



DAQO NEW ENERGY CORP



# Daqo New Energy Q4 and FY 2011 Financial results Presentation

March 21, 2012

# 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 successfully implement our vertical integration strategy. 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.



# Agenda

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



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- **Business Highlights and Summary**  
(Dr. Gongda Yao, CEO)
- Financial Results and Update
- Q&A



## Q4 & FY 2011 Shipment and Outlook

- Polysilicon Shipments for Q4 and FY 2011 were 834 MT and 3,947 MT respectively

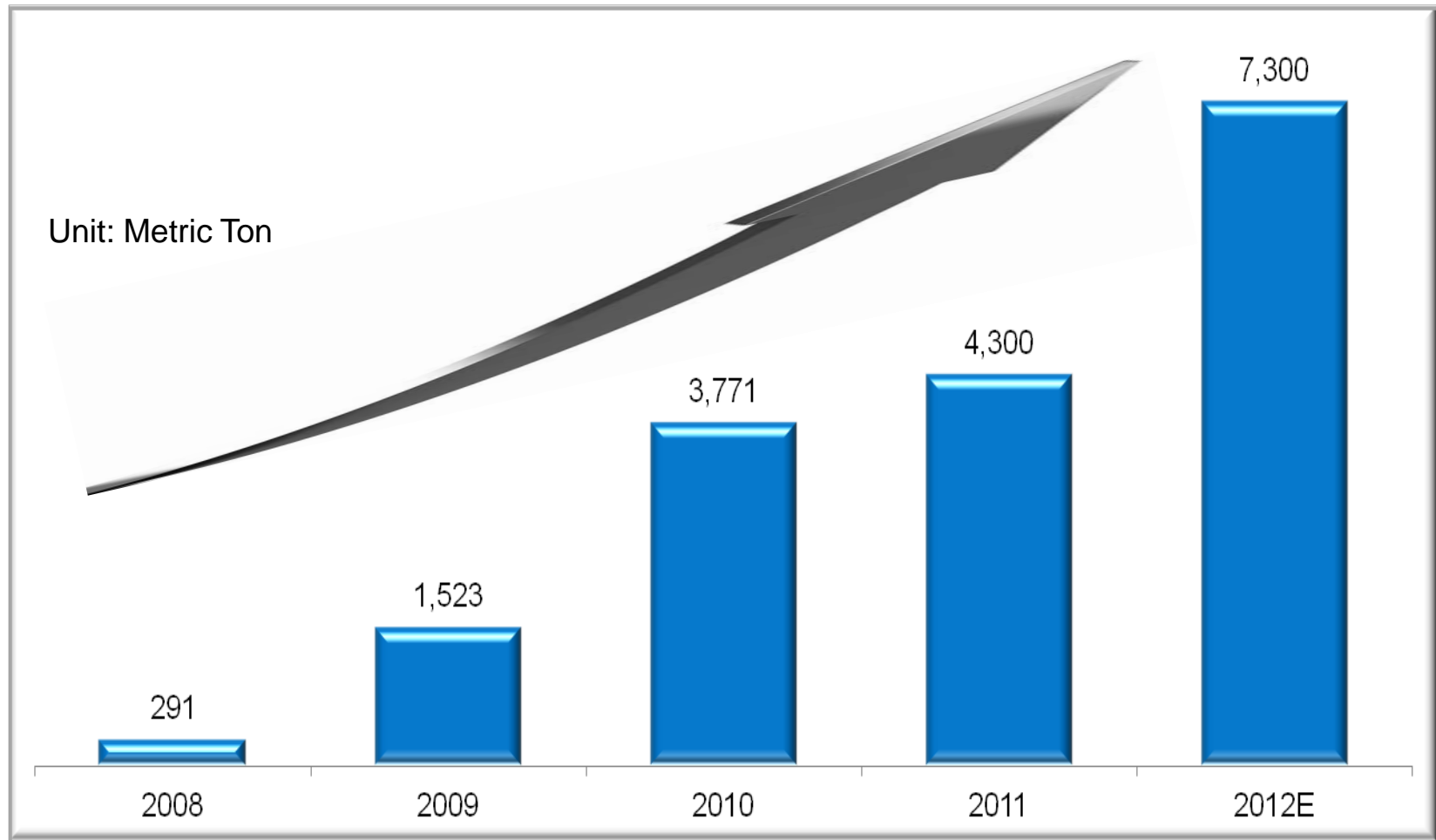
	Q4 2011	Q3 2011	FY 2011	2012Q1
Shipment of Polysilicon (MT)	834	1,022	3,947	800-900
Shipment of Wafer (MW)	7.8	6.5	16.8	16-17
Shipment of Module-Own Brand (MW)	9.6	1.9	20.2	2.9
Shipment of Module-OEM (MW)	5.9	9.4	31	2.4

