



EUROSEAS LTD

Earnings Presentation

**Quarter & Nine Month Period
Ended September 30, 2018**

November 16, 2018



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 dry-bulk 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.

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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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2018 Third Quarter Overview

- Financial Highlights - Third Quarter Months of 2018:

	Third Quarter	
Net Revenues	\$8.3 m	
Net (Loss)/Income	(\$0.9) m	
Preferred Dividends	(\$0.2) m	
Adj. Net Loss Available to Common Shareholders ⁽¹⁾	(\$1.1) m	(\$0.10) / share ⁽²⁾
Adj. EBITDA ⁽¹⁾	\$0.6 m	

(1) See press release of 11/15/2018 for reconciliation of Adj. Net (Loss)/Income Available to Common Shareholders to Net (Loss)/Income and Adjusted EBITDA.

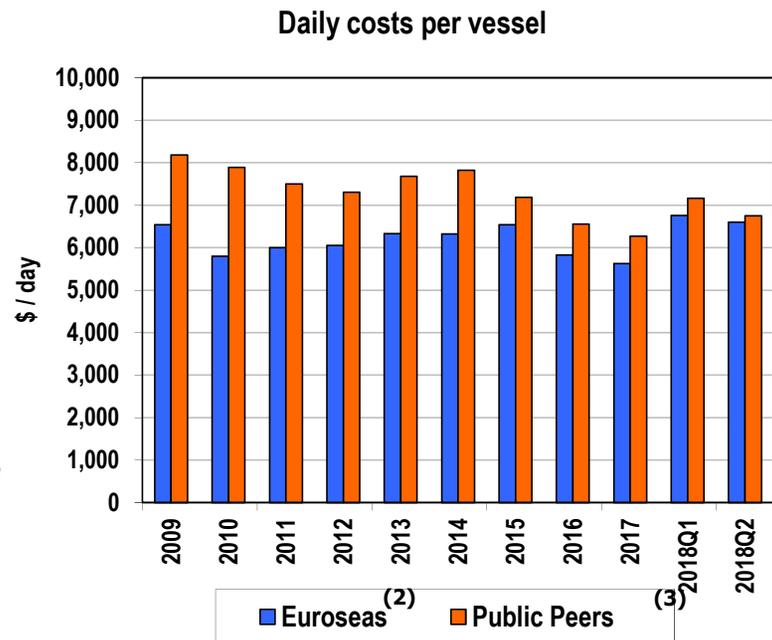
(2) Basic and diluted

Chartering & Operational Highlights

- Akinada Bridge
 - Upon expiry of its charter on July 30th the vessel remained idle for 17 days;
 - Then, she was fixed to carry empty containers for a 40-day trip which produced a TCE rate of about \$3,450/day.
 - Thereafter, and since, 27/9 the vessel remained idle and was recently fixed until September 2019 at \$8,500/day
- Ninos
 - Extended for min 140 days – max 175 days at \$9,750/day
- Kuo Hsiung
 - Extended for min 140 days – max 175 days at \$9,750/day
- Aegean Express
 - Extended for 3 to 5 months at \$9,250/day
- EM Oinousses
 - Extended for 4 to 10 months at \$9,500
- EM Astoria
 - The vessel completed the repairs it undertook successfully following the propeller damage that occurred in May 2018. Insurance will cover most of the costs apart from the loss of hire during the repair period.
 - The vessel re entered charterers service on October 2nd 2018 to complete her charter and was subsequently re chartered for \$9,650 a level above her previous charter of \$8,000

Pillar of Success: Fleet Management & Operational Performance

- Operational Fleet utilization rate in excess of 99.4% over last 5 years
 - Outstanding safety and environmental record
 - For 2018Q3, operational fleet utilization 90.6% and commercial 97.9%
 - For 2017Q3, operational fleet utilization 100% and commercial 100%
- Overall costs achieved are amongst the lowest of the public shipping companies



