

## NS 2017 six-monthly figures: customer satisfaction increased

For NS, the first six months of 2017 were all about a completely new timetable with an extra 150 trains a day. This was needed to accommodate the anticipated growth in the years to come. As expected, this initially led to a temporary fall in punctuality, but levels recovered again in the second quarter. The percentage of rail passengers who arrived on time ended up at 91.4% for the first six months of 2017 (91.8% in the first six months of 2016). The rapid introduction of the new Sprinters led to good results in the second quarter. Customer satisfaction was 77.8%, higher than for the first six months of 2016 (76.2%).

Roger van Boxtel, CEO of NS, says, “The introduction of the new timetable meant implementing the biggest changes in the last ten years. Within just a few weeks, we saw that things were heading in the right direction. We were able to make improvements in the interim too. At the same time, we introduced dozens of new Sprinters, which went almost without a hitch for the passengers. That was thanks to the careful preparations and the hard work our people put in. The High-Speed Line remains a challenge that is receiving our full attention. In general, we are making steady progress in the right direction. We are still focusing on implementing the *Spoorslags Beter* strategy, in the interests of passengers.”

### Finances

#### NS key figures for H1, 2017 versus 2016

(in millions of euros)

	H1 2017	H1 2016
Revenue from Dutch passenger and station activities	1,482	1,471
Revenue from Abellio	948	993
Revenue from Qbuzz	99	109
<b>Total revenue</b>	<b>2,529</b>	<b>2,573</b>
<b>Underlying result from operating activities (1)</b>	<b>44</b>	<b>85</b>
Exceptional items	-54	2
<b>Result from operating activities (EBIT)</b>	<b>-10</b>	<b>87</b>
<b>Net profit</b>	<b>-14</b>	<b>69</b>
<b>Investments</b>	<b>324</b>	<b>333</b>

The revenue for the group fell by €44 million from €2,573 million for the first half of 2016 to €2,529 million over the first six months of 2017. Rail passenger numbers in the Netherlands are increasing nationally by about 2% per annum. The revenue from passenger and station activities in the Netherlands rose slightly from €1,471 million in the first half of 2016 to €1,482 million in the first six months of 2017, despite NS having to say farewell to the *Hoekse Lijn* franchise and a number of

routes in Limburg. The growth was mainly the result of growth in volume (in terms of passenger-kilometres), fare increases averaging 0.4% and positive revenue development in the retail activities of NS at the stations. Furthermore, the growth in revenue in the Netherlands was lower than the increase in operating expenses, in particular personnel expenses and other operating costs. This was due to NS making a number of significant investments in the services provided for passengers, with a view to achieving the challenging franchise targets set for 2019. This included investments by NS in additional staff on the train as part of the implementation of the safety agreements, in the addition of new FLIRT type trains and in further improving the door-to-door journey for our passengers.

Revenue from our operations abroad fell from €993 million during the first half of 2016 to €948 million over the first six months of 2017. This fall was caused entirely by the drop in the exchange rate of sterling. If the exchange rate for the British pound had been constant, operations abroad would have contributed an increase in the revenue of approximately €40 million. Revenue in Germany rose by over €21 million, helped by the start of the new Saale-Thuringen-Sudharz franchise in the autumn of 2016. Abellio's results were down on the previous year as a result of lower profits from ScotRail and the fact that the Northern Rail franchise was handed over to the new operator on 1 April 2016.

In the first six months, the underlying result for NS Group from operating activities, i.e. earnings before interest and taxes (EBIT) excluding exceptional items<sup>1</sup>, came to €44 million as opposed to €85 million in the comparable period of 2016. This was caused by poorer results from Dutch passenger operations and Abellio.

The penalty of €41 million imposed by the ACM – against which NS has lodged an appeal – means that NS Group is reporting a net loss of €14 million over the first six months of 2017, compared to a profit of €69 million over the comparable period of 2016.

### **Qbuzz**

After a carefully considered sales process, NS found a new owner for Qbuzz. Busitalia signed the sale contract on 13 July. The company is part of the *Ferrovie dello Stato Italiane* (FS Group), which operates in the public transport sector in several countries. NS started the process of selling the company in July 2016 as part of the implementation of the *Spoorslags Beter* strategy. This means that NS is focusing on its core activities on the railways and on improving the door-to-door journey, for instance through improved cooperation with the other public transport sector parties. The sale of Qbuzz to Busitalia has not had any consequences for staffing and also has no effect on the services provided in the current franchises. The sale has in the meantime been approved by the Netherlands Authority for Consumers & Markets and it is expected that the sale of Qbuzz will be completed by the end of August.

