

EUROTUNNEL ON TRACK

LETTER TO GROUPE EUROTUNNEL SE SHAREHOLDERS



22 JULY 2015



Dear Shareholder,

Before commenting on our own half year results, I would like to highlight **Eurostar's all-time record traffic for the second quarter of 2015**, with 2.8 million passengers and a total of 5.1 million passengers for the half year (+2%). The new direct routes London-Lyon-Avignon-Marseille are highly successful and the forthcoming introduction of the new e320 trains at the end of the year should further enhance the attractiveness of the high-speed rail services. Congratulations to Eurostar.

Our Shuttles have seen an equally lively success, with **growth of 8% for truck traffic and 4% for cars**. This is largely due to the dynamism of the British economy and to the concentration of commercial traffic

on the Short Straits. The increase in the value of the pound against the euro, which brings additional spending power to the British is also a key factor in our favour.

Europorte has continued to develop, as much in France as in the UK, with revenues increasing by 13%.

The **Group revenues have increased to €649M (+9%)**. This is the **11th half-year in a row to see an increase in revenues**. In terms of results, the maritime activity reduced its losses but still remained in the red. **Profitability for Europorte leapt** by +46% to €11M, positioning our rail freight company as one of the leading players in its sector.

The Concession for the **cross-Channel Fixed Link has made good progress with its EBITDA**, despite non recurrent expenditure, particularly that associated with the strengthening of border controls in the UK (Exit Checks) and to the protection of the site against the thousands of migrants present around Calais.

Overall, the **EBITDA of the Group has increased**, like revenues, by 9%, to €252M. The margins for manoeuvre that this opens up enable us to continue to reimburse our debt (€18M) and to invest in our development without being dependent on public funds as is for instance the port of Calais.

We must **remain vigilant** with regard to the pressures exerted by migrants who want to reach the UK. Our controls on the truckloads have been strengthened. They have proved to be highly effective and a service very highly valued by our customers. On the other hand, intrusion attempts onto the terminal in Coquelles have increased, as there have been insufficient forces deployed to fulfil the law and order mission, despite the efforts of the officers on the ground. Beyond the humanitarian issue, the migrants take ever greater risks in their attempts to reach the trains or Shuttles and this has in turn led, sadly, to the dreadful accidents we have seen recently.

In some instances, particularly when the police decide to search the Shuttles at the platforms, our traffic is disrupted. Faced with this situation, our staff do a remarkable job and manage the task of reorganising the rotation of the Shuttles which is necessary to reschedule the whole timetable. In simple terms, the huge resources we deploy enable us to guarantee the almost total impermeability of the Tunnel (the number of migrants intercepted at Folkestone compared to Calais being insignificant) but it is clear that the authorities must now recognise that they have completely underestimated the scale of the situation. As was the case in the past, and in line with the precedent set by the International Arbitration Tribunal in 2007, we are asking the States to reimburse €9.7M of expenditure for which they are responsible.

On top of the migrant crisis issue, we also have the sporadic blockades organised by extremist elements in the SCOP SeaFrance. Seven months ago, the Group announced that, given the position of the Competition and Markets Authority which considers that only two operators can be viable in the Short Straits market, it would withdraw from the maritime business.

The majority union in the SCOP decided to occupy the Berlioz and the Rodin at the end of June because the two ferries had been leased to DFDS. The Group has sought to retain the activity in Calais rather than to let the ferries leave for Asia. Together, DFDS and MyFerryLink with the freight only Nord-Pas-de-Calais ferry could employ 3/4 of the 470 current French staff. It is rare that an organisation facing imminent liquidation should have such an offer in front of it. It is important to seize the opportunity which may not last forever. The French Transport Minister is negotiating with the unions, at the moment of writing this letter, in order to find a solution to this meaningless conflict.

Finally, a last word about the **electrical interconnector, ElecLink**. The project has reached a significant milestone with the completion of the construction contracts and a goal to achieve financial closure by the year end. For this new phase, ElecLink has recruited a **high level Chief Executive** from EDF Energy UK.

In this context, given the seasonality of our businesses, which are always better in summer and in the hope of a change in the scale of response from the authorities to the migrant situation, **the Group is able to confirm its objectives for 2015 and 2016**.

Yours faithfully,

Jacques Gounon
Chairman and Chief Executive Officer

In brief...

ORR and ARAF: co-regulators of the Channel Tunnel



On 16 June, the regulation of the Channel Tunnel passed to the Office of Rail and Road (ORR) in the UK and the *Autorité de Régulation des Activités Ferroviaires* (ARAF) in France.

