



25 JULY 2017



Dear Shareholder,

Unruffled: that is how I would describe the **growth trend in our first half-year results**, which are set out overleaf.

Our revenue has continued to grow, with an increase of 3% with an increase of 3% and our EBITDA even more so at €242M, up by 8%. We can confirm our outlook for an EBITDA* 2017 at €530M and for 2018 of €560M, along with our objectives of dividend payments of €0.30 per ordinary share in 2017 and €0.35 in 2018.

The Concession for the Channel Tunnel Fixed Link has achieved the double result of maintaining high levels of market share for Le Shuttle, at 58% for cars and 39% for trucks, whilst also increasing average yields well above the rate of inflation.

This is due to the fact that **we have progressively built upon our premium service**. For Flexiplus customers, for example, we have just opened a completely new facility in Coquelles (with dedicated access lanes and the new William Turner Lounge), and will open a similar facility in Folkestone in the 1st quarter of 2018. With this top quality proposition, we anticipate an increase of 30% in this customer segment which benefits from permanent priority boarding on our shuttles.

Also on the subject of the Concession, we also praise the work done by **Eurostar which has regained its traffic growth**. It is most interesting to look at the business plan that guided the acquirers of HS1, the high-speed line between the Tunnel and London, as they set the price for the transaction (18x EBITDA): it translates into a real confidence in the growth of international traffic which will, of course, all have to go through the Tunnel! We should also point out the commitment of the British Government to HS2, the high-speed line which will connect London to Birmingham and Manchester, for which the first major construction contracts have just been awarded to French companies: more cross-Channel traffic to look forward to!

With regard to cross-Channel rail freight trains, the effectiveness of the controls recently put in place at Frethun international yard, has enabled this segment to return to growth, with a +20% increase of trains. These controls will shortly be strengthened even further through the installation of a whole-train scanner, the first of its kind in France.

As you can see, we are a long way from the catastrophic predictions some were making about Brexit. The decision by the UK to leave the European Union certainly represents a major change, but as far as we are concerned, we should consider a number of key points:

- The length of the negotiations and the transition period: for the

moment, nothing has changed and we have plenty of time to adapt. We are working closely with the competent authorities to prepare for the "frictionless" border. **We are accelerating the implementation of our digital programme** to meet our needs of dematerialisation of processes and documentation.

- In terms of **growth**: this remains sustained in the UK and is improving in France and across Europe. This is essential for our business. In addition, we are well positioned to serve the essential industrial sectors such as express courriers, Just-in-time, and fresh produce.

- **The purchasing power of British people** due to the inflation, price of oil or the exchange rate: we could go on forever, but in reality, we are within a range of variation that we have seen in the past and which effectively neutralises itself. A lower oil price generates less inflation. To put it simply, the purchasing power of our customers does not seem to be significantly impacted, therefore we do not see any behavioural changes.

There is also good news for **Europorte** which, as we expected, now **has a positive EBITDA**. Large contracts have been renewed in spite of fierce competition from the historic operator which to justify its massive and recurrent losses (almost €5 billion since the last recapitalisation) postulates that "there is no viable economic model for rail freight in France". We beg to differ with this unfounded assertion. If Fret SNCF manages to stop making losses and if SNCF Réseau continues to improve its path management then as is the case everywhere else in Europe, companies like Europorte will continue to offer their customers the best service possible, with motivated staff and good industrial relations.

And just a final word about **Eleclink, which is on-time and on-budget**. The works to construct the converter stations are progressing according to plan and the first brackets to carry the cable have been installed in the Tunnel. Siemens, our main contractor, is managing all of the necessary safety studies with utmost professionalism and in close collaboration with the Inter-Governmental Commission and the Safety Committee. We are, as you are well aware, particularly vigilant in this essential regard. This is being financed with our own funds thanks to the partial refinancing of our debt in June.

Our debt is costing us now less than 4% per year, the capital cost having been reduced by 200 bp and the savings on interest payments representing c.€60M per year.

So, on the basis of the above, we face the 2nd half of the year with a great sense of serenity.

Yours faithfully,

Jacques Gounon
Chairman and Chief Executive Officer

* At exchange rate of £1 = €1.175 and current scope

In brief...



