



2019 THIRD QUARTER EARNINGS CALL

November 14, 2019

Speakers

Mr. Kevin Ma, Chairman and CEO

Mr. Jun Zhang, President

Ms. Amy Tung, CFO

SAFE HARBOR

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- All statements other than statements of historical fact in this presentation are forward-looking statements, including but not limited to ACG’s future growth and results of operations; ACG’s strategy of becoming a leading international education service provider; ACG’s plans for mergers and acquisitions generally; ACG’s plan and anticipated benefits to develop international education services and carry out new business; intended benefits of ACG’s acquisition of Huanqiuyimeng; the market potential of international art and creativity education; ACG’s plan for geographic expansion, new product offerings and new partnerships; the ability of ACG and Huanqiuyimeng to cooperate and integrate effectively; and ACG’s growth strategy and subsequent business activities.
- Although we believe our expectations expressed in such forward-looking statements are reasonable, we cannot assure you that they will be realized. Investors are cautioned that such forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from the anticipated results, and therefore we refer you to a more detailed discussion of the risks and uncertainties in the Company’s filings with the Securities & Exchange Commission.

Note: All U.S. dollar amounts in this presentation, relating to the financial results for the three and nine months ended September 30, 2019, are converted from RMB using an exchange rate of 7.1477 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 Creativity Global is focused on offering a fully integrated educational experience for students throughout China and abroad. ACG aims to offer online, on-campus, and other education programs through a network of global education partners.



Nearly 20 years of experience in testing technologies and delivery services, unrivaled knowledge of China's assessment/education market



Possesses industry relationships with educational institutions and enterprises all over China



Established reputation in learning technologies, committed to providing students with quality educational opportunities

ACG At-A-Glance

Ticker	NASDAQ: ACG
IPO	January 2008 (Underwriters: Merrill Lynch, Piper Jaffray)
Auditor	KPMG (since IPO)
Fiscal Year End	December 31
Recent Stock Price	\$1.73 (as of 11/8/2019)
Market Cap	\$49.0 million (as of 11/8/2019)
ADSs Outstanding	28.3 million
Book Value Per ADS	\$1.53

All information as of 9/30/2019 unless otherwise noted.

2019 THIRD QUARTER HIGHLIGHTS

Amy Tung, Chief Financial Officer

KEY OPERATING HIGHLIGHTS

Closing of Huanqiuyimeng acquisition

Beijing Huanqiuyimeng Education Consultation Corp (“Huanqiuyimeng”) is now a wholly owned subsidiary of ACG

Change in corporate name/ticker symbol

ATA Inc. (ATAI) → ATA Creativity Global, now known as ACG (AACG)

16.1% YoY growth

Credit hours delivered for portfolio training programs, an indicator of how Huanqiuyimeng’s business is performing

KEY INTEGRATION INITIATIVES

Accomplished to Date

- Huanqiuymeng has integrated all of its processes and offerings into ACG's platform

Next Steps

- Expand partnership opportunities abroad
- Leverage combined economic strength of our business with investments in education resources to expand programmatic offering and additional services

ENROLLMENT UPDATE

Portfolio Training Programs are Huanqiuyimeng's main line of business, consisting of:

- Time-based programs, for which revenue is recognized per credit hour delivered; and
- Project-based programs, for which projects are carried out through the delivery of credit hours but revenue is recognized per project milestone completed within the contract term.

	Aug. 6, 2019 – Sept. 30, 2019	Aug. 6, 2018 – Sept. 30, 2018	% Growth
	No. of Credit Hours	No. of Credit Hours	
Time-based Program	22,708	25,336	(10.4%)
Project-based Program	12,280	4,798	155.9%
Total	34,988	30,134	16.1%

Total student enrollment was 838, out of which 550 were enrolled in portfolio training programs, during Partial Third Quarter of 2019

KEY FINANCIAL HIGHLIGHTS



RMB42.4 Million

Total net revenues, an increase from RMB1.0 million, driven by contributions from Huanqiyimeng business acquisition

39.1%

Gross margin, compared to negative gross margin of 46.0% in Q3 2018

RMB24.4 Million

Net loss from continuing operations attributable to ACG, compared to a net loss of RMB8.9 million in the prior-year period, mainly due to increased operating expenses from Huanqiyimeng

SUMMARY FINANCIAL RESULTS – Q3

Note: The prior-year comparable period does not include financials from a major operating entity.

	Q3 2018	Q3 2019	Q3 2018	Q3 2019
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	1,008	42,418	\$147	\$5,934
Cost of Revenues	1,472	25,831	\$214	\$3,614
Gross Profit (Loss)	(464)	16,587	(\$67)	\$2,320
Gross Margin	(46.0%)	39.1%	(46.0%)	39.1%
Operating Expenses	11,408	40,999	\$1,661	\$5,736
Loss from Continuing Operations	(10,910)	(24,307)	(\$1,589)	(\$3,401)
Net Loss from Continuing Operations Attributable to ACG	(8,943)	(24,404)	(\$1,302)	(\$3,414)
Diluted Losses from Continuing Operations per ADS Attributable to ACG	(1.04)	(0.98)	(\$0.15)	(\$0.14)

SUMMARY FINANCIAL RESULTS – NINE MONTHS

Note: The prior-year comparable period does not include financials from a major operating entity.

