PRESS RELEASE

21 February 2019 – 06:30 a.m.

Getlink: All-time record annual results in 2018

- **Revenue increased by 5%[1] to €1.079 billion**
- **EBITDA increased to €569 million (+9%)[2]**
- **Consolidated net profit of €130 million (+16%)**
- **Strong Free Cash Flow[3] of €252 million, increased by €16 million**
- **On the strength of this exceptional performance, a 20% increase in the dividend will be proposed at the next AGM, on 18 April 2019, to €0.36 a share, above the announced target.**

Jacques Gounon, Chairman and Chief Executive Officer of Getlink, stated, *"The Group has seen its ninth consecutive year of growth and has had an exceptional 2018 from both operational and financial perspectives with results that exceed market expectations. The Group is focusing on Brexit from a solid foundation in order to provide our customers with the best possible service whilst increasing our competitiveness."*

- **Financial objectives for 2019**
  - Dividend 2019: €0.36 per share subject to approval at the AGM on 18 April 2019, an increase of 6 cents (1 cent above target);
  - EBITDA[4]: €560 or €575 million depending on the border controls implemented by both States after 29 March 2019.

- **Confirmed 2022 outlook**
  - EBITDA above €735 million;
  - Dividend increase of 5 cents per year.

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1 *All comparisons with the 2017 income statement are based on the average exchange rate for 2018: £1=€1.128.*
2 *Of which €19 million is due to the first-time adoption of the new IFRS 16 standard on leasing contracts (no restatement of the previous year).*
3 *Excluding capital expenditure for ElecLink and net receipts from financial operations.*
4 *At the rate of £1=€1.128 and current scope.*

HIGHLIGHTS OF THE YEAR

- **Group**

  - Entry of Altantia and Eiffage to the Group's capital;
  - First issue of Green Bonds for €550 million to finance the ElecLink project.

- **Eurotunnel**

  - In 2018, Le Shuttle trains carried 2.7 million passenger vehicles and 1.7 million trucks;
  - Revenue for Le Shuttle activity increased by 6% compared to 2017, in line with the strategy of quality of service and premium policy;
  - The Truck Shuttle service set a new traffic record, confirming the resilience of its economic model and by growing twice as fast as the UK economy;
  - In 2018, Eurostar transported nearly 11 million passengers, a new all-time record exceeding the previous one by more than half a million passengers. This record is based on continued growth of existing markets and excellent results for the new London – Amsterdam service;
  - Eurotunnel is ready for Brexit: the #BrexitAndBeyond campaign for stakeholders, including customers and the authorities, the optimisation of the two terminals, the creation of a veterinary and phytosanitary customs zone and border inspection post for the French authorities, the installation of e-gates for passengers and additional investments in information systems.

- **Europorte**

  - Europorte posted revenue growth and a profitability increase of almost 30% using comparable accounting standards, ahead of its business plan and despite SNCF strikes in the second quarter of the year;
  - Europorte posted a net profit before tax of €1.4 million, confirming the operational excellence of its teams.

- **ElecLink**

  - Investment: €213 million in 2018 and €453 million to date;
  - Pulling of the cable through the Tunnel will start as soon as IGC approval is received;
  - Operations are expected to start in 2020.

FINANCIAL RESULTS

The Group's consolidated revenue for the 2018 financial year amounts to €1.079 billion, an increase of €51 million (+5%) compared to 2017.

Operating costs amounted to €510 million, an increase of only €5 million compared to 2017.

Consolidated EBITDA amounted to €569 million, an improvement of €46 million compared to 2017 at constant exchange rates, of which €19 million is due to the application of the new IFRS 16 standard.

After taking into account the impact of IFRS 16 on depreciation charges (+€18 million) which offset the improvement in EBITDA, the trading profit increased by €24 million to €395 million (+6%).

The Group's consolidated net result for the 2018 financial year is a profit of €130 million, compared to €112 million in 2017, up 16%.

Cash held at the end of December 2018 amounted to €607 million.

OBJECTIVES

With confidence in the robustness of its business model and the very good results in 2018, the Group confirms its intention to accelerate the dividend policy for its shareholders. It will therefore propose at its AGM to increase the dividend to €0.36 per share for the 2018 financial year, an increase of 20% compared to 2017.

