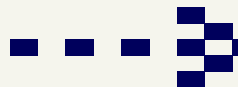




First Quarter 2006 Earnings Release

May 17, 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. The Company exercised reasonable care and judgment in preparing these estimates, however, the estimates provided herein may not match information from other sources.*

# First Quarter 2006 & Year-to-date Overview



## ■ Financial Highlights

### ■ Reported for 2006 Q1:

Net Revenues: \$9.81 million

Net income: \$3.42 million

EBITDA: \$5.43 million

- Declared dividend of \$0.06 per share for 2006 Q1 (same as in previous quarter)

## ■ Corporate Developments & Plans

- Registration declared effective on Feb 3, 2006
- Listed on OTCBB and started trading (ESEAF)
- Plan to list on NASDAQ National Market as soon as it qualifies

## ■ Vessel Sale & Purchase Activity

- One vessel purchase – two vessel sales



# Vessel Transactions

- Bought a multipurpose vessel 22,568 dwt / 950 teu, '90 blt, m/v Tasman Trader with 5+ year TC (delivered April 27, 2006)
  - Bought vessel with cash / will finance abt 70% within second quarter
  - Vessel has an almost 6-year long time charter:
    - 2 1/2+ yrs @ \$8,850/day
    - 2 yrs @ \$9,500/day
    - 1 1/4 yrs @ \$9,000/day
  
- Signed MoAs to sell 2 vessels both 26,354 dwt '81 blt
  - m/v John P, delivery end-June/July
  - m/v Pantelis P, delivery May 15 – end June
  
- Will realize about \$4.6 million in capital gains from the sale
  - Reinvested part of gain in purchase of Tasman Trader
  - Transactions consistent with investment strategy of focusing on mid-age vessels

# Current Fleet



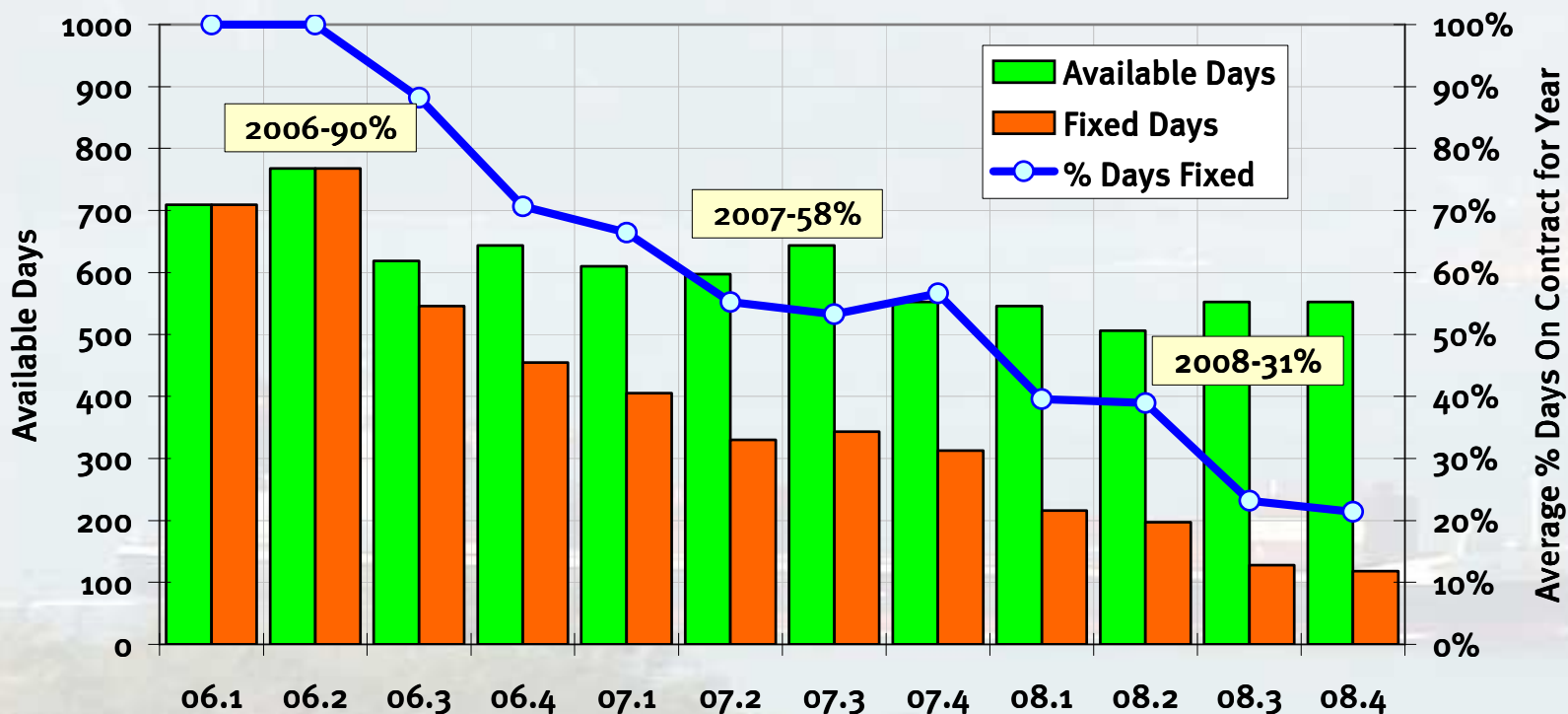
VESSEL List	Type	Size	Units	Year Built
Ariel	Dry Bulk	33,712	dwt	1977
Nikolaos P	Dry Bulk	34,750	dwt	1984
Irini	Dry Bulk	69,734	dwt	1988
QuingDao	Container	1,269	teu	1990
Kuo Hsiung	Container	1,269	teu	1993
Artemis	Container	2,098	teu	1987
Tasman Trader	MPP	22,568 / 950	dwt/teu	1990
<b>Total / Average</b>	<b>7 vessels</b>	<b>160,764 / 5,586</b>	<b>dwt/teu</b>	<b>19 yrs</b>
<i>Agreed to sell (delivery during May-July timeframe):</i>				
John P	Dry Bulk	26,354	DWT	1981
Pantelis P	Dry Bulk	26,354	DWT	1981

