



Investor Day

December 1, 2016





Mike Lawson

**Vice President of Investor Relations
and Corporate Communications**





Bryan Shinn
President and CEO



Business Built for Success

Winning in the Downturn

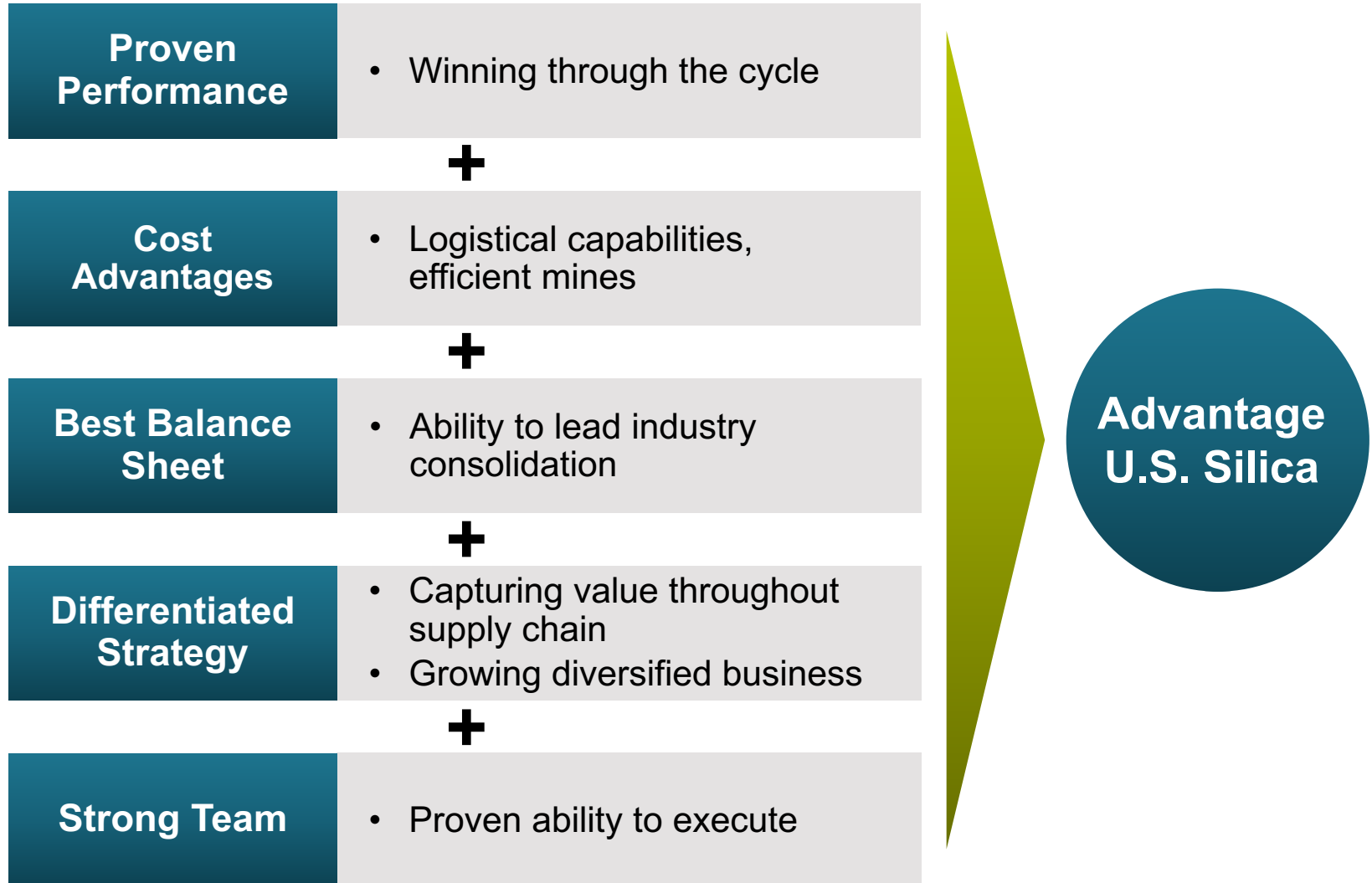
Uniquely Positioned for the Oil & Gas Rebound

More Than Just Oil & Gas

Where We are Headed

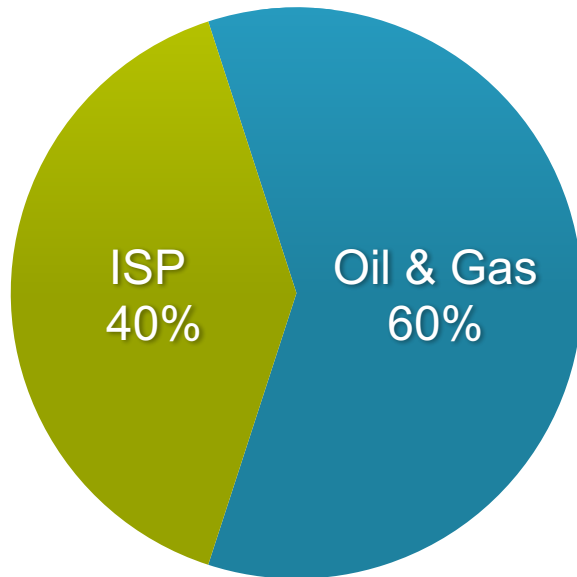


Extending Our Industry-Leading Position



Profile of an Industry Leader

YTD 2016 Revenue*



Key Metrics

Revenues **\$503M***

O&G market share **~20%**

ISP end markets **#1 or #2**

Acquisitions last 2 years **3**

Logistics network **#1**



* Q3 2016 YTD Annualized

Two Strong, Complementary Business Segments

Oil & Gas Proppants (O&G)



Revenue	\$225.6M*
Contribution margin ⁽¹⁾	\$(9.4)M*
Contribution margin %	NA
Volume	5.8M tons*
Operating facilities	10

Industrial & Specialty (ISP)

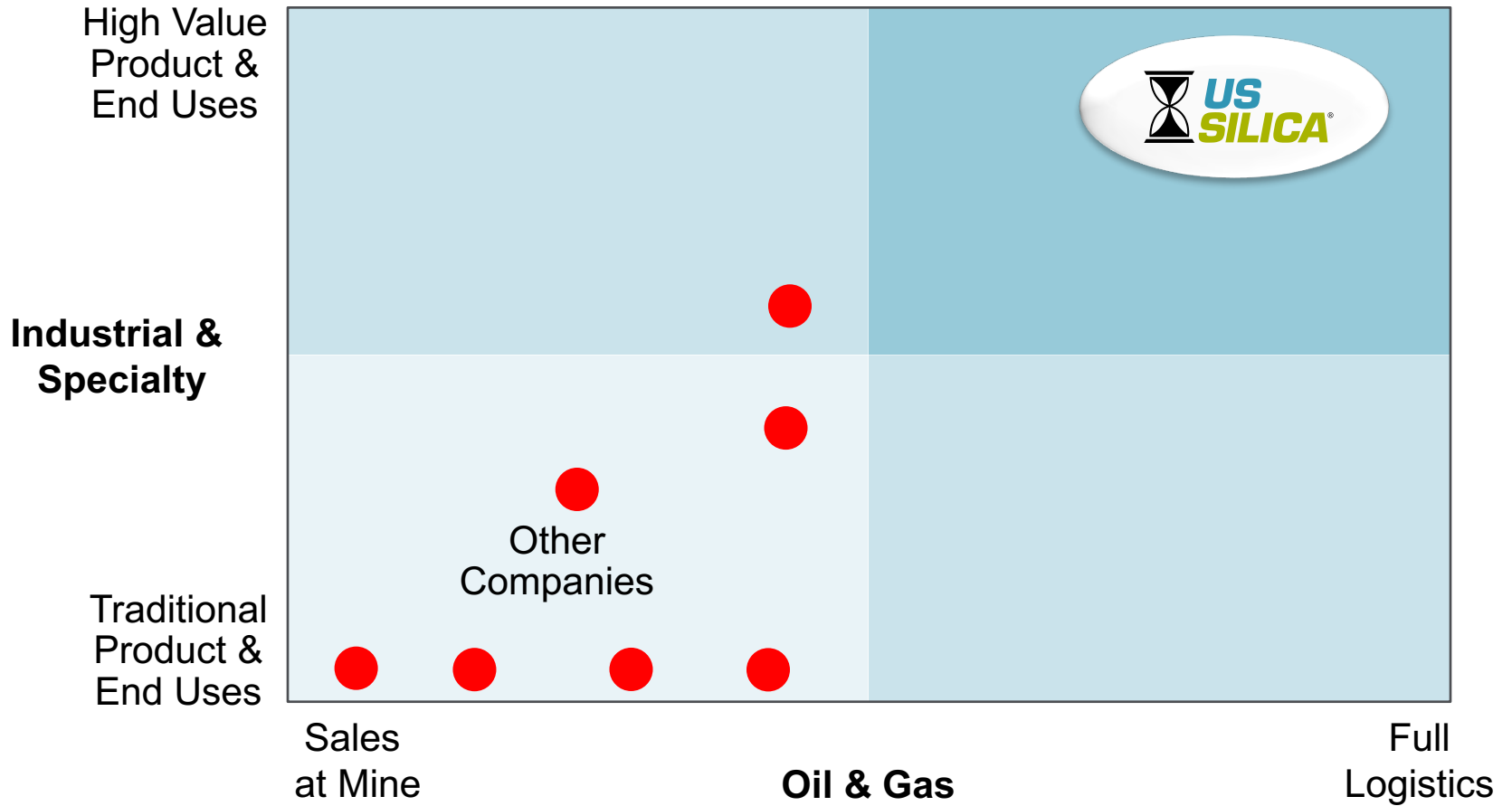


Revenue	\$202.2M*
Contribution margin ⁽¹⁾	\$79.9M*
Contribution margin %	40%*
Volume	3.5M tons*
Operating facilities	9

