



正保远程教育
www.cdeledu.com

美国纽交所上市公司
股票代码：DL

自由选择 改变未来

Your future, Your choice

China Distance Education Holdings Limited

Investor Presentation

NYSE: DL

Fourth Quarter FY2019 Results Presentation

November 20, 2019

Safe Harbor Statement

This presentation contains forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “will,” “may,” “should,” “potential,” “continue,” “expect,” “predict,” “anticipate,” “future,” “intend,” “plan,” “believe,” “is/are likely to,” “estimate” and similar statements. Among other things, the outlook for the first quarter and full fiscal year 2020 and quotations from management in this presentation, as well as the Company’s strategic and operational plans (in particular, the anticipated benefits of strategic growth initiatives, including the promotion of the Company’s lifelong learning ecosystem, cost control, year-over-year improvement of operating margins, strengthened revenue and profitability, and Link100 Professional Ability Chain) contain forward-looking statements. The Company may also make written or oral forward-looking statements in its periodic and annual reports to the SEC, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about the Company’s beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: our goals and growth strategies; future prospects and market acceptance of our courses and other products and services; our future business development and results of operations; projected revenues, profits, earnings and other estimated financial information; projected enrollment numbers; our plans to expand and enhance our courses and other products and services; competition in the education and test preparation markets; and Chinese laws, regulations and policies, including those applicable to the Internet, Internet content providers, the education and telecommunications industries, mergers and acquisitions, taxation and foreign exchange.

Further information regarding these and other risks is included in the Company’s annual report on Form 20-F and other documents filed or furnished with the SEC. The Company does not undertake any obligation to update any forward-looking statement, except as required under applicable law. All information provided in this presentation is as of the date of November 20, 2019.



Agenda

- **Results Overview**
- **Strategic and Operational Updates**
- **Financial Highlights**
- **Business Outlook**
- **Q&A**



Results Overview

Steady Progress on Long-term Strategic Initiatives

Strong Performance

US\$ MM

Net Revenue



➤ Non-GAAP net income:

- Up 48.8% y/y to \$18.6 million in 4QFY19

➤ Operating cash inflow:

- Up 20.2% y/y to \$20 million in 4QFY19

➤ Cash receipts from online course registration:

- Up 21.6% y/y to \$43.8 million in 4QFY19

➤ Cash balance as of September 30, 2019:

- \$128.5 million



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Strategic & Operational Updates



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Accounting Courses

CPA	4QFY19	FY19
Enrollments	-12.3%	-12.8%
Average Student Payment (ASP)	26.4% ↑	
Cash Receipts		62.1% ↑

APQE	4QFY19	FY19
Enrollments	-8.6%	-15.0%
Average Student Payment (ASP)	68.4% ↑	
Cash Receipts		38.3% ↑

Accounting Continuing Education	4QFY19	FY19
Enrollments	119.4% ↑	56.1% ↑
Average Student Payment (ASP)	-20.0%	
Cash Receipts		77.5% ↑

Other Accounting Courses	4QFY19	FY19
Enrollments	83.0% ↑	79.2% ↑
Average Student Payment (ASP)	-67.0%	
Cash Receipts		-46.8%



Non-Accounting Courses

Healthcare and Engineering & Construction (“E&C”)

❖ Healthcare Test Preparation

- Enrollments down 21.1% and 10.6% YoY in 4Q and FY19
- ASP up 34% YoY in 4QFY2019
- Cash registration revenue for online healthcare courses up 15.4% in FY19

❖ E&C Test Preparation

- Enrollments down 20.0% and 12.7% YoY in 4Q and FY19
- ASP up 26.7% YoY in 4QFY2019

❖ E&C Continuing Education

- Enrollments down 26.9% and up 17.5% YoY in 4Q and FY19
- ASP down 1.2% YoY in 4QFY2019
- Cash registration revenue for online E&C courses up 13% in FY19



Achievements and Goals

Focusing on Strategic Initiatives, Reinforcing Leadership in Online Education Market

