



## **Earnings Presentation**

**Quarter Ended March 31,**

**2021**

**May 26, 2021**



# 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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# 2021 First Quarter Financial Highlights

*in million USD except per share figures*

		Q1 2021
	Net Revenues	14.3
	Net Income	3.8
	Preferred Dividends	(0.2)
	Net Income / (Loss) Attributable to Common Shareholders	3.6
		0.53/ share <sup>(2)</sup>
	Adj. Net Income / (Loss) Attributable to Common Shareholders <sup>(1)</sup>	3.0
		0.45 / share <sup>(2)</sup>
	Adj. EBITDA <sup>(1)</sup>	5.6

1) *See press release of May 25, 2021 for reconciliation of Adj. Net Income Attributable to Common Shareholders and Adjusted EBITDA*

2) *Basic and diluted*

# Recent Chartering, Operational & S&P Developments

## Chartering:

- **Akinada Bridge:** option declared by the charterer for another 10-12 months at \$20,000/day as from December 2021
- **EM Kea:** extended for 25-28 months at \$22,000/day as from April 2021
- **EM Hydra:** fixed for 23-25 months at \$20,000/day as from May 2021
- **Joanna:** fixed for 18-21 months at \$16,800/day as from May 2021
- **Synergy Busan:** fixed for 36-40 months at \$25,000/day as from April 2021

## Operations:

- **EM Corfu:** EM Corfu suffered damage on its tail-shaft and was idle from December 9<sup>th</sup> to February 9<sup>th</sup> and has since resumed its charter. Total repair costs will be recovered from H&M insurance minus deductible and off hire time

## Drydockings:

- None this quarter

## S&P Highlights:

- None this quarter

## ESG Report:

- We are pleased to have completed our first Environment, Social & Governance report

# Current Fleet Profile

*Current fleet is comprised of 14 vessels with an average age of 15.8<sup>(1)</sup> years and a carrying capacity of 42.3k TEU*



**9x Feeder**  
**Avg. Age: 18.5 years<sup>(1)</sup>**  
**Carrying Capacity: 19.7k TEU**

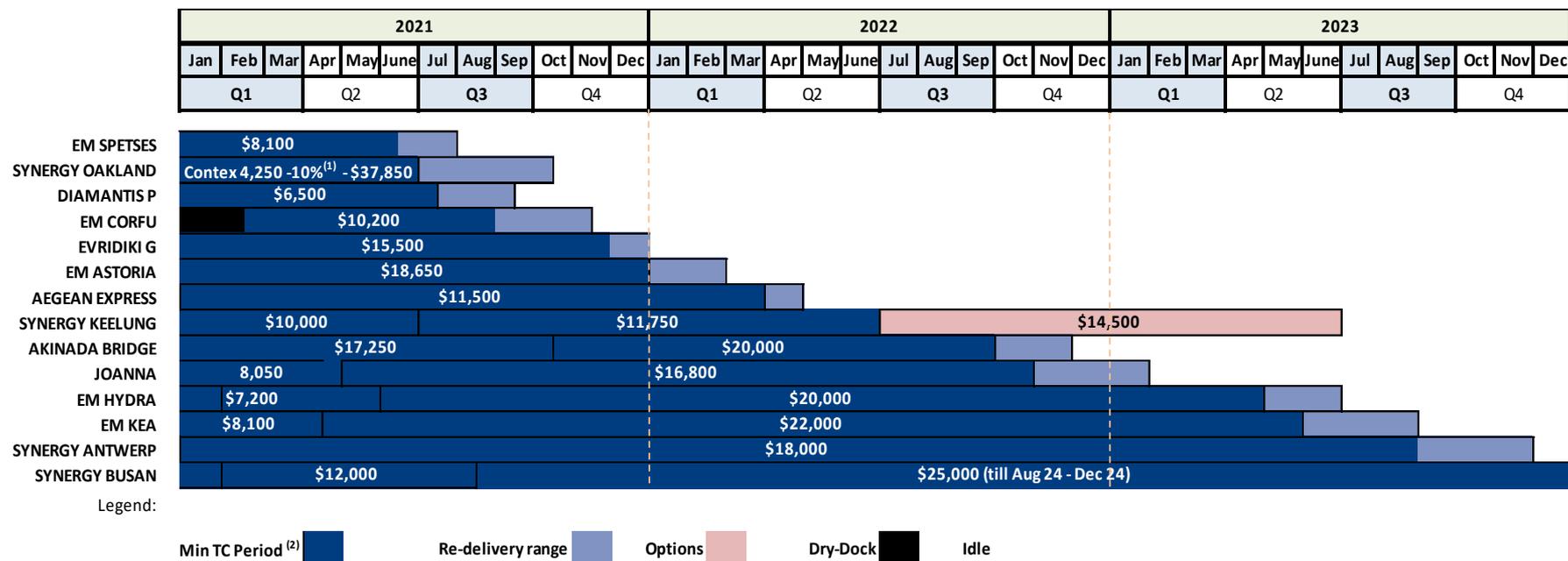


**5x Intermediate**  
**Avg. Age: 14.2 years<sup>(1)</sup>**  
**Carrying Capacity: 22.6k TEU**

Name	Type	Size		Year Built
		DWT	TEU	
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
Evridiki G	Feeder	34,677	2,556	2001
Diamantis	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
<b>Total Fleet</b>	<b>14</b>	<b>539,487</b>	<b>42,281</b>	<b>15.8</b>

