

The newsletter of VTG Rail UK Ltd
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VTG celebrated being the first European provider of rail logistic services listed on the stock exchange following the initial public offering (IPO) of nearly 10 million shares on the Frankfurt stock exchange in June.

VTG floats shares on the Frankfurt stock exchange



Dr. Heiko Fischer, CEO of VTG, ringing in the first quotation of the VTG share with the 400-year-old Stock Exchange bell.

VTG holds a strong position in the European rail freight market. In order to take full advantage of the opportunities of this position and expand the business beyond the boundaries of Europe, the decision was made to offer shares publicly on the Frankfurt stock exchange.

The listing happened on Thursday 28th June 2007 as the Executive Board, employees and representatives of the banks took to the trading floor at the Frankfurt stock exchange. Display panels giving share price information showed the announcement of the first trading day of VTG and its stock abbreviation.

As daily trading began at 9am everybody waited anxiously for the first share price, which had been predicted to be in the region of 18 euros. The first price was given at 9.25am as the shares started in the electronic trade index Xetra at 19 euros, one euro above the predicted price. A good start!

The VTG team were then presented with a bronze bull and bear representing rising and falling of shares by the Managing

Director of Deutsche Börse AG to mark a successful start on the stock exchange.

By making shares available on the Stock Exchange, VTG will be able to use the funds raised to expand its business within the three key segments of wagon hire, rail logistics and tank container logistics.

What the flotation means:
Communication with the capital market: Being the first rail freight organisation in Europe to make such a pioneering move onto the stock market brings a considerable amount of interest of the financial and capital market as well as in the press. In order to handle communications with the financial markets, Mr Felix Zander, who is experienced in investor relations, has joined the VTG team in Hamburg.

Exchange Obligations: Being listed on the stock exchange means VTG is now subject to regular reporting duties. VTG will

therefore draw up quarterly and annual reports and hold public annual general meetings to fulfil this obligation.

The future:
Following the float, VTG predicts that wagons will be rolling also

beyond European borders within the next five years as part of VTG future expansion and acquisition. This will help to expand and strengthen VTG's position as market leader whilst retaining a reputation for excellence in customer service.



New solid bulk wagons as fleet expands

Remaining at the forefront of the rail freight leasing market means working continuously to provide the most suitable and up to date fleets. That's why this year the VTG Group is investing in hundreds of extra solid bulk cargo wagons to meet the ever-changing needs of its customers.

As different industries decline and new ones begin to prosper, end users need freight logistics companies to respond by providing appropriate vehicles that can transport a range of different cargos safely, in sufficient quantities, across the rail network. This means making a number of changes to the wagon types within the VTG Group.

New wagons will be introduced to meet the demand for transporting more solid material, including coal, ore, sand, coke and gravel.

Although the VTG Group is known most widely for its work for the chemical industry, the successful acquisition of the European rail logistics activities of Brambles Group in 2002 led to the expansion of the European vehicle fleet for



transporting solid bulk goods, meaning that VTG has decades of experience in transporting these types of products both in the UK and throughout Europe.

This breadth of knowledge brings benefits to clients, as Matthias Knüpling, head of fleet and sales management at VTG Group explains: "Anyone who thinks of VTG thinks first and foremost of its hire services for

rail tank wagons, especially for transporting hazardous goods. This is certainly correct of course, and describes our core business, but we also have substantial experience transporting solid bulk goods using a wide range of wagons, and strategically we intend to expand this area in the future."

The new wagons, which were due for delivery at the end of

2007/beginning of 2008, were made possible following the successful flotation of the Hamburg based VTG Group on the Frankfurt Stock Exchange. Not only will the wagons increase fleet numbers, which already stand at over 48,000 wagons, but they will help to expand and maintain VTG's market position as the leading private sector company leasing rail freight wagons.

Understanding the new rail vehicle approvals regime

In order to deliver the innovative aluminium bodied pressure discharge powder wagons, required for its groundbreaking new contracts with Lafarge Cement and Castle Cement, VTG has had to act as a "pathfinder", being amongst the first to supply new rail freight vehicles under the latest Railway Interoperability Directives.

2006, the year in which the contracts to build these new wagons was placed, saw a major upheaval in the approvals process for rail vehicles. As part of a wide ranging policy whose stated long term aim is "to support the revitalisation of the railway sector by removing obstacles to the circulation of trains throughout the European rail network", the European



Ian Shaw, Sales Manager

Commission introduced a number of new "Technical Standards for Interoperability" or TSIs as they are known. Along with these came a new process of proving compliance for vehicles destined to work

on the newly defined Trans European Network (TENs) routes, which includes many of the UK's main lines.

