



NS

Back on Track

The passenger as our first, second and third priority

NS Strategic Document

1 March 2016





Summary

Restoring confidence

Every day, we take our passengers in the Netherlands to their destinations via 1.1 million train journeys and hundreds of thousands of bus and tram journeys. That is our work, and we put our heart and soul into it. We are getting better at it every day, but we are nowhere near there yet. The bar is set high. Our passengers have to be able to count on us at all times. However, in the past we have left them waiting too many times, or standing in an overcrowded train. That is why we are going to pull out all the stops to make travelling by train faster and more pleasant, including during the rush hour.

The drama surrounding the Fyra rail service and the irregularities with the Limburg tender have damaged our reputation. Restoring confidence now is our top priority. We can only do this by providing a better service for our passengers every day, and by being a good partner to other transport operators, working together to achieve sustainable mobility in the Netherlands.

We are putting the passenger first

NS has two objectives: a social objective – strengthening sustainable mobility in the Netherlands – and a business objective: healthy business practices so that we can bring in revenue and are thus able to invest. If there is any conflict between the passenger's interests and our business interests, we will choose the passenger. Of course, in doing so, we will stay mindful of the implications for the business.

We have three core activities: the main rail network, stations and the journey door-to-door

We are making these objectives a reality by focusing on three core activities: (1) providing train services on the main rail network and the linked international train services; (2) overseeing the network of stations; and (3) contributing to the door-to-door journey. We see these as our core activities, as we feel they enable us to provide the most value for the passenger. To this end we work together closely with ProRail and other partners.

We are improving our performance on the main rail network; not only overall, but in the problem areas in particular

Our concession stipulates the improvements to operational performance that we need to achieve. The bar is set high for the mid-term review in 2019 – in many respects, we will have to do better than we ever have. Putting in place alternative transport solutions on the High Speed Line South (HSL-Zuid) is a particular challenge. So far, the expansion of the product range has been achieved according to plan. We are hard at work improving the operational performance of the IC Direct (punctuality, cancellations) and reducing the journey time to Brussels. In addition, together with ProRail, we want to tackle the key local problem areas, such as Schiphol Airport and the train line running alongside the A2 motorway. We also need to achieve sufficient returns throughout this process. This is the only way that we can keep investing in the future of the company. If things continue as they are now, we will only partly achieve our customer satisfaction targets and those for our operational performance and returns over the next few years. We are pulling out all the stops to achieve the targets for 2019.

Structural and far-reaching changes are required in order to keep improving

Within our organisation, we are too often out of touch with one another. That is why, from now on, we will focus collectively on our performance on the main rail network, with employees being given more scope to solve problems together. We are increasing reliability by working with ProRail on bringing down the number of disruptions, paying particular attention to the problem areas. We are also increasing the number of seats available. We are ensuring that as many trains as possible are in the right place every morning, have the right number of seats, are in good technical order and are clean inside and out. That is why we want to more than triple the number of trains that are being cleaned every night. We will also be increasing the capacity of our rolling stock, and are investing €2.5 billion in expanding and renewing our fleet to this end. In addition, we will be improving the travel experience by offering a better OV Chip Card and implementing new payment methods (such as travelling on account and paying by mobile phone).

We are looking into ways to bring down the costs of the secondary activities and exploring ways to boost productivity. This is happening in close consultation with employees and the employee representation body.



Over the next few years, our passengers will still experience inconvenience from shortages of rolling stock and station renovations. We are doing everything to limit this inconvenience as much as possible

In the coming period, we will have to contend with too little rolling stock and overcrowded trains. There are a number of reasons for this. The catching up we need to do takes time. In addition, over the next few years we will be working with ProRail on the renovation of a number of large and small stations. Of course, we will do everything in our power to minimise the inconvenience to our passengers as much as we can. We will do this by making alternative transportation available, providing help and advice for passengers and clear information. We will be squeezing every last drop out of the current capacity, among other things by temporarily converting some of the first class carriages into second class carriages.

We will be saying goodbye to Qbuzz and will no longer tender for regional railway concessions

We will be focusing on our core activities in the Netherlands. Therefore, we will no longer participate in tenders for regional railway concessions and, in the longer term and subject to certain conditions, we will be saying goodbye to Qbuzz. By doing this, we are paving the way for closer cooperation with the other transport operators in the journey door-to-door. Effective cooperation with transport operators in urban areas is essential in providing door-to-door public transportation to passengers. This does not require shareholdings in these companies. Within the existing contractual agreements with the city of The Hague, NS' shareholding in HTM will be reconsidered, partly in view of the possibility of the direct award of a new railway concession to HTM.

We are largely discontinuing the operation of retail outlets and the commercial exploitation of property

Smooth, convenient connections and a safe and comfortable visit. That is what passengers expect at stations. Stations play a significant part (25%) in customers' satisfaction with the train journey, and are essential links in the main rail network. In the last few years, together with ProRail, we have made great strides in enabling increasing numbers of passengers to efficiently board and change trains. However, passengers do not require us to operate the retail and catering facilities at the stations ourselves. We are leaving to the market what the market is now also capable of doing. We will remain in charge of facilities which are of immediate importance to passengers. This includes the Kiosk and the Station Living Rooms ('StationsHuis kamers'), where, among other things, we provide information and service to passengers, including at non-profitable locations and times.

Over the next few years, all property not being used to provide transfer, chain, reception or commercial facilities for passengers will in principle be disposed of.

In collaboration with ProRail we are focusing fully on developing and managing stations according to passengers' interests. We work for all railway operators in the Netherlands, and it is essential that we avoid any real or apparent conflict of interest. We do this by comfortably meeting the requirements of the new Railways Act and Competition Act. In doing so we are contributing to fair and open competition.

We are opting for targeted growth abroad in a limited number of European markets

Of course, we have also reflected on our foreign operations via our subsidiary Abellio. We started these operations in order to be prepared for the possible further liberalisation of the European public transport market. In addition, we are learning from experiences abroad and achieving financial returns that will benefit our work in the Netherlands. While the EU's Fourth Railway Package still provides for the direct award of a transport concession, for example for the main rail network, it is uncertain whether the Netherlands wishes to make use of this option. That's why we feel it is important to stay prepared for further liberalisation. We are continuing our foreign operations, focusing on achieving targeted growth in a limited number of countries, such as the UK and Germany. Most other large government-owned railway companies are active internationally, including in the Netherlands.

We are basing our approach more on public values

Now that we have a clearer picture of what we are and are not doing on the public transportation market, it will be easier to stay mindful of public values. But more is needed. We want to manage risks, be transparent, guarantee a level playing field, and work together constructively, as a reliable partner. We are learning important lessons from the Fyra episode and the events surrounding the tender in Limburg in this respect. For example, we will be taking critical voices within our organisation more seriously, and want to compare different opinions. Assessing the



situation and weighing up the options at the right level: that is what it is all about. This also has important implications for our structure and culture. The newly-appointed Director of Risk Management will play a key role in implementing the required changes.

We are increasing our effectiveness

We can only improve our performance if we increase our effectiveness. Plans on paper have to be transformed into visible improvements. This requires changes in *how* we work. We are making our organisation simpler, with less compartmentalisation and less management. We are reducing the number of projects and scaling up successful pilots. We are making better use of ideas from the work floor and giving employees the opportunity to demonstrate ownership. By doing this we are increasing our ability to truly bring improvements about. Employees and managers will be doing this together and keeping each other on the ball.

The framework for the strategic choices we are making now (February 2016) is determined by the current structure of the railway sector and the way that competitive market forces in the sector are given shape by the granting of (exclusive) concessions. NS has been granted a transport concession for the main rail network for the period 2015 up to and including 2024. This concession involves a number of interrelated obligations and rights on the part of NS, pertaining, among other things, to the regular Intercity and Sprinter trains and the train services that wholly or partially use (or will use) the High Speed Line South (Intercity Direct, Benelux, Thalys and Eurostar). If, as a result of a change or planned change to the organisation of the sector, market forces, or the demarcation or content of the main rail network concession, NS' playing field changes, it goes without saying that we will re-evaluate the strategic choices we are making now. We will do this both in view of the passenger's interests and the interests of the business.



Decisions and measures in brief

The 'Back on Track' strategy consists of a comprehensive review of our role and activities, improvements to the services we provide for passengers, the implementation of a culture change enabling us to base our approach more on public values, and the undertaking of measures to increase our effectiveness. The most important decisions and measures are summarised below.

Review of our objectives and core activities

- We have both a social and a business objective. If there is tension between the passenger's interests and our business interests, we will choose the passenger. Of course, in doing so, we will stay mindful of the implications for the business
- We have three core activities: (1) providing train services on the main rail network, (2) overseeing the network of stations and (3) contributing to the journey door-to-door
- We are saying goodbye to Qbuzz in the longer term and will no longer tender for regional railway concessions
- We are largely discontinuing the operation of retail outlets and the commercial exploitation of property not being used to provide transfer, chain, reception or commercial facilities for passengers
- We are opting for targeted growth abroad in a limited number of countries

Improving the services we provide to passengers (main rail network, stations)

- We are ensuring, as much as is possible, that the trains are in the right place every morning, have the right number of seats, are in good technical order and are clean inside and out
- We are working on achieving greater reliability by reducing disruptions to trains and, together with ProRail, are working on achieving a quicker resumption of services following disruptions
- We are improving the frequency and quality of our scheduled services
- We are investing €2.5 billion in expanding and renewing 30% of our fleet
- We are improving the travel experience, among other things by introducing new payment methods
- We are working on renovating stations, such as those at Amsterdam and Utrecht
- We are ensuring smooth, convenient connections and safety and comfort at railway stations, among other things by installing 10 Station Living Rooms ('StationsHuiskamers') and 125 sheltered waiting areas

Prioritising public values

- We will more than meet the requirements of the applicable laws and regulations and achieve the highest standards of conduct
- We are more open to critical feedback from our employees
- We will work together constructively, both with partners and internally
- As a state-owned company, we will make efficient use of taxpayers' money
- We are appointing a Director of Risk Management, whose portfolio will also include governance and compliance

Increasing effectiveness

- We are reducing the distance to the work floor and decompartmentalising the organisational structure
- We are eliminating projects that yield inadequate results
- We are making better use of ideas from the work floor

We want to work together with ProRail more effectively and intensively



1 Introduction: Restoring confidence

Nederlandse Spoorwegen (NS) is facing a significant challenge. We facilitate more than 1.1 million train journeys in the Netherlands every day. More than 20,000 employees put their hearts and souls into making this possible. This commitment has brought some improvement to our services in the past few years. However, our passengers are demanding more, and deserve more.

