

## 2017 half-year results

25 July 2017

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## Summary of the presentation

1. KEY MESSAGES

2. KEY FIGURES IN H1 2017

3. H1 2017 FINANCIAL RESULTS

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## KEY MESSAGES

# AN OUTSTANDING 1<sup>ST</sup> HALF OF THE YEAR FOR VALUE CREATION THROUGH PRICING POWER AND COST CONTROL

**REVENUE**

**+3%\***

**EBITDA**

**+8%\***

**Operating  
cash flow**

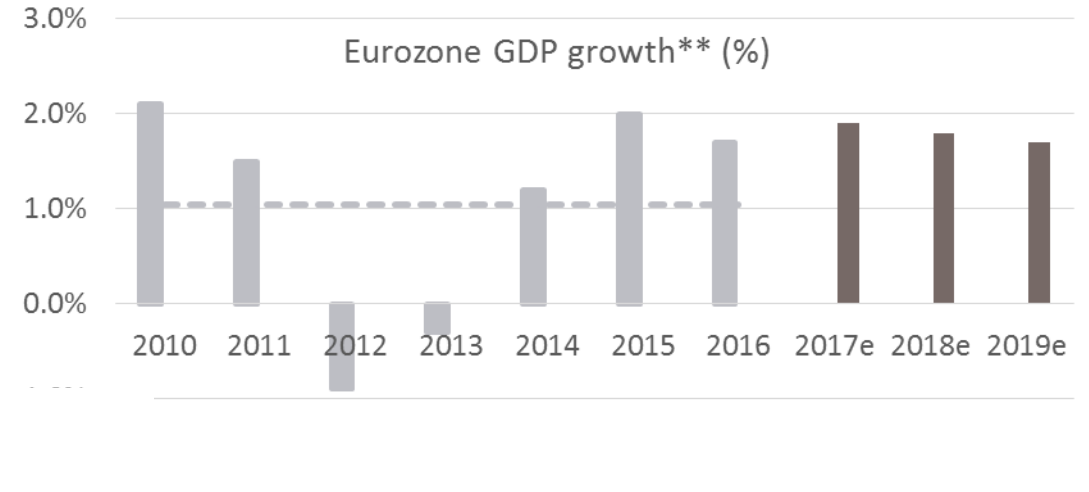
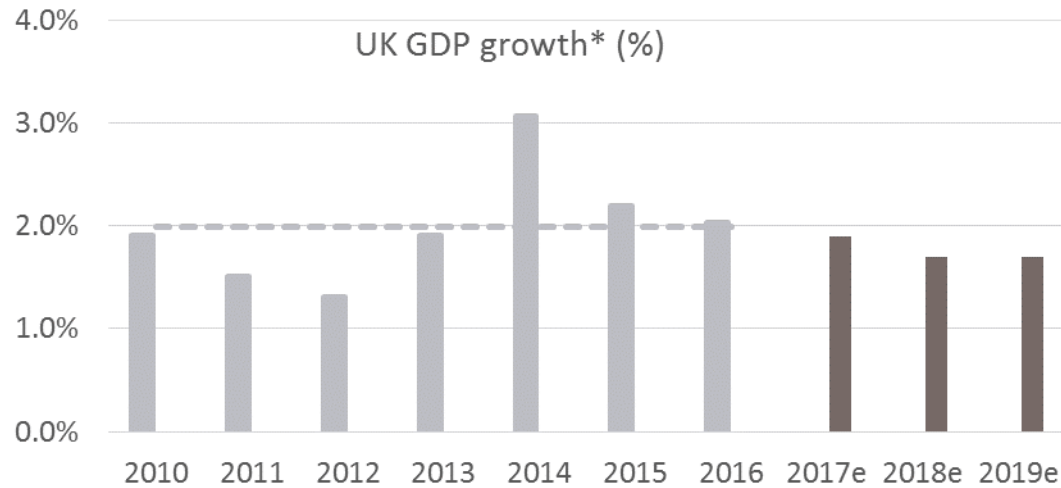
**€262M\*\***

\* At H1 2017 exchange rate: £1 = €1.161 and excluding discontinued activities

\*\* At exchange rate at 30/06/2017: £1 = €1.137

# KEY MESSAGES

## Solid British and European economies



- **UK: good momentum for 2018 and 2019**
  - In May, the Bank of England upgraded its GDP growth estimates for 2018 and 2019

