



SCI Engineered Materials

Investor Presentation

April 2010

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History

- Founded in 1987 as Superconductive Components, Inc. Initially conducted R & D with high temperature superconducting materials and devices.
- Developed manufacturing capabilities to produce advanced ceramic compositions for sputtering targets.
- Transformed into a production company for physical vapor deposition (PVD) materials beginning in 2002.
- Changed name to SCI Engineered Materials, Inc. in 2007 to reflect strategic direction of the company.

Profile

- SCI develops, commercializes technologies and manufactures ceramics and metals for advanced applications in the physical vapor deposition industry.
- 26 full-time employees.
- 32,000⁺ square feet of manufacturing and office space in Columbus, Ohio.
- ISO 9001:2000 registered since 2005.
- Common stock traded on Over-the-Counter Bulletin Board under the ticker symbol “SCIA”.

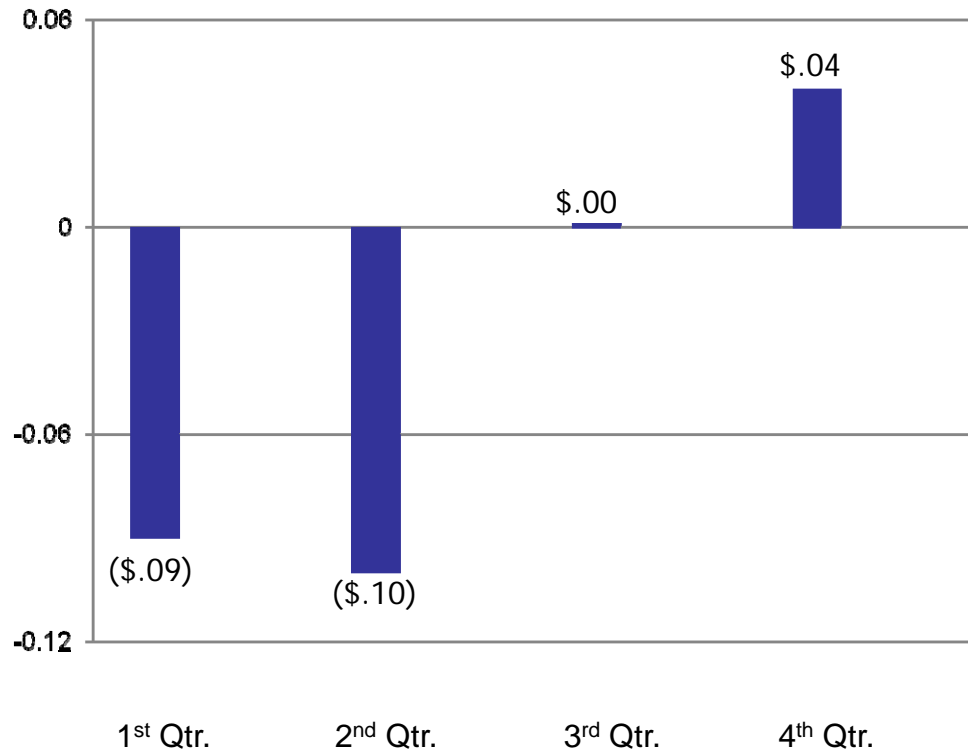
Fourth Quarter Results: 2009 vs. 2008

- Total revenue increased 8%.
- Gross profit margin rose 70 basis points to 24.9% of total revenue.
- Net income per common share after dividends on preferred stock doubled to \$0.04.
- Record backlog of \$5.5 million at December 31, 2009 compared to \$2.9 million a year ago.

Federal and State Government Programs

		<u>Amount</u>
<u>Accelerate Time-to-Market</u>		
ODOD	Commercialize advanced technology for high power density rotatable ceramic sputtering targets.	\$ 775,400
ODOD	Grant to commercialize additional products for Thin Film Solar industry	\$ 700,000
<u>Further Research</u>		
U.S. DOE	Two-year Phase II Small Business Innovation Research (SBIR) contract concerning Homogenous BSCCO-2212 Round Wires for Very High Field Magnet.	\$ 650,000
U.S. DOE	Phase II of a Small Business Innovation Research project titled "Flux Pinning Additions to Increase Jc Performance in BSCCO-2212 Round Wire for Very High Field Magnets"	\$ 750,000

2009 Quarterly Results



- First half of 2009 impacted by global recession.
- Revenues for second half of 2009 increased 49% over the first half of 2009.
- Solar sales represented 28% of 2009 revenues versus 8% in 2008.

Markets

Applications

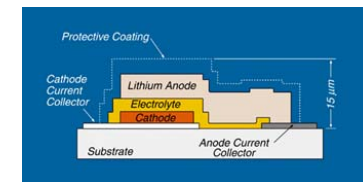
Photonics



Solar



Thin-film Battery



SCI's Strategic Opportunity

- Utilize core capabilities in a rapidly growing, attractive global market.
- Continue to develop proprietary transparent conductive oxide (TCO) materials to meet customers' specific needs.
- Expand global marketing strategy, which has resulted in additional customers and orders, as well as new trials and opportunities to become a qualified supplier.

