



# TAL Education Group Investor Presentation

January 2021



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# Mission, Vision and Values



## Mission

Making Education Better with Love and Technology



## Vision

To be a Respectable Education Institution



## Values

Customer Orientation, Pragmatism, Innovation, Cooperation



# Company Highlights

**Industry Leader in Large and Attractive Market**

**Strong Operational Performance with Consistent Growth**

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



**High Visibility Recurring Revenue Model with Strong Cash Flow**

**Significant Scale and Reach Offline and Online**



**Leading Edge of Science and Technology Development**

# What We Do – Core Business Units

We Cover Core Subjects in the K-12 School Curriculum <sup>1</sup>

	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							●	●	●	●	●	●	●
Politics							●	●	●	●	●	●	●
History							●	●	●	●	●	●	●
Geography							●	●	●	●	●	●	●



Small Class

学而思培优

学而思本地网课

First Leap 励步英语  
FUTURE LEADERS' INSTITUTE

Mobby 摩比思维



Online School

学而思网校

— 每天进步一点点 —



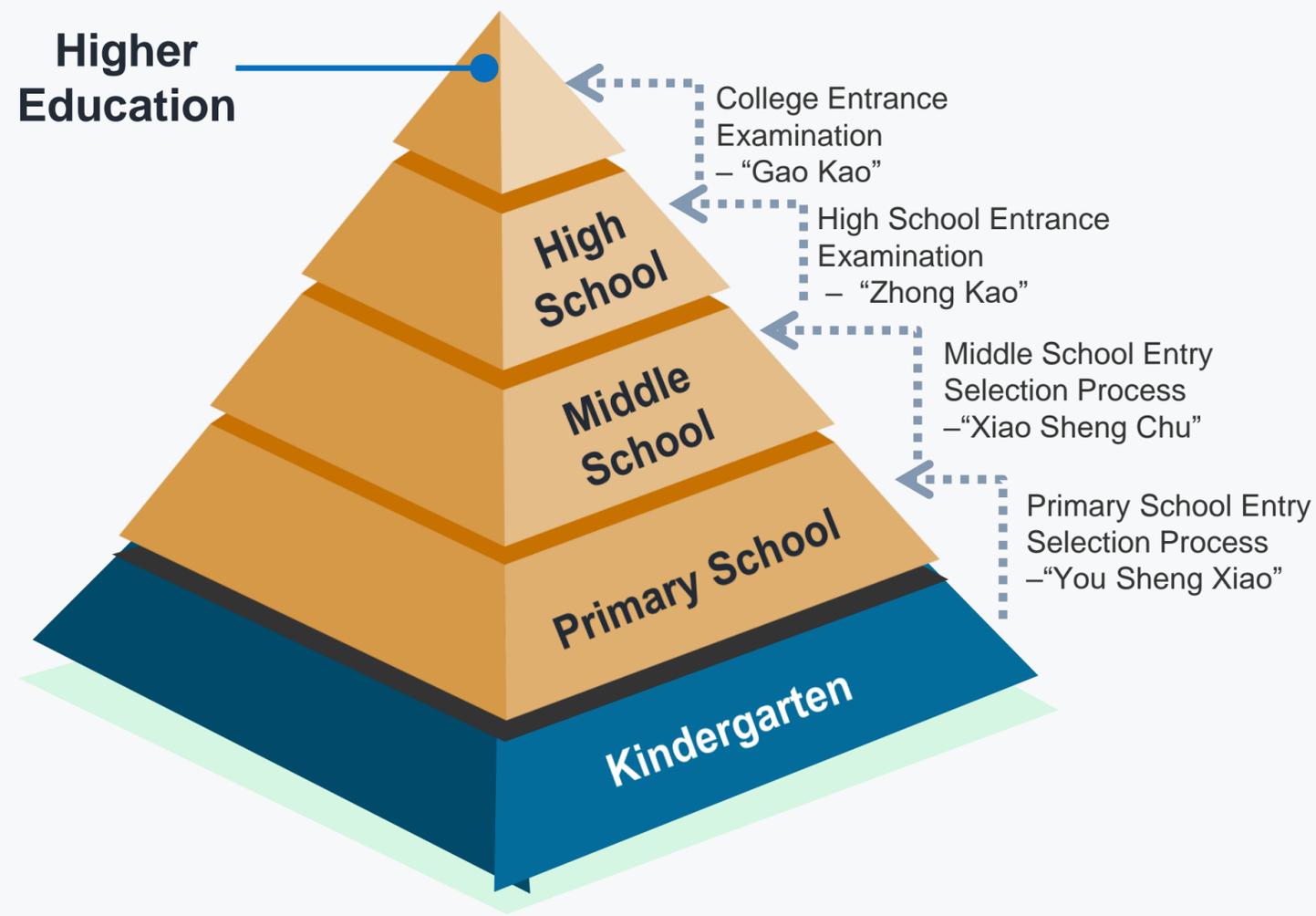
Personalized Premium Services (1-on-1)

