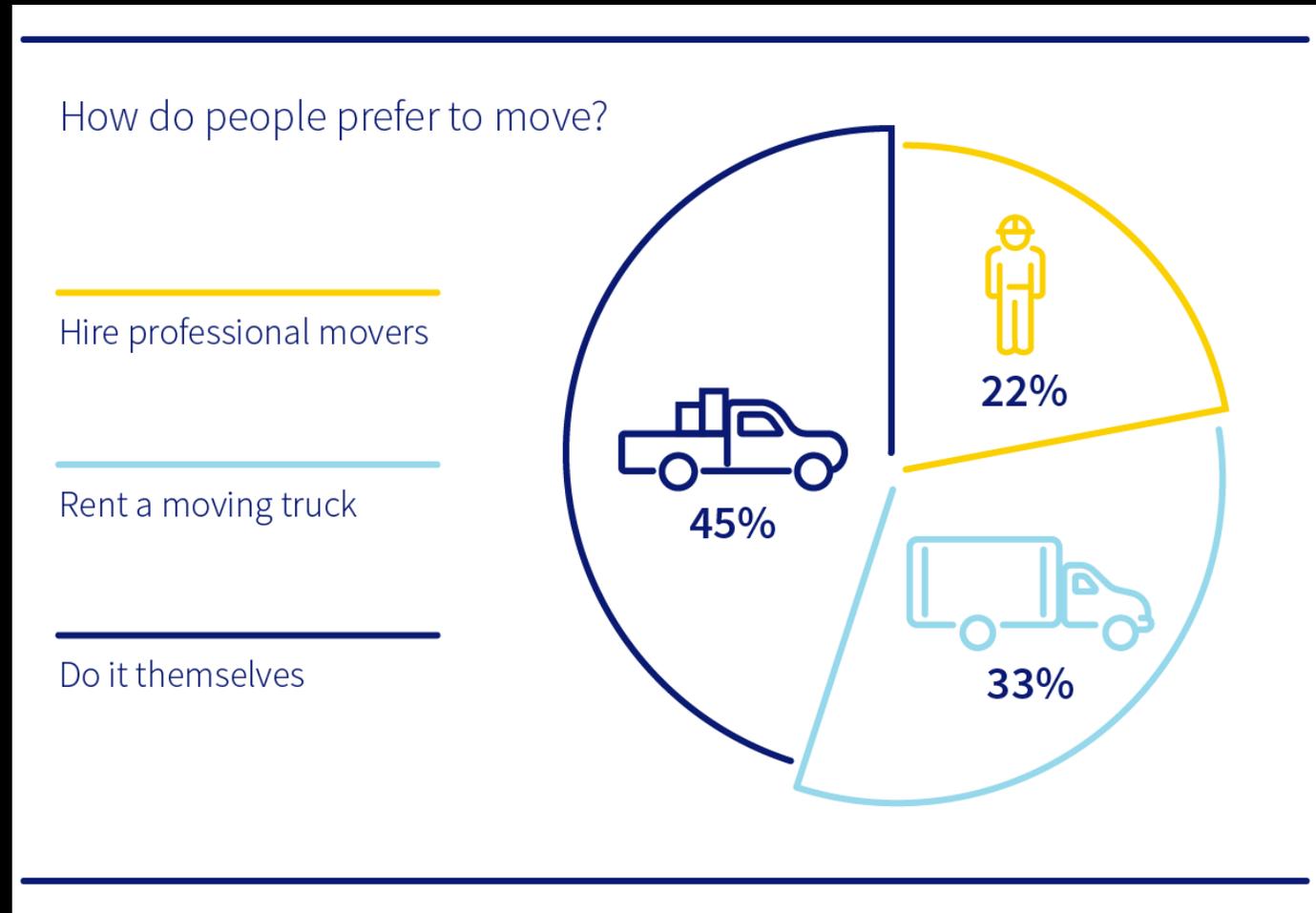
# Self-Moving

- Fleet Consists of:
  - 150,000 Trucks
  - 112,000 Trailers
  - 40,000 Towing Devices

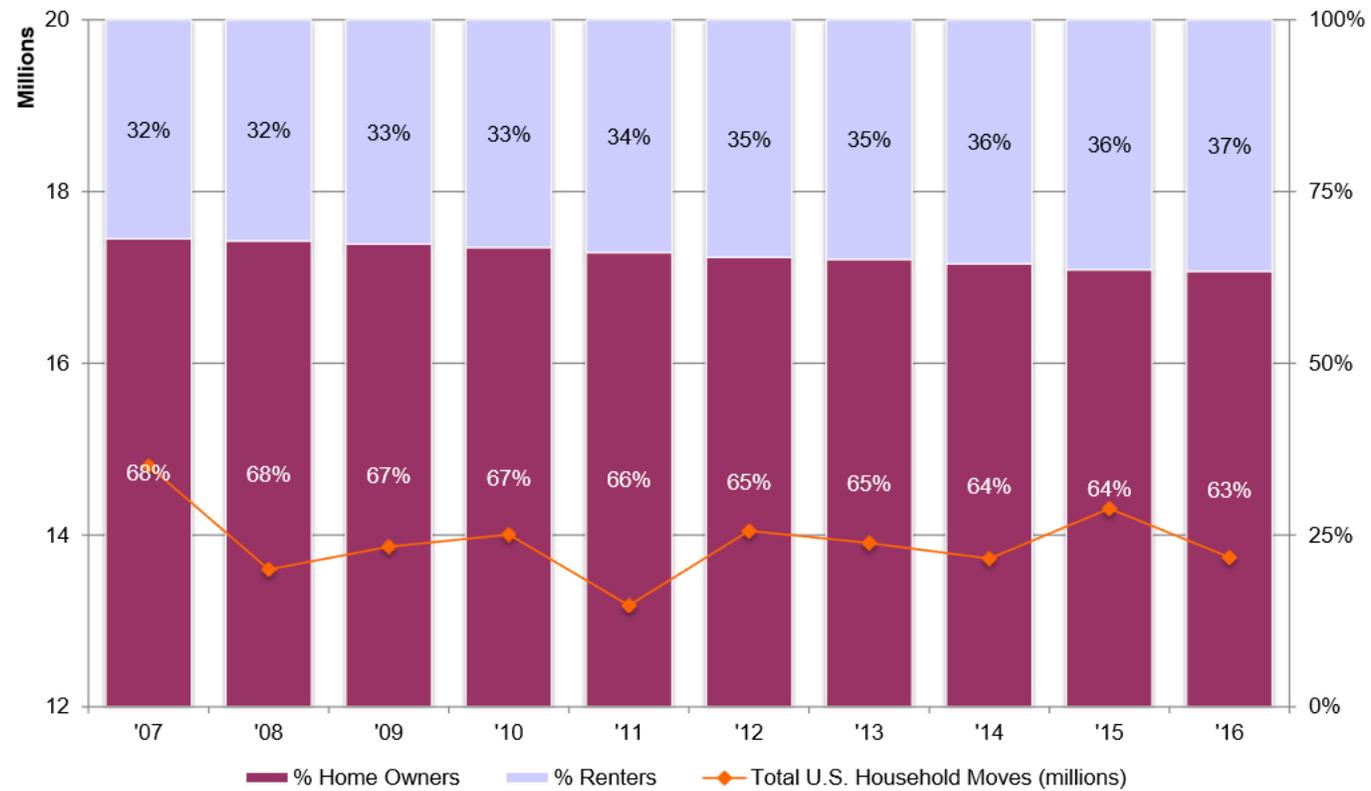


# Self-Moving

- 11%-15% of the U.S. population moves each year
- 45% prefer the 'do-it-yourself' method of moving



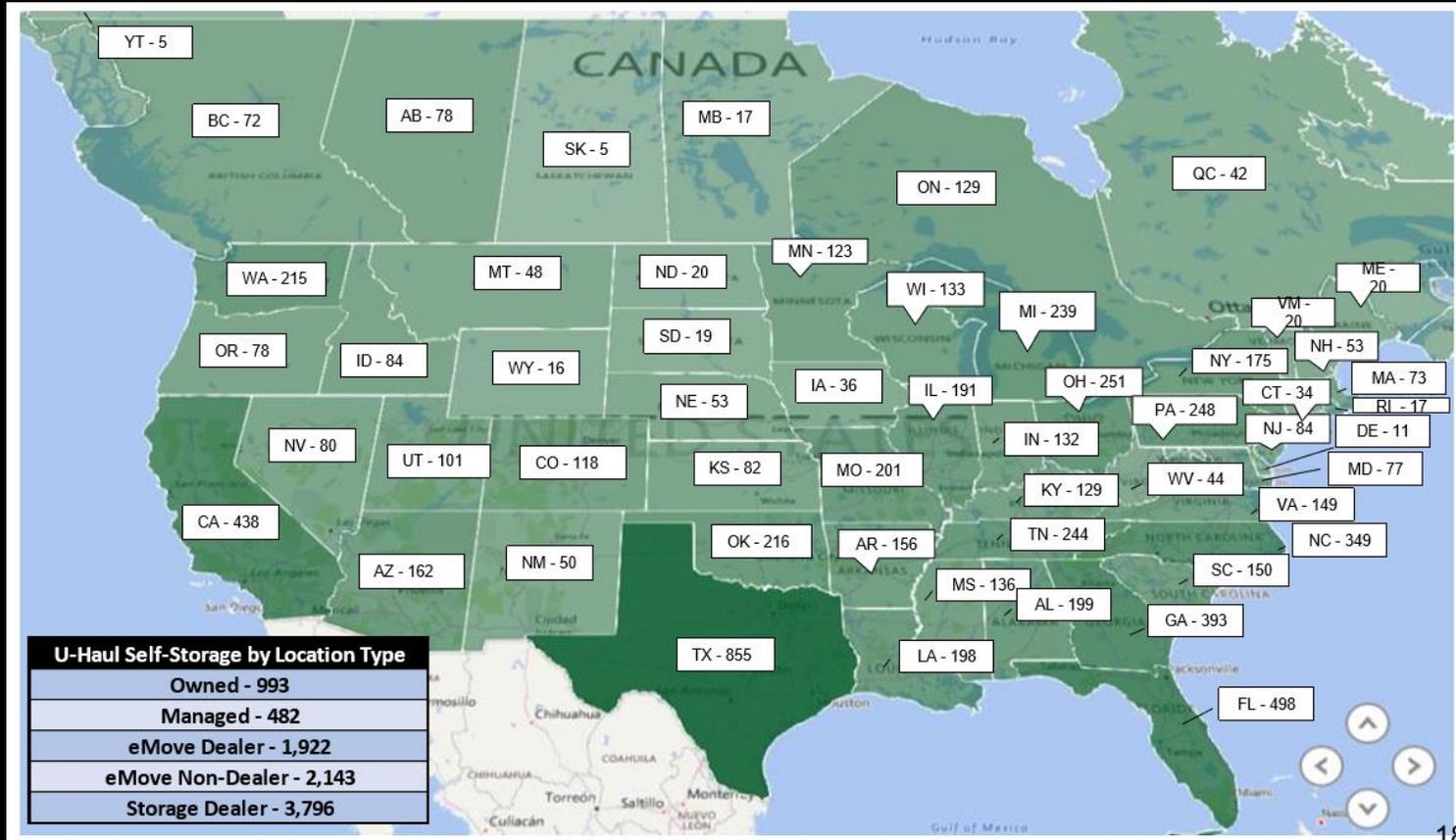
### Total U.S. Household Moves vs. Home Ownership Rate 2007-2016



# Self-Storage

- Owns/Manages
  - 51.4 million square feet of storage space
  - In 49 states and 10 providences

# Self-Storage Presence



U-Haul has an affiliation with nearly 1 out of 6 self-storage locations in North America, as either an owner, manager, service provider or through a rental equipment dealer relationship.

