



2016 half-year results of the Eurotunnel Group

20 July 2016

Jacques Gounon – Chairman & Chief Executive Officer





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Key fact & figures and CSR in H1 2016



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Eurotunnel Group



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Eurotunnel Group

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EUROTUNNEL GROUP

Key facts & figures and CSR in H1 2016



GROUPE EUROTUNNEL SE

Key facts and figures in H1 2016

Truck Shuttle
traffic: **+10%**

Car traffic
stable

Growth
in revenue **+2%**
to **€582M**,
in EBITDA **+4%**
to **€249M***

Net profit
increased to
€60M**

* Excluding discontinued activity and recalculated at H1 2016 exchange rate: £1 = €1,273

** Including a €22M one-off net profit for the maritime segment

A particular geopolitical context

○ **Brexit**

- A business model based on **solid and sustainable UK/FR flows** of goods and people
- **A stable legal framework, independent** of European Union agreements
- The United Kingdom already **outside the Schengen area** (immigration)
 - No impact: Treaty of Canterbury, Sangatte Protocol (1991)
- The United Kingdom already **outside the Eurozone**
 - Since 1994, variation of the exchange rates £ vs € without any impact on growth in traffic and performance
- 2016 and 2017 EBITDA objectives maintained
 - 10% variation in the € / £ => c.€35M change in EBITDA (base 2015)
- The Channel Tunnel, undeniably a **vital link** in Europe

○ **Terror attacks in Belgium and France**

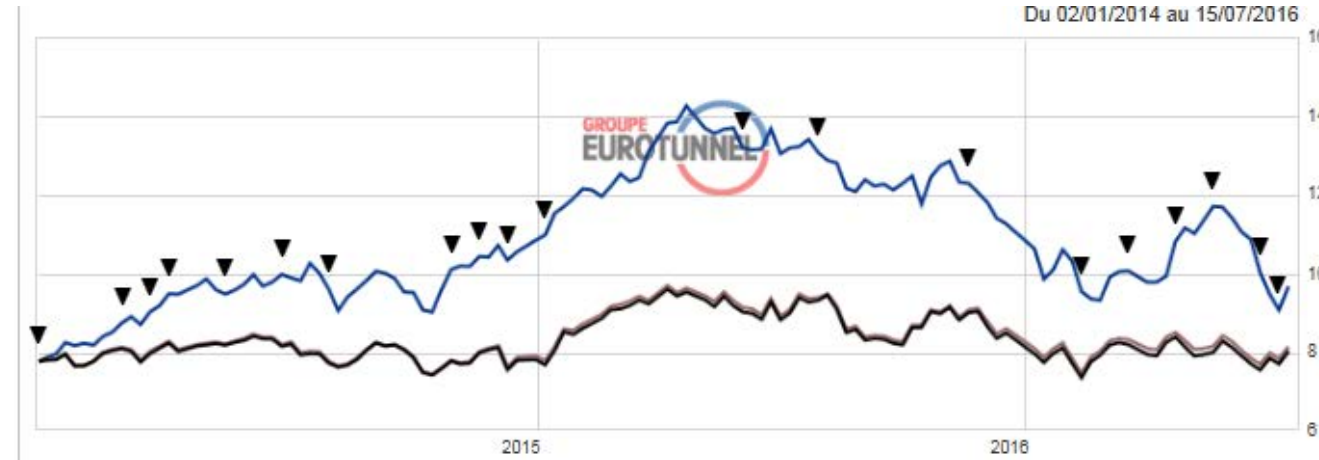
○ **European migration policy**

○ **Strikes in France**

GROUPE EUROTUNNEL SE

A 100% privately-owned European Group

- **GET shares** listed on the NYSE Euronext Paris and London
 - **Market capitalisation** at 19 July 2016: €5.4Bn
 - **Share performance** since 01/01/2014: +27%
 - **Financial market volatility** resulting from the UK referendum
- **Concessionaire of the cross-Channel Fixed Link until 2086:**
a €15Bn investment
- **2 main activities**
 - Infrastructure management
 - Rail transport operator



CSR OF EUROTUNNEL GROUP IN H1 2016

Further ethical and social progress

○ Publications

- Document of compliance with the duty of care against illegal work (May)
- Chapitre 17 of the 2015 Registration Document and Group's CSR report (March)

○ Social: 4,000 employees in UK/FR

- 124 young people in apprenticeships (June)
- Digitalisation: electronic pay slip in France (February)
- Attendance at an Employment programme exhibition in Calais to promote jobs, vacancies and training at Eurotunnel (April)
- Priority to safety: workshops at Eurotunnel, Safety Week at Europorte (June)
- Employee Benefits Awards: Best employee share scheme award received in London in June
- 10 videos portraits of UK and FR employees, Eurotunnel's ambassadors, online on social media networks (June)



CSR OF EUROTUNNEL GROUP IN H1 2016

Further environmental and societal progress

○ Environment

- Replacement and entry into service of the 1st refrigeration unit of the Tunnel cooling plant in Sangatte in May: HFO organic gas and 40% saving in electricity
- Replacement of Halon gas by Novec 1230 (fire protection) in 40% of the Tunnel's technical rooms
- Relandscaping of the Coquelles site's surroundings

○ Societal

- Support given by Eurotunnel to the Secours populaire français (energy vouchers), Made in TH (assistance to disability), *Capital Filles* (tutoring), *Destination Emploi* (young people's employability) and by GB Railfreight to the British Heart Foundation, Woking Homes and Ripple Project
- Tribute in Folkestone to HM Queen Elizabeth II for her 90th birthday, video footage of the rerailing in the Tunnel (BBC South East) and of Tunnel safety (France 3)



 **Eurotunnel Group,**
The transport reference in respect for the environment

3



RAIL FREIGHT ACTIVITY

Europorte in H1 2016



EUROPORTE: RAIL FREIGHT

No.1 private rail freight operator in UK/FR

- **Architect of railway and logistics solutions**
- Successful **renegotiation of labour agreements in France** in line with the new Collective Agreement (2014 railway reform)
- **A sustainable business model**
- **Europorte's activity** in France in H1 2016
 - Contract renewal with the ports of Nantes Saint-Nazaire and La Rochelle: management, operation and maintenance of railway networks
 - Reduction in the transport of cereals
- **Impact of the strikes** in France on traction activity and of the blockades on the transport of petrochemical products
 - More than 300 trains cancelled

Diversification and organic growth of GB Railfreight in the UK

○ Start of **new activities**

- Traction of the luxury Belmont Royal Scotsman in Scotland (5-year contract)
- Transport of biomass for Drax

○ **New services and contract extensions** in the infrastructure, intermodal and bulk transport sectors

- Transport for Sibelco, STVA, Rio Tinto Alcan, Tarmac, British Gypsum and FCC Environment
- Partially compensating the reduction in the transport of coal due to the increased carbon tax in the UK and the end of several large contracts, including with London Underground



EUROPORTE AND ITS SUBSIDIARIES

A business and social success

In €M	H1 2016	Change	H1 2015*
Revenue	139	-4%	146
Operating costs	-129	-5%	-136
Operating margin (EBITDA)	10	=	10

Revenue

- New contracts started in 2015 and H1 2016 but expected end of contracts in the UK and impact of many strikes and blockades in France

Operating costs

- In line with the temporary reduction in activity in H1 2016

Investment

- In Class 66 and 73 locomotives (GB Railfreight) partially refinanced

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FIXED LINK CONCESSION ACTIVITY
Eurotunnel in H1 2016