The current political situation, particularly in the United Kingdom, is likely to generate uncertainty about the short-term impact of the exit of the United Kingdom from the European Union on 29 March 2019. The Group considers that this uncertainty is likely to affect its activity in the first weeks following this date.

Confident in the commitment of both States to quickly set up effective border control procedures without any operational discontinuity, the Group sets a financial objective of an EBITDA for 2019 of €560 million in the case of a "no deal" or €575 million, if an agreement is reached, at an exchange rate of £1 = €1.128.

Nevertheless, and despite this short-term uncertainty, the Group remains very confident in the solidity of its various businesses and their medium-term growth potential. The Group still expects to exceed €735 million in EBITDA by 2022 (at £1 = €1.14).

Dates for your diary

18 April 2019: AGM

23 April 2019: 2019 first quarter revenue and traffic

23 July 2019: 2019 half-year results

Additional information

The Board of Directors at its meeting on Wednesday 20 February 2019 under the chairmanship of Jacques Gounon, approved the financial statements for the year ending 31 December 2018.

The financial analysis of the consolidated financial statements is available on the Group's website: www.getlinkgroup.com

Getlink SE's consolidated and parent company accounts for 2018 have been audited and certified by the statutory auditors.

REVIEW OF THE CONSOLIDATED RESULTS AND FINANCIAL SITUATION THE FOR THE YEAR ENDED 31 DECEMBER 2018

The following information relating to Getlink SE's financial situation and consolidated results must be read in conjunction with the consolidated financial statements set out in section 2.2.1 of the 2018 Registration Document.

Accounting standards applied[5] and presentation of the consolidated results

Pursuant to EC Regulation 1606/2002 of 19 July 2002 on the application of international accounting standards, the consolidated financial statements of Getlink SE for the financial year ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union at 31 December 2018.

In its financial statements as at 31 December 2018, the Group has opted for the early adoption of the new standard IFRS 16 on leasing contracts in order to facilitate the comparison of the accounts from 2019. The impact on the 2018 consolidated income statement of the new standard, which mainly impacts the Europorte segment, is an improvement in the Group's EBITDA of €19 million which is offset by an increase in depreciation charges of €18 million. The Group has applied the modified retrospective transition method and therefore the comparative information for the 2017 financial year has not been restated. Further information on the application of this standard is set out in note B.2.2 to the Group's consolidated financial statements as at 31 December 2018 contained in section 2.2.1 of the 2018 Registration Document.

Following the completion of the Group's internal corporate reorganisation explained in note A.1 to the consolidated financial statements as at 31 December 2018 set out in section 2.2.1 of the 2018 Registration Document, the Group's corporate services are now presented in the "Getlink" segment, separately from those of the Eurotunnel segment, without restatement of the comparative exercises.

1 ANALYSIS OF CONSOLIDATED INCOME STATEMENT

In order to enable a better comparison between the two years, the 2017 consolidated income statement presented in this section has been recalculated at the exchange rate used for the 2018 income statement of £1=€1.128.

Summary

The results achieved in the 2018 financial year reflect the successful implementation of the key actions (effective management of operations, investments, etc.) to build on the Group's main strengths as part of its long-term strategy.

In 2018, the Group's consolidated revenues amounted to €1,079 million, an increase of €51 million (5%) compared to 2017 and operating costs totalled €510 million, an increase of only €5 million (1%) compared to 2017. EBITDA improved by €46 million (9%) to €569 million of which €19 million was due to the impact of the first-time application of IFRS 16 on operating costs. After taking into account the impact of IFRS 16 on depreciation charges (+€18 million) which offsets the improvement in EBITDA. The trading profit improved by €24 million to €395 million. At €393 million, the operating profit for 2018 was up by €31 million compared to 2017. Net finance costs were stable compared to the previous year. Other net financial charges in 2017 included a provision of €55 million in respect of the undertaking concluded in December 2017 to acquire inflation-linked notes. Excluding the impact of this provision in 2017, the pre-tax result for the Group's continuing operations was an improvement of €24 million, to a profit of €129 million for the 2018 financial year.

After taking into account a tax income of €1 million (2017: an income of €56 million relating mainly to the impact of the activation of a deferred tax asset in respect of an additional two years of deficits), the net result for the continuing activities of the Group was a profit of €130 million, up 21%. The Group's net consolidated result for 2018 was a profit of €130 million, an improvement of €18 million.

