



## Earnings Presentation

Quarter Ended March 31,

2020

May 27, 2020



# Forward-Looking Statements

*Statements in this presentation may be "forward-looking statements" within the meaning of federal securities laws. The matters discussed herein that are forward-looking statements are based on current management expectations that involve risks and uncertainties that may result in such expectations not being realized. Actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements due to numerous potential risks and uncertainties including, but not limited to, the need to manage our growth and integrate additional capital, acquire additional vessels, volatility in the container shipping business and vessel charter rates, our ability to obtain sufficient capital, the volatility of our stock price, and other risks and factors. Forward-looking statements made during this presentation speak only as of the date on which they are made, and Euroseas does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this presentation.*

*Because forward-looking statements are subject to risks and uncertainties, we caution you not to place undue reliance on any forward-looking statements. All written or oral forward-looking statements by Euroseas or persons acting on its behalf are qualified by these cautionary statements.*

*This presentation also contains historical data about the containerized trade, the containership fleet and the containership rates. These figures have been compiled by the Company based on available data from a variety of sources like broker reports and various industry publications or represent Company's own estimates. The Company exercised reasonable care and judgment in preparing these estimates, however, the estimates provided herein may not match information from other sources.*

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# 2020 First Quarter Financial Highlights

*in million USD except per share figures*

	Q1 2020	
Net Revenues	15.40	
Net Income	2.00	
Preferred Dividends	(0.16)	
Net Income Attributable to Common Shareholders	1.80	0.32 / share <sup>(2)</sup>
Adjusted Net Income Attributable to Common Shareholders <sup>(1)</sup>	1.00	0.17 / share <sup>(2)</sup>
Adj. EBITDA <sup>(1)</sup>	4.10	

- 1) See press release of May 27, 2020 for reconciliation of Adj. Net Income Attributable to Common Shareholders and Adjusted EBITDA
- 2) Basic and diluted

# Recent Developments

- Acquisitions during the second half of 2019
  - The Company acquired 8 vessels in total with an average age of about 12.5 years and total capacity of 25,600 teu increasing the fleet by more than 70% in number of vessels and more than 100% in terms of total teu capacity
  
- M/V Manolis P
  - The vessel had been agreed to be sold for scrap but the sale was not completed due to closure of the scrapyards related to COVID-19 lockdowns and other restrictions; we are in a dispute with the buyers which is in arbitration. The vessel will eventually be sold for scrap as scrapyards reopen
  
- M/V EM Oinousses
  - The vessel suffered an engine room fire in January 2020, was temporarily repaired and will be scrapped as scrapyards reopen
  
- COVID-19 is expected to result in reduced charter rates and earnings in the remaining of 2020
  - We are in discussions with our banks to defer some 2020 loan installment payments

# Current Fleet Profile

Current fleet is comprised of 19 vessels with an average age of 16.5<sup>(1)</sup> years and a carrying capacity of 51.1k TEU



**14x Feeder**  
**Avg. Age: 19.2 years<sup>(1)</sup>**  
**Carrying Capacity: 28.5k TEU**



**5x Intermediate**  
**Avg. Age: 13.2 years<sup>(1)</sup>**  
**Carrying Capacity: 22.6k TEU**

Name	Type	DWT	TEU	Built
Akinada Bridge	Intermediate	71,366	5,610	2001
Synergy Bussan	Intermediate	50,726	4,253	2009
Synergy Oakland	Intermediate	50,787	4,253	2009
Synergy Keelung	Intermediate	50,969	4,253	2009
Synergy Antwerp	Intermediate	50,726	4,253	2008
EM Kea	Feeder	42,165	3,100	2007
EM Astoria	Feeder	35,600	2,788	2004
EM Corfu	Feeder	34,654	2,556	2001
Evidiki G	Feeder	34,677	2,556	2001
EM Oinousses <sup>(2)</sup>	Feeder	32,350	2,506	2000
EM Athens	Feeder	32,350	2,506	2000
Diamantis P	Feeder	30,360	2,008	1998
EM Spetses	Feeder	23,224	1,740	2007
EM Hydra	Feeder	23,351	1,740	2005
Joanna	Feeder	22,301	1,732	1999
Aegean Express	Feeder	18,581	1,439	1997
Manolis P. <sup>(2)</sup>	Feeder	20,346	1,452	1995
Kuo Hsiung	Feeder	18,154	1,169	1993
Ninos	Feeder	18,253	1,169	1990
<b>Total Fleet</b>	<b>19 vessels</b>	<b>660,940</b>	<b>51,083</b>	<b>Avg. Age: 16.5 yrs<sup>(1)</sup></b>

