



*(ESEAF.OB)*

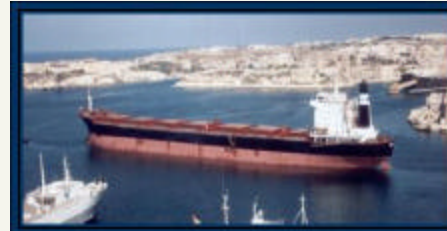
***Presentation At Roth Capital Partners 2006 New York Conference***

***New York City, NY, September 6, 2006***

*1870*



*Today*



# Safe Harbor Statement



*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.*

# Agenda

- Introduction & Recent Events
- Company Strategy
- Industry background
- Financials results and dividend history

## Who is Euroseas Ltd.



- A public company involved in ocean-going transportation - we transport:
  - Bulk raw materials including iron ore, coal, grain & others; and,
  - Containerized trade (container boxes)
- Owner of 8 vessels, 4 dry bulkers, 3 containerships, 1 multipurpose
- Financial Highlights:

	<u>1st Half 2006</u>	<u>Full Year 2005</u>
<u>TCE Revenues:</u>	\$19.6 million	\$43.9 million
<u>EBITDA:</u>	\$14.0 million	\$30.4 million
<u>Net Income:</u>	\$10.0 million	\$25.2 million



## Financing History & Profile



- Completed a private placement in Aug. 2005 raising \$21 million
  - Approximately 7 m shares @ \$3 / share (incl. 25% 5-yr warrants @ \$3.60)
  - A subsidiary merged with Cove Apparel Inc. (CVAP.OB)
  - Registered for resale shares sold in the private placement and shares of Cove principals - Declared effective on Feb. 3<sup>rd</sup>, 2006
- Currently trades on OTCBB (symbol ESEAF.OB)
  - Plans to list in NASDAQ National Market as soon as it qualifies
  - Average trading volume 2-3,000 shares
- Market Capitalization:
  - \$ 113 million based on share price \$3.00 as of 8/30/06
  - (there are 37,860,341 shares outstanding)
- Paid dividends over the last 12 months amounting to about 8.3% of the \$3 share price



## Fleet Development during 2006 H1

- **Acquired:**
  - M/V Tasman Trader, a 950 teu / 22,568 dwt multipurpose vessel built in 1990 (April 2006), and,
  - M/V Torm Tekla, a Panamax dry bulk carrier vessel of 69,268 dwt built in 1993 (September 2006)
- **Sold M/V “Pantelis P” and M/V “John P”, both handysize bulk carrier of 26,354 built in 1981.**
  - \$2.2 and \$2.3 million in capital gains respectively
- **Since private placement acquired 3 and sold 2 vessels**
  - Had acquired M/V Artemis 2,098 teu / blt '87 in Nov-2005
  - Invested \$16m of the \$17.5m net proceeds (acquired vessels worth \$55m)
  - Have available for investment \$7-8 m

## Current Fleet – September 2006

Vessel List	Type	Size	Units	Year Built
Ariel	Dry Bulk	33,712	dwt	1977
Nikolaos P	Dry Bulk	34,750	dwt	1984
Torm Tekla	Dry Bulk	69,268	dwt	1993
Irini	Dry Bulk	69,734	dwt	1988
QuingDao	Container	1,269	teu	1990
Kuo Hsiung	Container	1,269	teu	1993
Artemis	Container	2,098	teu	1987
Tasman Trader	MPP	22,568 / 950	dwt/teu	1990
Total / Average	8 vessels	296,132 / 5,586	dwt/teu	18.25 yrs

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- Currently the 2<sup>nd</sup> smallest among public dry bulk companies
  - Immediate larger company twice as big
  - Limited liquidity
- Company committed to increase size and liquidity
  - “Going public” was a strategic decision
- Will grow by pursuing accretive acquisitions and by employing our vessels efficiently and operating cost effectively
  - Balance growth and yield

## Our Investment and Employment Strategy

- Maximize cash flow and earnings per dollar invested
  - Target mid-age vessels at time of purchase
  - Evaluate all projects on own merits plus effect on fleet
- Employ our vessels in a mix of profitable time charters and the spot market
  - Enough contracts to cover costs for next 12 months
  - Employ remaining capacity as appropriate for market conditions
- Run our vessels efficiently and economically
  - Long experience in managing vessels of any age
- Take advantage of the cyclical nature of the market
  - Buy and sell vessels at the right time

## Our Execution Platform



- We expect the remaining of 2006 will present purchasing opportunities
  - Would allow us to grow our fleet based on existing capital resources & new funds
- We continuously inspect and evaluate vessels listed for sale
  - Targeting vessels mainly 10 to 20 years old which we believe give the best return per dollar invested, but evaluate all projects
- Invest in dry bulkers, containerships & dry cargo ships
  - Selecting segments with lower supply-side growth & flexible trading
  - All part of Chinese & world economic growth scenarios
- Continue to manage and charter our ships through our affiliated companies Eurobulk and Eurochart
  - Maintaining the cost effective operation we have achieved over the years

- **Aristides J. Pittas, Chairman & CEO**

- 4<sup>th</sup> generation of maritime family, 20 years experience – 10 years running Eurobulk; naval architect & management studies in Newcastle (UK) & MIT

- **Tasos Aslidis, PhD, CFO**

- 17 yrs in shipping, formerly with shipping financial consultant, Marsoft Inc. Naval Architect (NTU Athens), Financial & Management degrees from MIT

- **Markos Vassilikos, Managing Director of Eurobulk Ltd. *(an affiliated Company, manager of Euroseas fleet)***

- 20 years experience, naval architect & mgt degrees from MIT

## Investment Strategy Rational

- Invest in middle age vessels, 10-20 years at time of purchase
  - A middle age vessel still has 10-15 years of remaining life
- Investment Evaluation Example: Panamax Dry bulk vessels
  - 1<sup>st</sup> year total return / based on recent prices & rates and constant market conditions

Size (dwt)	Age (years)	Price (\$ mil.)	1-yr TC (\$/day)	Total OPEX (\$/day)	Oper. Days (days)	Net Earnings (\$ million)	Ann. Depr. (\$ million)	Net Gain (\$ million)	Net Gain (%)
73000	5	41.0	29,500	4,798	355	8.7	1.8	6.9	16.8%
69000	10	31.0	28,000	5,103	355	8.1	1.8	6.3	20.3%
69000	15	22.0	27,000	5,258	353	7.6	1.4	6.2	28.2%
60000	20	14.0	21,000	5,435	350	5.4	1.4	4.0	28.3%
Scrap (350/ton)	27	4.2							