# Vessel Employment

Chartering strategy very important in maximizing revenues over the market cycle



Contracted EBITDA & Coverage: 2021/2022		2021E	2022E
Contracted Days		4,438	2,437
<b>Coverage (%)</b>		<b>89%</b>	<b>49%</b>
Net Average TC rate (\$/day)		15,217	19,561
<b>Contracted EBITDA</b>		<b>32.8</b>	<b>27.9</b>
Open Days		562	2,584

Source: Company

Notes:

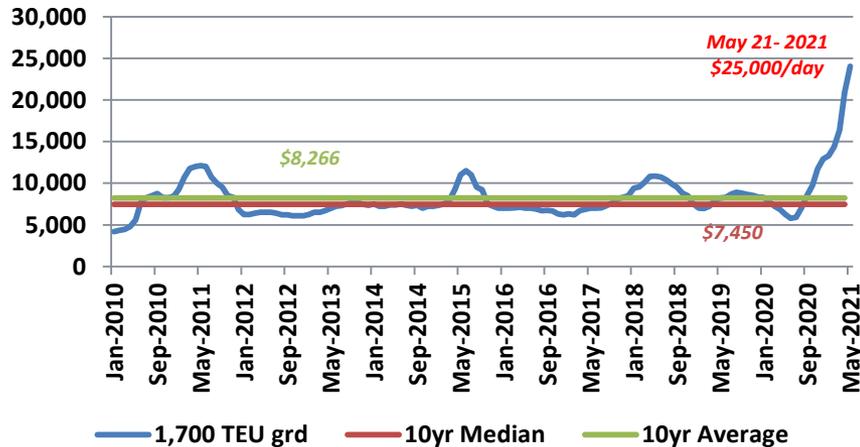
1. Synergy Oakland's current rate is \$37,850 (= \$42,055 - 10%) as of 22/4/21 until 22/7/21
2. Given the strength of the current charter market, it is assumed that the existing charters will run to their maximum duration



