

All go and no show

Face to face with Alexandre Saubot, chief executive of Haulotte Group.

Europe's largest powered access manufacturer Haulotte has shown recent signs of recovery after losses of €60 million in 2009. The French-based company – which can trace its origins back to Pinguely in 1881 – has been controlled by Pierre Saubot since 1985 with son Alexandre taking over the reins in 2004. Not one to follow the pack, Haulotte has made some 'interesting' business decisions in recent years. Leigh Sparrow took the opportunity to meet with Alexandre Saubot at his office in Paris.

"I am not sure if I am smart, but at least I am consistent," said Saubot when asked about his decision not to attend next year's APEX show. It's no secret that Haulotte's chief executive believes that holding two 'high cost' rental oriented shows in Holland (APEX and the Rental Show) within three months of each other makes no sense and 'is not in the industry's best interests'. His preference would be for the two events to be merged into one.

"I may not have made the right decision in the short term but I know it is right for the industry in the long term," he says. "It would make sense for the European rental association's annual meeting and its

show to be combined with APEX to make a major event - but not held in Maastricht. Given the choice I have decided to support my major customers and exhibit at the rental association."

Another 'interesting' decision was not to attend this year's Bauma. But was this the right decision?

"It is hard to answer that directly," he says. "In the short term yes, although Bauma is a show you need to be at if you are a major player. This year, however, it was more like a domestic German show due to the volcanic ash problems. Of course we did not know that would happen when we took the decision not to attend, we simply looked at the cost in a very tough year and said if we go to Bauma we have to make savings elsewhere? Cut Bauma and you save €1 million or even half a million, immediately. This is easy to do and without any real trauma. Had we decided to attend we would have had to cut many things to make up the same cost savings.

Many of them would have had long-term negative effects while missing Bauma once will not. We will be at Conexpo and the ARA next year although we are not at all happy that the two are so close together in the same town.



Alexandre Saubot

However the ARA is essential for the smaller Bil-Jax products such as staging etc and Conexpo is important for our long-term strategy in North America."

companies to invest heavily. Certainly there are replacement pressures and other buying signals coming through from rental company sales forces, but as far



A tough time

Haulotte – like all the major access manufacturers – has had it tough over the past few years losing €60 million in 2009. This year however is starting to pick up with revenues up 20 percent for the nine months to the end of September, while the full year likely to be in the €250 million region – almost 25 percent better than 2009, but not quite enough to put the company back into profit.

"We think that the current positive trend seen since the second quarter of 2010 will continue through 2011, but so far we do not see any great appetite from the big rental

as we can see, the senior managers are not yet confident enough to make significant investments in new equipment. We think that this attitude will continue throughout 2011, but in terms of profitability we are not currently making any forecasts. We need revenues of around €300 million to be profitable with our current cost base, depending on product mix of course, so assuming the steady growth trend continues 2011 will certainly be more positive than this year.

But where does Haulotte see itself in the powered access market, what are its core strategies and

Haulotte decided to risk missing Bauma 2010, rather than take more painful cost saving measures





Saubot says that certain models within the Star range are best in class

what does it offer that is different to its major competitors?

"We are the only major producer that is still a family company, rather than one owned by a major conglomerate. As such we try to work more closely with our customers, offering them solutions rather than just machines and helping them with their businesses. Our range is almost as wide as the two big American companies with a few distinctive models which are 'best in class'. Examples include our mid-size articulated boom lifts which have features that make them the very best in terms of a performance. Once customers - end users or a rental companies - use them they become converts but we need more products like that and we are working on it."

"It is hard for one manufacturer to have the best models in every category. Our Star range, for example, is first class even though it may not be as broad a product line as the Toucan, but our core products in this sector are class-leading in terms of their performance, reliability and weight etc..."

Saubot suggested that there was still work required at the top end of the boom market from all manufacturers, to make them easier to use while still meeting all of the regulations, admitting that Haulotte may have further to go than the others. He also confessed that it is tough going head to head with the two market leaders with straight telescopic boom lifts, given its predominance in the American

market. He believes though that Haulotte has an edge in market coverage in some regions. "We are strong in Southern and Eastern Europe including Russia where around half of all the existing self-propelled platforms are made by Haulotte. We still have work to do in Northern Europe, including the UK, while North America is a real challenge. However if we could capture just 10 percent of that market it would be very significant for us. Most of the rest of the world it is wide open and we are working hard through the outlets we have established."

China

How is your new production facility in Changzhou, China, working out and what are your plans for it?

"Our production in China is currently very small with local content running around 20 percent, but the plan is to ramp this up to at least 50 percent in the near term, assuming of course that we can find the right suppliers locally. Starting production has been relatively easy compared to what it took to establish our commercial office a few years ago. There is a lot happening in China, it is a new market and we need to be there, for the Chinese market itself but also as a cost effective location from which to supply the region as a whole, for example the first electric scissor lifts off our production line have been shipped to Australia. Our strategy is to build products closer to the end market and our policy in China is more related to that than trying to produce machines more cheaply."

UK Platforms?

There has been speculation recently that Haulotte was in serious discussions to sell its UK rental operation - UK Platforms - but according to Saubot, there is no substance to the rumours. "We have no plans to sell off UK Platforms and we are most certainly not in any current discussions," he says. "If we received a very attractive serious offer, we would of course have to consider it and as we have shown with Lev, we are always open to suggestions. In the meantime we would like to see rates rise along with the recent utilisation gains."

