



# HALF YEAR RESULTS 2022

21 July 2022

# SUMMARY

**1** H1 2022 HIGHLIGHTS

**2** FINANCIAL RESULTS

**3** OUTLOOK







1

# H1 2022 HIGHLIGHTS



# H1 2022 HIGHLIGHTS

EUROTUNNEL REVENUE AND EBITDA BACK TO PRE-COVID LEVELS  
SUCCESSFUL ELECLINK START

1	<b>Eurotunnel traffic recovery</b>		Truck traffic <b>+19%</b> vs H1 2021 and <b>44%</b> market share Car traffic <b>x3.5</b> and <b>70%</b> market share Eurostar passengers <b>x16</b>
2	<b>Dealing with inflation through pricing power and cost management</b>		<b>Inflation:</b> +10% vs H1 2019* <b>Yield:</b> +c.31% vs H1 2019 <b>Opex:</b> -1% vs H1 2019
3	<b>Solid EBITDA</b>		<b>€309M</b> EBITDA of which €34M from ElecLink +206% vs H1 2021 (+19% vs H1 2019)
4	<b>ElecLink successful operational and commercial start</b>		<b>Running at full authorised capacity</b> since 25 <sup>th</sup> May Successful auctions for day ahead, monthly, quarterly and seasonal capacity. <b>€35M revenue</b> in H1 2022 in a context of exceptional market conditions
5	<b>Europorte</b>		Continued profitable and green growth
6	<b>Environment plan on track</b>		1 <sup>st</sup> generation Truck Shuttle <b>recycling</b> <b>MSCI ESG rating improved from 'A' to 'AA'</b>

\* 14% UK RPI and 6% French CPI, source ons.gov.uk and Insee



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# STRONG RECOVERY OF TRAFFIC

MARKET SHARES ABOVE PRE-COVID LEVELS FOR BOTH CARS AND TRUCKS



## PASSENGER TRAFFIC RECOVERY



863k, x3.5 vs 2021  
Market share: 70%



3,303k, x16 vs 2021



## TRUCK TRAFFIC RECOVERY



767k, +19% vs 2021  
Market share 44%

## FOCUS ON DELIVERING CUSTOMER EXCELLENCE

Covid Safe  
P&O disruption and airports difficulties



## STRONG APPETITE FOR FLEXIPLUS

11% of traffic / +600bp vs H1 2019

## DIGITALISATION

17% month over month growth of bookings with the new App (launched in May 2021)

## CHALLENGING ENVIRONMENT

Flexible organisation deployed: Brexit stage 2 /  
Congestion in Kent / P&O disruption



## INVESTMENT FOR BETTER QUALITY OF SERVICE

Replacement of 1st generation Shuttles for lower maintenance and operational costs, with improved interoperability and capacity

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## STRONG RECOVERY OF TRAFFIC

AMBITIOUS CUSTOMER ENGAGEMENT STRATEGY WITH NEW CRM SYSTEM LAUNCHED IN MAY

**Implemented a new CRM system with Salesforce, creating a new customer engagement programme to further boost acquisition, activation and retention**

- Deliver hyper personalised messages and offerings at scale and improve customer engagement
- Integrate all the customer-related data under a single customer view
- Unify reporting and data sharing across teams
- Launch new partner rewards programme & offers
- Personalise website content elements based on customer preferences and data



## 2 DEALING WITH INFLATION AND ENERGY CRISIS

### PRICING

**Yield +c.31% vs H1 2019**

Test of 'First' (priority lane) and Electricity Value Adjustment for trucks

Improved marketing enabling optimised offering and passenger yield close to 2021 levels (despite normalisation of bookings and growing trend for early bookings)

Railway Usage Contract indexation

### INFLATION AND RISING ENERGY COST

**French CPI  
+6% vs H1 2019\***

**UK RPI  
+14% vs H1 2019\***

### COST MANAGEMENT

**Opex: -1% vs H1 2019**

Work on cost control and operational efficiency to mitigate Brexit and Covid costs, inflation and energy cost increase