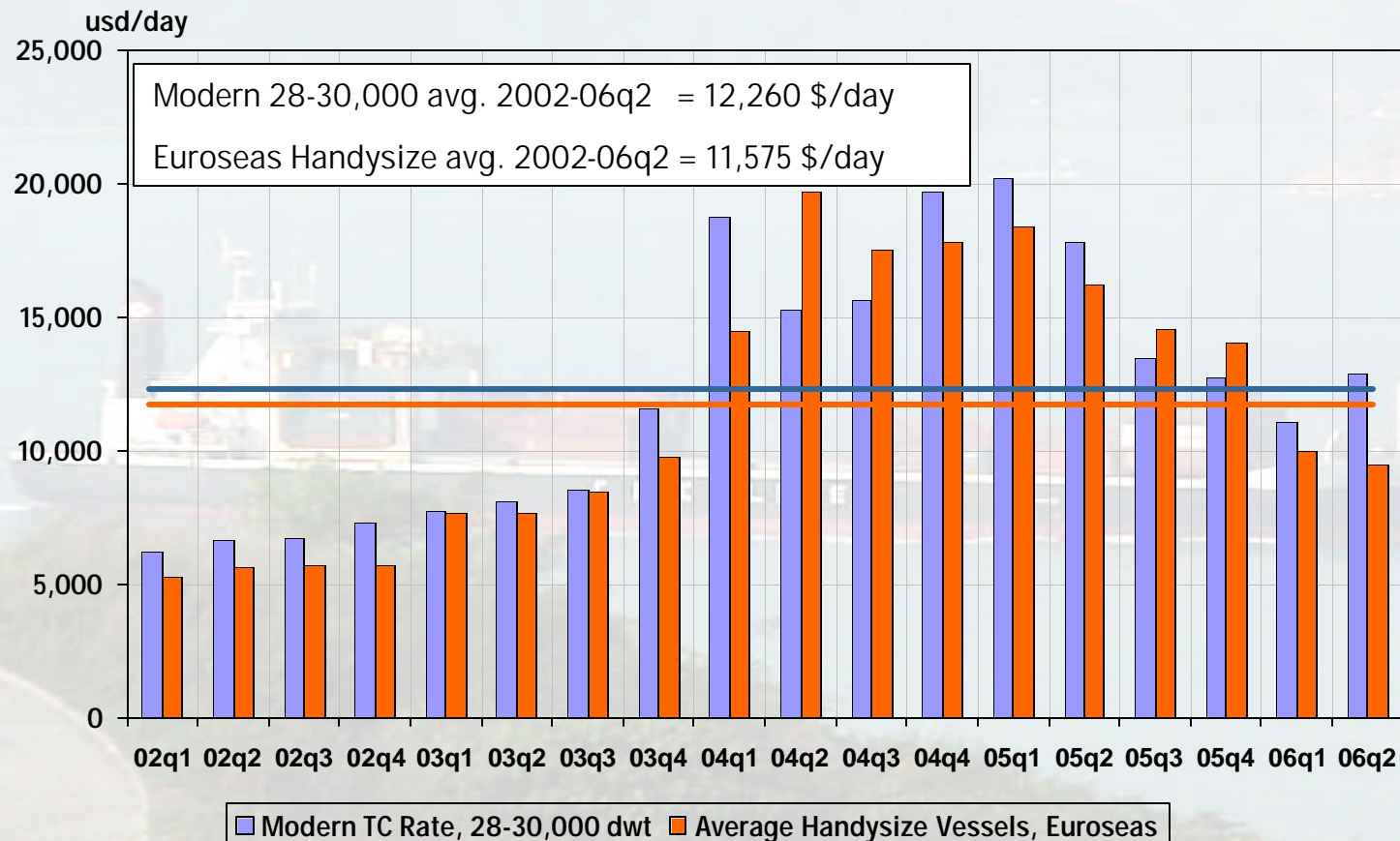
(All figures compiled by Company based on industry reports or are Company estimates – see Safe Harbor Statement in page 2)

- Evaluate each project on its own merits
  - .. before assessing its effect on our overall market exposure and return



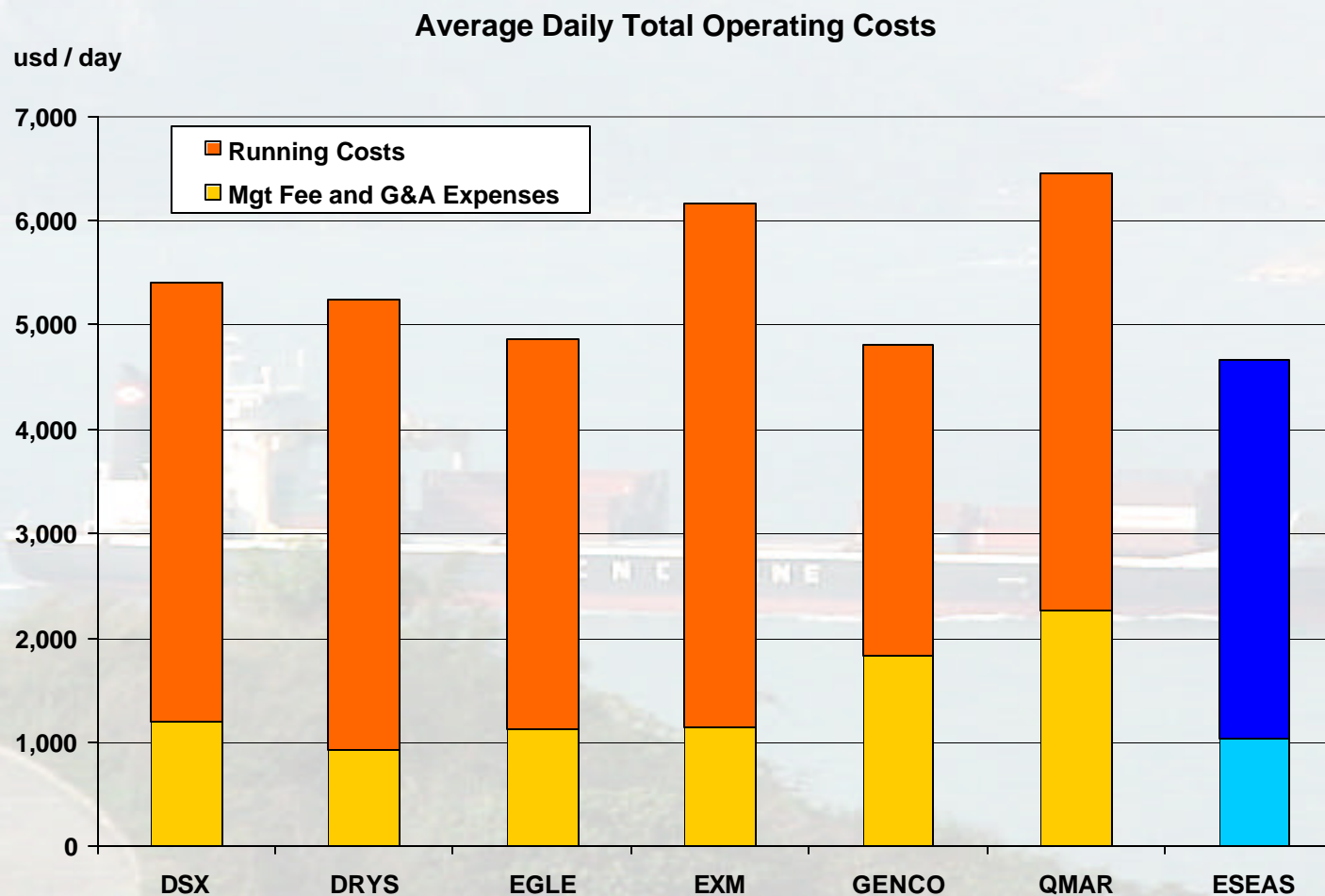
# Own Earnings Vs. Market Rates

**Our actual average rates for our 4 Handysize vessels compared against the 1-year TC rate for a 5-year old handysize vessel**



