



Xueda Education Group

First Quarter 2015 Earnings Conference Call

May 20, 2015 HKT



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CEO Discussion



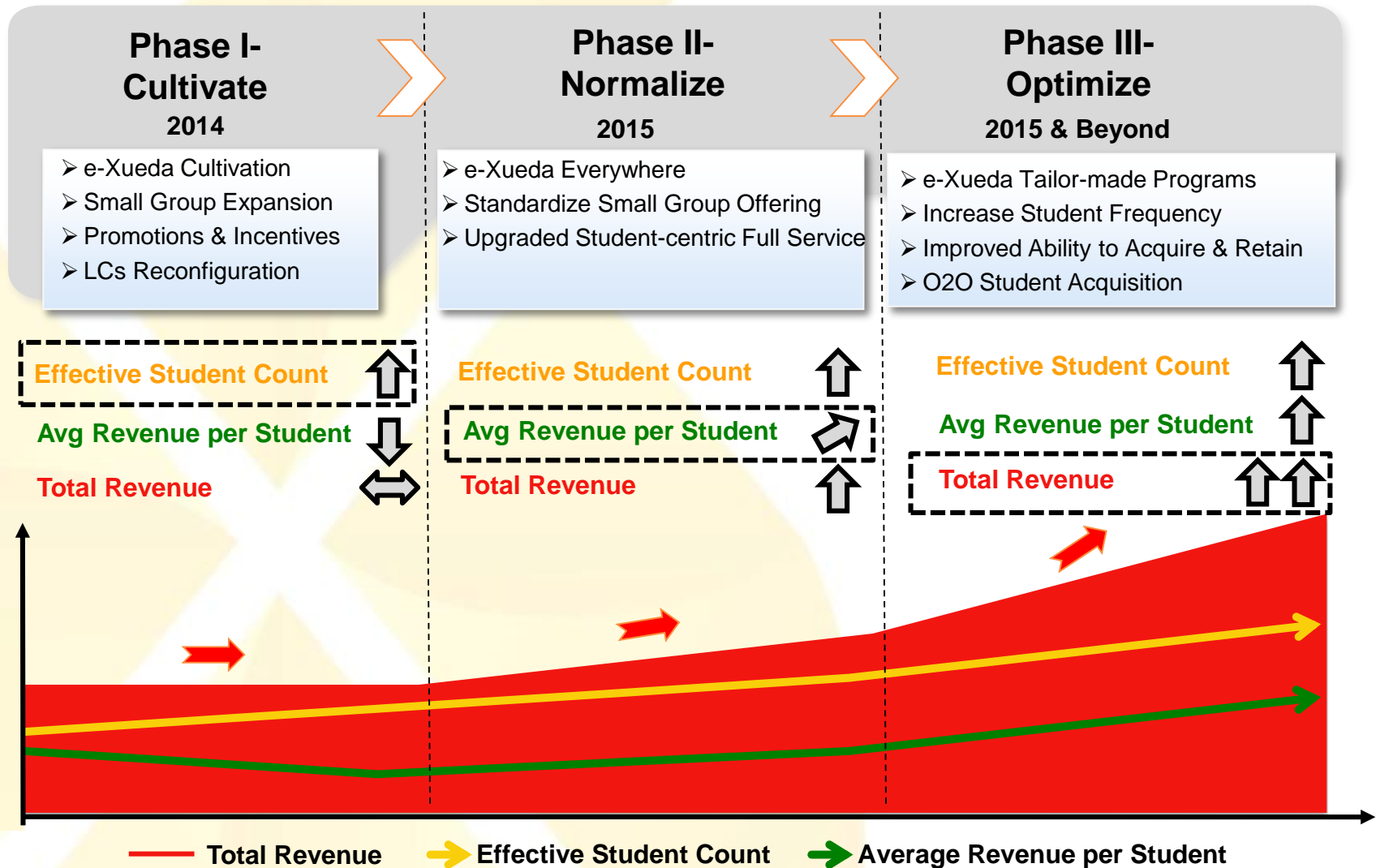
“We were pleased to deliver solid results in the first quarter of 2015, with effective student count growing by 3.9%, adding net 15 new learning centers and gaining further traction in our Small Group Tutoring and eXueda initiatives.”

Our focus in 2015 is to grow revenue by growing effective student count while at the same time normalizing average revenue per student.”

Xin Jin – Xueda Co-Founder & Chief Executive Officer



3-Phase Roadmap



CFO Discussion and Financial Review



“As I have previously mentioned, given that we entered 2015 with a total effective student number that is more than 7% higher than that of 2014, as we continue to maintain or slightly raise the average revenue per student, we should be able to drive revenue growth.”

