



Graham Corporation (NYSE: GHM)

Recommendation: **Buy**

Target Price: **\$72.34 (12.63% Upside)**

Current Price as of December 31, 2025: **\$64.23**

Sector: Defense, Energy/Industrials, Aerospace

FINANCIAL MANAGEMENT



ASSOCIATION

**Rochester Institute of Technology**

Koa Butler | Shane Girolamo | Michael Paoletti | Evan Ren | L Zheng

# Recommendation

We issue a BUY recommendation with a 12-month target price of \$72.34, representing 12.63%

**# 1**

**Defense-Led Growth**



**Anchored by High Barriers  
and Long-Duration Visibility**

**# 2**

**Margin Expansion**



**Driven by Engineered Mix  
Shift and Operating Leverage**

**# 3**

**Balance Sheet Strength**



**Creates Downside  
Protection and Strategic  
Optionality**

**BUY**

**12.6% up from  
12/31/25 close price of  
\$64.23**

**\$72.34**

**12-Month Target  
Price**

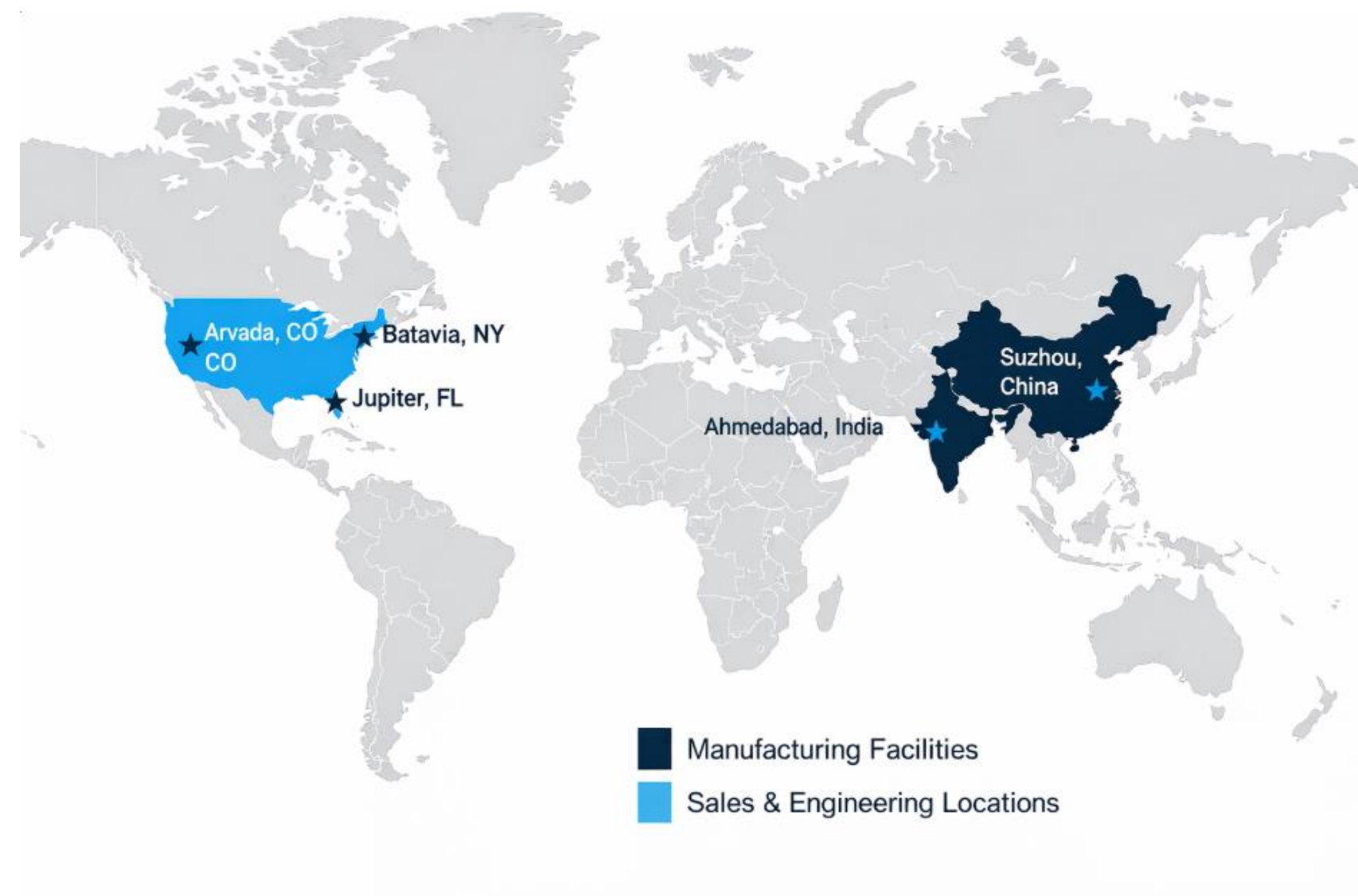
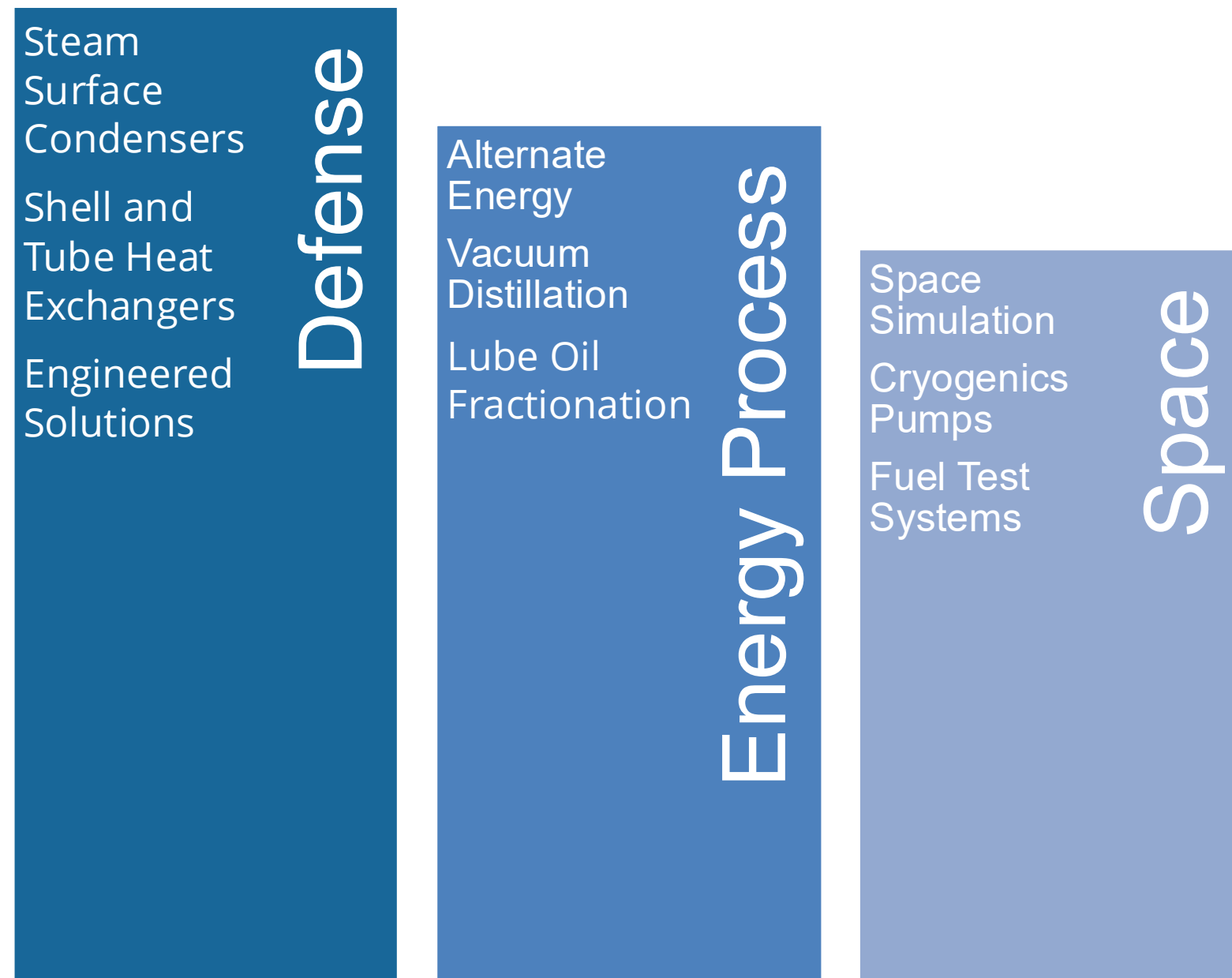




