



**Earnings Presentation**

**Three Months Ended March 31, 2013**

**Earnings Presentation**

**May 17, 2013**

## 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 dry bulk and containerized trade, dry bulk and containership fleet and dry bulk and 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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## 2013 First Quarter Overview

### Financial Highlights First Quarter 2013:

Net Revenues:	\$ 10.9 million
Net loss:	\$ (4.6) million, or, (\$0.10)/share, basic & diluted
Adj. Net income <sup>(1)</sup> :	\$ (4.6) million, or, (\$0.10)/share, basic & diluted
Adj. EBITDA <sup>(1)</sup> :	\$ (0.1) million
Dividend declared:	\$ 0.015 / share, the 31 <sup>st</sup> consecutive quarterly dividend

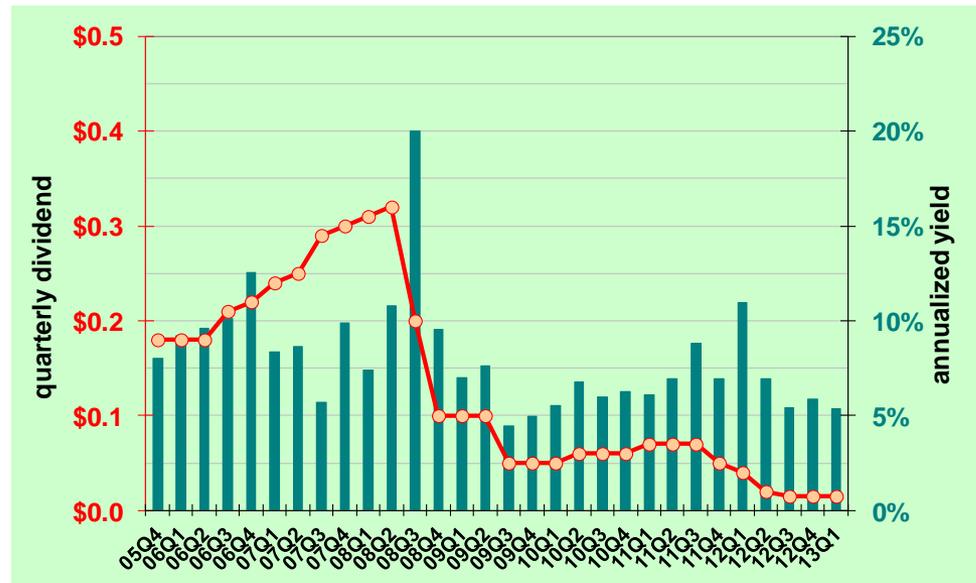
### Balance Sheet Highlights, March 31, 2013

Total cash:	\$ 35.9 million
Net Debt / Market Value of Fleet	29%

(1) See press release of 05/17/2013 for reconciliation of Adj., Net Loss to Net Loss and Adjusted EBITDA to Net Loss and Cash Flow from Operations

# Dividend Declaration

- Declared the 31<sup>st</sup> consecutive dividend of \$0.015 per share for the first quarter of 2013
- Annualized yield of about 5.4% based on the closing share price of \$1.12 on 05/15/2013



## Current Fleet *(not including Euromar vessels)*

	Name	Type	Size		Year	Acquisition
			DWT	TEU	Built	Year
Drybulk Carriers	Pantelis	Panamax	74,020	-	2000	2009
	Eleni P	Panamax	72,119	-	1997	2009
	Irini	Panamax	69,734	-	1988	2002
	Aristides NP	Panamax	69,268	-	1993	2006
	Monica P	Handymax	46,667	-	1998	2009
Containerships	Maersk Noumea	Intermediate	34,677	2,556	2001	2008
	Tiger Bridge	Intermediate	31,627	2,228	1990	2007
	Angeliki P	Handysize	30,360	2,008	1998	2010
	Despina P	Handysize	33,667	1,932	1990	2007
	Captain Costas	Intermediate	30,007	1,742	1992	2007
	YM Port Klang	Handysize	23,596	1,599	1993	2006
	Manolis P	Handysize	20,346	1,452	1995	2007
	OEL Bengal	Feeder	18,253	1,169	1990	2001
	Kuo Hsiung	Feeder	18,154	1,169	1993	2002
	Anking	Multipurpose	22,568	950	1990	2006
<b>Total</b>	<b>15 vessels</b>		<b>595,063</b>	<b>16,805</b>	<b>19.4 yrs</b>	

# Euromar Joint Venture

Name	Type	Size		Year
		DWT	TEU	Built
<b>CAP EGMONT <sup>(1)</sup></b>	Intermediate	41,850	3,091	2007
<b>EM ASTORIA</b>	Intermediate	35,600	2,788	2004
<b>CMA-CGM TELOPEA</b>	Intermediate	37,180	2,785	2007
<b>MAERSK NAIROBI</b>	Intermediate	34,654	2,556	2001
<b>EM ATHENS</b>	Intermediate	32,350	2,506	2000
<b>EM CHIOS</b>	Intermediate	32,350	2,506	2000
<b>EM ANDROS</b>	Intermediate	33,216	2,450	2003
<b>EM ITHAKI</b>	Intermediate	28,917	2,135	1999
<b>EM HYDRA</b>	Handy	23,400	1,736	2005
<b>EM SPETSES</b>	Handy	23,400	1,736	2007
<b>Total</b>	<b>10 vessels</b>	<b>322,917</b>	<b>24,289</b>	<b>9.3</b>