- **Euro zone:**
  - “The economic recovery in the euro area is projected to continue, at a faster pace than previously expected” (ECB, June 2017)

# KEY MESSAGES

## Brexit: accelerator of digitalisation

- **25% of trade in goods between the UK and the Continent passes through the Tunnel**
  - Premium Trade: added-value flows, (just-in-time, fresh products, express)
  - Industry needs speed and frequency (frictionless border)
- **Anticipate possible changes in border controls in the next 5 years+**
  - Accelerate the digital developments in progress – Registered Driver Scheme
  - Work closely with industrial stakeholders (logistics, industries) as well as with the States (Governments, customs, police,...)
  - Create the Virtual Border
  - Maintain competitive advantages
- **Eurotunnel, a strategic land border**
  - Numerous visits for senior officials from the British and French governments and the European Commission
  - Conferences and tours for officials and industry representatives
  - Understand, anticipate, prepare, create opportunities

## KEY MESSAGES

**Strong liquidity position with €550M\***



\* At 30 June 2017 exchange rate: £1 = €1.137

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## KEY FIGURES IN H1 2017



# FIXED LINK IN H1 2017

## A strong performance

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**Strong  
competitive  
position**

**Yield increase  
much higher  
than inflation**

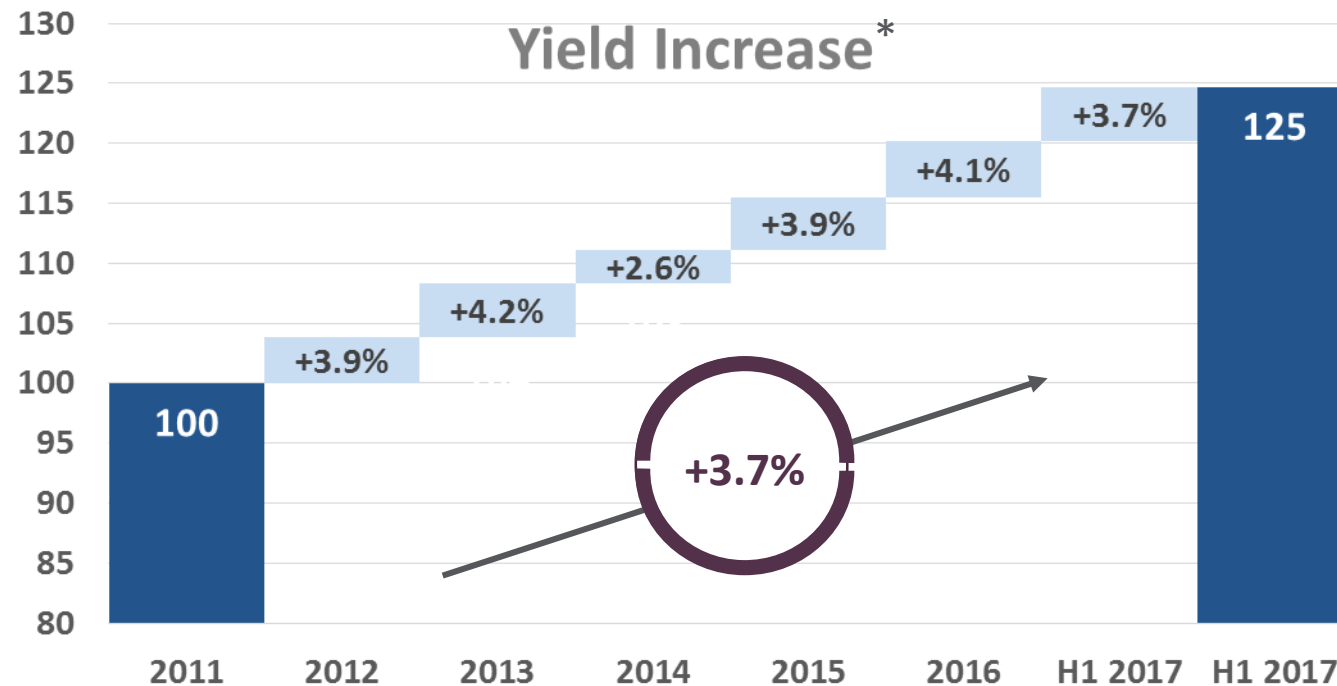
**Increase in  
EBITDA  
margin**



*Stable competitive environment, price leader, control of costs*

# FIXED LINK

## Consistent success in increasing average yields

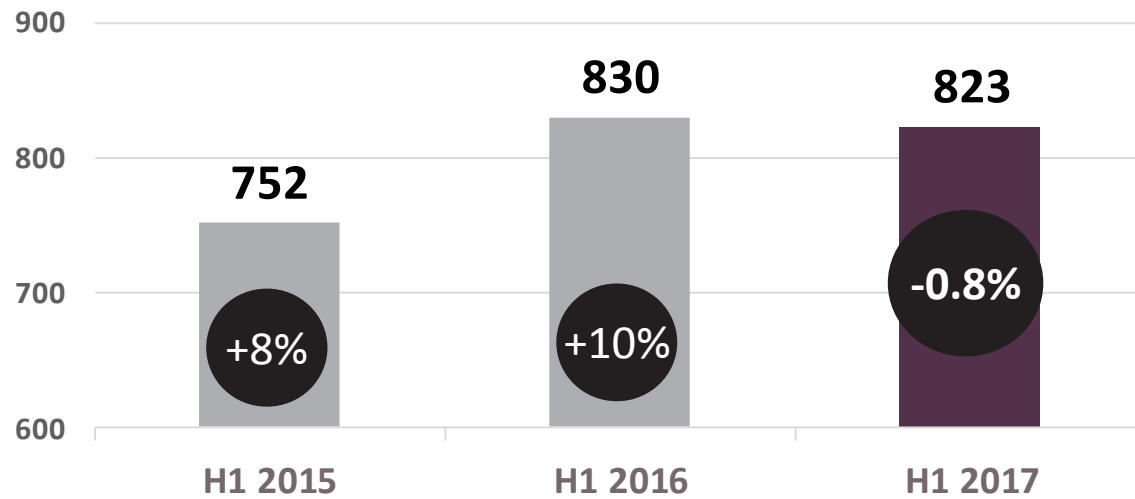


- **Strong increase in average yields since 2011**
  - Above inflation
  - Passenger vehicles: dynamic yield management and Flexiplus
  - Trucks: pricing power and peak days
- **2017 and beyond**
  - Extra peak days
  - Rationalised ferry market with two operators
  - No risk of new entrant

# FIXED LINK – TRUCK AND PASSENGER SHUTTLES IN H1 2017

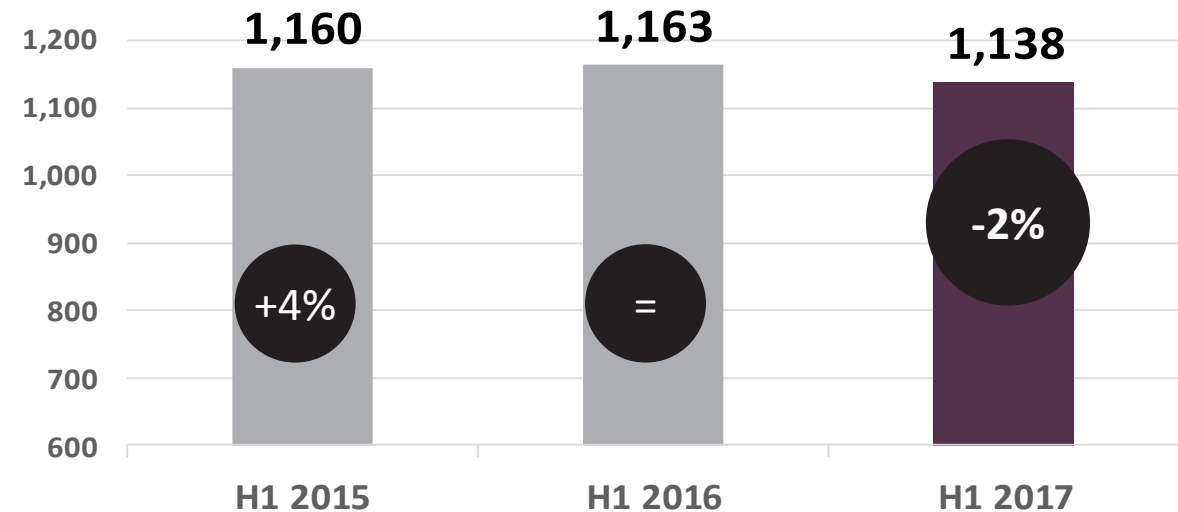
## Strong competitive position maintained

