



**Presentation to investors and analysts  
2014 Annual results  
18 March 2015**

**Jacques Gounon  
Chairman & Chief Executive Officer**

**The world leader in piggyback transport  
The reference in respect for the environment**

# Groupe Eurotunnel SE

## 2014 Annual results: agenda

- Eurotunnel Group
- Rail freight activity  
(Europorte)
- Maritime activity  
(MyFerryLink)
- Fixed Link Concession activity  
(Eurotunnel)
- 2014 financial results  
(Eurotunnel Group)
- Developments and outlook  
(Eurotunnel Group)



**Eurotunnel Group**

**In 2014**

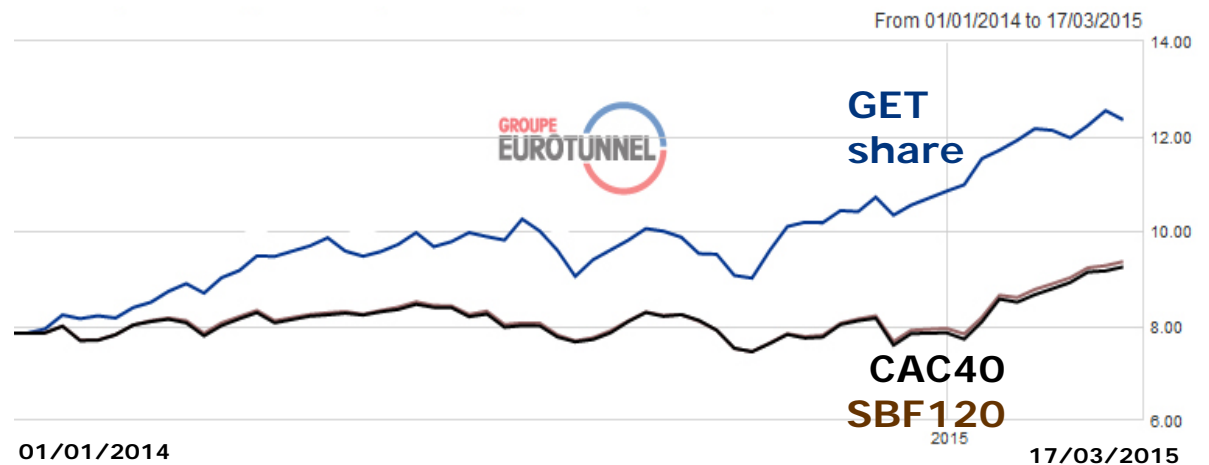
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# Groupe Eurotunnel SE

## A 100% privately-owned European group

- **GET shares listed on the NYSE Euronext Paris and London**
  - Market capitalisation at 17 March 2015: €6.8Bn
  - Share performance since 01/01/2014: +60%

- **Concessionaire of the cross-Channel Fixed Link until 2086**



- **2 ancillary developments**
  - **Europorte: rail freight**
  - **MyFerryLink: maritime**

