

STEPHENS ANNUAL INVESTMENT CONFERENCE

Nashville, TN

Nov. 13, 2019



A GLOBAL INDUSTRIAL
MINERALS AND
LOGISTICS LEADER



Disclaimer



The presentation contains “forward-looking statements” within the meaning of the federal securities laws — that is, statements about the future, not about past events. Such statements often contain words such as “expect,” “may,” “believe,” “plan,” “estimate,” “intend,” “anticipate,” “should,” “could,” “will,” “see,” “likely,” and other similar words. Forward-looking statements address matters that are, to varying degrees, uncertain, such as statements about our financial and performance targets and other forecasts or expectations regarding, or dependent on, our business outlook; growth for our company as a whole and for each of our reporting segments (and for specified products lines within each segment); demand for our products; improvements in operating procedures and technology, including our development of new products; our ability to increase profitability for certain products or product lines; our capital expenditures; the business strategies of our customers; the success of our acquisitions, joint ventures and alliances; future global economic conditions; and future results of operations. These statements are subject to risks and uncertainties, including, but not limited to, global economic conditions; changes in production spending by companies in the oil and gas industry and changes in the level of oil and natural gas exploration and development; general economic, political and business conditions in key regions of the world; pricing pressure; weather and seasonal factors; the cyclical nature of our customers’ business; our inability to meet our financial and performance targets and other forecasts or expectations; operational modifications, delays or cancellations; our ability to develop new products; prices for electricity, natural gas and diesel fuel; the introduction of new vertically integrated competitors; changes in government regulations and regulatory requirements, including those related to mining, explosives, chemicals, and oil and gas production; and other risks and uncertainties detailed in our most recent Forms 10-K, 10-Q, and 8-K filed with or furnished to the U.S. Securities and Exchange Commission. If one or more of these or other risks or uncertainties materialize (or the consequences of such a development changes), or should underlying assumptions prove incorrect, actual outcomes may vary materially from those reflected in our forward-looking statements. The forward-looking statements speak only as of the date of this presentation, and we disclaim any intention or obligation to update publicly or revise such statements, whether as a result of new information, future events or otherwise.

This presentation includes certain non-GAAP financial measures, including Segment Contribution Margin, Adjusted EBITDA, Free Cash Flow and Return on Invested Capital (ROIC). These measures should be considered supplemental to and not a substitute for financial information prepared in accordance with GAAP and may differ from similarly titled measures used by others.

A Diversified Industrial Minerals and Logistics Company



Industrial & Specialty Products

Very stable business expanded through M&A in 2018; high barriers to entry and long-term customer relationships.

Logistics

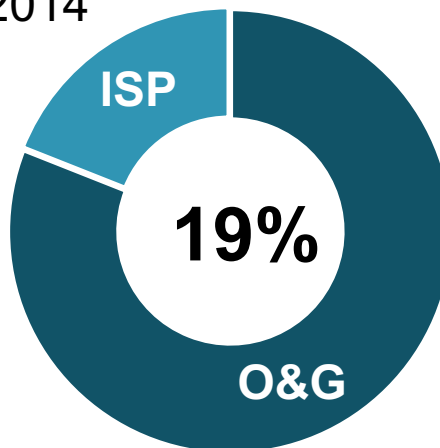
Last-mile proprietary SandBox solution has taken significant market share and embedded the company in customers' value chains.

Oil & Gas Proppants

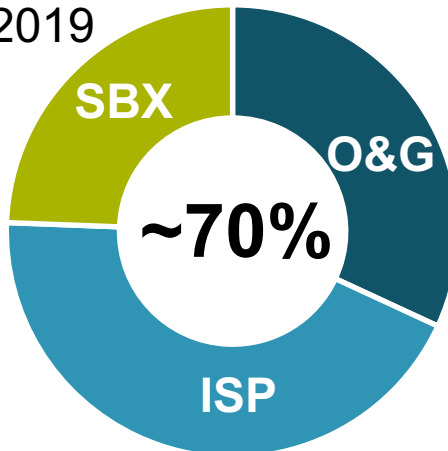
Low-cost assets with new capacity close to the wellhead. Transitioning from a cash consumer to a cash generator.