At the same time, however, we have made things difficult for ourselves. As a result of the debacle with the Fyra rail service and the irregularities related to the tender in Limburg, all eyes are upon us. We have betrayed the trust of passengers, citizens, shareholders, the concession-granting authority, the government and other transport operators. Disappointment among our own employees is huge, and rightly so. We are very affected by all this as a company. We take full responsibility for what has happened.

Public confidence in NS has been damaged

It is up to us to regain people's confidence. We will follow up on the recommendations of the Fyra committee. We will make a demonstrable, generous and credible contribution to ensuring fair competition. And above all, we will fulfil our primary brief: to provide good services on the main rail network.

We are facing a significant challenge which requires a lot from our organisation:

- Restoring confidence and achieving improvements first and foremost requires a keen awareness of our objectives and core activities (Chapter 2).
- It follows from this that we will be focusing more closely on providing a good service on the main rail network, in accordance with the concession and the cooperation agreements with ProRail stipulated in the Long-Term Rail Agenda ('Lange Termijn Spoor Agenda' – LTSA) (Chapter 3).
- We are making choices in terms of our transport portfolio in the Netherlands, our station activities and our transport portfolio abroad, enabling us to focus more on our core activities (Chapter 4).
- We will learn from the Fyra episode and the tender in Limburg. We will be more guided by public values and will comfortably satisfy the requirements of the relevant laws and regulations (Chapter 5).
- All this requires substantial changes in our organisation and our conduct. For this reason it is essential that we increase our effectiveness (Chapter 6).

We want to restore confidence by improving services on the main rail network, basing our approach more on public values and by comfortably satisfying the requirements of the relevant laws and regulations



2 Review of our objectives and core activities

Damaged public confidence and the substantial operational challenges we are facing required us to undertake a review of our objectives and core activities.

2.1 Objectives

We have once again had our attention focused on the fact that we have both a social and a business objective:

- Social objective: Offering a high-quality, affordable and sustainable public transport product for passengers which contributes to accessibility and mobility in the Netherlands;
- Business objective: Achieving healthy business practices for our employees (continuity, being a good employer) and shareholder (returns), with the financial capacity for ongoing investment.

We have both a social and a business objective

Trains have long become indispensable, especially in densely-populated areas (see box). It is the only means of transport that can get right to the heart of cities unimpeded. Train travel is also an excellent choice in terms of sustainability, especially now that we are using 100% green electricity.

We are constantly working on the unique proposition of our transport product: sustainable, safe and no traffic jams:

- **Sustainable:** Train travel, as a substitute for transport by car, is the most sustainable type of long-distance mobility. We are reinforcing this by opting for 100% green electricity, and are continuing to work on increasing the sustainability of our company
- **Safe:** Train travel is a safe mode of transport – more than 10 times safer than travelling by car. Over the next few years we will be working closely with ProRail and the Dutch Ministry of Infrastructure and the Environment to further improve safety
- **No traffic jams:** The railways are the only major form of transport that, in principle, can get to the very heart of cities unimpeded. We are working on improving the journey door-to-door so that a train trip is not only free from traffic jams, but also seamlessly integrated. In doing so, we are taking into account new trends in mobility such as the use of personal devices, car sharing and the rise of autonomous cars.



Our objectives are determined by the government and society as a whole. The Dutch Ministry of Infrastructure and the Environment scrutinises the quality of our public transport product, while the Ministry of Finance, as a shareholder, is also focused on returns. Both our objectives are important: it is 'both/and', not 'either/or'.

We are partners with other public transport companies, working together to ensure good connections between the main rail network and regional and urban transport. At the same time, we compete with these partners when we tender for regional bus and railway concessions. Does this mean we are first and foremost competitors or partners? This tension is exacerbated by the fact that we provide facilities for other transport operators (such as station facilities and maintenance of rolling stock).

In the recent past, we failed to keep our objectives sufficiently separate. This encouraged poor decision-making, which contributed to a climate in which the Fyra debacle and the irregularities relating to the Limburg tender were able to take place.

If we find ourselves faced with any tension between the passenger's interests and business interests, we will choose the passenger. Of course, in doing so, we will stay mindful of the implications for the business. After all, we have to keep running a financially sound company if we are to be able to carry on investing in the future as well. Through integrated management from the top of the company we are setting clear frameworks which will enable employees to make the right decisions.

2.2 Core activities

With our social objective in mind, we are making the passenger our first, second and third priority. This enables us to best contribute to achieving sustainable mobility in the Netherlands. Passengers will appreciate this and make even greater use of our services, which will, in turn, benefit our business objective. We are putting this into practice with our core activities. We consider something to be a core activity if we feel it enables us to provide most value for passengers. Based on this criterion, we have identified the following three core activities, which together determine our overall customer satisfaction score:

- *Providing train services* on the main rail network and the linked international train services. Affordable transportation in a clean train, which arrives punctually at its destination: that is what we want to be able to provide passengers. Scheduling, such as designing the railway timetable and logistics scheduling (i.e. network development), is also part of this, along with maintenance and train servicing. These activities are central to our organisation and together make up more than half of our overall customer satisfaction score. That is why this core activity is shown as a wider column in Figure 1.
- *Overseeing the network of stations*. Passengers expect to find easy connections and experience safety and comfort at stations. We are providing this in close cooperation with ProRail and in consultation with regional and national government agencies. We work for all railway operators in the Netherlands. Stations are a key form of public space, and are responsible for one-quarter of our customer satisfaction rating.
- *Contributing to the journey door-to-door*. From the passenger's perspective, a journey never starts at the station, nor does it end there. People always travel 'from door to door'. That is why we also want to contribute to the first and last stage of the journey. We are doing this in conjunction with government agencies, transport operators, infrastructure managers and consumer organisations. This does not mean we want to provide the transport to and from the train ourselves. It does mean that we want to support the development of an efficient transportation network. We are contributing to information and payment services, enabling passengers to take control of their door-to-door journey themselves. The concrete contribution we make depends on the situation: sometimes, together with other transport companies, we will take the initiative of introducing important innovations in

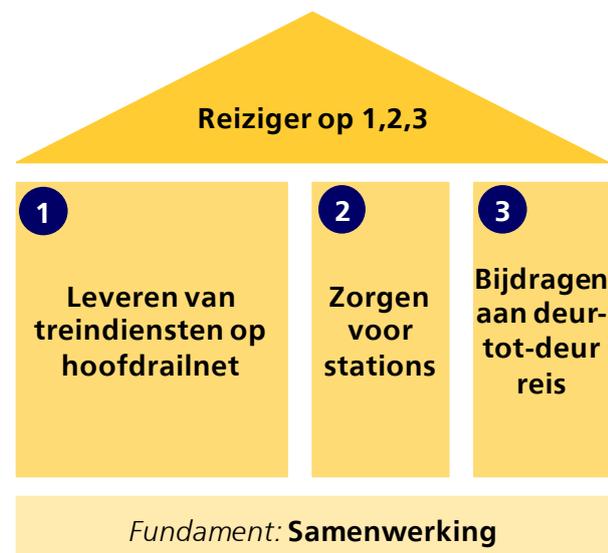


Figure 1: NS' core activities

If there is tension between the passenger's interests and business interests, we will choose the passenger



services (such as the OV Chip Card in the past); sometimes we will play a role in further development (such as with the OV-fiets), and sometimes our role will primarily be facilitation (for example coordination between the timetables of different transport operators). We are constantly assessing how we can do the most we can for passengers. We want to make public transport in the Netherlands more attractive by doing this, so that more people choose to use it. This activity, too, makes up one-quarter of our overall customer satisfaction score.

The passenger as our first, second and third priority

1 Providing train services on the main rail network

2 Overseeing the network of stations

3 Contributing to the journey door-to-door

Foundation: Cooperation

The three core activities strengthen each other, enabling us to provide better services to passengers. For example, our experience with train services enables us to design and equip our stations effectively. Our role at stations is inextricably linked with our work on the main rail network for which we have been granted a concession. The knowledge that we gain about passengers' requirements on the main rail network and at stations, in turn, enables us to make an effective contribution to the journey door-to-door.

We are not doing all this alone. We are working together closely with ProRail on the main rail network and at stations, and have agreed to scale up this collaboration even more. We are also working together with transport operators, government agencies and commercial parties. We are promoting and facilitating innovations (such as digital technologies) that will contribute to better services for passengers and working in collaboration with other market players to do this. An example of this is our participation in the Mainport Investment Fund, which invests in start-ups in the field of mobility and logistics. In addition, we share information with transport operators and concession-granting authorities and, in the interests of passengers, are looking beyond the boundaries of our own concession. We see cooperation as the foundation underpinning our core activities.

As we undertake our core activities, there continue to be some tensions between our social and business objectives. For example, how do we respond to new transport initiatives which improve mobility in the Netherlands (core activity 3), but lead to less turnover on the main rail network (core activity 1), such as long-distance bus transport? In the past, we reacted defensively; now we are putting the passenger's interests first and forming partnerships. We are constantly consulting with our shareholder (who is also the authority granting the concession) as to how we can best put the passenger first without jeopardising our financial well-being.

We see cooperation with ProRail and others as the foundation underpinning our core activities

Our core activities strengthen each other, enabling us to provide passengers with better services



3 Improving our services on the main rail network

Our most important core activity is providing train services on the main rail network and the linked international train services. This core activity accounts for 50% of our customer satisfaction score, and the majority of our employees are at work on it. In the concession we have agreed to make improvements to our services on the main rail network. This therefore forms a key part of our strategy.

