

Eurotunnel on Track

March 2013



Letter to Groupe Eurotunnel SA
shareholders



Dear shareholder,

A tripling of the net result at €34m and a dividend increase of 50%; I believe these represent a **great summary of the 2012 financial year.**

In my last letter to you, I took the opportunity to comment on the traffic figures. You will find overleaf details of our financial results. They are characterised by a **sharp increase in our operational profitability**, with an **EBITDA of €461m** and a **drop of 2% in the cost of borrowing**. **Free cash flow** remains the **best indicator of our vitality, at €133m.**

The other thing to **learn from 2012** is that it is obvious that with the level of traffic we have reached – with 1.5m trucks and 2.5m cars to manage each year – we have crossed an important threshold and we must take this into account if we want to avoid finding ourselves in a position of saturation in a few years' time. 2012 was of course marked by exceptional events (H.M. The Queen's Jubilee, the Olympic Games and Paralympics). 2013 does not look so bright but, over the term of the Concession, we will see ever larger traffic flows.

We are able to absorb this growth as, thankfully, the Tunnel has a significant amount of capacity in reserve. However, it is essential to continue or even speed up the **modernisation of our terminal infrastructure** which is now 20 years old.

For passengers, this means the renovation of the Charles-Dickens building in Coquelles and the Victor-Hugo building in Folkestone to bring them up to the best international standards. The improvements to the Victor-Hugo building are already showing results with the new World Duty Free store seeing a 42% increase in sales, the fastest growing store for that group in the United Kingdom.

For trucks, for which the manoeuvring areas were clearly undersized from the start, our Terminal 2015 project must start now. On the British side, it consists mainly of improving access from the M20. On the French side, we are planning a secure 350-place parking area and, more importantly, an increase in the number of check-in lanes. Moreover, it will be an opportunity to offer hauliers a fast-track lane (the equivalent to the FlexiPlus service for passengers). On payment of the appropriate tariff, they will have access to priority boarding.

We must also think of the future with respect to the **Shuttles**. For the passenger shuttles, the reintroduction of the 9th renovated Shuttle gave us additional flexibility. The number of truck Shuttles will soon be inadequate and we are considering the acquisition of three new Shuttles.

As for **high-speed passenger trains**, the IGC has acknowledged at the beginning of December 2012 that Deutsche Bahn should receive its safety certificate and invited us to propose new evacuation procedures to take into account the various types of train that would then circulate in the Tunnel. We will, of course, continue to face up to those fighting a rearguard action thinking they are doing the right thing by defending Eurostar's current monopoly; we will get over that hurdle as we have got over others before.

The Tunnel is an exceptional infrastructure at the heart of the European high-speed network. It is inconceivable at a time when the British government is working on the high-speed link between London and Birmingham (HS2), that the Tunnel should remain closed to the millions of German and Dutch passengers which

Deutsche Bahn wishes to reach in 2015.

This overview would not be complete without mentioning our other core activity: **rail freight** which is performing as expected as a growth engine, with revenue up by 28%. We have brought **Europorte back to operational break-even**, as we had committed to do. It is one of the only new entrants, possibly the only one, to have achieved this. The progress plan put in place in France was essentially three-pronged: first of all a structural rationalisation with only four regional directorates (where there were originally 11 with Véolia Cargo); secondly, the modernisation of the locomotive fleet; and finally, a rationalisation of the maintenance process. This, together with driver training, has come at a cost which is reflected in the 2012 results, but it is not a recurring cost. Thus, we can be confident with respect to the likely profitability of Europorte in France as it is in Great-Britain where GBRf's record is remarkable.

There remains **MyFerryLink** which the UK Competition Commission would like to see disappear. This business is finding its place in the market, and is growing in accordance with its business plan. The SCOP, which operates the ships, is doing an excellent job: staff are motivated and quality of service is there. We have contested the analysis of the Competition Commission. We shall see mid-April what its decision will be and any potential contradiction with the decision of the French authorities. In these types of circumstances, the European Union recommends dialogue between the Member States so as to reach a coherent position. In the meantime, the cross-Channel market benefits from more competition, a good thing for ferry customers.

And finally, one of our directors, Hugues Lepic has decided to devote all his time to his new career choices. He thus tendered his resignation. The board accepted his resignation and thanked him for his commitment to the Company. On the recommendation of the nomination committee, the Board appointed Mrs Perrette Rey; this appointment will be put forward for ratification at the forthcoming general meeting. You will find a summary of her career overleaf. There is no doubt that she is bringing great strength and breadth of experience to the works of the Board.

