

# Railway Gazette

INTERNATIONAL



## GREAT BRITAIN

**NR under pressure**  
Hendy and Bowe review  
Network Rail's enhancement  
strategy

PAGE 34



## SIGNALLING

**'We want to be number one'**  
The recent acquisition of GE  
Signaling has strengthened  
Alstom's position

PAGE 38



## IN FOCUS

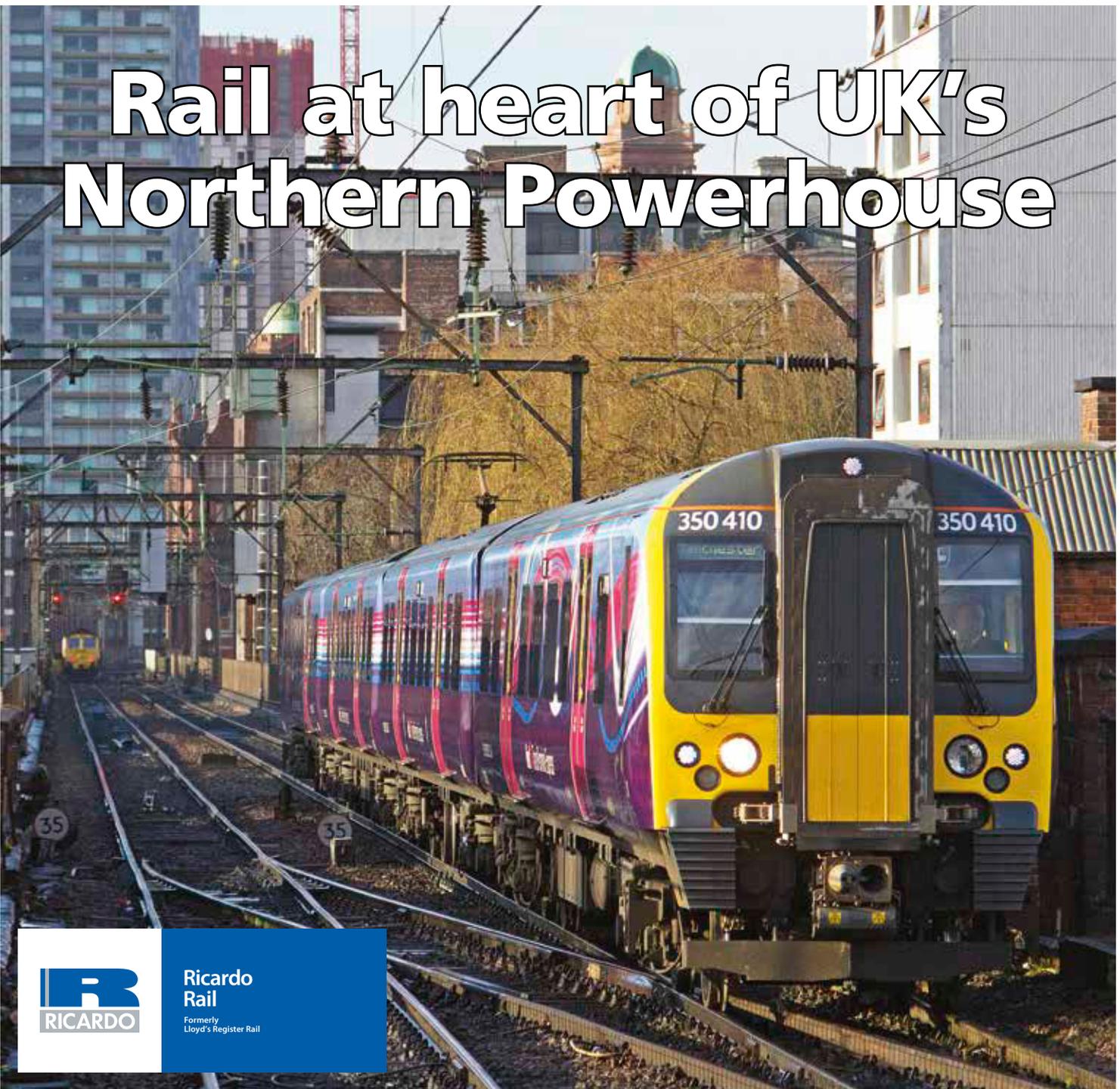
**Reviving Deutsche Bahn**  
DB has unveiled its latest  
strategic plan to put the  
customer first

PAGE 55

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February 2016

# Rail at heart of UK's Northern Powerhouse



**Ricardo  
Rail**  
Formerly  
Lloyd's Register Rail

## INTELLIGENCE Industry

### VERTEX RAILCAR

## US-Chinese wagons

The Vertex Railcar Corp joint venture of US and Chinese companies has delivered the first batch of wagons to be assembled at its plant in Wilmington, North Carolina. This follows Association of American Railroads certification which was announced in late December.

The first 30 of 60 sand hoppers were delivered last month, as part of an initial order for 300 wagons. According to Vertex Railcar CEO Donald Croteau, a further 2800 hoppers have now been ordered.

Vertex Railcar is owned by start-up Vertex Rail Technologies (33%), Chinese rolling stock supplier CRRC (22%) and Hong Kong-registered private equity firm Majestic Legend Ltd (45%). Over the past year it has completed the first of three production bays at the former Terex Crane factory site in Wilmington, built a rail spur into the plant, and recruited 200 employees. CRRC provided managers from CRRC Yangtze, supplied jigs and factory equipment and provided training



in China for the initial workers.

