

ONLINE

New Greenergy tank wagons arrive in the UK



VTG leased Greenergy wagons enter the Channel Tunnel on their way to Britain.

Greenergy, a leading UK supplier of petrol, diesel and biofuels has developed its use of rail freight by introducing new, larger capacity wagons that will reduce the number of journeys needed to deliver fuel.

The new wagons, on lease from VTG, are bottom loaded to provide a safer working environment by avoiding the need for working at height and incorporate a vapour

recovery system that permits loading whilst the wagons remain fully sealed. In total, the new wagons provide a carrying capacity of more than 2 million litres of fuel.

The new wagons arrived in the UK through the Channel Tunnel in August, hauled by one of GB Railfreight's Class 92 locomotives.

Andrew Owens, Chief Executive of Greenergy, commented: "We are delighted

to be using rail freight to move fuel between our terminals, replacing the use of ships and trucks. By using rail instead of ships, we are able to make smaller but more frequent deliveries between our UK storage locations, and thereby increase capacity utilisation and productivity at our terminals."

VTG pilots ORR scheme

Pioneering work between VTG and the Office of the Rail Regulator has led to the establishment of the Entity in Charge of Maintenance accreditation process.

VTG offered the ORR access to its maintenance sites and regimes, its experience and knowledge to help set up the pilot scheme.

The first full ECM certificates were awarded in October.

[See page 5 for the full story.](#)

Ecofret on show

VTG's innovative container flat wagon, the Ecofret, was the centre of attention at a demonstration day held at the Birmingham Intermodal Freight Terminal in November.

Over 30 VTG customers, potential customers, stakeholders and opinions formers saw the wagon being loaded and unloaded and heard from MD Rob Brook how it could change the economics of container haulage.

[Full story on pages 3 and 4.](#)

News from the group

Revenue and profit increase

There were positive developments in revenue and profit at the end of the third quarter of 2012.

Revenue rose on the previous year by 2.6 percent, from EUR 558.3 million to EUR 573.0 million. Operating profit (EBITDA), at 128.3 million, was 1.8 percent higher than the figure for the same period of the previous year.

“Despite an environment of uncertainty and caution, we are on the right path



towards achieving our objective for 2012”, says Dr. Heiko Fischer, CEO of VTG Aktiengesellschaft. “Our acquisitions made in 2011 are making a clear impact on revenue. Thus the strategy of growth we have drawn up is successfully showing results.” In 2011, VTG doubled its fleet of wagons in the US and

commenced wagon hire operations in the Russian market through the purchase of the Finnish Railcraft group of companies.

Rail Logistics Division:

Ongoing phase of consolidation

In the first nine months of 2012, revenue in the Rail Logistics Division amounted to EUR 221.4 million, 1.3 percent above the figure for the same period of the previous year (EUR 218.4 million). EBITDA declined by EUR 2.4 million, or 26.3 percent, to EUR 6.6 million (previous year: EUR 9.0 million). The EBITDA margin on gross profit amounted to 33.4 percent (previous year: 48.0 percent). However, the figures for the year 2011 were positively impacted to the amount of EUR 1.8 million by the inclusion of one-time items. Thus the actual drop in earnings from operations was much smaller than that shown in the year-on-year comparison.

In the first nine months, the Rail Logistics Division saw business develop successfully in the petrochemicals and industrial goods segments of the market. However, this positive trend was overshadowed by the negative factor of lower transport volumes in the agricultural sector. This meant that only part of the operating costs, some of which are fixed, could be reduced. Additionally, the pre-operating costs incurred by the strategic repositioning of the division impacted the result for the first nine months of 2012.

Moreover, business in the first half of 2012 was negatively affected by the customer insolvency mentioned earlier.

Tank Container Logistics

Highly competitive environment affects performance

The Tank Container Logistics Division generated revenue of EUR 117.7 million since the beginning of the year and was thus 1.6 percent higher than the figure for the same period of 2011 (EUR 115.8 million). EBITDA amounted to EUR 8.8 million, thereby falling by EUR 0.5 million, or 5.9 percent, compared with the previous year (EUR 9.3 million). Accordingly, the EBITDA margin on gross profit declined to 46.6 percent (previous year: 48.5 percent).

The continued high level of demand for transports to Russia and other eastern

European countries compensated for the slightly weaker demand in the countries of southern Europe that had been badly hit by the euro crisis. In Russia and Turkey, new rail transport chains were developed. Moreover, due to interruptions to rail transports such as the closure of the Gotthard Tunnel and extensive construction work on the route to Turkey, transport flows had to be re-organized. The division is continuing to face stiff market competition, so that the increased transport costs are affecting the achievable margins.

