



EURODRY LTD

EuroDry Ltd.

December 2018





Forward-Looking Statements

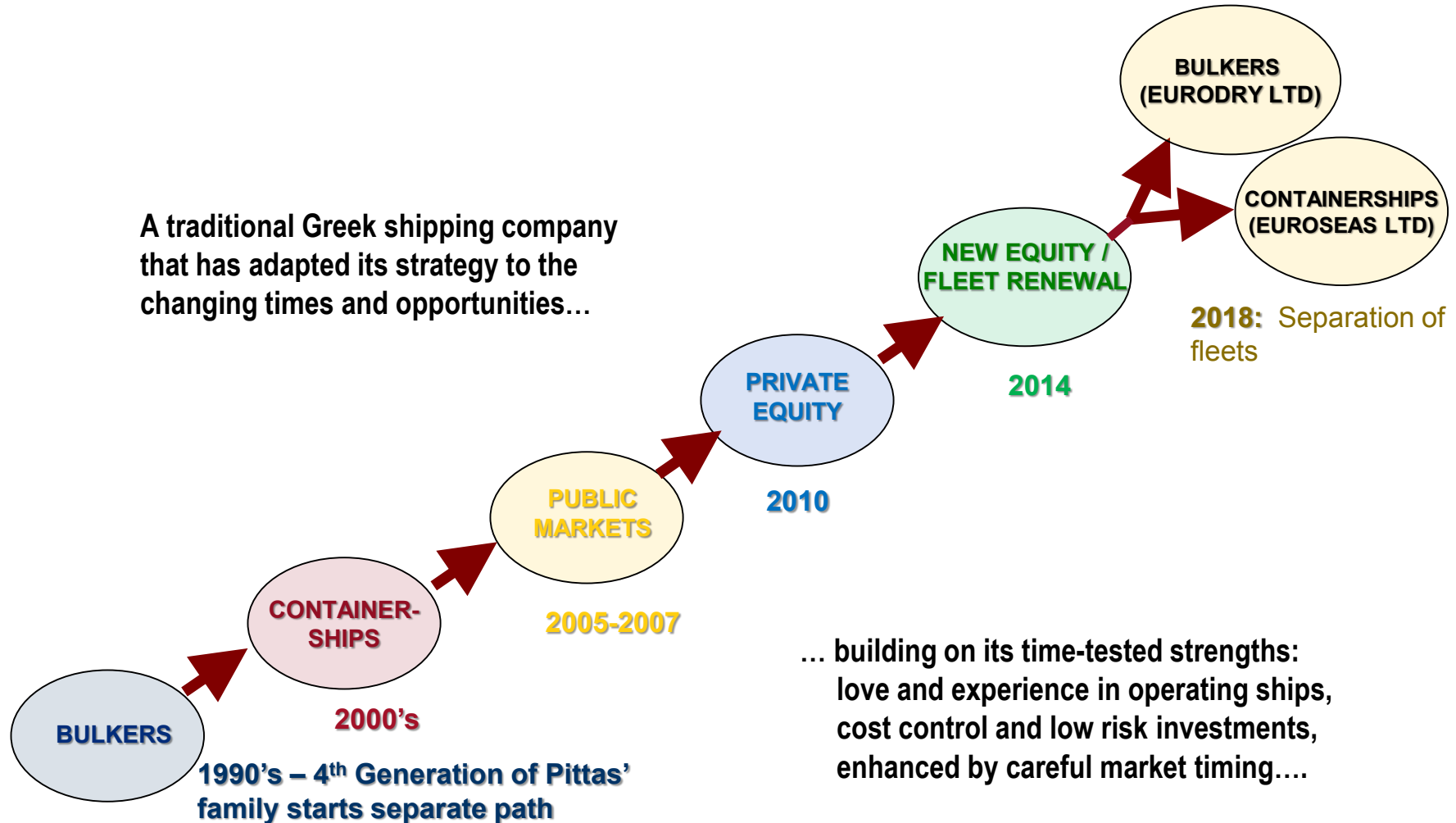
Statements in this presentation may be "forward-looking statements" within the meaning of federal securities laws. The matters discussed herein that are forward-looking statements are based on current management expectations that involve risks and uncertainties that may result in such expectations not 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 EuroDry 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 EuroDry 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 EuroDry based on available data from a variety of sources like broker reports and various industry publications or represent EuroDry's own estimates. EuroDry 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

