



## Earnings Presentation

Quarter Ended December 31, 2018 &  
Full Year 2018

February 20, 2019



## 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.*

*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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## 2018 Fourth Quarter & Twelve Months Overview

- Financial Highlights - 2018:**

	Fourth Quarter		Twelve Months	
Net Revenues	\$8.0 m		\$34.4 m	
Net Loss	(\$0.5) m		\$(0.7) m	
Preferred Dividends	(\$0.2) m		\$(1.3) m	
Net Loss Available to Common Shareholders <sup>(1)</sup>	(\$0.8) m	(\$0.07) / share <sup>(2)</sup>	\$(2.0) m	(\$0.18) / share <sup>(2)</sup>
Adj. Net Loss Available to Common Shareholders <sup>(1)</sup>	(\$0.8) m	(\$0.07) / share <sup>(2)</sup>	\$(3.3) m	(\$0.29) / share <sup>(2)</sup>
Adj. EBITDA <sup>(1)</sup>	\$1.2 m		\$4.3 m	

(1) See press release of 2/20/2019 for reconciliation of Adj. Net Loss Available to Common Shareholders to Net (Loss)/Income and Adjusted EBITDA.

(2) Basic and diluted

## Chartering & Operational Highlights

### Chartering:

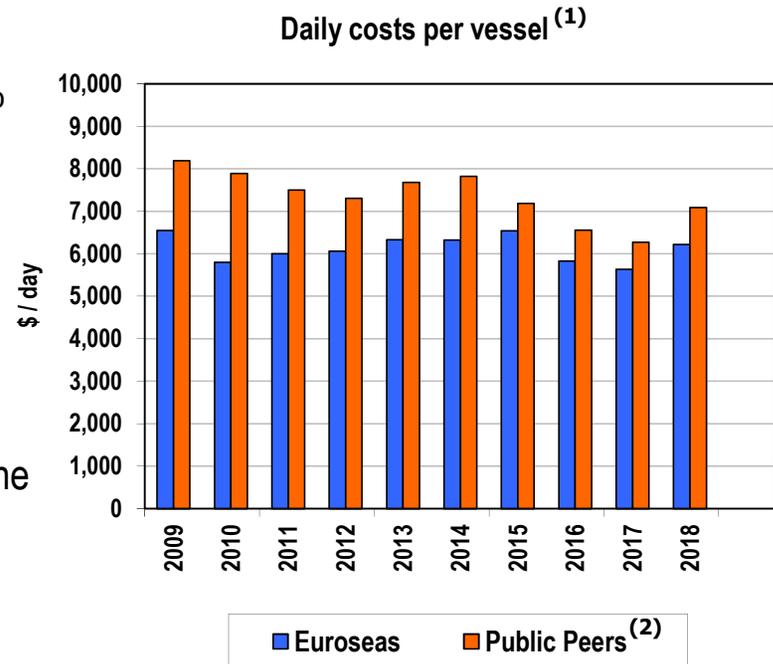
- Akinada Bridge: fixed for min 31/08/19 and max 15/10/19, was at \$1 for the first 17 days till 12/12/18 and thereafter \$8,500/day. Vessel remained idle for a total of 50 days during Q4 2019
- Evriliki G: fixed for min 01/09/19 and max 31/10/19, at \$1 for the first 13 days thereafter \$12,000/day
- EM Astoria: extended for 9 to 13 months at \$9,650/day
- EM Oinousses: extended for 4 to 10 months at \$9,500/day
- Joanna: fixed for a voyage of 18 days at about \$6,500, then fixed for 15 days at \$7,500/day, thereafter vessel fixed for 12 months at 6,650/day. Vessel remained idle for a total of 46 days during Q4 2019
- EM Corfu: fixed for 12 months at \$11,600/day
- Aegean Express: extended for 3 to 5 months at \$7,500/day
- Manolis P: extended for 12 months at \$6,800
- Kuo Hsiung: Extended for min 140 max 175 days at \$7,750/day, effective early March
- Ninos: Extended for min 140, max 175 at \$7,750/day, effective early March
- EM Athens: fixed for min 01/09/2019 and max 31/10/19, at \$9,000/day

