

SCI Engineered Materials. Inc. Management Presentation

June 12, 2014

Safe Harbor Statement

This presentation and subsequent discussion contains certain 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, which are intended to be covered by the safe harbors created thereby. Those statements include, but are not limited to, all statements regarding intent, beliefs, expectations, projections, forecasts, and plans of the Company and its management, and other risks and uncertainties detailed from time to time in the Company's Securities and Exchange Commission filings, including the Company's Annual Report on Form 10-K for the year ended December 31, 2013. One or more of these factors have affected, and could in the future affect, the Company's projections. Therefore, there can be no assurances that the forward-looking statements included in this presentation will prove to be accurate. In light of the significant uncertainties in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company, or any other persons, that the objectives and plans of the company will be achieved. All forward-looking statements made in this presentation are based on information presently available to the management of the Company. The Company assumes no obligation to update any forward-looking statements.

Overview

2013

- Challenging business conditions
- Core photonics business solid and growing
- Improved backlog in second half of the year
- EBITDA increased to \$254,510
- \$408,874 net cash provided by operating activities

1Q 2014

- Total revenue, backlog and bookings trending favorably
- EBITDA increased to \$180,355
- \$362,335 net cash provided by operating activities

Management Quotes

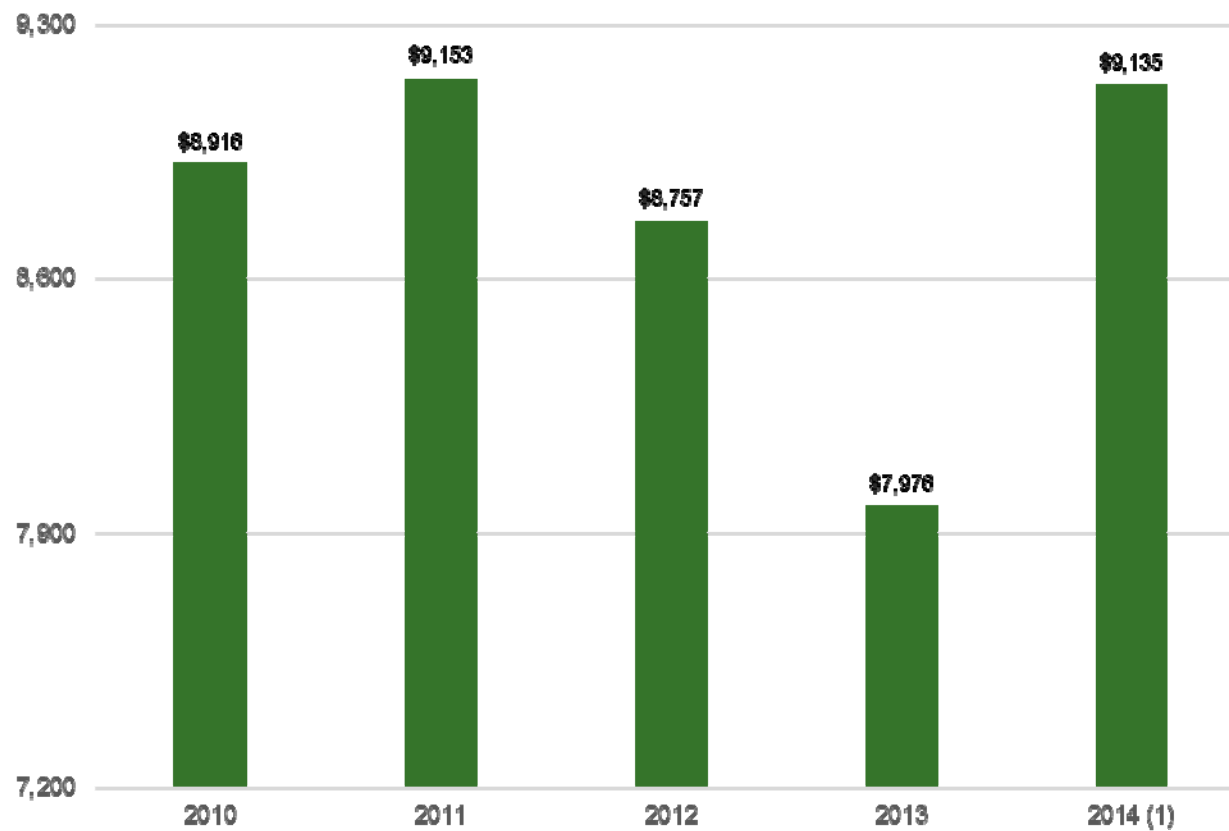
“SCI is in its best position in more than a decade to benefit from recent investments to increase our manufacturing capabilities and strengthen the company’s presence in multiple markets.”