# Polysilicon Capacity Update

- Xinjiang Polysilicon Project all on schedule
- Implement projects consolidation plan to best concentrate financial and operational resources on Xinjiang Polysilicon Project



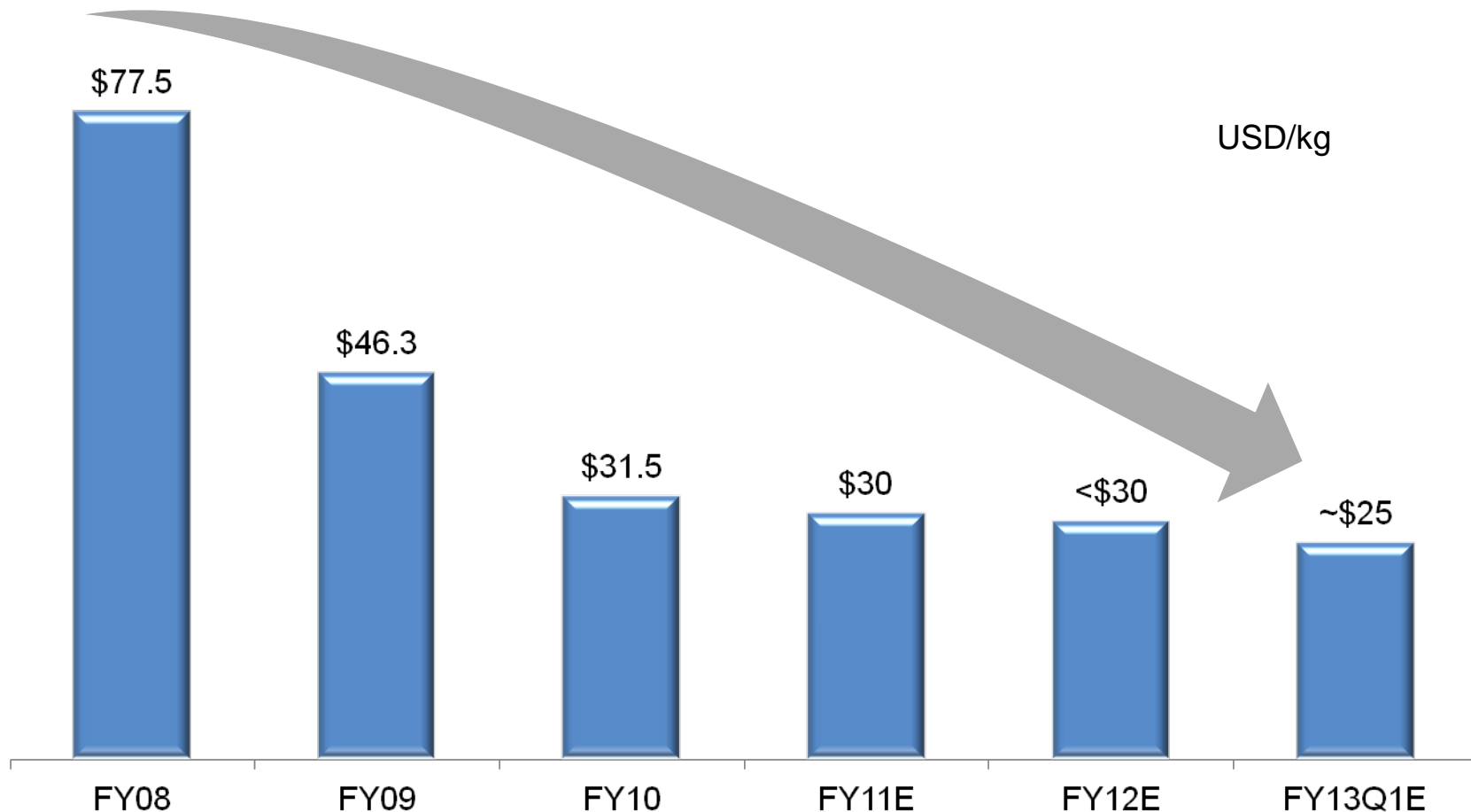
# Polysilicon Capacity Update



Fully ramp-up to **7,300MT** in Q1 2013

# Polysilicon Cost Reduction Roadmap

Reduce Production cost to ~\$25/kg in Q1 2013



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(Mr. Bing Sun, CFO)
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# Q4 & FY 2011 Financial Summary and Outlook

- Q4 2011 non-GAAP gross margin of Poly was negative 1.6% <sup>(1)</sup>
- Full year 2011 Poly shipment reached 3,947 MT
- Full year 2011 non-GAAP gross margin was 39.2% and non-GAAP diluted EPS was US\$2.45.

	Q4 2011 Results	FY 2011 Results	FY 2012 Guidance	
			Q1 2012E	FY 2012E
Shipments				
-----Poly(MT)	834	3,947	800-900	
-----Wafer(MW)	7.8	16.8	16-17	
-----PV Module (Own Brand)	9.6	20.2	2.9	
-----PV Module (OEM)	5.9	31.0	2.4	
Revenues (US\$ mm)	38.2	255.8	-	-
Overall gross margin <sup>(2)</sup>	(29.3%)	33.7%	-	-
Non-GAAP gross margin	(1.6%)	39.2%	-	-
Overall diluted EPS (US\$)	(1.12)	0.95	-	-
Non-GAAP diluted EPS (US\$)	0.28	2.45	-	-



# Non-Cash Charges in Q4 & FY 2011

US\$ mm	Q3 2011	Q4 2011	FY 2011	Impact on EPS of FY 2011 <sup>(1)</sup>
Inventory Provision	3.7	10.6	14.3	(0.41)
-----Poly		5.2	5.2	(0.15)
-----Wafer	2.3	5.0	7.3	(0.21)
-----PV Module	1.4	0.4	1.8	(0.05)
