

# EUROTUNNEL ON TRACK

LETTER TO GROUPE EUROTUNNEL SE SHAREHOLDERS

19 OCTOBER 2017



Dear Shareholder,

The third quarter is a source of great satisfaction:

- For the Channel Tunnel Concession, we set a new all-time record for passenger vehicle transport, with 563,750 cars carried on Le Shuttle between 17 July and 3 September and 138,774 trucks carried in September (the third quarter figures are overleaf). Even more satisfying was that the step-up in quality with the new *William Turner* FLexiplus lounge in Coquelles that we opened in July, has been widely appreciated. We have seen a 25% increase in usage. We are now waiting impatiently for the completion of the Folkestone lounge in March next year. Eurostar traffic has also held

up well, with growth of 4% mainly driven by overseas visitors and business travellers. This bodes well for the opening of the future London-Amsterdam link.

- Europorte continues to develop and is now the only successful French company in the rail freight sector, despite competition from Fret SNCF, which is incurring significant losses (€314M in 2016) and whose financial situation is having a negative impact on the market. But the French Government has just launched a project to "reset" the national railway system, which should ensure objectives to substantially reduce losses. Commercial competition can only benefit from this, with new opportunities for growth in this environmentally-friendly transport mode.

- ElecLink construction is on time and on budget. The works on the substation foundations have been completed and Siemens has started the superstructures. Balfour Beatty has begun to install the cable supports inside the rail tunnel during the nights of planned maintenance: in parallel with this, are the ongoing safety studies, conducted by independent specialists, which will ensure that the cable installation can begin in the spring of 2018. The Group, which takes the safety of people as its absolute priority, has always chosen, for this project as for all others, to call upon the leading experts in order to identify every possible risk.

With regard to Brexit, the negotiations between the UK and the European Union are the subject of a profusion of commentaries, both political and from different lobbyists. Many industries hope for a two-year transition period during which EU legislation would continue to apply to the UK and during which EU citizens could continue to settle in the UK, on condition that they register first.

This approach would mean that the UK would *de facto* remain in the single market with the continuation of free movement and for European citizens to settle for a further two years, that is until 2021.

We are following these evolutions closely and are in constant contact with all the parties involved in the discussions to ensure they understand that the Tunnel carries one quarter of all UK trade with Europe, representing hundreds of thousands of jobs on both sides of the Channel. We are also ensuring that they recognise something that may seem evident but which is often forgotten: that the Tunnel is a land border with the Continent, which sets it apart, somewhat like the Republic of Ireland.

In financial terms, we continue to progress unperturbed, with revenues of €783M for the first nine months of the year, an increase of 3% compared to 2016 (see details overleaf). As we have already said, this demonstrates how well the Fixed Link is positioned in the high contribution segments and that it has the flexibility to adapt fast to any situation. The official forecasts for growth in both the UK and Europe, which are about 1.7-1.8%, would continue to provide us with sufficiently dynamic markets. A weak pound attracts tourists to London, as seen in the Eurostar figures. An increase in inflation in the UK would ease any increase in fares and an increase in interest rates in the UK, leading to a strengthening of the pound, would also work in our favour.

Finally the French Government has been told to reimburse companies for the 3% tax it has applied since 2012 on the payment of dividends, which would represent €13M for the Group.

The Group no longer bears any resemblance to what it was 10 years ago. The debt is long term, balanced to its financial capacity and has recently been partially refinanced under favourable conditions. The Group has undergone a period of profound transformation and continuous growth, with a high level of commitment from its staff, focussed on its customer service and its shareholders. It is, today, in a position of strength in three complementary sectors and able to draw on the know-how developed from its experience with an exceptional piece of infrastructure. It gives us confidence for the future.

Yours faithfully,

**Jacques Gounon**  
Chairman and Chief Executive Officer

# In brief...



## Date for your diary

**13 November:** Eurotunnel Shuttle traffic figures for October 2017

## More than 70 Ferraris on board Le Shuttle



To celebrate the 70<sup>th</sup> anniversary of the prancing horse at the beginning of September, 75 Ferrari cars travelled from the United Kingdom on our Shuttles to take part in the Maranello rally in Italy, which was attended by more than 500 clients of Ferrari from all over Europe. These finely-tuned machines chose to travel with Flexiplus, the Eurotunnel premium service, for the outward and return trip. Please watch the [video](#) of the cars gathering at the Folkestone terminal, which created a real buzz online with more than 90,000 views in only 24 hours. So the best cars travel with the fastest cross-Channel operator!



