

PRESS RELEASE



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2008 Results

- Revenues and other income¹: €748 million, an increase of 4% at a constant exchange rate²
- Operating margin (EBITDA): €421 million (+5% at a constant exchange rate)
- Trading profit: €261 million, an increase of 9% compared to 2007
- Net result: profit of €40 million³
- First dividend in Eurotunnel's history

On the strength of an excellent first half year and despite the fire which reduced traffic from September onwards, Eurotunnel has continued to increase its operating margin (EBITDA) in 2008, to €421 million, which is approximately 16% above the objective in the safeguard plan (at a constant exchange rate and restated under IFRS). With this improvement in operations and with the reduction in net financial charges as a result of the financial restructuring (-2% in 2008 following -42% in 2007), the consolidated net profit for Groupe Eurotunnel SA in 2008 was €40 million. This profit enables Eurotunnel, for the first time in its history, to propose that the Annual General Meeting of shareholders approves the payment of a dividend of 4 cents of a euro per share.

Jacques Gounon, Chairman and Chief Executive of Eurotunnel stated,

"Despite the incident in September, the year 2008 clearly marks the end of financial uncertainty for Eurotunnel. Through its efficiency and the control of its costs, the Group has recorded a solid profit which, for the first time in our history, allows us to pay a dividend to our loyal shareholders".

Appendix:

Extracts from Groupe Eurotunnel SA's consolidated accounts for the year ended 31 December 2008.

For media enquiries contact the press office on +44 (0) 1303 284491
Email: press@eurotunnel.com

For investor enquiries contact Michael Schuller on +44 (0) 1303 288749
Email:

Michael.schuller@eurotunnel.com

¹ Indemnity advances received from the insurers in relation to operating losses amounting to €44 million, after deduction of the €10 million excess.

² In order to enable a comparison between 2008 and 2007, the figures published in 2007 have been recalculated at the average exchange rate for 2008, £1=€1.216.

³ Of which €24 million results from the "Sangatte" litigation.

1. REVIEW OF FINANCIAL RESULTS

Pursuant to EC Regulation 1606/2002 of 19 July 2002 on the application of international accounting standards, the consolidated financial statements of GET SA for the financial year ended 31 December 2008 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union at 31 December 2008.

Groupe Eurotunnel SA's consolidated accounts were approved by the board on 3 March 2009, and certified by the auditors.

1.1 Comparison of financial years ended 31 December 2007 and 31 December 2008

€million	2008	¹ pro forma ² restated	% change	¹ pro forma published
Exchange rate €/£	1.216	1.216		1.437
Shuttle services	431	464	-7%	500
Railways	260	242	+7%	262
Other revenue	13	12	+7%	13
Revenue	704	718	-2%	775
Other income	44	-		-
Total turnover	748	718	+4%	775
Operating expenses	(200)	(197)	+1%	(210)
Employee benefit expense	(127)	(120)	+6%	(126)
Operating margin (EBITDA)	421	401	+5%	439
Depreciation	(160)	(162)	-1%	(162)
Trading profit	261	239	+9%	277
Other operating income / (expenses)	28	(12)	n/a	(13)
Operating profit (EBIT)	289	227	n/a	264
Income from cash and cash equivalents	19	13	+42%	14
Gross cost of servicing debt	(268)	(268)	=	(292)
Net cost of financing and debt service	(249)	(255)	-2%	(278)
Result after net cost of financing and debt service	40	(28)		(14)
Profit arising from the financial restructuring	-	3,323		3,323
Other financial income and income tax expenses	-	16		15
Profit for the year	40	3,311		3,324

¹ The pro forma consolidated income statement for the period 1 January to 31 December 2007 was intended to present the impact on the year of the 2007 financial restructuring as if it had been put in place on the theoretical date of 1 January 2007.

² In order to enable a better comparison between the two years, the 2007 consolidated pro forma income statement presented above has been recalculated at the exchange rate used for the 2008 income statement (€1=€1.216.)

