PRESS RELEASE

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Eurotunnel Group 2016 annual profits up

- **Revenues increased by 4% to €1.023 billion**[1]
- **EBITDA increased to €514 million**
- **Net consolidated profit increased strongly to €200 million**
- **An 18% increase in the dividend, to €0.26 per share, to be proposed to the AGM on 27 April 2017**

Jacques Gounon, Chairman and Chief Executive Officer of Groupe Eurotunnel SE stated: "*2016 was the best year in our history. Our three core businesses each outperformed their sector: the Fixed Link is a unique asset in the infrastructure world, ElecLink has entered its construction phase and Europorte is the most efficient company in its sector. Our outlook is very good and we are announcing new improved objectives for 2017 and 2018.*"

- **Objectives (at an exchange rate of £1=€1.175 and on the basis of the existing scope)**
  - EBITDA 2017: €530 million
  - Dividend 2017: €0.30
  - EBITDA 2018: €560 million
  - Dividend 2018: €0.35

[1] All comparisons with the annual accounts for 2015 are made at the exchange rate for 2016, £1=€1.216 and restated in accordance with IFRS 5 following the sale of GB Railfreight Limited.

KEY EVENTS IN THE PAST YEAR

➢ Channel Tunnel Fixed Link Concession

- In 2016, Eurotunnel's Shuttles transported 2.66 million passenger vehicles and 1.64 million trucks, a strong growth.
- Le Shuttle achieved a car market share of 55% for 2016. Pet Travel, which is a factor of customer loyalty, also saw a record year, with 301,159 domestic pets transported (+16% compared to 2015).
- Le Shuttle Freight ended the year with a new all-time record of 1,641,638 trucks transported and outperformed the market with a share of 39.2%.
- The securing of the Coquelles terminal since October 2015 and close cooperation with the law enforcement authorities has prevented any disruption to traffic.
- Eurostar carried more than 10 million passengers in 2016, despite the context. The increase in traffic towards the end of the year and the coming launch of services between London and Amsterdam at the end of 2017 are further indicators of growth in traffic.

➢ Europorte and its subsidiaries

- The Eurotunnel Group completed the sale of its British rail freight subsidiary, GB Railfreight, to EQT Infrastructure II on 15 November 2016.
- Europorte's revenue has reduced by 6% compared to 2015, a reduction principally linked to the long succession of SNCF strikes in the spring and to the reduction in the volume of cereals to be transported.
- Despite this background, EBITDA is at break-even, a validation of the strategy which favours value added contracts.

➢ ElecLink

- On 23 August 2016, the Eurotunnel Group completed the purchase of the 51% share in ElecLink held by Star Capital and today holds 100% of the capital.
- Siemens began the construction of the new convertor stations, Balfour Beatty and Prysmian are in charge of the supply and the installation of the cable in the Tunnel.
- Commercial operations are due to start at the beginning of 2020.

FINANCIAL RESULTS

Consolidated revenues for the Group for the year ending 31 December 2016 reached €1.023 billion, an increase of €39 million (+4%) compared to 2015.

Operating costs increased by +1% to €509 million.

Consolidated EBITDA reached €514 million, an increase of €32 million compared to 2015 at a constant exchange rate and scope of consolidation. EBITDA has exceeded the target published for 2016 by €14 million on a comparable basis[2].

Trading profit was €364 million, an increase of €26 million (+8%).

The Group's pre-tax profit from continuing operations for 2016 was €154 million, an improvement of €74 million compared to 2015, including a €50 million profit arising from the revaluation at their fair value of the shares in ElecLink already held by the Group.

The consolidated net result for the Eurotunnel Group for 2016, after taking account of the net result of the discontinued businesses (€64 million including €39 million net profit from the sale of GB Railfreight Limited and €24 million arising from the finance leases of the maritime segment's ferries), is a profit of €200 million, compared to €75 million (recalculated) for 2015.

The available cash flow at 31 December 2016 was €347 million.

[2] At a constant exchange rate and excluding discontinued activities.

OUTLOOK

In 2016, the Eurotunnel Group once again demonstrated its ability to deliver on its commitments and to make progress.

The Group remains very confident in the robustness of the Fixed Link's economic model. The Tunnel remains and will increasingly confirm its place as the pre-eminent element in trade between the UK and continental Europe.