➤ Remaining \$43.75m of the original capital commitment have been contributed:

- Total capital invested \$175m ..
- ..of which \$25m are from Euroseas

➤ Has bought 10 containerships

- Between 1700 and 3100 teu
- Has funds for 2-4 additional vessel acquisitions

NOTES: (1) Acquired with above market charter



**Market Overview**

# World Economic Growth

- **World economy still expected to grow at about 3.3% in 2013**
  - Growth modestly revised downwards by IMF (0.2% lower)
  - Stock market optimism does not seem supported by economic growth expectations

## Some positives:

- The US economy continues to improve even at a slower than desired pace
- Italy has formed a government with a plan of more growth / less austerity
- Japan to stimulate growth with higher spending.

## Some negatives:

- The US fiscal cliff has still to be conclusively resolved.
  - China's economic trends (slowdown / resumption of growth?)
  - The Eurozone could remain in recession for an other year
    - Continued unease with Eurozone's ability to deal with debt/bank crisis (latest example: Cyprus)
    - Upcoming elections in Germany increase uncertainty
  - BRIC countries' expected growth in 2013 lower than previously forecasted, in part due to the continued growth sluggishness of the developed world.
- **Asian economies still provide the largest contribution to the world growth, especially the NIE ones political & economic uncertainties characterize the economic landscape:**

# World GDP & Shipping Demand Growth

Real GDP (% p.a. - IMF)	2009	2010	2011	2012	2013F (*)	2014F (*)	2015F (*)
USA	-2.6 (-1.6)	2.8 (2.7)	1.8 (3.0)	2.2(1.8)	1.9(2.0)	3.0(3.0)	3.4
Eurozone	-4.1 (-2.0)	1.8 (1.0)	1.4 (1.5)	-0.6 (-0.5)	-0.3(-0.2)	1.1(1.1)	1.5
Japan	-6.3 (-2.6)	4.3 (1.7)	-0.6 (1.7)	2.0(1.7)	1.6(1.2)	1.4(0.7)	1.2
China	9.2 (6.7)	10.3 (10.0)	9.3 (10.3)	7.8 (8.2)	8.0(8.2)	8.2(8.5)	8.5
India	5.7 (5.1)	9.7(7.7)	7.7 (8.4)	4.0 (7.0)	5.7(5.9)	6.2(6.4)	6.7
Russia	-7.9 (-0.7)	3.7 (3.6)	4.3 (4.5)	3.4 (3.0)	3.4(3.7)	3.8(3.8)	3.9
Brazil	-0.6 (-1.8)	7.5 (4.7)	2.7 (4.5)	0.9 (3.0)	3.0(3.5)	4.0(4.0)	4.2
ASEAN-5	1.7 (2.7)	6.7 (4.7)	4.5 (5.5)	6.1 (4.8)	5.9(5.5)	5.5(5.7)	5.8
<b>World</b>	<b>-0.5(3.4)</b>	<b>5.0 (3.9)</b>	<b>4.0 (4.4)</b>	<b>3.2 (3.3)</b>	<b>3.3(3.5)</b>	<b>4.0(4.1)</b>	<b>4.4</b>

Figures in parantheses: (Begin of respective year IMF forecasts, '09-12) (2013/14: Previous forecast by IMF Jan-12)

## Dry Bulk Trade (% p.a.)

Tons -3.0 (-3.0) 13.0 (5.0) 6.0 (6.0) 7.0 (4.0) 5.0(4.0) 6.0 (6.0) 6.0

## Containerized Trade (% p.a.)

TEU -9.4 (5.5) 13.1 (8.0) 7.5(8.7) 3.4 (7.0) 6.0 (6.1) 7.0 (8.5) 8.0

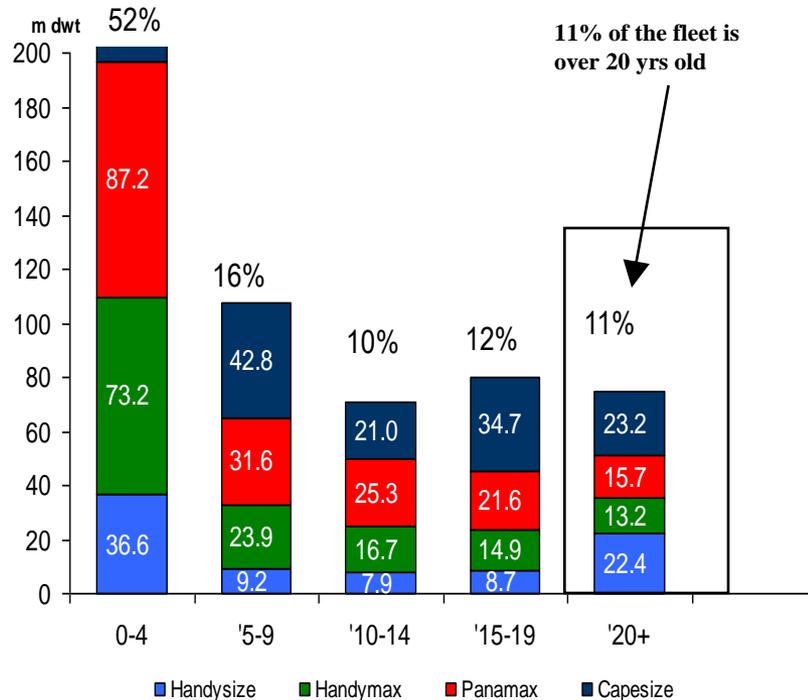
Figures in parantheses: (Begin of respective year forecasts, '09-12) (2013/14: Last forecast Jan-13)

