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A private educational services provider in China

## Investor Presentation

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2Q 2021

# 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,” “may,” “would,” “expect,” “anticipate,” “future,” “intend,” “aim,” “plan,” “believe,” “estimate,” “predict,” “project,” “continue,” “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: continued listing of the ADSs on the NYSE, compliance with NYSE rules, future developments related to the Notes, the planned discontinuation and sale of the K-12 tutoring services, the Company’s 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 transition and expansion and successfully integrate new businesses, 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 press release 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.

- **01.** Investment Values: Study Abroad and Full-time Arts Education Programs
- **02.** Operational System and Management Capabilities
- **03.** Future Growth Strategy
- **04.** Operational & Financial Highlights
- **05.** Appendix



# SECTION 1

## Investment Values: Study Abroad and Full-time Arts Education Programs

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## Study-abroad Test Preparation Services

### Test Preparation

- Languages tests, e.g. IELTS, TOEFL, DELF-DALF
- Overseas school tests, e.g. SAT, GRE, GMAT



## Study-abroad Consulting Services

### Customized one-stop plan

- Assessment and positioning
- Application guidance
- Visa assistance

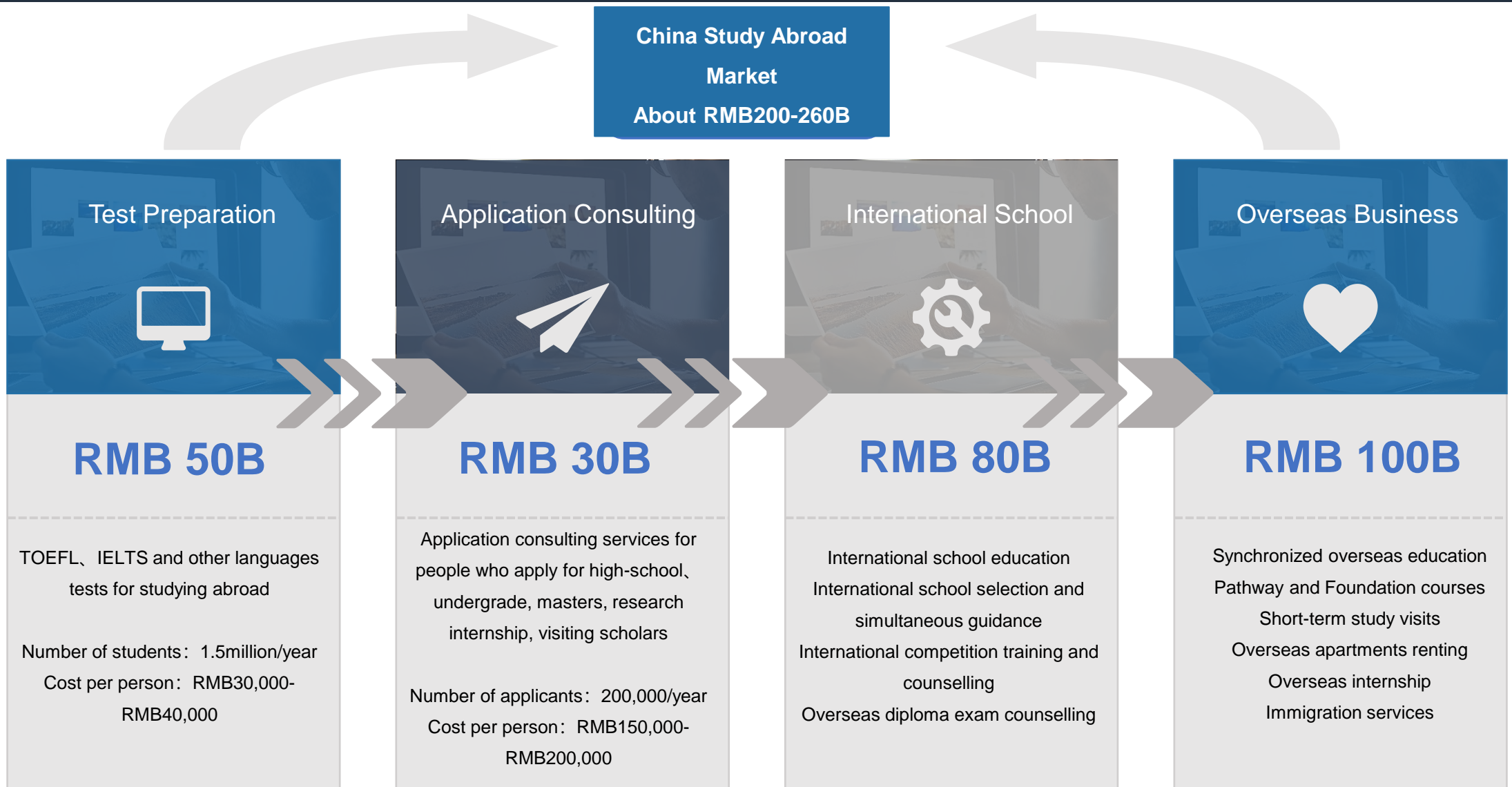


## Full-time Arts Education Program

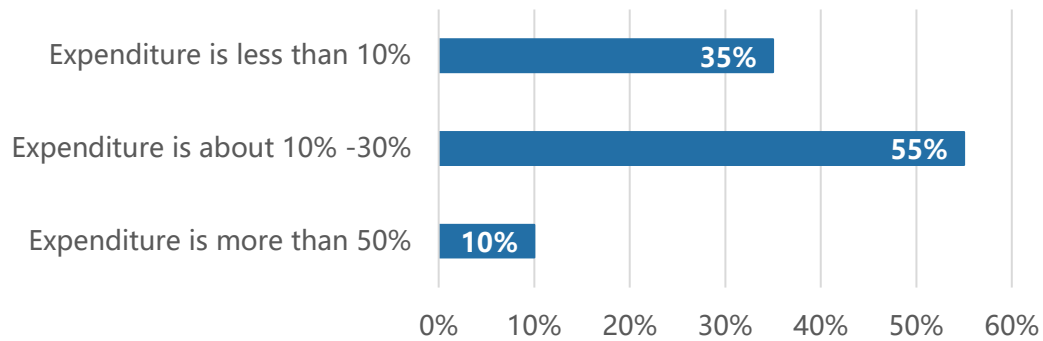
### Art education business

- Full-time arts education program

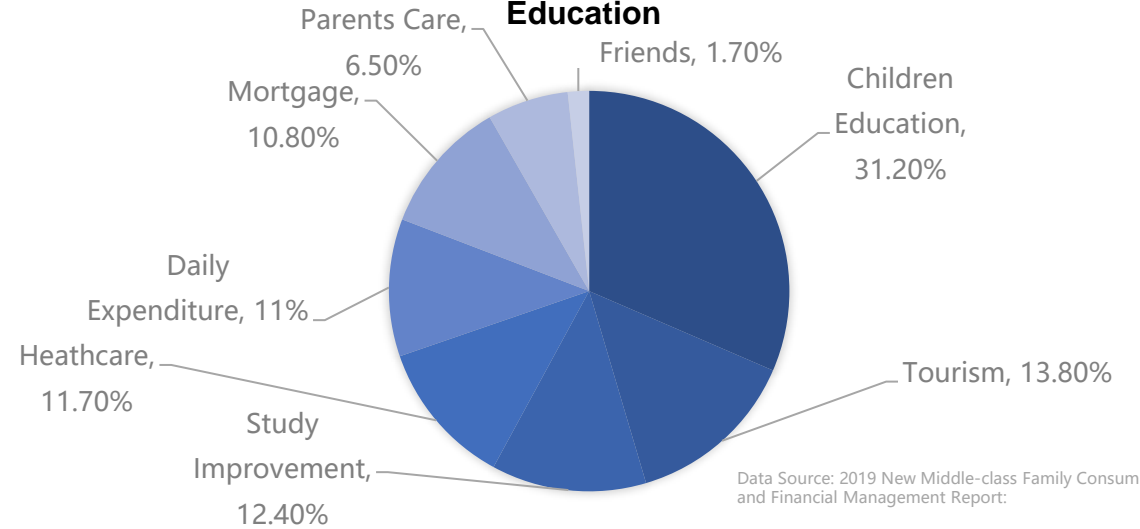




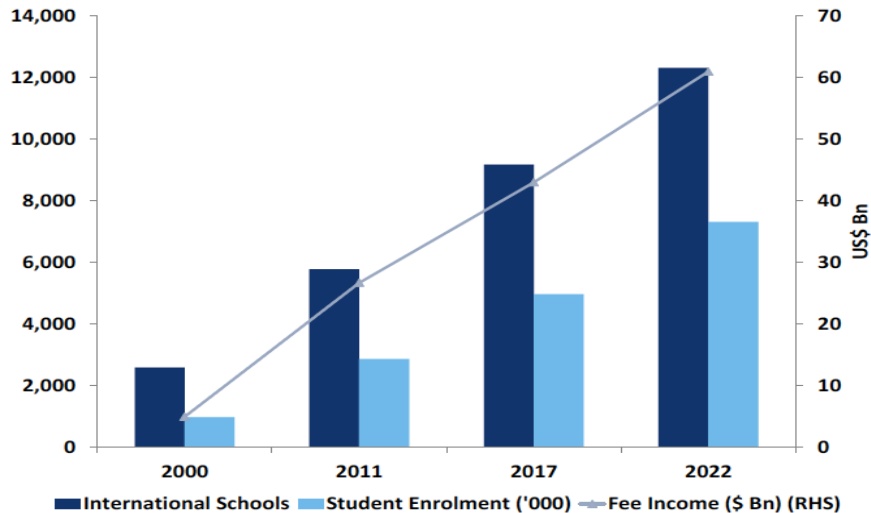
## 55% of Middle-class Family Education Expenditures Account for 10% -30% in 2019



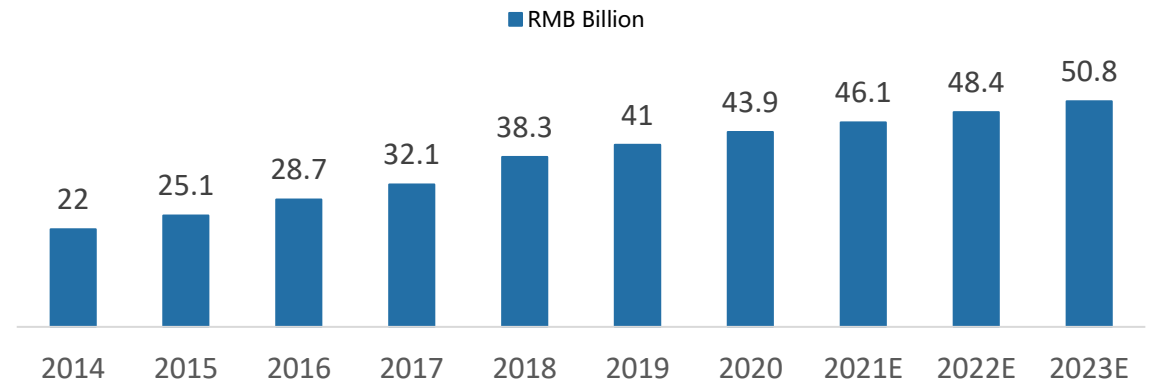
## Middle-class Family Spend 31.2% of Family Income in Children Education



