

Our Mission

To empower people to build better lives through learning.

Investor Presentation

2Q 2020

Safe Harbor Statement

This presentation contains forward-looking statements made under the “safe harbor” provisions of Section 21E of the Securities Exchange Act of 1934, as amended, and the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “will”, “expects”, “may”, “would”, “anticipates”, “future”, “intends”, “aim”, “plans”, “believes”, “estimates”, “predict”, “project”, “continue” and “confident” and similar statements. The Company may also make written or oral forward-looking statements in its reports filed with or furnished to the U.S. Securities and Exchange Commission, 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. Any statements that are not historical facts, including statements about the Company’s beliefs and expectations, are forward-looking statements that involve factors, risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such factors and risks include, but not limited to the following: its goals and strategies, its ability to achieve and maintain profitability, its ability to attract and retain students to enroll in its courses, its ability to effectively manage its business expansion and successfully integrate businesses it acquired, its ability to identify or pursue targets for acquisitions, its ability to compete effectively against its competitors, its ability to improve the content of its existing courses or to develop new courses, and relevant government policies and regulations relating to the Company’s corporate structure, business and industry. Further information regarding these and other risks is included in the Company’s filings with the U.S. Securities and Exchange Commission. All information provided in this presentation is current as of the date of the press release, and the Company does not undertake any obligation to update such information, except as required under applicable law.

SECTION 1

Operational and Financial Highlights

Student Enrollments

856,674
+18.1% YoY



No. of Learning Centers

409
As at 30 June 2020



Acquisition & Integration

During 2019: integrated **13** schools
M&As since 2014: **60** schools (excluding
asset purchases)



Growth

Revenue

Net Revenues

RMB601.1 million
-5.0% YoY due to COVID-19 pandemic



K-12 Tutoring

RMB419.7 million
+14.0% YoY



Puxin Online School

RMB24.0 million
+686.4% YoY



Margin

- ✓ **3Q2019 – profitability pivot**
Consolidated and study-abroad services had first quarterly positive operating margin
- ✓ **4Q2019 & 2Q2020 – continued growth momentum**
Adjusted EBITDA has reached RMB80.4 million in 2Q2020

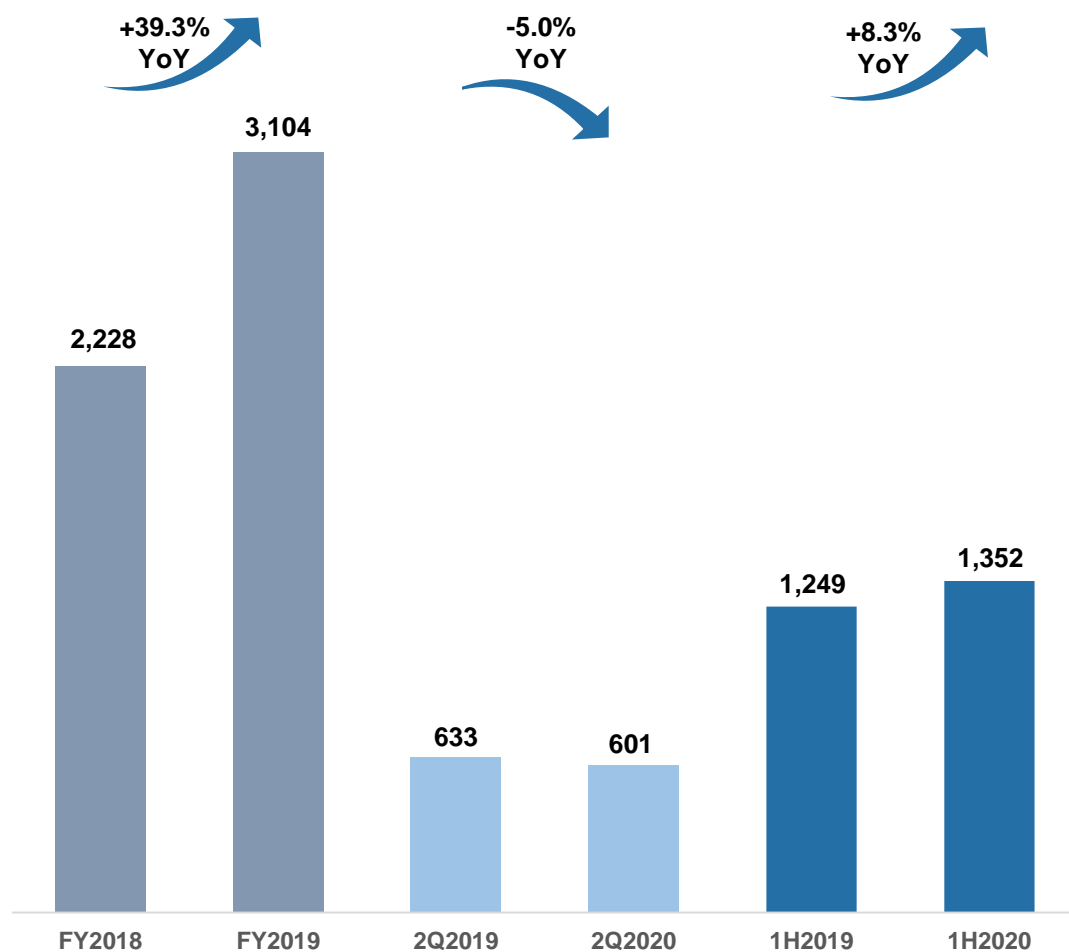
Outlook

- ✓ **FY2020-FY2021**
Optimize revenue structure of the business lines
- ✓ **Online-merge-Offline (OMO)**
Further penetrate to lower tier cities via online classes
- ✓ **Double-engine strategy**
Internal growth + M&A

Core Business Segment's Continued Growth Contribution

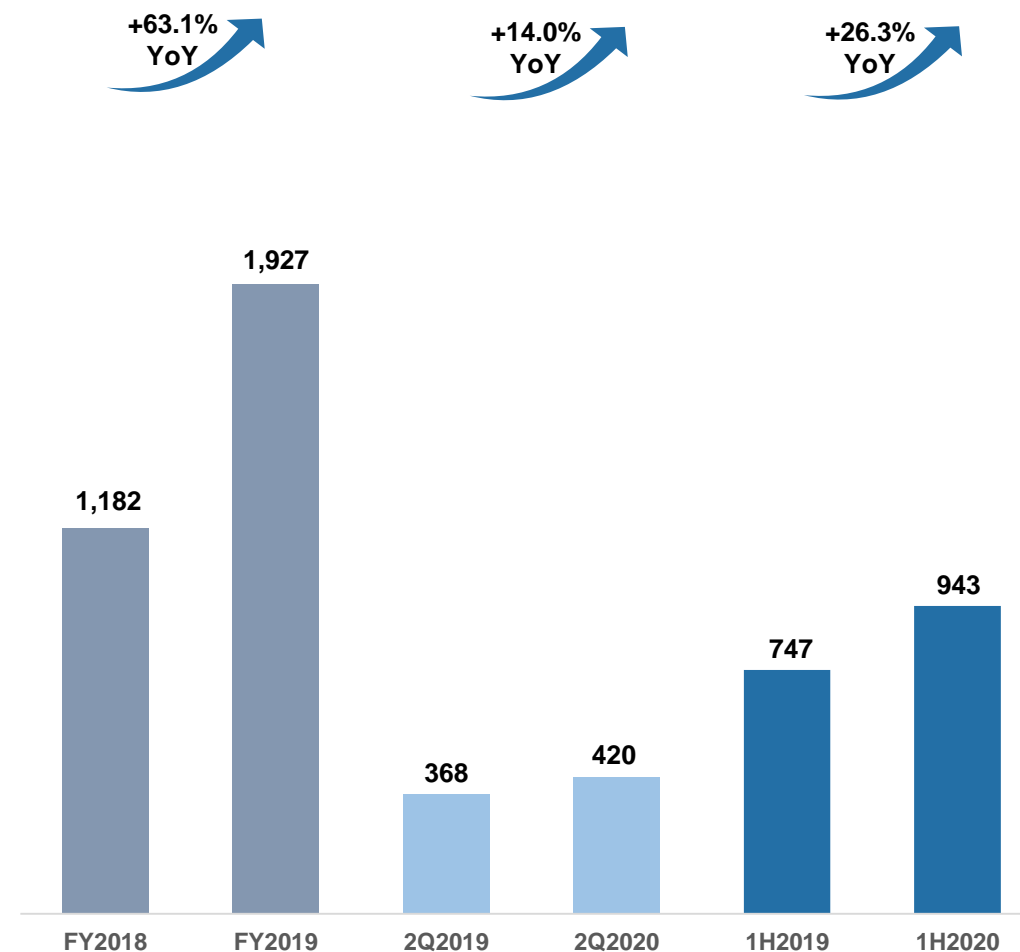
Net Revenues

(RMB million)



