



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 its 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:

- Refining
- Chemical/Petrochemical
- U.S. Navy
- Power
- Other

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 over 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 the Middle East, Asia, Africa, and Europe.

Graham Vision and Strategy

Graham's vision is to be a world-class leader in the design and manufacture of engineered-to-order solutions for the energy and other markets:

- Leveraging capacity to capture market share
- Expanding predictable base business including U.S. Navy, aftermarket short-cycle products, and nuclear market MRO
- Acquiring engineered-to-order product companies to expand geographically and/or diversify products or expand markets
- Cultivating new markets, such as gas-to-liquids
- Maintaining a strong balance sheet through aggressive cash management

Investment Considerations

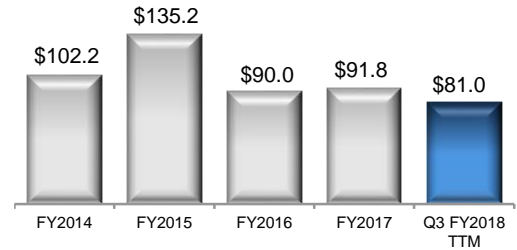
- Expected long-term global energy demand growth driving opportunities
- Leading market position and worldwide brand recognition
- Sales model based on early engineering involvement
- Expanding addressable market opportunities
- Strong and flexible balance sheet
- Acquisition opportunities
- Results-oriented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

Market Data

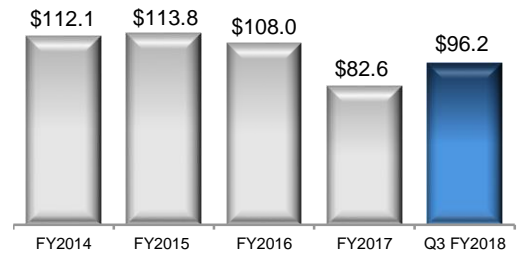
Recent price	\$21.86	Market capitalization (millions)	\$213.5
52-week range	\$17.97 - \$24.03	Common shares outstanding (at 12/31/17; in millions)	9.8
Average daily volume (3 months; in thousands)	40.0	Institutional ownership	77.9%

Market data as of March 21, 2018 (Source: S&P Capital IQ); ownership as of most recent filing

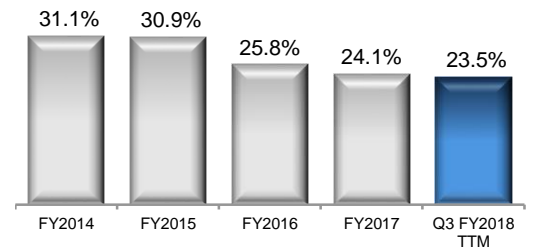
Sales (in millions)



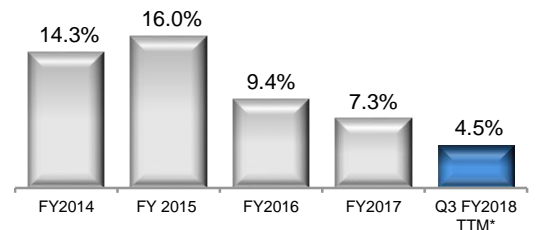
Backlog (in millions)



Gross Profit Margin



Adjusted Operating Margin



*Excludes \$15.1 million charges pertaining to the commercial nuclear power business and \$0.3 million restructuring charge

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Financial Highlights

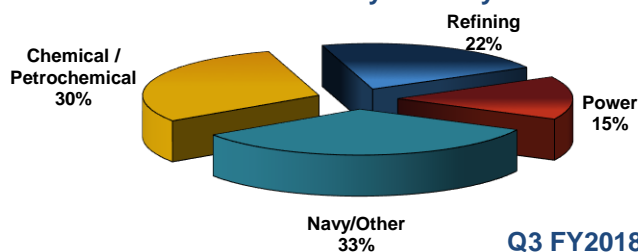
(in thousands except per share data)

	Three Months Ended December 31,		Fiscal Year Ended March 31,		
	2017	2016	2017	2016	2015
Sales	\$ 17,281	\$ 22,654	\$ 91,769	\$ 90,039	\$ 135,169
Gross profit	3,585	6,301	22,161	23,255	41,804
Selling, general and administrative	4,066	3,804	14,858	16,565	18,512
Impairment of goodwill and intangible assets	14,816	-	-	-	-
Restructuring charge	-	-	630	-	1,718
Other income	-	-	-	(1,789)	-
Net interest income	(139)	(97)	(376)	(251)	(178)
(Loss) income before taxes	(15,158)	2,594	7,049	8,730	21,752
Net (loss) income	(11,622)	1,840	5,023	6,131	14,735
Diluted earnings per share	\$ (1.19)	\$ 0.19	\$ 0.52	\$ 0.61	\$ 1.45
Adjusted diluted earnings per share	\$ -	\$ 0.19	\$ 0.56	\$ 0.61	\$ 1.57
Weighted average shares outstanding – diluted	9,768	9,733	9,728	9,983	10,143
Gross margin	20.7%	27.8%	24.1%	25.8%	30.9%
Operating margin	(88.5%)	11.0%	7.3%	9.4%	16.0%

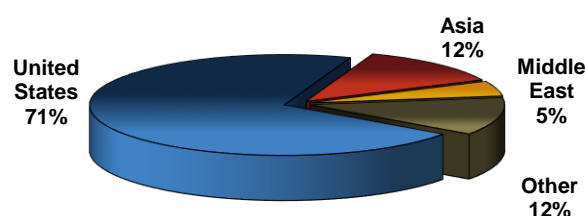
(in thousands)

	December 31,	March 31,	March 31,	March 31,
	2017	2017	2016	2015
Cash and investments	\$ 74,182	\$ 73,474	\$ 65,072	\$ 60,271
Current assets	112,814	110,726	102,730	111,047
Other assets	25,809	40,844	40,401	42,956
Total assets	138,623	151,570	143,131	154,003
Current liabilities	34,445	32,038	27,923	30,163
Capital lease obligations, excluding current portion	67	143	157	98
Other liabilities	2,176	5,279	5,671	7,191
Stockholders' equity	101,935	114,110	109,380	116,551
Total liabilities and stockholders' equity	138,623	151,570	143,131	154,003

Revenue by Industry



Revenue by Geographic Market



Q3 FY2018 TTM Revenue: \$81.0 Million

Third Quarter Fiscal 2018 Highlights

- Third quarter orders of \$40 million. Backlog increased to \$96 million compared with \$73 million at September 30, 2017. Approximately 55% of backlog is expected to convert to sales within 1 year.
- Diluted loss per share of \$1.19, included non-cash impairment charges; excluding charges, EPS was breakeven, compared with \$0.19 for third quarter of fiscal 2017.
- Third quarter revenue of \$17 million.
- Fiscal 2018 revenue guidance narrowed to approximately \$75 million. Gross margin expected to be to between 21%-22%. SG&A expected to be between \$15.0 - \$15.5 million. Effective tax rate anticipated to be between 24% - 26%, excluding tax impact of impairment charges and implementation of tax reform.

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.