The Eurotunnel Group is determined to stimulate further traffic growth through the Channel Tunnel whilst at the same time increasing its margins. To do this, the Group will continue with its major investments for both capacity and quality of service: increase in terminal capacity, entry into service of three new Truck Shuttles and the opening of new FlexiPlus lounges in 2017. Through these investments, the Tunnel will become a preferred strategic partner for all its customers and will be able to carry 2 million trucks and 3 million passenger vehicles on its Shuttles by 2020.

The Eurotunnel Group, which created value in rail freight, will focus on the development of Europorte in 2017, putting an accent on operating profitability.

The Group also intends to extract further value from its infrastructure through the construction of a 1,000 MW electrical interconnector between the UK and the Continent. In August 2016, it acquired the share of ElecLink held by Star Capital and will complete the construction of the interconnector which began in the last quarter of 2016.

The Eurotunnel Group will continue to prepare the refinancing of its debt, particularly with regard to the floating rate tranches, in order to minimise, market conditions allowing, over the long term, the cost of servicing its debt.

On the strength of this confidence in the future, the Group confirms its financial target of an EBITDA of €530 million for 2017 and has set a financial target of an EBITDA of €560 million for 2018, on the basis of an exchange rate of £1=€1.175 and on the basis of the existing scope of consolidation.

As a consequence, the Group confirms its intention to continue its policy of regular dividend growth for shareholders with the objective of reaching a dividend of €0.35 per share for the 2018 financial year. Against this background, the proposal is to increase the dividend payment in respect of the 2016 financial year to €0.26 for each share having rights to a dividend payment.

REVIEW OF THE CONSOLIDATED RESULTS AND FINANCIAL SITUATION THE FOR THE YEAR ENDED 31 DECEMBER 2016

Pursuant to EC Regulation 1606/2002 of 19 July 2002 on the application of international accounting standards, the consolidated financial statements of GET SE for the financial year ended 31 December 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union at 31 December 2016.

The following information relating to Groupe Eurotunnel SE's financial situation and consolidated results must be read in conjunction with the consolidated financial statements set out in section 2.2.1 of the 2016 Registration Document.

1. ANALYSIS OF THE CONSOLIDATED INCOME STATEMENT

Since the cessation of MyFerryLink's operations in the second half of 2015, the Eurotunnel Group has applied IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" to its maritime segment. Accordingly, the maritime segment's net results for 2015 and 2016 are presented in a single line on the income statement called "Net result from discontinued operations".

On 23 August 2016, the Eurotunnel Group purchased the 51% share in ElecLink Limited held by Star Capital and since that date, ElecLink Limited has been fully consolidated in the Group's consolidated accounts.

On 15 November 2016, the Group sold its subsidiary GB Railfreight Limited to EQT Infrastructure II and consequently the company ceased to be consolidated in the Group's accounts. In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", GB Railfreight Limited's results for 2016 up to its sale and for the 12 months of 2015 are presented in a single line on the income statement called "Net result from discontinued operations".

In order to enable a better comparison between the two years, the 2015 consolidated income statement presented in this section has been recalculated at the exchange rate used for the 2016 income statement of £1=€1.216.

Summary

In 2016, the Group's consolidated revenues amounted to €1,023 million, an increase of €39 million (+4%) compared to 2015. Operating costs totalled €509 million, an increase of €7 million (+1%). EBITDA, improved by €32 million (7%) compared to 2015, to €514 million. After taking into account a €6 million increase in depreciation charges, the trading profit improved by €26 million to €364 million. Net other operating income of €37 million includes a net gain of €50 million resulting from the revaluation to fair value, in accordance with IFRS 3R, of the share already held by the Group in ElecLink Limited at the date of its full acquisition. Net finance costs increased by €15 million as a result of higher inflation rates, net other financial income increased by €24 million and tax charges increased by €11 million. The Eurotunnel Group's result for continuing operations for the 2016 financial year was a profit of €136 million, an improvement of €63 million compared to 2015 restated.

The net consolidated result for 2016, after taking into account the net gain of €50 million resulting from the full integration of ElecLink and the €64 million net profit arising from discontinued operations, was a profit of €200 million, an improvement of €125 million compared to the 2015 restated net result of €75 million.

