

# The come-back kid?

Don Ahern has been in the rental business all his life yet over the past three years or so has - for one reason or another - hardly been out of the headlines with his companies Ahern Rentals and Xtreme Manufacturing. Initially it was the two year battle to retain ownership of Ahern Rentals, after he sought protection under Chapter 11, and fought off a takeover and more recently when Xtreme Manufacturing took over Snorkel. Ahern spoke with Cranes & Access editor Mark Darwin in his home town of Las Vegas, about the past, present and future of Ahern Rentals, Xtreme Manufacturing and Snorkel...



By his own admission, Ahern is a risk taker and likes living on the edge. Like many in Las Vegas he is a bit of a gambling man and not adverse to borrowing money - Ahern Rentals currently has \$648 million of debt, raised to consolidate previous loans and fend off the attempted take-over. But this was not always the case, his parents started up in business in Las Vegas in 1953 (the year he was born) with a truck stop/rental yard on the site of the Stratosphere Tower at the end of the Strip.

During his early years Ahern spent all of his time at the 24 hour truck stop, which also did good



Don Ahern

business renting car coolers and selling trailers and renting garden landscaping equipment both of which were manufactured by his father. In the late 1950s the rental part of the business was separated, and moved a couple of miles away toward the older downtown area around Fremont Street. It became a stand-alone rental business run by his mother, while his father concentrated on the truck stop and gas station, although he would bounce back and forth between the two businesses all day.

In the 60s the truck stop was sold and the business focused on garden equipment rental - some of which was built by his father - as well as



A 1950s car cooler

the trailers and swamp coolers. For those from cooler climates or too young to remember, car swamp coolers were used before air conditioning, drawing air over a water soaked mat and reducing temperatures up to 20 degrees. Initially used to cool houses it was also adapted for cars and was very popular in the 1950s. The car cooler, a cylinder-shaped unit around 16 inches long (400mm) long, was positioned outside, secured by raising the window and air was forced into it by driving at speed. After circulating through the cooler the air was diverted into the drivers face. Within the cylinder was a rotating cage - the bottom sitting in water - which the passenger could spin every 10 minutes or so by pulling a string to give off a spray of mist.

"In the early days we used to rent these by the thousands although by the 1960s car manufacturers started including air conditioning and the market almost dried up overnight," says Ahern. "From then on we rented equipment, trucks as well as the locally made 'U-Haul type' trailers, which were then being sold across a wide area. Many of the trailers were built for a national trailer rental company called

Nationwide which rented them one way - and we got paid for every rental. So once we built a trailer we would never see it again, but the money would continue to come in. Unfortunately Nationwide went bust and we lost every trailer - it was a devastating blow to my father and the business."



With the trailer business gone his parents re-joined and started buying and renting hand tools, smaller concrete mixing and finishing equipment and later, small tractors and backhoe loaders. From a young age, Ahern was always on the look-out for new business ideas and



The Signal Gas Station on the site of the Stratosphere



Ahern rentals trailers in the 1950s

opportunities. When scissor lifts started to appear in the 1970s all the new buildings in Las Vegas were using scaffolding. He immediately spotted an opening for this new type of access equipment, but had to find a way of paying for the new machines.

"Until going to college to study accounting between 1972 and 1975 I was working full time in the business," he said. "Unfortunately my father's poor health meant that I could not complete my studies and when I came back we had a few scissors and one boom. I wanted to expand this side of the business, but my father disagreed because he did not want to take on debt. So in 1978 I started my own scissor, boom and forklift rental business separate from the family. Without money it is difficult to grow a rental business. I purchased my first two scissors when I was 23 but because I could not get credit I borrowed \$12,000 against my house with a home equity loan - it was the only way to get into business - and bought two scissor lifts. I had to take a job in a truck stop as a mechanic, working from three in the afternoon until midnight and rented out the scissors on the side. I was a much better mechanic than an accountant," he says. "Eventually I quit the job and opened a construction equipment repair shop."

With the money made from repairing equipment he purchased a few more scissor lifts and then it snowballed. As his credit history improved Ahern managed to obtain a \$100,000 loan from a local Las Vegas bank and purchased his first boom and some more scissor lifts. As the first company in the area with access equipment, business was good.

