

# **Daqo New Energy Corp. (DQ) Q1 2024 Earnings Call Transcript**

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**Body**

Daqo New Energy Corp. (DQ)

Q1 2024 Earnings Conference Call

April 29, 2024 08:00 AM ET

Company Participants

Anita Zhu - IR

Xiang Xu - Chairman and CEO

Ming Yang - CFO

Conference Call Participants

Alan Lau - Jefferies

Leo Ho - Daiwa Capital Markets

Philip Shen - Roth MKM

Alan Hon - JPMorgan

Presentation

Operator

Good day and welcome to the Daqo New Energy First Quarter 2024 Results Conference Call. All participants will be in a listen-only mode. [Operator Instructions]

Please note this event is being recorded. I would now like to turn the conference over to Xiang Xu, CEO. Please go ahead.

Anita Zhu

Hello everyone. I'm Anita, the Investor Relations of Daqo New Energy. Thank you for joining our conference call today. So Daqo New Energy just issued its financial results for the first quarter of 2024, which can be found on our website at www.dqsolar.com.

So today, attending the conference call, we have our chairman and CEO, Mr. Xiang Xu; our CFO, Mr. Ming Yang, and myself. The call today will begin with an update from Mr. Xu on market conditions and company operations and then Mr. Yang will discuss the company's financial performance for the quarter. After that, we'll open the floor to Q&A from the audience.

Before we begin the formal remarks, I would like to remind you that certain statements on today's call, including expected future operational and financial performance and industry growth, are forward-looking statements that are made under the Safe Harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These 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. 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. These statements only reflect our current and preliminary view as of today and may be subject to change.

Our ability to achieve these projections is subject to risks and uncertainties. All information provided in today's call is as of today and we undertake no duty to update such information except as required under applicable law. Also, during the call, we'll occasionally reference monetary amounts in U.S. Dollar terms. Please keep in mind that our functional currency is the Chinese RMB. We offer these translations into U.S. Dollars solely for the convenience of the audience. Mr. Xu will make his remarks regarding current market conditions and company performance in Chinese, which I'll translate into English after he finishes.

Now I'll turn the call to our CEO. [Foreign Language]

Xiang Xu

Thank you Anita.

[Foreign Language] [Interpreted]

Hello everyone this is Anita. Thank you for joining the call. So I'll now translate our CEO Mr. Xu's remarks. During the first quarter, we continued to optimize our manufacturing operations and made improvements in both yield and throughout at our two poly facilities.

Total production volume for the quarter was 62,278 metric tons, which was above our expectations and represented an increase of 1,264 metric tons compared to the previous quarter. Our Inner Mongolia 5A facility contributed 46% of our total production volume for the first quarter. Through achievements in R&D and significant purity improvements at our both facilities, we further increased our N-type product mix from 60% in December last year to 72% in March. Compared to the end of last year, production cost trended down over the quarter, decreasing further by 2% from fourth quarter 2023 to an average of $6.37 per kilogram in the first quarter of 2024.

For the quarter, we generated $77 million in EBITDA. By the end of first quarter 2024, the company maintained a strong cash balance of $2.7 billion and a combined cash and bank note receivable balance of $2.9 billion. We expect second quarter 2024 total poly production volume to be approximately 60,000 metric tons to 63,000 metric tons, similar to that of first quarter 2024, as the company maintains full production. We expect to finish construction and begin initial pilot production at our new Inner Mongolia Phase 5B facility in the second quarter 2024 and expect to ramp up to full production level by the end of third quarter 2024.

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As a result, we anticipate full year 2024 production volume to be in the range of 280,000 metric tons to 300,000 metric tons, approximately 40% to 50% higher than that of 2023. With more than 15 years of experience in poly production, as well as a fully digitalized and integrated production system that optimizes operational efficiency, we will continue to increase our N-type production in the product mix.

During the first quarter, the solar market initially showed signs of strength as we headed into the Chinese New Year holiday in February. Despite production cuts and down time as usual, during the holidays, polysilicon demand had been strong preholiday, as wafer manufacturers kept utilization rate unchanged or even higher, in anticipation of higher demand and better product pricing post-holidays.

The general polysilicon price range was RMB65 to RMB70 per kilogram for n-type and RMB55 to RMB60 per kilogram for P-type during this period. However, with weaker than expected production plans downstream starting in March, the wafer sector faced significant pressure from accumulated inventories and negative margins. Market sentiment shifted significantly in mid-March with widespread expectations of falling prices throughout the value chain, particularly for polysilicon.