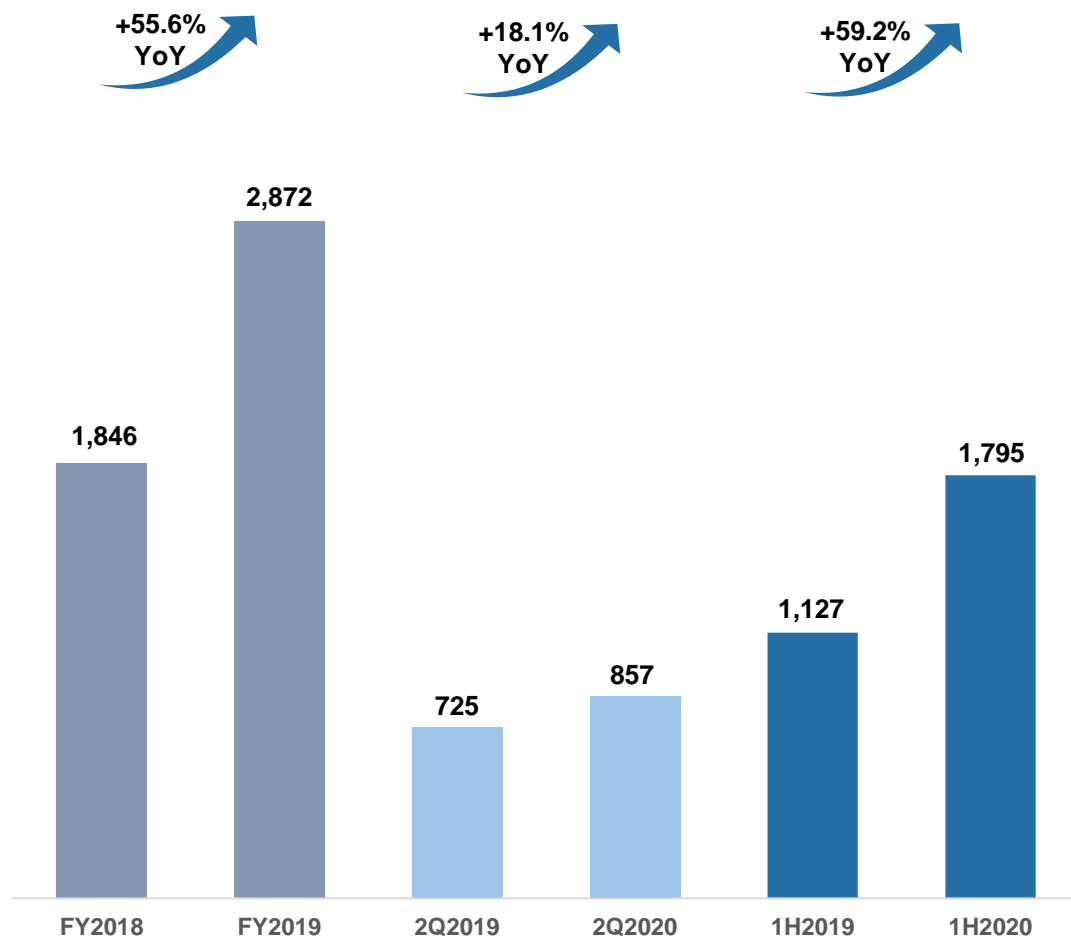
K-12 Revenues Excluding Puxin Online School

(RMB million)



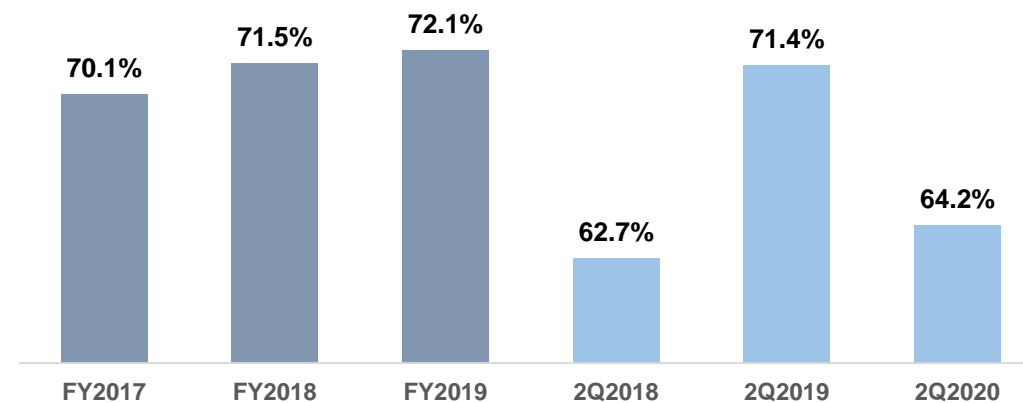
Total Student Enrollments Including Puxin Online School

(Thousand)



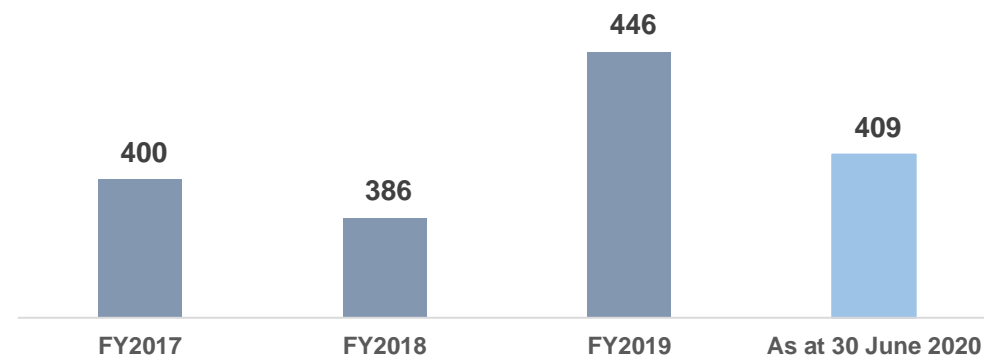
Student Retention Rate of K-12 Group Class Courses

(All schools operating under Puxin's management for over 12 months)