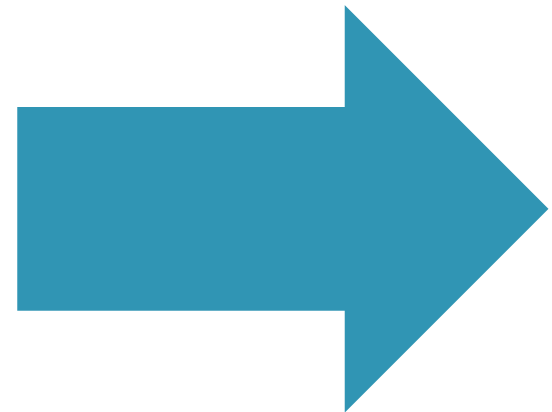
⁽¹⁾ See Appendix for definition of contribution margin. * Q3 2016 YTD Annualized



Both Our Businesses Offer Differentiated Value Propositions to Customers



From: A commodity sand producer



- Narrow product range
- Limited value capture

To an Innovative End-to-End Frac Sand Company

By Expanding O&G Value Capture

Low cost
assets



Best-in-class
distribution



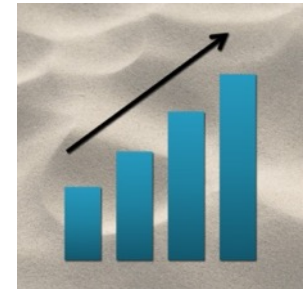
Regional
sand



Last
mile



Further
accretive M&A



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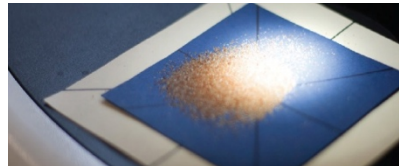
Where We are Headed



Focused Execution Key to Success

Key Actions

- 1** Delivered on our commitments
- 2** Laser focused on costs
- 3** Maintained strong balance sheet
- 4** Extended our lead with strategic acquisitions
- 5** Grew the industrial business segment above plan



Executing On Our Successful Strategy

- Grow ISP margins by expanding value-added capabilities
- Add \$10M EBITDA through new products
- Ensure financial strength
- Gain share by differentiating on logistics and customer support
- Add new high velocity and unit train capable transloads
- Pursue accretive acquisitions
- Potential to aggressively expand capacity for Oil & Gas segment

Strategic goals articulated at SLCA 2014 Investor Day

Achieved >\$50M in Cyclical / Structural Cost Reductions

Overhead Reduction

- Headcount reduction
- Disciplined discretionary spending
- Centralized and automated key back office functions

Transportation Optimization

- Renegotiated key transload contracts – 30% more storage with 40% reduction in fixed costs
- Renegotiated rates with rail, barge and truck providers
- Optimized rail weight loading at plants

Network Optimization

- Increased unit trains to over 50% of shipments
- Implemented flexibility plan in Illinois mines to allow cost-effective, flexible unit train builds across 3 different Class I railroads

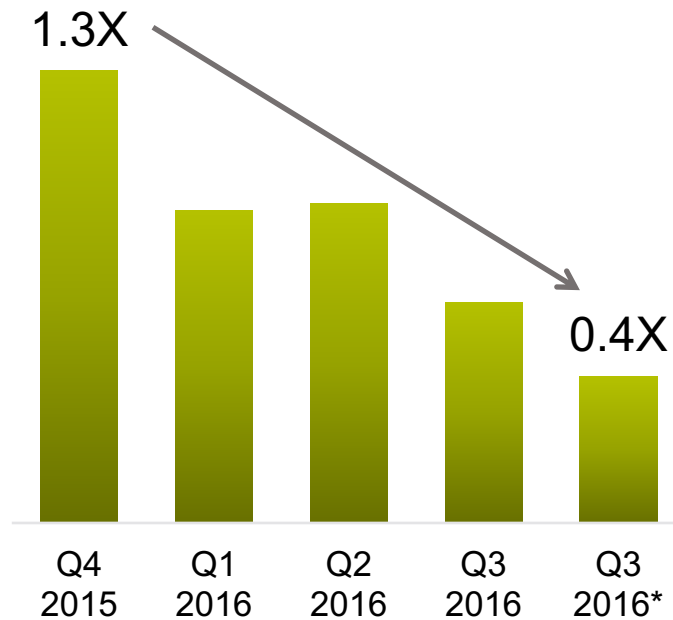
Operational Efficiency

- Debottlenecked mines to expand capacity and reduce cost per ton
- Implemented systemic maintenance management program



Disciplined Capital Spending and Two Successful Equity Raises

Debt to Equity Ratio



Cash / Debt

Cash as of 9/30	\$264M
Cash from offering	\$467M
Total:	\$731M
Total Debt at 9/30	\$507M

Enabling SLCA to make accretive acquisitions

*: Amount as of 9/30 adjusted for the impacts of the 9 million shares of common stock offering.

4. STRATEGIC ACQUISITIONS EXTENDED OUR LEAD

Ramping Up Volumes in Tyler

- Successfully integrated into US Silica operations
- Shipped a record 101,000 tons in November
- Shipped first product by rail
- Current annual run rate of >1M tons
- One of the most competitive mines in our portfolio today





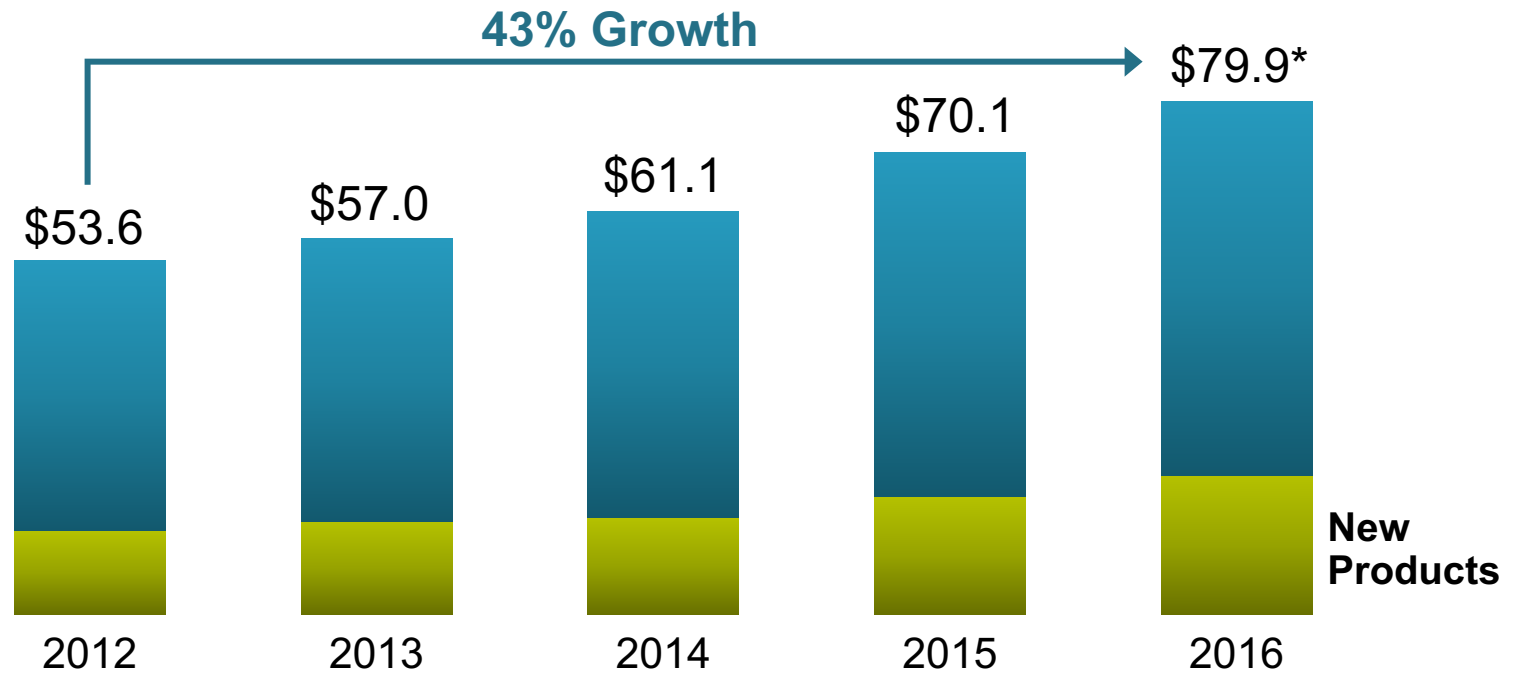
SandBox: A Ground to Ground Solution for Customers

