



Euroseas Ltd.

December 2018



Forward-Looking Statements

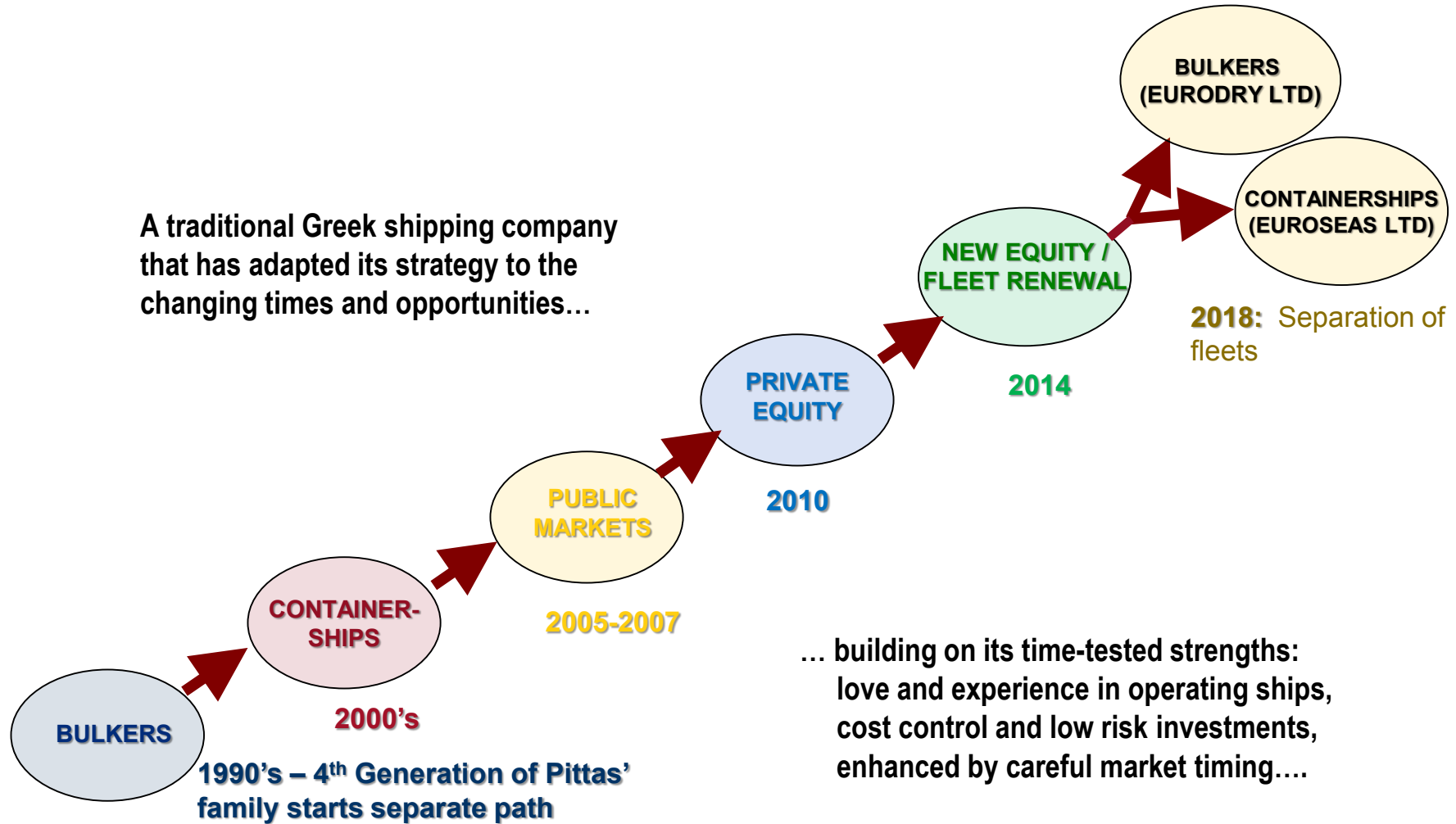
Statements in this presentation may be "forward-looking statements" within the meaning of federal securities laws. The matters discussed herein that are forward-looking statements are based on current management expectations that involve risks and uncertainties that may result in such expectations not 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.

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 Euroseas based on available data from a variety of sources like broker reports and various industry publications or represent Euroseas' own estimates. Euroseas exercised reasonable care and judgment in preparing these estimates, however, the estimates provided herein may not match information from other sources.

A Strategic Evolution

A traditional Greek shipping company that has adapted its strategy to the changing times and opportunities...



... building on its time-tested strengths: love and experience in operating ships, cost control and low risk investments, enhanced by careful market timing....

Drybulk & Containership Fleet Separation

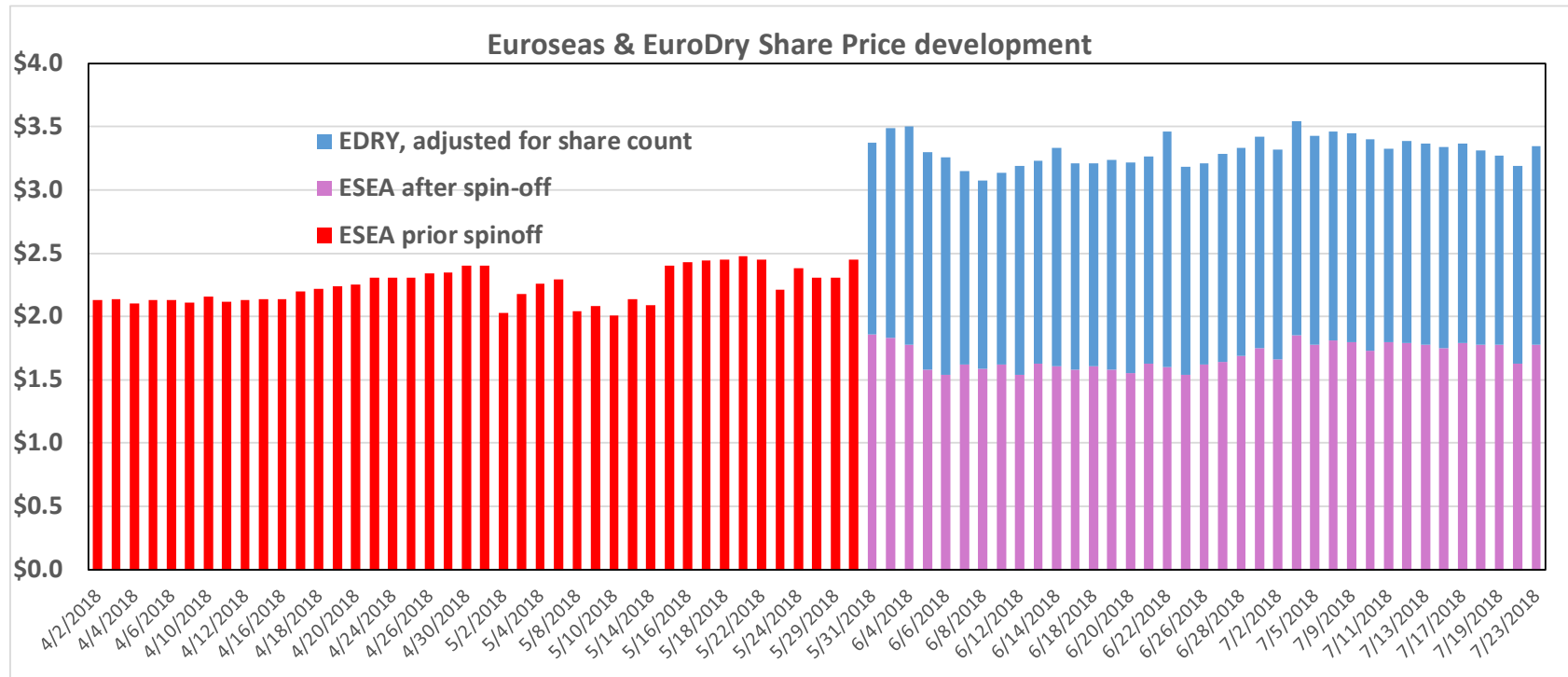
- EuroDry Ltd. (“EuroDry”, NASDAQ: EDRY) was spun-off from Euroseas Ltd. (“Euroseas”) on May 30, 2018 as a pure drybulk carrier owner to provide worldwide ocean-going transportation services for ...
 - ... transporting major bulks (iron ore, coal and grains) and minor bulks (e.g., steel products, bauxite, phosphate and fertilizers)..
- Euroseas Ltd (“Euroseas”, NASDAQ: ESEA) continues as the only publicly-listed company focused on feeder containerships
 - ... transporting dry and refrigerated cargoes (manufactured products and perishables) inside containers
- As of the spin-off, Euroseas and EuroDry operate as separate, distinct companies with no relationship with each other
 - Vessels are managed through Eurobulk & Eurobulk FE, which are affiliated companies
 - Separate Board & Management positions currently filled by the same individuals
 - ➔ Euroseas provides a unique opportunity to invest in the feeder containership sector
 - ➔ EuroDry focuses on high quality vessels in the middle drybulk sector from Ultramax up to Kamsarmax

