



# INVESTOR PRESENTATION

SEPTEMBER 9, 2021

# FORWARD LOOKING STATEMENTS

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This presentation includes “forward-looking statements” within the meaning of the federal securities laws - that is, statements about the future, not about past events. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business. These statements may include words such as “anticipate,” “estimate,” “expect,” “project,” “plan,” “intend,” “believe,” “may,” “will,” “should,” “could,” “can have,” “likely” and other words and terms of similar meaning. Forward-looking statements made include any statement that does not directly relate to any historical or current fact and may include, but are not limited to, statements regarding the Company’s growth opportunities, strategy, future financial results, forecasts, projections, plans and capital expenditures, technological innovations, and the commercial silica and diatomaceous earth industry. Forward-looking statements are based on our current expectations and assumptions, which may not prove to be accurate. These statements are not guarantees and are subject to risks, uncertainties and changes in circumstances that are difficult to predict. Many factors could cause actual results to differ materially and adversely from these forward-looking statements. Among these factors are global economic conditions; the effect of the COVID-19 pandemic on markets the Company serves, fluctuations in demand for commercial silica, diatomaceous earth, perlite, clay and cellulose; fluctuations in demand for frac sand or the development of either effective alternative proppants or new processes to replace hydraulic fracturing; the entry of competitors into our

marketplace; 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; our substantial indebtedness and pension obligations, including restrictions on our operations imposed by our indebtedness; operational modifications, delays or cancellations; prices for electricity, natural gas and diesel fuel; our ability to maintain our transportation network; changes in government regulations and regulatory requirements, including those related to mining, explosives, chemicals, pharmaceuticals, and oil and gas production; silica-related health issues and corresponding litigation; and other risks and uncertainties detailed in our 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 hereof, 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.

## COMPANY OVERVIEW

# U.S. SILICA AT A GLANCE



**U.S. Silica** (NYSE: SLCA) is a diversified global performance materials company and a leading producer of high value minerals and specialty products used in a variety of industrial applications

**Core competencies include (surface) mining, processing, logistics and material science with a rich 120+ year history**

### TWO BUSINESS SEGMENTS:

#### Industrial & Specialty Products (ISP)

- Products are used in renewable energy, building and construction, as fillers and extenders, for filtration, glassmaking, as absorbents, foundry, and in sports and recreation
  - » Serve diversified global base of >10,000 customers
  - » Robust pipeline of new products and applications
  - » Attractive end-use markets with established growth drivers

#### Oil & Gas Proppants (O&G)

- Provide proppant and last-mile logistics to the onshore U.S. oil and gas industry
  - » Well established industry relationships



**24**  
Active Production  
Facilities



**568M TONS**  
Reserves



**INDUSTRY  
LEADING**  
ESG Platform



**\$1.7B**  
Enterprise Value<sup>1</sup>



**~\$1.1B**  
2021 Revenue<sup>2</sup>

<sup>1</sup> As of market close September 8, 2021

<sup>2</sup> Consensus Estimate

## OUR 3 STRATEGIC PRIORITIES



### **PRIORITIZE FREE CASH FLOW**

- Further de-lever and strengthen the balance sheet
- Targeted, returns-driven capital investments
- Reduce and maintain net debt to TTM Adjusted EBITDA leverage to 3-4x by 2024



INDUSTRIAL

### **GROW \$CM 10-15%/YR ON AVERAGE**

- Robust, high margin product development pipeline
- Positioned to benefit from clean energy transition and infrastructure spending
- Grow base business volume and price at GDP+



OIL & GAS

### **GENERATE CASH**

- Funds ISP growth and strengthens the balance sheet
- Low-cost provider, positioned to increase share with market leading customers
- Well established industry relationships



## COMPANY OVERVIEW

# Q2 2021 HIGHLIGHTS AND UPDATES

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- Settled customer dispute for \$128M of consideration, including \$90 million in cash
  - » Paid off \$25 million outstanding revolver balance
  - » Reduced net debt by approximately 9%<sup>1</sup>
  - » Leverage below 4.0x on net debt to TTM Adjusted EBITDA basis
- Overall volumes increased 15% sequentially with growth in both ISP and O&G
- Announced 3<sup>rd</sup> price increase this year for ISP
- SandBox delivered loads increased 16% sequentially
  - » Permian operations team completed first full-service simulfrac, setting a record, with nearly 5,000 tons delivered in 24 hours