[5] *The Group has applied IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" to its maritime segment since the cessation of MyFerryLink's operations in the second half of 2015 and to GB Railfreight's activity since its sale in November 2016. Accordingly, the net results of these activities for the current and previous financial years are presented as a single line in the income statement called "Net profit from discontinued operations". More information on these transactions is given in note C.2.1 to the consolidated financial statements in section 2.2.1 to the 2018 Registration Document.*

€ million Improvement/(deterioration) of result	2018	2017 restated*	Change €M	Change %	2017 published**
Exchange rate €/£	1.128	1.128			1.140
Eurotunnel	956	908	48	+5%	913
Getlink	2	2	–	–	2
Europorte	121	118	3	+3%	118
Revenue	**1,079**	**1,028**	**51**	**+5%**	**1,033**
Fixed Link	(397)	(388)	(9)	-2%	(390)
Getlink	(16)	(4)	(12)	-300%	(4)
Europorte	(96)	(112)	16	+14%	(112)
ElecLink	(1)	(1)	–	–	(1)
Operating costs	**(510)**	**(505)**	**(5)**	**-1%**	**(507)**
Operating margin (EBITDA)	**569**	**523**	**46**	**+9%**	**526**
Depreciation	(174)	(152)	(22)	-14%	(152)
Trading profit	**395**	**371**	**24**	**+6%**	**374**
Other net operating (charges)/income	(2)	(9)	7		(9)
Operating profit (EBIT)	**393**	**362**	**31**	**+9%**	**365**
Net finance costs	(269)	(269)	–	–	(270)
Other net financial income/(charges)	5	(42)	47		(43)
Pre-tax profit from continuing operations	**129**	**51**	**78**	**+153%**	**52**
Income tax income/(expense)	1	56	(55)		56
Net profit from continuing operations	**130**	**107**	**23**	**+21%**	**108**
Net profit from discontinued operations	–	5	(5)		5
Net consolidated profit for the year	**130**	**112**	**18**	**+16%**	**113**

* *Restated at the rate of exchange used for the 2018 income statement (£1=€1.128).*
** *The revenue and operating costs published for the Fixed Link in 2017 were €915 million and €394 million respectively.*

The evolution of the pre-tax result from continuing operations by segment compared to 2017 is presented below:

€ million	Eurotunnel	Getlink	Europorte	ElecLink	Total Group
Pre-tax result from continuing activities: 2017 restated *	**81**	**(27)**	**-**	**(3)**	**51**
Improvement/(deterioration) of result:					
Revenue	+48	-	+3	-	+51
Operating expenses	-9	-12	+16	-	-5
EBITDA	**+39**	**-12**	**+19**	**-**	**+46**
Depreciation	-5	-1	-16	-	-22
Trading result	**+34**	**-13**	**+3**	**-**	**+24**
Other net operating income/charges	+7	-	-	-	+7
Operating result (EBIT)	**+41**	**-13**	**+3**	**-**	**+31**
Net financial costs and other	+9	+40	-2	-	+47
Total changes	**+50**	**+27**	**+1**	**-**	**+78**
Pre-tax result from continuing operations for 2018	**131**	**-**	**1**	**(3)**	**129**

* *Restated at the rate of exchange used for the 2018 income statement (£1=€1.128).*

a) Eurotunnel segment

The Group's core business is the Eurotunnel segment which operates and directly markets its Shuttle Services and also provides access, on payment of a toll, for the circulation of High-Speed Passenger Trains (Eurostar) and the Train Operators' Rail Freight Trains through its Railway Network. Following the completion of the corporate reorganisation as explained in note A.1 to the 2018 consolidated financial statements set out in section 2.2.1 of the 2018 Registration Document, the activities of the Group's corporate services are now presented separately from those of the Eurotunnel segment, in the "Getlink" segment.

€ million			**Change**	
Improvement/(deterioration) of result	**2018**	*** 2017**	**M€**	**%**
Exchange rate €/£	1.128	1.128		
Shuttle Services	636	601	35	+6%
Railway Network	306	291	15	+5%
Other revenue	14	16	(2)	-13%
Revenue	**956**	**908**	**48**	**+5%**
External operating costs	(218)	(214)	(4)	-2%
Employee benefits expense	(179)	(174)	(5)	-3%
Operating costs	**(397)**	**(388)**	**(9)**	**-2%**
Operating margin (EBITDA)	**559**	**520**	**39**	**+8%**
EBITDA/revenue	*59%*	*57%*	*1pt*	

* *Restated at the rate of exchange used for the 2018 income statement (£1=€1.128).*

i) Eurotunnel revenue

Revenue generated by this segment, which in 2018 represented 89% of the Group's total revenue, is up by 5% compared to 2017, to €956 million.

