

EUROTUNNEL ON TRACK

LETTER TO GROUPE EUROTUNNEL SE SHAREHOLDERS

19 FEBRUARY 2016



Dear Shareholder,

On 12 February, we celebrated the **30th anniversary of the Treaty of Canterbury**, our founding document. Today **the Channel Tunnel Fixed Link has become the vital connection between Great Britain and Europe, with traffic that continues to grow.**

We celebrated this anniversary in Kent with **our local MP and members of the District and County Councils by inaugurating the Folkestone element of Terminal 2015.** This major investment is the equivalent to that which we brought into service in France last year. It provides 5 new access lanes for trucks which are separated from passenger vehicles to increase traffic flows and to manage our ever-increasing volumes. Our objective is to beat the all-time record of almost

1.5 million trucks that we achieved last year.

Because, even during these disrupted times, we have continued to grow. **The results for 2015**, published on 18 February (you will find the key elements overleaf) have clearly progressed and bear witness to the Group's **performances**:

- **EBITDA** reached €542 million
- **Net result** is a €100 million profit, an increase of €26 million

This enables your Board to propose a **dividend increase of 22% to €0.22 per share** at the AGM on 27 April 2016, which will equate to a distribution of €121 million for 2015, representing 77% of Free Cash Flow.

These very good results have been achieved without sacrificing the **investments** which provide for future growth:

I have already mentioned Terminal 2015, to which we need to add the order for 3 new Truck Shuttles (delivery of the first will happen later this year) which will enable us to transport 2 million trucks per year in 2020. It also includes the purchase of additional locomotives to support the growth we see in our rail freight activities.

Maintenance costs have not been compromised either, in fact quite the opposite: we have strengthened the catenary supports, re-railed and changed the points inside the Tunnel to give us an availability ratio of almost 100%. In the maritime ports which have subcontracted their railway management and maintenance to Europorte/Socorail, the same policy of monitoring and replacement will also ensure the integrity of their networks.

This is how we ensure the best quality of service and maintain the confidence of our customers and the growth of our business.

With the help of the two governments and the tremendous commitment of our own staff and subcontractors, we **very quickly gained control** over the impact resulting from the presence of migrants in the Calais region. The last disruption we suffered was on 21 October 2015 (the port of Calais cannot say the same). This has enabled us to achieve several traffic records while pursuing a policy of yield improvement. However, during the summer and in the period leading up to 21 October, we consider that we suffered revenue losses and to a lesser extent additional operating costs which should not be our responsibility. This has led us to **lodge with the Intergovernmental Commission, a claim for €29M.**

We will fight to ensure that this claim succeeds, but this modest amount (2.4% of revenues, 5.3% of EBITDA) needs to be balanced against the negative media reaction to the migrant situation, which could have led people to wrongly believe that the Tunnel is "at risk". We must remember that the two governments are responsible for public safety as well as the security at the border and that they have demonstrated they are fulfilling their role with determination.

With regard to the **MyFerryLink** business, which came to an end on 29 June 2015, we have treated it as a discontinued activity and only its net loss (-€7M) is included in the Group's net result. The two ferries, Berlioz and Rodin, are now leased to DFDS and have recently re-entered service on the Dover-Calais route. The freight-only ferry, Nord-Pas-de-Calais, which is prevented from operating between Calais and Dover, is up for sale. As a result of the decision by the British competition authorities, maritime competition has now been reduced to a **duopoly**. The very low cost of oil will reduce shipping companies' operating costs, but their accumulated losses (DFDS has announced more than €100 million of losses for these routes) are such that their first priority should be to regain their margins.

With regard to **rail freight**, it is reasonable to believe that growth and profitability will continue to increase. The agreements signed during the COP21 environment conference in Paris can only contribute to support this activity.

The British economy continues to be strong, the main uncertainty for 2016 remains, as for all companies, the overall geopolitical risk. In these circumstances, your Board has set an **EBITDA objective of €560 million in 2016 and of €605 million in 2017.**

So it is with confidence and determination, and with pride in our 2015 results, that our staff will continue to work in your best interests.

Yours faithfully,

Jacques Gounon
Chairman and Chief Executive Officer

In brief...



