DAQO NEW ENERGY

Aug. 18, 2020

Q2 2020 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 and the full year of 2020 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; the Company’s ability to significantly expand its polysilicon production capacity and output; the reduction in or elimination of government subsidies and economic incentives for solar energy applications; the Company’s ability to lower its production costs; and the duration of COVID-19 outbreaks in China and many other countries and the impact of the outbreaks and the quarantines and travel restrictions instituted by relevant governments on economic and market conditions, including potentially weaker global demand for solar PV installations that could adversely affect the Company’s business and financial performance.. Further information regarding these and other risks is included in the reports or documents the Company has filed with, or furnished to, the U.S. Securities and Exchange Commission. All information provided in this press release is as of the date hereof, and the Company undertakes no duty to update such information or any forward-looking statement, except as required under applicable law.

DAQO NEW ENERGY

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

Management remarks I

Mr. Longgen Zhang, CEO of Daqo New Energy, commented, “The second quarter of 2020 was a particularly challenging time for the polysilicon industry. Beginning in late March, the global spread of COVID-19 and related lockdowns, particularly in the U.S., Europe and certain emerging markets, resulted in significant disruptions to demand for solar PV products. End-market customers delayed module orders and shipments due to uncertainties about the duration and economic impact of the pandemic, as well as logistical challenges. This led to short-term market uncertainty and volatility across the entire solar PV industry during the second quarter. This abnormal market environment, with its sharp and sudden drop in demand, resulted in significant negative impact to polysilicon pricing for the quarter. Fortunately, the impact was temporary, and the market began to recover in May with orders and demand normalizing in June, supported by a strong end-market in China and abroad. We are pleased that despite such challenges faced by the industry during the period, Daqo New Energy was able to generate positive net income for the quarter, further demonstrating the strength and resilience of our business model and our proven low cost structure.”

“Towards the end of the second quarter, we began to see very positive momentum in solar PV demand in both domestic and overseas markets, supported by further capacity expansions by downstream mono-wafer customers. This has translated into meaningful demand improvement for polysilicon, which has driven a significant increase in polysilicon ASPs recently. Current market ASPs for mono-grade polysilicon are approximately $11~$12/kg, a significant improvement from approximately $7.5/kg in the second quarter. We expect polysilicon supply to remain tight as the overall demand for PV solar continues to grow, supported by continued mono-wafer production capacity expansion and limited additional supply of polysilicon over the next 15 months.”

Management remarks II

"In the second quarter, we produced and sold 18,097 MT and 18,881 MT of polysilicon, respectively, exceeding our guidance. We conducted annual maintenance for our manufacturing facility in the second quarter. However, some technology upgrade projects, as well as equipment modification, have been re-scheduled to August due to the delayed delivery of some key equipment and long-lead time maintenance parts. This will have some impact on the third quarter production volume. As a result, we expect to produce approximately 17,500 MT to 18,000 MT of polysilicon during the third quarter. We expect to resume to 100% utilization rate in September after the completion of such projects. Our expected annual production volume for 2020 remains unchanged at 73,000 MT to 75,000 MT."

"During the quarter, we continued to make strong progress towards quality improvement and cost structure. Approximately 95% of our polysilicon production reached mono-grade quality during the quarter. At the same time, we continued to improve our cost structure, with further reductions in energy and material usage per unit of production. Despite the impact of annual maintenance during the quarter, we achieved a historically-low cash cost of $4.87/kg."

"We believe the solar PV market has entered a new phase of sustained growth as grid parity has been achieved in many countries and regions around the globe. Solar PV is one of the very few energy resources which are clean, sustainable and cost effective, even compared with traditional fossil fuel power generation methods. It is playing an increasingly important role in meeting the growing global energy demand and addressing critical environmental issues such as climate change and sustainable development. We will continue our commitment to provide high quality polysilicon products to better serve the fast-growing demand for solar PV energy."

