



EURODRY LTD

Earnings Presentation

Quarter Ended September 30, 2019

October 14, 2019





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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2019 Third Quarter Financial Highlights

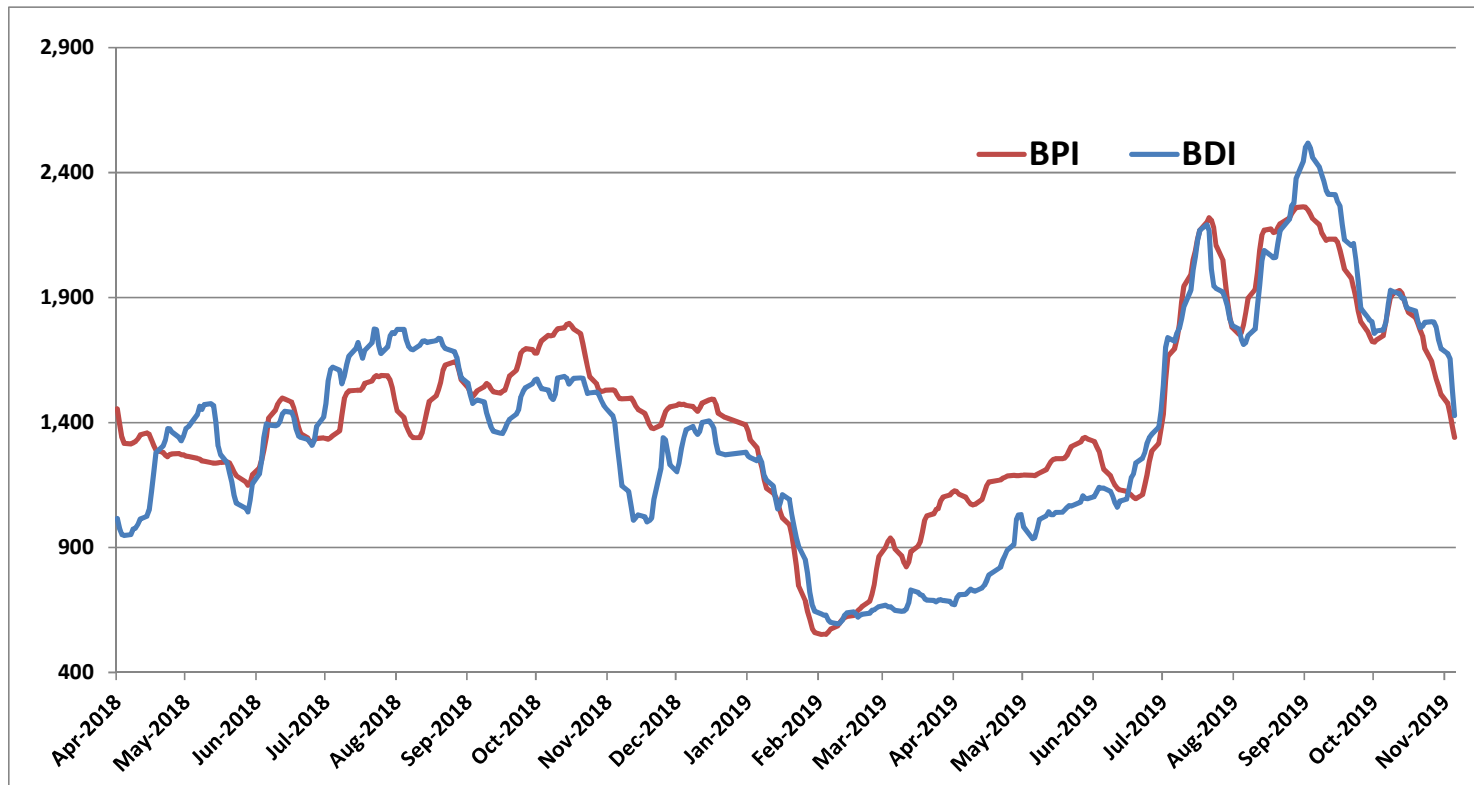
	2019-Q3	
Net Revenues	\$7.7 m	
Net Income / (Loss)	\$(0.4) m	
Preferred Dividends	\$(0.4) m	
Net Income / (Loss) Attributable to Common Shareholders	\$(0.8) m	\$(0.35) / share ⁽²⁾
Adj. Net Income Attributable to Common Shareholders ⁽¹⁾	\$(0.6) m	\$(0.26) / share ⁽²⁾
Adj. EBITDA ⁽¹⁾	\$2.2 m	