1) Net debt calculation as of 6/30/2021 and includes remaining \$45 million of cash from customer settlement received in July



# INDUSTRIAL AND SPECIALTY PRODUCTS (ISP)





Paint & coatings

Windows

Makeup & cosmetics

Roofing shingles

Insulation

Automotive glass

Swimming pool filtration

Plastic parts

Grouts & mortars

Smartphone & container glass

Rubber & tire fillers

Edible oil filtration

Quartz countertops

Foundry

Wine, beer & spirits filtration

Pet litter & other absorbents

SEGMENT REVIEW

DIFFERENTIATED PRODUCTS –  
FOUND IN EVERYDAY ITEMS

# STRONG SUSTAINABILITY LINKAGES



## Key Supplier for Renewable Energy<sup>1</sup>

- Low-iron silica sands in 15%-20% of newly installed U.S. solar panels
  - » Currently used in approximately 50% of U.S. solar glass production
- Provide products used in >80% of U.S. produced fiberglass composite for wind turbine blades



### SOLAR ENERGY SOLUTIONS

Our low iron silica is necessary to produce glass that effectively transmits the sun's energy to solar panel cells



### WIND POWER ADVANCEMENTS

Our specialty silica is a critical component in fiberglass for wind turbine blades



### LOWER AUTO EMISSIONS

Our ground silica is used to produce particulate filters for gasoline and diesel engines



### CLEAN-BURNING GREEN DIESEL

Diatomaceous earth and clay are key processing aids in green diesel production



### FEEDING THE PLANET

Our bleaching clay adsorbents and filter aids support the most stringent food safety standards

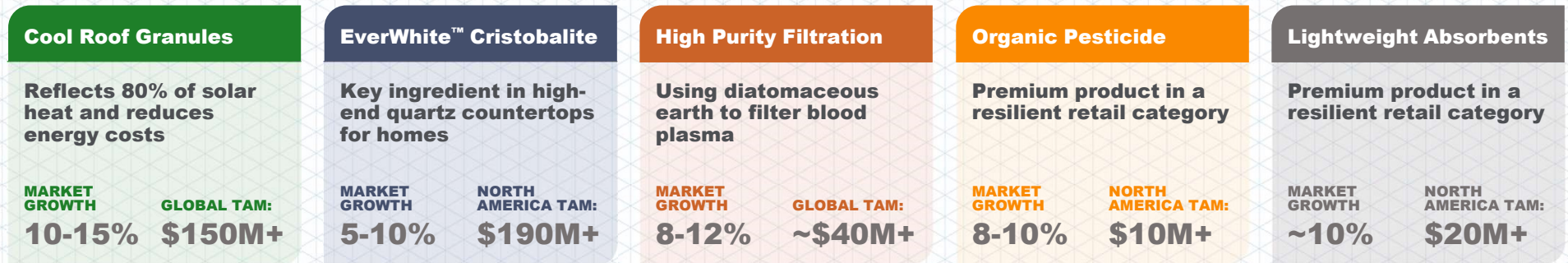
1) Internal market share estimates



# COMMERCIALIZED ISP PRODUCTS & NEW ISP PIPELINE<sup>1</sup>



## Commercialized



## New Pipeline \$200M+ in new products under development



<sup>1</sup> Internal estimates for 5-year market compound annual growth rate (CAGR) and total addressable market (TAM)

