

Investor Presentation

March 2015



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Our Mission...

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

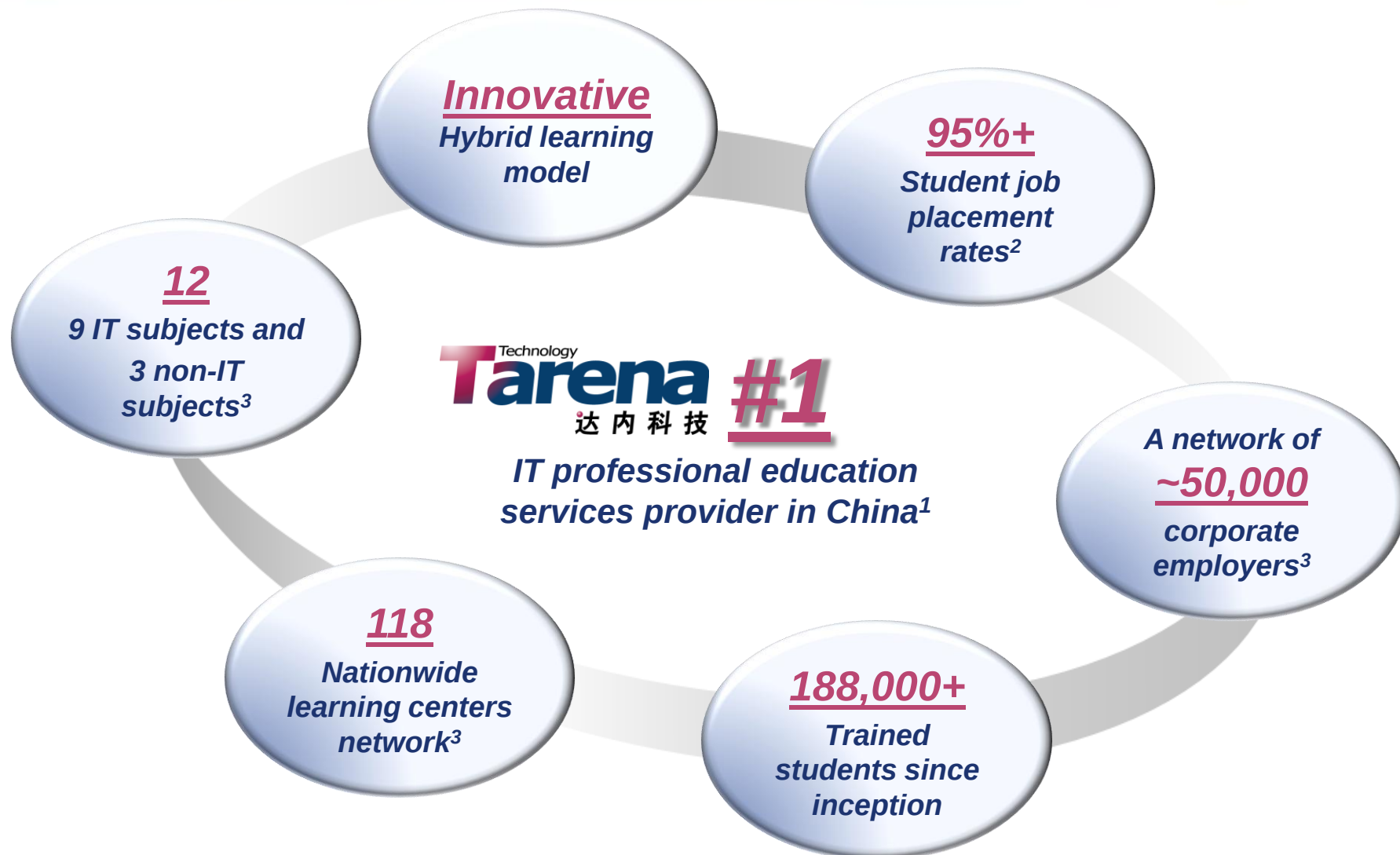
Our Vision...

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 1H2014

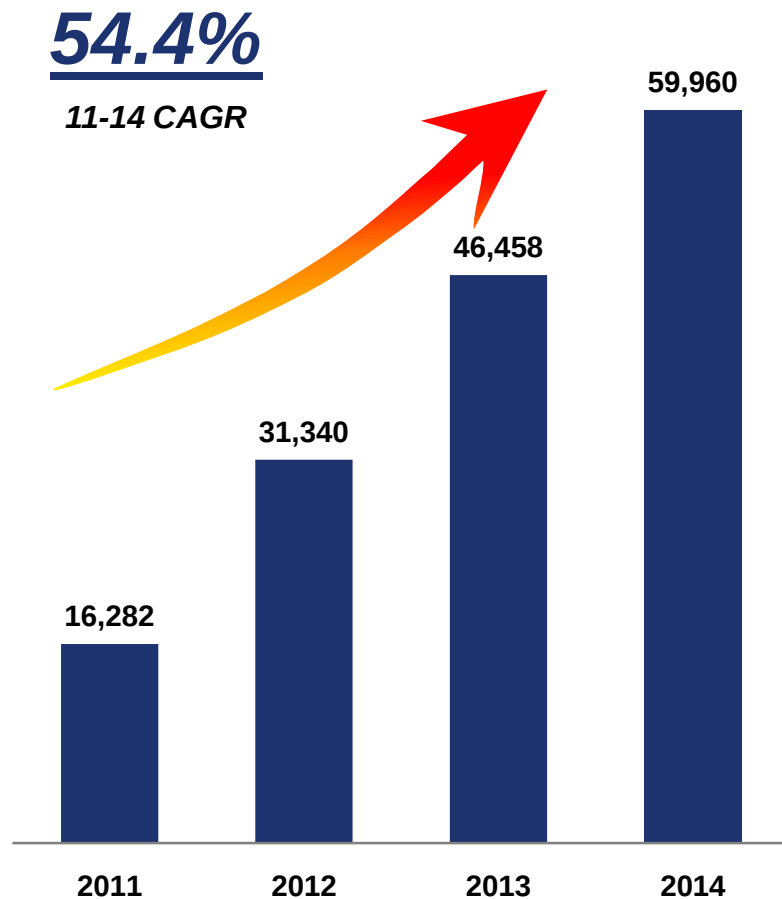
3. Operating data as of Dec 31, 2014. All learning centers are directly operated learning centers

Our value proposition



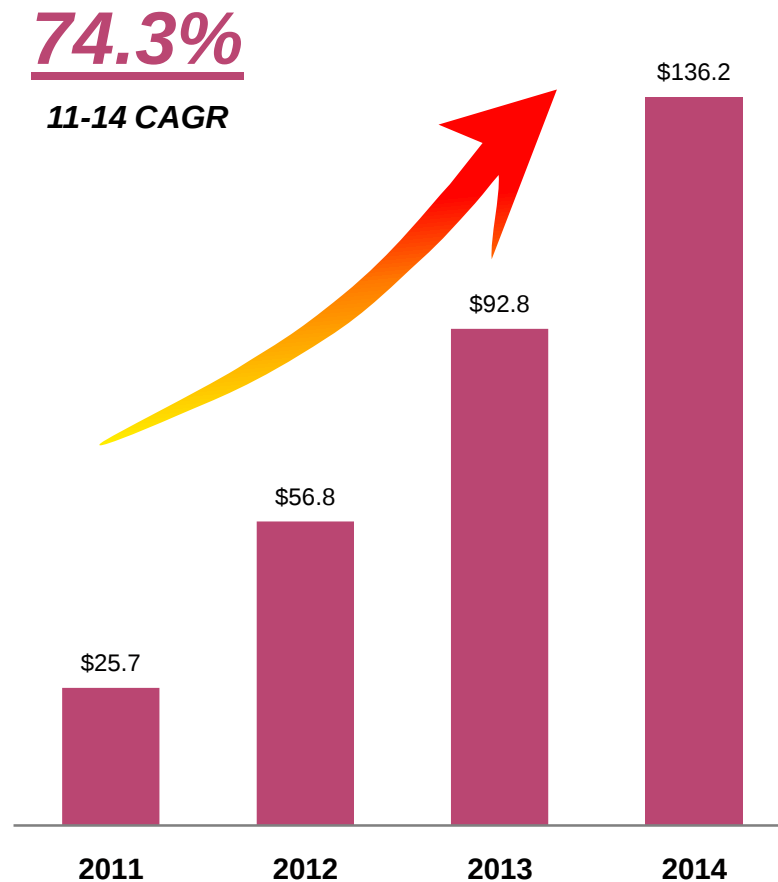
Our growth

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 Taiyuan and 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

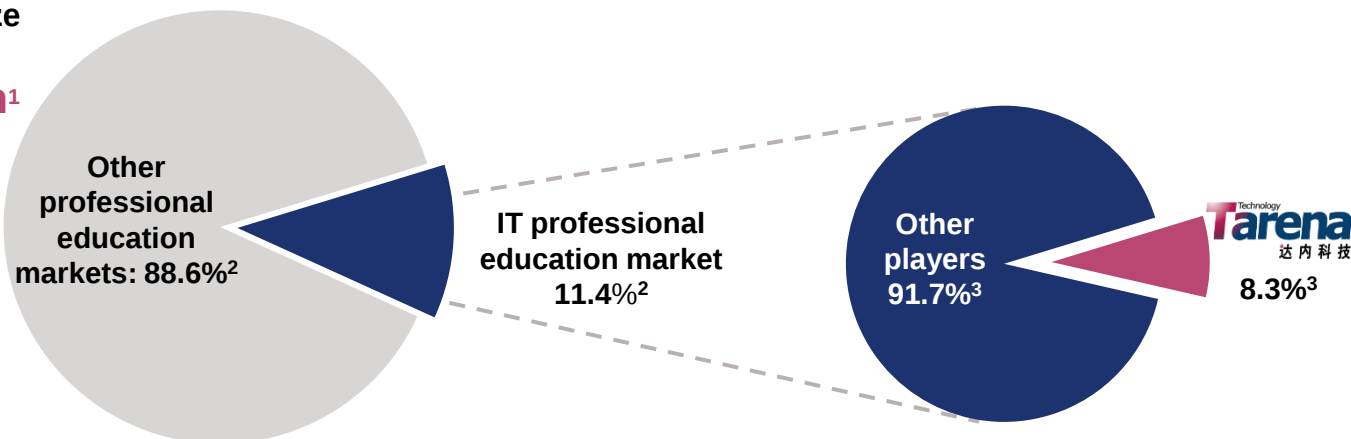
6 Stable and experienced management team

