Daqo New Energy Corp.

Unaudited Q2 2016 Financial Results Presentation

August 9, 2016

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This presentation 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 third quarter of 2016, the anticipated start date of the 2016 annual maintenance and quotations from management in this presentation, 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 presentation is as of the date of this presentation, and Daqo New Energy undertakes no duty to update such information, except as required under applicable law.

Agenda

- Business Highlights and Summary
- Financial Results and Update
- Q&A

Business update and Q2 2016 highlights

- **Polysilicon Cost Structure** [1]

  -- **total production cost** (including depreciation) of $9.43/kg in Q2 2016, compared to $9.65/kg in Q1 2016

  -- **cash cost** (excluding depreciation) of $7.42/kg in Q2 2016, compared to $7.62/kg in Q1 2016

- **Polysilicon production volume** of 3,570 MT in Q2 2016, compared to 3,405 MT in Q1 2016
- **Polysilicon external sales volume** [2] of 2,931 MT in Q2 2016, compared to 2,905 MT in Q1 2016
- **Wafer sales volume** [2] of 25.0 million pieces in Q2 2016, representing a 13.1% increase from 22.1 million pieces in Q1 2016
- **Polysilicon ASP** of $17.24/kg in Q2 2016, representing a 25.7% increase from $13.72/kg in Q1 2016
- **EBITDA** [3] of $34.7 million in Q2 2016, representing a 58.5% increase from $21.9 million in Q1 2016
- **EBITDA margin** [3] of 48.9% in Q2 2016, up from 38.0% in Q1 2016
- **Non-GAAP gross margin** [4] of 43.9% in Q2 2016, up from 32.6% in Q1 2016

Note:
(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 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 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 excluded costs of $1.8 million related to polysilicon operations in Chongqing which halted production in September 2012.

Phase 2B Existing Polysilicon Facilities

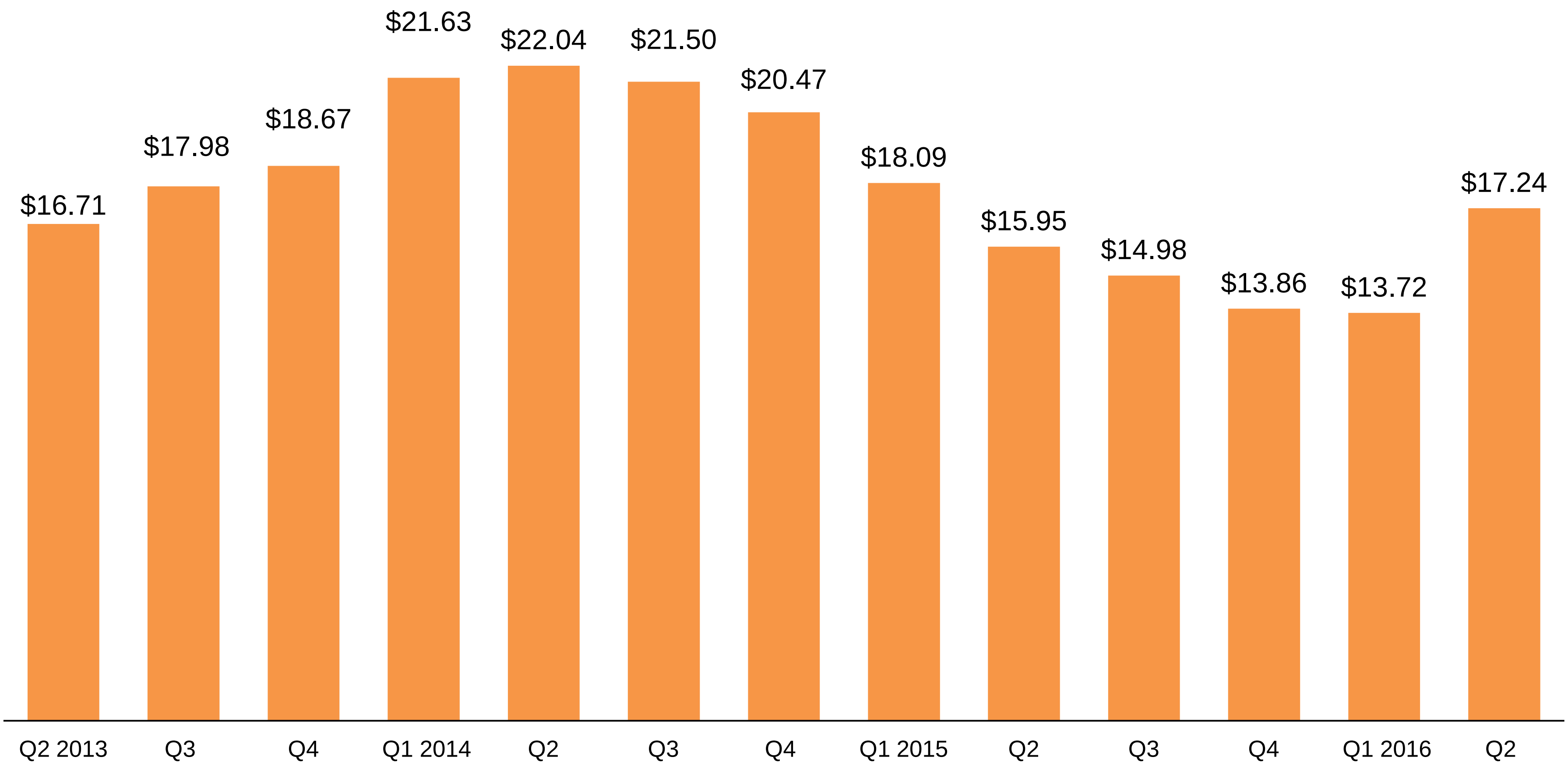
Phase 3A Polysilicon Facilities Under Construction