学而思·爱智康

<sup>1</sup> "●" Denotes currently offered course

# Reform of College Entrance Examination Creates New Opportunities

## 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.

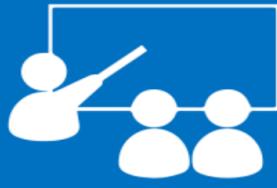
# Based Upon High Teaching Quality and Differentiated Proprietary Content

## Optimized Teacher Management System



**Selective Hiring Process**

- Top university graduates
- Rounds of tests and interviews



**Comprehensive Training**

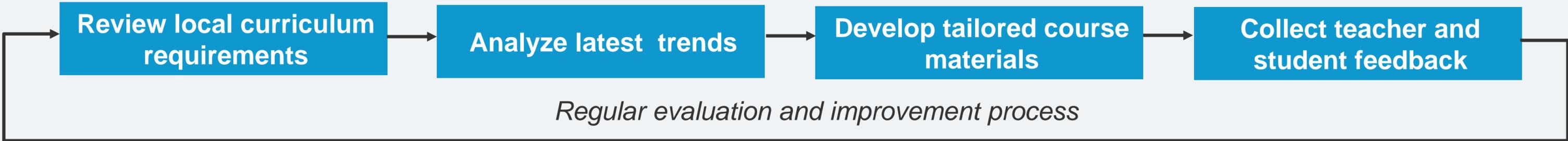
- Comprehensive new teacher training
- Regular ongoing training



