

EUROTUNNEL ON TRACK

LETTER TO GROUPE EUROTUNNEL SE SHAREHOLDERS

22 DECEMBER 2016

Dear Shareholder,

We will publish our December 2016 traffic figures on 10 January 2017, but it is already certain that we will have established new all-time records for the Shuttles: by 19 December, we had already transported our 1,600,000th truck – an unprecedented achievement!

In the month of November, Fixed Link truck traffic reached 143,114 vehicles, our 2nd best month ever, after March 2016. For the first 11 months, the increase compared to 2015 is +12%, **largely outperforming market growth.**

These very good results are at the same time accompanied by an increase in yield for each crossing, mostly due to the rationalisation of maritime competition.

Following the decision by the British competition authorities to ban MyFerryLink, the number of ferries operating out of Dover has reduced and the two remaining operators are pursuing profitable operations, even in the context of the increase in the price of oil.

Annual negotiations with our transport customers are under way in a favourable context, particularly in light of the **continuing resilience of the UK economy**, which shows absolutely no signs of the slow down forecast by some following the Brexit vote. Industry continues to invest in the United-Kingdom, as can be seen with Renault-Nissan. We should remember that automotive construction in the UK has grown by +7.8% over the past ten years whilst it has declined by 33% in France over the same period.

The Ernst & Young report which I have already spoken about, shows that our positioning in these most dynamic segments, those which are established on the just-in-time model, enables us to look forward to new growth. In addition to this, we are not sensitive to interest rate fluctuations as our debt is protected from rate variation.

These high Shuttle traffic volumes have also been made possible as a result of **our investments in our infrastructure, in particular the Terminal 2015 extensions.** The entry into service of the first of three new Truck Shuttles in the first quarter of 2017 will increase our capacity and frequency of departures and therefore our competitiveness. Quality of service, an essential factor in our business model, will consequently increase further.

The Passenger Shuttles have also achieved excellent results, with growth in the first 11 months of +1.5%, whilst the market was itself in a slight decline. The forecasts for traffic over the festive period are very high and with such an influx of customers we are strengthening our co-operation with the authorities in order to limit, as much as possible, the wait for border controls which, given the current context,

remain essential.

Eurostar should reach passenger levels approaching 10 million, which is very commendable in the present environment. We are confident in their ability to adapt and to optimise their potential, and above all to **open the new route to Amsterdam by the end of 2017.**

Eurotunnel and Eurostar are often confused and any reduction in traffic volumes for the latter is often generalised as being for the Tunnel as the whole. The access charges paid by Eurostar are very important for us, but only represent about 30% of revenues for the Fixed Link. Our core activity is Le Shuttle, which is not a railway operator, but an integrated vehicle transport system, unique in the world and which benefits from a total freedom to set prices guaranteed by the Treaty of Canterbury.

Europorte in France suffered the consequences of one of the longest ever strikes by SNCF workers in the spring of 2016 and must now adapt to the new railway sector working time arrangements. Our staff are mobilised and are implementing an action plan based on a policy of selective market development.

Our colleagues at Deutsche-Bahn subsidiary, ECR, have announced a vigorous restructuring, with the suppression of 300 jobs in France. With strength from the confidence of our customers which comes from the best quality of service in the industry, Europorte has no need to commit to such drastic measures to remain the only operator in the sector with a better than break-even operating margin.

At a moment when Fret SNCF has recorded approximately €4 million of losses since its last recapitalisation, we rely on the regulator, ARAFER, to remain vigilant and to ensure fair competition in this sector.

In conclusion, in light of these positive factors and in spite of the uncertain the geopolitical environment in 2016, your Group has shown, once again the strength of its economic model.

One last piece of information for you, regarding your Board: Robert Rochefort, who has been a director of Groupe Eurotunnel SE since 2007, has resigned and will be replaced by Corinne Bach, whose CV you will find overleaf. I would like, with the Board and on behalf of all the staff, to thank Robert Rochefort for his unrelenting support over a decade and for the important role he has played in the success of our Groupe. Corinne Bach will, amongst other things, bring to the Board her extensive knowledge and experience of the digital and telecoms world, and will enable us to continue to progress in these fields.

