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TOWER CRANES

Raising the game

Nabil Al Zahlawi, CEO of Abu Dhabi's **NFT Specialized in Tower Cranes**, discusses the calculated risks that it takes to win in the crane rental business and the next trick up his sleeve

Nabil Al Zahlawi is a looming figure in the Gulf tower crane industry who, through his company, NFT Specialized in Tower Cranes, has weathered 35 years of upticks and slowdowns in business, and in his own words, seen off repeated recessions.

The company also possesses what is indisputably one of the largest fleets of tower cranes in the Middle East, if not the world. Indeed, it has been reckoned by *International Cranes* that in terms of sheer lifting capacity measured in tonne-metres, NFT's fleet is indeed the largest. NFT Cranes has also played a significant role in furthering the interests of its manufacturing principal Potain — the only brand of cranes that the company deals in — and can rightly claim a good deal of credit for the fact that today, Potain cranes are some of the most widely used in the Gulf.

For many years, however, Al Zahlawi has also been casting his net far wider than the Middle East in his search for business, and his entrepreneurial exploration of the globe has led NFT to develop into an operation that today far more resembles a global enterprise.

Al Zahlawi states: "The company owns around 2,000 cranes. Today we have about 400 cranes in Asia and about 100 in Europe; and

the rest are here in this region. We don't have a large percentage of the cranes rented out at present, because we are being selective."

While this last statement might sound odd, it happens to be the case that, of late, some of NFT's best business has been outside the Gulf, and while the bulk of its operations remain in the region, bidding for projects in the GCC is no longer the no-brainer it once seemed to be.

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In Saudi Arabia, for example, NFT still has a large volume of crane stock erected and stuck on otherwise stalled projects. Al Zahlawi explains: "In Saudi Arabia we have lost a lot of money because we were dealing with big contractors, and we participated in some mega projects where we had 150 or 200 cranes on jobsites, and in the end we did not get paid."

NFT previously supplied 100 cranes, for example, to the embattled Saudi Binladin Group for use on the King Abdullah Financial District Riyadh, including mast sections for heights of up to 300m, and has to date still received not payment for the project.

Al Zahlawi explains: "The job has stopped; our money is still on the jobsite and we are not getting paid for it. The job has now been stalled for three years, and the contractor has no income. We have the equipment inside and we cannot take it back, because the cranes are up. We might now have to raise a court case to see that we get paid, because we are talking about millions and millions of dollars here, but it's a long procedure and these machines will be depreciated. And we have had this issue not only on one site, but on several sites."

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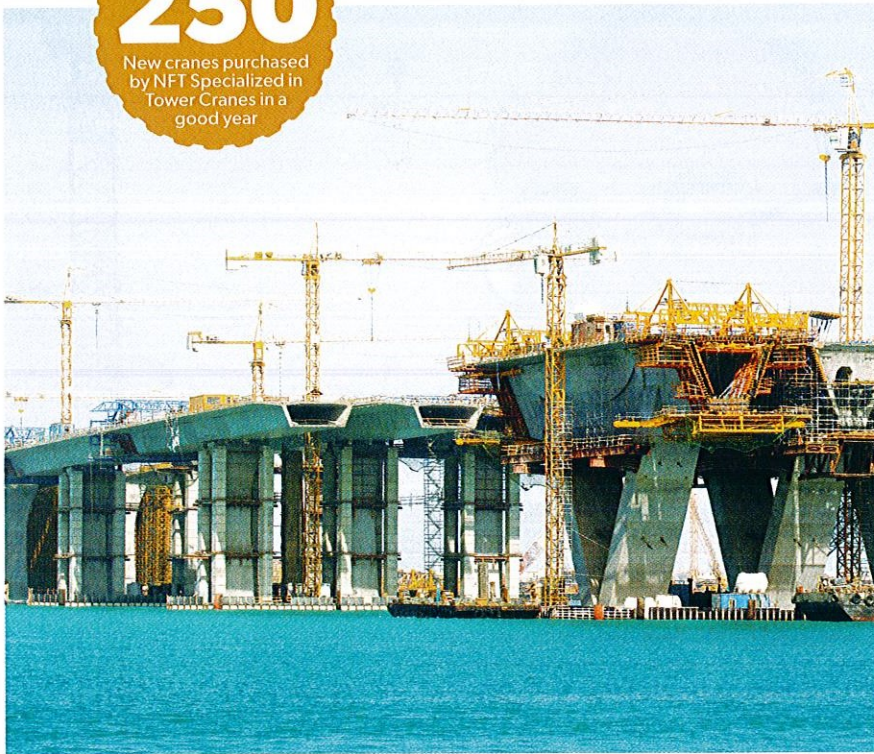
Having cranes stuck on a stalled, unpaid project is therefore the worst case scenario, explains Al Zahlawi, since "you lose the income, you lose via depreciation and you lose the availability — because if another customer needs them I will have to buy new ones".

