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Zacks Small-Cap Research

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U-HAUL HOLDING CO. (NYSE: UHAL)

UHAL: U-Haul Reports Fiscal 2023 Results: Demand for truck rentals slowed in the second half of FY2023. Management aspires to hold the market share gains and has expectations that the self-moving market will stabilize in FY2024. Self-Storage continues to grow in the double-digit range albeit now in the low 20% range.

Utilizing comparable EV-to-EBITDA valuation of a blend of truck rental and self-storage companies, along with an historical rising valuation range, a target price of $64.00 is indicated.

Current Price (06/09/23)	$55.26
Valuation	**$64.00**

OUTLOOK

U-Haul Holding Company is the parent company of U-Haul International, the world's largest consumer truck and trailer rental company. U-Haul is also the third largest self-storage operator in North America.

After benefiting in a leveraged manner from the increase in demand for self-moving services, the truck rental business began to wane. For FY2024, the fleet rotation program has been allocated a higher capex budget of slightly under $1.5 billion. However, inflationary pressures may prove challenging.

Management continues to expand capacity in the self-storage area and to grow U-Box.

SUMMARY DATA

52-Week High	**$70.57**
52-Week Low	**$44.79**
One-Year Return (%)	**13.01**
Beta	**0.72**
Average Daily Volume (shrs.)	**223,740**
Shares Outstanding (million)	**196.08**
Market Capitalization ($bil.)	**$10.84**
Short Interest Ratio (days)	**8.36**
Institutional Ownership (%)	**37.20**
Insider Ownership (%)	**42.97**
Annual Cash Dividend	**$0.16**
Dividend Yield (%)	**0.30**
5-Yr. Historical Growth Rates	
Sales (%)	**10.25**
Earnings Per Share (%)	**3.12**
Dividend (%)	**N/M**
P/E using TTM EPS	**11.9**
P/E using FY 2024 Estimate	**11.9**
P/E using FY 2025 Estimate	**N/A**

Risk Level	**Below Average**
Type of Stock	**Large - Blend**
Industry	**Trans-Equip. & Leas.**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Jun)	Q2 (Sep)	Q3 (Dec)	Q4 (Mar)	Year (Mar)
2021	987 A	1,325 A	1,170 A	1,059 A	4,542 A
2022	1,473 A	1,664 A	1,404 A	1,198 A	5,740 A
2023	1,598 A	1,703 A	1,375 A	1,189 A	5,865 A
2024	1,577 E	1,692 E	1,365 E	1,185 E	5,818 E

Earnings per share

	Q1 (Jun)	Q2 (Sep)	Q3 (Dec)	Q4 (Mar)	Year (Mar)
2021	$0.45 A	$1.36 A	$0.93 A	$0.38 A	$3.12 A
2022	$1.76 A	$2.09 A	$1.43 A	$0.44 A	$5.73 A
2023	$1.70 A	$1.80 A	$1.02 A	$0.19 A	$4.71 A
2024	$1.43 E	$1.82 E	$0.96 E	$0.43 E	$4.63 E

Quarterly revenues may not equal annual revenues due to rounding.

Quarterly EPS may not equal annual EPS due to rounding.

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EXECUTIVE SUMMARY

U-Haul Holding Company reported fiscal 2023 financial results on May 30th. In summary, as the 2023 fiscal year progressed, the volume of transactions and average miles declined YOY against tough record-high comparisons, with the one-way truck rental business being more impacted than in-town operations, particularly during the fourth fiscal quarter. **Management continues to focus on operational metrics**, particularly transaction volume and pricing in the self-moving business, as well as adequately investing in the truck fleet. **In fiscal 2024**, management plans for **gross fleet capex to be slightly under $1.5 billion**, having invested $1.3 billion during fiscal 2023 and $1.1 billion in fiscal 2022. During fiscal 2023, the total number of rental trucks increased only 3.3% to 192,200 (relative to the 10-year CAGR of 5.55%) while the number of trailers increased 8.2% to 138,500.

It should be noted that despite the slowdown in the self-moving segment that was experienced in latter half of fiscal 2023, record high revenues were achieved and the second highest annual earnings in the company's history were generated in fiscal 2023, with the record high having been attained the prior fiscal year. Furthermore, management realizes that inflationary pressures may impact the company's operating margin and is proactively addressing the challenge.

Management continues to invest in the growing self-storage segment in which the 21% rate of revenue growth was quite respectable in FY 2023, but down from the very robust rate of 29% in FY2022. In fiscal 2024, management plans to increase investments in the self-storage area by completing current projects, acquiring new locations and pursuing new development projects.

RECENT EVENTS

Fiscal 2023 Financial Results

On May 30, 2023 after the market close, U-Haul Holding Company reported financial results **for the 2023 fiscal year** ending March 31, 2023. **Total revenues increased 2.2%** to approximately $5.86 billion, driven by a 20.6% increase (or $127.4 million) in **self-storage** and an 11.0% increase (or an increase of $47.5 million) in the **other revenue**, which is primarily driven by the **U-Box** business. The company **achieved record high total revenues** despite a 2.0% decline in **self-moving equipment rentals**.

In the **self-moving equipment rental** business, **revenues declined 2.0%** as the volume of transactions and average revenue per transaction decreased with the declines more pronounced in the one-way market.

U-HAUL	Company-owned Self-Storage Occupancy Rate				
Fiscal Year	**FY 1Q (June)**	**FY 2Q (Sept.)**	**FY 3Q (Dec.)**	**FY 4Q (March)**	**FY Year (March)**
FY 2019	69.6%	70.6%	68.0%	66.9%	**68.7%**
FY 2020	68.4%	69.5%	66.9%	66.1%	**67.7%**
FY 2021	67.6%	71.9%	73.4%	74.3%	**71.8%**
FY 2022	79.7%	84.3%	83.6%	82.6%	**82.6%**
FY 2023	84.5%	85.4%	82.9%	81.2%	**83.4%**

In the **self-storage** area, revenues increased 20.6% (or $127.4 million) as the **average monthly number of occupied units increased by 14%** during fiscal 2023, driven by occupancy gains at existing locations, a 13% increase in new capacity (6.0 million net rentable square feet) over the last 12 months and a 9% increase in monthly revenue per occupied square foot.

