



ATA

FY 2015 First Quarter Earnings Call | August 8, 2014

Speakers

Mr. Cheng-Yaw Sun, CEO and Director
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 ended June 30, 2014, financial results, are converted from RMB using an exchange rate of 6.2036 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 is China’s market leader of advanced testing technologies and related services.**
- 15-year track record of administering millions of exams per year with no incidence of security breach
- Proprietary testing technology being used in 161 countries
- Nationwide network of 3,000+ test centers



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	\$4.75 (as of 8/5/2014)
Market Cap	\$110 million (as of 8/5/2014)
ADSS Outstanding	23.2 million
Book Value Per ADS	\$2.53

All information as of 6/30/2014 unless otherwise noted.



OPERATING AND FINANCIAL HIGHLIGHTS

Benson Tsang, Chief Financial Officer and Chief Accounting Officer

- 20+ years in finance, capital markets, and accounting
- Previously CFO of WuXi PharmaTech (NYSE: WX)

KEY OPERATING HIGHLIGHTS



Delivered 2.3 million billable tests in First Quarter 2015, YoY increase of 6.2%

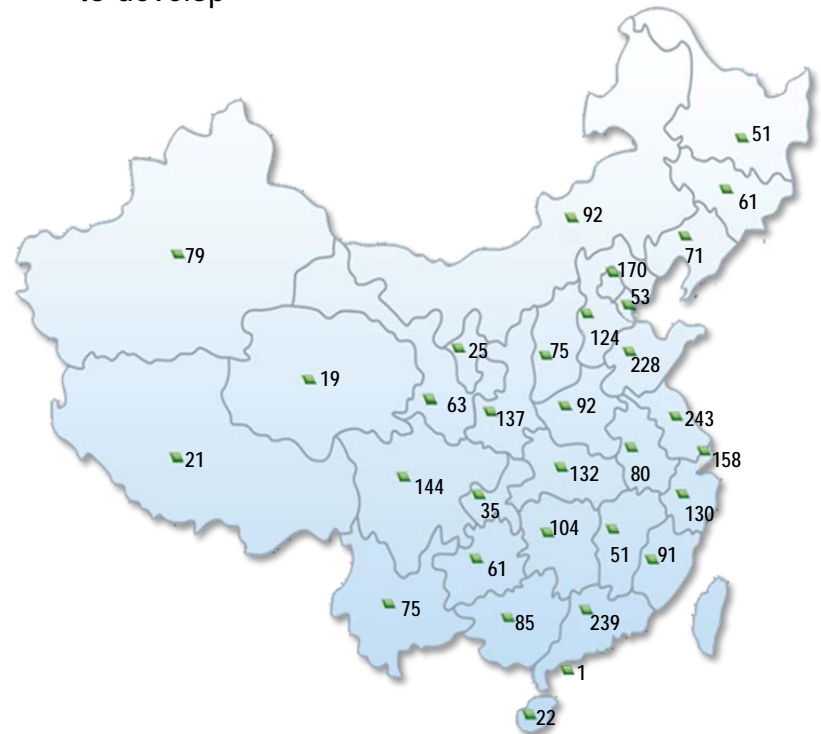
Administered new exam for Tianjin Commodity Traders Association, delivered the National College Students Futures and Derivatives Knowledge Competition for the China Financial Futures Exchange

Signed agreement with New Oriental to form a new joint venture that will develop a new online education and training platform for working professionals in China

To better serve test takers, released Android- and iOS-compatible app called Exam Inventory Navigator (考试导航) that provides information and online capabilities for over 100 exam titles administered throughout China

Simultaneous, Large-scale Test Delivery

- Nationwide network of 3,012 test centers (as of 6/30/2014) 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



KEY FINANCIAL HIGHLIGHTS



Net revenues of RMB84.3 million, exceeding top end of First Quarter 2015 net revenue guidance range of RMB 74.0 million to RMB84.0 million

Net revenues from TOEIC and HR Select impacted by termination of exclusive distributor contract with ETS for TOEIC