As a result, downstream manufacturers began to lower utilization, reduce inventory and delay orders to minimize the impact of falling prices. In April, further pressure on polysilicon prices emerged as the issues of excess inventory among wafer manufacturers worsened and wafer customers further delayed orders and product delivery. Therefore, polysilicon prices dropped further by late-April to RMB47 to RMB54 per kilogram for Tier-1 producers, at the industry's cash break-even cost.

At this level, we believe the entire solar value chain, including polysilicon, is likely to be loss making in general and that a large number of polysilicon producers are currently unprofitable. The solar industry has gone through multiple cycles in the past and, based on our previous experience, we believe that the current low prices and market downturn will eventually result in a healthier market, as poor profitability and losses, as well as cash burn, will lead to many market players exiting the business with some possible bankruptcies. This will bring the inevitable capacity rationalization and solve the overcapacity issue we are currently experiencing.

And as demand growth resumes after excess inventories are depleted in the [short-term] (ph) and on the backdrop of positive policies pushing renewable installations in the long-run, the solar PV industry will return to normal profitability and achieve better margins. We believe that at the end of the quarter, we had one of the industry's lowest levels of finished goods inventory, with approximately two weeks of production.

Overall, 2023 marked a step change for renewable power growth, with China's newly installed solar PV capacity reaching a record high of 216.9 gigawatt, representing a 148% year-over-year growth. We continued to see strong growth in solar PV installations in China during the first quarter of 2024, which reached an aggregate of 45.7 gigawatt, representing a 36% year-over-year growth rate.

Solar has become one of the most competitive forms of power generation, and continuous cost reductions in solar PV products and associated reductions in solar energy generation costs are expected to create substantial additional demand for solar PV. With 2023 setting the stage for gradually phasing out P-type products, we believe that 2024 will [mark] (ph) the year when N-type products dominate the industry. We are optimistic that we will capture the long-term benefits of the growing global solar PV market and maintain our competitive advantage by enhancing our higher efficiency N-type technology and optimizing our cost structure through digital transformation and AI adoption.

As one of the world's lowest-cost producers with the highest quality N-type product, a strong balance sheet and no financial debt, we believe we are very well positioned to weather the current market downcycle and emerge as one of the leaders in the industry to capture the market's future growth.

Now I will turn the call to our CFO, Mr. Ming Yang, who will discuss the company's financial performance for the quarter. Ming, please go ahead.

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Ming Yang

Hello, everyone. This is Ming Yang, CFO of Daqo New Energy. We appreciate you joining our earnings conference call today. I will now go over the company's first quarter 2024 financial performance. Revenues were $415.3 million, compared to $476.3 million in the fourth quarter of 2023 and $709 million in the first quarter of 2023. The decrease in revenues compared to the fourth quarter of 2023 was primarily due to a decrease in average selling prices and lower polysilicon sales volume.

Gross profit was $72 million compared to $87 million in the fourth quarter of 2023 and $506 million in the first quarter of 2023. Gross margin was 17.4% compared to 18.3% in the fourth quarter of 2023 and 71.4% in the first quarter of 2023. The decrease in gross margin compared to the fourth quarter of 2023 was primarily due to lower average selling prices, which was partially mitigated by lower production costs.

Selling general and administrative expenses were $38.4 million compared to $39 million in the fourth quarter of 2023 and $41.3 million in the first quarter of 2023. SG&A expenses during the first quarter included $19.6 million in non-cash share-based compensation cost related to the company's share incentive plan compared to $19.6 million in the fourth quarter of 2023.

R&D expenses were $1.5 million compared to $3.3 million in the fourth quarter of 2023 and $1.9 million in the first quarter of 2023. R&D expenses vary from period to period and reflect the R&D activities that take place during the quarter. Our R&D activities currently focus on process and technologies that improve purity for polysilicon and remove contamination to increase our N-type polysilicon percentage.

As a result of the foregoing, income from operations were $30.5 million compared to $83.3 million in the fourth quarter of 2023 and $463.8 million in the first quarter of 2023. Operating margin was 7.3% compared to 17.5% in the fourth quarter of 2023 and 65% in the first quarter of 2023. Foreign exchange loss was $0.3 million compared to a loss of $0.8 million in the fourth quarter of 2023. And this is attributed to the volatility and fluctuation of the U.S. Dollar to RMB exchange rate during the quarter.

