



# SCI Engineered Materials, Inc. Annual Meeting of Shareholders

## Management Presentation

June 11, 2015



## Safe Harbor

---

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, 2014. 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.



# Full-Year 2014

---

## Full-Year 2014 Financial Highlights:

Net sales	+16%	EBITDA	> \$360,000
Gross Profit	+20%	Year-end cash	> \$ 1 million

## Full-Year 2014 Business Highlights:

- Accelerated growth in global markets including thin film solar and glass
- Several customers involved in extensive product testing and qualification activities
- In late-2014, began developing a new application requiring an aluminium composite for decorative coating
- Entered into an agreement with a university to evaluate SCI's transparent conductive oxide product for display applications
- Listed common stock on OTCQX, the highest tier of the Over-the-Counter market



# First Quarter 2015

---

## First Quarter 2015 Financial Highlights:

Revenue	+5%	EBITDA	\$232,000
Gross Profit	+14%	Quarter-end cash	\$1.7 million
Net income applicable to common shares	\$0.02		

## First Quarter 2015 Business Highlights:

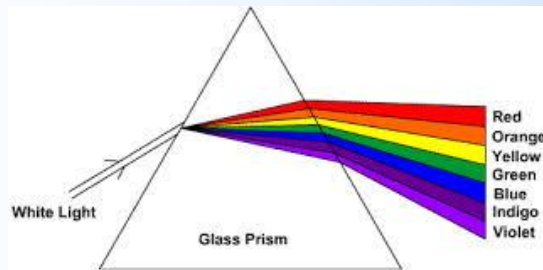
- Substantial increase in sales to thin film solar customers, primarily in Asia.
- Previous strategic investments to scale manufacturing capabilities and increase global marketing initiatives supporting growth in the thin film solar market
- Pursuing targeted R&D investments, including transparent conductive oxide and metal oxide thin film transistor products for display applications.
- Order bookings remained strong throughout the quarter and included a \$500,000 follow-on order
- Several customers continued to conduct extensive product tests and qualification activities



