



## Dauber Company, Inc.

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Welcome to DCI's *POWERMELT*. We hope this quarterly newsletter will provide helpful information about silicon carbide, its applications, and our company.

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In the next Issue of *POWERMELT* watch for additional information regarding DCI's Injection Program as well as an announcement concerning a DCI network of warehousing that will help reduce your SiC costs.

# POWERMELT

## Adding Value to Cupola Melting

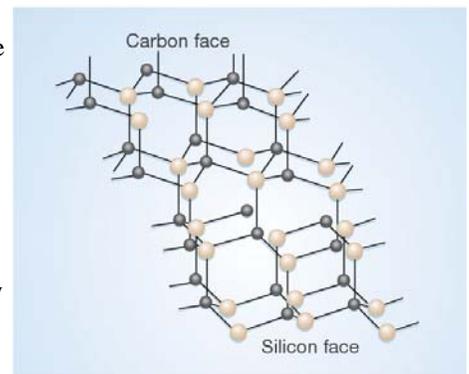
As the world shrinks and competition seems to come from all corners of the globe, the North American foundry industry must implement practices that reduce costs while enhancing quality and efficiency. No doubt, that is easier said than done.

It's true that Dauber Company, Inc. (DCI) is best known for being North America's largest processor of metallurgical silicon carbide (SiC) and arguably the world's largest producer of SiC brick. In addition, in recent years DCI has been amongst the world's largest suppliers of high quality SiC grain for electric furnace melting.

However, an even more amazing development at

DCI in recent years has been the successful implementation of a **SiC Injection Project**. In fact, DCI has been the impetus behind the reemergence of this technology and currently supplies more injection grain to the cupola industry than all of North America's other metallurgical SiC suppliers combined.

After four years of spearheading this technology, DCI has compiled an impressive list of benefits to using the injection process that compliment the use of SiC brick. Although not every shop will realize all of the benefits associated with



injection, it only takes a few of the following attributes to improve quality and enhance efficiency.

- Chemistry Control
- Tap Temperature Control
- Refractory Lining Life Benefits
- Decreased Usage of expensive 75% FeSi Lump
- Decreased Usage of SiC Brick

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## SiC Pricing

Over the past few years, virtually everyone associated with the SiC business has suffered the sting of increasing prices. Although SiC suppliers would like to tell customers what they want to hear, namely that prices will decrease in coming months that is simply not likely to occur. In fact, due to a number of factors, prices are going to continue to increase

throughout much of 2008. Consider the following list of factors:

- Increase in electricity prices across the SiC industry.
- The strength of foreign currency against the US Dollar, including the Yuan.
- Increased domestic demand for SiC in China and Latin American countries; up

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- SiC briquettes for cupola melting
- SiC grain for electric melting
- SiC experts for customer support
- ISO 9001 : 2000 Registered
- Central U.S. location provides 1-2 day truck deliveries
- Rail service available

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## Adding Value to Cupola Melting

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- Decreased Coke Consumption
- Decreased Slag Generation
- Cleaner Stack
- Cleaner Iron
- Injected SiC Goes Into Solution In About 3 Minutes.
- Reduce Cupola back Pressure
- Increase Melt Rate (When Needed)
- Decrease Hot Blast (When Banking)

While you may be thinking, "I've heard all of this in the past", be assured that DCI

has made adjustments to the equipment and materials that make the process virtually flawless. For example, In order to derive the most value from the injection process, DCI has spent untold hours with cupola experts developing the ideal injector. In addition, after running hundreds of screen analysis, DCI has also identified the ultimate grain size for this application.

Besides having designed and developed the ideal equipment and SiC grain for injecting SiC into the cupola, DCI has quite possibly the greatest trump card

when applying this technology. DCI has secured the services of Mr. Ernie Tesch, the retired Melt Manager from Waupaca Plant 2/3 to supervise trials and implementation of the process..

DCI 's combination of equipment, services, and SiC grain and brick offers cupola operators a complete technology package.

To learn more about this exciting technology, please contact either John Redshaw at 815-925-9312 or Skip Fristoe at 843-343-6842.

## SiC Pricing

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- by 35% in China.
- Higher prices in other countries competing for the same material.
- Shortage of Export Licenses in China and inflated prices for the remaining licenses.
- Record price levels for ocean freight; from \$35 n/t to a recent \$80 n/t.
- Stricter pollution controls have closed smaller SiC furnace plants in China and Eastern Europe.

China is easily the world's largest SiC producing nation representing 54% of total output. With antidumping duties against Chinese SiC in the EU, the vast majority of Chinese exports are destined for North America and Japan. Moreover, with an unfavorable exchange rate due to the weak dollar, the world's other producers, i.e., South Africa, Brazil, Venezuela, Netherlands,

Russia, etc., are compelled to export SiC to the EU or consume domestically. This situation puts the US on a bit of a slippery slope. Although the Chinese SiC



tends to be the lowest priced material on the market, the US is a net importer of nearly six times domestic production thus finds itself nearly totally dependent on imports.

All the more reason to be certain your SiC supplier is carrying sufficient inventory. In DCI's case, during the global shortage of 2004 and 2005, DCI continued to grow its metallurgical SiC business at the expense of virtually every other SiC supplier due to an extraordinary inventory buffer. Carrying large inventory of metallurgical SiC products continues to be a value added strategy utilized by DCI.

Despite rising prices for raw materials, DCI will continue its efforts to control costs and improve efficiencies in its own operations. If you have any questions regarding global supply and demand or forthcoming pricing, please contact a member of the DCI sales team.