- Integrating into our logistics network
- Merging sales processes
- Seeing significant uptick in customer interest
- Number of loads have increased substantially
- Investing \$25M to double capacity to meet increased demand



Growing ISP Margins and Profitability

Contribution Margin \$M



2012

- High volume
- Commodity business
- Grows with GDP



2016

- Invest in R&D / new products
- Optimize product mix
- Strategically raise price

* Q3 2016 YTD Annualized

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Powerful Trends are Changing the Industry Landscape



Increase in frac sand per well by 2018

15-50%



Growth in regional sands next 2 years

80-110%



Loads per well in 2018

225-275

Changing Dynamics

- Industry is consolidating
- Customers are consolidating suppliers
- Unit Train capability critical
- High velocity network to better serve customers
- Regional sands gaining share
- Last mile logistics expected to be the pinch point



Logistical Cost Advantages Drive Market Share Gains

Transload network with 19 unit-train capable sites or 40% of capability

Leader

Transloads within 50 miles of current working rigs

85%

Greater optionality for best origin / destination pairings driven by

Large Footprint

Right sizing the network to reduce costs and get customers closer to the well head

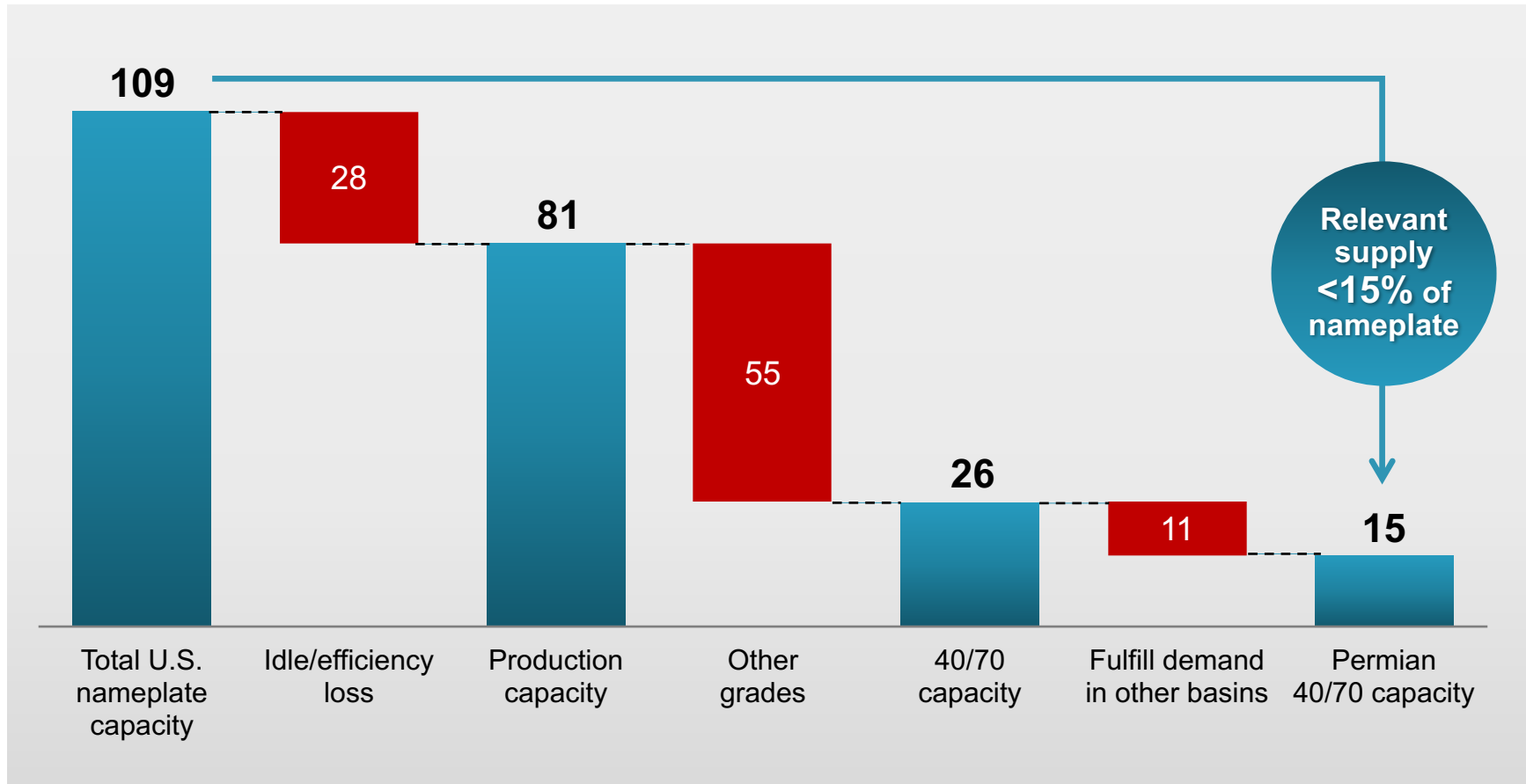
Continuing

Today we have 30% more storage at lower fixed costs of

40%

Limited Permian 40/70 Relevant Supply – Significantly Less than Nameplate Capacity

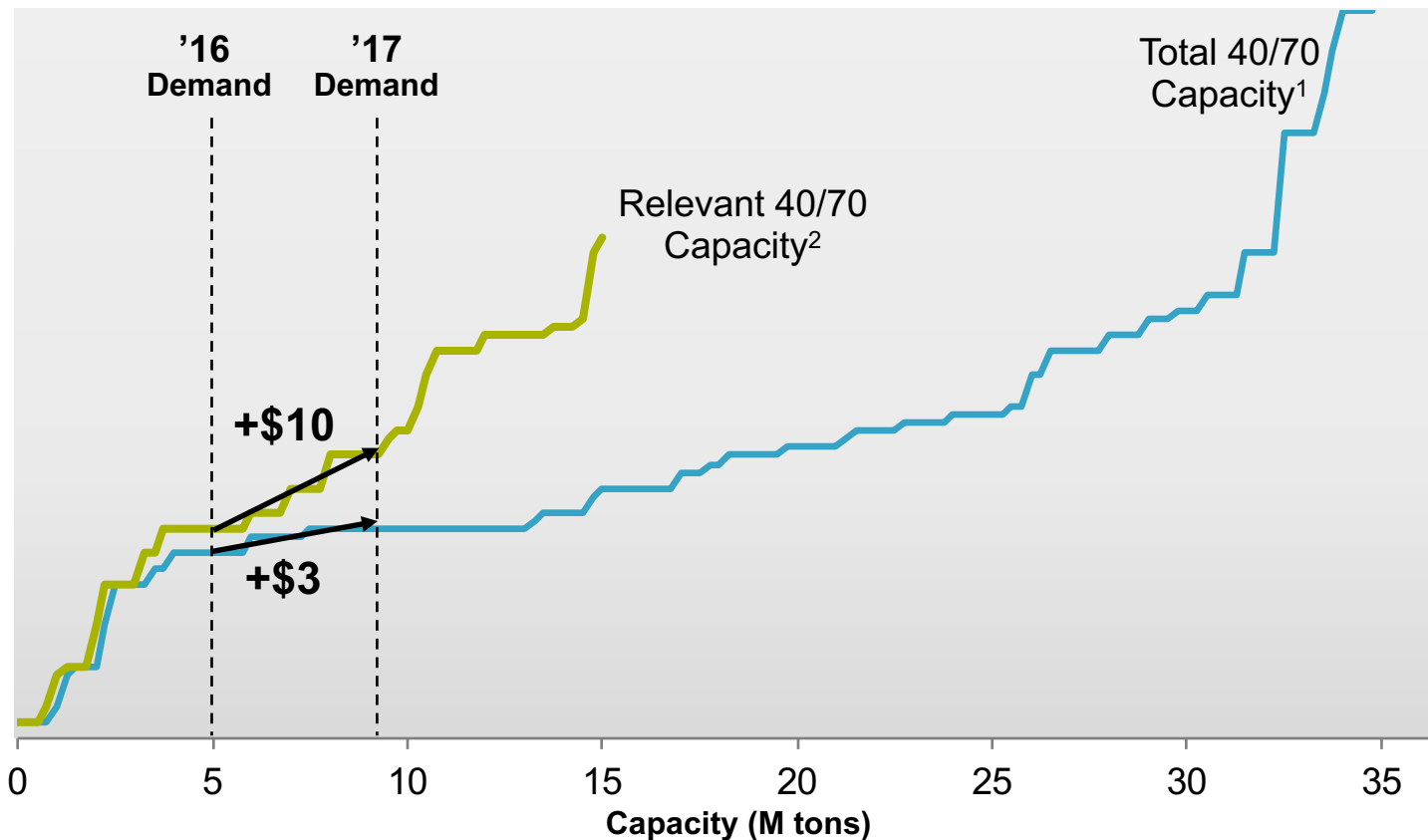
2017 Total vs. Permian 40/70 Relevant Supply
(M tons)