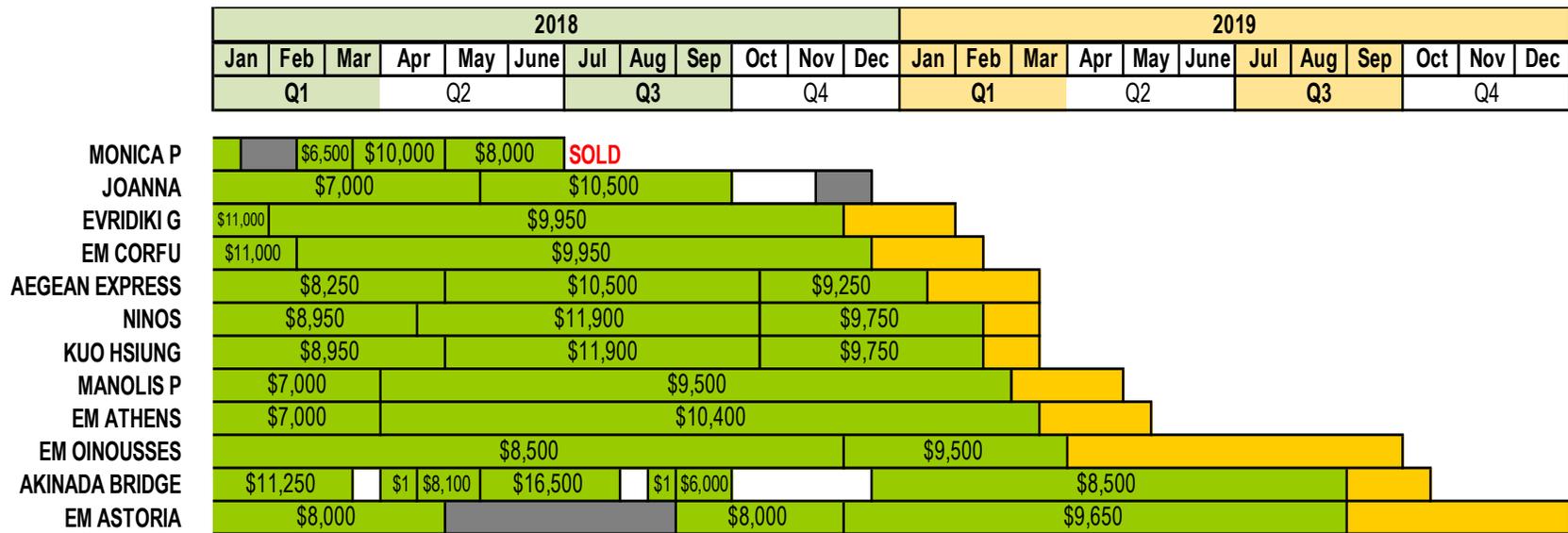
(1) Includes running cost, management fees and G&A expenses (not drydocking expenses)

(2) 2009 figure was increased by abt \$600/day to account for the lower cost of the 3 laid-up vessels; 2010 figure was increased by abt \$300/day to account for the lower cost of the laid-up vessels (2 in 2010H1 and 1 in 2010Q3);

(3) Peer group currently includes DCIX, GSL, EGLE, SSW, CMRE, DSX, GNK, DAC, SBLK, & SB based on company filings till 2017Q4 and DCIX, GSL, DSX, SSW, CMRE, DAC

Vessels Employment Chart

Coverage : Abt 95% in 4Q2018 (based on min durations)



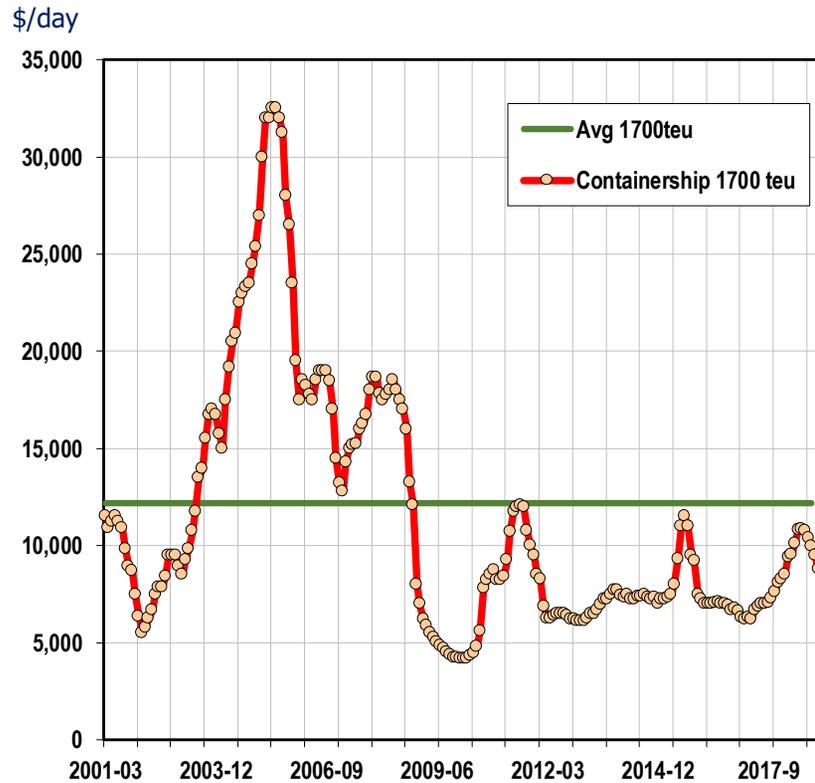
Min TC Period ■ Redelivery range ■ Options ■ Dry-Dock ■ Idle ■

