

U.S. SILICA HOLDINGS, INC.

Form FWP

March 12, 2013

Common Equity Offering

March 2013

U.S. Silica

U.S. Silica

FREE WRITING PROSPECTUS DATED MARCH 12, 2013

FILED PURSUANT TO RULE 433
REGISTRATION STATEMENT NO.: 333-186406

Disclaimers

This presentation contains forward-looking statements that reflect, when made, our current views with respect to current events and financial performance. Such forward-looking statements are subject to many risks, uncertainties and factors relating to our

operations
and
business
environment,
which
may
cause
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results
to
be

materially
different from any future results, express or implied, by such forward-looking statements. All statements that address
future operating, financial or business performance or our strategies or expectations are forward-looking statements. In
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estimates,
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other comparable terminology. Factors that could cause actual results to differ materially from these forward-looking
statements include, but are not limited to, those discussed in our filings with the Securities and Exchange Commission,
incorporated by reference into the prospectus, including our most recent Annual Report on Form 10-K and our
Quarterly Reports on Form 10-Q. New risks and uncertainties arise from time to time, and it is impossible for us to
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forward-looking statements, whether as a result of new information, future events and/or otherwise, except to the
extent required by law.

This presentation includes certain non-GAAP financial measures, including Adjusted EBITDA and Segment

Contribution Margin. 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.

For

a

reconciliation of such measures to the most directly comparable GAAP term, please see Appendix A to this presentation.

U.S. Silica Holdings, Inc. has filed a registration statement (including a prospectus) and preliminary prospectus supplement

with

the

SEC

for

the

offering

to

which

this

communication

relates.

Before

you

invest,

you

should

read

the

prospectus in that registration statement, the preliminary prospectus supplement and the other documents the issuer has

filed

with

the

SEC

for

more

complete

information
about
the
issuer
and
this
offering.

You
may
get
these
documents

for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus and preliminary prospectus supplement if you request them by calling Morgan Stanley & Co. LLC at 1-866-718-1649 or Merrill Lynch, Pierce, Fenner & Smith Incorporated at 1-866-500-5408.

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Offering Summary

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Issuer:

U.S. Silica Holdings, Inc.

Exchange / Ticker:

NYSE / SLCA

Number of Shares Offered:

8,500,000 shares (100% secondary)

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Pro Forma Shares Outstanding:

52,946,821 shares

Pro Forma Ownership:

GGC

USS Holdings, LLC: 59% (with greenshoe)

Over-Allotment Option:

15% (100% secondary)

Lock-up:

90 Days for Company, Directors, Officers & Selling Stockholders

Expected Pricing:

March 13, 2012 (Wednesday)

Joint Bookrunners:

Morgan Stanley, Bank of America Merrill Lynch, Simmons & Co., Jefferies,
Wells Fargo

Commercial Silica Market Share
U.S. Silica is Attractively Positioned
Leading industrial minerals supplier
Over 250 products and 1,800 customers
15 facilities and over 100 years of history
307 million tons of high quality reserves
7.2 million tons sold in FY 2012
FY 2012 revenues of \$441.9 million

FY
2012
Adjusted
EBITDA
of
\$150.6
million

(1)
4
Company Profile

(1)
See Appendix A for reconciliations to GAAP

Source:
Company Estimates

Other
Contribution
Margin

(1)
(\$MM)

4
Oil & Gas Proppants: Frac sand
Industrial & Specialty: Glass, coatings, foundry
Flagship Ottawa site home of Ottawa White

5

SLCA: A Diversified Option to Play NA Shale Growth

Rapid Demand

Growth

Proppant

demand growth > rig

count growth

Early Innings of

Shale Revolution
Low Cost
Supply is
Constrained
Long lead times, frequent capacity
shortages
Difficult to Find, Permit
and Build New Mines
Risk
Diversification
Multitude of end users, independent of
specific basins or commodities
Stable Industrial Business and
Versatile Oil & Gas Products
Sustainable
Competitive
Advantages
Direct access to Class I rail, barge
and transloads
from 15 facilities
Low Cost, Multi-Plant Network
with Integrated Supply Chain
Line of Site
Organic Growth
Significant new Oil & Gas
capacity + ISP growth
initiatives
New Capacity / New Products / New Thinking
5

