

# FY 2013 Fourth Quarter and Year-end Conference Call

May 30, 2013

## Speakers

Mr. Kevin Ma, Chairman and CEO

Mr. Benson Tsang, CFO

Turning manpower into talents  
we qualify people

ATA  
考试服务专家

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Note: All U.S. dollar amounts in this presentation, relating to the Company's most recent quarter and year ended March 31, 2013, financial results, are converted from RMB using an exchange rate of 6.2108 RMB:1 USD. All historical conversions are accurate as of the time reported, unless otherwise noted. The Company reports its financial results under U.S. GAAP in RMB, and all percentages calculated in the presentation are based on RMB unless otherwise noted.

- Track record of administering millions of tests a year without a single incidence of security breach
- Proprietary testing technology being used in 161 countries
- Nationwide network of over 2,800 test centers
- China's leading computer-based test services provider



## ATA At-A-Glance

<b>Ticker</b>	NASDAQ: ATAI	<b>Fiscal Year End</b>	March 31
<b>IPO</b>	January 2008 (Underwriters: Merrill Lynch, Piper Jaffray)	<b>Auditor</b>	KPMG (since IPO)
<b>Recent Stock Price</b>	\$4.50 (as of 5/28/2013)	<b>Market Cap</b>	\$102 million (as of 5/28/2013)
<b>ADSs Outstanding</b>	22.6 million	<b>Book Value Per ADS</b>	\$2.69
<b>Industry/Business</b>	Computer-based testing across multiple industries in China	<b>Test Centers</b>	2,804

All information as of 3/31/2013 unless otherwise noted.

# Operating and Financial Highlights – Benson Tsang

**Benson Tsang**, Chief Financial Officer and Chief Accounting Officer

- More than 21 years in finance, capital markets, and accounting
- Previously CFO of WuXi PharmaTech (NYSE: WX)



# Key FY 2013 Operating Accomplishments



Delivered 8.7 million billable tests in Fiscal Year 2013, a YoY increase of 9%

Successfully delivered 1.4 million exams across China, Hong Kong and Macau SARs for the first computer-based National Unified CPA Exam in October 2012

Administered recruitment and internal assessment exams for branches of large banks in China

Completed campus recruitment projects for a number of large corporations

Made significant investments in growing TOEIC and HR Select businesses for corporate clients

## Simultaneous, Large-scale Test Delivery

- Nationwide network of 2,804 test centers (as of 3/31/2013) covers every province in mainland China
- No competitor with comparable network size in China
- Each test center requires an average 3 to 6 months to develop



**Stronger-than-expected net revenue results for Fourth Quarter 2013 led to beating consensus estimates for Q4**

**Gross margin for FY 2013 impacted by:**

- YoY decrease in SAC exam volumes
- Lower revenue contributions from higher-margin online and continuing education services business
- Implementation expenses associated with China CPA exam

**Exceeded previously revised net revenue and non-GAAP net income guidance for FY 2013\***



\*As reported in the Company's fiscal 2013 third quarter financial results press release on 2/4/2013

# FY 2013 Q4 Actual vs. Market Consensus



USD millions except per share data	FY 2013 Q4 Actual	Market Consensus*
Net Revenues	\$8.4	\$6.4 ✓
Gross Profit	\$4.8	\$2.7 ✓
Non-GAAP Net Income (Loss)	(\$0.5)	(\$3.1) ✓
Non-GAAP Diluted Earnings (Losses) per ADS	(\$0.02)	(\$0.14) ✓