	9 Months 2018	9 Months 2019	9 Months 2018	9 Months 2019
In 000s except margin and per ADS data	RMB		USD	
Net Revenues	1,149	45,400	\$167	\$6,352
Cost of Revenues	4,042	28,430	\$589	\$3,977
Gross Profit (Loss)	(2,893)	16,970	(\$422)	\$2,375
Gross Margin	(251.7%)	37.4%	(251.7%)	37.4%
Operating Expenses	46,889	77,429	\$6,827	\$10,833
Loss from Continuing Operations	(46,967)	(59,896)	(\$6,839)	(\$8,380)
Net Loss from Continuing Operations Attributable to ACG	(39,903)	(55,466)	(\$5,810)	(\$7,760)
Diluted Losses from Continuing Operations per ADS Attributable to ACG	(2.52)	(2.44)	(\$0.37)	(\$0.34)

BALANCE SHEET HIGHLIGHTS

A solid balance sheet will allow ACG to execute its growth strategy using internal capital.

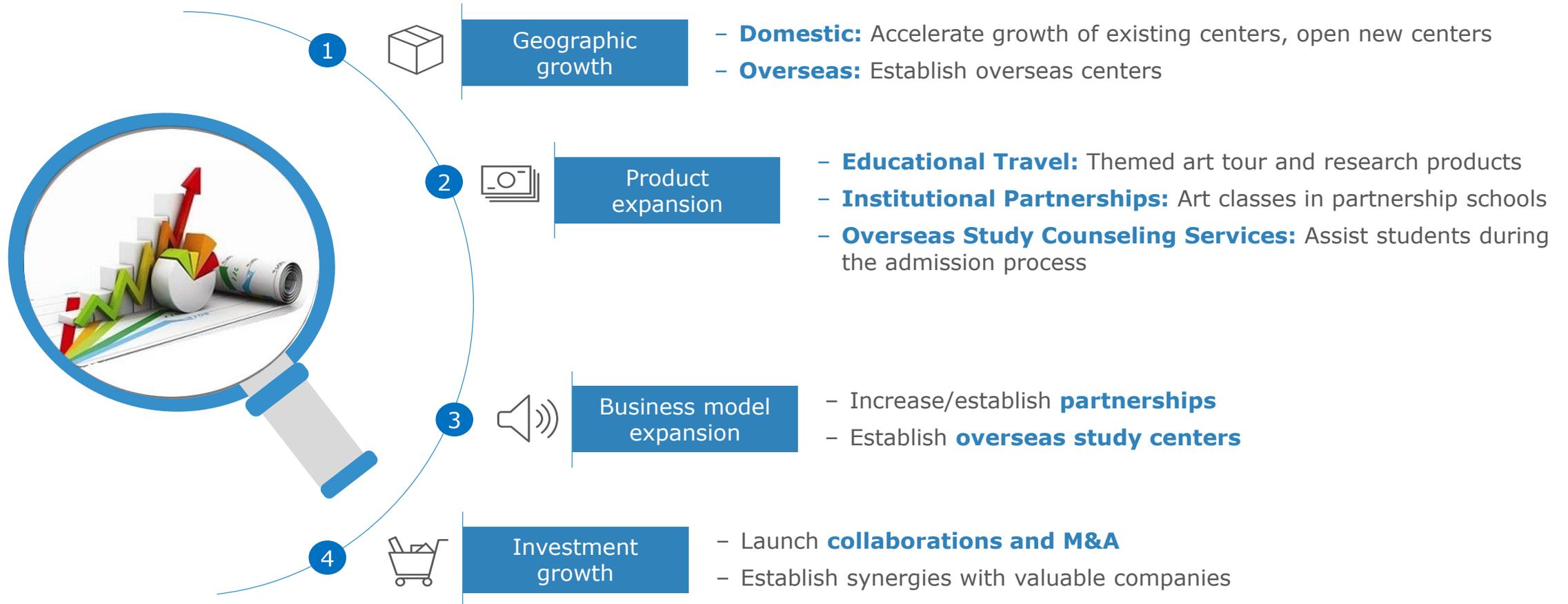
In 000s	12/31/2018	9/30/2019	12/31/2018	9/30/2019
	RMB		USD	
Cash and Cash Equivalents	190,586	105,100	\$27,720	\$14,704
Total Current Assets	213,395	155,659	\$31,037	\$21,777
Total Assets	335,139	699,431	\$48,744	\$97,854
Total Current Liabilities	19,746	296,701	\$2,872	\$41,510
Total Liabilities	19,746	345,494	\$2,872	\$48,337
Mezzanine Equity	39,209	44,032	\$5,703	\$6,160
Shareholders' Equity	276,184	309,905	\$40,169	\$43,357
Total Liabilities, Mezzanine Equity & Shareholders' Equity	335,139	699,431	\$48,744	\$97,854

USD\$14.7 million in cash and cash equivalents as of 9/30/2019

2019 OUTLOOK & GROWTH STRATEGY

Kevin Ma, Chairman and CEO
Jun Zhang, President

GLOBAL GROWTH INITIATIVES



GROWTH STRATEGY

ACG plans to leverage its expertise in assessment/education technologies and services, as well as extensive industry relationships, to scale the growth of well-established education enterprises to expand its presence in China and beyond



Increase outreach to support a growing population of students:

- Those seeking overseas study experiences to whom we can offer portfolio training and overseas study counseling services (particularly those applying for art majors)
- Those looking to enhance their capabilities outside academics, using art as a tool
- Those seeking out-of-classroom learning experiences to whom we can offer study tours



Continue exploring M&A opportunities within the education sector





At ATA Creativity Global

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