Operational and financial highlights in Q2 2020

- Polysilicon production volume was 18,097 MT in Q2 2020, compared to 19,777 MT in Q1 2020
- Polysilicon sales volume was 18,881 MT in Q2 2020, compared to 19,101 MT in Q1 2020
- Polysilicon average total production cost(1) was $5.79/kg in Q2 2020, compared to $5.86/kg in Q1 2020
- Polysilicon average cash cost(1) was $4.87/kg in Q2 2020, compared to $5.01/kg in Q1 2020
- Polysilicon average selling price (ASP) was $7.04/kg in Q2 2020, compared to $8.79/kg in Q1 2020
- Revenue from continuing operations was $133.5 million in Q2 2020, compared to $168.8 million in Q1 2020
- Gross profit from continuing operations was $22.7 million in Q2 2020, compared to $56.6 million in Q1 2020. Gross margin from continuing operations was 17.0% in Q2 2020, compared to 33.5% in Q1 2020
- EBITDA (non-GAAP)(2) from continuing operations was $26.8 million in Q2 2020, compared to $63.1 million in Q1 2020. EBITDA margin (non-GAAP)(2) from continuing operations was 20.0% in Q2 2020, compared to 37.4% in Q1 2020
- Net income attributable to Daqo New Energy Corp. shareholders was $2.4 million in Q2 2020, compared to $33.2 million in Q1 2020
- Earnings per basic American Depositary Share (ADS) was $0.17 in Q2 2020, compared to $2.37 in Q1 2020
- Adjusted net income (non-GAAP)(2) attributable to Daqo New Energy Corp. shareholders was $6.9 million in Q2 2020, compared to $37.7 million in Q1 2020
- Adjusted earnings per basic ADS (non-GAAP)(2) was $0.49 in Q2 2020, compared to $2.69 in Q1 2020

Notes:
(1) 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 period indicated. Cash cost is calculated by the inventoriable costs relating to production of polysilicon excluding depreciation expense, divided by the production volume in the period indicated.
(2) Daqo New Energy provides EBITDA from continuing operations, EBITDA margin from continuing operations, adjusted net income attributable to Daqo New Energy Corp. shareholders And adjusted earnings per ADS on a non-GAAP basis to provide supplemental information regarding its financial performance. For more information on these non-GAAP financial measures, please see the section captioned "Use of Non-GAAP Financial Measures" and the tables captioned "Reconciliation of non-GAAP financial measures to comparable US GAAP measures“ set forth at the end of this press release.

