



ATA

ATA, Inc. FY 2012 Third Quarter Conference Call
February 22, 2012

Speakers

Mr. Kevin Ma, Chairman and CEO

Mr. Walter Wang, President

Mr. Benson Tsang, CFO



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Note: All U.S. dollar amounts in this presentation, relating to the Company's most recent quarter and nine-month period ended December 31, 2011, financial results, are converted from RMB using an exchange rate of 6.2939 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.



ATA – A Tested and True Leader



- 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 2,400 test centers
- China's leading computer-based test services provider



ATA At-A-Glance

Ticker	NASDAQ: ATAI	Fiscal Year End	March 31
IPO	January 2008 (Underwriters: Merrill Lynch, Piper Jaffray)	Auditor	KPMG (since IPO)
Recent Stock Price	\$7.00 (as of 2/17/2012)	Market Cap	\$160 million (as of 2/17/2012)
ADSs Outstanding	22.9 million	Book Value Per ADS	\$2.49
Industry/Business	Computer-based testing across multiple industries in China	Test Centers	2,462
Headquarters	Beijing, China	Employees	495

All information as of 12/31/2011 unless otherwise noted.

Key Operating and Financial Highlights



Healthy YoY growth in revenues, gross profit, and net income

Delivered 3.1 million billable tests during Third Quarter 2012, 6.7 million in Nine Months 2012

Increased test volumes for China Banking Association exam by 53%

Successfully administered its first National Customs Declarer certification exam in 175 cities

Successfully administered the Security Guard National Qualification test in Shanghai, Guizhou and Changsha