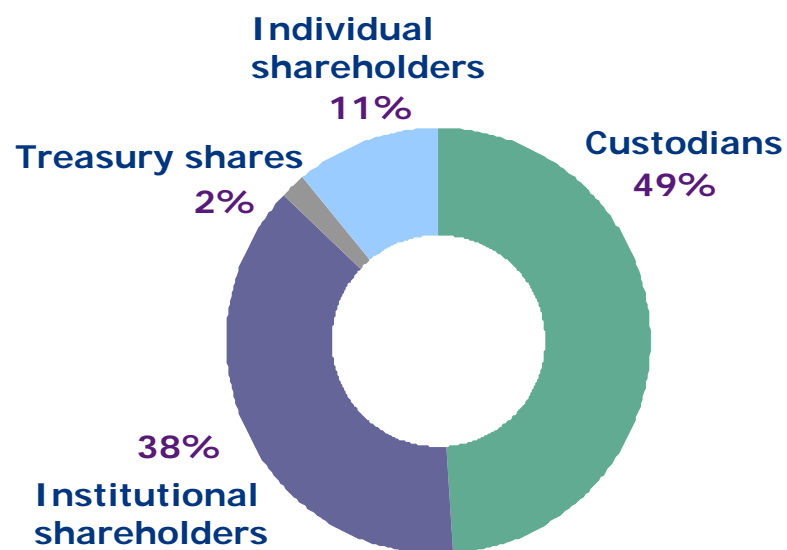
# Eurotunnel Group

## A high-quality, stable shareholding

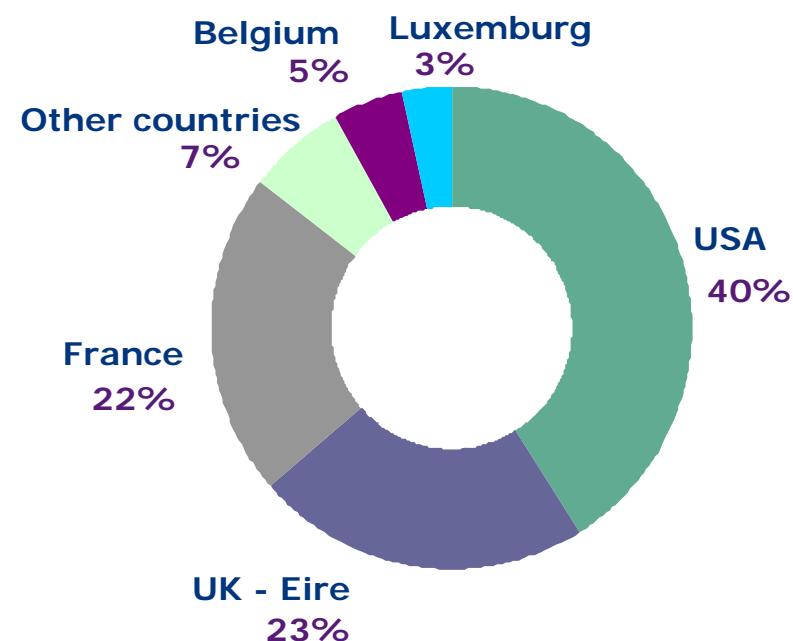
### ■ Capital breakdown\*

- 280,000 shareholders
- Average holding up to 3,992 shares

#### By shareholder profile



#### By location of account holder

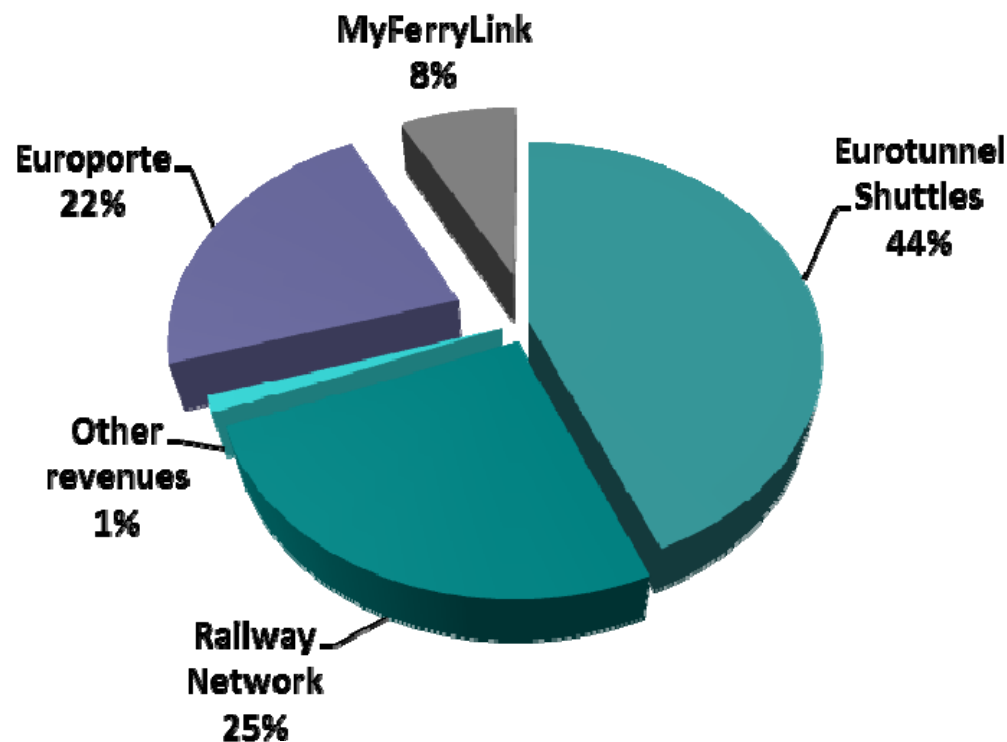


# Overview – Eurotunnel Group

## Strong growth in traffic and revenue

- Group revenue exceeds €1.2BN in 2014 (+7%\*)
  - Fixed Link: €847M, +6%\*
  - Europorte: €267M, +8%\*
  - MyFerryLink: €93M, +25%\*
- Strong competitive position in growing markets
  - Fixed Link supported by resurgent UK economy: cross-Channel market above previous high
  - Exceptional H2 for Le Shuttle: record high market share for truck and passenger
- EBITDA exceeds target
  - EBITDA 2014 = €498M vs target of €460M
- Clear and sustainable dividend policy going forward
  - Strong financial position: Cash = €0.4BN. Net debt/EBITDA = 7.1 vs 7.8.
  - 2014: 20% increase in dividend proposed

2014 Revenue by segment





## Rail freight activity in 2014

Europorte

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# Europorte: rail freight

## No.1 private rail freight operator in the UK/FR

- Excellence in railway logistics, hauling of trains and management of railway infrastructure in ports
- Around 1,100 trains hauled per week
- New contracts and extension of existing contracts
  - In France: fertiliser for Borealis, clinker for Holcim, lime for Lhoist, fuel for Exxon and oilseed for Saipol...
  - In the UK: aggregates for Sibelco Europe and Aggregate Industries, materials for Network Rail, biomass for Drax and E.On, steel for SSI UK
  - Management and maintenance of rail networks for 8 of the 9 major French ports; secondary railway network Lалуque-Tartas (SW France); Lacq and Mourenx platforms (SW France)
  - New intermodal transport between Barking (UK) and Dourges (FR) using HS1 for the 1<sup>st</sup> time
  - New: 15-year contracts with Caledonian Sleeper and Port du Verdon (FR)





# Europaorte and its subsidiaries

## Continued growth and profit

In €M	2014	Variance	2013*
Revenue	267	+8%	247
Operating costs	-251	+11%	-227
EBITDA	16	-€4M	20
Trading profit	5	- €4M	9

- **Managed revenue growth**
- **Operating costs up, due to:**  
New contract start-up costs  
Increase in activity
- **Investments: 25 locomotives partially refinanced**
- **A sustainable growth driver for the Group**



