



# TAL Education Group

## Investor Presentation

January 2018

# Disclaimer

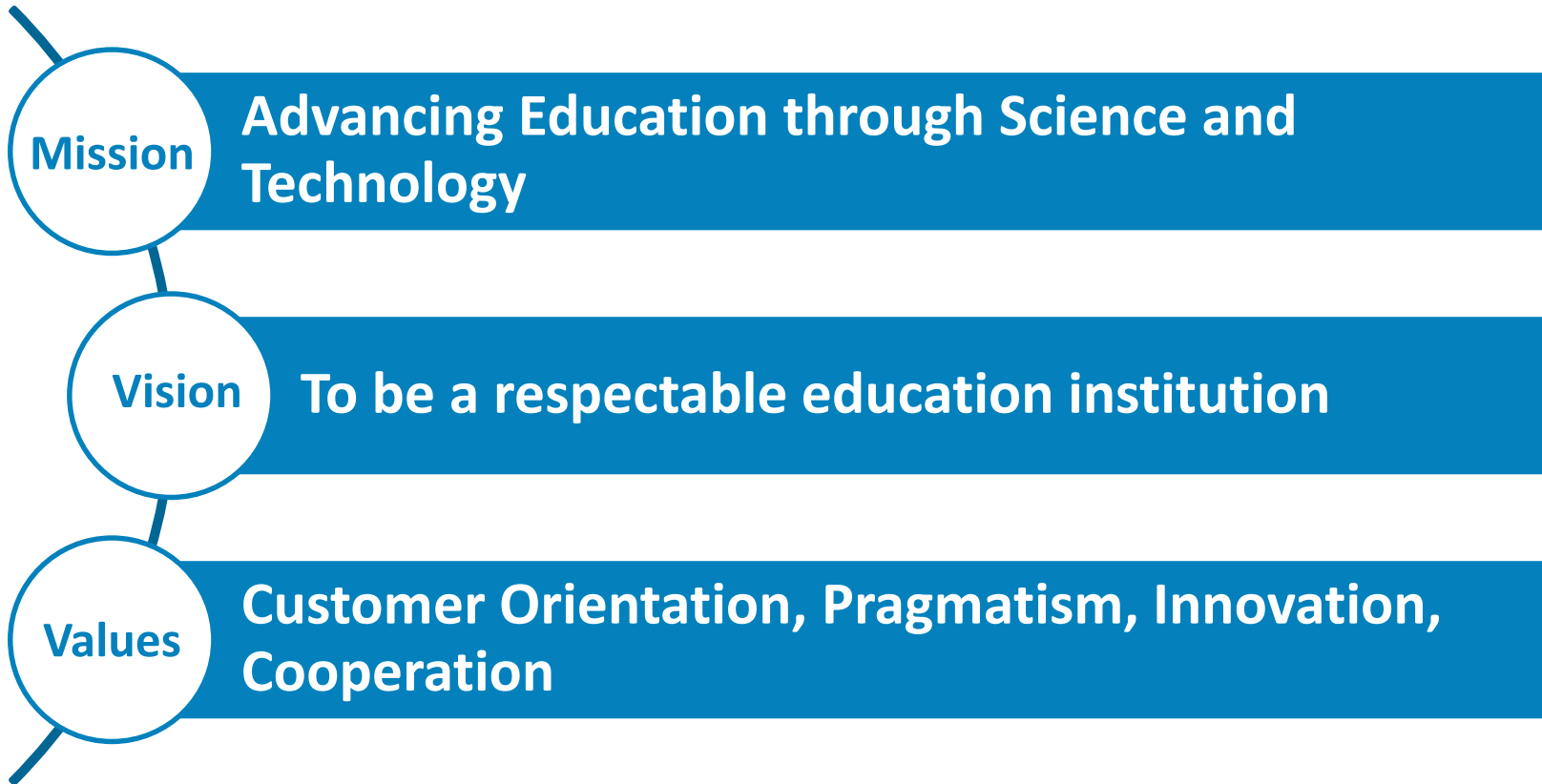
This presentation has been prepared by TAL Education Group (the “Company”) solely for informational purposes and does not constitute an offer to sell or issue or the solicitation of an offer to buy or acquire securities of the Company in any jurisdiction or an inducement to enter into investment activity, nor may it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.

This presentation does not contain all relevant information relating to the Company or its securities, particularly with respect to the risks and special considerations involved with an investment in the securities of the Company. No part of this document shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

This presentation has been prepared by the Company solely for use at this presentation. The information contained in this presentation has not been independently verified. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. None of the Company or any of its affiliates, directors, officers, advisors or representatives will be liable (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising from or in connection with the presentation.

This presentation contains statements that constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include descriptions regarding the intent, belief or current expectations of the Company or its officers with respect to the consolidated results of operations and financial condition of the Company, which can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates,” “confident” and similar statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors and assumptions. The Company or any of its affiliates, directors, officers, advisors or representatives has no obligation and does not undertake to revise forward-looking statements to reflect future events or circumstances.

