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GROUPE EUROTUNNEL SE
HALF-YEAR FINANCIAL REPORT*
FOR THE SIX MONTHS TO 30 JUNE 2017

* *English translation of GET SE's 2017 "*rapport financier semestriel*" for information purposes only.*

Contents

HALF-YEAR ACTIVITY REPORT AT 30 JUNE 2017

To enable a better comparison between the two periods, Groupe Eurotunnel SE's consolidated income statement for the first half of 2016 presented in this half-year activity report has been recalculated at the exchange rate used for the 2017 half-year income statement of £1=€1.161.

During the first half of 2016, the Eurotunnel Group's 49% share in ElecLink Limited's result (a loss of €1 million) was accounted for in the consolidated income statement under "Share of result of equity-accounted companies". Since the purchase by the Group of Star Capital's 51% holding in ElecLink Limited on 23 August 2016, ElecLink Limited has been fully consolidated in the Group's accounts.

The Eurotunnel Group has applied IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" to its maritime segment since the cessation of MyFerryLink's operations in the second half of 2015 and to GB Railfreight's activity since its sale in November 2016. Accordingly, the net results of these activities for the current and previous financial half-years are presented as a single line in the income statement called "Net result from discontinued operations".

ANALYSIS OF CONSOLIDATED INCOME STATEMENT

The Group's consolidated revenues for the first half of 2017 amounted to €497 million, an increase of €14 million or 3% compared to the first half of 2016 and operating costs decreased by €3 million to €255 million. EBITDA improved by €17 million (8%) to €242 million, and the operating profit improved by €12 million to €160 million. Net finance costs increased by €9 million as a result of the impact of the increase in UK and French inflation rates on the cost of the index-linked tranche of the debt.

After a tax charge of €6 million, including €4 million tax on the dividend payment, the Group's consolidated result from continuing operations was a profit of €30 million compared to a net profit of €25 million restated for the first half of 2016. The Group's net consolidated profit amounted to €35 million for the first half of 2017.

€ million Improvement/(deterioration) of result	**First half 2017**	**First half 2016** ***,** recalculated and restated**	**Change**		**First half 2016** **** restated**
Exchange rate €/£	1.161	1.161	€M	%	1.273
Fixed Link	438	425	13	+3%	443
Europorte	59	58	1	+2%	58
Revenue	**497**	**483**	**14**	**+3%**	**501**
Fixed Link	(198)	(199)	1	+1%	(205)
Europorte	(56)	(59)	3	+5%	(59)
ElecLink	(1)	–	(1)		–
Operating costs	**(255)**	**(258)**	**3**	**+1%**	**(264)**
Operating margin (EBITDA)	**242**	**225**	**17**	**+8%**	**237**
Depreciation	(76)	(72)	(4)	-5%	(72)
Trading profit	**166**	**153**	**13**	**+9%**	**165**
Net other operating charges	(6)	(5)	(1)	-32%	(4)
Operating profit (EBIT)	**160**	**148**	**12**	**+8%**	**161**
Share of result of equity-accounted companies	–	(1)	1		(1)
Net finance cost	(134)	(124)	(10)	-7%	(130)
Other net financial income	10	9	1	+7%	9
Pre-tax profit from continuing operations	**36**	**32**	**4**	**+14%**	**39**
Income tax for continuing operations	(6)	(7)	1	+16%	(7)
Net profit from continuing operations	**30**	**25**	**5**	**+23%**	**32**
Net profit from discontinued operations	5	27	(22)		28
Net consolidated profit	**35**	**52**	**(17)**	**-32%**	**60**

* *Recalculated at the rate of exchange used for the 2017 half-year income statement (£1=€1.161).*

** *Restated in application of IFRS 5 following the sale of GB Railfreight Limited in November 2016.*

The evolution of the pre-tax result from continuing operations by segment compared to the first half of 2016 is presented below:

€ million Improvement/(deterioration) of result	**Fixed Link**	**Europorte**	**ElecLink**	**Consolidation adjustment**	**Total**
Pre-tax result from continuing operations for the first half of 2016 restated *	40	(6)	(2)	–	**32**
Improvement/(deterioration) of result:					
Revenue	+13	+1	–	–	**+14**
Operating expenses	+1	+3	-1	–	**+3**
EBITDA	**+14**	**+4**	**-1**	**–**	**+17**
Depreciation	-4	–	–	–	**-4**
Trading result	**+10**	**+4**	**-1**	**–**	**+13**
Net other operating income/charges	-3	+1	+1	–	**-1**
Operating result (EBIT)	**+7**	**+5**	**–**	**–**	**+12**
Net finance cost and other items	-11	+1	–	+2	**-8**
Net improvement of result	**-4**	**+6**	**–**	**+2**	**+4**
Pre-tax result from continuing operations for the first half of 2017	**36**	**–**	**(2)**	**2**	**36**

* *Restated at the rate of exchange used for the 2017 half-year income statement and in application of IFRS 5 following the sale of GB Railfreight Limited in November 2016.*

1. Fixed Link Concession segment

The Group's core business is the Channel Tunnel Fixed Link Concession which operates and directly markets its integrated vehicle transport service (Shuttles) and also manages the circulation of the Train Operators' services through its Railway Network in return for the payment of a toll. This segment also includes the Group's corporate services.

€ million	**First half 2017**	*** First half 2016**	**Change €M**	**%**
Shuttle Services	285	277	8	3%
Railway Network	146	141	5	4%
Other revenue	7	7	–	13%
Revenue	**438**	**425**	**13**	**3%**
External operating costs	(108)	(113)	5	4%
Employee benefits expense	(90)	(86)	(4)	-5%
Operating costs	**(198)**	**(199)**	**1**	**1%**
Operating margin (EBITDA)	**240**	**226**	**14**	**6%**
EBITDA / revenue	55.0%	53.4%	1.6	

* *Restated at the exchange rate used for the 2017 half-year income statement and in application of IFRS 5 following the sale of GB Railfreight Limited in November 2016.*

1.1. Fixed Link Concession revenues

Revenue generated by this segment, which represents 88% of the Group's total revenue, increased by 3% compared to the first half of 2016, to €438 million.

a) Shuttle Services

Traffic (number of vehicles)	1st quarter (January to March) 2017	2016	% change	2nd quarter (April to June) 2017	2016	% change	1st half (January to June) 2017	2016	% change
Truck Shuttle:									
Trucks	409,856	410,729	0%	413,291	418,877	-1%	823,147	829,606	-0.8%
Passenger Shuttle:									
Cars *	466,562	501,871	-7%	671,525	660,869	+2%	1,138,087	1,162,740	-2.1%
Coaches	11,166	10,976	+2%	16,548	17,060	-3%	27,714	28,036	-1.1%

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

At €285 million for the first half of 2017, Shuttle Services revenues increased by 3% compared to the first half of 2016 mainly due to the increase in yields which benefited from the Group's strategy of optimising the profitability of its Shuttle business through its dynamic pricing policy for both truck and passenger traffic.

Truck Shuttles

The Short Straits cross-Channel market for trucks grew by an estimated 0.5% in the first half of 2017 compared to the first half of 2016. During the first half of 2017, the number of trucks transported by Shuttles decreased by 0.8% and the Truck Shuttle market share reduced slightly compared to the first half of 2016, to 39.2%. At the beginning of 2017, Truck Shuttle traffic and market share were affected by the decrease in fresh fruit and vegetable traffic to the UK due to the exceptionally bad weather conditions in southern Europe.

Passenger Shuttles

Despite a contraction in the Short Straits cross-Channel car market estimated at 3% for the first half of 2017, the Group's share of the market for its car activity increased by about one point compared to the first half of 2016, to 57.9%. The number of cars transported by the Passenger Shuttles was 2% below 2016. Traffic on the Short Straits market in the first half of 2017 compared to 2016 was affected by the impact of non-recurring events (the Euro football tournament in 2016 and elections in France and the UK in 2017).

The cross-Channel coach market contracted by an estimated 5% in the first half of 2017 and Shuttle coach market share increased by more than one point compared to the first half of 2016, to 39.9%

b) Railway network

Traffic	1st quarter (January to March) 2017	2016	% change	2nd quarter (April to June) 2017	2016	% change	1st half (January to June) 2017	2016	% change
High-Speed Passenger Trains Eurostar:									
Passengers *	2,270,671	2,229,218	+2%	2,769,754	2,741,862	+1%	5,040,425	4,971,080	+1%
Train Operators' Rail Freight Services **:									
Tonnes	308,725	265,041	+16%	292,512	247,854	+18%	601,237	512,895	+17%
Trains	543	442	+23%	500	427	+17%	1,043	869	+20%

* *Only passengers using Eurostar to cross the Channel are included in this table, thus excluding journeys between Paris-Calais and Brussels-Lille.*

** *Rail freight services by trains operators (DB Cargo on behalf of BRB, SNCF and its subsidiaries, GB Railfreight and Europorte) using the Tunnel.*

For the first half of 2017, revenues generated from the use of the Tunnel's railway network by Eurostar high-speed trains and by rail freight trains amounted to €146 million, an increase of 4% compared to 2016.

For the first half of 2017, the number of Eurostar passengers travelling through the Tunnel increased by 1.4% compared to the same period in 2016 despite being penalised by the same factors as the Passenger Shuttle activity as well as by the terrorist incidents in the UK during the period.

During the first half of 2017, cross-Channel rail freight continued the trend seen at the end of 2016, with strong growth of 20% compared to the previous year as a result of additional traffic generated by the excellent quality of service delivered since the beginning of 2016 and by the work carried out by the Group and other parties concerned to re-launch this traffic. This activity was the worst affected by the migrant crisis of 2015 having lost half of its customers and traffic during the autumn of that year, which diverted to other commercial routes.

1.2. Fixed Link Concession operating costs

At €198 million, the Fixed Link's operating costs for the first half of 2017 decreased by €1 million compared to the previous year reflecting the Group's efforts to control its costs.

2. Europorte Segment

The Europorte segment covers the entire rail freight transport logistics chain in France and includes Europorte France and Socorail. The British subsidiary GB Railfreight Limited was sold in November 2016.

€ million	First half 2017	*First half 2016	Change €M	%
Revenue	59	58	+1	2%
External operating costs	(33)	(33)	–	2%
Employee benefits expense	(23)	(26)	+3	9%
Operating costs	**(56)**	**(59)**	**+3**	**5%**
Operating margin (EBITDA)	**3**	**(1)**	**+4**	

* *Restated in application of IFRS 5 following the sale of GB Railfreight Limited in November 2016.*

In the first half of 2017, Europorte's revenue increased by 2% compared to 2016. Operating costs decreased by 5% and EBITDA grew by a substantial €4 million as a result of the impact of the plan launched by the Group in 2016 to generate sustainable improvements in the profitability of this segment.

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.

Costs directly attributable to the project are capitalised. Capital expenditure on the project during the first half of 2017 amounted to €140 million.

Operating costs for the first half of 2017 amounted to €1 million.

4. Operating margin (EBITDA)

Compared to the first half of 2016, EBITDA by business segment evolved as follows:

€ million	Fixed Link	Europorte	ElecLink	Total
EBITDA first half of 2016*	226	-1	–	**225**
Change in revenue	+13	+1	–	**+14**
Change in operating costs	+1	+3	-1	**+3**
Net improvement	**+14**	**+4**	**-1**	**+17**
EBITDA first half of 2017	**240**	**3**	**(1)**	**242**

* *Restated at the exchange rate used for the 2017 half-year income statement and in application of IFRS 5 following the sale of GB Railfreight Limited in November 2016.*

At €242 million, the Group's consolidated operating margin improved by €17 million (8%) compared to the first half of 2016.

