PRESS RELEASE

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Getlink: 2017 Increase in annual result

- **Revenue increased by 4%[1] to €1.033 billion**
- **EBITDA increased to €526 million (+6%)**
- **Consolidated net profit of €113 million**
- **Strong Free Cash Flow[2] of €236 million, increased by €97 million**
- **Dividend increase of 15% to €0.30 per share to be put to the next AGM on 18 April 2018**

Jacques Gounon, Chairman and Chief Executive Officer of the Group stated: "*The Group has seen its eighth consecutive year of growth and has had another excellent year from both operational and financial perspectives. The outlook for the years to come is equally positive notably for cash generation, enabling the Group to commit to a dividend increase of €0.05 per year for the next few years*".

- **Objectives 2018 (at an exchange rate of £1=€1.14 and like-for-like)**
  - EBITDA 2018: €545 million,
  - Dividend 2018: €0.35 per share
- **2022 horizon (at an exchange rate of £1=€1.14 and like-for-like)**
  - EBITDA over €700 million following the ElecLink start-up in 2020
- **Dividend policy**
  - An increase in dividend of €0.05 per share per year

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[1] All comparisons with 2016 are made using the average 2017 exchange rate of £1=€1.14.
[2] Excluding ElecLink.

KEY EVENTS FROM THE PAST YEAR

➢ The Group

- The refinancing of the Group’s floating rate debt reduced interest payments by €60 million per year and reduced average cost of debt to below 4% from the second half year of 2017.

➢ Eurotunnel

- In 2017, Eurotunnel's Shuttles carried 2.6 million passenger vehicles and 1.64 million trucks.
- Revenue from Shuttle Services increased by 3% compared to 2016 due to increased yield thanks to a high quality of service.
- Le Shuttle attained an annual car market share of 54.9%, confirming once again its leadership in the Short Straits market. The Pets service, one factor in customer loyalty, had another record year, with 331,372 animals transported (an increase of 10% compared to 2016).
- The Truck Shuttle service consolidated its traffic position through the year in 2017, with a market share of 39.1%.
- Eurostar carried more than 10.3 million passengers in 2017, buoyed by a record end to the year. This return to traffic growth, the announced launch of Eurostar services between London and Amsterdam on 4 April 2018 and the prospect of services to other cities in France are further encouragement for future growth in this traffic.

➢ Europorte

- Revenue for Europorte has increased by 2% compared to 2016 due mainly to an increase in volumes from major customers in the automobile, chemical and cereal sectors as a result of the quality of service provided.
- Europorte has generated a substantially improved EBITDA, at €6 million.
- Europorte has generated a positive pre-tax net result of €0.3 million.

➢ ElecLink

- Work is progressing on schedule.
- Entry into service is planned for 2020.

FINANCIAL RESULTS

The consolidated revenues for the Group in 2017 reached €1.033 billion, an increase by €36 million (+4%) compared to 2016.

Operating costs reached €507 million, an increase of only 1%.

The consolidated EBITDA amounted to €526 million, an improvement of €32 million compared to 2016 at a constant exchange rate.

Trading profit increased by €30 million to reach €374 million (+9%).

The consolidated net profit for the Group for the year 2017 reached €113 million, compared to €188 million (recalculated) in 2016 which included €114 million of non-recurring profits. On a comparable basis, excluding non-recurrent items, the consolidated net result increased from €74 million in 2016 to €106 million in 2017 (+43%).

Cash held at the end of December 2017 amounted to €613 million.

OUTLOOK

In 2017, the Group has once more demonstrated the strength and balance of its economic model in all circumstances.

The Group remains very confident in the sustainability of its Fixed Link business and in its potential for growth. Eurotunnel continues to be, and will increasingly assert itself as, the principle choice for trade and movement of people between the UK and continental Europe.

The Group follows developments relating to the exit of the United Kingdom from the European Union, and is pleased that negotiations have proceeded to the 2nd stage and that a transition period with follow the exit on 29 March 2019.

