Costamare Inc.


# Second Quarter 2013 Financial Results Conference Call

July 25, 2013

# Forward Looking Statements

This presentation contains certain "forward-looking statements" (as such term is defined in Section 21E of the Securities Exchange Act of 1934, as amended). All statements, other than statements of historical facts, that address activities, events or developments that the Company expects, projects, believes or anticipates will or may occur in the future, including, without limitation, future operating or financial results and future revenues and expenses, future, pending or recent acquisitions, general market conditions and shipping industry trends, the financial condition and liquidity of the Company, cash available for dividend payments, future capital expenditures and dry-docking costs and newbuild vessels and expected delivery dates, are forward-looking statements. Although the Company believes that its expectations stated in this presentation are based on reasonable assumptions, actual results may differ from those projected in the forward-looking statements. Important factors that, in our view, could cause actual results to differ materially from the future results discussed in the forward-looking statements include, without limitation, global supply and demand for containerships, the financial stability of the Company's counterparties and charterers, global economic weakness, disruptions in the world financial markets, the loss of one or more customers, a decrease in the level of Chinese exports, the availability of debt financing, the ability to expand through newbuildings and secondhand acquisitions, delay in the delivery of newbuildings, rising crew and fuel costs, increases in capital expenditure requirements or operating costs, a decrease in containership values, increased competition in the industry, re-chartering risk, fluctuations in interest rates, actions taken by governmental and regulatory authorities, potential liability for future litigation and environmental liabilities, the availability of adequate insurance coverage, potential disruption of shipping routes due to accidents or political conditions and the other factors discussed in the Company's Annual Report on Form 20-F (File No. 001-34934) under the caption "Risk Factors". All forward-looking statements reflect management's current views with respect to certain future events, and the Company expressly disclaims any obligation to update or revise any of these forward-looking statements, whether because of future events, new information, a change in the Company's views or expectations, or otherwise.

# Recent Transactions

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**Deliveries**

- On June 3 and June 25, 2013, the Company took delivery of the 8,827 TEU newbuild containership vessels Valor and Value, which were both built by Sungdong Shipbuilding and Marine Engineering in South Korea. Upon delivery, both vessels commenced their long-term time charters with members of the Evergreen Group ("Evergreen").

**Chartering Agreements**

- No ships laid up.
- Entered into an agreement to extend the charter of the 2001-built, 1,078 TEU containership Stadt Luebeck with CMA CGM, for a period of approximately 12 months at a daily rate of $6,400. The extension period will commence on August 23, 2013
- Entered into an agreement to extend the charter of the 1992-built, 3,351 TEU containership Marina to Evergreen, for a period of a minimum of eight months and a maximum of 14 months at a daily rate of $7,000. The extension period commenced on June 12, 2013.
- Entered into an agreement to extend the charter of the 1991-built, 3,351 TEU containership Karmen to Seacon, for a period of a minimum of two months and a maximum of five months at a daily rate of $6,750. The extension period commenced on June 15, 2013.

**Dividend Declaration**

- Declared a dividend for the second quarter ended June 30, 2013, of $0.27 per share, payable on August 7, 2013 to stockholders of record at the close of trading of the Company's common stock on the New York Stock Exchange on July 24, 2013. This will be the Company's eleventh consecutive quarterly dividend since it commenced trading on the New York Stock Exchange.

# Recent Transactions under the Framework Agreement

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**Acquisitions and Chartering**

- Pursuant to the Framework Agreement with York Capital Management (“York”) we acquired three second hand vessels, which were subsequently chartered. The Company participated in each of these three vessel acquisitions by investing in 49% of the share capital. The vessels are the following:
  - The 2001-built, 5,576 TEU containership Ensenada Express was purchased for a price of $22.1 million and subsequently chartered to Hapag-Lloyd, for a period of approximately two years at a daily rate of $19,000. The vessel was delivered to its charterers on July 7, 2013.
  - The 1998-built, 1,645 TEU containership X-Press Padma was purchased for a price of $4.75 million and subsequently chartered to Sea Consortium, for a period of approximately two years at an average daily rate of approximately $7,900. The vessel is expected to be delivered to its charterers on July 27, 2013.
  - The 1994-built, 1,162 TEU containership Petalidi was purchased for a price of $2.8 million and subsequently chartered to CMA CGM, for a period of approximately one year at a daily rate of $6,300. The vessel was delivered to its charterers on July 4, 2013.