**Rigorous Evaluation Process**

- Continuous evaluation
- Performance based compensation

## Proprietary Content Development



Experienced in-house content development team

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



**Further penetrate existing markets by both online and offline offerings**



**Enter new markets: Target to enter new cities each year**



**Polishing online and mobile offerings, expanding online engagement**



**Enhance content offering across subjects and grade levels**



**Maintain premium pricing while diversifying programs**

# Large Untapped Geographic Expansion Opportunity

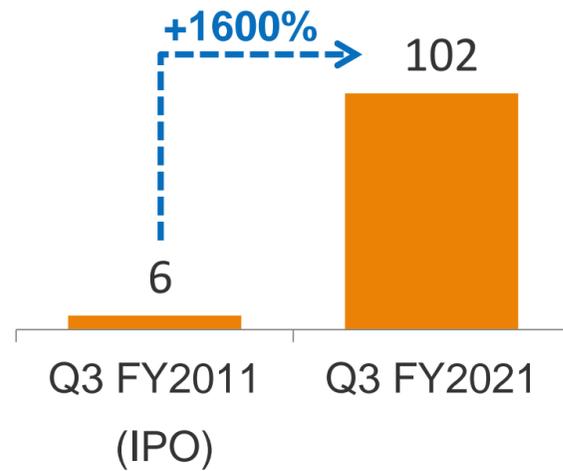
## Incremental Center Opportunities

City	Year of Entry	# of Small Class Centers			# of Total Learning Centers	City	Year of Entry	# of Small Class Centers			# of Total Learning Centers	City	Year of Entry	# of Small Class Centers			# of Total Learning Centers	City	Year of Entry	# of Small Class Centers			# of Total Learning Centers
		# of Peiyou Centers	# of Firstleap and Mobby Centers	# of One-on-One Centers				# of Peiyou Centers	# of Firstleap and Mobby Centers	# of One-on-One Centers				# of Peiyou Centers	# of Firstleap and Mobby Centers	# of One-on-One Centers				# of Peiyou Centers	# of Firstleap and Mobby Centers	# of One-on-One Centers	
Beijing	2003	88	37	27	152	Zhenjiang	2017	4			4	Urumchi	2018	1			1	Shantou	2020	1			1
Shanghai	2008	70	2	16	88	Guiyang	2016	4			4	Haikou	2018	1			1	Xiangyang	2020	1			1
Nanjing	2011	48	23	8	79	Dongguan	2017	4			4	Ha'erbin	2018	1			1	Yichang	2020	1			1
Guangzhou	2009	58	2	17	77	Xuzhou	2017	4			4	Hohhot	2018	1			1	Mianyang	2020	1			1
Shenzhen	2010	51	1	15	67	Lanzhou	2017	4			4	Linyi	2018	1			1	Deyang	2020	1			1
Hangzhou	2011	48		7	55	Changchun	2016	3			3	Tangshan	2018	1			1	Wuhu	2020	1			1
Tianjin	2008	33		6	39	Nantong	2017	3			3	Jining	2019	1			1	Liuzhou	2020	1			1
Chongqing	2012	31	6	2	39	Luoyang	2015	3			3	Tai'an	2019	1			1	Zunyi	2020	1			1
Wuhan	2008	30		5	35	Wenzhou	2017	3			3	Suqian	2019	1			1	Baotou	2020	1			1
Xi'an	2011	22		8	30	Yangzhou	2017	3			3	Taizhou(台州)	2019	1			1	Xining	2020	1			1
Suzhou	2012	22	2	5	29	Zibo	2018	3			3	Jinhua	2019	1			1	Baoji	2020	1			1
Shenyang	2012	14	10	2	26	Huai'an	2018	3			3	Quanzhou	2019	1			1	Baoding	2020	1			1
Zhengzhou	2012	21		4	25	Xiamen	2017	2			2	Taizhou(泰州)	2019	1			1	Xianyang	2020	1			1
Chengdu	2011	16		6	22	Dalian	2017	2			2	Jiaxing	2019	1			1	Yulin	2020	1			1
Changsha	2014	15		1	16	Yantai	2017	2			2	Zaozhuang	2019	1			1	Huzhou	2020	1			1
Jinan	2014	10		3	13	Huizhou	2018	2			2	Lianyungang	2019	1			1	Ganzhou	2020	1			1
Hefei	2016	8	4		12	Zhongshan	2017	2			2	Zhangzhou	2019	1			1	Jiujiang	2020	1			1
Fuzhou	2015	11			11	Shaoxing	2017	2			2	Silicon Valley	2019	1			1	Chenzhou	2020	1			1
Qingdao	2014	10		1	11	Kunming	2018	2			2	Yueyang	2020	1			1	Dongying	2020	1			1
Taiyuan	2012	9		1	10	Yinchuan	2018	2			2	Changde	2020	1			1	Dezhou	2020	1			1
Shijiazhuang	2014	10			10	Weifang	2018	2			2	Hengyang	2020	1			1	Heze	2020	1			1
Nanchang	2015	6			6	Hong Kong	2019	2			2	Zhuzhou	2020	1			1	Binzhou	2020	1			1
Foshan	2017	6			6	Langfang	2019	2			2	Xiangtan	2020	1			1	Maoming	2020	1			1
Changzhou	2017	5			5	Yancheng	2019	2			2	Zhanjiang	2020	1			1	Jieyang	2020	1			1
Wuxi	2015	5			5	Handan	2018	1			1	Zhuhai	2020	1			1						
Ningbo	2015	5			5	Nanning	2018	1			1	Jiangmen	2020	1			1						
																		<b>Total</b>		<b>769</b>	<b>87</b>	<b>134</b>	<b>990</b>

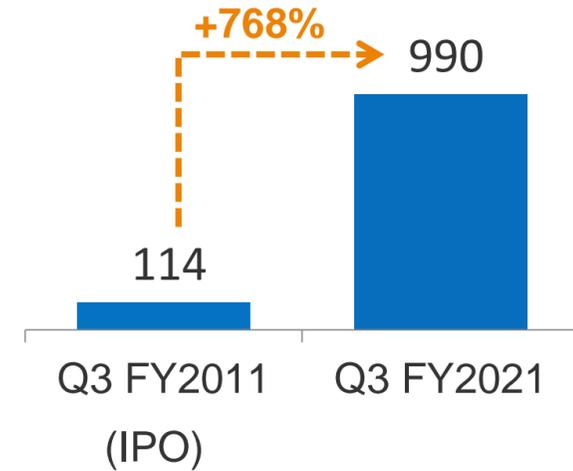
# Ongoing Progress Since IPO in Fiscal Year 2011