Frac Sand Demand Outstrips Drilling Activity

6

6

Horizontal

Rig Count

Wells

per Rig

Stages per

Lateral

Proppant Demand

Proppant

per Stage

Lateral

Length

Proppant

growth has recently outpaced rig count growth due to higher service intensity

Pressure pumpers are increasing fracing efficiencies and completing jobs faster

Wells per rig increased as operators found new drilling efficiencies

Laterals grew longer and stages increased as fracturing technology advanced

Proppant

per stage grew denser as operators experimented with new well designs

Growth Drivers

69
107
244
0
50
100
150
200

250

2010

2011

2012

Oil & Gas: 2012 Performance

7

FINANCIAL PERFORMANCE

2012

2011

Growth

Sales

\$243.8

\$107.1

128%

Contribution

Margin

\$140.1

\$67.6

107%

% Margin

57%

63%

Developed Greenfield

mine

and

processing plant in Sparta, WI

Expanded

strategic customer partnerships

Developed new resin coated sand facility

in Rochelle, IL

Partnered with BNSF railroad to construct

new

transload

facility in San Antonio, TX

Increased

transload

network from 5 to 16

locations and expanded sales volumes

KEY ACCOMPLISHMENTS

Oil and Gas Sales

(\$MM)

New Projects Face High Hurdles

8

Sphericity, solubility,
size, crush strength
(14 API specifications)

Large-Scale High

Quality Reserves

Rail access to

major basins
Long approval
process (1
3 years)
Federal / state / local
mining, air, water,
reclamation permits
Premium on know-
how and expertise
Logistics and
On-Site
Infrastructure
Permission
and
Experience to
Operate
Diversified
Customers
Ability
to spec-in
to industrial
customer
production
processes
8
High
Quality,
Cost
Effective
Supply
Barriers to *Entry*
Barriers to *Success*

Segment
Applications
Glass
Smartphones, tablets,
containers, automotive
glass and fiberglass
Building Products
Mortars and grouts,

specialty cements, roofing
shingles and insulation

Foundry

Molds for high
temperature castings and
metal casting products

Chemicals

Silicon-based chemicals
used in food processing,
detergents and polymer
additives

Fillers and

Extenders

Performance coatings,
architectural, industrial
and traffic paints, EMC
and silicone rubber

U.S. Silica's multiple plants provide
supply redundancy and low
transportation costs

Often a single source supplier

Spec'd in to customer formulas due to
unique silica characteristics

Low customer turnover

Drivers of Stability

Stable and Growing Profitability

(Segment Contribution Margin, in \$MM)

Unique Industrial & Specialty Position

9

37

46

53

54

0

20

40

60

2009

2010

2011

2012

Growing our Specialty and Performance Products

Whole Grain

Bulk

Ground

High Purity

Automotive Glass

Roofing Shingles

High-end Electronics

Specialty Coatings

Characteristics

Uses

Invest in Talent

New VP/GM

Market Development team

Technical Sales capability

~300 Miles

Global

Shipping Radius

Transforming the ISP Segment

Enhance R&D

New Technical Director

Product Development capability

State-of-the-art lab

Customer technical support

Implement New Technology

Specialty deposits

Enhanced processing

Investing in new production

capability for specialized

applications

10

\$s per ton

\$s per kilo

Low cost

plant

Low cost

plant

Low cost

plant

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Structural Cost Advantage Within Industry

Low Cost

2012 Demand

U.S. Silica Frac Plants vs.

New Project Examples

Cost per Ton

(1)

(1)

Cost per ton to Class I rail

(2)

Represents U.S. Silica's four plants used for frac sand

Moderate Cost

New Entrant

U.S. Silica

(2)

Moderate Cost

High Cost

Cumulative Industry Capacity

2012 Industry Cost Curve

High Cost New

Entrant

Royalties,

road fees, no

access to

natural gas, etc.

