



TAL Education Group

Investor Presentation

October 2019



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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



Consolidation from 2016

 **学而思培优** Launched in 2003

 **学而思文市课堂** Launched in 2016

 **学而思在线** Launched in 2018
更有效的学而思本地直播课

 **Mobby 摩比** Launched in 2011

Personalized Premium Services (1-on-1)



Launched in 2007

Online Courses



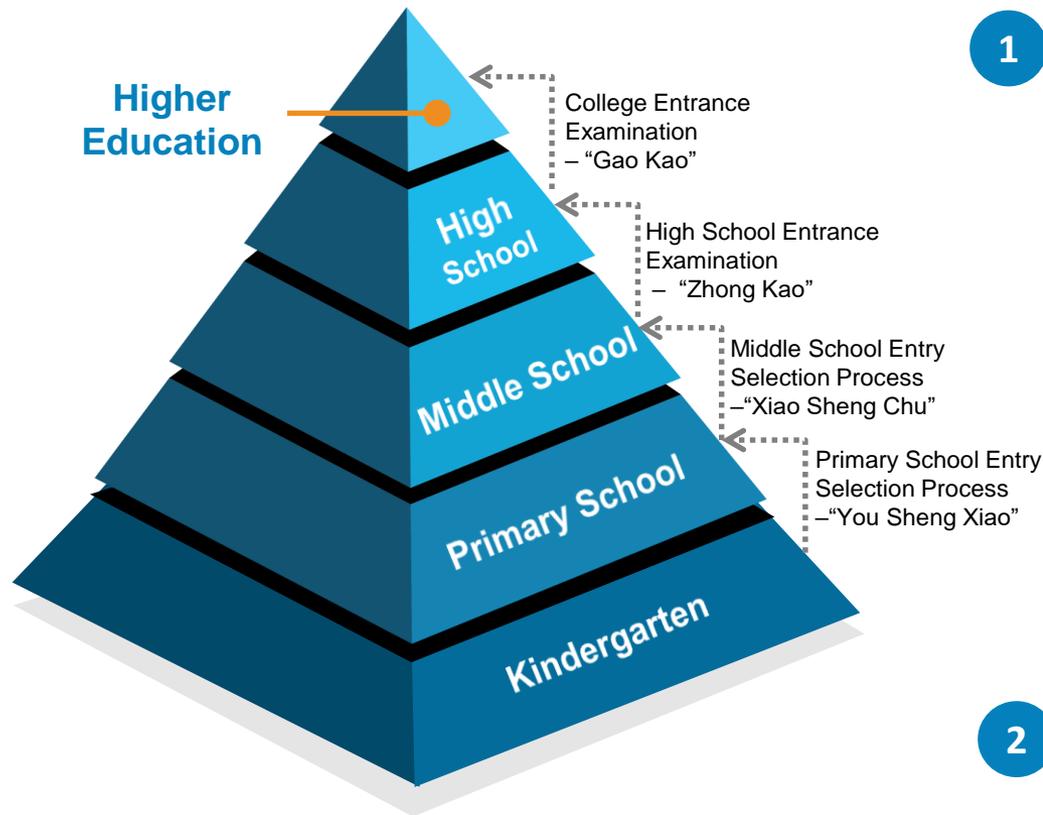
学而思网校

Launched in 2010
Live Broadcasting started from 2Q FY2017

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

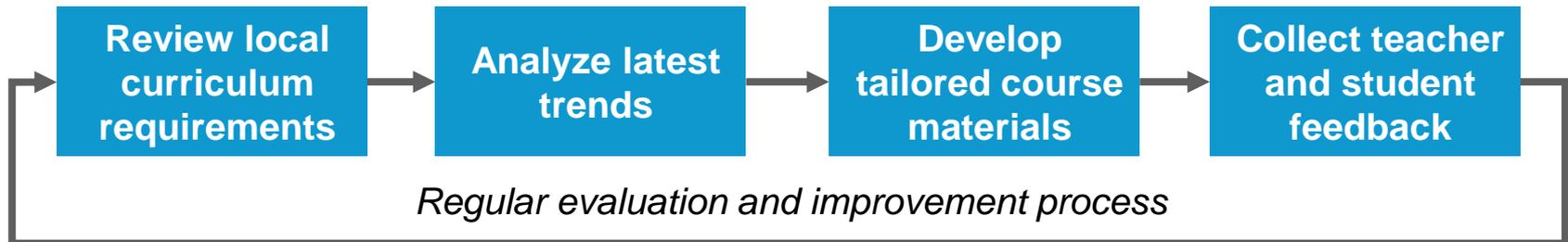
- Comprehensive new teacher training
- Regular ongoing training



