

February 28, 2023



DAQO NEW ENERGY

Q4 and Fiscal Year 2022 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,” “guidance” and similar statements. Among other things, the outlook for the first quarter and the full year of 2023 and quotations from management in these announcements, 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, all of which are difficult or impossible to predict accurately and many of which are beyond the Company’s control. 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; changes in political and regulatory environment; 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.



“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, “We are very pleased to report record results for the year 2022. I would like to thank our entire team for achieving such strong financial and operational performance. Our annual polysilicon production volume was 133,812 MT in 2022, exceeding our guidance of 130,000 to 132,000 MT and 54.5% higher than the 86,587 MT produced in 2021. Our sales volume was 132,909 MT in 2022, 76.4% higher than 75,356 MT in 2021. Thanks to the robust demand for solar PV products globally, polysilicon ASPs increased by approximately 50% year over year from \$21.76/kg in 2021 to \$32.54/kg in 2022. As one of the most profitable and fastest-growing polysilicon manufacturers in the world, we achieved strong financial results with revenue of \$4.61 billion in 2022, an increase of 175% compared to \$1.68 billion in 2021. Gross margin improved to 74.0% in 2022 from 65.4% in 2021, and net income attributable to our shareholders was \$1.86 billion in 2022, an increase of 148.4% compared to \$749 million in 2021. We generated approximately \$2.47 billion in operating cash flow for the year, and ended the year with a very strong balance sheet with \$4.65 billion in combined cash, cash equivalents, restricted cash and bank notes with maturity within 6 months. For the year of 2022, approximately 99% of our production volume was mono-grade polysilicon. We continue to be one of the world’s leading suppliers of ultra-high purity N-type mono polysilicon, the foundation for next-generation N-type solar cell technology.”

“Towards the end of 2022, a temporary seasonal slowdown in solar PV market caused inventory adjustments across the value chain, similar to the year-end of 2021. As a result, the downstream sectors, especially wafer, cell and module manufacturers, reduced inventories and significantly lowered production utilization rates. This led to widespread price declines across the value chain. In February 2023, lower module prices effectively stimulated market demand, and downstream production utilization rates quickly ramped up back to normal levels, reducing channel inventory significantly and leading to a meaningful recovery in polysilicon ASPs. Current polysilicon prices of approximately RMB 230~250/kg are very healthy and reflect the strong demand for solar modules in the range of RMB 1.7~1.8/watt.”

Management remarks II



“Global solar PV installations were approximately 268GW in 2022, a 53% annual increase from approximately 175GW in 2021, growing faster than most had forecasted at the beginning of the year. The increase in polysilicon supply, in conjunction with supportive global climate change policies as well as favorable economic conditions driven by grid-parity, made 2022 one of the industry’s fastest growing years. Meanwhile, solar module price increased from approximately RMB 1.8/watt in Q1 2022 to RMB 2.0/watt in Q4 2022. Despite higher solar module market pricing that many expected would lead to a slowdown in China’s PV installations, the Chinese PV end-market also saw robust growth for the year, with installations of 87GW, an increase of 59% compared to 2021. These market conditions suggest that the global PV market demand was actually limited by supply, specifically of polysilicon. Key global trends, including the urgent need to address climate change, the drive for greater energy independence as well as positive economic conditions driven by grid-parity, have led to strong demand momentum for renewable energies, including solar PV. We believe energy transformation is still in its early stage and has opened a huge potential market for solar PV, which is likely to be far beyond expectations. The high-purity polysilicon sector will continue to benefit strongly from these positive developments.”

“Daqo New Energy is well positioned to benefit from the above trends and deliver continued growth. The construction of our Phase 5A 100,000 MT polysilicon capacity expansion project in Inner Mongolia is progressing smoothly. We expect to complete construction and start pilot production in April 2023 and ramp up to full capacity by the end of June 2023. Therefore, we expect to produce approximately 190,000~195,000 MT of polysilicon in 2023, 42% to 46% more than in 2022. Furthermore, our Phase 5B project for an additional 100,000 MT polysilicon in Inner Mongolia will start construction in March and is expected to be completed by the end of 2023.”

“Solar PV will continue to play a critical role in transforming the global energy infrastructure by powering the world with sustainable, cost-effective and renewable energies at a pace much faster than thought possible. As a leading player in polysilicon industry, we outperformed most of our peers in terms of unit profitability, cost structure, and product quality in 2022. We believe our focus on our core competitiveness, solid growth road-map, and our strong balance sheet will allow us to benefit from the long-term growth of the global solar PV market.”