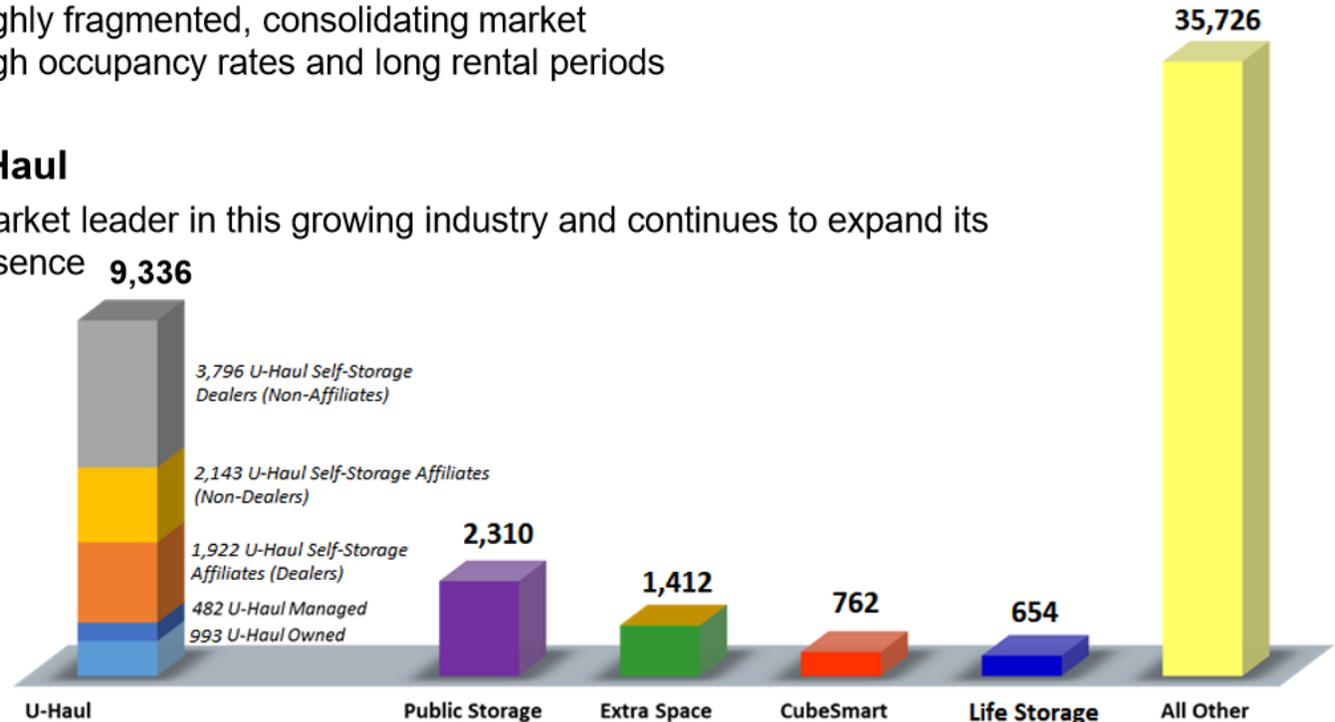
# Self-Storage Strategy

## Industry

- Estimated \$32.7 billion market
- 54,009 + facilities providing 2.63 billion square feet
- Highly fragmented, consolidating market
- High occupancy rates and long rental periods

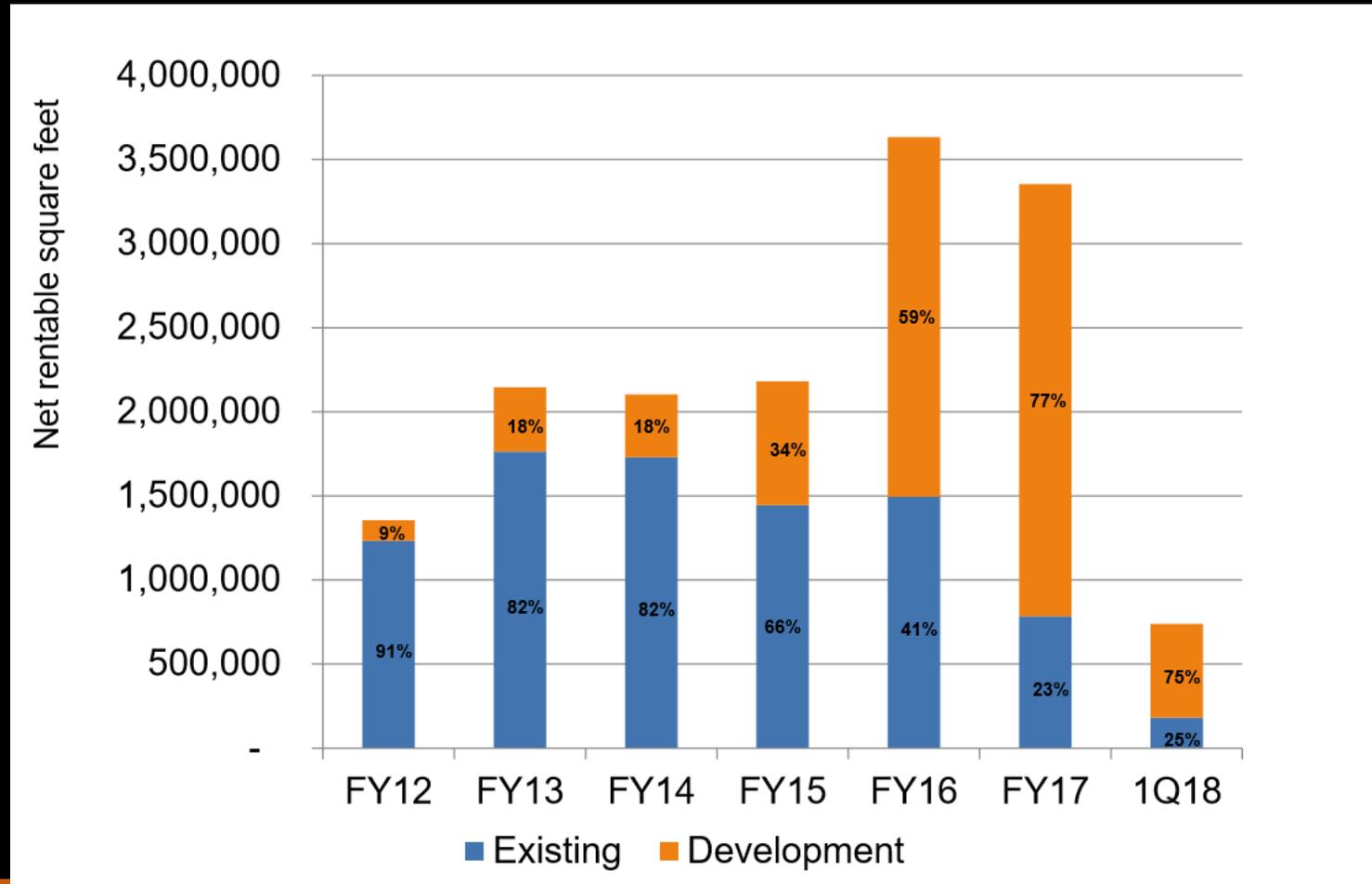
## U-Haul

- Market leader in this growing industry and continues to expand its presence **9,336**



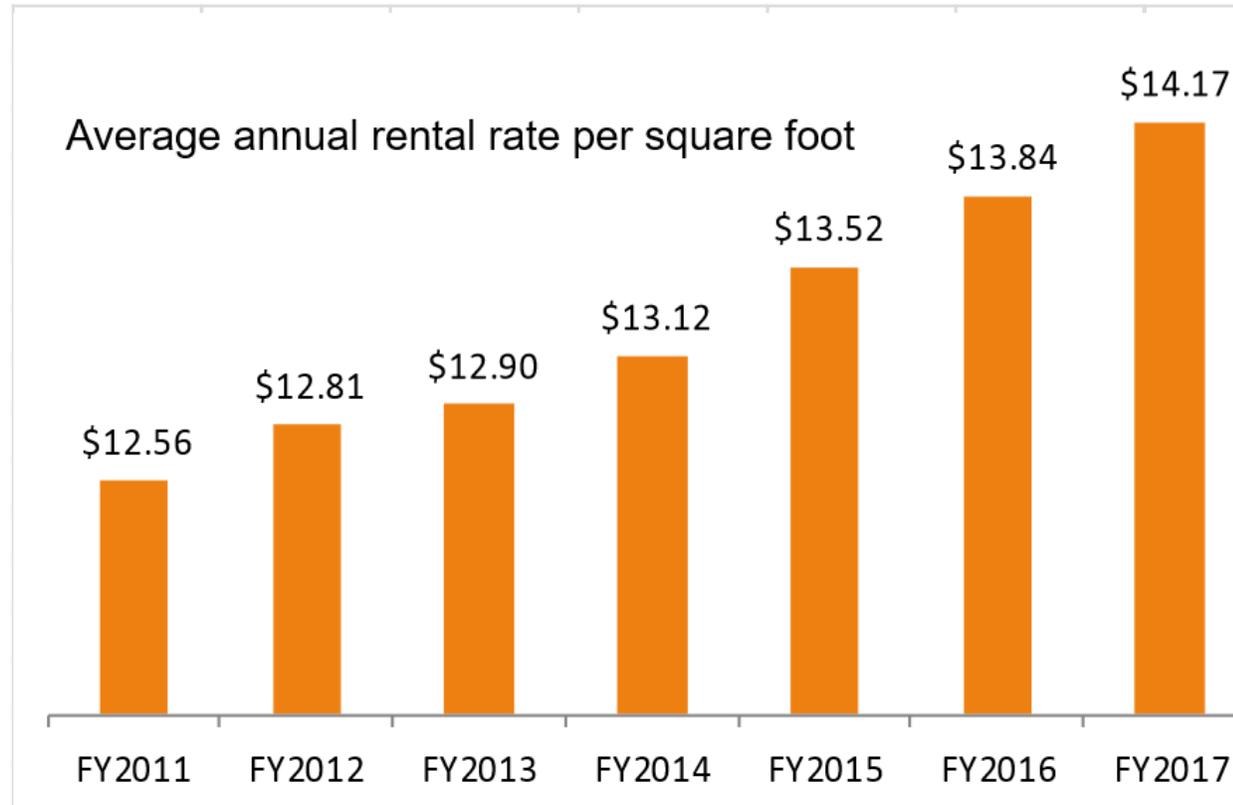
2017 Self-Storage Almanac estimates that there are approximately **41,879** self-storage facilities having self-storage as the core business.  
 \*\*Sparefoot.com estimates total self-storage facilities in the U.S. at approximately 54,009.