Whilst designed ultimately to simplify the approvals regime, changes of this nature inevitably take some time to "bed in" and become fully understood by all concerned. In order to ensure successful delivery of its new wagons, VTG needed to take a "hands on" role, immersing itself in the new regime and understanding amongst other things the roles of the "Notified Body" (the NOBO), the "Contracting Entity", and the relationship between TSIs and Notified National Technical Rules (NNTRs). Specific issues such as noise are now covered by dedicated TSIs and require compliance approval in their own right, some-

times, as in this case, even before suitable test facilities have been established.

There has therefore been a steep "learning curve" for VTG's Engineering experts but hard work and determination along with the use of contacts and associates, both within the wider VTG group and throughout the rail industry generally, has seen us arrive at a point where unrestricted approval for use of the wagons in the UK was obtained in time for the first series delivery of wagons to the UK. VTG is confident that its understanding of the new approvals regime and its excellent working relationships with those within the regulatory process will provide its customers with a definite advantage in the future.

VTG introduce first aluminium bogie tank wagon into the UK

VTG is leading the way by being the first company to bring a pioneering new type of aluminium freight wagon into the UK.

As part of a long term lease contract with Lafarge Cement UK, the manufacturer of Blue Circle brand of cements, VTG is delighted to introduce new aluminium wagons into the UK, with the arrival of the first of a 48 vehicle fleet of 102 tonne bogie cement wagons. Their greatly increased carrying capacity, combined with a track friendly 75mph bogie means they can transport increased volumes of cement in a cost effective and more environmentally friendly manner across the rail network.

Built by Feldbinder Spezialfahrzeugwerke GmbH at

Wittenberg Germany, the wagon will add to Lafarge's existing 317-strong fleet supplying cement from the company's plant at Hope in Derbyshire to the South East, which moves more than one million tonnes of cement a year by rail.

Mike Cowell, Lafarge Cement UK's Supply and Distribution Director at the time the contract was signed, said: "This latest deal marks a continuation of our proud heritage of using rail for cement distribution. These new wagons mark a steep change in the rolling stock technology deployed on our operations and are critical to keeping our customers in the key South East market supplied with cement."

With Hope Works being based in a beautiful and environmentally sensitive part of the country, protecting the environment is essential for Lafarge Cement

UK, who work continuously to improve the environmental performance of their operations.

Lafarge therefore decided to lease the new wagon fleet from VTG because it felt that VTG's strong tradition of customer service, coupled with the environmental benefits of the new vehicles, was the best solution to their long-term requirements.

Ian Shaw, VTG's Bulk Fleet Sales Manager comments: "Transport-

ing cement in an environmentally sensitive way is essential to us at VTG. Over long distances, such as from Hope to the South East, rail really comes into its own. Each train of these new wagons will take 57 lorry journeys off the local roads and the major North-South trunk routes. We are pleased to be helping Lafarge to transport increasing volumes of cement in an environmentally responsible manner."



Cement back on track

VTG helps Castle Cement eliminate 450 lorry journeys a month with a new contract that will see the resurrection of a rail freight route between Scotland and Lancashire.

VTG's long standing customer Castle Cement has signed a new deal for the provision of 15 aluminium bodied rail wagons to transport cement in a more energy efficient and environmen-

tally friendly manner across the UK.

Following the completion of its newly built storage and distribution centre at the Mossend Railhead near Glasgow, Castle will use VTG's wagons to transport material by rail from the Ribblesdale production facility to Scotland. The new contract will see a return to rail transportation for the cement provider, who stopped using freight wagons to distribute supplies between Lancashire and Scotland in 1992.

The wagons, which will be delivered early in 2008, have an 80 tonne payload, with an aluminium body construction maximising load capacity so that each train journey will be the equivalent of 35 lorry movements by road.

Castle Cement's Managing Director Mike Eberlin is delighted with the deal: "This move allows us to further improve our distribution and better serve customers in Scotland at the same time as being environmentally friendly. A significant

reduction in the number of lorry movements is a small but important part of a continuing programme to maintain Castle's proud reputation as an environmentally conscious cement manufacturer. In total we may be able to eliminate 450 lorry movements each month."

The agreement builds upon VTG's ten-year relationship with Castle Cement, with VTG already supplying 64 specialised pressure discharge wagons for the movement of bulk cement from its Ketton works to central London.