1 Attractive market opportunities

Significant growth opportunities

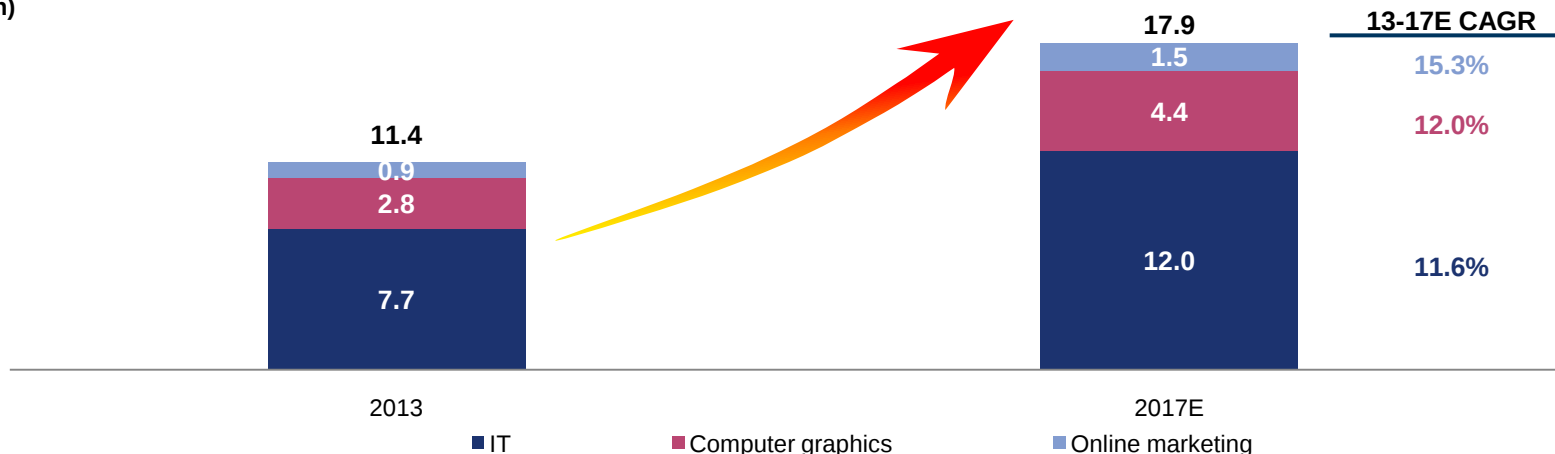
Total market size
in 2013:

RMB67.5 bn¹



Large and growing addressable market¹

(RMB bn)

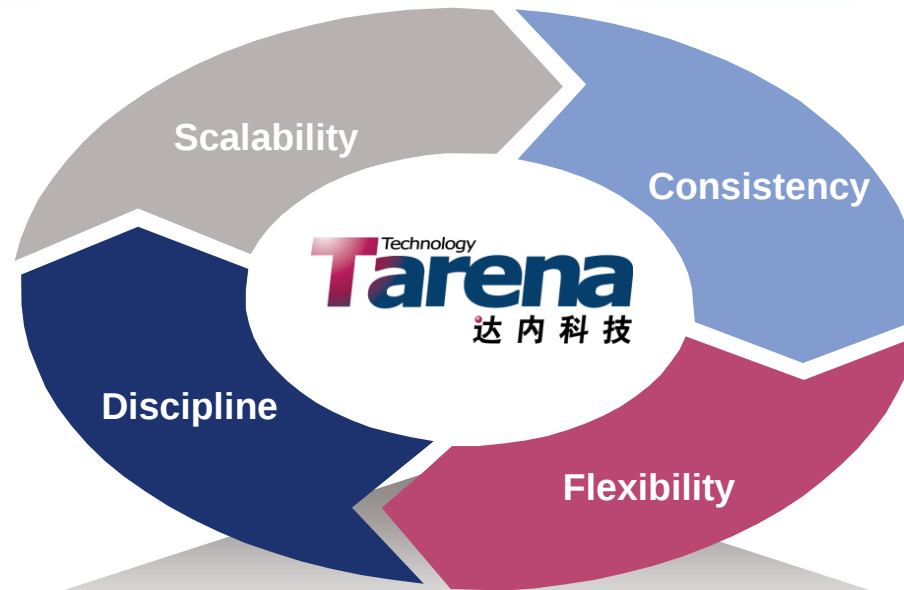


1. Source: IDC

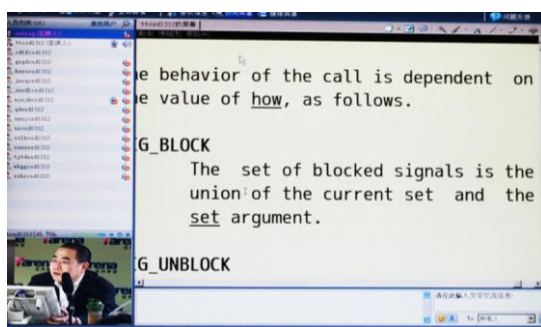
2. Source: IDC, Professional education service market segment by revenues in 2013

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



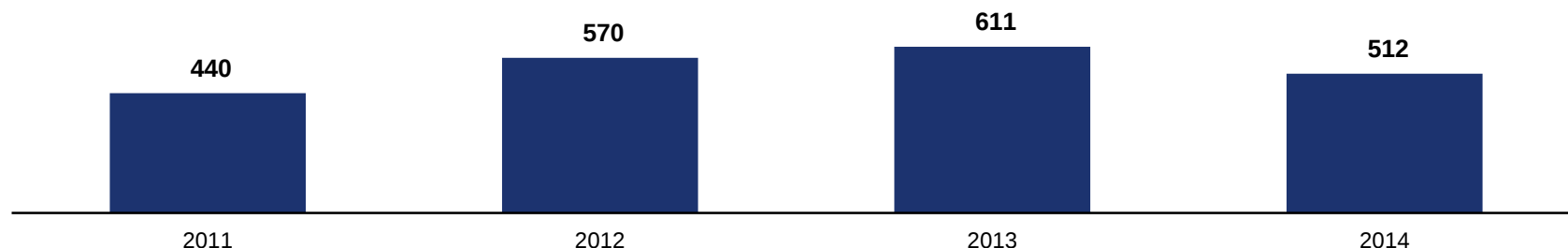
3 Scalable and efficient business model

Organically developed nationwide network...



... Proven to be scalable and efficient

Average student enrollments per instructor²



Source: Company filings

1. As of Dec 31, 2014

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

Outstanding brand recognition



“Outstanding Training Institute”¹



“Professional Training Institute for Service Outsourcing Industry”²

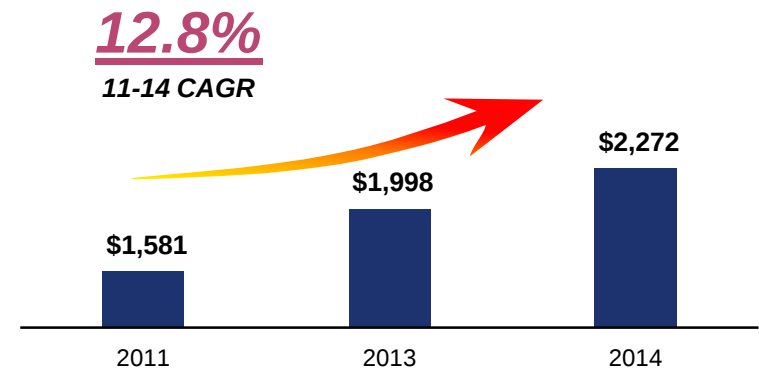


Winner of “Leading Enterprise in China Education Industry”³

Excellent track record of students’ success

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

Average net revenues per student 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. “服务外包人才培训基地”, 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 student enrollments in corresponding periods

188,000+
*trained students
since inception*

*A network of **~50,000**
corporate employers¹*

95+%
*student job
placement rates²*

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

Source: Company filings, IDC report

1. As of Dec 31, 2014

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
VP, Operations



Joined Tarena in
2005

Mr. Yi LI
VP, Teaching



Joined Tarena in
2008

Mr. Yinan QI
GM, Northern Region



Joined Tarena in
2007

Mr. Jiangyou WANG
GM, Southern Region



Joined Tarena in
2008

Mr. Xiaolan TANG
*GM, Central and
Western Region*



Joined Tarena in
2007

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 as of Dec 2014	Java	C++	Digital Art	Software Testing	PHP	Embedded	Android	.NET	iOS	Linux and Network Engineering	Online Sales & Marketing	Accounting
Beijing	13	●	●	●	●	●	●	●	●	●	●	●	●
Shanghai	12	●	●	●	●	●		●		●	●	●	
Hangzhou	6	●	●	●	●	●	●	●				●	
Shenzhen	8	●	●	●	●	●	●	●		●	●	●	
Guangzhou	7	●	●	●	●	●	●	●	●	●	●	●	
Nanjing	6	●	●	●	●		●				●	●	
Wuhan	6	●	●	●	●	●	●					●	
Chengdu	5	●	●	●		●						●	
Chongqing	4	●		●		●	●	●		●		●	
Hefei	4	●	●	●									
Shenyang	3	●		●	●							●	
Changsha	3	●	●	●									
Zhengzhou	2	●		●		●	●	●					
Harbin	3	●	●	●									
Changchun	3	●		●	●							●	
Jinan	3	●	●	●		●							
Qingdao	3	●	●	●					●			●	
Nanchang	2	●	●	●									
Dalian	2	●		●			●						
Kunming	2	●		●								●	
Tianjin	3	●		●								●	
Nanning	1	●		●								●	
Wuxi	1	●											
Suzhou	1	●	●										
Ningbo	1	●		●									
Shijiazhuang	1	●		●									
Fuzhou	1	●		●									
Xi'an	2				●	●		●				●	
Zhuhai	1	●		●									
Daqing	1	●		●			●						
Yantai	1	●		●									
Xiamen	2	●		●									
Dongguan	1	●		●									
Others*	4	●		●									