# Euroseas Fleet Employment



- Our containerships & multipurpose vessel are employed under Time Charters with remaining terms from 10 months to more than 5 1/2 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 2 1/2 years (covered at 102% in 2006, 77% for 2007 and 42% for 2008, approximately)
  
- Our handysize vessels are/will be employed in the short-term time charter or “spot” market
  - After sale & delivery of John P and Pantelis P only 2 handysize vessels left
  - M/V *Ariel* chartered 'til end August-2006 @ \$8,500/day
  - Will secure longer-term charters at appropriate rates when and if available
  - Vessels have low running costs and low capital costs

# Charter Coverage



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

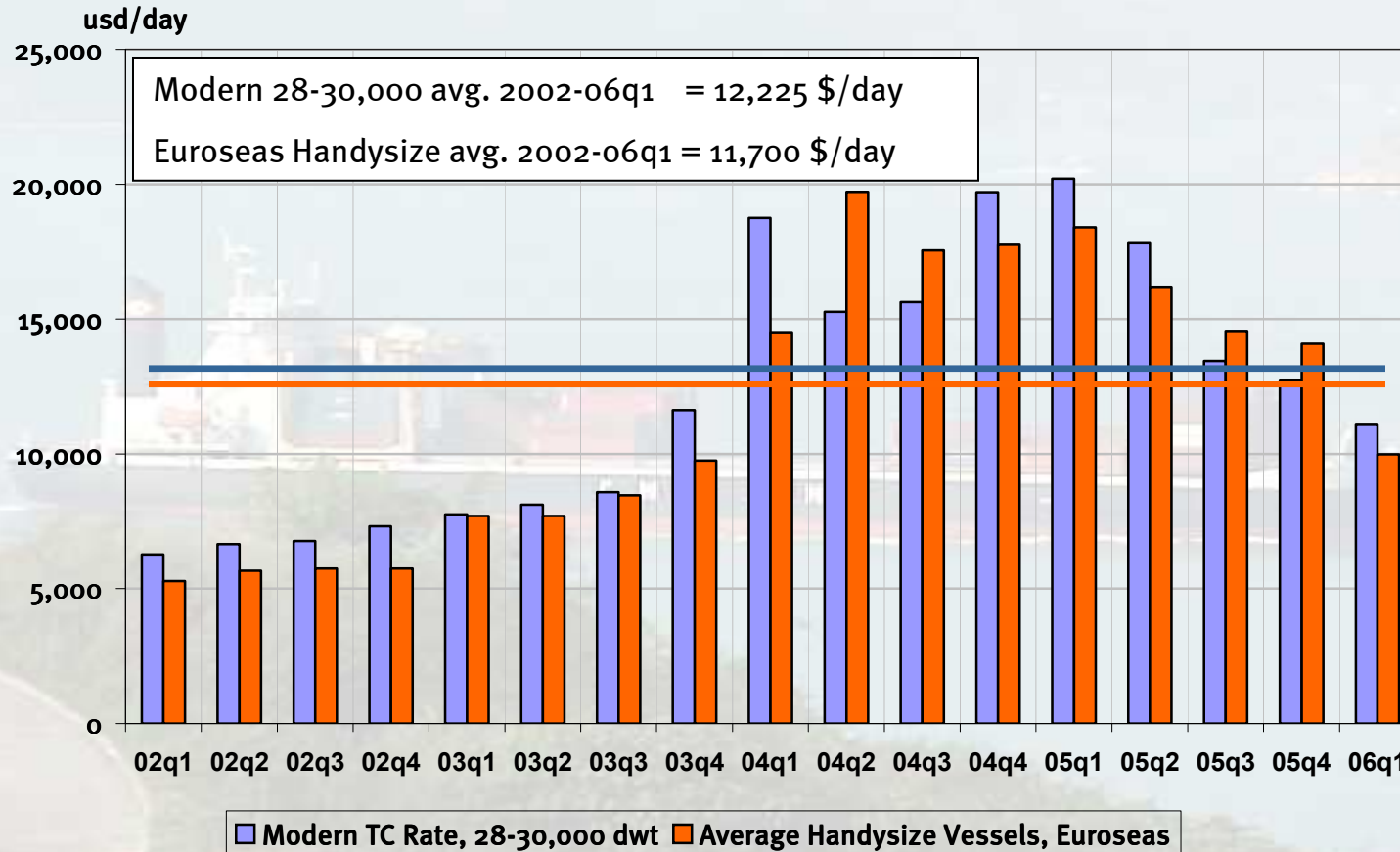
- 90% of our 2006 available days are fixed / 58% of our 2007 available days
- In 2007, even if we earn zero revenues on our not-yet-fixed days, we will have a positive net income for the year

