

# FY 2013 Second Quarter and Six Months Conference Call

November 6, 2012

## Speakers

Mr. Kevin Ma, Chairman and CEO  
Mr. Walter Wang, President  
Mr. Benson Tsang, CFO

Turning manpower into talents  
we qualify people



**ATA**  
考试服务专家

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Note: All U.S. dollar amounts in this presentation, relating to the Company's most recent quarter ended September 30, 2012, financial results, are converted from RMB using an exchange rate of 6.2848 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 2,500 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>	\$4.75 (as of 11/2/2012)	<b>Market Cap</b>	\$107 million (as of 11/2/2012)
<b>ADSs Outstanding</b>	22.5 million	<b>Book Value Per ADS</b>	\$2.43
<b>Industry/Business</b>	Computer-based testing across multiple industries in China	<b>Test Centers</b>	2,572

All information as of 9/30/2012 unless otherwise noted.

# Operating Highlights – Walter Wang

**Walter Wang**, Co-founder, President and Board Director

- More than 10 years in the testing industry
- Previously served with the China Ministry of Railway
- Expert on IT consulting



# Key Operating Accomplishments

**Delivered 1.4 million billable tests during Second Quarter 2013**

**Signed contract with Chinese Institute of Certified Public Accountants to be its service provider for the computer-based National Unified CPA Exam in 2012**

**Successfully administered large-scale internal assessment exams for the Bank of China in 74 cities across 31 provinces**

## Simultaneous, Large-scale Test Delivery

- Nationwide network of 2,572 test centers (as of 9/30/2012) 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



# Financials – Benson Tsang

**Benson Tsang**, Chief Financial Officer and Chief Accounting Officer

- More than 21 years in finance, capital markets, and accounting
- Previously CFO of WuXi PharmaTech (NYSE: WX)



**Q2 FY 2013 revenues below previously provided guidance due to lower exam volumes for the SAC exam caused by a slowdown in the financial industry, as well as delayed delivery of services for contracted projects**

**Gross margin impacted by YoY decrease in SAC exam volumes, lower contributions from test preparation and training solutions business, and implementation costs associated with the new computer-based CPA exam**

**Revises net revenue and non-GAAP net income guidance for FY 2013**



# FY 2013 Q2 Actual vs. Market Consensus



USD millions except per share data	FY 2013 Q2 Actual	Market Consensus*	
Net Revenues	\$7.4	\$9.1	
Gross Profit	\$3.4	\$4.3	
Non-GAAP Net Income (Loss)	(\$1.1)	(\$1.1)	
Non-GAAP Diluted Earnings (Loss) per ADS	(\$0.04)	(\$0.05)	

