

EUROTUNNEL ON TRACK

LETTER TO GROUPE EUROTUNNEL SE SHAREHOLDERS



22 APRIL 2016



Dear Shareholder,

For this first quarter of 2016, it is the Shuttle business which stands out: with 60.3% market share for cars and 40.5% for trucks, we have delivered a remarkable performance, again demonstrating the potential of the Fixed Link. Revenues from Shuttle services are up by 13% and we set a new traffic record for trucks (see the key figures overleaf).

These figures show just how **effective** the work done last year has been to **protect the site** and people (staff, subcontractors, partners and intruders) in the context of the migrant crisis.

We continue to work with the French and British governments discretely unlike the port of Calais, to put the second phase of our programme into place this year.

Eurostar, whose new e320 trains are being progressively brought into service, carried 2.2 million passengers which is a very positive performance, given the tragic events in Brussels.

We should also note a relative slight improvement in freight trains using the Tunnel. This segment of activity being the only one still impacted by the migrant crisis. Any improvement can only come from a concerted action by the operators, in particular Deutsche Bahn and SNCF Réseau who manages the yard in Fréthun.

Europorte, which has seen profound changes to its commercial environment (significant reduction in coal, steel and cereals), has redeployed with success: GB Railfreight has, for example, won the contract for traction of the prestigious Belmond Royal Scotsman.

Our teams are committed to continuing with this success. There is a surprising difference between the reality on the ground and the discourse of alarmists on the supposed economic impacts of both migrants and the Referendum on 23 June. As a binational business, we have considerable strengths which, without underestimating the difficulties that confront us, mean that our markets remain strong and our position as leader is further strengthened.

I will have the pleasure to confirm this analysis for you at our **next combined general meeting, which will be held on 27 April in the outskirts of Lille, not far from the Europorte Head Office.** Besides the location and the introduction of online voting to make your lives easier, there is nothing of note amongst the resolutions compared to previous years.

The dividend that will be proposed for your approval is once again **increased, by 22%** to €0.22 per share, equivalent to a payment of €121M (€455M in total since the payment of the first dividend).

We will also propose that we use a part of the shares we have bought back for a free attribution of 75 shares to each member of staff (not including executive officers, who only receive free shares if a particularly high level of performance is achieved). This alignment of the interests of shareholders and staff has been a constant of our management approach and brings benefits to all concerned. It is complementary to the Group's social and environmental policy, which is set out in the Annual Review, which is available on our website at www.eurotunnelgroup.com.

Our EBITDA objectives are well known: €560M in 2016 and €605M in 2017*.

We are now also setting a new goal: **Total Shareholder Return (TSR)**. This represents the accumulated value of the average share price plus dividend, compared to the equivalent value given by the Dow Jones Infrastructure index as a reference. Despite the current uncertainty which clouds without reason the share price until 23 June, we intend to carry on working hard to perform better than our counterparts.

We are the leader across the Channel, with maritime competition now concentrated on just two operators. Eurostar will open new destinations: Amsterdam in 2017 and Bordeaux being studied. We are going to use the Tunnel to pass the ElecLink electrical interconnector cable, which will contribute to further improve our profitability. Europorte, which is the first private rail freight operator in France and the UK behind the two public operators, has significant opportunities ahead.

So it is with confidence that we look forward to 2016 and **we thank you** in advance for the support that you will bring to the general meeting on 27 April 2016.

Yours faithfully,

Jacques Gounon
Chairman & Chief Executive Officer

* Based on an exchange rate of £1 = €1.375.

In brief...



Dates for your diary in 2016

27 April: General Meeting

20 July: Results of the Eurotunnel Group for the 1st half of 2016

Eurotunnel: new traffic records in 2016

Le Shuttle set a new traffic record by carrying almost **12,000 passenger vehicles** from Folkestone (Kent) to Coquelles (France) on the Good Friday bank holiday.

Another record also for Truck Shuttles: best quarter ever with **410,729 trucks** transported in Q1 2016.



The 2015 Annual Review and CSR Report is online

The interactive and pdf versions of the 2015 Annual Review and Corporate Social Responsibility Report of the Eurotunnel Group are available on the **Taking a closer look** section of the homepage on the Group's website.

