DAQO NEW ENERGY

November 23, 2020

Q3 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 fourth 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

"During the third quarter of 2020, we successfully completed the annual maintenance and several technology improvement projects at our polysilicon manufacturing facilities. We resumed full production in August with excellent operational results. For the third quarter, we produced 18,406 MT of polysilicon among which approximately 97.7% was mono-grade. We continued our relentless drive to lower production cost and reached a record-low cost in Renminbi terms. During the third quarter, we completed our digital transformation project, with a fully digitized manufacturing system that allows us to continuously improve our process control and analyze our manufacturing data so as to achieve better results in system stability, manufacturing efficiencies, production cost and product quality in future. As our facilities are now running with increased efficiency, we expect to achieve a higher production volume of approximately 19,500 to 20,500 MT in the fourth quarter, with a potential cost reduction by approximately 3% as compared to the third quarter."

"During the quarter, polysilicon ASPs increased rapidly due to the quick recovery in solar PV demand from both domestic and foreign markets. Our ASP was $9.13/kg, a significant improvement from approximately $7.04/kg in the second quarter. With robust market demand for mono-grade polysilicon, we expect our ASP to improve meaningfully in the fourth quarter as compared to the third quarter. In recent weeks, because of strong solar module and installation demand, we began to see solar glass capacity shortage becoming a bottleneck for the solar industry and limiting module production. We expect the shortage of solar glass to ease over the coming months as additional solar glass capacity comes online. The temporary constraint on the industry's utilization rate will be removed which eventually will increase demand for polysilicon."

"Solar is now becoming one of the most competitive sources of energy, even compared to traditional power generation methods. Globally, we are seeing strong momentum around the world in adopting and implementing renewable energy policies that would strongly benefit the solar end market. Last month, Mr. Xi Jinping, President of China, announced China's initiative to scale up the national contributions to peak carbon dioxide emissions by 2030 and achieve carbon neutrality by 2060. We believe favorable policies benefiting solar will be implemented during the upcoming 14th five-year-plan, driving a substantial increase in solar installations in China. In addition, a growing number of countries and regions, including the most important economies in the world, have announced goals and plans to reduce carbon emission and widely adopt renewable energies. In particular, we are starting to see the trend of utility-scale solar generation combined with power storage providing base-load energy and replacing and displacing coal power plants. We believe this is the beginning of a long term trend of solar displacing traditional fossil-fuel based generation driven by both economics and renewable energy mandates. We are strongly committed to contributing our efforts as a raw material provider for mainstream solar PV modules and are fully confident we will benefit from this fast-growing market."

Operational and financial highlights in Q3 2020

- Polysilicon production volume was 18,406 MT in Q3 2020, compared to 18,097 MT in Q2 2020
- Polysilicon sales volume was 13,643 MT in Q3 2020, compared to 18,881 MT in Q2 2020
- Polysilicon average total production cost(1) was $5.82/kg in Q3 2020, compared to $5.79/kg in Q2 2020
- Polysilicon average cash cost(1) was $4.88/kg in Q3 2020, compared to $4.87/kg in Q2 2020
- Polysilicon average selling price (ASP) was $9.13/kg in Q3 2020, compared to $7.04/kg in Q2 2020
- Revenue was $125.5 million in Q3 2020, compared to $133.5 million in Q2 2020
- Gross profit was $45.3 million in Q3 2020, compared to $22.7 million in Q2 2020. Gross margin was 36.0% in Q3 2020, compared to 17.0% in Q2 2020
- Net income attributable to Daqo New Energy Corp. shareholders was $20.8 million in Q3 2020, compared to $2.4 million in Q2 2020
- Earnings per basic American Depositary Share (ADS)(3) was $0.29 in Q3 2020, compared to $0.03 in Q2 2020
- EBITDA (non-GAAP)(2) was $51.6 million in Q3 2020, compared to $26.8 million in Q2 2020. EBITDA margin (non-GAAP)(2) was 41.1% in Q3 2020, compared to 20.0% in Q2 2020
- Adjusted net income (non-GAAP)(2) attributable to Daqo New Energy Corp. shareholders was $25.2 million in Q3 2020, compared to $6.9 million in Q2 2020
- Adjusted earnings per basic ADS (non-GAAP)(2)(3) was $0.35 in Q3 2020, compared to $0.10 in Q2 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, EBITDA margins, 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.
3. ADS means American Depositary Share. On November 17, 2020, the Company effected a change of the ratio of its ADSs to ordinary shares from one (1) ADS representing twenty-five (25) ordinary shares to one (1) ADS representing five (5) ordinary shares. The earnings per ADS and number of ADS information has been retrospectively adjusted to reflect the change for all periods presented.