Permian 40/70 Prices Set to Increase Significantly in 2017

Permian 40/70 Delivered Cost Curve

Wellhead Delivered Cost (\$/ton)



1. Total capacity includes all 40/70 nameplate capacity for active and idled plants in the U.S.
 2. Relevant 40/70 capacity includes a haircut for plant downtime, exclusion of idled plants and adjustment for tons directed to other basins
 Sources: SLCA estimates, Pacwest, Energent

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A Diverse Mix of End Markets



Glass

- Smartphones
- Tablets
- Containers
- Automotive glass
- Fiberglass



Building Products

- Grouts and Mortars
- Specialty Cements
- Quartz Surfaces
- Roofing Shingles



Foundry

- Molds and Cores for Metal Casting



Chemicals

- Silica-based Chemicals
- Silicon Carbide
- Ceramics
- Sodium Silicates



Fillers & Extenders

- Performance coatings
- Architectural, industrial and traffic paints
- Silicone rubber

Profitability



1 New Products



2 New Markets



3 ISP Adjacencies

Building on the Core

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Where We are Headed



Executing Consistent Strategy to Grow Both Segments

Key Initiatives

Oil & Gas

1. Grow market share
2. Expand addressable markets
3. Drive consolidation



Industrial & Specialty

1. Expand ISP product offerings
2. Maintain #1 or #2 share position
3. Leverage core expertise to create new business opportunities
4. Acquire new capabilities



Key Initiatives

Sandbox

- Invest in the business to bulk up quickly
- Offer customers more flexibility and choices
- Grow share to 50%

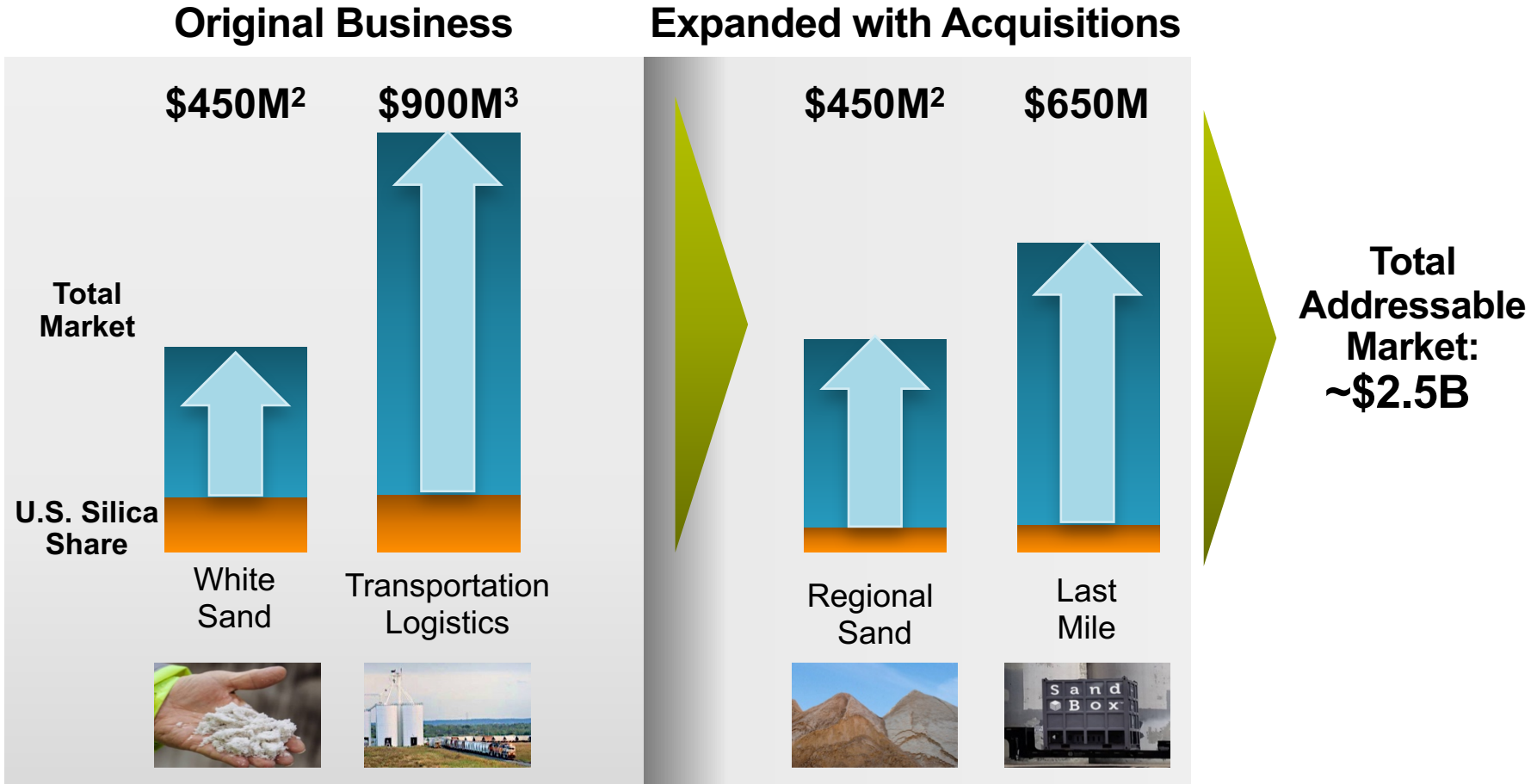


Regional Sands

- Ramp up volumes at Tyler
- Offer customers more choices
- Improve access to regional sands



Expand Our Addressable Markets¹



1. Addressable markets based on 2016 FY estimates
 2. Market calculated based on FOB plant ASP
 3. Includes rail and transload markets
 Sources: SLCA estimates, Pacwest, Emergent

Drive Industry Consolidation

Our Focus

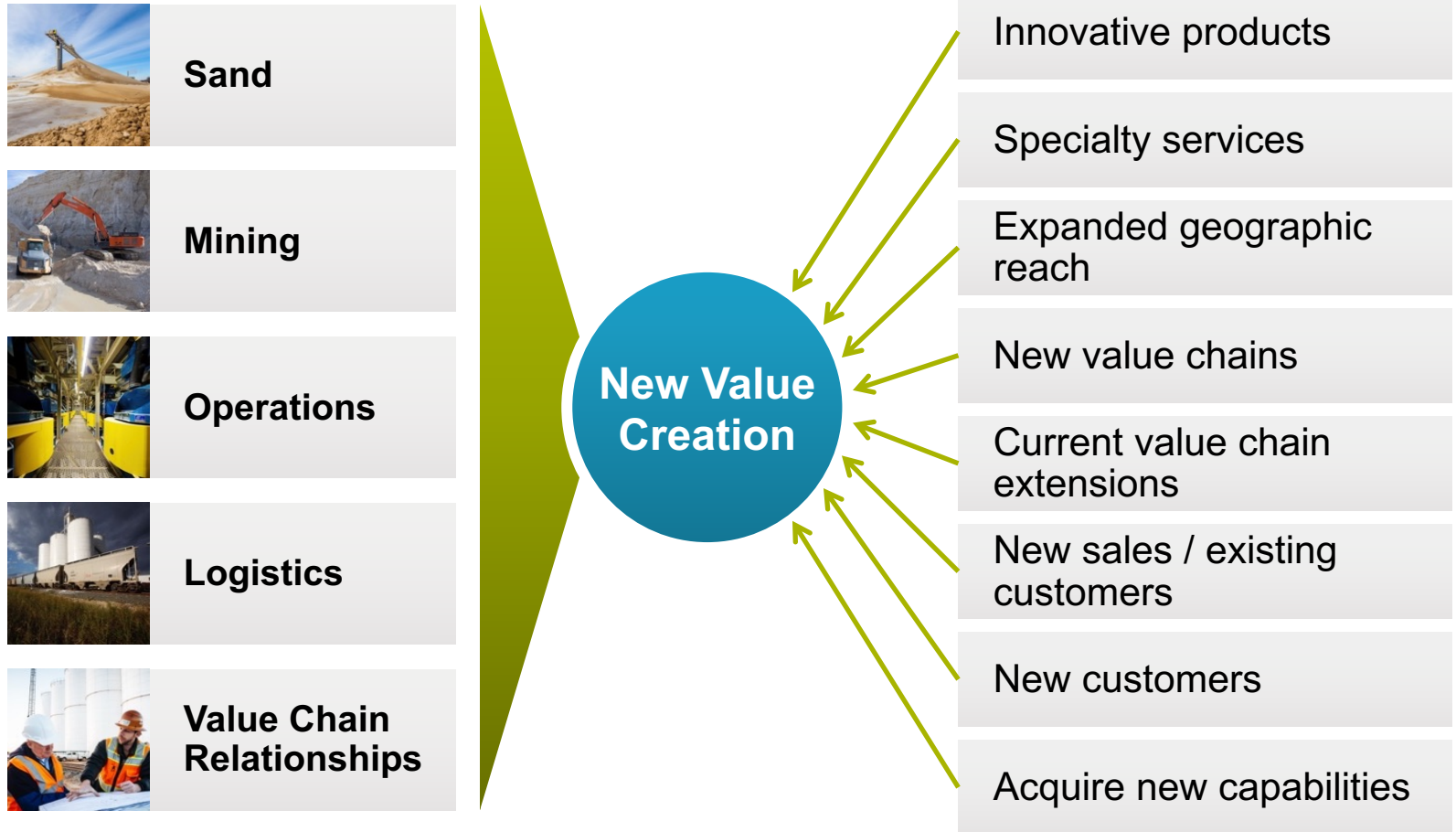
- Utilize strong balance sheet
- Look for highly accretive deals
- Enhance our speed, scale and strength in Oil & Gas