- **Increasing total course enrollments**
 - In 4QFY19, total course enrollments reached 1,132,300, an increase of 40.6% from the fourth quarter of fiscal 2018.
- **Longer duration premium and elite classes helped fuel cash receipts growth in the fourth quarter**
 - We achieved \$43.8 million of cash receipts from online course registration in 4QFY19, a year-over-year increase of 21.6%.
 - Our premium and elite classes offer students additional services such as more tutoring guidance, more mock exams, personalized study reports, longer study periods, and employment guidance, among others, at higher price points compared with our regular classes.
- **Expanding course offerings in existing verticals and offering new courses in high-demand subject areas**
 - In August 2019, CDEL completed the acquisition of an additional 9% equity interest in Beijing Ruida for a total consideration of RMB38.3 million (\$5.6 million), bringing the Company's total equity interest in Beijing Ruida to 60%.
- **Further enhancing our educational delivery capabilities through innovation**
 - The 4QFY19 daily active users in accounting, healthcare and engineering and construction verticals increased by 19.2%, 2.3% and 54.9% year-over-year, respectively.
 - Offered 69 mobile applications with cumulative downloads of 60.9 million as of September 30, 2019.





Financial Highlights



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Select Income Statement Items (Unaudited) – 4Q FY2019

Income Statement Summary *(US\$ in Thousands, except per ADS data)*

	4Q FY18	4Q FY19	YoY Change%
Net revenues:			
Online education services	36,539	49,467	35.4%
Books and reference materials	1,125	5,740	410.2%
Others including in-person training	15,962	13,484	-15.5%
Total net revenues	53,626	68,691	28.1%
Cost of sales	(26,240)	(25,283)	-3.6%
Gross profit	27,386	43,408	58.5%
Gross margin	51.1%	63.2%	
Operating expenses:			
Selling expenses	(14,287)	(16,133)	12.9%
General and administrative expenses	(5,793)	(7,064)	21.9%
Total operating expenses	(20,080)	(23,197)	15.5%
Operating Income	12,182	20,746	70.3%
Income tax expenses	(1,720)	(6,044)	251.5%
Net Income attributable to CDEL	9,666	13,769	42.4%

Selected Cash Flow Items (Unaudited) – 4Q FY2019

4QFY19 Net Operating Cash Inflow Increased by 20.2% Year-over-Year

<i>(US\$ in Millions)</i>	4Q FY18	4Q FY19
Net Operating Cash Inflow (Outflow)	16.7	20.0

❖ **The operating cash inflow in 4QFY19 was due to:**

- Net income before non-cash items generated in the fourth quarter of fiscal 2019.
- The decrease in deferred tax assets, other non-current assets, and the increase in accrued expenses and other liabilities, income tax payable, and refundable fees also contributed to the operating cash inflow.
- The operating cash inflow was partially offset by the increase in accounts receivable, prepayments and other current assets, and the decrease in deferred revenue.

Selected Balance Sheet Items (Unaudited) – 4Q FY2019

(US\$ in Millions)

Assets	Sept 30, 2018	Sept 30, 2019	Change %
Cash and Cash Equivalents, Restricted Cash and Short-term Investments	99.6	128.5	28.9%
Receivables	7.3	7.3	0.7%
Inventories	2.8	4.2	52.1%
Net PP&E	28.0	37.9	35.6%
Other Assets	191.3	176.9	-7.6%
Total	328.9	354.8	7.9%
Liabilities and Shareholders' Equity	Sept 30, 2018	Sept 30, 2019	Change %
Accrued Expenses and Other Liabilities	64.1	62.1	-3.3%
Deferred Revenues	78.2	124.5	59.3%
Refundable Fees	13.8	6.1	-55.7%
Borrowings	63.0	38.5	-38.9%
Total Shareholder's Equity	109.8	123.6	12.6%
Total	328.9	354.8	7.9%





Business Outlook



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First Quarter and Fiscal Year 2020 Guidance

**1QFY20 net revenue expected range:
US\$51.1 million to \$53.3 million, 20% - 25% year-over-year
increase**

**FY20 net revenue expected range:
US\$254.2 million to \$264.8 million, 20% - 25% year-over-year
increase**