\* source ons.gov.uk and Insee, Jan-May for UK and Jan-June for France

### 3 SOLID EBITDA

**EBITDA**

**€309M**

+€208M\* vs 2021

+€49M\* vs 2019

**CASH**

held at 30/06/2022

**€597M**

### SOLID EBITDA

**Eurotunnel EBITDA above 2019 level  
and first contribution of ElecLink**

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### SOLID CASH POSITION

**€425M C2A tranche refinanced  
with new 9-year fixed rate bond**

**Next debt maturity October 2025**

**€54M dividend paid in June**

\* Restated at H1 2022 exchange rate: £1 = €1.182



## ELECLINK PROJECT COMPLETED – END OF CONSTRUCTION & COMMISSIONING

ELECLINK ANSWERS THE NEED FOR GREATER ELECTRICITY INTERCONNECTION



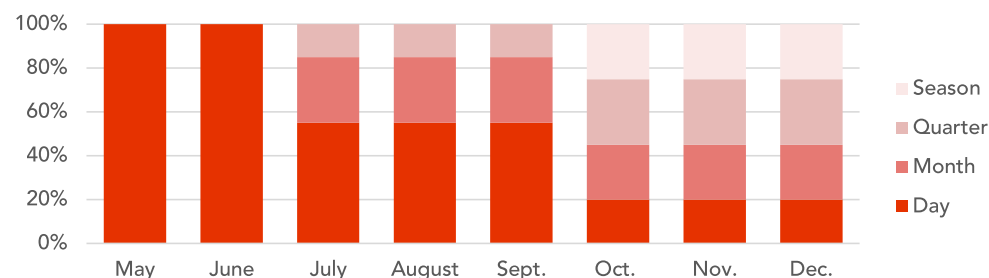
- **1000 MW of bidirectional transmission capacity** between the UK and France
- ElecLink (i) **improves security of supply** in both the UK and France; (ii) **contributes to decarbonisation** as it enables higher levels of renewables
- Great **technical achievement**: cable works perfectly since day 1 of operation
- First transfer of energy on 25 May. **0.7 TWh transported in H1**
- ElecLink manages the infrastructure and **offers long-term and short-term capacity contracts** to its users through auctions in a transparent and non-discriminatory manner
- ElecLink's customer base consists of market participants active in cross-border trading: commodity traders & power generators

## 4 FIRST ELECLINK CONTRIBUTION TO REVENUE

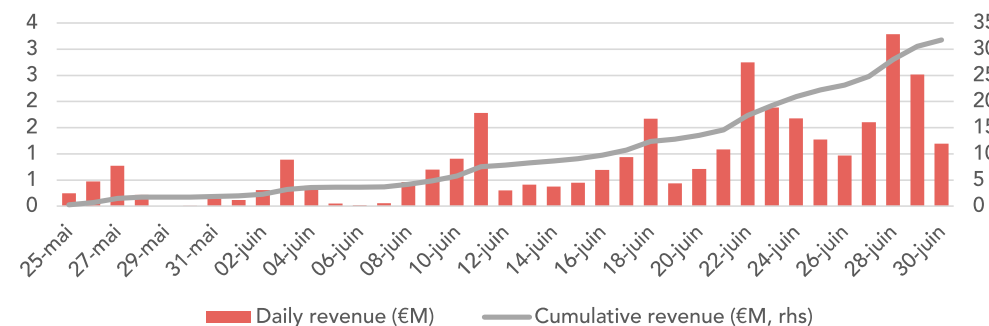
€35M REVENUE IN THE FIRST FIVE WEEKS OF OPERATION

- First auction on 24 May
- Diversified contract portfolio already built
- Volatile auction results due to exceptional market conditions
- €35M revenue in H1 2022 (five weeks of operation)
- Auction calendar and results available on [www.jao.eu/auctions](http://www.jao.eu/auctions)

2022 realised and planned capacity allocation by term



Capacity sales in H1



## THE FUNDAMENTAL VALUE OF AN INTERCONNECTOR IS DERIVED FROM PRICE DIFFERENTIALS

### ELECLINK CAPTURES A SIGNIFICANT PART OF THE SPREAD

- ElecLink generates revenue by capturing a portion of the difference in energy prices between GB and France (capacity auction sales)
- Since 25 May, ElecLink has captured 76% of the spread on the day ahead auctions (spread capture factor)

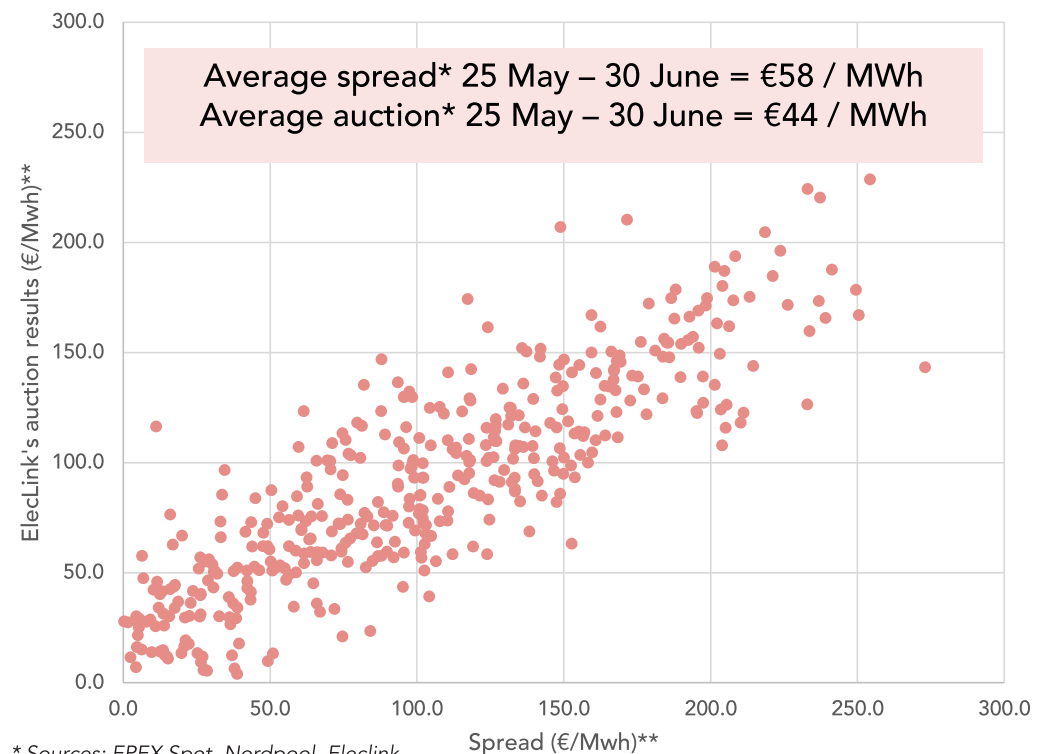
#### Capacity revenue generation mechanism

