

Investor Presentation

Aug 2015



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Shaoyun HAN

*Founder, Chairman,
Chief Executive Officer*

- Founder and CEO of Tarena since 2002
- Former deputy chief engineer and director of the software division of AsiaInfo-Linkage
- Bachelor's degree in Computer Application from Jilin University



Suhai JI

Chief Financial Officer

- CFO since 2013
- Former CFO of a NYSE-listed company, director in NYSE Beijing, VP / Associate in investment banking at Deutsche Bank Hong Kong
- MBA from Columbia Business School

Our Mission...

To improve careers and change lives by delivering high quality professional education services

Our Vision...

To become the world's leading and most innovative professional education services provider

I. Company overview



Who we are



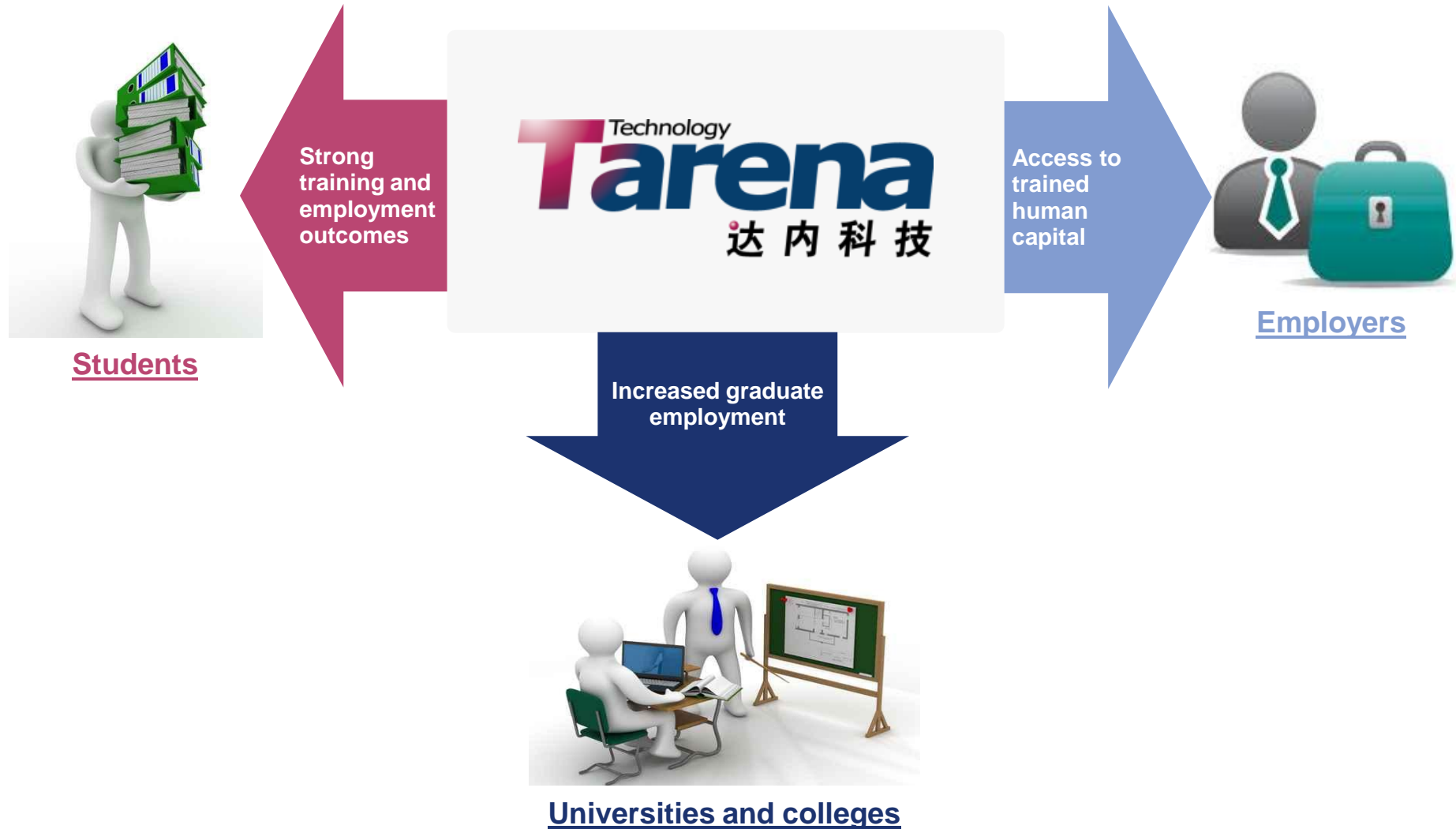
Source: Company filings, IDC report

1. Source: IDC, as measured by revenues in 2013

2. Four-month post-course job placement rates for students enrolled in 2H2014

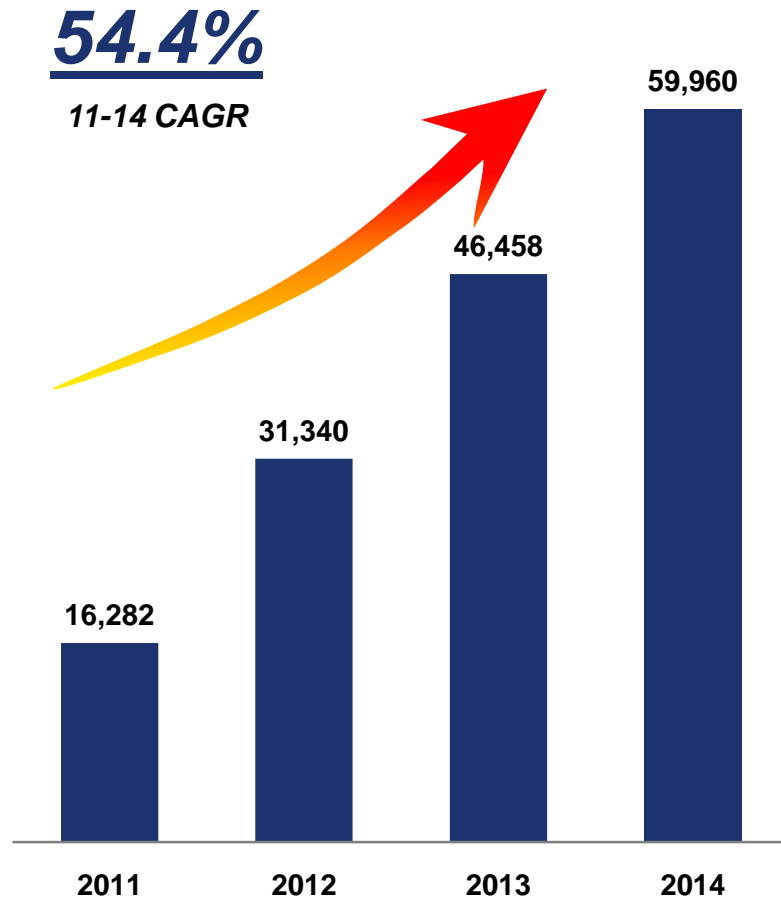
3. Operating data as of Jun. 30, 2015. All learning centers are directly operated learning centers

Our value proposition



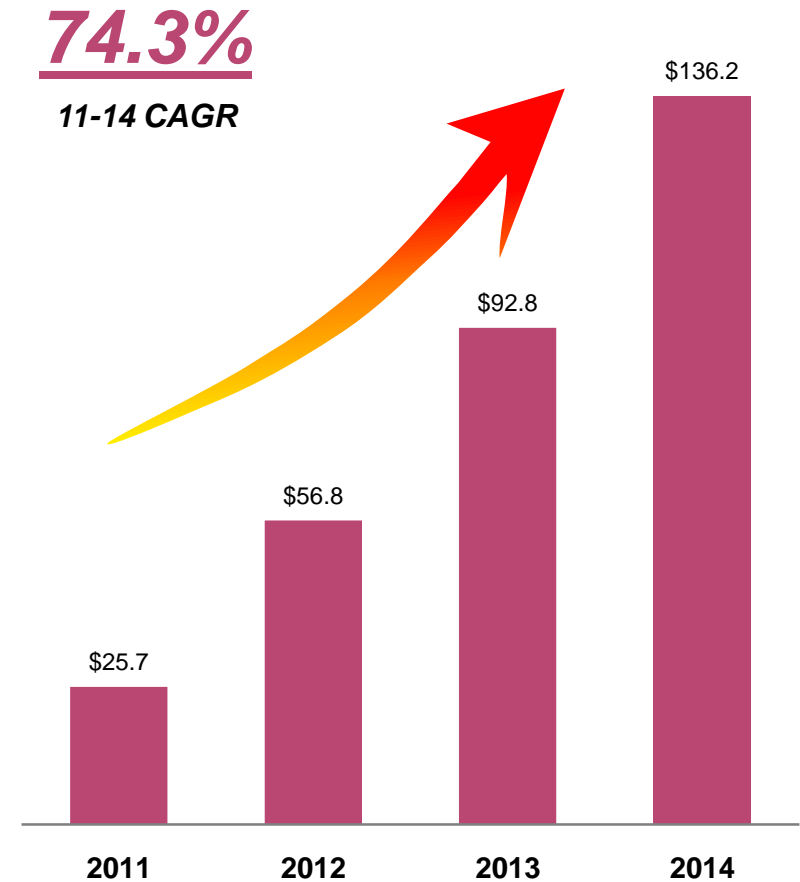
Our growth

Our student enrollments¹



Our net revenues

(US\$ mm)



Source: Company filings

1. Student enrollments throughout the presentation exclude student enrollments at the Company's two franchised learning centers in Xi'an

