



www.getlinkgroup.com

**EUROTUNNEL HOLDING SAS
CONSOLIDATED ACCOUNTING
STATEMENTS
FOR THE SIX MONTHS ENDED
30 JUNE 2020**

Contents

INTRODUCTION	1
SUMMARY CONSOLIDATED ACCOUNTING STATEMENTS	2
INCOME STATEMENT	2
STATEMENT OF FINANCIAL POSITION	3
CASH FLOW STATEMENT	4
NOTES TO THE ACCOUNTING STATEMENTS	5
A. Important events	5
B. Principles of preparation, main accounting policies and methods	6
C. Impact of the COVID-19 pandemic	7

EUROTUNNEL HOLDING SAS: CONSOLIDATED ACCOUNTING STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

INTRODUCTION

This document has been prepared in order to meet the requirements under clause 23 of the Permanent Facility Agreement dated 20 March 2007 as amended on 13 April 2018. These accounting statements consolidate the accounts of Getlink SE's sub-group (the "Eurotunnel Group") which consists of Eurotunnel Holding SAS and its subsidiaries, including most notably The Channel Tunnel Group Limited (CTG) and France Manche SA, concessionaires of the Fixed Link and holders of the Term Loan. The Eurotunnel Group was created following the Getlink Group's internal corporate reorganisation in April 2018.

These accounting statements cover the same scope of consolidation as the "Eurotunnel" segment in the Getlink Group's consolidated reporting and have been prepared on the same basis as the Getlink Group's consolidated financial statements which are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union at 30 June 2020.

SUMMARY CONSOLIDATED ACCOUNTING STATEMENTS

Income statement

€'000	30 June 2020	30 June 2019
Exchange rate €/£	1.146	1.145
Revenue	311,089	456,554
Operating expenses *	(102,788)	(107,295)
Employee benefits expense	(87,271)	(93,556)
Operating margin (EBITDA)	121,030	255,703
Depreciation	(79,414)	(75,333)
Trading profit	41,616	180,370
Other operating income	36	9
Other operating expenses	(169)	(3,179)
Operating profit	41,483	177,200
Finance income	4,061	4,865
Finance costs	(124,934)	(139,648)
Net finance costs	(120,873)	(134,783)
Other financial income	42,097	2,316
Other financial charges	(5,294)	(1,783)
Pre-tax profit	(42,587)	42,950
Income tax expense	564	(1,958)
Net profit for the period	(42,023)	40,992

* Operating expenses include €606,000 in 2020 (2019: €5,040,000) invoiced by Eurotunnel to ElecLink relating to the interconnector construction project which was eliminated on consolidation in the Getlink Group accounts.

Statement of financial position

€'000	30 June 2020	31 December 2019
Exchange rate €/£	1.096	1.175
ASSETS		
Intangible assets	2,553	3,879
Concession property, plant and equipment	5,819,966	5,872,657
Other property, plant and equipment	–	1
Total property, plant and equipment (tangible and intangible)	5,822,519	5,876,537
Deferred tax asset	463,319	468,448
Other financial assets: external	20	21
Other financial assets: intragroup	312,345	320,829
Total non-current assets	6,598,203	6,665,835
Trade receivables: external	50,656	57,944
Trade receivables: intragroup	5,379	5,810
Other receivables: external	63,978	65,133
Other receivables: intragroup	758,547	771,794
Cash and cash equivalents	237,842	221,194
Total current assets	1,117,201	1,121,875
Total assets	7,715,404	7,787,710
EQUITY AND LIABILITIES		
Issued share capital	508,621	508,621
Share premium account	894,718	894,718
Other reserves	(1,401,499)	(1,229,761)
Profit for the period	(42,023)	124,136
Cumulative translation reserve	324,288	226,306
Total equity	284,105	524,020
Retirement benefit obligations	149,361	95,331
Financial liabilities: external	4,133,439	4,308,247
Financial liabilities: intragroup	1,514,562	1,530,133
Other financial liabilities	30,539	34,137
Interest rate derivatives	1,328,937	1,054,999
Total non-current liabilities	7,156,838	7,022,847
Provisions	1,364	1,364
Financial liabilities	65,036	59,581
Other financial liabilities: external	4,487	7,768
Other financial liabilities: intragroup	17,030	16,937
Trade payables: external	122,846	120,347
Trade payables: intragroup	5,316	1,029
Other payables: external	58,296	33,725
Other payables: intragroup	86	92
Total current liabilities	274,461	240,843
Total equity and liabilities	7,715,404	7,787,710

Intragroup comprises fellow Getlink Group entities not part of the Eurotunnel Group.

