Zacks Small-Cap Research

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Ian Gilson PhD; MBA; CFA
312-265-9496
igilson@zacks.com

scr.zacks.com
111 North Canal Street, Chicago, IL 60606

# AMERCO Inc (UHAL-NASDAQ)

**UHAL: Record revenue expected but non-cash charge to impact earnings.**

| | |
|---|---|
| **Current Recommendation** | **Outperform** |
| Prior Recommendation | Neutral |
| Date of Last Change | 03/16/11 |
| Current Price (02/02/12) | $99.30 |
| **Target Price** | **$110.00** |

## OUTLOOK

AMERCO is the parent company of U-Haul International, the largest consumer truck rental company in the world. It is also the second largest self-storage company in North America. The impact of the decline in housing and a decrease in apartment occupancy rates appears to have ended. We expect continued improvements in operating parameters. Our recommendation continues as Outperform, with a price target of $110 a share.

## SUMMARY DATA

| | |
|---|---|
| **52-Week High** | **$102.52** |
| **52-Week Low** | **$60.73** |
| **One-Year Return (%)** | **3.14** |
| **Beta** | **1.1** |
| **Average Daily Volume (sh)** | **19,279** |
| **Shares Outstanding (mil)** | **19.46** |
| **Market Capitalization ($mil)** | **$1,932** |
| **Short Interest Ratio (days)** | **12.02** |
| **Institutional Ownership (%)** | **27.6** |
| **Insider Ownership (%)** | **71.2** |
| **Annual Cash Dividend** | **$0.00** |
| **Dividend Yield (%)** | **0.00** |
| **5-Yr. Historical Growth Rates** | |
| **Sales (%)** | **1.8** |
| **Earnings Per Share (%)** | **27.2** |
| **Dividend (%)** | **N/A** |
| **P/E using TTM EPS** | **9.6** |
| **P/E using N4Q Estimate** | **9.8** |
| **P/E using 2013 Estimate** | **8.4** |

| | |
|---|---|
| **Risk Level** | **Average,** |
| **Type of Stock** | **Mid-Blend** |
| **Industry** | **Trans-Eqp&Lsng** |

## ZACKS ESTIMATES

**Revenue**
(in millions of $)

| | Q1 (Jun) | Q2 (Sep) | Q3 (Dec) | Q4 (Mar) | Year (Mar) |
|---|---|---|---|---|---|
| 2011 | 585.9A | 637.0A | 530.0A | 488.4A | 2241.3A |
| 2012 | 643.0A | 703.2A | 551.0E | 507.0E | 2404.1E |
| 2013 | 656.9E | 721.0E | 564.0E | 533.0E | 2479.9E |
| 2014 | 673.0E | 735.0E | 578.0E | 552.0E | 2545.0E |

**Earnings per Share**
(EPS is operating earnings before non recurring items)

| | Q1 (Jun) | Q2 (Sep) | Q3 (Dec) | Q4 (Mar) | Year (Mar) |
|---|---|---|---|---|---|
| 2011 | $3.26A | $4.23A | $0.80A | $0.52A | $8.82A |
| 2012 | $3.86A | $5.20A | $0.74E | $0.43E | $9.93E |
| 2013 | $3.76E | $5.39E | $1.77E | $0.84E | $11.75E |
| 2014 | $3.79E | $5.50E | $2.27E | $0.40E | $11.96E |

Zacks Projected EPS Growth Rate - Next 5 Years % **10**

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## RECENT NEWS

RepWest Insurance Company will take a 3Q12 non-cash charge to strengthen its reserves. RepWest is no longer in the workers' compensation insurance business but this is related to the long tail liabilities RepWest assumed from other carriers or wrote itself over a decade ago.

This is an addition to reserves for assumed liabilities that are larger than anticipated due to inflation in medical costs and other factors. This charge does not affect the core U-Haul businesses.

We have adjusted our estimate for the $28 million after tax charge. Without this charge the company stated that both revenue and earnings would have been records for any third quarter.

The company has declared a special cash dividend of $1.00 a share payable January 3, 2012 to stockholders of record on December 23, 2011.

With close to 20 million shares outstanding the impact on cash flow is small. It is possible that a special dividend could be paid out every year, depending on cash flow over the prior 12 months and the need for capital expenditures (mainly trucks) in the next year.

## KEY POINTS

- U-Haul is one of the most recognized names in the world and has a commanding share of the consumer self-moving business.
- Today, U-Haul, with a network of more than 15,950 locations in all 49 United States and 10 Canadian provinces, is the first choice of do-it-yourself movers.
- The company also supplies alternative-fuel for vehicles and backyard barbecues as one of the nation’s largest retailers of propane.
- At March 31, 2009 the size of the rental truck fleet was approximately 101,000 trucks, an increase of 5,000 trucks since March 31, 2008.