II. Investment highlights



Investment highlights

1 Attractive market opportunities

2 Innovative and effective education platform

3 Scalable and efficient business model

4 Respected brand known for high quality professional education

5 Outstanding job placement record

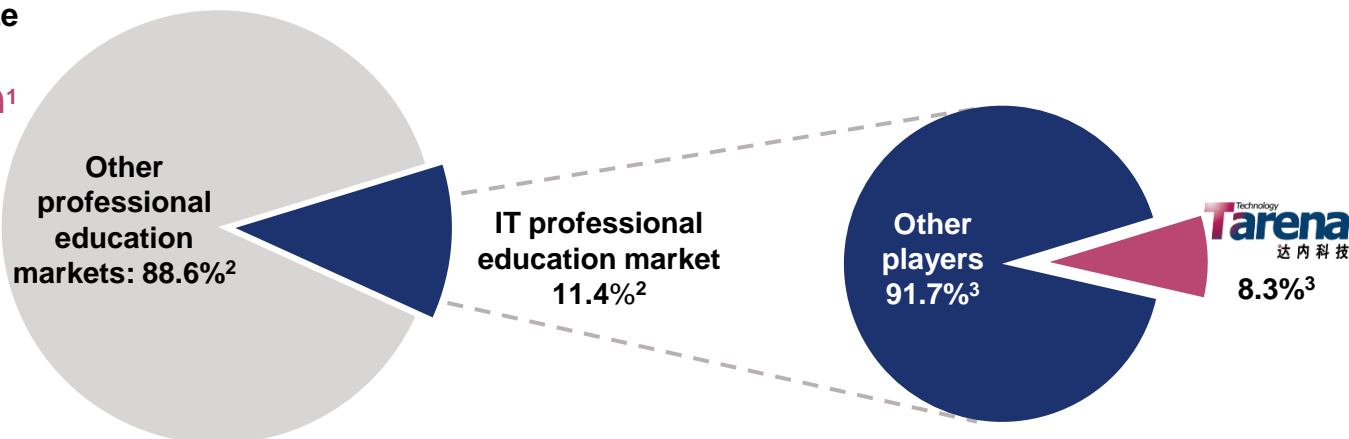
6 Stable and experienced management team

1 Attractive market opportunities

Significant growth opportunities

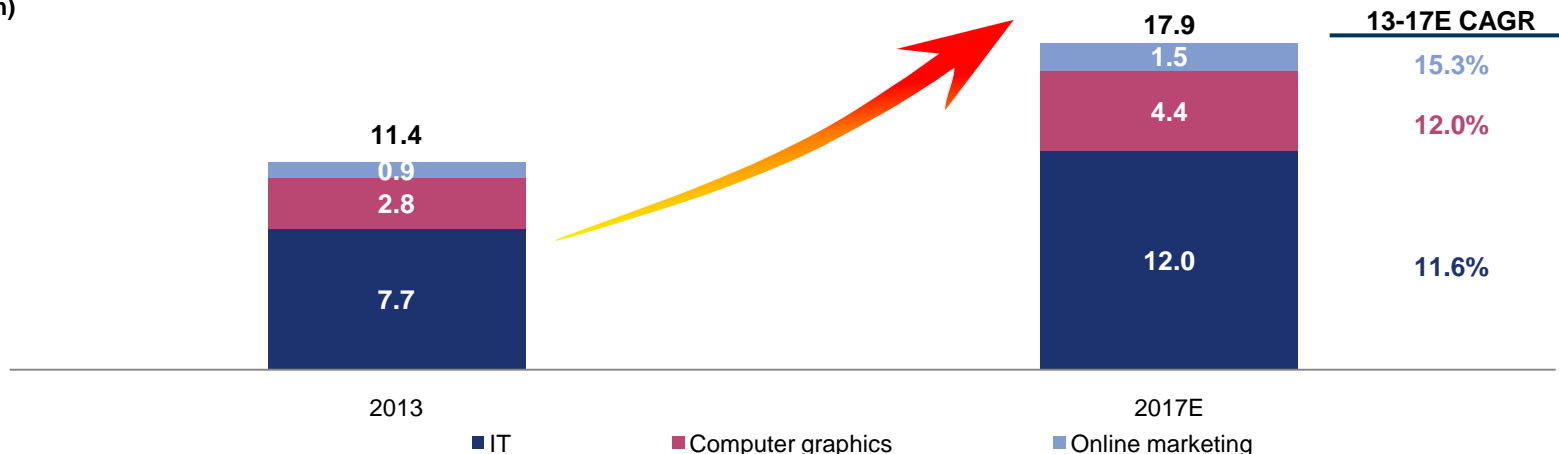
Total market size
in 2013:

RMB67.5 bn¹



Large and growing addressable market¹

(RMB bn)



1. Source: IDC

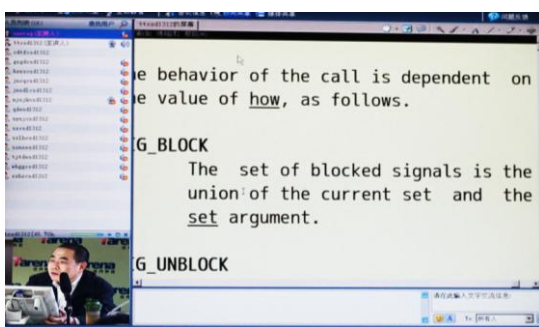
2. Source: IDC, Professional education service market segment by revenues in 2013

3. Source: IDC, IT professional education market share by revenues in 2013

2 Innovative and effective education platform



Live distance instruction



Classroom-based tutoring



Online learning modules



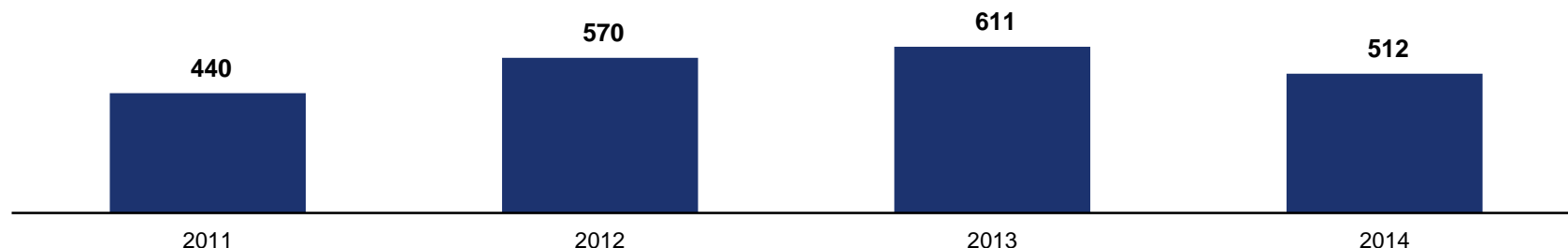
3 Scalable and efficient business model

Organically developed nationwide network...



... Proven to be scalable and efficient

Average student enrollments per instructor²






Source: Company filings

1. As of Jun 30, 2015



2. Defined as student enrollments in a year divided by the number of instructors as of the end of that year

Respected brand known for high quality professional education

High quality instruction

-  Instructors with extensive industry experience
-  Highly selective instructor hiring process
-  Proprietary and comprehensive curricula

Excellent track record of students' success

-  Outstanding job placement record
-  Strong commitment to career services for students

Outstanding brand recognition



“Outstanding Training Institute”¹

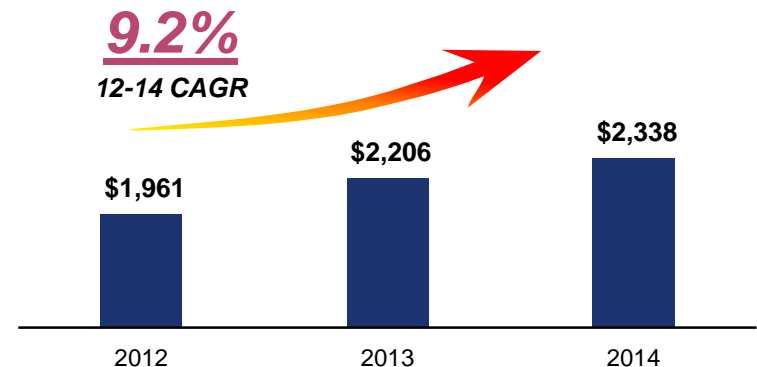


“Professional Training Institute for Service Outsourcing Industry”²



Winner of “Leading Enterprise in China Education Industry”³

Average net revenues per course enrollment⁴ (US\$)



Source: Company filings, public information

1. “教育行业优秀培训基地”, granted by Ministry of Industry and Information Technology of the PRC in 2013

2. “服务外包人才培养基地”, granted by local Municipal Commissions of Commerce in 2012

3. “中国教育行业领军企业”, granted by CCTV and New Champions Magazine in 2011

4. Defined as net revenues divided by course enrollments in corresponding periods

5 Outstanding job placement record

250,000+
*trained students
since inception*

*A network of **~59,000**
corporate employers¹*

95+%
*student job
placement rates²*

*Average starting
salary **14.3%** higher
than national average³*

Source: Company filings, IDC report

1. As of Jun 30, 2015

2. Six-month post-course job placement rates for students enrolled in 1H2014

3. The average starting salary of Tarena students enrolled in 2012 was 14.3% higher than the national average of college graduates in 2012. The national average salary comes from IDC

6 Experienced and stable management team

Mr. Shaoyun HAN

*Founder, Chairman
and CEO*



Founded Tarena in
2002

Mr. Suhai JI

CFO



Joined Tarena in
2013

Ms. Ying SUN

Vice President



Joined Tarena in
2005

Mr. Yi LI

Vice President



Joined Tarena in
2008

Mr. Yinan QI

Vice President



Joined Tarena in
2007

Mr. Jiangyou WANG

Vice President



Joined Tarena in
2008

III. Growth strategies



Growth strategies

1 Grow student enrollments

2 Expand course offerings

3 Continuously enhance quality of education services

4 Expand corporate employer network

Grow student enrollments

Cities	Learning Centers	Java	C++	Digital Art	Software Testing	PHP	Embedded	Android	.NET	iOS	Linux and Network Engineering	Online Sales & Marketing	Accounting	Web Front	Big Data
Beijing	13	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Shanghai	11	●	●	●	●	●		●	●	●	●	●	●	●	
Hangzhou	8	●	●	●	●	●	●	●		●		●	●	●	
Shenzhen	7	●	●	●	●	●	●	●		●	●	●	●	●	
Guangzhou	7	●	●	●	●	●	●	●	●	●	●	●	●	●	
Nanjing	6	●	●	●	●		●			●	●	●	●		
Wuhan	6	●	●	●	●	●	●	●		●		●	●		
Chengdu	5	●	●	●		●		●		●		●	●	●	
Chongqing	4	●		●		●	●	●		●		●	●		
Hefei	5	●	●	●									●		
Shenyang	4	●		●								●	●		
Changsha	3	●	●	●											
Zhengzhou	3	●		●		●	●	●		●			●		
Harbin	3	●	●	●								●		●	
Changchun	3	●		●								●	●		
Jinan	3	●	●	●		●						●	●		
Qingdao	3	●	●	●					●			●	●		
Nanchang	3	●	●	●											
Dalian	3	●		●			●						●		
Kunming	2	●		●								●			
Tianjin	3	●		●								●			
Nanning	1	●		●								●			
Wuxi	2	●		●											
Suzhou	2	●	●	●											
Ningbo	1	●		●											
Shijiazhuang	1	●		●											
Fuzhou	1	●		●											
Xi'an	2			●	●	●		●		●		●			
Zhuhai	1	●		●											
Daqing	1	●		●											
Yantai	1	●		●											
Xiamen	2	●		●											
Dongguan	1	●		●											
Lanzhou	1	●										●			
Others*	6	●		●		●							●		