\* As of the most recent February 2013 analyst reports

## ATA's Covering Analysts

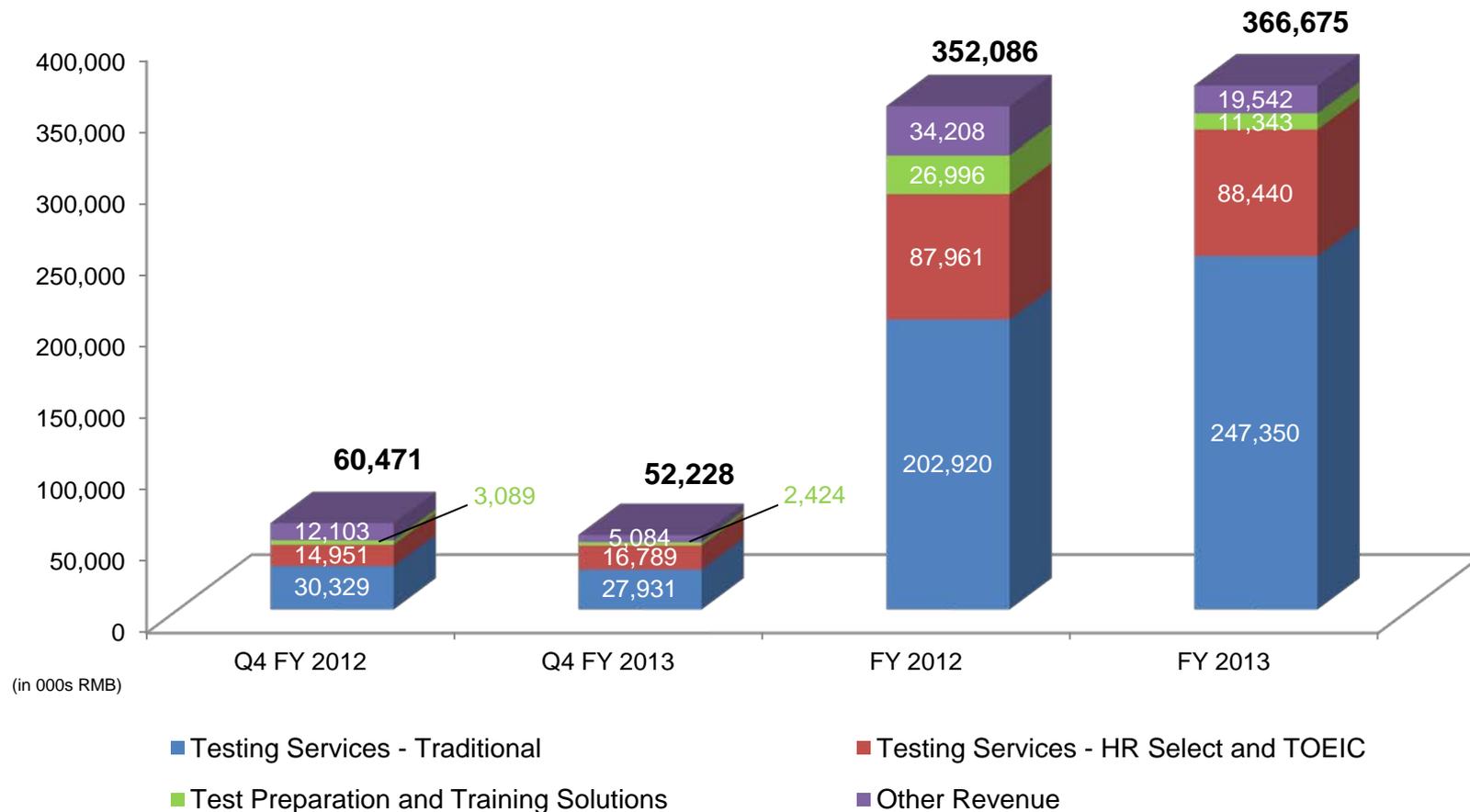
- Ella Ji, Oppenheimer & Co.
- Mark A. Marostica, Piper Jaffray



# Revenue Breakdown



- **Testing Services** is ATA's core business—about 86% of revenues in Q4 FY 2013.
  - Private sector business (HR Select and TOEIC) included under this category
- **Test Preparation & Training Solutions / Other Revenue** – for continued professional development, as well as for English language education