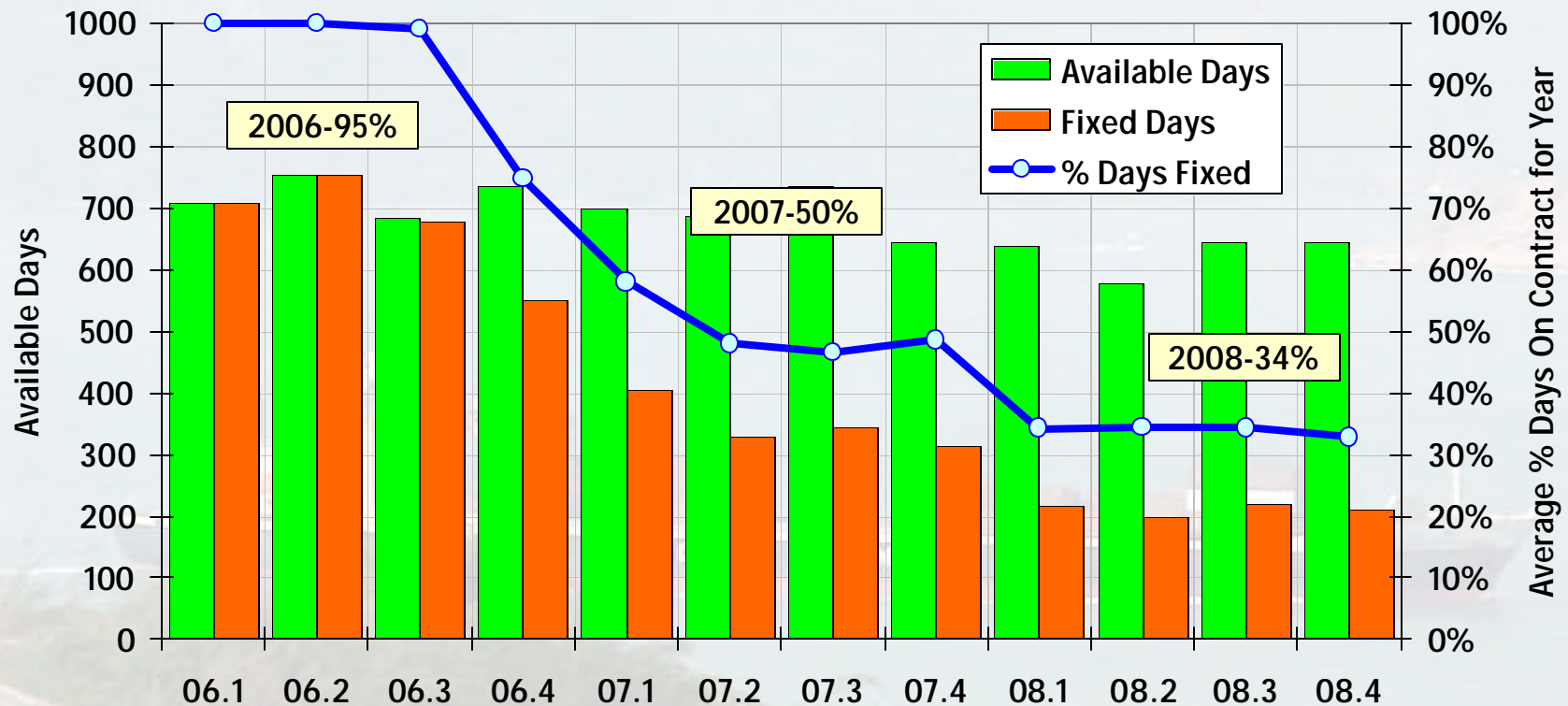
Source: Company compiled data based on industry / broker reports and Company data