5. Operating profit (EBIT)

Depreciation charges increased by €4 million to €76 million for the first half of 2017 following the completion of capital investment projects in 2016 and the first half of 2017 including the Terminal 2015 and GSM-R projects.

The operating profit for the first half of 2017 was €160 million, an improvement of €12 million (8%) compared to the first half of 2016.

6. Net finance costs

At €134 million for the first half of 2017, net finance costs increased by €10 million compared to the first half of 2016, at a constant exchange rate, as a result of the impact of the increase in inflation rates in the UK and France on the index-linked tranches of the debt. The partial refinancing of the debt in June 2017 did not impact net finance costs in the first half of 2017.

"Other net financial income" in the first half of 2017 of €10 million included net exchange gains of €8 million, interest received on the floating rate notes held by the Group of €3 million, as well as a net charge of €1 million arising from the partial refinancing of the Group's debt concluded in June 2017 (see notes A.1 and G.1 to the half-year financial statements to 30 June 2017):

- a profit of €14 million from the redemption of the floating rate notes held by the Group,
- a net gain of €12 million after termination costs arising from the partial termination of the hedging contracts resulting from the favourable conditions negotiated with the counterparties to the contracts,
- a charge of €20 million corresponding to the outstanding unamortised balance of the fees and costs on the debt that was extinguished as a result of the refinancing, and
- costs of €7 million for the refinancing operation which are not attributable to the issue of the new debt.

7. Net result from continuing operations

The Eurotunnel Group's pre-tax result from continuing operations for the first half of 2017 was a profit of €36 million compared to €32 million for the first half of 2016.

"Income tax" for the first half of 2017 included a charge of €4 million for the dividend tax (2016: €4 million), an income tax charge of €0.5 million (2016: €0.1 million) and a net deferred tax charge of €1.3 million (2016: €3.4 million).

The Eurotunnel Group's net consolidated result for continuing operations for the first half of 2017 was a profit of €30 million compared to €25 million for the first half of 2016.

8. Net result from discontinued operations

€ million	First half 2017	*First half 2016
Maritime segment MyFerryLink	2	22
GB Railfreight Limited	3	5
Net profit from discontinued operations	**5**	**27**

* *Restated at the exchange rate used for the 2017 half-year income statement and in application of IFRS 5 following the sale of GB Railfreight Limited in November 2016.*

8.1. MyFerryLink segment

During the first half of 2016, the Group accounted for an income net of tax of €24 million in the income statement at the start of the finance leases on the ferries.

Information on the maritime segment is set out in note C.2i to the half-year financial statements to 30 June 2017.

8.2. GB Railfreight Limited

Information on GB Railfreight is set out in note C.2ii to the half-year financial statements to 30 June 2017.

9. Consolidated net result

The Eurotunnel Group's consolidated net result for the first half of 2017 was a profit of €35 million compared to a profit of €52 million in 2016 (which included an income of €24 million arising from the inception of the ferries' finance leases).

ANALYSIS OF STATEMENT OF FINANCIAL POSITION

€ million	**30 June 2017**	**31 December 2016**
Exchange rate €/£	1.137	1.168
Fixed assets	6,455	6,366
Other non-current assets	209	280
Total non-current assets	**6,664**	**6,646**
Trade receivables	100	94
Other current assets	85	172
Cash and cash equivalents	550	347
Total current assets	**735**	**613**
Total assets	**7,399**	**7,259**
Total equity	1,945	1,812
Financial liabilities	4,349	3,786
Interest rate derivatives	686	1,309
Other liabilities	419	352
Total equity and liabilities	**7,399**	**7,259**

The table above summarises the Group's consolidated statement of financial position as at 30 June 2017 and 31 December 2016. The main elements and changes between the two dates are as follows:

- **"Fixed assets"** include property, plant and equipment and intangible assets amounting to €6,040 million for the Fixed Link segment, €333 million for the ElecLink segment (including €139 million during the first half of 2017) and €81 million for the Europorte segment at 30 June 2017. The increase during the first half of 2017 results mainly from investment in the ElecLink project.
- **"Other non-current assets"** include a deferred tax asset of €202 million, an increase of €80 million compared to December 2016 of which €66 million resulted from the activation of a deferred tax asset in respect of the future reversal of the costs of the partial termination of the hedging contracts as part of the refinancing operation completed on 6 June 2017 (see note I to the half-year financial statements as at 30 June 2017). The floating rate notes held by the Group and amounting to €151 million at 31 December 2016, were redeemed as part of the partial debt refinancing operation completed on 6 June 2017.
- At 31 December 2016, **"Other current assets"** included receivables relating to the finance lease contracts for the maritime segment's three ferries. During the first half of 2017, the Group exercised the put option that was included in the contract signed with DFDS in June 2015 for two of the boats (Côte des Flandres, formerly the Berlioz, and Côte des Dunes, formerly the Rodin) and completed their sale on 23 June 2017. This transaction, which gave rise to a receipt by the Group of €114 million, is reflected in the consolidated accounts by the settlement of receivables recognised in respect of their finance leases. The put option on the Nord-Pas-de-Calais was exercised at the beginning of July and its sale was completed on 10 July 2017. See note A.2 to the half-year financial statements at 30 June 2017 for further details.
- At 30 June 2017, **"Cash and cash equivalents"** amounted to €550 million after payment of the €139 million dividend, net capital expenditure of €170 million, €134 million in debt service costs (interest, repayments and fees) as well as a net amount of €265 million generated by the refinancing operation completed in June 2017 (see notes A.1 and G to the half-year financial statements at 30 June 2017) and the receipt of €114 million from the sale of the two ferries to DFDS.
- **"Equity"** increased by €133 million as a result of the favourable change in the valuation of the **"Interest rate derivatives"** liability on the hedging contracts and related deferred tax (€193 million), the evolution of the cumulative translation reserve (€42 million) and the net profit for the period (€35 million) partly offset by the impact of the dividend payment (€139 million).
- **"Financial liabilities"** have increased by €563 million compared to 31 December 2016 as a result of the €606 million additional debt raised by the operation to partially refinance the Term Loan concluded on 6 June 2017 (see note G to the half-year financial statements at 30 June 2017) and an increase of €25 million arising from the effect of inflation on the index-linked debt tranches of the Term Loan partially offset by the effect of the reduction in the exchange rate on the sterling-denominated debt (€49 million) and the contractual debt repayments of €19 million.
- **"Interest rate derivatives"** decreased by €623 million mainly as a result of the partial termination of the hedging contracts in June 2017 (€502 million) and a reduction in the mark-to-market valuation of the contracts of €114 million.
- **"Other liabilities"** include €321 million of trade and other payables and provisions, as well as retirement liabilities of €98 million.

ANALYSIS OF CASH FLOWS

To enable a better comparison between the two periods, consolidated cash flows for the first half of 2016 presented in this section have been recalculated at the exchange rate used for the statement of financial position at 30 June 2017 of £1=€1.137.

Cash movement

€ million	**First half 2017**	**First half 2016 * restated**	**Change**	**First half 2016 as reported**
Exchange rate €/£	1.137	1.137		1.210
Continuing operations:				
Net cash inflow from trading	261	259	2	262
Other operating cash flows and taxation	1	(9)	10	(9)
Net cash inflow from operating activities	**262**	**250**	**12**	**253**
Net cash outflow from investing activities	(168)	(29)	(139)	(30)
Net cash outflow from financing activities	(269)	(292)	23	(295)
Net cash inflow from the refinancing operation	265	–	265	–
Net cash in/(out)flow from continuing operations	**90**	**(71)**	**161**	**(72)**
Discontinued operations:**				
Net cash inflow from trading	–	8	(8)	8
Other operating cash flows and taxation	–	(15)	15	(15)
Net cash outflow from operating activities	**–**	**(7)**	**7**	**(7)**
Net cash outflow from investing activities	(2)	(17)	15	(18)
Net cash inflow from financing activities	120	20	100	21
Net cash in/(out)flow from discontinued operations	**118**	**(4)**	**122**	**(4)**
Increase/(decrease) in cash in the period	**208**	**(75)**	**283**	**(76)**

* *Restated at the exchange rate used for the statement of financial position at 30 June 2017 (£1=€1.137).*

** *Maritime segment and GB Railfreight Limited, see note C to the summary half-year financial statements at 30 June 2017.*

Continuing operations

At €261 million, net cash generated from trading by continuing operations for the first half of 2017 improved by €2 million compared to the first half of 2016 at a constant exchange rate (€259 million restated). The €10 million improvement in "Other operating cash flows and taxation" was due to the receipt in the first half of 2017 of advances on corporation tax paid in the first half of 2016.

Net cash payments from investing activities increased by €139 million in the first half of 2017 to €168 million, comprising mainly:

- €27 million relating to the Fixed Link (first half of 2016: €25 million). The main expenditure was €15 million on rolling stock (including €8 million on the three new Truck Shuttles, the first of which entered service in February 2017) and €3 million on the GSM-R project, and
- an investment of €140 million in the construction works on the ElecLink project which started in the second half of 2016.

On 6 June 2017, the Group completed the partial refinancing of its debt. This operation covered the C tranches of the Term Loan, the variable rate tranches that were fully hedged by fixed rate interest swaps (see notes A.1 and G.1 to the half-year financial statements at 30 June 2017 for further details). This operation generated cash totalling €265 million during the first half of 2017:

- a net receipt of €606 million being the difference between the drawdown of the new tranches (€1,957 million) and the reimbursement of the old C tranches (€1,351 million),
- a receipt of €164 million from the redemption of the floating rate notes held by the Group, and
- fees paid in relation to the partial break costs on the hedging contracts of €484 million and €20 million in relation to other costs and fees of the operation.

This operation enables the Group to:

- reduce its annual interest payments by some €50 million and its annual financial charges in the income statement by an estimated €7 million per year for at least the five next years,
- decrease the average annual cost excluding indexation of the Term Loan to below 4% for this same period compared to 6% previously, and

- raise additional cash of €265 million which could be used to finance the ElecLink project.

Other net financing payments in the first half of 2017 amounted to €269 million compared to €292 million in the first half of 2016. During the first half of 2017, cash flow from financing comprised:

- debt service costs of €134 million:
  - €111 million of interest paid on the Term Loan, associated hedging transactions and on other borrowings (€114 million in the first half of 2016),
  - €19 million paid in respect of the scheduled repayments on the Term Loan and other borrowings (€18 million in the first half of 2016), and
  - €3 million in relation to fees on the operation to simplify the debt completed at the end of 2015 (€14 million in the first half of 2016).
- €4 million paid in respect of the share buyback programme (€39 million in the first half of 2016),
- €139 million paid in dividends (2016: €118 million), and
- net receipts of €7 million from the liquidity contract and interest received (including €3 million on the floating rate notes held by the Group until June 2017).

Discontinued operations

Cash flows relating to discontinued operations during the first half of 2017 included €5.6 million received under the finance leases on the ferries and a receipt of €114 million arising from the sale of the two ferries and a payment of €2 million being the final price adjustment on the sale of GB Railfreight Limited in 2016.

Free cash flow

The free cash flow as defined by the Group in paragraph 2.1.3 of the 2016 Registration Document, is the 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 the service of the debt (loans and hedging instruments) plus interest received (on cash and cash equivalents and other financial assets).

For the first six months of 2017, free cash flow totalled €111 million compared to €62 million restated for the same period in 2016.

