EUROSEAS LTD

# Earnings Presentation

## Three- And Nine-Month Period Ended September 30, 2012

November 8, 2012

# 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.*

*This presentation shall not constitute an offer to sell or the solicitation of an offer to buy securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful under the securities laws of such jurisdiction.*

# 2012 Third Quarter & First Nine Months Overview

- **Financial Highlights - 2012:**

| | Third Quarter | | First Nine Months | |
|---|---|---|---|---|
| Net Revenues | $13.4 m | | $40.1 m | |
| Net Income / (Loss) | ($0.8) m | ($0.02)/ share(2) | ($11.2) m | ($0.30) / share(2) |
| Adj. Net Income(1) | ($0.6) m | ($0.01)/ share(2) | ($2.0) m | ($0.05) / share(2) |
| Adj. EBITDA(1) | $4.0 m | | $12.3 m | |
| Dividend declared | $0.015 /share | | $0.075 /share | |

(1) See press release of 11/07/2012 for reconciliation of Adj., Net Income to Net Income and Adjusted EBITDA to Net Income and Cash Flow from Operations
(2) Basic and diluted

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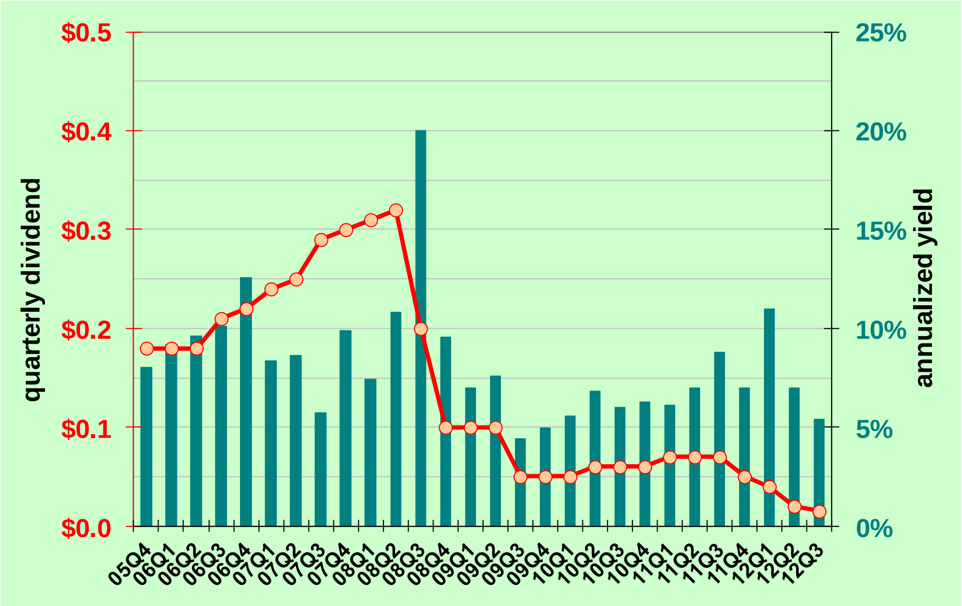
# Dividend Declaration

- Declared the 29th consecutive dividend of $0.015 per share for the first quarter of 2012
- Annualized yield of about 5.4% based on the closing share price of $1.11 on 11/7/2012

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# Other Company Developments

- **Charter renewals – all vessels are employed**
  - Tiger Bridge was extended with same charterers @ $5,500 for 1- 6 months
  - Aggeliki P was extended at $6,500/day for 40-180 days
  - Marinos was extended at $6,000/day for 2-12 months
  - Manolis P was extended until min. Feb-13 and max. May-13 at $6,000
  - Ninos was fixed for a period of 6-8 months at $6,950/day
  - Kuo Hsiung was extended at $6,725 for 6-9 months opt 5-7 months at $13,500/day

- **Drydockings**
  - Pantelis P was drydocked during late June / early July
  - Aggeliki P will DD upon the end of her current charter contract

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

| | | | Size | | Year | Acquisition |
|---|---|---|---|---|---|---|
| | Name | Type | 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 |
| | Ninos | Feeder | 18,253 | 1,169 | 1990 | 2001 |
| | Kuo Hsiung | Feeder | 18,154 | 1,169 | 1993 | 2002 |
| | Anking | Multipurpose | 22,568 | 950 | 1990 | 2006 |
| | **Total** | **15 vessels** | **595,063** | **16,805** | **18.4 yrs** | |

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# Euromar Joint Venture

- **Original capital commitment: $175m**
  - Partnership has called 75% (about $131 million), and, has about $44 million available.
- **Has bought 10 containerships**
  - Between 1700 and 3100 teu
- **Investment period & segment focus**
  - Continues evaluating opportunities in both containerships and drybulk sectors

| | | Size | | Year |
|---|---|---|---|---|
| Name | Type | DWT | TEU | Built |
| CAP EGMONT [(1)] | Intermediate | 41,850 | 3,091 | 2007 |
| EM ASTORIA | Intermediate | 35,600 | 2,788 | 2004 |
| CMA-CGM TELOPEA | Intermediate | 37,180 | 2,785 | 2007 |
| MAERSK NAIROBI | Intermediate | 34,654 | 2,556 | 2001 |
| EM ATHENS | Intermediate | 32,350 | 2,506 | 2000 |
| EM CHIOS | Intermediate | 32,350 | 2,506 | 2000 |
| EM ANDROS | Intermediate | 33,216 | 2,450 | 2003 |
| EM ITHAKI | Intermediate | 28,917 | 2,135 | 1999 |
| EM HYDRA | Handy | 23,400 | 1,736 | 2005 |
| EM SPETSES | Handy | 23,400 | 1,736 | 2007 |
| **Total** | **10 vessels** | **322,917** | **24,289** | **9** |

