November 2018

DAQO NEW ENERGY

Q3 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 fourth 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; 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; and the Company’s ability to lower its production costs. Further information regarding these and other risks is included in the reports or documents the Company has filed with, or furnished to, the 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 producer of high-purity polysilicon for the global solar PV industry”

Management remarks

Mr. Longgen Zhang, CEO of Daqo New Energy, commented, "We are pleased to report another solid quarter. In spite of weak market demands, we sold 6,199 MT of polysilicon during the third quarter, with polysilicon inventory returning to lean levels, which demonstrates our product's superior quality and our strong relationships with downstream customers. We successfully completed annual maintenance in September and resumed production earlier than originally scheduled, to minimize its impact on production volumes and our cost structure. In addition, we also began pilot production for our Phase 3B project in October, ahead of schedule. We are in the process of optimizing throughput, efficiency and quality and expect to ramp up Phase 3B to full capacity early in the first quarter of 2019. With lower electricity rates, higher manufacturing efficiency, greater economies of scale, and enhanced equipment and processes, we expect the overall total cost of polysilicon production from our Xinjiang facilities to decrease to approximately US$7.50 per kilogram when fully ramped up. Moreover, Phase 3B will not only increase our capacity and reduce costs, but also allow us to improve product quality with approximately 80% of our production capacity devoted to mono-crystalline grade polysilicon, of which approximately half will be applicable for use in N-type mono-crystalline solar cells."

"Despite the impact of the new solar PV policy issued on May 31, 2018, China will still be the largest solar PV market this year with 34.5 GW already installed during the first three quarters of 2018. In late September, China's National Development and Reform Commission released the second draft of renewable energy portfolio standard, which is expected to lay a solid foundation for the nation's goals of increasing non-fossil energies as percentage of total primary energy to 15% in 2020 and 20% in 2030, respectively. In addition, China National Energy Administration held an informal gathering on November 2, in which it reiterated the government's continuous support to the solar PV industry and hinted that it might increase China's cumulative solar installation target by 2020 to at least 210 GW or higher. Subsidies will also continue until 2022 when grid parity is expected to be achieved. Several government agencies have also started to evaluate potential opportunities to effectively reduce the soft cost of solar PV projects so that an increasing number of grid-parity projects will become feasible in China as soon as possible. Solar PV is becoming one of the most cost-effective and feasible forms of renewable energy generation in many global markets, including China. With cost reduction efforts continuing throughout the entire solar PV value chain, we believe the new era of grid parity in the global solar PV market is just around the corner."

"As one of the industry's leading suppliers, Daqo New Energy benefits from its strong cost structure advantage and quality, which are continuously being improved upon with the addition of our Phase 3B and 4A projects. Our Phase 4A project is currently under construction and is expected to begin pilot production in the fourth quarter of 2019. We expect to ramp up Phase 4A to full production in the first quarter of 2020 which will expand our total production capacity to 70,000 MT and reduce the overall total cost of polysilicon production for our Xinjiang facilities to approximately US$6.80 per kilogram. We believe the combination of our cost structure advantage, high quality products and increasing capacity will allow us to benefit from future sustainable growth of global solar PV markets."