	1st half 2017	1st half 2016	
€ million		**restated***	**reported**
Exchange rate €/£	1.137	1.137	1.210
Net cash inflow from operating activities	262	243	246
Net cash outflow from investing activities	(28)	(46)	(47)
Debt service costs (interest paid, fees and repayments)	(134)	(145)	(150)
Interest received and other receipts	11	10	10
Free Cash Flow	**111**	**62**	**59**
Dividend paid	(139)	(118)	(118)
Purchase of treasury shares and net movement on liquidity contract	(2)	(34)	(34)
ElecLink project expenditure	(140)	–	–
Refinancing operation:			
Drawdown of new tranches	1 957	–	–
Repayment of old tranches	(1 351)	–	–
Fees and expenses (including the partial termination of the hedging contracts)	(504)	–	–
Redemption of the floating rate notes	164	–	–
Price adjustment on the sale of GB Railfreight Limited	(2)	–	–
Sale of ferries	114	–	–
Cash received from drawdown of borrowings	–	15	17
Use of Free Cash Flow	**97**	**(137)**	**(135)**
Increase/(decrease) in cash in the period	**208**	**(75)**	**(76)**

* *Restated at the exchange rate used for the statement of financial position at 30 June 2017 (£1=€1.137).*

OTHER FINANCIAL INDICATORS

Debt service cover ratios

Under the terms of the Term Loan, Groupe Eurotunnel SE is required to meet certain financial covenants as described in paragraph 2.1.3 of the 2016 Registration Document.

At 30 June 2017, the debt service cover ratio (net operating cash flow less capital expenditure for the Fixed Link compared to debt service costs on a rolling 12 month period, as defined in the financing agreements) and the synthetic debt service cover ratio (calculated on the same basis but taking into account a hypothetical amortisation on the Term Loan and the step-up) were 2.06 and 1.85 respectively. The financial covenants for the period were respected.

EBITDA to financing cost ratio

The Group's ratio of EBITDA to finance cost excluding interest received and indexation as defined in paragraph 2.1.3 of the 2016 Registration Document, was 2.2 at 30 June 2017 (30 June 2016 restated: 1.9).

Net debt to EBITDA ratio

The net debt to EBITDA ratio as defined by the Group in paragraph 2.1.4 of the 2016 Registration Document, is the ratio between consolidated EBITDA and financial liabilities less the value of the floating rate notes and cash and cash equivalents held by the Group. The Group does not consider it appropriate to publish this ratio when calculated on the basis of the activity of a six month period. At 31 December 2016, the ratio was 6.4.

OUTLOOK

On 6 June 2017, the Group completed the partial refinancing of its debt. This operation related to the variable rate tranches of the debt and resulted in a reduction of more than 200bps in the annual cost excluding indexation of the debt, taking it below 4% over the next five years. The surplus cash generated by this operation, amounting to €265 million, and the annual saving in interest payments of at least €50 million per year over the next five years, strengthen the Group's ability to carry out its development strategy, both for the Fixed Link and ElecLink businesses.

Despite relatively stable traffic, revenue from Shuttle Services increased by 3% for the first half of 2017 compared to the same period in 2016. This improvement is in large part due to the Group's strategy to optimise the profitability of this business through an active yield management policy.

After growth of 5% in 2016, the cross-Channel truck market in the first half of 2017 was slightly above that of the first half of 2016, having been penalised at the beginning of the year by the impact of the exceptional weather that affected southern Europe. The Group consolidated its truck market share during the period in a context of a strong competitive environment with the return to normal services at the port of Calais, whilst at the same time strengthening and extending its peak-period pricing policy. In a market for which growth forecasts are below last year, the Group favours a strategy focused on optimising its margins and the quality of service provided to its customers.

Despite a contraction in the cross-Channel car market in the first half of the year, the Passenger Shuttle's car activity grew its market share to reach record levels during the first half of 2017. The current outlook for the Fixed Link's car traffic during the peak summer season indicates that it will be at a similar level as last year.

In the first half of 2017, passenger traffic on the high-speed trains going through the Tunnel continued the growth trend seen at the end of 2016, despite the difficult geopolitical situation and the unfavourable impact of non-recurring events. In the second half of the year, this traffic should benefit from the entry into service of new trains on the London to Brussels route and, from the end of 2017, from the launch of the new direct service to Amsterdam. Cross-Channel rail freight, which was badly affected by the migrant crisis in 2015, has also continued to recover during the first half of the year, with a 20% growth in traffic. At the end of June, the Group started the construction of a new scanner on the Frethun site, thus demonstrating its willingness to invest in the security, efficiency and growth of this activity.

The Group is continuing with its major capital investment projects aimed at increasing the capacity and the quality of service of its Shuttle activity, with the entry into service of the first of three new Truck Shuttles in February 2017 and the inauguration of the new Flexiplus lounge on the Coquelles terminal in July 2017. This will continue in the second half of the year with the remaining two new Truck Shuttles entering service in the autumn and the opening of the Flexiplus lounge on the Folkestone terminal in the first quarter of 2018.

A year after the UK's decision to leave the European Union, formal negotiations between the British government and the European Commission on the conditions and mechanisms of the exit began on 19 June 2017. During the first half of the year, the Group did not see any significant impact of this decision on its business, but it continues its active monitoring of the situation and its detailed assessment of potential risks that may arise. The Group remains very confident in the solidity of the Fixed Link's economic model. The Tunnel is, and will increasingly assert itself as, a major player in the commercial exchanges between the United Kingdom and continental Europe.

As regards the Europorte segment, after the sale of GB Railfreight at the end of 2016, the Group focused its efforts on increasing the profitability of its rail freight business in France. The results of the first half of the year are the fruits of this strategy, which the Group will continue to pursue, showing that it is indeed possible to achieve a healthy development of rail freight in France.

The Group has been the sole shareholder of ElecLink since August 2016, and in the first half of 2017, construction works on the 1,000 MW interconnector between the UK and the Continent started in earnest. At 30 June 2017, the Group has invested more than €250 million in this project, which forms part of its strategy to enhance the value of the Tunnel infrastructure. With work progressing as planned and funding of the project assured, the interconnector is expected to be in service at the beginning of 2020.

In this context and in light of its first-half results, the Group confirms its financial target for 2017 as published in its 2016 annual report of a consolidated EBITDA of €530 million (on the basis of an exchange rate of £1=€1.175 and the current scope of consolidation).

This target is based on data, assumptions and estimations that are considered reasonable.

The main risks and uncertainties which the Eurotunnel Group may face in the remaining six months of the year, other than those described above, are identified in chapter 3 "Risk Factors" of the 2016 Registration Document filed with the *Autorité des marchés financiers* (the French financial markets authority) on 17 March 2017.

SUMMARY CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AT 30 JUNE 2017

CONSOLIDATED INCOME STATEMENT

€'000	Note	First half 2017	* First half 2016	Full year 2016
Revenue	D.1	496,993	500,744	1,023,480
Operating expenses	D.2	(141,119)	(149,016)	(285,578)
Employee benefit expense		(113,682)	(114,469)	(224,272)
Operating margin (EBITDA)	D.1	**242,192**	**237,259**	**513,630**
Depreciation		(76,448)	(72,544)	(149,240)
Trading profit	D.1	**165,744**	**164,715**	**364,390**
Other operating income	D.3	696	260	51,004
Other operating expenses	D.3	(6,205)	(4,524)	(14,557)
Operating profit		**160,235**	**160,451**	**400,837**
Share of result of equity-accounted companies	C	–	(1,001)	(762)
Operating profit after share of result of equity-accounted companies		**160,235**	**159,450**	**400,075**
Finance income		565	1,128	2,048
Finance costs	G.3	(134,438)	(131,512)	(263,927)
Net finance costs		(133,873)	(130,384)	(261,879)
Other financial income	G.4	57,064	46,268	64,436
Other financial charges	G.4	(47,291)	(36,333)	(48,944)
Pre-tax profit from continuing operations		**36,135**	**39,001**	**153,688**
Income tax expense of continuing operations	I	(5,939)	(7,099)	(17,449)
Net profit from continuing operations		**30,196**	**31,902**	**136,239**
Net profit from continuing operations	C	5,205	27,860	64,034
Net profit for the period		**35,401**	**59,762**	**200,273**
Net profit attributable to:				
Group share		35,460	59,858	200,585
Minority interest share		(59)	(96)	(312)
Earnings per share (€):	H.4			
Basic earnings per share: Group share		0.07	0.11	0.37
Diluted earnings per share: Group share		0.07	0.11	0.37
Basic earnings per share from continuing operations		0.06	0.06	0.25
Diluted earnings per share from continuing operations		0.06	0.06	0.25

* *Restated in application of IFRS 5 following the sale of GB Railfreight Limited as explained in note C.2ii below.*

The accompanying notes form part of these financial statements. The exchange rates used for the preparation of these financial statements are set out in note B.3 below.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

€'000	Note	First half 2017	First half 2016	Full year 2016
Items not recyclable to the income statement:				
Actuarial gains and losses on employee benefits		(363)	(20,560)	(15,595)
Related tax		93	725	713
Items recyclable to the income statement:				
Foreign exchange translation differences		41,960	208,629	266,693
Movement in fair value of hedging contracts	G.2	126,913	(425,130)	(138,744)
Related tax	I	65,601	(3,694)	2,272
Net loss recognised directly in other comprehensive income		234,204	(240,030)	115,339
Profit for the period - Group share		35,460	59,858	200,585
Total comprehensive income/(expense) - Group share		269,664	(180,172)	315,924
Total comprehensive expense - minority interest share		(59)	(96)	(308)
Total comprehensive income/(expense)		**269,605**	**(180,268)**	**315,616**

The accompanying notes form part of these financial statements. The exchange rates used for the preparation of these financial statements are set out in note B.3 below.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€'000	Note	30 June 2017	31 December 2016
ASSETS			
Intangible assets: goodwill	F	119 955	119,955
Concession property, plant and equipment	F	6,037,553	6,086,544
Other property, plant and equipment	F	297,067	159,678
Total property, plant and equipment		**6,334,620**	**6,246,222**
Deferred tax asset	I.2	201,867	121,698
Other financial assets	G.5	7,413	158,361
Total non-current assets		**6,663,855**	**6,646,236**
Stock		2,884	3,009
Trade receivables		99,896	94,336
Other receivables		80,020	62,066
Other financial assets	G.5	2,256	107,036
Cash and cash equivalents		550,152	346,637
Total current assets		**735,208**	**613,084**
Total assets		**7,399,063**	**7,259,320**
EQUITY AND LIABILITIES			
Issued share capital	H.1	220,000	220,000
Share premium account		1,711,796	1,711,796
Other reserves	H.3	(299,194)	(555,788)
Profit for the period		35,460	200,585
Cumulative translation reserve		277,742	235,782
Equity – Group share		**1,945,804**	**1,812,375**
Minority interest share		(709)	(650)
Total equity		**1,945,095**	**1,811,725**
Retirement benefit obligations		98,473	99,887
Financial liabilities	G	4,233,499	3,687,213
Other financial liabilities		58,227	61,084
Interest rate derivatives	G	685,801	1,308,986
Total non-current liabilities		**5,076,000**	**5,157,170**
Provisions	D.4	23,566	6,701
Financial liabilities	G	52,923	31,265
Other financial liabilities		4,693	6,858
Trade payables		242,350	207,328
Other payables		54,436	38,273
Total current liabilities		**377,968**	**290,425**
Total equity and liabilities		**7,399,063**	**7,259,320**