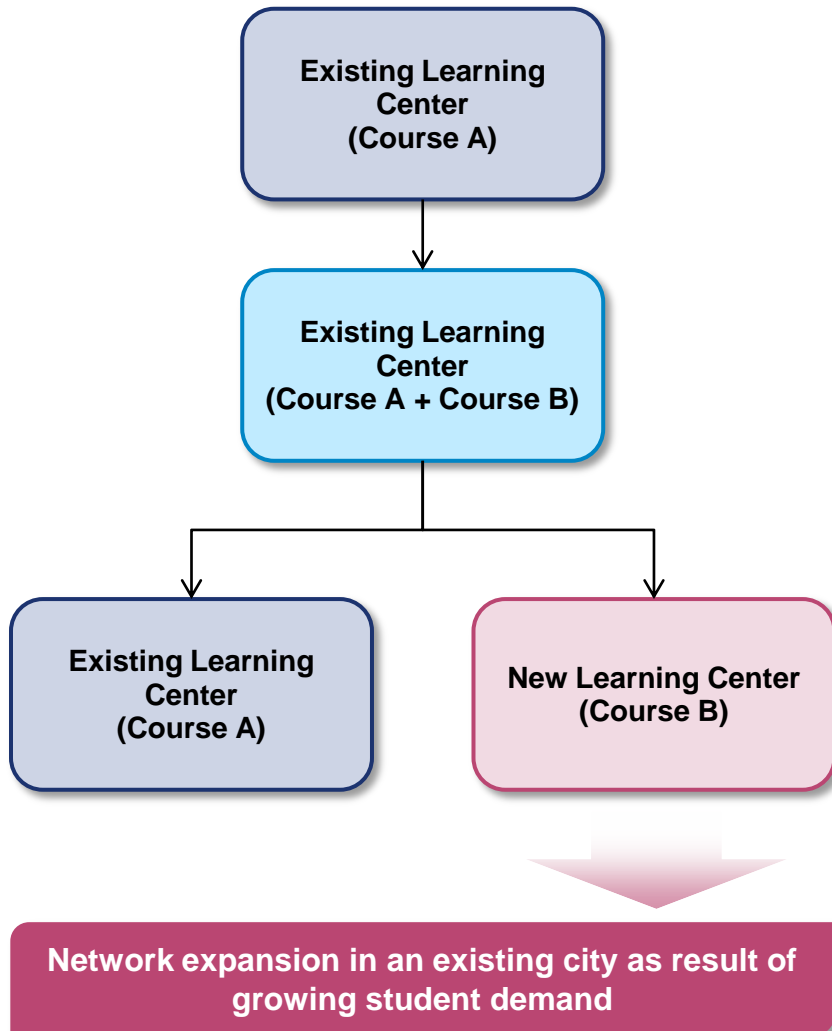
*Taiyuan, Haikou, Guiyang, Weifang

● Existing course offerings in a city as of Dec 31, 2014. Source: Company filings

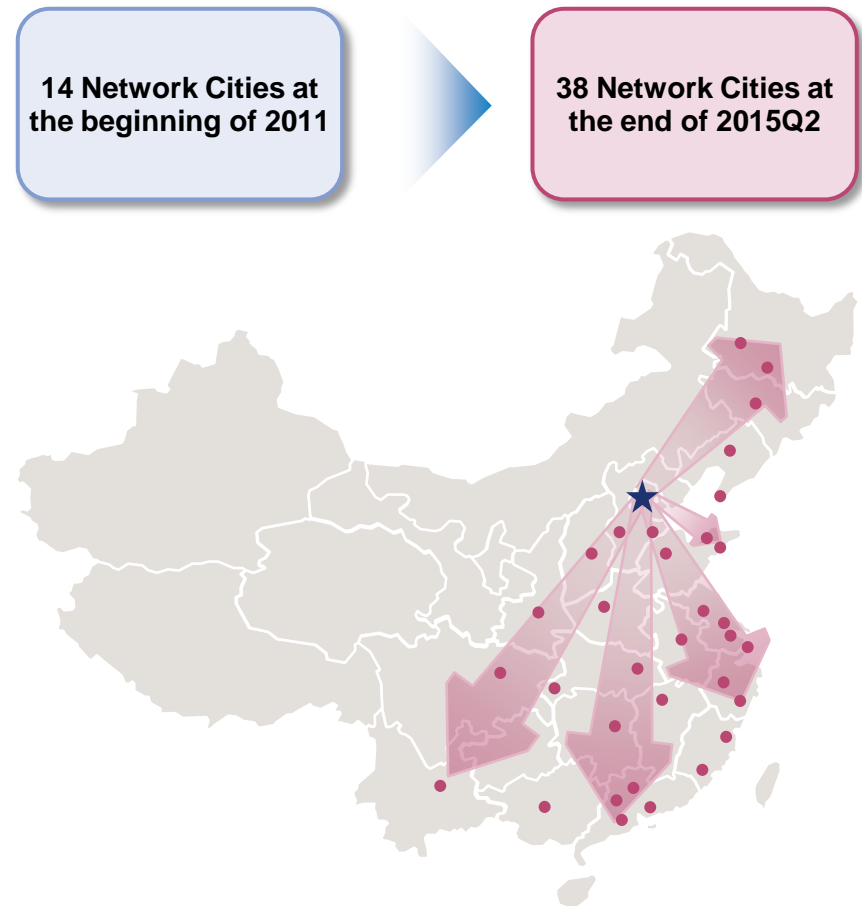
● New course offerings in a city in 2Q2015. Source: Company filings

Grow student enrollments (cont'd)















Expansion in existing cities



Growing geographic footprint



Expand course offerings

	2002	2007	2009	2010	2011	2012	2013	2014	2015	Future
 Java	✓	✓	✓	✓	✓	✓	✓	✓	✓	
 .NET		✓	✓	✓	✓	✓	✓	✓	✓	
 C++			✓	✓	✓	✓	✓	✓	✓	
 Software testing			✓	✓	✓	✓	✓	✓	✓	
 Embedded			✓	✓	✓	✓	✓	✓	✓	
 PHP				✓	✓	✓	✓	✓	✓	
 Android					✓	✓	✓	✓	✓	
 iOS						✓	✓	✓	✓	
 Linux and network engineering							✓	✓	✓	
 Digital art							✓	✓	✓	
 Online sales and marketing							✓	✓	✓	
 Accounting								✓	✓	
 Web Front									✓	
 Big Data									✓	

Management

**Other new
course
development
according to
market needs**

**Strategic
cooperation /
acquisition**

+

IV. Financial highlights



Financial highlights

1 Robust revenue growth



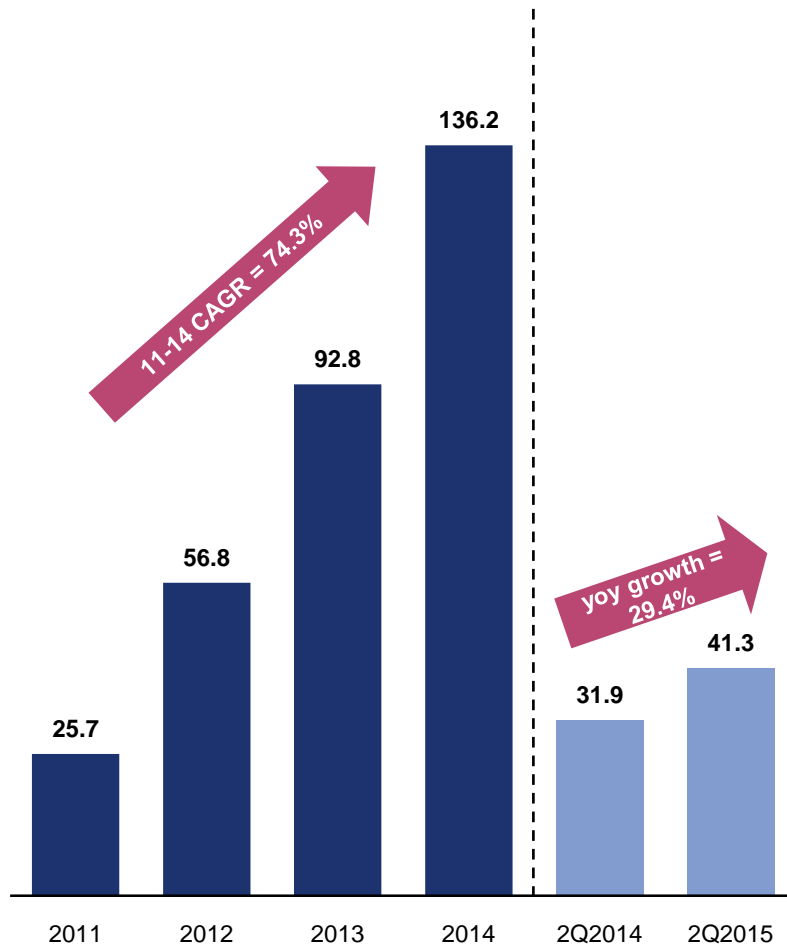
2 Scalable business model drives profitability

3 Solid cash flow generation

Robust revenue growth

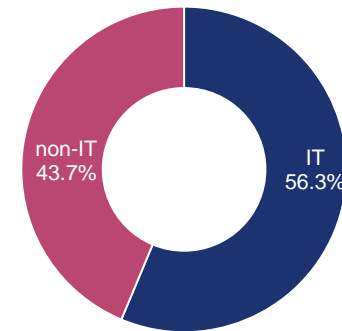
Total net revenues¹

(US\$ mm)



