

Eurotunnel on Track

July 2013



Letter to Groupe Eurotunnel SA shareholders



Dear shareholder,

Le Shuttle has once again set a traffic record with over 33,000 tourism vehicles crossing through the Tunnel from Britain to France between 25 and 28 July (see our [announcement](#) on 29 July). Such volumes are close to the record established in August 2012 at the time of the Olympic Games.

This record reinforces and magnifies the excellent results for the first half of this year for **Passenger Shuttles**: in a largely flat market (growth of only 0.4%), we have gained one percentage point in market share compared to the same period last year, with 52.8%.

Truck Shuttle volumes have experienced a drop of 7% but it is not a good reflection of reality as two parameters must be taken into account: SeaFrance disappearing and the additional deliveries linked to the Olympic Games in the first half of 2012. Proof of this is in the fact that compared to 2011, this represents growth of 11.3% and market share reached 39.2%, above the yearly averages for the years prior to 2012.

Le Shuttle's success is due to the care we take in offering our customers the best possible service. The 3G public telephone service in the South Tunnel is a good example of this (the North Tunnel still awaits the interest of British operators). Other examples are the improvement works carried out such as the renovation of the Victor Hugo Passenger terminal in Folkestone, the painting works and improvement in lighting, etc...

We are convinced that the cross-Channel market is a supply-driven market which grows when services are frequent and of good quality. An analysis of the Eurostar traffic since the start of services shows this very clearly (see overleaf): when Eurostar reduces the number of trains, volumes are down. Indeed, how can one cross the Channel when the high speed operator with the monopoly does not put trains in the stations! This was obvious during the Olympic Games period. Luckily, we know that the arrival of competitors will soon shake things up and bring us German and Dutch traffic for which we have been waiting these last 20 years.

The situation is similar for **cross-Channel rail freight**. When Fret SNCF, for their own reasons, stops all traffic towards the United Kingdom, the consequences are obvious. **When we secure the removal of certain hurdles, traffic is boosted:** +12% this half year compared to the same period last year.

Rail freight needs quality of service: **Europorte** proves it both in France and in Great Britain where GB Railfreight has an outstanding record. By rationalising locomotive fleets and investing in more efficient models, hauliers are won over: **our rail freight subsidiaries' revenue increased by +11% in the first half of 2013.**

This does not prejudice good management: cost control remains a priority, with operating costs only up by 2% for **Europorte who breaks even operationally.** For the Fixed Link, costs are down by 2%, without sacrificing quality.

This enables the Group, excluding MyFerryLink, in a 2013 economic environment less favourable than 2012 with its numerous one-off

events, to achieve a similar net result as last year: a profit of €1 million.

However, at the same time, we have absorbed an increase in interest rates on Tranche C of our debt. Results are thus in fact improving. **For the first time in the history of Groupe Eurotunnel, we made a capital repayment on our debt for the sum of €30 million.**

Admittedly, the losses of the maritime activity of MyFerryLink (MFL) hide such achievements. **MyFerryLink's potential for growth has been hindered**, since February this year, by the threat of closure from the Competition Commission. We have leased the ships to the SCOP (the independent entity set up by the ex-SeaFrance employees) whose amazing work bears no comparison with what used to go on in the SNCF subsidiary. MyFerryLink is attracting individual and business customers without preventing the two heavyweights that are P&O and DFDS from dominating this market. The appeal process we have initiated will be heard on 10 and 11 September and a ruling is expected mid-October. Let us hope that the Competition Appeal Tribunal will see that taking the number of ferry competitors from three to two cannot be good for consumers. Only then, when this sword of Damocles ceases to hang over us, will we be able to fully implement the initial business plan, after a nine-month delay.

I would like to conclude by returning to our **core business, the rail business.** Terrible catastrophes have recently occurred, one in France and the other in Spain. Beyond the emotion and the heartfelt thoughts which go out to the victims, knowing that there cannot be a total absence of risk and that anyone can be affected by an accident, I would like to draw a lesson from this: in Brétigny-sur-Orge in France as in the past in Hatfield in Great Britain, the infrastructure was to blame. **Let those who wish to see us lower our access charges weigh up their own responsibilities:** this will inevitably lead to fewer investments, less maintenance with, in time, associated risks. In order to ensure safety, which is our absolute priority, we shall continue together with our staff, to battle against any attack in this area and to denounce any ideological stance which may deprive us of the resources we need.

Be assured that this summer we shall remain focused on welcoming more traffic in the best possible conditions. That is what we are all about.

Yours faithfully,

Jacques Gounon,
Chairman and Chief Executive Officer

Focus on the 2013 half year results

Consolidated revenues for the first half of 2013 amounted to €509 million, an increase of €45 million or +10% compared to the first half of 2012*.

The **operating profit generated by the Fixed Link and Europorte activities improved** by €11 million at a constant exchange rate.

For the **first half** of 2013, the Group recorded a net loss of €18 million. At a constant exchange rate and excluding the loss generated by MyFerryLink, the Group's net result was stable with a profit of €1 million for the period.

