

# ATA



ATA, Inc. FY 2012 Second Quarter Conference Call  
November 7, 2011

## **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 and six-month period ended September 30, 2011 financial results, are converted from RMB using an exchange rate of 6.378 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.



- 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 2,000 test centers
- China's leading computer-based test services provider



ATA At-A-Glance			
<b>Ticker</b>	NASDAQ: ATAI	<b>Fiscal Year End</b>	March 31
<b>IPO</b>	January 2008 (Underwriters: Merrill Lynch, Piper Jaffray)	<b>Auditor</b>	KPMG (since IPO)
<b>Recent Stock Price</b>	\$9.75 (as of 11/1/2011)	<b>Market Cap</b>	\$218 million (as of 11/1/2011)
<b>ADSs Outstanding</b>	22.4 million	<b>Book Value Per ADS</b>	\$2.24
<b>Industry/Business</b>	Computer-based testing across multiple industries in China	<b>Test Centers</b>	2,115
<b>Headquarters</b>	Beijing, China	<b>Employees</b>	466

All information as of 9/30/2011 unless otherwise noted.

# Key Operating and Financial Highlights



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

Delivered 1.8 million billable tests during Second Quarter 2012, 3.6 million in 1H 2012

Continued to maintain high test volume for China Securities Professionals

Significant growth in TOEIC and HR Select businesses

Successfully administered the Security Guard National Qualification test in Shanghai

Exceeded consensus estimates for the quarter / first half in top and bottom lines

Raises net income guidance for FY 2012

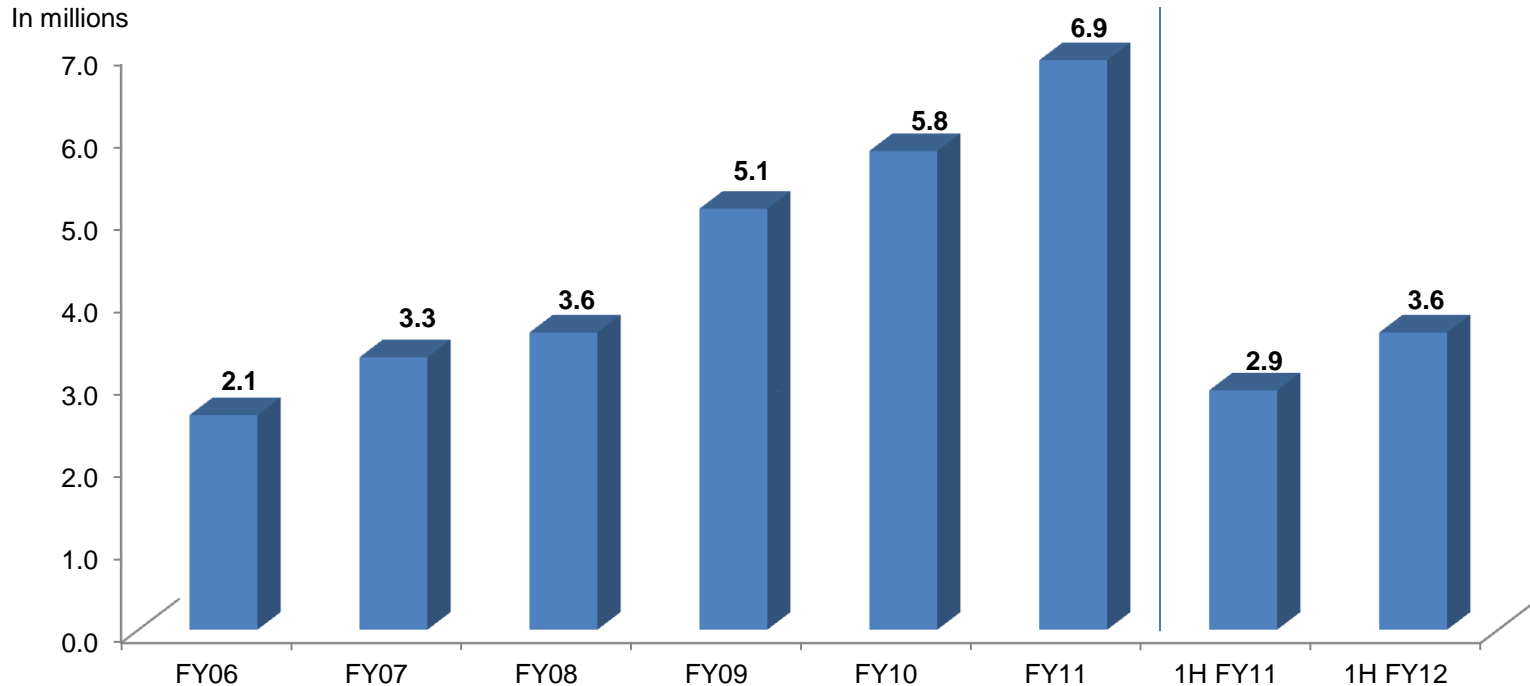
## Simultaneous, Large-scale Test Delivery