# 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**

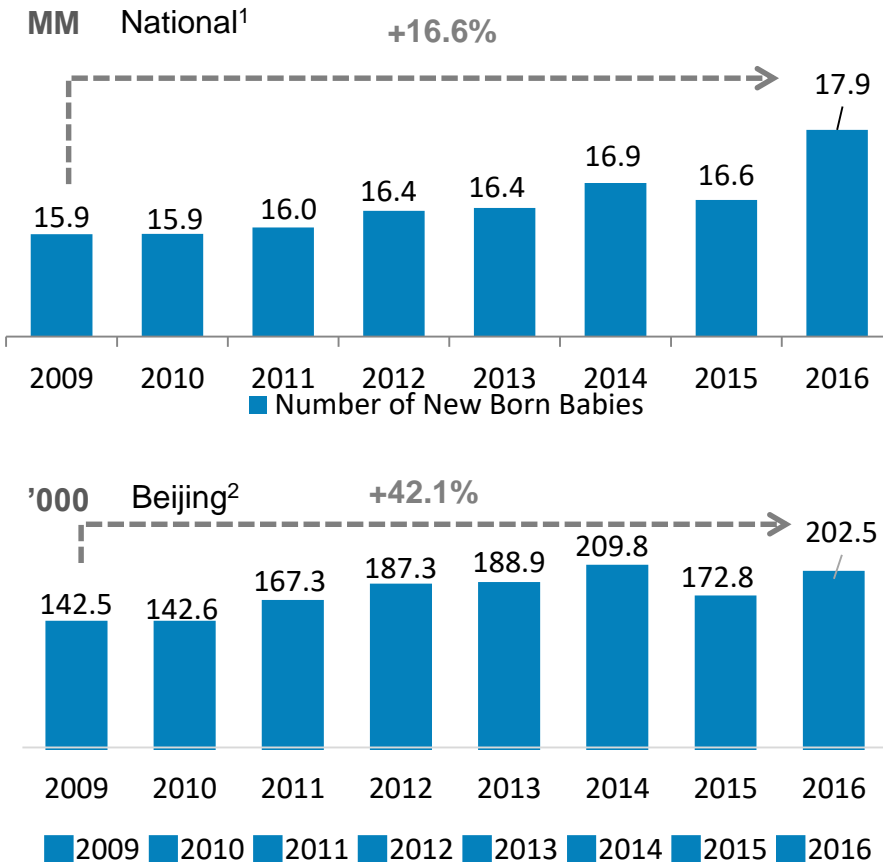
**Strong Operational Performance with Consistent Growth**

**High Visibility Recurring Revenue Model with Strong Cash Flow**

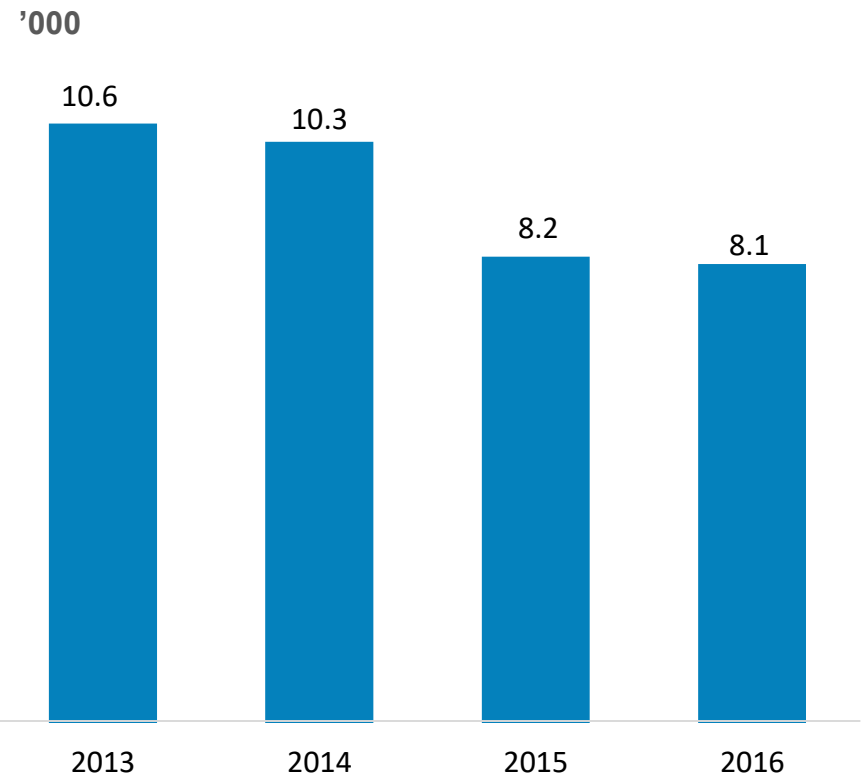
**Leading Edge of Science and Technology Development**

