

**Operating leverage persists into F2022; fair value increased to \$630 per share**

- ✓ UHAL reported 1Q F2022 sales up ~49% to \$1.47 billion while operating income and EPS jumped to \$494.2 million and \$17.60, respectively, from \$154 million and \$4.47 in the prior year period. By our calculation, EBITDA almost doubled to \$615.9 million.
- ✓ At the core-Moving & Storage segment, sales increased ~50% to \$1.39 billion, reflecting a ~58% increase at Moving and a 26% rise at Storage. Operating income jumped ~220% to \$483 million.
- ✓ At quarter-end, UHAL had net debt of ~3.15 billion (compared with \$3.475 billion at the end of F2021 and ~\$4.13 billion at the end of F2020) and a net leverage ratio of less than 2.0x, by our calculation.
- ✓ As mentioned in previous notes, we think the recent, primarily pandemic-driven, slowdown in spending at UHAL, particularly on real estate, and the seeming two-year runway back toward “normalization” augurs well for continued improvements in profitability (and investor sentiment); to that end, capital spending at Storage, primarily aimed at footprint expansion, roughly halved in F2021, which, in part, drove a 26% increase in average occupied units in 1Q F2022 as well as an improvement in average monthly occupancy, which stood at 79.7% in 1Q F2022 (vs. 74.3% at the end of F2021 and 67.6% in 2Q F2021). These improvements, coupled with increases in utilization at Moving, resulted in operating margin expansion at the core-Moving & Storage segment to 34.6% in 1Q F2022 from 16.4% in the prior year period.
- ✓ Our fair value estimate is increased to \$630 per share, reflecting an ~8.5x multiple on F2022E Moving & Storage EBITDA of \$1.84 billion, the insurance assets at book value and net debt of ~\$3.15 billion (see Exhibit #1 on page 2).
- ✓ That said, we may make further adjustments following this morning’s conference call at 11 a.m. (ET).

**Amerco**

**(NASDAQ: UHAL)**

**Date (8/5/21)**

**Price \$584.11/share**

**Market capitalization ~\$11.45B**

**Moving & Storage: \$751/share**

*Moving: \$364/share*

*Storage: \$387/share*

**Insurance: \$37/share**

*Repwest: \$13/share*

*Oxford: \$24/share*

**Corporate/Net Debt:  
(\$159/share)**

**SOTP: \$630 per share\***

\*SOTP may not add due to rounding

*(See the report dated 6/1/2018 and updates from 8/14/2018, 3/27/2020, 5/28/2020, 8/6/2020, 11/5/2020 and 2/4/21 for more info.)*

NOTE: This publication could be considered as advocating for corporate restructurings. Authors select companies for this report based on the potential for a future value-unlocking transaction. In many cases, these companies have or could come under activist investor pressure, media scrutiny, or general market speculation that a spin-off or asset sale is possible.



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# HIDDEN OPPORTUNITIES

*“Valuing possible breakups by providing sum-of-the-parts analysis.”*

## Exhibit #1 Amerco: Sum-of-the-Parts Fair Value

(\$ in millions, except per share figures)

	<u>Moving</u>	<u>Storage</u>	<u>Eliminations</u>	<u>Insurance</u>	<u>Enterprise Value</u>	<u>Net Debt</u>	<u>Market Cap</u>
<b>2022E Revenue</b>	<b>\$3,800.4</b>	<b>\$670.1</b>	<b>(\$6.5)</b>				
Operating margin	17.0%	70.0%					
<b>Operating income</b>	<b>\$646.1</b>	<b>\$469.0</b>	<b>(\$2.5)</b>				
EBITDA margin	<u>34.9%</u>	<u>77.0%</u>					
<b>2022E EBITDA</b>	<b>\$1,325.3</b>	<b>\$516.3</b>	<b>(\$2.5)</b>			<b>(\$3,153.4)</b>	
Applied multiple	<u>5.5x</u>	<u>15.0x</u>	<u>8.2x</u>			<b>1.0x</b>	
<b>Enterprise value</b>	<b>\$7,289.1</b>	<b>\$7,743.9</b>	<b>(\$20.4)</b>	<b>\$741.8</b>	<b>\$15,754.4</b>	<b>(\$3,153.4)</b>	<b>\$12,601.0</b>
Diluted shares	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>		<u>20.0</u>	<u>20.0</u>
<b>Per share basis</b>	<b>\$364.46</b>	<b>\$387.20</b>	<b>(\$1.02)</b>	<b>\$37.09</b>		<b>(\$157.67)</b>	<b>\$630.05</b>
Bull (10x)	\$430.72	\$438.82	(\$1.18)	\$37.09		(\$157.67)	\$747.78
Base	\$364.46	\$387.20	(\$1.02)	\$37.09		(\$157.67)	\$630.05
Bear (7.5x)	\$298.19	\$335.57	(\$0.86)	\$37.09		(\$157.67)	\$512.32

Source: Company reports, Bloomberg, and Institutional Research Group estimates.