



TAL Education Group

Investor Presentation

April 2018

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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

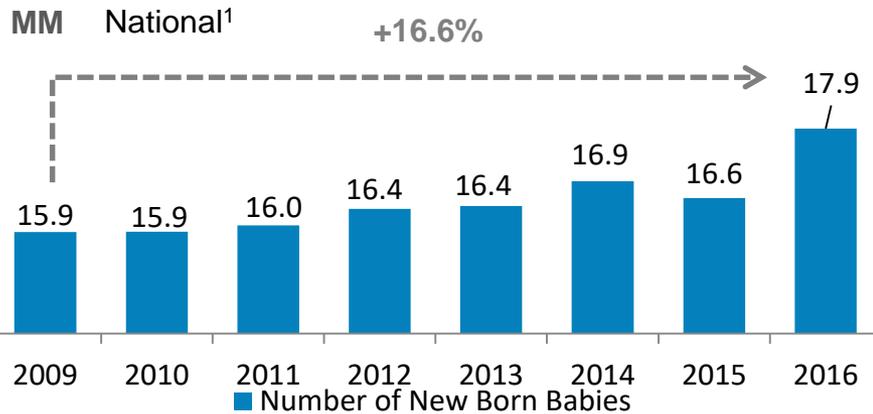
Strong Operational Performance with Consistent Growth

High Visibility Recurring Revenue Model with Strong Cash Flow

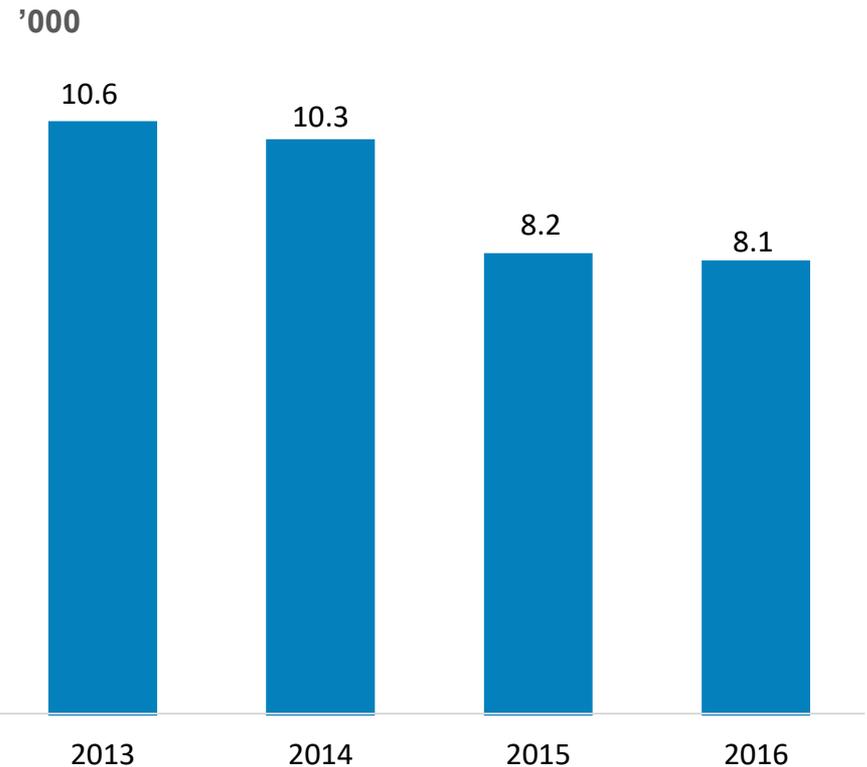
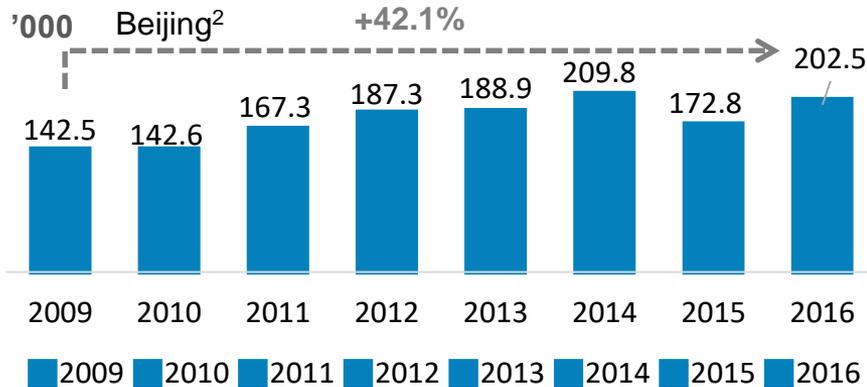
Leading Edge of Science and Technology Development

