May 2018

DAQO NEW ENERGY

Q1 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 second 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 I

“I am pleased to announce another excellent quarter of operational and financial results in which we produced a record high 5,657 MT in polysilicon,” commented Mr. Longgen Zhang, CEO of Daqo New Energy. “We also broke our record for external sales volume during the quarter by shipping 5,411 MT. This strong growth in production and external sales volumes is being driven by our continuing focus on improving manufacturing efficiency and maximizing overall output. Demand for our high-quality polysilicon products remained strong and allowed us to generate $103.3 million in revenue, a gross margin of 44.8%, $31.6 million in net income attributable to Daqo New Energy shareholders, $51.7 million in EBITDA, and an EBITDA margin of 50.0%.”

“Polysilicon ASPs softened in February due to the Chinese New Year holiday but grew strongly in March as downstream customers resumed production. Demand for our ultra-high-quality mono-crystalline-grade polysilicon in particular, which now accounts for approximately 60% of our total production volume, rebounded significantly after the holiday period which can be seen in our record high production volumes and low inventory levels. We signed a 39,600 MT ultra-high-quality polysilicon supply agreement with LONGi in early April that will span from 2018 to 2020 which underlines our reputation as a reliable and preferred supplier. Demand for our mono-crystalline-grade polysilicon also remains robust as we increasingly benefit from its price premium over our multi-crystalline-grade polysilicon and increased demand throughout the rest of the year.”

“The latest industry forecasts indicate that the global solar installations will grow by approximately 10-15% in 2018. According to China’s National Energy Administration, China installed 9.7 GW of PV modules during the first quarter of which 7.7 GW were in distributed generation projects and 2.0 GW were in traditional solar utilities installations. Notably, there is a 217% year-over-year increase in China’s DG installations. China’s National Energy Administration also stressed the importance of the Top Runner Program, PV Poverty Alleviation Program, and the sustainable growth of DG projects, which are expected to continue to drive domestic PV demand. In particular, China recently announced that for the third phase of its Top Runner Program, approximately greater than 80% will utilize mono-crystalline-solar-based technologies, which we believe will create a solid foundation for the sustainable long-term demand for our high-purity mono-crystalline-grade polysilicon products.”

“With rapidly growing customer demand for our products, we are accelerating the pace of our Phase 3B capacity expansion project and now expect to complete construction and installation as well as begin pilot production by the end of 2018. This will allow us to further reduce costs and ramp up to full production capacity of 30,000 MT during the first quarter of 2019.”

Management remarks II

“We are also pleased to announce the next stage in our capacity expansion plan which compliments Phase 3B. Phase 4A will increase our annual polysilicon capacity by 35,000 MT bringing total annual capacity to 65,000 MT by the first quarter of 2020. Design and construction of the new production facility will begin in May 2018 with pilot production expected to begin during the fourth quarter of 2019 before ramping up to full 35,000 MT annual production capacity in the first quarter of 2020. The entirety of our Phase 4 expansion plan will expand our manufacturing capacity by a total of 70,000 MT over two phases, Phase 4A and 4B, which will each consist of 35,000 MT of expanded manufacturing capacity. Phase 4A is an important milestone in our long-term expansion plan to meet surging market demand. This new facility will feature state-of-the-art equipment and technology and produce ultra-high purity mono-crystalline-grade polysilicon, which is in strong demand with only a very few Chinese manufacturers who are able to produce. This additional capacity will improve manufacturing efficiency and is expected to further reduce costs by approximately US$1.70 per kilogram from current levels. Capital expenditures for this facility expected to be at around US$14.0-15.0 per kilogram.”

“We continue to focus on improving manufacturing efficiency and developing additional technological improvements to further reduce costs, especially when it comes to our two biggest polysilicon manufacturing cost components, unit electricity consumption and unit silicon metal consumption. We made significant progress during the quarter by reducing unit electricity consumption per kilogram of polysilicon produced by roughly 10% year-over-year and unit silicon metal consumption by approximately 5% year-over-year.”

