

# ONLINE

## VTG celebrates 60th anniversary



On 31st October, VTG celebrated its 60th anniversary with the launch of an exhibition in Hamburg, Germany.

The exhibition, called A Look Back To The Future, was attended by about 150 employees of the company, as well as members of the press. On 5th November VTG opened the doors for about 400 people, employees with their families, who visited the exhibition.

Held in the foyer of VTG's Hamburg offices, the exhibition showcased the company's 60 years in the wagon business, and was a far cry from traditional company retrospectives – there were no lists of dates and facts or

portraits of company executives. Rather, this was an interactive journey in which visitors could actively participate.

The first section, A Look Back, involved an interactive dice game, with the various playing fields representing milestones in VTG's history, vividly depicted with short texts and objects of interest from the archives.

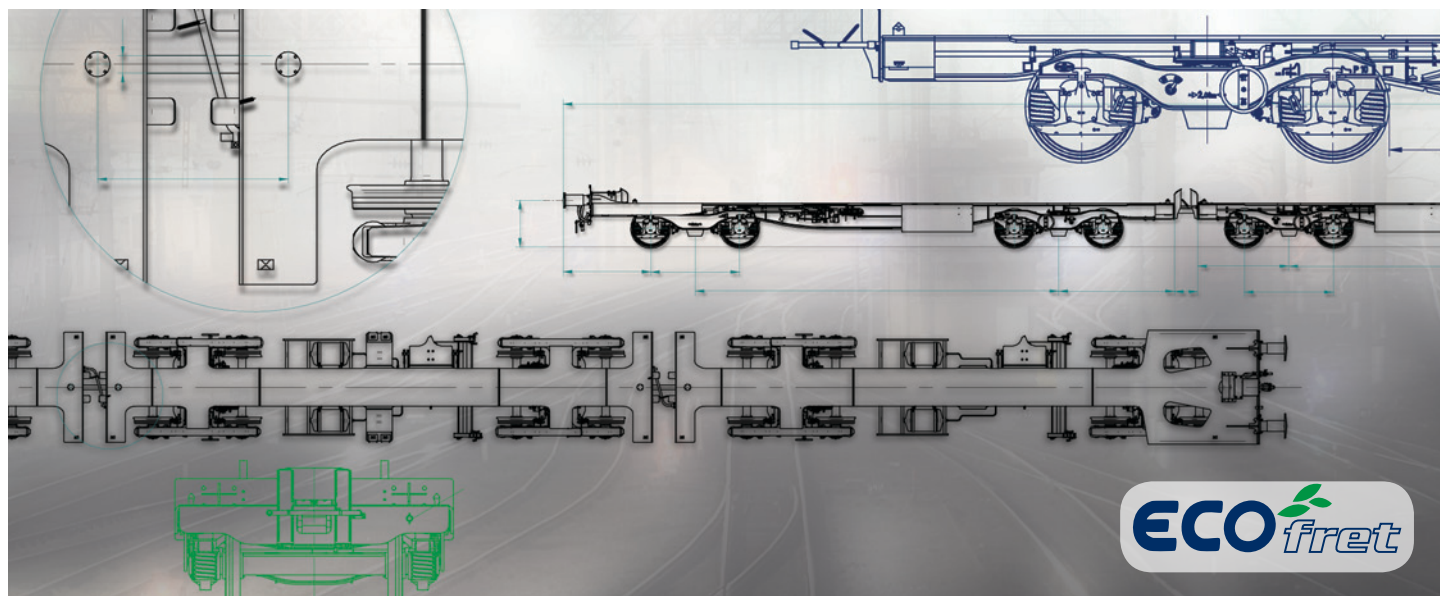
This was presented beside a large collage of pictures and text that brought VTG's story to life.

The main part of the exhibition showed the three main business divisions of VTG – Wagon Hire, Rail Logistics and Tank Container

Logistics. All three displays were shaped like cross sections of a tank wagon. Included in the display was a game, called Travelling Salesman, which saw participants trying to create the shortest route between all given locations on a round trip, giving visitors the chance to see how challenging VTG's logistics solutions are.

Looking towards the future, the final part of the exhibition featured a locomotive fitted with a light, travelling through an abstract landscape of wagon parts to indicate that the future for VTG is very bright indeed.

