

ONLINE

VTG acquires BP Oil wagon fleet



Photo: ken short

In March 2010 VTG Rail UK signed a deal with BP Oil for the purchase and leaseback of 124 tank wagons. Not only does this represent a significant increase to the VTG fleet, but also introduces GB Oils and BP Air as new customers for VTG.

Under the agreement, all 124 wagons will operate out of the Grangemouth refinery in Scotland, with 57 two-axle aviation kerosene wagons being used to deliver fuel to Prestwick and Linkwood airports, and 12 bogie wagons being used to deliver aviation kerosene for engine testing by Rolls Royce at Derby.

Of the other wagons in the new fleet, VTG will hire 18 two-axle wagons to GB Oils, for the transportation of regular kerosene to its

Lairg and Fort William depots, and the remaining 37 wagons will be used by BP Oil for movements to its Dalston depot.

VTG's purchase of BP Oil's wagon fleet has come at a time when their Rail Engineer had retired, and critically, allowed the company to focus on its core business operations without the distraction of being a wagon owner under the new and more complex regulations. As the new owner of the fleet, VTG will become responsible for all maintenance and regulatory matters. Although the wagons have been well maintained during their many years of service and remain in relatively good condition, they will now become eligible for VTG's wagon replacement programme, under which VTG will look to replace some or all of the fleet with newer wagons from its existing fleet or build new as appropriate. This is a huge benefit to BP Oil, who will no longer have to realise the considerable

capital expenditure which would otherwise be required to replace the wagons.

VTG is able to offer such a replacement programme to its customers because of the way it manages its wagons across its entire fleet.

Paul Lugg, VTG Rail UK's Tank Fleet Sales Manager, said: "As part of VTG's wagon replacement programme, we aim to place our newer wagons, wherever possible, in high mileage contracts, say 50,000 plus miles a year, as they offer greater reliability and their track friendly suspension systems result in lower track access charges. Older wagons can be cascaded into lower mileage contracts (typically 10,000 to 20,000 miles per year), where both the demands on the wagon and the maintenance requirements are reduced."

The acquisition will add to the 191 wagons which VTG acquired from BP Oil in 2002.

One Year On:

VTG and Tarmac Buxton Lime and Cement: A Concrete Partnership

January 2010 marked the completion of a successful first year for VTG in its 15-year contract with Tarmac Buxton Lime and Cement (TBLC) following the purchase and lease back of its key fleet of 50 wagons.

Under the agreement VTG took ownership of 20 aggregate hoppers and 30 pressure discharge cement tanks which were then leased back to TBLC.

As the new wagon owners, VTG took on responsibility for the upkeep of the wagons; managing maintenance and repair, while adhering to safety and regulatory requirements. For TBLC this has removed what can be an expensive, arduous and often laborious process from its workload.

TBLC's Logistics Manager, Andrew Smith, said: "Our involvement with VTG was conceived following a business decision to concentrate on quarry activities and not to be diverted by having to manage the increasingly complex and time consuming task of owning rail wagons.



Negotiations began with Ian Shaw, VTG's Sales Manager, who we found to be extremely 'user friendly' and professional. After signing contracts, VTG took over the running of our hoppers and tankers with the minimum of fuss and have taken a very practical approach to owning and running the wagons.

Wagon availability has been maintained consistently at, or above, the contracted levels and a programme is underway to re-livery all the wagons. Our Quarry Operations Manager, Gareth Stratford, has been

delighted with the arrangement and can now fully concentrate on limestone production, to supply our cement and lime plants."

Ian Shaw said: "The arrangement we have with TBLC is a good example of the long term contracts we are able to offer at VTG. We want to be able to build partnerships with our customers, which we feel is key to helping them to negotiate the downturn and emerge on the other side in a healthy position. Following on from an excellent first year, we look forward to continuing our successful partnership with TBLC".

VTG posts a good start to 2010

VTG Group's latest financial results show the company is maintaining a strong financial position despite the economic climate and is on course to meet its forecasts for the year.

Figures show group revenue increased by 6.6 per cent and, although operating profit decreased slightly, growth forecasts were met.

"Not only did we show in 2009 that we can withstand an economic crisis but we are also already taking advantage of the improving economic situation in all operational divisions", said Dr. Heiko Fischer, VTG's Chief Executive Officer.