## Student Enrollment Trend in International School



## International Schools Grow at 12% CAGR between 2014-2018



Puxin started its full-time fine arts program in 2019



Puxin is one of leading full-time arts education service provider



Puxin is committed to providing high-quality arts educational services

## Business

- Art education business
- High school education business

## Target Audience

- High school students specializing in arts

## Duration

- Full-time 6-12 months
- Academic year system: 3 years

## Target

- Art major undergraduate school

## Results

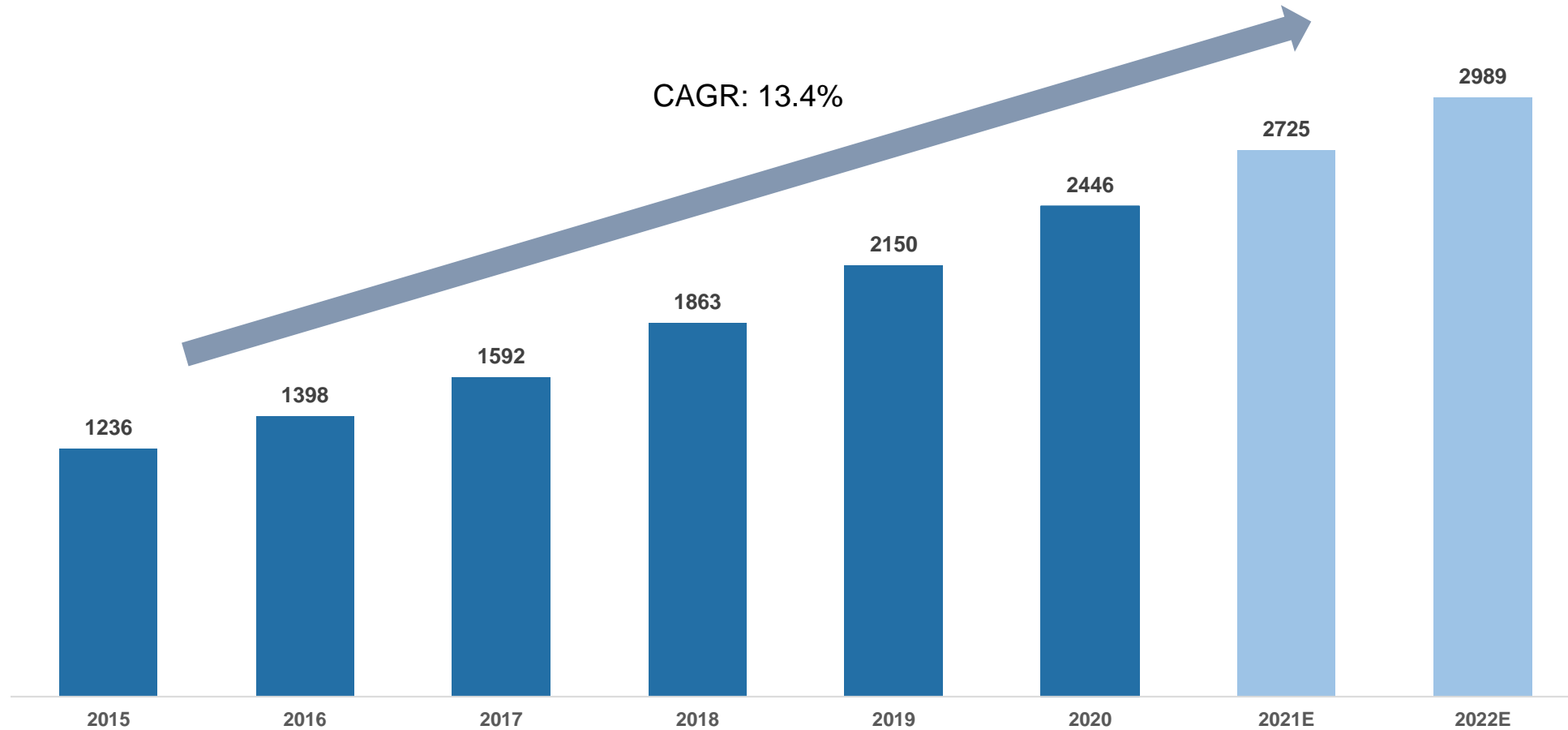
- Art exam passing rate over 90%



# Art Education Market Expands Rapidly

## China Art Education Market Size

(RMB billion)



## SECTION 2

# Core Competencies: Operational System and Management Capabilities

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## Operations Management System and Capabilities

Focus on organic growth

Ensure to improve operational efficiency of the entire group and each brand school

Continue to expand the market coverage nationally

### Puxin Culture

#### Corporate culture and core values

Our faith: Continue learning and do not seek complacency  
Our mission: Empowering people to build better lives through learning  
Our vision: Becoming a reputable education institution  
Core values: Customer-oriented, integrity, pragmatism, collaboration and innovation

### Puxin Development

#### Management team and company talents

Core team: Puxin's management team has extensive experience in the education and training industry in China  
Talent pool: Emphasizing both campus recruiting and experienced hires to further cultivate potential core team members

### Puxin Speed

#### Investment decision and operation management

Core strategy: Focus on the continuous evolution of PBS's post-investment capability system, and achieve profitable growth driven by both internal and external factors

## Experienced management team

### **Yunlong SHA - Founder, Chairman and Chief Executive Officer**

- 22 years of experience in education industry
- Was a Senior Vice President and took various managerial positions at New Oriental Education

### **Peng WANG - Chief Financial Officer**

- 21 years of 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

## Stable revenue growth

- 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

## Group-wide talent training program:

Puxin provides systematic training programs to ensure the sustainable growth of the team