“We are encouraged by increased signs of improvement in our business; total revenue, backlog and bookings are trending favorably compared to the same periods a year ago. The profitable first quarter results reflect solid improvement led by strong performance in our core photonics business with additional contributions from sales to the thin film battery and solar markets. Our ongoing research and development efforts to develop innovative products for multiple end markets are gaining traction.”

Daniel Rooney
President & CEO

Total Revenue

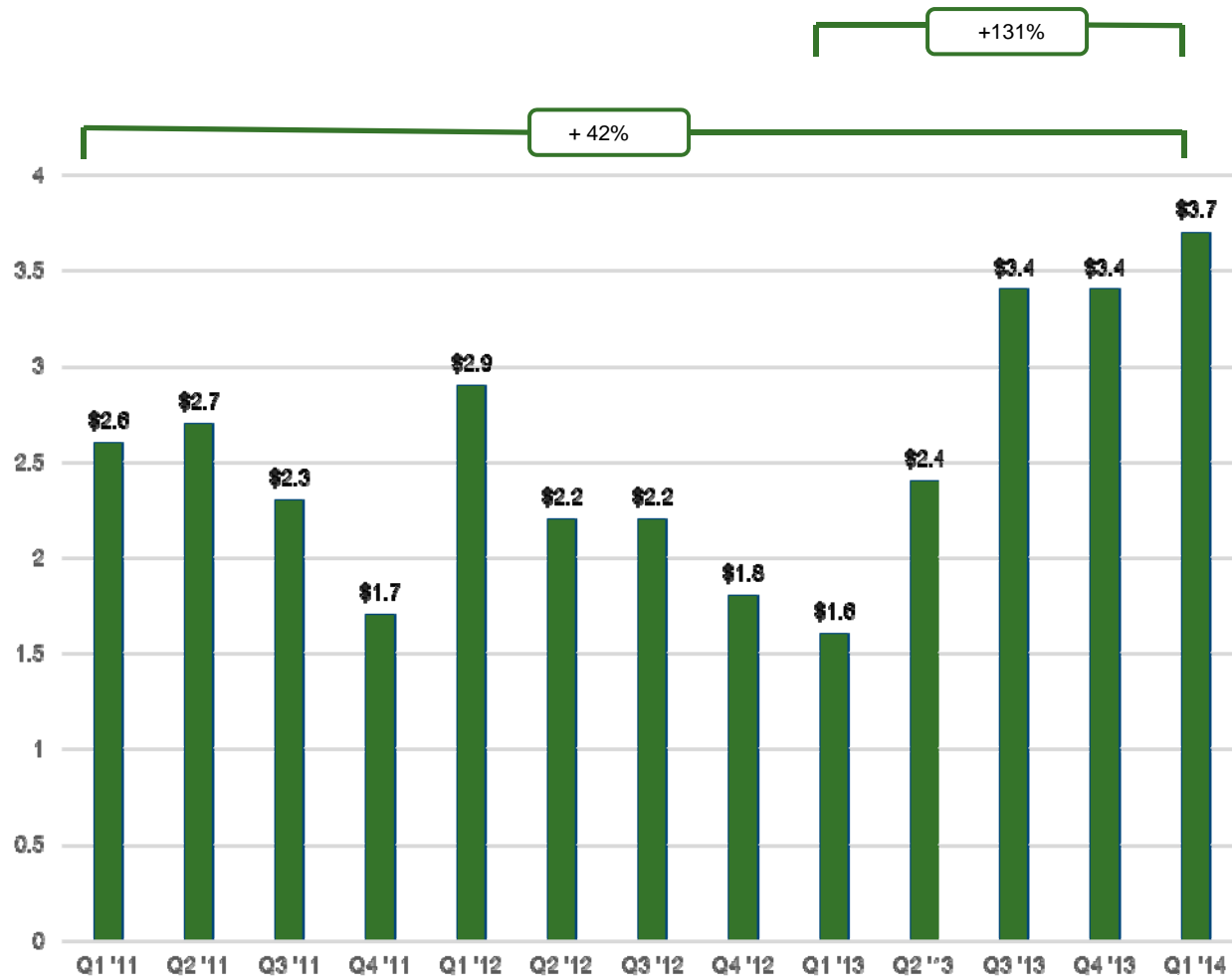
\$ 000s



(1) Twelve months ended March 31, 2014

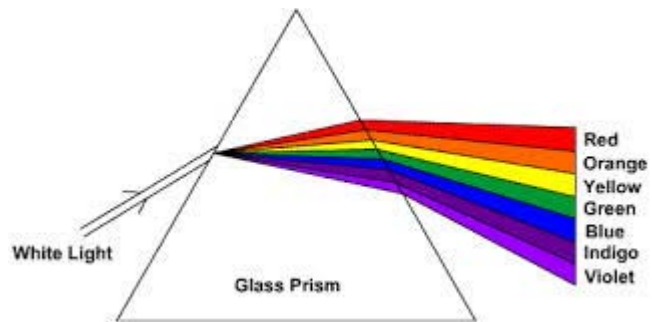
Quarter-end Backlog

\$ millions



End Market Applications

Photonics



Thin Film Solar



Transparent Electronics



Glass



Thin Film Battery



Products and Markets

Product	Market
Titanium Oxide (TiOx), Ruthenium, Silicon, Tantalum, Titanium, Molybdenum	Photonics
Transparent Conductive Oxide (TCO)	Solar Glass Transparent Electronics
Lithium Cobalt Oxide Lithium Orthophosphate	Thin Film Battery Wearable electronics
Zinc Tin Oxide	Transparent Electronics
Bonding	All Markets

Photonics

- Large global industry with attractive growth niches
- Significant customers in diverse markets
- Customers value SCI's manufacturing capabilities
- Price volatility of high priced raw material causes SCI's revenues to fluctuate

Solar Market

- Approximately 85% of market uses c-Si products compared with approximately 15% for thin film solar
- Global installations of solar continue to grow
- SCI's manufacturing capacity is well-positioned to serve the market
Custom TCO systems address customers' specific needs
