



# 2016 Annual results of Groupe Eurotunnel SE

1<sup>st</sup> March 2017

Jacques Gounon – Chairman and Chief Executive Officer



# #VitalLink



1. 2016 KEY FIGURES



2. CONCESSION AND INFRASTRUCTURE



3. 2016 FINANCIAL RESULTS



4. OUTLOOK

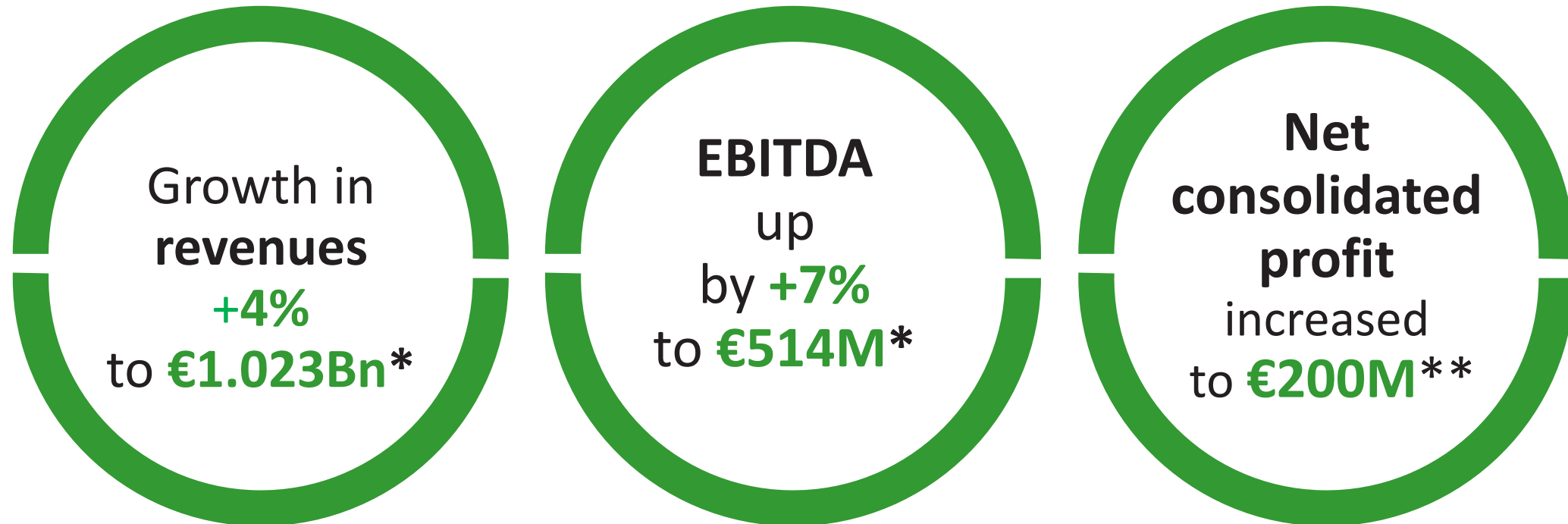


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## 2016 KEY FIGURES

# 2016, THE BEST YEAR IN OUR HISTORY



\* At 2016 exchange rate of £1 = €1.216 and excluding discontinued activities

\*\* Including exceptional operations

# ALL INDICATORS ARE ON GREEN

- Growth in revenue: +4% to **€1.023Bn\***
- **€136M** free cash flow
- Scheduled repayment of the term Loan: **€36M**,  
i.e. **€313M** total reduction since 2008
- EBITDA: up by +€32M (+7%) to **€514M\***
- Operating profit (EBIT): up by +65 M€ (+19%) to **€401M\***
- Pre-tax net result for continuing activities: a **€154M\*** profit  
including €50M for full consolidation of ElecLink
- Net result for discontinued activities: a **€64M** profit
- Net consolidated result for the Group: a **€200M\*\*** profit  
(vs €75M in 2015)

\* At 2016 exchange rate: £1 = €1.216 and excluding discontinued activities

\*\* Including €114M linked to exceptional operations



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## CONCESSION AND INFRASTRUCTURE



# EUROTUNNEL GROUP: CREATING VALUE

## 1. FIXED LINK

- A unique asset in the world of infrastructure

## 2. ELECLINK

- A proven economic model
- Significant revenues expected from 2020

## 3. EUROPORTE

- No. 1 private operator in France
- The best performing in its market

## 4. EUROTUNNEL GROUP

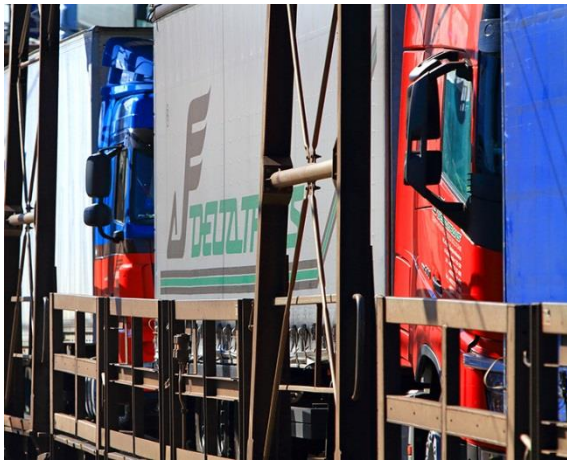
- The operating margin, EBITDA, above the objective set for 2016