# Analysis of New Storage Product



# Self-Storage Results

- Last twelve months ended June 2017 we have added 3.1 million net rentable square feet
- Increased average monthly occupied square feet by 1.6 million in 1Q18 vs. 1Q17
- Average monthly occupancy rate was 73% in 1Q18 vs. 77% in 1Q17
- 518 locations (~53%) have occupancy greater than 90% at June 30, 2017



# Life Insurance

- Term Life, Whole Life, Universal Life, and Indexed Universal Life insurance
- Our specially designed products provide solutions for the following situations:
  - Help pay off the mortgage or cover mortgage payments if you pass away unexpectedly
  - Help cover your funeral expenses
  - Wealth transfer
  - Help guard against loss of income
- Accounts for 5% of revenue

# Property & Casualty Insurance

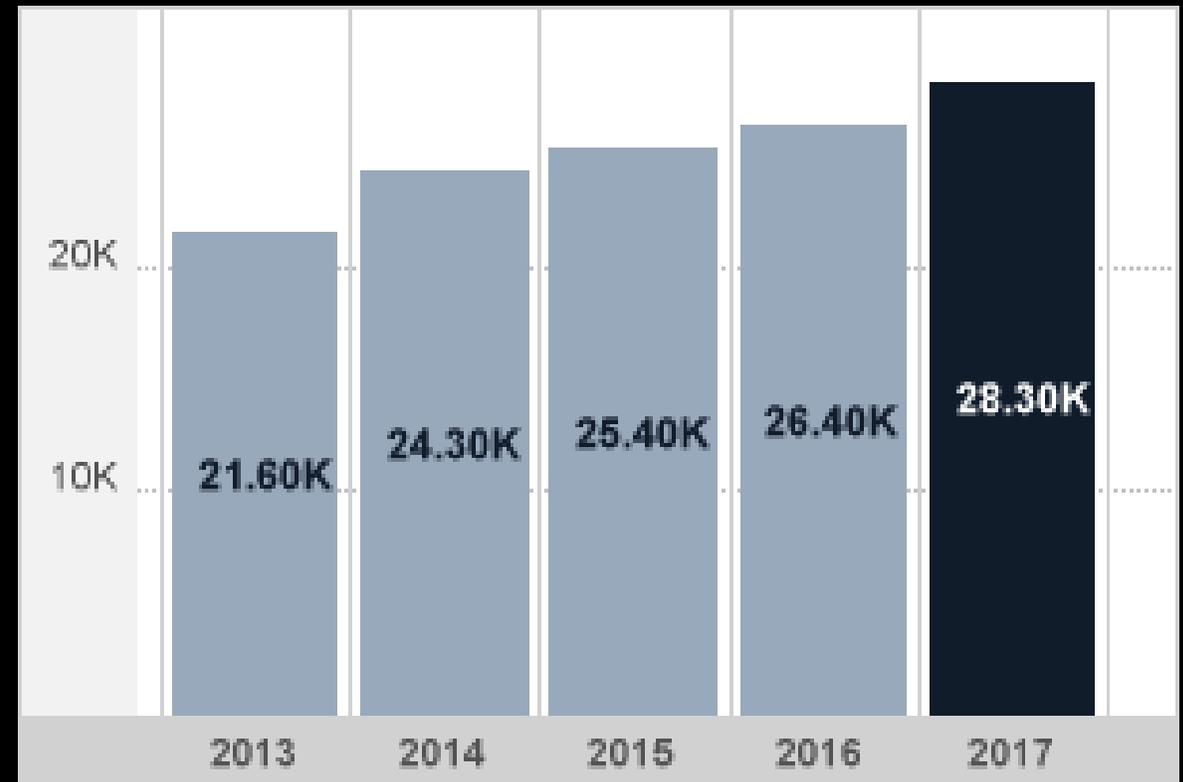
- Underwrites components of U-Haul
- Insure themselves
- Revenues come from
  - Safemove
  - Safetow
  - Safemove plus
  - Safemovestore
  - Safestor protection



	Fiscal 2017	Fiscal 2016	% Change
Owned or Operated Locations	1,750	1,685	+ 3.86%
Independent Dealers	20,000	19,500	+ 2.56%
Rental Trucks	150,000	139,000	+ 7.91%
Rental Trailers	112,000	108,000	+ 3.70%
Rental Towing Devices	40,000	38,000	+ 5.26%
Self-Storage Sq. Ft. (owned/operated)	51,400,000	47,926,000	+ 7.25%

# Employees

- Total of 28,940 employees
- 98% - Moving and Storage
- 55% of employees are part-time
- **U-Haul Announces \$23.6 Million in One-Time Bonuses**
- Full-time employees - \$1,200
- Part-time employees - \$500



# Rental Network

- Company Operated – 53% of Revenue
  - 1,700 company operated retail stores
  - Sell boxes, tape, packing materials
  - Largest seller and installer of hitches
  - Largest propane refilling network
- Dealers – 47% of Revenue
  - 19,500 independent U-Haul dealers
  - Dealers average 21% commission
  - Creates more locations with less cost

**U-HAUL**

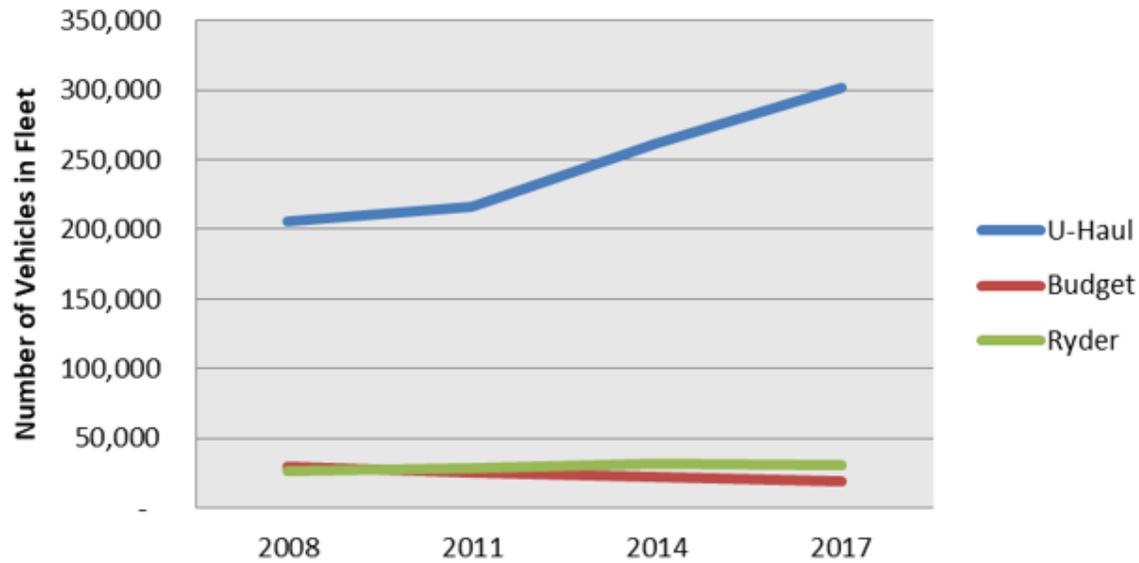


# Moat

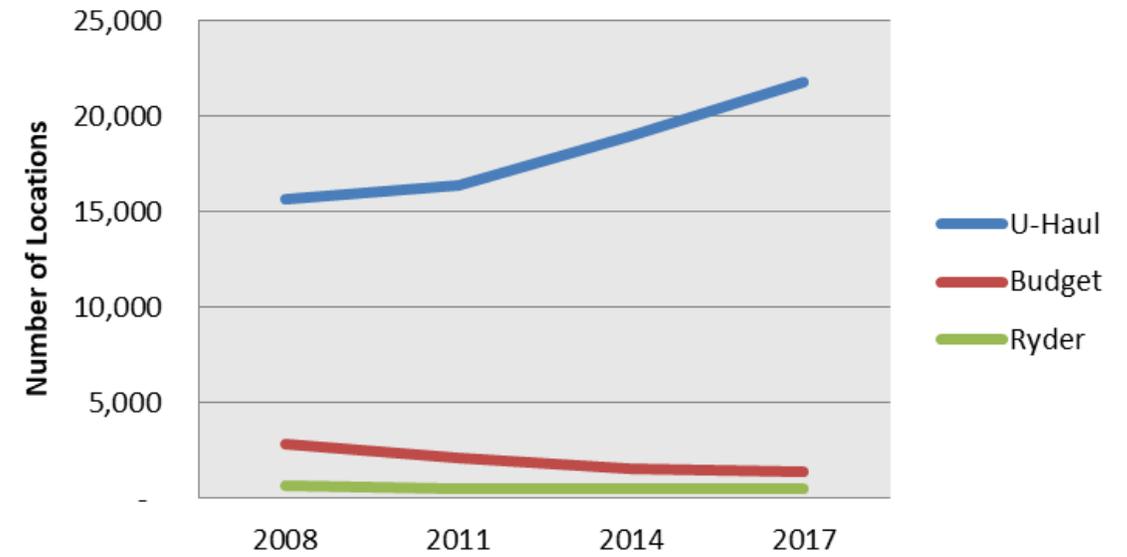
- Economies of Scale
  - Amerco is 13x bigger than its biggest and only publicly traded competitor (Budget)
- Network Effect

# Moat

### Fleet Size Over Past Decade



### # of Locations Over Past Decade



# Opportunities for Growth

- Self-Storage
- Moving Trends
- U-Box
- Dealers

# Risks

- Cyclical Business
- Purchases trucks from two manufacturers (Ford and GM)
- Substantial amount of shares owned by few shareholders
- Liability is an issue because customers can be careless
- Highly regulated industry on trucks/trailer

# Competitive Advantage

- Network Effect
  - More trucks and locations
  - Easier to use than competitors
- Brand Recognition
  - “Kleenex Effect”
- Convenience

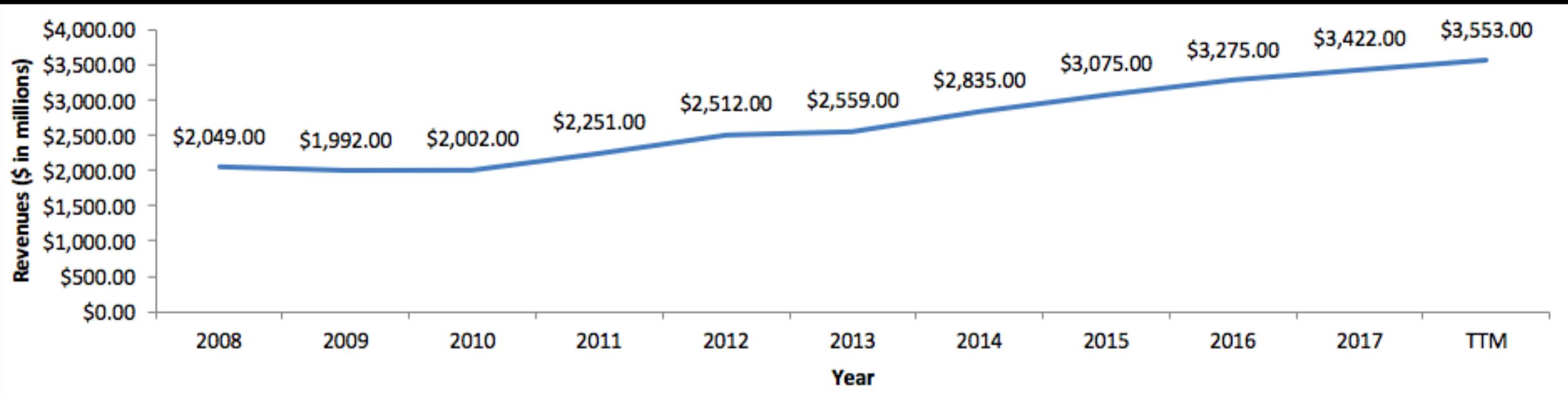
Qualitative Analysis	
What type of business is this: commodity or sustained competitive advantage?	<b>Sustained Competitive Advantage</b>
Can you easily what the business does?	<b>Absolutely</b>
Is it heavily unionized?	<b>No</b>
Does it require heavy capital infusion?	<b>Yes</b>
Does it require lots of research and development?	<b>No</b>
Can inventory become obsolete?	<b>Yes</b>
Are there any chronic “one time” write-offs?	<b>No</b>
Is the company able to raise its prices to offset inflation?	<b>Yes</b>
Will the company be able to sell more in the future?	<b>Yes</b>
If I gave you \$1 billion could you develop a competitor?	<b>Yes</b>