- (1) See press release of 14/10/2019 for reconciliation of Adj. Net Income Attributable to Common Shareholders to Net Income and Adjusted EBITDA.
 (2) Basic and diluted

Market Highlights Q3 2019

Spot Rates	Cape-180k	Panamax-75k	Supramax-58k
Q3-2019 Average	\$30,404	\$16,284	\$14,257
Q3-2019 last Friday 27/9	\$26,500	\$15,900	\$14,863

One Year TC Rate	Cape-180k	Panamax-75k	Supramax-58k
Q2-2019 Average	\$15,817	\$11,344	\$10,202
Q3-2019 Average	\$21,365	\$13,606	\$11,745



Chartering , Operational, S&P Highlights and Drydockings

- **Eirini P:** fixed for about 11 to 13 months at \$12,500/day for 55 days thereafter 100% BPI 4TC
- **Pantelis:** fixed for about 90 to 100 days at \$11,500/day
- **Tasos:** fixed for about 100 to 120 days at \$11,500/day

- **FFA contracts**
 - Sold 90 days in Q4 equivalent to the open days of one Panamax ship at \$14,550
 - Closed above position with a nett profit of about \$112k which is the equivalent to about \$1,200 daily on one panamax ship earnings for the whole of Q4!

 - We may increase FFA cover at discretion of management

- Dry-dockings and repairs this quarter
 - **Eirini P:** roughly 30 days at a cost of about : \$1.15m including the BWTP

EuroDry Fleet

Name	Type	Size DWT	Year Built
<u>Vessels in the water</u>			
Ekaterini	Kamsarmax	82,000	2018
Xenia	Kamsarmax	82,000	2016
Alexandros P	Ultramax	63,500	2017
Eirini P	Panamax	76,466	2004
Starlight	Panamax	75,845	2004
Pantelis	Panamax	74,020	2000
Tasos	Panamax	75,100	2000
Total / average age	7 vessels	528,931	10.8 yrs

Vessel Employment Chart

Coverage: About 56% in 2019 (as of November 1st)

(excludes ships on index charters which are open to market fluctuations but have secured employment)

	2019												2020											
	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		
PANTELIS	\$9.050	\$5.500	\$9.850			\$9,500			\$11,500															
TASOS	\$7.750	\$7.500	\$6,900			\$10,500			\$11-11500															
ALEXANDROS P*	Guardian Pool, 112 Pool points																							
XENIA	\$14.100															\$14.350 til Mar-21 in charterers option								
EKATERINI	\$13.000																							
EIRINI P	103,25% of BPI 4TC							\$12,500	100% of BPI 4TC															
STARLIGHT	100% of BPI 4TC							'100% of BPI 4TC																

Legend:
 Min TC Period ■ Re-delivery range ■ Options ■ Positioning ■ Dry-Dock ■ Idle ■

(*) Owners' Option has infinite duration.
 However, it has to be tendered 3 months prior to having the vessel delivered back.



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Market Overview



World GDP & Shipping Demand Growth

Real GDP (% p.a. - IMF)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
USA	2.8	1.9	2.4	2.6	1.5	2.3	2.9	2.4 (2.6)	2.1 (1.9)	1.7 (1.8)
Eurozone	-0.7	-0.5	0.9	2.0	1.8	2.4	1.8	1.2 (1.3)	1.4 (1.6)	1.4 (1.5)
Japan	1.4	1.5	-0.1	0.5	1.0	1.8	1.0	0.9 (0.9)	0.5 (0.4)	0.5 (0.5)
China	7.7	7.7	7.4	6.9	6.7	6.8	6.6	6.1 (6.2)	5.8 (6.0)	5.9 (6.0)
India	3.2	4.4	7.2	7.6	7.1	6.7	7.1	6.1 (7.0)	7.0 (7.2)	7.4 (7.7)
Russia	3.4	1.3	0.6	-3.7	-0.2	1.8	2.3	1.1 (1.2)	1.9 (1.9)	2.0 (1.7)
Brazil	1.0	2.3	0.1	-3.8	-3.6	1.1	1.1	0.9 (0.8)	2.0 (2.4)	2.4 (2.2)
ASEAN-5	6.2	5.2	4.6	4.8	4.9	5.3	5.2	4.8 (5.0)	4.9 (5.1)	5.2 (5.2)
World	3.1	3.4	3.4	3.4	3.2	3.7	3.6	3.0 (3.2)	3.4 (3.5)	3.6 (3.6)

Dry Bulk Trade (% p.a.)