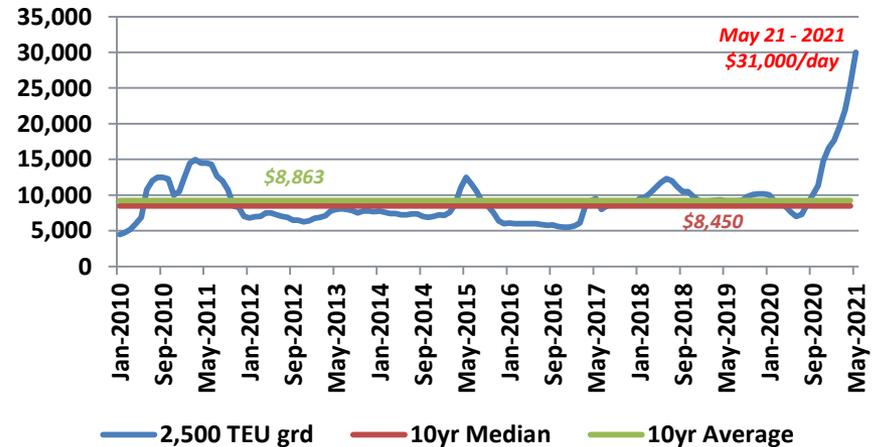
Market Overview

# Last 10 year 6-12m TC rate (\$/day)

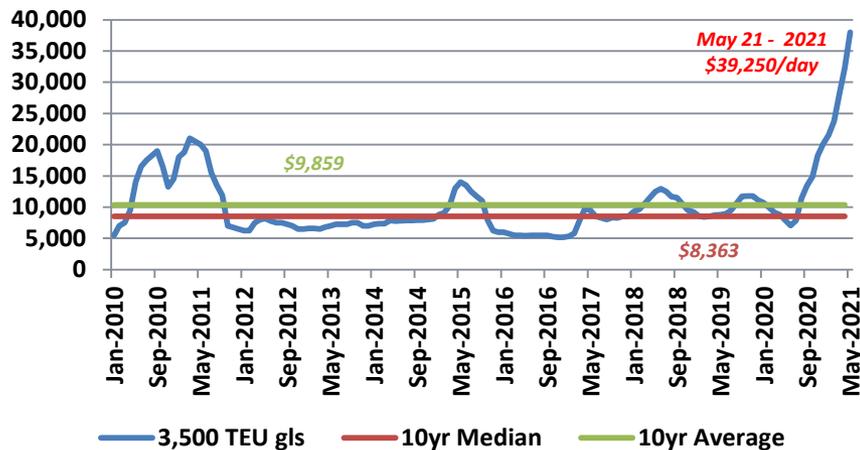
## 1,700 TEU grd



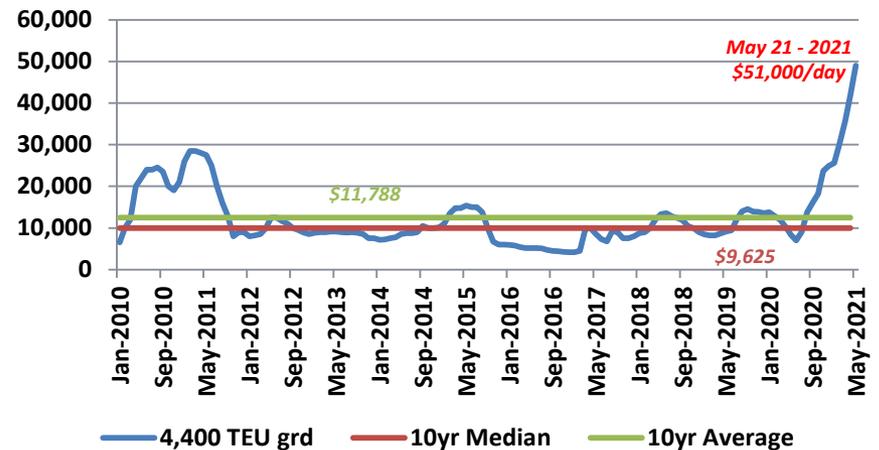
## 2,500 TEU grd



## 3,500 TEU gls



## 4,400 TEU gls



Source: Clarksons Research

# Containership Market Highlights – Q1 2021

- Time charter rates across all segments sky-rocketed over the past 6 months, drawing a positive picture exceeding historical median of last 12-year highs. Worth mentioning that the surging market has also lifted the Howe Robinson Containership Index (HRCI) to 2,133 points. Previous all-time peak of 2,093 set almost 16 years ago in June 2005.
  - The 1,700 teu geared vessel increased from an average of \$11,315 in Q4 to \$14,562 in Q1 and currently stands at \$24,508<sup>(1)</sup>
  - The 2,500 teu geared vessel increased from an average of \$14,015 in Q4 to \$19,585 in Q1 and currently stands at \$31,500<sup>(1)</sup>
  - The 4,250 teu g'less vessel increased from an average of \$21,942 in Q4 to \$30,154 in Q1 and currently stand at \$48,095<sup>(1)</sup>
  - The 5,600 teu g'less vessel increased from an average of \$26,000 in Q4 to \$35,000 in Q1 and currently stand at \$51,550<sup>(1)</sup>
- Average secondhand price index increased on average by about 30% in 21Q1 over 20Q4
  - Price increases varied across different age groups with the elder vessels increasing by more than 100%
- Newbuilding prices (no scrubber/China built) were increased by circa 10% in 21Q1, on the back of steel prices being on the rise and fresh interest for N/B's on the back of containership market rises
- Idle fleet: 0.24m teu as of end-May 2021 (i.e. 1.0% of the fleet which majority is Iranian controlled sanctioned vessels)
  - This is down from 2.7m teu as of middle May 2020
- Scrapping decreased in Q1 to only 10 ships or 8,060 teu
  - Prices increased to \$500/lwt due to high demand for steel
- The fleet has grown by 1.0 % YTD (without accounting for idle vessels reactivation/idling)
- Order book has been significantly increased focusing on the larger vessels currently standing at ~17.6% from about 10% just three months ago

# World GDP & Shipping Demand Growth

**COVID-19 Pandemic has dramatically and negatively changed the economic & world trade environment for 2020 however, global policy support and vaccine rollouts are expected to power a stronger global economic recovery in 2021 onwards as evidenced so far**

Real GDP (% p.a. - IMF)	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
USA	2.6	1.5	2.3	2.9	2.3	-3.5	6.4(5.1)	3.5(2.5)	1.4(2.3)
Eurozone	2.0	1.8	2.4	1.8	1.2	-6.6	4.4(4.2)	3.8(3.6)	1.9(2.2)
Japan	0.5	1.0	1.8	1.0	0.7	-4.8	3.3(3.1)	2.5(2.4)	1.1(1.2)
China	6.9	6.7	6.8	6.6	6.1	2.3	8.4(8.1)	5.6(5.6)	5.4(5.7)
India	7.6	7.1	6.7	7.1	4.2	-8.0	12.5(11.8)	6.9(6.8)	6.8(7.6)
Russia	-3.7	-0.2	1.8	2.3	1.3	-3.1	3.8(3.0)	3.8(3.9)	2.1(2.1)
Brazil	-3.8	-3.6	1.1	1.1	1.1	-4.1	3.7(3.6)	2.6(2.6)	2.1(2.2)
ASEAN-5	4.8	4.9	5.3	5.2	4.8	-3.4	5.2(5.2)	6.0(5.7)	5.7(5.6)
<b>World</b>	<b>3.4</b>	<b>3.2</b>	<b>3.7</b>	<b>3.6</b>	<b>2.9</b>	<b>-3.3</b>	<b>6.0(5.5)</b>	<b>4.4(4.2)</b>	<b>3.5(3.8)</b>