# Quantitative Analysis

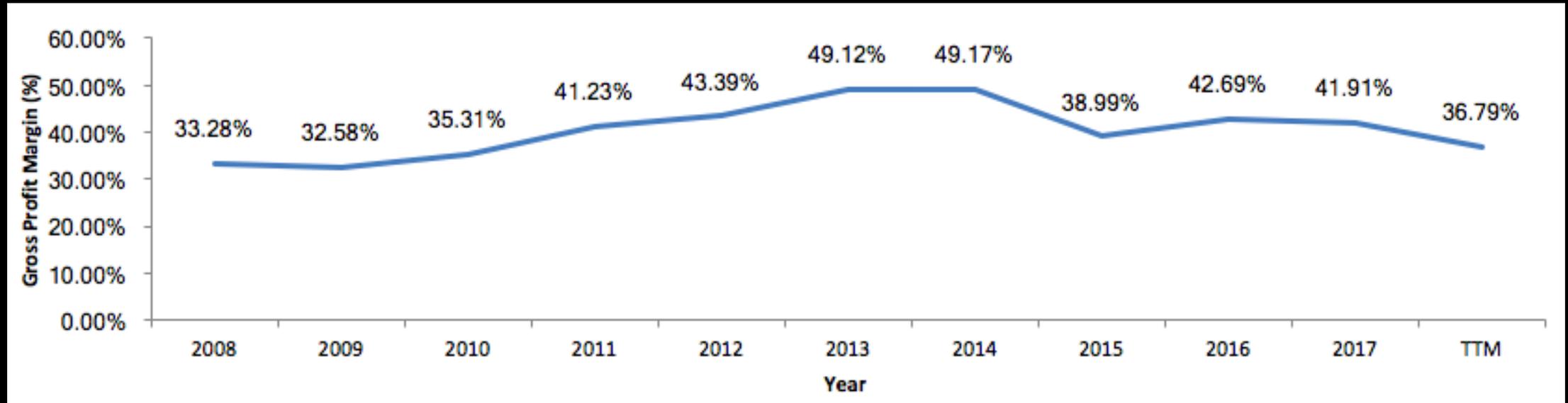
# Interpretation of Financial Statements

<u>TTM</u>	Value	Threshold	Pass?
Gross Profit Margin	36.79%	$\geq 20\%$	Yes
% SGA	11.32%	$\leq 80\%$	Yes
% R&D	0.00%	$\leq 10\%$	Yes
% Depreciation	41.16%	$\leq 10\%$	No
Interest % of OP	14.78%	$\leq 15\%$	Yes
Net Profit Margin	15.10%	$\geq 10\%$	Yes
Current Ratio	1.16	$\geq 1$	Yes
Obligation Ratio	4.94	< 5 years	Yes
Adj. Debt to Shareholder Equity	1.73	< 0.8	No
Return on Equity	15.76%	$\geq 15\%$	Yes
Return on Capital	8.69%	$\geq 15\%$	No
Dividend Payout Ratio	9.83%	$\leq 60\%$	Yes
Preferred Stock	None	None	Yes