- Sales efforts focused on global market opportunities
- Recent U.S. EPA ruling may benefit solar market
- Anti-dumping duties applied to China's c-Si products may create opportunities for thin film solar products

Thin Film Solar



Amorphous Silicon



Cadmium Telluride



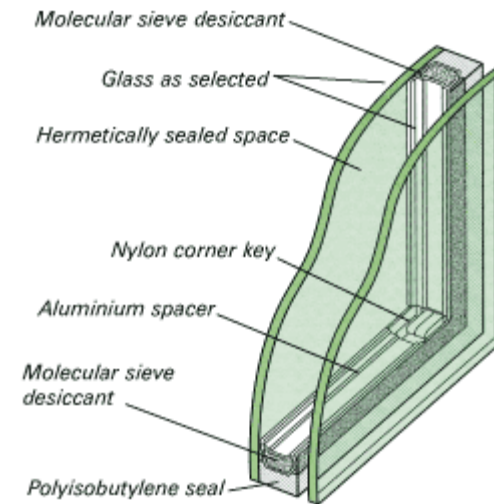
Copper Indium Gallium Selenide

- Copper Indium Gallium Selenide (CIGS) represents best growth opportunity for SCI
- Average selling price of solar cells stabilized in 2013
- Total solar installed in 2013 was 37 Gigawatts (GW)
- Mercom Capital Group forecasts 46 GW in 2014

Source: Industry publications and publicly disclosed information

Glass

- Additional applications for AZO
- Established global market
- SCI's AZO product currently in customer qualification trials



Thin Film Battery

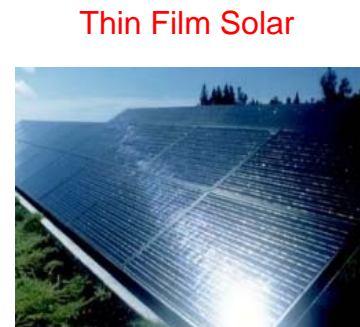
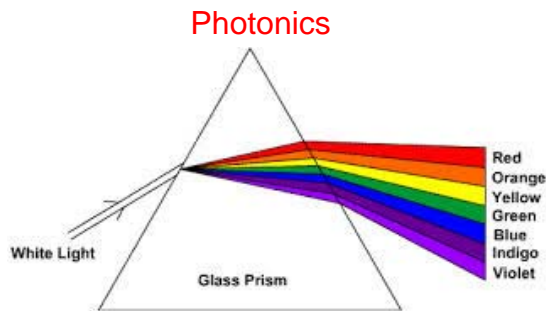
- IHS forecasts displays used in wearable devices to grow to 22.7 billion by 2023
- Indications of interest in thin film batteries is related to increased use of wearable devices
- Remaining patents owned by Oak Ridge National Labs expire in 2014
- Global market potential

Transparent Electronics

- New applications in Thin Film Transistors in Displays (Smart phones & Tablets)
 - Increase screen resolution
 - or
 - Extend battery life
- Touch panels create need for new and improved transistors
- Tin Oxide based materials are strong contenders
 - ZnSnO (ZTO)

Growth Strategy

- Significant growth from Asia
- Develop innovative products and custom solutions
- Leverage established capabilities
- Exploit niche market opportunities



Transparent Electronics



Glass



Thin Film Battery



