

# ONLINE

## And the winner is... Ecofret!



Photo: Philippa Gedge Photography

From left: Ian Wicks, John Hall, Rob Brook, Jim Macfadyen, Neil Strutt, Maria Connolly, Paul Lugg, Richard Gibney, Ian Shaw and Gordon Innes.

### VTG wins awards for Ecofret as more orders confirmed.

Autumn was an award winning season for leading wagon hire and rail logistics business VTG Rail UK.

The company won a top category at the 2013 Global Freight Awards, plus a Rail Freight Group (RFG) trophy, while one of its senior managers received a personal highly commended RFG award (see page 2). In addition, Ecofret was shortlisted for Freight and Logistics Achievement of the Year in September's National Rail Awards.

VTG won the coveted Global Freight Awards' *Innovation Award - New Product* category for its ground breaking Ecofret wagon, beating six other finalists to the title.

The Ecofret also won the RFG's prestigious Environmental Innovation category while

VTG Sales Manager Paul Lugg was runner up in the award for Outstanding Individual Contribution.

Rob Brook, Managing Director of VTG Rail UK, said: "I am delighted that our hard work in bringing to market something that will bring substantial benefits to the maritime container freight market has been recognised by such influential bodies as the RFG and Global Freight Awards.

"The Ecofret is changing the economics of the UK's intermodal container rail freight market. We already have wagons in operational traffic and are talking to other potential users about further builds." This prize is a well-earned reward for the VTG team and our key supply partners who rose to the occasion, turning a concept into reality."

The Ecofret wagon maximises the number of containers carried on an intermodal train and eliminates the all too familiar gaps seen on traditional platforms meaning a more efficient, and hence more profitable, service. This, along with closer container spacing, means less drag which in turn will improve fuel economy. Thanks also to its newly-designed 840mm wheel diameter bogie, it offers track friendly ride performance reducing track access charges.

Rob also paid tribute to Paul Lugg. He said: "I am pleased that Paul too has been recognised for his contribution to the rail freight sector. It is well deserved. His work for VTG and the wider rail freight community over the past 36 years has been invaluable."

# One million tonnes and counting

## VTG – big part in major projects

VTG Rail UK's wagons have moved the one millionth tonne of earth to be taken by train from Crossrail's tunnel entrance in west London to Northfleet in Kent.

This major milestone was reached in mid-September. Over the previous 15 months some 860 train loads of VTG wagons have carried material away.

The earth has come from the construction of Crossrail's western tunnels between Royal Oak

and Farringdon by two giant 1,000 tonne tunnel boring machines named Phyllis and Ada.

VTG's 102 tonne 4 axle open box wagons carry the material to Northfleet where it is shipped to Wallasea Island in Essex. There it is being used to help create a new nature reserve – the UK's most ambitious man-made coastal nature project.

Ian Shaw, VTG's Sales and Marketing Director, said: "Crossrail will have a huge

impact on the capital's transport infrastructure and is, of course, a project in which we are delighted to be involved. That we've provided reliable wagons for this project clearly demonstrates our capability and capacity to deliver the major, long term schemes.

"Moving the excavated material in VTG wagons has kept thousands of lorry journeys from London's already busy streets, saving a fortune in damage and delay," he added.



That's a big number! The millionth tonne moved is celebrated in style.

Photo: www.johnzammil.co.uk - Absolute Photography Ltd



### A winning combination

Rob Brook (above with trophy) with Nigel Day and Paul Lugg at the RFG's annual awards. VTG was presented with the award for Environmental Innovation for Ecofret, while Paul (left) was runner up in the Outstanding Individual Contribution.

### More orders for award winning Ecofret

VTG is preparing manufacturing orders for more of its award winning Ecofret inter-modal container wagons.

As Online went to press VTG were getting ready to place orders for up to 25 triple platform sets, increasing the size of the Ecofret fleet to more than 160 platforms.

The wagons, needed to meet the forecast growth in UK ports intermodal traffic of more than 6% per annum\* over the next decade, will be fabricated in eastern Europe, with final assembly and testing being carried out in the UK, and will be delivered in Autumn 2014.

\*Source: Network Rail Long Term Planning Process: Freight Market Study, October 2013



# VTG pushes up revenue and net profit further



“We are right in our strategy,” Dr. Heiko Fischer CEO of VTG AG.

## Revenue climbs 4.6 percent to €599.1 million

VTG once again pushed up its revenue at the end of the third quarter of 2013. Compared with the same period of the previous year, revenue for the Group increased by 4.6 percent to €599.1 million (previous year: €573.0 million). There was also a positive trend in operating profit, which increased by 5.3 percent to €135.1 million (up from: €128.3 million).

