

# ONLINE

## Seeing red – DB Schenker takes Ecofret

DB Schenker Rail UK has taken delivery of a number of VTG's award-winning Ecofret container wagon on trials in their deep sea intermodal services.

The freight company received the first set of red Ecofrets at the DB Schenker terminal at Southampton in May.

Steve Pryce, Head of Marketing and Wagon Management at DB Schenker, said: "It was great to see the high-capacity Ecofret wagons at our Southampton terminal. This is part of our commitment to give our customers the best intermodal service in the market."

VTG and DB Schenker work together in most major commodities, steel, petroleum, construction and now intermodal.



Ian Shaw (left) with Steve Pryce of DB Schenker.

Ian Shaw, VTG's Sales and Marketing Director said the company was delighted to be doing new business with DB Schenker. "DB Schenker is a long-standing and valued customer," he said. "We are sure that this innovative addition to the wagon fleet will be successful in bringing key efficiency benefits to their business. "Following VTG's recent acquisition of AAE's

wagon fleet, the introduction of the Ecofret to DB Schenker further enhances our collaboration in this sector and bodes well for the future". DB Schenker is the latest freight operating company to see the benefits of the Ecofret, which means that VTG is now providing the innovative wagons to the majority of UK rail hauliers operating in the maritime intermodal market.



## Mind the gap! The economics of Ecofret

Companies making a case for investing in the lease of an asset such as the Ecofret will seek to spend their funds in the most effective manner to ensure the best possible returns.

Anyone looking to gather information to make a case for the Ecofret could do a lot worse than to go to Felixstowe or Southampton and watch the intermodal train services leave the port.

On trains comprised of older wagon designs there will usually be numerous gaps between containers, gaps that, if closed, could enable additional containers to be carried in the same train length, bringing in enough

extra revenue to quickly justify the investment.

"Put simply," says Ian Shaw, every time you eliminate two 20ft gaps, that's a revenue-earning 40ft box.

"The train operators know what they earn from such a box, so the maths is simple.

"If those spaces can be turned into revenue earning boxes then it won't be long before the investment pays for itself."

"By using the capability of the centre platform of the Ecofret triple platform set to carry either one 40ft or two 20ft containers, or by mixing twin platform Ecofrets with existing 60ft wagons such as FEAs, the wasteful 20ft gaps common on traditional

intermodal trains are virtually eliminated and can quickly make a significant and positive impact on a financial case.

"Close-coupled Ecofret platforms mean that as well as offering an improvement of up to 32% in the number of containers carried compared to a similar length of train made up of less efficient wagon types, the elimination of large gaps between boxes reduces turbulence and hence fuel consumption.

Meanwhile Ecofret's track friendly bogies reduce the impact on the railway infrastructure meaning lower track access charges, as well as allowing improved fleet availability by going further between service intervals.

# State of the art wagons for Hope

The first of the 48 new cement wagons commissioned by VTG for lease to one of Britain's leading suppliers of construction materials was unveiled at the Transport and Logistics show in Munich in May.

Hope Construction Materials has secured the state of the art new wagons, which are due for delivery in the autumn to Hope Works, to move cement from its flagship Derbyshire cement operation.

Once in use, they will improve Hope's ability to consistently transport over a million tonnes of cement from their leading plant to depots, for onward road deliveries to cement customers across the UK.

In keeping with the firm's ongoing commitment to improving sustainability, the wagons are being built from aluminium, reducing weight and with it, fuel consumption and carbon emissions. The wagons will also be quieter than older alternatives, utilising track-friendly bogies which are quieter, attract lower track access charges and benefit from longer service intervals.

Ian Shaw, Sales and Marketing Director, VTG UK Rail added: "VTG is delighted to be working with Hope Construction Materials on this landmark investment scheme.

"Once again we are proud to be leading the way in the provision of innovative and sustainable wagon designs which give our customers the competitive advantage they need."

Ashley Bryan, Industrial Director of Hope



Construction Materials, said: "These new wagons will bring many benefits and help us achieve major improvements in our rail logistics operation.