# Ecofret meets with approval



The prototype of VTG's high efficiency Ecofret triple wagon set has successfully passed static testing in Derby and, as soon as route approval has been granted, will be on its way to undertake a further programme of dynamic running trials. Completion of this suite of tests will give the prototype wagon the green light to enter traffic in the new year.

The Ecofret was designed by VTG to operate as a twin or triple set of 40 foot deck length wagons, allowing a typical 80 SLU (512 metre) train to carry a total of 37 standard 40 foot shipping containers. Compare this with a carrying capacity of just 26 boxes on a train of similar length made up of 51 foot "Megafret" wagons and you begin to understand some of the benefits Ecofret can deliver.

To further enhance the "green" credentials of Ecofret, VTG has entered into a Supply & Development Agreement with Wabtec

owned bogie manufacturer, SCT. This programme will deliver a brand new, state of the art, track friendly bogie, replacing the 40 year old technology of the Y33 bogies that were fitted to the prototype to enable the Ecofret development project to get underway as soon as possible.

As well as reducing wheel wear by up to 60% compared to the Y33, this new bogie will require less maintenance and will provide a track friendly ride with reduced track wear due to its self-steering characteristics. The benefits of this are numerous and include higher wagon availability due to reduced maintenance downtime, reduced track access charges for operators and improved locomotive fuel consumption.

Whilst fitting a new bogie design to the wagon will entail additional testing and approvals, the long-term benefits make it a

step that VTG is convinced is the right choice. As VTG's MD Rob Brook comments, it also fits with the company's philosophy of innovating wherever possible: "It would have been a lot easier for VTG simply to buy an "off the shelf" wagon design to allow us to enter the Intermodal market. Instead of this we knew the right way to go was to carefully assess the market's requirements and look at ways in which we could offer additional customer benefits. This philosophy underpins the whole Ecofret project and is what has led us down the road of developing a new bogie rather than using an older design."

Production specification Ecofret wagons, fitted with the new SCT bogie, are scheduled to start rolling out of the construction plant in August 2012, and go straight into service in the new year.

## Freightliner deal

VTG has started a multi-year agreement with Freightliner Heavy Haul to support its new contract with steel giant, Celsa Steel UK. Three trains of VTG's box wagons will transport scrap metal from Dagenham to Cardiff each week for recycling.

David Israel, Commercial Director of Freightliner Heavy Haul Ltd, commented 'We look forward to bringing our new customer the reliability, flexibility and customary high service levels we promote throughout our business.'

The open box wagons, which are predominantly of VTG's purpose designed and built JXA scrap carrier type, are well proven and in high demand for scrap metals traffic, due to their high volume and robust build characteristics.

## 'Allo 'Allo!

Thanks to a little help from VTG, Eurostar and Eurotunnel Shuttle passengers will soon be able to use their mobile phones from inside the Channel Tunnel.

Under the terms of the hire contract VTG is supplying Eurotunnel with a fleet of "KFA" Container Flat wagons that are being used to carry the infrastructure installation modules through the Channel Tunnel to enable the installation of mobile phone and wi-fi transmitter equipment between the terminals at Dollands Moor, near Folkestone in Kent and Coquelles in France.

With conventional buffers and drawgear at both ends the KFA is a variety of "Container Flat" wagon typically used for carrying a wide range of shipping, waste and other

container types. However, as Ian Shaw, VTG's Sales & Marketing Director explains, these wagons have seen a variety of uses during their time: "A number of the wagons, for several years, formed part of strategically crucial, Piling and Electrification trains during the West Coast Main Line Route Modernisation programme. They were used to carry specialist piling and cabling equipment as well as personnel modules. At other times in their history they have been used to carry containerised gypsum as well as other commodities."

Begun on August 1 the contract is scheduled to run through into 2012 with options to continue beyond this date as required.



# News from the group

## Reducing noise from wagons



VTG's parent company, VTG Aktiengesellschaft, is helping to cut the noise from wagons by testing new technical measures for wagon-specific noise reduction, directed by VTG and in co-operation with industry partners. The tests reveal that effective noise reduction can only be achieved through measures applied to the wheels and the railway as a complete system.

This will come as welcome news to those living close to the railway.

"As a company dedicated to the railway, it is clear that, in addition to working on other potential innovations beyond the installation of the noise-reducing K-brake-block, we have to work on measures that make freight traffic on the railway quieter," emphasises Jürgen Hüllen, Chief Technology Officer of VTG.

