



April 21, 2022

DAQO NEW ENERGY

Q1 2022 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”, “might” and “guidance” and similar statements. Among other things, the outlook for the second quarter and the full year of 2022 and quotations from management in these announcements 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”





Mr. Longgen Zhang, CEO of Daqo New Energy, commented, “We are very pleased to report exceptional results for the first quarter of 2022, the best-ever in the company’s history. I would like to thank our entire team for their hard work and dedication in delivering such excellent operational and financial performance. For the quarter, we achieved polysilicon sales volume of 38,839 MT, more than 3 times our sales volume for the fourth quarter of 2021. We recorded \$1.3 billion in revenue, also more than 3 times of the revenue for the fourth quarter of 2021, and we recorded operating income of \$797 million, net income attributable to Daqo New Energy shareholders of \$536 million, earning per share (“EPS”) of \$7.17 per share and EBITDA of \$827 million, all representing substantial sequential and year-over-year growth. At the end of the quarter, our combined cash, short term investments, and bank note receivable balance reached \$2.6 billion, an increase of \$1.2 billion compared to the end of 2021. This strong financial performance reflects not only the strength of the end market but also the trust that our customers place in the quality and reliability of our high-purity mono-grade polysilicon products.”

“Last December, we began production in our new phase 4B polysilicon facility. Production ramp up was successful throughout the first quarter. During the first quarter we produced 31,383 MT of polysilicon, a 33% increase compared to the fourth quarter of 2021, of which 97.2% was mono-grade. In the first quarter, our production cost was \$10.09/kg, a significant decrease from \$14.11/kg in the fourth quarter of 2021, primarily due to the decrease in the cost of silicon powder, as well as manufacturing efficiency improvements and better economies of scale.”



“We continue to see very strong demand for solar PV products both in China and overseas. In the first two months of 2022, new installations of solar PV in China were approximately 10.9 GW. According to the China Photovoltaic Industry Association, new PV installations in China are expected to increase from 53 GW in 2021 to 75-90 GW in 2022. In the first two months of 2022, based on China’s custom’s data, China’s solar PV module export volume was approximately 26 GW, doubled from the same period in 2021. As a result of the stronger-than-expected market demand, product pricing across the entire solar PV value chain increased consistently during the first quarter. Based on statistics from the China Silicon Industry Association, the average market ASPs (VAT included) of small chunk mono-grade polysilicon increased from RMB 231.8/kg in the first week of January to RMB 253.3/kg in the third week of April, reflecting healthy demand from our customers and continued tight supplies. We also see healthy gross margin in the downstream wafer sector which indicates that the solar value chain is able to pass down the impact of strong polysilicon prices to the end market.”

“Global trends continue to favor the solar industry, which particularly benefits the polysilicon sector. We are beginning to witness significant policy shifts to accelerate clean energy adoption and de-carbonization around the world. During the month of March 2022, the European Union announced its RePowerEU initiative, which calls for an acceleration of clean energy transition under the European Green Deal. Germany, in particular, has announced an ambitious program to significantly accelerate its clean energy transition, with plans to deploy 22GW of solar installations per year starting 2026, a four-fold increase from 2021 installations of 5.3GW. As solar energy has already achieved grid-parity broadly in many regions globally, the recent spike in high and volatile energy prices will further drive solar energy adoption with attractive economic returns. All these factors will lead to additional demand for solar products which cannot be met by the current market supply. We believe the polysilicon sector will remain one of the most profitable sectors in the solar PV value chain, as polysilicon will continue to be in short supply and determine the actual pace and total volume of global installations. We will continue to focus on the efficient operation of our core business, increase our capacity based on market needs, enhance our competitiveness in quality and reliability, and further optimize our cost structure to provide consistent returns to our shareholders.”

