

21 May 2015

买入  
维持

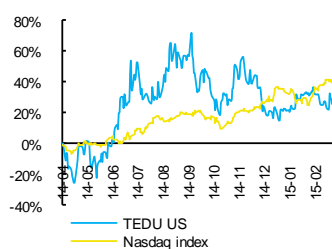
## 招生加速

### 达内科技 (TEDU:US)

#### Market Data: May, 20

Closing Price (US\$)	11.60
Price Target (US\$)	15.40
DJI	18,312
S&P 500	2,128
52-week High/Low (US\$)	15.85/7.32
Market Cap (US\$m)	664
Market Cap (Rmbm)	4,077
ADS Outstanding (m)	51
Exchange Rate (US\$-Rmb)	6.14

#### Price Performance Chart:



Source: Bloomberg

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#### Related Reports

"Tarena International (TEDU:US) –  
Holiday break " Mar 04, 2015

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#### Financial summary and valuation

	2013	2014	2015E	2016E	2017E
Revenue (US\$m)	92.83	136.20	182.92	237.80	309.14
YOY (%)	63.38	46.72	34.30	30.00	30.00
Net income (US\$m)	14.05	23.49	38.27	50.60	67.54
YOY (%)	47.05	67.26	62.87	32.23	33.48
EPS (US\$)	-2.77	0.51	0.75	1.00	1.33
Diluted EPS (US\$)	-2.77	0.51	0.75	1.00	1.33
ROE (%)	29.21	14.10	18.68	19.81	20.91
Debt/asset (%)	34.72	16.31	18.05	18.14	18.70
Dividend yield (%)	0.00	0.00	0.00	0.00	0.00
PE (x)	-4.37	23.75	16.05	12.13	9.09
PB (x)	-1.99	2.83	2.85	2.28	1.81
EV/Ebitda (x)	20.00	13.86	8.59	5.74	4.42

Note: Diluted EPS is calculated as if all outstanding convertible securities, such as convertible preferred shares, convertible debentures, stock options and warrants, were exercised. .3

#### 投资要点：

**2015 年 1 季度略有亏损。**达内 14 年 1 季度收入同比上升 15.8%至美金 2820 万元，non-GAAP 净亏损达美金 140 万元。收入下降主要由于春节较晚导致的一二月份招生人数减少。然而由于 3 月份招商人数的剧增，一季度总招生人数同比上升 38.1%至 15,167 人。亏损主要由于收入增长低于由新开教学中心带来的费用增长（2014 年 12 月新开 11 个，2015 年 1 季度新开 8 个）。

**非 IT 课程带来强劲增长潜力。**三个非 IT 类课程，数字艺术，网络营销和会计在 1 季度占总招生人数的 44%。会计课程从去年 12 年开设至今，招生人数已经成为仅低于数字艺术和 Java 的课程。IT 课程例如 iOS 和安卓也在 1 季度增长强劲。

**2 季度增长指引从 28.5%上调至 31.7%。**达内在 1 季度 38.1%的招生人数增长将给 2 季度带来更好的收入增长。尽管 2 月份招生人数的疲弱仍然会影响 2 季度收入增长。我们认为下半年的收入增长将达到同比 40%，考虑到招生人数继续高速增长以及 1、2 月份的影响褪去。

**与人大继续再教育学院的合作。**达内和人民大学继续再教育学院签订了合作协议，在数字艺术，Java，外部前端开发和安卓四个课程领域进行合作课程项目。达内的学生通过参加该课程有机会获得中国人民大学继续再教育学院的毕业证书，人大继续再教育学院的学生报名达内的课程可以获得学费折扣。

**重申“买入”。**我们将收入从 2015 年的美金 1.80 亿元上调至美金 1.83 亿元，16 年收入从美金 2.48 亿元调至美金 2.38 亿元，17 年收入从美金 3.10 亿元调至美金 3.09 亿元，考虑到招生人数的迅速增长。我们将净利润从 15 年的美金 3830 万元下调至美金 3827 万元（同比上升 62.87%），16 年净利润从美金 5590 万元下调至美金 5060 万元（同比上升 32.23%），17 年净利润从美金 7220 万元下调至美金 6754 万元（同比上升 33.48%）。我们依据 DCF 模型将目标价从 16.68 美元下调至 15.40 美元，重申“买入”。