FIXED LINK

Migrant pressure: efficiency of the multi-year plan

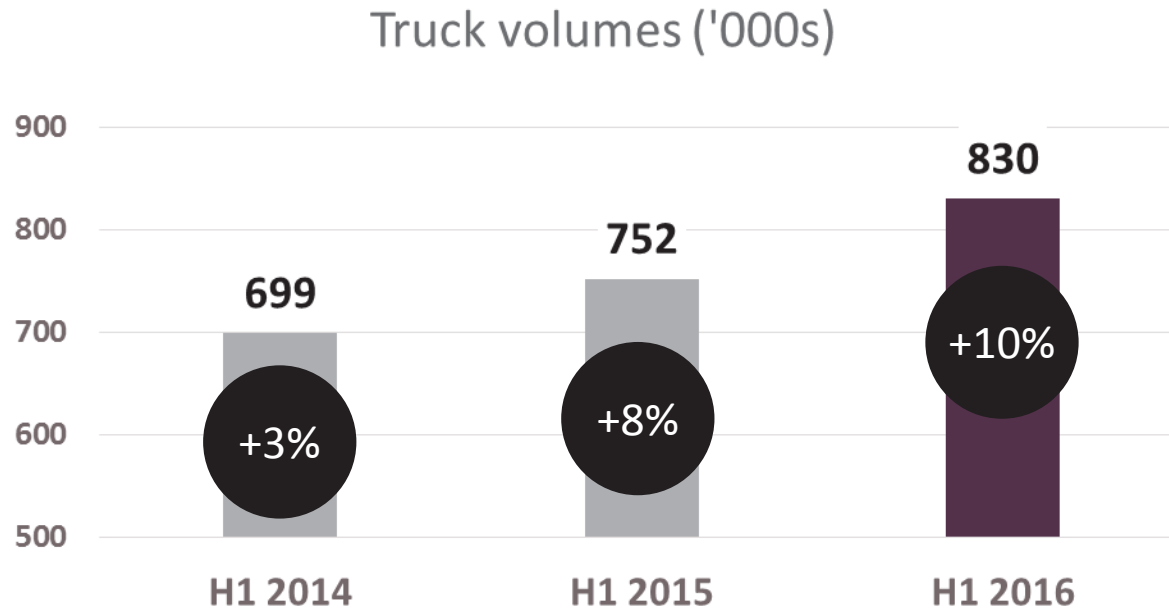
- **Humanity**, protection against risks but firmness
- **Significant reinforcement** of security measures on the Coquelles terminal in 2015
- **Full support of governments**
 - Visits in August 2015 by the Home Secretaries, Theresa May and Bernard Cazeneuve
- Deployment of the **multi-year plan in H1 2016**
 - 2 military-quality drones equipped with long-range thermal imaging cameras, in addition to the 500 fixed cameras on the Coquelles terminal
 - 2 scanners for cars and small vans being put into use (Coquelles, Folkestone)
 - Creation of a railway siding before the Tunnel portal to enable vehicles to be searched without disrupting railway traffic flows (ongoing)
 - Construction of a new Security Control Centre for the UK and FR authorities (ongoing)



Since October 2015, no intrusion nor traffic disruption

TRUCK SHUTTLES – H1 2016

An all-time traffic record and yield up



 *A fast, frequent and flexible Eurotunnel Freight service*

Activity

- 829,606 trucks transported
- 8 months of record traffic (November 2015 to June 2016)
- Eurotunnel, world leader in piggyback transport

Cross-Channel market and Eurotunnel market share

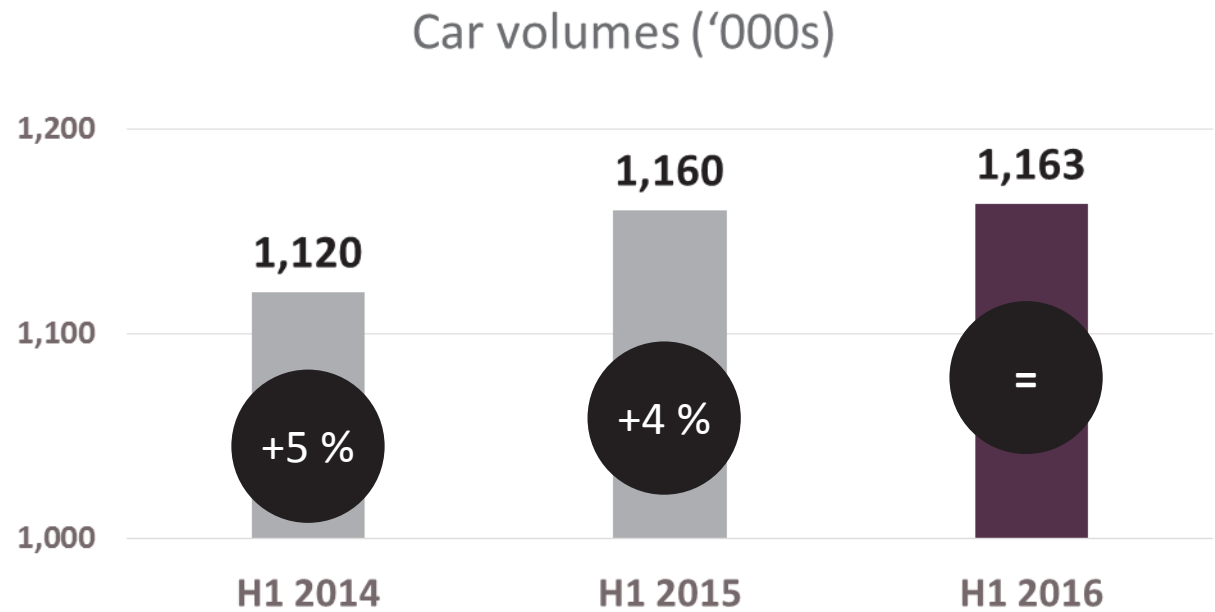
- Steady growth in Short Straits market: +4.3%
- Eurotunnel market share up 2.2 points to 39.7%


Yield

- Steady increase

LE SHUTTLE FOR PASSENGERS – S1 2016

Best 1st half-year traffic for 15 years



 *A fast, reliable, easy and comfortable service with Le Shuttle*

Activity

- 1,162,740 cars transported
- 28,036 coaches (-12%)
- Good outlook for the 2nd half of 2016 based on summer bookings

Cross-Channel car market* and Eurotunnel market share*

- Contraction in the Short Straits market: -4%
- Eurotunnel market share up 2 points to 57,2%