Operational and financial highlights in Q1 2022



- Polysilicon production volume was 31,383 MT in Q1 2022, compared to 23,616 MT in Q4 2021
- Polysilicon sales volume was 38,839 MT in Q1 2022, compared to 11,642 MT in Q4 2021
- Polysilicon average total production cost⁽¹⁾ was \$10.09/kg in Q1 2022, compared to \$14.11/kg in Q4 2021
- Polysilicon average cash cost⁽¹⁾ was \$9.19/kg in Q1 2022, compared to \$13.32/kg in Q4 2021
- Polysilicon average selling price (ASP) was \$32.76/kg in Q1 2022, compared to \$33.91/kg in Q4 2021
- Revenue was \$1,280.3 million in Q1 2022, compared to \$395.5 million in Q4 2021
- Gross profit was \$813.6 million in Q1 2022, compared to \$239.8 million in Q4 2021. Gross margin was 63.5% in Q1 2022, compared to 60.6% in Q4 2021
- Net income attributable to Daqo New Energy Corp. shareholders was \$535.8 million in Q1 2022, compared to \$141.3 million in Q4 2021
- Earnings per basic American Depositary Share (ADS)⁽³⁾ was \$7.17 in Q1 2022, compared to \$1.90 in Q4 2021
- EBITDA (non-GAAP)⁽²⁾ was \$826.8 million in Q1 2022, compared to \$251.1 million in Q4 2021. EBITDA margin (non-GAAP)⁽²⁾ was 64.6% in Q1 2022, compared to 63.5% in Q4 2021

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 and EBITDA margins 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