Rigorous Evaluation Process

- Continuous evaluation
- Performance based compensation

Proprietary Content Development



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 both online and offline offerings
- 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



Main portal to TAL Education's education-related platform



Social platform for expecting and young parents



Preschool, kindergarten, and preparation for primary school admissions



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

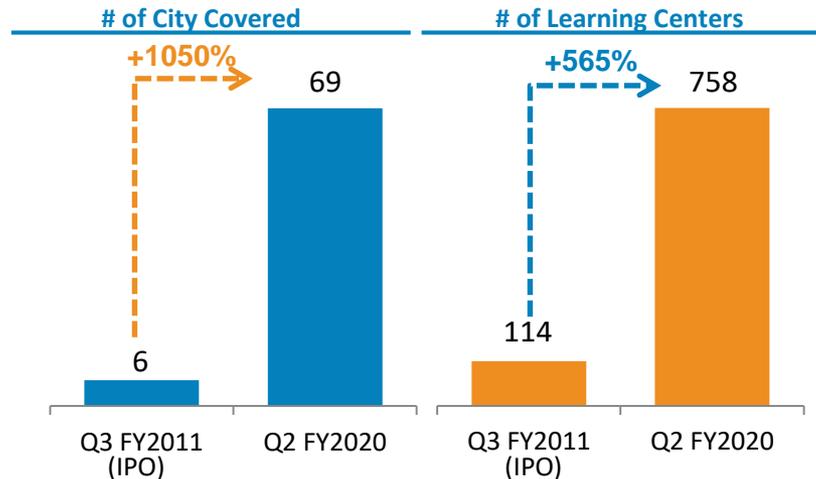
Incremental Center Opportunities

City	Year of Entry	# of Small Class Centers			# of One-on-One Centers	# of Xueersi International Centers	# of Total Learning Centers
		# of Peiyou Centers	# of Firstleap Centers	# of Mobby Centers			
Beijing	2003	64	36	10	27	3	140
Nanjing	2011	42	23	1	6		72
Shanghai	2008	52	2	4	12		70
Guangzhou	2009	34		1	14		49
Shenzhen	2010	33	1	1	11		46
Tianjin	2008	35			4		39
Hangzhou	2011	28			7		35
Wuhan	2008	27			5		32
Xi'an	2011	21			9		30
Chongqing	2012	17	6		2		25
Zhengzhou	2012	18			3		21
Shenyang	2012	8	11		1		20
Chengdu	2011	14			6		20
Suzhou	2012	15	2		3		20
Changsha	2014	10			1		11
Taiyuan	2012	9			1		10
Hefei	2016	6	4				10
Jinan	2014	7			1		8
Fuzhou	2015	8					8
Qingdao	2014	6			1		7
Shijiazhuang	2014	6					6
Nanchang	2015	4					4
Changzhou	2017	4					4
Foshan	2017	3	1				4
Zhenjiang	2017	3					3
Ningbo	2015	3					3
Xuzhou	2017	3					3
Changchun	2016	3					3
Nantong	2017	3					3
Luoyang	2015	3					3
Guiyang	2016	3					3
Wuxi	2015	2					2
Xiamen	2017	2					2
Lanzhou	2017	2					2
Wenzhou	2017	2					2
Dalian	2017	2					2