NABIL AL ZAHLAWI is the CEO and managing partner of the Abu Dhabi-based **NFT Specialized in Tower Cranes**, which has been in business for 35 years.



250

New cranes purchased by NFT Specialized in Tower Cranes in a good year



■ NFT-supplied cranes support the construction of Sheikh Khalifa Bridge (Saadiyat Bridge) in Abu Dhabi.

The problems of collecting money from contractors on major government projects rings true in both Qatar and Saudi Arabia.

By way of contrast, NFT has experienced no significant problems in the UAE market, where it has also worked closely on projects like the Barakah Nuclear Power Plant, which employed 45 Potain cranes supplied by NFT.

Al Zahlawi comments: "The beauty of the Emirates is that there are payment regulations. We have never faced any problem in the country. Sometimes there are delays, but we get the payment — eventually — on any crane we supply in the market."

NFT remains significantly engaged in Saudi Arabia on projects such as the Riyadh Metro where NFT has supplied 35 cranes on a rental basis, but Al Zahlawi adds: "This is the only project that we have no issues with, and this is why, today, I'm very selective. I don't want any more mega projects, because the risk is significant, and I don't want to take so much risk with the customer."

And yet, it is Al Zahlawi's calculated risk-taking in the purchasing department that has helped NFT to make such a name for itself. At a dealer conference in China in 2016, Potain specifically recognised NFT as having the 'Best Record for Stocking Cranes and Parts'.

POSITION OF POWER

In his own words, Al Zahlawi notes: "NFT is considered a key account for Potain, because we buy between 200 and 250 cranes a year. For the past five to six years we have been the number one buyer for their equipment."

He continues: "My policy has never changed. I succeed on most of my projects because of

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Nabil Al Zahlawi, NFT

my stock and my ability to quickly reply to any enquiry — so I believe in stock. If there was a surge in business in Europe today, you would not be able to order any cranes before September, and if you needed a crane by May or June — where would you go? Maybe a contractor would have to change brand, or, they can come



■ Potain luffing jib cranes on the Royal Atlantis project.



■ As above: NFT supplied 10 24-tonne cranes for the job.

back to us. I bought cranes at the beginning of the year. Now that they are on the ground I can negotiate to sell them at a margin, and then order more cranes for September to be ready for the next enquiry."

This equation of supply and demand holds true regardless of where a customer is in the world, and it is, together with NFT's impressive feat of being able to ship any crane within 24 hours, that has helped the company transform into a company with a global reach.

"Last week we shipped one crane to Canada. The customer placed the order and sent the money — I don't know the customer, I've never met him — but he knows us from somewhere. He got in touch as said: 'I'm looking for this crane — what do you have?' Then he sent the full payment, and in 24 hours, we loaded the crane and now it's on its way to Canada."

Thanks to NFT's single-minded approach to the market, selling only Potain-branded tower cranes, it has acquired a reputation for itself well beyond the Gulf. Indeed, NFT claims to be operational in 32 countries, including Lebanon, Jordan, Iraq, India, the UK, Australia, Canada and a growing number of other countries in both Europe and Asia.

In fact, Al Zahlawi claims to be doing better business in Europe today, where he enjoys more



Left: Potain cranes over a Jeddah power station; and right: the Louvre Abu Dhabi.