Operational and financial highlights in Q4 2022



- Polysilicon production volume was 33,702 MT in Q4 2022, compared to 33,401 MT in Q3 2022
- Polysilicon sales volume was 23,400 MT in Q4 2022, compared to 33,126 MT in Q3 2022
- Polysilicon average total production cost⁽¹⁾ was \$7.69/kg in Q4 2022, compared to \$6.82/kg in Q3 2022
- Polysilicon average cash cost⁽¹⁾ was \$6.78/kg in Q4 2022, compared to \$6.06/kg in Q3 2022
- Polysilicon average selling price (ASP) was \$37.41/kg in Q4 2022, compared to \$36.44/kg in Q3 2022
- Revenue was \$864.3 million in Q4 2022, compared to \$1,219.7 million in Q3 2022
- Gross profit was \$668.9 million in Q4 2022, compared to \$978.6 million in Q3 2022. Gross margin was 77.4% in Q4 2022, compared to 80.2% in Q3 2022
- Net income attributable to Daqo New Energy Corp. shareholders was \$372.9 million in Q4 2022, compared to \$323.4 million in Q3 2022
- Earnings per basic American Depositary Share (ADS)⁽³⁾ was \$4.78 in Q4 2022, compared to \$4.28 in Q3 2022
- Adjusted net income (non-GAAP)⁽²⁾ attributable to Daqo New Energy Corp. shareholders was \$403.3 million in Q4 2022, compared to \$590.4 million in Q3 2022
- Adjusted earnings per basic ADS⁽³⁾ (non-GAAP)⁽²⁾ was \$5.17 in Q4 2022, compared to \$7.81 in Q3 2022
- EBITDA (non-GAAP)⁽²⁾ was \$648.5 million in Q4 2022, compared to \$720.0 million in Q3 2022. EBITDA margin (non-GAAP)⁽²⁾ was 75.0% in Q4 2022, compared to 59.0% in Q3 2022

Notes:

1. Production cost and cash cost only refer to production in our polysilicon facilities. Production cost is calculated by the inventoriable costs relating to production of polysilicon 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 basic 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. One (1) ADS representing five (5) ordinary shares.