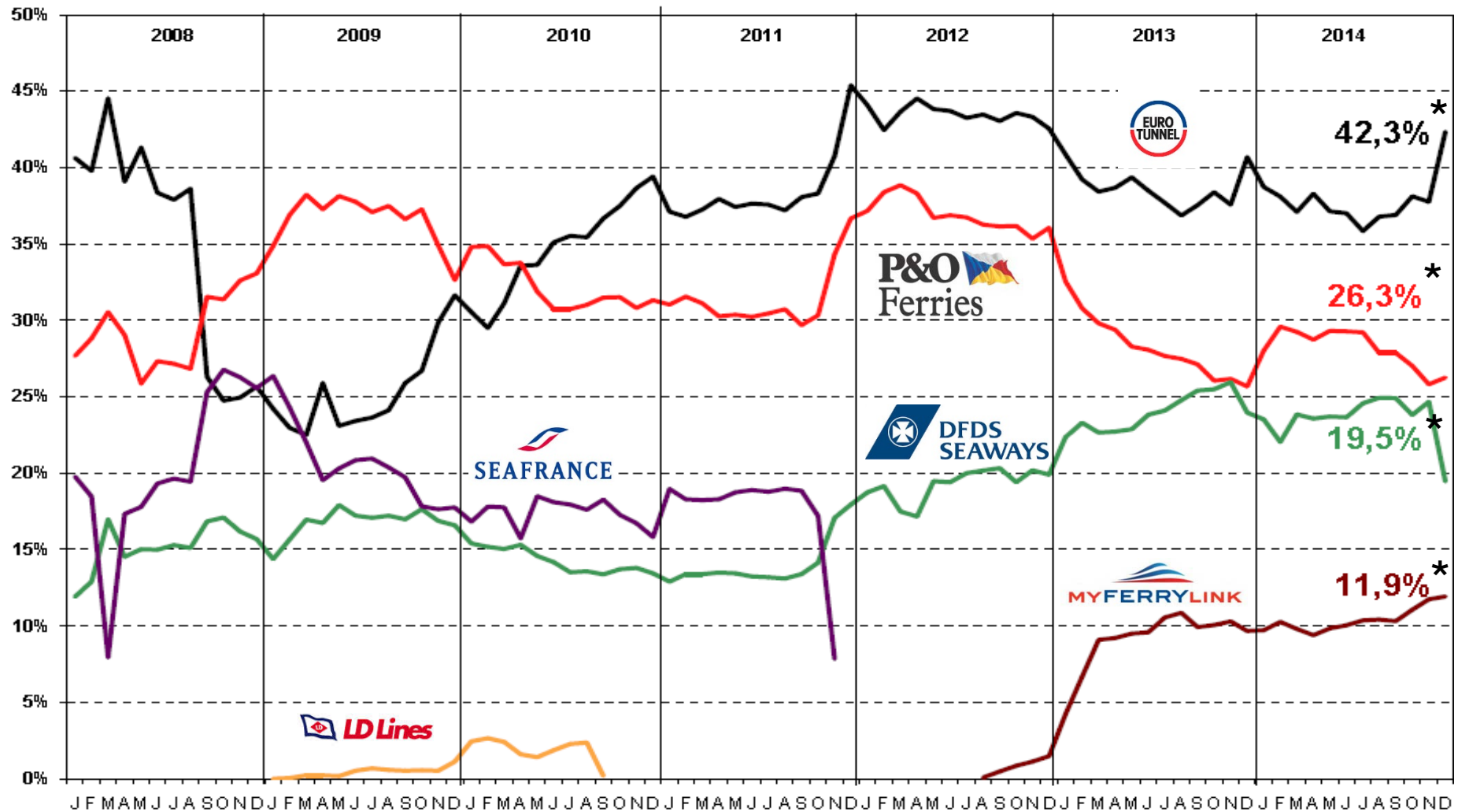
**Maritime activity**

**MyFerryLink**

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# Evolution of market shares

## Short Straits – Accompanied freight



# MyFerryLink in 2014

## Growth in traffic and outstanding quality of service

### ■ Activity (vs 2013)

- 399,453 trucks (+22%)
- 337,654 cars (+7%)
- 1,570 coaches (+118%)
- Revenue = €93M (+25%)



### ■ Excellent quality of service: market share for freight up to 10.3%, market share for cars stable at 6.9%

### ■ The Competition Appeal Tribunal (CAT) notified the decision to prohibit MyFerryLink from operating the ferries from the port of Dover, with a 6-month notice (July 2015).

- The SCOP filed another appeal, this time to the Court of Appeal in London.
- Eurotunnel Group seeks buyer for the activity of MyFerryLink

# MyFerryLink

## Significant growth in revenue

In €M	2014	Variance	2013
Revenue	93	+25%	74
Operating costs	-105	+9%	-96
EBITDA	-12	+10 €M	-22

- Double-digit growth in revenue
- Improved load factor for the ferries
- Increase in productivity
- Despite the legal context



## Fixed Link Concession activity in 2014

Eurotunnel

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# Eurotunnel in 2014

## Record-breaking traffic

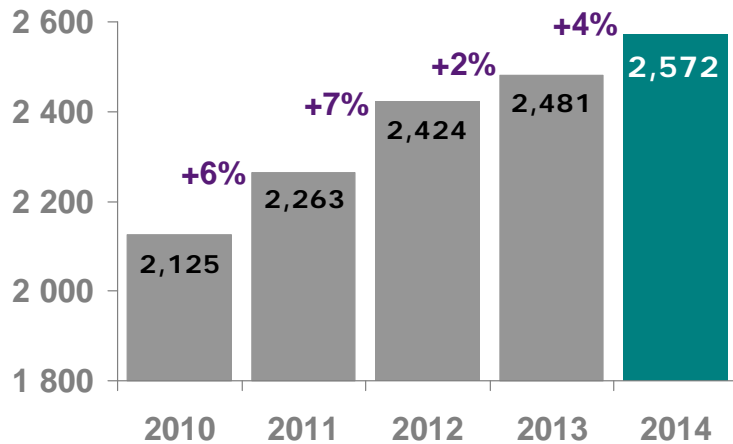
- More than 21 million passengers through the Tunnel
- Almost 120,000 trains through the Channel Tunnel, of which 96,000 Eurotunnel Shuttles
- Le Shuttle transported 16,416 tourist vehicles on 9 August and 375 000 for the whole month of August
- Truck Shuttles: 6,800 trucks carried on 11 December
- 230,000 pets onboard Le Shuttle



# Le Shuttle for passengers – 2014

## Sustained dynamism of car traffic

Car volumes ('000s)



- Another record-breaking year
- More than 2.5M cars transported in 2014: +4%
- Subdued growth in car market in 2014: +1.5%
- Eurotunnel market share up to 51.5% for the period
- Yield up and increase in sales for the premium FlexiPlus service

- 63,059 coaches carried in 2014, -2% (rationalisation of regular scheduled services)
- Eurotunnel coach market share at 39.5%

