

ONLINE

Ecofret – a new kind of container wagon

VTG has unveiled its latest innovation – the Ecofret – a new kind of container wagon designed to maximise a container train's payload.



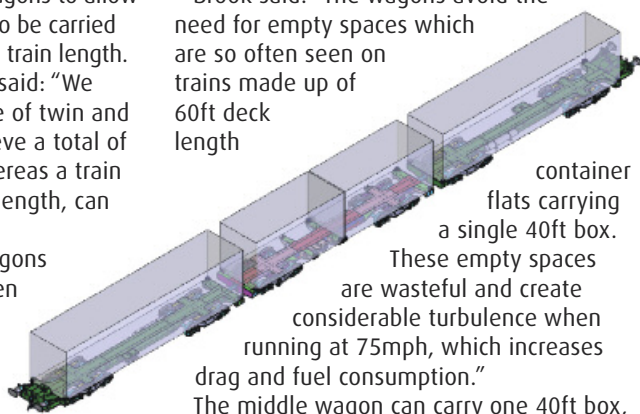
The new wagon has been designed for VTG by Lloyd's Register Rail as either a twin or triple set of 40ft deck length wagons to allow as many platforms as possible to be carried in a typical 80 SLU (512 metres) train length.

Rob Brook, MD, VTG Rail UK, said: "We believe that by using a mixture of twin and triple wagon sets we can achieve a total of 37 x 40ft boxes on a train, whereas a train of Megafrets with a 51ft deck length, can only achieve 26 boxes."

VTG named the container wagons Ecofret to emphasise their green credentials. Rail has a much lower carbon footprint than road and the wagons maximise the number of boxes

that can be carried making them even more environmentally friendly.

Brook said: "The wagons avoid the need for empty spaces which are so often seen on trains made up of 60ft deck length



These empty spaces are wasteful and create considerable turbulence when running at 75mph, which increases drag and fuel consumption." The middle wagon can carry one 40ft box,

or one or two 20ft boxes. If a single 20ft box is carried it would be weight limited to 23 tonnes, while the maximum payload for the centre wagon is 62 tonnes, or 2 x 31 tonne 20ft boxes.

The Ecofret wagons have a standard deck height of 980 mm above rail and are aimed at deep sea traffic from major ports, such as Felixstowe and Southampton, where gauge restrictions are not, or will no longer be, a barrier to carrying 9ft 6in high boxes.

A prototype of the Ecofret has been completed at VTG's Graaff facility in Germany and successfully underwent TSI noise testing at the end of May. The wagon is now in testing in the UK and is expected to be approved for operational service later this year.

VTG grows its biomass business

In April VTG Rail UK increased its presence in the biomass market when it signed a further long term agreement with GB Rail-freight for the supply of an additional fleet of 21 HYA hoppers to support the freight haulier's biomass delivery contract.

The wagons will supplement the existing GBRf fleet of 25 wagons which transport pelletised biomass from Port of Tyne to Drax Power Station near Selby, North Yorkshire.

The wagons are being built to the same

proven specification used on the initial fleet of wagons introduced by VTG last year, and will incorporate all of the upgraded features which have been developed during the first six months of operation, particularly taking into account the lessons learnt during the severe winter period.

Delivery of donor wagons for conversion to W.H. Davis, Shirebrook where the work will be carried out, commenced in April and the project is scheduled for completion between July and August 2011.



Compared with its fossil fuel counterparts, such as coal and gas, biomass produces considerably less carbon dioxide and sulphur dioxide. Therefore, burning biomass enables Drax to meet its targets for reducing its emissions of carbon dioxide, which will be further helped by the introduction of a second rake of wagons.

New livery for tarmac wagons

March 2011 saw the return to service of the first cement wagons in their brand new green and yellow livery a key deliverable of VTG's purchase and lease back agreement with Tarmac Buxton Lime and Cement (TBLC).

Now in the third year of the 15-year agreement VTG owns the fleet of 20 aggregate hopper wagons and 30 pressure discharge cement tanks, which it leases to TBLC.

Crucially to the contract VTG's dedicated Fleet Operations team manages the wagons on a day to day basis, ensuring that all parties, including maintainers, customers and hauliers, are liaising as required to achieve targeted availability, whilst keeping the wagons safe and in good order. As well as routine maintenance VTG manages any repairs that might become necessary and organises other 'fleet specific' activities as required.