NOTES: (1) Acquired with above market charter

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# Market Overview

# World Economic Growth

» **Despite some positive developments in the U.S. economy on growth and unemployment, uncertainties and concerns remain around:**
  - U.S. handling of the “fiscal cliff” at the end of 2012; lack of prompt action will like affect adversely the economy in 2013
  - Europe’s slowness to decisively address fiscal and economic issues in the southern European countries (Spain, Greece, Portugal)

» **Recent IMF outlook revised downwards growth for almost all countries for both 2012 and 2013**
  - Downward revisions for China, Russia, Brazil and India (BRIC) and rest of Asian economies
  - Still 2013 is expected to be better than 2012

» **Key regions to monitor for seaborne trade:**
  - China’s economic growth drives drybulk trade growth
  - U.S. and European growth and consumer spending drives containerized trade growth

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# World GDP & Shipping Demand Growth

| Real GDP (% p.a. - IMF) | 2009 | 2010 | 2011 | 2012F | 2013F | 2014F | 2015F |
|---|---|---|---|---|---|---|---|
| USA | -2.6 (-1.6) | 2.8 (2.7) | 1.8 (3.0) | 2.2 (2.1) | 2.1(2.2) | 2.9 | 3.4 |
| Eurozone | -4.1 (-2.0) | 1.8 (1.0) | 1.6 (1.5) | -0.4 (-0.3) | 0.2(0.7) | 1.2 | 1.5 |
| Japan | -6.3 (-2.6) | 4.3 (1.7) | -0.9 (1.7) | 2.2(2.4) | 1.2(1.5) | 1.1 | 1.2 |
| China | 9.2 (6.7) | 10.3 (10.0) | 9.2 (10.3) | 7.8 (8.0) | 8.2(8.4) | 8.5 | 8.5 |
| India | 5.7 (5.1) | 9.7(7.7) | 7.4 (8.4) | 4.9 (6.2) | 6.0(6.6) | 6.3 | 6.7 |
| Russia | -7.9 (-0.7) | 3.7 (3.6) | 4.1 (4.5) | 3.7 (4.0) | 3.8(3.9) | 3.9 | 3.9 |
| Brazil | -0.6 (-1.8) | 7.5 (4.7) | 2.9 (4.5) | 1.5 (2.5) | 4.0(4.7) | 4.2 | 4.2 |
| NIE Asia | -0.9 (3.9) | *8.2 (4.8)* | 4.2 (4.7) | 2.1 (2.7) | 3.6(4.2) | 4.1 | 4.2 |
| ASEAN-5 | 1.7 (2.7) | 6.7 (4.7) | 4.8 (5.5) | 5.4 (5.4) | 5.8(6.1) | 5.7 | 5.8 |
| **World** | **-0.5(3.4)** | **5.0 (3.9)** | **3.9 (4.4)** | **3.3 (3.5)** | **3.6(3.9)** | **4.1** | **4.4** |

*Figures in parantheses: (Begin of respective year IMF forecasts, '09-11) (2012/13: Previous forecast by IMF Jul-12)*

| | 2009 | 2010 | 2011 | 2012F | 2013F | 2014F |
|---|---|---|---|---|---|---|
| **Dry Bulk Trade (% p.a.)** | | | | | | |
| Tons | *-5.0 (-3.0)* | *12.0 (5.0)* | *6.0 (6.0)* | *4.8 (4.0)* | *3.7 (5.0)* | *6.0 (6.0)* |
| **Containerized Trade (% p.a.)** | | | | | | |
| TEU | *-9.4 (5.5)* | *12.0 (8.0)* | *7.5(8.7)* | *4.8 (5.9)* | *6.6(7.5)* | *8-9 (8-10)* |

*Figures in parantheses: (Begin of respective year forecasts, '09-11) (2012-16:Last forecast Jul-12)*

Sources:
*GDP* - International Monetary Fund: 2009-2011 and past estimates (in parentheses), 2012-2015 IMF Forecasts
*Trade* – Clarksons estimates 2012-13 (October 2012) and Company estimates 2014