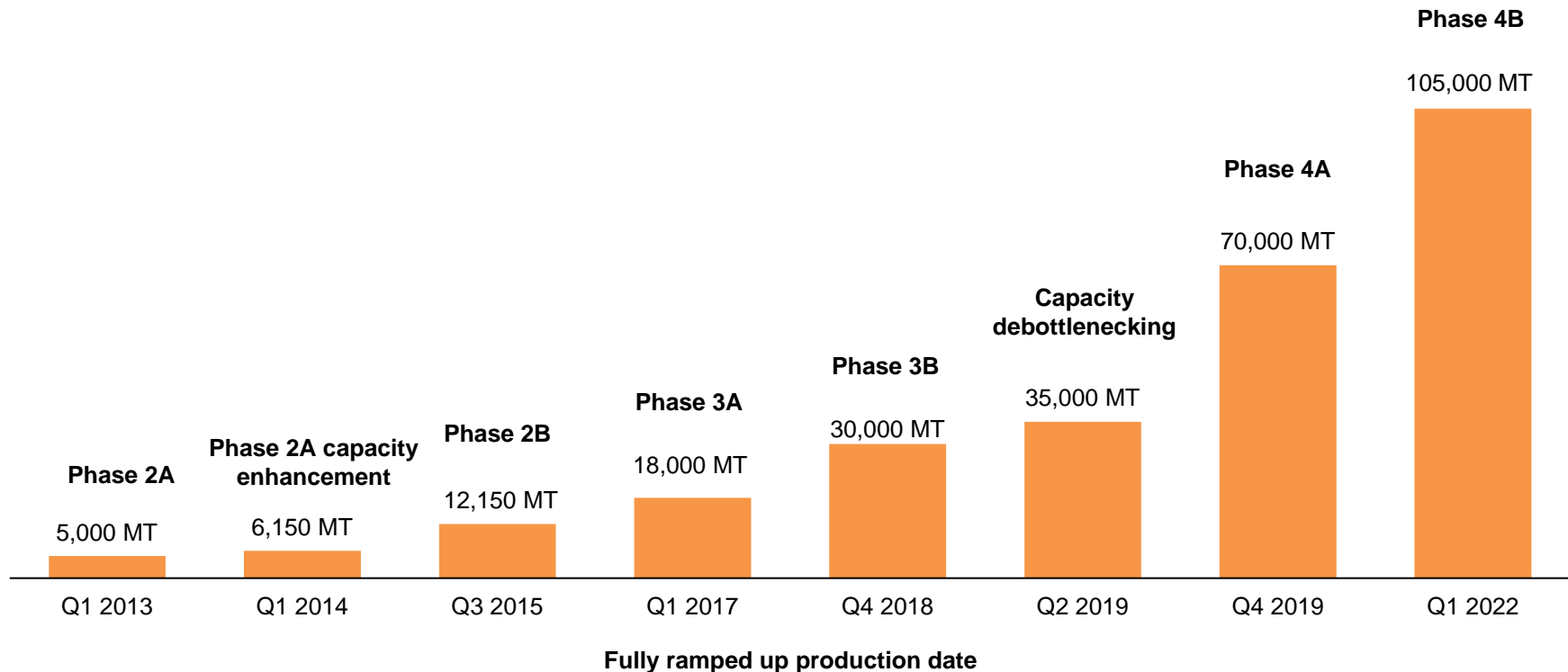
Q1 2022 key facts

- Quarterly production volume: 31,383 MT
- External sales volume: 38,839 MT
- Average total production cost : \$10.09/kg
- Average cash cost: \$9.19/kg

Outlook

- Expected production volume in Q2 2022:
32,000 ~ 34,000 MT
- Expected production volume in the full year of 2022:
120,000 ~ 125,000 MT

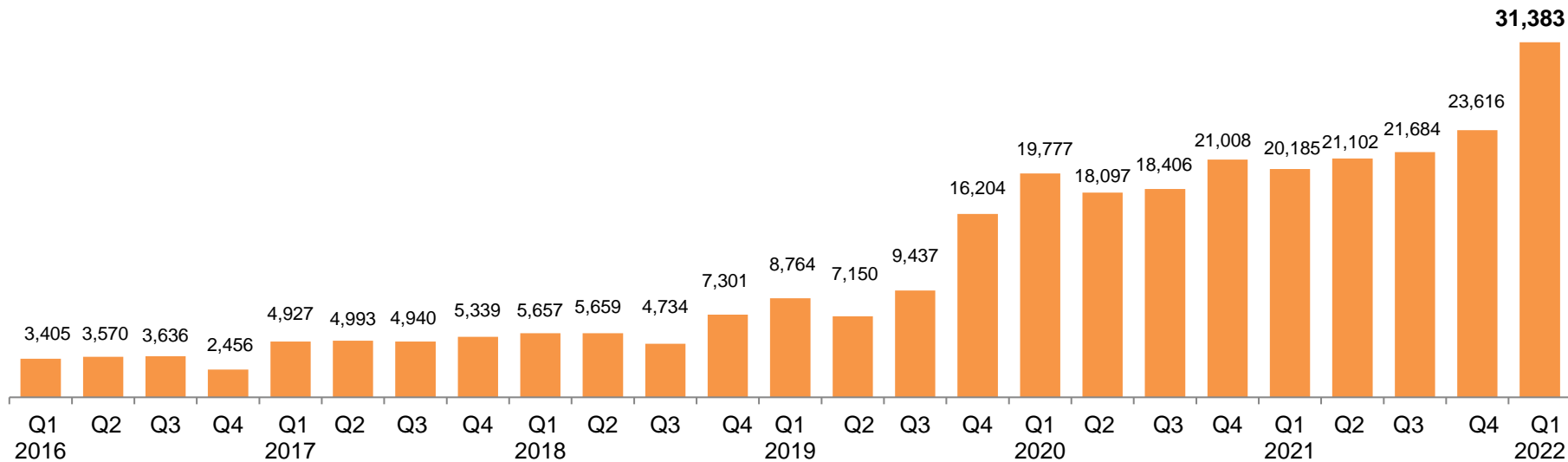
Polysilicon historical and projected capacity in Daqo's facilities * (MT)