€ million Exchange rate €/£	2016 1.216	2015 restated(*,**) 1.216	Variance €M	 %	2015 retreated(**) 1.375
Fixed Link	907	861	46	+5%	915
Europorte	116	123	(7)	-6%	123
Revenue	**1,023**	**984**	**39**	**+4%**	**1,038**
Fixed Link	(392)	(377)	15	+4%	(393)
Europorte	(116)	(125)	(9)	-7%	(125)
ElecLink	(1)	–	1		–
Operating costs	**(509)**	**(502)**	**7**	**+1%**	**(518)**
Operating margin (EBITDA)	**514**	**482**	**32**	**+7%**	**520**
Depreciation	(150)	(144)	6	+3%	(144)
Trading profit	**364**	**338**	**26**	**+8%**	**376**
Other net operating income/(charges)	37	(2)	39		(2)
Operating profit (EBIT)	**401**	**336**	**65**	**+19%**	**374**
Share of result of equity-accounted companies	(1)	(1)	–		(1)
Net finance costs	(262)	(247)	15	+6%	(261)
Net other financial income/(charges)	16	(8)	24		(8)
Pre-tax profit from continuing operations	**154**	**80**	**74**		**104**
Income tax expense	(***) (18)	(7)	11		(8)
Net profit from continuing operations	**136**	**73**	**63**		**96**
Net profit from discontinued operations	64	2	62		4
Net consolidated profit for the year	**200**	**75**	**125**		**100**

- * *Restated at the rate of exchange used for the 2016 income statement (£1=€1.216).*
- ** *Restated in application of IFRS 5 following the sale of GB Railfreight Limited.*
- *** *Rounded up.*

The evolution of the pre-tax result from continuing operations by segment compared to 2015 is presented below:

€ million Improvement/(deterioration) of result	Fixed Link	Europorte	ElecLink	Total Group
Pre-tax result from continuing activities: 2015 restated (*)	91	(10)	(1)	**80**
Improvement/(deterioration) of result:				
Revenue	+46	-7	-	**+39**
Operating expenses	-15	+9	-1	**-7**
EBITDA	**+31**	**+2**	**-1**	**+32**
Depreciation	-6	-	-	**-6**
Trading result	**+25**	**+2**	**-1**	**+26**
Other net operating income/charges	-6	-3	+48	**+39**
Operating result (EBIT)	**+19**	**-1**	**+47**	**+65**
Net financial charges	+13	-	-4	**+9**
Total changes	**+32**	**-1**	**+43**	**+74**
Pre-tax result from continuing operations for 2016	**123**	**(11)**	**42**	**154**

* *Restated at the rate of exchange used for the 2016 income statement (£1=€1.216) and in application of IFRS 5 following the sale of GB Railfreight Limited.*

1.1. Fixed Link Concession segment

The Group's core business is the Channel Tunnel Fixed Link Concession which operates and directly markets its Shuttle Services and also manages the circulation of High-Speed Passenger Trains (Eurostar) and the Train Operators' Rail Freight Services through its Railway Network. This segment also includes the Group's corporate services.

€ million	**2016**	**(*)2015**	**Variance**	
Exchange rate €/£	1.216	1.216	€M	%
Shuttle Services	603	546	57	10 %
Railway Network	290	300	-10	-3 %
Other revenue	14	15	-1	-8 %
Revenue	**907**	**861**	**46**	**5 %**
External operating costs	(218)	(208)	10	5 %
Employee benefits expense	(174)	(169)	5	3 %
Operating costs	**(392)**	**(377)**	**15**	**4 %**
Operating margin (EBITDA)	**515**	**484**	**31**	**6 %**
EBITDA/revenue	56.8%	56.2%	0.5pts	

* *Restated at the rate of exchange used for the 2016 income statement (£1=€1.216) and in application of IFRS 5 following the sale of GB Railfreight Limited.*

a) Fixed Link Concession revenue

Revenue generated by this segment, which in 2016 represented 89% of the Group's total revenue, increased by 5% compared to 2015, to €907 million.

Shuttle Services

Traffic (number of vehicles)	**2016**	**2015**	**Change**
Truck Shuttle	1,641,638	1,483,741	+11%
Passenger Shuttle:			
Cars (*)	2,610,242	2,556,585	+2%
Coaches	53,623	58,387	-8%

* *Includes motorcycles, vehicles with trailers, caravans and motor homes.*

Shuttle Services' revenue for 2016 amounted to €603 million, up 10% (€57 million) compared to the previous year.