(\*) Sources: GDP - International Monetary Fund: 2009-2012 and past estimates (in parentheses), 2013/14 IMF Forecasts (Apr-13), 2015 IMF (Oct-12)

Trade – Clarksons estimates 2013-2014 (Apr-13), Company estimates 2015; trade outlook takes into account revised economic views

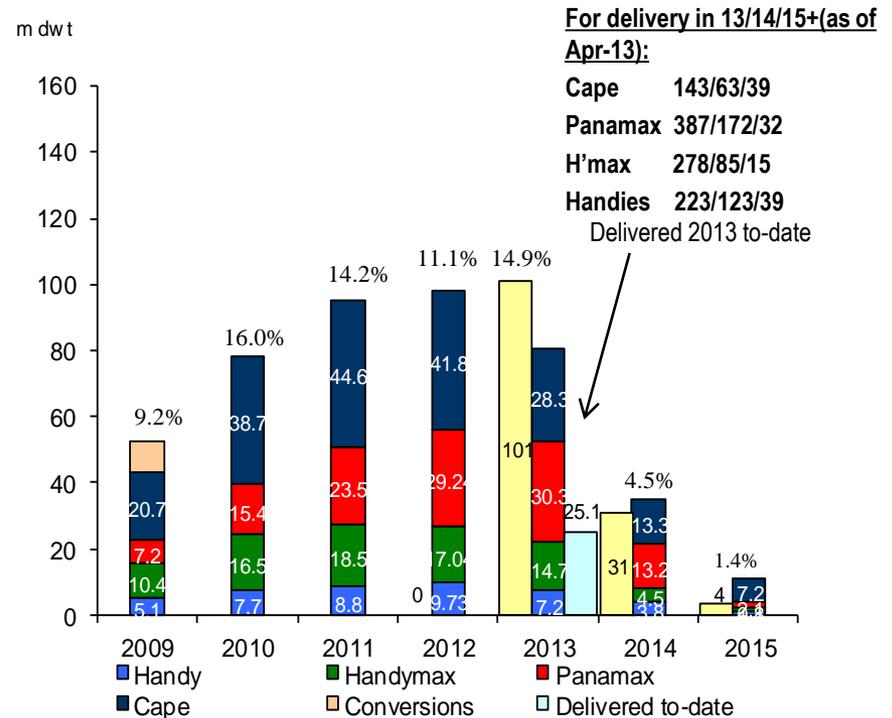
# Drybulk Age Profile & Orderbook Delivery Schedule

## Dry Bulk Age Profile



**Large bulkers are still young**

## Dry Bulk Orderbook



**Large Vessels Dominate Orderbook**

Source: Clarksons, as of April 2013.. 2009-2012 fleet percent change includes scrapping and other additions and removals.

In 2009, scrapping accounted for 10 m dwt (3%), conversions for 10.9 m dwt and other removals for 1.7 m dwt, and slippage & cancellations (28.5 m dwt) for 40% of the scheduled deliveries.

In 2010, scrapping accounted for 5.7 m dwt (1.2%), slippage and cancellations (47 m dwt) accounted for 37% of the scheduled deliveries.

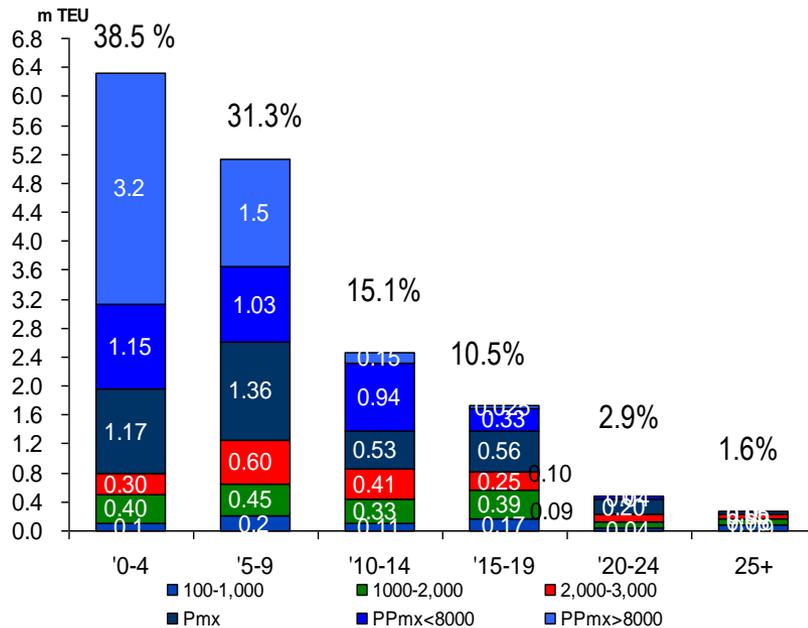
In 2011, scrapping accounted for 22.2 m dwt (4.2%), slippage and cancellations (43 m dwt) accounted for 29% of the scheduled deliveries.