"This means that both those living near the railway and customers will benefit equally from our innovative, high-performance wagon technology."

Tests were carried out on the railway test circuit of the Czech testing agency VUKV. A bogie running gear, a noise-reducing wheel set coating system and a sound-attenuated wheel disc were tested on eight new, identical VTG tank wagons.

The tested running gear is the only running gear in Europe that ensures complete acoustic decoupling of the bogie from the wheelset, thus ensuring maximum prevention of sound transmission into the wagon.

Tests were carried out and certified in accordance with the officially recognised

TSI Noise method of measurement and in cooperation with industry partners SKF/ContiTech, the Relius Coatings/BASF-Group and RAFIL.

Each of the three methods tested resulted in clear, measurable noise reduction, but the individual effects of each measure cannot simply be added together. Hüllen explained that extra noise reduction in terms of the wagons themselves is limited, and infrastructure also plays a large part in the generation of freight wagon noise.

VTG has installed the K-brake-block on all new wagons since 2007 and has now equipped more than 10 per cent of the entire fleet with this noise reducing component.

## VTG Announces solid half-year results

VTG Aktiengesellschaft saw a continued upward trend in its business in 2011, continuing its path of growth.

Revenue for the first six months of 2011 was EUR 373.8 million, which represents a year-on-year increase of 21.7 per cent. Operating profit (EBITDA) rose by 11.8 per cent to EUR 83.9 million, while operating cash flow was 6.1 per cent lower than in the same period of 2010, at EUR 60.9 million. This was primarily due to an increase in receivables as a result of the increased volume of business.

Based on this positive trend in business, the Executive Board re-affirms its expectation that VTG will achieve levels of revenue and EBITDA for the year 2011 at the higher end of the ranges forecast.

There was stable growth in wagon hire in the first six months of the year, coupled with a continued high level of demand. This means that capacity utilisation at the end of the first half of the year has risen for the fifth consecutive quarter. It reached a

level of 90.8 per cent as of June 30th 2011, compared with 87.4 per cent for the same period in the previous year.

In the Rail Logistics Division there was an increase in demand for transport services, partially due to a positive trend in business in eastern and southeastern Europe, as well as the addition of the Polish subsidiary to the group of consolidated companies, due to its increasing importance for operations, and the acquisition of rail logistics company TMF in 2010. Revenue rose 55.5 per cent in this division. In the Tank Container Logistics division revenue rose by 12.9 per cent, again due to an increase in demand, particularly in the European chemical industry and with positive trends in Russia, Turkey and China.

Based on current economic forecasts and market conditions, the VTG group is confident that in 2011 it will be able to push up performance significantly in all three divisions compared with the previous year.

## VTG purchases Railcraft group

On June 1st, VTG Aktiengesellschaft took over the Railcraft group of companies, which has offices in Espoo, Finland, Moscow, Russia, and Tallinn, Estonia. Railcraft rents out its own and leased rail tank cars for minerals in the CIS and Baltic States, particularly Russia and Ukraine.

"For us, the Railcraft takeover opens up an operations gateway into the CIS and Baltic markets. This purchase enables us to continue expanding our broad gauge wagon hire business," explains Dr. Heiko Fischer, CEO of VTG Aktiengesellschaft. "Altogether, this transaction affords us the opportunity to enter the world's second largest railway market with a high quality fleet, an experienced team, and an established customer base on a clear basis and under limited risk conditions."

Railcraft's own fleet comprises more than 560 wagons and leases 310 more.



# Fuelling the future with the development of new biomass wagons

Biomass is something of a hot topic in the power generation market at the moment. It is the fourth largest energy resource after fossil fuels – coal, oil and gas – and is likely to become a major factor in the quest for lower carbon, renewable ‘greener’ methods of power generation.

This new type of fuel brings with it challenges to the transport industry, particularly rail freight as much of the UK’s current biomass is imported from Canada and South America to the Port of Tyne, where it is taken by rail to Drax Power Station – currently the only power plant to be burning biomass in the UK.