**H1 2022**

Volume of electricity flow	0.7 TWh
x Spread	x €58/MWh
x Spread capture factor	x 76%
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= Capacity sales revenue	= €32M*

\* Not including compensation mechanism (Net transfer capacity restriction with National Grid) and capacity market revenue

#### Correlation between the spread and the auctions results



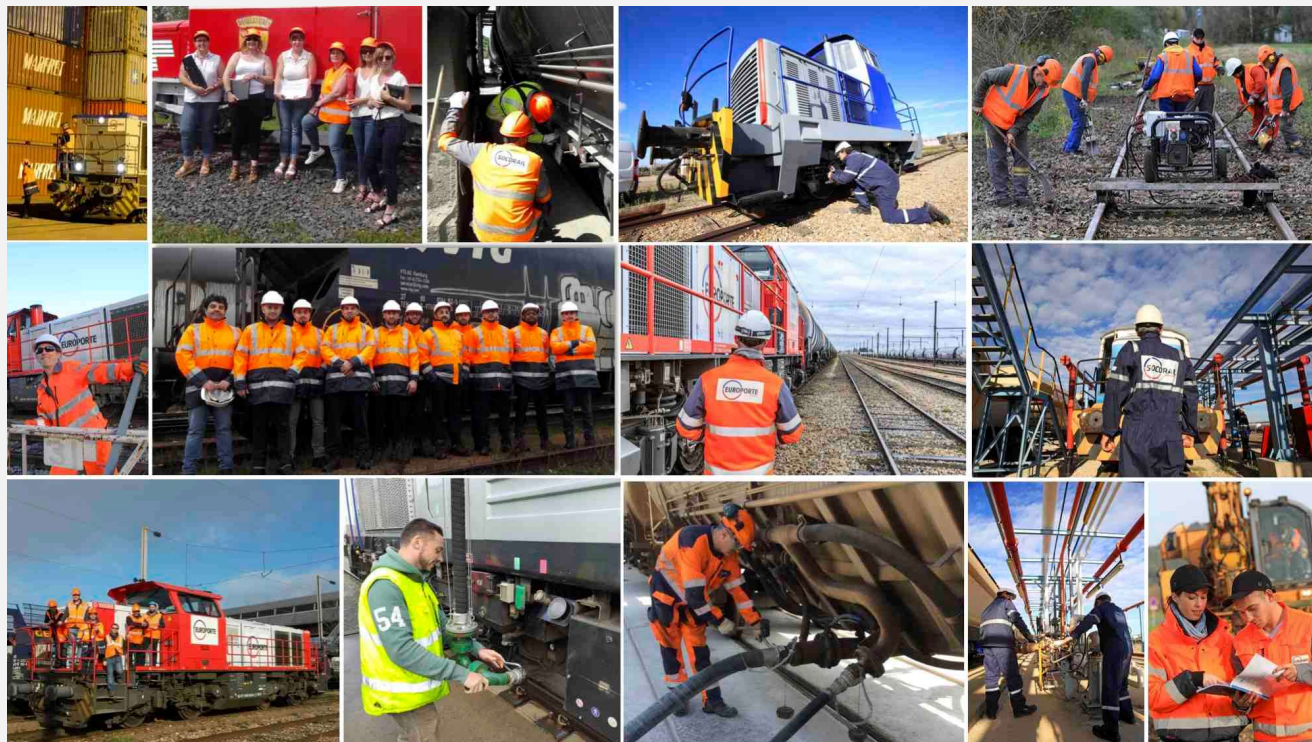
\* Sources: EPEX Spot, Nordpool, Eleclink.

\*\* Day ahead auctions from 27 June to 18 July

## 5 EUROPORTE: INCREASED DEVELOPMENT POSSIBILITIES

### INVESTMENT IN ETCS

- First French rail freight company to equip Euro4000 locomotives with innovative rail signaling technology
- Will support the growth of Europorte's international business
- Will promote modal shift at European level over long distances