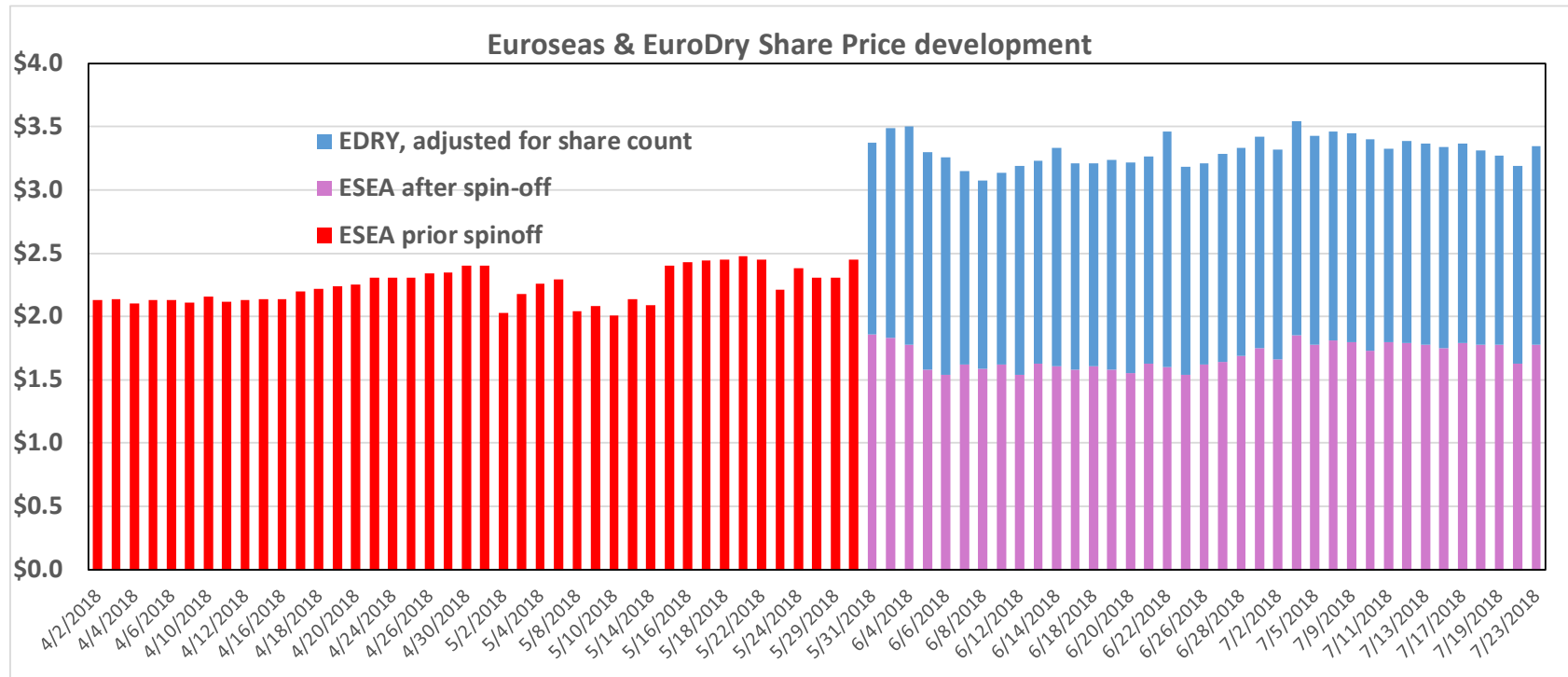
- EuroDry Ltd. (“EuroDry”, NASDAQ: EDRY) was spun-off from Euroseas Ltd. (“Euroseas”) on May 30, 2018 as a pure drybulk carrier owner to provide worldwide ocean-going transportation services for ...
 - ... transporting major bulks (iron ore, coal and grains) and minor bulks (e.g., steel products, bauxite, 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



EuroDry – Drybulk Fleet & NAV Calculator

BULKERS			
Name	Type	Size DWT	Year Built
Ekaterini	Kamsarmax	82,000	2018
Xenia	Kamsarmax	82,000	2016
Alexandros P.	Ultramax	63,500	2017
Eirini P.	Panamax	76,000	2004
Starlight	Panamax	76,000	2004
Tasos	Panamax	75,100	2000
Pantelis	Panamax	74,020	2000
Bulkers	7 vessels	528,620	10.1

Proforma	
As of	(million USD)
9/30/2018	
Value of Vessels ⁽¹⁾	114.8
Debt	-65.1
Preferred Shares	-19.4
Cash & Other A&L, net	13.73
Net Asset Value	44.1
NAV per share⁽²⁾	19.57

Notes:

Proforma adjustments during 2018Q4:

- 1) Acquisition of M/V Starlight for \$10.2m
- 2) Refinancing of loan facilities of \$14.4m for 3 existing vessels as of 9/30/2018, and, financing the acquisition of M/V Starlight by a new facilities totaling of \$30m

Preferred Equity:

- 1) Perpetual convertible at \$31.64/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.

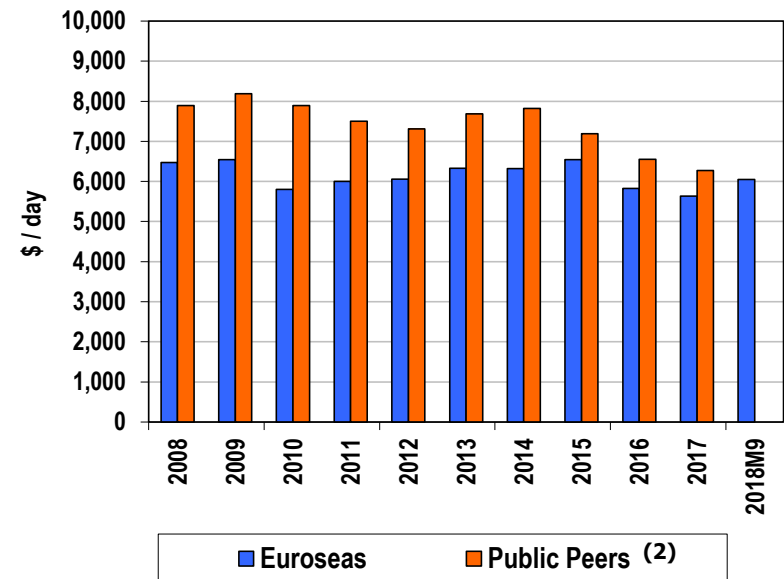
(2) Based on 2,254,130 shares issued and outstanding

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 2 vessels and in 2020, also, on 2 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!