"On the whole, our customers are able to better utilise the capacity of our wagons," he added. "The logistics divisions, Rail Logistics and Tank Container Logistics, are seizing opportunities for continued as well as new growth."

Wagon Hire – key indicators suggest stability

The Wagon Hire division performed well in the first quarter of 2010.

Revenue for the division was EUR 74.0 million, 3.9 percent above that of the same period last year. This significant rise is due largely to the award of a major wagon building contract in 2009.

Wagon capacity utilisation figures indicate that the business from customers continues to pick up. Trends suggest that as customers make improved use of wagons already on hire, requests for additional wagons will follow.

Rail Logistics continues to grow

Rail Logistics posted a 6.0 per cent increase in revenue, from EUR 47.1 million in the same quarter last year to EUR 50.0 million in the first quarter of 2010.

The division saw a significant rise in international single wagon movements and an increase in cross-border block train traffic. Results were also boosted by the customer contracts taken over from the company LOG-O-RAIL at the beginning of the year.

Tank Container Logistics successfully continues on path of recovery

The Tank Container Logistics division increased its revenue over the first quarter by 15 per cent, from EUR 26.8 million to EUR 30.8 million.

This performance maintains the positive results seen since the third quarter of 2009 and shows that the division is on the path to recovery from the economic crisis.

The rise in demand spanned all regions served by the division, especially in US and intra-Asian transport routes.

Outlook for 2010

With good results achieved in the first quarter of 2010, VTG has laid the foundations towards meeting its February forecast.

As moderate economic growth continues, the positive developments being seen in the three divisions are expected to continue. As a result, VTG expects revenue and operating profit for 2010 to be around the levels of 2009.

ECM: What do you need to know and how can VTG help you?

1. What does ECM mean for your business?

Under new European "Entity in Charge of Maintenance" (ECM) legislation, you will need to employ (or become yourself) a certified/approved maintainer to control all maintenance activities on your wagons.

To comply with the ECM requirements, you will need to have in place a valid Safety Management System (SMS), which includes arrangements for formally monitoring the reliability and safety of your wagon fleet, and the implementation of a constant improvement regime via the setting and achievement of targets. To achieve this you will need to ensure there is an effective and auditable communication channel in place with the maintainer.

2. Once you've achieved ECM status, how long is it valid for?

Once ECM status has been achieved, you will become subject to a repeat auditing process in order to retain it. The likely timescale for this is every two years.

3. What are the cost implications?

The larger wagon fleet owners and freight operating companies (FOCs) are likely to be already generally aligned to the requirements of ECM status through their existing systems under current UK legislation. However, many owners of smaller UK fleets, and most continental European owners, will need to create a new ECM infrastructure which could have significant cost implications.

4. Where can I find out more information about ECM certification?

You can find out more about ECM certification through the Department of Transport website (<http://www.dft.gov.uk/pg/rail/interoperabilityandstandards>) or via the International Union of Private Wagons (<http://www.uiprail.org>)

5. What are the options if you don't want to be an ECM?

You are likely to want to retain the benefits of independent wagon provision allowing you to fully exploit the competitive UK rail freight

haulage market, but may not want the additional workload or expense of becoming an ECM. Various options are available, including the third party management of your own wagons, or a sale and leaseback arrangement, tailored to meet your business requirements. VTG is able to advise and assist with these and other alternatives.

6. What help is available?

This is new legislation which the industry will need to familiarise itself with. However, VTG as part of the UIP, along with certain other UK organisations, has played an active part in the consultation process, helping to shape the new regulations, and can advise on the best way forward in managing ECM requirements.

7. When will ECM come into force?

It is likely that ECM legislation will be in force in the UK during 2011.

Saferail

VTG is one of ten partners working on Saferail, a project to develop new methods and techniques for the inspection of wheelsets to improve safety standards and minimise accidents.

Nigel Day, Engineering Manager, and Rajesh Sharma, Fleet Support Engineer, from VTG Rail UK, attended the latest Saferail update meeting on 26-27 April, 2010, at Envircoustics, Athens, Greece.

The meeting was well attended by all of the Saferail partners, for the purpose of gaining an overview of the project and to review progress, which up until now has been good.

