



EURODRY LTD

## Earnings Presentation

Quarter Ended September 30, 2018

November 16, 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 Eurodry 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 dry bulk trade, the dry bulk and the dry bulk. 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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## 2018 Third Quarter Overview

- Financial Highlights - Third Quarter of 2018:

	Third Quarter	
Net Revenues	\$6.8 m	
Net (Loss)/Income	\$1.7 m	
Preferred Dividends	(\$0.2) m	
Adj. Net (Loss)/Income Available to Common Shareholders <sup>(1)</sup>	\$1.4 m	<b>\$0.62 / share<sup>(2)</sup></b>
Adj. EBITDA <sup>(1)</sup>	\$4.4 m	

(1) See press release of 11/15/2018 for reconciliation of Adj. Net (Loss)/Income Available to Common Shareholders to Net (Loss)/Income and Adjusted EBITDA.

(2) Basic and diluted



## Chartering and S&P Highlights

- **Eirini P:** fixed for a trip of about 25 days at \$11,500/day and thereafter fixed for 9.5 to 13.5 months at 103% BPI 4TC; subsequently, we sold an FFA at \$12,200/day covering the first quarter of 2019.
- **Pantelis:** fixed for about 55 to 65 days at \$11'500/day
- **Tasos:** fixed for about 50 days at \$15'500/day plus \$550K of ballast bonus
- **Alexandros P:** fixed for min 6 months in the Guardian Pool
  
- **New Acquisition: Star of Nippon (tbn Starlight), 75,845 dwt Japanese built (Sanoyas) Panamax Bulk Carrier**
  - Purchase price: \$10.1m
  - Delivery expected by the end of November

## Eurodry Fleet

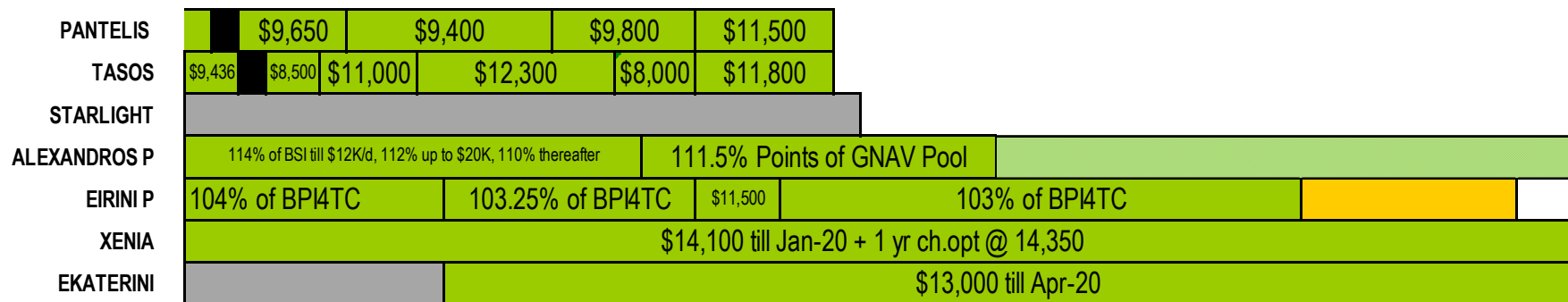
Name	Type	Size DWT	Year Built
<b><u>Vessels in the water</u></b>			
Ekaterini	Kamsarmax	82,000	2018
Xenia	Kamsarmax	82,000	2016
Alexandros P	Ultramax	63,500	2017
Eirini P	Panamax	76,000	2004
Pantelis	Panamax	74,020	2000
Tasos	Panamax	75,100	2000
<b>Total</b>	<b>6 vessels</b>	<b>452,620</b>	<b>9.3</b>
<b>Starlight*</b>	<b>Panamax</b>	<b>75,845</b>	<b>2004</b>
<b>Total</b>	<b>7 vessels</b>	<b>528,465</b>	<b>10.0</b>

\* ex. Star of Nippon scheduled to be delivered by the end of November

# Vessels Employment Chart

Coverage: Abt 79% in 4Q2018 basis min durations *(includes ships on index charters)*