In addition to carrying out the re-liveries of both fleets, VTG has carried out a number of other pre-agreed activities covered by the same purchase and lease back agreement. These included the replacement of failing internal reinforcement plates in the hoppers to ensuring that the structural integrity and lifespan are assured.

Ian Shaw, Sales and Marketing Director, VTG Rail UK, said: "The agreement with TBLC is a good example of the long term contracts we offer, and how we are able to

tailor a package that securely fulfils the customer's rail wagon supply requirements, whilst also providing the independence to allow them to take advantage of today's competitive rail haulage market."

In this instance having VTG as the fleet owner has allowed TBLC to concentrate on its core business activities, knowing that the cost of any attention to the wagons is already covered.



Mabanaft contract starts

VTG Rail UK has reached an agreement to supply 25 tank wagons to DB Schenker on a new traffic flow for Mabanaft, the trading arm of a leading independent petroleum company Marquard & Bahls AG.

Mabanaft recently contracted DB Schenker to transport petroleum products from Simon Storage Ltd at Immingham to its storage and distribution terminal in Cardiff. Paul Lugg, VTG UK's Tank Fleet Sales Manager, said: "This new petroleum products traffic started at two trains per week but we anticipate that this may increase due to demand. It is currently utilising one train set of 25 wagons to haul a range of distillates, including derv, kerosene and gas oil for motor vehicle fuel and heating."

Although perhaps not a common household name, Mabanaft Ltd is one of the premier independent fuel wholesalers in the United Kingdom and owns a portfolio of independently operated, strategically situated, sea-fed fuel terminals in the UK, including Thames, Tees, Avonmouth and Ross in addition to those involved in this traffic. Now in their fifth decade in the UK they have established a strong reputation as a key supplier to independent distributors, retailers, hauliers, marine-bunker providers, supermarkets, and the commercial/industrial sectors.



News from the group

VTG reports increased profits and continues its growth path for 2011

- Increased revenue and EBITDA compared to the previous year
- Extended wagon fleet with new acquisitions
- High growth in the Logistics Division
- Positive outlook for 2011
- Proposing 10 per cent dividend increase to EUR 0.33 per share

In April VTG AG announced its figures for the financial year 2010. Compared to the previous year, Group revenues rose by 8.2 per cent to EUR 629.4 million.

Operating profit (EBITDA) rose by 3.4 per cent to EUR 154.4 million, achieving the higher end of previous forecast.

"As an integral component of the value chain in many European industries, and after completing 2009 without being affected by the crisis, VTG was again highly successful in 2010. On our growth path, we succeeded in positively positioning and further developing our business lines in the market," concludes Dr. Heiko Fischer, Chair-

man of the Board of VTG Aktiengesellschaft.

In particular VTG was able to achieve growth especially in its logistics business.

"With our new acquisitions of rail freight cars and wagons for agricultural products, we succeeded in taking a big step towards the diversification of our fleet. We are now positioned for our future and it allows us to offer our customers a broader product portfolio," adds Fischer.

In 2010, Group revenue rose by 8.2 per cent to EUR 629.4 million. EBITDA rose by 3.4 per cent compared to the previous year, to EUR 154.4 million, returning to the levels achieved in 2008, the Company's record year. Group earnings saw a slight decline by EUR 1.9 million to EUR 20.6 million as a result of higher depreciations. As of 31 December 2010, the Group employed 999 staff, including 709 in Germany and 290 abroad.

The full report can be viewed on the VTG website www.vtg.com

VTG increases TMF shares to 100 per cent

In December 2010, VTG AG (WKN: VTG999) announced that it had increased its shareholding in TMF S.A, the French rail logistics company, from 75 per cent to 100 per cent.

This followed the news in July that VTG had successfully taken over 75 per cent of the shares in TMF held by the company Ermewa. With the purchase of the remaining 25 per cent of shares, VTG has now taken over TMF in its entirety.

In 2009, TMF achieved sales of EUR 59 million and employed 25 staff, mainly based in France. The company is also represented in Belgium, the Netherlands and Germany through three small subsidiaries.

In 2009, TMF also transported some three million tonnes of grain, making it one of the two major French providers in the market.