- Nationwide network of 2,115 test centers (as of 9/30/2011) 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 Q2 Actual vs. Market Consensus



USD millions except per share data	FY 2012 Q2 Actual	Market Consensus*	
Net Revenues	\$11.0	\$8.5	
Gross Profit	\$6.3	\$4.8	
Net Income (Loss)	\$0.2	(\$0.3)	
Diluted Earnings per ADS	\$0.00	(\$0.01)	

\* As of the most recent August 2011 analyst reports

**Company has exceeded consensus quarterly estimates  
for each of the past 6 quarters**

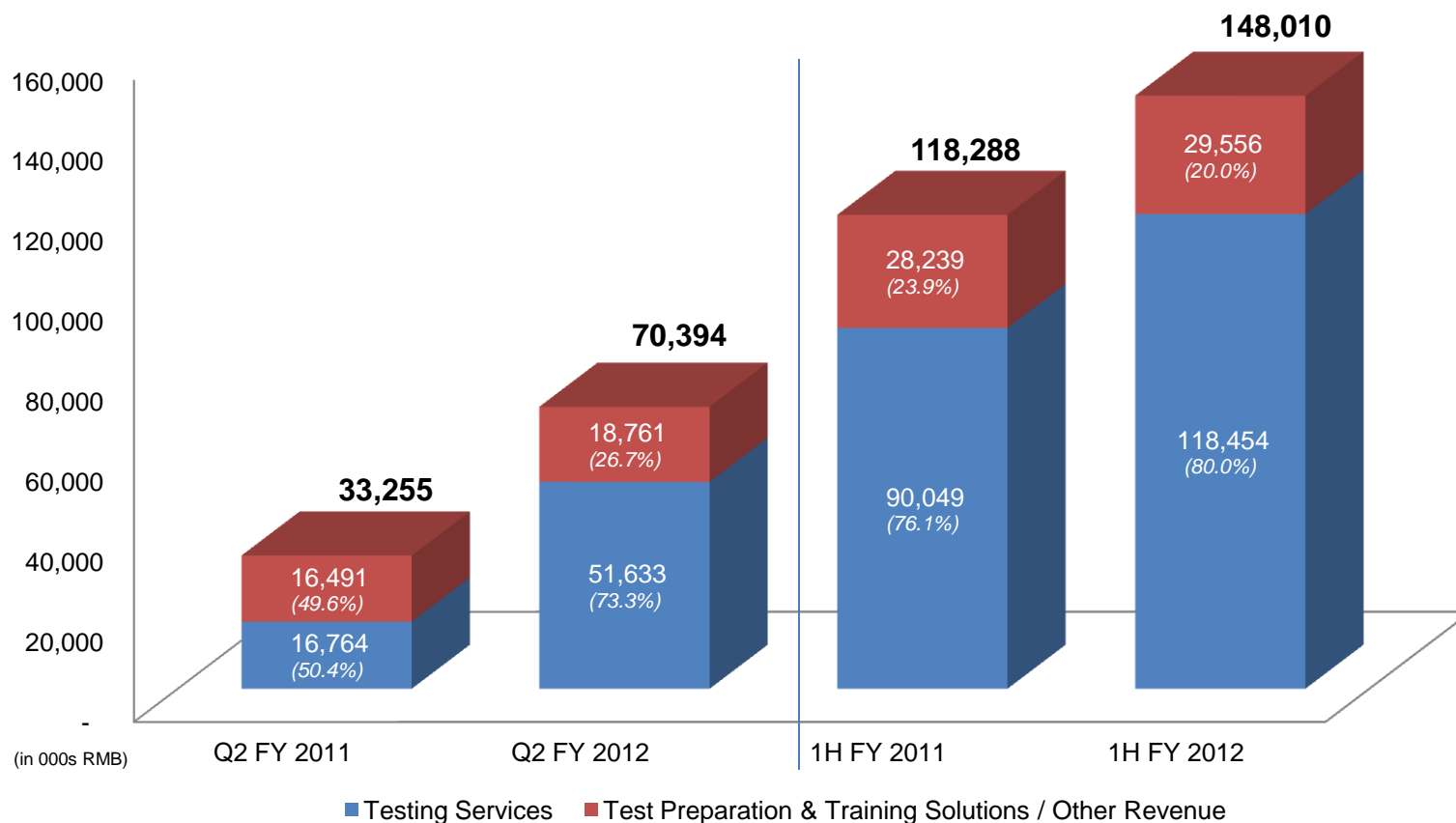
#### ATA's Covering Analysts

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



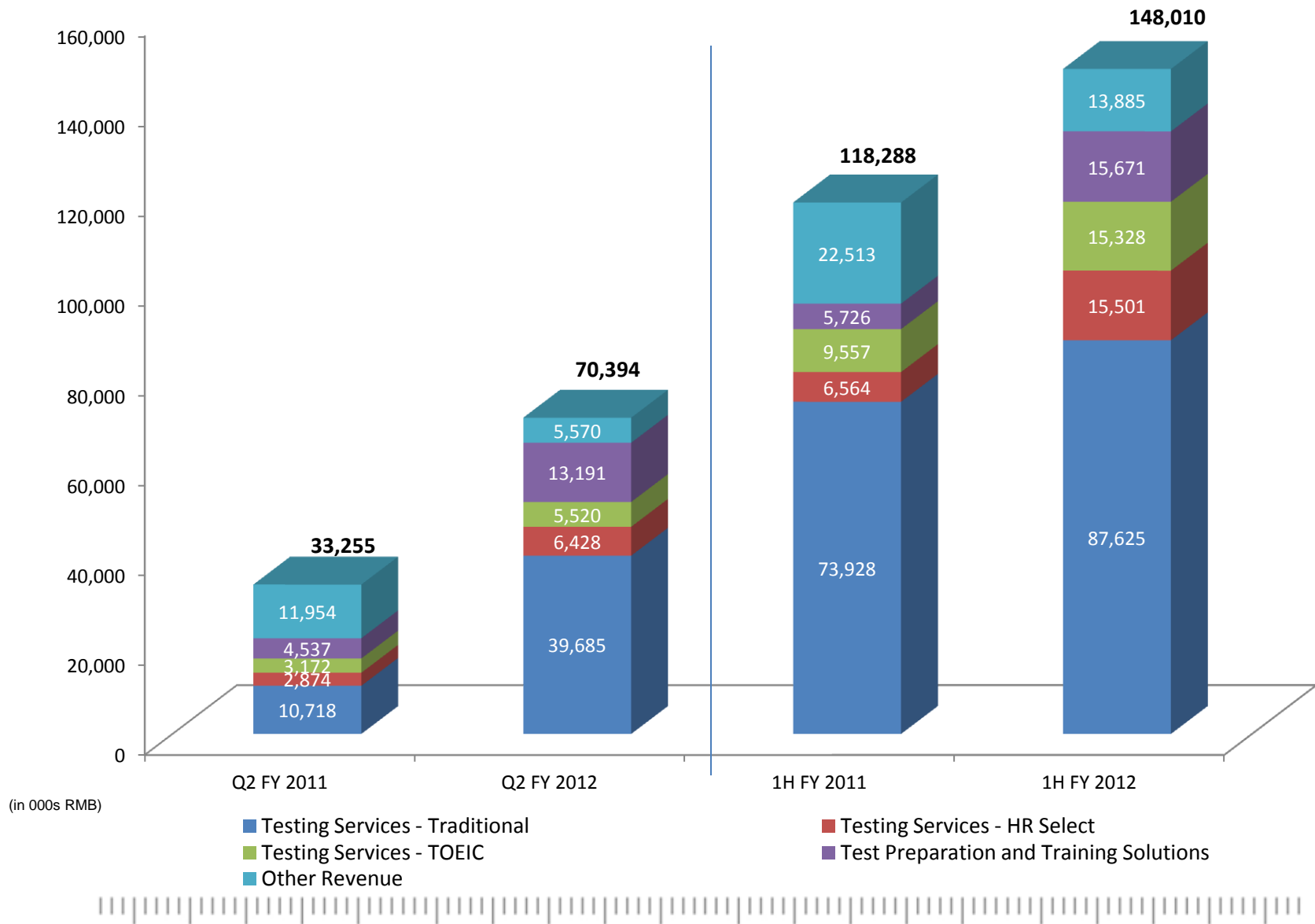
# Revenue Breakdown by Segment

- **Testing Services** segment is ATA's core business—about 73.3% of revenues in Q2 FY 2012.
- **Test Preparation & Training Solutions / Other Revenue** – segment for continued professional development, as well as for English language education