# Income Statement

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## Q2 2013 RESULTS

| | 2Q 2012 | 2Q 2013 | % Change |
|---|---|---|---|
| Ownership Days | 4,225 | 4,456 | 5.5% |
| Average Number of Vessels | 46.4 | 49.0 | 5.6% |
| | | | |
| Voyage Revenues | $ 96,045 | $ 100,030 | 4.2% |
| EBITDA(*) | $60,568 | $70,486 | 16.4% |
| D&A | $(21,856) | $(23,586) | 7.9% |
| Net Interest and Finance Costs | $(17,565) | $(16,344) | (7.0%) |
| Net Income | $21,147 | $ 30,556 | 44.4% |
| Weighted Average Number of Shares | 67,800,000 | 74,800,000 | - |
| EPS | $ 0.31 | $ 0.41 | - |

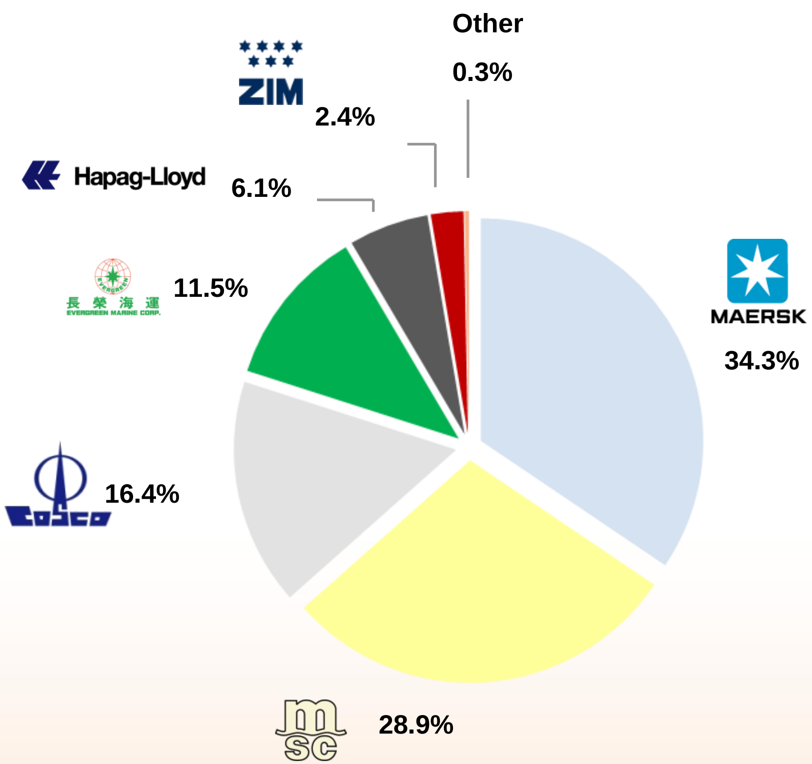
## Q2 2013 RESULTS – Non Cash and One-Time Adjustments

| | 2Q 2012 | 2Q 2013 |
|---|---|---|
| Net Income | $21,147 | $ 30,556 |
| Accrued Charter Revenue | $480 | $3,342 |
| (Gain)/ Loss on Derivative Instruments | $3,709 | $(2,471) |
| (Gain) on Sale/ Disposal of Vessels | $(4,104) | $(3,551) |
| Realized/ (Gain) Loss on Euro/USD forward contracts | $364 | $(180) |
| Adjusted Net Income(*) | $21,596 | $27,696 |
| Adjusted EBITDA(*) | $61,017 | $67,626 |
| Adjusted EPS(*) | $0.32 | $0.37 |