Polysilicon manufacturing overview

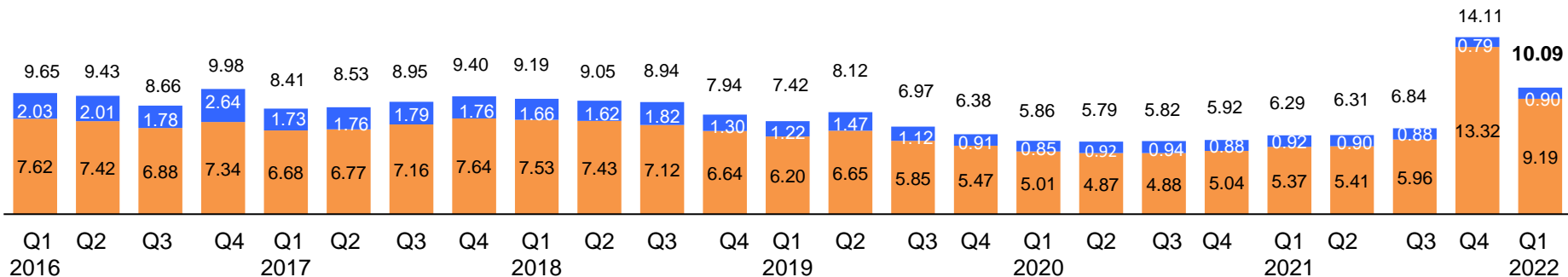


Production Volume (MT)