Other revenue increased 11.0% (or $47.5 million), primarily driven by increased sales in the U-Box program.

In **self-moving/self-storage products & services**, revenue increased only 1.7% (or $5.84 million), roughly in line with the increase in total revenues as increased hitch and propane sales were partially offset by a 1% decrease in sales of moving supplies.

For the fiscal year, **total costs and expenses increased 8.0%** (or $325.8 million). The operating leverage was apparent as the **operating margin compressed by 404 bps** from 28.7% in fiscal 2022 to 24.6%, which was the major factor for the decline in net income and EPS. **Operating expenses** increased 13.0%, mainly from increased personnel costs and fleet repair & maintenance expenses. **Cost of sales** increased only 1.3% while commission expenses decreased 3.1%. **Depreciation expense** was flattish with a 0.8% increase, primarily due to the expansion of the rental fleet being slow in the first half and stronger in the fourth quarter.

Earnings from operations decreased 12.1% (or by $200.9 million) to $1.444 billion compared to $1.645 billion in fiscal 2022 year. An income tax expense of $295 million was recorded.

For the 2023 fiscal year, net income declined 17.8% to $923 million (or $4.71 per diluted share of voting stock) compared to $1.123 billion (or **$5.73 per diluted share**) for fiscal 2022. Despite the decline, the net income posted for FY2023 was the **second highest level of annual earnings in the company's history.**

Note: Management utilizes the two-class method where distributed earnings (dividends) and undistributed earnings are allocated in a three-step process to each class of common stock. Our EPS calculation differs from the company’s GAAP-compliant calculation in that we are attempting to illuminate the earnings power behind each voting share rather than adjust EPS for the distribution dividends.

As of March 31, 2023, U-Haul Holding Company has a **strong liquidity position** in the Moving and Storage operating segment of approximately $2.499 billion (cash plus availability from existing loan facilities) as well as **$225 million on the balance sheet that is invested in U.S. Treasury bills**. **Working capital was approximately $6.0 billion** on March 31, 2023.

Creation of Series N Non-Voting Common Stock

During fiscal 2023, the company’s **new Non-Voting Common Stock** was distributed to existing shareholders at the close of trading on November 9, 2022 with the trading of the non-voting shares commencing on the following day (November 10th) under the **ticker UHAL-B**.

The new series of non-voting stock is intended to preserve the current voting structure of the company so that management’s long-term operational orientation can be retained. The stock dividend has almost the same effect as a 10-for-1 stock split with every holder of current voting shares subsequently holding ten (10) shares, of which one (1) will be voting and nine (9) will be non-voting. The proportional ownership will remain the same.

Dividend Policy on Series N Non-Voting Common Stock

On October 25, 2022, the company announced that the Board of Directors had adopted a **dividend policy** for the newly-created Series N Non-Voting Common Stock. The Board’s policy is to declare and pay quarterly cash dividends on the Series N Non-Voting Common Stock of $0.04 per share, beginning with the third quarter of fiscal year 2023. Special quarterly dividends for voting shares will create additional dividend rights for non-voting stock only to the extent the special dividend exceeds the quarterly non-voting dividend. In other words, the holders of non-voting shares will be entitled to receive the same dividends or distributions in the future at no less a rate than voting shares on a per share basis. **Regular quarterly cash dividends** on the Series N Non-Voting Common Stock (UHAL-B) have been declared since December 2022 with the stock going ex-dividend on December 16, 2022, March 13, 2023 and June 19, 2023.

Annual Statistics Updated

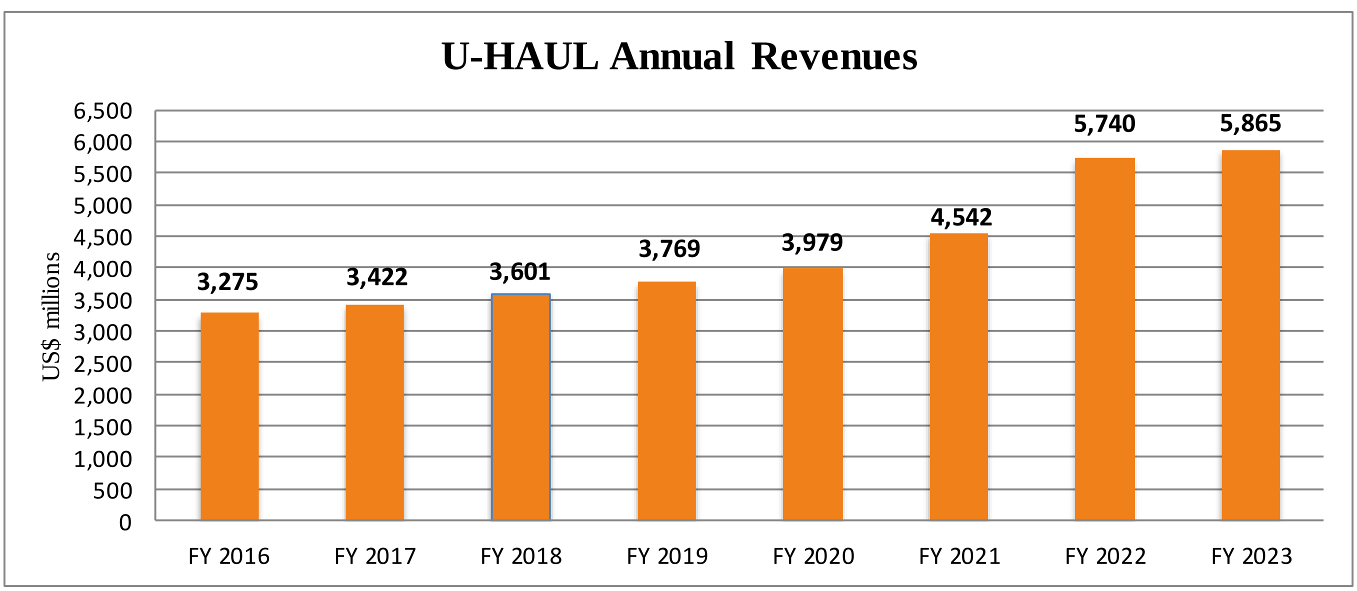
In the report below, the company's metrics have been updated in the order to convey U-Haul's stature in the Self-Moving and Self-Storage industries. The company also recently changed its name change to **U-Haul Holding Company** so that current shareholders and potential investors will have the awareness that the company holds one of the most recognized brands in North America. The name change became effective on December 19, 2022.