Diversifying Profits²

2014



2019



#1 or #2

Market position in Industrial Minerals end markets

\$200M

In new products under development¹

24%

Market share in last mile logistics

The ONLY

Ground to ground supplier of proppant

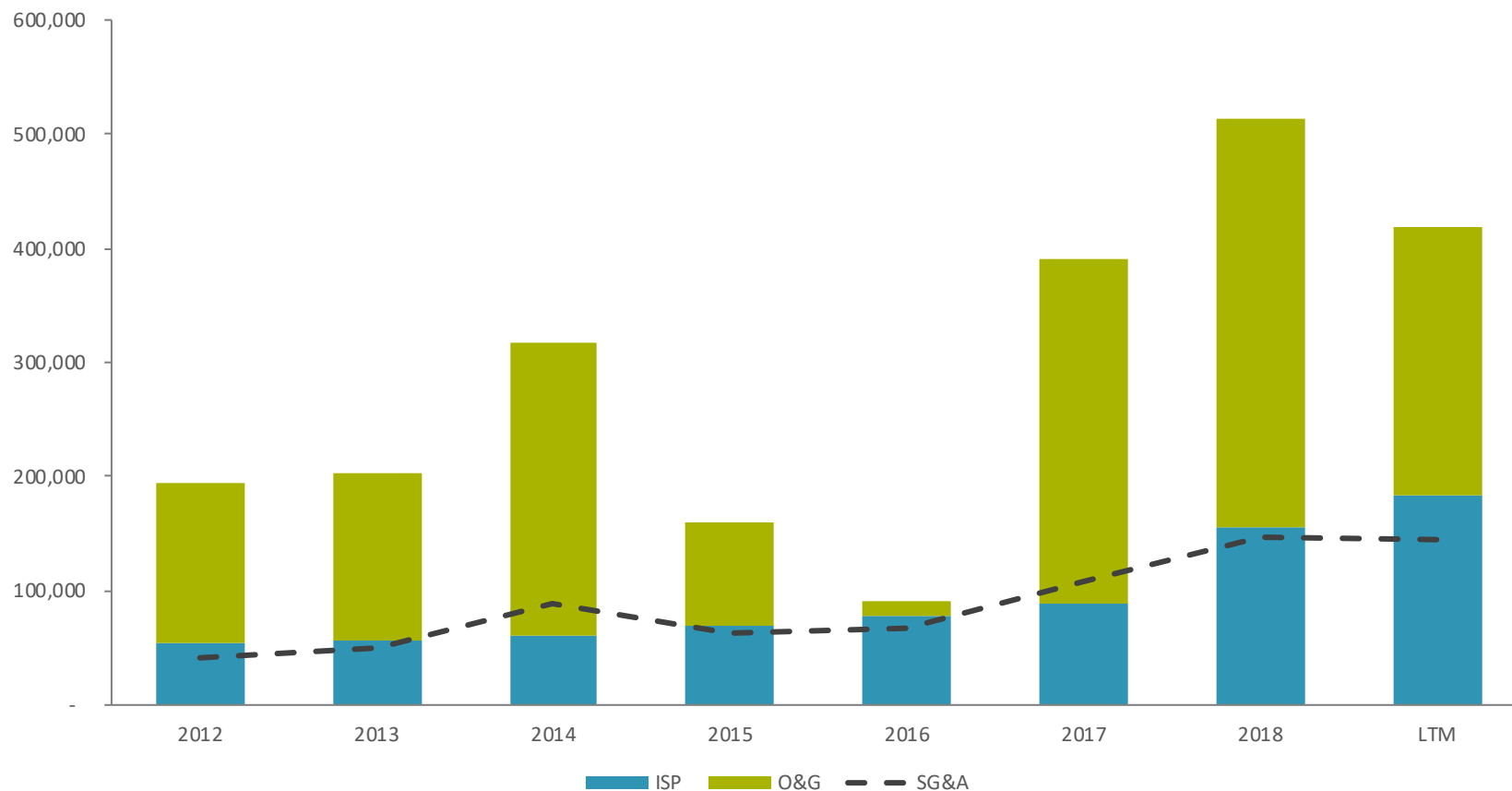
¹Estimated Contribution Margin from new ISP product pipeline

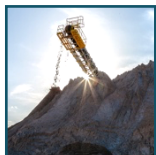
² TTM Contribution Margin

A Sustainable Business Model with Significant Leverage to the Upside



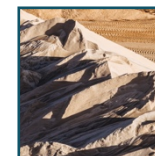
Contribution Margin
(\$ Millions)