1.1.1 Key figures: income statement

The fire in September 2008 significantly affected the revenues, traffic and operating conditions of the Group in 2008. Whilst all services resumed a little over one day after the fire, and in the following weeks operating capacity was progressively optimised after the cleaning and the return to service of the two smoke-affected sections of the Tunnel (Intervals 2 and 4), the fire-damaged section of the Tunnel (Interval 6) remained closed until 9 February 2009. After the initial build up of services at the end of September, the number of Passenger and Truck Shuttle missions operated was just under half the number in the same period in 2007, priority having been given to Eurostar services.

The Eurotunnel Group was insured against operating losses and material damage up to €900 million, and so the financial effect of the fire on the Group's results is limited to €10 million, the amount of the insurance excess. The impact on the 2008 results is described in the commentary below and in annex 3 below.

▪ **Summary**

Prior to the fire in September 2008, the Eurotunnel Group had consolidated its market share for both the Passenger and the Truck Shuttle activities, increasing Shuttle revenues by 11% compared to 2007 for the first six months of the year. However, the significant reduction in capacity available in the last quarter following the fire led to a reduction in full year Shuttle revenues of 7% at a constant exchange rate, to €431 million.

The opening of the second section of the high-speed line in the UK enabled a significant increase in revenues from the Railways of 7% at a constant exchange rate, to €260 million.

Excluding insurance indemnities relating to operating losses resulting from the fire, and despite unfavourable economic conditions particularly in the UK, revenues at €704 million were only 2% below 2007 at a constant exchange rate.

Taking into account insurance indemnities relating to operating losses of €44 million and an increase in operating expenses of 3%, EBITDA improved by 5% at a constant exchange rate to €421 million in 2008.

After net other operating income of €28 million and the net cost of financing and debt service of €249 million (€6 million below 2007 restated), Groupe Eurotunnel SA's consolidated net result for 2008 was a profit of €40 million, compared to a pro forma loss of €12 million in 2007 (recalculated at a constant exchange rate and excluding the €3,323 million profit arising from the financial restructuring).

1.1.2 Revenues

At €704 million in 2008 (excluding compensatory insurance indemnities), revenues reduced by 2% compared to 2007 at a constant exchange rate.

a) Shuttle services

The reduction of approximately 50% in capacity available in the last quarter following the fire had a significant negative impact on traffic. In 2008, Shuttle revenues decreased by 7% at a constant exchange rate compared to the previous year.

▪ **Truck Shuttle**

During the first half of 2008, Truck traffic increased by 7%. To limit the consequences of the loss of capacity and in order to maintain service quality in the context of the reduced capacity, Eurotunnel focused on its contracted customers. By optimising the use of the available capacity, the decrease in the number of trucks transported during the fourth quarter of 2008 was limited to 45% compared to a capacity reduction of around 50%.

The pricing policy enabled a slight increase in average yields during the year, which partially offset the 11% reduction in traffic in the year.

▪ **Passenger Shuttle**

Despite an increase in traffic of 4% in the first half of 2008, car activity reduced by 11% for the year as a whole. The reduction of 37% of traffic in the fourth quarter of 2008 was less than the 50% reduction in capacity.

The continued application of dynamic pricing enabled an increase in average car yields during the year, but this was not sufficient to offset the 11% reduction in traffic.

b) Railways

At €260 million for 2008, revenues from the Railways increased by 7% compared to 2007 at a constant exchange rate.

This growth is largely due to the increased number of Eurostar passengers following the opening of the second section of the high-speed line between the Tunnel and London St Pancras. In 2008, Eurostar carried for the first time more than 9 million passengers in one year, an increase of more than 10%.

For rail freight, the declining trend in the number of rail freight trains continued during the first quarter of 2008 (-13%), but the stabilisation seen over the following three quarters limited the decrease in traffic to 4% for the year, with the fourth quarter even showing a slight increase (+6%).

1.1.3 Total turnover

Insurance indemnities received up to 31 December 2008 relating to operating losses following the fire are included in other income for a total of €44 million.

1.1.4 Operating margin (EBITDA)

a) Operating expenses

Operating expenses in 2008 amounted to €200 million, an increase of 1% compared to 2007 at a constant exchange rate.