What happened with the Holland Lift scissor lift design acquisition? In 2006 Haulotte announced that it had purchased the rights to build Holland Lift's narrow aisle N-EL12 range with platform heights of up to 16 metres, but to date no such product has emerged.

"After acquiring them we realised that it is very hard for a company like ours, or for that matter, any high volume manufacturer, to work with a product that is too different in terms of component type and build than the rest of their range. The whole approach with this ultra high quality/heavy duty type product is different and at the end of the day it is always going to be a niche market. We have a good relationship with Holland Lift and its owners who now have the rights



A Holland Lift in Haulotte guise at Intermat 2006.

back. So when we need this type of product for our customers we prefer to buy it in from Holland Lift or refer our customers to them."

So what do you think about the recent JLG - Hinowa spider lift venture?

"I don't know how a small Italian company will fit in with a multi-national corporation like JLG or what their strategy will be, however I do know that it is very hard when you have two manufacturers trying to both make a margin out of a product. We have tried to do that as you know with Dinolift, but any time you come up against tough pricing from a competitor selling his own product it is a difficult situation - if you own both the pockets in your trousers you can take the deal and decide later how much goes into each one. When you don't it is a problem which tends to disrupt any consistent progress. We do not currently see this as a good way forward unless it is to gain experience in a particular market"

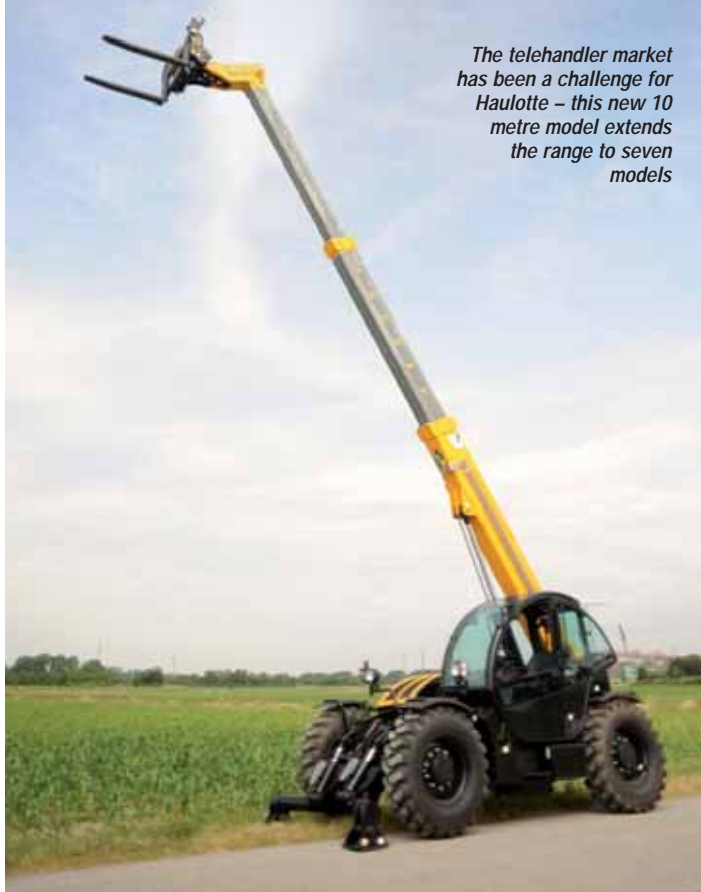
You have clearly struggled with your entry into the telehandler market, what is the future for this product line within Haulotte?

"There is no getting away from it, this has been much tougher than we expected primarily because it is a different customer base but also due to the timing. We started with our own product line in 2007 so we are still only three years in, and of course we had a market collapse in between which has made it even harder."

"Going head to head with experienced companies such as JCB and Manitou is not easy, especially when they have such a wide product range. We do though have the benefit of our access experience and of building products for the rental industry that are simple to use and reliable."



UK platforms is still very much a part of Haulotte's business plans



The telehandler market has been a challenge for Haulotte – this new 10 metre model extends the range to seven models

The new 10 metre model will go into production soon, giving us a seven model range in terms of variants and we will continue to refine the existing 14 and 17 metre models. We have also taken a look at the agricultural market but you need an intensive dealer network to make any in-roads at all and this is very hard to set up from scratch.”

“So we have decided to focus on selling to our existing access customers who are interested in getting into this market and to construction companies that buy their own machines. We also have an even chance in those countries where the telehandler market is not yet established, such as Argentina and Russia. In these areas we do not have to displace a ‘sitting tenant’ supplier, which is always a hard task when you are a new entrant to the market so we will look to leverage our worldwide network to provide telehandler volume.”

“As to whether we will persist with this market, the answer is yes! You have to take a long-term view when doing something like this – it can

easily take up to 15 years to become a major player in a given market. It took us a long time to reach the point in the access market where we were finally accepted as a force to be reckoned with.

However if you keep banging your head against a wall, after five years you will be in a lot of pain while the wall will be unchanged. In such a case it might be time to look for a side door to get in.”

New rental markets?

Haulotte’s stated rental strategy in recent years has been to focus on markets with no local availability. Are you looking to open some new rental outlets?

“Not particularly, although there may well be some opportunities in parts of Asia where the rental concept does not exist, making it tough to get the powered access market going. There may also be some chance of doing something in other South American countries like Chile, Peru or Columbia or we might just need to offer local entrepreneurs some support such as re-rent opportunities to cover their local regions.”

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