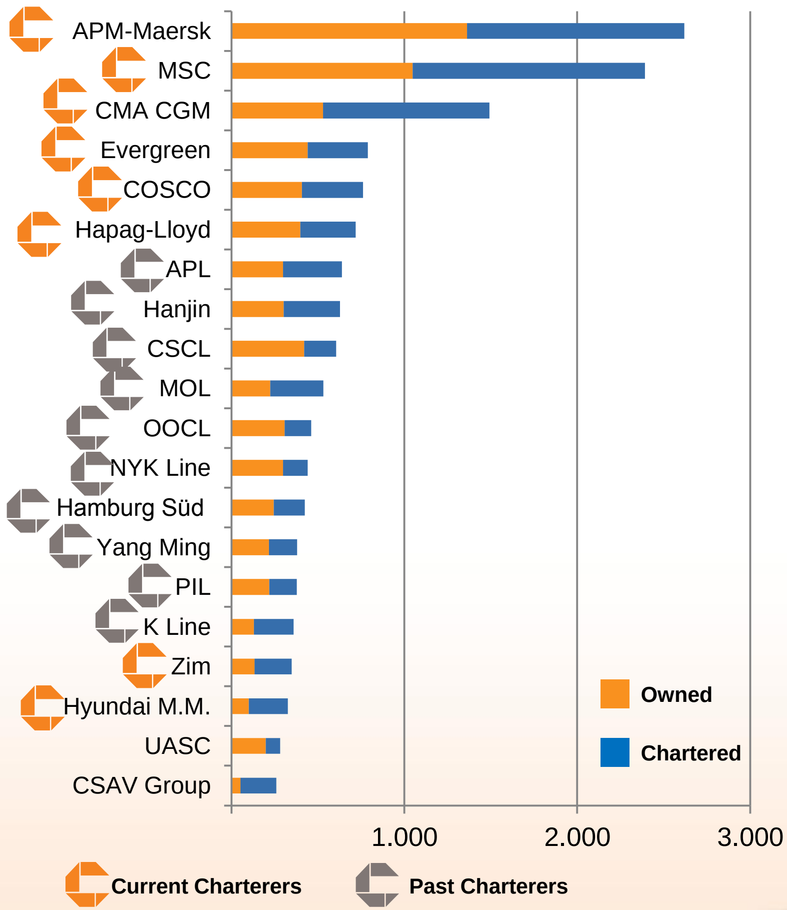
**Notes**
All numbers in thousands, except, ownership days, number of vessels, shares and per share data
(*) See Appendix

# High Quality Cash Flows- Strong Relationships

## Revenue Contribution (Vessels in the water)(1)(2)(3)




## Top 20 Largest Operated Containership Fleets (4)




Source: AXS-Alphaliner

**Notes**

1. Based on contracted revenues as of July 24, 2013. (Includes our ownership percentage of contracted revenues for vessels purchased pursuant to the Framework Agreement with York)
2. Assumes earliest possible re-delivery dates and exercise of owners' extension options
3. Assumes that Zim New York and Zim Shanghai will not be redelivered early during the three year extension period
4. Based on number of ships in the water as of July 24, 2013

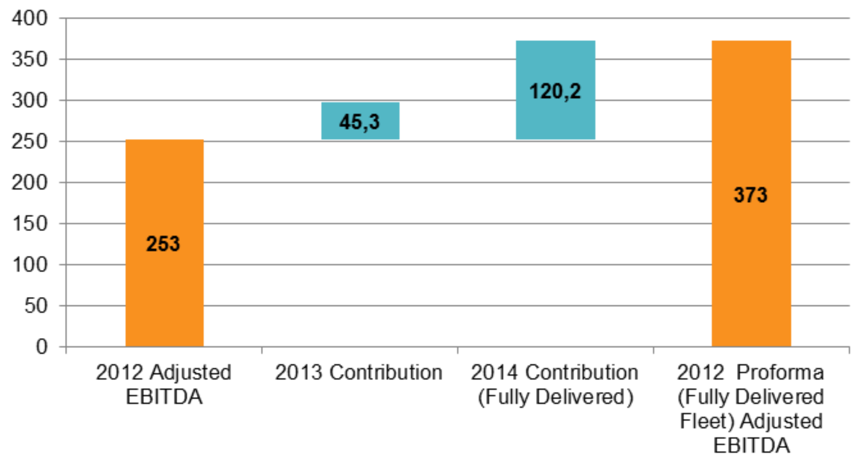
# Cash Flow Stability and Built-in Growth

- As of July 24, 2013, contracted revenues of approximately $2.7Bn[(1)(2)(3)]

- TEU-weighted average remaining time charter durations for the fleet is 4.8 years[(1)(2)(3)]