Truck Shuttle

As a result of continued economic growth in the United Kingdom and of the security provided to transporters by the Group's various investments, Truck Shuttle traffic experienced an exceptional year and significantly outperformed the cross-Channel market (which grew by 5%). During 2016, the Truck Shuttle service transported more than 1.64 million trucks (+11%), a level never before reached, and in December 2016 recorded its 14th consecutive monthly traffic record for a comparable period. Eurotunnel confirmed its place as the principal actor in the Short Straits cross-Channel truck market with a share of approximately 39.2% for the year compared to 37.3% in 2015, 2015 having been badly affected by the disruptions arising from the attempted intrusions by migrants onto the French terminal until the security measures were put in place on the Coquelles site from the end of October 2015.

Passenger Shuttle

With more than 2.61 million (+2%) tourist vehicles transported in 2016, the Passenger Shuttle car service achieved its highest traffic since 2000 and outperformed the cross-Channel market which contracted by 2% in difficult market conditions following the terrorist attacks which have led to a reduction in tourism in France. Passenger Shuttle car market share increased to 55% in 2016, compared to 53% in 2015.

The Short Straits cross-Channel coach market, which remains affected by the terrorist attacks and the security situation in Europe, contracted by approximately 9% compared to 2015. With traffic down by 8%, the Fixed Link's share of the coach market increased slightly to 38.1%.

Railway Network

Traffic	2016	2015	Change
High-Speed Passenger Trains (Eurostar):			
Passengers(*)	10,011,337	10,399,267	-4%
Train Operators' Rail Freight Services (**):			
Number of tonnes	1,041,294	1,420,826	-27%
Number of trains	1,797	2,421	-26%

* *Only passengers travelling through the Channel Tunnel are included in this table, excluding those who travel between Paris-Calais and Brussels-Lille.*

** *Rail freight services by train operators (DB Cargo for BRB, SNCF and its subsidiaries, GB Railfreight and Europorte) using the Tunnel.*

The Eurotunnel Group earned revenues of €290 million in 2016 from the use of its Railway Network by Eurostar's High-Speed Passenger Trains and by the Train Operators' Rail Freight Services, down 3%.

The number of Eurostar passengers using the Tunnel was badly affected by the succession of terrorist attacks in Paris, Brussels and Nice and fell by 4% in 2016 for the year as a whole. Nevertheless, the trend reversed in the last quarter with growth of 2%, supported by a record December (+9% compared to December 2015).

Cross-Channel rail freight fell in 2016 (decrease in number of rail freight trains of 26% and in tonnage of 27%) due to the pressure of migrants on the SNCF Réseau yard at Calais-Fréthun in 2015, which led to a change of route for some operators. However, there was an upturn in the trend over the last few months of 2016, with traffic up by 10% in the last quarter of 2016 compared to 2015.

b) Fixed Link Concession operating costs

The Fixed Link segment's operating costs amounted to €392 million in 2016, an increase of 4% compared to 2015. This €15 million increase was due mainly to the impact of increased activity on staff costs, maintenance, security and other operating costs.

1.2. Europorte segment

The Europorte segment covers the entire rail freight transport logistical chain in France and includes notably Europorte France and Socorail. The UK subsidiary GB Railfreight Limited was sold in November 2016 and is therefore not included in the figures below.

€ million	2016	(*)2015	Variance	
			€M	%
Revenue	116	123	-7	-6%
External operating costs	(67)	(73)	-6	-8%
Employee benefits expense	(49)	(52)	-3	-6%
Operating costs	**(116)**	**(125)**	**-9**	**-7%**
Operating margin (EBITDA)	**–**	**-2**	**2**	

* *Restated in application of IFRS 5 following the sale of GB Railfreight Limited.*

a) Europorte revenues

Europorte's revenues decreased by 6% in 2016 mainly due to the long succession of SNCF strikes in the spring which totally paralysed the French national rail network for almost two months and then to a reduction in the activity of customers in the cereals sector during the summer.

b) Europorte operating costs

Operating costs decreased by 7% reflecting the reduction in commercial activity as well as the first effects of the plan to improve profitability on a sustainable basis.

1.3. ElecLink segment

ElecLink's activity is the construction and operation of a 1,000 MW electricity interconnector between the UK and France. Construction works began in the second half of 2016 and the interconnector is expected to be in commercial operation at the beginning of 2020.