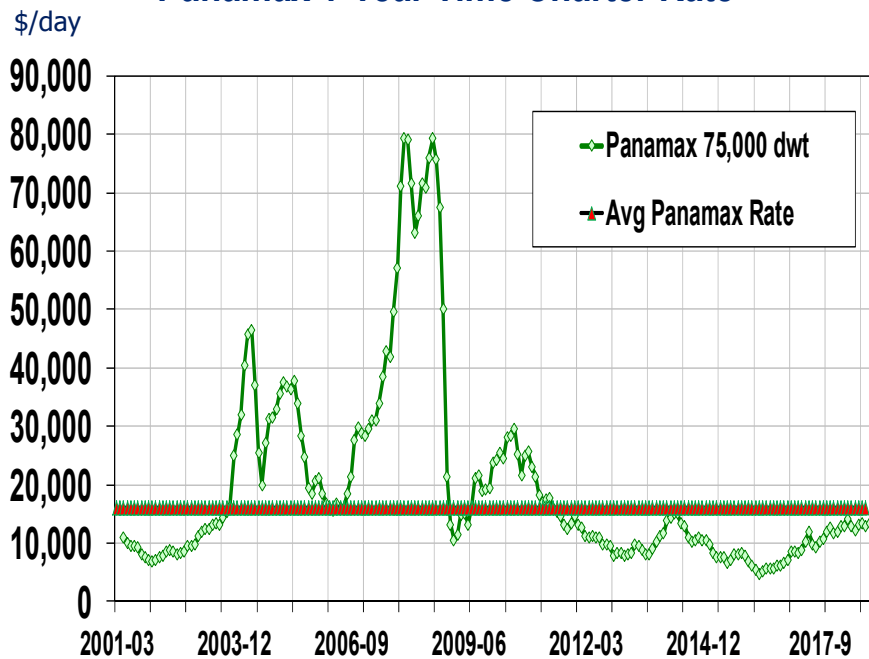
2018												2019											
Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec
Q1			Q2			Q3			Q4			Q1			Q2			Q3			Q4		



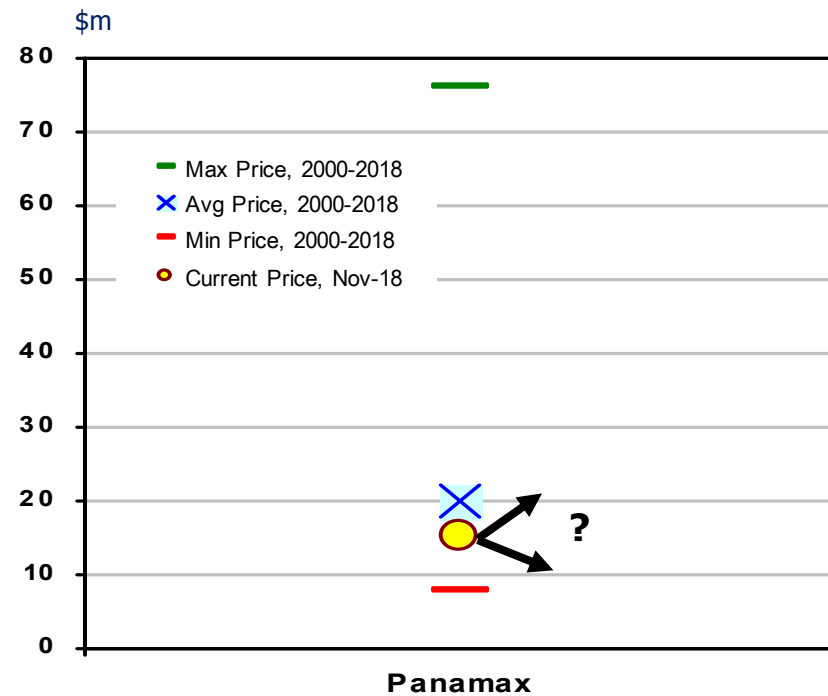
Legend: Min TC Period  Re-delivery range  Dry-Dock  Idle  pre-purchase period  pool at our option

# Point in Drybulk Market Cycle

## Panamax 1-Year Time Charter Rate



## Panamax 10-Year Old Historical Price Range



Note: The average rate for 2001-2018 of about \$16,000 shown excludes the eight highest & lowest quarters; including those the average rate is about \$19,800. Similarly, the average price of \$20.2m shown excludes the eight highest & lowest quarters; including those the average price is \$23.5m.