Shuttle Services

Traffic (number of vehicles)	**2018**	**2017**	**Change**
Truck Shuttle	1,693,462	1,637,280	3%
Passenger Shuttle:			
Cars *	2,660,414	2,595,247	3%
Coaches	51,300	51,229	0%

* *Includes motorcycles, vehicles with trailers, caravans and motor homes.*

Shuttle Services' revenue for 2018 amounted to €636 million, up by 6% compared to the previous year due both to an increase in volumes and to growth in yields which benefit from the Group's strategy of optimising the profitability of its Shuttle business through its dynamic pricing policy for both truck and passenger services.

Truck Shuttle

In 2018, the number of vehicles transported by the Truck Shuttle service increased by 3% to 1,693,462 which represents a record since the start of operations. In a cross-Channel truck market that contracted by approximately 1.1%, the Truck Shuttle service's share of the Short Straits market increased by 1.8 points to 40.9%.

Passenger Shuttle

The 2,660,414 vehicles transported by the Passenger Shuttle's car activity in 2018 was a record level of traffic not seen since 2000. In a Short Straits cross-Channel market growing by approximately 3.0% in 2018, car market share remained stable at 54.6%.

The Short Straits cross-Channel coach market contracted by approximately 1.1% in 2018 but the Passenger Shuttle's coach market share increased slightly compared to the previous year, to 39.7%.

Railway Network

Traffic	2018	2017	Change
High-Speed Passenger Trains (Eurostar)			
Passengers *	10,971,650	10,300,622	7%
Train Operators' Rail Freight Services **:			
Number of tonnes	1,301,460	1,219,364	7%
Number of trains	2,077	2,012	3%

* *Only passengers travelling through the Channel Tunnel are included in this table, excluding those who travel between continental stations (such as Brussels-Calais, Brussels-Lille, Brussels-Amsterdam, etc.).*

** *Rail freight services by train operators (DB Cargo for BRB, SNCF and its subsidiaries, GB Railfreight, Rail Operations Group, RailAdventure and Europorte) using the Tunnel.*

The Group earned revenues of €306 million in 2018 from the use of its Railway Network by Eurostar's High-Speed Passenger Trains and by the Train Operators' Rail Freight Services, an increase of 5% compared to 2017.

The number of Eurostar passengers using the Tunnel increased by 7% in 2018 compared to the previous year, to reach a record level of 10,971,650 passengers. This growth was driven by the opening of the direct London to Amsterdam service on 4 April 2018 as well as by growth in existing routes.

Cross-Channel rail freight began 2018 well with the start of three new cross-Channel rail freight services but these were cancelled due to poor service quality during the SNCF strikes in the second quarter. Despite this, increases in other flows resulted in traffic growth in the second half of 2018. The number of cross-Channel rail freight trains in 2018 increased by 3%.

ii) Eurotunnel operating costs

Up to 31 December 2017, Eurotunnel and Getlink's operating costs were presented together as the Fixed Link segment. Following the internal corporate reorganisation in 2018, the Group changed the allocation of operating charges between the two segments Getlink and Eurotunnel. In order to facilitate the comparison between the 2017 and 2018 financial years, the analysis of the changes in operating costs given below is presented with the two segments together.

On this basis, operating costs in 2018 increased by 5% compared to 2017, to €413 million. This increase of €21 million was the result of:

- increased operational activity amounting to €4 million and €5 million due to inflation;
- an increase of €6 million in costs to ensure improvements in the quality of service, particularly customer services, the premium Flexiplus service and enhanced maintenance of both infrastructure and rolling stock;
- an increase in UK business rates of €3 million and in electricity costs of €4 million compensated by a credit of a similar amount from EDF energy saving certificates in relation to the operation of the new Truck Shuttles; and
- an increase of €3 million in respect of costs for consultants and studies relating to Brexit.

b) Getlink segment

As explained above, the activities of the Getlink segment are now presented separately from those of the Eurotunnel segment. The Getlink segment includes the activities of the Group's holding company, Getlink SE, as well as its direct subsidiaries notably the railway training centre CIFFCO.

