



**Euroseas Ltd.**

**Company Presentation**

**[NASDAQ: ESEA]**

**14<sup>th</sup> Annual Capital Link New York Maritime Forum**

**September 2022**



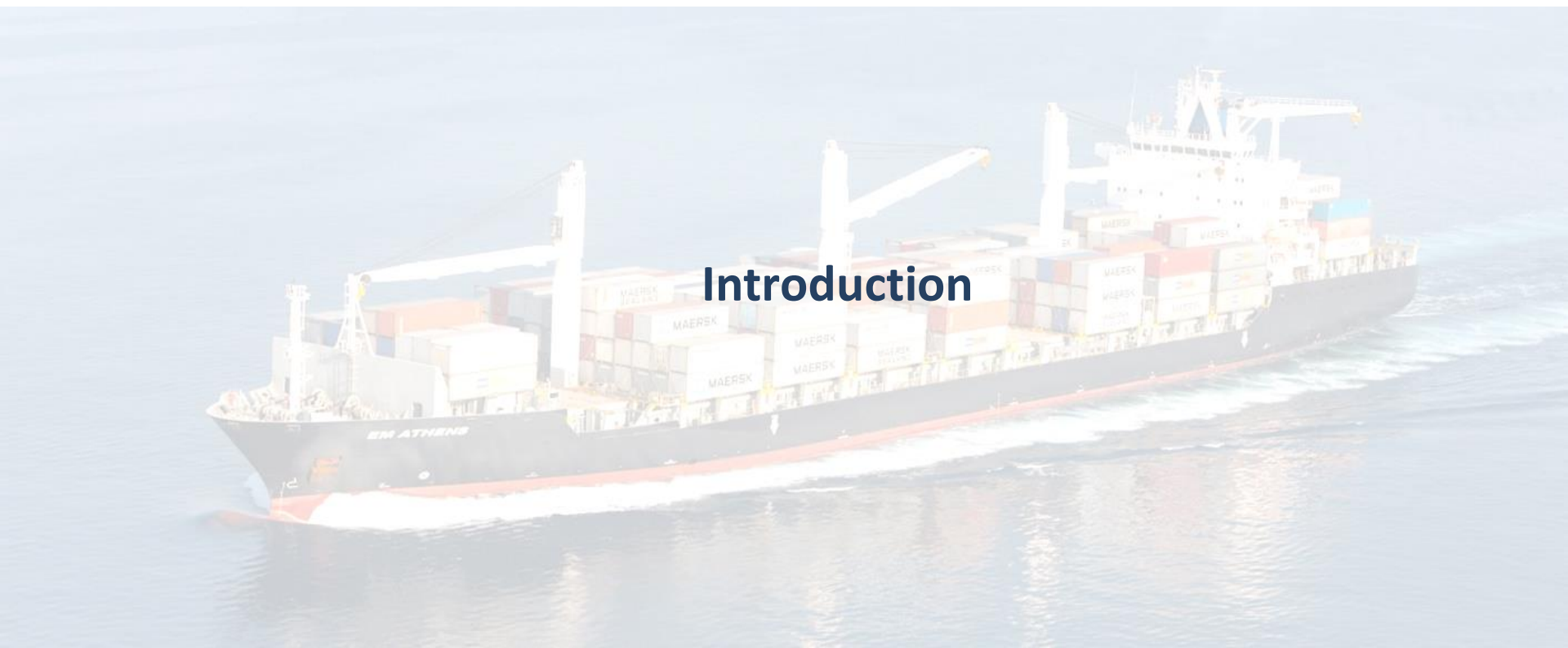
# Forward-Looking Statements

*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.*

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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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## Introduction

