



TAL Education Group

Investor Presentation

January 2019

Disclaimer

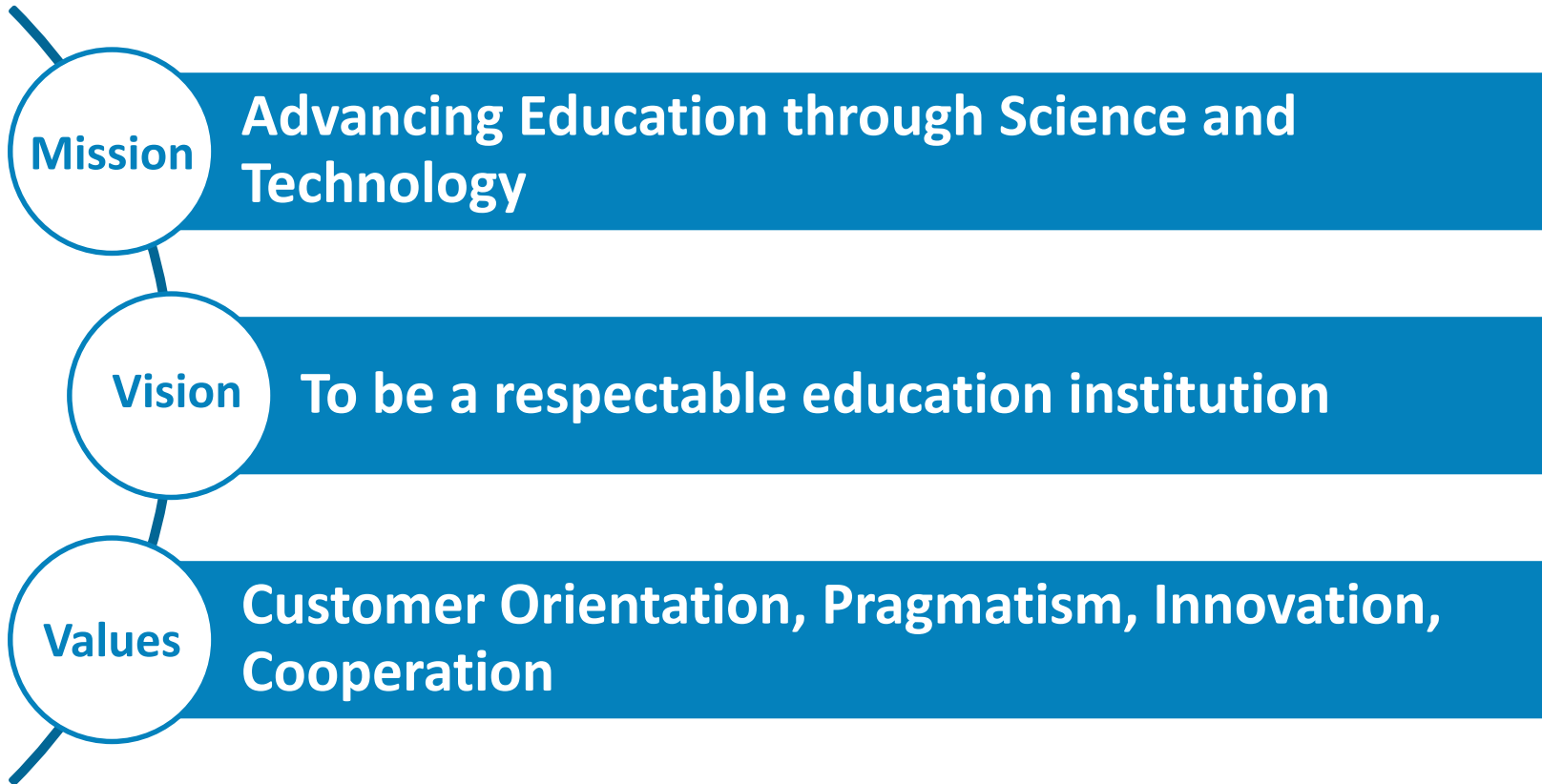
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Mission, Vision and Values of TAL



