

EUROTUNNEL ON TRACK

LETTER TO GROUPE EUROTUNNEL SE SHAREHOLDERS

4 SEPTEMBER 2015

Dear Shareholder,

The summer of 2015 has seen **Le Shuttle break new records**. 658,000 cars across the two months of July and August including 17,000 in a single day on 15 August. **An unprecedented performance for Le Shuttle.**

Following the successive hostile decisions from the Competition and Markets Authority with regard to our **MyFerryLink** subsidiary, we announced on 9 January that we would withdraw, at least partially, from that business, which happened when the three ships ceased activity on 29 June. The **Nord-Pas-de-Calais** ferry may restart freight-only services, if the British and French competition authorities authorise us to operate it in coordination with our Shuttles: it would enable us to provide additional

capacity for our customers at times when our installations are being maintained or during, for instance, the installation of the ElecLink electricity interconnector.

The ferries, Berlioz and Rodin, have been chartered to DFDS, whilst we wait to have the option of selling to them. Some union members of the SCOP SeaFrance workforce were opposed to this charter and occupied the two ferries. Most surprisingly, some of the mutineers were able to come and go at will for two months during the summer in areas that are supposed to be prohibited and under the control of the Port of Calais! Nevertheless, an agreement to end the conflict was signed on 31 August and the Eurotunnel Group has been able to recover these two ships. Once the sale has been completed, we will be able to draw a line under these events but **we can already say that:**

- our own teams proved that they could succeed where SeaFrance had failed,
- Shuttle traffic continues to grow
- our competitors P&O and DFDS are now free to increase their prices, which they have not hesitated to do straight away and which, paradoxically, can only benefit us.

With regard to the **migrant pressure which is currently such a major challenge for Europe**, we drew the attention of the public authorities to the importance of the issue early on, and to the need for all parties to face up to their responsibilities. **From the start of this year, we anticipated the situation increasing protection of our site and trucks passing through it**, to enable our customers to avoid problems on their arrival in the UK. The additional costs we incurred in the first half of the year are now the subject of a claim for reimbursement from the two governments in accordance with the precedent set in the ruling by the International Arbitration Tribunal in April 2007. The increase in the number of intrusions at the perimeter of the terminal has necessitated more substantial

investments (29km of 4m high security fencing) which will be completed before the traffic peaks at the end of the year. The two governments have agreed this need and **the British government is financing a large part of the expenditure**. Furthermore, large numbers of law enforcement officers have been mobilised with increased coordination between the Police Aux Frontières, Border Force, our own staff and our security subcontractors.

The key moment of this collaboration was marked by **two unique and prestigious visits:**

- on 20 August, UK Home Secretary, Theresa May, French Interior Minister, Bernard Cazeneuve and James Brokenshire, Immigration Minister at the Home Office, came to Coquelles and then,
- on 31 August, French Prime Minister, Manuel Valls, together with Bernard Cazeneuve and Secretary of State for European Affairs, Harlem Désir, and two European Commissioners Frans Timmermans and Dimitris Avramopoulos also visited our terminal.

On the strength of this considerable support, which highlights the economic importance of the Channel Tunnel, **we will continue to concentrate our efforts on the provision of a high level of service**, whilst apologising in advance if a few disruptions or delays, for which we are not responsible, occur for instance when the law enforcement authorities conduct searches: it is important, above all, to protect migrants against themselves by preventing them from taking huge risks and, for France to respect its international commitments in respect of border control.

The traffic flow most likely to be impacted, as was the case at the start of this century, is the rail freight that passes through the Tunnel and which is required to stop on the national network tracks at Fréthun. SNCF-Réseau, the site owner has reacted quickly and has just placed an order with us for major fencing works, identical to those we are currently erected on our own terminal, on their behalf. Here too, the situation should return to normal.

As far as our domestic **Europorte** traffic is concerned, indicators are positive with many projects bringing profitable growth.

Lastly, we welcome our new Chief Financial and Corporate Officer, Francois Gauthey. His CV, which you can read overleaf, shows he is fully qualified to be my second in command.

