

NYSE Amex: GHM

SUPPLEMENTAL SLIDES

SECOND QUARTER FISCAL 2011 EARNINGS CALL



PUTTING OUR BRAND TO WORK



NYSE Amex: GHM

JIM LINES

PRESIDENT AND CHIEF EXECUTIVE OFFICER



PUTTING OUR BRAND TO WORK

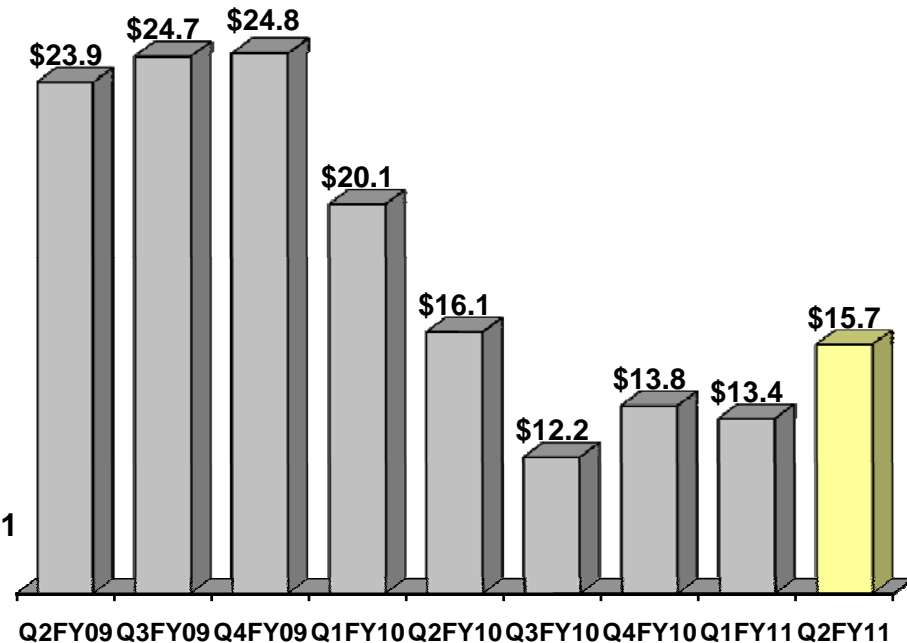
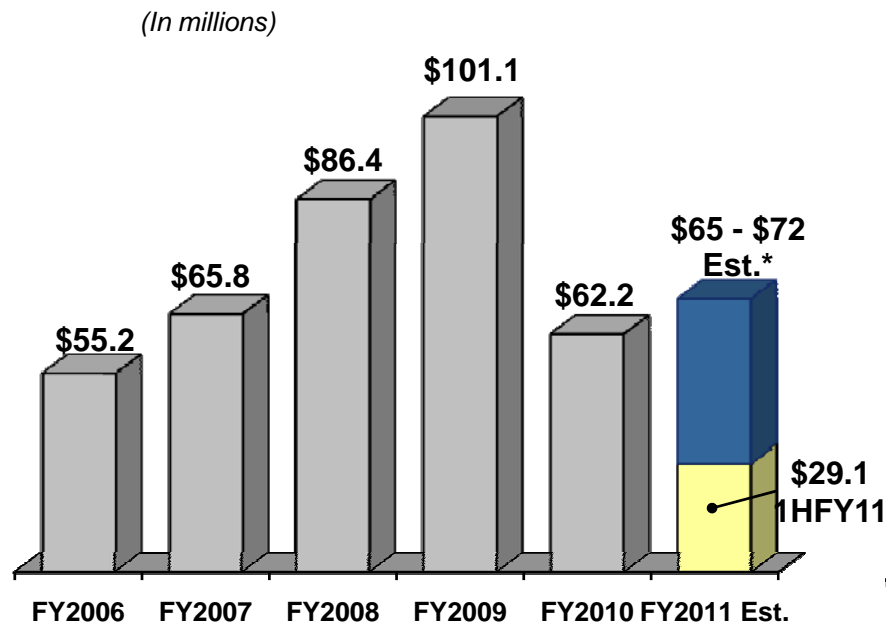