## 6 1st GENERATION TRUCK SHUTTLES RECYCLING



### First generation Shuttles being replaced

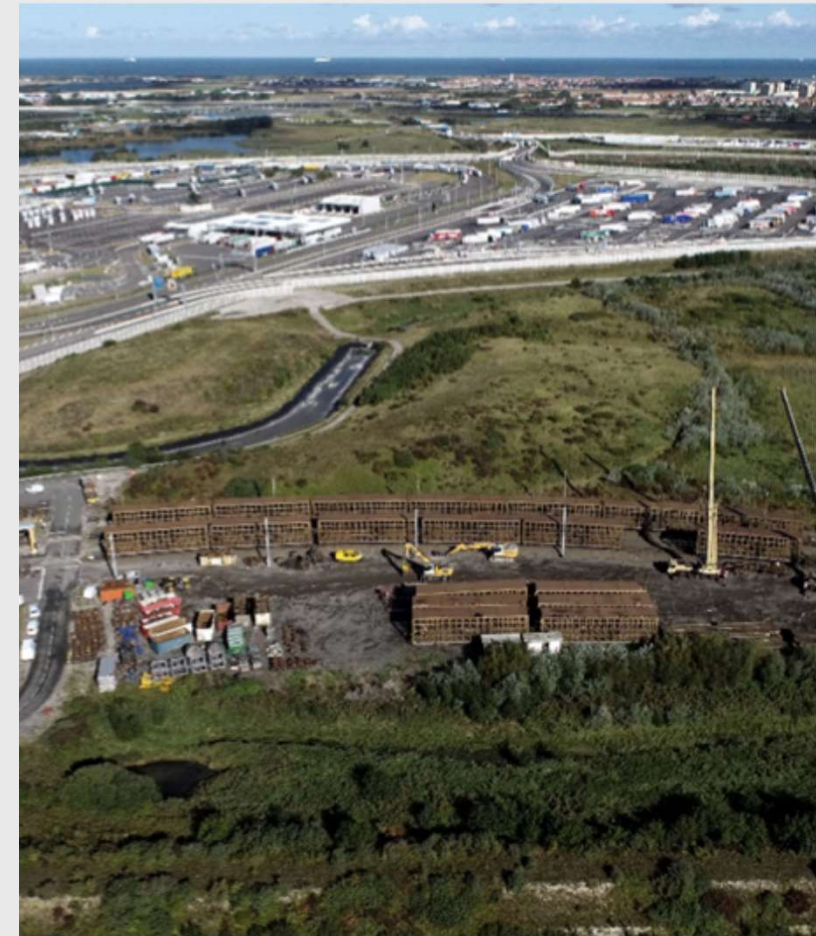
- To improve maintenance and operational costs
- To enhance inter-operability and increase capacity

### 6 Shuttles to be dismantled

- 221 wagons: 7,800 tonnes of metal
- Project fully funded by the revenues from the metal sold

### Where do we stand?

- Two periods:
  - Sept 2021 – June 2022 (3 Shuttles)
  - March 2023 – Dec 2023 (3 Shuttles)
- 95 wagons dismantled and 3,200 tonnes removed
- 100% recycled/recovered