For the 2018 financial year, the Getlink segment's operating charges amounted to €16 million, up €12 million reflecting the new allocation of operating costs between the Getlink and Eurotunnel segments. Explanation of changes in operating costs is included in paragraph ii) above.

c) Europorte segment

The Europorte segment covers the entire rail freight transport logistics chain in France and includes notably Europorte France and Socorail.

€ million			Change	
Improvement/(deterioration) of result	**2018**	**2017**	**€M**	**%**
Revenue	**121**	**118**	**3**	**+3%**
External operating costs excluding IFRS 16	(65)	(66)	1	+2%
Employee benefits expense	(48)	(46)	(2)	-4%
Operating costs	**(113)**	**(112)**	**(1)**	**-1%**
Operating margin (EBITDA) *before application of IFRS 16*	**8**	**6**	**2**	**+33%**
Application of IFRS 16	17	–	17	
Operating margin (EBITDA) *after application of IFRS 16*	**25**	**6**	**19**	

In 2018, Europorte's revenues increased by 3% compared to 2017 and operating costs increased by 1% after exclusion of the impact of the first-time application of the new IFRS 16 standard "Leases" in 2018 (2017 has not been restated). Excluding the IFRS 16 impact, EBITDA improved by €2 million driven by the contribution of new business and increased activity, particularly in the petrochemical sector and by the continued strategy to sustainably reinforce the profitability of this segment. The effect of the application of IFRS 16 on the segment's EBITDA is to improve it by €17 million which is offset in the operating profit by the corresponding increase in depreciation charges of €16 million.

d) ElecLink segment

ElecLink's activity is the construction and operation of a 1GW electricity interconnector between the UK and France. Construction works began in the second half of 2016 and the interconnector is expected to be in commercial operation during the first half of 2020.

Costs directly attributable to the project are capitalised. Investment on the project during 2018 amounted to €213 million.

Operating costs for 2018 amounted to €1 million.

e) Operating margin (EBITDA) and trading profit

EBITDA by business segment evolved as follows:

€ million	**Eurotunnel**	**Getlink**	**Europorte**	**ElecLink**	**Total Group**
EBITDA 2017 restated *	520	(2)	6	(1)	**523**
Improvement/(deterioration):					
Revenue	48	–	3	–	**51**
Operating costs *before application of IFRS16*	(10)	(13)	(1)	–	**(24)**
Total changes *before application of IFRS16*	**38**	**(13)**	**2**	**–**	**27**
EBITDA 2018 before application of IFRS16	**558**	**(15)**	**8**	**(1)**	**550**
Effect of application of IFRS16 on operating costs	1	1	17	–	**19**
EBITDA 2018 after application of IFRS16	**559**	**(14)**	**25**	**(1)**	**569**
Effect of application of IFRS16 on depreciation	(1)	(1)	(16)	–	**(18)**
Depreciation	(150)	–	(6)	–	**(156)**
Trading profit 2018 after application of IFRS16	**408**	**(15)**	**3**	**(1)**	**395**

* *Restated at the rate of exchange used for the 2018 income statement (£1=€1.128).*

At €569 million in 2018, the Group's operating margin improved by €46 million compared to 2017 (+9%) as a result of an increase in revenue, control of costs and following the first-time application of IFRS 16 (€19 million impact).

Depreciation charges increased by €22 million compared to 2017, to €174 million as a result of the first-time application of IFRS 16 (€18 million) and completed capital investment projects in 2017 and 2018.

After the offsetting effect of the decrease in operating costs and the increase in depreciation charges resulting from the application of IFRS 16 in 2018, the trading profit in 2018 improved by €24 million (6%) compared to 2017, to €395 million.

f) Operating profit (EBIT)

After taking into account other net operating charges of €2 million, the operating profit for the 2018 financial year was up by €31 million (9%) compared to 2017, to €393 million.

g) Net financial charges

At €269 million for 2018, net finance costs were stable compared to 2017 at a constant exchange rate. The reduction due to the increase in the capitalisation of interest on the financing of the ElecLink project was offset by the increase in interest charges arising from the issue of the Senior Secured Notes (see note A.2.2. to the consolidated financial statements in section 2.2.1 of the 2018 Registration Document) and the impact of the increase in inflation rates in the UK and France on the index-linked tranches of the debt.