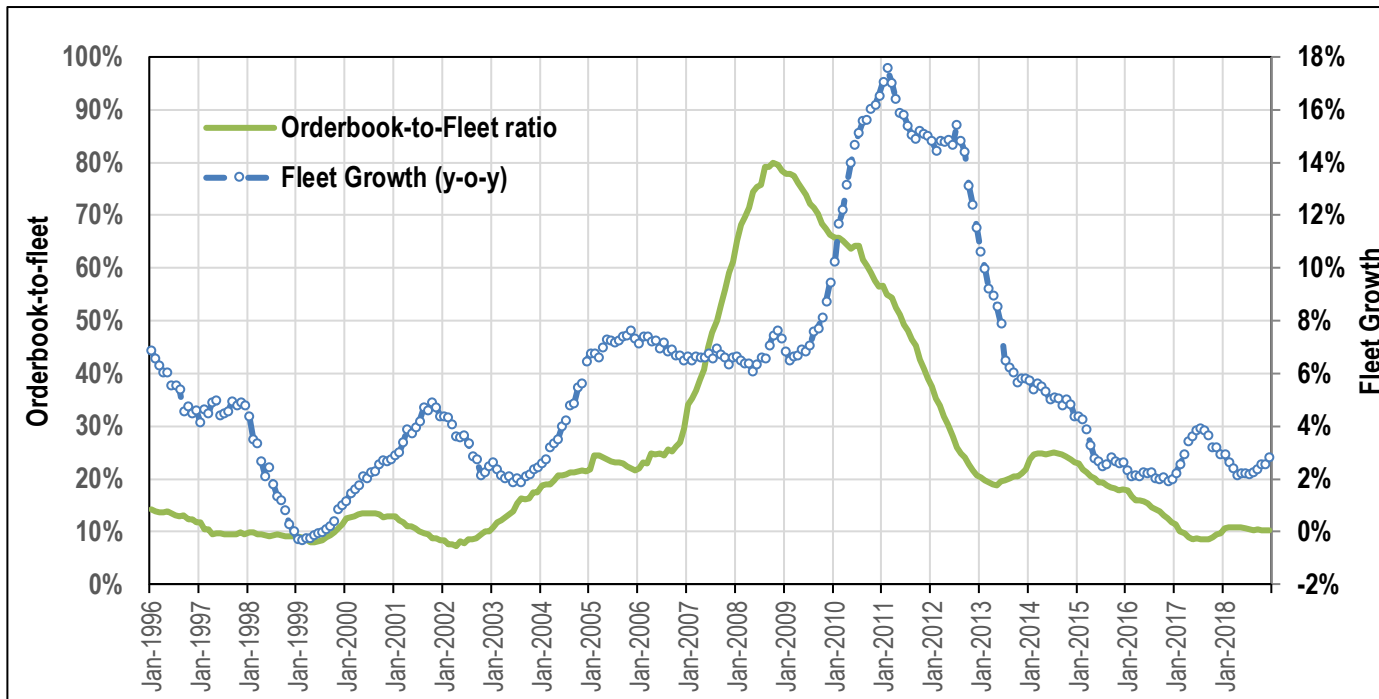
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EuroDry Ltd. – Drybulk Market Review



Fleet Growth & Orderbook-to-Fleet Ratio, Drybulk Fleet

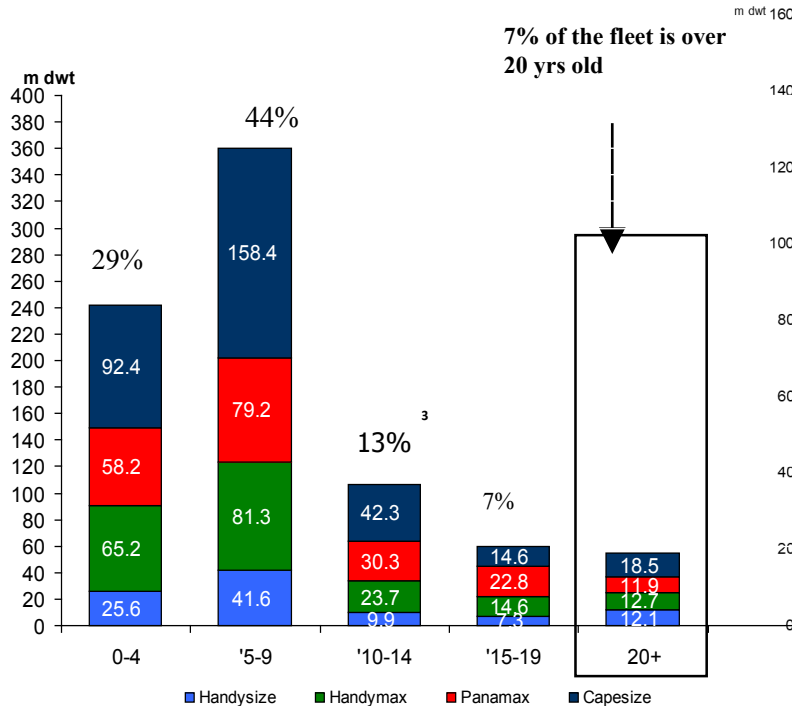
Orderbook as Percentage of Total Fleet Near Lowest Level of the Last 20+ Years