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Trucking from

mine to plant

Trucking from

mine to plant

Trucking to

Class I rail or

transfer from

Class II rail

Railroad access on BNSF,
Union Pacific, CN, CP and CSX
Barge access
15 in-basin transloads, many of
which can be turned on
or off
to meet demand
Anticipate 25 to 30 transloads

by the end of 2013

Transportation Assets

Differentiated Footprint and Transportation Network

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Scale

Reliability

Flexibility

Cost effectiveness

U.S. Silica Advantages

Right Product, Right Place, Right Time

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A Multi-Plant Network is Required for National Coverage

Class I Rail Serving U.S. Silica Plants

Most WI

startups are on

the CN network

or Class II rail

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East Bakken
West Bakken
Eagle Ford
Marcellus/Utica
North Permian
Central Permian
South Permian
Rockies
Mid-Continent (OK, KS, TX)
Canada

U.S. Silica's Highly Efficient Logistic Solutions

Rail terminal located in the basin

Proppant is unloaded from railcars and stored for trucking to the wellhead

Includes storage silos, equipment for loading/unloading and local staff

Dedicated storage allows us to control quality further into the supply chain

Vertical silos, gravity fed loadout and automated billing drive

a 6-8 minute turnaround time for trucks

Track length allows unit train deliveries

Large storage capacity enables high margin spot sales

Our Design Offers Key Advantages

Consists of 70-100 cars (8k -11k tons) that are shipped direct from origin to destination

Streamlines shipping process by sending railcars in an express loop and reducing railcar cycle time by 75%

Reduces cost and ensures higher quality control

What is a Unit Train?

Only works for high volume plants that can fill all cars in a short time and without incurring demurrage

Must have a destination capable of quickly unloading and storing large volumes, such as our San Antonio transload

Challenges of Running Unit Trains

What is a Transload?

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Long-Standing Customer Relationships
Flexibility to cost efficiently move
crews between basins
Readily available inventory in all
major basins
Assured supply
Improved shipment and inventory
planning

Lower supply chain and logistics costs
Competitive advantage over new entrants
Higher contribution margin for in-basin delivery
Consistent demand
Improved shipment and inventory planning
Lower supply chain and logistics costs
Provide large scale, multi-plant access on nearly every major Class I rail line
Build in-basin storage and transloads together
Sync with customers demand
Jointly plan shipments and inventory levels
Jointly plan shipping assets (rail cars) and unit trains
Mutually Profitable, Long-Term Customer Relationships.

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U.S. Silica Benefits
Customer Benefits
How We Work With Customers
Growth and Flexibility
Deeply Embedded Solutions
Helping Customers Win

Line-of-Sight Oil & Gas Organic Growth Elements

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Initiatives

Description

2Q13: Sparta

Greenfield Mine

Phase I Capacity: 750-850k tons

Phase I Capital: \$50-\$60MM

36 million tons of coarse, Northern White reserves

On-site access to Class I railroad

Actively marketing new supply

Option to double production capacity

1Q13: Rochelle

Resin-Coated

Proppant (RCS)

Phase I Capacity: 200k tons

Phase I Capital: \$36MM

Best-in-class team

Close access to high quality coarse substrate from our Ottawa facility

Access to 2 Class I railroads and barging

Completing product testing and building inventory

Option to double production capacity

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Robust U.S. Silica Growth Platform

Capacity Expansion

Opportunities

ISP Innovation

Line-of-Sight Oil & Gas

Projects

Resin-Coated Proppant Plant: Q1 2013

Sparta Raw Sand Greenfield Mine: Q2 2013

Greenfield Opportunities

Attractive M&A

Sparta

Phase

II:

750

850k

additional

tons

of

capacity

RCS Phase II: ability to add 200k additional tons of capacity

Investing in new capability for specialized applications

Focused on high-end end segments with global reach

Unparalleled industry expertise in mine development

Recent success with Sparta Project

Advantaged position to act as an industry consolidator

Potential to create value through logistics network

Potential Future Run-Rate Profitability

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2012

RCS

Sparta I

Sparta II

Capacity Based

EBITDA

EBITDA Supported By Total Potential Capacity

Other Key Initiatives

New ISP products

M&A

Greenfield projects

Strong Balance Sheet to Fund Growth Initiatives

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Summary Capitalization

(US\$ in thousands)

