DAQO NEW ENERGY CORP

Daqo New Energy Corp.

Unaudited Q4 and Fiscal Year 2015 Financial Results Presentation

March 24, 2016

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. The Company may also make written or oral for-ward-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 cost. 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 and in the attachments 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 Q4 2015 highlights

- **Polysilicon Cost Structure**

  total production cost (including depreciation) of $9.74/kg in Q4 2015, a decrease of 12.7% from $11.15/kg in Q3 2015.

  cash cost (excluding depreciation) of $7.69/kg in Q4 2015, a decrease of 11.7% from $8.71/kg in Q3 2015.

- **Polysilicon production volume of 3,547 MT** in Q4 2015, an increase of 31.9% from 2,689 MT in Q3 2015, approximately 12% above our name plate annual capacity of 12,150 MT.

- **Polysilicon external sales volume (1) of 3,092 MT** in Q4 2015, an increase of 35.8% from 2,277 MT in Q3 2015.

- **Wafer sales volume (1) of 21.0 million pieces** in Q4 2015, an increase of 9.9% from 19.1 million pieces in Q3 2015.

- **Polysilicon ASP was $13.86/kg** in Q4 2015, a decrease of 7.5% from $14.98/kg in Q3 2015.

- **EBITDA (2) of $23.4 million** (EBITDA margin: 39.5%) in Q4 2015, an increase of 56.3% from $15.0 million (EBITDA margin: 32.1%) in Q3 2015.

- **Non-GAAP gross margin (3) of 31.9%** in Q4 2015 compared to 23.4% in Q3 2015.

Note:
(1) 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.
(2) A non-GAAP measure which represents earnings before interest, taxes, depreciation and amortization.
(3) Non-GAAP margin excluded costs of $2.3 million related to polysilicon operations in Chongqing which halted production in September 2012.

Daqo Xinjiang Polysilicon Facilities

Market update

Global solar PV installations in 2015 totaled approximately 57 GW, representing a 26.7% increase from 45 GW in 2014. China, Japan and the United States are the three largest solar PV markets globally in 2015. China installed 14.95 GW solar PV system in 2015, ranking No.1 globally in terms of volume for three consecutive years, with China's cumulative solar PV installation reaching 43 GW by the end of the year. In the draft version of China's "13th Five-Year-Plan", the cumulative solar PV installation is expected to reach 150 GW, which means China would install an additional 107 GW over the next five years from 2016 to 2020 in order to meet the target.

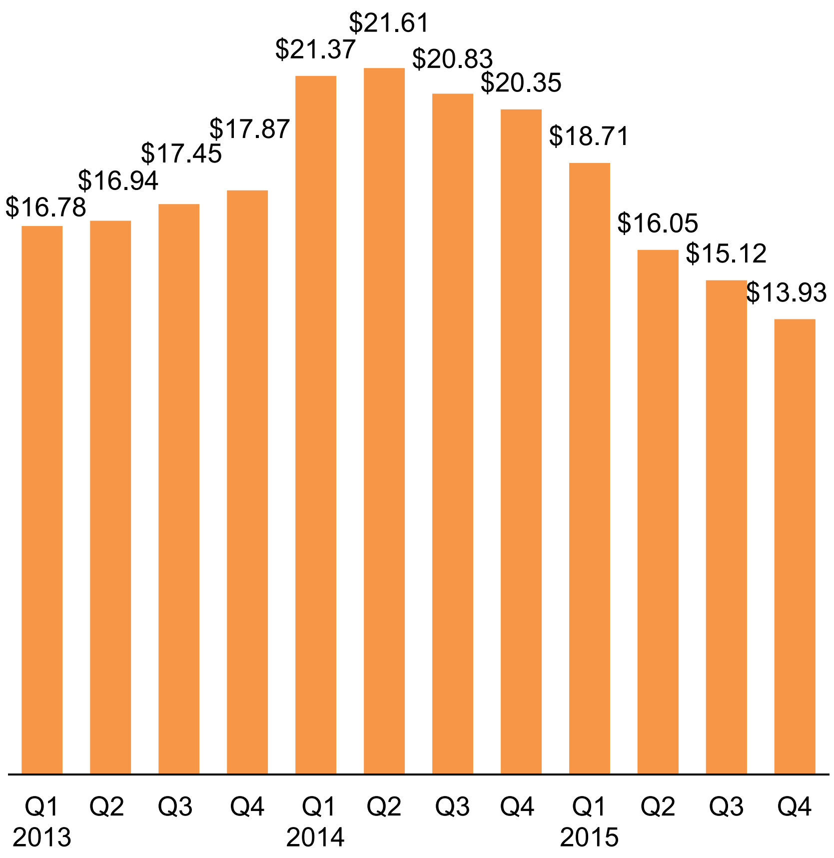
In December 2015, the United States announced a 5-year extension for Solar Investment Tax Credit (ITC), which provides a 30 percent tax credit for solar systems on residential and commercial properties. The extension will significantly support the deployment of solar energy in the United States in the next five years.