During the conference there was an overview of a one-day seminar, hosted by IMechE, on the structural monitoring of railway axles. There were also presentations on the High Frequency Online Monitoring



System, the progress achieved on the Online Acoustic Emission System at University of Birmingham plus an overview of trials carried out in Antwerp and Porto.

The meeting also provided the opportunity to review the development of the

thermography system, which is used to detect hot spots on wheelsets, plus various other systems being developed to provide remote axle condition monitoring.

A further review is scheduled to take place in October, 2010.

VTG supplies box wagons for Thamesteel

In April 2010 VTG Rail UK commenced a new hire contract with Thamesteel, part of the Al-Tuwairqi Group of companies, for the supply of 20, high volume, open box wagons.

Thamesteel are using these wagons to transport scrap steel from various locations

around the UK to their production site in Sheerness, Kent.

Ian Shaw, VTG's Sales Manager, said: "Thamesteel are one of VTG's newest customers, and use the scrap delivered in these wagons in the production of up to

17,000 tonnes per week of cast billet, coiled wire rod and hot rolled bar.

The contract has started very successfully and we will certainly be looking to increase our partnership with Thamesteel in the future."

Excellence in Rail Freight

VTG Rail UK returned as the Rail Freight Excellence sponsor at the Rail Business Awards.



Ashley Bryan with Rob Brook.

In its twelfth year, the Eversholt (formerly HSBC) Rail Business Awards remains one of the key events in the rail calendar and this year saw a record number of entries.

This year it was Lafarge Cement who picked up the 2009 Rail Freight Excellence of the Year Award at the ceremony held at the London Hilton, Park Lane on Thursday 11 February, 2010.

Lafarge Cement beat off close competition

for its Rail Expansion Programme at Hope Works. With the closure of its Northfleet Works, and plans for another Kent plant still being progressed, Lafarge needed to ensure it continued to serve the South East and other markets. The Hope Works in Derbyshire was well placed to meet this demand as it was already on the rail network, and a £20 million investment by Lafarge in its rail infrastructure has enabled

more product to be moved by rail and as a result has taken up to 6,800 loads off the road.

Ashley Bryan, manager, Hope Works, said: "We see this Award as another badge of business excellence and a significant 'well done' to all those who worked behind the scenes to make our now thriving rail set-up come to fruition.

At a time when the market for our products is depressed, the flexibility our rail set-up adds to our supply chain is invaluable. This award is recognition for all those people who worked hard to get us to this point and it also reinforces rail's place in our future business plans."

Rob Brook, MD of VTG Rail UK, presented the award.

He said: "Lafarge Cement were worthy winners of the second Rail Freight Excellence Award. The project it entered was impressive, particularly because of its ability to co-ordinate the expansion with new sidings on a complex site."

"We were more than happy to return as the sponsor for this award which recognises excellence in the rail freight industry. Now only in its second year we want to continue to recognise the many successes that are being achieved in the industry and hope to see even more entrants next year."

VTG plans to continue its sponsorship of the Rail Freight Excellence category for the 2010 Rail Business Awards.

Learning the ropes

VTG Rail UK provides work placements for two students from India.

Harpal Kohli is currently on a one-year internship as a management trainee with Ateliers de Joigny, the VTG Group's French repair and maintenance workshop operation, which has had a relationship with the Indian rail market for the past 15 years.

A business management student, Harpal is undertaking studies at the Institute of International Management and Technology (IIMT) in New Delhi, India, in collaboration with Oxford Brookes University.

As Harpal said: "Working at Joigny has given me great exposure to the Indian rail industry and the experience I've gained has far exceeded my expectations."

As part of his internship, Harpal's biggest responsibility is to assist the company to expand its business operations in the Indian rail market, which presently consists of the sale of wagon components and design.

To increase Harpal's knowledge of the rail leasing business he is currently on a three month work placement with VTG Rail UK's Sales and Marketing team, and whilst there he will be an integral part of several ongoing projects. On completion of his time with the UK team, Harpal will return to Joigny to complete his internship.

Harshal Pattni is a 22 year-old student from New Delhi, India, who has recently completed a one month work placement with VTG Rail UK in April, 2010. Harshal is in his penultimate year of a Business and Management degree, also with Oxford Brookes University.