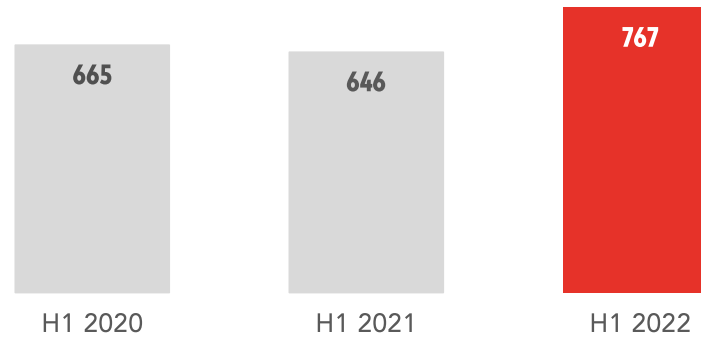
# 2 FINANCIAL RESULTS



# EUROTUNNEL IN H1 2022

## SHUTTLE TRAFFIC

### TRUCK VOLUMES



### CAR VOLUMES



### TRUCK TRAFFIC

**+19%**

Normalisation of truck market



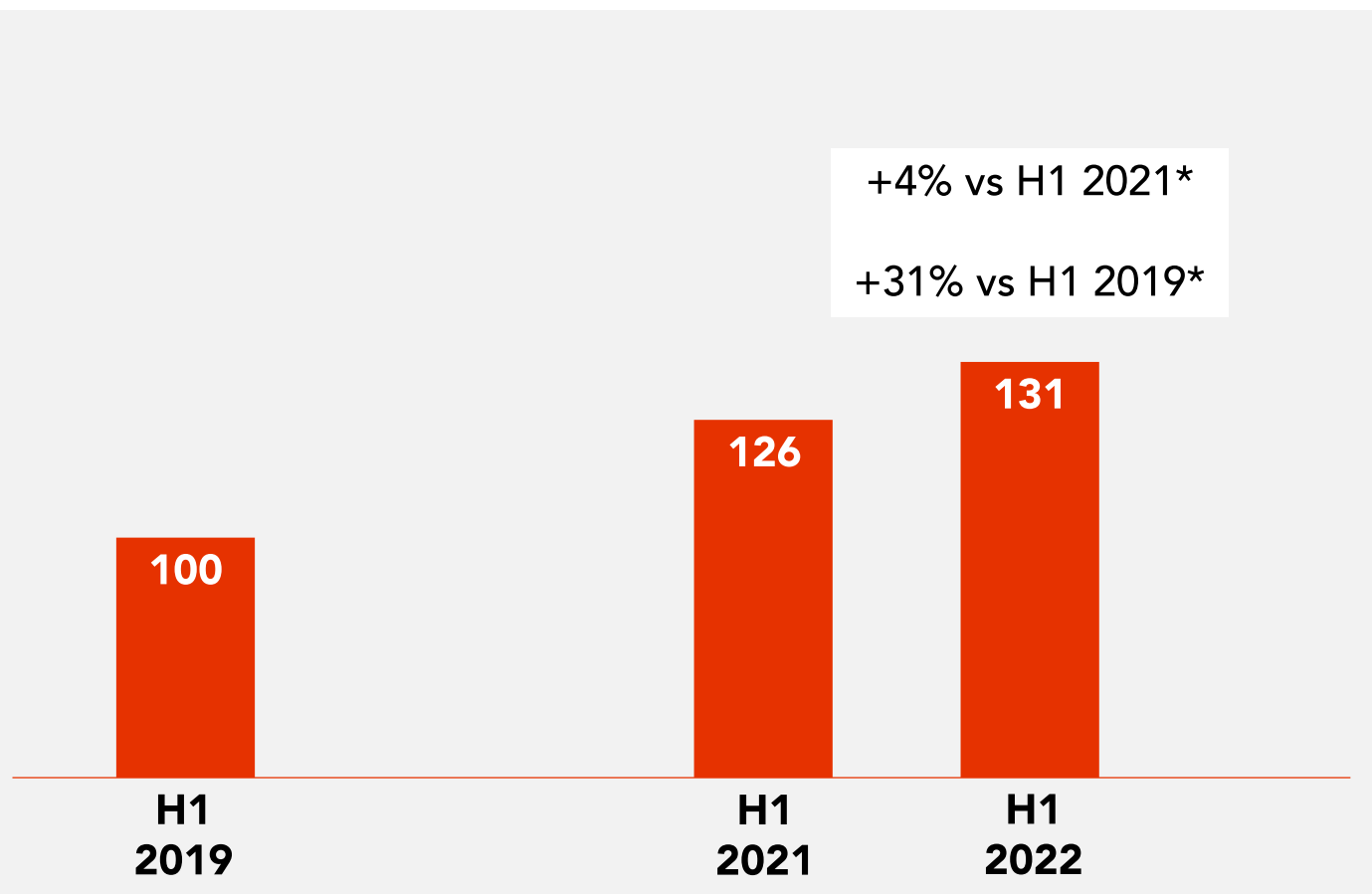
### CAR TRAFFIC

**x3.5**

End of travel restrictions

# EUROTUNNEL IN H1 2022

SHUTTLE: CONFIRMED PRICING POWER FOR BOTH CARS AND TRUCKS



## STRONG YIELD LEVERAGES TRAFFIC RECOVERY



### TRUCKS

Reasonable price increase in a transition period

Introduction of EVA (electricity value adjustment)

Trial of the *First* premium service (priority lane)



