



**Speakers**

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

**FY 2017 SECOND QUARTER EARNINGS CALL**  
**Thursday, November 10, 2016, at 8 a.m. ET**



# SAFE HARBOR

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Note: All U.S. dollar amounts in this presentation, relating to the Company's fiscal first quarter ended September 30, 2016, financial results, are converted from RMB using an exchange rate of 6.6685 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 licensure/certification and skills assessment in China

Provides technologies for learning/recruitment service providers to improve overall learning assessment

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
Recent Stock Price	\$3.65 (as of 11/8/2016)
Market Cap	\$84 million (as of 11/8/2016)
ADSs Outstanding	22.9 million
Book Value Per ADS	\$2.40

All information as of 9/30/2016 unless otherwise noted.



# Operating and Financial Highlights

**Shelly Jiang, Interim Chief Financial Officer**

# KEY OPERATING HIGHLIGHTS

Delivered 1.8 million billable tests in Second Quarter 2017, compared to 1.7 million in prior-year period

Expanded its geographic coverage of the Qualification Exam for Housing and Urban-Rural Construction Field Professionals into 4 Provinces: Gansu, Hebei, Heilongjiang, and Shanghai

Revenue from Fund Practitioners Certification Exam double growth compared with prior-year period

## Simultaneous, Large-scale Test Delivery

Nationwide network of 3,154 test centers (as of 9/30/2016) covers every province in mainland China



# KEY FINANCIAL HIGHLIGHTS

Net revenues increased 21.9% to RMB65.1 million compared to RMB53.4 million in second quarter 2016.

Gross margin 45.4% compared to 45.6% in second quarter 2016

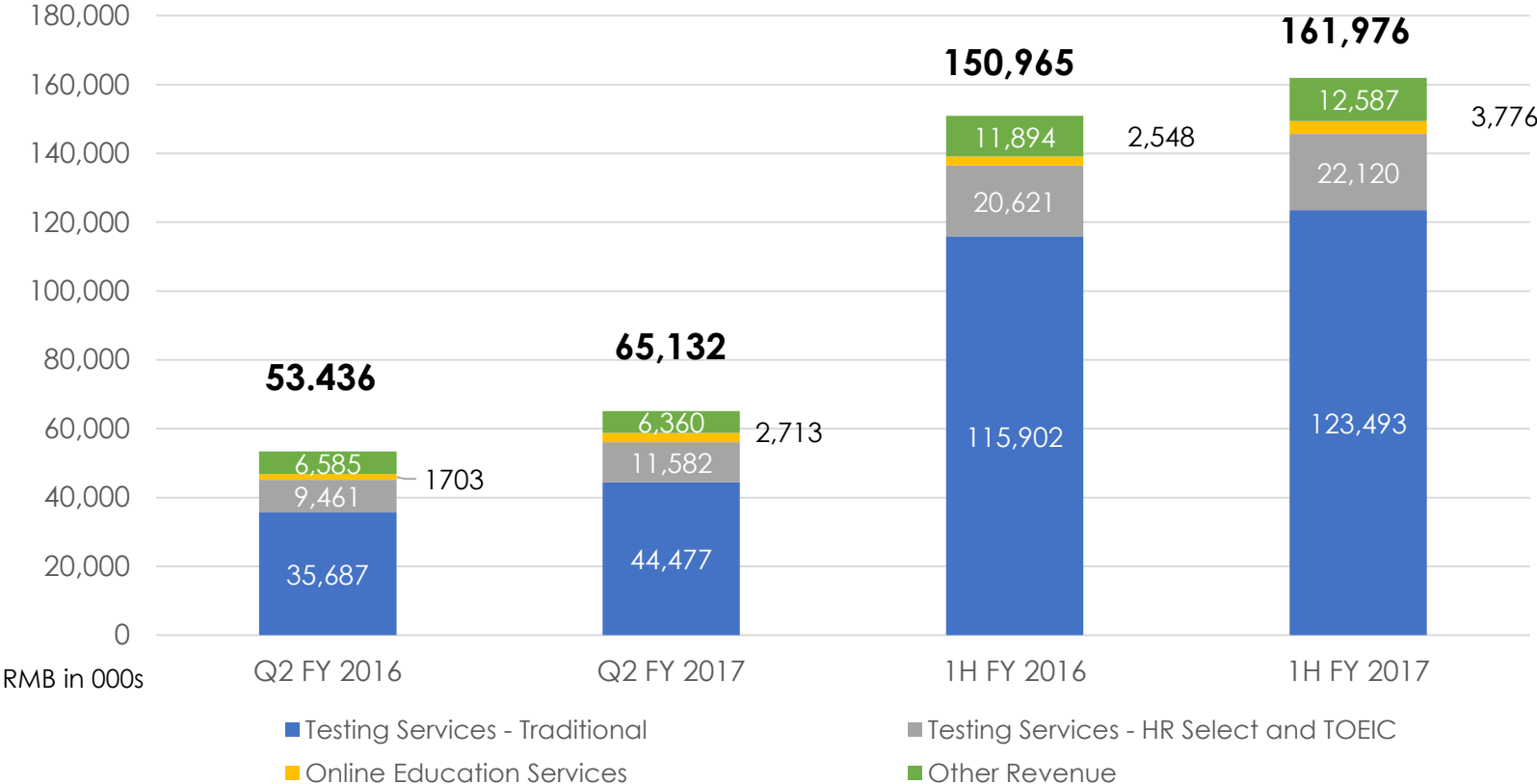
Raise its net revenue of between RMB 455 million and RMB 475 million, from the previously provided of RMB420 million and RMB 440 Million, and decrease its non-GAAP net income guidance to Nil and 10 million from RMB 27 million to RMB 37 million for FY 2017\*