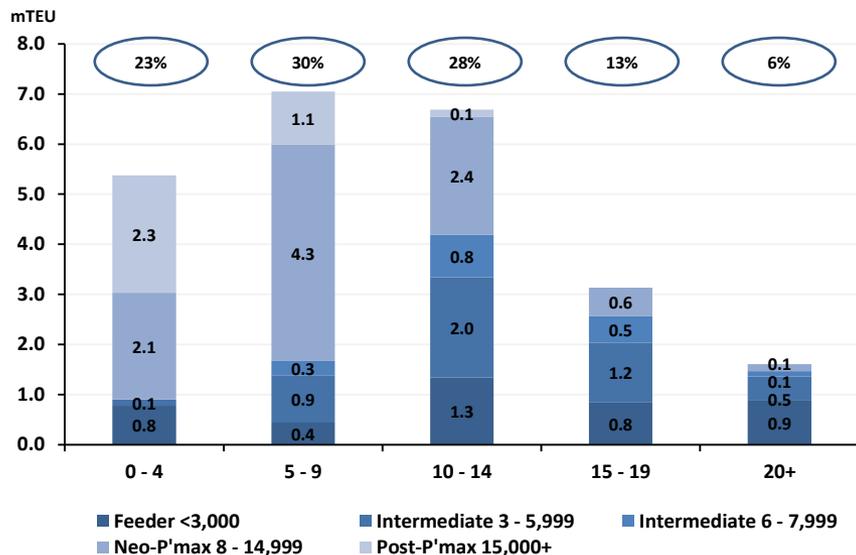
## Containerized Trade (% p.a.)

TEU-miles	1.2	4.0	5.6	3.5	1.7	-1.2	5.5(5.4)	3.4(3.5)	3.5
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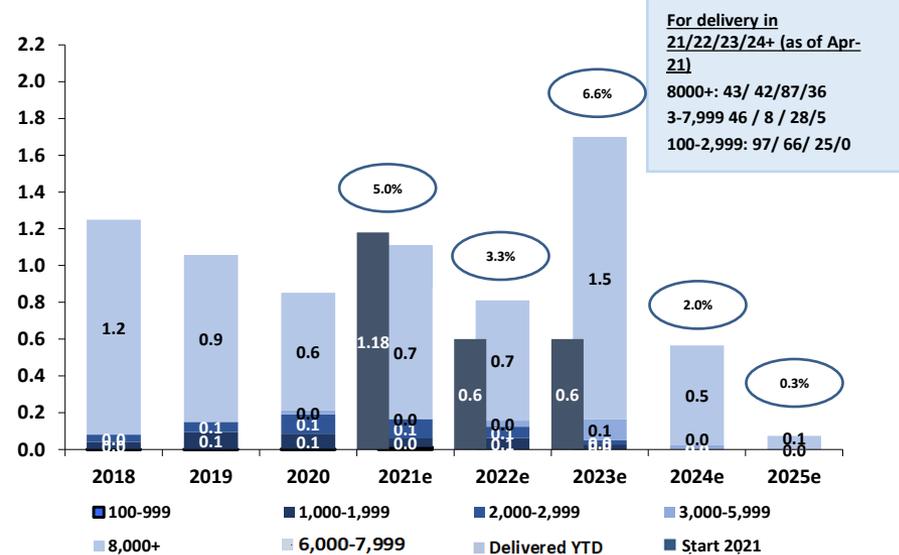
Trade and growth projections are being continuously revised as the Coronavirus (Covid-19) effects on world growth and trade are being assessed.