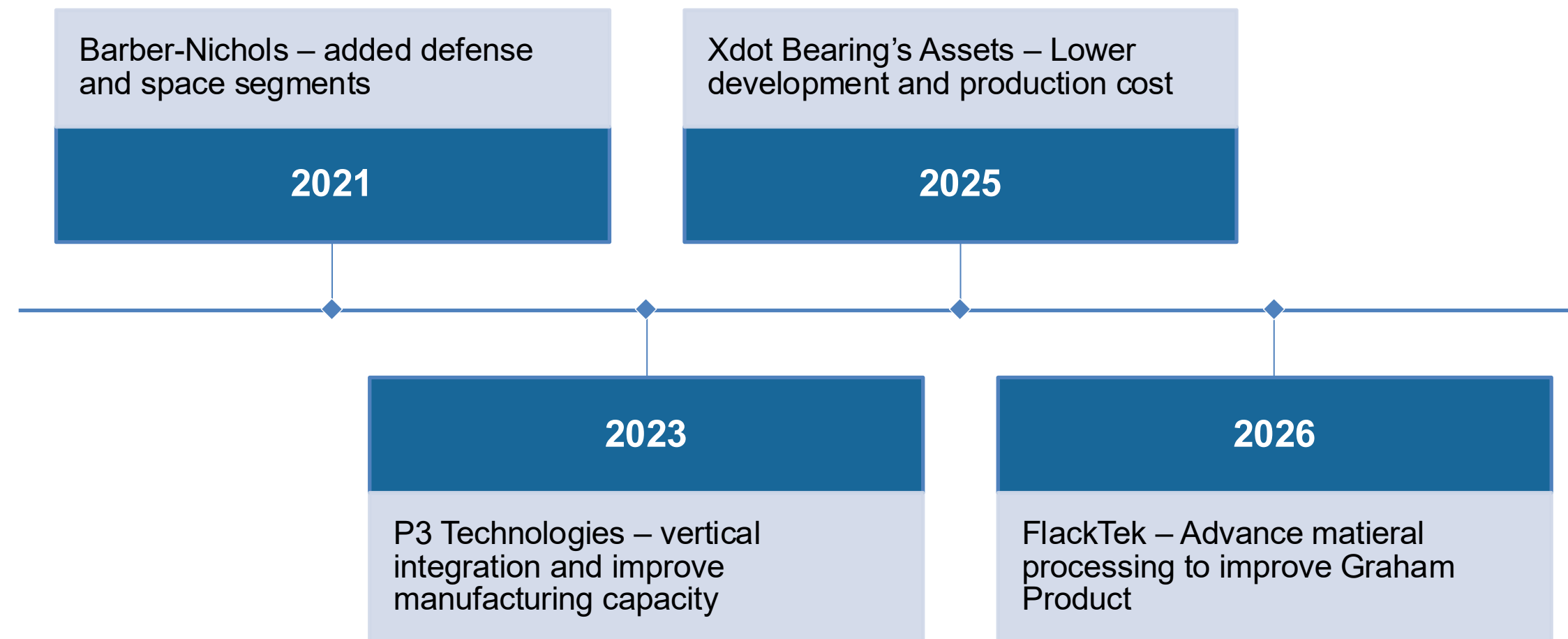
# Company Overview



# Operations

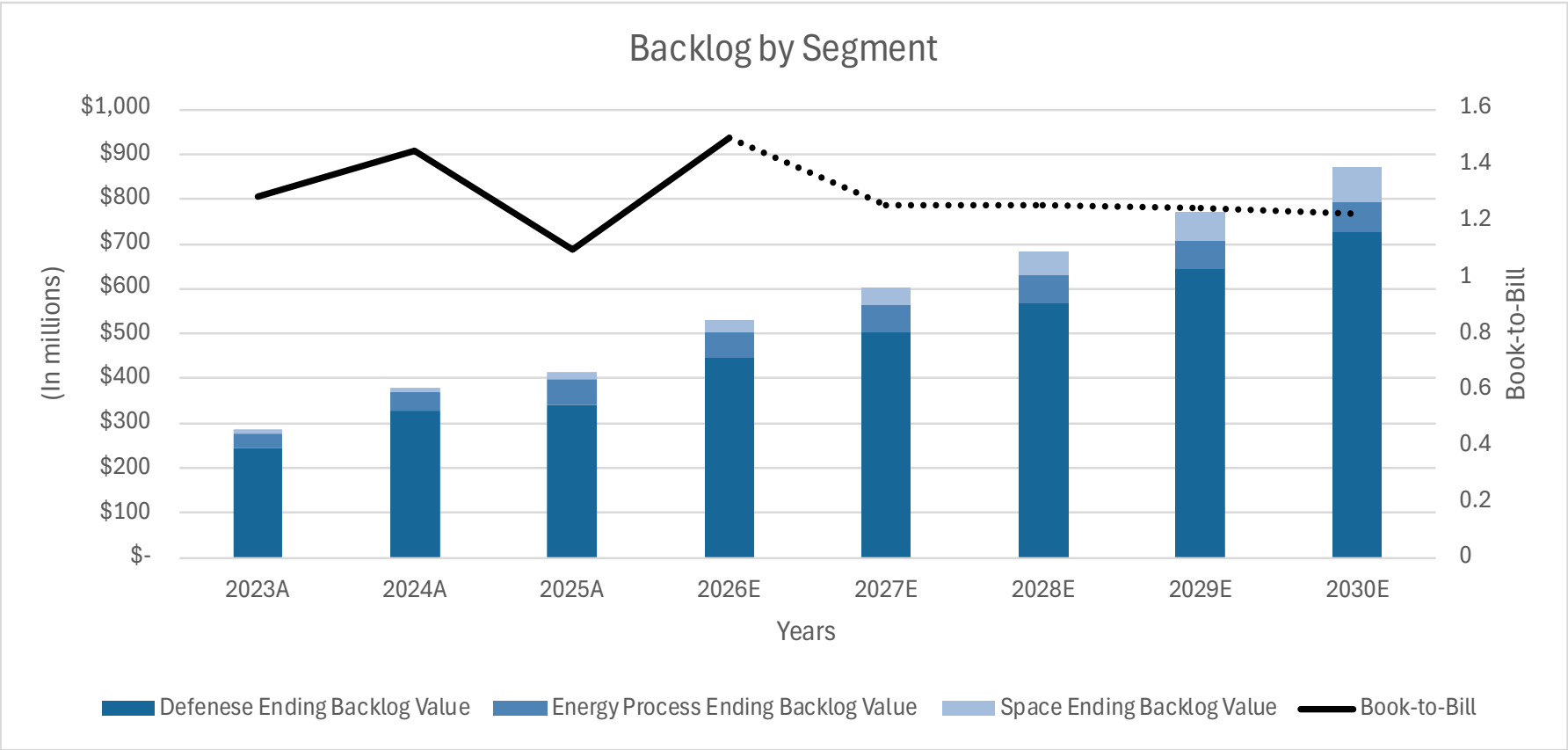
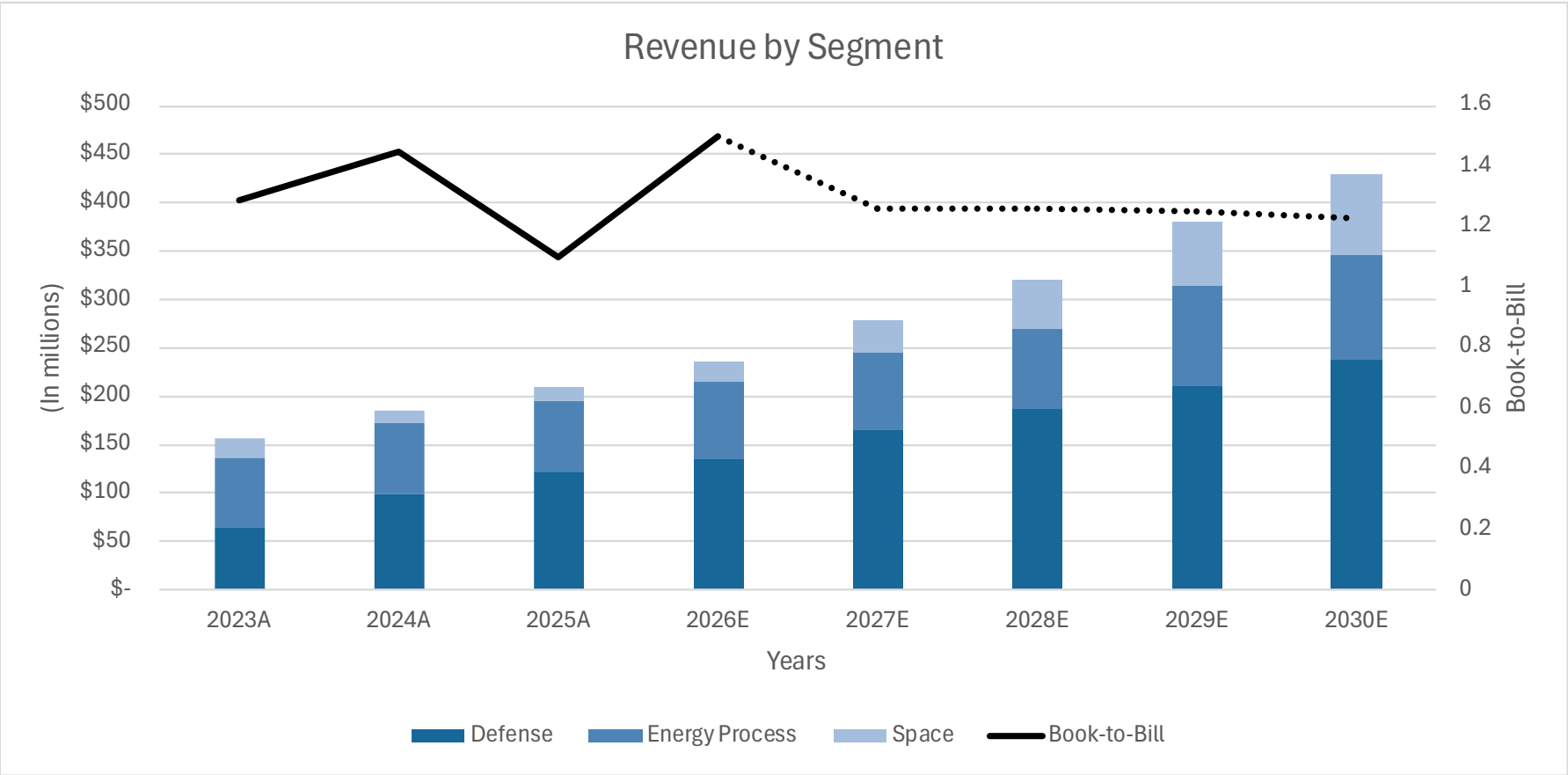


# Acquisitions



- **All have successfully integrated so far**
- **Added to GHM's value:**
  - Revenue synergies
  - Cost synergies
  - Direct earning additions

# Revenue Growth



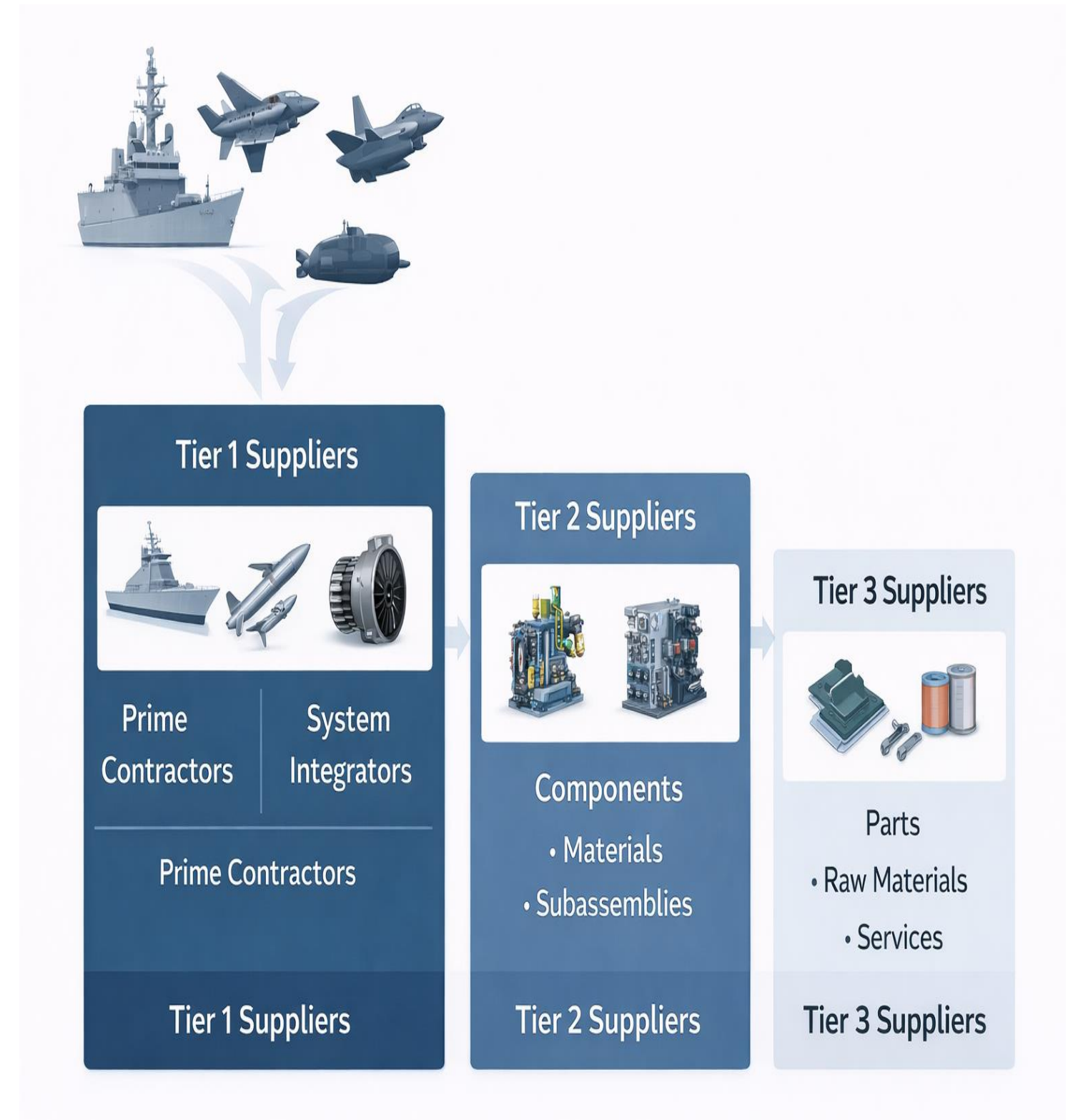
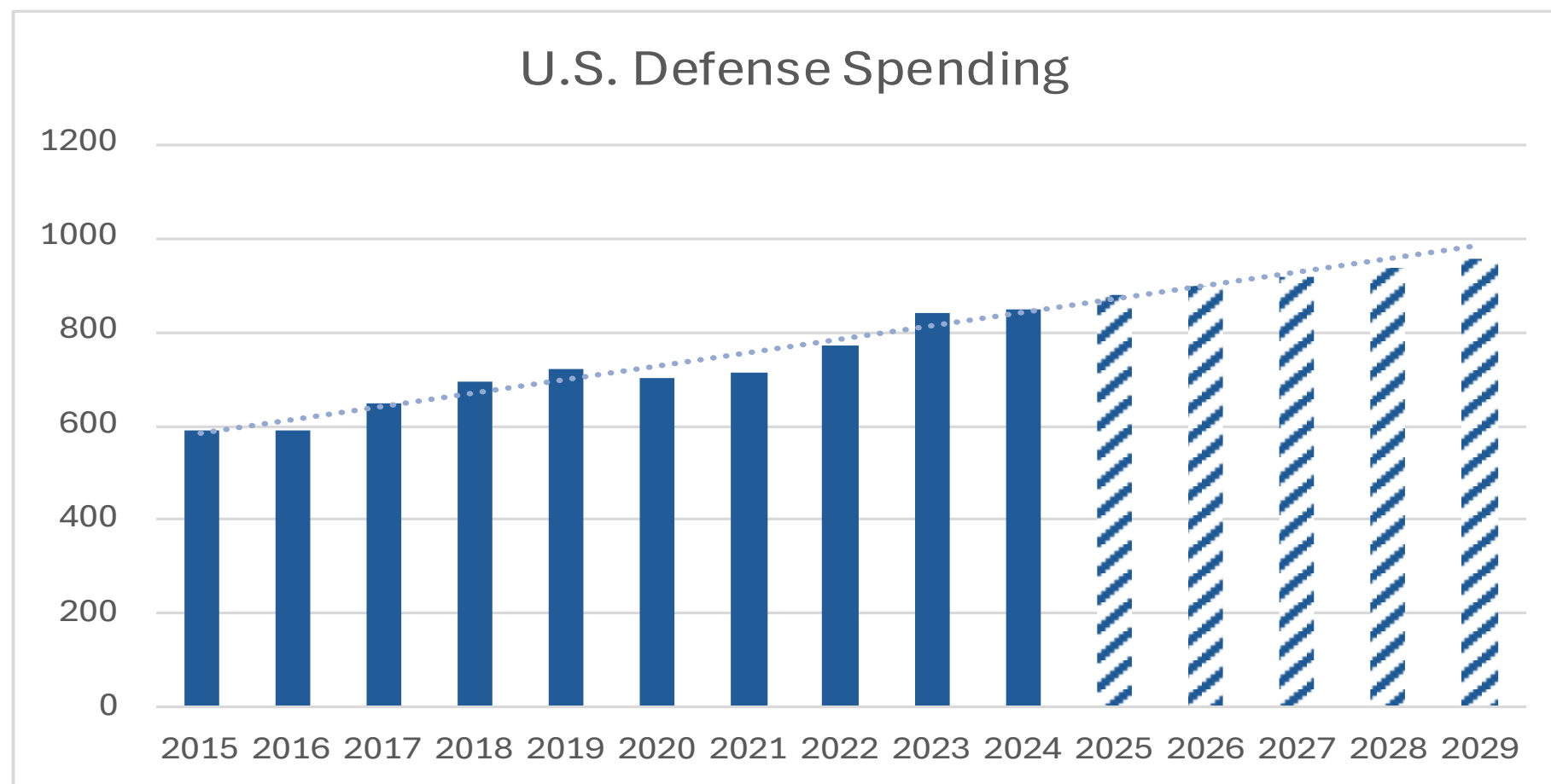
# Industry & Market Overview



# Defense

## Products:

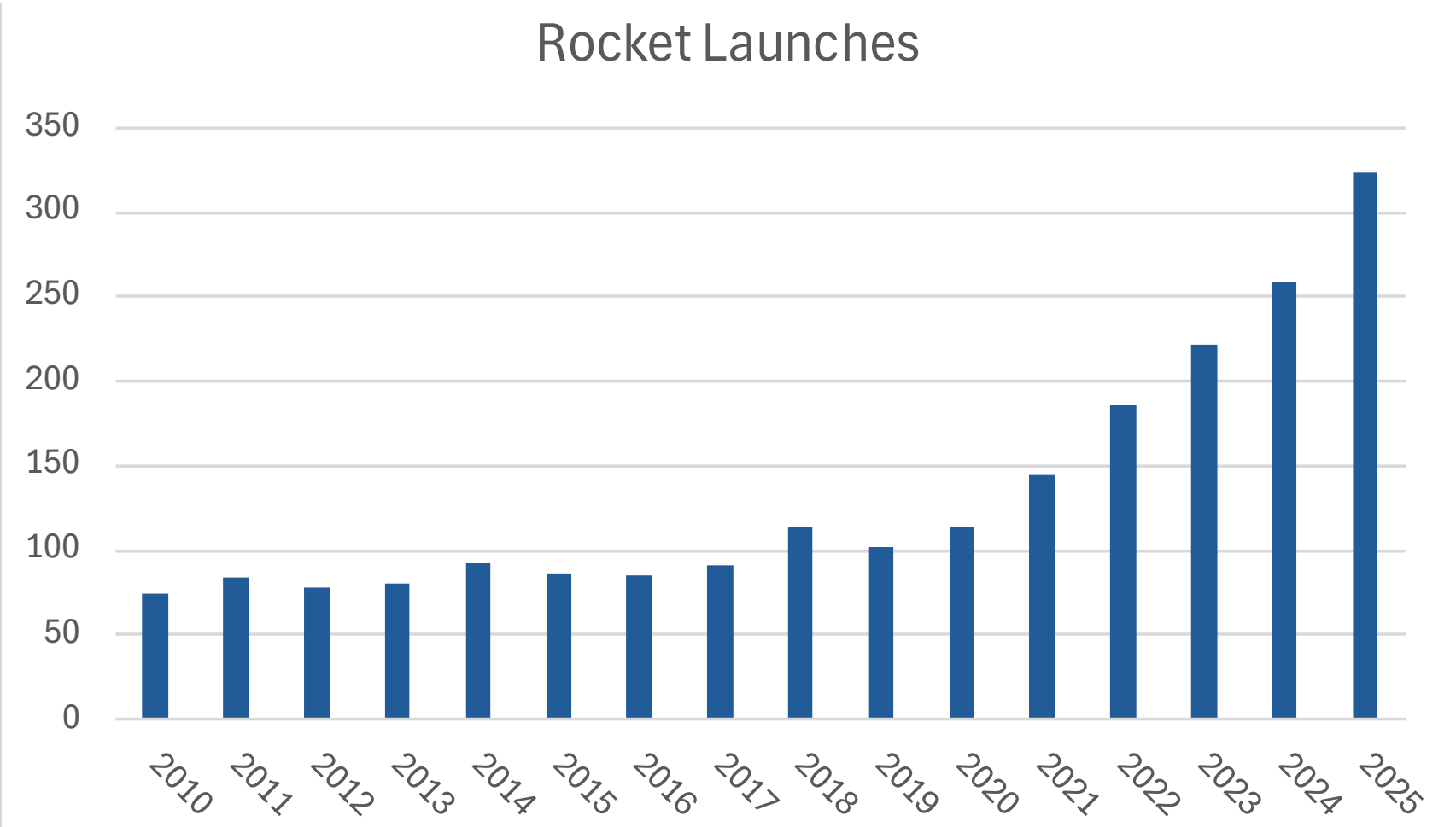
- Mission Critical Vacuum
- Turbomachinery
- Cryogenic Pumps
- Naval Applications