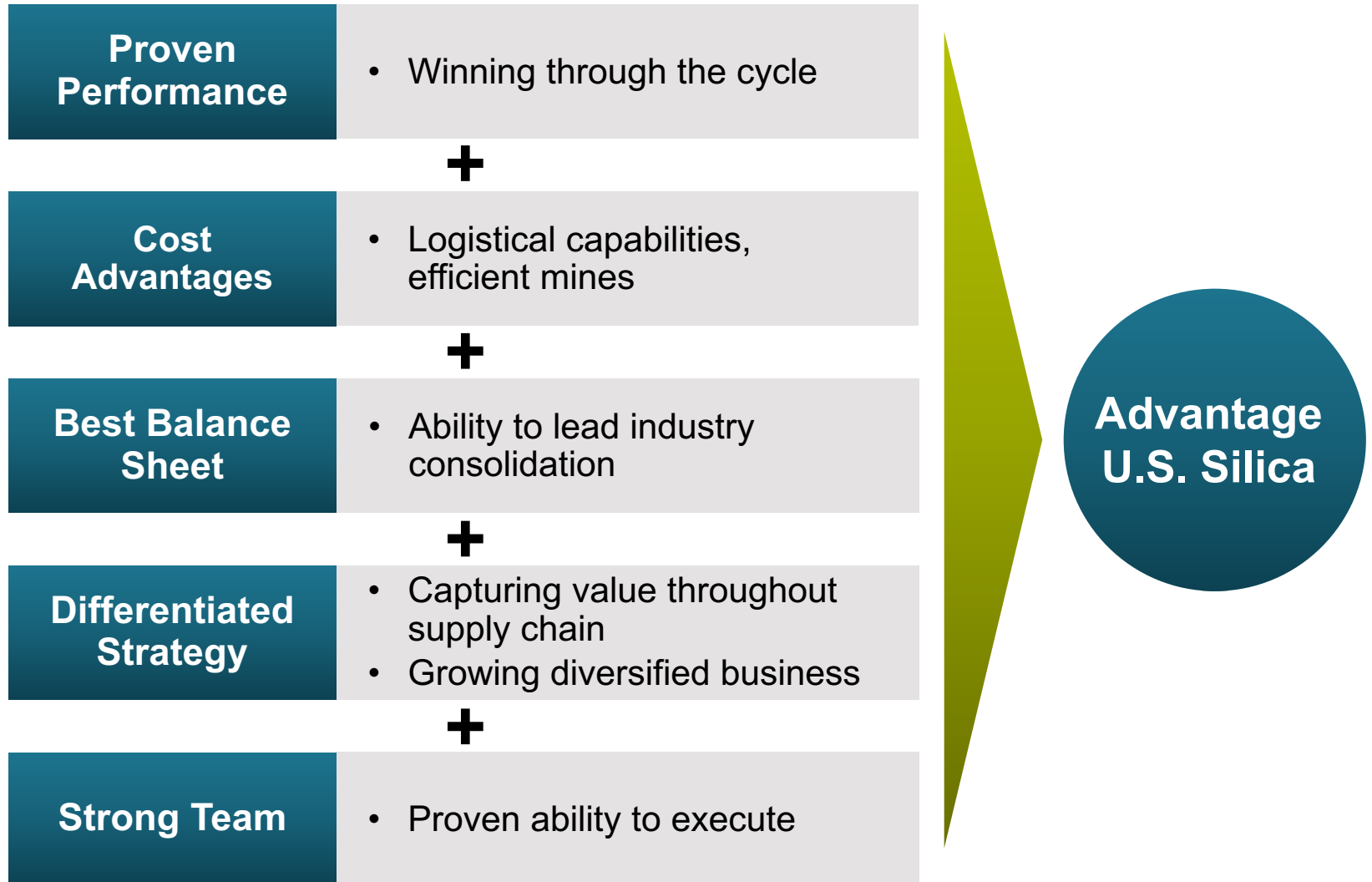
Acquisition Approach

- Northern white sand mines and plants
- Regional sand mines and plants
- Regional greenfield opportunities





Extending Our Industry-Leading Position





Don Merril

Executive Vice President and CFO



The Business Today

Capital Allocation Strategy

How We Win



Extending Our Industry-Leading Position

Resilient Performance

- Compelling, differentiated business model drives results



Managing Cash and Costs

- Disciplined, yet flexible approach
- Expanding margins over time



Best Balance Sheet

- Staying mission ready
- The acquirer of choice



Investing in Growth and Profitability

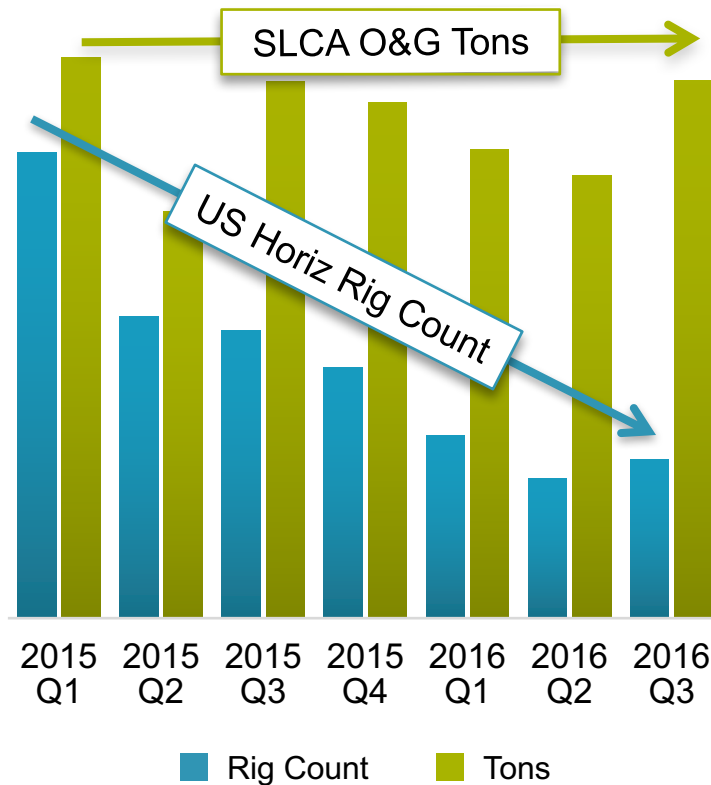
- Building shareholder value
- Staying ahead of the curve

A large green arrow pointing from the four strategy boxes towards the Advantage U.S. Silica circle.