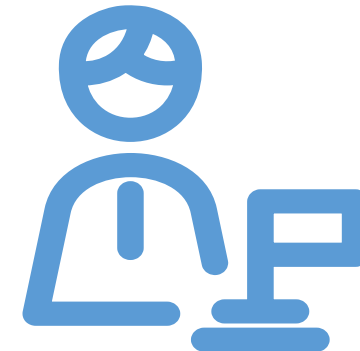


## Key aspects of 100-day execution plan and 21 post-acquisition milestones



- 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

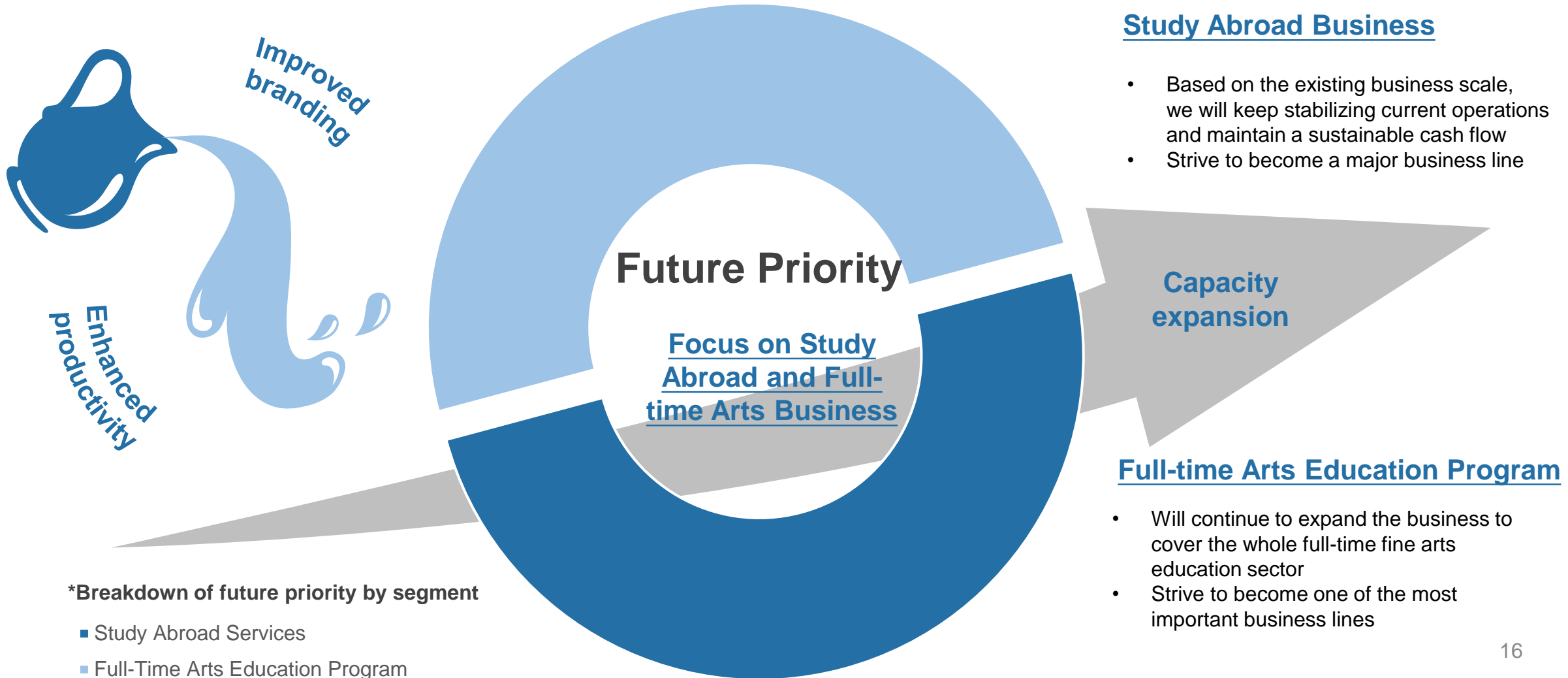
- Centralized financial management, e.g. budget plans and performance target

# SECTION 3

## Future Growth Strategy

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We expect solid revenue growth through expanding full-time fine arts and study abroad business