Polysilicon facilities update



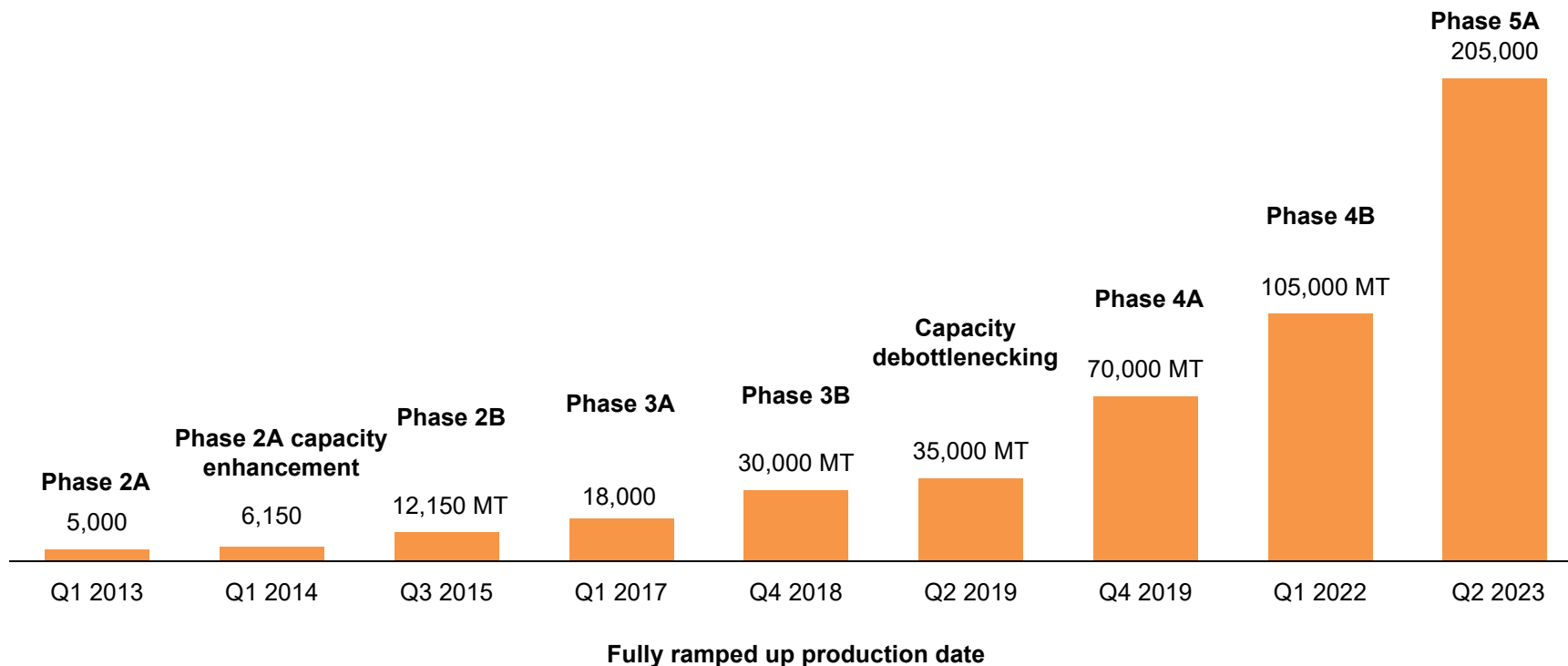
Q4 2022 key facts

- Quarterly production volume: 33,702 MT
- Sales volume: 23,400 MT
- Average selling prices: \$37.41/kg
- Average total production cost: \$7.69/kg
- Average cash cost: \$6.78/kg

Outlook

- Expected production volume in Q1 2023:
31,000 ~ 32,000 MT
- Expected production volume in the full year of 2023:
190,000 ~ 195,000 MT

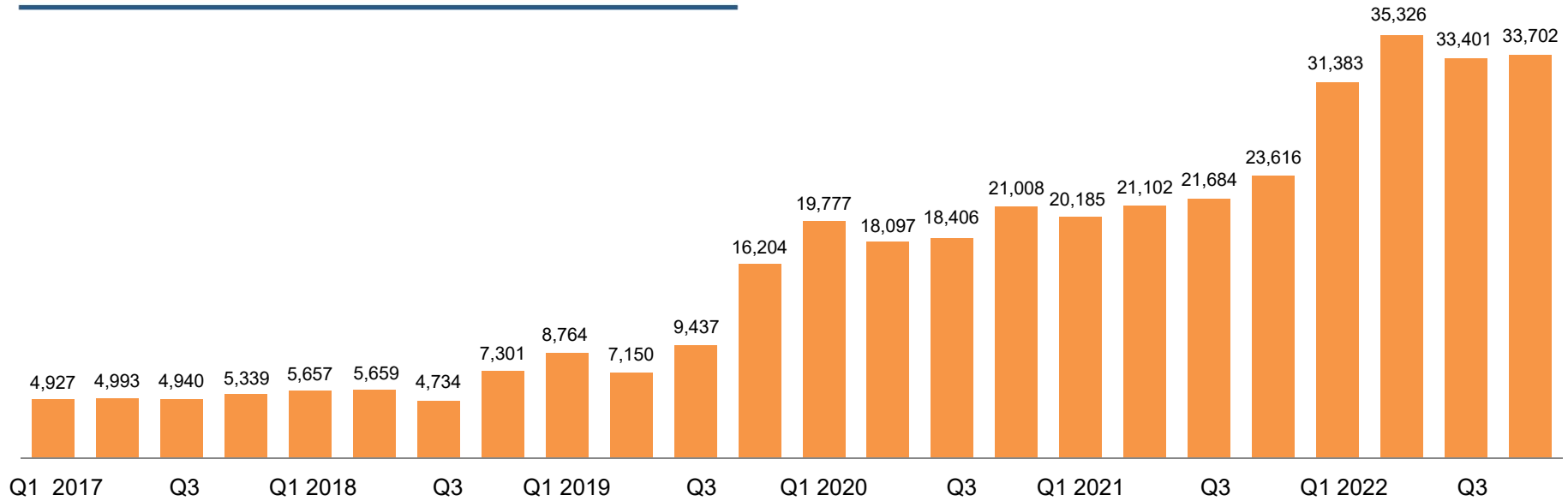
Polysilicon historical and projected capacity in Daqo's facilities * (MT)



