



TAL Education Group

Investor Presentation

August 2014

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Our Mission

TAL Education's Mission is to Help Students Achieve Better Outcomes Through a More Efficient Learning Process



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											●	●	●

Offered Through Multiple Class Formats

Small Classes



学而思培优
www.speiyou.com

Launched in
2003

MOBBY
摩比思维馆

Launched in
2011

Personalized Premium Services (1-on-1)



智康 1对1
jiajiaoban.com

Launched in 2007

Online Courses

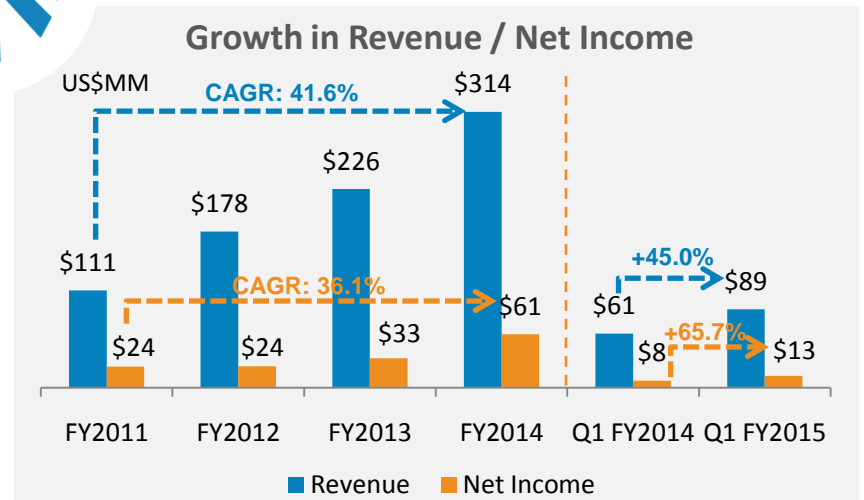
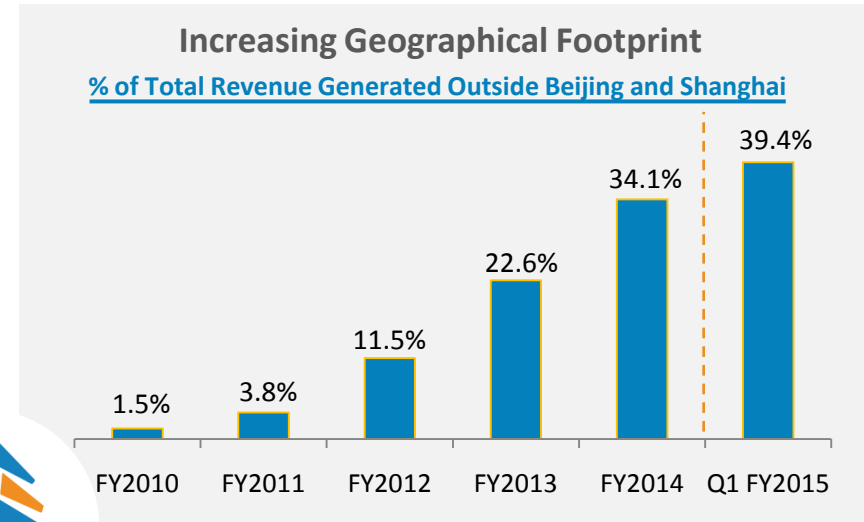
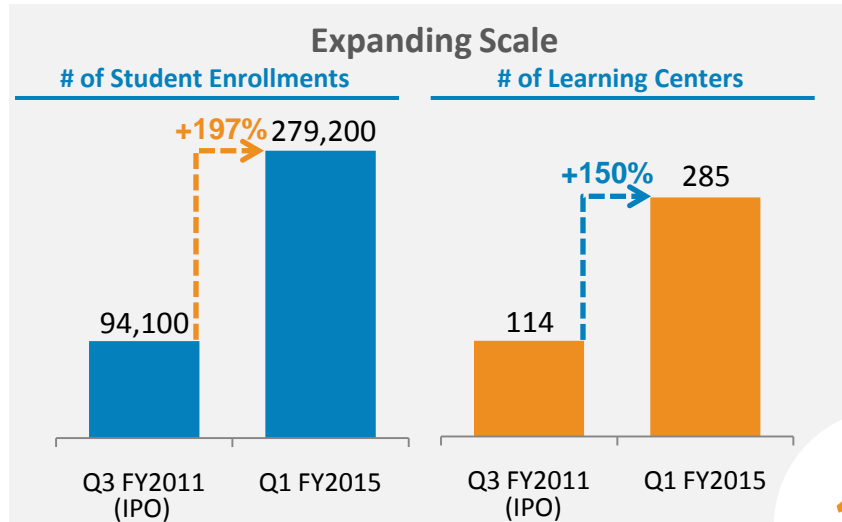


学而思网校
www.xueersi.com

Launched in 2010

¹ ● "Denotes currently offered course"

Significant Progress Since IPO



Note: Year and period are as per fiscal year.