# Average Daily Operating Costs – 2006Q1



Data based on published accounts for 2006 Q1

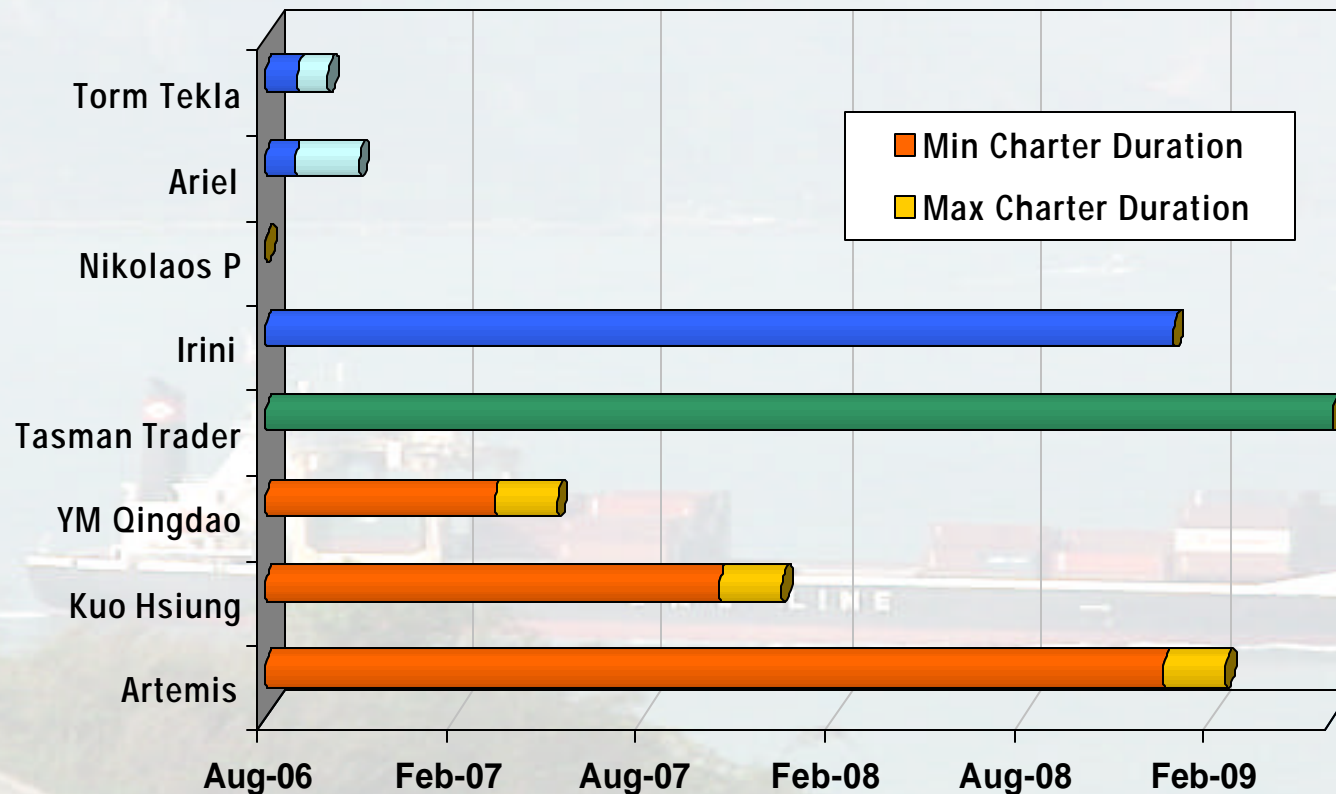
# Charter Coverage



## Secure position in 2006 and 2007 for the existing fleet

- 95% of our 2006 available days are fixed / 50% of our 2007 available days
- In 2007, even if we earn zero revenues on our not-yet-fixed days, we should have a positive net income for the year

# Vessels Employment Chart



- 95% of total 2006 days and 50% in 2007 are fixed under TC contracts, or otherwise, protected from market fluctuations

# Euroseas Fleet Employment



- Our Containerships & Multipurpose vessel are employed under Time Charters with remaining terms from 10 months to more than 5 ½ years
  - M/V *YM Qingdao* - 'til Mar-2007 [ \$11,900/day]
  - M/V *Kuo Hsiung* - 'til Nov-2007 [ \$16,000/day 'til Nov-06 then \$12,000/day]
  - M/V *Artemis* - 'til Dec-2008 [ \$19,000/day]
  - M/V *Tasman Trader* - 'til Feb-2012 [ \$8,850/day - \$9,500/day - \$9,000/day]
- Our Panamax, M/V *Irini*
  - participates in the Klaveness Baumarine pool and in 3 short funds (i.e. contracts to carry cargo at agreed rates)
  - Secures a rate range in the \$17,000-20,000 / day for the greater part of the next 2½ years (covered at 102% in 2006, 77% for 2007 and 42% for 2008, approximately)
- Our new Panamax, M/V *Torm Tekla*
  - Will be delivered with a TC 'til November-2006 @19,750 /day
- Our 2 Handysize vessels employed in the short-term charter or “spot” market
  - M/V *Ariel* chartered 'til end October-2006 @ \$8,500/day
  - *Nikolaos P* is under a voyage charter currently @21,000 /day
  - Will secure longer-term charters at appropriate rates when and if available
  - Vessels have low running costs and low capital costs



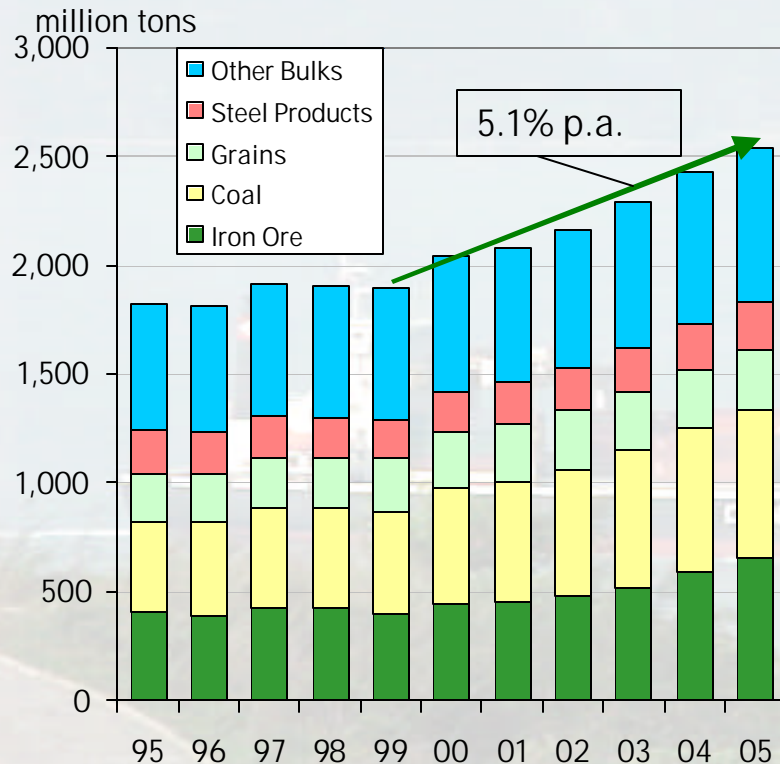
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- **Directly linked to world trade**
  - If you believe world trade growth will continue, .. ..  
.. .. shipping is the industry to invest
  - No substitute to ocean transportation!
- **Shipping is a worldwide industry - not tied up to a particular region**
  - Invest in China's growth potential without having to be in China
  - Main segments are very liquid in terms of buying and selling ships
    - Dry bulk, containerships & tankers
  - Supply / demand balance determine the level of rates & vessel prices
- **Dry bulkers and containerships have less potential liability & costs**
  - i.e. Tankers could face higher liability due to possible pollution and clean-up costs in the event of an accident