Truck volumes\*



- Traffic stable, despite the temporary decline in Q1 due to the exceptionally severe weather conditions in Southern Europe
- Short Straits market: +0.5%
- **Eurotunnel market share at 39.2% (+50pb in Q2)**

Car volumes\*

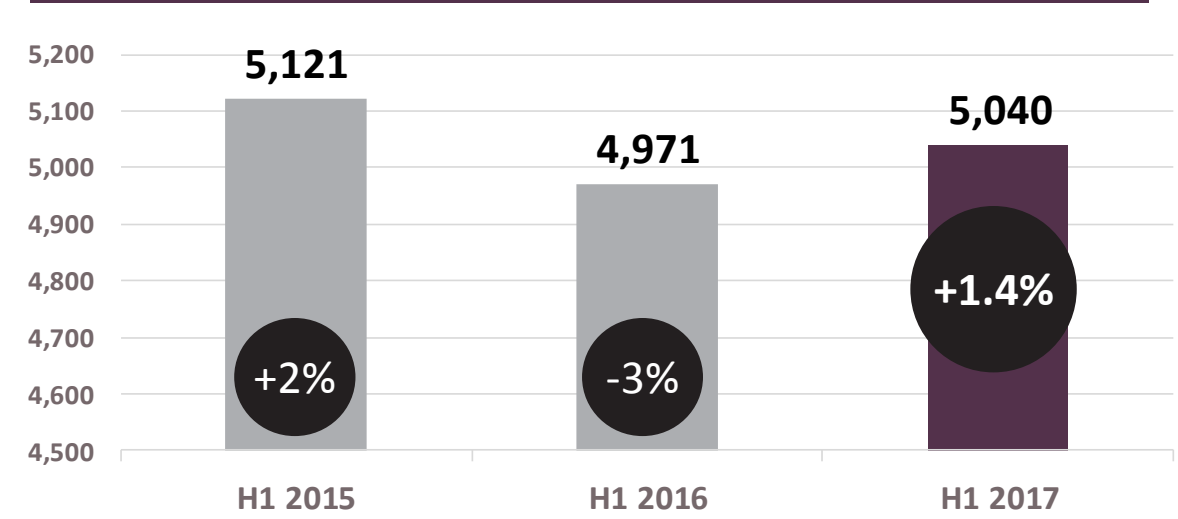


- Traffic slightly down, impacted by the unfavourable calendar effect (late Easter) and some one-off events (Euro football and Classic Le Mans in 2016 and elections in the UK and FR in 2017)
- Short Straits market down: -3%
- **Eurotunnel market share up by 70bp to 58%**

# FIXED LINK – RAILWAY NETWORK (high-speed passenger trains and rail freight trains)

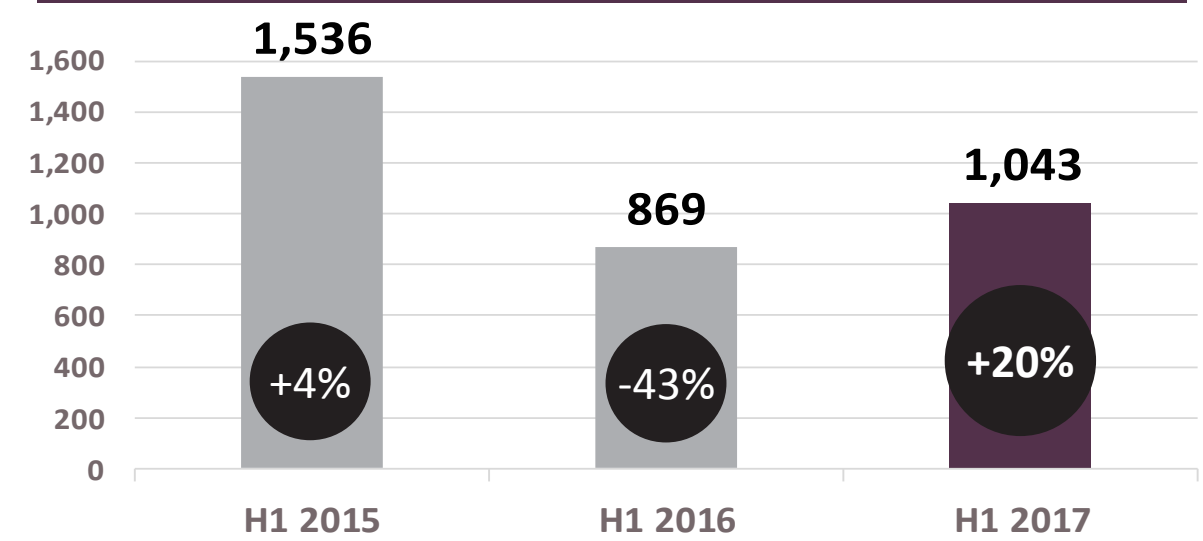
## Eurostar growth in volumes despite adverse effects