Source: Clarksons





## Outlook Summary

- We have already seen significant improvements of about 30% in 2018 for the vessels that we own and we expect markets to continue around the same levels going forward
  - Cape market current deterioration mostly attributed to the breakdown of BHP Iron Ore facility in Australia. Expect market to recover soon
  - Orderbook remains comparatively low (near the lowest levels of the last 20 years)
- Our analysis for 2019 shows a roughly balanced supply/demand balance which would suggest rates staying constant. The wild card is Chinese iron ore and coal imports which may surprise either way
- China remains the main source of drybulk trade growth
  - Iron ore imports, the largest contributor of dry bulk trade growth, have been strong but not as expected due to weather disruptions in Brazil in H1, however in the last couple of months Brazilian exports are recovering and expect to reach beginning year expectations in H2 2018
  - Similar trends are witnessed in coal imports as local coal mines have been shut down due to inefficiencies and pollution concerns. However, the reversal of this trend could negatively affect the very positive outlook.
  - Chinese soybean imports which have almost halted due to the US/China trade war expected to be partly replaced by other sources but longer term should come back.....
- Environmental regulations coming into effect as of 2020 could provide an even tighter supply potentially pushing rates still higher



## World GDP & Shipping Demand Growth

Real GDP (% p.a. - IMF)	2012	2013	2014	2015	2016	2017	2018	2019	2020
USA	2.8(1.8)	1.9 (1.2)	2.4 (2.8)	2.6(3.6)	1.5(2.6)	2.3(2.3)	2.9(2.9)	2.5(2.7)	1.8(1.9)
Eurozone	-0.7 (-0.5)	-.05 (-0.4)	0.9 (1.0)	2.0(1.2)	1.8(1.7)	2.4(1.6)	2.0(2.0)	1.9(1.9)	1.6(1.7)
Japan	1.4(1.7)	1.5 (2.0)	-0.1 (1.7)	0.5(0.6)	1.0(1.0)	1.8(0.9)	1.1(1.0)	0.9(0.9)	0.3(0.3)
China	7.7 (8.2)	7.7 (7.6)	7.4 (7.5)	6.9 (6.8)	6.7(6.3)	6.8(6.7)	6.6(6.6)	6.2(6.4)	6.2(6.3)
India	3.2 (7.0)	4.4 (3.8)	7.2 (5.4)	7.6 (6.3)	7.1(7.5)	6.7(6.6)	7.3(7.3)	7.4(7.5)	7.7(7.9)
Russia	3.4 (3.0)	1.3 (1.5)	0.6 (2.0)	-3.7 (-3.0)	-0.2 (-1.0)	1.8(-0.6)	1.7(1.7)	1.8(1.5)	1.8(1.5)
Brazil	1.0 (3.0)	2.3 (2.5)	0.1 (2.3)	-3.8 (0.3)	-3.6(-3.5)	1.1(-3.5)	1.4(1.8)	2.4(2.5)	2.3(2.2)
ASEAN-5	6.2 (4.8)	5.2 (5.0)	4.6 (5.1)	4.8 (5.2)	4.9 (4.8)	5.3(4.8)	5.3(5.3)	5.2(5.3)	5.2(5.4)
<b>World</b>	<b>3.1 (3.3)</b>	<b>3.4(3.5)</b>	<b>3.4 (3.7)</b>	<b>3.4(3.6)</b>	<b>3.2 (3.4)</b>	<b>3.7(3.4)</b>	<b>3.7(3.9)</b>	<b>3.7(3.9)</b>	<b>3.7(3.8)</b>

### Dry Bulk Trade (% p.a.)

Tonmiles	5.9 (4.0)	5.3(4.0)	6.4 (3.2)	0.8 (4.0)	2.4 (0.8)	5.0(2.3)	3.1(3.4)	3.0	2.5
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Note 1: Clarkson re-adjusts almost quarterly

Note 2: Clarkson started publishing tone-mile demand sometime in 2017; historical information have been adjusted accordingly. However the beginning of year historical trade forecasts are for tons (not ton-miles)