Christine Lu-Wong – Xueda Chief Financial Officer



Revenue Model



Two Key Drivers

Effective Student Count

End of 1Q 2015: 76,635, Up 3.9% YoY

New Student Sign-ups:

29,442, Up 6.1% YoY

of Retained Student:

47,193, Up 2.6% YoY

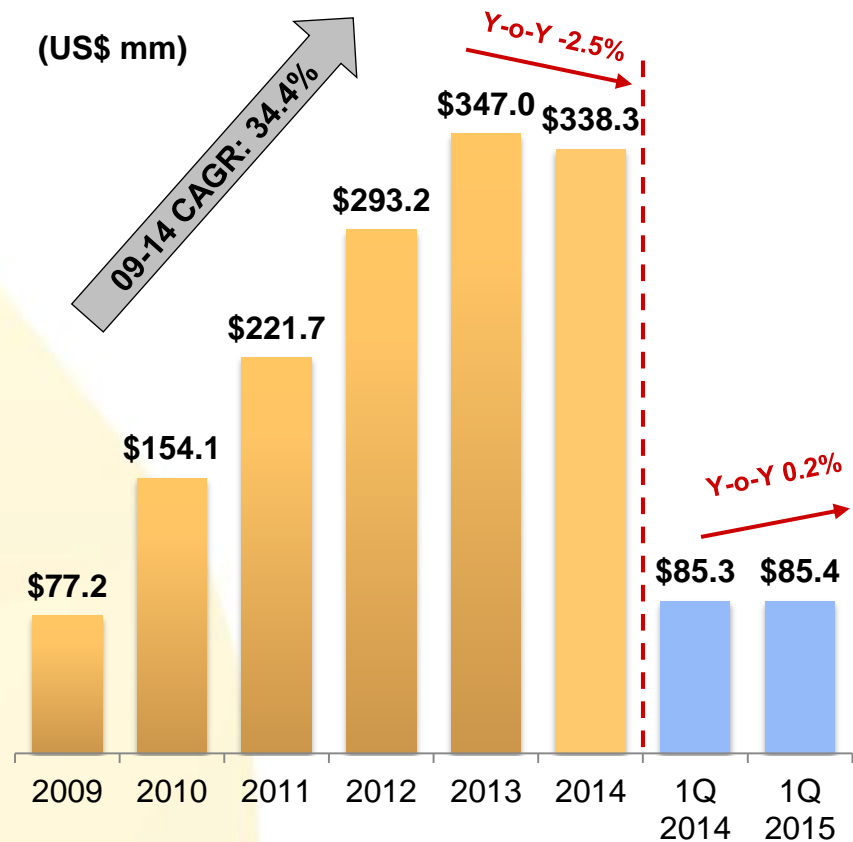


Average Revenue per Student

1Q 2015: \$1,206

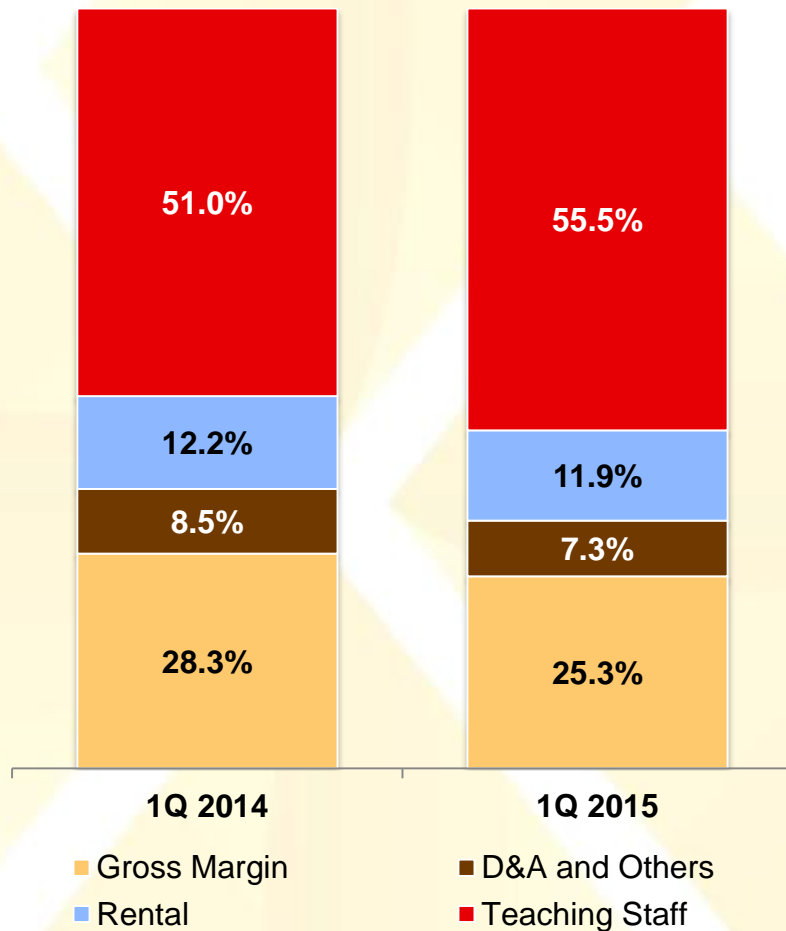
Down 5.1% YoY

Net Revenue

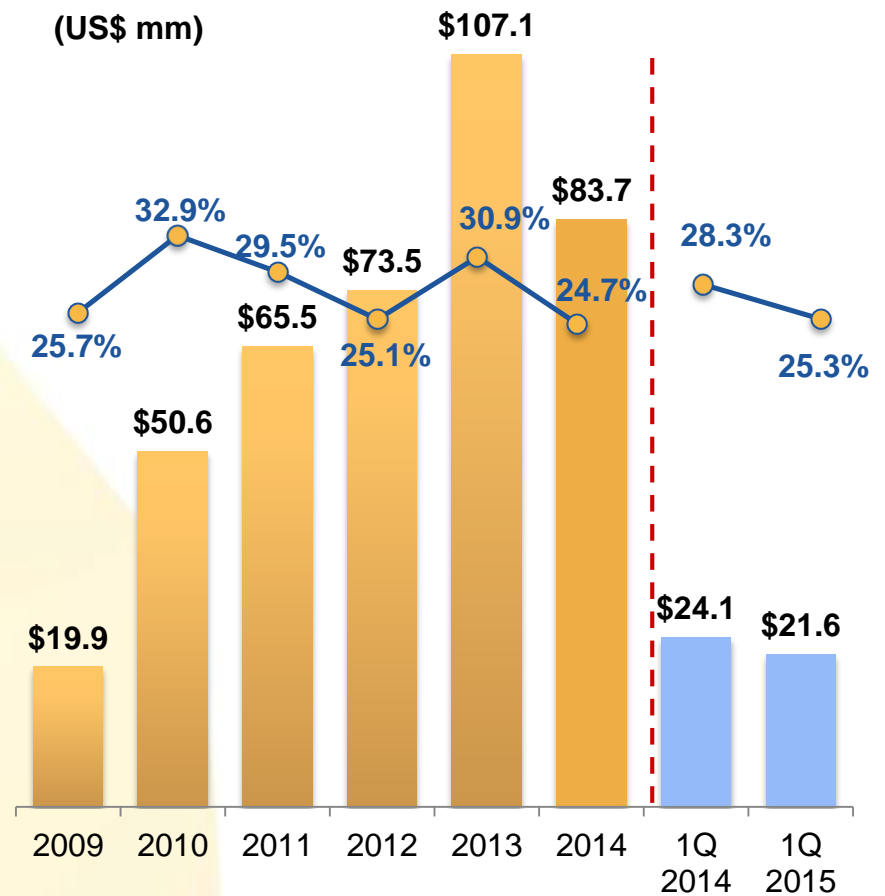


Gross Margin & Cost Structure Breakdown

Cost Structure



Gross Profit and Gross Margin



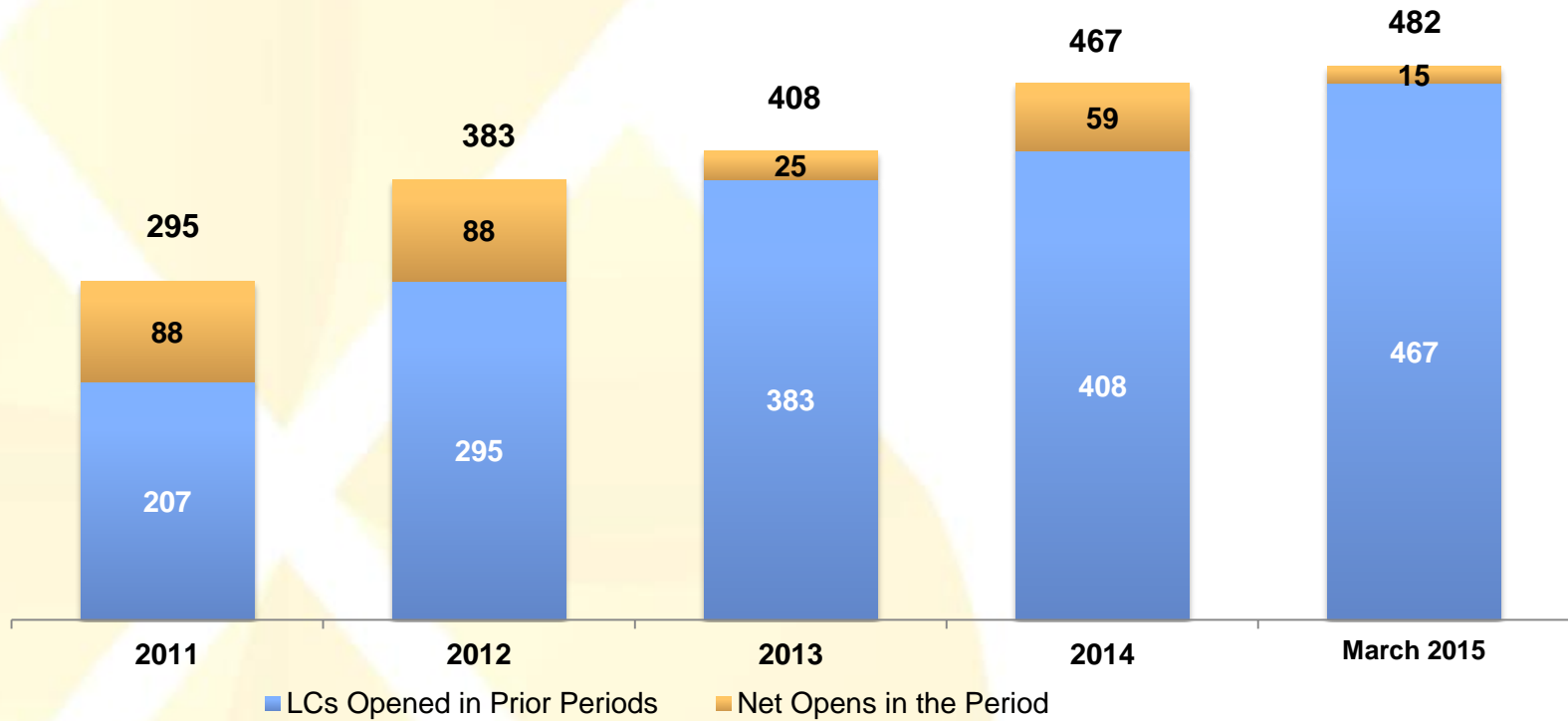
Operating Expenses

	1Q 2015	1Q 2014	Y-o-Y Change Percentage
Non-GAAP G&A Expense	\$12.3M	\$12.5M	-1.8%