# 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 Beijing<sup>3</sup>



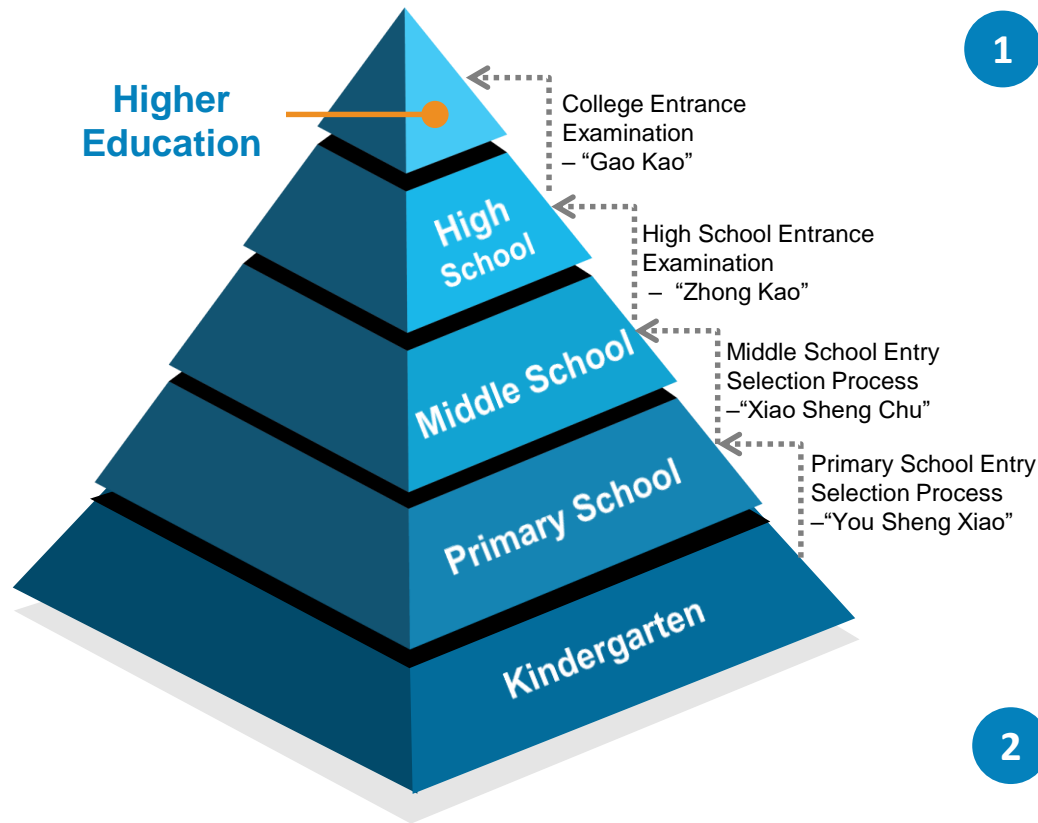
1 Source: gov.cn/xinwen/

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 <sup>1</sup>

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

**Small Classes**  
(84% of Total Revenue)



Consolidation from  
2016



Launched in  
2003



Launched in  
2011



Launched in  
2016

**Personalized Premium Services (1-on-1)**  
(11% of Total Revenue)



Launched in 2007

**Online Courses**  
(5% of Total Revenue)



**学而思网校**

在线学习更有效

Launched in 2010

Live Broadcasting started  
from 2Q FY2017

<sup>1</sup> "●" 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

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 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



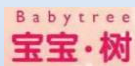







Minority Strategic Investment



Mobile APP




Main portal to TAL Education's education-related platform

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



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



Available on the App Store



Available on the App Store



Available on the App Store

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.

# 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	29	7	32	144
Shanghai	2008	44		1	11	56
Nanjing	2011	34	14		6	54
Guangzhou	2009	35			11	46
Shenzhen	2010	27			9	36
Tianjin	2008	27			5	32
Xi'an	2011	20			6	26
Hangzhou	2011	19			4	23
Wuhan	2008	17			5	22
Zhengzhou	2012	16			2	18
Chengdu	2011	13			4	17
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	4	3			7
Shijiazhuang	2014	4				4
Jinan	2014	4				4
Qingdao	2014	4				4
Ningbo	2015	4				4
Wuxi	2015	3				3
Changchun	2016	2				2
Nanchang	2015	2				2
Fuzhou	2015	2				2
Luoyang	2015	2				2
Guiyang	2016	1				1
Xiamen	2017	1				1
Lanzhou	2017	1				1
Dalian	2017	1				1
Dongguan	2017	1				1
Changzhou	2017	1				1
Xuzhou	2017	1				1
Nantong	2017	1				1
Foshan	2017	1				1
Zhenjiang	2017	1				1
Shaoxing	2017	1				1
Yangzhou	2017	1				1
Total		414	60	8	97	579



