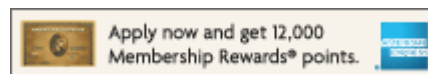


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Top crane supplier looks to reach new heights

NFT Cranes aims to expand for better global ranking

By Arno Maierbrugger, Deputy Business Editor

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GULF NEWS



Nabeel Al Zahlawi, NFT's managing director

Image Credit: Supplied picture

Dubai: NFT Cranes, the biggest supplier of tower cranes in the Middle East, with its headquarters in Abu Dhabi, is aiming to expand its international business and to climb higher in the global ranking in the tower crane and hoist industry, Gulf News has learnt.

The 500-employee company, which will take part at the Big 5 PMV exhibition in Dubai from November 22 to 25, has supplied cranes to outstanding developments and building projects such as the Burj Khalifa, DIFC, Emirates Mall and Jumeirah Beach Residences in Dubai, the Reem Island Development, Adnoc headquarters and the ADIA Tower in Abu Dhabi, among others. It has also been a part of several other top projects in the region, for example the Kingdom Tower in Riyadh.

Gulf News spoke to NFT's managing director Nabeel Al Zahlawi about his firm's towering success.

How large is the tower crane market in the Middle East and what are the current difficulties in the wake of the property slowdown?

The region has observed a decline in building activity due to the financial crisis, as we all know, except from Saudi Arabia and Qatar. Our company therefore has shifted its focus from the traditional building sector towards the industry, to developments in the oil and gas and the petrochemical sector as well as to the planned nuclear power plant sector.

We don't expect that improvement in housing and office building will take place too soon. This might take a little longer.

Did NFT face problems regarding late payments or payment defaults?

We are working closely with our contractors to reschedule payments if needed, offer them instalments or long-term payment plans.

This helps them in buying equipment and to keep up the construction process. We ourselves have managed to get interim financing for projects. And no, there have been no defaults as of yet, luckily.

How many tower cranes do you currently have in operation in the region?

We have 180 cranes in use on construction [sites]. Four hundred are currently on the ground.

What have been your most prestigious projects?

We have successfully completed enormous projects on time in the GCC and Middle East, supplying some of the mightiest cranes in the world to help construct some of the tallest and most imposing buildings, including skyscrapers in Abu Dhabi, Riyadh and Dubai, projects on which operating heights can reach up to 500 metres. The most prestigious projects include the Burj Khalifa, the Kingdom Tower in Riyadh, the World Trade Center in Bahrain, the Al Fardous and Al Hamra Towers in Kuwait and many others.

Recent ongoing projects are Princess Nora Bint Abdul Rahman University in Saudi Arabia, one of the largest construction projects currently underway in the Middle East, the Adnoc headquarters, the Cleveland Clinic, the Etihad Towers project and the Bab Al Qasar Hotel.

What is the business strategy for the near future? Are there expansion plans to new countries, regions?

We have major strategic plans to expand worldwide as there is lot of potential in the market.

My goal in the long term is to seek out relationships with overseas companies to extend foreign market penetration, so as to reduce downtime and rental stock take-up.

My mind is open to the nature of collaborations in Europe, Far East — it may be in USA and Canada. We recently opened offices in Ethiopia, Libya, Singapore, Kazakhstan, Azerbaijan, and India could be the next step. China, of course, is a very promising market, but not for us at the moment.

What are your main competitors in this business?

We are facing all kinds of competitors. There are companies from Europe and China. The Chinese come with a cheap price and lower categories. So far they are not real competitors at our level. These are, mainly, Liebherr from Germany and Terex of Italy.

Some projects in the region are on hold, but still many cranes are standing at the construction sites. What is the life span of a crane?

It's five years on and off, but if the crane is not moved and operated, its components are exposed to humidity and other climate factors.

If a crane stands unused for a longer time, this creates a lot of problems and it will eventually have to be replaced.

How high can a tower crane go?

Up to 700 metres. Our highest crane currently is 520 metres.

Top crane supplier looks to reach new heights

NFT CRANES AIMS TO EXPAND FOR BETTER GLOBAL RANKING

By ARNO MAIERBRUGGER
Deputy Business Editor

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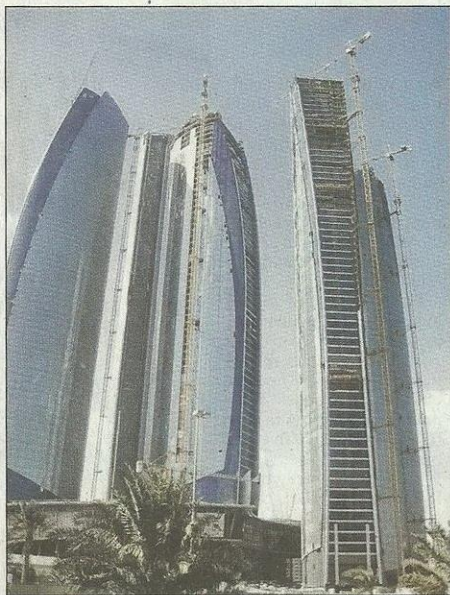
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Supplied picture

In the pipeline

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You can tell a lot by where and how someone chooses to be interviewed. I say 'chooses' as it is very rare the humble journalist gets to decide where it should take place. The number one place to be taken to is the office. Typically it is because it is the most practical place for a CEO or Chairman to talk openly, but it also means you are meeting them on their terms and you must be prepared to listen. Often that means you listen, a lot.