Containership Market Highlights

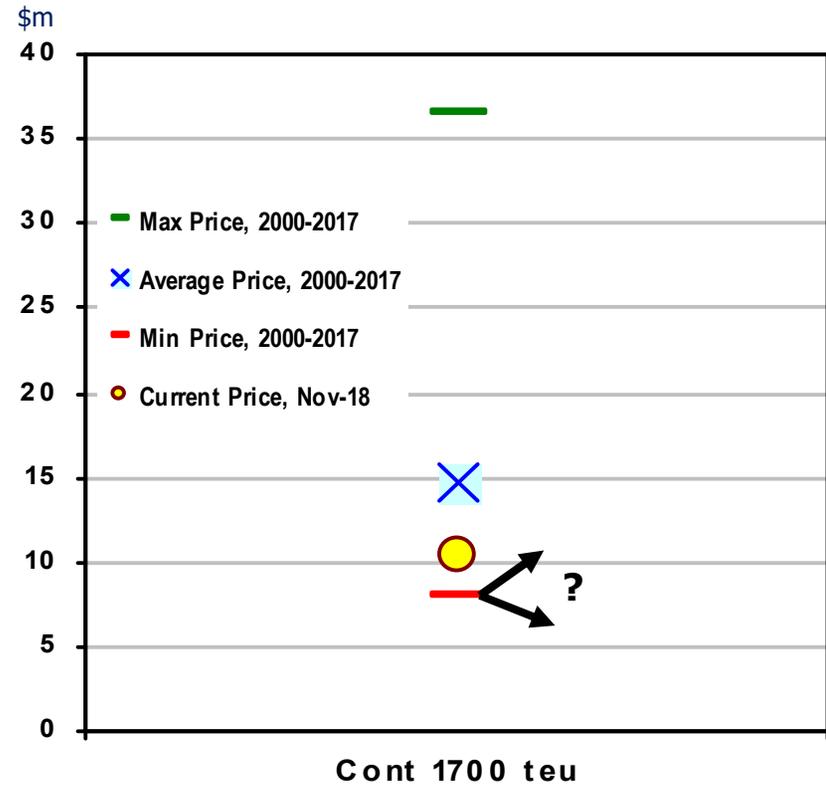
- Time charter rates in Q3 for feeder and intermediate size vessels ranging from 1,000-5,600 teu have all fallen abt 10-40% on average with bigger drop in the above 4,000 teu sizes
 - The 1,700 teu geared vessel fell from an average of \$10,800 in Q2 to \$9,950 in Q3 and currently stand at \$8,500
 - The 2,500 teu geared vessel fell from an average of \$11,683 in Q2 to \$11,233 in Q3 and currently stand at \$9,500
- Average secondhand prices for older than 20-yr old vessels fell to their scrap prices in Q3, however, for younger vessels of about 10yrs old the drop seems to be less
- Newbuilding prices rose abt \$0.5 and 2.5m for vessels of 1,700 and 2,500 teu, from \$25.5m to \$26m and from \$32m to \$34.5m, respectively (Clarkson Data)
- Idle fleet: 662k teu i.e. about 3% of the fleet, as of Oct 29 (Alphaliner)
- Scrapping was very slow in Q3 however, in the last few weeks and following the market deterioration we see accelerated scrapping
- The fleet grew by 5.2% YTD (without accounting for idle vessels reactivation/idling)