In 2018 other net financial income of €5 million included net exchange gains of €2 million as well as €9 million of interest received on the inflation-linked notes (the "G2 notes") held by the Group, partially offset by fees relating to financial operations. In 2017, other net financial charges of €42 million included a provision of €55 million in respect of the undertaking concluded in December 2017 to acquire the G2 notes as well as net exchange gains of €10 million and interest received on the floating rate notes held by the Group of €3 million.

h) Net result from continuing operations

The Group's pre-tax result for continuing operations for the 2018 financial year was a profit of €129 million, an improvement of €78 million compared to 2017 at a constant exchange rate, or an improvement of €24 million excluding the €55 million provision from the 2017 result.

In 2018, net income tax was a credit of €1 million. In 2017, the net income tax credit of €56 million included a deferred tax income of €50 million mainly arising from the activation of an additional two years of deficits (€57 million) as well as a €9 million credit following the cancellation of dividend tax by the French authorities.

The Group's post-tax result for continuing operations for the 2018 financial year was a profit of €130 million, an improvement of €23 million at a constant exchange rate.

i) Net result from discontinued operations

Information on discontinued activities is set out in note C.2.1 to the Group's consolidated financial statements in section 2.2.1 of the 2018 Registration Document.

j) Net consolidated result

The net consolidated result for the Group for the 2018 financial year was a profit of €130 million compared to a profit of €112 million (restated at an equivalent exchange rate) for 2017.

2 ANALYSIS OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ million	31 December 2018	31 December 2017
Exchange rate €/£	1.118	1.127
Intangible assets and property, plant and equipment	6,657	6,493
Other non-current assets	569	229
Total non-current assets	**7,226**	**6,722**
Trade and related receivables	97	96
Other current assets	65	61
Cash and cash equivalents	607	613
Total current assets	**769**	**770**
Total assets	**7,995**	**7,492**
Total equity	2,006	2,051
Total financial liabilities	4,907	4,346
Interest rate derivatives	748	716
Other liabilities	334	379
Total equity and liabilities	**7,995**	**7,492**

The table above summarises the Group's consolidated statement of financial position as at 31 December 2018 and 31 December 2017. The main elements and changes between the two dates, presented at the exchange rate for each period, are as follows:

- At 31 December 2018, "Fixed assets" include property, plant and equipment and intangible assets amounting to €5,930 million for the Eurotunnel segment, €611 million for the ElecLink segment (including €213 million in 2018) and €111 million for the Europorte segment. The increase between 31 December 2017 and 31 December 2018 results mainly from investment in the ElecLink project and from the first-time application of IFRS 16 in 2018 (€39 million).
- "Other non-current assets" at 31 December 2018 include the G2 inflation-linked notes acquired by the Group in February 2018 amounting to €333 million (see note A.2.1 to the Group's consolidated financial statements as at 31 December 2018) and a deferred tax asset of €210 million.
- At 31 December 2018, "Cash and cash equivalents" amounted to €607 million after payment of the €160 million dividend, net capital expenditure of €269 million, €249 million in debt service costs (net interest, repayments and fees) as well as a net amount of €115 million generated by financial operations as described in note A to Group's consolidated financial statements as at 31 December 2018 (of which €550 million was received from the issue of the Senior Secured Notes and €401 million was paid for the acquisition of the G2 inflation-linked notes).
- "Equity" decreased by €45 million as a result of the impact of the dividend payment (€160 million), the impact of the first-time application of IFRS 9 on the opening balance sheet at 1 January 2018 (€22 million), the purchase of treasury shares (€13 million) and the evolution of the actuarial differences on employee benefits (€10 million). These changes were partially offset by the recycling to the income statement of the fair value and the change in the mark-to-market valuation of the partially terminated hedging contracts (€11 million), the evolution of the cumulative translation reserve (€13 million) and changes in share-based payments (€7 million) as well as the net profit for the year (€130 million).
- "Financial liabilities" have increased by €561 million compared to 31 December 2017 as a result of the issue of Senior Secured Notes by Getlink for a net amount of €530 million after fees directly relating to the transaction, the first time application of IFRS 9 (€26 million) and IFRS 16 (€39 million) and an increase of €45 million arising from the effect of inflation on the index-linked debt tranches of the Term Loan. These increases were partially offset by the effect of the reduction in the exchange rate on the sterling-denominated debt (€18 million) and the contractual debt repayments of €70 million.
- "Interest rate derivatives" increased by €32 million as a result of the change in mark-to-market valuation of the hedging contracts that were partially terminated in 2017.
- "Other liabilities" include €247 million of trade and other payables and provisions, as well as retirement liabilities of €87 million.