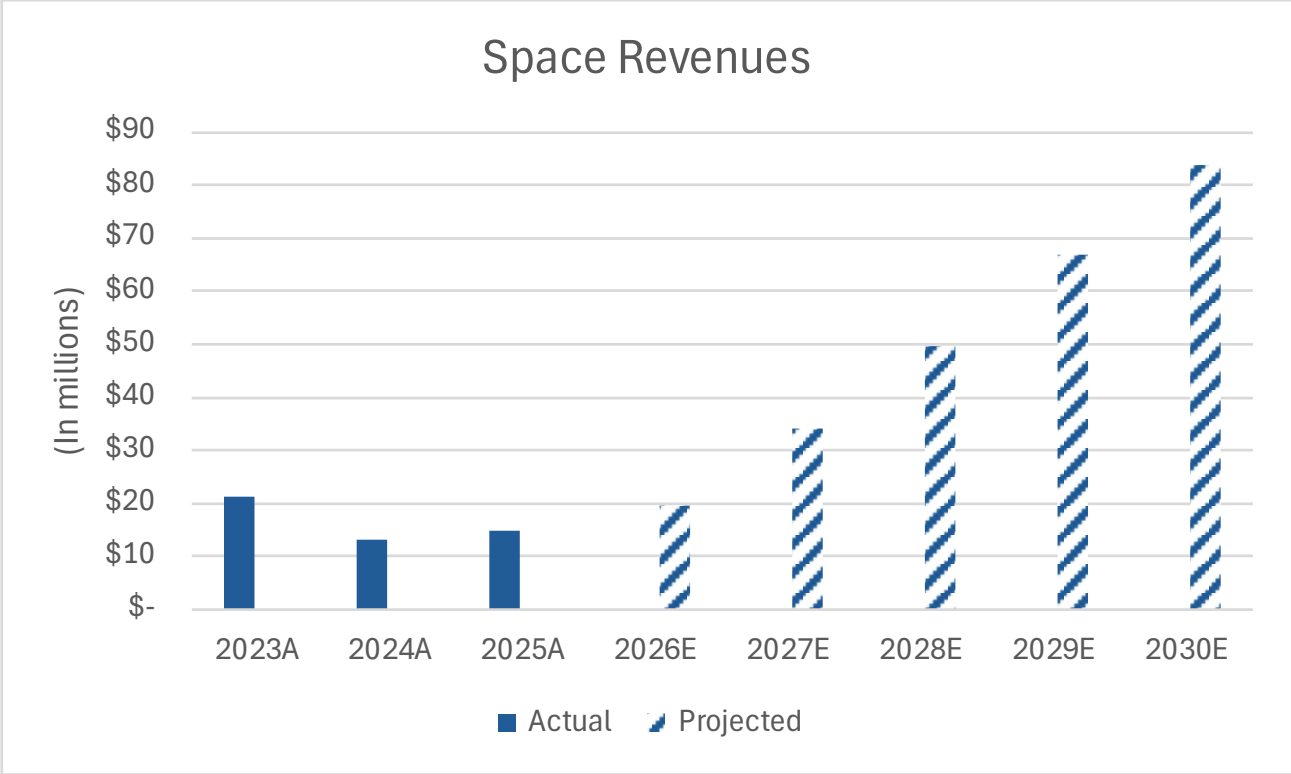
# Aerospace

## Products:

- Fuel Delivery Turbopumps
- Cryogenic Products
- Propellant Components



\*<https://spacestatsonline.com/launches/>



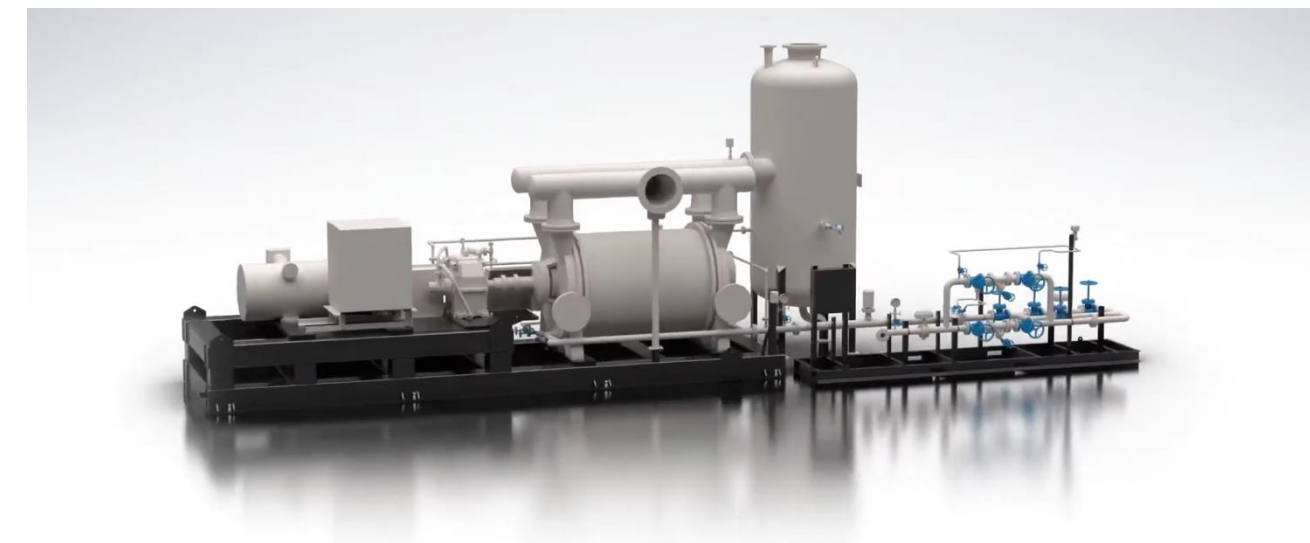
## CUSTOMERS



# Energy Process

## Products:

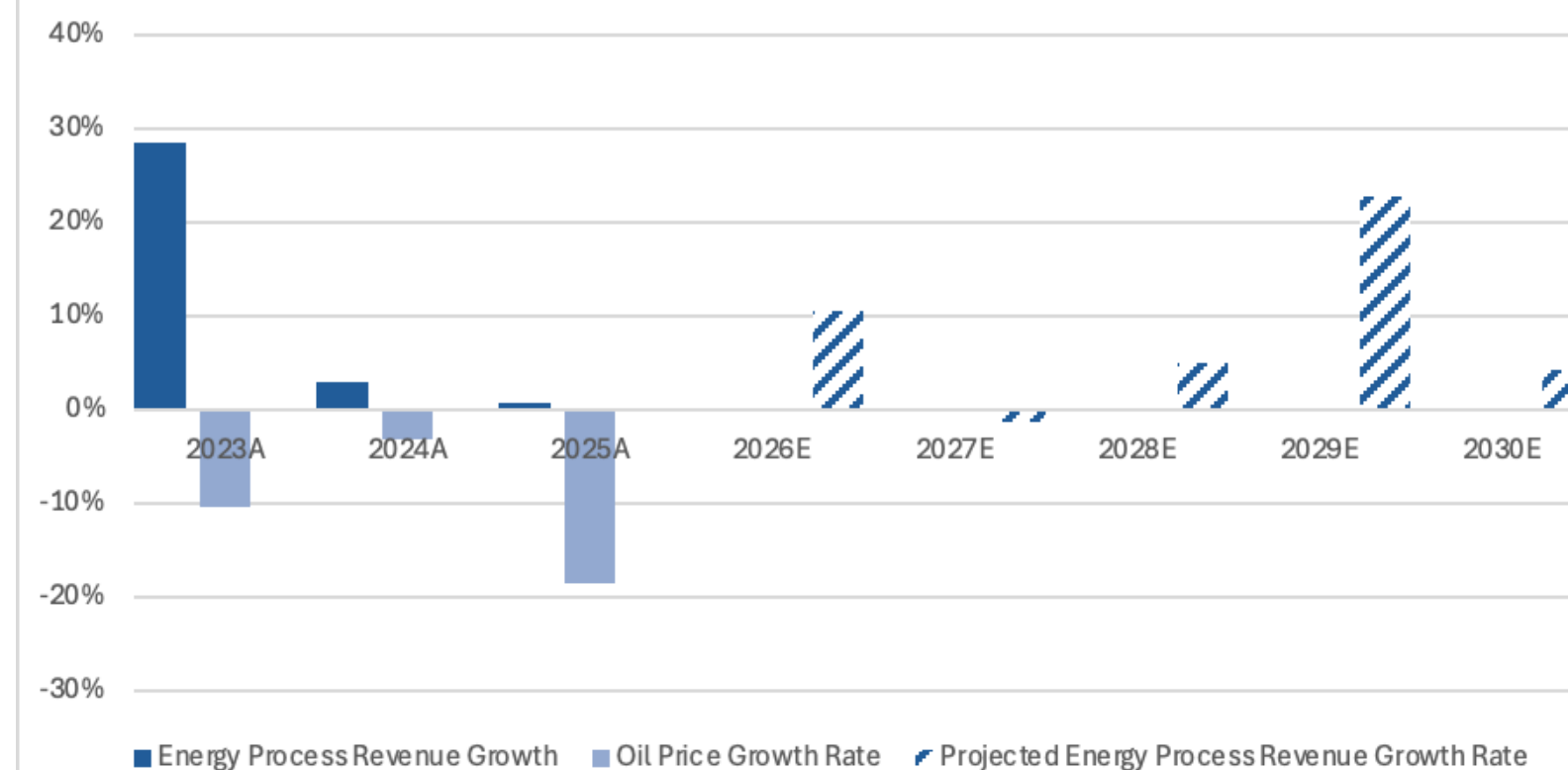
- Vacuum Systems
- Heat Transfer Equipment
- Aftermarket Support



## CUSTOMERS

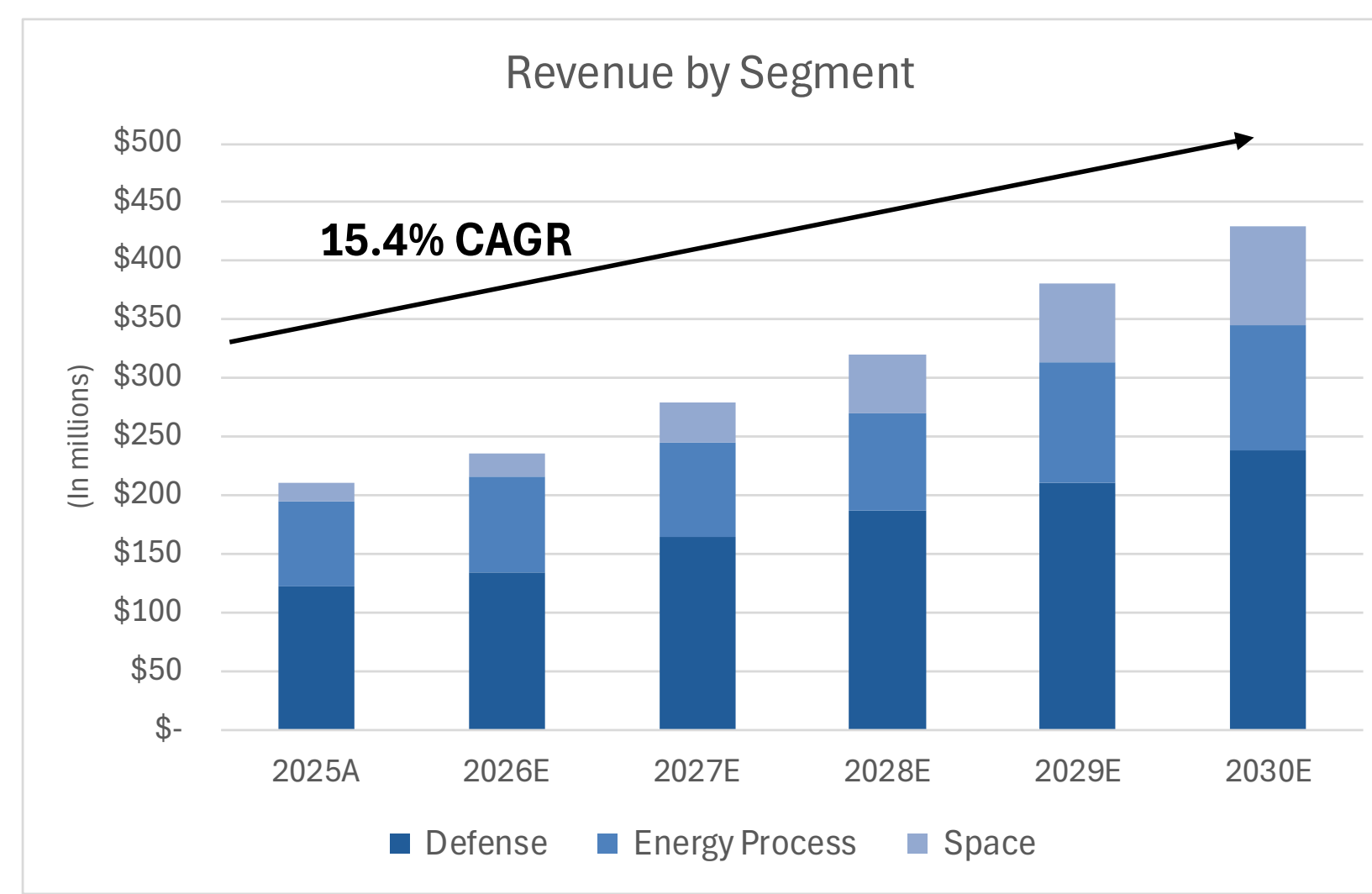
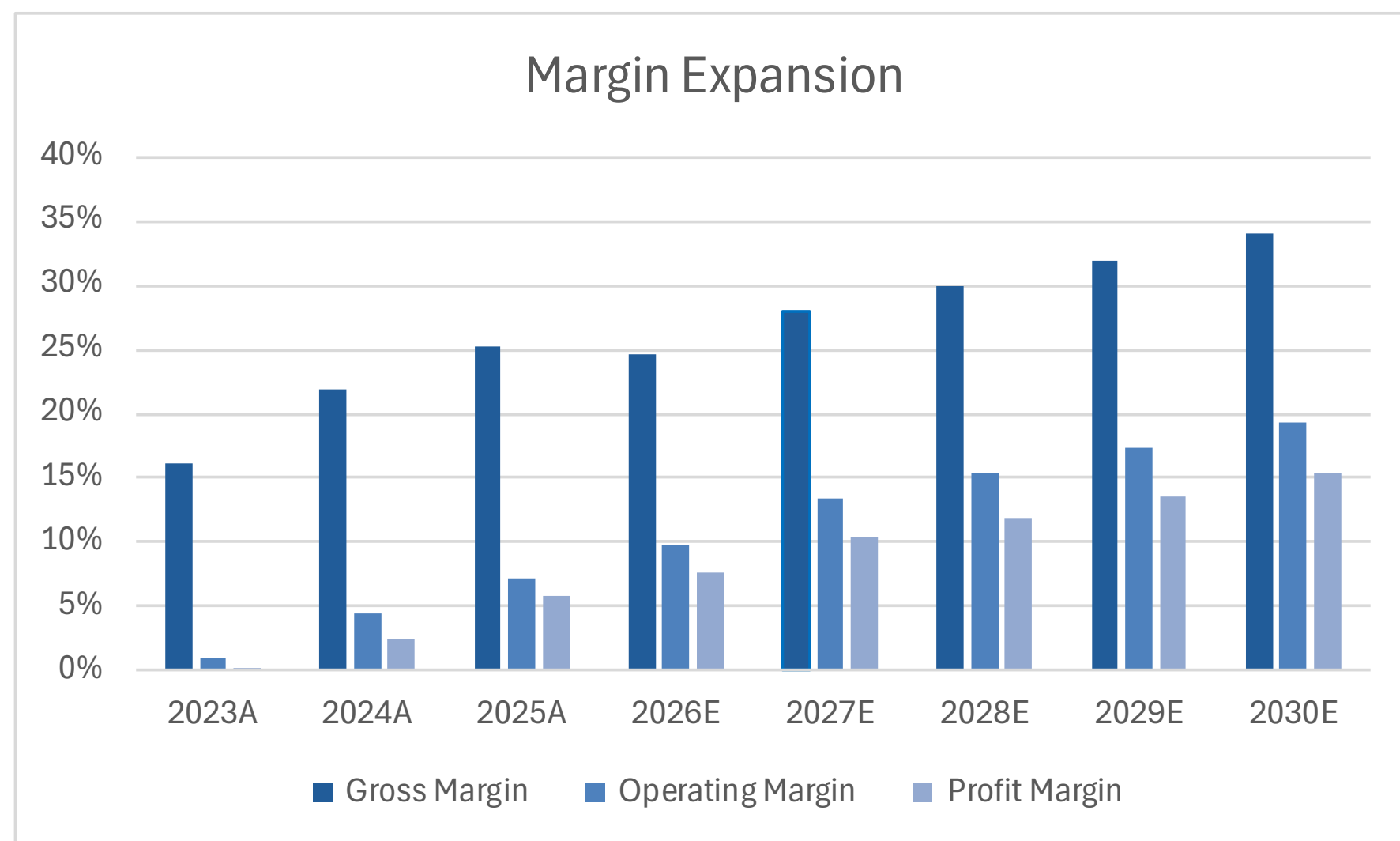


Oil Price Change vs. Energy Process Revenue Growth



# Structural Margin Upside

Graham's growing mix of higher-margin, engineered defense revenue drives structural margin expansion and operating leverage as scale and execution improve over time.