In September Vertex began assembling hopper wagons from pre-cut steel parts shipped from China and US-made components. By mid-January production had ramped up to 2½ wagons per day, and the company aims to increase this to four per day.

In August the company said it was the second manufacturer to receive a DOT-117 tank car construction certificate from AAR, and it is currently building prototypes for M-1002 certification.

Through separate US ventures, CRRC is also supplying metro cars for Boston and funding a group promoting a Las Vegas – Los Angeles high speed line proposal. ■

### BRUNSWICK RAIL

## Russian market downturn

Brunswick Rail has appointed Houlihan Lokey (Europe) Ltd as financial advisor to support a strategic review of its capital structure in response to what the leasing company sees as 'fundamental and permanent changes' to the Russian market brought about by falling traffic volumes, declining lease rates and customers moving to rouble contracts.

Announcing the review on January 4, Brunswick said it would focus on the balance sheet and was not intended to impact employees, customers, suppliers

or trade creditors.

Brunswick owns 25 700 wagons, or around 2% of the national fleet. Since its peak operating performance in 2012, EBITDA has declined from US\$257m to US\$86m for the year to September 30. Open wagon daily spot rates have decreased from US\$50 to less than US\$7, while the rouble has declined from 30 to 72.92 per dollar, resulting in customers shifting contracts to roubles; Brunswick expects that more than 90% of its revenues will be rouble denominated by the end of 2017.

The company said the downturn was expected to last 'for the foreseeable future', with traffic linked to the wider economy and expected to remain 'subdued'. In the event of a return to growth, the company envisages that wagon overproduction and excess manufacturing capacity as well as inadequate write-offs in recent years would create a ceiling for prices and lease rates.

Brunswick said it has sought to mitigate the impact of the market changes by focusing on clients with high payment discipline and credit quality, as well as optimising the fleet to maintain utilisation and cutting expenditure. ■

**Stadler** completed the acquisition of **Vossloh's** Valencia-based Rail Vehicles loco and light rail vehicle business with effect from December 31. This followed regulatory approvals for the agreement signed on November 4.

Vossloh said the capital gain meant its equity would increase by a 'middle to high double-digit million' amount, and reduce net debt. Completion of the sale was 'an important step' in the implementation of its medium-term strategy to focus on infrastructure. The Locomotives unit in Kiel and Vossloh Electrical Systems are expected to be sold no later than 2017 or transferred to a partnership 'no longer controlled by Vossloh'.

### NEWS IN BRIEF

**Siemens** and Islamic Republic of Iran Railways signed a memorandum for potential co-operation in the rail sector on January 6. Siemens intends 'to engage in talks on improving infrastructure in the rail sector as agreed by both parties', and stressed it was 'strictly complying' with legal requirements, particularly in the area of export controls.

On December 16 the Russian Railways board approved plans to sell RZD's 25%+1 share stake in The Breakers Investments, the Dutch-registered parent company of rolling stock manufacturing group **Transmashholding**. **Alstom** subsequently purchased an 8% stake for €54m, taking its ownership to 33%, while Iskander Makhmudov and Andrei Bokarev were expected to increase their holdings.

**EuroMaint Rail** is to sell its German subsidiary to Luxembourg-based **Iberia Industry Capital Group** which acquires marginal and loss-making businesses with a view to improving performance. EuroMaint said the German operations had experienced 'difficulties' for several years, with 'a negative earnings trend', project delays and low volumes.

**Systra** has bought **JMP Consultants** from Volvere for £8m.

Multimodal booking platform developer **GoEuro** has closed a US\$45m funding round, led by Goldman Sachs and joined by new investors including Atomico, Yuri Milner and Tom Stafford, Sebastian Siemiatkowski (Klarna) and Ilkka Paananen (Supercell). 'GoEuro has made impressive progress in bringing the last untapped market within the travel industry into the 21st century', said Christopher Dawe, Co-Head of Goldman Sachs IP Private Investments. 'With over 50 000 railway and coach stations across Europe, yet no online solution to search and book travel in a similar manner to what already exists within the airline industry, we see a tremendous opportunity to fill the void'.

**Seisenbacher** of Austria and **TRB Lightweight Structures** of the UK have announced that they are to co-locate staff and machinery to offer train interior design and manufacturing services closer to their customers.

**Wabtec** has acquired Australian company **Relay Monitoring Systems**, which supplies rail and energy electrical protection and control products and has annual sales of about US\$15m.

**Jacobs Engineering Group** has bought California-based rail planning, design and construction company **JL Patterson & Associates**, saying the deal would enable it to bid for full service programmes in the US West Coast rail market. DA Davidson & Co acted as financial advisor to JLP.

**Cubic Transportation Systems** has opened an Innovation Centre in London.

**Frauscher Sensor Technology** has opened an expanded axle-counter and wheel detection system production facility in St Marienkirchen in Austria which will increase capacity from 17 000 to 30 000 sensors/year (RG 9.15 p54).

**Škoda Transportation** has bought a 100% stake in Czech company Poll, which has 55 staff and develops power electronics for traction drives, diagnostic tools and onboard power systems as well as custom-designed electronic devices.

**Knorr-Bremse** is to invest €7m expanding its Reims plant.

Paris based booking portal **Captain Train** has joined Germany's Pro-Rail Alliance as the 131st supporting member. 'We have been complaining for years about the fact that buying train tickets for journeys that cross international borders is too complicated' said Alliance Managing Director Dirk Flege. 'With an appealing, well designed website and an award-winning app, Captain Train has come up with an elegant, customer-friendly solution.'

**Unipart Rail** has acquired UK signalling, telecoms, control and monitoring equipment company **Park Signalling Ltd**.