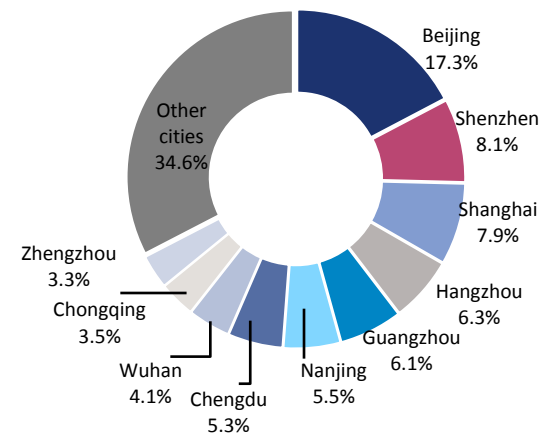
Enrollment contribution by IT and non-IT courses

Student enrollments by courses in 2Q2015



Enrollment contribution by geographic markets

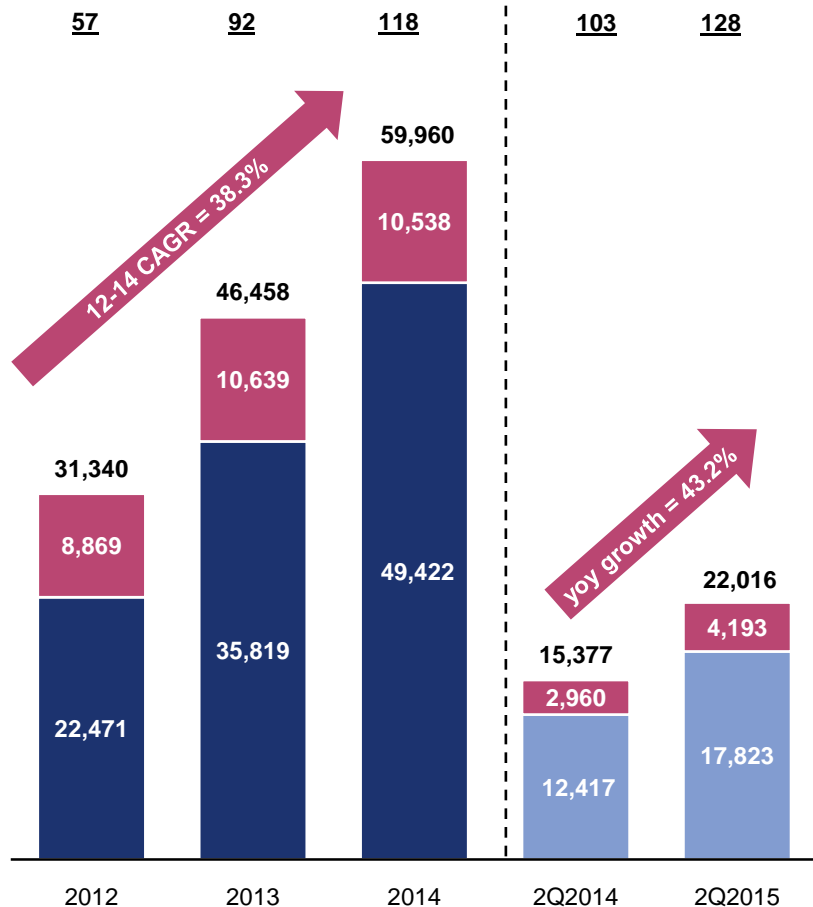
Student enrollments by cities in 2Q2015



Robust revenue growth (cont'd)

Number of student enrollments¹

No. of
centers:

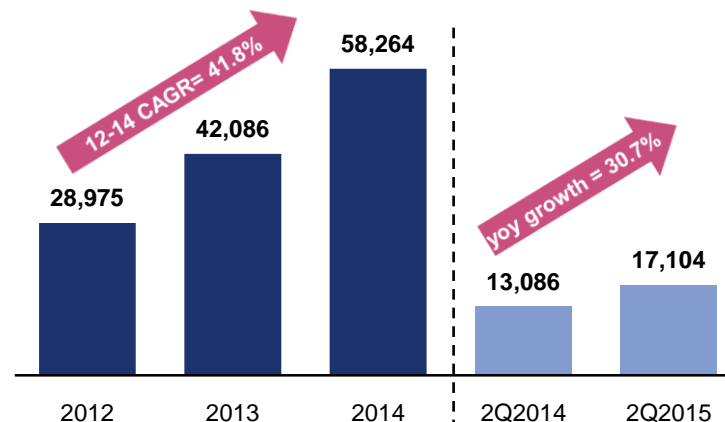


■ From University Channel ■ From Retail Channel

Source: Company filings

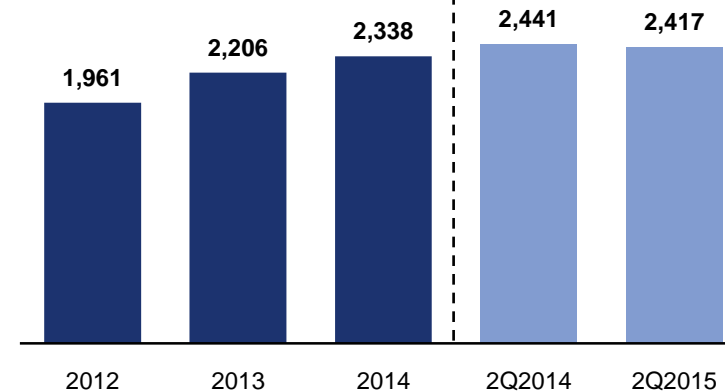
- The number of student enrollments from university channel is calculated by multiplying the percentage of student enrollments from universities and colleges which the Company cooperated with by the total student enrollments. The percentages were disclosed as 37.5%, 28.3%, 22.9% and 10.6% in 2011, 2012, 2013 and 2014 respectively. The number of student enrollments from retail channel is calculated by deducting the student enrollments from university channel from the total student enrollments
- The number of course enrollment defined as the cumulative number of courses enrolled in by our students
- Defined as net revenues divided by course enrollment in corresponding periods

Number of course enrollment²



Average revenue per course enrollment³

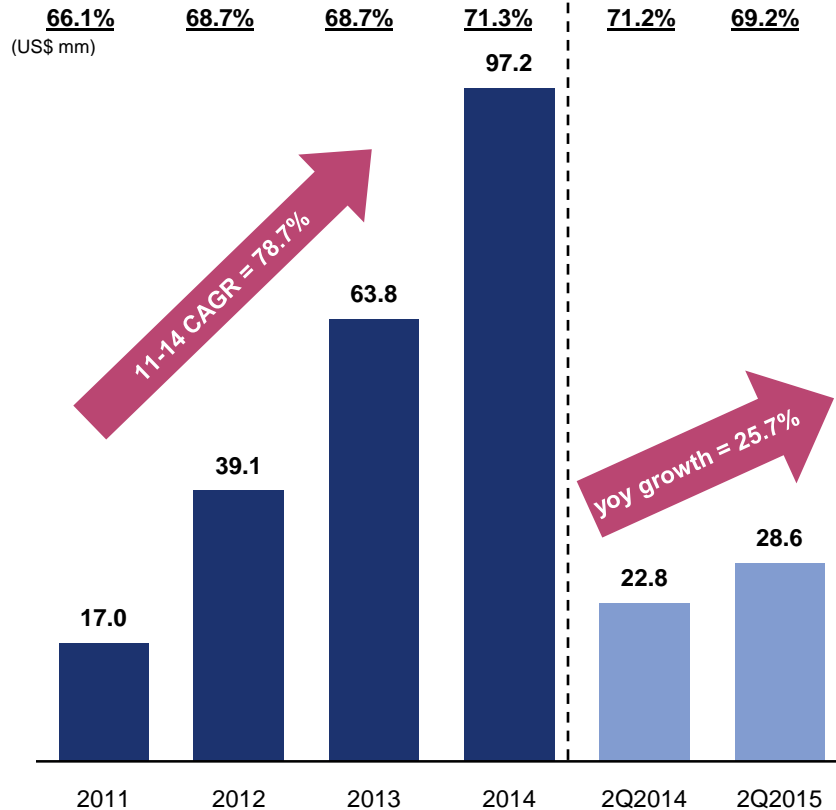
(US\$)



Scalable business model drives profitability

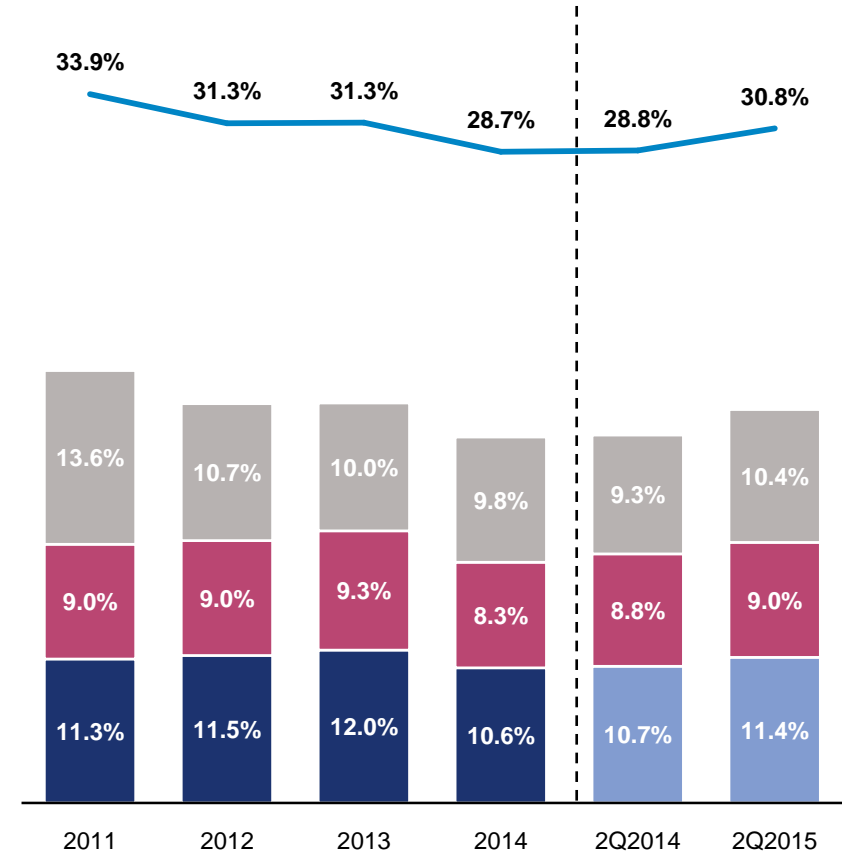
Gross profit and margin (Non-GAAP)¹

Margin:



Cost of revenues (Non-GAAP)¹

(% of net revenues)



- Personnel Cost and Welfare as % of Net Revenues
- Rental Cost as % of Net Revenues
- Other Cost of Revenues as % of Net Revenues
- Total Cost of Revenues as % of Net Revenues

Source: Company filings

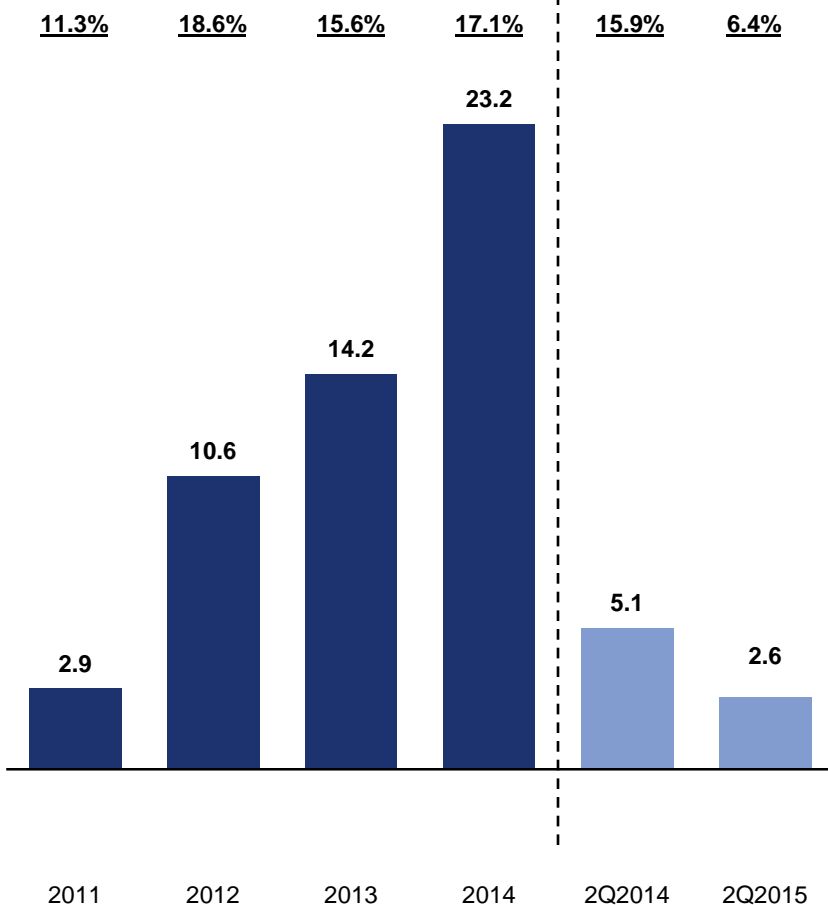
1. Non-GAAP financial measures exclude share-based compensation

Scalable business model drives profitability (cont'd)

Operating profit and margin (Non-GAAP)¹

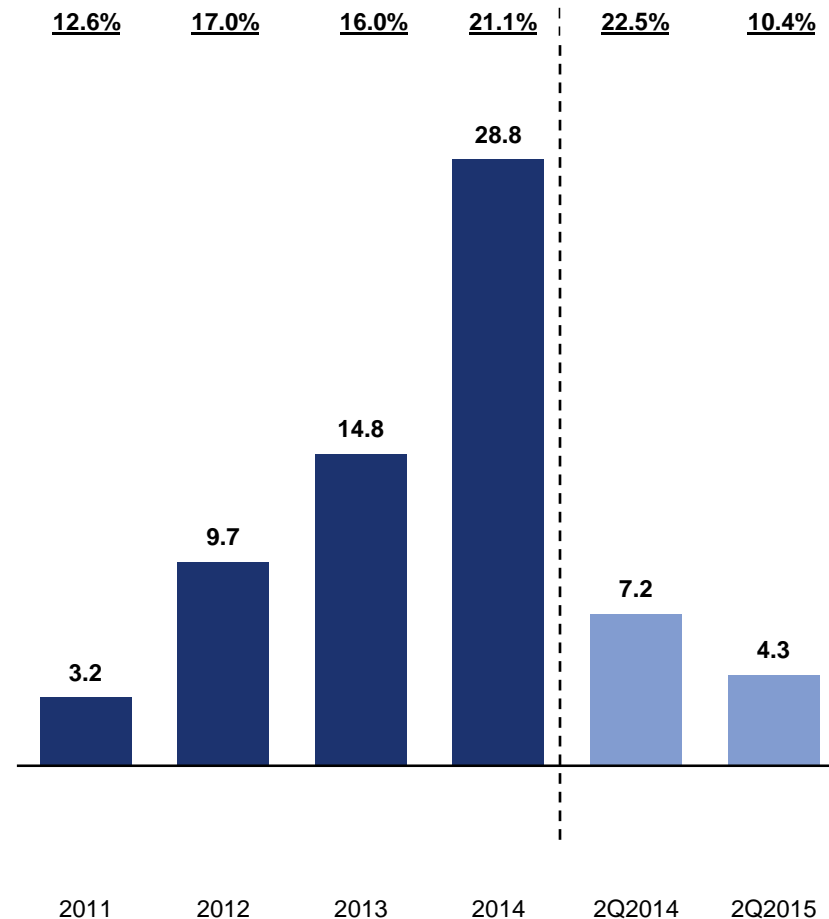
Margin:

(US\$ mm)



Net income and margin (Non-GAAP)¹

(US\$ mm)

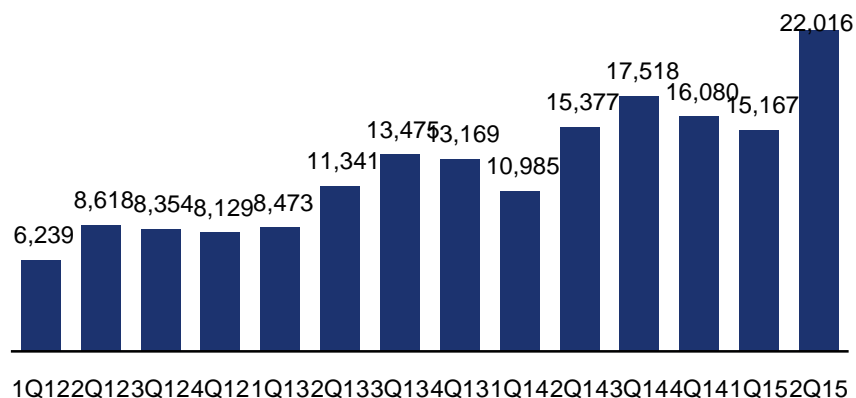


Source: Company filings

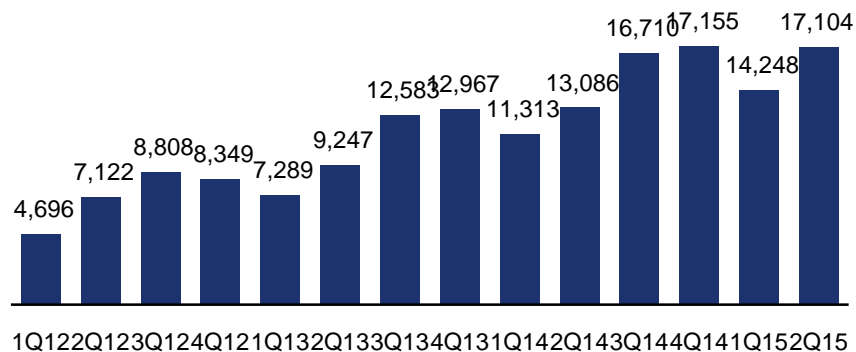
1. The non-GAAP operating profit and non-GAAP net income in 2011 both exclude the one-off US\$2.5 million compensation charge in relation to ordinary share repurchases from Connion Capital Limited, a company owned by Mr. Shaoyun Han; All non-GAAP financial measures exclude share-based compensation