City	Year of Entry	# of Small Class Centers			# of One-on-One Centers	# of Xueersi International Centers	# of Total Learning Centers
		# of Peiyou Centers	# of Firstleap Centers	# of Mobby Centers			
Dongguan	2017	2					2
Yangzhou	2017	2					2
Zibo	2018	2					2
Shaoxing	2017	1					1
Yantai	2017	1					1
Zhongshan	2017	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
Tangshan	2018	1					1
Hong Kong	2019	1					1
Langfang	2019	1					1
Jining	2019	1					1
Taian	2019	1					1
Yancheng	2019	1					1
Suqian	2019	1					1
Taizhou(台州)	2019	1					1
Jinhua	2019	1					1
Quanzhou	2019	1					1
Taizhou(泰州)	2019	1					1
Jiaxing	2019	1					1
Zaozhuang	2019	1					1
Lianyungang	2019	1					1
Zhangzhou	2019	1					1
Total		538	86	17	114	3	758

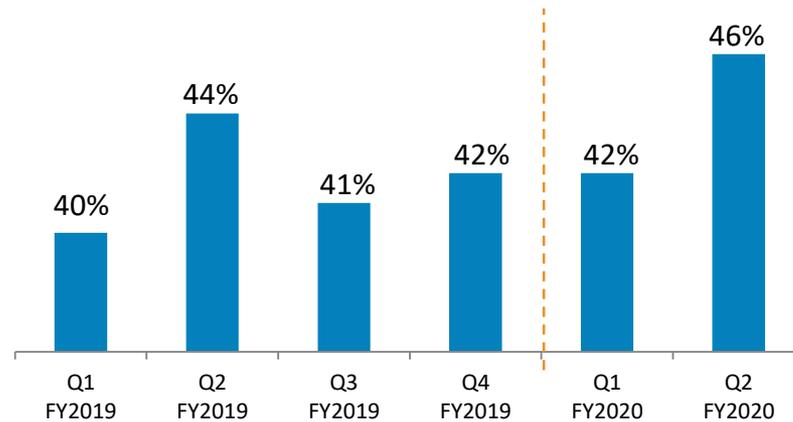
Ongoing Progress Since IPO in Fiscal Year 2011