**Notes:**

1. Average age is weighted by the size of the vessels in teu
2. In the process of being scrapped

# Chartering, Operational and Drydockings

## ➤ Chartering:

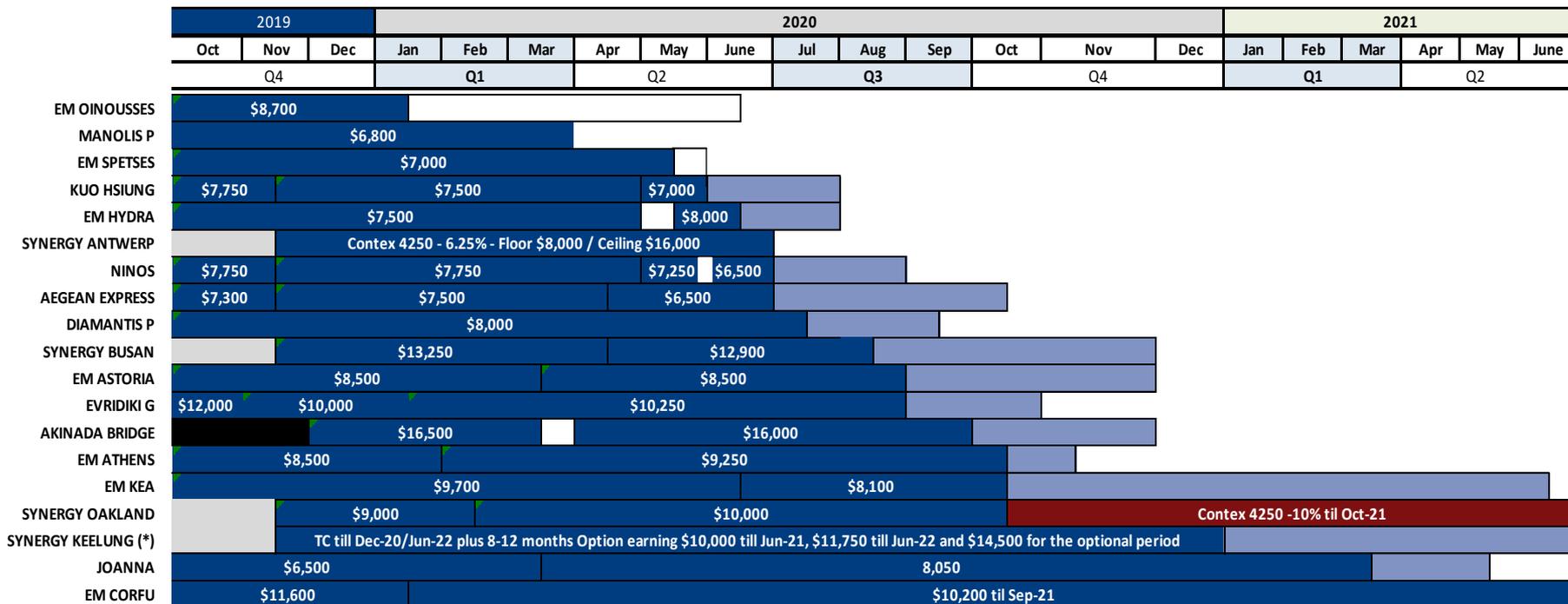
- **Akinada Bridge:** Fixed for 6-8 months at \$16,000/day
- **Synergy Busan:** Extended for min Aug '20 – max Nov '20 at \$12,900/day
- **EM Astoria:** Extended for 6-9 months at \$8,500/day
- **EM Corfu:** Extended until Sep '21 at \$10,200/day
- **EM Athens:** Fixed for min Oct '20 – max Nov '20 at \$9,250/day
- **Joanna:** Extended for 12-14 months at \$8,050/day
- **Ninos:** Initially extended until May 19, 2020 at \$7,250/day then extended from Jun 5, 2020 until min Jul '20 – max Sep '20 at \$6,500/day
- **Aegean Express:** Extended for min 60 - max 175 days at \$6,500/day
- **Kuo Hsiung:** Extended for 1-3 months at \$7,000/day as from Apr '20
- **EM Hydra:** Fixed for 25-70 days at \$8,000/day

## ➤ Other – (Idle/Commercial offhire):

- **Akinada Bridge:** 16.96 days from 28/02/20 to 16/3/2020 and then ballasted for about 10 days to commence new charter
- **EM Hydra:** The vessel was idle for 17 days between charters
- **EM Spetses:** The vessel is idle since early May '20
- **Ninos:** The vessel will be idle for 16 days between charters

# Vessel Employment

*Coverage (as of May 25, 2020): About 57% for the remaining 2020 - (based on min durations)*



Legend:



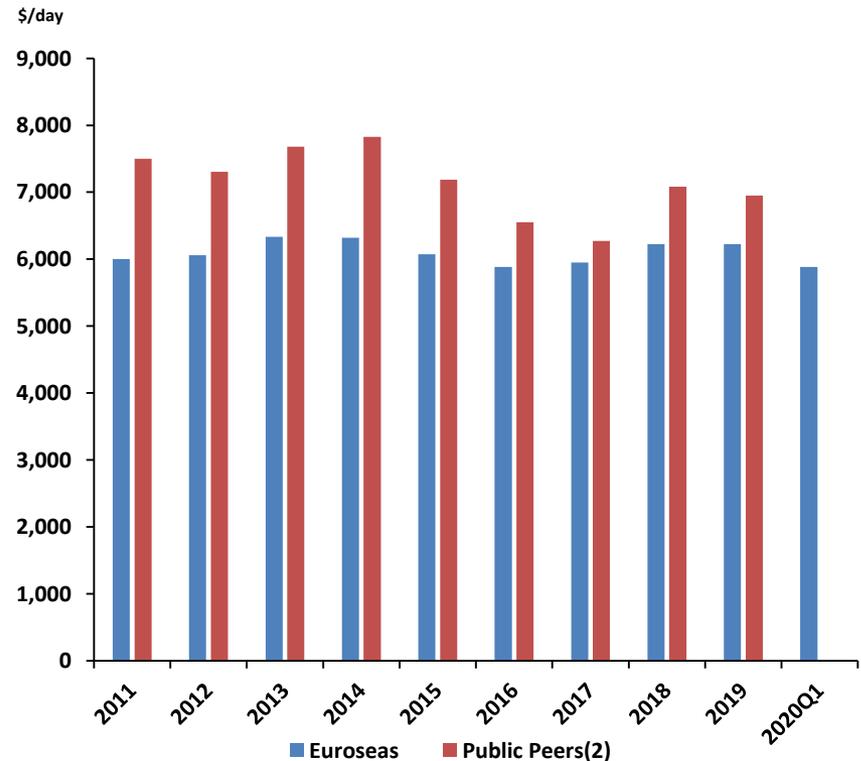
Source: Company

# Fleet Management & Operational Performance

## ESEA Highlights

- Operational fleet utilization rate in excess of 98.9% over last 5 years
  - Outstanding safety and environmental record
  - For 2020Q1, operational fleet utilization 96.2% and commercial 98.9%
- Overall costs achieved are amongst the lowest of the public shipping companies

## Daily costs per vessel<sup>(1)</sup>



### Notes:

1. Includes running cost, management fees and G&A expenses (not drydocking expenses)
2. Peer group currently includes NMCI, GSL, CMRE & DAC



## Market Overview



# Containership Market Highlights – Q1 2020

- Time charter rates in Q1 for feeder and intermediate size vessels ranging from 1,000-5,600 teu drew a negative picture as shown by the Contex index. The 1,700-4,250 teu sizes fell abt 10%. The bigger ships also fell but a bit less. April/May figures are even lower and idling vessels are rising
  - The 1,700 teu geared vessel fell from an average of \$8,510 in Q4 to \$7,776 in Q1 and currently<sup>(1)</sup> stands at \$6,200
  - The 2,500 teu geared vessel fell from an average of \$10,136 in Q4 to \$9,373 in Q1 and currently<sup>(1)</sup> stands at \$7,500
  - The 4,400 teu gless vessel fell from an average of \$13,782 in Q4 to \$12,870 in Q1 and currently<sup>(1)</sup> stand at \$8,250
- Average secondhand prices for older than 20-yr old vessels remained around their scrap prices in Q1, however, for younger vessels of about 5-15 years old there was a drop circa 15% for the 1,700 - 4,250 teu range
- Idle fleet: inactive containership fleet surged to a record high of 524 vessels totalling 2.65m teu as of May 11 (i.e. 11.3% of the fleet)
  - This includes idle due to scrubber retrofitting (mostly larger vessels of about 0.7m teu total)
- Scrapping remained at the same levels as the latter part of 2019, very low for the current market.
  - About 40k teu scrapped in 2020 so far
  - Due to the lockdown of scrapyards worldwide vessels can't be scrapped currently and any quoted prices are 20-25% lower
- The fleet has grown by 0.6% in 2020 so far (without accounting for idle vessels reactivation/idling)

# World GDP & Shipping Demand Growth

<i>Real GDP (% p.a. - IMF)</i>	2015	2016	2017	2018	2019	2020e	2021e
USA	2.6	1.5	2.3	2.9	2.3	-5.9(2.0)	4.7(1.7)
Eurozone	2.0	1.8	2.4	1.8	1.2	-7.5(1.3)	4.7(1.4)
Japan	0.5	1.0	1.8	1.0	0.7	-5.2(0.7)	3.0(0.5)
China	6.9	6.7	6.8	6.6	6.1	1.2(6.0)	9.2(5.8)
India	7.6	7.1	6.7	7.1	4.2	1.9(5.8)	7.4(6.5)
Russia	-3.7	-0.2	1.8	2.3	1.3	-5.5(1.9)	3.5(2.0)
Brazil	-3.8	-3.6	1.1	1.1	1.1	-5.3(2.2)	2.9(2.3)
ASEAN-5	4.8	4.9	5.3	5.2	4.8	-0.6(4.8)	7.8(5.1)
<b>World</b>	<b>3.4</b>	<b>3.2</b>	<b>3.7</b>	<b>3.6</b>	<b>2.9</b>	<b>-3.0(3.3)</b>	<b>5.8(3.4)</b>