# Growth Strategy

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

Photonics



Thin Film Solar



Transparent Electronics



Glass

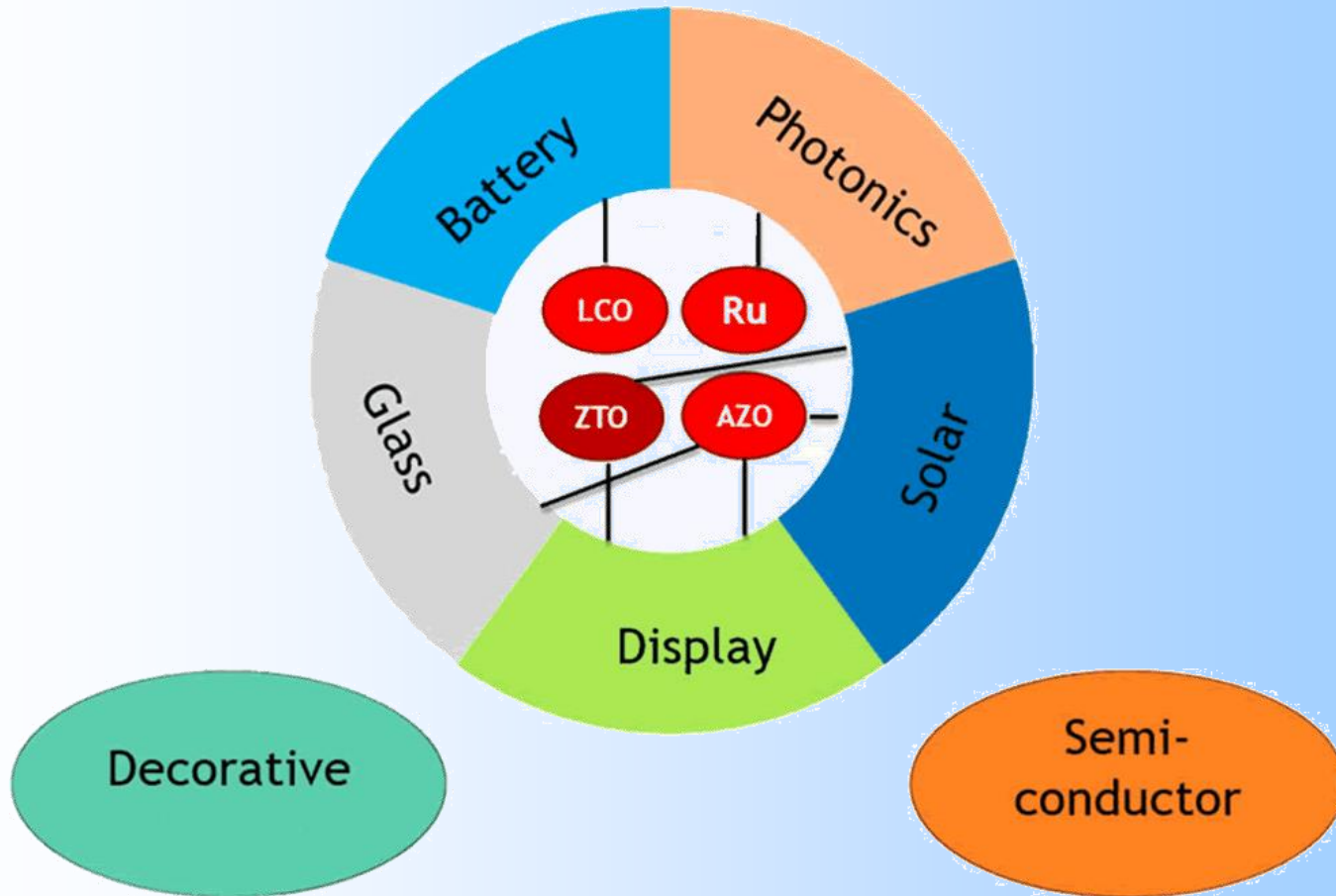


Thin Film Battery





# Targeted Markets





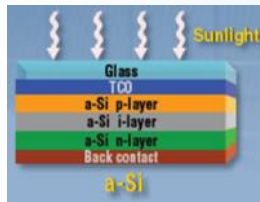
# Photonics



- A multi-billion dollar global industry with attractive growth niches
- SCI has been involved in manufacturing products used in photonic and optic applications for more than 15 years
- Significant customers in diverse segments with leading market share and expanding product lines
- Price volatility of high priced raw material contributes to revenue fluctuation



# Thin Film Solar Technologies



Amorphous Silicon



Cadmium Telluride



Copper Indium Gallium Selenide

- CIGS has highest efficiency potential of thin film technologies developed to date
- SCI is supplying Transparent Conductive Oxides (TCOs) and some metals to CIGS manufacturers
- Utilize core capabilities to manufacture TCOs
- Develop proprietary TCO materials to meet specific customer needs
- Expanding global sales and marketing
- SCI is well-positioned to benefit from future industry growth
- Market has attractive long-term growth potential







# Select Thin Film Solar Companies

---



Bloo solar



MiaSole Hi-Tech Corp.



**CNBM**

China National Building Materials



NuvoSun



Hanergy



SoloPower Systems



## Solar: China

---

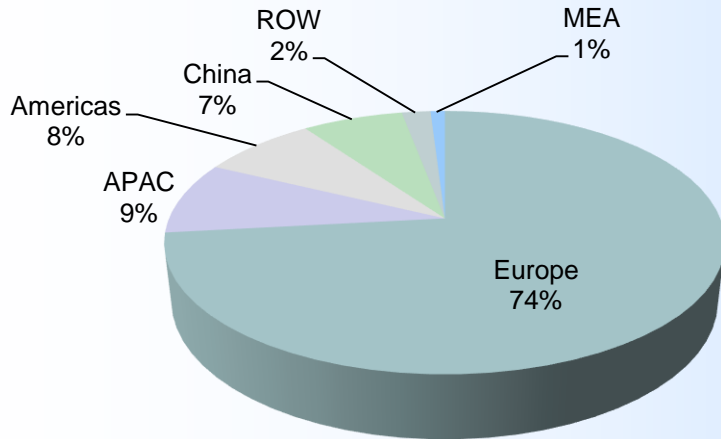
- Significant opportunity in a growing market
- Global leader in Photovoltaic (PV) Manufacturing
- Largest market for PV modules
- Electric demand growing at a rapid rate
- In 2014, government agreed to increase non-fossil fuel energy to 20% by 2030