Analysis of economic forecasts for areas that are important for the Group's business (Greater London, Kent, Western Europe), reinforces these fundamental strengths.

The Group is determined to grow traffic volumes through the Tunnel whilst also increasing its margins. To do this, the Group will pursue a commercial policy that is attractive through the quality of service, the digitalisation of processes and cooperation with railway operators, all whilst achieving targeted investments such as the enlargement of the terminals or the opening of the new Flexiplus lounge on the Folkestone terminal forecast for the first half of 2018.

The Group, which has created value through its rail freight activity, will proceed with the development of Europorte in 2018, whilst continuing to focus on the profitability of its operations.

The Group will continue to optimise its financing structure to enable, when market conditions permit, to undertake a reduction in the costs of servicing its debt over the long term.

With confidence in its future, the Group confirms its financial objective of an increase in EBITDA to €545 million in 2018. This objective is the update of the one announced previously, taking into account an exchange rate of £1=€1.14 and a four-month delay in the implementation of the new London-Amsterdam service.

The start of ElecLink operations in 2020 will represent a significant step change in the Group's profitability. In total, in the current context, the Group believes it should exceed an EBITDA of €700 million (at £1=€1.14) in 2022.

The Group confirms its intention to continue with its policy of a regular growth in dividend payments to shareholders with a target increase per share of €0.05 per year.

Dates for your diary

18 April 2018: AGM of the Group

25 April 2018: 1st quarter 2018 revenue and traffic

25 July 2018: 2018 half-year results

Additional information:

At its meeting on Tuesday 20 February 2018, the Board of Directors under the chairmanship of Jacques Gounon, finalised the accounts for the year ending 31 December 2017.

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

The Group's consolidated and company accounts for 2017 have been audited and certified by the statutory auditors.

REVIEW OF THE CONSOLIDATED RESULTS AND FINANCIAL SITUATION THE FOR THE YEAR ENDED 31 DECEMBER 2017

Pursuant to EC Regulation 1606/2002 of 19 July 2002 on the application of international accounting standards, the consolidated financial statements of Groupe Eurotunnel SE for the financial year ended 31 December 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union at 31 December 2017.

The following information relating to Groupe Eurotunnel 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 2017 Registration Document.

1 ANALYSIS OF CONSOLIDATED INCOME STATEMENT

In order to enable a better comparison between the two years, the 2016 consolidated income statement presented in this section has been recalculated at the exchange rate used for the 2017 income statement of £1=€1.140.

During the first half of 2016, the Group's 49% share in ElecLink Limited's result (a loss of €1 million for the 49% holding during the first half of 2016) was accounted for in the consolidated income statement under "Share of result of equity-accounted companies". Since the purchase by the Group of Star Capital's 51% holding in ElecLink Limited on 23 August 2016, ElecLink Limited has been fully consolidated in the Group's accounts.

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".

a) Summary

In 2017, the Group's consolidated revenues amounted to €1,033 million, an increase of €36 million (4%) compared to 2016. Operating costs totalled €507 million, an increase of €4 million compared to 2016. EBITDA improved by €32 million (6%) to €526 million and the trading profit improved by €30 million to €374 million. At €365 million, the operating profit for 2017 was down by €16 million compared to 2016 which benefited from the €50 million profit arising from the full consolidation of ElecLink. Net finance costs increased by €16 million as a result of the impact of higher British and French inflation rates on the index-linked tranche of the debt. Other net financial charges in 2017 include a provision of €55 million in respect of the undertaking concluded in December 2017 to acquire inflation-linked bonds. The pre-tax result for the Group's continuing operations for the 2017 financial year was a profit of €52 million, a reduction of €89 million compared to 2016 restated.

After taking into account a tax income of €56 million, the net result for the continuing activities of the Group was a profit of €108 million compared to a profit of €124 million in 2016. The Group's net consolidated result for 2017 was a profit of €113 million compared to a net profit of €188 million in 2016 which included a gain of €50 million arising from the integration of ElecLink and a €64 million net profit arising from discontinued operations.