Ian Shaw, VTG's Bulk Fleet Sales Manager said: "The majority of people recognise the need to produce and transport cement in the quantities necessary to meet the growing demands of Britain's economy. However there is an increasing concern and expectation that such activities are being undertaken in an environmentally responsible manner. We are pleased to be working with Castle Cement to ensure that this balance is achieved."



The Ribblesdale Viaduct on the Settle to Carlisle Railway.

Coil carriers spring forward for Corus



New wagons offer extra protection for transporting expensive and highly sensitive steel coils.

Following VTG's ground breaking "purchase, modify and leaseback" contract with steel manufacturer Corus in 2005, delivery of a further 40 coil carrier wagons is now underway.

When Corus needed to modify and update its fleet of 66 steel coil carriers in order to improve performance, the growing volume and complexity of

regulation surrounding it made it seem an unfeasible task; until VTG stepped in.

Drawing on VTG's extensive team of technical experts, operations specialists and unrivalled access to the best advice on every aspect of European rail freight legislation, Corus avoided what would have been an expensive and time consuming process.

The contract saw VTG buying the old stock from Corus in order to update the wagons, relieving Corus of the responsi-

bility of meeting stringent legal requirements involved in the modification of rolling stock.

VTG replaced the difficult to handle heavy steel-clad sliding hoods with new light aluminium ones which are much easier for the operators to use without the help of machinery and thus avoid damage. During the modification programme VTG were able to ensure all legal obligations were met, whilst maximising safety, availability and reliability.

Corus were so happy with the arrangement they have asked

VTG to supply an additional 40 coil carrier wagons which are currently being delivered.

Converted by UK manufacturer WH Davis, the new wagons have a number of new protective features. The steel coils are high-value and sensitive in terms of conditions and weather protection, so a timber lining inside the wagons protects the steel coils, which can weigh up to 15 tonnes, whilst the specially designed three telescopic hood sections that slide on rollers keep them dry.

Christmas bonus for Worcester charity

In 2007 VTG UK made the decision not to send Christmas Cards to its customers and suppliers but to send an e-card instead. This was in part to make a small contribution to reducing its carbon

footprint, but more importantly it enabled VTG UK to donate to a local charity the money otherwise spent on purchasing and posting cards. The chosen charity nominated by Brian White, VTG's Fleet Operations

Manager, was St Richard's Hospice in Worcester and the photograph shows Brian receiving a certificate for the donation from Marilyn Peachey, the Charity's Director of Fund Raising.



Language no barrier to success as staff take German lessons

As the leading pan European rail logistic services organisation, VTG has headquarters in countries across the continent meaning language and cultural differences can make communication problematic. Staff in the UK are taking active steps to bridge this gap and foster greater understanding with a new German language and culture course.

Following the appointment of Rob Brook, who will himself be a pupil, VTG has started German language and culture lessons.

Running for an initial six-month period, staff members will have the opportunity to learn more about Germany with special hour long lunchtime sessions. The group will be split into two with

the first for those with some prior knowledge of the language and the second group created especially for beginners.

The lessons will be run by an external tutor, an experienced foreign language teacher who has previously lived in Germany for a number of years.

The lessons will not only provide staff with basic language skills to allow them to greet and converse with colleagues but it will also help to understand cultural differences that can cause communication problems in the workplace.

Jean Burgess, at VTG UK explains: "Being part of a German company, communication is sometimes difficult due to the perceived abrupt tone used by our German colleagues, but through lessons we now understand that this is not personal but merely the style of communication adopted in Germany. Understanding the cultural reasons behind this and finding out more about local customs and norms is helping to build much stronger relationships between staff in the two countries and is something VTG are committed to continuing."



VTG UK employees enjoying their German tuition.

New engineering appointment

Profile: Rajesh Sharma

Position: Fleet Support Engineer

VTG is pleased to announce the appointment of a new engineer, Rajesh Sharma. Rajesh who joined VTG in April, takes on the role of Fleet Support Engineer. He is responsible for supporting the Engineering Manager with ongoing monitoring programmes, including specification and safety performance management as well as the day-to-day management of the computer networks systems in the UK.

Prior to his appointment Rajesh worked at Goodrich Aerospace as an apprentice engineer for two years and he has a HNC in Mechatronics Engineering from Dudley College.

In his spare time Rajesh is a



keen sports player, enjoying boxing, rugby and football.