So, strengthened by the support of the two governments and our partners, and with the continued loyalty of our customers, we look forward to the future with confidence.

Yours faithfully,



Jacques Gounon
Chairman and Chief Executive Officer

In brief...



Date for your diary

22 October: revenue and traffic figures for the 3rd quarter of 2015

An improved Shuttle service for pets



At beginning of August, just before the return of British holidaymakers to the UK, Le Shuttle opened a brand new building to welcome Pets in Coquelles. Located just before check-in, the new larger, more comfortable and more user-friendly facilities have already been praised by our customers:

- Pet reception area increased threefold with two additional check-in points
- creation of 4 drive-through pet check-in points available during peak traffic periods
- a 200m² exercise area
- accessibility to the building for our customers with reduced mobility
- 90 car parking spaces.

The new service actually broke a record for the month of August: almost **23,000 dogs and cats** were transported from Coquelles to Folkestone, an increase of 3,000 compared to August 2014.



Almost **25,000 Twitter followers @LeShuttle**, at beginning of September are already getting regular and direct information about our services

Two Ministerial visits to the Channel Tunnel



On Monday 31 August, the French Prime Minister Manuel Valls, accompanied by Bernard Cazeneuve, Minister for the Interior, Harlem Désir, Secretary of State for European Affairs and two European Commissioners, Frans Timmermans and Dimitris Avramopoulos, visited the Eurotunnel terminal in Coquelles and in particular its security installations and its railway control centre. The delegation, received by Jacques Gounon, also took the opportunity to meet some Eurotunnel staff representatives and members of the law enforcement authorities who help to secure the site.

This visit follows that of British Home Secretary, Theresa May, Bernard Cazeneuve and James Brokenshire, Immigration Minister at the Home Office, who came to review the extent of the security measures implemented jointly by Eurotunnel and the two governments. To counter repeated intrusions by migrants and the risk of accident on the Eurotunnel terminal (equivalent in size and daily traffic volume to a major international airport) the two governments signed a cooperation agreement and are providing an operational response to the security needs, which in turn contributes to the quality and security of services offered to Eurotunnel customers.

Appointment of François Gauthey, Chief Financial and Corporate Officer

The recently appointed Chief Financial and Corporate Officer of Groupe Eurotunnel SE, François Gauthey, takes up his new position on Monday 7 September 2015.

A graduate of the *Ecole Polytechnique* and holder of a post-graduate degree in economics, and chief engineer of the *Ponts et Chaussées*, François Gauthey worked for Edmond Alphandéry, Minister for Economic Affairs as a technical advisor.

In 1995, he became Head of the Services to Customers business unit at the Aéroports de Paris and then, in 2002, special advisor for transport, infrastructure and housing for French Prime Minister, Jean-Pierre Raffarin. He then held the position of chief of staff to François Goulard, French Secretary of State for Transport in 2004 and in 2006 Chief Executive Officer for the Voies Navigables de France.

In 2007, he joined the Sanef Group as Chief Executive Officer until November 2014, when he was appointed Chairman and Chief Executive Officer of Sanef its technology. François Gauthey, who notably won the tender and successfully completed the equipping of the largest toll system in Europe, at the Dartford crossing near London, will bring financial and operational expertise to the Group as well as his experience in infrastructure management and transport.



Europorte: Container Terminal on the Verdon platform

Europorte is preparing to renew services at the Verdon logistic platform near Bordeaux under the name TCSO, *Terminal à Conteneurs du Sud Ouest* (South West France Container Terminal), which will manage 70,000 containers per year from 2016 onwards and which will lead to a shift from road to the mass transit maritime, fluvial and rail modes in the port of the Bordeaux hinterland. Supported financially by the European Union and the French authorities, the TCSO project will bring together all container activity on one site using the latest equipment to be able to respond to customer needs and to increase maritime traffic. The Société de Manutention Portuaire d'Aquitaine selected by Europorte to manage handling on the site has already made an investment of almost €10 million to acquire stacking cranes and shuttle carriers which will be delivered shortly. From the autumn, the relaunch of this activity will also generate 30 full-time jobs and mobilise a further 50 indirect jobs in the port and the railway activity.

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