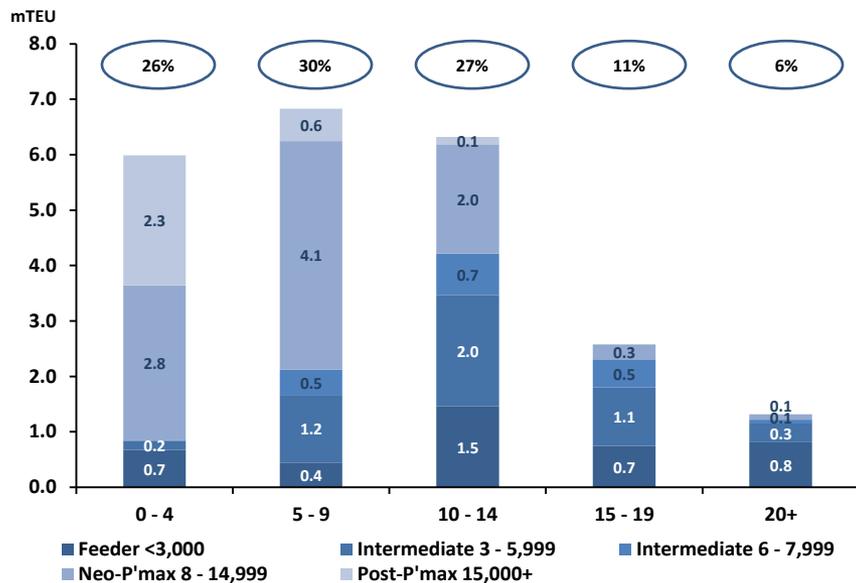
## *Containerized Trade (% p.a.)*

<b>bn. TEU-miles</b>	<b>1.2</b>	<b>4.0</b>	<b>5.6</b>	<b>3.5</b>	<b>1.7</b>	<b>-10.3(3.3)</b>	<b>8.9(3.5)</b>
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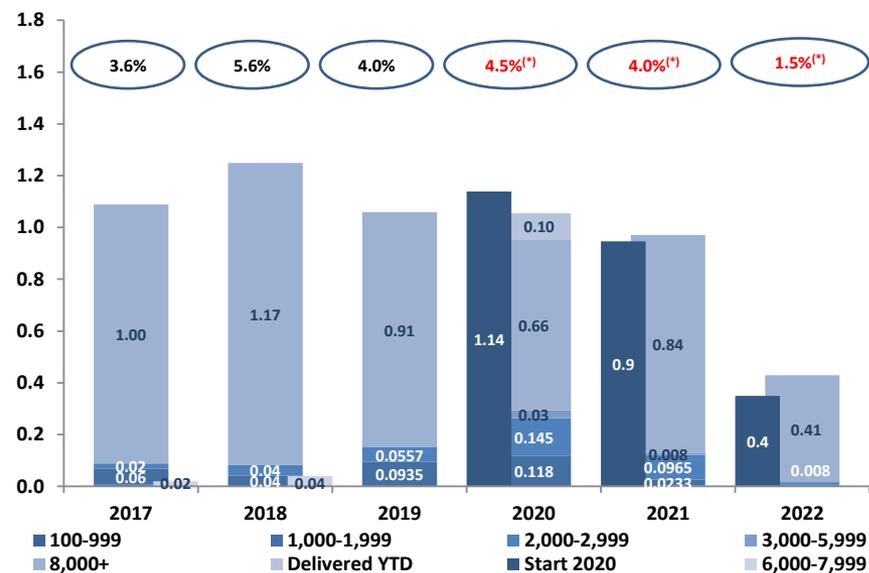
Trade and growth projections are being continuously revised as the Coronavirus (Covid-19) effects on world growth and trade are being assessed.