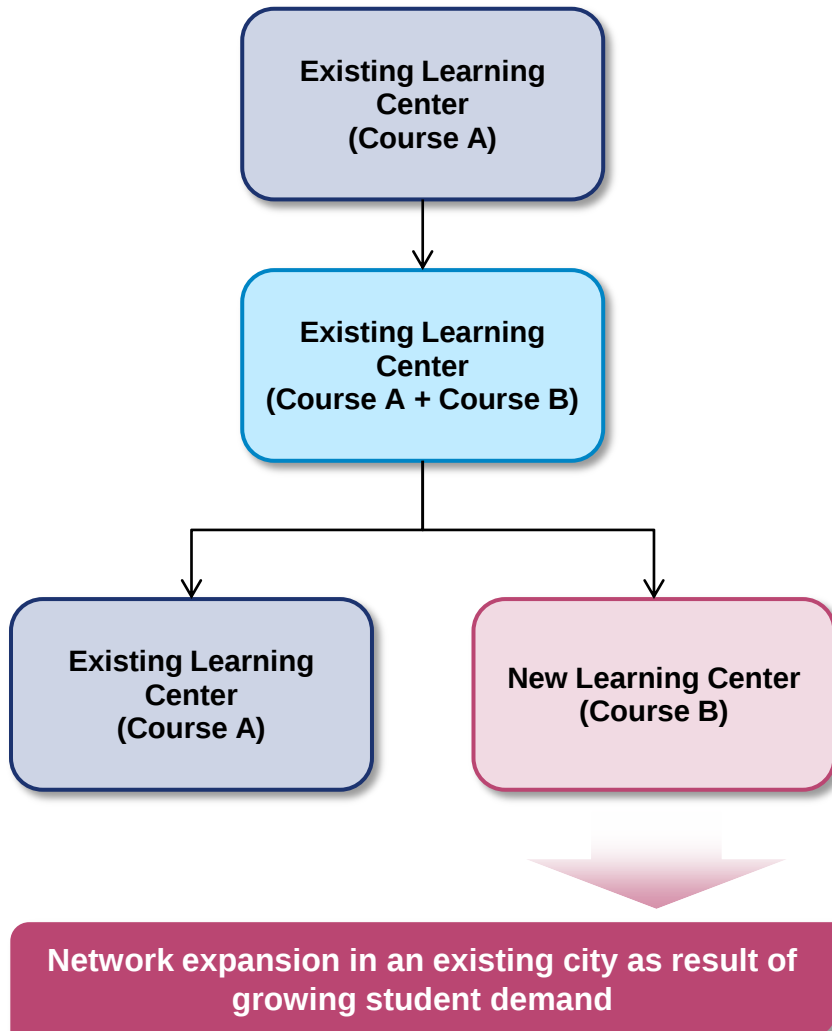
*Taiyuan, Haikou, Guiyang, Weifang

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

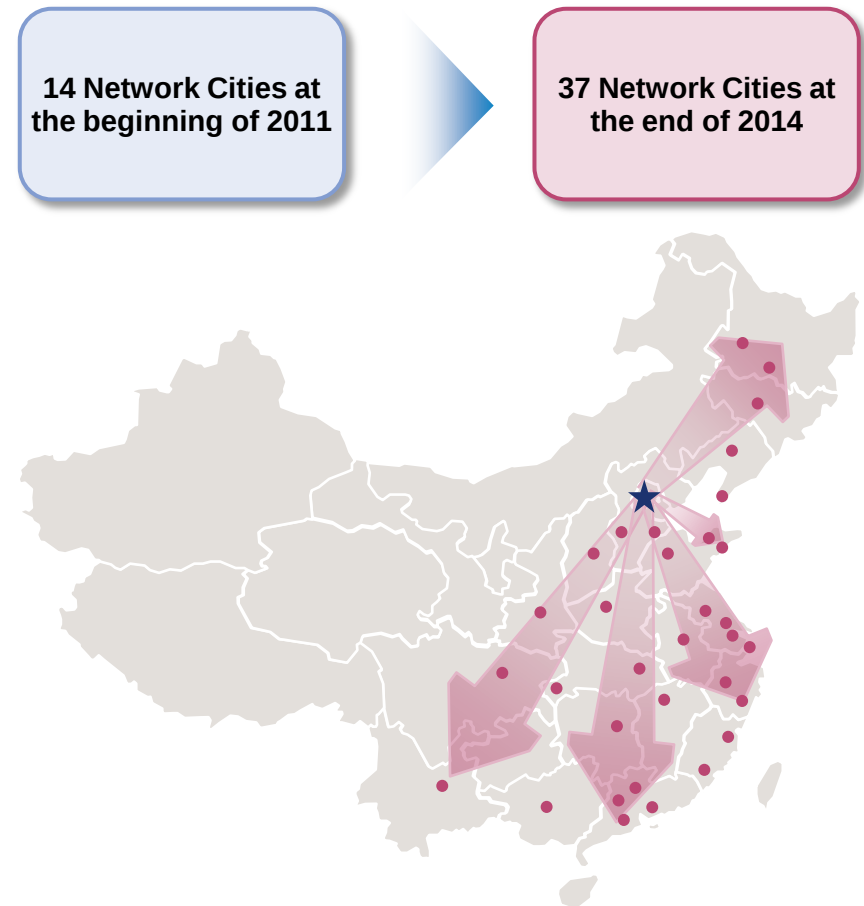
● New course offerings in a city in 2014. Source: Company filings

Grow student enrollments (cont'd)

Expansion in existing cities



Growing geographic footprint



Expand course offerings

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

Management

Other new course development according to market needs

Strategic cooperation / acquisition

IV. Financial highlights



Financial highlights

1 Robust revenue growth



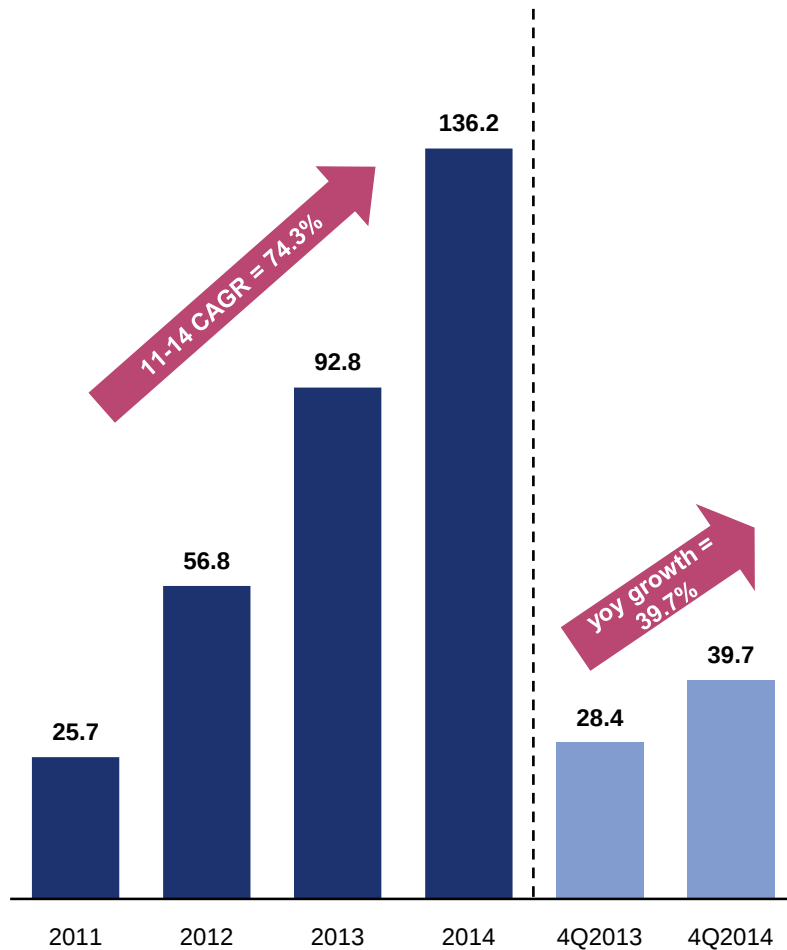
2 Scalable business model drives profitability

3 Solid cash flow generation

Robust revenue growth

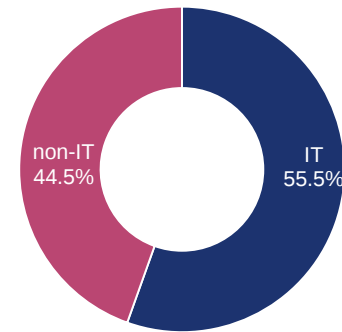
Total net revenues¹

(US\$ mm)