## OVERVIEW

AMERCO is North America’s largest “do-it-yourself” moving and storage operator, which operates through its subsidiary, U-Haul International, Inc. (U-Haul) as well as AMERCO Real Estate Company, Republic Western Insurance Company (or RepWest), and Oxford Life Insurance Company (or Oxford). U-Haul offers “do-it-yourself” moving and storage and supplies products and services to help people move and store their household and commercial goods in the United States and Canada. The company, formerly known as U-Haul Trailer Rental Company, was founded in 1945 and is based in Reno, Nevada. Since 1945, the company had rented trailers, and starting in 1959, it rented trucks on a one-way and in-town basis exclusively through independent U-Haul dealers. Since 1974, the company developed a network of U-Haul managed retail centers, through which it rents its trucks and trailers and sell moving and self-storage products and services to complement its independent dealer network.

**Moving and Storage** operations include AMERCO, U-Haul, and Real Estate and the wholly-owned subsidiaries of U-Haul and Real Estate. The segment engages in the rental of trucks, trailers, specialty

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rental items, and self-storage spaces to the “do-it-yourself” mover and management of self-storage properties owned by others, as well as sales of moving supplies, towing accessories, and propane. Operations are conducted under the registered trade name U-Haul throughout the United States and Canada. The company sells U-Haul brand boxes, tape and other moving and self-storage products and services to do-it-yourself moving and storage customers at all of its distribution outlets and through its eMove Website.

eMove is an online marketplace that connects consumers to over 3,900 independent Moving Help service providers and over 4,200 independent Self-Storage Affiliates. The company’s network of customer-rated affiliates provides pack and load help, cleaning help, self-storage and similar services, all over North America. Its goal is to further utilize its web-based technology platform to increase service to consumers and businesses in the moving and storage market. eMove also offers a storage affiliate program that enables independent self-storage facilities by connecting into a centralized 1-800 and Internet reservation system and for a fee, receive an array of services, including Web-based management software, Secured Online Affiliated Rentals (S.O.A.R), co-branded rental trucks, savings on insurance, credit card processing and moving help.

**Property and Casualty Insurance** segment offers moving and storage contents insurance products, including Safemove policy that provides moving customers with a damage waiver, cargo protection, and medical and life coverage; and Safestor, which protects storage customers from loss of their goods in storage. RepWest provides loss adjusting and claims handling for U-Haul through regional offices across North America. RepWest also underwrites components of the Safemove, Safetow, and Safestor protection packages to U-Haul customers. The business plan for RepWest includes offering property and casualty products for other U-Haul related programs. Net revenue from this segment for fiscal 2009 was approximately 1.8%.

**Life Insurance** segment that includes Oxford Life Insurance Company provides life and health insurance products primarily to the senior market through the direct writing or reinsuring of life insurance, Medicare supplement and annuity policies. Additionally, Oxford administers the self-insured employee health and dental plans for Arizona employees of the company. Net revenue from this segment for fiscal 2009 was approximately 6.8%.

**SAC Holding II** segment (which includes SAC Holding II Corporation and its subsidiaries) owns self-storage properties that are managed by U-Haul under property management agreements and acts as independent U-Haul rental equipment dealers. AMERCO, through its subsidiaries, has contractual interests in certain SAC Holding II properties entitling AMERCO to potential future income based on the financial performance of these properties. AMERCO was considered the primary beneficiary of these contractual interests prior to November 2007. Net revenue from this segment for fiscal 2008 was approximately 0.8%. Fiscal 2008 includes 7 months of activity for SAC Holding II, which was deconsolidated effective October 31, 2007.

AMERCO rents its distinctive orange U-Haul trucks and trailers, as well as offers self-storage rooms through a network of over 1,400 company operated retail-moving centers and approximately 14,400 independent U-Haul dealers. The company also has an independent storage facility network with approximately 4,200 active affiliates. As of now, the company’s rental fleet consisted of more than 101,000 trucks, 76,000 trailers, and 34,400 towing devices. As a result, U-Haul operates over 395,000 storage rooms, comprising approximately 35.0 million square feet of storage space at more than 1,090 facilities throughout North America. U-Haul’s owned and managed self-storage facility locations having 171,500 square feet of storage space, with individual storage units ranging from 6 square feet to 1,000 square feet in size.

The primary market for storage rooms is the storage of household goods. U-Haul serves more than 11 million ‘do-it-yourself’ household moving customers annually. A logical extension of do-it-yourself-moving is self-storage. A large number of renters use a rental truck or trailer to move goods in or out of the storage facilities. Based on managed locations, U-Haul is the second largest self-storage company in the

USA, behind Public Storage . All of U-Haul's storage centers (including those managed but not owned) are truck rental dealers.