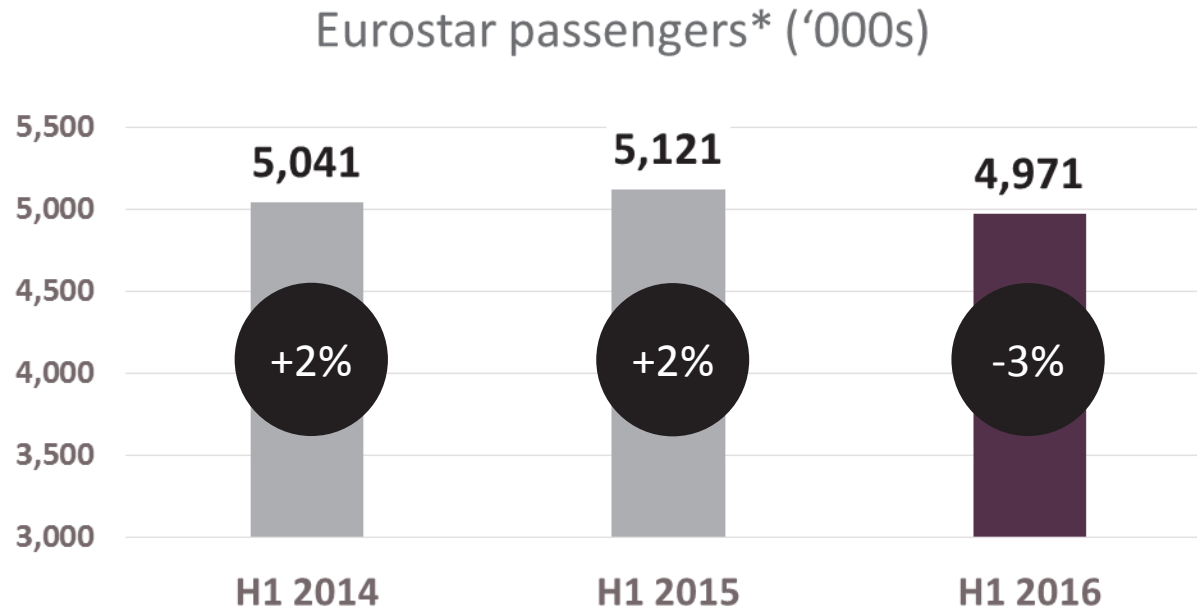
* Estimated

Yield et ventes

- Continued growth in average yield
- Growth in Flexiplus premium service sales

HIGH-SPEED PASSENGER TRAINS* EUROSTAR – H1 2016

3rd best 1st half-year traffic since 1994



 *New Eurostar trains: more comfort, more services and more destinations*

* Number of Eurostar passengers travelling through the Channel Tunnel, excl. the Paris-Calais and Paris-Lille routes

Activity

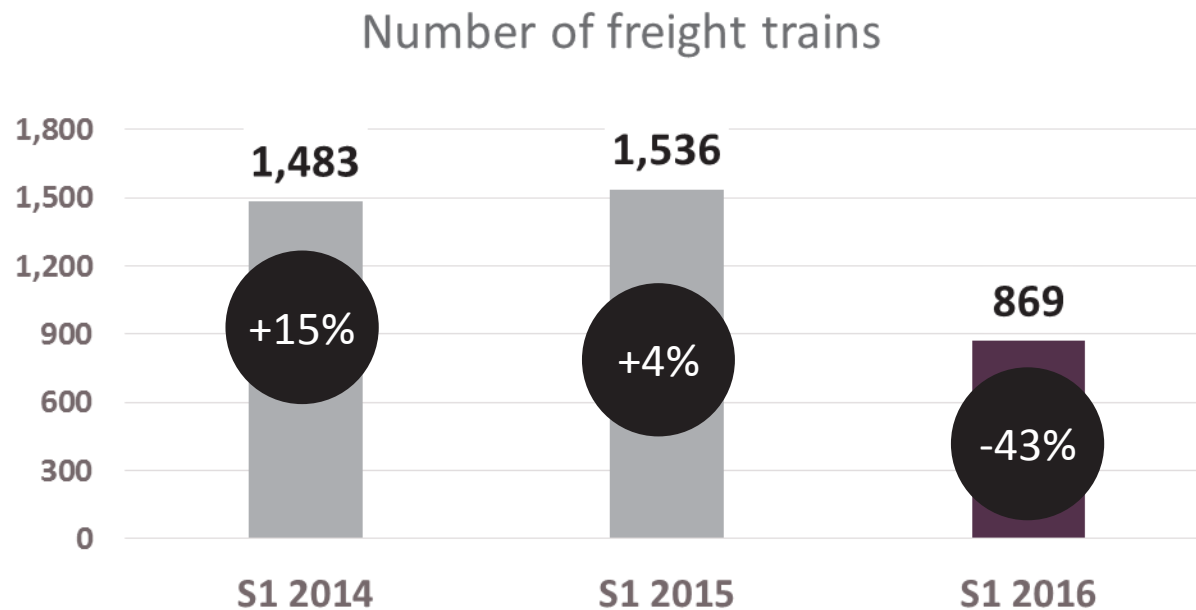
- Almost 5 million passengers transported
- Additional traffic generated by Euro 2016 football tournament
- 10 first new e320 trains in commercial service at end of June
- Success of the direct London-Lyon-Marseille route: already more than 180,000 bookings since its launch in May 2015
- Eurostar Snap, the new digital hub for best fares

Exceptional events

- Direct impact of the terror attacks in Paris in 2015 and in Brussels in March 2016
- Impact of the strikes in Belgium and in France in H1 2016

CROSS-CHANNEL RAIL FREIGHT – H1 2016

Traffic transfered to other commercial routes



Activity

- Still impacted by the migrant crisis in H2 2015 and difficulties to secure the SNCF Calais-Fréthun site
- Traffic transfered to other commercial routes

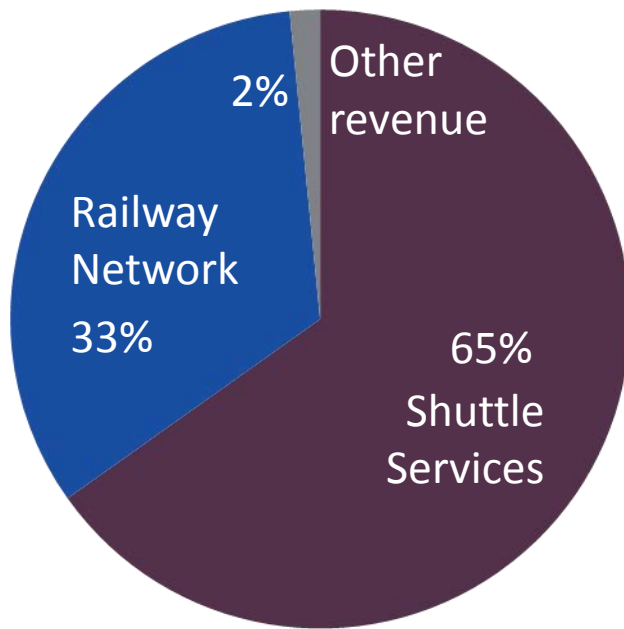
Relaunch of traffic

- Calais-Fréthun site once again secure
- Eurotunnel is working with all parties concerned to re-launch traffic

FIXED LINK CONCESSION

Steady growth in revenue

Revenue - Concession



In €M	H1 2016	Change	H1 2015*
Revenue	443	+4%	424
Operating costs	-204	+5%	-194
Operating margin (EBITDA)	239	+4%	230

- **+€25M** increase in Shuttle Service revenue
- Excellent revenue progress; the segment represents **76%** of the Group's revenue
- Car and coach Short Straits markets and Eurostar traffic still **impacted by the attacks** in Paris at end of 2015 and in Brussels at beginning of 2016

EUROTUNNEL IN H1 2016

N0.1 operator on the Short Straits

145,000 trucks
transported in
March 2016,
an all-time
monthly record



15,000 passenger
vehicles
transported
on 25 March
in both directions



121,000 Pets
onboard
Le Shuttle
in H1 2016
(+15% vs H1 2015)



