



HALF YEAR REPORT 2015

NV Nederlandse Spoorwegen



Datum 13 August 2015

Pagina 2/13

Half year figures 2015 NV Nederlandse Spoorwegen

Condensed consolidated balance sheet as at 30 June 2015 NV Nederlandse Spoorwegen

(in millions of euros)	30 June 2015	31 December 2014
Assets		
Property, plant and equipment	3,244	3,157
Investment property	193	196
Intangible assets	224	174
Investments in equity accounted investees	190	185
Other financial assets, including investments	277	226
Deferred tax assets	293	295
Total non-current assets	4,421	4,233
Total current assets	1,718	1,648
Total assets	6,139	5,881
Equity and Liabilities		
Equity	3,241	3,216
Deferred credits	108	112
Loans and borrowings	856	867
Employee benefits	32	33
Provisions	131	140
Accruals	2	1
Deferred tax liabilities	170	169
Total non-current liabilities	1,299	1,322
Total current liabilities	1,599	1,343
Total liabilities	2,898	2,665
Total equity and liabilities	6,139	5,881



Datum 13 August 2015

Pagina 3/13

Condensed consolidated income statement for the six months ended 30th June 2015

NV Nederlandse Spoorwegen

(in millions of euros)

	first half year	
	2015	2014
Revenue	2,369	2,032
Operating expenses	-2,314	-1,854
Share in result of equity accounted investees	21	17
Result from operating activities	76	195
Net finance result	-16	-17
Result before income tax	60	178
Income tax expense	-4	-45
Result for the period	56	133
Attributable to:		
Company shareholder	56	133
Minority interest	-	-
Result for the period	56	133



Datum 13 August 2015

Pagina 4/13

Condensed consolidated statement of comprehensive income
for the six months ended 30th June 2015
NV Nederlandse Spoorwegen

(in millions of euros)

	first half year	
	2015	2014
Result for the period	56	133
Other comprehensive income that subsequently may be reclassified to the income statement	14	3
Other comprehensive income that subsequently will never be reclassified to the income statement	3	3
Other comprehensive income	17	6
Total comprehensive income over the period	73	139
Attributable to:		
Company shareholder	73	139
Minority interest	-	-
Total comprehensive income over the period	73	139



Datum 13 August 2015

Pagina 5/13

Condensed consolidated cash flow statement
for the six months ended 30th June 2015
NV Nederlandse Spoorwegen

(in millions of euros)

	first half year	
	2015	2014
Result for the period	56	133
Adjustments for:		
Depreciation	165	160
Impairment losses	2	1
Other items	-3	41
	220	335
Increase (decrease) in working capital	175	11
	395	346
Interest paid and income tax paid	-18	-21
Net cash from operating activities	377	325
Interest received	3	8
Dividends received and recognised using the equity method	20	24
Acquisition of intangible assets and property, plant and equipment	-305	-206
Acquisition of investment properties	-2	-13
Payments of other investment	-76	-182
Disposal of non-current financial assets, including investments	-	12
Acquisition of non-current financial assets, including investments	-51	-26
Net cash from investing activities	-411	-383
Net cash from operating and investing activities	-34	-58
Repayments of liabilities	-1	-32
Dividends paid	-48	-
Net cash from financing activities	-49	-32
Net increase/decrease in cash and cash equivalents	-83	-90
Cash and cash equivalents as at 1 January	775	759
Effect of exchange rate fluctuations on cash held	-	-
Cash and cash equivalents as at 30 June	692	669



Datum 13 August 2015

Pagina 6/13

Condensed consolidated statement of changes in equity
for the six months ended 30th June 2015
NV Nederlandse Spoorwegen

(in millions of euros)

	Share capital	Other reserves	Retained earnings	Total	Minority interest	Total Equity
Balance as at 1 January 2014	1,012	-14	2,046	3,044	-	3,044
Comprehensive income						
Results over the period			133	133	-	133
Other comprehensive income	-	6	-	6	-	6
Total comprehensive income over the period	-	6	133	139	-	139
Transactions with owners, directly recognised in equity						
Dividend paid to share holder			-	-	-	-
Balance as at 30 June 2014	1,012	-8	2,179	3,183	-	3,183

