



## Speakers

Mr. Kevin Ma, Chairman and CEO

Mr. Benson Tsang, CFO

# ATA

FY 2014 First Quarter Conference Call  
August 9, 2013

## SAFE HARBOR

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Note: All U.S. dollar amounts in this presentation, relating to the Company's most recent quarter ended June 30, 2013, financial results, are converted from RMB using an exchange rate of 6.1374 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

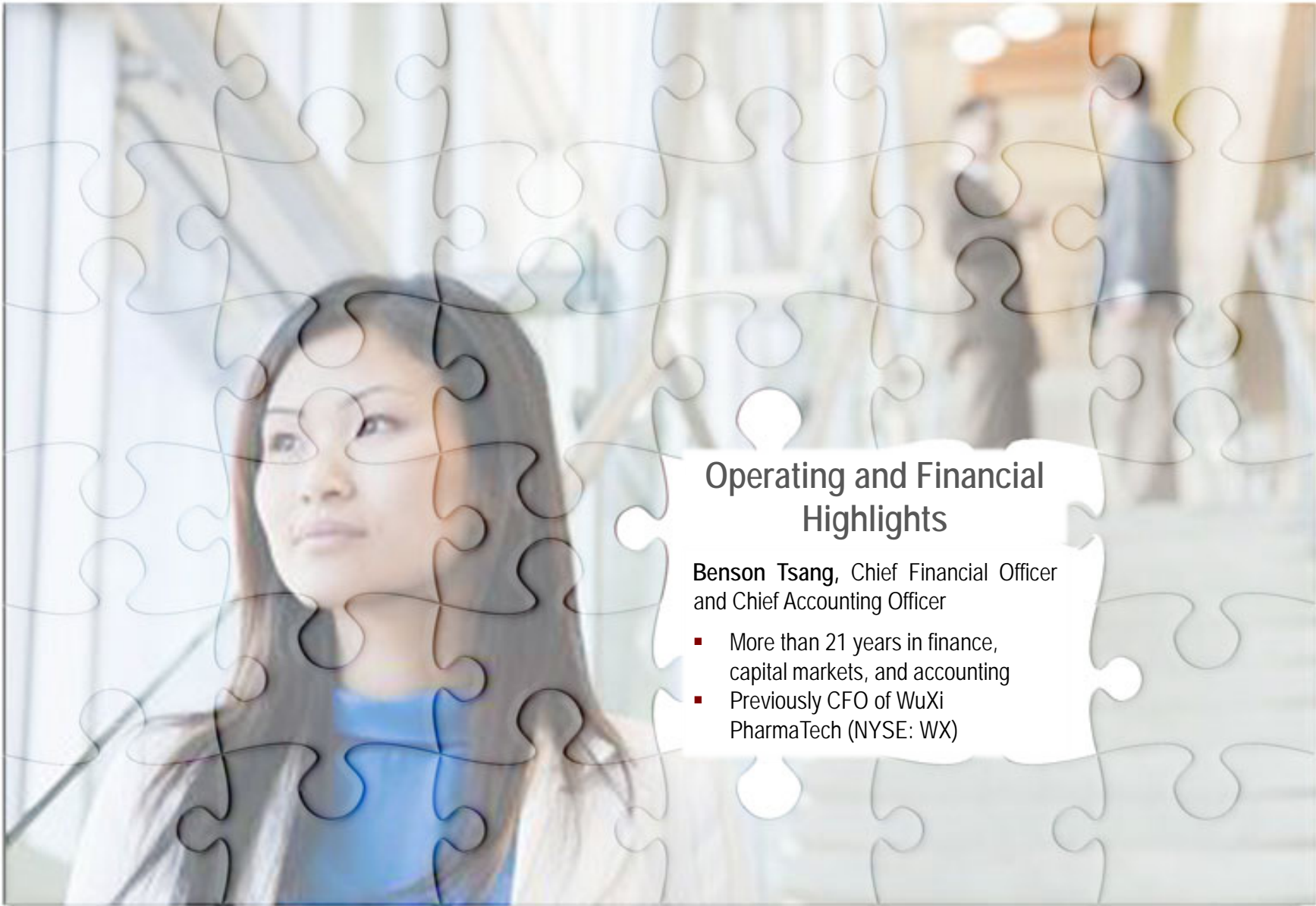
- ATA Inc. is China's market leader of computer-based testing and related services.
- Track record of administering millions of tests a year without a single incidence of security breach
- Proprietary testing technology being used in 161 countries
- Nationwide network of over 2,800 test centers



### 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	\$5.01 (as of 8/6/2013)
Market Cap	\$113 million (as of 8/6/2013)
ADSs Outstanding	22.6 million
Book Value Per ADS	\$2.77

All information as of 6/30/2013 unless otherwise noted.