“The results at the end of the nine-month period show the continuation of a steady upward trend, confirming that we are right in our strategy”, explained Dr. Heiko Fischer, CEO of VTG AG. He added: “We are looking full of confidence and excitement to the year 2014, which will also be one of new possibilities in the logistics divisions”.

There was an upward trend in earnings before interest and taxes, which rose by 7.6 percent to €56.5 million. The Group also managed to increase earnings before taxes by 43.8 percent to €19.1 million and net profit for the Group by 42.6 percent to €11.9 million. Consequently, operating cash flow rose to €116.6 million. The increase in net

profit was due primarily to the trend in the Railcar Division, which saw above-average growth. However, throughout the period, the logistics divisions were affected by pressure on margins and falling demand in certain segments.

## New customers and business in the Railcar Division

The Railcar Division succeeded in gaining a key customer in the steel industry. The customer is using 180 VTG wagons to transport some two million tonnes of limestone annually across Germany. The division also managed to expand its business with a further steel industry customer with international operations. 330 newly built wagons to transport coal and coke within France are to be built.

At the end of the third quarter of 2013, revenue in the Railcar Division had increased by 8.2 percent to €253.1 million. The main reason for this increase was the newly built wagons delivered in 2012 and in the current financial year. Due to the ongoing withdrawal of certain wagons from service as part of a continuing fleet management

program, there was a further slight reduction of 1,700 wagons, to a current level of 52,700 wagons. Fleet capacity utilisation fell to 89.4 percent (Q2/2013: 89.7 percent). Along with the only moderate improvement in the economic trend, this drop was due to the fact that a number of wagons in the Baltic States had to be temporarily taken out of service because of regulatory restrictions.

## Rail Logistics Division finalises joint venture with Kuehne + Nagel

In September, VTG and Kuehne + Nagel signed an agreement to merge certain rail logistics operations. With this joint venture, VTG Rail Logistics is firmly consolidating its leading position as Europe’s largest private rail logistics company. VTG will assume operational control of the new company. Subject to approval of the antitrust authorities, the company will start operations on January 1, 2014.

In the first nine months of 2013, revenue in the Rail Logistics Division increased by 2.9 percent to €227.8. The main factor contributing to this was the positive trend in the petrochemical goods and industrial goods market segments. However, along with some one-time items, the continuing difficulties with demand in France in the agricultural products segment had a negative impact on profit for the division as a whole.

## Tank Container Logistics Division joins a new network of partners

From the second quarter of 2014, VOTG will be project partner in a new industry network. This network will assume operational responsibility for the management of the supply chain of Bayer MaterialScience in the transport of isocyanates. This chemical product is used, among other things, in the production of foams. The contract will run initially for four years. The total volume of revenue within this collaborative network amounts to hundreds of millions of Euros. VOTG will be responsible for the global tank container transports.

In the first nine months, revenue in the Tank Container Logistics Division remained stable, at €118.2 million.

## Forecast for 2013 re-affirmed

The Executive Board of VTG AG re-affirms its forecast for the Group for the financial year, anticipating revenue for the Group in the range €780-830 million for 2013.

# VTG and ORR team up for ECM

The criteria for an annual surveillance audit of an accredited Entity in Charge of Maintenance (ECM) have been established thanks to months of work by the Office of the Rail Regulator (ORR) supported by VTG.

The two organisations worked together to create the review process, having previously teamed up to develop the ECM accreditation certificate criteria during 2012.

Having concluded the latest round of review work, VTG duly became the first accredited ECM to undergo the ORR's new audit procedure.

Nigel Day, VTG's Head of Engineering, explained that the review process requires ECM companies to identify changes to their business and explain how any risks associated with the change would be managed. "In our case," he said, "it would be issues such as the Mendip Rail fleet



acquisition or significant changes to our business management structure.

"As the owner of Britain's largest independent freight wagon fleet we were once again delighted to put our expertise and experience at the ORR's disposal."

VTG's UK based engineering and fleet management teams administer 2,000 wagons and can call upon a wealth of resources and knowledge from right across Europe.

# Martyn's in charge of the fleet



Martyn, co-located within the GBRF operation.

Welcome to Martyn Catlin who joins VTG as the latest Fleet Controller within its expanding Fleet Operations team. A change to previous practice however, will see Martyn working directly alongside one of VTG's biggest customers, GB Railfreight, within their Peterborough Operations Office. This is the first time VTG has permanently based one of its fleet controllers in the offices of a client and marks a new way of delivering the award winning levels of customer service that the company prides itself on. Dave Knowles, GBRf Production Director said: "We are delighted to have such an important supplier working alongside us. It is the sign of a maturing partnership that will benefit both parties." Ian Shaw, Sales and Marketing Director explained that by being co-located within their business, VTG is confident that it will gain a significantly clearer understanding of how GBRf operates and be able to tailor its support package to meet their specific requirements. "This is another example of our determination and commitment to be the best possible organisation to deal with and to offer the best service to our customers. We anticipate this model could be replicated elsewhere in the future, as appropriate, to other customers' requirements" Ian added.