### Operations:

- Joanna: The vessel completed its Special Survey in Piraeus during 2018Q4 / 2019Q1

## 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 2018Q4, operational fleet utilization 99.9% and commercial 90.8%
  - For 2017Q4, operational fleet utilization 98.7% and commercial 98.6%
- Overall costs achieved are amongst the lowest of the public shipping companies

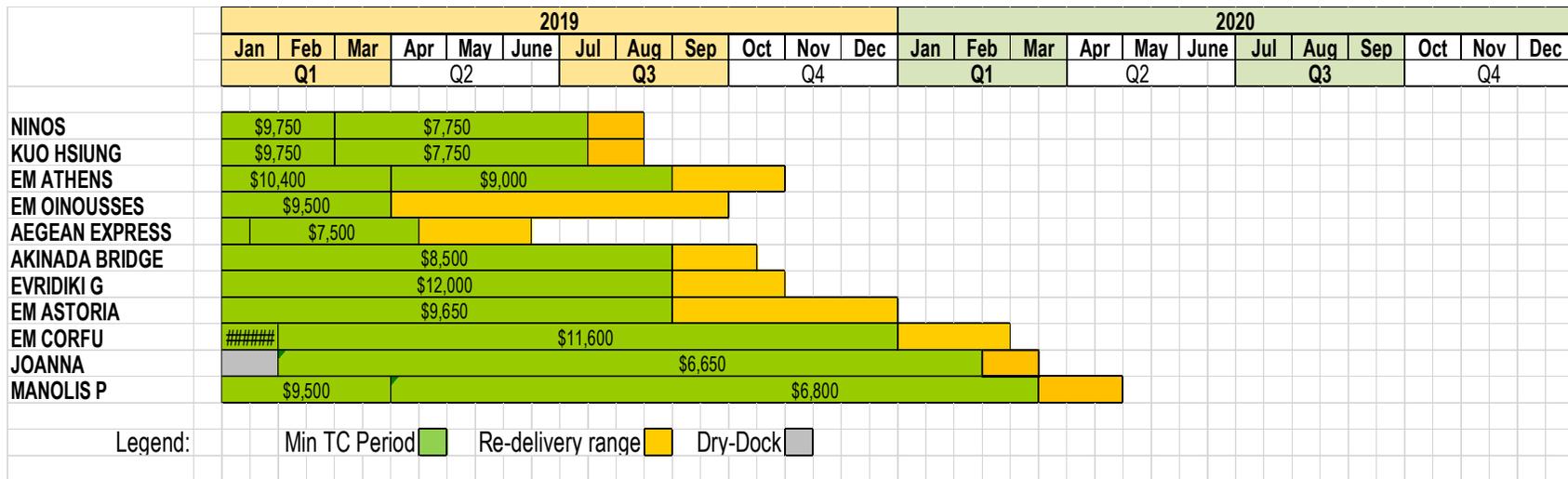


(1) Includes running cost, management fees and G&A expenses (not drydocking expenses)

(2) Peer group currently includes DCIX, GSL, EGLE, SSW, CMRE, DSX, GNK, DAC, SBLK, & SB until 2017 and DCIX, GSL, DSX, SSW, CMRE, DAC thereafter

# Vessels Employment Chart

Coverage, Feb 2019: about 72% in 2019 (based on min durations)



## World GDP & Shipping Demand Growth

Real GDP (% p.a. - IMF)	2012	2013	2014	2015	2016	2017	2018	2019	2020
USA	2.8	1.9	2.4	2.6	1.5	2.	2.9	2.5	1.8
Eurozone	-0.7	-0.5	0.9	2.0	1.8	2.4	1.8	1.6	1.7
Japan	1.4	1.5	-0.1	0.5	1.0	1.8	0.9	1.1	0.5
China	7.7	7.7	7.4	6.9	6.7	6.8	6.6	6.2	6.2
India	3.2	4.4	7.2	7.6	7.1	6.7	7.3	7.5	7.7
Russia	3.4	1.3	0.6	-3.7	-0.2	1.8	1.7	1.6	1.7
Brazil	1.0	2.3	0.1	-3.8	-3.6	1.1	1.3	2.5	2.2
ASEAN-5	6.2	5.2	4.6	4.8	4.9	5.3	5.2	5.1	5.2
<b>World</b>	<b>3.1</b>	<b>3.4</b>	<b>3.4</b>	<b>3.4</b>	<b>3.2</b>	<b>3.7</b>	<b>3.7</b>	<b>3.5</b>	<b>3.6</b>