# Age Profile and Orderbook

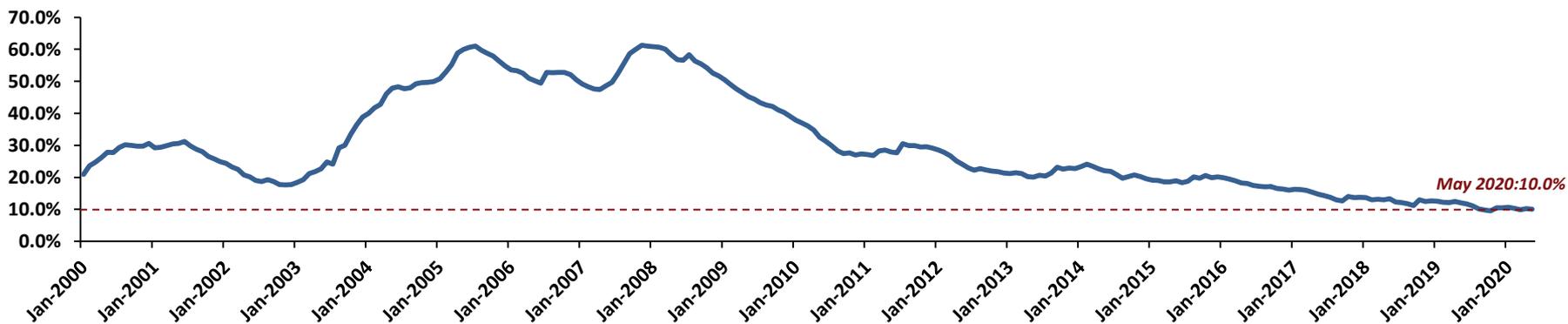
## Age Profile



## Containership Orderbook



## Orderbook as % of fleet



Source: Clarksons Research

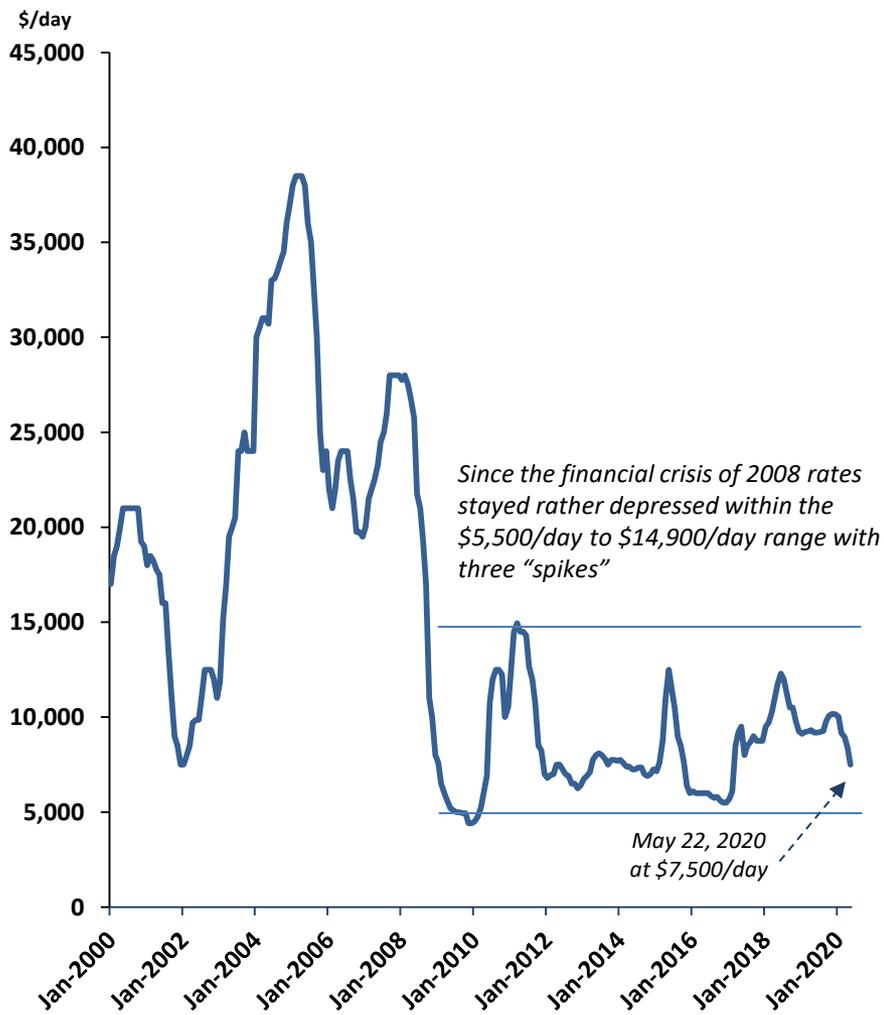
(\*) Percentage figures in red characters (for years 2020, 2021 and 2022) indicate scheduled deliveries only; percentages in previous years show net fleet growth accounting for scrapping and other fleet changes