# FIXED LINK

## 1. MARKET LEADER

14 consecutive months of traffic records for trucks (Nov 2015-Dec.2016)



317,424 cars transported in July 2016 (1998 all-time record broken)



> 300,000 pets onboard the Shuttles in 2016 (+16% vs 2015)



> 125,000 trains through the Tunnel, an average of 340 trains per day in 2016



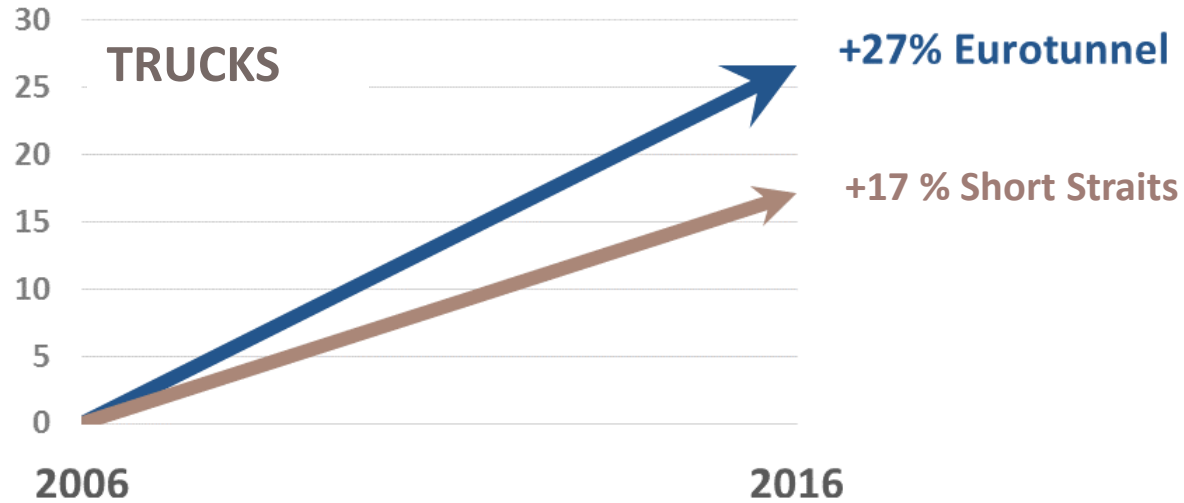
*A large reserve of capacity available*



*Since 1994, more than 390 million passengers and 77 million vehicles travelled through the Channel Tunnel*

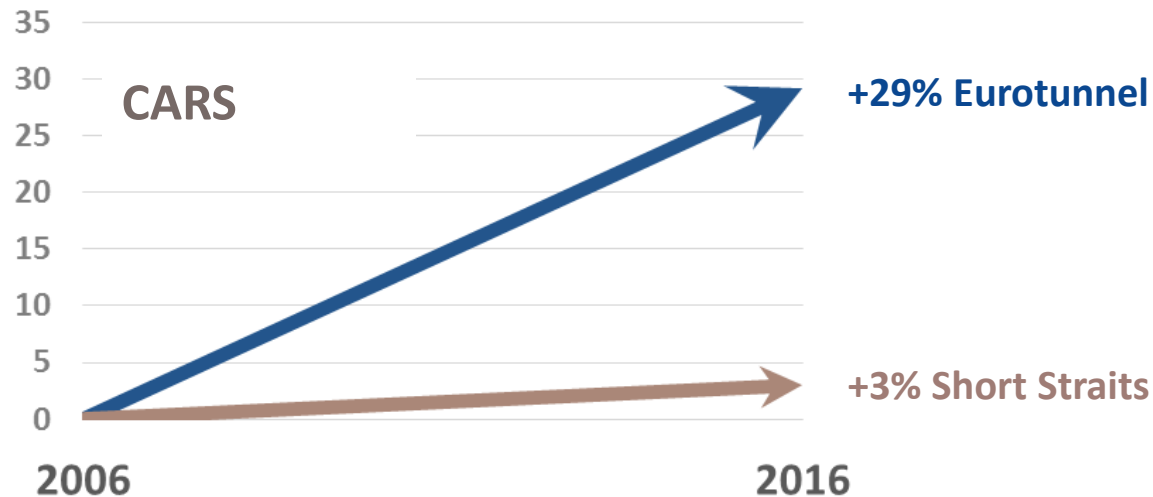


## 2. Outperforming the Short Straits market



### Trucks: meeting our customers needs

- Market share gain of 300bp (39.2% in 2016)
- Quality of service: saving of 2 hours per crossing, less impacted by weather
- Just-in-time logistics: trans-European production models
- Express deliveries: speed and precision
- Growth linked to the e-commerce development