### Investment Highlights:

**Weak 1Q15 results.** Tarena International reported revenue of US\$28.2m (+15.8% YoY) and non-GAAP net loss of US\$1.4m in 1Q15. We believe decelerating revenue growth is primarily due to poor enrolment in January and February given China's late Spring Festival holiday. Thanks to robust enrolment growth in March, total enrolment rose to 15,167 (+38.1% YoY) during the same period. The main reason behind the weak revenue growth vs cost growth is due to the opening of new learning centres (11 new centres opened in December 2014 and eight in 1Q15).

**Non-IT courses providing strong growth potential.** To further diversify the course offering, three non-IT courses including digital art, online sales and marketing and accounting accounted for 44% of total student enrolment in 1Q15. Launched in December 2014, accounting courses was already the number three course following digital art and Java by student enrolment. IT courses such as iOS and Android still showed strong growth in the 1Q.

**Guided growth from 28.5% to 31.7% in 2Q15.** Tarena recorded a strong enrolment growth of 38.1% YoY and will result in better revenue growth in Q2 than Q1. While weak enrolment in this Feb still have negative impact on revenue growth in Q2. We expect revenue growth reach 40% in 2H thanks to strong enrolment growth continue and weak enrolment in this Jan and Feb fade out.

**Joint-major programmes with Renmin University School of Continuing Education.** Tarena just signed a cooperation agreement with Continuing Education School of Renmin University about the cooperation joint-major programs in digital arts, Java, front-end web development and Android. Tarena students who joined the program have the opportunity to get graduation certificate from RUSCE, and RUSCE students can enroll in the programs with Tarena with discounted tuition.

**Maintain BUY.** To factor in stronger enrolment growth, we revise revenue forecast from US\$180.4m to US\$182.9m in 15E (+34.3% YoY), from US\$248.1m to 237.8m in 16E (+30.0% YoY) and from US\$309.5m to US\$309.1m in 17E (+30.0% YoY). To factor in higher share based compensation, we lower our (GAAP) net profit forecast from US\$38.30m to US\$38.27m in 15E (+62.87% YoY) and from US\$55.9m to US\$50.6m in 16E (+32.23% YoY) and from US\$72.2m to US\$67.54 in 17E (+33.48% YoY). We cut our discounted cashflow-based (DCF) target price from US\$16.68 to US\$15.40, representing 20.4x 15E PE. With 32.8% upside, we maintain our BUY recommendation.