# SECTION 4

## Operational and Financial Highlights

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## Student Enrollments

735,525



## No. of Learning Centers

407

As at 30 June 2021



## Acquisition & Integration

M&As since 2014: **61** schools



**Growth**

**Profitability**

## Net Revenues

**RMB674.1 million**

+12.2% YoY



## Net Revenues for Study Abroad Services

**RMB131.0 million**

-16.8% YoY



## Adjusted Net Loss

**RMB1,400.2 million**

The loss was mainly due to goodwill impairments



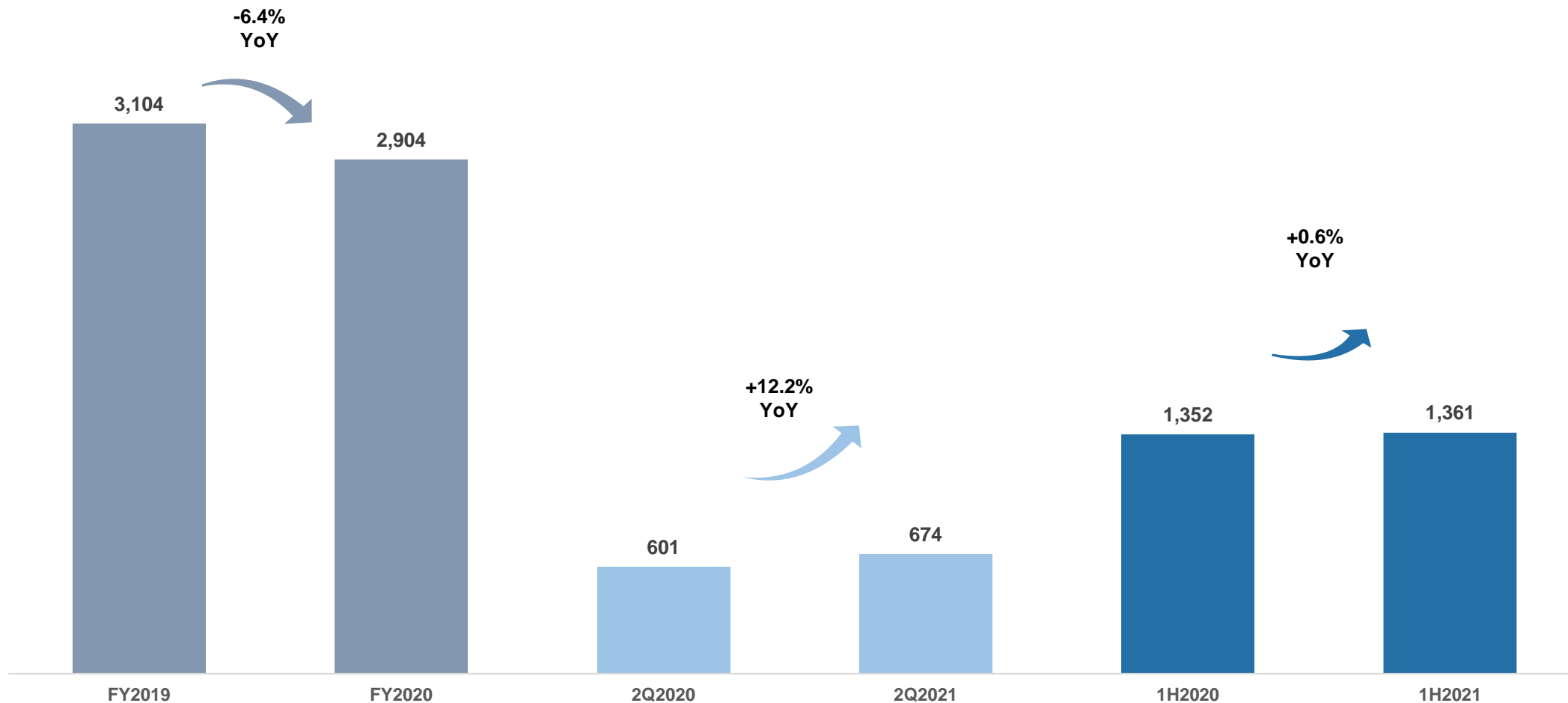
## Outlook

Due to the uncertainty related to the recent regulatory and operating environment, the Company has decided not to issue guidance in the near term in order to give the management more flexibility to focus on the Company's operations

# Business Segment's Continued Growth Contribution

## Net Revenues

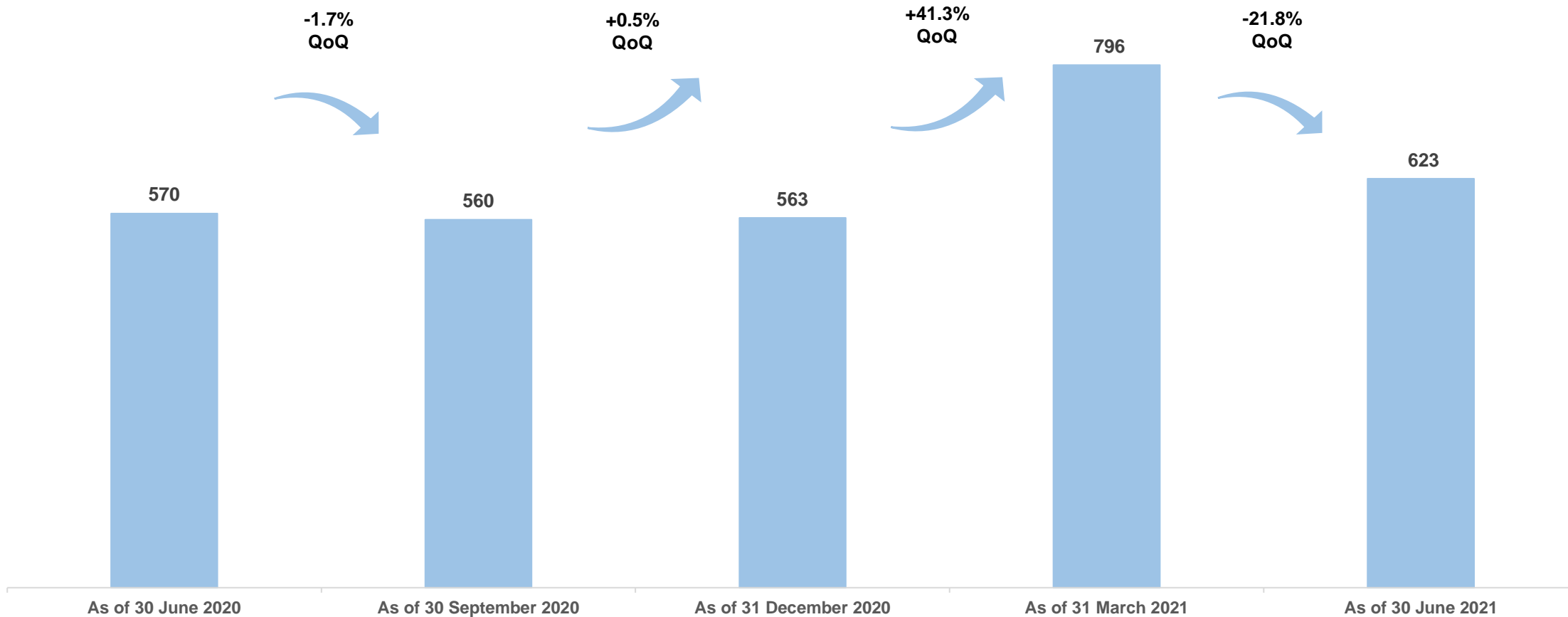
(RMB million)