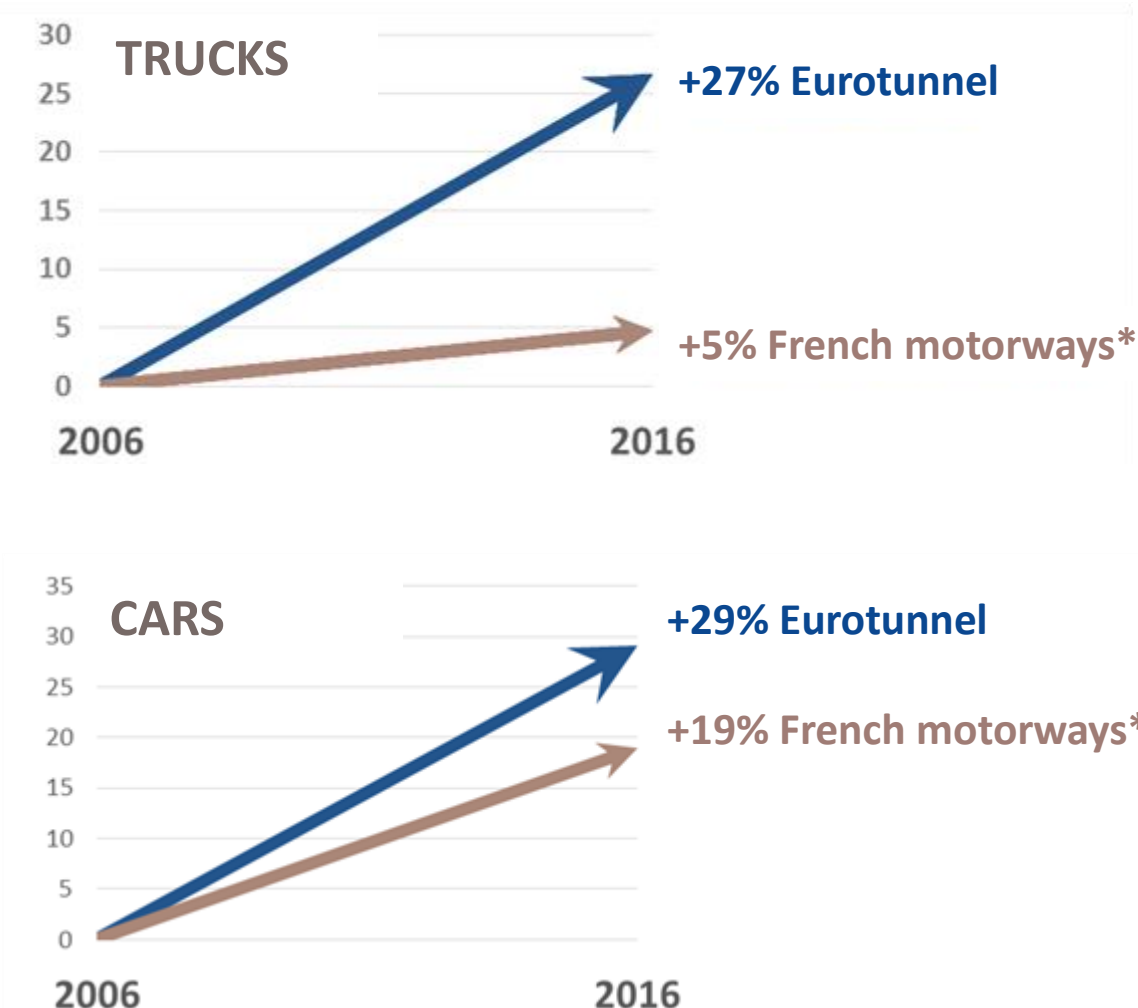


### Cars: gain in market share

- Gain in market share of 1,100bp (55% in 2016)
- Speed, frequency, ease of use

# FIXED LINK

## 2. Outperforming the French motorways

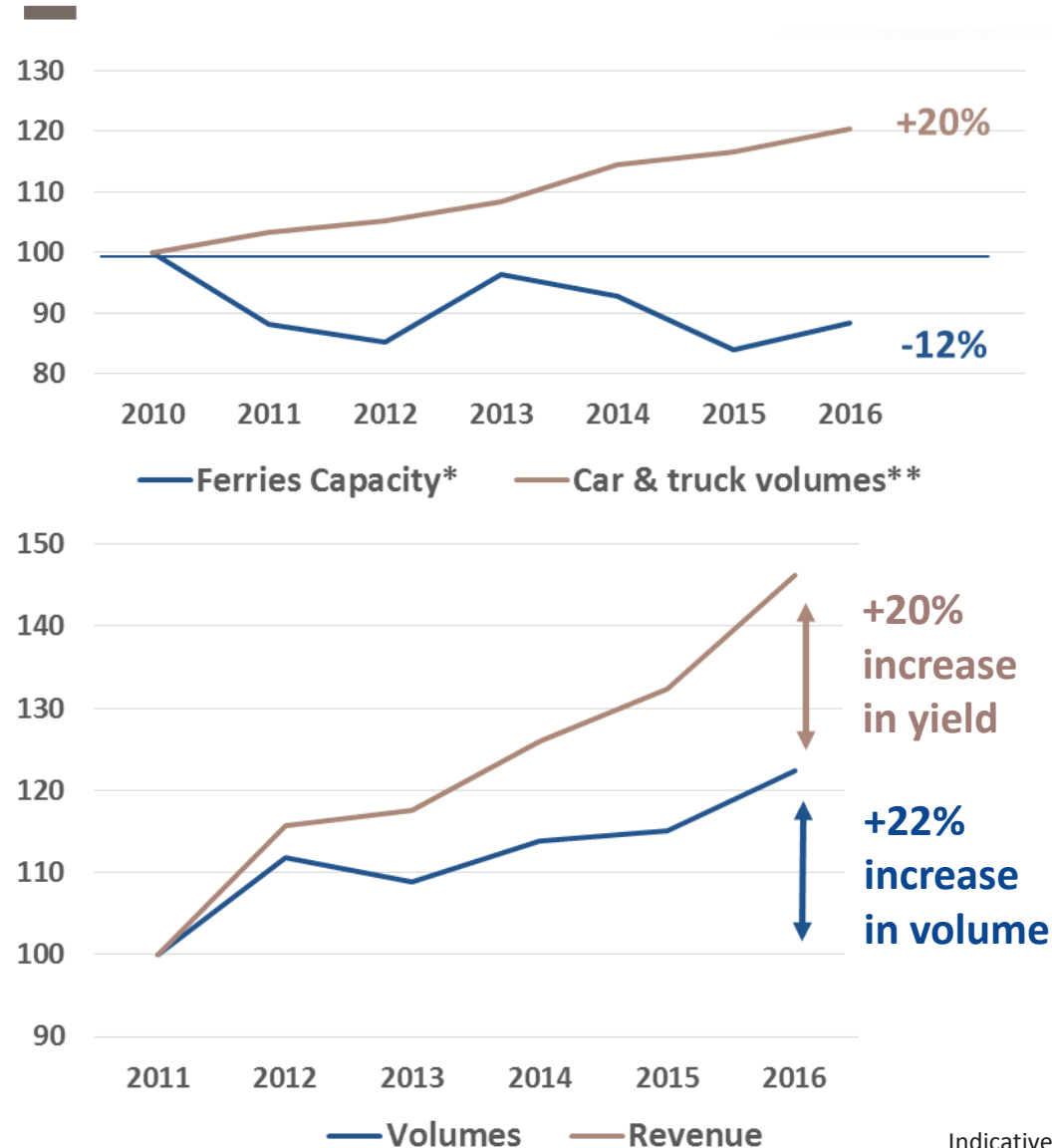


**A performance above  
that of the French motorways**

- Fixed Link truck volumes grew 27% vs only 5% for the French motorways over the period
  - Strong British economy
  - Development of international logistics (Trans-European production models and e-commerce)
- Fixed Link car volumes grew 29% vs only 19% on the French motorways

# FIXED LINK

## 3. Pricing power



### Rationalisation of the ferry market

- Significant reduction in ferry capacity since 2010 :
  - Only two operators and 12 ferries vs three operators and 13 ferries in past years
  - Vessel entries in the Port of Dover down 12% since 2010
- Strong market growth
  - Increased load factor for ferries and the Fixed Link

### Significant increase in yield since end of SeaFrance

- Yield increase of 3.8% per year since 2011 (end of SeaFrance) significantly higher than the inflation
- Passengers: Yield management and Flexiplus
- Trucks: twice the number of peak traffic days in 2017