In 2012, scrapping accounted for 32.9 m dwt (5.3%), slippage and cancellations (40 m dwt) accounted for 29% of the scheduled deliveries.

In 2013/14/15 deliveries are given as percent of fleet of previous year calculated without accounting for scrapping, other removals or conversions (Apr 2013).

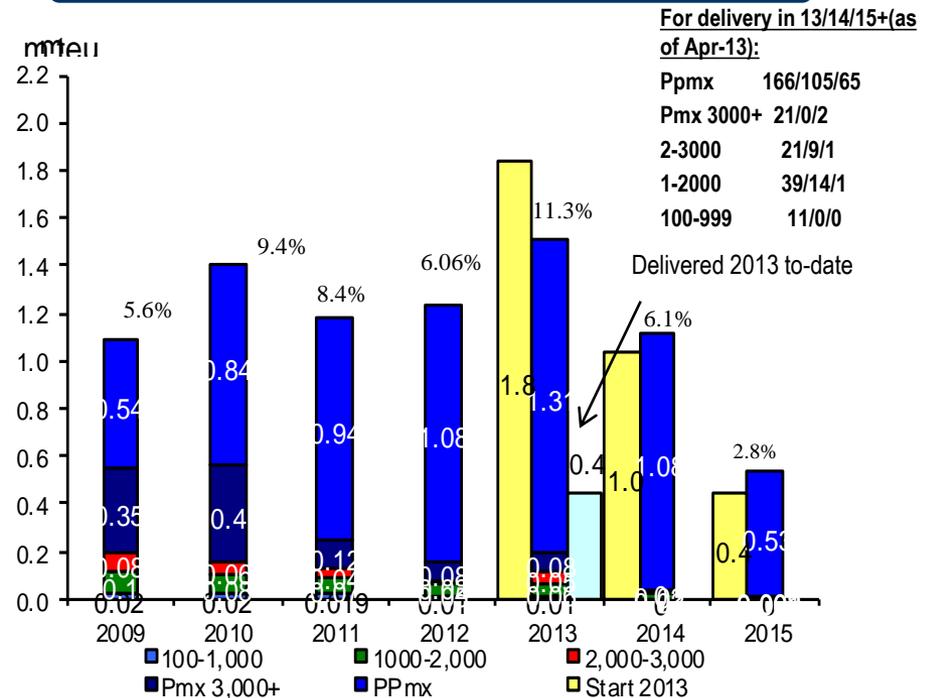
# Containership Age Profile & Orderbook Delivery Schedule

## Containership Age Profile



**Overall A Young Fleet**

## Container Orderbook



**Large Vessels Dominate Orderbook**

Source: Clarksons as of April 2013.

2009-2012 fleet percent change includes scrapping and other additions and removals. From 2013 onwards, percent fleet change is calculated based on the fleet of the previous year calculated without accounting for scrapping, other removals or conversions.

In 2009, scrapping accounted for 0.35 m teu, or 2.9% of the fleet. Slippage and cancellations of about 1.0 m teu accounted for about 50% of the scheduled deliveries.

In 2010, scrapping accounted for 0.26 m teu, or 1.9% of the fleet. Slippage and cancellations of about 0.5m teu accounted for about 25% of the scheduled deliveries.

In 2011, scrapping accounted for 0.08 m teu, or 0.5% of the fleet. Slippage and cancellations of about 0.5m teu accounted for about 27% of the scheduled deliveries.

In 2012, scrapping accounted for 0.32 m teu, or 2.1% of the fleet. Slippage and cancellations of about 0.1m teu accounted for about 10% of the scheduled deliveries.



# Outlook Summary

## Drybulk Market

- Drybulk trade growth expectations have been negatively affected by slower world growth and, possibly, a bigger slowdown of Chinese growth; since two thirds of dry bulk demand is generated in Asia .
- Significant deliveries are projected in 2013 which are expected to put pressure on the freight market for 2013.
- Slippage and scrapping have been strong in 2012 and promise to hover at similar levels in 2013, but they will not suffice to balance the market.
- Delivery net delays and cancellations are expected to be similar for 2013 to the previous 2 years (around 30%).
- 2014 will probably be the turning point unless we see a significant spike in new orders and/or the global economy does not start recovering as anticipated by the IMF and other forecasters.

## Containership Market

- Economic uncertainty has affected containerized trade quite broadly as consumers in Europe and North America have remained timid in their spending. Poor demand growth from Europe affects the largest route (FE-Europe).
- Current quarter is expected to have high trading volumes due to seasonality.
- Fleet growth and demand growth should be fairly balanced in 2013 implying the market hovering around today's low levels. Small changes in this balance will determine the direction of the market.
- Supply growth is mainly in large sizes.