**EUROTUNNEL HOLDING SAS: CONSOLIDATED ACCOUNTING STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

Cash flow statement

€'000	30 June 2020	30 June 2019
Exchange rate €/£	1.096	1.115
Operating margin (EBITDA)	121,030	255,703
Exchange adjustment *	(2,801)	(3,663)
Increase in working capital	44,831	24,298
Net cash inflow from trading	163,060	276,338
Other operating cash flows received	11,458	9,407
Net cash outflow from taxation	15	(7,915)
Net cash inflow from operating activities	174,533	277,830
Payments to acquire property, plant and equipment	(36,622)	(39,063)
Sale of property, plant and equipment	–	370
Net cash outflow from investing activities	(36,622)	(38,693)
Dividend paid to Getlink SE	–	(66,121)
Fees paid on loans	(2,978)	(3,040)
SPV Noteholder ongoing fee	(444)	(454)
Interest paid on external loans (CLEF)	(80,755)	(82,192)
Interest paid on loans (Vendor Loan ETH/Getlink)	–	(7,234)
Interest received on loans (Funding Loan CTG/Getlink)	2,107	1,632
Interest paid and repayments on rental contracts	(1,263)	(579)
Scheduled repayment of loans	(25,565)	(24,188)
Movement in intercompany loans with Getlink	–	(20,000)
Interest received on cash and cash equivalents	694	1,048
Net cash outflow from financing activities	(108,204)	(201,128)
Increase in cash in period	29,707	38,009

* The adjustment relates to the restatement of elements of the income statement at the exchange rate ruling at the period end.

Notes to the accounting statements

Eurotunnel Holding SAS (ETH) is a private simplified joint stock company (*Société par Actions Simplifiée*, SAS) registered in France on 21 December 2016 which has been a wholly-owned subsidiary of Getlink SE since April 2018. ETH is the holding company of France Manche SA (FM) and The Channel Tunnel Group Ltd (CTG) (the concessionaires of the Channel Tunnel under the Concession Agreement dated 14 March 1986) and other subsidiaries as set out in note B to the ETH consolidated accounting statements at 31 December 2019. The Eurotunnel Group was created following the Getlink Group's internal corporate reorganisation in April 2018. ETH's accounts are fully consolidated in the consolidated accounts of Getlink SE. References to the "Eurotunnel Group" in this document relates to the Eurotunnel Holding SAS and all its subsidiaries. References to the "Getlink Group" in this document relates to the Getlink SE and all its subsidiaries.

The main activities of the Eurotunnel Group are the design, financing, construction and operation of the Fixed Link's infrastructure and transport system in accordance with the terms of the Concession which will expire in 2086. ETH has as its object the holding and the management of all participations and all interests in all companies and groups of French and foreign law, and more generally, all operations of any nature, legal, economic and financial, civil or commercial, related to the object indicated above.

A. Important events

A.1 COVID-19 pandemic

COVID-19 was declared a pandemic by the World Health Organization and the French and British governments adopted strict population containment and movement restriction provisions for people within and between the two countries from 17 and 23 March respectively.

The health crisis and the measures taken by the governments have had a significant impact on traffic and the Group's internal organisation, and more particularly on Eurotunnel's activities, which since mid-March have seen a very sharp drop in traffic, particularly for Passenger Shuttles and in the number of Eurostar passengers. The Truck Shuttle business also experienced a significant decrease in traffic, although not as great as that of other sectors due to the need to maintain the supply flows of essential goods between France and the United Kingdom.

Despite the gradual easing of lockdown measures since mid-May, the implementation by the United Kingdom from 8 June 2020 of a 14-day quarantine period for almost all people entering its territory has significantly delayed the recovery of Passenger Shuttle and Eurostar traffic.

Faced with this situation, Eurotunnel has implemented a series of measures to allow the movement of goods, while ensuring the health safety of its customers and staff.

It has also taken decisions to preserve its cash flow by implementing furloughing in France and the United Kingdom covering almost all of its staff in France and approximately one-third of its UK workforce. On 3 April 2020, the Group also announced the cancellation of the payment of its 2019 dividend.

The impact of the health crisis and government measures implemented by the Group on Eurotunnel and the Group's results and financial position in the first half of 2020 is detailed in note C below.

