



**FY 2016 First Quarter Earnings Call**  
August 13, 2015

**Speakers**

Mr. Kevin Ma, Chairman and CEO  
Ms. Shelly Jiang, Interim CFO

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Note: All U.S. dollar amounts in this presentation, relating to the Company's fiscal first quarter ended June 30, 2015, financial results, are converted from RMB using an exchange rate of 6.2000 RMB:1.00 USD, the noon buying rate as of June 30, 2015. 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.

- **ATA is China's market leader of advanced testing technologies and related services.**
- 15-year track record of administering millions of exams per year with no incidence of security breach
- Proprietary testing technology being used in 161 countries
- Nationwide network of approx. 3,000 test centers



## ATA At-A-Glance

Ticker	NASDAQ: ATAI
IPO	January 2008 (Underwriters: Merrill Lynch, Piper Jaffray)
Auditor	KPMG (since IPO)
Fiscal Year End	March 31
Recent Stock Price	\$3.29 (as of 8/10/2015)
Market Cap	\$75 million (as of 8/10/2015)
ADSs Outstanding	22.9 million
Book Value Per ADS	\$2.72

All information as of 6/30/2015 unless otherwise noted.



# OPERATING AND FINANCIAL HIGHLIGHTS

**Shelly Jiang**, Interim Chief Financial Officer

- Served in ATA's finance department for 10+ years, oversaw Company's 2008 IPO
- Nearly 20 years in finance and accounting experience

# KEY OPERATING HIGHLIGHTS



Delivered 2.5 million billable tests in First Quarter 2016, YoY increase of 11.6%

Developed new relationships within private sector of banking industry, began administering recruitment exams for various local banks

Selected as service provider for computer-based National Patent Agent Qualification Exam and Fund Practitioners Certification Exam

Ongoing development of consumer initiatives: joint development of Exam Inventory Navigator (考试导航) with Zhi Shang, investee company Satech launched Cece TOEFL in July 2015

Undergoing restructuring of testing services business as part of potential New Third Board listing to increase ATA's business prospects within China

## Simultaneous, Large-scale Test Delivery

- Nationwide network of 3,021 test centers (as of 6/30/2015) covers every province in mainland China



# KEY FINANCIAL HIGHLIGHTS



Net revenues of RMB97.5 million, exceeding top end of First Quarter 2016 net revenue guidance range of RMB 84.0 million to RMB94.0 million

Gross margin impacted by timing of cost/revenue recognition for certain client exams

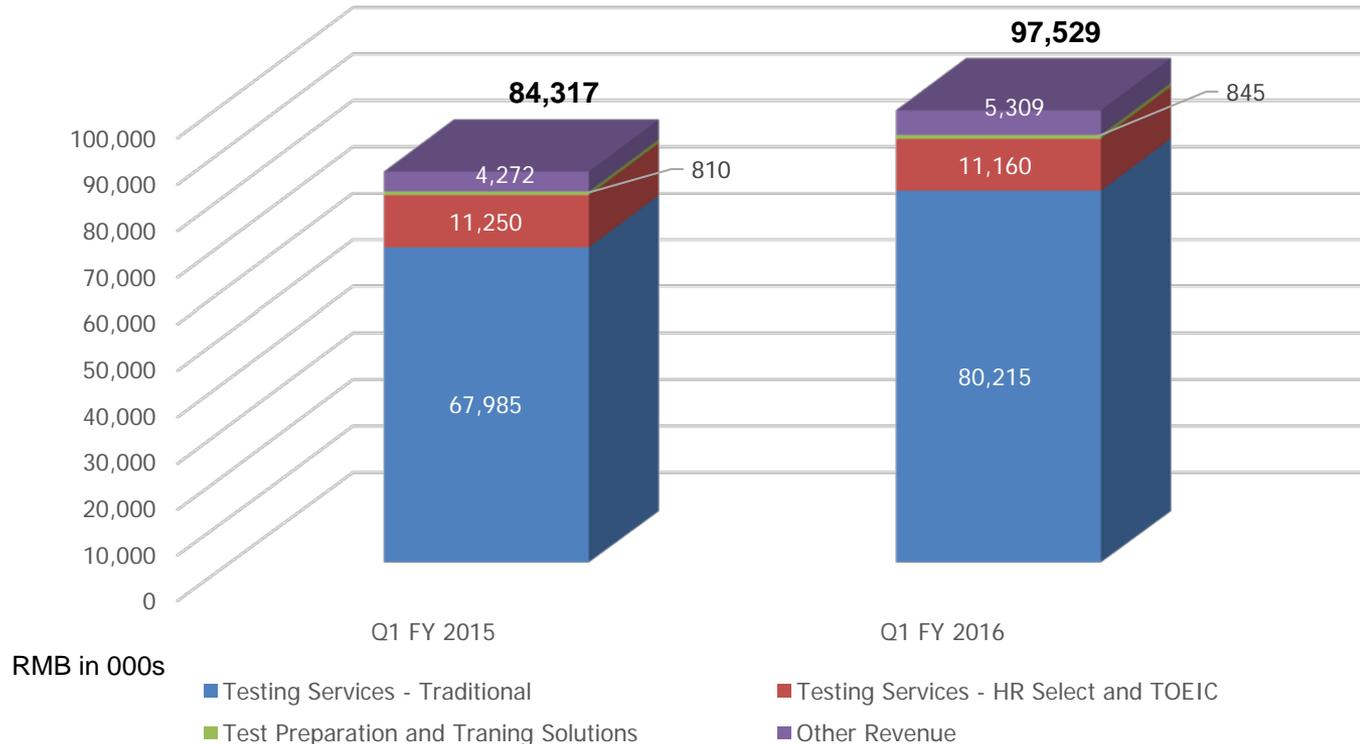
Net income of RMB6.1 million, 33.3% increase from prior-year period, or earnings per ADS of US\$0.04