\*As reported in the Company's fiscal 2016 fourth quarter and year-end financial results press release on 6/1/2016

# REVENUE BREAKDOWN

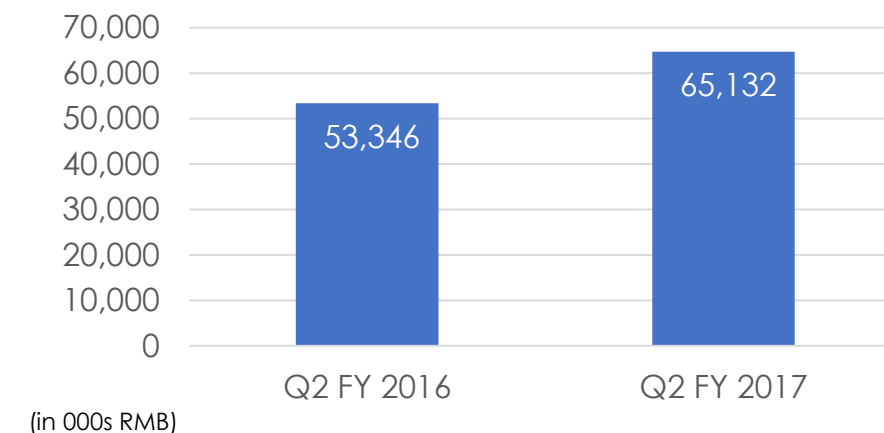
- **Testing Services** is ATA's core business offering large-scale, computer-based testing across China, ~86.1% of revenues in Q2 FY 2017.
- **Online Education Services** for continued professional development



