

SCI Engineered Materials, Inc. Reports Fourth Quarter 2007 and Full-Year Results

COLUMBUS, Ohio (March 10, 2008) SCI Engineered Materials, Inc. (OTC Bulletin Board: SCCI), a manufacturer of high quality sputtering targets for select growth markets in the physical vapor deposition industry, today announced results for the three months and twelve months ended December 31, 2007.

Dan Rooney, Chairman, President and Chief Executive Officer, said, "Our 2007 results included a 35% increase in total revenues, a 15% increase in gross profit and an 11% increase in income applicable to common shares compared to 2006. This performance benefited from increased sales to existing customers as well as initial sales to new customers within niche markets of large industries that have attractive, long-term growth opportunities. During 2007 we focused considerable attention on our entry into these new markets as well as developing new and expanded applications for our customers. These efforts are anticipated to accelerate product development, commercialization activities, and their time-to-market and also provide them with innovative materials for their products.

In 2008 we plan to continue developing our infrastructure as well as the company's production capacity, and research and development capabilities. Consistent with our growth strategy, we also expect to increase capabilities to support customers as we increase our presence in new markets."

Fourth Quarter 2007 Results

Total revenues decreased 34% to \$2,384,993 for the fourth quarter 2007 from \$3,622,238 for the same period a year ago. This was attributable to a decline in revenue for Photonics products. The Company's backlog was \$1.0 million at December 31, 2007.

Gross profit declined to \$596,442 for the fourth quarter 2007 from \$765,724 for the prior year. This difference was principally due to a high value raw material whose price fluctuates. The Company's gross profit margin increased to 25.0% of total revenues for the fourth quarter 2007 from 21.1% for the same period in 2006.

General and administrative expense declined to \$215,348 for the fourth quarter 2007 from \$261,493 a year ago, primarily due to lower professional expenses. Selling expense was \$125,986 for the fourth quarter 2007 versus \$144,447 a year ago.

Research and development ("R&D") expense increased 70% to \$114,991 for the fourth quarter 2007 from \$67,533 the prior year. There was increased expense in the fourth quarter 2007 related to increased staff and activities associated with applications for customers in the Photonic, Solar, Thin Film Battery and Semiconductor markets.

Income applicable to common shares was \$120,976, or \$0.03 per diluted share, for the three months ended December 31, 2007, versus net income of \$268,620, or \$0.07 per diluted share, for the same period in 2006. The weighted average number of diluted shares outstanding increased 5% to 4,185,929 for the fourth quarter 2007 from 3,986,814 for the same period last year.

2007 Results

Total revenue increased 35% to \$10,832,682 for the year ended December 31, 2007 from \$8,045,792 for the same period in 2006. This was primarily due to higher sales of Photonics products, which included purchases of a high value raw material, plus increased sales to Thin Film Battery customers.

Gross profit rose 15% to \$2,057,823 compared to \$1,788,244 in 2006. Gross profit margin declined to 19.0% of total revenues for 2007 from 22.2% last year, reflecting the substantial increase in the price of a high value raw material, whose products have lower margins than SCI's other products.

General and administrative expenses declined to \$884,771 in 2007 compared to \$928,506 in 2006. Selling expense rose to \$457,689 for 2007 from \$354,609 a year ago due to additional marketing staff, higher travel expense and SCI's participation in three industry tradeshow, including two in the United States and one in Europe, in 2007.

Research and development expenses increased 74% to \$368,971 for 2007 from \$212,507 for 2006. This was primarily due to staff additions and expenses related to development of products, including Thin Film Solar, targeted at new and expanding markets for the company.

Income applicable to common shares increased 11% to \$307,682 for the year ended December 31, 2007 compared to \$277,083 for the year 2006. Net income was \$0.07 per diluted share for both years due to the 6% increase in the weighted average number of diluted shares outstanding to 4,217,936 in 2007 compared to 3,982,905 in 2006.

About SCI Engineered Materials, Inc.

SCI Engineered Materials, Inc. manufactures ceramics and metals for advanced applications such as optical, photonics including solar, thin film batteries, and superconductors. SCI Engineered Materials is a global materials supplier with clients in more than 40 countries. Additional information is available at <http://www.sciengineeredmaterials.com>.

This press release 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 specifically include statements regarding efforts to help customers accelerate product development, commercialization activities, and their time-to-market and also provide them with innovative materials for their products (paragraph 2), plans to continue developing the company's infrastructure as well as its production capacity, research and development capabilities and capabilities to support customers (paragraph 3). These forward-looking statements involve numerous risks and uncertainties, including, without limitation, 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, 2006. 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 press release 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 press release are based on information presently available to the management of the Company. The Company assumes no obligation to update any forward-looking statements.

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