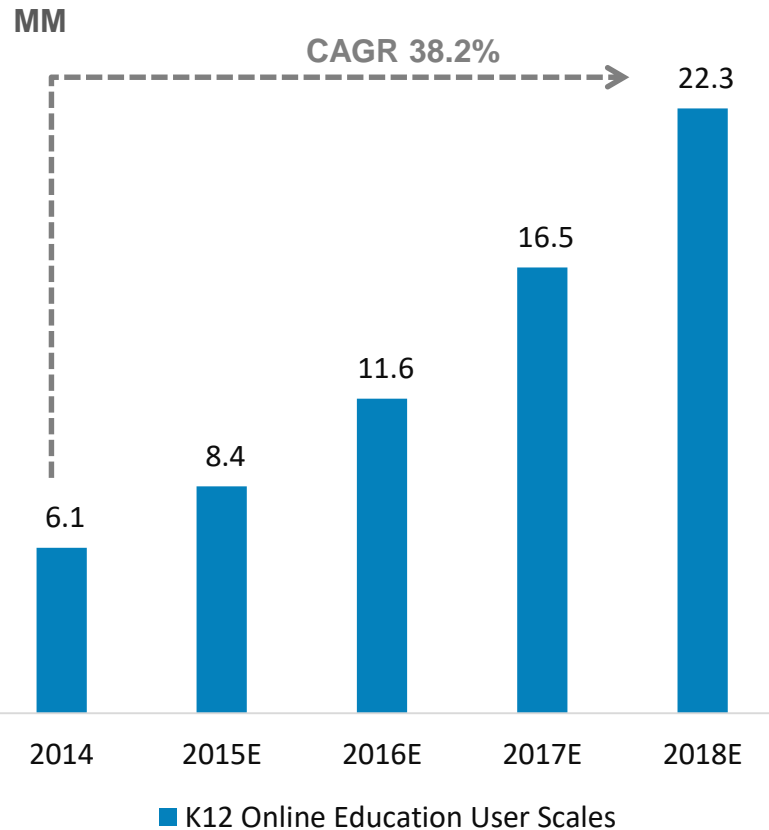
Province with learning center coverage



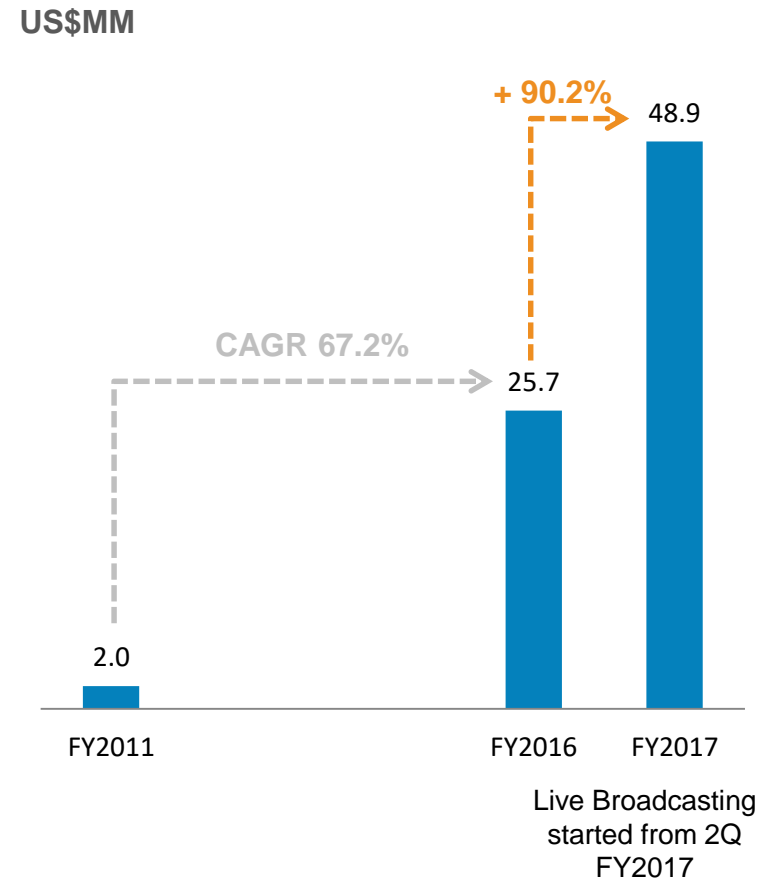
Province not yet covered by TAL learning center network