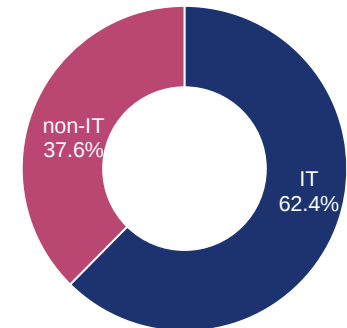


Enrollment contribution by IT and non-IT courses

4Q2014

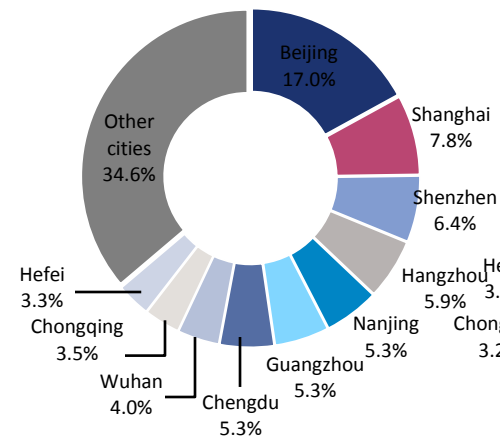


2014

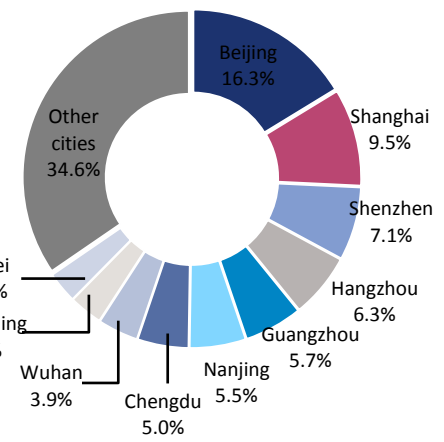


Enrollment contribution by geographic markets

4Q2014



2014



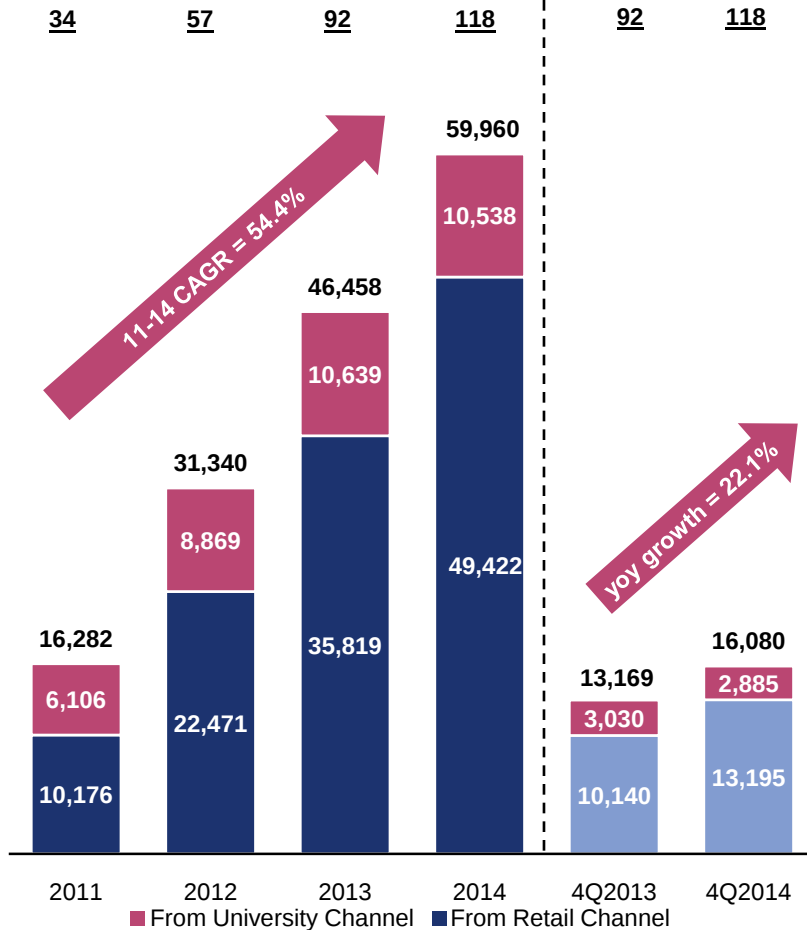
Source: Company filings

1. Including tuition fees, certification service fee, other revenues, net off business taxes and surcharges

Robust revenue growth (cont'd)

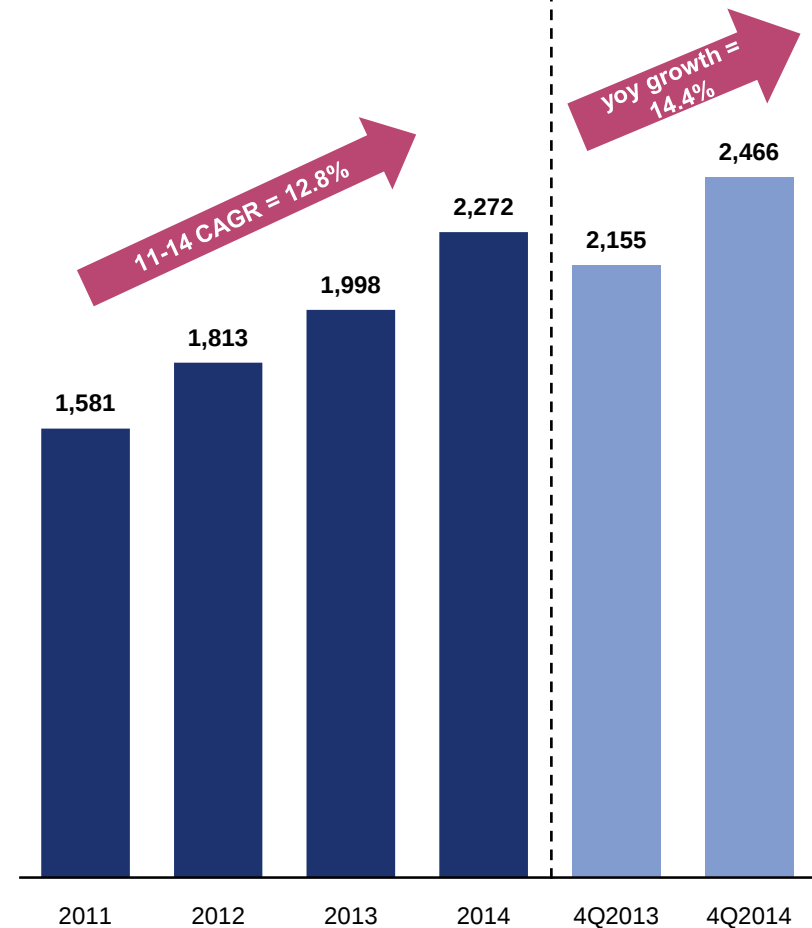
Number of student enrollments¹

No. of
centers:



Average revenue per student²

(US\$)



Source: Company filings

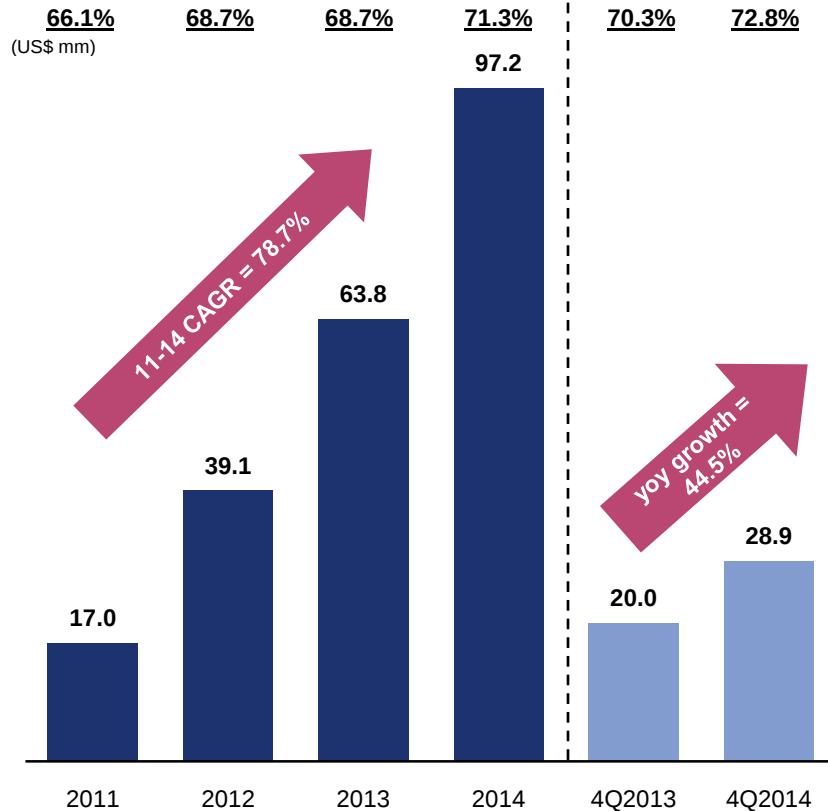
1. The number of student enrollments from university channel is calculated by multiplying the percentage of student enrollments from universities and colleges which the Company cooperated with by the total student enrollments. The percentages were disclosed as 37.5%, 28.3% and 22.9% in 2011, 2012 and 2013 respectively. The number of student enrollments from retail channel is calculated by deducting the student enrollments from university channel from the total student enrollments