Xinjiang polysilicon facilities update

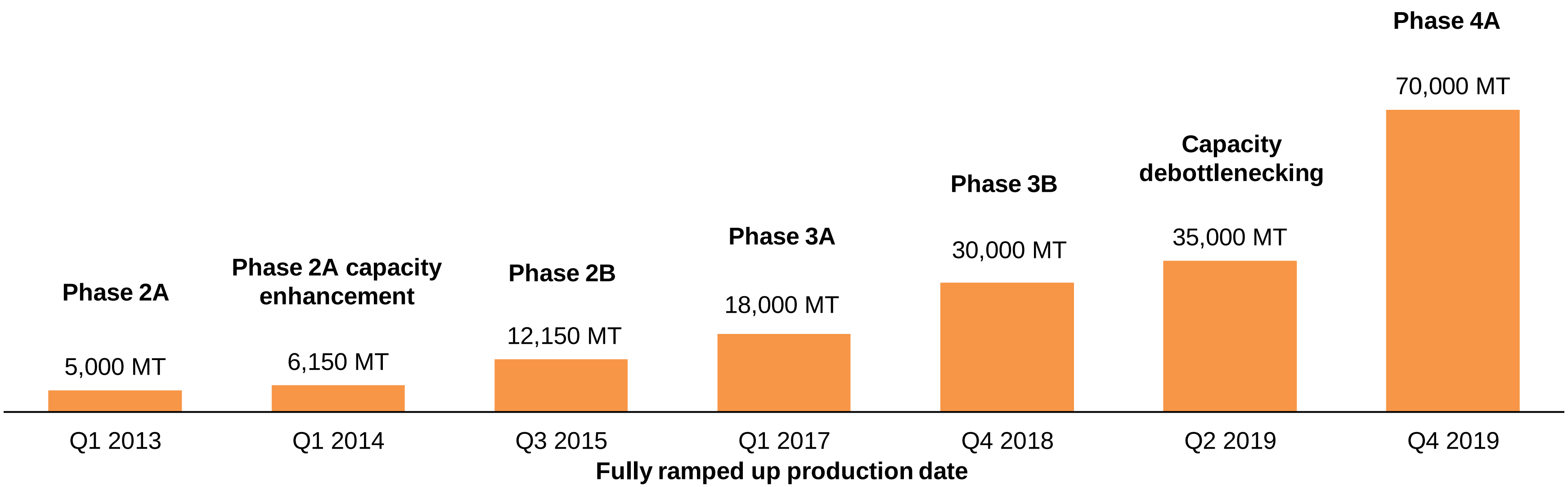
Q3 2020 key facts

- Quarterly production volume of 18,406 MT
- External sales volume of 13,643 MT
- Average total production cost : $5.82/kg
- Average cash cost: $4.88/kg