Continued growth in HR Select and TOEIC

Exceeded consensus estimates for Q3 and nine months in top and bottom lines

Adjusts net revenue guidance

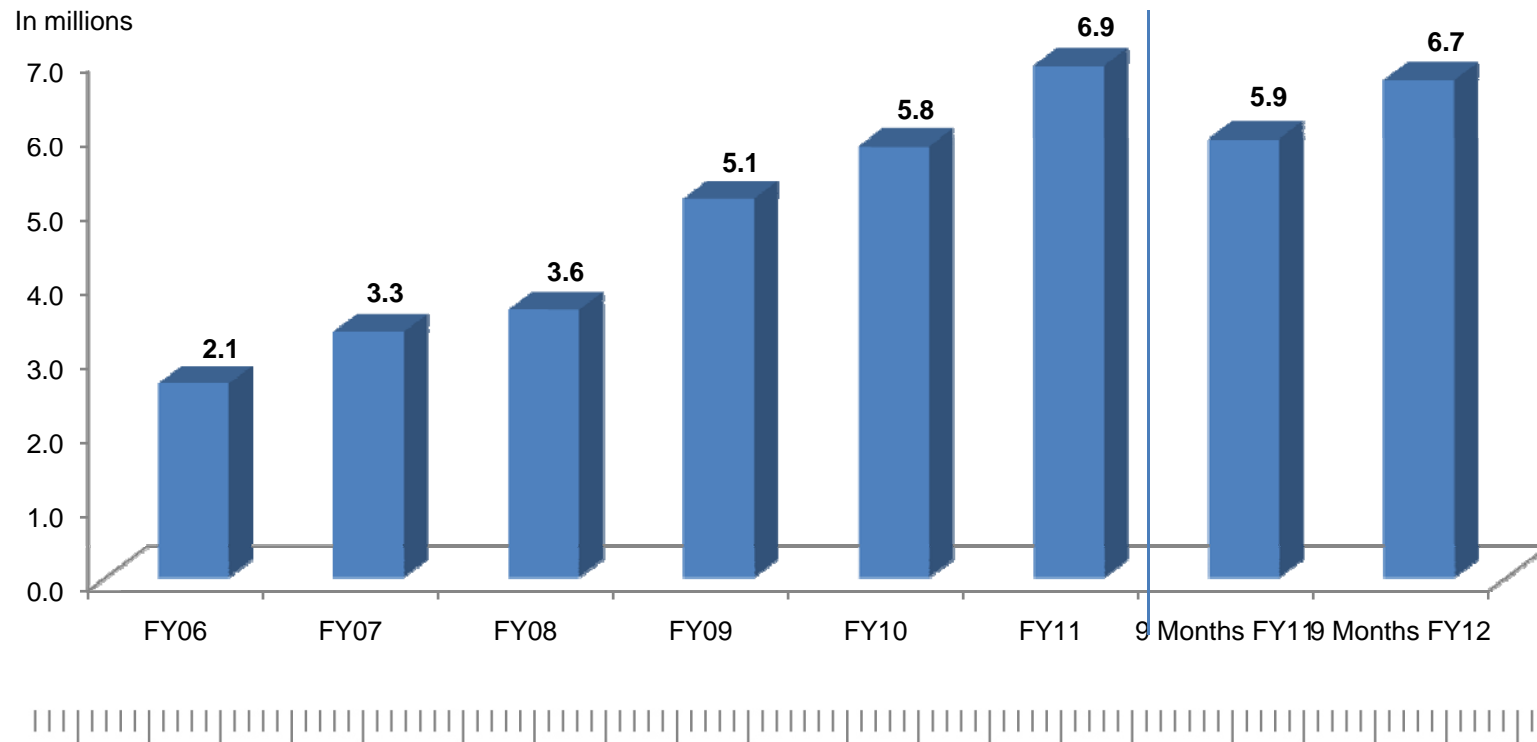
Simultaneous, Large-scale Test Delivery

- Nationwide network of 2,462 test centers (as of 12/31/2011) 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



- China has one of the world's largest testing markets in terms of test takers
 - Students / employed individuals seeking to enhance job position
 - Unemployed
- Demand being driven by increasing need for certification among workforce

of Billable Tests Delivered by ATA



Financials



FY 2012 Q3 Actual vs. Market Consensus



USD millions except per share data	FY 2012 Q3 Actual	Market Consensus*	
Net Revenues	\$22.8	\$21.9	✓
Gross Profit	\$12.0	\$12.0	✓
Net Income	\$6.0	\$4.6	✓
Diluted Earnings per ADS	\$0.26	\$0.20	✓