Typical seasonality expected for the industrial business

Some ISP customers preparing for a **potential slowdown**



Lower volumes expected for Sandbox with **fewer well completions**

Oil & Gas volumes forecast to decline **~15 percent**



Expect to see rebound in oilfield completions by mid-1Q20

Balanced Capital Plan & Priorities



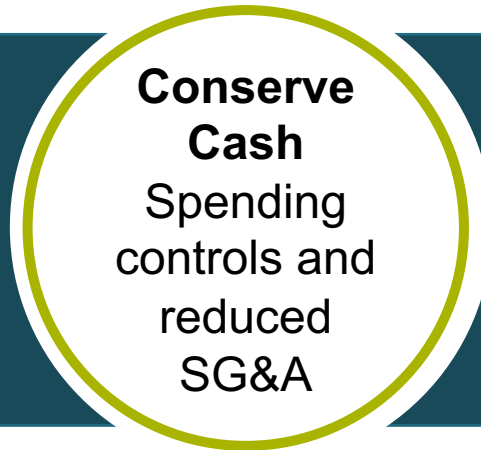
Significantly Lower Capex

Reduce Spend to Match the Market

Generate Free Cash Flow



+



+



\$40M to \$50M
2020 Budget

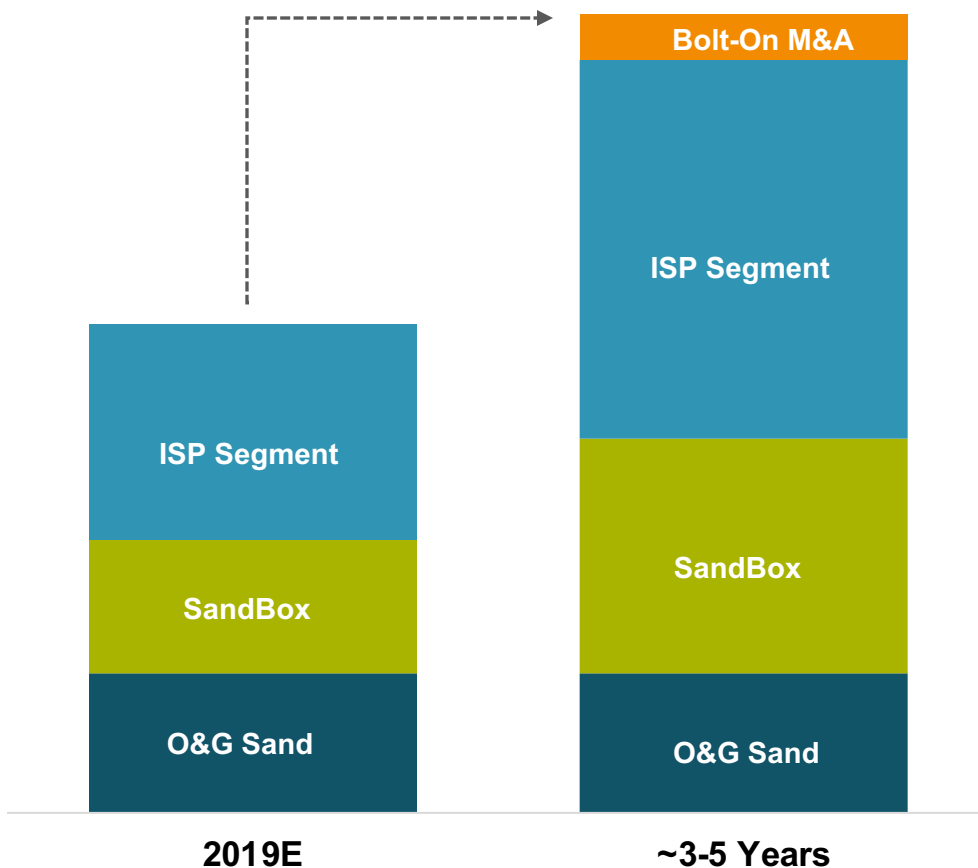
≥ 20%
Target on reductions

Target 3x or less
Gross debt / EBITDA

Focused on Growing and Further Diversifying the Business



Targeted Business Profit Mix By Source¹



	EBITDA Drivers	Stability
ISP	<ul style="list-style-type: none"> Pipeline of new, higher margin ISP products Regular price increases 	+++
SBX	<ul style="list-style-type: none"> Market share expansion New verticals and horizontals 	++
O&G	<ul style="list-style-type: none"> Continued rationalization of capacity 	+

¹ Internal estimates for 2019. Future projections are for illustrative purposes only.

