



POSITIVE PERFORMANCE



Company Profile

Graham is a global business that designs, manufactures and sells critical equipment for the energy, defense and chemical/petrochemical industries. Energy markets include oil refining, cogeneration, nuclear and alternative power. For the defense industry, the Company's equipment is used in nuclear propulsion power systems for the U.S. Navy. Graham's global brand is built upon our 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 vacuum systems. 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
- Nuclear Power Generation
- Chemical/Petrochemical
- U.S. Defense and Other Power Generation

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

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

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

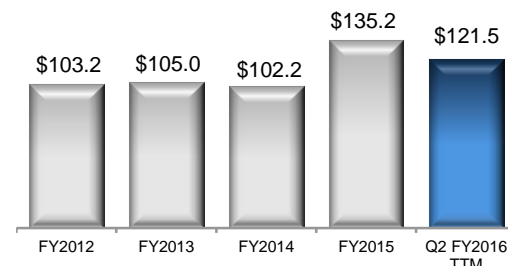
Market Data

Recent price	\$17.46	Market capitalization (millions)	\$176.5
52-week range	\$15.71 - \$34.65	Common shares outstanding (at 9/30/2015; in millions)	9.9
Average daily volume (3 months; in thousands)	60	Institutional ownership	75.6%

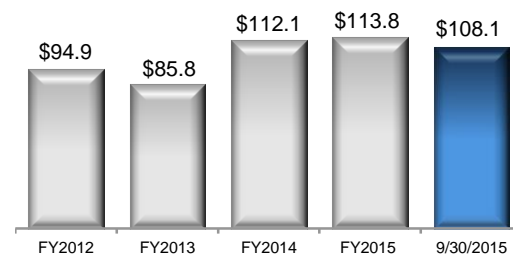
Market data as of October 27, 2015 (Source: Bloomberg); ownership as of most recent filing

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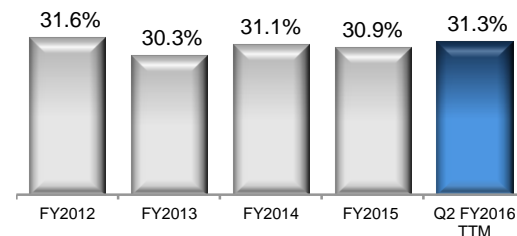
Sales (in millions)



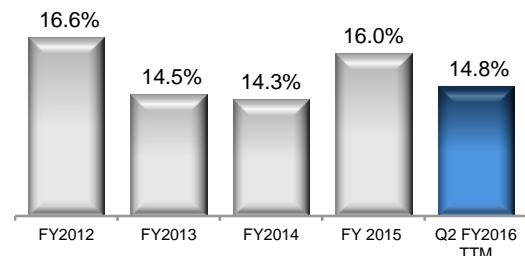
Backlog (in millions)



Gross Profit Margin



Operating Margin



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Financial Highlights

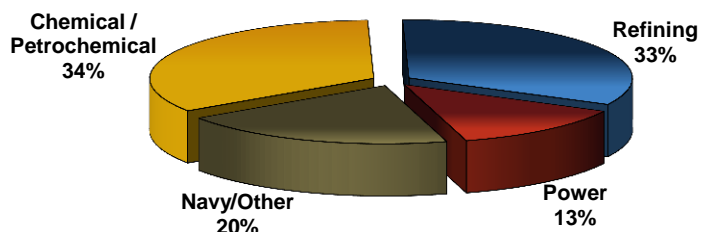
(in thousands except per share data)

	Three Months Ended September 30,		Fiscal Year Ended March 31,		
	2015	2014	2015	2014	2013
Sales	\$ 22,798	\$ 35,566	\$ 135,169	\$ 102,218	\$ 104,973
Gross profit	7,135	10,984	41,804	31,812	31,822
Selling, general and administrative	4,246	4,752	18,512	17,195	16,560
Restructuring charge	-	-	1,718	-	-
Net interest (income) expense and other expense	(52)	(40)	(178)	(93)	(315)
Income before taxes	2,941	6,272	21,752	14,710	15,577
Net income	1,976	4,186	14,735	10,145	11,148
Diluted earnings per share	\$ 0.20	\$ 0.41	\$ 1.45	\$ 1.00	\$ 1.11
Weighted average shares outstanding – diluted	10,083	10,148	10,143	10,104	10,051
Gross margin	31.3%	30.9%	30.9%	31.1%	30.3%
Operating margin	12.7%	17.5%	16.0%	14.3%	14.5%
Net margin	8.7%	11.8%	10.9%	9.9%	10.6%

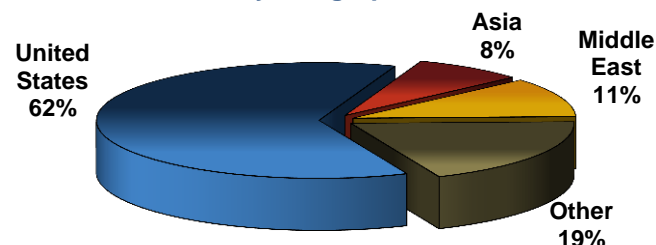
(in thousands)

	September 30, 2015	March 31, 2015	March 31, 2014	March 31, 2013
Cash and investments	\$ 62,416	\$ 60,271	\$ 61,146	\$ 51,692
Current assets	107,311	111,694	97,456	88,903
Other assets	42,773	42,960	44,178	37,830
Total assets	150,084	154,654	141,634	126,733
Current liabilities	25,304	30,327	26,110	24,877
Capital lease obligations, excluding current portion	79	98	136	127
Other liabilities	7,946	7,678	9,480	8,734
Stockholders' equity	116,755	116,551	105,908	92,995
Total liabilities and stockholders' equity	150,084	154,654	141,634	126,733

Revenue by Industry



Revenue by Geographic Market



Q2 FY 2016 TTM Revenue: \$121.5 Million

Second Quarter Fiscal 2016 Highlights

- Net sales in the second quarter of fiscal 2016 were \$22.8 million
- Backlog remained strong at \$108.1 million, with a high percentage of U.S. Navy projects and 55% from markets or customers not served by the Company five years ago
- Second quarter net income was \$2.0 million, or \$0.20 per share, 9% margin on sales
- EBITDA in the second quarter was \$3.5 million, or 15.4% of sales
- Cash, cash equivalents and investments at September 30, 2015 increased \$2.1 million to \$62.4 million compared with ending balances at March 31, 2015.
- Fiscal 2016 revenue is expected to be \$95 million to \$105 million, with gross margin between 27-28% and SG&A between 17-18% of sales
- Approximately 187,000 shares were repurchased for \$3.4 million during the quarter

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.