Polysilicon manufacturing overview

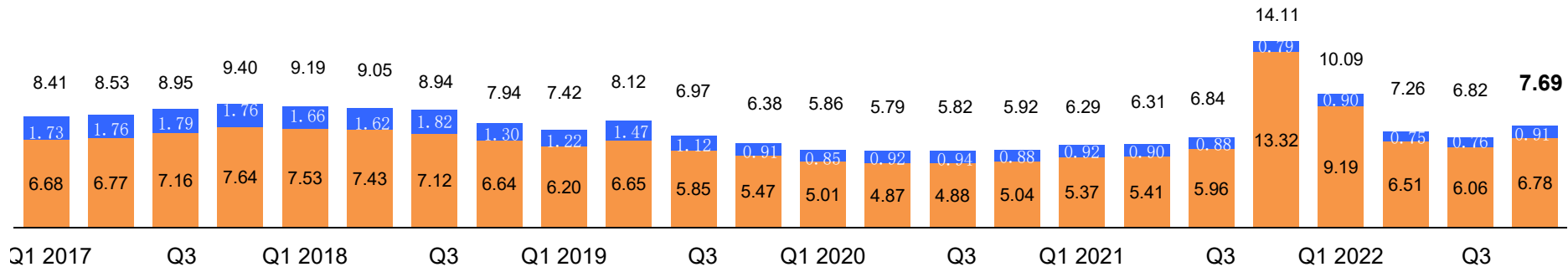


Production Volume (MT)



Cash cost and Depreciation (\$/kg)*

■ Cash cost ■ Depreciation

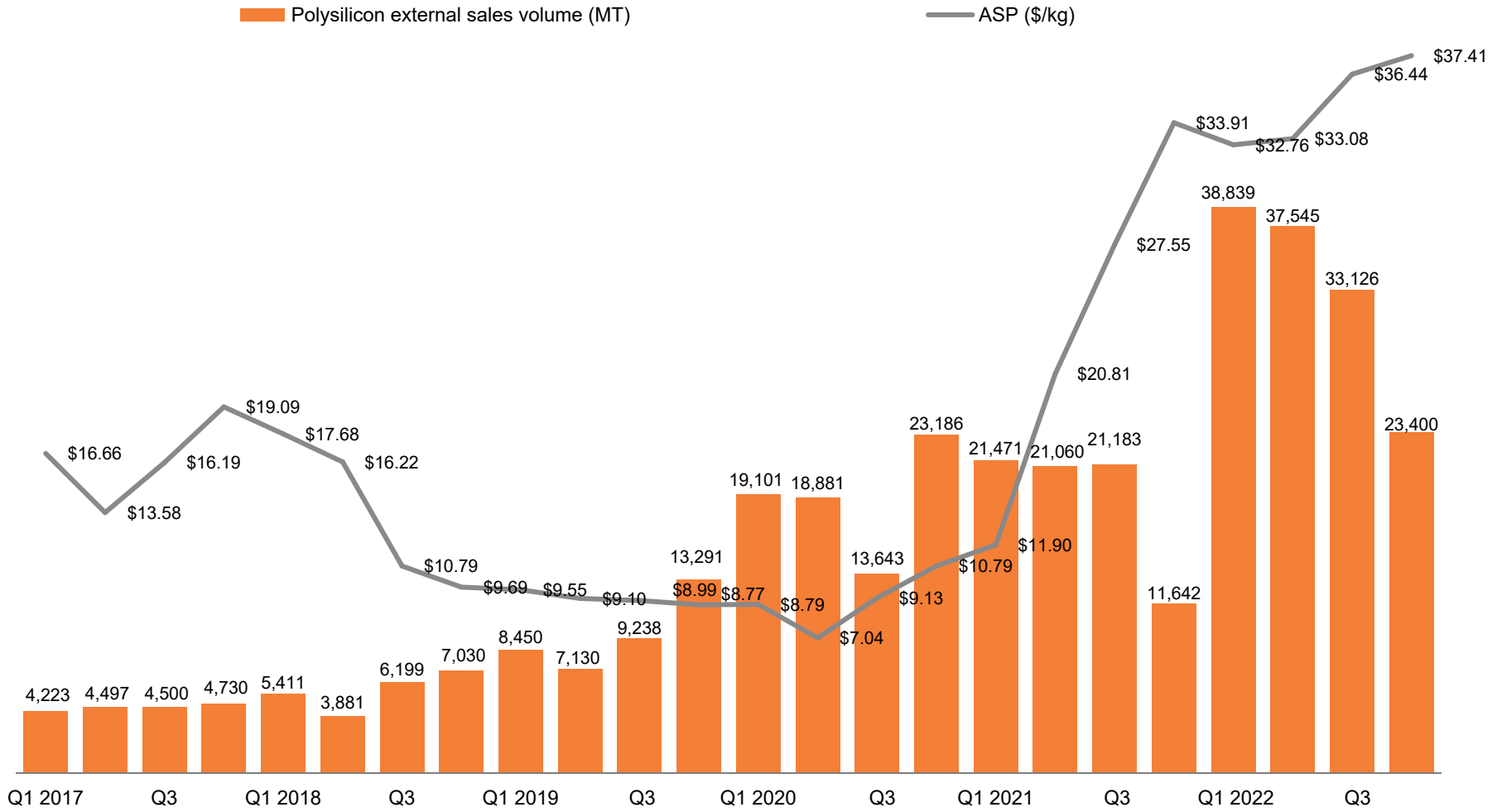


* The cash cost and depreciation only refer to the polysilicon production in Xinjiang facilities.