## Expanding Scale

### # of City Covered

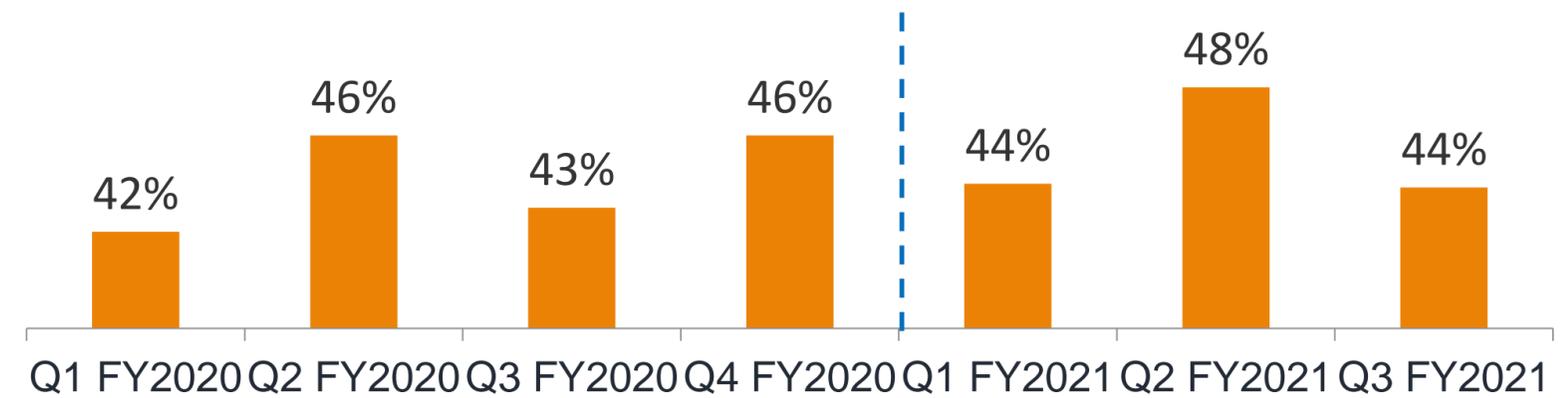


### # of Learning Centers



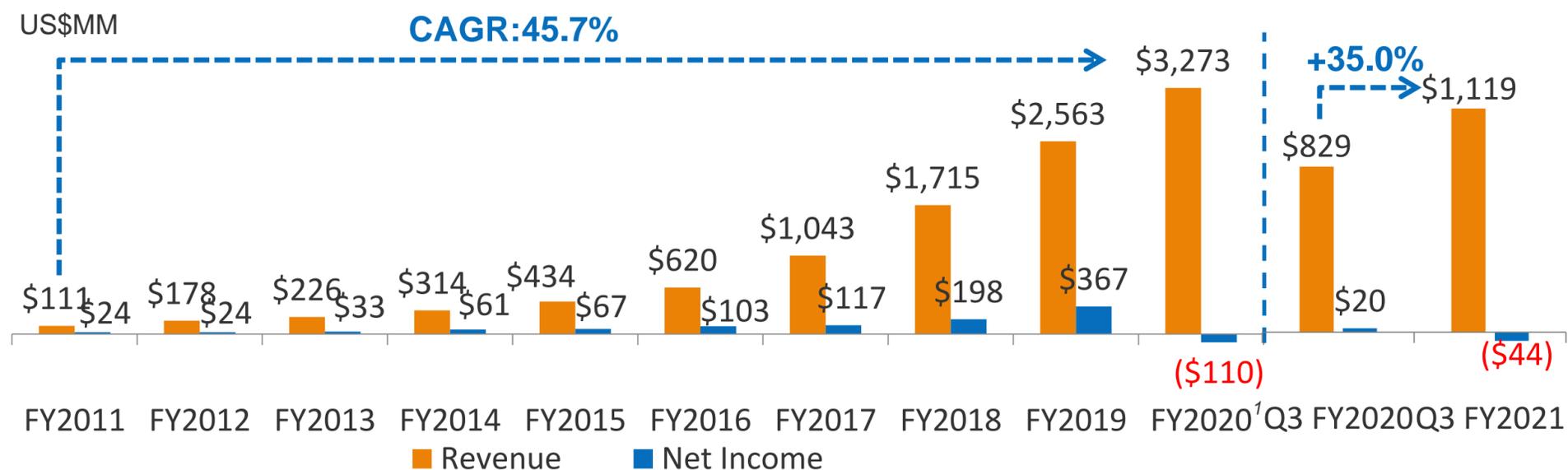
## Increasing Geographical Footprint

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