**Advantage
U.S. Silica**

Volume Growth in O&G Outpacing Rig Count and Driving Fixed Cost Absorption

Outgrowing the Market



Focused Strategy

- Driving volume amid declining rig count
 - Consistent focus on share gains
 - Managing price
 - Leveraging distribution




Outperforming the market

...Along With Continued Cost Improvement 2014-2016⁽¹⁾

Headcount


- **Reductions in workforce**
 - More flexible organization
 - Created a shared services function
 - Enabled by technology
 - Slowly add resources as growth returns



-25%

SG&A Spending

- **Tightly control spending**
 - Curtailed discretionary spending
 - Renegotiated key service agreements
 - Worked with our supplier partners
 - Cost savings is a mantra



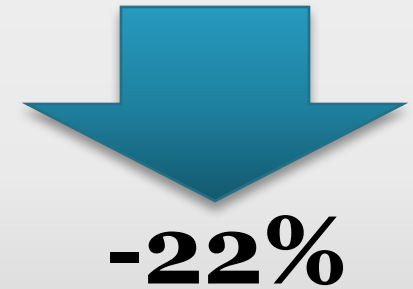
-22%

Note (1): Estimated at December 31, 2016

...Cost Improvements All Across the Supply Chain Q1 '15 to Q3 '16

Production Cost per Ton

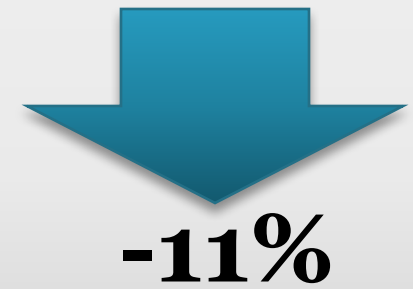
- **\$20M of savings in production costs**
 - Reduced to core staffing
 - Dramatically lowered overtime & maintenance
 - Engineers focused on reducing cost per ton



-22%

Transportation Cost per Transload Ton

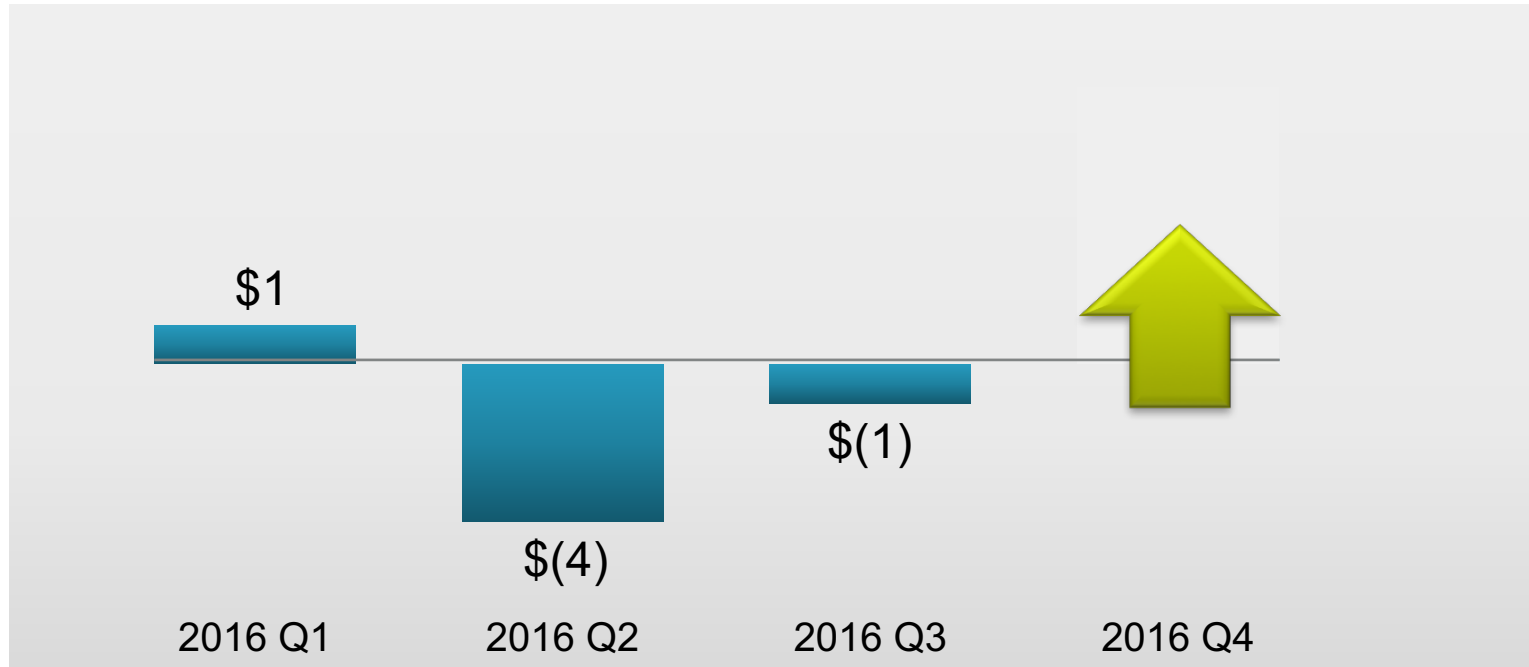
- **\$20M of savings in transportation costs**
 - Renegotiating vendor rates and contracts
 - Maximizing network efficiency
 - Upgrading our TL network



-11%

...Higher Volumes and Absorption Plus New Acquisitions Drive Higher Margins⁽¹⁾

Oil & Gas Contribution Margin Per Ton



Improving contribution margin

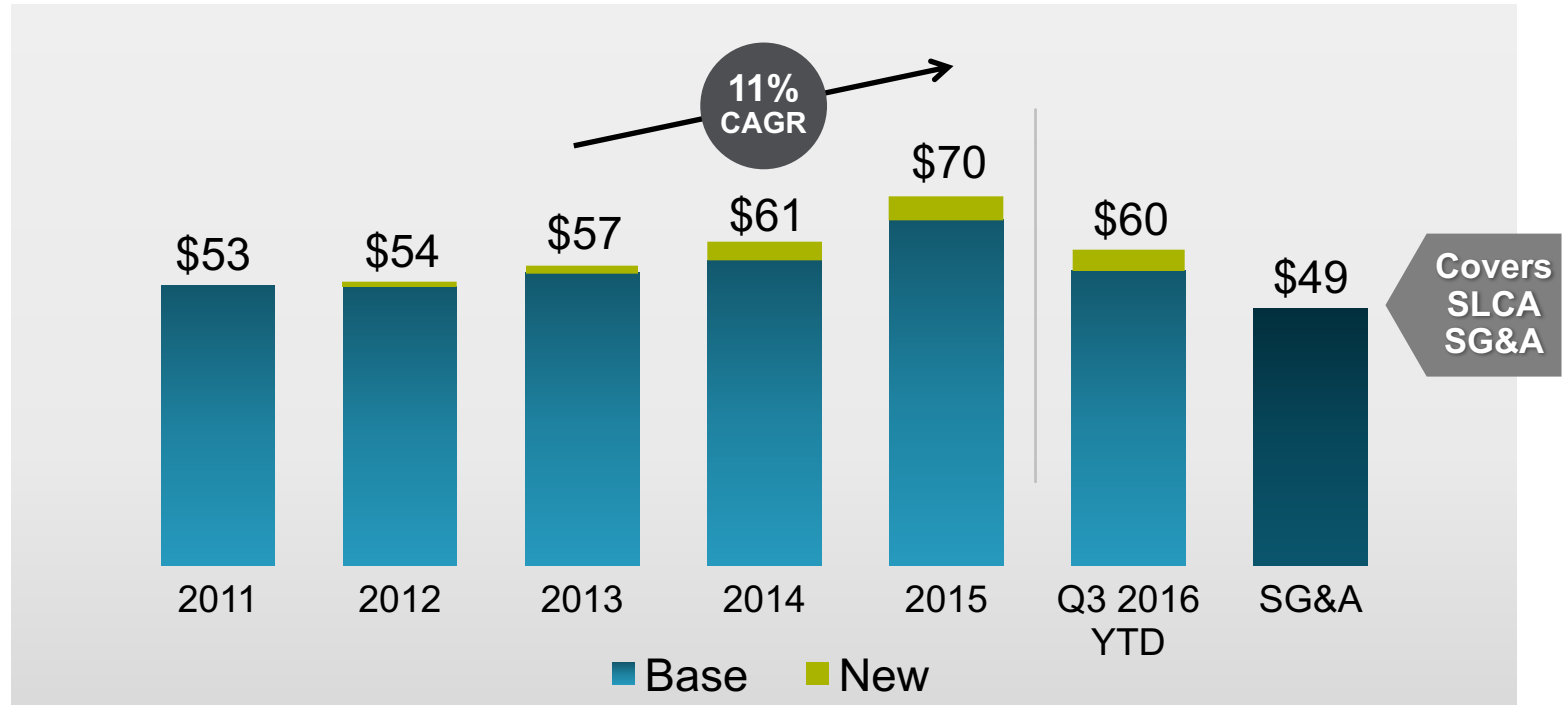
- 21% volume growth Q2 to Q3
- Q3 includes 6 weeks of SBX and NBR results