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

TEU/miles	3.1	5.1	5.4	1.2	3.8	5.3	3.5	3.6	3.7
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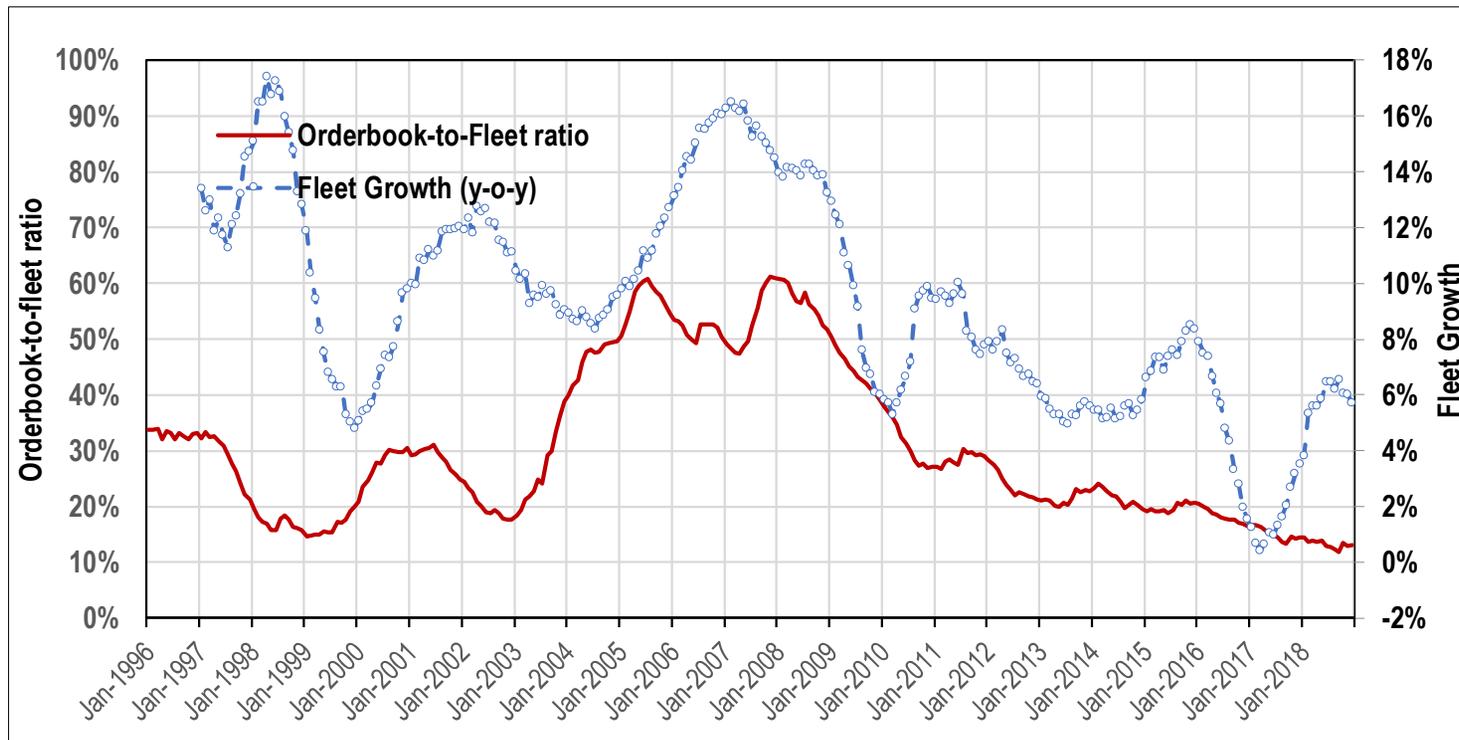
Sources:

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

*Trade:* Clarksons; data for 2012-2014 are based on teus while data from 2015 onwards are for teu-miles.