**Figure 1: Quarterly analysis**

(US\$m)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15
<b>Net revenues</b>	15.14	20.83	28.49	28.37	24.34	31.94	40.27	39.65	28.18
<b>YoY</b>					<b>60.80%</b>	<b>53.30%</b>	<b>41.30%</b>	<b>39.76%</b>	<b>15.78%</b>
Cost of revenues	-6.01	-6.62	-8.02	-8.42	-8.58	-9.21	-10.47	-10.82	-10.95
<b>Gross profit</b>	<b>9.13</b>	<b>14.21</b>	<b>20.47</b>	<b>19.96</b>	<b>15.75</b>	<b>22.73</b>	<b>29.8</b>	<b>28.84</b>	<b>17.23</b>
<b>YoY</b>					<b>72.50%</b>	<b>60.00%</b>	<b>45.60%</b>	<b>44.47%</b>	<b>9.40%</b>
Selling and marketing expenses	-5.52	-7.67	-8.67	-8.39	-8.83	-10.3	-11.11	-12.32	-12.12
General and administrative expenses	-3.22	-3.68	-4.15	-5.17	-5.68	-7.43	-7.61	-9.15	-8.17
Research and development expenses	-0.63	-1	-1	-1.18	-1.14	-1.37	-1.27	-1.66	-1.62
<b>Operating income</b>	<b>-0.24</b>	<b>1.86</b>	<b>6.66</b>	<b>5.2</b>	<b>0.11</b>	<b>3.63</b>	<b>9.81</b>	<b>5.7</b>	<b>-4.68</b>
<b>YoY</b>					<b>-145.80%</b>	<b>95.20%</b>	<b>47.30%</b>	<b>9.65%</b>	<b>-</b>
Interest income	0.29	0.51	0.64	0.1	0.46	1.01	1.41	1.48	1.51
Foreign exchange gain (loss)	0	-0.12	-0.04	0.16	0	0.79	0	0.32	-0.23
Other income	0	0.04	0.1	1.15	0.47	0.97	0.34	0.58	0.72
<b>Income before income taxes</b>	<b>0.06</b>	<b>2.29</b>	<b>7.36</b>	<b>6.61</b>	<b>1.04</b>	<b>6.41</b>	<b>11.57</b>	<b>8.09</b>	<b>-2.67</b>
Income tax expenses	-0.01	-0.41	-1.33	-0.52	-0.07	-0.68	-1.11	-0.54	0.18
<b>Net income</b>	<b>0.05</b>	<b>1.88</b>	<b>6.03</b>	<b>6.09</b>	<b>0.96</b>	<b>5.73</b>	<b>10.46</b>	<b>7.54</b>	<b>-2.5</b>
Accretion of convertible redeemable preferred shares	-0.48	-0.51	-0.53	-42.84	-0.56	-0.02	0	0	0
<b>Net income attributable to ordinary shareholders</b>	<b>-0.44</b>	<b>1.38</b>	<b>5.5</b>	<b>-36.75</b>	<b>0.41</b>	<b>5.71</b>	<b>10.46</b>	<b>7.54</b>	<b>-2.5</b>
<b>YoY</b>					<b>-193.20%</b>	<b>313.80%</b>	<b>90.20%</b>	<b>-120.52%</b>	<b>-709.76%</b>

Source: Company Data, SWS Research

## Appendix

### Consolidated Income Statement

US\$m	2013	2014	2015E	2016E	2017E
Revenue	93	136	183	238	309
Cost of Sales	(29)	(39)	(51)	(66)	(86)
Gross Profit	64	97	132	171	224
SG&A Expense	(29)	(50)	(78)	(100)	(121)
Ebitda	18	26	42	63	82
Ebit	13	19	32	50	69
Finance Costs	0	0	0	0	0
<b>Profit before tax</b>	<b>16</b>	<b>26</b>	<b>38</b>	<b>56</b>	<b>75</b>
Income tax expense	2	2	4	6	8
Minority interests	0	0	0	0	0
<b>Profit for the year</b>	<b>14</b>	<b>23</b>	<b>38</b>	<b>51</b>	<b>68</b>

Source: Company Data, SWS Research

### Consolidated Cash Flow Statement

US\$m	2013	2014	2015E	2016E	2017E
Net income (loss)	14	23	38	51	68
Plus. Depr. and amortisation	5	7	10	13	13
Finance cost	0	0	0	0	0
Losses from investments					
Change in working capital	10	3	13	7	17
Others	1	7	(7)	(11)	(12)
<b>CF from operating activities</b>	<b>30</b>	<b>41</b>	<b>54</b>	<b>59</b>	<b>86</b>
Capex	(9)	(13)	(17)	(24)	(24)
Other CF from investing activities	(10)	0	0	0	0
<b>CF from investing activities</b>	<b>(20)</b>	<b>(13)</b>	<b>(17)</b>	<b>(24)</b>	<b>(24)</b>
Net change in liabilities	(0)	0	0	0	0
Dividend and interest paid	0	0	0	0	0
Other CF from financing activities	(0)	80	0	0	0
<b>CF from financing activities</b>	<b>(1)</b>	<b>80</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net cash flow</b>	<b>10</b>	<b>108</b>	<b>37</b>	<b>35</b>	<b>62</b>
FCFF	21	28	37	35	62
FCFE	20	28	37	35	62