# Online School is Gaining Traction

## Explosive Growth of K12 Online Education<sup>1</sup>

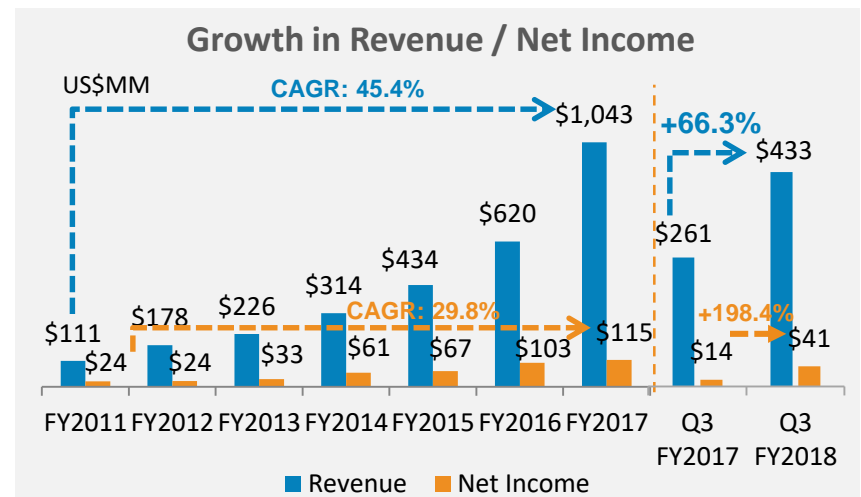
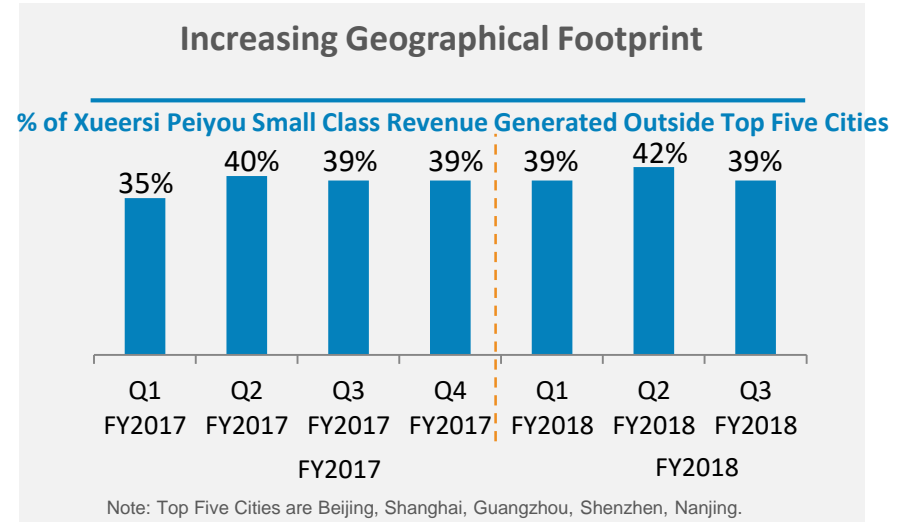
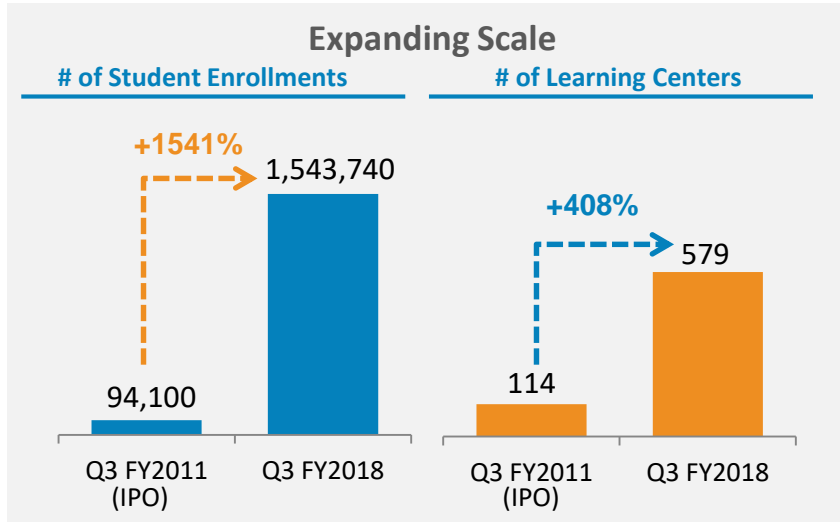