## Operating and Financial Highlights

**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)

## KEY OPERATING HIGHLIGHTS

Delivered 2.1 million billable tests in First Quarter 2014

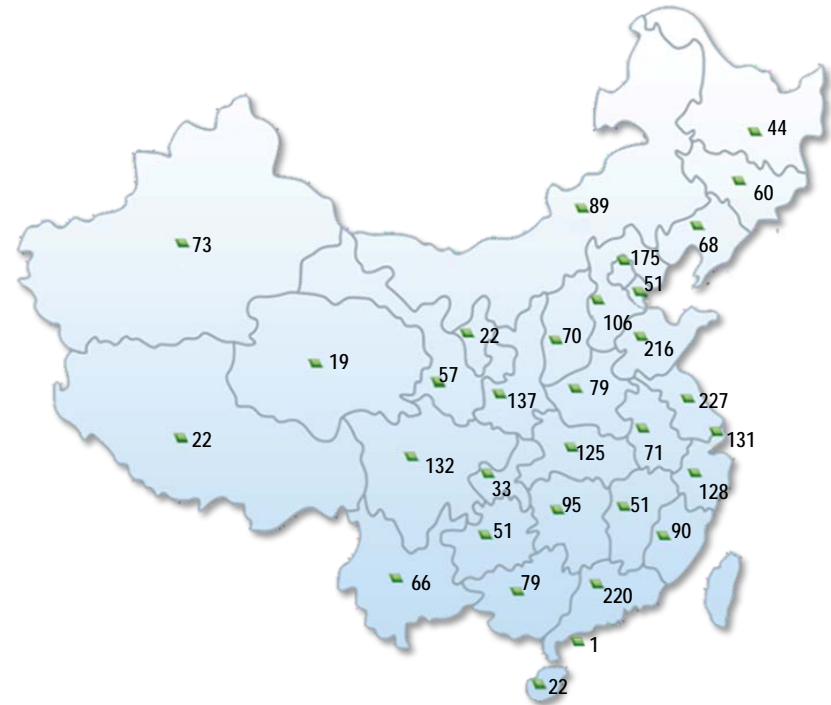
Renewed security guard exam contract in Shanghai and signed new contract with several other provinces

Entered into strategic partnerships with educational institutions and companies to promote TOEIC

Administered recruitment and assessment exams for multiple branches of various banks

### Simultaneous, Large-scale Test Delivery

- Nationwide network of 2,810 test centers (as of 6/30/2013) 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

YoY growth in net revenue and gross profit for First Quarter 2014

Revenues from HR Select and TOEIC grew 38.6% year over year to RMB20.2 million

Exceeded consensus estimates for First Quarter 2014 on both top and bottom lines

Reiterates net revenue and net income guidance for FY 2014\*

\*As reported in the Company's fiscal 2013 fourth quarter financial results press release on 5/29/2013



## FY 2014 Q1 ACTUAL VS. MARKET CONSENSUS

USD millions  
except per share data

	FY 2014 Q1 Actual (unaudited)	Market Consensus*
Net Revenues	\$15.0	\$13.1
Gross Margin	52.2%	49.8%
GAAP Net Income (Loss)	\$1.5	(\$0.15)
Non-GAAP Net Income	\$1.8	\$0.2