Source: Company Data, SWS Research

### Consolidated Balance Sheet

US\$m	2013	2014	2015E	2016E	2017E
<b>Current Assets</b>	<b>46</b>	<b>169</b>	<b>209</b>	<b>263</b>	<b>333</b>
Bank balances and cash	26	134	171	206	268
Trade and other receivables	15	26	29	42	50
Inventories	0	0	0	0	0
Other current assets	5	9	9	14	15
<b>Long-term investment</b>					
PP&E	13	18	28	38	52
Intangible and other assets	15	12	12	12	12
<b>Total Assets</b>	<b>74</b>	<b>199</b>	<b>250</b>	<b>312</b>	<b>397</b>
<b>Current Liabilities</b>	<b>25</b>	<b>32</b>	<b>45</b>	<b>57</b>	<b>74</b>
Borrowings	0	0	0	0	0
Trade and other payables	7	7	11	12	18
Other current liabilities	18	26	34	44	57
Long-term liabilities	0	0	0	0	0
Other non-current liabilities	0	0	0	0	0
<b>Total Liabilities</b>	<b>26</b>	<b>32</b>	<b>45</b>	<b>57</b>	<b>74</b>
Minority interest	0	0	0	0	0
Preferred shares	111	0	0	0	0
Shareholder Equity	(63)	167	205	255	323
Share Capital	0.01	0.01	0.01	0.01	0.01
Additional paid-in capital & Reserves	(63)	167	205	255	323
<b>Equity attributable</b>					
<b>Total Liabilities and equity</b>	<b>74</b>	<b>199</b>	<b>250</b>	<b>312</b>	<b>397</b>

Source: Company Data, SWS Research

### Key Financial Ratios

	2013	2014	2015E	2016E	2017E
<b>Ratios per share (US\$)</b>					
Earnings per ADS	(2.77)	0.51	0.75	1.00	1.33
Diluted earnings per ADS	(2.77)	0.51	0.75	1.00	1.33
Operating CF per ADS	2.72	0.99	1.07	1.17	1.69
Dividend per ADS	0.00	0.00	0.00	0.00	0.00
Net assets per ADS	4.40	4.06	4.04	5.04	6.37
<b>Key Operating Ratios (%)</b>					
ROIC	-28.59%	45.49%	20.61%	21.99%	23.35%
ROE	29.21%	14.10%	18.68%	19.81%	20.91%
Gross margin	68.69%	71.31%	72.12%	72.12%	72.33%
Ebitda Margin	19.54%	19.21%	23.09%	26.59%	26.54%
Ebit Margin	14.52%	14.07%	17.62%	21.12%	22.33%
Growth rate of Revenue (YoY)	63.38%	46.72%	34.30%	30.00%	30.00%
Growth rate of Profit (YoY)	63.26%	52.31%	32.31%	30.00%	30.39%
Debt-to-asset ratio	34.72%	16.31%	18.05%	18.14%	18.70%
Turnover rate of net assets	(1.89)	2.64	0.98	1.03	1.07
Turnover rate of total assets	1.54	1.00	0.81	0.85	0.87
Effective tax rate (%)	13.9%	9.3%	10.0%	10.0%	10.0%
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Valuation Ratios (x)</b>					
P/E	(4.37)	23.75	16.05	12.13	9.09
P/B	(1.99)	2.83	2.85	2.28	1.81
EV/Sale	5.35	2.66	2.71	2.09	1.61
EV/Ebitda	20.00	13.86	8.59	5.74	4.42

Source: Company Data, SWS Research

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BUY: Share price performance is expected to generate more than 20% upside over a 12-month period.

Outperform: Share price performance is expected to generate between 10-20% upside over a 12-month period.

Hold: Share price performance is expected to generate between 10% downside to 10% upside over a 12-month period.

Underperform: Share price performance is expected to generate between 10-20% downside over a 12-month period.

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