DAQO NEW ENERGY

May 20, 2020

Q1 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 second 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

"We are pleased to report an outstanding quarter with excellent financial and operational results. We operated at full capacity during the quarter and were able to produce and sell record-high volume of 19,777 MT and 19,101 MT of polysilicon, respectively. Thanks to growing economies of scale, savings on energy consumption and improved operational efficiency, our total production cost decreased to $5.86/kg during the quarter, a decrease of 8% from $6.38/kg in Q4 2019. Our cash cost during the quarter also decreased to $5.01/kg, down from $5.47/kg in Q4 2019. In addition, we continued to make improvements in quality and were able to sell approximately 95% of our products to mono wafer customers. All in all, we are very proud of the achievements we made in expanding production volume, optimizing our cost structure and enhancing quality within only two quarters following the start of Phase 4A pilot production. Our exceptional results this quarter reflect the strong capabilities of our Xinjiang facilities at full production following the completion of the Phase 4A expansion project. We believe this also demonstrates our extensive experience and expertise in polysilicon manufacturing, and further solidifies our position as a global leader in the industry."

"Despite the challenging market environment, we successfully expanded our gross margin by further optimizing our cost structure during the quarter. Gross margin during the quarter was 33.5% compared with 29.5% in the fourth quarter of 2019. An expanding gross margin and increasing sales volume resulted in $63.1 million in EBITDA, up 39% sequentially, and $37.7 million in adjusted net income, up 53.5% sequentially. I would like to thank our entire team for their contribution to this quarter's strong results given all the difficulties in securing raw materials, managing on-site operations, and facilitating logistics during lockdown that followed the outbreak of COVID-19 in China."

Management remarks II

“Towards the end of the first quarter, the spread of COVID-19 globally and related lockdowns, particularly in the U.S., Europe and certain other emerging markets, resulted in significant disruptions to demand for solar PV products. This has created short-term market uncertainty and volatility across the solar PV industry during the second quarter. Fortunately, the spread of COVID-19 has begun to ease and things are gradually returning to normal across all walks of life, particularly in China. We expect to see some rush orders from solar PV developers in China for legacy projects delayed from last year in order to meet the grid connection deadline set for the end of June. However, a recovery of demand from markets outside of China is critical going forward as overseas markets currently account for approximately 75% of total global solar end market demand. With many economies beginning to reopen, we expect to see a gradual recovery of solar PV demand in the third quarter. We are confident that the long-term solar PV growth prospects remain intact despite the near-term challenging market environment as solar PV energy continues to attract investors seeking to benefit from lower costs and interest rates.”

“We are currently conducting scheduled annual maintenance for our Xinjiang facilities. As such, we expect to produce 15,500 to 16,500 MT of polysilicon during the second quarter. Annual production volume for 2020 is expected to be 73,000 to 75,000 MT. We expect to see global solar markets recover as the impact from COVID-19 fades over the next two or three months. We are confident in our ability to navigate this challenging environment leveraging our competitive advantages in product quality and cost structure.”

Operational and financial highlights in Q1 2020

- Polysilicon production volume was 19,777 MT in Q1 2020, compared to 16,204 MT in Q4 2019
- Polysilicon sales volume was 19,101 MT in Q1 2020, compared to 13,291 MT in Q4 2019
- Polysilicon average total production cost(1) was $5.86/kg in Q1 2020, compared to $6.38/kg in Q4 2019
- Polysilicon average cash cost(1) was $5.01/kg in Q1 2020, compared to $5.47/kg in Q4 2019
- Polysilicon average selling price (ASP) was $8.79/kg in Q1 2020, compared to $8.77/kg in Q4 2019
- Revenue from continuing operations was $168.8 million in Q1 2020, compared to $118.9 million in Q4 2019
- Gross profit from continuing operations was $56.6 million in Q1 2020, compared to $35.1 million in Q4 2019. Gross margin from continuing operations was 33.5% in Q1 2020, compared to 29.5% in Q4 2019
- EBITDA (non-GAAP)(2) from continuing operations was $63.1 million in Q1 2020, compared to $45.4 million in Q4 2019. EBITDA margin (non-GAAP)(2) from continuing operations was 37.4% in Q1 2020, compared to 38.2% in Q4 2019
- Net income attributable to Daqo New Energy Corp. shareholders was $33.2 million in Q1 2020, compared to $20.1 million in Q4 2019
- Earnings per basic American Depositary Share (ADS) was $2.37 in Q1 2020, compared to $1.45 in Q4 2019
- Adjusted net income (non-GAAP)(2) attributable to Daqo New Energy Corp. shareholders was $37.7 million in Q1 2020, compared to $24.5 million in Q4 2019
- Adjusted earnings per basic ADS (non-GAAP)(2) was $2.69 in Q1 2020, compared to $1.77 in Q4 2019