Free cash flow of €17 million was generated in the first half of 2013 after payment of the first scheduled repayment of the Term Loan amounting to €30 million on 20 June 2013. The nominal value of the debt at 30 June 2013 amounted to €3.7 billion. A dividend of €65 million was also paid bringing the total returned to shareholders since 2008 to €156 million.

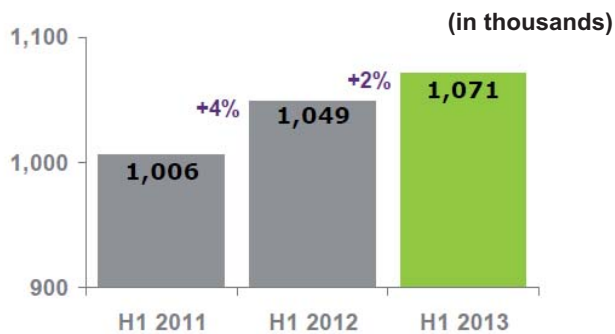
Revenues In CM



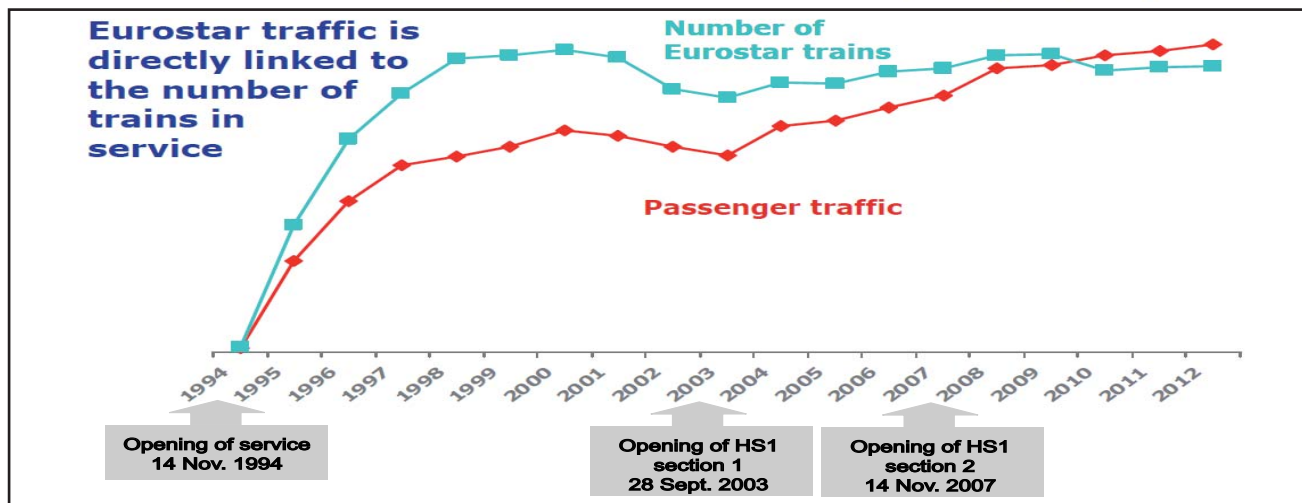
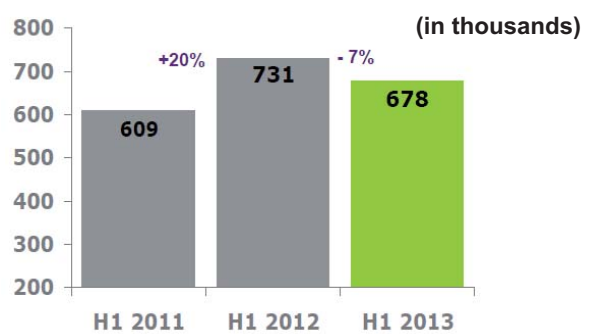
*All comparisons with 2012 are done using the exchange rate of the first half of 2013: £1=€1.174.

For detailed information, please read the full announcement released on 25 July 2013 available on our website www.eurotunnelgroup.com.

Evolution of Passenger Shuttles traffic



Evolution of Truck Shuttles traffic



One million pets...

On Wednesday 22 May, Lady, a Jack Russell terrier became the one millionth pet to go through the Channel Tunnel. Le Shuttle's pet travel service continues to gain increasing popularity since it began in 2000. Pets are considered as customers in their own right: dedicated pet facilities and well-designed exercise areas are available just before boarding. That is why Le Shuttle is the number one choice for pet owners



Breaking new...

The Samphire Hoe nature reserve has received its ninth consecutive Green Flag Award; for more information, read the [press release](#) published on 30 July on our corporate website or go to www.samphirehoe.com.



Change of address?

If you hold your shares in registered form with BNP Paribas Securities Services or in the form of CDIs via Computershare Investor Services PLC, don't forget to notify any change in your personal information, in particular any change of postal or email address. Information on how to contact them is available on our website www.eurotunnelgroup.com.