Solar Industry: 2009

- Photovoltaic (PV) installation grew 5-10% in 2009 to over 6 gigawatts (GW), with 2.9 GW installed in Q4.
- Further reductions in government subsidies are necessary for the long-term health of PV.

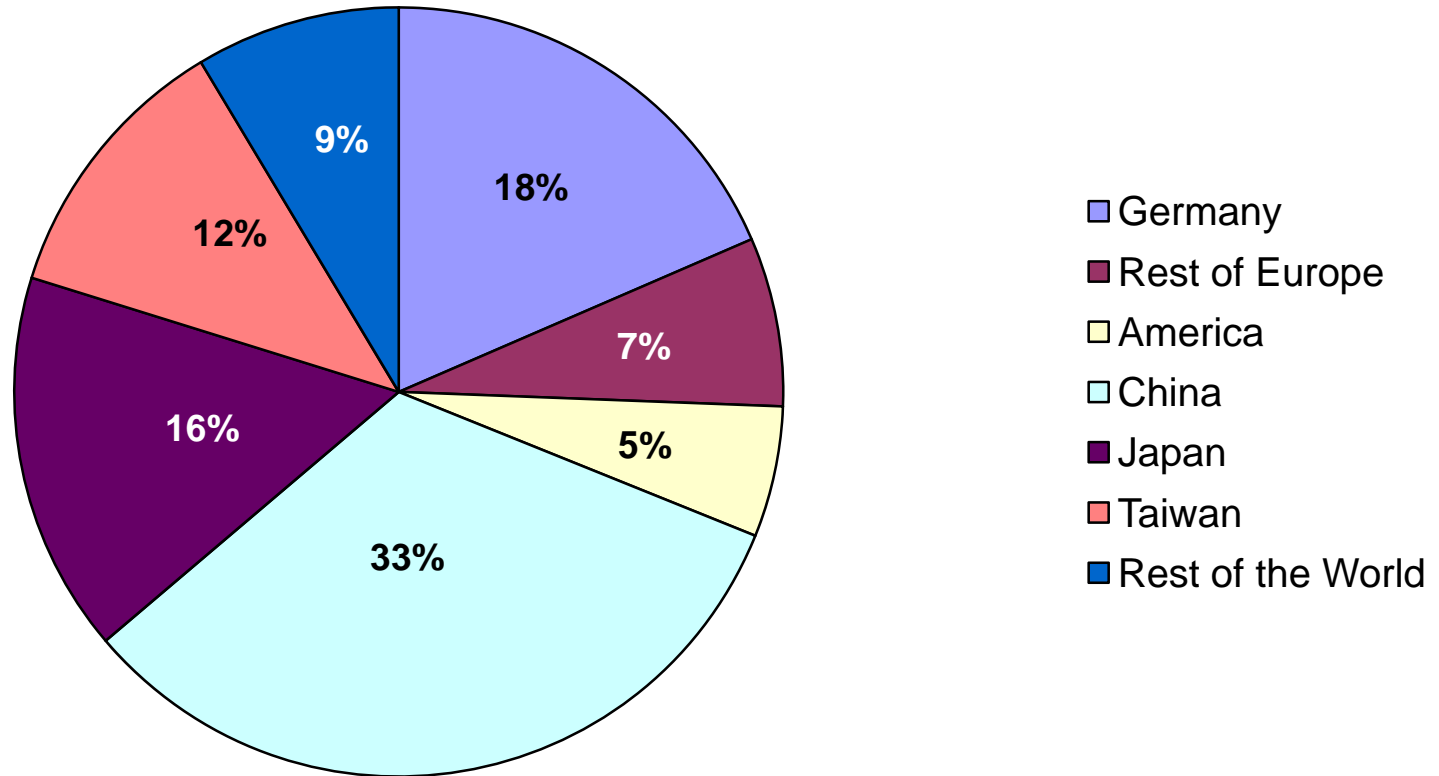
Solar Industry: 2010

- PV installation expected to grow by at least 64% in 2010.
- *Solar Buzz* is predicting 4 GW of PV installation in the second quarter of 2010.
- Thin film solar (TFS) is forecasted to be 17% of total solar shipments in first half of 2010.