Experienced Management Team and Distinguished Board

Bangxin Zhang: Chairman and CEO since our inception

Jane Jie Sun: COO of Ctrip.com
Audit Committee Chair. Independent director since Oct 2010

Tong Chen: EVP and Chief Editor of SINA
Compensation Committee Chair. Independent director since Jun 2011

Wei Wang: Chairman and CEO, Vancle
Nominating & Corporate Governance Committee Chair. Independent director since Jun 2011

Yachao Liu: Senior VP, GM of Online School, 10+ years with TAL

Yunfeng Bai: Senior VP, GM of Small Class, 9+ years with TAL

Joseph Kauffman: CFO, 8+ years in China education sector, 4+ years with TAL

Company Highlights



Industry Leader in Large and Attractive Market

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

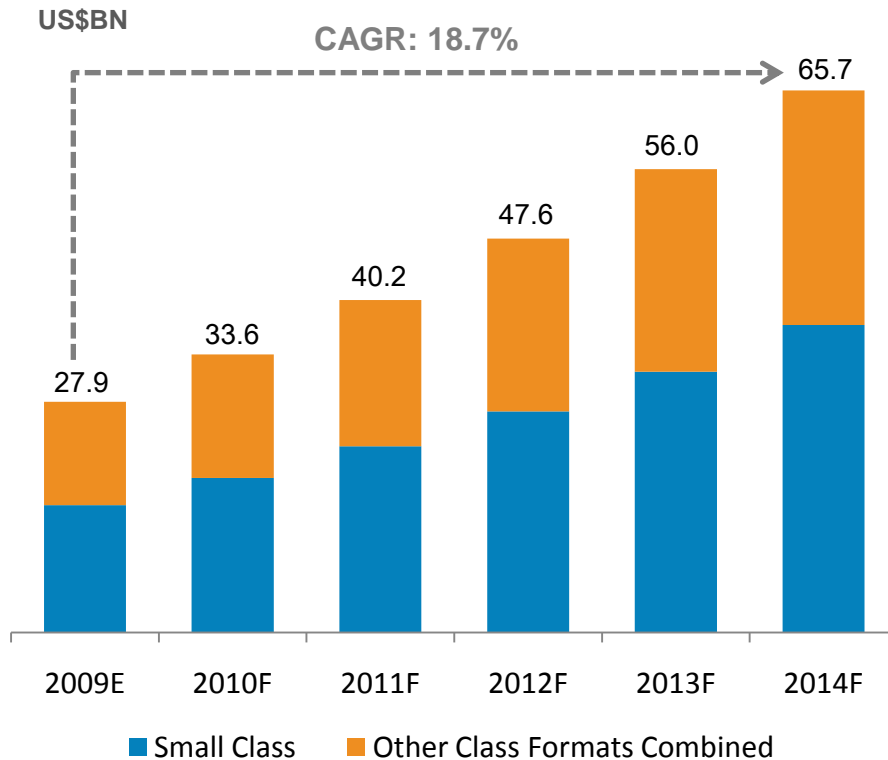
Significant Scale and Reach Offline and Online

Strong Operational Performance with Consistent Growth

High Visibility Recurring Revenue Model with Strong Cash Flow

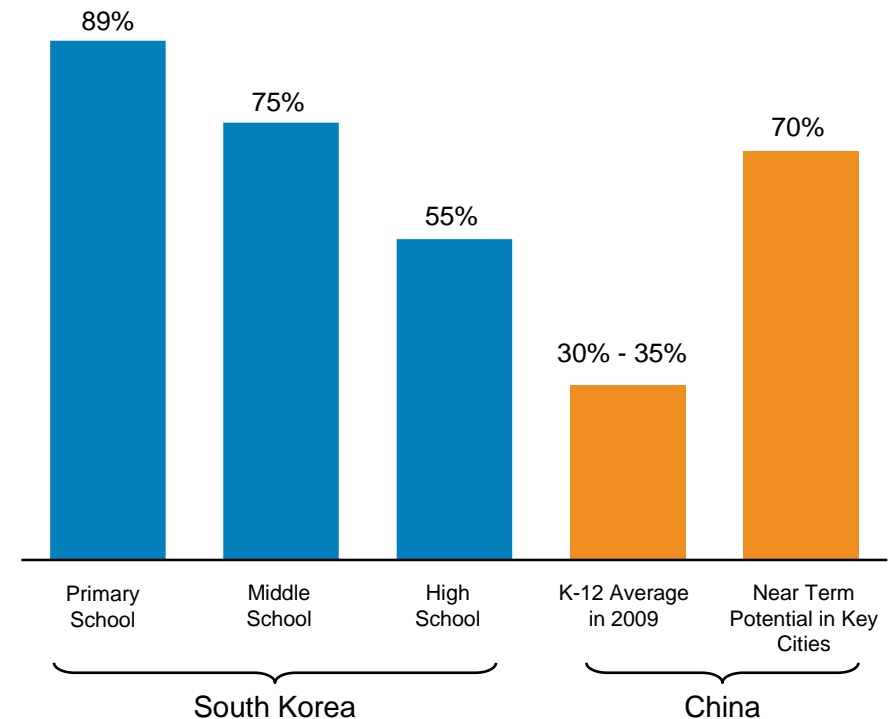
Huge, Fragmented and Underpenetrated Market

