SCI Engineered Materials, Inc.

The Science of Engineered Materials®

March 2016

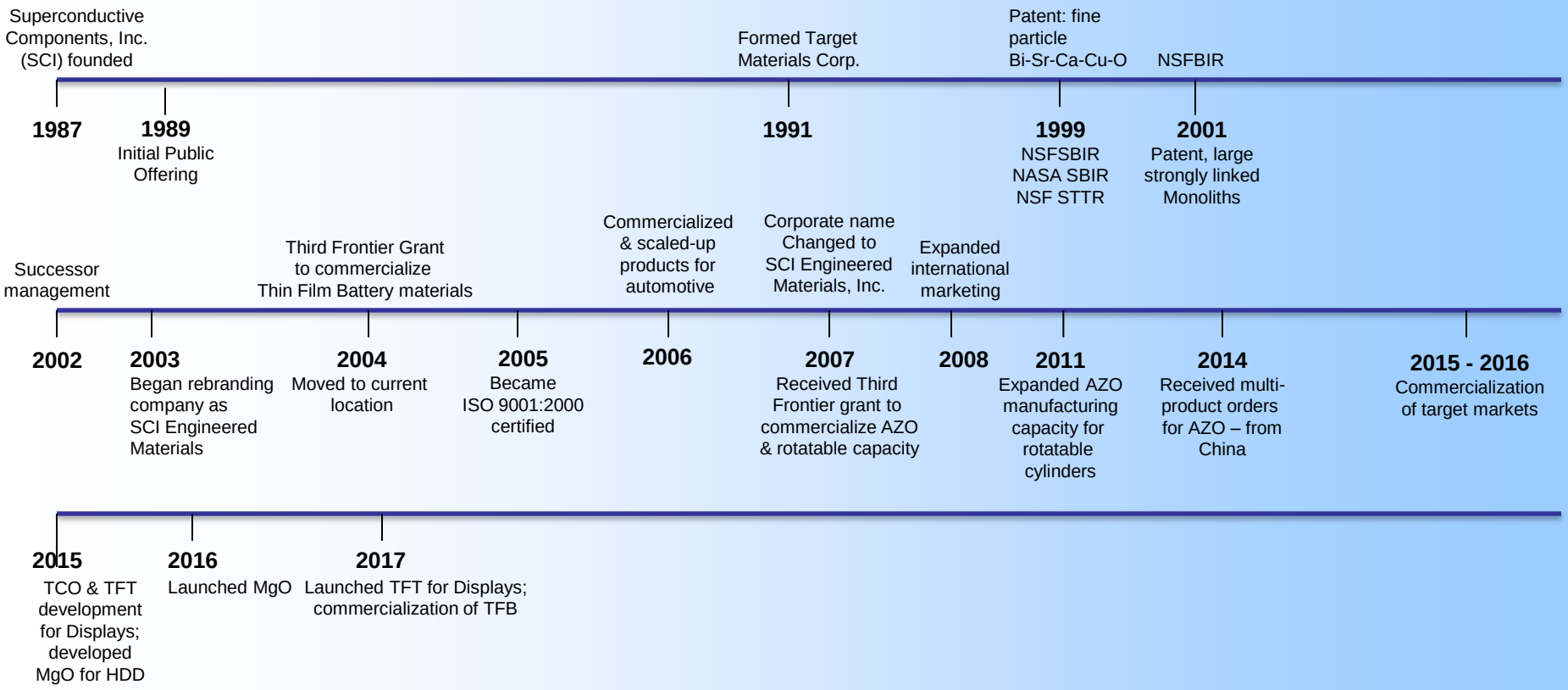
Safe Harbor

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, 2015. 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

- Founded in 1987 as Superconductive Components, Inc. Changed name to SCI Engineered Materials, Inc. in 2007
- Initially focused on R&D with high temperature superconducting materials and devices
- Developed manufacturing capabilities to produce advanced compositions for sputtering targets
- Manufacture products for diverse global markets
- Continue to leverage manufacturing capabilities, intellectual property and proprietary knowledge into complementary growth markets