2QFY2011: REVENUE BEGINNING TO IMPROVE



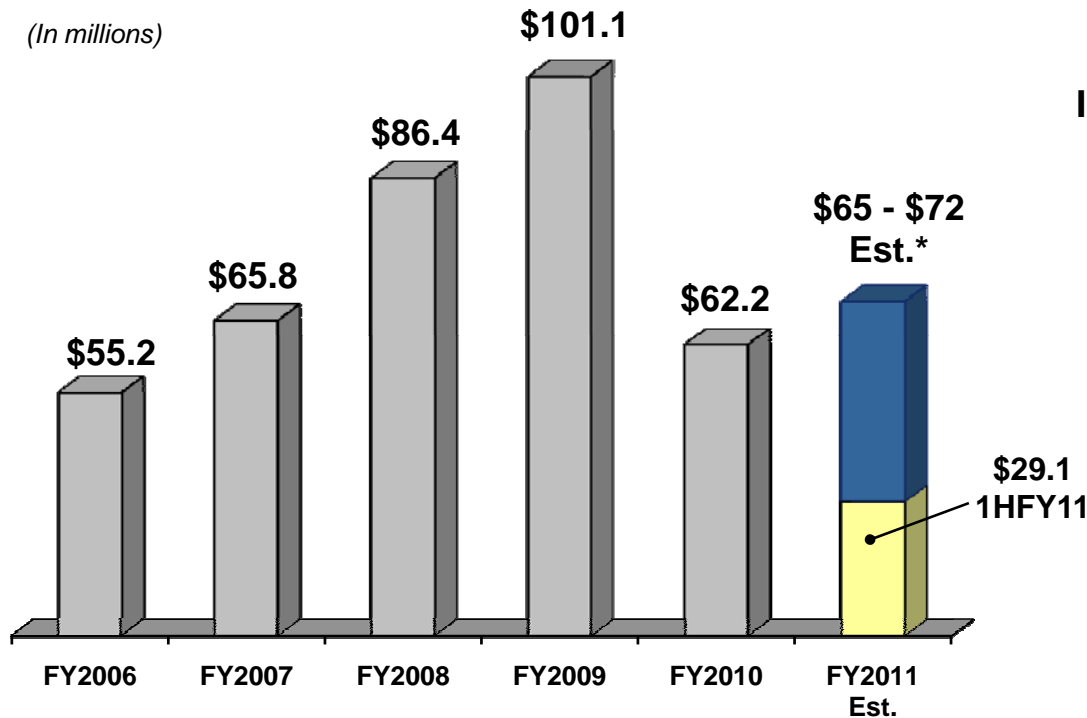
12-Month Revenue

Quarterly Revenue

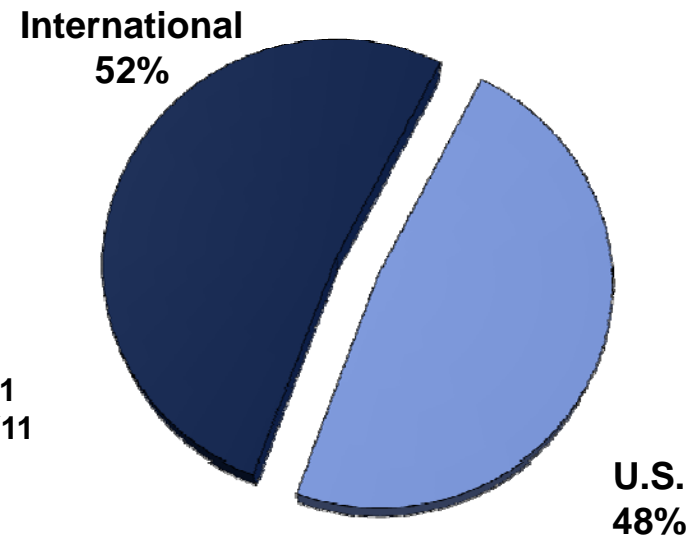


- ✓ Passed through revenue contraction over last 4 quarters
- ✓ Capital intense projects tend to lag general economic cycle

INTERNATIONAL SALES TO DRIVE NEXT CYCLE



2Q FY2011 Revenue



**Q2 FY2011 Revenue:
\$15.7 million**

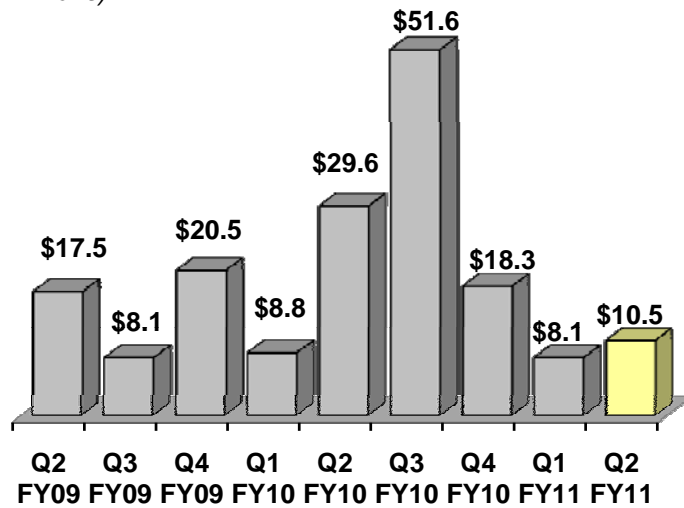
- ✓ Emerging economies driving next cycle
- ✓ Strong backlog supports 2HFY11 expansion in tepid order environment