The Group's share of ElecLink's result in 2015 and between 1 January and 23 August 2016 (loss of €1.3 million in 2015 and €0.8 million in 2016) is included in the consolidated income statement under "Share of result of equity-accounted companies". ElecLink Limited has been fully consolidated in the Group's accounts since 23 August 2016.

Operating costs amounted to €1 million for the period August to December 2016. Costs directly attributable to the project are capitalised.

1.4. Operating margin (EBITDA)

EBITDA by business segment evolved as follows:

€ million	**Fixed Link**	**Europorte**	**ElecLink**	**Total Group**
EBITDA 2015 restated (*)	484	(2)	–	**482**
Improvement/(deterioration):				
Revenue	+46	-7	–	**+39**
Operating costs	+15	-9	+1	**+7**
Total changes	**+31**	**+2**	**(1)**	**+32**
EBITDA 2016	**515**	**–**	**(1)**	**514**

* *Restated at the rate of exchange used for the 2016 income statement (£1=€1.216) and in application of IFRS 5 following the sale of GB Railfreight Limited.*

At €514 million in 2016, the Group's operating margin improved by €32 million compared to 2015 (+7%) as a result of an increase in revenue and control of costs for the Fixed Link. Europorte's EBITDA improved by €2 million despite a reduction in activity. The full consolidation of ElecLink since August 2016 has resulted in an increase in operating costs of €1 million.

1.5. Operating profit (EBIT)

Depreciation charges increased by €6 million as a result of the completion in 2015 and 2016 of major projects such as Terminal 2015 and the GSM-R.

At €364 million, the trading profit improved by €26 million compared to 2015.

Net other operating income of €37 million (2015: net charge of €2 million) includes a gain of €50 million resulting from the revaluation at their fair value of the shares in ElecLink Limited already held by the Group when it took full control of the subsidiary in August 2016 partially offset by provisions and advisors' fees.

The operating profit for the 2016 financial year was €401 million compared to €336 million in 2015, an improvement of €65 million.

1.6. Net result from continuing operations

At €262 million in 2016, net finance costs increased by €15 million compared to 2015 as a consequence of the increase in inflation rates and the resulting unfavourable effect on the interest and on the revaluation of the nominal value of the index-linked tranche of the debt.

"Net other financial income and charges" in 2016 included net exchange gains of €9 million compared to net gains in 2015 of €3 million arising from changes in the sterling/euro exchange rate. In 2015, it included €17.5 million of consent fees relating to the transaction to simplify the debt concluded in 2015.

The Eurotunnel Group's pre-tax result for continuing operations for the 2016 financial year was a profit of €154 million, an improvement of €74 million compared to 2015 at a constant exchange rate.

In 2016, income tax expense included a charge of €3 million relating to tax on dividends (3% on the €118 million dividend paid in 2016), an income tax credit of €1 million and a deferred tax charge of €15 million.

The Eurotunnel Group's post-tax result for continuing operations for the 2016 financial year was a profit of €136 million, an improvement of €63 million at a constant exchange rate, of which €50 million resulted from the integration of ElecLink.

1.7. Net result from discontinued operations

€ million	2016	2015 restated(*)	Variance
Exchange rate €/£	1.216	1.216	€M
Maritime segment MyFerryLink	17	(8)	25
GB Railfreight Limited	47	10	37
Net profit from discontinued operations	**64**	**2**	**62**

* *Restated at the rate of exchange used for the 2016 income statement (£1=€1.216) and in application of IFRS 5 following the sale of GB Railfreight Limited.*

a) Maritime segment MyFerryLink

The Eurotunnel Group's maritime subsidiaries leased their three ferries to SCOP SeaFrance (an operating company outside the Eurotunnel Group) and marketed the cross-Channel crossings for tourist and freight vehicles. Operation of the Group's three ferries ceased in the second half of 2015.