Number of Learning Centers

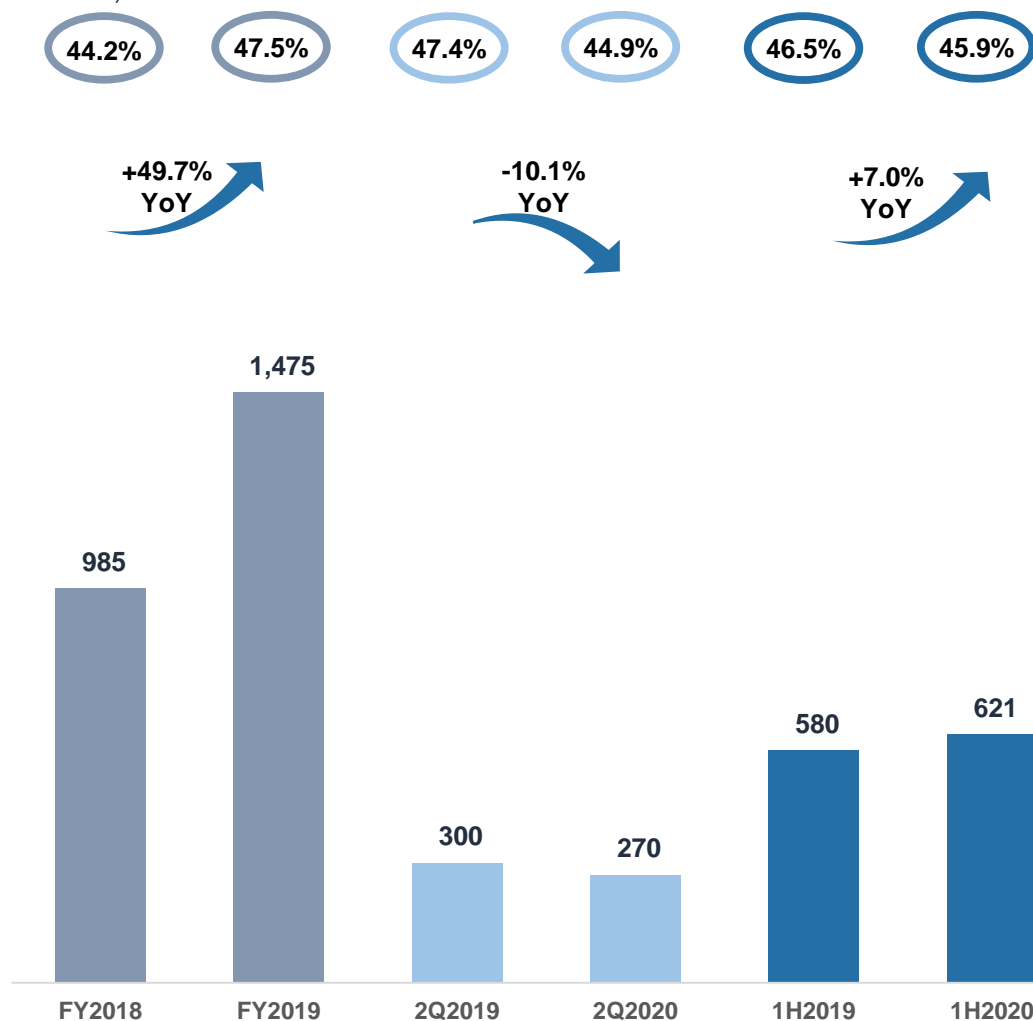
(By the end of fiscal periods)



Continued Growth and Improved Profitability

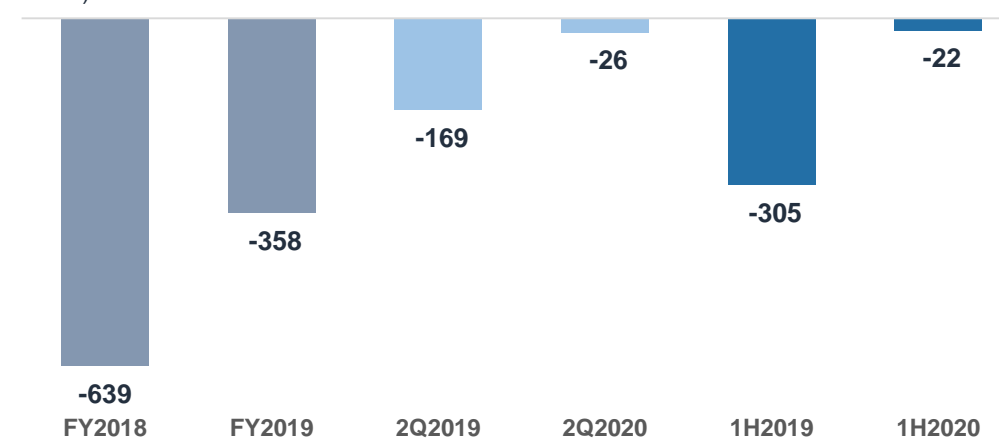
Gross Profit and Gross Margin

(RMB million)



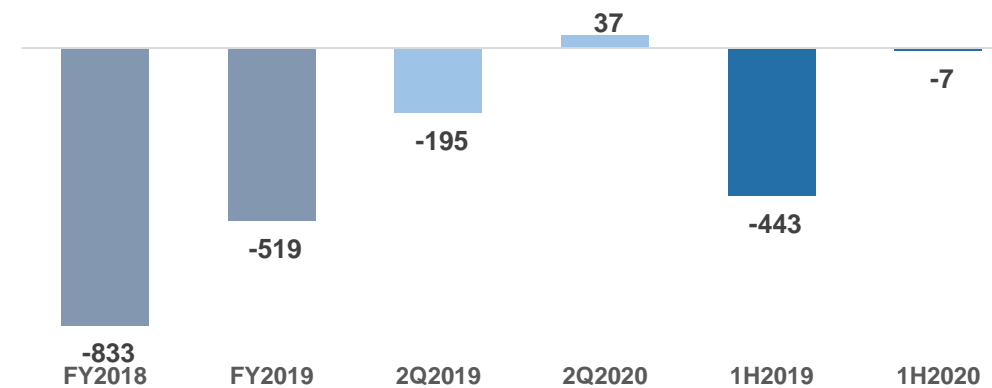
Operating Loss

(RMB million)



Net Income (Loss) Attributable to Puxin Limited

(RMB million)



SECTION 2

Company Overview



NEW

LISTED

NYSE

Experienced Management Team and Key Achievements

Yunlong SHA - Founder, Chairman and Chief Executive Officer

- 22 years' experience in education industry
- Senior Vice President and various managerial positions at New Oriental Education

Peng WANG - Chief Financial Officer

- 21 years' experience in education industry
- Senior Vice President at China Hi-Tech Group Co. Ltd. from 2016 to 2017
- Principal of a school under New Oriental Education from 2010 to 2016

Yun XIAO - Chief Operating Officer

- 14 years' experience in education industry
- Chief Operating Officer of Puxin since 2020
- Chief Executive Officer of Puxin Online School since 2018

Founded in 2014, with 60 acquired schools and 409 learning centers in 32 cities, Puxin became a leading after-school education services providers in China

- Student enrollments increased by 59.2% to 1,794,949 in 1H2020 from 1,127,179 in 1H2019.

- Puxin Business System (PBS), a unique modular management system that incorporates best practices of operating after-school learning centers, creates high entry barriers for competitors
- Selective teacher hiring process with an emphasis on continual training and rigorous evaluation for teachers
- Clear corporate strategy & vision and effective execution that attract high-quality talents to join

**Experienced
management
team**

**Stable
revenue
growth**

**Sustainable
long-term
development**

**Puxin
maintained
strong organic
growth**



Providing Premium K-12 and Study-Abroad Education Services

K-12 after-school tutoring

Online school and classes

Study-abroad tutoring and consulting



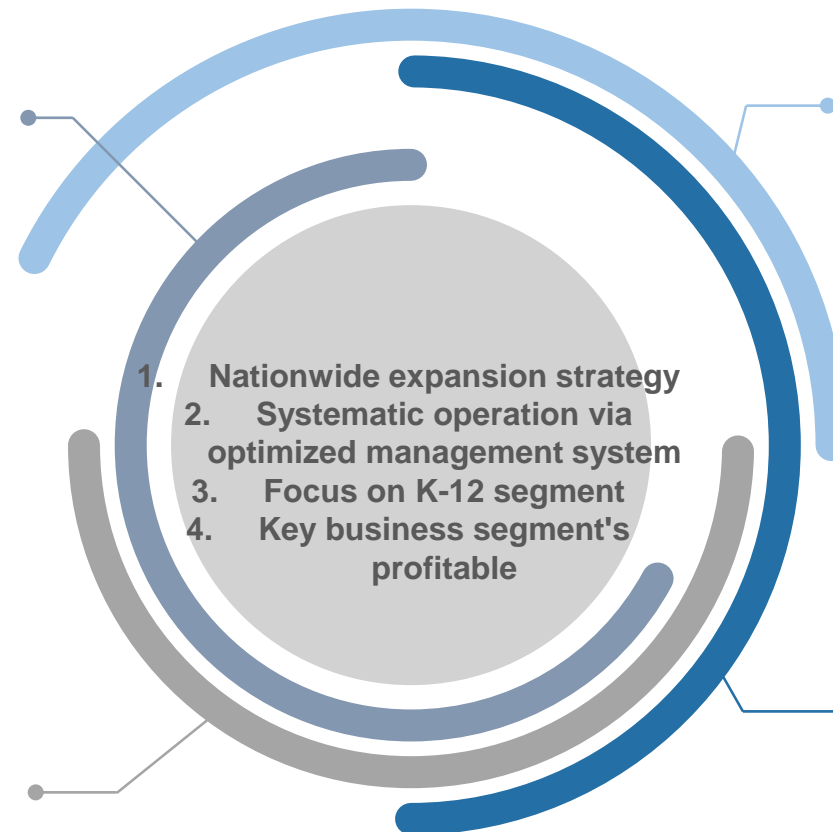
	After-school Tutoring	Mathematics	English	Chinese	Physics	Chemistry	Biology	Study-abroad	IELTS	TOEFL	SSAT	SAT	ACT	GRE	GMAT
	K		★					K							
PRIMARY SCHOOL	1	★	★	★				1							
	2	★	★	★				2							
	3	★	★	★				3							
	4	★	★	★				4		★	★				
	5	★	★	★				5		★	★				
	6	★	★	★				6		★	★				
MIDDLE SCHOOL	7	★	★	★	★			7		★	★				
	8	★	★	★	★	★		8		★	★	★	★		
	9	★	★	★	★	★		9	★	★	★	★	★		
HIGH SCHOOL	10	★	★	★	★	★	★	10	★	★	★	★	★		
	11	★	★	★	★	★	★	11	★	★		★	★		
	12	★	★	★	★	★	★	12	★	★		★	★		
	Higher education							Higher education	★	★				★	★

