

The logo for ATA, featuring the lowercase letters 'ata' in a bold, red, sans-serif font. The letters are enclosed within a red square frame that has a slightly irregular, hand-drawn appearance.

TRANSITION YEAR 2017 EARNINGS CALL  
(QUARTER ENDED DECEMBER 31, 2017)

March 19, 2018

Speakers

Mr. Kevin Ma, Chairman and CEO

Mr. Jack Huang, President

Ms. Amy Tung, CFO

# SAFE HARBOR

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Note: All U.S. dollar amounts in this presentation, relating to the financial results for the three and nine months ended December 31, 2017, are converted from RMB using an exchange rate of 6.5063 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.

# OVERVIEW

ATA is China's market leader in advanced testing technologies and related services.

Since 1999, has provided large-scale, computer-based exam services for professional certification and skills assessment in China

Provides technologies for learning institutes/recruiters to improve overall learning/hiring efficiency and effectiveness

ATA estimates approx. 200 million exams are delivered annually in China's testing market.

## ATA At-A-Glance

Ticker	NASDAQ: ATAI
IPO	January 2008 (Underwriters: Merrill Lynch, Piper Jaffray)
Auditor	KPMG (since IPO)
Fiscal Year End	March 31 (Transitioning to Dec. 31)
Recent Stock Price	\$5.07 (as of 3/14/2018)
Market Cap	\$116 million (as of 3/14/2018)
ADSs Outstanding	22.9 million
Book Value Per ADS	\$2.45

All information as of 12/31/2017 unless otherwise noted.



# OPERATING AND FINANCIAL HIGHLIGHTS

Amy Tung, Chief Financial Officer

# KEY OPERATING HIGHLIGHTS

Entered into share purchase agreement with a group of investors with respect to the sale of ATA Online

Delivered 7.3 million billable tests in three months ended 12/31/2017, compared to 7.0 million in prior-year period

Successfully delivered CPA Exam to record 2.9 million test takers in October 2017, sixth consecutive year ATA has administered this exam

Achieved exam volume growth in existing large-scale exams, such as CTA Exam and National Tour Guide Qualification Exam

Continued expanding National and Local Tax Law Knowledge Contests to new cities and provinces in China and delivered other new exams

## Simultaneous, Large-scale Test Delivery

Nationwide network of 3,344 test centers (as of 12/31/2017) covering every province in mainland China



# KEY FINANCIAL HIGHLIGHTS

Net revenues increased 15.7% to RMB316.4 million, driven by exam volume growth

Gross margin of 48.6%, versus 50.8% in prior-year period, due to increased test monitoring costs, share-based compensation expense, and licensing fees

Bottom line impacted by RMB15.2 million impairment charge associated with ATA's investee companies and consulting fees related to ATA Online acquisition proposal