Q4 contribution margin likely to increase

- Price
- Fixed cost leverage
- Full quarter of integrated SBX and NBR results

Note (1): Not to scale

...Coupled with Growing Margins in ISP



Clearing a Path to EBITDA Growth



The Business Today

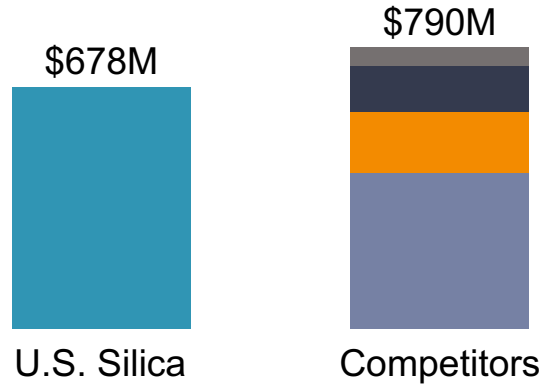
Capital Allocation Strategy

How We Win

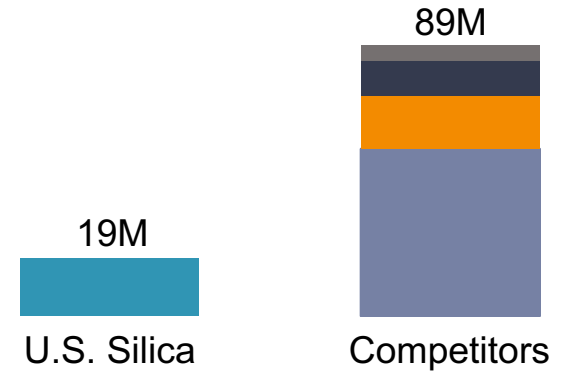


Two Successful Equity Offerings

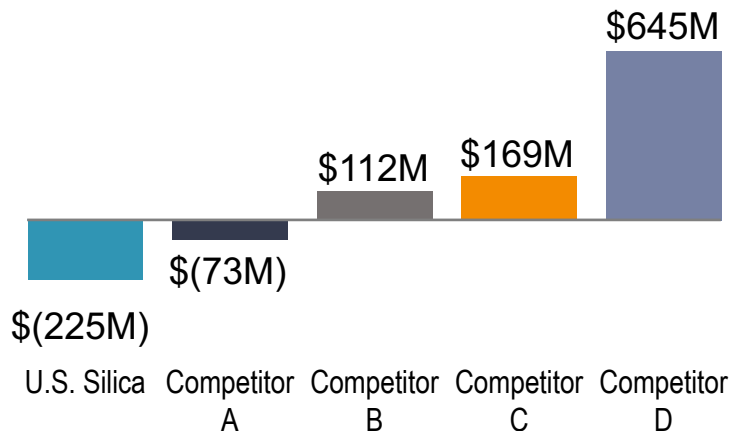
Gross Proceeds



Number of Shares/Units Issued



Net Debt



SLCA Equity Offerings

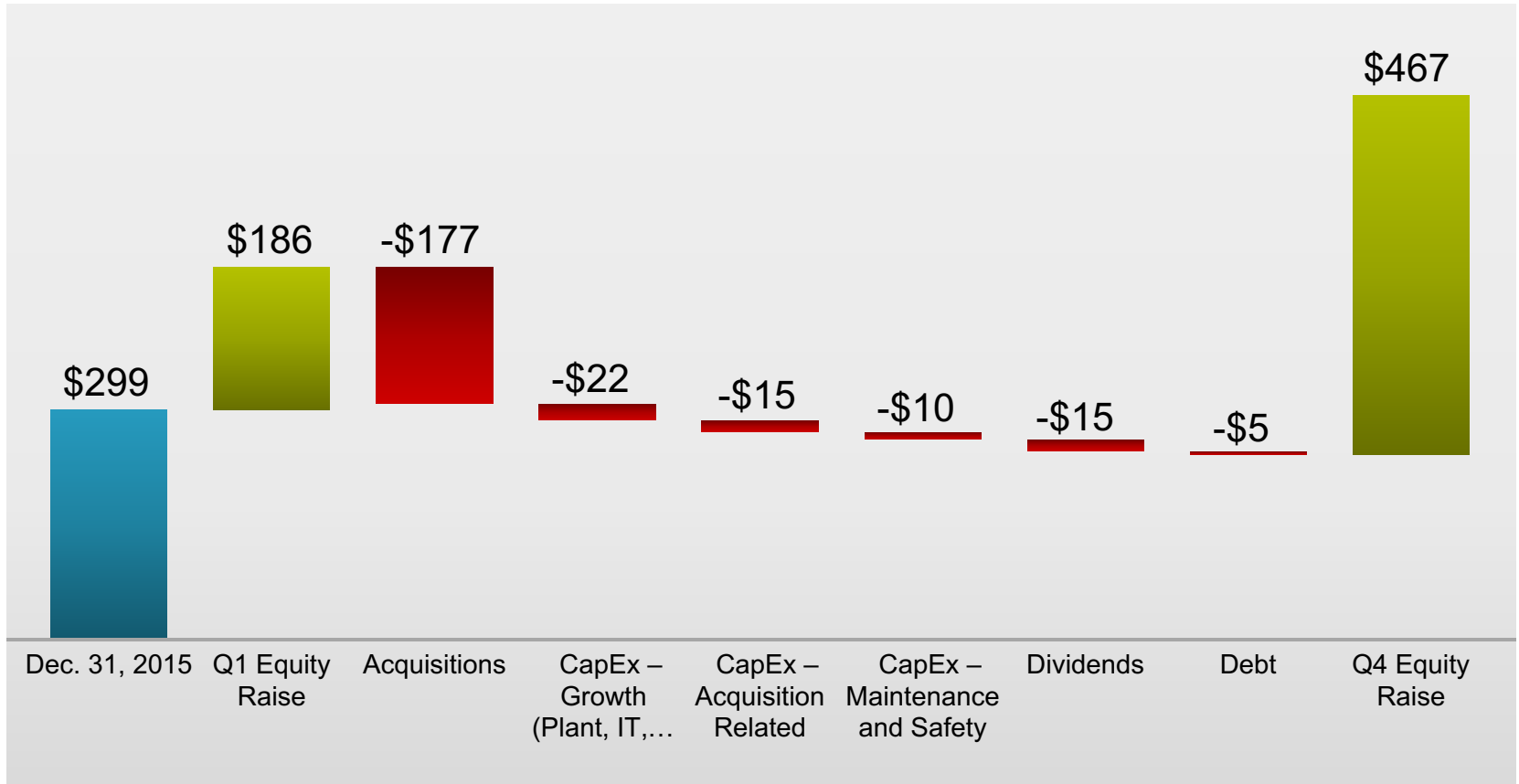
- Proceeds vs. competitors: **86%**
- Number of shares issued vs. competitors: **21%**



Net debt utilizes the net debt per each company's Q3 2016 10-Q filing and takes into account any subsequent equity offerings

Ensuring a “Mission Ready” Balance Sheet

Cash (\$M)

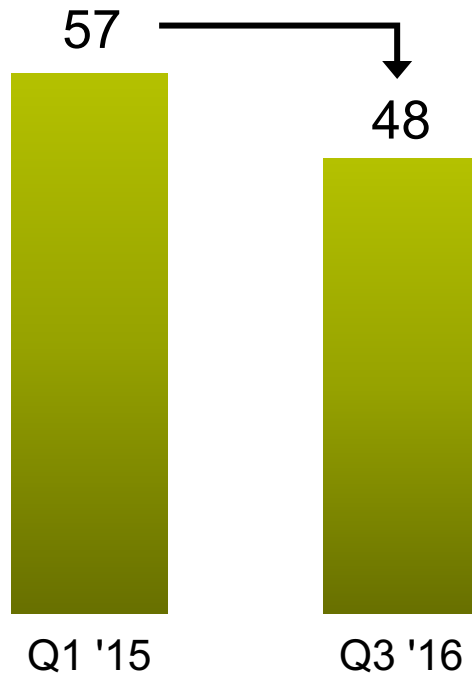


Prepared for the next opportunity

Note (1): Estimated at December 31, 2016

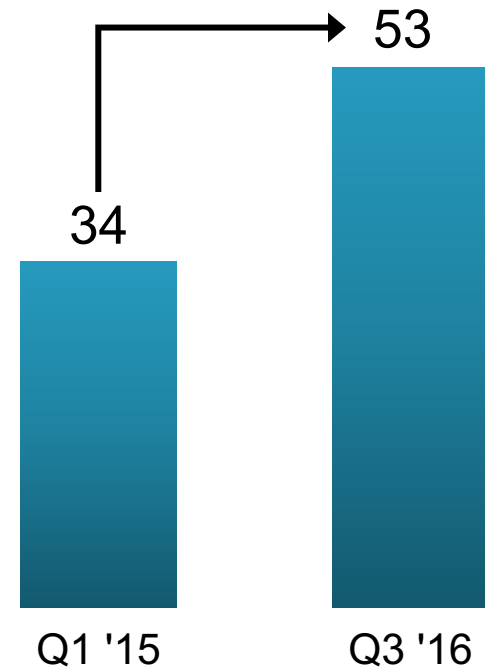
Maximizing Operating Cash Flows – Q1 '15 to Q3 '16

