

# Eurotunnel on Track

March 2009



## Letter to Groupe Eurotunnel SA shareholders



Dear Shareholders,

**A net profit of €40 million, a dividend:** these are two big "firsts" in the annual accounts.

You will find detailed figures overleaf, but here are some of the highlights:

- As a result of a **payment on account of €44 million by insurers** as indemnity for operating losses following the fire in September, "recalculated" revenue has reached €748 million, an increase of more than 4%<sup>1</sup> ;
- The **EBITDA** has increased by more than 5% to **€421 million**. This enables us to be around 16% ahead of the Safeguard Plan objectives.
- **Financial charges have decreased** by just under 2% to €249 million;
- **Available cash-flow** as at 31 December 2008 was €276 million - no issue with repayments. Beyond that, it must be stressed that in 2008, we used available cash-flow to improve your position as shareholders - we now have **6 million own shares** to be used to pay the interest on the SDES and the loyalty bonus relating to the rights issue of the first half of 2008. We have also bought back NRS I, thereby **cancelling the issue of more than 9 million shares in future**.

These results are concretised by another leap towards **the exercise of the Warrants issued as part of the Exchange Tender Offer (ETO) of May 2007**.

You already know that 43% will definitely be exercisable in 2011. Today, the new exercise ratio, yet to be confirmed, should reach over 75%. The return I promised you during the restructuring, when things would get better is becoming a reality. The question is now, of course, why wait until 2011 to convert this guaranteed element? The board is considering what could be done in that respect and is therefore proposing to you at the general meeting a **specific resolution** (17<sup>th</sup>) to delegate authority to the board to potentially anticipate the conversion of any financial instruments issued by your company - if this may be of interest to you, don't forget to vote!

**In 2009**, the news around Eurotunnel remains focused on the fire and its consequences. In 1997, it took 12 to 18 months to recover the traffic levels from before the fire. The road haulage companies plan a year ahead and those who contracted with the ferries in November/December will not be back immediately.

This is why our insurance covers 24 months. Today, we estimate our operating losses will be c. €120 million, to be negotiated with our insurers.

That said, we will not be standing still - our priority, via our yield management policy and targeted commercial activity, is to do our utmost to ensure that our customers find their way back to the Tunnel.

This work must be done in a competitive environment further disrupted by the arrival of a new competitor, *Louis Dreyfus Armateurs*. Benefiting from local subsidies in respect of the Dieppe-Newhaven crossing, this ship-owner has apparently offered to buy SeaFrance, itself undergoing a restructuring.

Eurotunnel believes competition is beneficial, provided it is not distorted by public subsidies which we have never benefitted from. We will be constructive but vigilant in this regard. The other priority, as I indicated in a previous edition is to **get approval as quickly as possible from the Concession Authorities for the installation of fixed zones within the Tunnel for the control and extinction of potential fires in future**.

Furthermore, at the time of the creation of Groupe Eurotunnel SA, we undertook to **simplify** the current structure of the group so as to be more efficient: the aim being that the two Concessionaires of the Fixed Link, namely The Channel Tunnel Group Limited (CTG) and France Manche SA be held directly by the parent company, Groupe Eurotunnel SA. TNU PLC (ex Eurotunnel PLC) is to be maintained as it is, so as not to call into question the travel privileges linked to it. TNU SA, however (ex Eurotunnel SA), is to be merged into Groupe Eurotunnel SA. The legal changes will be put to the forthcoming respective general meeting of each of these companies.

You will see that there is still much work to be done and that, as ever, we need your support to bring things to completion.

**We will next meet** at the general meeting of Groupe Eurotunnel SA, on **6 May 2009, in Coquelles**.

**It is the date of the 15<sup>th</sup> Anniversary** of the inauguration of the Channel Tunnel. Beyond such symbolic moment, I trust you will be pleased to vote in favour of all the resolutions proposed by the Board, **in particular that relating to the payment of the first dividend**.

Yours faithfully,

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

Jacques Gounon  
Chairman & Chief Executive

<sup>1</sup>All comparisons with 2007 pro forma are done at a constant exchange rate (£1 = €1.216).

# FOCUS ON THE 2008 ACCOUNTS

On 4 March 2009, Groupe Eurotunnel presented its consolidated accounts, certified by its auditors. **The 2008 accounts<sup>1</sup> show a positive net profit of €40 million and enable the distribution of the first dividend in Eurotunnel's history.**

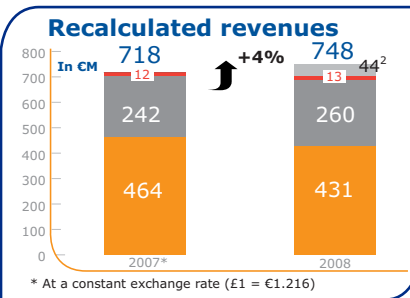
## Revenues

Total revenues and other operating income reaching **€748 million** have increased by **4%** in 2008.