3 ANALYSIS OF CONSOLIDATED CASH FLOWS

a) Consolidated cash flows

As mentioned above, the Group has opted for early adoption of the new IFRS 16 standard on leases at 31 December 2018. The impact on the cash flow statements for 2018 of the application of this standard, which mainly concerns the Europorte segment, is an improvement in net cash flows from the Group's operating activities of €19 million offset by an increase in net cash flows from financing activities for the same amount. The Group has adopted the modified retrospective transition method and therefore the comparative information for 2017 has not been restated. For more information on the application of this standard, see note B.2.2 to the Group's consolidated financial statements at 31 December 2018 in section 2.2.1 of the 2018 Registration Document.

€ million	**2018**	**2017**
Exchange rate €/£	1.118	1.127
Continuing activities:		
Net cash inflow from trading	588	540
Other operating cash flows and taxation	(14)	6
Net cash inflow from operating activities	**574**	**546**
Net cash outflow from investing activities	(269)	(275)
Net cash outflow from financing activities	(422)	(365)
Net cash inflow from financing operations	115	259
(Decrease)/increase in cash in year from continuing activities	**(2)**	**165**
Discontinued activities *:		
(Decrease)/increase in cash in year from discontinued activities	(1)	106
Total (decrease)/increase in cash in year	**(3)**	**271**

* *Maritime segment and GB Railfreight Limited, see note C.2.1 to the consolidated accounts at 31 December 2018.*

Continuing activities

As mentioned in section 1.a)ii above, the Group has in 2018 revised the separation of operating charges between its new segments Getlink and Eurotunnel following its internal corporate reorganisation. To enable a comparison between 2017 and 2018, the Eurotunnel and Getlink segments are presented together in this analysis.

At €588 million in 2018, net cash generated from trading by continuing operations improved by €48 million compared to 2017. This change is explained mainly by:

- an improvement in the Eurotunnel and Getlink segments of €32 million to €563 million (2017: €531 million),
- an increase of €18 million in Europorte's cash flows to €27 million compared to 2017 (€9 million), mainly due to the €17 million reduction in operating cash flows related to leases following the first-time application of IFRS 16 in 2018 which are now treated as financing activity cash flows, and
- ElecLink's operating expenditure remains stable at €1 million.

The €20 million increase in "Other operating cash flows and taxation" is principally due to a net increase in tax payments: net payments of €10 million in 2018 compared to net receipts of €11 million in 2017.

At €269 million in 2018, net cash payments for investing activities are down by €6 million compared to 2017. In 2018, these comprised mainly:

- €74 million relating to Eurotunnel and Getlink (2017: €78 million). The main expenditure was €28 million on rolling stock (including €19 million relating to works on the Passenger Shuttles), €22 million on infrastructure, €11 million to improve the experience of customers on the terminals including the opening of the new Folkestone Flexiplus lounge on 18 May 2018, and
- an investment of €194 million on the ElecLink project (€196 million in 2017).

The other net financing payments in 2018 amounted to €422 million compared to €365 million in 2017. During 2018, cash flow from financing comprised:

- capital transactions with an outflow of €173 million consisting of:
  - €160 million paid in dividends (2017: €139 million), and
  - €15 million paid in respect of the share buyback programme (€9 million in 2017) and €1 million net paid in respect of the liquidity contract (€5 million received in 2017) and receipts of €3 million in respect of stock options (€2 million in 2017);
- net debt service costs of €249 million:
  - €174 million of interest paid on the Term Loan and on other borrowings (€197 million in 2017),
  - €63 million paid in respect of the scheduled repayment of the Term Loan and other borrowings (€26 million in 2017),
  - €7 million received in respect of the contractual repayment of the G2 notes held by the Group,
  - €19 million paid in relation to leasing contracts following the first-time application of the new IFRS 16 standard,

- €7 million paid in relation to ongoing fees on the operation to simplify the debt completed at the end of 2015 (€7 million in 2017), and
- net receipts of €8 million from interest received on investments and the G2 notes held by the Group (2017: €5 million on the floating rate notes held by the Group until June 2017).