Market Snapshot – Investment Opportunities

1700 teu 1-Year Time Charter Rate



10 Year Old Historical Price Range



Source: Clarksons

World GDP & Shipping Demand Growth

Real GDP (% p.a. - IMF)	2012	2013	2014	2015	2016	2017	2018	2019	2020
USA	2.8(1.8)	1.9 (1.2)	2.4 (2.8)	2.6 (3.6)	1.5(2.6)	2.3(2.3)	2.9(2.9)	2.5(2.7)	1.8(1.9)
Eurozone	-0.7 (-0.5)	-.0.5 (-0.4)	0.9 (1.0)	2.0(1.2)	1.8(1.7)	2.4(1.6)	2.0(2.0)	1.9(1.9)	1.6(1.7)
Japan	1.4(1.7)	1.5 (2.0)	-0.1 (1.7)	0.5(0.6)	1.0(1.0)	1.8(0.9)	1.1(1.0)	0.9(0.9)	0.3(0.3)
China	7.7 (8.2)	7.7 (7.6)	7.4 (7.5)	6.9 (6.8)	6.7(6.3)	6.8(6.7)	6.6(6.6)	6.2(6.4)	6.2(6.3)
India	3.2 (7.0)	4.4 (3.8)	7.2 (5.4)	7.6 (6.3)	7.1(7.5)	6.7(6.6)	7.3(7.3)	7.4(7.5)	7.7(7.9)
Russia	3.4 (3.0)	1.3 (1.5)	0.6 (2.0)	-3.7 (-3.0)	-0.2 (-1.0)	1.8(-0.6)	1.7(1.7)	1.8(1.5)	1.8(1.5)
Brazil	1.0 (3.0)	2.3 (2.5)	0.1 (2.3)	-3.8 (0.3)	-3.6(-3.5)	1.1(-3.5)	1.4(1.8)	2.4(2.5)	2.3(2.2)
ASEAN-5	6.2 (4.8)	5.2 (5.0)	4.6 (5.1)	4.8 (5.2)	4.9 (4.8)	5.3(4.8)	5.3(5.3)	5.2(5.3)	5.2(5.4)
World	3.1 (3.3)	3.4(3.5)	3.4 (3.7)	3.4(3.6)	3.2 (3.4)	3.7(3.4)	3.7(3.9)	3.7(3.9)	3.7(3.8)

Containerized Trade (% p.a.)

TEU/miles	3.1 (7.0)	5.1 (4.8)	5.4 (6.1)	1.2(6.7)	3.8(4.0)	5.2(4.2)	3.4(4.8)	3.8(4.5)	3.8
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Notes

- 1) Data for 2012-2015 are based on teus. Clarksons provide historical data from 2015 onwards.
- 2) Beginning of Year estimates for 2015/16/17 are for teus. Actual growth for the same years has been adjusted to tonemiles
- 3) 2018/19/20 data is expressed in tonemiles only

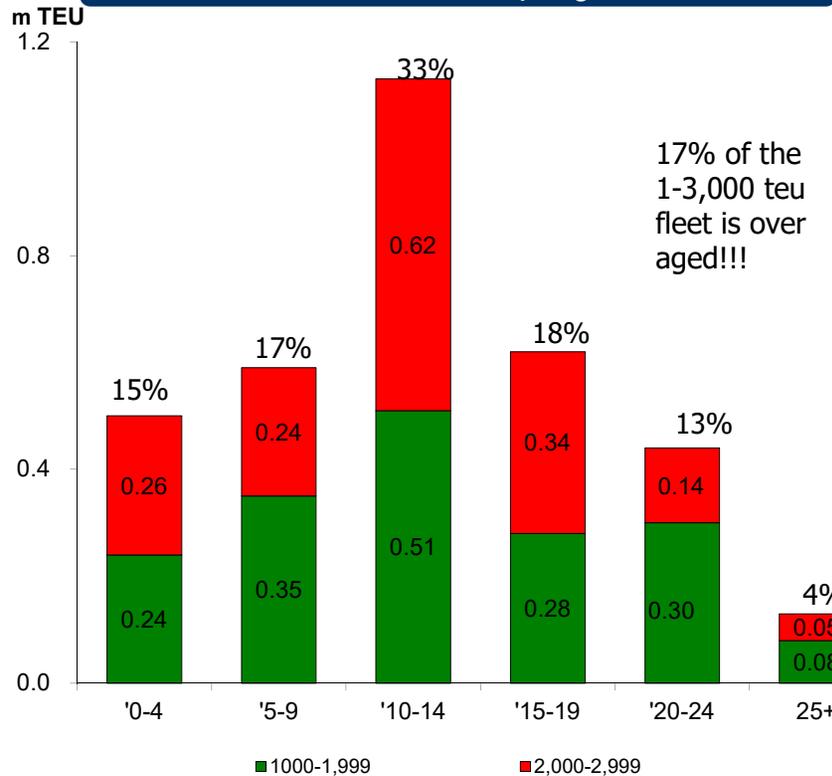
Sources:

GDP : International Monetary Fund: 2012-2017, (start of year estimates in parentheses), 2018/19 /20 IMF Forecasts (Oct-18). In parentheses, previous estimates for 2018 and 2019 as of Jul-2018, for 2020 as of Apr-18

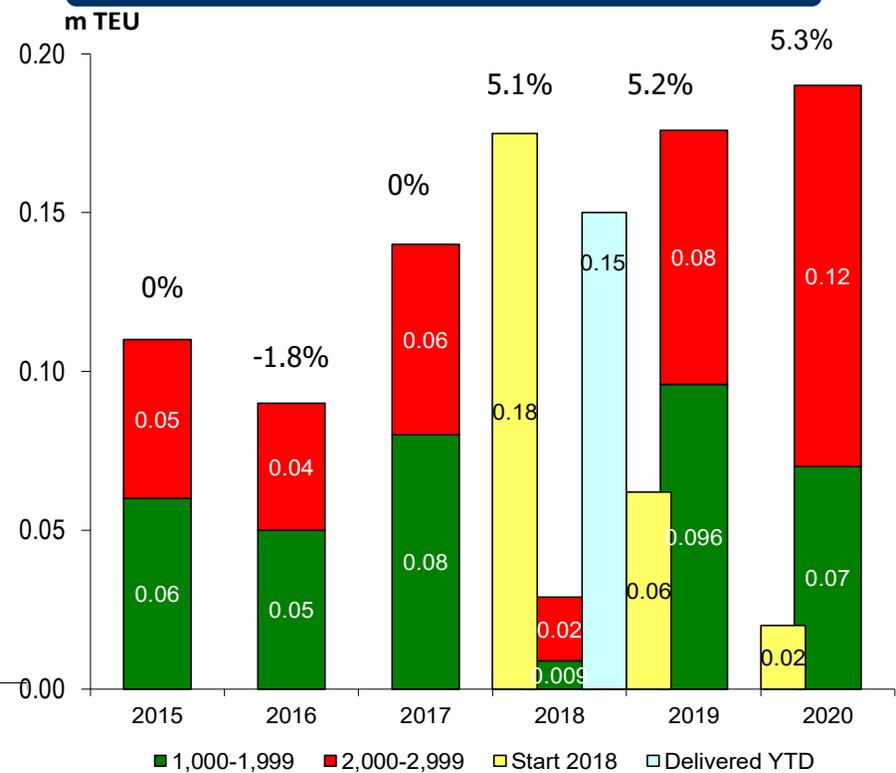
Trade: 2012-2017: Figures in parenthesis indicate beginning of Year estimates from Clarkson
2018/19 Clarkson (Oct 2018), 2020 Company estimates. Previous estimates in parenthesis (Jun-18).

1000-3000 teu Fleet Age Profile & Orderbook Delivery Schedule

Feeder Containership Age Profile



Container Feeder Orderbook



Fleet growth of feeder fleet expected to be around 4% in 2018 (taking scrapping trends into account)

Notes:

1. Fleet percent change in 2015/16/17 includes scrapping and other additions and removals.
2. In 2018/19/20 deliveries are given as percent of fleet of previous year calculated without accounting for scrapping, other removals or conversions.