Tonmiles	6.0	5.6	6.0	1.1	2.1	4.8	2.8	1.4 (1.3)	2.9 (3.1)	2.5
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Sources:

GDP - International Monetary Fund: 2012-2018, (start of year estimates in parentheses), 2019 /20 IMF Forecasts (Jul-19), 2021 (Apr-19)

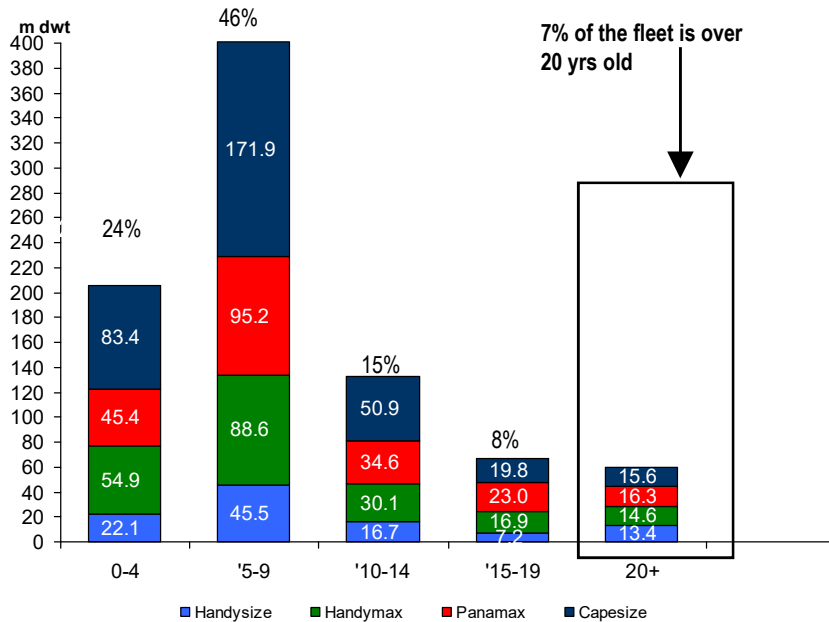
In parentheses, previous estimates for 2019/20 as of Apr-19

Trade – 2012-2018: Figures in parenthesis indicate beginning of Year estimates from Clarkson

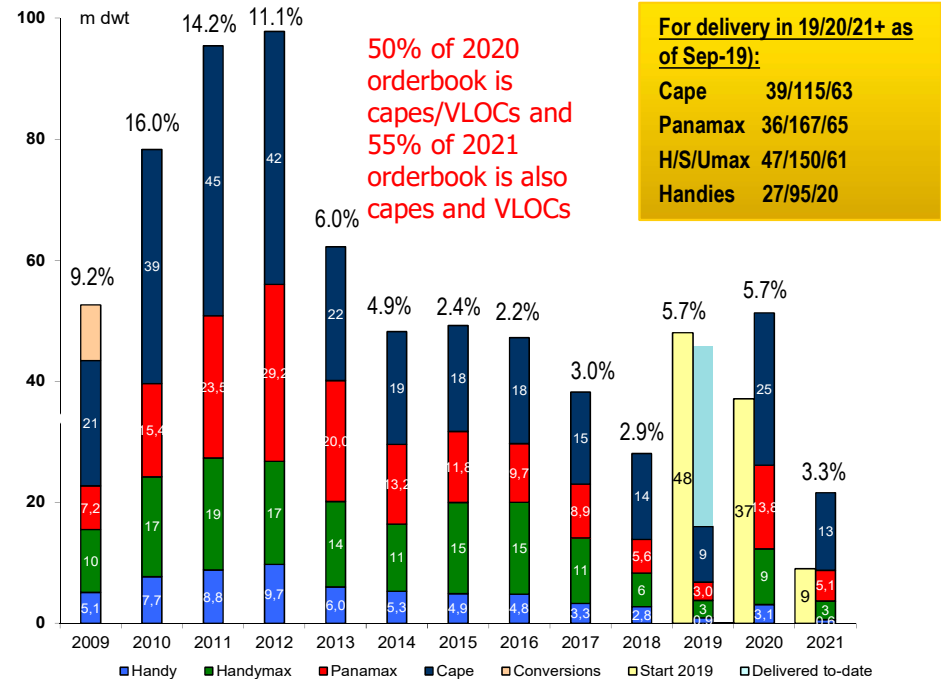
2019/20: Clarkson (Jun-19), 2021 company estimates, 2019 /20 Previous estimates in parenthesis from Clarkson (Mar-19)