3.1 Current situation and challenges

The confidence passengers have in us depends on our services on the main rail network. In many areas we score highly, and have managed to improve our performance over the past 10 years. However, there has been too little progress in recent years. All in all, we are not doing well enough yet.

If we want to increase customer satisfaction and financial returns, we have to do better than we ever have. Where punctuality and rush hour transport capacity are concerned, we have to make our very best performance from the past into the new standard. Only then will we be able to meet the targets for 2019.

Figure 2 shows the target values for the mid-term review in 2019 and the current figures for a number of key performance indicators. The gap between the two will have to be bridged over the next few years. In some cases the target values are very challenging. For example, an improvement to the average overall customer satisfaction score from 74.2% to 80% will be a major achievement.

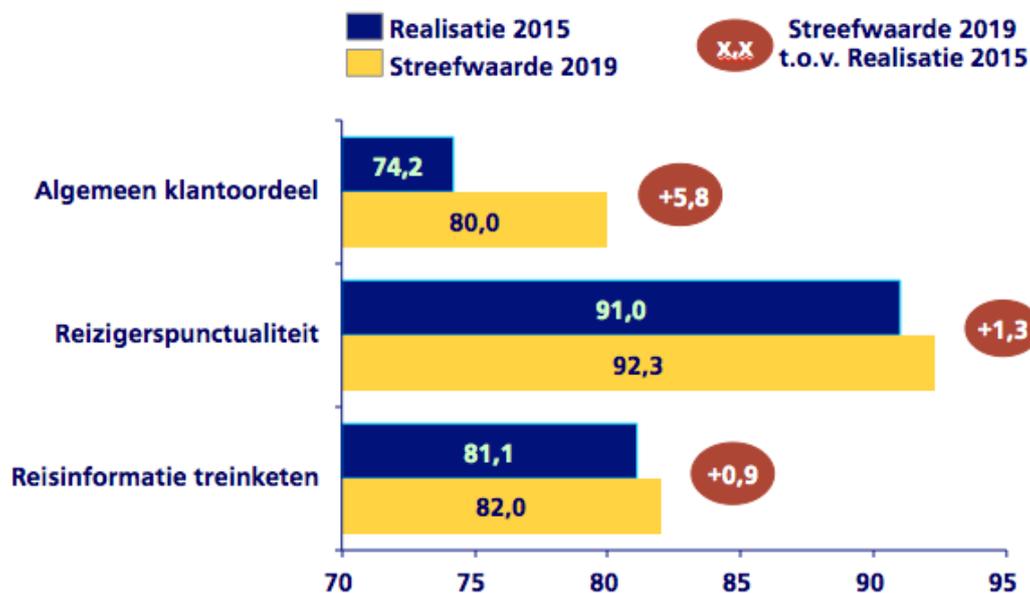


Figure 2: Selection of performance indicators for the main rail network: target values for 2019 compared to the current values in 2015

Current position in 2015
Target value for 2019

Target value for 2019 compared to current position in 2015



Overall customer satisfaction
 Punctuality for passengers
 Travel information throughout the rail chain

In order to meet all the targets for 2019, we have to do better than we ever have before

Our performance does not only need to improve overall, but on each individual route

Even if we manage to increase our overall average performance, that does not mean that it will be satisfactory for *all* passengers, as the level of variation in our scores is currently still too great. For example, Figure 3 shows that customer satisfaction on some routes is currently approximately 10% to 15% below the target value for 2019. On those parts of the network where our performance falls far short, such as on these routes as well as the routes near Schiphol Airport and in the A2 corridor, we are working with ProRail to bring about improvements.

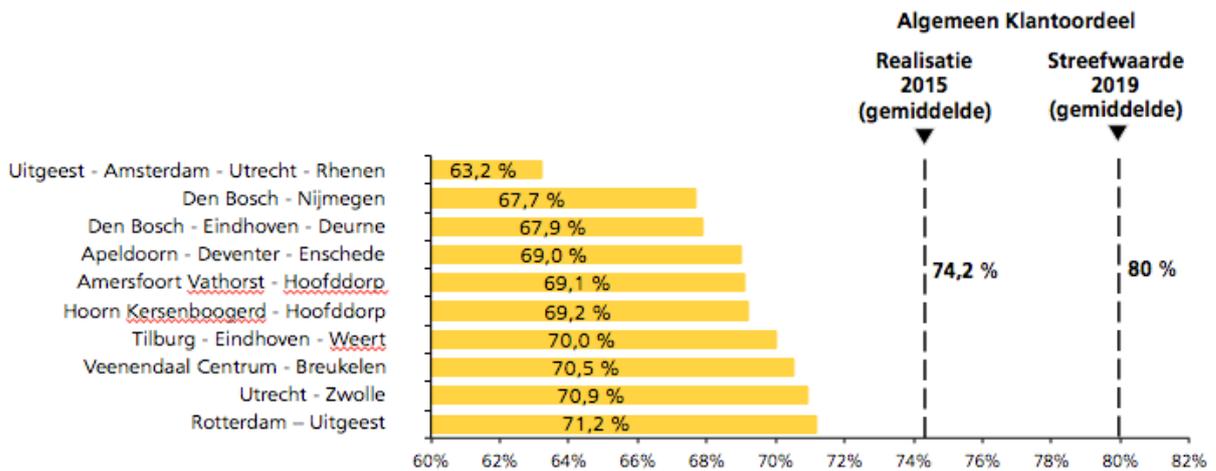


Figure 3: Routes with the lowest overall customer satisfaction scores in 2015

Overall customer satisfaction

Current position in 2015 (average)
 Target values for 2019 (average)

- Uitgeest - Amsterdam - Utrecht - Rhenen
- Den Bosch - Nijmegen
- Den Bosch - Eindhoven - Deurne
- Apeldoorn - Deventer - Enschede
- Amersfoort Vathorst - Hoofddorp
- Hoorn Kersenboogerd - Hoofddorp
- Tilburg - Eindhoven - Weert
- Veenendaal Centrum - Breukelen
- Utrecht - Zwolle
- Rotterdam - Uitgeest

Putting in place alternative transport solutions on the High Speed Line South (HSL-Zuid), as agreed in 2013 following close consultation with all stakeholders, is a particular challenge.¹ Where the domestic Intercity Direct is concerned we have, so far, managed to achieve the step-by-step improvement of the product according to the agreement. There is a high-speed Intercity Direct running between Amsterdam and Rotterdam every fifteen minutes now. However, operational performance (punctuality, cancellations) remains substandard. In this area, we are not yet providing our customers with the quality to which they are entitled. We, too, feel this is unacceptable. There is no one single cause for the underperformance in this area. That is why we have rolled out an improvement plan to tackle various aspects (rolling stock, infrastructure, work processes) at the same time.

In the period from 2013 up to and including 2015, international transport services were realised as agreed. The international Intercity Brussels (Benelux) was brought back into service, with an hourly service running from Amsterdam via The Hague to Brussels once

¹ A detailed account of the state of play regarding the introduction of transport services on the High Speed Line South and our operational performance will be included in a letter by NS to the concession-granting authority, the Ministry of Infrastructure and the Environment.



again, with no surcharges and no mandatory reservations. The number of high-speed trains (Thalys) between Amsterdam and Brussels has been increased to 14 per day, with 11 trains continuing on to Paris or the new destination Lille. Operational performance of the international trains is at the required level. Here the challenge is to further improve the product as planned over the next few years. One key improvement that passengers quite rightly want is a reduction in the journey time between Amsterdam and Brussels. A balance needs to be found between the requirement for this on the one hand and, on the other, our ability to provide services to The Hague, various stations between Antwerp and Brussels, and Brussels Airport Zaventem stations (which requires that the Benelux has to run in part on the existing track) and other domestic train services. Improvements for one passenger group may be detrimental to another. These are difficult decisions which we, together with NMBS, will be making in a transparent way in consultation with the various stakeholders during the course of the next year.

Improving operational performance for our passengers is not our only task. To safeguard the future of our company we need to achieve healthy returns. We are drawing up agreements with the government, as our sole shareholder, about the target return on equity. Currently this target return is 7%, but the return we are currently achieving is less than 4%. Achieving the target return is our second challenge.

The purchase of large numbers of new trains, increasing personnel costs and higher concession and infrastructure fees are important causes of the financial pressure. The additional investments required to improve our performance will create a financial hole over the next few years unless we undertake a number of root-and-branch measures.

Various plans focused on simultaneously improving customer satisfaction, operational performance and financial returns are now under way. In addition, further improvement plans are in preparation. There are no taboos within the company in terms of what can and cannot be discussed, neither on the part of management nor from the employee representation body's side. Any issues that need to be addressed in order to achieve the agreed performance targets can be openly discussed and will be tackled proactively. This means that, over the next few years, we will be undergoing a radical process of transformation which requires the maximum level of commitment and effort from all employees in the organisation. This is not a simple process.

We are ensuring that as many trains as possible are in the right place every morning, have the right number of seats, are in good technical order and are clean inside and out

3.2 Potential solutions

Increasing customer satisfaction, improving our operational performance and achieving better financial returns all at the same time requires that we break free of old patterns. This requires changes to our organisation, which we will be implementing proactively and in a coordinated way. Below we will describe the main areas of focus for this shift, which we intend to develop over the next few months, in close consultation with our employees and the employee representation body.

Decomartmentalisation

Narrow, compartmentalised thinking hinders an integrated approach to management. Business units are looking at their own input, but losing sight of the big picture. That is why we will now be managing the entire operational chain in a collective way. Shared, customer-oriented objectives are setting the direction. For example, we will be bringing those parts of our organisation dealing with transport and maintenance substantially closer together. Breaking out of *compartmentalised thinking* starts at the top, which from now on will bear joint responsibility for our performance on the main rail network. We are insisting that directors within the senior management structure collaborate with each other. When appointments are made, we are selecting those candidates who possess the skills required to ensure the smooth implementation of the changes. We are taking an integrated approach to decision-making, clearly defining the individual contributions that everyone can make to success, and we are demonstrating ownership in order to achieve that contribution.

