

# Eurotunnel on Track

January 2011



Letter to Groupe Eurotunnel SA  
shareholders



Dear Shareholders,

First of all, on behalf of the Board, let me wish you and all those dear to you all the best for the New Year.

Best wishes in electronic form this year as we continue our careful cost reduction policy (and, in this instance, our endeavour to protect the environment). To the same end, Europorte's headquarters have left Paris for Lille and the Group's head office will move to cheaper leased accommodation rue de la Boetie in Paris, at the start of February.

In view of the stability of our shareholder base, we were able to postpone our traditional TPI (the enquiry enabling us to identify bearer shareholders). This leads me to thank you all for your commitment and support, which we cannot do without in the current crisis in order to keep on course for the long term.

The **2010 activity** numbers are presented to you **overleaf**.

The **increase of 26%\* in revenue** gives us satisfaction on two counts: a **15% improvement for Shuttles** and **rail freight** activities which were acquired as further growth opportunities, are meeting expectations with revenue **of almost €100 million**.

More importantly still, we have regained **our undeniable leadership of the cross-Channel market**, despite the economic crisis, overcapacity and a price war (in which we are not taking part). With over 2 million cars and over 1 million trucks, the Shuttle confirms its supremacy thanks to its inherent advantages: frequency of departures, speed of the crossing and reduction in greenhouse gases. In order to make the most of this essential aspect, we now make available a **carbon counter**, which enables hauliers to measure their carbon footprint, which is better compared to the pollution coming from ferries.

However, ferries remain very active competitors: beyond the future of SeaFrance, currently in administration, the arrival of P&O's super-ferries signals a change in the Short Straits market, pushing us to improve further. Thus, we are currently **extending Truck Shuttles from 30 to 32 wagons**. This is made possible as a result of the increase in the power of our locomotives to 7MW. The benefits are three-fold: increase in productivity, increase in available timeslots and better quality of service in peak periods. As it is not technically possible to proceed likewise with passenger Shuttles, we are seriously considering **reintroducing the Shuttle which was "mothballed" in 2004**. **Looking towards the 2012 London Olympic Games**, there is no doubt that a return to our original capacity would give us more flexibility, particularly in the maintenance of complex and heavily-used equipment.

In our quest to be more attractive to our customers, we are finalising negotiations with authorities to make the terminal **on the French side accessible to passengers after border controls, rather than before as now**. Passengers will then be able to wait for boarding in more comfortable conditions. Finally, we are finalising the introduction of a new **state-of-the-art information system** enabling variable displays. We are taking this opportunity to think about more proactive communication, even though in a very specific binational transport system such as the Tunnel, it is easier said than done!

Elsewhere, **Eurostar continues to improve** and is gradually moving towards 10 million passengers, despite a reduction in capacity being offered to travellers of over 5%. Clearly, the arrival of new competitors such as Deutsche Bahn, with new destinations in Germany or the Netherlands, should make prices go down and enable re-invigoration (or even a boom) of this buoyant market.

You are aware that tests carried out last October showed that there were **no technical difficulties in allowing access to German ICES**, but that a debate on the alleged safety of distributed power (common to all underground systems in the world) following Eurostar's choice of new trains has resulted in some confusion. Against this background, we did not see fit to request changes to safety rules and we **await a coordinated common approach on the part of the Concession authorities**. There is no doubt that a rational approach will eventually prevail. So as not to waste time, we continue to work with Deutsche Bahn on specific issues such as the timeslots they may use when the time comes.

This year has also seen the completion of the **fire fighting stations** in the Tunnel (SAFE). The prototype built on site has proved the complete effectiveness of mist to control a fire and lower the temperature drastically, thereby considerably increasing the safety of installations and persons. This €20M investment, which we are patenting, is a **unique worldwide achievement**. Financially, this will enable us to return to more normal insurance premiums.

However, negotiations relating to the insurance indemnities relating to the 2008 fire are still blocked as a result of the legal proceedings instigated by Eurostar and SNCF against our insurers. As a direct result of these proceedings, which I consider unfounded, we are not accounting for any insurance indemnities in 2010.

The last major topic of this overview at the start of the New Year is **rail freight**.

On 11 January 2011, the **first Europorte/GBRf intermodal cross-Channel train** from Daventry (GB) to Italy went through the Tunnel, thus making good on the promise I made you not to give up on this type of traffic.

Over and above this, we continue to **rationalise and integrate these activities**. GBRf, which has been growing since its inception 11 years ago, even in the recent economic crisis, is obviously the model to follow.

Together with the skills of **Europorte France, acknowledged by the French rail infrastructure manager (RFF) as the most punctual freight operator**, we clearly have everything on our side to develop a healthy business, alongside our main activity which is concession management.