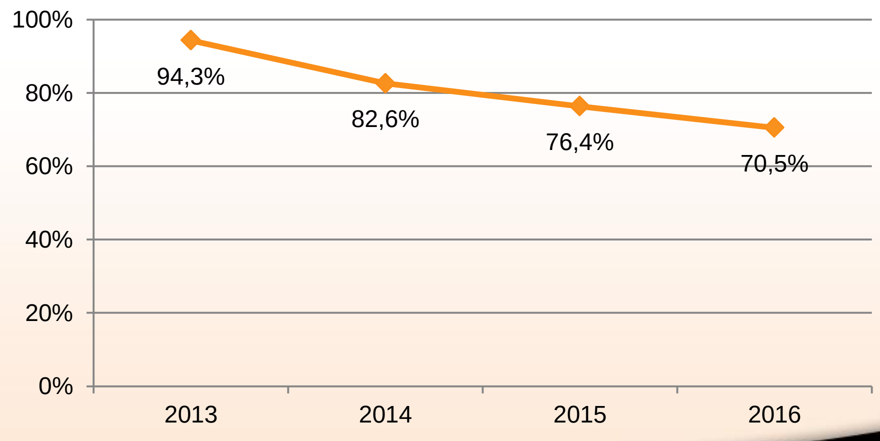
- Significant built-in growth from cash flow generated by contracted newbuilds