U-Haul is one of the most recognized names in the world and has a commanding share of the consumer self-moving business. The company is the consumer's number one choice as the largest installer of permanent trailer hitches in the automotive aftermarket industry. U-Haul's brand awareness is very high. A survey of public brand identification of truck manufacturers placed U-Haul second behind Mack Truck, even though U-Haul does not make trucks. The name U-Haul is as well known as Kleenex, Coke (the Cola), and Clorox. U-Haul trucks often appear in movies and television without AMERCO having to pay for advertising. Independent dealers receive trucks on a consignment basis and are paid a commission based on gross revenue generated by the dealer. The independent dealers are not franchisees. U-Haul does not franchise its name. Dealer contracts can be terminated upon 30 days written notice by either party. Today, U-Haul, with a network of more than 15,950 locations in all 49 United States and 10 Canadian provinces, is the first choice of do-it-yourself movers. These locations include climate controlled facilities, which is a growing trend in the self-storage industry. Climate controlled facilities are more expensive to rent and cost more to build and maintain. This tends to favor the larger operators versus the smaller ones with only a few locations. The company also supplies alternative-fuel for vehicles and backyard barbecues as one of the nation's largest retailers of propane. U-Haul has developed and sells a broad range of hitches for towing boats etc. This business has been developed to include bicycle carriers. U-Haul is one of the largest sellers of propane in North America.

The company has seven different truck models and five major types of trailers. The truck chassis are delivered to one of seven U-Haul manufacturing centers to be fitted with a cargo box. These manufacturing centers also build the trailers from the "ground up." Manufacturing centers may be situated in areas of net migration to provide vehicles that will move into other areas. This is particularly so in Southern California.

The trucks are made to U-Haul's specifications. As many parts as possible are common across similar trucks. The same engines (all gasoline to avoid potential problems in mixing fuels), the same gear boxes and rear axles are used for many of the trucks to reduce parts inventory and maintenance expenses. Only two types of tires are used across 80% of the fleet. Except for warranty claims, the company does nearly all of its own maintenance on a preventive maintenance basis where possible.

As well as owned and dealer storage locations, U-Haul has an eMove web site to expand U-Haul's footprint while still protecting the U-Haul brand name. eMove, a real time web based service, provides U-Haul with fee for service revenue.

U-Move is a moving help service whereby movers can hire people for packing help, unpacking help, loading help, unloading help, cleaning help and driving help. U-Move has completed over 100,000 moves (with 50,000 customer reviews). U-Haul receives15% of the transaction.

U-Store is a real time storage facility reservation system whereby customers can find and rent a storage facility run by over 3,800 independent storage affiliates (Airline and hotel reservations are not real time, the customer has to wait for a confirmation). U-Haul receives a fee for each reservation.

U-Haul is now expanding its service to customers by offering U Car Share. Partnering with the city of Portland, U Car Share provides the most convenient on-street access to vehicles downtown. U Car Share allows multiple users to share one vehicle, thus reducing an individual's environmental impact and allowing members to save thousands of dollars a year. U Car Share takes care of fuel, insurance and maintenance costs.

AMERCO has two insurance subsidiaries, Republic Western (property and Casualty) and Oxford Life (Health, Life and Annuities). These companies were originally set up to serve U-Haul employees and the U-Haul dealers (many of these were one proprietor gas station owners that were not able to obtain low priced insurance). However, over the years they branched out into other lines of insurance. Oxford Life

has usually been profitable, but Republic Western has not and required additions to reserves. AMERCO had decided to scale back Republic Western and the casualty business is now restricted to insure U-Haul risks only. Oxford Life is now focused on Medicare supplement, Annuities and Life insurance. It is a small company but profitable.

A number of years ago AMERCO, on advice of its prior auditors, formed a relationship through Mark Schoen called SAC that provided off-balance sheet ownership of self-storage rental properties. AMERCO sold real estate to SAC in return for debt and managed the storage properties for a fee. In Feb. 2002, the auditors advised the company that SAC would have to be consolidated with AMERCO for accounting purposes. This had a material impact on AMERCO's financial ratios and resulted in a reduction in its credit rating. At the same time, AMERCO was negotiating a $400 million credit facility. The net result was a liquidity squeeze. On June 20, 2003, the company filed a voluntary petition for relief under Chap. 11 of the Bankruptcy code. This was an unusual bankruptcy in that it was a reorganization of liabilities and not a distressed sale of assets. The company promised to pay all of the debt holders in full, with accrued interest, which was greeted by skepticism by many in the financial community. However, nine months later, the company had kept its promise.