Eurotunnel has always been at the forefront of technological progress and intends to keep ahead of the pack, no matter what other developments surround us.

It remains only for me to wish you, dear shareholder, a very Merry Christmas and a Happy New Year for 2017.

Yours faithfully,

Jacques Gounon
Chairman and Chief Executive Officer




In brief...

Registered shareholders: opt for the E-notices for AGMs and E-statements!



As part of the CSR strategy and its digitisation policy, the Eurotunnel Group has enabled its directly registered shareholders to receive their account statements and the Notice of Meeting by email. To sign up for this, log on to the **Sharinbox website** of Société Générale Securities Services and tick on the E-statements and E-notices for general meetings in the E-services section of the Personal Information tab. These two clicks will enable you to receive these documents more quickly and to contribute reducing the paper consumption linked to the mass mailing of these documents by post. In due time, we shall offer you the opportunity to vote by internet. So, don't hesitate, choose this simple, quick, secure and environmentally-friendly solution!

The new mobile App: Groupe Eurotunnel Shareholders

Don't forget that since last month, the Groupe Eurotunnel Shareholders App has been available for smartphones and tablets on Google Play Store and App Store so you can keep in touch with the news of the Group. At your fingertips, anywhere and at any time, thanks to its user-friendly ergonomic design you can access all the company's information such as press releases, publications, shareholder area, share price and videos. Download today the free Groupe Eurotunnel Shareholders App on **Google Play Store** from your Android smartphone or tablet or the **App Store** from your iPhone or iPad.

Corinne Bach, new non-executive Board Director of Groupe Eurotunnel SE



42, a graduate of the *Ecole Polytechnique* (top French engineering and research school) and Master in Electronic Engineering, Corinne Bach was co-opted on 20 December 2016 to join Groupe Eurotunnel SE's Board of Directors following the resignation of Robert Rochefort (independent Director since 2007). Corinne Bach will bring to the Group her experience as a Chief Executive Officer gained from 17 years in the digital industry sector while working for French and international companies such as SFR and Vivendi. Since 2014, she has been the Chief Executive Officer of CanalOlympia and Vice Chairman of Vivendi Village within the Vivendi group.

New uniforms for Eurotunnel's employees



In order to better welcome customers, Eurotunnel's employees have been wearing the brand new customer service uniform in the Group's colours, more modern and adapted to their functions, since this autumn. In total around 1,000 employees in constant contact with customers (train drivers, crew members, staff on the Terminals and at the tolls) are

currently receiving their new work outfits in order to further reinforce the quality of service onboard Eurotunnel Shuttles.

Eurotunnel: inauguration of the new scanners for vans



Since the inauguration on 22 November of the two new scanners installed on the Folkestone and Coquelles terminals, commercial vans now travel in the single deck carriages of the Passenger Shuttles. The new "VP" service offers customers with vans less than 3.5 tonnes the opportunity to travel using the Passenger Shuttles service in order to avoid the peak traffic periods of the Truck Shuttles service, particularly at the end of year. The customers concerned, in particular express courier services, and holders of a VP account can book their crossings on a dedicated website. On arrival at the passenger terminal, customers follow the signposted VP route and may be subject to checks using the new scanners installed near the border controls. This initiative enables spaces to be freed up for heavy goods vehicles on the Truck Shuttles and accompanies the continuing growth in the Truck market.

The Group awarded for its Investor Relations



On 5 December 2016, the Eurotunnel Group was awarded the 3rd prize "all categories" during the 9th edition of the Trophy for Best Investor Relations rewarding the Euronext listed companies for the quality of their financial communications practices. This award is granted on the basis of an independent survey with financial analysts and French and non-French investors and ranks the Group right after two listed companies of the CAC 40 index. It emphasises the work achieved throughout the year by the Eurotunnel Group's Investor Relations team.