Xinjiang polysilicon facilities update

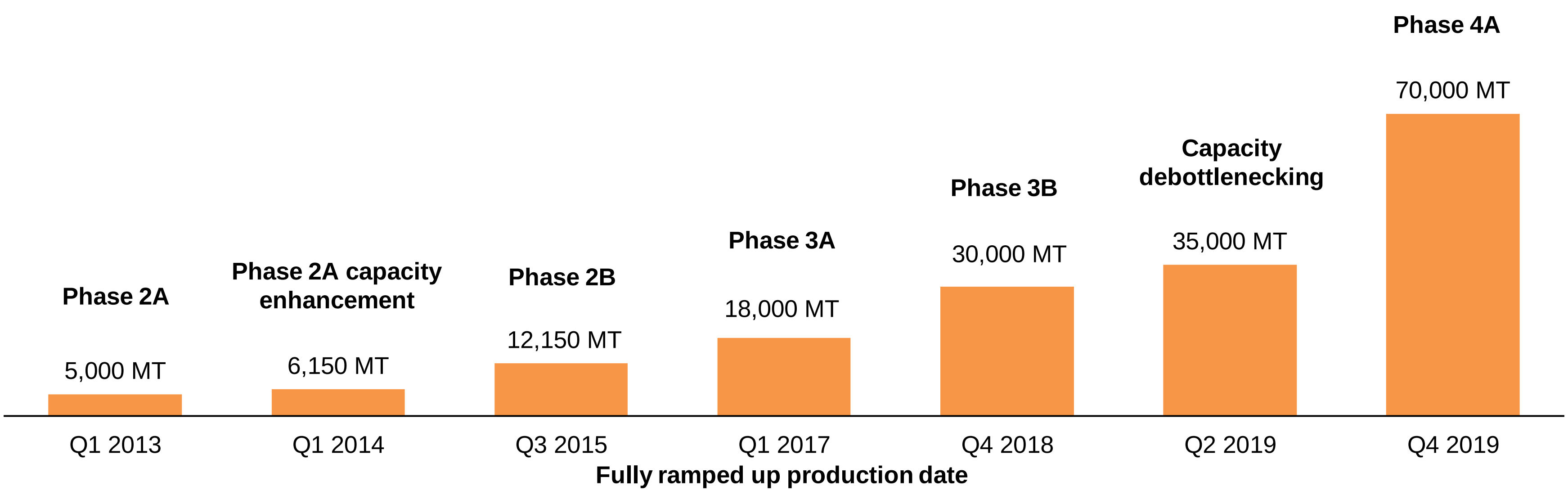
Q2 2020 key facts

- Quarterly production volume of 18,097 MT
- External sales volume of 18,881 MT
- Average total production cost : $5.79/kg
- Average cash cost: $4.87/kg

Outlook

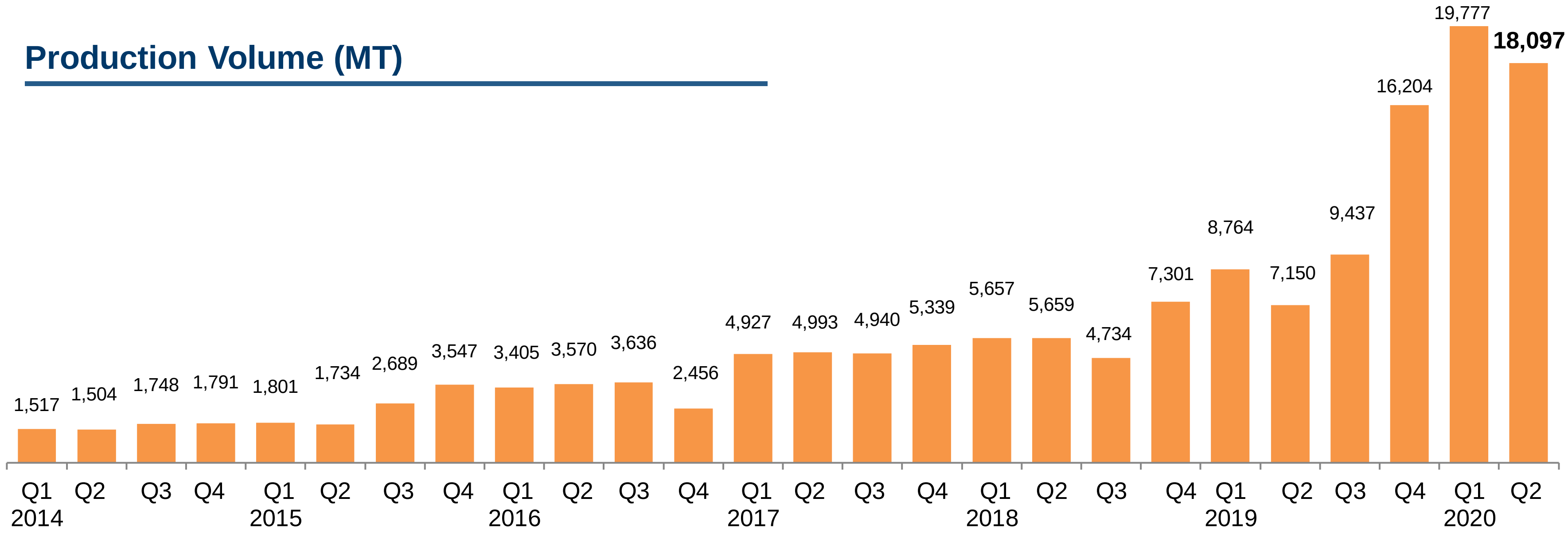
- Expected production volume in Q3 2020: 17,500 ~ 18,000 MT
- Expected external sales volume in Q3 2020: 17,000 ~ 17,500 MT
- Expected annual production volume in 2020: 73,000 ~ 75,000 MT