Railcar Division:

Capacity utilisation at 90.0 percent

Revenue in the Railcar Division increased in the first nine months by 4.4 percent to EUR 233.9 million (previous year: EUR 224.0 million). EBITDA amounted to EUR 122.8 million and was therefore up EUR 5.0 million, or 4.3 percent, on the previous year. The EBITDA margin related to revenue, at 52.5 percent, remained at the level of the previous year.

In the third quarter of 2012, the division successfully managed to hire out again all the wagons that had been left vacant due to the insolvency of a customer from the mineral oil sector. The division also delivered newly built wagons, comprising a range of types, to customers. A considerable number of these were subject to long-term hire conditions. The subdued economic trend led, however, to longer standing times in some cases, for example with flat wagons for the automotive industry. This in turn led to a slight drop in capacity utilization to 90.0 percent (end of first six months 2012: 90.6 percent).

Outlook for 2013

Forecast for the Group re-affirmed

VTG Group expects trend in business to remain constant over the last three months of 2012.

Within the VTG Group, capacity utilization in the Railcar Division remained at a good level for the first nine months of 2012, standing at 90.0 percent. Further delivery of newly built wagons to customers commenced at the start of the second half of the year. The wagon fleet thereby increased to 54,100. For 2012, growth in business in Rail Logistics is expected to be subdued due to the challenging market environment. In the Tank Container Logistics, VTG also expects only a moderate increase in business due to the general mood of uncertainty. Overall, the company anticipates that the trend in business will remain constant and stable.

The Executive Board of VTG Aktiengesellschaft re-affirms the more detailed forecast issued in August and expects to achieve a level of revenue in the lower half of the range forecast (EUR 760-800 million) and EBITDA at the lower end of the range forecast (EUR 170-178 million).

Changing the economics of container haulage



VTG's state-of-the-art container wagon, the Ecofret, was put through its paces at a demonstration on Friday 23 November 2012 at the Roadways Container Logistics' terminal at Tamworth.

Customers, potential customers, industry stakeholders and the media saw how the VTG Ecofret, which was launched at the Multimodal exhibition at the Birmingham NEC in May, could be of benefit, economically and environmentally.

The Ecofret can carry 9ft 6in high, 40ft and 20ft boxes on W10 gauge cleared routes. It provides an economical and environmentally friendly alternative to other container wagons because it maximises the number of boxes that can be carried within a given train length.

Thanks also to a newly-designed 840mm wheel diameter bogie, it also offers track

friendly ride performance, which helps reduce track access charges.

Rob Brook, Managing Director of VTG Rail UK, said: "This wagon will make a significant difference to the economics of moving containers around Britain by rail. We have now successfully launched it into revenue earning traffic and are talking to other potential users about further builds."

Ecofret consists of a triple set of 40ft deck length wagons designed to maximise the number of 40ft containers that can be hauled per train without empty running or 20ft wasted spaces.

The versatile wagons can also be arranged in twin platform configurations and, by mixing 11 triples and 2 twin platforms, it is possible to carry 37 x 40ft boxes (74 TEU) in an 80 SLU, 512 metre long train.



Rob Brook, Managing Director of VTG Rail UK.

Freightliner begins Shortliner services with VTG's Ecofret wagons



Freightliner, the UK's largest intermodal rail freight operator, has launched its immediately effective Shortliner container services with a fleet of VTG-built twin platform wagons.

Freightliner is the first company to buy and to run VTG's new wagons. They entered service with the freight operator at the end of October between the Port of Felixstowe and Manchester and were immediately successful.

The inaugural Shortliner services ran with eight twin wagons, or 16 platforms, and, to date, each platform has held a 40ft container.

The wagons have been bought by Freightliner to meet the growing usage of 40ft containers by the evolving deep sea container market.

The wagons' 40ft deck length allows Freightliner to maximise the amount of 40ft containers that can be hauled per service while minimising under-utilised 20ft space.

Through the use of the new wagons and its state-of-the-art PowerHaul locomotives, Freightliner can uniquely haul longer, heavier trains.

Freightliner is now able to increase the number of 40ft containers hauled per train by over 42% in comparison to a standard Class 66 service hauling 24 wagons, while still fulfilling the available 20ft market customer demand.

Adam Cunliffe Managing Director, Freightliner said: "Our capability to haul longer, heavier trains combined with the new Shortliner wagons reaffirms Freightliner's market leading position to ensure that more containers are moved by rail, with reduced lorry movements and associated reduced CO₂ emissions."

Rob Brook, MD of VTG UK Rail expressed his delight at the success of the wagons. "I am delighted that VTG has achieved a major business objective; to enter the intermodal market."

Freightliner will have completed its initial delivery of 86 (40ft) platforms by the end of December 2012 and will be used on routes with the greatest demand for additional 40ft capacity.