Accelerated Growth of New Born Babies and Limited High Quality Education Supply

Accelerated Growth of New Born Babies



Declining Admission of "211" & "985" Universities in Beijing³



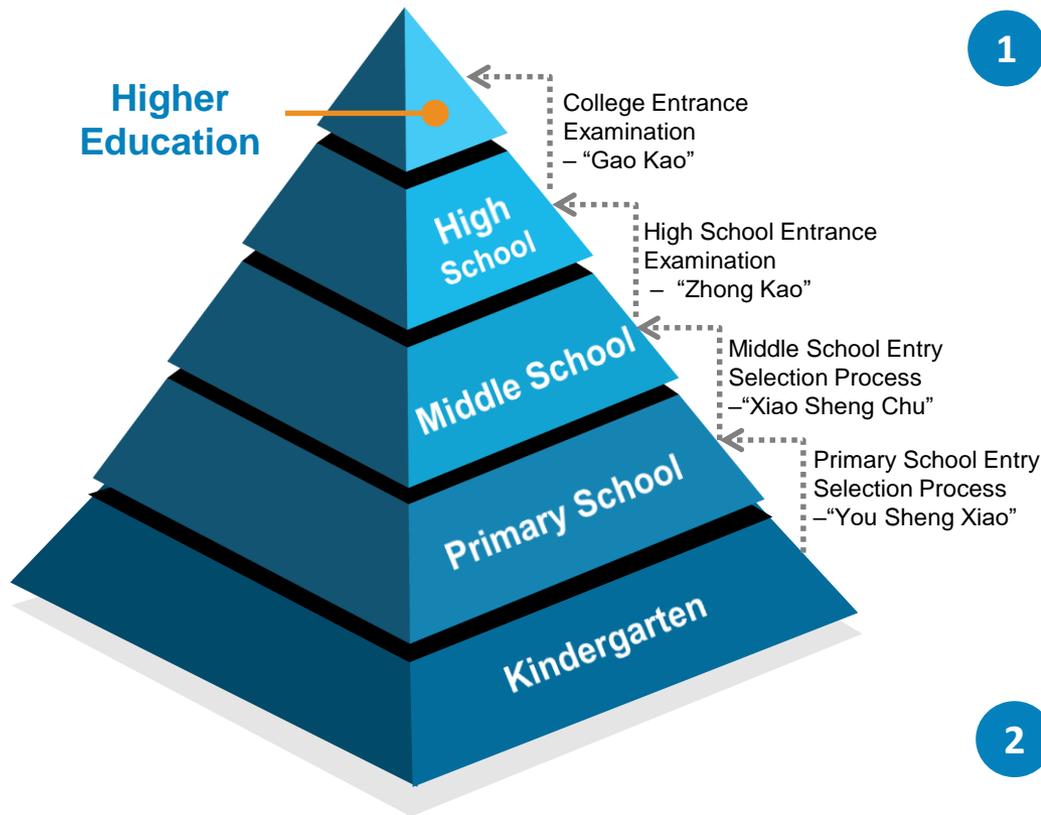
1 Source: gov.cn/xinwen/

2.Source: zhengwu.beijing.gov.cn

3.Source: 《全国普通高等学校在京招生录取分数分布统计》 by Beijing Education Examinations Authority (北京教育考试院)

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.

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



Consolidation from
2016



Launched in
2003
www.speiyou.com



Launched in
2011



Launched in
2016

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

¹ ● "Denotes currently offered course"

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

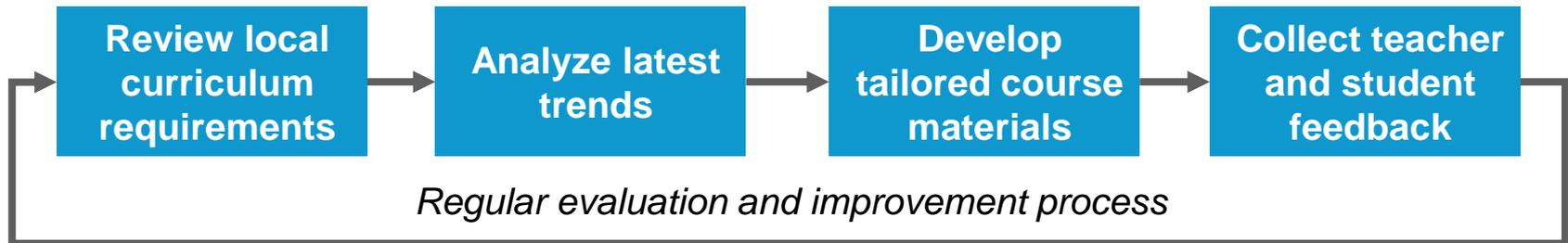
- Comprehensive new teacher training
- Regular ongoing training



Rigorous Evaluation Process

- Continuous evaluation
- Performance based compensation

Proprietary Content Development



In-house content development team of over 700 people

External education experts hired as advisors

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

Online and Mobile Platform Now Covers the Student Lifecycle



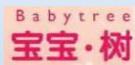

Minority Strategic Investment



Mobile APP




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



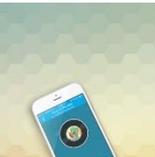
Available on the App Store



Available on the App Store



Available on the App Store



Available on the App Store



Available on the App Store



Available on the App Store

Note: Jiazhangbang 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.