EXECUTIVE SUMMARY OF MANAGEMENT'S U-HAUL GROWTH STRATEGY

Management's goal is to be the **predominant provider of moving and storage services** for "do-it-yourself" consumers in North America through U-Haul International. The company has developed **complementary verticals** to better serve its customers, from moving supplies (boxes, tape etc.) and trailer hitches to ancillary products/services, such as the filling of propane tanks and specialty extension services, such as U-Box (portable moving and storage units) and eMove (an online marketplace of independent moving and self-storage affiliates).

U-HAUL is one of the leading companies in the **self-storage** industry (the third largest self-storage operation in North America), a complementary operation and logical extension of its self-moving business.

U-HAUL also owns holds **two insurance companies**: a property & casualty company (Repwest Insurance) that offers rental coverage to customers (through Safemove, Safetow and Safestor policies) and a life insurance company (Oxford Life Insurance), initially held for insuring employees, but later expanded into specialty lines.



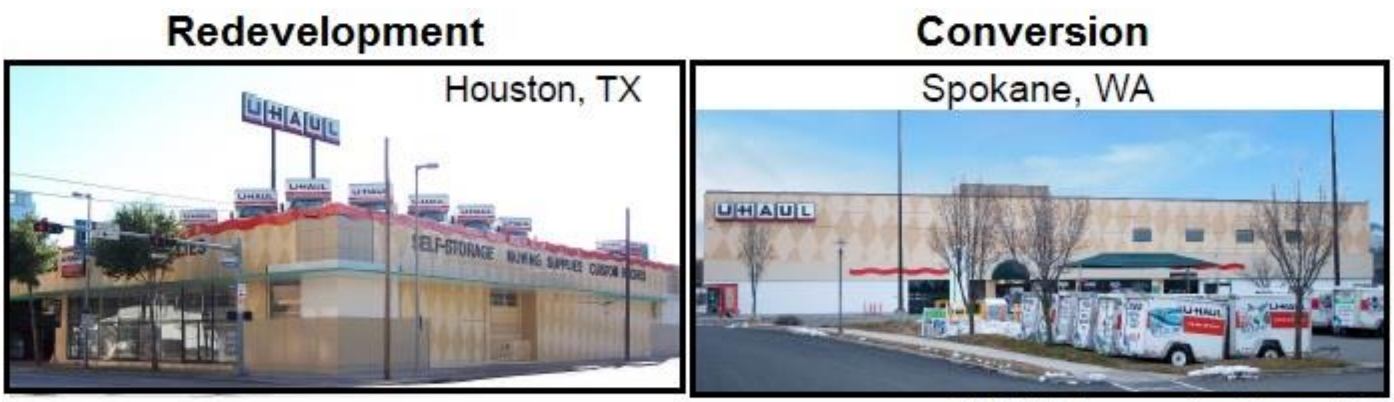
U-Haul maintains and continually enlarges a fleet of rental equipment, including trucks, trailers and towing devices. Historically, revenue growth has been achieved by

- **Growing the distribution network**
    - The number of company's retail locations has grown at a 5-year CAGR of 4.21%
- **Increasing the size of the fleet**
    - The truck fleet has grown at a 10-year CAGR of 5.55%
    - The trailer fleet has grown at a 10-year CAGR of 4.40%
- **Expanding the self-storage footprint**
    - The number of self-storage locations has grown at a 10-year CAGR of 4.90%
    - The number of rentable units has grown at a 10-year CAGR of 7.87%
    - The rentable square footage has grown at a 10-year CAGR of 7.34%

As a result, **U-HAUL's revenues have increased at a 5-year CAGR of 10.25%**.

Operationally, management strives to maximize **vehicle utilization** by adjusting the distribution of the truck and trailer fleets among the over 2,200 company stores and approximately 21,300 independent stores. The company's earning leverage is highly dependent on equipment utilization as well as **pricing** and **volume**. The critical factor of vehicle utilization in the truck rental business hinges on the geographical distribution of the fleet after one-way rentals, since U-Haul does not back-haul equipment. Traditionally, pricing has been the method by which equipment can be relocated.

In order to maintain the company's top-line growth trajectory, management must **allocate an appropriate level of investments** into the retail fleet network, the fleet itself (with new trucks, trailers and towing devices) and the self-storage business. Over the past decade, management has consistently increased the total number of rental trucks in the fleet with new additions exceeding the number of trucks removed for retirement. Hence, management also faces the challenges of executing its **fleet rotation program**, requiring both the procurement of truck chassis from North American manufacturers and the retirement of vehicles through the used-truck sales market.



AMERCO Presentation August 2020

KEY POINTS

- U-HAUL primarily provides **"do-it-yourself" moving and storage** and **supplies products and services**. The company also has Property and Casualty and Life Insurance subsidiaries.

- U-Haul is one of the most recognized names in North America and has a commanding share of the consumer **self-moving business**.
    - U-Haul has a network of more than **23,500 company-operated and independent locations** in all 50 United States and 10 Canadian provinces.
    - As of the end of the company's fiscal year (March 31, 2023), the size of U-Haul's rental fleet was approximately **192,200 trucks**,**138,500 trailers** and **44,500 towing devices**
    - U-Haul also provides **moving supplies** (boxes, tape etc.) and the service of selling and installing **trailer hitches**
    - The company has expanded into ancillary products/services
        - **U-Box** (portable moving and storage units)
        - **CollegeBoxes** (a packing, storage and shipping solution for college students)
        - **Moving Help (**an online marketplace connecting consumers to service providers who help with packing, unpacking, loading and unloading)
        - **Storage Affiliates** (through the WebSelfStorage platform enables independent self-storage operators to manage their facility and connect to customers on uhaul.com)
    - The company also supplies **propane** as alternative-fuel for vehicles & for backyard BBQs.

- U-Haul is also one of the leading companies in the **self-storage** industry
    - a complementary operation to the self-moving business
    - As of the end of the company's fiscal year (March 31, 2023),U-Haul operated almost **949,000 rentable storage units** consisting of approximately **81.2 million square feet of storage space** in all 50 United States and 10 Canadian provinces
    - Individual storage units range in size from 6 square feet to over 1,000 square feet
    - The self-storage business also provides value-added services, such as an electronic monitoring system (Max Security), access during extended hours and individually alarmed units.