STRONG BACKLOG TO SUPPORT RECOVERY



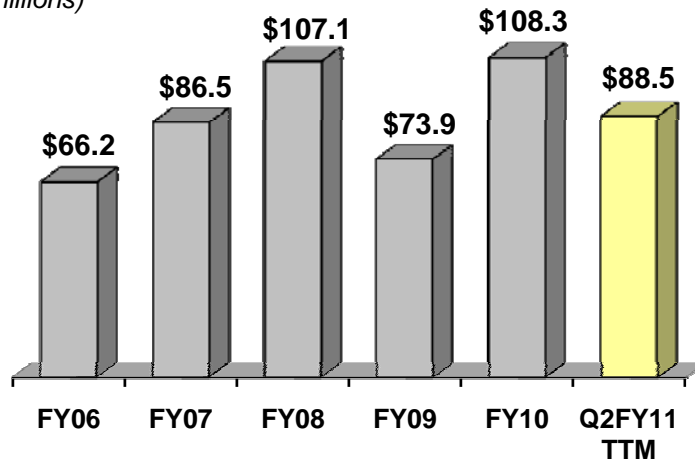
Quarterly Orders

(In millions)



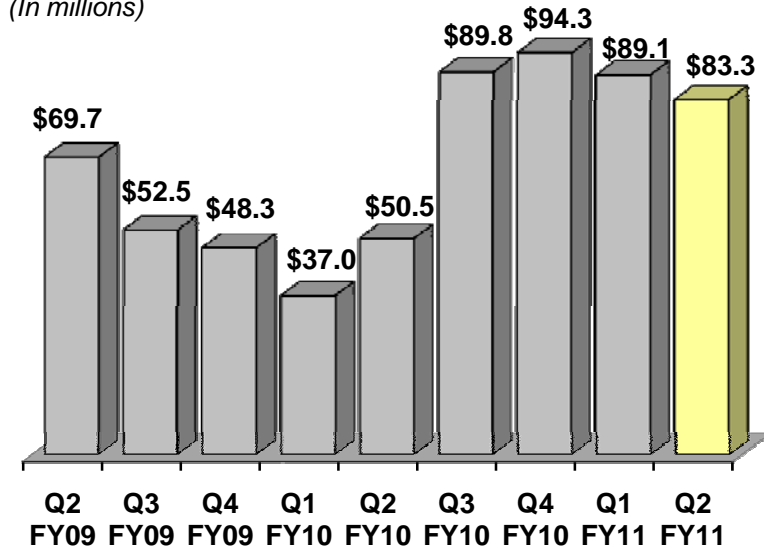
Annual Orders

(In millions)



Backlog

(In millions)

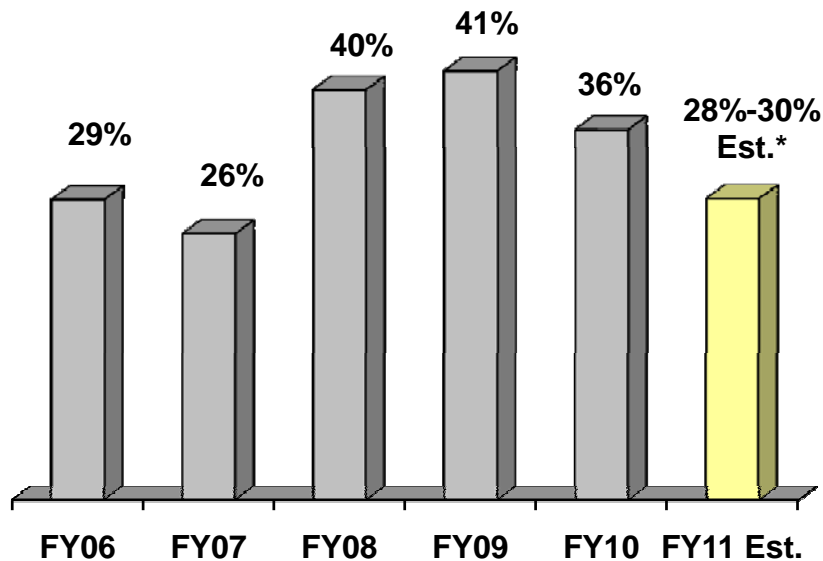


Note: GHM won an order in Q3 FY10 from Northrup Grumman for a US Navy carrier program in excess of \$25 million