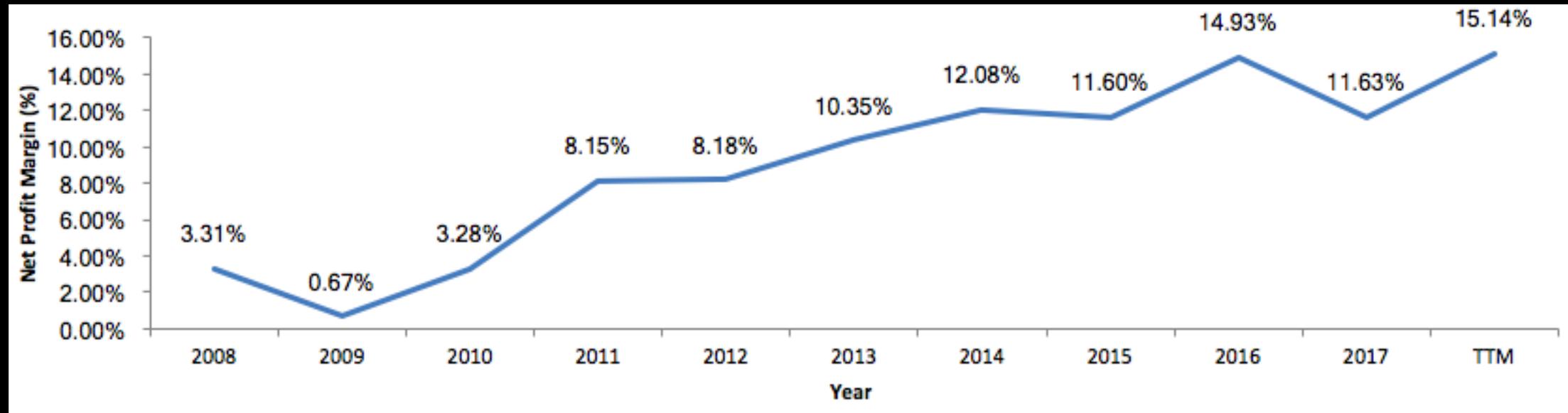
# Revenues- 10 Year



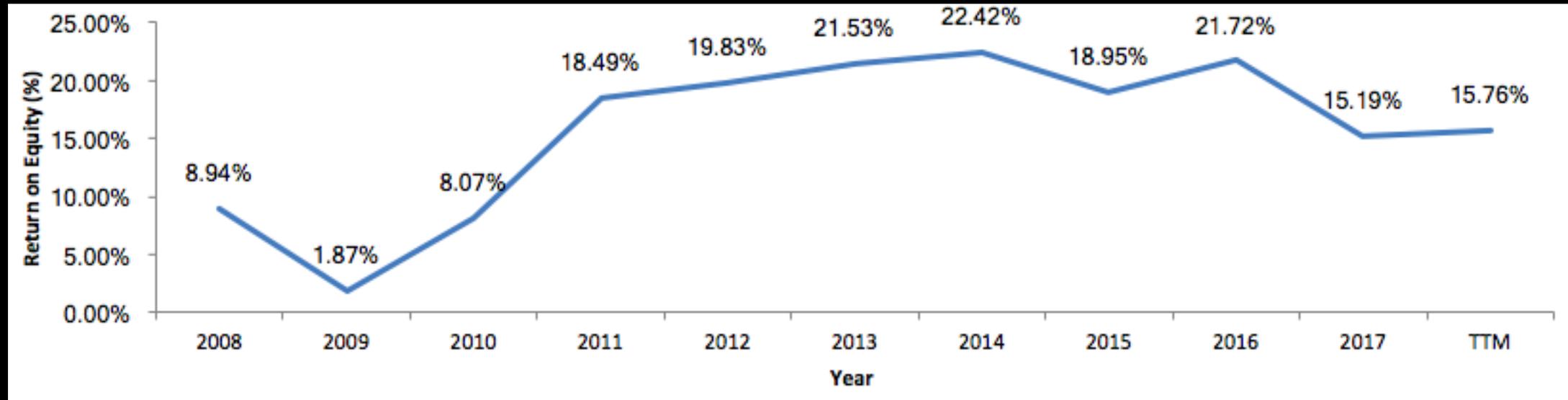
# Gross Profit Margin



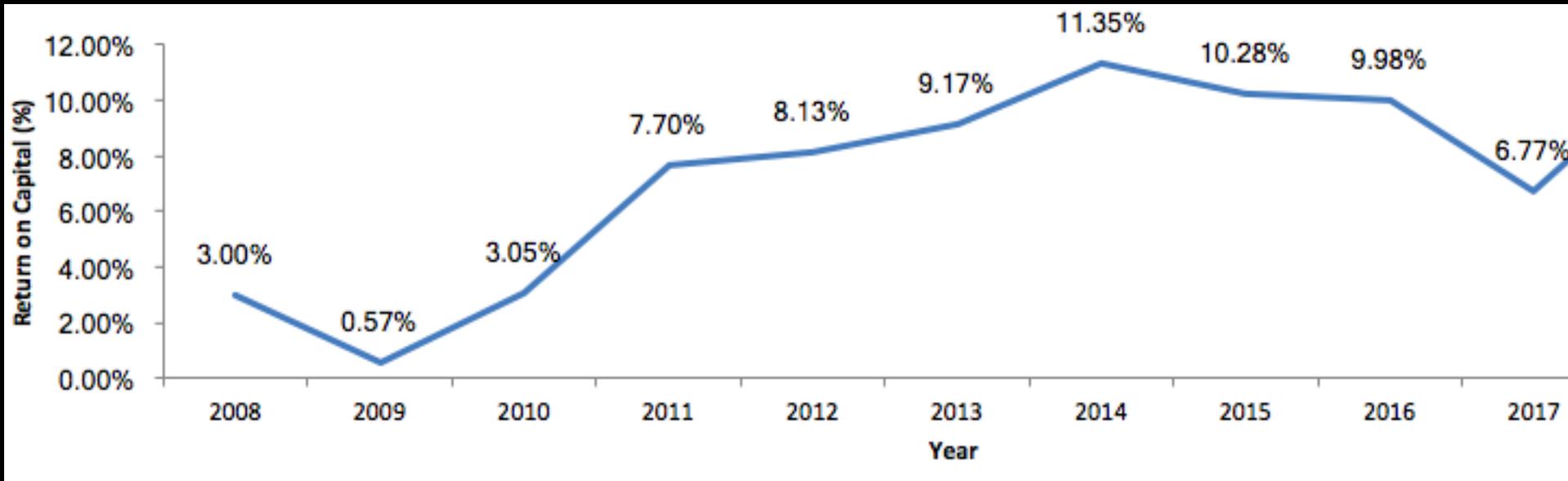
# Net Profit Margin



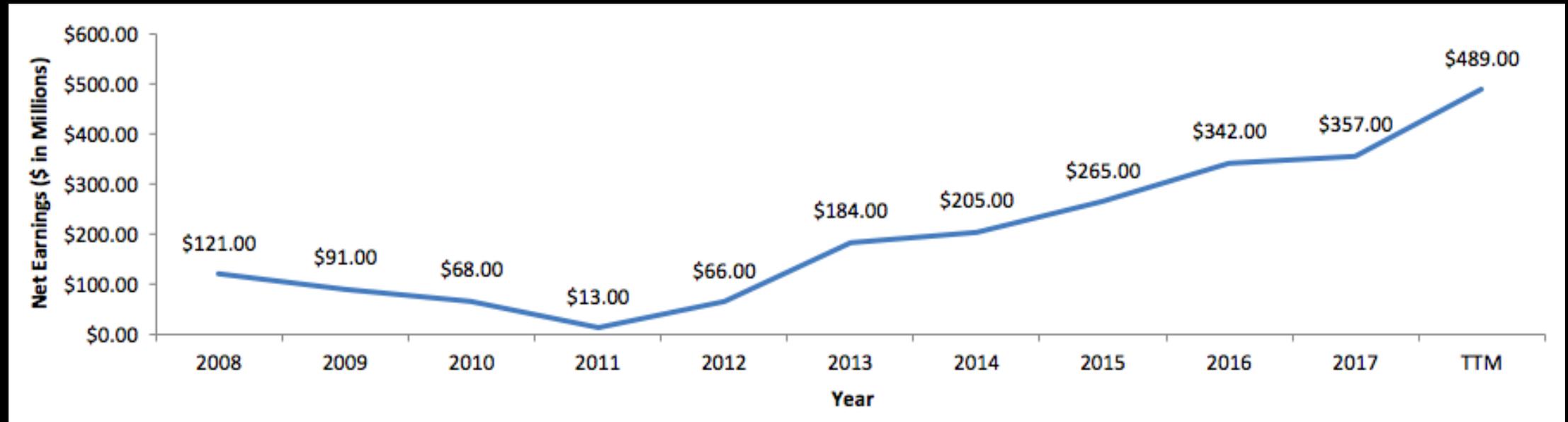
# Return on Equity



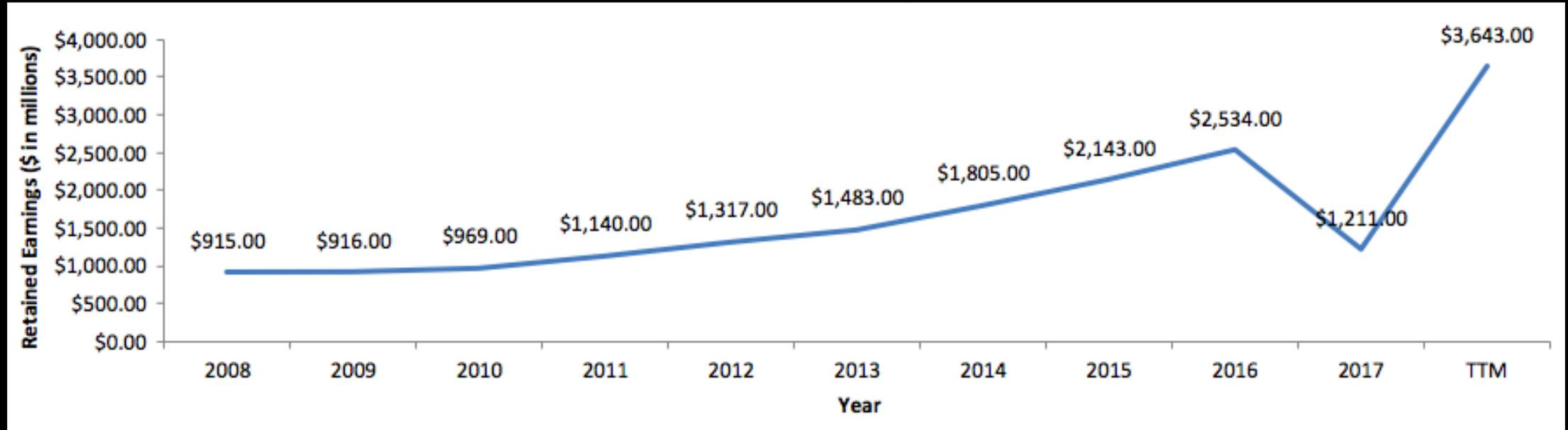
# Return on Capital



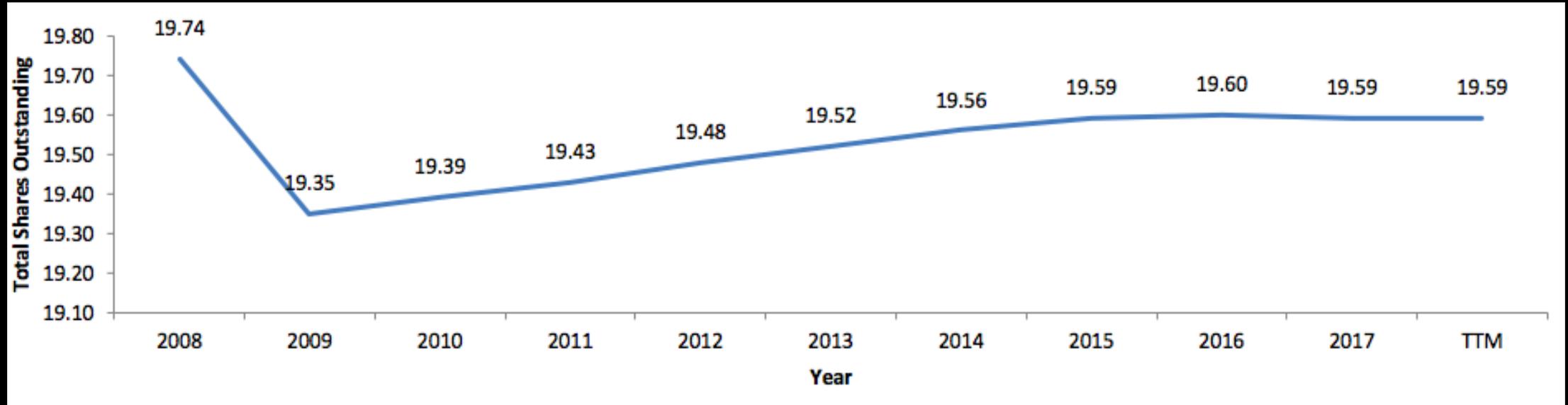
# Net Earnings



# Retained Earnings



# Total Shares Outstanding



# Statistical Array Analysis

Sales per Share	Increasing
Cashflows per Share	Increasing
Earnings per Share	Increasing
Dividends per Share	No Trend
Book Value per Share	Increasing
Revenues	Increasing
Operating Profit Margin	Increasing
Net Profit	Increasing
Net Profit Margin	Increasing
Shareholder's Equity	Increasing
Return on Total Capital	increasing
Return on Equity	Stable
Common Shares Outstanding	Stable
Long-Term Debt	Increasing

# DuPont Historical

Amerco	Total Asset Turnover	Net Profit Margin %	Financial Leverage Multiplier	Return on Equity
TTM	.34	15.1%	3.07	15.76%
2017	.36	11.6%	3.59	15.19%
2016	.40	14.9%	3.62	21.62%
2015	.45	11.6%	3.64	18.95%

# Industry Breakdown

Industry Breakdown	Amerco	Penske	Avis Budget Group	Public Storage	Extra Space Storage
Market Cap	7.02 B	9.72 B	4.01 B	35.05 B	11.06 B
Revenue (mil)	\$3,553	\$21,387	\$8,848	\$2,669	\$1,105
P/E	18.29	8.74	11.48	29.8	23.17
P/S	1.98	.18	.46	13.12	10.58
P/B	2.06	1.54	7.00	7.11	4.67
EV/EBIT	9.01	13.48	23.6	27.37	24.13

Industry Breakdown	Amerco	Penske	Avis Budget Group	Public Storage	Extra Space Storage
ROA	5.12%	6.29%	1.9%	13.85%	6.71%
ROE	15.76%	30.43%	121.63%	12.79%	21.24%
Operating Margins	22.67%	2.86%	10.26%	53.33%	49.01%
Net Margins	15.14%	2.86%	4.08%	54.05%	43.35%

# Industry DuPont

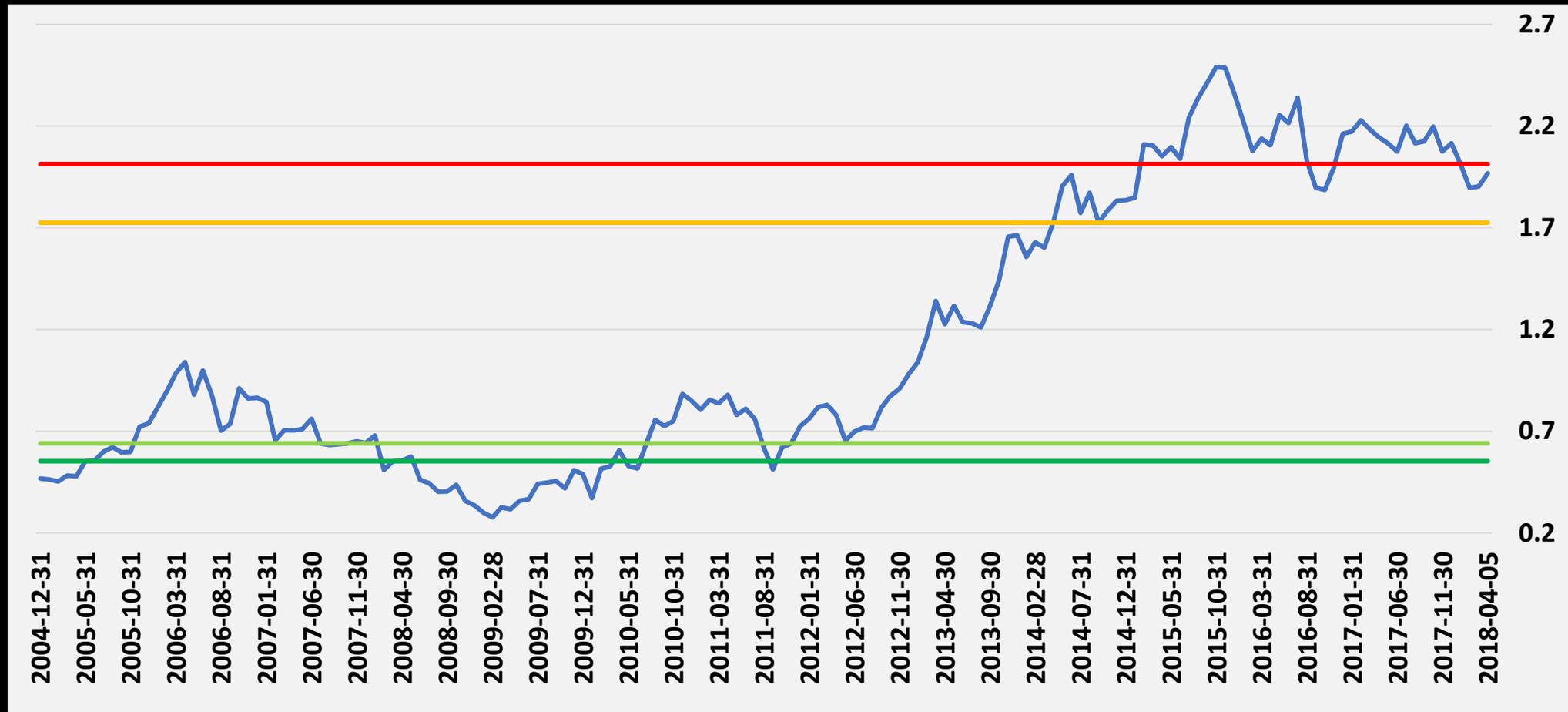
Industry Breakdown	Total Asset Turnover	Net Profit Margin %	Financial Leverage Multiplier	Return on Equity
Amerco	.34	15.1%	3.07	15.76%
Penske	2.19	2.87%	4.4	30.43%
Avis Budget Group	.47	4.08%	30.8	121.63%
Public Storage	.26	54.05%	1.2	12.79%
Extra Space Storage	.15	43.35%	3.17	21.24%