* As of the most recent November 2011 analyst reports

**Company has exceeded consensus quarterly estimates
for each of the past 7 quarters**

ATA's Covering Analysts

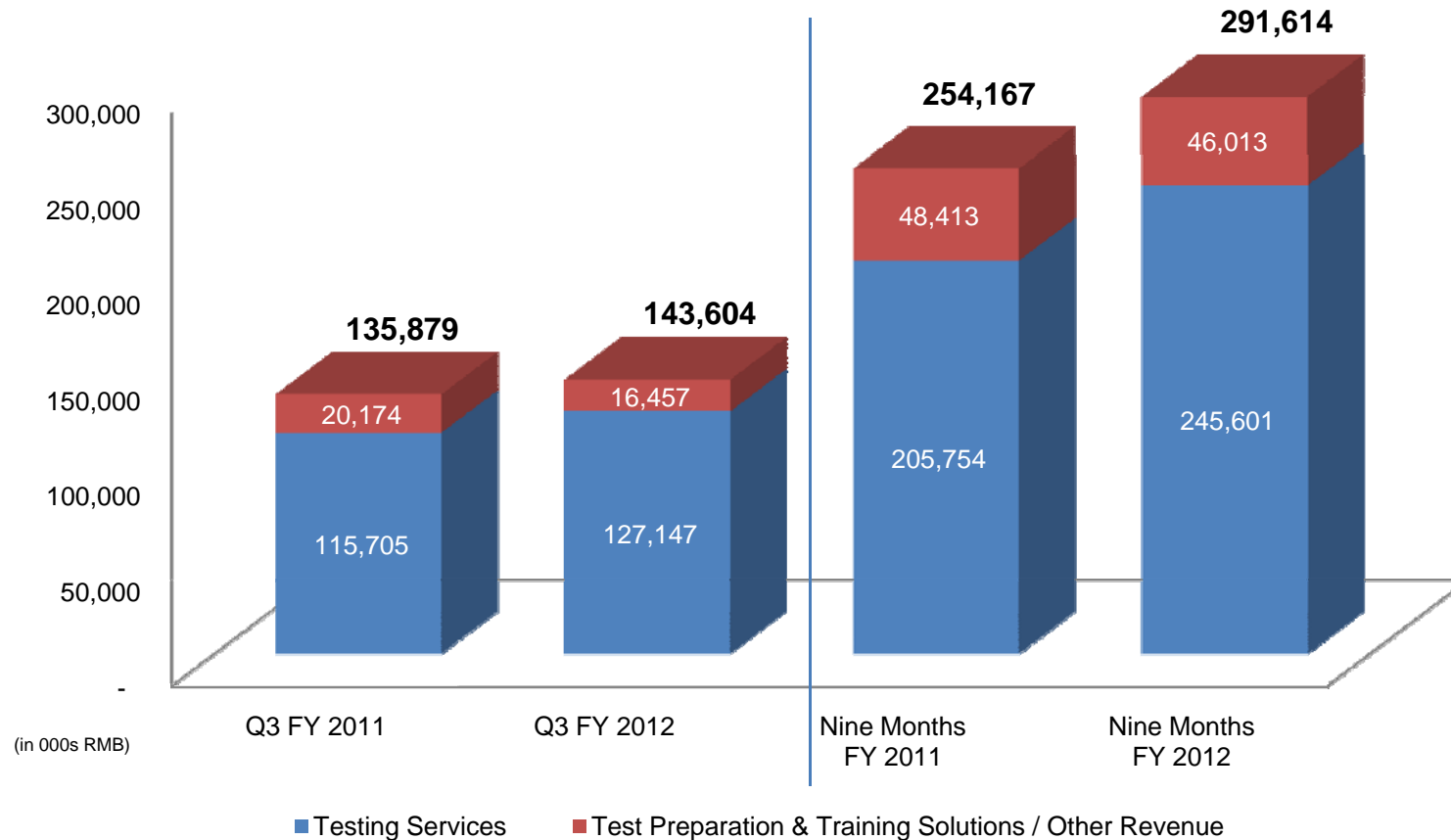
- Ella Ji, Oppenheimer & Co.
- Mark A. Marostica, Piper Jaffray