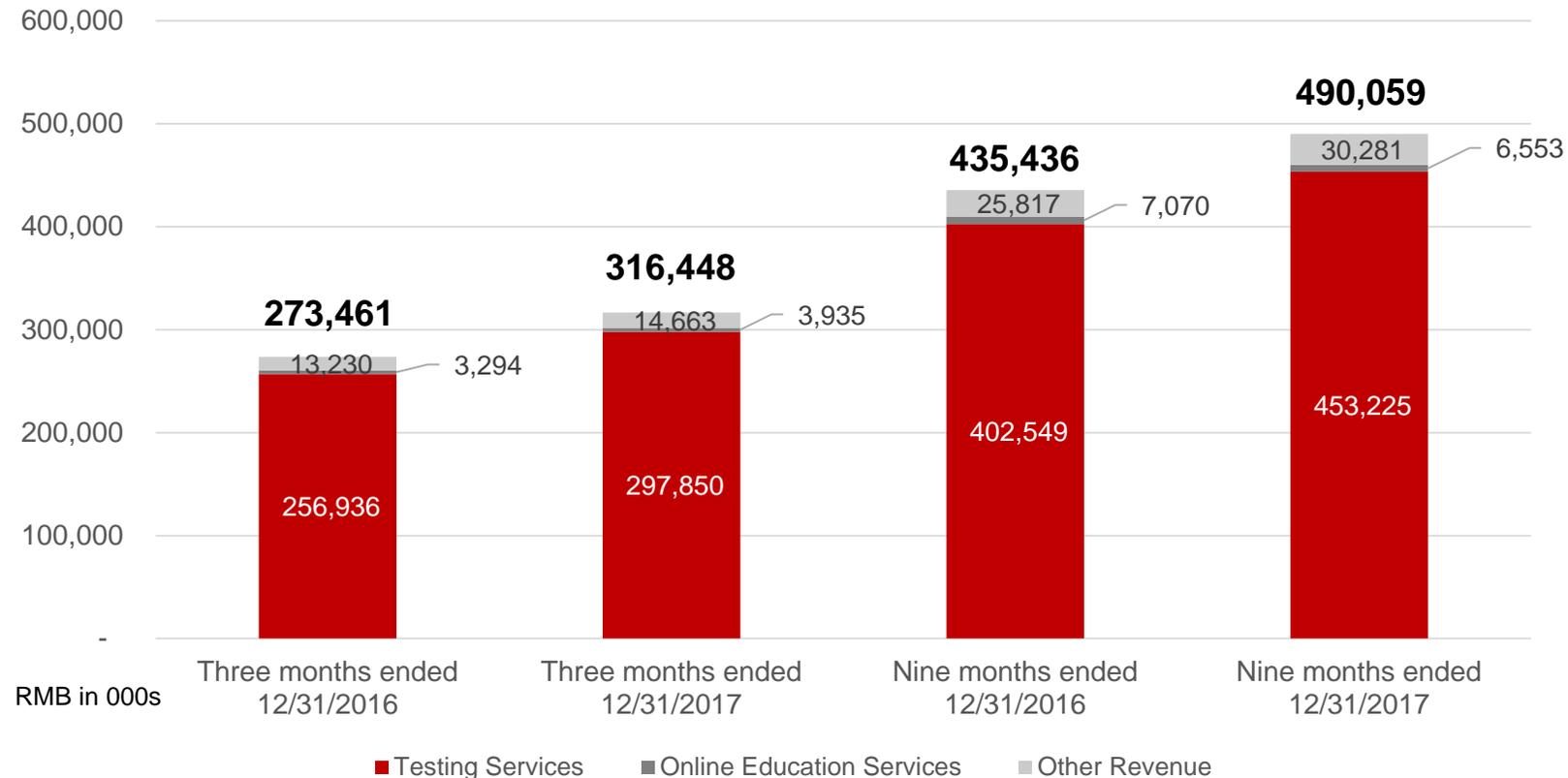
Met net revenue guidance for Nine-Month Transition Period 2017\*

\*As reported in the Company's fiscal 2017 fourth quarter and year-end financial results press release on 6/1/2017



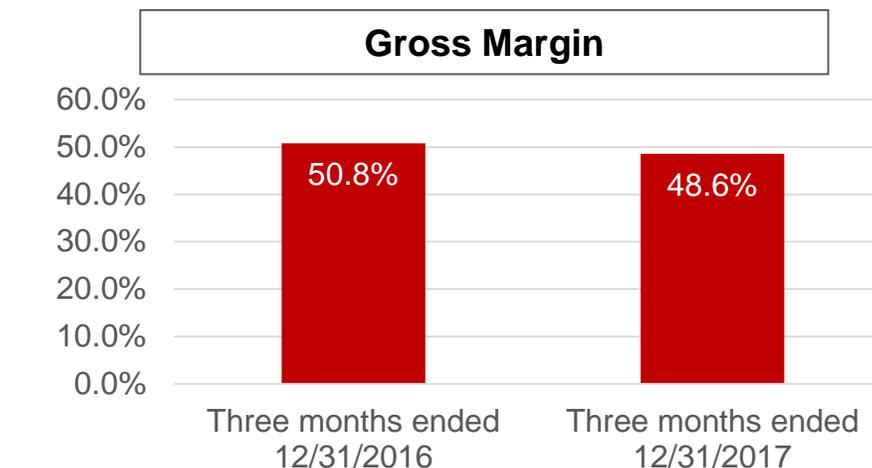
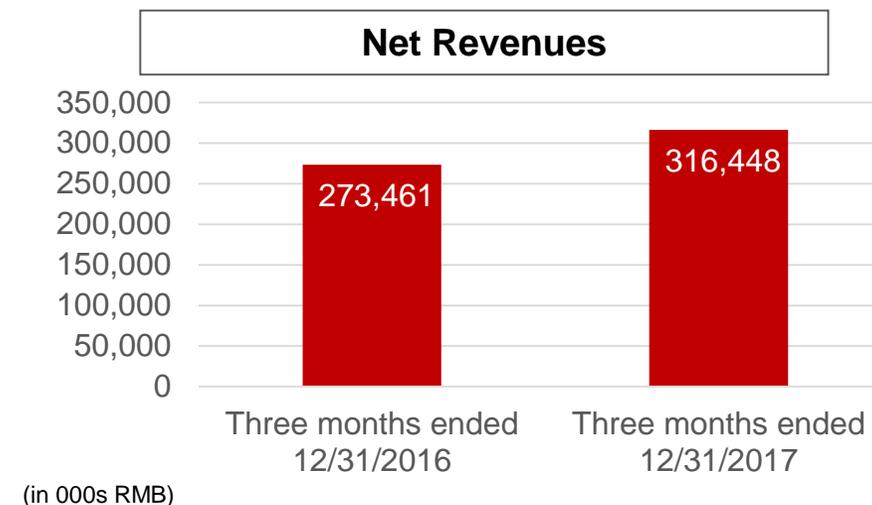
# REVENUE BREAKDOWN