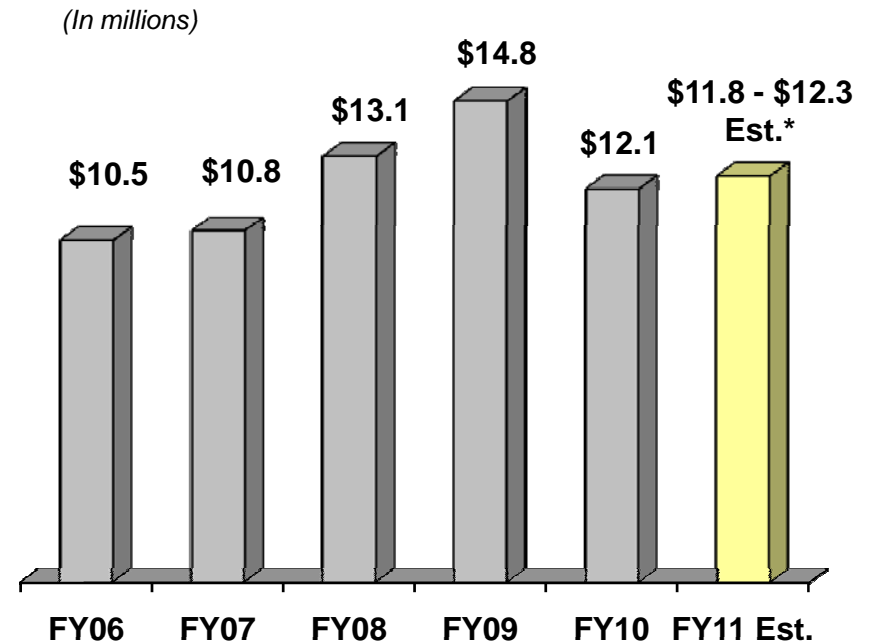
CIP DRIVES PROFITABILITY



Gross Margin



SG&A



- ✓ Continuous improvement program (CIP) drove profitability through downturn
- ✓ Employees heavily engaged in driving productivity

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JEFF GLAJCH

VICE PRESIDENT AND CHIEF FINANCIAL OFFICER



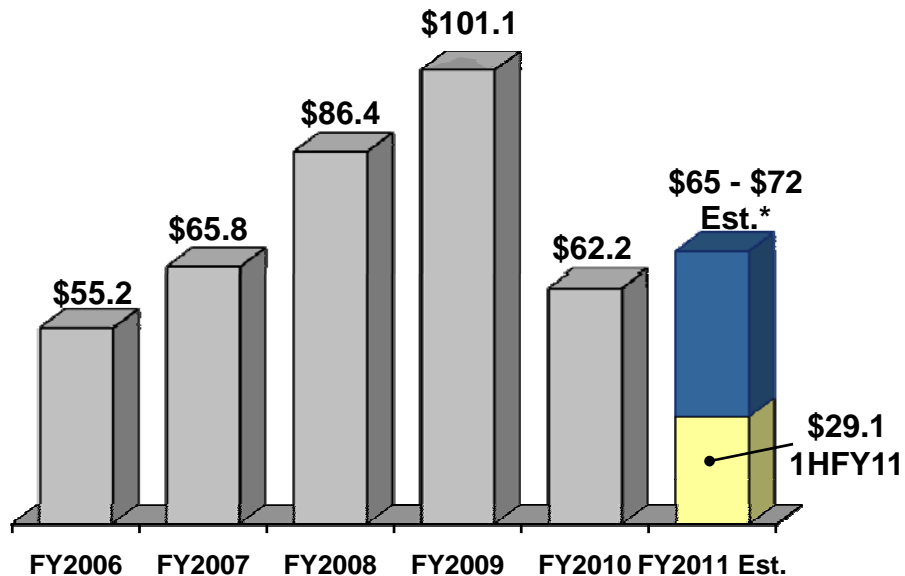
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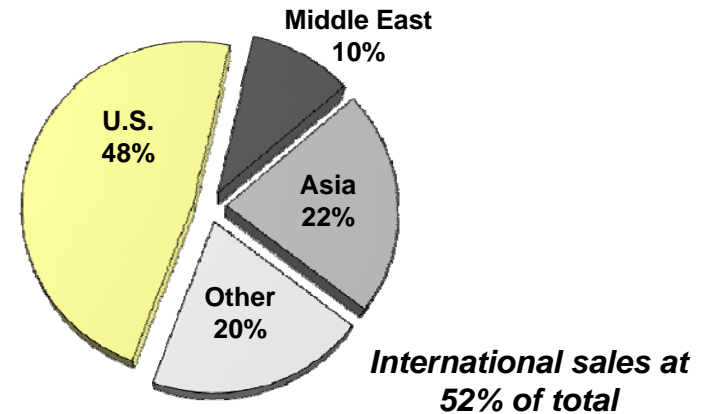
REVENUE REVIEW: REGIONS & MARKETS