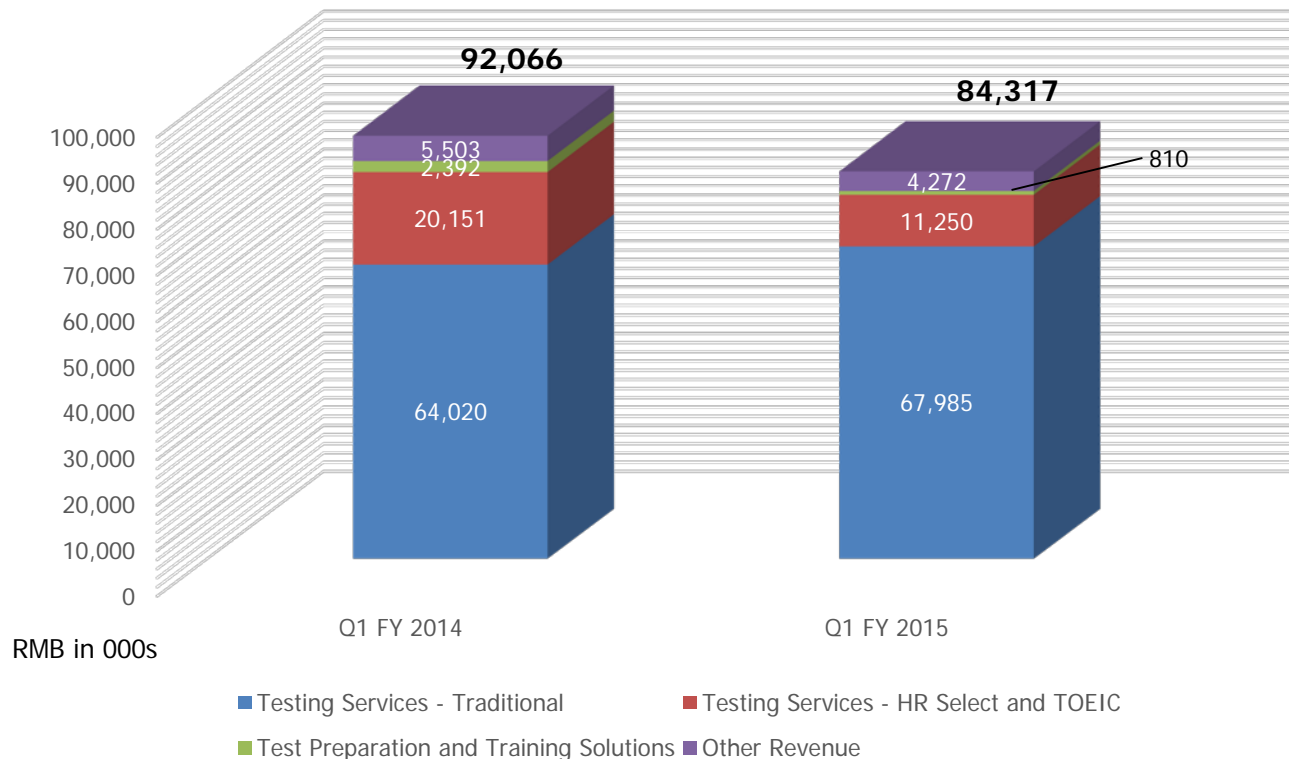
Gross margin improvement due to gains in service delivery efficiencies and decreased TOEIC exam royalties to ETS

Reiterates net revenue and non-GAAP net income guidance for FY 2015*



*As reported in the Company's fiscal 2014 fourth quarter and year-end financial results press release on 5/29/2014

- **Testing Services** is ATA's core business, offering simultaneous computer-based testing across all of China—about 94.0% of revenues in Q1 FY 2015.
 - Private sector business (HR Select and TOEIC) included under this category
- **Test Preparation & Training Solutions** for continued professional development, as well as English language education