Source: Clarksons



Outlook Summary

- Following the fall in demand since the beginning of H2 this year we expect the supply/demand balance to be negative in 2018 despite the positive signs in the H1 of the year. Weak demand in Europe, soft Intra Asia growth and negative sentiment due to the announced trade war is eroding demand growth.
 - The fundamentals for the sub 5,000 teu vessels remain favorable as the orderbook remains historically low despite the recent feeder ordering
- There are concerns that the trade war that the US government has triggered may further dampen demand going forward.
- The order book for 2019/20 is low suggesting that supply pressures will be less than in 2018 but the built-up again of the idle fleet is delaying any upside in rates. Expecting market to improve in Q2 2019 onwards
- Environmental regulations coming into effect in 2020 could result in further slow-steaming which in turn will require more ships, improve the demand-supply balance and likely lead to higher charter rates unless we see significant number of new orders

An aerial photograph of a large white cargo ship sailing on the ocean. The ship has a prominent blue star on its funnel. The text 'Financial Overview' is overlaid in red on the ship's deck area.

Financial Overview

Financial Highlights: Third Quarter & Nine Months of 2017 and 2018

Euroseas Continuing Operations <i>In million USD except per share amounts</i>	Third Quarter		Change	Nine Month Period		Change
	2017	2018	%	2017	2018	%
Net Revenues	5.7	8.3	46%	16.0	26.4	65%
Net (Loss)/Income	(5.5)	(0.9)		(7.6)	(0.1)	
Preferred Dividends	(0.5)	(0.2)		(1.3)	(1.1)	
Net (Loss)/Income available to Common Shareholders	(5.9)	(1.1)		(9.0)	(1.2)	
Loss on write down of vessel held for sale	4.6	0.0		4.6	0.0	
Gain on Sale of Vessel	0.0	0.0		(0.5)	(1.3)	
Unrealized & Realized Loss (Gain) On Derivatives	(0.0)	0.1		0.0	0.0	
Adjusted EBITDA ⁽¹⁾	0.5	0.6	42%	0.4	3.1	653%
Adj. Net Loss attributable to Common Shareholders	(1.3)	(1.1)		(4.9)	(2.5)	
Adj. Net (Loss)/Income per share, basic & diluted ⁽²⁾	(0.12)	(0.10)		(0.44)	(0.23)	

All data provided with the company's vessels excluding the vessels spun-off

(1) See press release of 16/Nov/2018 for Adjusted EBITDA reconciliation to Net (Loss)/Income and Cash Flow from Operations.

(2) Available to Common Shareholders; calculated on 11,093,672 & 11,051,957 for Q3 & 9 Month Period of 2017 and on 11,183,899 & 11,150,659 for Q3 & 9 Month Period of 2018

Fleet Data for 3rd Quarter & Nine Month Period of 2017 and 2018

<u>Fleet Statistics</u>	Third Quarter		Nine Month Period	
	2017	2018	2017	2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Number of vessels	9.02	11.00	8.58	11.64
Utilization Rate (%)				
Operational ⁽¹⁾	100.0%	90.6%	99.7%	94.8%
Commercial ⁽¹⁾	100.0%	97.9%	98.1%	98.5%
Overall ⁽¹⁾	100.0%	88.5%	97.9%	93.3%
Averages in usd/day/vessel				
Time Charter Equivalent (TCE)⁽²⁾	\$ 7,094	\$ 9,704	\$ 6,993	\$ 9,371
Operating Expenses				
Vessel Oper.Exp.excl.DD Exp	5,381	5,399	5,219	5,722
G&A Expenses	656	594	838	646
Total Operating Expenses	6,037	5,993	6,057	6,368
Interest Expense	417	594	442	549
Drydocking Expense	125	1,248	60	767
Loan Repayments without Balloons	2,096	892	1,086	982
Breakeven/day	\$ 8,675	\$ 8,727	\$ 7,645	\$ 8,666

All data provided the company's vessels excluding the vessels spun-off

- (1) Utilization Rate is calculated excluding scheduled offhire (drydockings and special surveys) and vessels in lay-up. Scheduled offhire days including vessels laid-up amounted to 31.2 and 68.9 for the third quarter and the nine month period of 2018.
- (2) TCE calculation shows the gross rate the vessels earn while employed; it excludes periods during which the vessels are laid-up or offhire for commercial or operational reasons