Company Highlights



Industry Leader in Large and Attractive Market

Strong Brand, Recognized for High Quality Teaching, Proprietary Content, and Student Outcomes

Significant Scale and Reach Offline and Online

Strong Operational Performance with Consistent Growth

High Visibility Recurring Revenue Model with Strong Cash Flow

Leading Edge of Science and Technology Development

What We Do

Comprehensive Tutoring Service Offering

We develop multi-subject, multi-year relationships with our students

We Cover Core Subjects in the K-12 School Curriculum ¹

| | K | Primary School | | | | | | Middle School | | | High School | | |
|-------------|---|----------------|---|---|---|---|---|---------------|---|---|-------------|----|----|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Mathematics | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| English | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Chinese | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Physics | | | | | | | | | ● | ● | ● | ● | ● |
| Chemistry | | | | | | | | | | ● | ● | ● | ● |
| Biology | | | | | | | | | | | ● | ● | ● |

Small Classes



学而思培优 Launched in 2003



Launched in 2016



学而思在线 Launched in 2018
更有效的学而思本地直播课



好未来 Launched in 2011

Personalized Premium Services (1-on-1)



Launched in 2007

Online Courses



学而思网校
在线学习更有效

Launched in 2010
Live Broadcasting started from 2Q FY2017

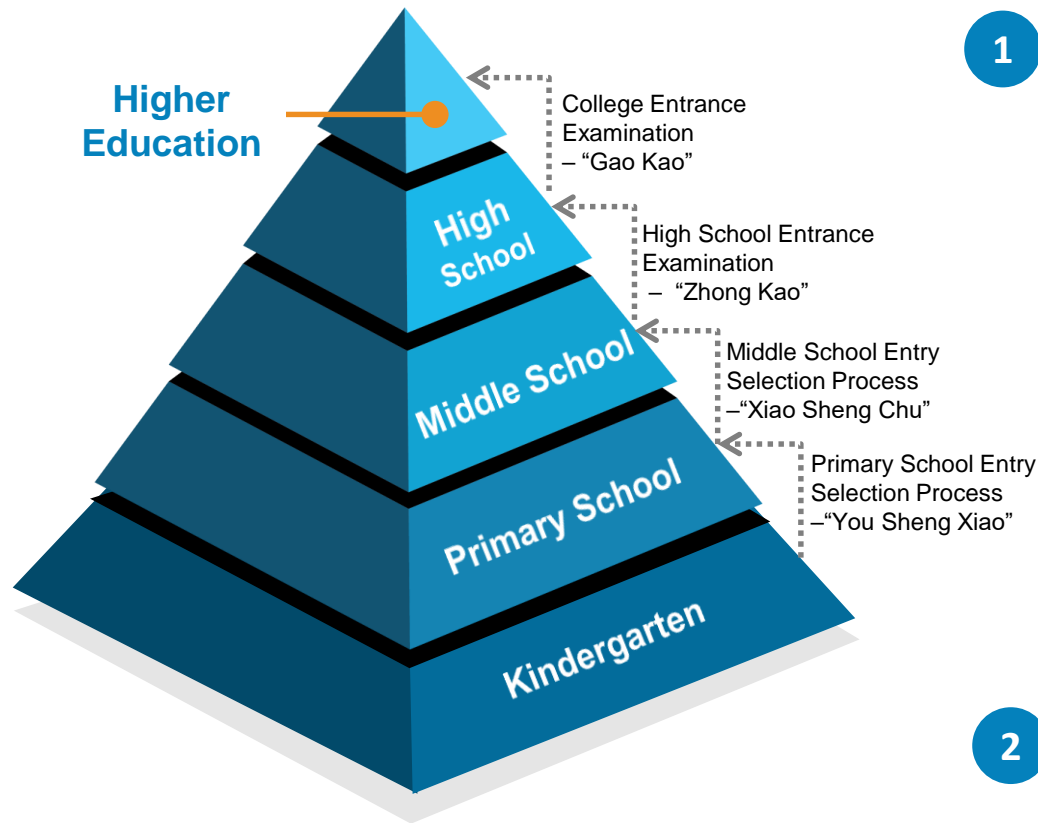


Consolidation from 2016

¹ "●" Denotes currently offered course

Reform of College Entrance Examination Creates New Opportunities

Examination-Focused Education System



Examination-Focused Education System

1 “3+Comprehensive Exam” to “3+3”

3+Comprehensive Exam: Choose between Comprehensive Liberal Arts and Comprehensive Science

3+3: Choose 3 courses among Physics, Chemistry, Biology, Politics, History and Geography

- Reform of college entrance exam has influenced High School Entrance Exam.
- Longer period, more Complicated rules and increased uncertainty push students to prepare earlier.