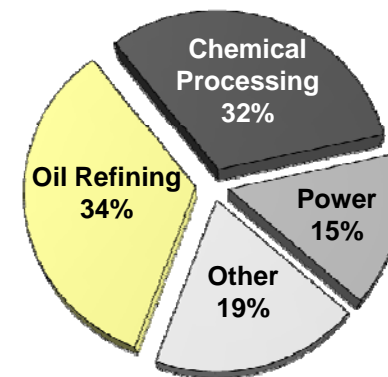
12-Month Revenue



Sales by Region Q2 Fiscal 2011



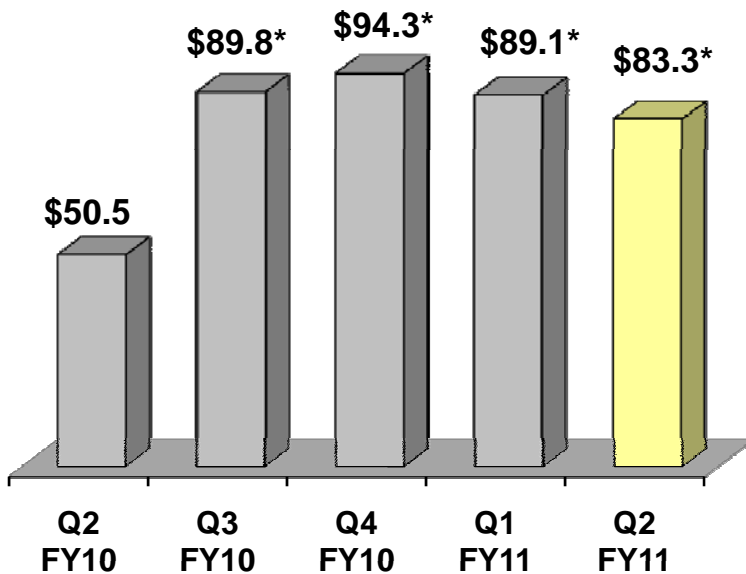
Sales by Market Q2 Fiscal 2011



Q2 FY11 Revenue: \$15.7 million

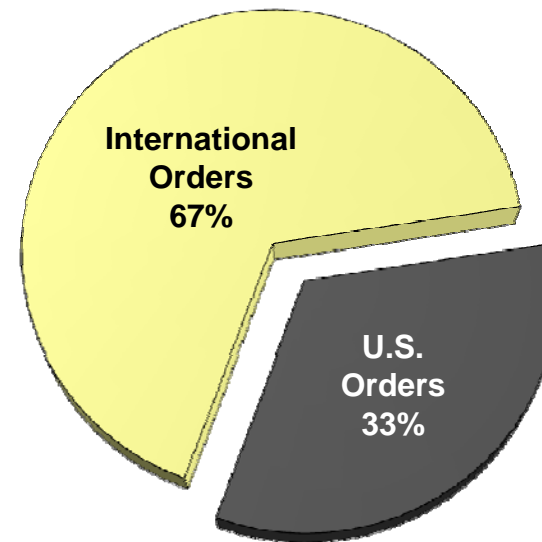
ORDERS AND BACKLOG REVIEW: TREND

Backlog



* Includes order for US Navy carrier program in excess of \$25 million

Q2 FY 2011 Orders

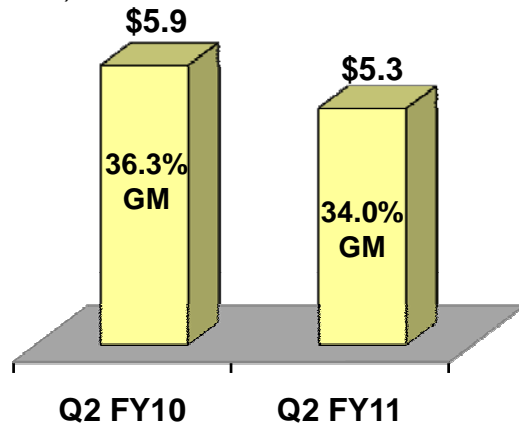


**Total Q2 FY2011 Orders:
\$10.5 million**

OPERATIONAL REVIEW: Q2FY 2011

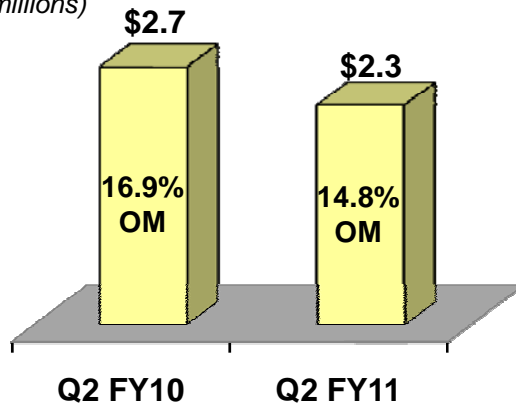
Gross Profit

(\$ in millions)



