

# EUROTUNNEL ON TRACK

LETTER TO GROUPE EUROTUNNEL SE SHAREHOLDERS



21 APRIL 2017



Dear Shareholder,

In the first quarter of 2017, the **Fixed Link** has once again recorded two new all-time records: 151,245 trucks transported in March and a 62.4% car market share for Le Shuttle in the 1<sup>st</sup> quarter.

At the same time, **Eurostar renewed its growth** with a 2% increase in traffic and the announcement of an outstanding Easter weekend.

Our traffic figures and the **1% growth in the Fixed Link revenues** should be viewed in the context of the calendar: in 2017, Easter was in April whereas this peak traffic period fell in March in

2016, and 2016 was also a leap year. This quarter also included only 10 peak traffic days for trucks out of the 83 planned this year. This might seem trivial but such events must be taken into account in order to assess the underlying trends, which are very positive.

The vitality of the British economy is undeniable with growth forecast by the IMF of 2% for this year. This should be viewed against all the alarmist predictions made before and after the 23 June 2016 Referendum in which the United Kingdom voted to leave the European Union.

The triggering of Article 50 by the British government on 29 March and the decision on 19 April to call an early General Election are, in our opinion, likely to stabilise the comments on Brexit in the next few months. Everyone agrees that negotiations will be lengthy and calls are being made on all sides to maintain the fluidity of commercial trade between the United Kingdom and continental Europe.

That is why we are absolutely convinced of the ability of the **Fixed Link to continue to make progress**, as reflected by our specific investments namely the ongoing construction of the new Flexiplus lounges and the entry into commercial service of the first new Truck Shuttle which is going to be celebrated on 28 April in the presence of Xavier Bertrand, Chairman of the Northern France region, as well as some of our major customers.

With regards to investment, there is also **ElecLink** where construction is progressing in accordance with the planned timetable. The project team has been further strengthened with the appointment of a Chief Financial Officer. With a current team of 22 employees, ElecLink will soon recruit experts to develop the IT management system for the electrical flows in order to be ready

for commercial service in 2020. In terms of the business plan, the average spread of €14.3/MWh between the electricity prices in the United Kingdom and France as announced for 2018 supports our assumptions of profitability.

At the same time, **Europorte continues to progress**, by focusing on the best contracts and with an outlook that is becoming clearer: SNCF Fret is still recording substantial losses and must eventually need to submit a restructuring and recapitalisation plan that should force it to maintain its commitments to the previous 2004 plan as a minimum and therefore stop weighing on the market. ECR, the subsidiary of Deutsche Bahn, is completing its restructuring plan and should also contribute to easing prices. Finally, SNCF Réseau has had its proposals strongly criticised by the French regulator ARAFER, which is in line with the railway operators' demands.

In this context, the agreement which was signed by all the Europorte unions of a **win-win social agreement in respect of the recent French railway reform** shows the commitment of all our teams to establish the company as a successful operator for the long-term.

With your Board of Directors, I will have the honour of presenting this positive situation to you at the General Meeting on 27 April. As a reminder, I want to highlight **the results of the shareholding analysis**: you are 220,000 shareholders, with an average holding that has increased to 7,257 shares. Institutional investors hold 29% of the capital and custodians 59%. The location of the account holders is very stable with 26% in the United Kingdom and Ireland, 36% in the United States and 18% in France. With a **dividend of €0.26 per ordinary share**, the shareholder return is in line with a number of comparable companies.

The conclusion that we can draw is the expression of a **great confidence in the future of your Group**.

It is this confidence that I would like you to confirm by supporting the resolutions proposed to the General Meeting on 27 April.

Yours faithfully,

**Jacques Gounon**  
Chairman & Chief Executive Officer

# In brief...



## Dates for your diary in 2017

**27 April:** General Meeting  
**25 July:** Results of the Eurotunnel Group for the 1<sup>st</sup> half of 2017



## The 2016 Annual Review and CSR report is online

The interactive and PDF versions of the 2016 Annual Review and Corporate Social responsibility Report of the Eurotunnel Group are available on the [Taking a closer look](#) section of the homepage of the Group's website.