### CARS

Special circumstances remain

Superior service

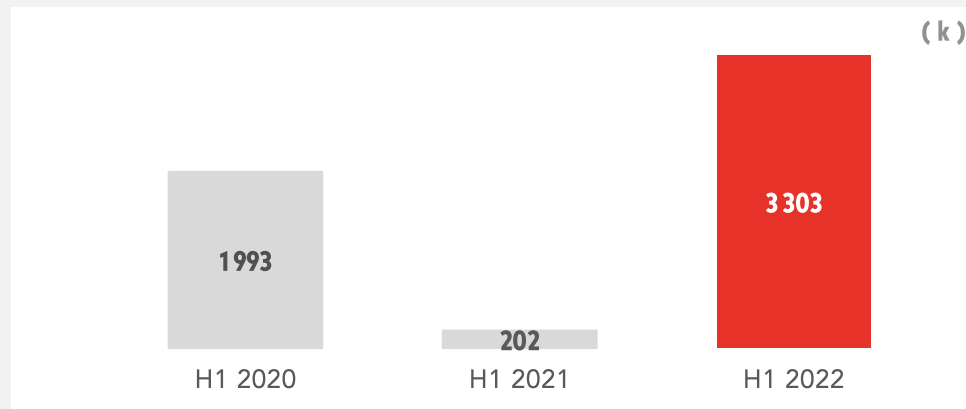
Yield management and new pricing tool

Commercial innovations

# EUROTUNNEL IN H1 2022

## RAILWAY NETWORK TRAFFIC

### EUROSTAR PASSENGERS

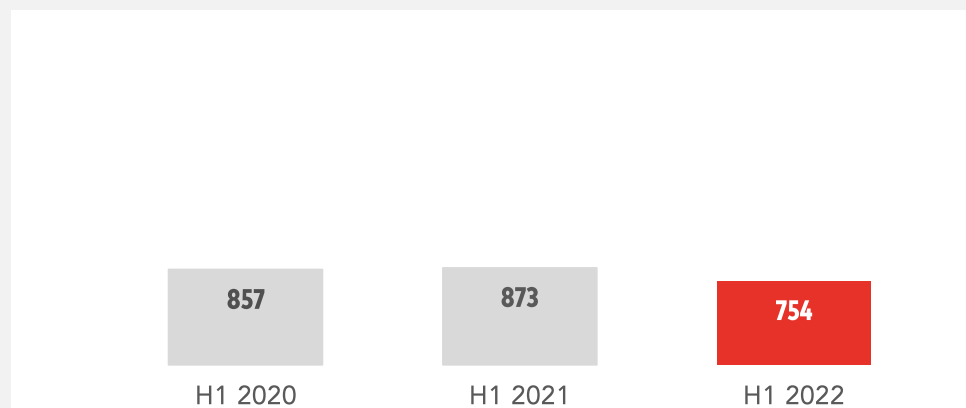


### EUROSTAR PASSENGERS

**x16**

Rebound in Q2 marks strong desire/need of people to travel

### NUMBER OF RAIL FREIGHT TRAINS



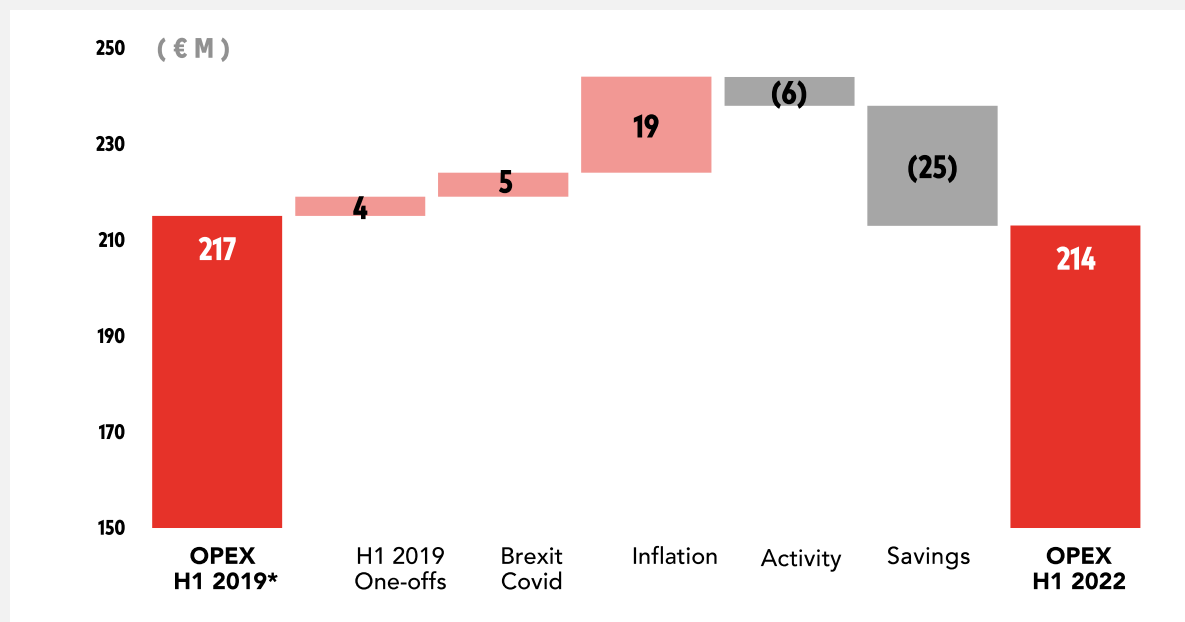
### RAIL FREIGHT TRAINS

**-13%**

# EUROTUNNEL IN H1 2022

## FOCUS ON COST MANAGEMENT

### EUROTUNNEL OPERATING COSTS H1 2019-H1 2022



### OPEX

Working on operational efficiency to mitigate inflation impact

€19M inflation impact, o.w. €11M energy cost increase\*\* and €5M salary increase\*\* (+6% vs H1 2019)

€25M savings, o.w. €2M from voluntary departure programmes in H1\*\*



# EUROTUNNEL IN H1 2022

REVENUE AND EBITDA ABOVE PRE-COVID LEVEL

## REVENUE AND EBITDA

### EUROTUNNEL P&L

€M	H1 2022	H1 2021 <sup>(1)</sup>	CHANGE
<b>Revenue<sup>(2)</sup></b>	<b>474</b>	<b>262</b>	<b>+81%</b>
• Shuttle Services	335	190	+76%
• Railway Network	129	67	+93%
• Other <sup>(2)</sup>	10	5	+100%
Operating costs	(214)	(179)	+20%
<b>EBITDA</b>	<b>260</b>	<b>83</b>	<b>+213%</b>

1) Restated at H1 2022 exchange rate: £1 = €1.182

2) Not incl. €4M one-off compensation relating to 2019 from the French government in other income in H1 2021

## EUROPORTE IN H1 2022

CONFIRMED PROFITABILITY



### REVENUE AND PROFIT INCREASE

#### EUROPORTE

€ M	H1 2022	H1 2021	CHANGE
Revenue	68	66	+3%
Operating costs	(53)	(52)	+2%
EBITDA	15	14	+6%

## ELECLINK IN H1 2022

FIRST CONTRIBUTION TO REVENUE AND EBITDA



**HIGH SPREADS DRIVE  
STRONG FIRST  
REVENUE AND EBITDA  
CONTRIBUTION DURING  
FIRST 35 DAYS**

### ELECLINK

€ M	H1 2022
Revenue	35
Operating costs	(1)
EBITDA	34

# GETLINK IN H1 2022

## CONSOLIDATED P&L

€ M	H1 2022	H1 2021 <sup>(1)</sup>	CHANGE
Total turnover	577	328	+76%
Operating costs	(268)	(231)	+16%
Operating margin (EBITDA)	309	101	+206%
Operating profit (EBIT)	222	7	ns
Total net finance costs	(177)	(134)	+32%
Net consolidated result from continuing activities	52	-124	ns
Net consolidated result	52	-124	ns

The increase in net finance costs relates mainly to the impact of inflation on the indexed-linked tranches of the Eurotunnel debt (no immediate direct cash impact)