Polysilicon historical and projected capacity in Daqo's Xinjiang facilities * (MT)

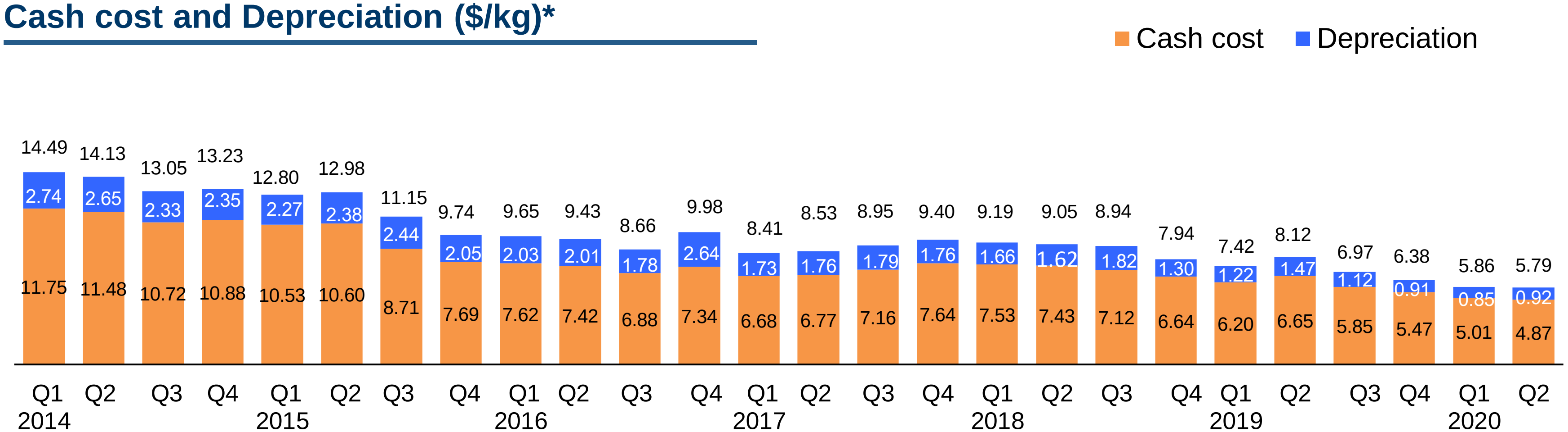


Polysilicon manufacturing overview

Production Volume (MT)