Rapid K-12 Market Growth Led by Small Class¹



Penetration of Tutoring Services¹

China vs. South Korea

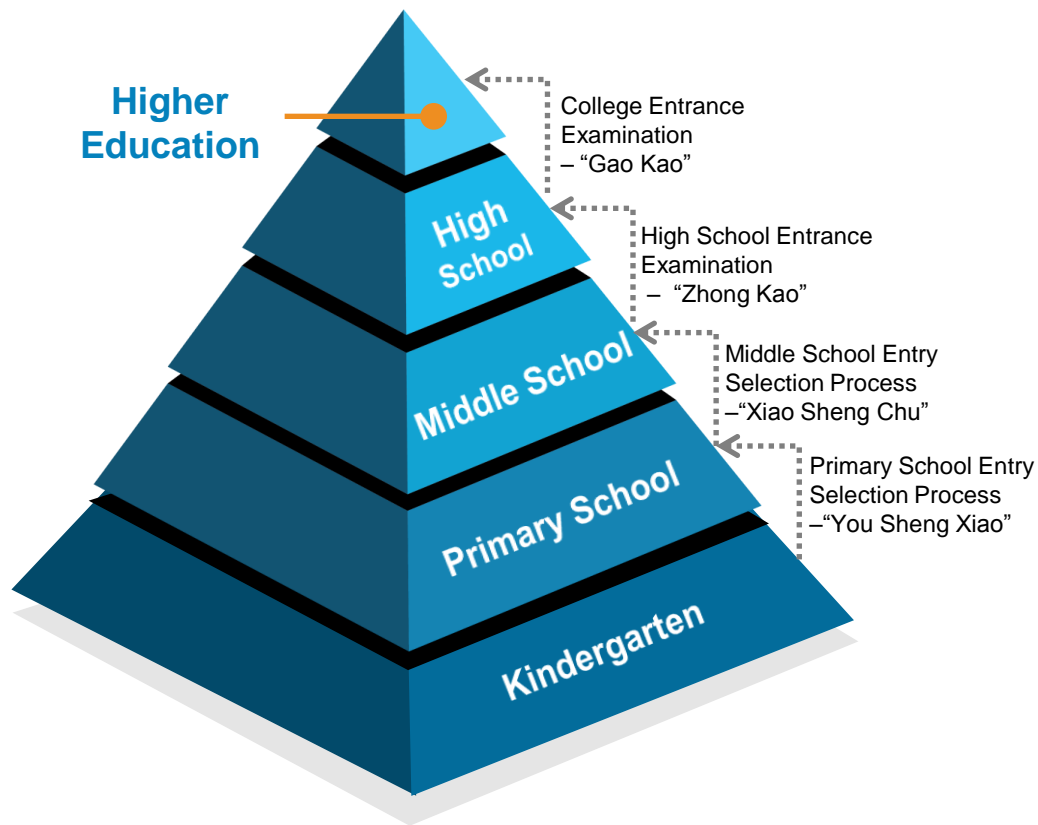


Highly fragmented market where top 3 players account for less than 3.5% of total market

¹ Source: iResearch, July 2010 Report.

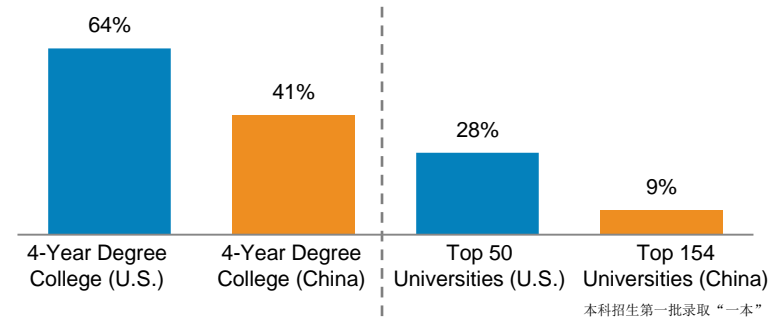
Underpinned by Intensely Competitive Education System