# Age Profile and Orderbook

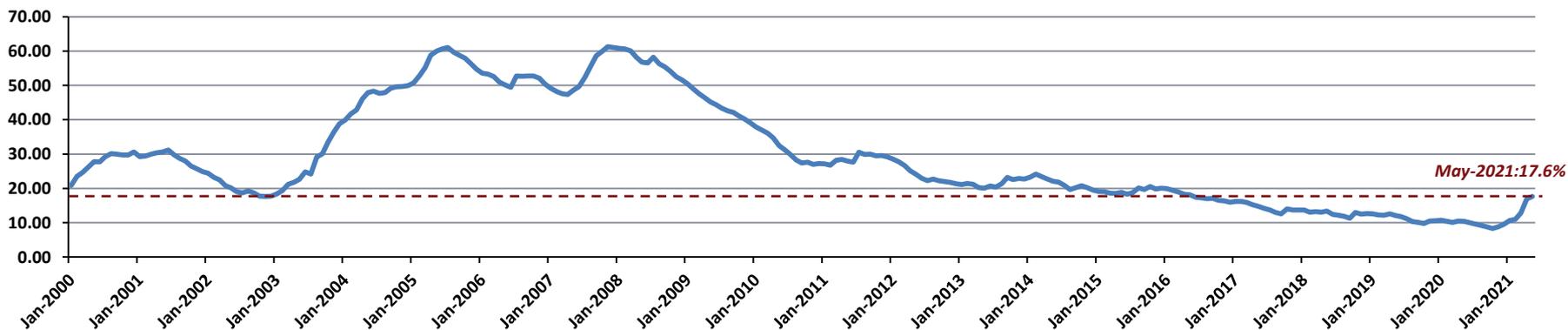
## Age Profile



## Containership Orderbook



## Orderbook as % of fleet



Source: Clarksons Research

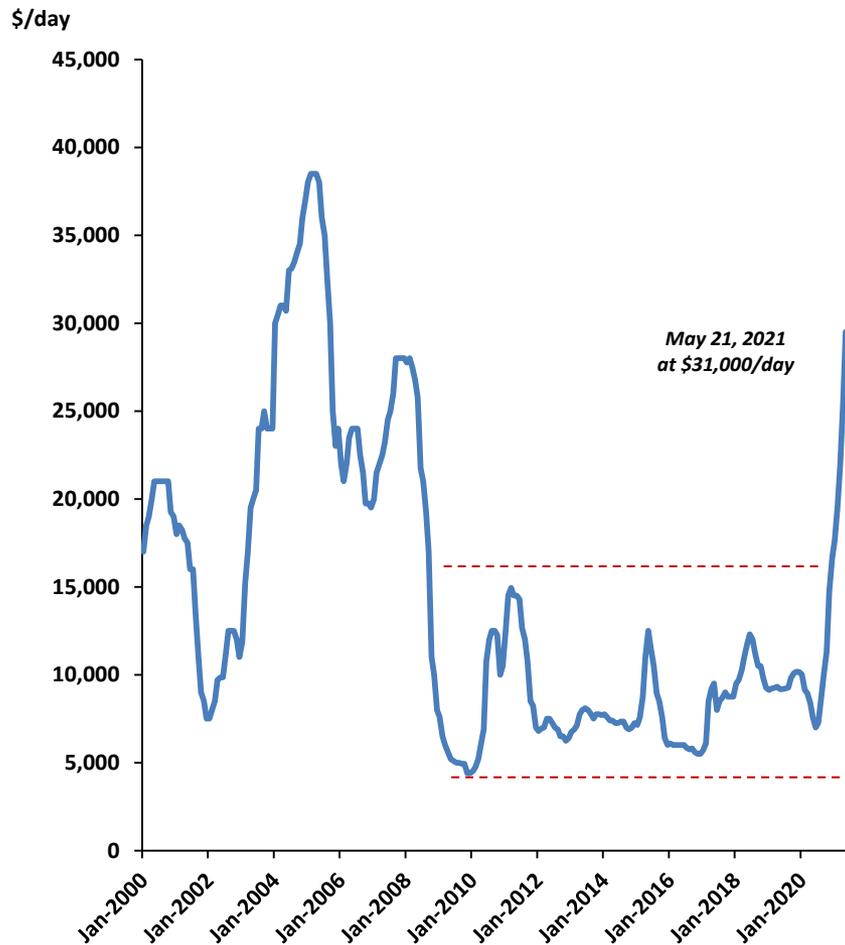
(\*) Percentage figures for years 2021, 2022 and 2023 indicate scheduled deliveries only; percentages in previous years show net fleet growth accounting for scrapping and other fleet changes