Eurostar passengers\*



- Excellent performance despite the impact of the terrorist attacks in Manchester and London in Q2 2017
- New higher capacity e320 train in service between London and Brussels in May
- Growth in Business market

Number of freight trains



- Steady increase in traffic since Eurotunnel secured the SNCF site in Calais-Frethun
- +17% increase in tonnes of goods



# FIXED LINK CONCESSION

## Growth in prices and cost control

In €M	H1 2017	Change	H1 2016*
Revenue	438	+3%	425
Shuttle Services	285	+3%	277
Railway Network	146	+4%	141
Other	7	+13%	7
Operating costs	-198	-1%	-199
Operating margin (EBITDA)	240	+6%	226

- 3% growth in Shuttle Services revenue, due to a c.4% average yield effect
- Costs under control
- Increase in margin (ratio EBITDA/revenue by 160bp to **55%**)

## Continued investments in quality of service and security

### ○ **Investments in security**

- New Security Control Centre in Coquelles (January)
- Scanner for freight trains in the Fréthun yard (in progress)
- Heartbeat detection check buildings (in progress)
- Track siding before the entrance to the Tunnel (in progress)

### ○ **Development of operational capacity**

- 3 new Truck Shuttles: the 1<sup>st</sup> in commercial service since February 2017, the 2<sup>nd</sup> in Q3 and the 3<sup>rd</sup> in Q4
- New allocation area for trucks prior to loading (in progress)

### ○ **2020 multi-year digital programme (maintenance and operations)**

- Drivers Info App for truck drivers (May) and tests of biometric controls for Truck Shuttle service (in progress)
- Tunnel and rolling stock maintenance planning (in progress)
- Connected equipment /objects: air conditioners on Passenger Shuttles, sensors on tracks, Tunnel maintenance wagon, toilets on Shuttles, bins, etc

### ○ **Flexiplus: the premium product**



flexiplus+



# EUROPORTE IN H1 2017

## A proven business model for freight



# EUROPORTE

## Strong growth in profitability

In €M	H1 2017	Change	H1 2016*
Revenue	59	+2%	58
Operating costs	-56	-5%	-59
Operating margin (EBITDA)	3	+€4M	-1

### Operating activity

- New Vynova traffic between Belgium and France
- New Lafarge traffic and repairs of railway infrastructure
- Renewal of ISO 9001 and MASE certifications

### Commercial activity

- Renewal of Gefco and Exxon contracts
- New contracts signed with Soufflet and Lhoist Rogessa
- Partnership to supply locomotives for the Grand Paris worksites

### Performance

- Transport plans and train schedules optimised
- Enhanced management of locomotives
- Cost control
- Positive industrial relations

## 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 c.**2 million households**

# ELECLINK

## Start of the construction phase

- **23 February 2017:** foundation stone laid for the electrical interconnector
- **February 2017:** construction work on the two converter stations in Folkestone and Coquelles
- **May 2017:** start of the installation of the monorail and cable supports in some areas of the Tunnel
- **June 2017:** c.€220M invested to date
- **From September 2017:** installation of the monorail system throughout the length of the North Tunnel
- **From April 2018:** pulling of the electric cable
- **From early 2020:** start of operations