Expanding Scale



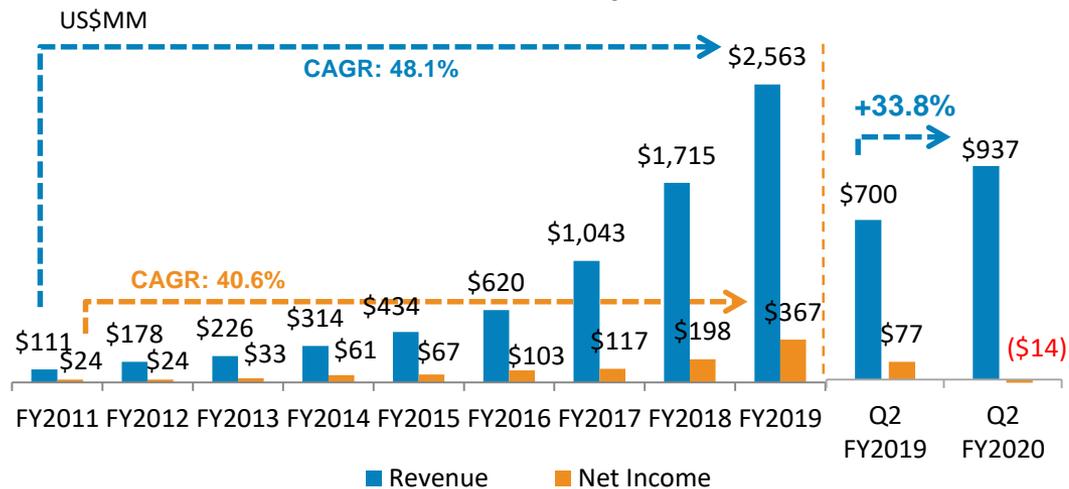
Increasing Geographical Footprint

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



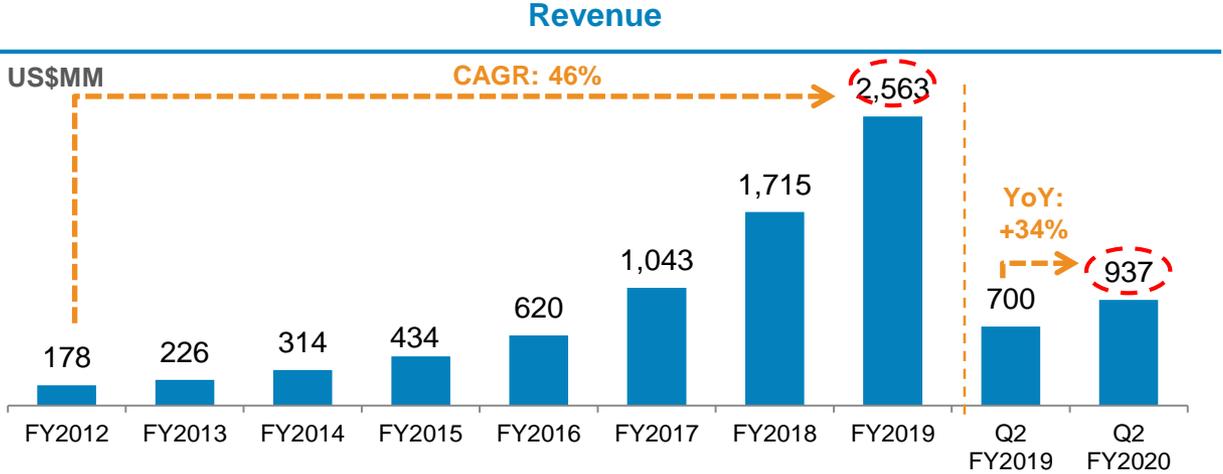
Note: Top Five Cities are Beijing, Shanghai, Guangzhou, Shenzhen, Nanjing.

Growth in Revenue / Net Income

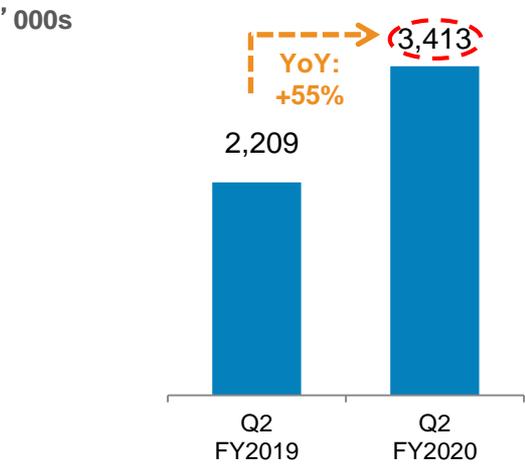


Note: Year and period are as per fiscal year.