# Orderbook/Fleet Ratio, Total Fleet

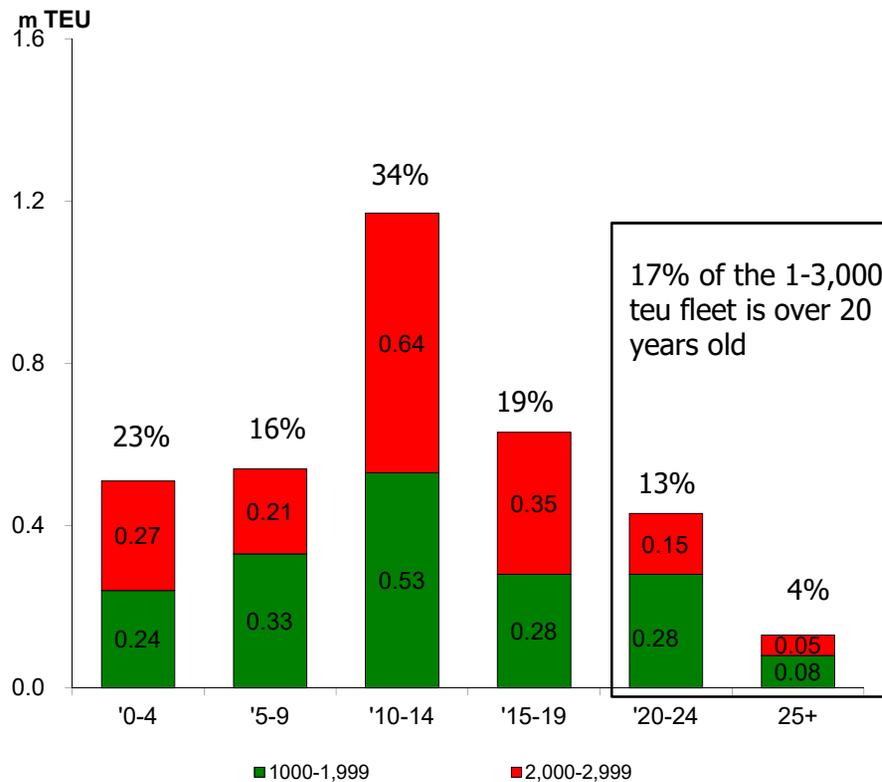
## Orderbook as Percentage of Total Fleet Near Lowest Level of the Last 20+ Years