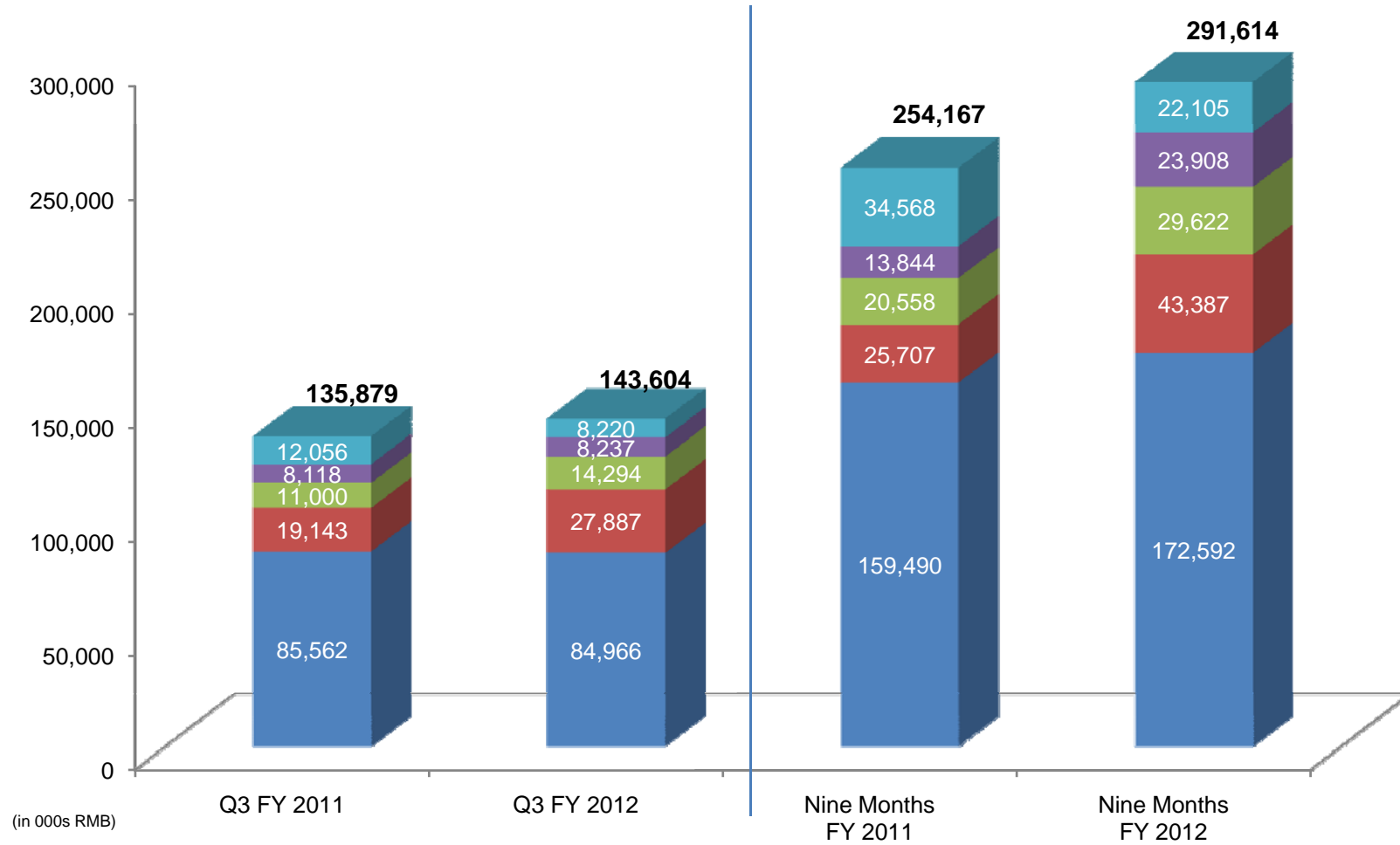
Revenue Breakdown by Segment



- **Testing Services** segment is ATA's core business—about 88.5% of revenues in Q3 FY 2012.
- **Test Preparation & Training Solutions / Other Revenue** – segment for continued professional development, as well as for English language education



Revenue Breakdown – Details



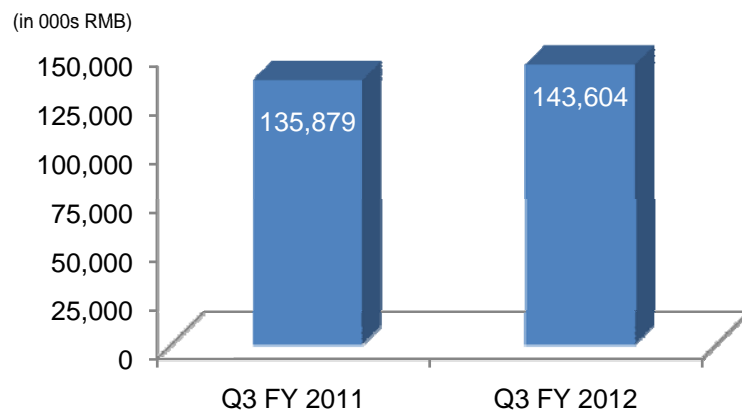
- Testing Services - Traditional
 - Testing Services - TOEIC
 - Other Revenue
- Testing Services - HR Select
 - Test Preparation and Training Solutions