The accompanying notes form an integral part of these financial statements. The exchange rates used for the preparation of these financial statements are set out in note B.3 below.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€'000	Issued share capital	Share premium account	Consolidated reserves	Result	Cumulative translation reserve	Group Share	Minority interests	Total
1 January 2016	220,000	1,711,796	(337,877)	100,451	(30,911)	**1,663,459**	(342)	**1,663,117**
Transfer to consolidated reserves			100,451	(100,451)		**–**		**–**
Payment of dividend			(118,154)			**(118,154)**		**(118,154)**
Share based payments			8,797			**8,797**		**8,797**
Acquisition/sale of treasury shares			(57,651)			**(57,651)**		**(57,651)**
Result for the year				200,585		**200,585**	(312)	**200,273**
Minority interests						**–**	4	**4**
Profit / (loss) recorded directly in other comprehensive income:								
▪ Actuarial gains and losses on employee benefits			(15,595)			**(15,595)**		**(15,595)**
▪ Related tax			713			**713**		**713**
▪ Movement in fair value of hedging contracts			(138,744)			**(138,744)**		**(138,744)**
▪ Related tax			2,272			**2,272**		**2,272**
▪ Foreign exchange translation differences					266,693	**266,693**		**266,693**
31 December 2016	**220,000**	**1,711,796**	**(555,788)**	**200,585**	**235,782**	**1,812,375**	**(650)**	**1,811,725**
Transfer to consolidated reserves			200,585	(200,585)		**–**		**–**
Payment of dividend (note H.3)			(139,005)			**(139,005)**		**(139,005)**
Share based payments *			3,193			**3,193**		**3,193**
Acquisition/sale of treasury shares			(423)			**(423)**		**(423)**
Result for the period				35,460		**35,460**	(59)	**35,401**
Profit / (loss) recorded directly in other comprehensive income:								
▪ Actuarial gains and losses on employee benefits			(363)			**(363)**		**(363)**
▪ Related tax			93			**93**		**93**
▪ Movement in fair value of hedging contracts			126,913			**126,913**		**126,913**
▪ Related tax			65,601			**65,601**		**65,601**
▪ Foreign exchange translation differences					41,960	**41,960**		**41,960**
30 June 2017	**220,000**	**1,711,796**	**(299,194)**	**35,460**	**277,742**	**1,945,804**	**(709)**	**1,945,095**

* *Of which €2,362,000 in respect of free shares and €831,000 in respect of preference shares.*

The accompanying notes form an integral part of these financial statements. The exchange rates used for the preparation of these financial statements are set out in note B.3 below.

CONSOLIDATED STATEMENT OF CASH FLOWS

€'000	Note	First half 2017	First half 2016	Full year 2016
Operating margin (EBITDA) from continuing operations		242,192	237,259	513,630
Operating margin (EBITDA) from discontinued operations	C	(531)	9,122	10,630
Exchange adjustment *		(2,216)	(7,456)	(12,748)
Increase in inventories		124	(2,597)	(2,126)
(Increase)/decrease in trade and other receivables		(11,653)	2,011	6,861
Increase in trade and other payables		32,996	31,963	**15,622
Net cash inflow from trading		**260,912**	**270,302**	**531,869**
Other operating cash flows		(3,010)	(17,241)	(22,147)
Taxation received/(paid)		4,136	(6,810)	(9,454)
Net cash inflow from operating activities		**262,038**	**246,251**	**500,268**
Payments to acquire property, plant and equipment		(167,691)	(46,747)	(145,271)
Sale of property, plant and equipment		6	32	31
Purchase of shares in a subsidiary		–	–	(74,270)
Change in loans and advances		–	(860)	(3,897)
Sale of subsidiary	C.2ii	(2,338)	–	129,660
Net cash outflow from investing activities		**(170,023)**	**(47,575)**	**(93,747)**
Dividend paid	H.3	(139,005)	(118,154)	(118,154)
Exercise of stock options		1,735	270	521
Purchase of treasury shares		(3,698)	(38,551)	(59,053)
Net movement on liquidity contract		1,725	4,231	879
Cash received on drawdown of loans	G	1,956,708	17,544	16,936
Fees paid on new loans	G	(19,879)	–	–
Fees paid for partial termination of hedging contracts	G	(484,297)	–	–
Early repayment of loans	G	(1,351,030)	–	–
Cash received from redemption of floating rate notes	G	163,995	–	–
Fees paid on loans	G	(3,435)	(14,039)	(17,249)
Interest paid on loans	G	(77,639)	(83,845)	(163,561)
Interest paid on hedging instruments	G	(33,786)	(33,034)	(66,136)
Scheduled repayment of loans	G	(18,681)	(19,082)	(38,257)
Cash received under finance leases	C.2i	119,552	5,399	10,357
Interest received on cash and cash equivalents		563	1,149	2,072
Interest received on other financial assets		2,742	3,120	6,024
Net cash in/(out)flow from financing activities		**115,570**	**(274,992)**	**(425,621)**
Increase/(decrease) in cash in period		**207,585**	**(76,316)**	**(19,100)**

* *The adjustment relates to the restatement of elements of the income statement at the exchange rate ruling at the period end.*

** *In the 2016 Registration Document as published on the Group's website as well as in the printed version of the document, this table contained an error affecting the amount of the increase in trade and other payables as of 31 December 2016. An erratum was published. This current document has been rectified for this erratum and therefore contains the correct amount.*

Movement during the period €'000	First half 2017	First half 2016	Full year 2016
Cash and cash equivalents at 1 January	346,637	405,912	405,912
Effect of movement in exchange rate	(4,061)	(31,448)	(40,077)
Increase/(decrease) in cash in the period	207,585	(76,316)	(19,100)
Decrease in interest receivable in the period	(9)	(60)	(98)
Cash and cash equivalents at the end of the period	**550,152**	**298,088**	**346,637**

The accompanying notes form an integral part of these consolidated financial statements. The exchange rates used for the preparation of these financial statements are set out in note B.3 below.

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

Groupe Eurotunnel SE is the consolidating entity of the Eurotunnel Group, whose registered office is at 3 rue La Boétie, 75008 Paris, France and whose shares are listed on Euronext Paris and on NYSE Euronext London. The term “Groupe Eurotunnel SE” or “GET SE” refers to the holding company which is governed by French law. The term “Group” or “the Eurotunnel Group” refers to Groupe Eurotunnel SE and all its subsidiaries.

The main activities of the Group are the design, financing, construction and operation of the Fixed Link’s infrastructure and transport system in accordance with the terms of the Concession (which will expire in 2086), as well as the rail freight activity.

A. Important events

A.1 Partial refinancing of the debt

On 6 June 2017, the Group completed the partial refinancing of its debt. This operation, which related to the C tranches of the Term Loan (the variable rate tranches that were fully hedged by fixed rate interest swaps) comprised:

- the refinancing of tranches C1 and C2 of the Term Loan by the issue of three new tranches of debt which are at fixed rates of interest during initial periods and then switch back to variable rates plus margins,
- the partial termination of the corresponding hedging contracts,
- the redemption of the floating rate notes held by the Group, and
- the drawing of three new tranches of debt for a total of €606 million in order to finance the cost of the partial termination of the hedging contracts and the costs of the operation.

At 30 June 2017, this operation is reflected in the Group’s consolidated financial statements as follows:

- The refinancing of tranches C1 and C2 of the Term Loan, which involves a substantial modification to their terms, is accounted for as the extinguishment of the existing debt and the recognition of a new financial liability in accordance with IAS 39. The difference between the carrying value of the extinguished debt and the consideration paid corresponding to the unamortised costs of tranches C1 and C2 and amounting to €20 million, is recognised in “Other financial charges” in the income statement at 30 June 2017.
- The new tranches are recorded at their fair value. Costs of €18 million which are directly attributable to the issue of the new debt are recognised as an adjustment to the carrying value of the new tranches and are integrated into the effective interest rate of the debt and amortised over its life.
- Following the partial termination of the hedging contracts:
  - The interest rate derivatives liability in the consolidated balance sheet is reduced by €502 million corresponding to the share of the fair value of these partially terminated instruments.
  - This amount, previously recognised in equity, will be recycled to the income statement over the periods of suspension of the hedging contracts.
  - The difference between this amount and the consideration for the termination of the contracts, being a net amount of €12 million corresponding to the rebates negotiated with the counterparties less associated costs, is recognised in “Other financial income”.
- The redemption of the floating rate notes held by the Group and which were previously accounted for as “Other financial assets”, generated a profit of €14 million which was recognised in the income statement under “Other financial income” and which corresponds to the portion of the discount realised on their acquisition that had not yet been recognised in the income statement.

The operation and its treatment in the half-year consolidated financial statements are presented in detail in note G below.

A.2 Discontinued operation: maritime segment

i. Exercise of the put option

Since the cessation of its maritime activity in the second half of 2015, the Group has applied IFRS 5 “Non-current assets held for sale and discontinued operations” to its maritime segment.

In June 2015, the Eurotunnel Group reached an agreement with the DFDS group in relation to two of the ferries, Berlioz and Rodin (since renamed Côte des Flandres and Côte des Dunes) which provided for their lease with a put option, exercisable by the Eurotunnel Group, for their subsequent sale. At the start of the lease of the two ferries to DFDS in 2016, the Group recorded them as finance leases on the consolidated balance sheet for an amount equivalent to the value of the minimum payments receivable in accordance with IAS 17.

On 12 June 2017, the Eurotunnel Group exercised the put option and on 23 June 2017, completed the sale of the two ferries to DFDS A/S for the price set out in the agreement made in June 2015.

This transaction, from which the Group received €114 million, is treated in the consolidated financial statements at 30 June 2017, in accordance with IAS 17 as indicated above, as a settlement of the lease receivable accounted for under "Other financial assets" and an income of €15 million has been recognised in the result from discontinued operations.

During this transaction, DFDS notified the Eurotunnel Group that it disagrees with the option exercise price. The price paid by DFDS in relation to the exercise of the option corresponds to the terms of the agreement concluded between the parties in June 2015.

On 4 May 2016, the Group concluded an agreement with Vansea Shipping Company Limited for the Nord-Pas-de-Calais (since renamed AL Andalus Express) which provided initially for its lease with an option for its subsequent sale. The option was exercised by the Group on 5 July 2017 and the sale of the ferry was completed on 10 July 2017.

ii. Litigation and disputes

As indicated in its 2016 Registration Document, the Group is the subject of certain claims following the cessation of its maritime activity including claims from the liquidator of the SCOP SeaFrance and the AGS (the French insolvency fund for the management of employee claims). Further claims have been filed during the first half of 2017, including a second claim by the liquidator of the SCOP SeaFrance and the contestation by DFDS of the put option exercise price of the two ferries. In its consolidated accounts at 30 June 2017, the Group has recorded a provision for risk of €12 million in relation to the various ongoing disputes relating to its maritime segment.

Information relating to the maritime segment is presented in note C.2i below.

A.3 Brexit: the United Kingdom's exit from the European Union

Following the UK's decision to leave the European Union on 23 June 2016, formal negotiations between the British government and the European Commission began on 19 June 2017.

During the first half of the year, the Group did not note any significant impact of this decision on its business, but continues to pursue its active monitoring of the situation and its ongoing assessment of potential risks that may arise.

The Group has taken account of this situation in the determination of the principal estimates and assumptions used in the preparation of its consolidated financial statements at 30 June 2017 as set out in note B.5 below.