€ million Improvement/(deterioration) of result	2017	2016 restated *	Variance €M	 %	2016 published
Exchange rate €/£	1.140	1.140			1.216
Fixed Link	915	881	34	+4%	907
Europorte	118	116	2	+2%	116
Revenue	**1,033**	**997**	**36**	**+4%**	**1,023**
Fixed Link	(394)	(386)	(8)	-2%	(392)
Europorte	(112)	(116)	4	+3%	(116)
ElecLink	(1)	(1)	-	–	(1)
Operating costs	**(507)**	**(503)**	**(4)**	**-1%**	**(509)**
Operating margin (EBITDA)	**526**	**494**	**32**	**+6%**	**514**
Depreciation	(152)	(150)	(2)	-1%	(150)
Trading profit	**374**	**344**	**30**	**+9%**	**364**
Other net operating (charges)/income	(9)	37	(46)		37
Operating profit (EBIT)	**365**	**381**	**(16)**	**-4%**	**401**
Share of result of equity-accounted companies	-	(1)	1	-100%	(1)
Net finance costs	(270)	(254)	(16)	-6%	(262)
Net other financial (charges)/income	(43)	15	(58)		16
Pre-tax profit from continuing operations	**52**	**141**	**(89)**	**-63%**	**154**
Income tax income/(expense)	56	(17)	73		(18)
Net profit from continuing operations	**108**	**124**	**(16)**	**-13%**	**136**
Net profit from discontinued operations	5	64	(59)		64
Net consolidated profit for the year	**113**	**188**	**(75)**	**-40%**	**200**

* *Restated at the rate of exchange used for the 2017 income statement (£1=€1.140).*

The evolution of the pre-tax result from continuing operations by segment compared to 2016 is presented below:

€ million	Fixed Link	Europorte	ElecLink	Total Group
Pre-tax result from continuing activities: 2016 restated *	**110**	**(11)**	**42**	**141**
Improvement/(deterioration) of result:				
Revenue	+34	+2	-	+36
Operating expenses	-8	+4	-	-4
EBITDA	**+26**	**+6**	**-**	**+32**
Depreciation	-2	-	-	-2
Trading result	**+24**	**+6**	**-**	**+30**
Other net operating income/charges	-3	+4	-47	-46
Operating result (EBIT)	**+21**	**+10**	**-47**	**-16**
Net financial costs and other	-76	+1	+2	-73
Total changes	**-55**	**+11**	**-45**	**-89**
Pre-tax result from continuing operations for 2017	**55**	**-**	**(3)**	**52**

* *Restated at the rate of exchange used for the 2017 income statement (£1=€1.140).*

b) Fixed Link Concession segment

The Group's core business is the Channel Tunnel Fixed Link Concession 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. This segment also includes the Group's corporate services.

€ million			Variation	
Improvement/(deterioration) of result	**2017**	*** 2016**	**M€**	**%**
Exchange rate €/£	1.140	1.140		
Shuttle Services	604	585	19	+3%
Railway Network	293	282	11	+4%
Other revenue	18	14	4	+29%
Revenue	**915**	**881**	**34**	**+4%**
External operating costs	(212)	(214)	2	+1%
Employee benefits expense	(182)	(172)	(10)	-6%
Operating costs	**(394)**	**(386)**	**(8)**	**-2%**
Operating margin (EBITDA)	**521**	**495**	**26**	**+5%**
EBITDA/revenue	*57.0%*	*56.3%*	*0.7%*	

* *Restated at the rate of exchange used for the 2017 income statement (£1=€1.140).*

i. Fixed Link Concession revenue

Revenue generated by this segment, which in 2017 represented 89% of the Group's total revenue, increased by 4% compared to 2016, to €915 million.