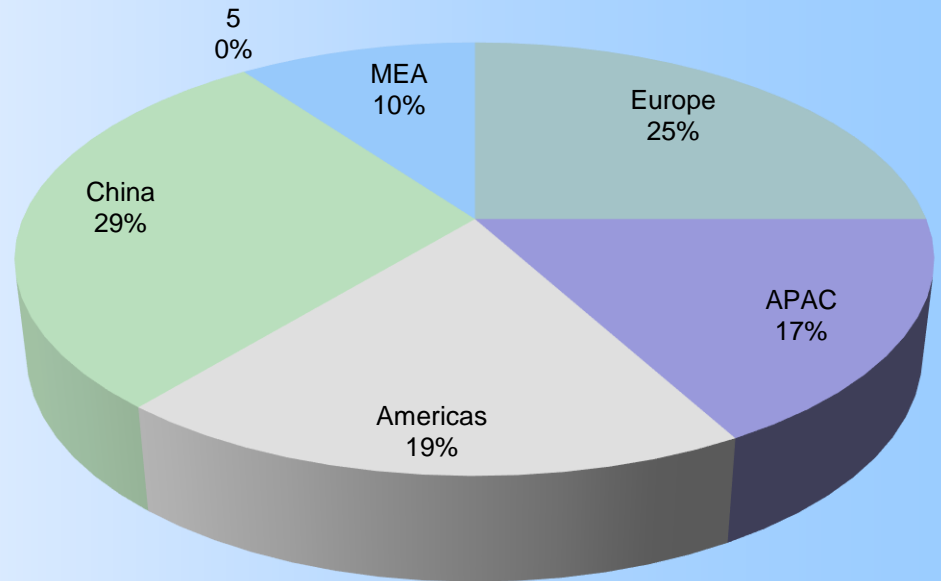
# Solar Installations by Global Region

Source: European Photovoltaic Industry Association 2012 & 2013

**Actual 2011**  
**29.6 GW**



**Forecast 2018**  
**68.6 GW**

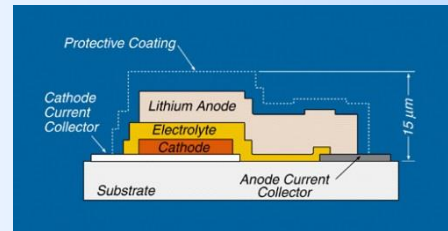




- AZO is used in E-glass applications as a passivation layer over silver
- Layers of silver and AZO are combined to control heat gain or loss in homes and offices
- Newest E-glass uses 3 layers of AZO and 3 layers of silver
- Sputtering Targets for E-glass applications usually range from 2.8–3.8 meters in length



# Thin Film Battery



- Resurgence in interest by larger multi-national corporations in Europe and Asia
- Recently developed enhanced LiCoO<sub>2</sub> targets by working closely with major OEM
- Expect two decades of material development to ramp-up to full scale commercialization in the future