We are reducing costs associated with positions not involved in providing core services and increasing our productivity

Implementing changes according to a realistic plan

We are not always able to identify ahead of time what we will be able to provide. Plans and schedules sometimes turn out to be difficult to achieve in practice. Achieving improvements therefore starts with putting a *realistic* plan in place. We can then put this

We will manage the entire operational chain collectively



into practice at a greater level of detail. First of all, we will ensure that as many trains as possible are in the right place every morning, have the right number of seats, are in good technical order and are clean inside and out. By doing this we are increasing the availability of rolling stock, need make fewer adjustments to scheduled services on the day and are able to provide consistent services for passengers. We will be making the appropriate investments to ensure that this happens. For example, we will be tripling the number of trains that are thoroughly cleaned inside every night. We will also make sure that drivers deliver the trains to the correct locations on the prior evening more often.

Increasing reliability

Together with ProRail we are increasing the reliability of our transportation. Our targets include achieving a 20% reduction in disruptions associated with infrastructure, a 15% reduction in disruptions associated with rolling stock and a 50% quicker resumption of services following disruptions.

Together with ProRail, other transport operators and government agencies we are also tackling the most important problem areas, such as the reliability of train services around Schiphol Airport. We are ensuring that passengers will experience less inconvenience from those interruptions that do occur. In this context, we are focusing on improving our ability to make adjustments using innovations in automation. Investing in travel information systems on the trains, at stations and via apps is just as crucial. We are investing €300 million in IT so that we are able, among other things, to provide better travel information and wifi. In addition, we will work together to identify best practice for our key processes, and then implement this across the board.

We are working on travelling on account and payment by bank card and mobile phone

Increasing train capacity

In the coming period, we will have to contend with shortages of rolling stock and overcrowded trains. There are a number of reasons for this, such as the economy picking up, the withdrawal of the Fyra (and the consequent deployment of 170 carriages from the strategic reserve to compensate for this), and the government's decision to retain the OV-studentenkaart (Student Public Transport Smart Card) and broaden eligibility for it. From late 2016, new rolling stock will augment the capacity of our fleet. At the same time, we are working hard to renovate older stock, such as old double-decker carriages (due to return to operation in September 2016). We will be investing a total of €2.5 billion over the next five years in the renewal and renovation of approximately one-third of our fleet. Making sure that the introduction of this new rolling stock goes smoothly requires a lot of attention.

We are working together with ProRail to bring about a 20% reduction in disruptions due to the infrastructure, a 15% reduction in failures of rolling stock, a 50% quicker resumption of services following disruptions, and a 40% reduction in the distribution of train services

In addition to expanding our fleet, we will be making more targeted use of the existing capacity, for example by differentiating between peak and off-peak hours. We will also use OV Chip Card data to better match supply and demand. Through the implementation of a "Lean" efficiency programme, over the next five years we will be reducing the number of trains that are out of operation due to maintenance by 25%.

We will reduce the number of train stoppages through a better analysis of maintenance data and a better understanding of the causes of defects. This is urgently needed, as the introduction of new trains will involve teething problems. Taking into account the availability of rolling stock, we will be rolling out a timetable-free service on high-frequency train routes gradually (as part of the High-Frequency Railway Transport programme ['Programma Hoogfrequent Spoorvervoer' – PHS]).² In addition, more Sprinter trains will operate on a number of routes, and we will be reducing stopping times at stations where possible.

Improving the travel experience

We want to save passengers time and hassle, and ensure they can use their travel time productively. Cooperation with other transport operators is essential in order to ensure this. Together we are optimising the connections between train services and other public transport. We are working on a more user-friendly and accessible public transport payment system. Among other things, we are introducing new payment methods, such as travelling on account and paying by bank card and mobile phone.

We are investing €2.5 billion in renewing and renovating approximately 30% of our fleet

² The new timetable, which will take effect in late 2016, will contain increases in frequency, such as on the Lelystad-Almere-Schiphol route, where an Intercity service will be running every fifteen minutes. We are even aiming to have an Intercity service between Eindhoven and Amsterdam every 10 minutes by late 2017.



Reducing costs and increasing productivity

As a result of the additional investments in improving our operational performance, we will be unable to achieve the target return of 7% over the next few years. The purchase of a large number of new trains, the meeting of all the obligations resulting from the main rail network concession and a growing need for operational staff, in particular, are putting a squeeze on returns.

It is essential to the financial health of our company that we bring down our costs and increase productivity:

- We are looking into the possibility of reducing the number of employees in positions not involved in providing core services, including the staff departments at head office. The key question here is how we can maintain a high level of service in these areas at a lower cost.
- The Board of Directors wants to join forces with the employee representation body to identify the productivity improvements that are required and devise measures to make them a reality. We want to take away organisational barriers as much as possible, and are also taking a critical look at regulations that impede productivity.

Minimising inconvenience to passengers as much as possible

Although we want to achieve results for our passengers as quickly as possible, the reality is that in 2016 our shortage of rolling stock has yet to have been resolved, renovations of stations are being undertaken, and ProRail is working hard on improving the infrastructure. This means passengers will not see the first results until 2017. In fact, in the first instance, passengers will even experience additional inconvenience. Figure 4 shows the routes on which we expect most disruption to occur during peak hours over the next year. On the A2 corridor, in particular (Amsterdam – Den Bosch) significant disruptions are to be expected.



We are doing everything in our power to minimise the inconvenience to our passengers. We are doing this by making alternative transportation available, and providing help and advice for passengers at train stations and bus stops, as well as clear information. We are squeezing every last drop out of the existing capacity, among other things by temporarily converting some of the first class carriages into second class carriages. Promotions will be applied to those routes and destinations that do have sufficient capacity. We are asking passengers to travel during off-peak hours where possible. And our own staff will avoid using peak trains. Where necessary, we will be looking into partnerships with other transport operators to make this possible.

In working to bring about improvements, it is essential that we act on the basis of high levels of mutual engagement between staff and management. We are doing this together, and keeping each other on the ball.

We are doing everything in our power to minimise inconvenience to our passengers as much as possible

As a result of the shortage of rolling stock and station renovations, passengers will only begin to see the results of our improvement plans in 2017



4 Focus on core activities

We are making a series of choices in terms of the transport services we offer in the Netherlands, our activities at stations and our transport services abroad. This enables us to focus more on our core activities and make the passenger our number-one, number-two and number-three priority (see Chapter 2). In Appendix 1 we have set out the conclusions we have arrived at in considering the alternatives.

4.1 Our transport portfolio in the Netherlands

4.1.1 Current situation and challenges

We began providing regional transportation (bus, tram, train) on the basis of the notion that we can only provide the best service to passengers if we are responsible for the door-to-door journey ourselves. As part of this effort, we will be operating the concession for the regional railway line between Gouda and Alphen a/d Rijn and have an interest in regional bus operator Qbuzz (100%) and city transport operator HTM (49%). Together we have implemented improvements for passengers, such as the shared Convenience Season Ticket ('Gemaksabonnement') with Qbuzz and the introduction of an HTM/NS tram, as a result of which connections between trains and trams at The Hague Central Station have improved significantly. However, now that we are focusing on our core activities we have to take a critical look at our transport portfolio in the Netherlands.

4.1.2 Strategic choice and the rationale that underpins it

Where our transport activities are concerned, we are choosing to focus primarily on our most important core activity: providing train services on the main rail network and the linked international train services (core activity 1). Operating our domestic and international train services in an integrated way enables us to create maximum value for passengers and make optimum use of the infrastructure. This integrated approach therefore forms a key part of our strategy.

Coordination between domestic train services on the main rail network

Domestic train services on the main rail network include the Intercity Direct (on the high-speed rail line) and the regular Intercity routes, as well as the Sprinters. These train services are very much interlinked as passengers want to be able to use the different train services without any hassle and with the same season ticket. The services are coordinated in such a way as to make optimum use of the scarce infrastructure. The ordering process for a large new fleet of Intercity trains is in full swing. As of 2021, this new generation of Intercity trains will be put into operation. These trains have a maximum speed of 200 km/h and are suitable for use both on the high-speed rail line and on the regular network. This means there is the possibility of also increasing the speeds on the regular network on suitable train routes.

There is a high market demand for fast transport links between the big cities in the Randstad conurbation and the provinces. The fact that the Intercity Direct is a fully integrated part of the domestic Intercity network maximises the value for customers, and by extension the social value, of the high-speed line. In addition to Intercity trains that exclusively run on the high-speed line (i.e. the Amsterdam - Rotterdam - Breda corridor), there will also be Intercity trains that partly use the high-speed line and partly run on the regular network (such as the The Hague - Rotterdam - Breda - Eindhoven Intercity).



International train services linked to the main rail network

Where international train services are concerned, a distinction is made between long-distance and medium-distance train services (running partly or wholly on the high-speed lines) to Paris, Berlin, Frankfurt and soon London, the Intercity train services to the big cities in neighbouring countries (such as Antwerp and Brussels), and regional short-distance connections to destinations such as Aachen and Liège.

For international travellers making long-distance or medium-distance trips, rail travel is a relevant and sustainable alternative to travelling by car or plane. The international long-distance train services from the Netherlands are: the Thalys to Paris and Lille, the ICE to Cologne and Frankfurt, the IC Berlin and, in the near future, the Eurostar to London. Insofar as these train services use high-speed railway lines, trains with a maximum speed of 300 km/h will be used. NS is not sufficient in scale to be independently active in this market segment. In this we have been working together with our foreign partners (SNCF and Deutsche Bahn in particular) from the outset. These companies have the specific expertise relating to 300 km/h high-speed transport which NS lacks. Because NS participates actively in these partnerships, and has also invested in Thalys and ICE trains, we are able to satisfactorily serve the interests of our passengers and those of the Netherlands as a whole.

The connection with Antwerp and Brussels in Belgium generates the most international traffic into and out of the Netherlands. The IC Brussels (formerly known as the Benelux) travelling from Amsterdam via The Hague to Antwerp and Brussels is the most important international train service. This Intercity service has both an international and domestic function (domestic travellers can use it in the same way as the other, domestic Intercity trains) and in future will make use of both the high-speed rail line and the regular network. After the withdrawal of the Fyra, the purchase and introduction of the Traxx locomotives – which are widely used internationally and have a maximum speed of 160 km/h – was the quickest option enabling us to provide adequate international services again. In the longer term, there is the possibility of replacing them with the new Intercity trains, which have a speed of 200 km/h and will have been made suitable for use both in the Netherlands and Belgium. This creates the potential to improve the links overall between rail networks in the Netherlands and neighbouring countries. The IC Brussels is operated in cooperation with NMBS. This does mean that decisions relating to this train service need to encompass both Dutch and Belgian interests.