Shuttle Services

Trafic (number of vehicles)	**2017**	**2016**	**Change**
Truck Shuttle	1,637,280	1,641,638	0%
Passenger Shuttle:			
Cars *	2,595,247	2,610,242	-1%
Coaches	51,229	53,623	-4%

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

Shuttle Services' revenue for 2017 amounted to €604 million, up 3% compared to the previous year mainly due to an increase in yields which have benefited from the Group's strategy of optimising the profitability of its Shuttle business through its dynamic pricing policy for both truck and passenger traffic.

Truck Shuttle

The Short Straits cross-Channel truck market was stable in 2017 compared to the previous year. In 2017, the number of trucks transported by the Truck Shuttles and their market share (39.1%) remained at the same level as in 2016. Truck Shuttle traffic and market share were both affected by the decrease in fresh fruit and vegetable traffic due to the exceptionally bad weather conditions in southern Europe at the beginning of 2017 and in November by a reduction in capacity due to a temporary increase in maintenance operations. Despite these factors, a number of traffic records were set with five record months compared to the same months in previous years and a record second half of the year.

Passenger Shuttle

In a Short Straits cross-Channel market in slight contraction in 2017 (approximately 0.2%), car market share remained relatively stable at 54.9%. Compared to 2016, cross-Channel car traffic in 2017 was affected by non-recurring events including the Euro football tournament in 2016 and elections in France and the UK in 2017.

The Short Straits cross-Channel coach market contracted by approximately 7.0% in 2017 but the Passenger Shuttle's coach market share increased by a point compared to the previous year, to 39.1%.

Railway Network

Traffic	**2017**	**2016**	**Change**
High-Speed Passenger Trains (Eurostar)			
Passengers *	10,300,622	10,011,337	3%
Train Operators' Rail Freight Services **:			
Number of tonnes	1,219,364	1,041,294	17%
Number of trains	2,012	1,797	12%

* *Only passengers travelling through the Channel Tunnel are included in this table, excluding those who travel between Paris-Calais and Brussels-Lille.*
** *Rail freight services by train operators (DB Cargo for BRB, SNCF and its subsidiaries, GB Railfreight, Rail Operations Group and Europorte) using the Tunnel.*

The Group earned revenues of €293 million in 2017 from the use of its Railway Network by Eurostar's High-Speed Passenger Trains and by the Train Operators' Rail Freight Services, up 4% compared to 2016.

The number of Eurostar passengers using the Tunnel increased by 3% in 2017 compared to the previous year, thanks to a strong recovery since the series of terrorist attacks.

In 2017, cross-Channel rail freight continued the trend seen at the end of 2016, with strong growth of 12% compared to the previous year as a result of additional traffic generated by the good quality of service delivered since the beginning of 2016 and by the work carried out by the Group and other concerned parties to re-launch this traffic following the disruptions to services caused by the migrant crisis and the loss of half of its customers and traffic during the autumn of 2015 which diverted to other commercial routes.

ii. Fixed Link Concession operating costs

The Fixed Link segment's operating costs amounted to €394 million in 2017, an increase of only 2% compared to 2016. This €8 million increase was due mainly to increased activity and maintenance costs.

c) Europorte segment

The Europorte segment covers the entire rail freight transport logistics chain in France and includes notably Europorte France and Socorail. The UK subsidiary GB Railfreight Limited was sold in November 2016.

€ million			Variance	
Improvement/(deterioration) of result	**2017**	**2016**	**€M**	**%**
Revenue	**118**	**116**	**2**	**+2%**
External operating costs	(66)	(67)	1	+1%
Employee benefits expense	(46)	(49)	3	+6%
Operating costs	**(112)**	**(116)**	**4**	**+3%**
Operating margin (EBITDA)	**6**	**–**	**6**	**n/a**

In 2017, Europorte's revenues increased by 2% compared to 2016 and operating costs decreased by 3%. EBITDA increased by a substantial €6 million thanks to the plan to sustainably reinforce the profitability of this segment launched by the Group in 2016.

d) ElecLink segment

ElecLink's activity is the construction and operation of a 1,000 MW 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 at the beginning of 2020.

Costs directly attributable to the project are capitalised. Investment on the project during 2017 amounted to €182 million.