Net income attributable to Daqo New Energy shareholder was $15.5 million compared to $53.3 million in the fourth quarter of 2023 and $278.8 million in the first quarter of 2023. Earnings per basic ADS was $0.24 compared to $0.76 in the fourth quarter of 2023 and $3.56 in the first quarter of 2023. Adjusted net income attributable to Daqo New Energy shareholders excluding non-cash share based compensation costs, was $36 million compared to $74.3 million in the fourth quarter of 2023 and $310 million in the first quarter of 2023.

Adjusted earnings per basic ADS was $0.55 compared to $1.06 in the fourth quarter of 2023 and $3.96 in the first quarter of 2023. EBITDA was $76.9 million compared to $128 million in the fourth quarter of 2023 and $490 million in the first quarter of 2023. EBITDA margin was 18.5% compared to 26.9% in the fourth quarter of 2023 and 69% in the first quarter of 2023.

Now the company's financial condition. As of March 31, 2024, the company had $2.689 billion in cash and cash equivalents compared to $3.05 billion as of December 31, 2023, and $4.1 billion as of March 31, 2023. And as of March 31, 2024, the notes receivables balance was $194 million, compared to $116 million as of December 31, 2023, and $791 million as of March 31, 2023. Notes receivables represent bank notes with maturity within six months.

For the three months ended March 31, 2024, net cash used in operating activities was $115.9 million compared to net cash provided by operating activities of $807 million in the same period of 2023. Net cash used in operating activities for the quarter was a result of changes in operating assets and liabilities, primarily related to the company's payment of approximately $75 million in tax payables that is due -- during the first quarter, as well as an increase in notes receivable balance of approximately $78 million.

And other items that use cash include payments to suppliers in conjunction with the period related to the Chinese New Year holidays, as well as the increase in inventory. For the three months ended March 31, 2024, net cash used in investing activities was $190.5 million compared to $268.9 million in the same period of 2023. Net cash used in investing activities in the first quarter of 2024 was primarily related to the capital expenditures on the company's Phase 5A and Phase 5B polysilicon expansion projects in Baotou City, Inner Mongolia. Due to the recent changes in market conditions, the company's Board and management team have decided to temporarily postpone the company's non-polysilicon manufacturing capacity expansion plans to reserve capital.

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As such, the company's capital expenditure plan has been reduced to approximately $700 million for the year, which is related to the company's Inner Mongolia polysilicon project. And this represents a significant decrease from the previous capital expenditure plan for the year of approximately $1.1 billion to $1.2 billion. And for the three months ended March 31, 2024, net cash used in financing activities was $6 million compared to net cash provided by financing activities of $59.9 million in the same period of 2023. Net cash used in financing activities in the first quarter of 2024 was primarily related to approximately $5 million that was used for the company's share repurchase.

And that concludes our prepared remarks. We will now open the call to Q&A from the audience. Operator, please begin.

Question-and-Answer Session

Operator

We will now begin the question-and-answer session. [Operator Instructions] The first question today comes from Phil Shen with ROTH MKM. Phil, your line is open if you'd like to ask your question. We seem to be unable to connect to Phil Shen audio. The next question comes from Alan Lau with Jefferies. Please go ahead.

Alan Lau

Thanks a lot for taking my question management. So I think the first question that I've received after the announcement is about the buyback. So I wonder if there's any guidance from the management in regards to buyback or dividends planned in this year?

Ming Yang

Okay. So the Board actually had a discussion about potentially doing -- continuing to do the share repurchase program. But I think in light of the current market condition, where the industry overall is actually looking like it's going to be making losses, and we're uncertain how long this might last. So the Board does feel that it's more prudent to conserve capital for now to weather the market downturn. And then they would like to see how the market would perform, and if the market does improve perhaps later in the year, I think the Board would definitely consider a program at a later date as appropriate. I think just because of the market condition, I think the Board does feel that we need to conserve capital, right. I think including though -- we significantly reduced our capacity expansion plans.

And separately, I think the company is also strategically looking at potential expansions overseas outside of China, including U.S. and Middle East, where we're actually looking at several locations pretty actively, and then also potentially in other areas in Southeast Asia as well. So that also represents a potential use of funds for the company. So the Board is also making some considerations because of that as well.