- Property and Casualty Insurance - **Repwest Insurance**
    - Repwest underwrites components of the Safemove, Safetow, and Safestor protection packages to U-Haul customers

- Life Insurance - **Oxford Life Insurance**
    - Oxford underwrites life and health insurance products, primarily to the senior market

- U-HAUL does not have a formal dividend policy; however, since December 2011, the Board has periodically declared the payment of special dividends.

- In mid-August, the management of U-HAUL provides an Investor Presentation via live webcast.

OVERVIEW

Headquartered in Reno, U-HAUL Holding Company (NYSE: UHAL) is North America's largest "do-it-yourself" moving and storage operator. 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 also has **Property and Casualty Insurance** and **Life Insurance** subsidiaries, Repwest Insurance and Oxford Life Insurance, respectively.

Founded in 1945 as U-Haul Trailer Rental Company, the company began by renting trailers. Beginning in 1959, management broadened the scope of the company's operation by renting trucks on a one-way and in-town basis exclusively through independent U-Haul dealers. In 1969, U-Haul Trailer Rental Company was incorporated as Advanced Management Engineering Research Company (AMERCO) in Nevada. Since 1974, the company developed a network of U-Haul managed retail centers, through which it rents its trucks and trailers and sells moving & self-storage products and services to complement its independent dealer network.

U-HAUL HOLDING COMPANY

Segment Analysis (in $US '000, except percentages)	**FY 2023 3/31/2023**	**% of Revenues**
Revenues		
Self-moving equipment rentals	3,877,917	66.1%
Self-storage revenues	744,492	12.7%
Self-moving/self-storage products & services	357,286	6.1%
Property management fees	37,073	0.6%
TOTAL MOVING & STORAGE		**85.5%**
Life insurance premiums	99,149	1.7%
P&C insurance premiums	93,209	1.6%
Net investment & interest income	176,679	3.0%
Other revenue	478,886	8.2%
TOTAL REVENUES	**5,864,691**	**100.0%**

The company operates in **three reportable segments**:

- **Moving & Storage** (through its U-Haul and Real Estate Company subsidiaries)
- **Property & Casualty Insurance** (through Repwest Insurance Company)
- **Life Insurance** (through Oxford Life Insurance Company)

The **Moving & Storage** segment, by far the company's largest and most significant segment, engages in the **rental of trucks, trailers**, specialty 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. Net revenue from the **Moving & Storage segment** in fiscal 2023 accounted for approximately **85.5% of total revenues**.

The **Property and Casualty Insurance** segment offers moving and storage contents insurance products, including **Safemove** and **Safetow policies** that provide 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 the P&C segment in fiscal 2023 accounted for approximately **1.6% of total revenues**.

The **Life Insurance** segment includes **Oxford Life Insurance Company**, which 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. Net revenue from the life insurance segment in fiscal 2022 accounted for approximately **1.7% of total revenues**.

MOVING & STORAGE OPERATIONS

Self-Moving

U-HAUL rents its distinctive orange U-Haul trucks and trailers through a network of over **2,200 company operated retail-moving centers** and approximately **21,300 independent U-Haul dealers**. The company also has a storage facility network with thousands of independent service providers participating as Storage Affiliates. As of March 31, 2023, the company's **rental fleet** consisted of more than **192,200 trucks**, **138,500 trailers** and **44,500 towing devices**.

The company has at least six different truck models and eight major types of trailers. The truck chassis are engineered by domestic truck manufacturers and made to U-Haul's specifications. The 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." Eleven (11) manufacturing and assembly facilities are strategically located throughout the United States in order to efficiently provide vehicles regionally.

Commonality of features (gear boxes, rear axles, tires, etc.) and parts reduce maintenance expenses and improve the efficiency of the parts inventory. All engines are gasoline powered to potential fueling problems. The company provides almost all of the preventive maintenance on the fleet with the exception of warranty claims.

U-Haul dealers also offer moving supplies, including a wide variety of U-Haul-brand boxes, tape and packing materials. In addition, specialty boxes are available for dishes, computers, other electronic equipment, hanging clothes, etc.

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 (Kimberly-Clark), Coke (The Cola-Cola Company) and Clorox. U-Haul trucks often appear in movies and television without U-HAUL 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.

U-HAUL	Key Statistics (Self-Moving)					
Fiscal Year	Total Company Revenues ($ '000)	Trucks Fleet Size	Trailers Fleet Size	# of Company Stores	# of Independent Stores	# of Total Stores
FY 2010	2,002,005	98,000	77,000	1,400	14,900	16,300
YOY change	0.00%	-2.97%	1.32%	0.00%	3.47%	3.16%
FY 2011	2,241,275	101,000	82,000	1,400	15,000	16,400
YOY change	11.95%	3.06%	6.49%	0.00%	0.67%	0.61%
FY 2012	2,502,675	106,000	83,000	1,450	15,500	16,950
YOY change	11.66%	4.95%	1.22%	3.57%	3.33%	3.35%
FY 2013	2,558,587	112,000	90,000	1,490	16,400	17,890
YOY change	2.23%	5.66%	8.43%	2.76%	5.81%	5.55%
FY 2014	2,835,252	127,000	98,000	1,540	17,400	18,940
YOY change	10.81%	13.39%	8.89%	3.36%	6.10%	5.87%
FY 2015	3,074,531	135,000	107,000	1,600	18,200	19,800
YOY change	8.44%	6.30%	9.18%	3.90%	4.60%	4.54%
FY 2016	3,275,468	139,000	108,000	1,700	19,500	21,200
YOY change	6.54%	2.96%	0.93%	6.25%	7.14%	7.07%
FY 2017	3,421,767	150,000	112,000	1,750	20,000	21,750
YOY change	4.47%	7.91%	3.70%	2.94%	2.56%	2.59%
FY 2018	3,601,114	161,000	118,000	1,790	20,000	21,790
YOY change	5.24%	7.33%	5.36%	2.29%	0.00%	0.18%
FY 2019	3,768,707	167,000	120,000	1,981	20,000	21,981
YOY change	4.65%	3.73%	1.69%	10.67%	0.00%	0.88%
FY 2020	3,978,868	176,000	127,000	2,065	20,100	22,165
YOY change	5.58%	5.39%	5.83%	4.24%	0.50%	0.84%
FY 2021	4,541,985	176,000	126,000	2,100	21,100	23,200
YOY change	14.15%	0.00%	-0.79%	1.69%	4.98%	4.67%
FY 2022	5,739,747	186,000	128,000	2,100	21,100	23,200
YOY change	26.37%	5.68%	1.59%	0.00%	0.00%	0.00%
FY 2023	5,864,691	192,200	138,500	2,200	21,300	23,500
YOY change	2.18%	3.33%	8.20%	4.76%	0.95%	1.29%
5-year CAGR	10.25%	3.61%	3.26%	4.21%	1.27%	1.52%
10-year CAGR	8.65%	5.55%	4.40%	3.97%	2.65%	2.77%

