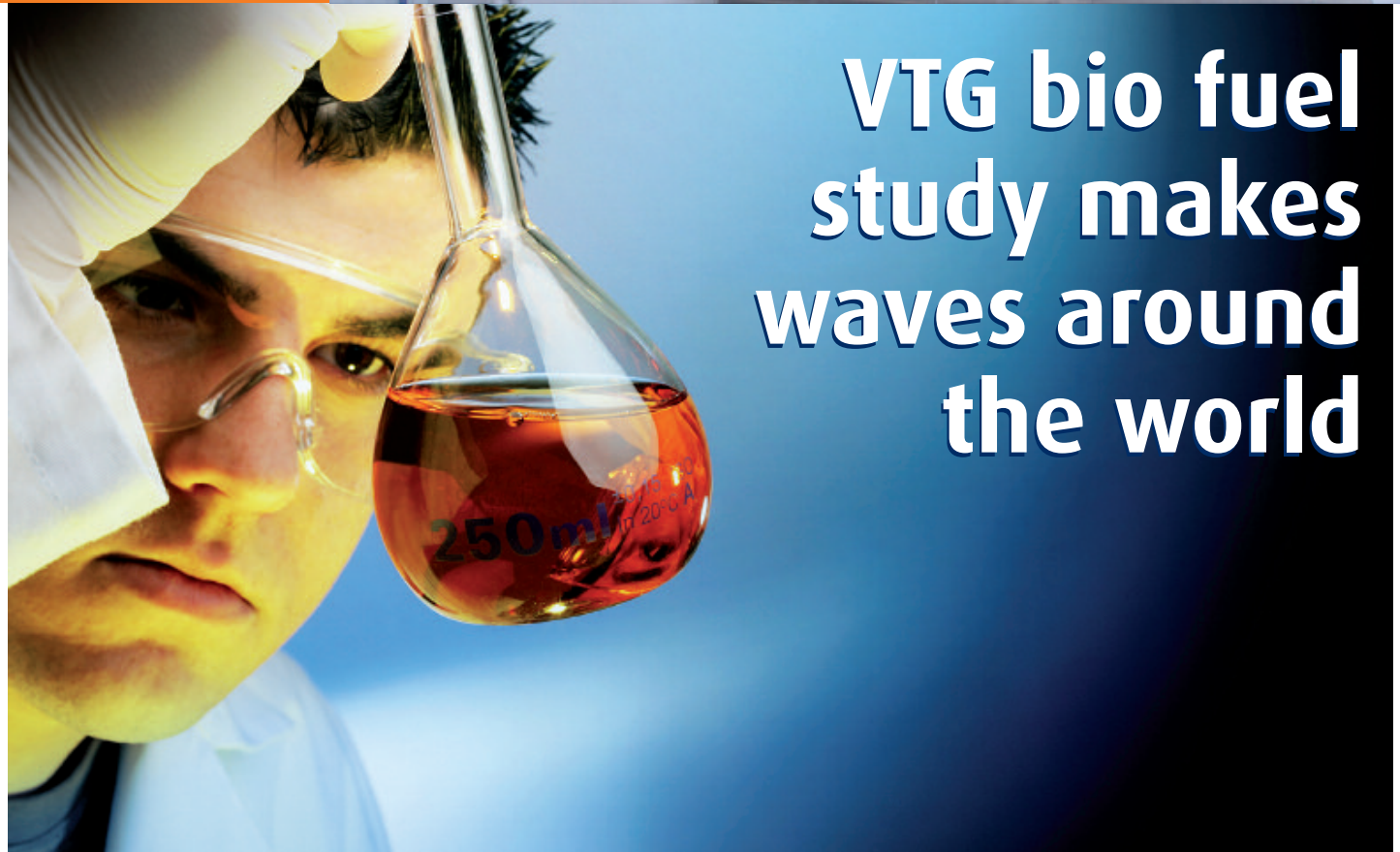


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VTG bio fuel study makes waves around the world

In December last year, VTG launched the results of its 12-month study on the effects of bio fuel on railway wagon interiors. With the study believed to be the first of its kind to be conducted, the story received considerable attention from the press in the UK, Europe, Asia and America.

In January, staff at VTG's headquarters found themselves on the receiving end of phone calls from the USA, as news of the company's pioneering study into the effects of bio fuel reached American soil.

Interest in VTG's research project started back in December, when the wagon leaser issued a press release outlining the study and its results to media in the UK.