"We used to put the platforms on the back of a truck and look for local building contracts using scaffolding and offer to leave the platform with them to try out," he says. "We converted lots of customers from scaffolding to access platforms using that sales method. When we first started renting platforms rental rates were very good so we paid the equipment off very rapidly. After 12 years of building up this business I bought my dad's company from the family, he retired and passed away four years later in 1994 - and even though we disagreed on many things we were very close. At that time my scissor/boom business was turning over about \$12 million and my father's was about \$6 million. I thought \$18 million a year was great - now it is around \$700 million!"

"One of the main breaks for us was the huge, disastrous fire at the MGM Grand Hotel and Casino (now Bally's Las Vegas) at the end of 1980 which killed 85 people - the worst disaster in Nevada's History and the third worst hotel fire in US history. The whole casino was gutted and needed refurbishing and I was able to secure a deal with a scissor manufacturer to supply 100 machines and these were all paid for on the contract. This took my fleet to 115 units, a big step up. I lived on that job as the machines were working 24 hours a day."

At that time I believe I was the only full-time mechanic.

Once Ahern Scissors & Booms had established itself in Las Vegas it expanded into Los Angeles the next closest largest city.

"Originally we had a machine called the Donkee Lift (Don and Keith were the owners). The company built thousands but had



Don with his dad John

serious problems with the scissor arms breaking, resulting in many accidents, injuries and deaths. Eventually all the lawsuits put them out of business. We were stuck with a load of machines which we managed to sort out and use for a while. Then we used Selma Manlift for the booms (later Grove Manlift) and in 1985 I switched totally to Snorkel - until they got into trouble in the 1990s after they had been sold- when we added JLG and Genie platforms. Today we have about 22,000 platforms, including 4,500 telehandlers (around 1,300 are Xtreme).

### What's in a name?

Manufacturing telescopic handlers began in 1998, four years before it was known as Xtreme Manufacturing. Ahern bought the Oregon-based manufacturing company which produced Hyster designed rough terrain forklifts because "I didn't feel like I had enough expertise in the manufacturing side of the business. After 9/11 in 2001, business had 'gone to pot' so I closed the Oregon facility and relocated it to Las Vegas and changed the name to Xtreme. "The company was called Western

Attachment Company or WaCo for short. The name had two not so great connotations - waco and Waco. The 1983 a cult in Waco, Texas was suspected of developing drugs and hoarding firearms. Following a 50 day siege it ended violently with 82 people killed. Because of the negative name associations we changed to Xtreme Manufacturing, and began producing new products - high boom telehandlers - which are now sold almost exclusively to end-users in North America."

Xtreme still builds these rugged, simple, high specification machines which can cost around 15 percent more than those from the main manufacturers but, according to Ahern, last up to 30 years. Xtreme also manufactures the Cube modular building system which can create space for applications for offices, maintenance facilities, IT server rooms etc. It also makes the EZ loader truck beds with capacities from five to 10 tonnes. All Xtreme equipment is designed, fabricated and assembled at facilities in Las Vegas, NV and Selma, CA.

At Conexpo Xtreme displayed the new XS3212 scissor lift - a highly

The MGM Grand fire in 1980 was a big turning point for the company



Don on the Xtreme Manufacturing production line



# Hinowa®

# LIGHTLIFT 20.10

## PERFORMANCE III S

**SMART & SILENT-**  
a winning combination

**LITHIUM** 



Hinowa S.p.A. - Via Fontana - 37054 Nogara (VR) - ITALY  
Tel. (+39) 0442.539100 - Fax (+39) 0442.539075 - [www.hinowa.com](http://www.hinowa.com)



Downtown Container Park Las Vegas using Xtreme Cubes



An early Ahern Rentals facility

specified, 12ft, 32" wide electric scissor with four wheel steering - which Ahern says has been under development for more than five years. A simpler 'Snorkel' version of the scissor will be available later this year.

"I think we have done some special things on it such as the way we have developed the electric drive

system and electric steer," says Ahern. "There are no hydraulic hoses, fittings or hydraulic reservoir on the machine."