409 learning centers nationwide

- Balanced revenue mix while Beijing becomes curriculum development center
- Puxin's learning centers are located in 32 cities.
- Puxin Beijing School serves as a benchmark for education reform in Haidian District

Corporate-wide adaptation of Puxin Business System which empowers schools

- Operational efficiency was improved as Puxin Business System continued to expand into lower-tier cities
- Retention rate of K-12 group class courses reached 72.1% in 2019, and has exceeded 70% for three consecutive years



Long-term focus on K-12 education

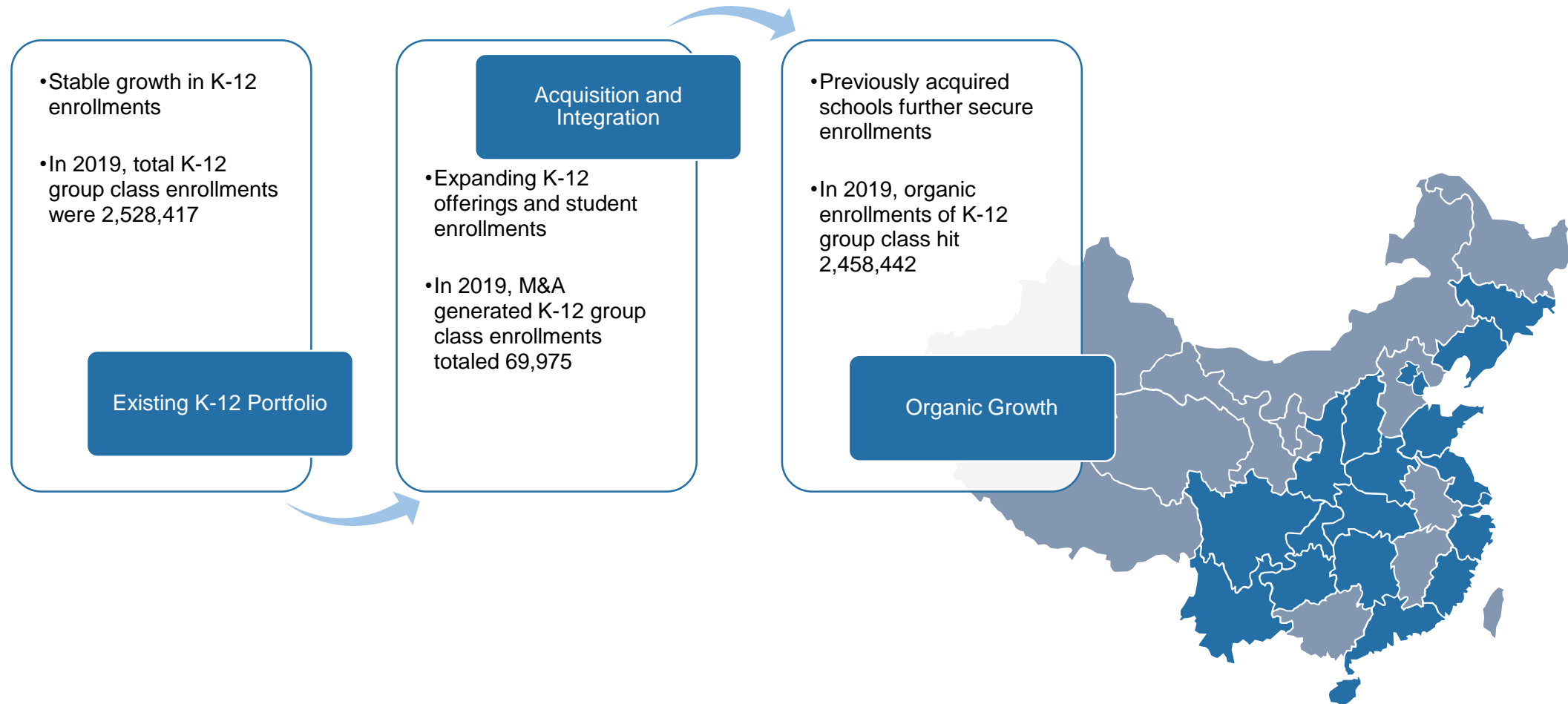
- In 2019, K-12 revenues accounted for 62.6% of total net revenues
- In mid- to long-term, K-12 will take an increased portion of total net revenues

Profitable K-12 education services

- K-12 business turned profitable in 2018 on non-GAAP basis
- In 2019, excluding online classes and headquarters, K-12 operating profit was RMB240.0 million, an increase of 603.2% YoY

Why Puxin Ranks High for K-12 Tutoring Services in Terms of Student Enrollments in China

Group class is the key



Deep understanding of education market segments and regulations in China

Pre-school education



- Pending improvements in regulations, yet leading players might dive into pre-school education segment.

K-12 after-school tutoring



- **K-12 schools, showing strong growth momentum, are M&A priorities for Puxin.**
- Organic internal growth was secured by implementing PBS system.

Private high-school education

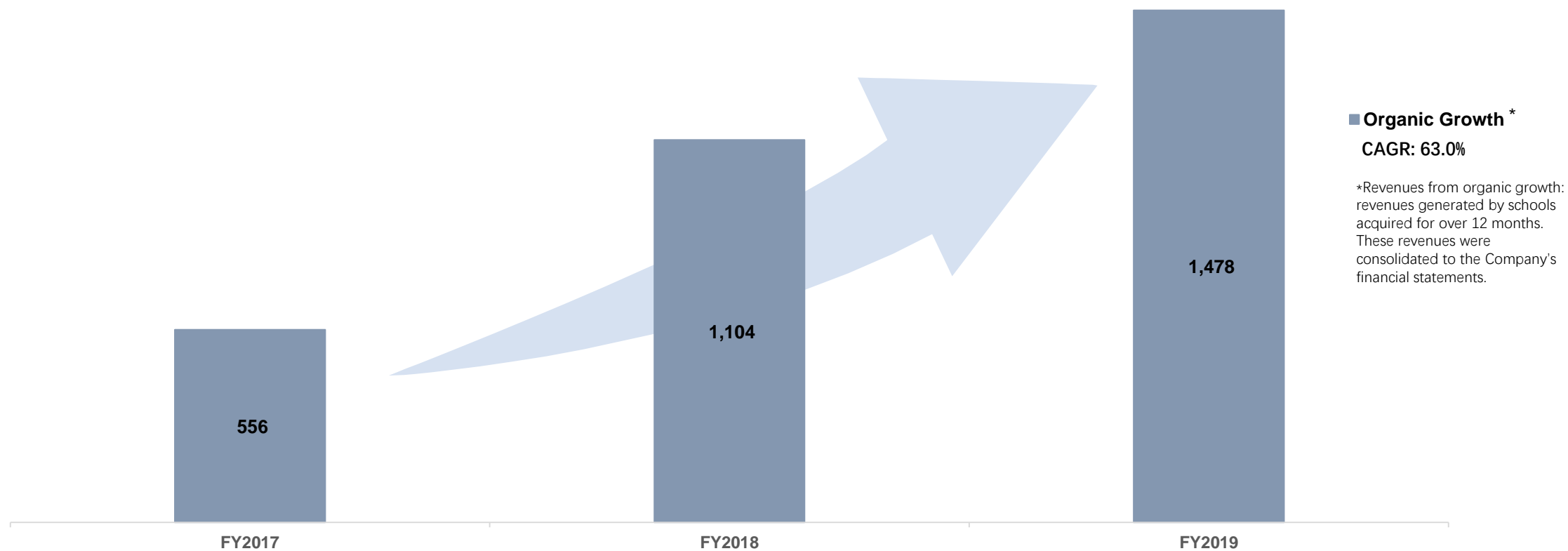


- High entry barrier for education service providers though the outlook is quite promising.
- Subject to education industry policies - Puxin has a very small portion of business.