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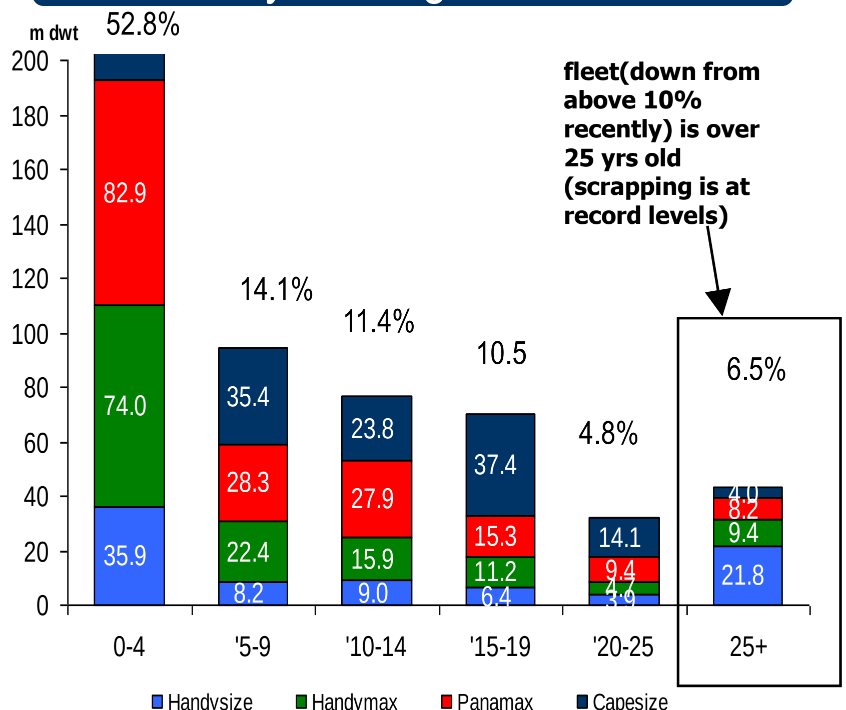
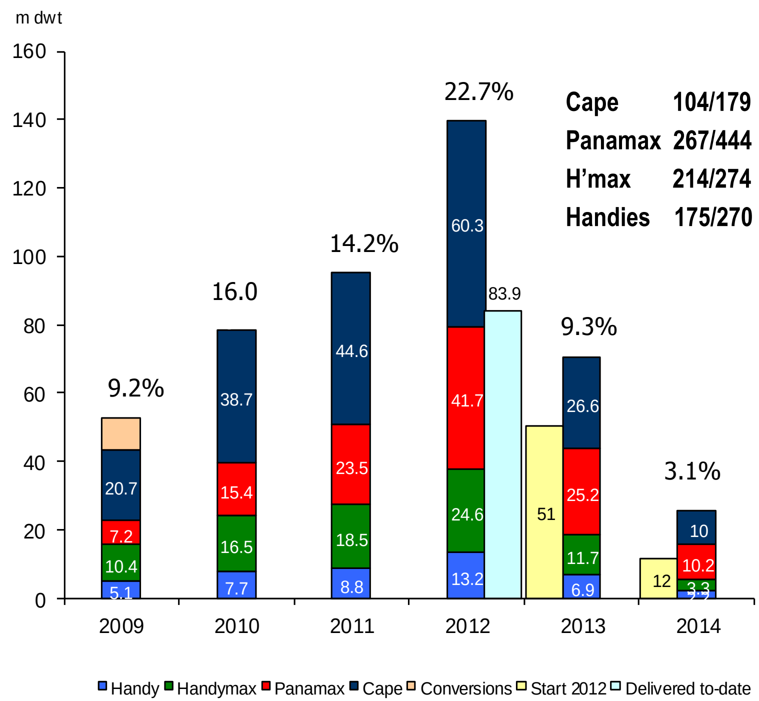
# Drybulk Age Profile & Orderbook Delivery Schedule

## Dry Bulk Age Profile




### *Large bulkers are still young*

## Dry Bulk Orderbook (1)




### *Large Vessels Dominate Orderbook*

Source: Clarksons/Dhalman Rose, as of June 2012
2009-2011 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) accounted 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.
2012 on deliveries are given as percent of fleet of previous year calculated without accounting for scrapping, other removals or conversions (Oct 2012).