# Debt Analysis

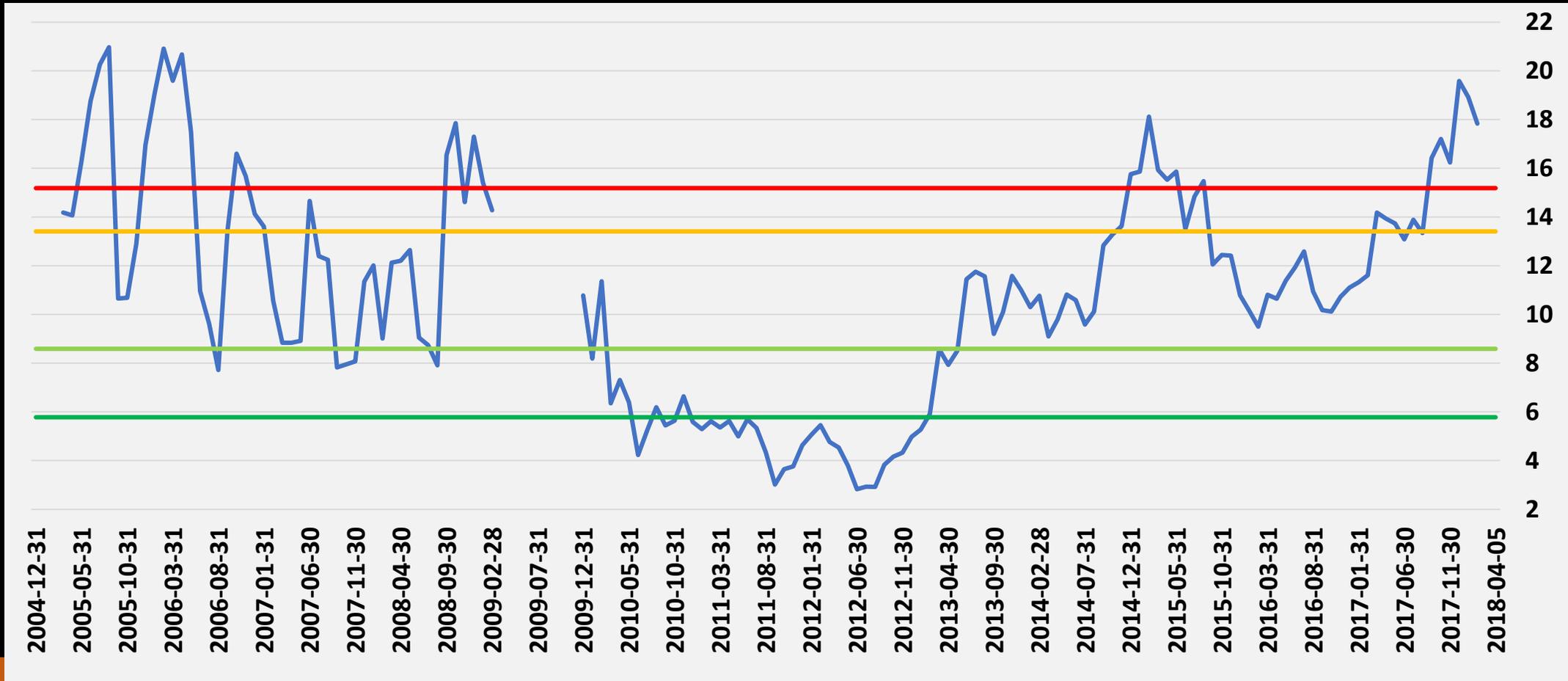
Maturity	Rate	Amount (In Millions)
2018	2.48%	85
2021	2.28%	417
2023	4.75%	169.3
2024	3.50%	1,201.80
2038	4.16%	1,292.20
2045	4.50%	69.8