Quarterly polysilicon sales volume and ASPs



Polysilicon external sales volume and ASPs



Income statement summary



	Q4 2022	Q3 2022	Q4 2021
(\$ in millions, unless otherwise stated)			
Revenues	864.3	1,219.7	395.5
Gross profit	668.9	978.6	239.8
Gross margin	77.4%	80.2%	60.6%
SG&A	(44.0)	(280.2)	(10.2)
R&D expense	(2.7)	(2.5)	(1.3)
Income from operations	623.1	693.0	228.1
Net income attributable to Daqo New Energy shareholders	372.9	323.4	141.3
Earnings per basic ADS (\$ per ADS)	4.78	4.28	1.90
Adjusted net income (non-GAAP) attributable to Daqo New Energy Corp. shareholders	403.3	590.4	143.6
Adjusted earnings per basic ADS (non-GAAP) (\$ per ADS)	5.17	7.81	1.93
EBITDA	648.5	720.0	251.1
EBITDA margin	75.0%	59.0%	63.5%

Balance sheet summary



(\$ in millions)	As of 12/31/2022	As of 9/30/2022	As of 12/31/2021
Cash, cash equivalent and restricted cash	3,520.4	3,051.1	724.0
Note receivables	1,131.6	1,571.7	365.9
Short-term investments	13.9	31.7	280.3
Inventories	169.5	73.3	327.8
Prepaid land use rights	80.3	77.6	40.7
Property, plant and equipment, net	2,605.2	2,040.2	1,559.1
Total assets	7,593.0	6,906.2	3,343.7
Advances from customers - short term portion	122.0	420.1	203.0
Advance from customers - long term portion	153.2	73.2	90.7
Payables for purchases of property, plant and equipment	230.4	95.0	142.9
Total liabilities	948.2	1,034.3	679.8
Total equity	6,644.7	5,871.9	2,663.8
Total liabilities and equity	7,593.0	6,906.2	3,343.7

Cash flow summary



(\$ in millions)	12 months ended 12/31/ 2022	12 months ended 12/31/ 2021
Net income	2,519.8	864.8
Adjustments to reconcile net income to net cash provided by operating activities	439.5	93.0
Changes in operating assets and liabilities	(492.3)	(318.8)
Net cash provided by operating activities	2,467.0	639.0
Net cash used in investing activities	(1,003.5)	(781.9)
Net cash provided by financing activities	1,472.9	736.2
Effect of exchange rate changes	(139.9)	12.2
Net increase in cash, cash equivalents and restricted cash	2,796.4	605.6
Cash, cash equivalents and restricted cash at the beginning of the period	724.0	118.4
Cash, cash equivalents and restricted cash at the end of the period	3,520.4	724.0



Non-GAAP reconciliation

\$ in thousands	3 months Ended			12 months Ended		
	Dec 31, 2022	Sep 30, 2022	Dec 31, 2022	Dec 31, 2022	Dec 31, 2022	
Net income	526,428	545,820	179,014	2,519,777	864,847	
Income tax expense	108,539	155,204	50,394	537,111	170,101	
Interest income(expense), net	(12,030)	(7,589)	2,002	(14,473)	20,482	
Depreciation & Amortization	25,585	26,608	19,739	108,317	77,366	
EBITDA (non-GAAP)	648,522	720,043	251,149	3,150,732	1,132,796	
EBITDA margin (non-GAAP)	75.0%	59.0%	63.5%	68.4%	67.5%	

\$ in thousands	3 months Ended			12 months Ended		
	Dec 31, 2022	Sep 30, 2022	Dec 31, 2022	Dec 31, 2022	Dec 31, 2022	
Net income attributable to Daqo New Energy Corp. shareholders	372,890	323,409	141,276	1,859,958	748,924	
Share-based compensation	30,376	266,962	2,359	302,495	10,077	
Adjusted net income (non-GAAP) attributable to Daqo New Energy Corp. shareholders	403,266	590,371	143,635	2,162,453	759,001	
Adjusted earnings per basic ADS* (non-GAAP)	5.17	7.81	1.93	28.50	10.28	
Adjusted earnings per diluted ADS* (non-GAAP)	5.11	7.70	1.87	27.98	9.89	

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 (which represents the proportion of EBITDA in revenues). 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.



谢谢!
Thank you

