

EUROTUNNEL ON TRACK

LETTER TO GROUPE EUROTUNNEL SE SHAREHOLDERS

17 NOVEMBER 2016



Dear Shareholder,

Brexit, sterling, migrants, Eurostar... We read many comments on the supposed impacts of these issues on the activity of the Channel Tunnel Concession, but generally totally wrong.

Brexit: I have already said in the past that I could not see any impact on our activity, not to mention *de facto* that negotiations will last several years. Proof of it, in October our truck traffic has again achieved **record-breaking growth (+17%)** for the 12th consecutive time and four months after the 23 June referendum. You will find overleaf a graph comparing the outstanding growth in our truck traffic and the lesser growth in traffic for the French motorways, renowned for providing strong prospects for growth

to their owners (Abertis, Vinci, Eiffage...). Transposed to Eurotunnel, this should result in a better valuation of our potential. The car traffic is also satisfactory. We have analysed the destinations of our British customers (see overleaf). It is very interesting to note that the Tunnel enables our customers to target all the French regions, which is a very positive point for the dynamics of this activity.

To take a broader view, we have asked Ernst & Young (EY) to assess **the contribution of the Fixed Link towards the British economy**. You will find overleaf the link to the **EY report** published on our Group's website. The facts speak for themselves: **25% of all UK trade in goods with the European Union are transported through the Channel Tunnel** which represent £91.4bn of trade per year. 30% of UK exports to the EU and 22% of imports depend on the speed of the Tunnel. The Fixed Link contributes to support 265,000 jobs in the United Kingdom.

Sterling: the current situation is nothing new for us. Firstly the British economy continues to report growth (and +1.4% is forecast for 2017), which is reflected by the FTSE (+7% since 23 June). Between 2012 and 2016, sterling has remained fairly stable (-2%) but our traffic volumes have increased considerably. And in the meantime, the Concession EBITDA has increased by +16%! A variation of -10% of the sterling has a face value impact of only €22M on our results but the debt is then reduced by €190M. In substance, since the opening of the Tunnel 22 years ago, the variations of sterling against the euro have not impeded our activity.

With regard to migrants, there has been no disruption by migrants to our operations since October 2015, thanks to the joint efforts of both our teams and the police forces. As the Calais "jungle" has been completely dismantled, the image of the Calais region will

recover, which should bring back traffic that may have temporarily avoided this supposedly risky area. It is definitely good news, including for the migrants who have seen their living conditions improved considerably in the refugee reception centres they went to.

Eurostar: the summer traffic of Eurostar has naturally been impacted by the terrorist attack in Nice but volumes of passengers are again on the rise, in particular for the end of the year period with the attractiveness of London (a positive effect of the fall in sterling!). If there is a reduction in the number of services, this is not surprising: as the new e320 Velaro trains have a +20% capacity in number of passengers, it is absolutely normal to run less trains. This reduction has no impact on the Tunnel: access charges depend of the number of passengers not the number of trains. The further good news is **the opening in December 2017 of Amsterdam as a direct destination** which will no doubt be a success.

Lastly **the Concession** is pursuing a major investment programme: new GSM-R telecommunications inaugurated on 29 September, the forthcoming entry into service of the first new Truck Shuttle, the completion of a new Security Control Centre, the construction of two Flexiplus buildings to even higher standard,...

At the same time, we have achieved excellent terms for the sale of **GB Railfreight**. As for capital-intensive activities, the continuity of growth for GBRf required new investments that drew us away from our core business which is clearly in infrastructure (thus removing questions that would have arisen regarding the Brexit exposure of GBRf). Thanks to the corporate culture of the Eurotunnel Group and to its management skills, we have given in only 5 years a whole new dimension to GBRf that we can be proud of. This resulted in an **enterprise value of approximately €180M at the time of sale to EQT Infrastructure II** (for a purchase value of €30M in May 2010).

Still under the heading of infrastructure, the construction contracts for the **ElecLink interconnection** have just been finalised with Siemens AG, Balfour Beatty and Prysmian. Work on the interconnector will start next January and will be managed in such a way that the Tunnel operations won't be disrupted. We are also considering implementing specific financing linked to this major project. The recent cold weather spells and the concerns of the public authorities regarding the risk of power cuts further strengthen the value of this asset.

Numerous projects, growth, results, let's look to our future with confidence.

Yours faithfully,

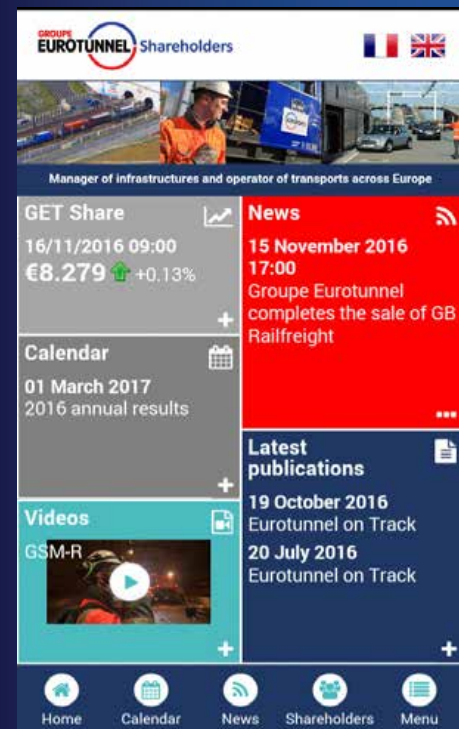
Jacques Gounon
Chairman and Chief Executive Officer

In brief...