# FIXED LINK – PASSENGER SHUTTLES

## 3. Improved quality of service to boost yield

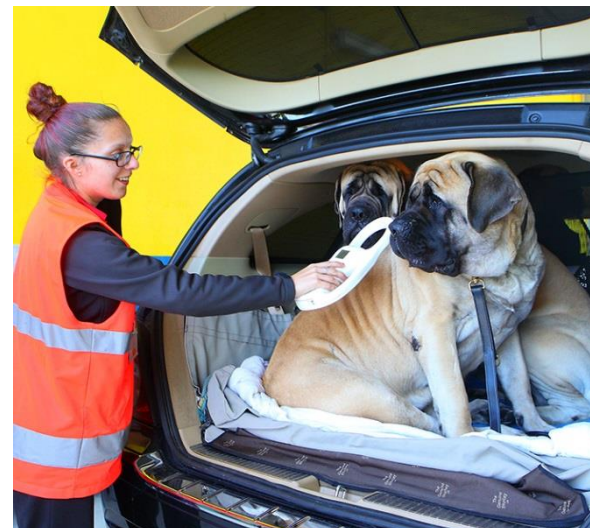
Commercial vans  
on board Le Shuttle  
since November 2016



3,500 electric cars  
on board Le Shuttle  
in 2016



Innovation at pets  
building in Coquelles:  
*Pets drive-thru*



New Flexiplus lounge,  
dedicated check-in  
and priority boarding



- + *iBoarding during Tunnel crossing*
- + *91.4% satisfied and very satisfied customers in 2016 (1,000 surveys /month)*
- + *Flexiplus: 5% of Le Shuttle traffic in 2016*

## 4. Investments for capacity

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### ○ **Operational development for capacity**

- New scanners for commercial vans on Passenger service
- New allocation area for trucks prior to boarding
- Construction of a parking for 3,600 trucks near the M20 motorway in Kent announced by the British government in 2016

### ○ **2020 multiyear Digital Programme**

- Digitalisation for maintenance and operations
- 1 night of maintenance in the Tunnel per week instead of 2
- Big data to optimise the Tunnel and rolling stock maintenance planning
- Connected equipment: air conditioners on Passenger Shuttles, sensors on track, maintenance wagon in the Tunnel,...