With bio fuel – following new European legislation and the continuing focus on environmental issues – such a hot topic right now, interest in the story quickly grew, with reporters and magazines in the States and beyond wanting to cover the story.

VTG started work on the study back in 2007, after new EU

Directives were launched requiring members to increase the concentration of bio additives in fuel to 15% by 2020.

Realising that this would mean many of its customers would have to carry this new type of fuel, VTG wanted to ensure that it could transport it safely, with no adverse effects to its wagons.

So VTG launched a 12-month study in conjunction with lining manufacturers, looking at the effects of bio fuel on railway wagon components and lining materials.

The study focused on petroleum products with 5% bio additive, the level of additive currently allowed in bio fuels. To test whether the bio fuels would react with the linings VTG carried

out immersion tests with 5% bio diesel and 5% bio ethanol over a 12 month period.

The research not only looked at the effects of the fatty acid methyl ester additive (FAME) in bio diesel but also the effects of bio ethanol, which is the additive in petrol but not currently carried in wagons, to ensure VTG's rail wagon fleet is able to carry all types of bio fuel safely.

Following ongoing internal inspections of the wagons, no softening or swelling was detected and the results showed that the additive did not have any affect on the lining other than some minor discolouration, which does not affect performance.

This led to VTG concluding that at the current concentration of

5%, bio additives have no adverse effects on its vehicles.

Paul Lugg, Tank Fleet Manager VTG, commenting on the results said: "Following the results of the study VTG has approved the use of bio fuels in its tank vehicles but at the moment recommends that the bio additive concentration should not exceed the 5% limit."

So while the tests show that wagons can carry bio fuel meeting today's requirements of 5%, VTG are looking beyond this and conducting further tests to ensure that its wagon fleet can cope with higher concentrations to meet the new EU Directive requiring member states to increase the concentration of bio additives in fuel to 15% by 2020.

VTG enters the coal market



VTG helps First GBRf source coal wagons closer to home with a new contract for 89 British built HYA hoppers

VTG Rail UK has taken its first steps in the coal market follow-

ing a new contract to supply coal wagons to freight operators First GBRf.

Under the terms of the new deal VTG will provide First GBRf with 89 brand new HYA wagons, which will be constructed in Britain by wagon-builders WH

Davis, at their workshop at Shirebrook, in Nottinghamshire.

VTG is working with International Rail Services (IRS) on the design of the wagons, which will mirror First GBRf's existing fleet of HYAs, built in Romania in 2006.

The wagons have proved popular with power station and terminal staff and they provide higher payloads per wagon length than previous models.

Rob Brook, Managing Director at VTG Rail UK said: "We are delighted to be joining forces with First GBRf to help them increase their coal fleet as we expand our presence within the UK coal market. Working with wagon-builders WH Davis, we are pleased to be offering coal hoppers that are at the forefront of wagon efficiency, helping First GBRf to continue its impressive delivery rates within the coal sector."

The wagons are due for delivery at the beginning of April, helping First GBRf strengthen its position in coal services.

John Smith, Managing Director at First GBRf commented: "Having commenced my career constructing carriages at York it is extremely encouraging to see the manufacture of our new wagons being sub contracted to a British firm. We are looking forward to working with VTG as we continue to increase our presence in the coal market."

New 15 year deal cemented

In January VTG signed a new 15-year agreement with Tarmac Buxton Lime and Cement (TBLC) for the purchase and lease back of its key fleet of 50 wagons.

Under the new arrangement VTG has taken over ownership of 20 aggregate hoppers and 30 pressure discharge cement tanks and then leased them back exclusively to the cement and lime producer for the duration of the contract.

As the new owners of the wagons, VTG has taken on responsibility for maintenance, repair and all other aspects of their upkeep, relieving TBLC of the ever increasing and expensive process of complying with the stringent safety and regulatory requirements placed on the owners of freight rolling stock.

By choosing to do a deal of this nature with VTG, an independent wagon leaser, rather than enter

into an arrangement with a freight operating company, TBLC has gained the freedom not only to negotiate the best haulage deals in an ever more competitive marketplace, but also the ability to readily switch haulier, should performance demand it.

The contract was officially signed by TBLC's Building Products Director, Clive James and commenced on 1 January 2009.