VTG achieves new "Volume"

In January VTG AG (WKN:VTG999) delivered the first batch of its newly developed compressed gas tank wagon to Evonik. The new "Volume¹¹²" wagon is the result of collaboration between VTG and the manufacturing plant Graaff, and represents an important development in wagon design.

Dr. Heiko Fischer, CEO, VTG AG, said: "With the development of the Volume¹¹² we are benefitting from the advantages of our innovation platform Graaff. The input and bringing together of both VTG's and Graaff's technical expertise has, through cooperation, led to a product with high value for the customer."

The new wagon is the same length (18m over buffers) as the previous design but now provides the benefit of a much higher volume of 112 cubic metres. Previously this type of wagon normally had a capacity of 110 cubic metres. It was possible to increase the volume by lengthening the



tank within the legally permitted limits and without lengthening the underframe. This not only means that the cargo weight can

be better utilised, in the case of many compressed gases, but also increases the cost effectiveness of this option.

Bitumen on track



VTG's fleet of 30 new bitumen wagons have now been running successfully in service between Lindsey Oil Refinery and Preston for the last six months. VTG supplied its customer Total Bitumen with the first 26 wagons in November 2010 and delivered the remaining four in January of this year.

The wagons have far superior insulation to those they replaced and have been well received by Total's operators who commented that when the loaded wagons reach the Preston discharge terminal, the tank cladding is almost as cool as when they are empty.

Minister endorses NSARE Apprenticeship to Fellowship scheme

On the 22nd June, Rob Brook MD of VTG Rail UK LTD and member of the National Skills Academy for Rail Engineering Board attended NSARE's first major conference at the IMechE where John Hayes, Minister for Education, Skills & Lifelong Learning, endorsed the Industry's Apprenticeship to Fellowship scheme at NSARE's first major conference at the IMechE.

Nearly 200 industry representatives attended the conference which was chaired by Terry Morgan, Chairman of Crossrail and as well as John Hayes included speakers representing Network Rail, Transport for London, the Rail Freight Group, the National Rail Contractors Group, the Railway Industry

Contractors Association, the IMechE and the IET, RIA and the Young Railway Professionals as well as NSARE.

The Apprenticeship to Fellowship scheme, which is being led by NSARE and involves all the professional engineering institutions with an interest in railway engineering, will enable apprentices to gain professional recognition at all levels within their engineering institution, and will provide an equally valued route to the top of the engineering profession in addition to the traditional academic route. It will transform career opportunities for engineering apprentices joining the railway industry.

Demystifying Rail Freight

The Rail Freight Group (RFG) and the Chartered Institute of Logistics and Transport (CILT UK) have announced the launch of a new training course, 'Demystifying rail freight: Become an informed user of rail freight services'.

Designed to help companies improve their understanding of the benefits moving to rail, the course is aimed at logisticians who may view the sector as complex or costly, but want to investigate the possibility of modal shift. The CPD accredited course seeks to expose some of the myths surrounding the sector.

Announcing the new collaboration, Tony Berkeley RFG chairman, said: "From talking to many people, including some of our members, we have identified a need to better inform transport buyers of the benefits of the sector. We want to help customers cut through the incredible complexity that seems inherent to the rail freight sector, so we thought we would launch a very interactive course as a start to that process. We want to try and help people understand the sector much better and the cost and environmental benefits that it can offer."

As a participant in the planning of the course, VTG is keen that its benefits are shared with the maximum number of potential railfreight customers. Ian Shaw, Sales and Marketing Director, said: "VTG was pleased to play its part in planning the content of the course and we hope it will prove useful to both new and existing railfreight users."

The course comprises a number of one day training seminars – the next planned for September. For further information, please contact Tony Berkeley (tony@rfg.org.uk / 07710 431542). For further information on CILT or to book a place on the course, please contact Dorothea Carvalho (dorothea.carvalho@ciltuk.org.uk / 020 73481975).

In addition the conference agenda included an update regarding NSARE developments during its first five months of operation and the launch of the NSARE Limited Membership scheme. The Membership scheme is open to employers and training and skills organisations and provides the opportunity to shape the future development of the Skills Academy through attendance and voting at the NSARE Limited AGM. In addition, Member organisations will be listed within the Skills Academy's literature. It is an opportunity for organisations involved in railway engineering to demonstrate their support for NSARE which has been created by the industry for the industry.