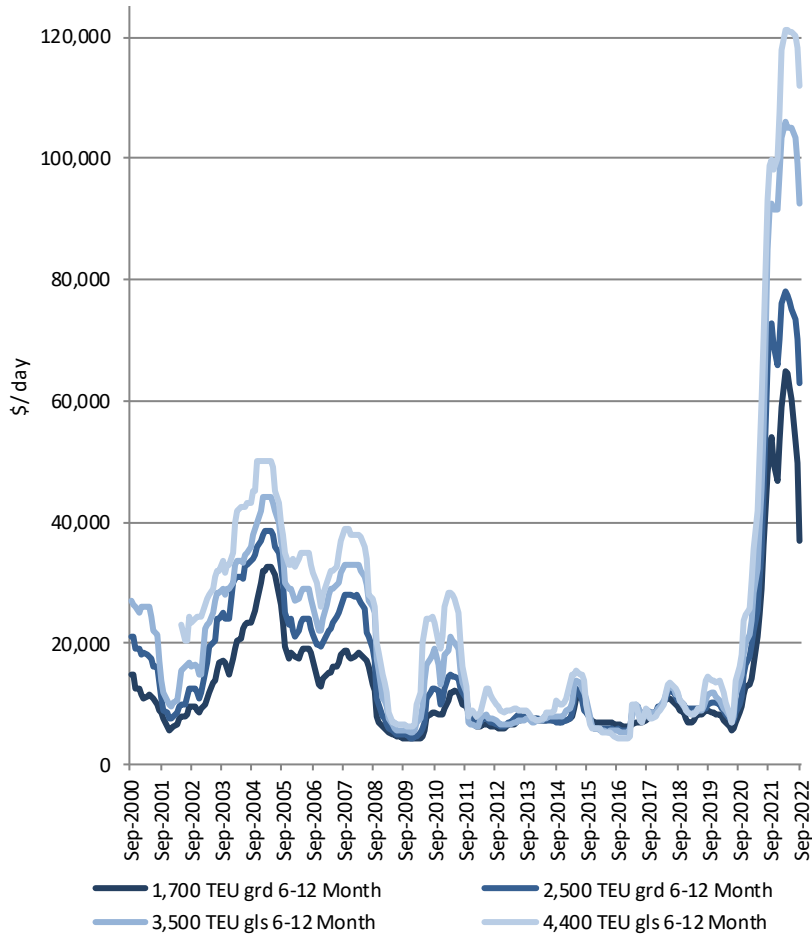
# Euroseas - Introduction

- Euroseas is a provider of worldwide ocean-going transportation services through the ownership and operation of container vessels
  - Established in 2005 by the Pittas family which has owned/operated vessels since 1870; currently, the 4th generation at the helm of the Company
  - Current fleet consists of:
    - 18 vessels on the water, 10 Feeder and 8 Intermediate containerships, with a cargo capacity of 58,871 teu; and,
    - A 9-feeder containership newbuilding program with vessel deliveries in 2023 and 2024, increasing the total carrying capacity to 81,071 teu.
- Long capital market track record
  - Nasdaq Listed (“ESEA”) since 2007, transparent reporting and strong corporate governance
- Experienced management team and seasoned Board of Directors
  - Aristides J. Pittas, CEO & Dr. Tasos Aslidis, CFO have 30+ years of industry experience, Symeon Parios, CAO has 20+ years; all have been with the Company since inception
  - Independent majority board with all members in leading positions in their respective industries or with long investment experience in shipping
- Vessel management is done through Eurobulk Ltd., an affiliated company
  - Established in 1995; well-respected within the industry for its efficient and safe operating track record
  - “Vertically” integrated, carrying strong relationships with charterers, suppliers, bankers and other industry participants

# Current Point in the Market

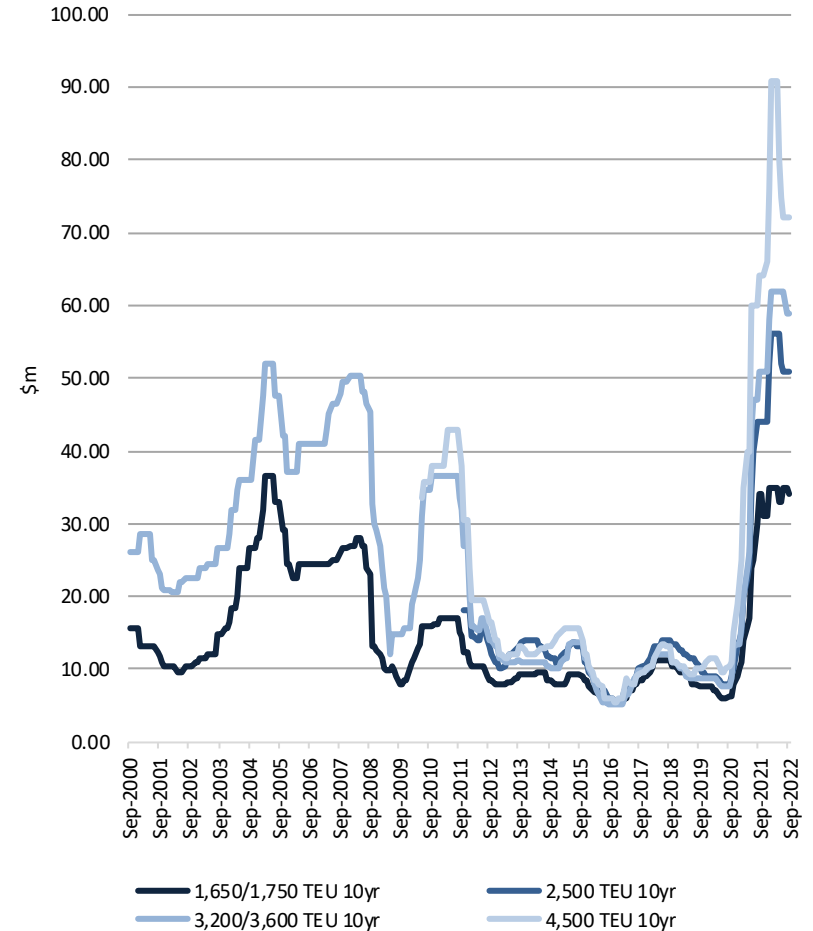
## 6 – 12m TC rate (\$/day)

Over the past 52 weeks TC rates have been on the rise, standing at levels never seen before