Ian Shaw, VTG's Bulk Fleet Sales Manager said: "We are delighted to have been awarded this new contract with TBLC, which will give them long term peace of mind on wagon availability and operability. Our lease back deals are completely seamless, meaning wagons can stay in service throughout the transaction allowing TBLC to continue its business uninterrupted, while we take care of all



of the legal and maintenance requirements of wagon ownership."

Following on from the provision of 48 new aluminium wagons to Lafarge, and an additional fleet

to Castle Cement, the new deal is particularly significant for VTG, as it means that three out of the UK's four cement manufacturers now use the company for the supply of wagons.

Many happy returns

VTG Rail UK's pioneering cement wagons celebrated their first birthday in April, following 12 months of moving material for Hanson Cement from Clitheroe to Glasgow.

The UK's very first aluminium bogie cement wagons have moved more than 150,000 tonnes of cement in the first 12 months of a ten year deal with Hanson Cement, (formerly Castle Cement).

Introduced by VTG Rail UK the wagons marked the return to rail transportation from the Ribblesdale plant for the cement provider, and in the twelve months since they entered service the railway wagons have already saved the equivalent of around 5,000 lorry journeys.

Running three times a week

from Hanson's production unit near Clitheroe in Lancashire, to its storage and distribution centre at the Mossend Railhead near Glasgow, the cement trains carry an average of 1,040 tonnes compared to just 29 tonnes per lorry. With every tonne of freight carried by rail producing at least 80% less carbon dioxide than by road this also represents considerable savings in terms of the amount of CO₂ released into the atmosphere.

Rob Brook VTG Rail UK's Managing Director said: "Hanson wanted a more environmentally friendly way of transporting cement to Scotland. The wagons we provided, with their innovative aluminium body construction to minimise tare weight and high performance pressure discharge system, are able to carry far greater volumes, more efficiently, than their road counterparts. We are very pleased that the



VTG's cement wagons are saving thousands of tonnes of CO₂ from being released into the atmosphere.

wagons have made such a big contribution to reducing road traffic and look forward to the good work continuing in the years to come."

Hanson Cement's Managing Director Jon Morrish said: "As

the UK's leading supplier of heavy construction materials we move over 3 million tonnes of aggregates and cement by rail every year. We have been very pleased with the performance of these wagons."



Coventry City Girls 3-2 Coundon Court Ladies

In the pink

VTG sponsored football team are cup final champions!

It's been a good few weeks for the girls at Coventry City Football Club, not only have they become the proud possessors of the first ever Pink Breast Cancer Campaign football kit, they have also, following a spectacular performance by all, added new silverware to their trophy cabinet by winning The Open Cup.

Previously playing in blue socks, shorts and shirts the new kit was a big change for the team, who play at Wolston

Leisure Centre and came courtesy of VTG Rail UK, who have agreed to sponsor the squad.

The idea to play in such a vibrant colour came from the girls themselves and the Breast Cancer Campaign readily agreed to their emblem being included on the strip.

The club are the first football club of any standard in the country to be allowed this privilege (it comes in recognition of their efforts to support the campaign) and it makes Coventry City Girls the official football ambassadors of the Breast Cancer Campaign.

And it is clearly a role the

girls take very seriously, if cup matches are anything to go by. That's because the team played their socks off and successfully retained The Open Cup after a tough encounter against local rivals Coundon Court at the end of March. The game showed all the characteristics of a typical cup final and, with both sides trying to play different styles of football, it proved to be a well fought affair.

Coundon took the lead after just 20 minutes, however, to their credit, City bounced straight back into the equation when Sam Pattinson netted only three minutes later.

From this point, City began to stamp their authority on the game and after 30 minutes Sarah Giles latched on to an effort from 20 yards to give City the lead at 2-1.

Coming out for the second half, Coundon equalised as they broke down the left hand side. Determined not to let the silverware slip away, City broke almost immediately and Sam Pattinson met the ball with her head to score the winning goal.

Celebrating in the crowd was VTG's very own Managing Director Rob Brook, who said: "At VTG Rail UK we firmly believe in supporting the local community and we try wherever possible to give something back, be it through charitable donations or opportunities like this, which help young people stay active through sports. We are delighted that Coventry City Girls have retained The Open Cup and hope the new kit helps them to continue to play well for the rest of the season!"



Industry issues:

Getting safety on track

Paul Lugg, Tank Fleet Sales Manager at VTG, is a member of the Rolling Stock Standard Committee (RST SC). Here he explains how the committee works and the type of the issues it tackles.