\* As of the most recent August 2012 analyst reports

## ATA's Covering Analysts

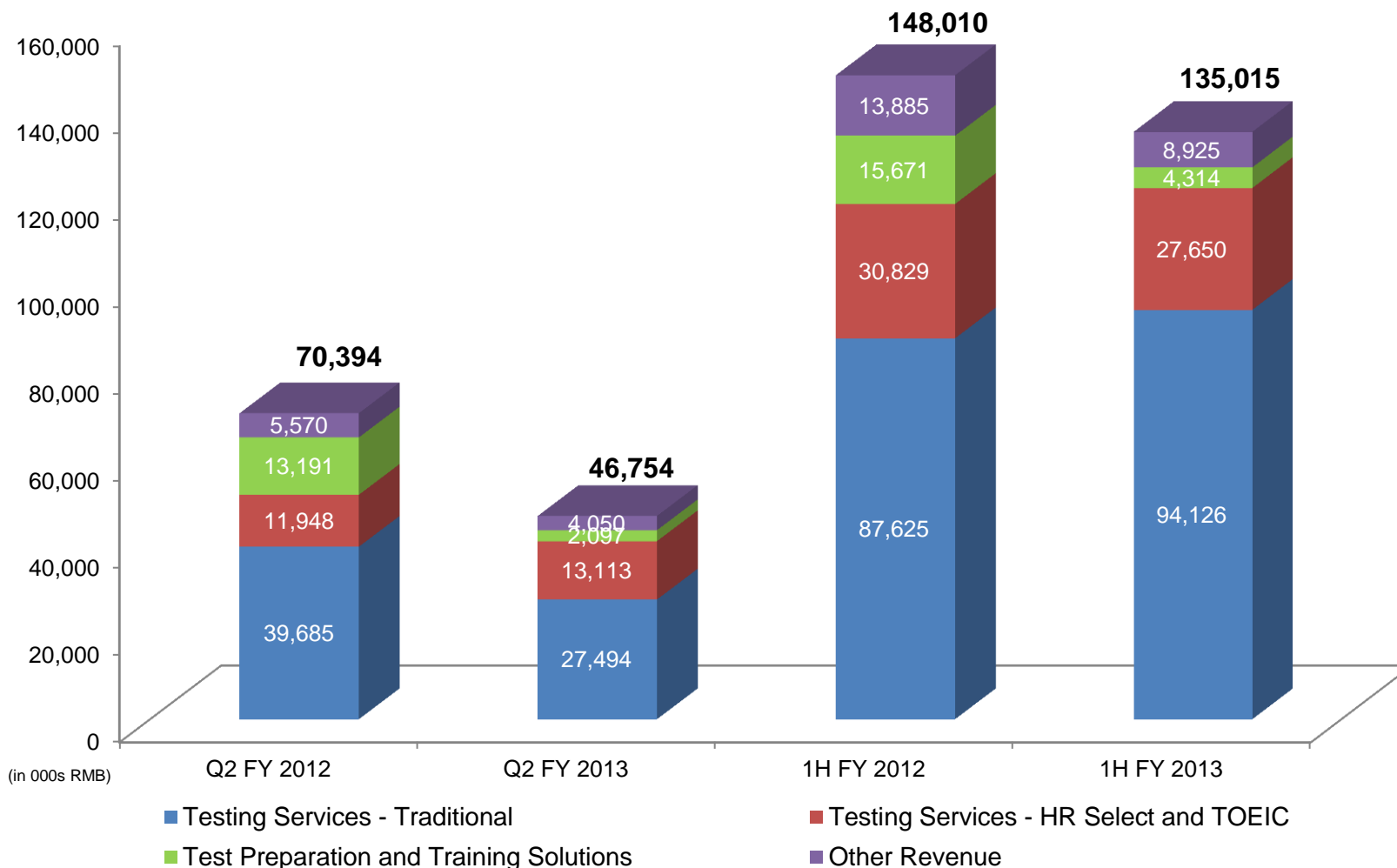
- Ella Ji, Oppenheimer & Co.
- Mark A. Marostica, Piper Jaffray





# Revenue Breakdown

- **Testing Services** is ATA's core business—about 87% of revenues in Q2 FY 2013.
  - Private sector business (HR Select and TOEIC) included under this category
- **Test Preparation & Training Solutions / Other Revenue** – for continued professional development, as well as for English language education