Operating costs for 2017 amounted to €1 million.

e) Operating margin (EBITDA)

EBITDA by business segment evolved as follows:

€ million	**Fixed Link**	**Europorte**	**ElecLink**	**Total Group**
EBITDA 2016 restated *	495	–	(1)	494
Improvement/(deterioration):				
Revenue	34	2	–	36
Operating costs	(8)	4	–	(4)
Total changes	**26**	**6**	**–**	**32**
EBITDA 2017	**521**	**6**	**(1)**	**526**

* *Restated at the rate of exchange used for the 2017 income statement (£1=€1.140).*

At €526 million in 2017, the Group's operating margin improved by €32 million compared to 2016 (+6%) as a result of an increase in revenue, control of the Fixed Link's costs and improved profitability of the Europorte segment. Europorte's EBITDA improved by €6 million thanks to the plan to sustainably reinforce the profitability of this segment.

f) Operating profit (EBIT)

Depreciation charges increased by €2 million to €152 million compared to 2016 as a result of the completion in 2016 and 2017 of capital investment projects such as Terminal 2015 and the GSM-R.

At €374 million in 2017, the trading profit improved by €30 million (9%) compared to 2016.

In 2016, other net operating income of €37 million included a gain of €50 million resulting from the revaluation at their fair value of the shares in ElecLink Limited already held by the Group when it took full control of the subsidiary in August 2016 partially offset by provisions and advisors' fees.

In the absence of this one-off gain, the operating profit for the 2017 financial year down by €16 million (4%) compared to 2016, to €365 million.

g) Net financial charges

At €270 million for 2017, net finance costs increased by €16 million compared to 2016 at a constant exchange rate, mainly as a result of the impact of the increase in inflation rates in the UK and France on the index-linked tranches of the debt partially offset by the capitalisation of interest on the financing of the ElecLink project amounting to €9 million.

"Other net financial charges" in 2017 of €43 million include a provision of €55 million in respect of the undertaking concluded in December 2017 to acquire inflation-linked bonds, net exchange gains of €10 million and interest received on the floating rate notes held by the Group of €3 million, as well as a net charge of €2 million arising from the partial refinancing of the Group's debt concluded in June 2017 consisting of:

- a profit of €14 million from the redemption of the floating rate notes held by the Group,
- a net gain of €12 million after termination costs arising from the partial termination of the hedging contracts resulting from the favourable conditions negotiated with the counterparties to the contracts,
- a charge of €21 million corresponding to the outstanding unamortised balance of the fees and costs on the debt that was extinguished as a result of the refinancing, and
- costs of €7 million for the refinancing operation which are not attributable to the issue of the new debt.

h) Net result from continuing operations

The Group's pre-tax result for continuing operations for the 2017 financial year was a profit of €52 million, a reduction of €89 million compared to 2016 at a constant exchange rate.

In 2017, income tax net income amounted to €56 million and included an income of €9 million following the French authorities' cancellation of tax on dividends and a deferred tax income of €50 million mainly arising from the activation of an additional two years of deficits.

The Group's post-tax result for continuing operations for the 2017 financial year was a profit of €108 million, a reduction of €16 million at a constant exchange rate.

i) Net result from discontinued operations

€ million	2017	2016	Variance €M
Maritime segment MyFerryLink	2	17	(15)
GB Railfreight Limited	3	47	(44)
Net profit from discontinued operations	**5**	**64**	**(59)**

j) Net consolidated result

The table below shows the impact of non-recurring items on the consolidated net result for the 2017, 2016 and 2015 financial years:

€ million	2017	* 2016	* 2015
Exchange rate €/£	1.140	1.140	1.140
Consolidated net result	113	188	63
- Net result from discontinued activities	(5)	(64)	(2)
- Net gain arising from the integration of ElecLink	–	(50)	–
- Deferred tax: impact from the activation of an additional two years of deficits in 2017	(57)	–	–
- Provision for the acquisition inflation-linked bonds in 2017/ consent fees in 2015	55	–	17
Consolidated net result adjusted for non-recurring items	**106**	**74**	**78**

* *Restated at the rate of exchange used for the 2017 income statement (£1=€1.140).*

Excluding these non-recurring items, the underling result improved in 2017 by €32 million.