During his placement within the IT department, Harshal undertook a project to look at potential software suppliers as part of the proposed restructure of the mainte-



Harpal Kohli

nance operations of the company. This required several visits to a number of software suppliers resulting in the production of a report which listed the features offered by each package.

Harshal has now returned to Hamburg where he will continue a one-year work placement.

Taking stock

Nearly four years on we take a look back over Rob Brook's time with VTG as Managing Director.



When Rob Brook joined VTG Rail UK as Managing Director in late 2006, he had no previous experience of the rail industry.

The VTG Group wanted to bring in someone external to the rail industry. It wanted someone who was a Chartered Engineer (which Rob is) but also someone who had wide-ranging business experience and most importantly 'a fresh pair of eyes'.

Rob's background was in manufacturing and with him he brought the experience of working as the MD of a number of different companies.

Manufacturing is an especially competitive market, and working in this sector taught Rob a number of essential management techniques. In particular the need to constantly analyse business performance by assessing efficiency and effectiveness, and also to find new ways of interpreting the marketplace.

During his diverse career Rob has gained experience within many different industry sectors, requiring him to develop the ability to quickly learn the key aspects of a business and its products. This skill, coupled with copious amounts of research, was put to good use when he transferred to the rail

industry as a complete newcomer, enabling him to "hit the ground running".

Within six months of joining VTG, Rob's knowledge of the rail industry had grown to a level where he could comfortably converse with his peers. Now three years down the line his knowledge has grown to the point where he has been able to take up some key roles within various rail freight industry bodies.

Though as Rob says: "That's not to forget that there is always room to learn more."

The role of a MD

Early on in his career Rob learnt that there were two key things that are vital for a MD. These are to have a good understanding of the market and your products, and to employ staff you can trust and have the breadth of experience to 'fill in' the details.

Rob says: "As an MD it is important to review the strategy and direction of the business. The difficulty can lie in getting bogged down with too much detail, which makes it harder to focus on your objectives.

It's not about trying to know everything, but about setting direction and providing leadership."

In a way, Rob's lack of industry knowledge when he came to VTG probably helped him to clearly map out the business goals of the company and how to achieve them without being burdened by too much detail.

When it comes to dealing with more detailed enquiries Rob has a highly qualified sales and engineering team and believes it is important to make good use of the resources within the company which allows him to fully focus his attention on the matter of being MD.

Getting through the recession

Rob knows that even as the largest wagon lessor in the UK, with the widest portfolio of wagons, and market leading availability levels, VTG still had to draw upon all of its resilience during the economic downturn.

He commented: "Because we are not confined to one part of the market, we have been able to spread our risk. Our portfolio allows us to better ride the ups and downs of economic cycles."

Where some of its customers have suffered, VTG has worked hard to be as flexible and innovative as possible in order to help them through the difficult times.

Rob says: "Our objective is to build strong, long term relationships supported by contracts which span decades rather than just years."

Looking towards the horizon and beyond, the future promises to be an exciting one for VTG. The company will focus on continuing to develop new wagon designs whilst meeting its existing customer's ongoing requirements and supporting them through the recovery.

A new face

Profile: Mark Pumphrey

Position: Fleet Operations Manager

Mark is the newest recruit to VTG Rail UK and is taking over from Brian White who will be retiring later this year.

In his new role as Fleet Operations Manager it is Mark's duty to ensure that the VTG rail fleet is operated in an efficient and economic manner in order to meet contracted customer availability requirements whilst complying with statutory regulations. Importantly, Mark also oversees that customers are provided with the highest possible level of customer service at all times.

As Mark says: "The role itself encompasses constant interaction with both customers and suppliers, with regular review meetings taking place between all parties. A key part of my remit is to ensure correct implementation of the maintenance regime and to monitoring the integrity of VTG's data management system."

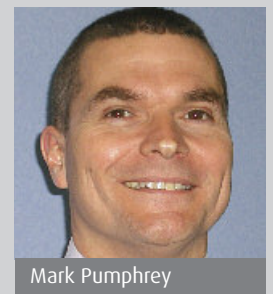
Before joining VTG, Mark spent 18 years working for Marcroft Engineering where he was based at the Birmingham head office. He left in 2004 having undertaken various roles in the marketing and fleet departments, and in the intervening six years has worked for three different companies in varied roles, equipping him with additional skills and experience that he is able to bring to his new position. During this time, Mark had two separate spells working for the rail, civil engineering and support services giant Carillion, in its Contracts Management and Commercial departments, before leaving to join VTG.