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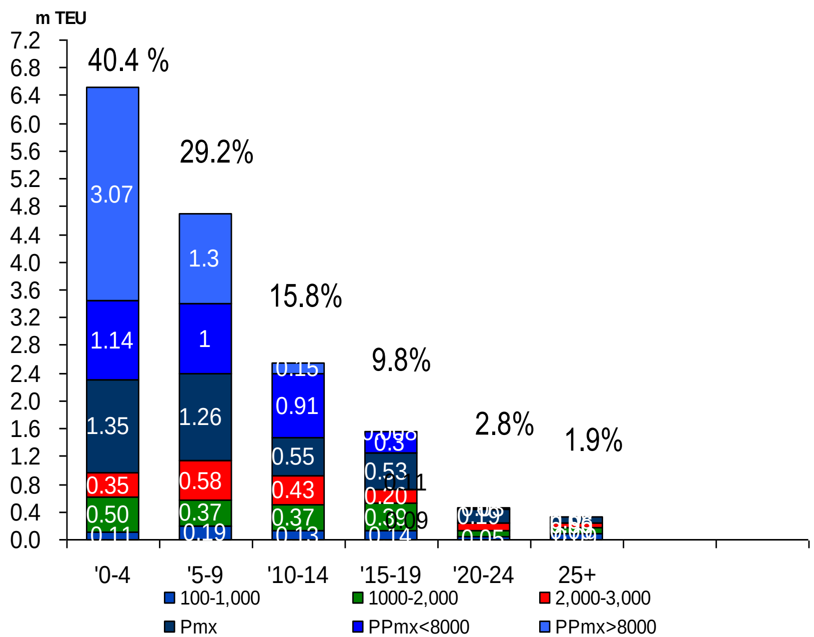
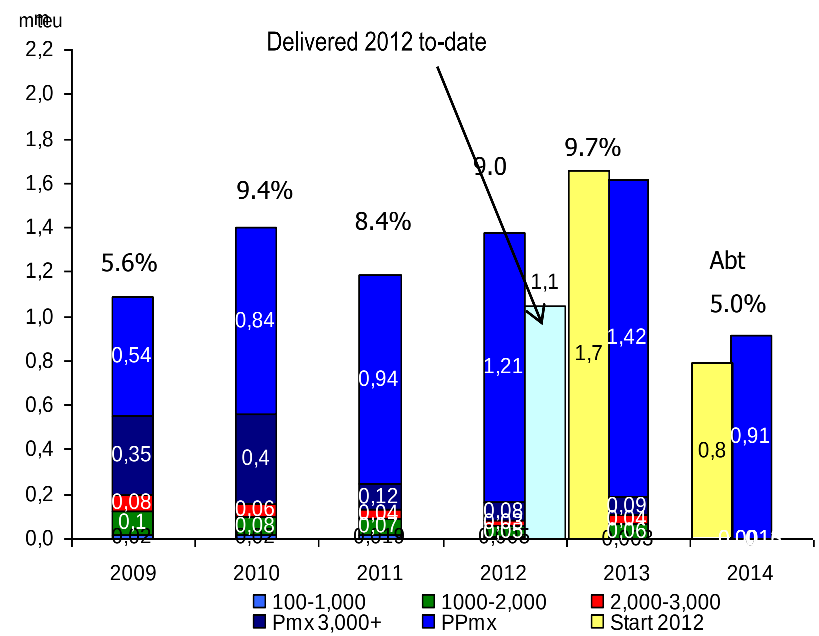
# Containership Age Profile & Orderbook Delivery Schedule

## Containership Age Profile(1)




**Overall A Young Fleet**

## Container Orderbook (1)




**Large Vessels Dominate Orderbook**

Source: Clarksons as of June 2012

(1) 2009-2010 fleet percent change includes scrapping and other additions and removals. From 2011 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 1.0% of the fleet. Slippage and cancellations of about 500m teu accounted for about 25% of the scheduled deliveries.

In 2011, scrapping accounted for 0.75 m teu, or 0.5% of the fleet. Slippage and cancellations of about 460m teu accounted for about 27% of the scheduled deliveries.

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# Outlook Summary

**Drybulk Market**

- Q4 has historically been strong. This has only been demonstrated in capesizes but even this rally seems to be running out of steam. Supply pressures will probably preclude any further rate recovery this quarter.
- Fleet is growing at a higher pace than trade, record deliveries are also expected in 2013 even after assuming healthy scrapping and delivery cancellation rates . This is expected to overtake any possible demand growth and keep rates and values under pressure.
- 2014 will probably be the turning point unless we see a significant spike in new orders and/or the global economy remains in dire straits longer than anticipated

