

27 November 2014

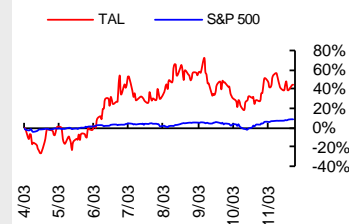
买入  
维持

## 聚焦会计类课程的成长，重申买入

达内科技 (TEDU:US)

### Market Data: Nov, 26

Closing Price (US\$)	13.07
Price Target (US\$)	16.68
Dow	17,815
S&P 500	2,067
52-week High/Low (US\$)	15.85/12.86
Market Cap (US\$m)	664
Market Cap (Rmbm)	4,077
ADS Outstanding (m)	51
Exchange Rate (US\$-Rmb)	6.14



Source: Bloomberg

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### Related Reports

"Tarena International (TEDU:US)  
-Centre of attention" Sep22,2014

"Tarena International (TEDU:US)  
-College cooperation" Jun16,2014

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### Financial summary and valuation

	FY12	FY13	FY14E	FY15E	FY16E
Revenue (US\$m)	56.82	92.83	134.61	180.38	238.10
YoY (%)	120.74	63.38	45.00	34.00	32.00
Net income (US\$m)	9.55	14.05	24.54	38.27	55.87
YOY (%)	1263.29	47.05	74.70	55.93	46.00
EPS (US\$)	-1.57	-2.77	0.48	0.75	1.10
Diluted EPS (US\$)	-1.57	-2.77	0.48	0.75	1.10
ROE (%)	29.73	29.21	14.64	18.59	21.34
Debt/asset (%)	31.44	34.72	16.13	17.76	17.77
Dividend Yield (%)	0.00	0.00	0.00	0.00	0.00
PE (x)	-8.35	-4.71	27.00	17.32	11.86
PB (x)	-4.06	-2.26	3.95	3.22	2.53
EV/Ebitda (x)	40.99	29.08	18.06	11.34	7.64

Note: Diluted EPS is calculated as if all outstanding convertible securities, such as convertible preferred shares, convertible debentures, stock options and warrants, were exercised. P/E is calculated as closing price divided by each year's EPS.

### 投资要点:

首个会计课程十月底在北京推出。我们探访了公司位于北土城的首个会计教学中心。教室里约有近百名学生。上座率近 100%，学费每人 16800 元，与 IT 类课程相仿。课程设计较为合理，包括理论模块和实务操作模块，学生可以根据不同的基础选择相应的模块学习。实地探访增强了我们对公司会计类课程的信心。我们将密切关注。

会计将成为公司成长的重要推动。达内计划于四季度在几个重要城市开 10-15 家新的教学中心。其中大半将于年底开幕。主要为明年 3 月会计招生做准备。公司对会计类科目的招生寄予厚望。

四季度利润率承压。公司三季度毛利率从去年同期的 71.9% 提升 2.1% 至 74.0%，经营性溢利率从去年同期的 23.4% 提升 1.0% 至 24.4%。然而公司新推出的会计课程，以及新中心开设的加快，都将压低公司今年四季度和明年一季度的毛利率和净利率水平。

练好内功，提升经营效率。三季度达内科技重新梳理了组织架构，升级销售的激励机制，建立员工集中培训体系以及优化广告方面的费用管理，希望籍此提升经营效率，为未来的成长打下坚实基础。

为了反映会计课程更加光明的前景以及练好内功带来费用率水平的下降，我们上调了公司 2014、2015、2016 年的盈利预测。目标价从 15.98 美元上调至 16.68 美元，对应 2015 年 22 倍 PE，及 28% 的上升空间，重申“买入”。

### Investment Highlights :

- **Beijing's first accounting learning centre.** At end-October, Tarena International launched the first accounting course facility in Beijing. We visited the learning centre in Beitucheng recently. With roughly 100 students and a classroom occupancy rate of almost 100%, the tuition fee amounts to Rmb16,800/student, similar to the company's IT courses. The curriculum design is reasonable and will enable students to master accounting theory and practices. We are confident towards Tarena's accounting expansion after visiting the site.
- **Ready for expansion.** Tarena plans to expand its learning centres in several other cities next year. In preparation for accounting enrollment next March, 10-15 learning centres will open in 4Q14. Of which, seven to eight will open at the yearend and will cater for accounting courses, while the remainder will cater Tarena's IT courses.
- **Margins face contraction 4Q and 1Q15.** Gross margin rose to 74.0% in 3Q14 (vs 71.9% during the same period last year) and operating margin increased to 24.4% (vs 23.4% in 2013). Meanwhile, newly launched accounting courses and learning centres will result in gross profit and operating margin contraction in 4Q and 1Q15.
- **Improved productivity and operational efficiency.** Tarena streamlined its organisational structure, upgraded its sales incentives and compensation schemes, set up a centralised employee training system and continued to optimise adspend in 3Q14. Leveraging these changes, Tarena hopes to enhance its business operations and lay out a solid foundation for future growth.
- **Diversified portfolio helps improve valuation.** If Tarena's accounting courses achieve similar growth to its other products, the company will transform from an IT training facility to a professional academic centre.
- **Maintain BUY.** Factoring in a positive outlook on its expansion and operational efficiency, we raise Tarena's net profit forecasts from US\$24.50m to US\$24.54m in 14E, US\$34.77m to US\$38.27m in 15E and US\$45.29m to US\$55.87m in 16E. We upgrade our discounted cash flow (DCF) based target price from US\$15.98 to US\$16.68 (22x 15E PE). With 28% upside, we maintain our BUY recommendation.