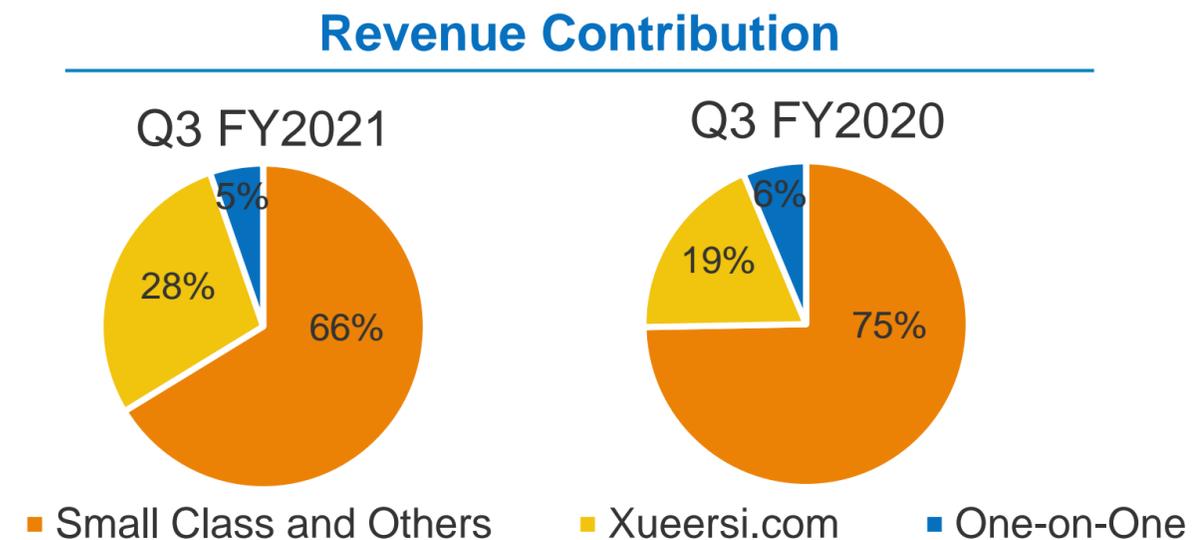
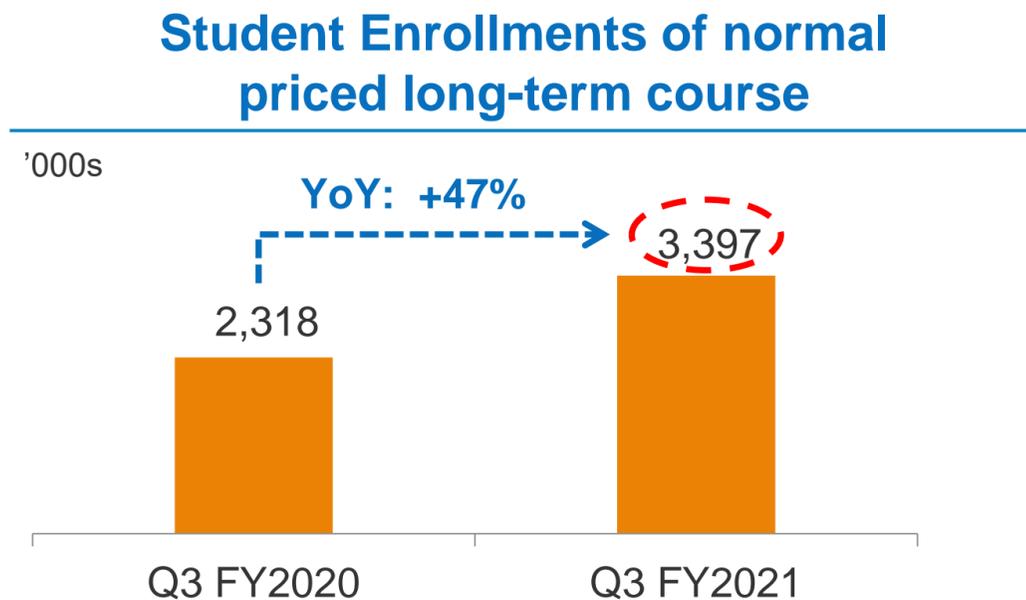
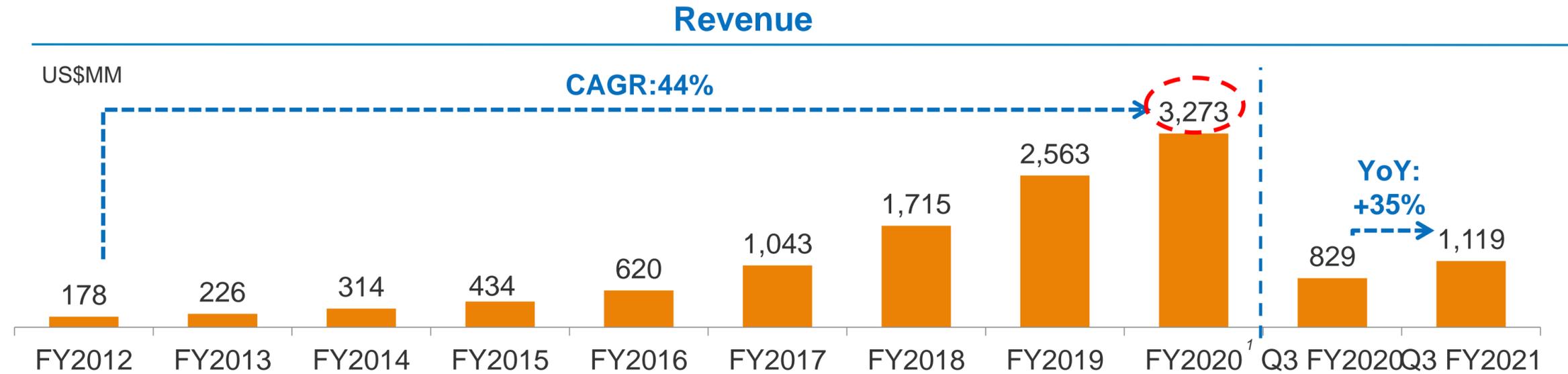
Note: Top Five Cities are Beijing, Shanghai, Guangzhou, Shenzhen, Nanjing.