Examination-Focused Education System

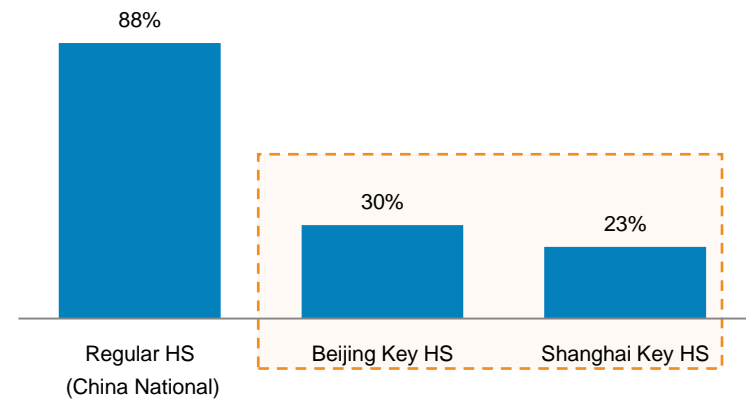


Fierce Competition to Enter Key Schools

College Admission Rate^{1,2}



High School Admission Rate in China³

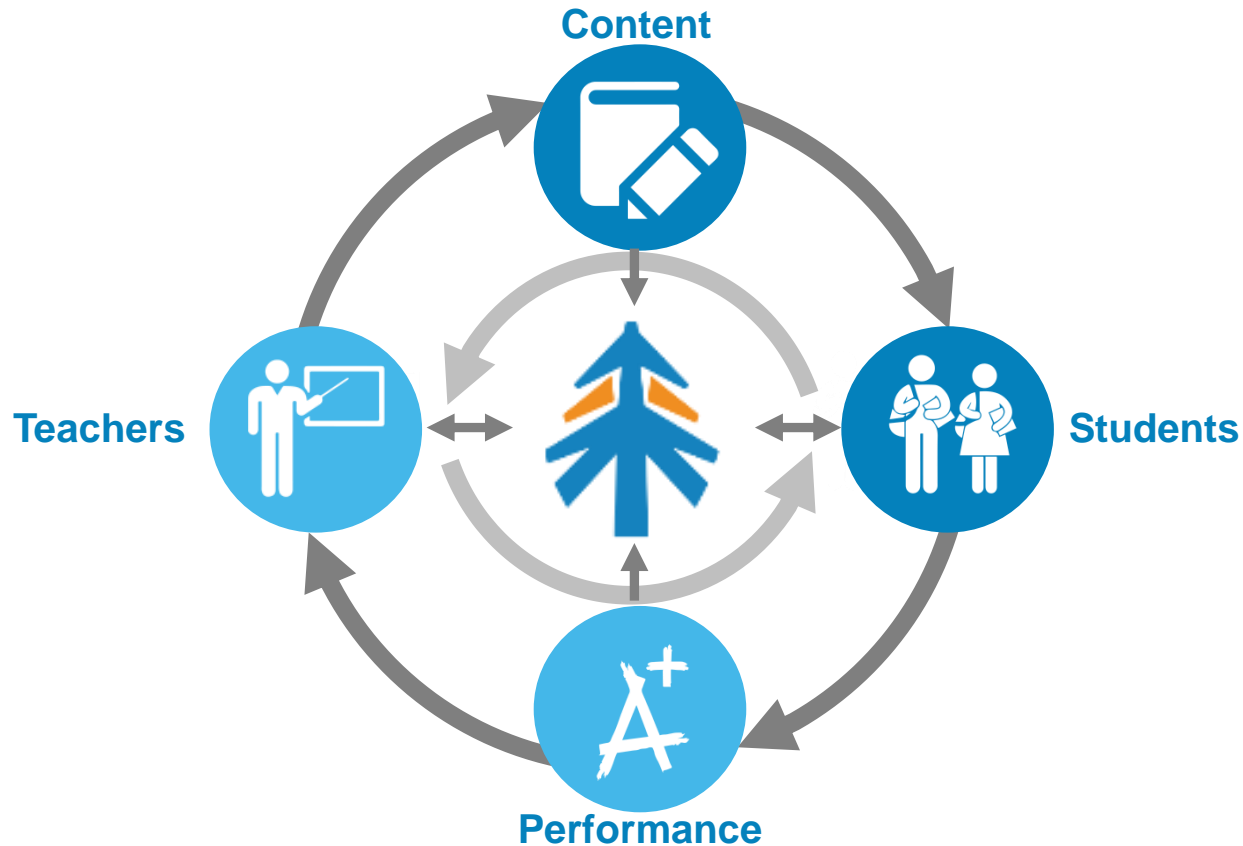


¹ “Admission rate” refers to the number of students admitted over the total examination applicants in China or denoted cities; and refers to the number of students admitted over the total application pool in the U.S.

² Source: National Association for College Admission Counseling, 2012; Ministry of Education of the People's Republic of China, 2012; collegeadmissions100.com, 2012; gaokao.eol.cn, 2012

³ Source: Ministry of Education of the People's Republic of China, 2012; iResearch, 2010

Brand Drives Sustainable Competitive Advantage



- ✓ High student retention rate
- ✓ Ability to attract top-quality teachers

- ✓ High referral rate and low student acquisition costs
- ✓ Premium pricing power

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

Headquarters in-house content development team of over 100 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 Online and Through Learning Center Network

Growth Strategy

- 1 Further penetrate existing markets by opening new learning centers
- 2 Enter new markets: Target 2-4 new cities each year
- 3 Enhance content offering across subjects and grade levels
- 4 Maintain premium pricing while diversifying programs
- 5 Expand online and mobile offerings, driving 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
Beijing	2003	78	42	120
Shanghai	2008	30	10	40
Guangzhou	2009	14	6	20
Tianjin	2008	11	5	16
Shenzhen	2010	9	5	14
Xi'an	2011	8	6	14
Wuhan	2008	8	5	13
Nanjing	2011	7	4	11
Chengdu	2011	6	5	11
Hangzhou	2011	6	3	9
Zhengzhou	2012	4		4
Chongqing	2012	3		3
Suzhou	2012	3		3
Taiyuan	2012	2		2
Shenyang	2012	2		2
Jinan	2014	1		1
Shijiazhuang	2014	1		1
Qingdao	2014	1		1
Total		194	91	285