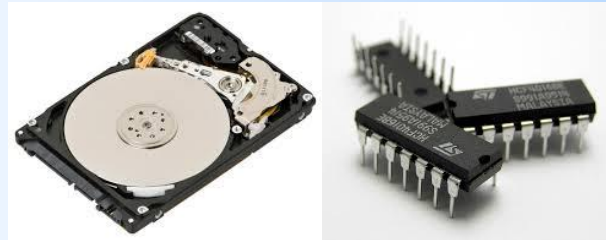
# Developing Electronic Applications

Market

End User

Product

Semiconductor



Hard Disk Drive

IC

Tunnelling layer

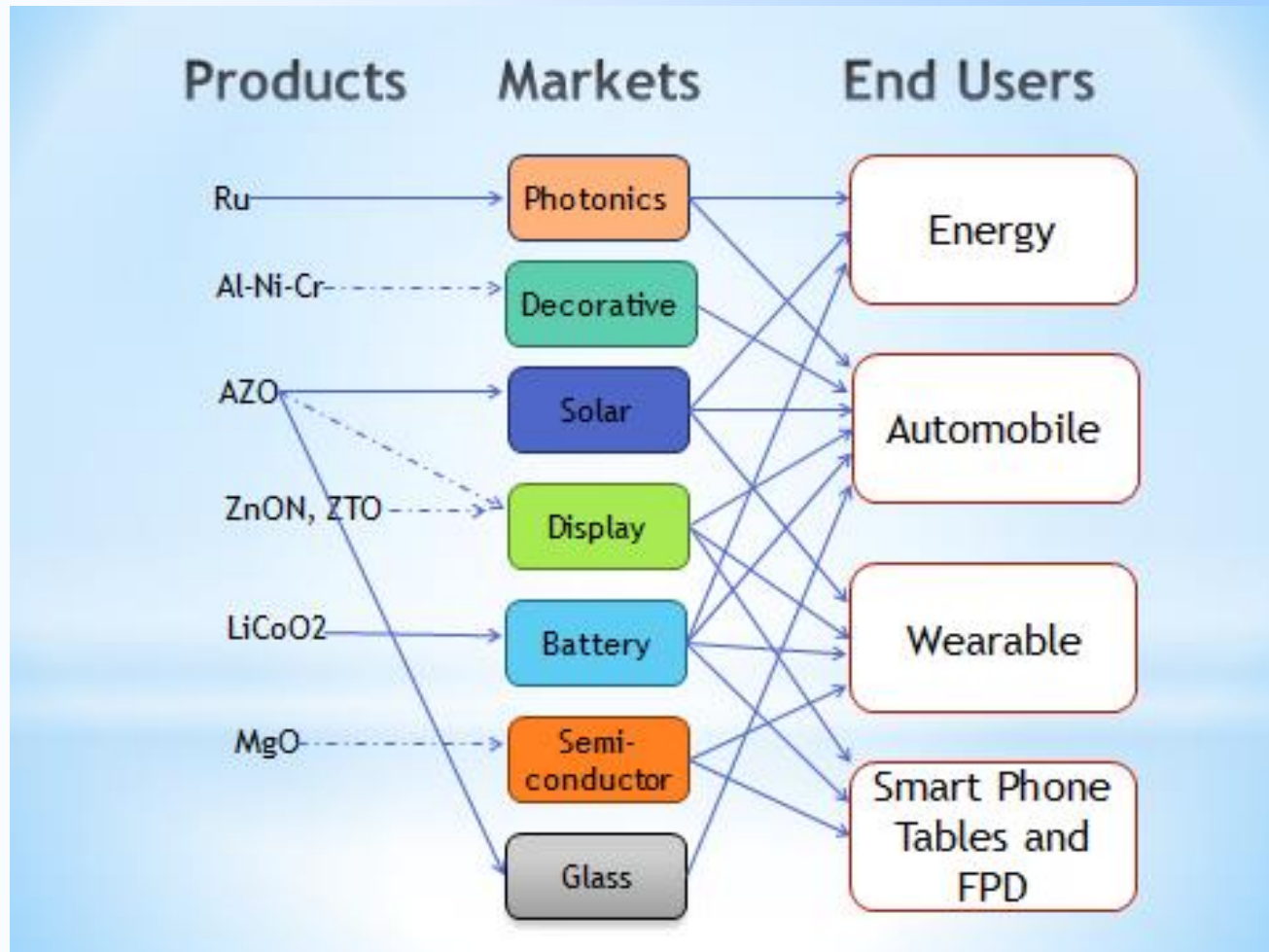
Flat Panel Displays

Transparent & TCO  
Thin Film Transistors





# Products/Markets/End Users





## Summary

---

- Strengthening financials
- Accelerating sales in Asia
- Developing innovative products and custom solutions with customers
- Leveraging production equipment and team capabilities to achieve growth
- Pursuing additional niche market opportunities





Thank you for attending the 2015  
Annual Meeting of Shareholders