62,000 trains
through the
Tunnel, of which
52,000 Eurotunnel
Shuttles



Since 1994, more than 376 million passengers and 75 million vehicles have already travelled through the Channel Tunnel

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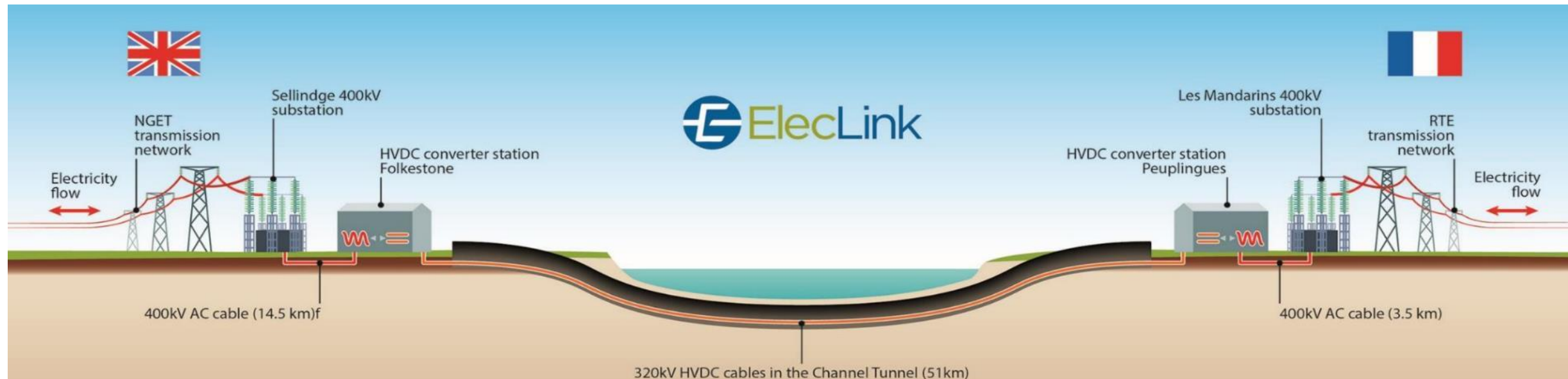
OTHER GROUP ACTIVITIES
ElecLink, CIFFCO



DEVELOPMENT OF STRATEGIC INFRASTRUCTURE

ELECLINK, a FR-UK electricity interconnector

- **Added-value for the Channel Tunnel:** a **€500M** investment and creating employment
- Regulatory process **completed**
- **Signature of a conditional agreement** for the purchase by the Eurotunnel Group of Star Capital Partners' 51% of the ElecLink joint venture
- **Implementation phase**
 - Activity over **25** years and proposal for the purchase of capacity on long-term contracts (**20 years**)
 - **2015:** selection of preferred bidders for the construction of the two converter stations, the manufacturing and installation of the cable in the Channel Tunnel
 - Construction to begin by **end of 2016**, with service to start in **2019**



DEVELOPMENT, TRAINING AND EXPERTISE

CIFFCO, No.1 private railway training centre in FR/UK

- Strengthening of the railway sector to support recruitments and training

Success of the 1st
MOOC for railway jobs



- + 5,000 subscriptions, 1,200 attestations, 800 certificates
- Recruitment and training of trainee drivers for Eurotunnel and VFLI (ongoing)

Training of ground
staff and train drivers



- Railway training, in particular of the new staff members of EPSF (French railway safety authority)

Investment in
a driving simulator



Simulator, the replica of a train cab for trainee drivers

Training agents for high-speed Le Mans-Rennes line



- Partnership with the Eiffage Groupe for the training of maintenance drivers and ground staff before the opening of the new high-speed line (May 2017)

5

Jacques Gounon

2016

Close of the Meeting

Groupe Eurotunnel SE
27 April 2016

The world leader in piggyback transport
The reference in response for the environment

GROUPE
EUROTUNNEL

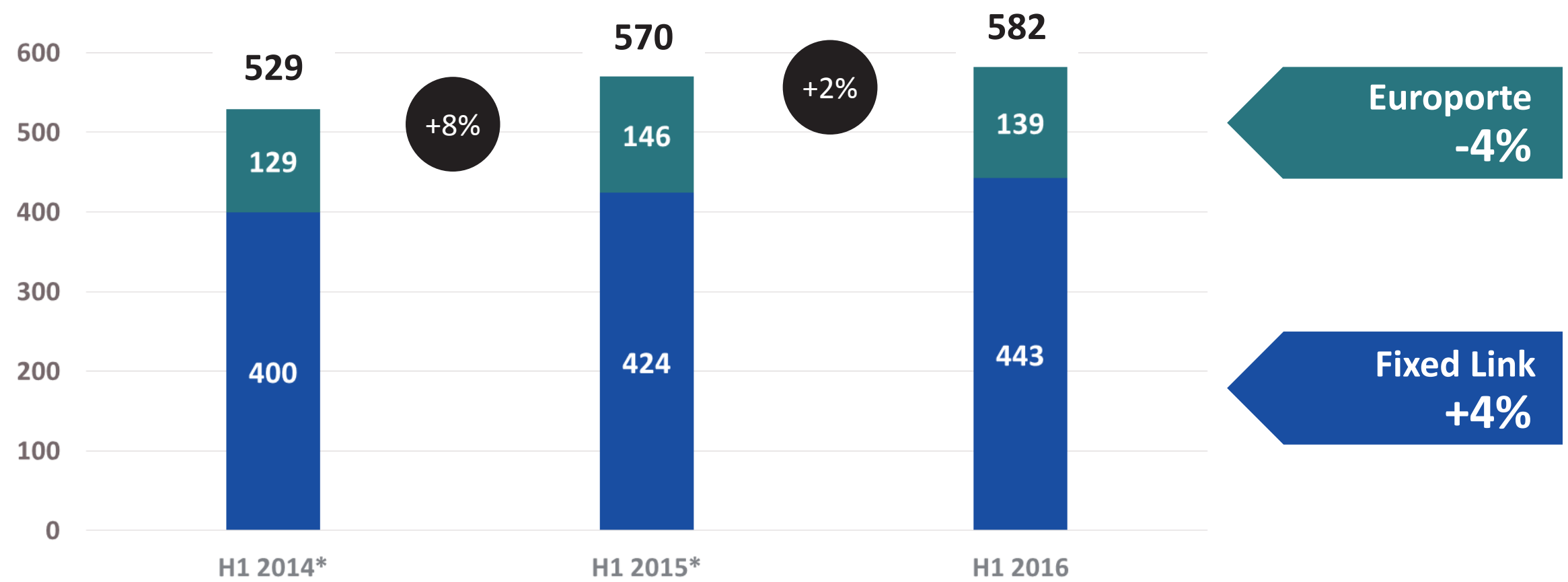
H1 2016 FINANCIAL RESULTS

Eurotunnel Group



GROUP REVENUE (in €M)