# GETLINK IN H1 2022

## POSITIVE FREE CASH FLOW

€ M	H1 2022	H1 2021
Operating CF	<b>283</b>	125
Capex (excl. ElecLink)	<b>(59)</b>	(24)
Debt service (and other)	<b>(134)</b>	(131)
<b>FCF *</b>	<b>90</b>	<b>-30</b>
Capex ElecLink (and other)	<b>(29)</b>	(31)
FCF after ElecLink	<b>61</b>	(61)

\* Operating cash flow - Eurotunnel & Europorte investments - debt service (including €32M scheduled debt repayment)



# 3 OUTLOOK



# IN A CONTEXT OF TRAFFIC RECOVERY, WE CONTINUE TO FOCUS ON CUSTOMER SERVICE EXCELLENCE TO STRENGTHEN OUR LEADERSHIP

## EUROTUNNEL: ENVIRONMENT REMAINS CHALLENGING

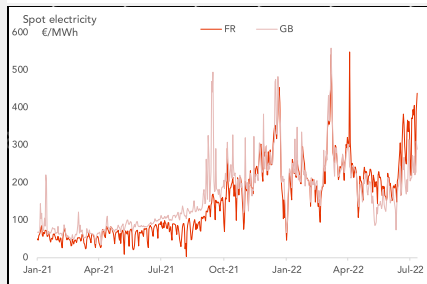
### Strong competition



### Border control (incl. EES)



### Energy crisis



### Climate actions required



## FOCUS ON DELIVERING CUSTOMER SERVICE & OPERATIONAL EXCELLENCE

Fighting the battle of fluidity and speed thanks to digital innovations

Improving customer care & targeted marketing

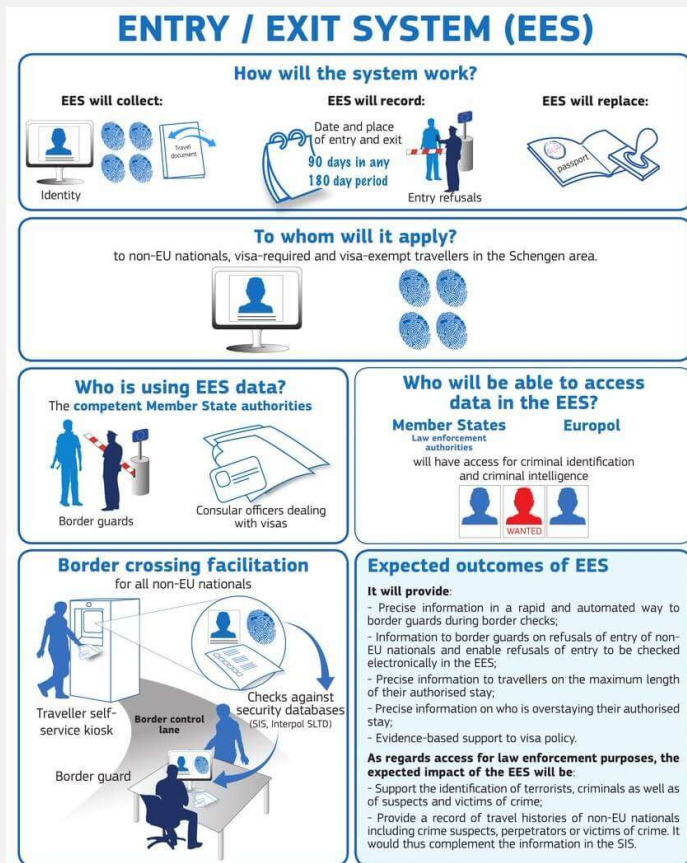
Continuously streamlining & digitising our operations

Modernising our fleet

Reducing our CO2 footprint

**CAPTURING OPPORTUNITIES OFFERED BY FAST-CHANGING MARKETS**

# EUROTUNNEL: NEW EUROPEAN ENTRY/EXIT SYSTEM (EES) TO BE IMPLEMENTED



The Entry/Exit System (EES) will be an automated IT system for registering travelers from non-EU countries, both short-stay visa holders and visa exempt travellers, each time they cross an EU external border.

The system will register the person's name, type of travel document, biometric data (fingerprints and captured facial images) and the date and place of entry and exit.

EES will lead to a completely new organisation of Eurotunnel's French & British terminals

- New operating model currently being designed
- Both a risk (impact on throughput) and opportunity (better design than competition)

# STRONG SHORT TERM PROFITABILITY POTENTIAL FOR ELECLINK

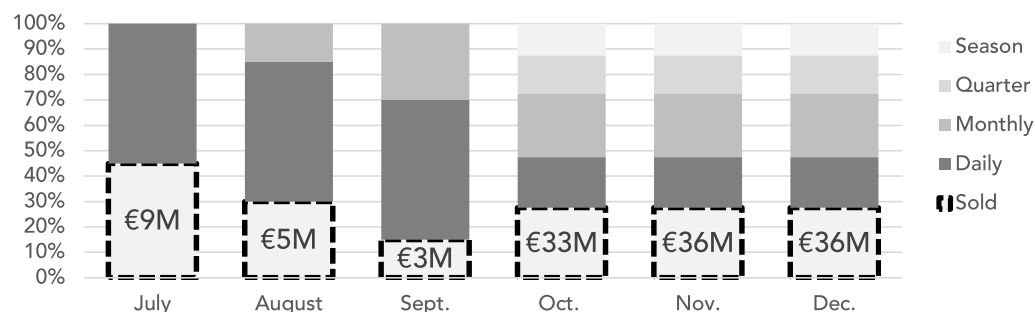
ELECLINK WILL BOOST THE GROUP'S PROFITABILITY AND CASH FLOWS WITH REVENUES NOT CORRELATED TO THE GROUP'S HISTORICAL MARKETS