2. Defined as net revenues divided by student enrollment in corresponding periods

Scalable business model drives profitability

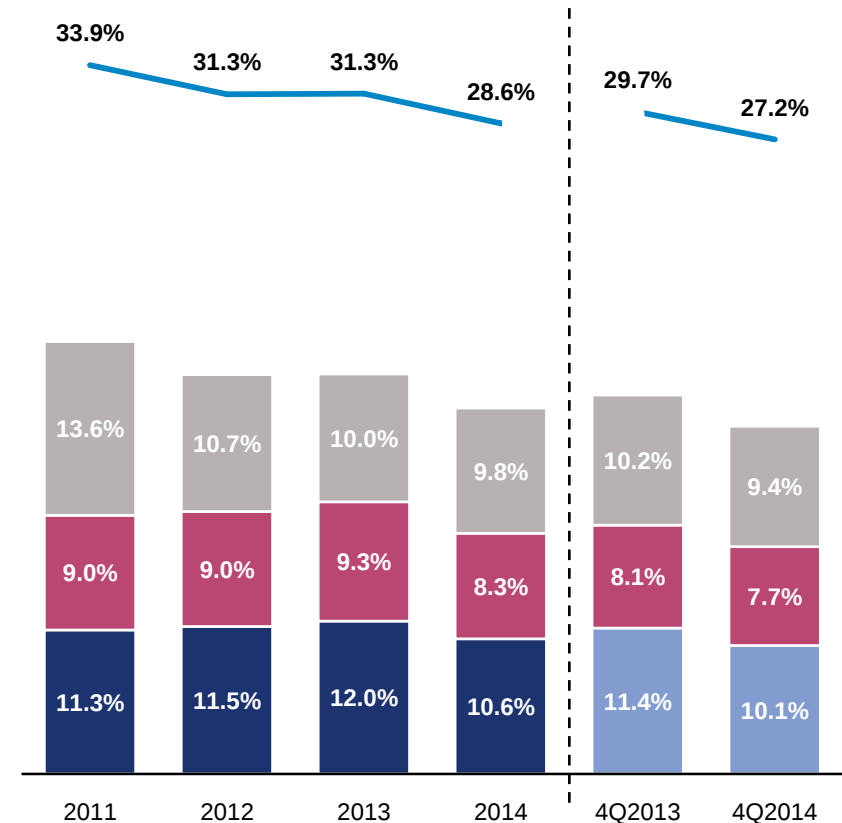
Gross profit and margin (Non-GAAP)¹

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

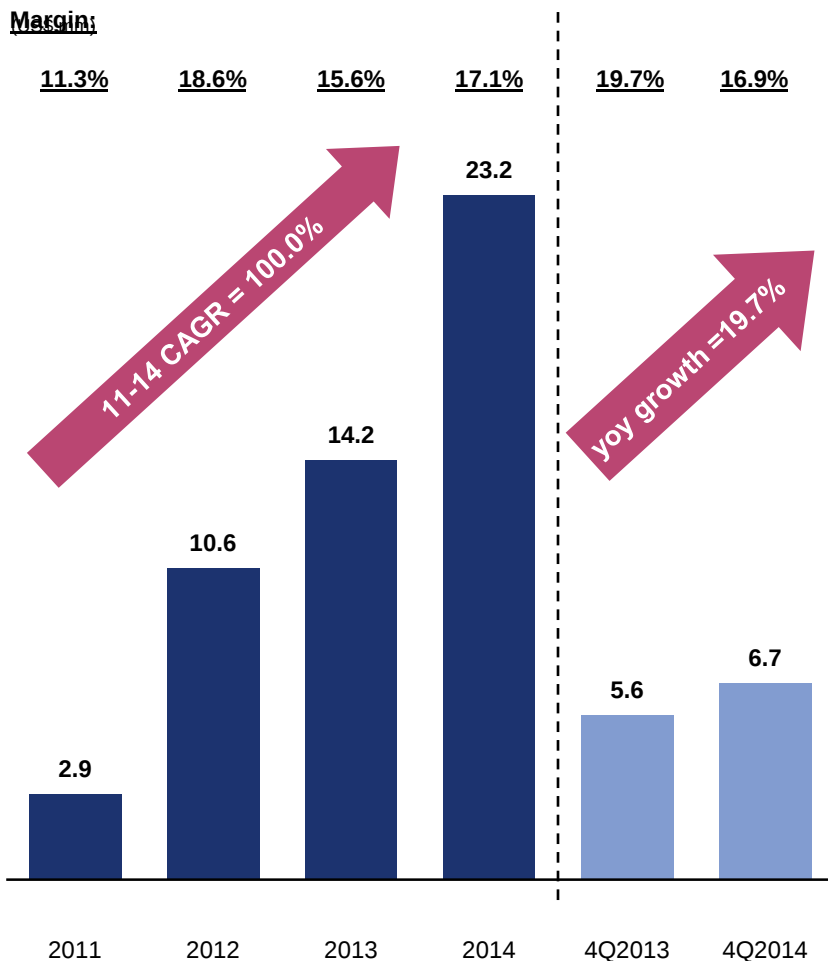
Source: Company filings

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

Scalable business model drives profitability (cont'd)

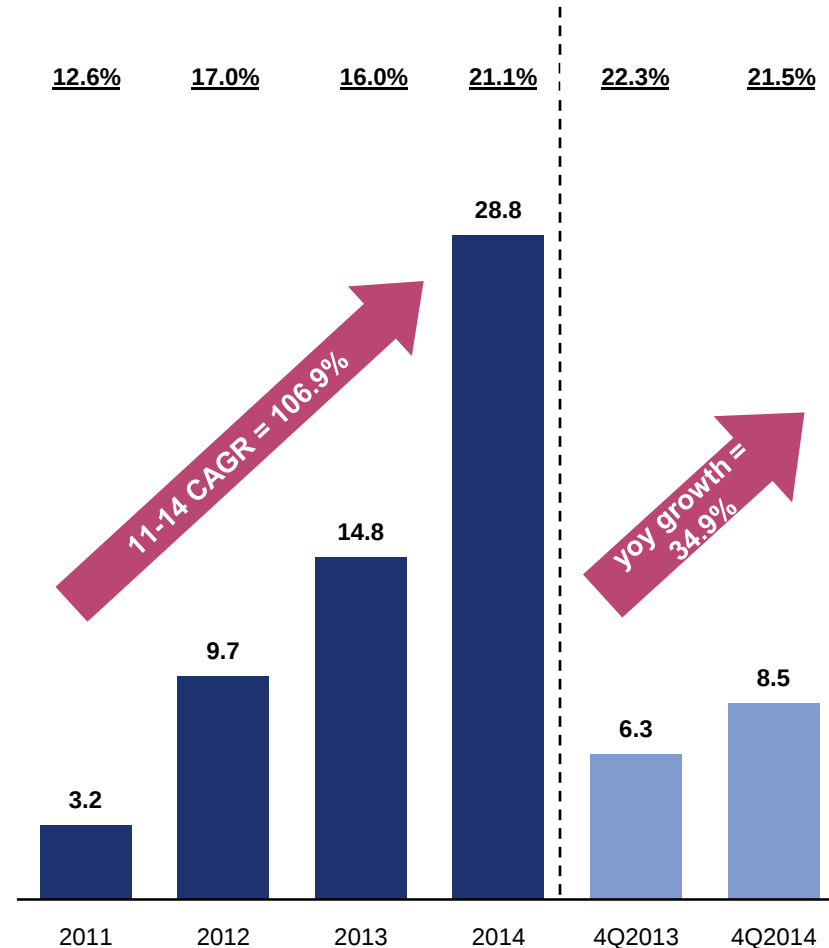
Operating profit and margin (Non-GAAP)¹

Margin:



Net income and margin (Non-GAAP)¹

(US\$ mm)