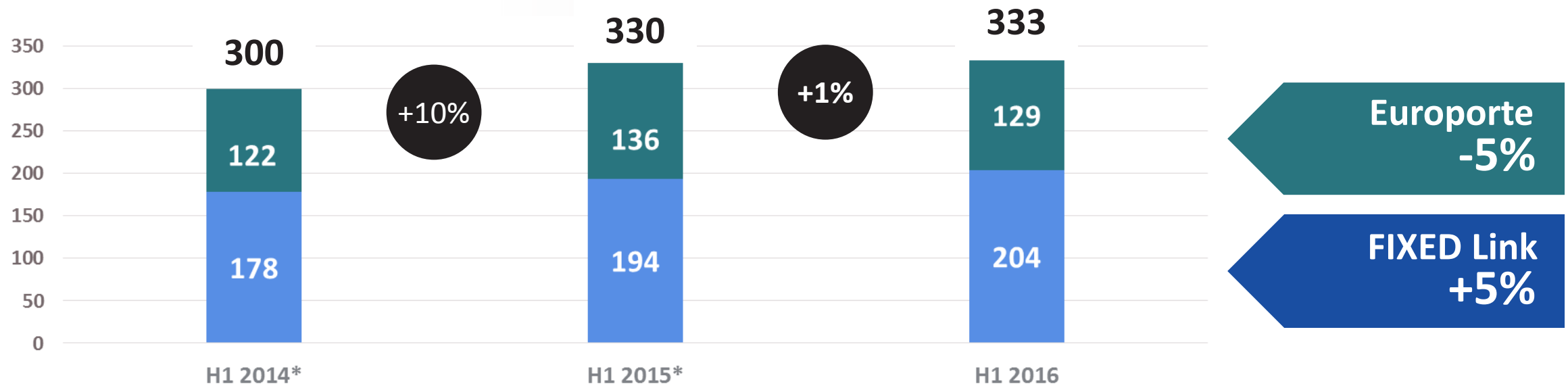
13th consecutive half-year growth in revenue



* Restated for IFRS 5 (excl. MyFerryLink) and recalculated at H1 2016 exchange rate: £1 = €1.273

GROUP OPERATING COSTS (in €M)

Controlled and in line with the activity



Europorte

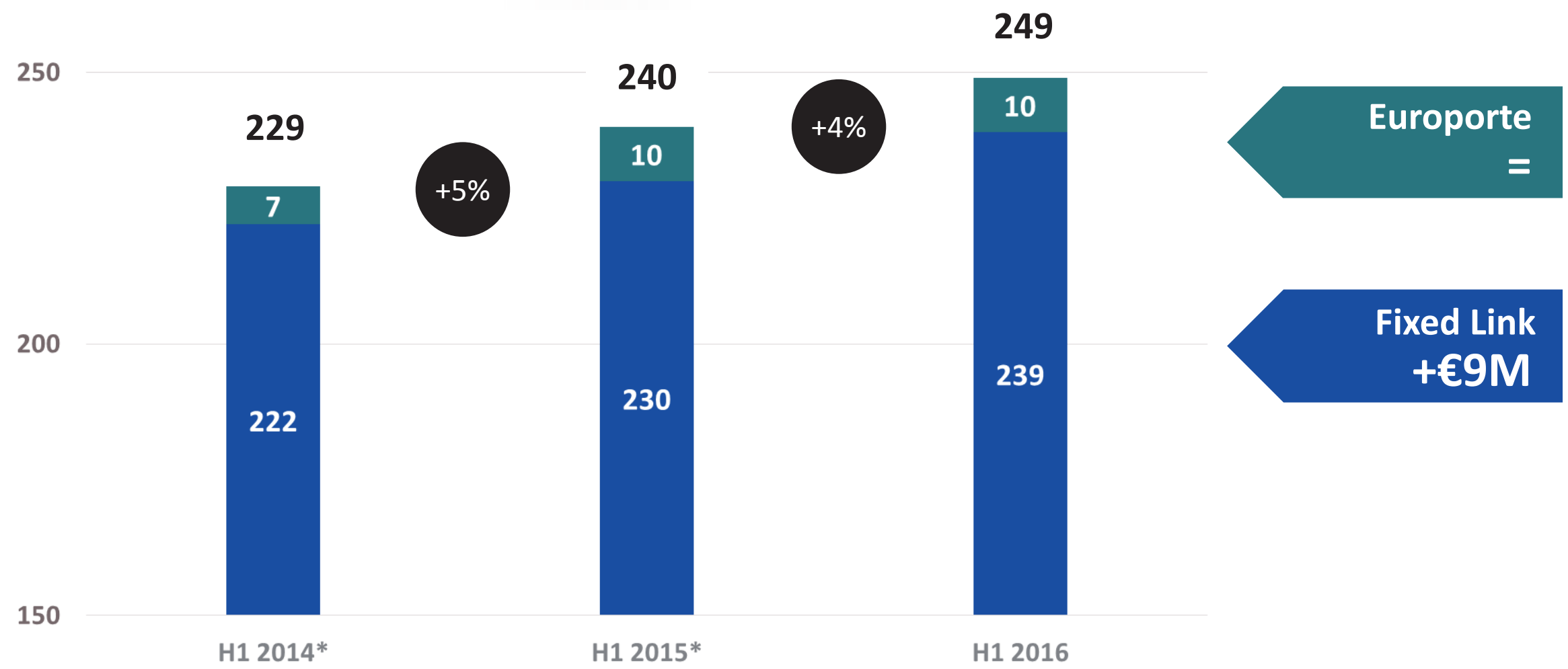
- Decrease in costs, in line with the H1 2016 activity

Fixed Link

- Impact of increased activity on maintenance, staff and other operational costs
- Additional security costs: enhanced security measures on the Coquelles terminal and passport controls for people leaving the UK in Folkestone

GROUP EBITDA (in €M)

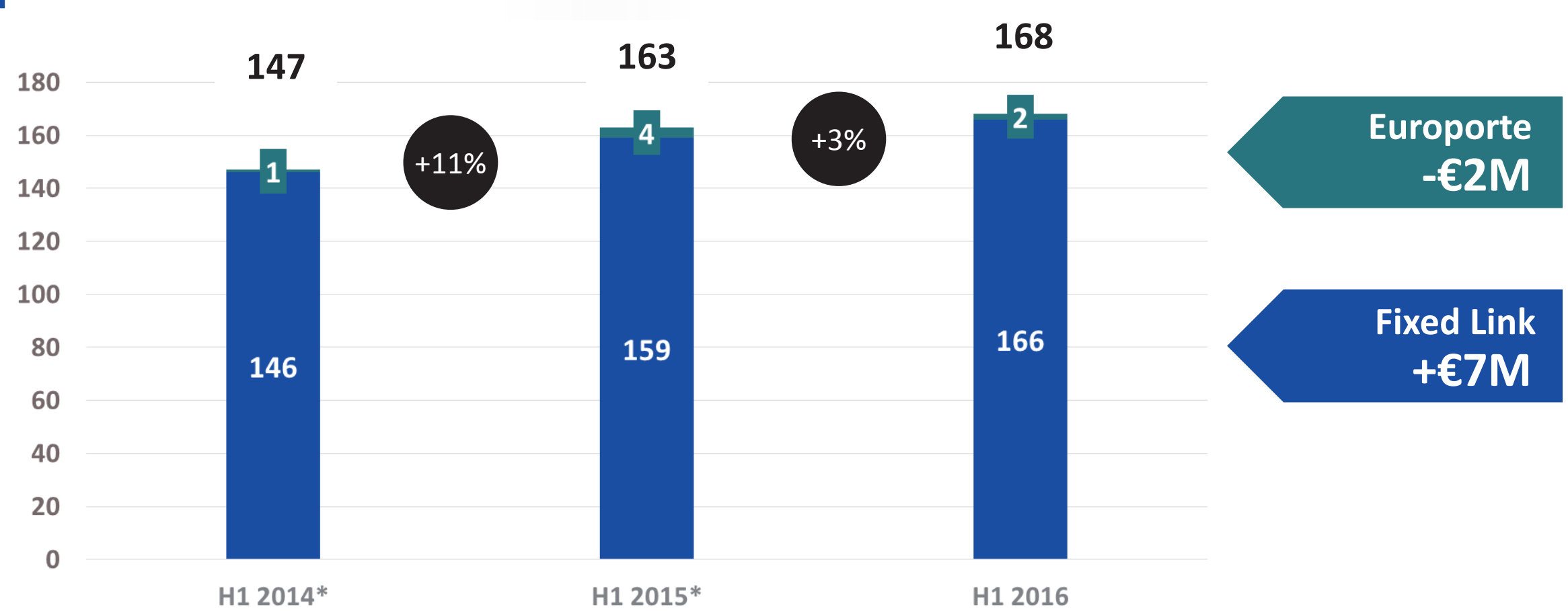
Continuous improvement in the operating margin: +€9M vs H1 2015