Market update

- In the second quarter of 2016, the demand for polysilicon was very strong. We saw substantial increase in polysilicon orders and shipments across a wide range of customers. With a tight supply environment, market ASPs improved meaningfully, from $13.72/kg in the first quarter to $17.24/kg in the second quarter of 2016.
- Entering into the third quarter, we continue to see strong demand and robust orders from customers. The market for polysilicon within China remain tight supplied, with low levels of inventory across domestic suppliers and customers. Based on current market demand trends, we are seeing a stable pricing environment, and we anticipate Q3 ASP to be similar to Q2 levels.

Daqo's quarterly polysilicon Average Selling Prices

Quarterly Polysilicon ASPs($/kg)



Xinjiang polysilicon facilities update

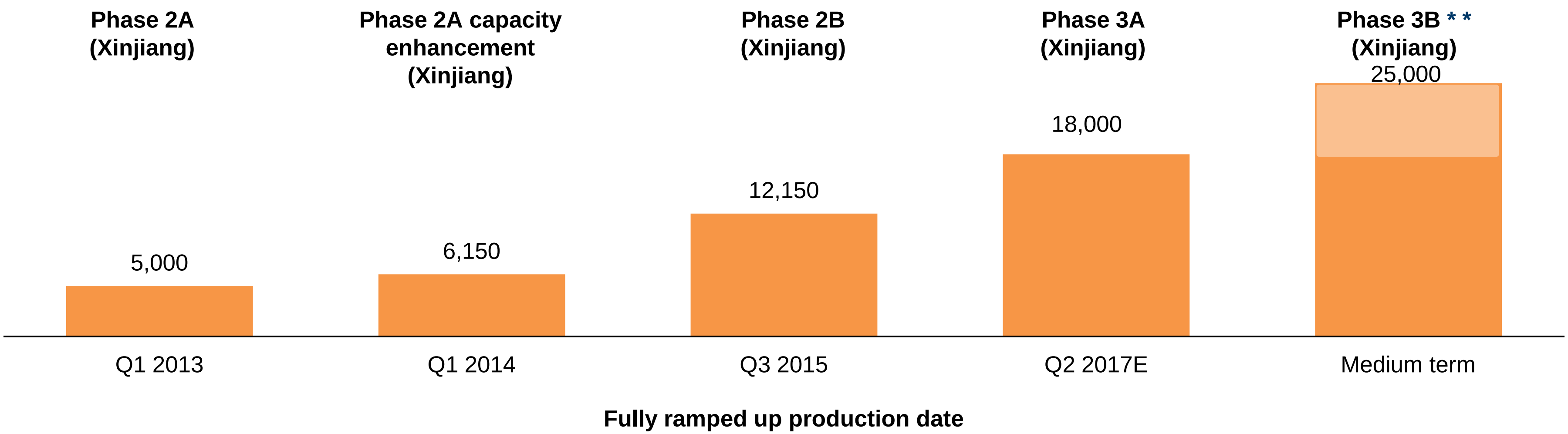
Q2 2016 key facts

- Production volume of 3,570 MT
- External sales volume of 2,931 MT
- Average total production cost : $9.43/kg
- Average cash cost: $7.42/kg

Outlook

- Plan to conduct annual maintenance at Q3 end, which is expected to result in 15~20 days of suspension to polysilicon production in 2H 2016
- Expected sales volume in Q3 2016: 2,550 ~ 2,600 MT (excluding c.a. 550 MT used internally by our Chongqing wafer facility)

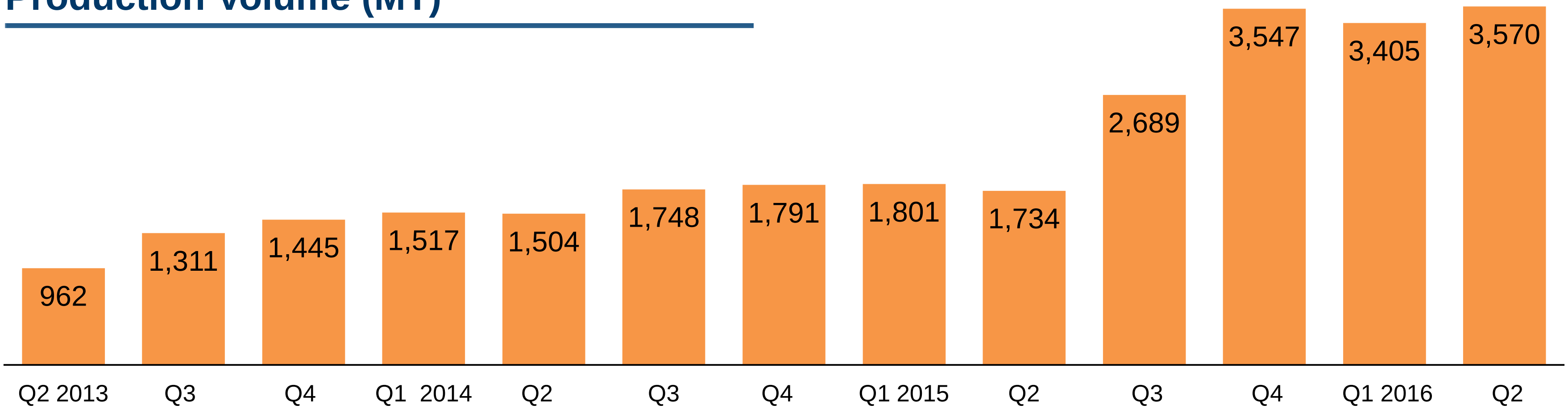
Polysilicon historical and projected capacity * (MT)