B. Basis of preparation and significant accounting policies

B.1 Statement of compliance

The half-year summary consolidated financial statements have been prepared in accordance with IAS 34 and accordingly do not contain all the information necessary for complete annual financial statements and must be read in conjunction with Groupe Eurotunnel SE's consolidated financial statements for the year ended 31 December 2016.

The half-year summary consolidated financial statements for 2017 were prepared under the responsibility of the Board of Directors at its meeting held on 24 July 2017.

B.2 Scope of consolidation

The half-year summary consolidated financial statements for Groupe Eurotunnel SE and its subsidiaries are prepared as at 30 June. The basis of consolidation at 30 June 2017 is the same as that used for Groupe Eurotunnel SE's annual financial statements as at 31 December 2016.

B.3 Basis of preparation and presentation of the consolidated financial statements

The half-year summary consolidated financial statements have been prepared using the principles of currency conversion as defined in the 2016 annual financial statements.

The average and closing exchange rates used in the preparation of the 2017 and 2016 half-year accounts and the 2016 annual accounts are as follows:

€/£	30 June 2017	30 June 2016	31 December 2016
Closing rate	1.137	1.210	1.168
Average rate	1.161	1.273	1.216

B.4 Principal accounting policies

The half-year summary consolidated financial statements have been prepared in accordance with IFRS. The accounting principles and bases of calculation used for these half-year summary consolidated financial statements are consistent in all significant aspects with those used for GET SE's 2016 annual consolidated financial statements.

i. Texts adopted by the European Union whose application is compulsory

The texts adopted by the European Union, the application of which is compulsory for financial years beginning on or after 1 January 2017, are as follows:

- amendments to IAS 19 "Defined Benefit Plans: Employee Contributions";
- amendments to IAS 16 and IAS 38 "Clarification of Acceptable methods of depreciation and amortisation";
- amendments to IAS 1 "Disclosure Initiative";
- amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Application of the Exception to Consolidation";
- amendments to IFRS 11 "Acquisition of an interest in a joint operation".

The application of these texts has no significant impact on the Group's consolidated financial statements.

ii. Texts adopted by the European Union but not yet mandatory

IFRS 15 "Revenue from Contracts with Customers"

On 22 September 2016, the European Union adopted IFRS 15 "Revenue from Contracts with Customers", which is mandatory from 1 January 2018. The associated amendments, subject to their adoption by the European Union, will be applicable on the same date as IFRS 15. The Group does not intend to apply these provisions in advance.

The Group's analysis of products and contracts with customers in its various activities did not identify any significant impact of the application of this standard in the consolidated financial statements.

As set out in note D.2 to GET SE's financial statements as at 31 December 2016, sales are recognised in revenue when the customer uses the services:

- For the Truck Shuttle activity, revenue is recognised when the crossing is made.
- For the Passenger Shuttle activity:
  - when the reservation is made, the tickets are recorded in "deferred income",
  - then the revenue is recognised when the crossing has been made.
- For the Railway Network passenger and rail freight tolls, revenue is recognised when the crossing has been made. For the Railway Network's annual fixed charges and contributions to the Group's operating and investment costs, revenue is recognised as a function of the provision of the Fixed Link's capacity.
- For Europorte's rail transport activity, revenue corresponds to sales of transport services and sales are recognised in revenue when the service is actually performed. For the maintenance and management of railway infrastructure, sales are recognised in revenue as and when the services are actually performed.

IFRS 9 "Financial Instruments"

"IFRS 9 - Financial Instruments", issued by the IASB in July 2014 and adopted by the EU on 29 November 2016, will replace IAS 39 "Financial Instruments" as of 1 January 2018. This new standard defines new principles for the classification and measurement of financial instruments, impairment for credit risk on financial assets and hedge accounting.

The Group does not intend to apply this provision in advance.

The analysis carried out by the Group on the first application of this new standard is in progress and has not identified any significant potential impact on its consolidated financial statements. The Group will finalise this work during the second half of 2017.

iii. Other texts and amendments published by the IASB but not approved by the European Union

The following texts concerning accounting rules and methods specifically applied by the Group have not yet been approved by the European Union:

- IFRS 16 "Leases";
- amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers";
- amendments to IFRS 10 and IAS 28 "Sales or contributions of assets between an investor and its associate/joint venture";
- amendments to IAS 12 "recognition of deferred tax assets for unrealised losses";
- amendments to IAS 7 under the "Disclosure Initiative" project;
- amendments to IFRS 2 "Classification and measurement of share-based payment transactions";
- amendments to IFRS 4 "Application of IFRS 9 and IFRS 4";
- interpretation IFRIC 22 "Foreign Currency Transactions and Advance Consideration"; and
- interpretation IFRIC 23 "Uncertainty over Income Tax Treatments".

Subject to approval by the European Union, IFRS 16 "Leases" will be mandatory for financial years beginning on or after 1 January 2019. Under this standard, all leases other than short-term leases and those of low-value assets, must be recognised in the lessee's statement of financial position in the form of a right of use asset and a financial liability. To date, leases classified as "simple" are presented off-balance sheet.

The potential impact of these other texts will be assessed by the Group in subsequent years.

B.5 Use of estimates

The preparation of consolidated financial statements requires the use of estimates and assumptions that affect the amounts of assets and liabilities in the statement of financial position, as well as the amount of revenue and expenses during the period. The Group's management and the Board of Directors periodically review the valuations and estimates based on experience and other factors considered relevant for the determination of a reasonable and appropriate valuation of assets and liabilities in the statement of financial position. Accordingly, the estimates underlying the preparation of half-year consolidated financial statements to 30 June 2017 have been established in the context of the decision by the UK to leave the European Union, as described in note A.3 above. Depending on the evolution of these assumptions, the actual figures may differ from current estimates.

The use of estimations concerns mainly the valuation of fixed assets (see note F), evaluation of the Group's deferred tax position (see note I) and some elements of valuation of financial assets and liabilities (see note G.6).

B.6 Seasonal variations

The revenue and the trading result generated in each reporting period are subject to seasonal variations over the year, in particular for the Passenger Shuttle's car activity during the peak summer season. Therefore the results for the first half of the year cannot be extrapolated to the full year.

C. Scope of consolidation

C.1 Changes to the scope of consolidation

At 31 December 2016 and at 30 June 2017, all the Group's companies are fully consolidated. At 30 June 2016, prior to the purchase by the Eurotunnel Group of Star Capital's 51% shareholding in ElecLink Limited in August 2016, GET SE's shareholding of 49% (held by its subsidiary GET Elec Limited) was accounted for under the equity method.

C.2 Assets held for sale and discontinued operations

The net results of discontinued operations are as follows:

€'000	1st half 2017	1st half 2016	Full year 2016
Maritime segment (see i below)	2,316	21,675	17,127
GB Railfreight (see ii below)	2,889	6,185	46,907
Net result from discontinued operations	**5,205**	**27,860**	**64,034**
Earnings per share from discontinued operations (€) :			
Basic	0.01	0.05	0.12
Diluted	0.01	0.05	0.12

i. Maritime segment

Since the second half of 2015, the Group has applied IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" to its maritime segment. The ferries Côte des Flandres and Côte des Dunes (formerly the Berlioz and the Rodin) have been leased to the DFDS group since February 2016 and the AL Andalus Express (formerly the Nord-Pas-de-Calais) has been leased to the Vansea Shipping Company Limited since 4 May 2016. At the start of the lease of each of the ferries, the lease contracts were recognised as finance leases for an amount equivalent to the minimum lease payments to be received in accordance with IAS 17 "Leases". Accordingly, the Group recorded an income net of tax of €24 million in the consolidated income statement for the first half of 2016.

As indicated in note A.2 above, the Eurotunnel Group received €114 million from the purchaser DFDS on 23 June 2017 in consideration for the sale of the two ferries, the Côte des Flandres and the Côte des Dunes and extinguished the finance lease receivables recognised, in accordance with IAS 17, in "Other financial assets" in the statement of financial position. The sale of the two ferries generated an income of €15 million which is recognised in the income statement of the discontinued operations at 30 June 2017 under “Other operating income”.

As indicated in note A.2 above, during this process of selling the two ferries on 23 June 2017, DFDS notified the Eurotunnel Group that it disagreed with the option exercise price. The amount of the disagreement represents €15 million. The price paid by DFDS in relation to the put option corresponds to the terms of the agreement concluded between the parties in June 2015.

The option on the third ferry, the AL Andalus Express, was exercised by the Group on 5 July 2017 and the sale was completed on 10 July 2017.

The capital gain generated by the sale gives rise to a current tax charge in 2017 and the reversal of the deferred tax charge recorded in 2016.

As indicated in its 2016 Registration Document, the Group is the subject of a number of legal claims following the cessation of its maritime activity, including those from the liquidator of the SCOP SeaFrance and the AGS (the French insolvency fund for the management of employee claims). Further claims have been made during the first half of 2017, including a second claim by the liquidator of the SCOP SeaFrance and the contestation by DFDS of the put option exercise price of the two ferries referred to above. In its consolidated accounts at 30 June 2017, the Group has recognised a provision for risk of €12 million in relation to the various ongoing disputes relating to its maritime segment in the income statement of the discontinued operations under “Other operating charges”.

Maritime segment’s income statement

€’000	First half 2017	First half 2016	Full year 2016
Revenue	–	–	–
Operating costs	(531)	(2,338)	(5,333)
Operating margin (EBITDA)	**(531)**	**(2,338)**	**(5,333)**
Other operating income and (charges)	2,847	39,805	38,267
Operating profit	**2,316**	**37,467**	**32,934**
Other financial income and (charges)	–	(2)	(17)
Pre-tax result: profit	**2,316**	**37,465**	**32,917**
Deferred tax	15,790	(15,790)	(15,790)
Income tax	(15,790)	–	–
Net result: profit	**2,316**	**21,675**	**17,127**

Maritime segment’s cash flow statement

€’000	First half 2017	First half 2016	Full year 2016
Net cash outflow from operating activities	(331)	(16,647)	(17 516)
Net cash inflow from financing activities	119,552	5,399	10,357
Increase/(decrease) in cash in period	**119,221**	**(11,248)**	**(7,159)**

ii. GB Railfreight

Subsequent to completion on 15 November 2016 of the sale of its subsidiary GB Railfreight Limited, the purchaser submitted a claim to the Group on 29 December 2016 for a price adjustment under the terms of the sale contract. As a consequence, the Group included a provision of €5 million in its consolidated accounts as at 31 December 2016 as part of the calculation of the net profit on the sale recognised in “Other operating charges”. During the first half of 2017, an agreement was reached with the purchaser on a final price adjustment of €2,338,000. Accordingly, the Group has released the provision in its half-year consolidated accounts at 30 June 2017 and has adjusted the related tax; the net impact amounts to an income of €2.9 million.