## Growing Online Revenue from Xueersi.com



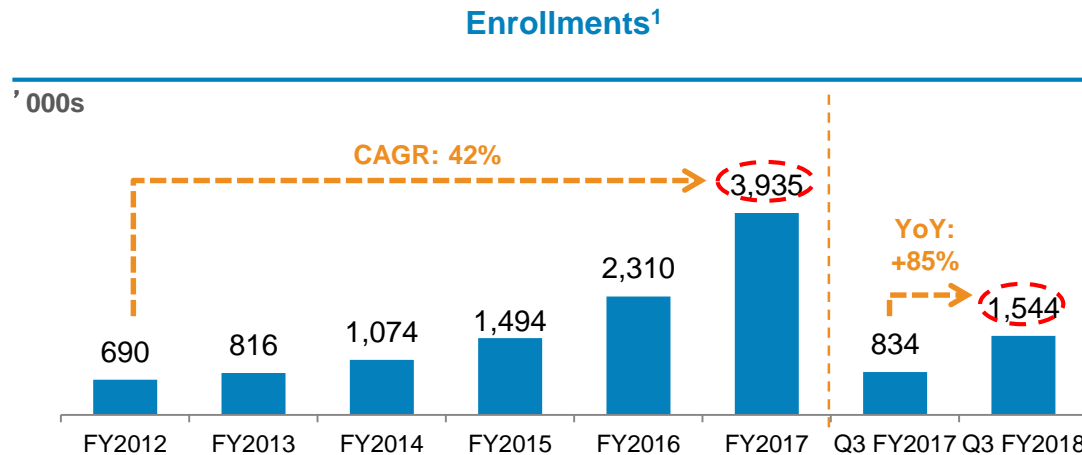
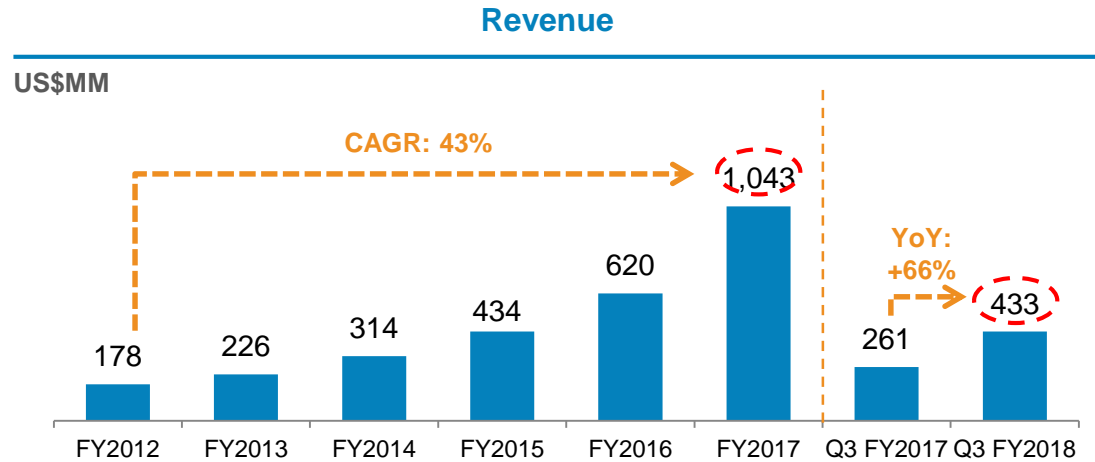
<sup>1</sup> Source: 2015 China Online Education Platform Report by iResearch

# Significant Progress Since IPO in Fiscal Year 2011



Note: Year and period are as per fiscal year.

# Strong Enrollment Growth Keep Driving Topline Growth

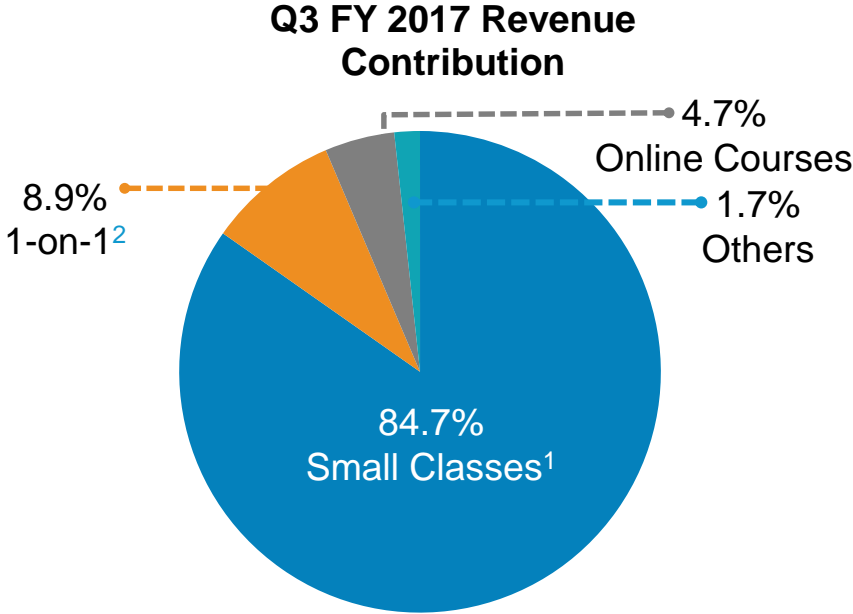
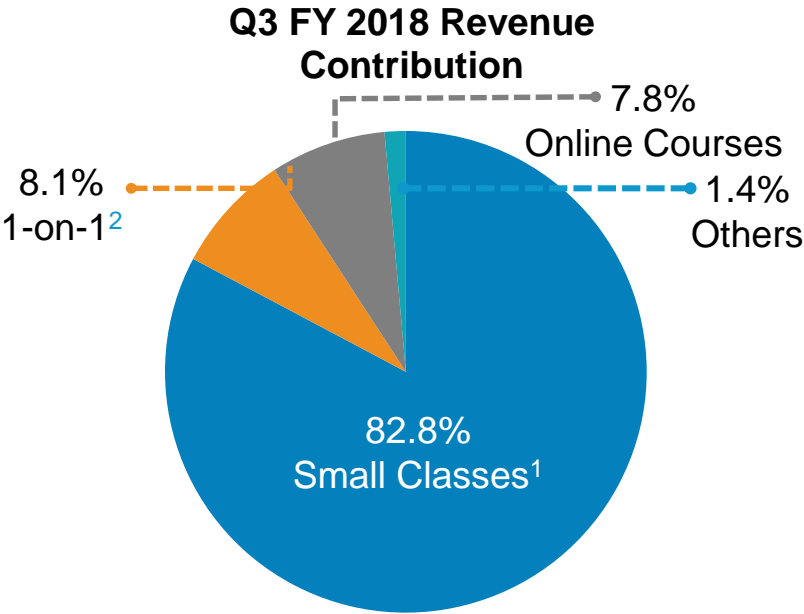