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 over 4 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

Large Untapped Geographic Expansion Opportunity

Incremental Center Opportunities

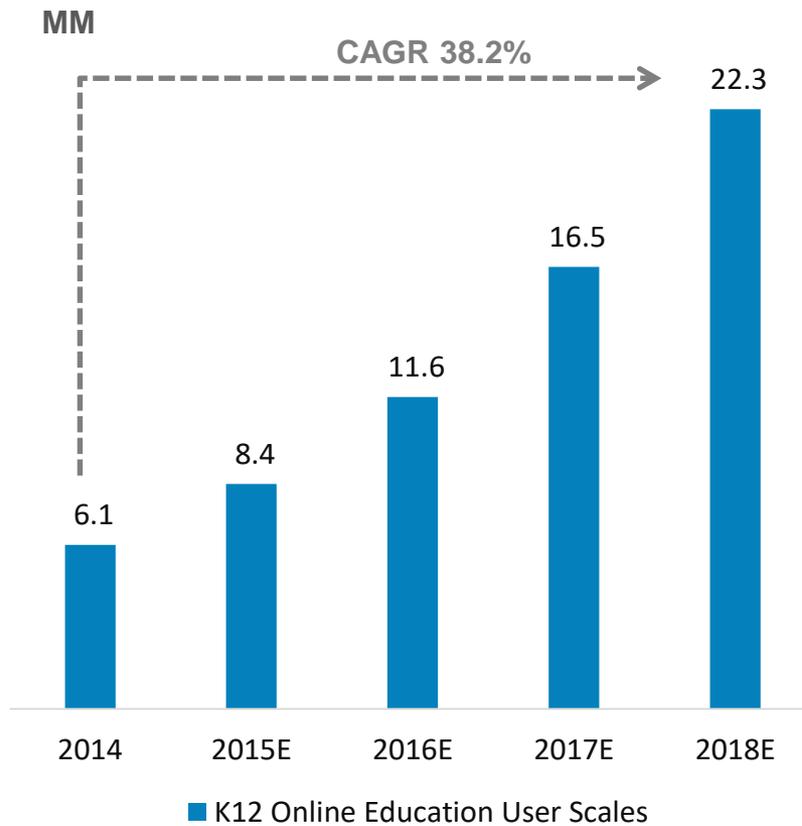
City	Year of Entry	# of Small Class Centers			# of One-on-One Centers	# of Total Learning Centers
		# of Peiyou Centers	# of Firstleap Centers	# of Mobby Centers		
Beijing	2003	76	31	8	30	145
Shanghai	2008	45		1	11	57
Nanjing	2011	35	15		6	56
Guangzhou	2009	34			11	45
Shenzhen	2010	26			9	35
Tianjin	2008	27			5	32
Xi'an	2011	21			6	27
Hangzhou	2011	19			5	24
Wuhan	2008	18			5	23
Zhengzhou	2012	16			2	18
Chengdu	2011	12			4	16
Chongqing	2012	11	5			16
Shenyang	2012	5	9			14
Suzhou	2012	10			2	12
Taiyuan	2012	10				10
Changsha	2014	7				7
Hefei	2016	3	3			6
Jinan	2014	5				5
Shijiazhuang	2014	4				4
Qingdao	2014	4				4
Fuzhou	2015	4				4
Zhenjiang	2017	4				4
Ningbo	2015	3				3
Wuxi	2015	3				3
Changchun	2016	2				2
Nanchang	2015	2				2
Luoyang	2015	2				2
Changzhou	2017	2				2
Xuzhou	2017	2				2
Foshan	2017	2				2
Guiyang	2016	1				1
Xiamen	2017	1				1
Lanzhou	2017	1				1
Dalian	2017	1				1
Dongguan	2017	1				1
Nantong	2017	1				1
Shaoxing	2017	1				1
Yangzhou	2017	1				1
Yantai	2017	1				1
Zhongshan	2017	1				1
Zibo	2017	1				1
Wenzhou	2018	1				1
Total		426	63	9	96	594