“I am pleased with our strong start to the year and believe the US$110 million follow-on offering we completed last month demonstrates the market’s confidence in our strategy, deeply experienced management team, and the sustainable long-term growth of the industry. As our newly added capacity comes on line allowing us to meet growing demand and our competitive advantages in polysilicon quality and production costs bear more fruit, we will be ideally positioned to solidify our position as the polysilicon manufacturing leader.”

Business update and Q1 2018 highlights

- **Polysilicon production volume** of 5,657 MT in Q1 2018, increasing from 5,339 MT in Q4 2017
- **Polysilicon external sales volume** (2) of 5,411 MT in Q1 2018, increasing from 4,730 MT in Q4 2017
- **Polysilicon Cost Structure** (1)

  -- **total production cost** (including depreciation) of $9.19/kg in Q1 2018, compared to $9.40/kg in Q4 2017

  -- **cash cost** (excluding depreciation) of $7.53/kg in Q1 2018, compared to $7.64/kg in Q4 2017
- **Wafer sales volume** (2) of 13.3 million pieces in Q1 2018, compared to 22.3 million pieces in Q4 2017
- **Polysilicon ASP** of $17.68/kg in Q1 2018, compared to 19.09/kg in Q4 2017
- **Net Income attributable to Daqo New Energy shareholders** of $31.6 million in Q1 2018, compared to $ 33.7 million in Q4 2017 and $22.9 million in Q1 2017
- **Earnings per ADS** (basic) of $2.91 in Q1 2018, compared to $3.16 in Q4 2017, and $2.18 in Q1 2017
- **EBITDA** (3) of $51.7 million in Q1 2018, compared to $53.6 million in Q4 2017
- **EBITDA margin** (3) of 50.0% in Q1 2018, compared to 51.7% in Q4 2017
- **Gross profit** of $46.2 million in Q1 2018, compared to $46.9 million in Q4 2017. **Gross margin** of 44.82% in Q1 2018, increasing from 45.2% in Q4 2017
- **Non-GAAP gross margin** (4) of 45.2% in Q1 2018 , compared to 45.6% in Q4 2017

Note:
（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.

Xinjiang polysilicon facilities update

Q1 2018 key facts

- Record-high quarterly production volume of 5,657 MT
- Record-high external sales volume of 5,411 MT[(1)]
- Average total production cost : $9.19/kg [(2)]
- Average cash cost: $7.53/kg [(2)]
- Phase 3B capacity expansion accelerated
  - trial production by the end of 2018
  - fully ramp up to 30,000 MT in Q1 2019

Outlook

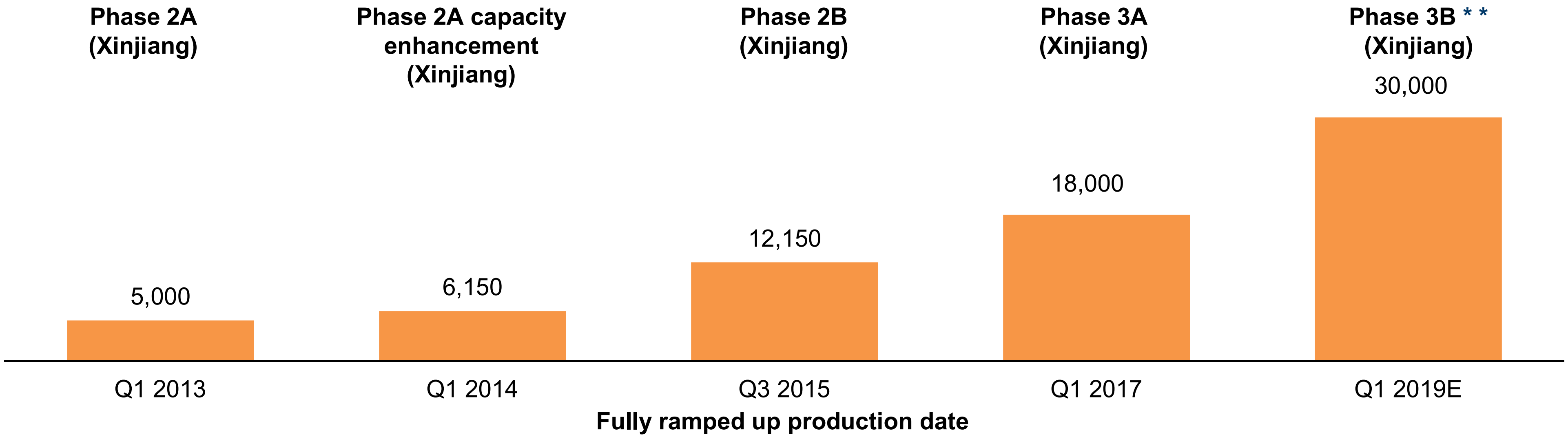
- Expected production volume in Q2 2018:
  5,600 ~ 5,800 MT
- Expected external sales volume in Q2 2018:
  5,300 ~ 5,500 MT (excluding polysilicon used internally by our Chongqing wafer facility)