Summary Financial Results – Third Quarter

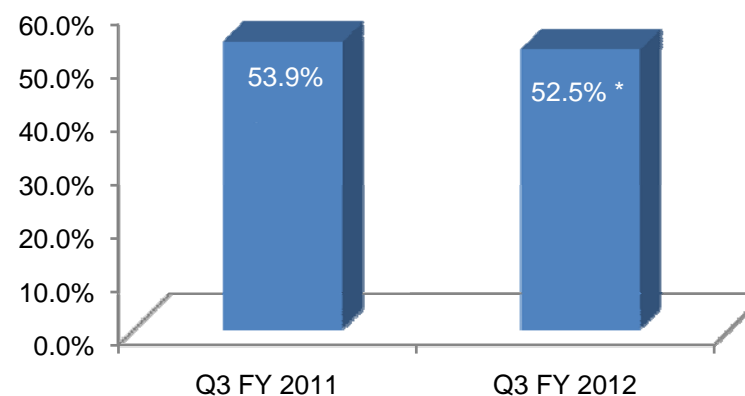


In 000s except margin and per share data	Q3 FY 2011	Q3 FY 2011	Q3 FY 2012	Q3 FY 2012
	RMB	USD	RMB	USD
Net Revenues	135,879	\$20,588	143,604	\$22,816
Cost of Revenue	62,613	\$9,487	68,191	\$10,834
Gross Profit	73,266	\$11,101	75,413	\$11,982
Gross Margin	53.9%	53.9%	52.5%	52.5%
Operating Expenses	38,590	\$5,847	31,386	\$4,987
Income from Operations	34,676	\$5,254	44,027	\$6,995
Net Income	31,193	\$4,726	38,058	\$6,047
Diluted Earnings Per ADS	1.40	\$0.22	1.62	\$0.26

Third Quarter Net Revenues



Third Quarter Gross Margin



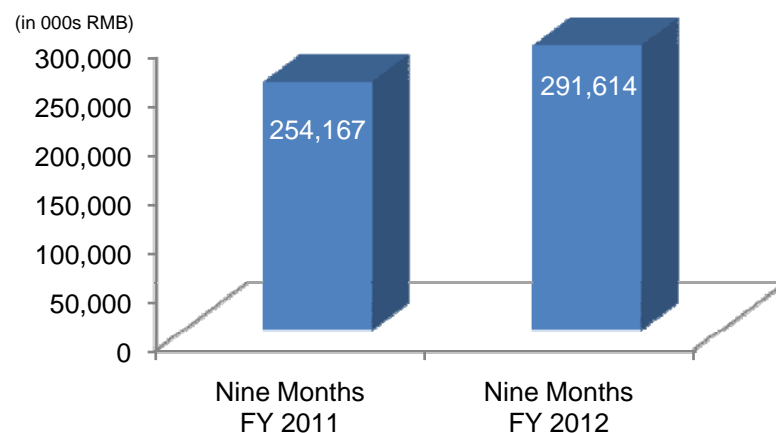
* The decline was primarily due to the fact that while the cost of delivering a test was incurred in Third Quarter 2012, the corresponding revenue will not be recognized until Fourth Quarter 2012, after the service fee had been confirmed in February 2012. If such revenue had been recognized in Third Quarter 2012, our gross margin would have been 2.2% higher than 52.5%.

Summary Financial Results – Nine Months

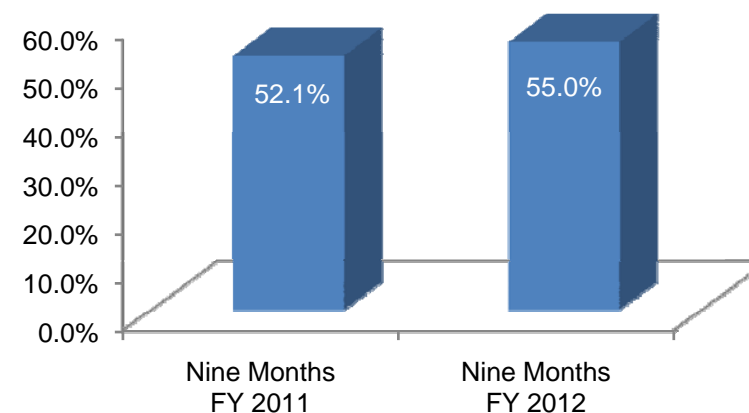


In 000s except margin and per share data	Nine Months FY 2011	Nine Months FY 2011	Nine Months FY 2012	Nine Months FY 2012
	RMB	USD	RMB	USD
Net Revenues	254,167	\$38,510	291,614	\$46,333
Cost of Revenue	121,857	\$18,463	131,160	\$20,839
Gross Profit	132,310	\$20,047	160,454	\$25,494
Gross Margin	52.1%	52.1%	55.0%	55.0%
Operating Expenses	103,344	\$15,658	100,103	\$15,905
Income from Operations	28,966	\$4,389	60,351	\$9,589
Net Income	25,345	\$3,840	52,546	\$8,349
Diluted Earnings Per ADS	1.12	\$0.17	2.22	\$0.36