The consequences for Eurotunnel of the COVID-19 pandemic on the 2020 financial year will depend on the evolution of the viral outbreak over the rest of the year and the decisions of the French and British authorities, as well as their impact on the economy in general and on cross-Channel transport in particular.

In light of the results of the first half and the outlook to date, the Group confirms, as announced on 18 March 2020, that it will not be in a position to achieve the 2020 EBITDA targets announced at the beginning of the year.

The Group has prepared new financial forecasts incorporating the information available to date and its best assessment of how the situation and its activity could evolve over the next 18 months.

On the basis of these forecasts, the Group will have a sufficient level of liquidity to cover its debt service in 2020 and 2021 and the financing of its activities.

As described in notes G.1.2 and G.1.1 respectively of the consolidated financial statements as of 31 December 2019 and in sections 8.2.4 and 8.2.5 respectively of the 2019 Universal Registration Document, Eurotunnel is required to comply with covenants relating to its Term Loan, the breach of which could constitute an event of default.

Based on its latest revised forecasts, Eurotunnel believes that it will be in a position to comply at 31 December 2020 and 31 December 2021 with the covenants relating to its Term Loan. However, Eurotunnel has carried out sensitivity analyses in relation to the main assumptions used, some of which, if they were to materialise, could lead to a breach of its covenants relating to the Term Loan. With this in mind, the Group maintains regular communication with its creditors on the evolution of its situation and its results, and remains confident in its ability to obtain the required waivers if necessary.

Under the terms of the Getlink SE's Senior Secured Notes and Eurotunnel's Term Loan, the Group has the possibility to apply for additional credit facilities of up to a total of €625 million, the drawing of which is not contingent on compliance with any financial ratio. The access to additional debt in excess of this amount is subject to compliance with the incurrence covenant financial leverage ratio.

EUROTUNNEL HOLDING SAS: CONSOLIDATED ACCOUNTING STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

Eurotunnel has taken this context into account in determining the main estimates and assumptions made in preparing its summary consolidated financial statements for the six months ended 30 June 2020. It also confirms that the indications of impairment identified on the Concession assets led it to carry out impairment tests on its assets at 30 June 2020, which did not result in the recognition of any exceptional impairment at that date. In addition, Eurotunnel exposure to credit risk on its operating activities did not lead it to significantly reconsider the expected credit losses on its customers at 30 June 2020.

A.2 Brexit: the United Kingdom's exit from the European Union

Following the UK's decision to leave the European Union on 23 June 2016 and the triggering of Article 50 by the British government at the end of March 2017, the official date of exit of the United Kingdom from the European Union took place on 31 January 2020. A transition period, which began on the date of exit, will now end on 31 December 2020 as the UK government did not request an extension by the deadline of 1 July 2020. The UK government has indicated that implementation of the new arrangements will be phased in over the first half of 2021. In this context, exacerbated by the impact of the COVID-19 pandemic on the ongoing negotiations, uncertainties remain regarding the trade agreements to be concluded between the United Kingdom and the European Union.

During the period, *Eurotunnel* continued to implement its action and investment plan launched in mid-2018 and designed to maintain the fluidity of its traffic post-Brexit, regardless of the political and regulatory context.

Eurotunnel has taken account of this situation in the determination of the principal estimates and assumptions used in the preparation of its consolidated accounting statements at 30 June 2020.

B. Principles of preparation, main accounting policies and methods

These consolidated accounts consist of the consolidation of the accounts of Eurotunnel Holding SAS and its subsidiaries and have been prepared for the six month period to 30 June 2020. The summary half-year consolidated accounting statements have been prepared in accordance with IFRS as adopted by the European Union and applicable on that date. They have been prepared in accordance with IAS 34 and therefore do not contain all the information required for complete annual financial statements and must be read in conjunction with the Eurotunnel Group's consolidated accounting statements for the year ended 31 December 2019.

B.1 General principles

The consolidated accounting statements (the income statement, the statement of financial position and the cash flow statement) have been prepared in accordance with the valuation and accounting principles described in the accompanying explanatory notes and the notes to the consolidated financial statements of Getlink SE for the year ending 31 December 2019¹.

These consolidated accounting statements are prepared in the specific context of the Amended Permanent Facility Agreement. They do not constitute a complete set of financial statements prepared in accordance with the IFRS accounting principles.

B.2 Basis of preparation

The summary half-year consolidated financial statements have been prepared using the principles of currency conversion as defined in the annual accounting statements as at 31 December 2019.