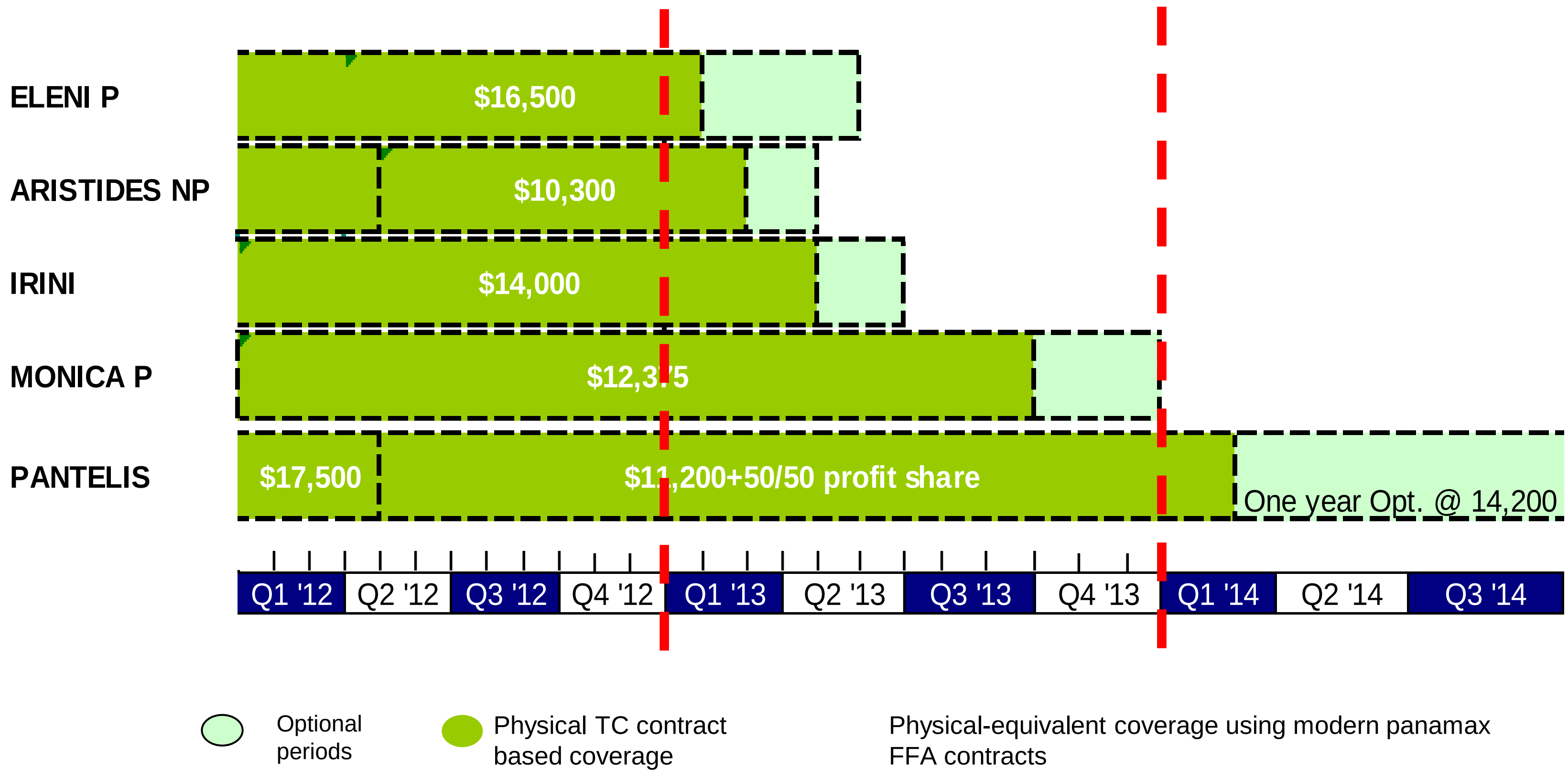
**Containership Market**

- Poor demand growth from Europe affects the largest trading route (FE-Europe) and the whole market
- Current and next quarter are expected to have low trading volumes due to seasonality and Eurozone worries
- 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. Low levels of new vessel ordering, if sustained, bode well for a recovery as of late 2013
- Supply growth is mainly in large sizes. Cascading effect has demonstrated itself for the time being, squeezing the large feeder sector (1500-3500 teu) but dynamics have not completely unfolded as yet

# Chartering, Operations & Investment Strategy

# Vessels Employment Chart – Bulkers

Coverage: 100% in 2012 / 43% in 2013

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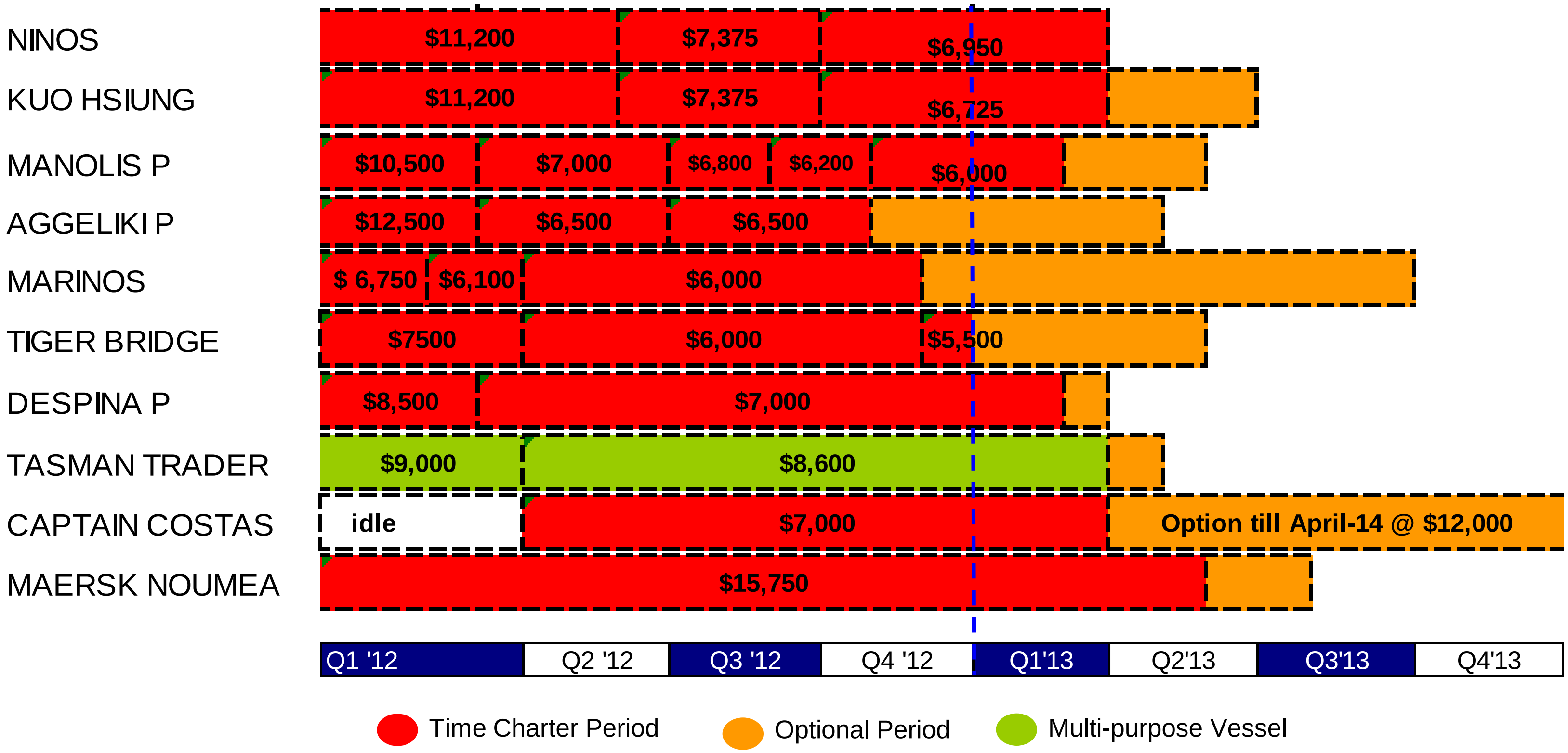
# Vessels Employment Chart – Containerships