**Newbuilds EBITDA ($MM) Contribution [(4)(5)]**




**Contract Coverage[(1)(2)(3)]**

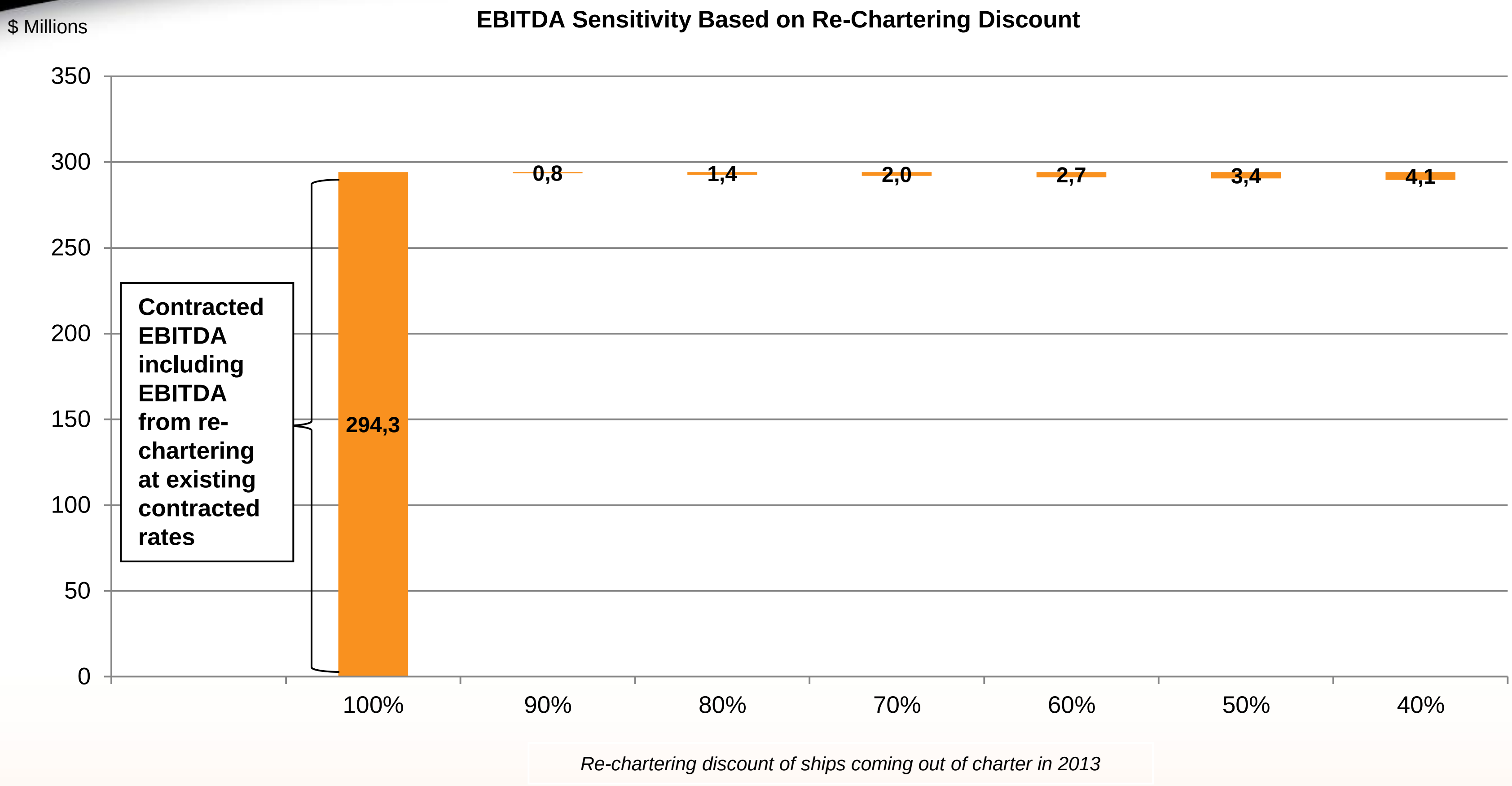
*Fixed TEUs at YE/ Total TEUs (%)*




**Notes**

1. Based on total contracted revenues as of July 24, 2013. (Includes our ownership percentage of contracted revenues for vessels purchased pursuant to the Framework Agreement with York)
2. Assumes earliest possible redelivery dates and exercise of owners' extension options
3. Assumes that Zim New York and Zim Shanghai will not be redelivered early during the three year extension period
4. Assuming current delivery dates per shipyard schedules. 2012 EBITDA per company's earnings report dated January 23, 2013.
5. EBITDA = Revenues – Operating Expenses – Management Fees (See Appendix)

# Small Re-chartering Risk for 2013




- Solid revenue base; even if re-chartering reaches 60% or 70% for all ships coming out of charter during the year, minimal cash EBITDA effect of $3 million or $2 million, respectively.
- EBITDA variation becomes even less meaningful if ships built prior to 1995 are sold for demolition upon opening.
- Assuming scrap price of $400/LDT, additional cash proceeds of approximately $19 million would more than offset any EBITDA shortfall due to low re-chartering.

**Notes**

1. FY 2013 EBITDA = 1H 2013 Adjusted EBITDA + 2H 2013Revenues – 2H 2013Expenses – 2H 2013 Management Fees (2H 2013 Figures exclude G&As, voyages expenses and off hires)

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# Balance Sheet Management

## Debt Repayment Schedule as of June 30, 2013 (US$ thousands)(1)

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|---|
| $ 90,669 | $ 209,541 | $ 211,445 | $ 201,343 | $ 241,704 | $ 569,518 | $ 50,691 | $ 97,858 | $ 66,850 |

- Smooth amortization schedule minimizes re-financing risk
- Distributable cash flow calculated on a post debt service basis, providing for a reasonable cushion for the common stock dividend
- Approximately 80% of loan portfolio hedged from floating rates to fixed rates with a weighted average rate of 3.9%(2) adding to the cash flow visibility

## Liquidity as of June 30, 2013

| | (US$ millions) |
|---|---|
| Cash and Cash Equivalents (3) | $165.1 |
| | |
| Moderate leverage with 5 unencumbered vessels | |

**Notes**

1. Includes debt drawn on our committed credit facilities with regards to our remaining six newbuilds. In particular $68.8 MM in aggregate was drawn from August 2011 through June 30, 2013 for the financing of the pre-delivery installments for hulls S4022- S4024 and $89.2MM in aggregate was drawn through June 30, 2013 for the financing of the pre-delivery installments for hulls H1068A-H1070A.
2. Excludes swap contracts with regards to debt not drawn yet.
3. Includes cash and cash equivalents and restricted cash as of June 30, 2013.