(in millions of euros)

	Share capital	Other reserves	Retained earnings	Total	Minority interest	Total Equity
Balance as at 1 January 2015	1,012	-20	2,224	3,216	-	3,216
Comprehensive income						
Results over the period			56	56	-	56
Other comprehensive income		17		17		17
Total comprehensive income over the period	-	17	56	73	-	73
Transactions with owners, directly recognised in equity						
Dividend paid to share holder			-48	-48		-48
Balance as at 30 June 2015	1,012	-3	2,232	3,241	-	3,241



Datum 13 August 2015

Pagina 7/13

Notes to the condensed consolidated half year report 2015

General explanatory notes

Reporting entity

NV Nederlandse Spoorwegen has its registered offices in Utrecht in the Netherlands. The consolidated half year report of the company for the first half year of 2015 covers the company and its subsidiaries (jointly referred to below as the 'Group') and the Group's interests in subsidiaries and associated companies that it controls jointly with third parties. NV Nederlandse Spoorwegen is the holding company of NS Groep NV, which in turn is the holding company of the operating companies implementing the Group's various operating activities.

Reconciliation statement

This condensed consolidated half year report has been prepared in accordance with IAS 34 for *Interim financial reporting*. It does not contain all information that is required for the complete financial statements and should be read in conjunction with the Group's consolidated financial statements for 2014.

This consolidated financial report was prepared by the Board of Directors and discussed with and approved by the Supervisory Board on 13 August 2015.

Key accounting principles

Unless described differently the accounting principles that the Group applied in this consolidated half year report are the same as those that the Group applied in the consolidated annual statements for the financial year 2014. The changes of IFRS standards introduced at 1 January 2015 do not have any material consequences.

Estimates and assessments

The preparation of the half year reports requires the Executive Board to form opinions and make assumptions that have an effect on the application of accounting principles and the reported value of assets and liabilities and the amount of income and expenses. The estimates and the corresponding assumptions are based on past experiences and various other factors that are considered reasonable in view of the circumstances. The actual outcomes may differ from those estimates.

Unless described differently, the most important estimates and corresponding assumptions made by the Executive Board, applied to this consolidated statement and the most important sources used are the same as those the Group applied in the consolidated annual statement for the financial year 2014.

Financial risk management

The objectives and policy of the Group regarding financial risk management are in accordance with the objectives and policy set out in the consolidated financial statements for 2014.

Fair value versus carrying amount

The carrying amounts of financial assets and liabilities recognized in the balance sheet do not differ from the fair value.



Datum 13 August 2015

Pagina 8/13

Acquisition and sale of companies

No significant acquisitions or sales took place in the first half year of 2015.

Notes to the consolidated balance sheet

1) Other financial assets including investments

The other financial assets including investments can be specified as follows:

(in millions of euros)

	30 June 2015	31 December 2014
Other non-current financial assets, including investments		
Available-for-sale financial assets	155	151
Held-to-maturity investments	1	1
Deposits	45	
Financial leases	14	14
Other investments	62	60
Total	277	226
Other current financial assets	299	223
Deposits		
Total	299	223

The other financial assets include a loan to HTM Personenvervoer NV in the form of preference shares. The granted amount of €30 million is divided into the fair value of a loan (€26 million) and fair value of an option of €4 million. The value of the option is based on the cumulative market return (4%) that NS must return the moment the Group decides to terminate the loan agreement before the end of the contract. The valuation of the HTM option is based on data that is not based on observable market data (unobservable inputs). Compared to 2014 there were no changes in the market data used.

Cash and cash equivalents amount to €692 million per 30 June 2015 (€775 million per 31 December 2014).