- Existing fleet is only a part of our future...
- Have \$15-16 million of cash available for investment  
→ that results in purchasing power of \$50-60 million
- Will be able to purchase 3-5 vessels depending on size, type and age
- Our focus is on projects that maximize return on investment
  - Investing in mid-age vessels allows to have a larger fleet due lower capital costs and achieve higher returns per dollar invested
  - This investment methodology has worked well for Euroseas to-date

# 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



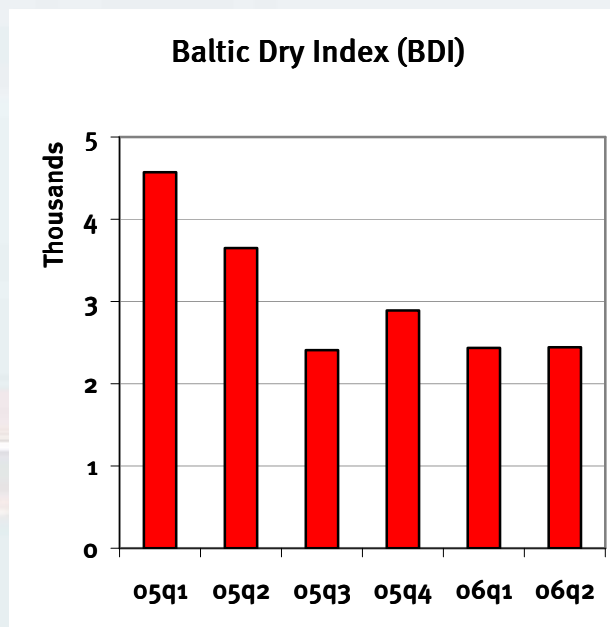
## Q1 2006 Financial results and dividend history



# Fleet Data



Per Vessel Statistics in USD/day/vessel	3 months ended at March 31,	
	2005 (unaudited)	2006 (unaudited)
<b>Number of vessels</b>	<b>7.00</b>	<b>8.00</b>
<b>Period Days (days)</b>		
Calendar	630	720
Available	630	709
Voyage	629	709
<b>Utilization Rate (%)</b>	<b>99.8%</b>	<b>100.0%</b>
<b>Averages in usd/day/vessel</b>		
<b>Time Charter Equivalent (TCE)</b>	<b>20,070</b>	<b>13,072</b>
Vessel Running Cost	3,265	3,620
Management fees	781	711
<b>Vessel Operating Expenses</b>	<b>4,046</b>	<b>4,330</b>
G&A Expenses	-	326
<b>Total Operating Expenses</b>	<b>4,046</b>	<b>4,656</b>
<b>Depreciation &amp; Amortization</b>	<b>1,456</b>	<b>2,162</b>