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)

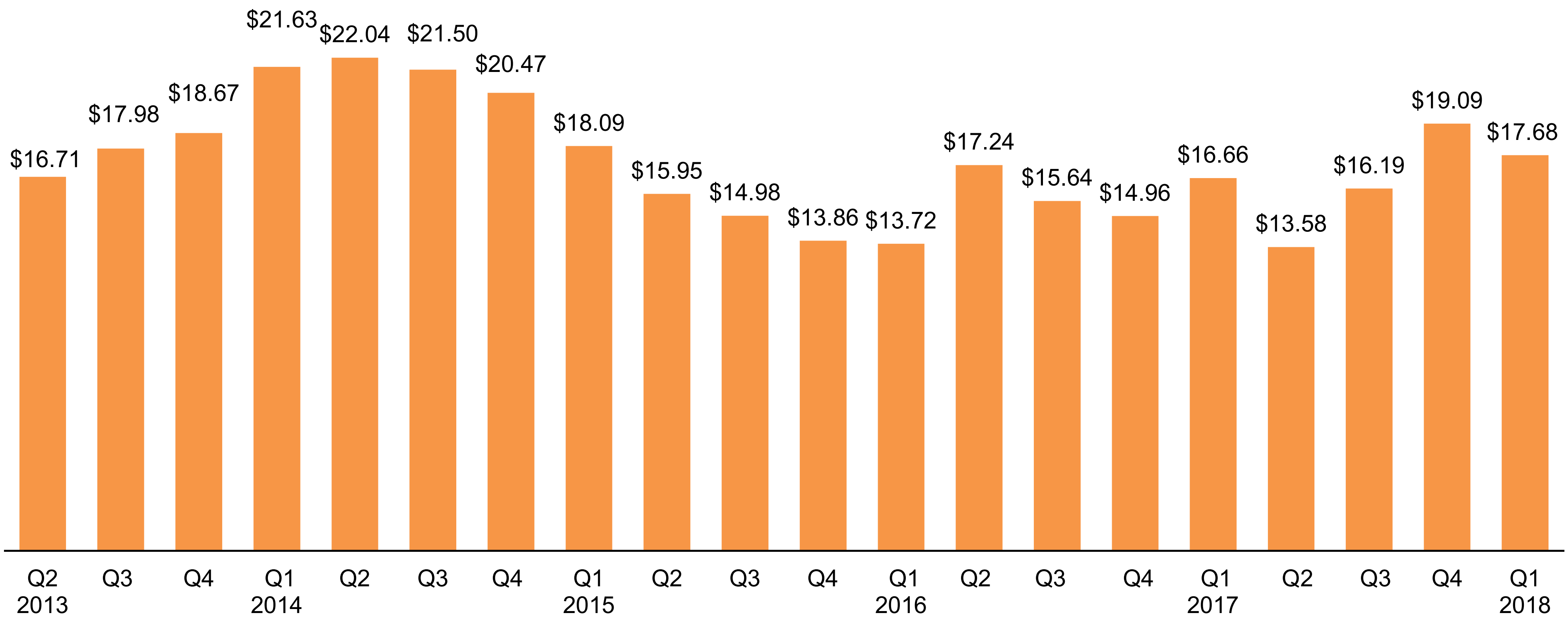


*Wanzhou polysilicon facility discontinued polysilicon production in Q4 2012