In 2016, the maritime segment's net result was a profit of €17 million. During the year, the lease of the three ferries began following agreements with DFDS and Vansea Shipping Company Limited which include a put option, exercisable by the Group, for their subsequent sale. These options are exercisable by the Group in June 2017, at the end of the period of five years during which it was prohibited from selling the ferries under conditions imposed at the time of their purchase in 2012. In accordance with IAS 17 "Leases", these leases are treated as finance leases. Consequently, the Group has recognised an income net of tax in the maritime segment's income statement in the 2016 financial year of €24 million which includes a net income of €40 million (after taking into account €13 million for the cost of putting the ferries back into operation) under "Other net operating income" and a deferred tax charge on this income of €16 million.

b) GB Railfreight Limited

On 15 November 2016, the Eurotunnel Group completed the sale of its UK rail freight subsidiary GB Railfreight Limited to EQT Infrastructure II for €136 million.

€ million	2016 10 months	2015 12 months restated(*)	Variance
Exchange rate €/£	1.216	1.216	€M
Revenue	129	164	-35
Operating costs	(113)	(144)	-31
Operating margin (EBITDA)	**16**	**20**	**-4**
Depreciation	(7)	(7)	–
Trading profit	**9**	**13**	**-4**
Other net operating income/(charges)	40	(2)	+42
Operating profit (EBIT)	**49**	**11**	**+38**
Net financial charges	(2)	(1)	+1
Net profit	**47**	**10**	**+37**

* *Restated at the rate of exchange used for the 2016 income statement (£1=€1.216) and in application of IFRS 5 following the sale of GB Railfreight Limited.*

For the 2016 financial year, the net result of the discontinued activity of GB Railfreight Limited was a profit of €47 million, including the net result of operations up until the date of its sale as well as the profit from the sale of €39 million.

1.8. Net consolidated result

The net consolidated result for the Eurotunnel Group for the 2016 financial year was a profit of €200 million compared to a profit of €75 million restated for 2015, an improvement of €125 million, of which €114 million related to exceptional operations (€50 million profit resulting from the integration of ElecLink and €64 million arising from discontinued activities).

2. ANALYSIS OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ million	**31 December 2016**	**31 December 2015**
Exchange rate €/£	1.168	1.362
Property, plant and equipment	6,366	6,376
Other non-current assets	280	320
Total non-current assets	**6,646**	**6,696**
Trade and other receivables	94	129
Other current assets	172	67
Assets held for sale	–	65
Cash and cash equivalents	347	406
Total current assets	**613**	**667**
Total assets	**7,259**	**7,363**
Total equity	1,812	1,663
Financial liabilities	3,786	4,161
Interest rate derivatives	1,309	1,170
Other liabilities	352	369
Total equity and liabilities	**7,259**	**7,363**

The table above summarises the Group's consolidated statement of financial position as at 31 December 2016 and 31 December 2015. The main elements and changes between the two dates are as follows:

- At 31 December 2016, "Property, plant and equipment" includes assets amounting to €6,089 million for the Fixed Link segment, €83 million for the Europorte segment and €194 million for the ElecLink segment including an intangible asset of €120 million relating to the goodwill that arose on full integration of ElecLink by the Group in August 2016. At 31 December 2015, GB Railfreight Limited's fixed assets included €26 million of intangible assets and €98 million of tangible fixed assets.
- "Other non-current assets" includes a deferred tax asset of €122 million and floating rate notes of €151 million.
- At the start of finance leases of the maritime segment's three ferries during the first half of 2016, (see note A.2 to the consolidated financial statements at 31 December 2016), the net investment in these leases was accounted for in "Other current assets". At 31 December 2015, the maritime segment's three ferries were treated as "Assets held for sale".
- At 31 December 2015, "Trade and other receivables" included €30 million and "Other current assets" €3 million relating to the subsidiary GB Railfreight Limited which was sold during 2016.
- At 31 December 2016, "Cash and cash equivalents" amounted to €347 million, after payment of the €118 million dividend, share buyback transactions of €59 million, net capital expenditure of €94 million, and €285 million in debt service costs (interest, repayments and fees).
- "Equity" increased by €149 million as a result of the impact of changes in the exchange rate on the cumulative translation reserve (€267 million) and the net profit for the year (€200 million). These increases were partially offset by an increase in the valuation of the "Interest rate derivatives" liability (€139 million), the payment of the dividend (€118 million), share buyback transactions (€58 million), and a change in retirement liabilities (€16 million).
- "Financial liabilities" have decreased by €375 million compared to 31 December 2015. Reductions of €324 million from the impact of the reduction in the exchange rate on the sterling-denominated debt, €26 million following the sale of GB Railfreight Limited, €38 million in debt repayments and fees of €17 million paid in respect of the operation to simplify the debt structure completed at the end of 2015 have partly been offset by an increase of €24 million arising from the effect of inflation rates on the index-linked debt tranche A of the Term Loan and an increase of €6 million for the effective rate adjustment.
- "Other liabilities" include €252 million of trade and other payables and retirement liabilities of €100 million. At 31 December 2015, "Other liabilities" included €33 million of operating liabilities and €13 million of retirement liabilities relating to GB Railfreight Limited.