2) Equity and dividend

The financial statements for 2014 and the profit appropriation were adopted at the shareholders' meeting of 3 March 2015. As proposed, € 132 million of the total income of the reporting period (€ 180 million) has been added to the reserves. € 48 million is paid as dividend.

3) Loans and financial liabilities and cash

The loans and financial liabilities can be specified as follows:



Datum 13 August 2015

Pagina 9/13

(in millions of euros)

	30 June 2015	31 December 2014
Non - Current liabilities		
Private loans	744	737
Finance lease liabilities	67	75
Interest rate swaps used for hedging	24	30
Commodity derivatives	21	25
Total	856	867
Current liabilities		
Private loans	43	44
Finance lease	16	16
Total	59	60
Total loans and other financial liabilities	915	927

In determining the value of interest rate swaps and commodity derivatives used for hedging, the Group uses valuation techniques in which all significant required information derived from observable market data.

4) *Off balance sheet commitments*

ACM

On 3 June 2015, the Authority for Consumers & Markets (ACM) announced its conclusion that NS, in some aspects, had violated the Railways Act in preparation for the tender in the province of Limburg. In the opinion of ACM, NS thereby created a disadvantage for Veolia. According to ACM, NS had failed to propose a reasonable offer to other carriers for the use of existing ticket machines, the rental of personnel spaces, existing OV chip card poles, existing emergency button facilities, travel information and service points. In addition, confidential company information of other carriers had been shared within NS. NS accepted its public responsibility and, on 5 June 2015, withdrew the announced appeal against the ACM decision. ACM has subsequently announced that it will conduct further investigations into NS's possible abuse of economic power in the European tender for public transport in Limburg, and any further violation(s) of the Railways Act by NS and its subsidiaries. The time at which ACM will publish any further findings is uncertain. The outcomes of these investigations and any resulting financial impact (penalties) for NS and its subsidiaries are likewise uncertain, and therefore have not been provided for.

Veolia

On 17 June 2015, Veolia held NS and a number of NS subsidiaries, including Abellio, jointly and severally liable for damages arisen from (1) the irregularities identified in the report drawn up by De Brauw Blackstone Westbroek ('De Brauw') dated 28 April 2015, and (2) the dissemination of allegedly competitively relevant and commercially confidential information of Veolia (more particularly the forwarding of the letter of 12 August 2014 from Veolia Transport Limburg B.V.), and for the reasonable costs incurred in determining damage and liability. Veolia has not yet determined a concrete amount for the damages claimed. Furthermore, Veolia required that NS provide certain information to Veolia regarding (1) and (2) above, and that NS destroy the information received as a consequence of (1) and (2). NS has informed Veolia that it is currently investigating the possibilities for destruction, and that it will respond to the requests for information after De Brauw has issued its final report. The outcome of any judicial proceedings,



Datum 13 August 2015

Pagina 10/13

including any indemnity to be awarded, is as of yet uncertain, and therefore has not been provided for.

Other issues

There is an inherent risk that additional claims may be received as a result of the irregularities that were identified.

The above-mentioned claims may have a material impact on the results and equity of NS. Since no reliable estimate can be made at the moment as to the outcomes of the claims already received, no provisions have been made for them.

Investment obligations

At the end of June 2015, the Group had outstanding investment obligations for an amount of €878 million (30 June 2014: € 400 million) principally for the purchase of rolling stock and investments in projects related to stations.

Commitments with respect to energy

In 2014, the Group signed a ten-year contract with Eneco (2015-2024) to deliver track power for trains in the Netherlands. At 30 June 2015, the compulsory purchase obligation was €185 million (31 December 2014: €194 million).



Datum 13 August 2015

Pagina 11/13

Notes to the consolidated income statement

5) Changes in the income

In the first half year of 2014 the result was characterised by a number of incidents. This was mainly caused by the release of provisions, mainly due to the settlement of the V250 file with Ansaldo Breda. The increase of infrastructure and concession fee have a negative effect on the result of the first half year of 2015.

