

# Eurotunnel on Track

April 2014



## Letter to Groupe Eurotunnel SA shareholders



Dear shareholder,

**The Group's Annual General Meeting**, taking place in Coquelles on 29 April 2014, will be the occasion, as every year, to look over the excellent results from the past 12 months, as I have already outlined in my previous note to you and, after approval of the accounts, to vote for **a dividend of €0.15 per share (an increase of 25% compared to last year)**. This payment represents 64% of the €129 million of free cash flow generated in 2013.

The other issues to be considered are the "classics", the same as every year, with just as appropriate a few modifications to take account of the evolution in the laws and regulations.

You will be asked to **renew the term of office for 6 Directors**, including myself. I would like to emphasise the availability, commitment and motivation of your Directors and I can only ask you to vote massively to renew them.

**The organisation and corporate governance** of Groupe Eurotunnel is adapted to the specific needs of the group and is part of a constant review of progress. In relation to the management structure of the Group, I am supported by Emmanuel Moulin, Deputy CEO, Michel Boudoussier, Chief Operating Officer for the Concession, Pascal Sainson, Chairman of Europorte and the corporate department/organisation which has been significantly enhanced.

The company has worked through a number of stages along the road to becoming "normal", even if some pending matters might be complex. This is why, in a competitive regulatory environment and a sensitive market, your Board, with the goal of maintaining the highly efficient, fast reacting management style which has served the unique history of the group, has decided to maintain the unification of the roles of Chairman and Chief Executive Officer, in accordance with the best governance standards, to which GET SA has always adhered.

The board would also like to support **staff motivation through the distribution of free shares**, amongst which a number in preference shares convertible into ordinary shares, which are the subject of performance criteria for senior management.

Following the increase in taxation in France, the proposed scheme is designed to cost no more than those you have adopted in previous years. We propose to distribute 100 free shares per employee and, to replace stock options, to set managers who benefit from the preference shares convertible into ordinary shares programme a highly visible objective: that the share price must reach at least €11.50 within 4 years, no matter what stock market or world economic conditions are: this would be the equivalent of a market capitalisation of €6.3 billion. This is a very clear statement of our confidence and our desire to continue to improve the results and the perception of your group in the markets.

This announcement is in addition to that relating to the **level of EBITDA which should reach at least €500 million in 2015**. We will continue, year on year, to set ourselves such objectives, which I always hope to beat.

Last resolution designed to secure our Franco-British credentials and our European reach: **the change to European status**. At its inception in 2007, GET had to abandon the initial bi-national structure to become a French company, even though the majority of our customers, passengers

and freight are European. In this 20<sup>th</sup> anniversary of the inauguration of the cross-Channel Fixed Link, we owe it to ourselves to return to that initial spirit and to create harmony with what we really are.

**In terms of activity**, the Competition Commission, which intends to re-confirmed its own jurisdiction, continues to pose a threat to MyFerryLink on the basis of the two arguments below, which we contest:

- GET and SCOP are a single entity, when in reality GET is a ship owner which acquired assets and which subcontracts their operations to the SCOP, which is totally independent,

- The ferries from ex-SeaFrance were maintained in operating condition, which would have facilitated the start-up: we should remember that the decision to not decommission the vessels was not ours, but that of the liquidator who sought to protect the value of the assets for sale. And, if there was a benefit, it was equally there for all those who took part in the auction run by the Paris Commercial Court.

One can accept that the Commission would not want to rule against its own jurisdiction, but it would be totally incomprehensible and even shocking if it were not to re-examine the current market conditions, which are no longer - and by a considerable distance - those of 2011/2012. At that date the economic crisis was at its height and the market was substantially reduced when compared to 2007.

**The situation today is completely different: the truck market this year is back to its pre-crisis levels and continues to grow significantly.** In addition, the MARPOL environmental regulations which will increase the cost of maritime crossings will, from next year, have a mechanical effect, concentrating traffic on the shortest routes, in our case on Dover-Calais.