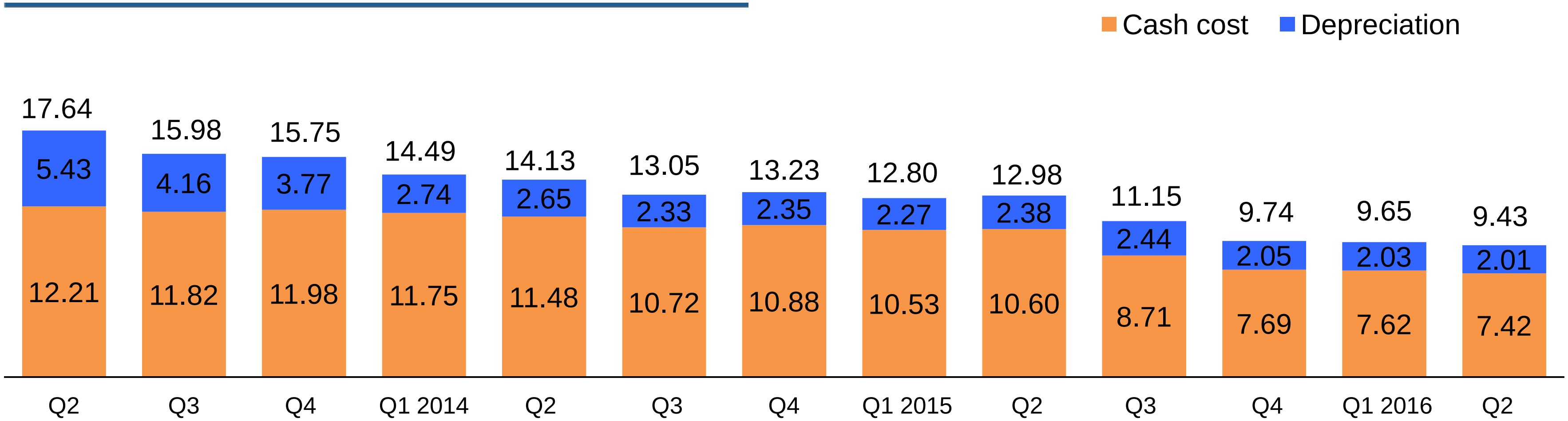
*Wanzhou polysilicon facility discontinued polysilicon production in Q4 2012
**Estimated and may change subject to market and industry conditions

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

Q2 2016 key facts

- Annual capacity of approximately 100 million pieces (430 MW)
- 25.0 million pieces sold to customers

Q3 2016 sales volume outlook

- Q3 2016 wafer sales volume: 24.0 ~25.0 million pieces

Sales volume in Q2 2016 and outlook for Q3 2016

Sales Volume	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016E guidance
Polysilicon (MT)	1,363	2,277	3,092	2,905	2,931	2,550~ 2,600
Wafer (million pieces)	18.3	19.1	21.0	22.1	25.0	24.0~25.0

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Q2 2016 financial highlights

- Revenue of $71.0 million in Q2 2016, representing a 23.1% increase from $57.7 million in Q1 2016;
- Gross profit of $29.4 million in Q2 2016, representing a 76.0% increase from $16.7 million in Q1 2016;
- Non-GAAP gross margin (1) of 43.9% in Q2 2016, up from 32.6% in Q1 2016;
- Income from operations of $26.1 million in Q2 2016, representing a 96.2% increase from $13.3 million in Q1 2016;
- EBITDA (2) of $34.7 million in Q2 2016, representing a 58.5% increase from $21.9 million in Q1 2016;
- Net income attributable to Daqo New Energy shareholders of $19.8 million in Q2 2016, representing an increase of 138.6% from $8.3 million in Q1 2016;
- Earnings per ADS (basic) of $1.90 in Q2 2016 representing an increase of 137.5% from $0.80 in Q1 2016;
- Adjusted net income (non-GAAP) (3) attributable to Daqo New Energy shareholders of $22.0 million in Q2 2016, representing an increase of 88.0% from $11.7 million in Q1 2016;
- Adjusted earnings per basic ADS (non-GAAP) (3) of $2.10 in Q2 2016, representing an increase of 87.5% from $1.12 in Q1 2016.

Note:

(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

(3) Adjusted net income attributable to Daqo New Energy shareholders and adjusted earnings per basic ADS excludes costs related to the non-operational polysilicon assets in Chongqing and costs related to share-based compensation.