Province with learning center coverage

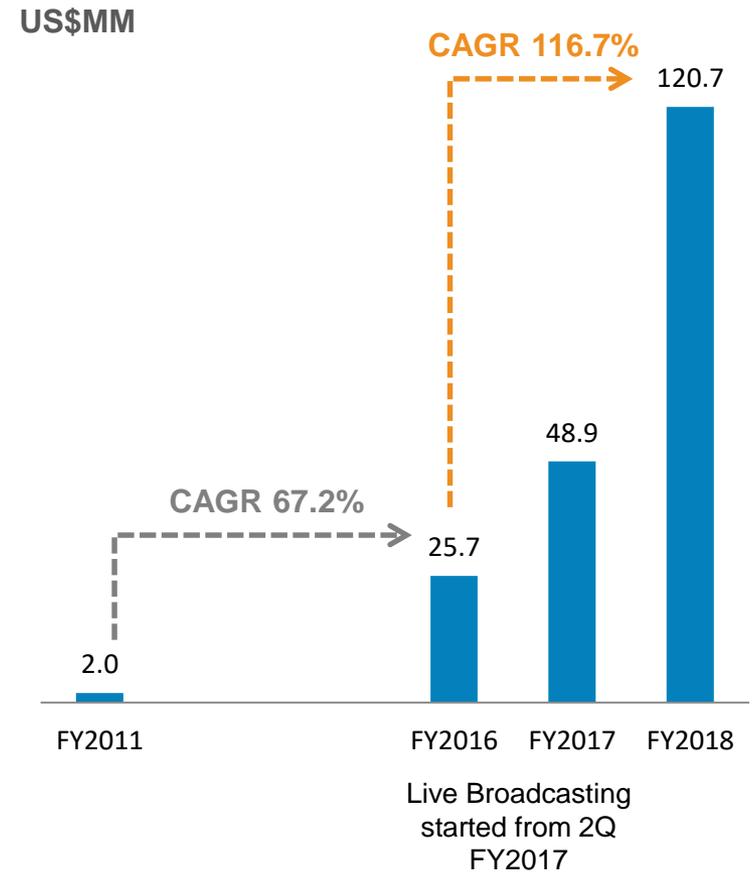
Province not yet covered by TAL learning center network

Online School is Gaining Traction

Explosive Growth of K12 Online Education¹

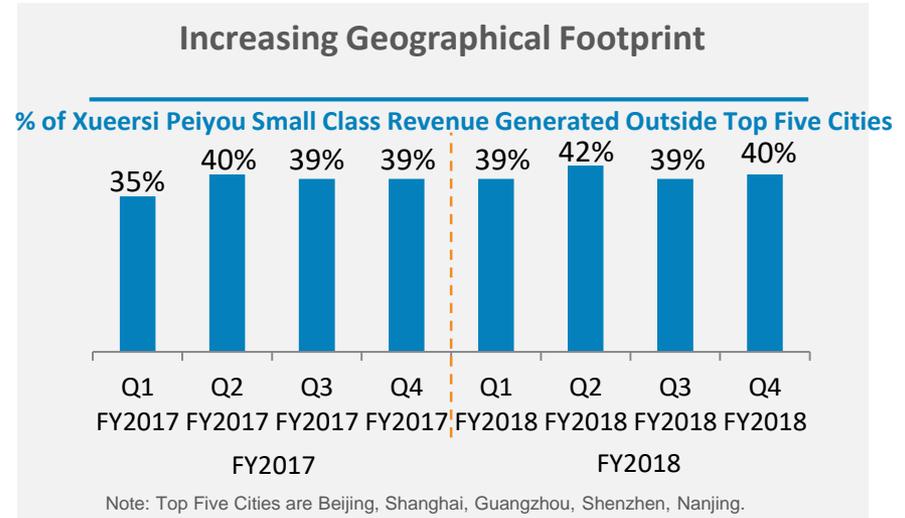
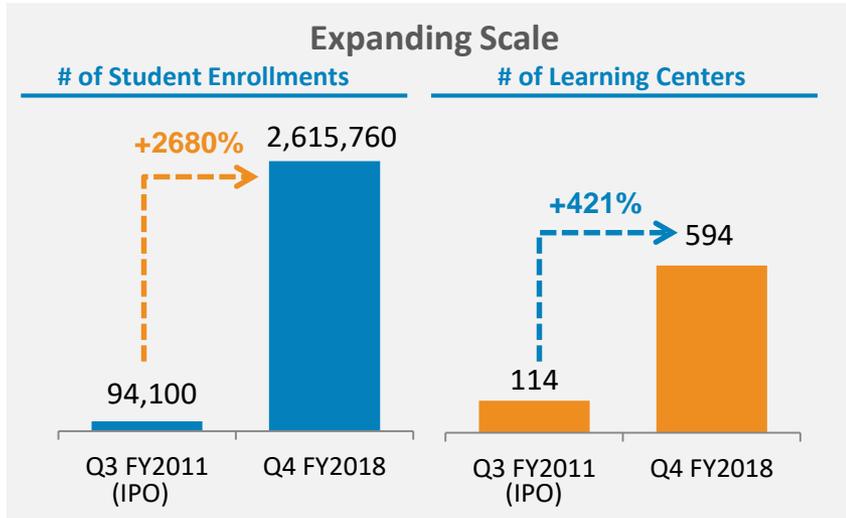