There are also plans for simpler Snorkel versions of the smaller Xtreme telehandlers - less than 12,000lb capacity which will be



Xtreme XS3212 Scissor Lift at ConExpo

sold through the Snorkel distribution network. The machines will be built for the global market, with a 2.5 metre overall width (Xtreme models are 2.65 metres wide). But Ahern says he has no interest in 360 degree telehandlers. While being part of the Ahern group, Xtreme Manufacturing is totally separate from Ahern Rentals and was not involved in any way with the Ahern bankruptcy that started at the end of 2011.

**Chapter 11 problems**

Ahern Rentals' 18 month bankruptcy story - which ended a year ago - has been covered in detail. But how did a successful company with \$51 million of liquidity end up in Chapter 11?

"During the boom times I would get credit, buy more machines and

set up new stores. By 2005 I had loans with about 38 different banks so we went to Wall Street and consolidated into bonds, raising a further \$300 to 400 million. However following the recession in 2008, revenues went from \$381



Xtreme XR6538 Largest Capacity Telehandler in North America Launched at ConExpo 2014

**WACO ANNOUNCES NAME CHANGE!**

**XTREME**  
MANUFACTURING

We are pleased to announce that effective January 1, 2008 WACO will now be known as Xtreme Manufacturing. We are very excited about this new change. We are looking forward to providing you with quality Reach & Straight Mast Forklifts, and Delivery Trucks (EZ Loader) at competitive prices. Call to find out more about our product line which includes the following models:

Rough Terrain Forklifts: MT600, MT800, MT1000 and MT1200  
 Forward Reach Forks: XRM545 and XRM1145  
 EZ-Loader Trucks: 4M, 12M, 18M and 24M - for ease of loading all types of construction equipment

For more information on our equipment. Please call us today!  
 1611 W. Bonanza Rd. Las Vegas, NV 89106 **702-362-6383**

**RIWAL**

Visit Riwal at APEX 2014 for the most innovative solutions for working safely and efficiently at heights!

With local offices in 17 countries across Europe, Middle East, Brazil and India, and a fleet of 13,000 aerial work platforms, forklifts, and telehandlers, Riwal offers customised and innovative high quality equipment of renowned brands such as JLG, Genie, Teupen and Holland Lift.

Visit Riwal at APEX 2014 on June 24, 25 and 26 to get an exclusive look at some of our most recent unique solutions. You can find us at stand 330. If you would like to register as a visitor, please go to [www.riwal.com/apex](http://www.riwal.com/apex).

Phone: +31 (0) 88 6 18 18 00  
 E-mail: [info@riwal.com](mailto:info@riwal.com)

**AERIAL WORK PLATFORMS TELEHANDLERS**  
 Rental - Sales - Maintenance  
 Parts - Training

[www.riwal.com](http://www.riwal.com)

**cranes & access**

Get the whole story...

...follow us on

**facebook**

**twitter**

**Vertikal.net**



million to \$275 million in less than 18 months. We were probably the fourth largest rental company in the US at the time, and therefore very attractive and very vulnerable as an acquisition target. Platinum Equity saw this as a weakness and with our bonds very attractively priced, it acquired 50.1 percent of them. When the bonds became distressed, the bond holders refused to renew and at that point I couldn't raise any more funds which were only available to AAA rated companies. We offered to buy the bonds back at full value but they refused saying they wanted to take-over the company."

"Platinum Equity was not the only company trying to gain control of Ahern, there were four others, however as Platinum gained the majority holding, the others formed a group with Platinum as the lead investor. At this point the only option I had was to file for bankruptcy to stop these guys foreclosing on the bonds. Technically we were not bankrupt but it was the only way to stop them."

"All in the battle lasted about two and a half years and we were in bankruptcy for around 18 months. I now realise that they wanted me to go into bankruptcy as they thought it was easier taking over a bankrupt company. Before the recession struck Ahern Rentals' EBITDA was \$160 million on revenues of \$381 million. So with loans of \$620 million we had a ratio of about 4 to 1. Over the course of 18 months this sank to \$46 million on \$275 million revenues, with a ratio of 13 to 1. It was at this point - where the value of the company was much less than the debt - that I had no choice but to expand and try and increase the value of the company. Our expansion strategy worked and from that point we were increasing profits month by month. By the end of 2011 we had reached breakeven point with EBITDA at \$77 million and still climbing.