Figure 1: Site view of Tarena's accounting learning centre



## APPENDIX

**Figure 2: Consolidated Income Statement**

US\$m	2012	2013	2014E	2015E	2016E
<b>Revenue</b>	57	93	135	180	238
<b>Cost of Sales</b>	(18)	(29)	(41)	(52)	(65)
<b>Gross Profit</b>	39	64	94	129	173
<b>SG&amp;A Expense</b>	(17)	(29)	(50)	(72)	(92)
Ebitda	13	18	29	47	69
Ebit	10	13	22	37	56
Finance Costs	(0)	0	0	0	0
<b>Profit before tax</b>	12	16	28	43	62
Income tax expense	2	2	4	4	6
Minority interests	0	0	0	0	0
<b>Profit for the year</b>	10	14	25	38	56

Source: Company Data, SWS Research

**Figure 3: Consolidated Cash Flow Statement**

US\$m	2012	2013	2014E	2015E	2016E
<b>Net income (loss)</b>	10	14	25	38	56
Plus. Depr. and amortisation	2	5	7	10	13
Finance cost	(0)	0	0	0	0
Losses from investments					
Change in working capital	(5)	10	3	12	7
Others	1	1	7	(6)	(13)
<b>CF from operating activities</b>	7	30	42	54	63
Capex	(7)	(9)	(13)	(17)	(24)
Other CF from investing activities	(1)	(10)	0	0	0
<b>CF from investing activities</b>	(8)	(20)	(13)	(17)	(24)
Net change in liabilities	(1)	(0)	0	0	0
Dividend and interest paid	0	0	0	0	0
Other CF from financing activities	1	(0)	80	0	0
<b>CF from financing activities</b>	(0)	(1)	80	0	0
<b>Net cash flow</b>	(1)	10	109	37	39
FCFF	0	21	29	37	39
FCFE	(1)	20	29	37	39

Source: Company Data, SWS Research

**Figure 4: Consolidated Balance Sheet**

US\$m	2012	2013	2014E	2015E	2016E
<b>Current Assets</b>	34	46	170	210	268
Bank balances and cash	16	26	135	172	212
Trade and other receivables	14	15	25	29	43
Inventories	0	0	0	0	0
Other current assets	4	5	9	9	14
<b>Long-term investment</b>					
PP&E	8	13	18	28	38
Intangible and other assets	4	15	12	12	12
<b>Total Assets</b>	47	74	200	250	318
<b>Current Liabilities</b>	15	25	32	44	57
Borrowings	0	0	0	0	0
Trade and other payables	3	7	7	11	12
Other current liabilities	11	18	25	34	44
<b>Long-term liabilities</b>	0	0	0	0	0
Other non-current liabilities	0	0	0	0	0
<b>Total Liabilities</b>	15	26	32	44	57
Minority interest	0	0	0	0	0
Preferred shares	67	111	0	0	0
Shareholder Equity	(35)	(63)	168	206	262
Share Capital	0.01	0.01	0.01	0.01	0.01
Additional paid-in capital & Reserves	(35)	(63)	168	206	262
<b>Equity attributable</b>					
<b>Total Liabilities and equity</b>	47	74	200	250	318

Source: Company Data, SWS Research

**Figure 5: Key Financial Ratios**

	2012	2013	2014E	2015E	2016E
<b>Ratios per share (US\$)</b>					
Earnings per ADS	(1.57)	(2.77)	0.48	0.75	1.10
Diluted earnings per ADS	(1.57)	(2.77)	0.48	0.75	1.10
Operating CF per ADS	0.69	2.72	0.83	1.07	1.25
Dividend per ADS	0.00	0.00	0.00	0.00	0.00
Net assets per ADS	2.96	4.40	3.31	4.06	5.16
<b>Key Operating Ratios (%)</b>					
ROIC	-54.64%	-28.59%	47.04%	20.49%	23.89%
ROE	29.73%	29.21%	14.64%	18.59%	21.34%
Gross margin	68.74%	68.69%	69.90%	71.25%	72.55%
Ebitda Margin	22.65%	19.54%	21.70%	25.79%	29.01%
Ebit Margin	18.38%	14.52%	16.50%	20.25%	23.55%
Growth rate of Revenue (YoY)	120.74%	63.38%	45.00%	34.00%	32.00%
Growth rate of Profit (YoY)	129.39%	63.26%	47.55%	36.58%	34.42%
Debt-to-asset ratio	31.44%	34.72%	16.13%	17.76%	17.77%
Turnover rate of net assets	(1.62)	(1.89)	2.58	0.97	1.02
Turnover rate of total assets	1.21	1.54	0.98	0.80	0.84
Effective tax rate (%)	18.9%	13.9%	13.0%	10.0%	10.0%
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Valuation Ratios (x)</b>					
P/E	(8.35)	(4.71)	27.00	17.32	11.86
P/B	(4.06)	(2.26)	3.95	3.22	2.53
EV/Sale	11.66	7.14	3.92	3.67	2.78

EV/Ebitda	40.99	29.08	18.06	11.34	7.64
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Source: Company Data, SWS Research

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