ISP Segment Services a Diverse Mix of End Markets and Long Term Customers



% of 2019E ISP Revenue

Chemicals | 11%

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

Absorbents | 9%

- Accidents & Spills
- Pet Litter
- Automotive

Clays | 8%

- Chemical & Petrochemical
- Gas Processing & Refining
- Dimerization

Additives | 8%

- Animal Feed
- Cosmetics
- Paper & Plastic
- Paint & Coatings

Fillers & Extenders | 11%

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

Filtration | 23%

- Beverages
- Pharmaceutical
- Biofuels
- Edible Oils

Building Products | 23%

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

Glass | 4%

- Smartphones & Tablets
- Containers
- Automotive glass
- Fiberglass

Misc./Other | 3%

- Golf and volleyball sands
- Pool filtration
- Forensic testing



>800 products, critical raw materials for long term customers

EP Minerals Extends Reach Globally and Significantly Expands Market Opportunity



EP Minerals Profile

- Global leader in diatomaceous earth (DE), bentonite and perlite filter aids, absorbents and functional additives
- High barriers to entry due to limited DE deposits and unique traits of each of the deposits worldwide
- Recurring customers account for more than 90% of revenue
- #1 or #2 player in each of its global markets



Sub-markets **Products** **Customers** **Ex-US sales**

Before

82

594

1,673

NM

After

148

841

2,721

~20%

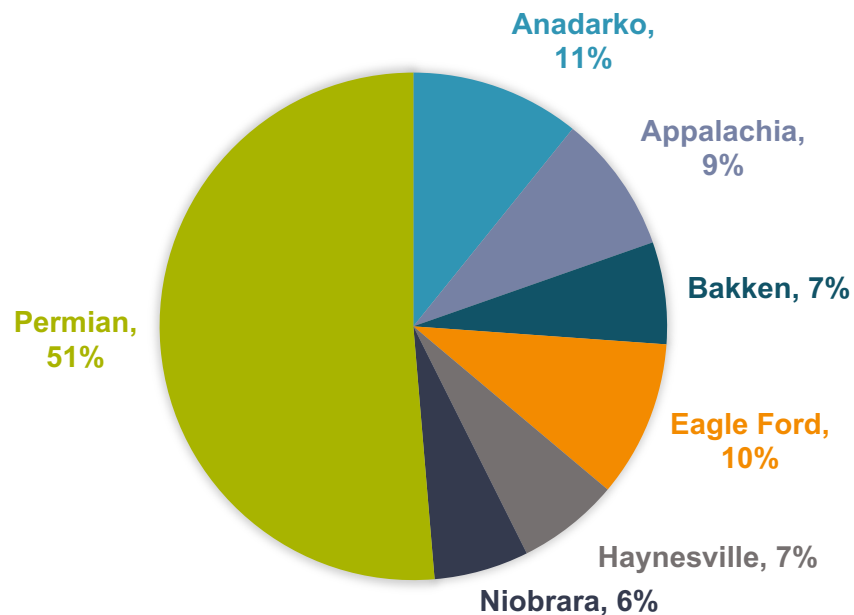
Positioned in a Rapidly Evolving Oil & Gas Sand Market



Key Trends Underway

- 1** Secular growth in proppant per well – drives well efficiency
- 2** Shift to finer mesh (40/70 and 100M) – drives rig efficiency
- 3** Shift to regional/local sands – lowers delivered cost