### ○ **3 new Truck Shuttles**

- 1<sup>st</sup> in commercial service in February, the other 2 before the end of 2017

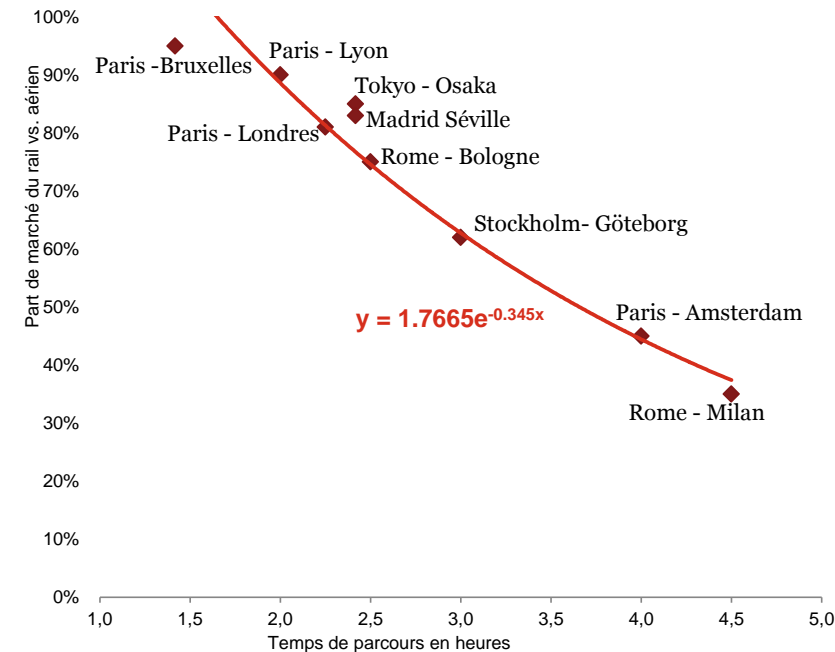
# FIXED LINK – A DEVELOPING MARKET

## 5. New services and destination for Eurostar

- **New Eurostar trains**
  - +20% capacity (900 passengers)
- **Development of traffic / destination**
  - New route : London to Amsterdam in less than 4 hours, opening at the end of 2017
  - Potential traffic of +4M passengers by 2020 (on existing and new routes)
  - Key lever: reduction in journey time
- **Charges set by the Railway Usage Contract (RUC) until 2052**



Temps de parcours vs. part de marché du rail : courbe de tendance (exponentielle)



Source: OCDE, PwC analysis




## 6. A unique asset in the world of infrastructure

- **Concessionaire until 2086**  
of the vital binational link  
between France and the United Kingdom
- **25% of all UK trade of goods**  
with the European Union  
are transported through  
the Channel Tunnel,  
worth €115Bn per year\*



## New infrastructure creating value



An **economic model** proven over more than 20 years

Recurring **revenues\*** expected from 2020

**25-year** exemption for the sale of capacity

**1,000MW** electricity capacity, equivalent to the consumption of **1.65 million households**

\* In time, up to €100M additional EBITDA per year

Indicative figures, in full year, based on the market conditions between 2006 and 2016

# EUROPORTE

## A sustainable economic model

- **15 November 2016:** sale of the British subsidiary **GB Railfreight** to EQT Infrastructure II
  - €180M enterprise value, with a 28% internal rate of return
- **Europorte in France:** EBITDA break-even in 2016
- Horizon 2020 for profitable growth
- Significant capacity for development
  - Development of long-term partnerships
  - Opportunities in private infrastructure management and maintenance of feeder networks