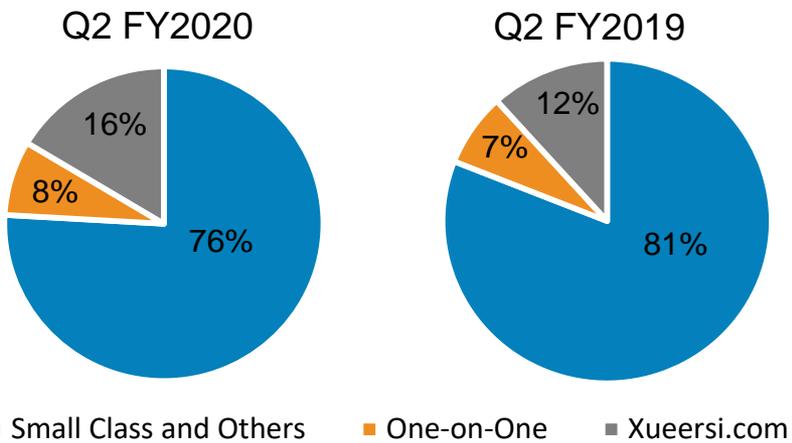
Enrollment Growth Drives Topline Growth



Student Enrollments of normal priced long-term course

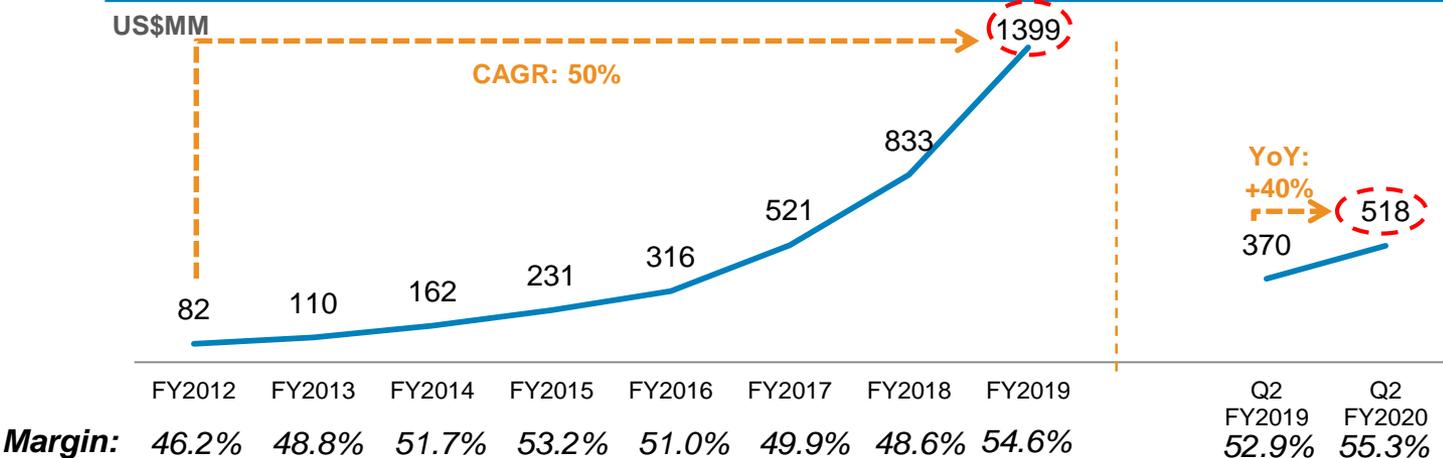


Revenue Contribution

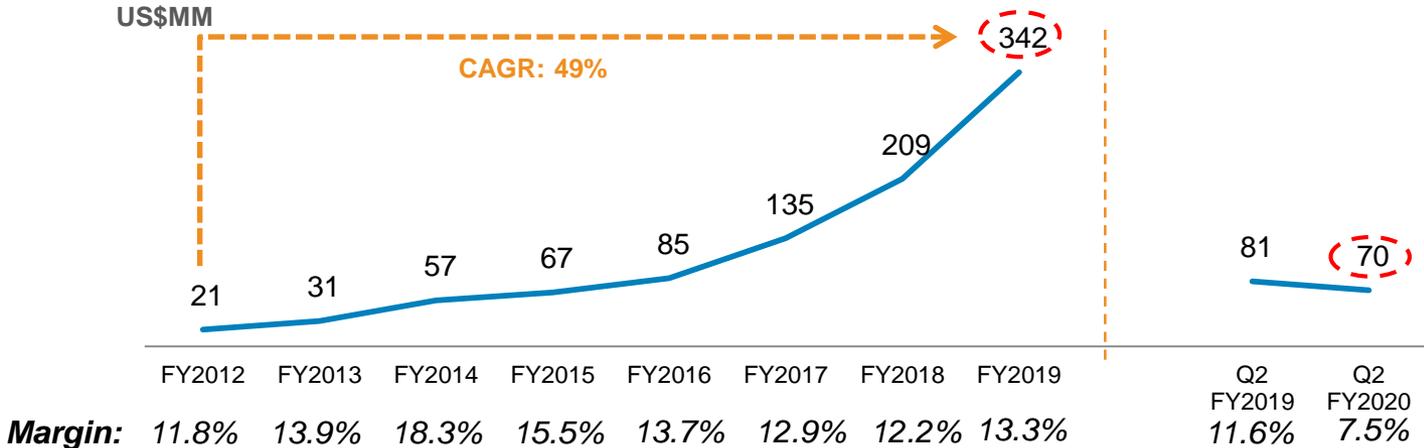


Ongoing Investments to Increase Future Growth

Gross Profit

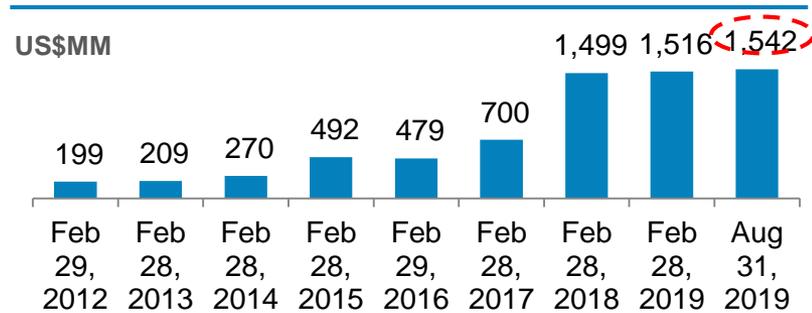


Operating Income

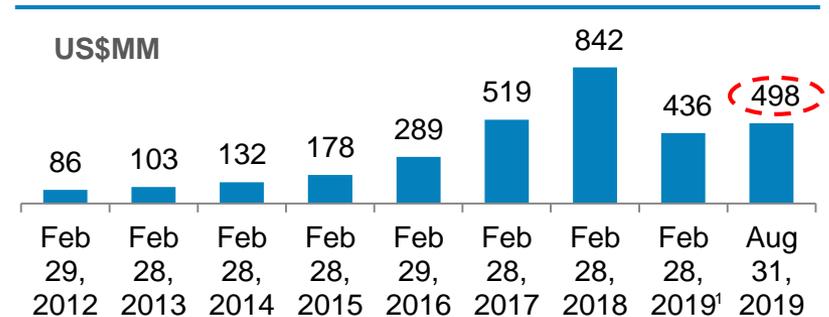


While High Visibility Cash Flows Provide Strength to Balance Sheet

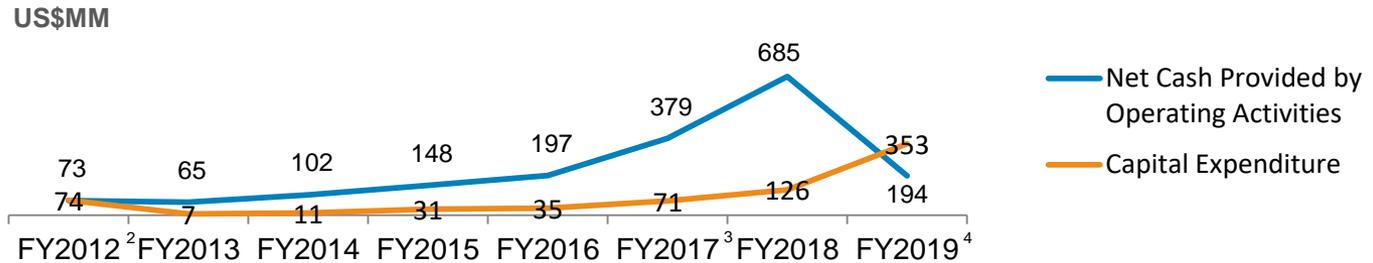
Cash, Cash Equivalents, Term Deposits and Short-term Investments



Deferred Revenues



Free Cash Flow



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: Capital expenditure in fiscal year 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.

3: 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.

4: Capital expenditure in fiscal year 2019 was US\$353.3 million. The significant increase was mainly due to prepayments for purchase of land use right of \$209.9 million.

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, 14+ years with TAL

Yunfeng Bai: President since Oct 2016, Senior VP of TAL from Apr 2011 to Oct 2016, 14+ 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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