# Outlook Summary

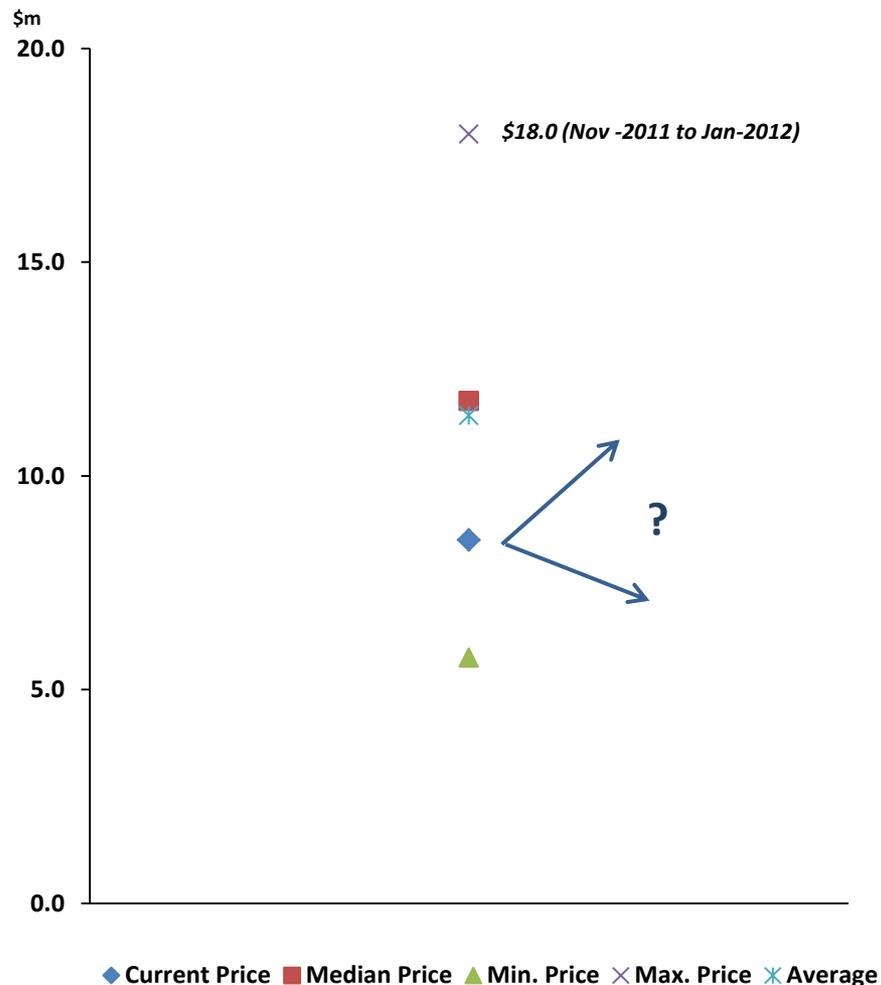
- The disruption of economic activity and seaborne trade caused by the unprecedented worldwide lock down as well as the still evolving pandemic render any forecast a very ambitious exercise surrounded with a high degree of uncertainty
- Initial estimates from Clarksons to quantify the effects of the COVID-19 pandemic on containerized trade indicate a sharp drop in demand in 2020 (-10%) followed by a sharp recovery in 2021 (+9%) similar to the way economies reacted during the 2008-2009 financial crisis, therefore, we anticipate a very weak 2020 and a strongly strengthening 2021 and 2022
  - Hoping to have been through the toughest part of the pandemic's effects in 2020H1, we still might not expect to see any significant gains during the summer, but markets could see meaningful improvements by year end
  - For the following few months it will be difficult to charter vessels that are redelivered by their charterers and the owners best hope is to extend, if possible, with existing charterers for whatever periods are available at somewhat lower rates in order to avoid idling
- The orderbook (as percentage of the fleet) is the lowest of the last 20+ years indicating limited supply growth over the next 2-3 years
  - Still a significant percentage of it is to be delivered in 2020 (though some of it will spill into 2021) plus the return of quite a few vessels (mainly larger ones) that are in shipyards retrofitting scrubbers will dampen the effect of any market recovery as the effects of covid-19, hopefully, retreat towards the latter part of the year
  - The orderbook for 2021 onwards is luckily quite low and since owners do not yet know what the optimal fuel for the not too distant future will be are reluctant to place new orders so the second half of 2021 and the whole of 2022 may prove to be boom periods if global demand picks up as generally expected

# Market Snapshot

## Cont 2,500 TEU One-Year Time Charter Rate



## Cont 2,500 TEU – 10 Year Old Historical Price Range<sup>(1)</sup>





## Financial Overview



# Financial Highlights: First Quarter 2019 and 2020

<i>(in million USD except per share amounts)</i>	First Quarter		Change %
	2019	2020	
Net Revenues	8.34	15.43	85%
Net (Loss) / Income	(0.02)	1.96	
Preferred & Preferred Deemed Dividends	(0.47)	(0.16)	
Net (Loss) / Income attributable to Common Shareholders	(0.49)	1.80	
Interest & Finance Costs net (incl. interest income)	0.68	1.17	
Depreciation	0.80	1.73	
Unrealized Loss (Gain) On Derivatives	(0.00)	-	
Adjusted EBITDA <sup>(1)</sup>	1.46	4.08	179%
<b>Adj. Net (Loss)/Income attributable to Common Shareholders</b>	<b>(0.51)</b>	<b>0.95</b>	
<b>Adj. Net (Loss)/Income per share, basic and diluted</b>	<b>(0.33)</b>	<b>0.17</b>	

(1) See press release of May 27, 2020. for Adjusted EBITDA reconciliation to Net Income / (Loss)