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

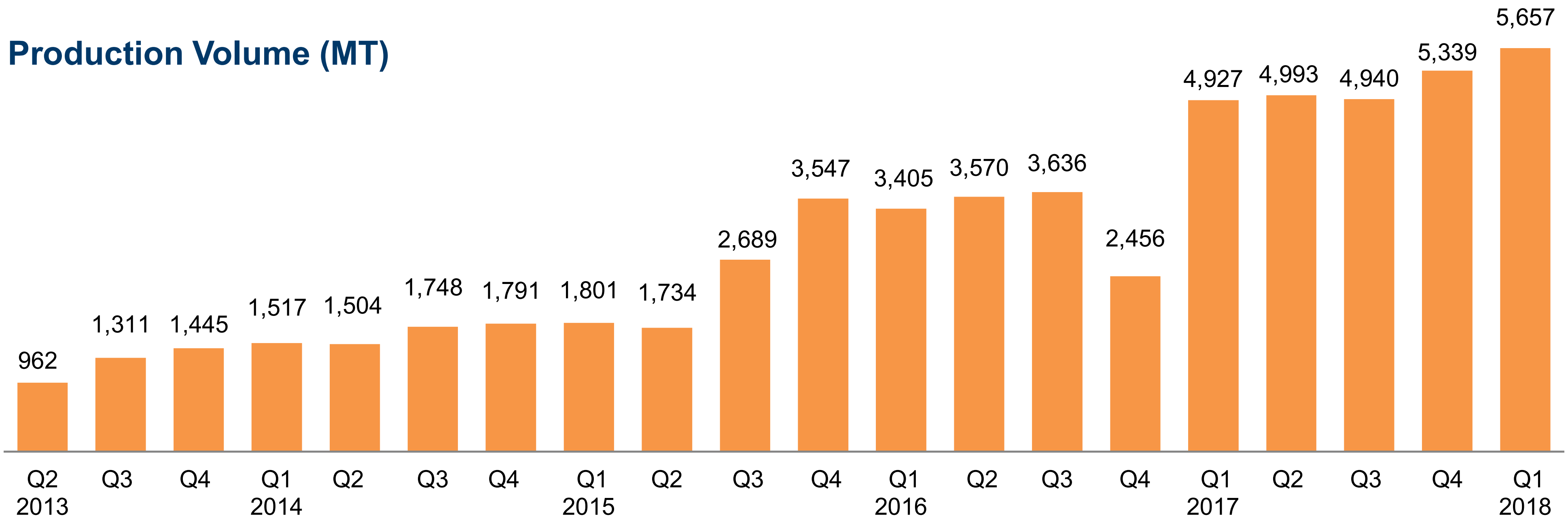
Daqo's quarterly polysilicon Average Selling Prices

Quarterly Polysilicon ASPs($/kg)