Seasonality

Quarterly student enrollments

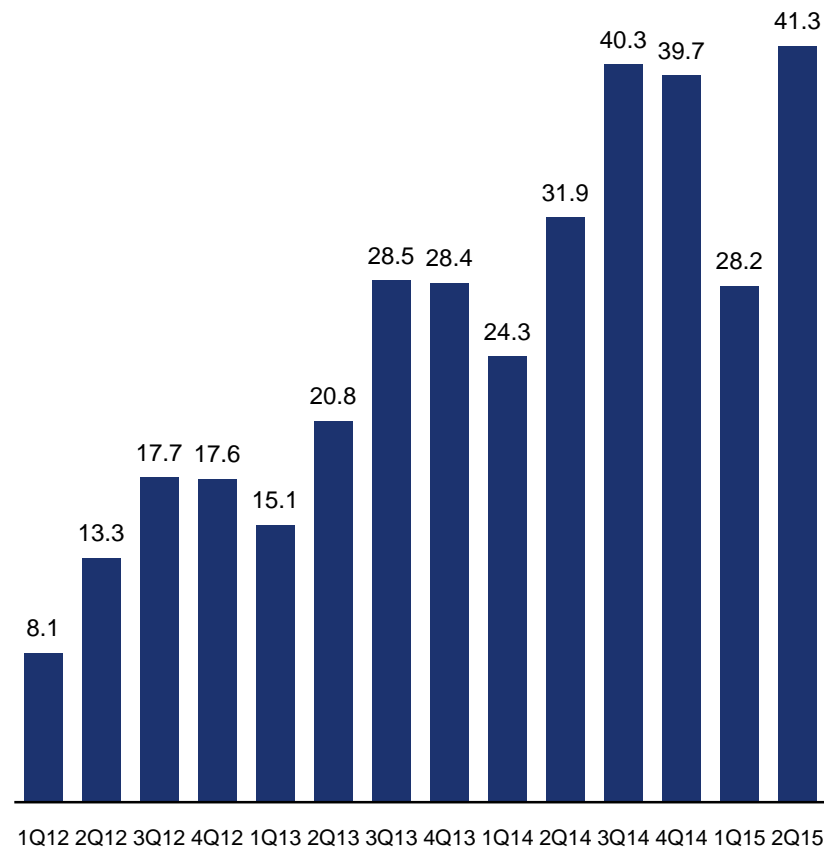


Quarterly course enrollments



Quarterly net revenues

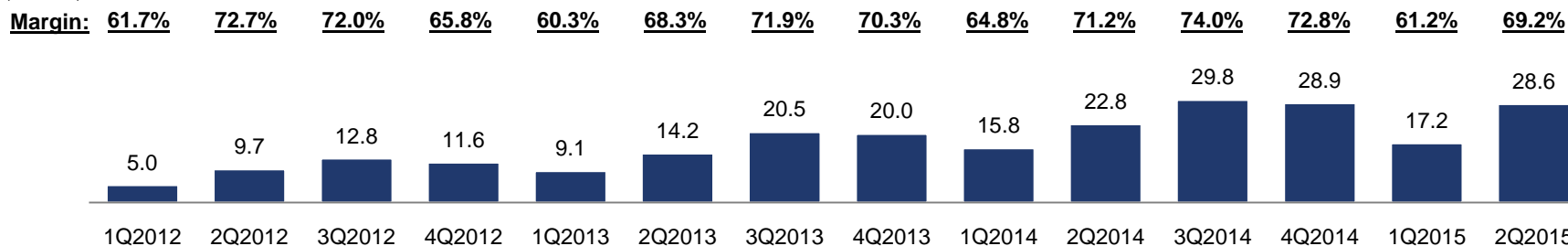
(US\$ mm)



Seasonality (cont'd)

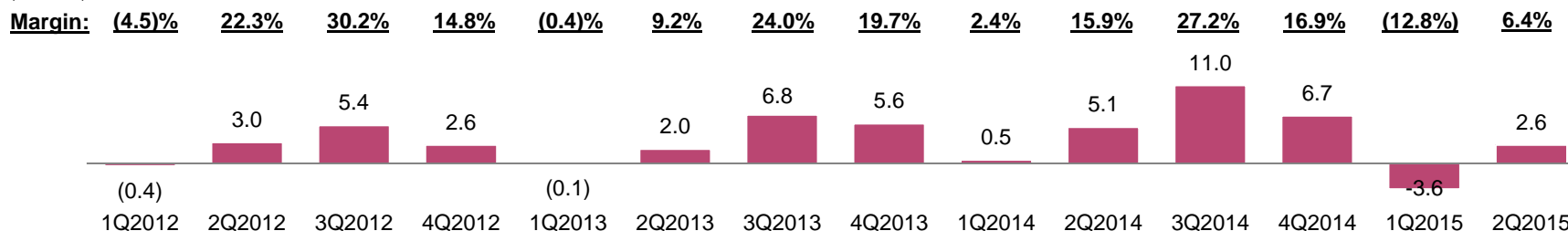
Non-GAAP gross profit and margin¹

(US\$ mm)



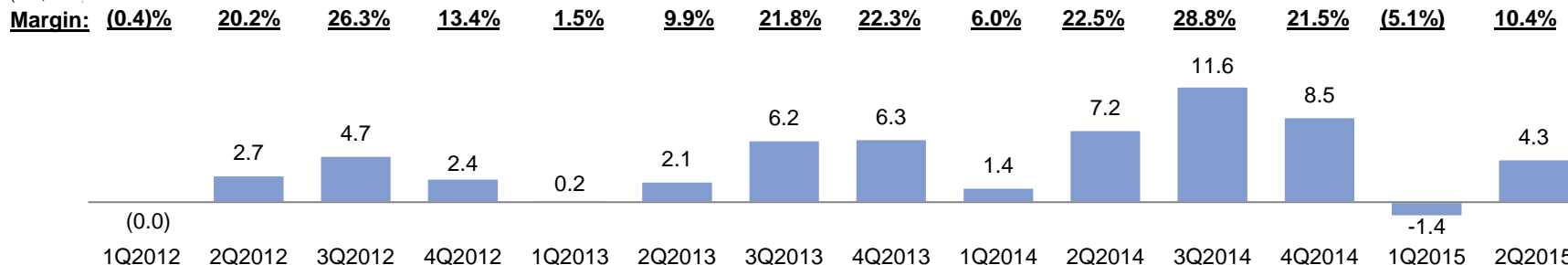
Non-GAAP operating profit and margin¹

(US\$ mm)



Non-GAAP net profit and margin¹

(US\$ mm)

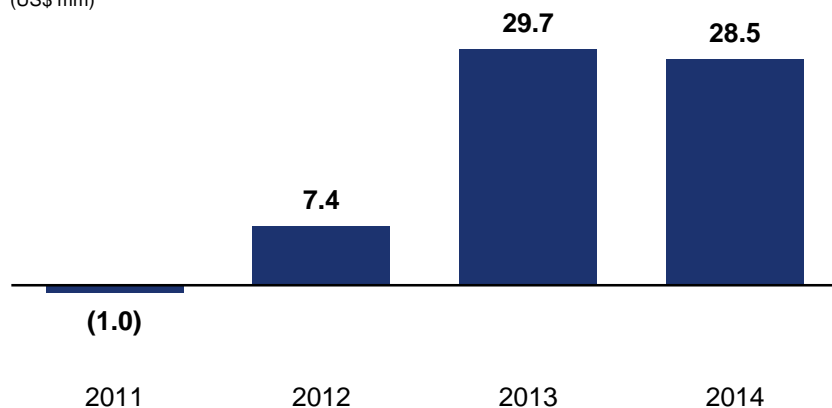


1. Non-GAAP measures exclude the expense from share-based compensation

Solid cash flow generation

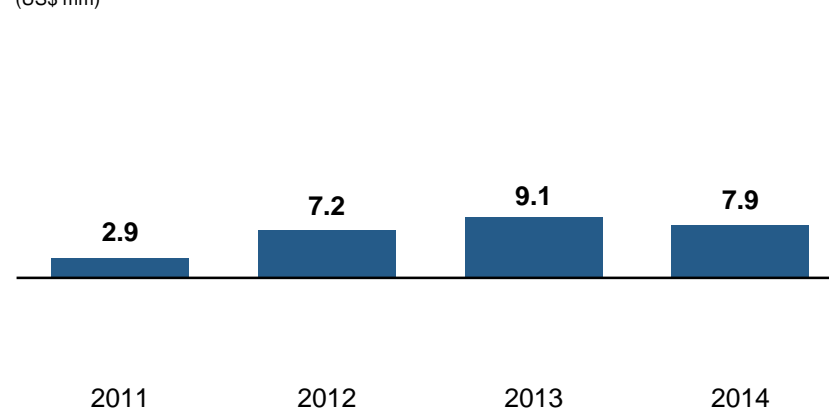
Operating cash flow

(US\$ mm)



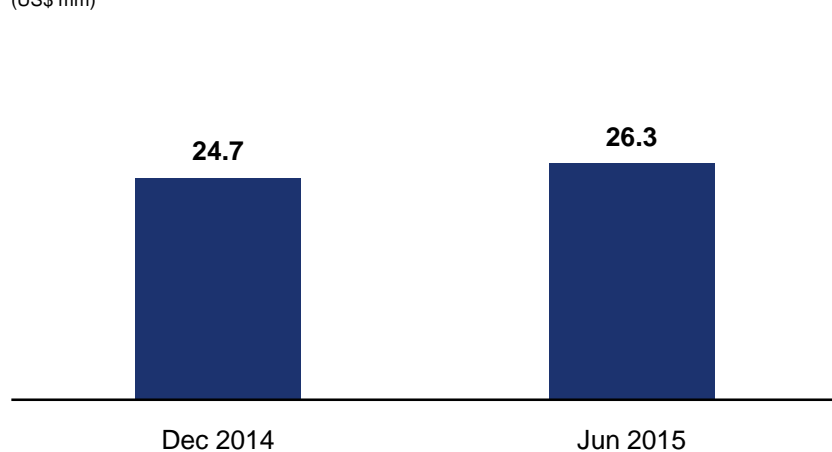
Capital expenditure

(US\$ mm)



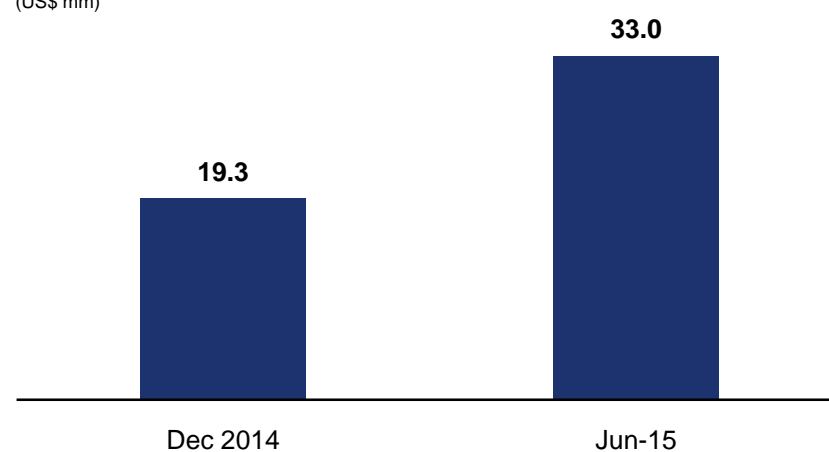
Accounts receivables, net

(US\$ mm)



Deferred revenue

(US\$ mm)