SCI Timeline

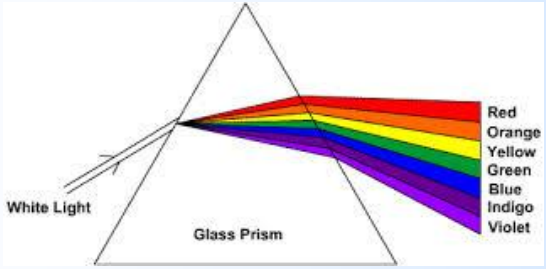


TCO: Transparent Conductive Oxide
NASA: National Association Space Agency
NSF: National Science Foundation
SBIR: Small Business Innovative Research Grant

HDD: Hard Disk Drive
TFT: Thin Film Transistor
TFB: Thin Film Battery

Growth Strategy

Photonics

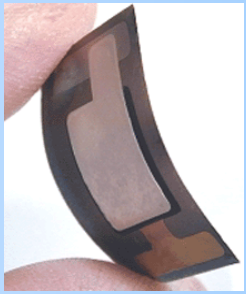


Thin Film Solar

Transparent Electronics

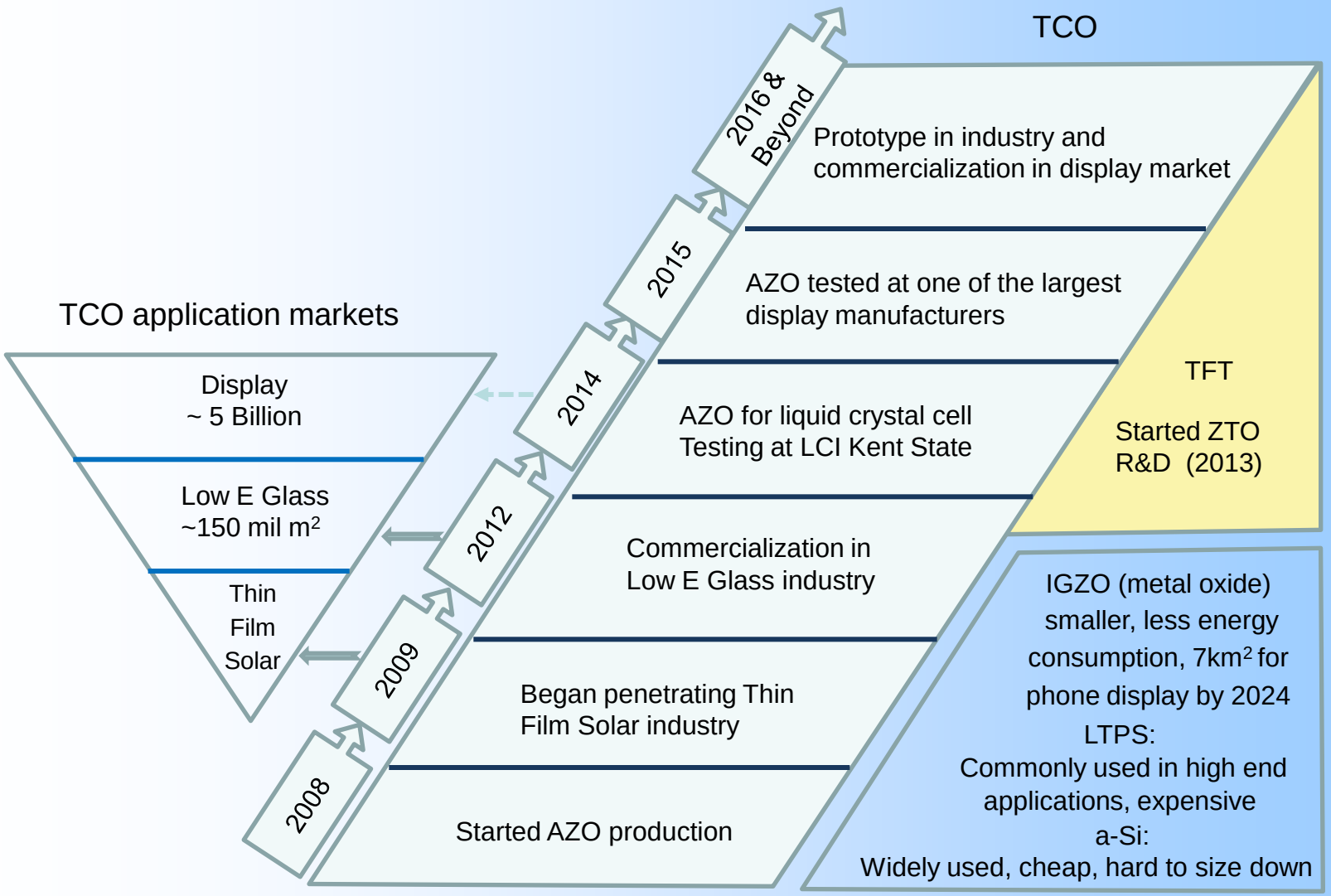
Glass

Thin Film Battery

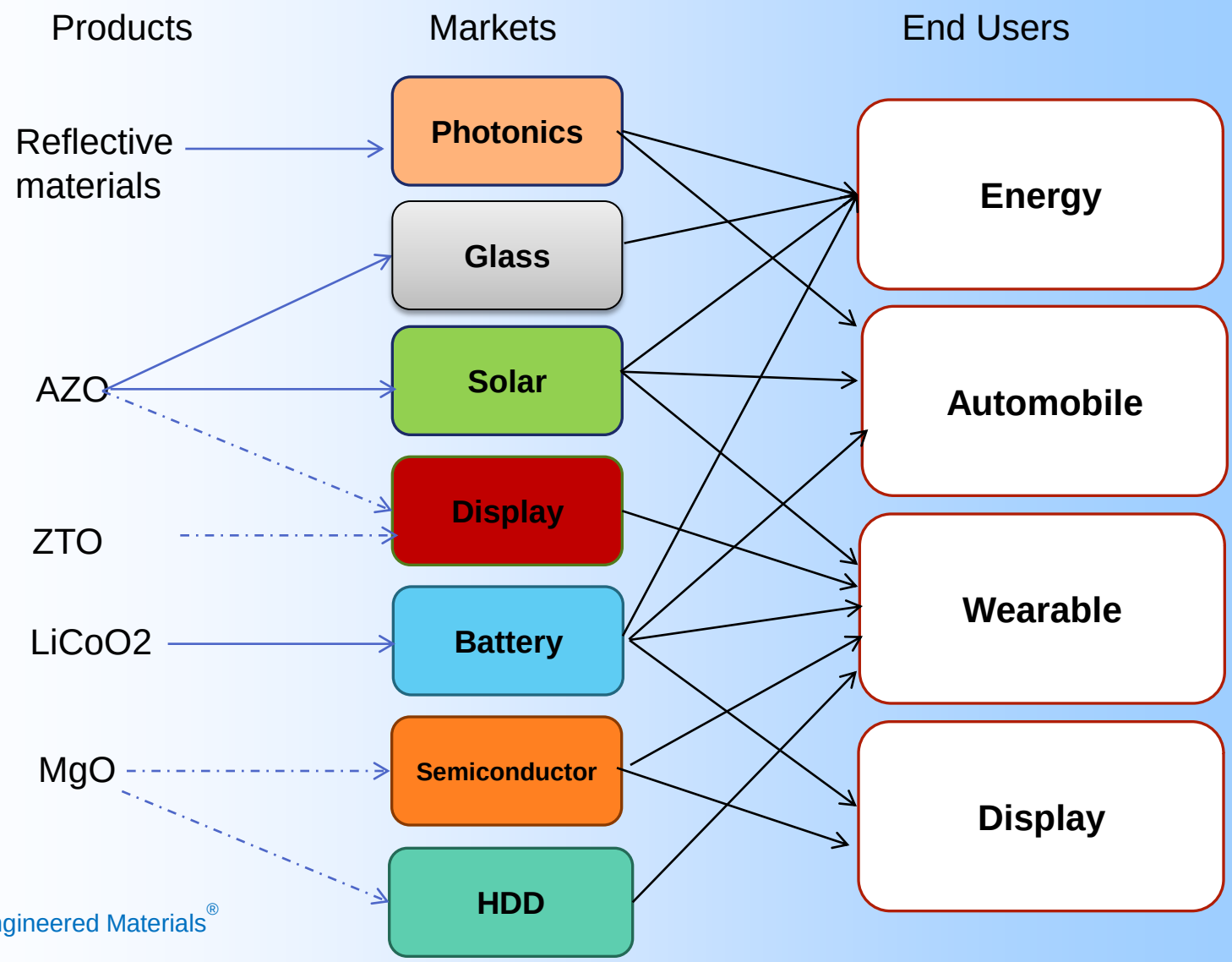


- Pursue significant growth opportunities in Asia
- Develop innovative products and custom solutions
- Leverage established capabilities