# Container Shipping Industry

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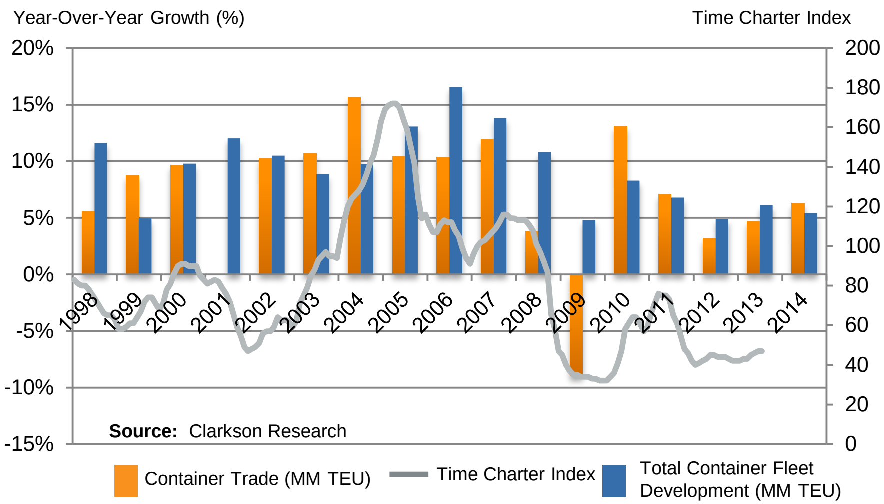
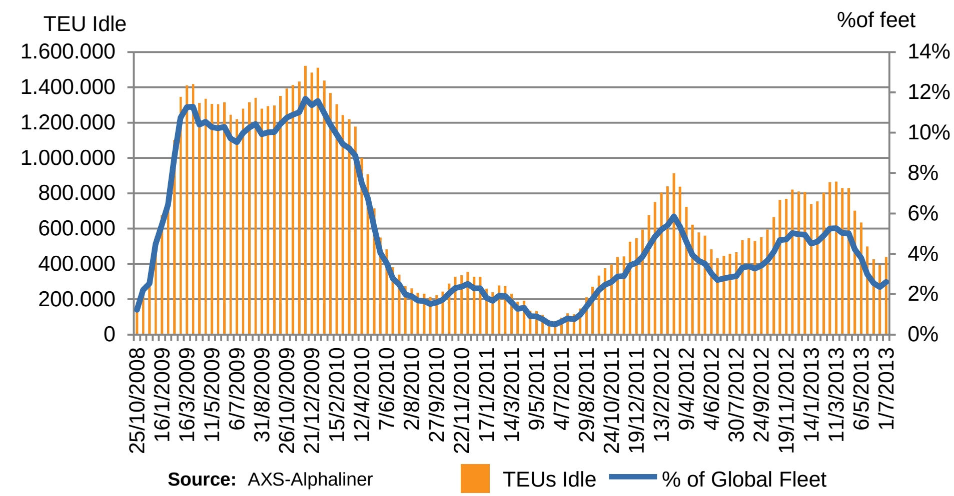
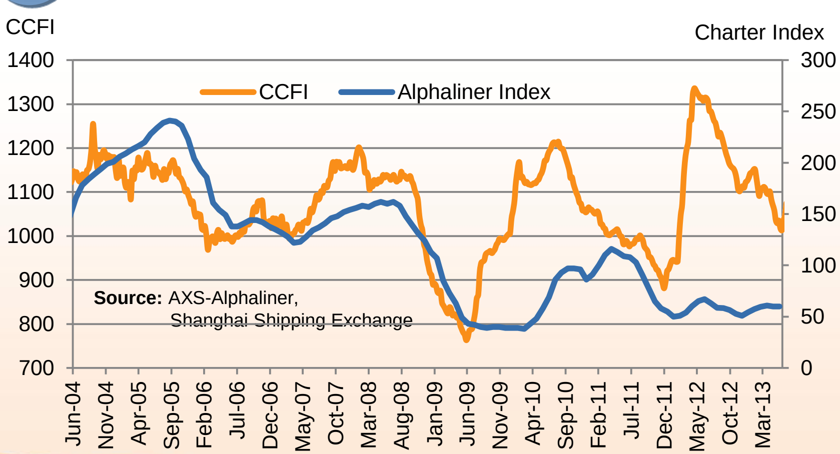
## Supply / Demand Dynamics