A fast, reliable and environmentally-friendly service

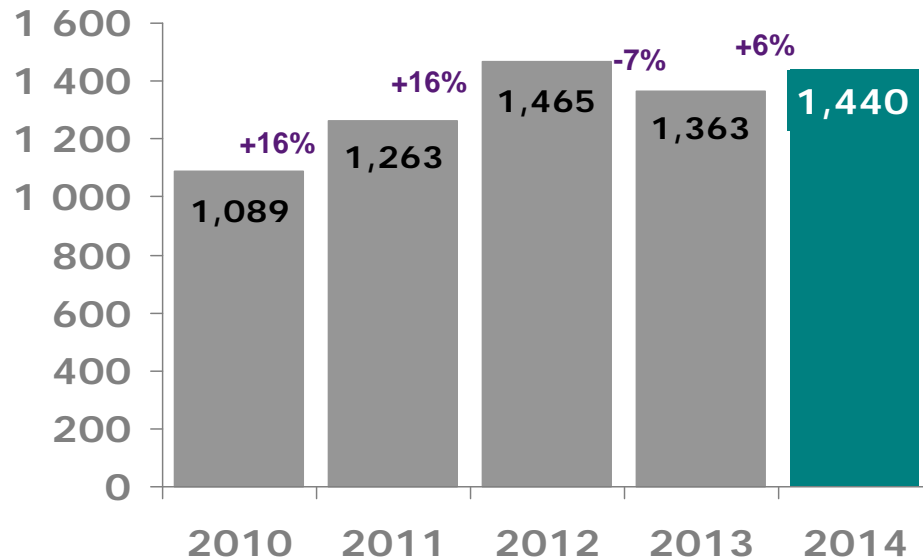




# Truck Shuttles – 2014

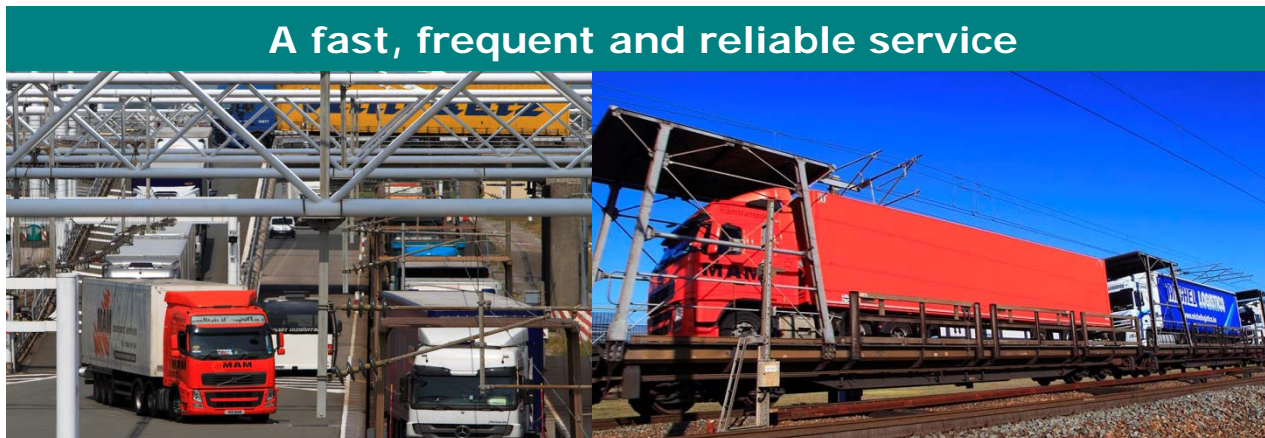
## Volumes and yield up

Truck volumes ('000s)



- More than 1.44 M trucks transported in 2014, i.e. +6% vs 2013
- Strong growth in truck market: +8% in 2014
- Eurotunnel historic level of market share: 37.8% over the period (2012: end of SeaFrance)
- Average yield continuously improving during the period
- Eurotunnel, world leader in piggyback transport

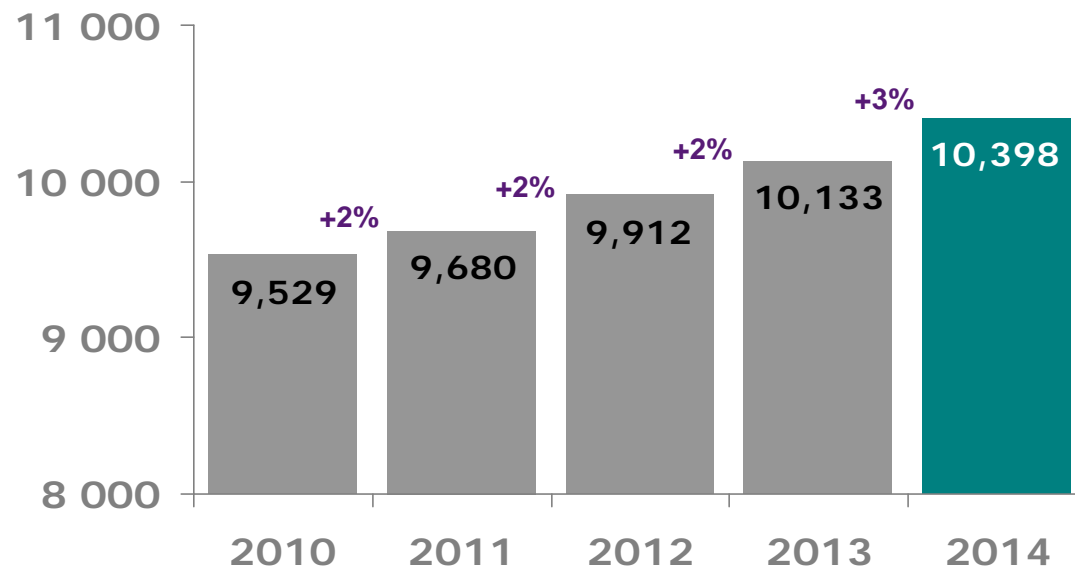
A fast, frequent and reliable service



# High-speed passenger trains

## Continued performance in 2014

Eurostar passengers\* ('000s)