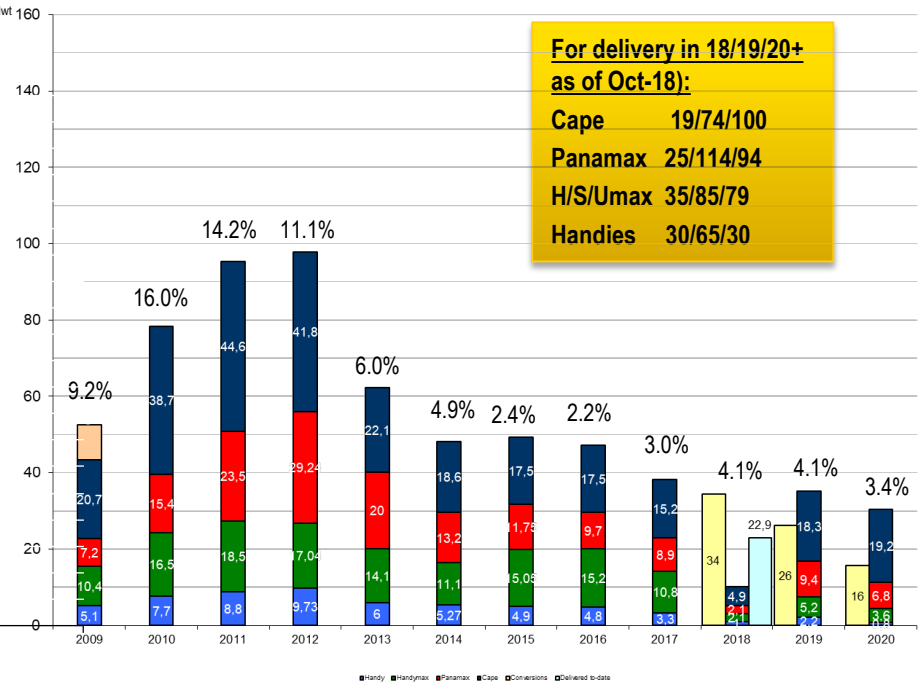
Source: Clarksons

Drybulk Age Profile & Orderbook Delivery Schedule

Dry Bulk Age Profile



Dry Bulk Orderbook



Large bulkers are still young

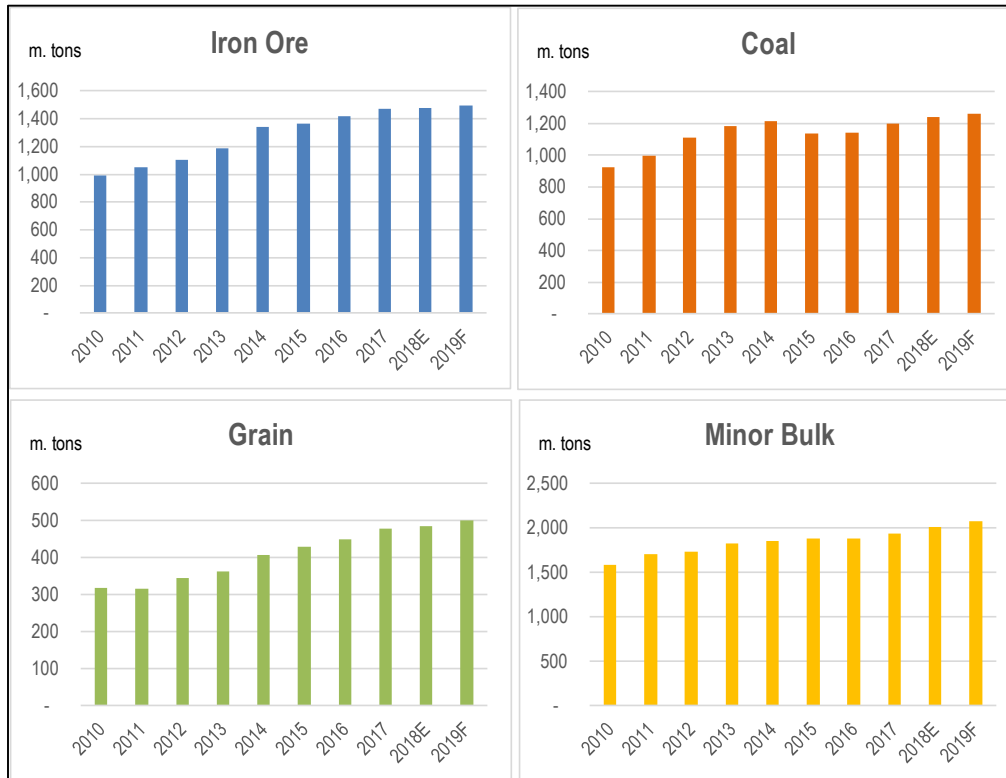
Source: Clarksons, as of Oct 2018

Notes:

	2009	2010	2011	2012	2013	2014	2015	2016	2017
1) As % of schedule deliveries									
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

