

**POSITIVE PERFORMANCE**



**Company Profile**

Graham Corporation is a global business that designs, manufactures and sells critical equipment for the energy, chemical/petrochemical, defense and other process industries. Energy markets include oil refining, cogeneration, nuclear and alternative power. Graham's global brand is built upon world-renowned engineering expertise in vacuum and heat transfer technology, responsive and flexible service and unsurpassed quality.

Graham designs and manufactures custom-engineered ejectors, vacuum pumping systems, surface condensers and heat exchangers. The Company is also a leading nuclear code accredited fabrication and specialty machining company. Sold either as components or complete system solutions, the principal 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 near term:

- Leveraging capacity to capture market share
- Expanding predictable base business including nuclear market MRO, U.S. Navy, aftermarket and short-cycle products
- Acquiring engineered-to-order product companies to expand geographically and/or diversify 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**

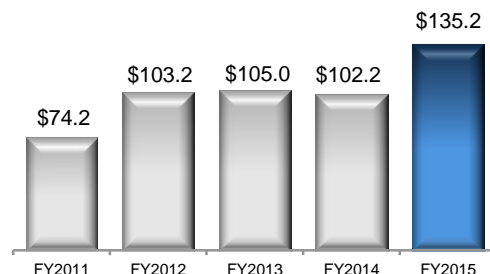
- Expected long-term global energy demand growth driving opportunities
- Leading market position and worldwide brand recognition
- Sales model based on early engineering involvement
- Expanding addressable market opportunities
- Strong and flexible balance sheet
- Acquisition opportunities
- Results-oriented management team
- Top quartile financial performance
- Solid operating leverage and powerful cash generation

**Market Data**

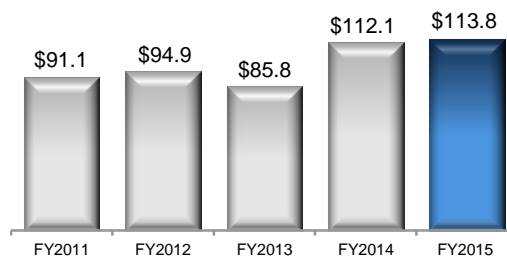
Recent price	\$23.45	Market capitalization (millions)	\$236.8
52-week range	\$20.58 - \$35.35	Common shares outstanding (at March 31, 2015; in millions)	10.1
Average daily volume (3 months; in thousands)	40	Institutional ownership	77.4%

Market data as of May 27, 2015 (Source: Bloomberg); ownership as of most recent filing

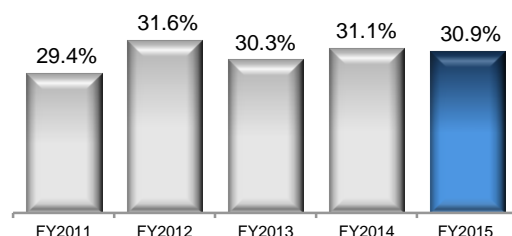
**Sales (in millions)**



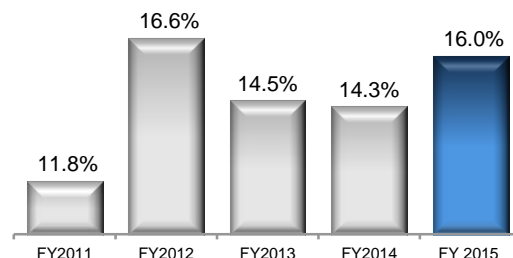
**Backlog (in millions)**



**Gross Profit Margin**



**Operating Margin**



**Investor Relations Contact**

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## POSITIVE PERFORMANCE



### Financial Highlights

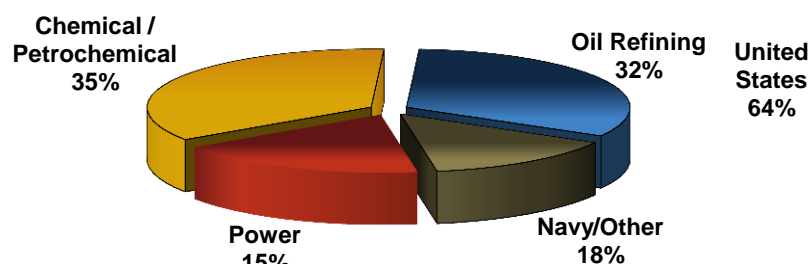
(in thousands except per share data)