In addition, several emerging solar end markets are experiencing rapid growth, including India, Southeast Asia, Latin America and Africa. In particular, India's solar PV installation is reported to be approximately 2 GW in 2015, which makes it the fifth largest solar PV market in the world. India's newly added solar PV installation is expected to be approximately 4.8 GW in 2016. According to several market forecast reports, the global solar PV installations in 2016 are expected to be in the range of 62 to 65 GW. We believe the overall solar PV demand will remain strong in 2016, resulting in favorable demand for polysilicon in the year.

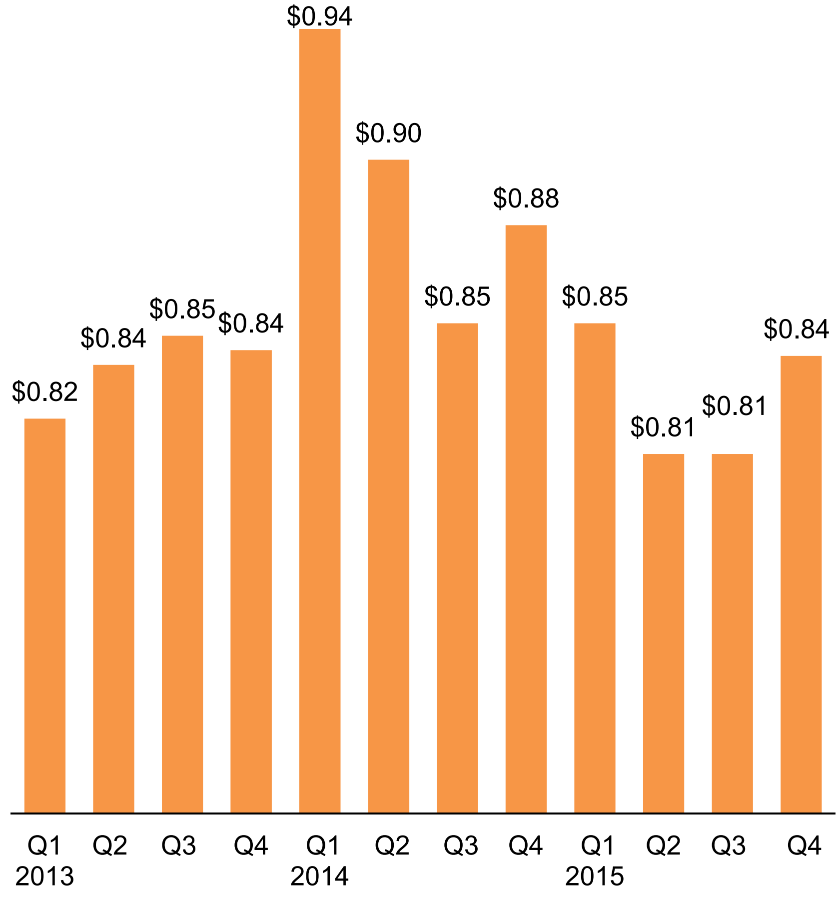
In February 2016, we began to see recovery in polysilicon ASPs, driven by strong customer demand for our high-purity polysilicon products. Furthermore, we saw overall polysilicon channel inventory reduced to a normal level by strong end market demand. As the industry and our customers continue to add on additional wafer capacities through 2016, we anticipate continued strong demand for polysilicon. As of March 2016, the spot market price for polysilicon has rebounded by approximately 15% as compared to December of 2015, and we expect to see stable to improving polysilicon ASPs in the coming quarters supported by strong end market demand and increases in downstream solar manufacturing capacities.