Outlook

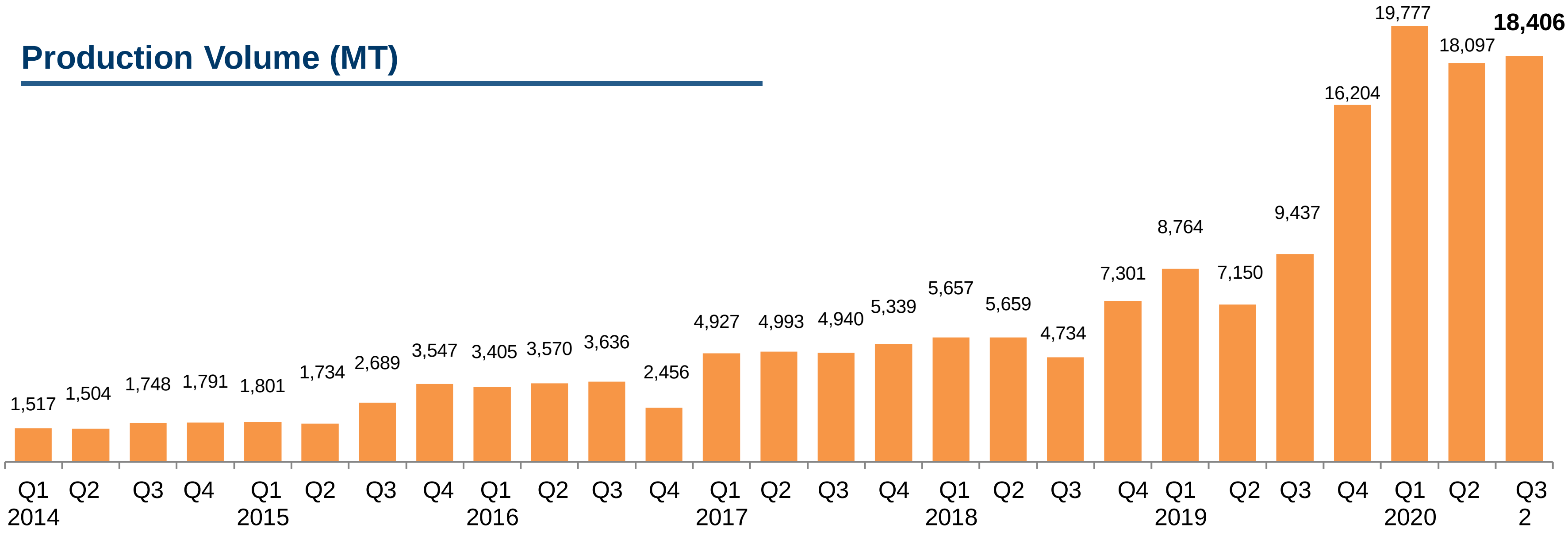
- Expected production volume in Q4 2020: 19,500 ~ 20,500 MT
- Expected external sales volume in Q4 2020: 20,500 ~ 21,500 MT
- Expected annual production volume in 2020: 75,800 ~ 76,800 MT

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

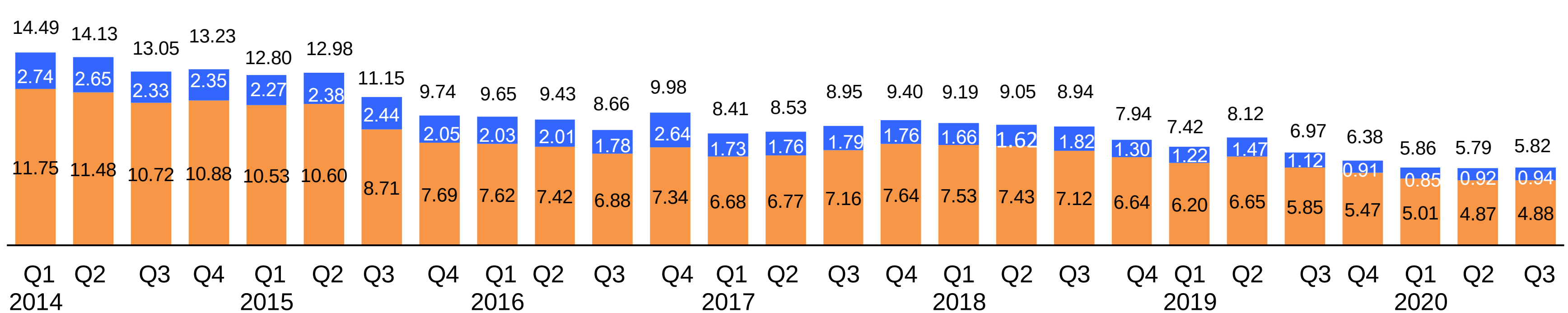


Polysilicon manufacturing overview

Production Volume (MT)