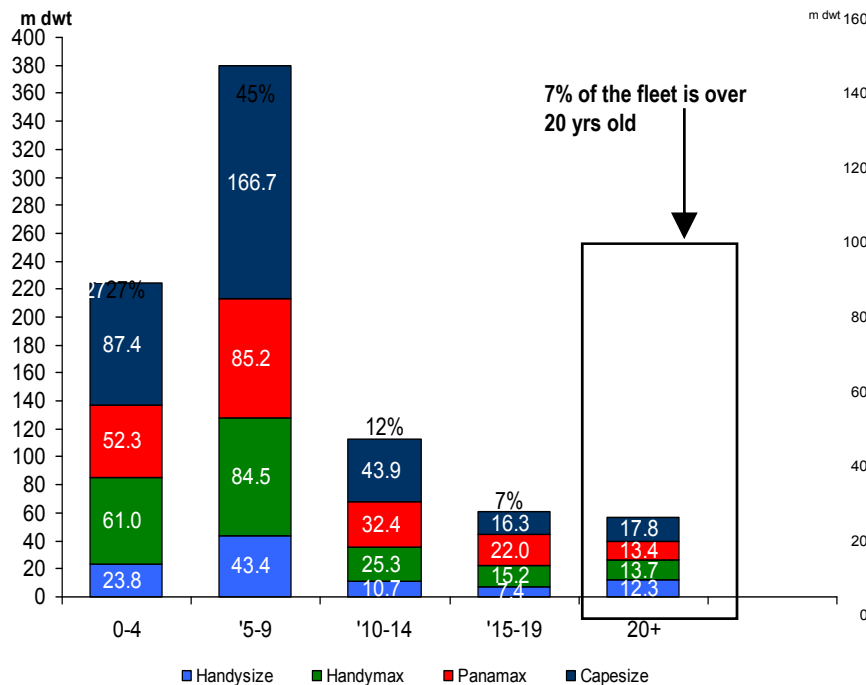
#### Sources:

GDP - International Monetary Fund: 2012-2017, (start of year estimates in parentheses), 2018/19 /20 IMF Forecasts (Oct-18).  
In parentheses, previous estimates for 2018 and 2019 as of July-2018, for 2020 , Apr-18

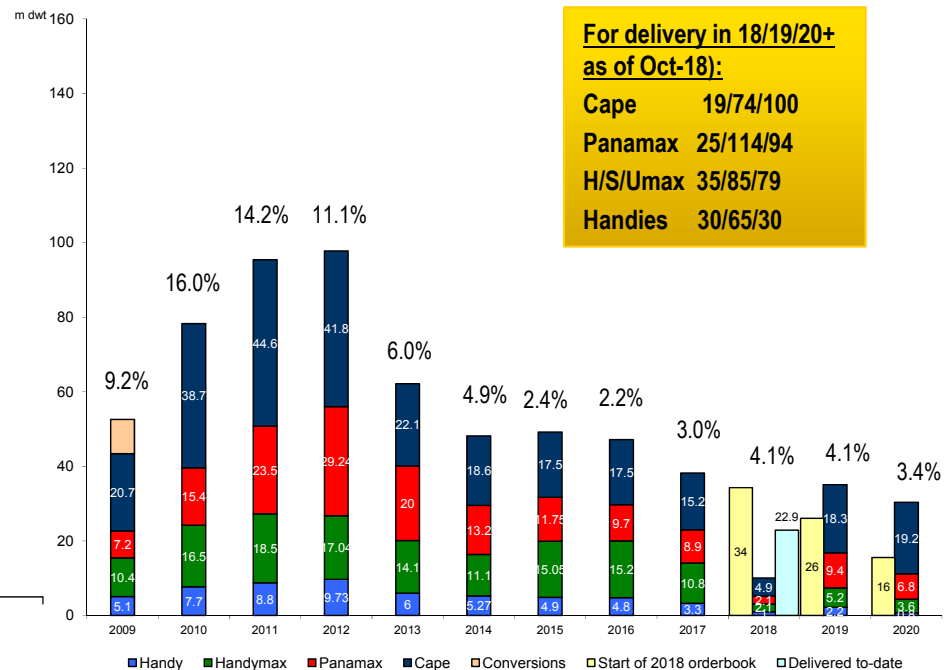
Trade – 2012-2017: Figures in parenthesis indicate beginning of Year estimates from Clarkson  
2018/19: Clarksons (Oct-18), 2020- Company Estimates. 2018 Previous estimates in parenthesis from Clarkson (Jun-18),

# Drybulk Age Profile & Orderbook Delivery Schedule

## Dry Bulk Age Profile



## Dry Bulk Orderbook



## Large bulkers are still young

Source: Clarksons, as of Oct 2018

### Notes:

1) As % of schedule deliveries	2009	2010	2011	2012	2013	2014	2015	2016	2017
Scrapping	10m-3%	5.7m-1.2%	22.2m-4.2%	32.9m-5.3%	21.6m-3.2%	15.9m-2.2%	30.5m-4.0%	29.1m-3.7%	14.5m-1.8%
Slippage & cancellations	28.5m-40%	47m-37%	43m-29%	40m-30%	39m-39%	27m-36%	36m-43%	46m-49%	25m-35%

2) Fleet percent change during 2009-2017 includes scrapping and other additions and removals.