Attracted by the size of the organisation and potential for career development at VTG, Rajesh is relishing the challenges of working for the leading rail freight wagon leasing provider.

Meet the MD

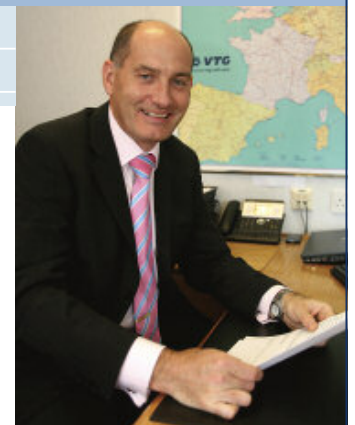
Profile: Rob Brook, 49

Position: Managing Director

The new Managing Director Rob Brook, a Chartered Mechanical Engineer, joined VTG after a period of board-level business consultancy.

Rob, who also has a post-graduate business qualification and a mechanical engineering degree from City University, London, brings a considerable amount of experience to the post having worked at a directorial level for over fifteen years, with thirteen of those as a managing director.

His career spans over twenty years within manufacturing and engineering businesses in a range of industries including Aero Engines, Glass, Abrasives and Machine Tools. Before join-



ing VTG he worked as a consultant for five years where he advised companies from a number of sectors varying from computer repair, shop fittings manufacturing, to exhibitions and publications.

Rob is married with two children and three step children and lives in Stratford-upon-Avon.

Tee time at annual VTG Golf day

With the sun making one of its few appearances of the summer, the weather offered no excuses for golfers at the fifth annual VTG Golf Day.

Golf, the gentleman's game. Add a generous dose of friendly sporting rivalry and it becomes VTG's annual golf day, held this time at the Breadsall Priory Hotel and Country Club in July 2007.

After a hearty breakfast of coffee and bacon rolls, there was plenty to play for as the teams took to the tees to start the 18 hole individual Stableford and 'Yellow Ball' team competitions, plus the 'nearest the pin' and 'longest drive'.

Representing VTG were Ian Shaw, Nigel Day, Brian White and Jean Burgess and as the players went round the course, new Managing Director Rob Brook was on hand to provide much needed drinks and verbal encouragement to the players!

The competition was fierce and the standard was higher than ever as sixteen customers and suppliers joined the VTG employees on the greens. After much fun and some great putts, Darren Thompson of PD Ports, who scored an impressive 39

points, won first prize. Second place was tied with two players, David Israel of Freightliner Heavy Haul Ltd and David Legge of English Welsh and Scottish Railway Ltd (EWSR) both on 36 points. Using the 'count back' system second prize was awarded to David Israel with

David Legge coming third.

All was not lost for VTG as Ian Shaw of VTG UK was part of the winning Yellow Ball team who scored 32 points, which included David Legge of EWS&R, John Carpenter of Lafarge Aggregates and Darren Thompson of PD Ports.

The games were followed by dinner and the presentation of prizes. A great shot from Derek Parker from Axiom Rail won him first place in the 'nearest the pin' competition and Steve Fender of Petrochem Carless hit the ball furthest to win the 'longest drive'.

Winning team: Yellow Ball competition winners Darren Thompson, PD Ports; John Carpenter, Lafarge Aggregates; David Legge, EWS&R and Ian Shaw, VTG.



Singing in the rain

- Staff trip to Warwick Castle

Staff members braved the elements to attend an outdoor operatic performance at Warwick castle.

This summer VTG invited staff and their families to attend a special evening of opera at Warwick Castle to say thank you not only to employees but also to family members for the support and help they provide.

After a perfect summer day the weather turned decidedly cloudy as 5pm approached, the group set off for the historical site. A thunderstorm

followed and donning waterproofs, wellies and carrying umbrellas everyone arrived well prepared to watch a rather wet outdoor performance.

Fortunately the weather cleared just in time as the performers took to the stage. The evening was spent watching a live orchestra and singers performing classics from a number of operas. Food and drink was enjoyed picnic style on the grass as the entertainment continued.

Enjoyed by all who attended, the night was concluded in style with a fantastic firework show within the castle grounds.

Caption competition

Can you come up with a caption for our competition?

The picture shows Rob Brook along with his Spanish and French counterparts during the lunch break at the VTG Group Sales Conference in Cannes. We want to know what caption best sums up the scene. Send us your funniest entries - we'll publish the best one in the next edition and send the winner an Apple 4GB iPod nano. Good luck!

Please send entries to debbie@woodhousecommunications.co.uk or phone 01444 473588.