- Exploit niche market opportunities

SCI Conductive Oxide Road Map



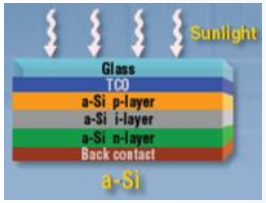
Products/Markets/End Users



Photonics

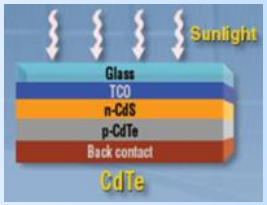
- A multi-billion global industry with attractive growth niches
- SCI has been involved in manufacturing products used in photonic and optic applications for more than 15 years
- Significant customers in diverse segments with leading market share and expanding product lines
- SCI produces a significant share of targets for two major customers who have a dominant market share of an automotive application
- Price volatility of commodity material contributes to revenue fluctuation

Thin Film Solar Technologies



Amorphous Silicon

3 GW



Cadmium Telluride

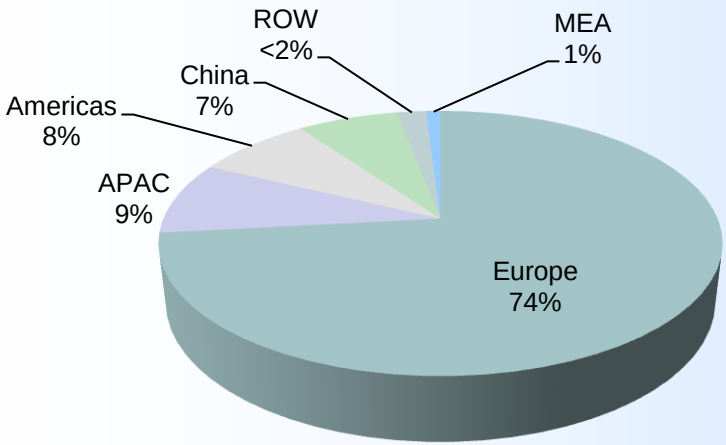
1 GW

Copper Indium Gallium Selenide (CIGS)

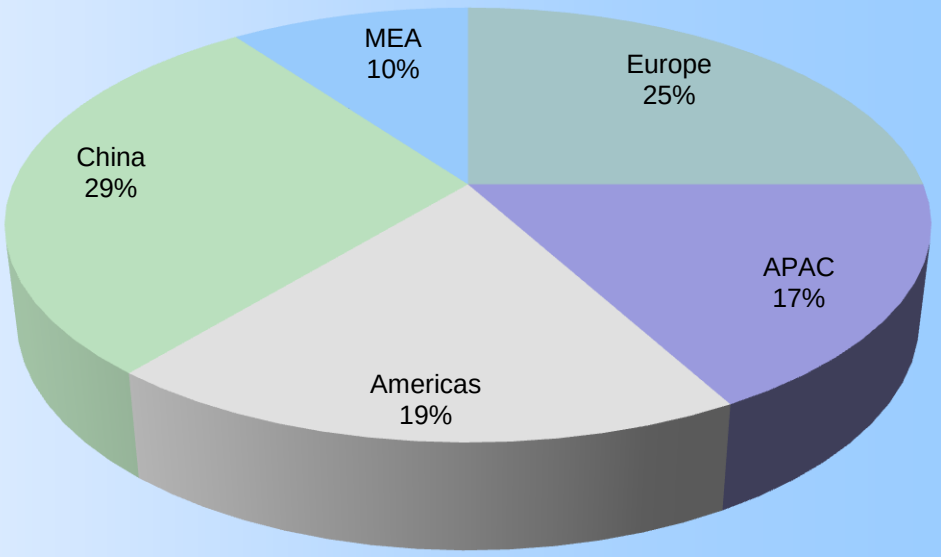
- CIGS has highest efficiency potential of thin film technologies developed to date
- SCI is supplying TCOs and some metals to CIGS manufacturers
- Utilize core capabilities to manufacture TCOs
- Develop proprietary TCO materials to meet specific customer needs
- Expanding global sales and marketing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

