



2 MARCH 2017



Dear Shareholder,

As usual your Group has met its commitments and has even outperformed expectations.

2016 was our best year since the opening of the Tunnel. We have already announced that our traffic has broken records and that our market shares has improved substantially. On a like-for-like basis, **our revenue has increased by 4%** and **our EBITDA by 7%** to €514 million. This performance, which was achieved despite the complicated economic and geopolitical background, is due to several different factors:

- Quality of service, both for the Fixed Link and for Europorte, which keeps customers loyal and attracts new customers.
- The work to secure the terminal in Coquelles and the support we provide to the authorities of the two states so that they can fulfil their joint frontier control responsibilities in the most effective manner (new security control centre, new scanner for commercial vans,). The French Minister for the Interior visited the terminal in Coquelles on 1 March to confirm the effectiveness of the measures introduced.
- Control of operating costs to generate margin: while revenue from Le Shuttle increased by 10%, costs only increased by 4%; where revenue for Europorte reduced by 6%, operating costs reduced more, by 7%.

The consolidated net result increased spectacularly, to €200 million (+169%). This was, of course, due to some exceptional items, but they were the result of our management decisions. We took the opportunity to sell GB Rail freight for a very high price. We took control of ElecLink to accelerate its development and to take advantage, as early as possible – from early 2020 – of the resulting revenues and profits. This will also be a very efficient use of our available cash, as we have the means to finance the entire project, although we have not excluded the option of raising additional finance in the future.

Our debt, which has fallen to €3.3 billion, enables us to do this, even though our priority remains to refinance part or all of it, depending on market conditions.

In these circumstances, we will ask the AGM to approve an 18% increase in dividend to €0.26 per share. Since the payment of the first dividend, for the year 2008, we will have

paid out a total of €595 million. And we intend to continue in this direction and, indeed to accelerate.

The outlook for 2017 remains very encouraging despite an uncertain geo-political environment: 2016 is proof of the resilience of our business.

With regard to the Fixed Link, economic growth in the UK remains strong and truck traffic is increasing, with twice as many peak days forecast compared to 2016. We also benefit from the development of e-commerce: up to 1 million of these parcels pass through the Tunnel every day. Passenger vehicle bookings for Le Shuttle show no sign of softening and the opening of the Eurostar service between London and Amsterdam at the end of the year will enable a substantial increase in the number of passengers, well above the current 10 million.

For Europorte, we continue to roll out our business plan and to improve its profitability in a competitive environment which is becoming more transparent: Fret SNCF will have to recapitalise with the associated constraints and ECR, the subsidiary of Deutsche Bahn is restructuring to reduce its losses.

So we are confident. Your Board has set the following objectives* for the next two years:

- 2017: EBITDA of €530 million
Dividend of €0.30 per share
- 2018: EBITDA of €560 million
Dividend of €0.35 per share

The Eurotunnel Group today has all the potential offered by Eurotunnel, that is to say, a Concession until 2086, leader in its market, investing for the future (€68 million in 2016, for the Fixed Link). But it is also now more than just Eurotunnel, with recognised expertise in rail freight through Europorte and a new value generator in ElecLink, which has the benefit of a 25-year exemption granted by the national and European regulators.

The consensus amongst analysts reflects this potential with a target share price of +25%.

So with our eyes turned to the AGM on 27 April, I remain,

Yours faithfully

Jacques Gounon
Chairman and Chief Executive Officer

* Exchange rate of £1 = €1.175 and on the basis of the current group structure.

In brief...



Dates for your diary in 2017

20 April: Revenue and traffic figures for the 1st quarter of 2017

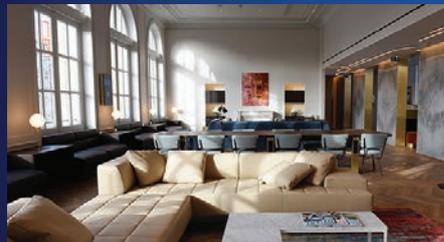
27 April: General Meeting of Groupe Eurotunnel SE

2020 Digital programme at Eurotunnel



On 16 February, during the visit of Axelle Lemaire, French Secretary of State for Digital and Innovation, Eurotunnel has presented its 2020 Digital programme, a €100M multi-annual investment. Having already invested in GSM-R and GSM-P communications technologies, including the 4G network in the Tunnel, Eurotunnel continues to invest in digital technology to provide its operations and customers with even better organisation and personalised travel experience, dematerialise many paper documents, follow operations in real time thanks to the development of applications, develop connected tools to further enhance rolling stock and infrastructure operations.