# Overview of the Quarterly Performance

## Cash and Current Bank Balances

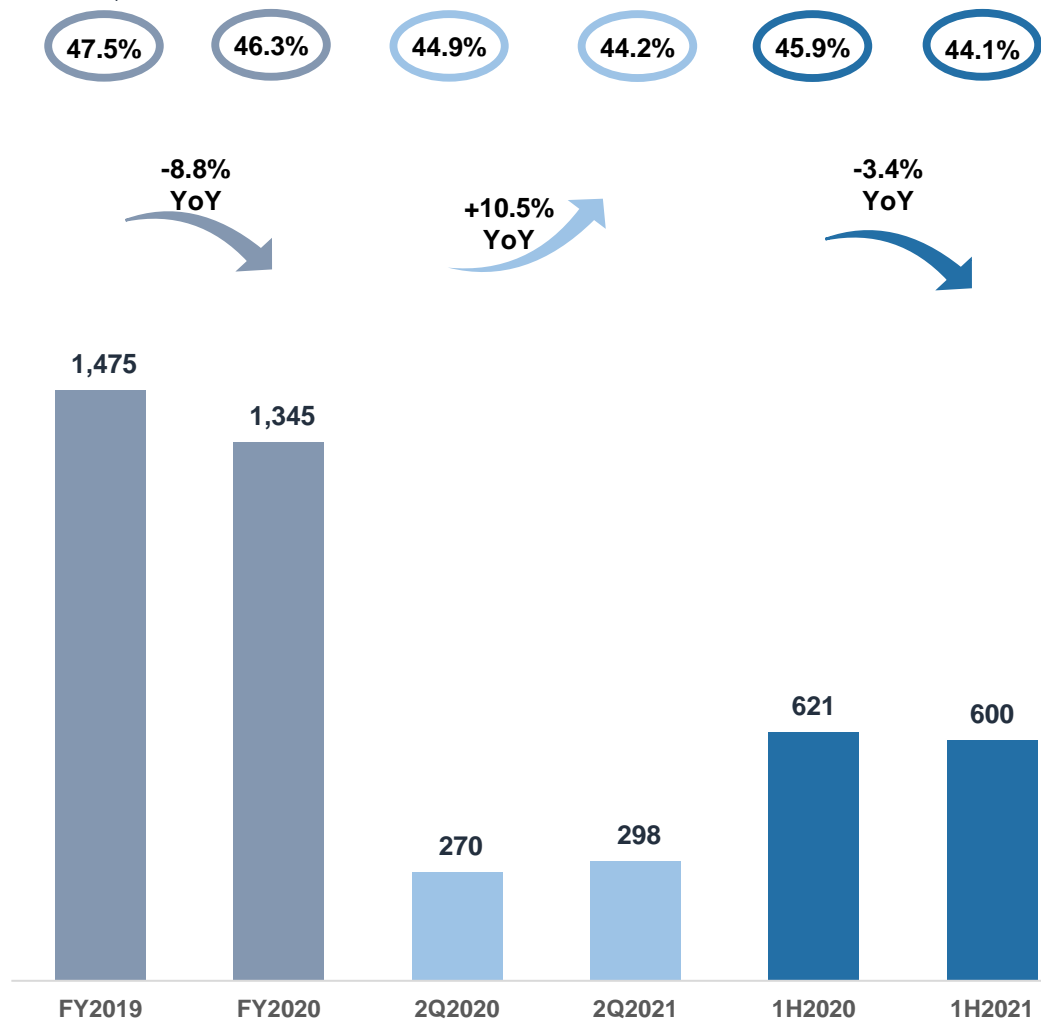
(RMB million)



# Growth Metrics Highlights

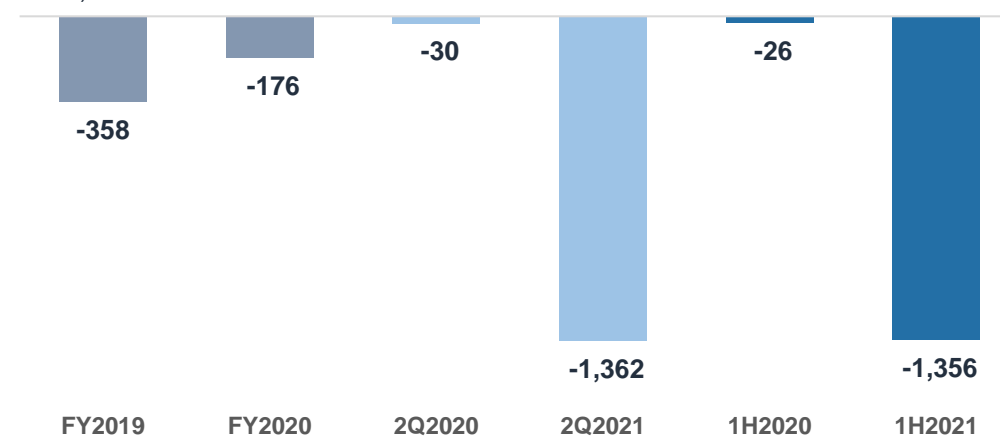
## Gross Profit and Gross Margin

(RMB million)