Business update and Q3 2018 financial highlights

- **Polysilicon production volume** of 4,734 MT in Q3 2018, compared to 5,659 MT in Q2 2018
- **Polysilicon external sales volume**(1) of 6,199 MT in Q3 2018, compared to 3,881 MT in Q2 2018
- **Polysilicon average total production cost**(2) of $8.94/kg in Q3 2018, compared to $9.05/kg in Q2 2018
- **Polysilicon average cash cost**(2) of $7.12/kg in Q3 2018, compared to $7.43/kg in Q2 2018
- **Polysilicon average selling price** (ASP) was $10.79/kg in Q3 2018, compared to $16.22/kg in Q2 2018
- **Solar wafer sales volume** of 8.7 million pieces in Q3 2018, compared to 9.8 million pieces in Q2 2018
- **Revenue** from continuing operations of $67.4 million in Q3 2018, compared to $63.0 million in Q2 2018
- **Gross profit** from continuing operations of $12.8 million in Q3 2018, compared to $25.2 million in Q2 2018. Gross margin from continuing operations was 19.1% in Q3 2018, compared to 40.6% in Q2 2018
- **EBITDA** (non-GAAP)(3) from continuing operations of $14.8 million in Q3 2018, compared to $32.4 million in Q2 2018
- **EBITDA margin** (non-GAAP)(3) from continuing operations of 21.9% in Q3 2018, compared to 44.5% in Q2 2018
- **Net income from continuing operations** was $4.2 million in Q3 2018, compared to $10.9 million in Q2 2018 and $14.6 million in Q3 2017. Net loss from discontinued operations was $22.4 million in Q3 2018, compared to net income from discontinued operations of $2.7 million in Q2 2018 and $9.7 million in Q3 2017
- **Net loss** attributable to Daqo New Energy shareholders of $18.3 million in Q3 2018, compared to net income attributable to Daqo New Energy shareholders of $13.4 million in Q2 2018 and $24.1 million in Q3 2017
- **Loss per basic American Depository Share** (ADS) of $1.39 in Q3 2018, compared to earnings per basic ADS of $1.00 in Q2 2018, and $2.22 in Q3 2017
- **Adjusted net income** (non-GAAP)(4) attributable to Daqo New Energy shareholders of $4.4 million in Q3 2018, compared to $18.2 million in Q2 2018and $25.6 million in Q3 2017
- **Adjusted earnings per basic ADS** (non-GAAP)(4) of $0.33 in Q3 2018, compared to $1.44 in Q2 2018, and $2.42 in Q3 2017

Notes:

(1) 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. Production cost and cash cost only refer to production in the Company's Xinjiang polysilicon facilities.
(2) 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.
(3) A non-GAAP measure which represents earnings before interest, taxes, depreciation and amortization.
(4) please see the section captioned "Use of Non-GAAP Financial Measures"

Xinjiang polysilicon facilities update

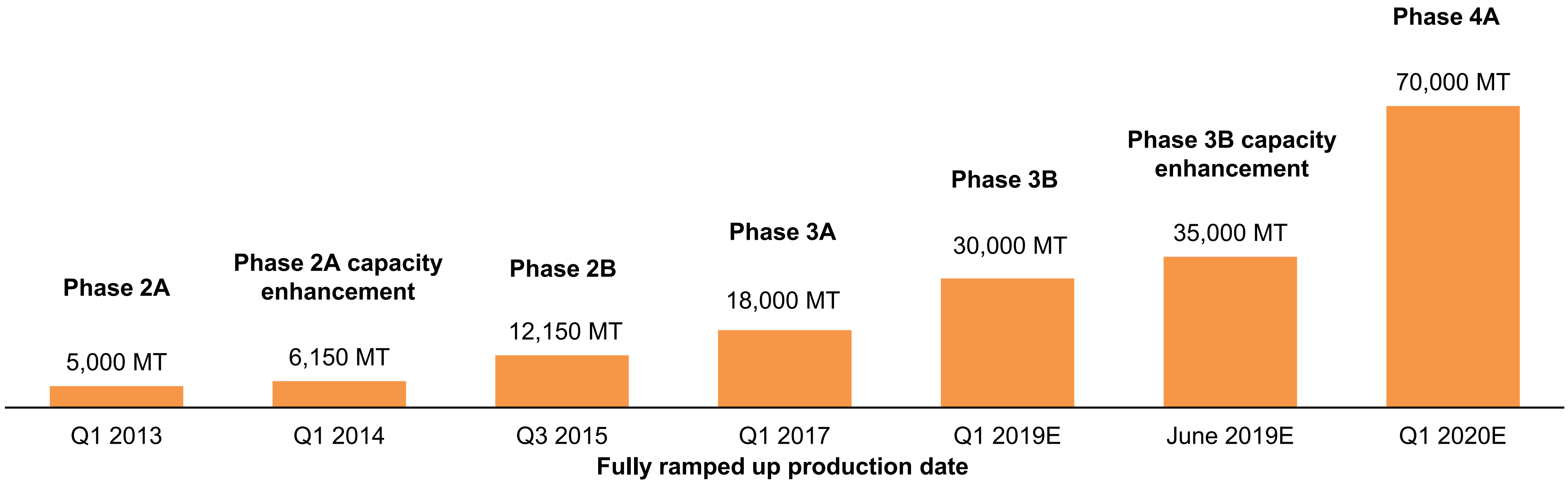
Q3 2018 key facts

- Quarterly production volume of 4,734 MT
- External sales volume of 6,199 MT(1)
- Average total production cost : $8.94/kg (2)
- Average cash cost: $7.12/kg (2)
- Phase 3B project started pilot production in Oct. 2018
  - fully ramp up in Q1 2019
- Phase 3B capacity enhancement project initiated
  - fully ramp up by the end of June 2019