Impairment of Long-lived Assets <sup>(2)</sup>	-	38.5	38.5	(1.10)

(1) The impact on EPS is calculated based on the diluted outstanding shares of 35 million as of December 31, 2011

(2) An impairment of long-lived assets was to reflect the less than expected profit-generating ability of assets due to a sharp decline in the spot market price of polysilicon, wafer and PV modules.

# P&L Summary

US\$ mm	Q3 2011	Q4 2011	FY 2010	FY 2011
Revenues	59.6	38.2	242.7	255.8
Cost of Revenues Excluding Non-cash Inventory Provision	36.0	38.9	136.5	155.5
Non-cash Inventory Provision	3.7	10.6	-	14.3
Gross Profit Excluding Non-cash Inventory Provision	23.6	(0.7)	106.2	100.3
Gross Margin	33.3%	(29.3%)	43.8%	33.7%
OPEX Excluding Non-cash Charges	2.7	0.2	13.7	4.2
Non-cash Charges in OPEX	-	38.5	-	38.5
Income (Loss) from Operations	17.2	(49.9)	92.5	43.4
Net Income (Loss)	12.4	(39.2)	69.1	34.9
Non-GAAP Measures	3.7	49.1	-	52.8
Non-GAAP Net Income (Loss)	16.1	9.9	69.1	87.7



## Balance Sheet Summary

US\$ mm	As of December 31, 2010	As of September 30, 2011	As of December 31, 2011
Cash and Restricted Cash	203.7	66.8	104.3
Accounts Receivable	15.2	29.1	22.7
Inventories	11.2	28.5	24.2
Advances to Suppliers	4.9	3.1	2.8
Net PP&E	399.6	599.8	636.5
Total Assets	650.9	755.6	878.5
Short-term Borrowings (incl. current portion of long-term borrowings)	71.6	94.5	111.8
Long-term Borrowings	83	63.1	165.6
Total Liabilities	254.5	268.8	426.5
Total Shareholders' Equity	396.4	486.8	452

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