

# Eurotunnel on Track

September 2007



Letter to Groupe Eurotunnel SA Shareholders



Dear Shareholder,

As the summer holidays come to an end, the news from Eurotunnel is only good.

Our operating results for the first half of 2007 have once again been excellent. Our operating performance has improved noticeably. The restructuring which we have been working on since the end of 2005 is at the root of this spectacular improvement in fortunes and clearly **the new Groupe Eurotunnel SA with its debt reduced by half has very little to compare to the underperforming company of the past.**

**And how could we fail to be pleased with the record recently established by Eurostar** which on 4 September linked Paris to London in just 2h03 instead of 2h35. This moment, when Great Britain joined the era of the High Speed Train was another major accolade for our group.

## EXCELLENT RESULTS

Revenues have increased to €373 million for this first half, corresponding to a proforma growth, not including the MUC, of 7% when compared to the first half of 2006. And at the same time our market share is improving.

The profitability of our operations is improving strongly. The operating profit is €128 million, an increase of more than 50% and the ratio operating margin/revenues has reached 56%, a proforma increase of 10 points in 2 years: an exceptional performance.

I want to underline the fact that the accounts for 2005 and 2006 were approved with 99.9% of the vote in favour during the AGMs of Eurotunnel SA and Eurotunnel PLC which were held in Coquelles on 27 July. These same meetings also decided, for clarification purposes, to change the names of these two companies, which are now known as TNU.

## A POSITIVE OUTLOOK

The second six months have begun very well:

- The Rugby World Cup (7 September to 20 October) has led to an explosion in passenger reservations (+15,000 cars at the time of writing).
- The new high speed line between London and Paris, which I mention above, should bring a major increase in traffic. Our teams played an active part in the performance attained by Eurostar with the Channel crossing element reduced exceptionally to just 13 minutes.
- On 23 August, "Europorte 2" carried out a trial run, travelling on the RFF infrastructure to Frethun; **this is the first time in the history of Eurotunnel that we have gone outside the Concession.** This new skill, allied to on-going discussions with our traditional railway partners should enable us to put a stop to the current decline in rail freight and to put in place a strategy for development.

**The improvement in operations is continuing. The debt has been divided by two and we are ahead of our business plan. The future of Groupe Eurotunnel SA is now therefore perfectly visible and totally solid. Our shareholders will be able to reap the rewards.**

## THE NEXT STEPS

We are first of all going to continue with the simplification we have started:

- TNU is no longer listed in London or Brussels. Its continued listing in Paris enables shareholders to get out if they should wish so.
- The recapitalization of TNU (still carrying negative equity to the tune of €2.3 billion) by the majority shareholder, Groupe Eurotunnel SA, will clearly reduce the value of its Units.
- The specialist credit rating agencies should publish their rating of Groupe Eurotunnel SA's reimbursement capacity. This will be a major event which will confirm our financial rehabilitation. I will just add that the rapid pace of the corporate turnaround enabled us to negotiate the new loan on very good terms, just in time before the current financial crisis.
- The consolidation of Groupe Eurotunnel SA shares in the autumn based on a ratio of 1 new share for 40 old will enable us to extricate the shares from the "penny stock" category which is often associated with speculation. Subsequently we will be looking at the repurchase of all or part of the Notes Redeemable in Shares (NRS), ready to take the opportunities as they present themselves and launching an increase in capital during the spring of 2008, after the publication of the 2007 results. The nature of this capital increase will depend on the market conditions at the time; it will also depend upon the interest it could generate amongst long term investors. It is therefore not possible to say more at this time. You may, however, depend on me once again to keep your best interests at heart.

During these uncertain times for the financial markets, the Channel Tunnel Concession with its remarkable performance will not take long to make its chaotic past just a distant memory and will progressively appear as what it is: a solid and **profitable investment in the field of transport infrastructure at the heart of Europe.** It is with the strength of this conviction that the Board and our teams work to maintain our progress.

Thank you for your confidence.

A handwritten signature in black ink, appearing to be "JG", written in a cursive style.