3. Analysis of consolidated cash flows

In order to enable a better comparison between the two years, the 2015 cash flow presented in this section has been recalculated at the exchange rate used for the statement of financial position at 31 December 2016 of £1=€1.168.

3.1. Consolidated cash flows

€ million	2016	2015 restated(*)	Variance	2015 reported
Exchange rate €/£	1.168	1.168		1.362
Continuing activities:				
Net cash inflow from trading	520	499	+21	528
Other operating cash flows and taxation	(18)	(11)	-7	(12)
Net cash inflow from operating activities	**502**	**488**	**+14**	**516**
Net cash outflow from investing activities	(202)	(67)	-135	(69)
Net cash outflow from financing activities	(449)	(411)	-38	(433)
(Decrease)/increase in cash in year from continuing activities	**(149)**	**10**	**-159**	**14**
Discontinued activities(**):				
Net cash inflow from operating activities	(2)	24	-26	28
Net cash outflow from investing activities	(22)	(32)	+10	(37)
Net cash inflow from sale of subsidiary	130	–	+130	–
Net cash inflow from financing activities	24	1	+23	1
Increase/(decrease) in cash in year from discontinued activities	**130**	**(7)**	**+137**	**(8)**
Total (decrease)/increase in cash in year	**(19)**	**3**	**-22**	**6**

* *Restated at the rate of exchange used for the statement of financial position at 31 December 2016 (£1=€1.168).*

** *Maritime segment and GB Railfreight Limited, see note C.3ii to the consolidated accounts at 31 December 2016.*

Continuing activities

Net cash inflow from trading by continuing activities in 2016 improved by €21 million at a constant exchange rate compared to 2015, to €520 million, mainly due to:

- a net increase of €18 million for the Fixed Link activity;
- a net increase of €5 million for the Europorte activity; and
- ElecLink expenses of €1 million for the period since full consolidation in August 2016.

Net other operating cash flows and taxation increased by €7 million of which €5 million related to costs in respect of projects during 2016 and €2 million was related to taxation.

Net cash flow from investing activities of the continuing activities increased from €67 million in 2015 (restated at the 2016 exchange rate) to €202 million in 2016. In 2016, this included:

- a net payment of €75 million relating to the acquisition of the 51% of shares held by Star Capital in ElecLink Limited in August 2016;
- net payments of €68 million relating to the Fixed Link (2015 restated: €72 million) of which €23 million was spent on rolling stock, €10 million on the Terminal 2015 project, €7 million on replacing rails in the Tunnel and €6 million on the GSM-R project;
- net payments of €5 million for Europorte in France (2015: €23 million paid less €26 million received from a sale and lease back operation); and
- net payments of €54 million on the ElecLink project for the first works started at the end of 2016 (2015: €2 million received in respect of a reimbursement of a deposit).

Net cash outflow from financing for continuing activities in 2016 amounted to €449 million compared to €411 million in 2015 restated at the 2016 exchange rate. During 2016, it comprised mainly:

- debt service costs totalling €282 million:
  - €228 million of interest paid on the Term Loan, associated hedging transactions and other loans (2015 restated:

€235 million),

- €38 million paid in respect of scheduled repayments on the Term Loan and other loans (2015 restated: €35 million),
- €17 million paid in respect of consent fees in relation to the transaction to simplify the debt structure concluded at the end of 2015 (2015 restated: €39 million);

- €118 million paid in dividends (2015: €97 million),
- €59 million paid in respect of the share buyback programme (€14 million in 2015), and
- €8 million interest received of which €6 million was in respect of the floating rate notes owned by the Group (2015: €9 million of which €6 million was in respect of the floating rate notes).