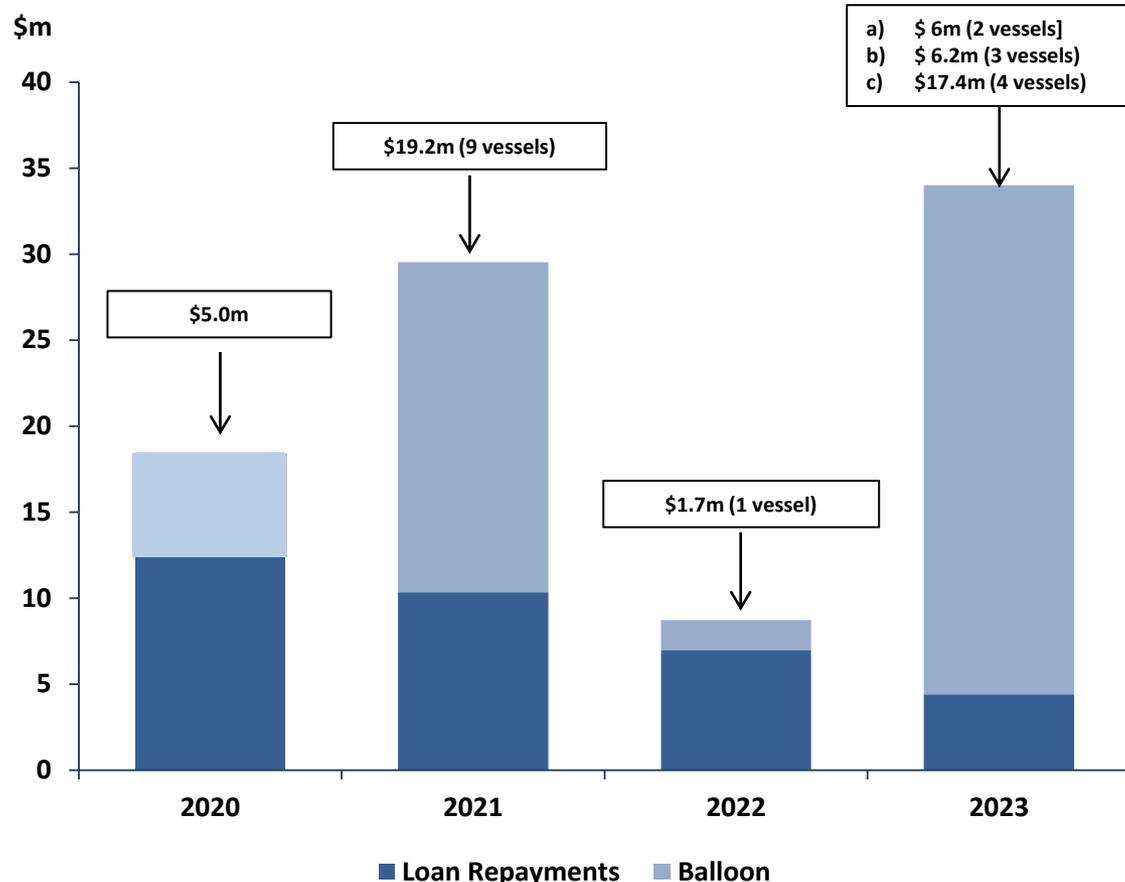
# Fleet Data: First Quarter of 2019 and 2020

<u>Fleet Statistics</u>	First Quarter	
	2019	2020
Number of vessels	11.00	19.00
Utilization Rate (%)		
Overall <sup>(1)</sup>	99.4%	95.1%
Commercial <sup>(1)</sup>	99.4%	98.9%
Operational <sup>(1)</sup>	100.0%	96.2%
<b>Time Charter Equivalent (TCE)<sup>(2)</sup></b>	<b>\$9,088</b>	<b>\$9,615</b>
Operating Expenses		
Vessel Oper. Exp. excl. drydocking	\$5,622	\$5,417
G&A Expenses	\$601	\$464
<b>Total Operating Expenses</b>	<b>\$6,223</b>	<b>\$5,881</b>
Interest Expense	\$663	\$724
Drydocking Expense	\$598	\$13
Loan Repayments without Balloons	\$1,316	\$1,900
<b>Total Cash Breakeven w/o Balloons</b>	<b>\$8,800</b>	<b>\$8,518</b>

- (1) Utilization Rate is calculated excluding scheduled off-hire (drydockings and special surveys) and vessels in lay-up if any. Scheduled off-hire days including vessels laid-up amounted to 36.4 and 0 for the first of 2019 and 2020 respectively
- (2) TCE calculation shows the gross rate the vessels earn while employed; it excludes periods during which the vessels are laid-up or off-hire for commercial or operational reasons

# Debt Profile & Cash Flow Breakeven

## Debt Repayment Profile



### Cost of funding:

As of March 31, 2020, Euroseas has outstanding bank debt of \$81.9m with average margin of about 3.6%. Assuming LIBOR of 1%, our cost of senior debt is 4.6%; a junior loan from an affiliate of \$5.0m with interest of 8%, and, preferred stock, treated as (junior) debt, standing at \$8m with a dividend yield of 8%. With all the above our combined cost of non-equity funding (senior & junior debt and preferred equity) is around 5.1%

## Cash Flow Breakeven

Budget estimate for next 12 months:

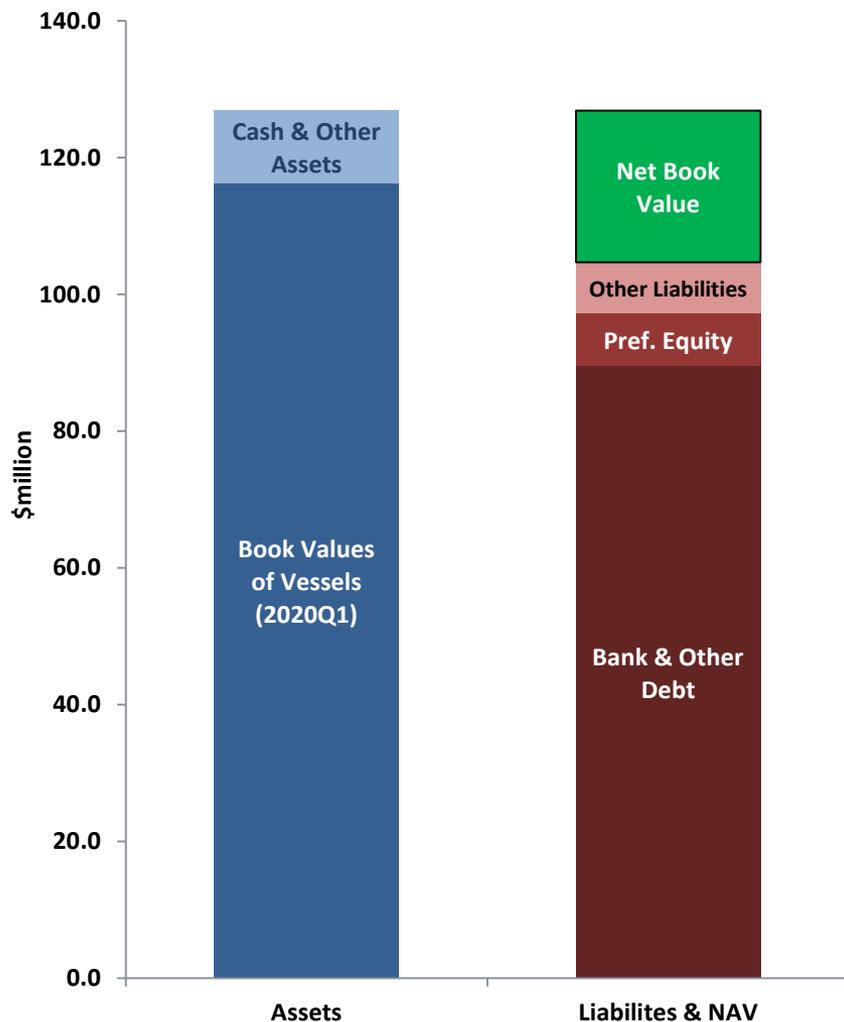
	<u>\$/vessel/day<sup>(1)</sup></u>
OPEX	\$ 5,900
G&A	\$ 450
Interest	\$ 500
Drydock	\$ 100
Pref. Dividend	\$ 130
<b>Sub-total</b>	<b>\$ 7,080</b>
<u>Loan Principal</u>	<u>\$ 1,700<sup>(2,3)</sup></u>
<b>TOTAL</b>	<b>\$ 8,780<sup>(3)</sup></b>

### Notes:

- 1) Basis 19 vessels
- 2) Not including \$5m loan repayment to affiliate that could be paid in shares under certain conditions
- 3) Not including potential reduction to the breakeven rate after the "confirmed/potential principal amortization deferrals that are in the process of being agreed with our banks"

# Balance Sheet Highlights

## Euroseas Capital Structure



## Notes

### Assets

- Cash & Other assets: \$13.6m
- Vessels book value: about \$112.9m
- Total assets (@ book value) ~ \$126.2m

### Liabilities

- Bank & other debt: \$86.9m
- Preferred Equity: \$8.0m
- Other liabilities: \$9.5m

### Net Book Value

- Net Book Value: ~\$21.8m
- Adjusted Net Book Value for market value of vessels<sup>(\*)</sup>  
=> Net Asset Value ~\$26m, or, ~\$4.7/share
- Recent share price trading range of below \$3.0/share level represents a significant discount to the book value of the company

*(\*) Based on Company estimates as of beginning of May 2020*

# Euroseas Contacts

**Euroseas Ltd.  
c/o Eurobulk Ltd**

**4, Messogiou & Evropis Street  
151 24 Maroussi, Greece  
[www.euroseas.gr](http://www.euroseas.gr)  
[euroseas@euroseas.gr](mailto:euroseas@euroseas.gr)  
Tel. +30-211-1804005  
Fax.+30-211-1804097  
or,**

**Tasos Aslidis  
Chief Financial Officer**

**Euroseas Ltd.  
11 Canterbury Lane  
Watchung, NJ 07069  
[aha@euroseas.gr](mailto:aha@euroseas.gr)  
Tel: 908-3019091  
Fax: 908-3019747**

**Nicolas Bornozis / Judit Csepregi  
Investor Relations**

**Capital Link, Inc.  
230 Park Avenue, Suite 1536  
New York, NY 10169  
[euroseas@capitallink.com](mailto:euroseas@capitallink.com)  
Tel: 212- 6617566  
Fax: 212-6617526**