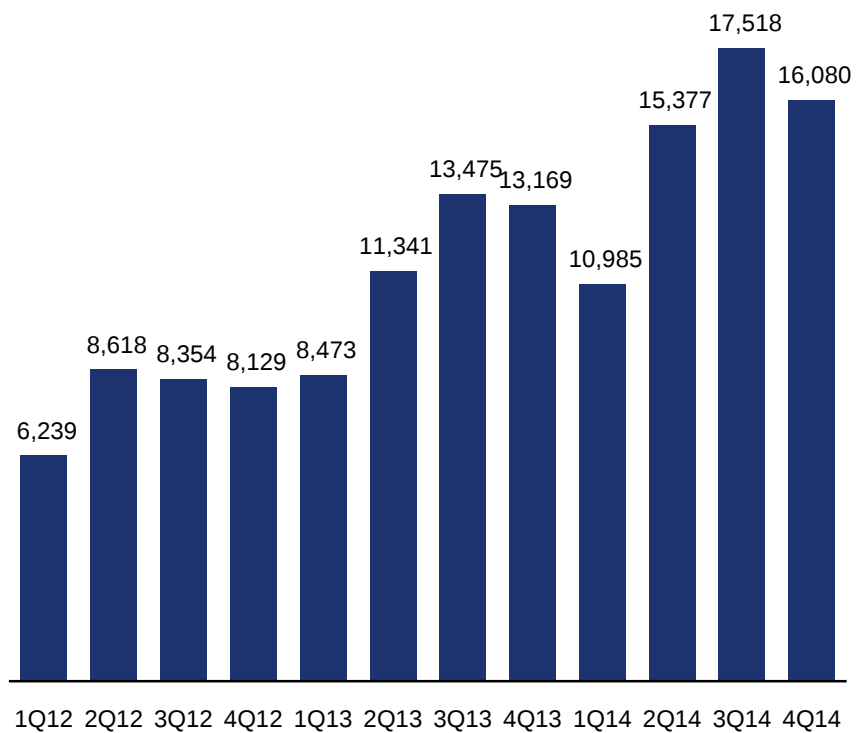


Source: Company filings

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

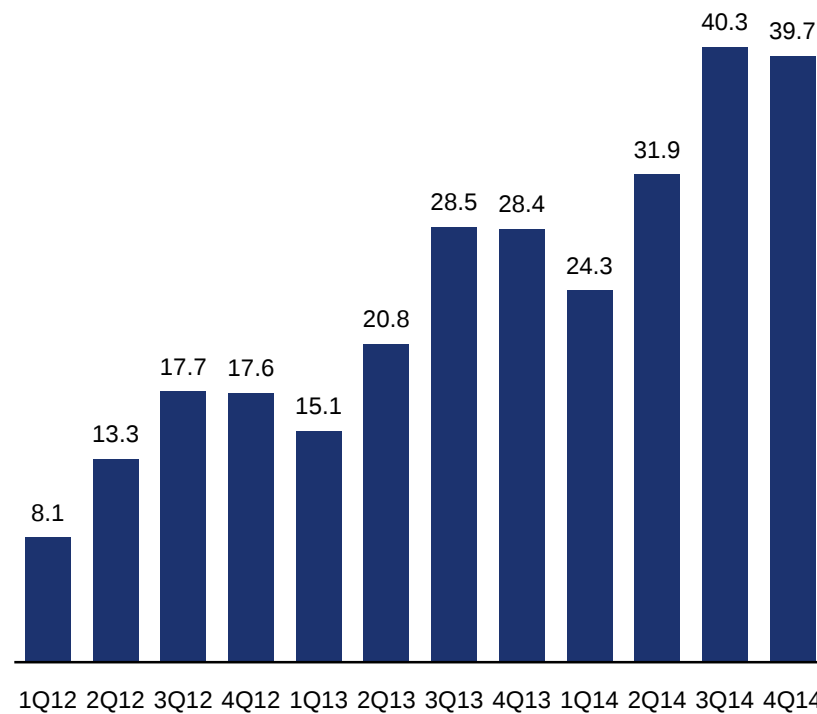
Seasonality

Quarterly student enrollments



Quarterly net revenues

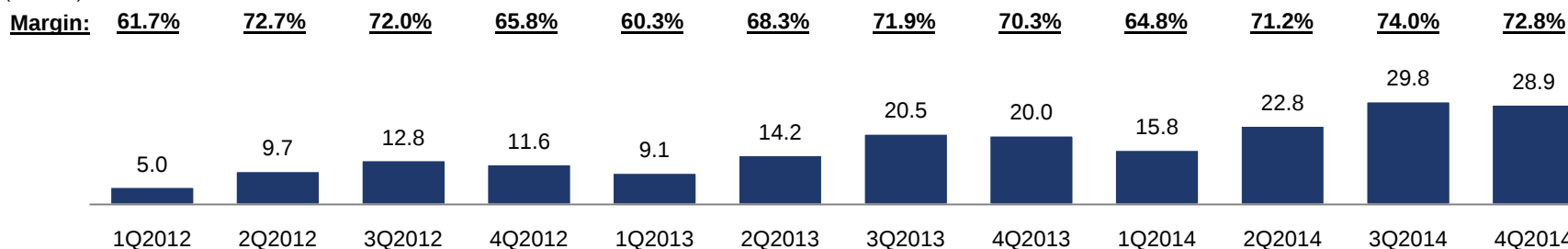
(US\$ mm)



Seasonality (cont'd)

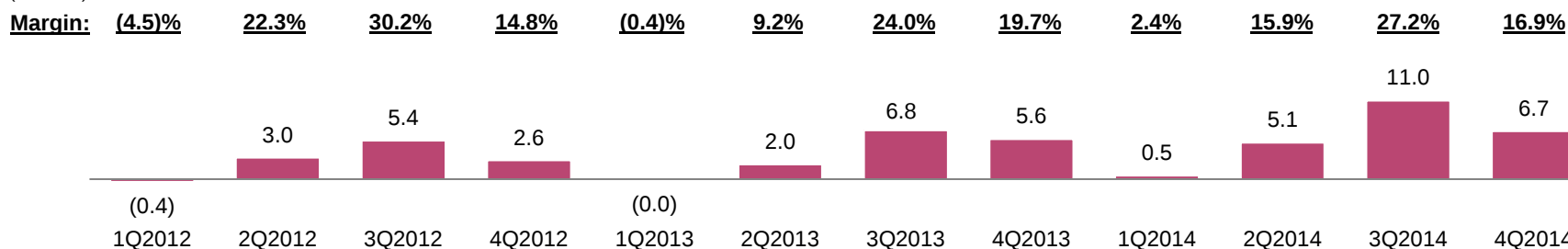
Non-GAAP gross profit and margin¹

(US\$ mm)



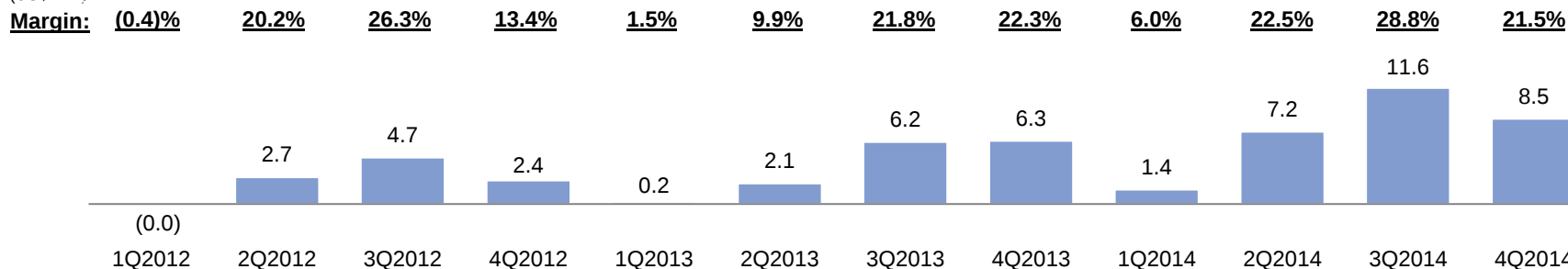
Non-GAAP operating profit and margin¹

(US\$ mm)



Non-GAAP net profit and margin¹

(US\$ mm)

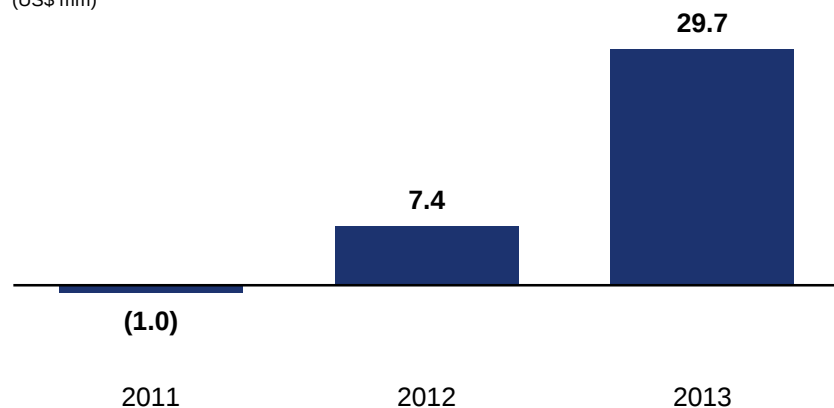


1. Non-GAAP measures exclude the expense from share-based compensation

Solid cash flow generation

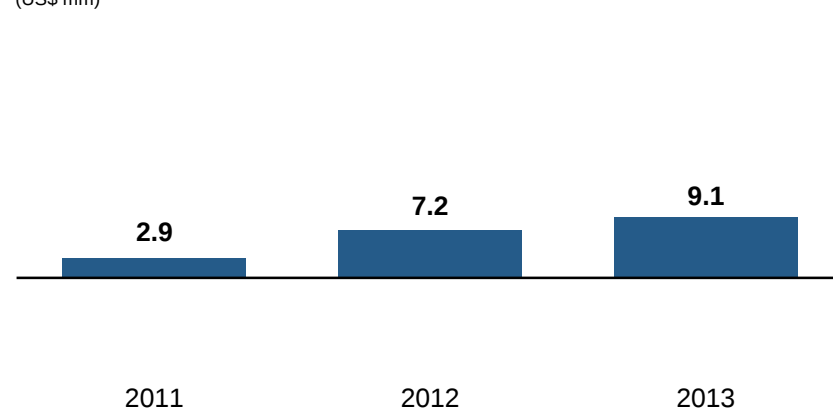
Operating cash flow

(US\$ mm)



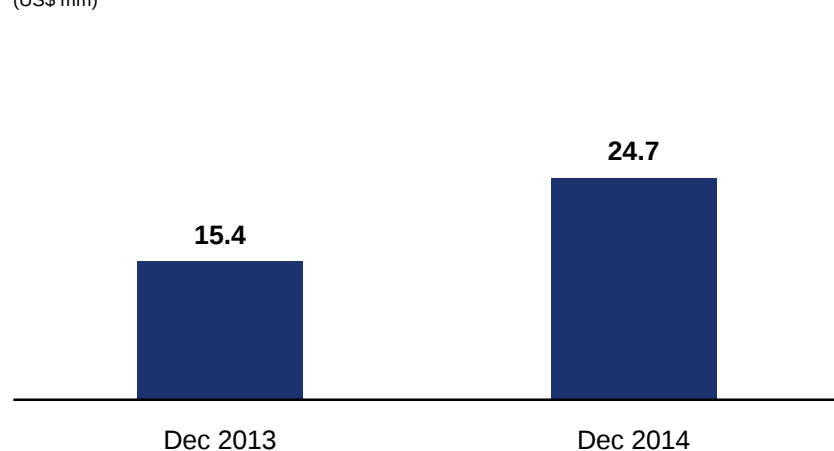
Capital expenditure

(US\$ mm)



