

Proven Progress EXECUTING OUR PLAN FOR GROWTH



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 over 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 energy markets with a goal to double revenue to exceed \$200 million in revenue in the next cycle:

- 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

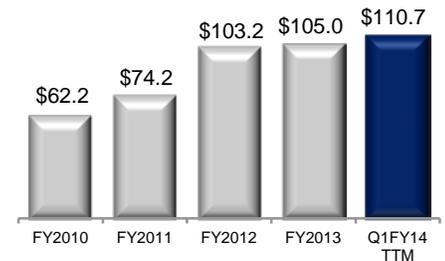
- Well-respected global brand
- Strong reputation for engineering know-how and solutions-oriented problem solving
- Significant global position in diversified markets: oil refining, electrical power generation, and chemical processing markets
- Established sales and engineering operations in Asia
- Strong balance sheet, no long-term bank debt; cash and cash equivalents and investments of \$53.2 million at June 30, 2013; management of cash and conversion cycle is a priority
- Experienced, talented management team

Market Data

Recent price	\$33.05
52-week range	\$33.71 - \$16.20
Average daily volume (3 month)	37.4 thousand
Market capitalization (millions)	\$331.8
Common shares outstanding (at March 31, 2012)	10.0 million
Institutional ownership	71.8%

Market data as of July 22, 2013 (Source: Bloomberg); ownership as of most recent filing

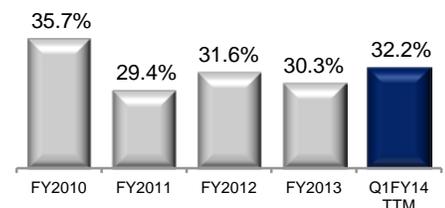
Sales (in millions)



Backlog (in millions)



Gross Profit Margin



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Financial Highlights

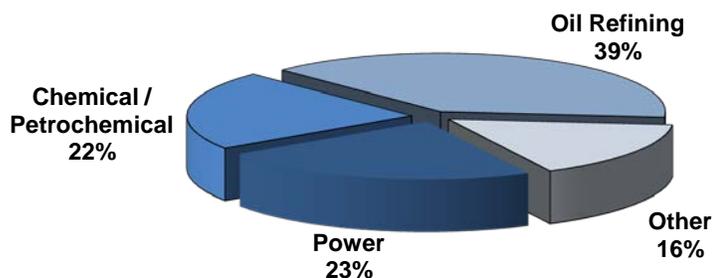
(in thousands except per share data)

	Three Months Ended June 30,		Fiscal Year Ended March 31,		
	2013	2012	2013	2012	2011
Sales	\$ 28,256	\$ 22,533	\$ 104,973	\$ 103,186	\$ 74,235
Gross profit	10,015	6,236	31,822	32,635	21,851
Selling, general and administrative	4,403	4,084	16,560	15,540	13,076
Net interest (income) expense and other expense	(6)	69	(315)	418	15
Income before taxes	5,618	2,083	15,577	16,677	8,760
Net income	3,808	1,390	11,148	10,553	5,874
Diluted earnings per share	\$ 0.38	\$ 0.14	\$ 1.11	\$ 1.06	\$ 0.59
Weighted average shares outstanding – diluted	10,086	10,028	10,051	9,998	9,958
Gross margin	35.4%	27.7%	30.3%	31.6%	29.4%
Operating margin	19.9%	9.6%	14.5%	16.6%	11.8%
Net margin	13.5%	6.2%	10.6%	10.2%	7.9%

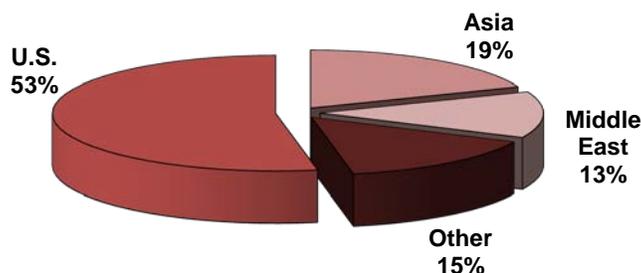
(in thousands)

	June 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011
Current assets	\$ 92,628	\$ 88,903	\$ 76,978	\$ 77,142
Other assets	37,639	37,830	37,999	40,929
Total assets	130,267	126,733	114,977	118,071
Current liabilities	24,276	24,877	24,248	32,649
Capital lease obligations	107	127	203	116
Other liabilities	8,929	8,734	8,906	11,651
Stockholders' equity	96,955	92,995	81,620	73,655
Total liabilities and stockholders' equity	130,267	126,733	114,977	118,071

Revenue by Industry:



Revenue by Geographic Market:



Q1FY2014 TTM Revenue: \$110.7 Million

First Quarter 2014 Highlights

- First quarter revenue was \$28.3 million, an increase of 25% over the prior-year period. Operating margin was 20% in the first quarter, up from 10% in last year's first quarter. First quarter diluted earnings per share were \$0.38, compared with \$0.14 in the first quarter of fiscal 2013.
- International sales, representing 47% of this quarter's consolidated revenue, increased by 34%, or \$3.3 million, to \$13.3 million in the fiscal 2014 first quarter compared with the same prior-year period, when it was 44% of that period's consolidated revenue. The increased international sales were driven by the China refining market. First quarter sales to the U.S. market were \$15.0 million, up \$2.4 million, or 19%, compared with \$12.6 million in the same prior-year period, with the increase driven by the U.S. refining market.
- Orders for this year's first quarter were \$32.8 million, approximately half of which came from the North American petrochemical market; Backlog at quarter end increased to \$90.4 million
- Cash, cash equivalents and investments at June 30, 2013 were \$53.2 million compared with \$51.7 million at March 31, 2012.
- For fiscal 2014, sales are expected to be approximately \$100 million to \$115 million, with gross margin expectations between 29% and 31% and SG&A expense in the range of 15% to 16% of sales (as of July 25, 2013).

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.