

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

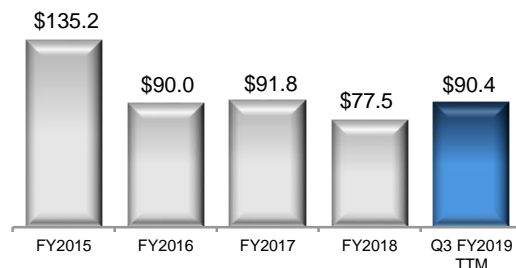
Market Data

Recent price	\$22.75	Market capitalization (millions)	\$223.7
52-week range	\$19.48- \$28.98	Common shares outstanding (at 12/31/18; in millions)	9.8
Average daily volume (3 months; in thousands)	25.7	Institutional ownership	79%

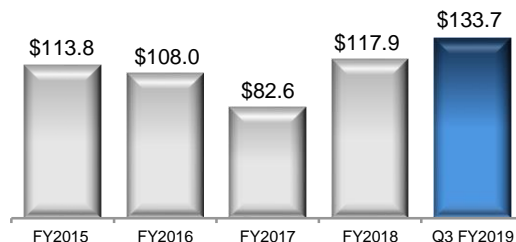
Market data as of January 29, 2019 (Source: S&P Capital IQ); ownership as of most recent filing

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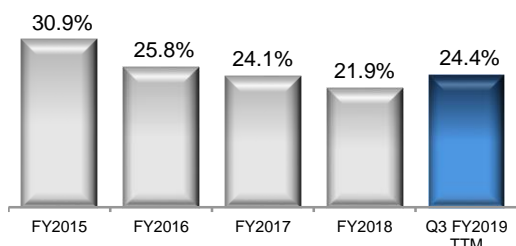
Sales (in millions)



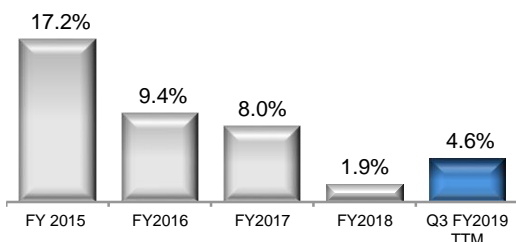
Backlog (in millions)



Gross Profit Margin



Adjusted Operating Margin



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Financial Highlights

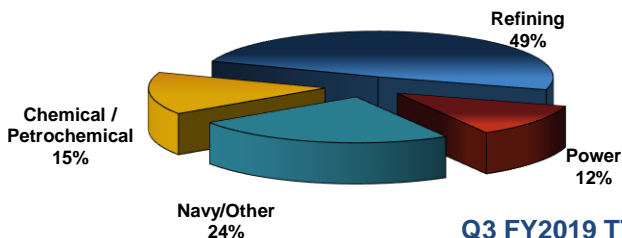
(in thousands except per share data)

	Three Months Ended December 31,		Fiscal Year Ended March 31,		
	2018	2017	2018	2017	2016
Sales	\$ 17,198	\$ 17,281	\$ 77,534	\$ 91,769	\$ 90,039
Gross profit	3,742	3,496	17,330	22,161	23,255
Selling, general and administrative	4,308	4,096	15,646	14,858	16,565
Impairment of goodwill and intangible assets	-	14,816	14,816	-	-
Restructuring charge	-	-	316	630	-
Other income	(206)	(119)	-	-	(1,789)
Net interest income	(399)	(139)	(594)	(376)	(251)
Income before taxes	39	(15,158)	(12,854)	7,049	8,730
Net income	95	(11,622)	(9,844)	5,023	6,131
Diluted earnings per share	\$ 0.01	\$ (1.19)	\$ (1.01)	\$ 0.52	\$ 0.61
Weighted average shares outstanding – diluted	9,845	9,768	9,764	9,728	9,983
Gross margin	21.8%	20.2%	22.4%	24.1%	25.8%
Adjusted operating margin	(3.3%)	(1.9%)	2.5%	8.0%	9.4%

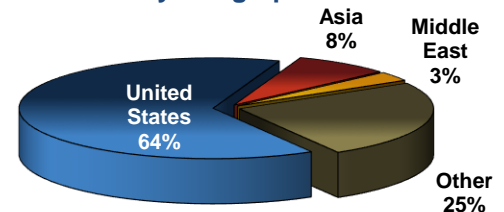
(in thousands)

	December 31,	December 31,	March 31,	March 31,	March 31,
	2018	2017	2018	2017	2016
Cash and investments	\$ 80,407	\$ 74,182	\$ 76,479	\$ 73,474	\$ 65,072
Current assets	127,785	112,814	115,400	110,726	102,730
Other assets	28,976	25,809	27,933	40,844	40,401
Total assets	156,761	138,623	143,333	151,570	143,131
Current liabilities	49,109	34,445	37,295	32,038	27,923
Capital lease obligations, excluding current portion	109	67	55	143	157
Other liabilities	2,734	2,176	2,634	5,279	5,671
Stockholders' equity	104,809	101,935	103,349	114,110	109,380
Total liabilities and stockholders' equity	156,761	138,623	143,333	151,570	143,131

Revenue by Industry



Revenue by Geographic Market



Q3 FY2019 TTM Revenue: \$90.4 Million

Fiscal 2019 Third Quarter Highlights

- Revenue was \$17.2 million, compared with \$17.3 million in Q3 FY2018
- Record backlog of \$134 million
- Net income of \$95,000, \$0.01 per share
- Orders were \$23 million, trailing twelve months net orders were \$123.1 million
- Confirming fiscal 2019 revenue and gross margin expectations of \$90 million to \$95 million (a 16% to 22% increase over prior year) and 25% to 27%, respectively; revising SG&A expectations to \$18.25 million to \$18.75 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.