Drybulk Age Profile & Orderbook Delivery Schedule

Dry Bulk Age Profile



Dry Bulk Orderbook



Large bulkers are still young

Source: Clarksons, as of Sep 2019

Notes:

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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%	4.1m-0.5%
Slippage & cancellations	28.5m-40%	47m-37%	43m-29%	40m-30%	39m-39%	27m-36%	36m-43%	46m-49%	25m-35%	6m-18%

2) Fleet percent change during 2009-2018 includes scrapping and other additions and removals.

In 2019 /20 deliveries are given as percent of fleet of previous year calculated without accounting for scrapping, other removals or conversions .

Large Vessels Dominate Orderbook

Outlook Summary – Bulkera

2019 Summary

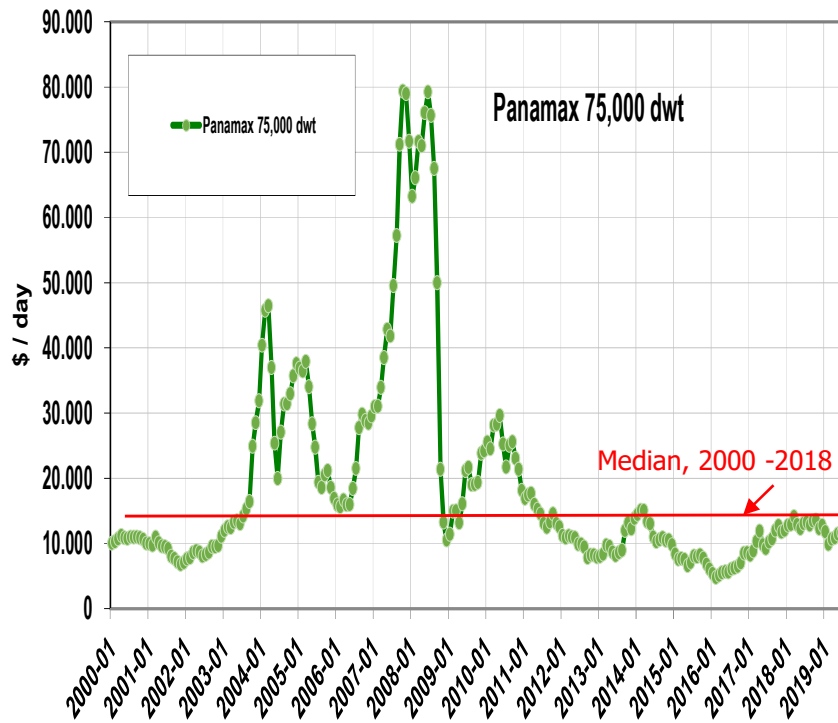
- Since the beginning of 2019, rates for the Capesize vessels moved from below OPEX levels in Q1 to multi year highs of above 40k daily in Q3! Panamax and Supraxes were much less affected by the Vale disaster and dropped much less before increasing again also to multi-year highs of about \$18,000/day and 15,000/day, respectively, by September. Since then, it has corrected by about 50%.
- The accident in VALE's iron ore mine in Brazil was estimated to reduce Brazilian iron ore exports by 90mt annually until the mines come back to operation; however it seems that a big part of the capacity has come back.
 - Brazilian iron ore exports, the driver of the cape market, have shown improvements from -30% in H1 to -15% and improving currently....
 - Our analysis for 2019, has been accurate predicting the total recovery of the market in H2 as it happened, however, the rate expectations for the remaining 2 months of the year are rather flat in view of the return back into the market of the ships having installed scrubbers as compared to ships taking the time to install them and less imports of coal from China

Outlook

- 2020 supply/demand analysis shows a marginally negative balance which would suggest a slightly softer market, however, especially in 2020, there might be unexpected disruptions due to the introduction of cleaner fuels which could lead to a tighter than expected market
- 2021 our analysis indicates a promising year amidst a very low orderbook!
- Longer term iron ore trading volume growth is at risk due to the lack of further mining/production investments in both Australia and Brazil, the two major producers
- Coal imports despite the longer term concerns (due to the overall desire to reduce coal use) are expected to further grow in 2020, following an about 10% rise in Chinese coal imports so far in 2019, as electricity demand growth remains robust there and in other developing countries
- Grain trade is expected to rebound following a much-desired trade agreement between China/US .