K-12 Segment Maintains Robust Organic Growth Momentum

K-12 Revenues from Organic Growth (Including Puxin Online School)

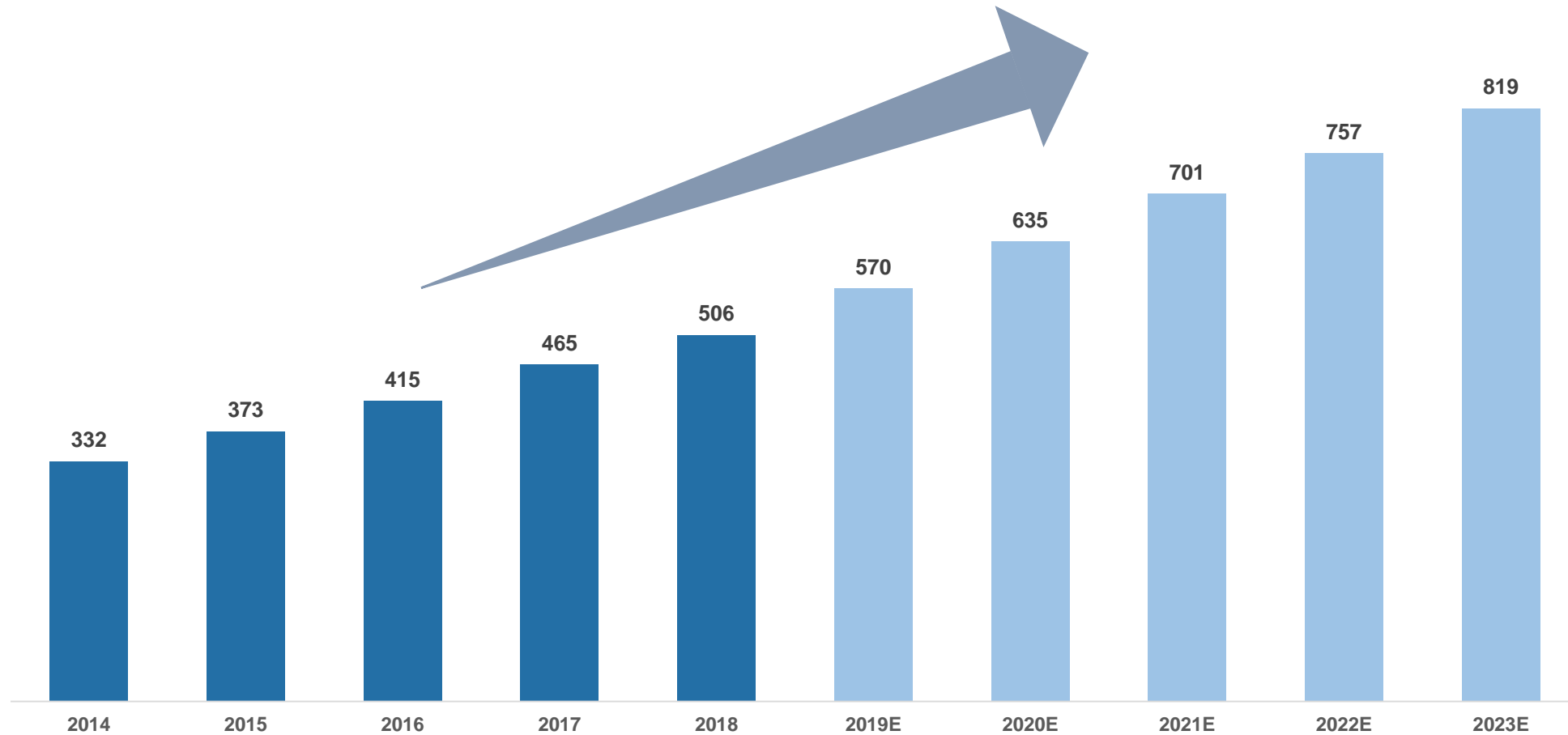
(RMB million)