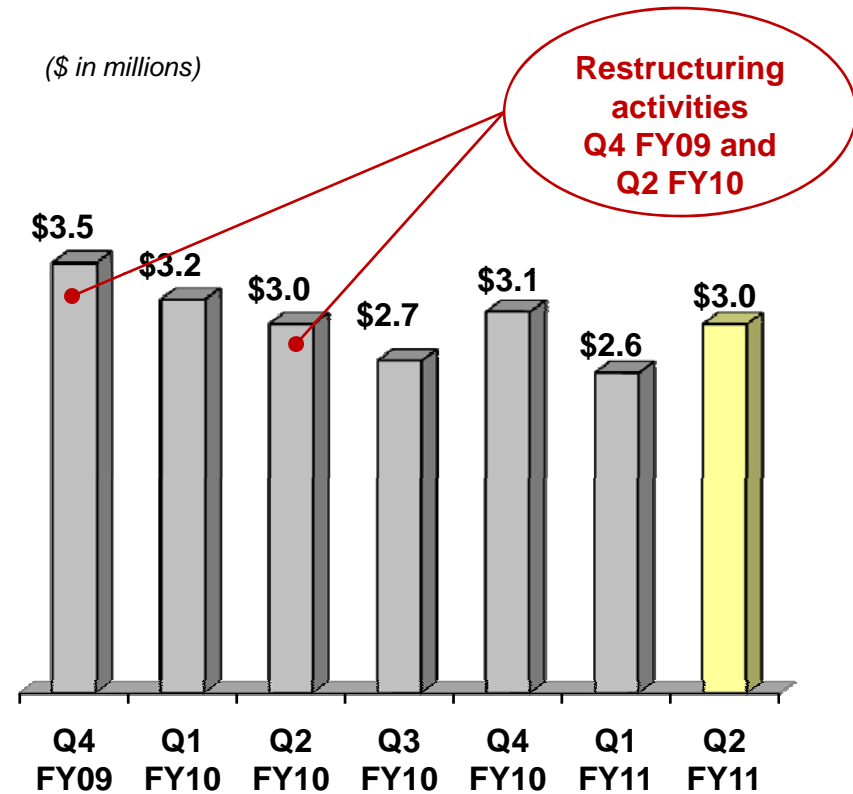
Operating Profit

(\$ in millions)



SG&A

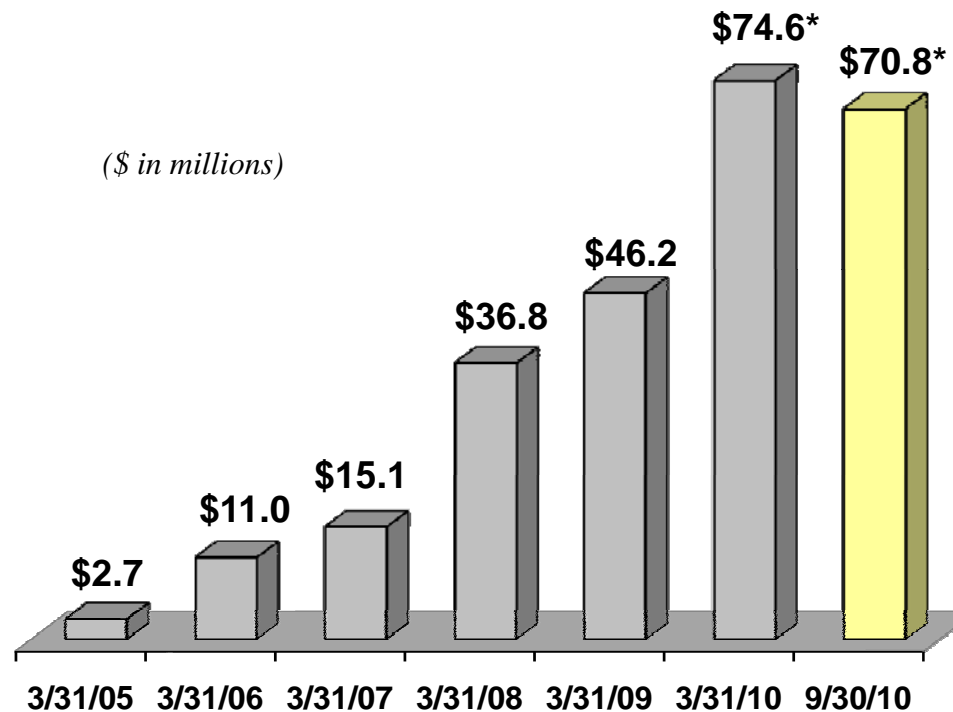
(\$ in millions)