Notes:

（1）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, divided by the production volume in the quarter.

（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

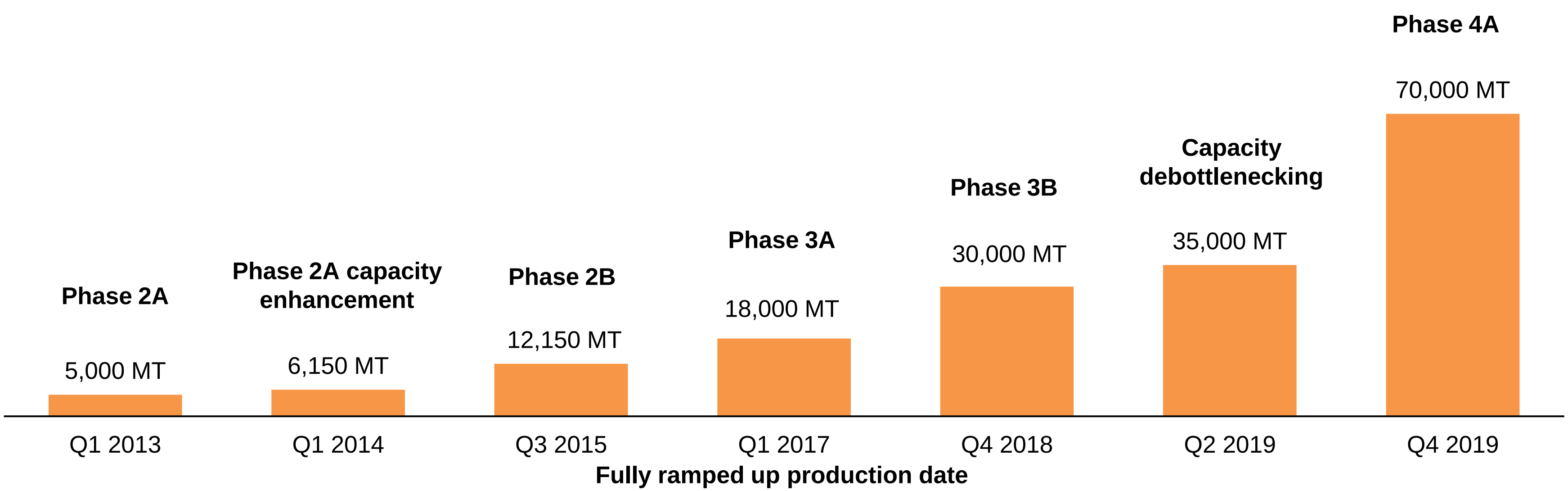
Q1 2020 key facts

- Quarterly production volume of 19,777 MT
- External sales volume of 19,101 MT
- Average total production cost : $5.86/kg
- Average cash cost: $5.01/kg
- Operate in full capacity in Q1 2020