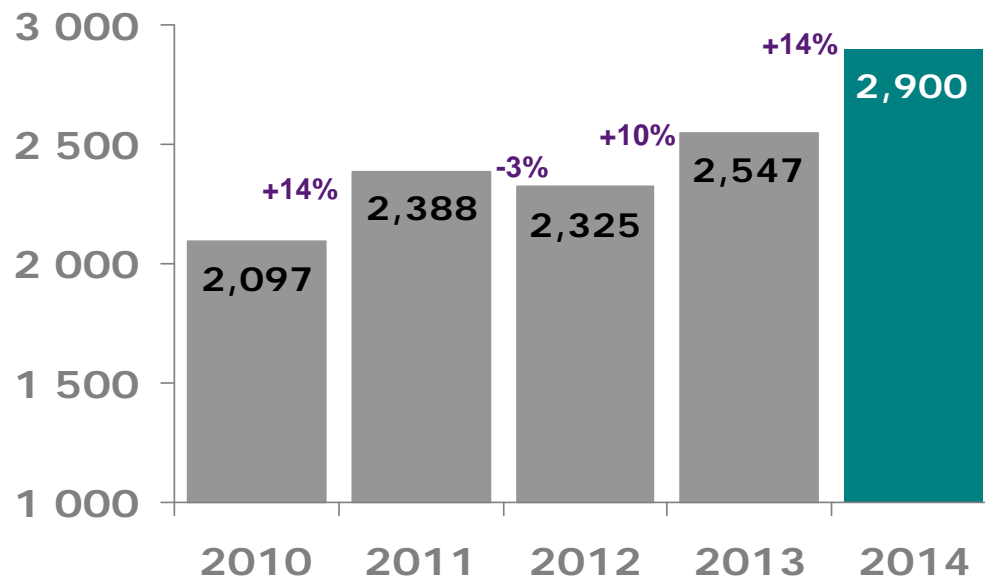
- **Steady rise: +3% in 2014**
- **Regular promotional offers (summer, winter..)**
- **Access charges as defined by the Railway Usage Contract (RUC) - (1987-2052)**
- **March 2015: sale of the UK government 40% stake in Eurostar to high-quality investors (Quebec pension fund and Hermes Infrastructure) for €1Bn**



# Cross-Channel rail freight – 2014

## Double-digit increase in traffic

Number of freight trains



- +14% increase in number of freight trains and +21% in tonnage of goods transported in 2014
- New services generated (+24%) by ETICA (Eurotunnel Incentive for Capacity Additions), a support start-up scheme launched by Eurotunnel in May 2013 for intermodal freight
- ETICA scheme extended in 2014 to 5 new categories of traffic until 2018:  
transport of new cars, food and drink, manufactured goods and logistic flows for manufactured goods and distribution



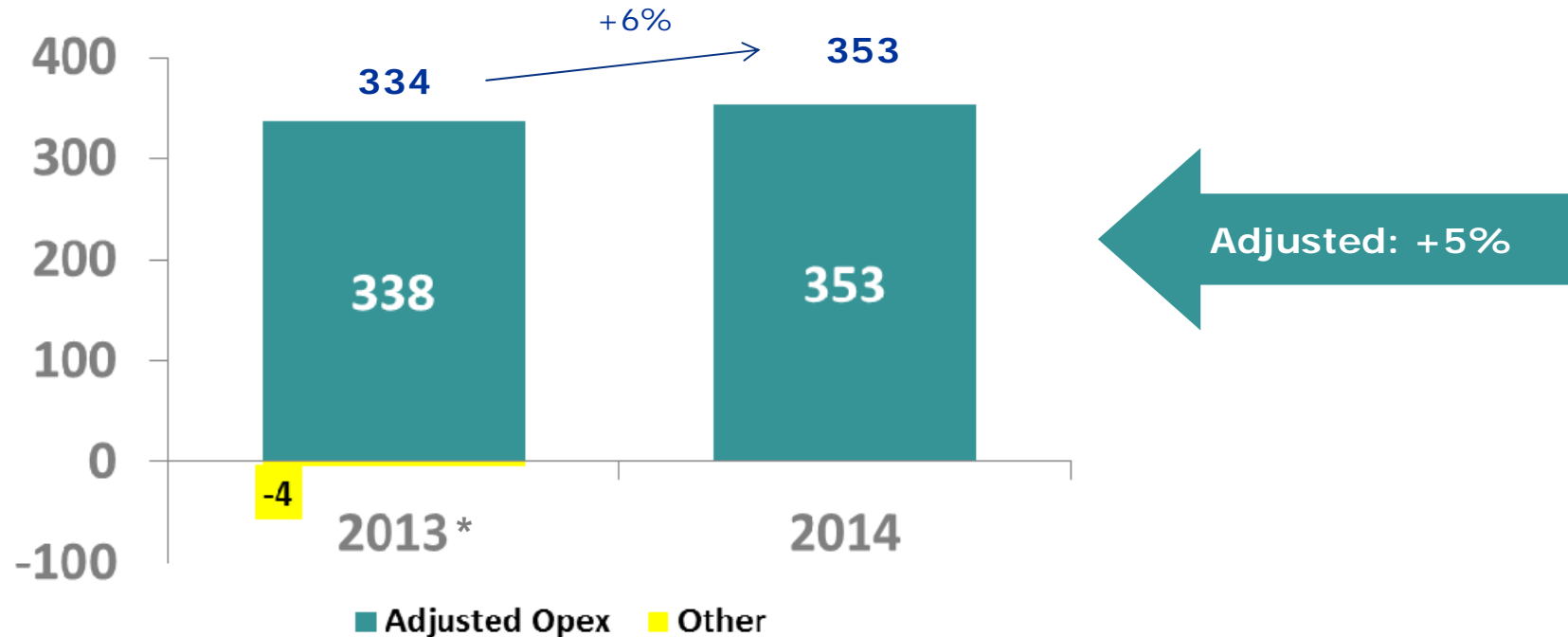
# Fixed Link

## Steady growth in revenue

In €M	2014	Variance	2013*
<b>Revenue</b>	<b>847</b>	<b>+6%</b>	<b>802</b>
Shuttle Services	527	+7%	491
Railway Network	305	+3%	298
Other revenues	15	+14%	13
<b>Operating costs</b>	<b>-353</b>	<b>+6%</b>	<b>-334</b>
<b>EBITDA</b>	<b>494</b>	<b>+5%</b>	<b>468</b>

- **Strong increase in Shuttle revenue**
- **Railway network: increase in volumes, low inflation and ETICA scheme**

# Fixed Link operating costs



- 2013: €4M one-off insurance indemnity received.  
Adjusted Opex = €338M
- 2014: 5% adjusted Opex growth (excluding 2013 one-off).  
2/3 of costs increase due to operational activity growth, 1/3 due to non-recurring projects



**2014 financial results**

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# Group P&L

## Steady growth in Pre-tax result

In €M	2012*	2013*	2014	Variance
Revenue	1,004	1,123	1,207	+7%
OPEX	569	657	709	+8%
EBITDA	435 <sup>(1)</sup>	466	498	+7%
EBIT	269 <sup>(1)</sup>	302	334	+11%
Net Finance costs <sup>(2)</sup>	272	277	272	-2%
Pre-tax results	5 <sup>(1)</sup>	30	56	+89%
Result after tax	5 <sup>(1)</sup>	111 <sup>(3)</sup>	57	ns