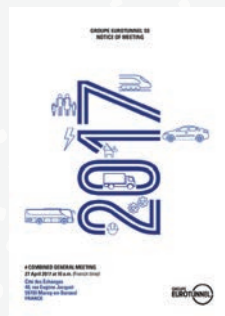
## Dividend for the 2016 financial year

Confident in the future, the Group confirms its intention to continue its policy of regular dividend growth for shareholders with the objective of reaching €0.30 per share for the 2017 year and €0.35 for the 2018 financial year. Therefore, a further 18% increase in dividend to €0.26 per ordinary share for the 2016 financial year is proposed to the Annual General Meeting on 27 April. Since the payment of the first dividend for the 2008 financial year, we will have paid out a total of €595M to shareholders.



The ex-dividend date for the ordinary shares on Euronext Paris is 24 May 2017 and the dividend will be paid on 26 May 2017.

## General Meeting of Groupe Eurotunnel SE



The Combined General Meeting of Groupe Eurotunnel SE will be held on Thursday 27 April at 10 a.m. (French time) at Cité des Echanges in Marcq-en-Baroeul (near Lille). The Notice of Meeting and personalised voting forms were sent to directly or indirectly registered shareholders and CDI holders at the beginning of April.

For more information, please consult the [2017 General Meeting](#) page on the Group website, where the deferred webcast of highlights of the General Meeting will be available before the end of the following day.

## Traffic and Revenue for the 1<sup>st</sup> quarter of 2017

### Eurotunnel Group

- Further growth in revenue in the 1<sup>st</sup> quarter of 2017: +1%\* to €232M.

### Channel Tunnel Fixed Link : Eurotunnel

- Truck Shuttles: traffic stable despite an unusually severe winter in Southern Europe which impacted exports of fresh fruit and vegetables; continuous increase in yield over the period; confirmation of its position as market leader with a 38.9% market share in Q1 2017.
- Passenger Shuttles: decline in traffic due to the timing of the Easter weekend, which generates high levels of tourist traffic, which fell in April this year compared to March in 2016; growth in car market share to 62.4% in the 1<sup>st</sup> quarter of 2017.
- High-speed passenger trains: 2% growth in Eurostar traffic, a positive sign of return to growth with, in particular, a record level of bookings for the Easter weekend.
- Cross-Channel rail freight: continuation of the trend observed at the end of 2016 with traffic up by 23% in the 1<sup>st</sup> quarter of 2017.

### Rail freight operator: Europorte

- Slight reduction in revenue (-1%) due to the crisis in the cereals sector which had a significant effect on traction and transport commissioning activity; start of new traffic.

### Group Revenue\* in €M

Q1 2017	232	+1%
Q1 2016	229	

### Truck Shuttle

In thousands (number of trucks carried)

Q1 2017	410	=
Q1 2016	411	

### Eurostar - In millions

(number of Eurostar passengers through the Tunnel)

Q1 2017	2.27	+2%
Q1 2016	2.23	

### Le Shuttle for passengers

In thousands (number of cars carried)

Q1 2017	467	-7%
Q1 2016	502	

### Rail freight trains

(number of trains through the Tunnel)

Q1 2017	543	+23%
Q1 2016	442	

\* At the 1<sup>st</sup> quarter 2017 exchange rate of £1 = €1.168 and after restatement in IFRS 5 following the sale of GB Railfreight in November 2016.

More information in the [press release](#) published on 20 April 2017 on the Group's website.

## 25 millionth truck

since the opening of the service in July 1994, transported on 17 March.

**151,245 trucks** transported in March 2017, a new all-time record and a 5% increase compared to March 2016.

## 64.6%

**Le Shuttle** car market share of the Short Straits achieved in February 2017.

## Le Shuttle Freight at Multimodal 2017

25% of all trade in goods between the UK and Continental Europe goes through the Channel Tunnel. To further benefit from the growth in Fixed Link traffic, the Truck Shuttle commercial team took part in early April in Multimodal 2017, the UK's premier freight transport and logistics event in Birmingham where they strengthened business relations with existing customers and met with potential new customers.