As such, **there is clearly space for three maritime operators**. To prohibit MyFerryLink and remove two ships from this route is clearly contrary to the interests of the consumer.

Groupe Eurotunnel SA, which operates a public service between France and the UK wishes to strengthen the links and the choice of services between these two countries. This is why we have decided to invest in the extension of our truck terminals and to support, via ETICA, the doubling of rail freight trains in the coming five years. All this without even mentioning Europorte which give us full satisfaction and has a tremendous potential.

**Your support for all the resolutions put forward to the general meeting on 29 April 2014 will give your Board a strong signal that we should continue with our long term strategy.**

Yours faithfully,

**Jacques Gounon**  
Chairman and Chief Executive Officer

### Your Board of Directors:

- ✓ 11 Board members;
- ✓ 36% of female Board Directors (4 women);
- ✓ 72% of independent Directors;
- ✓ 36% of non-French Directors;
- ✓ 5 Committees, including an Ethics and Governance Committee: 32 meetings in total in 2013, including the Board meetings;
- ✓ A Senior Independent Director.

The 2013 results illustrate the soundness of the strategies adopted and the quality of the team implementing them. The Board of Directors strives to ensure the success of the Group and its good governance and so intends to renew the appointment of Jacques Gounon as Chairman and Chief Executive Officer in view of his achievements and performance in his leadership of the Group since 2007.

### The Board of Directors

Renewal of some of the Board Directors: diversity and complementarity experience and skills

### Renewal

**Jacques Gounon** Age: 60  
Director  
Chairman &  
Chief Executive Officer  
Initial appointment: 9 March 2007



**Patricia Hewitt** Age: 65  
Independent Director  
Initial appointment: 26 May 2010  
Member of the Safety and Security Committee



**Philippe Camu** Age: 46  
Directo  
Initial appointment: 26 May 2010  
Member of the Strategy and Sustainable Development Committee



**Robert Rochefort** Age: 58  
Independent Director  
Initial appointment: 9 March 2007  
Chairman of the Audit Committee



**Philippe Vasseur** Age: 70  
Independent Director  
Initial appointment: 20 June 2007  
Member of the Nomination and Remuneration Committee



**Tim Yeo** Age: 68  
Independent Director  
Initial appointment: 20 June 2007  
Chairman of the Strategy and Sustainable Development Committee



### Dividende

Increase of the dividend by 25%

### Dividend for the 2013 financial year

For the 5<sup>th</sup> consecutive year, the Board reaffirmed its commitment to maintaining its dividend policy. The general meeting on 29 avril 2014 will be asked to consider and approve a dividend of €0.15 per share representing a total amount €82.5 million.

The ex-dividend date for ordinary shares on NYSE Euronext Paris is 23 May 2014, and the dividend will be paid in cash on 28 May 2014.

Dividend in €



### Employee shareholding

Match the interests of employees and those of shareholders to maximise shareholder value

support the employee motivation by the allocation of free ordinary shares: maximum 0,34% of the capital.

Shares with performance criteria for some managers and free ordinary shares to each executive employee, with no performance criteria.

### European company

Status which would be in line with the economic and cultural identity of the Group. Vector of strengthening the European dimension of the company

The basis of a homogenous entity that is recognised by all EU Member States, and a legal framework close to that of a *Société Anonyme*.

Shareholders will have the same number of shares in the Company, and the same proportions of voting rights. Their liability is still restricted to their economic contributions.

### Say On Pay

Consultative vote of shareholders on the elements of the remuneration for Jacques Gounon

In accordance with the recommendation of the French Afep/Medef Code of June 2013, a consultative vote on the elements of the remuneration owed or attributed to Jacques Gounon, such as presented in the Group's 2013 Registration Document and as stated in the notice of meeting.

“ Groupe Eurotunnel SA notifies its eligibility for the PEA-PME of ETI listed on Euronext: ”

[Click here](#) to read the press release published on 4 April 2014.

### 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](http://www.eurotunnelgroup.com).