



CDEL

China Distance Education Holdings Limited

Investor Presentation

NYSE: DL

Second Quarter Fiscal 2013 Results Presentation



May 22, 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.

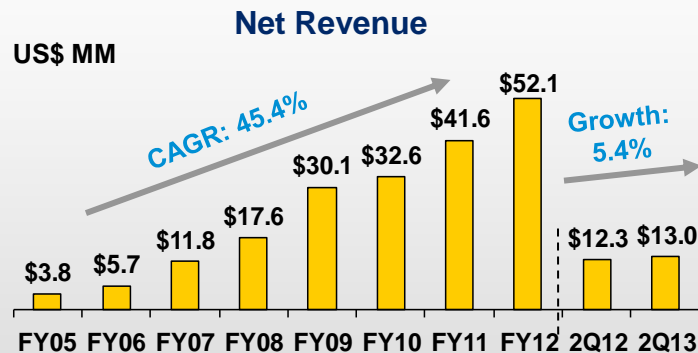
Further information regarding these and other risks is included in the Company’s annual report on Form 20-F and other documents filed with the SEC. The Company does not undertake any obligation to update any forward-looking statement, except as required under applicable law. All information provided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

- ❖ **Results Overview**
- ❖ **Operational Updates**
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Strong Online Cash Enrollment Revenue and Non-APQE Enrollment Growth

Strong Performance Despite Enrollment Delays

Net Revenue In-line with Guidance Range

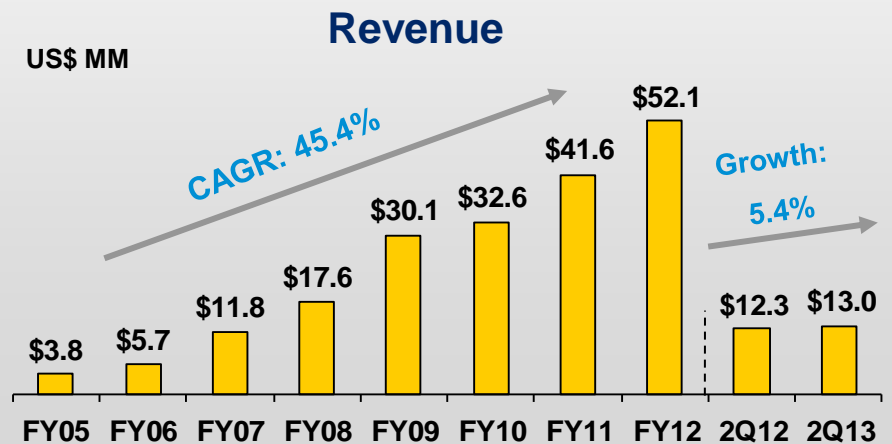
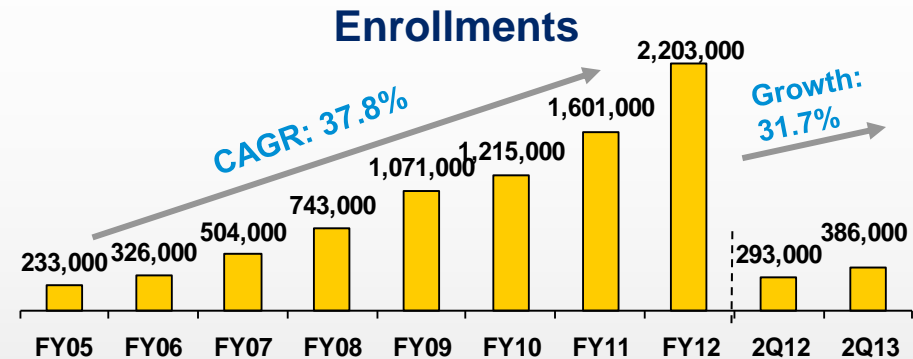


- **Net revenue from continuing operations:**
 - ↑ up 5.4% to \$13.0 million
- **Cash receipts from online course registration:**
 - ↑ up 40.6% to \$15.4 million
- **Course enrollments:**
 - ↑ up 31.7% reaching 386,000
- **Net operating cash inflow:**
 - ↑ up 44.4% to \$7.0 million
- **Cash balance as of March 31, 2013:**
 - ↑ up 15.0% to \$53.0 million

Operational Updates



- Enrollments: up 31.7% YoY to 386,000
- Cash receipts from online course registration: up 40.6% YoY to \$15.4 million
- Revenue: up 5.4% YoY to \$13.0 million
- Net operating cash inflow: up 44.4% to \$7.0 million



