DAQO NEW ENERGY

August 2018

Q2 2018 Financial Results Presentation

Safe Harbor Statement

This announcement contains forward-looking statements. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar statements. Among other things, the outlook for the third quarter of 2018 and quotations from management in this announcement, as well as Daqo New Energy's strategic and operational plans, contain forward-looking statements. The Company may also make written or oral forward-looking statements in its reports filed or furnished to the U.S. Securities and Exchange Commission, in its annual reports to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about the Company's beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: the demand for photovoltaic products and the development of photovoltaic technologies; global supply and demand for polysilicon; alternative technologies in cell manufacturing; our ability to significantly expand our polysilicon production capacity and output; the reduction in or elimination of government subsidies and economic incentives for solar energy applications; and our ability to lower our production costs. Further information regarding these and other risks is included in the reports or documents we have filed with, or furnished to, the Securities and Exchange Commission. Daqo New Energy does not undertake any obligation to update any forward-looking statement, except as required under applicable law. All information provided in this press release and in the attachments is as of the date of this press release, and Daqo New Energy undertakes no duty to update such information, except as required under applicable law.

DAQO NEW ENERGY

"A leading producer of high-purity polysilicon for the global solar PV industry"

Management remarks

"We remain confident in the long-term sustainable growth of the polysilicon industry despite the impact by the new solar PV policies issued by the Chinese government on May 31, 2018," commented Mr. Longgen Zhang, CEO of Daqo New Energy. "The new solar policies caused uncertainty in the domestic solar market and impacted downstream demand in June. Leveraging our strong cash position and efficient corporate management, we maintained full production capacity and resumed shipments when customer demand and pricing stabilized in early July. With our production facilities now running at full capacity and inventory at low levels, we are reiterating our full year polysilicon production guidance of 22,000 to 23,000 MT."

"Utilization levels and demand from our downstream customers improved in July. According to the China Silicon Association, approximately 30-35% of China's domestic polysilicon production capacity has been shut down as those producers are unable to survive at the current market prices. With supply becoming increasingly limited and demand gradually recovering, polysilicon ASPs began to improve during July."

"Despite the challenging market environment in China, demand for solar PV products remains healthy and robust for the rest of the world. New emerging markets in Latin America and the Middle East are booming with growing demand. India in particular is expected to grow rapidly. With grid parity approaching in many markets, such as Europe and the US, project developers are more aggressive in their bids. With solar PV markets outside of China accounting for an increasing percentage of our downstream customer's shipments, we are confident in the long-term sustainable growth of the polysilicon industry and our ability to benefit from this growth by increasing our production capacity and improving our cost structure and polysilicon purity."

"I am pleased with our performance in this quarter and our ability to remain flexible and rapidly adapt our business to a challenging market environment. EBITDA during the quarter was $31.0 million and we generated $67.1 million in cash flow from operations during the first half of 2018. We are one of the very few polysilicon producers able to continuously generate positive EBIT, net income, and operation cash flow in this challenging market environment. In addition, we expect to complete our Phase 3B expansion project and start pilot production in the fourth quarter of 2018, which will increase our annual capacity to 30,000 MT and further reduce our polysilicon production cost by approximately $1 per kilogram across our entire production facility. We believe that demand for our high-quality polysilicon products will continue to grow over the long-term as solar PV is becoming increasingly cost competitive and less dependent on government policies and subsidies. Our strong balance sheet, sufficient operating cash flow and newly added capacity coming online will help us to further solidify our position as the polysilicon manufacturing leader."

Business update and Q2 2018 highlights

- **Polysilicon production volume** of 5,659 MT in Q2 2018, compared to 5,657 MT in Q1 2018
- **Polysilicon external sales volume** (2) of 3,881 MT in Q2 2018, compared to 5,411 MT in Q1 2018
- **Polysilicon Cost Structure** (1)

  -- **total production cost** (including depreciation) of $9.05/kg in Q2 2018, compared to $9.19/kg in Q1 2018