The net consolidated result for the Group for the 2017 financial year was a profit of €113 million compared to a profit of €188 million (restated at an equivalent exchange rate) for 2016 which included one-off transactions conducted during the year totalling €114 million (€50 million profit resulting from the integration of ElecLink and €64 million profit arising from discontinued activities).

2 ANALYSIS OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ million	31 December 2017	31 December 2016
Exchange rate €/£	1.127	1.168
Fixed assets	6,493	6,366
Other non-current assets	229	280
Total non-current assets	**6,722**	**6,646**
Trade and other receivables	96	94
Other current assets	61	172
Cash and cash equivalents	613	347
Total current assets	**770**	**613**
Total assets	**7,492**	**7,259**
Total equity	2,051	1,812
Financial liabilities	4,346	3,786
Interest rate derivatives	716	1,309
Other liabilities	379	352
Total equity and liabilities	**7,492**	**7,259**

The table above summarises the Group's consolidated statement of financial position as at 31 December 2017 and 31 December 2016. The main elements and changes between the two dates are as follows:

- "Fixed assets" include property, plant and equipment and intangible assets amounting to €6,016 million for the Fixed Link segment, €396 million for the ElecLink segment (including €182 million in 2017) and €81 million for the Europorte segment at 31 December 2017. The increase between 31 December 2016 and 31 December 2017 results mainly from investment in the ElecLink project.
- "Other non-current assets" include a deferred tax asset of €217 million, an increase of €96 million compared to December 2016 of which €50 million relates to the hedging contracts and €52 million relates to the activation of tax losses. The floating rate notes held by the Group and amounting to €151 million at 31 December 2016, were redeemed as part of the partial debt refinancing operation completed on 6 June 2017.
- At 31 December 2016, "Other current assets" included receivables relating to the finance lease contracts for the maritime segment's three ferries. During the first half of 2017, the Group exercised the put options that were included in the contracts signed with the lessees and completed the sales of the three ferries. These transactions, which gave rise to a receipt by the Group of a total of €116 million, are reflected in the consolidated accounts by the settlement of receivables recognised in respect of their finance leases.
- At 31 December 2017, "Cash and cash equivalents" amounted to €613 million after payment of the €139 million dividend, net capital expenditure of €277 million, €230 million in debt service costs (interest, repayments and fees) as well as a net amount of €259 million generated by the refinancing operation completed in June 2017 and the receipt of €116 million from the sale of the ferries.
- "Equity" increased by €239 million as a result of the favourable change in the valuation of the "Interest rate derivatives" liability on the hedging contracts and related deferred tax (€177 million), the evolution of the cumulative translation reserve (€57 million) and the net profit for the year (€113 million) partly offset by the impact of the dividend payment (€139 million).
- "Financial liabilities" have increased by €560 million compared to 31 December 2016 as a result of the €602 million additional debt raised by the operation to partially refinance the Term Loan concluded on 6 June 2017 and an increase of €48 million arising from the effect of inflation on the index-linked debt tranches of the Term Loan partially offset by the effect of the reduction in the exchange rate on the sterling-denominated debt (€65 million) and the contractual debt repayments of €26 million.
- "Interest rate derivatives" decreased by €593 million mainly as a result of the partial termination of the hedging contracts in June 2017 (€502 million) and a reduction of €88 million in the mark-to-market valuation of the contracts.
- "Other liabilities" include €304 million of trade and other payables and provisions, as well as retirement liabilities of €74 million.