The average and closing exchange rates used in the preparation of the 2020 and 2019 half-year accounts and the 2019 annual accounts are as follows:

€/£	30 June 2020	30 June 2019	31 December 2019
Closing rate	1.096	1.115	1.175
Average rate	1.146	1.145	1.140

Use of estimates and judgements

The preparation of the consolidated financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the period. The valuations and estimates are periodically reviewed based on experience and various other factors considered relevant for the determination of reasonable and appropriate estimates of the assets' and liabilities' carrying value. In addition, the estimates underlying the preparation of these accounting statements as at 30 June 2020 have been established in the context of the uncertainties concerning the COVID-19 pandemic and the final terms and conditions for the implementation of Brexit. Depending on the evolution of these assumptions, actual results may differ from current estimates.

¹ Except for some accounting treatments elected in the specific case of the first time preparation of ETH consolidated accounts and the corporate reorganisation (common control transaction) and the specific context of the Amended Permanent Facility Agreement.

EUROTUNNEL HOLDING SAS

The use of estimations concerns mainly the valuation of intangible and tangible property, plant and equipment, the evaluation of the Group's deferred tax situation, the valuation of the Group's retirement liabilities and certain elements of the valuation of financial assets and liabilities as well as the application of IFRS 16 "Leases" in particular for the definition of the lease and the estimation of the remaining term of each lease.

C. Impact of the COVID-19 pandemic

As indicated in note A.1 above, the health crisis related to the COVID-19 pandemic and the measures taken by the French and British governments concerning the containment of the population and the movement of people within and between the two countries had a significant impact on the Group's business and results in the first half of 2020, and in particular on those of Eurotunnel.

Eurotunnel

Traffic for Eurotunnel's various activities fell sharply from March onwards due to the health crisis and the impact of government measures:

EUROTUNNEL TRAFFIC	January/February (2 months)			March to June (4 months)			1st half		
	2020	2019	VAR	2020	2019	VAR	2020	2019	VAR
Truck Shuttle	262,444	287,069	-9%	402,904	522,552	-23%	665,348	809,621	-18%
Passenger Shuttle	325,459	314,497	3%	229,118	851,606	-73%	554,577	1,166,103	-52%
Eurostar passengers	1,592,388	1,569,447	1%	400,822	3,729,750	-89%	1,993,210	5,299,197	-62%
Rail freight trains	348	389	-11%	509	777	-34%	857	1,166	-27%

Eurotunnel's revenues were down by €146 million in the first half of 2020 compared to the same period in 2019. This decrease mainly concerns the period from March to June and reflects the fall in Shuttle Services and Eurostar passenger traffic over these months:

REVENUE (€M)	January/February (2 months)			March to June (4 months)			1st half		
	2020	2019	VAR	2020	2019	VAR	2020	2019	VAR
Shuttle	94.4	96.5	(2.1)	117.7	200.4	(82.7)	212.1	296.9	(84.8)
Railway Network	48.5	46.7	1.8	46.9	107.2	(60.3)	95.4	153.9	(58.5)
Other	1.3	2.0	(0.7)	2.3	3.9	(1.6)	3.6	5.9	(2.3)
Eurotunnel revenue	144.2	145.2	(1.0)	166.9	311.5	(144.6)	311.1	456.7	(145.6)

Eurotunnel's operating and staff costs decreased by €11 million in the first half of 2020. This decrease is mainly due to savings generated by the actions implemented by the Group in its management of the crisis. Faced with the fall in traffic from March onwards, the Group revised its Shuttle capacity and operating plans downwards and, as part of the measures implemented by the French and British governments, introduced furloughing measures covering almost all of its staff in France and approximately one-third of its UK workforce. Operating costs also include additional costs of €2.3 million related to equipment and other measures taken to protect the Group's customers and employees during the crisis.

Constrained by the unavailability of some of its suppliers and employees during the lockdown period, and with a view to optimising its cash management, Eurotunnel reduced its capital expenditure by approximately €50 million in the first half of 2020 by postponing certain projects.

In the first half of 2020, Eurotunnel's EBITDA decreased by €135 million compared to the same period in 2019. This decrease is concentrated in the period from March to June since the declaration of the pandemic and the implementation of lockdown measures:

EBITDA (€M)	January/February (2 months)			March to June (4 months)			1st half		
	2020	2019	VAR	2020	2019	VAR	2020	2019	VAR
Eurotunnel EBITDA	66.5	72.5	(6.0)	54.5	183.3	(128.8)	121.0	255.8	(134.8)
			-8%			-70%			-53%