Onshore Rigs by Basin¹



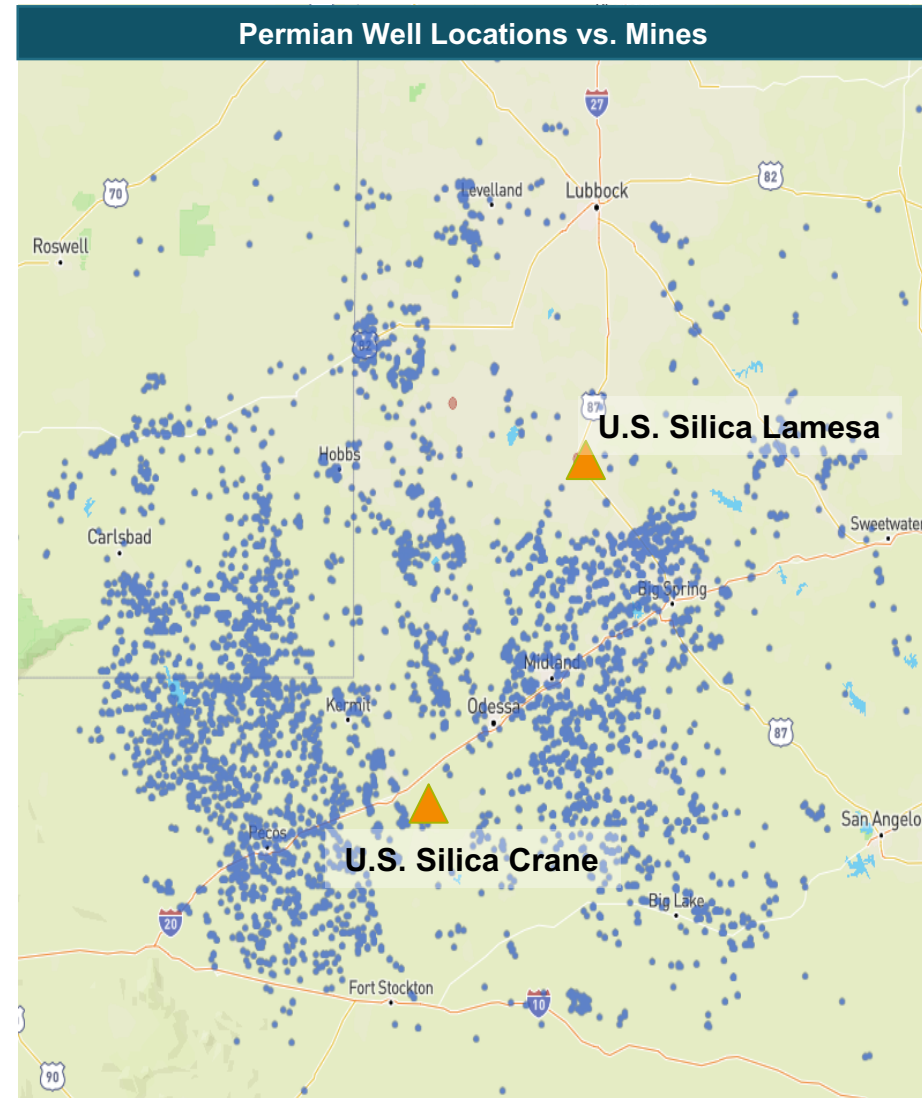
In-basin presence creates significant competitive advantage

In-Basin Presence Creates a Significant Competitive Advantage

Strategically Adding Capacity in the Permian

- Half of total frac sand demand is expected to come from the Permian basin, with 80% of sand to be supplied locally¹
- U.S. Silica has added 10 million tons of nameplate capacity in the basin since 2017
- Two U.S. Silica facilities in close proximity to 40% of active rigs in the basin

We are positioned at the bottom of the cost curve in the basin



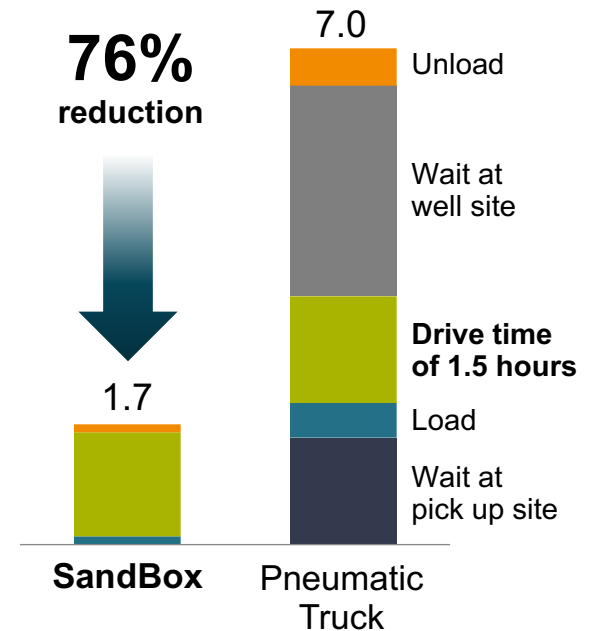
SandBox Embeds U.S. Silica in the Value Chain



The First Mover in Containerized Solutions

- ✓ Sandbox is a market-leading alternative to pneumatics
- ✓ Utilizes specially designed, patent-protected equipment
- ✓ Cleaner, safer, reliable and more efficient
- ✓ Embeds U.S. Silica in customers' value chain
- ✓ ~24% of total market share in Q3 2019