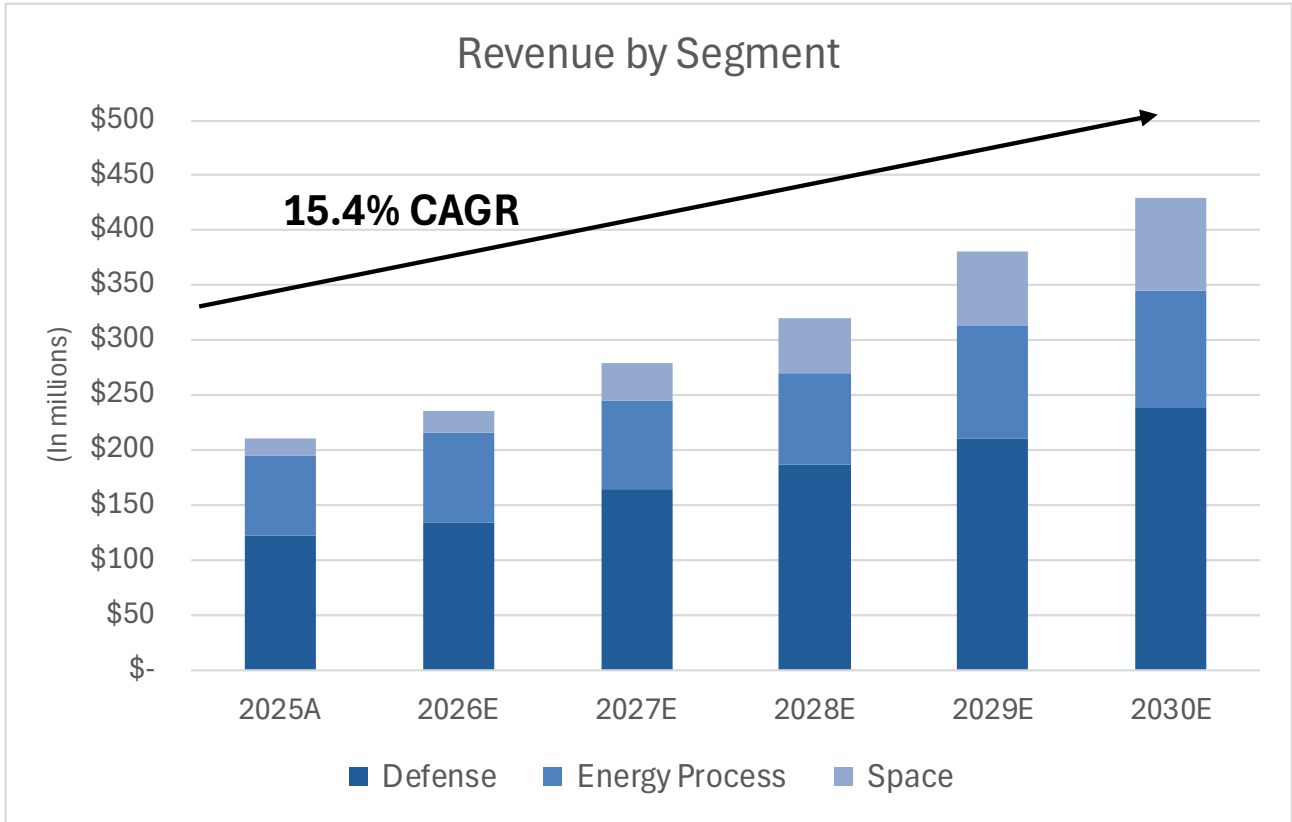


# Financial Analysis & Valuation



# Intrinsic Valuation

Under our base case, GHM shows a upside of 12.6% at its current price as of December 31, 2025. We have modeled a conservative view on the three market segments with modest margin expansion.



Defense Revenue Forecasts

- 14.3% CAGR

Energy Process Revenue Forecasts

- 8.0% CAGR

Space Revenue Forecasts

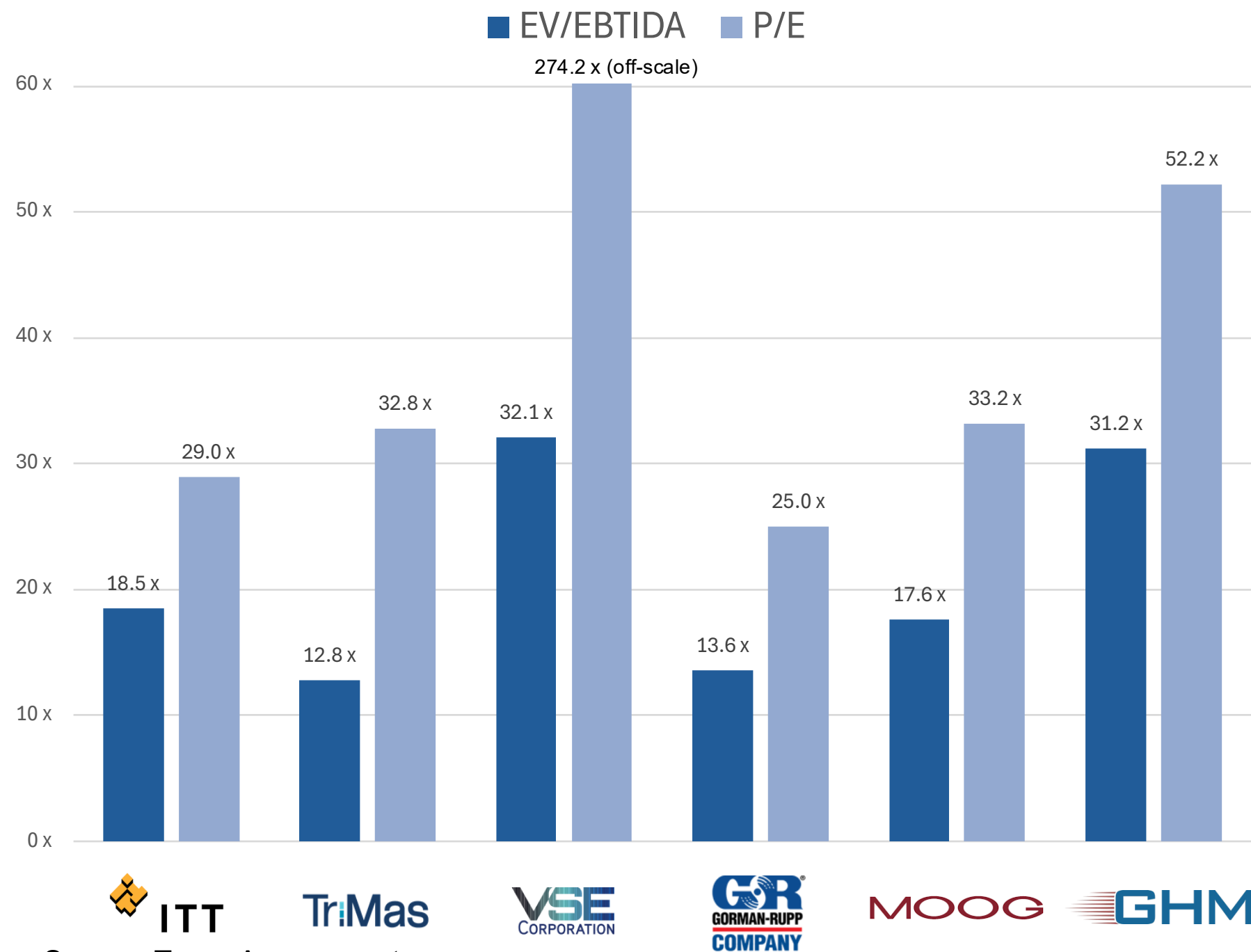
- 41.6% CAGR

|                   | Bull    | Base    | Bear    |
|-------------------|---------|---------|---------|
| Stock Price       | \$80.29 | \$72.34 | \$60.51 |
| Upside (Downside) | 25.0%   | 12.6%   | (5.8%)  |

- Defense and Energy Process provide stable, predictable revenue and CAGR
- Space segment represents a high-growth upside lever, offsetting conservative margin expansion assumptions

# Relative Valuation

**We have weighted EV/EBITDA at 5% and P/E multiple at 5%, GHM has minimal direct competition due to its niche market focus.**



Source: Team Assessment

- **Greater EV/Revenue & P/E multiple compared to competitors**
  - Indicates GHM has higher growth expectations than peers
- **Low weights reflect our belief that GHM will outgrow comps**

# LBO Model – Bull Case

Graham Corporation is a prime candidate for an acquisition/management buyout via LBO

|                  |       | LBO IRR       |        |        |        |        |
|------------------|-------|---------------|--------|--------|--------|--------|
|                  |       | Exit Multiple |        |        |        |        |
|                  |       | 14.3 x        | 14.8 x | 15.0 x | 15.3 x | 16.3 x |
| Purchase Premium | 23.0% | 22.4%         | 23.5%  | 24.1%  | 24.7%  | 26.8%  |
|                  | 24.0% | 22.1%         | 23.2%  | 23.8%  | 24.4%  | 26.5%  |
|                  | 25.0% | 21.8%         | 22.9%  | 23.5%  | 24.1%  | 26.2%  |
|                  | 26.0% | 21.5%         | 22.6%  | 23.2%  | 23.8%  | 25.9%  |
|                  | 27.0% | 21.1%         | 22.3%  | 22.9%  | 23.5%  | 25.6%  |

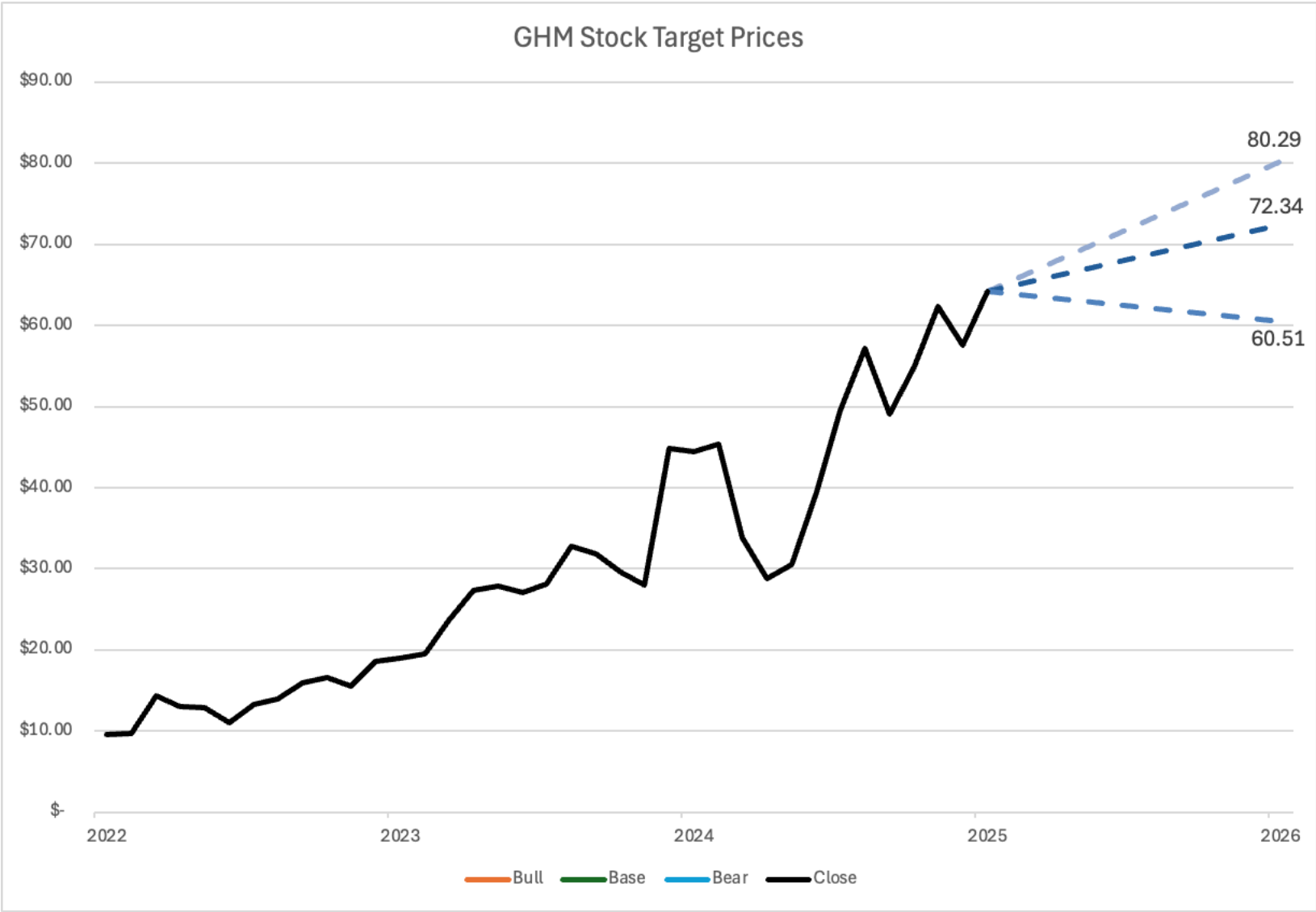
|                 |       | LBO IRR       |        |        |        |        |
|-----------------|-------|---------------|--------|--------|--------|--------|
|                 |       | Exit Multiple |        |        |        |        |
|                 |       | 14.3 x        | 14.8 x | 15.0 x | 15.3 x | 16.3 x |
| Purchase % Debt | 70.0% | 26.1%         | 27.5%  | 28.1%  | 28.7%  | 31.2%  |
|                 | 65.0% | 23.7%         | 25.0%  | 25.6%  | 26.2%  | 28.4%  |
|                 | 60.0% | 21.8%         | 22.9%  | 23.5%  | 24.1%  | 26.2%  |
|                 | 55.0% | 20.1%         | 21.2%  | 21.8%  | 22.3%  | 24.3%  |
|                 | 50.0% | 18.7%         | 19.8%  | 20.3%  | 20.8%  | 22.7%  |