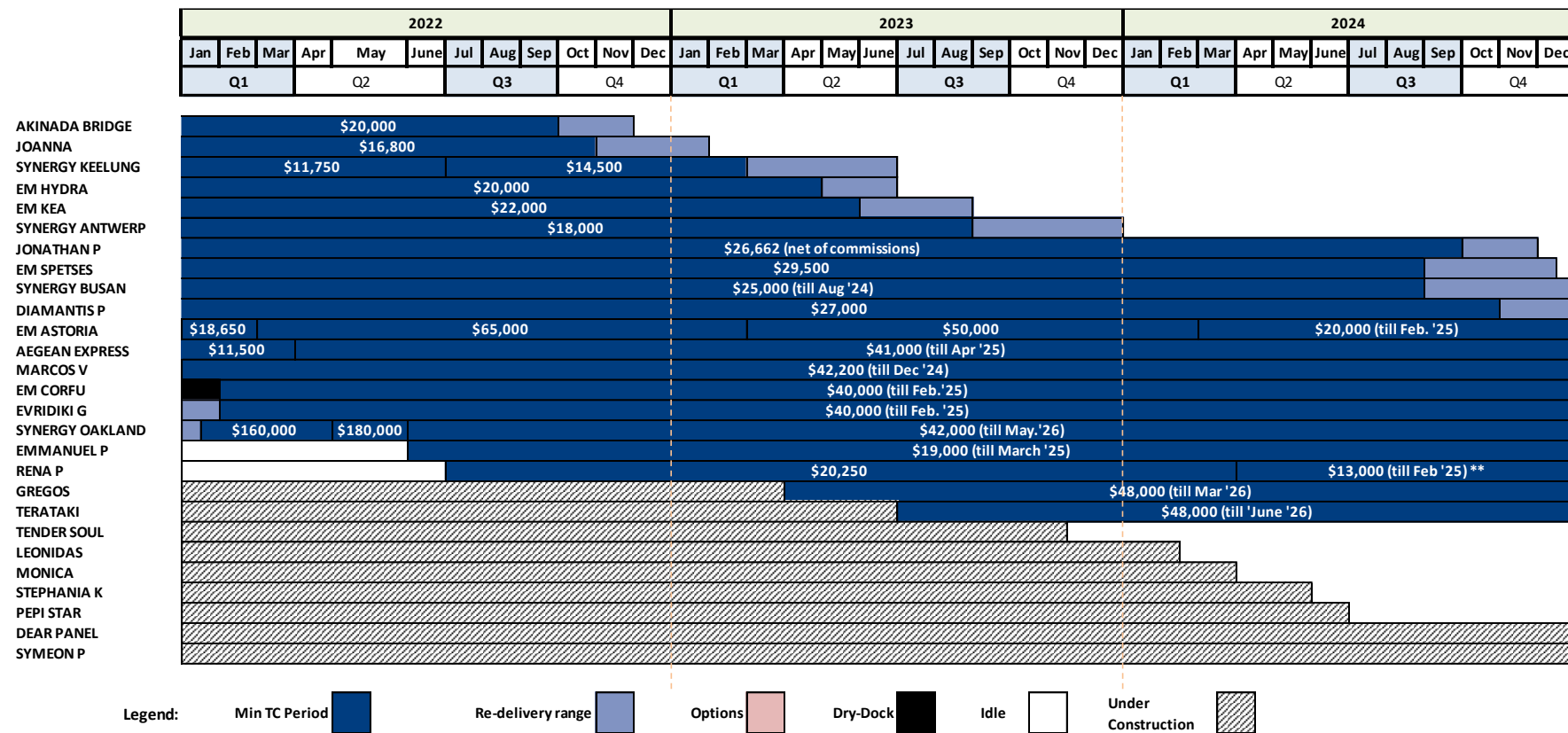
## 10 year old Second Hand Prices (\$m)

Second hand vessel prices have reached all time highs, following TC rates momentum



# Vessel Employment - Significant Visibility Beyond 2023

## Solid chartering strategy securing significant cash flow generation beyond 2023



- Already, 98% of available days in 2022 are covered at an average rate of ~\$32,000/day with an EBITDA contribution of ~\$130m
- For 2023, 78% of available days have been secured at an average rate of ~\$33,200/day and an EBITDA contribution of ~\$130m
- For 2024, ~4,673 days are already covered out of ~8,631 available days (about 54%) at an average rate of ~\$34,000/day

# Fleet Growth Strategy

## Newbuilding program initiated in 2021

- Nine newbuilding contracts, six 2,800 teu and three 1,800 teu vessels, all modern eco-design fuel efficient; expected to be delivered between 2023 and 2024
  - Exploits relatively better prices for newbuildings as compared to vessel prices for secondhand acquisitions
  - Renewal of fleet and expansion of company's footprint in the feeder sector focusing on the most commercially-demanded vessel sizes
  - Adheres to its commitment towards environmentally sustainable operations

## "Structured" second-hand vessel acquisitions

- Due to high vessel prices, secondhand vessels are acquired only if simultaneously chartered for a sufficiently long period and at such rate level whereby at the end of the charter, cost basis is below scrap value or historical median price
  - Typically, three- to four-year charters are arranged to minimize/eliminate market risk
  - Essentially, an option for upside potential after the end of the charter
  - Two such acquisitions in 2022:
    - Emmanuel P (ex. Seaspan Melbourne): Delivered on May 24, 2022, a 4,250 teu intermediate container vessel built in 2005, for \$17.5m with a charter until Mar-2025
    - Rena P (ex. Seaspan Manila): Delivered on June 27 2022, a 4,250 teu intermediate container vessel built in 2007, for \$19.5m with a charter until Feb-2025