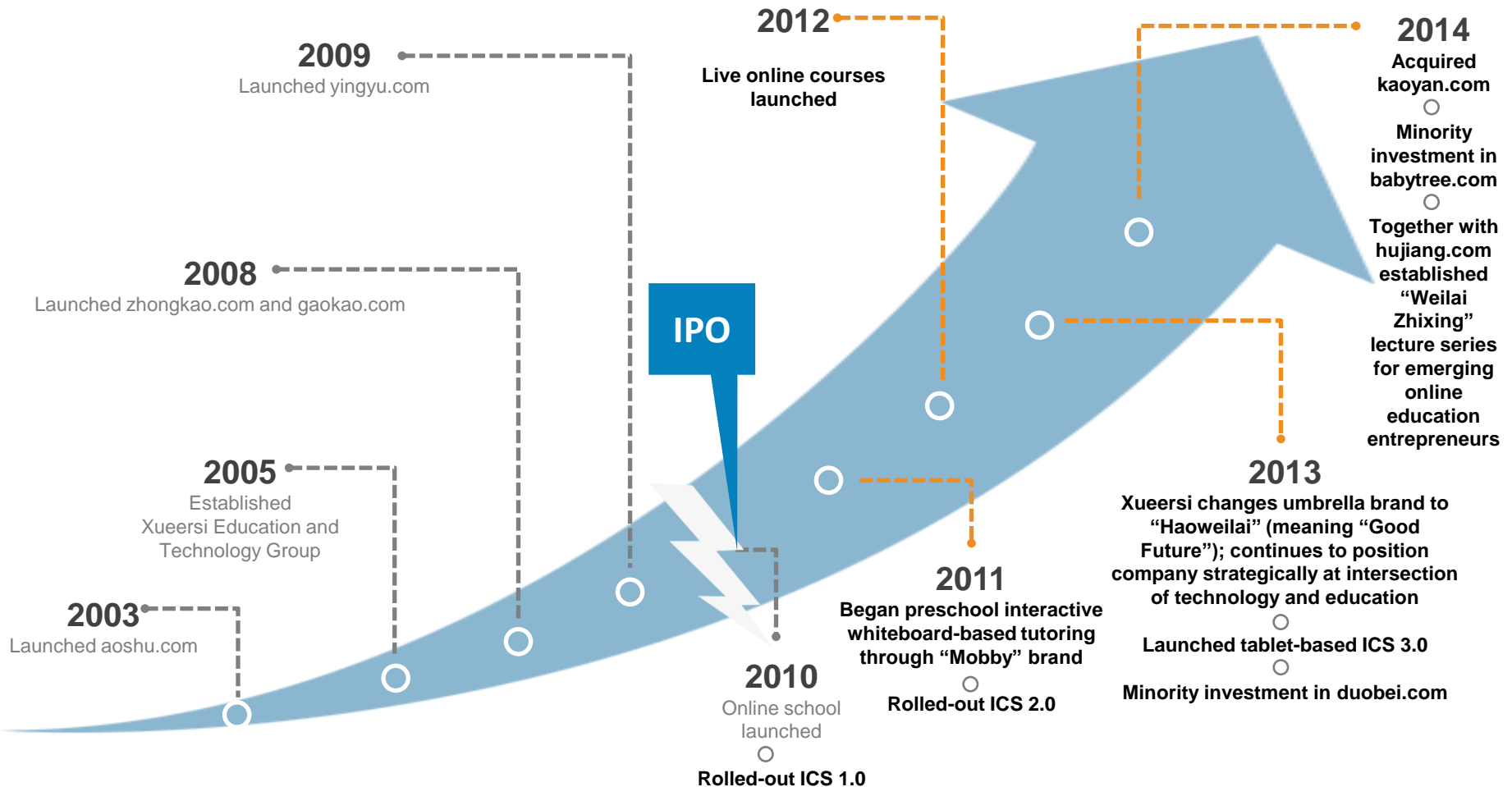
Province with learning center coverage



Province not yet covered by TAL learning center network

Complemented by Continued Focus Online

Accelerated Investment in New Technologies Across Online Platform



Online Platform Now Covers the Student Lifecycle

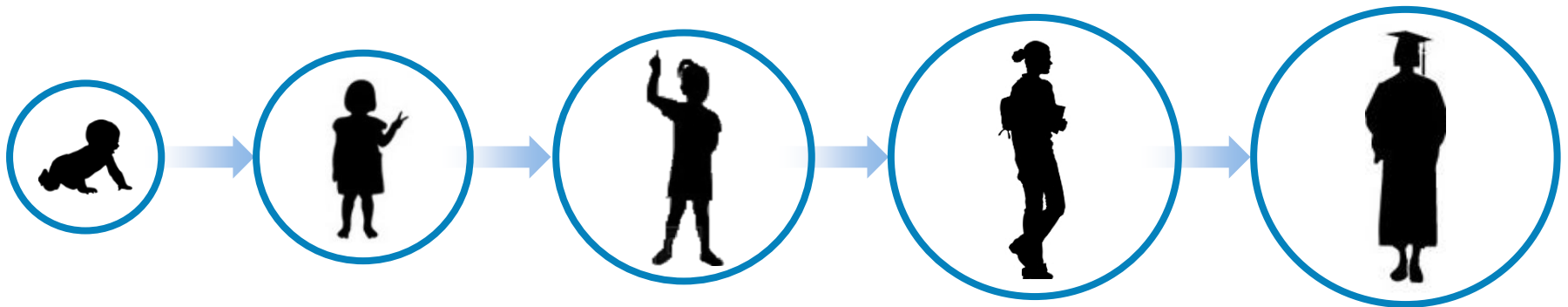


Minority Strategic Investment



Main portal to TAL Education's education-related websites

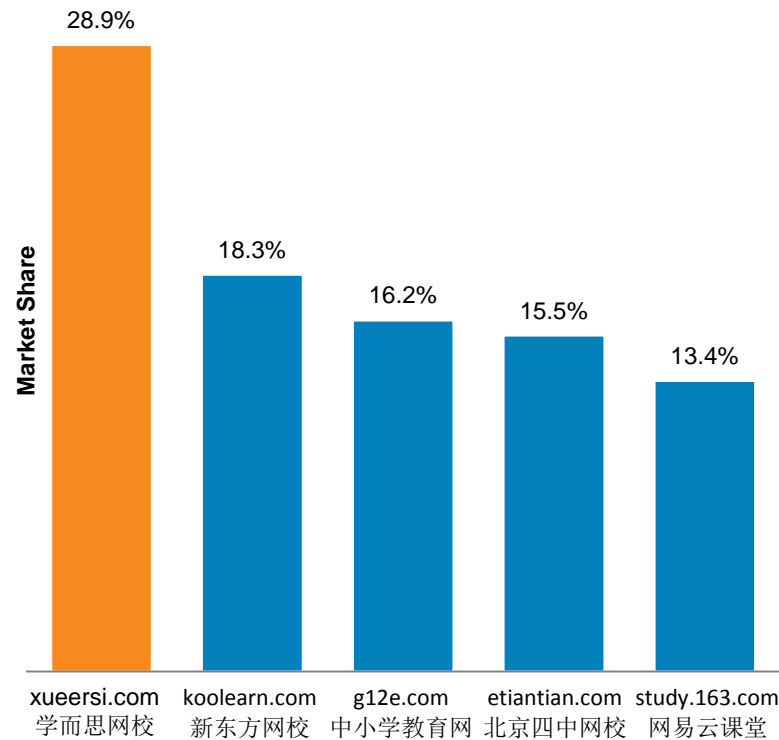
Babytree 宝宝·树	youjiao 幼教网 .com	zuowen 作文网 .com	yingyu 英语网 .com	aoshu 奥数网 .com	zhongkao 中考网 .com	gaokao 高考网 .com	kaoyan 考研网 .com
Social platform for expecting and young parents	Preschool, kindergarten, and preparation for primary school admissions	Chinese composition	English language study and related 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