Reasons For The Spin-Off

- Maximize shareholder value
 - Euroseas' stock before the spin-off was trading around 40% of its NAV, while most public peers - which are all "pure-play" companies - traded close to their NAV
 - Euroseas' mixed fleet strategy was, likely, the main reason for the trading discount
 - The spin-off reduced the discount to NAV: on a combined basis, valuation increased to abt 60% of NAV
- Increase liquidity of stock (daily trading volume)
 - During the 30 days before the Spin-off, Euroseas' daily trading volume was about 0.04 million shares, or, about \$0.08 million
 - Since the Spin-off, combined trading volume increased to 0.68 million shares of pre-spin-off equivalent Euroseas shares, or, about \$1.3 million
 - During the last 30 days, combined trading volume was 1.1 million shares of pre-spin-off equivalent Euroseas shares, or, about \$1.9 million
- Single sector focused fleets allow for simpler comparisons to peers and easier valuation estimates
 - Provide our shareholders and investors with more flexibility and optionality which, in turn, may increase the attractiveness of our stock
- Pure platforms are more attractive to potential partners
 - We can use our operating expertise and public listing as a platform to consolidate other private fleets

The Spin-off Created Shareholder Value

» Combined price after spin-off averaged \$3.32/share compared to \$2.24/share prior to the spin-off, a 48% gain



Euroseas - Containership Fleet & NAV Calculator

CONTAINERSHIPS				
Name	Type	Size		Year
		DWT	TEU	Built
Akinada Bridge	Intermediate	71,366	5,610	2001
EM Astoria	Feeder	35,600	2,788	2004
EM Corfu	Feeder	34,654	2,556	2001
Evridiki G	Feeder	34,677	2,556	2001
EM Athens	Feeder	32,350	2,506	2000
EM Oinousses	Feeder	32,350	2,506	2000
Joanna	Feeder	22,301	1,732	1999
Manolis P	Feeder	20,346	1,452	1995
Aegean Express	Feeder	18,581	1,439	1997
Kuo Hsiung	Feeder	18,154	1,169	1993
Ninos	Feeder	18,253	1,169	1990
Containerships	11 vessels	338,632	25,483	20.2

Proforma	
As of	
9/30/2018	(million USD)
Value of vessels ⁽¹⁾	69.3
Debt	-37.9
Preferred Equity	-19.4
Cash & Other A&L, net	9.71
Net Asset Value	21.8
NAV per share⁽²⁾	1.76

Notes:

Proforma adjustments during 2018Q4:

- 1) Refinancing of loan facilities for nine vessels with \$23.9m outstanding as of 9/30/2018 by a new facility of \$30m
- 2) Sale of shares via Euroseas' at-the-market offering with net proceeds of, approximately, \$2m

Preferred Equity:

- 1) Perpetual convertible at \$4.58/share (out of the money)
- 2) Dividend: 5% until end-Jan 2019, then 12% p.a. for 2 years, then 14% p.a.
- 3) Can be repaid after Jan-2019

(1) Based on valuations as of October 31, 2018 provided by Eurochart S.A., an affiliate. Includes \$1.2m value of charter

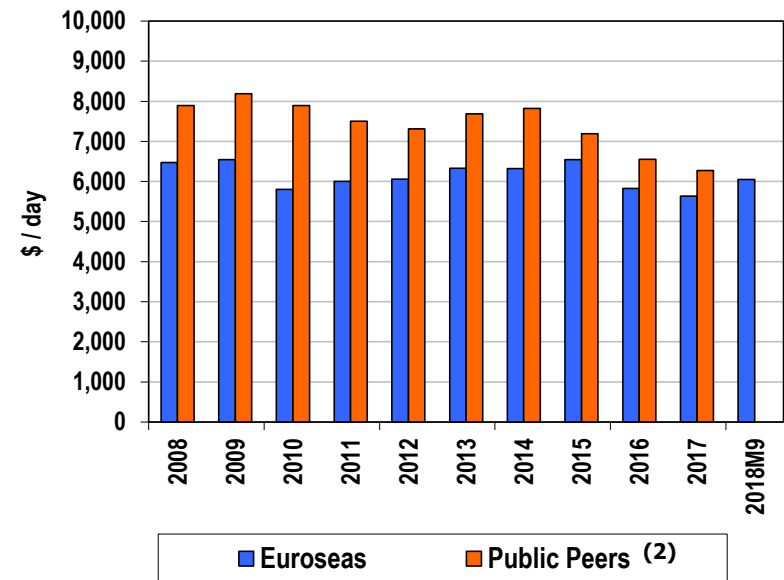
(2) Based on 12,390,135 shares issued and outstanding

Pillar of Success: Fleet Management & Operational Performance

Focus on cost control & quality operations

- Combined Euroseas' & EuroDry's fleet utilization exceeded 99.4% over last 5 years
 - Outstanding safety and environmental record
- For the first nine months of 2018,
 - Euroseas' operational fleet utilization was 94.8%⁽³⁾ and commercial 98.5%
 - EuroDry's operational utilization rate was 99.6% and commercial 100%
- Overall costs achieved are amongst the lowest amongst public shipping companies

Daily costs per vessel⁽¹⁾



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

(2) Peer group currently includes DCIX, DSX, SSW, CMRE, SBLK, DAC & SB based on company filings.

(3) Euroseas operational fleet utilization in 2018 was affected by EM Astoria being offhire for about five months for repairs on its propeller.