- **Testing Services** for ATA's core test delivery services across China, ~94.1% of revenues in the three months ended 12/31/2017
- **Online Education Services** for continued professional development



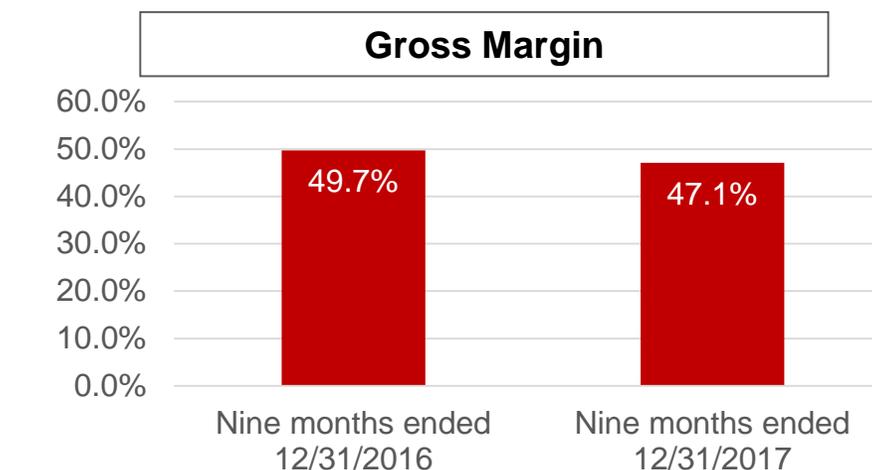
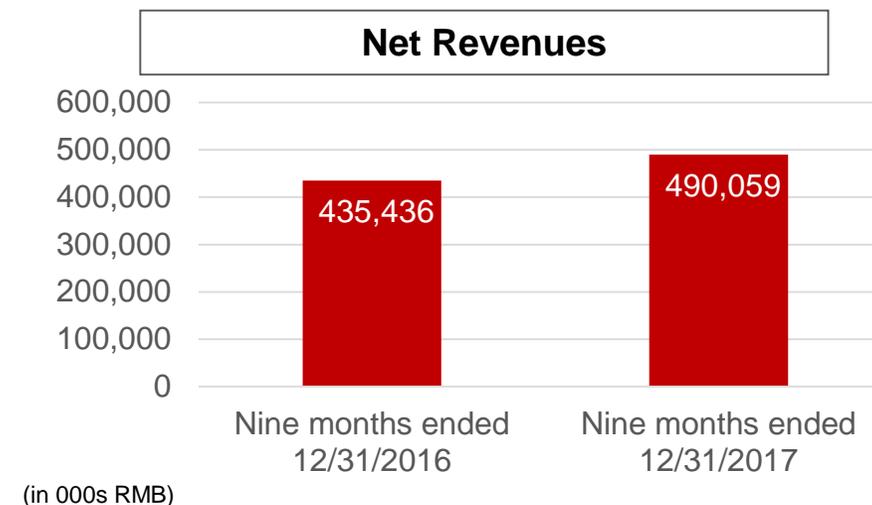
# SUMMARY FINANCIAL RESULTS – THREE MONTHS ENDED 12/31/2017

In 000s except margin and per share data	Three months ended December 31,		Three months ended December 31,	
	2016	2017	2016	2017
	RMB		USD	
<b>Net Revenues</b>	273,461	316,448	\$39,386	\$48,637
<b>Cost of Revenue</b>	134,537	162,597	\$19,377	\$24,991
<b>Gross Profit</b>	138,923	153,851	\$20,009	\$23,646
<b>Gross Margin</b>	50.8%	48.6%	50.8%	48.6%
<b>Operating Expenses</b>	45,119	62,311	\$6,498	\$9,577
<b>Income from Operations</b>	93,805	91,540	\$13,511	\$14,069
<b>Net Income Attributable to ATA Inc.</b>	75,412	54,052	\$10,862	\$8,308
<b>Basic and Diluted Earnings per ADS Attributable to ATA Inc.</b>	3.30	2.16	\$0.48	\$0.34