The cost of repairs following the fire will be offset by a corresponding amount of insurance indemnities, and therefore has no effect on operating expenses, with the exception of the €0.1 million insurance excess.

b) Employee benefit expense

Employee benefit expenses for 2008 totalled €127 million, compared to €120 million in 2007. During the first half of the year, the Group increased its maintenance and operational staffing levels from an average of 2,284 for 2007 to 2,353 for 2008 and did not put any of its staff on short-time working as a result of the fire in September 2008.

1.1.5 Trading profit

At €261 million, the trading profit improved by 9% compared to 2007.

1.1.6 Operating profit (EBIT)

“Other operating income and expenses” includes:

- an income of €24 million representing the settlement resulting from the agreement reached with the French government following the disturbances caused to Eurotunnel’s business by the intrusion of illegal migrants coming from the Sangatte centre near Calais during the early part of the decade, and
- a net income of €11 million resulting from the insurance indemnity for 17 shuttle wagons declared beyond repair at 31 December 2008 following the fire in September 2008.

At €289 million in 2008, EBIT was €62 million above 2007 at a constant exchange rate.

1.1.7 Net cost of financing and debt service

The increase of €6 million in income from cash and cash equivalents is mainly due to the short-term investment of the funds from the financial operations carried out during the first half of 2008. Overall, the gross cost of financing and debt service remained stable at €268 million compared to the pro forma 2007 cost recalculated at a constant exchange rate.

1.1.8 Net result

Groupe Eurotunnel SA’s consolidated net result for 2008 was a profit of €40 million compared to a net pro forma loss of €12 million for 2007 (recalculated at a constant exchange rate and excluding the €3,323 million profit resulting from the financial restructuring).

1.2 Cash flows in 2008 and 2007 accounting periods

€million		pro forma
Year ended 31 December	2008	2007
Exchange rate €/£	1.050	1.364
Net cash inflow from trading	416	398
Other operating cash flows and taxation	(1)	(117)
Net cash inflow from operating activities	415	281
Net cash outflow from investing activities	(35)	(37)
Net cash outflow from financing activities	(241)	(369)
Increase / (decrease) in year	139	(125)

In total, the net cash inflow in 2008 was €139 million compared to a pro forma net cash outflow of €125 million in 2007.

1.2.1 Cash flow from operating activities

Net cash inflow from trading amounted to €416 million in 2008 compared to €398 million in 2007, an increase of €53 million compared to 2007 restated at the balance sheet exchange rate for 2008 (£1=€1.050). Cash from revenues excluding insurance indemnities increased slightly compared to 2007, and cash spent on operating expenses remained fairly stable. Up to 31 December 2008, €44 million of insurance indemnities had been received relating to operating losses following the fire in September 2008.

1.2.2 Cash flow from investing activities

Net cash outflows from investing activities of €35 million related for a large part to the programme to renovate and to upgrade the power of locomotives from 5.6MW to 7MW.

1.2.3 Cash flow from financing activities

In 2007, the pro forma cash flows from financing activities related mainly to the implementation of the financial restructuring.

In 2008, cash outflows from financing activities amounted to €241 million and included the following:

- receipts of €1,715 million and payments of €69 million arising from the two financial operations carried out during the first half of the year,
- payments of €1,634 million relating to the redemption and partial buy back of NRS,
- interest received of €18 million,
- payments of €45 million relating to the purchase of own shares,
- interest paid of €31 million on the NRS, and
- interest paid of €196 million on the Term Loan.