Reiterates net revenue and non-GAAP net income guidance for FY 2016\*



\*As reported in the Company's fiscal 2015 fourth quarter and year-end financial results press release on 5/28/2015

- **Testing Services** is ATA's core business, offering simultaneous computer-based testing across all of China—about 93.7% of revenues in Q1 FY 2016.
  - Private sector business (HR Select and TOEIC) included under this category
- **Test Preparation & Training Solutions** for continued professional development

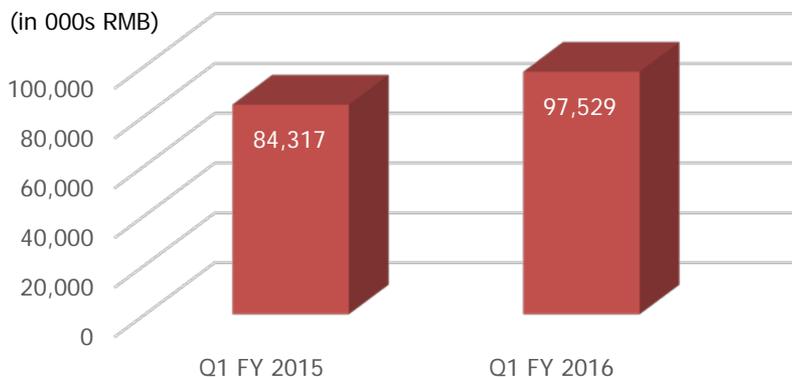


# SUMMARY FINANCIAL RESULTS – FIRST QUARTER

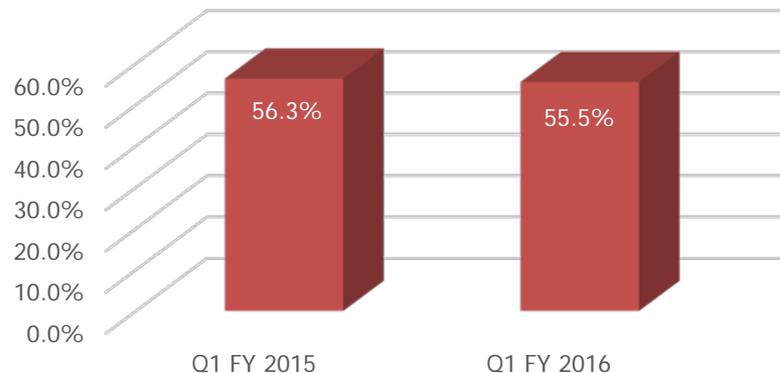


In 000s except margin and per share data	Q1 FY 2015	Q1 FY 2016	Q1 FY 2015	Q1 FY 2016
	RMB		USD	
<b>Net Revenues</b>	84,317	97,529	\$13,592	\$15,730
<b>Cost of Revenue</b>	36,810	43,397	\$5,934	\$6,999
<b>Gross Profit</b>	47,508	54,132	\$7,658	\$8,731
<b>Gross Margin</b>	56.3%	55.5%	56.3%	55.5%
<b>Operating Expenses</b>	39,647	45,335	\$6,391	\$7,312
<b>Income from Operations</b>	7,861	8,797	\$1,267	\$1,419
<b>Net Income</b>	4,606	6,138	\$742	\$990
<b>Diluted Earnings Per ADS</b>	0.18	0.26	\$0.02	\$0.04