# Outlook Summary

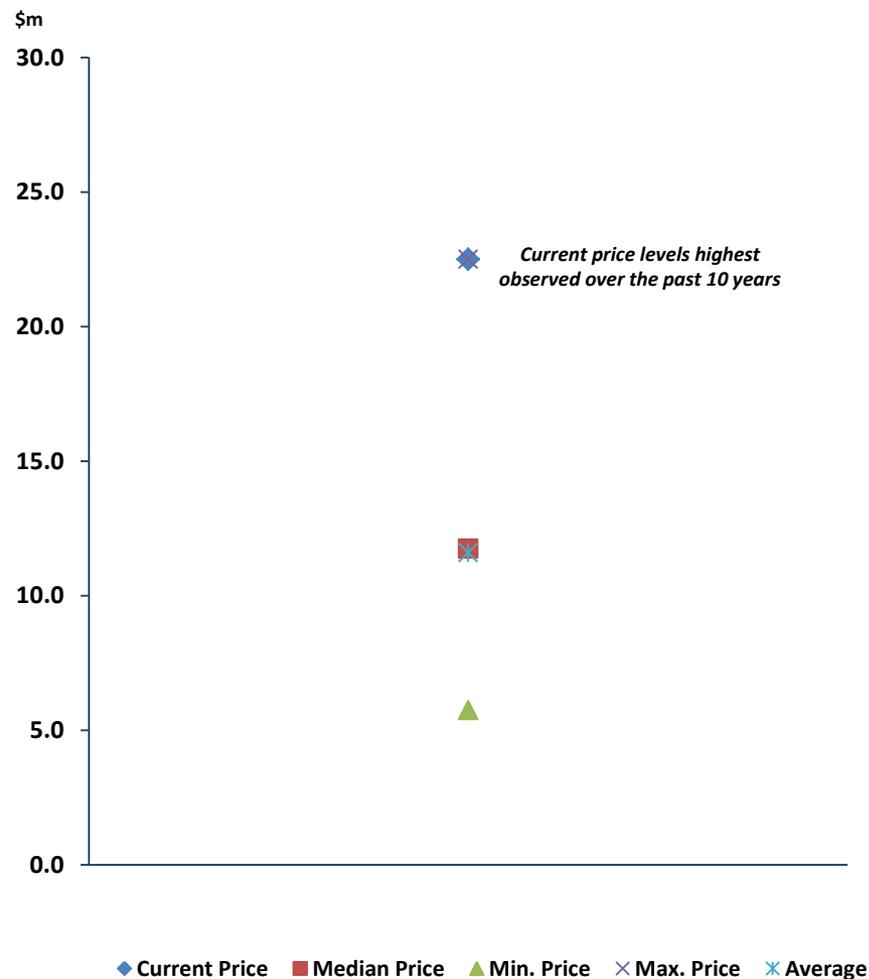
- The unknown duration of the pandemic and its financial consequences render any type of modeling very difficult; however, if the vaccines help provide a containment of COVID-19 by H1 2021, as widely anticipated, we can expect significant global demand growth
- Current logistical bottlenecks expected to remain in 2021
- In 2021, overall demand is expected to be significantly stronger than 2020 and higher than the supply growth. This, of course, supports optimism for even stronger rates; however, we have already seen significant rate appreciation over the last three months, surpassing the highest levels of the last decade, so a modest correction if and when logistical bottlenecks ease cannot be ruled out
- Longer term fundamentals are hard to predict and, as always, will depend a lot on the vessel ordering rate and the rate of growth of demand for containerships.
  - As orderbook increased to about 17.6% of the fleet (from about 10% in the beginning of the year), expected deliveries from 2023 onwards are increasing significantly, mainly, for the larger sizes
  - The orderbook for smaller vessels still remains at historically low levels and it appears that in good yards there is no availability until the end of 2023
  - Deliveries scheduled for 2021 and 2022 remain extremely small creating a good environment suggesting rate support and, possibly, further rate rises in the next two years

# 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 2020 and 2021

<i>(in million USD except per share amounts)</i>	First Quarter		Change %
	2020	2021	
Net Revenues	15.4	14.3	-7.3%
Net (Loss) / Income	2.0	3.8	
Preferred & Preferred Deemed Dividends	(0.2)	(0.2)	
Net (Loss) / Income attributable to Common Shareholders	1.8	3.6	
Interest & Finance Costs, net <sup>(1)</sup>	(1.2)	(0.7)	
Depreciation	1.7	1.6	
(Gain) / Loss on Sale of Vessels	0.0	0.0	
Amortization of below market charters	(0.8)	0.0	
Unrealized Loss (Gain) On Derivatives	0.0	(0.5)	
Adjusted EBITDA <sup>(2)</sup>	4.1	5.6	37%
<b>Adj. Net (Loss)/Income attributable to Common Shareholders</b>	<b>1.0</b>	<b>3.0</b>	
<b>Weighted average numbers of shares, diluted</b>	<b>5,576,975</b>	<b>6,749,393</b>	
<b>Adj. Net (Loss)/Income per share, diluted</b>	<b>0.17</b>	<b>0.45</b>	

**Notes:**

1) Including interest income

2) See press release of May 25, 2021 for Adjusted EBITDA reconciliation to Net Income / (Loss)

# Fleet Data for the First Quarter of 2020 and 2021

<i>(in million USD except per share amounts)</i>	First Quarter	
	2020	2021
<b>Number of vessels</b>	<b>19.0</b>	<b>14.0</b>
<b>Utilization Rate<sup>(1)</sup></b>		
Operational	96.2%	96.7%
Commercial	98.9%	100.0%
Overall	95.1%	96.7%
<i>(usd/day/vessel)</i>		
<b>Time Charter Equivalent (TCE)<sup>(2)</sup></b>	<b>\$9,615</b>	<b>\$12,134</b>
Operating Expenses		
Vessel Oper. Exp.exlc. DD exp.	5,417	6,310
G&A Expenses	464	604
<b>Total Operating Expenses</b>	<b>\$5,881</b>	<b>\$6,914</b>
Interest Expense	724	551
Drydocking Expense	13	65
Loan Repayments without Balloons	1,900	1,734
Preferred dividend in cash	93	73
<b>Breakeven/day</b>	<b>\$8,611</b>	<b>\$9,337</b>