  -- **cash cost** (excluding depreciation) of $7.43/kg in Q2 2018, compared to $7.53/kg in Q1 2018
- **Wafer sales volume** (2) of 9.8 million pieces in Q2 2018, compared to 13.3 million pieces in Q1 2018
- **Polysilicon ASP** of $16.22/kg in Q2 2018, compared to 17.68/kg in Q1 2018
- **Net Income attributable to Daqo New Energy shareholders** of $13.4 million in Q2 2018, compared to $31.6 million in Q1 2018 and $12.1 million in Q2 2017
- **Earnings per ADS** (basic) of $1.06 in Q2 2018, compared to $2.91 in Q1 2018, and $1.15 in Q2 2017
- **EBITDA** (3) of $31.0 million in Q2 2018, compared to $51.7 million in Q1 2018
- **EBITDA margin** (3) of 46.3% in Q2 2018, compared to of 50.0% in Q1 2018
- **Gross profit** of $27.2 million in Q2 2018, compared to $46.2 million in Q1 2018
- **Gross margin** was 40.6% in Q2 2018, compared to 44.8% in Q1 2018
- **Non-GAAP gross margin** (4) of 41.2% in Q2 2018 , compared to 45.2% in Q1 2018
- **Adjusted earnings per basic ADS (non-GAAP)**(5) of $1.44 in Q2 2018, compared to $3.03 in Q1 2018, and $1.31 in Q2 2017

Notes:

（1）Production cost and cash cost only refer to production in the Company's Xinjiang polysilicon facilities. Production cost is calculated by the inventoriable costs relating to production of polysilicon in Xinjiang divided by the production volume in the quarter. Cash cost is calculated by the inventoriable costs relating to production of polysilicon excluding depreciation expense in Xinjiang, divided by the production volume in the quarter.

（2）The external sales volume is the quantity of the goods which has been accepted by customers and thus the corresponding revenue has been recognized during the reporting period.

（3）A non-GAAP measure which represents earnings before interest, taxes, depreciation and amortization.

（4）Non-GAAP margin has excluded costs related to polysilicon operations in Chongqing which halted production in September 2012.

（5）please see the section captioned "Use of Non-GAAP Financial Measures"

Xinjiang polysilicon facilities update

Q2 2018 key facts

- Quarterly production volume of 5,659 MT
- External sales volume of 3,881 MT(1)
- Average total production cost : $9.05/kg (2)
- Average cash cost: $7.43/kg (2)
- Phase 3B capacity expansion accelerated
  - trial production expected by the end of 2018
  - fully ramp up to 30,000 MT in Q1 2019

Outlook

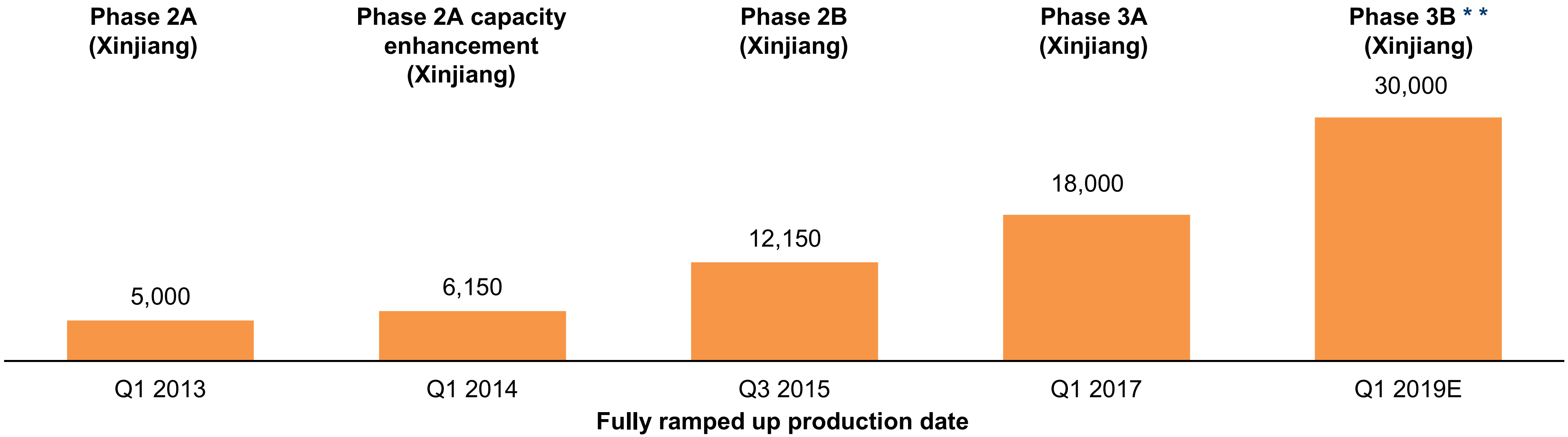
- Expected production volume in Q3 2018: 4,100 ~ 4,300 MT (scheduled maintenance in Sept. expected to impact production for 2~3 weeks)
- Expected external sales volume in Q3 2018: 5,900 ~ 6,100 MT (excluding polysilicon used internally by our Chongqing wafer facility)

Note:

The external sales volume is the quantity of the goods which has been accepted by customers and thus the corresponding volume g revenue has been recognized during the reporting period.