- Ideal candidate
  - Growing cash flows
  - Low / no debt
  - Growing industries
  - No legal barriers found in GHM Proxy
- Metrics show ideal private equity returns
- LBO scenario provides opportunity for outsized returns

Source: Team Assessment

# Valuation Summary

We calculated a Share price of \$72.34, representing a 12.6% upside from the current price as of 12/31/25



| Metric               | Median/Value | Weight | Contribution |
|----------------------|--------------|--------|--------------|
| Relative Valuation   |              |        |              |
| LTM P/E              | 40.37        | 5%     | 2.02         |
| LTM EV/EBITDA        | 36.82        | 5%     | 1.84         |
| LTM EV/Revenue       | 53.51        | 24%    | 12.84        |
| Intrinsic Valuation  |              |        |              |
| Perpetual Growth DCF | 76.08        | 36%    | 27.39        |
| EBITDAx DCF          | 94.18        | 30%    | 28.26        |
| Target Price         |              | 100%   | 72.34        |
| Current Share Price  |              |        | 64.23        |
| Upside               |              |        | 12.6%        |

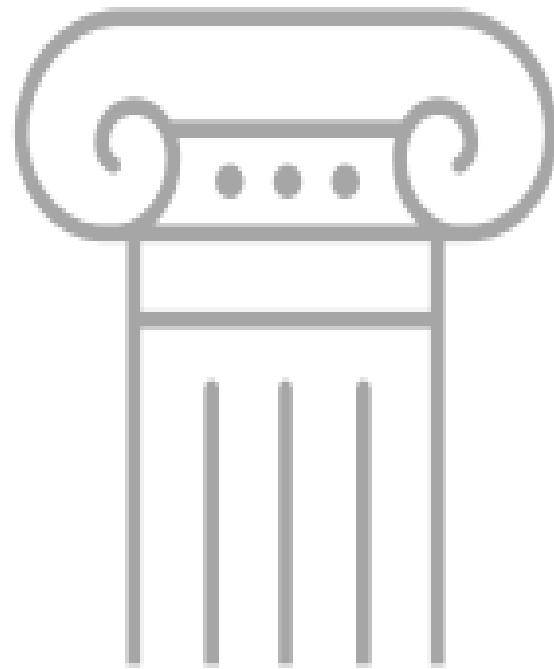


ESG

GHM

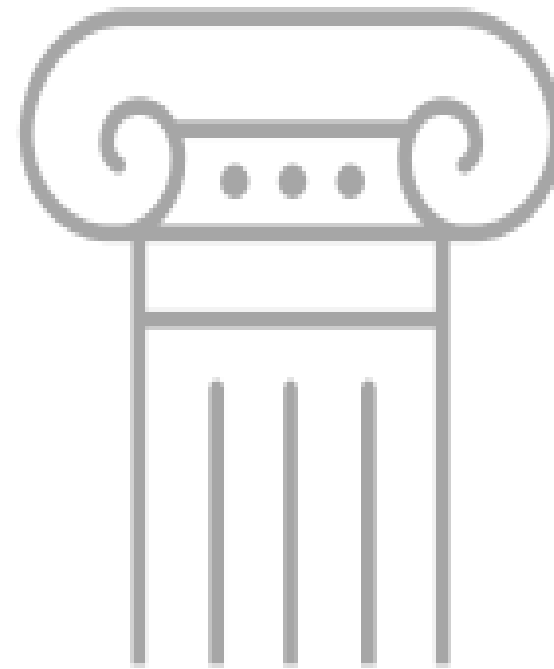
# Pillars of ESG

## Risk Reduction



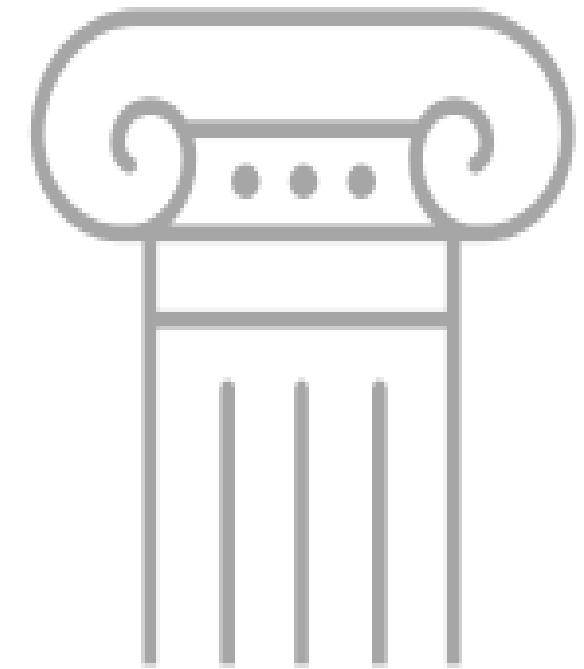
**Limit Liabilities**

## Margin Enhancement



**Reduce  
operating cost**

## Revenue Growth



**Implement new  
products**

➤ GHM approaches ESG as a value creation framework rather than a compliance burden

# Governance

GHM is a leader in the governance sector with a 6.77/10 rating from Bloomberg



**Matthew Malone**  
  
President/CEO



**Daniel J. Thoren**  
  
Chairman  
  
Past President/CEO



**Christopher J. Thome**  
  
VP: Finance/CFO/Chief  
Accounting  
Officer/SECY/IR

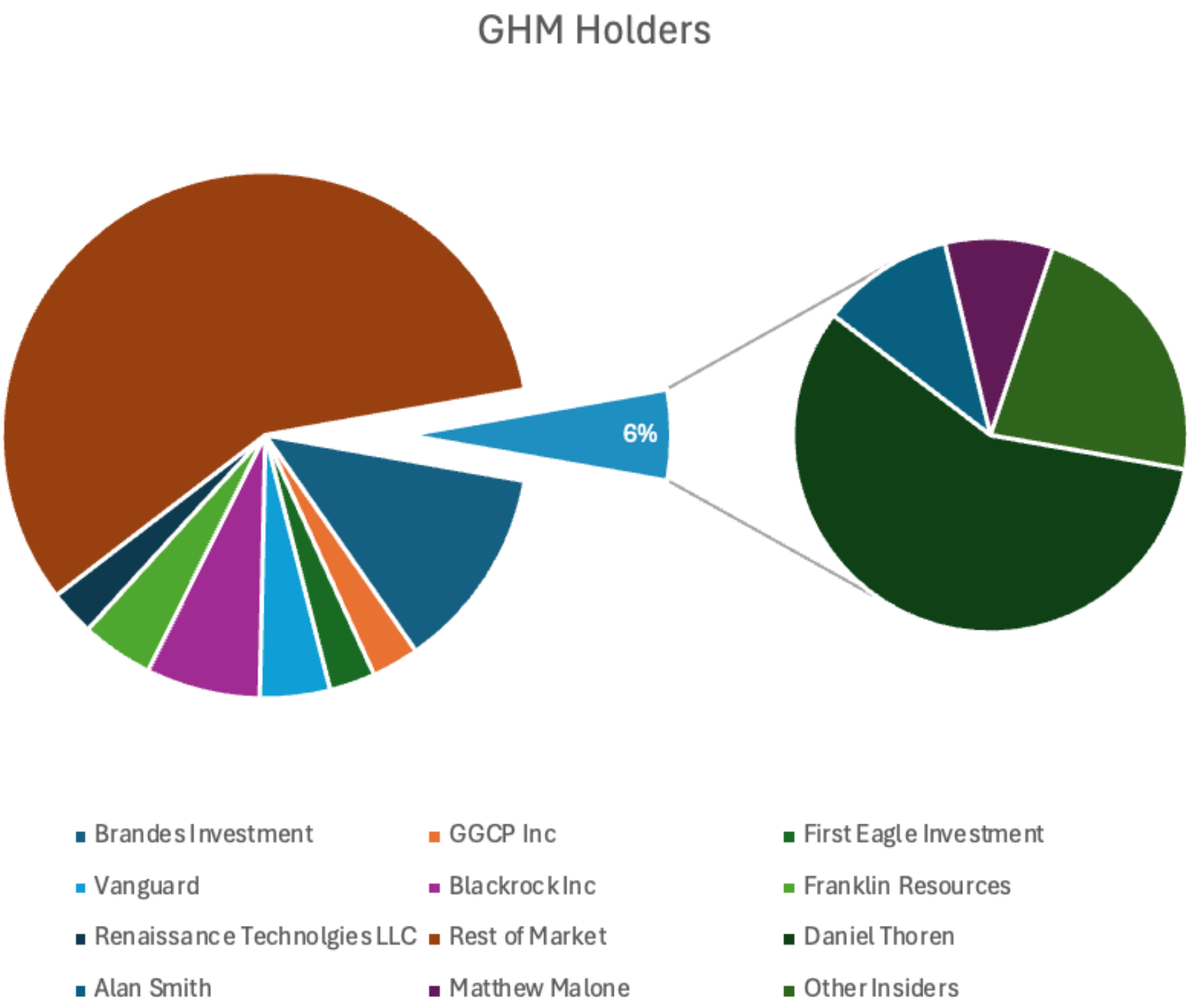


**Alan E Smith**  
  
VP/General Manager:  
Batavia



**Michael E. Dixon**  
  
VP & General  
Manager: Baber  
Nichols

# Insider Ownership & Governance Alignment





# Investment Risks



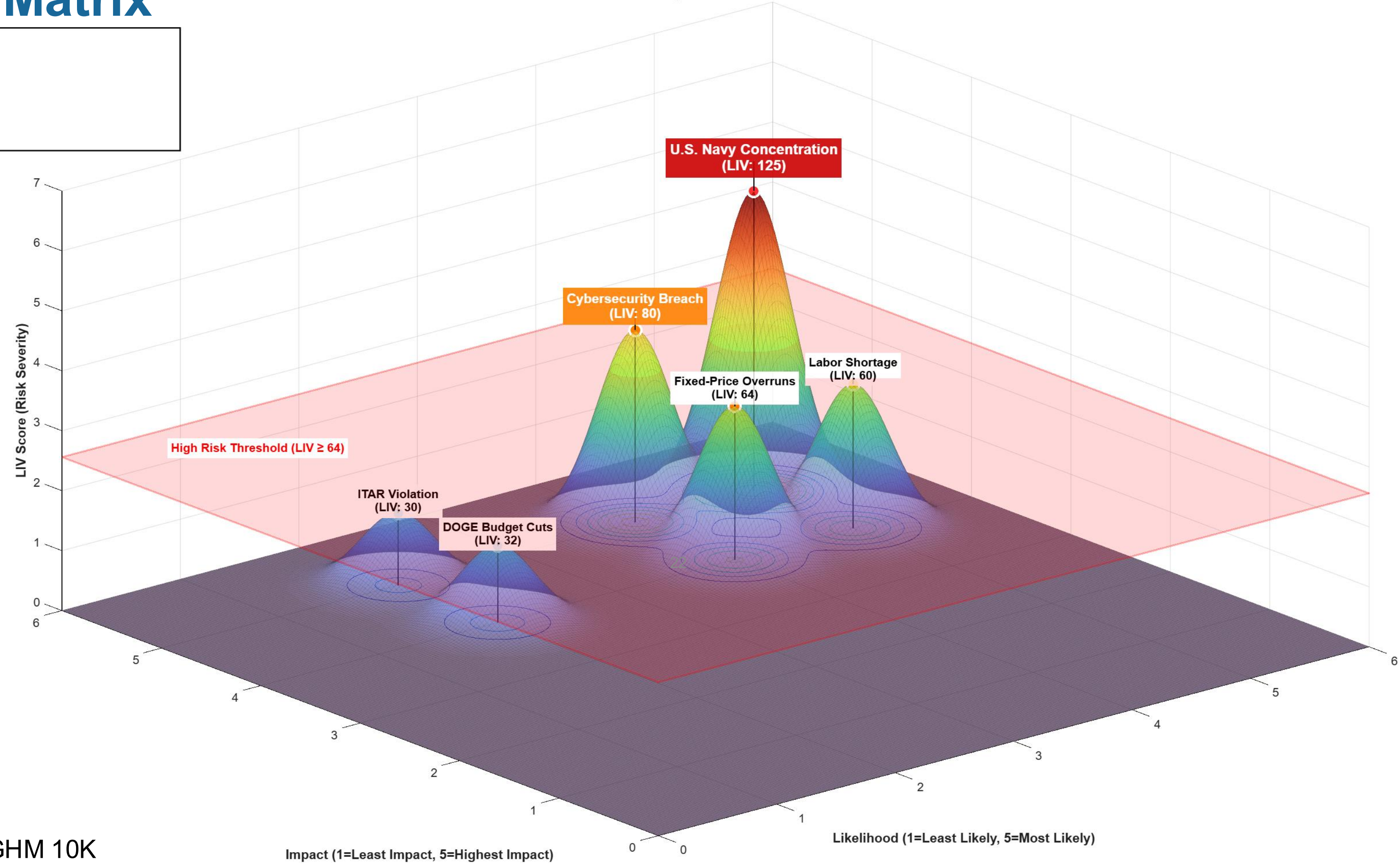
# Risk Matrix

**LIV Score Scaling:**  
Z-axis = LIV ÷ 25

**Top 3 Scores:**

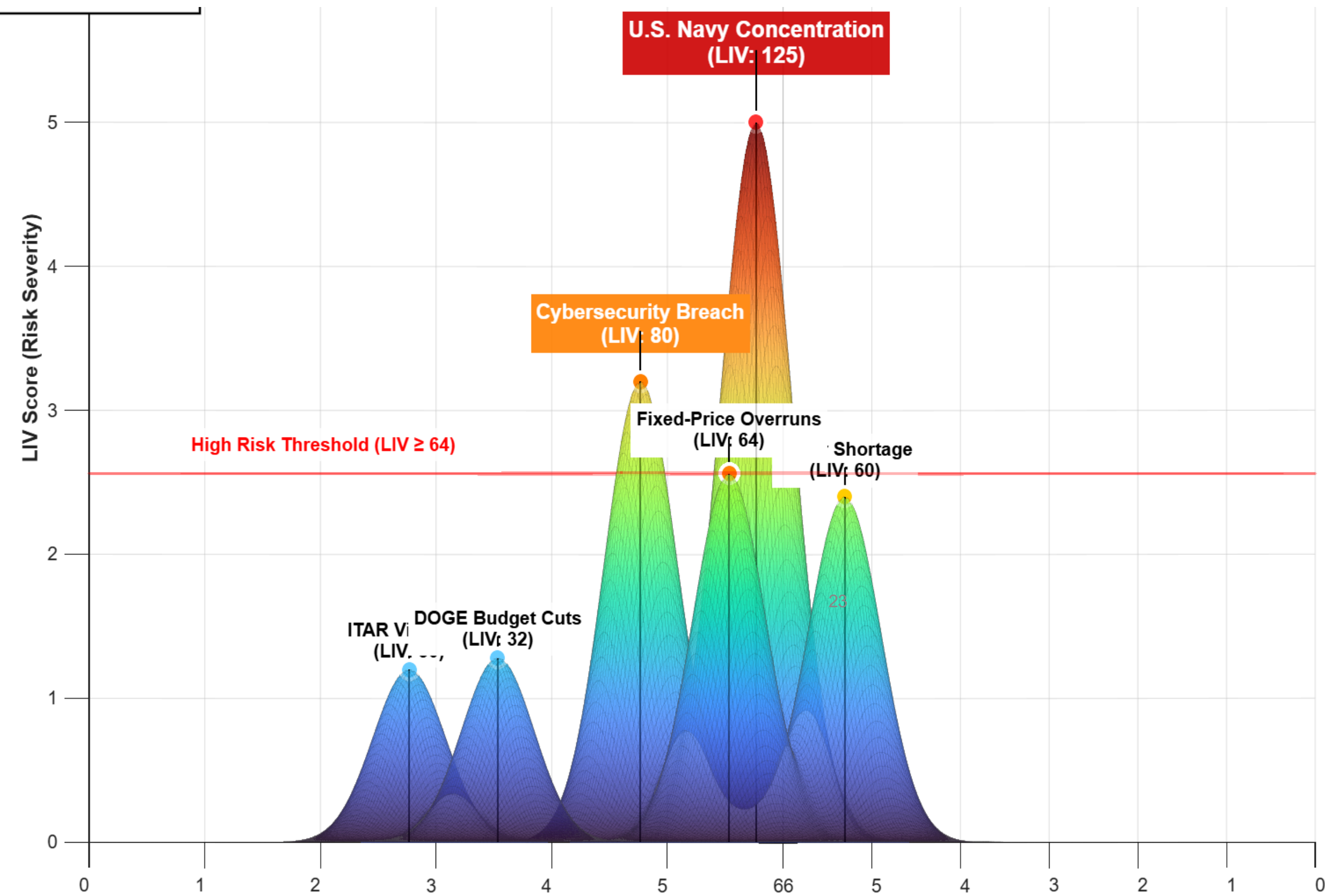
- Navy: 125
- Cyber: 80
- Fixed: 64

Graham Corporation: Risk Matrix



Source : GHM 10K

# Risk Matrix (Cont.)



# Monte Carlo Simulation

## MONTE CARLO RESULTS SUMMARY

Current Price: \$71.00  
 Simulations: 10000  
 Time Horizon: 1 Year (252 days)