Outlook

- Expected production volume in Q4 2018:
  7,000 ~ 7,100 MT
- Expected external sales volume in Q4 2018:
  6,800 ~ 6,900 MT (excluding polysilicon used internally by our Chongqing wafer facility)

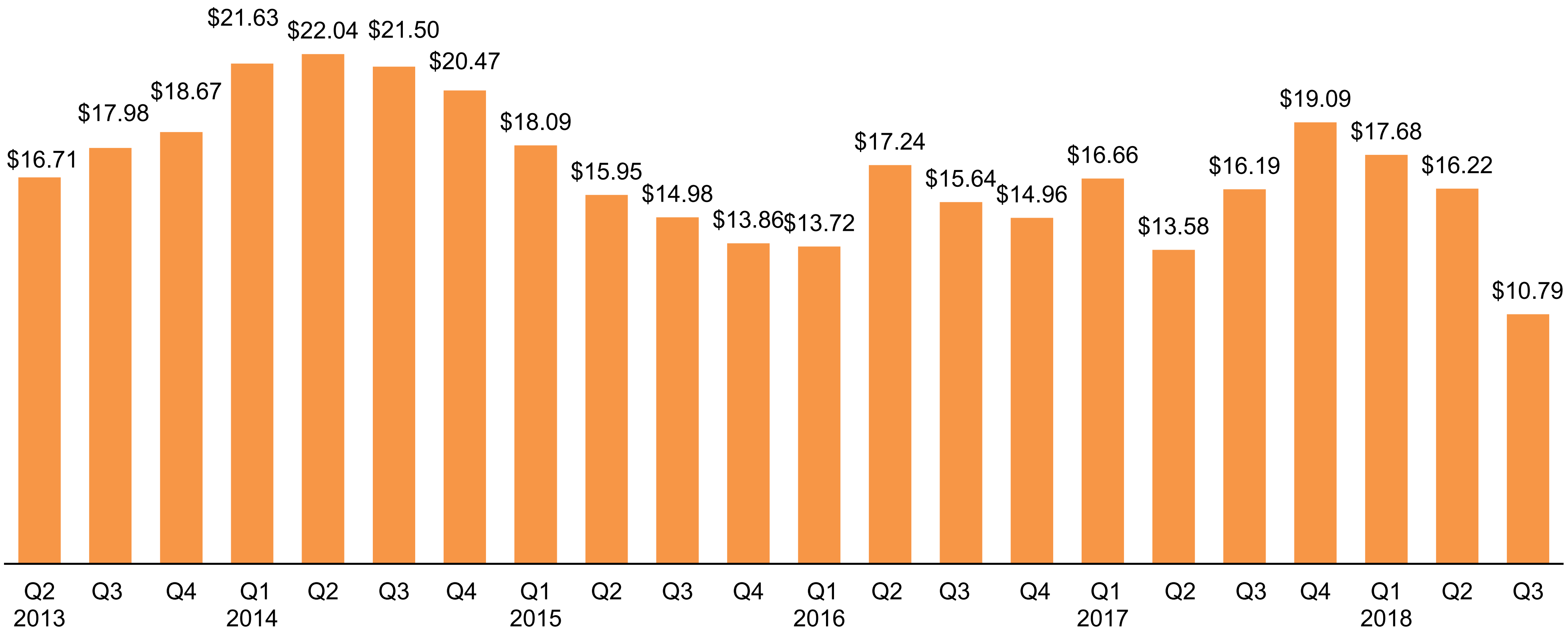
Polysilicon historical and projected capacity in Daqo's Xinjiang facilities * (MT)