Drybulk Trade Trends

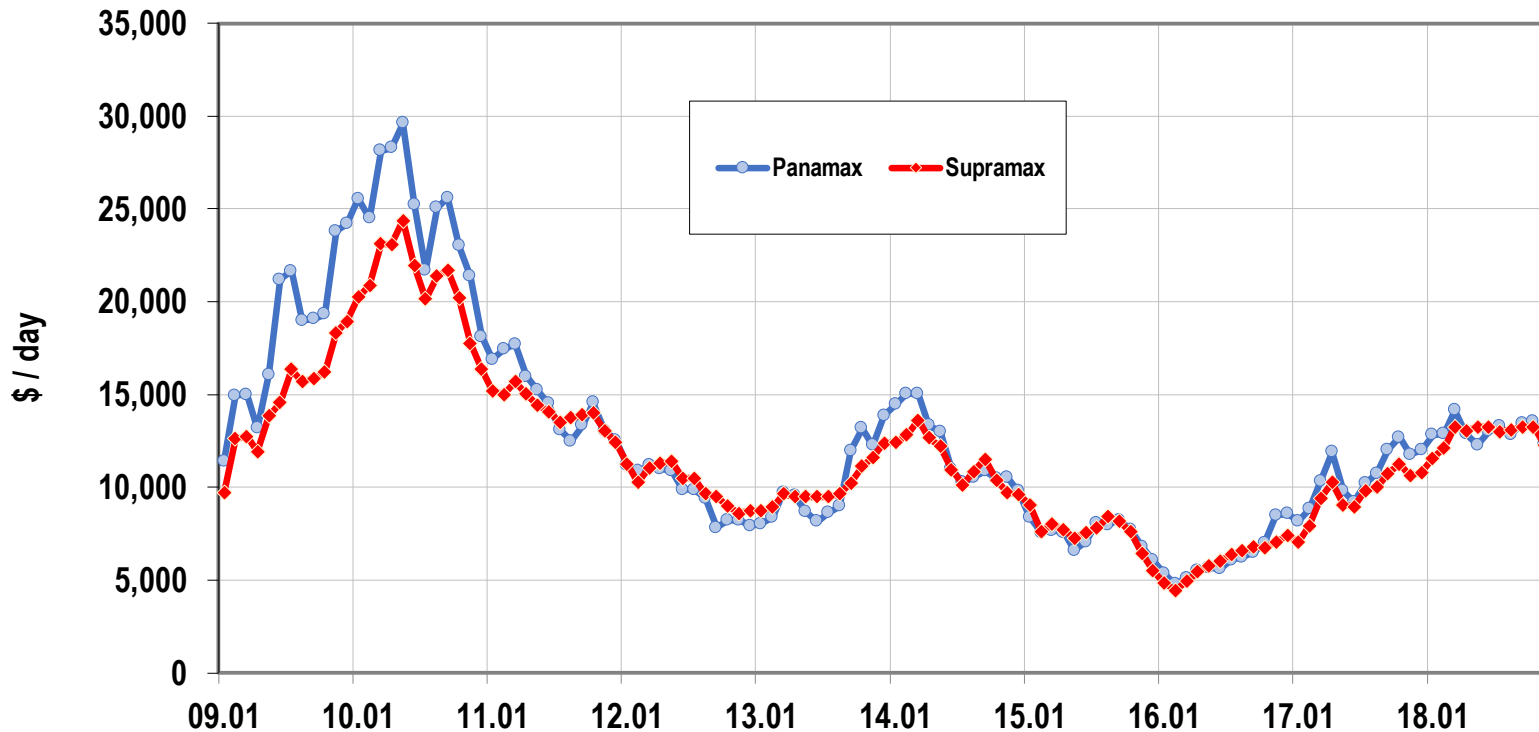


DRYBULK TRADE (tons, m)	Growth p.a. (%)	
	2010-2018	2015-2018
Iron Ore	5.1%	2.7%
Coal	3.7%	3.0%
Grain	5.4%	4.2%
Minor Bulk	3.0%	2.2%
TOTAL (tons)	3.9%	2.7%
TOTAL (ton-miles)	4.3%	3.3%
<i>Avg Distance</i>	0.4%	0.6%

- Drybulk trade has grown by about 2.7% p.a. in tons and by 3.3% p.a. in ton-miles over the 2015-2018
- China's imports are the main driver of drybulk trade growth
- Trade tensions could influence demand for the transportation of drybulk commodities