Discontinued operation GB Railfreight's income statement

€'000	First half 2017	First half 2016	* 31 October 2016
Revenue	–	81,062	128,814
Operating costs	–	(42,625)	(69,901)
Employee benefits expense	–	(26,977)	(42,950)
Operating margin (EBITDA)	**–**	**11,460**	**15,963**
Depreciation	–	(4,229)	(6,638)
Trading loss	**–**	**7,231**	**9,325**
Other net operating income and (charges)	2,889	(41)	39,336
Operating profit	**2,889**	**7,190**	**48,661**
Net finance costs and other financial charges	–	(1,005)	(1,754)
Pre-tax profit	**2,889**	**6,185**	**46,907**
Current income tax on the profit for the period in the UK at 20%	–	(1,237)	(1,469)
Current income tax on the profit of the sale in France at 34.43%	(994)	–	(13,622)
Tax consolidation and utilisation of tax loss carryforwards	994	1,237	15,091
Net tax	–	–	–
Net result	**2,889**	**6,185**	**46,907**

* *The most recent financial statements of the company available at 31 October 2016 were used as the basis for accounting for its exit from the scope of consolidation.*

Discontinued operation GB Railfreight's cash flow statement

€'000	First half 2017	First half 2016	31 October 2016
Net cash inflow from operating activities	–	10,514	15,780
Net cash outflow from investing activities	–	(17,570)	(21,734)
Proceeds from sale of GB Railfreight Limited	(2,338)	–	129,660
Net cash inflow from financing activities	–	15,722	14,091
(Decrease)/increase in cash in period	**(2,338)**	**8,666**	**137,797**

D. Operating data

D.1 Segment reporting

The Group is structured around the following three activities which correspond to the internal information reviewed and used by the main operational decision-makers (the Executive Committee):

- the "Concession for the cross-Channel Fixed Link" segment which includes the Group's corporate services,
- the "Europorte" segment, the main activity of which is that of rail freight operator, and
- the "ElecLink" segment, whose activity is the construction and, from 2020, the operation of a 1,000 MW electricity interconnector running through the Channel Tunnel.

€'000	Fixed Link	Europorte	ElecLink	Consolidation adjustments	Total continuing operations	** Discontinued operations	Total
At 30 June 2017							
Revenue	438,206	59,220	–	(433)	**496,993**	–	**496,993**
EBITDA	241,388	2,634	(1,397)	(433)	**242,192**	–	**242,192**
Trading profit	167,902	(317)	(1,408)	(433)	**165,744**	–	**165,744**
Pre-tax result from continuing operations	35,741	18	(2,088)	2,464	**36,135**	–	**36,135**
Net consolidated result					**30,196**	5,205	**35,401**
Investment in property, plant and equipment	24,716	1,281	136,572	2,464	**165,033**	–	**165,033**
Property, plant and (intangible and tangible)	6,039,721	81,480	330,977	2,397	**6,454,575**	–	**6,454,575**
External financial liabilities	4,272,350	14,072	–	–	**4,286,422**	–	**4,286,422**
At 30 June 2016 *							
Revenue	442,406	58,338	–	–	**500,744**	–	**500,744**
EBITDA	238,488	(1,189)	(40)	–	**237,259**	–	**237,259**
Trading profit	168,627	(3,872)	(40)	–	**164,715**	–	**164,715**
Pre-tax result from continuing operations	46,938	(5,765)	(2,172)	–	**39,001**	–	**39,001**
Net consolidated result				–	**31,902**	27,860	**59,762**
Investment in property, plant and equipment	18,575	3,810	–	–	**22,385**	15,777	**38,162**
Property, plant and (intangible and tangible)	6,115,779	84,053	–	–	**6,199,832**	122,345	**6,322,177**
External financial liabilities	3,769,967	15,033	–	–	**3,785,000**	44,846	**3,829,846**
At 31 December 2016							
Revenue	907,602	115,811	–	67	**1,023,480**	–	**1,023,480**
EBITDA	515,246	(157)	(1,459)	–	**513,630**	–	**513,630**
Trading profit	371,668	(5,814)	(1,464)	–	**364,390**	–	**364,390**
Pre-tax result from continuing operations	122,489	(11,161)	42,360	–	**153,688**	–	**153,688**
Net consolidated result					**136,239**	64,034	**200,273**
Investment in property, plant and equipment	65,951	5,931	58,420	(67)	**130,235**	19,843	**150,078**
Property, plant and (intangible and tangible)	6,088,577	83,178	194,489	(67)	**6,366,177**	–	**6,366,177**
External financial liabilities	3,703,921	14,557	–	–	**3,718,478**	–	**3,718,478**

* *Restated in application of IFRS 5 following the sale of GB Railfreight Limited as explained in note C.2ii above.*
** *See note C.2 above.*

D.2 Operating expenses

Operating expenses can be analysed as follows:

€'000	First half 2017	* First half 2016	Full year 2016
Operations and maintenance: subcontracting and spares	51,060	53,065	108,239
Electricity	14,349	16,104	31,905
Cost of sales and commercial costs	9,940	12,054	19,999
Regulatory costs, insurance and local taxes	22,960	24,870	39,276
General overheads and centralised costs	8,872	9,292	18,709
Sub-total Fixed Link	**107,181**	**115,385**	**218,128**
Europorte	33,029	33,631	66,612
ElecLink	909	–	838
Total	**141,119**	**149,016**	**285,578**

* *Restated in application of IFRS 5 following the sale of GB Railfreight Limited as explained in note C.2ii above.*

D.3 Other operating income and (expenses)

€'000	First half 2017	* First half 2016	Full year 2016
Revaluation of shares already held in ElecLink	–	–	49,872
Other	696	260	1,132
Sub-total other operating income	**696**	**260**	**51,004**
Net loss on disposal or write-off of assets	(1,419)	(1,380)	(2,198)
Other operating expenses	(4,786)	(3,144)	(12,359)
Sub-total other operating expenses	**(6,205)**	**(4,524)**	**(14,557)**
Total	**(5,509)**	**4,264**	**36,447**

* *Restated in application of IFRS 5 following the sale of GB Railfreight Limited as explained in note C.2ii above.*

Other operating expenses in the first half of 2017 relate to provisions for risks based on claims received.

D.4 Provisions

€'000	Note	1 January 2017	Charge to income statement	Release of unspent provisions	Provisions utilised	30 June 2017
Continuing operations	D.3	6,694	5,823	(165)	(793)	11,559
Discontinued operations: maritime	C.2i	7	12,000	–	–	12,007
Total		**6,701**	**17,823**	**(165)**	**(793)**	**23,566**

E. Employee benefit expense

E.1 Share-based payments: grant of free shares

i. Free share plans with no performance conditions

Following the approval by the general meeting of shareholders on 27 April 2017 of the plan to issue existing free shares, GET SE's board of directors decided on 27 April 2017 to grant a total of 253,800 GET SE ordinary shares (75 shares per employee) to all employees of GET SE and its related companies with the exception of executive and corporate officers of GET SE. The vesting period for these shares is one year and is followed by a three-year lock-up period.

During the first half of 2017, 332,100 free shares issued in 2015 and 248,325 free shares issued in 2016 were acquired by employees.

Number of shares	2017	2016
In issue at 1 January	954,550	1,264,750
Granted during the period	253,800	302,325
Renounced during the period	(45,125)	(43,325)
Acquired during the period	(580,525)	(569,200)
In issue at the end of the period	**582,700**	**954,550**

The assumptions used to measure the fair value of the free shares were as follows:

Fair value of free shares and assumptions	2017 grant
Fair value of free shares on grant date (€)	9.38
Share price on grant date (€)	10.095
Number of beneficiaries	3,384
Risk-free interest rate (based on government bonds)	0%

ii. Free share plan subject to performance conditions

On 27 April 2017, the general meeting of shareholders authorised the Board of Directors to grant free shares to executives and senior staff of the company and its subsidiaries, subject to performance conditions, after a period of three years. The total number of shares may not give entitlement to more than 1,200,000 ordinary shares with a nominal of €0.40 each. Under this authorisation, the Board of Directors approved on 15 June 2017, the allocation of 1,200,000 shares.

Characteristics and conditions of the free share plan subject to performance conditions

Date of grant / main staff concerned	Number of ordinary shares granted	Conditions for acquiring rights	Vesting period
Ordinary shares granted to key executives and senior staff on 15 June 2017	1,200,000	Staff must remain as employees of the Group. Internal performance condition for 50% of the attributable volume: based on the Group's long-term economic performance measured by reference to the average rate of achievement of the EBITDA targets announced to the market for the years 2018 and 2019. External performance condition (TSR) for 40% of the attributable volume: based on the stock market performance of the GET SE share compared to the performance of the DJI index (dividends included) over a three-year period. CSR performance condition for 10% of attributable volume: based on the performance of the 2019 composite CSR index.	3 years

Information on the free share plan subject to performance conditions

Number of preference shares	2017	2016
In issue at 1 January	1,179,750	–
Granted during the period	1,195,000	1,179,750
Renounced during the period	–	–
Exercised during the period	–	–
Expired during the period	–	–
In issue at the end of the period	**2,374,750**	**1,179,750**
Exercisable at the end of the period	–	–

Assumptions used for the fair value measurement on the grant date

The fair value on grant date of the rights granted to staff as part of the plan (the 1,200,000 ordinary shares) was calculated by using the Monte Carlo valuation model. The assumptions used to measure the fair value of the plan on grant date were as follows:

Fair value of shares and assumptions	2017 plan
Fair value on grant date (€)	6.93
Share price on grant date (€)	10.10
Number of beneficiaries	55
Risk-free interest rate (based on government bonds)	0.0%

iii. Charges to income statement

A charge of €3,144,000 was made for the first half of 2017 relating to all free and preference shares (first half of 2016: €3,919,000).

F. Property, plant and equipment

Intangible assets of €120 million represent the goodwill arising on the acquisition of control of ElecLink in 2016. The allocation of the purchase price between identifiable assets and liabilities and goodwill will be completed during the second half of 2017.

Other property, plant and equipment consists mainly of the Europorte subsidiaries' rolling stock fleet and ElecLink's construction works.

Fixed asset additions during the first half of 2017 relate mainly to construction works on the ElecLink project.

The Group has not identified any indication of impairment in either the tangible or intangible assets of its Concession, ElecLink or Europorte activities.

G. Financing and financial instruments

Accounting principles

In accordance with IAS 39, the Group has carried out an analysis to determine if the terms of the new tranches of the debt (C1a, C2a and C2b) are substantially different compared to those of the old tranches C1 and C2. This analysis concluded that the value of cash flows under the new terms discounted by application of the original effective interest rate, is different by more than 10% of the present value of the cash flows of the initial financial liability. As a result, the operation is accounted for as an extinguishment of the old debt and the costs and fees of the C1 and C2 tranches not yet amortised amounting to £5 million and €14 million respectively are recognised in the income statement for the first half of 2017 under "Other financial expenses" (see note G.4 below).

G.1 Refinancing of tranche C of the debt

As indicated in note A.1 above, the Group completed the partial refinancing of its debt on 6 June 2017 which consisted of:

- the refinancing of tranches C1 and C2 and the partial termination of the corresponding hedging contracts,
- the raising of additional debt of €606 million in order to finance the costs of the partial termination of the hedging contracts and other costs of the operation, and
- the redemption of the floating rate notes held by the Group on its statement of financial position under “Other financial assets”.

i. Refinancing of tranche C1

Put in place in 2007 for a nominal value of £350 million, tranche C1 bore a variable rate of interest (LIBOR) plus a margin of 3.39% and was fully hedged by a fixed/floating interest rate swap for which the Group paid a fixed rate of 5.26% and received a floating rate (LIBOR). In 2016, the effective interest rate of this tranche including hedging was 8.8%. Repayment of this tranche was to begin on 20 June 2046 and to end on 20 June 2050.