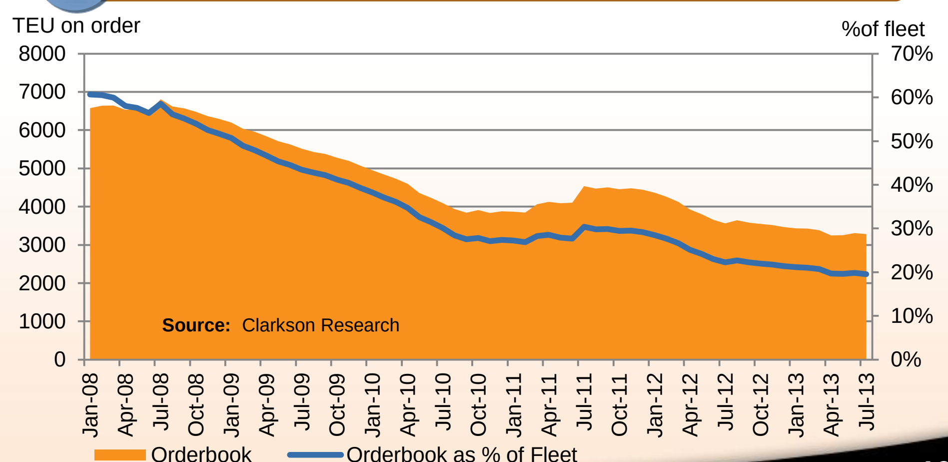

## Idle Fleet




## Charter Rates – Box Rates




## Manageable orderbook



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# Q & A

# APPENDIX

# Appendix

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## Net Income to Adjusted Net Income and Adjusted EPS Reconciliation

| (Expressed in thousands of U.S. dollars, except share and per share data) | Year ended December 31, 2011 | Year ended December 31, 2012 |
|---|---|---|
| **Net Income** | $ 87,592 | $ 81,129 |
| Accrued charter revenue | 30,313 | 6,261 |
| (Gain)/ Loss on sale/disposal of vessels | (13,077) | 2,796 |
| Realized (Gain)/ Loss on Euro/USD forward contracts | (1,971) | 698 |
| (Gain)/ Loss on derivative instruments | 8,709 | 462 |
| Initial purchases of consumable stores for newly acquired vessels | 1,197 | - |
| **Adjusted Net income** | $ 112,763 | $ 91,346 |
| **Adjusted Earnings per Share** | $ 1.87 | $ 1.35 |
| Weighted average number of shares | 60,300,000 | 67,612,842 |

| (Expressed in thousands of U.S. dollars, except share and per share data) | Three-month period ended June 30, 2012 | Three-month period ended June 30, 2013 |
|---|---|---|
| **Net Income** | $ 21,147 | $ 30,556 |
| Accrued charter revenue | 480 | 3,342 |
| Gain on sale/disposal of vessels | (4,104) | (3,551) |
| Realized (gain)/ loss on Euro/USD forward contracts | 364 | (180) |
| (Gain)/ loss on derivative instruments | 3,709 | (2,471) |
| **Adjusted Net Income** | $ 21,596 | $ 27,696 |
| **Adjusted Earnings per Share** | $ 0.32 | $ 0.37 |
| Weighted average number of shares | 67,800,000 | 74,800,000 |

**Note:** Adjusted Net Income and Adjusted Earnings per Share represent net income before gain/(loss) on sale of vessels, non-cash changes in fair value of derivatives, non-cash "Accrued charter revenue" recorded under charters with escalating charter rates and the cash of partial purchases of consumable stores for newly acquired vessels. "Accrued charter revenue" is attributed to the timing difference between the revenue recognition and the cash collection. However, Adjusted Net Income and Adjusted Earnings per Share are not recognized measurements under U.S. generally accepted accounting principles, or "GAAP." We believe that the presentation of Adjusted Net Income and Adjusted Earnings per Share are useful to investors because they are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. We also believe that Adjusted Net Income and Adjusted Earnings per Share are useful in evaluating our ability to service additional debt and make capital expenditures. In addition, we believe that Adjusted Net Income and Adjusted Earnings per Share are useful in evaluating our operating performance and liquidity position compared to that of other companies in our industry because the calculation of Adjusted Net Income and Adjusted Earnings per Share generally eliminates the accounting effects of capital expenditures and acquisitions, certain hedging instruments and other accounting treatments, items which may vary for different companies for reasons unrelated to overall operating performance and liquidity. In evaluating Adjusted Net Income and Adjusted Earnings per Share, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Adjusted Net Income and Adjusted Earnings per Share should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

# Appendix

## Net Income to EBITDA and Adjusted EBITDA Reconciliation

| (Expressed in thousands of U.S. dollars) | Year ended December 31, 2011 | Year ended December 31, 2012 |
|---|---|---|
| Net Income | $ 87,592 | $ 81,129 |
| Interest and finance costs | 75,441 | 74,734 |
| Interest income | (477) | (1,495) |
| Depreciation | 78,803 | 80,333 |
| Amortization of dry-docking and special survey costs | 8,139 | 8,179 |
| **EBITDA** | **249,498** | **242,880** |
| Accrued charter revenue | 30,313 | 6,261 |
| (Gain)/ Loss on sale/disposal of vessels | (13,077) | 2,796 |
| Realized (Gain)/ Loss on Euro/USD forward contracts | (1,971) | 698 |
| Gain/ (Loss) on derivative instruments | 8,709 | 462 |
| Initial purchases of consumable stores for newly acquired vessels | 1,197 | - |
| **Adjusted EBITDA** | **$ 274,669** | **$ 253,097** |