The **dimension of your business has changed** and we now face the following alternatives: we either think short-term as has been the case in the past, and we will not do any better; or we organise ourselves so as to capture the best part of the growth in our markets, so as to continue to increase profitability, and act accordingly with a long-term vision. The Board has chosen the latter path.

The 2012 results show that we have the capacity to do this, without depriving you of the return on investment to which you are legitimately entitled.

Yours faithfully,

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

Jacques Gounon,
Chairman and Chief Executive Officer

FOCUS ON THE 2012 ACCOUNTS

On 20 March, the board of directors finalised the Group's consolidated accounts for the 2012 financial year which were certified by the statutory auditors and show a net result for the 2012 financial year to be a profit of **€34 million, three times** that of 2011¹.

Revenue increased markedly (+14%²) to €993 million compared to 2011.

Investments increased to €183 million, of which €74 million was for the acquisition of the ferries (€65 million plus refurbishment costs). Investments for the Fixed Link remained at a significant level (renovation of a Shuttle, GSM-R...) to accompany both current and future growth in traffic.

The **operating margin** and **trading profit** both **increased** compared to 2011, at €461 million and €300 million respectively.

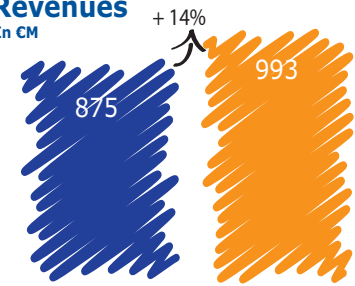
Net finance charges decreased by €5 million compared to 2011 at a constant exchange rate, mainly due to the reduction in the rate of inflation in the UK.

The Group continues to generate **significant free cash flow** at €133M. The available cash at 31 December 2012 amounted to €256 million.

For more information, please refer to our announcement of 21 March 2013 available on the Group's website www.eurotunnelgroup.com.

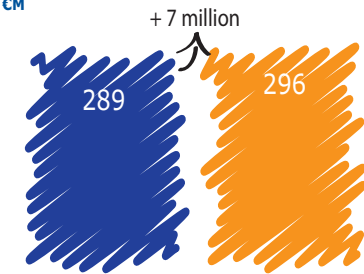
Revenues

In €M



Operating profit

In €M



¹ 2011 result at the published exchange rate of £1=€1.148.

² Group consolidated income statement for 2011 recalculated at the average exchange rate for 2012 (£1=€1.23).



Mrs Perrette Rey becomes a Board member

Perrette Rey, 70, holds a doctorate in corporate law and a post-graduate degree in economic management both from the University of Paris I; she is a graduate of the Paris political studies institute (IEP), the Paris institute of business management (IAE) and the Paris centre for better management (CPA). She started her career as commercial director for SOVA, a mechanics, metal and steel family businesses prior to setting up her own business as a management, organisation and IT consultant then becoming responsible for a management and IT publication. She joined the Banques Populaires group where she was successively in charge of strategy, budget, finance and IT and later an advisor to the chairman of the Banques Populaires group. She was elected as a judge on the Paris commercial court in 1992, becoming in turn president of a chamber, vice-president and the first woman (and to date the only woman for 450 years) to be elected president of the Paris commercial court, then president of the general council of commercial courts, which brings together all the French commercial courts, between 2004 and 2008. She chaired the French observatory for businesses in difficulty set up by the chamber of commerce and industry of Paris-Ile-de-France. Since 2008, she is a member of the French state shareholding commission.

The Board now comprises four women out of a total of 11 directors, with women making up 36% of the Board.



Six new service vehicles have just become operational. They are different because they run solely on electricity. Although silent, they are easily recognisable by the colourful wrap covering each vehicle. A special design was created so that customers can fully appreciate how keen Eurotunnel is to support the development of "clean" transport.

Choosing a greener crossing...

Since the end of 2010, Eurotunnel offers its freight customers an ecocalculator. Why? To calculate the reduction in CO₂ emissions for hauliers who choose to cross the Channel with Eurotunnel.

The CO₂ emissions produced to take a lorry across the Channel are, in Eurotunnel's case, almost 20 times less than those generated by a ferry (158 kg against 8,250 kg). Hauliers can work it out for themselves on line. A certificate to support this: together with the previous year's CO₂

emission report, the customer receives a certificate in recognition of their efforts. This initiative is intended to make freight customers aware of environmental issues, especially as the European directive aimed at taxing the most polluting lorries will be implemented in France this year.



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 www.eurotunnelgroup.com.