Growing Online Revenue from Xueersi.com



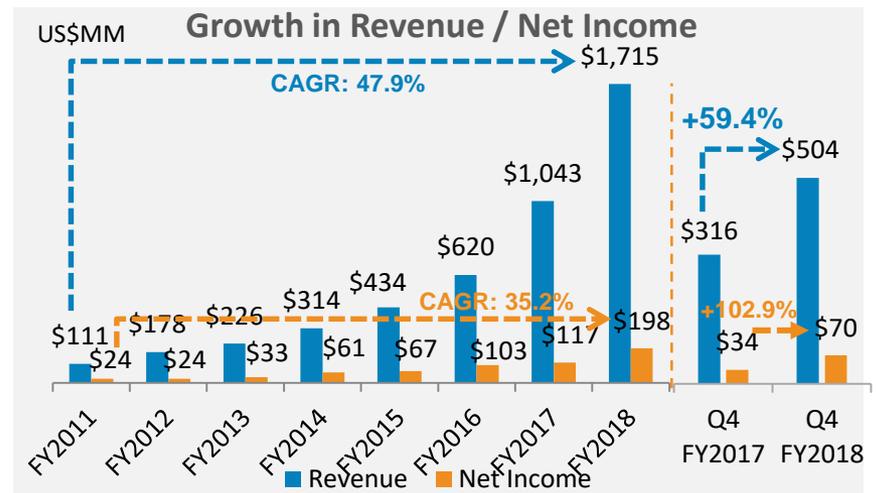
¹ Source: 2015 China Online Education Platform Report by iResearch

Significant Progress Since IPO in Fiscal Year 2011



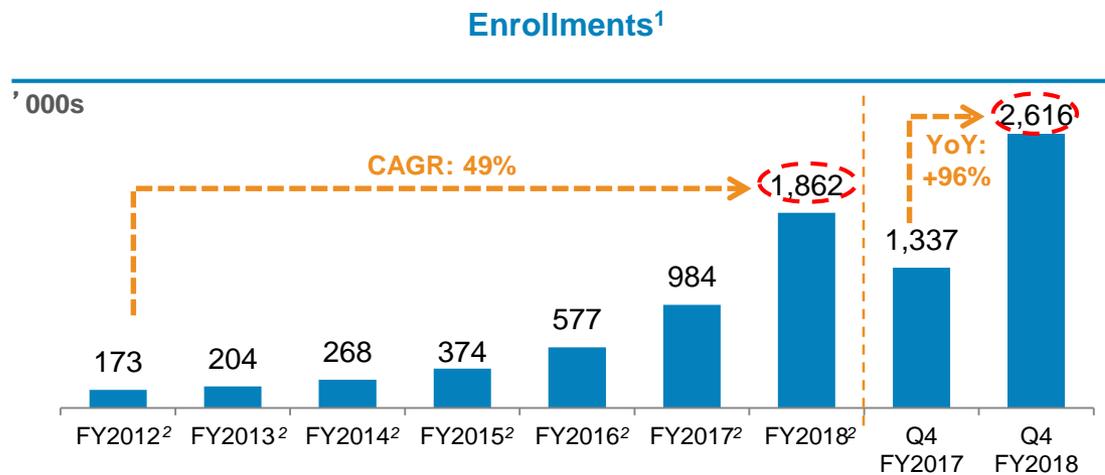
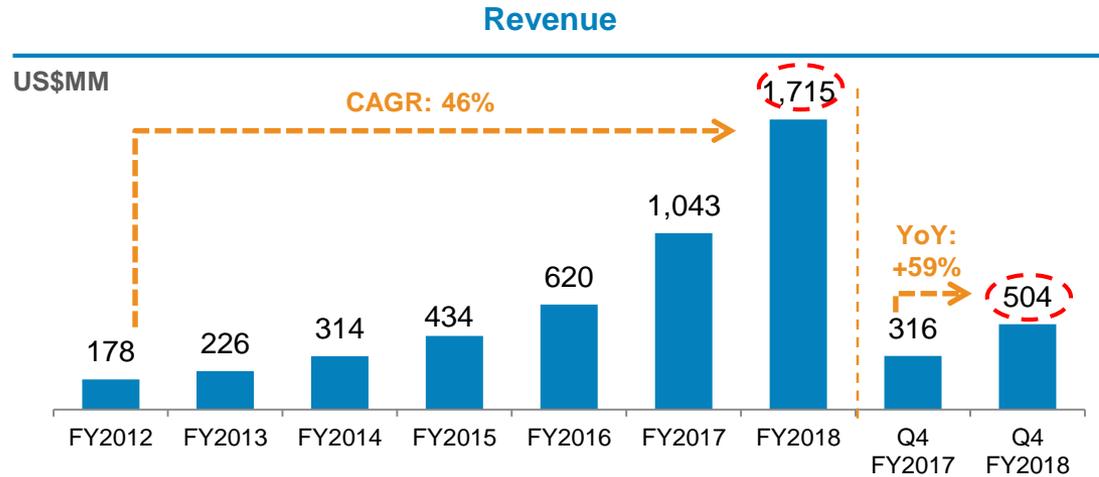
Investment in Online, Mobile and Education Technology