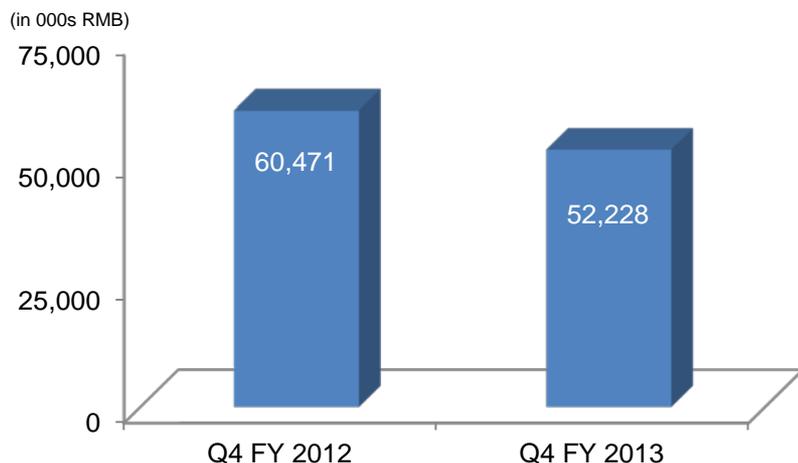


# Summary Financial Results – Fourth Quarter



In 000s except margin and per share data	Q4 FY 2012	Q4 FY 2013	Q4 FY 2012	Q4 FY 2013
	RMB		USD	
<b>Net Revenues</b>	60,471	52,228	\$9,602	\$8,409
<b>Cost of Revenue</b>	27,658	22,437	\$4,392	\$3,612
<b>Gross Profit</b>	32,813	29,791	\$5,210	\$4,797
<b>Gross Margin</b>	54.3%	57.0%	54.3%	57.0%
<b>Operating Expenses</b>	28,678	37,215	\$4,554	\$5,992
<b>Income (Loss) from Operations</b>	4,135	(7,424)	\$656	(\$1,195)
<b>Net Income (Loss)</b>	3,296	(6,122)	\$523	(\$986)
<b>Diluted Earnings (Losses) Per ADS</b>	0.14	(0.28)	\$0.02	(\$0.04)

### Fourth Quarter Net Revenues



### Fourth Quarter Gross Margin

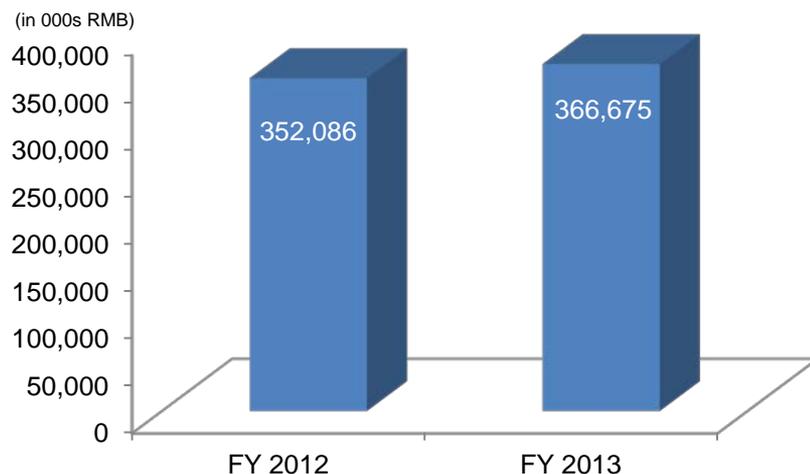


# Summary Financial Results – FY 2013

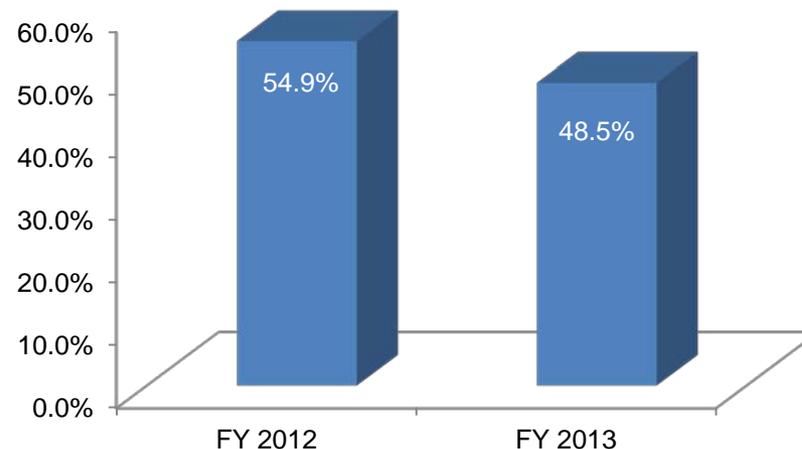


In 000s except margin and per share data	FY 2012	FY 2013	FY 2012	FY 2013
	RMB		USD	
<b>Net Revenues</b>	352,086	366,675	\$55,909	\$59,038
<b>Cost of Revenue</b>	158,818	188,832	\$25,219	\$30,403
<b>Gross Profit</b>	193,268	177,843	\$30,690	\$28,635
<b>Gross Margin</b>	54.9%	48.5%	54.9%	48.5%
<b>Operating Expenses</b>	128,782	150,830	\$20,450	\$24,286
<b>Income from Operations</b>	64,486	27,013	\$10,240	\$4,349
<b>Net Income</b>	55,841	23,208	\$8,867	\$3,737
<b>Diluted Earnings Per ADS</b>	2.38	1.00	\$0.38	\$0.16