6) Taxation of profits

(in millions of euros)

	first half year	
	2015	2014
Profit before tax	60	178
Permanent differences	-16	-10
Taxable profit	44	168
Income tax at Dutch tax rate for corporation tax (2015 and 2014: 25%)	11	42
Effect of the tax rate in foreign jurisdictions (different rate)	-7	-6
Revised valuation income tax position	0	11
Other adjustments	0	-2
	4	45

7) Seasonal effects

Seasonal effects have had no material effect on the figures.

8) Employees

The number of employees in FTEs rose from 25,367 at year-end 2014 to 30,398 at the end of June 2015. The increase is mainly caused by the new ScotRail concession.

9) Start of concessions

HRN

The Hoofdrailnet-concession (HRN) is granted for the period of 1 January 2015 till 1 January 2025 by the Ministry of I&M. The railwayservices of HSL-Zuid are included in the HRN concession since 1 January 2015. In 2015 the total usage- and concession fee is € 376 million for the integrated HRN/HSL-Zuid concession.

ScotRail-concession

The Scot-Rail concession started at 1 April 2015 and has a duration of at least 7 years. There is an obligation of execution of the determined services (services and quality of the services) in exchange of a predetermined payment of the government (£ 2.430 for the total term), which is indexed every year. If the obligations are not fulfilled, the concession can be terminated.



Datum 13 August 2015

Pagina 12/13

10) Related parties

Transactions with related parties take place on the basis of the at arm's length principle.

All the issued shares are owned by the Dutch State. A significant transaction with a company related to the State (DUO) concerns the receipt of the fee for the student travel card (first half year 2015: €234 million, first half year 2014: €226 million).

The following transactions take place with ProRail, a company related to the State:

- The payment of the user fee for the Dutch infrastructure was € 146 million for the first half year 2015 (first half year 2014: €186 million);
- For the financing of commercial facilities in Nieuw Sleutel Projecten [new key projects] stations, at 30 June 2015 NS has committed €28 million (31 December 2014: €28 million) to ProRail BV. In the first half year of 2015, € 16 million (first half year of 2014: €32 million) is paid to ProRail BV.

The Group has a 5.8% interest in Eurofima, in respect of which the following transactions and balance sheet positions apply:

(in millions of euros)	first half year 2015	first half year 2014
<i>transactions</i>		
Interest charges	1	1
	30 June 2015	31 December 2014
<i>balance sheet positions</i>		
Private loans (Current and non current)	449	449

There were no other significant transactions with related parties.

Other information

Events after the balance-sheet date

On 6 August 2015 NS and Timo Huges reached an agreement concerning the termination of employment of Timo Huges.

Utrecht, 13 August 2015

Board of Directors

R.H.L.M. van Boxtel, CEO

E.M. Robbe, CFO

This half year report is published in both Dutch and English. In the event of any discrepancies between the Dutch and English version, the Dutch version will prevail.



Datum 13 August 2015

Pagina 13/13

Review report

To: the shareholder of N.V. Nederlandse Spoorwegen

Introduction

We have reviewed the accompanying condensed consolidated interim financial information, as set out on page 2 to 13, over the period 1 January 2015 to 30 June 2015 (hereinafter: "interim financial information") of N.V. Nederlandse Spoorwegen, Utrecht, which comprises the condensed consolidated balance sheet as at 30 June 2015, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated cash flow statement, and the condensed consolidated statement of changes of equity over the period 1 January 2015 to 30 June 2015. The board of directors of the company is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including Standard 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information over the period 1 January 2015 to 30 June 2015 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union.

Emphasis of an uncertainty related to the irregularities identified regarding the Limburg tender

We draw attention to paragraph "Irregularities" in the notes to the condensed consolidated interim financial information, which describes the uncertainty related to the identified irregularities regarding the Limburg tender. Our conclusion is not qualified in respect of this matter.

Rotterdam, 13 August 2015

Ernst & Young Accountants LLP

"signed by" J.F.M. Kamphuis