Back in 1995 when Railtrack was first established it was charged with creating standards for the safe and efficient running of the railway. In order to achieve this various safety standard committees were established for different areas of the industry, including the Rolling Stock Subject Committee, as it was then known, (it became the Rolling Stock Standard Committee in 2006). The function of these committees was to initially oversee the drafting and subse-

quently review and amend Railway Group Standards.

The RST SC is made up of 18 senior railway engineers from across the industry. The committee meets every month and its main duties include approving changes to Railway Group Standards (RGS), including new standards, together with associated Codes of Practice, Guidance Notes or industry adopted standards. The experience and broad knowledge base of the board members ensures that decisions made by the committee are pragmatic and are in the best interests of the industry as a whole.

In addition, the committee also considers, and where appropriate approves, derogations and temporary non-compliances against the requirements mandated by the standards. As well as making decisions about dero-

gations for new railway vehicles, the committee also reviews safety significant accidents and incidents involving railway vehicles already, providing future recommendations and advice. As the influence of European standards now significantly affects UK rolling stock requirements, the committee also takes an active interest in the development of all applicable European standards and legislation.

Paul is a Chartered Engineer and has been a member of the committee for the past seven years. He has found his 32 years of experience of the rail-freight industry invaluable in assisting the committee in its deliberations. He has also gained a comprehensive understanding of issues affecting the passenger railway and how a structured approach to resolving conflicts with standards can overcome

the difficulties, without incurring long delays to rolling stock production and without compromising safety.

The introduction of the Interoperability Regulations and the Technical Specifications for Interoperability which support them, is likely to create problems as there is currently no equivalent process for quickly resolving conflicting standards requirements. Long delays and considerable extra costs may be incurred in future if the process of seeking derogations through the Department for Transport then the European Rail Authority and finally the European Commission has to be adhered to. It has to be hoped that a fast track resolution of these difficulties, similar to the Standards Committee process, can be introduced if severe disruption to the UK rail industry is to be avoided.

Freight given the opportunity to shine at industry awards thanks to VTG

A first for freight

Until recently one of the rail industry's biggest award ceremonies had no specific category for freight. Thankfully that has now changed thanks to VTG, with the launch of the Freight Excellence award at the 2008 HSBC Rail Business Awards.

Now in its eleventh year, the HSBC sponsored Rail Business Awards is one of the most respected and well attended award ceremonies in the rail industry. It includes categories for a range of different railway disciplines, including marketing, PR, information technology, safety and

security. And while freight operators could compete alongside TOCs for the 'Train Operator of the Year' title, they didn't have an opportunity to gain recognition for the services they supply separately from passenger operators. In an attempt to re-address the balance the Awards organisers, with the help of VTG, launched a new category exclusively for freight organisations.

Named 'Freight Excellence of the Year' the new award looks for excellence in different areas of freight business.

VTG was approached by the Awards organisers to sponsor this newly created category back in September, and it was only too pleased to step in and help.

VTG's Managing Director Rob Brook explains why: "Rail freight plays a significant part in Britain's economy. In the past 10 years it has grown by almost 50%, with eight rail freight companies now operating in the UK. We work closely with the majority of these companies to supply railway wagons that increase efficiency and improve performance across the industry, so sponsoring an award category which recognises and rewards success in this field was a very good match for us."

The awards were held at London's Grosvenor House Hotel in Mayfair on Thursday February 19 and the new category attracted significant interest from

the freight community, with a number of submissions from operators and suppliers.

After much deliberation, the judging panel selected The Malcolm Group as the winner of the inaugural freight award for the development of a trapezium shaped curtain-sided sloop wagon body that allows larger loads to be transported within restrictive loading gauges.

Ian Shaw, Bulk Fleet Sales Manager at VTG Rail UK presented the award to the winners and said: "We are absolutely delighted to be involved from the very beginning of what we believe is an exceptionally important addition to the Rail Business Awards."



Setting new safety standards

A large proportion of accidents on the railways are due to failed train wheels and axles. VTG Rail UK, in collaboration with 10 other organisations across Europe, is working on a pioneering project, called SafeRail, to develop new methodologies and techniques for the inspection of wheelsets to minimise accidents, and improve safety standards.



Although severe rail accidents are rare within the EU, they do unfortunately occur. The main causes are typically either human error or equipment failure, with the majority being equipment related.

Within the equipment related figures, a significant proportion have been linked to failed train

wheels and axles and, as the rail networks become busier and train speeds increase, this number is expected to continue to grow. Minimising wheelset failures also helps to reduce maintenance costs, and is a consideration for both train and light rail vehicle operators.