<sup>1</sup> Defined as total student enrollments of small class, personalized premium service (1-on-1) and online courses.

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.

# Robust Growth of the Core Small Class Business

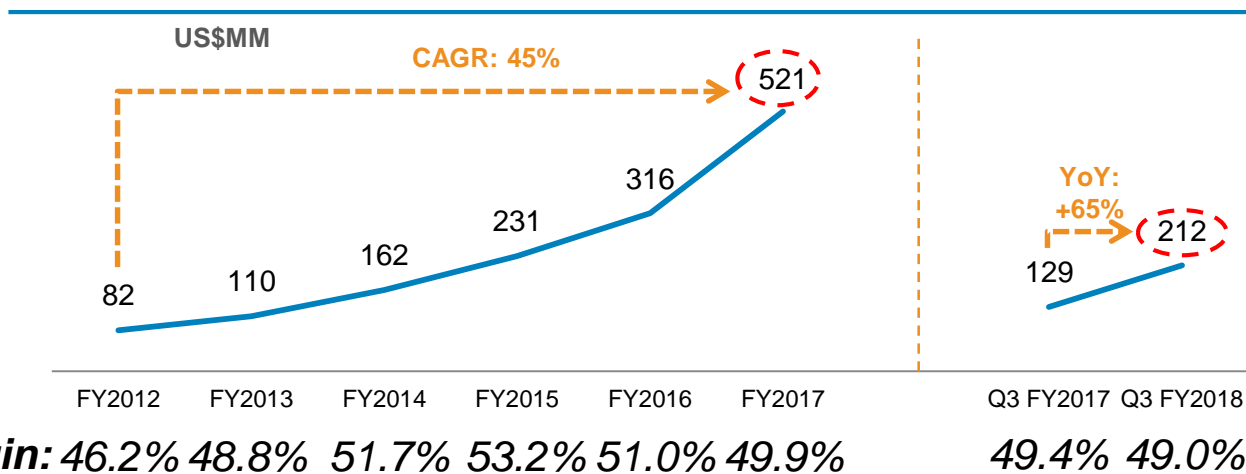
	Q3 FY2018	Q3 FY2017
Revenue Growth YoY	62%	83%
Enrollment Growth YoY	92%	71%



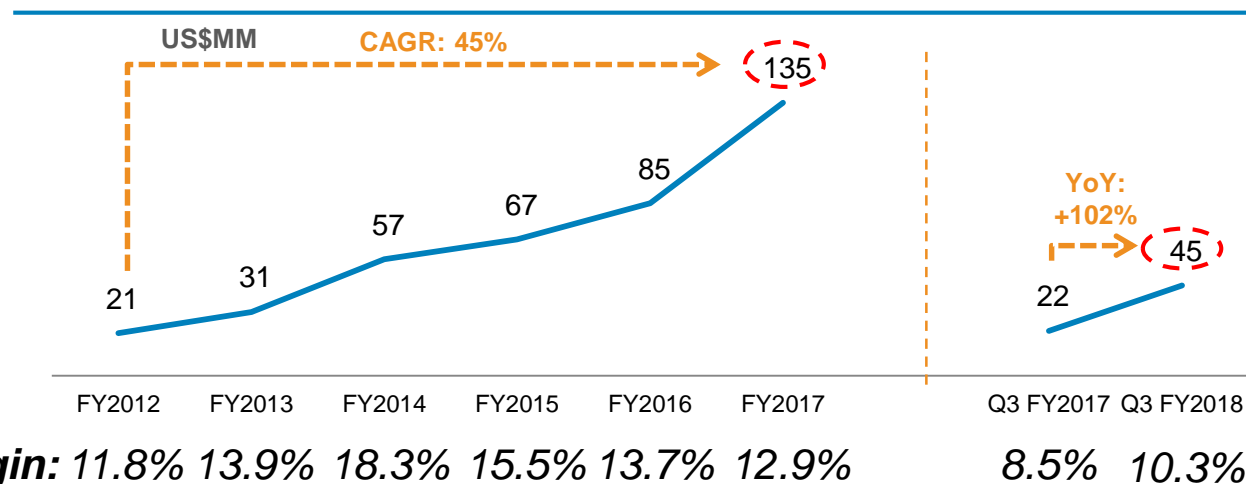
1 Small classes include Xueersi Peiyou, Firstleap, Mobby and some other educational programs.  
2 One-on-one includes Zhikang one-on-one and Shunshun overseas consultancy businesses .