This is a 32% improvement over a train of Megafrets which would only carry 28 x 40ft boxes (56 TEU) in the same train length. The Ecofret also eliminates the empty 20ft slots on FEA 60ft flats caused by the imbalance of 20ft to 40ft boxes.

The Ecofret's bogies are "semi-steering", giving a predicted 60% reduction in wheel wear compared to a "conventional" bogie allowing a potential 110,000 plus miles between wheel turns to be achieved.

Brook added: "I am delighted and proud to be showing our guests how innovative VTG can be. The Ecofret follows the production of the first biomass wagons and, in another first for the industry, we are developing the ability to carry 100 per cent bio fuels in our tank wagon fleet."



Lord Tony Berkeley (centre) joined VTG's Ian Shaw (left) and Paul Lugg at Long Marston.

Spreading the word

Lord Tony Berkeley, chairman of the Rail Freight Group, joined VTG's Sales and Marketing Director Ian Shaw and Sales Manager Paul Lugg recently at Long Marston to endorse the environmental messages on the side of the wagons.

Ian said: "The messages are ideal reminders of the key benefits of freight on rail. VTG supports the work the RFG has been doing to promote the environmental benefits of Railfreight and we are pleased that Lord Berkeley could join us."

VTG leads the way in UK ECM Certification

Many months of work between VTG Rail UK and the Office of the Rail Regulator (ORR) on the development of an accreditation process to become an Entity in Charge of Maintenance (ECM) culminated in October when the first full certificates were awarded.

The ORR approached VTG at the end of 2011 and asked if they would cooperate with the Regulator on an ECM accreditation pilot scheme for freight wagons.

Having agreed to help on the pilot, VTG made available to the ORR its vast knowledge and experience gained as owner of Britain's largest independent freight wagon fleet. The ORR looked at all aspects of VTG's maintenance sites and regimes as the accreditation process developed.

The pilot was successfully completed in May 2012, so VTG applied formally on 1 June to become an ECM and was duly granted that status on 4 October 2012, the first day of accreditation award, being issued with Certificate .../0001.

The Railway and Other Guided Systems (ROGS) regulations passed into UK law on 26 August 2011, when it became a legal requirement for both passenger and freight wagon owners to have an Entity in Charge of Maintenance. With that, it became a criminal offence for wagon keepers not to have an ECM appointed for every wagon on the network and for that ECM not to have a maintenance regime for that wagon.

Each ECM has to ensure that, through a system of maintenance, a vehicle for which it is responsible is safe to run on the mainline railway. The system of maintenance is the maintenance of a vehicle in accordance with:



Entity in Charge of Maintenance Certificate
confirming acceptance of the maintenance system of an entity in charge of maintenance (ECM) within the European Union in conformity with Directive 2004/49/EC and Regulation (EU) No. 445/2011

1. **Certified entity in charge of maintenance**
Legal title: VTG Rail (UK) Limited
Commercial designation or acronym (voluntary): VTG
Complete postal address (street, postal code, city, country): Sir Stanley Clarke House, 7 Ridgeway, Quinton Business Park, Birmingham, B32 1AF
Registration business number: 04474641 VAT No: GB 425 112 495

2. **Certification Body**
Legal title: Office of Rail Regulation
Complete postal address (street, postal code, city, country): One Kemble Street, London, WC2B 4AN, United Kingdom
Certification body reference number: UK/30/0011/0001

3. **Certificate information**
This is a new certificate renewed certificate updated/amended certificate
ECM Identification Number of the previous certificate: to: 2 October 2017
Validity from: 3 October 2012
Type of company: Keeper (railway undertaking, keeper, maintenance supplier, etc.)

4. **Scope of ECM activities**
Covers tank wagons to dangerous goods Yes
Covers other wagons specialised in transport of dangerous goods Yes

5. **Additional information**
Date issued and validity: 3 October 2012
Internal reference number: UK/31/0012/0001
Signature: *[Signature]*
Certification body's stamp: 

Serial Number ECMC1 - ECM CERTIFICATE (Print out version 20/09/2012)
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- the maintenance file for that vehicle;
- applicable maintenance rules; and
- applicable technical specifications for interoperability.

VTG Rail UK acts as keeper and ECM for all the wagons in its fleet, utilising its unrivalled "in-house" Engineering and Fleet Management capability.

The UK team administers a fleet of about 1,800 rail freight vehicles. In addition, as part of Europe's No.1 provider of private

wagon hire services, with in excess of 54,100 wagons, VTG has at its disposal a wealth of experience and resources from throughout its organisation.

VTG also offers a service to "private" wagon owners who do not have such capability in-house, either by buying the wagons then leasing them back or by developing a bespoke wagon management package, enabling owners to rest assured they will be fully compliant with ROGS regulations.