| (Expressed in thousands of U.S. dollars) | Three-month period ended June 30, 2012 | Three-month period ended June 30, 2013 |
|---|---|---|
| Net Income | $ 21,147 | $ 30,556 |
| Interest and finance costs | 17,997 | 16,544 |
| Interest income | (432) | (200) |
| Depreciation | 19,868 | 21,607 |
| Amortization of dry-docking and special survey costs | 1,988 | 1,979 |
| **EBITDA** | **60,568** | **70,486** |
| Accrued charter revenue | 480 | 3,342 |
| Gain on sale/disposal of vessels | (4,104) | (3,551) |
| Realized (gain)/ loss on Euro/USD forward contracts | 364 | (180) |
| Gain/ (loss) on derivative instruments | 3,709 | (2,471) |
| **Adjusted EBITDA** | **$ 61,017** | **$ 67,626** |

Note: EBITDA represents net income before interest and finance costs, interest income, depreciation and amortization of deferred dry-docking and special survey costs. Adjusted EBITDA represents net income before interest and finance costs, interest income, depreciation, amortization of deferred dry-docking and special survey costs, gain/(loss) on sale of vessels, non-cash changes in fair value of derivatives, non-cash "Accrued charter revenue" recorded under charters with escalating charter rates and the cash of partial purchases of consumable stores for newly acquired vessels. "Accrued charter revenue" is attributed to the time difference between revenue recognition and the cash collection. However, EBITDA and Adjusted EBITDA are not recognized measurements under U.S. generally accepted accounting principles, or "GAAP." We believe that the presentation of EBITDA and Adjusted EBITDA are useful to investors because they are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. We also believe that EBITDA and Adjusted EBITDA are useful in evaluating our ability to service additional debt and make capital expenditures. In addition, we believe that EBITDA and Adjusted EBITDA are useful in evaluating our operating performance and liquidity position compared to that of other companies in our industry because the calculation of EBITDA and Adjusted EBITDA generally eliminates the effects of financings, income taxes and the accounting effects of capital expenditures and acquisitions, items which may vary for different companies for reasons unrelated to overall operating performance and liquidity. In evaluating EBITDA and Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of EBITDA and Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Note: Items to consider for comparability include gains and charges. Gains positively impacting net income are reflected as deductions to net income. Charges negatively impacting net income are reflected as increases to net income.

# Appendix

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## Assumptions for 2013 – 2014 Projected Newbuild Revenues and EBITDA

- 9 newbuild vessels delivered in 2013; 1 newbuild vessel delivered in 2014
- Delivery dates per current shipyard schedules
- Utilization of 364 days per year
- Operating expenses per current estimates
- Management fees per current management agreement

# Appendix

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## Reconciliation of 2012 Adjusted EBITDA to Cash Flow per Share

| (Expressed in thousands of U.S. dollars, except share and per share data) | | Year ended December 31, 2012 |
|---|---|---|
| **Adjusted EBITDA** | $ | 253,097 |
| Interest Income | | 1,495 |
| Interest & Finance Cost | | (74,734) |
| Dry-dockings and special survey costs | | (11,171) |
| Proceeds from the sale of vessels | | 28,723 |
| **Cash Flow** | $ | 197,410 |
| **Cash Flow per Share** | $ | 2.64 |
| Number of shares | | 74,800,000 |

**Note:** Cash Flow per Share represents adjusted EBITDA minus net interest expense and dry-docking and special survey costs plus proceeds from vessel disposal divided by the number of shares outstanding and excludes the amortization of debt and prospective drawdowns on available credit facilities. Cash Flow per Share is not a recognized measurement under U.S. generally accepted accounting principles, or "GAAP". We believe that the presentation of Cash Flow per Share is useful to investors in evaluating our future operating performance and liquidity position because it provides an estimate of the cash available for distributions to shareholders in the future, before amortization of debt. In evaluating our Cash Flow per Share, you should be aware that in the future we may incur expenses that are not included in the adjustments reflected in this presentation or that differ materially from the assumptions used in this presentation. Our presentation of Cash Flow per Share should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Please review the cautionary statements set forth under "Forward Looking Statements" in this presentation.