Cash cost and Depreciation (\$/kg)*

■ Cash cost ■ Depreciation

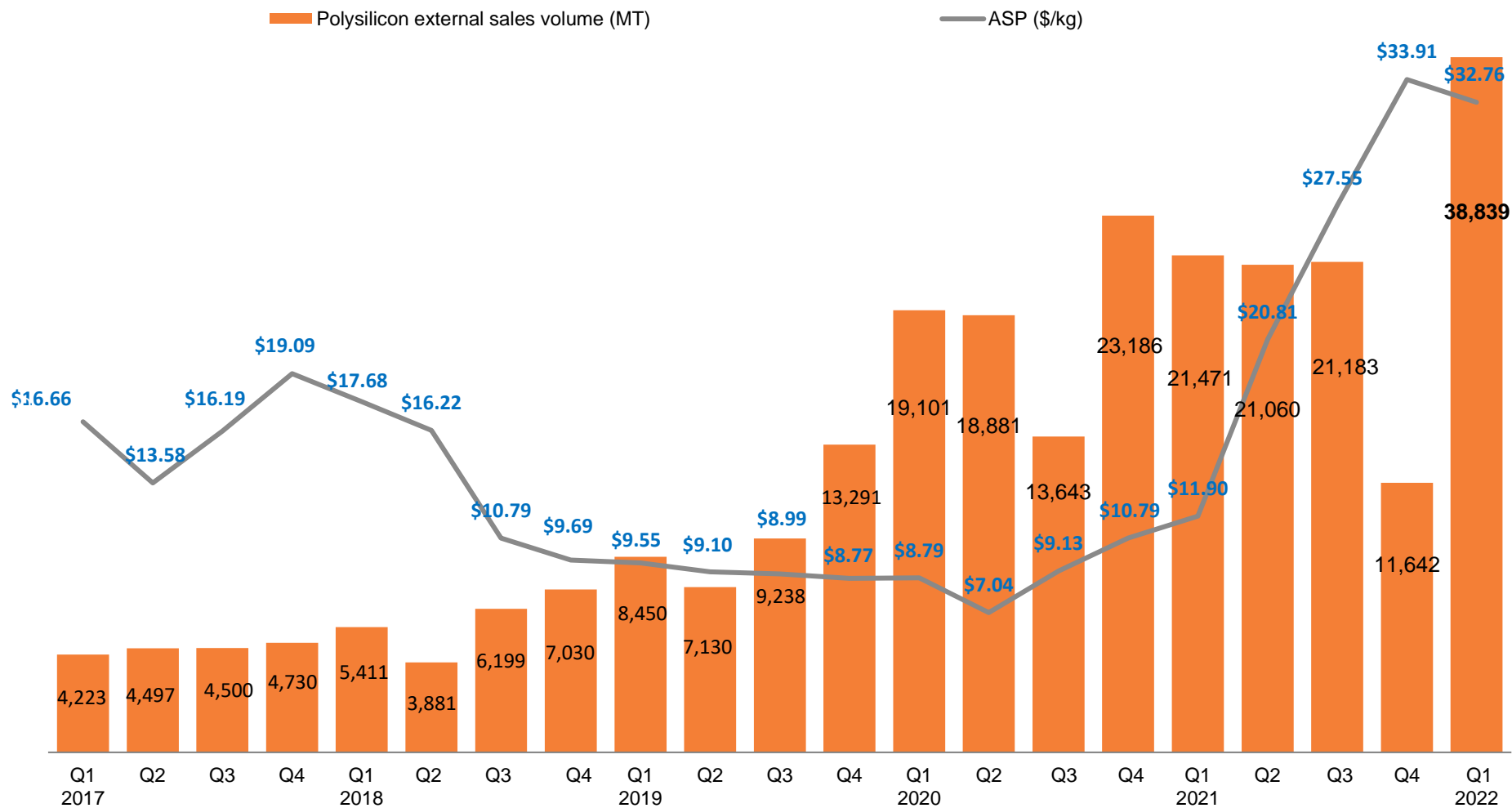


* The cash cost and depreciation only refer to the polysilicon production in Xinjiang facilities.

Quarterly polysilicon sales volume and ASPs



Polysilicon external sales volume and ASPs



Income statement summary



	Q1 2022	Q4 2021	Q1 2021
(\$ in millions, unless otherwise stated)			
Revenues	1,280.3	395.5	256.1
Gross profit	813.6	239.8	118.9
Gross margin	63.5%	60.0%	46.4%
SG&A	(15.5)	(10.2)	(9.0)
R&D expense	(2.1)	(1.3)	(1.2)
Income from operations	796.9	228.1	109.2
Net income attributable to non-controlling interest	131.2	37.7	3.9
Net income attributable to Daqo New Energy shareholders	535.8	141.3	83.2
Basic earnings per ADS (US\$)	7.17	1.90	1.13
EBITDA ⁽¹⁾	826.8	251.1	128.1
EBITDA margin ⁽¹⁾	64.6%	63.5%	50.0%

Notes:

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

Balance sheet summary



(\$ in millions)	As of 3/31/2022	As of 12/31/2021	As of 3/31/2021
Cash, cash equivalent and restricted cash	1,127.7	724.0	227.8
Note receivables	1,499.4	365.9	38.5
Short-term investments	10.4	280.3	7.6
Inventories	100.3	327.8	34.1
Prepaid land use rights	40.6	40.7	30.5
Property, plant and equipment, net	1,619.2	1,559.1	1,081.4
Total assets	4,412.9	3,343.7	1,439.1
Advances from customers - short term portion	466.0	203.0	64.6
Advance from customers - long term portion	99.4	90.7	77.5
Payables for purchases of property, plant and equipment	104.2	142.9	34.8
Total liabilities	1,072.7	679.8	553.9
Total equity	3,340.2	2,663.8	885.2
Total liabilities and equity	4,412.9	3,343.7	1,439.1

Cash flow summary



(\$ in millions)	3 months ended 3/31/ 2022	3 months ended 3/31/ 2021
Net income	667.1	87.2
Adjustments to reconcile net income to net cash provided by operating activities	31.8	22.0
Changes in operating assets and liabilities	(467.5)	(50.0)
Net cash provided by operating activities	231.3	159.2
Purchases of property, plant and equipment	(101.3)	(72.2)
Purchase of short-term investments	(0.9)	(7.7)
Redemption of short-term investments	272.5	-
Net cash provided by / (used in) investing activities	170.4	(79.9)
Net cash provided by financing activities	-	31.7
Effect of exchange rate changes	2.0	(1.6)
Net increase in cash, cash equivalents and restricted cash	403.8	109.4
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	1,127.7	227.8

Non-GAAP reconciliation



US\$ in millions	Q1 2022	Q4 2021	Q1 2021
Net income	667.1	179.0	87.2
Income tax expenses	129.9	50.4	14.5
Interest expense, net	1.5	2.0	7.5
Depreciation & amortization	28.4	19.7	18.9
EBITDA ⁽¹⁾	826.8	251.1	128.1
EBITDA margin ⁽¹⁾	64.6%	63.5%	50.0%

Note:

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

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