Sulfur Emissions Regulations (IMO 2020)

- IMO regulation requires by 2020 the use of fuels with a maximum sulfur content of 0.5% vs present limit of 3.5% to minimize effects of acid rain on human health and the environment (forests, rivers, lakes etc).
- Compliance can be achieved either by using compliant fuels (with up to 0.5% sulfur content) or by “scrubbing” (i.e. removing) sulfur oxides from the emissions by installing scrubbers
- Compliant fuels are expected to be more expensive with the cost anticipated to be borne by the charterers
 - Fuel efficient vessels will have a commercial advantage among the vessels that use compliant fuels (if, indeed, they prove more expensive)
 - Furthermore, higher cost of fuel should – all else equal – result in a slowdown of the fleet reducing effective supply
- If a scrubber is installed (so higher sulfur but, potentially, cheaper fuel can be used), the vessel should command a higher rate in the market proportional to the savings the charterer will realize by using the cheaper fuel
 - Economic reasoning for the scrubber solution assumes that this rate differential will pay for the investment required to install it by being passed on (i.e. paid) by the charterer to the owner



Further Considerations For Scrubber Installation

In addition to the cost differential of compliant and high sulfur fuels, the following factors – among others- might also influence the decision to invest in scrubbers:

- Availability of the two types of fuels at different ports
 - With the big majority of owners not installing scrubbers, about 95%, it is doubtful that they will be available at other than at the main shipping ports. On the other hand refineries may also not be able to provide sufficient quantities of low sulfur fuel
- Scrubbers may have operational problems
 - Level of maintenance costs and reliability yet to be confirmed
- Many countries have already disallowed the discharge of scrubber wash within their territory.
 - This trend may lead to similar regulations in more jurisdictions and, eventually, worldwide as environmentalists are advocating against throwing sulfur residues into the sea



Our Own Scrubber Strategy

- ➔ We are planning to rely on compliant fuel to satisfying the sulfur emissions requirement ...
 - ...based on a number of reasons:
- We believe that since 95% of owners will rely on compliant fuels sulfur compliant fuel will soon become available at competitive prices compared to the high sulfur ones
- For vessels of our size, an even larger share of the fleet will also rely on compliant fuel
- The advantage of the price differential of the fuels diminishes with the size of ships as they consume less fuel while sailing and also stay more in port
- Smaller ships trade very often to smaller ports where high sulfur fuel will not be available
- Operational problems on running with scrubbers are very possible
- This is not a long term environmentally friendly solution



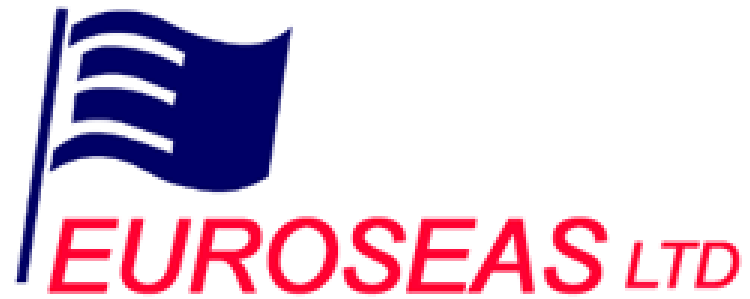
Other Regulations: Ballast Water Treatment (BWT)

➤ Ballast Water Treatment

- Ballast water would require treatment before disposal back to the sea to prevent transfer of organisms from different areas
- All vessels need to have BWT by their first drydocking after 1/1/2016 in order to be able to trade to the U.S. (except if a waiver was granted; however no such waivers have been granted since the end of 2017); and for international trading vessel need to have BWT at the first renewal of the IOPP certificate after September 8, 2019
- We plan to install BWT plants at their next drydock of our vessels – in 2019 we expect to have it installed on 1 vessel and in 2020 on, likely, 2 containership vessels
- Expected cost is in the range of \$0.35-\$0.45m for each installation

➤ Effects on vessel supply of upcoming regulations

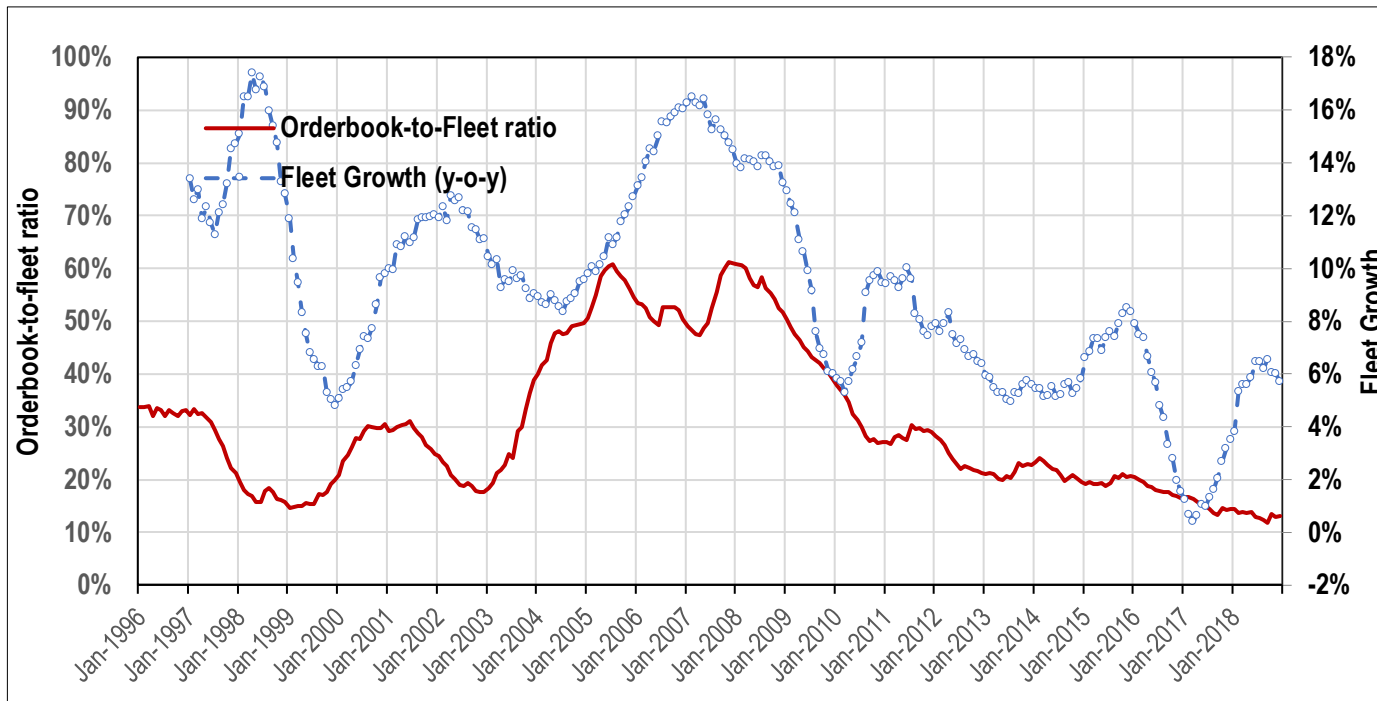
- Both of the sulfur emissions and NWT requirements make more costly to own a vessel and might lead to increased rate of vessel demolition even if only on “marginal” situation
- In addition to possible physical supply reduction, effective supply of vessels might be reduced due to slow steaming
- ➔ The supply side of the fleet will be affected by the above regulatory developments on the top of one of the lowest orderbook of the last 20 years!