Solar Industry: Growth Trends

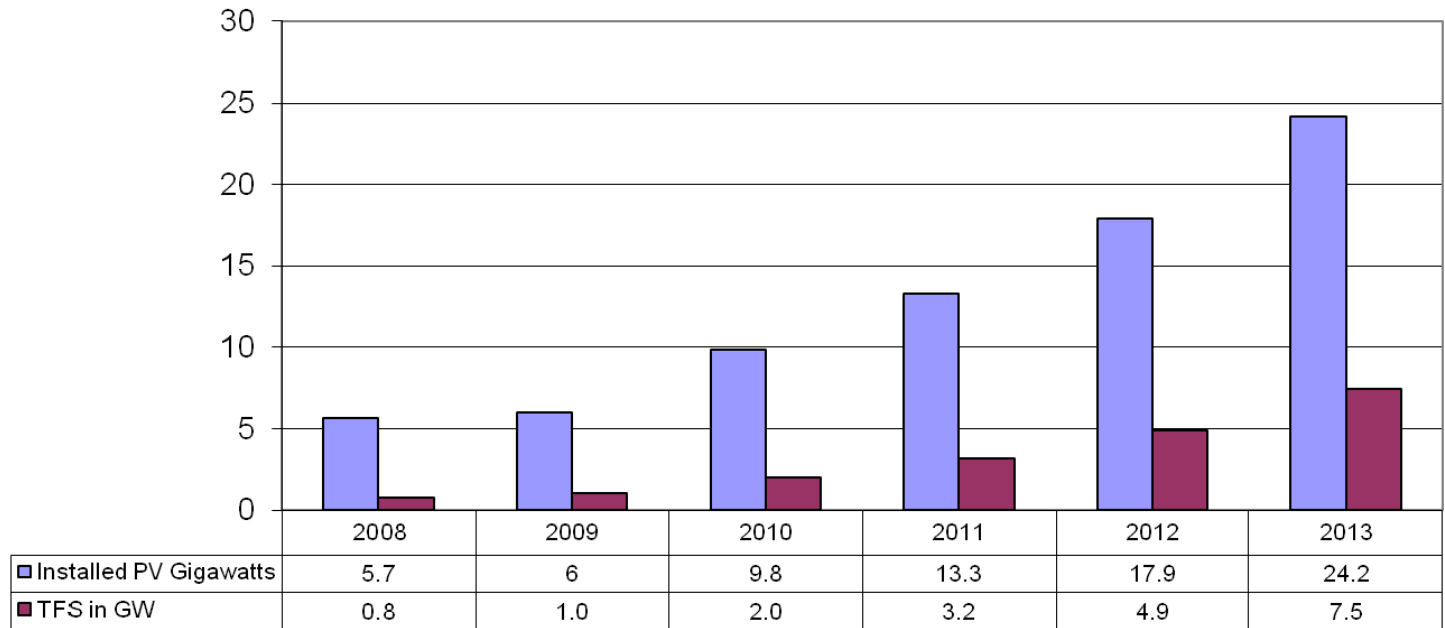
- Solar sales for 2011 and 2012 are projected to increase at a compounded annual growth rate of 35%.
- TFS market share is expected to grow to 31% in 2013 from 14% in 2009.

Global Photovoltaic Cell Manufacturing



Source: Industry data

2008-2013: PV Installations in GWs



SCI is a supplier of TCOs to the TFS market and other materials to additional markets in the PV industry.

Source: iSupply and industry data

Thin Film Solar Technologies



Amorphous Silicon

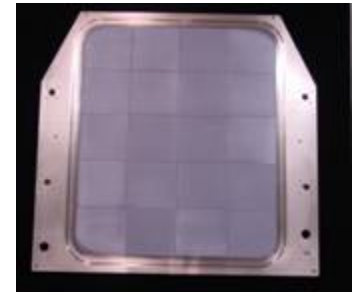


Cadmium Telluride



Copper Indium Diselenide

Sputtering Target Manufacturing Process



Material
Preparation

Forming

Heat
Treatment

Machining

Bonding

Sintered TCO Cylinders Before Grinding



- These cylinders were manufactured individually through mid-2009.
- A new kiln was installed in the fall of 2009 to scale production.

Finished TCO Cylinder



- Cylinders range in size from 8" to 12".
- Multiple cylinders are used to produce each target.

Three-meter Bonded Target

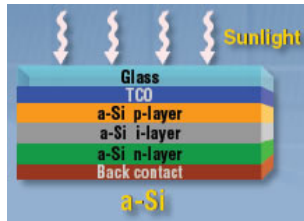


- Targets are used in the production of TFS panels.
- SCI began developing this production process in 2007.

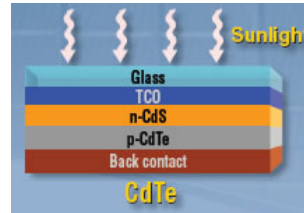
Thin Film Solar Technologies



Amorphous Silicon



Cadmium Telluride



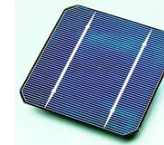
Copper Indium Diselenide



SCI's TCO products can be used in each of these solar technologies.

Broad Based Opportunities for TCOs

Solar



Flat Panel Displays



Insulating Glass (E glass)



Organic Light Emitting Diodes



Electronic Paper



Summary

- SCI is well-positioned to serve the high growth TFS market within the rapidly growing solar industry.
- During 2009, SCI implemented a global marketing strategy which has resulted in additional customers and increased orders, as well as new trials and opportunities to become a qualified supplier.
- SCI is quickly gaining traction in the global TFS market.
- Use of proceeds from the exercise of warrants will enable SCI to continue to scaling its business to meet identified demand.