- IPS
- 学而思双师课堂
- 学而思网校 (在线学习更有效)
- FIRST LEAP (2-15岁全英文全科教育)
- 家长帮 (www.jzb.com)
- babytree (妈妈帮)
- MINERVA
- FaceThink
- KNEWTON
- 果壳
- 轻轻 (您的私人家庭教师)
- 学科网 (www.zxxk.com)
- 顺顺留学



Note: Year and period are as per fiscal year.

Strong Enrollment Growth Keep Driving Topline Growth



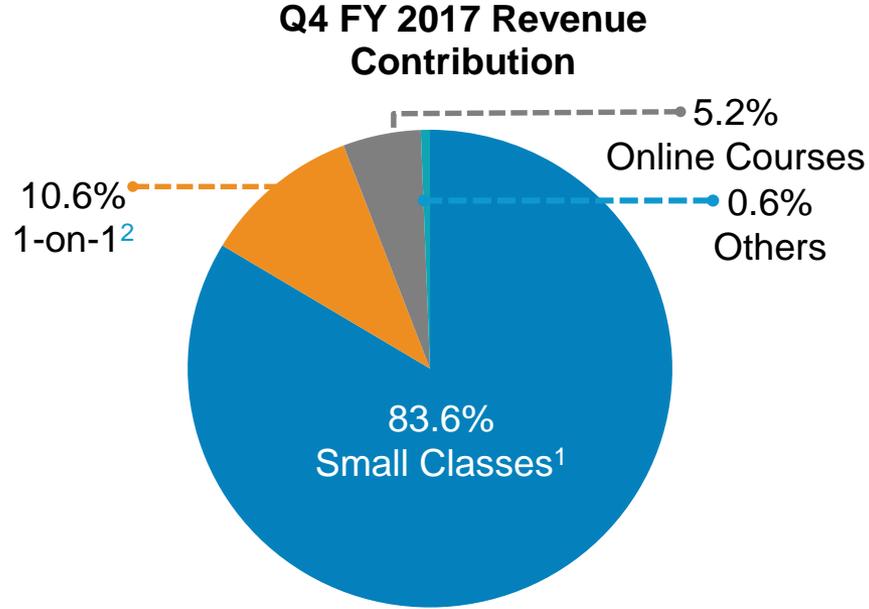
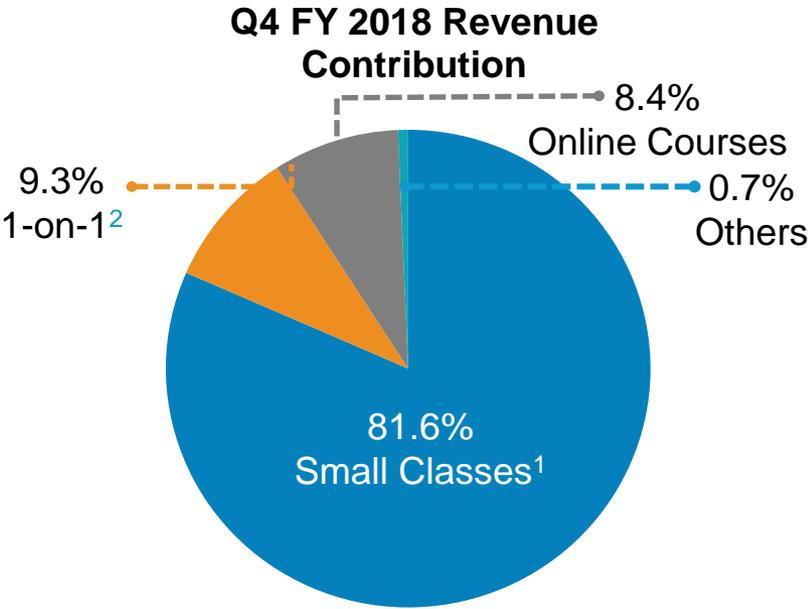
¹ Defined as total student enrollments of small class, personalized premium service (1-on-1) and online courses.