Coverage (as of Nov 1'12): Abt 98% in 2012 / Abt 16 % in 2013 (based on min durations)

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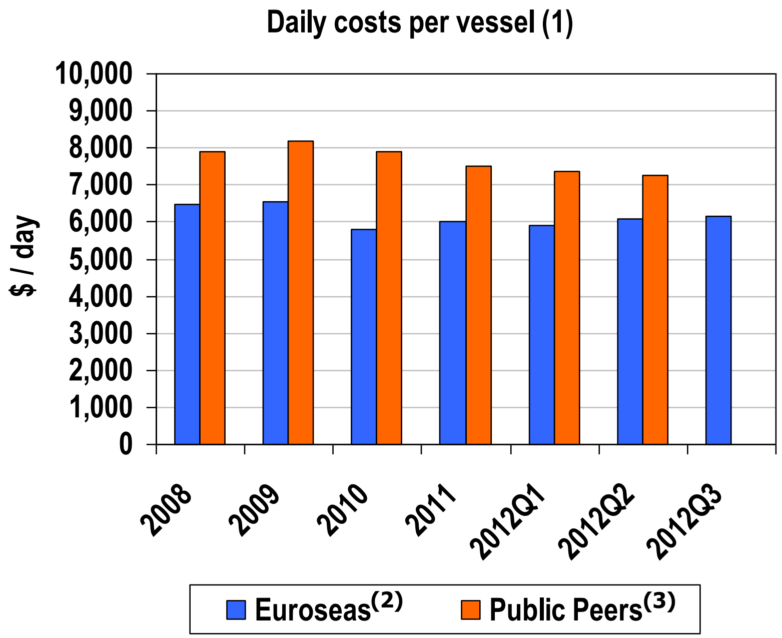
# Fleet Management & Operational Performance

- Operational fleet utilization rate in excess of 98.5% over last 5 years
  - Outstanding safety and environmental record
  - For 2012Q3, operational fleet utilization 99.5% and commercial 99.0%
  - For 2011, operational fleet utilization 99.7% and commercial 96.8%
- 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) 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.