Drybulk 1-Yr Charter Rates, 2009-2018

Drybulk Markets Have Recovered From All Time Historical Lows

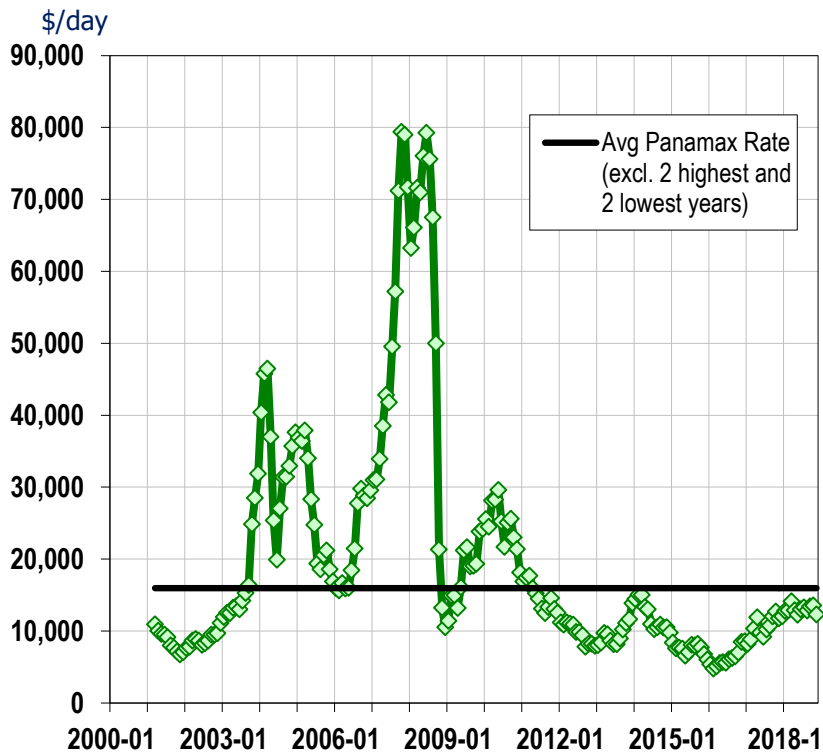


Source: Clarksons

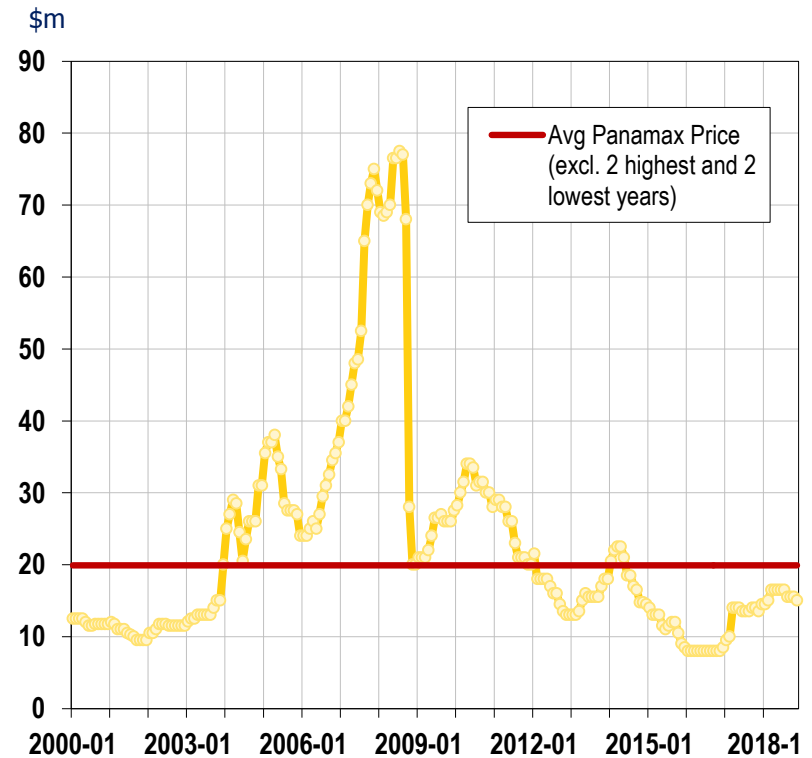
Note: Since April-1 the tess-58 Supra rates have replaced tess-52 in the Supramax index

Drybulk Markets Fluctuated Widely Over Last Two Decades

Panamax 1-Year Time Charter Rate



Panamax 10-Year Historical Price Range



Source: Clarksons



Outlook Summary – Bulkers

- Limited Fleet Growth – one of the lowest orderbook levels in 20 years
 - Possibility of supply squeeze due to regulations

- Recent demand trends will result in a further improving market
 - China remains a key economy to watch due to its contribution to drybulk trade growth

- Market Risk – Trade disruption
 - US – China trade tensions
 - Geo-political developments

- Rate & Price Barometer (% of 2001-2018 historical average excluding 2 highest and lowest years)
 - 1-yr Panamax TC rates **~78%**
 - 10-yr old Panamax Price: **~75%**



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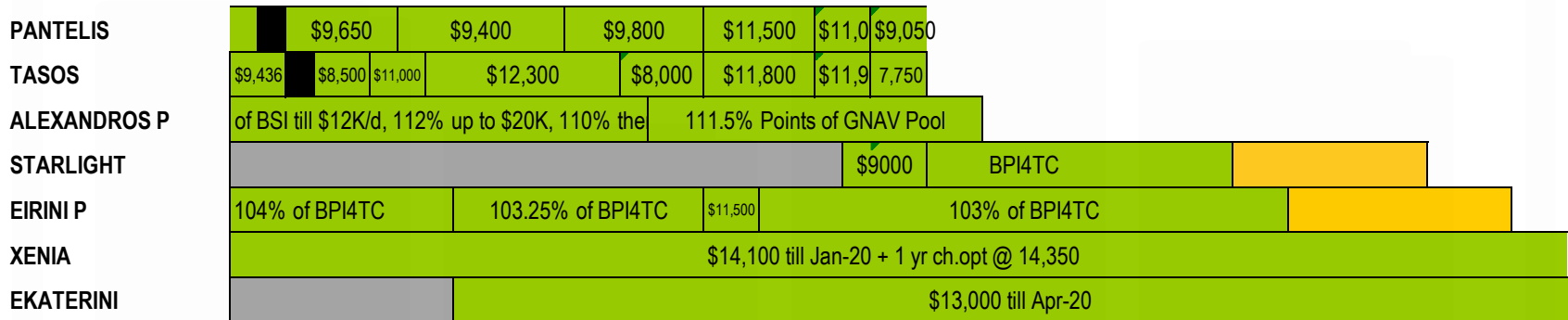
EuroDry – Market Strategy & Position