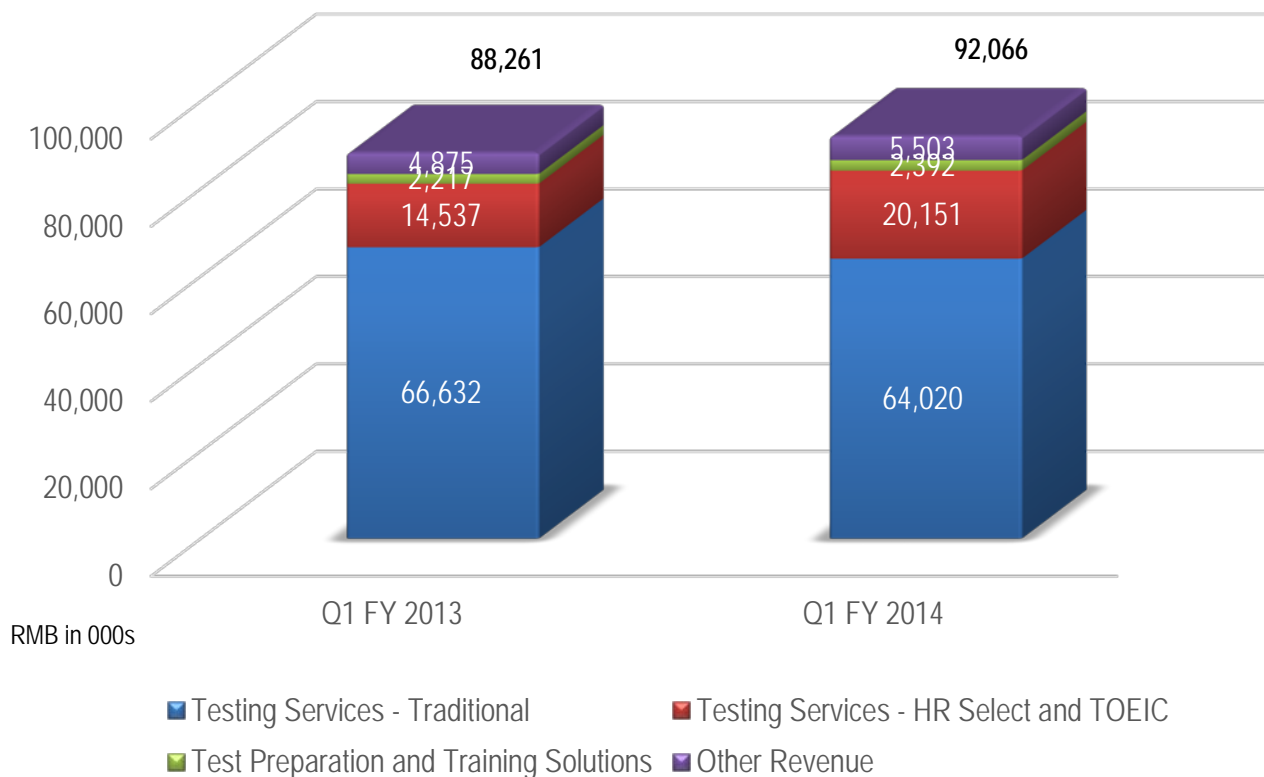
\* As of the May 2013 analyst reports

### ATA's Covering Analysts

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

## REVENUE BREAKDOWN

- **Testing Services** is ATA's core business, offering simultaneous computer-based testing across all of China—about 91.4% of revenues in Q1 FY 2014.
  - Private sector business (HR Select and TOEIC) included under this category
- **Test Preparation & Training Solutions** for continued professional development, as well as for English language education

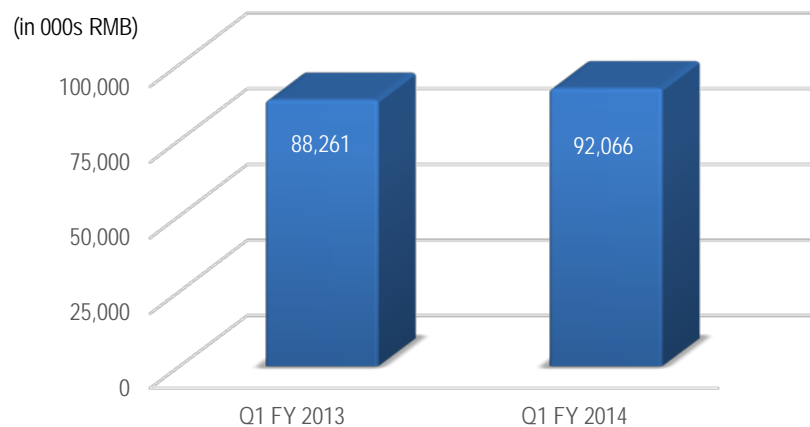




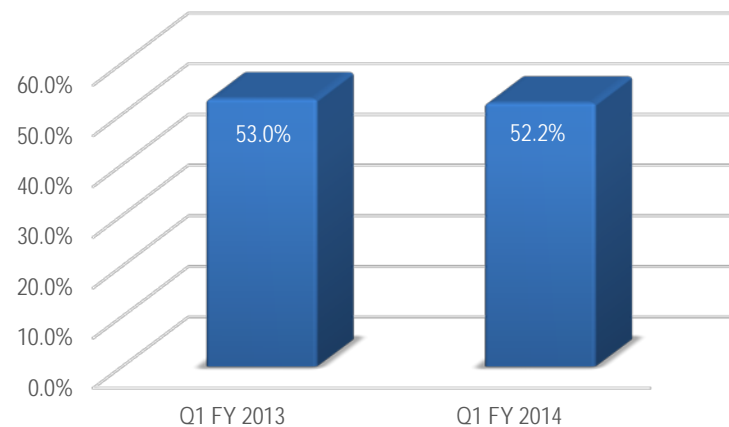
## SUMMARY FINANCIAL RESULTS – FIRST QUARTER