The transport requirements of passengers living in the border regions extend beyond national borders. That is why it is important to also provide good cross-border connections on short-distance routes. For this reason NS contributes to regional short-distance train services to destinations such as Aachen and Liège. In cooperation with our foreign partners, where logistically desirable and operationally and financially feasible, these services are being further expanded. The plan is that, in the longer term, domestic Intercity trains will continue on to the first Intercity station across the border.

We are continuing to contribute to the journey door-to-door (core activity 3), but are no longer doing this by providing regional train, bus and tram transport ourselves. We want instead to do this by increasing cooperation with other transport operators. Therefore, we will no longer participate in tenders for regional railway concessions in the Netherlands (according to the current delimitation of the main rail network) and, in the longer term, will be saying goodbye to Qbuzz.

Effective cooperation with transport operators in urban areas is essential in providing door-to-door public transportation for passengers. This does not require shareholdings in these companies. Within the existing contractual agreements with the city of The Hague, NS' shareholding in HTM will be reconsidered, partly in view of the possibility of the direct award of a new railway concession to HTM.

The reasons for these choices include the following:

- Our vision of our role in the journey door-to-door has changed. We no longer want to run everything ourselves, but we do want to ensure that travellers can take control of their own door-to-door journeys. To this end, we would like to scale up our cooperation with other transport operators, among other things through new joint initiatives in the sector (Transport4Randstad, the establishment of the new sector association OVNL, the TLS Cooperative);
- Due to our regional railway concessions and our stake in Qbuzz, other transport operators currently do not see us as independent. This sometimes makes cooperation



difficult, which is an impediment to our making a contribution to the development of an integrated public transport system in the Netherlands and the journey door-to-door (core activity 3).

4.1.3 Implementation

Over the past few years, we have been able to experience first-hand the tremendous passion and dedication that the employees of Qbuzz bring to serving passengers. We therefore will not be saying goodbye to Qbuzz just like that. We are making an effort to offer these employees clear and attractive prospects for the future.

We are still in the process of establishing when and how we will be saying goodbye to Qbuzz. It goes without saying that, as a state-owned company, we will be using a sound and equitable process for this, both in terms of ensuring fair competition and protecting the interests of employees. In the interest of retaining a solid market position and healthy prospects for the future, it goes without saying that Qbuzz will continue to have the scope to participate in tenders for regional transport.

Where the regional railway concession (Gouda – Alphen a/d Rijn) is concerned, we will continue to comply with all the existing agreements. We will operate the concession from the start date (the end of 2016) up to and including the end date (the end of 2031).

4.2 Stations

4.2.1 Current situation and challenges

Stations are the gateways to towns and cities and often have a significant visual impact on the cityscape. Transport operators want to be able to offer their passengers and employees stations which provide efficient and accessible services, and passengers ideally want world-class stations – facilities that are safe and comfortable, and where they can easily change to connecting train, bus or underground services, or rent a bicycle.

We refer to the combination of all these services at stations as our value proposition to passengers (see Figure 5).

Pre-transport
Station
Train journey
Station
Post-transport

Smooth, convenient connections between train, bus/tram/underground, bicycle and other modes of transport

Promises to passengers

- Good connections between different modes of transport.
- Up-to-date information about the journey
- Good parking facilities for cars
- Good parking facilities for bicycles

Safety and comfort at railway stations

- Nice, hospitable places to wait
- Clean toilets
- A hot cup of coffee
- Relevant, attractive shops

We are still in the process of establishing when and how we will be saying goodbye to Qbuzz

Passengers want smooth, convenient connections and safety and comfort at railway stations



ProRail and NS are working together closely to provide attractive and comfortable stations for passengers

Figure 5: Promises to passengers relating to stations ("value proposition")

Stations are essential links in the journey door-to-door. They play a significant part (25%) in customers' satisfaction with their train journeys. Stations offer four types of facilities:

- *Transfer facilities*: the route from public roads to boarding the train and all basic facilities that passengers need en route (lifts, escalators, signposting, benches, basic waiting areas, train travel information, etc.);
- *Chain facilities*; facilities for the journey to and from the railway station: bicycle parking (first 24 hours free of charge), the OV-fiets, car parking, kiss & ride, taxi ranks, NS Zonetaxi, station square, bus station, etc.;
- *Reception facilities*: toilets, luggage lockers, current information about connections, wifi and 4G, comfortable waiting areas, meeting point, etc.;
- *Commercial facilities*; a high-quality and highly-varied range of catering facilities and retail outlets (food, non-food). Currently these commercial facilities are partly operated by NS itself (ca. 40–50%) and partly by third parties. We are happy to provide scope to local businesses, such as Dudok and the Feyenoord fanshop at Rotterdam Central Station.

We are providing facilities for transport operators and are a transport operator ourselves. This imposes additional demands

Finding an optimum balance between all these facilities requires expertise and experience. The commercial facilities enable us to ensure that less busy stations remain attractive to passengers (chain, reception) and at a lower cost. Passengers also want relevant, attractive shops (commerce), but they do not want to be distracted by them when they are trying to make their connections (transfer).

In addition, stations are further complicated due to issues arising from shared ownership (ProRail, NS³) and the large number of stakeholders, such as transport operators and regional and national government agencies. In the past this resulted in confusion: who does what, who is accountable for what? The stakeholders at the stations were often busy dealing with each other rather than focusing their attention on passengers.

Stations offer four types of facilities: transfer, chain, reception, commerce

That is why we joined forces with ProRail in 2013. Together we developed a strategy to provide attractive and comfortable stations.⁴ This forms the basis for a balanced way of managing stations, one in which the passengers' interests are the number-one priority. It enables us to ensure a balance between the different facilities (transfer, chain, reception and commerce). One of the concrete results of this cooperation is a plan for the redevelopment of Amsterdam Zuid railway station, resulting in improved facilities and lower costs.

³ ProRail is the beneficial owner of what is referred to as the 'railway traffic and transport infrastructure', roughly speaking the platforms. NS is the legal and beneficial owner of the 'mixed infrastructure', i.e. the station buildings.

⁴ The Long-Term Rail Agenda ('Lange Termijn Spoor Agenda' – LTSA) is the basis for and guarantee of this shared strategy.



Where stations are concerned, NS has a dual role. We provide facilities to transport operators (for their passengers and for their staff) on the one hand, and yet are ourselves a transport operator on the other. This places additional demands on our organisational structure and modus operandi.

4.2.2 Strategic choice and the rationale that underpins it

Just as with our other core activities, where the network of stations is concerned, we are focusing on those activities that enable us to provide the most value for passengers. In doing this, we are working for all the rail operators in the Netherlands. What this means in the case of stations is ensuring the right balance between the different functions (transfer, chain, reception, commerce) in close cooperation with ProRail. With this in mind, we have taken a critical look at our portfolio of activities and are opting for a sharper focus.

This means that we will be:

- *Leaving to the market what the market is now also capable of.* Over the past few years, NS Stations has developed a number of retail concepts that can now be operated by commercial parties. By granting concessions we can retain sufficient oversight to be able to guarantee the right balance between the different station functions.⁵ Currently private parties are exploiting 8 retail concepts (5 non-food, 3 food) and initial results appear to be positive. We will review the situation in late 2016. We will continue this policy over the next few years as long as this does not jeopardise passengers' interests or harm our financial results. We will remain in charge of facilities which are of immediate importance to passengers, such the Kiosk and the Station Living Rooms ('StationsHuis kamers'), where, among other things, we provide information and service to passengers, including at non-profitable locations and times.
- *Scaling down our property portfolio.* We are focusing on transfer, chain, reception and commercial facilities for passengers. Over the next few years, all property not being used to this end will, in principle, be disposed of. We are doing this carefully in order to create maximum value.
- *Phasing out our retail activities abroad.* Operating retail outlets abroad does not provide added value for Dutch passengers. We will therefore be phasing out these activities.

We will demonstrably, fully and credibly meet the requirements to ensure a level playing field

This gives us greater focus on our key activities at stations, such as (1) developing hospitable stations: a dedicated staff member at every station, (2) putting in place the 7 basic facilities for our passengers (including 10 Station Living Rooms and 125 sheltered waiting areas), (3) overseeing the commercial facilities at stations, (4) developing station areas and (5) continuing the partnership between ProRail and NS in the Long-Term Rail Agenda Station Alliance ('LTSA Stationsalliantie').

To make our position as a service provider and transport operator at stations less vulnerable, we will be increasing our efforts to ensure fair and open competition. We want to ensure a level playing field, which is why we will meet the requirements of the new Railways Act and Competition Act demonstrably, fully and credibly. We will be implementing the following measures:

- We will offer our services in a non-discriminatory way, among other things by creating one single point of contact in conjunction with ProRail for applications for contracts by other transport operators and government authorities. We will also implement the use of standardised contracts;
- We will calculate the prices for our services using the appropriate cost-plus pricing method which is documented in such a way as to be auditable;
- We will offer our services in a transparent way, for example by publishing the formally defined services, contact, terms and conditions, and pricing structure on the stations.nl website;
- We will continue to keep separate accounts for NS Stations and other NS divisions;
- We are ensuring independent decision-making, among other things by not including the transport division of NS in decision-making about services provided by NS Stations to third parties;

We are largely discontinuing the operation of retail outlets and the commercial exploitation of property that is not used to provide transfer, chain, reception or commercial facilities for passengers

⁵ We will continue to develop new concepts ourselves, as this enables us to retain a competitive edge over other market players. Once a new concept is successful, we will then consider transferring the operation to a third party.



- We have opened up a dialogue with the Netherlands Authority for Consumers and Markets (ACM) to clarify the requirements the ACM uses in the ex-ante assessment of our approach.