Employment Chart – EuroDry Fleet-updated

Coverage: 45% in 2019 basis min durations and including Index Charters

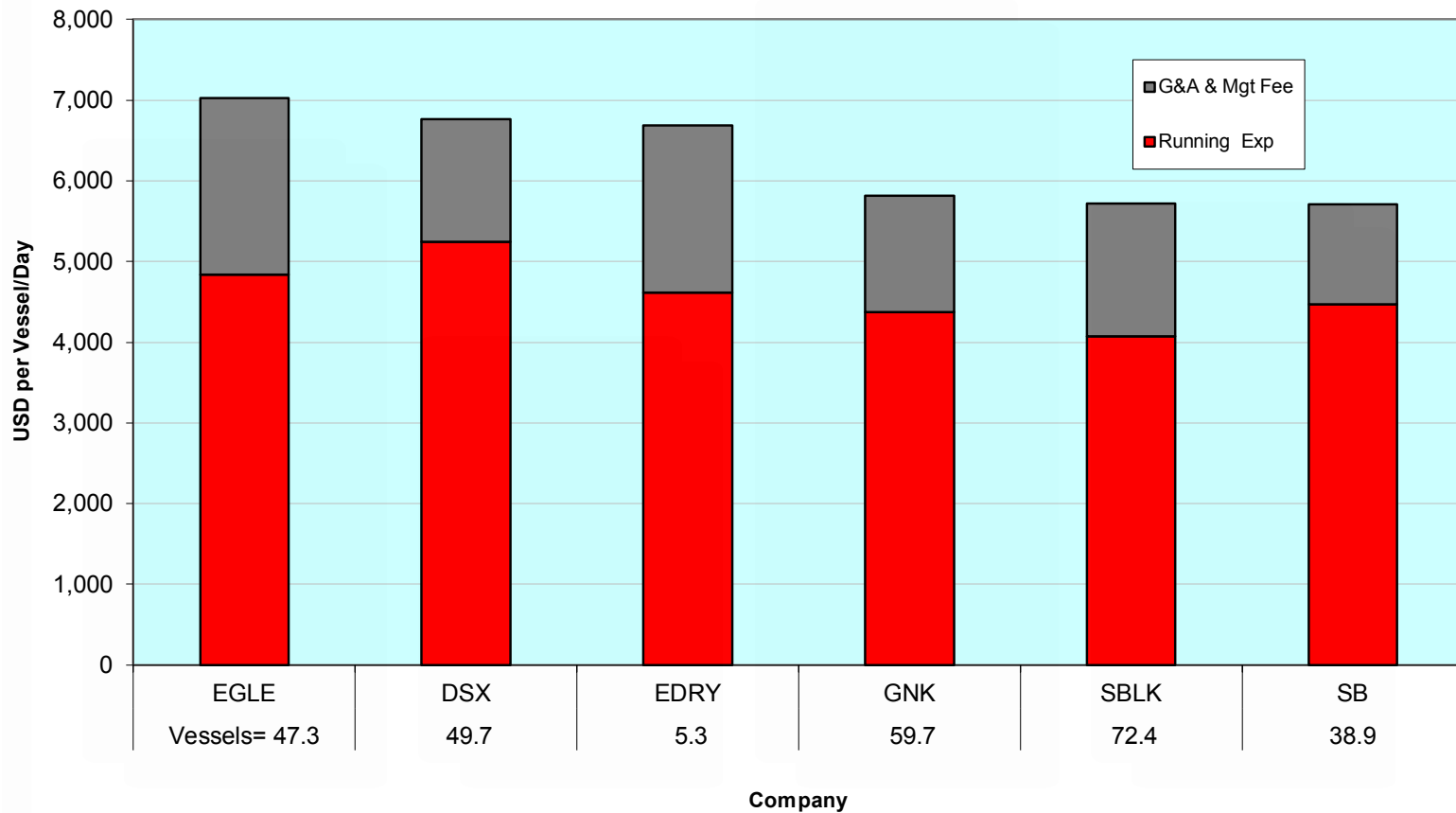
2018												2019											
Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec
Q1			Q2			Q3			Q4			Q1			Q2			Q3			Q4		



Legend: Min TC Period ■ Re-delivery range ■ Options ■ Dry-Dock ■ Idle pre-purchase period ■

Total Operating And G&A Costs – 2018 H1

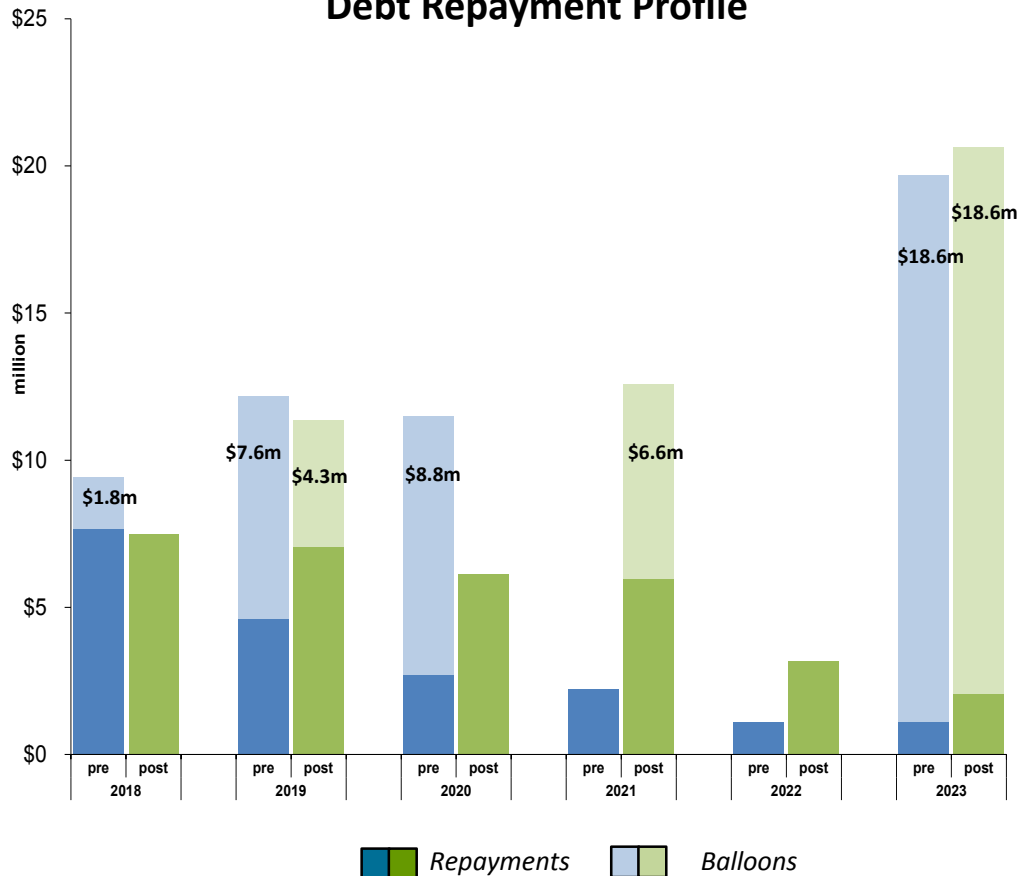
EuroDry and Peers Total Expenses Comparison