Production cost and cash cost only refer to production in our Xinjiang polysilicon facilities. Production cost is calculated by the inventoriable costs relating to production of polysilicon in Xinjiang divided by the production volume in the quarter. Cash cost is calculated by the inventoriable costs relating to production of polysilicon excluding depreciation expense in Xinjiang, divided by the production volume in the quarter.

Polysilicon historical and projected capacity * (MT)

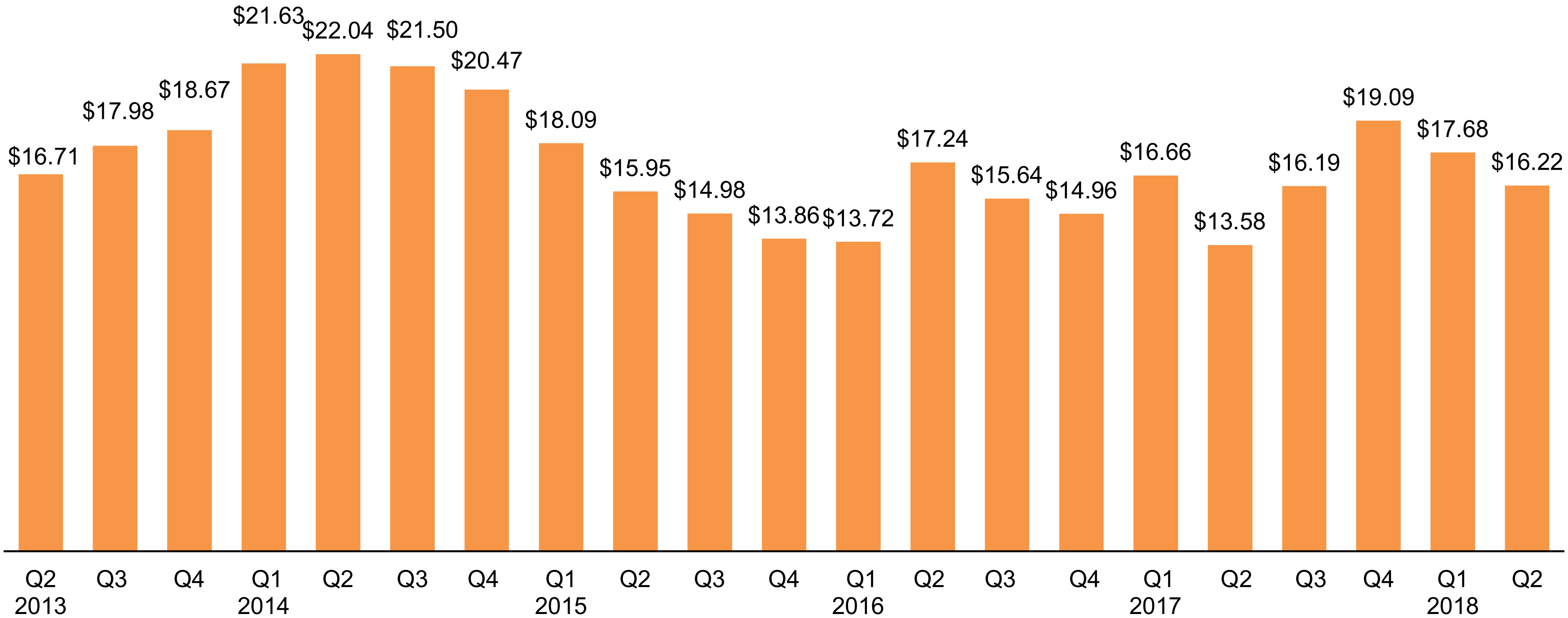


*Wanzhou polysilicon facility discontinued polysilicon production in Q4 2012

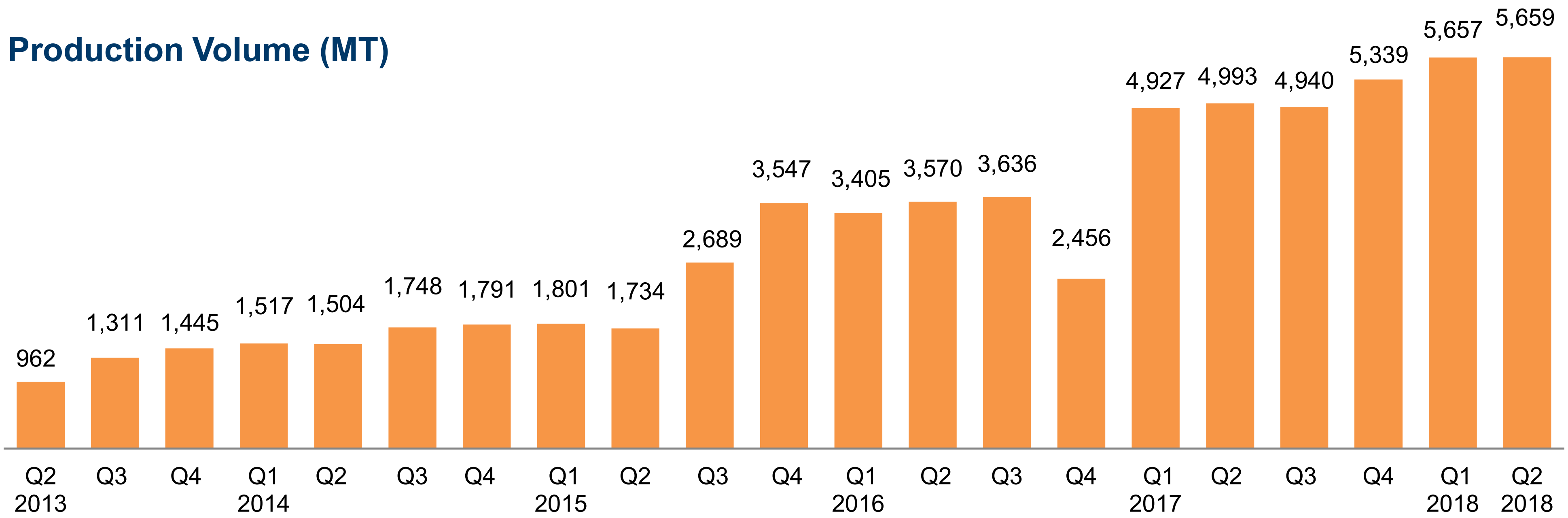
**Estimated and may change subject to market and industry conditions

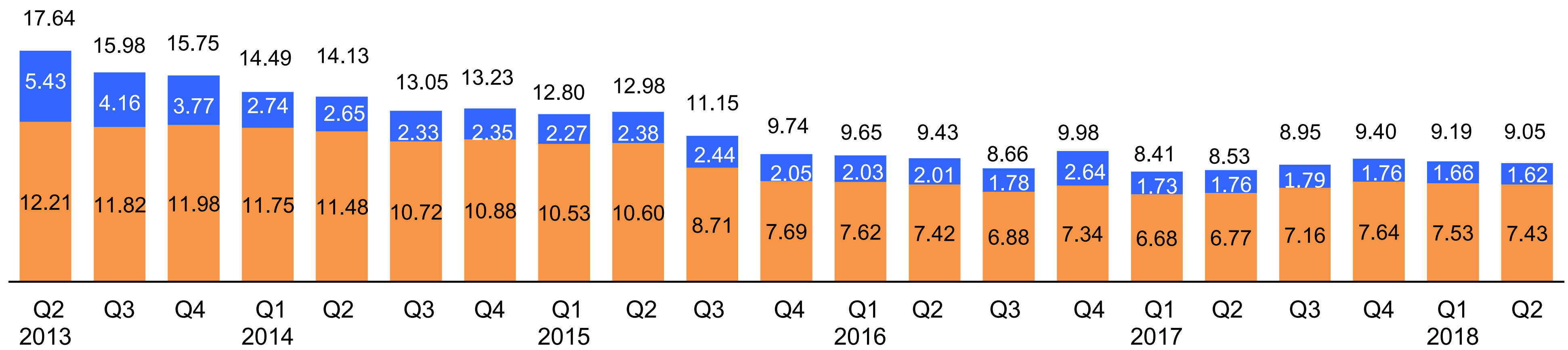
Daqo's quarterly polysilicon Average Selling Prices

Quarterly Polysilicon ASPs($/kg)



