

## Proven Progress EXECUTING OUR PLAN FOR GROWTH



### Company Profile

With world-renowned engineering expertise in vacuum and heat transfer technology, Graham Corporation is a global designer, manufacturer, and supplier of custom engineered ejectors, pumps, condensers, vacuum systems, and heat exchangers. Graham Corporation's subsidiary Energy Steel & Supply Co. is a leading code fabrication and specialty machining company dedicated exclusively to the nuclear power industry. Sold either as components or complete system solutions, the principle markets for the Company's equipment include:

- Oil and Gas Refining
- Chemical/Petrochemical
- Nuclear Power Generation
- Other Power Generation

Graham equipment can also be found in diverse product applications, such as:

- Refrigeration
- Water Heating
- Metal Refining
- Food Processing
- Pharmaceutical
- Pulp and Paper Processing
- Shipbuilding
- HVAC
- Desalination
- Alternative Energy

For 75 years, Graham has built a reputation for top quality, reliable products, and high standards of customer service. Its equipment is installed in facilities from North and South America to Europe, Asia, Africa, and the Middle East.

### Graham Vision and Strategy

Graham's goal is to be a world leader in the design and manufacture of engineered-to-order products for the energy markets with a goal to double organic revenue to exceed \$200 million in revenue in the next cycle:

- Maintaining a strong North American presence while diversifying sales into emerging growth markets, such as Asia and the Middle East
- Acquiring engineered-to-order product companies to expand geographically and/or diversify products
- Growing revenue from aftermarket products
- Cultivating new markets, such as gas-to-liquids
- Maintaining margins through engineering and manufacturing operational efficiency improvements
- Maintaining a strong balance sheet through aggressive cash management

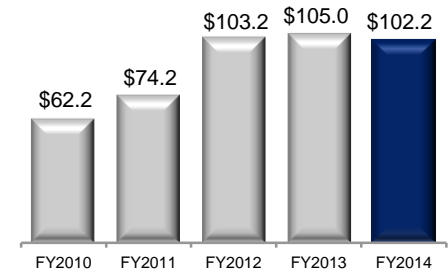
### Investment Considerations

- Well-respected global brand
- Strong reputation for engineering know-how and solutions-oriented problem solving
- Significant global position in diversified markets: oil refining, electrical power generation, and chemical processing markets
- Established sales and engineering operations in Asia
- Strong balance sheet, no long-term bank debt; cash and cash equivalents and investments of \$61.1 million at March 31, 2014; management of cash and conversion cycle is a priority
- Experienced, talented management team

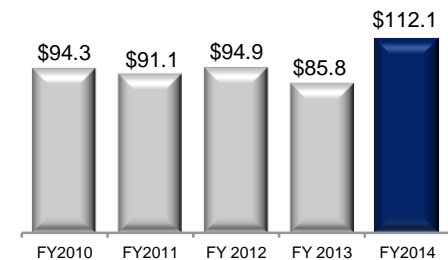
### Market Data

Recent price	\$33.79
52-week range	\$41.94 - \$26.20
Average daily volume (3 month), in thousands	43.6
Market capitalization (millions)	\$339.7
Common shares outstanding (at March 31, 2014), in millions	10.1
Institutional ownership	75.9%

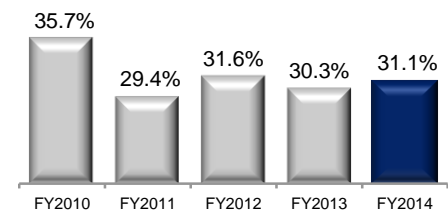
### Sales (in millions)



### Backlog (in millions)



### Gross Profit Margin



### Investor Relations Contact

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### Financial Highlights

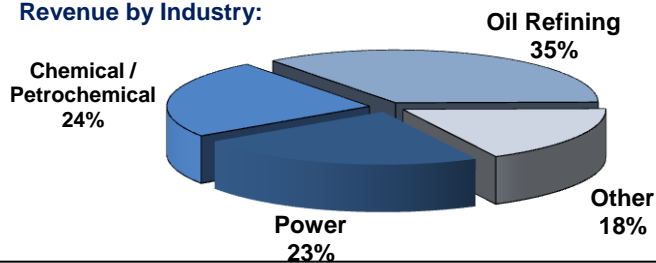
(in thousands except per share data)