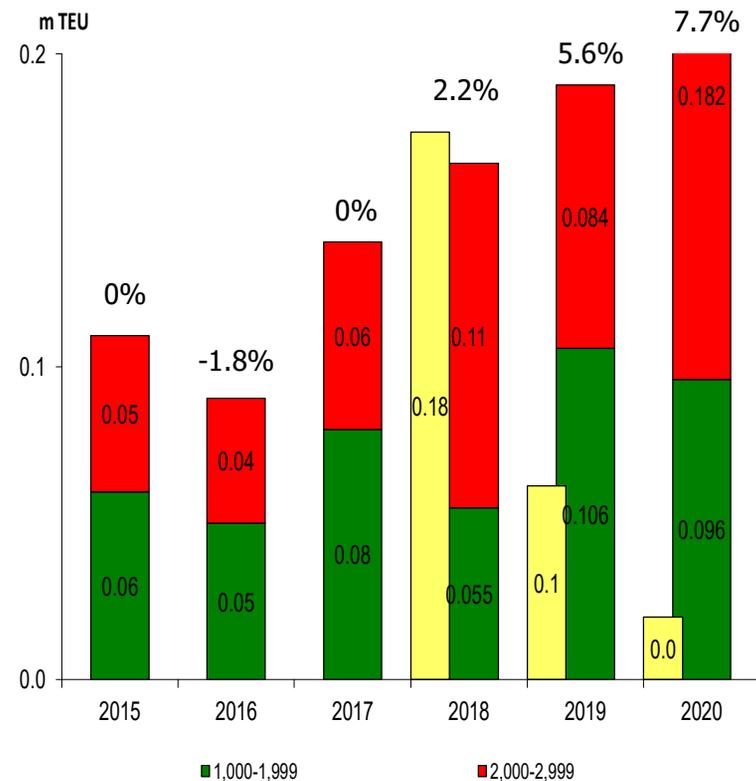
Source: Clarksons

# 1000-3000 teu Fleet Age Profile & Orderbook Delivery Schedule

## Containership Age Profile



## Container Orderbook



**Fleet growth of feeder fleet expected to be around 4-5% in 2019 (taking scrapping trends into account)**

**Note:**

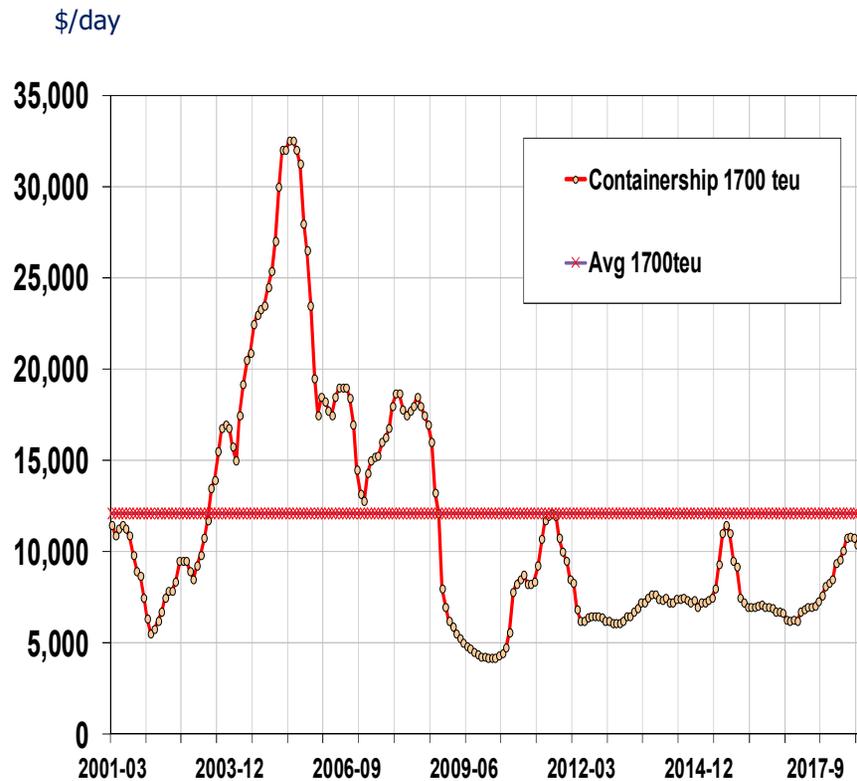
Fleet percent change in 2015/16/17/18 includes scrapping and other additions and removals.

In 2019/20 deliveries are given as percent of fleet of previous year calculated without accounting for scrapping, other removals or conversions.

Source: Clarksons

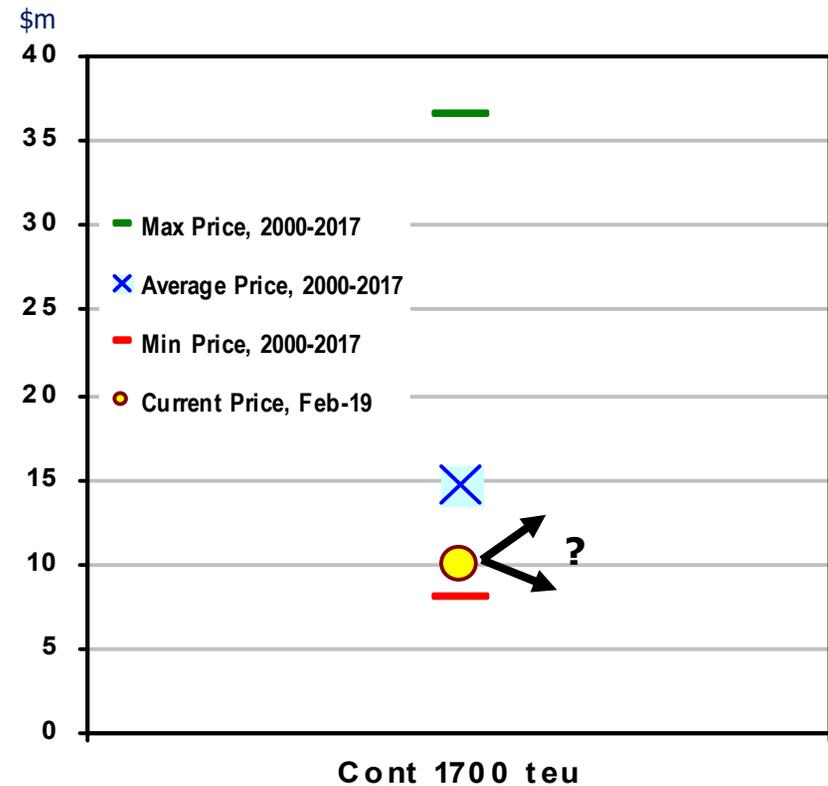
# Market Snapshot – Investment Opportunities