Outlook

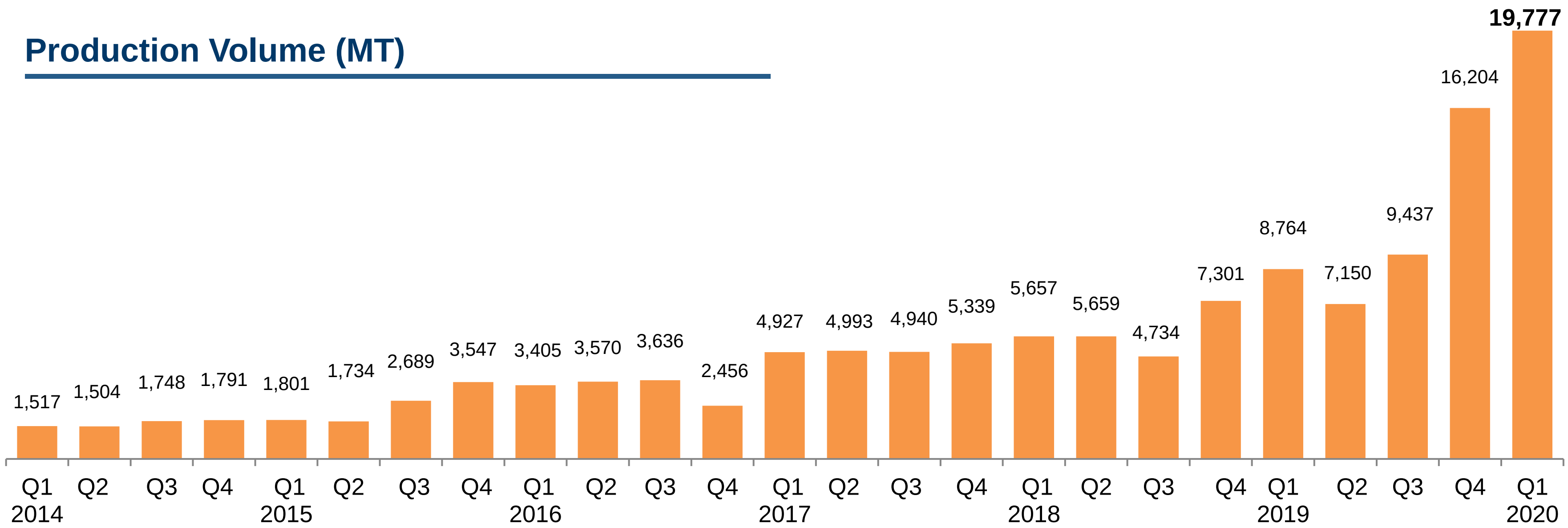
- Expected production volume in Q2 2020: 15,500 ~ 16,500 MT
- Expected external sales volume in Q2 2020: 14,500 ~ 15,500 MT
- Expected annual production volume in 2020: 73,000 ~ 75,000 MT

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

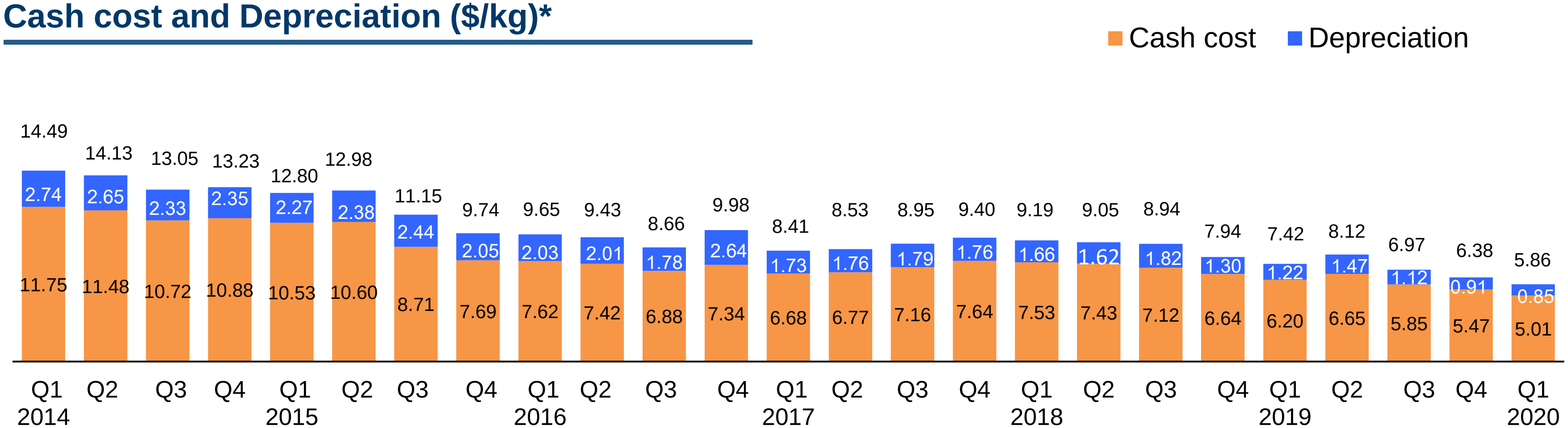


Polysilicon manufacturing overview

Production Volume (MT)