Alan Lau

I see. And another question I have is on the sales volume. So in terms of the production – and actually the company has actually -- have an [upside] (ph) price in the production volume. The sales seems lower than the production volumes. So would like to know how much is the inventory right now in the company? And also in regards to the sales volume in the first quarter, was it related to the [cut in] (ph) utilization rate in wafer segment?

Ming Yang

Okay. Yes. I think operationally, the company actually was doing very well this quarter. I think if we exclude the impact of the market condition in the second half of March, I think we produced more than 52,000 metric tons, right, increase of the previous quarter. So this is a pretty good improvement. But particularly on the quality side, we made very significant improvements in quality, particularly in Inner Mongolia facility. So N-type as of March is now north of 70% of our mix. And at the same time, we also saw further reduction in production costs.

I think just to start -- since mid-March, the industry conditions declined significantly. I think customers delayed their orders. They delayed delivery of polysilicon for production to lower the utilization I think in anticipation of lower polysilicon pricing, but also because of the significant wafer inventory that was occurring at the time. Yes. So actually, this situation actually persisted more or less through mid-to-late April.

I think now we are shipping normally, but at a much lower pricing. At the end of the quarter, we had approximately slightly less than two weeks of production of finished goods inventory. So we think that's probably one of the lowest within the industry.

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Alan Lau

Two weeks of inventory is actually quite impressive. So I had a question on the other operating income. So the Q-o-Q change is relatively significant. So I would like to know is it related to the change in the subsidies provided in terms of power tariff?

Ming Yang

So actually, I believe we had other -- so it is actually an expense for the quarter rather than income. And then it's related to some of the older equipment that we replaced. So the old equipment needs to be expensive, it's longer being used. It's amounted to about $1.6 million. So it's not too significant. This happens like maybe once a year or something like that.

Alan Lau

I see. Understood. So in the first quarter, there isn't any subsidies coming in, right, like in 4Q?

Ming Yang

Yes. So we would expect some subsidy potentially in the second quarter and then more subsidy likely in the fourth quarter. Usually, it's in the second half of the year.

Alan Lau

I see. So I think my last question is regards to the industry. Like how do you see the poly price going forward this year? And then when do you see a turnaround in the industry?

Ming Yang

Okay. So the most recent price decline, we believe actually is more of a result than the inventory adjustment that's happening, right? So customers delaying orders and with the expectations of lower pricing in future periods, right? So some people then want to take a wait-and-see mode. And now at the lower price, we're starting to see orders returning also at a lower level, lower pricing level.

We think the pricing level where the industry is having now is actually money losing probably for, I would call, 70%, 80% of the industry. So I think, almost majority of the players are losing money right now, and this certainly cannot be sustainable. I think, if this price starts persists, it's a matter of time a number of players will likely need to shut down or some may even exit the business or going to bankruptcy.

I think we are likely to see that if price stays at this low level. But then that will bring the eventual capacity rationalization, right? I think that people are expecting. And at the same time, you also have a lot of opportunity on demand. So also we think China is likely to be very strong this year because of where the panel price is right now. So it's offering very high return for the solar project in China? I think globally as well. So we are optimistic that we could see a very significant end-market this year. So I think it is the balance of these two. And the timing is hard to tell. I think we could see some improvements in the second half of this year.

Alan Lau

Okay. So I think -- and another thing is the [indiscernible] so we have talked about a lot of players are actually losing money. So are you going to delay your Phase 5B? Or like what is the [cap] (ph) which is going to look like in this year, especially at current prices?

Ming Yang

So we're delaying everything else, almost everything else except 5B, because 5B is already ready to go into production, because it is been under construction for over a year. So I think, 5B will still -- at least for now, as of today, it is still being planned, as originally scheduled to stop production in Q2 in this quarter actually, initial production and then ramp up in Q3.

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Alan Lau

Okay. Thanks a lot. I'll pass on and – pass on to other investors. Thanks a lot for taking my question.

Ming Yang

Okay, thank you.

Operator

The next question comes from Leo Ho with Daiwa Capital Markets. Please go ahead.