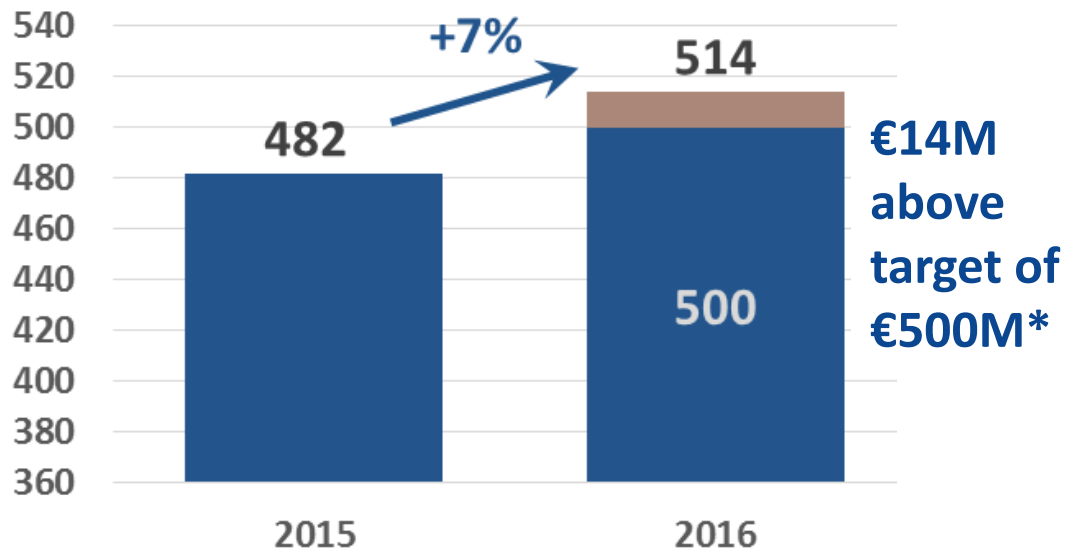


# EUROTUNNEL GROUP

## Continued growth in EBITDA and dividend distribution in 2016

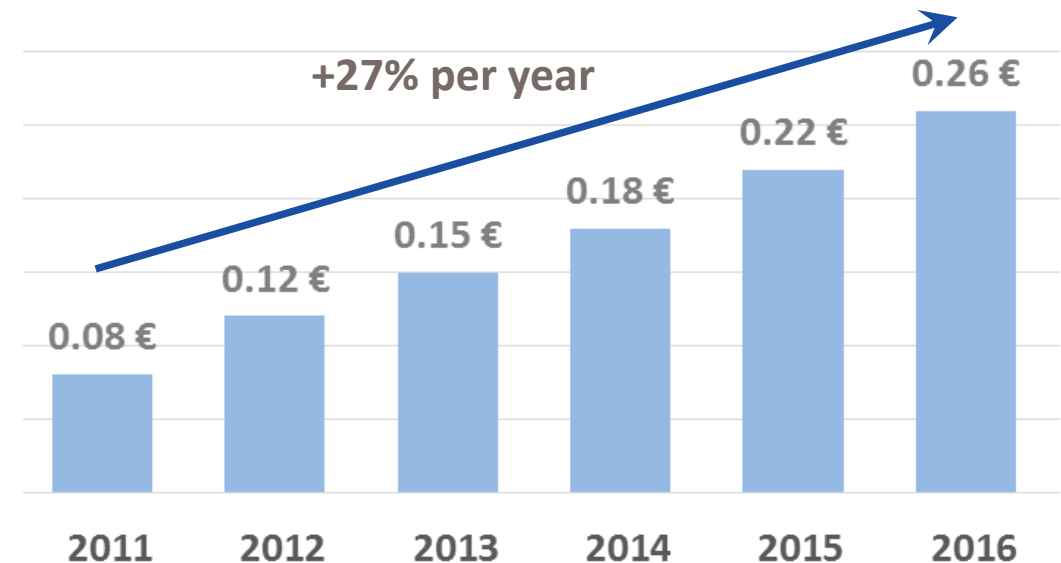
### EBITDA

- With €514M EBITDA in 2016, the Group has exceeded by 2.7% its target of €500M\*



### Dividend

- +€0.04 to €0.26, a 18% increase for the financial year 2016



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## 2016 FINANCIAL RESULTS

# EUROPORTE AND ITS SUBSIDIARIES IN FRANCE

In €M	2016	Change	2015*
Revenue	116	-6%	123
Operating costs	-116	-7%	-125
Operating margin (EBITDA)	0	€2M	-2

## Revenue

- Reduction in the transport of cereals
- Impact of many strikes and blockades in France
- Renewal of all contracts at ports



## Operating costs

- In line with the temporary reduction in activity
- First impact of the return to equilibrium strategy: optimisation of resources and operations

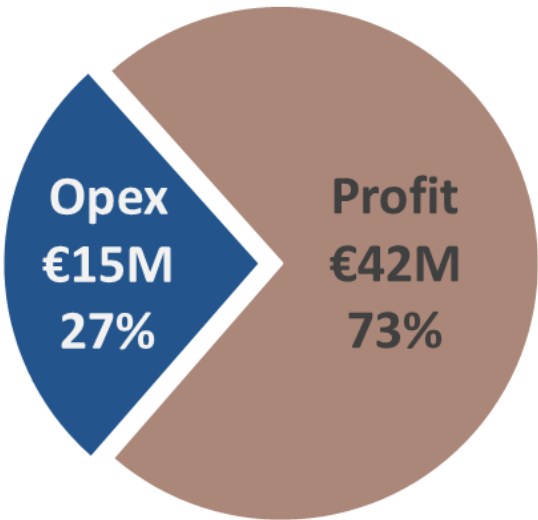


# FIXED LINK CONCESSION



Strong profitability  
leverage

+€57M Shuttle revenue growth



In €M	2016	Change	2015*
Revenue	907	+5%	861
Shuttle Services	603	+10%	546
Railway Network	290	-3%	300
Other	14	-8%	15
Operating costs	-392	+4%	-377
Operating margin(EBITDA)	515	+6%	484

- Excellent progress of segment which represents **89%** of the Group's revenue
- **€57M** increase in Shuttle Services revenue to €603M in 2016, **+10%**
- EBITDA/Revenue ratio: **56.8%**