Solar Installations Globally by Region

Actual 2011
29.6 GW



Forecast 2018
68.6 GW



Recent Forecast (1)	
2015	59 GW
2016	67 GW
2017	72 GW

Source: European Photovoltaic Industry Association 2012 & 2013

(1) IHS: January 2016

Growth Opportunities in China

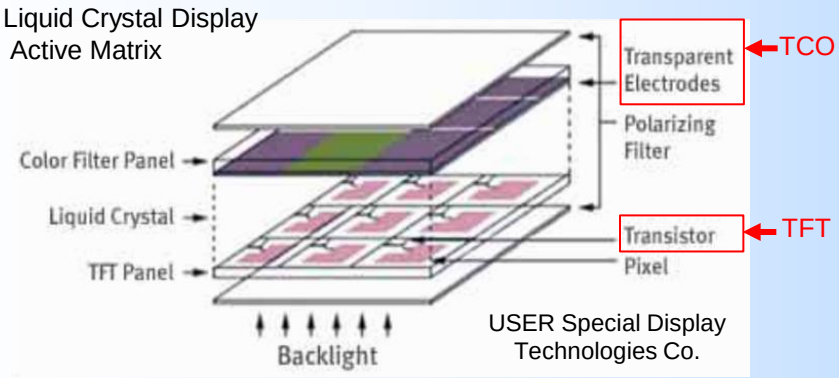
- Global leader in Photovoltaic (PV) Manufacturing
- Largest market for PV modules
- Electric demand growing at a rapid rate
- Growing health concerns of burning fossil fuels
- Plans to increase installed solar capacity from 28 GW to 150 GW-200 GW by 2020
- December 2015 COP21 international agreement in Paris

Examples of Thin Film Solar Manufacturers

E-glass

- AZO is used in E-glass applications as a passive 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

End Markets



Display

Smart Phone

Tablet

<u>Products</u>

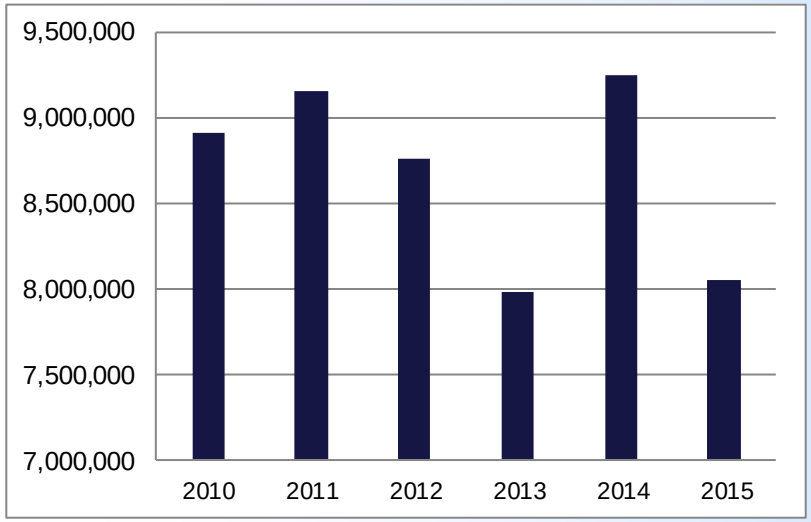
TCO
(AZO and other metal doped ZnO)