To further leverage U-HAUL's web-based technology platform, the company developed **eMove**®, an online marketplace that connects consumers with a network of affiliates of independent moving service providers and independent self-storage affiliates that have been vetted by U-Haul. Through MovingHelp.com, service providers can provide help to pack and load items while the Storage Affiliates offer self-storage services where U-Haul may not have facilities that are conveniently located for the consumer.

A component of the truck rental fleet is the disposal of trucks that are removed from the fleet for retirement. Typically, as new trucks are added to the fleet, older (high mileage) trucks are and sold. This dynamic process affects fleet size, non-cash depreciation charges, proceeds from the sale of retired trucks (which are dependent on the strength/weakness of the used truck market) and the availability of rentable trucks.

AMERCO Presentation August 2020

A component of the truck rental fleet is the disposal of trucks that are removed from the fleet for retirement. Typically, as new trucks are added to the fleet, older (high mileage) trucks are and sold. This dynamic process affects fleet size, non-cash depreciation charges, proceeds from the sale of retired trucks (which are dependent on the strength/weakness of the used truck market) and the availability of rentable trucks.

Furthermore, U-Haul sells and installs a broad range of **hitches** and components for towing trailers, boats, jet skis, motorcycles, campers, horse trailers etc. Management believes that U-Haul is the largest seller and installer of hitches and towing systems in North America.

U-Haul is also one of the largest refillers of **propane** tanks in North America, primarily for alternative-fuel vehicles and backyard barbecues. The company's trained and certified personnel provide propane at nearly 1,200 locations.

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. U-HAUL 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. (NASDAQ: CAR) and Penske Truck Leasing (a closely-held company). Enterprise Rent-a-Car (a private holding company) started a small truck service, which targets the light local delivery business.

Consumer self-moving and self-storage are relatively single-digit, top-line growth industries (around 5% annually). However, both are highly fragmented industries; therefore, 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.

Storage

The primary market for storage rooms is for the storage of household goods. U-Haul serves millions of 'do-it-yourself' household moving customers annually. A large number of renters use a rental truck or trailer to move goods in or out of the storage facilities. It was a logical extension of the do-it-yourself-moving business to be also in the self-storage industry.

U-Haul operates almost **949,000 rentable storage units**, comprising approximately **81.2 million square feet** of storage space in all 50 United States and 10 Canadian provinces. The target market for the rental of storage units is for the storage of household goods. Individual storage units range in size from 6 square feet to over 1,000 square feet. The company's provide **competitive self-storage**

services, such as an electronic system that monitors the storage facility 24 hours a day (Max Security), access during extended hours and individually alarmed units. Many locations include climate controlled facilities, which is a growing trend in the self-storage industry.

U-HAUL	Key Statistics (Storage)			
Fiscal Year	Self-Storage Locations	Self-Storage Rentable rooms	Self-Storage (sq. ft.)	Company-owned Self-Storage Occupancy
FY 2010	1,100	402,000	35,500,000	75.2%
YOY change	0.92%	1.77%	1.43%	N/M
FY 2011	1,115	411,000	36,300,000	75.8%
YOY change	1.36%	2.24%	2.25%	N/M
FY 2012	1,140	423,000	37,800,000	76.9%
YOY change	2.24%	2.92%	4.13%	N/M
FY 2013	1,180	445,000	40,000,000	78.7%
YOY change	3.51%	5.20%	5.82%	N/M
FY 2014	1,220	467,000	42,100,000	80.5%
YOY change	3.39%	4.94%	5.25%	N/M
FY 2015	1,280	491,000	44,200,000	81.7%
YOY change	4.92%	5.14%	4.99%	N/M
FY 2016	1,360	536,000	47,900,000	80.1%
YOY change	6.25%	9.16%	8.37%	N/M
FY 2017	1,440	581,000	51,400,000	75.8%
YOY change	5.88%	8.40%	7.31%	N/M
FY 2018	1,519	632,000	55,200,000	71.6%
YOY change	5.49%	8.78%	7.39%	N/M
FY 2019	1,631	697,000	60,700,000	68.7%
YOY change	7.37%	10.28%	9.96%	N/M
FY 2020	1,745	774,000	66,700,000	67.7%
YOY change	6.99%	11.05%	9.88%	N/M
FY 2021	1,784	812,000	70,500,000	71.8%
YOY change	2.23%	4.91%	5.70%	N/M
FY 2022	1,844	876,000	75,100,000	82.6%
YOY change	3.36%	7.88%	6.52%	N/M
FY 2023	1,904	949,000	81,200,000	83.4%
YOY change	3.25%	8.33%	8.12%	N/M
5-year CAGR	4.62%	8.47%	8.02%	N/M
10-year CAGR	4.90%	7.87%	7.34%	N/M

The self-storage market is large and highly fragmented. The largest national storage competitors include Public Storage Inc. (NYSE: PSA), Extra Space Storage, Inc. (NYSE: EXR), Life Storage Inc. (NYSE: LSI), formerly known as Sovran Self-Storage Inc., CubeSmart (NYSE: CUBE) and National Storage Affiliates Trust (NYSE: NSA).