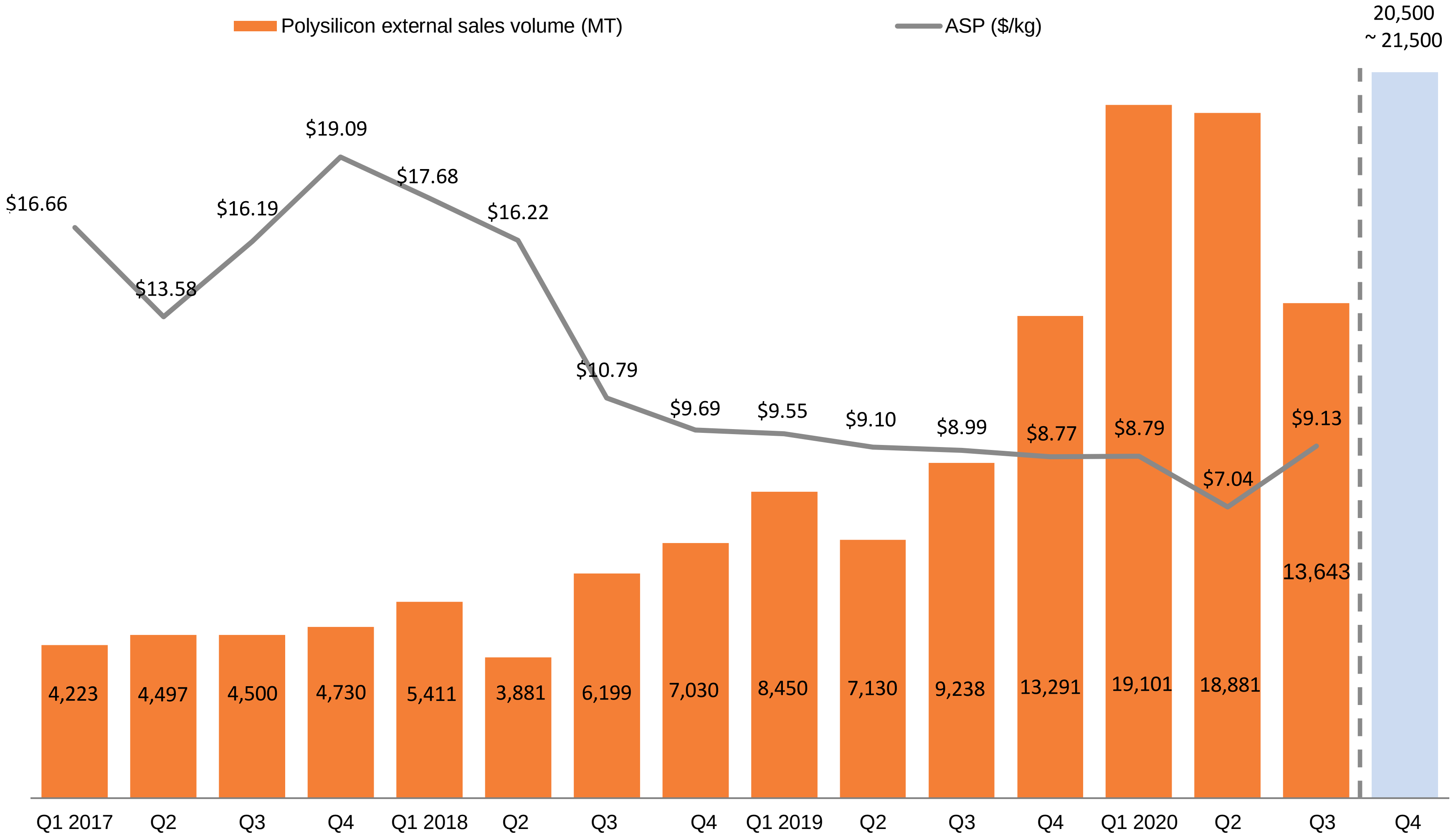
Cash cost and Depreciation ($/kg)*



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

Historical sales volume and Q4 2020 guidance

Polysilicon external sales volume and ASPs



Income statement summary

($ in millions, unless otherwise stated)	Q3 2020	Q2 2020	Q3 2019
Revenues	**125.5**	**133.5**	**83.9**
Cost of revenues	(80.3)	(110.8)	(65.8)
Gross profit	45.2	22.7	18.1
Gross margin	**36.0%**	**17.0%**	**21.5%**
SG&A	(9.2)	(10.1)	(8.2)
R&D expense	(1.7)	(2.0)	(1.2)
Other operating income / (expense)	(1.0)	0.1	0.1
Income from operations	**33.3**	**10.7**	**8.8**
Interest expense	(5.4)	(6.7)	(2.6)
Net income from continuing operations	21.9	2.4	4.9
(Loss) / income from discontinued operations, net of tax	-	(0.1)	0.1
Net income attributable to Daqo New Energy shareholders	**20.8**	**2.4**	**5.0**
Basic earnings per ADS (US$)	0.29	0.03	0.07

Balance sheet summary

($ in millions)	As of 9/30/2020	As of 6/30/2020	As of 9/30/2019
Cash and cash equivalent	70.2	88.2	27.0
Restricted cash	39.6	27.6	41.2
Accounts receivable	0.1	0.1	0.1
Notes receivable	1.9	8.2	4.3
Inventories	53.6	26.8	21.0
Net PP&E	987.3	956.7	883.1
Prepaid land use rights	29.8	28.8	21.0
Total assets	**1,199**	**1,159.5**	**1,042**
Short-term borrowings, including current portion of long-term borrowings	131.1	147.8	85.3
Notes payable	62.1	49.1	62.3
Advances from customers-short term portion	17.5	23.5	21.2
Payables for purchases of property, plant and equipment	76.2	97.2	81.7
Long-term Borrowings	140.0	116.9	163.5
Total liabilities	**514.4**	**528.2**	**514.1**
