

# **Sand Wars: How You Can Profit From The Battle For The Next Great Global Resource**

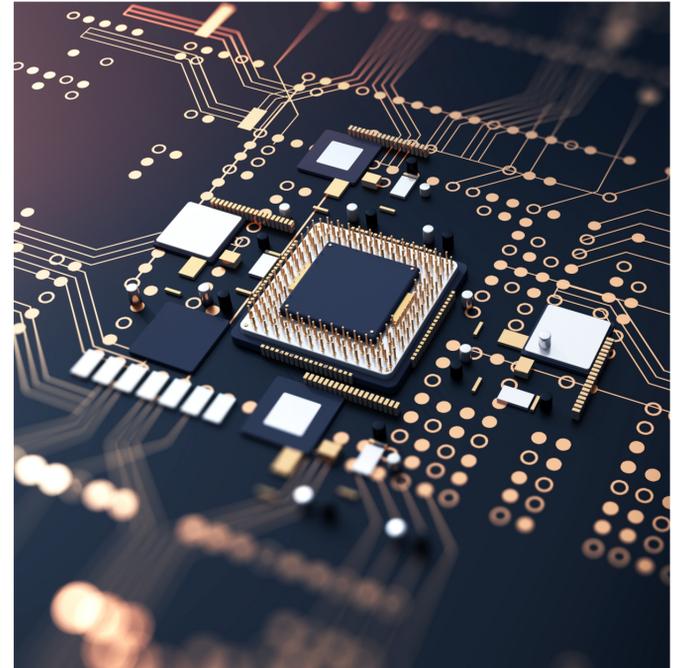
Behind water, what's the second most used-resource on the planet?

It isn't coal, it isn't gas, it isn't oil, and it's not lithium.

It's sand. Yes, I'm talking about the same sand that gets in your shoes at the beach. Without sand, our economy would cease to function.

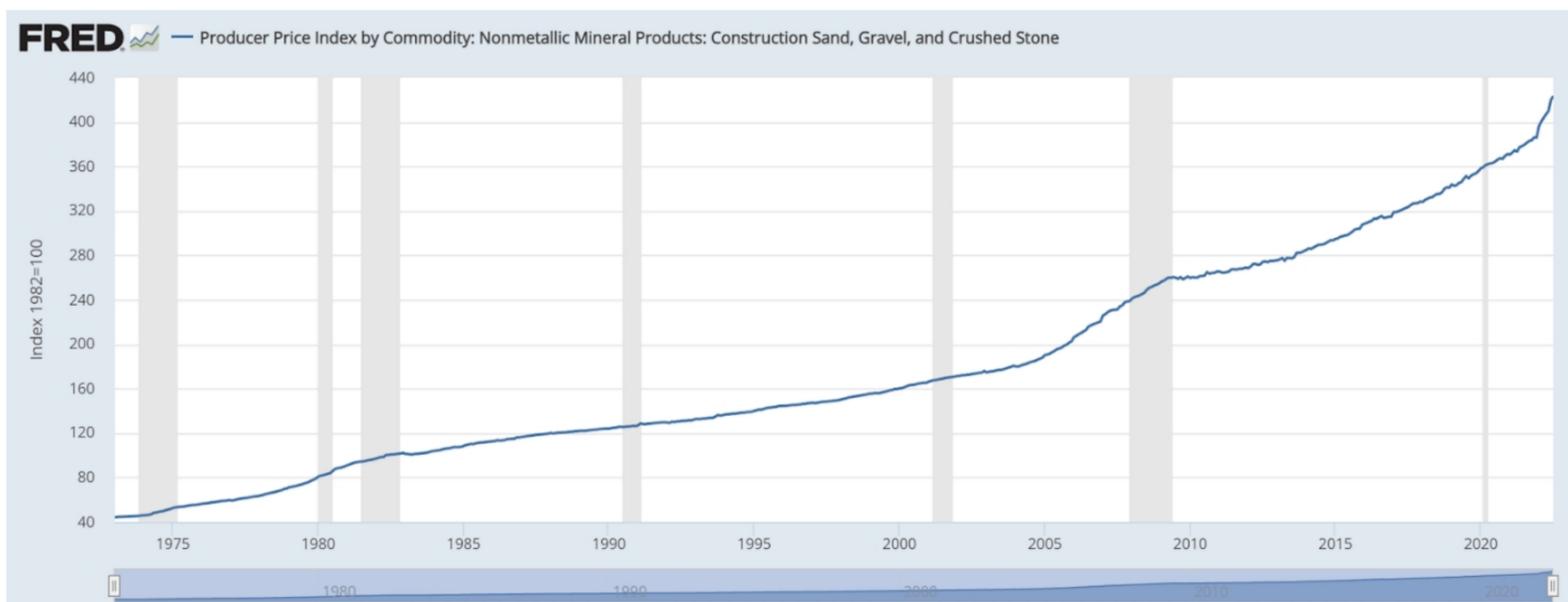
Sand is used in virtually every modern industry under the sun. Smartphones use sand in their glass displays. Sand is a critical component of semiconductors too. Sand is also a critical component of the construction industry, which uses it to create cement. Every one ton of cement requires 10 tons of sand to produce.

And the list goes on. Automotive glass, product packaging, lenses, paints, fracking, industrial abrasives...all of them require sand.



50 billion tons of sand are consumed each year. That's enough sand to build an 88 foot-wide, 88 foot-tall wall around the entire world. And increasing urbanization and technology needs mean that demand isn't slowing down. Sand demand has tripled over the last two decades.

And the world is starting to run out. Costly to extract, and even costlier to transport, sand's increasing importance in the global economy and a dwindling supply of it mean prices have soared.



According to Wired.com, this has led to countries, corporations, and even criminal “sand mafias” to wage a “ global war” to procure more sand.

## **HOW TO INVEST IN THE SAND WARS**

### **US SILICA HOLDINGS INC. (NYSE: SLCA)**

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**Price At Recommendation: \$13.41**

**Market Cap At Recommendation: \$1.01 Billion**

**Shares Outstanding: 75.56 Million**

**52-Week Range: \$7.22- \$21.54**

So, how can you invest in sand?

\$SLCA may be the greatest pure-play sand investment. They're an industrial-focused sand miner with mines in Wisconsin and Illinois. \$SLCA's one of the main suppliers for the gas and oil industry. Fracking relies on what's called "frac sand" to break up the shale and release the stored hydrocarbons.

\$SLCA mines and maintains a logistics supply chain to deliver this sand to oil/gas companies across the U.S. \$SLCA's market cap is currently \$1.1 billion. Their revenues have been buoyed recently by a resurgent gas/oil sector.

In Q2, they reported a total YoY rev increase of 22%. With a massive 73% revenue surge in their oil and gas segment. In Q2, the company sold 4.7 million tons of sand, up 13.1% from Q1. They've also negotiated a pay-up front model where they're clients will give them the cash up front.

This provides a hefty amount of free cash flow that they've used to pay down their \$100MM debt facility.

Right now, their share price is down 20% from the recent highs. Which provides a compelling entry price when combined with the economic tailwinds.

However, considering that a large portion of their revenue renaissance is driven by oil and gas projects, and the all out assault that the Biden administration is undertaking on fossil fuels, it could be a rocky ride if the green czars have their way.

But as for now, \$SLCA offers a compelling investment case. If you do want to invest in sand, but don't want the heavy exposure to the oil and gas industry, three other tickers you might consider are \$SAND, \$GLW, and \$ASGLY.

***Please see the most recent monthly issue for current buy limit and price target.***

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