It is not possible to accurately measure the impact of the reorganization on the interest rate paid since AMERCO uses lease rates, interest rates, depreciation values, and resale values to balance buying trucks with borrowed funds or leasing them. Even during bankruptcy, the company had no problem in financing trucks with short term leases at market rates. During this period, the company was investigated by the SEC, the IRS, and the Dept. of Labor (the DOL due to the purchase of stock in the ESOP). In all cases, the company prevailed and these investigations were dropped without sanctions. In fact, the company received a tax rebate where the IRS was asking for penalties.

AMERCO is also working towards increasing its storage occupancy at existing sites, adding new eMove Storage Affiliates and building new locations. The company expects occupancy gains in its current portfolio of locations to be realized in fiscal 2009. However, the company also fears that the increased storage revenue recognized in fiscal 2008 due to pricing may not continue. Although AMERCO (U-Haul) has been relatively immune from recessions in the past, the depth of the decline in housing plus a decrease in apartment occupancy rates are expected to have a slight impact on self-moving revenue. Declining prices will reduce the sales of propane, which is a significant part of net sales. As such, the company is continuing to evaluate new moving and storage opportunities in the market place, including the introduction of portable storage in selected markets.

RepWest will continue to provide loss adjusting and claims handling for U-Haul and underwrite components of the Safemove, Safetow, and Safestor protection packages to U-Haul customers. Oxford is pursuing its goals of expanding its presence in the senior market through the sales of its Medicare supplement, life and annuity policies. As part of this strategy, Oxford is focused on growing its agency force and developing new product offerings.

Although free cash flow was hit by rise in capital expenditure that resulted in a negative free cash flow of $297.6 million in fiscal 2007 and a negative $240.9 million in fiscal 2008, the company managed to have a positive operating cash flow  $275.0 million in fiscal 2009.

## INDUSTRY OUTLOOK

**Longer term POSITIVE**

Consumer self moving and self-storage are relatively low growth industries (less than 5% annually). However, both are highly fragmented industries, and so there are opportunities to gain market share. Both industries are less cyclical than most, since in bad times some people downgrade their living quarters (and some move back in with their parents) and use self-storage and consumer truck rental to move and store their belongings. In good economies, people move up scale from small apartments to larger ones or to houses.

## INDUSTRY POSITION

The moving truck and trailer rental industry is large and highly competitive. There are two distinct users of rental trucks: commercial and “do-it-yourself” residential users. AMERCO (UHAL) focuses primarily on the “do-it-yourself” residential user and is the largest self moving company with over 50% of the applicable market. There are few large competitors and new entrants have found it difficult to achieve a significant market share. Within this segment, the company’s major competitors are Avis Budget Group, Inc. (CAR) and Penske Truck Leasing. Enterprise rent-a-car has started a small truck service, but this appears to be aimed at the light local delivery business (the trucks have lift gates which is a potential hazard for unwary users). Penske is very efficient (and profitable) but is not expanding as far as we know. Budget is buying new trucks to replace older ones, but its fleet may be shrinking. Meanwhile, the self-storage market is large and highly fragmented. The company competes primarily with Public Storage Inc. (PSA), Extra Space Storage, Inc. (EXR), and Sovran Self-Storage Inc. (SSS). Public Storage does not have a large fleet, and neither does Enterprise. However, both of these companies could become significant over time.

On the other hand, the highly competitive insurance industry includes a large number of life insurance companies and property and casualty insurance companies. In addition, the marketplace includes financial services firms offering both insurance and financial products. Some of the insurance companies are owned by stockholders and others are owned by policyholders. Many competitors have been in business for a longer period of time or possess substantially greater financial resources and broader product portfolios than AMERCO’s insurance companies. The company competes in the insurance business based upon price, product design, and services rendered to agents and policyholders.

## VALUATION

The stock has usually been valued on EBITDAL (EBITDA plus lease expense) per share, selling between two and three times EBITDAL. Based on our estimates for the next four quarters EBITDAL of $40 a share, we would expect a price range of $95 to $125. The stock has reached our low end target price and we continue to rank the stock outperform with a target price of $110.

