

## POSITIVE PERFORMANCE



### 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
- Nuclear Power Generation
- Chemical/Petrochemical
- U.S. Defense and Other Power Generation

Graham equipment can also be found in diverse product applications, such as:

- Refrigeration
- Pharmaceutical
- HVAC
- Water Heating
- Pulp and Paper Processing
- Desalination
- Metal Refining
- Alternative Energy
- Food Processing
- Shipbuilding

For nearly 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 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 organic revenue to exceed \$200 million in revenue in the near term (5 years):

- Leveraging capacity to capture market share
- Expanding predictable base business including nuclear market MRO, U.S. Navy, aftermarket and short-cycle products
- Acquiring engineered-to-order product companies to expand geographically and/or diversify 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

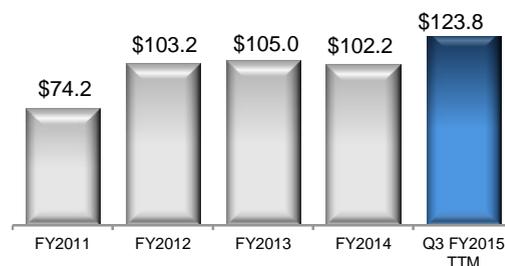
- Expected long-term global energy demand growth driving opportunities
- Leading market position and worldwide brand recognition
- Sales model based on early engineering involvement
- Expanding addressable market opportunities
- Strong and flexible balance sheet
- Acquisition opportunities
- Results-oriented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

### Market Data

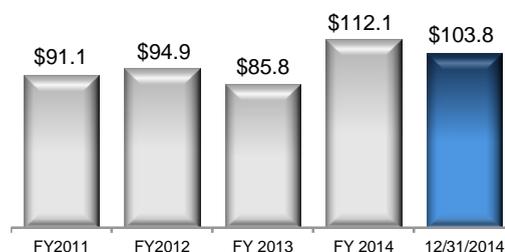
Recent price	\$22.36
52-week range	\$22.17 - \$36.80
Average daily volume (3 months; in thousands)	39.5
Market capitalization (millions)	\$229.6
Common shares outstanding (at December 31, 2014; in millions)	10.1
Institutional ownership	75.6%

Market data as of January 29, 2015 (Source: Bloomberg); ownership as of most recent filing

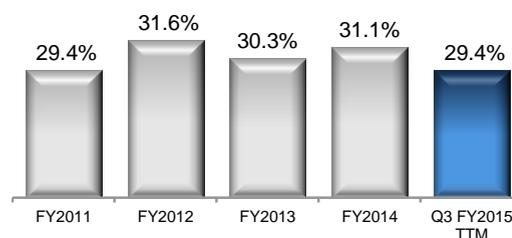
### Sales (in millions)



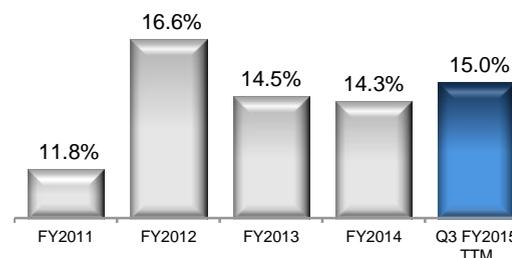
### Backlog (in millions)



### Gross Profit Margin

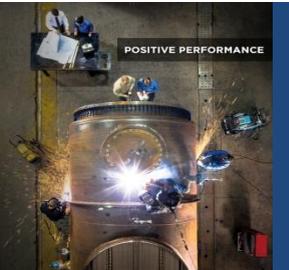


### Operating Margin



### Investor Relations Contact

Karen L. Howard  
Kei Advisors LLC  
Ph 716.843.3942  
khoward@keiadvisors.com



## POSITIVE PERFORMANCE



### Financial Highlights

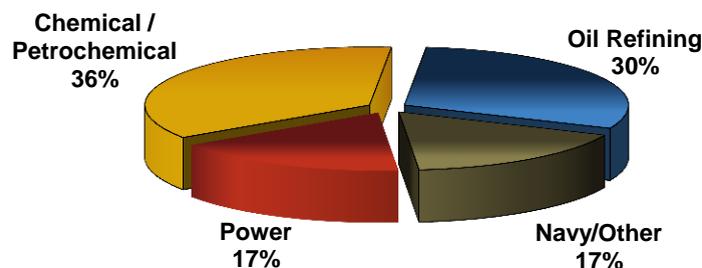
(in thousands except per share data)