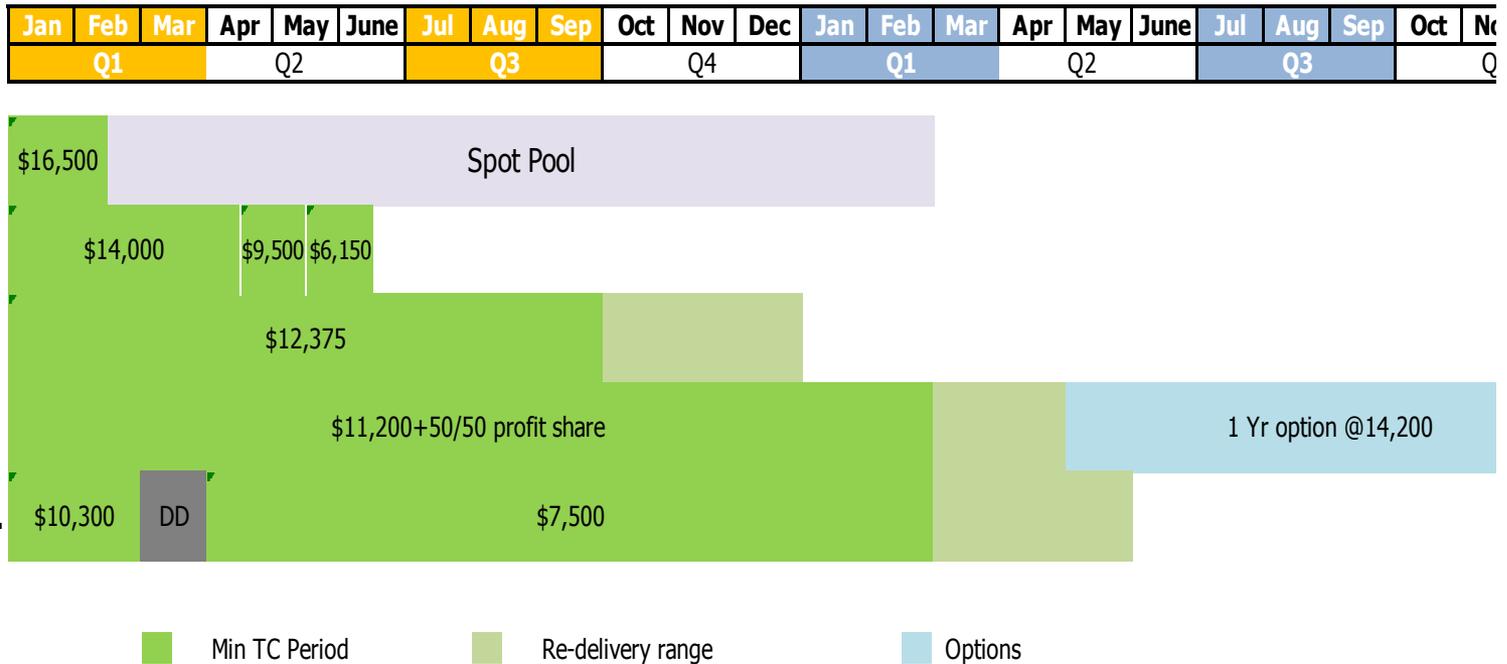


**Chartering, Operations & Investment Strategy**



# Vessels Employment Chart – Bulkers

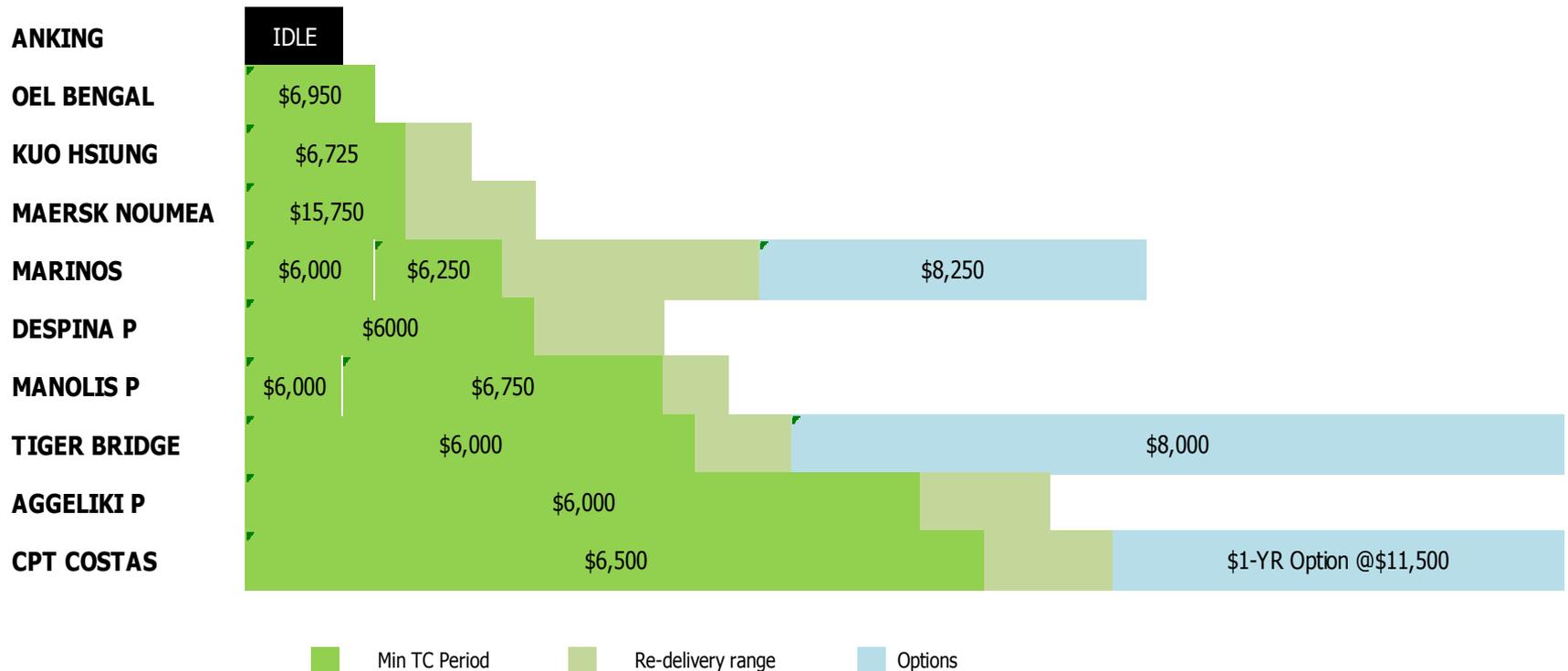
Coverage: 48% in 2013 and 4% 2014 (Eleni P days not counted)