Closing remarks

1 Attractive market opportunities

2 Innovative and effective education platform

3 Scalable and efficient business model

4 Respected brand known for high quality professional education

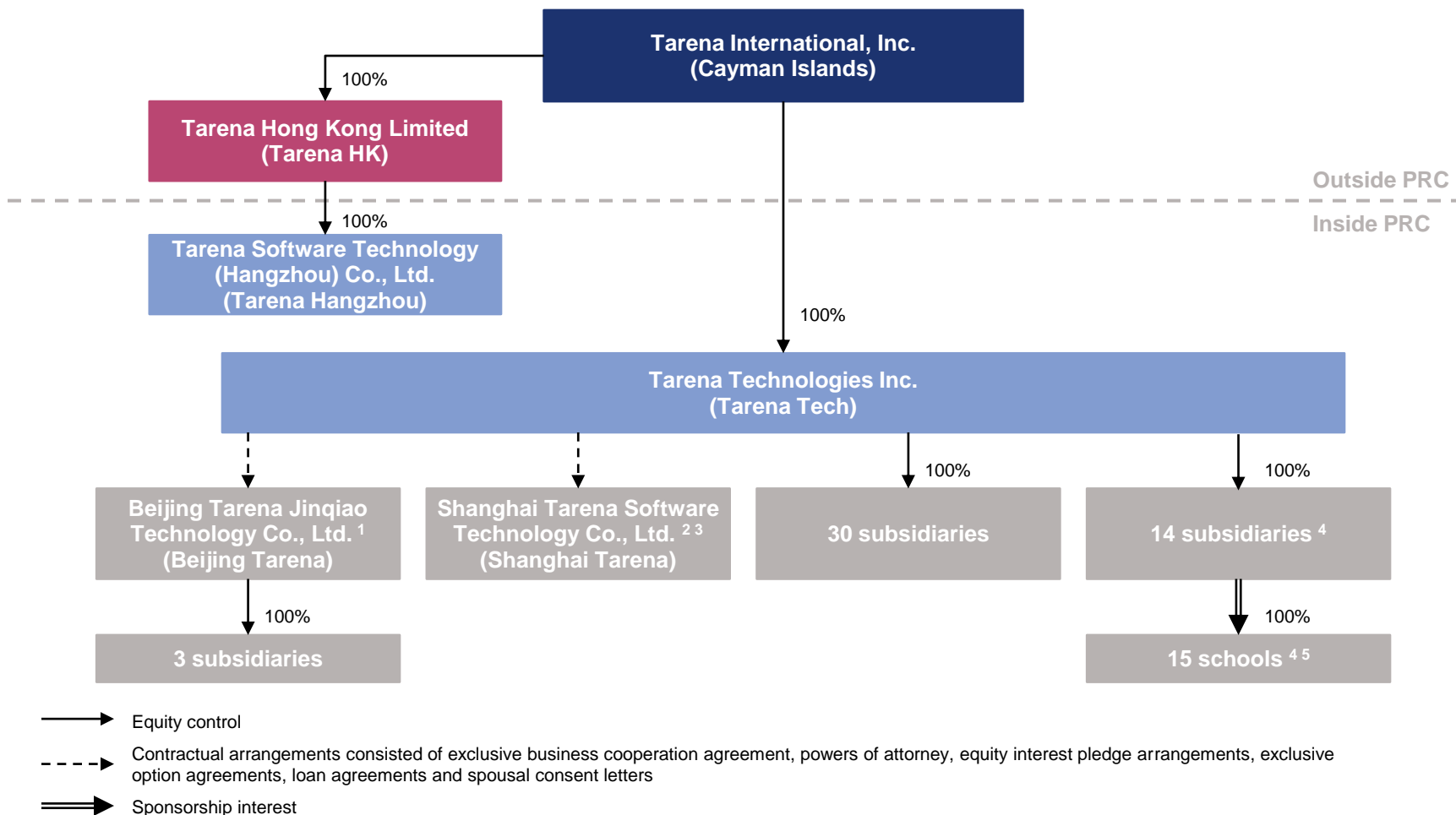
5 Outstanding job placement record

6 Stable and experienced management team

Appendix A: Corporate structure



Current corporate structure



1. Mr. Shaoyun Han, our founder, chairman and chief executive officer, owns 70% of the equity interest in Beijing Tarena. Mr. Jianguang Li, our director, owns 30% of the equity interest in Beijing Tarena

2. Mr. Shaoyun Han and Mr. Jianguang Li own 49% and 51% of the equity interest in Shanghai Tarena, respectively

3. Shanghai Tarena is in the process of voluntary winding down

4. Tarena (Wuhan) Technology Co., Ltd., which is a wholly-owned subsidiary of Tarena Tech, wholly owns Wuhan Tarena Software Co., Ltd., which holds 100% of the sponsorship interest in Wuhan Tarena Professional Education School

5. Mr. Shaoyun Han is the principal of Shenyang Tarena Professional Education School, Jinan Tarena Professional Education School, Wuhan Tarena Professional Education School, Chongqing Jiulongpo Tarena Professional Education School, Kunming Tarena Professional Education School and Nanjing Tarena Professional Education School; De Xun Wang is the principal of Guangzhou Tarena Professional Education School and Shenzhen Bao'an Tarena Professional Education School; Xuefeng Lu is the principal of Harbin Tarena Professional Education School; Qian Li is the principal of Qingdao Tarena Professional Education School; Yun Yang Gan is the principal of Zhengzhou Tarena Professional Education School; Chun Bo Shen is the principal of Dalian Gaoxin Tarena Professional Education School; Yue Qin Shen is the principal of Nanjing Weishang Tarena Professional Education School; Na Zhang is the principal of Shenyang Tarena Shidai Professional Education School; and Nini Tong is the principal of Zhuhai Tarena Professional Education School.

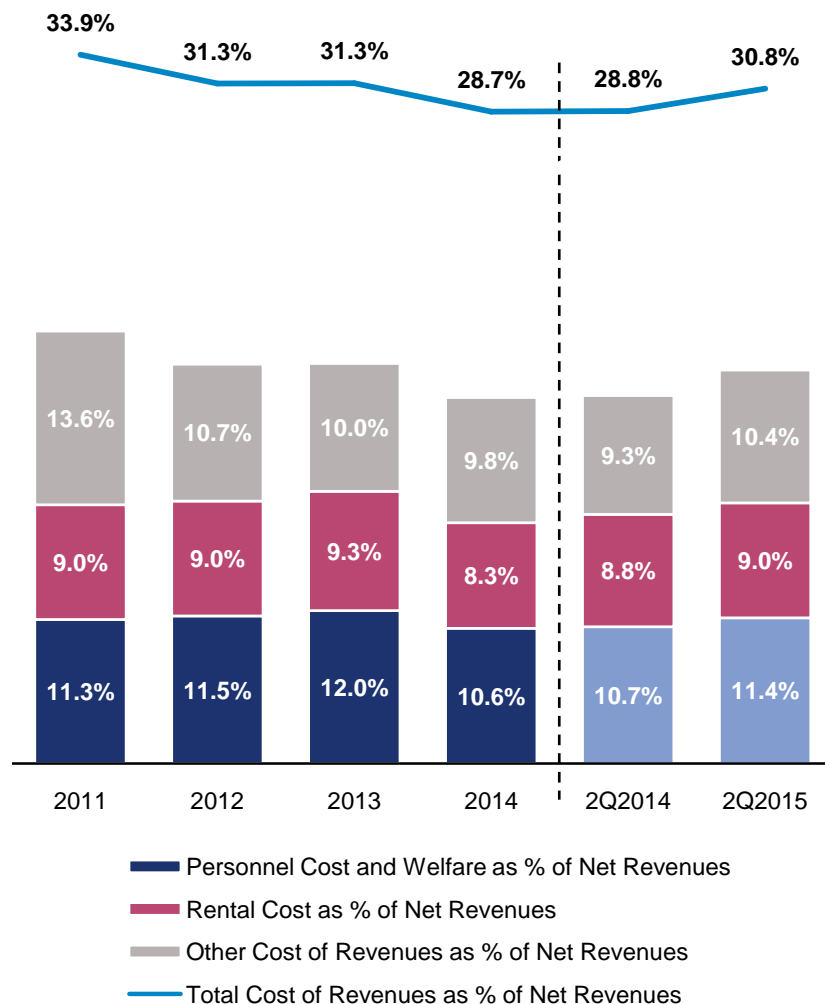
Appendix B: Historical financials



Cost and expenses - annual

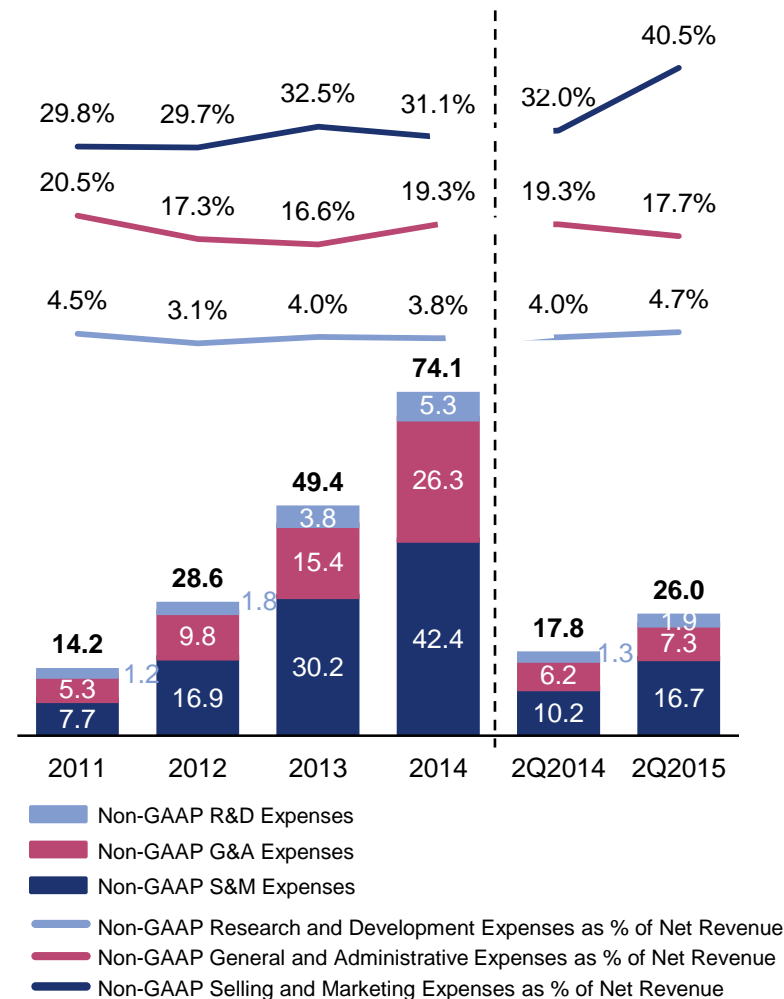
Cost of revenues (Non-GAAP)¹

(US\$ mm and as % of net revenues)