# Dry Bulk & Container Trade Growth

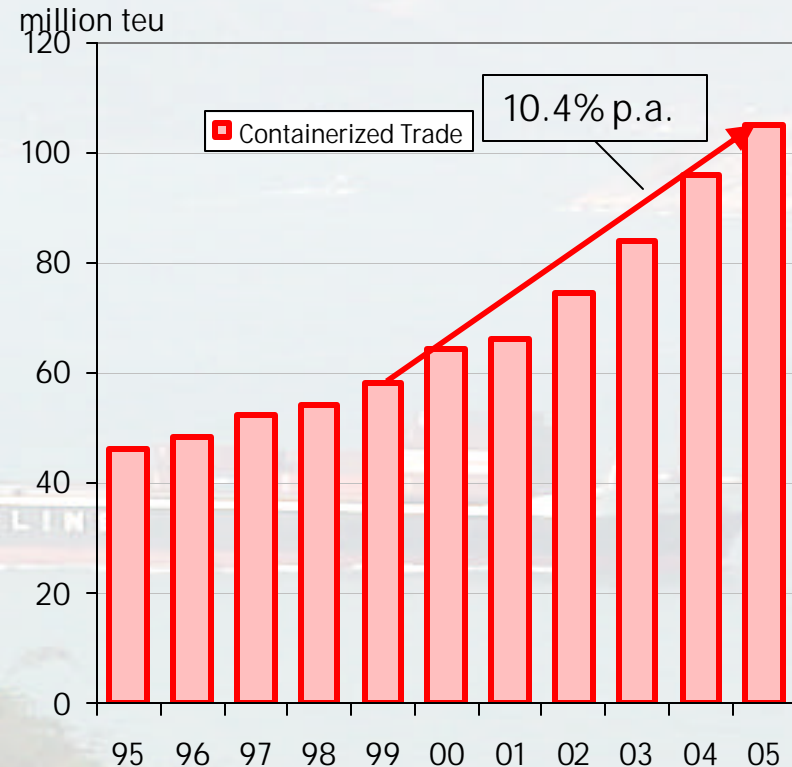
## Dry Bulk Trade



Current estimate of 2006 trade dry bulk growth is around 5%

Source: Company compiled data based on industry publications

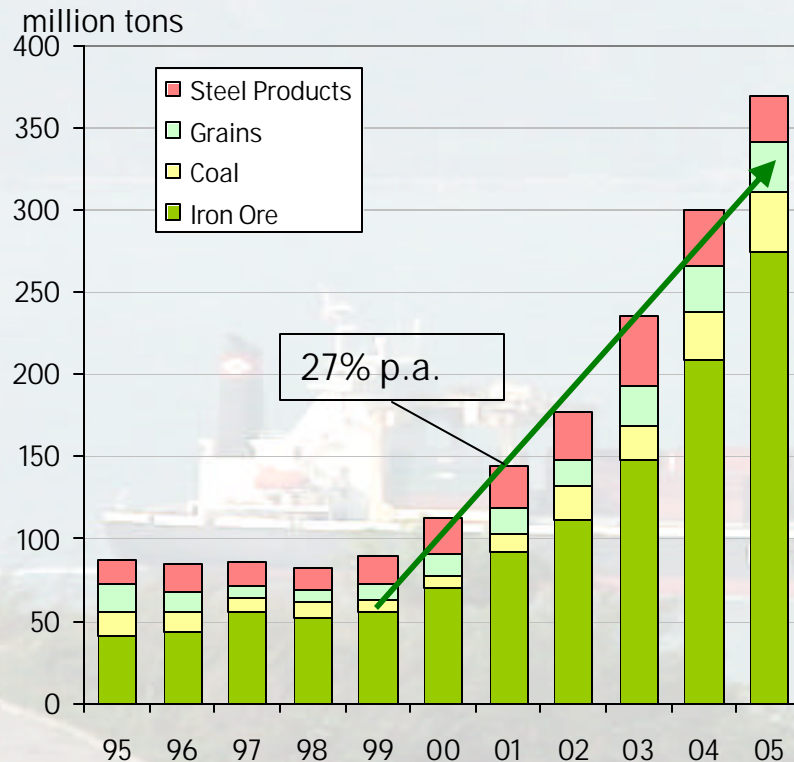
## Containerized Trade



Estimate of 2006 containerized trade growth is between 9 and 10%

# China Is The Driving Force

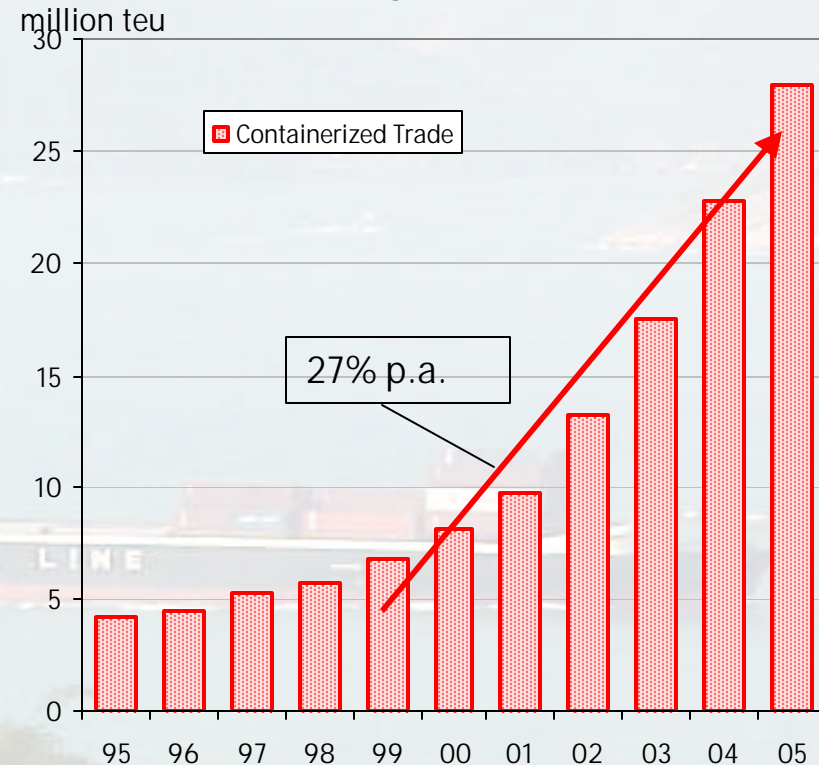
## Selected Bulk Imports - China



- In 2005, China contributed 62% of dry bulk trade growth.
- 2006 Chinese import growth estimate is about 18-20%, similar to 2005 in ton terms