# Vessels Employment Chart – Containerships

Coverage (as of May 1'13):    Abt 46% in 2013 and 3% in 2014 (based on min durations)

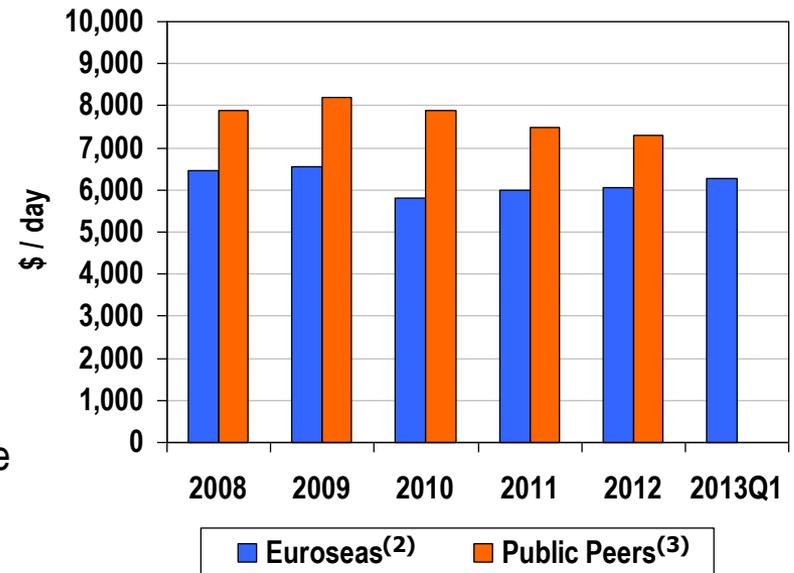
2013									2014											
Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec
Q2			Q3			Q4			Q1			Q2			Q3			Q4		



# Fleet Management & Operational Performance

- Operational fleet utilization rate in excess of 98.5% over last 5 years
  - Outstanding safety and environmental record
  - For 2013Q1, operational fleet utilization 98.7% and commercial 99.3%
  - For 2012, operational fleet utilization 99.4% and commercial 96.2%
- Overall costs achieved are amongst the lowest of the public shipping companies

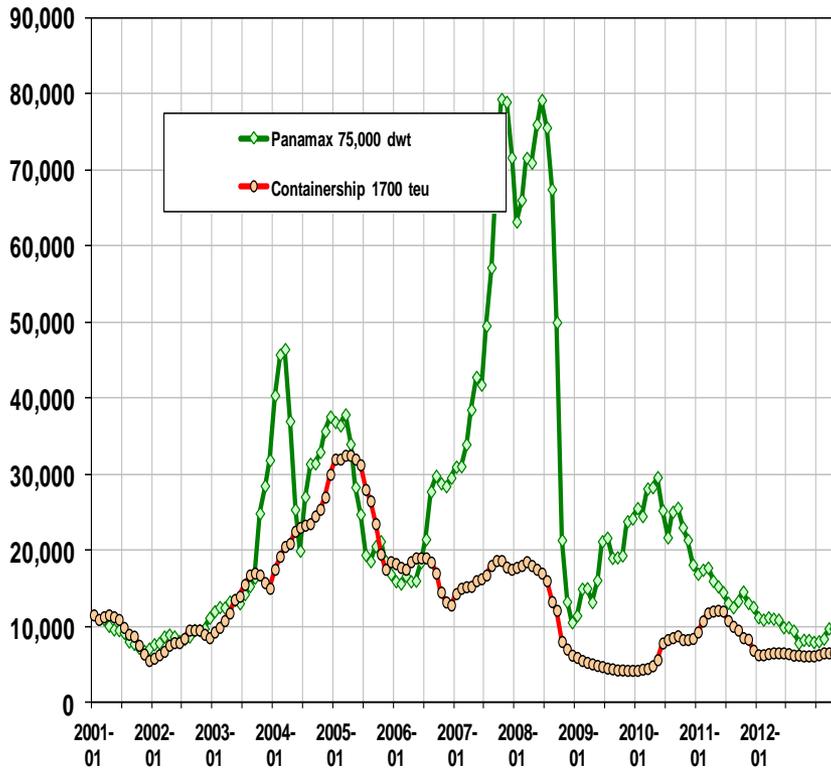
Daily costs per vessel (1)



