



# Acquisition of Sandbox Enterprises

August 3, 2016

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# Compelling Strategic Acquisition



A Proppant Logistics Company With An Innovative, Cost-Efficient and Safe “Last Mile” Delivery System

## ALIGNS WITH STRATEGIC PRIORITIES

- Expands frac sand offering from mine to well head
- Increases potential addressable market and supports market share growth
- Enhances logistics network, adding new capabilities for mobile transloading and in-basin proppant staging

## POWERFUL CUSTOMER PROPOSITION

- Containerized logistics process that lowers sand delivery cost to the well head
  - Increases transportation efficiency and provides faster truck turns
  - Reduces jobsite congestion and eliminates truck detention
- Provides an effective solution to address OSHA’s new silica dust regulations
- Sand delivery rates exceed requirements for high intensity completions

## CREATES LONG-TERM SHAREHOLDER VALUE

- Profitable in downturn with potential for margin expansion as market rebounds
- Proprietary opportunity to grow share significantly as part of SLCA

# Transaction Summary

## Consideration

- **Total consideration of \$218.3 million based on closing price on August 2, 2016**
  - \$75 million in cash
  - Approximately 4.2 million SLCA common shares

## Financial Impact

- **Expected to be modestly accretive to 2016 EPS and generate EPS accretion of \$0.20 to \$0.30 in 2017**

## Enhanced Operations

- **Operational and commercial synergies leveraging SLCA network**
- **Offers mine-to-wellhead logistics solution and high capital efficiency**
- **Ability to employ mobile transloading from any rail spur in the country**

## Management

- **Sandbox management to remain in place following closing**
- **Extensive experience in energy, transportation and logistics**

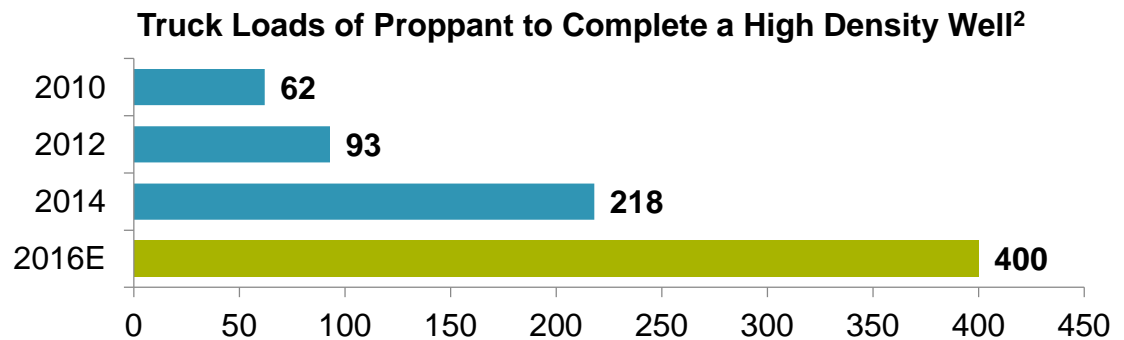
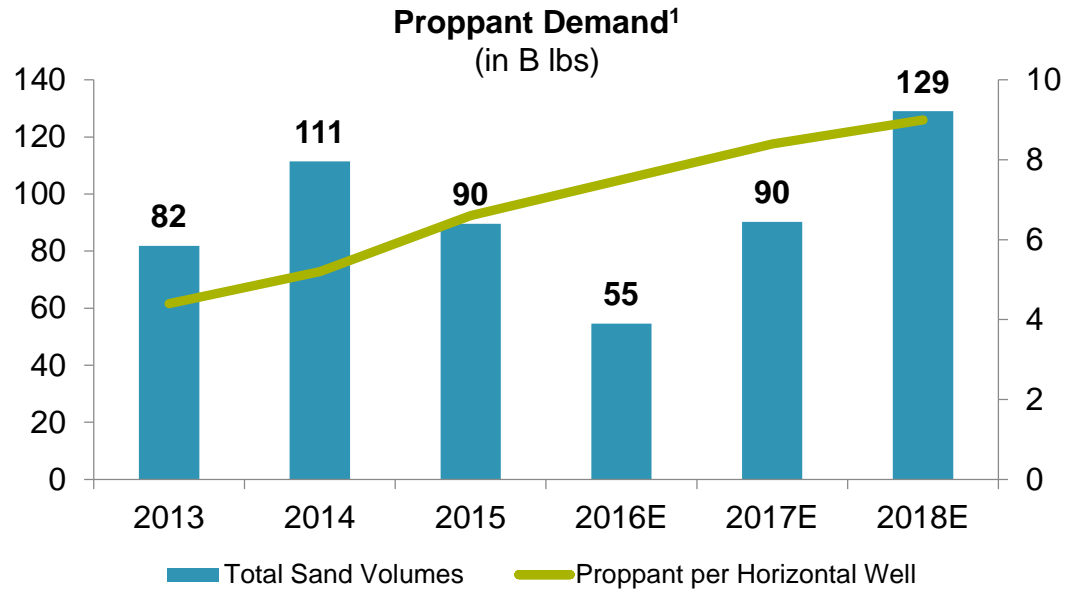
## Expected Closing

- **Subject to regulatory approvals, including Hart-Scott-Rodino, as well as other customary closing conditions**
- **Mid-to-late August**

# Capitalizing On Industry Dynamics

## Increased Proppant Intensity Requires New Logistics Solutions

- **Proppant demand** per well has increased more than 70% during the last few years
- **Logistics solutions** that provide reliable and efficient proppant delivery are becoming increasingly critical
- **Sandbox** is the market leading alternative to current pneumatic sand transportation



1) Citi Research

2) Goldman Sachs Global Investment Research & management estimates

# Sandbox Overview

- Proppant logistics company located in Houston, Texas
- Utilizes specially designed, patent-protected equipment and processes:
  - **Steel, weatherproof Sandbox containers** can hold up to 22.5 tons of sand
  - **Specially designed truck chassis** offer highly efficient delivery and represent a 60% lower investment than pneumatic equipment
  - **Customized conveyor cradles** deliver proppant directly into the blender hopper with capacity to serve high intensity wells
- Proven, transformative, logistics solution, serving the most active U.S. onshore oil and gas locations
  - Proprietary innovator - first to market
  - Estimated 10% market share



# Cleaner, Safer and More Efficient

## “Last Mile” Delivery Solutions



### Trans-Load Storage

- Requires minimally developed land for a transloading facility
- Dramatically reduces last mile distances by utilizing available rail track
- Low capital investment and operating expense
- Proppant protected from elements
- Quickly scalable and highly flexible

### Delivery

- Quick loading and unloading
- Enhanced proppant pre-delivery and staging
- Eliminates truck detention
- Enables continuous frac operations
- Minimizes storage footprint
- Allows frac crew to improve efficiency by up to 50%

### Wellhead

- Proppant delivered directly into the blender hopper
- Addresses silica dust issue
- Precise control and measurement of proppant
- Increased rate of fracking
- Safer wellsite due to lower truck traffic

# Driving Success with Speed, Scale and Strength

## Strategy to Deliver Long-Term Shareholder Value

- Maintain strong balance sheet
- Profitably increase market share in Oil & Gas segment
- Capitalize on industry trend toward greater acceptance of regional sands
- Expand proppant choices and lower cost of use for customers
- Maintain ISP market share while developing and commercializing new high-value offerings
- Continue to explore additional attractive M&A opportunities