This is not a one-off package of measures. We will bear in mind the question of what we can do to enable a level playing field on an ongoing basis. Where necessary, we will implement additional measures. A Director of Risk Management is being tasked with monitoring this on behalf of the Board of Directors.

Finally, we will be strengthening the independent position of NS Stations with our portfolio choices, as NS will no longer be competing with other transport operators for regional railway and bus concessions in the Netherlands.

The government has suggested that there are alternative models which may be better for the Netherlands. We have given extensive consideration to these possibilities (see Appendix I). Our conclusion is that passengers stand to benefit most from the stations being managed by one single body and that the current partnership between ProRail and NS most effectively protects passengers' interests.

4.3 Our transport portfolio abroad

4.3.1 Current situation and challenges

Via our subsidiary Abellio we provide train and bus services in the UK and Germany. We have three reasons to be doing this:

- *Prepare*: Abellio's experience with tendering in liberalised markets enables us to prepare for the possibility of a competitive tender procedure for the Dutch main rail network in the future. Our activities abroad enable us to demonstrate that we possess wide and diverse operational experience, giving us a better chance of winning tenders.
- *Learn*: Abellio learns lessons abroad which we can then apply, improving the quality of services for Dutch passengers. Our Dutch organisation is also able to learn from Abellio's efficient and enterprising culture.
- *Earn*: Abellio makes a profit on its activities which flows back into NS Group, which, in turn, benefits Dutch passengers. This enables us to generate revenue abroad from the expertise and experience we have developed in the railway sector in the Netherlands.

In addition to these three strategic objectives, an important condition is that the risks to which Abellio is exposed are manageable. Like our shareholder, we want to limit these risks on our invested capital in Abellio. We are in constant consultation with Abellio and our stakeholder in order to manage the risks.

So far the results of this strategy have been mixed. Abellio shows the best results on the goal *Prepare*: Abellio has built up strong tender teams, which have enabled it to win a number of attractive transport concessions in recent years (such as ScotRail and Greater Anglia in the UK and Saale-Thüringen-Südharz in Germany), which are being operated successfully. The goal *Learn* could be pursued more effectively. In building up our market positions abroad, we have made effective use of the expertise and experience we have developed in the railway sector in the Netherlands. However, Dutch railway passengers have only had limited benefits from our experiences abroad. The organisation has been insufficiently open to lessons from abroad about ways to improve services or increase efficiency. Abellio, in turn, could make a greater effort to pass on lessons learnt and make them relevant in the Dutch context. Abellio's financial results, too, are mixed to date. Abellio made a profit up to and including 2011, and contributed to our results. In 2012 and 2013 it incurred losses as a result of the sale of loss-making bus services and investments in new concessions. After a marginally positive result in 2014, Abellio made a substantial profit again in 2015. This positive operating result is expected to continue consistently over the next few years.

We are gaining experience with concessions in the UK and Germany that Dutch passengers will be able to benefit from

By pursuing a strategy of 'targeted growth', we are prepared for the possibility of a competitive tender for the main rail network, are learning lessons, making profits and managing risks

Our portfolio choices will strengthen the independent position of NS stations



4.3.2 Strategic choice and the rationale that underpins it

We are opting to pursue a strategy aimed at the targeted growth of Abellio. Targeted growth means that Abellio will tender for concessions in a limited number of liberalised markets in Europe (such as the UK and Germany), and will only tender for railway concessions.⁶

We are devising a learning programme together with Abellio and strategically exchanging employees

Prepare: By continuing to tender in a targeted way for railway concessions in Europe, we will strengthen our position in the event of a competitive tender for the main rail network opening up. It will also give us sufficient international experience to be able to demonstrate that we are able to successfully operate concessions of this sort. By doing so, we are making a contribution to NS' continuity. As long as the Dutch government leaves the option of liberalising the railway sector open, we are preparing for all possible eventualities.

Learn: Abellio is an agile and customer-oriented company which has achieved success in competitive markets. Abellio's expertise and experience can help NS to further improve services to passengers in the Netherlands and achieve the required improvements to efficiency. It is also good for employees in the Netherlands to be able to gain experience abroad. The option of working abroad also makes us into an attractive employer capable of attracting talented staff.

Earn: Targeted growth ensures we can generate a sustained profit with manageable risks.

Risk management: By opting for targeted growth in a number of countries (such as the UK and Germany), Abellio ensures that the risks can be monitored and managed. Abellio has experience in these markets and therefore is familiar with the risks. It goes without saying that we will not allow our international activities to jeopardise our activities in the Netherlands in any way.

Incidentally, in making these strategic decisions NS is not unique in Europe. Most other large state-owned railway companies, including Deutsche Bahn and SNCF, have already been active in liberalised markets abroad for quite some time, and are participating in tenders for railway and bus transport, including in the Netherlands.

In Appendix I we have set out the conclusions we have arrived at in considering alternative strategies.

4.3.3 Implementation

In order to learn more from Abellio and manage risks, we will be implementing the following measures:

- *Learn:* Together with Abellio we are devising a learning programme to share lessons that have been learnt in a structured way. In addition, we will be strategically exchanging employees between NS and Abellio. One of the activities scheduled for 2016 is a benchmark study undertaken jointly by Abellio and NS Travellers: based on Abellio's experiences, they will explore additional ways for NS to improve its commercial, operational and financial performance on the main rail network.
- *Risk management:* In consultation with the shareholder, we will be tightening our risk management. We will use methods which assess risks as accurately and realistically as possible, and, as far as we can, we will be mitigating those risks. In addition, together with Abellio, we will continue to ensure sufficient safeguards are in place as part of our risk management practices.

⁶ With the exception of bus concessions in the UK: the existing activities are profitable, and selective tendering contributes to value retention.





5 Prioritising public values

In the previous chapters, we described *what* we will be doing: improving services on the main rail network and devoting more attention to our core activities. Now we will explain *how* we want to go about this. We want to base our approach more on public values; we want to manage risks, be transparent, guarantee a level playing field, and work together constructively, as a reliable partner. And above all, we want to thoroughly satisfy the requirements of the relevant laws and regulations.

In this chapter we will describe the specific lessons we have learned from the Fyra debacle and the irregularities around the Limburg tender. We will also set out the culture change required for us to adopt an approach that is more based on public values.

We have tackled the issues around the procurement of rolling stock

5.1 Lessons from the Fyra episode and managing risks in complex projects

5.1.1 Current situation and challenges

The debacle with the Fyra left passengers out in the cold. That was the conclusion of the parliamentary committee of enquiry, and rightly so. Passengers did not get what they had been promised.

We now need to provide an alternative to the high-speed rail line as quickly as possible. We are also taking to heart the criticism that passengers deserve more from the high-speed rail line than the requirements stipulated in the concession.

The analysis of the Fyra file has brought to light a number of specific issues relating to the purchase of rolling stock. For example, there was insufficient cooperation between the business units involved. In addition, there was inadequate consultation with market players and we failed to draw up a plan B to fall back on.

Reflecting critically on the Fyra episode also exposed a number of more structural issues. For example, sometimes important decisions are not made at the right level in the organisation. Top-level management sometimes has insufficient insight into important decisions and risks. Cooperation often leaves much to be desired.

The Fyra file brought to light issues relating to management and the purchase of rolling stock

5.1.2 Potential solutions

We have set to work proactively addressing the lessons learnt from the Fyra episode. First of all, these lessons have led to the strategic reorientation of NS. These strategic choices are partly aimed at preventing this type of situation from happening again:

- *NS has two objectives*: a social objective and a business objective. If we find ourselves faced with any tension between the passenger's interests and our business interests, we will choose the passenger. Of course, in doing so, we will stay mindful of the implications for the business.
- *Focus on three core activities*: providing train services on the main rail network, overseeing the network of stations and contributing to the journey door-to-door; *Phasing-out of activities which do not form part of our core activities*: saying goodbye to Qbuzz, no longer tendering for regional transport concessions, largely discontinuing the operation of retail outlets at the stations, and the sale of all property that is not used to provide transfer, chain, reception or commercial facilities for passengers.
- *Consistently prioritising public values*: managing risks, being transparent, ensuring a level playing field and working together constructively, as a reliable partner.

In addition, we are pulling out all the stops to provide good services on the high-speed rail line. We are tackling the issues relating to service cancellations and working step-by-step on achieving quality improvements. We are conducting exploratory research into alternative ways of shortening the journey time to Belgium. We are first working on reducing cancellations, and will then tackle increasing the frequency of services.



We have addressed the issues relating to the purchase of rolling stock. One single programme manager involves all relevant NS departments in the purchasing process. This programme manager reports to the CFO. We also consult suppliers about the feasibility and costs of different rolling stock options, so that we do not make unrealistic demands, but opt for 'proven technology'. When introducing new stock, we now always make sure we have a reliable back-up option in place. If no back-up option is available, we will postpone the introduction of new trains into the service schedule. The leasing of new trains for the main rail network is now being coordinated from the Netherlands.

In addition, we are working on tackling underlying problems:

- To improve integrated decision-making, we will clearly define responsibilities and put decisions before the Board of Directors, presenting an overview of the key considerations and risks.
- We will manage complex projects more strictly and proactively. We will clearly identify risks and the critical path to success. These insights are required at all the levels of the organisation that are involved, so that, where necessary, we can make adjustments and intervene in a timely manner.
- We will implement measures to promote more effective cooperation, described in paragraph 3.2 under "Decomartmentalisation".

We are implementing measures to ensure that we comply in full with the new Railways Act and the Competition Act

5.2 Lessons from the Limburg episode and ensuring a level playing field

5.2.1 Current situation and challenges

There was tension between our social and business objectives well before the privatisation in 1995. This tension increased when a number of rail transport operators started to use the infrastructure and stations and we started to bid to provide regional transport services in the Netherlands.

The Netherlands Authority for Consumers and Markets (ACM) found that, as they stand at the moment, the guarantees of a level playing field are not sufficiently in line with the requirements of the Competition Act. The new Railways Act, which came into force at the beginning of December 2015, imposes new requirements in this regard. It is crucial that we comply in full with laws and regulations. This will have a positive impact on the way we offer services to other transport operators.