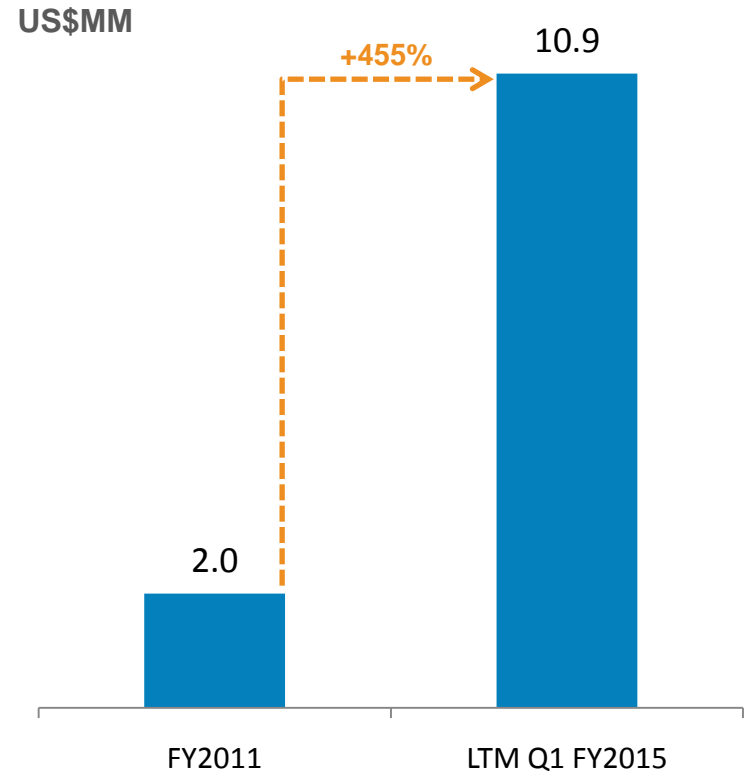
Note: Babytree is a minority investment announced in January 2014.