TFT
(ZTO)

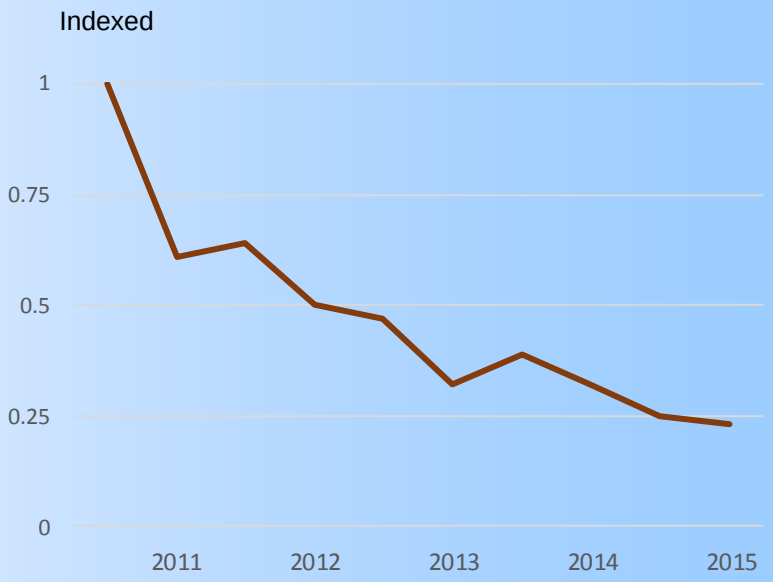
Financial Trends

Total Revenue & Key Commodity Cost

Total Revenue ($)