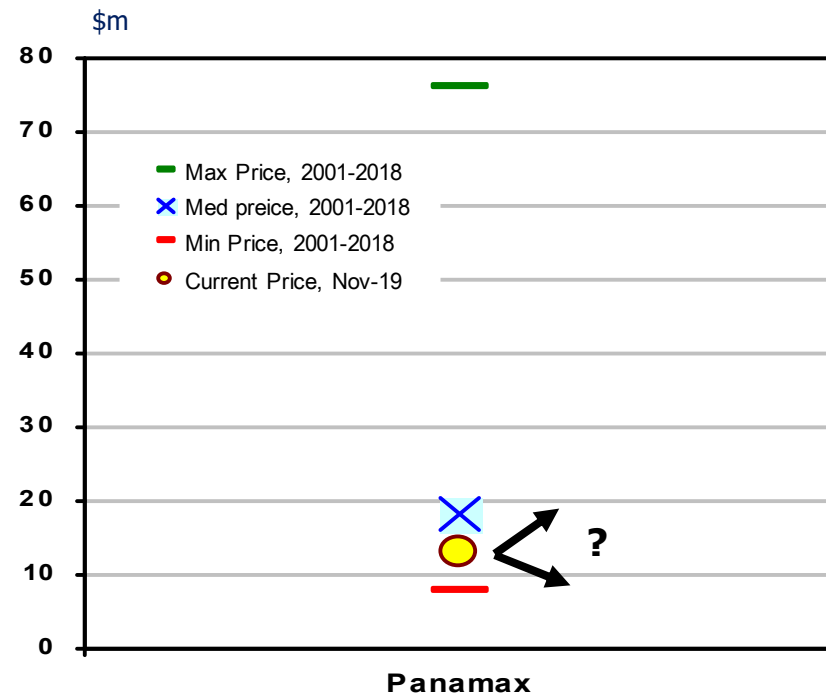
Position on the Drybulk Market Cycle

Panamax 1-Year Time Charter Rate



Source: Clarksons

Panamax 10-Year Old Historical Price Range





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Financial Overview



Financial Highlights: Third Quarter and Nine Months of 2018 and 2019

	Third Quarter		Change %	Nine Months		Change %
	2018	2019		2018	2019	
<i>(in million USD except per share amounts)</i>						
Net Revenues	6.8	7.7	13%	17.5	19.6	12%
Net (Loss) / Income	1.7	(0.4)		0.3	(1.4)	
Preferred Dividends	(0.2)	(0.4)		(0.3)	(1.4)	
Net (Loss) / Income attributable to Common Shareholders	1.4	(0.8)		(0.0)	(2.9)	
Interest & Finance Costs net <i>(incl. interest income)</i>	0.8	0.8		1.8	2.7	
Depreciation	1.4	1.6		3.9	4.8	
Unrealized Loss (Gain) On Derivatives	(0.0)	0.2		(0.2)	0.4	
Adjusted EBITDA ⁽¹⁾	3.8	2.2	-42%	5.9	6.5	10%
Adj. Net (Loss)/Income attributable to Common Shareholders	1.4	(0.6)		(0.2)	(2.5)	
Adj. Net (Loss)/Income per share, basic and diluted ⁽²⁾	0.62	(0.26)		(0.07)	(1.13)	

(1) See press release of 14-Nov-2019 for Adjusted EBITDA reconciliation to Net Income and Cash Flow from Operations.