The first payment on account from insurers in relation to operating losses is €44 million<sup>2</sup> net of the €10 million excess and is accounted for in other operating income.

**In the first half of 2008**, Groupe Eurotunnel **increased its revenues** from Shuttle Services by 11% compared to 2007. The reduction in available capacity in the last quarter, following the fire, led to an overall decline of 7% in Shuttle Services revenues for 2008, at €431 million.

The opening of the second part of the high speed line in the UK led to a **marked increase** of 7% in revenues coming from the Railways, i.e. €260 million. This growth is essentially due to a very significant increase in Eurostar traffic: 9.15 million passengers in 2008, 10% more than in 2007. Eurostar notably beat a **historical record** in July, transporting 923,151 passengers.

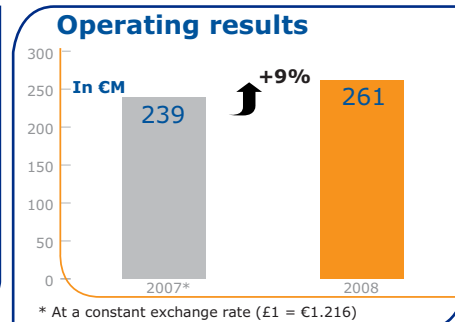
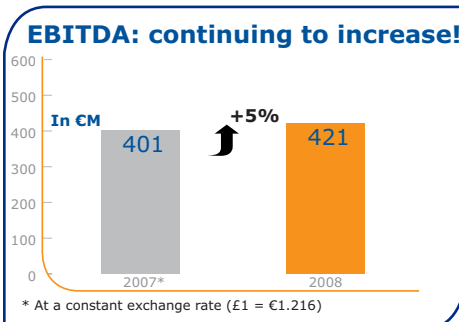


## 2008 results

Thanks to the control over operating costs, the **operating margin (EBITDA<sup>3</sup>) is improved by 5%**, i.e. €421 million and, despite the fire, **remains approximately 16% ahead of the objectives set out in the Safeguard Plan<sup>4</sup>**, the EBITDA: revenues ratio has increased to 56%.

At €261 million, at a constant exchange rate, **the operating result for 2008 is 9% ahead of 2007.**

After taking account other operating income (€28 million) and net financial charges on the debt representing €249 million (a decrease of €6 million at a constant exchange rate), **the net consolidated result for Groupe Eurotunnel SA is a profit of €40 million.**



<sup>1</sup> All figures indicated and all comparisons with 2007 are at a constant exchange rate (€1 = £1.216)

<sup>2</sup> First payment on account in relation to operating losses received in 2008.

<sup>3</sup> Earnings before tax, depreciation and amortisation.

<sup>4</sup> At a constant exchange rate and restated in IFRS.

## Eurotunnel distributes its first dividend!

Eurotunnel is proposing to distribute a dividend of 4 cents of a euro to its shareholders in respect of the 2008 financial year representing a payment of €7.6 million. The ex-dividend date will be 10 July and the payment will be made on 15 July 2009.

## How to take part in the general meeting on 6 May 2009?

In your pack, you will find all the necessary information on the resolutions being proposed by the Board. If you are unable to attend the meeting, you must complete and sign the single proxy/postal voting form and return it **before 4 May 2009 failing which your vote may not be taken into account (be careful with postal delays with bank holidays)**. Should you still not have received your pack by 10 April 2009, don't hesitate to request it immediately from your account manager.

- **If you hold your shares in bearer form, your account manager will be your contact.** Once you have completed and signed the form, return it to your bank and they will complete the necessary formalities on your behalf, in particular the delivery of a participation certificate.
- **If you are a registered shareholder, please contact BNP PARIBAS SECURITIES SERVICES:**  
Tel: +33 1 55 77 41 02 (from abroad) / 0810 139 570 (local call from France).
- **If you are a CDI holder either through Computershare or through any other financial intermediary, you must return your Form of Instruction to COMPUTERSHARE INVESTOR SERVICES PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ, which is your sole point of contact for this general meeting.**  
Tel: +44 (0) 0870 703 0039 (Local rate).

To contact the  
Shareholder  
Relations Centre

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Terminal UK - Ashford Road - Folkestone - Kent CT18 8XX  
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