## EXPECTED RETURNS (1 Year) :

Mean: 36.40%  
 Median: 19.43%  
 Std Deviation: 76.76%

## PERCENTILE ANALYSIS:

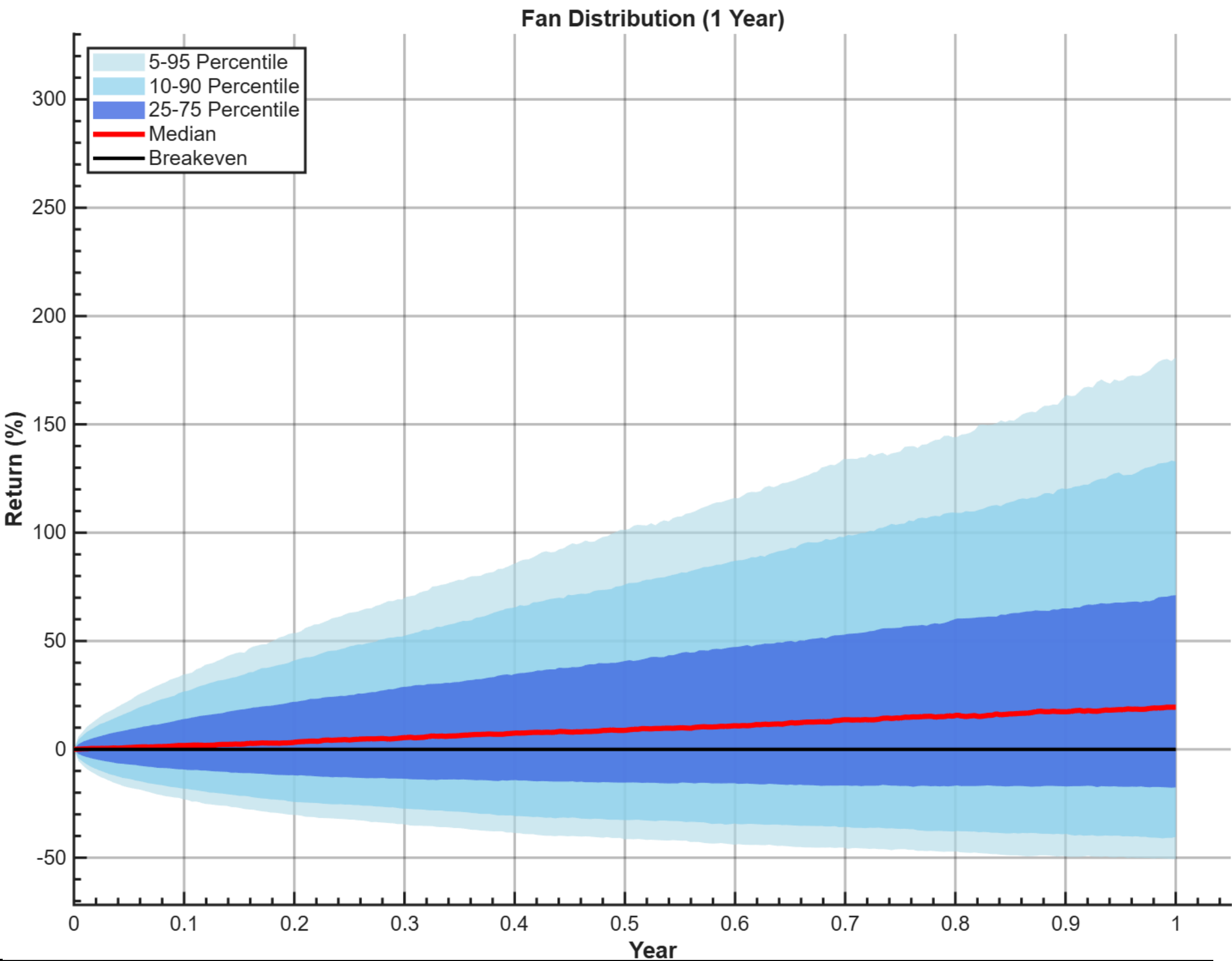
1st Percentile: -65.24%  
 5th Percentile: -50.65%  
 25th Percentile: -17.54%  
 50th (Median): 19.43%  
 75th Percentile: 71.11%  
 95th Percentile: 180.89%  
 99th Percentile: 300.21%

## PROBABILITY ANALYSIS:

P (Gain) : 63.0%  
 P (Loss) : 37.0%  
 P (>20% Gain) : 49.6%  
 P (>20% Loss) : 23.2%

## RISK ADJUSTMENTS:

Risk Multiplier: 1.025x  
 Adjusted Vol (Ann): 52.16%



# Summary



**\$72.34 BUY**

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**RECOMMENDATION**



# Appendix



# Appendix

## 1. Valuation

1.a. DCF Base Case Assumptions

1.b. DCF Bear Case Assumptions

1.c. WACC calculation

1.d. Leveraged Buy-Out

## 2. 3-Statement Model

2.a. Base Case Income Statement

2.b. Base Case Balance Sheet

2.c. Base Case Working Capital Schedule

## 3. Public Comps

## 4. Precedent Transactions

## 5. Product Offering

## 6. Risks

6.a. Risk Matrix Measurements

6.b. Monte Carlo Simulations

# 1. Valuation

## a. DCF Base Case

| DCF (in millions)     | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 | TV       |
|-----------------------|---------|---------|---------|---------|---------|----------|
| Period                | 1       | 2       | 3       | 4       | 5       |          |
| UFCF                  | 5.97    | 18.35   | 25.46   | 39.77   | 44.41   | 1,030.44 |
| Discounted FCFF       | 5.56    | 15.90   | 20.53   | 29.85   | 31.02   | 719.79   |
| Enterprise Value      | 822.65  |         |         |         |         |          |
| Net Debt              | (14.20) |         |         |         |         |          |
| NCI                   | -       |         |         |         |         |          |
| Preferred Shares      | -       |         |         |         |         |          |
| Equity Value          | 836.85  |         |         |         |         |          |
| Shares Outstanding    | 11      |         |         |         |         |          |
| Intrinsic Value/Share | 76.08   |         |         |         |         |          |
| Current Price         | 64.23   |         |         |         |         |          |
| Difference            | 18.4%   |         |         |         |         |          |

| Long-Term Growth Rate | Discount Rate |
|-----------------------|---------------|
| 3.0%                  | 7.4%          |

|      | Long-Term Growth Rate |       |       |        |        |
|------|-----------------------|-------|-------|--------|--------|
|      | 2.5%                  | 2.8%  | 3.0%  | 3.3%   | 3.5%   |
| 6.4% | 87.86                 | 93.27 | 99.47 | 106.64 | 115.03 |
| 6.9% | 77.46                 | 81.61 | 86.28 | 91.59  | 97.68  |
| 7.4% | 69.17                 | 72.44 | 76.08 | 80.15  | 84.74  |
| 7.9% | 62.41                 | 65.05 | 67.95 | 71.16  | 74.73  |
| 8.4% | 56.80                 | 58.96 | 61.32 | 63.91  | 66.76  |

Discount Rate

|      | Long-Term Growth Rate |       |       |       |       |
|------|-----------------------|-------|-------|-------|-------|
|      | 2.5%                  | 2.8%  | 3.0%  | 3.3%  | 3.5%  |
| 6.4% | 36.8%                 | 45.2% | 54.9% | 66.0% | 79.1% |
| 6.9% | 20.6%                 | 27.1% | 34.3% | 42.6% | 52.1% |
| 7.4% | 7.7%                  | 12.8% | 18.4% | 24.8% | 31.9% |
| 7.9% | -2.8%                 | 1.3%  | 5.8%  | 10.8% | 16.3% |
| 8.4% | -11.6%                | -8.2% | -4.5% | -0.5% | 3.9%  |

| DCF (in millions)     | FY 2026  | FY 2027 | FY 2028 | FY 2029 | FY 2030 | TV       |
|-----------------------|----------|---------|---------|---------|---------|----------|
| Period                | 1        | 2       | 3       | 4       | 5       |          |
| UFCF                  | 5.97     | 18.35   | 25.46   | 39.77   | 44.41   | 1,315.57 |
| Discounted FCFF       | 5.56     | 15.90   | 20.53   | 29.85   | 31.02   | 918.97   |
| Enterprise Value      | 1,021.83 |         |         |         |         |          |
| Net Debt              | (14.20)  |         |         |         |         |          |
| NCI                   | -        |         |         |         |         |          |
| Preferred Shares      | -        |         |         |         |         |          |
| Equity Value          | 1,036.03 |         |         |         |         |          |
| Shares Outstanding    | 11       |         |         |         |         |          |
| Intrinsic Value/Share | 94.18    |         |         |         |         |          |
| Current Price         | 64.23    |         |         |         |         |          |
| Difference            | 46.6%    |         |         |         |         |          |

| Aerospace & Defense | Oil Related Services & Equipment | Blended EBITDA x | Discount Rate |
|---------------------|----------------------------------|------------------|---------------|
| 15.3x               | 10.8x                            | 13.7x            | 7.4%          |

|      | Exit Multiple |        |        |        |        |
|------|---------------|--------|--------|--------|--------|
|      | 13.0 x        | 13.5 x | 13.7 x | 14.0 x | 15.0 x |
| 6.4% | 93.72         | 96.91  | 98.51  | 100.10 | 106.49 |
| 6.9% | 91.64         | 94.76  | 96.32  | 97.88  | 104.11 |
| 7.4% | 89.61         | 92.66  | 94.18  | 95.71  | 101.80 |
| 7.9% | 87.65         | 90.62  | 92.11  | 93.60  | 99.55  |
| 8.4% | 85.73         | 88.64  | 90.09  | 91.55  | 97.37  |

|      | Exit Multiple |        |        |        |        |
|------|---------------|--------|--------|--------|--------|
|      | 13.0 x        | 13.5 x | 13.7 x | 14.0 x | 15.0 x |
| 6.4% | 31.5%         | 33.7%  | 34.8%  | 35.8%  | 39.7%  |
| 6.9% | 29.9%         | 32.2%  | 33.3%  | 34.4%  | 38.3%  |
| 7.4% | 28.3%         | 30.7%  | 31.8%  | 32.9%  | 36.9%  |
| 7.9% | 26.7%         | 29.1%  | 30.3%  | 31.4%  | 35.5%  |
| 8.4% | 25.1%         | 27.5%  | 28.7%  | 29.8%  | 34.0%  |

# 1. Valuation

## b. DCF Bear Case

| DCF (in millions) | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 | TV     |
|-------------------|---------|---------|---------|---------|---------|--------|
| Period            | 1       | 2       | 3       | 4       | 5       |        |
| UFCF              | 5.97    | 18.35   | 25.46   | 39.77   | 44.41   | 832.83 |
| Discounted FCFF   | 5.56    | 15.90   | 20.53   | 29.85   | 31.02   | 581.76 |

| Long-Term Growth Rate | Discount Rate |
|-----------------------|---------------|
| 2.0%                  | 7.4%          |

|                       |         |
|-----------------------|---------|
| Enterprise Value      | 684.62  |
| Net Debt              | (14.20) |
| NCI                   | -       |
| Preferred Shares      | -       |
| Equity Value          | 698.82  |
| Shares Outstanding    | 11      |
| Intrinsic Value/Share | 63.53   |
| Current Price         | 64.23   |
| Difference            | -1.1%   |

| DCF (in millions) | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 | TV     |
|-------------------|---------|---------|---------|---------|---------|--------|
| Period            | 1       | 2       | 3       | 4       | 5       |        |
| UFCF              | 5.97    | 18.35   | 25.46   | 39.77   | 44.41   | 931.73 |
| Discounted FCFF   | 5.56    | 15.90   | 20.53   | 29.85   | 31.02   | 650.84 |

|                  |         |
|------------------|---------|
| Enterprise Value | 753.70  |
| Net Debt         | (14.20) |
| NCI              | -       |
| Preferred Shares | -       |
| Equity Value     | 767.90  |

|                    |    |
|--------------------|----|
| Shares Outstanding | 11 |
|--------------------|----|

|                       |       |
|-----------------------|-------|
| Intrinsic Value/Share | 69.81 |
| Current Price         | 64.23 |
| Difference            | 8.7%  |

| Aerospace & Defense | Oil Related Services & Equipment | Blended EBITDA x | Discount Rate |
|---------------------|----------------------------------|------------------|---------------|
| 15.3x               | 10.8x                            | 9.7x             | 7.4%          |

# 1. Valuation

## c. WACC

|        | Weight | Cost | W x C |
|--------|--------|------|-------|
| Equity | 99.0%  | 7.5% | 7.4%  |
| Debt   | 1.0%   | 4.4% | 0.0%  |
| WACC   |        |      | 7.4%  |

| CAPM | Rf    | Beta | Rm (mixed defense, energy, and space CAGR) |
|------|-------|------|--------------------------------------------|
|      | 4.25% | 0.92 | 7.75%                                      |