Market price trend (by PVinsights)

Polysilicon spot market price ($/kg)



Wafer ASP ($ / piece)



Xinjiang polysilicon facilities update

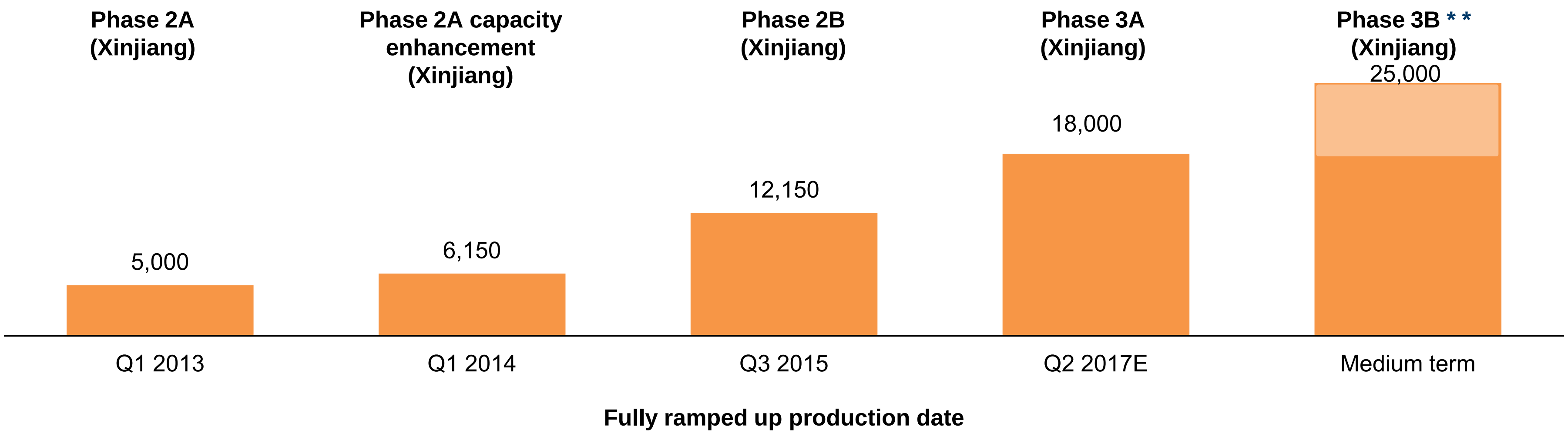
Q4 2015 key facts

- Production volume of 3,547 MT
- External sales volume of 3,092 MT
- Average total production cost : $9.74/kg
- Average cash cost: $7.69/kg

Outlook

- Expected sales volume in Q1 2016:
  2,800 ~ 3,000 MT
- Cost targets:
  -- Total production cost <$10.00/kg in 2016
  -- Cash cost < $8.00/kg in 2016

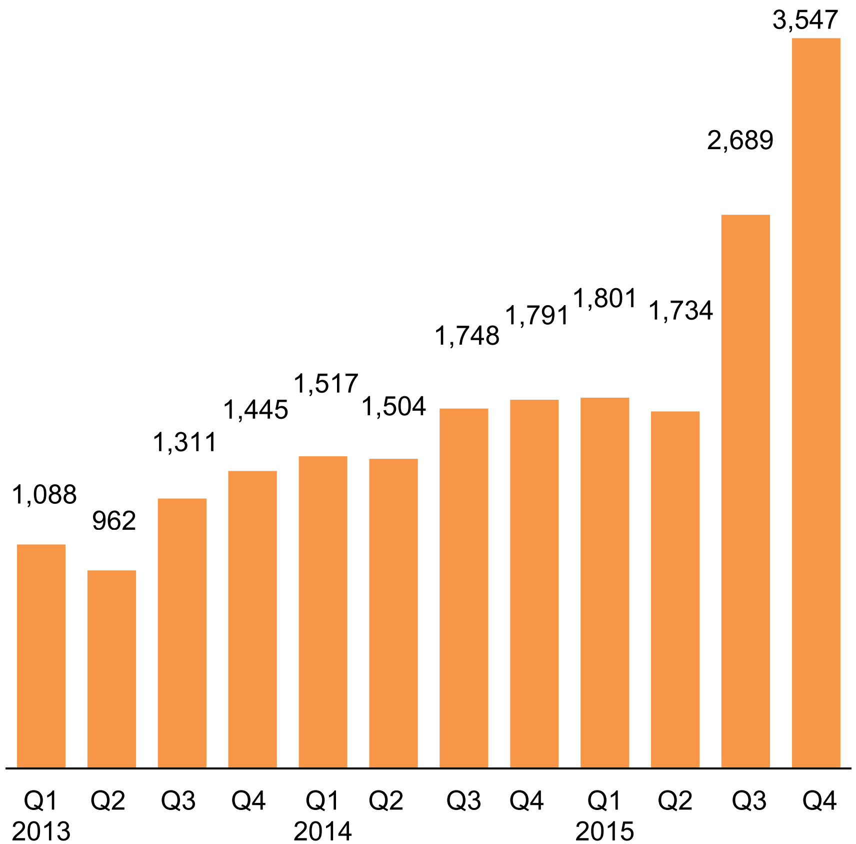
Polysilicon historical and projected capacity * (MT)