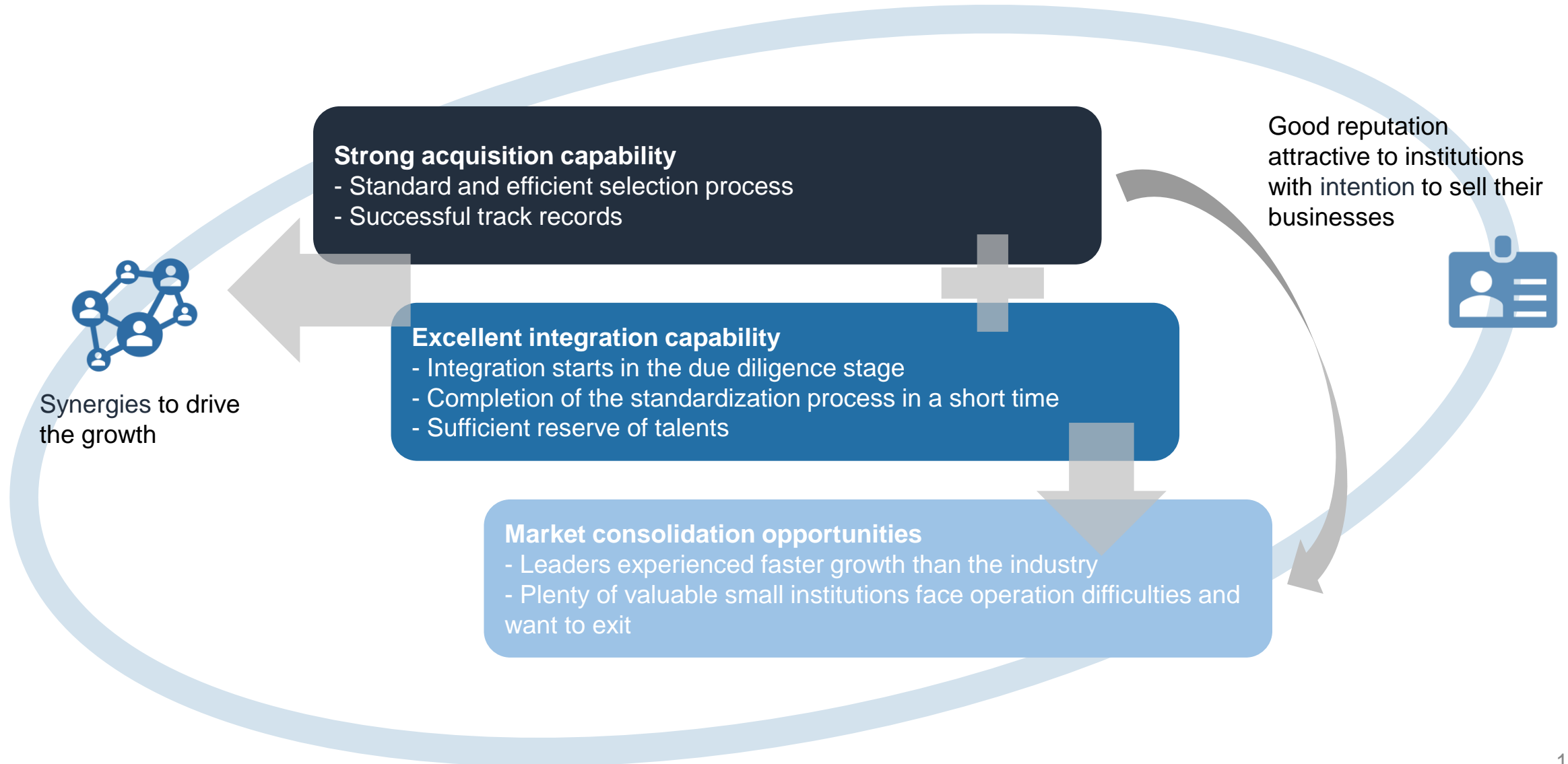


Puxin's Market Consolidation Opportunity

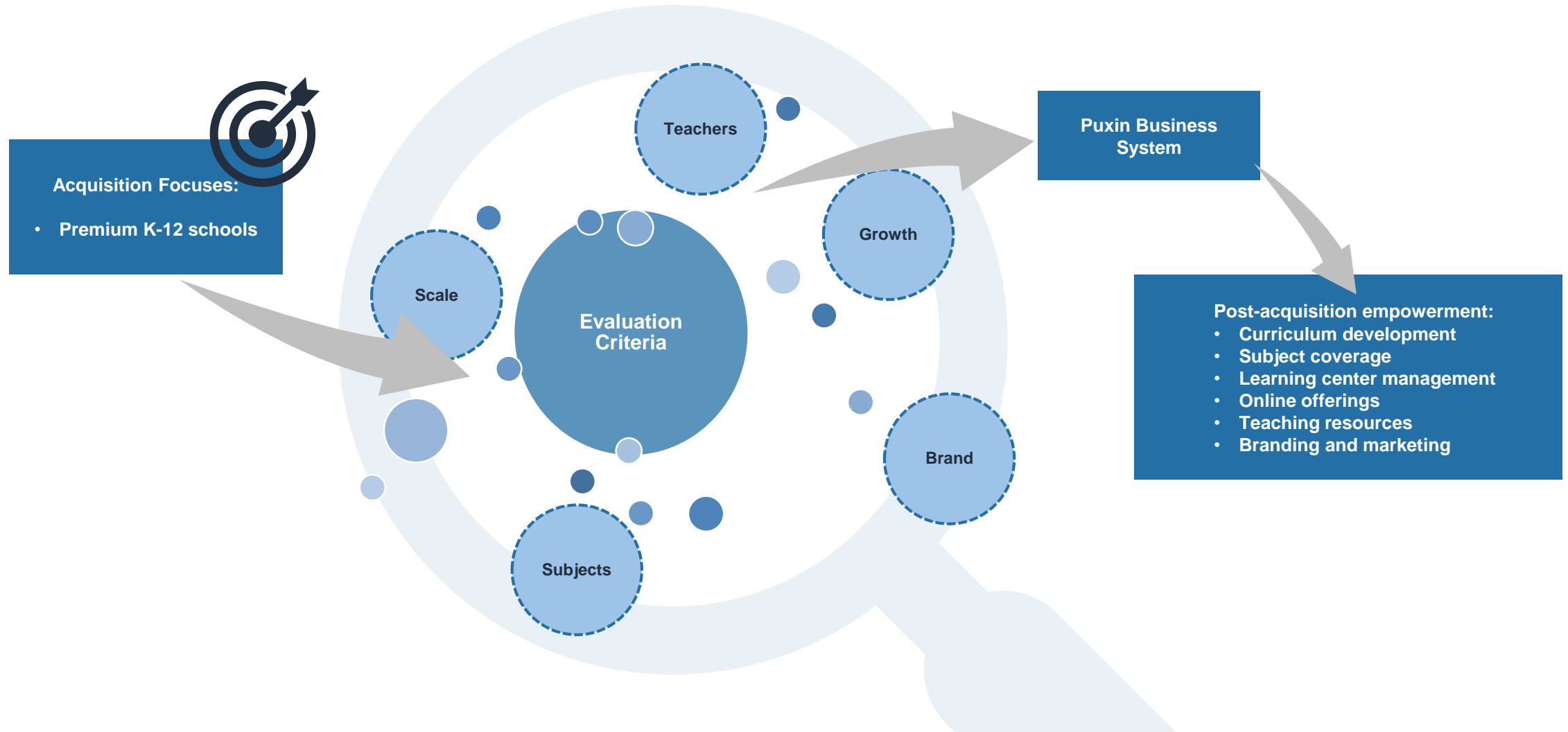
After-School K-12 Tutoring Market Size (Revenue)

(RMB billion)





Screening Criteria: Market Scale / Regional Top / Rapid Growth / Subject Advantage / Teacher Advantage



Key aspects of 100-day execution plan and 21 post-acquisition milestones



- A dedicated acquisition team at the headquarters provide guidance and oversee the executions.

- The principal regularly reports the day-to-day operations of the acquired school to our headquarters for at least three months.



Student recruitment and marketing

- Referrals and promotion prices
- Tailor-made marketing plans

Curriculum and service offering

- Unified curricula and course materials
- Standardized student service protocol

Teachers

- Comprehensive training for teachers
- Systematic performance reviews

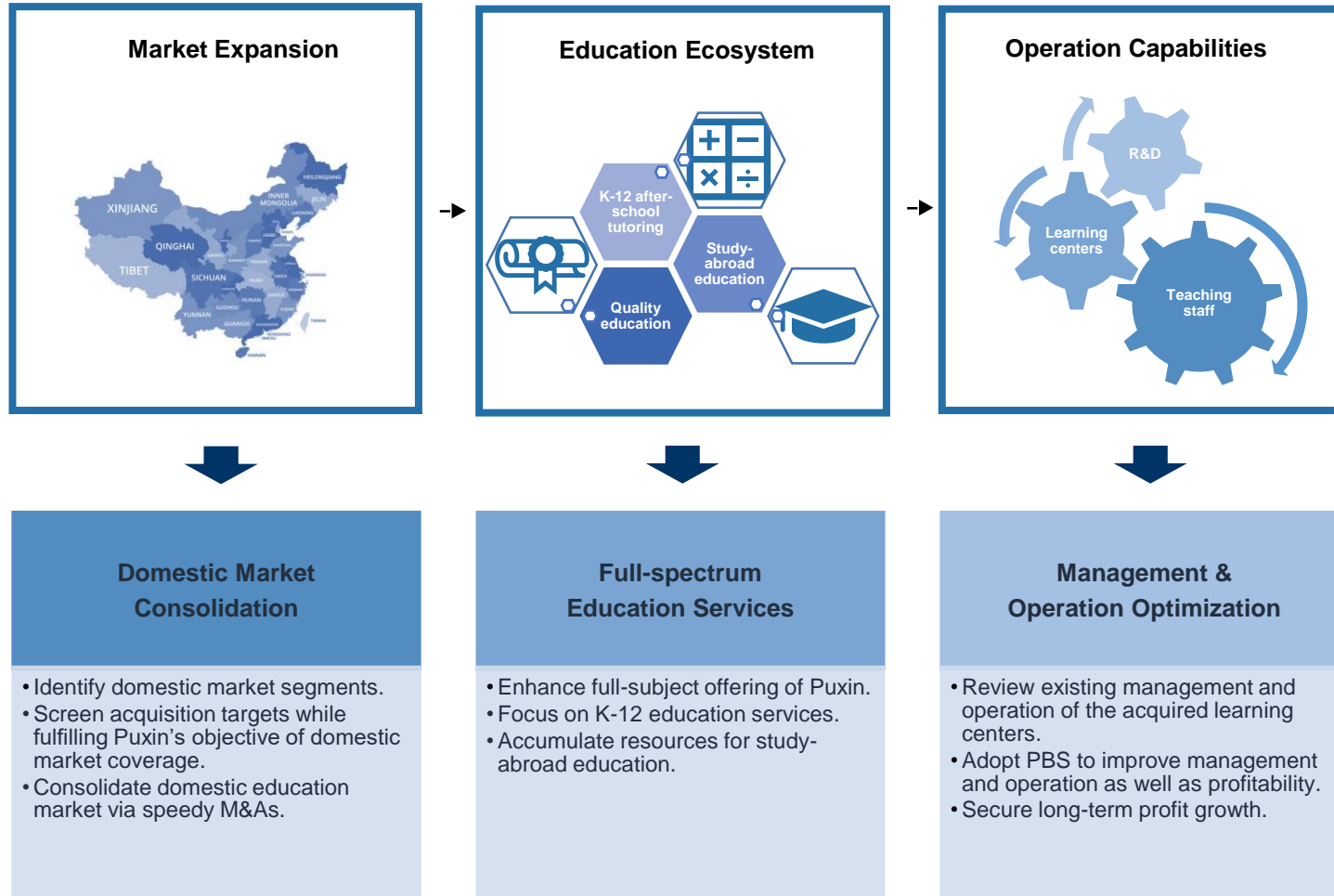
IT systems

- Unified ERP, CRM and knowledge management system

Financial management

- Centralized financial management, e.g. budget plans and performance target

We have integrated more than 50 education brands over the past 5 years



Principal Selection Training Institute

- Top talent training plan
- 9 months per session
- Theory + practice
- 13 sessions delivered