## Growth in Revenue / Net Income



Note: Year and period are as per fiscal year.  
1: Included the partial corrections in relation to "Light Class" business.

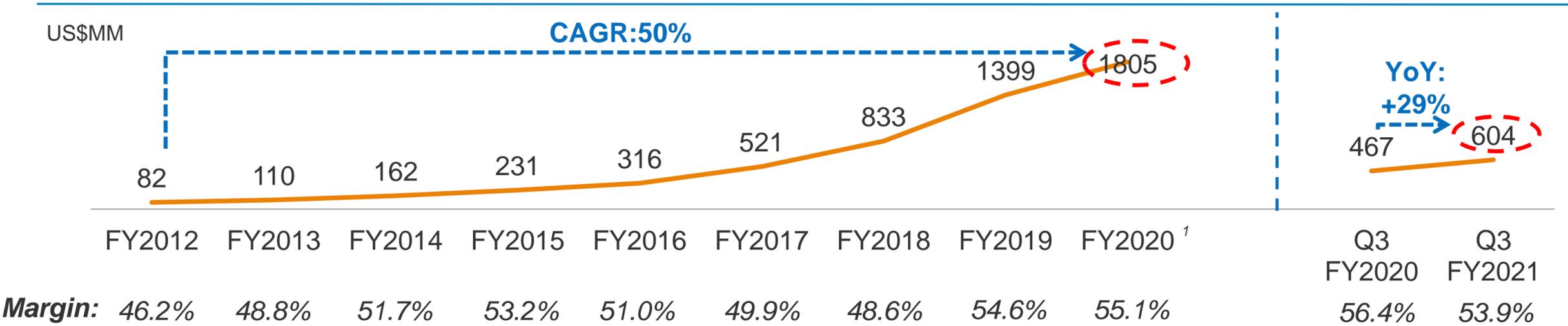
# Topline Growth Driven by Online and Offline Business