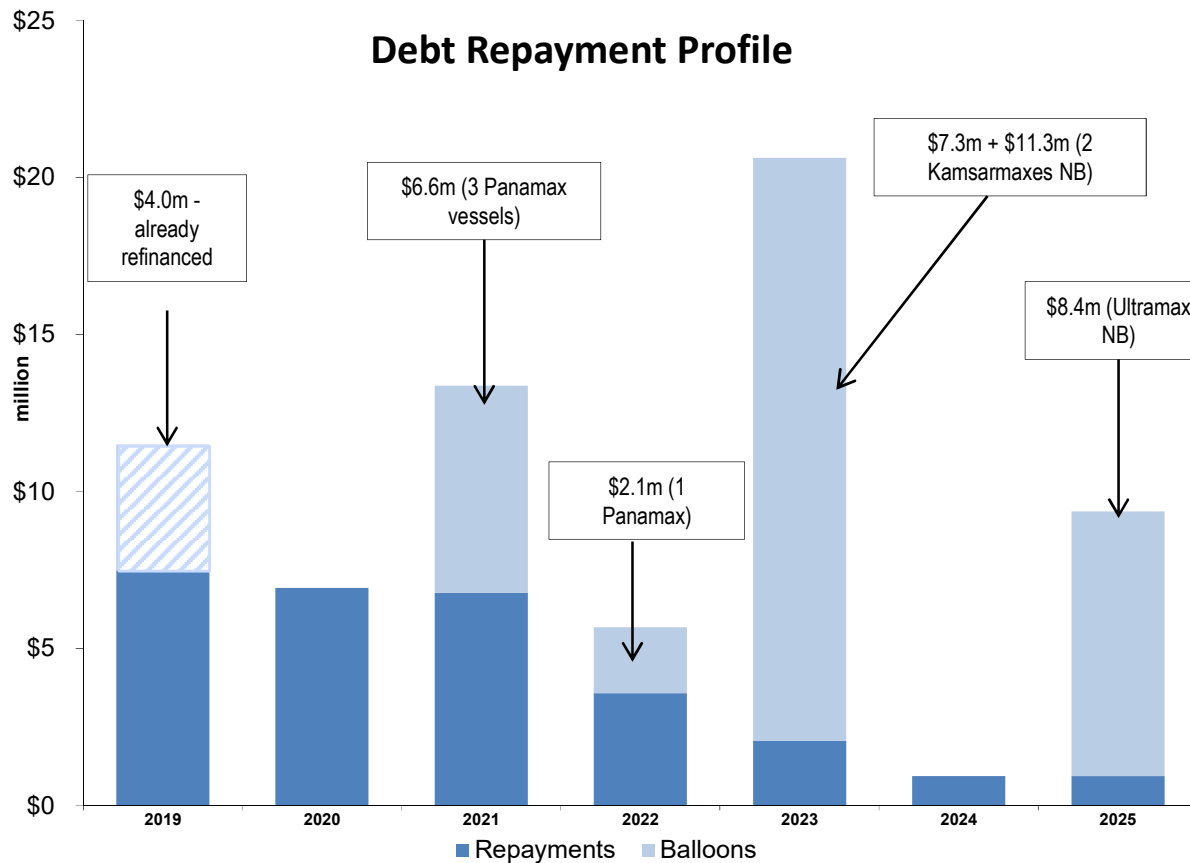
(2) Available to Common Shareholders; calculated on 2,238,442 & 2,234,771 for the 3rd quarter and 2,230,137 & 2,241,425 first nine months of 2018 & 2019 respectively

Fleet Data for the Third Quarter and Nine Months of 2018 and 2019

	2018Q3 (unaudited)	2019Q3 (unaudited)	2018M9 (unaudited)	2019M9 (unaudited)
Number of vessels	6.0	7.0	5.5	7.0
Utilization Rate (%)				
Operational ⁽¹⁾	99.7%	99.5%	99.6%	99.2%
Commercial ⁽¹⁾	100.0%	100.0%	100.0%	99.9%
Overall ⁽¹⁾	99.7%	99.5%	99.6%	99.1%
<i>(usd/day/vessel)</i>				
Time Charter Equivalent (TCE)⁽²⁾	\$ 13,839	\$ 12,088	\$ 12,473	\$ 10,750
Operating Expenses				
Vessel Oper. Exp.excl. DD exp.	5,035	4,855	5,306	4,939
G&A Expenses	1,147	867	1,206	900
Total Operating Expenses	6,182	5,722	6,512	5,839
Interest Expense	1,421	1,318	1,196	1,526
Drydocking Expense	3	1,073	955	835
Loan Repayments without Balloons	3,509	3,109	3,564	3,114
Breakeven/day	\$ 11,115	\$ 11,222	\$ 12,227	\$ 11,314