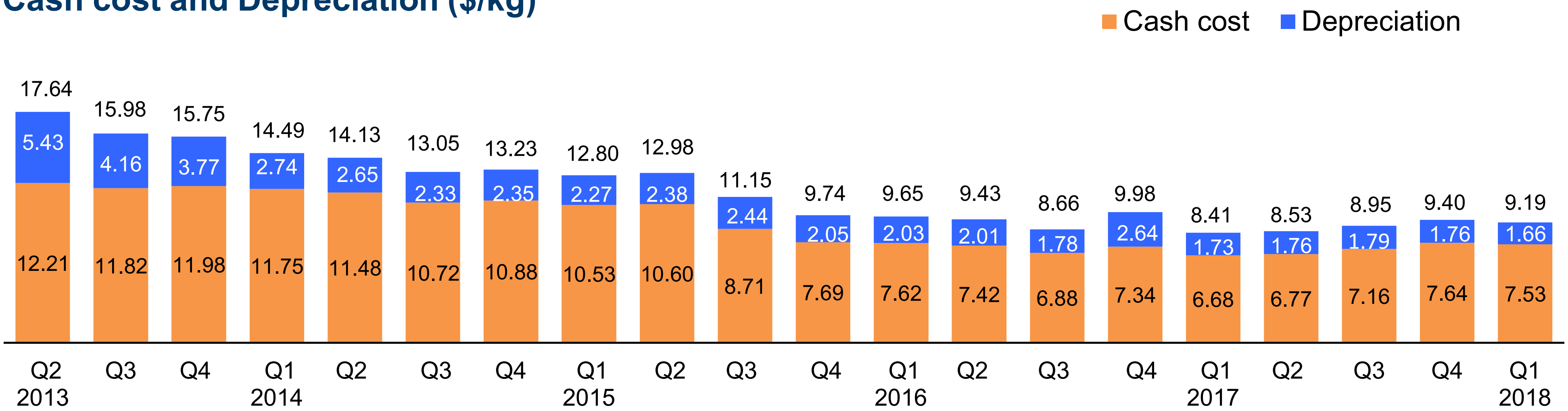


Polysilicon manufacturing overview

Production Volume (MT)