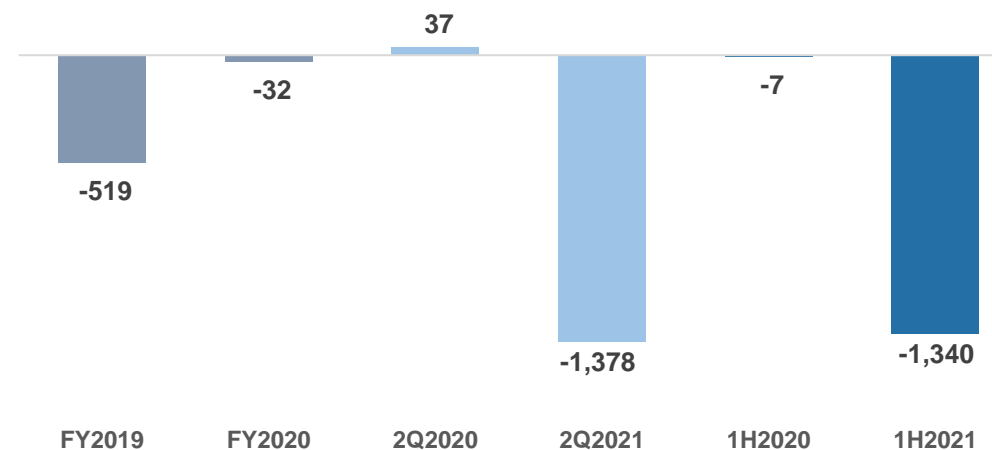
## Operating Income (Loss)

(RMB million)



## Net Income (Loss) Attributable to Puxin Limited

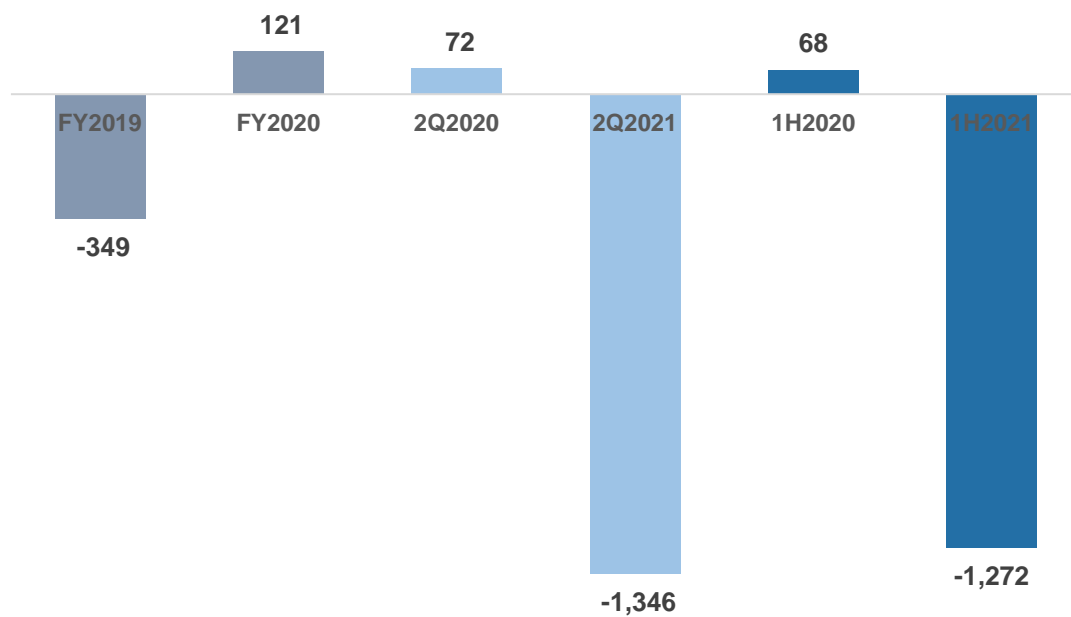
(RMB million)



# EBITDA Highlights

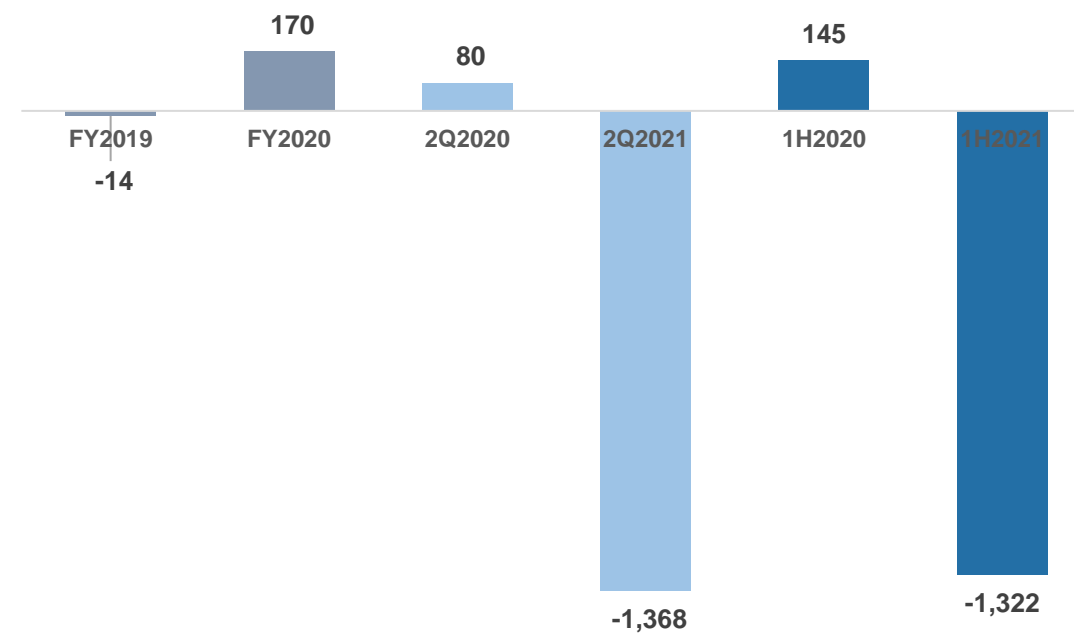
## EBITDA

(RMB million)



## Adjusted EBITDA

(RMB million)



# SECTION 5

## Appendix

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# Consolidated Balance Sheet