*Wanzhou polysilicon facility discontinued polysilicon production in Q4 2012

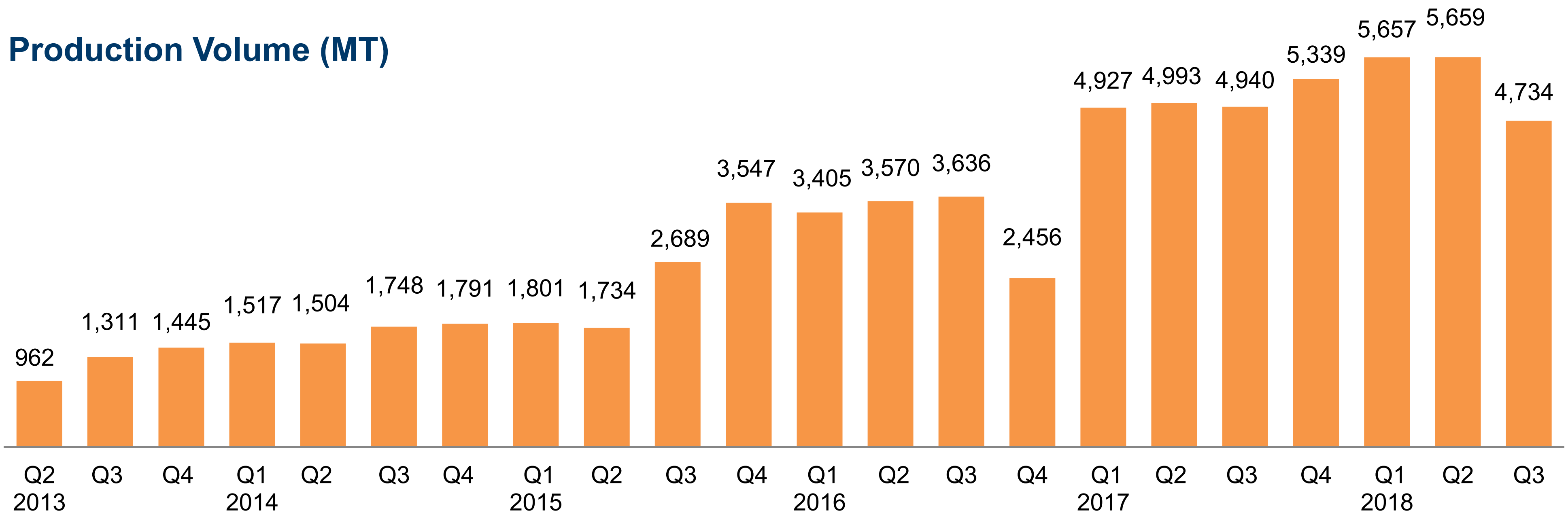
Daqo's quarterly polysilicon Average Selling Prices

Quarterly Polysilicon ASPs($/kg)

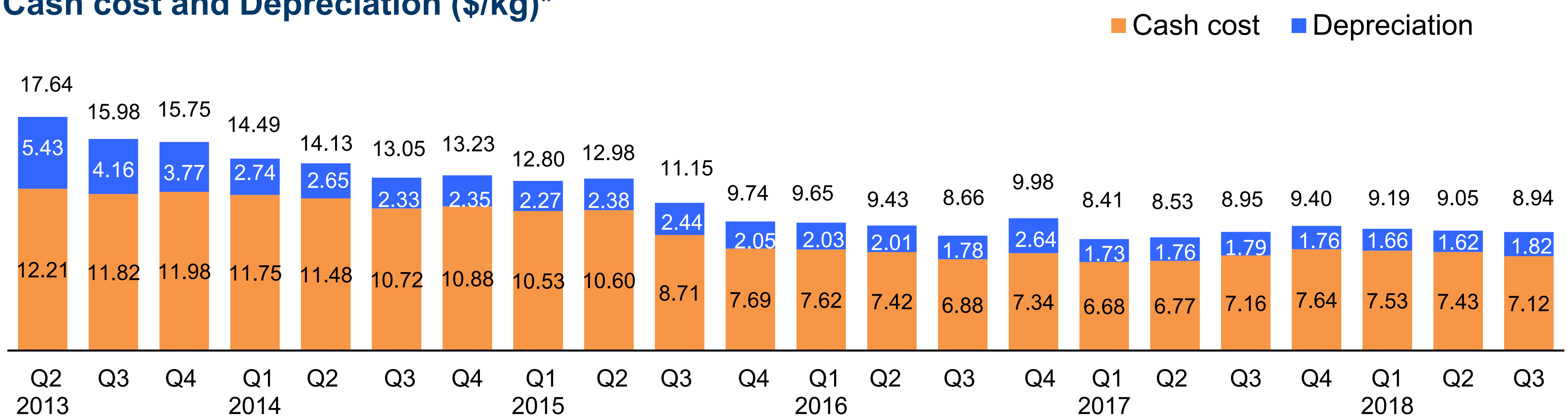


Polysilicon manufacturing overview

Production Volume (MT)