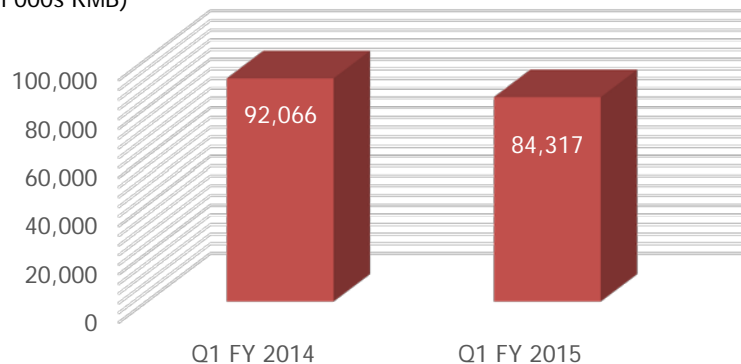
SUMMARY FINANCIAL RESULTS – FIRST QUARTER



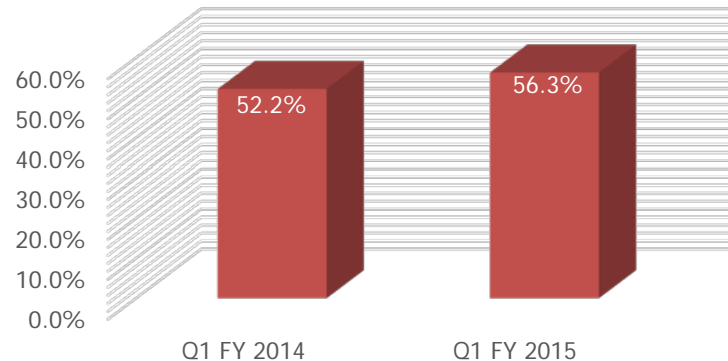
In 000s except margin and per share data	Q1 FY 2014	Q1 FY 2015	Q1 FY 2014	Q1 FY 2015
	RMB		USD	
Net Revenues	92,066	84,317	\$15,001	\$13,592
Cost of Revenue	43,998	36,810	\$7,169	\$5,934
Gross Profit	48,068	47,508	\$7,832	\$7,658
Gross Margin	52.2%	56.3%	52.2%	56.3%
Operating Expenses	38,939	39,647	\$6,344	\$6,391
Income from Operations	9,129	7,861	\$1,487	\$1,267
Net Income	9,409	4,606	\$1,533	\$742
Diluted Earnings Per ADS	0.40	0.18	\$0.06	\$0.02

First Quarter Net Revenues

(in 000s RMB)



First Quarter Gross Margin



FINANCIAL ANALYSIS – NON-GAAP



RMB in 000s except EPS	FY 2013					FY 2014					FY 2015
	Q1	Q2	Q3	Q4	FY 2013	Q1	Q2	Q3	Q4	FY 2014	Q1
Net Revenues	88,261	46,754	179,432	52,228	366,675	92,066	45,089	188,853	58,660	384,668	84,317
Net Income (Loss)											
GAAP	5,264	(9,087)	33,153	(6,122)	23,208	9,409	(4,320)	35,578	(13,390)	27,276	4,606
Adjustment											
Share-based Compensation Expense	3,936	2,818	2,794	3,325	12,874	1,791	1,671	3,574	3,498	10,535	3,158
Foreign Currency Exchange (Gain) Loss	469	(351)	(157)	(37)	(77)	(125)	(92)	(68)	334	49	972
Non-GAAP	9,669	(6,620)	35,790	(2,834)	36,005	11,075	(2,741)	39,084	(9,558)	37,861	8,736
Diluted Earnings (Losses) Per ADS											
GAAP	\$0.04	(\$0.06)	\$0.24	(\$0.04)	\$0.16	\$0.06	(\$0.03)	\$0.25	(\$0.10)	\$0.20	\$0.02
Non-GAAP	\$0.06	(\$0.04)	\$0.26	(\$0.02)	\$0.26	\$0.08	(\$0.02)	\$0.28	(\$0.06)	\$0.26	\$0.06

Balance Sheet Highlights

	3/31/2014	6/30/2014	3/31/2014	6/30/2014
In 000s	RMB		USD	
Cash	311,947	337,687	\$50,181	\$54,434
Total Current Assets	398,093	397,814	\$64,039	\$64,126
Total Assets	491,237	503,574	\$79,023	\$81,174
Total Current Liabilities	77,149	137,208	\$12,411	\$22,118
Total Liabilities	79,345	139,246	\$12,764	\$22,446
Shareholders' Equity	411,892	364,328	\$66,259	\$58,729
Total Liabilities & Shareholders' Equity	491,237	503,574	\$79,023	\$81,174