2 Gradually Uniform College Entrance Exam

- Efficiency of content development will improve.

Based Upon High Teaching Quality and Differentiated Proprietary Content

Optimized Teacher Management System



Selective Hiring Process

- Top university graduates
- Rounds of tests and interviews



Comprehensive Training

- Comprehensive new teacher training
- Regular ongoing training



Rigorous Evaluation Process

- Continuous evaluation
- Performance based compensation

Proprietary Content Development

Review local curriculum requirements

Analyze latest trends

Develop tailored course materials

Collect teacher and student feedback

Regular evaluation and improvement process

In-house content development team of over 1000 people

External education experts hired as advisors

IP transfer and content license agreements with leading international publishers for English subject areas

Straightforward Strategy to Expand Scale Both Offline and Online

Growth Strategy

- 1 Further penetrate existing markets by opening new learning centers
- 2 Enter new markets: Target to enter new cities each year
- 3 Enhance content offering across subjects and grade levels
- 4 Maintain premium pricing while diversifying programs
- 5 Polishing online and mobile offerings, expanding online engagement

Online and Mobile Platform Now Covers the Student Lifecycle










Minority Strategic Investment



家长帮 社区

Main portal to TAL Education's education-related platform

|  |  |  |  |  |  |  |
|--|---|---|--|---|---|---|
| Social platform for expecting and young parents | Preschool, kindergarten, and preparation for primary school admissions | English language study and related examinations | Mathematics, competitions, and preparation for middle school admissions | Preparation for China's high school admissions test | Preparation for China's college entrance examination | Preparation for China's postgraduate entrance examination |



Peiyou



Firstleap



Mobby



Zhikang



Online School



Kaomanfen

Note: Jiazhongbang APP was elected as one of the Top K-12 APPs and Kaoyanbang APP was elected as one of the Top Examination APPs by Sina Education Channel in November, 2014.
Babytree is a minority investment announced in January 2014.