Nine Months Net Revenues



Nine Months Gross Margin



Adjusted Net Revenues – Continuing Business



RMB in 000s	Nine Months FY 2012	Nine Months FY 2011
Net Revenues	291,614	254,167
less: Test-based educational services	(8,933)	(17,673)
<hr/>		
Adjusted Net Revenues	282,681	236,494

- Strategic decision to gradually exit test-based educational services business consisting of university courses offered in conjunction with Microsoft
- Above figures are prepared on a pro forma basis by excluding revenues from test-based educational services.



Financial Analysis – Non-GAAP



RMB in 000s except EPS	FY 2011					FY 2012			
	Q1	Q2	Q3	Q4	FY 2011	Q1	Q2	Q3	FY 2012 YTD
Net Revenues	85,033	33,255	135,879	49,737	303,904	77,616	70,394	143,604	291,614
Net Income (Loss)									
GAAP	8,950	(14,799)	31,193	(5,590)	19,754	13,045	1,443	38,058	52,546
Adjustment									
Share-based Compensation Expense	1,480	1,282	1,044	846	4,652	1,957	4,076	3,635	9,668
Foreign Currency Exchange (Gain) Loss	13	(1)	(63)	(1,087)	(1,138)	(1,837)	(967)	(877)	(3,681)
Non-GAAP	10,443	(13,518)	32,174	(5,831)	23,268	13,165	4,552	40,816	58,533
Diluted Earnings Per ADS									
GAAP	\$0.06	(\$0.10)	\$0.22	(\$0.04)	\$0.14	\$0.08	\$0.00	\$0.26	\$0.36
Non-GAAP	\$0.06	(\$0.10)	\$0.22	(\$0.04)	\$0.16	\$0.08	\$0.02	\$0.28	\$0.40



Strong Balance Sheet With No Debt



Balance Sheet Highlights				
	3/31/2011	3/31/2011	12/31/2011	12/31/2011
In 000s	RMB	USD	RMB	USD
Cash and Cash Equivalents	268,058	\$40,936	253,308	\$40,247
Total Current Assets	325,491	\$49,706	356,226	\$56,599
Total Assets	435,447	\$66,498	462,240	\$73,443
Total Current Liabilities	67,448	\$10,300	98,808	\$15,699
Total Liabilities	71,384	\$10,901	102,212	\$16,240
Shareholders' Equity	364,063	\$55,597	360,028	\$57,203
Total Liabilities & Shareholders' Equity	435,447	\$66,498	462,240	\$73,443



Quarterly Projections – FY 2012 Fourth Quarter



(in millions RMB)	Guidance for Q4 FY 2012 (ending 3/31/2012)	
	Low	High
Net Revenue	54.0	59.0



Revised Outlook for FY 2012



Growth Outlook

- Increased demand for exams under the traditional Testing Services business
- Scalable cost structure continues to push margin expansion
- Industry driven by growing need for certification in China

(in millions RMB)	Previous Range	Updated Guidance		FY 2011
		Low	High	
Net Revenue	395.0 – 415.0	345.0	350.0	303.9
Net Income	55.0 – 60.0	55.0	60.0	19.8



- Continue to attract new test takers to existing tests while simultaneously developing new titles
- Continue marketing HR Select to potential new clients and expand relationships with current clients
- Stronger marketing push for TOEIC with larger sales team
- Implement larger scale tests, such as Security Guard exam
 - Company seeking provincial approval from more populous provinces
- Continue exploring opportunities to replace paper-based exams with ATA's computer-based platform
- Concentrate on generating free cash flow and strengthening financial position



At ATA Inc.

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