### Reasons for recovery?

At the worst point I couldn't liquidate because I was so far in

debt. Even if I sold everything I would have still owed money so I had no choice but to try and expand the business - a completely different philosophy to everyone else during the recession."

"Everyone else was cutting back and laying off staff and this helped with our expansion as good people and good facilities were available. Unlike other major rental companies we did not liquidate our fleet, so when business did come back we had the equipment, people and depots in place. We were also able to increase our rental rates without increasing inventory and that helped profitability. As we opened depots across the US, some were moving into profit within three months, well ahead of our expectations."

"By the time we emerged from bankruptcy we had reached an EBITDA of \$125 million and a ratio of 5.2 to 1. Typically anyone in bankruptcy with a ratio of 13 to 1 is doomed, but we were improving at a very rapid rate. Those forcing the takeover tried to claim the value of the company was less than the debt and therefore had no equity - at \$75 million EDITA perhaps - but at \$125 million there was no way, and the judge allowed extensions as the company's position was improving so fast. Today the company has an EBITDA of approximately \$140 million. Because of the company's growth and rising valuation, we were able to raise \$745 million, of which \$620 was used to clear the existing debt and enough to pay everyone off in full. This was the only situation where the result would be out of the judge's hands. Being able to borrow \$745 million meant that the company was at that point valued at about \$1 billion and this was raised with new bond holders and a group of six banks."

"I now realise that the financial system is so loaded against a bankrupt company. The judge was unfair and gave the new bond holders i.e. the takeover artists, the right to file a plan to takeover the company. If ever there was a time when a judge should protect a company that was experiencing such a fabulous recovery, it



In the photograph, taken during a tour of the Xtreme Manufacturing plant in Las Vegas at the recent Conexpo show are (L-R) Skyjack founder Wolf Haessler, Don Ahern, Snorkel founder Art Moore, Al Havelin - Snorkel owner 2002-2007, Daren Kell ex-CEO of Tanfield - Snorkel owner 2007-2013 and Enoch Stiff ex-CEO of Omnicup - Snorkel's owner 1997-2002.

### Future?

should have been at that time. But fortunately we were able to trade out of the situation, not many companies can do that but our situation was unusual."

### Snorkel acquisition

"A few months after we emerged from bankruptcy I heard that Snorkel was up for sale. I had built my whole career around two companies - Skyjack scissors and Snorkel booms - so was keen to be involved. At Bauma in 2013 I had various discussions with senior management and although they were already deeply involved with other parties they accepted my plan. I had thrown my name into the ring when Snorkel was previously up for sale, offering to be an investor, but was turned down - they wanted me as a customer not as an owner. I am really glad it didn't work out because I would rather be sole owner - currently Tanfield has 49 percent but we will take them out over the next few years."

"I will start by redesigning some of the Snorkel machines. A couple are good but they need to get back on track by being simple, reliable and long-lasting which is what they were known for. As a rental guy I want it simple - no oscillating axles, two wheel drive, and low hydraulic pressure etc. It is hard for a manufacturer to figure out what a rental machine should be - you have to know where to put the money in and where not to."

"This year Snorkel may have a worldwide market share of one percent, my five year plan is to increase that to five percent. With Ahern Rentals there is only one ratio that means anything - EBITDA. At our worst point we had a ratio of 13 to 1. Since then we have been improving month on month so that now that ratio is 4.4 to one. I would like it to be three to one, at which point we are in a position to be able to weather another major downturn. This figure should be achieved next year."

"Xtreme had no debt until it bought Snorkel but now has \$35 million, Xtreme and Snorkel revenues combined should be well over \$150 million, and in five years close to \$500 million. I plan to run Snorkel and Xtreme separately but the distribution and sales force will be the same. I also have my eye on at least one other manufacturing company this year or next in a similar sector. We have a group of people at Ahern constantly looking at acquisitions - if the price is right we buy - most of the time these acquisitions are not publicised. We will still be looking to expand Ahern Rentals' 80 depot network, with more greenfield sites as well as in store growth."

The last few years have been very eventful for Don Ahern. However he appears to have emerged stronger than before and has major plans for the future. I am sure he will feature prominently in the media over the coming years...

A Snorkel boom in the Ahern fleet 2003