	As of December 31, 2020		As of June 30, 2021	
	RMB'000		RMB'000	USD'000
<b>Current assets</b>				
Cash and cash equivalents	48,497		133,255	20,639
Restricted cash, current portion	514,496		489,263	75,777
Inventories	15,210		16,104	2,494
Prepaid expenses and other current assets	141,894		138,388	21,434
Amounts due from related parties	-		16,510	2,557
Loan receivables	222,895		153,568	23,785
<b>Total current assets</b>	<b>942,992</b>		<b>947,088</b>	<b>146,686</b>
<b>Non-current assets</b>				
Restricted cash, non-current portion	25,814		51,875	8,034
Operating lease right-of-use assets	940,568		922,669	142,903
Property, plant and equipment, net	265,029		135,321	20,959
Intangible assets	225,170		142,800	22,117
Goodwill	2,083,151		1,040,590	161,167
Deferred tax assets	3,522		3,489	540
Rental deposits	71,948		70,878	10,978
Long-term investments	-		6,000	929
Other non-current assets	59,400		1,917	297
<b>Total non-current assets</b>	<b>3,674,602</b>		<b>2,375,539</b>	<b>367,924</b>
<b>Total assets</b>	<b>4,617,594</b>		<b>3,322,627</b>	<b>514,610</b>
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Accrued expenses and other current liabilities	784,894		705,195	109,222
Income tax payable	32,445		34,720	5,377
Deferred revenue, current portion	1,023,037		917,658	142,127
Operating lease liabilities, current portion	254,002		264,755	41,005
Bank borrowings	585,000		582,925	90,284
Loans payable to third parties, current portion	301,850		216,715	33,565
Promissory note	163,125		161,415	25,000
<b>Total current liabilities</b>	<b>3,144,353</b>		<b>2,883,383</b>	<b>446,580</b>



# Consolidated Balance Sheet (Cont'd)

	As of December 31, 2020		As of June 30, 2021	
	RMB'000		RMB'000	USD'000
<b>Non-current liabilities</b>				
Deferred revenue, non-current portion	81,805		57,514	8,908
Deferred tax liabilities	71,674		50,855	7,876
Franchise deposits	2,549		2,539	393
Operating lease liabilities, non-current portion	605,827		636,620	98,600
Loans payable to third parties, non-current portion	121,870		80,708	12,500
Amounts due to related parties	170,393		10,446	1,618
Convertible notes	-		464,875	72,000
<b>Total non-current liabilities</b>	<b>1,054,118</b>		<b>1,303,557</b>	<b>201,895</b>
<b>Total liabilities</b>	<b>4,198,471</b>		<b>4,186,940</b>	<b>648,475</b>
<b>Shareholders' equity</b>				
Ordinary shares	62		62	10
Treasury stock	-		(1,456)	(226)
Additional paid-in capital	2,396,406		2,405,762	372,605
Statutory reserve	11,444		11,444	1,772
Accumulated other comprehensive income	43,711		92,872	14,384
Accumulated deficit	(2,026,891)		(3,367,047)	(521,488)
<b>Total Puxin Limited shareholders' equity</b>	<b>424,732</b>		<b>(858,363)</b>	<b>(132,943)</b>
Non-controlling interest	(5,609)		(5,950)	(922)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>419,123</b>		<b>(864,313)</b>	<b>(133,865)</b>
<b>TOTAL LIABILITIES AND TOTAL SHAREHOLDERS' EQUITY</b>	<b>4,617,594</b>		<b>3,322,627</b>	<b>514,610</b>

# Consolidated Income Statement

	2Q2020	2Q2021	
	RMB'000	RMB'000	USD'000
<b>Net revenues</b>	601,053	674,141	104,411
Cost of revenues	(331,350)	(376,167)	(58,261)
<b>Gross profit</b>	<b>269,703</b>	<b>297,974</b>	<b>46,150</b>
<b>Operating expenses</b>			
Selling expenses	(210,165)	(217,301)	(33,656)
General and administrative expenses	(85,343)	(199,989)	(30,975)
Impairment loss on intangible assets and goodwill	(4,100)	(1,069,612)	(165,662)
Impairment loss on other long-lived assets	-	(173,113)	(26,812)
<b>Total operating expenses</b>	<b>(299,608)</b>	<b>(1,660,015)</b>	<b>(257,105)</b>
<b>Operating loss</b>	<b>(29,905)</b>	<b>(1,362,041)</b>	<b>(210,955)</b>
Interest expense	(20,658)	(22,857)	(3,540)
Interest income	11,860	9,345	1,447
Foreign exchange (loss) gain	(21)	6,443	998
(Loss) gain on changes in fair value of derivative liabilities and convertible notes	(1,848)	25,838	4,002
Other income (expense), net	14,114	(2,637)	(408)
Gain (loss) on disposal of subsidiaries	60,968	(38,219)	(5,919)
<b>Income (loss) before income taxes</b>	<b>34,510</b>	<b>(1,384,128)</b>	<b>(214,375)</b>
Income tax benefits	1,110	6,159	954
<b>Net income (loss)</b>	<b>35,620</b>	<b>(1,377,969)</b>	<b>(213,421)</b>
Less: Net loss attributable to non-controlling interest	(978)	(14)	(2)
<b>Net income (loss) attributable to ordinary shareholders of Puxin Limited</b>	<b>36,598</b>	<b>(1,377,955)</b>	<b>(213,419)</b>
<b>Net income (loss) per ADS attributable to Puxin Limited, Basic*</b>	<b>0.42</b>	<b>(15.76)</b>	<b>(2.44)</b>
<b>Net income (loss) per ADS attributable to Puxin Limited, Diluted*</b>	<b>0.42</b>	<b>(15.76)</b>	<b>(2.44)</b>
Weighted average shares used in calculating net income (loss) per share – Basic	174,069,766	174,863,824	174,863,824
Weighted average shares used in calculating net income (loss) per share – Diluted	177,950,175	174,863,824	174,863,824

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

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