Customers to benefit from Ray's experience



Ray Finley is VTG's recently appointed Fleet Performance and Reliability Engineer, a new role created to meet increasing customer demand.

Ray started his career in engineering back in 1966, when he undertook a five-year apprenticeship with Metro Cammell Ltd. He then went on to work for the company for several years, progressing from Engineer to Plant Draughtsman and Assistant Site Manager.

Several more engineering roles saw Ray continue to build up his experience and, in 1995, he was appointed Section Leader - Engineering at Marcroft Engineering Ltd, another company where he spent

several years progressing his career.

During this time he gained several major engineering qualifications: HNC Endorsements, HNC in Engineering, ONC in Engineering, I.Eng with I.Mech.E (not ratified). His wide experience includes railway wagon engineering (mechanical and design, maintenance, testing and commissioning), preparing and formulating wagon maintenance plans, having knowledge of maintenance, overhaul, design and manufacture of rail vehicles, and responsibility for the monitoring of safety performance monitoring reports.

Outside of work, Ray enjoys DIY around the home, and gardening.

Signed, delivered – and sealed!



Freight operator GB Railfreight has leased from VTG 26 JIA 'polybulk' wagons on a long term deal.

GBRf is using the wagons to move BOS (basic oxygen steelmaking) Lime from Shap in Cumbria to Sahaviriya Steel Industries' (SSI) Lackenby steel works on Teesside.

GBRf last year won a ten year contract to transport molten iron and steel slab at the Lackenby steelworks.

BOS Lime is a volatile commodity and

needs to be kept dry at all times. GBRf chose the VTG wagons because of the security offered by their sealed lids and bottom discharge.

This Lime is used in the steel making process to remove impurities.

Limestone is converted to BOS Lime by being burnt in a kiln before being used for steelmaking.

GB Railfreight is currently running trains twice a week and intends to run more.

Fab four's fantastic fundraising



VTG's intrepid – and tired – triathletes Maria Connolly, Janet Sheppard, Nigel Day and Rob Brook would like to thank everyone who sponsored their magnificent efforts in the Snowdonia Charity Challenge.

The 'Railfreight Dynamos' raised a marvellous £4,037 for Regain, the Trust for Sport Tetraplegics that provides resources and equipment for people who have been paralysed in sporting accidents.

The Snowdonia Challenge, held back in July 2012, was a 40 mile cycle ride, a climb to the peak of Mount Snowden followed by canoeing in Lake Gwynant.

Not only did the VTG fab four finish the course but they also – just – beat their target of £4000.

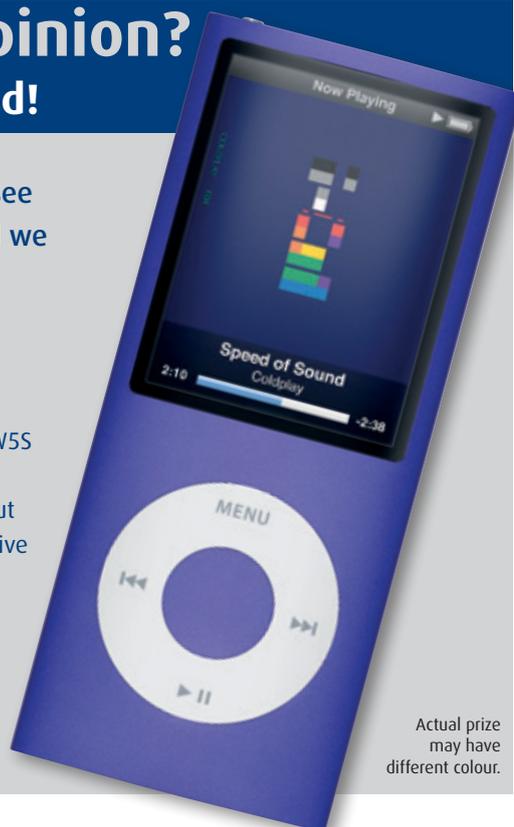
What's your opinion? Tell us and win an iPod!

We are carrying out a survey to see how we can improve OnLine and we would welcome your views.

Simply complete the questionnaire online at SurveyMonkey:
<http://www.surveymonkey.com/s/D52RW5S>

The first completed survey to be drawn out of the hat will receive an iPod, the next five will get a VTG drinks bottle.

Your survey must be received by Friday 1 February 2013. The draw will take place on Monday 4 February 2013.



Actual prize may have different colour.

Happy Christmas from VTG

VTG wishes all of its OnLine readers a very Merry Christmas and a prosperous New Year.

This year's seasonal e-cards will be supporting the following charities:

- Autism West Midlands
- Retired Greyhound Trust
- Muscular Dystrophy
- SMA – Spinal Muscular Atrophy