Source: Company compiled data based on industry publications

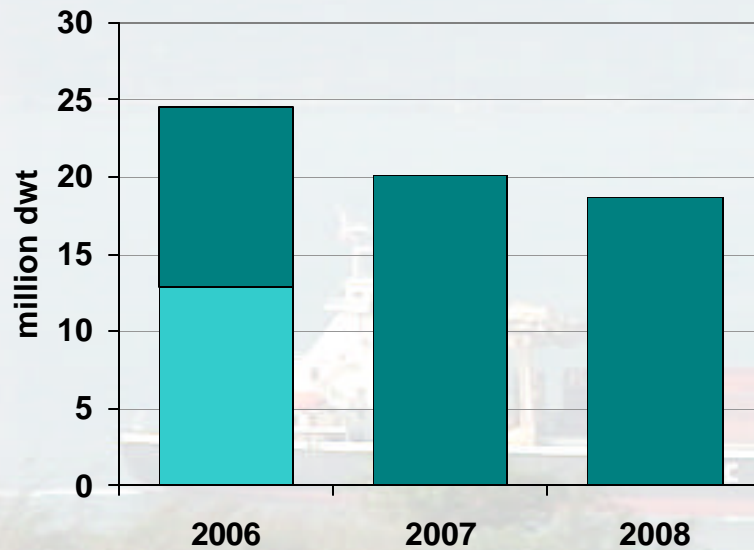
## Container Exports - China



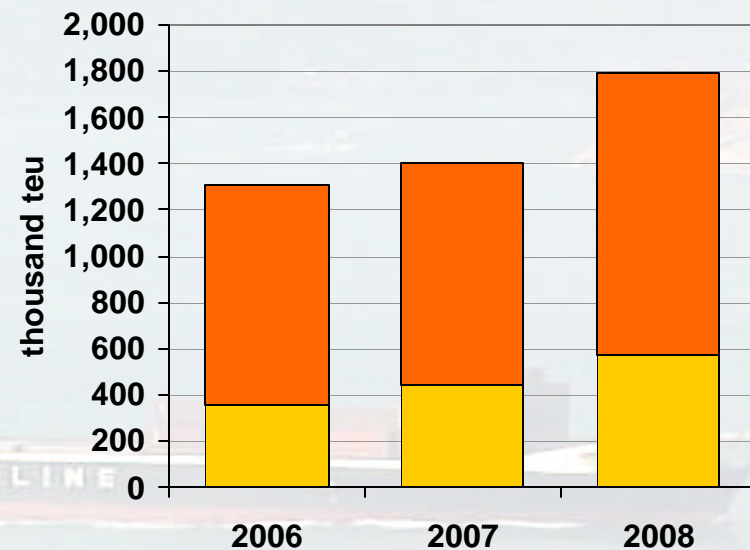
- In 2005, China contributed 57% of containerized trade growth.
- Estimate of 2006 Chinese export growth is around 15-16%, down from about 22% in 2005

# Fleet Deliveries 2006-2008

Dry Bulk Fleet – Current Orderbook 18%



Containership Fleet – Orderbook ~50%



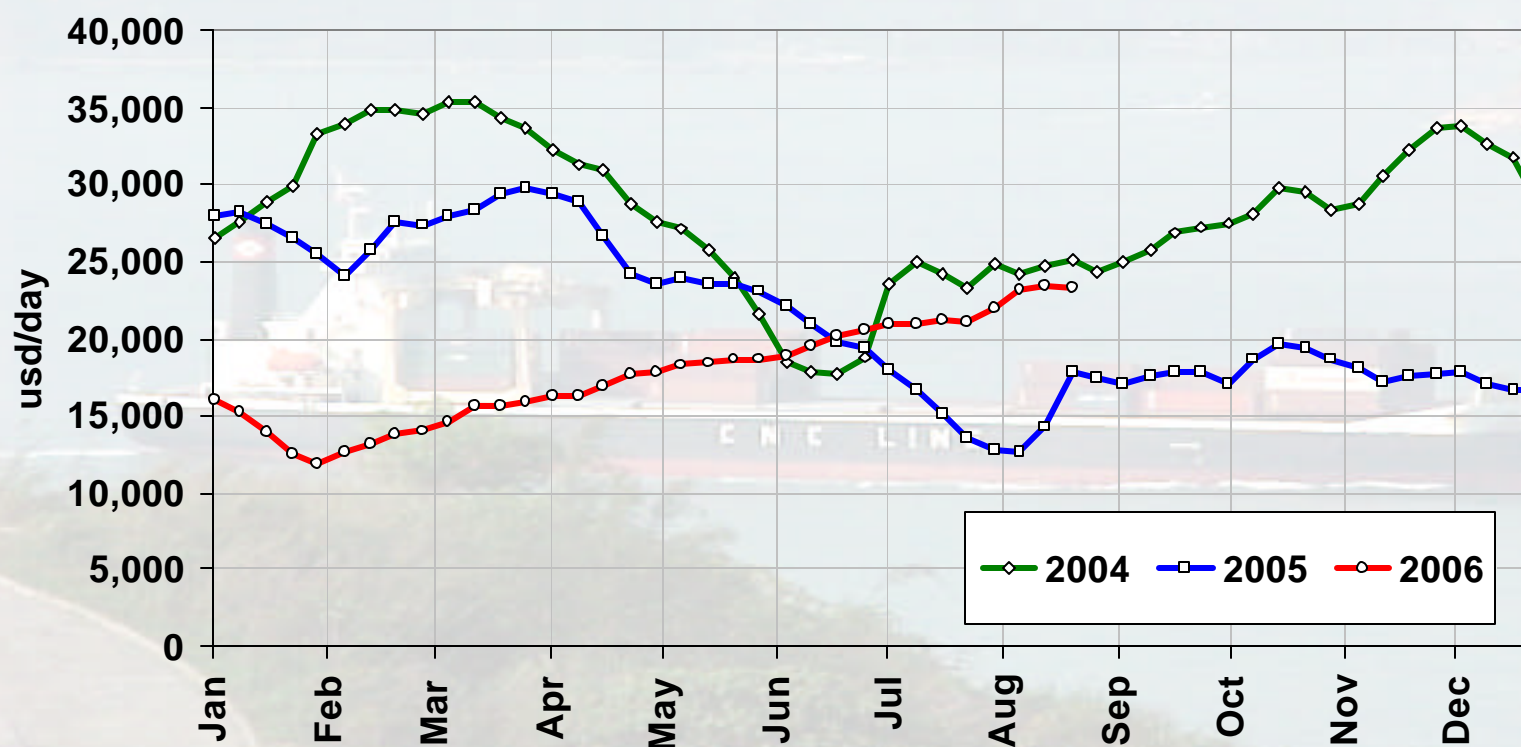
- Dry bulk market has been able to absorb significant number of deliveries in 2006 H1 as evidenced by the rising rates
- Future scheduled deliveries are slowing down
- Presently, it takes 3-3.5 yrs to deliver a ship
- Containership deliveries are to increase in 2007 and, more so, in 2008