Large Untapped Geographic Expansion Opportunity

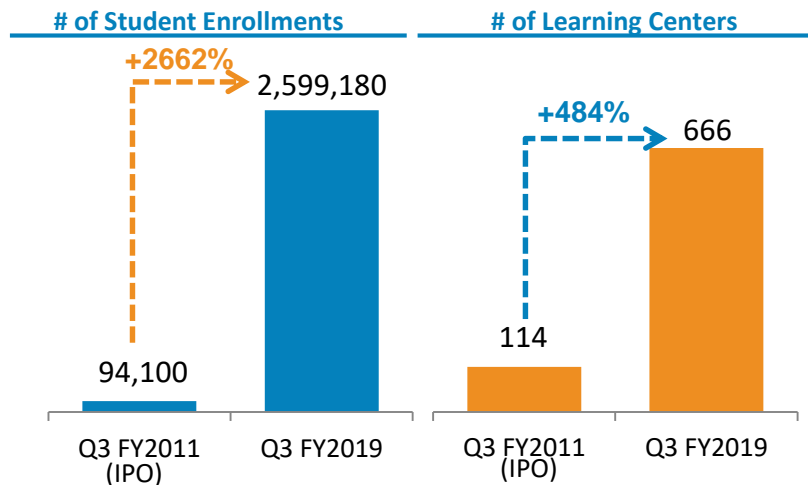
Incremental Center Opportunities

| City | Year of Entry | # of Small Class Centers | | | # of One-on-One Centers | # of Total Learning Centers |
|--------------|---------------|--------------------------|------------------------|--------------------|-------------------------|-----------------------------|
| | | # of Peiyou Centers | # of Firstleap Centers | # of Mobby Centers | | |
| Beijing | 2003 | 72 | 36 | 12 | 26 | 146 |
| Nanjing | 2011 | 35 | 22 | 1 | 6 | 64 |
| Shanghai | 2008 | 44 | | 3 | 12 | 59 |
| Guangzhou | 2009 | 32 | | | 12 | 44 |
| Shenzhen | 2010 | 30 | | | 9 | 39 |
| Tianjin | 2008 | 28 | | | 5 | 33 |
| Xi'an | 2011 | 23 | | | 8 | 31 |
| Hangzhou | 2011 | 25 | | | 5 | 30 |
| Wuhan | 2008 | 24 | | | 5 | 29 |
| Chongqing | 2012 | 13 | 6 | | 1 | 20 |
| Shenyang | 2012 | 7 | 10 | | 1 | 18 |
| Zhengzhou | 2012 | 16 | | | 2 | 18 |
| Suzhou | 2012 | 13 | | | 3 | 16 |
| Chengdu | 2011 | 12 | | | 4 | 16 |
| Taiyuan | 2012 | 11 | | | | 11 |
| Changsha | 2014 | 10 | | | | 10 |
| Jinan | 2014 | 6 | | | 1 | 7 |
| Hefei | 2016 | 4 | 4 | | | 8 |
| Fuzhou | 2015 | 6 | | | | 6 |
| Shijiazhuang | 2014 | 5 | | | | 5 |
| Qingdao | 2014 | 5 | | | | 5 |
| Zhenjiang | 2017 | 4 | | | | 4 |
| Ningbo | 2015 | 3 | | | | 3 |
| Wuxi | 2015 | 3 | | | | 3 |
| Nanchang | 2015 | 3 | | | | 3 |
| Xuzhou | 2017 | 3 | | | | 3 |
| Changchun | 2016 | 2 | | | | 2 |

| City | Year of Entry | # of Small Class Centers | | | # of One-on-One Centers | # of Total Learning Centers |
|-----------|---------------|--------------------------|------------------------|--------------------|-------------------------|-----------------------------|
| | | # of Peiyou Centers | # of Firstleap Centers | # of Mobby Centers | | |
| Luoyang | 2015 | 2 | | | | 2 |
| Changzhou | 2017 | 2 | | | | 2 |
| Foshan | 2017 | 2 | | | | 2 |
| Guiyang | 2016 | 2 | | | | 2 |
| Xiamen | 2017 | 2 | | | | 2 |
| Nantong | 2017 | 2 | | | | 2 |
| Lanzhou | 2017 | 1 | | | | 1 |
| Dalian | 2017 | 1 | | | | 1 |
| Dongguan | 2017 | 1 | | | | 1 |
| Shaoxing | 2017 | 1 | | | | 1 |
| Yangzhou | 2017 | 1 | | | | 1 |
| Yantai | 2017 | 1 | | | | 1 |
| Wenzhou | 2017 | 1 | | | | 1 |
| Zhongshan | 2017 | 1 | | | | 1 |
| Zibo | 2018 | 1 | | | | 1 |
| Huizhou | 2018 | 1 | | | | 1 |
| Huai'an | 2018 | 1 | | | | 1 |
| Handan | 2018 | 1 | | | | 1 |
| Nanning | 2018 | 1 | | | | 1 |
| Kunming | 2018 | 1 | | | | 1 |
| Yinchuan | 2018 | 1 | | | | 1 |
| Urumchi | 2018 | 1 | | | | 1 |
| Haikou | 2018 | 1 | | | | 1 |
| Ha'erbin | 2018 | 1 | | | | 1 |
| Hohhot | 2018 | 1 | | | | 1 |
| Linyi | 2018 | 1 | | | | 1 |
| Weifang | 2018 | 1 | | | | 1 |
| Total | | 472 | 78 | 16 | 100 | 666 |