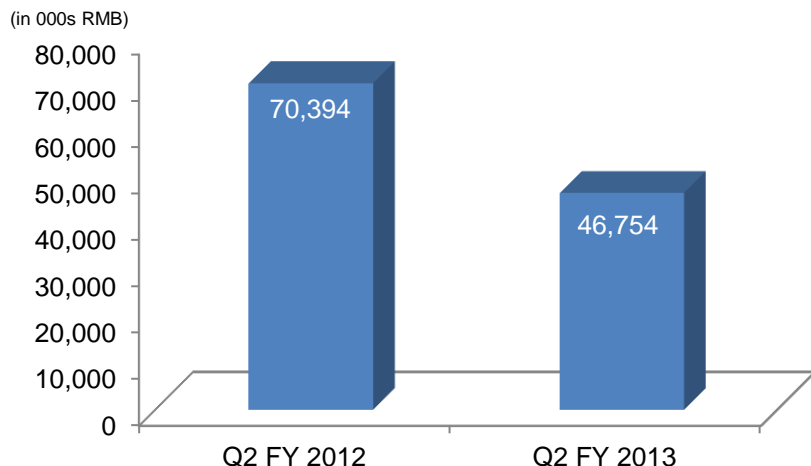


# Summary Financial Results – Second Quarter

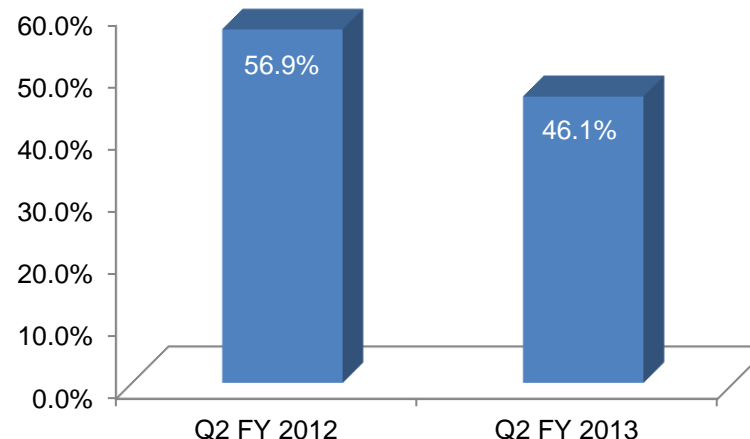


In 000s except margin and per share data	Q2 FY 2012	Q2 FY 2012	Q2 FY 2013	Q2 FY 2013
	RMB	USD	RMB	USD
<b>Net Revenues</b>	70,394	\$11,037	<b>46,754</b>	<b>\$7,439</b>
<b>Cost of Revenue</b>	30,341	\$4,757	<b>25,183</b>	<b>\$4,007</b>
<b>Gross Profit</b>	40,053	\$6,280	<b>21,571</b>	<b>\$3,432</b>
<b>Gross Margin</b>	56.9%	56.9%	<b>46.1%</b>	<b>46.1%</b>
<b>Operating Expenses</b>	37,886	\$5,940	<b>32,593</b>	<b>\$5,186</b>
<b>Income (Loss) from Operations</b>	2,167	\$340	<b>(11,021)</b>	<b>(\$1,754)</b>
<b>Net Income (Loss)</b>	1,443	\$226	<b>(9,087)</b>	<b>(\$1,446)</b>
<b>Diluted Earnings (Loss) Per ADS</b>	0.00	\$0.00	<b>(0.42)</b>	<b>(\$0.06)</b>

Second Quarter Net Revenues



Second Quarter Gross Margin

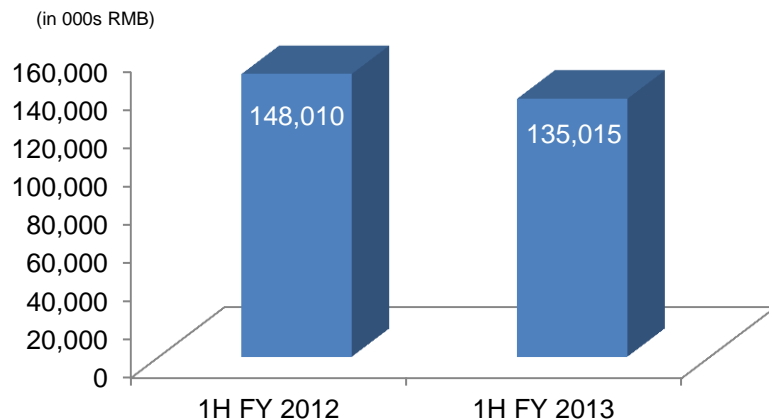


# Summary Financial Results – First Half

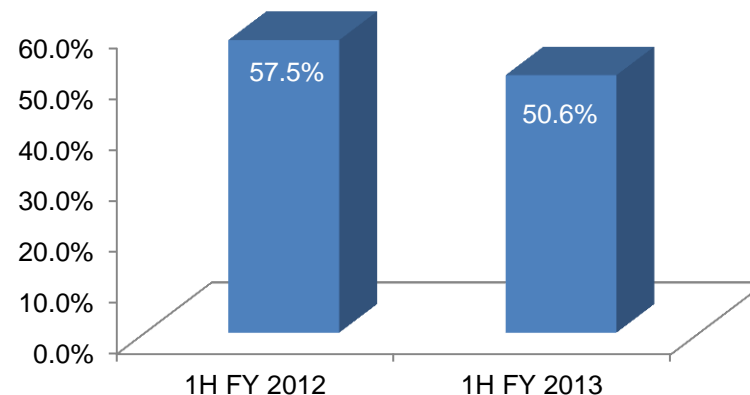


In 000s except margin and per share data	1H FY 2012	1H FY 2012	1H FY 2013	1H FY 2013
	RMB	USD	RMB	USD
<b>Net Revenues</b>	148,010	\$23,206	<b>135,015</b>	<b>\$21,483</b>
<b>Cost of Revenue</b>	62,968	\$9,873	<b>66,701</b>	<b>\$10,613</b>
<b>Gross Profit</b>	85,041	\$13,334	<b>68,314</b>	<b>\$10,870</b>
<b>Gross Margin</b>	57.5%	57.5%	<b>50.6%</b>	<b>50.6%</b>
<b>Operating Expenses</b>	68,717	\$10,774	<b>73,517</b>	<b>\$11,698</b>
<b>Income (Loss) from Operations</b>	16,324	\$2,559	<b>(5,203)</b>	<b>(\$828)</b>
<b>Net Income (Loss)</b>	14,487	\$2,271	<b>(3,823)</b>	<b>(\$608)</b>
<b>Diluted Earnings (Loss) Per ADS</b>	0.56	\$0.08	<b>(0.20)</b>	<b>(\$0.04)</b>