Date for your diary

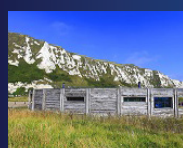
19 October: Eurotunnel Group's revenue and traffic figures for the 3rd quarter of 2017

HS2 London-Birmingham project on track

The British authorities have just awarded the first contracts to build HS2, the future high-speed railway line between London and Birmingham and the natural extension of HS1 linking the Channel Tunnel to London. Three French companies have been selected to take part in particular in the civil engineering works for earthmoving, construction of tunnels and bridges and approach network. The London-Birmingham high-speed line constitutes the 1st stage of the project which will link Birmingham and London in just 49 minutes from the opening of the service scheduled for 2026.



The 2nd stage includes the extension of the line with two branches, one to Leeds and the other to Manchester, which will be connected to London in 1 hour and 8 minutes by 2033.



A 13th Green Flag for Samphire Hoe

In July, Samphire Hoe, Eurotunnel's nature reserve in Kent, received its 13th consecutive Green Flag, which is awarded to the most remarkable natural reserves in the UK both for their environmental quality and for their commitment to corporate responsibility.



Chris Froome: from the Tunnel to the Tour de France

The British cyclist Chris Froome has just won the Tour de France for the 4th time. He became the 1st man to cycle between the Folkestone and Coquelles under the Channel via the service tunnel in 2014: 50 kms at 100 metres below sea level in less than one hour!

Focus on the Group's 2017 half-year results

Fixed Link Concession

- 823,147 trucks transported, -0.8% vs H1 2016: 1st quarter of 2017 impacted by the temporary decrease in fresh fruit and vegetable traffic due to the exceptionally bad weather conditions in southern Europe, market share almost stable at 39.2%
- 1,138,087 cars transported, -2% vs H1 2016; cross-Channel market contracted by -3% ; Eurotunnel market share increased to 58%
- Shuttle services revenue : +3%
- 5.04 million passengers using Eurostar to cross the Channel: +1% despite the terrorist attacks in Manchester and London
- Number of rail freight trains going through the Tunnel: +20% due to the securisation of the Calais-Frethun yard
- Revenues for the Fixed Link Concession segment increased to €438M, +3% vs H1 2016
- EBITDA of this segment up by 6 %.

Europorte: rail freight

- Revenue up by 2% to €59M
- Operating costs down by 5%
- Positive EBITDA improved by €4M to €3M.

Consolidated figures for the Group in H1 2017

- Revenue up by 3% to €497M
- Operating costs down by 1%
- EBITDA improved by 8% to €242M
- Net profit from continuing activities up by +23% to €30M
- Net consolidated profit at €35M in H1 2017 vs €52M in H1 2016 including a €24M non-recurring profit.

Treasury in H1 2017

- Operating cash flow: €262M
- 2016 dividend paid in 2017: €139M
- Net CAPEX: €170M
- Debt service costs: €134M
- Refinancing of the debt generated €265M
- Sale of ferries: €114M

A cash position of €550M at 30 June 2017 (vs €347M at 31/12/2016).



More information in the [press release](#) published on 25 July 2017 on the Group's website.

*All comparisons with the H1 2016 income statement are made at the H1 2017 exchange rate: £1 = €1.161

Group revenue

In €M

H1 2017	497	+3%
H1 2016	483	

EBITDA

In €M

H1 2017	242	+8%
H1 2016	225	

EBIT

In €M

H1 2017	160	+8%
H1 2016	148	

Net result from continuing operations

In €M

H1 2017	30	+23%
H1 2016	25	

Net consolidated result

In €M

H1 2017	35	
H1 2016	52	

The new Le Shuttle Flexiplus lounge in Coquelles

On 12 July in Coquelles, Jacques Gounon inaugurated the new *William Turner* Flexiplus lounge. Unique in the transport world, the Flexiplus premium service has already been used by one million customers since its introduction in 2006. It guarantees priority boarding on the next Shuttle departure in all circumstances. The new 500m² building provides an exclusive and modern environment and offers an unrivalled level of service: several types of catering, a children's area, a business corner, newspapers, Wi-Fi, etc. Its counterpart in Folkestone, the *Claude Monet* lounge, will open in the 1st quarter of 2018.

To find out more on Flexiplus: view the [press release](#), the [press pack](#), the [service in video](#) and the [lounge in pictures](#).



Construction of a freight train scanner

In June, the first stone of the new freight train scanner, the first of its kind in France, was laid at the Calais-Frethun yard. This scanner which has the latest state-of-the-art X-ray scanner technology used for security in airports, will allow the handling of up to 30 freight trains of 750 metres long that will be scanned at a speed of 20 km/h without stopping. This €6.4M investment should enter service in the 2nd quarter of 2018. More information in the 29 June [press release](#) and in the [video interview of Jacques Gounon](#) (French version only).