* Restated for IFRS 5 (excl. MyFerryLink) and recalculated at H1 2016 exchange rate: £1 = €1.273

GROUP EBIT (in €M)

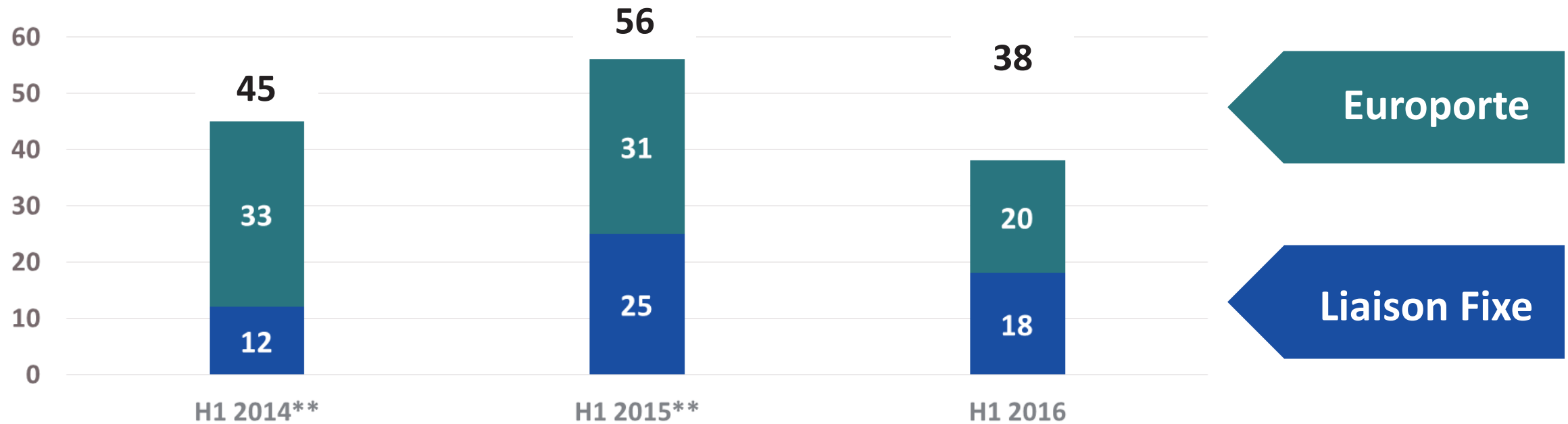
An operating profit up by €5M



* Restated for IFRS 5 (excl. MyFerryLink) and recalculated at H1 2016 exchange rate: £1 = €1.273

CAPEX* (in €M)

To support growth in activity and secure the future



Europorte

Fixed Link

- Purchase of new locomotives for GB Railfreight in the UK, partially refinanced in H1 2016

- Terminal 2015, 3 new Truck Shuttles, rerailling in Tunnel, GSM-R

FIXED LINK

Invest to secure and manage 2 million trucks in 2020

- New Truck Shuttle terminals: **€30M**

Coquelles: October 2015



- 150-truck secure buffer storage area
- Doubling of control lanes
- 2 new check-in lanes
- Secure 340 truck parking area

Folkestone: February 2016



- 5 new access lanes
- New 5 check-in booth plaza
- Check-in control building
- Separation of truck and car flows

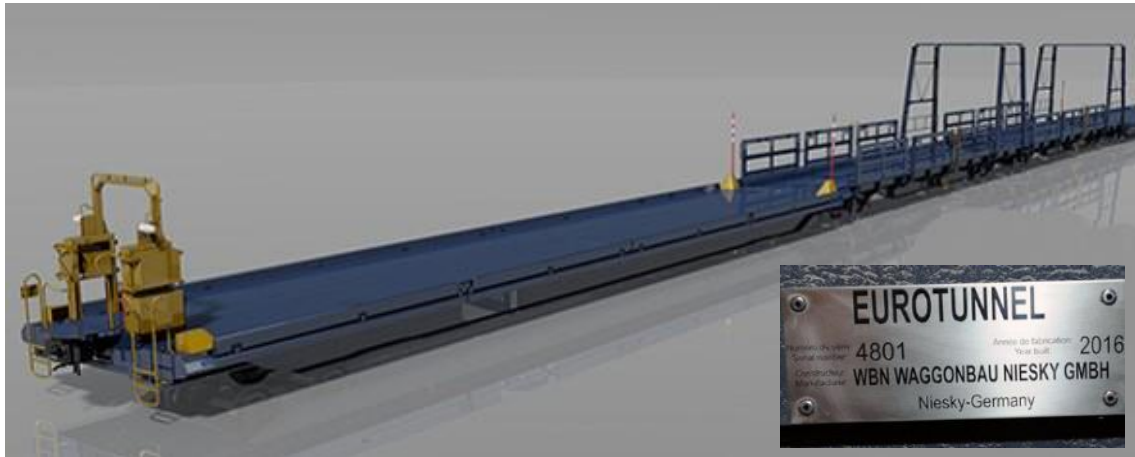


FIXED LINK

Invest to increase capacity and performance

- 3 new WBN Truck Shuttles: **€60M**

To enable up to 8 Truck Shuttle departures per hour and per direction during peak traffic periods



- Delivery of the 1st wagon on 15 April 2016
- Finishing work, fitting of one deflector per wagon and tests

- 1st new Shuttle to enter commercial service at end of 2016
- Followed by the other 2 in 2017



Frequency



Reliability



Availability

FIXED LINK

Invest to modernise and secure the systems

- New GSM-R system, the European standard in railway telecommunications: **€48M** over 7 years

High-security private cellular network



- Communications between technicians and with the rail Control Centre (RCC)
- Operational since January 2016