Source: Company compiled data based on industry publications



# Dry Bulk Rates: 2006 Vs. 2005 & 2004 Comparison

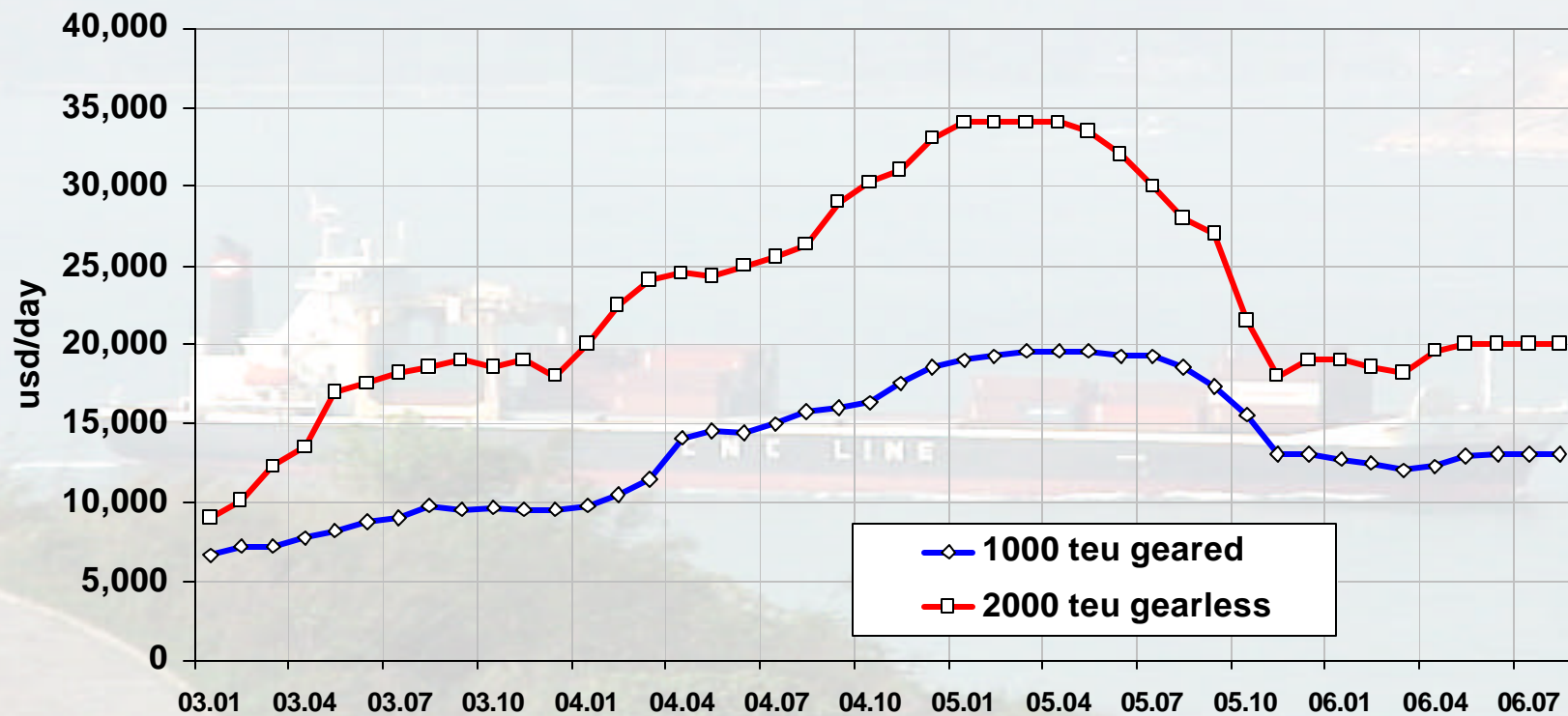
Dry Bulk Spot Rates - Handymax 45,000



Source: Company compiled data based on industry publications


# Containership Charter Rates

## Containership 1-year Time Charter Rates



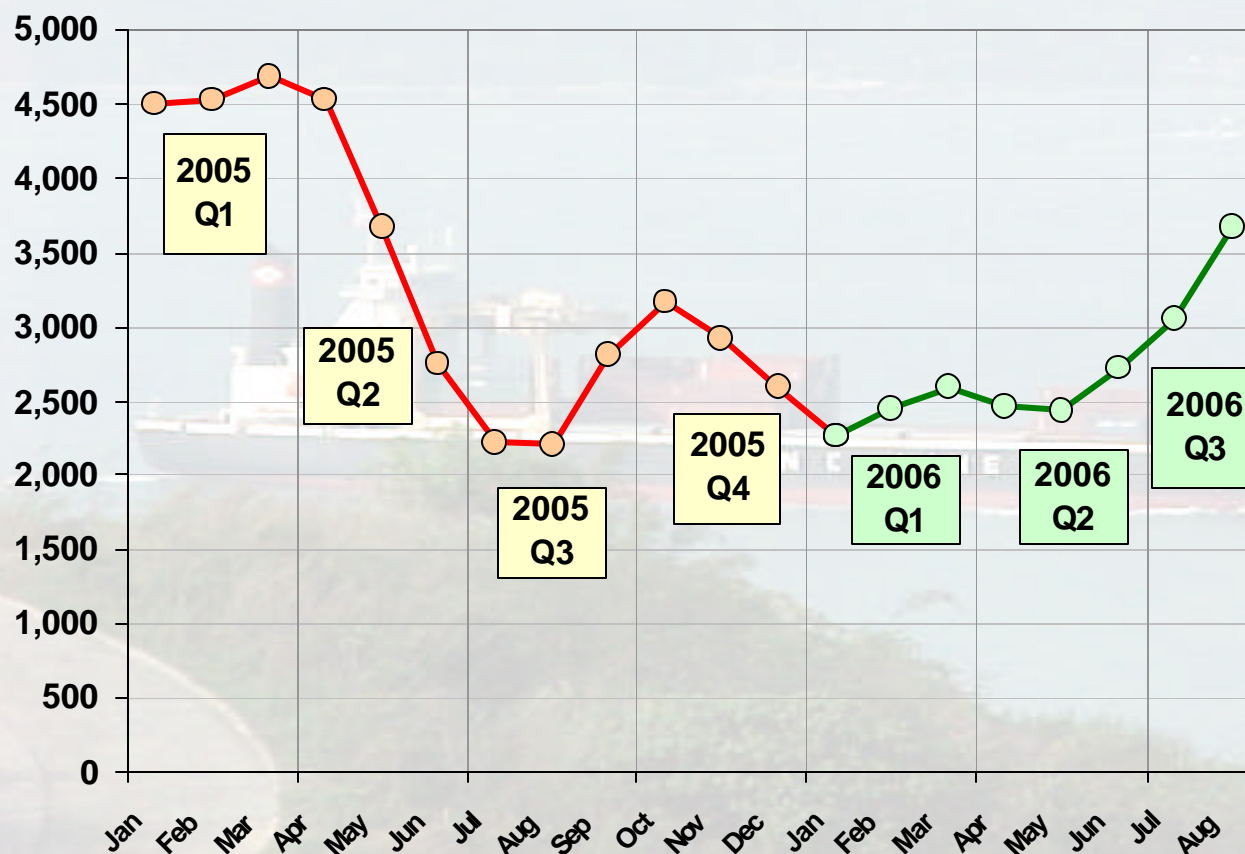
Source: Company compiled data based on industry publications

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# Baltic Dry Index Development

Baltic Dry Index



- BDI is up from a recent low point of about 2030 in late-January '06 to 3672 on August 22
- 2006H1 lower than same period in '05
- But in Q3 '06, BDI is higher than corresponding period in Q3 '05