Jacques Gounon  
Chairman and Chief Executive

These accounts, prepared in accordance with IFRS, are those of the old Eurotunnel (renamed TNU) which was the object of a takeover at the end of June following an Exchange Tender Offer launched by Groupe Eurotunnel SA (GET); but the results for the first half of 2007 once again underline the improvement in all aspects of operations. Groupe Eurotunnel SA will publish its first set of accounts during the first quarter of 2008.

# FOCUS on half year results

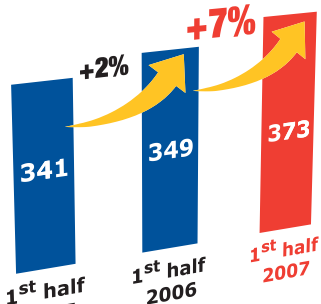
## 3 Key indicators highlight the considerable efforts made over the past two years

### > Continuing growth

Revenues for the first half are up by 7%, proforma, at €373 million. The company has seen a tangible improvement in revenues generated by its core business: the transport of trucks and cars on Shuttles. These revenues have risen to €240 million, equal, at constant exchange rates, to an increase of 8%, compared to the first half of 2006.

Revenues (in €m)\*:

2 consecutive years of growth



\* not including Minimum Usage Charge (MUC) from Railway Usage Contract.

The revenues coming from railway traffic have declined as a result of the ending of the "MUC" (the sum paid until the end of November 2006 by the railway companies). Not including this element, revenues from the railways have increased by 6% thanks to an increase in Eurostar traffic and despite a reduction in railway freight.

The ending of the MUC should have led to a mechanical reduction in total revenue of 14% (value of the MUC as a percentage of total revenues for the first half of 2006).

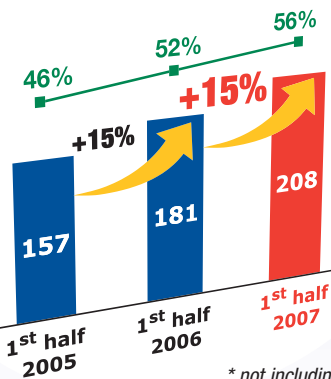
In fact, it has only gone down by 8%: thanks to Eurotunnel's dynamism, the company has succeeded in compensating for a large part of the loss of this historical financial mechanism.

### > Profitability significantly improved

Eurotunnel has achieved a further 2% reduction in operating costs during the first half of 2007, in comparison to the first half of 2006; a reduction which should be viewed in the light of the increase in traffic. Not including the impact of the MUC, the operating margin has improved by 15% to reach €208 million with a ratio of operating margin to revenues which is genuinely exceptional at 56%.

Operating margin (in €m)\*:

more than 30% up in 2 years



\* not including MUC.

— Operating margin/revenue

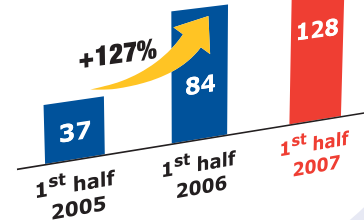
### > Operating result significantly improved

Depreciation in the first half of 2007 amounted to €80 million, an increase of €2 million compared to the first half of 2006. Trading profit is €128 million for the first half of 2007, an increase, not including the MUC, of +24% above the first half of 2006.

Finally, the net result for TNU is a loss of €32 million (an improvement of €73 million) for the first half of 2007 compared to a loss of €105 million for the same period in 2006 (€160 million not including the MUC).

Operating result proforma (in €m)\*:

multiplied by 3.5 in 2 years



\* not including MUC.

### WARNING

Shares and warrants in the new company, Groupe Eurotunnel SA trade under the codes ISIN FR0010452433, mnemonic "GET" (Eurolist compartment B) and FR0010452441, mnemonic "GETBS" respectively.

The Units listed as TNU code ISIN FR0000125379 (Eurolist compartment A) relate to the remaining capital (7%), not tendered to the ETO for the companies TNU SA (formerly ESA) and TNU PLC (formerly EPLC) which have become subsidiaries of Groupe Eurotunnel SA. The market for these Units is for this reason totally speculative.

### " News on line "

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