In 2018/19/20 deliveries are given as percent of fleet of previous year calculated without accounting for scrapping, other removals or conversions.

## Large Vessels Dominate Orderbook

## Financial Highlights: 3<sup>rd</sup> Quarter and Nine Month Period of 2017 and 2018

<i>(in million USD except per share amounts)</i>	Third Quarter		Change %	Nine Month Period		Change %
	2017	2018		2017	2018	
Net Revenues	5.3	6.8	27%	13.4	17.5	31%
Net (Loss)/Income	0.7	1.7		(0.4)	0.3	
Preferred Dividends		(0.2)			(0.3)	
Income (Loss) available to Common Shareholders	0.7	1.4		(0.4)	(0.0)	
Interest & Finance Costs net <i>(incl. interest income)</i>	0.4	0.8		1.4	1.8	
Depreciation	1.2	1.4		3.6	3.9	
Unrealized & Realized Loss (Gain) On Derivatives	0.0	(0.0)		0.0	(0.2)	
Adjusted EBITDA <sup>(1)</sup>	2.3	3.8	66%	4.5	5.9	30%
<b>Adj. Net Income/(Loss) attributable to Common Shareholders</b>	<b>0.7</b>	<b>1.4</b>		<b>(0.4)</b>	<b>(0.2)</b>	
<b>Net (Loss)/Income per share, basic &amp; diluted <sup>(2)</sup></b>	<b>0.29</b>	<b>0.62</b>		<b>(0.19)</b>	<b>(0.07)</b>	

(1) See press release of 16/Nov/2018 for Adjusted EBITDA reconciliation to Net (Loss)/Income and Cash Flow from Operations.

(2) Available to Common Shareholders; calculated on 2,218,734 & 2,210,391 for Q3 & M9 2017 and on 2,238,442 & 2,230,137 for 2018

## Fleet Data for 3<sup>rd</sup> Quarter and Nine Month Period of 2017 and 2018

	Third Quarter		Nine Month Period	
	2017	2018	2017	2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Number of vessels</b>	<b>5.00</b>	<b>6.00</b>	<b>4.90</b>	<b>5.50</b>
<b>Utilization Rate (%)</b>				
Operational <sup>(1)</sup>	99.8%	99.7%	98.4%	99.6%
Commercial <sup>(1)</sup>	100.0%	100.0%	100.0%	100.0%
Overall <sup>(1)</sup>	99.8%	99.7%	98.4%	99.6%
<i>(usd/day/vessel)</i>				
<b>Time Charter Equivalent (TCE)<sup>(2)</sup></b>	<b>\$ 11,109</b>	<b>\$ 13,839</b>	<b>\$ 9,631</b>	<b>\$ 12,473</b>
Operating Expenses				
Vessel Oper. Exp.excl. DD exp.	4,905	5,035	4,902	5,306
G&A Expenses	450	1,147	517	1,206
<b>Total Operating Expenses</b>	<b>5,355</b>	<b>6,182</b>	<b>5,419</b>	<b>6,512</b>
Interest Expense	959	1,421	1,030	1,196
Drydocking Expense	48	3	77	955
Loan Repayments without Balloons	1,362	3,509	1,229	3,564
<b>Breakeven/day</b>	<b>\$ 7,724</b>	<b>\$ 11,115</b>	<b>\$ 7,755</b>	<b>\$ 12,227</b>