In complex projects we will make decisions at the right level, manage situations more carefully and work better together

In the wake of the events in Limburg, research firm Alvarez & Marsal produced a report containing recommendations for improving governance, risk and compliance, and integrity within our organisation. We have taken the recommendations in this report to heart, and have drawn up an action plan to implement them.

We want to meet the most stringent of *good governance* standards. With this in mind, we are making changes to our structure and procedures and in our behaviour.

5.2.2 Potential solutions

Now that we are returning to our core activities and concentrating on the main rail network, ensuring compliance and a level playing field will be a little easier. We are no longer bidding for regional rail concessions and we are parting company with Qbuzz in a fair way.

But that is not enough. Even if we are not competing in regional bus and rail services with transport operators who use our services, we may still appear to be giving preferential treatment. We want to avoid this by demonstrably, fully⁷ and credibly complying with the provisions of the new Railways Act and the Competition Act. With this in mind, we are implementing a package of measures which will enable us to offer services to other transport operators in a non-discriminatory and transparent manner at cost-plus prices. We

⁷ That means that, in case of doubt as to the interpretation of the legislation, the public interest will be placed first.



will do this through separate accounting and independent decision-making. These measures relate not only to NS Stations (see paragraph 4.2) but also to NS Reizigers (passenger services) (e.g. automatic ticket machines) and NedTrain (e.g. maintenance services, washing facilities).

We are also incorporating the recommendations made by Alvarez & Marsal regarding the ensuring of a level playing field into our internal processes. For example, we are launching an initiative around information awareness and security. We will screen external employees more carefully. We will make procedures around confidentiality, data security and document management more stringent.

Most of the measures designed to ensure compliance with the new Railways Act and the Competition Act were already in place on 1 December 2015. At the same time, we are working on changes to our organisational structure in which the ensuring of a level playing field plays a key role. We expect this structure to be complete by the spring. We will implement Alvarez & Marsal's recommendations during the course of 2016.

We have appointed a new director who will be responsible for ensuring that the necessary change in behaviour takes place

5.3 A change in behaviour is essential

5.3.1 Current situation and challenges

The events surrounding the Fyra and the tender in Limburg exposed deep-rooted problems with our behaviour. We were not acting sufficiently in the public interest. And we did not always listen to divergent opinions within the organisation.

Moreover, when working with other parties, we were often too focused on our own ends, e.g. maximising turnover or protecting the concession for the main rail network. We often reacted defensively and suspiciously to new developments in public transport, rather than embracing them in the interests of passengers. Consequently, working with us was not always easy.

We will work together more constructively with our partners and will communicate more transparently

5.3.2 Potential solutions

In line with Alvarez & Marsal's recommendations, we will focus more on our behaviour (*compliance*) and pay more attention to risks. We have appointed a third statutory director to our Board of Directors whose portfolio includes governance, risk management and compliance (Director of Risk Management). Preventing breaches of integrity is crucial. With this in mind, we are drawing up new regulations defining powers and we are improving the job descriptions of our compliance officers. We have drawn up a new code of conduct. We are also raising employees' awareness of the Whistleblower Scheme, fraud policy and complaints procedure. Finally, integrity and acting in accordance with this code of conduct will play a key role in the performance review criteria of all directors, managers and employees. In the event of a breach, we will take action.

The new Director of Risk Management will be responsible for ensuring that the necessary changes are made. She will have the scope to tackle problems at their root, thereby bringing about the necessary change in behaviour.

From now on we will take diverging opinions within the organisation more seriously. In this context, we will ensure that when important decisions have to be made, people with different points of view sit round the table together. Our motto will be 'always the right people round the table'. We will also make it clear that we understand the importance of critical reviews.

We will work better and more transparently with our partners, putting the interests of passengers first. We will no longer accept behaviour which is not focused on collaboration in the interests of passengers. We will treat other transport operators not as competitors but as partners in order to serve passengers in the best possible way. We will work constructively with government authorities and other stakeholders.

We will communicate our plans and intentions openly to all stakeholders. We will let them know in good time if we do not expect to meet our targets. We will no longer make



promises that we cannot keep. In particular, we will act in a transparent manner in dealings with our concession-granting authority (the Ministry of Infrastructure and the Environment) and our shareholder (the Ministry of Finance).

In addition, we will actively continue successful partnerships, such as our partnership with ProRail. The ongoing Beter en Meer (Better and More) initiative demonstrates the operational improvements that can be achieved if we collaborate effectively. Here, we all contribute our own expertise but with a shared objective: a better product for passengers.



6 Increasing effectiveness

As stated above, if we are to achieve our objectives we must transform our organisation. We can only implement our objectives successfully if we increase our effectiveness. We must turn plans on paper into visible improvements. This requires changes in *how* we work. We make a distinction here between the following dimensions: leadership and management, organisational structure, approach to improvements, employees and teams and performance-based culture. If we are to increase our effectiveness we must change in all these areas.

6.1 Leadership and management

Changes are needed in our organisation's approach to leadership and management, which we (management and employees) must elaborate together.

- The Board of Directors will focus jointly and more directly on performance on the main rail network.
- Where necessary we will make changes to staffing at the top of the organisation if the skills needed to implement the transformation with a consensus are lacking.
- We will clarify responsibilities, e.g. to ensure that we produce a timetable which is practical to implement.
- We will break out of compartmentalisation through more integration in the operational management of the process chains. We will achieve this with the help of national roundtables and regional chain consultations .
- We will value partnerships: there are also shared responsibilities and performance indicators. We will make it clear what we expect each other to contribute to the overall result.
- We will make significant decisions which involve major risks at Board level.

6.2 Organisational structure

Our organisation is too fragmented. The business units which were established in the past only bear part of the responsibility for our product. As a result, they have become compartmentalised. Very few employees take a holistic view of the situation. In this context, we will prevent problems arising between business units or between NS and ProRail. We will define responsibilities better. This will also enable us to design a timetable which is more practical to implement.

It is all about restoring simplicity and oversight in our organisation. The basic principles are as follows:

- *Fewer compartments*: our organisational structure will enable us to manage our performance and major projects in an integrated way.
- *Fewer layers*: our structure will become flatter, creating less distance between the top of the organisation and the shop floor.
- *Clearly defined roles*: this will prevent us having "two hats", unclear loyalties and fragmented responsibilities.

A simpler organisation will increase our effectiveness and encourage dialogue between employees and management. We will modify our organisational structure gradually starting from the top. We expect to make a decision on this in early 2016.

We will restore simplicity and oversight to our organisation through fewer compartments, fewer layers and clearly defined roles

6.3 Approach to improvements

We have lots of good ideas about how we can do things better. We start countless projects and initiatives with great enthusiasm and a wealth of good intentions. But ultimately these do not achieve enough. We find it difficult to turn our plans on paper into visible results. We do not take good initiatives to completion and even if a local pilot is successful we are loathe to scale it up to national level. This is because the actual causes that give rise to



problems are not always known. This makes it difficult to evaluate an idea or initiative. As a result, we cannot prioritise effectively.

We are therefore taking a number of steps:

- We are reducing the number of improvement projects through smarter portfolio management. The projects which we implement are directly linked to our strategy, objectives and performance indicators.
- The responsibility for improvement always lies with the line organisation.
- We take the time to carry out an in-depth diagnosis of the problem before we make improvements. We use the Lean Method for this, for example. We then measure the improvements made and make adjustments where necessary.
- We do not just test the solutions, we also test upscaling. That way we ensure that successful pilots are rolled out across the entire organisation.
- When implementing projects we will be more forward looking. We understand the mutual dependencies better and let people know at an early stage if the critical path is in jeopardy. That way line managers can make adjustments to projects in good time.
- We focus on improving the work processes, which drive the necessary change. We adjust processes to give specialists more scope. This puts them in a better position to tackle and resolve issues with others both within the business and beyond.

We will change our approach to improvements, thereby turning plans into visible results

6.4 Employees and teams

We have a big challenge ahead of us. We can only tackle it effectively if we use the knowledge, power and talent of our employees to good effect.

- We will make better use of ideas on the shop floor. We want to know what is happening, what employees are frustrated by and where improvements can be made. We will get an overview of the situation straight away and will then make this an ongoing process.
- At all levels we are putting together motivated teams who have a clearly defined job to do, clear team standards and a dialogue around performance. These teams offer a good balance in terms of background, knowledge and personalities.
- Working in partnership with employees in a meticulous and reliable manner is an essential part of this transformation. The directors will constantly ensure that there is agreement over both process and content.

6.5 Performance-based culture

In the previous paragraph we described how we must change our behaviour so that we act in accordance with public values. The need to increase our effectiveness also places demands on how we conduct ourselves. We will focus on working better with others in combination with more ownership. In this context, we will adopt the following basic principles:

- We will make clear and real promises, both internally and externally. We will keep our promises.
- We will make expectations explicit and we will make individual and joint performance visible. We will link clear consequences to both good and poor performance.
- We will configure our processes in such a way that we can achieve the correct behaviour.
- Employees will have the scope to take ownership and to collaborate effectively. This will put them in a better position to take the initiative and to solve problems.
- We will put our desired culture into practice through clearly defined behaviours.
- We will call each other to account if conduct is inconsistent with our core values

We will make better use of ideas on the shop floor

Employees will have the scope to take ownership and to collaborate effectively

This transformation will be a major challenge for our organisation over the next few years. We will do everything we can to achieve our objectives for customer satisfaction, operational performance and returns by 2019. The renewed awareness of our objectives and the focus on passengers will give us the energy we need to continue the work we have started.



Validation by The Boston Consulting Group (BCG)

In the spring of 2015 NS embarked on a process of strategic reorientation. Between 20 October and 27 November 2015 BCG validated the results of this strategic reorientation, as described in the strategic memorandum 'Spoorslags beter' (Back on Track).

BCG validated the strategic choices made. We did this at three levels:

- evaluation of assessment framework, by area;
- evaluation of application of assessment framework, by area;
- audit of consistency over areas (both the assessment framework itself and its application).

Our evaluation was based partly on existing documentation and partly on additional research that we carried out (interviews, additional analyses).