Potain hammerhead cranes are used to construct an Al Tayer Group showroom.

sales than in the Middle East, where contractors tend more towards rental arrangements. He notes: "In Europe we sell more to the traders and more to the end user. We have some rental activities in the UK, but sales in France, Italy, Spain, Holland and Belgium."

In the Gulf, he contrasts: "The big companies don't want to invest in cranes because of the short duration of projects, so I think the future will continue to see more rental and fewer sales — and that will require a lot of investment on our part. This is why I want to recycle these cranes for different projects, and concentrate more and more on used equipment in order to provide lower rates and be competitive in the market."

REGIONAL RENOVATION

It is this combination of competitive market conditions in the Gulf and NFT's increasingly global audience that has led Al Zahlawi to embark on his most ambitious project to date: a facility for the comprehensive re-conditioning of Potain cranes in the Gulf.

He explains: "What we are missing in the Middle East is a centre for reconditioning and renovating the equipment, because the climate — the dust and the heat — is not helpful for having machines that are older than five years.

"I'm building up a shot-blasting place and a painting place to recondition cranes in full accordance with European standards. This is my future plan, and we have already started."

Nabil Al Zahlawi, NFT

"So I'm building up a shot-blasting place and a painting place to recondition cranes in full accordance with European standards. This is my future plan, and we have already started. We have the space, we have the know-how to do it, and soon we have the facilities, the capacity and the resources to do it."

The ability to recondition cranes will help NFT secure repeat business with used cranes both in Gulf markets and around the world.

Being able to recondition depreciated cranes — including cranes for which the book value is technically zero — will allow NFT to make money with relative ease, as the profits from just a single project can recoup the money spent on reconditioning a large crane.

This new capacity will also enable NFT to offer to take old cranes off the hands of its customers, as Al Zahlawi explains. "Today, you cannot use a crane older than 15 years in the UAE, unless it is subject to a so-called Grand Visit: its return to the dealer for certification that the crane is suitable for work."

"Moreover, many oilfield projects specify that cranes be no more than five years old — even if you can certify that they are in good working order. That is in the UAE, but Saudi Aramco is proposing the same, and we have a job in Kuwait for a refinery where they have specified the same. So people are coming around to the idea of replacement and reconditioning."

"So I will take the customer's old cranes and give them a crane that adheres to all of the regulation. I will then recondition the old cranes and send them somewhere else. This is my business plan for the coming years: to take back cranes from the contractors, and trade in with the new crane and find buyers after reconditioning these cranes."

One receiving market could be Vietnam, as Al Zahlawi explains: "Vietnam is a market that presents an opportunity. If we recondition the cranes and send them to Vietnam, they will not care about the age of the cranes — they just need cranes in good working condition."



■ NFT's 300,000m² new equipment yard in Abu Dhabi.



■ Nabil Al Zahlawi sees opportunity in Kuwait and Asia.

