

Eurotunnel on Track

July 2014



Letter to Groupe Eurotunnel SA shareholders



Dear shareholder,

The first half of 2014 has again seen an improvement compared to last year.

It is true that in part this is due to the upturn in the UK economy. One example that concerns us directly is the number of new car registrations which grew by 10.6% for the half year. At the same time, the increase in the value of the pound sterling against the euro is also good news for us, given the proportion of our revenues which is in sterling.

Shuttle traffic has been excellent: Le Shuttle has carried more than 1.1 million cars (+5%) and our market share has increased 2 points to 54.5%. In a dynamic truck market (+7%) and despite the aggressive commercial policies of one of our maritime competitors (who is claiming to be operating at a loss), we have maintained our leadership, transporting almost 700,000 trucks with a 38% market share.

For High-Speed Passenger trains, the critical 5 million passenger barrier has now been passed, which, along with the traffic that will come from the new destinations announced by Eurostar, augurs well for the future.

With regard to rail freight trains, our actions to shake this market up and reduce the numerous obstacles encountered on the neighbouring networks are bearing fruit, with an increase of +15% in the number of trains and +24% in tonnage.

Over the page you will find the **key financial figures:** revenues reached €559M, an increase of 8%. EBITDA at €216M (+6%) and the operating result (EBIT) at €132M (+9%) have also grown, and, taking account of the seasonal nature of our business, confirm our objectives for the year. All this has been achieved despite two issues:

- **The SNCF strike** in June paralysed the French railway network and had a negative impact on Europorte. We are preparing a claim against RFF who could not provide the paths we needed,

- **The negative decision of the Competition and Markets Authority "CMA"** regarding MyFerryLink.

Nevertheless these two activities continue to succeed:

- **Europorte** is today, with a modern fleet of locomotives perfectly adapted to its needs, the first private freight operator to provide in both the UK and France an alternative to the historic operators SNCF and DB Schenker.

- **MyFerryLink** is a model of operating and commercial success. Even though operating under a French flag, which is less favourable than a British one, and having started two years ago with no customer base, MyFerryLink has met the objectives that it was set, with a truck market share of 9.8%.

To enable it to justify its own jurisdiction, the CMA has had to demonstrate that Eurotunnel Group acquired not just the assets, but the business of SeaFrance, even though our appeal in December last year called this analysis into question.

The CMA, which does not share the same view of the market as its French counterpart, and which does not take account of the favourable evolution of the market, has also refused to seek a compromise under the aegis of the European Commission.

The substance of the decision announced in June is as follows:

- Eurotunnel will be prohibited from operating ferry services from Dover, either directly or indirectly, for 10 years which the Berlioz and the Rodin, but also for 2 years with any other ship,

- In the event of a sale of the ships (which is forbidden by the Paris Commercial Court), the CMA must approve the purchaser.

This decision appears to us to be unfounded and, at the very least, totally excessive. Beyond considering that there was an acquisition of an enterprise nine months after it had ceased to exist, it is surprising that the CMA should prohibit us from operating ships other than those that we already own, or that they should be able to choose the acquirer: this is a double attack on the entrepreneurial freedom and the inalienable right to ownership, which leads us to appeal the decision.

Beyond these legal issues, the Eurotunnel Group cannot do more than we have already done up until now to offer greater choice and complementarity in cross-Channel services by providing European territorial continuity 24/7, 365 days per year. **It is now up to the two Governments to resolve this issue** and to prevent a decision which is clearly against consumer interest and employment from being enacted.

Independently of the above, we forecast further growth in the Short Straits market, particularly as a result of the Marpol environmental protection legislation, that requires us to expand. At the start of July **we laid the foundation stone of the Terminal 2015 programme** at the Coquelles terminal. You will find more information on this project overleaf.

It will make access for trucks more fluid and will support the growth in truck volumes forecast for 2020. An initial investment of €30 million includes the creation of a secure truck parking area, an increase in the number of access and check-in lanes which will, in time, enable us **to provide 8 Truck Shuttle departures per hour compared to 6 today.**

As you can see, our determination to develop and improve our results is absolute. **Priority for safety, focus on our customers and improved productivity** enable us to announce growth during the first half year.