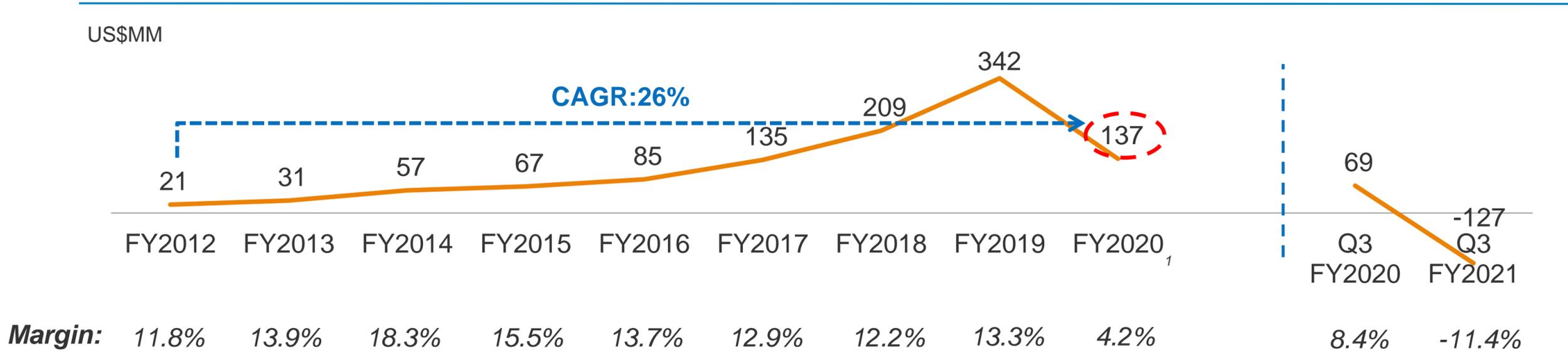
<sup>1</sup>: Included the partial corrections in relation to "Light Class" business.