PUXIAN

- Senior management training program
- Hands-on experience backed by theoretical training
- Internal support with optimized resource allocation

PUXIAN PLUS

PUYOU

- Middle-level management training
- Various lines of training
- Selection every 6 months

PUXING

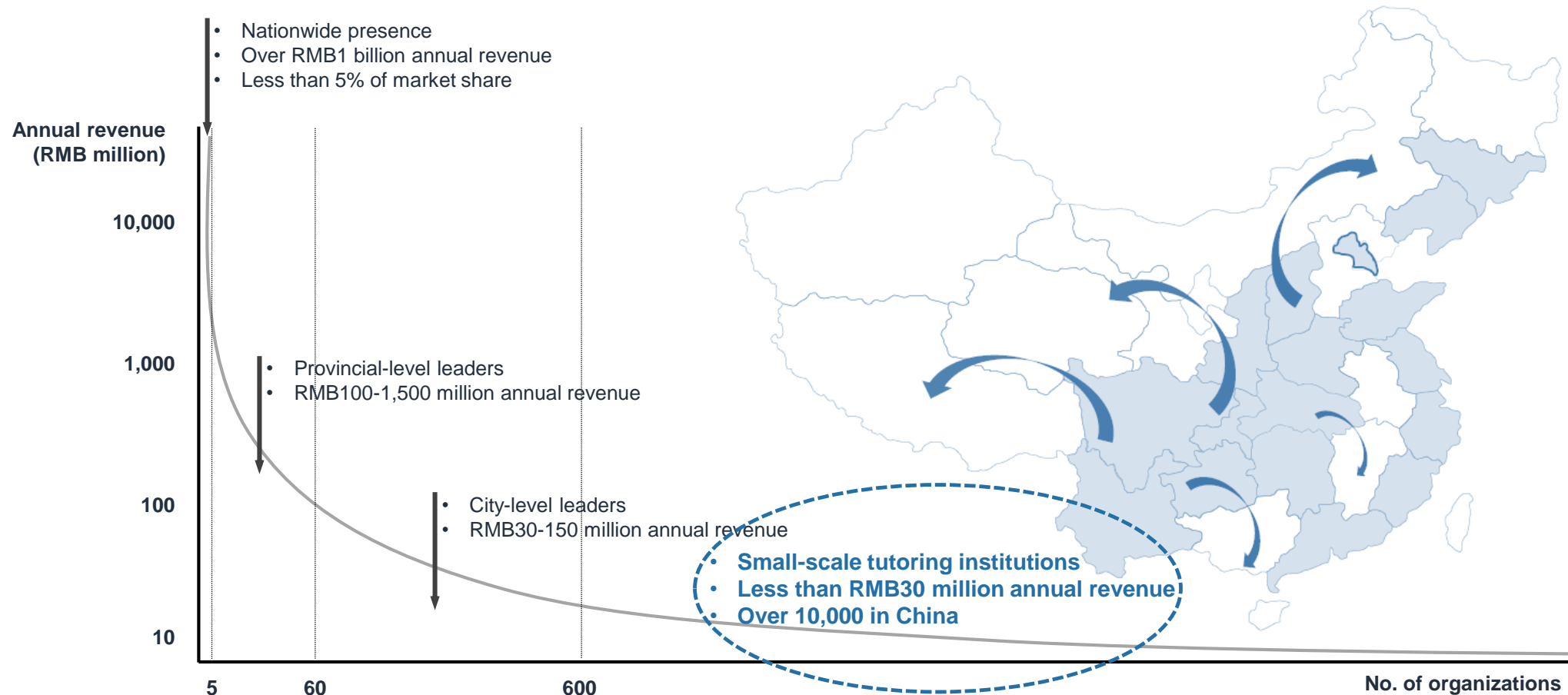
- Training for front-line staff and management trainee
- Talent exploration plan
- Selection every 3 months

SECTION 3

Market Overview

High Degree of Fragmentation Presents Opportunity

The highly fragmented market promises opportunities for consolidation



Typical Path of A Turnaround

Quarter	Actions Taken	Enrollment Trend	Revenue Trend	Operating Margin Trend
1 st -2 nd Quarter	Regulatory compliance		+	+
	ERP CRM launch	+	+	
	Teacher training	+	+	
3 rd -4 th Quarter	Marketing promotion for enrollment	+++++	++	
	Expanding subject coverage	+++	+++	+
	Structural adjustments to personnel	+	+	+
5 th -6 th Quarter	Improving retention rate	++++	++++	+++++
	Improving utilization rate	++++	++++	++
7 th -8 th Quarter	Product iteration	+++	+++	
	Cost optimization			++++

SECTION 4

Appendix

Consolidated Balance Sheet

	As of December 31, 2019		As of June 30, 2020	
	RMB'000		RMB'000	USD'000
Current assets				
Cash and cash equivalents	256,763		124,487	17,620
Restricted cash, current portion	349,540		445,101	63,000
Inventories	13,311		16,496	2,335
Prepaid expenses and other current assets	117,148		151,059	21,381
Loan receivable, current portion	191,230		-	-
Total current assets	927,992		737,143	104,336
Non-current assets				
Restricted cash, non-current portion	36,727		38,019	5,381
Operating lease right-of-use assets	1,045,941		937,900	132,751
Property, plant and equipment, net	298,719		274,772	38,891
Intangible assets	264,540		237,445	33,608
Goodwill	2,055,922		2,035,577	288,117
Deferred tax assets	2,199		1,975	280
Rental deposit	75,015		75,482	10,684
Loan receivable, non-current portion	-		205,007	29,017
Other non-current assets	-		59,400	8,408
Total non-current assets	3,779,063		3,865,577	547,137
Total assets	4,707,055		4,602,720	651,473
Liabilities				
Current liabilities				
Accrued expenses and other current liabilities	983,715		864,693	122,389
Loans payable to third parties, current portion	413,838		341,159	48,288
Income taxes payable	21,248		19,157	2,711
Deferred revenue, current portion	1,205,609		1,048,911	148,464
Operating lease liabilities, current portion	276,877		263,929	37,357
Amounts due to related parties, current portion	1,451		15,374	2,176
Bank borrowings	318,600		495,000	70,063
Promissory note, current portion	87,023		88,314	12,500
Total current liabilities	3,308,361		3,136,537	443,948

Consolidated Balance Sheet (Cont'd)