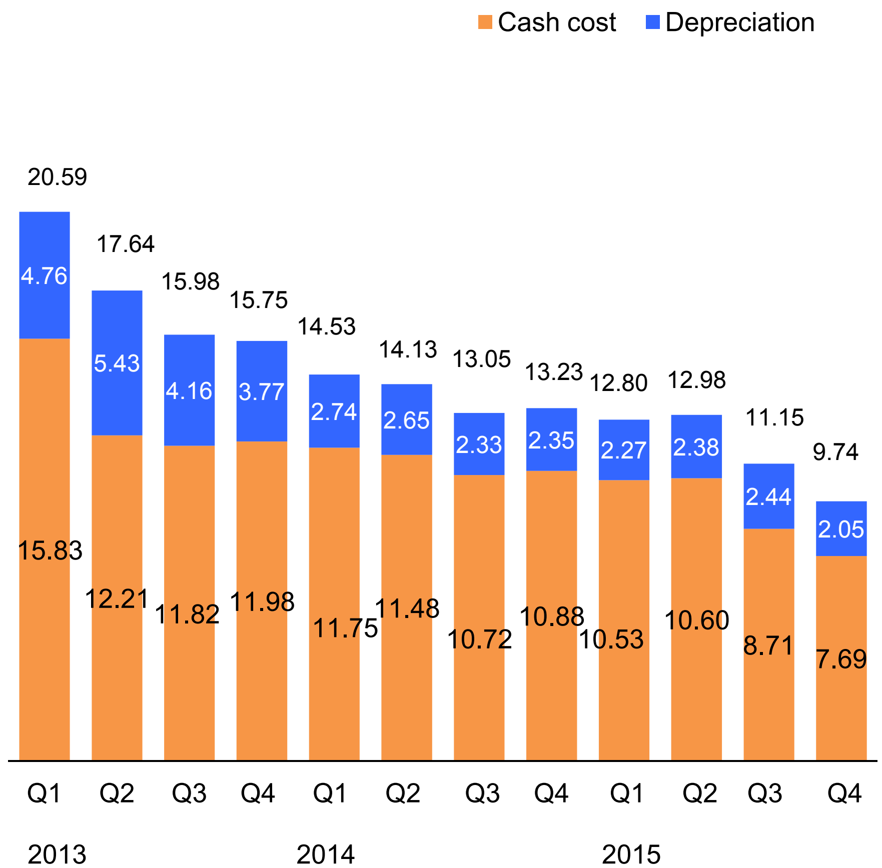
*Wanzhou polysilicon facility discontinued polysilicon production in Q4 2012
**Estimated and my change subject to market and industry conditions

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.

Wanzhou wafer facilities update

Q4 2015 key facts

- Capacity of approximately
  87 million pieces (375 MW)
- 21.0 million pieces sold to customers

Q1 2016 sales volume outlook

- Q1 2016 wafer sales volume:
  21.5 ~22.0 million pieces
- Technology enhancement project:
  - Reduce manufacturing cost
  - Increase annual capacity to 100 million pieces by the end of Q2 2016

Sales volume in Q4 2015 and outlook for Q1 2016

Sales Volume	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016E guidance
Polysilicon (MT)	1,646	1,502	1,363	2,277	3,092	2,800~ 3,000
Wafer (million pieces)	18.3	18.1	18.3	19.1	21.0	21.5~22.0

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Q4 2015 financial highlights