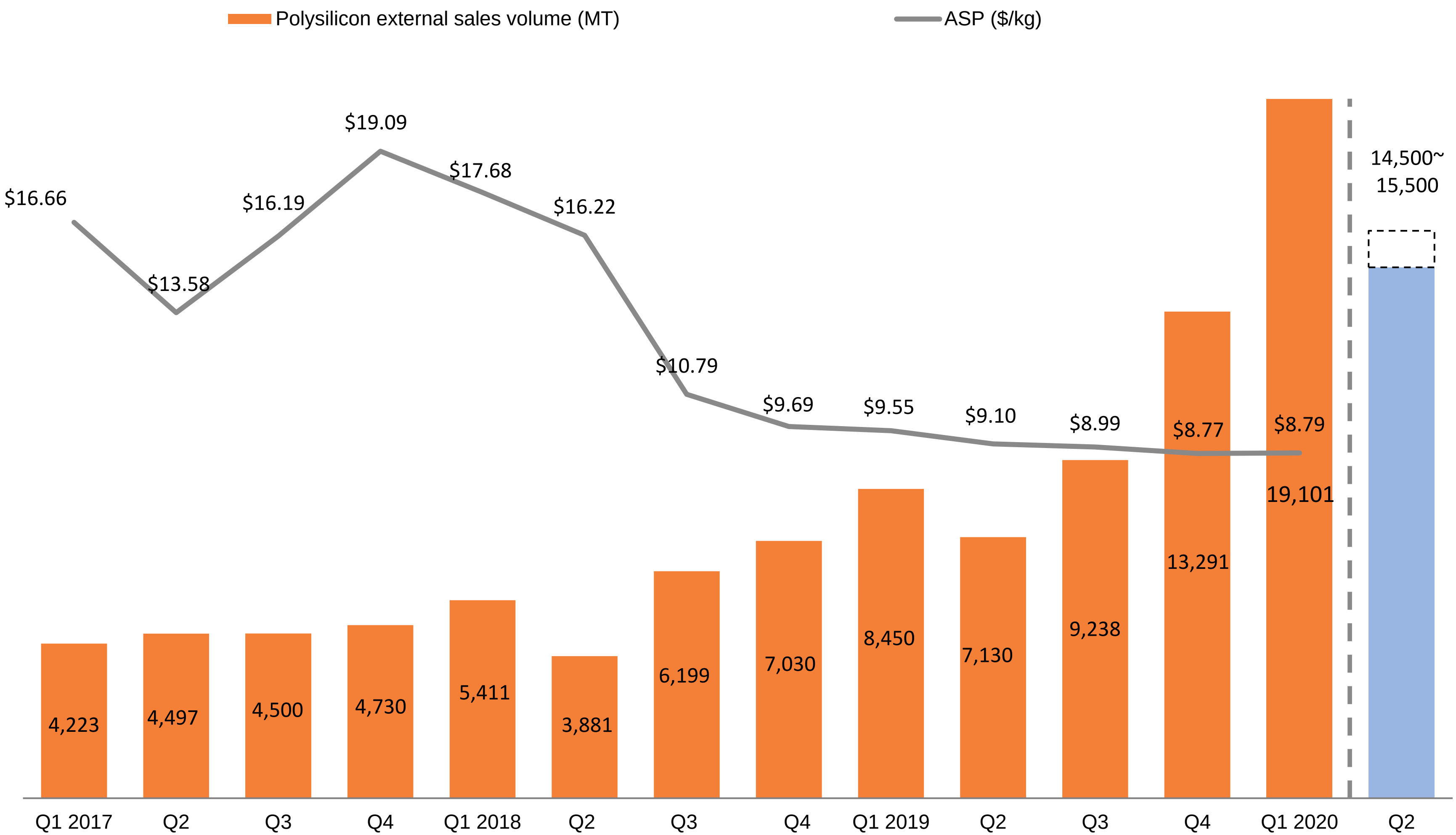
Cash cost and Depreciation ($/kg)*



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

Historical sales volume and Q2 2020 guidance

Polysilicon external sales volume and ASPs



Income statement summary

($ in millions, unless otherwise stated)	Q1 2020	Q4 2019	Q1 2019
Revenues	**168.8**	**118.9**	**81.2**
Cost of revenues	(112.3)	(83.8)	(62.9)
Gross profit	56.6	35.1	18.3
Gross margin	**33.5%**	**29.5%**	**22.6%**
SG&A	(8.9)	(8.5)	(7.9)
R&D expense	(1.7)	(1.7)	(1.3)
Other operating income	(0.2)	5.2	0.003
Income from operations	**45.8**	**30.1**	**9.1**
Interest expense	(6.3)	(3.9)	(2.0)
Net income from continuing operations	33.3	20.4	5.8
Net income / (loss) from discontinued operations	(0.1)	（0.3)	0.8
Net income attributable to Daqo New Energy shareholders	**33.2**	**20.1**	**6.6**
Basic earnings per ADS (US$)	**2.37**	**1.45**	**0.50**
EBITDA (1)	**63.1**	**45.4**	**19.9**
EBITDA margin (1)	**37.4%**	**38.2%**	**24.5%**

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

Balance sheet summary

($ in millions)	As of 3/31/2020	As of 12/31/2019	As of 3/31/2019
Cash and cash equivalent	63.2	51.8	65.1
Restricted cash	57.6	62.6	48.6
Accounts receivable	0.2	0.01	2.2
Note receivables	4.4	5.6	0.7
Inventories	33.2	36.4	18.9
Prepaid land use rights	28.9	29.6	24.4
Net PP&E	968.4	995.0	691.5
Current assets associated with discontinued operations	0.7	0.9	2.7
Non-current assets associated with discontinued operations	0.2	0.2	51.7
Total assets	**1,181.2**	**1,201.4**	**924.1**
Short-term Borrowings	116.6	128.6	43.2
Notes payable	89.6	101.2	66.3
Amount due to related parties	43.4	38.8	2.1
Long-term Borrowings	149.0	151.5	149.7
Current liabilities associated with discontinued operations	1.2	1.2	7.6