Cash cost and Depreciation ($/kg)*



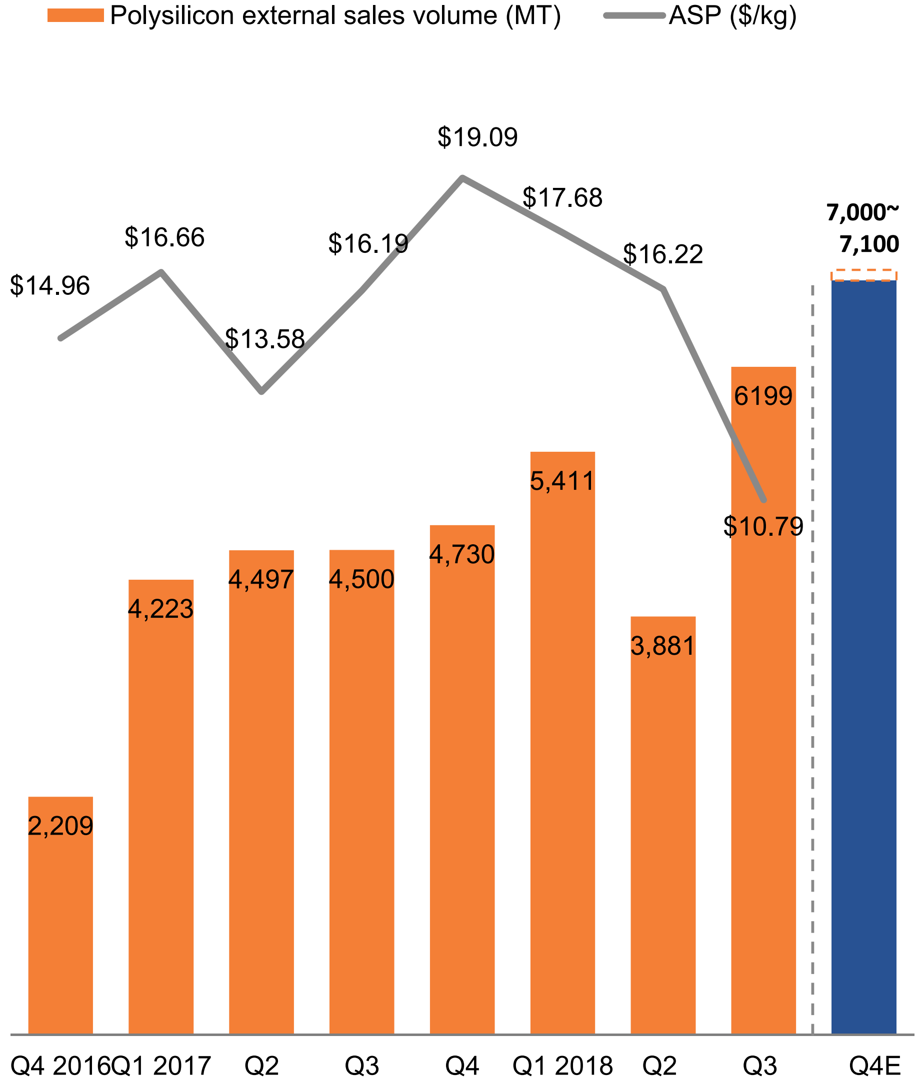
* The cash cost and depreciation only refer to the polysilicon production in Xinjiang facilities.