"The Tunnel" season 2 on screen



The Channel Tunnel features once again at the centre of season 2 of the Anglo-French series "The Tunnel: Sabotage", a new cross-Channel detective story full of unexpected twists.

"The Tunnel: Sabotage" is currently broadcast on Sky Atlantic in the UK and was aired in March on Canal+ in France. The detective duo, DCI Karl Roebuck (Stephen Dillane) and Commander Elise Wassermann (Clémence Poésy) reunite beneath the waves to investigate an abduction and the crash of an airliner into the English Channel. This new series has already received high praise from critics on both sides of the Channel.

Traffic and Revenue for the 1st quarter of 2016

Channel Tunnel Fixed Link: Eurotunnel

- 410,729 trucks carried, +10% vs Q1 2015, Truck Shuttle service confirms its place as leader with 40.5% market share.
 - 501,871 cars transported, +8% vs Q1 2015, and a market share which grew to 60.3%, an all-time record.
 - Eurostar traffic slightly decreased to 2.2 million passengers Eurostar in Q1 2016, a slight decrease due to the terrorist attacks in Paris and Brussels.
 - Rail freight is the only traffic still affected by the migrant crisis, but Eurotunnel is working to re-launch traffic now that the tracks are once again secure.
- Shuttle Services revenues increased by 13% to €135.5M with an increase in both traffic and yield. At €207.3M, revenues for the Fixed Link show an increase of 6%.

Rail freight: Europorte

Europorte experienced a slight slowdown in the rate of increase of its revenues, almost stable at €72.6M, due to difficulties encountered with obtaining paths from SNCF Réseau for the development of its customers' car transportation services in France and the reduction in coal transport linked to the increase in carbon Tax in the UK. GB Railfreight was able to compensate this reduction with the new contracts started in 2015 (Caledonian Sleeper) and the start of 2016 (Drax biomass).

The Group

The consolidated revenue for the Eurotunnel Group reached €279.9M, a 4% increase compared to the same period in 2015.

Group Revenue

in €M

Q1 2016	280	+4%
Q1 2015	268	

**All comparisons with 2015 are at the exchange rate for the first quarter of 2016: £1=€1.263*

Truck Shuttle

In thousands (number of trucks carried)

Q1 2016	411	+10%
Q1 2015	374	

Le Shuttle for passengers

In thousands (number of cars carried)

Q1 2016	502	+8%
Q1 2015	464	

Eurostar - In millions

(number of Eurostar passengers through the Tunnel)

Q1 2016	2.23	-3%
Q1 2015	2.30	

Rail freight trains

(number of trains through the Tunnel)

Q1 2016	442	-44%
Q1 2015	787	



More information in the [press release](#) published on 21 April 2016 on the Group's website.

General Meeting of Groupe Eurotunnel SE



The Combined General Meeting of Groupe Eurotunnel SE will be held on Wednesday 27 April 2016 at 10 a.m. (French time), at Cité des Echanges - 40, rue Eugène Jacquet, 59 700 Marcq-en-Baroeul, France. The Notice of Meeting and personalised voting forms have been sent to directly or indirectly registered shareholders and CDI holders.

For more information, please refer to the [2016 General Meeting page](#) on the Group's website, where the deferred webcast of highlights at the General Meeting will be available by end of the afternoon the next day, 28 April.

Delivery of the 1st new Truck Shuttle wagon

The 1st of the 111 wagons of the 3 new Truck Shuttles ordered from WBN was delivered to the Eurotunnel maintenance workshops in Coquelles on Friday 15 April. This first delivery will be followed by others over the next few weeks and the 1st WBN Truck Shuttle will enter commercial service by the end of 2016. As a reminder, this €60M investment will enable one of the Vision 2020 programme goals, that of transporting 2 million trucks per year by 2020. This strengthened fleet will then allow up to 8 departures per hour in each direction at peak times, instead of 6 today.



A new service for GB Railfreight in Scotland



Since Monday 18 April, locomotive number 66746, owned by GB Railfreight, the British subsidiary of Europorte, has begun hauling the Belmond Royal Scotsman luxury sleeper train across the beautiful landscape of the Highlands of Scotland. GB Railfreight has signed a 5-year contract with Belmond Royal Scotsman for the next five seasons as the service operates from Edinburgh between April and October.