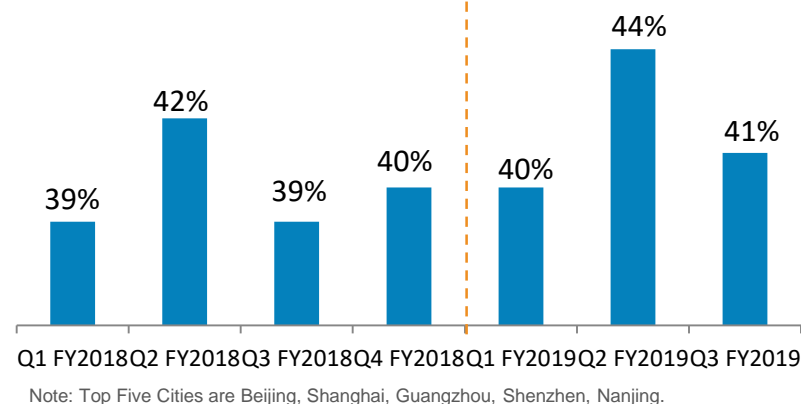
Ongoing Progress Since IPO in Fiscal Year 2011

Expanding Scale

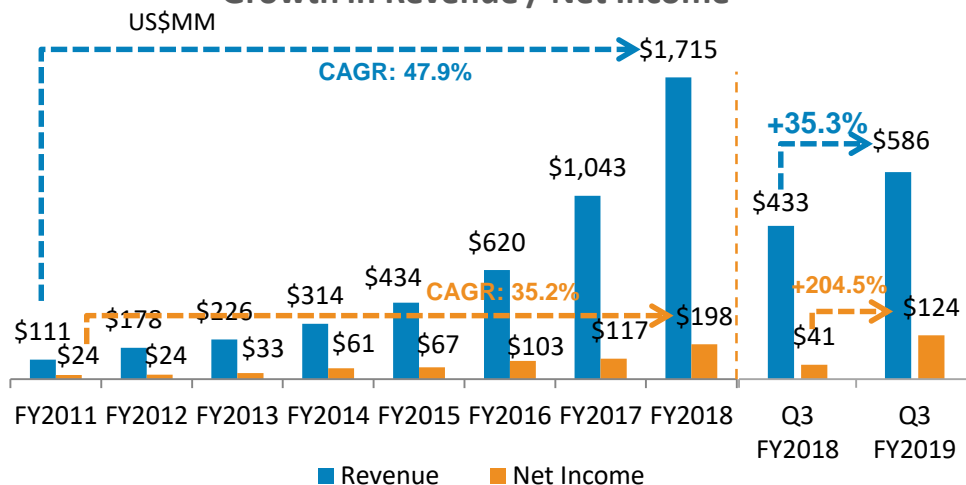


Increasing Geographical Footprint

% of Xueersi Peiyou Small Class Revenue Generated Outside Top Five Cities

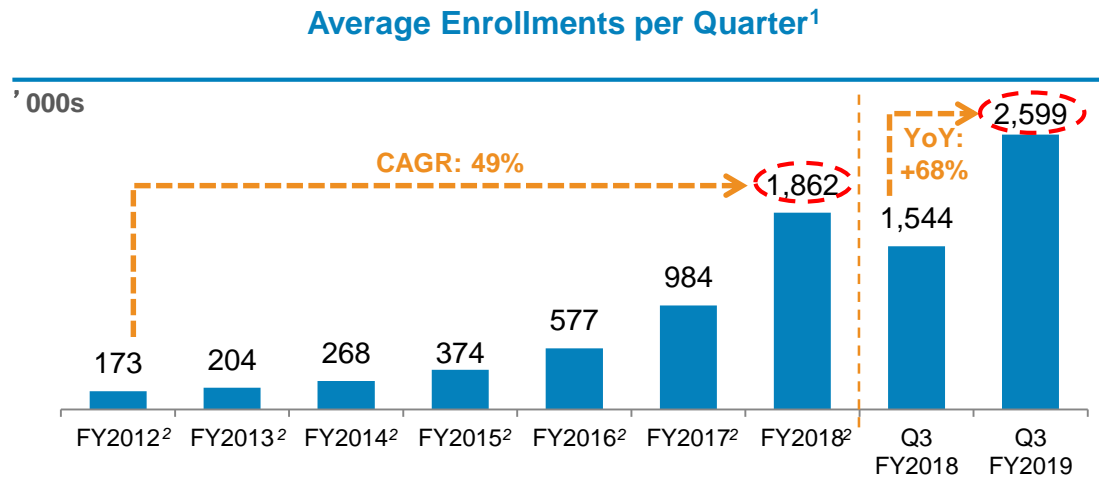