| Comparables Table | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | Inst. |
| Company | Ticker | Price | Mkt Cap. | P/E | P/E | ROE(%) | P/Sales | EV/Rev. | P/BV | EV/EBITDA | PEG | Hldgs |
| | | **2/3/12** | million $ | Trailing | Forward | L4Q | L4Q | | | | | |
| AMERCO* | **UHAL** | $99.30 | $1,932 | 9.57 | 9.62 | 23.35 | 0.82 | 0.63 | 2.23 | 71.68 | 1.00 | 28.6 |
| Avis Budget Group, Inc. | CAR | $14.86 | $1,560 | 15.53 | 7.86 | 25.30 | 0.27 | 1.60 | 2.73 | 10.72 | 0.24 | 97.2 |
| Cube Smart | CUBE | $11.66 | $1,430 | 119.00 | 16.19 | 0.61 | 5.94 | 8.63 | 1.60 | 18.44 | 2.94 | 35.0 |
| Hertz Global Holdings Inc | HTZ | $14.49 | $6,040 | 63.00 | 11.69 | 5.48 | 0.71 | 2.20 | 2.58 | 14.50 | 0.86 | 94.8 |
| Public Storage Inc. | PSA | $141.34 | $24,180 | 46.49 | 22.22 | 9.33 | 13.62 | 15.79 | 4.58 | 23.83 | 3.51 | 78.2 |
| Sovran Self-Storage Inc. | SSS | $48.60 | $1,340 | 46.29 | 16.42 | 4.67 | 6.88 | 10.35 | 2.12 | 18.84 | 3.37 | 92.4 |
| Extra Space Storage Inc. | EXR | $27.20 | $2,570 | 57.38 | 20.15 | 5.09 | 7.95 | 11.78 | 2.5 | 21.92 | 5.08 | 98.0 |
| Zipcar Inc. | ZIP | $15.30 | Data not available | | | | | | | | | |
| Mean | | | | | 14.88 | 10.55 | 5.17 | 7.28 | 2.62 | 25.70 | 2.43 | |
| Median | | | | | 16.19 | 5.48 | 5.94 | 8.63 | 2.50 | 18.84 | 2.94 | |
| *(Source: Yahoo Finance & Zacks Investment Research)* | | | | * Based on 10% CAGR of EPS. | | | | | | | | |

## RISKS

- The current housing recovery could reverse lead to reduced consumer and commercial spending. Although U-Haul is not as traditionally cyclical stock but declines in consumer spending may result in price war, which would have a negative impact on the company's gross profit. Competitor rates continued to have a negative influence on U-Haul's revenues. While revenue per transaction statistics over the last two quarters indicate a softening trend and price decline, competitive rate pressures still impact U-Haul's result. Competitors' actions combined with the current economic stress affecting U-Haul's customers could dampen the company's revenues in the near term.
- AMERCO's business is subject to many economic factors that are not included in our forecasts. These include the impact of high fuel costs, a significant economic downturn or a significant decline in housing starts.
- Since revenue (and therefore earnings) is affected by seasonal changes in the weather, it is assumed that past weather conditions are continued over the time frame of estimates unless otherwise stated.
- Moving and storage revenue is still under some pricing pressure, which is expected to continue.
- U-Haul has been purchasing its rental trucks from a limited number of manufacturers such as Ford Motor Company and General Motors Corporation. Both Ford and General Motors are currently cutting production and have also closed some of their facilities and have started focusing on light-vehicles and car segments compared to their earlier focus on heavy vehicles. This is going to negatively affect U-Haul's top-line growth.
- To meet the needs of customers, U-Haul maintains a large fleet of rental equipment. Its rental truck fleet rotation program is funded internally through operations and externally from debt and lease financing. Given a worsening financial market, the company's fleet rotation program can be adversely affected.
- Another important aspect of U-Haul's fleet rotation program is the sale of used rental equipment. The sale of used equipment provides the organization with funds that can be used to purchase new equipment. However, the sale of used rental equipment market is currently not in good shape and may have a material adverse effect on the company's financial results, leading to increases in

depreciation expense and losses on the sale of equipment and decreases in cash flows from the sales of equipment.

## INSIDER TRADING AND OWNERSHIP

Insiders hold or control 70.0% of outstanding shares. Over the past six months, insiders have sold approximately 520 shares.

Institutions currently hold approximately 28.6% of the outstanding shares. The largest institutional holders include Dimensional Fund Advisors Inc, Keeley Asset Management Corp., River Road Asset Management, LLC, and Barclays Global Investors UK Holdings Ltd. Net institutional holders sold 96,096 shares during the previous quarter.

The short ratio is approximately 12 days, up from the 8 at the end of the fourth quarter. Possible short squeeze.