So, what exactly is biomass? Put in simple terms, it is organic, plant-based material – typically sourced from forestry and agricultural waste product such as olive cake, oat husks and bark, or from purposely-grown energy crops including elephant grass, willow and sorghum. These can be specially grown on marginal land unlike other renewables such as wind or tidal power can be stored and quickly increased to meet rising demand. The Port of Tyne operation uses waste from the timber industry as the base for its biomass.

Whatever its source, it is ground down and processed into pellets, which bear something of a resemblance to the pelleted food given to pet rabbits. It can then be burnt alongside coal (as is the current case at Drax) or on its own in specially built or converted plants.

With the increasing prominence of biomass as an option, there will be a need for more biomass wagons in the not too distant future.

It is an area in which VTG has already proven its capabilities, having recently completed work on the conversion of a second rake of 21 HYA coal hoppers to biomass wagons for client GB Railfreight, who transport the biomass from the port to the power station.

And it’s a market that can only get bigger, given that between now and 2020 the electricity generation industry must meet stringent government targets in the areas of carbon reduction and sustainability. Over the next nine years the industry will see the closure and replacement of coal and nuclear plants that are reaching the end of their life.

The wagons underwent conversion at the WH Davis facility at Shirebrook.

Rob Brook, MD, VTG Rail UK, said of the conversion: “The wagons, which have been taken from our current coal wagon fleet, have been converted to the same basic specification as the initial set VTG completed last year, which were the first of their kind to the rail industry.

“However, the second set has also been upgraded to take into account improvements which have been developed as a result of operating the initial set over the last six months.”

John Smith, MD, GB Railfreight, said: “Burning renewable biomass plays a critical role in enabling Drax Power to meet its targets for reducing emissions from carbon dioxide. The second rake of wagons will help facilitate this process further and demonstrates the success of the initial contract and the wagons ability to transport this material by rail.”

VTG’s conversion project involved adding a roof to the wagons to keep the biomass dry and prevent dust blow-off, plus the addition of an automated system to open and close the roof and bottom doors.

This allows the loading and unloading environments to be kept completely operator free.

To load a rake of 21 wagons with 1,000 tonnes of biomass takes about half an hour, and two daily circuits between the Port of Tyne and the power station are covered by a single rake of VTG-converted wagons.

The first set of VTG biomass wagons entered service in Autumn 2010 and this led to VTG obtaining recognition by winning a Technical Development Award at the Rail Freight Group Awards in September 2010.

VTG is already establishing itself as a specialist in the field of biomass wagons, and would welcome any enquiries from relevant stakeholders in the industry.





# VTG agrees new maintenance deal with RailCare

At the start of September VTG signed a major new maintenance contract with RailCare for the maintenance of its wagon fleet. The long-term deal was signed with the rolling stock solutions company that specialises in engineering, systems and logistic support when VTG's previous maintenance contract came to an end.

VTG decided to take the opportunity to perform a complete review of the way it maintained its fleet and was particularly keen to use lessons learnt from the success achieved on the passenger side of the railway industry.

The key objective was to find a wagon maintenance company whose approach was exceptionally proactive when it came to maintaining availability of the wagon fleet, including managing obsolescence and the unplanned problems that can happen on the rail network.

VTG implemented a new structure incorporating separate maintenance packages for Wheelsets, Airbrake Equipment, Bogies and RID Tank Testing, and three of these four – Wheelset, Airbrake and Bogie Maintenance – have been awarded to Wolverton-based RailCare. Tank Testing will be awarded later in the year.



Managing Director of VTG, Rob Brook, said of the deal: "The key thing is improving fleet availability. For example It's not just about replacing a bogie, but doing it in a time and manner that ensures that the impact on our customer's wagon fleet availability is eliminated or at least minimised."

"I'm confident that the deal with RailCare will help VTG deliver even better wagon availability."

The contract is performance driven with demanding KPIs and a focus on continuous

improvement to service. With software that links outstations directly to suppliers, RailCare operate within a 24-hour turnaround period.

The contract was signed by Rob Brook from VTG and Rob Baxter, Managing Director of RailCare, at RailCare's Wolverton offices, in August. They celebrated the deal with a specially-baked celebratory cake in the shape of a VTG Tank wagon, before the contract came into force at the beginning of September.

## Year In Industry Scheme



Jagdeep Singh has recently joined VTG's Rail Engineering department as part of the Year in Industry Scheme (YINI). The scheme is designed to help students gain some valuable practical experience in their chosen field of study.