Polysilicon manufacturing overview

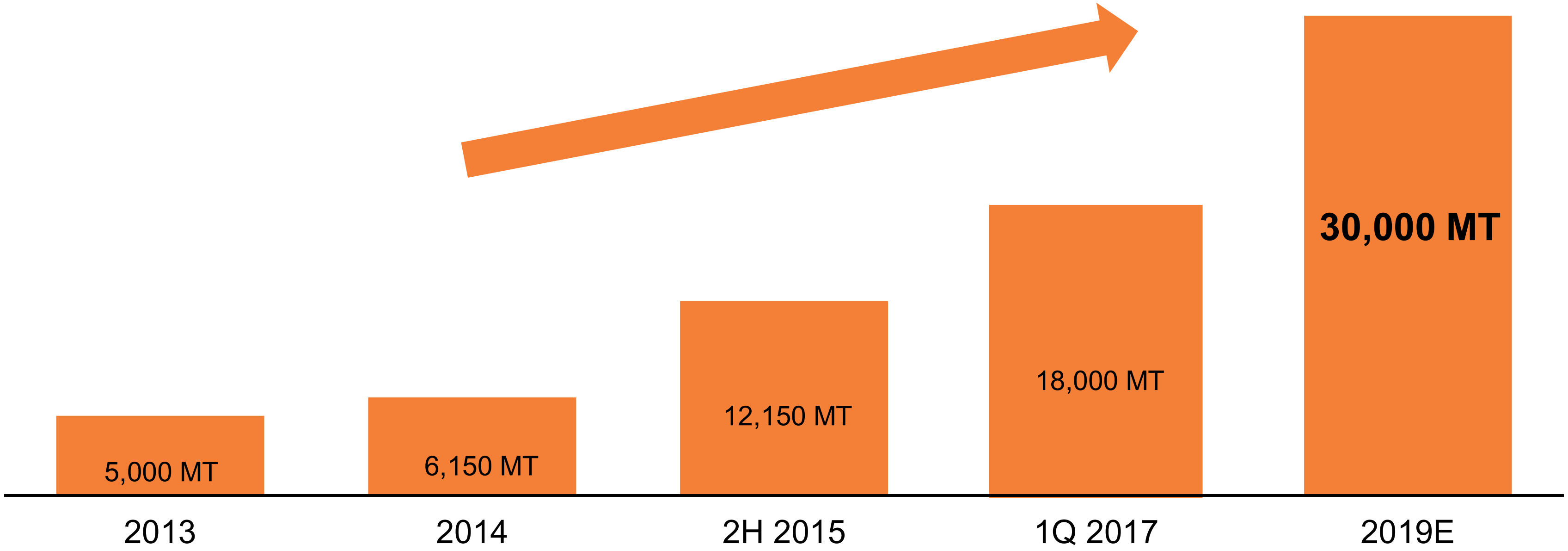




* The cash cost and depreciation only refer to the polysilicon production in Xinjiang facilities.

Phase 3B Project accelerated – fully ramp up to 30K MT in Q1 2019

Polysilicon capacity expansion in Daqo Xinjiang (cumulative capacity)



- Expect to start pilot production by the end of 2018 and reach 30,000 MT full annual capacity in Q1 2019.
- Phase 3B Project capacity expansion is expected to produce electronics grade polysilicon for use in **mono-crystalline wafer and semiconductor markets.**