Date for your diary in 2016

27 April: General Meeting

Europorte: Nantes Saint-Nazaire Port contract renewed



Following a tender process, Nantes Saint-Nazaire Port has chosen to retain Europorte, the rail freight segment of the Eurotunnel Group, to manage the operations and maintenance of its railway infrastructure (including a network of 40km of rail track) for a further five years, with an option to renew for another three. In the context of the port's objective of doubling its rail traffic by 2020, this contract renewal is recognition of Europorte's railway expertise, productivity and service quality.

New Check-in for trucks at Folkestone



Five new access lanes and a Check-in plaza dedicated to trucks were brought into commercial operation in February 2016. The completion of this element of the Terminal 2015 project enables the complete separation of trucks and passenger vehicles on the Folkestone terminal.

A comfortable space for the family



The Charles Dickens passenger terminal building in Coquelles now has a play area for infants, iPads for children and a mini-cinema for our Le Shuttle customer's children.

Focus on the 2015 annual results for the Group

On 17 February 2016, your Board finalised the Group's consolidated accounts* for 2015, which have been certified by the Statutory Auditors.

At €1.222Bn, the revenues have increased by +5% compared to 2014. The operating costs have risen in line with the increase in overall activity and due to the impact of the migrant pressure on the Fixed Link. EBITDA which amounted to €542M (€498M published in 2014) does not take into account the €29M claim to the governments, mainly for revenues lost due to the migrant disruptions. The trading profit improved by €12M to €390M and net finance costs reduced by €22M as a result of lower inflation rates. The net result for continuing activities was a profit of €107M, an improvement of €21M compared to 2014.

The consolidated net result, after taking into account discontinued operations**, was a profit of €100M, a €26M improvement compared to 2014.

The Free Cash Flow generated in 2015 amounted to €157M (compared to €155M in 2014). At 31 December 2015, the Group held cash balances of €406M compared to €385M the previous year.

For the 7th consecutive year, the Board has reaffirmed its intention to maintain its dividend policy. The General Meeting on 27 April 2016 will be asked to vote on a dividend of €0.22 per share (+22%), equivalent to a total amount of €121M for 2015 and a total distribution of €455M since 2008.

More information in the [press release](#) published on 18 February 2016 on the Group's website.

*All comparisons with the 2013 and 2014 income statements are made at the 2015 exchange rate: £1 = €1.375.

** Application of IFRS 5 "non-current assets held for sale and discontinued operations" to the maritime activity. Consequently, the activity of the MyFerryLink segment is presented on a single line at the bottom of the income statement called "net result from discontinued operations".

Group revenue

In €M

2015	1,222	+5%
2014	1,168	
2013	1,099	

Operating costs

In €M

2015	680	+8%
2014	629	
2013	583	

EBITDA

In €M

2015	542	+€3M
2014	539	
2013	516	

Net consolidated result

In €M

2015	100	+€26M
2014	74	
2013	126	

Dividend per share (in €)

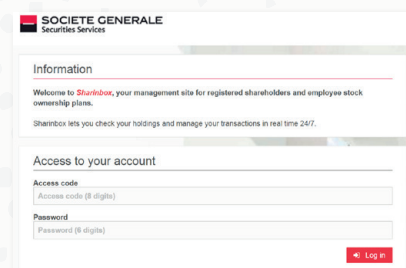
2015	0.22	+22%
2014	0.18	
2013	0.15	
2012	0.12	
2011	0.08	

Reminder to Groupe Eurotunnel SE shareholders

If you hold your GET shares in a direct registered form, starting on **1st March 2016**, all of your transactions or information requests should be addressed to **Société Générale Securities Services** who will put at your disposal:

- **Nomilia Customer Relationship Centre:**
Dedicated telephone line: (+33) 2 51 85 67 89
- **Sharinbox website** available 24/7 at
www.sharinbox.societegenerale.com

In due course, you will receive by post all the information you will need, including your user name and password to access the Sharinbox website.



An exceptional worksite in the Channel Tunnel, 100m below sea level



The rails inside the Channel Tunnel are amongst the most highly used in the world with more than 320 trains per day and a load of around 120 million tonnes per year. This means that they have to be replaced every 7 to 8 years in the Channel Tunnel. In January, Eurotunnel technicians replaced a 60m section of track weighing 60 tonnes, in just 24 hours. This strategic set of points, located at the UK cross-over, enables trains to move from one tunnel to the other. This was a real technical achievement as well as a human and organisational challenge.