Educated at Spalding Grammar School, Martyn took Business Studies and Industrial Management at North Staffordshire Polytechnic, before spending much of his career in financial services and in logistics where he worked with major retailers. Outside of work Martyn's interests include jogging and cycling. In the past he's completed journeys from Land's End to John O'Groats and the 'opposite diagonal' of Dover to Cape Wrath. He's also involved in a preservation project looking after a couple of old diesel locomotives.

# Full steam ahead

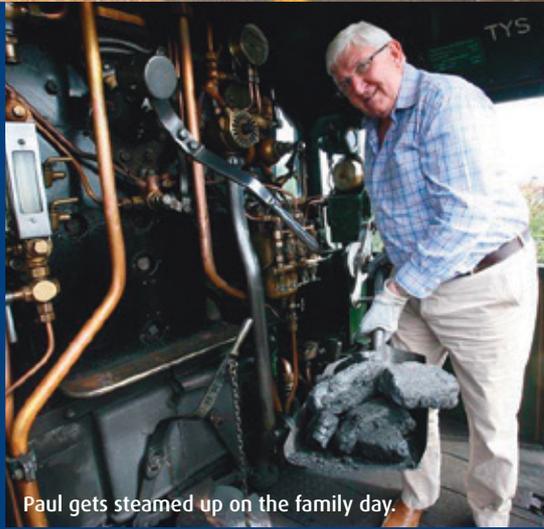


Time for a quick photo at Stratford.

VTG's annual family day out was a special treat for lovers of steam trains.

Over 30 members of staff and their families basked in the elegance of a time gone by – plus some summer sun and steam on the 'Shakespeare Express' in September.

With a traditional Sunday roast on the menu, the VTG party enjoyed good food as they watched the world from their vintage coach. They even found time to pose for a group photo beside locomotive 4965 Rood Ashton Hall at Stratford upon Avon!



Paul gets steamed up on the family day.

# Commercial news in brief

## Jumbo task for 'elephant'! KFAs for BBR



Spot the difference! The RailVac™ is nicknamed 'The Elephant' because of its trunk-like vacuum pipe.



Devon & Cornwall Railway (DCR) has recently leased a fleet of 2-axle open box PNA wagons from VTG and, based on initial project successes, has already agreed to further increase the number of wagons on hire.

DCR is an embryonic open access operator, partnering with Bridgeway Railcare, the UK supplier of RailVac™ services in the UK, to provide haulage and support services as part of its contract with the Wessex Alliance. VTG is working with DCR and its partners on the long term project. The work is part of a national framework agreement that will see the innovative RailVac™ air/vacuum excavation services being deployed at Network Rail's sites around the UK.

RailVac machines are developed,

manufactured and owned by Railcare Group AB. It's a high capacity air/vacuum system that can be used for various maintenance activities including wet spot treatment; drainage clearing, refurbishment and repair; drainage excavation; level crossing re-ballasting and much more. VTG's wagons are needed to move infrastructure materials and waste to and from the work sites in support of RailVac™.

DCR is a subsidiary of the UK-based British American Railway Services Limited (BARS) a railway rolling stock hire, maintenance company and railway owner.

Other subsidiaries of British American include RMS Locotec, Weardale Railway and Dartmoor Railway.

Balfour Beatty Rail has signed a long term deal with VTG for the lease of container flats.

The wagons – KFAs – are being used to carry plant and equipment for Network Rail's North West Electrification project.

Alwyn Frank of Balfour Beatty said: "Although this is a relatively small deal for both companies, VTG's attention to detail and customer service has been impressive."

Electrification of key rail routes across the North will make journeys faster, quieter and more reliable.

According to Network Rail, when the project is complete, travel between key Northern cities including Manchester, Liverpool, Preston, Blackpool, Leeds and York will be easier. The infrastructure owner says electrification is vital in supporting the region's long-term, low carbon economic growth.

The key electrification milestones are:

*December 2013:*

Manchester to West Coast Main Line and Newton-le-Willows

*December 2014:*

Newton-le-Willows to Liverpool Lime Street; Huyton to Wigan

*May 2016:*

Preston to Blackpool

*December 2016:*

Manchester Victoria to Preston

## To infinity and beyond?

Most of us at some time have bought a car and worried about its mileage. Is it suspiciously low or ominously high?

But when it comes to rail wagons though you might say the sky's the limit.

For example, the reliable JPA cement wagon fleet of 63 wagons have amassed an impressive total of nearly 14 million miles between them. That's to the moon and back around 30 times.

