



CDEL

China Distance Education Holdings Limited

Investor Presentation

NYSE: DL

First Quarter Fiscal 2013 Results Presentation



February 27, 2013

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,” “anticipate,” “future,” “intend,” “plan,” “believe,” “is/are likely to,” “estimate” and similar statements. Among other things, the outlook for the first quarter and full year of the fiscal year 2013 and the quotations from management in this announcement, the impact on us of the delayed timing of the APQE and CPA exams, as well as the Company’s strategic and operational plans, contain forward-looking statements. The Company may also make written or oral forward-looking statements in its periodic reports to the SEC in its annual report to shareholders, 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; our future prospects and market acceptance of our online and offline 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 online and offline 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 and Internet content providers, the education and telecommunications industries, mergers and acquisitions, taxation and foreign exchange.

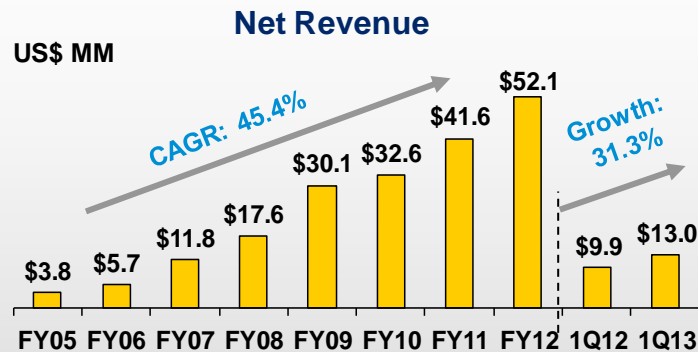
Further information regarding these and other risks is included in the Company’s annual report on Form 20-F and other documents filed with the SEC. The Company does not undertake any obligation to update any forward-looking statement, except as required under applicable law. All information provided in this presentation is as of the date of November 28, 2012.

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

Significant Top and Bottom Line Growth with Steady Progress on Long-term Strategic Initiatives

Strong Performance Despite Exam Delays

Net Revenue Exceeds Guidance Range



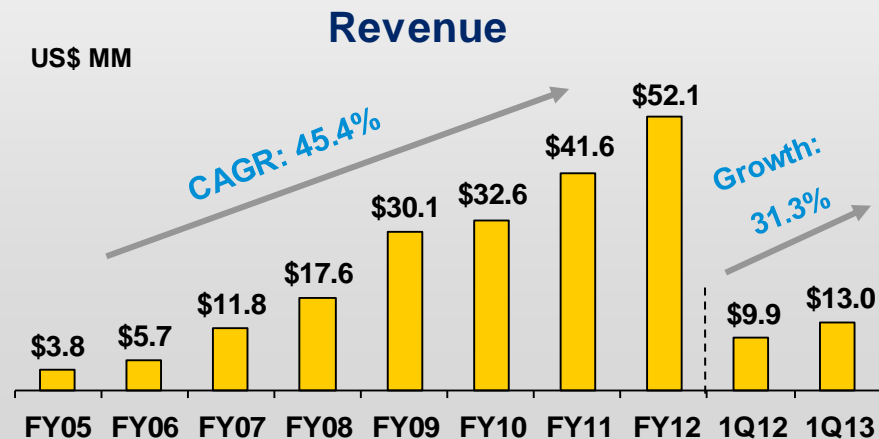
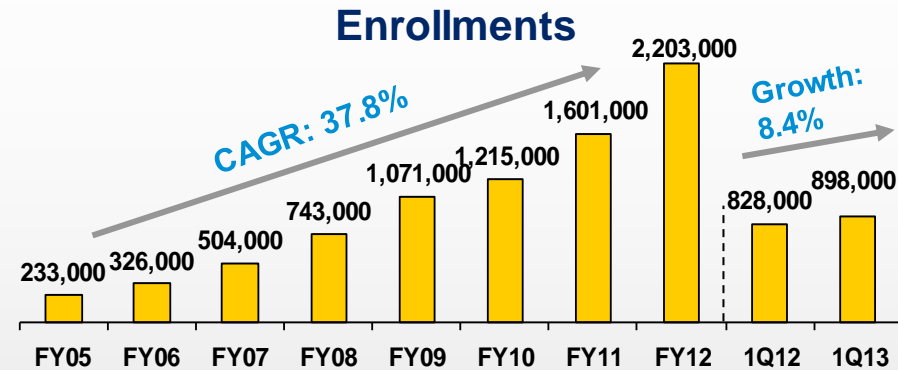
- **Net revenue from continuing operations:**
 - **↑** up 31.3% to US\$13.0 million
- **Operating income:**
 - **↑** up 615.5% to US\$1.7 million
- **Course enrollments:**
 - **↑** up 8.4% reaching 898,000
 - **↑** Excluding online APQE course enrollments, other enrollments increased 15.3%