It is a relief then that Mr Nabil Al Zahlawi, the head of NFT has chosen instead to greet PMV in the company's boardroom. Interviews held in boardrooms are much more open and instructive.

On the large expanse of the boardroom table are three models of cranes, the largest of which rises over a metre in the air. Although, even that is dominated by a giant TV screen that is showing CNBC's stock market report. Zahlawi sits reviewing the trading information and market prices when we greet each other.

"I like to see what the markets and currencies are up to. I find it relaxing. Sometimes I sit here and watch the screen like some people listen to soft music," he says

The boardroom itself sits at the centre of the company's offices in the heart of Port Zayed in Abu Dhabi. A hub from where Zahlawi guides an empire that includes an asset base of 600 cranes and hoists that are active across the globe. NFT, which is the sole agent for Potain cranes in the GCC, has recently been recognised as the number one crane supplier in the Middle East in a *World*

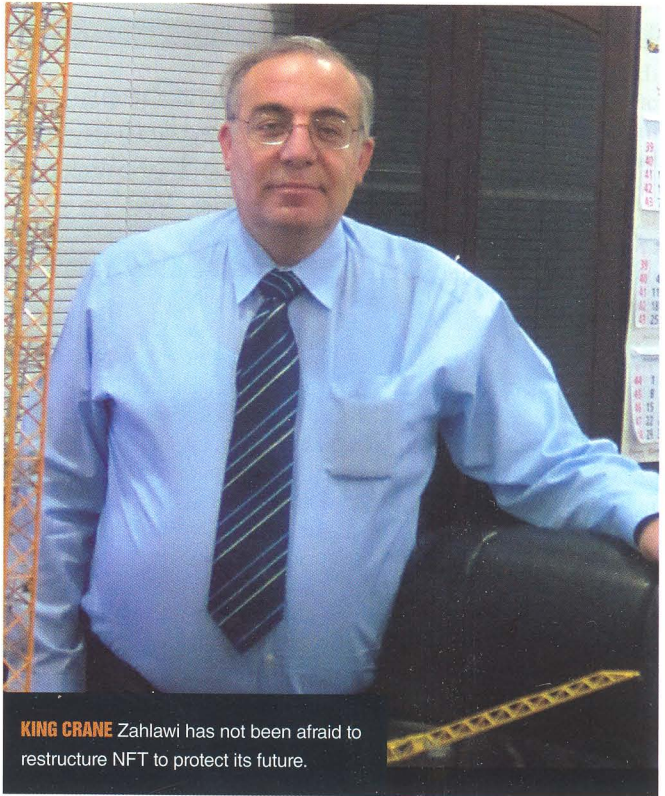
Market Intelligence report. In its own literature it states that intends to move from being the fifth to the biggest crane owner in the world.

It's a grand ambition and one that is softly and humbly portrayed by Zahlawi in person. He explains NFT may have started as a company that serves the Middle East but it is moving out into new territories as diverse and as spread out as Canada, Singapore and Azerbaijan. "Our strategy is simply not following what others do. The clever move is to diversify and move to industrial centres, unlock new doors for equipment, find new buyers."

Zahlawi nurtured NFT by not being afraid to move where the business is. He started in 1974, working on erection and servicing of cranes in Saudi Arabia for a trading company. With a natural bent for understanding how business and more exactly the crane business worked, in 1987 he created his own company based in the Kingdom. However the market in the GCC was changing and Zahlawi sensed his young business would need to move.

"We were doing a lot of projects with the contractors in the country until we found a good opportunity to move to the United Arab Emirates in 1995 under the name of NFT. We moved the head office from Saudi, because of the facilities and better support from local authorities in UAE. Besides the cycle of construction, starting in 1996 and 1997 was moving to this area," he explains.

In 2010, Zahlawi says that this cycle of construction has come to an end but stresses that there is a new era beckoning



KING CRANE Zahlawi has not been afraid to restructure NFT to protect its future.

ON SAUDI ARABIA...