3 *ANALYSIS OF CONSOLIDATED CASH FLOWS*

In order to enable a better comparison between the two years, the 2016 cash flow presented in this section has been recalculated at the exchange rate used for the statement of financial position at 31 December 2017 of £1=€1.127.

a) Consolidated cash flows

€ million	2017	2016 * restated	Change	2016 published
Exchange rate €/£	1.127	1.127		1.168
Continuing activities:				
Net cash inflow from trading	540	517	23	520
Other operating cash flows and taxation	6	(17)	23	(18)
Net cash inflow from operating activities	**546**	**500**	**46**	**502**
Net cash outflow from investing activities	(275)	(201)	(74)	(202)
Net cash outflow from financing activities	(365)	(446)	81	(449)
Net cash inflow from financing operation	259	–	259	–
Increase/(decrease) in cash in year from continuing activities	**165**	**(147)**	**312**	**(149)**
Discontinued activities **:				
Net cash (outflow)/inflow from trading	**(1)**	**12**	(13)	**12**
Other operating cash flows and taxation	**(13)**	**(14)**	1	**(14)**
Net cash inflow from operating activities	**(14)**	**(2)**	**(12)**	**(2)**
Net cash outflow from investing activities	–	(21)	21	(22)
Net cash (outflow)/inflow from sale of subsidiary	(2)	130	(132)	130
Net cash inflow from financing activities	122	24	98	24
Increase in cash in year from discontinued activities	**106**	**131**	**(25)**	**130**
Total increase/(decrease) in cash in year	**271**	**(16)**	**287**	**(19)**

* *Restated at the rate of exchange used for the statement of financial position at 31 December 2017 (£1=€1.127).*
** *Maritime segment and GB Railfreight Limited.*

i. Continuing activities

At €540 million in 2017, net cash generated from trading by continuing operations improved by €23 million compared to 2016 at a constant exchange rate (€517 million restated). This change is explained mainly by:

- an increase in activities relating to the Fixed Link to €531 million (2016: €516 million), and
- an increase in Europorte activities to €9 million (2016: €2 million).

ElecLink expenditure remains stable at €1 million (2016: €1 million).

The €23 million improvement in "Other operating cash flows and taxation" is composed of a €20 million favourable variance related to taxes (including €8 million in respect of the cancelling of the dividend tax and €12 million in respect of corporation tax) as well as a €3 million reduction in other net operating charges.

At 275 million in 2017, net cash payments from investing activities increased by €74 million, comprising mainly:

- €78 million relating to the Fixed Link (2016: €67 million). The main expenditure was €39 million on rolling stock (including €24 million on the three new Truck Shuttles which entered service in February, August and October 2017), €10 million for "Customer Experience" (including the new Flexiplus buildings) and €5 million on the GSM-R project, and
- an investment of €196 million in the construction works on the ElecLink project which started in the second half of 2016 (€51 million in 2016).

On 6 June 2017, the Group completed the partial refinancing of its debt. This operation covered the C tranches of the Term Loan, the variable rate tranches that were fully hedged by fixed rate interest swaps. This operation generated net cash totalling €259 million comprising:

- a net receipt of €602 million being the difference between the drawdown of the new tranches (€1,950 million) and the reimbursement of the old C tranches (€1,347 million),
- a receipt of €164 million from the redemption of the floating rate notes held by the Group, and
- fees paid in relation to the partial break costs on the hedging contracts of €482 million and €25 million in relation to other costs and fees of the operation.

This operation enables the Group to:

- reduce its annual interest payments by some €50 million and its annual financial charges in the income statement by an estimated €7 million per year for at least the five next years,
- decrease the average annual cost excluding indexation of the Term Loan to below 4% for this same period compared to 6% previously, and
- raise additional cash of €265 million which could be used to finance the ElecLink project.