Operational Updates



❖ First Quarter Fiscal 2013

- Enrollments: up 8.4% YoY to 898,000
- Revenue: up 31.3% YoY to US\$13.0 million
- Online education services revenue: up 39.2% YoY to US\$10.8 million
- Net revenue from online education services, books and reference materials, and other sources contributed to 82.9%, 5.9% and 11.2% of total net revenue



❖ Enrollment

- **Online CPA** enrollment increased 85.8% YoY
- **Online APQE** enrollment decreased 39.3% YoY due to delayed exam timing
- **Other Accounting Test Preparation courses** enrollment increased 39.5% YoY
- **Accounting Continuing Education** enrollment increased 12.9% YoY

❖ Average Student Payment (ASP)

- ASP for **online CPA** increased 18.1% YoY
- ASP for **online APQE** increased 20.0% YoY
- ASP for **Other Accounting Test Preparation courses** increased 8.9% YoY
- In December, 2012, same class ASP for **online APQE** regular classes increased 17.6% on average

Entry Level and Intermediary Level APQE Exams Schedule in 2013

- Announced by government to be held in October 2013 instead of May time frame (norm prior to 2012)
- Will impact timing of related cash revenue and GAAP revenue, but will not have significant negative impact on the amount of revenue we anticipate to generate for 2013 test season
- Anticipate the post-exam enrollments will be pushed into 1Q FY13; bulk of APQE enrollments will come in 2Q and 3Q FY13
- Expect revenue contribution from APQE will decrease significantly during 1H FY13, but increase significantly during 2H FY13

Strong Enrollment Growth in Construction Engineering; Continued Growth from Healthcare and Self-taught

❖ Online Healthcare Courses

- Enrollment increased 14.9% YoY
- ASP increased 10.5% YoY

❖ Online Construction Engineering Test Preparation

- Strong enrollment growth of 119.8% YoY
- ASP increased 16.3% YoY

❖ Online Construction Continuing Education

- Enrollment increased 9.3% YoY
- ASP remained stable

❖ Self-Taught Higher Education

- Enrollment increased 54.2% YoY
- ASP remained stable

❖ Business Start-up Training Subsidiary, Yucai

- Revenue increased 30.4% to US\$0.7 million

Financial Highlights



Selected Income Statement Items (Unaudited) – 1Q FY2013



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

	1Q FY12	1Q FY13	YoY Change%
Net revenues:			
Online education services	7,741	10,779	39.2%
Books and reference materials	957	761	-20.5%
Others including in-person training	1,205	1,463	21.4%
Total net revenues	9,903	13,003	31.3%
Cost of sales	(4,627)	(6,113)	32.1%
Gross profit	5,276	6,890	30.6%
Gross margin	53.3%	53.0%	-30 ppt
Operating expenses:			
Selling expenses	(2,869)	(2,779)	-3.1%
General and administrative expenses	(2,177)	(2,454)	12.7%
Total operating expenses	(5,046)	(5,233)	3.7%
Operating Income	232	1,660	615.5%
Income tax expense	(86)	(416)	383.7%
Net income from continuing operations	373	1,476	295.7%
Net income (loss) from discontinued operations	(6)	-	NM
Net income (loss) attributable to CDEL	367	1,476	302.2%

(US\$ in Millions)

1Q FY12

1Q FY13

Net Operating Cash Flow

5.0

5.3

❖ **The inflow in the quarter was due to:**

- Increased net income generated in the quarter
- Increased in accrued expenses and other liabilities
- Increased in deferred revenue
- Such inflow partially offset by increase in prepayment and other current assets, other non-current assets, and the decrease in income tax payable and refundable fees

Selected Balance Sheet Items (Unaudited) – 1Q FY2013



Balance Sheet Summary

(US\$ in Millions)

Assets	Sep 30, 2012	Dec 31, 2012	Change %
Cash and Cash Equivalents, Term Deposits and Restricted Cash	57.7	46.1	-20.1%
Receivables	4.1	3.9	-3.8%
Inventories	0.7	0.5	-24.2%
Net PP&E	9.7	10.3	6.9%
Other Assets	17.9	19.5	8.9%
Total	90.0	80.3	-10.8%

Liabilities and Shareholders' Equity	Sep 30, 2012	Dec 31, 2012	Change %
Accrued Expenses and other liabilities	9.6	10.6	9.6%
Deferred Revenues, current portion	9.5	13.0	37.5%
Refundable Fees	3.5	3.3	-7.2%
Total Shareholder's Equity	64.6	50.8	-21.3%
Total	90.0	80.3	-10.8%

Business Updates & Outlook



**FY13 revenue expected range: US\$63.5 - 66.5 million,
21.2% - 27.6% year-over-year growth**

**2Q FY13 revenue expected range: US\$12.9 -13.5 million,
5% - 10% year-over-year growth**

**Excluding APQE revenue contributions of US\$3.4 million in
2Q FY12 and an estimated US\$1.9 million for 2Q FY13,
2Q FY13 estimated revenue growth rate: 24% - 30%**