# Operating Margin Increased with Improved Operating Efficiency

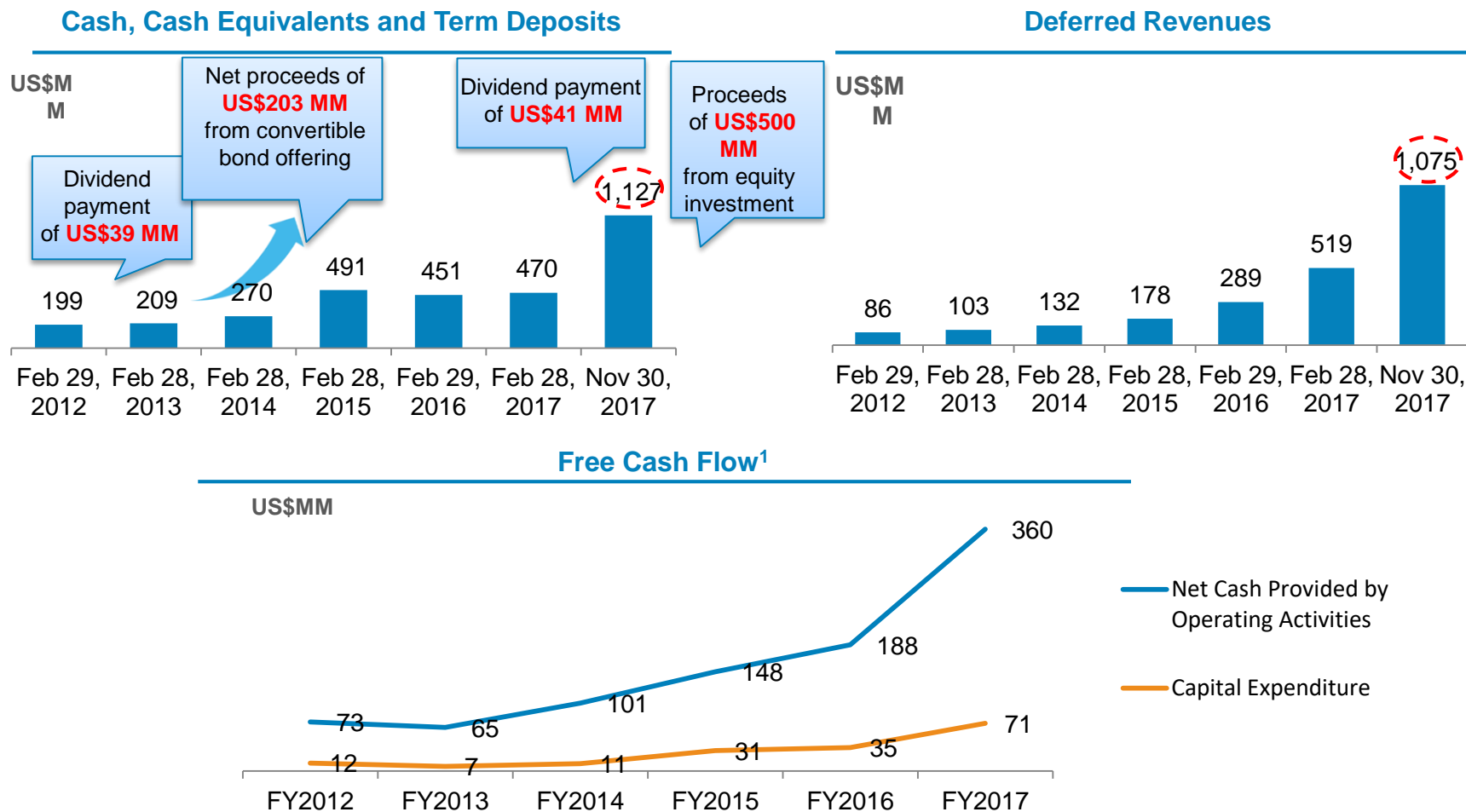
## Gross Profit



## Operating Income



# While High Visibility Cash Flows Provide Strength to Balance Sheet



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 1<sup>st</sup> 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**