# Current Fleet Profile

**Current fleet is comprised of 18 vessels with an average age of 17<sup>(1)</sup> years and a carrying capacity of 58.9k TEU**



**10x Feeder**  
**Avg. Age: 19.2 years<sup>(1)</sup>**  
**Carrying Capacity: 21.4k TEU**



**8x Intermediate**  
**Avg. Age: 15.7years<sup>(1)</sup>**  
**Carrying Capacity: 37.5k TEU**

| Name                             | Type         | Size           |               | Year        |
|----------------------------------|--------------|----------------|---------------|-------------|
|                                  |              | DWT            | TEU           | Built       |
| <b><i>On the water fleet</i></b> |              |                |               |             |
| Marcos V                         | Intermediate | 72,968         | 6,350         | 2005        |
| Akinada Bridge                   | Intermediate | 71,366         | 5,610         | 2001        |
| Synergy Busan                    | 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        |
| Emmanuel P                       | Intermediate | 50,796         | 4,250         | 2005        |
| Rena P                           | Intermediate | 50,796         | 4,250         | 2007        |
| 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 P                      | Feeder       | 30,360         | 2,008         | 1998        |
| EM Spetses                       | Feeder       | 23,224         | 1,740         | 2007        |
| EM Hydra                         | Feeder       | 23,351         | 1,740         | 2005        |
| Jonathan P                       | Feeder       | 23,357         | 1,740         | 2006        |
| Joanna                           | Feeder       | 22,301         | 1,732         | 1999        |
| Aegean Express                   | Feeder       | 18,581         | 1,439         | 1997        |
| <b>On the water fleet total</b>  | <b>18</b>    | <b>737,404</b> | <b>58,871</b> | <b>17.0</b> |



# Vessels Under Construction

*Nine vessels with capacity of 22,200 teu to be delivered during 2023 & 2024*



*6x Feeders  
Carrying Capacity: 2,800 teu each*



*3x Feeders  
Carrying Capacity: 1,800 teu each*

| Name                              | Type     | DWT            | Size | TEU           | To be Delivered |
|-----------------------------------|----------|----------------|------|---------------|-----------------|
| <i>Vessels under construction</i> |          |                |      |               |                 |
| Gregos (H4201)                    | Feeder   | 37,237         |      | 2,800         | Q1 2023         |
| Terataki (H4202)                  | Feeder   | 37,237         |      | 2,800         | Q2 2023         |
| Tender Soul (H4236)               | Feeder   | 37,237         |      | 2,800         | Q4 2023         |
| Leonidas Z (H4237)                | Feeder   | 37,237         |      | 2,800         | Q1 2024         |
| Monica (H4248)                    | Feeder   | 22,262         |      | 1,800         | Q1 2024         |
| Stephania K (H4249)               | Feeder   | 22,262         |      | 1,800         | Q2 2024         |
| Pepi Star (H4250)                 | Feeder   | 22,262         |      | 1,800         | Q2 2024         |
| Dear Panel (H4251)                | Feeder   | 37,237         |      | 2,800         | Q4 2024         |
| Symeon P (H4252)                  | Feeder   | 37,237         |      | 2,800         | Q4 2024         |
| <b>On order vessels total</b>     | <b>9</b> | <b>290,208</b> |      | <b>22,200</b> |                 |