## Groupe Eurotunnel receives Corporate Governance Award

On 19 September, the Group won the silver trophy in the Dynamic Corporate Governance category at the 14<sup>th</sup> Annual Corporate Governance Awards organised by the French economic and financial trade journal AGEFI. These awards reward listed companies who have the best corporate governance practices, in particular the activities of the Board of Directors, transparency of communication and corporate social responsibility. The prizes are based on the results of a survey of finance industry professionals based on a methodology validated by a steering committee. The prize awarded highlights the quality of corporate governance practices and the Group's consideration towards its investors and its shareholders.

# Focus on traffic and revenue figures

## 3<sup>rd</sup> quarter

Group revenues grew by +3% to €286M, at a constant exchange rate and on a comparable basis.

### Fixed Link Concession

- 402,796 trucks (+1%) and 895,370 cars (+1%) transported on Shuttles
- 2.7 million Eurostar passengers (+4%) through the Channel Tunnel
- 487 rail freight trains (+6%) through the Tunnel

### Europorte

- Renewal of main contracts with Exxon and Gefco.

## Nine-month period (1 January to 30 September)

Total Group revenues show a 3% increase to 783 M€.

### Fixed Link Concession

- 1.2 million trucks and 2 million cars transported on Eurotunnel Shuttles
- 7.7 million Eurostar passengers through the Channel Tunnel, a +2% increase
- 1,530 rail freight trains through the Tunnel, up by +15%
- +3% increase in the Fixed Link revenue to €695M

### Europorte

- Revenues rose by +2% to €88M.

Truck Shuttle <small>In thousands (number of trucks carried)</small>			Eurostar - In thousands <small>(number of Eurostar passengers through the Tunnel)</small>			Revenue for the first nine months <small>In €M (January-September)</small>		
Q3 2017	403	+1%	Q3 2017	2,692	+4%	2017	783	+3%
Q3 2016	400		Q3 2016	2,577		2016	759	
Le Shuttle for passengers <small>In thousands (number of cars carried)</small>			Rail freight trains <small>(number of trains through the Tunnel)</small>			More information in the <a href="#">press release</a> published on 19 October 2017 on the Group's website		
Q3 2017	895	+1%	Q3 2017	487	+6%			
Q3 2016	882		Q3 2016	458				

All comparisons with 2016 are at the average exchange rate for the first 9 months of 2017: £1 = €1.142

## Le Shuttle Freight: enhanced capacity and quality of service



The second new third generation Truck Shuttle entered commercial service on 23 August at 7:36am. The service offered to our haulier customers has also been strengthened by the opening of the Truck Park in Coquelles since 3 October: a paid parking area for 146 trucks, accessible 24/7, with the highest level of security (CCTV cameras, high security fences, detector and sensor devices, lighting, automatic number plate recognition), petrol station, Wi-Fi, snack bar, toilets and shower facilities. More information on the [Eurotunnelfreight](#) website.

The Eurotunnel freight marketing team has also published a new fully responsive [website](#), with optimised ergonomics for mobile devices, simplified user-friendly navigation and a Twitter feed enabling users to follow the Shuttle Freight messages in real time.



## Let's go to London with LinkLille on 20 October!

On 20 October, more than 250 representatives of the Northern region in France will travel to London with Eurostar, via the Channel Tunnel, for the day. These participants come from various backgrounds (economic, academic, public, civil society and the cross-Channel sector) will head to London to present Lille to their contacts, thus strengthening the attractiveness of the region. Economic, cultural, scientific and sporting relations with our British neighbours are not new and are therefore very strong. Great Britain is already the 3<sup>rd</sup> most important commercial partner of the Nord-Pas-de-Calais area with around 100 British-owned companies established in the region, employing c.7,000 people.



## Sustainable mobility action plan at Eurotunnel

Eurotunnel continues to improve its corporate social responsibility by encouraging its employees in Coquelles to use alternative means of transport for commuting to work with the launch of three new actions identified in its Company Mobility Plan: implementation of a shuttle bus between the Frethun high-speed train station and the Coquelles terminal, setting up of a Eurotunnel community on a car-pooling digital platform and electric cars and bicycles to test drive. Measures already in place comprise: bicycle-parks, an electric car fleet and charging stations, piloting of teleworking and information on public transport. In Folkestone, 70 employees have already joined the *Cycle to work* scheme set up in 2016 at Eurotunnel and benefited from the related tax deductions. Many of these employees took part in the national *Cycle to work Day* and cycled 400 miles in total to come to work on 13 September. These initiatives contribute to minimise the company's carbon footprint and to develop employee well-being.