"They will carry a much larger 'payload' – 80 tonnes in comparison with the current wagon payload of 36 tonnes – meaning fewer trains are required to achieve the same annual volume, resulting in reduced movements up and down the branch line between Hope Works and the mainline.

"Fewer rail movements mean less impact on our neighbours around Hope Works which is very important to us given our commitment to maintaining a strong relationship with the local community."

"The improved wagon design also makes it easier for our operators to load and discharge cement, resulting in reduced manual handling."

Delivery of a further 19 JPAs – for Hanson Cement – will take place shortly.

The wagons were ordered for Hanson in Spring last year and are being built by Feldbinder in Wittenberg. Ian Shaw said: "The Hanson order proves that investment in new technology, technology that pushes at the boundaries of design and function, is essential. We will continue our research and our technological development to make sure our customers always get the best deal possible."

## VTG on influential freight panel



VTG was represented at the first Office of Rail and Road freight customer panel, which was held in the early spring.

The panel is part of the ORR's commitment to link with freight customers to better understand the commercial nature of their business. It provides a structured forum to ensure policies and decisions take into account the business environment within which the rail freight industry works.

Managing director Rob Brook (left) has joined the panel to offer advice and give his opinion on rail freight customer interests and issues.

The first panel meeting was chaired by

John Larkinson, ORR's Director of Economic Regulation. The inaugural session covered the freight customer track access contract; the strategic freight network fund and the structure of the charges review.

Rob Brook, VTG Managing Director, said: "I am delighted that VTG have been asked to be part of this new initiative through which the ORR aims to engage directly with the freight customer community.

"My involvement will focus on the wagon related matters that contribute to achieving an efficient, customer focused, railfreight service, and I look forward to having my say!"



# VTG off to a good start in all divisions



Dr. Heiko Fischer

VTG Group revenue increased by 26.1 percent for the first quarter of 2015, from EUR 199.6 million to EUR 251.7 million.

The EBITDA also recorded a considerable increase of 90 percent, rising from EUR 44.0 million to EUR 83.6 million.

These increases are largely attributable to the first-time inclusion of AAE, which was acquired at the beginning of the year. VTG's existing business operations also made a significant contribution to this positive development. Both the Railcar and the logistics divisions increased their revenue and operating profit and were successfully able to expand on their business.

"I am delighted that we have entered the new year with such great momentum, which has led to a substantial upward trend in all of our business divisions", says Dr. Heiko Fischer, CEO of VTG AG. He adds, "In acquiring

AAE, we have taken a major step in growth, secured our position as the largest private wagon hire company in Europe by far and managed to open up new market potential. This is clearly evident from our results."

After adjustments Group profit grew by 122.4 percent in comparison to the previous year and reached about EUR 7.5 million. At EUR 0.16, adjusted earnings per share almost remain at the previous year's level (EUR 0.17), due to the financing of the AAE acquisition.

## Railcar division

The Railcar Division achieved revenue of EUR 132.5 million in the first three months of 2015 (previous year: EUR 85.4 million). This corresponds to an increase of 55.1 percent, which is essentially linked to the AAE takeover. In addition, investments in new build wagons have had a positive impact on revenue development.

Overall, the fleet has increased by a considerable amount as a result of the acquisition of AAE, rising from more than 50,000 to over 80,000 wagons. Capacity utilization reached 90.9 percent for the first quarter of 2015 and thereby exceeded the previous year's rate (90.1 percent), despite the large-scale fleet expansion.

## Rail logistics division

The Rail Logistics Division made a positive start to the year by achieving an increase in revenue. Positive developments in the project business have enabled revenue growth of 0.7 percent to be recorded for the first quarter: from EUR 77.0 million to EUR 77.6 million. Following the regressive development in the previous year, the EBITDA stabilized and rose by 85.6 percent to EUR 0.2 million (previous year: EUR 0.1 million).

The result indicates that the reorganization

measures introduced in the division and the implementation of new structures are beginning to take effect.

New business has already been generated as a consequence, as demonstrated at the 'transport logistic' fair in Munich in May 2015, for instance, where a framework agreement was signed with BLG AutoRail GmbH for automobile transportation by rail.