2. FINANCIAL STATEMENTS

Consolidated income statement (€000)	31 December 2008	* PRO FORMA 31 December 2007	⁴ 31 December 2007
Revenue	703,881	774,882	401,762
Other income	43,942	-	-
Total turnover	747,823	774,882	401,762
Operating expenses	(200,127)	(209,691)	(107,926)
Employee benefit expense	(127,040)	(126,039)	(62,729)
Depreciation	(159,622)	(161,956)	(82,016)
Trading profit	261,034	277,196	149,091
Other operating income / (expenses)	28,260	(12,922)	(13,229)
Operating profit	289,294	264,274	135,862
Income from cash and cash equivalents	18,588	13,863	5,410
Gross cost of servicing debt	(267,579)	(291,377)	(140,406)
Net cost of financing and debt service	(248,991)	(277,514)	(134,996)
Other financial income	36,224	48,770	22,666
Other financial charges	(36,255)	(33,668)	(28,724)
Profit arising from the financial restructuring	-	3,322,803	3,322,803
Income tax expense	(545)	(318)	(318)
Profit for the year	39,727	3,324,347	3,317,293
Group share: profit:	43,595	3,325,087	3,317,834
Minority interest share: loss	(3,868)	(740)	(541)
Profit per share (€)	0.34	55.64	55.52
Profit per share after dilution (€)	0.08	5.43	5.41

* See 2.3i of Groupe Eurotunnel SA's consolidated accounts.

Consolidated statement of recognised income and expense (€000)	31 December 2008	31 December 2007
Foreign exchange translation differences	462,404	224,050
Impact of exchange differences on overseas investment	-	(26,991)
Movement in fair value of hedging contracts *	(387,471)	(64,586)
Net income recognised directly in equity	74,933	132,473
Profit for the year - Group share	43,595	3,317,834
Recognised income and expense - Group share	118,528	3,450,307
Recognised income and expense - minority interest share	(1,340)	962
Total recognised income and expense	117,188	3,451,269

* Including accrued interest.

⁴ The consolidated income statement and statement of recognised income and expense include the Group's activities with effect from 1 July 2007.

GROUPE EUROTUNNEL SA: CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008
2 FINANCIAL STATEMENTS

Consolidated balance sheet (€000)	31 December 2008	31 December 2007
ASSETS		
Property, plant and equipment		
Concession property, plant and equipment	6,886,309	7,012,773
Other property, plant and equipment	19	29
Non-current financial assets		
Shares	77	115
Other financial assets	2,673	3,420
Total non-current assets	6,889,078	7,016,337
Inventories	-	60
Trade receivables	48,346	78,377
Other receivables	67,459	26,268
Other financial assets	390	602
Cash and cash equivalents	275,908	154,983
Total current assets	392,103	260,290
Total assets	7,281,181	7,276,627
EQUITY AND LIABILITIES		
Issued share capital	75,937	23,914
Share premium account	1,136,128	218,127
Other reserves	148,253	(2,216,031)
Other equity and similar instruments	1,226,319	1,472,678
Retained earnings	-	(26,991)
Profit for the year	43,595	3,317,834
Cumulative translation reserve	407,697	(54,707)
Equity - Group share	3,037,929	2,734,824
Minority interest share	2,700	4,040
Total equity	3,040,629	2,738,864
Retirement benefit obligations	15,912	15,699
Financial liabilities	3,557,247	4,120,310
Other financial liabilities	2,326	3,089
Interest rate derivatives	455,159	65,033
Total non-current liabilities	4,030,644	4,204,131
Provisions	43,890	49,258
Financial liabilities	22,065	140,229
Other financial liabilities	419	602
Trade payables	121,985	115,026
Other payables	21,549	28,517
Total current liabilities	209,908	333,632
Total equity and liabilities	7,281,181	7,276,627