Euroseas Ltd – Market Review

Orderbook/Fleet Ratio, Total Fleet

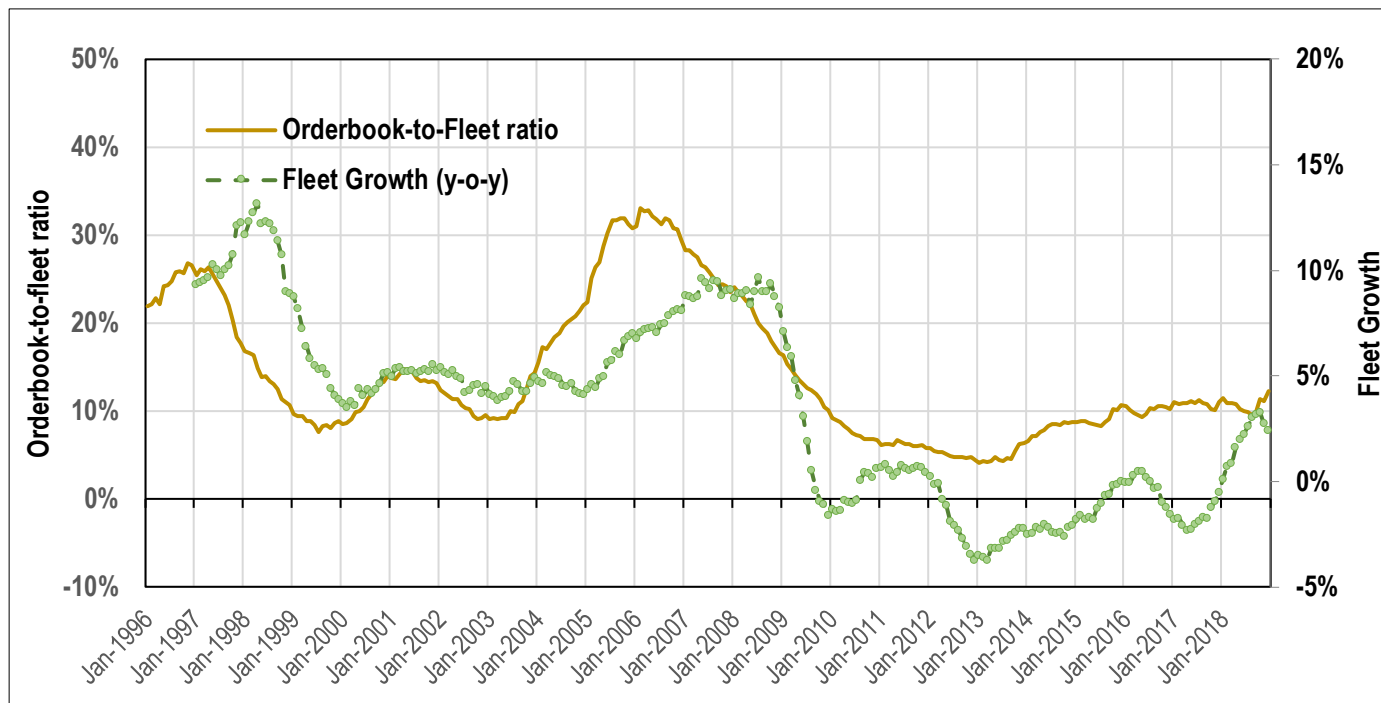
Orderbook as Percentage of Total Fleet Near Lowest Level of the Last 20+ Years



Source: Clarksons

Orderbook/Fleet Ratio, Feeders (100-3000 teu)

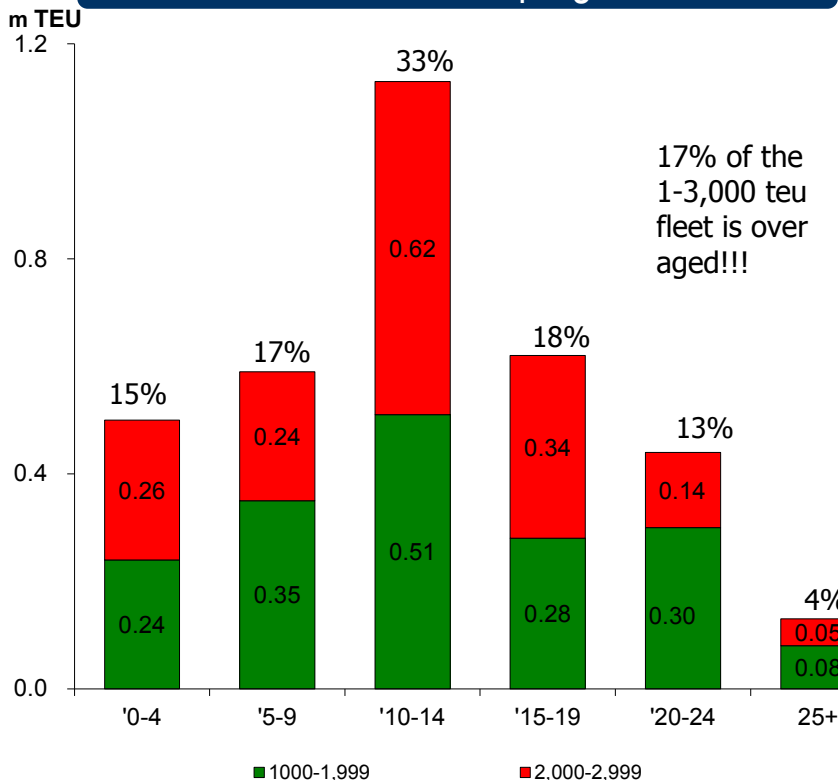
Orderbook as Percentage of Total Fleet Low; Fleet Growth Picked up in 2018