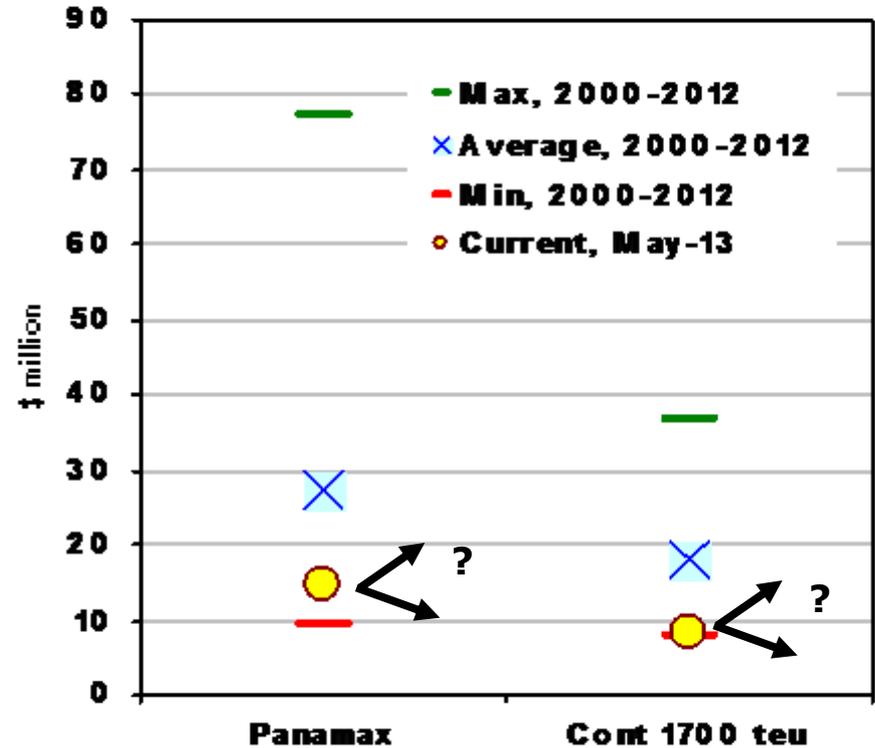
- (1) Includes running cost, management fees and G&A expenses (not drydocking expenses)
- (2) 2009 figure was increased by abt \$600/day to account for the lower cost of the 3 laid-up vessels; 2010 figure was increased by abt \$300/day to account for the lower cost of the laid-up vessels (2 in 2010H1 and 1 in 2010Q3);
- (3) Peer group includes DRYS (up to 2009), DSX, EGLE, EXM, GNK, OCNF and FREE (drybulk), and SSW, DAC (containership) up to 2010; DSX, EGLE, EXM, GNK, SBLK, and SB (drybulk), and SSW, DAC, DCIX in 2011 and 2012.

# Market Snapshot – Investment Opportunities

## 1-Year Time Charter Rate



## 10-yr old Price Historical Range





## Financial Highlights: 1<sup>st</sup> Quarter 2012 and 2013

(in million USD except per share amounts)	First Quarter		
	2012	2013	change % <sup>(4)</sup>
<b>Net Revenues</b>	<b>\$13.9</b>	<b>\$10.9</b>	<b>-21.7%</b>
<b>Net Income / Loss</b>	<b>-\$9.0</b>	<b>-\$4.6</b>	
<b>Loss on Sale of Vessel</b>	<b>\$8.6</b>	<b>\$0.0</b>	
<b>Unrealized &amp; Realized (gain) / loss, derevatives &amp; investments</b>	<b>\$0.2</b>	<b>\$0.0</b>	
<b>Amort. FV of charters, net</b>	<b>\$0.0</b>	<b>\$0.0</b>	
<b>Adj. Net Income</b>	<b>-\$0.1</b>	<b>-\$4.6</b>	
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>\$4.9</b>	<b>-\$0.1</b>	<b>-101.5%</b>
<b>"GAAP" EPS, Diluted<sup>(2)</sup></b>	<b>-\$0.28</b>	<b>-\$0.10</b>	
<b>"Operating"<sup>(3)</sup> Adj. EPS, Diluted</b>	<b>\$0.00</b>	<b>-\$0.10</b>	
<b>Dividends per share, declared</b>	<b>\$0.04</b>	<b>\$0.02</b>	<b>-62.5%</b>

(1) See press release of 05/17/2013 for Adjusted EBITDA reconciliation to Net Income and Cash Flow from Operations.

(2) Calculated on 31,910,518 diluted shares for 2012 and 45,319,605 shares for 2013.

(3) "Operating" EPS excludes from Net Income the capital gains, unrealized and realized derivative gains and losses, unrealized investment gains or losses and amortization of fair value of charters acquired. See press release of 05/17/2013 for reconciliation to Net Income.