\* Recalculated at 2016 exchange rate: £1 = €1.216 and restated for IFRS 5

# 2016 INCOME STATEMENT (in €M)

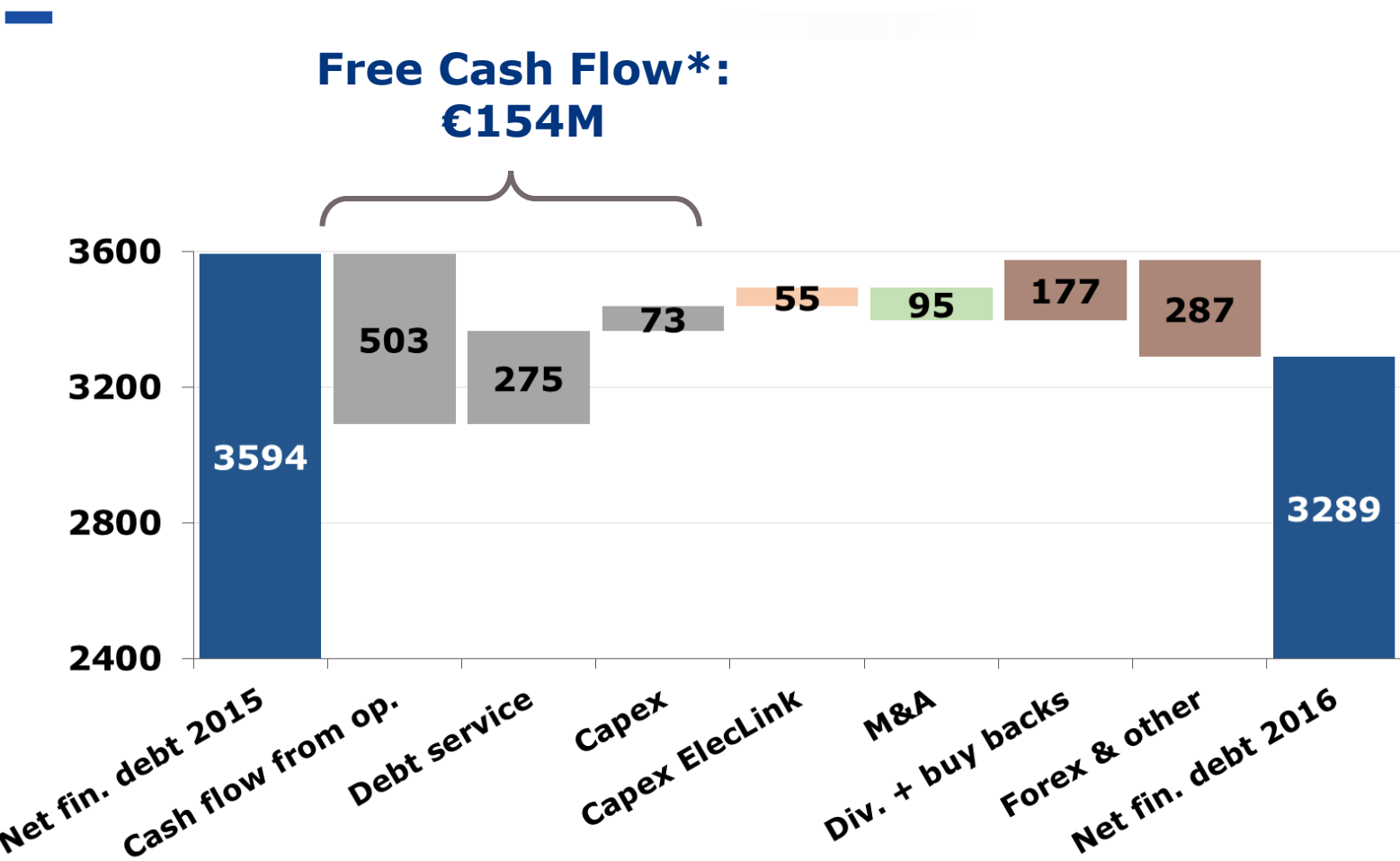
€M	2014*	2015*	2016	Δ % 2016 vs 2015
Revenue	948	984	1,023	+4%
Operating costs	468	502	509	+1%
EBITDA	480	482	514	+7%
EBIT	317	336	401	+19%
Net finance costs and other	272	256	247	-3%
Pre-tax profit from continuing activities excluding exceptional operation**	45	80	104	+30%
Pre-tax profit from continuing activities	45	80	154	+93%
Net consolidated profit	51	75	200	+169%

- Growth in EBITDA exceeding that of revenue
- Strong growth in net consolidated result, including in 2016 €114M linked to exceptional operations

\* Restated for IFRS 5 and recalculated at 2016 exchange rate: £1 = €1.216

\*\* Excluding profit on full integration of ElecLink in 2016

# FREE CASH FLOW AND CAPEX



## Significant Net Financial Debt reduction

- Underlying FCF excl. ElecLink = €154M
- Capex = €73M, of which €68M for the Fixed Link
- ElecLink: €55M spent (of which €54M Capex)
- M&A: €95M reduction of net debt
- Dividend and share buy back for €177M in total
- Forex impact: €273M reduction of net debt