	Three Months Ended December 31,		Fiscal Year Ended March 31,		
	2014	2013	2014	2013	2012
Sales	\$ 33,646	\$ 23,385	\$ 102,218	\$ 104,973	\$ 103,186
Gross profit	10,103	6,090	31,812	31,822	32,635
Selling, general and administrative	4,483	4,102	17,195	16,560	15,540
Net interest (income) expense and other expense	(48)	(21)	(93)	(315)	418
Income before taxes	5,668	2,009	14,710	15,577	16,677
Net income	3,992	1,431	10,145	11,148	10,553
Diluted earnings per share	\$ 0.39	\$ 0.14	\$ 1.00	\$ 1.11	\$ 1.06
Weighted average shares outstanding – diluted	10,149	10,107	10,104	10,051	9,998
Gross margin	30.0%	26.0%	31.1%	30.3%	31.6%
Operating margin	16.7%	8.5%	14.3%	14.5%	16.6%
Net margin	11.9%	6.1%	9.9%	10.6%	10.2%

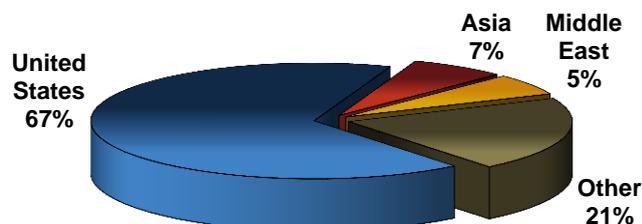
(in thousands)

	December 31, 2014	March 31, 2014	March 31, 2013	March 31, 2012
Current assets	\$ 107,495	\$ 97,456	\$ 88,903	\$ 76,978
Other assets	48,379	44,178	37,830	37,999
Total assets	155,874	141,634	126,733	114,977
Current liabilities	29,949	26,110	24,877	24,248
Capital lease obligations, excluding current portion	96	136	127	203
Other liabilities	9,574	9,480	8,734	8,906
Stockholders' equity	116,255	105,908	92,995	81,620
Total liabilities and stockholders' equity	155,874	141,634	126,733	114,977

### Revenue by Industry



### Revenue by Geographic Market



Q3 FY2015 TTM Revenue: \$123.8 Million

### Third Quarter 2015 Highlights

- Net sales in the third quarter of fiscal 2015 were \$33.6 million, up 44% from \$23.4 million in the third quarter of fiscal year 2014.
- Net income was \$4.0 million, or \$0.39 per diluted share, up from \$1.4 million or \$0.14 per share; net margin was 12% of sales.
- Sales to the U.S. market were up 26% to \$18.3 million, or 55% of total sales, compared with the prior year. International sales increased by \$6.4 million or 73% further contributing to the \$10.3 million increase in net sales over the prior year's quarter.
- Operating profit increased 183% to \$5.6 million, or 17% of sales, compared with \$2.0 million, or 9% of sales in the prior year.
- Cash, cash equivalents and investments at December 31, 2014 were \$62.5 million compared with \$64.8 million at September 30, 2014.
- The Company's backlog was \$103.8 million at December 31, 2014, down from \$114.8 at September 30, 2014 due to refining market uncertainties.
- Orders for this year's third quarter were \$22.6 million, down 4% or \$0.9 million over the prior year quarter.
- For fiscal 2015, revenue is expected to be in the upper half of the previously provided range of \$125 million to \$130 million, with gross margin between 30-31% and SG&A between 14%-14.5% of sales.

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.