- (1) Utilization Rate is calculated excluding scheduled off-hire (drydockings and special surveys) and vessels in lay-up. Scheduled off-hire amounted to 0 days and abt 29.9 days for the third quarter of 2018 and 2019 and 43.7 days and 65.9 days for the first nine months of 2018 and 2019
- (2) TCE calculation shows the gross rate the vessels earn while employed; it excludes periods during which the vessels are laid-up or off-hire for commercial or operational reasons

Debt Profile



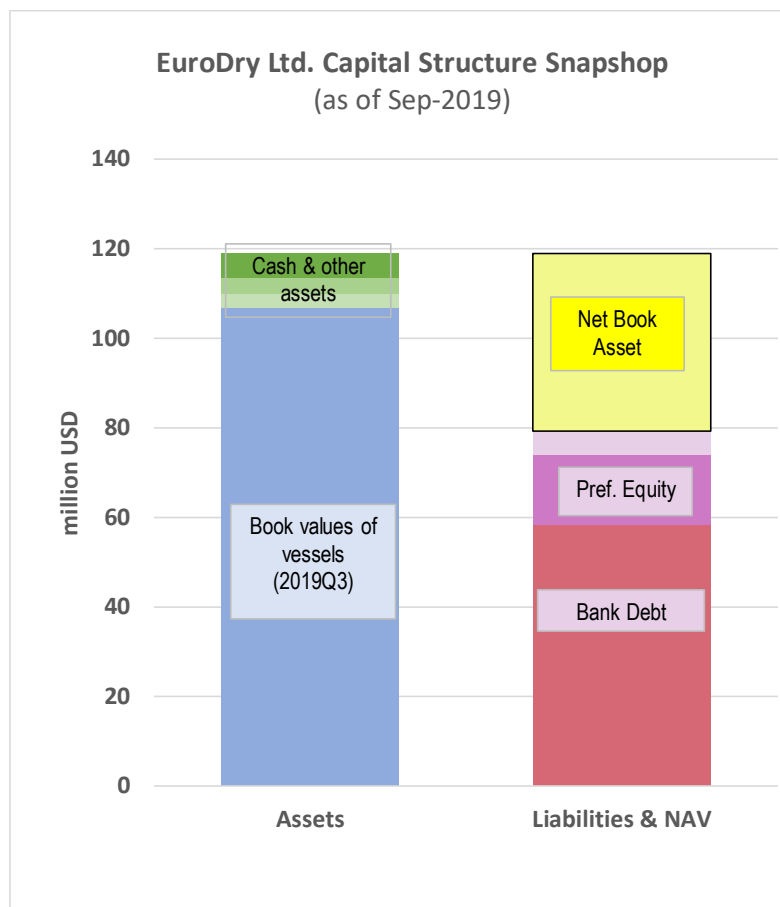
Cash Flow Breakeven

Budget estimate for next 12 months:

	<u>\$/vessel/day</u>
OPEX	\$ 5,200
G&A	\$ 900
Interest	\$ 1,400
Drydock	\$ 550
Pref. Dividend	\$ 550
Sub-total	\$ 8,600
<u>Loan Principal</u>	<u>\$ 2,750</u>
TOTAL	\$11,350

- Average senior margin debt stands at about 3.0%; assuming 3-month Libor @ 2.0%, the all-in cost of our senior debt is 5.0% and by including the dividend preferred equity this increases to 5.9%
 - We prepaid abt \$4.3m of Series B Preferred Shares in exchange of a decrease in the quarterly dividend rate to 9.25% (from 12%) till January 2021 when it jumps to 14%. Remaining amount of Series B Preferred Shares is abt \$15.4m

Balance Sheet Highlights



Assets

- Cash / other liquidity
 - Unrestricted: \$5.6m
 - Restricted & Due from Related: \$3.4m
- Other assets: \$3.1 m
- Vessels book value: \$106.9m
 - within roughly 5% of market value as of end 2019Q3
- Total assets = \$118.9m

Liabilities

- Bank Debt: \$58.4m, i.e. ~ 50% of total assets
- Preferred Equity: \$15.4m, ~ 15% of total assets
- Other liabilities: \$5.5m, i.e. ~5% of total assets

Net Asset Value

- Net Book Value: \$39.6m, or, \$17.5/share...
...which is around the estimated NAV/share
- Share price around \$8 / share level represents a significant discount to the value of the company

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