Track-to-train cellular network



- To be operational during the summer of 2016



Safety



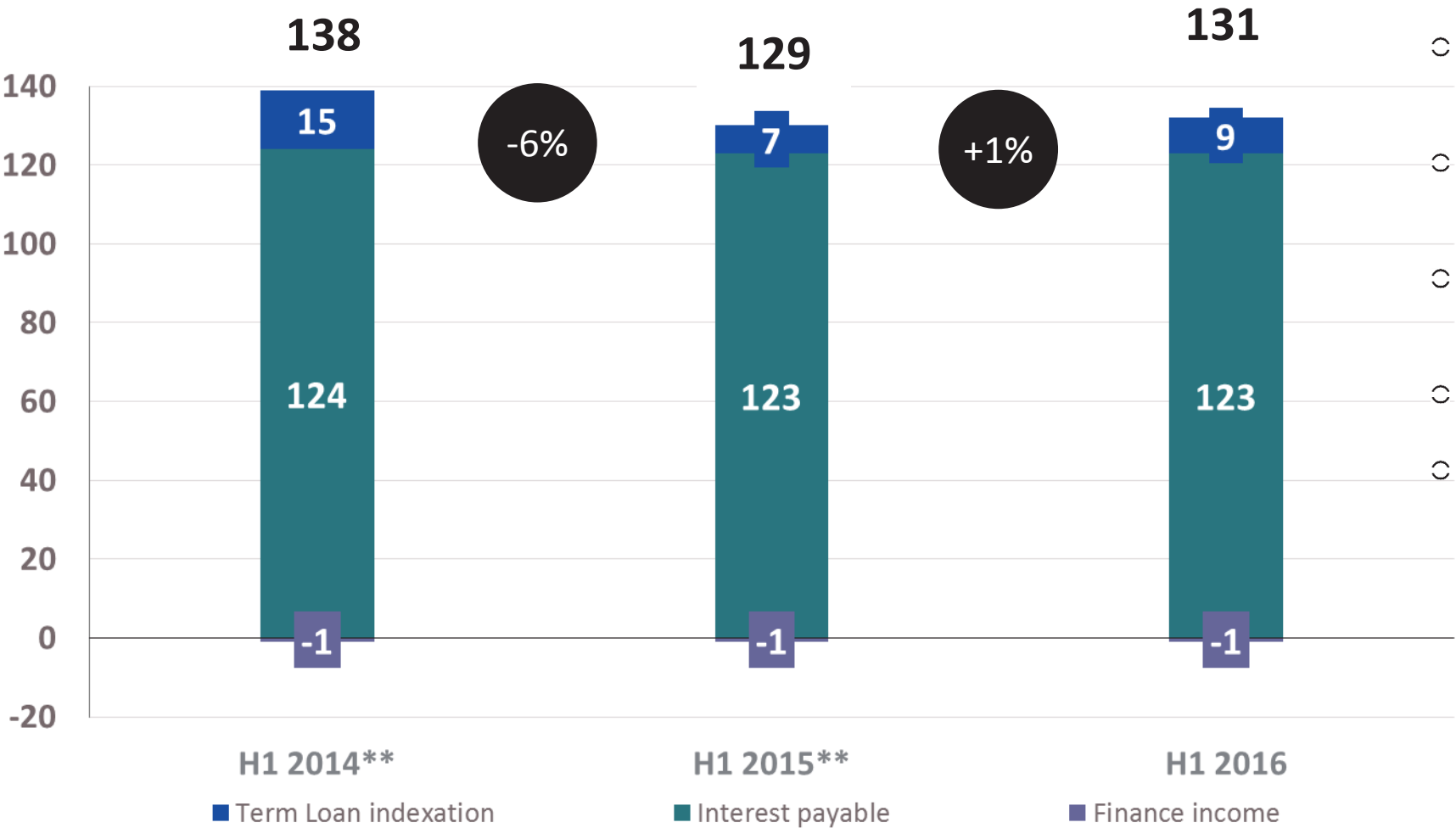
Functionality



Quality of service

NET FINANCE COSTS (in €M)

Investment grade rating

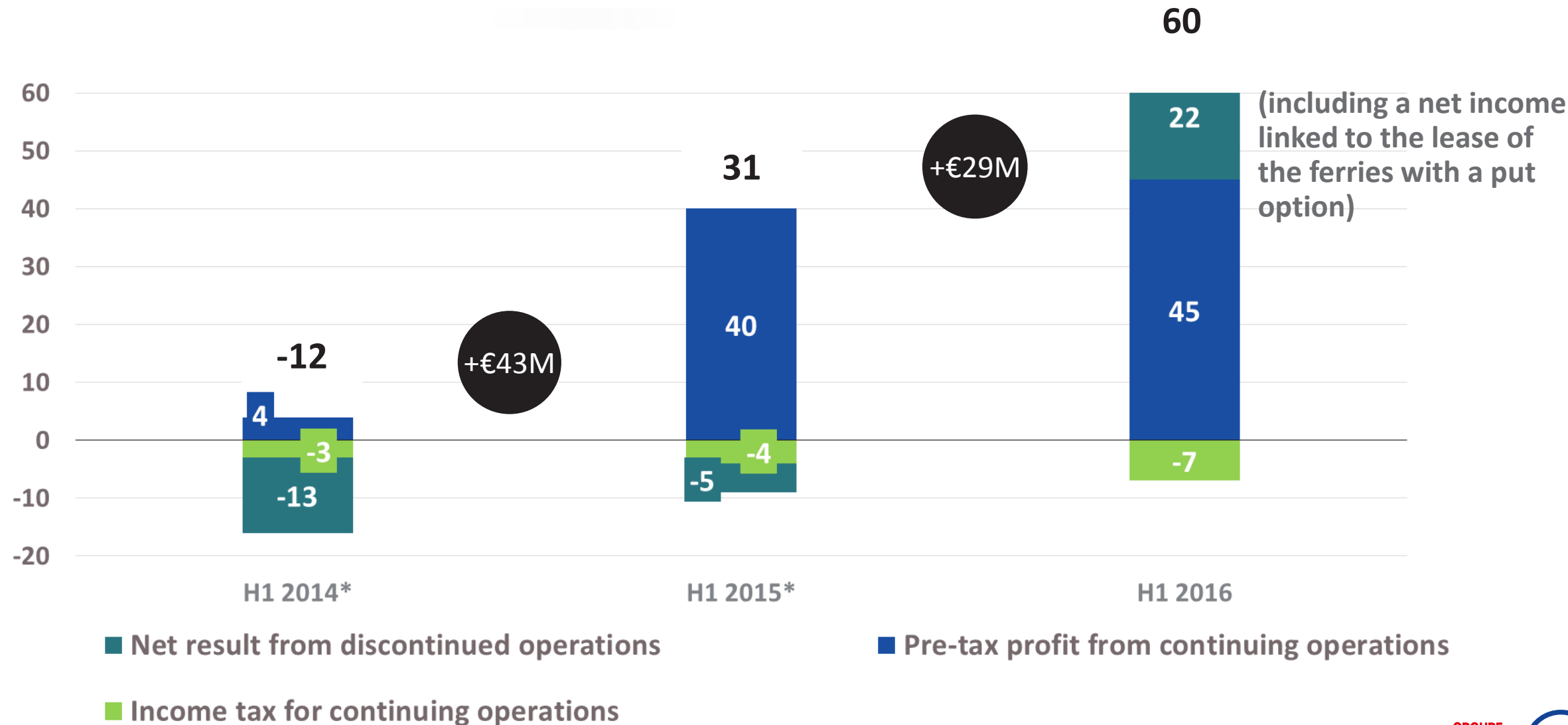


- Nominal value of the debt: €3.6Bn* at 30/06/2016
- Debt repayment in H1 2016: €19M
- Total reduction of the Term Loan since 2008: €299M*
- Very long-term maturity
- Simplification of the debt structure at end of 2015

* At the exchange rate of 30/06/2016 : £1 = €1.21
** Recalculated at H1 2016 exchange rate: £1 = €1.273

GROUP CONSOLIDATED NET RESULT (in €M)