**First Quarter Net Revenues**



**First Quarter Gross Margin**



# FINANCIAL ANALYSIS – NON-GAAP



RMB in 000s except EPS	FY 2014					FY 2015					FY 2016
	Q1	Q2	Q3	Q4	FY 2014	Q1	Q2	Q3	Q4	FY 2015	Q1
<b>Net Revenues</b>	92,066	45,089	188,853	58,660	384,668	84,317	102,478	123,048	40,315	350,158	97,529
<b>Net Income (Loss)</b>											
<b>GAAP</b>	9,409	(4,320)	35,578	(13,390)	27,276	4,606	8,831	24,618	(14,998)	23,056	6,138
<b>Adjustment</b>											
<b>Share-based Compensation Expense</b>	1,791	1,671	3,574	3,498	10,535	3,158	2,539	(3,258)	4,671	7,111	3,814
<b>Foreign Currency Exchange (Gain) Loss</b>	(125)	(92)	(68)	334	49	972	(349)	405	39	1,067	59
<b>Non-GAAP</b>	11,075	(2,741)	39,084	(9,558)	37,861	8,736	11,021	21,765	(10,289)	31,234	10,011
<b>Diluted Earnings (Losses) Per ADS</b>											
<b>GAAP</b>	\$0.06	(\$0.03)	\$0.25	(\$0.10)	\$0.20	\$0.09	\$0.06	\$0.18	(\$0.10)	\$0.16	\$0.04
<b>Non-GAAP</b>	\$0.08	(\$0.02)	\$0.28	(\$0.06)	\$0.26	\$0.18	\$0.08	\$0.16	(\$0.08)	\$0.22	\$0.08

## Balance Sheet Highlights

	3/31/2015	6/30/2015	3/31/2015	6/30/2015
In 000s	RMB		USD	
<b>Cash</b>	240,295	220,225	\$38,764	\$35,520
<b>Total Current Assets</b>	312,951	304,097	\$50,484	\$49,048
<b>Total Assets</b>	455,244	457,313	\$73,438	\$73,760
<b>Total Current Liabilities</b>	76,158	69,358	\$12,286	\$11,187
<b>Total Liabilities</b>	77,922	71,108	\$12,570	\$11,469
<b>Shareholders' Equity</b>	377,322	386,205	\$60,868	\$62,291
<b>Total Liabilities &amp; Shareholders' Equity</b>	455,244	457,313	\$73,438	\$73,760

\$35.5 million in cash and no long-term debt at 6/30/2015

# PROJECTIONS – SECOND QUARTER 2016 AND FISCAL YEAR 2016



RMB millions	<b>Guidance for Q2 FY 2016 (ending 9/30/2015)</b>		<b>Q2 FY 2015 Actual</b>
	<b>Low</b>	<b>High</b>	
Net Revenue	46.0	56.0	102.5

RMB millions	<b>Guidance for FY 2016</b>		<b>FY 2015 Actual</b>
	<b>Low</b>	<b>High</b>	
Net Revenue	360.0	380.0	350.2
Non-GAAP Net Income*	28.0	38.0	31.2

\*Guidance range takes into account the operating results of ATA's joint venture and associated companies (Zhi Shang, Master Mind, Satech) in their initial stages



# OUTLOOK FOR FY 2016

**Kevin Ma**, Chairman and CEO

- Co-founded ATA in 1999
- 15+ years in IT and IT-related education sectors
- Pioneer in commercializing China's testing industry

- Strengthen ATA's leadership position in China's testing and assessment market
  - Expand into and build presence in various education markets
  - Explore ways to accelerate growth of core testing business – potential New Third Board listing
- Establish new business partnerships focusing on the consumer market
- Expand existing client relationships

## Test Takers

### **Exam Inventory Navigator (考试导航)**

- ATA-developed mobile application to better serve test takers, continued development with Zhi Shang
- Approx. 680,000 activated users at end of First Quarter 2016
- Serve as promotion channel to introduce consumers to ATA's exams and services

## Professionals/Jobseekers

### **Joint Venture with New Oriental (EDU)**

- Beijing ZhiShang Education Technology Co., Ltd. 北京职尚教育科技有限公司
- Launched new online education and training learning management platform catering to China's workforce in April 2015 – [www.zhiup.cn](http://www.zhiup.cn)

## K-12

### **Partnership/Strategic Investment in Master Mind Education**

- ATA provides its MTS technology to Master Mind Education and its network of K-12 after-school tutoring institutions – [www.dajiahui.cn](http://www.dajiahui.cn)
- 2,495 MTS boxes delivered, Master Mind has been using them at various institutions throughout its tutoring network
- Master Mind to promote use of MTS box amongst students/families in the home

## Study Abroad

### **Strategic Investment in Satech (Beijing) Network Education Technology Limited**

- Satech is a provider of SAT exam-related technologies and services in China
- Launched premier Cece SAT product ([www.cecesat.com](http://www.cecesat.com)) in late 2014
- Launched Cece TOEFL product ([www.cecetofl.com](http://www.cecetofl.com)) in July 2015, expects to launch related mobile application in Second Quarter 2016

## **At ATA Inc.**

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