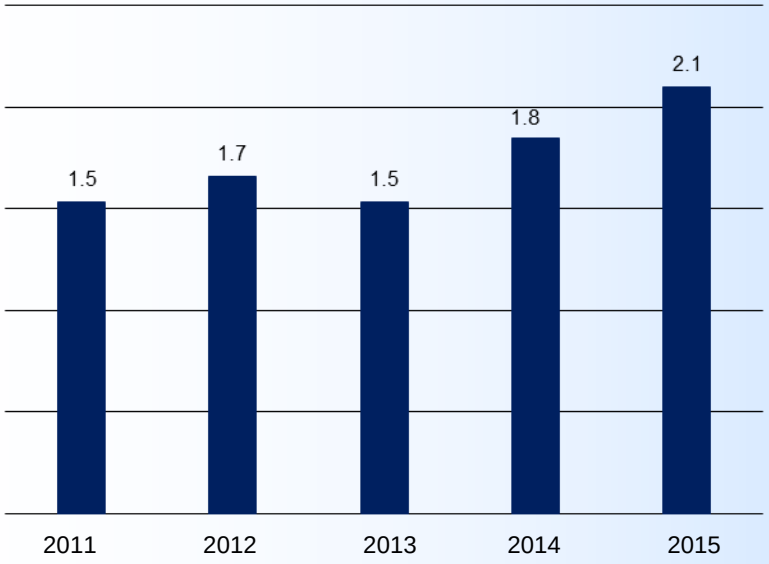


Key Commodity Cost

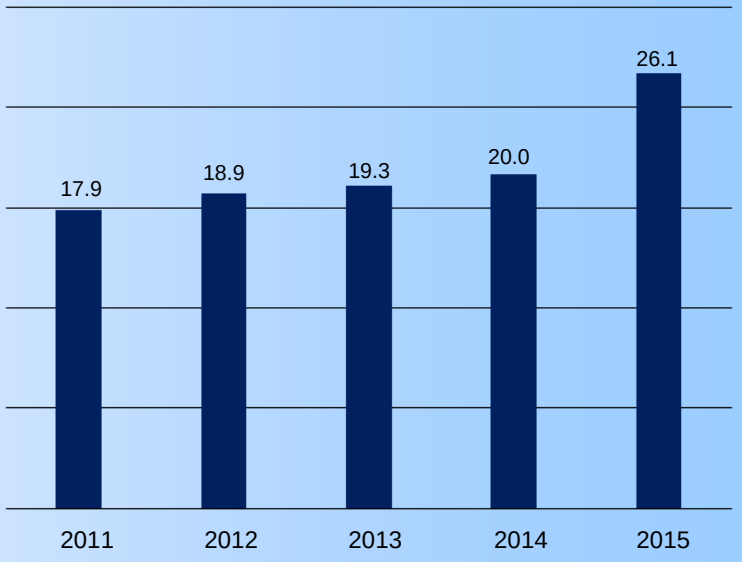


Gross Profit: Dollars and Margin

Gross Profit ($M)



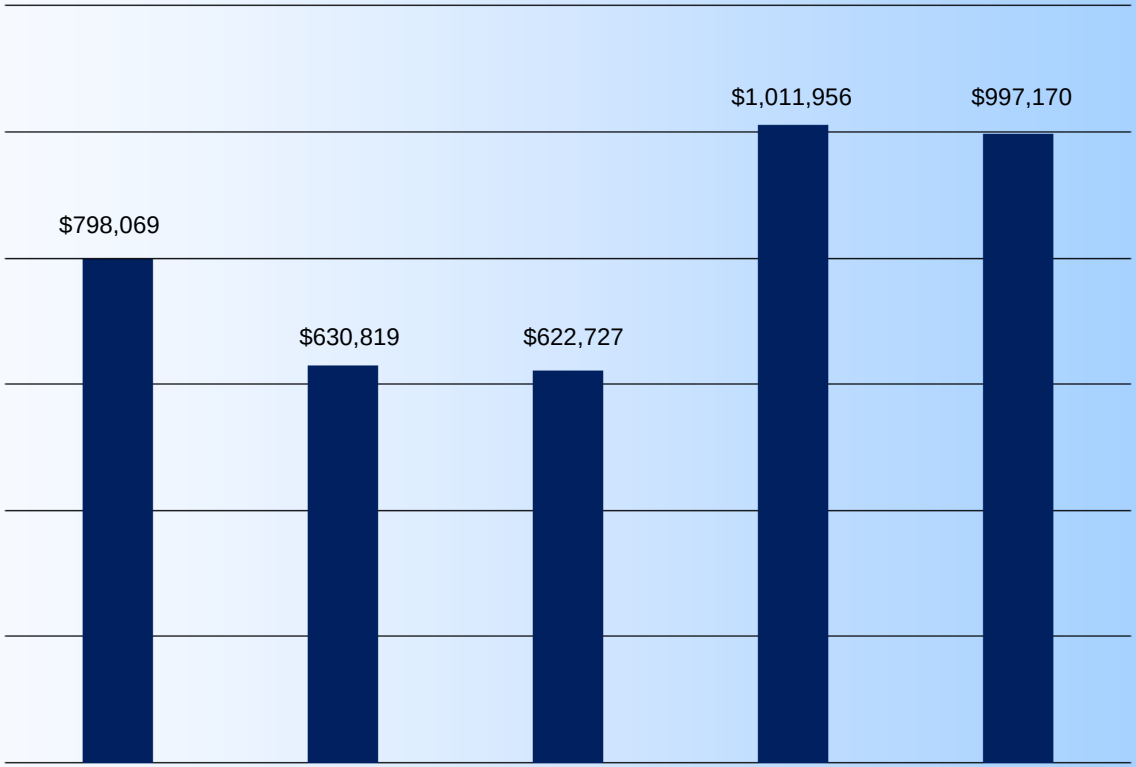
Gross Profit Margin (%)



Note: Twelve Months Ended December 31

Cash

Dollars



Note: At December 31

Investment Opportunity

- Established capabilities that are being leveraged in complementary businesses
- Significant growth opportunities in thin film solar and display markets
- Solid balance sheet and financial discipline
- Low market valuation

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