## 1700 teu 1-Year Time Charter Rate



Source: Clarksons

## 10 Year Old Historical Price Range





## Outlook Summary

- After a very contradicting year where demand grew in H2 at almost half pace comparing with H1, 2019 is shadowed with a lot of uncertainty in anticipation of a possible trade deal or NOT between the US and China
- Our supply/demand analysis which is based on Clarkson's expectations for container trade growth suggests a slightly improving market in 2019 carrying on at the same levels in 2020; for this to happen, we will need to see the current projection of the IMF on world GDP growth of 3.5% materialize and, as the IMF also admits, the risks currently seem skewed to the downside
- The fundamentals for the sub 5,000 teu vessels, which seemed better than for the larger vessels, have deteriorated as the orderbook has swollen again following the recent feeder ordering; however, demand prospects for feeder size vessels remains positive as most of the growth in these sizes comes from intra-Asia trades where robust growth is expected to continue in the years to come
- In any event no rate improvement is expected until sometime in Q2 when it is hoped that the idle fleet may be absorbed
- Environmental regulations coming into effect in 2020 create additional uncertainty as ships will be taken out of service to install scrubbers already in 2019 and the probable increase in low sulfur fuel prices can result in further slow-steaming which, in turn, could help strengthen the market
- Pending the conclusion of the US/CHINA trade talks this forecast is subject to revision!



**EUROSEAS LTD**

**Financial Overview**



## Financial Highlights: Fourth Quarter & Full Year , 2017 and 2018

Euroseas Continuing Operations <i>In million USD except per share amounts</i>	Fourth Quarter		Change	Full Year		Change
	2017	2018	%	2017	2018	%
Net Revenues	7.8	8.0	3%	23.8	34.4	45%
Net Income/(Loss)	0.7	(0.5)		(6.9)	(0.7)	
Preferred Dividends	(0.5)	(0.2)		(1.8)	(1.3)	
Net Income/(Loss) available to Common Shareholders	0.2	(0.8)		(8.8)	(2.0)	
Interest & Finance Costs net (incl. interest income)	0.5	1.0		1.5	3.0	
Vessel Depreciation	0.7	0.8		3.6	3.3	
Loss on write down of vessel held for sale	-	-		4.6	-	
Gain on Sale of Vessel	0.3	0.0		0.8	1.3	
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>1.5</b>	<b>1.2</b>	<b>-21%</b>	<b>1.9</b>	<b>4.3</b>	<b>123%</b>
<b>Adj. Net Loss attributable to Common Shareholders</b>	<b>(0.1)</b>	<b>(0.8)</b>		<b>(5.0)</b>	<b>(3.3)</b>	
<b>Adj. Net (Loss) per share, basic &amp; diluted <sup>(2)</sup></b>	<b>(0.01)</b>	<b>(0.07)</b>		<b>(0.45)</b>	<b>(0.29)</b>	

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

- (1) See press release of 20-Feb-2019 for Adjusted EBITDA reconciliation to Net (Loss)/Income and Cash Flow from Operations.  
(2) Available to Common Shareholders; calculated on 11,113,718 & 11,067,524 for Q4 & FY of 2017 and on 11,815,347 & 11,318,197 for Q4 & FY Period of 2018