12/31/2012

12/31/2011

Cash and Cash Equivalents

\$ 61,022

\$ 59,199
Asset-Based Revolving
Line-of-Credit

Term Loan Facility
255,425
257,857
Other Borrowings

—
3,932
Total Debt

255,425
261,789

Net Debt
194,403

202,590

Leverage
(Debt/Adj
EBITDA)

(1)

1.7x

2.8x

Net

Leverage
(Net
Debt/Adj
EBITDA)

(1)

1.3x

2.2x

\$32.1MM capacity under
asset-based revolving
line-of-credit

Total liquidity of ~\$93MM for
growth initiatives as of
December 31, 2012

Strong operating cash flows of
\$101MM for December 31,
2012

(1)

Leverage
and
Net
Leverage

as

of

December

31,

2012

are
calculated
using
LTM
Adj
EBITDA
as
of
the
reporting
date
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Historical Financial Summary

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(\$MM)

Adjusted EBITDA

(1)

(\$MM)

Volume

Revenue

Capital Expenditures

(\$MM)

(MM Tons)

(1)

See Appendix A for GAAP reconciliation

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Compelling Investment Opportunity

Unique Option to Play NA

Shale Growth

Economically irreplaceable ingredient

Strong long-term demand projections

Basin and service company independent

Industry Leader for More

Than a Century

Top market positions in most segments

Low cost operations with industry leading logistics

Complimentary industrials business

Proven Results

2x Revenue and 3x Adj. EBITDA over last 3 years

Diverse customer relationships

Strong operating cash flows

Clear Growth

Opportunities

Increased share of rapidly growing proppant segment

Introduce new, value added products

Highly accretive M&A opportunities

Appendix A
22

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 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 T to our financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

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.
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Reconciliation (Adjusted EBITDA to Net Income)

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Reconciliation of Adjusted EBITDA

US\$ in thousands

12/31/12

12/31/11

Net Income

79,154

30,253
Total Interest Expense, Net of Interest Income
13,615
18,347
Provisions of Taxes
30,651
7,162
Total Depreciation, Depletion and Amortization Expenses
25,099
20,999
EBITDA
148,519
76,761
Non-Cash Deductions, Losses and Charges
(1)
379
(526)
Non-Recurring Expenses (Income)
(2)
(4,206)
(2,028)
Transaction Expenses
(3)
156
6,043
Permitted Management Fees and Expenses
(4)
-
9,250
Non-Cash Incentive Compensation
(5)
2,330
1,237
Post-Employment Expenses (Excluding Service Costs)
(6)
1,794
1,689
Other Adjustments Allowable Under Existing Credit Agreements
(7)
1,617
1,131
Adjusted EBITDA
150,589
93,557
See following page for explanation of adjustments to EBITDA
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Reconciliation (Adjusted EBITDA to Net Income)

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(1) Includes non-cash deductions, losses and charges arising from adjustments to estimates of a future litigation liability and the decision by our hourly workforce at our Rockwood facility to withdraw from a pension plan administered by a third party.

(2) Includes the gain on the sale of assets and the gain on insurance settlements.

(3) Includes natural gas hedging losses, purchase accounting adjustments, management bonuses and other

expenses
arising
from
the
refinancing
of
our
Term
Loan
and
Revolver.

(4) Includes fees and expenses paid to Golden Gate Capital for ongoing consulting and management services provided pursuant to an Advisory Agreement entered into in connection with the Golden Gate Capital acquisition; this Advisory Agreement was terminated in connection with our IPO.

(5) Includes vesting of incentive equity compensation issued to our employees.

(6) Includes net pension costs and net post-retirement costs relating to pension and other post-retirement benefit obligations during the applicable period, but in each

case
excluding
the
service
costs relating to benefits earned during such period.

(7) Reflects miscellaneous adjustments permitted under our existing credit agreements, including such items as expenses related to Sarbanes-Oxley implementation reviewing growth initiatives and potential acquisitions.