	Three Months Ended March 31,		Fiscal Year Ended March 31,		
	2015	2014	2015	2014	2013
Sales	\$ 37,455	\$ 26,087	\$ 135,169	\$ 102,218	\$ 104,973
Gross profit	12,785	7,418	41,804	31,812	31,822
Selling, general and administrative	4,928	4,241	18,512	17,195	16,560
Restructuring charge	1,718	-	1,718	-	-
Net interest (income) expense and other expense	(47)	(60)	(178)	(93)	(315)
Income before taxes	6,186	3,237	21,752	14,710	15,577
Net income	4,165	2,317	14,735	10,145	11,148
Diluted earnings per share	\$0.41	\$ 0.23	\$ 1.45	\$ 1.00	\$ 1.11
Weighted average shares outstanding – diluted	10,149	10,120	10,143	10,104	10,051
Gross margin	34.1%	28.4%	30.9%	31.1%	30.3%
Operating margin	16.4%	12.2%	16.0%	14.3%	14.5%
Net margin	11.1%	8.9%	10.9%	9.9%	10.6%

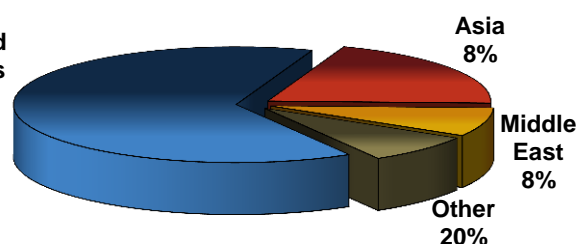
(in thousands)

	March 31, 2015	March 31, 2014	March 31, 2013
Cash and investments	\$ 60,271	\$ 61,146	\$ 51,692
Current assets	111,694	97,456	88,903
Other assets	42,960	44,178	37,830
Total assets	154,654	141,634	126,733
Current liabilities	30,327	26,110	24,877
Capital lease obligations, excluding current portion	98	136	127
Other liabilities	7,678	9,480	8,734
Stockholders' equity	116,551	105,908	92,995
Total liabilities and stockholders' equity	154,654	141,634	126,733

### Revenue by Industry



### Revenue by Geographic Market



FY2015 Revenue: \$135.2 Million

### Fourth Quarter and Fiscal 2015 Highlights

- Net sales in the fourth quarter of fiscal 2015 were \$37.5 million, up 44% from \$26.1 million in the fourth quarter of fiscal year 2014. Fiscal 2015 sales grew 32% to 135.2 million.
- Fourth quarter net income was \$4.2 million, or \$0.41 per share. Excluding a \$1.1 million, net of tax, nonrecurring restructuring charge, adjusted net income was \$5.3 million, or \$0.53 per share, up from \$2.3 million, or \$0.23 per share, last year. Fiscal 2015 net income was \$14.7 million, or \$1.45 per share. Excluding the nonrecurring restructuring charge, adjusted net income was \$15.9 million, or \$1.57 per share, up from \$10.1 million, or \$1.00 per share, in fiscal 2014.
- Adjusted EBITDA in the fourth quarter was \$8.4 million, or 23% of sales, compared with \$3.7 million, or 14% of sales, in last year's fourth quarter. Adjusted EBITDA for the year was \$25.6 million, or 19% of sales, compared with \$16.8 million, or 17% of sales, in fiscal 2014.
- Cash, cash equivalents and investments at March 31, 2015 were \$60.3 million compared with \$61.1 million at March 31, 2014.
- Fiscal 2015 orders were a record \$136.5 million; Backlog was a year-end record at \$113.8 million
- Fiscal 2016 revenue is expected to be \$95 million to \$105 million, with gross margin between 26-28% and SG&A between 17-18% 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.