Operating expenses (Non-GAAP)^{1 2}

(US\$ mm and as % of net revenues)

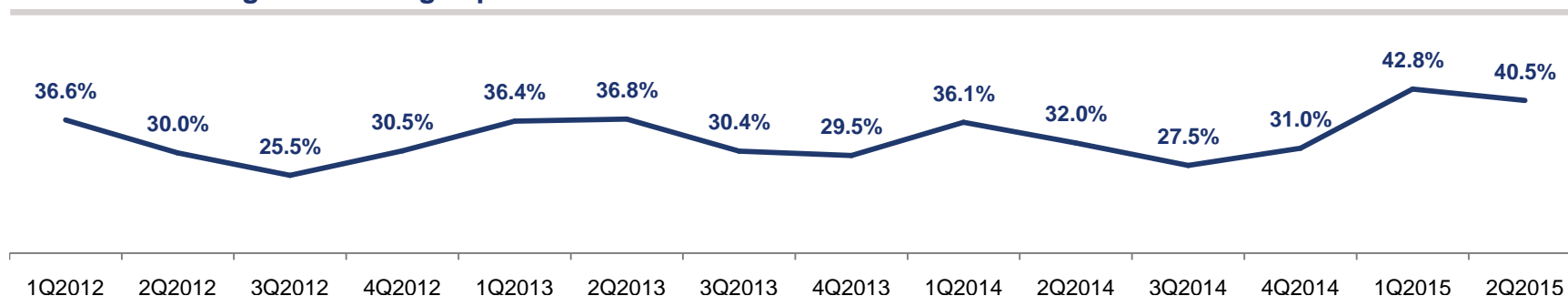


1. Non-GAAP financial measures exclude share-based compensation

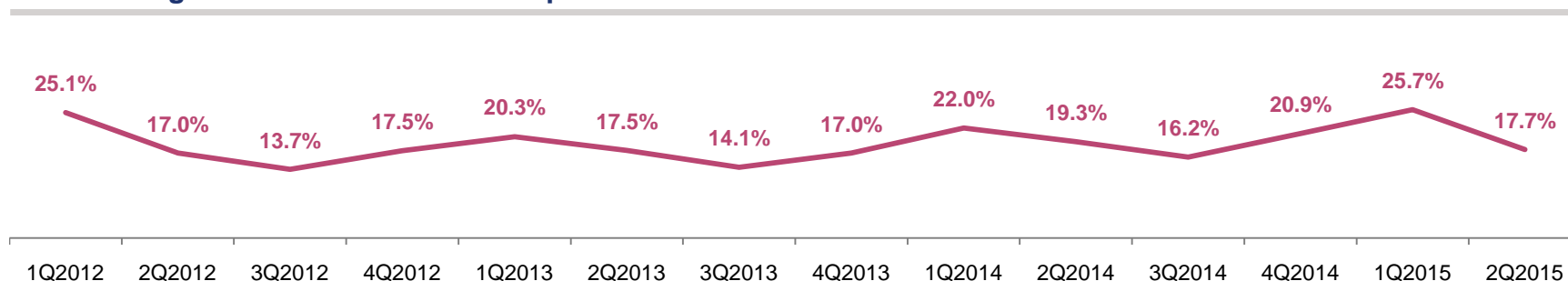
2. The general and administrative expenses in 2011 excludes the one-off US\$2.5 million compensation charge in relation to ordinary share repurchases from Connion Capital Limited, a company owned by Mr. Shaoyun Han

Quarterly operating expenses

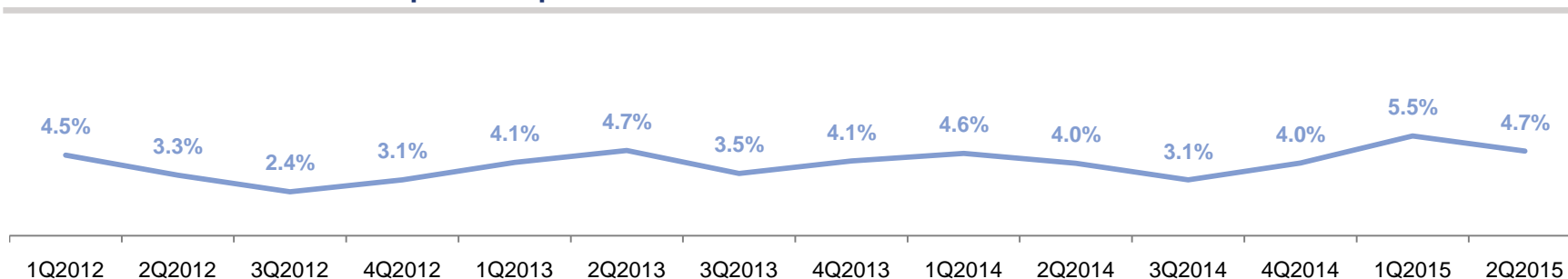
Non-GAAP selling & marketing expenses as % of net revenue¹



Non-GAAP general & administrative expenses as % of net revenue¹



Non-GAAP research & development expenses as % of net revenue¹



1. Non-GAAP measures exclude the expense from share-based compensation

Summary income statement

(US\$'000)	Year ended December 31,			Three Months ended June 30,	
	2012	2013	2014	2014	2015
Net revenues	56,820	92,834	136,204	31,942	41,341
Cost of revenues	(17,762)	(29,068)	(39,080)	(9,212)	(12,755)
Gross profit	39,058	63,766	97,124	22,731	28,585
Selling and marketing expenses	(16,875)	(30,252)	(42,562)	(10,299)	(16,815)
General and administrative expenses	(9,949)	(16,224)	(29,948)	(7,433)	(8,532)
Research and development expenses	(1,792)	(3,807)	(5,446)	(1,366)	(2,022)
Operating income	10,443	13,483	19,169	3,632	1,216
Interest income	1,165	1,541	4,360	1,007	1,321
Interest expense	(6)	—	—	—	—
Exchange gain and loss	—	—	1,197	795	575
Other income	170	1,294	2,371	974	174
Income before income taxes	11,772	16,318	27,097	6,408	3,287
Income tax expense	(2,219)	(2,271)	(2,405)	(676)	(420)
Net income	9,552	14,047	24,692	5,732	2,867

Summary balance sheet

(US\$ '000)	31-Dec-13	31-Dec-14
ASSETS		
Current assets:		
Cash and cash equivalents	26,139	42,660
Time deposits	—	106,835
Accounts receivable, net of allowance for doubtful accounts	15,001	23,184
Amounts due from related parties	—	—
Prepaid expenses and other current assets	3,497	8,730
Deferred income tax assets	1,546	2,056
Total current assets	46,184	183,465
Time deposits	12,162	17,313
Accounts receivable, net of allowance for doubtful accounts	416	1,488
Property and equipment, net	12,806	13,374
Deferred income tax assets	—	170
Other non-current assets	2,106	2,145
Total assets	73,673	217,954
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	217	319
Amounts due to related parties	—	—
Income taxes payable	3,012	5,394
Deferred revenue	15,487	19,277
Accrued expenses and other current liabilities	6,618	8,439
Total current liabilities	25,335	33,429
Other non-current liabilities	244	1,638
Total liabilities	25,578	35,067
Mezzanine equity:		
Series A convertible redeemable preferred shares	420	—
Series B convertible redeemable preferred shares	15,748	—
Series C convertible redeemable preferred shares	95,211	—
Total mezzanine equity	111,379	—
Shareholders' equity (deficit) :		
Ordinary shares	12	51
Additional paid-in capital	—	135,888
Accumulated other comprehensive income	1,635	1,703
Accumulated deficit	(64,931)	45,247
Total shareholders' equity (deficit)	(63,284)	182,887
Total liabilities, mezzanine equity and shareholders' equity (deficit)	73,673	217,954

Summary cash flow statement

(US\$ '000)	Year ended December 31,		
	2012	2013	2014
Operating activities:			
Net income	\$9,552	\$14,047	\$24,691
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation	2,426	4,654	7,078
Bad debt expense	419	941	7,487
Loss (gain) on disposal of property and equipment	(7)	66	179
Deferred income tax (benefit) /expense	(21)	(1,052)	(683)
Share based compensation expense	129	765	4,062
Foreign currency exchange loss, net	—	197	(1,075)
Changes in operating assets and liabilities			
Accounts receivable	(11,005)	1,117	(16,762)
Prepaid expenses and other current assets	(994)	(535)	(2,496)
Accrued interest income on time deposits	—	(331)	(2,863)
Other non-current assets	(422)	(473)	(652)
Accounts payable	(133)	(7)	(45)
Income taxes payable	1,114	1,422	2,384
Deferred revenue	5,239	5,444	3,830
Accrued expenses and other current liabilities	1,055	3,394	1,930
Other non-current liabilities	89	55	1,395
Net cash provided by (used in) operating activities	\$7,444	\$29,706	\$28,460
Investing activities:			
Purchase of property and equipment	(\$7,189)	(\$9,109)	(\$7,879)
Proceeds from disposal of property and equipment	26	50	156
Purchase of short term investment	—	(11,298)	(101,390)
Proceeds from maturity of short term investment	—	11,298	101,390
Purchase of time deposits	(792)	(17,286)	(115,281)
Proceeds from maturity of time deposits	697	6,456	3,635
Issuance of loans to employees	(657)	(340)	(496)
Proceeds from repayment of housing loans from employees	—	691	407
Net cash used in investing activities	(\$7,915)	(\$19,537)	(\$119,459)
Financing activities:			
Proceeds from bank borrow ings	\$301	—	—
Repayment of bank borrow ings	(301)	—	—
Amounts received on behalf of a related party	669	141	—
Repayment of amounts received on behalf of a related party	(746)	(233)	—
Advances from a related party	309	153	—
Repayment of advances to a related party	(309)	(153)	—
Payment of issuance cost of Series C convertible redeemable preferred shares	(150)	—	—
Initial public offering proceeds	—	—	109,755
Ordinary shares issued in connection with exercise of share options and restricted shares	—	—	249
Payment of initial public offering costs	—	(499)	(3,532)
Net cash provided by financing activities	(\$227)	(\$591)	\$106,472
Effect of foreign currency exchange rate changes on cash	46	364	1,047
Net increase (decrease) in cash	(\$653)	\$9,942	\$16,520