# EXPECTED VALUE OF ISP NEW PRODUCT CONTRIBUTIONS

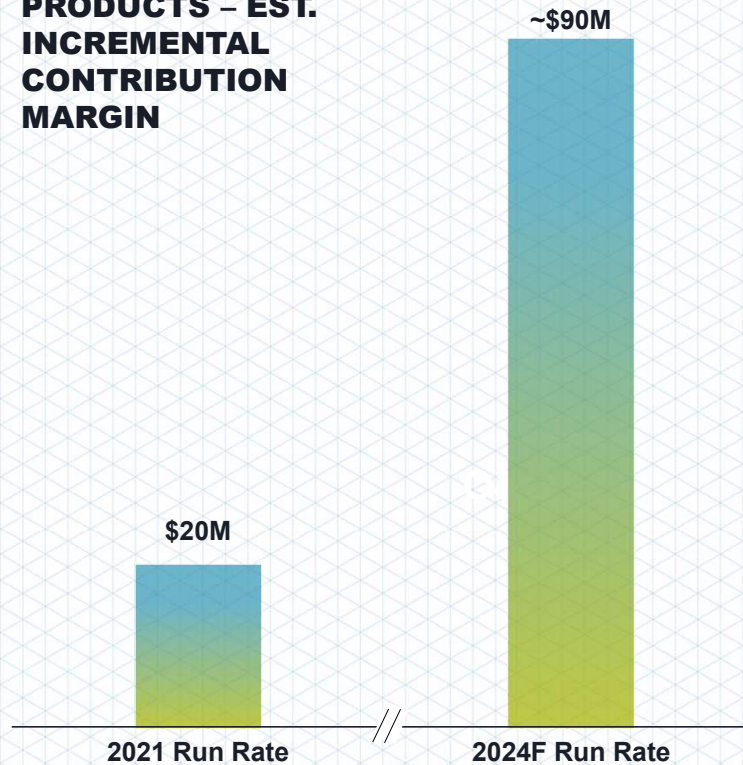


**~10-15%**  
Expected Industrial Segment CAGR (2021-2024)<sup>1</sup>

**~30-35%**  
% of expected Industrial margin generated by new products by 2024

Trajectory could **Double** Industrial Segment By 2026

**ISP SEGMENT NEW PRODUCTS – EST. INCREMENTAL CONTRIBUTION MARGIN**



**KEY END MARKET DRIVERS**

**INFRASTRUCTURE**



<sup>1</sup>Internal estimates for 3-year compound annual growth rate (CAGR)

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## OIL AND GAS PROPPANTS (O&G)



→ **Strong cash generation through cycles**

→ **Funds ISP growth**



- Strategically positioned with in-basin mine locations
  - » Low-cost provider
  - » Capacity to address increased Permian activity
  - » Minimal maintenance capital required
- Integrated with SandBox's containerized delivery solution
  - » Cleaner, safer, reliable and more efficient
- Well established industry relationships



# INVESTMENT HIGHLIGHTS



E

- Minimize GHG emissions by reducing fuel and electricity usage at our plants
- Protect air quality and mitigate water use in and around our communities
- Conserve habitats and execute customized reclamation plans

S

- Maintain industry leading Environmental, Health & Safety programs; goals to achieve zero reportable and lost time incidents through comprehensive safety training
- Focused on diversity and inclusion amongst our workforce, the Board, and our supply chain

G

- Innovate sustainable product offerings that promote the transition to clean energy
- Assist customers in reducing their carbon footprint through offerings that increase sustainability propositions

## INVESTMENT HIGHLIGHTS

# POSITIONED FOR SUSTAINABLE, LONG-TERM GROWTH



- Prioritizing free cash flow:
  - » De-lever and strengthen the balance sheet
  - » Returns-driven capital investments
  - » Reduce and maintain net leverage to 3-4x by 2024
- Grow ISP 10-15% on average through 2024:
  - » Robust \$200M+ development pipeline of high margin products
  - » Products support clean energy transition and infrastructure spending
  - » Serve numerous critical and defensive industries
- O&G business generates cash:
  - » Supports ISP growth and strengthens the balance sheet
  - » Low-cost provider, positioned to increase market share
  - » Well established industry relationships