"The market in Saudi is extremely important. We recently signed a huge contract with Saudi bin Laden family to help build the new King Abdullah Financial District. This project will have 100 pieces of our equipment and we have already begun building the rigs, and there are cranes already operation there. "Nobody has seen a project like the Princess Nora Bint University before. It's not just massive in size. Building a complete university in two years when you normally spend 10 years on it – is a BIG challenge. To think you start from nothing in the desert and you build up auditorium, medicine, art facilities, and all other types of study in such a short time.

"We (NFT) obviously like this type of project because we like the challenge and we can put a lot of cranes onto it! But you can also benefit when you run a project in a fast way.

"The value of the contract was made in a good way and the plan was based on good manners. Everything was planned correctly. I think we will see some other projects like this. You can feel that there is potential for mega projects where a huge development is possible in a short time."

for the construction industry in the UAE and the wider market of the Middle East. Assuming that a period of hardship can be endured.

"We enjoyed the good times in 2006, '07, '08. 2009 was not bad...2010 has been," he pauses and then smiles. "Less good."

"It had been a good 15 years – a cycle that is easily the longest period we've ever had to enjoy the 'good times' – and usually you move in cycles of five to seven years. We're now back to a stage I would describe as 'normal'."

He continues: "It's difficult [out there] as we are having 'surprises' everyday. I wouldn't go as far as saying that it is brutal but we have to move from one surprise to another daily. But we are still doing

"It had been a good 15 years – a cycle that is easily the longest period we've had to enjoy the good times. We're now back to 'normal'"

okay. We have to be wary of the coming years. I really worry about 2011 and 2012."

Although he remains a steadfast supporter of the UAE's openness to trade and foreign business, he is enough of a realist to recognise that his company will face some stiff competition in the tough years ahead as others follow a trail that was blazed by companies like his own.

"I think the beauty of this country and the UAE is that

you can do any business you want," he says. "Access to this country and establishing a company and a base with service is easy for everybody. Which is not the case for other countries like Qatar, Saudi, Kuwait, etc. It makes our lives more difficult and our business is paying for this free trade policy. People can come with fewer tools and get part of the cake. And that cake is getting smaller and smaller," he says.

"The UAE is open to

everybody and there is a surplus of equipment already, so having more traders and companies will create more problems. You can find American, Chinese and European suppliers, everyone is desperate to come to the UAE for business.

"You can see why. It's a choice between a dead market like Europe or the US, or hope for improvement in a market like Abu Dhabi, Saudi or Qatar. People have a better chance here rather than their local market."

This is the third recession that Zawahli has faced in his career and it's also the worst the keen market watcher can remember in the Middle East. For someone who comes across as an optimist, he is markedly gloomy about the next few years.

"Previously we have been less affected; however this is the first truly global one. Everybody is affected by this recession, and this is why we are suffering. I'm not expecting that the situation will change in one day," he says. "Based on this, it will not be a cycle of two to three years; it is going to be a little more."

Downbeat he may be, but Zawahli feels he is only being realistic. A virtue that has, arguably, been in short supply in recent years.

"What else needs to be built in the UAE, for example? We've built the tallest towers, the hotels, the Formula One track, and infrastructure – what else is left to be built?"

"Cityscape was the worst exhibition in the last ten years. You can see the projects but everybody is waiting for business to pick up. We have to be realistic.



REACH NFT was recognised as the leading crane supplier in the Middle East this year.

The idea of this business is not to build where there is no market. Projects can launch everyday but are you able to sell this project to a customer?"

Zahlawi's solution is an ambitious one for his company and others that have shared in building the iconic structures of the UAE.

"The business model of Dubai is good but we have to bring this idea to other countries. We have to move from one place to another with the business model we have made in the UAE," he says. "Open your country to create opportunities and to build everything: the hotels, tourism, industries, and housing projects for people providing services, etc."

NFT is spreading outwards, following its leader's perception of potential hot spots for the trade and supply of cranes, hoists and other equipment. Like many other companies that operate across borders, Saudi Arabia has become an extremely important country for NFT.

"Oman has a lot of potential, but Saudi is a country where everybody is concentrating and developing."

One of those projects is the Princess Nora Bint University where he says that a company under his stewardship had, "even during the good times in the area", never had such big numbers on one site. While we discuss the massive project, he pulls out a picture of work being done of the KSA's financial district. The sky is literally filled with cranes supplied by NFT.

You detect Zahlawi's pride in his company's involvement in these projects however the last few years have left an indelible mark on his evaluation of

their true worth to NFT's future.

"The problem was we got used to the mega projects. We increased the company's capital and assets plus the number of employees," he says. "There was almost too much demand from the market."

"Like any type of industry, you have times when you are overloaded and have no time for anything, but today I feel the market is healthier," he says. "The past was abnormal. You shouldn't be doing three times your capacity."