The Group completed two financial operations during 2018 which generated a net cash inflow of €115 million (see notes A.2 and G.1 to the consolidated financial statements at 31 December 2018 for further details):

- On 9 February 2018, the Group completed the acquisition of the G2 inflation-linked notes. The G2 notes were acquired for £359 million which was financed in part by an external loan of £190 million and in part by the Group's own funds. This external loan was reimbursed with part of the proceeds from the issue of Senior Secured Notes in October (see below).
- On 3 October 2018, the Group issued €550 million of senior secured "green" bonds (the "Senior Secured Notes"). The net proceeds from this issue were used to reimburse the loan taken out for the acquisition of the G2 notes (see above) and €20 million was paid into the Debt Service Reserve Account (see note G.7 to the consolidated financial statements at 31 December 2018).
- €14 million was paid in 2018 in respect of fees and other costs in relation to these operations.

Discontinued activities

In 2018, the cash out flows relating to discontinued operations in 2018 included €1 million in other operating charges. In 2017, the €106 million generated included a net €109 million after tax from the sale of the three ferries and in respect of the maritime segment's finance leases as well as a payment of €2 million being the final price adjustment on the sale of GB Railfreight Limited in 2016.

b) Free Cash Flow

The Group's Free Cash Flow represents the cash generated by its current activities in the normal course of its business. It can be used to distribute dividends to shareholders and to make strategic investments in the Group's development in order to add value for all stakeholders. The Group defines it as net cash flow from its current activities excluding extraordinary or exceptional cash movements in respect of the equity-related cash flows, financial transactions such as the raising of new debt to help finance new activities, debt refinancing, renegotiation or early repayment as well as investment in new activities or the divestment of activities and related assets.

€ million	**2018**	**2017**
Exchange rate €/£	1.118	1.127
Net cash inflow from operating activities	573	532
Net cash outflow from investing activities	(75)	(79)
Net debt service costs (interest paid/received, fees and repayments)	(249)	(225)
Other receipts	3	8
Free Cash Flow	**252**	**236**
Dividend paid	(160)	(139)
Purchase of treasury shares and net movement on liquidity contract	(16)	(4)
ElecLink: project expenditure	(194)	(196)
Refinancing operations	115	260
Sale of GB Railfreight Limited	–	(2)
Sale of ferries	–	116
Use of Free Cash Flow	**(255)**	**35**
(Decrease)/increase in cash in the year	**(3)**	**271**

At €252 million in 2018, Free Cash Flow has increased by €16 million compared to 2017 for the reasons set out in section a) above.

4 DEBT COVER RATIOS

EBITDA to finance cost ratio

The ratio of the Group's consolidated EBITDA to its finance costs (excluding interest received and indexation) is 2.5 at 31 December 2018 (2017 restated: 2.3).

€ million	2018	2017 * restated
Exchange rate €/£	1.128	1.128
EBITDA	**569**	**523**
Finance cost	271	270
Indexation	(45)	(48)
Finance cost excluding indexation	**226**	**222**
EBITDA / finance cost excluding indexation	**2.5**	**2.3**

* *Restated at the rate of exchange used for the 2018 income statement (£1=€1.128).*

Net debt to EBITDA ratio

The Group defines its net debt to EBITDA ratio as the ratio between financial liabilities less the indexed nominal value of the G2 notes held by the Group since February 2018 and cash and cash equivalents, and consolidated EBITDA. At 31 December 2018, the ratio was 7.2 compared to 7.1 at 31 December 2017.

€ million	31 December 2018	31 December 2017
Non-current financial liabilities	4,759	4,220
Current financial liabilities	55	67
Other non-current liabilities	57	52
Other current liabilities	36	7
Total financial liabilities	**4,907**	**4,346**
Inflation-indexed notes (G2)	(222)	–
Cash and cash equivalents	(607)	(613)
Net debt	**4,078**	**3,733**
EBITDA	569	526
Net debt / EBITDA	**7.2**	**7.1**
Statement of financial position exchange rate €/£	*1.118*	*1.127*
Income statement exchange rate €/£	*1.128*	*1.140*

At 31 December 2018, other financial liabilities included a total of €39 million in respect of leasing obligations following the first-time adoption of IFRS 16 in 2018.