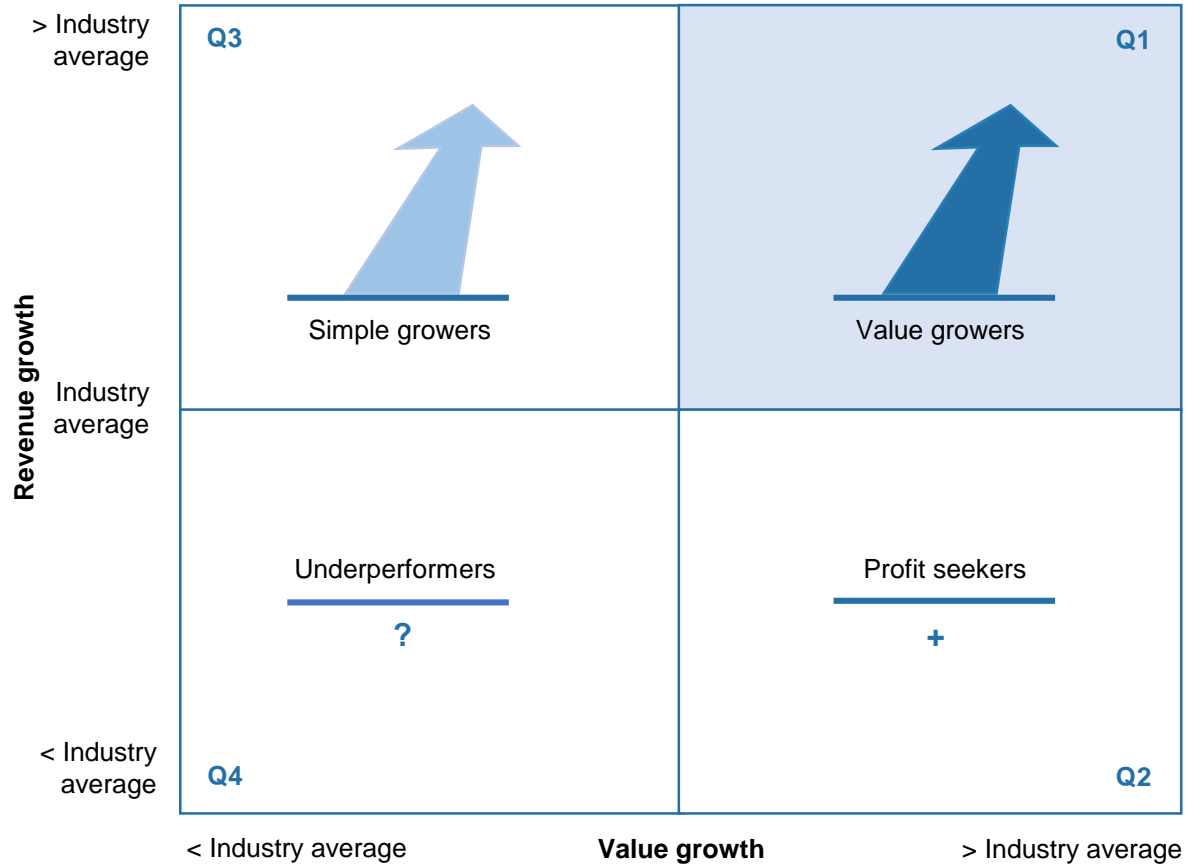
	As of December 31, 2019	As of June 30, 2020	
	RMB'000	RMB'000	USD'000
Non-current liabilities			
Deferred revenue, non-current portion	101,372	79,120	11,199
Operating lease liabilities, non-current portion	693,505	605,288	85,673
Amounts due to related parties, non-current portion	-	7,292	1,032
Loan payable to third parties, non-current portion	-	101,031	14,300
Deferred tax liabilities	81,969	75,994	10,756
Franchise deposits	2,533	2,549	361
Derivative liabilities	172,235	93,730	13,267
Promissory note, non-current portion	87,022	88,314	12,500
Total non-current liabilities	1,138,636	1,053,318	149,088
Total liabilities	4,446,997	4,189,855	593,036
Shareholders' equity			
Ordinary shares	62	62	9
Additional paid-in capital	2,175,652	2,335,274	330,537
Statutory reserve	7,979	7,979	1,129
Accumulated other comprehensive income	68,707	70,688	10,005
Accumulated deficits	(1,991,220)	(1,998,085)	(282,811)
Total Puxin Limited shareholders' equity	261,180	415,918	58,869
Non-controlling interests	(1,122)	(3,053)	(432)
TOTAL SHAREHOLDERS' EQUITY	260,058	412,865	58,437
TOTAL LIABILITIES AND TOTAL SHAREHOLDERS' EQUITY	4,707,055	4,602,720	651,473

Consolidated Income Statement

	2Q2019	2Q2020	
	RMB'000	RMB'000	USD'000
Net revenues	632,922	601,053	85,074
Cost of revenues	332,828	331,350	46,900
Gross profit	300,094	269,703	38,174
Operating expenses			
Selling expenses	241,739	210,165	29,747
General and administrative expenses	227,063	85,343	12,080
Total operating expenses	468,802	295,508	41,827
Operating loss	(168,708)	(25,805)	(3,653)
Interest expense	10,193	20,658	2,924
Interest income	4,144	11,860	1,679
Foreign exchange gain (loss)	179	(21)	(3)
Loss on changes in fair value of derivative liabilities	18,617	1,848	262
Other income, net	-	14,114	1,998
Gain on disposal of subsidiaries	-	60,968	8,629
Impairment loss on intangible assets	-	4,100	580
(Loss) income before income taxes	(193,195)	34,510	4,884
Income tax expenses (benefits)	1,424	(1,110)	(157)
Net (loss) income	(194,619)	35,620	5,041
Less: Net income (loss) attributable to non-controlling interest	18	(978)	(138)
Net (loss) income attributable to Puxin Limited	(194,637)	36,598	5,179
Net (loss) income per ADS attributable to Puxin Limited, Basic and Diluted*	(2.28)	0.42	0.06
Weighted average shares used in calculating net (loss) income per share – Basic	170,511,022	174,069,766	174,069,766
Weighted average shares used in calculating net (loss) income per share – Diluted	170,511,022	177,950,175	177,950,175

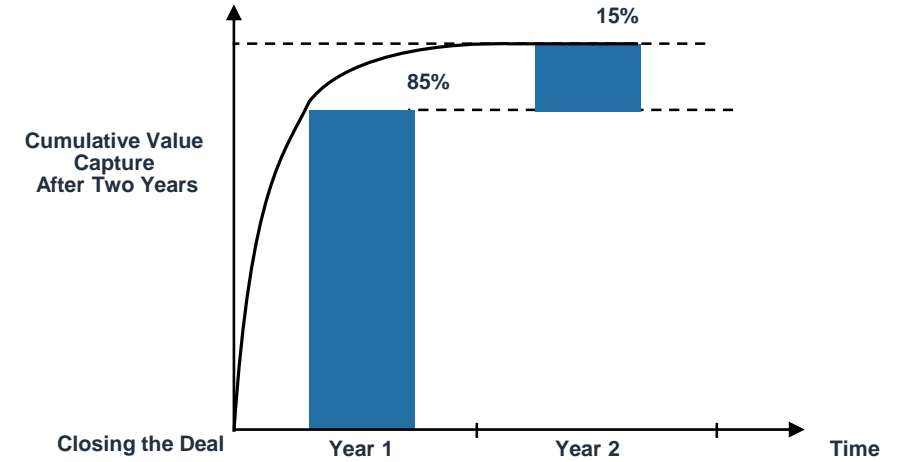
* Each ADS represents two ordinary shares.
Note: In thousands of RMB and USD, except for share, per ADS data

The A.T. Kearney growth matrix



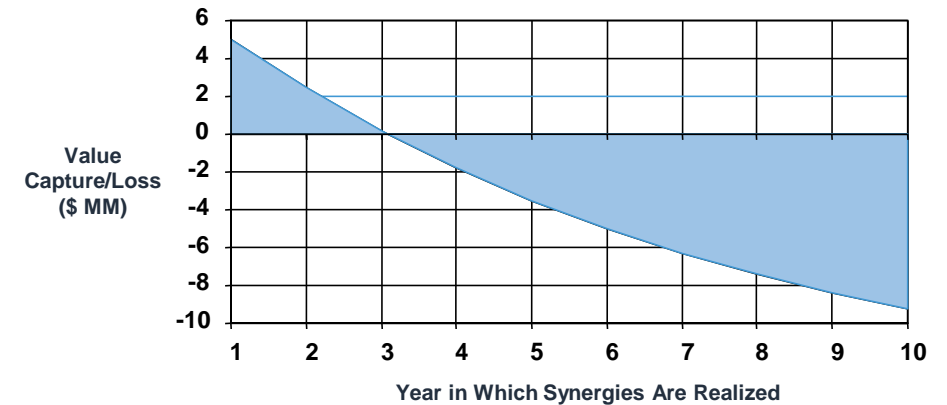
Note: Value growth: Measured as adjusted market capitalization growth = market capitalization growth adjusted for change in equity. Source: James McGrath, Fritz Kroeger, et al, "The Value Growers", (New York: McGraw-Hill), 2000.

Value Capture of Top Performers Over Time



Source: A.T. Kearney's global PMI survey '98

Timing of Synergy Realization Is Also Critical



Source: The Synergy Trap by Marl L Sirower. Calculated based on a \$10MM acquisition premium, representing 50% of market value.

(RMB thousand)

Net Revenue	1H2019	1H2020	H/H
School A	29,944	31,837	6.3%
School B	16,248	19,388	19.3%
School C	16,371	21,211	29.6%
School D	35,754	37,770	5.6%
School E	33,019	33,954	2.8%
School F	50,381	53,402	6.0%

Operating Income	1H2019	1H2020	H/H
School A	2,738	9,945	263.2%
School B	1,494	4,906	228.3%
School C	5,316	8,440	58.8%
School D	5,804	10,043	73.0%
School E	6,688	10,878	62.6%
School F	7,049	13,759	95.2%

T H A N K Y O U !

NEW

LISTED

NYSE