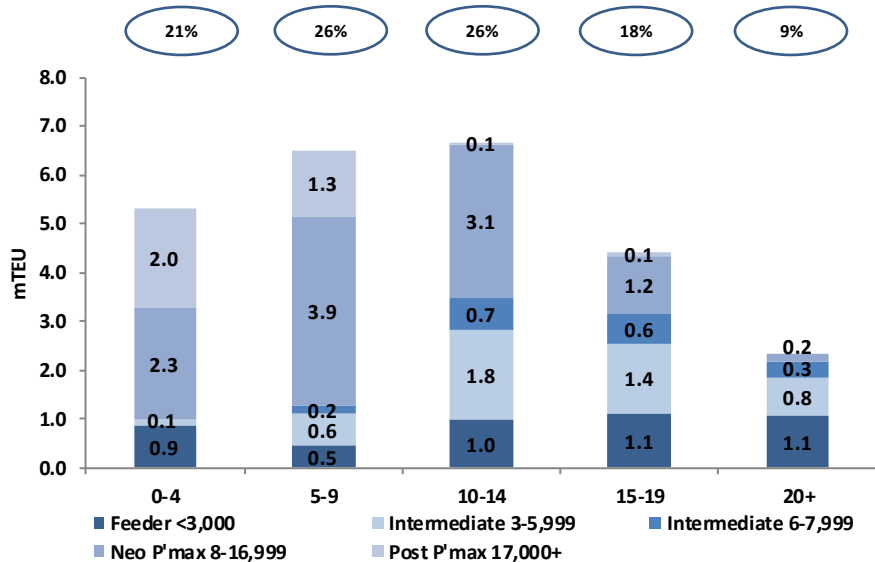


## Container Sector Overview: Supply/Demand Fundamentals

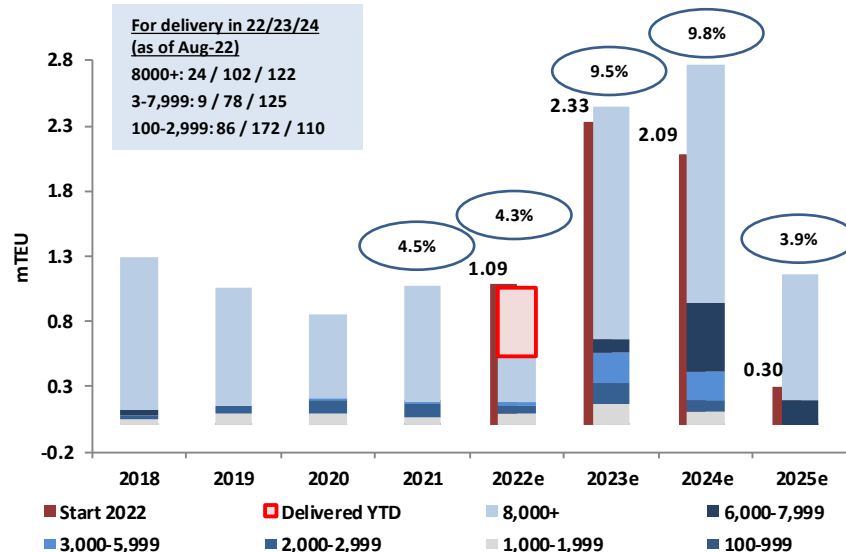


# Age Profile and Orderbook, Total Fleet

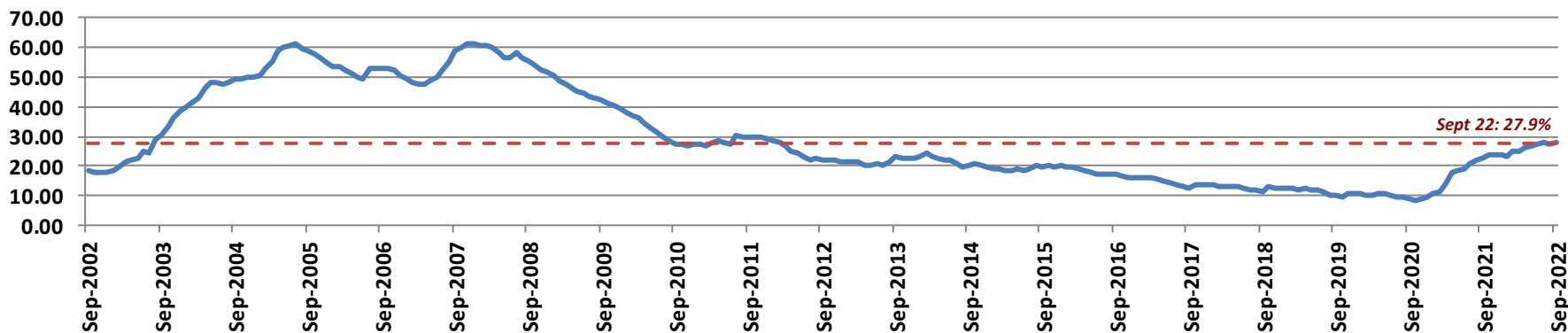
## Age Profile



## Containership Orderbook



## Orderbook as % of fleet



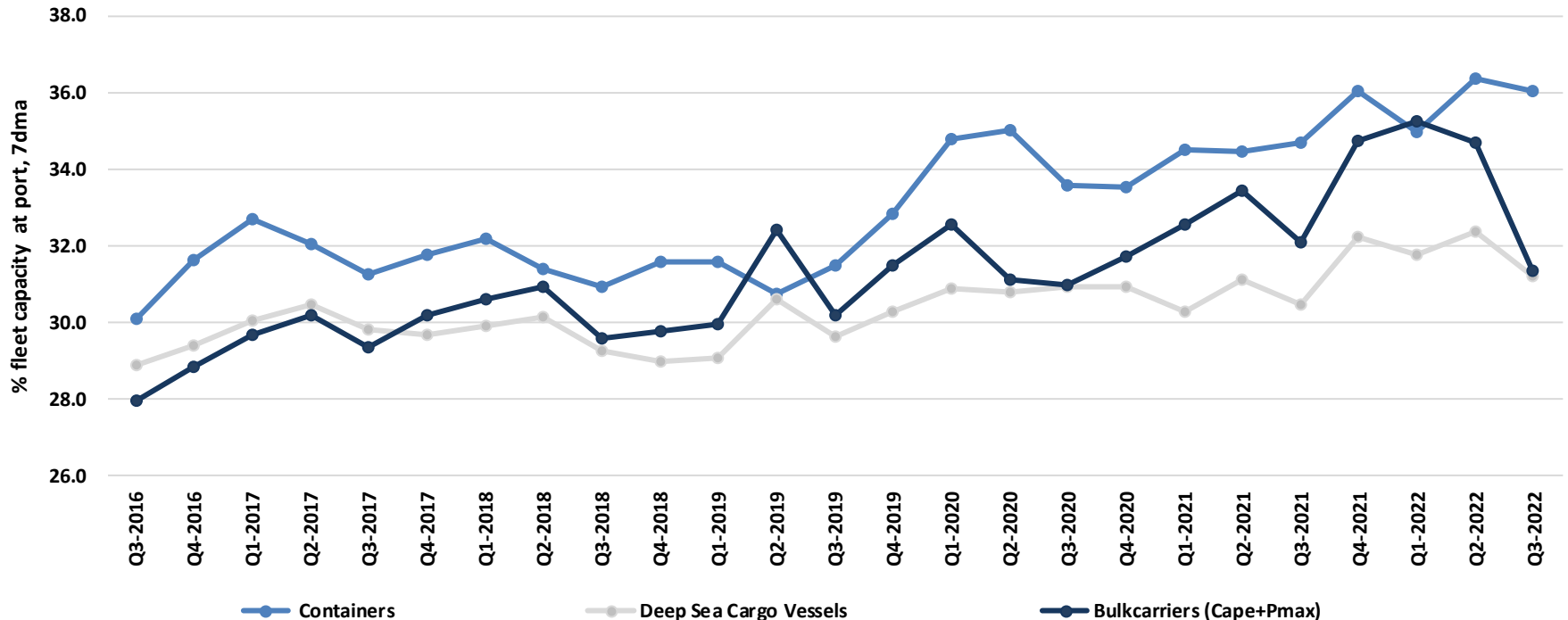
Source: Clarksons Research

(\*) Percentage figures for years 2022-2025 indicate scheduled deliveries only; percentages in previous years show net fleet growth accounting for scrapping and other fleet changes



# Transportation System Inefficiencies

## Port Congestion Indices



- Disruption to global logistics and supply chains was widespread last year. Port congestion being a key feature to this disruption, it is still ongoing and tying up container ships as well as partially offsetting a pullback in cargo demand. However this is not the case in the dry bulk market, where dry bulk congestion has cleared, releasing significant capacity into the market.