# Income Statement



INCOME STATEMENT in USD	3 months ended at March 31,	
	2005	2006
	(unaudited)	(unaudited)
<b>TC Equivalent Revenue</b>	12,624,343	9,267,832
Commissions	(709,498)	(479,583)
<b>Net revenue</b>	<b>11,914,845</b>	<b>8,788,249</b>
<b>Operating expenses</b>		
Vessel operating expenses	2,056,850	2,606,100
Management fees	492,310	511,584
General and administrative expenses	0	234,425
<b>Total operating expenses</b>	<b>2,549,160</b>	<b>3,352,109</b>
<b>Amortization and depreciation</b>	<b>917,437</b>	<b>1,556,489</b>
<b>Operating income</b>	<b>8,448,248</b>	<b>3,879,651</b>
Interest and finance cost	(57,562)	(678,366)
Other income (expenses), net	96,752	217,597
<b>Net income</b>	<b>8,487,438</b>	<b>3,418,882</b>
<b>Earnings per share - basic and dilute</b>	<b>0.285</b>	<b>0.093</b>
Weighted average number of shares outstanding during the year - basic and diluted	29,754,166	36,829,122
<b>Number of vessels</b>	<b>7.00</b>	<b>8.00</b>

- EBITDA for 2006 Q1:  
\$5.43 million
- Higher interest  
expenses
- G&A expenses  
Lower than peers
- \$0.093 EPS → 12%  
annualized yield on  
latest share price  
w/o having invested the  
majority of funds

# Select Financials, Balance Sheet



BALANCE SHEET in USD	March 31, 2006
<b>Assets</b>	<b>(unaudited)</b>
<b>Current assets</b>	
Cash and cash equivalents	21,283,078
Other current Assets	2,888,263
<b>Total current assets</b>	<b>24,171,341</b>
Vessels, net	51,065,207
Deferred charges, net	1,669,034
<b>Total assets</b>	<b>76,905,582</b>
<b>Liabilities and shareholders' equity</b>	
<b>Current liabilities</b>	
Long-term debt, current portion	13,005,000
Other current liabilities	3,861,760
<b>Total current liabilities</b>	<b>16,866,760</b>
Long-term debt, net of current portion	31,885,000
<b>Total liabilities</b>	<b>48,751,760</b>
<b>Shareholders' equity</b>	
Common stock	378,603
Additional paid-in capital	17,882,990
Retained earnings	9,892,229
<b>Total shareholders' equity</b>	<b>28,153,822</b>
<b>Total liabilities and shareholders' equity</b>	<b>76,905,582</b>

- Unrestricted cash: \$21.3 m
- Long term debt: \$44.9 m
  - Modest leverage by industry standards
  - Repaid \$12 m debt since private placement
- Acquisition of M/V "Artemis" was financed 75% by debt

# 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 first quarter of 2006
- Dividend History
  - November 2, 2005 - \$0.07/share
  - February 7, 2006 - \$0.06/share
  - May 9, 2006 - \$0.06/share

# Conclusion



# Our Business Strategy



- **Our Investment and Employment Strategy**
  - To be active in the dry bulk and containership markets
  - To employ our vessels in a mix of profitable time charter and spot market employment through our strong worldwide network of clients
  - To run our vessels efficiently and economically
  - To take advantage of the cyclical nature of the market to buy and sell vessels at the right time
  
- **Our Execution Strategy**
  - We expect the second half of 2006 to present purchasing opportunities that would allow us to grow our fleet by 3-5 vessels based on existing capital resources
  - We continuously inspect and evaluate vessels listed for sale; we target vessels mainly 10 to 20 years old which we believe give the best return per dollar invested
  - We will continue managing and chartering our ships through our affiliated companies Eurobulk and Eurochart, thus maintaining the efficient and economical operation we have achieved over the years

# Euroseas Differentiating Factors



- **Long-standing & profitable track record of principals**
  - The Pittas family has 4 generations of involvement in shipping
    - owner of approximately 80% of Euroseas
  - Experience in managing vessels of any age
    - operating costs among the lowest of its peers
  
- **Euroseas pursues 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
  
- **Vessel segment & type selection**
  - Invest in dry bulkers and containerships: both part of Chinese growth scenarios
  - Invest in ships with flexible trading plus benefiting from lower supply-side growth
  
- **Well positioned to take advantage of the market developments in 2006**
  - Purchasing power of \$50-60 million (\$15-16 in cash plus debt)
  - Secure earnings based on fixed capacity days (90% for 2006 & 58% for 2007)

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## Appendix: EBITDA Reconciliation



	Three Months Ended March 31, 2005	Three Months Ended March 31, 2006
<b>Net income</b>	8,487,438	3,418,882
Interest and finance costs, net (incl. Interest Income)	(4,638)	458,934
Depreciation and amortization	917,437	1,556,489
<b>Adjusted EBITDA</b>	<b>9,400,237</b>	<b>5,434,305</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.