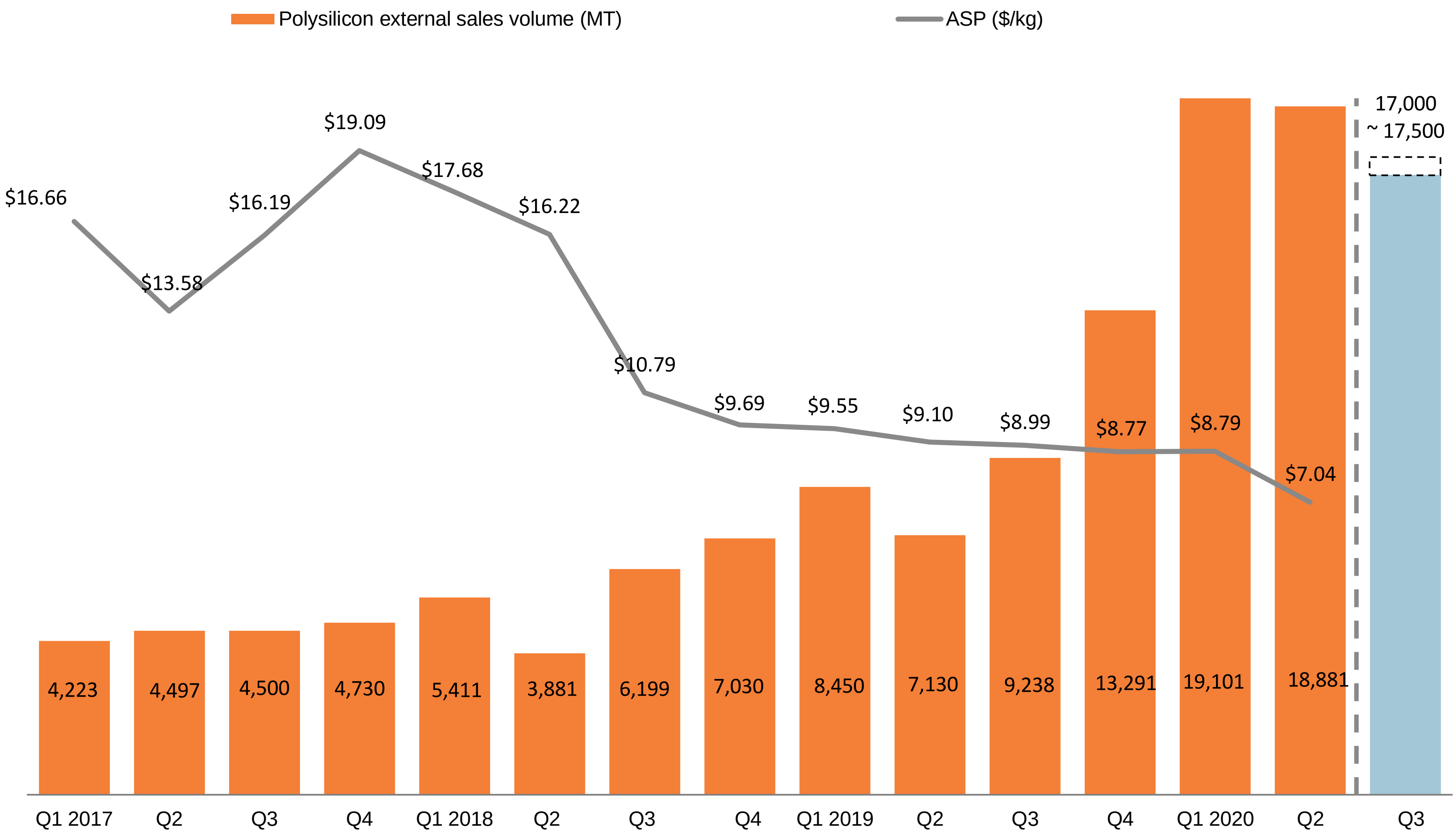
Cash cost and Depreciation ($/kg)*



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

Historical sales volume and Q3 2020 guidance

Polysilicon external sales volume and ASPs



Income statement summary

($ in millions, unless otherwise stated)	Q2 2020	Q1 2020	Q2 2019
Revenues	**133.5**	**168.8**	**66.0**
Cost of revenues	(110.8)	(112.3)	(57.4)
Gross profit	22.7	56.6	8.6
Gross margin	**17.0%**	**33.5%**	**13.0%**
SG&A	(10.1)	(8.9)	(7.8)
R&D expense	(2.0)	(1.7)	(1.5)
Other operating income / (expense)	0.1	(0.2)	0.4
Income / (loss) from operations	**10.8**	**45.8**	**(0.4)**
Interest expense	(6.7)	(6.3)	(1.9)
Net income from continuing operations	2.4	33.3	(2.7)
(Loss) / income from discontinued operations, net of tax	(0.1)	(0.1)	0.5
Net income attributable to Daqo New Energy shareholders	**2.4**	**33.2**	**(2.2)**
Basic earnings (loss) per ADS (US$)	0.17	2.37	(0.16)
EBITDA (1)	**26.8**	**63.1**	**10.2**
EBITDA margin (1)	**20.0%**	**37.4%**	**15.5%**

Notes:
(1) A non-GAAP measure which represents earnings before interest, taxes, depreciation and amortization