P&L Summary (Q2 2016 vs. Q1 2016)

US$ in millions	Q2 2016	Q1 2016	Change	Analysis
Revenues	**71.0**	**57.7**	13.3	Polysilicon: Ext. sales volume ↑ , ASPs↑ Wafer: Sales volume ↑
Cost of revenues	(41.6)	(40.9)	(0.7)	Polysilicon: Ext. sales volume ↑ , Cost ↓ Wafer: Sales volume ↑
Gross profit	29.4	16.7	12.7	
Gross margin	**41.4%**	**29.0%**	12.4%	
Non-GAAP Gross margin (1)	**43.9%**	**32.6%**	11.3%	
SG&A and R&D expense	(3.8)	(4.1)	(0.3)	
Other operating income	0.6	0.7	(0.1)	
Income from operations	**26.1**	**13.3**	12.8	
Net interest expense	(3.3)	(3.8)	0.5	
Net income attributable to Daqo New Energy shareholders	**19.8**	**8.3**	11.5	
Basic earnings per ADS (US$)	**1.90**	**0.80**	1.10	
EBITDA (2)	**34.7**	**21.9**	12.8	
EBITDA margin (2)	**48.9%**	**38.0%**	10.9%	

Note:
(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

Balance sheet summary

US$ in millions	6/30/2016	3/31/2016	Change (Q2 2016 vs. Q1 2016)	6/30/2015
Cash and restricted Cash	42.9	35.7	7.2	95.1
Accounts receivable	10.1	15.4	(5.3)	7.0
Note receivables	14.8	25.3	(10.5)	38.3
Inventories	9.5	10.9	(1.4)	10.5
Prepaid land use rights	26.2	27.2	(1.0)	28.7
Net PP&E	546.2	546.4	(0.2)	569.1
Total assets	**662.7**	**672.4**	(9.7)	**778.2**
Short-term Borrowings	109.5	126.5	(17.0)	166.0
Notes payable	26.1	28.1	(2.0)	42.4
Amounts due to related parties	41.1	46.7	(5.6)	108.9
Long-term Borrowings	118.4	114.8	3.6	100.0
Total liabilities	**396.6**	**418.9**	(22.3)	**540.6**
Total equity	**266.1**	**253.5**	12.6	**237.6**
Total liabilities and equity	**662.7**	**672.4**	(9.7)	**778.2**

Cash flow summary

US$ in millions	6 months ended Jun 30, 2016	6 months ended Jun 30, 2015
Net cash provided by operating activities	**66.6**	**32.1**
Net cash (used in) investing activities	**(37.6)**	**(56.2)**
Net cash used in (provided by) financing activities	**(13.5)**	**75.7**
Effect of exchange rate changes	(0.3)	0.006
Net increase (decrease) in cash and cash equivalents	15.2	51.6
Cash and cash equivalents at the beginning of the period	14.5	7.1
Cash and cash equivalents at the end of the period	29.7	58.6

Non-GAAP reconciliation – EBITDA and gross margin

US$ in millions	Q2 2016	Q1 2016	Change
Net income	20.2	8.4	11.8
Depreciation	8.6	8.6	-
EBITDA [1]	**34.7**	**21.9**	12.8
EBITDA margin [1]	**48.9%**	**38.0%**	10.9%
Costs related to Chongqing poly facilities	1.8	2.0	(0.2)
Non-GAAP gross profit [2]	**31.2**	**18.8**	12.4
Non-GAAP gross margin [2]	**43.9%**	**32.6%**	11.3%

Note:
(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 – Adjusted Net Income and EPS

US$ in millions (except per ADS data)	Q2 2016	Q1 2016	Change
Net income attributable to Daqo New Energy Corp. shareholders	19.8	8.3	11.5
Costs related to Chongqing poly facilities	1.8	2.0	(0.2)
Share-based compensation	0.4	1.3	(0.9)
Adjusted Net income* (non-GAAP)	**22.0**	**11.7**	10.3
Adjusted Earnings per basic ADS* (non-GAAP)	**$2.10**	**$1.12**	$0.98
Adjusted Earnings per diluted ADS* (non-GAAP)	**$2.08**	**$1.11**	$0.97

Note: * 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'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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