## Fleet Data for Fourth Quarter & Full Year, 2017 and 2018

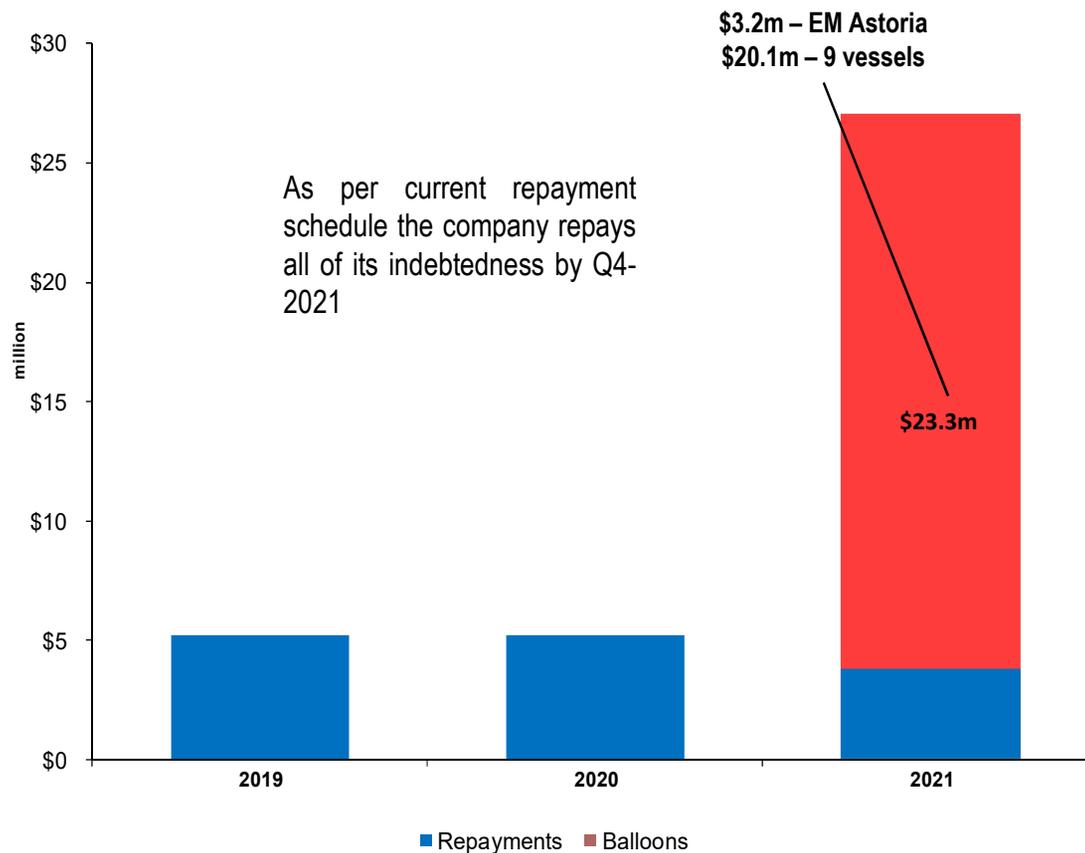
<u>Fleet Statistics</u>	Fourth Quarter		Full Year	
	2017 (unaudited)	2018 (unaudited)	2017 (unaudited)	2018 (unaudited)
Number of vessels	11.30	11.00	9.28	11.49
Utilization Rate (%)				
Operational <sup>(1)</sup>	98.9%	99.9%	99.5%	96.0%
Commercial <sup>(1)</sup>	96.0%	90.8%	97.5%	96.7%
Overall <sup>(1)</sup>	94.8%	90.7%	96.9%	92.7%
Averages in usd/day/vessel				
<b>Time Charter Equivalent (TCE)<sup>(2)</sup></b>	<b>\$ 8,057</b>	<b>\$ 8,577</b>	<b>\$ 7,309</b>	<b>\$ 9,179</b>
Operating Expenses				
Vessel Oper.Exp.excl.DD Exp	5,216	5,275	5,213	5,613
G&A Expenses	518	507	739	612
<b>Total Operating Expenses</b>	<b>5,734</b>	<b>5,782</b>	<b>5,952</b>	<b>6,225</b>
Interest Expense	444	832	441	617
Drydocking Expense	413	332	169	662
Loan Repayments without Balloons	538	892	951	961
<b>Breakeven/day</b>	<b>\$ 7,129</b>	<b>\$ 7,838</b>	<b>\$ 7,513</b>	<b>\$ 8,465</b>