FINANCIAL REVIEW: BALANCE SHEET

Strong Cash Position

No bank
debt at
9/30/10



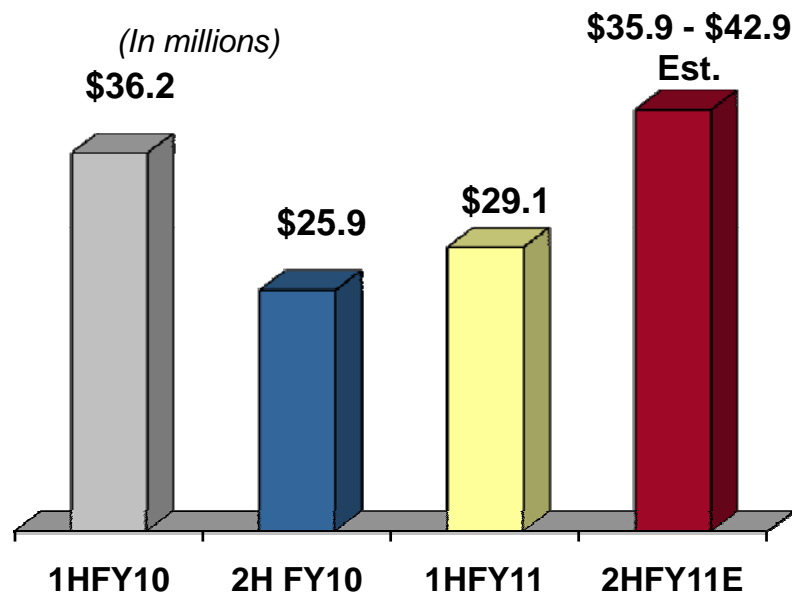
* Large customer deposits: ~ \$10 - \$12 million at 9/30/10

FINANCIAL REVIEW: OUTLOOK

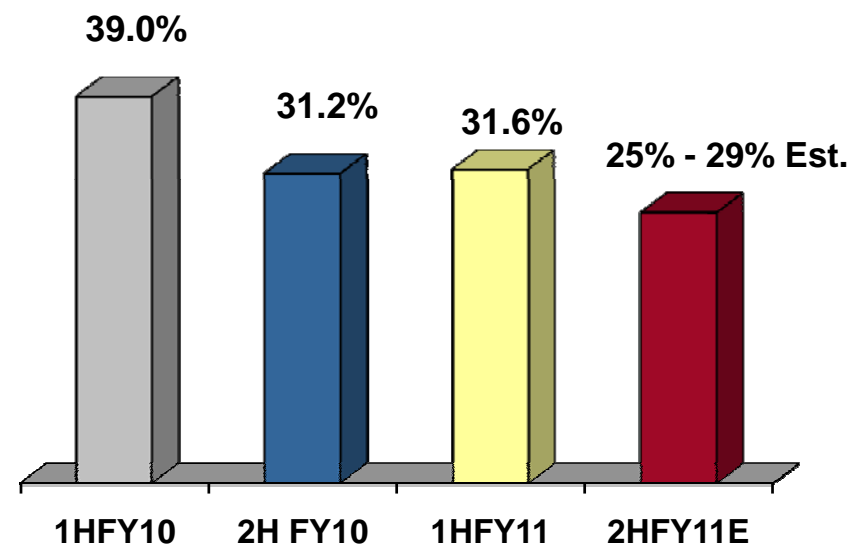


Guidance updated as of October 29, 2010.