**Notes:**

- 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 zero for the first quarter of 2020 and 2021 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

# 2021 EBITDA Calculator

This slide provides a calculation tool for our shareholders and investors to assess the earnings potential in 2021 onwards, based on our existing coverage as well as the potential incremental contribution from our open days

EBITDA Calculator: 2021 to 2023	2021Q1 actual	2021Q2E	2021Q3E	2021Q4E	2021E	2022E	2023E
Calendar Days	1,260	1,274	1,288	1,288	5,110	5,110	5,110
Available days for hire	1,219	1,252	1,269	1,260	5,000	5,021	5,086
Contracted Days	1,219	1,252	1,088	879	4,438	2,437	1,100
Coverage (%)	100%	100%	86%	70%	89%	49%	22%
Average TC rate Contracted (\$/day)	12,134	15,209	16,525	17,882	15,217	19,561	22,367
<b>(A) Contracted EBITDA</b>	<b>5.6</b>	<b>9.2</b>	<b>9.4</b>	<b>8.7</b>	<b>32.8</b>	<b>27.9</b>	<b>15.5</b>
Open Days	0	0	181	381	562	2,584	3,986
<b>Indicative EBITDA Contribution assuming same rates as of current contracted rates</b>							
Assumed Average TC rate of open days		15,209	16,525	17,882	15,217	19,561	
<b>(B) EBITDA Contribution, Open Days</b>		<b>0.0</b>	<b>1.6</b>	<b>3.8</b>	<b>5.3</b>	<b>29.6</b>	
<b>(A+B) Total EBITDA</b>	<b>5.6</b>	<b>9.2</b>	<b>10.9</b>	<b>12.4</b>	<b>38.1</b>	<b>57.4</b>	

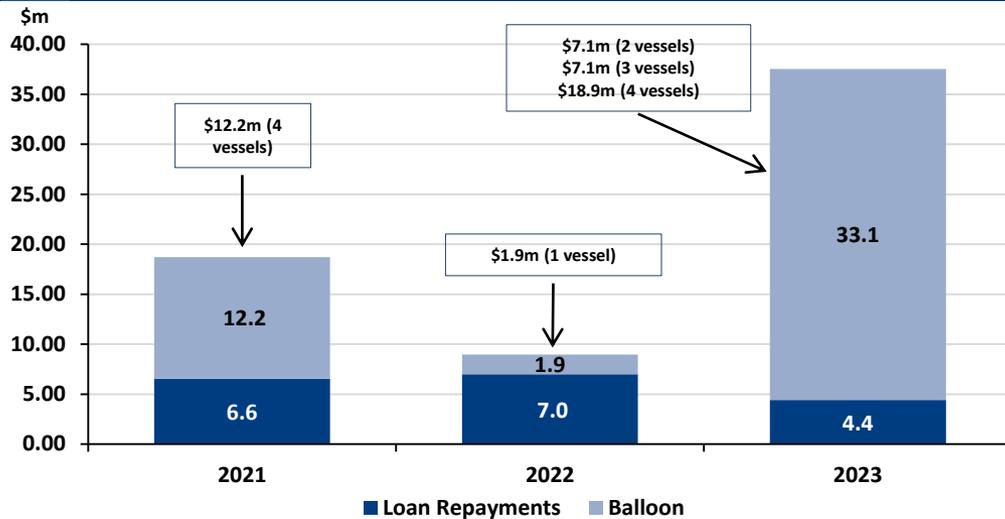
- Indicatively, Open Days in 2021 and 2022 are shown earning the average of currently contracted TC rates
- Alternatively, at current market 1-yr TC rates, the average daily earnings of Open Days would be in excess of \$30,000/day (see New ConTex Index)

## EBITDA Calculation Assumptions (Q2-Q3-Q4 2021/2022/2023)

1. "Available days for hire" reflects assumptions about schedule drydockings
2. Average contracted TC rate has been calculated based on the existing charter coverage on a vessel-by-vessel basis
3. For "Open Days" and for illustration purposes only, the table shows the current average contracted TC rate.
4. OPEX and G&A/vessel/day assumed at \$6,900 for future periods; commissions of 6.25% on market rates