"People got used to living with a big turnover and profit – but you cannot do that anymore. The competition has increased and everybody is desperate for business. We are 20-25% cheaper than two years ago. It's not only a matter of saving. Manufacturers are willing to run at cost, the shipping costs have fallen and much less than before, and we have to limit the profit. Machines must sell for much less."

Following a period of restructuring where there was an increase in investment and reduction in risk in the company, the new version of NFT is starting to gain traction in new markets and diversifying into other lines of business. There's been a shift in emphasis from tall cranes to machines that can operate with larger capacities and on a variety of projects.

"We invested a lot because we were moving very fast, increased the capital, and the size of the company by three times. We need to reduce the size, the structure, so we can adapt to today's economic situation. No more high-rise, sure. We are now talking

"The clever move is to diversify and unlock new doors, find new buyers."



PROTECTED ASSETS NFT owns 600 cranes and hoist.

about small low-rise projects plus industrial projects. We have types of equipment that can be used for housing. Also equipment for the oil and gas industry. We are finding new areas, projects and industries for our equipment – if you want to install a new tank you can use a tower crane.”

“Our company can reply to any of these enquiries. We have a rental fleet of 600 cranes – we start from a baby crane to a mega crane that can be mainly used for nuclear plants. The strategy is not to just stay

“I feel more positive about rental because it will solve financing problem for contractors.”

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“Each of these projects is totally different. In tower projects, you need huge

money and investment to get a mast section up to 200m or more. With industrial power plants you are limited in height. Capacity is more important requiring us to get a different category of crane for this project.”

The company maintains distribution partnerships with companies based in the US and France who handle the fabrication of the machines. As the sale of machines has fallen, NFT is finding itself relying on the machine rental side of the business more and more. Zahlawi argues that machinery rental could aid machine fluidity in the market.

“I feel more and more positive about rental because this will solve the financing problem for contractors. Today banks are not giving anymore financing



RISK TAKERS NFT is being re-positioned as a rental company.



MOVING Zahlawi wants to diversify away from housing construction.

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for contractors because they have to make a huge investment to buy equipment. Our solution is to propose that you rent rather than buy. The investment is around our neck but we have the capability to do it. Our rental business should improve daily."

On top of the rental business, NFT is fully active in services such as maintenance and spare parts sales.

Donning his salesman helmet for a moment Zahlawi explains NFT's offering.

"We don't just about money we talk about turnkey solutions. We take care of the maintenance and supply the operators. The contractor does not have a big investment on maintenance or spare parts.

"They can take a crane with full items from one place, which is a big advantage," he says. "We are into services, reconditioning for cranes. As well as selling brand new cranes, used cranes – we have all options in one place!"

The conversation moves onto some of the other markets that NFT has been looking at, often on the recommendation of NFT's existing customers.

"We have a few customers that we deal with in the UAE that we find now in Saudi, or Qatar. I was recently on a trip in Azerbaijan and saw one of these guys over there."

The market watcher in him interrupts the interview and enthuses: "It is a very promising market. A stable market. You can't sell hundreds of crane, just a few.

"We need to do keep doing this. If we can move 20 cranes in one country and 20 in another, we can keep moving our 600 cranes. Azerbaijan

is part of our plan to move to other markets and open new doors for our equipment. I don't like see my machines sitting idle."

The second-hand sale business is one that appeals to Zahlawi especially in the new markets that have opened up.

"We are limited when we talk about brand new because there are dealers (for our partners) everywhere. We don't offer brand new cranes outside our territory, the Middle East. However the idea of second-hand business is open for us."

In his office Zahlawi keeps a large map of the globe, and you get the impression that he spends a lot of time looking at it. I ask where he'll look next.

"I'm always trying but if you have any other ideas then let me know."

I suggest Iraq or Iran, but Zahlawi is ahead of me: "We are already in business with them and supply on a case-by-case basis although we don't have an office over there. The UAE is a hub for the purchasing of machines, so if you are in Lebanon, Iran or Syria you can come here and buy."

"We are getting help from the UAE government and we benefit when the UAE finances a project. Recently is financed a mega housing project planned abroad and we hope to do some of the work on it.

"We are focused on international exports, and our business development manager, Hansraj Bhatia, will be travelling for our strategic business expansions.

"We have some contacts in Singapore and the Far East. You have to find a new market for your equipment. There are



HUB NFT is using the UAE as a staging post for global expansion.



SCALE NFT is now a leaner and more flexible operation.

countries like Lebanon, Syria and Iraq where they need a lot of housing and this is a great opportunity to move the equipment out of this country," he adds.

"I like to think of cranes as a voyager. It moves from one

place to another way. I bought one crane in Syria to Saudi to France and then back to UAE. It has moved four times."

You get the impression they'll be following each other around the world for a long time yet. **PMV**