The other net financing payments in 2017 amounted to €365 million compared to €446 million in 2016. During 2017, cash flow from financing comprised:

- debt service costs of €230 million:
  - €197 million of interest paid on the Term Loan, associated hedging transactions and on other borrowings (€225 million restated in 2016),
  - €26 million paid in respect of the scheduled repayments on the Term Loan and other borrowings (€36 million in 2016), and
  - €7 million in relation to fees on the operation to simplify the debt completed at the end of 2015 (€17 million in 2016).
- €9 million paid in respect of the share buyback programme (€59 million in 2016),
- €139 million paid in dividends (2016: €118 million), and
- net receipts of €13 million from the liquidity contract and interest received (including €3 million on the floating rate notes held by the Group until June 2017).

ii. Discontinued activities

The cash out flows relating to discontinued operations in 2017 were €1 million from operating activities and a tax payment of €13 million in respect of the sale of the ferries. The cash flow from discontinued activities includes the 122 million received under the finance leases and from the sale of the three ferries and 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 defines its Free Cash Flow as net cash flow from operating activities less net cash flow from investing activities (excluding the initial investment in new activities and the acquisition of shareholdings in subsidiary undertakings) and net cash flow from financing activities relating to debt service plus interest received (on cash and cash equivalents and other financial assets).

€ million	**2017**	**2016 restated ***	**2016 reported**
Exchange rate €/£	1.127	1.127	1.168
Net cash inflow from operating activities	532	498	500
Net cash outflow from investing activities	(79)	(97)	(98)
Debt service costs (interest paid, fees and repayments)	(230)	(281)	(285)
Interest received and other receipts	13	19	19
Free Cash Flow	**236**	**139**	**136**
Dividend paid	(139)	(118)	(118)
Purchase of treasury shares and net movement on liquidity contract	(4)	(58)	(58)
ElecLink: project expenditure	(196)	(51)	(51)
ElecLink: acquisition of shares	–	(74)	(75)
Refinancing operation:			
Drawdown of new tranches	1,950	–	–
Repayment of old tranches	(1,347)	–	–
Fees and expenses (including the partial termination of the hedging contracts)	(507)	–	–
Redemption of the floating rate notes	164	–	–
Sale of GB Railfreight Limited	(2)	130	130
Sale of ferries	116	–	–
Cash received from drawdown of borrowings	–	16	17
Use of Free Cash Flow	**35**	**(155)**	**(155)**
Increase/(decrease) in cash in the year	**271**	**(16)**	**(19)**

* *Restated at the rate of exchange used for the statement of financial position at 31 December 2017 (£1=€1.127).*

At €236 million in 2017, Free Cash Flow has increased by €97 million compared to 2016 restated (€139 million).

4 DEBT COVER RATIOS

a) Financial covenants

The debt service cover ratio and the synthetic service cover ratio for Groupe Eurotunnel SE at 31 December 2017 were 3.49 and 3.19 respectively, and thus the financial covenants for the Term Loan for the period were respected.

b) EBITDA to finance cost ratio

The ratio of the Group's consolidated EBITDA to its finance costs (excluding interest received and indexation) is 2.3 at 31 December 2017 (2016 restated: 2.1).

€ million	2017	2016 * restated
Exchange rate €/£	1.140	1.140
EBITDA	**526**	**494**
Finance cost	272	256
Indexation	(48)	(24)
Finance cost excluding indexation	**224**	**232**
EBITDA / finance cost excluding indexation	**2.3**	**2.1**

* *Restated at the rate of exchange used for the 2017 income statement (£1=€1.140).*

c) Net debt to EBITDA ratio

The Group defines its net debt to EBITDA ratio as the ratio between financial liabilities less the value of the floating rate notes that were held by the Group until June 2017 and cash and cash equivalents, and consolidated EBITDA. At 31 December 2017, the ratio was 7.1 compared to 6.4 at 31 December 2016.

€ million	31 December 2017	31 December 2016
Non-current financial liabilities	4,220	3,687
Current financial liabilities	67	31
Other non-current liabilities	52	61
Other current liabilities	7	7
Total financial liabilities	**4,346**	**3,786**
Floating rate notes	–	(151)
Cash and cash equivalents	(613)	(347)
Net debt	**3,733**	**3,288**
EBITDA	526	514
Net debt / EBITDA	**7.1**	**6.4**
Statement of financial position exchange rate €/£	*1.127*	*1.168*
Income statement exchange rate €/£	*1.140*	*1.216*