While Online School is Also Gaining Traction

Leading K-12 Online Tutoring Brand¹

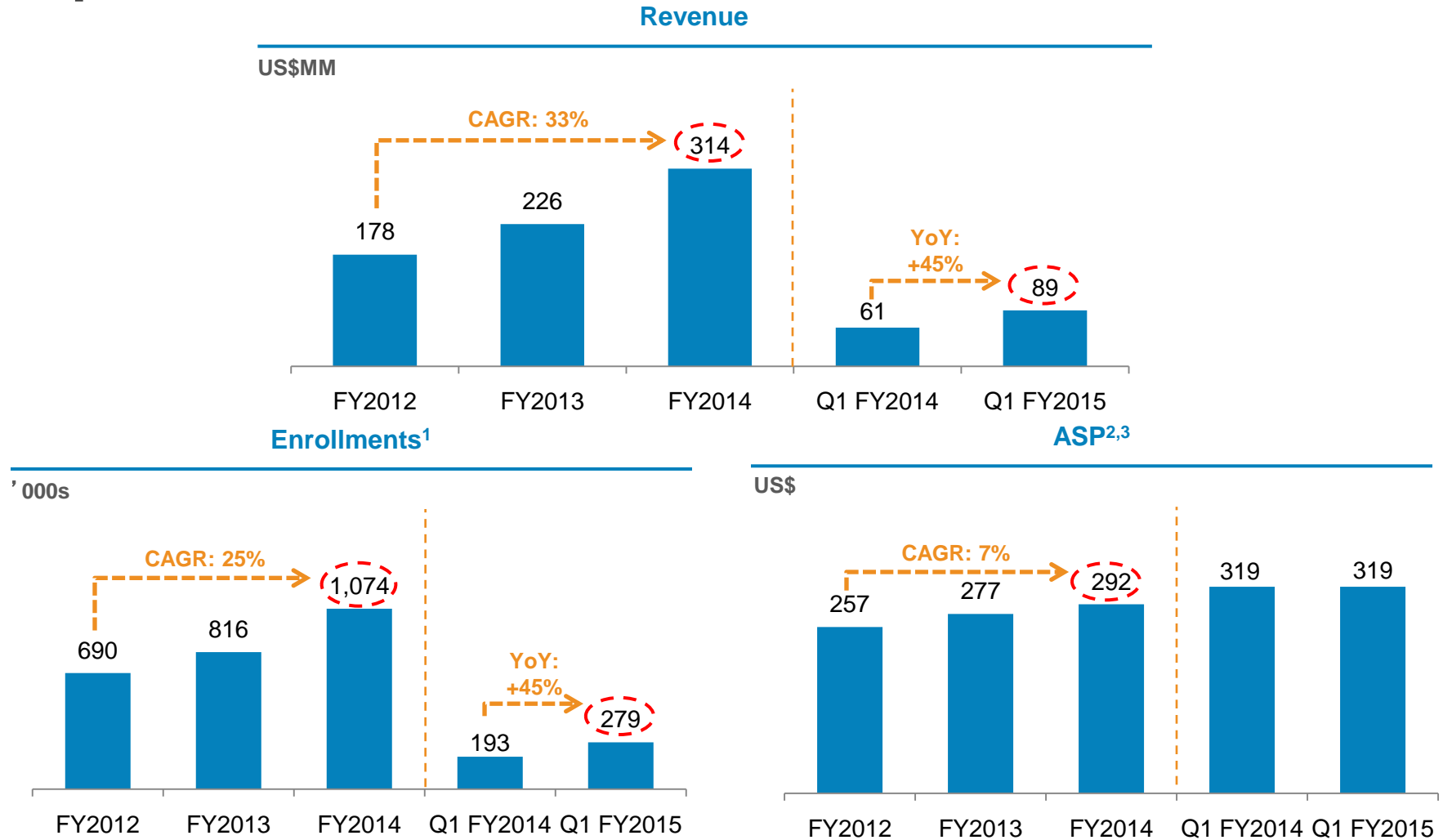


Growing Online Revenue



¹ Source: 2013 China Online Education Report (《新浪2013中国在线教育调查报告》) by AC Nielsen and sina.com.

Effective Strategy Implementation Has Accelerated Topline Growth



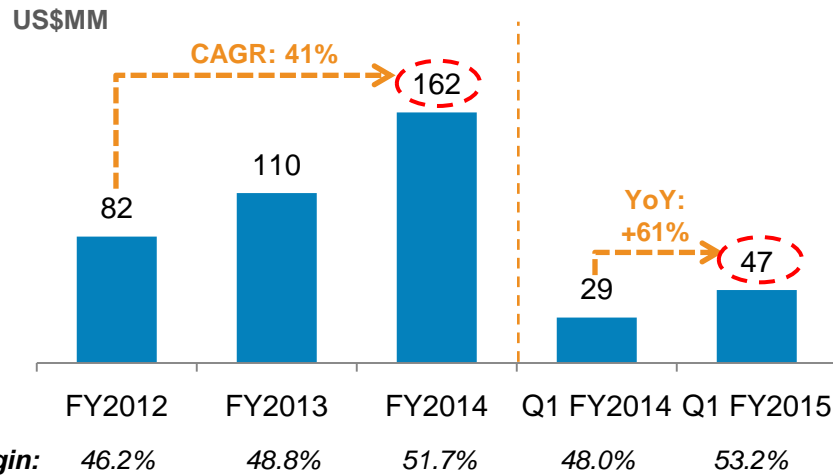
¹ Defined as total student enrollments of small class, personalized premium service (1-on-1) and online courses. Refer to the cumulative total number of courses enrolled in and paid for by our students, including multiple courses enrolled in and paid for by the same student.

² Total revenue / total enrollments

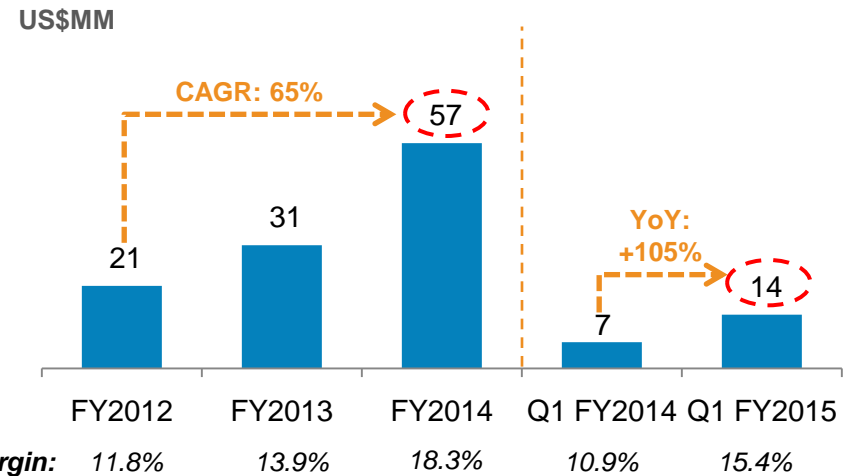
³ ASP was flat in Q1 FY15 mainly because the hourly rate increases of the small class were offset by more enrollment contribution from online courses and the foreign exchange rate fluctuation.

