

POSITIVE PERFORMANCE



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
- U.S. Defense and 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 nearly 80 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-class 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 current 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

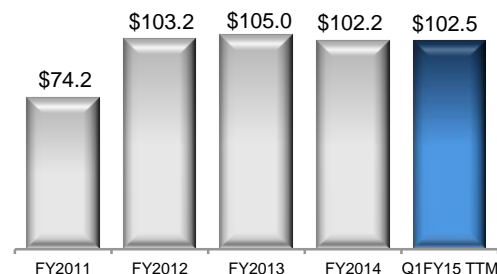
- Well-respected global brand
- Strong reputation for engineering know-how and solutions-oriented problem solving
- Significant global position in diversified markets: oil refining, electrical power generation, and chemical processing markets
- Established sales and engineering operations in Asia
- Strong balance sheet, no long-term bank debt; cash and cash equivalents and investments of \$61.4 million at June 30, 2014; management of cash and conversion cycle is a priority
- Experienced, talented management team

Market Data

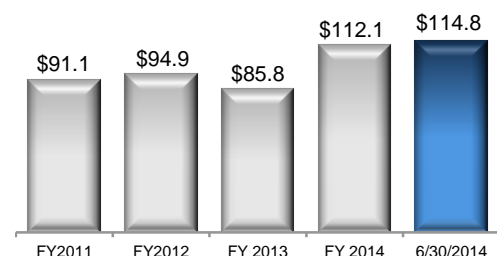
Recent price	\$31.36
52-week range	\$26.20 - \$41.94
Average daily volume (3 months; in thousands)	44.7
Market capitalization (millions)	\$319.8
Common shares outstanding (at June 30, 2014; in millions)	10.1
Institutional ownership	75.9%

Market data as of July 30, 2014 (Source: Bloomberg); ownership as of most recent filing

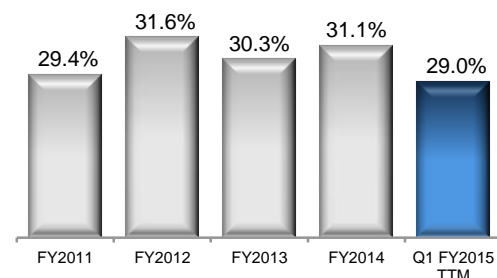
Sales (in millions)



Backlog (in millions)

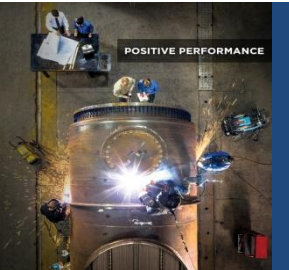


Gross Profit Margin



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Financial Highlights

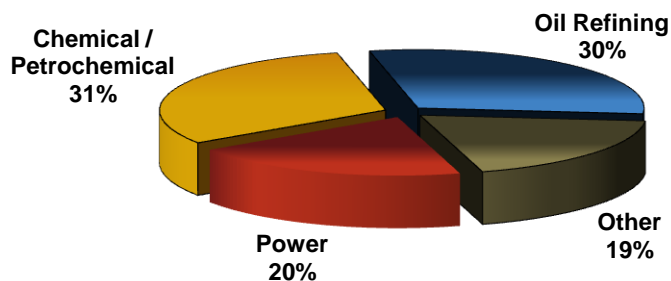
(in thousands except per share data)

	Three Months Ended June 30,		Fiscal Year Ended March 31,		
	2014	2013	2014	2013	2012
Sales	\$ 28,502	\$ 28,256	\$ 102,218	\$ 104,973	\$ 103,186
Gross profit	7,932	10,015	31,812	31,822	32,635
Selling, general and administrative	4,349	4,403	17,195	16,560	15,540
Net interest (income) expense and other expense	(43)	(6)	(93)	(315)	418
Income before taxes	3,626	5,618	14,710	15,577	16,677
Net income	2,392	3,808	10,145	11,148	10,553
Diluted earnings per share	\$ 0.24	\$ 0.38	\$ 1.00	\$ 1.11	\$ 1.06
Weighted average shares outstanding – diluted	10,127	10,086	10,104	10,051	9,998
Gross margin	27.8%	35.4%	31.1%	30.3%	31.6%
Operating margin	12.6%	19.9%	14.3%	14.5%	16.6%
Net margin	8.4%	13.5%	9.9%	10.6%	10.2%

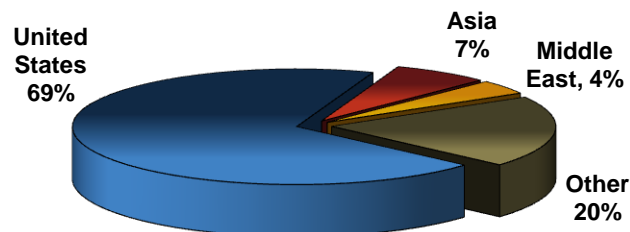
(in thousands)

	June 30, 2014	March 31, 2014	March 31, 2013	March 31, 2012
Current assets	\$ 95,738	\$ 97,456	\$ 88,903	\$ 76,978
Other assets	46,650	44,178	37,830	37,999
Total assets	142,388	141,634	126,733	114,977
Current liabilities	24,648	26,110	24,877	24,248
Capital lease obligations, excluding current portion	124	136	127	203
Other liabilities	9,446	9,480	8,734	8,906
Stockholders' equity	108,170	105,908	92,995	81,620
Total liabilities and stockholders' equity	142,388	141,634	126,733	114,977

Revenue by Industry



Revenue by Geographic Market



Q1FY2015 TTM Revenue: \$102.5 Million

First Quarter 2015 Highlights

- Orders for this year's first quarter were \$31.1 million, up 32% over the trailing quarter.
- The Company's backlog was a record \$114.8 million at June 30, 2014 compared with \$112.1 million at March 31, 2014 and \$90.4 million at June 30, 2013.
- Net sales in the first quarter of fiscal 2015 were \$28.5 million, up from net sales of \$28.3 million in the first quarter of fiscal year 2014.
- Sales to the U.S. market were \$22.2 million, or 78% of total sales, up \$7.2 million, or 48%, compared with the prior year. This increase was driven by infrastructure investments in the North American chemical/petrochemical industry. International sales decreased to \$6.3 million with lower sales compared with the prior year in nearly all international regions.
- When compared with the trailing fourth quarter of fiscal 2014, operating profit of \$3.6 million was up from \$3.2 million, reflecting a 40 basis point improvement in operating margin.
- Cash, cash equivalents and investments at June 30, 2014 were \$61.4 million compared with \$61.1 million at March 31, 2014.
- For fiscal 2015, revenue is expected to grow 17% to 27% to a range of \$120 to \$130 million.

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.