

## 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

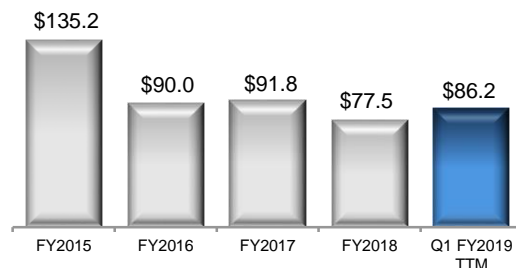
### Market Data

|   |                   |   |         |
|---|-------------------|---|---------|
| Recent price                                  | \$27.78           | Market capitalization (millions)                    | \$273.1 |
| 52-week range                                 | \$17.97 - \$28.00 | Common shares outstanding (at 6/30/18; in millions) | 9.8     |
| Average daily volume (3 months; in thousands) | 31.5              | Institutional ownership                             | 80.5%   |

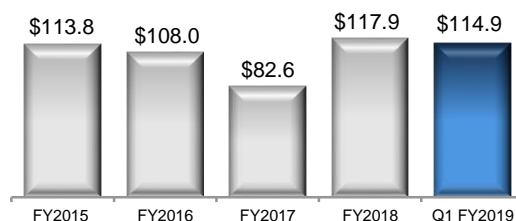
Market data as of August 13, 2018 (Source: S&P Capital IQ); ownership as of most recent filing

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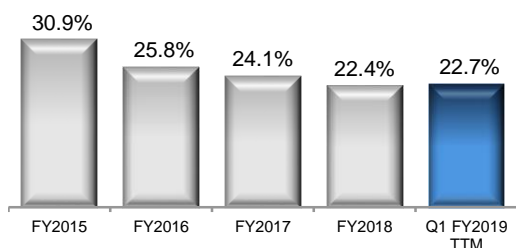
### Sales (in millions)



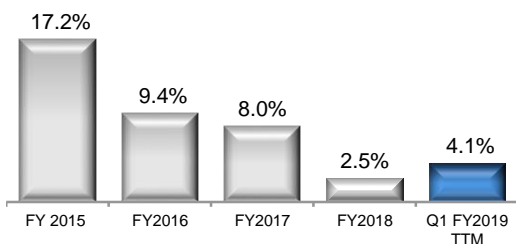
### Backlog (in millions)



### Gross Profit Margin



### Adjusted Operating Margin



### Investor Relations Contact

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## POSITIVE PERFORMANCE



### Financial Highlights

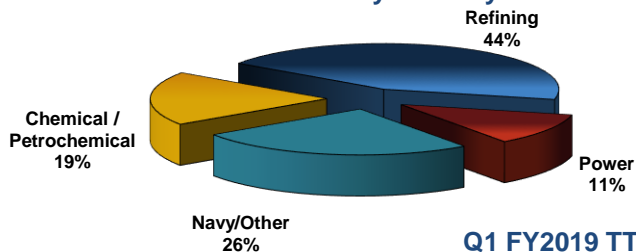
(in thousands except per share data)

|   | Three Months Ended<br>June 30, |           | Fiscal Year Ended<br>March 31, |           |           |
|---|--------------------------------|-----------|--------------------------------|-----------|-----------|
|   | 2018                           | 2017      | 2018                           | 2017      | 2016      |
| Sales   | \$ 29,551                      | \$ 20,851 | \$ 77,534                      | \$ 91,769 | \$ 90,039 |
| Gross profit                                  | 7,142                          | 4,778     | 17,330                         | 22,161    | 23,255    |
| Selling, general and administrative           | 4,610                          | 3,712     | 15,646                         | 14,858    | 16,565    |
| Impairment of goodwill and intangible assets  | -                              | -         | 14,816                         | -         | -         |
| Restructuring charge                          | -                              | -         | 316                            | 630       | -         |
| Other income                                  | (206)                          | (119)     | -                              | -         | (1,789)   |
| Net interest income                           | (287)                          | (148)     | (594)                          | (376)     | (251)     |
| Income before taxes                           | 3,025                          | 1,333     | (12,854)                       | 7,049     | 8,730     |
| Net income                                    | 2,323                          | 935       | (9,844)                        | 5,023     | 6,131     |
| Diluted earnings per share                    | \$ 0.24                        | \$ 0.10   | \$ (1.01)                      | \$ 0.52   | \$ 0.61   |
| Weighted average shares outstanding – diluted | 9,804                          | 9,758     | 9,764                          | 9,728     | 9,983     |
| Gross margin                                  | 24.2%                          | 22.9%     | 22.4%                          | 24.1%     | 25.8%     |
| Adjusted operating margin                     | 8.6%                           | 5.1%      | 2.5%                           | 8.0%      | 9.4%      |

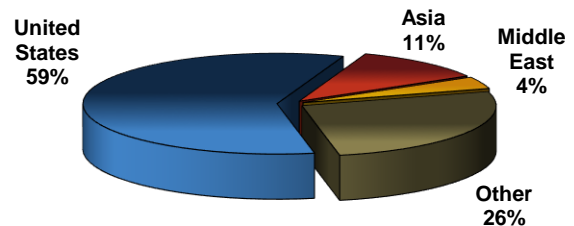
(in thousands)

|  | June 30,<br>2018 | June 30,<br>2017 | March 31,<br>2018 | March 31,<br>2017 | March 31,<br>2016 |
|--|------------------|------------------|-------------------|-------------------|-------------------|
| Cash and investments                                 | \$ 75,288        | \$ 75,260        | \$ 76,479         | \$ 73,474         | \$ 65,072         |
| Current assets                                       | 121,488          | 106,751          | 115,400           | 110,726           | 102,730           |
| Other assets   | 27,865           | 40,780           | 27,933            | 40,844            | 40,401            |
| Total assets   | 149,353          | 147,531          | 143,333           | 151,570           | 143,131           |
| Current liabilities                                  | 42,702           | 27,601           | 37,295            | 32,038            | 27,923            |
| Capital lease obligations, excluding current portion | 47               | 118              | 55                | 143               | 157               |
| Other liabilities                                    | 2,652            | 5,609            | 2,634             | 5,279             | 5,671             |
| Stockholders' equity                                 | 103,952          | 114,203          | 103,349           | 114,110           | 109,380           |
| Total liabilities and stockholders' equity           | 149,353          | 147,531          | 143,333           | 151,570           | 143,131           |

### Revenue by Industry



### Revenue by Geographic Market



Q1 FY2019 TTM Revenue: \$86.2 Million

### Fiscal 2019 First Quarter Highlights

- Revenue and earnings grow as core markets recover
- Net sales grew 42% to \$29.6 million, benefited by \$3 million upon required adoption of new revenue recognition accounting standard
- Net income of \$2.3 million, \$0.24 per share, vs. \$0.9 million, or \$0.10 per share, in prior year
- Orders were \$22 million, trailing twelve months net orders were \$123.1 million, backlog remains strong at \$115 million
- Increasing fiscal 2019 revenue expectations to \$95 million to \$105 million, gross margin between 24% and 26%

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.