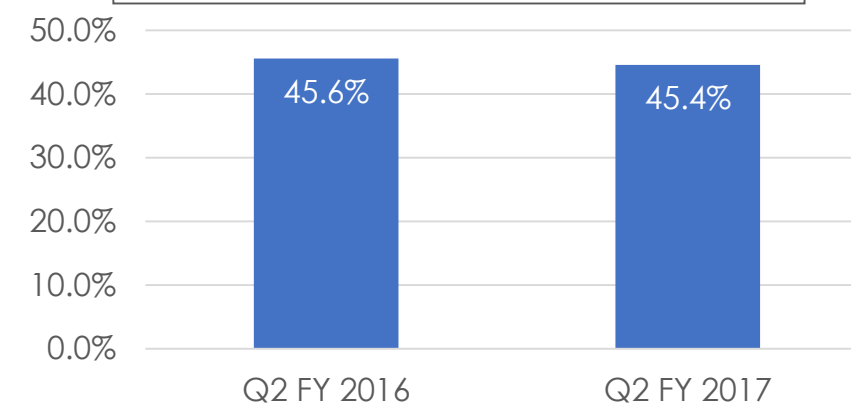
# SUMMARY FINANCIAL RESULTS – SECOND QUARTER

In 000s except margin and per share data	Q2 FY	Q2 FY	Q2 FY	Q2 FY
	2016	2017	2016	2017
	RMB		USD	
<b>Net Revenues</b>	53,436	65,132	\$8,408	\$9,767
<b>Cost of Revenue</b>	29,046	35,581	\$4,570	\$5,336
<b>Gross Profit</b>	24,390	29,551	\$3,838	\$4,431
<b>Gross Margin</b>	45.6%	45.4%	45.6%	45.4%
<b>Operating Expenses</b>	36,594	38,869	\$5,758	\$5,829
<b>Loss from Operations</b>	(12,204)	(9,317)	(\$1,920)	(\$1,397)
<b>Net Loss</b>	(14,069)	(35,578)	(\$2,214)	(\$5,335)
<b>Diluted Losses Per ADS</b>	(0.62)	(1.56)	(\$0.10)	(\$0.24)

Second Quarter Net Revenues



Second Quarter Gross Margin

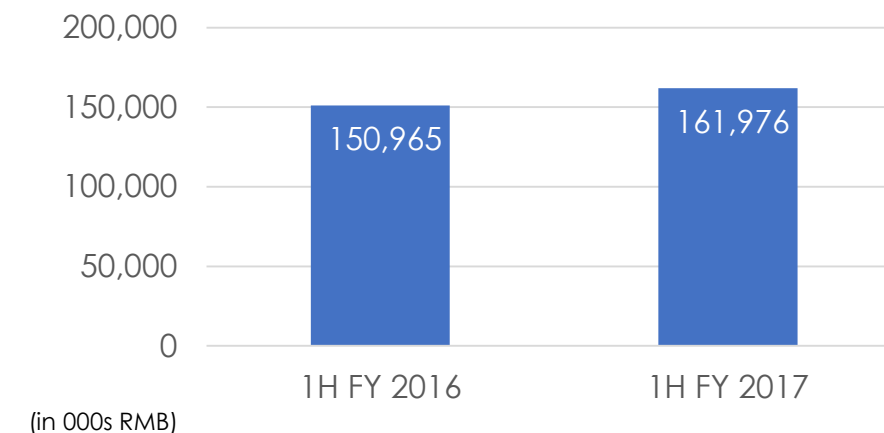




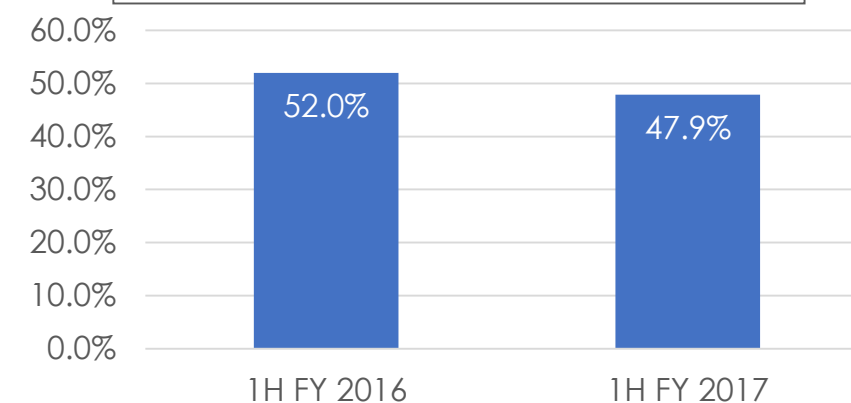
# SUMMARY FINANCIAL RESULTS – FIRST HALF

In 000s except margin and per share data	1H FY 2016	1H FY 2017	1H FY 2016	1H FY 2017
	RMB		USD	
<b>Net Revenues</b>	150,965	161,976	\$23,753	\$24,290
<b>Cost of Revenue</b>	72,443	84,348	\$11,398	\$12,649
<b>Gross Profit</b>	78,522	77,628	\$12,355	\$11,641
<b>Gross Margin</b>	52.0%	47.9%	52.0%	47.9%
<b>Operating Expenses</b>	81,929	75,724	\$12,891	\$11,355
<b>Income (loss) from Operations</b>	(3,407)	1,904	(\$536)	\$286
<b>Net Loss</b>	(7,931)	(31,434)	(\$1,248)	(\$4,714)
<b>Diluted Losses Per ADS</b>	(0.34)	(1.38)	(\$0.06)	(\$0.20)