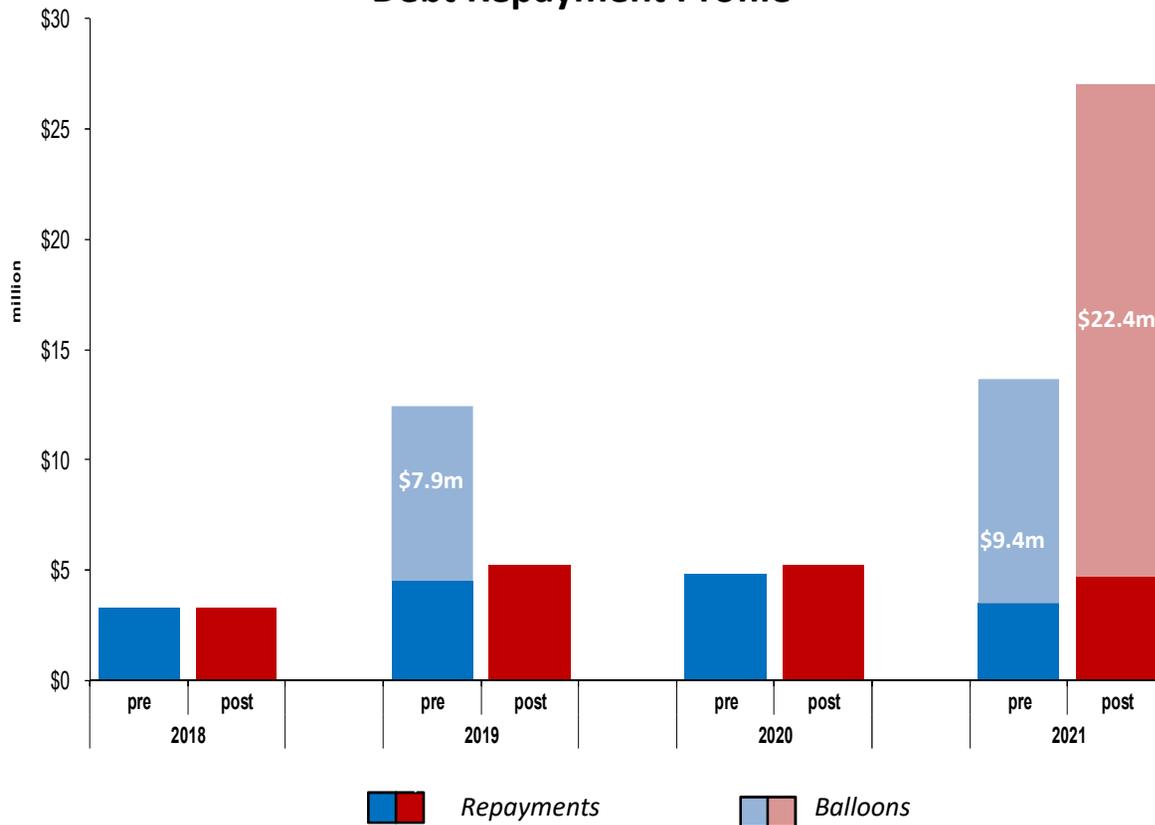
Balance Sheet Highlights & Debt Refinancing

- As of September 30, 2018
 - Debt: \$31.8m (net of deferred charges)
 - Preferred Equity: \$19.4m
 - Loan-To-Value ratio ('LTV'): about 45%
 - Cash: \$9.0m
 - Other current liab., net (excl. debt): \$5.3 m

- Funding future growth
 - Exploit low leverage / debt refinancing: \$45m reducing revolving facility
 - Available for drawing in multiple tranches for a period of 18 months
 - Up to 50% of the market value refinancing of existing 9 ships; expected to generate about \$4m of unrestricted cash
 - Ability to substitute vessels of similar specification
 - Process in customary documentation
 - Use the Company's ongoing At-The-Market ("ATM") offering

Debt Profile Pre- And Post-Refinancing

Debt Repayment Profile



Cash Flow Breakeven

➤ Budget estimate for next 12 months:

	\$/vessel/day
OPEX	\$ 5,550
G&A	\$ 600
Interest	\$ 550
Drydock	\$ 250
Loan Rpmt(*)	\$ 1,200
TOTAL	\$ 8,150

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