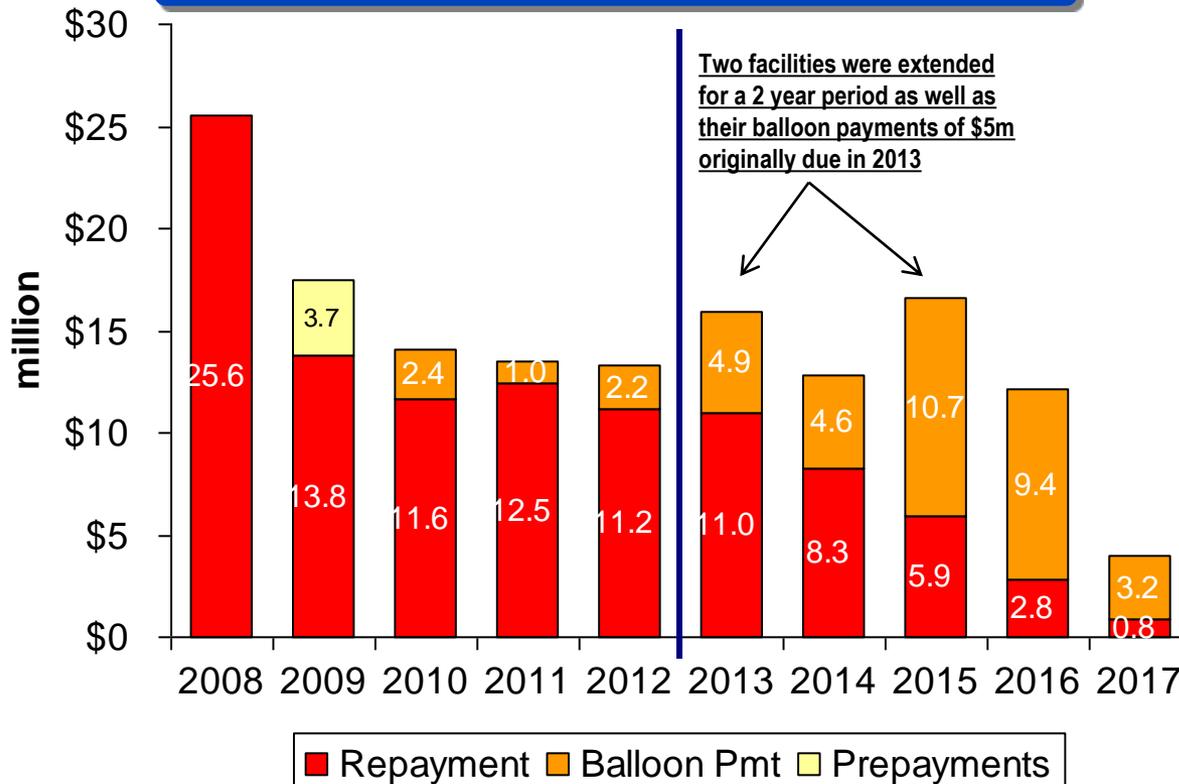
(4) Calculated based on figures in press release of 05/17/2013, i.e. before rounding to million USD

# Fleet Data for 1<sup>st</sup> Quarter of 2012 and 2013

<b><u>Fleet Statistics</u></b>		<b>First Quarter</b>	
		<b>2012</b>	<b>2013</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Number of vessels</b>		<b>15.92</b>	<b>15.00</b>
<b>Utilization Rate (%)</b>			
	<b>Overall</b>	<b>87.1%</b>	<b>98.1%</b>
	<b>Commercial</b>	<b>87.6%</b>	<b>99.3%</b>
	<b>Operational</b>	<b>99.4%</b>	<b>98.7%</b>
<i>Averages in \$/day/vessel</i>			
<b>Time Charter Equivalent (TCE)</b>		<b>\$ 11,258</b>	<b>\$ 8,718</b>
<b>Operating Expenses</b>			
	Vessel Operating Expenses	5,294	5,554
	G&A Expenses	692	715
	<b>Total Operating Expenses</b>	<b>5,986</b>	<b>6,269</b>
	<b>Interest Expense</b>	<b>368</b>	<b>355</b>
	<b>Drydocking Expense</b>	<b>22</b>	<b>1,343</b>
	<b>Loan Repayments</b>	<b>3,149</b>	<b>1,569</b>
	<b>Total Cash Flow Breakeven</b>	<b>9,525</b>	<b>9,536</b>

# Debt Repayment Profile

## Debt Repayment Schedule – As of 03/31/2013



## Cash Flow Breakeven

» Cash Flow Breakeven - rough estimate for next 12 months:

	<u>\$/day</u>
OPEX	\$ 5,810
G&A	\$ 730
Interest	\$ 550
Drydock	\$ 950
<u>Loan Rpmt(*)</u>	<u>\$ 2,740</u>
<b>TOTAL</b>	<b>\$10,780</b>

(\*) Corresponds to \$9.5m for balloon payments and \$10.1m for loan repayments scheduled in the next 12 months

## Balance Sheet & Other Data

- **Cash @ March 31, 2013: \$ 35.9m**
  - \$25.3m unrestricted – and about \$10.6m of restricted funds and retention accounts
  - Cash per share amounts to about \$0.79 (versus yesterday's share price of \$1.24)
- **Debt: \$59.5m as of March 31, 2013**
  - Debt to Capitalization ratio about 23%
  - Debt to Market Value of Fleet ratio 72%
  - Net debt to Market Value of Fleet ratio about 29%
  - Loan covenants satisfied
- **About \$15-20 m cash equity to fund further growth**
  - \$15-20m of additional equity to buy vessels

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## Appendix

**Please refer to the Company's press release of May 17, 2013 for financial statements and reconciliation of Adjusted EBITDA and "Operating" EPS to Net Income and Cash Flow from Operations, as well as Reconciliation of Net Income to Adjusted Net Income**