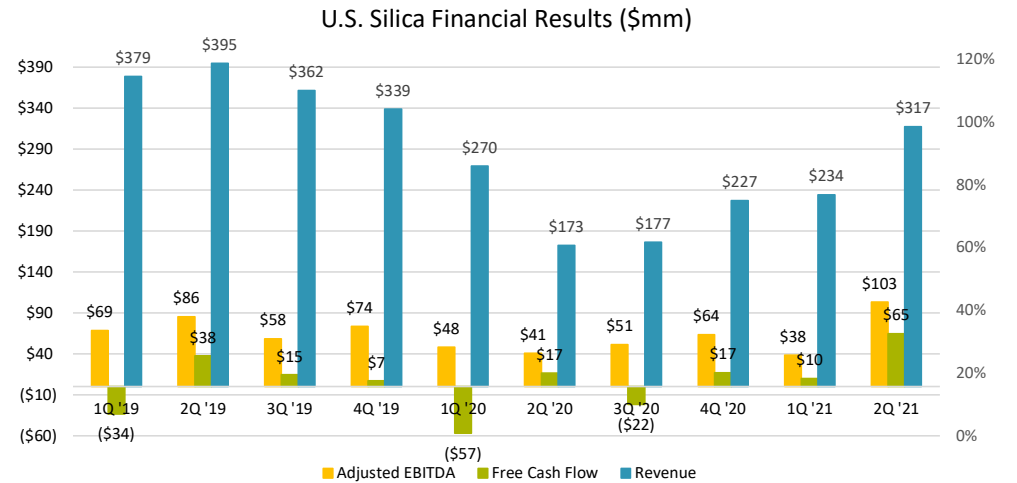
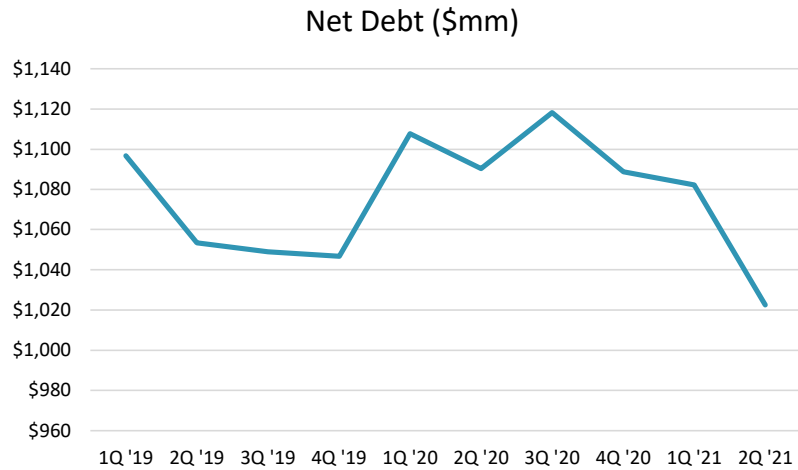
**APPENDIX**





FINANCIAL RESULTS

FOCUSED ON FCF, DE-LEVERAGING AND DISCIPLINED GROWTH



## ISP SEGMENT DETAIL

# DIVERSE MIX OF END MARKETS



### % of 2020 ISP Revenue



>800 products, critical raw materials for long-term customers

# NON-GAAP FINANCIAL PERFORMANCE MEASURES

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## 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 V to our financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 ([Inline XBRL Viewer \(sec.gov\)](#)) and Note T to our financial statements in our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2021 ([Inline XBRL Viewer \(sec.gov\)](#)).

## 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



### 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 nonrecurring 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. For a reconciliation of Adjusted EBITDA to its most directly comparable GAAP financial measure, including the trailing twelve month calculation of Adjusted EBITDA, see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2021 ([Inline XBRL Viewer \(sec.gov\)](#)).

### Net Debt

Net Debt is calculated by adding together short term debt and long term debt and subtracting cash and cash equivalents from the total. Net debt shows how a company's indebtedness has changed over a period as a result of cash flows and other non-cash movements. Net debt allows investors to see how business financing has changed and assess whether an entity that has had a significant increase in cash has, for example, achieved this only by taking on a corresponding increase in debt. Net debt 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.

(\$mm)	1Q '21	2Q '21
Cash and cash equivalents	(\$154.4)	(\$212.7)
Current portion of long-term debt	\$40.2	\$38.8
Long-term debt	\$1,196.6	\$1,196.4
Net debt	\$1,082.3	\$1,022.6