**Tank Container** revenue increased in the first three months of the new fiscal year in comparison to the previous year by 12.2 percent, from EUR 37.2 million to EUR 41.7 million. This figure includes one-time gains associated with the sale of a non-consolidated affiliated company.

The reason behind the positive development in the Tank Container Logistics Division is an increase in transportation volumes in Europe and overseas, particularly for transports in the USA and to Asia. Furthermore, the division benefited from the strength of the US dollar.

## VTG reaffirms forecast for 2015

The VTG AG Executive Board re-affirms the forecast it set in March for the 2015 financial year. It anticipates revenue for the Group in the range of EUR 1.0 and 1.1 billion and EBITDA of EUR 325 to 350 million. The major part in this increase is associated with the Railcar Division, which will significantly increase revenue and EBITDA through the inclusion of AAE.

For the 2014 financial year, the VTG AG Executive Board intends to propose the payment of a dividend of EUR 0.45 per share to the Annual General Meeting on May 29, 2015. This represents a dividend increase of about 7 percent in comparison to the previous year.



# Janet's working hard to keep her customers satisfied



Janet understands what really matters to customers.

VTG works hard to keep its customers happy. In fact Europe's leading wagon leasing company is constantly thinking of ways to keep satisfied the people with whom it does business.

Understanding the things that really matter to a client is key. For VTG's customers that's usually having the right number of wagons available whenever and wherever they want them, and for those wagons to run reliably once they start moving.

Is there a limit to how far one might go to maintain good customer relations? Well, yes of course, but then there's service and there's service. We are all customers of one sort or another. We shop for countless items all served with varying degrees of enthusiasm and accepted with varying degrees of satisfaction. Some of us, the cynical ones, might think any special attention is a smokescreen to hide a problem elsewhere,

whilst others are grateful. Then there are those who will seek to take advantage.

However, it's difficult to imagine anyone taking advantage of Janet Sheppard, one of VTG's longest serving Fleet Controllers. Janet, a lively and cheerful mother of five, grandmother to another five with 11 years' plus service at VTG under her belt, says she tries to keep all of her customers happy, all of the time. Straight talking Janet is passionate about hitting the targets her customers demand and wagon availability and reliability are the twin peaks of her objectives. "Customers don't want to wait," explains Janet. "They want it here and they want it now. They have a business to run and can't hang around waiting for us to get our act together. "I would never shop anywhere that said you can have half your order now and the rest when they feel like it and neither should our customers.

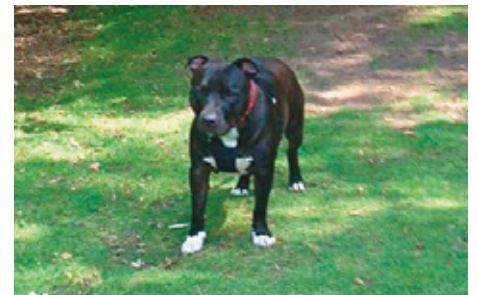
I want to deliver the best customer service possible."

It's clear that Janet is a people person – she even calls the wagons in her allocated fleets her 'babies'. And woe betide anyone who messes with Janet's babies. One of the weapons in her armoury is VTG's recently introduced daily Performance Management review. It's a 15 minute morning get together, held in VTG's Birmingham offices, to discuss any issues that might impact on availability. According to Janet, it's going down well and is working, helping to flush out problems and boost customer satisfaction.

Janet's been doing her job with enthusiasm for years and sees no reason to stop. She's not interested in retiring even though she admits to being old enough to qualify for a bus pass. A blow then, when the government increased the age limit. Disappointed, but not defeated, she said: "It seems that I shall be looking after my babies and walking with my dog Baxter (below) for a while yet!"

And the limit of her caring? Well, customers often find themselves stressed and under pressure and Janet recognises that humour can be a key part of helping the situation. Whether it means sharing a joke, administering one of her infamous (tongue-in-cheek) reprimands or becoming an "agony aunt" for a few minutes, Janet is always keen to add a personal touch to wagon fleet management.

If it keeps her customers happy, Janet's happy!