# 1. Valuation

## c. WACC

All Numbers In Millions

| Transaction Assumptions          |              |           | Units      |  |  |
|----------------------------------|--------------|-----------|------------|--|--|
| Current Share Price              | \$ as Stated | \$        | 64.23      |  |  |
| Diluted Share Count              | M Shares     |           | 11.0       |  |  |
| Premium Paid                     | %            |           | 25.0%      |  |  |
| <b>Purchase Equity Value</b>     | <b>\$ M</b>  | <b>\$</b> | <b>883</b> |  |  |
| Net Debt                         | \$ M         |           | (14)       |  |  |
| <b>Purchase Enterprise Value</b> | <b>\$ M</b>  |           | <b>869</b> |  |  |
| EBITDA Purchase Multiple         | x            |           | 41.7 x     |  |  |
| Leverage Ratio                   | x            |           | 25.0 x     |  |  |
| Total Debt Used                  | \$ M         |           | 521        |  |  |
| Debt / Purchase Equity           | %            |           | 59.0%      |  |  |
| Interest Rate                    | %            |           | 7.0%       |  |  |
| EBITDA Exit Multiple             | x            |           | 15.0 x     |  |  |
| Minimum Cash % EBITDA            | %            |           | 20.0%      |  |  |
| Tax Rate                         | %            |           | 25.0%      |  |  |
| Advisory Fee %                   | %            |           | 1.0%       |  |  |
| Debt Issuance Fee %              | %            |           | 2.0%       |  |  |
| Legal and Other Fees             | \$ M         |           | \$ 2       |  |  |

### Sources & Uses

| Sources                       |           |            |
|-------------------------------|-----------|------------|
| New Debt Issued:              | \$        | 521        |
| Assume/Replace Target's Debt: |           | -          |
| Excess Cash on Balance Sheet: |           | 10         |
| Investor Equity:              |           | 373        |
| <b>Total Sources:</b>         | <b>\$</b> | <b>904</b> |

| Uses                            |           |            |
|---------------------------------|-----------|------------|
| Equity Purchase Price of Target | \$        | 883        |
| Assume/Replace Target's Debt    |           | -          |
| Transaction Fees                |           | 11         |
| Financing Fees                  |           | 10         |
| <b>Total Uses</b>               | <b>\$</b> | <b>904</b> |

# 1.Valuation

## d. LBO

| Cash Flow and Debt Repayment           | 2025A  | 2026E  | 2027E  | 2028E | 2029E | 2030E |      |
|----------------------------------------|--------|--------|--------|-------|-------|-------|------|
| Beginning Cash Balance                 |        |        | 4      | 6     | 9     | 12    | 15   |
| Unlevered Free Cash Flow               |        |        | 6      | 18    | 25    | 40    | 44   |
| Minimum Cash Balance                   |        |        | (6)    | (9)   | (12)  | (15)  | (19) |
| Cash Flow Available for Debt Repayment |        |        | 4      | 15    | 23    | 36    | 41   |
| Cash Flow Used for Debt Repayment      |        |        | 4      | 15    | 23    | 36    | 41   |
| Debt Balance                           | 521    | 517    | 502    | 479   | 443   | 402   |      |
| Cash Balance                           | 4      | 6      | 9      | 12    | 15    | 19    |      |
| Equity Balance                         | 373    | 391    | 420    | 458   | 510   | 576   |      |
| Invested Capital                       | 894    | 908    | 922    | 937   | 953   | 978   |      |
| NOPAT                                  |        | 18     | 30     | 39    | 52    | 66    |      |
| Return on Invested Capital (ROIC)      |        | 2%     | 3%     | 4%    | 6%    | 7%    |      |
| Leverage Ratio                         | 25.0 x | 17.2 x | 11.0 x | 8.1 x | 5.7 x | 4.2 x |      |

| Returns Attribution Analysis            | Amount:       | %:          |
|-----------------------------------------|---------------|-------------|
| EBITDA Growth                           | \$ 3,133      | 459%        |
| Multiple Expansion                      | (2,563)       | (375%)      |
| Debt Paydown/Cash Generation            | 113           | 16%         |
| <b>Total Return to Equity Investors</b> | <b>\$ 683</b> | <b>100%</b> |

| Exit Calculations:     |                 |
|------------------------|-----------------|
| Exit Enterprise Value  | \$ 1,439        |
| Debt                   | (402)           |
| Cash                   | 19              |
| <b>Equity Proceeds</b> | <b>\$ 1,057</b> |

|                               |       |
|-------------------------------|-------|
| Money-on-Money (MoM) Multiple | 2.8 x |
| Internal Rate of Return (IRR) | 23%   |

## 2. 3-Statement Model

### a. Base Case Income Statement

| Income Statement                                   | 2023A          | 2024A          | 2025A           | 2026E           | 2027E           | 2028E           | 2029E           | 2030E           |
|----------------------------------------------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| In Millions of USD Except Per Share (FY Ends 3/31) |                |                |                 |                 |                 |                 |                 |                 |
| Defense                                            | \$ 65.30       | \$ 99.50       | \$ 121.90       | \$ 134.53       | \$ 164.94       | \$ 186.39       | \$ 210.62       | \$ 238.00       |
| Energy Process                                     | 70.62          | 72.73          | 73.30           | 81.03           | 79.97           | 83.97           | 103.17          | 107.58          |
| Space                                              | 21.20          | 13.30          | 14.70           | 19.62           | 34.25           | 49.66           | 67.05           | 83.81           |
| <b>Total Revenue</b>                               | <b>157.12</b>  | <b>185.53</b>  | <b>209.90</b>   | <b>235.18</b>   | <b>279.17</b>   | <b>320.02</b>   | <b>380.83</b>   | <b>429.38</b>   |
| Growth Rate                                        |                | 18.1%          | 13.1%           | 12.0%           | 18.7%           | 14.6%           | 19.0%           | 12.7%           |
| Cost of Revenue                                    | 131.71         | 144.95         | 157.04          | 177.17          | 201.00          | 224.02          | 258.97          | 283.39          |
| <b>Gross Profit</b>                                | <b>25.41</b>   | <b>40.59</b>   | <b>52.86</b>    | <b>58.01</b>    | <b>78.17</b>    | <b>96.01</b>    | <b>121.87</b>   | <b>145.99</b>   |
| Gross Margin                                       | 16.2%          | 21.9%          | 25.2%           | 24.7%           | 28.0%           | 30.0%           | 32.0%           | 34.0%           |
| Selling, General & Admin                           | 24.16          | 33.58          | 38.89           | 35.28           | 41.88           | 48.00           | 57.12           | 64.41           |
| Other Operating Expense                            | (0.25)         | (1.13)         | (0.93)          | (0.27)          | (1.12)          | (1.29)          | (1.47)          | (1.67)          |
| <b>Operating Expenses</b>                          | <b>23.91</b>   | <b>32.46</b>   | <b>37.96</b>    | <b>35.01</b>    | <b>40.75</b>    | <b>46.72</b>    | <b>55.65</b>    | <b>62.74</b>    |
| <b>Operating Income (Loss)</b>                     | <b>1.50</b>    | <b>8.13</b>    | <b>14.90</b>    | <b>23.01</b>    | <b>37.42</b>    | <b>49.29</b>    | <b>66.21</b>    | <b>83.25</b>    |
| Operating Margin                                   | 1.0%           | 4.4%           | 7.1%            | 9.8%            | 13.4%           | 15.4%           | 17.4%           | 19.4%           |
| Interest Expense, Net                              | 0.90           | 0.20           | -               | 0.43            | 0.33            | 0.23            | 0.12            | 0.01            |
| Other Non-Operating (Income) Loss                  | (0.30)         | 0.42           | (0.22)          | 0.52            | 0.62            | 0.71            | 0.85            | -               |
| <b>Non-Operating (Income) Loss</b>                 | <b>0.69</b>    | <b>0.62</b>    | <b>(0.22)</b>   | <b>0.95</b>     | <b>0.95</b>     | <b>0.94</b>     | <b>0.97</b>     | <b>0.01</b>     |
| <b>Pretax Income (Loss), Adjusted</b>              | <b>0.81</b>    | <b>7.51</b>    | <b>15.12</b>    | <b>22.05</b>    | <b>36.47</b>    | <b>48.35</b>    | <b>65.24</b>    | <b>83.24</b>    |
| Abnormal Losses (Gains)                            | 0.25           | 1.93           | (0.29)          | (0.11)          | -               | -               | -               | -               |
| <b>Pretax Income (Loss)</b>                        | <b>0.56</b>    | <b>5.57</b>    | <b>15.41</b>    | <b>22.16</b>    | <b>36.47</b>    | <b>48.35</b>    | <b>65.24</b>    | <b>83.24</b>    |
| Income Tax Expense (Benefit)                       | 0.19           | 1.02           | 3.18            | 4.27            | 7.66            | 10.15           | 13.70           | 17.48           |
| <b>Net Income</b>                                  | <b>\$ 0.37</b> | <b>\$ 4.56</b> | <b>\$ 12.23</b> | <b>\$ 17.90</b> | <b>\$ 28.81</b> | <b>\$ 38.20</b> | <b>\$ 51.54</b> | <b>\$ 65.76</b> |
| Profit Margin                                      | 0.2%           | 2.5%           | 5.8%            | 7.6%            | 10.3%           | 11.9%           | 13.5%           | 15.3%           |
| Growth Rate                                        |                | 1141.4%        | 168.4%          | 46.4%           | 61.0%           | 32.6%           | 34.9%           | 27.6%           |
| <br>EBITDA                                         | <br>7.49       | <br>13.56      | <br>20.84       | <br>29.97       | <br>45.68       | <br>58.77       | <br>77.49       | <br>95.96       |
| EBITDA Margin                                      | 4.8%           | 7.3%           | 9.9%            | 12.7%           | 16.4%           | 18.4%           | 20.3%           | 22.3%           |

## 2. 3-Statement Model

### b. Base Case Balance Sheet

| Balance Sheet                                 | FY 2023          | FY 2024          | FY 2025          | FY 2026          | FY 2027          | FY 2028          | FY 2029          | FY 2030          |
|-----------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Assets</b>                                 |                  |                  |                  |                  |                  |                  |                  |                  |
| Cash, Cash Equivalents & STI                  | \$ 18.26         | \$ 16.94         | \$ 21.58         | \$ 33.99         | \$ 65.30         | \$ 106.81        | \$ 165.54        | \$ 231.40        |
| Accounts & Notes Receiv                       | 24.00            | 44.40            | 35.51            | 36.62            | 43.47            | 49.83            | 59.30            | 66.86            |
| Unbilled Revenues                             | 39.68            | 28.02            | 38.49            | 40.83            | 54.62            | 62.61            | 71.58            | 81.08            |
| Inventories                                   | 26.29            | 33.41            | 40.03            | 40.05            | 45.44            | 50.64            | 58.54            | 64.06            |
| Other ST Assets                               | 1.84             | 3.56             | 5.77             | 3.75             | 4.58             | 5.20             | 6.04             | 6.76             |
| <b>Total Current Assets</b>                   | <b>110.07</b>    | <b>126.33</b>    | <b>141.37</b>    | <b>155.23</b>    | <b>213.40</b>    | <b>275.09</b>    | <b>360.99</b>    | <b>450.15</b>    |
| Property, Plant & Equip                       | 75.72            | 84.50            | 105.86           | 105.86           | 105.86           | 105.86           | 105.86           | 105.86           |
| Accumulated Depreciation                      | 41.96            | 45.11            | 48.82            | 55.78            | 64.05            | 73.52            | 84.80            | 97.51            |
| <b>Property, Plant &amp; Equip, Net</b>       | <b>33.76</b>     | <b>39.39</b>     | <b>57.04</b>     | <b>50.07</b>     | <b>41.81</b>     | <b>32.33</b>     | <b>21.06</b>     | <b>8.35</b>      |
| Other LT Assets                               | 60.09            | 68.17            | 65.70            | 78.37            | 107.74           | 138.88           | 182.25           | 227.26           |
| <b>Total Noncurrent Assets</b>                | <b>93.85</b>     | <b>107.55</b>    | <b>122.74</b>    | <b>128.44</b>    | <b>149.55</b>    | <b>171.21</b>    | <b>203.31</b>    | <b>235.61</b>    |
| <b>Total Assets</b>                           | <b>\$ 203.92</b> | <b>\$ 233.88</b> | <b>\$ 264.11</b> | <b>\$ 283.68</b> | <b>\$ 362.95</b> | <b>\$ 446.30</b> | <b>\$ 564.30</b> | <b>\$ 685.76</b> |
| <b>Liabilities &amp; Shareholders' Equity</b> |                  |                  |                  |                  |                  |                  |                  |                  |
| Payables & Accruals                           | 37.07            | 44.97            | 50.79            | 54.05            | 61.32            | 68.34            | 79.00            | 86.45            |
| ST Finance Leases                             | 0.03             | 0.02             | 0.02             | 0.02             | 0.02             | -                | -                | -                |
| ST Operating Leases                           | 1.02             | 1.24             | 1.28             | 1.30             | 1.29             | 1.35             | 1.48             | -                |
| ST Debt                                       | 3.05             | 1.26             | 1.30             | 1.33             | 1.31             | 1.35             | 1.48             | -                |
| Other ST Liabilities                          | 48.06            | 72.70            | 84.06            | 80.76            | 91.06            | 101.19           | 116.72           | 123.13           |
| <b>Total Current Liabilities</b>              | <b>86.17</b>     | <b>118.21</b>    | <b>136.15</b>    | <b>136.13</b>    | <b>153.68</b>    | <b>170.88</b>    | <b>197.20</b>    | <b>209.58</b>    |
| LT Finance Leases                             | 0.09             | 0.07             | 0.04             | 0.02             | 0.00             | 0.00             | 0.00             | 0.00             |
| LT Operating Leases                           | 7.50             | 6.45             | 5.51             | 4.23             | 2.94             | 1.59             | 0.11             | 0.11             |
| <b>LT Lease Liabilities</b>                   | <b>7.58</b>      | <b>6.51</b>      | <b>5.56</b>      | <b>4.25</b>      | <b>2.94</b>      | <b>1.59</b>      | <b>0.11</b>      | <b>0.11</b>      |
| LT Debt                                       | 9.74             | -                | -                | 4.25             | 2.94             | 1.59             | 0.11             | 0.11             |
| Other LT Liabilities                          | 3.49             | 3.59             | 2.83             | 2.15             | 1.49             | 0.80             | 0.06             | 0.06             |
| <b>Total Noncurrent Liabilities</b>           | <b>20.82</b>     | <b>10.10</b>     | <b>8.38</b>      | <b>6.40</b>      | <b>4.43</b>      | <b>2.39</b>      | <b>0.17</b>      | <b>0.17</b>      |
| <b>Total Liabilities</b>                      | <b>106.99</b>    | <b>128.31</b>    | <b>144.53</b>    | <b>142.52</b>    | <b>158.11</b>    | <b>173.27</b>    | <b>197.37</b>    | <b>209.75</b>    |
| Retained Earnings                             | 77.44            | 82.00            | 94.23            | 112.13           | 140.94           | 179.14           | 230.68           | 296.44           |
| Other Equity                                  | 19.49            | 23.57            | 25.35            | 29.02            | 63.90            | 93.89            | 136.25           | 179.57           |
| <b>Total Equity</b>                           | <b>96.93</b>     | <b>105.57</b>    | <b>119.58</b>    | <b>141.15</b>    | <b>204.84</b>    | <b>273.03</b>    | <b>366.93</b>    | <b>476.01</b>    |
| <b>Total Liabilities &amp; Equity</b>         | <b>\$ 203.92</b> | <b>\$ 233.88</b> | <b>\$ 264.11</b> | <b>\$ 283.68</b> | <b>\$ 362.95</b> | <b>\$ 446.30</b> | <b>\$ 564.30</b> | <b>\$ 685.76</b> |