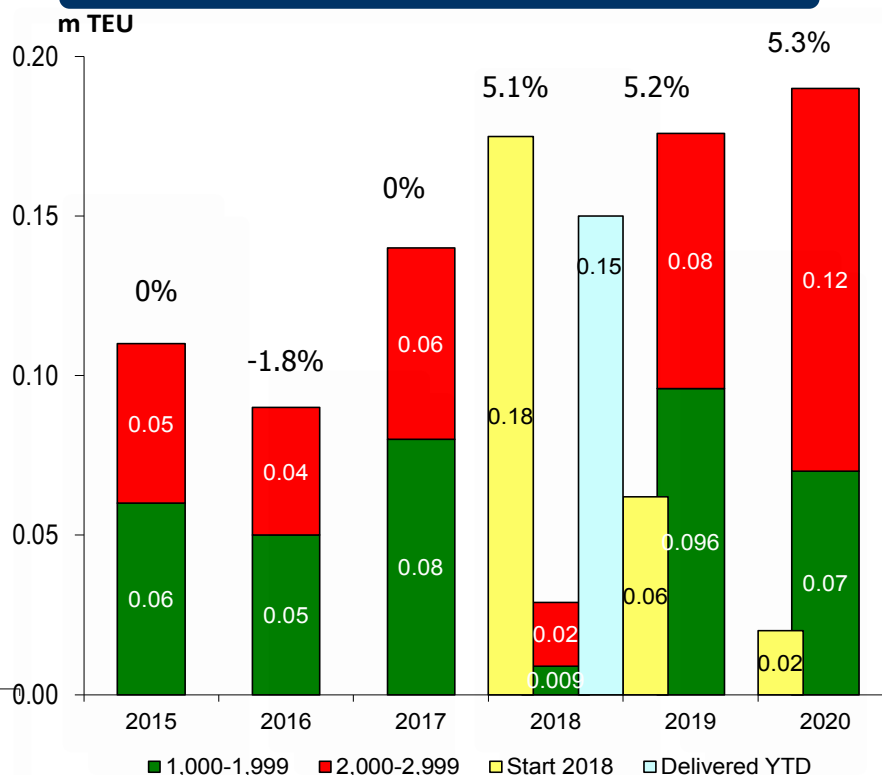
Source: Clarksons

1000-3000 teu Fleet Age Profile & Orderbook Delivery Schedule

Feeder Containership Age Profile



Container Feeder Orderbook



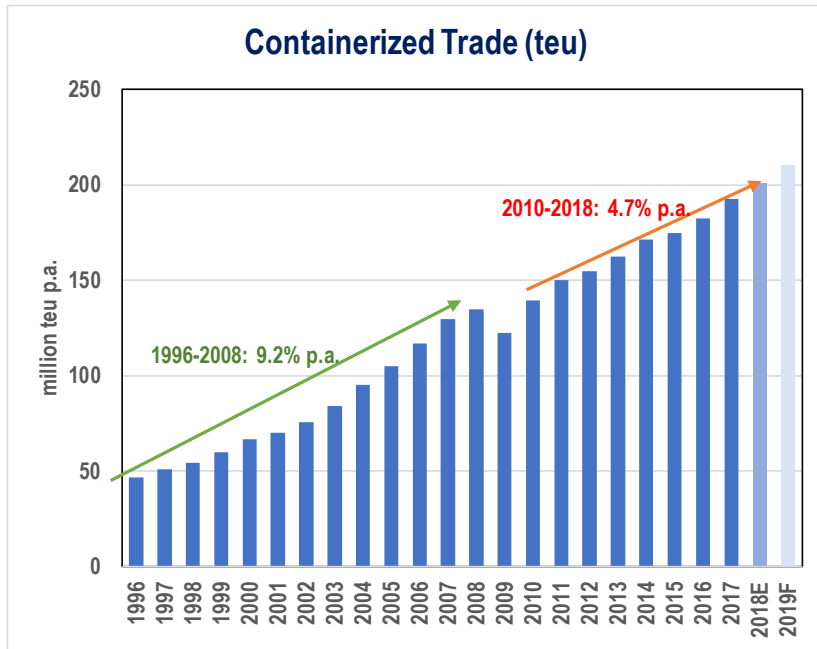
Fleet growth of feeder fleet expected to be around 4% in 2018 (taking scrapping trends into account)

Notes:

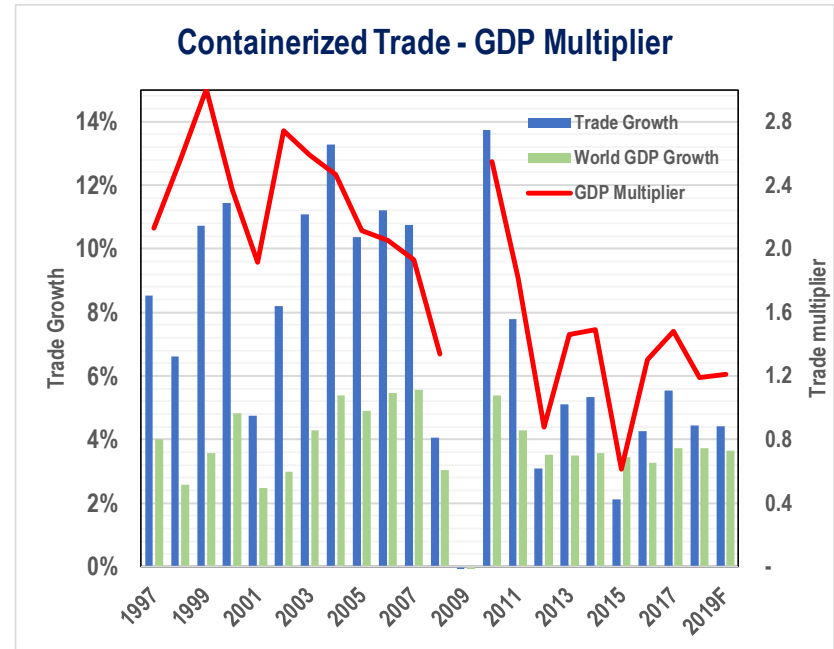
1. Fleet percent change in 2015/16/17 includes scrapping and other additions and removals.
2. In 2018/19/20 deliveries are given as percent of fleet of previous year calculated without accounting for scrapping, other removals or conversions.

Source: Clarksons

World GDP & Shipping Demand Growth



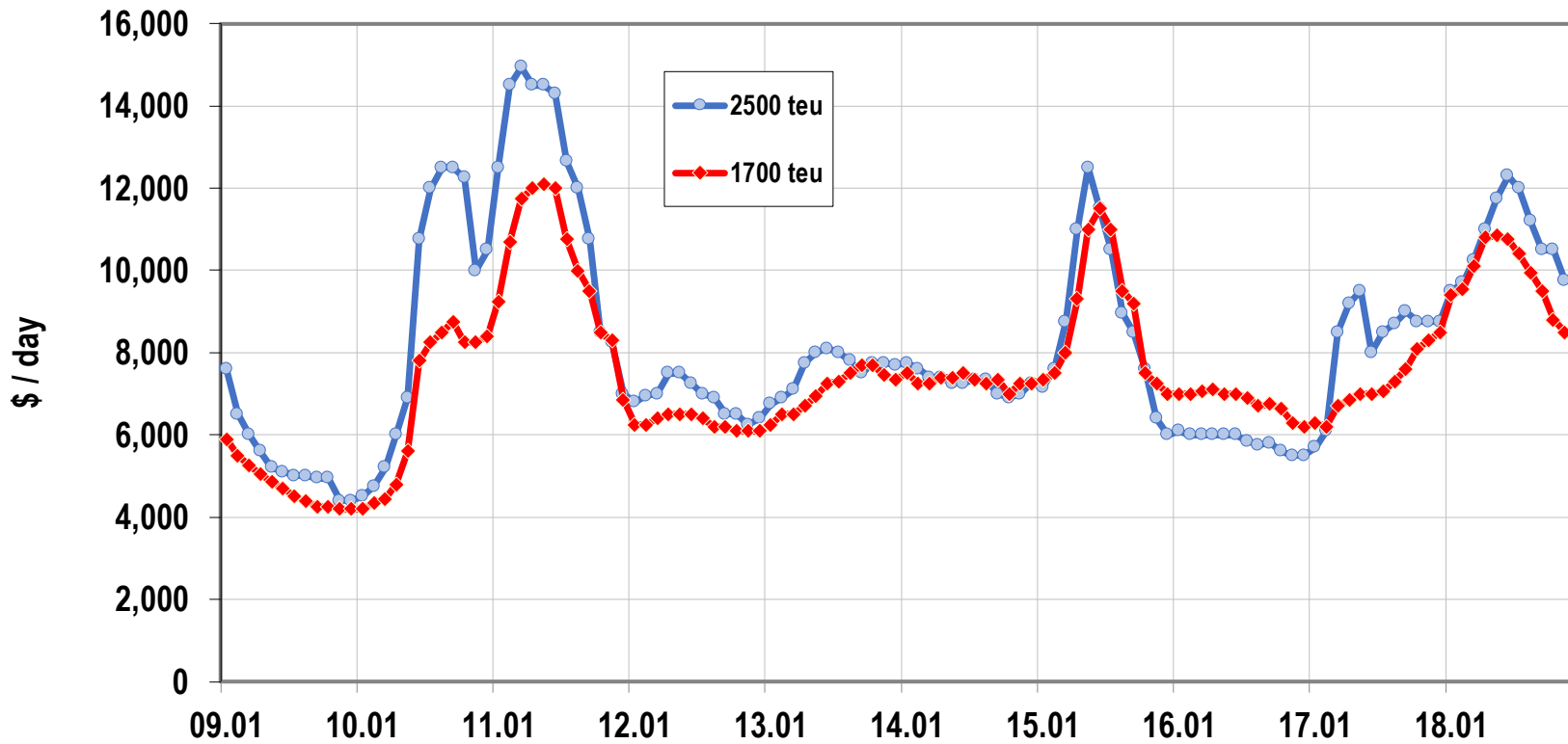
Source: Clarksons



- Trade growth multiple of world GDP growth declined from more than 2x before 2008 to about 1.2x recently as result of the “maturity” of the sector
- In 2018, trade is expected to grow at about 4.5% in teu (and a bit below 4% in teu-miles) with the world GDP expected to grow around 3.7%
- With world GDP projections for 2019 at about the same level, containerized trade should grow like in 2018