This variable rate debt was refinanced on 6 June 2017 by the issue of a new tranche, C1a. This new tranche of £350 million bears a fixed interest rate of 3.043% until June 2029. In the absence of a refinancing prior to this date, tranche C1a will revert to bearing a variable interest rate of LIBOR +5.78% (being a margin of 1.78% plus a step-up of 4%) and be fully hedged by a fixed/floating interest rate swap for which the Group will pay a fixed rate of 5.26% and will receive a floating rate (LIBOR). The contractual maturity and amortisation profile of this tranche remain the same as those of the tranche C1 it refinances.

ii. Refinancing of tranche C2

Put in place in 2007 for a nominal value of €953 million, tranche C2 bore a variable rate of interest (EURIBOR) plus a margin of 3.39% and was fully hedged by a fixed/floating interest rate swap for which the Group paid a fixed rate of 4.90% and received a floating rate (EURIBOR). In 2016, the effective interest rate of this tranche including hedging was 8.43%. Repayment of this tranche was to begin on 20 June 2041 and to end on 20 June 2050.

This variable rate debt was refinanced on 6 June 2017 by the issue of two new tranches:

- Tranche C2a of €425 million bears a fixed interest rate of 1.761% until June 2022. In the absence of a refinancing prior to this date, tranche C2a will revert to bearing a variable interest rate of EURIBOR +5.55% (being a margin of 1.55% plus a step-up of 4%) and be fully hedged by a fixed/floating interest rate swap for which the Group will pay a fixed rate of 4.90% and will receive a floating rate (EURIBOR).
- Tranche C2b of €528 million bears a fixed interest rate of 2.706% until June 2027. In the absence of a refinancing prior to this date, tranche C2b will revert to bearing a variable interest rate of EURIBOR +5.90% (being a margin of 1.90% plus a step-up of 4%) and be fully hedged by a fixed/floating interest rate swap for which the Group will pay a fixed rate of 4.90% and will receive a floating rate (EURIBOR).

The contractual maturity and amortisation profile of these tranches remain the same as those of the C2 tranche they refinance.

iii. Partial termination of the interest rate hedging contracts

As a result of the structure of the new tranches of the debt, the hedging contracts have been amended to suspend them for the duration of the initial fixed-rate periods of the new tranches C1a, C2a and C2b. The cost of the partial termination was €490 million (£154 million and €311 million), being €502 million corresponding to the market value of the contracts for the periods of their suspension less the discounts net of fees negotiated with the counterparties to the contracts.

The portion of the fair value of the partially terminated hedging instruments amounting to €502 million is recorded as a reduction in the liability of derivative instruments on the statement of financial position and, in accordance with IAS 39, will be recycled to the consolidated income statement over the period of partial termination of the contracts.

The net profit from the discounts negotiated with the counterparties for the partial termination of the hedging contracts less the associated costs is recognised in the income statement for the first half of 2017 in “Other financial income”.

By aligning them with changes in the Group's underlying exposure to interest rate risk on its debt, the partial termination of hedging contracts is in line with its rate risk management strategy which was put in place in 2007. As a result, the effective portions of these contracts continue to be treated as cash flow hedges on the basis of their initial recognition as such.

iv. Tranches C1b, C2c and C2d

In order to finance the costs of the partial termination of the hedging contract and the costs of the refinancing, the Group contracted three new tranches of debt for a total amount of €606 million (at the exchange rate of 30 June 2017):

- Tranche C1b for £336.5 million bears a fixed interest rate of 3.848% until its contractual maturity in June 2050. Its amortisation profile (2046-2050) is the same as that of the old C1 tranche.
- Tranches C2c and C2d for €83 million and €140 million respectively, bear a fixed interest rate of 3.748% until their contractual maturity in June 2050. Their amortisation profiles (2041-2050) are the same as that of the old C2 tranche.

v. Costs and fees of the 2017 refinancing operation

Costs of the operation totalling €25 million are treated as follows in the consolidated accounts as at 30 June 2017:

- Costs directly related to the issuance of the new debt amounting to €18 million are recorded as an adjustment to the carrying amount of each new tranche and will be amortised using the effective interest rate. In the case of new tranches C1a, C2a and C2b, the costs allocated to these tranches are amortised over the initial fixed-rate period of these debts.
- Other costs of the operation amounting to €7 million are recorded in "Other financial charges" in the consolidated income statement at 30 June 2017 (see note G.4 below).

vi. Redemption of the floating rate notes

In 2011 and 2012, the Group acquired notes issued by Channel Link Enterprises Finance (CLEF) which corresponded to the securitisation of tranche C of the Group's debt. These notes, which had a nominal value of €164 million and were recorded under "Other financial assets" on the statement of financial position, had been acquired at an average discount of approximately 11%.

As part of the refinancing of tranche C on 6 June 2017, the nominal value of these notes was redeemed by the Group and as a result, the discount that had not yet been recognised by this date, amounting to €14 million, was recorded in "Other financial income" in the income statement at 30 June 2017 (see note G.5 below).

G.2 Financial liabilities

The movements in financial liabilities during the period were as follows:

€'000	31 December 2016 published	31 December 2016 * restated	Reclassification	Drawdown	Repayment	Interest, indexation and fees	30 June 2017
Term Loan	3,673,637	3,625,057	(37,731)	1,956,708	(1,351,030)	27,424	**4,220,428**
Other loans	13,576	13,576	(505)	–	–	–	**13,071**
Total non-current financial liabilities	**3,687,213**	**3,638,633**	**(38,236)**	**1,956,708**	**(1,351,030)**	**27,424**	**4,233,499**
Term Loan	25,342	25,076	37,731	–	(18,196)	–	**44,611**
Other loans	981	981	505	–	(485)	–	**1,001**
Accrued interest on Term Loan	4,942	4,879	–	–	–	2,432	**7,311**
Total current financial liabilities	**31,265**	**30,936**	**38,236**	**–**	**(18,681)**	**2,432**	**52,923**
Total	**3,718,478**	**3,669,569**	**–**	**1,956,708**	**(1,369,711)**	**29,856**	**4,286,422**

* *The financial liabilities at 31 December 2016 (calculated at the year-end exchange rate of £1=€1.168) have been recalculated at the exchange rate at 30 June 2017 (£1=€1.137) in order to facilitate comparison.*

The Term Loan put in place on 28 June 2007, as modified on 24 December 2015 and 6 June 2017, comprises the following elements at 30 June 2017:

In millions	Currency	Nominal amount in currency	Nominal amount in euros *	Effective interest rate	Contractual interest rate	Maturity
Tranche A1	GBP	300	341	7.47%	2.89 %	June 2018 - June 2042
Tranche A2	GBP	150	171	7.46%	2.89 %	
Tranche A3	GBP	300	341	7.61%	3.49 %	
Tranche A4	EUR	73	73	5.75%	3.38 %	June 2018 - June 2041
Tranche A5	EUR	147	147	5.74%	3.38 %	
Tranche A6	EUR	147	147	5.89%	3.98 %	
Tranche B1	GBP	329	374	6.77%	6.63 %	June 2013 - June 2046
Tranche B2	EUR	562	562	6.33%	6.18 %	June 2013 - June 2041
Tranche C1a **	GBP	350	398	3.31%	3.043 %	June 2046 - June 2050
Tranche C1b	GBP	336	383	3.92%	3.848 %	
Tranche C2a **	EUR	425	425	2.40%	1.761 %	June 2041 - June 2050
Tranche C2b**	EUR	528	528	3.05%	2.706 %	
Tranche C2c	EUR	83	83	3.88%	3.748 %	
Tranche C2d	EUR	140	140	3.88%	3.748 %	
Total			**4,113**	**5.20%**		

* *Nominal amount excluding impact of effective interest rate and inflation indexation and at the exchange rate at 30 June 2017 (£1=€1.137).*

** *The contractual interest rates for C1a, C2a and C2b are respectively LIBOR +5.78% from June 2029, EURIBOR +5.55% from June 2022 and EURIBOR +5.90% from June 2027. From these dates, the effective interest rates for C1a, C2a and C2b with hedging are respectively 6.24%, 7.58% and 6.42%.*

The effective rate of interest includes costs directly attributable to the debt, and for the A tranches, also includes the effect of the indexation on the nominal value.

Interest rate hedging instruments

In 2017, the Eurotunnel Group put in place hedging contracts to cover its floating rate loans (tranches C1 and C2) in the form of swaps for the same duration and for the same value (EURIBOR against a fixed rate of 4.90% and LIBOR against a fixed rate of 5.26%). The nominal value of the swaps is €953 million and £350 million.

These derivatives were partially terminated as part of the refinancing of tranche C in June 2017 as set out in note G.1iii above.

These derivatives have been measured at their fair value on the balance sheet as follows:

€'000	31 December 2016	Partial termination June 2017	* Changes in market value	Exchange difference	30 June 2017
Contracts in euros	Liability of 903,487	(315,105)	(96,014)	–	Liability of 492 368
Contracts in sterling	Liability of 405,499	(187,148)	(18,414)	(6,504)	Liability of 193 433
Total	**Liability of 1,308,986**	**(502,253)**	**(114,428)**	**(6,504)**	**Liability of 685 801**

* *Recorded directly in equity.*

The amount of reserves for hedging instruments changed as follows:

€'000	31 December 2016	Recycling of partial termination June 2017	Changes in market value	Exchange difference	30 June 2017
Contracts in euros	903,487	(1,367)	(96,014)	–	806,106
Contracts in sterling	405,499	(440)	(18,414)	(10,677)	375,968
Total	**1,308,986**	**(1,807)**	**(114,428)**	**(10,677)**	**1,182,074**

These derivatives generated a net charge of €33,740,000 for the first half of 2017 which has been accounted for in the income statement (€33,640,000 for the first six months of 2016).

G.3 Finance costs

€'000	First half 2017	* First half 2016	Full year 2016
Interest on loans before hedging	75,091	84,999	165,019
Costs relating to hedging instruments	33,740	33,640	67,113
Effective rate adjustment	3,519	3,444	6,806
Sub-total	**112,350**	**122,083**	**238,938**
Inflation indexation of the principal	22,088	9,429	24,989
Total finance costs after hedging	**134,438**	**131,512**	**263,927**

* *Restated in application of IFRS 5 following the sale of GB Railfreight Limited as explained in note C.2ii above.*

The inflation indexation of the loan principal estimated at 30 June 2017 reflects the estimated effect of annual French and British inflation rates on the principal amount of the A tranches of the Term Loan as described in note G.1 of the annual consolidated financial statements at 31 December 2016.

G.4 Other financial income and (charges)

€'000	First half 2017	** First half 2016	Full year 2016
Financial income arising from the debt refinancing operation:			
Discount realised on the partial termination of the hedging contracts (see note G.1iii)	15,473	–	–
Remaining discount on the floating rate notes held by the Group (see note G.1vi)	14,316	–	–
Sub-total	**29,789**	**–**	**–**
Unrealised exchange gains *	20,320	40,230	52,421
Interest received on floating rate notes	2,655	3,246	6,347
Other exchange gains	4,275	2,725	5,534
Other	25	67	134
Other financial income	**57,064**	**46,268**	**64,436**
Financial charges arising from the debt refinancing operation:			
Unamortised costs on the old C1 and C2 tranches (see note G.1ii)	(20,663)	–	–
Costs of the operation (see note G.1v)	(7,071)	–	–
Cost of the partial termination of the hedging contracts (see note G.1iii)	(3,371)	–	–
Sub-total	**(31,105)**	**–**	**–**
Unrealised exchange losses *	(11,540)	(32,982)	(40,641)
Other exchange losses	(4,628)	(3,339)	(8,272)
Other	(18)	(12)	(31)
Other financial charges	**(47,291)**	**(36,333)**	**(48,944)**
Total	**9,773**	**9,935**	**15,492**
Of which net unrealised exchange gains/(losses)	*8,780*	*7,248*	*11,780*

* *Mainly arising from the re-evaluation of intra-group debtors and creditors.*

** *Restated in application of IFRS 5 following the sale of GB Railfreight Limited as explained in note C.2ii above.*

G.5 Other financial assets

€'000	30 June 2017	31 December 2016
Floating rate notes	–	150,987
Other	7,413	7,374
Total non-current	**7,413**	**158,361**
Accrued interest on floating rate notes	–	184
Finance leases	2,256	106,852
Total current	**2,256**	**107,036**

As part of the operation to refinance tranche C as described in notes A.1 and G.1vi above, the floating rate notes that were held by the Group were redeemed in June 2017.