# Revenue Breakdown - Details



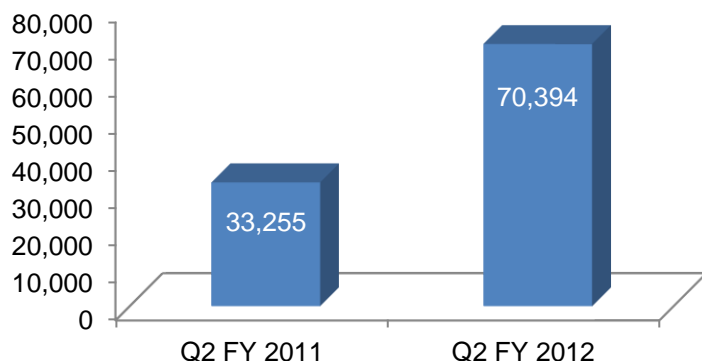
# Summary Financial Results – Second Quarter



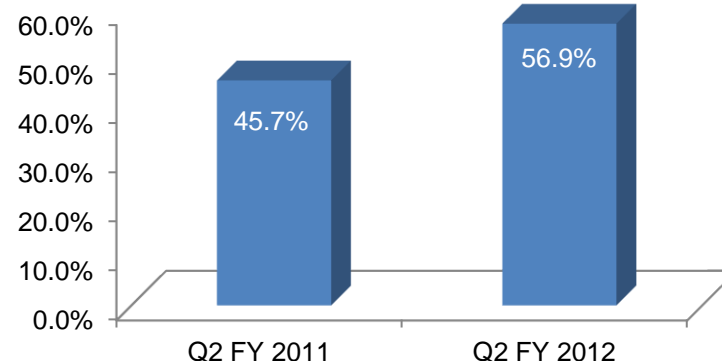
In 000s except margin and per share data	Q2 FY 2011	Q2 FY 2011	Q2 FY 2012	Q2 FY 2012
	RMB	USD	RMB	USD
<b>Net Revenues</b>	33,255	\$4,971	<b>70,394</b>	<b>\$11,037</b>
<b>Cost of Revenue</b>	18,050	\$2,698	<b>30,341</b>	<b>\$4,757</b>
<b>Gross Profit</b>	15,206	\$2,273	<b>40,053</b>	<b>\$6,280</b>
<b>Gross Margin</b>	45.7%	45.7%	<b>56.9%</b>	<b>56.9%</b>
<b>Operating Expenses</b>	32,095	\$4,797	<b>37,886</b>	<b>\$5,940</b>
<b>Income (Loss) from Operations</b>	(16,890)	(\$2,524)	<b>2,167</b>	<b>\$340</b>
<b>Net Income (Loss)</b>	(14,799)	(\$2,212)	<b>1,443</b>	<b>\$226</b>
<b>Diluted Earnings (Loss) Per ADS</b>	(0.66)	(\$0.10)	<b>0.00</b>	<b>\$0.00</b>

Second Quarter Net Revenues

(in 000s RMB)



Second Quarter Gross Margin



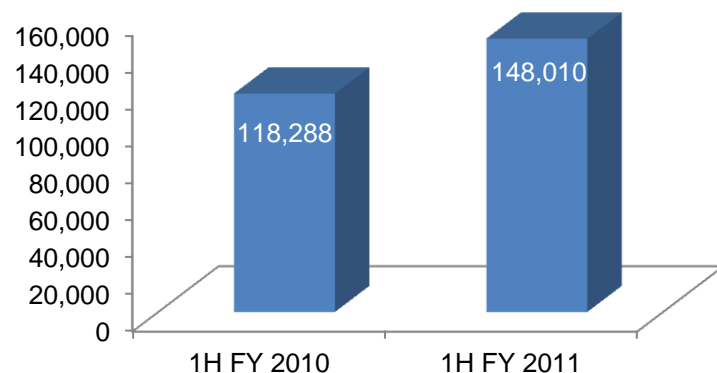
# Summary Financial Results – First Half