GROUPE EUROTUNNEL SA: CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008
2 FINANCIAL STATEMENTS

Consolidated cash flow statement (€000)	31 December 2008	² PRO FORMA 31 December 2007	*31 December 2007
Result for the year: profit	39,727	3,324,347	3,317,293
Income tax expense	545	318	318
Profit arising from the financial restructuring	-	(3,322,803)	(3,322,803)
Other financial charges and (income)	31	(15,102)	6,058
Net cost of financing and debt service	248,991	277,514	134,996
Other operating (income) and expenses	(28,260)	12,922	13,229
Depreciation	159,622	161,956	82,016
Trading profit before depreciation	420,656	439,152	231,107
Exchange adjustment ¹	(31,123)	(12,523)	(3,813)
Decrease / (increase) in trade and other receivables	7,825	(4,370)	7,540
Increase / (decrease) in trade and other payables	18,900	(24,652)	(2,004)
Net cash inflow from trading	416,258	397,607	232,830
Other operating cash flows	(679)	(116,147)	(91,775)
Taxation	(483)	(318)	(318)
Net cash inflow from operating activities	415,096	281,142	140,737
Payments to acquire property, plant and equipment	(37,887)	(38,618)	(20,776)
Sale of property, plant and equipment	3,196	1,133	863
Net cash outflow from investing activities	(34,691)	(37,485)	(19,913)
Issue of SDES	800,000	-	-
Issue costs of SDES	(28,791)	-	-
Capital increase	915,444	225	225
Share issue costs	(40,393)	(17,789)	(10,595)
Redemption and partial buy back of NRS	(1,549,032)	-	-
Interest paid on redeemed NRS	(84,787)	-	-
Drawdown of Term Loan	-	4,010,408	4,010,408
Repayment of old financial instruments	-	(3,914,237)	(3,914,237)
Interest paid on old financial instruments	-	(286,801)	(286,801)
Fees paid for Term Loan	-	(66,145)	(51,476)
Interest paid on old hedging instruments	-	(3,000)	(3,000)
Interest received on cash and cash equivalents	17,646	13,345	4,574
Interest received on new hedging instruments	5,521	2,032	2,032
Other interest received	173	235	113
Interest paid on Term Loan	(201,789)	(104,052)	(104,052)
Interest paid on NRS	(31,039)	-	-
Interest paid on new hedging instruments	-	(2,225)	(2,225)
Proceeds from sale of own shares	1,230	-	-
Purchase of own shares	(45,448)	(714)	(714)
Net cash outflow from financing activities	(241,265)	(368,718)	(355,748)
Increase / (decrease) in cash in year	139,140	(125,061)	(234,924)

¹ The adjustment relates to the restatement of elements of the income statement at the exchange rate ruling at the year end.

² See 2.3ii of Groupe Eurotunnel SA's consolidated accounts.

* The cash flow statement includes the Group's activities from 1 July 2007.

3. IMPORTANT EVENTS DURING THE FINANCIAL YEAR

Groupe Eurotunnel SA (GET SA) is the holding company of EGP and the TNU Group and its subsidiaries, which have as their principal purposes the design, financing, construction and operation of the Fixed Link, in accordance with the terms of the Concession.

3.1 Fire in September 2008

The fire on 11 September 2008 significantly affected the Group's revenues, traffic and operating conditions for 2008. Whilst services resumed a little over one day after the fire, and in the following weeks operating capacity was progressively optimised after the cleaning and the return to service of the two smoke-affected sections of the Tunnel, the fire-damaged section of the Tunnel remained closed until 9 February 2009. After the initial build up of services at the end of September, the number of missions run by the Passenger and Truck Shuttle services was just under half the number in the same period in 2007, whilst priority was given to Eurostar services.

The Eurotunnel Group is insured against operating losses and damage to material up to €900 million, and so the effect of the fire on the Group's results for 2008 is limited.

Effect on the 2008 consolidated income statement:

- As provided for by the insurance contracts, indemnities for operating losses have given rise to the receipt of advances from insurers.
- The Group has accounted in other income for all advances received by the year end totalling €44 million, representing indemnities of €54 million, less the excess of €10 million.
- The cost of repairs resulting from the fire has been offset by insurance indemnities for a corresponding amount, and therefore has no effect on the income statement except for the excess of €0.1 million.
- The indemnity relating to the destroyed rolling stock is made on the basis of a contractually agreed value. Examinations by experts are currently underway. Nevertheless, 17 wagons have been declared beyond repair at 31 December 2008 by all experts, and on this basis, the Eurotunnel Group has accounted for a net profit of approximately €11 million in 2008. The examinations by experts continue on other parts of the shuttle that was involved in the fire in order to determine whether or not they are repairable and to fix definitively the amount of the indemnity. The insurance excess is €0.4 million.