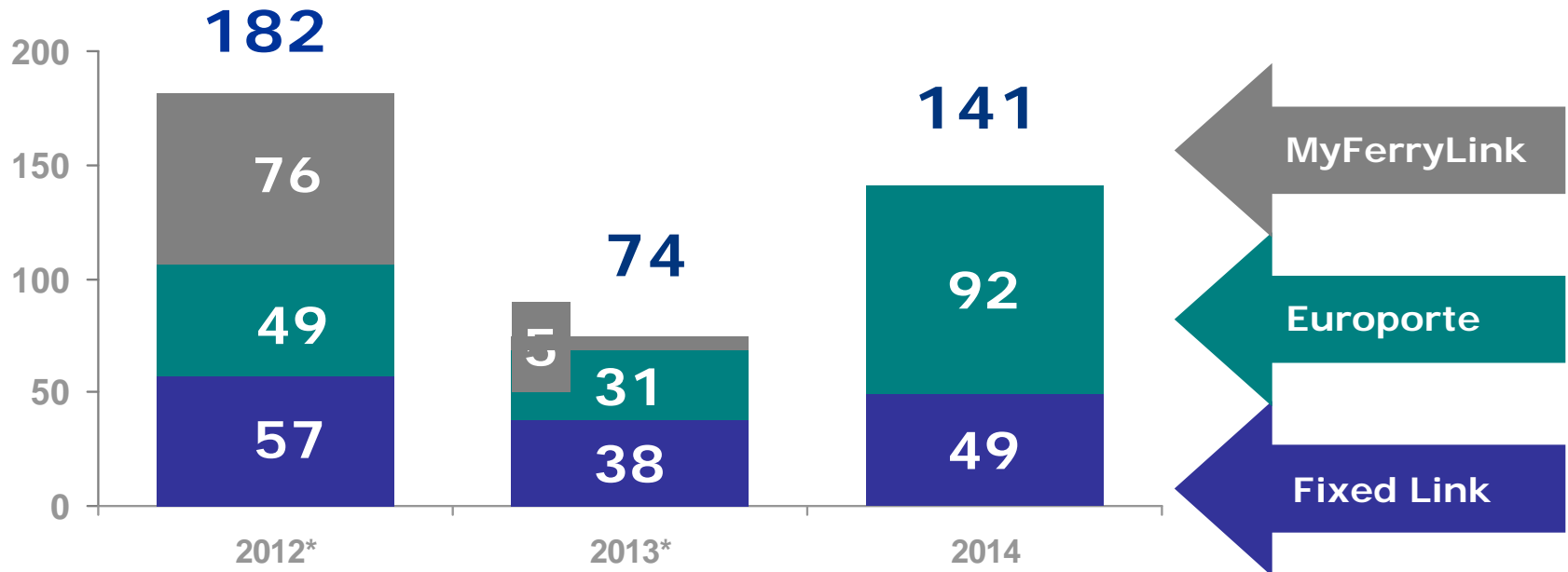
(1) Excluding €30M insurance indemnities in 2012

(2) o.w. term loan indexation: 2012=€42M, 2013=€31M, 2014=€28M

(3) incl. €81M net deferred tax asset credit

# CAPEX: to support growth in activity and to secure the future

In €M



**Fixed Link** ▪ €750M investments since 1994

- 2014 investments: Terminal 2015, GSM-R
- Sustained preventive maintenance (rerailing...) for a record Tunnel availability: 99.7%
- Order of 3 Truck Shuttles, to be accounted for in 2015/2016

**Europorte** ▪ 2014 investments in locomotives, partially refinanced by sale and lease back for €56M

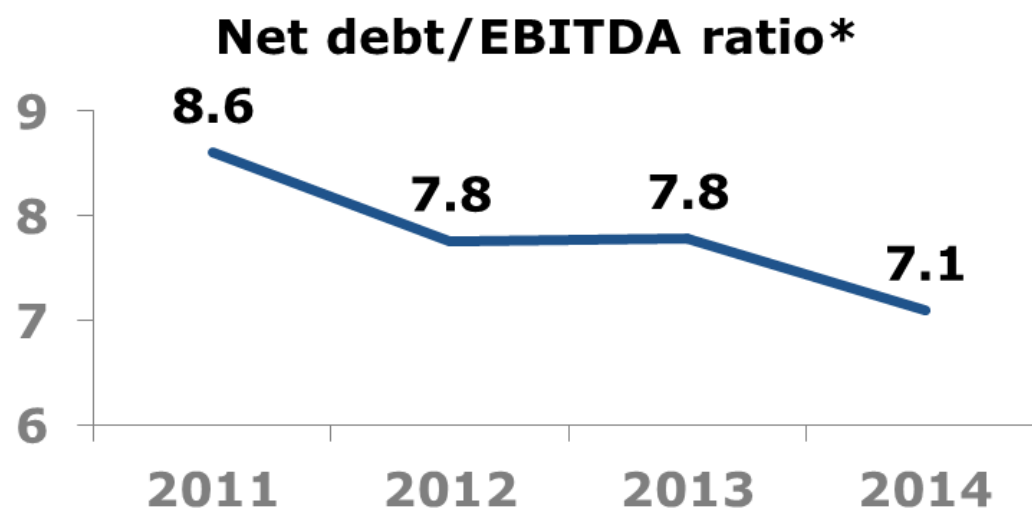


# Cash flow statement

## Increased cash – Lower net debt ratio

in €M	2013*	2014	
Cash flow from operations	461	502	■ FCF = €155M (+22%)
Investments (net of disposals)	-42	-77	
Debt service	-291	-270	■ Cash = €385M (+€108M)
<b>Free cash flow</b> (after debt service)	<b>128</b>	<b>155</b>	