Discontinued activities

In 2016, net cash flows from discontinued activities included:

- For the maritime segment:
  - €18 million of net operating cash outflows, including €13 million paid for the cost of putting the ferries back into operation prior to their new finance leases starting, and
  - cash received of €10 million from the ferries' finance lease contracts.
- For GB Railfreight Limited:
  - €16 million of net operating cash inflows for the year period prior to its sale in November 2016,
  - capital expenditure of €22 million to acquire new locomotives partially offset by receipt of a €14 million loan drawdown, and
  - €130 million net receipt from the sale of GB Railfreight Limited in November 2016.

3.2. Free Cash Flow

The Group defines its Free Cash Flow as net cash flow from operating activities less net cash flow from investing activities (excluding the initial investment in new activities and the acquisition of shareholdings in subsidiary undertakings) and net cash flow from financing activities relating to debt service plus interest received (on cash and cash equivalents and other financial assets).

	2016	2015	
€ million		**restated(*)**	**reported**
Exchange rate €/£	1.168	1.168	1.362
Net cash inflow from operating activities	500	512	544
Net cash outflow from investing activities	(98)	(99)	(106)
Debt service costs (interest paid, fees and repayments)	(285)	(273)	(293)
Interest received and other receipts	19	12	12
Free Cash Flow	**136**	**152**	**157**
ElecLink: acquisition of shares	(75)	–	–
ElecLink: project expenditure	(51)	–	–
Sale of GB Railfreight Limited	130	–	–
Dividend paid	(118)	(97)	(97)
Purchase of treasury shares and net movement on liquidity contract	(58)	(16)	(16)
Consent fees on financial operation	–	(39)	(42)
Cash received from loans and other	17	3	4
Use of Free Cash Flow	**(155)**	**(149)**	**(151)**
(Decrease)/increase in cash in the year	**(19)**	**3**	**6**

* *Restated at the rate of exchange used for the statement of financial position at 31 December 2016 (£1=€1.168).*

At €136 million in 2016, Free Cash Flow has decreased compared to 2015 for the reasons set out in section a) above.

3.3. Debt service cover ratios

Financial covenants

The debt service cover ratio and the synthetic service cover ratio for Groupe Eurotunnel SE at 31 December 2016 were 2.06 and 1.84 respectively, and thus the financial covenants for the Term Loan for the period were respected.

EBITDA to finance costs ratio

The ratio of the Group's consolidated EBITDA to its finance costs (excluding interest received and indexation) is 2.1 at 31 December 2016 (2015 restated: 2.0).

€ million	**2016**	**2015 restated(*)**
Exchange rate €/£	1.216	1.216
EBITDA	**514**	**482**
Finance cost	264	249
Indexation	(25)	(8)
Finance cost excluding indexation	**239**	**241**
EBITDA / finance cost excluding indexation	**2.1**	**2.0**

* *Restated at the rate of exchange used for the 2016 income statement (£1=€1.216) and in application of IFRS 5 following the sale of GB Railfreight Limited.*

4. Net debt to EBITDA ratio

The Group defines its net debt to EBITDA ratio as the ratio between financial liabilities less the value of the floating rate notes and cash and cash equivalents held by the Group, and consolidated EBITDA. At 31 December 2016, the ratio was 6.4 compared to 6.9 at 31 December 2015 (restated following the sale of GB Railfreight Limited).

€ million	**31 December 2016**	**(*)31 December 2015**
Non-current financial liabilities	3,687	3,988
Current financial liabilities	31	45
Other non-current financial liabilities	61	79
Other current financial liabilities	7	17
Total financial liabilities	**3,786**	**4,129**
Floating rate notes	(151)	(161)
Cash and cash equivalents	(347)	(392)
Net debt	**3,288**	**3,576**
EBITDA	514	520
Net debt / EBITDA	**6.4**	**6.9**
Statement of financial position exchange rate €/£	*1.168*	*1.362*
Income statement exchange rate €/£	*1.216*	*1.375*

* *2015 restated in application of IFRS 5 following the sale of GB Railfreight Limited.*

Dates for your diary in 2017:

27 April 2017: Groupe Eurotunnel SE AGM
25 July 2017: Half-Year Results

Additional information:

On 28 February 2017, the Board of Directors, chaired by Jacques Gounon, finalised the accounts for the year ending 31 December 2016.

The financial analysis as well as the balance sheet of the consolidated accounts, as stated by the board of directors on 28 February 2017, are available on the website of the Eurotunnel Group: www.eurotunnelgroup.com.

The accounts for 2016 have been certified by the statutory auditors.