\$54.4 million in cash and no long-term debt at 6/30/2014

PROJECTIONS – SECOND QUARTER 2015 AND FISCAL YEAR 2015



RMB millions	Guidance for Q2 FY 2015 (ending 9/30/2014)		Q2 FY 2014 Actual
	Low	High	
Net Revenue	90.0	100.0	45.1

RMB millions	Guidance for FY 2015		FY 2014 Actual
	Low	High	
Net Revenue	385.0	405.0	384.7
Non-GAAP Net Income	28.0	38.0	37.9

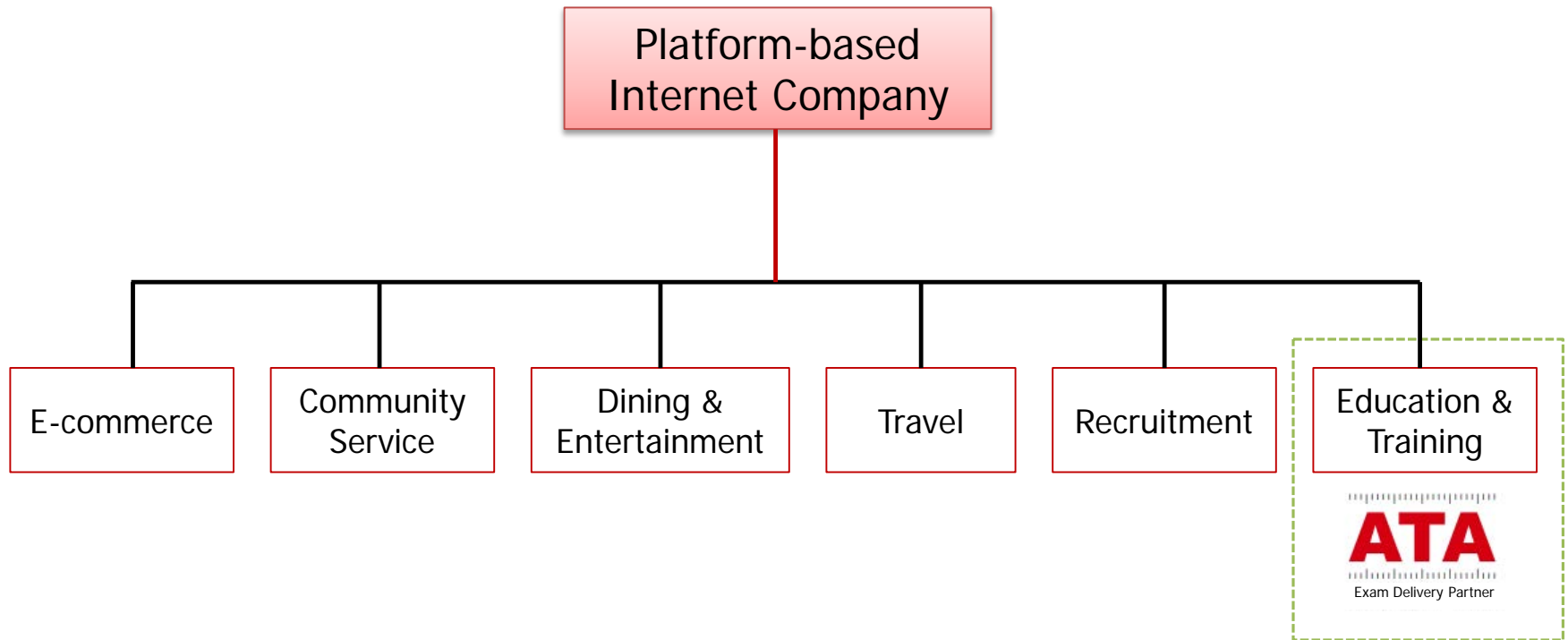


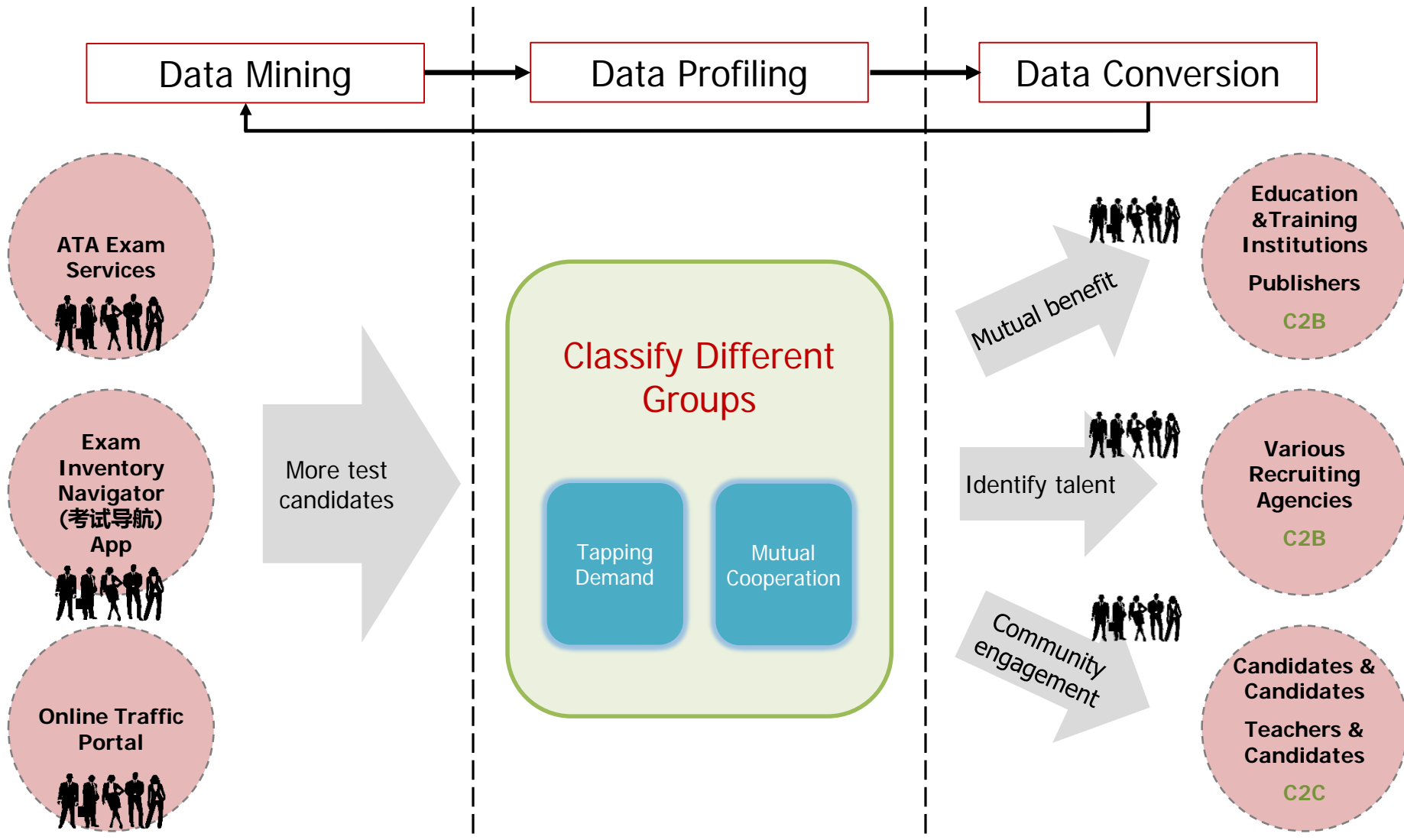
OUTLOOK FOR FY 2015

Cheng-Yaw Sun, CEO and Director

- 30+ years experience in corporate management and operations in the high tech industry
- Served as chairman of ALi Corporation, hiSoft Technology

- Strengthen ATA's leadership position in China's testing and assessment market
 - Expand into online education and training (test takers/consumers)
- Establish new business partnerships
 - Example: joint venture with New Oriental
- Expand existing client relationships
- Market MTS technology
- Invest up to RMB30.0 million for ATA's long-term growth





At ATA Inc.

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