# Valuebands

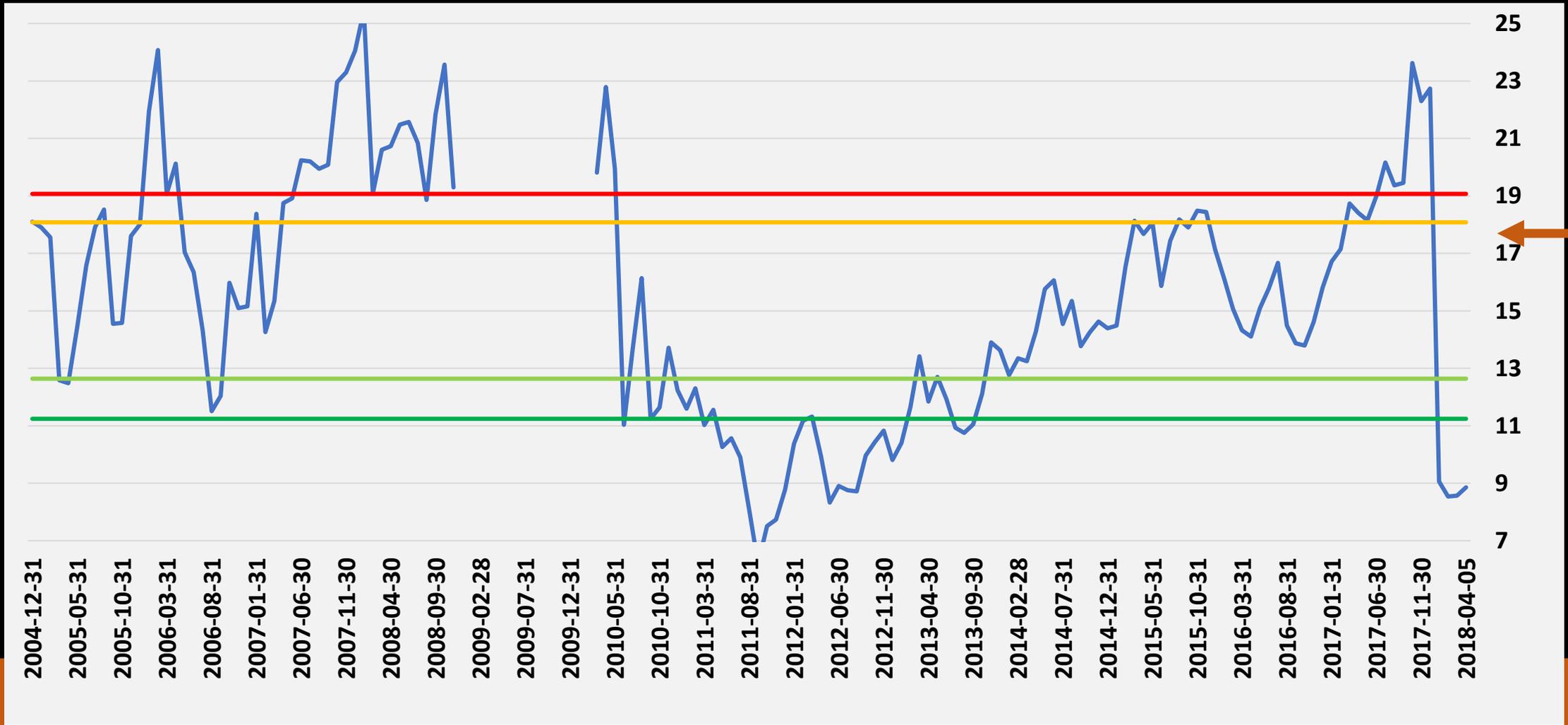
# Price / Sales



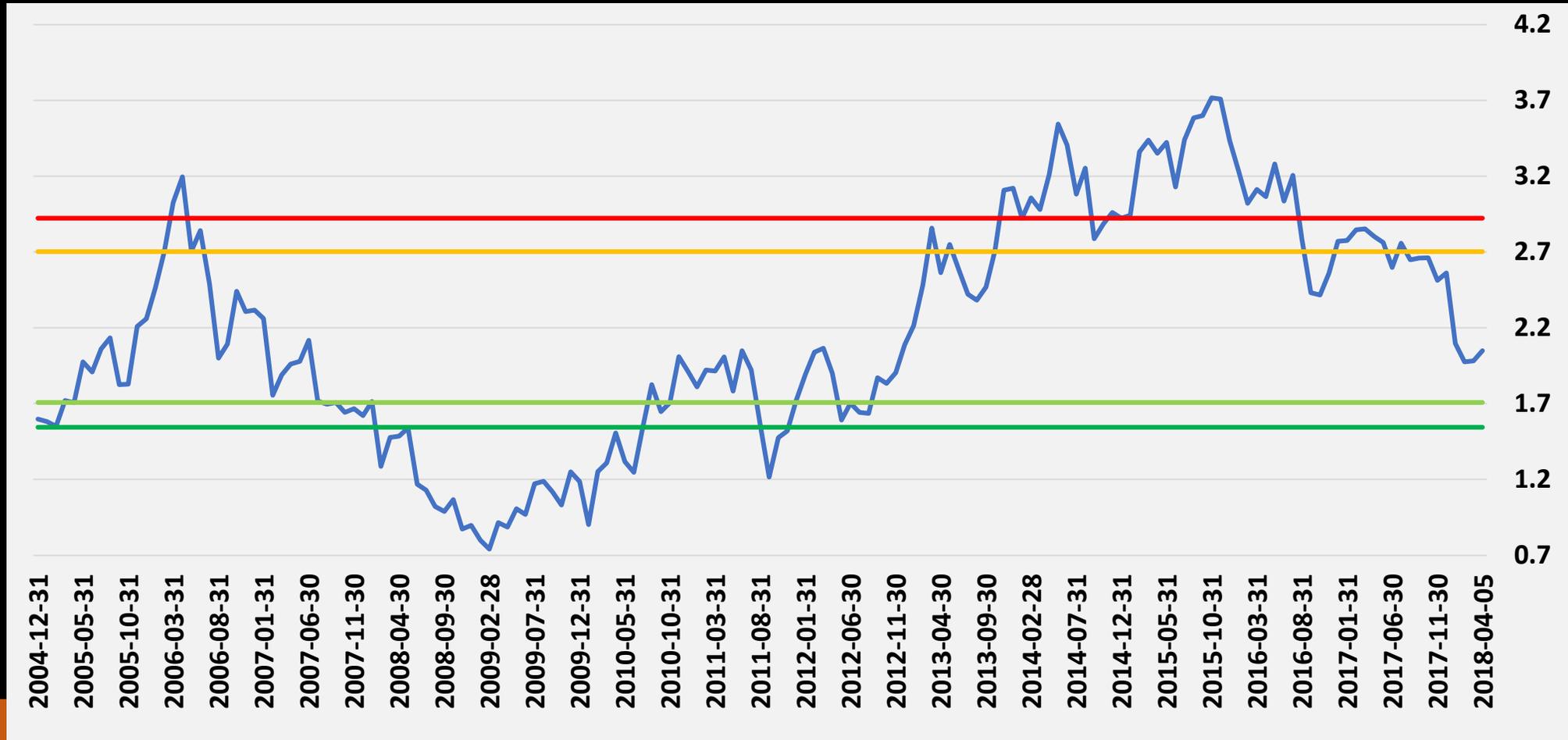
# Price / Owner's Earnings



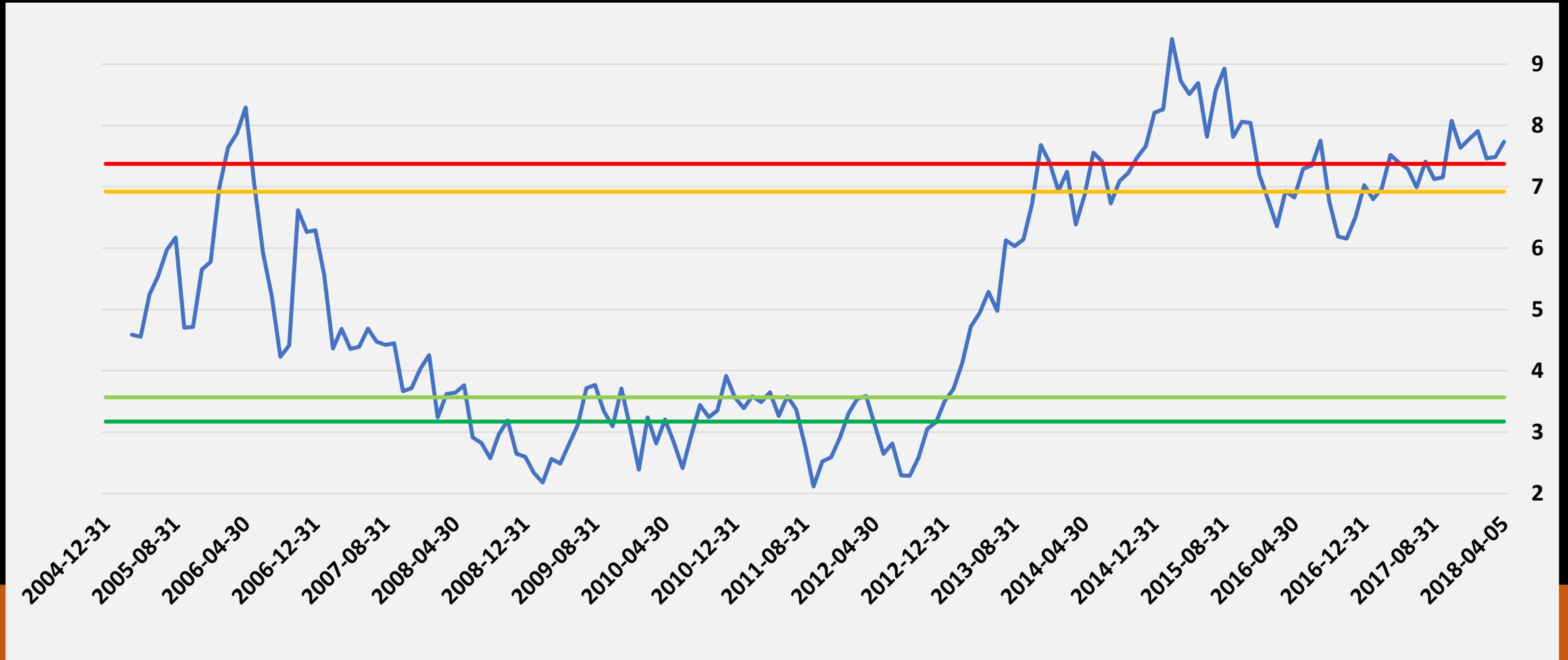
# Price / Earnings



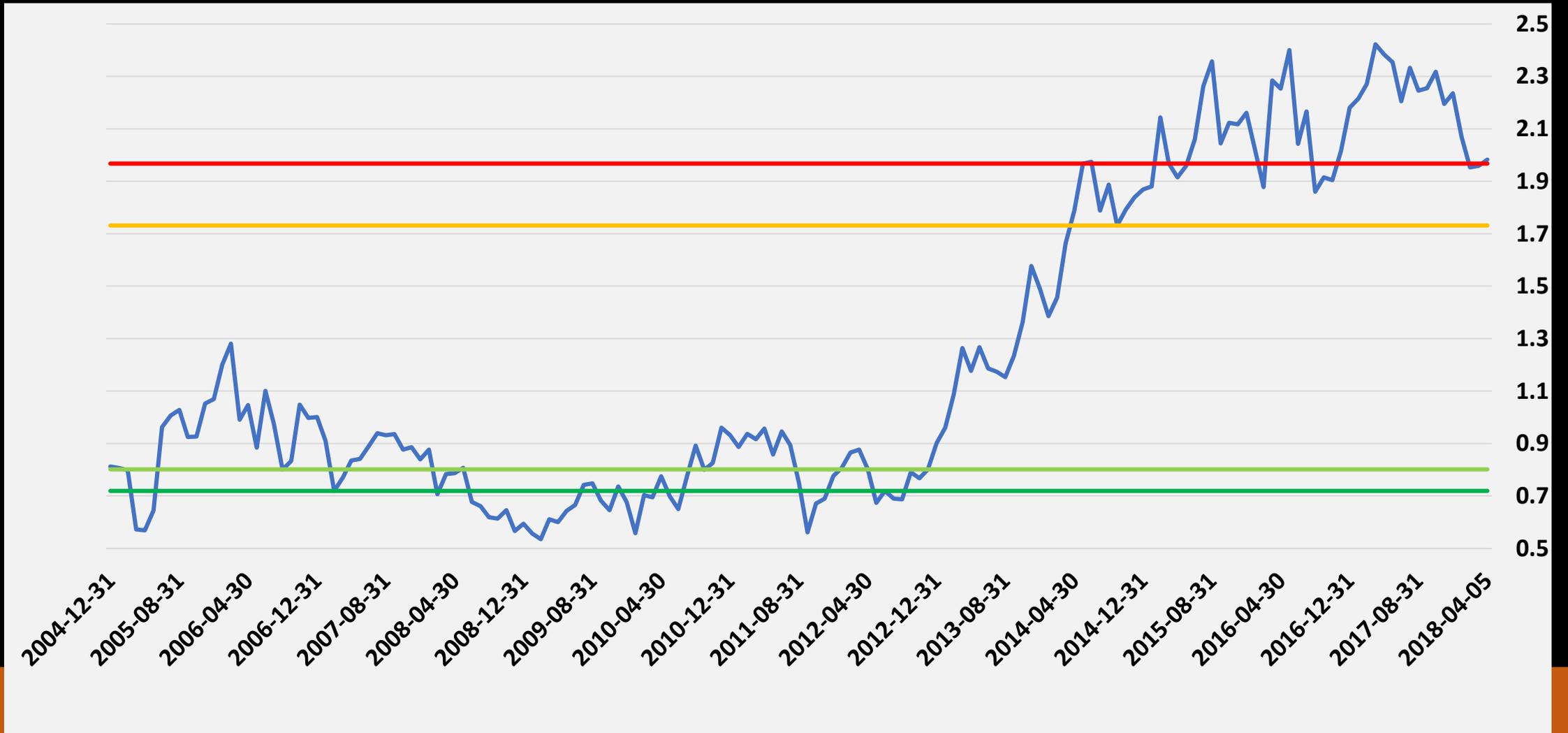
# Price / Book



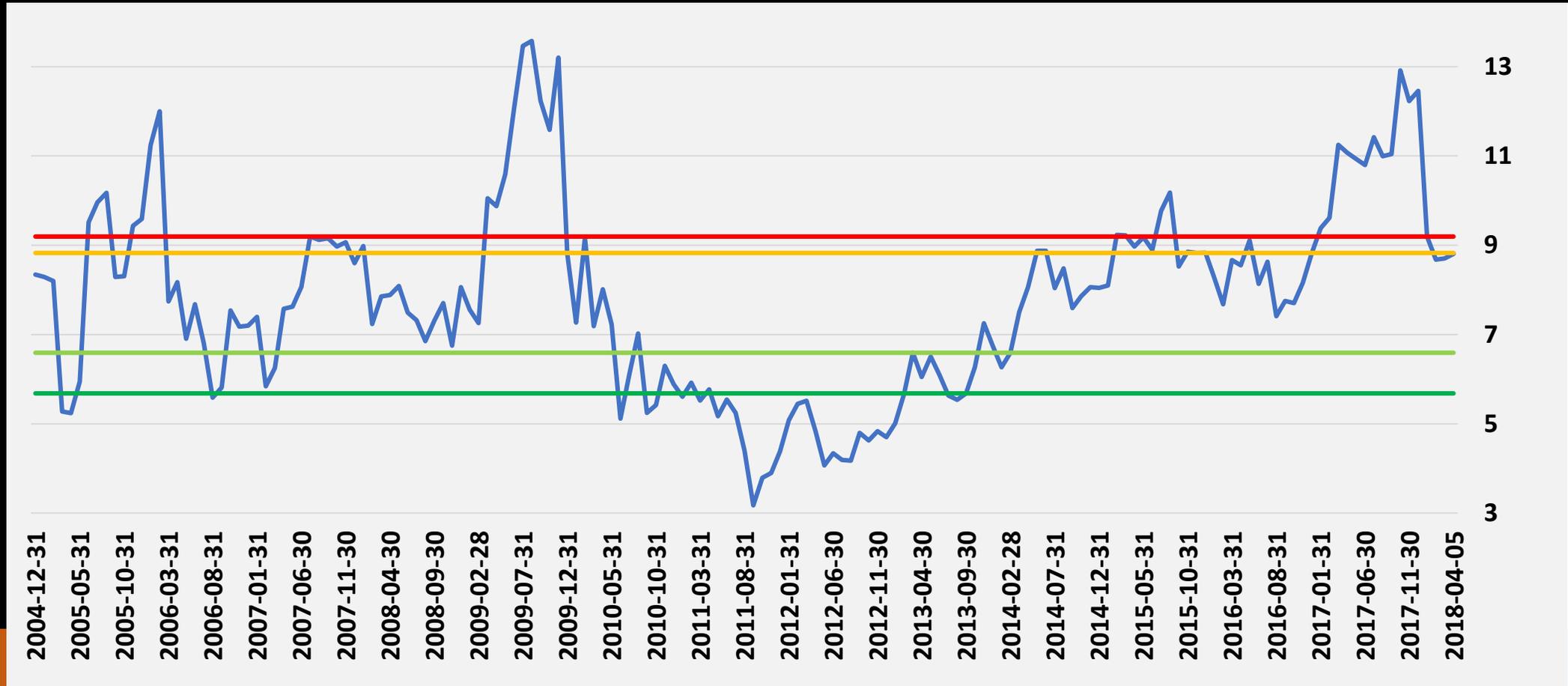
# Price / Cashflow



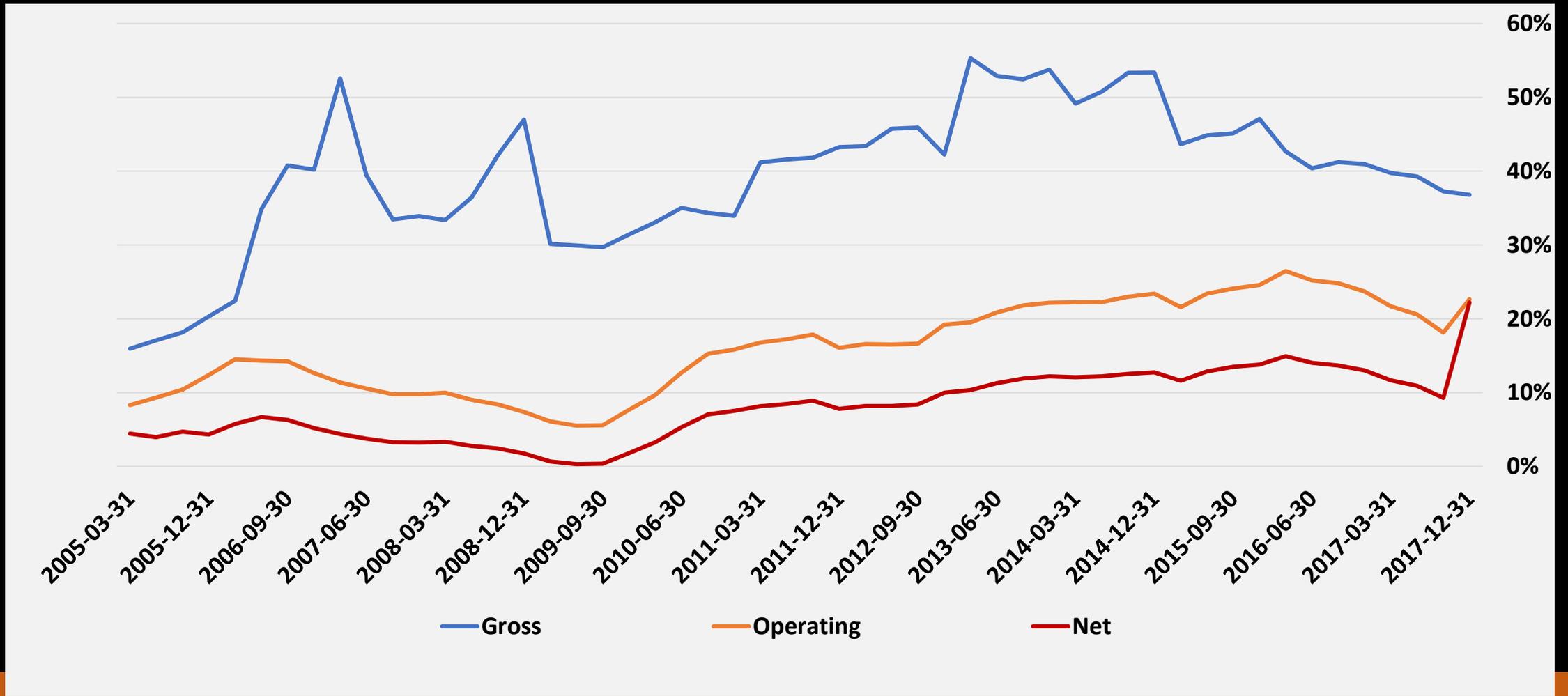
# EV / Revenue



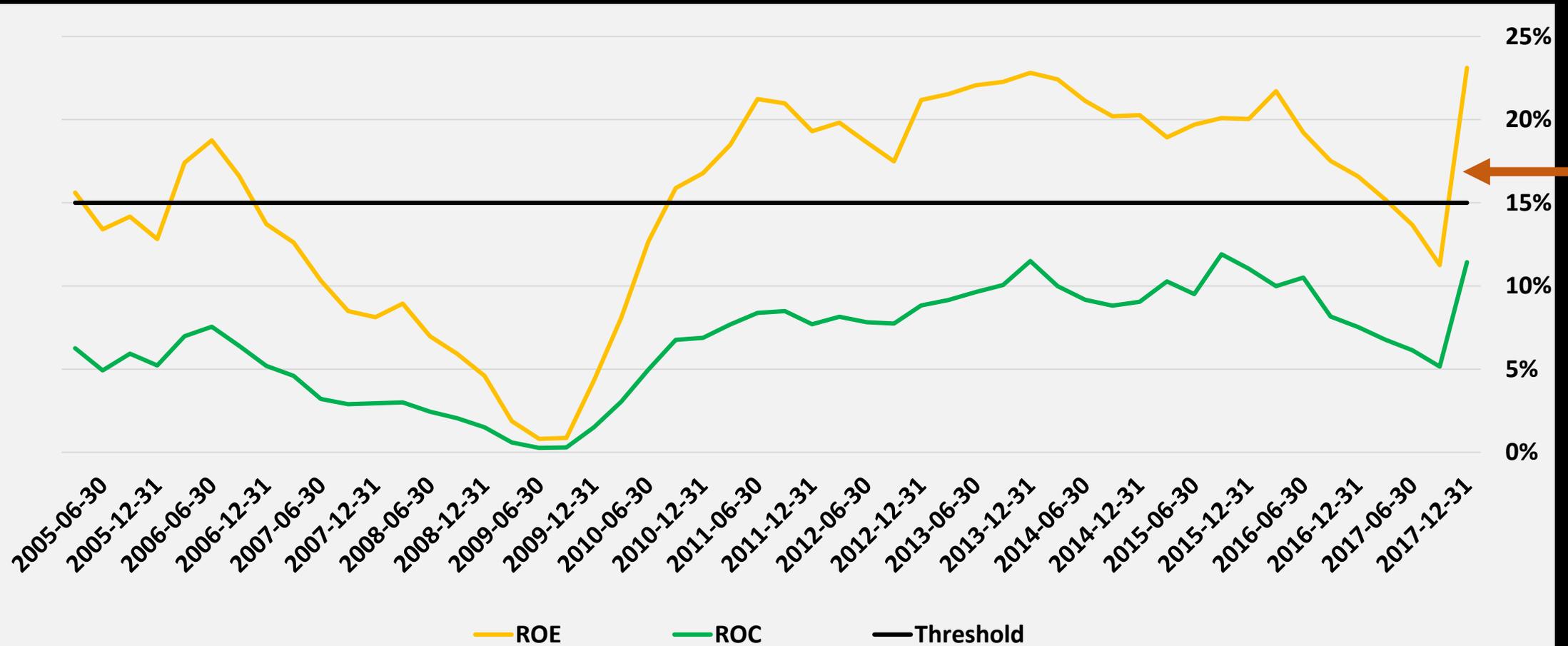
# EV / EBIT



# Margins



# Returns



# Discounted Cashflow

# DCF - Default

Earnings Per Share <sup>?</sup> : \$ 19.56

Growth Rate In the Next <sup>?</sup> : 10 Years: 20 %

Terminal Growth Rate <sup>?</sup> : 4 %

Years of Terminal Growth <sup>?</sup> : 10

Discount Rate <sup>?</sup> : 10 %

Business Predictability <sup>?</sup> :  <sup>?</sup>

➤

DCF Reverse DCF <sup>NEW</sup>

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**Fair Value <sup>?</sup> : 673.05**

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Tangible Book Value <sup>?</sup> : \$ 174.05  
 Add to Fair Value

Growth Value <sup>?</sup> : 325.6

Terminal Value <sup>?</sup> : 347.46

Stock Price: \$ 349.36

Margin Of Safety: **48%**

## Financial Data of Amerco Inc

Annual Rates (per share)	10 yrs	5 yrs	12 months
Revenue Growth (%)	6.40	6.90	4.60
EBITDA Growth (%)	14.20	14.50	6.40
Operating Income Growth (%)	19.50	13.90	
EPS without NRI Growth (%)	46.30	16.60	78.80
Free Cash Flow Growth (%)			
Book Value Growth (%)	15.00	21.00	28.30

# DCF – Conservative

Earnings Per Share ? : \$ 19.56

Growth Rate In the Next ? : 10 Years: 12 %

Terminal Growth Rate ? : 4 %

Years of Terminal Growth ? : 10

Discount Rate ? : 10 %

Business Predictability ? : ?

➔

DCF Reverse DCF <sup>NEW</sup>

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**Fair Value ? :** **390.55**

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Tangible Book Value ? : \$ 174.05  
 Add to Fair Value

Growth Value ? : 216.27

Terminal Value ? : 174.29

Stock Price: \$ 349.36

Margin Of Safety: **11%**

Financial Data of Amerco Inc			
Annual Rates (per share)	10 yrs	5 yrs	12 months
Revenue Growth (%)	6.40	6.90	4.60
EBITDA Growth (%)	14.20	14.50	6.40
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Free Cash Flow Growth (%)			
Book Value Growth (%)	15.00	21.00	28.30

# Reverse DCF

DCF
Reverse DCF NEW

**Growth Rate** ⓘ : 10.35%

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Stock Price: \$

Revenue Growth Rate ⓘ : 6.40%(10y) 6.90%(5y) 4.60%(1y)

EBITDA Growth Rate ⓘ : 14.20%(10y) 14.50%(5y) 6.40%(1y)

EPS without NRI Growth Rate ⓘ : 46.30%(10y) 16.60%(5y) 78.80%(1y)

Free Cash Flow Growth Rate ⓘ : 0.00%(10y) 0.00%(5y) 0.00%(1y)

Book Value Growth Rate ⓘ : 15.00%(10y) 21.00%(5y) 28.30%(1y)

# Conscious Investor

# Conscious Investor - 10 Year

	3/08	3/09	3/10	3/11	3/12	3/13	3/14	3/15	3/16	3/17	EPSttm	Years
<b>EPS (\$)</b>	2.780	0.020	2.740	8.800	10.090	13.560	17.510	18.210	24.950	20.340	<b>\$19.560</b>	10