INSURANCE OPERATIONS

U-HAUL has two insurance subsidiaries, **Repwest Insurance Company** (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 whom were one proprietor gas station owners that were not able to obtain low priced insurance). However, over the years, both insurance subsidiaries branched out into other lines of insurance. Oxford Life and Repwest have usually been profitable over the last eight years. U-HAUL decided to scale back Repwest's operations, and the casualty business now only insures U-Haul's risks. Oxford Life is focused on Medicare supplement, annuities and life insurance.

A number of years ago U-HAUL, formed a relationship through Mark Shoen called SAC that allowed the company to expand U-Haul-managed self-storage locations. U-HAUL sold real estate to SAC in return for debt and managed the storage properties for a fee. The debt was paid down by SAC in 2012.

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. Repwest has started to grow again and its revenue is tied to the operations of moving and storage. Oxford is pursuing its goals of expanding its presence in the senior market through the sales of its Medicare supplement, life and annuity policies.

Repwest Insurance Company is rated A by A.M. Best, having been upgraded on September 24, 2020).

Oxford Life Insurance is rated A by A.M. Best, having been upgraded from A- on July 30, 2021. Oxford is a member of the Federal Home Loan Bank.

The insurance industry is highly competitive with 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 mutual companies that 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 U-HAUL's insurance companies. The company competes in the insurance business based upon price, product design, and services rendered to agents and policyholders.

VALUATION

U-HAUL operates in both the "do-it-yourself" **consumer truck and trailer rental business** and **in the self-storage industry**. The vehicle rental business requires considerable investment in infrastructure (rental facilities and vehicles). Earnings in this segment tend to exhibit cyclicality, which is a consequence of the substantial earnings leverage that can be derived from improved utilization of the fleet. On the other hand, despite also requiring a significant investment in infrastructure (storage buildings), self-storage operations tend to be much less cyclical and provide steady cash flow.

From an investment perspective, both types of operations are **generally valued on the metric of EV-to-EBITDA** (Enterprise Value-to-Earnings Before Interest, Taxes, Depreciation and Amortization). From the Industry Comparable table below, it is easily observable that self-storage operations are valued at a much higher EV-to-EBITDA basis (16.3 on average compared to only 3.8 for truck rental companies) due to each industry's fundamental attributes described above. Due to the small sample size of public truck rental companies (since Penske and Enterprise are not publicly traded), the EV-to-EBITDA metric is distorted.

Industry Comparables	Ticker	% Chg YTD	P/E CFY	Price/ Book	Price/ Sales	EV/ EBITDA
U-HAUL HOLDING COMPANY	**UHAL**	-8.2	11.1	1.7	1.8	6.4
S&P 500	**SPX**	12.0	18.8	3.6	2.2	18.1
TRUCK RENTAL COMPANIES						
RYDER SYSTEM INC	**R**	-2.7	N/A	1.3	0.3	3.3
AVIS BUDGET GROUP	**CAR**	17.9	11.5	7.1	0.7	4.4
Industry Mean		**7.6**	**11.5**	**4.2**	**0.5**	**3.8**
SELF-STORAGE COMPANIES						
CUBESMART	**CUBE**	10.1	27.0	3.5	9.7	17.9
EXTRA SPACE STORAGE INC	**EXR**	-1.8	23.9	6.0	10.4	18.1
LIFE STORAGE INC	**LSI**	29.6	29.9	3.1	10.6	20.7
NATIONAL STORAGE AFFILIATES TRUST	**NSA**	1.3	43.1	2.5	4.7	13.3
PUBLIC STORAGE INC	**PSA**	2.4	26.2	8.9	11.8	11.3
Industry Mean		**8.3**	**30.0**	**4.8**	**9.4**	**16.3**

Utilizing comparable EV-to-EBITDA valuation of a blend of truck rental and self-storage companies, along with an historical rising valuation range, a **target price of $64.00** is indicated.

RISKS

- U-Haul’s business is subject to many economic factors that are not included in our forecasts. These include the impact of high fuel costs, significant economic downturns, and a substantial decline in housing starts, among others.
- Revenues (and therefore earnings) are seasonal, due to changes in consumer behavior as the weather changes. It is assumed that past weather conditions continue to be relatively the same over the quarterly time frames of the past.
- U-Haul purchases truck chassis from a limited number of domestic manufacturers e.g. Ford Motor Company and General Motors Corporation. If the production or quality of product is hindered, it could have a negative impact on U-HAUL's operations and stock price.
- U-Haul maintains a large fleet of rental equipment. The company’s rental truck fleet rotation program is funded internally through operations and externally from debt and lease financing. A challenging financial market could adversely affect the company’s fleet rotation program.
- 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, at times, the used rental equipment market weakens in response to various economic factors. During such times of weak pricing and the near absence of demand, the company’s financial results could be adversely affected by increasing depreciation expense, losses on the sale of retired equipment (due to net proceeds on sales falling short of estimated residual values) and decreases in expected cash flows from the sales of used equipment.