**First Half Net Revenues**



**First Half Gross Margin**



# FINANCIAL ANALYSIS – NON-GAAP

RMB in 000s except EPS	FY 2015					FY 2016					FY 2017		1H FY 2017
	Q1	Q2	Q3	Q4	FY 2015	Q1	Q2	Q3	Q4	FY 2016	Q1	Q2	
<b>Net Revenues</b>	84,317	102,478	123,048	40,315	350,158	97,529	53,436	221,438	44,737	417,140	96,844	65,132	161,976
<b>Net Income (Loss)</b>													
<b>GAAP</b>	4,606	8,831	24,618	(14,998)	23,056	6,138	(14,069)	49,353	(15,371)	26,051	4,143	(35,578)	(31,434)
<b>Adjustment</b>													
<b>Share-based Compensation Expense</b>	3,158	2,539	(3,258)	4,671	7,111	3,814	1,942	2,001	1,408	9,165	1,039	1,009	2,048
<b>Foreign Currency Exchange (Gain) Loss</b>	972	(349)	405	39	1,067	59	1,431	12	4	1,506	31	15	46
<b>Non-GAAP</b>	8,736	11,021	21,765	(10,289)	31,234	10,011	(10,697)	51,366	(13,959)	36,722	5,214	(34,554)	(29,340)
<b>Diluted Earnings (Losses) Per ADS</b>													
<b>GAAP</b>	\$0.09	\$0.06	\$0.18	(\$0.10)	\$0.16	\$0.04	(\$0.10)	\$0.34	(\$0.10)	\$0.18	\$0.02	(\$0.24)	(\$0.20)
<b>Non-GAAP</b>	\$0.18	\$0.08	\$0.16	(\$0.08)	\$0.22	\$0.08	(\$0.08)	\$0.34	(\$0.10)	\$0.24	\$0.04	(\$0.22)	(\$0.20)

# BALANCE SHEET

## Balance Sheet Highlights

	3/31/2016	9/30/2016	3/31/2016	9/30/2016
In 000s	RMB		USD	
<b>Cash and Cash Equivalents</b>	247,668	119,770	\$38,410	\$17,960
<b>Total Current Assets</b>	320,152	232,984	\$49,651	\$34,938
<b>Total Assets</b>	470,461	479,557	\$72,962	\$71,914
<b>Total Current Liabilities</b>	74,352	111,694	\$11,531	\$16,749
<b>Total Liabilities</b>	76,231	113,340	\$11,822	\$16,996
<b>Shareholders' Equity</b>	394,231	366,217	\$61,140	\$54,917
<b>Total Liabilities &amp; Shareholders' Equity</b>	470,461	479,557	\$72,962	\$71,914

**\$18.0 million in cash and cash equivalents at 9/30/2016**

# PROJECTIONS – THIRD QUARTER 2017 and FY 2017

RMB millions	Guidance for Q3 FY 2017 (ending 12/31/2016)		Q3 FY 2016 Actual
	Low	High	
Net Revenue	270.0	280.0	221.4

RMB millions	Guidance for FY 2017		FY 2016 Actual
	Low	High	
Net Revenue	455.0	475.0	417.1
Non-GAAP Net Income*	0.0	10.0	36.7

\*Guidance range takes into account the operating results of ATA's joint venture and associated companies (Zhi Shang, Master Mind, Satech and Brilent) in their initial stages, as well as a investment in K-12 education assessment project and an unanticipated impairment loss from Master Mind.



# Outlook for FY 2017

**Kevin Ma, Chairman and CEO**

# GROWTH STRATEGY

- 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 – New Third Board listing
- Leverage test data, provide increased value to clients
- Establish new business partnerships
- Expand existing client relationships



**At ATA Inc.**

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