Fiscal Year Net Revenues



Fiscal Year Gross Margin



# Financial Analysis – Non-GAAP



RMB in 000s except EPS	FY 2011					FY 2012					FY 2013				
	Q1	Q2	Q3	Q4	FY 2011	Q1	Q2	Q3	Q4	FY 2012	Q1	Q2	Q3	Q4	FY 2013
<b>Net Revenues</b>	85,033	33,255	135,879	49,737	303,904	77,616	70,394	143,604	60,471	352,085	88,261	46,754	179,432	52,228	366,675
<b>Net Income (Loss)</b>															
<b>GAAP</b>	8,950	(14,799)	31,193	(5,590)	19,754	13,045	1,443	38,058	3,295	55,841	5,264	(9,087)	33,153	(6,122)	23,208
<b>Adjustment</b>															
<b>Share-based Compensation Expense</b>	1,480	1,282	1,044	846	4,652	1,957	4,076	3,635	2,596	12,264	3,936	2,818	2,794	3,325	12,874
<b>Foreign Currency Exchange (Gain) Loss</b>	13	(1)	(63)	(1,087)	(1,138)	(1,837)	(967)	(877)	48	(3,633)	469	(351)	(157)	(37)	(77)
<b>Non-GAAP</b>	10,443	(13,518)	32,174	(5,831)	23,268	13,165	4,552	40,816	5,939	64,472	9,669	(6,620)	35,790	(2,834)	36,005
<b>Diluted Earnings (Losses) Per ADS</b>															
<b>GAAP</b>	\$0.06	(\$0.10)	\$0.22	(\$0.04)	\$0.14	\$0.08	\$0.00	\$0.26	\$0.02	\$0.38	\$0.04	(\$0.06)	\$0.24	(\$0.04)	\$0.16
<b>Non-GAAP</b>	\$0.06	(\$0.10)	\$0.22	(\$0.04)	\$0.16	\$0.08	\$0.02	\$0.28	\$0.04	\$0.44	\$0.06	(\$0.04)	\$0.26	(\$0.02)	\$0.26

# Strong Balance Sheet With No Debt



Balance Sheet Highlights				
	3/31/2012	3/31/2013	3/31/2012	3/31/2013
In 000s	RMB		USD	
<b>Cash</b>	257,168	290,030	\$40,836	\$46,698
<b>Total Current Assets</b>	355,069	354,770	\$56,383	\$57,121
<b>Total Assets</b>	460,720	457,818	\$73,159	\$73,713
<b>Total Current Liabilities</b>	91,066	79,568	\$14,461	\$12,811
<b>Total Liabilities</b>	94,306	82,271	\$14,975	\$13,246
<b>Shareholders' Equity</b>	366,415	375,548	\$58,184	\$60,467
<b>Total Liabilities &amp; Shareholders' Equity</b>	460,720	457,818	\$73,159	\$73,713



- Increased demand for computer-based exams under traditional Testing Services
- Scalable cost structure continues to support long-term margin expansion
- Industry driven by growing need for certification in China

(in millions RMB)	Guidance for FY 2014		FY 2013
	Low	High	
Net Revenue	403.0	423.0	366.7
Non-GAAP Net Income	37.0	47.0	36.0

(in millions RMB)	Guidance for Q1 FY 2014 (ending 6/30/2013)		Q1 FY 2013
	Low	High	
Net Revenue	78.0	88.0	88.3



# Growth Strategy for FY 2014 – Kevin Ma

**Kevin Ma**, Co-founder, Chief Executive Officer and Chairman of the Board

- More than 10 years in IT and IT-related education sectors
- Pioneer in commercializing China's testing industry
- Professional entrepreneur since 1996



## ATA will work to:

- Pursue opportunities to transition paper-based exams to ATA's computer-based platform
- Attract new private sector clients with HR Select and TOEIC services while working to expand upon relationships with current clients, diversify revenue mix
- Develop a new mobile testing system (MTS) that will enable the Company to build global client relationships
- Attract new test takers to existing tests while simultaneously developing new titles
- Concentrate on generating free cash flow and strengthening financial position



## At ATA Inc.

Benson Tsang, Chief Financial Officer

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