Chongqing wafer facilities update

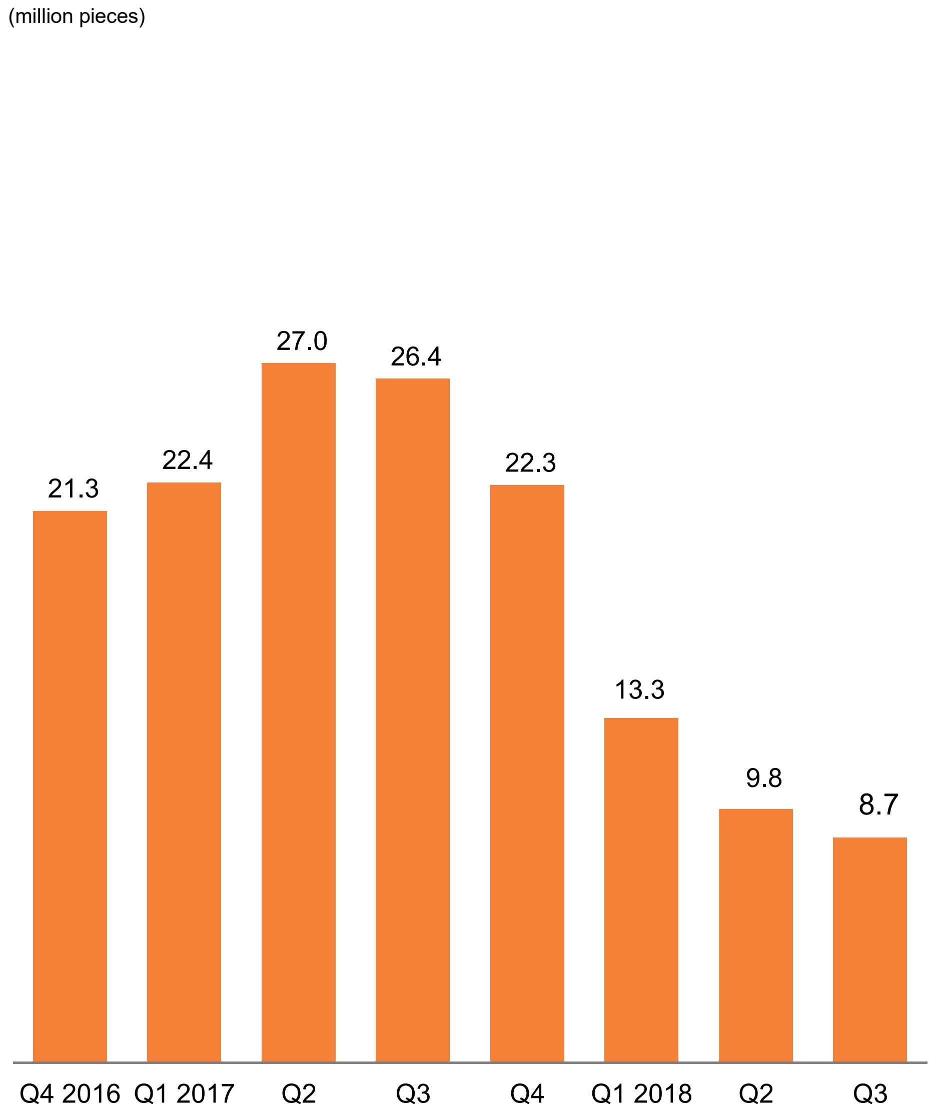
- 8.7 million pieces sold to customers in Q3 2018
- Wafer facilities discontinued in Sep. 2018
  - In September 2018, the Company made a strategic decision to discontinue its Chongqing business subsidiary, including its solar wafer manufacturing operations, to accommodate the increasingly challenging market conditions. Accordingly, the Company has incurred $6.8 million in fixed-asset impairment and $1.3 million in employee severance related to wafer sector in the quarter.

Historical external sales volume and Q4 2018 guidance

Polysilicon external sales volume and ASPs



Wafer external sales volume



Income statement summary

($ in millions, unless otherwise stated)	Q3 2018	Q2 2018	Q3 2017
Revenues from continuing operations	**67.4**	**63.0**	**71.9**
Cost of revenues	(54.5)	(37.7)	(46.1)
Gross profit from continuing operations	12.8	25.2	26.8
Gross margin from continuing operations	**19.1%**	**40.6%**	**40.8%**
SG&A and R&D expense	(9.0)	(7.7)	(4.1)
Other operating income	0.1	0.5	0.1
Income from continuing operations	**4.0**	**18.0**	**22.8**
Interest expense	(2.1)	(3.1)	(4.0)
Net income (loss) from continuing operations	4.1	10.9	14.7
Net income (loss) from discontinued operations	(22.4)	2.7	9.7
Net income (loss) attributable to Daqo New Energy shareholders	**(18.3)**	**13.6**	**24.4**
Basic earnings per ADS (US$)	**(1.39)**	**1.06**	**2.28**
EBITDA (2)	**14.8**	**28.0**	**32.4**
EBITDA margin (2)	**21.9%**	**44.5%**	**44.4%**