# PROJECTED INCOME STATEMENT & BALANCE SHEET

| **AMERCO** | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fiscal year March 31st. | | | | | | | | | | | | | | | | |
| share data) | | | | | | | | | | | | | | | | |
| **Consolidated statements of operations** | **2010** | **1Q11** | **2Q11** | **3Q11** | **4Q11** | **2011** | **1Q12** | **2Q12** | **3Q12** | **4Q12** | **2012** | **1Q13** | **2Q13** | **3Q13** | **4Q13** | **2013** |
| | Act. | | | | | Act. | Act. | Act. | Est. | Est. | Est. | Est. | Est. | Est. | Est. | Est. |
| AMERCO revenue | $1,750.5 | $515.5 | $559.2 | $420.3 | $400.5 | $1,895.4 | $547.4 | $610.2 | $457.0 | $426.0 | $2,040.6 | $563.9 | $626.0 | $469.0 | $438.0 | $2,096.9 |
| Other revenue | 21.6 | 4.5 | 4.6 | 13.2 | 7.9 | 22.1 | 4.7 | 4.8 | 5.0 | 5.0 | 19.6 | 5.0 | 5.0 | 5.0 | 5.0 | 20.0 |
| Insurance premiums | 162.0 | 44.0 | 48.3 | 83.3 | 62.1 | 237.7 | 57.9 | 54.9 | 59.0 | 61.0 | 232.8 | 57.0 | 59.0 | 59.0 | 59.0 | 239.0 |
| **All revenue** | **$2,002.0** | **$585.9** | **$637.0** | **$530.0** | **$488.4** | **$2,241.3** | **$643.0** | **$703.2** | **$551.0** | **$507.0** | **$2,404.1** | **$656.9** | **$721.0** | **$564.0** | **$533.0** | **$2,479.9** |
| | | | | | | | | | | | | | | | | |
| Operating expense | 1,022.05 | 253.13 | 270.26 | 252.99 | 250.20 | 1,026.58 | 271.98 | 294.34 | 260.00 | 255.00 | 1,081.32 | 280.00 | 287.00 | 265.00 | 265.00 | 1,097.00 |
| Cost of sales | 104.05 | 31.67 | 29.60 | 22.59 | 22.17 | 106.02 | 32.78 | 32.45 | 22.00 | 22.00 | 109.22 | 32.50 | 30.00 | 21.50 | 23.50 | 107.50 |
| Commissions | 169.10 | 52.17 | 57.61 | 42.37 | 38.83 | 190.98 | 56.95 | 64.05 | 46.88 | 40.80 | 208.68 | 55.18 | 63.00 | 46.20 | 42.00 | 206.38 |
| Lease expense | 156.95 | 38.67 | 37.96 | 37.16 | 37.02 | 150.81 | 34.23 | 32.71 | 30.00 | 40.00 | 136.95 | 42.00 | 42.00 | 44.00 | 44.00 | 172.00 |
| Benefits and losses | 121.11 | 35.42 | 37.38 | 70.31 | 47.31 | 190.43 | 49.93 | 44.46 | 81.15 | 51.85 | 227.39 | 48.45 | 50.15 | 50.15 | 50.15 | 198.90 |
| Amortization of policy costs | 7.57 | 2.19 | 1.88 | 2.48 | 2.95 | 9.49 | 4.38 | 2.68 | 4.00 | 4.00 | 4.00 | 4.50 | 4.50 | 4.50 | 4.50 | 18.00 |
| Net depreciation | 227.63 | 44.59 | 44.16 | 50.82 | 49.71 | 189.27 | 44.36 | 48.06 | 54.00 | 55.00 | 201.42 | 55.00 | 55.00 | 55.00 | 55.00 | 220.00 |
| AMERCO op. income | 193.55 | 128.11 | 158.12 | 51.28 | 40.19 | 377.70 | 148.36 | 184.43 | 52.98 | 38.35 | 424.12 | 139.22 | 189.35 | 77.65 | 48.85 | 460.07 |
| Interest expense | 93.35 | 21.46 | 21.79 | 22.24 | 22.89 | 88.38 | 22.63 | 22.96 | 30.00 | 25.00 | 100.60 | 23.00 | 23.00 | 23.00 | 23.00 | 92.00 |
| Non operating income | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other income | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Pretax income** | 100.20 | 106.65 | 136.33 | 29.04 | 17.30 | 289.31 | 125.73 | 161.47 | 22.98 | 13.35 | 323.53 | 116.22 | 166.35 | 54.65 | 25.85 | 363.07 |
| | | | | | | | | | | | | | | | | |
| Income taxes (benefit) | 34.57 | 40.14 | 51.11 | 10.43 | 4.05 | 105.74 | 47.51 | 60.46 | 8.50 | 4.94 | 121.41 | 43.00 | 61.55 | 20.22 | 9.56 | 134.34 |
| Tax rate | 34.50 | 37.64 | 37.49 | 35.93 | 23.41 | 36.55 | 37.78 | 37.44 | 37.00 | 37.00 | 37.53 | 37.00 | 37.00 | 37.00 | 37.00 | 37.00 |
| Net income | 65.96 | 66.50 | 85.22 | 18.61 | 13.25 | 183.58 | 78.22 | 101.01 | 14.47 | 8.41 | 202.12 | 73.22 | 104.80 | 34.43 | 16.29 | 228.73 |
| Preferred dividend | 12.88 | 3.19 | 3.10 | 3.08 | 3.08 | 12.44 | 8.99 | (0.16) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Extra items | 0.00 | 0.00 | (0.14) | 0.00 | 0.00 | (0.14) | 5.84 | 0.00 | 0.00 | 0.00 | 5.84 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net for common | 53.07 | 63.31 | 81.98 | 15.53 | 10.17 | 170.99 | 75.08 | 101.18 | 14.47 | 8.41 | 199.14 | 73.22 | 104.80 | 34.43 | 16.29 | 228.73 |
| | | | | | | | | | | | | | | | | |
| Shares used for EPS | 19.30 | 19.41 | 19.43 | 19.43 | 19.45 | 19.40 | 19.46 | 19.47 | 19.45 | 19.45 | 19.46 | 19.46 | 19.46 | 19.46 | 19.46 | 19.46 |
| Earnings Per Share | | | | | | | | | | | | | | | | |
| **Net EPS** | $2.75 | $3.26 | $4.23 | $0.80 | $0.52 | $8.82 | $3.56 | $5.20 | $0.74 | $0.43 | $9.93 | $3.76 | $5.39 | $1.77 | $0.84 | $11.75 |
| | | | | | | | | | | | | | | | | |
| **EPS before Extra Items** | | | | | | | | | | | | | | | | |
| **EBITDA/Share** | $22.21 | $9.01 | $10.51 | $5.38 | $4.77 | $29.71 | $10.13 | $12.08 | $5.71 | $5.01 | $32.35 | $10.21 | $12.79 | $7.05 | $5.57 | $35.87 |
| **EBITDAL/Share** | $30.35 | $11.00 | $12.46 | $7.30 | $6.68 | $37.49 | $11.89 | $13.76 | $7.25 | $7.06 | $39.39 | $12.37 | $14.95 | $9.31 | $7.83 | $44.71 |