Gross Margins Have Increased with Improved Utilization

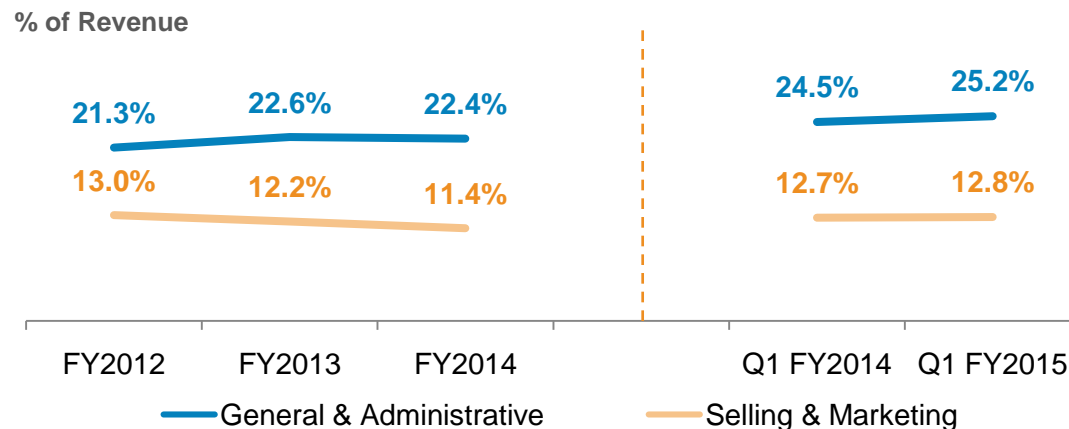
Gross Profit



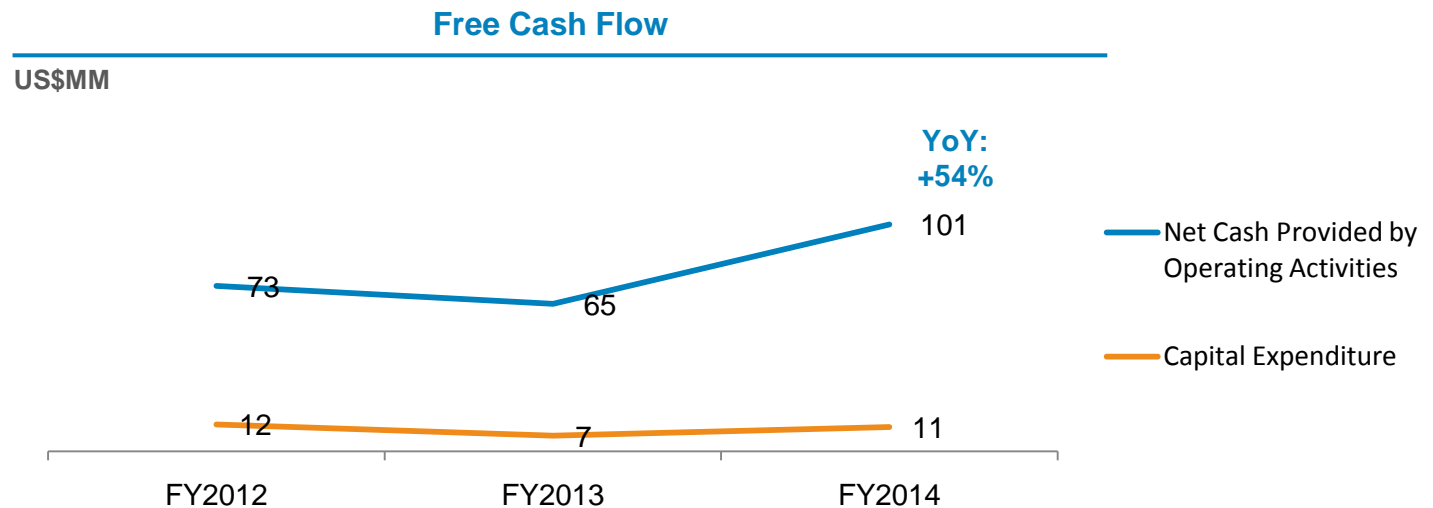
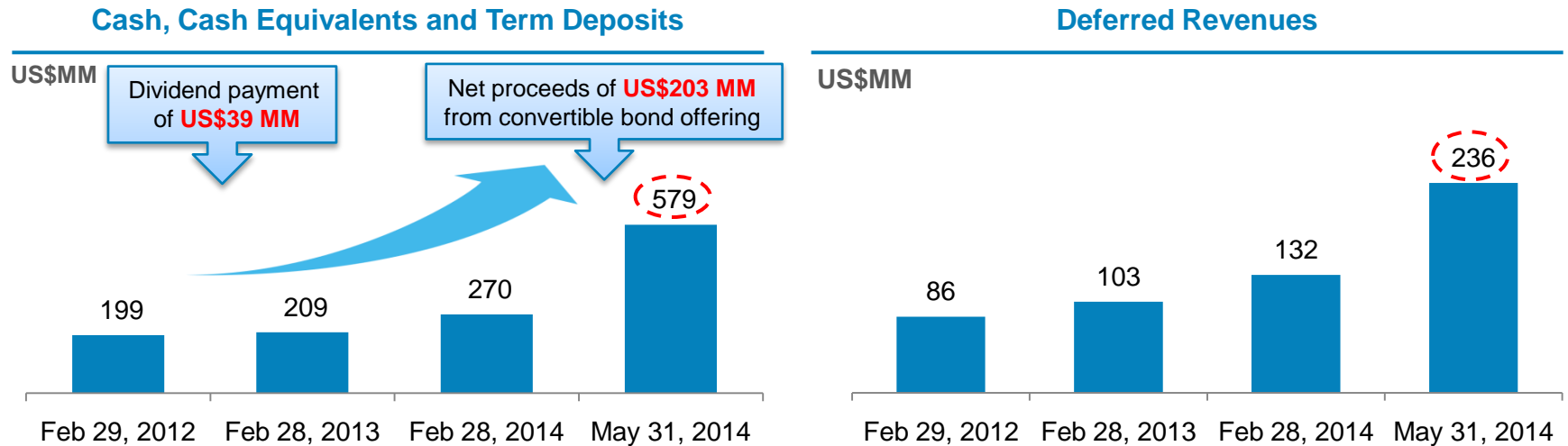
Operating Income



SG&A Reflects Investment in Future Growth



While High Visibility Cash Flows Provide Strength to Balance Sheet



Note: 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.

Thank You

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