- Revenue of $59.3 million in Q4 2015, an increase of 27.3% from revenue of $46.6 million in Q3 2015;
- Gross profit was $16.9 million, an increase of 96.5% from $8.6 million in Q3 2015;
- Non-GAAP gross margin (1) was 31.9%, increased from 23.4% in Q3 2015;
- Income from operations was $14.3 million, an increase of 113.4% from $6.7 million in Q3 2015;
- EBITDA (2) was $23.4 million, an increase of 56.0% from $15.0 million in Q3 2015;
- Net income attributable to Daqo New Energy shareholders was $9.6 million, an increase of 209.7% from $3.1 million in Q3 2015;
- Earnings per ADS (basic) were $0.92, an increase of 217.2% from $0.29 in Q3 2015;
- Adjusted net income (non-GAAP) (3) attributable to Daqo New Energy shareholders of $11.9 million, an increase of 88.9% from $6.3 million in Q3 2015;
- Adjusted earnings per basic ADS (non-GAAP) (3) of $1.14, an increase of 90.0% from $0.60 in Q3 2015.

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 (Q4 2015 vs. Q3 2015)

US$ in millions	Q4 2015	Q3 2015	Change	Analysis
Revenues	**59.3**	**46.6**	12.7	Polysilicon: Sales volume ↑, ASPs ↓ Wafer: Sales volume ↑ , ASPs ↑
Cost of revenues	(42.4)	(38.0)	4.4	Polysilicon: Sales volume ↑, Cost ↓ Wafer: Sales volume ↑ , Cost ↓
Gross profit	16.9	8.6	8.3	
Gross margin	**28.5%**	**18.4%**	10.1%	
Non-GAAP Gross margin (1)	**31.9%**	**23.4%**	8.5%	
SG&A and R&D expense	(2.3)	(2.9)	0.6	
Other operating income	1.7	1.1	0.6	
Impairment of long-lived assets	1.6	-	1.6	The identified relocation assets in Wanzhou that were not transferrable and could not be reutilized by our Xinjiang expansion project.
Income from operations	**14.3**	**6.7**	7.6	
Net interest expense	(4.0)	(3.0)	(1.0)	Larger loan balance
Net income attributable to Daqo New Energy shareholders	**9.6**	**3.1**	6.5	
Basic earnings per ADS (US$)	**0.92**	**0.29**	0.63	
EBITDA (2)	**23.4**	**15.0**	8.4	
EBITDA margin (2)	**39.5%**	**32.1%**	7.4%	

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	12/31/2015	9/30/2015	Change (Q4 2015 vs. Q3 2015)	12/31/2014
Cash and restricted Cash	33.6	68.7	(35.1)	29.2
Accounts receivable	19.9	15.4	4.5	8.7
Notes receivable	11.1	16.5	(5.4)	50.2
Inventories	10.7	12.2	(1.5)	9.6
Prepaid land use rights	27.1	27.9	(0.6)	29.0
Net PP&E	544.3	557.7	(13.4)	559.0
Total assets	**660.9**	**717.4**	(56.5)	**710.1**
Short-term Borrowings	123.9	115.2	8.7	159.8
Notes payable	20.2	52.2	(32.0)	48.9
Amount due to related party	46.4	57.9	(11.5)	89.7
Long-term Borrowings	118.5	143.9	(25.4)	77.3
Total liabilities	**419.2**	**479.8**	(60.6)	**503.4**
Total equity	**241.7**	**237.6**	4.1	**206.8**
Total liabilities and equity	**660.9**	**717.4**	(56.5)	**710.1**

Cash flow summary

US$ in millions	12 months ended Dec 31, 2015	12 months ended Dec 31, 2014
Net cash provided by operating activities	**66.4**	**45.6**
Net cash (used in) investing activities	**(74.1)**	**(90.6)**
Net cash provided by financing activities	**15.2**	**44.3**
Effect of exchange rate changes	(0.1)	(0.1)
Net increase (decrease) in cash and cash equivalents	7.4	(0.7)
Cash and cash equivalents at the beginning of the period	7.1	7.8
Cash and cash equivalents at the end of the period	14.5	7.1