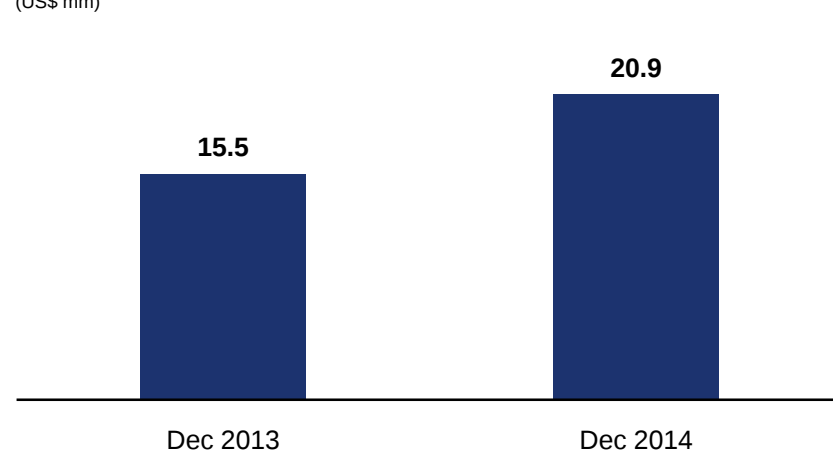
Accounts receivables, net

(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

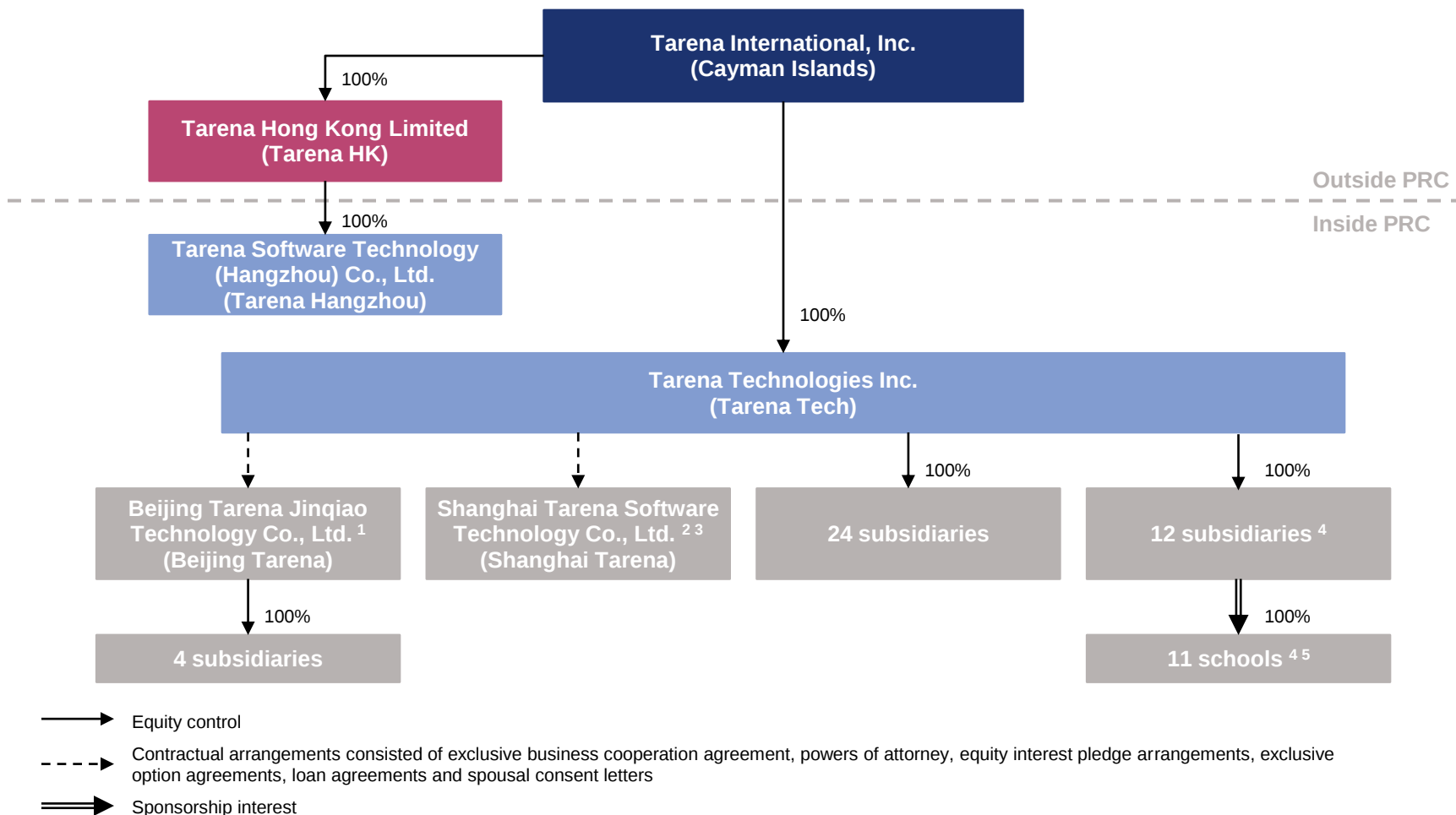
5 Outstanding job placement record

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 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; Ning Ding is the principal of Kunming Guandu Tarena Professional Education School; and Nini Tong is the principal of Zhuhai Tarena Professional Education School