BALANCE SHEET

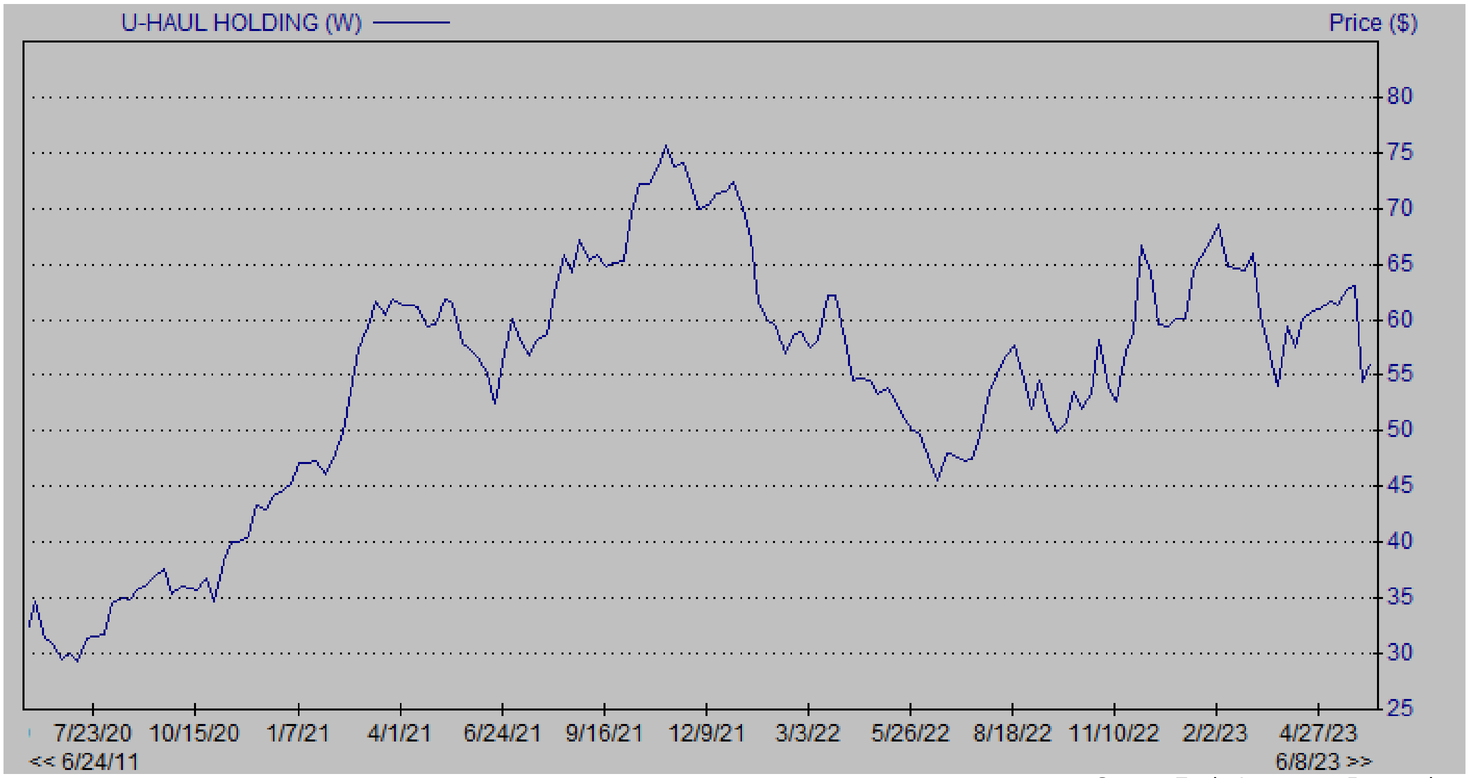
U-HAUL HOLDING COMPANY					
(in $US '000 except share data)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Period ending	3/31/2019	3/31/2020	3/31/2021	3/31/2022	3/31/2023
ASSETS					
Cash and cash equivalents	673,701	494,352	1,194,012	2,704,137	2,060,524
Reinsurance recoverables & trade receivables	224,785	186,672	224,426	229,343	189,498
Inventories and parts	103,504	101,083	105,577	158,888	151,474
Prepaid expenses	174,100	562,904	469,144	236,915	241,711
Investm'ts, fixed maturities & mktable equities	2,235,397	2,492,738	2,695,656	2,893,399	2,770,394
Investments, other	300,736	360,373	489,759	543,755	575,540
Deferred policy acquisition costs	136,276	103,118	89,749	103,828	152,377
Other assets	78,354	71,956	47,730	60,409	51,052
Right of use assets - financing	-	1,080,353	877,038	620,824	474,765
Right of use assets - operating	-	106,631	92,505	74,382	58,917
Related party assets	30,889	34,784	35,395	47,851	48,308
Total Current Assets	**3,957,742**	**5,594,964**	**6,320,991**	**7,673,731**	**6,774,560**
Land	976,454	1,032,945	1,075,813	1,283,142	1,537,206
Buildings and improvements	4,003,726	4,663,461	5,073,017	5,974,639	7,088,810
Furniture and equipment	689,780	752,363	786,505	846,132	928,241
Rental trailers and other rental equipment	590,039	511,520	477,921	615,679	827,696
Rental trucks	4,762,028	3,595,933	3,909,724	4,638,814	5,278,340
(Accumulated depreciation)	(3,088,056)	(2,713,162)	(2,992,365)	(3,732,556)	(4,310,205)
TOTAL ASSETS	**11,891,713**	**13,438,024**	**14,651,606**	**17,299,581**	**18,124,648**
Accounts payable and accrued expenses	556,873	554,353	645,575	677,785	761,039
Total Current Liabilities	**556,873**	**554,353**	**645,575**	**677,785**	**761,039**
Notes, loans and finance/capital leases payable	4,163,323	4,621,291	4,668,907	6,022,497	6,108,042
Operating lease liabilities	-	106,443	92,510	74,197	58,373
Policy benefits & losses, claims & loss exp. payable	1,011,183	997,647	997,701	978,254	875,034
Liabilities from investment contracts	1,666,742	1,802,217	2,161,530	2,336,238	2,398,884
Other policyholders' funds and liabilities	15,047	10,190	12,420	10,812	8,232
Deferred income	35,186	31,620	42,592	49,157	52,282
Deferred income taxes, net	750,970	1,093,543	1,178,489	1,265,358	1,334,427
Non-Current Liabilities	**7,642,451**	**8,662,951**	**9,154,149**	**10,736,513**	**10,835,274**
TOTAL LIABILITIES	**8,199,324**	**9,217,304**	**9,799,724**	**11,414,298**	**11,596,313**
SHAREHOLDERS' EQUITY					
Common Stock	10,497	10,497	10,497	10,497	10,497
Series N Non-Voting Common Stock	-	-	-	-	176
Additional paid-in capital	453,326	453,819	453,819	453,819	453,643
Accumulated other comprehensive income	(66,698)	34,652	106,857	46,384	(267,046)
Retained earnings	3,976,962	4,399,402	4,958,359	6,052,233	7,008,715
Cost of common shares in treasury	(525,653)	(525,653)	(525,653)	(525,653)	(525,653)
Cost of preferred shares in treasury	(151,997)	(151,997)	(151,997)	(151,997)	(151,997)
Unearned employee stock ownership plan	(4,048)	-	-	-	-
Total stockholders' equity	**3,692,389**	**4,220,720**	**4,851,882**	**5,885,283**	**6,528,335**
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**11,891,713**	**13,438,024**	**14,651,606**	**17,299,581**	**18,124,648**
Shares outstanding	19,607,788	19,607,788	19,607,788	19,607,788	19,607,788
Series N Non-Voting Shares outstanding	0	0	0	0	176,470,092