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| AMERCO | 4Q09 | 4Q10 | 1Q11 | 2Q11 | 3Q11 | 4Q11 | 1Q12 | 2Q12 |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| AMERCO and Consolidated Subsidiaries | | | | | | | | |
| (Dollars in millions) | | | | | | | | |
| | **4Q09** | **4Q10** | **1Q11** | **2Q11** | **3Q11** | **4Q11** | **1Q12** | **2Q12** |
| **ASSETS** | | | | | | | | |
| Cash and cash equivalents | 240.59 | 244.12 | 289.34 | 329.83 | 405.32 | 375.50 | 243.75 | 448.16 |
| Trade receivables | 213.85 | 199.74 | 213.66 | 204.27 | 232.82 | 205.37 | 242.49 | 227.75 |
| Inventories, net | 70.75 | 52.84 | 55.63 | 55.66 | 60.38 | 59.94 | 58.96 | 57.76 |
| Prepaid expenses | 54.20 | 53.38 | 55.71 | 48.40 | 43.60 | 57.62 | 56.47 | 48.90 |
| Gross PP&E ex SAC | 3347.49 | 3293.13 | 3345.95 | 3365.31 | 3364.26 | 3435.98 | 3568.02 | 3602.43 |
| SAC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Less accumulated depreciation | 1333.56 | 1344.74 | 1349.53 | 1345.86 | 1342.67 | 1341.41 | 1354.34 | 1363.09 |
| Investments, total | 746.65 | 776.80 | 786.29 | 803.15 | 849.83 | 861.68 | 871.10 | 922.09 |
| Other | 440.11 | 447.98 | 443.59 | 441.38 | 493.76 | 468.60 | 433.57 | 403.52 |
| Total Assets | $3,825.07 | $3,762.45 | $3,879.54 | $3,939.40 | $4,155.53 | $4,176.15 | $4,174.46 | $4,403.14 |
| | | | | | | | | |
| | | | | | | | | |
| **Liabilities and Stockholders' Equity** | | | | | | | | |
| AMERCO's notes and loans | 0.00 | 0.00 | 0.00 | 1338.64 | 1278.56 | 1417.97 | 0.00 | 1412.50 |
| SAC notes, non-recourse to AMERCO | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Policy benefits and losses | 779.31 | 825.06 | 834.24 | 856.00 | 910.97 | 927.38 | 932.12 | 961.51 |
| Liabilities frominvestment contracts | 303.33 | 268.81 | 263.14 | 263.90 | 251.56 | 255.44 | 241.20 | 243.70 |
| Deferred income taxes | | | | | | | | |
| Other | 1546.49 | 1347.64 | 1338.64 | 1278.56 | 1417.97 | 1397.84 | 1412.50 | 1478.58 |
| Total Liabilities | 3107.44 | 2949.54 | 3014.43 | 2993.49 | 3170.33 | 3183.13 | 3254.72 | 3396.80 |
| Preferred stock | | | | | | | | |
| Common stock | 0.00 | 10.50 | 10.50 | 10.50 | 10.50 | 10.50 | 10.50 | 10.50 |
| Additional paid-in capital | 420.59 | 419.81 | 418.90 | 416.33 | 417.26 | 418.02 | 432.00 | 432.13 |
| Retained earnings | 915.86 | 969.02 | 1032.33 | 1114.31 | 1129.84 | 1140.00 | 1209.24 | 1310.42 |
| Other | -93.17 | -60.76 | -70.97 | -69.57 | -46.74 | -49.85 | -206.34 | -221.04 |
| Treasury stock | 525.65 | 525.65 | 525.65 | 525.65 | 525.65 | 525.65 | 525.65 | 525.65 |
| Total stockholders equity | $717.63 | $812.91 | $865.11 | $945.91 | $985.21 | $993.02 | $919.74 | $1,006.35 |
| Total liabilities and stockholders equity | $3,825.07 | $3,762.45 | $3,879.54 | $3,939.40 | $4,155.53 | $4,176.15 | $4,174.46 | $4,403.14 |