Leo Ho

All right. Thanks management for the time today. My first question is regarding the FBR on granular silicon. We noticed that there are several major module makers, including for example, [indiscernible] and JKS. Suggesting that the FBR doping ratio, now they can do around 50% for N-type wafer. I just wonder if we can share any update on this FBR [user situation] (ph) and what's our take and then why we're seeing such a sudden increase in the doping ratio? Thank you.

Ming Yang

I think on the FBR, at least based on feedback from our customers is that it continues to have high levels of contaminants and higher surface metal and higher hydrogen and higher carbon. So I think, the challenge with most of the wafer producer is that the hard carbon content actually leads to breaking of the [water salt] (ph). And then also the contamination and also the hydrogen jumping issue means less amount of poly can be used per run.

So if you use FBR, you have a slight reduction in production yield per run on the ingot. And that's the main reason why customers require a discount and currently primarily use it as a mix. In the previous understanding, the mix is between 10% to 30%. But I think, every producer probably has a slightly different mix. And I think, some the main player, these players are also our customer, but I think I don't they want to diversify their sourcing or maybe they want to lower their costs, right?

So I mean, they are always looking for lower cost sources to the extent that they can use, right? So we're not surprised that they have -- some kind of agreement. And these agreements are always, at least in China, almost always -- these are kind of framework agreements, right? So the volume and pricing is adjusted on a monthly basis.

Leo Ho

Understood. That's very clear. My next question is regarding the price gap for different type of polysilicon, say for example, N-type versus P-type, and then also for N-type high-quality polysilicon that we produce against FBR, what are those price gaps going to look like right now and also looking forward? Thank you.

Ming Yang

I think consistently, the N-type poly has had price premium in the range of maybe RMB5 to RMB10 per kilogram I think currently, it is somewhere in the RMB7 to RMB8 per kilogram still, even at the current pricing. While FBR is generally priced at a discount to the P-type poly generally. But probably FBR has different grades, right? But within N-type and P-type, there is also different grades generally related to the form factor of the surface structure. Yes. So it's not like one single price, it's usually a range of price.

Leo Ho

And my last question is regarding electricity tariff for our [Baotou and Xinjiang] (ph) capacities. Would there be any like electricity tariff changes that we expected for this year or for next year?

Ming Yang

[No] (ph), we expecting any electricity tariff adjustments on the electricity rates?

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Leo Ho

Thank you so much. Exactly, thank you.

Ming Yang

Okay. I think for Xinjiang, we are expecting the rate to be very stable. I think the rate has been fixed. The previous adjustment was mostly related to I think a policy issued by NDRC that kind of forbid, in a single entity type of energy price structure. At the same time, it also coincided at a time where the coal prices was at a higher price. So our utility company, actually was losing money on the power sales to us, on the power they generated.

So after the rate adjustment, that's no longer the case. And we continue to have the most favorable utility rate for that local utility for the region. And we are still competitive, but we don't expect that to change, or the rate to change. I think similarly for Inner Mongolia -- Inner Mongolia already had an adjustment, I think around in the first half of 2023, I believe also based on the NDRC rule.

So now the Inner Mongolia rate structure is actually a market based structure, where actually the rate is not fixed, it's actually floating based on market supply and demand for the utility market. But because we buy a significant portion of our power comes from renewables and renewable pricing utility is lower than coal for the Inner Mongolia grid. And also we have the most preferential pricing for the whole local grid there. So we do think we have a very, very competitive utility price there, and we don't expect that to change. It's already been adjusted.

Leo Ho

Thank you so much for the additional color. These are all from my side. Thank you.

Ming Yang

That's great. Thank you.

Operator

[Operator Instructions] The next question comes from Phil Shen with ROTH MKM. Please go ahead.

Philip Shen

Hi everyone. Thanks for taking my questions. Sorry about the technical difficulties earlier. I would like to explore price just a little bit more. Can you give us a sense of pricing beyond this year as well? Do you think there could be some recovery next year. And we have seen price decline recently. And some of the experts that we've been consulting with suggest that prices will continue to decline as we go through the year. So wondering if you can give us a view of 2025? Thanks.

Ming Yang

Okay. We do think pricing is probably at the bottom, or if not at the bottom, near the very bottom. It's already below cash breakeven price for a lot of the producers. We think 70% to 80% -- we think starting in the next two months or so, we will start to see shutdown -- we're already starting to see shutdowns and we will see more shutdowns going forward. So if this say persists through Q3, we think some of the producers will run into cash problem. And then if we goes into next year, I mean -- we might see an OCI-like type of shutdown right? I think some of the investors might remember OCI shut down in [2020] (ph). I think that was -- they kind of gave -- so I think if price stays low, we will see this kind of condition.

