



# Investor Presentation

April 2009

# Safe Harbor Statement

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This presentation and subsequent discussion may include 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 specifically include statements regarding developing relationships with customers and market conditions as well as the Company's penetration of those markets, the impact of competitive products and services, the ability to adapt to technological changes, the availability of capital, 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-KSB for the year ended December 31, 2008. 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.

# SCI Corporate History

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- 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.

# SCI Profile

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- 25 Full-time employees
- 32,000<sup>+</sup> 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”

# Full Service Materials Provider

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- Ceramic and Metal Targets for PVD
  - Custom oxide compositions
  - Ceramic and metal powder densification
  - Metal and ceramic machining
- Backing Plate/Bonding Services
  - Backing plate fabrication
  - Solder and Elastomer bonding available
- Superconducting Materials

# Manufacturing Capabilities

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- Ceramic Powder Synthesis & Processing
- Forming
- Heat Treating
- Electrical Discharge Machining (EDM)
- Ceramic & Metal Machining, Grinding
- Target Bonding

# Markets

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## Applications

Photonics



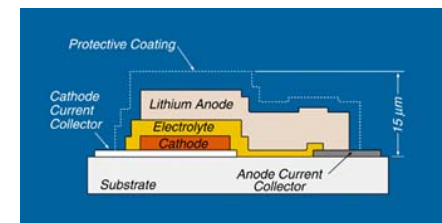
Solar



Semiconductor



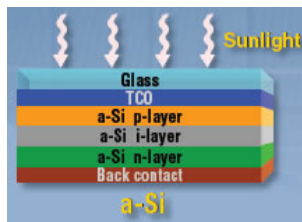
Thin Film Battery



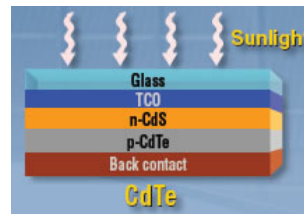
# Thin Film Solar Technologies



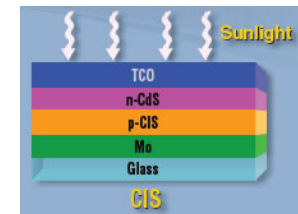
Amorphous Silicon



Cadmium Telluride



Copper Indium Gallium Selenide

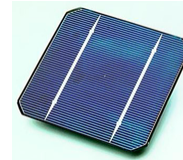




# Markets for Transparent Conductive Oxide Applications

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Thin Film Solar



Flat Panel Displays



Insulating Glass (E glass)



Organic Light Emitting Diodes (OLED)



Electronic Paper



# Sales and Marketing

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- Direct sales force
- Manufacturers' representatives





Third Party  
Re-label  
Sell under own name



ItoChu

Japan  
China

# Recent Government Programs

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\$ in millions

		<u>Amount</u>
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"	\$ 0.7
ODOD	166 Direct Loan	\$ 0.4
ODOD	Grant to commercialize additional products for Thin Film Solar industry	\$ 0.7

# Condensed Statements of Operations

\$ in millions, except per share amounts

	2004	2005	2006	2007	2008
Total Revenue	\$ 2.2	\$ 3.5	\$ 8.0	\$10.8	\$9.6
Gross Profit	<u>0.2</u>	<u>0.9</u>	<u>1.8</u>	<u>2.1</u>	<u>2.2</u>
General & Administrative Expense	0.9	0.8	0.9	0.9	1.0
Research & Development Expense	-	0.2	0.2	0.4	0.5
Marketing & Sales Expense	0.2	0.2	0.4	0.5	0.6
Income (Loss) From Operations	\$ <u>(0.9)</u>	\$ <u>(0.3)</u>	<u>0.3</u>	<u>0.3</u>	<u>0.2</u>
Income (Loss) Applicable to Common Stock	\$ <u>(1.1)</u>	\$ <u>(0.4)</u>	\$ <u>0.3</u>	\$ <u>0.3</u>	\$ <u>0.1</u>
Earnings (Loss) Per Share	\$ <u>(0.51)</u>	\$ <u>(0.13)</u>	\$ <u>0.07</u>	\$ <u>0.07</u>	\$ <u>0.02</u>
Weighted Average Shares Outstanding (millions)					
Basic	2.2	2.7	3.4	3.5	3.5
Fully Diluted	2.2	2.7	4.0	4.2	4.0

# Condensed Balance Sheets

\$ in millions

	2004	2005	2006	2007	2008
Total Current Assets	\$0.9	\$2.1	\$1.9	\$2.2	\$3.3
Property & Equipment, at cost-less accumulated depreciation	0.9	0.8	1.1	2.3	2.3
Other Assets	<u>0.045</u>	<u>0.044</u>	<u>0.3</u>	<u>0.1</u>	-
Total Assets	<u>\$1.8</u>	<u>\$2.9</u>	<u>\$3.3</u>	<u>\$4.5</u>	<u>\$5.6</u>
Total Current Liabilities	1.2	0.6	0.7	0.7	1.5
Current Lease Obligation, net of current portion	0.038	0.1	0.1	0.8	0.6
Note Payable, net of current portion	-	-	-	-	0.4
Shareholders' Equity	0.6	2.2	2.5	2.9	3.1
Total Liabilities and Shareholders' Equity	<u>\$1.8</u>	<u>\$2.9</u>	<u>\$3.3</u>	<u>\$4.5</u>	<u>\$5.6</u>

# Reconciliation of GAAP to Non-GAAP Measures

\$ in millions

	2004	2005	2006	2007	2008
Income (Loss) Applicable to Common Shares	\$(1,125,007)	\$(358,405)	\$277,083	\$307,682	\$100,177
Interest Expense, net	26,578	5,781	27,919	15,188	78,492
Income Tax Expense	-	-	-	-	-
Depreciation and Amortization Expense	<u>202,371</u>	<u>202,503</u>	<u>219,752</u>	<u>292,185</u>	<u>374,213</u>
EBITDA	\$ <u>(896,058)</u>	\$ <u>(90,121)</u>	<u>\$524,754</u>	<u>\$615,065</u>	<u>\$552,882</u>
Stock-based Compensation Expense	-	-	<u>10,052</u>	<u>57,251</u>	<u>77,348</u>
Adjusted EBITDA	\$ <u>(896,058)</u>	\$ <u>(90,121)</u>	<u>\$534,806</u>	<u>\$672,306</u>	<u>\$ 630,230</u>