



## PUTTING OUR BRAND TO WORK



### Company Profile

With world-renowned engineering expertise in vacuum and heat transfer technology, Graham Corporation is a global designer, manufacturer, and supplier of custom engineered ejectors, pumps, condensers, vacuum systems, and heat exchangers. Graham Corporation's subsidiary Energy Steel & Supply Co. is a leading code fabrication and specialty machining company dedicated exclusively to the nuclear power industry. Sold either as components or complete system solutions, the principle markets for the Company's equipment include:

- Oil and Gas Refining
- Chemical/Petrochemical
- Nuclear Power Generation
- 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 75 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 process industries by:

- Maintaining a strong North American presence while diversifying sales into emerging growth markets, such as Asia and the Middle East
- Acquiring engineered-to-order product companies to expand geographically and/or diversify products
- Growing revenue from aftermarket 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

- Well-respected global brand
- Strong reputation for engineering know-how and solutions-oriented problem solving
- Significant global position in diversified markets: oil refining, electrical power generation, and chemical processing markets
- Established sales and engineering operations in Asia
- Strong balance sheet, no long-term bank debt; cash and cash equivalents balance of \$25.2 million at March 31, 2012; management of cash and conversion cycle is a priority
- Experienced, talented management team

### Market Data

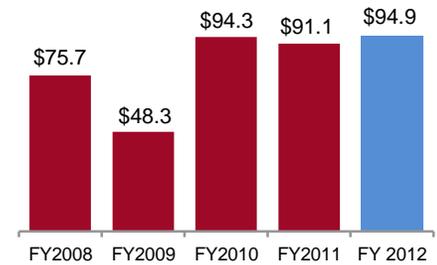
Recent price	\$19.30
52-week range	\$25.04 - \$14.36
Average daily volume (3 month)	50,539
Market capitalization (millions)	\$191.8
Common shares outstanding (millions – at March 31, 2012)	9.95
Institutional ownership	71.5%

Market data as of May 16, 2012; ownership as of most recent filing

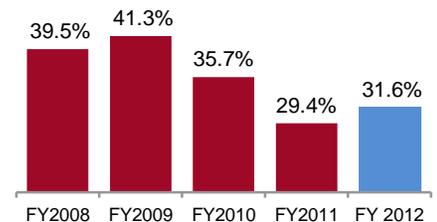
### Sales (in millions)



### Backlog (in millions)



### Gross Profit Margin



### Investor Relations Contact

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## Financial Highlights

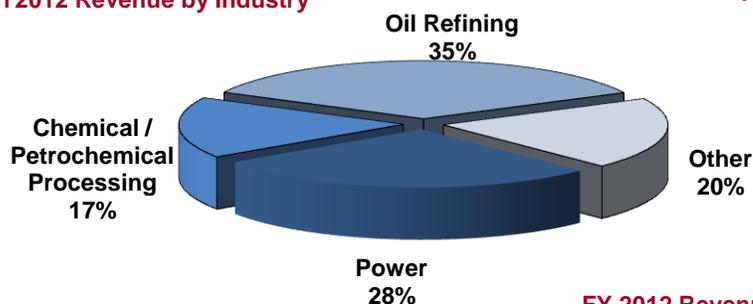
(in thousands except per share data)

	Fourth Quarter Ended March 31,		Fiscal Year Ended March 31,		
	2012	2011	2012	2011	2010
Sales	\$ 20,250	\$ 25,946	\$ 103,186	\$ 74,235	\$ 62,189
Gross profit	5,176	7,903	32,635	21,851	22,231
Selling, general and administrative	3,623	3,896	15,540	13,076	12,093
Net interest (income) expense and other expense	206	32	418	15	77
Income before taxes	1,347	3,975	16,677	8,760	10,061
Net income	429	2,680	10,553	5,874	6,361
Diluted earnings per share	\$ 0.04	\$ 0.27	\$ 1.06	\$ 0.59	\$ 0.64
Weighted average shares outstanding – diluted	10,018	9,964	9,998	9,958	9,937
Gross margin	25.6%	30.5%	31.6%	29.4%	35.7%
Operating margin	7.7%	15.4%	16.6%	11.8%	16.1%
Net margin	2.1%	10.3%	10.2%	7.9%	10.2%

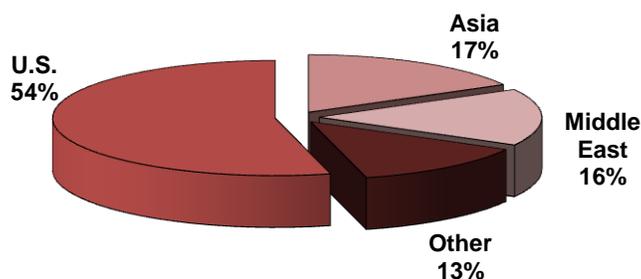
(in thousands)

	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2010	Mar. 31, 2009
Current assets	\$ 76,978	\$ 77,142	\$ 91,672	\$ 72,742
Other assets	37,999	40,929	17,307	14,182
Total assets	114,977	118,071	108,979	86,924
Current liabilities	24,248	32,649	34,968	23,195
Capital lease obligations	203	116	144	31
Other liabilities	8,906	11,651	4,793	2,587
Stockholders' equity	81,620	73,655	69,074	61,111
Total liabilities and stockholders' equity	114,977	118,071	108,979	86,924

## FY2012 Revenue by Industry



## FY 2012 Revenue by Geographic Market



FY 2012 Revenue: \$103.2 Million

## Fourth Quarter and Fiscal Year End 2012 Highlights

- Net sales in the fourth quarter of fiscal 2012 were \$20.3 million, down 22.0% from net sales of \$25.9 million in the fourth quarter of fiscal 2011. Net income was \$0.4 million, or \$0.04 per diluted share, in fiscal 2012's fourth quarter compared with \$2.7 million, or \$0.27 per diluted share, in the prior-year period.
- Fiscal 2012 net sales increased \$29.0 million, or 39.0%, to \$103.2 million, from \$74.2 million in net sales in fiscal 2011. U.S. sales increased by \$22.0 million, or 66.2%, to \$55.4 million in fiscal 2012 compared with the prior year, a reflection of the contribution from Energy Steel and solid organic growth. International sales increased to \$47.8 million in fiscal 2012 from \$40.8 million in fiscal 2011 and were primarily driven by higher sales to the Middle East.
- The Company achieved strong sales in each of its markets in fiscal 2012. Sales to the refining industry increased 39% to \$36.1 million in fiscal 2012, the power industry, including nuclear power, increased 73% to \$28.2 million, and sales to the chemical/petrochemical industry were \$18.0 million, up 10% over fiscal 2011. Sales to all other industries were up by 34% to \$20.9 million in fiscal 2012.
- Orders during the fourth quarter of fiscal 2012 were \$42.3 million, up 58% from \$26.8 million in the fourth quarter of fiscal 2011. Energy Steel orders comprised approximately 30% of the total order value. Excluding Energy Steel, organic orders increased 37%, or \$8.0 million, in the fourth quarter compared with the same period in the prior year.
- Cash, cash equivalents and investments at March 31, 2012 were \$41.7 million compared with \$43.1 million at March 31, 2011.
- Fiscal 2013 sales are expected to be approximately \$105 million to \$115 million, with gross margins in the 28% to 31% range.

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.