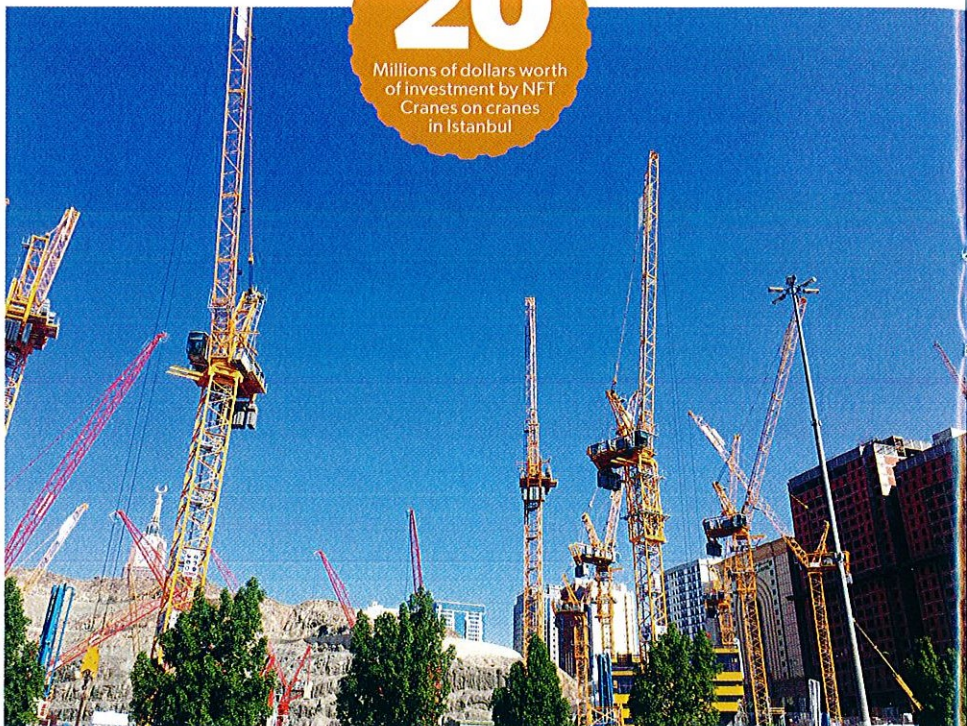
The plans for the reconditioning facility aside, NFT's entire complex at Dhafra in Abu Dhabi is a significant undertaking, and consolidates the stock from what were previously four different yards scattered across the emirate.

Within a year, NFT will also have built new offices at the site. The company still has six months of planning to go, but then it will move ahead. Al Zahlawi notes: "This is my dream — to build all of the facilities, the offices, spare parts storage and workshops in one place."

NFT has already put in place the basic infrastructure, including the fences, an independent power generation facility and a 140m by 40m workshop equipped with four overhead cranes — a facility that alone cost \$1.36m (five million dirham). The yard is of such a scale that 20 cranes will be erected on site to move the equipment around.

NFT recently received a visit from Barry Pennypacker, president of Manitowoc Cranes, and Al Zahlawi notes: "He said: 'I have been in this business for 25 years, and I have never seen a plan of this size' — so he was astonished by the scale of it and the way that we had prepared for it. We have a 300,000m² yard — just for cranes — so it's a huge investment."

It took around one year to ship NFT's stock from its old facilities to the new yard — 80% of which is now allocated to crane components.



20
Millions of dollars worth
of investment by NFT
Cranes on cranes
in Istanbul

■ Potain luffing job cranes supplied by NFT Cranes were also used to support work on the Holy Mosque in Makkah.

EYE FOR OPPORTUNITY

NFT has also reopened its operation in Kuwait after a recent spate of success in the previously unpredictable market.

Al Zahlawi notes: "I was in Kuwait 15 years back and we did not succeed in securing any business, but today it's totally different. Kuwait is small and it has been quiet for a long, long time, but since last year it has become apparent that there are some major projects coming into the market."

"So, we decided to reopen the offices, build up the facilities and hire more people, and today we have around 25 people in the country, and I am planning to send more."

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The collapse of the demand for tower cranes in Saudi Arabia — by as much as 84% by NFT's estimates — over the course of the last two years, has lent impetus to exploring Kuwait as an alternative market.

Now, Al Zahlawi enthuses: "I think the best projects today in the Gulf are in Kuwait, because they have the new airport, the university, hospitals, showrooms, parking buildings and some big malls coming."

NFT's — and by extension Potain's — market share has also shot up from as little as 1% in 2014 to between 30% and 45% in 2016.

The business is also busy on numerous projects across the UAE, including with work on the Royal Atlantis, which is being built by the Besix Group on the Palm Jumeirah. This project required the erection of 10 24-tonne luffing jibs for a 12- to 15-month project window.

Another high-profile recent project was the delivery of the third bridge over the Bosphorus in Istanbul. Al Zahlawi notes: "There were a lot of companies that ignored it, because nobody could invest \$20m for a 21-month job. I invested, and it ended up being 34 months. We have now immediately found another job for the same cranes, so after two jobs we will have recovered our money. Our business model is moving from being a local rental company to being an international company." **ENR**