\* Recalculated at 2014 exchange rate: £1 = €1.258

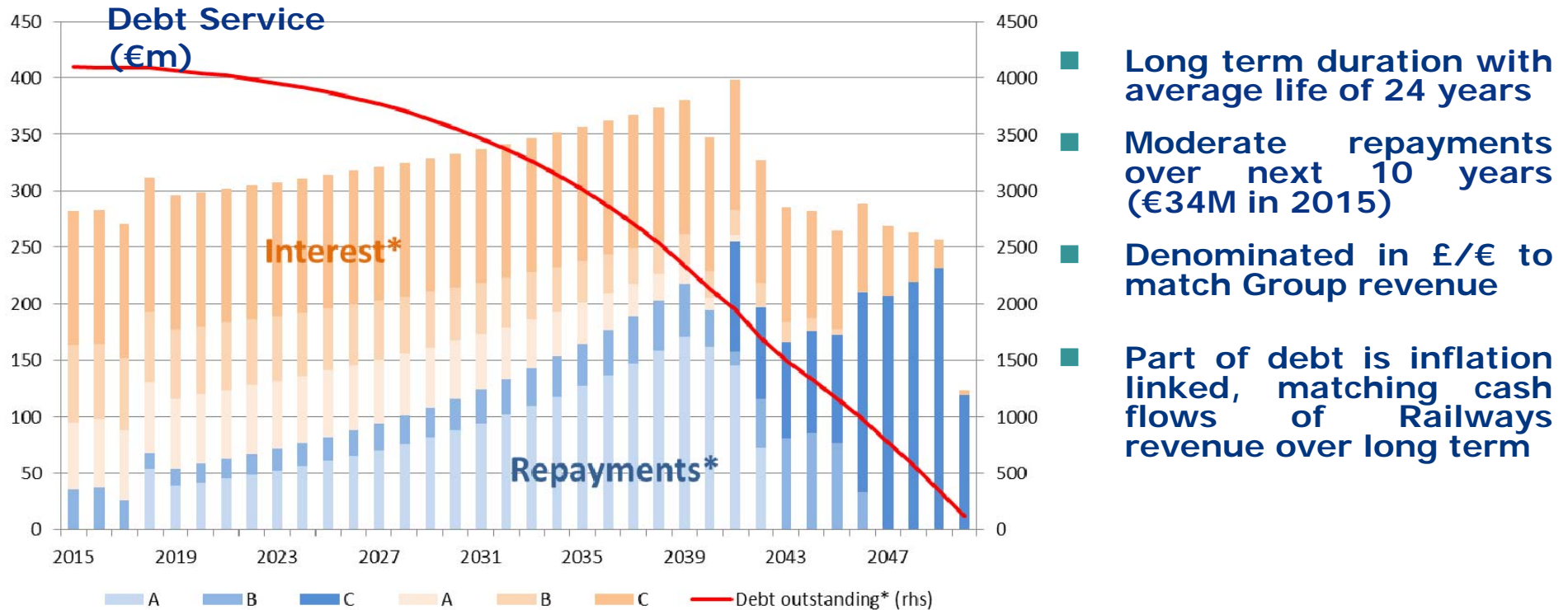


- Net debt of €3.5BN
- Decreased leverage: Net debt/EBITDA = 7.1 vs 7.8

\* All figures stated at exchange rate applicable for each year

# Long-term debt profile

## Matches long duration of Concession



- Long term duration with average life of 24 years
- Moderate repayments over next 10 years (€34M in 2015)
- Denominated in £/€ to match Group revenue
- Part of debt is inflation linked, matching cash flows of Railways revenue over long term

Tranche	Type	Currency	Nominal 2007 (M)	2014 (€M)	Repayment	Coupon	Incl. Swap + Step up	Debt service 2015e (€M*)
A1	Inflation	£	750	1194	2018-2042	3.5%		43
A2	Inflation	€	367	399	2018-2041	4.0%		17
B1	Fixed	£	400	464	2013-2046	6.6%		49
B2	Fixed	€	645	598	2013-2041	6.2%		55
C1	Floating	£	350	442	2046-2050	Libor+3.39%	8.6%	39
C2	Floating	€	953	938	2041-2050	Euribor+3.39%	8.2%	80
<b>Total (€m)</b>				<b>4035</b>				<b>281</b>

# Eurotunnel Group

## Summary of 2014 results

- Strong growth in revenues: +7% to €1.207bn
- Free cash flow: €155M (vs €129M in 2013)
- Scheduled repayment of the Term Loan: €34M
- EBITDA at €498M, up by €32M
- Operating profit (EBIT) at €334M, an increase of €32M
- Result before tax: €56M profit (+89% vs 2013)
- Result after tax: €57M profit (vs €111M in 2013, including the initial recognition of a net deferred tax asset credit)

# Treasury

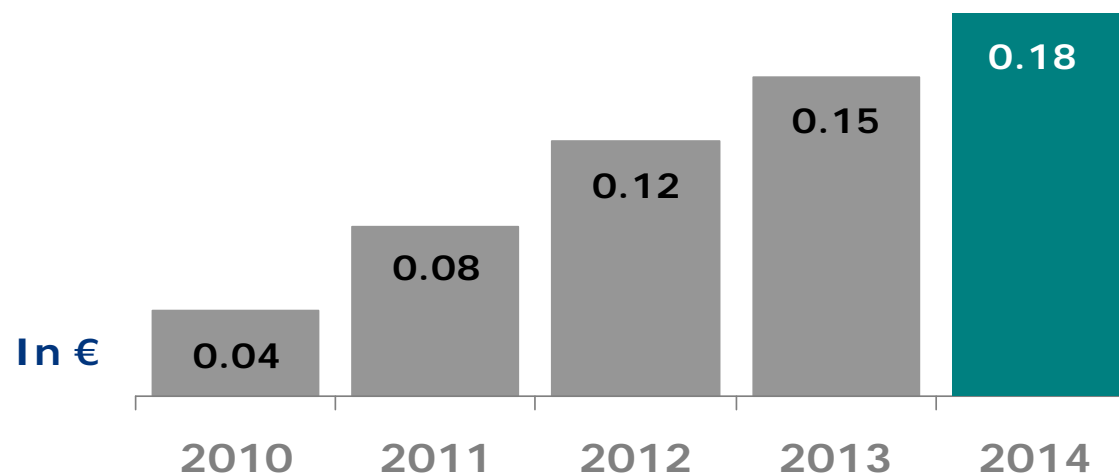
## Serving shareholders

■ 2013 dividend paid in 2014	=	€81M
■ Term Loan repayment	=	€34M
■ Net CAPEX	=	€77M
■ Partial refinancing of locomotives purchased by Europorte	=	€22M
■ Cash position as at 31/12/2014 (vs €277M at 31/12/2013)	=	€385M