Non-current liabilities associated with discontinued operations	-	-	0.7
Total liabilities	**586.2**	**634.2**	**374.8**
Total equity	**595.0**	**567.2**	**549.3**
Total liabilities and equity	**1,181.2**	**1,201.4**	**924.1**

Cash flow summary

($ in millions)	3 months ended 3/31/ 2020	3 months ended 3/31/ 2019
Net cash provided by operating activities – continuing operations	31.1	43.8
Net cash provided by operating activities – discontinued operations	0.02	4.7
Net cash provided by operating activities	31.1	48.5
Net cash used in investing activities – continuing operations	(12.9)	(38.9)
Net cash provided by (used in) investing activities – discontinued operations	(0.01)	0.2
Net cash used in investing activities	**12.9**	**38.6**
Net cash provided by financing activities – continuing operations	(10.0)	18.6
Net cash used in financing activities – discontinued operations	(0.001)	(11.4)
Net cash provided by financing activities	**(10.0)**	**7.2**
Effect of exchange rate changes	(2.0)	2.4
Net increase in cash, cash equivalents and restricted cash	6.1	19.4
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	121.4	114.6

Non-GAAP reconciliation

US$ in millions	Q1 2020	Q4 2019	Q1 2019
Net income from continuing operations	33.3	20.4	5.8
Income tax expenses	6.3	6.0	1.4
Interest expense	6.3	3.9	2.0
Interest income	(0.2)	(0.2)	(0.3)
Depreciation & amortization	17.3	15.3	11.0
EBITDA (1)	**63.1**	**45.4**	**19.9**
EBITDA margin (1)	**37.4%**	**38.2%**	**24.5%**
Share-based compensation	4.5	4.5	4.5
Adjusted net income (non-GAAP)(2) attributable to Daqo New Energy Corp. shareholders	**37.7**	**24.5**	**11.1**
Adjusted earnings per basic ADS (non-GAAP)(2)	**2.69**	**$1.77**	**0.83**

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