<b>SPS (\$)</b>	104.383	98.646	99.553	111.620	124.363	121.285	132.339	144.310	154.871	160.537		10

HGROWTH	STAEGR <sup>®</sup>
56.01%	8.61%
5.92%	96.59%

# Conscious Investor – 6 Years

	3/08	3/09	3/10	3/11	3/12	3/13	3/14	3/15	3/16	3/17	EPSttm	Years
<b>EPS (\$)</b>	2.780	0.020	2.740	8.800	10.090	13.560	17.510	18.210	24.950	20.340	<b>\$19.560</b>	6
<b>SPS (\$)</b>	104.383	98.646	99.553	111.620	124.363	121.285	132.339	144.310	154.871	160.537		6

HGROWTH	STAEGR <sup>®</sup>
16.81%	88.77%
6.19%	97.94%

# Conscious Investor - 4 Years

	3/08	3/09	3/10	3/11	3/12	3/13	3/14	3/15	3/16	3/17	EPSttm	Years
<b>EPS (\$)</b>	2.780	0.020	2.740	8.800	10.090	13.560	17.510	18.210	24.950	20.340	<b>\$19.560</b>	4
<b>SPS (\$)</b>	104.383	98.646	99.553	111.620	124.363	121.285	132.339	144.310	154.871	160.537		4

HGROWTH	STAEGR <sup>®</sup>
7.75%	92.28%
6.72%	99.25%

# Conscious Investor – 4 Year Safety

	Price	EP Sttm	P/E Ratio	HGrowth	Payout	STRETD <sup>®</sup>
<b>Default</b>	349.36	<b>\$19.560</b>	16.46	7.75%	0.0%	6.87%
<b>Safety</b>	349.36	<b>\$19.560</b>	14.39	4.15%	0.0%	1.92%

Cut P/E by: 14%

Cut Growth by: 86%

# Conscious Investor – Kill It

	Price	EPSttm	P/E Ratio	HGrowth	Payout	STRETD®
Default	357.89	\$19.560	16.55	7.75%	0.0%	6.67%
Safety	357.89	\$19.560	14.55	4.15%	0.0%	1.79%
 Saved 2018-04-05	349.36	\$19.560	12.00	4.06%	0.0%	0.00%

Cut P/E by: 38%

Cut Growth by: 91%

# Intraportfolio Valuations

P/S



Symbol	PS Ratio
MCK	0.14
CHRW	0.89
AIG	1.02
OMC	1.09
TSCO	1.09
DG	1.11
PII	1.37
IBM	1.84
UHAL	1.93
BRK.B	2.03
PEP	2.49
NSRGY	2.57
NKE	3.32
QCOM	3.67
ORCL	4.87
UNP	5.01
MSFT	7.26

# EV/EBIT



Symbol	EV-to-EBIT
MCK	5.67
OMC	8.72
UHAL	8.80
TSCO	11.80
ORCL	12.18
DG	14.11
UNP	14.23
IBM	14.67
PEP	16.37
BRK.B	16.56
CHRW	18.54
MSFT	21.03
PII	22.87
NSRGY	24.73
NKE	25.23
QCOM	25.52
AIG	25.96

P/B



Symbol	PB Ratio
AIG	0.74
BRK.B	1.40
UHAL	2.01
MCK	2.50
QCOM	3.37
DIS	3.52
NSRGY	3.73
ORCL	3.89
UNP	4.13
DG	4.22
TSCO	5.32
OMC	6.36
PII	7.97
IBM	8.01
CHRW	8.97
MSFT	9.01
NKE	11.35
PEP	14.17



# ROIC



Symbol	ROIC %
MSFT	36.89
UNP	32.54
MCK	32.13
QCOM	31.92
UHAL	27.87
OMC	25.03
TSCO	23.77
CHRW	22.29
PII	20.78
DG	18.86
NKE	18.81
PEP	16.02
NSRGY	12.81
IBM	11.47
BRK.B	10.89
ORCL	10.31
AIG	-6.67





# Intrinsic Value - Average

Segments	Revenue (millions)	Enterprise Value / Revenue estimate	Implied Enterprise Value
Self-Moving	2,362.80	1.535	\$3,626.90
Self-Storage	286.9	14.51	\$4,162.92
Life Insurance	163.6	0.76	\$124.34
Property / Casualty insurance	52.3	1.02	\$53.35
Total	2,865.60		\$7,967.50
(Long-term Debt)			\$3,494.00
Cash			\$3,299.00
Shares outstanding			\$19.59
Share Price Value			<b>\$396.76</b>

# Intrinsic VS Today Price

- **\$396.76 Intrinsic Price**
- **346.04 Price Today**
- **Trading at a 14.7% discount to intrinsic value**

# Conclusion

- Huge Brand Recognition
- Convenient Network Effect
- Growth opportunities with millennials
- Discount to Intrinsic Value

# Recommendation

- Market Order @ \$346.04

No Questions?



# Appendix