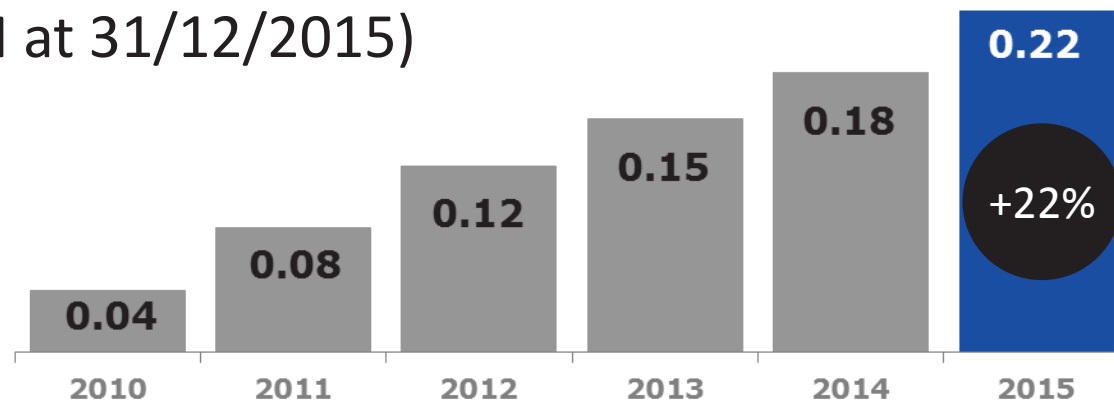
A €29M increase in profit



TREASURY IN H1 2016 FOR SERVING SHAREHOLDERS

A sustainable dividend policy

- Dividend paid in 2016 = €118M
- Scheduled repayment of loans = €19M
incl. €18M for the Term Loan
- 4M shares buy back = €39M
- Net CAPEX = €47M
- Cash position = €298M
at 30/06/2016
(vs €406M at 31/12/2015)



- Dividend paid on 26 May 2016

EUROTUNNEL GROUP

Summary of H1 2016

- Growth in revenue: +2% at €582M
- €71M of free cash flow from continuing operations
- Scheduled repayment of the Term Loan: €18M, i.e. €299M total repayments since 2008
- EBITDA at €249M, up by +€9M
- Operating profit (EBIT) at €168M, up by +€5M
- Net result from continuing operations: a €38M profit
- Net consolidated result: a €60M* profit (vs €31M in H1 2015)
- Consolidated EBITDA objectives for 2016 and 2017
 - 2016: €560M at £1 = €1.375 vs €535M at £1 = €1.273
 - 2017: €605M at £1 = €1.375 vs €579M at £1 = €1.273

** Including a €22M one-off net profit for the maritime segment*

6



DEVELOPMENTS AND OUTLOOK

Eurotunnel Group



FIXED LINK: VISION 2020

Increase our striking force

- A cross-divisional collaborative approach to tackle challenges
- Up to 400 Shuttle departures per day
- Be able to accommodate in 2020
 - 2 million truck, vs 1.5M in 2015
 - 3 million cars, vs 2.6M
 - 13.5 million high-speed train passengers, vs 10.4M
- Constantly continuing to improve the quality of service offered to our customers



LE SHUTTLE: CUSTOMER EXPERIENCE

Tailor-made customer relations

- A strategic and daily priority
- **Reporting app** launched online in H1 2016
 - A onboard technical fault recording tool in real time to enable faster reaction
- **Information to customers**
 - Provide information on the travel status in real-time via SMS, Twitter
 - 33,000 *followers* in July 2016
- ***How can I help?***
 - 80 volunteer employees to reinforce customer service during peak traffic days



LE SHUTTLE: CUSTOMER EXPERIENCE

A commitment to further improve services

Renovation of the Charles Dickens building in Coquelles



Extension of wi-fi/4G coverage in the Tunnel (6 UK/FR operators)



Innovation at the Pets building in Coquelles: Pets drive-through



Special events on both terminals (at peak traffic periods)



- + *iBoarding during Tunnel crossing*
- + *16 fast charging stations (Tesla included) on terminals for customers' electric cars*

FLEXIPLUS

The Shuttle premium service

- One product and some **exclusive services**
 - Priority boarding
 - A flexible ticket and the possibility to travel on the next available Shuttle
 - One dedicated check-in lane (minimum)
 - Access to a private lounge (free snacks, newspapers and wi-fi)
- Flexiplus customers **contributing the most** to the passenger service
 - 4% traffic but 10% revenue
- **Investments** to meet Flexiplus customers' expectations
 - RFID technology introduced in May 2016: automated access to exclusive areas, transit time displayed in real-time at border control, better understanding of customers
 - One additional UKBF border control lane in France (August 2016)
 - New exclusive lounges accessible to all types of vehicles (2017-2018)



TRUCK SHUTTLES IN H1 2016

Support the growth in traffic and customers' satisfaction

Pricing policy:
increase in the number
of peak traffic days
in 2016

Deployment of wi-fi and
AMC TV: practical
information broadcast
to truck drivers

New Freight Extranet
site with the online
tracking
of trucks from check-in

New Freight brochure,
information panels, new
Freight lounge in
Folkestone (ongoing)



- + A mobile App dedicated to truck drivers: information on traffic and geolocalisation
- + Electronic invoicing for freight customers
- + Construction of a parking area for 3,600 trucks near the M20 motorway in Kent, announced by the British government in July 2016

TRUCK SHUTTLES BY 2020 AND BEYOND

A vital service to Europe's industries and economy

○ **2016 to 2020**

- Steady and strong growth of the truck market
- 8 consecutive months of traffic records at Eurotunnel (November 2015 – June 2016)
- A potential market of more than 4.4M trucks in 2020

○ **Developments in 2016**

- Further strengthening of security measures
- New allocation area before boarding

○ **8 Truck Shuttle departures** per hour and per direction (instead of 6)

○ **Beyond 2020**, consideration of:

- New RTM-S signalling system based on GSM-R to enable standard locomotives to use the Tunnel
- New locomotives
- New platforms and widening of bridges

HIGH-SPEED PASSENGER TRAINS - EUROSTAR

New services and destinations, new level of comfort

○ **New Eurostar trains**

- 10 new e320 trains in commercial service in H1 2016, 7 further trains ordered
- +20% more capacity (900 passengers)

+ *Comfort* **+** *Speed* **+** *Services*

○ **Growth** in traffic / destinations

- New London-Amsterdam route, at end of 2017
- Other routes being considered, such as London-Bordeaux

+ *Destinations*



EUROPORTE: RAIL FREIGHT

A clear demonstration of our know-how

- Rail freight making progress throughout Europe but France is lagging behind
- Horizon 2020, for profitable growth
 - Development of long-term partnerships with customers (Lhoist, Caledonian Sleeper, Drax, Network Rail,...)
 - Diversification of transport activity and complementary activities
 - Opportunities in private infrastructure management and maintenance of feeder networks
 - Turn-key offers
- Significant development capacity



GROUPE EUROTUNNEL

Expertise and results

- **€582M** revenue, **€249M** EBITDA and **€60M** net profit in H1 2016
- **Concessionaire until 2086** of a vital binational link between the United Kingdom and Europe
- The most environmentally-friendly **cross-Channel transport system**
- A fast response **capacity**
- An **optimisation** of the competencies
- An **investment** programme for the future
- A commercial strategy based on **quality of service**
- **ElecLink**, a high-profitability project
- An effective **business model**, based on the long-term