U-HAUL HOLDING COMPANY					
Income Statement	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024 E
(in $US '000, except share and per share data)	3/31/2020	3/31/2021	3/31/2022	3/31/2023	3/31/2024
Revenues					
Self-moving equipment rentals	2,692,413	3,083,317	3,958,807	3,877,917	3,735,407
Self-storage revenues	418,741	477,262	617,120	744,492	840,882
Self-moving/self-storage prod. & svc.	265,091	344,929	351,447	357,286	351,320
Property management fees	30,406	31,603	35,194	37,073	37,596
Life insurance premiums	127,976	121,609	111,027	99,149	89,000
P&C insurance premiums	66,053	68,779	86,518	93,209	87,000
Net investment & interest income	137,829	122,938	148,261	176,679	225,000
Other revenue	240,359	291,548	431,373	478,886	451,910
Total Revenues	**3,978,868**	**4,541,985**	**5,739,747**	**5,864,691**	**5,818,115**
Expenses					
Operating expenses	2,117,148	2,187,684	2,676,541	3,024,547	2,913,931
Commission expenses	288,332	329,609	429,581	416,315	365,580
Cost of sales	164,018	214,059	259,585	263,026	217,463
Benefits and losses	174,836	179,512	186,647	165,553	169,000
Amort. of deferred policy acq. costs	31,219	28,293	33,854	27,924	27,300
Lease expense	26,882	28,470	29,910	30,829	32,600
Depreciation	637,063	609,930	482,752	486,795	660,000
Net gains on disposal of real estate	(758)	3,281	(4,120)	5,596	2,000
Total Operating Expenses	**3,438,740**	**3,580,838**	**4,094,750**	**4,420,585**	**4,387,874**
Earnings from operations	**540,128**	**961,147**	**1,644,997**	**1,444,106**	**1,430,241**
Other components of net periodic bene	(1,054)	(987)	(1,120)	(1,216)	(1,216)
Interest expense	(160,950)	(163,502)	(167,424)	(223,958)	(232,000)
Fees and amortization on early extingui	-	-	(956)	(1,009)	0
Total Other Income (Expenses)	**(162,004)**	**(164,489)**	**(169,500)**	**(226,183)**	**(233,216)**
Pretax earnings	**378,124**	**796,658**	**1,475,497**	**1,217,923**	**1,197,025**
Income tax benefit (expense)	63,924	(185,802)	(352,211)	(294,925)	(288,841)
Net Income	**442,048**	**610,856**	**1,123,286**	**922,998**	**908,183**
Diluted Earnings per Voting Share	**$2.25**	**$3.12**	**$5.73**	**$4.71**	**$4.63**
Wgted. Avg. Voting Shares Out.	19,603,708	19,607,788	19,607,788	19,607,788	19,607,788

PROJECTED QUARTERLY INCOME STATEMENTS

U-HAUL HOLDING COMPANY						
Income Statement	**FY**	**1Q E**	**2Q E**	**3Q E**	**4Q E**	**Estimate**
	FY 2023	**FY 2024**	**FY 2024**	**FY 2024**	**FY 2024**	**FY 2024 E**
(in $US "000 except share and per share data	**3/31/2023**	**6/30/2023**	**9/30/2023**	**12/31/2023**	**3/31/2024**	**3/31/2023**
Revenues						
Self-moving equipment rentals	3,877,917	1,036,236	1,115,544	871,854	711,772	3,735,407
Self-storage revenues	744,492	199,154	209,712	213,341	218,676	840,882
Self-moving/self-storage prod. & svc.	357,286	106,070	94,927	74,102	76,220	351,320
Property management fees	37,073	9,149	9,447	10,000	9,000	37,596
Life insurance premiums	99,149	22,793	22,802	21,758	21,647	89,000
P&C insurance premiums	93,209	17,339	22,295	25,450	21,915	87,000
Net investment & interest income	176,679	60,000	60,000	55,000	50,000	225,000
Other revenue	478,886	125,867	157,383	93,168	75,492	451,910
Total Revenues	**5,864,691**	**1,576,607**	**1,692,111**	**1,364,674**	**1,184,722**	**5,818,115**
Expenses						
Operating expenses	3,024,547	777,177	780,881	697,484	658,389	2,913,931
Commission expenses	416,315	100,639	110,133	86,235	68,572	365,580
Cost of sales	263,026	64,853	57,031	48,062	47,518	217,463
Benefits and losses	165,553	41,000	42,000	42,000	44,000	169,000
Amort. of deferred policy acq. costs	27,924	7,000	6,500	6,800	7,000	27,300
Lease expense	30,829	8,000	8,100	8,200	8,300	32,600
Depreciation	486,795	150,000	160,000	170,000	180,000	660,000
Net loss (gain) on disposal of R/E	5,596	500	500	500	500	2,000
Total Operating Expenses	**4,420,585**	**1,149,170**	**1,165,145**	**1,059,280**	**1,014,279**	**4,387,874**
Earnings from operations	**1,444,106**	**427,438**	**526,966**	**305,394**	**170,442**	**1,430,241**
Other comp. net periodic benefit costs	(1,216)	(304)	(304)	(304)	(304)	(1,216)
Interest expense	(223,958)	(58,000)	(57,000)	(58,000)	(59,000)	(232,000)
Fees & amort. early exting. of debt	(1,009)	-	-	-	-	0
Total Other Income (Expenses)	**(226,183)**	**(58,304)**	**(57,304)**	**(58,304)**	**(59,304)**	**(233,216)**
Pretax earnings	**1,217,923**	**369,134**	**469,662**	**247,090**	**111,138**	**1,197,025**
Income tax benefit (expense)	(294,925)	(88,961)	(113,189)	(59,796)	(26,895)	(288,841)
Net Income	**922,998**	**280,173**	**356,474**	**187,294**	**84,243**	**908,183**
Diluted Earnings per Voting Share	**$4.71**	**$1.43**	**$1.82**	**$0.96**	**$0.43**	**$4.63**
Wgted. Avg. Voting Shares Out.	19,607,788	19,607,788	19,607,788	19,607,788	19,607,788	19,607,788

HISTORICAL STOCK PRICE



Source: Zacks Investment Research

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