Full Year 2015 financial and operating highlights

- Polysilicon production volume of 9,771 MT in 2015, an increase of 48.9% from 6,560 MT in 2014
- Polysilicon external sales volume of 8,234 MT in 2015, an increase of 37.9% from 5,972 MT in 2014
- Solar wafer sales volume of 76.4 million pieces in 2015, an increase of 8.4% from 70.5 million pieces in 2014
- Revenue of $182.0 in 2015, compared to $182.6 million in 2014;
- Non-GAAP gross margin(1) of 26.5% in 2015, a decrease from 31.3% in 2014;
- EBITDA(non-GAAP) (2) of $ 58.2 million in 2015, a decrease of 2.9% from $60.0 million in 2014; EBITDA margin (non-GAAP)(3) of 32.0% in 2015, compared to 32.9% in 2014;
- Net income attributable to Daqo New Energy shareholders of $13.0 million in 2015, decreased from $16.6 million in 2014; Earnings per basic ADS of $1.26 in 2015, decreased from $2.02 in 2014;
- Adjusted net income (non-GAAP) (3) attributable to Daqo New Energy shareholders of $ 27.4 million in 2015, compared to $ 32.3 million in 2014; Adjusted earnings per basic ADS (non-GAAP) (3) of $2.65 in 2015, compared to $3.91 in 2014

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 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 (FY2015 vs. FY2014)

US$ in millions	2015	2014	Change	Analysis
Revenues	**182.0**	**182.6**	**(0.6)**	Poly : Sales↑, ASP↓ Wafer: Sales↑
Cost of Revenues	144.5	139.3	5.2	Poly : Production↑, Unit cost↓ Wafer: Production↑, Unit cost↓
Gross profit	37.6	43.3	(5.7)	Poly : Sales↑;Cost ↓;ASP↓ Wafer: Sales↑;Cost ↓;
Gross margin	**20.6%**	**23.7%**	**(3.1%)**	
SG&A + R&D expenses	13.5	11.8	1.7	Shipping cost related to increasing sales volume↑; Reversal of bad debt provision↓
Fixed assets impairment loss	1.6	-	1.6	The identified relocation assets in Wanzhou that were not transferrable and could not be reutilized by our Xinjiang expansion project.
Other operating income	3.8	0.6	3.2	
Income from operations	**26.2**	**32.0**	**(5.8)**	
Net interest expense	12.7	15.3	(3.9)	Loan balance↓; Interest rate↓;
Net income attributable to non-controlling interest	0.1	-	0.1	
Net income attributable to Daqo New Energy shareholders	13.0	16.7	(2.3)	
Basic earnings per ADS (US$)	1.26	2.02	(0.76)	
EBITDA *	**58.2**	**60.0**	(1.8)	
EBITDA margin *	**32.0%**	**32.9%**	(0.9%)	

Note:
* A non-GAAP measure which represents earnings before interest, taxes, depreciation and amortization

Non-GAAP reconciliation

US$ in millions	Q4 2015	Q3 2015	Q4 2014	FY 2015	FY 2014
Net income	9.7	3.1	3.6	13.0	16.6
Income tax expenses	0.5	0.6	-	1.1	-
Interest expense	4.3	3.1	4.0	13.2	15.7
Interest income	(0.3)	(0.05)	(0.03)	(0.5)	(0.3)
Depreciation	9.1	8.3	7.1	31.4	28.0
EBITDA (1)	**23.4**	**15.0**	**14.7**	**58.2**	**60.0**
EBITDA margin (1)	**39.5%**	**32.1%**	**29.6%**	**32.0%**	**32.9%**
Gross profit	**16.9**	**8.6**	**12.6**	**37.6**	**43.3**
Costs related to Chongqing poly facilities	2.0	2.3	3.3	10.7	13.9
Non-GAAP gross profit (2)	**18.9**	**10.9**	**15.9**	**48.3**	**57.1**
Non-GAAP gross margin (2)	**31.9%**	**23.4%**	**32.1%**	**26.5%**	**31.3%**
Share-based compensation	0.3	0.9	0.2	3.7	1.8
Adjusted net income (non-GAAP) (3)	**11.9**	**6.3**	7.1	27.4	32.3
Adjusted earnings per basic ADS (non-GAAP) (3)	**$1.14**	**$0.60**	**$0.79**	**$2.62**	**$3.82**

Note:
(1) Non-GAAP margin excluded costs related to polysilicon operations in Chongqing which halted production in September 2012
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(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.

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 later in this document.

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