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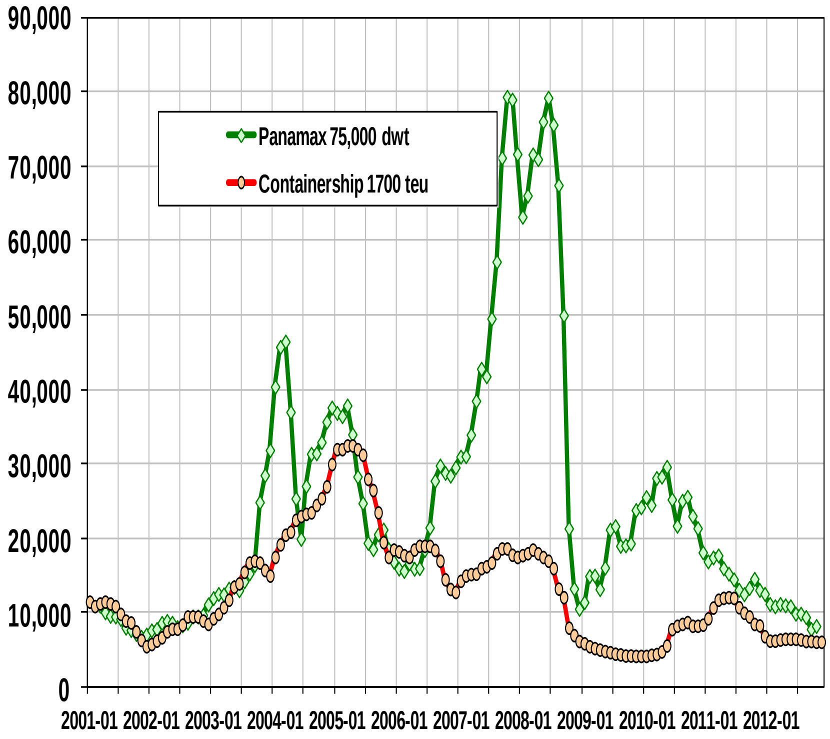
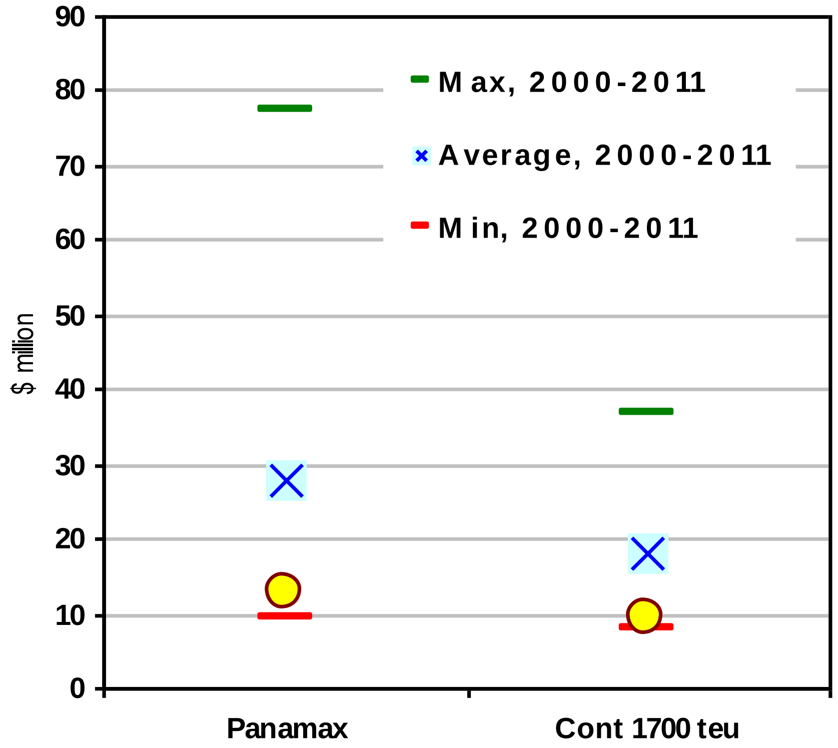
# Market Snapshot – Investment Opportunities

## 1-Year Time Charter Rate




## 10-yr old Price Historical Range

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# Financial Overview

# Financial Highlights: 3rd Quarter and First Nine Months of 2011 and 2012

| (in million USD except per share amounts) | Third Quarter 2011 | Third Quarter 2012 | change % (4) | Nine Months 2011 | Nine Months 2012 | change % (4) |
|---|---|---|---|---|---|---|
| Net Revenues | $16.2 | $13.4 | -17.5% | $46.0 | $40.1 | -12.9% |
| Net Income | $0.6 | ($0.8) | | $0.0 | ($11.2) | |
| (Gain) /Loss on Sale of Vessel | - | - | | | $8.6 | |
| (Gain) / loss on derivatives & unrealized (gain)/ loss on trading securities | $1.1 | $0.2 | | $1.7 | $0.6 | |
| Amort. FV of charters, net | | | | ($1.3) | - | |
| Adj. Net Income | $1.7 | ($0.6) | | $0.4 | ($2.0) | |
| Adjusted EBITDA (1) | $6.7 | $4.0 | -39.9% | $15.4 | $12.3 | -20.0% |
| "GAAP" EPS, Diluted(2) | $0.02 | ($0.02) | | $0.00 | ($0.30) | |
| "Operating(3)" Adj. EPS, Diluted | $0.05 | ($0.01) | | $0.01 | ($0.05) | |
| Dividends per share, declared | $0.07 | $0.015 | -78.6% | $0.21 | $0.075 | -64.3% |

(1) See press release of 11/07/2012 for Adjusted EBITDA reconciliation to Net Income and Cash Flow from Operations.
(2) Calculated on 31,880,335 and 31,792,558 diluted shares for 2011 and 45,210,705 and 36,806,558 shares for 2012.
(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 11/07/2012 for reconciliation to Net Income.
(4) Calculated based on figures in press release of 11/07/2012, i.e. before rounding to million USD

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# Fleet Data for 3rd Quarter and First Nine Months of 2011 and 2012

| Fleet Statistics | Third Quarter 2011 (unaudited) | Third Quarter 2012 (unaudited) | First Nine Months 2011 (unaudited) | First Nine Months 2012 (unaudited) |
|---|---|---|---|---|
| **Number of vessels** | **16.00** | **15.00** | **16.00** | **15.28** |
| **Utilization Rate (%)** | | | | |
| **Overall(1)** | **99.7%** | **98.5%** | **98.6%** | **94.6%** |
| **Commercial(1)** | **100.0%** | **99.0%** | **98.9%** | **95.1%** |
| **Operational(1)** | **99.7%** | **99.5%** | **99.7%** | **99.5%** |
| **Averages in usd/day/vessel** | | | | |
| **Time Charter Equivalent (TCE)(2)** | **$ 11,633** | **$ 10,246** | **$ 11,356** | **$ 10,373** |
| **Operating Expenses** | | | | |
| Vessel Oper. Exp. excl. laid-up | 5,805 | 5,491 | 5,573 | 5,407 |
| G&A Expenses | 429 | 653 | 507 | 659 |
| **Total Operating Expenses** | **6,234** | **6,144** | **6,080** | **6,066** |
| **Interest Expense** | **354** | **345** | **378** | **359** |
| **Drydocking Expense** | **377** | **238** | **651** | **184** |
| **Loan Repayments** | **1,619** | **1,535** | **2,284** | **2,352** |
| **Total Cash Flow Breakeven** | **8,584** | **8,262** | **9,393** | **8,961** |

(1) Utilization Rate is calculated excluding scheduled offhire (drydockings and special surveys) and vessels in lay-up. Scheduled offhire amounted to 13.1 and 16.1 days for the third quarter and first nine months of 2012.