# Appropriation of the income statement

## Sustainable increase in dividend

- Proposed payment of a dividend
  - €0.18 per share, a 20% increase
  - Total amount for year 2014: €99M
  - Total amount since 2008: €336M
- To be approved at AGM on 29 April 2015
- A sustainable dividend policy





## Developments and outlook

Eurotunnel Group

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# Vision 2020 – Fixed Link

## A collaborative approach to address challenges

- 4 objectives to accommodate by 2020
  - 2 million trucks, vs 1.4M in 2014
  - 3 million cars, vs 2.5 M
  - 5,000 freight trains, vs 2 900
  - 13.5 million high-speed train passengers, vs 10.4 M
- 7 themes, 7 working groups
  - Customer experience
  - Optimising truck Shuttle revenue
  - Terminal fluidity
  - Rolling stock
  - Infrastructure
  - Human resources
  - Safety

# Passenger Shuttles by 2020

## Traffic and strategy

- Current car market share > 51.5 %
- A fleet of 9 Shuttles
- Continuous increase in Passenger Shuttle traffic in excess of the anticipated market growth
- Almost 100% load factor during peak traffic periods
- Strategy: a mix between
  - Increase in average yield
  - Development of new products
  - Optimisation of Shuttle traffic outside peak traffic periods



# Le Shuttle: customer experience

## A tailor-made quality of service

- A strategic and daily priority
- Investments based on their benefit to the customer
- Constant improvement in service
  - Flexiplus, Pets
  - New online booking module
  - Extension of Wi-fi coverage, GSM-P and 4G in the Tunnel
  - Modernisation of the Charles Dickens Passenger building in Coquelles on-going
  - Implementation of iBoarding at end of 2014
  - Strengthening of real time communications with customers
  - New traffic management tool on both terminals
- 93% customer satisfaction rate in 2014
  - Daily surveys, "mystery" shoppers...



# Truck Shuttles by 2020

## Traffic and investments

### ■ 2014

- Growth in truck market in 2014: +8%  
Market back to 2007 level

### ■ From 2015

- A 2.5% increase in traffic each year would lead to a global market of 4.4M trucks in 2020
- Marpol regulations for ferries represent an opportunity to generate more traffic for the Truck Shuttles

### ■ Hence the need to offer up to 8 departures per hour and by direction for Truck Shuttles (instead of 6)

### ■ Hence a €70M investment programme:

- €40M: purchase of 3 new 3<sup>rd</sup> generation Truck Shuttles, to be delivered between end of 2016 and 2017
- €30M: extension of the UK and FR Terminals

# Truck Shuttles

## Terminal 2015 and service advantages

### ■ Support growth in traffic and customer satisfaction

- Renovation of the 19 club-cars for truck drivers completed by end of 2014
- Extension of free wi-fi coverage and real time communications
- Security controls reinforced



### ■ Terminal 2015 FR

- Works launched in July 2014
- July 2015: buffer parking area and 2 new access roads before and after check-in booths
- September 2015: secure paid parking area for 370 trucks



### ■ Terminal 2015 UK

- September 2015: new 5 lanes check-in dedicated to trucks and new access roads



# High-speed passenger trains

## A potential of 14M passengers per year

### ■ New destinations

- **May 2015:** London-Marseille in 6H27 via Lyon (4H30) and Avignon (6H00)
- **December 2016:** London-Amsterdam



### ■ New Eurostar trains

- **End of 2015:** new distributed power system e320 Siemens trains (900 passengers) into commercial service
- 17 trains ordered



### ■ Growth in traffic

- **Launch under consideration of other new routes in Europe in 2016/2017**
- **Potential of +4M passenger traffic per year by 2020 (+1.8M on existing routes, +1.7/2.5M on new routes)**
- **Key lever:** reduction in travel time

# Optimise assets



## ElecLink, an electricity interconnection FR-UK

- Added-value for the Channel Tunnel and development of strategic infrastructure
- Interconnection of electricity networks in Europe
  - ElecLink, joint venture between Eurotunnel Group and Star Capital Partners (49/51%)
  - 1,000MW interconnection between the UK and FR
- Regulatory process
  - Interconnection contracts with National Grid Electrical Transmission (NGET) and *Réseau de Transport d'Electricité* (RTE) (2013)
  - Agreements from IGC and regulators in the UK (Ofgem) and FR (CRE)
  - Exemption granted by the European Commission in 2014
- Implementation phase
  - Activity over 25 years and proposal of long-term contracts (20 years)
  - Expression of interest phase at end of 2014 : responses from 40 market participants
  - Award of building contracts for the 2 converter stations and installation of the cable in 2015
  - Construction from end of 2015
  - Operational in 2018



# Europaorte: rail freight

## A fast-growing market

- Rail freight making progress throughout Europe, except in France
- Fret SNCF cannot carry on making losses
- Long-term partnerships with customers (Lhoist, Verdon, Caledonian Sleeper,...)
- Opportunities in private infrastructure management



# Eurotunnel Group

## 2014/2015 targets: one year ahead of schedule

- In 2014 the Group has exceeded its target of growth in revenue and EBITDA
  - 2014 objective: €460M EBITDA
  - 2015 objective: >€500M EBITDA
  - 2014 achieved: €498M EBITDA
- 2015 and beyond: several catalysts favour the Group
  - New MARPOL environmental regulations, growth in truck market, new high-speed routes, £/€ exchange rate
- New targets
  - 2015: €535M EBITDA\*
  - 2016: €580M EBITDA\*

# Eurotunnel Group

## Sustainable growth

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- €1.207Bn revenue and €498M EBITDA in 2014
- Net profit after tax: €57M
- Concessionaire until 2086 of a vital binational link between Great Britain and Europe
- The most environmentally-friendly cross-Channel transport system
- Major player in rail freight
- An investment programme for the future
- Strong competitive position in growing markets ensures solid cash flows
- Clear and sustainable dividend policy going forward





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# World leader in piggyback transport