We are committed to continuing along this path.

Yours faithfully,

Jacques Gounon
Chairman and Chief Executive Officer

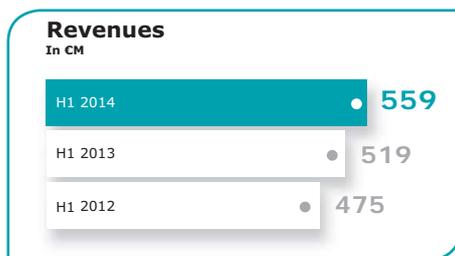
Focus on the 2014 half year results

The Group's consolidated revenues for the first half of 2014 reached €559M, an increase of €40M or +8% compared to the first half of 2013. Operating margin (EBITDA) also increased by €12M to €216M, (+6%) and the operating result (EBIT) to €132M, an increase of €11M (+9%).

Net financial costs decreased by 4% as a result of the reduction in the impact of lower UK inflation rates and the contractual debt repayments. For the first half of 2014, the Group recorded a net loss of €11M, including a MyFerryLink loss of €14M.

At 30 June 2014, the Group held cash balances of €215M, compared to €159M at 30 June 2013, after capital expenditure of €60M, payment of a dividend of €81M and €16M in debt repayments.

For further information, please read the press release issued today and available on our website at www.eurotunnelgroup.com.



To enable a better comparison, the figures for 2012 and 2013 have been recalculated at the 2014 half-year exchange rate, £1 = €1.229.

Launch of Terminal 2015 project

The Terminal 2015 project was officially launched on 7 July 2014 with the laying of the foundation stone on the freight terminal in Coquelles by Jacques Gounon.

With the growth in the cross-Channel truck market, Eurotunnel is aiming to make access for heavy goods vehicles more fluid and to be able to manage the 2 million trucks forecast by 2020. This initial investment of €30M includes a buffer parking zone, an increase in the number of access lanes (from 2 to 5) and in check-in lanes, and the introduction of a Fast Track lane. This redevelopment of the two terminals will enable 8 Truck Shuttle departures per hour in each direction, compared to 6 today.

The French terminal's on-site capacity will also be increased with the addition of a 370-space secure parking area which will be fitted out with state of the art technology and managed with Sanef.

A similar project will shortly begin on the Folkestone terminal, with the creation of a new check-in plaza and extra access lanes.



CIFFCO, high performance training

CIFFCO (the Opal Coast international railway training centre) has become the first and only private training centre licenced to issue train driver qualifications in France.

The registration of this professional certification is a recognition and a valuing of the train driver qualification. It underlines the leadership and high profile of CIFFCO in railway training and demonstrates the Eurotunnel Group's efforts in regard to sustainable employment.

A world first by bike in the Tunnel

At the start of June, Chris Froome, winner of the 2013 Tour de France, became the first man to cross the Channel by bike, between Folkestone (Kent) and Coquelles (Pas-de-Calais) via the service tunnel.

Whilst the British champion cyclist ate up the 50 kilometres 100 metres below the waves in less than an hour, his Team Sky support crew in their sponsor's Jaguar



Sportbreaks crossed the Channel in 35 minutes on board Le Shuttle and were at the portal to meet him when he arrived.



As part of the European Heritage Open Days and in celebration of the 20th anniversary of the inauguration of the Channel Tunnel, Eurotunnel invites you to visit behind the scenes of the Folkestone Terminal on Saturday 13 September.

Each guided coach tour lasts 90 minutes and offers an unrivalled opportunity to find out more about the Eurotunnel transport system

and its unique shuttles.

NB: to take part, you must register your interest in advance (before 4 September) as the number of places is strictly limited. Book your place on line at <http://www.eurotunnelgroup.com/uk/home/>.

Change of address?

If you hold your shares in registered form with BNP Paribas Securities Services or in the form of CDIs via Computershare Investor Services PLC, don't forget to notify any change in your personal information, in particular any change of postal or email address. Information on how to contact them is available on our website <http://www.eurotunnelgroup.com/uk/home/>.