The New Year remains uncertain but, as you can see, we stay totally committed and determined to meet its challenges.

Yours faithfully,

A handwritten signature in black ink, appearing to be "J. Gounon", written in a cursive style.

Jacques Gounon,  
Chairman and Chief Executive

\* This increase includes the new Europorte subsidiaries acquired in 2009 and 2010 which did not contribute to the revenue in 2009.

## Activity in 2010

### The Group

The unaudited Group revenue for 2010 is €736.6 million (excluding insurance indemnities), an increase of 26% on the previous year\*.

### Eurotunnel – Channel Tunnel Concession

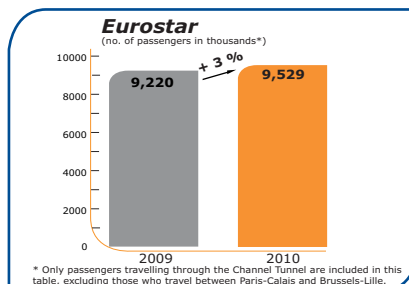
#### Eurotunnel Shuttles

Eurotunnel regained its share of the cross-Channel market where competition remains strong, proving once again the advantages of the Shuttle: reliability, speed and its environment credentials despite the end of year disruptions on the road network as a result of the bad weather.

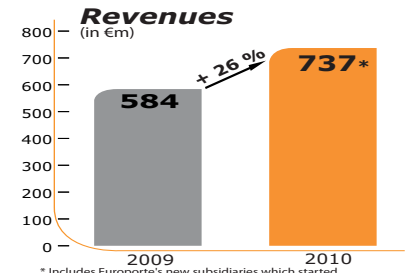
- Revenue up by 15%.
- Car traffic up by 11% with over two million cars transported and more records beaten: 14,975 tourist vehicles used the Tunnel on 14 August and 9,382 on 23 July from the UK to France.
- Truck Shuttle traffic up by 42% with over a million trucks transported.

#### Railway Network

Eurostar transported over 9.5 million passengers (+3%). Number of freight trains and tonnes transported are down (-13% and -4% respectively).



\* All comparisons with 2009 are expressed on the basis of a constant exchange rate of £1=€1.169, the average rate for 2010.



### Europorte – Railfreight operators

- Revenues of almost €100 million
- Renewal of large contracts (Lafarge) and new opportunities (Dunkirk Port)
- GB Railfreight continues to grow and beat its own record with 529 trains hauled in one week in September.



## Did you know? Since the last On Track...

### Channel Tunnel Concession

- Introduction of the carbon counter for our Shuttle customers
- Sustainable development award
- Leading client satisfaction survey amongst transport companies
- Network statement published for railway operators wishing to access the Tunnel from 2012
- 21<sup>st</sup> BINAT exercise
- Two additional rescue units purchased with Eurostar

### Europorte

- Opening of a service between the UK and Italy
- Agreement with French railway infrastructure manager (RFF) regarding slot quality
- Management of the Dunkirk Port rail network
- Renewal of the Lafarge contract

All these events are described in more detail in press releases available on our websites [www.eurotunnel.com](http://www.eurotunnel.com) or [www.europorte.com](http://www.europorte.com).

If you want to be kept informed in real time, please subscribe to our email alert service (see below).

### 20th anniversary of the link between England and France

On 1<sup>st</sup> December 2010, 20 years after Graham Fagg and Philippe Cozette broke through to link France and Great Britain, guests from the world of politics and business gathered to mark this anniversary. Following speeches from Jacques Gounon, Michel Hamy, Mayor of Coquelles, Phillip Boyle, General Consul for Great Britain in Lille, Dominique Dupilet, Chairman of the Pas de Calais General Council, and from Alain Gérard, sous-préfet of Calais, everyone braved the bitterly cold weather to attend a 15-minute live show: a troop of painters/dancers/acrobats, wearing mountaineering harnesses painted a stylised logo on the walls of the French portal while abseiling to music; red and blue balloons were then released! On 25<sup>th</sup> November more than 200 members of staff, tunnel builders and 20-year olds from Folkestone and Coquelles created a human fresco, featuring a logo especially produced for the 20th anniversary of the



breakthrough above the French portal. The symbol which was formed by the placards everyone held above their head was captured for posterity in aerial photographs (see above): an image of the Group symbolising a 20-year evolution, the completion of the tunnels and the advent of Eurotunnel.

### Subscribe to our email alert service to continue to receive On Track!

From January 2011, to further help our economy drive and to protect the environment, On Track will only be sent electronically to shareholders who subscribe to our email alert service. It will remain available on the Group's website. If you have not yet registered to receive email alerts, please do so without delay so as to continue to receive all information regarding the business of Groupe Eurotunnel.