Containership 1-Yr Charter Rates, 2009-2018

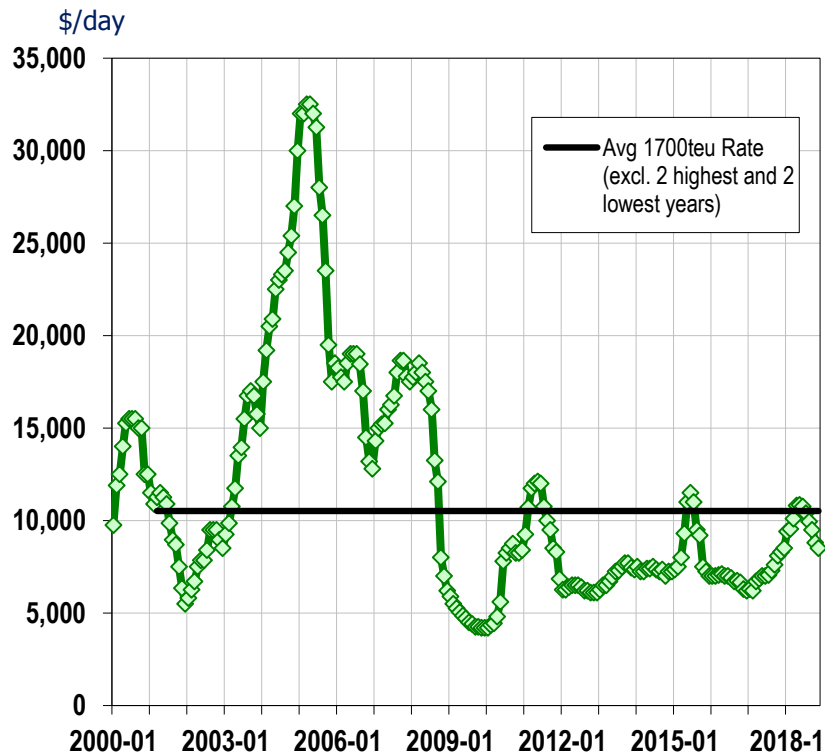
Containership Markets Have Recovered From All Time Historical Lows



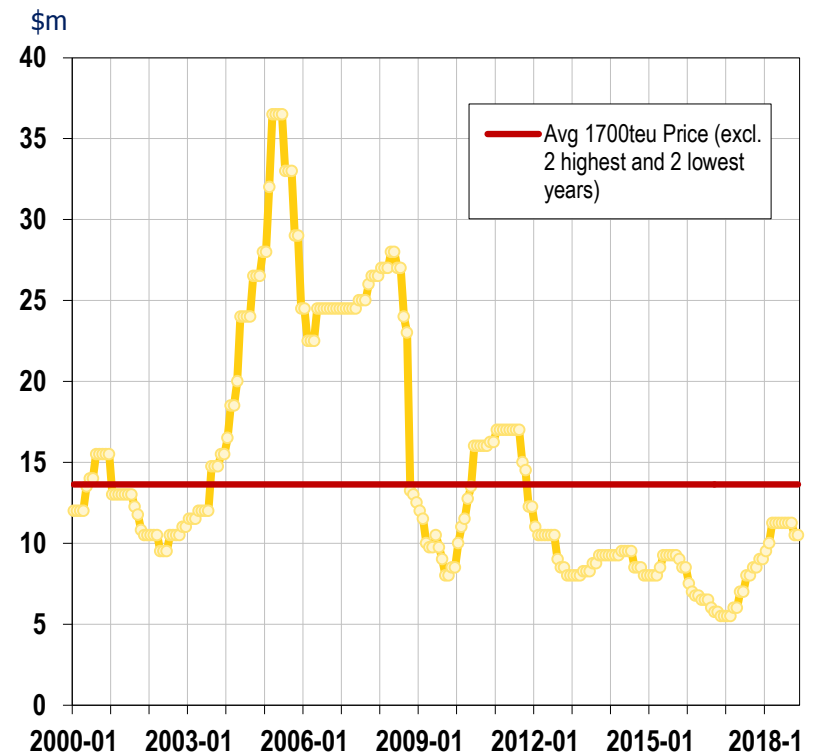
Source: Clarksons

Market Snapshot – Investment Opportunities

1700 teu 1-Year Time Charter Rate



10 Year Old Historical Price Range



Source: Clarksons



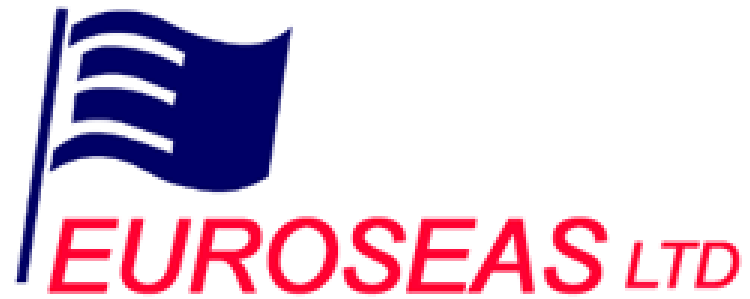
Outlook Summary - Containerships

- Historically low orderbook despite recent feeder ordering
 - Possibility of supply squeeze due to regulations

- Demand depends on the world GDP growth and consumption trends in the developed world
 - Far East – Europe remains the key trade route to generate demand for the overall market
 - Intra-regional trade important for feeders

- Market Risk – Trade disruption
 - US – China trade tensions; European imports & economic prospects
 - Geo-political developments

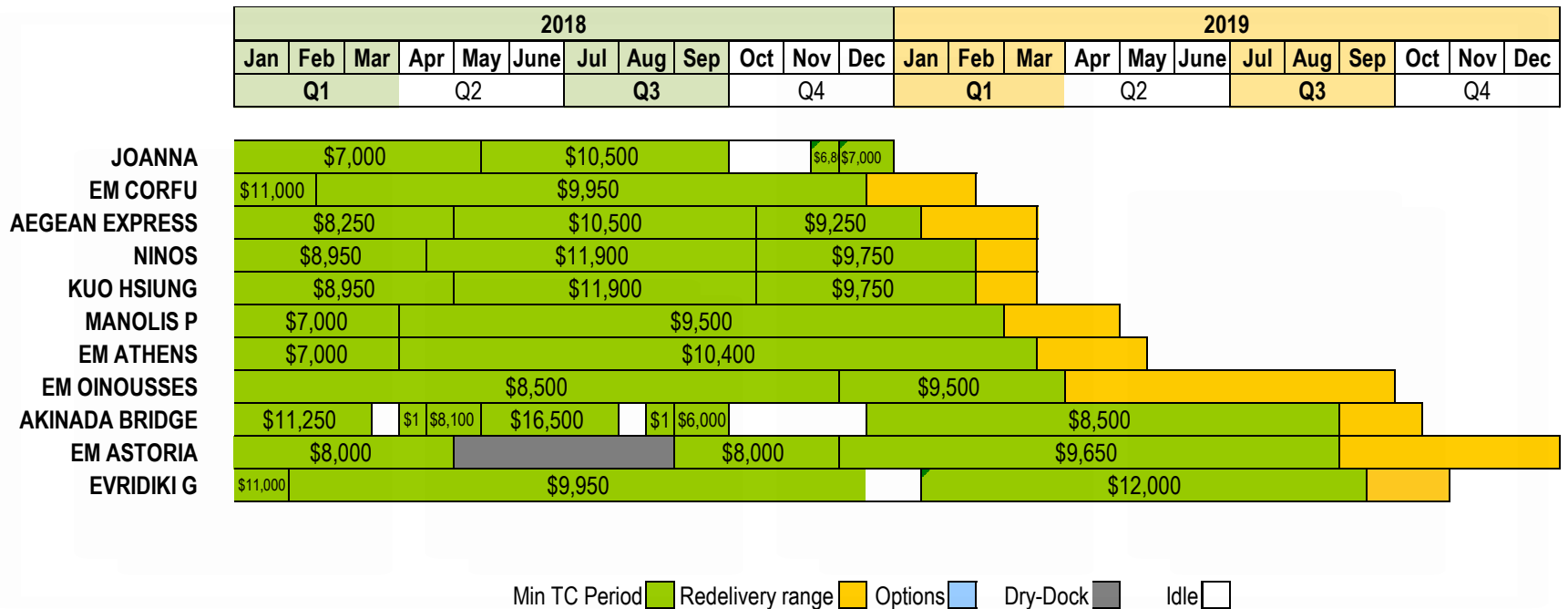
- Rate & Price Barometer (% of 2000-2018 historical average excluding 2 highest and lowest years)
 - 1-yr 1700teu TC rates: **~81%**
 - 10-yr old 1700teu Price: **~77%**