The assets under finance leases related to contacts for the lease of the Group's three ferries concluded by the Euro-TransManche maritime subsidiaries during the first half of 2016. As described in notes A.2 and C.2i above, the Group sold two of these ferries during the first half of 2017. At 30 June 2017, finance lease receivables related to the AL Andalus Express which was sold on 10 July 2017.

G.6 Matrix of class of financial instruments and recognition categories and fair values

The table below analyses the financial instruments which are accounted for at their fair value, according to their method of valuation. The different levels are defined in note G.6 to the consolidated financial statements at 31 December 2016.

€'000	Carrying amount						Fair value			
Class of financial instrument	Assets at fair value through profit and loss	Available-for-sale financial assets	Loans and receivables	Hedging instruments	Liabilities at amortised cost	Total net carrying value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Other non-current financial assets	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Financial assets not measured at fair value										
Other current and non-current financial assets			9,669			**9,669**	n/a	n/a	n/a	n/a
Trade receivables			99,896			**99,896**	n/a	n/a	n/a	n/a
Cash and cash equivalents	550,152					**550,152**	550,152			**550,152**
Financial liabilities measured at fair value										
Interest rate derivatives				685,801		**685,801**		685,801		**685,801**
Financial liabilities not measured at fair value										
Financial liabilities					4,286,422	**4,286,422**			5,379,460	**5,379,460**
Other financial liabilities					62,920	**62,920**	n/a	n/a	n/a	**n/a**
Trade payables					242,350	**242,350**	n/a	n/a	n/a	**n/a**

At 30 June 2017, information relating to the fair value of the financial liabilities remains as described in note G.6 to the annual consolidated financial statements at 31 December 2016 and taking into account the partial debt refinancing operation completed on 6 June 2017 as well as the evolution of the yield curve at 30 June 2017. For the new tranches C1a, C2a and C2b, the fair value is based on an assumption that the debt will be repaid before the end of the periods of fixed rate interest and before the step-up.

G.7 Related parties with a significant influence on the Group

During the financial restructuring in 2007, the Eurotunnel Group concluded interest rate hedging contracts with financial institutions, in the form of swaps. Goldman Sachs International was one of the counterparties to these hedging contracts, and at 30 June 2017 held 2.7% of the contracts, representing a charge of €0.9 million in the first half of 2017 and a liability of €18 million at 30 June 2017.

As part of the partial refinancing of the debt in June 2017, the Group paid to Goldman Sachs:

- €12 million in respect of the partial termination of the hedging contracts to which it is a counterparty, and
- €12 million in respect of their mandate as investment advisory and investment bank in connection with the operation.

Two of Goldman Sachs's infrastructure funds (GS Global Infrastructure Partners I, L.P., and GS International Infrastructure Partners I, L.P., together known as GSIP) hold (on the basis of the last declaration of threshold crossing in September 2011) approximately 15.5% of GET SE's share capital at 30 June 2017.

H. Share capital and earnings per share

H.1 Changes in share capital

€	30 June 2017	31 December 2016
220,000,000 fully paid-up ordinary shares each with a nominal value of €0.40	220,000,000.00	220,000,000.00
245 category B fully paid-up preference shares each with a nominal value of €0.01	2.45	2.67
Total	**220,000,002.45**	**220,000,002.67**

During the first half of 2017, 22 category B preference shares issued under the 2014 programme of preference shares convertible into ordinary shares as described in note E.5iii of the notes to the consolidated financial statements as at 31 December 2016, were cancelled.

H.2 Treasury shares

Movements in the number of treasury shares during the period were as follows:

	Share buyback programme	Liquidity contract	Total
At 1 January 2017	15,684,151	760,000	**16,444,151**
Share buyback programme	380,000		**380,000**
Shares transferred to staff (free share plans)	(580,525)		**(580,525)**
Exercise of share options	(270,950)		**(270,950)**
Net purchase/(sale) under liquidity contract		(172,531)	**(172,531)**
30 June 2017	**15,212,676**	**587,469**	**15,800,145**

Treasury shares held as part of the share buyback programme renewed by the general meeting of shareholders and implemented by decision of the board of directors on 27 April 2017 are allocated, in particular, to cover share option plans and the grant of free shares, whose implementation was approved by the general meetings of shareholders in 2010, 2011, 2013, 2014, 2015, 2016 and 2017.

H.3 Changes in equity

Equity increased by €133 million as a result of the favourable change in the valuation of the the hedging contracts and related deferred tax (€193 million), a change in the cumulative translation reserve (€42 million) and the net profit for the period (€35 million) partly offset by the impact of the dividend payment (€139 million), as set out in the consolidated statement of changes in equity on page 14.

Dividend

On 27 April 2017, Groupe Eurotunnel SE's shareholders' general meeting approved the payment of a dividend relating to the financial year ended 31 December 2016, of €0.26 per share. This dividend was paid on 26 May 2017 for a total of €139 million (before 3% tax on dividends amounting to €4.2 million).

H.4 Earnings per share

i. Number of shares

		30 June 2017	30 June 2016	31 December 2016
Weighted average number:				
– of issued ordinary shares		550,000,000	550,000,000	550,000,000
– of treasury shares		(16,076,590)	(12,686,881)	(14,295,058)
Number of shares used to calculate the result per share (A)		**533,923,410**	**537,313,119**	**535,704,942**
– effect of share options	i	446,694	614,592	531,990
– effect of free shares	ii	3,191,971	1,068,829	1,943,874
– effect of preference shares	iii	1,063,055	1,983,837	1,501,796
Potential number of ordinary shares (B)		**4,701,720**	**3,667,258**	**3,977,660**
Number of shares used to calculate the diluted result per share (A+B)		**538,625,130**	**540,980,377**	**539,682,602**

The calculations were made on the following bases:

(i) on the assumption of the exercise of all the options issued and still in issue at 30 June 2017. The exercise of these options is conditional on the achievement of criteria as described in note E.5i to the consolidated financial statements at 31 December 2016;

(ii) on the assumption of the acquisition of all the free shares issued to staff. During the first half of 2017, 580,525 of the free shares issued in 2015 and 2016 were acquired by staff and 253,800 new free shares were granted (see note E.1i above). Details of the free shares are described in note E.5ii to the consolidated financial statements at 31 December 2016; and

(iii) on the assumption of the acquisition of all the free preference shares issued and still in issue at 30 June 2017. Conversion of these preference shares is subject to achieving certain targets and remaining in the Group's employment as described in note E.5iii to the consolidated financial statements at 31 December 2016. During the first half of 2017, 603 free preference shares issued in 2015 were cancelled because the performance conditions have not been met.

ii. Earnings per share

	First half 2017	* First half 2016	Full year 2016
Group share: profit			
Net result (€'000) **(C)**	35,460	59,858	200,585
Basic earnings per share (€) (C/A)	**0.07**	**0.11**	**0.37**
Diluted earnings per share (€) (C/(A+B))	**0.07**	**0.11**	**0.37**
Continuing operations: profit			
Net result (€'000) **(D)**	30,196	31,902	136,239
Basic earnings per share (€) (D/A)	**0.06**	**0.06**	**0.25**
Diluted earnings per share (€) (D/(A+B))	**0.06**	**0.06**	**0.25**
Discontinued operations: profit			
Net result (€'000) **(E)**	5,205	27,860	64,034
Basic earnings per share (€) (E/A)	**0.01**	**0.05**	**0.12**
Diluted earnings per share (€) (E/(A+B))	**0.01**	**0.05**	**0.12**

* *Restated in application of IFRS 5 following the sale of GB Railfreight Limited as explained in note C.2ii above.*

I. Income tax expense

I.1 Tax accounted for through the income statement

€'000	First half 2017	First half 2016	Full year 2016
Current tax:			
Income tax	(469)	(109)	954
Tax on dividends	(4,170)	(3,545)	(3,545)
Total current tax	**(4,639)**	**(3,654)**	**(2,591)**
Deferred tax	(1,300)	(3,445)	(14,858)
Total	**(5,939)**	**(7,099)**	**(17,449)**

The tax charge is determined by applying to the half year's result the estimated effective tax rate based on internal forecasts for the full year. The effective tax rate at 30 June 2017 excluding the tax on dividends was 4.9% (30 June 2016: 9.1%) as a result of the impact of changes in the exchange rate on current tax for the year and on the activation of deferred tax in respect of tax losses.

I.2 Changes to deferred tax

€'000	At 31 December 2016	1st half 2017 Impact on:				At 30 June 2017
		change in consolidation scope	income statement	other comprehensive income	cumulative translation reserve	
Tax effects of temporary differences related to:						
Property, plant and equipment	217,520	–	(6,859)	–	5,991	**216,652**
Deferred taxation of restructuring profit	(394,762)	–	–	–	–	**(394,762)**
Hedging contracts	53,817	–	–	65,695	(94)	**119,418**
Profit on sale of ferries	(15,790)	15,790	–	–	–	**–**
Other	(918)	–	504	93	(15)	**(336)**
Tax losses	261,831	–	5,055	–	(5,991)	**260,895**
Net tax assets/(liabilities)	**121,698**	**15,790**	**(1,300)**	**65,788**	**(109)**	**201,867**

Changes in the deferred tax asset in respect of the hedging contracts correspond to the effect of the partial termination of these contracts as part of the refinancing operation as described in note G.1iii above. This corresponds to the future reversal of this charge.

J. Events after the reporting period

As indicated in notes A.2 and C.2i above, the Eurotunnel Group exercised the put option on the Andalus Express (formerly the Nord-Pas-de-Calais) on 5 July 2017 and the sale was completed on 10 July 2017.

DECLARATION BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT AT 30 JUNE 2017

I declare that, to the best of my knowledge, these summary half-year consolidated financial statements have been prepared in accordance with applicable accounting standards and present fairly the assets, financial situation and results of Groupe Eurotunnel SE and of all the companies included in the consolidation, and that this half-year financial report presents fairly the important events of the first six months of the financial year, their effect on the summary half-year consolidated financial statements, the main transactions between related parties, and a description of the main risks and uncertainties for the remaining six months of the financial year.

Jacques Gounon,
Chairman and Chief Executive Officer of Groupe Eurotunnel SE,
24 July 2017

STATUTORY AUDITORS' REVIEW REPORT ON THE 2017 HALF-YEAR FINANCIAL INFORMATION

This is a free translation into English of the statutory auditors' review report on the half-year financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-year management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your general assembly and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of Groupe Eurotunnel SE, for the period from 1 January to 30 June 2017,
- the verification of the information presented in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II. Specific verification

We have also verified the information presented in the half-year management report on the condensed half-year consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

The statutory auditors, Paris La Défense and Courbevoie, 24 July 2017

KPMG Audit
Department of KPMG S.A.

Fabrice Odent
Partner

Mazars

Francisco Sanchez
Partner

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