3.2 Early cash redemption of NRS II

In order to finance the early cash redemption of all NRS II, the board of directors of GET SA decided, on 5 February 2008 and 14 February 2008, to increase capital in two phases by the issue of (i) the subordinated deferred equity shares (the "SDES") and (ii) New Ordinary Shares upon exercise of share warrants (the "BSA"), allotted for free to all GET SA shareholders.

i. During the first phase of the transaction, GET SA issued 800,000 SDES at a nominal value of 1,000 euros each on 6 March 2008, the terms and conditions of which are described in the Securities Note approved by the *Autorité des marchés financiers* (AMF) under visa number 08-032 on 20 February 2008. On 10 April 2008, the proceeds of the issue of the SDES, being a total principal amount of €800,000,000, were used to finance the early redemption in cash of 6,011,109 of the 11,539,914 NRS II issued on 28 June 2007 at 140% of their nominal value, for a total of £258,999,907 and €461,790,000.

ii. During the second phase of the transaction, GET SA allocated 59,784,111 free BSA to its shareholders on 30 April 2008, giving them the right to subscribe for 104,622,189 New Ordinary Shares at a price of €8.75 per share. This rights issue was fully underwritten by a banking syndicate, and the terms and conditions of this transaction are described in the Securities Note approved by the AMF under visa number 08-077 on 28 April 2008. The New Ordinary Shares resulting from this transaction were issued on 4 June 2008, and the proceeds amounted to €915,444,153.75. On 10 July 2008, Eurotunnel Group completed the early cash redemption of the remaining NRS II with the proceeds from this transaction: 5,528,805 NRS II were redeemed at 140% of their nominal value for a total amount of £234,538,790.64 and €430,134,180.

3.3 Partial cash buy back of NRS I

On 23 June 2008, the Eurotunnel Group carried out a buy back of 150,000 NRS I.

Following the redemption of all the NRS II and the partial buy back of the NRS I, the amount of interest to be paid on the NRS has been reduced to €16 million in 2009 and €13 million in 2010 (at the exchange rate at 31 December 2008 of £1=€1.050).

3.4 Contractual redemption of NRS I Tranche I

On 28 July 2008, the Eurotunnel Group carried out the contractual redemption of the first tranche of the NRS I with GET SA shares. This transaction resulted in the redemption of 977,545 NRS I and the issue of 25,435,615 GET SA ordinary shares.

3.5 Arbitration

Following the disturbances caused to its business by the intrusion of illegal migrants coming from the Sangatte centre between 2000 and 2002, Eurotunnel petitioned the international ad hoc Tribunal at the International Court of Justice on 17 December 2003, to seek compensation for damages suffered. In its ruling of 30 January 2007 published on 23 February 2007, the ad hoc Arbitration Tribunal recognised Eurotunnel's right to compensation, the amount of which to be determined by the Tribunal at a later date.

Following this decision, Eurotunnel entered into negotiations with the French government, and an agreement was reached whereby the French government would make a full and final settlement of €24 million, payable over three years. This agreement was ratified by the French government and the settlement accounted for in 2008. Following this agreement, Eurotunnel has withdrawn its claim against the French government.

The British government has also accepted the principle of an amicable agreement to the litigation, and negotiations are underway.

3.6 Safeguard Plan

The Safeguard Plan for the TNU group companies was approved on 15 January 2007 by the Paris Commercial Court, who on 23 December 2008 recognised the complete execution of the Plan.

3.7 Litigation

The implementation of the Safeguard Plan continued during the period, under the supervision of the Commissioners for the Execution of the Plan, as did certain legal proceedings. Concerning the proceedings instigated in Paris by the Resurgence Group relating to the opening and conduct of Eurotunnel's Safeguard Procedure, Resurgence has formally and irrevocably withdrawn its claims and actions and renounced its rights in relation to these proceedings. However, these proceedings continue with other parties. They are not considered likely to challenge the validity, the continuation and the completion of the Safeguard Plan. Should the outcome of certain of these proceedings be unfavourable, they could result in the payment of damages and interest. Eurotunnel remains confident of a favourable outcome to these claims.