# Income Statement, 2003, 2004, 2005 & 2006 H1



INCOME STATEMENT in '000 USD except per share amounts and number of vessels	Year ending at December 31,			Six months ended at June 30,	
	2003	2004	2005	2005	2006
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
TC Equivalent revenue	25,514	45,348	43,853	23,702	19,555
Commissions	-906	-2,215	-2,388	-1,340	-896
<b>Operating expenses</b>					
Vessel operating expenses	8,776	8,906	8,610	4,271	5,056
Management fees	1,723	1,972	1,912	965	1,113
General & Admin. Expenses	0	0	421	0	522
<b>Total operating expenses</b>	<b>10,499</b>	<b>10,879</b>	<b>10,943</b>	<b>5,236</b>	<b>6,691</b>
Amortization and depreciation	-4,758	-3,462	-4,208	-1,824	-3,195
Net gain on sale of vessel	0	2,316	0	0	2,166
<b>Operating income</b>	<b>9,352</b>	<b>31,108</b>	<b>26,313</b>	<b>15,301</b>	<b>10,939</b>
Interest and finance cost	-793	-708	-1,496	-546	-1,392
Other Income (expenses), net	-132	212	361	8	468
<b>Net income for the year, or, six month period</b>	<b>8,427</b>	<b>30,612</b>	<b>25,178</b>	<b>14,763</b>	<b>10,015</b>
<b>Earnings per share</b>	<b>0.28</b>	<b>1.03</b>	<b>0.78</b>	<b>0.50</b>	<b>0.27</b>
based on number of shares	29,754	29,754	32,218	29,754	36,781
<b>Number of vessels</b>	<b>8.00</b>	<b>7.31</b>	<b>7.10</b>	<b>7.00</b>	<b>8.20</b>



# Fleet Data, 2003, 2004, 2005 & 2006 H1



Per Vessel Statistics in USD/day/vessel	Year ending at December 31,			Six months ending at June 30,	
	2003 (audited)	2004 (audited)	2005 (audited)	2005 (unaudited)	2006 (unaudited)
<b>Number of vessels</b>	8.00	7.31	7.10	7.00	8.20
<b>Period Days (days)</b>					
Calendar	2,920	2,677	2,591	1,267	1,483
Available	2,867	2,554	2,546	1,242	1,460
Voyage	2,846	2,542	2,508	1,239	1,458
<b>Utilization Rate (%)</b>	99.3%	99.5%	98.5%	99.8%	99.9%
<b>Averages in USD/day/vessel</b>					
<b>Time Charter Equivalent (TCE)</b>	<b>8,738</b>	<b>17,839</b>	<b>17,487</b>	<b>19,124</b>	<b>13,414</b>
Vessel running expenses	3,005	3,327	3,323	3,371	3,409
Management fees	590	737	738	762	750
Vessel operating expenses	3,595	4,064	4,061	4,133	4,168
General & Admin. Expenses	0	0	162		352
<b>Total operating expenses</b>	<b>3,595</b>	<b>4,064</b>	<b>4,223</b>	<b>4,133</b>	<b>4,511</b>
<b>Amortization &amp; Depreciation</b>	<b>-1,629</b>	<b>-1,293</b>	<b>-1,624</b>	<b>-1,440</b>	<b>-2,154</b>

## Balance Sheet Highlights

BALANCE SHEET in USD	June 30, 2006
<b>Assets</b>	<b>(unaudited)</b>
<b>Current assets</b>	
Cash and cash equivalents	20,205,705
Other current Assets	3,329,399
<b>Total current assets</b>	<b>23,535,104</b>
Vessels, net incl. vessel held for sale	59,679,713
Deferred charges, net	1,461,348
<b>Total assets</b>	<b>84,676,165</b>
<b>Liabilities and shareholders' equity</b>	
<b>Current liabilities</b>	
Long-term debt, current portion	13,840,000
Other current liabilities	5,077,393
<b>Total current liabilities</b>	<b>18,917,393</b>
Long-term debt, net of current portion	33,280,000
<b>Total liabilities</b>	<b>52,197,393</b>
<b>Shareholders' equity</b>	
Common stock	378,603
Additional paid-in capital	17,882,990
Retained earnings	14,217,179
<b>Total shareholders' equity</b>	<b>32,478,772</b>
<b>Total liabilities and shareholders' equity</b>	<b>84,676,165</b>

- **Unrestricted cash: \$20.2 m**
- **Long term debt: \$ 47.1 m**
  - **Modest leverage by industry standards**
  - **Repaid abt \$17 m debt since private placement**
- **Net Debt to Cap ratio of 45.3%**
- **Acquisition of M/V "Torm Tekla" is financed by \$15.5 m debt (about 65%)**

# Dividend Policy & History



- “Euroseas plans to distribute, on a quarterly basis, substantially all available cash flow generated by operations less expenses, debt service, reserves for drydocking expenses, special surveys, and after establishing necessary working capital reserves. Necessary working capital reserves will be determined by the business needs, terms of existing credit facilities, growth strategies, and other cash needs as determined by the Board of Directors, or required by prevailing law. ”
  - Dividend is at the discretion of the Board
- Declared dividend of \$0.06 per share for the second quarter of 2006
- Dividend History : \$ 0.25 per share in total since August 2005
  - November 2, 2005 - \$0.07/share
  - February 7, 2006 - \$0.06/share
  - May 9, 2006 - \$0.06/share
  - August 15, 2006 - \$0.06/share

## Conclusion



- Pleased with our progress today, but determined to continue growing and building our fleet and earnings
  - We invested \$16m out of the \$17.5 m (net) raised
  - We have \$7-8 million of cash available for investment
    - ➔can purchase one more ship before looking for ways to fund our growth
- Pursue investments maximizing capital efficiency
  - Maximize cash flow and earnings per dollar invested targeting mid-age vessels at time of purchase
  - Invest in projects good on their own merits and accretive to the group
  - Experience in managing vessels of any age / costs among the lowest of its peers
  - Long-standing & profitable track record of principals
    - 4 generations of profitable involvement in shipping
- Focus on small and medium size dry bulk & containership segments
  - Both part of Chinese & world growth scenarios
  - Flexible trading plus benefiting from lower supply-side growth



# Appendix



# EBITDA Reconciliation

	Year Ended December 31, 2004	Year Ended December 31, 2005	Six Months Ended June 30, 2005	Six Months Ended June 30, 2006
<b>Net income</b>	<b>30,611,765</b>	<b>25,178,454</b>	<b>14,763,374</b>	<b>10,015,456</b>
Interest and finance costs, net (incl. Interest Income)	521,215	1,035,414	456,021	921,606
Depreciation and amortization	3,461,678	4,208,252	1,824,322	3,195,074
Amortization of Fair value of the below market time charter acquired	-	-	-	(83,240)
<b>Adjusted EBITDA</b>	<b>34,594,658</b>	<b>30,422,120</b>	<b>17,043,717</b>	<b>14,048,896</b>

## EBITDA Reconciliation:

Euroseas Ltd. considers EBITDA to represent net earnings before interest, taxes, depreciation, amortization and gains (or losses) from sale of vessels. EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations, as determined by United States generally accepted accounting principles, or U.S. GAAP, and our calculation of EBITDA may not be comparable to that reported by other companies. EBITDA is included herein because it is a basis upon which we assess our liquidity position and because we believe that it presents useful information to investors regarding a company's ability to service and/or incur indebtedness. The Company's definition of EBITDA may not be the same as that used by other companies in the shipping or other industries.

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