## New loco fuelling fleet

VTG has agreed a deal with Freightliner for the movement of gas oil between Total's Lindsey Oil Refinery and the freight company's rail-only locomotive fuelling point at Ipswich.

The product will be moved using a fleet of 18 tank wagons.

Paul Lugg, Sales Manager for VTG is delighted to have secured the contract with Freightliner. "This is new business for VTG," he said.

"I am pleased we were able to support Freightliner and provide the wagons at short notice. VTG prides itself on its flexibility

and ability to respond quickly to the specific needs of our customers. Once we had identified Freightliner's immediate requirements we were able to install a short term solution whilst the long term fleet was being prepared for service.



# Business Bites – a look to the Future

The first in an occasional and quick look at future prospects for VTG, its clients or the industry generally.

Having made the most of the strategic reviews of market opportunities over the past 10 years or so VTG asks: “what and where next?”

Over the past few years VTG has successfully entered or substantially increased its presence in various markets including the cement, coal, biomass and intermodal sectors with new wagons, leading edge design and a business proposition that supports the client's success.

So, what's next?

Clearly, the construction market is currently enjoying a welcome period of post-recession growth, with housing and other markets on the up as well as some major infrastructure projects (HS2, Crossrail 2, Hinkley Point C, Thames Tideway, etc) on the horizon. All of these will require the availability of suitable rail wagons both for the disposal of tunneling spoil and for the delivery of aggregates and other construction materials. With the UK's existing fleet of construction wagons being fully utilised at the moment more wagons are likely to be needed, but investment in assets with an economic life well in

excess of even the longest of these projects, needs to be justified on the basis that they will be needed not just in the short term but the medium and long term as well.

Then there is the coal market. With the government's doubling of the UK carbon tax in April, the number of coal trains being operated has fallen by around two thirds, leaving a huge fleet of perfectly serviceable freight rolling stock sat idle. With prospects of a significant increase in coal seemingly unlikely, the question has to be what to do with these wagons? Given that their design is optimised for coal, a significant conversion (or re-purposing) project could be the answer to give them a new lease of life. VTG is actively looking at innovative solutions in this area.

Another industry sector that might benefit from the introduction of new freight rolling stock is automotive. The success of the UK's car manufacturing industry, including brands such as Jaguar Landover and Mini, has seen volumes rise to over 1.5 million cars being produced each year with around 80% of these being destined for export. The poten-

tial for rail to play its part in the logistics of car transportation is clear but, reconciling the ever changing design of new cars (usually involving an increase in size) with the long term investment required to build a new railway wagon presents its own challenges. How to produce a wagon capable of efficiently transporting today's new cars and also those that will be being built in 10 or 20 years' time?

What do you think?

Watch this space!



## Adrian makes up for unlucky start



The VTG career of Adrian Freely, our recently recruited Fleet Engineer, got off to a less than ideal start.

Five weeks into his new role and what started as a pain in his arm turned out to be significantly more than that. It led to a diagnosis of pneumonia and hospitalisation.

Fortunately, after treatment and a recovery period the now fully fit Adrian has got his feet firmly under the VTG table and is able to talk about his new role with enthusiasm.

And he is enjoying life with VTG. He believes he can meet his personal ambitions with the company.

“At this stage in my career,” he said, “I want to be with a growing business and be part of their success.

“We have a good team of people here, working in smart and efficient ways, ably led by Rob Brook with the support of an enthusiastic parent company. The early morning meetings where we talk through the operational priorities of the day really work. It's good to talk through the issues. Sometime in our busy lives we forget to talk.”

Variety seems to be the spice of Adrian's life.

“No two days are exactly the same,” he said. “Every day presents a different challenge and that's why I like it.

“It's not a 9 to 5 job. Engineering support can be needed at any time and you've got to be able to react. It's the sort of role that demands flexibility and VTG understands that.”

Although he didn't realise the significance at the time, Adrian first worked on VTG's wagons some 15 years ago.

Starting on the shop floor as an apprentice welder fitter with the Bradford-based M1 Engineering he worked on the manufac-

turing of pressure vessels and also on ISO tank containers for VTG. “All those years ago I worked on the fittings and the piping systems for these VTG tanks,” he said.