Note: Market peers include: DSX, EGLE, GNK, SB, SBLK. Source: Public filings

EuroDry Debt Profile, Pre- and Post-Refinancings

Debt Repayment Profile



Cash Flow Breakeven

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

	\$/vessel/day
OPEX	\$ 5,100
G&A	\$ 900
Drydock	\$ 750
Interest	\$ 1,500
Pref. Dividend	\$ 900
Subtotal	\$ 9,150
Loan Rpmt(*)	\$ 2,500
TOTAL	\$11,650

(*) Excludes balloon repayments

EuroDry EBITDA Calculator

- Management believes EuroDry is positioned to take advantage of any market recovery
 - About 35% of the remaining available days in 2019 and 5% in 2020 are contracted with fixed charter rates leaving significant capacity (days) available to benefit from a market upturn...

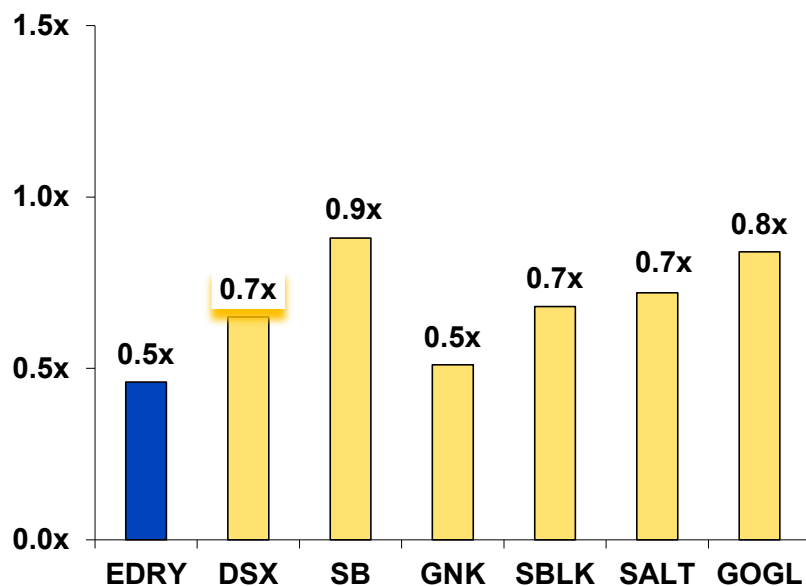
EBITDA Calculator	2019			2020		
Number of Vessels	7.00			7.00		
Assumed Fleet Utilization	97%			97%		
Average TC Rate (\$/day)	12,000	14,000	16,000	13,000	15,000	17,000
Commissions	-5%			-5%		
Net Revenues (m\$)	28.3	33.0	37.7	30.6	35.3	40.0
OPEX (mil \$)	(13.4)			(13.8)		
Drydocking Costs (m\$)	(2.4)			(2.2)		
G&A (m\$)	(2.3)			(2.3)		
EBITDA (m\$)	10.2	14.9	19.6	12.3	17.0	21.7

Notes:

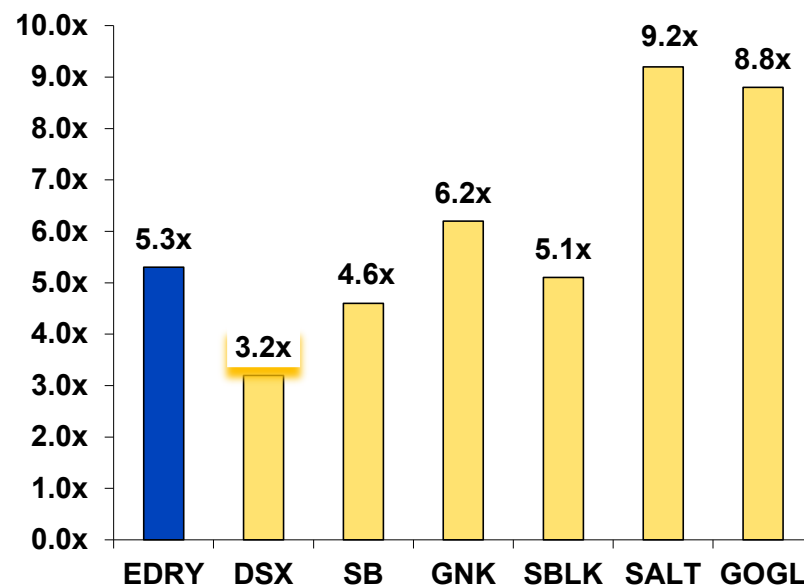
- 1) Fleet utilization is assumed to also include offhire time during drydock
- 2) OPEX are based on 2018, Jan-Sep actual escalated at 3% p.a.
- 3) Drydocking, G&A based on Company assumptions
- 4) EBITDA is net of drydocking costs (some analysts do not included it)

EuroDry - Valuation Comparables

P / NAV



EV/2019E EBITDA



Sources: Comparables - Morgan Stanley 10-Dec -18. All earnings estimates are based on data subject to continuous and significant revisions.

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



Why EuroDry?

- The drybulk sector is at an attractive point in the cycle for growth
- Focused on the most rewarding size segments, Ultramax to Kamsarmax, maintaining cargo diversification and benefit from economies of scale in lot size
- Conservative leverage of 50-55%
- Sponsor with significant stake invested
- Seasoned management team with 150 years ship operating history and over 10 years capital market experience
- A growth-platform to capitalize on the drybulk markets

.. But most importantly

- **It is the cheapest drybulk stock to buy!**

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