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

- (1) Utilization Rate is calculated excluding scheduled off-hire (drydockings and special surveys) and vessels in lay-up. Scheduled off-hire days including vessels laid-up amounted to 7.6 and 76.5 for the fourth quarter and the full year of 2018, 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, Dec-2018

## Debt Repayment Profile

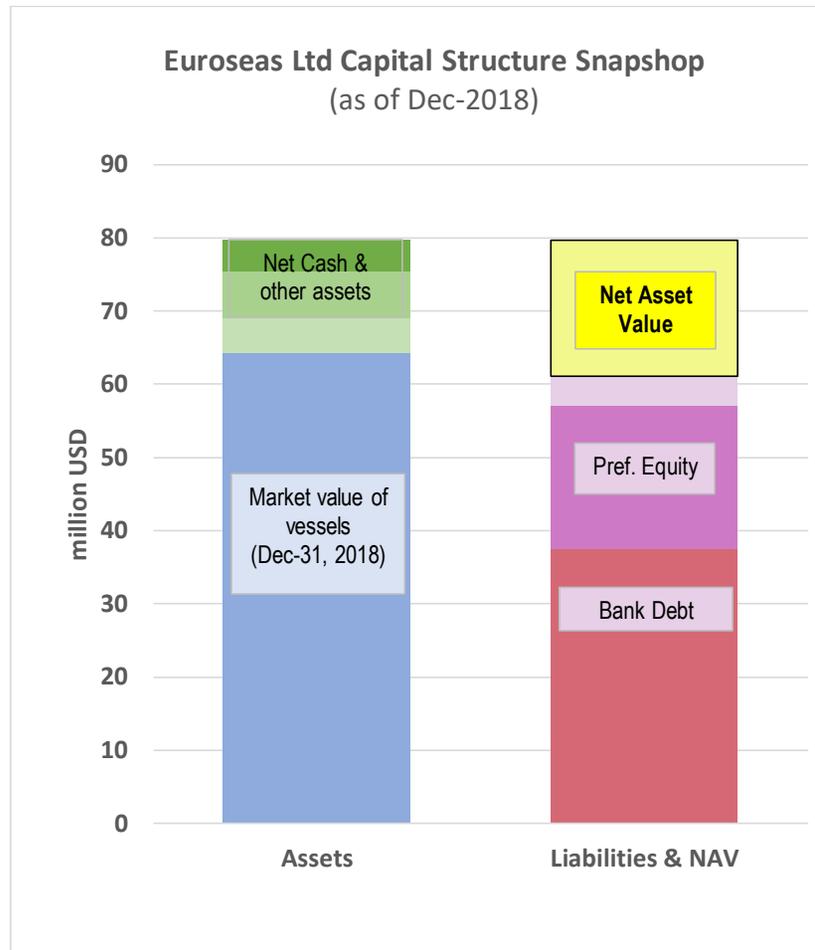


## Cash Flow Breakeven

➤ Budget estimate for next 12 months:

	\$/vessel/day
OPEX	\$ 5,550
G&A	\$ 600
Interest	\$ 550
Drydock	\$ 550
Preferred Dividend	\$ 650
<b>Subtotal</b>	<b>\$ 7,900</b>
<u>Loan Rpmt</u>	<u>\$ 1,300</u>
<b>TOTAL</b>	<b>\$ 9,200</b>

# Balance Sheet Highlights



## Assets

- Cash / other liquidity
  - Unrestricted: \$10.3m
  - Restricted: \$3.4 m
- Other assets: \$3.3 m
- Vessels market value: abt \$64m
  - Company estimate as of 12/31/18
- Total assets abt \$80m

## Liabilities

- Bank Debt: \$37.5m, i.e. ~ 47% of total assets
- Preferred Equity: \$19.6m, ~ 25% of total assets
- Other liabilities: \$2.0m, i.e. ~5% of total assets

## Net Asset Value as of December 31, 2018

- Net Asset Value: abt \$18.5m, or, \$1.48 / share...
- Closing share price of \$0.70 on 2/15/18 represents a significant discount to the value of the company

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