A large cargo ship, likely a container ship, is shown sailing on the ocean. The ship is white with a black hull and features a prominent star logo on its superstructure. The ship is viewed from an elevated angle, showing its deck and multiple masts. The ocean is a deep blue with white-capped waves.

Euroseas Ltd – Market Strategy & Position

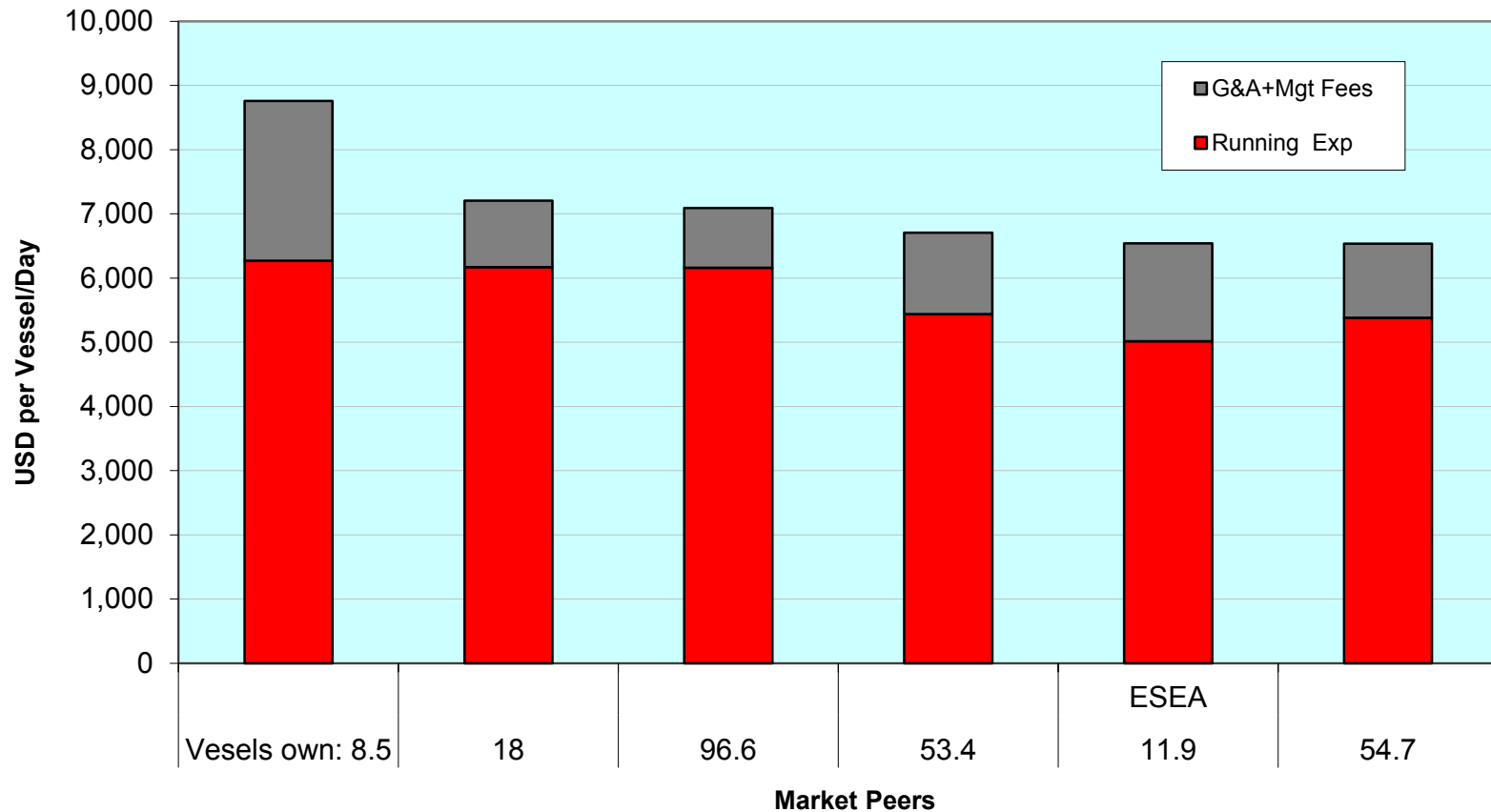
Vessels Employment Chart--updated

Coverage : About 30% in 2019 (based on min durations)