Understanding this, in October 2008 The SafeRail Group, with the help of part funding by the EU under the 7th Framework programme, took the historic step of establishing a working group to focus specifically on finding solutions to this issue.

The initiative has brought together different European organisations with expertise and experience in all areas of wheelset technology, and includes Alfa Products & Technologies, EMEF

SA, Envirocoustics A.B.E.E., Feldman Enterprises LTD, Instituto de Soldadura e Qualidade, Société Nationale des Chemins de fer Français (SNCF), Technical Software Consultants Ltd, TWI Ltd, the University of Birmingham, Vlaamse Vervoersmaatschappij De Lijn and VTG Rail UK Ltd.

Working together over a three-year period, the group is seeking to minimise wheelset failures in two separate ways.

The first is implementing a novel on-line inspection system that would look for faults on vehicles whilst running in service. The system will be placed at pre-chosen strategic points on the rail network and will monitor faults in the wheels and axles of passing trains. It will look at a range of defects including flats in the wheels, defective wheelset bearings, significant cracks and wheel profile abnormalities.

Using a special identification system, each wheelset will be given a unique code. If a fault is identified on a wheelset, the system will automatically alert the signalling engineers who will then decide what action to take for that particular train, i.e. advise maintenance, reduce speed or stop it completely.

The second part of the project

involves developing an inspection system for new and in-service wheelsets based on Ultrasonic Phased Arrays and Alternating Current Field Measurement (ACFM). The group aims to develop an innovative system, that has higher resolution and speed of inspection, to identify surface breaking faults. Currently Ultrasonic Phased Arrays and other techniques in use have problems in finding small surface defects. The incorporation of ACFM probes will allow the accurate and fast inspection of wheelsets for any surface breaking faults.

Now in operation for a period of six months, the SafeRail consortium met in Portugal for an update on the group's progress. From the outset it was decided that the first few months would be dedicated to deciding the type of defects to be detected and systems that fall within the scope of the project. The group are looking forward to the next six months, which will be dedicated to producing working prototypes which will be tested both in the laboratory and on track. A progress update will follow in the next edition of *OnLine*.



2008 sales higher than anticipated

Despite the beginning of the downturn of the global economy, recently released figures show the VTG Group continued to perform strongly during 2008.

Financially, times have been tough for businesses over the last 12 months. With figures officially confirming the UK had entered recession in the final three months of 2008, turnover at businesses was at best expected to plateau.

However, the latest figures from VTG for the financial year 2008 showed Group revenue actually increased by 12.4 per cent compared to the previous year, rising by EUR 67.4 million, to EUR 608.7 million, exceeding the forecast figures of between

EUR 585 and EUR 595 million.

Operating profit also surpassed expectations, achieving EUR 156.4 million compared to the forecast of between EUR 152 million and EUR 156 million.

Commenting on the results VTG's Chief Executive Officer, Dr. Heiko Fischer said: "Our growth was even stronger in 2008 than anticipated. These good results and a solid business model are a very good basis for further growth in what is overall a difficult economic environment."

One of the key reasons VTG has continued to record good operating figures is the role VTG plays in the rail freight transport of products for meeting the basic supply requirements of industry, which forms part of the industrial infrastructure. This element of VTG's largest division,

Wagon Hire, sets the company apart from many other companies in the logistics sector in that the latter are more susceptible to the economic climate.

All divisions showing very good growth

In all three divisions, VTG reported similar rises in sales. The company increased sales in its largest division, Wagon Hire, by 13 per cent in the financial year 2008, to EUR 294.1 million.

As at 31st December 2008, the level of capacity utilization achieved for the wagon fleet was high, at 91.1 per cent, with a drop of just 2.8 per cent on the previous year's figures, which is primarily due to the return of rail freight cars, which were used for transporting automotive parts.

In the Rail Logistics Division sales increased by 15.5 per cent compared to the previous year, to total of EUR 177.7 million. In the third division, Tank Container Logistics, sales increased by 7.6 per cent to EUR 136.8 million.

VTG continues on its path of growth

In the financial year 2008, VTG continued to pursue its disciplined strategy of international growth and consolidation of its leading market position in Europe. This strategy included not only the successful entry into the North American market and entry into the joint venture with Cosco Logistics in China, but also the takeover of the German wagon manufacturer Graaff.