Date for your diary in 2017

1st March: 2016 annual results

Eurotunnel Group: new Shareholders' mobile App

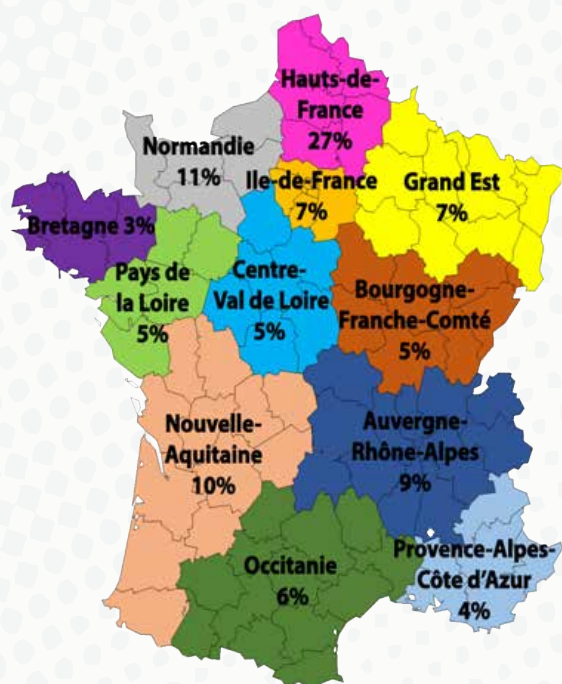


Launched only a few days ago, the Shareholders App enables you to follow in real time all the Group's latest news and offers you easy mobile access to general information: press releases, publications, shareholder area, financial calendar, GET share price, regulated information, videos... This new tool completes the information currently available to you and fits in with the Group's strategy to develop digital and innovative solutions as key elements of the Group's activities. Easy-to-use thanks to its user-friendly ergonomic design, the Shareholders App is available in both French and English on all your mobile devices (smartphones and tablets) and enables you to receive a notification for the financial calendar and publications. To download the Eurotunnel Group Shareholders App today, simply visit the Google Play Store from your Android smartphone or tablet or the App Store from your iPhone or iPad and stay connected anywhere at any time.

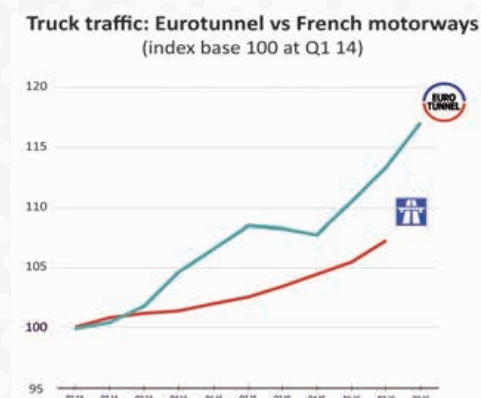
The favourite French destinations of our British customers

According to surveys conducted regularly among our customers travelling from the United Kingdom, the French regions the most visited between January and September 2016 were the Hauts-de-France Northern region (27%), Normandy (11%) and the Nouvelle Aquitaine South-West region (10%). Some destinations are subject to seasonality, such as the Auvergne-Rhône-Alpes region during the ski holidays in February or the Provence-Alpes-Côte d'Azur in July and August. Beyond France, Belgium is the destination most frequented by our customers.

Proof of the attractiveness of the Hauts-de-France Northern region, these figures demonstrate the vitality of the cross-Channel passenger market and consolidate the position of the Fixed Link as the vital way for crossing the Short Straits.



Growth in Eurotunnel's truck traffic



The heavy goods vehicles traffic increased by 14% for the third quarter of 2016 (vs Q3 2015) with 400,450 trucks transported whereas the number of trucks circulating on the French motorways increased only by 3%.

This confirms the continuous growth of Truck Shuttle traffic since the end of 2013. These outstanding results demonstrate the vitality of the cross-Channel Truck traffic which the Truck Shuttle service outperformed during this period without any impact of Brexit on its growth.

Economic footprint of the Channel Tunnel Fixed Link



The report from Ernst & Young, entitled "Economic footprint of the Channel Tunnel fixed link", assesses the economic contribution of the Channel Tunnel to trade and tourism, and its role in the UK's economic growth. According to this report, the Channel Tunnel facilitates trade worth £91.4bn per year, representing a quarter of all UK trade in goods with the European Union. [Read the report.](#)

CIFFCO: an award for the MOOC



In October, the MOOC "On the right track to employment" dedicated to railway jobs launched by the CIFFCO, the Eurotunnel Group's training subsidiary, won the Digital and new tools Project Award at the 2016 Digital HR Awards organised by the French National Association of Human Resources Directors (ANDRH). At the end of September, the MOOC was rewarded by a special mention from the HR IT Trophy jury.

Eurotunnel Group ranked 20th in the Gaïa Index



At the end of October, the presence of the Eurotunnel Group was confirmed in the Gaïa Index which evaluates the involvement of listed companies in CSR issues. This year the Group ranks 20th among the 70 top-rated companies (out of 230 companies evaluated) according to criteria of governance, social and environmental policy and the engagement of external stakeholders. It highlights the efforts made by the Group in terms of CSR towards the financial community and investors, with the Group's global score improving by 35% since 2012.