(2) TCE calculation shows the gross rate the vessels earn while employed; it excludes periods during which the vessels are laid-up or offhire for commercial or operational reasons.

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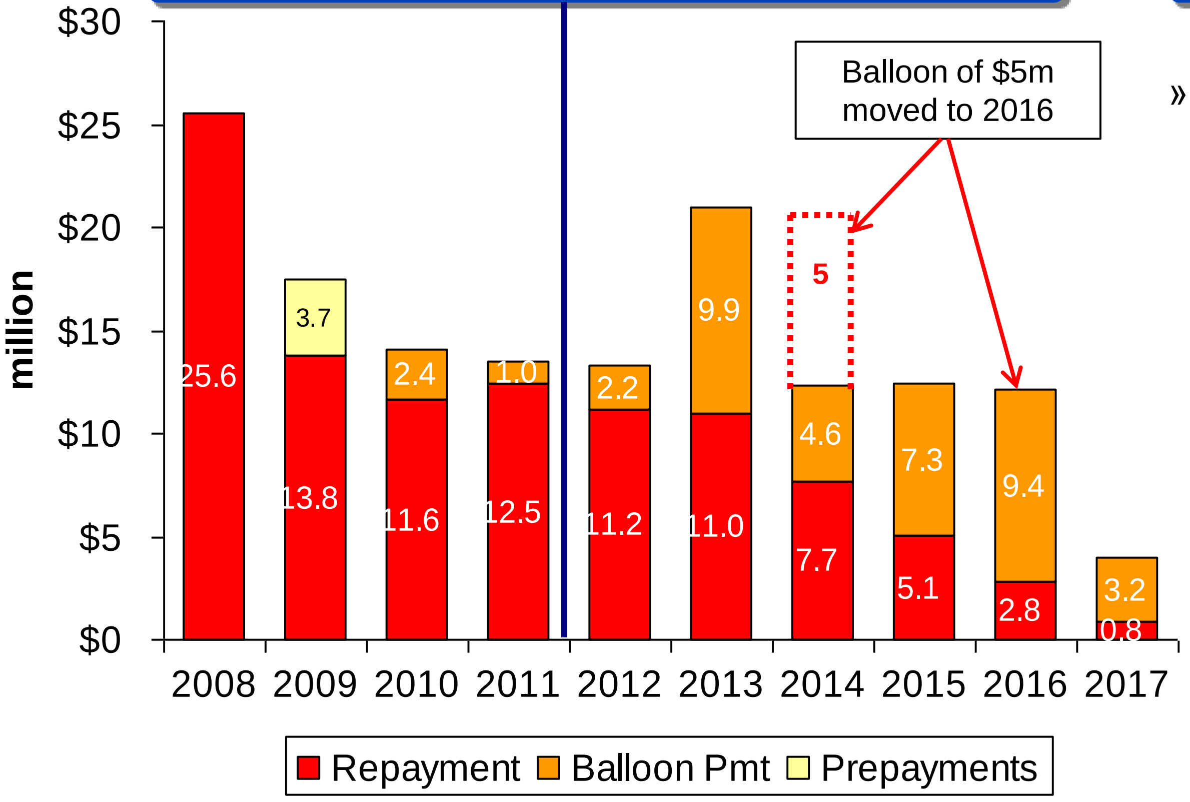
# Debt Repayment Profile

## Debt Repayment Schedule – As of 09/30/2012




## Cash Flow Breakeven

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

| | $/day |
|---|---|
| OPEX | $ 5,750 |
| G&A | $ 700 |
| Interest | $ 650 |
| Drydock | $ 1,200 |
| Loan Rpmt(*) | $ 2,900 |
| TOTAL | $11,200 |

(*) Corresponds to $4.9m for balloon payments and $11.1m for loan repayments scheduled in the next 12 months

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# Balance Sheet & Other Data

- **Cash @ September 30, 2012: $ 45.4m**
  - $35.9 m unrestricted – and about $9.5m of restricted funds and retention accounts
  - Cash per share amounts to about $1.00 (versus yesterday's share price of $1.11)
- **Debt: $65.0 m as of September 30, 2012**
  - Debt to Capitalization ratio about 24%
  - Debt to Market Value of Fleet ratio 71%
  - Net debt to Market Value of Fleet ratio about 24%
  - As of today loan covenants are satisfied
- **About $20-25 m cash equity to fund further growth**
  - $6.3m committed to be invested via Euromar
  - $15-20m of additional equity to buy vessels

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# Appendix

**Please refer to the Company's press release of November 7, 2012 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**

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