**First Half Net Revenues**



**First Half Gross Margin**



# Financial Analysis – Non-GAAP



RMB in 000s except EPS	FY 2011					FY 2012					FY 2013		
	Q1	Q2	Q3	Q4	FY 2011	Q1	Q2	Q3	Q4	FY 2012	Q1	Q2	FY 2013 YTD
<b>Net Revenues</b>	85,033	33,255	135,879	49,737	303,904	77,616	70,394	143,604	60,471	352,085	88,261	46,754	135,015
<b>Net Income (Loss)</b>													
<b>GAAP</b>	8,950	(14,799)	31,193	(5,590)	19,754	13,045	1,443	38,058	3,295	55,841	5,264	(9,087)	(3,823)
<b>Adjustment</b>													
<b>Share-based Compensation Expense</b>	1,480	1,282	1,044	846	4,652	1,957	4,076	3,635	2,596	12,264	3,936	2,818	6,754
<b>Foreign Currency Exchange (Gain) Loss</b>	13	(1)	(63)	(1,087)	(1,138)	(1,837)	(967)	(877)	48	(3,633)	469	(351)	118
<b>Non-GAAP</b>	10,443	(13,518)	32,174	(5,831)	23,268	13,165	4,552	40,816	5,939	64,472	9,669	(6,620)	3,049
<b>Diluted Earnings (Loss) Per ADS</b>													
<b>GAAP</b>	\$0.06	(\$0.10)	\$0.22	(\$0.04)	\$0.14	\$0.08	\$0.00	\$0.26	\$0.02	\$0.38	\$0.04	(\$0.06)	(\$0.04)
<b>Non-GAAP</b>	\$0.06	(\$0.10)	\$0.22	(\$0.04)	\$0.16	\$0.08	\$0.02	\$0.28	\$0.04	\$0.44	\$0.06	(\$0.04)	\$0.02



# Strong Balance Sheet With No Debt



## Balance Sheet Highlights

	3/31/2012	3/31/2012	9/30/2012	9/30/2012
In 000s	RMB	USD	RMB	USD
<b>Cash</b>	257,168	\$40,836	<b>250,646</b>	<b>\$39,881</b>
<b>Total Current Assets</b>	355,069	\$56,383	<b>333,304</b>	<b>\$53,033</b>
<b>Total Assets</b>	460,720	\$73,159	<b>442,424</b>	<b>\$70,396</b>
<b>Total Current Liabilities</b>	91,066	\$14,461	<b>96,289</b>	<b>\$15,321</b>
<b>Total Liabilities</b>	94,305	\$14,975	<b>99,047</b>	<b>\$15,760</b>
<b>Shareholders' Equity</b>	366,415	\$58,184	<b>343,377</b>	<b>\$54,636</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	460,720	\$73,159	<b>442,424</b>	<b>\$70,396</b>



# Quarterly Projections – FY 2013 Third Quarter



(in millions RMB)	Guidance for Q3 FY 2013 (ending 12/31/2012)	
	Low	High
Net Revenue	170.0	200.0



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

(in millions RMB)	Previous Range	Guidance		FY 2012
		Low	High	
Net Revenue	420.0 – 440.0	390.0	410.0	352.1
Non-GAAP Net Income	70.0 – 80.0	40.0	50.0	64.5



# Growth Strategy for FY 2013 – Kevin Ma

**Kevin Ma**, Co-founder, Chief Executive Officer and Chairman of the Board

- More than 10 years in IT and IT-related education sectors
- Pioneer in commercializing China's testing industry
- Professional entrepreneur since 1996





ATA will strive to continue to:

- Attract new private sector clients with HR Select and TOEIC services while working to expand upon relationships with current clients
- Attract new test takers to existing tests while simultaneously developing new titles
- Explore opportunities to transition paper-based exams to ATA's computer-based platform
- 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

Carolyn Yu, Account Executive

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

Adam Prior, Vice President

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