New ROGS Regulations impact Wagon Keepers and ECMs

This summer an amendment to the Railway and Other Guided Systems (ROGS) regulations will be introduced by Order of Parliament, as the first stage of implementing the EU Directive bringing about Entities in Charge of Maintenance (ECM).

This initial regulation will require Wagon Keepers to register an ECM in the National Vehicle Register (NVR) and it will also create two criminal offences in section 18A.

The first will be the offence of operating a wagon on the UK railway network without a registered ECM in the NVR and will apply to Keepers and Railway Undertakings. The second offence will apply if the registered ECM does not ensure that a vehicle it is responsible for has been maintained in a safe condition and is safe to run on the network. The new offences will come under section of the Health and Safety at Work etc Act 1974 which carries a maximum penalty of 12 month imprisonment, plus a fine of up to £20,000. A defence of due diligence is also being

created in ROGS, which helps to mitigate any concerns that a duty to ensure vehicles are safe to run on the network is (a) too onerous, and (b) does not take into account the possibility that the duty holder has taken all reasonable steps or due diligence to avoid committing the offence.

All this may sound rather frightening, as UK Keepers have until now been protected by the Private Wagon Registration Agreement (PWRA), thereby sharing responsibility for how maintenance is done with Network Rail. This arrangement will continue under due diligence, until ECMs are certified as required in of ROGS starting in 2012 when the ECM will become fully responsible. The Private Wagon Federation (PWF) of which VTG is a member is still very active in discussions with the Office of Rail Regulation (ORR) about how this requirement will be introduced and how ECMs will become certified. Amongst other things, it is still unclear what level of technical expertise will be required inside an ECM, and what expertise

can be 'bought in' without taking away from the ECM the responsibility for the safe maintenance of the wagons in its charge.

VTG has declared its intention to act as both Keeper and ECM for all of the wagons in its fleet, utilising its strong in-house Engineering and Fleet Management resources.

For private wagon owners without this level of in-house capability, VTG can offer assistance in the form of either a 'sale and leaseback' agreement or, should it be desired to retain ownership of the fleet, a bespoke wagon management package.

Both offerings provide the customer the security of knowing that its key rail transport assets are being safely managed with availability maximised, whilst giving them the freedom to negotiate the best deal in today's competitive rail freight haulage market.

To discuss what VTG can do to assist with your rail wagon requirements or simply to find out more about the changes in the industry, please contact us.

Work experience



Engineering student Alex Cotton has been working in VTG Rail's engineering department since January this year.

Alex, who is on a six month placement, joined VTG through the Year in Industry scheme

(YINI). The YINI provides high quality paid placements for degree students either in their gap year, or during their course. Alex, 20, is currently in his third year of a Masters in Mechanical Engineering at the University of Sheffield. As part of his course Alex spent three months at the end of last year in Lyon at a French engineering university.

Alex said: "I'm very grateful for the opportunity to work for a company as successful as VTG!"

During his time with the company, Alex has worked on a wide range of projects, and in particular taken responsibility for dealing with the introduction to service of the company's new fleet of bitumen tank wagons. Alex has also been heavily involved with the restructuring of VTG's maintenance documentation as part of Project Chrysalis.

Outside of work Alex enjoys playing cricket, golf and football and follows Chelsea FC.



VTG presents GB Railfreight with top freight prize

Managing Director Rob Brook presented the VTG-sponsored Railfreight Excellence of the Year award to railfreight haulier GB Railfreight at the 2010 Rail Business Awards.

The ceremony was held at the London Hilton, Park Lane on 17th February, 2011 and is the third year of VTG's sponsorship of the category.

GBRf was presented with the award for the way the company has continued to grow, despite difficult economic conditions. The company had renewed and expanded several of its long-standing customers as well as generating significant volumes of new business.

One contract of particular note, was GBRf's agreement to deliver biomass regularly to one of Britain's biggest power stations, which puts the freight haulier at the forefront of environmental development with the rail freight industry.

Rob said: "For many 2010 was a difficult year though despite the difficulties, GBRf managed to operate more trains and make a bigger financial contribution than ever before. "It achieved this by consolidation and by its ability to bring innovation to the industry and its constant attention to performance improvement making it a pleasure to present the company with the award for Railfreight Excellence of the Year."