Eurostar : new Business Premier Lounge



On 4 February, Eurostar opened its new Business Premier Lounge on the top floor of the Paris-Nord train station, as part of its significant investment programme. Reserved for business passengers who increasingly choose high-speed trains over the plane, the connected lounge offer more than 160 seats in the various cosy spaces designed to resemble a lavish Haussmann-style Parisian apartment. The new travel experience also includes showcasing art, a cocktail bar and a new range of culinary dishes. Eurostar is also actively preparing for the launch of the new London-Amsterdam route for the end of 2017.

Focus on the Group's 2016 annual results

On 28 February 2017, your Board finalised the Group's consolidated and parent company accounts for 2016, which have been certified by the Statutory Auditors.

At €1.023Bn, revenues have increased by +4%* compared to 2015. Operating costs remain stable, growing less faster than the activity of the Group.

EBITDA, the operating margin, amounted to €514M (+7% vs 2015). The operating profit (EBIT) increased by 19% to €401M, including a €50M profit arising from the full integration of ElecLink following the Group's acquisition of Star Capital's 51% holding in ElecLink on 23 August 2016.

At €262M, net finance costs have increased by €15M due to a rise in inflation rates.

The pre-tax result for the Group's continuing activities of was a profit of €154M, or €104M excluding the profit from the full acquisition of ElecLink representing a €24M improvement compared to the profit of €80M in 2015.

The British rail freight subsidiary GB Railfreight was sold on 15 November 2016. The net result for discontinued activities amounted to a profit of €64M, including €47M for GB Railfreight and €17M for the maritime segment.

The consolidated net result of the Eurotunnel Group for 2016 was a profit of €200M compared to a €75M profit in 2015, a €125M improvement of which €114 million was due to exceptional transactions (€50M for ElecLink and €64M for discontinued activities).

Free Cash Flow generated in 2016 amounted to €136M and the Group held cash balances of €347M at 31 December 2016.

For the 8th consecutive year, the Board has reaffirmed its commitment to reinforce its dividend policy. The General Meeting on 27 April 2017 will be asked to vote on a dividend of €0.26 per share (+18%), equivalent to a total amount of €143M for the 2016 financial year and a total distribution of €595M since 2008.



More information at www.eurotunnelgroup.com: press release and video interview of Jacques Gounon, Chairman and Chief Executive Officer

* Compared to 2015 recalculated at 2016 exchange rate of £1 = €1.216 and restated in accordance with IFRS 5 following the sale of GB Railfreight

Group revenue

2016	1,023	+4%
2015	984	

Operating costs

2016	509	+1%
2015	502	

EBITDA

2016	514	+7%
2015	482	

Net consolidated result

2016	200	+€125M
2015	75	

Dividend per share (in €)

2016	0.26	+18%
2015	0.22	
2014	0.18	

Foundations laid



On 23 February, the ElecLink project entered the construction phase with the laying of the foundation stone in Folkestone by Jesse Norman, British Minister for Industry and Energy and Jacques Gounon. ElecLink, the 1,000MW electrical interconnector between Great Britain and France:



- represents an investment of €580M for construction works
- is a ground-breaking project which will secure vital electricity supply between the two countries
- has a minimal environmental impact as it will be installed in the Tunnel
- will create hundreds of new jobs to be created during construction
- has a proven economic model to bring value to the Eurotunnel Group

With the debate over the future of energy security brought into focus recently, ElecLink will offer a smart and environmentally friendly way to enhance the security of the electricity supply of both countries.

More information on ElecLink: video and press release available at www.eurotunnelgroup.com