We don't think price can stay this low until say through next year. Certainly, you will have much lower production of poly than – poly is not sufficient to service the market and the demand growth. And then some of the current market condition is due to inventory adjustments, right? So I mean, ultimately, the downstream customers will need to restart buying again, right? Because they bought probably more than they need, say, in the first half of the quarter and then when [technical difficulty] their expected demand or price increase did not materialize in the second half of March, that's when they slowed down the stock ordering. So it's kind of the market behavior that's creating kind of the volatility that we are seeing in the market.

Philip Shen

Got it. Thanks Ming. And can you talk about the amount of channel inventory that's in the market now? And then do you expect that to continue to grow for the near-term? And then when do you think that peaks? Thanks.

Ming Yang

We've heard various amounts of -- you call it, statistics or a number -- we've heard it is somewhere in the range of 150,000 to 180,000 metric tons right now of channel inventory and we're very insignificant part of that and some of our peers. A main period actually have a lot of inventory currently. So we will see how that works.

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Philip Shen

Okay. And then you talked about 70% to 80% of losing money. What's your guess as to what percentage of the industry could be shut down by the end of the year? I mean do you think it could be as much as [a-quarter] (ph) of the industry could be shed like -- well, what percentage of the business could of the industry could go out of business and maybe go away? Or what are your thoughts on that? Thanks.

Ming Yang

This is a very ballpark. I think about half would shut down. Yes. I mean, yes -- I think capacity that's kind of [such that] (ph) it's definitely not competitive. The capacity [indiscernible] not competitive at the current market. And then even some capacity in Inner Mongolia [isn't competitive] (ph) at the current price.

Philip Shen

Okay. What are your thoughts on the Chinese government stepping in to influence or regulate maybe setting price caps or something like that. We were reading and seeing some potential for that for the module industry. Do you think there could be something like that for poly where the government steps in to avoid this overcapacity in the future?

Ming Yang

We haven't heard about that at all. We haven't seen any government actions related to that.

Philip Shen

Okay, thank you very much. I'll pass the line.

Ming Yang

Okay, thank you.

Operator

The next question comes from Alan Hon with JPMorgan.

Alan Hon

This is Alan from JPMorgan. I have questions on the amount of capacity in the system right now? And also like the outlook in the next one or two quarters, I mean other than who else would be adding capacity. That would be my first question.

Ming Yang

Understanding of capacity in the system is around maybe 1.8 million to 2 million tons per year.

Alan Hon

Got it. And my second question is like -- what do you expect your cost structure will be with the new plant management in second quarter? Or for the new plant, what do you expect the new plant's cost structure will be?

Ming Yang

Okay. I think -- at least as of today, okay so we are expecting our costs to continue to decline. So I think preliminarily, because we are ramping up Inner Mongolia Phase 2. So cost for Q2 is probably similar to slightly less than in Q1. And then we think costs will continue to trend down for Q3 and Q4.

Alan Hon

Well, I guess like one driver of the cost down with the combination of the new plant in second quarter, that will be fully ramped up in Q3, right? So do you have like a target for the cost structure of the new plant?

Ming Yang

Okay. So I don't think we've discussed this earlier. So for the first time, Inner Mongolia cost is now below our Xinjiang cost, right? I don't know if you remember. So the Inner Mongolia cost design was to be below Xinjiang, but was higher than Xinjiang in Q3, Q4 until this quarter. Also we had very significant improvements in quality as well. So I think, that gave us further confidence that once Inner Mongolia Phase 2 starts, it should be able to see similar or even better trajectory in terms of cost reduction and quality improvement, right? Because now we've done this once already, so we know where all the issues are --.

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Alan Hon

Got it. Thanks and [indiscernible] my questions.

Ming Yang

Okay, thank you Alan.

Operator

This concludes our question-and-answer session. I would like to turn the conference back over to Anita Zhu for any closing remarks.

Anita Zhu

Thank you, everyone, again for participating in today's conference call. If you have any further questions, please don't hesitate to contact us. Thank you and have an awesome day. Goodbye.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

**Load-Date:** April 29, 2024

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