In 000s except margin and per share data	Q1 FY 2013	Q1 FY 2014	Q1 FY 2013	Q1 FY 2014
	RMB		USD	
Net Revenues	88,261	92,066	\$13,893	\$15,001
Cost of Revenue	41,518	43,998	\$6,535	\$7,169
Gross Profit	46,743	48,068	\$7,358	\$7,832
Gross Margin	53.0%	52.2%	53.0%	52.2%
Operating Expenses	40,925	38,939	\$6,442	\$6,344
Income from Operations	5,819	9,129	\$916	\$1,487
Net Income	5,264	9,409	\$829	\$1,533
Diluted Earnings Per ADS	0.22	0.40	\$0.04	\$0.06

First Quarter Net Revenues



First Quarter Gross Margin



## FINANCIAL ANALYSIS – NON-GAAP

RMB in 000s except EPS	FY 2012					FY 2013					FY 2014
	Q1	Q2	Q3	Q4	FY 2012	Q1	Q2	Q3	Q4	FY 2013	Q1
Net Revenues	77,616	70,394	143,604	60,471	352,085	88,261	46,754	179,432	52,228	366,675	92,066
Net Income (Loss)											
GAAP	13,045	1,443	38,058	3,295	55,841	5,264	(9,087)	33,153	(6,122)	23,208	9,409
Adjustment											
Share-based Compensation Expense	1,957	4,076	3,635	2,596	12,264	3,936	2,818	2,794	3,325	12,874	1,791
Foreign Currency Exchange (Gain) Loss	(1,837)	(967)	(877)	48	(3,633)	469	(351)	(157)	(37)	(77)	(125)
Non-GAAP	13,165	4,552	40,816	5,939	64,472	9,669	(6,620)	35,790	(2,834)	36,005	11,075
Diluted Earnings (Loss) Per ADS											
GAAP	\$0.08	\$0.00	\$0.26	\$0.02	\$0.38	\$0.04	(\$0.06)	\$0.24	(\$0.04)	\$0.16	\$0.06
Non-GAAP	\$0.08	\$0.02	\$0.28	\$0.04	\$0.44	\$0.06	(\$0.04)	\$0.26	(\$0.02)	\$0.26	\$0.08

## STRONG BALANCE SHEET

### Balance Sheet Highlights

	3/31/2013	6/30/2013	3/31/2013	6/30/2013
In 000s	RMB		USD	
Cash	290,030	266,999	\$46,698	\$43,504
Total Current Assets	354,770	384,737	\$57,121	\$62,687
Total Assets	457,818	486,292	\$73,713	\$79,234
Total Current Liabilities	79,568	98,223	\$12,811	\$16,004
Total Liabilities	82,270	100,776	\$13,246	\$16,420
Shareholders' Equity	375,548	385,516	\$60,467	\$62,814
Total Liabilities & Shareholders' Equity	457,818	486,292	\$73,713	\$79,234

\$43.5 million in cash and no long-term debt at 6/30/2013

## QUARTERLY PROJECTIONS – SECOND QUARTER

RMB millions	Guidance for Q2 FY 2014 (ending 9/30/2013)		Q2 FY 2013 Actual
	Low	High	
Net Revenue	36.0	46.0	46.8

A photograph of three business professionals (two men and one woman) in a meeting, looking at a laptop screen. The image is overlaid with a large, semi-transparent puzzle piece graphic. The puzzle pieces are arranged in a grid pattern, with one piece missing in the center-right area, revealing the text below. The background is a light, neutral color.

## Growth Strategy for FY 2014

**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

## GROWTH OUTLOOK

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

RMB millions	Guidance for FY 2014		FY 2013 Actual
	Low	High	
Net Revenue	403	423	366.7
Non-GAAP Net Income	37	47	36.0

## GROWTH STRATEGY – FY 2014

ATA will work to:

- Pursue opportunities to transition paper-based exams to ATA's computer-based platform
- Attract new private sector clients with HR Select and TOEIC services while working to expand upon relationships with current clients, diversify revenue mix
- Develop a new mobile testing system (MTS) that will enable the Company to build global client relationships
- Attract new test takers to existing tests while simultaneously developing new titles
- Concentrate on generating free cash flow and strengthening financial position



**At ATA Inc.**

Benson Tsang, Chief Financial Officer

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*China's leading provider of computer-based testing and related services*