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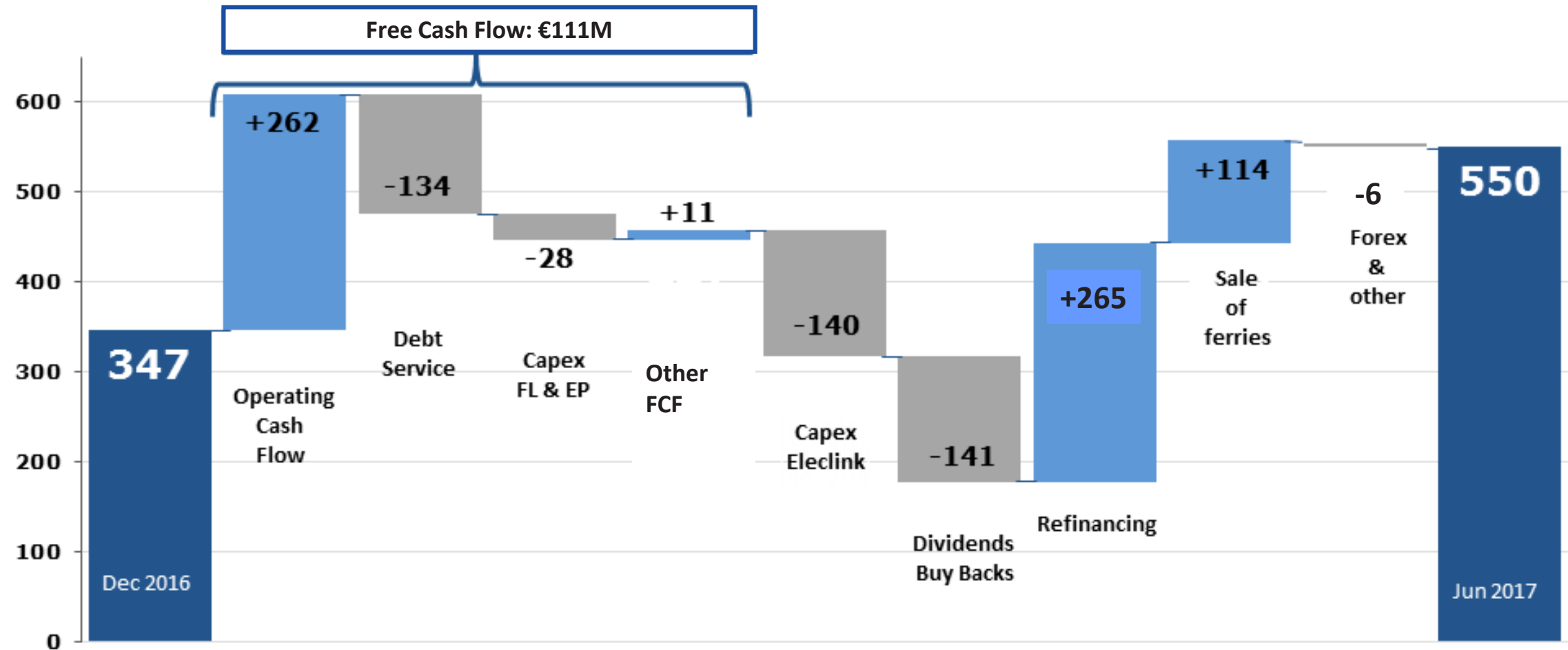
## H1 2017 FINANCIAL RESULTS



# H1 2017 INCOME STATEMENT

€M	H1 2017	H1 2016*	Δ %
<b>Revenue</b>	<b>497</b>	<b>483</b>	<b>+3%</b>
Operating costs	-255	-258	-1%
<b>EBITDA</b>	<b>242</b>	<b>225</b>	<b>+8%</b>
Trading profit	166	153	+9%
EBIT	160	148	+8%
Net finance costs and other	-124	-116	+7%
Pre-tax profit from continuing activities	36	32	+14%
<b>Net profit from continuing activities</b>	<b>30</b>	<b>25</b>	<b>+23%</b>
Net profit from discontinued operations	5	27	
<b>Net consolidated profit</b>	<b>35</b>	<b>52</b>	<b>-32%</b>

# CASH IN H1 2017



# FINANCIAL DEBT

## A debt below 4%

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- **Refinancing of the Group's floating rate debt**
  - Refinancing over-subscribed 2.5 times
- **Debt raised: €1,957M (refinancing of the entire Tranche C)**
  - Average cash interest rates reduced from 6 to 4% on the whole debt of the Group
  - Savings on interest payments of c.€60M per year pro forma for at least the next 5 years
  - €265M increase in cash position

## Strong H1 2017 performance supports the full-year objectives

- **Financial objectives of EBITDA for 2017 and 2018**  
based on an exchange rate of £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



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