Ten years of success

Ian Shaw, VTG Rail UK's Sales and Marketing Director, celebrated ten years of service in March having joined CAIB UK (part of Brambles' European rail division) in 2001 from Alstom Transport. To mark the occasion Ian was presented with a ten year service award.

Initially, Ian joined the Central Procurement team at EVA GmbH in Dusseldorf, seconded to the UK as Project Engineer. Previously he had worked as Project Engineer on the new Virgin WCML Pendolino tilting trains, and before that at Westinghouse Brakes, both providing good experience for his move to what would become VTG Rail UK.

During this period Ian project managed the introduction of the company's new generation tank wagons on track friendly bogies plus its fleet of excavator carriers for Network Rail. He was also involved in the integration of CAIB UK into the VTG Group as part of its acquisition from Brambles.

In 2003 Ian took over the non-tank side of the business as Bulk Fleet Manager as part of an internal reorganisation. Whilst in this role he concluded the sale and leaseback of Corus' 66 vehicle coil carrier fleet, managing its hood replacement program, followed by a deal to add a further 40 new wagons of the same design. He was also involved in the sale of VTG's former wagon maintainer, Marcroft, to an MBO team, as well as reaching landmark agreements to supply VTG's new generation, aluminium bodied, pressure discharge wagons to Lafarge Cement and Castle Cement.

Following Rob Brook's appointment as VTG's new MD in 2007, and the subsequent introduction of a new company structure, Ian moved to the new role of Sales Man-



Ian Shaw
Sales and Marketing
Director

"Despite some uncertainties that may still exist in the wider economy, I am confident that the future for rail freight remains bright..."

ager. In this role his major achievements included finalising the sale and leaseback deal with Tarmac which has just entered a third successful year. Ian also introduced a new aggregate hopper fleet with Mendip Rail and a new coal hopper fleet for GB Railfreight in 2009, followed by the first ever biomass fleet in 2010.

2011 saw a new contract with GBRf for a second fleet of biomass wagons and, looking forward to the rest of the year and beyond, Ian is optimistic about VTG's future. He comments "Despite some uncertainties that may still exist in the wider economy, I am confident that the future for rail freight remains bright. The environmental credentials of rail compared to other forms of transport remain beyond question, and VTG will continue to play its part in driving down the UK's carbon emissions".

The VTG Challenge

Helen Day, a Finance and Quality Controller from Westcode UK, is the fourth winner of VTG's competition to see who can send in a picture of themselves reading a copy of OnLine in the most unusual place or situation.

Helen is seen pictured with 'The Stig' at the Gadget Show Live in Birmingham.

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 details to Caitlin Lippitt at caitlin.lippitt@vtg.com. The closing date for entries is 29th October 2011. Standard competition rules apply.



Abseiling for Acorns

On 15th May Janet Sheppard, a Fleet Controller at VTG, abseiled down the 110ft Fort Dunlop Building in Birmingham in aid of the very worthy cause of the Acorns Children's Hospice. Janet has raised £750 so far.

Three Peaks for charity

Raising funds in aid of



If abseiling 220 feet down England's highest waterfall in 2010 wasn't enough, this year the team at VTG took on the 'Yorkshire Three Peaks Mountain Challenge' for its chosen charity Marie Curie Cancer Care.

Taking place on 2nd July 2011, the event was a 'true challenge' for any walker and involved summiting the three peaks in one day. The famously demanding 26 mile hike took in the three highest peaks in Yorkshire: Pen-y-ghent (2,277 ft), Wharfedale (2,415 ft) and Ingleborough (2,375ft).

In the words of the organisers: "Not to be underestimated, the ever changing terrain and weather of the ruggedly beautiful Yorkshire Dales will not only test your physical stamina and capabilities, but push you to your limits."

In the words of some of the team members: "Twenty six miles? Aaaaargh!"

As in 2010, VTG are hoping to raise as much money as possible for Marie Curie Cancer Care, which provides free nursing to people with terminal cancer and other illnesses, and in doing so gives them the most important choice of dying at home, supported by their families.

VTG's team comprised of Ian Shaw, Debbie Field, Rajesh Sharma, Nigel Day, Mark Pumphrey and Maria Connolly.

If you would like to sponsor VTG for its 2011 charity event, donations can still be made through the VTG Rail UK Limited page on JustGiving <http://www.justgiving.com/VTG-Rail-UK-Limited0>