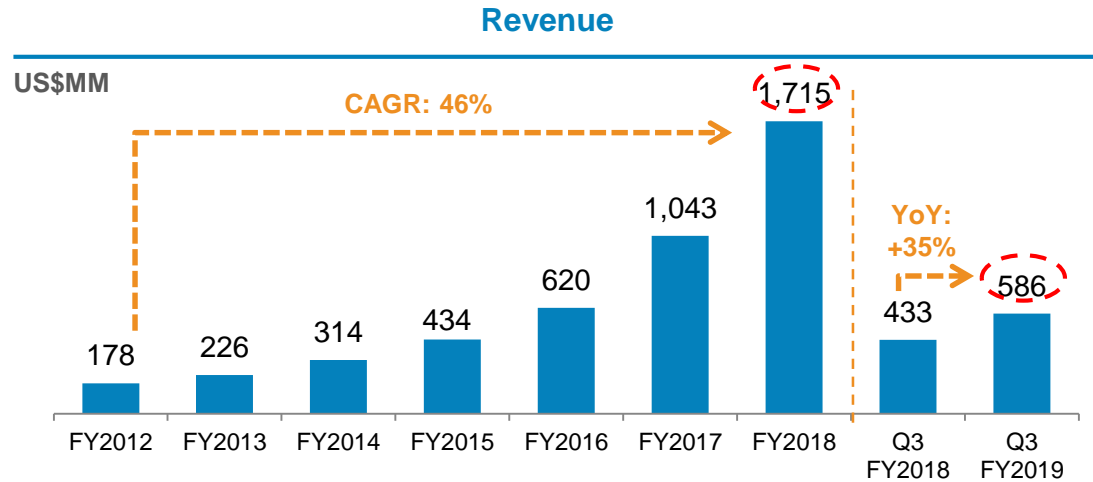


Growth in Revenue / Net Income



Note: Year and period are as per fiscal year.

Enrollment Growth Keep Driving Topline Growth



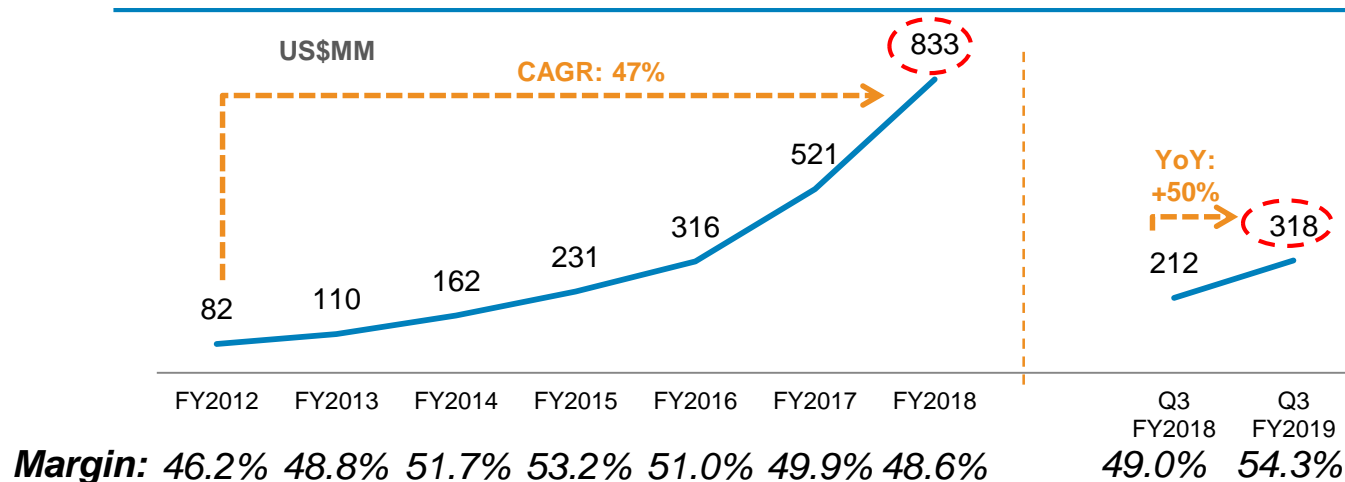
¹ Defined as total student enrollments of small class, personalized premium service (1-on-1) and online courses.