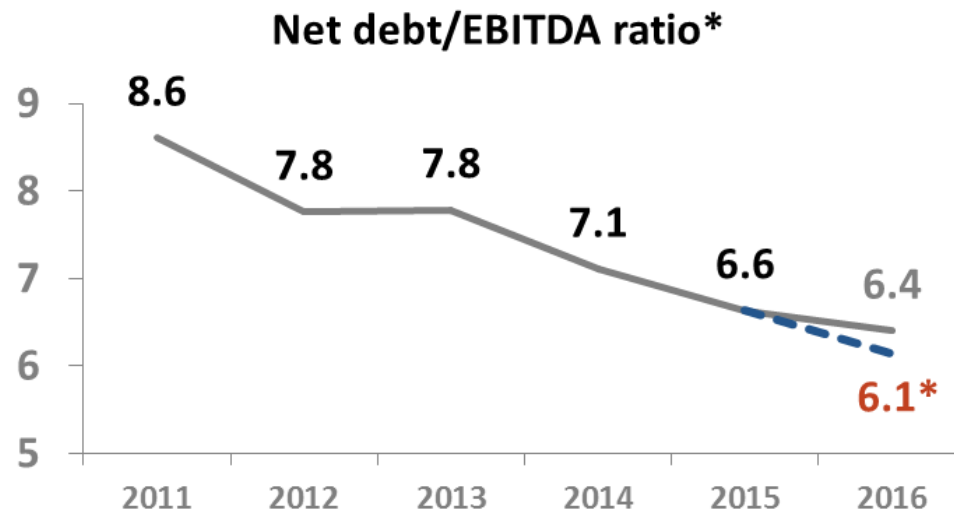


# NET DEBT / EBITDA

in €BN	2015	2016
Financial debt	4.16	3.79
FRN held	0.2	0.2
Cash	0.41	0.35
Net financial debt	3.6	3.3
<b>Net debt/EBITDA ratio</b>	<b>6.6</b>	<b>6.4</b>

## Financial deleverage

- Net debt of €3.3BN
- Reduction of €305M
- Decreased leverage:
  - Net debt/EBITDA = 6.4 vs 6.6
  - 6.1 in 2016 excluding impact of ElecLink



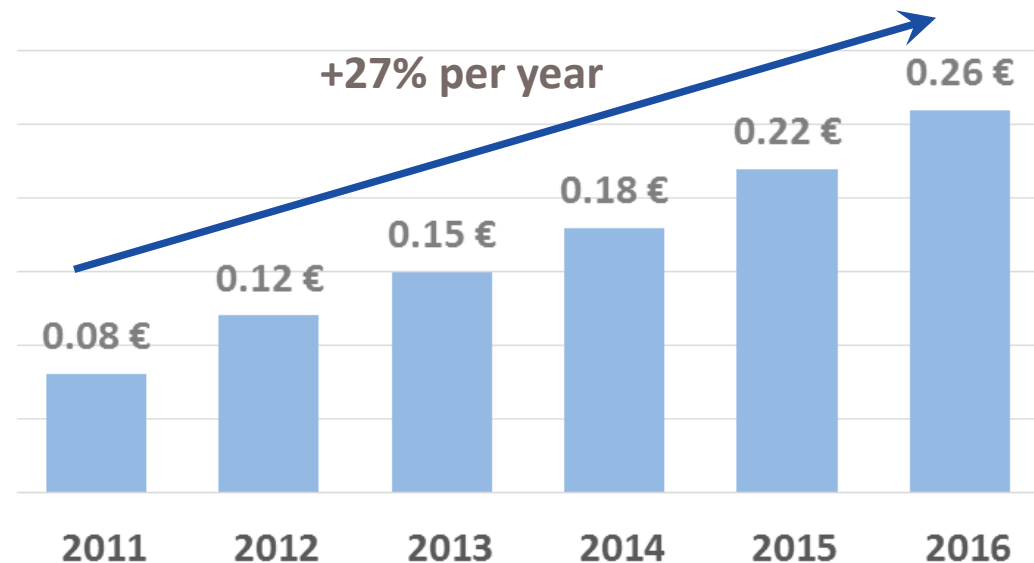
\* Excluding impact of ElecLink (€130M investment in 2016 and -€1M EBITDA)

# TREASURY IN 2016

○ Dividend paid in 2016	=	€118M
○ Scheduled repayment of loans incl. €36M for the Term Loan	=	€38M
○ 5.7M shares buy back	=	€59M
○ Net CAPEX* (incl. €129M for ElecLink, €68M for Fixed Link and €5M for Europorte)	=	€202M
○ Cash position at 31/12/2016 (vs €406M at 31/12/2015)	=	€347M

# APPROPRIATION OF THE INCOME STATEMENT

- Proposed payment of a dividend
  - €0.26 per share, a 18% increase
  - Total amount for 2016: €143M
  - Total amount distributed since 2008: €595M
- To be approved at AGM on 27 April 2017
- A sustainable dividend policy





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OUTLOOK



# EUROTUNNEL GROUP

## Summary of 2016 results

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- Growth in revenue: +4% to **€1.023Bn\***
- EBITDA: up by +€32M (+7%) to **€514M\***
- Operating profit (EBIT): up by +65 M€ (+19%) to **€401M\***
- Net debt: **€3.3Bn**
- Net consolidated result for the Group: a **€200M\*\*** profit (vs €75M in 2015)
- Dividend: +18% at **€0.26**

\* At 2016 exchange rate: £1 = €1.216 and excluding discontinued activities

\*\* Including €114M linked to exceptional operations

- **Financial objectives of EBITDA for 2017 and 2018**  
based on the exchange rate (£1 : €1.175) and current scope of consolidation
  - **2017 EBITDA: €530M**
  - **2018 EBITDA: €560M**
- **Objectives of growth in dividend for 2017 and 2018**
  - **2017 dividend: €0.30€** per share
  - **2018 dividend: €0.35€** per share, **+35%** vs 2016