The choices in this strategic memorandum are logical choices which are appropriate for a company with a significant public remit given the current market situation. The reasons behind the choices are well-founded and offer an adequate basis for achievement of the choices made. The choices are also internally consistent. BCG finds the principles defined with regard to the improvement of performance, management and organisation appropriate for a transport business which faces operational challenges, such as NS.

In a number of areas more detailed analyses are required before implementation commences:

- The structure of management, organisation and staffing. This also includes the structure of the portfolio at the top of the organisation. This structure must increase the focus on operations and on the design of a feasible plan; Implementation and justification of the performance improvement plan for the main rail network. The emphasis here must be on the carrying out of thorough root cause analyses, better prioritisation, phasing and execution of improvement initiatives and making better use of the ideas of employees on the shop floor; The formulation of a coherent set of interventions which encourage the desired behaviour in order to create a culture of conduct which is consistent with public values (for example, compliance and risk management) and more collaboration and ownership;



Appendix I: Consideration of alternative portfolio choices

For each of our choices, in order to focus on our core activities (see Chapter 4), we considered various alternatives. In this appendix we outline the factors we took into account when deciding on our transport portfolio for the Netherlands, the station models and our strategic direction for our transport portfolio abroad.

I.I Consideration of alternative choices for our transport portfolio in the Netherlands

The alternative to our strategic choice would be to continue running regional rail, bus and tram concessions ourselves. This would mean that we would continue to bid for regional concessions. In other words, we would continue to pursue our previous strategy.

We considered to what extent we could eliminate the disadvantages of this alternative (restriction of collaboration with other transport operators, reduced focus on core activities) without hiving off or restricting our regional transport activities in the long term. However, we see limited opportunities for this. As an organisation we benefit from making a definite choice.

We can achieve the advantages of running regional transport services ourselves (convenience of integrating all the transport services on offer) by collaborating effectively with other transport operators.

I.II Consideration of alternative models for stations

When looking at alternative models our first question was: must all stations remain under one owner (as is the case now with NS) or would it be better if they had several different owners?

Advantages of all stations having one owner:

- *Uniformity of the stations*: passengers benefit from a recognisable, uniform station design which they can find their way around easily through identical signage and clearly recognisable Kiosks;
- *Ability to use profits from large stations to pay for facilities at small stations*: passengers using small stations also benefit from facilities such as cycle racks, car parking etc. However, these facilities are often not financially viable at small stations;
- *Relative simplicity of station management, operation and projects*: with shared ownership, the situation around stations is already complex. If stations were to be split geographically this complexity would only increase. This affects ProRail, which would have to work very closely with more stakeholders. It also impacts on the simplicity of management of stations: splitting them up would result in a loss of scale, which could have a negative impact on the cleanliness and safety of stations.

Potential advantages of stations having several owners:

- *More customisation*: a potential disadvantage of uniformity is the lack of customisation for passengers, e.g. not displaying relevant travel information from the regional bus company at the train station.
- *Improved perception of non-discriminatory service provision*: e.g. if stations were to be managed by regional authorities.

Having weighed up the above-mentioned arguments, we believe that the passenger and the rail network benefit from keeping all the stations under one owner. We focus on all stations, large and small. We endeavour to deliver customisation for local authorities and regional transport operators within the constraints of a uniform image for passengers. We invest more than €10 million a year of the money we earn from large stations in facilities at



small stations (e.g. cycle racks and Kiosks). Even at stations where NS is not the only transport operator or where it does not provide a service itself. We work closely and effectively with ProRail on passengers' behalf at every station.

There are a number of possible models for keeping stations under one owner. Two possible options are 'stations to ProRail' and 'stations to a private sector party'.

We compared these models with the existing model for the following criteria:

- *Impact on passengers: transfer facilities, chain facilities (facilities for getting to and from the station) and reception facilities.* How will the owner of the stations approach the interests of passengers and the door-to-door journey?
- *Impact on passengers: commercial facilities.* To what extent can the owner offer relevant, attractive commercial facilities at stations?
- *Impact on the public purse.* At the moment we use part of the money we make from stations for public ends, e.g. toilet facilities at small stations. Consequently, these do not have to be paid for from the public purse;
- *Impact on actual non-discriminatory service provision.* Every station owner must comply with the Railways Act and the Competition Act and take measures in this regard. The question is to what extent another owner would actually do this.
- *Impact on perceived non-discriminatory service provision.* As well as actual non-discriminatory service provision, perception plays a role: are appearances for or against the owner of the stations?
- *Transition costs.* These are twofold: one the one hand, costs (money) to enable the transition to the model, and, on the other, the reduced focus (time, attention) on passengers and other external stakeholders during the transition.

Figure 6 shows the advantages and disadvantages of the different models.

This figure only includes the public criteria for the evaluation of alternative models. We have not yet considered the impact on our own organisation. If stations were to be transferred to ProRail or to a private partner this would be significant. Stations have a stabilising effect on our cashflows. They allow NS to obtain more favourable financial terms, e.g. when concluding a loan. Without stations it would be more difficult for us to invest. Indirectly, this also has a negative impact on passengers. Also, because stations are part of NS, we can work in an integrated way on developing the network, intersections and mobility and focus in an integrated way on passengers' overall opinion of the main rail network.

	ProRail	Samenwerking ProRail / NS (huidig model)	Private partij
Reiziger: transfer, keten, verblijf	+ Goed geborgd bij partij die publieke belangen voorop heeft staan	+ Goed geborgd bij partij die publieke belangen voorop heeft staan, i.s.m. ProRail	- Vraag of private partij zal investeren in functies die voornamelijk maatschappelijke waarde hebben
Reiziger: commercie	- Vakmanschap zou men overnemen van NS, maar focus op commercie minder	+ Vakmanschap in huis, voldoende focus op behalen commerciële resultaten	+ Vakmanschap zou men overnemen van NS, (ruim) voldoende focus
Schatkist	+ Winst op private activiteiten ingezet voor publieke doelen - Mogelijk minder winst door minder commerciële focus	+ Winst op private activiteiten ingezet voor publieke doelen	- Winst op private activiteiten <u>niet</u> ingezet voor publieke doelen
Non-discriminatie, feitelijk	+ Aantoonbaar, ruimhartig en geloofwaardig	+ Aantoonbaar, ruimhartig en geloofwaardig	- Private partij eerder geneigd randen van de wet op te zoeken uit kostenoverweging
Non-discriminatie., perceptie	+ Geen vervoerder	- NS zelf vervoerder	+ Geen vervoerder
Transitiekosten	- Groot	+ Geen	- Groot

	ProRail	Partnership between ProRail and NS (existing model)	Private sector party
Passengers: transfer, chain, reception	Good provision by a party that puts public interests first	Good provision by a party that puts public interests first, in conjunction with ProRail	Question as to whether a private sector party would invest in functions which have a predominantly public value
Passengers: retail	Expertise would be taken over from NS but focus on retail less	Expertise in house, sufficient focus on achieving commercial results	Expertise would be taken over from NS, (more than) sufficient focus
Public purse	Profit from private activities used for public ends Potentially less profit due to less commercial focus	Profit from private activities used for public ends	Profit from private activities <u>not</u> used for public ends
Non-discriminatory, actual	Demonstrable, full and credible	Demonstrable, full and credible	Private sector party more inclined to look for legal loopholes for cost reasons
Non-discrimination, perception	Not a transport operator	NS itself is a transport operator	Not a transport operator
Transition costs	Significant	None	Significant

Figure 6: Alternative models evaluated on the basis of public criteria

I.III Consideration of alternative strategies for transport portfolio abroad

For Abellio's future strategy we looked at four options:

- *Sale*: We sell our subsidiary Abellio to another transport company or to a private investor. As a Dutch rail company we are no longer internationally active and we avoid competition with rail companies abroad, although foreign rail companies still remain active in the Netherlands through their subsidiaries.
- *Gradual reduction*: Abellio runs the existing concessions until they expire but does not bid for new concessions. As a result, Abellio's concession portfolio would gradually decrease. In the long term, as a Dutch rail company we would no longer be internationally active. We avoid competition with rail companies abroad.
- *Targeted growth*: Abellio bids for concessions in a limited number of deregulated markets in Europe (such as the UK and Germany). Abellio only bids for rail concessions⁸.
- *Aggressive growth*: Abellio bids for concessions in various markets in Europe. Abellio also considers bidding outside Europe, e.g. in the US and Australia. Abellio bids for both new bus concessions and rail concessions.

Each of the three alternative strategic options scores lower in total than the 'targeted growth' option for the three objectives (*prepare, learn, earn*) and for risk management (see also Figure 7):

- *Sale*: we do not prepare ourselves for further deregulation because Abellio no longer participates in tenders (*Prepare*). Also, we no longer learn from foreign concessions if we sell them (*Learn*). However, selling them generates a one-off financial contribution (*Earn*). All risks associated with Abellio disappear.
- *Gradual reduction*: we do not prepare ourselves for further deregulation because Abellio no longer participates in tenders (*Prepare*). The opportunity to learn from foreign concessions gradually disappears as the portfolio shrinks (*Learn*). Our earnings capacity gradually decreases (*Earn*), as do the risks.

⁸ With the exception of bus concessions in the UK: existing activities are profitable and selective tendering helps retain value.



- Aggressive growth*: we prepare ourselves well for further deregulation because Abellio takes part in lots of tenders in different countries. Abellio also gains a lot of different experience from running concessions which it can apply to a bid (*Prepare*). And the more concessions we run in different markets, the more we can learn from these concessions (*Learn*). However, our earnings capacity is uncertain because it is not clear how much profit Abellio can make in markets where it does not yet have any experience (*Earn*). Consequently, the risks are significant. In addition, we as NS would have to invest a great deal of capital to enable the aggressive growth of Abellio. Finally, there is little political support for risky activities abroad.

	Prepare	Learn	Earn	Risiko
Sale	— —	— —	+ <i>Einmalig</i>	+ +
Gradual reduction	— —	—	—	+
Targeted growth	+	+	+	+ / —
Aggressive growth	+ +	+ +	+ / —	— —

Figure 7 - Evaluation of strategic options for Abellio