Chongqing wafer facilities update

Q2 2018 key facts

- 9.8 million pieces sold to customers

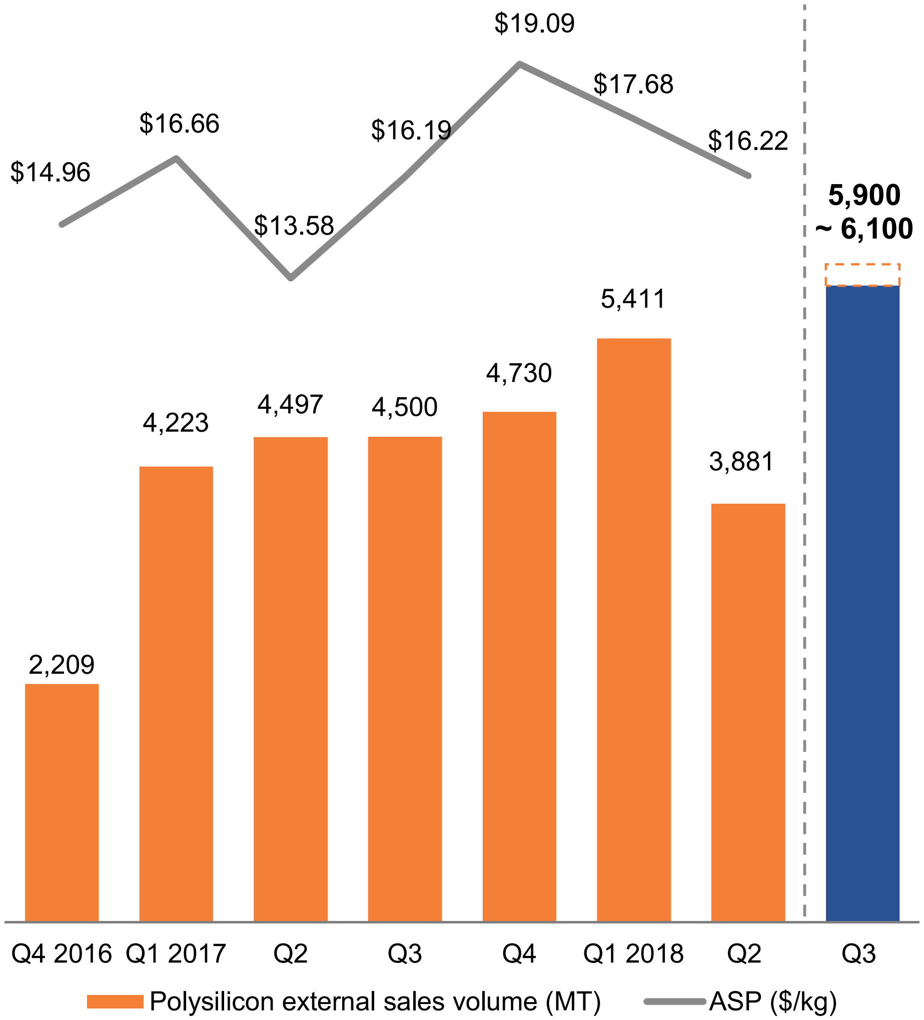
Q3 2018 sales volume outlook

- Q3 2018 wafer sales volume:

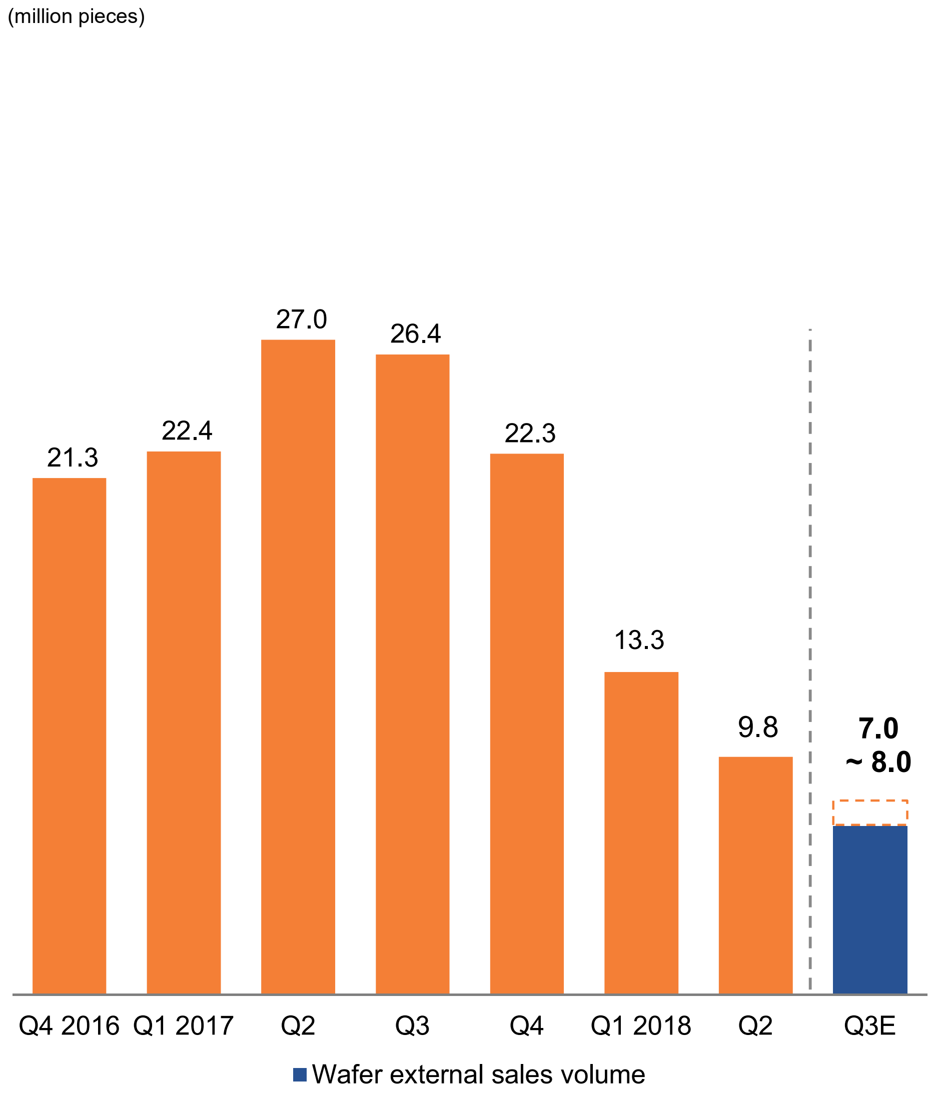
  7.0 ~8.0 million pieces

Historical external sales volume and Q2 2018 guidance

Polysilicon external sales volume and ASPs



Wafer external sales volume



Q2 2018 financial highlights

- Revenue of $67.0 million in Q2 2018, compared to $103.3 million in Q1 2018
- Gross profit of $27.2 million in Q2 2018, compared to $46.2 million in Q1 2018
- Gross margin was 40.6% in Q2 2018, compared to 44.8% in Q1 2018
- Non-GAAP gross margin(3) of 41.2% in Q2 2018, compared to 45.2% in Q1 2018
- EBITDA (non-GAAP)(3) of $31.0 million in Q2 2018, compared to $51.7 million in Q1 2018
- Net income attributable to Daqo New Energy shareholders of $13.4 million in Q2 2018, compared to $31.6 million in Q1 2018 and $12.1 million in Q2 2017
- Earnings per basic American Depository Share (ADS) of $1.06 in Q2 2018, compared to $2.91 in Q1 2018, and $1.15 in Q2 2017
- Adjusted net income (non-GAAP)(3) attributable to Daqo New Energy shareholders of $18.2 million in Q2 2018, compared to $32.9 million in Q1 2018 and $13.8 million in Q2 2017
- Adjusted earnings per basic ADS (non-GAAP)(3) of $1.44 in Q2 2018, compared to $3.03 in Q1 2018, and $1.31 in Q2 2017

Income statement summary

($ in millions, unless otherwise stated)/	Q2 2018	Q1 2018	Q2 2017
Revenues	**67.0**	**103.3**	**76.0**
Cost of revenues	(39.8)	(57.1)	(51.8)
Gross profit	27.2	46.2	24.2
Gross margin	**40.6%**	**44.8%**	**31.9%**
Non-GAAP Gross margin (1)	**41.2%**	**45.2%**	**32.6%**
SG&A and R&D expense	(8.0)	(4.9)	(4.8)
Other operating income	1.9	0.4	0.8
Income from operations	**21.0**	**41.7**	**20.2**
Interest expense	(3.4)	(4.1)	(5.3)
Net income attributable to Daqo New Energy shareholders	**13.4**	**31.6**	**12.1**
Basic earnings per ADS (US$)	**1.06**	**2.91**	**1.15**
EBITDA (2)	**31.0**	**51.7**	**29.8**
EBITDA margin (2)	**46.3%**	**50.0%**	**39.2%**

Notes:
(1) Non-GAAP margin excluded costs related to polysilicon operations in Chongqing which halted production in September 2012
(2) A non-GAAP measure which represents earnings before interest, taxes, depreciation and amortization

Non-GAAP reconciliation

($ in millions)	Q2 2018	Q1 2018	Q2 2017
Net income	13.6	32.0	12.3
Income tax expenses	4.4	5.9	2.8
Interest expense	3.4	4.1	5.3
Interest income	(0.4)	(0.2)	(0.1)
Depreciation & Amortization	10.0	9.9	9.6
EBITDA (1)	**31.0**	**51.7**	**29.8**
EBITDA margin (1)	**46.3%**	**50.0%**	**39.2%**
Gross profit	**27.2**	**46.2**	**24.2**
Costs related to Chongqing poly facilities	0.4	0.4	0.5
Non-GAAP gross profit (2)	**27.6**	**46.6**	**24.8**
Non-GAAP gross margin (2)	**41.2%**	**45.2%**	**32.6%**
Share-based compensation	4.4	0.9	1.1
Adjusted Net Income (3)	**18.2**	**32.9**	**13.8**
Adjusted earnings per basic ADS (Non-GAAP) (3)	**1.44**	**3.03**	**1.31**

Notes:
(1) Non-GAAP margin excluded costs related to polysilicon operations in Chongqing which halted production in September 2012.
(2) A non-GAAP measure which represents earnings before interest, taxes, Depreciation & Amortization.
(3) Adjusted Net income and Adjusted Earnings per basic ADS excludes costs related to the non-operational polysilicon assets in Chongqing and costs related to share-based compensation.