Refer to the cumulative total number of courses enrolled in and paid for by our students, including multiple courses enrolled in and paid for by the same student.

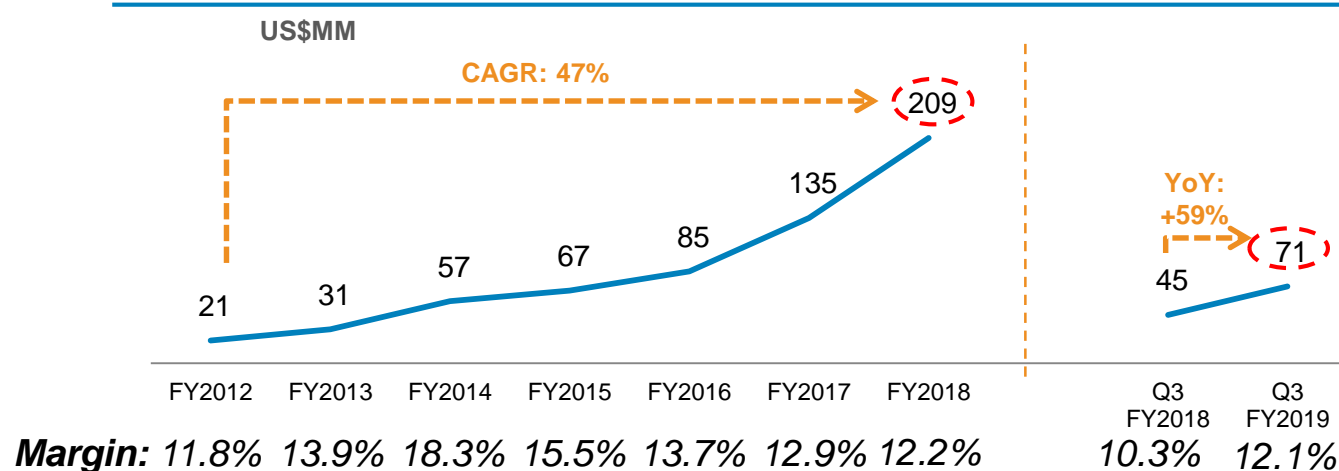
² Average student enrollments per quarter