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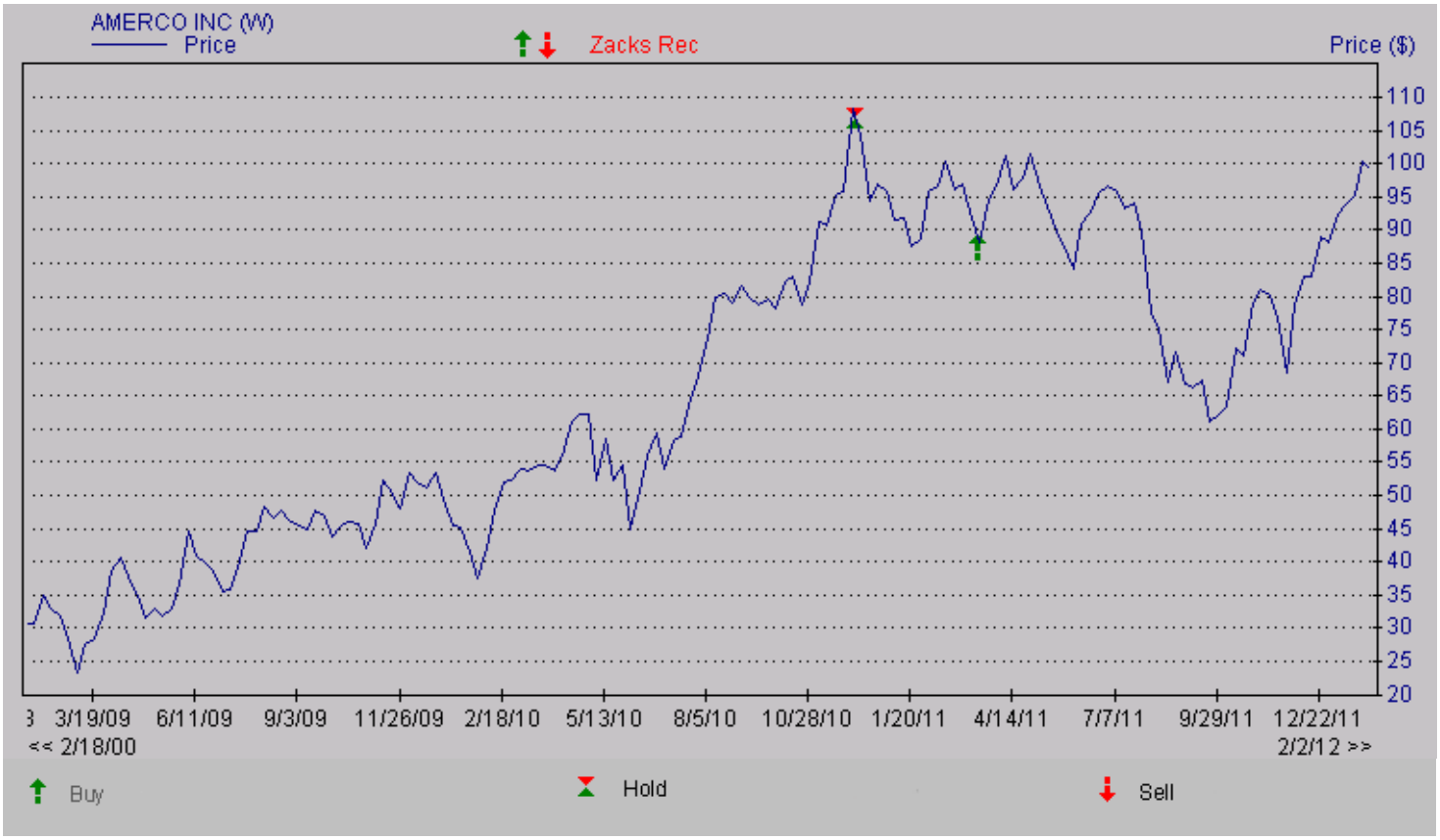
## HISTORICAL ZACKS RECOMMENDATIONS

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