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

Robust Growth of the Core Small Class Business

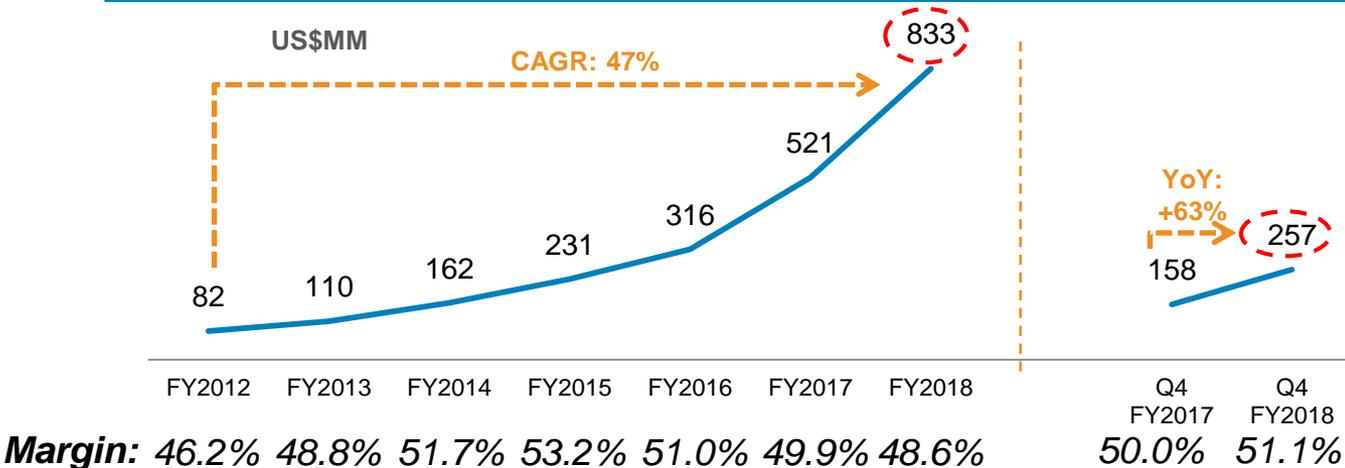
	Q4 FY2018	Q4 FY2017
Revenue Growth YoY	55%	80%
Enrollment Growth YoY	72%	65%



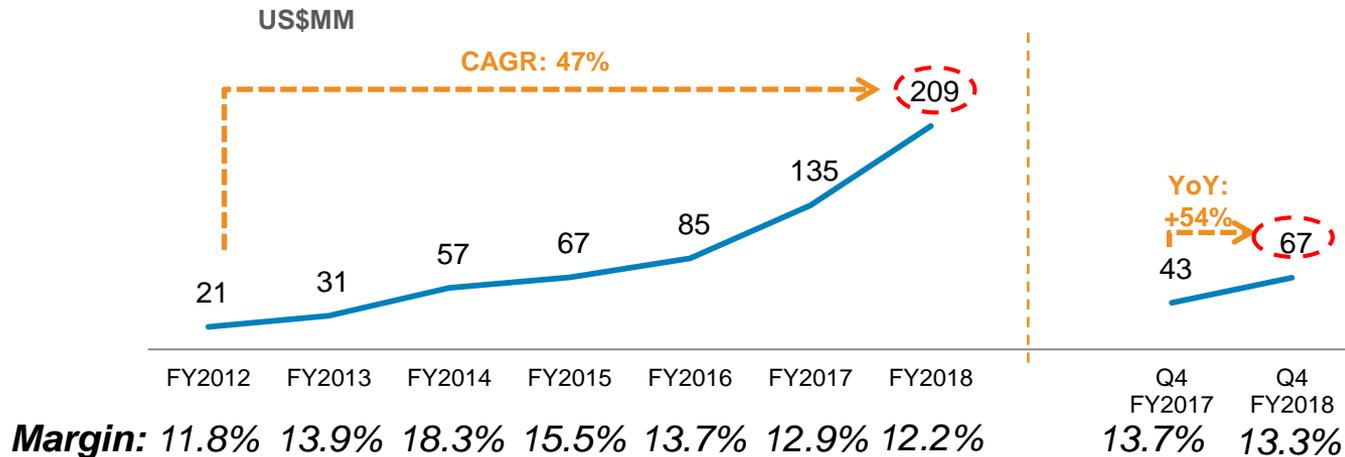
1 Small classes include Xueersi Peiyou, Firstleap, Mobby and some other educational programs.
 2 One-on-one includes Zhikang one-on-one and Shunshun overseas consultancy businesses .