Mark is married to Sophie and they have two sons Jack, 14, and Matthew, 11, so as Mark puts it most of his free time is spent acting as a 'taxi service'. They also have a retired greyhound called Sam, which provides Mark some respite with relaxing walks. Mark

also plays badminton weekly and pushes himself to go for a run every Saturday morning. Mark is a big football fan

and passionate about West Bromwich Albion – "the football club that almost guarantees you one good season every other year" he also follows non-league Workington AFC in Cumbria, which makes the perfect excuse to visit the Lake District from time to time.

Mark adds: "It's nice to be back in the rail freight industry and it's obviously a big help that I know the vast majority of the people in our Quinton office from my Marcroft days. I'm looking forward to re-introducing myself to some of our customers and suppliers too."



Mark Pumphrey



Photo: Bob Sweet

VTG charity abseil

On Sunday 20 June, 2010, six intrepid employees from VTG Rail UK abandoned their children, fathers, etc, on Father's Day and took their lives in their hands to raise money for charity by abseiling down the Canonteign Falls, near Exeter - England's highest waterfall, descending a staggering 220ft.

The team consisted of: Ian Shaw, Maria Connolly, Janet Sheppard, Raj Sharma, Harpal Kholi (a Management Trainee from India) and Debbie Field, the event organiser.

Debbie said: "It was a fantastic experience, which made your heart race; the walk upto the top of the waterfall (reported to be 90 steps, but seeming like 900!) proved to be challenging; most of us were of the

opinion that although daunting, the waterfall was a better option than tackling the descent on foot!"

VTG's chosen charity is Marie Curie Cancer Care, which provides free nursing to people with terminal cancer and other illnesses; so far the team has raised an impressive £1,550.

VTG would like to say a huge thank you to all of the people who have sponsored us so far; and if you would still like to make a donation (and see pictures of the team in action), please visit our JustGiving page (<http://www.justgiving.com/vtg-Rail-UK-Limited>), which will remain open for the next two months.

Race for Life

VTG's Fleet Operations Team Leader and resident dare devil, Maria Connolly (also to be seen jumping out of aeroplanes!), was not content with simply abseiling down England's highest waterfall, she will be following it up by taking part in this year's Race for Life at Redditch.

Maria decided to support this worthy cause for two reasons: firstly, she has lost several family members to cancer and wants to do what she can to raise as much money as possible; secondly she needed an incentive to get fit!



To sponsor Maria, please visit <http://www.raceforlifespansome.org/mariacconnolly>

Kev wins "The VTG Challenge"

In the winter 2009 edition of OnLine we launched the 'VTG Challenge'. For the chance to win an iPod we asked all of our readers to capture a picture of themselves reading a copy of the magazine in the most unusual place or situation.

Our lucky winner was Kev Robinson from Lloyd's Register Rail, who was pictured on Boxing Day at the infamous Corryvreckan Whirlpool, the third largest in the world, which is situated between the isles of Scarba and Jura on the west coast of Scotland.

Kev said: "It was important to check the GPS to check my position to ensure I was above the whirlpool. I couldn't stay there for too long as there's only a 40 minute gap before the tide turns and we didn't know when the whirlpool would start!"

Since receiving the iPod I've downloaded a wide range of music, bought some miniature speakers and now have hours of music to listen to if/when we get stuck in the tent waiting for the wind to drop on our Sea Kayaking trips."



Think you can do better?

Then we want to hear from you for the next 'VTG Challenge'.

First time we had Dave Field at the summit of Lobuche East (20,070 ft) in the Himalayas and now we've had Kev Robinson at Corryvreckan Whirlpool. So, for your chance to win an iPod, VTG would like to see who can capture a picture of themselves reading a copy of OnLine in the most unusual place or situation.

Please send your pictures, details and location to Debbie Field at debbie.field@vtg.com. The closing date for entries is 29 October, 2010. Standard competition rules apply.