- A range of global events clearly continue to generate disruption. The impacts of the Russia-Ukraine conflict in particular could further amplify shipping “inefficiencies”. On the other hand, China appears to be the culprit for much of dry bulk’s reversal, particularly for larger bulkers as they heavily rely on Chinese imports of iron ore and coal.

# World GDP & Shipping Demand Growth

## Containerized Trade Growth Vs World GDP Growth

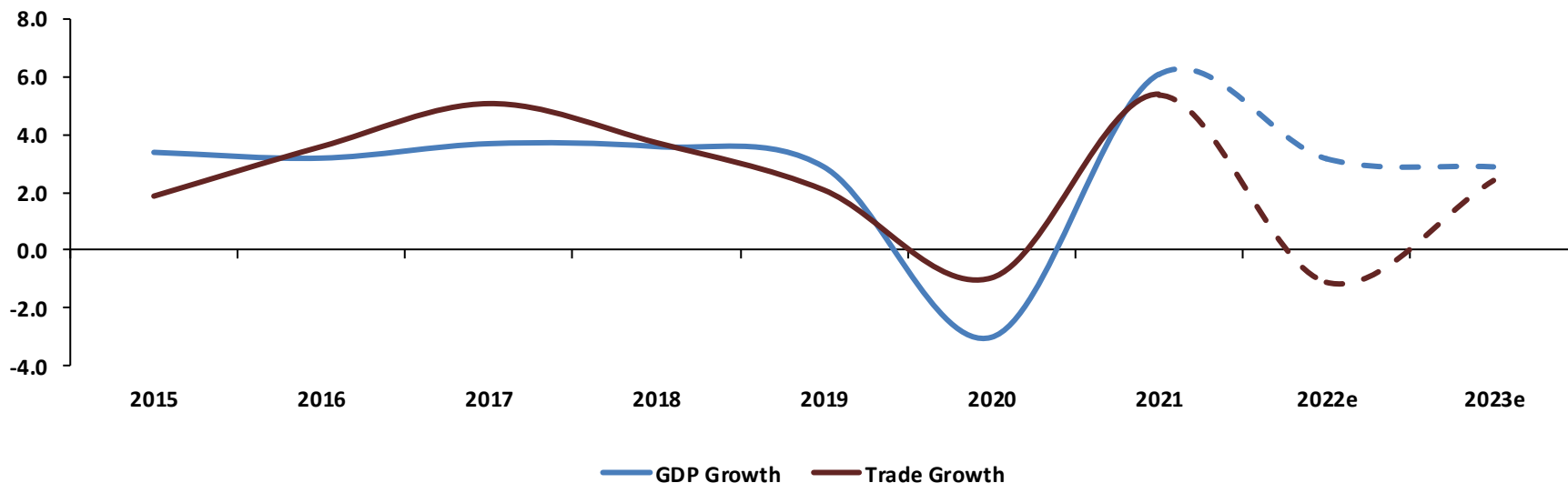
| Real GDP (% p.a. - IMF) | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e |
|-------------------------|------|------|------|------|------|------|------|-------|-------|
| World                   | 3.4  | 3.2  | 3.7  | 3.6  | 2.9  | -3.  | 6.1  | 3.2   | 2.9   |

(IMF: as of July-22)

## Containerized Trade (% p.a.)

| Tonmiles | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e |
|----------|------|------|------|------|------|------|------|-------|-------|
|          | 1.9  | 3.6  | 5.1  | 3.7  | 2.1  | -1.0 | 5.4  | -1.1  | 2.4   |