Balance sheet summary

($ in millions)	As of 6/30/2018	As of 3/31/2018	Change (Q2 2018 vs. Q1 2018)	As of 6/30/2017
Cash, cash equivalent and restricted cash	179.3	83.0	96.3	49.8
Accounts receivable	0.3	2.0	(1.7)	3.8
Note receivables	19.3	49.7	(30.4)	10.5
Inventories	33.7	19.5	14.2	16.0
Prepaid land use rights	25.2	26.7	(1.5)	25.1
Net PP&E	597.4	601.8	(4.4)	554.1
Total assets	**877.8**	**799.4**	**78.4**	**670.6**
Short-term Borrowings	102.7	109.5	(6.8)	96.2
Notes payable	27.0	31.8	(4.8)	26.1
Amounts due to related parties	6.6	7.1	(0.5)	12.2
Long-term Borrowings	92.9	108.4	(15.5)	123.1
Total liabilities	**334.4**	**357.2**	**(22.8)**	**354.2**
Total equity	**543.4**	**442.2**	**101.2**	**316.5**
Total liabilities and equity	**877.8**	**799.4**	**78.4**	**670.6**

Cash flow summary

($ in millions)	6 months ended 6/30/ 2018	6 months ended 6/30/ 2017
Net cash provided by operating activities	**67.1**	**73.6**
Net cash (used in) investing activities	**(52.5)**	**(32.9)**
Net cash (used in) provided by financing activities	**93.2**	**(23.4)**
Effect of exchange rate changes	(1.2)	(2.8)
Net increase in cash, cash equivalents and restricted cash	106.6	14.5
Cash, cash equivalents and restricted cash at the beginning of the period	72.7	16.0
Cash, cash equivalents and restricted cash at the end of the period	179.3	30.4

Use of Non-GAAP financial measures

To supplement Daqo's consolidated financial results presented in accordance with United States Generally Accepted Accounting Principles ("US GAAP"), the Company uses certain non-GAAP financial measures that are adjusted for certain items from the most directly comparable GAAP measures including non-GAAP gross profit and non-GAAP gross margin; earnings before interest, taxes, depreciation and amortization ("EBITDA") and EBITDA margin; adjusted net income attributable to our shareholders and adjusted earnings per basic ADS. Management believes that each of these non-GAAP measures is useful to investors, enabling them to better assess changes in key element of the Company's results of operations across different reporting periods on a consistent basis, independent of certain items as described below. Thus, management believes that, used in conjunction with US GAAP financial measures, these non-GAAP financial measures provide investors with meaningful supplemental information to assess the Company's operating results in a manner that is focused on its ongoing, core operating performance. Management uses these non-GAAP measures internally to assess the business, its financial performance, current and historical results, as well as for strategic decision-making and forecasting future results. Given management's use of these non-GAAP measures, the Company believes these measures are important to investors in understanding the Company's operating results as seen through the eyes of management. These non-GAAP measures are not prepared in accordance with US GAAP or intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with US GAAP; the non-GAAP measures should be reviewed together with the US GAAP measures, and may be different from non-GAAP measures used by other companies.

Non-GAAP gross profit and non-GAAP gross margin includes adjustments for costs related to the non-operational polysilicon assets in Chongqing. Such costs mainly consist of non-cash depreciation costs, as well as utilities and maintenance costs associated with the temporarily idle polysilicon machinery and equipment, which will be or are in the process of being relocated to the Company's Xinjiang polysilicon manufacturing facility. The Company would expect a majority of these costs, such as depreciation, will continue to occur as part of the production cost at the Xinjiang facilities subsequent to the completion of the relocation plan. Once these assets are placed back in service, the Company will remove this adjustment from the non-GAAP reconciling item. The Company also uses EBITDA, which represents earnings before interest, taxes, depreciation and amortization, and EBITDA margin, which represents the proportion of EBITDA in revenue. Adjusted net income attributable to our shareholders and adjusted earnings per basic ADS excludes costs related to the non-operational polysilicon assets in Chongqing as described above. It also excludes costs related to share-based compensation. Share-based compensation is a non-cash expense that varies from period to period. As a result, management excludes this item from its internal operating forecasts and models. Management believes that this adjustment for share-based compensation provides investors with a basis to measure the company's core performance, including compared with the performance of other companies, without the period-to-period variability created by share-based compensation.

A reconciliation of non-GAAP financial measures to comparable US GAAP measures is presented in this document.

DAQO NEW ENERGY

Thank you