VTG's high flying MD



VTG Rail UK's Managing Director Rob Brook turned 50 in September 2008 and as a birthday 'treat' the VTG UK team decided to give him a half hour trial aerobatic flight – to find out just how much of an action man he really was!

Unable to stall the fateful day any longer he arrived at Wellesbourne Airfield, just outside Stratford on Avon, on Saturday 7 March. It had started as a fine and sunny day but by the time the hour came to take to the air some cloud had descended, but unfortunately for Rob, not enough to cancel the flight.

A Robin 2160i aircraft, a

2-seater with side-by-side configuration, was prepared and ready to go and a worryingly eager pilot called Mike stood in attendance. Mike was an ex-RAF pilot and instructor with huge flying experience, which went some way to allay Rob's fears.

Some basic preliminary paperwork was completed – including the presentation of Rob's authenticated Certificate of Madness and the usual complete waiver of liability on behalf of everybody except Rob. Eventually he got strapped into the aircraft, which involved lots of buckles and straps – a bit like a straight-jacket – which was probably just

as well because it stopped Rob from running away.

Take-off was pleasantly uneventful, the aircraft climbed to about 3,000ft and headed west to find some less densely populated areas to annoy some sheep and cows with the screaming aero engine.

Rob told Mike that he had done some aerobatics 35 years ago when he was an air cadet (mistake of the day number 1!). Delighted by this news Mike started to put the aircraft through its paces, starting first with simple tight turns then moving to aileron rolls, followed closely by some loop the loops. Shaken but not stirred, Rob was asked if he wanted a 'go' and duly obliged, taking the controls for what he considered to be one of the finest aileron rolls ever performed by a novice!

Notching things up a bit the next manoeuvre was more complex – Mike explained that you could combine the aileron roll and the loop the loop to create what the Spitfire pilots did on their successful return to base – the victory roll. This was a fantastic manoeuvre to experience that left Rob thrilled, but did little

to settle his ever-increasing sensation of 'feeling a bit icky'. At this point Mike asked Rob if he wanted to fly inverted and Rob said 'well ok then' (mistake of the day number 2!). Mike then proceeded to put the aircraft upside down and stay there for what seemed like 10 minutes but was probably only 10 seconds, and then righted the aircraft and said with a grin and a glint in his eye 'do you want a go'. It was at this point that Rob did not succumb to a third mistake of the day and just asked to be taken home to his mummy! Inverted flight does to your insides what a kitchen liquidiser does to soft fruit – it is not pleasant!

A quick circle over Rob's house in Stratford as the aircraft made its way back to the airfield finished off an exhilarating and unforgettable experience that, for a whole host of reasons, is unlikely to ever be repeated again.



Swapping cards for cash this Christmas



Once again VTG Rail UK chose to send Christmas greetings to their customers with e-cards, using the money saved to donate to four local charities. The British Alzheimer's Society, Acorn's Children's Hospice in Birmingham, the Warwickshire Air Ambulance and The Myton Hospice in Warwick each received a cheque for £100.

Bouncing back

Profile: Debbie Field

Position: Sales & Marketing Administrator

Debbie Field only joined the VTG team in December 2008, but thanks to a freak accident during a skiing holiday in January she has already made a lasting impression.

That's because after less than five weeks into the job Debbie, who is normally never ill, had to have six weeks off work after breaking her back whilst on a trip to Val d'Isere. She spent eight days in hospital, had to wear a body brace and was unable to return to work until the middle of February.

"It was bad enough that I broke my back, but for it to happen when I had only been in a new job for four weeks really was bad timing," she said. "I was worried about what people might think, but luckily everyone

at VTG has been wonderful, though it's fair to say my skiing days are well and truly over!"

Debbie is now back at work and raring to go. She says: "My role at VTG has been newly created and I'm really excited about the challenges that lay ahead as the role expands."

Debbie's previous jobs include working at a recruitment agency, a stint at Ginsters Ltd as Finance & Administration Secretary and three years at The HIVE, which provides information to members of the armed forces and their families.

The family, husband Dave who is in the Royal Navy, and son Alex, 8, have recently relocated from Plymouth, where they had lived for 16 years, to Bromsgrove in Worcestershire. Following the move Debbie was ready for a new



challenge, which is one of the things that attracted her to the role at VTG.

One of the new things that Debbie is picking up is railway speak. "I'm starting to understand all the different terminology and acronyms that are used in the industry and I know what a bogie is now!" she says laughing.