As % of Total Net Revenue	14.4%	14.7%	-30 bps
Non-GAAP S&M Expense	\$8.1M	\$8.5M	-5.0%
As % of Total Net Revenue	9.4%	9.9%	-50 bps
Non-GAAP Operating Income	\$1.3M	\$3.1M	-\$1.8M
Non-GAAP Income per ADS	\$0.03	\$0.06	-\$0.03

P&L

	1Q 2015	1Q 2014	Y-o-Y Change Percentage
Net Revenue	\$85.4M	\$85.3M	\$176,000
Cost of Revenue	\$63.8M	\$61.2M	+4.3%
Gross Profit	\$21.6M	\$24.1M	-10.2%
Gross Margin	25.3%	28.3%	-300 bps
Total Non-GAAP Operating Expense	\$20.3M	\$21.0M	-3.1%
Non-GAAP G&A as % of Net Revenue	14.4%	14.7%	-30 bps
Non-GAAP S&M as % of Net Revenue	9.4%	9.9%	-50 bps
Non-GAAP Net Income	\$1.9M	\$4.0M	-\$2.0M
Non-GAAP Diluted EPADS	\$0.03	\$0.06	-\$0.03

Learning Centers Network



Guidance

2Q 2015

Guidance

Net Revenues	\$110 ~ \$113 million
Non-GAAP EPADS*	\$0.17 ~ \$0.19

**Non-GAAP diluted net income per ADS estimate for 2Q 2015 assumes an effective tax rate of 34% on non-GAAP income before income tax and average diluted ADSs of 63.5 million.*

These estimates do not include any potential costs that may be incurred by the Company in connection with the preliminary proposal by Insight Investment Co., Ltd. to acquire all of the Company's outstanding shares, which is further described in the Company's Earning Release.



Thank you!

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