According to Maria Connolly, VTG's Fleet Operations Team Leader, the actual lifetime mileage figure, up to 27 October this year is 13,682,453. When you consider that each loaded wagon is carrying more than 80 tonnes (or about 2.5 lorry loads) of cement that's a lot of potential traffic jams avoided! Move over Buzz Lightyear!

## Phillips 66



New TEA wagons for Phillips 66.

Phillips 66 has signed a contract with VTG for the provision of a further 15 TEA tank wagons to join their fleet of 84 wagons. The wagons will be used on flows from the oil company's Humber Refinery to the

Midlands. VTG's Paul Lugg said "Phillips 66 has been a customer for over 20 years and it's great seeing a further increase in their fleet of VTG wagons".

# Sea, sun, sand and swimming with dolphins

VTG's Jo Cobley married fiancé Rob Jones in the warmth of a Cuban summer's day towards the end of August.

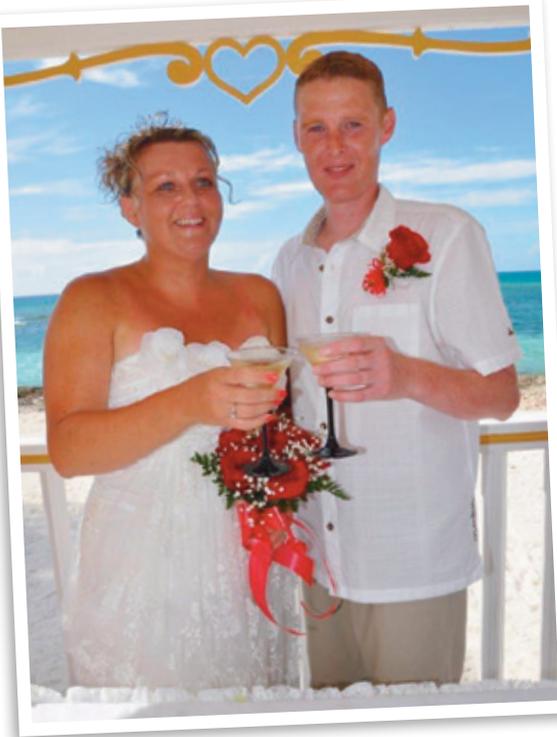
The happy couple's wedding took place under blue skies in a beach side pagoda, witnessed by family and friends, including colleagues from VTG.

The bride, looking cool in her white wedding dress, arrived at the ceremony with her dad in a horse-drawn carriage.

After the ceremony the entire wedding party was taken on a tour of the village of Guardalavaca in similar carriages - not something the British weather usually allows. The reception was, however, a more traditional affair.

The rest of Jo and Rob's honeymoon - shared by her friends and family - included swimming with dolphins, horse riding and visiting a local carnival.

Reflecting on her special day Jo said: "We could not have wished for a more perfect day, everything went very smoothly and we have some wonderful memories of the day made even more special being surrounded by my family and friends."



## Black tie to brake blocks



Moiz - preparing for the 'real world'.

Moiz Pishori, VTG Rail UK's latest "Year in Industry" (YINI) student is spending 12 months with the company to gain first-hand experience of commercial engineering. He is the third YINI student to work with VTG and, as MD Rob Brook explains, it is a mutually beneficial arrangement. "VTG is a strong believer in investing in the future talent that the UK's higher education system is producing. For the student it represents an invaluable opportunity to understand how their newfound skills can be put to good use in the "real world", and for VTG it brings an additional, highly motivated resource to the team." As Rob adds, "Who knows, in some cases it may even lead to a future full time role with the company"

Now in his third year studying for an MEng in mechanical engineering at Warwick University, Moiz has enjoyed a range of experiences with VTG since October.

He also managed to put into practise some of the theory he has been taught.

"My engineering projects have been varied, from testing brake blocks and visiting customer sites to analysing wagon damage."

"I am beginning to understand the ways in which the rail freight industry works in terms of engineering and organisation," he said.

Even outside of work, Moiz is keeping his engineering eye in. "I am due to start a "Formula Sport" project next year," he said, "which involves designing, funding and racing a motor vehicle, mostly made from renewable materials."

It's been an enlightening time for the undergraduate who has fitted in well with the VTG team and has even enjoyed a black tie dinner at an awards ceremony in London.

"I've enjoyed being part of VTG," said Moiz. "They are a friendly group who are always willing to answer my questions and teach me."



*Christmas Greetings from VTG Rail UK*

**VTG wishes readers of OnLine a very merry Christmas and a happy New Year**

Once again VTG will be giving money directly to charity rather than spending it on Christmas cards.

Four charities will be supported this year.

They are: Autism West Midlands; Cancer Research; RSPCA and Warwickshire Air Ambulance.