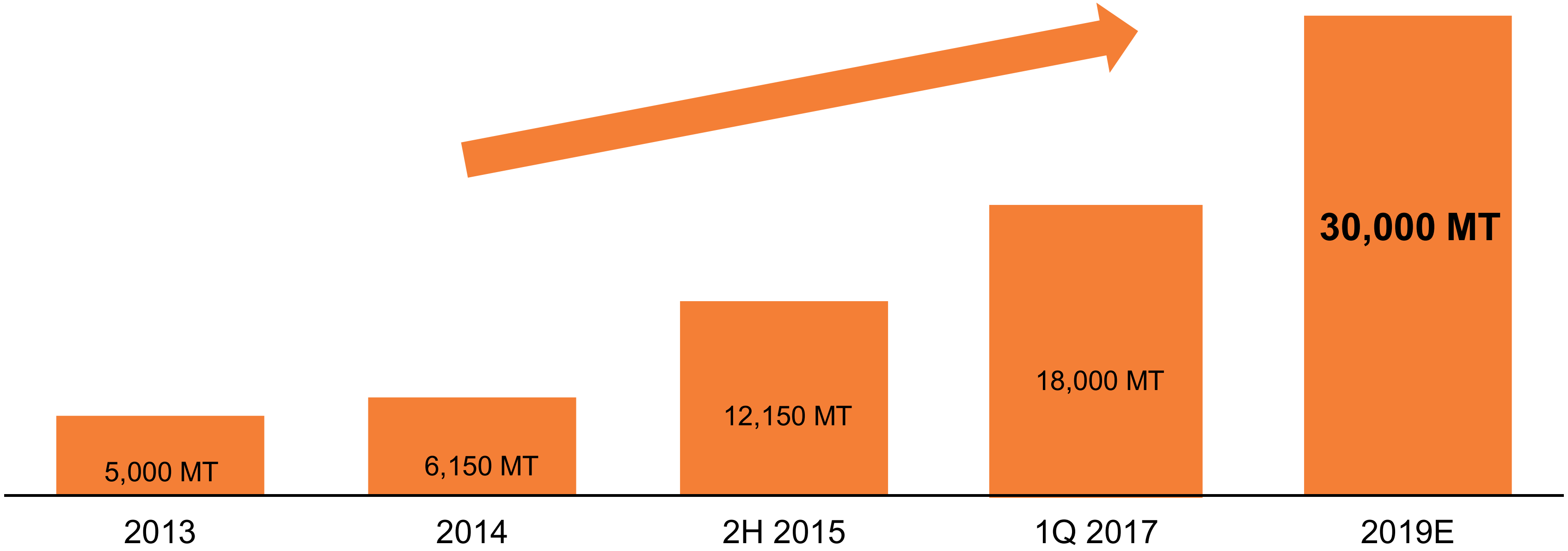
Cash cost and Depreciation ($/kg)*



* 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

Q1 2018 key facts

- 13.3 million pieces sold to customers

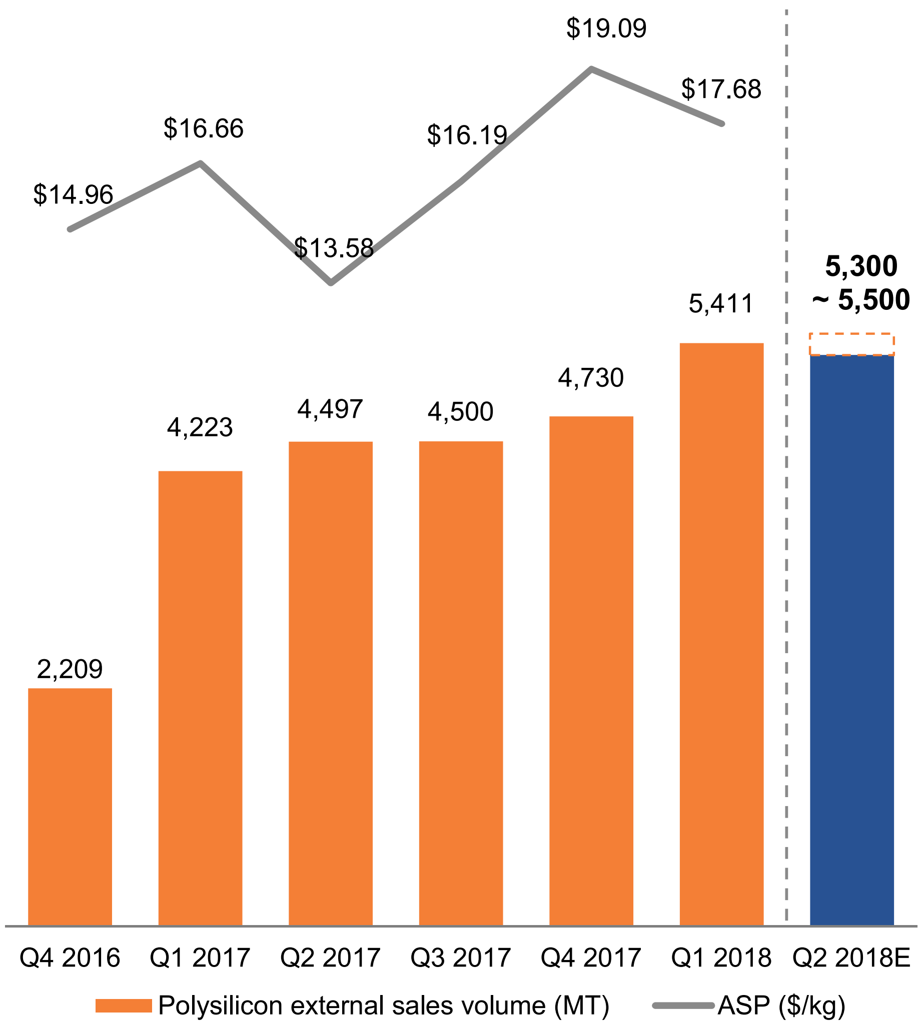
Q2 2018 sales volume outlook

- Q2 2018 wafer sales volume:

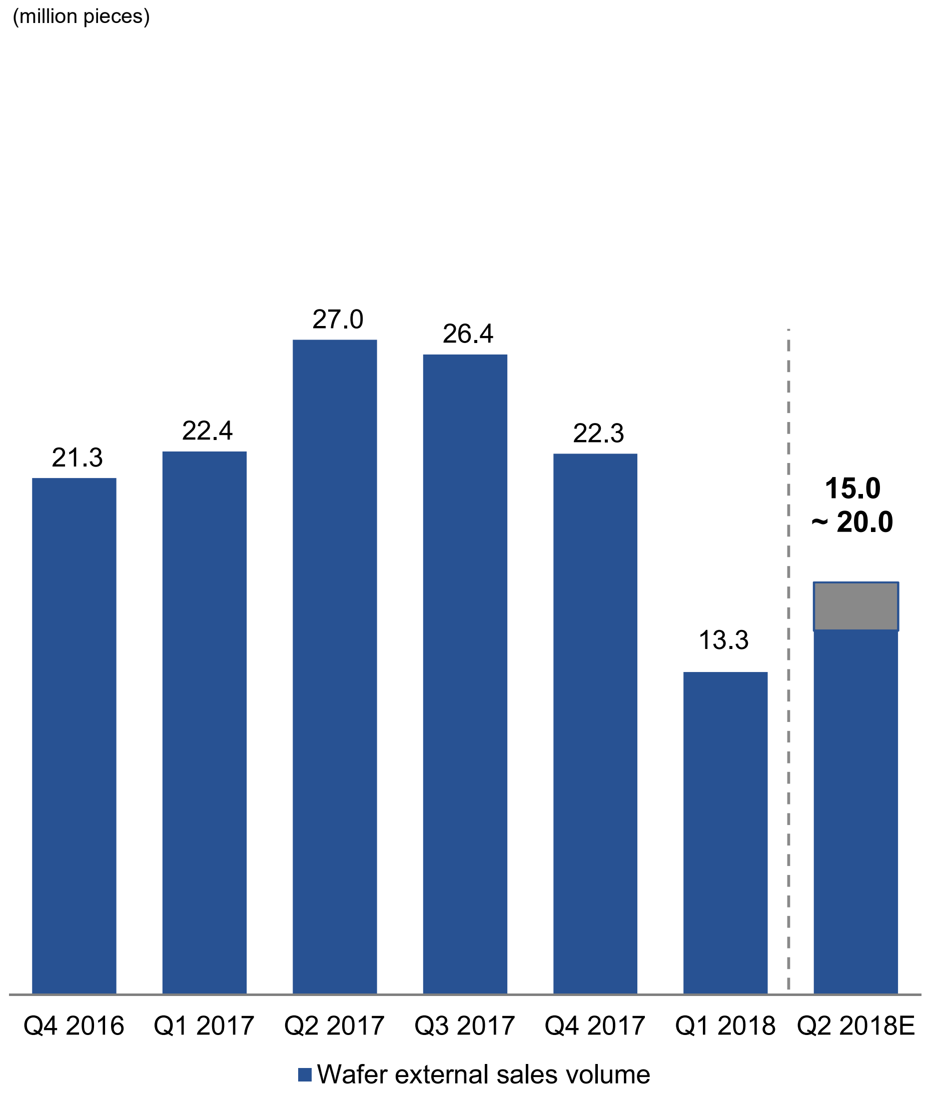
  15.0 ~20.0 million pieces

Historical external sales volume and Q2 2018 guidance

Polysilicon external sales volume and ASPs



Wafer external sales volume



Q1 2018 financial highlights

- Revenue of $103.3 million in Q1 2018, compared to $103.7 million in Q4 2017
- Gross profit of $46.2 million in Q1 2018, compared to $46.9 million in Q4 2017
- Gross margin of 44.8% in Q1 2018, compared to 45.2% in Q4 2017
- Non-GAAP gross margin(1) of 45.2% in Q1 2018, compared to 45.6% in Q4 2017
- EBITDA (non-GAAP)(2) of $51.7 million in Q1 2018, compared to $53.6 million in Q4 2017
- Net income attributable to Daqo New Energy shareholders of $31.6 million in Q1 2018, compared to $33.7 million in Q4 2017 and $22.9 million in Q1 2017
- Earnings per basic ADS of $2.91 in Q1 2018, compared to $3.16 in Q4 2017 and $2.18 in Q1 2017
- Adjusted net income (non-GAAP)(3) attributable to Daqo New Energy shareholders of $32.9 million in Q1 2018, compared to $35.3 million in Q4 2017 and $24.8 million in Q1 2017
- Adjusted earnings per basic ADS (non-GAAP)(3) of $3.03 in Q1 2018, compared to $3.31 in Q4 2017 and $2.36 in Q1 2017