Truck Delivery Time per Load (hrs)

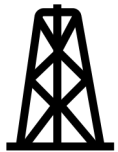


Our 3 Strategic Priorities



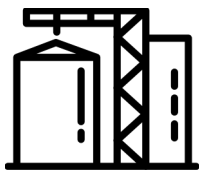
PRIORITIZE FREE CASH FLOW

- Manage to lower working capital and capex
- Amend vendor terms, implement spending controls
- Deploy FCF to further strengthen the balance sheet



REPOSITION OIL & GAS

- Effectively deploy O&G capacity
- Optimize supply chain and logistics capabilities
- Increase sand/Sandbox pairings to the wellsite



GROW INDUSTRIAL

- Increase presence & products in specialty end markets
- Optimize our product mix and accelerate new products
- Develop value-added capabilities to maximize margins

QUESTIONS?



Non-GAAP Financial Performance Measures



Segment Contribution Margin

The Company organizes its business into two reportable segments, Oil & Gas Proppants and Industrial & Specialty Products, based on end markets. The reportable segments are consistent with how management views the markets served by the Company and the financial information reviewed by the chief operating decision maker. The Company manages its Oil & Gas Proppants and Industrial & Specialty Products businesses as components of an enterprise for which separate information is available and is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance.

An operating segment's performance is primarily evaluated based on segment contribution margin, which excludes certain corporate costs not associated with the operations of the segment. These corporate costs are separately stated and include costs that are related to functional areas such as operations management, corporate purchasing, accounting, treasury, information technology, legal and human resources. The Company believes that segment contribution margin, as defined above, is an appropriate measure for evaluating the operating performance of its segments. However, this measure should be considered in addition to, not a substitute for, or superior to, income from operations or other measures of financial performance prepared in accordance with generally accepted accounting principles. For a reconciliation of segment contribution margin to its most directly comparable GAAP financial measure, see Note U to our financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (<https://www.sec.gov/Archives/edgar/data/1524741/000162828019001568/slca-20181231x10xk.htm#s5160BBAF56995B22A2F3F4CB8145EE25>) and Note U to our financial statements in our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2019 (<https://ussilica.gcs-web.com/static-files/3a2d5521-80d2-4f3e-9436-cb61f3e00e70>).

Free Cash Flow

Free cash flow represents cash flow from operations less capital expenditure and dividends. Management believes that free cash flow is an important liquidity measure for the company and that it is useful to investors and management as a measure of our ability to generate cash. Once business needs and obligations are met, this cash can be used to reinvest in the company for future growth or to return to shareholders through dividend payments or share repurchases. Free cash flow does not represent the residual cash flow available for discretionary expenditures. Free cash flow is a non-GAAP financial measure that should be considered in addition to, not as substitute for or superior to, cash flow from operations.

Non-GAAP Financial Performance Measures



Return on Invested Capital (ROIC)

ROIC is used by management and can be used by investors to review our investment and capital allocation decisions. We define ROIC as net operating profit after tax divided by invested capital. We believe ROIC provides a meaningful measure of our capital-allocation effectiveness over time. ROIC is a non-GAAP financial measure that should be considered in addition to, not as substitute for or superior to, measures of financial performance prepared in accordance with generally accepted accounting principles.

Adjusted EBITDA

Adjusted EBITDA is not a measure of our financial performance or liquidity under GAAP and should not be considered as an alternative to net income as a measure of operating performance, cash flows from operating activities as a measure of liquidity or any other performance measure derived in accordance with GAAP. Additionally, Adjusted EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. Adjusted EBITDA contains certain other limitations, including the failure to reflect our cash expenditures, cash requirements for working capital needs and cash costs to replace assets being depreciated and amortized, and excludes certain non-recurring charges that may recur in the future. Management compensates for these limitations by relying primarily on our GAAP results and by using Adjusted EBITDA only as a supplement. Our measure of Adjusted EBITDA is not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the methods of calculation. In 2018, our net loss attributable to U.S. Silica Holdings, Inc. was \$200 million. For a reconciliation of Adjusted EBITDA to its most directly comparable GAAP financial measure, see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (<https://www.sec.gov/Archives/edgar/data/1524741/000162828019001568/slca-20181231x10xk.htm#sD8E3E56ACC7C55A794B481C05A09B476>) and in our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2019 (<https://ussilica.qcs-web.com/static-files/3a2d5521-80d2-4f3e-9436-cb61f3e00e70>).