Balance sheet summary

($ in millions)	As of 6/30/2020	As of 3/31/2020	As of 6/30/2019
Cash and cash equivalent	88.2	63.2	31.3
Restricted cash	27.6	57.6	48.4
Accounts receivable	0.1	0.2	0.1
Note receivables	8.2	4.4	9.4
Inventories	26.8	33.2	19.9
Prepaid land use rights	28.8	28.9	22.0
Net PP&E	956.7	968.4	763.4
Current assets associated with discontinued operations	0.7	0.7	1.1
Non-current assets associated with discontinued operations	0.2	0.2	55.2
Total assets	**1,159.5**	**1,181.2**	**979.4**
Short-term borrowings, including current portion of long-term borrowings	147.8	116.6	91.8
Notes payable	49.1	89.6	73.1
Amount due to related parties	8.2	43.4	0.7
Long-term Borrowings	116.9	149.0	151.5
Current liabilities associated with discontinued operations	0.9	1.2	6.9
Non-current liabilities associated with discontinued operations	-	-	0.7
Total liabilities	**528.2**	**586.2**	**440.0**
Total equity	**631.3**	**595.0**	**539.4**
Total liabilities and equity	**1,159.5**	**1,181.2**	**979.4**

Cash flow summary

($ in millions)	6 months ended 6/30/ 2020	6 months ended 6/30/ 2019
Net cash provided by operating activities – continuing operations	47.0	65.8
Net cash (used in) / provided by operating activities – discontinued operations	(0.1)	2.0
Net cash provided by operating activities	47.0	67.8
Net cash used in investing activities – continuing operations	(60.2)	(146.5)
Net cash provided by (used in) investing activities – discontinued operations	(0.2)	1.6
Net cash used in investing activities	**(60.4)**	**(144.9)**
Net cash provided by financing activities – continuing operations	16.3	72.3
Net cash used in financing activities – discontinued operations	(0.1)	(11.0)
Net cash provided by financing activities	**16.2**	**61.3**
Effect of exchange rate changes	(1.7)	(0.4)
Net increase / (decrease) in cash, cash equivalents and restricted cash	1.1	(15.4)
Cash, cash equivalents and restricted cash at the beginning of the period	115.3	95.1
Cash, cash equivalents and restricted cash at the end of the period	116.4	79.7

Non-GAAP reconciliation

US$ in millions	Q2 2020	Q1 2020	Q2 2019
Net income from continuing operations	2.4	33.3	(2.7)
Income tax expenses	2.0	6.3	0.7
Interest expense	6.7	6.3	1.9
Interest income	(0.4)	(0.2)	(0.3)
Depreciation & amortization	16.0	17.3	10.6
EBITDA (1)	**26.8**	**63.1**	**10.2**
EBITDA margin (1)	**20.0%**	**37.4%**	**15.5%**
Share-based compensation	4.5	4.5	4.5
Adjusted net income (non-GAAP)(2) attributable to Daqo New Energy Corp. shareholders	**6.9**	**37.7**	**2.3**
Adjusted earnings per basic ADS (non-GAAP)(2)	**$0.49**	**$2.69**	**$0.17**

Note:
(1) A non-GAAP measure which represents earnings before interest, taxes, depreciation and amortization
(2) 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.

Use of Non-GAAP financial measures

To supplement Daqo New Energy'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 earnings before interest, taxes, depreciation and amortization ("EBITDA") and EBITDA margin; adjusted net income attributable to Daqo New Energy Corp. shareholders and adjusted earnings per basic ADS. Our 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, our 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. Our 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 our 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 our 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.

The Company uses EBITDA, which represents earnings before interest, taxes, depreciation and amortization, and EBITDA margin, which represents the proportion of EBITDA in revenues. Adjusted net income attributable to Daqo New Energy Corp. shareholders and adjusted earnings per basic ADS exclude 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, and the Company had removed this adjustment from the non-GAAP reconciling item since the fourth quarter of 2018, since as of the end of the third quarter of 2018, all of the polysilicon machinery and equipment had been either relocated to Xinjiang, disposed, or planned to be disposed. Adjusted net income attributable to Daqo New Energy Corp. shareholders and adjusted earnings per basic ADS also exclude costs related to share-based compensation. Share-based compensation is a non-cash expense that varies from period to period. As a result, our management excludes this item from its internal operating forecasts and models. Our 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.

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Thank you