Jagdeep is in the third year of his BEng Automotive Engineering (Hons) degree at Coventry University. Part of the course requirement is to spend a year on industry placement, and Jag will have the chance to test his skills with VTG's scheme.

Projects to be undertaken during his placement include assisting in the process of implementing a new maintenance contract and other engineering projects, as well as understanding business and other rail engineering issues on a daily basis – which will put him in good stead for a future career.

Previously, Jag has worked as an automotive technician in a garage, and has also undertaken handywork.

Outside of work and studying, he enjoys playing volleyball and pool, and travelling, particularly something known on the university circuit as 'student invasions' – weekend trips overseas at discounted student rates.

Of his placement with VTG, Jag says: "I'm very grateful for the opportunity to work with wonderful people, who have all helped me to settle in as part of their family."

"My time here will help me figure out my career ambitions in a greater way."

## Recognised in two Rail Freight Group Awards

The innovation and commitment to customers shown by VTG earned the company recognition at the Rail Freight Group Awards 2011.

The company picked up two runners-up trophies at the event, held in the Oxford Centre, Oxford, on 13th September.

In the Environmental Innovation category, VTG's long-term contract with Total Bitumen to supply 30 new wagons was recognised.

VTG successfully negotiated a contract to replace Total Bitumen's wagons, which were more than 40 years old. The new wagons provided improved payload, dramatically reduced the heatloss from the Bitumen to save on re-heat costs and discharge time, and improved staff safety by removing the need for personnel to go on top of them.

In the Customer Care category, VTG's Customer Care team also won the runner's-up prize. With a fleet of about 2,000 rail freight wagons, on hire to up to 30 different customers at one time, VTG's team need to remain at the head of their game.



# 3 Peaks Challenge



VTG staff have taken part in the Yorkshire Three Peaks Challenge to raise money for the company's chosen charity, Marie Curie Cancer Care.

The 26-mile hike involved reaching the summit of three peaks in 24 hours – Pen-y-ghent (2,277ft), Wharfedale (2,415ft) and Ingleborough (2,375ft) – collectively the three highest peaks in Yorkshire.

VTG's team comprised Ian Shaw, Debbie Field, Rajesh Sharma, Nigel Day, Mark Pum-

phrey and Maria Connolly. They have raised about £2,040 for Marie Curie Cancer Care, which provides free nursing to people who have terminal cancer and other illnesses, and in doing so gives them the most important choice of dying at home, supported by their families.

If you would like to sponsor the VTG team, donations can still be made via the VTG Rail UK Limited JustGiving page:

[www.justgiving.com/VTG-Rail-UK-Limited0](http://www.justgiving.com/VTG-Rail-UK-Limited0)

## New ROGS regulations come into force

On the 26th of August 2011, new Railway and Other Guided Systems (ROGS) regulations passed into UK law, meaning it is now a criminal offence for wagon keepers not to have an Entity in Charge of Maintenance (ECM) appointed for every wagon on the network, and also for that ECM not to have a maintenance regime for that wagon. Failure to comply could result in a 12-month prison term and a fine of up to £20,000.

VTG acts as Keeper and ECM for all the wagons in its fleet, being able to call upon strong in-house engineering and fleet management capability. VTG are also offering a service to private wagon owners who do not have such capability in-house, either buying the wagons then leasing them back or developing a bespoke wagon management package, enabling owners to rest assured they will be fully compliant with ROGS regulations.



## The VTG Challenge

Phil Amos, Commercial Manager at GB Railfreight, is the fifth winner of VTG's competition to see who can send in a photograph of themselves reading their copy of OnLine in the most unusual place or situation.

Phil is pictured with his son reading the magazine in the sea while on holiday at Hunstanton in Norfolk during a late summer holiday. Phil jokes: "We should have picked somewhere warmer to do it, I think!"

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 a particularly strange location.

Please send your details to Caitlin Lippitt at [Caitlin.Lippitt@vtg.com](mailto:Caitlin.Lippitt@vtg.com). The closing date for entries is 31st March 2012. Standard competition rules apply.



## Happy Christmas from VTG

VTG would like to wish all of its OnLine readers a very Merry Christmas and a prosperous New Year.

This year's seasonal ecards will be supporting the following charities: Warwickshire Air Ambulance, Acorns, Autism West Midlands and Macmillan Nurses.