# SUMMARY FINANCIAL RESULTS – NINE MONTHS ENDED 12/31/2017

In 000s except margin and per share data	Nine months ended December 31,		Nine months ended December 31,	
	2016	2017	2016	2017
	RMB		USD	
<b>Net Revenues</b>	435,436	490,059	\$62,716	\$75,321
<b>Cost of Revenue</b>	218,885	259,050	\$31,526	\$39,815
<b>Gross Profit</b>	216,551	231,009	\$31,190	\$35,505
<b>Gross Margin</b>	49.7%	47.1%	49.7%	47.1%
<b>Operating Expenses</b>	120,843	161,501	\$17,405	\$24,822
<b>Income from Operations</b>	95,709	69,508	\$13,785	\$10,683
<b>Net Income Attributable to ATA Inc.</b>	43,978	29,634	\$6,334	\$4,555
<b>Basic and Diluted Earnings per ADS Attributable to ATA Inc.</b>	1.92	0.96	\$0.28	\$0.14



# FINANCIAL ANALYSIS

RMB in 000s except EPS	FY 2016					FY 2017					Three months ended			Transition year ended
	Q1	Q2	Q3	Q4	FY 2016	Q1	Q2	Q3	Q4	FY 2017	6/30/2017	9/30/2017	12/31/2017	12/31/2017
<b>Net Revenues</b>	97,529	53,436	221,438	44,737	417,140	96,844	65,132	273,461	36,949	472,386	104,057	69,554	316,448	490,059
<b>Net Income (Loss) Attributable to ATA Inc.</b>														
<b>GAAP</b>	6,138	(14,069)	49,353	(15,371)	26,051	4,143	(35,578)	75,412	(53,694)	(9,716)	(8,460)	(15,959)	54,052	29,634
<b>Adjustment</b>														
<b>Share-based Compensation Expense</b>	3,814	1,942	2,001	1,409	9,165	1,039	1,009	1,032	3,878	6,958	5,212	4,996	4,928	15,136
<b>Foreign Currency Exchange (Gain) Loss</b>	59	1,431	12	4	1,506	31	15	30	(3)	73	641	(2)	(421)	(217)
<b>Non-GAAP</b>	10,011	(10,697)	51,366	(13,959)	36,722	5,214	(34,554)	76,474	(49,819)	(2,685)	(2,606)	(10,965)	58,558	44,987
<b>Basic and Diluted Earnings (Losses) per ADS Attributable to ATA Inc.</b>														
<b>GAAP</b>	\$0.04	(\$0.10)	\$0.34	(\$0.10)	\$0.18	\$0.02	(\$0.24)	\$0.48	(\$0.34)	(\$0.06)	(\$0.10)	(\$0.10)	\$0.34	\$0.14
<b>Non-GAAP</b>	\$0.08	(\$0.08)	\$0.34	(\$0.10)	\$0.24	\$0.04	(\$0.22)	\$0.48	(\$0.32)	(\$0.02)	(\$0.06)	(\$0.06)	\$0.36	\$0.26

# BALANCE SHEET

## Balance Sheet Highlights

	3/31/2017	12/31/2017	3/31/2017	12/31/2017
In 000s	RMB		USD	
<b>Cash and Cash Equivalents</b>	222,448	256,091	\$32,318	\$39,360
<b>Total Current Assets</b>	295,945	366,816	\$42,995	\$56,379
<b>Total Assets</b>	519,840	568,442	\$75,523	\$87,368
<b>Total Current Liabilities</b>	103,030	141,766	\$14,968	\$21,789
<b>Total Liabilities</b>	127,383	167,064	\$18,506	\$25,677
<b>Shareholders' Equity</b>	392,457	364,729	\$57,017	\$56,058
<b>Total Liabilities &amp; Shareholders' Equity</b>	519,840	568,442	\$75,523	\$87,368

**\$39.4 million in cash and cash equivalents as of 12/31/2017**



# 2018 OUTLOOK

Kevin Ma, Chairman and CEO

Jack Huang, President

# GROWTH STRATEGY

- Explore M&A opportunities within the education sector
- Leverage existing competency-focused assessment and education service capabilities to pursue new business opportunities
- Continue development of K-12 assessment tools and content, and support of partner projects with Nanjing University and Tsinghua University





**At ATA Inc.**

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