### **Abellio and the West Midlands franchise**

It was announced on 10 August 2017 that West Midlands Trains Ltd. has won the tender for the West Midlands franchise. Abellio UK has a 70% stake in the company; its partners Mitsui and East Japan Railway Company (JR East) have a joint interest of 30%. The starting date of the franchise is 10 December 2017 and it runs until the spring of 2026. The West Midlands franchise handles rail services connecting London to Birmingham and Liverpool via an intercity line plus various regional

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<sup>1</sup> The exceptional items for the first half of 2017 comprise penalty of €41 million imposed by the Netherlands Authority for Consumers and Markets (ACM) and the Abellio non-cash pension contribution of €11 million. For the first half of 2016, they comprised a gain of €12 million on sales of properties and the Abellio non-cash pension contribution of €10 million.

lines in the West Midlands. The West Midlands franchise currently involves about 6.4 million passenger-kilometres a year, running 170 trains that serve 177 stations. There are 2400 employees. The current annual revenue is about €0.5 billion.

### **Customer satisfaction and punctuality**

Customer satisfaction in the Netherlands was 77.8%, higher for the first six months than in 2016 (76.2%). Customer satisfaction for the High-Speed Line was 74.3%, which is below the figure of 75.1% for the same period in 2016. 91.4% of passengers reached their destinations on time during the first half year. Punctuality was 91.8% during the same period in 2016.

For customer satisfaction, it is important that the door-to-door journey should be improved further. A new version of the NS Journey Planner app was released in the spring. The new version gives passengers more possibilities for planning their journeys by bus, tram and metro too. The number of requests made about journeys by bus, tram or metro increased from 3.2 million in January to 4.7 million in June. The number of *OV-fiets* public transport bicycles has been expanded considerably. An additional 2000 bicycles were added during the first quarter alone, for instance at Amsterdam Zuid, Den Haag Centraal and Utrecht Centraal stations. A further 4000 extra bicycles will be added in September. The stations are an important factor in the journey. Customer satisfaction with the stations was 72.7% in the first half of 2017. This figure was 68.7% in the same period of 2016.

### **Hospitality**

The number of staff grew by almost 3% to 31,700, the main increases being in staff on the trains and in Service & Safety staff. Satisfaction about how easy it was to speak to NS staff on the train rose from 71% to 81%. Satisfaction with how friendly the NS staff were rose from 90% to 91%. The scores for customer service and front desk staff at the stations and on the platforms are improving too.. For being easy to speak to, the score is now 83% (was 77%), for helpfulness it is 80% (was 77%) and for friendliness 82% (was 81%).

### **Seats**

The new Sprinters were brought into operation over the last six months. The economy is growing and unemployment is falling, so the trains remain busy. The chance of getting a seat during peak hours is 95.2%, just below the level in 2016. Despite efforts to improve performance, the chance of getting a seat on the High-Speed Line during the first half of 2017 was 96.9%. This figure was 97.3% in the same period of 2016. The test for high-frequency operation on the Amsterdam-Eindhoven route starts in September. If this test goes well, we will be running trains every ten minutes every day on this busy route from December. More trains or longer trains are not able to handle the growth in passenger numbers on all routes. On busy routes, NS is coming up against the limits of the track capacity, for example because of maximum platform length or other restrictions. Given predicted passenger growth, NS therefore expects that trains will remain busy at peak hours in the autumn.

### **Cleanliness**

NS has been making extra efforts in the past period in the cleaning and maintenance of trains and stations. We can see that reflected in the scores our passengers give us. A score of 60% for the trains during the first half of 2017 means a continuation of the necessary improvement with respect to the same period in 2015 (50%) and 2016 (57%). This is because we are deploying more cleaners on the trains and increasing the percentage of trains that are cleaned fully every night. The stations give the

same picture: cleanliness scored 77% during the first and second quarters of 2017. The figure was 73% in 2016.

### **Safety**

Passengers are feeling safer on the trains and at the stations. The score was 88% during the first half of 2017, well above the expected increase to 83%. NS is working with the authorities, trade unions and ProRail to implement the *Sociale Veiligheid Akkoord*, the personal safety accord. This means for instance additional district police officers at the 20 major stations, additional cameras at small and medium-sized stations, station bans that come into effect more quickly, an on-the-spot crackdown against people who keep causing a nuisance, and the accelerated introduction of access gates at stations.

### **Sustainability**

From this year onwards, all our trains and buildings will use green power from wind turbines. This means that our trains and buildings are emitting virtually no carbon dioxide anymore. The modernisation of the double-decker intercity trains (VIRM) has started. A more economical climate control system and intelligent LED lighting that adapts to the daylight are letting us save energy. Passengers can separate the waste flows in the new Sprinter trains. Passengers can now also separate waste at nine stations, including Amsterdam Centraal, Utrecht Centraal and Rotterdam Centraal.