# Debt Repayment Profile

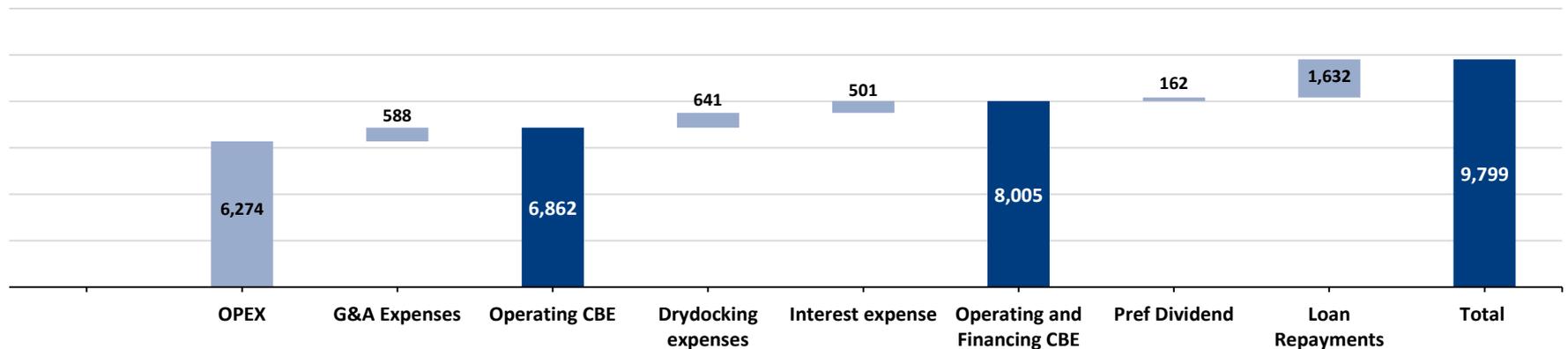
## Debt Repayment Profile



### Cost of funding:

Outstanding bank debt of \$64.9m with average margin of about 3.6%; assuming LIBOR of 0.3%, our cost of senior debt is 3.9%. Including the preferred stock, treated as (junior) debt, our combined cost of non-equity funding is around 4.0%

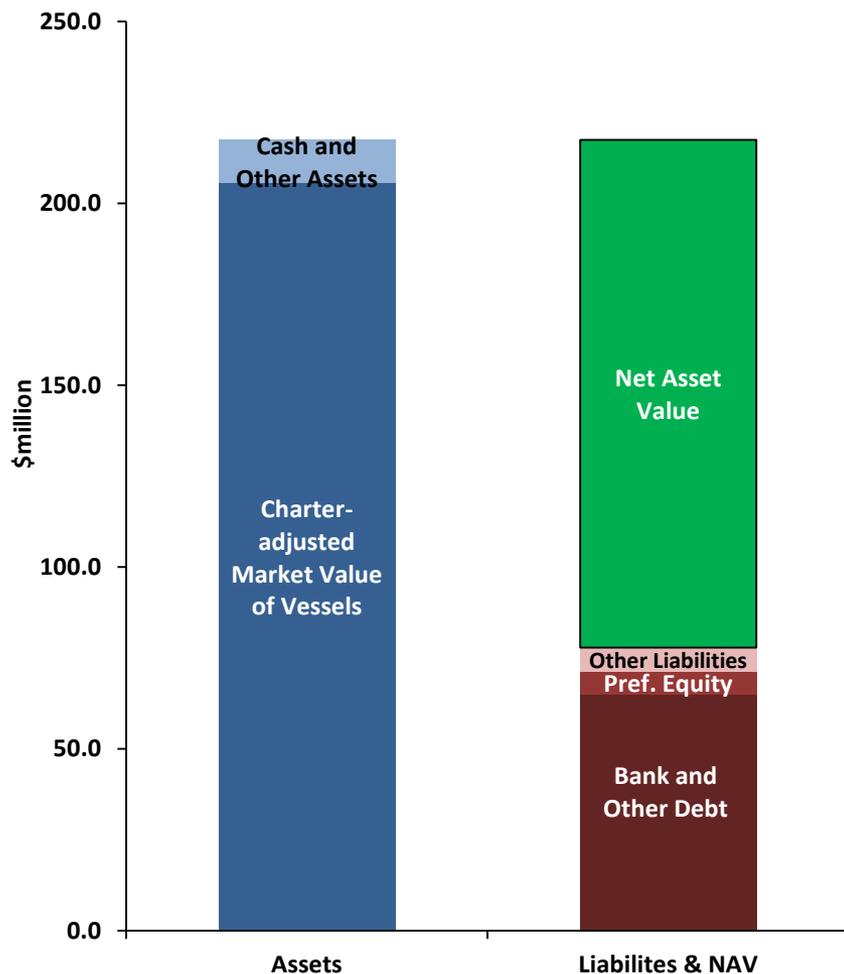
## Cash Flow Break Even Estimate for the Next 12 months (\$/day)



# Balance Sheet Highlights

## Euroseas Capital Structure (3/31/21)

*Pro forma May-21 Market Values*



## Notes

### Assets

- Cash & Other assets: \$12.0m
- Vessels book value: \$97.1m
- Total assets (at book value): \$109.1m

### Liabilities

- Bank & other debt: \$64.9m
- Preferred Equity: \$6.4m
- Other liabilities: \$6.6m

### Net Asset Value

- Using the charter-adjusted market value of vessels estimated about \$230m<sup>(\*)</sup>  
=> Net Asset Value around \$165m, or, around \$24/share
- Recent share price trading range of \$12 to \$16/share represents a discount to the value of the company

*(\*) Based on Company estimates as of end-May 2021*

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