(Clarksons: as of Sept-22)





## **Euroseas Operations, Chartering & Strategy**



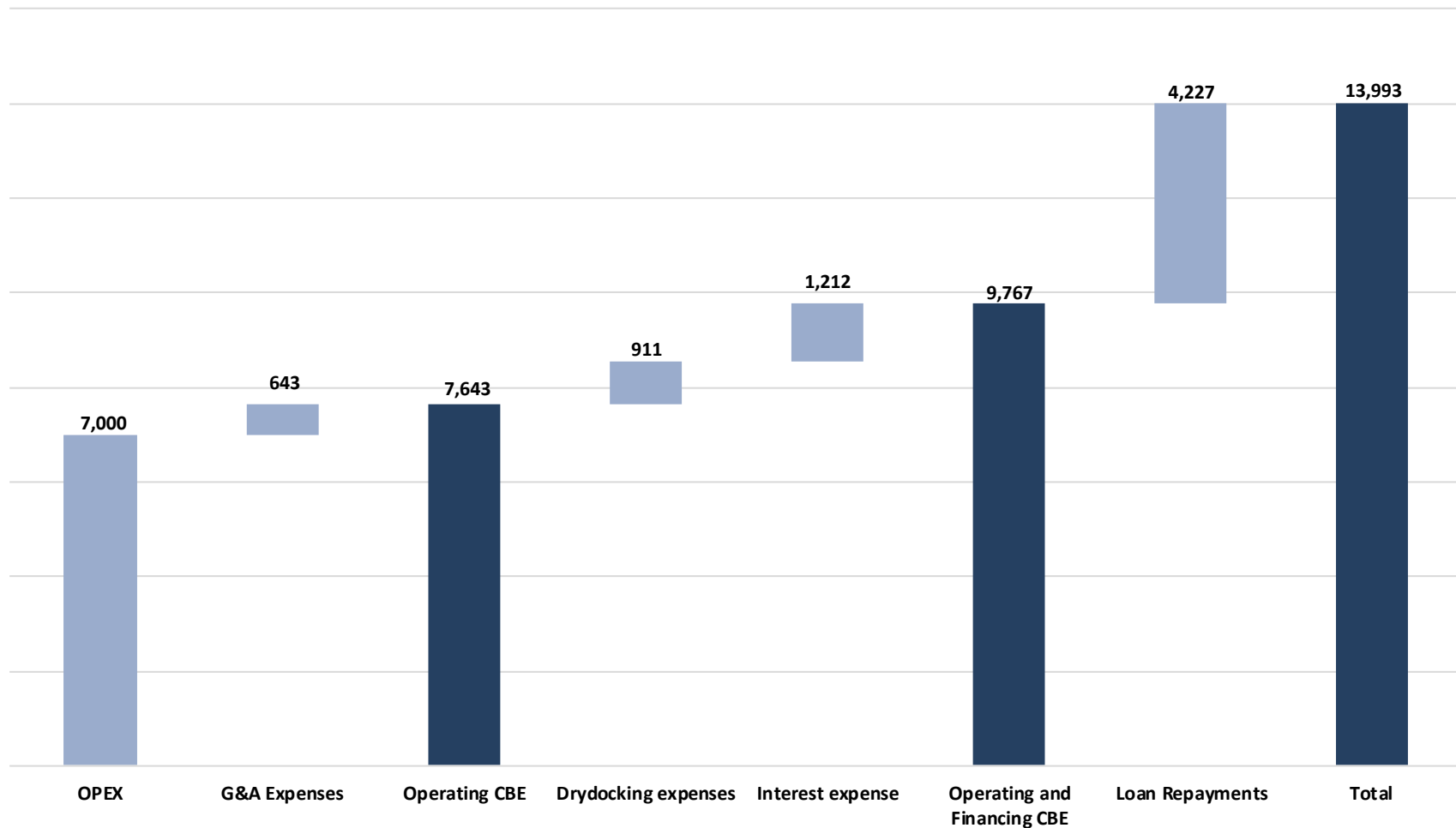
# Financial Highlights

## Second Quarter 2022 Highlights

- Total net revenues of \$48.5 million.
- Net income attributable to common shareholders of \$30.7 million or \$4.26 and \$4.24 earnings per share basic and diluted, respectively inclusive of change in the fair value of derivatives.
- Adjusted net income attributable to common shareholders for the quarter of \$29.6 million or \$4.10 and \$4.08 adjusted earnings per share basic and diluted, respectively.
- Adjusted EBITDA was \$34.2 million.
- Average of 16.46 vessels were owned and operated during the second quarter of 2022 earning an average time charter equivalent rate of \$33,714 per day.