Ongoing Investments to Increase Future Growth

Gross Profit



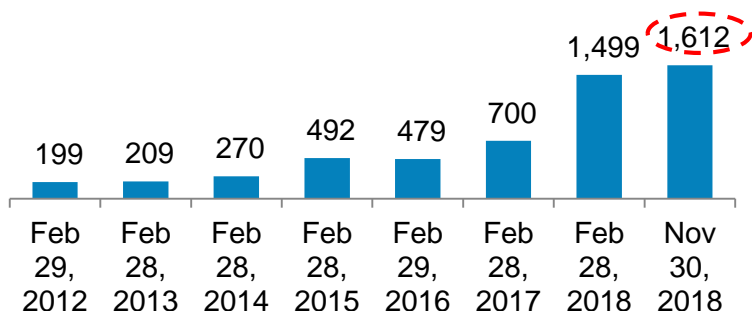
Operating Income



While High Visibility Cash Flows Provide Strength to Balance Sheet

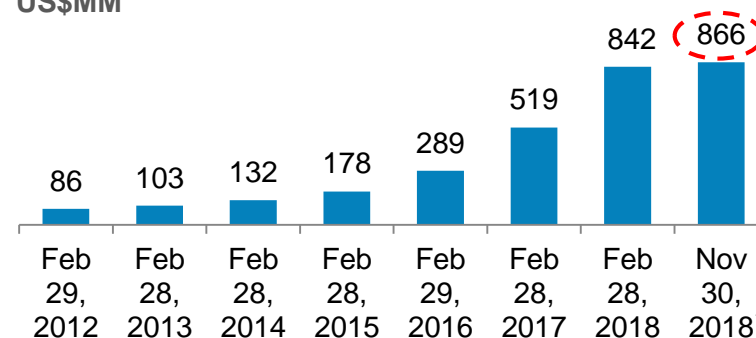
Cash, Cash Equivalents, Term Deposits and Short-term Investments

US\$MM



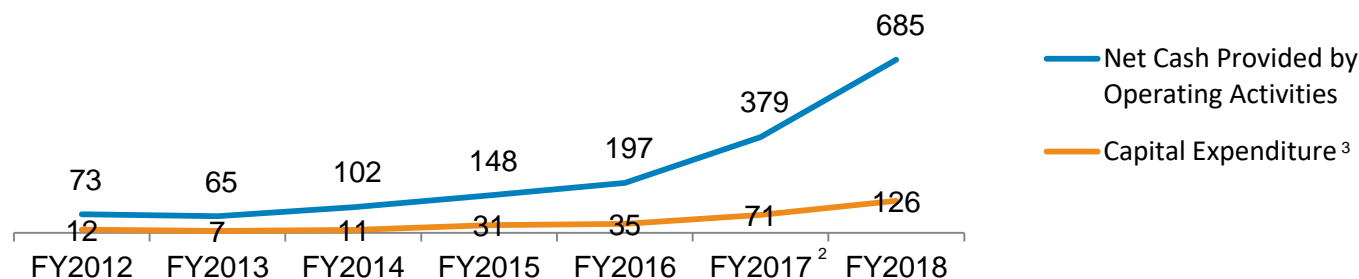
Deferred Revenues

US\$MM



Free Cash Flow

US\$MM



1: The Group adopted Revenue from Contracts with Customers ("Topic 606") on March 1, 2018. Reclassification was made from deferred revenue to accrued expenses and other current liabilities for tuition collected that may be refunded to the customers in the future if students withdraw from a course for any remaining classes. The Group adopted government policy from the Third Quarter of Fiscal Year 2019 that advanced tuition fees of more than three months may not be collected.

2: The Group adopted ASU 2016-09 standard on March 1, 2017. The retrospective application resulted in a \$9.4 million and \$19.5 million reclassification of these cash outflows from operating activities to financing activities on our consolidated statements of cash flows for the years ended February 29, 2016 and February 28, 2017, respectively.

3: Capital expenditure in fiscal 2012 was US\$74.3 million. The significant increase was primarily related to the purchase of office space for headquarter in Beijing in the amount of \$62.5 million. The capital expenditure of US\$12 million in fiscal 2012 shown in the graph is excluding the impact from the purchase of this office space.

Experienced Management Team and Distinguished Board

Bangxin Zhang: Chairman and CEO since our inception

Jane Jie Sun: Audit Committee Chair, Independent Director since Oct 2010, CEO and Director of Ctrip Inc.

Weiru Chen: Compensation Committee Chair, Independent Director since June 2015, associate professor of strategy at China Europe International Business School (“CEIBS”)

Kaifu Zhang: Nominating & Corporate Governance Committee Chair, Independent Director since Oct 2016, assistant professor of Marketing and the Xerox Junior Chair at the Tepper School of Business, Carnegie Mellon University

Yachao Liu: COO effective from Jun 2017, Company Director from Oct 2016 to Jun 2017, Senior VP of TAL from Apr 2011 to Oct 2016, 13+ years with TAL

Yunfeng Bai: President since Oct 2016, Senior VP of TAL from Apr 2011 to Oct 2016, 13+ years with TAL

Rong Luo: CFO effective from Nov 1st 2014, former CFO of eLong Inc.

Yan Huang: CTO effective from Oct 2016, joined TAL in Apr 2015

Thank You

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