Container Companies Total Operating And G&A Costs – 2018 H1--

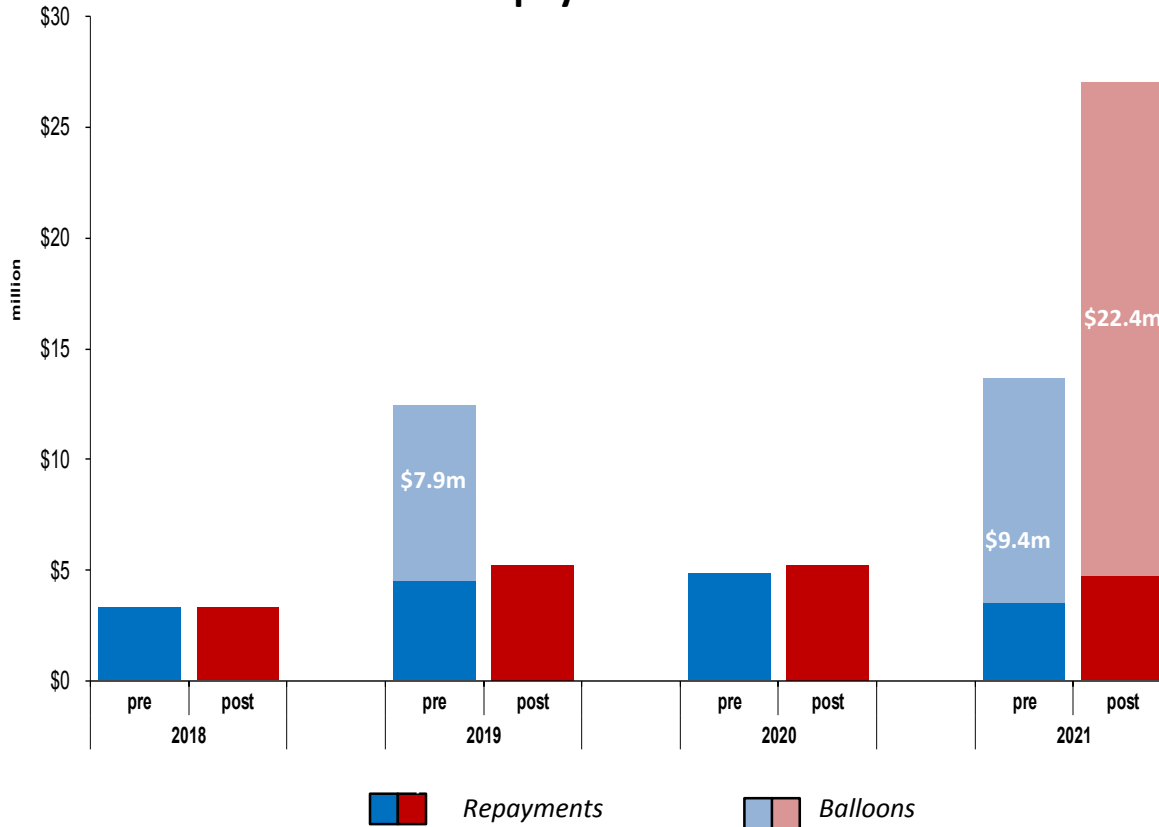
Container Companies H1 2018 OPEX



Note: Market peers include: DAC, DCIX, CMRE, GSL, SSW. Source: Public filings

Euroseas - 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
Drydock	\$ 250
Interest	\$ 550
Pref. Dividend	\$ 550
Subtotal	\$ 7,500
<u>Loan Rpmt(*)</u>	<u>\$ 1,200</u>
TOTAL	\$ 8,700

(*) Excludes balloon repayments

Euroseas EBITDA Calculator

- We believe Euroseas is positioned to benefit from any market recovery due to its “benign” leverage which would amplify the market increase for the shareholders
 - The Company’s balance sheet includes a layer of perpetual preferred equity that we treat as debt; but it does not have any repayment requirements and is not considered “debt” by the banks

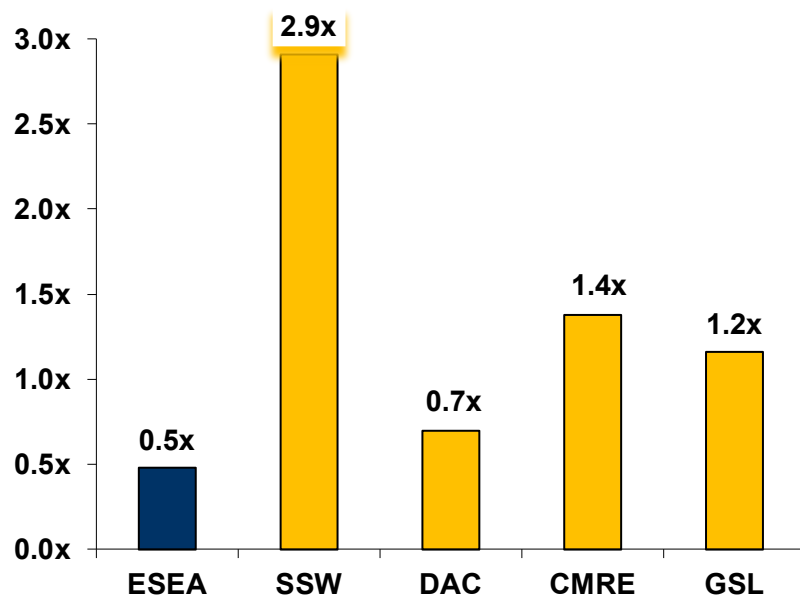
EBITDA Calculator	2019			2020		
Number of Vessels	11.00			10.75		
Assumed Fleet Utilization	95%			95%		
Average TC Rate (\$/day)	9,000	11,000	13,000	11,000	13,000	15,000
Commissions	-5%			-5%		
Net Revenues (m\$)	32.6	39.9	47.1	39.0	46.0	53.1
OPEX (mil \$)	(23.8)			(23.9)		
Drydocking Costs (m\$)	(2.0)			(3.1)		
G&A (m\$)	(2.3)			(2.3)		
EBITDA (m\$)	4.6	11.8	19.1	9.6	16.6	23.7

Notes:

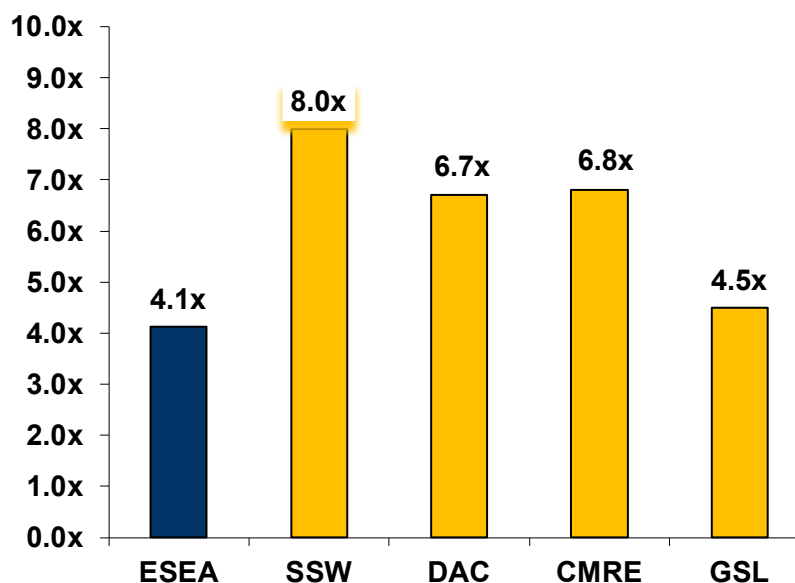
- 1) Fleet utilization is assumed to also include offhire time of drydockings
- 2) OPEX are based on 2018, Jan-Sep actual escalated at 3% p.a.
- 3) Drydocking, G&A based on Company assumptions
- 4) EBITDA is net of drydocking costs (some analysts do not included it)

Euroseas - Valuation Comparables

P / NAV



Current EV/2019 EBITDA



Source: Comparables - Seaborne Capital Advisors Oct-30-2018. All earnings estimates are based on data subject to continuous and significant revisions.

ESEA - based on middle column assumptions of EBITDA calculator and on the closing price of December 12, 2018.



Why Euroseas?

- The containership sector is at an attractive point in the cycle for growth
- Focused on feeders, a segment with diversified demand (trade route-wise)
- Conservative leverage of about 55% with limited value downside by the steel value of the fleet
- Sponsor with significant stake invested
- Seasoned management team with 150 years ship operating history and over 10 years capital market experience
- The only public growth platform to capitalize on the feeder markets

- **Stock trades at significant discount to NAV**

Euroseas Contacts

Euroseas Ltd

c/o Eurobulk Ltd
4, Messogiou & Evropis Street
151 24 Maroussi, Greece
www.euroseas.gr
euroseas@euroseas.gr
Tel. +30-211-1804005

or,

Tasos Aslidis **Chief Financial Officer**

Euroseas Ltd
11 Canterbury Lane
Watchung, NJ 07069
aha@euroseas.gr
Tel: 908-3019091
Fax: 908-3019747

Nicolas Bornozis **Investor Relations**

Capital Link, Inc.
230 Park Avenue, Suite 1536
New York, NY 10169
nbornozis@capitallink.com
Tel: 212- 6617566
Fax: 212-6617526