# Ongoing Investments to Increase Future Growth

## Gross Profit



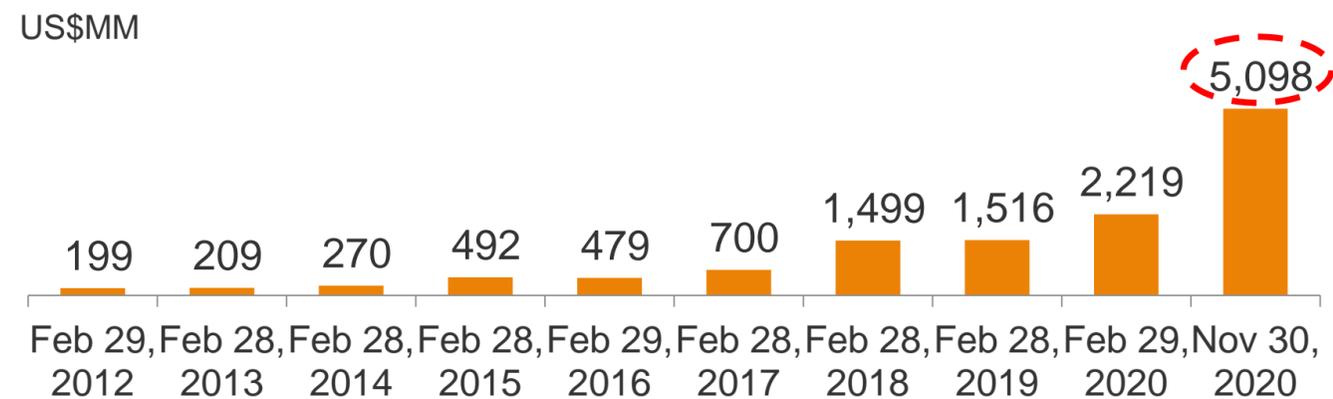
## Operating Income



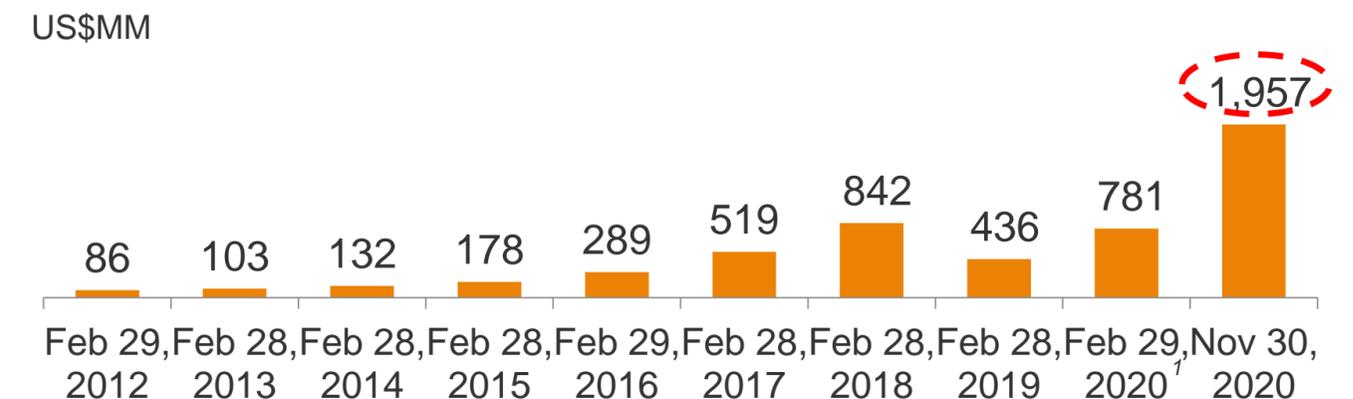
<sup>1</sup>: Included the partial corrections in relation to "Light Class" business.

# While High Visibility Cash Flows Provide Strength to Balance Sheet

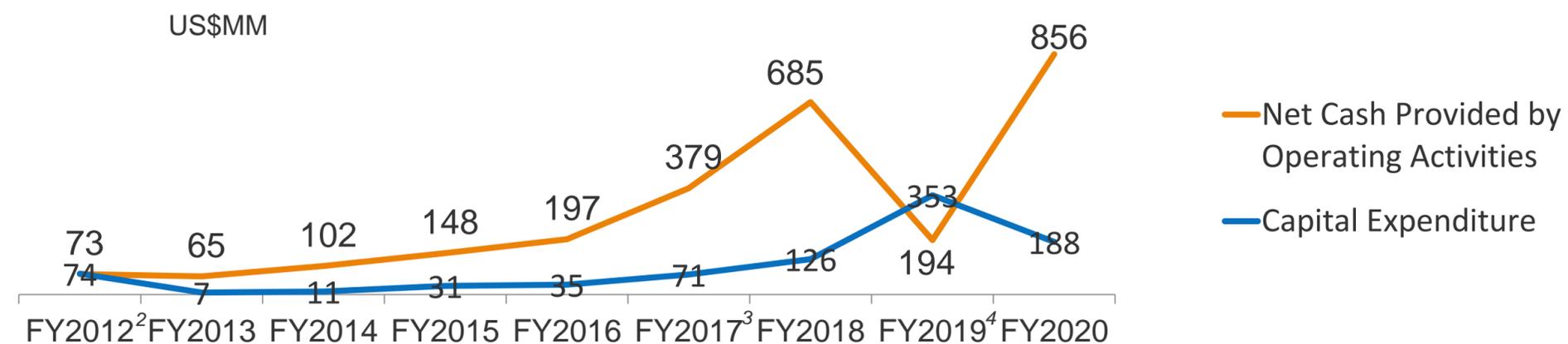
## Cash, Cash Equivalents, Term Deposits and Short-term Investments



## 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:** CEO and Director since inception

**Yunfeng Bai:** Chairman since Jan 2020, President since Oct 2016, Senior VP of TAL from Apr 2011 to Oct 2016, 15+ years with TAL

**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 Jan 2020, Senior VP of TAL from Apr 2011 to Oct 2016, 15+ years with TAL

**Rong Luo:** CFO effective from Nov 1<sup>st</sup> 2014, former CFO of eLong Inc.

**Mi Tian:** CTO effective from May 2020, joined TAL in May 2019



# Thank You

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