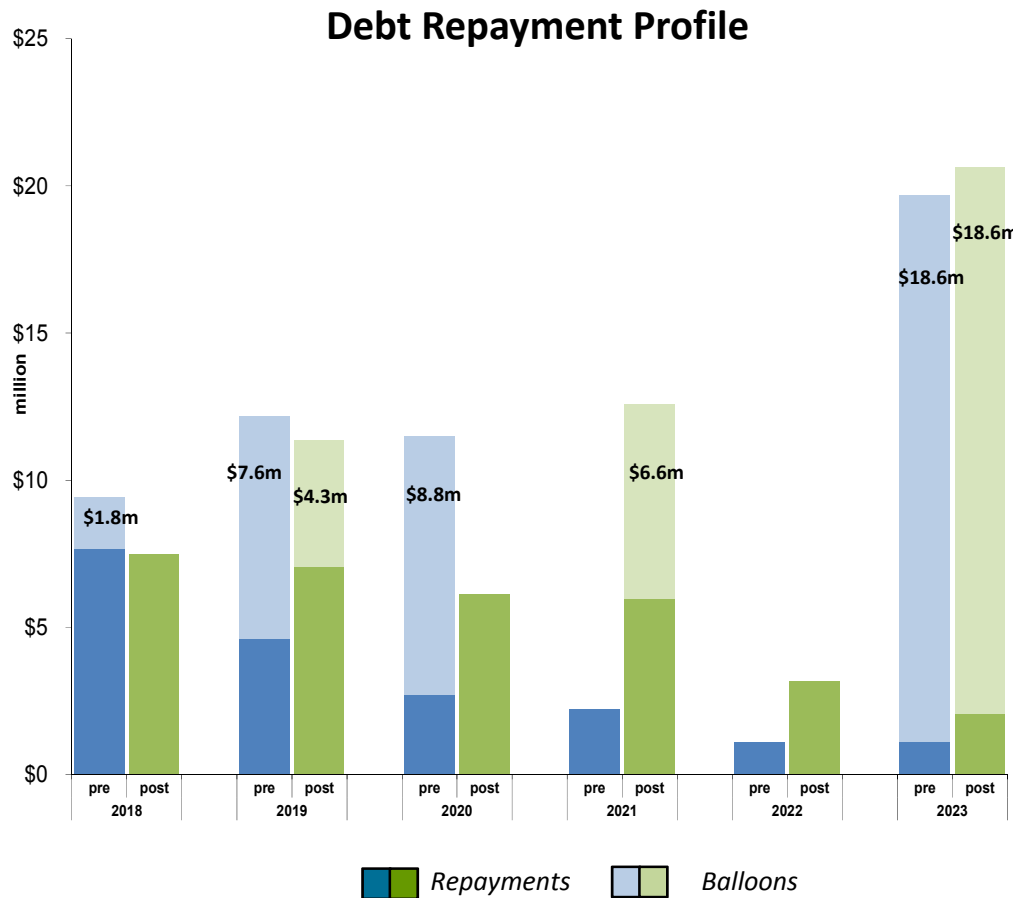
(1) Utilization Rate is calculated excluding scheduled offhire (drydockings and special surveys) and vessels in lay-up. Scheduled offhire amounted to abt 44 days for the first nine months of 2018

(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

## Balance Sheet Highlights & Funding For Fleet Growth

- As of September 30, 2018
  - Debt: \$51.3m
  - Preferred Equity: \$19.4m
  - Loan-To-Value ratio ('LTV'): less than 50%
  - Cash: \$5.1m
  
- Exploiting under levered position to generate funds for growth
  - Refinanced the loan of MV Alexandros P with a \$15m loan
    - Vessel financed at 60% of the market value resulting in an \$5.6m increase in our unrestricted cash
    - Tenor & Amortization: 7 year facility with a 16 year profile
  - Refinancing loans of M/V Pantelis & M/V Tasos alongside a loan for our newly acquired M/V Starlight
    - \$15m loan at 55% of market value of vessels provides in excess of 90% of the funds needed for the new acquisition; in final stage of customary loan documentation
    - Tenor & Amortization: 3 year facility with a 5.4 year profile
  - Debt of about \$64m after refinancings; LTV approximately 55%
  
- Further fleet growth
  - Will have funds to acquire additional vessel(s) with funds generated, and possibly, additional refinancings
  - As share price approaches NAV (still trading at about 60% of NAV), can use shares for ships to grow

# Debt Profile, Pre- and Post-Refinancings



### Cash Flow Breakeven

Budget estimate for next 12 months  
(post-refinancing & vessel acquisition):

	\$/vessel/day
OPEX	\$ 5,100
G&A	\$ 900
Interest	\$ 1,500
Drydock	\$ 750
<u>Loan Rpmt(*)</u>	<u>\$ 2,500</u>
<b>TOTAL</b>	<b>\$10,750</b>



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