# Projected Cash Flow Break Even

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

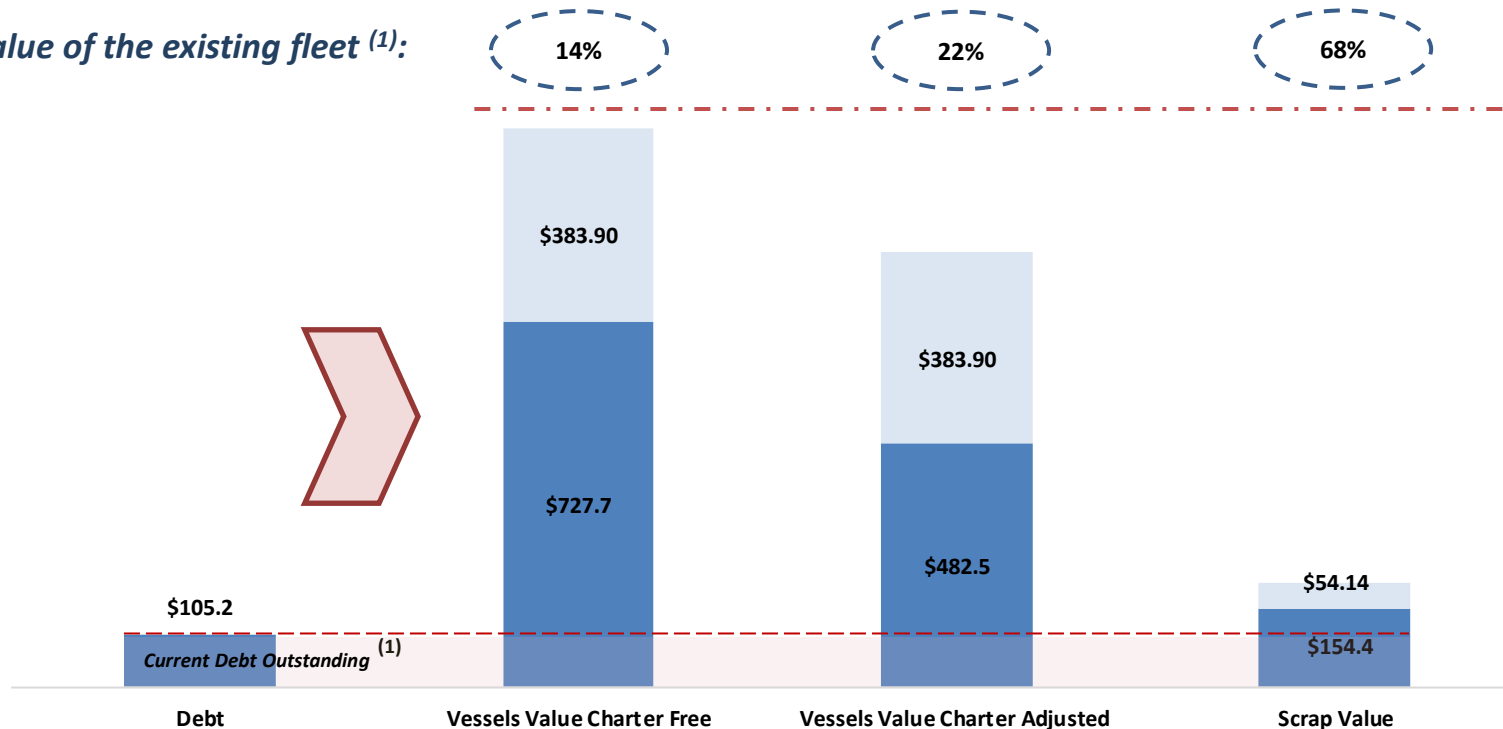




# Key Balance Sheet Highlight

Current outstanding debt as of Jun 30, 2022 compared to Aug 2022 fleet valuation

Loan to Value of the existing fleet <sup>(1)</sup>:



- Low leverage with outstanding debt<sup>(1)</sup> standing at 22% of current charter-adjusted vessel values
- Total debt is even lower than the current scrap value of the existing vessels (reflecting the current price of \$422/lwt).
- Contracted EBITDA in 2022 alone stands at \$130m which is above of company's current debt outstanding.

# Why Euroseas: Growth Strategy & Shareholder Value

- Current healthy markets and existing contract coverage generate significant cash flow to be used to build value for the long run
  - We are pursuing a strategy to grow and modernize the Company
    - ➔ We have embarked on a significant newbuilding program ordering 9 vessels to-date, with a total contract price about \$360m
    - ➔ Pursuing selective acquisitions with fully covered downside market risk to provide us upside potential in the medium term
  - Secondly, excess cash may be used to reward shareholders either through dividends or share buybacks if the share price remains undervalued, as it is currently
  
- Risk management via long term charter coverage and conservative/flexible financing will provide for significant earnings over the medium term
  - Simply based on our contracted days (assuming zero revenues for the “Open Days” but including all costs), we are to make more than \$22.5/share over the 2½ years covering 2022Q3-2024<sup>(1)</sup> and will have enough cash inflows to fund the equity portion of our nine newbuilding vessels.
  - Also, in addition to the earnings over the next 2½ years, at the end of the 2024, the incremental net asset value of our fleet, assuming scrap prices for the existing fleet at \$400/lwt (which, currently, are just below \$600/lwt) and 90% of contract prices for the nine newbuildings after repaying the outstanding debt and subtracting the remaining equity payments for our newbuilding program, will stand at about \$11.5/ share. Under such a drastic downside scenario, the Company's share value should be around \$34/ share.
    - ➔ However, there is significant upside for our stock (currently trading around \$23/share): if our open days are chartered at even half the rate of our contracted days, our earnings over the next 2½ years would increase by about \$12.5/share (56%) to about \$35/share resulting total value in excess of \$46 / share.



**Thank you!**



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