## 2. 3-Statement Model

### c. Base Case Cash Flows

| Cash Flow Statement                   | FY 2023          | FY 2024           | FY 2025           | FY 2026           | FY 2027           | FY 2028           | FY 2029           | FY 2030           |
|---------------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Cash from Operating Activities</b> |                  |                   |                   |                   |                   |                   |                   |                   |
| Net Income                            | \$ 0.37          | \$ 4.56           | \$ 12.23          | \$ 17.90          | \$ 28.81          | \$ 38.20          | \$ 51.54          | \$ 65.76          |
| Depreciation & Amortization           | 5.99             | 5.43              | 5.94              | 6.96              | 8.26              | 9.47              | 11.27             | 12.71             |
| Stock-Based Compensation              | 0.81             | 1.28              | 1.96              | 3.47              | 5.30              | 7.02              | 9.48              | 12.09             |
| Deferred Income Taxes                 | (0.12)           | (0.47)            | 1.47              | (0.73)            | (1.11)            | (1.47)            | (1.99)            | (2.54)            |
| Other Non-Cash Adj                    | 4.09             | 1.96              | 0.42              | -                 | -                 | -                 | -                 | -                 |
| <b>Non-Cash Items</b>                 | <b>4.78</b>      | <b>2.77</b>       | <b>3.85</b>       | <b>2.74</b>       | <b>4.18</b>       | <b>5.55</b>       | <b>7.49</b>       | <b>9.55</b>       |
| (Inc) Dec in Accts Receiv             | (12.70)          | (8.90)            | (2.60)            | (1.11)            | (6.85)            | (6.36)            | (9.47)            | (7.56)            |
| (Inc) Dec in Inventories              | (9.90)           | (6.20)            | (6.60)            | (0.02)            | (5.39)            | (5.20)            | (7.90)            | (5.52)            |
| Inc (Dec) in Accts Payable            | 3.47             | 0.40              | 3.49              | 3.25              | 7.27              | 7.02              | 10.66             | 7.45              |
| Inc (Dec) in Other                    | 28.27            | 40.05             | 26.18             | (3.31)            | 10.30             | 10.13             | 15.53             | 6.41              |
| <b>Chg in Non-Cash Work Cap</b>       | <b>9.14</b>      | <b>25.35</b>      | <b>20.47</b>      | <b>(1.19)</b>     | <b>5.34</b>       | <b>5.59</b>       | <b>8.82</b>       | <b>0.78</b>       |
| <b>Cash from Operating Activities</b> | <b>\$ 13.91</b>  | <b>\$ 28.12</b>   | <b>\$ 24.32</b>   | <b>\$ 26.42</b>   | <b>\$ 46.60</b>   | <b>\$ 58.81</b>   | <b>\$ 79.13</b>   | <b>\$ 88.81</b>   |
| <b>Cash from Investing Activities</b> |                  |                   |                   |                   |                   |                   |                   |                   |
| Capital Expenditures                  | (3.75)           | (9.23)            | (18.96)           | (18.28)           | (13.96)           | (16.00)           | (19.04)           | (21.47)           |
| Other Investing Activities            | -                | (6.81)            | (0.17)            | -                 | -                 | -                 | -                 | -                 |
| <b>Cash from Investing Activities</b> | <b>\$ (3.75)</b> | <b>\$ (15.99)</b> | <b>\$ (19.13)</b> | <b>\$ (18.28)</b> | <b>\$ (13.96)</b> | <b>\$ (16.00)</b> | <b>\$ (19.04)</b> | <b>\$ (21.47)</b> |
| <b>Cash from Financing Activities</b> |                  |                   |                   |                   |                   |                   |                   |                   |
| Dividends Paid                        | -                | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Cash From (Repay) ST Debt             | -                | 13.00             | -                 | 0.03              | (0.02)            | 0.05              | 0.12              | (1.48)            |
| Repayments of LT Debt                 | (11.30)          | (26.57)           | (0.32)            | 4.25              | (1.31)            | (1.35)            | (1.48)            | -                 |
| <b>Cash From (Repayment) Debt</b>     | <b>(11.30)</b>   | <b>(13.57)</b>    | <b>(0.32)</b>     | <b>4.28</b>       | <b>(1.33)</b>     | <b>(1.31)</b>     | <b>(1.35)</b>     | <b>(1.48)</b>     |
| Cash (Repurchase) of Equity           | (0.02)           | 0.42              | (0.20)            | -                 | -                 | -                 | -                 | -                 |
| Other Financing Activities            | 4.88             | (0.24)            | -                 | -                 | -                 | -                 | -                 | -                 |
| <b>Cash from Financing Activities</b> | <b>\$ (6.44)</b> | <b>\$ (13.39)</b> | <b>\$ (0.52)</b>  | <b>\$ 4.28</b>    | <b>\$ (1.33)</b>  | <b>\$ (1.31)</b>  | <b>\$ (1.35)</b>  | <b>\$ (1.48)</b>  |
| Effect of Foreign Exchange Rates      | (0.21)           | (0.05)            | (0.03)            | (0.03)            | (0.03)            | (0.04)            | (0.05)            | (0.05)            |
| Net Changes in Cash                   | 3.52             | (1.32)            | 4.64              | 12.42             | 31.31             | 41.50             | 58.73             | 65.86             |
| Change in NWC                         | (7.44)           | (16.27)           | (7.49)            | 1.50              | 9.29              | 3.03              | 0.98              | 9.44              |
| <b>Unlevered Free Cash Flow</b>       | <b>\$ 9.45</b>   | <b>\$ 16.23</b>   | <b>\$ 4.15</b>    | <b>\$ 5.97</b>    | <b>\$ 18.35</b>   | <b>\$ 25.46</b>   | <b>\$ 39.77</b>   | <b>\$ 44.41</b>   |
| <i>Growth Rate</i>                    |                  | 71.8%             | -74.4%            | 43.9%             | 207.4%            | 38.7%             | 56.2%             | 11.7%             |

### 3. Public Comps

| Valuation Statistics (FY25, Millions) |           |                    |              |          |                                |                   |                  |          |        |             |                            |                           |         |
|---------------------------------------|-----------|--------------------|--------------|----------|--------------------------------|-------------------|------------------|----------|--------|-------------|----------------------------|---------------------------|---------|
| Company Name                          | Price     | Shares Outstanding | Equity Value | Net Debt | Capitalization Preferred Stock | Minority Interest | Enterprise Value | Revenue  | EBITDA | Diluted EPS | Enterprise Value / Revenue | Enterprise Value / EBITDA | P/E     |
| ITT Inc. (NYSE:ITT)                   | \$ 173.51 | 86                 | \$ 14,929    | \$ 221   | \$ -                           | \$ (3)            | \$ 15,147        | \$ 3,814 | \$ 818 | \$ 5.99     | 4.0 x                      | 18.5 x                    | 29.0 x  |
| TriMas Corporation (NASDAQ:TRS)       | 35.45     | 41                 | 1,441        | 375      | -                              | -                 | 1,816            | 1,014    | 141    | 1.08        | 1.8 x                      | 12.8 x                    | 32.8 x  |
| VSE Corporation (NASDAQ:VSEC)         | 172.77    | 23                 | 4,041        | 401      | -                              | -                 | 4,443            | 1,332    | 138    | 0.63        | 3.3 x                      | 32.1 x                    | 274.2 x |
| Gorman-Rupp Company (NYSE:GRC)        | 47.75     | 26                 | 1,256        | 342      | -                              | -                 | 1,599            | 679      | 117    | 1.91        | 2.4 x                      | 13.6 x                    | 25.0 x  |
| Moog Inc. (NYSE:MOG.A)                | 243.55    | 32                 | 7,715        | 884      | -                              | -                 | 8,599            | 3,861    | 488    | 7.33        | 2.2 x                      | 17.6 x                    | 33.2 x  |
| Maximum                               | \$ 243.55 | 86                 | \$ 14,929    | \$ 884   | \$ -                           | \$ -              | \$ 15,147        | \$ 3,861 | \$ 818 | \$ 7.33     | 4.0 x                      | 32.1 x                    | 274.2 x |
| 75th Percentile                       | 173.51    | 41                 | 7,715        | 401      | -                              | -                 | 8,599            | 3,814    | 488    | 5.99        | 3.3 x                      | 18.5 x                    | 33.2 x  |
| Median                                | \$ 172.77 | 32                 | \$ 4,041     | \$ 375   | \$ -                           | \$ -              | \$ 4,443         | \$ 1,332 | \$ 141 | \$ 1.91     | 2.4 x                      | 17.6 x                    | 32.8 x  |
| 25th Percentile                       | 47.75     | 26                 | 1,441        | 342      | -                              | -                 | 1,816            | 1,014    | 138    | 1.08        | 2.2 x                      | 13.6 x                    | 29.0 x  |
| Minimum                               | 35.45     | 23                 | 1,256        | 221      | -                              | (3)               | 1,599            | 679      | 117    | 0.63        | 1.8 x                      | 12.8 x                    | 25.0 x  |
| Graham Corporation (NYSE:GHM)         | \$ 64.23  | 11                 | \$ 707       | \$ (14)  | \$ -                           | \$ -              | \$ 692           | \$ 228   | \$ 22  | \$ 1.23     | 3.0 x                      | 31.2 x                    | 52.2 x  |

| Implied Valuation (LTM, Millions) |          |                    |                            |                           |                      |  |  |  |  |  |  |  |  |
|-----------------------------------|----------|--------------------|----------------------------|---------------------------|----------------------|--|--|--|--|--|--|--|--|
|                                   | Price    | Shares Outstanding | Implied Enterprise Value   |                           | Implied Equity Value |  |  |  |  |  |  |  |  |
|                                   |          |                    | Enterprise Value / Revenue | Enterprise Value / EBITDA | P/E                  |  |  |  |  |  |  |  |  |
| Maximum                           | \$ 64.23 | 23                 | \$ 905                     | \$ 713                    | \$ 3,710             |  |  |  |  |  |  |  |  |
| 75th Percentile                   | 57.04    | 20                 | 760                        | 411                       | 450                  |  |  |  |  |  |  |  |  |
| Median                            | \$ 49.84 | 17                 | \$ 537                     | \$ 391                    | \$ 444               |  |  |  |  |  |  |  |  |
| 25th Percentile                   | 42.65    | 14                 | 508                        | 302                       | 392                  |  |  |  |  |  |  |  |  |
| Minimum                           | 35.45    | 11                 | 408                        | 285                       | 338                  |  |  |  |  |  |  |  |  |

## 4. Precedent Transactions

| Valuation Statistics (Millions)      |                          |                   |                     |                  |               |              |                            |                           |
|--------------------------------------|--------------------------|-------------------|---------------------|------------------|---------------|--------------|----------------------------|---------------------------|
| Acquirer Name                        | Target Name              | Announcement Date | Percentage Acquired | Enterprise Value | Revenue       | EBITDA       | Enterprise Value / Revenue | Enterprise Value / EBITDA |
| ITT Inc.                             | SPX FLOW, Inc.           | 12/11/2025        | 100%                | \$ 4,775         | \$ 1,300      | \$ 296       | 3.7 x                      | 16.1 x                    |
| Curtiss-Wright Corporation           | Ultra Energy             | 6/24/2024         | 100%                | 200              | 65            | 16           | 3.1 x                      | 12.5 x                    |
| Crane Co.                            | Technifab Products, Inc. | 9/18/2023         | 100%                | 215              | 95            | 21           | 2.3 x                      | 10.2 x                    |
| WSP Global Inc.                      | TRC Companies            | 12/15/2025        | 100%                | 3,300            | 1,200         | 268          | 2.8 x                      | 12.3 x                    |
| Curtiss-Wright Corporation           | Ultra Nuclear Limited    | 1/23/2023         | 100%                | 800              | 300           | 72           | 2.7 x                      | 11.1 x                    |
| Maximum                              |                          |                   |                     | \$ 4,775         | \$ 1,300      | \$ 296       | 3.7 x                      | 16.1 x                    |
| 75th Percentile                      |                          |                   |                     | 3,300            | 1,200         | 268          | 3.1 x                      | 12.5 x                    |
| <b>Median</b>                        |                          |                   |                     | <b>\$ 800</b>    | <b>\$ 300</b> | <b>\$ 72</b> | <b>2.8 x</b>               | <b>12.3 x</b>             |
| 25th Percentile                      |                          |                   |                     | 215              | 95            | 21           | 2.7 x                      | 11.1 x                    |
| Minimum                              |                          |                   |                     | 200              | 65            | 16           | 2.3 x                      | 10.2 x                    |
| <b>Graham Corporation (NYSE:GHM)</b> |                          |                   |                     | <b>\$ 692.3</b>  | <b>\$ 228</b> | <b>\$ 22</b> | <b>3.0 x</b>               | <b>31.2 x</b>             |

| Implied Valuation (LTM, Millions) |                            |                           | Implied Enterprise Value |  |
|-----------------------------------|----------------------------|---------------------------|--------------------------|--|
|                                   | Enterprise Value / Revenue | Enterprise Value / EBITDA |                          |  |
| Maximum                           | \$ 837.09                  | \$ 358.13                 |                          |  |
| 75th Percentile                   | 701.23                     | 277.50                    |                          |  |
| <b>Median</b>                     | <b>\$ 626.73</b>           | <b>\$ 273.36</b>          |                          |  |
| 25th Percentile                   | 607.73                     | 246.67                    |                          |  |
| Minimum                           | 515.77                     | 227.29                    |                          |  |

## 5. GHM Product Offerings



**Heliflow™**

- Liquid to Liquid Application
- Cryogenic Application
- Natural Gas Application
- High Pressure Application
- Compressor inter/aftercooler



**Surface Condensers**

- Power generating Application
- Chemical Processing
- Refinery
- HVAC
- Low Oxygen Condensate



**Process Condensers**

- Crude Oil Vacuum Distillation
- Plastics, resins, and fibers application
- Eco Freeze Application

# 6. Risk

## a. Risk Matrix

| Risk Factor             | L | I | V | LIV Score | Priority             | Status                  |
|-------------------------|---|---|---|-----------|----------------------|-------------------------|
| U.S. Navy Concentration | 5 | 5 | 5 | 125       | <div></div> Critical | Steady                  |
| Cybersecurity Breach    | 4 | 5 | 4 | 80        | <div></div> High     | <div>↑ Escalating</div> |
| Fixed-Price Overruns    | 4 | 4 | 4 | 64        | <div></div> High     | Steady                  |
| Labor Shortage          | 5 | 4 | 3 | 60        | <div></div> High     | Current                 |
| DOGE Budget Cuts        | 2 | 4 | 4 | 32        | <div></div> Moderate | Low for hardware        |
| ITAR Violation          | 2 | 5 | 3 | 30        | <div></div> Moderate | Compliance-dependent    |

# 6. Risk

## b. Monte Carlo Simulation

### Geometric Brownian Motion:

$$S(t+1) = S(t) \times \exp(r_t)$$

$$r_t \sim N(\mu, \sigma^2)$$

### Parameter Estimation:

$$\mu = \text{mean}[\log(P_t / P_{\{t-1\}})]$$

$$\sigma = \text{std}[\log(P_t / P_{\{t-1\}})]$$

### Percentage Return:

$$\text{Return}(\%) = [(S_{\text{final}} - S_{\text{initial}}) / S_{\text{initial}}] \times 100$$

Simulation Parameters: N = 10,000 | T = 252 days (1 year) | S<sub>0</sub> = \$100

### Percentile Calculation:

$$P_n = \text{nth percentile of } \{\text{Return}_1, \text{Return}_2, \dots, \text{Return}_N\}$$