

# Eurotunnel on Track

May 2011



*Letter to Groupe Eurotunnel SA  
shareholders*



Dear shareholder,

First of all, I would like to thank you for your unequivocal support evidenced by your vote in the combined general meeting held on 28 April. You will shortly find on our website the result for each resolution, all approved by a very large majority.

This general meeting was an opportunity to remind shareholders of a few highlights:

- With 335,000 shareholders, your company is amongst the largest in term of retail shareholders in France: more than Veolia and almost as much as Air Liquide, which is often taken as an example. It is a strength we value;
- After the redemption from next July of the remaining warrants in issue (the benefit promised in 2007 should the company's fortune change), based on the current share price, our market capitalisation will be in excess of €4 billion;
- Although 2010 was difficult, we are able for the third year running to distribute a dividend, giving permanence to our dividend policy. It remains for us to ensure that this dividend increases. We are working towards it;
- Finally, you voted to allocate 200 shares, free of charge, to the 3,300-odd employees of the Group (excluding executive officers who waived their entitlement). I would like to thank you on behalf of all staff. Thanks to this decision, the essential cohesion between all stakeholders in the business is strengthened. This is not so common in comparable companies and it proves once more that Eurotunnel goes further and does what it needs to do to remain a leader.

And a leader we were in the first quarter of 2011 in terms of cross-Channel traffic. You will find overleaf the figures published on 18 April last. The Easter weekend and the royal wedding bank holiday weekend reinforced this progress.

The encouraging economic figures in the United-Kingdom (1.5% growth in GDP over a year) should support this trend, both in the passenger and truck markets. Provided the market is not distorted by unjustified public aid in the form of an abnormal recapitalisation of SeaFrance, our position should be confirmed.

This is all the more true when higher fuel prices are having a negative impact on our competitors whereas they have no obvious effect on our costs. In future, environmental constraints should be stricter with the European Marpol scheme which will make it mandatory in 2015 for ships in the North Sea to use less polluting fuel. I note with some amusement the start of a shameless lobbying from maritime operators alleging that they cannot bear the additional costs resulting from this and demanding that they be allowed to continue polluting. Needless to say, we will continue to be

vigilant in all these respects.

Turning to rail freight, Europorte is meeting our expectations in terms of being a source of alternative growth, with an increase of 150% in revenue, resulting from the integration of its British arm, GBRf, and on a like-for-like basis, still an impressive 20% increase.

Rationalisation of this superb tool is ongoing, in particular in relation to its locomotive fleet so as to have available equipment that is homogenous, reliable and less costly to operate, much as many of the low-costs airlines have done.

The last topic on which we are particularly focussed currently is the maintenance of our installations and equipments. We can see clearly the consequences of insufficient maintenance of aging equipment amongst certain large rail operators.

I can assure you that, even at the lowest points in the preceding years, we did not make any drastic cuts for which we will pay dearly in the future. Quite the opposite, our expertise and our ability to innovate in all these matters is becoming well-known and we are now able to sell this engineering expertise.

I would like to conclude on an essential topic in relation to the development of the Fixed Link: the arrival of Deutsche Bahn's international services. The European Railway Agency (ERA) clearly indicated that standard equipment could circulate without risk in the Channel Tunnel. On that basis, we submitted to the IGC at the end of March a proposal for modernisation of our operating regulations with a view to enabling German ICE to go through the Tunnel, thereby complying with European directives aimed at opening up the market. We fully appreciate how this development runs counter to certain traditional views and we must expect delaying tactics to be deployed. As we have no doubt out to the outcome, we are working in parallel with Deutsche Bahn to determine their future timeslots.

As you can see, Groupe Eurotunnel continues to progress and to strengthen its position: sustained hard work for a winning strategy in the long-term.

That is what you approved massively by your vote at the general meeting.

Once again, thank you.

Yours faithfully,

A handwritten signature in black ink, appearing to be "J. Gounon".

Jacques Gounon,  
Chairman and Chief Executive Officer

## 2011 general meeting

On Thursday 28 April in Coquelles, Groupe Eurotunnel SA held its 2011 general meeting with over 54% of the share capital present or represented. The resolutions relating to the approval of the statutory and consolidated financial statements and the appropriation of profits were approved by a majority of over 93% as well as the distribution of a dividend identical to the last two financial years (4 cents of a euro per share). Resolutions to renew the financial delegations and authorities previously granted to the board of directors and to appoint a Group subsidiary as director (represented by Claude Liénard, Chief Financial and Corporate Officer), were also approved.

Full results will be available shortly on the dedicated page of the new corporate website [www.eurotunnelgroup.com](http://www.eurotunnelgroup.com) where annual publications are also available such as the 2010 Reference Document (filed with the French financial market authority on 4 March 2011 and comprising in particular all the annual report information).

### Focus on revenues and traffic for the first quarter of 2011

Growth in overall revenue by 24% to €179.2 million (an increase of 11% on a like-for-like basis<sup>1</sup> compared to the first quarter of 2010).

> Concession for the cross-Channel Fixed-Link:

- Eurotunnel Shuttles: sustained revenue grown (+ 14 %);
- Increase in Truck Shuttle traffic (+30%) consolidating the market share regained in 2010;
- Increase in car traffic (+7 %) confirming our market leadership – our market share exceeded 50%, a level rarely reached in recent years;
- Decrease in coach traffic (- 6%) but our market share remains stable.
- Railway network: continued upward trend for Eurostar traffic (+ 8 %).

> Europorte: a significant contribution to revenues with a 20% increase like for like.

<sup>1</sup> As a reminder, Europorte acquired GBRf on 28 May 2010 so GBRf did not contribute to revenues for the first quarter of 2010. On a like-for-like basis means at a constant exchange rate (that of the first quarter of 2011, £1= €1.132) and excluding the contribution from GBRf in the first quarter of 2011.

### Colour on the Folkestone terminal.

A real work of art adorns the wall separating the Folkestone FlexiPlus lounge and lane from the other boarding lanes. To cover this wall, 42 vinyl panels of an overall length of 125m were assembled in three days by the contractor who before that had wrapped two of our Passenger Shuttle loaders - one with a picture of sportsmen from the Nord-Pas de Calais region celebrating the 2012 Olympics, the other with a photograph symbolising Eurotunnel's environmental message. The design depicts the key events in the Tunnel's history, from the initial "dream" of Napoléon to the 20<sup>th</sup> anniversary of the breakthrough; all of the Eurotunnel services are represented on it, from FlexiPlus tickets to horse transport, highlighting all the competitive advantages of travelling on board Eurotunnel Shuttles.



### A new itinerary for our clients on the Coquelles terminal >

After three months of work on the Coquelles terminal, a new itinerary for our Passenger Shuttle clients is now open. They can now carry out border control checks immediately after checking in and then have access to the passenger terminal building to make the most of the services it offers or be directed to boarding depending on the time of their booked departure. This new itinerary enables clients who need to wait before their departure for whatever reason, to board when it is time without risking missing their departure because of the time needed for the double set of border control checks. A noticeable additional degree of comfort.



### Cancellation of 8.5 million shares

Following delivery of the additional shares allocated on 18 March last, to shareholders who held on to the shares subscribed as part of the 2008 rights issue or received as conditional additional return on the SDES issued in 2008, the company cancelled 8.5 million shares on 4 April 2011.

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