Total equity	**684.8**	**631.3**	**528.0**
Total liabilities and equity	**1,199.2**	**1,159.5**	**1,042.1**

Cash flow summary

($ in millions)	9 months ended 9/30/ 2020	9 months ended 9/30/ 2019
Net cash provided by operating activities – continuing operations	71.2	99.5
Net cash (used in) / provided by operating activities – discontinued operations	(0.05)	2.1
Net cash provided by operating activities	71.1	101.6
Net cash used in investing activities – continuing operations	(80.1)	(204.1)
Net cash provided by (used in) investing activities – discontinued operations	(0.2)	1.8
Net cash used in investing activities	**(80.3)**	(202.3)
Net cash provided by financing activities – continuing operations	1.1	87.4
Net cash used in financing activities – discontinued operations	(0.06)	(10.8)
Net cash provided by financing activities	**1.1**	**76.6**
Effect of exchange rate changes	2.7	(2.6)
Net increase / (decrease) in cash, cash equivalents and restricted cash	(5.5)	(26.7)
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	109.8	68.5

Non-GAAP reconciliation

US$ in millions	Q3 2020	Q2 2020	Q3 2019
Net income	21.9	2.4	4.9
Income tax expenses	6.2	2.0	1.6
Interest expense	5.4	6.7	2.6
Interest income	(0.2)	(0.4)	(0.2)
Depreciation & amortization	18.3	16.0	10.9
EBITDA (1)	**51.6**	**26.8**	**19.7**
EBITDA margin (1)	**41.1%**	**20.0%**	**23.5%**
Share-based compensation	4.5	4.5	4.5
Adjusted net income (non-GAAP)(2) attributable to Daqo New Energy Corp. shareholders	**25.2**	**6.9**	**9.5**
Adjusted earnings per basic ADS (non-GAAP)(2)	**$0.35**	**$0.10**	**$0.14**

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