Reduced DSO



- Down 9 days

Increased DPO



- Increased 13 days

Note (1): Excludes Acquisitions

1

Maintain Strong
Balance Sheet

- Preserve strong balance sheet and liquidity
- Maintain flexibility to be Mission Ready

2

Invest for Growth

- Accretive acquisitions
- Organic growth and new products
- Technology and cost savings

3

Return Capital to
Shareholders

- Dividends
- Better positioned for sustainable profitable growth

Enabling SLCA to make accretive acquisitions

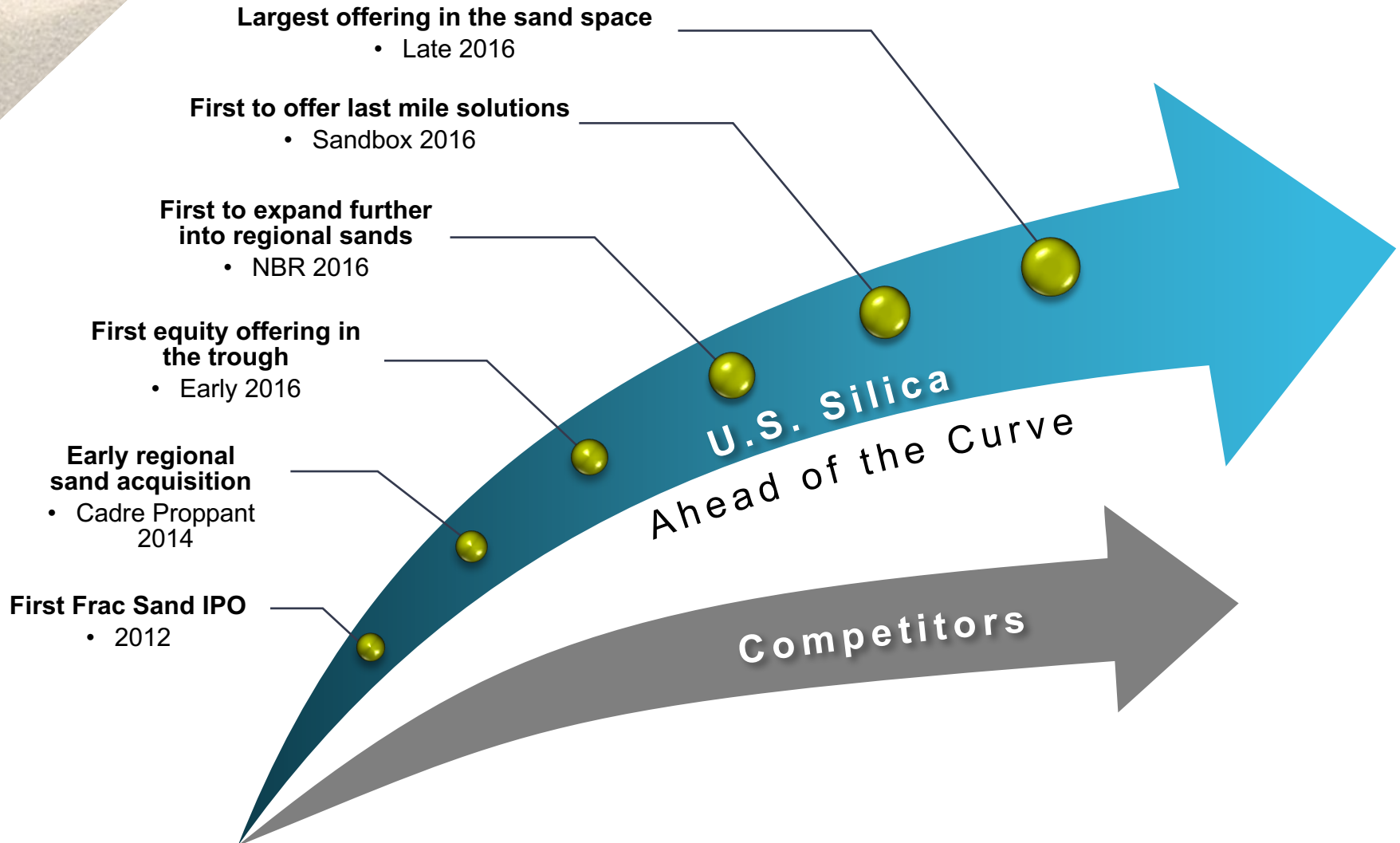
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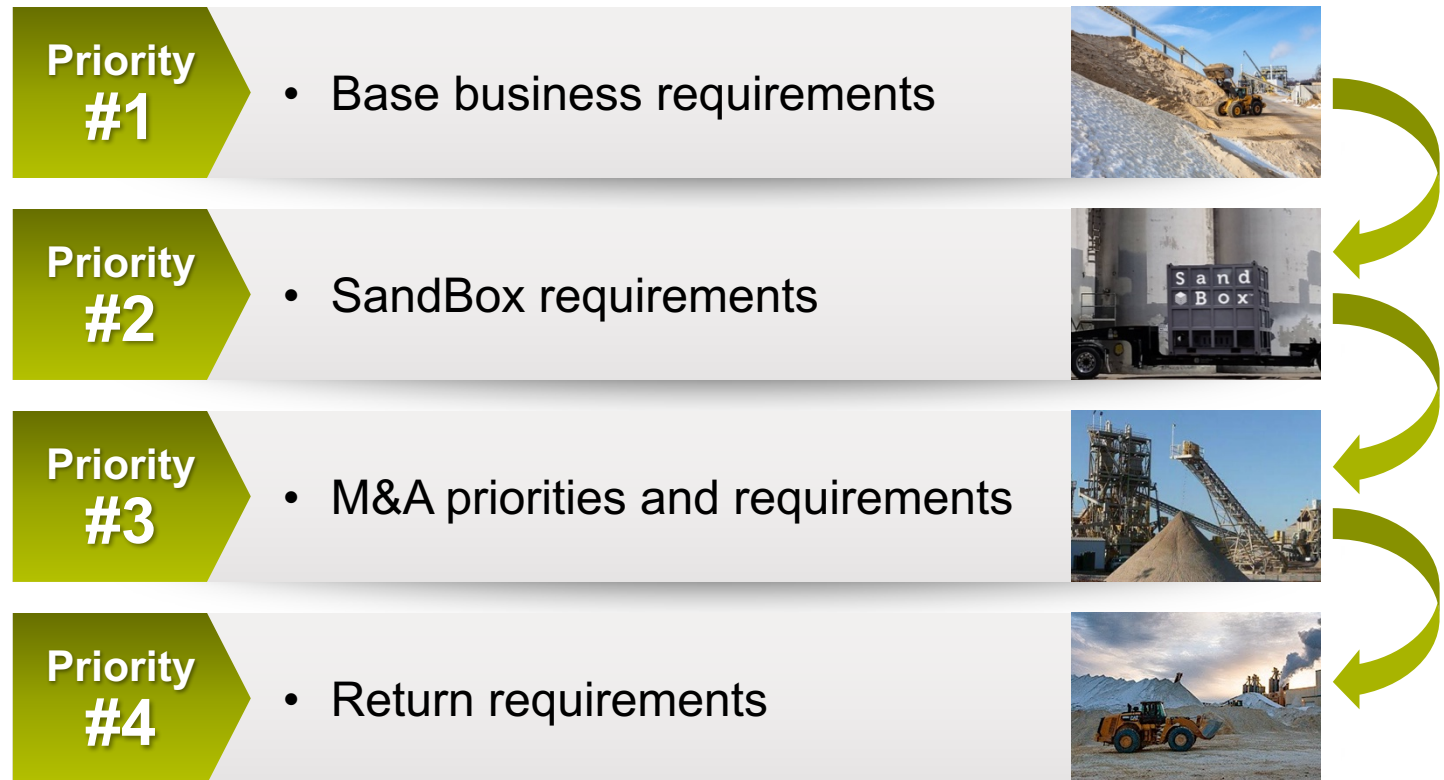


Stay Ahead of the Curve



Continue to Reinvest in the Business

Free cash flow



Extending Our Industry-Leading Position

Resilient Performance

- Compelling, differentiated business model drives results



Managing Cash and Costs

- Disciplined, yet flexible approach
- Expanding margins over time



Best Balance Sheet

- Staying mission ready
- The acquirer of choice



Investing in Growth and Profitability

- Building shareholder value
- Staying ahead of the curve

A large green arrow pointing from the left side of the slide towards the right, encompassing the four strategy blocks and the final advantage circle.

**Advantage
U.S. Silica**



Questions??