The Intergovernmental Commission (IGC), which was previously responsible for this activity, retains its role in the safety and security of the Tunnel.

The two regulatory authorities will work together but will produce distinct decisions.

The members of ARAF visited the terminal and Tunnel in Coquelles on 16 June.

Chris Froome: from the Tunnel to the Tour de France



The British cyclist Christopher Froome, currently wearer of the yellow jersey and leader in the Tour de France 2015, became the first man to cycle between Folkestone and Coquelles under the Channel via the service tunnel in June 2014.

He ate up the 50 kms at 100 metres below sea level in less than one hour while his Team Sky crew made the crossing on board Le Shuttle in 35 minutes and were able to meet Chris when he exited the Tunnel.

Focus on the 2015 half-year results

Fixed Link Concession

- 752,290 trucks transported in H1 2015: +8% vs H1 2014;
- 1,159,863 cars transported, +4%;
- Shuttle revenue: +9%;
- 5.1 million passengers using Eurostar to cross the Channel, +2%;
- +4% increase in number of rail freight trains going through the Channel Tunnel and +6% in tonnage of goods transported;
- Revenues for the Fixed Link Concession increased to €443M, +6% vs H1 2014.

Europorte: rail freight

- Consolidation of existing activities, start of new contracts and new contracts which are planned to start in H2 2015 and the beginning of 2016;
- Continued growth in Europorte revenues to €154M, +13% vs H1 2014.

MyFerryLink: maritime activity

- 233,584 trucks transported, +27% and 116,406 cars, +7% vs H1 2014;
- €52M revenues for MyFerryLink maritime segment in H1 2015.

Eurotunnel Group consolidated figures

- **Revenue:** €649M, +9% vs H1 2014
- **EBITDA:** +€21M to €252M in H1 2015
- **Group net result:** a €39M net profit.
- **2014 dividend** paid in 2015 : €97M
- **Term Loan repayment:** €18M
- **Net CAPEX:** €53M
- **Free Cash Flow:** 77 M€ (vs €12M in H1 2014)
- **Cash position:** €389M at 30 June 2015 (vs €385M at 31/12/2014).

More information in the [press release](#) published on 22 July 2015, on the Group's website.

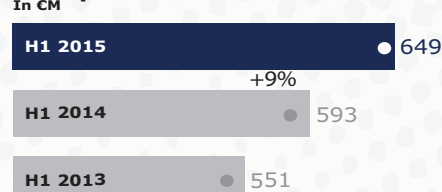
* To enable a better comparison, the figures for 2014 and 2013 have been recalculated at the H1 2015 exchange rate of £1 = €1.391.

Railway Usage Contract application agreement signed by Eurotunnel and Eurostar

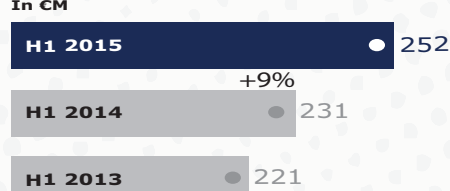
Eurotunnel and the Railway Networks (the French SNCF and British Railways Board) reached agreement on 15 June on the application of the Railway Usage Contract (RUC) enabling the setting of contributions to operating, maintenance and renewal costs of the cross-Channel Fixed Link railway network for the years 2015 to 2019 inclusive.

This agreement, negotiated in the spirit of Open Access and under the auspices of the railway regulators, caters for the participation of all passenger train operators, Eurostar and new entrants alike. The cooperation that was present during the drafting of this agreement will help to further strengthen the quality of service in the Channel Tunnel and foster further development in Eurostar traffic.

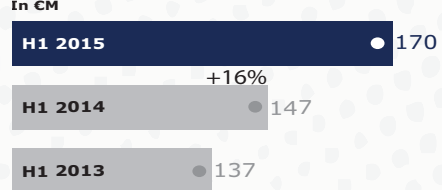
Group revenue



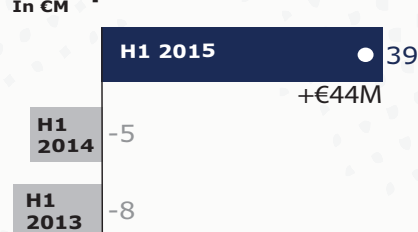
EBITDA



EBIT



Group net result



The Group remains confident in its ability to generate sustainable growth.

Eurotunnel Group continues to expect growth in EBITDA* in line with the following objectives:

- **2015: €535M**
- **2016: €580M.**

* At an exchange rate of £1 = €1.3 and excluding MyFerryLink)

Change of postal or email address?

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