Strong Cumulative Cash Receipts from Online Registration

April 1st to May 16th:

Cash receipts from online course registration: up 147% YoY to \$12 million, the amount exceeding that of the full third quarter in fiscal 2012

YTD (as of May 16th):

Cash receipts from online course registration: up 37% YoY

Fluctuation of APQE Revenue and Cash Receipts

Revenue	2Q FY12	2Q FY13	%change
Non-APQE Revenue	\$8.8M	\$11.2M	26.4%
APQE Revenue	\$3.5M	\$1.8M	(47.9%)
Total Revenue	\$12.3M	\$13.0M	5.4%

Cash Receipts from Online APQE Registration	2Q FY12	2Q FY13	%change
Q1 & Q2 Total	\$7.9M	\$6.8M	(13%)
April 1 st to May 16 th	\$0.8M	\$4.9M	513%
YTD	\$8.7M	\$11.7M	35%

	Online CPA	Online APQE	Accounting Continuing Education	Other Accounting Test Preparation
Enrollment	stable	↓ -15.3%	↑ 21.0%	↑ 3.9%
Average Student Payment (ASP)	↑ 11.4%	↑ 39.5%	↓ -6.0%	↑ 28.5%
* Same Class ASP for Regular Class		↑ 17.6%		

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

❖ Online Healthcare Test Preparation

- Enrollment increased 38.9% YoY
- ASP increased 22.3% YoY

❖ Online Construction Engineering Test Preparation

- Strong enrollment growth of 88.7% YoY
- ASP increased 30.0% YoY

❖ Online Construction Continuing Education

- Strong enrollment growth of 719.2% YoY
- ASP decreased 60.4% YoY

❖ Self-Taught Higher Education

- Enrollment increased 26.1% YoY
- ASP remained stable

❖ Business Start-up Training Subsidiary, Yucai

- Revenue increased 103.8% to \$0.9 million

Financial Highlights



Selected Income Statement Items (Unaudited) – 2Q FY2013



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

	2Q FY12	2Q FY13	YoY Change%
Net revenues:			
Online education services	9,202	9,675	5.1%
Books and reference materials	1,280	1,401	9.5%
Others including in-person training	1,853	1,920	3.6%
Total net revenues	12,335	12,996	5.4%
Cost of sales	(5,320)	(6,935)	30.4%
Gross profit	7,015	6,061	-13.6%
Gross margin	56.9%	46.6%	-1030 ppt
Operating expenses:			
Selling expenses	(1,717)	(3,464)	101.8%
General and administrative expenses	(2,073)	(1,943)	-6.3%
Total operating expenses	(3,790)	(5,407)	42.7%
Operating Income	3,225	706	-78.1%
Income tax expense	(658)	(223)	-66.1%
Net income from continuing operations	2,780	790	-71.6%
Net income (loss) from discontinued operations	21	-	NM
Net income (loss) attributable to CDEL	2,801	790	-71.8%

Selected Cash Flow Items (Unaudited) – 2Q FY13

<i>(US\$ in Millions)</i>	2Q FY12	2Q FY13
Net Operating Cash Inflow	4.8	7.0

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

- Net income generated in the quarter
- Significant increase in deferred revenue
- Decrease in deferred cost
- Such inflow partially offset by the increase in inventories, prepayment and other current assets, and the decrease in income tax payable and refundable fees

Selected Balance Sheet Items (Unaudited) – 2Q FY13



Balance Sheet Summary

(US\$ in Millions)

Assets	Sep 30, 2012	Mar 31, 2013	Change %
Cash and Cash Equivalents, Term Deposits and Restricted Cash	57.7	53.0	-8.1%
Receivables	4.1	4.4	7.3%
Inventories	0.7	1.0	42.9%
Net PP&E	9.7	10.2	5.2%
Other Assets	17.9	18.4	2.8%
Total	90.0	87.0	-3.3%
Liabilities and Shareholders' Equity	Sep 30, 2012	Mar 31, 2013	Change %
Accrued Expenses and other liabilities	12.4	13.2	6.4%
Deferred Revenues, current portion	9.5	19.6	106.3%
Refundable Fees	3.5	2.4	-31.4%
Total Shareholder's Equity	64.6	51.8	-19.8%
Total	90.0	87.0	-3.3%

Business Outlook



**Raising FY13 revenue guidance to: US\$65.1 – 67.2 million,
25% - 29% year-over-year growth**

**3Q FY13 revenue expected range: US\$16.5 -17.2 million,
26% - 31% year-over-year growth**