Income statement summary

($ in millions, unless otherwise stated)/	Q1 2018	Q4 2017	Q1 2017
Revenues	**103.3**	**103.7**	**83.8**
Cost of revenues	(57.1)	(56.8)	(47.9)
Gross profit	46.2	46.9	35.9
Gross margin	**44.8%**	**45.2%**	**42.8%**
Non-GAAP Gross margin (1)	**45.2%**	**45.6%**	**44.0%**
SG&A and R&D expense	(4.9)	(4.7)	(4.5)
Other operating income	0.4	4.4	0.8
Income from operations	**41.7**	**43.6**	**32.2**
Interest expense	(4.1)	(4.1)	(4.3)
Net income attributable to Daqo New Energy shareholders	**31.6**	**33.7**	**23.2**
Basic earnings per ADS (US$)	**2.91**	**3.16**	**2.18**
EBITDA (2)	**51.7**	**53.6**	**41.7**
EBITDA margin (2)	**50.0%**	**51.7%**	**49.8%**

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)	Q1 2018	Q4 2017	Q1 2017
Net income	32.0	34.1	23.2
Income tax expenses	5.9	5.6	4.7
Interest expense	4.1	4.1	4.3
Interest income	(0.2)	(0.2)	(0.1)
Depreciation & Amortization	9.9	10.0	9.6
EBITDA (1)	**51.7**	**53.6**	**41.7**
EBITDA margin (1)	**50.0%**	**51.7%**	**49.8%**
Gross profit	**46.2**	**46.9**	**35.9**
Costs related to Chongqing poly facilities	0.4	0.4	1.0
Non-GAAP gross profit (2)	**46.6**	**47.3**	**36.9**
Non-GAAP gross margin (2)	**45.2%**	**45.6%**	**44.0%**
Share-based compensation	0.9	1.2	0.9
Adjusted Net Income (3)	**32.9**	**35.3**	**24.8**
Adjusted earnings per basic ADS (Non-GAAP) (3)	**3.03**	**3.31**	**2.36**

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 3/31/2018	As of 12/31/2017	Change (Q1 2018 vs. Q4 2018)	As of 3/31/2017
Cash, cash equivalent and restricted cash	83.0	72.7	10.3	61.2
Accounts receivable	2.0	3.0	(1.0)	13.1
Note receivables	49.7	27.3	22.4	11.7
Inventories	19.5	19.6	(0.1)	16.3
Prepaid land use rights	26.7	25.9	0.8	24.9
Net PP&E	601.8	579.1	22.7	559.9
Total assets	**799.4**	**748.8**	**50.6**	**696.0**
Short-term Borrowings	109.5	99.3	10.2	106.8
Notes payable	31.8	16.9	14.9	23.7
Amounts due to related parties	7.1	6.8	0.3	32.9
Long-term Borrowings	108.4	113.6	(5.2)	129.2
Total liabilities	**357.2**	**354.3**	**2.9**	**398.1**
Total equity	**442.2**	**394.5**	**47.7**	**297.9**
Total liabilities and equity	**799.4**	**748.8**	**50.6**	**696.0**

Cash flow summary

($ in millions)	3 months ended 3/31/ 2018	3 months ended 3/31/ 2017
Net cash provided by operating activities	**22.0**	**28.6**
Net cash (used in) investing activities	**(11.8)**	**(16.0)**
Net cash (used in) provided by financing activities	**(2.4)**	**16.5**
Effect of exchange rate changes	2.6	0.1
Net increase in cash, cash equivalents and restricted cash	10.3	29.4
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	83.0	61.2

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.

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Thank you