Sales



Gross Margin

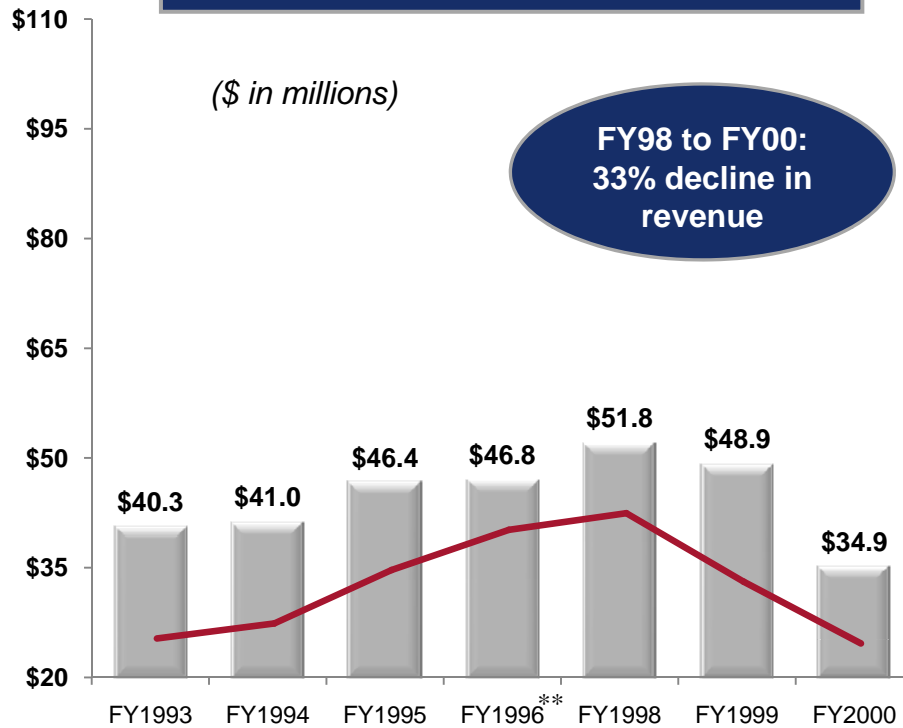


- ✓ Estimates based on full year fiscal 2011 guidance of revenue between \$65 and \$72 million and gross margin between 28% and 30%
- ✓ Margins impacted by orders won in more competitive pricing environment
- ✓ At the peak of the next business cycle GHM expects margins in the mid- to- high 30% range

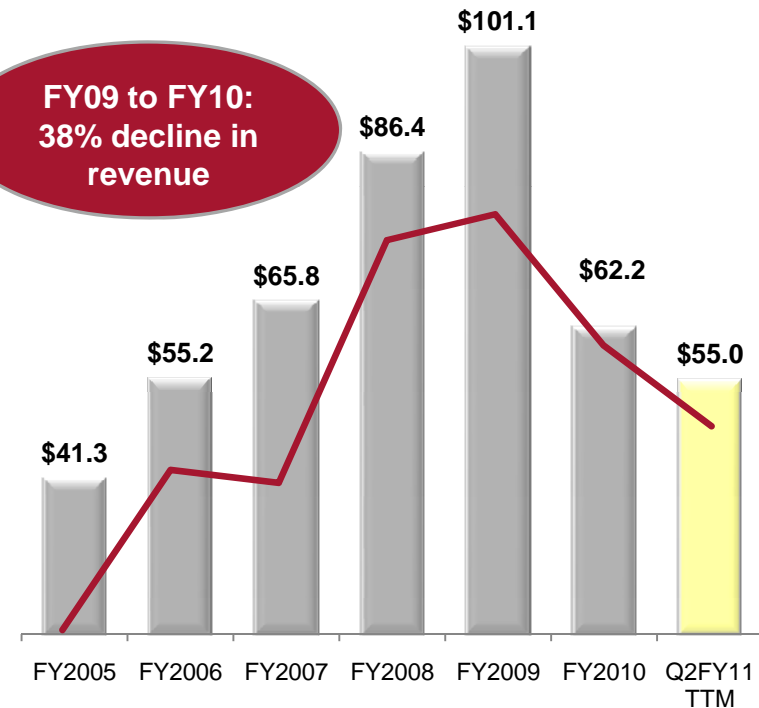
FINANCIAL REVIEW: OUTLOOK

Previous Cycle: FY1993 to 2000*

Current Cycle: FY2005 to Present



FY09 to FY10: 38% decline in revenue



Margin **3.6%** **4.5%** **7.7%** **10.1%** **11.1%** **7.0%** **3.3%**

1.4% **11.3%** **10.5%** **25.5%** **27.1%** **19.0%** **13.8%**

* Data from FY1993 though FY2000 excludes discontinued operations.

** 1997 was a three-month transition year and is excluded from this comparison; 1996 reflects a 12-month period.

Note: See supplemental slides for EBITDA reconciliation.

SAFE HARBOR STATEMENT



This presentation 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.

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EBITDA RECONCILIATION



<u>Current Cycle</u>	2005	2006	2007	2008	2009	2010	Q2FY11 TTM
GAAP operating profit	\$ (206)	\$ 5,454	\$ 6,013	\$ 21,088	\$ 26,328	\$ 10,042	\$ 5,897
Depreciation & amortization	780	793	887	989	1,111	1,797	1,684
EBITDA	<u>\$ 574</u>	<u>\$ 6,247</u>	<u>\$ 6,900</u>	<u>\$ 22,077</u>	<u>\$ 27,439</u>	<u>\$ 11,839</u>	<u>\$ 7,581</u>

<u>Previous Cycle</u>	2000*	1999*	1998*	1996*	1995*	1994*	1993*
GAAP operating profit	\$ 332	\$ 2,591	\$ 4,932	\$ 3,995	\$ 2,818	\$ 1,075	\$ 662
Depreciation & amortization	827	820	804	706	732	771	807
EBITDA	<u>\$ 1,159</u>	<u>\$ 3,411</u>	<u>\$ 5,736</u>	<u>\$ 4,701</u>	<u>\$ 3,550</u>	<u>\$ 1,846</u>	<u>\$ 1,469</u>

* Data from FY1993 though FY2000 excludes discontinued operations and is unaudited; 1997 was a three-month transition year and is excluded from this comparison; 1996 reflects a 12-month period.