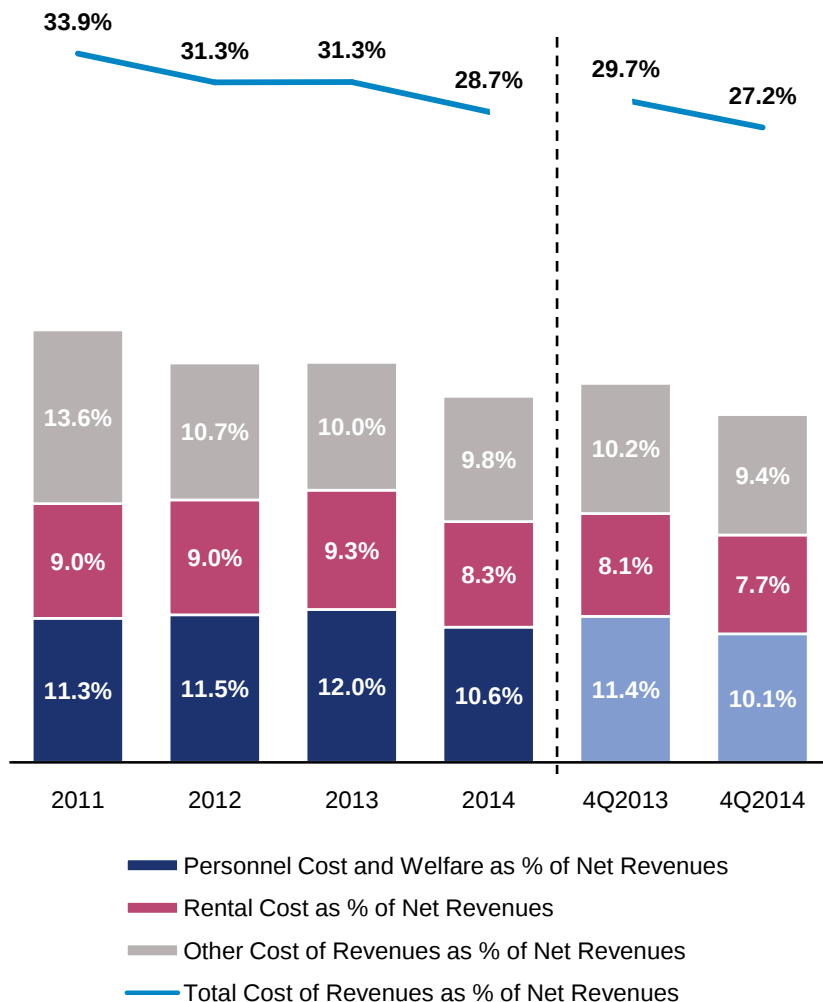
Appendix B: Historical financials



Cost and expenses - annual

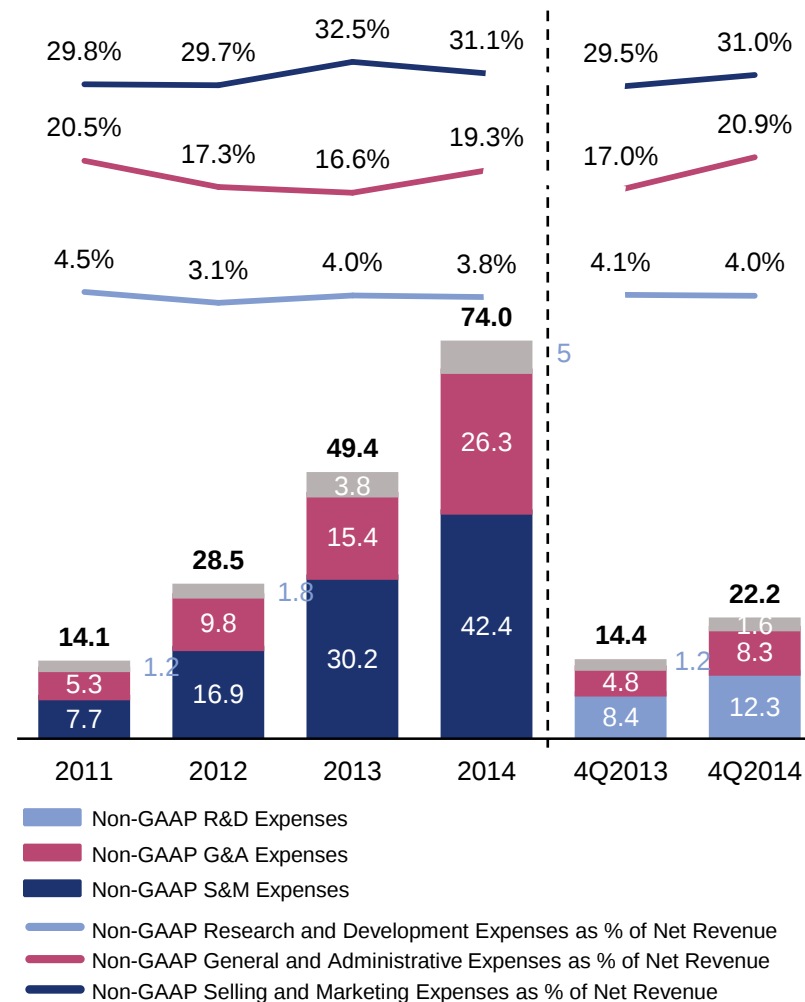
Cost of revenues (Non-GAAP)¹

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



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

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

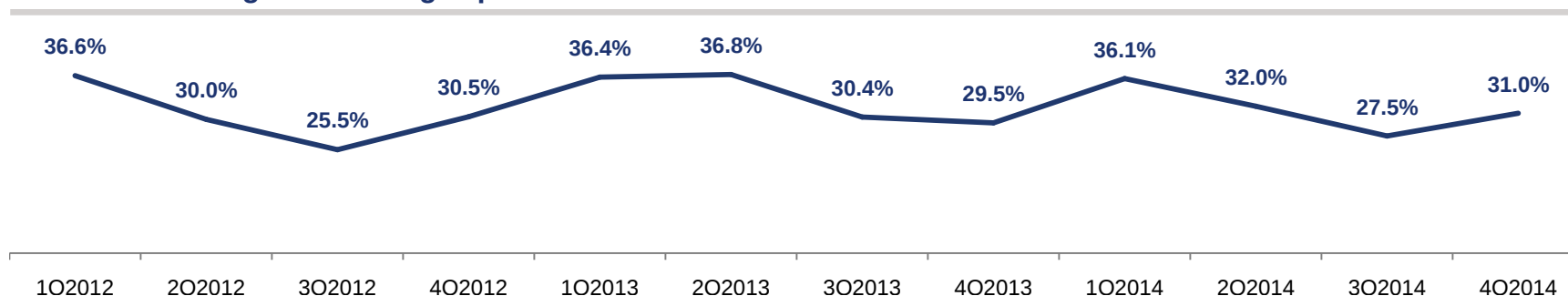


1. Non-GAAP financial measures exclude share-based compensation

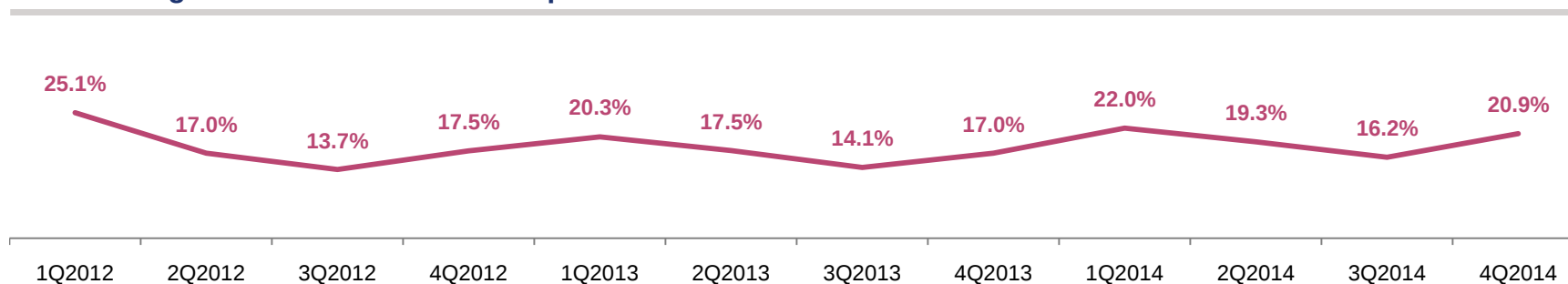
2. The general and administrative expenses in 2011 excludes the one-off US\$2.5 million compensation charge in relation to ordinary share repurchases from Connion Capital Limited, a company owned by Mr. Shaoyun Han

Quarterly operating expenses

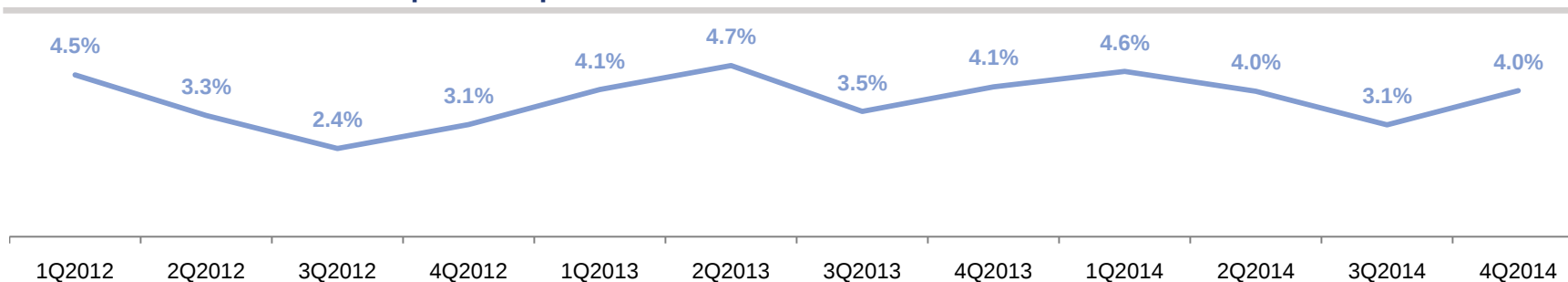
Non-GAAP selling & marketing expenses as % of net revenue¹



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 December 31,	
	2011	2012	2013	2014	2013	2014
Net revenues	25,741	56,820	92,834	136,204	28,375	39,650
Cost of revenues	(8,714)	(17,762)	(29,068)	(39,080)	(8,421)	(10,815)
Gross profit	17,027	39,058	63,766	97,124	19,953	28,836
Selling and marketing expenses	(7,676)	(16,875)	(30,252)	(42,562)	(8,390)	(12,324)
General and administrative expenses	(7,832)	(9,949)	(16,224)	(29,948)	(5,014)	(9,150)
Research and development expenses	(1,159)	(1,792)	(3,807)	(5,446)	(1,187)	(1,660)
Operating income	360	10,443	13,483	19,168	5,361	5,702
Interest income	275	1,165	1,541	4,360	97	1,480
Interest expense	—	(6)	—	—	—	—
Exchange gain and loss	—	—	—	1,197	(2)	322
Other income	205	170	1,294	2,371	1,160	581
Income before income taxes	840	11,772	16,318	27,096	6,617	8,085
Income tax expense	(139)	(2,219)	(2,271)	(2,405)	(524)	(545)
Net income	701	9,552	14,047	24,691	6,093	7,540

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	20,915
Accrued expenses and other current liabilities	6,618	8,054
Total current liabilities	25,335	34,682
Other non-current liabilities	244	385
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,		
	2011	2012	2013
Operating activities:			
Net income	\$701	\$9,552	\$14,047
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation	1,234	2,426	4,654
Bad debt expense	384	419	941
Loss (gain) on disposal of property and equipment	12	(7)	66
Deferred income tax (benefit) /expense	(385)	(21)	(1,052)
Share based compensation expense	64	129	765
Foreign currency exchange loss, net	—	—	197
Changes in operating assets and liabilities			
Accounts receivable	(4,765)	(11,005)	1,117
Prepaid expenses and other current assets	(872)	(994)	(535)
Accrued interest income on time deposits	—	—	(331)
Other non-current assets	(232)	(422)	(473)
Accounts payable	108	(133)	(7)
Income taxes payable	301	1,114	1,422
Deferred revenue	1,815	5,239	5,444
Accrued expenses and other current liabilities	542	1,055	3,394
Other non-current liabilities	91	89	55
Net cash provided by (used in) operating activities	(\$1,004)	\$7,444	\$29,706
Investing activities:			
Purchase of property and equipment	(\$2,896)	(\$7,189)	(\$9,109)
Proceeds from disposal of property and equipment	2	26	50
Purchase of short term investment	—	—	(11,298)
Proceeds from maturity of short term investment	—	—	11,298
Purchase of time deposits	(149)	(792)	(17,286)
Proceeds from maturity of time deposits	1,480	697	6,456
Issuance of loans to employees	—	(657)	(340)
Proceeds from repayment of housing loans from employees	—	—	691
Net cash used in investing activities	(\$1,563)	(\$7,915)	(\$19,537)
Financing activities:			
Proceeds from bank borrowings	—	\$301	—
Repayment of bank borrowings	—	(301)	—
Amounts received on behalf of a related party	214	669	141
Repayment of amounts received on behalf of a related party	(51)	(746)	(233)
Advances from a related party	—	309	153
Repayment of advances to a related party	—	(309)	(153)
Repurchase of ordinary shares	(2,509)	—	—
Proceeds from issuance of Series C convertible redeemable preferred shares	19,974	—	—
Payment of issuance cost of Series C convertible redeemable preferred shares	(68)	(150)	—
Payment of initial public offering costs	—	—	(499)
Net cash provided by financing activities	\$17,560	(\$227)	(\$591)
Effect of foreign currency exchange rate changes on cash	87	46	364
Net increase (decrease) in cash	\$15,081	(\$653)	\$9,942
Cash at beginning of year	\$1,769	\$16,850	\$16,197
Cash at end of year	\$16,850	\$16,197	\$26,139