## 2022: COMMERCIAL & OPERATIONAL LAUNCH

### H1 REVENUE

Timeframe	%age of available capacity sold*	Total contracted revenue*
H1	100%	€35M
H2	29%	€122M
FY 2022	41%	€157M

### Revenue contribution of sold capacity and planned allocation of remaining capacity



\*at 30<sup>th</sup> June 2022, including contracted delivered and undelivered revenue

## 2023+: STANDARD OPERATION MODE

Balanced full range of auctions

Capacity market UK & FR

Current forward contracts implies strong profitability potential in 2023

Too much volatility to revise longer term profitability expectations

Profit sharing mechanism is set in the exemption\*\* with a trigger at 13% ROI. Detailed application to be discussed with the regulators in 2022/2023

\*\* The exemption allows ElecLink to operate as a merchant interconnector while making significant contributions to social welfare in France and the UK through a profit sharing mechanism.



## WAY FORWARD



IN A VOLATILE ENVIRONMENT, OUR  
AMBITION REMAINS TO DELIVER  
**LOW CARBON + HIGH SIMPLICITY**  
SERVICES TO OUR CUSTOMERS,  
**OUTPERFORM OUR MARKETS** AND ENHANCE  
**SHAREHOLDER RETURN**

**Our immediate focus**



**Delivering a great summer**



# APPENDIX



# GETLINK IN H1 2022

## FINANCIAL DEBT

### FIXED INTEREST RATE

### LONG AVERAGE DURATION

### INFLATION-LINKED TRANCHES ALIGNED WITH RAILWAY USAGE CONTRACT REVENUE

### CURRENCY MATCHING REVENUE

### AMORTISING REPAYMENT SCHEDULE

### FIRST CONTRACTUAL BULLET REPAYMENT IN 2025

€ M H1 2022 <sup>(1)</sup>

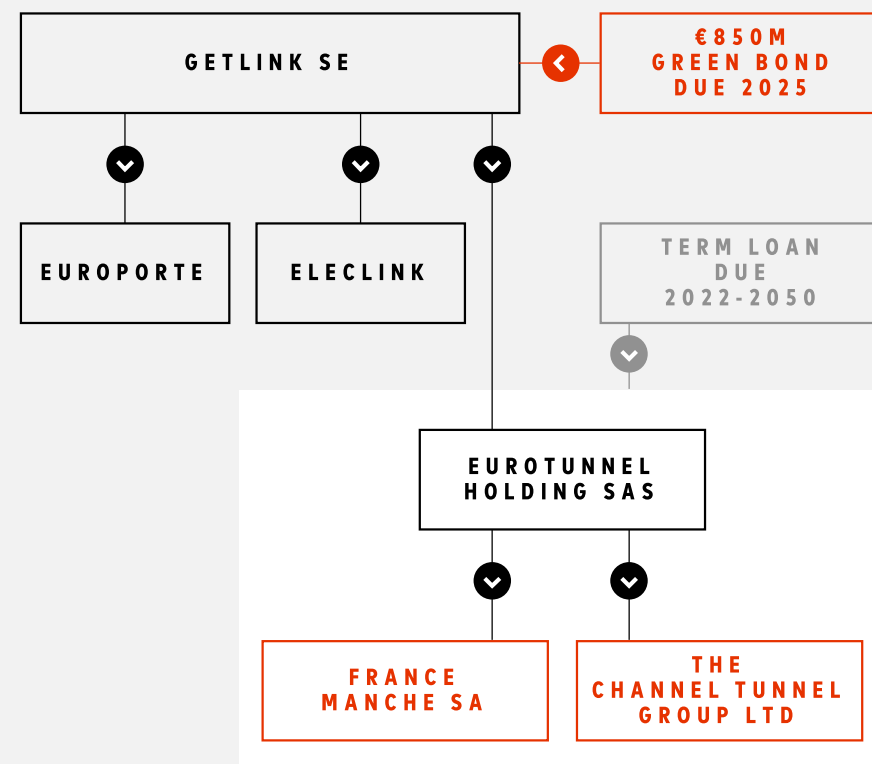
Financial liabilities (5,320)

Eurotunnel inflation-linked notes (G2) held by Getlink 229 <sup>(2)</sup>

Cash 597

Net financial debt (4,494)

Average cost of debt <sup>(3)</sup> 3.7%



- (1) At £1 = €1.165  
 (2) Valued at €344M in the Group's balance sheet  
 (3) H1 Cash interest x 2/gross debt

# CONTACT

## JEAN BAPTISTE ROUSSILLE

**co-Director of IR**  
00 33 1 40 98 04 81

[Jean-baptiste.rousille@getlinkgroup.com](mailto:Jean-baptiste.rousille@getlinkgroup.com)

## MICHAEL SCHULLER

**Corporate Finance Director**  
co-Head of IR  
00 44 1303 288 719

[Michael.schuller@getlinkgroup.com](mailto:Michael.schuller@getlinkgroup.com)