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)	Q3 2018	Q2 2018	Q3 2017
Net income from continuing operations	4.2	10.9	14.6
Income tax expenses	(0.1)	4.4	4.2
Interest expense	2.1	3.1	4.1
Interest income	(0.3)	(0.4)	(0.1)
Depreciation & Amortization	8.9	10.0	9.6
EBITDA (1) from continuing operations	**14.8**	**28.0**	**32.4**
EBITDA margin (1) from continuing operations	**21.9%**	**44.5%**	**44.4%**
Net income (loss) attributable to Daqo New Energy Shareholders	(18.3)	13.4	24.1
Costs related to the Chongqing polysilicon operations	0.2	0.4	0.5
Share-based compensation	4.2	4.4	1.0
Long-lived assets impairment	18.2	-	-
Adjusted net income attributable to Daqo New Energy Corp. shareholders(2)	**4.3**	**18.2**	**25.6**
Adjusted earnings per basic ADS (Non-GAAP) (2)	**0.33**	**1.44**	**2.42**

Notes:
(1) A non-GAAP measure which represents earnings before interest, taxes, Depreciation & Amortization.
(2) Adjusted Net income and Adjusted Earnings per basic ADS excludes costs related to the non-operational polysilicon assets in Chongqing, costs related to share-based compensation and long-lived assets impairment.

Balance sheet summary

($ in millions)	As of 9/30/2018	As of 6/30/2018	Change (Q3 vs Q2 2018)	As of 9/30/2017
Cash and cash equivalent	110.3	155.3	(45.0)	39.9
Restricted cash	2.9	17.2	(14.3)	18.8
Accounts receivable	0.001	0.008	(0.007)	1.3
Note receivables	22.5	17.0	5.5	11.9
Inventories	17.0	29.6	(12.6)	13.8
Prepaid land use rights	22.4	23.4	(1.0)	23.7
Net PP&E	536.1	511.6	24.5	465.6
Current assets associated with discontinued operations	9.6	20.9	(11.3)	29.4
Non-current assets associated with discontinued operations	62.5	87.6	(25.1)	94.7
Total assets	**815.1**	**877.8**	(62.7)	709.4
Short-term Borrowings	45.9	78.6	(32.7)	72.6
Notes payable	5.2	26.5	(21.3)	27.7
Amounts due to related parties	1.9	1.2	0.7	7.6
Long-term Borrowings	119.4	92.9	(26.5)	117.2
Current liabilities associated with discontinued operations	23.2	34.9	(11.7)	39.0
Non-current liabilities associated with discontinued operations	0.7	0.8	(0.1)	3.0
Total liabilities	**304.3**	**334.4**	(30.1)	361.0
Total equity	**510.8**	**543.4**	(32.6)	348.4
Total liabilities and equity	**815.1**	**877.8**	(62.7)	709.4

Cash flow summary

($ in millions)	9 months ended 9/30/ 2018	9 months ended 9/30/ 2017
Net cash provided by operating activities – continuing operations	**48.7**	**69.7**
Net cash provided by operating activities – discontinued operations	14.9	28.7
Net cash (used in) investing activities – continuing operations	**(90.1)**	**(19.9)**
Net cash (used in) investing activities – discontinued operations	(9.8)	(21.1)
Net cash (used in) provided by financing activities – continuing operations	**96.5**	**(21.3)**
Net cash used in by financing activities – discontinued operations	(12.3)	(8.3)
Effect of exchange rate changes	(5.6)	1.9
Net increase in cash, cash equivalents and restricted cash	42.3	29.7
Cash, cash equivalents and restricted cash at the beginning of the period	72.7	31.9
Cash, cash equivalents and restricted cash at the end of the period	115.0	61.6

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 & amortization ("EBITDA") and EBITDA margin; adjusted net income attributable to Daqo New Energy Corp. 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.

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; the Company will remove this adjustment from the non-GAAP reconciling items begging from the fourth quarter of 2018, since as of the end of the third quarter of 2018, all of the polysilicon machinery and equipment have been either relocated to Xinjiang, disposed of, or planned to be disposed of. Adjusted net income attributable to Daqo New Energy Corp. shareholders and adjusted earnings per basic ADS also exclude costs related to share-based compensation and long-lived assets impairment. Share-based compensation is a non-cash expense that varies from period to period. Long-lived assets impairment during the third quarter of 2018 is a non-cash write-off related to the discontinued solar wafer and polysilicon manufacturing facilities in Chongqing. As a result, management excludes these items from its internal operating forecasts and models. Management believes that this adjustment for share-based compensation and long-lived assets impairment related to the discontinued operations 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