He's moved on since those days. He completed a degree equivalent, five-year apprenticeship scheme eventually applying for and getting a Quality Assurance supervisor's role with Thrall Europa. It was a job that saw him working in France, Belgium and the USA.

However, the company's eventual move to Romania and the Czech Republic did not fit with Adrian's plans and, although invited to go with the company, he stayed in the UK joining Marcroft Engineering, with whom he spent five years, then WH Davis for a year followed by further five years with GE Rail Systems. Next was VTG.

“Engineering,” explains Adrian, “is constantly moving forward and VTG is a forward thinking company trying to improve things all of the time.”

Now with a young family whose passions are football in the winter, cricket in the summer – and dad's taxis all of the time – it's clear that Adrian believes in the future of a company whose quest for ever-improving customer service makes him feel very comfortable.

# Sam helps engineers become cool at school

Sam Hunt, VTG's Year in Industry student, took on the Herculean task of changing the minds of a group of 12-14 year olds.

Sam was working on a "Go4Set" 10 week science, technology, engineering and maths (STEM) project run by the Engineering Development Trust (EDT).

The project is aimed specifically at this age group in order to give youngsters exposure at an early age to STEM based careers.

Sam's group, from St Martins Catholic Academy school chose to create an eco-classroom. They built a model, wrote a report and presented their work to a panel of assessors at the end of their project.

The students were asked a question at the start and end of their 10 week project the question: "What do you think of when you hear the job-title 'engineer'".

Sam explains: "The answers given at the start disappointed me somewhat.

"Every single answer fitted entirely into the engineering stereotype - 'dirty hands', 'wears overalls', 'fixes cars' and so on.

"If children are exposed to this one single



stereotype of what it is to be an engineer you realise why the engineering sector is struggling to attract the younger generation."

Throughout the 10 weeks Sam not only offered help and advice on the project itself, but also got the students to try and create a real life engineering environment in order to show them that you don't have to go to work in overalls or get your hands dirty every day to be an engineer.

Sam's enthusiasm for the subject and as a mentor clearly worked.

"I exposed them to other areas of engineering with some success," he said.

"When the same questionnaire was passed

around at the end of the 10 week project, I found the answers were a lot more varied. There were still the 'dirty hands' references but that I liked because I didn't want to change their minds completely into thinking they would just be sat at a desk all day!

"Other responses emerged such as 'intelligent', 'well organised' and my favourite response: 'cool'.

That last response was key to me as initially, not one child thought engineering was cool, yet after a 10 week project, two thirds of them had changed their minds.

"I believe that the Go4Set project is a good way to get children exposed to engineering, however getting a passionate mentor is a significant influence."

## It's a Girl!

Congratulations to Nigel Day our Head of Engineering and his partner Lisa who are happy to announce the arrival of a baby girl on the 9th July.

Apart from a little less sleep, they are doing well and settling into life.

We wish them lots of happiness for the future.

## VTG says thanks and helps to raise over £12,000

### RBF Annual Golf Day 2015

VTG's intrepid golfers helped raise thousands of pounds at the rail industry's premier charity golf event this summer.

On 18th June we entered a team of four players into the 7th RBF annual charity golf day at Hendon Golf Club alongside teams from 26 other companies from the rail industry. The eventual winners were the team

from Virgin Trains - congratulations to them!

The RBF is a charity for active and retired railway people and their families. Some £12,000 was raised thanks to the generosity of those organisations and individuals taking part in the tournament.

VTG's team for the RBF's north London tournament was Ian Shaw, Nigel Day, Paul Davies and Sam Hunt.

### VTG Annual Golf Day

The VTG day was held at Morley Hayes golf club on 9 July.

It was a thank you to all our customers. Five teams took part, with GBR's John Dean made winner.

We were very lucky with the weather, with beautiful sunshine throughout the day. All in all, it was a great day with great company!

From left: Ian Shaw, Sam Hunt, Nigel Day and Paul Davies.



From left: Paul Davies, John Dean, Simon Blake, David Legge.