	Fourth Quarter Ended March 31,		Fiscal Year Ended March 31,		
	2014	2013	2014	2013	2012
Sales	\$ 26,087	\$ 30,905	\$ 102,218	\$ 104,973	\$ 103,186
Gross profit	7,418	10,545	31,812	31,822	32,635
Selling, general and administrative	4,241	4,852	17,195	16,560	15,540
Net interest (income) expense and other expense	(60)	(6)	(93)	(315)	418
Income before taxes	3,237	5,699	14,710	15,577	16,677
Net income	2,317	4,096	10,145	11,148	10,553
Diluted earnings per share	\$ 0.23	\$ 0.41	1.00	\$ 1.11	\$ 1.06
Weighted average shares outstanding – diluted	10,120	10,066	10,104	10,051	9,998
Gross margin	28.4%	34.1%	31.1%	30.3%	31.6%
Operating margin	12.2%	18.4%	14.3%	14.5%	16.6%
Net margin	8.9%	13.3%	9.9%	10.6%	10.2%

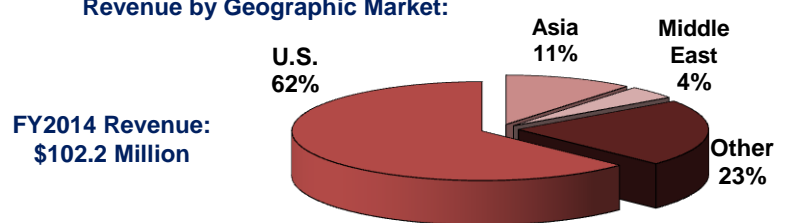
  

	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
(in thousands)				
Current assets	\$ 97,456	\$ 88,903	\$ 76,978	\$ 77,142
Other assets	44,178	37,830	37,999	40,929
Total assets	141,634	126,733	114,977	118,071
Current liabilities	26,110	24,877	24,248	32,649
Capital lease obligations	136	127	203	116
Other liabilities	9,480	8,734	8,906	11,651
Stockholders' equity	105,908	92,995	81,620	73,655
Total liabilities and stockholders' equity	141,634	126,733	114,977	118,071

### Revenue by Industry:



### Revenue by Geographic Market:



### Fourth Quarter and Fiscal Year 2014 Highlights

- Record orders in fiscal 2014 of \$128.2 million, up 34% over prior year
- Record fiscal year-end backlog of \$112.1 million
- Net sales in the fourth quarter of fiscal 2014 were \$26.1 million, down from net sales of \$30.9 million in the prior-year's fourth quarter. Net income was \$2.3 million, or \$0.23 per diluted share, compared with \$4.1 million, or \$0.41 per diluted share, in the fourth quarter of fiscal 2013. Fiscal 2014 net sales of \$102.2 million decreased by \$2.7 million, or 2.6%, compared with net sales of \$105.0 million in fiscal 2013. Net income in fiscal 2014 was \$10.1 million, or \$1.00 per diluted share, compared with net income of \$11.1 million, or \$1.11 per diluted share, in fiscal 2013.
- International sales decreased by 60% to \$5.8 million in the fiscal 2014 fourth quarter compared with the same prior-year period. Lower sales to Asia and the Middle East were partially offset by growth in South America. International sales were \$38.4 million, and represented 38% of total sales in fiscal 2014, compared with \$49.3 million, or 47% of total sales in fiscal 2013.
- Gross profit was \$7.4 million, or 28.4% of sales, in the fourth quarter of fiscal 2014 compared with \$10.5 million, or 34.1% of sales, in the same period of the prior fiscal year. For fiscal 2014, gross profit was \$31.8 million, or 31.1% of sales, compared with \$31.8 million, or 30.3% of total sales, in the same prior-year period.
- Cash, cash equivalents and investments at March 31, 2014 were \$61.1 million compared with \$51.7 million at March 31, 2013.
- For fiscal 2015, sales are expected to be approximately \$120 million to \$130 million, with gross margin expectations between 30% and 32% and SG&A expense in the range of 15% to 16% of sales.

The above contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are subject to risks, uncertainties and assumptions and can be identified by words such as "expects," "estimates," "projects," "anticipates," "believes," "could," and other similar words and expressions. All statements addressing operating performance, events, or developments that Graham expects or anticipates will occur in the future, including but not limited to, statements relating to anticipated revenue, profit margins, foreign operations, Graham's strategies, the effectiveness of automation, Graham's ability to improve its cost competitiveness, customer preferences, changes in market conditions in the industries in which it operates, changes in economic conditions and customer behavior are forward-looking statements and they should be evaluated in light of important risk factors and uncertainties. These risk factors and uncertainties are more fully described in Graham's most recent Annual and Quarterly Reports filed with the Securities and Exchange Commission, included under the heading entitled "Risk Factors." Should one or more of these risks or uncertainties materialize, or should any of Graham's underlying assumptions prove incorrect, actual results may vary materially from those currently anticipated. Undue reliance should not be placed on Graham's forward-looking statements. Except as required by law, Graham disclaims any obligation to update or publicly announce any revisions to any of its forward-looking statements.