Ongoing Investments to Increase Future Growth

Gross Profit

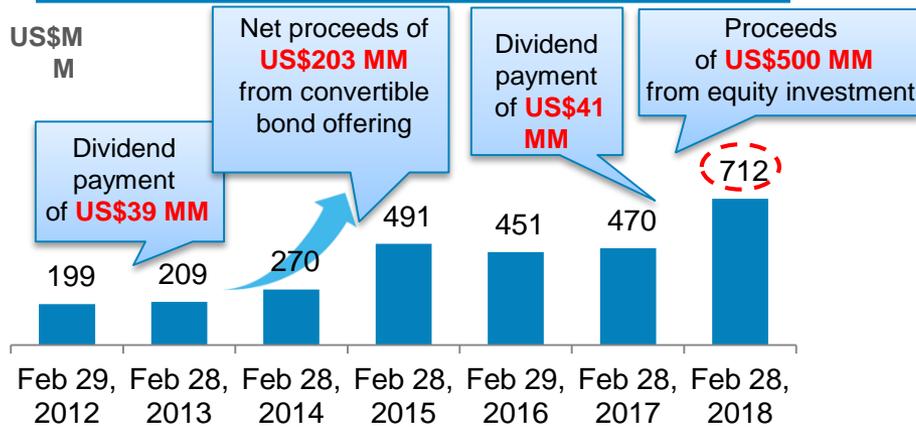


Operating Income

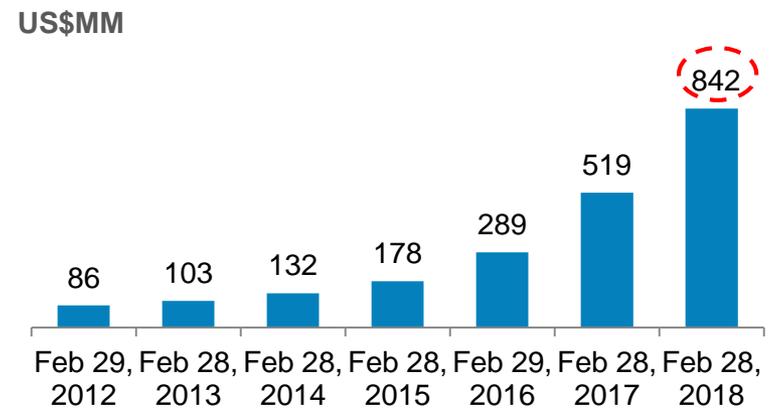


While High Visibility Cash Flows Provide Strength to Balance Sheet

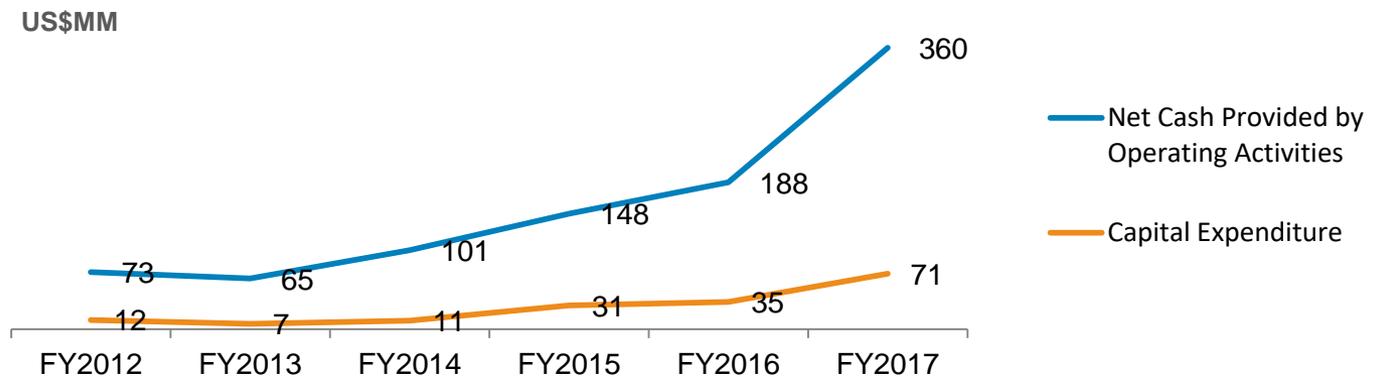
Cash, Cash Equivalents and Term Deposits



Deferred Revenues



Free Cash Flow¹



1: 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, 12+ years with TAL

Yunfeng Bai: President since Oct 2016, Senior VP of TAL from Apr 2011 to Oct 2016, 12+ 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

Investor Relations Contact:

ir@100tal.com

+8610 5292 6658

**15/F Danling SOHO, No. 6 Danling Street,
Haidian District, Beijing 100080**