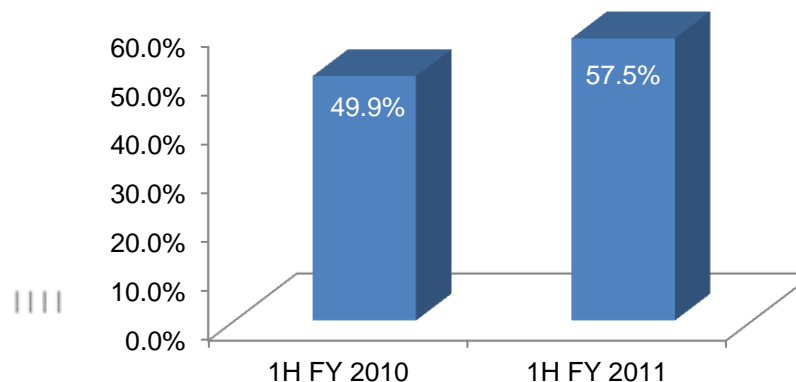
In 000s except margin and per share data	1H FY 2011	1H FY 2011	1H FY 2012	1H FY 2012
	RMB	USD	RMB	USD
<b>Net Revenues</b>	118,288	\$17,680	<b>148,010</b>	<b>\$23,206</b>
<b>Cost of Revenue</b>	59,244	\$8,855	<b>62,968</b>	<b>\$9,873</b>
<b>Gross Profit</b>	59,044	\$8,825	<b>85,041</b>	<b>\$13,334</b>
<b>Gross Margin</b>	49.9%	49.9%	<b>57.5%</b>	<b>57.5%</b>
<b>Operating Expenses</b>	64,753	\$9,678	<b>68,717</b>	<b>\$10,774</b>
<b>Income (Loss) from Operations</b>	(5,709)	(\$853)	<b>16,324</b>	<b>\$2,559</b>
<b>Net Income (Loss)</b>	(5,849)	(\$874)	<b>14,487</b>	<b>\$2,271</b>
<b>Diluted Earnings (Loss) Per ADS</b>	(0.26)	(\$0.04)	<b>0.56</b>	<b>\$0.08</b>

**First Half Net Revenues**

(in 000s RMB)



**First Half Gross Margin**



# Strong Balance Sheet With No Debt



## Balance Sheet Highlights

	3/31/2011	3/31/2011	9/30/2011	9/30/2011
In 000s	RMB	USD	RMB	USD
<b>Cash and Cash Equivalents</b>	268,058	\$40,936	<b>203,127</b>	<b>\$31,848</b>
<b>Total Current Assets</b>	325,491	\$49,706	<b>295,939</b>	<b>\$46,400</b>
<b>Total Assets</b>	435,447	\$66,498	<b>400,900</b>	<b>\$62,857</b>
<b>Total Current Liabilities</b>	67,448	\$10,300	<b>78,516</b>	<b>\$12,310</b>
<b>Total Liabilities</b>	71,384	\$10,901	<b>82,043</b>	<b>\$12,863</b>
<b>Shareholders' Equity</b>	364,063	\$55,597	<b>318,857</b>	<b>\$49,993</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	435,447	\$66,498	<b>400,900</b>	<b>\$62,857</b>



# Quarterly Projections – FY 2012 Third Quarter



(in millions RMB)	Guidance for Q3 FY 2012 (ending 12/31/2011)	
	Low	High
Net Revenue	136.0	141.0



# Revised Outlook for FY 2012



- Testing Services business producing better-than-expected results
- 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	395.0	415.0	303.9
Net Income	40.0 – 45.0	55.0	60.0	19.8



- Continue to attract new test takers to existing tests while simultaneously developing new titles
- Improved levels of profitability from HR Select and TOEIC
- Implement larger scale tests, such as Security Guard Certification Test
  - Company seeking provincial approval from more populous provinces
- Concentrate on generating free cash flow and strengthening financial position





## At ATA Inc.

Benson Tsang, Chief Financial Officer

- +86 (10) 6518 1122 x5107
- [bensontsang@ata.net.cn](mailto:bensontsang@ata.net.cn)

## Investor Relations

The Equity Group

Adam Prior, Vice President

- (212) 836-9606
- [aprior@equityny.com](mailto:aprior@equityny.com)

Carolyn Yu, Account Executive

- (212) 836-9610
- [cyu@equityny.com](mailto:cyu@equityny.com)

