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美联国际教育

edtechx
holdings

Investor Presentation

March 2020



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This presentation includes certain non-GAAP financial measures, which are different from financial measures calculated in accordance with U.S. GAAP. Such non-GAAP financial measures should be considered in addition to and not as a substitute for or superior to financial measures calculated in accordance with U.S. GAAP. In addition, the definition of adjusted EBITDA in this presentation may be different from the definition of such term used by other companies, and therefore comparability may be limited. A quantitative reconciliation of non-GAAP financial measures to the most directly comparable U.S. GAAP financial measures has been included in this presentation.

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Today's Presenters



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Alan Peng
Director Nominee and CEO
of Meten EdtechX



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Ricky Ng
CFO of Meten EdtechX



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Charles McIntyre
Chairman and CIO of EdtechX
Independent Director Nominee
of Meten EdtechX



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Benjamin Vedrenne-Cloquet
CEO of EdtechX
Independent Director Nominee
Of Meten EdtechX

Background

- Meten International Education Group (“Meten”) entered into a definitive merger agreement with EdtechX Holdings (“EdtechX” or “EDTX”) on December 12, 2019;
- The combined company will assume the name Meten EdtechX Education Group (“Company” or “MetenEdtechX”) and receive the new symbol “METX” post closing

Pro Forma Ownership & Valuation

- Meten management and shareholders to own 81% at close of the merger;¹
- Pro forma equity value \$649 million, \$614 million firm value:
 - Implies 19.6x 2020E adjusted EBITDA; 29.0x 2020E adjust net income, respectively

Alignment of Equity Interest

- Meten management subject to performance vesting thresholds to receive up to 11,000,000 earn out shares:
 - 4,000,000 vested if the closing sale price exceeds \$12.50/share for 20 out of 30 trading days by 2022YE
 - 7,000,000 vested if the closing sale price exceeds \$15.00/share for 20 out of 30 trading days by 2023YE
- 50% of the Meten founder shareholders subject to a 6-month lock-up or when the share price exceeds \$12.50; the other 50% subject to a 1-year lock up

Key Investors Support

- EdtechX has entered into Forward Purchase Agreement (“FPA”) with Azimut Enterprises (“Azimut”) to purchase up to \$20 million;
- Target to raise up to \$100 million in total including up to \$20 million in PIPE

Governance

- The board of Meten EdtechX will consist of 9 directors:
 - EdtechX will nominate 2 directors who will serve for 3 years from closing; Meten will nominate 4 directors
 - 3 independent directors to be elected

Timing & Conditions

- Minimum cash requirement for deal close is \$30 million²;
- Transaction expected to close by March 30, 2020

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01 Company Overview



English & Future Skills For Chinese Students and Young Professionals

We provide **industry-leading**
English language education and training services **using cutting-edge online**
delivery and strategic retail presence

No.1 omnichannel general adult ELT player in China¹

No.1



Online ELT

立刻说 likehuo

Online ELT platform of Meten

Adult + Junior

No.1




Retail/Offline

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Largest online general adult ELT player in the omnichannel general ELT market in China¹

Offline player with the widest geographic coverage in the general ELT market in China²



1.1m
Registered users³




~16k
Online teachers




36
Cities reached⁵



149
Learning centers^{5,6}




113%
Revenue CAGR
(2016-2018)



45k
Students enrolled⁴



13
Years of operation



73k
Students enrolled⁴

Core Service Offering

Online ELT

General adult ELT

Junior ELT

Overseas training services

Online

Omnichannel

Offline

 **SITalk**
(NYSE: GSX)

 **跟谁学**
(NYSE: GSX)

 **流利说®**
(NYSE: LAIX)

 **有道 youdao**
(NYSE: DAO)

Comparable Peers

 **TAL 好未来**
(NYSE: TAL)

 **新东方**
XDF.CN
(NYSE: EDU)

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 **OneSmart Education**
(NYSE: ONE)





 **RISE**
(Nasdaq: REDU)

 **Wall Street English**













 **Education First**

 **沃尔得英语**
WORLD ENGLISH

Profitable ELT competitor with extensive omnichannel (retail and digital) distribution

	Profitable ¹	Omnichannel Retail + Digital
	✓	✓
	✗	✗
	✗	✗
	✗	✗

#1 General adult ELT competitor with an integrated digital offering

	General Adult ELT Offline Revenue ¹ (US\$m)	Digital Reach
	 126	
	 123	 ²
	 95	 ²
	 48	 ²

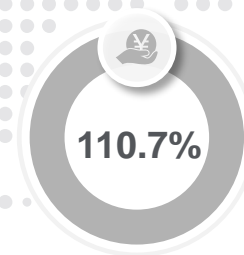
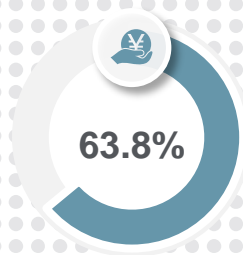
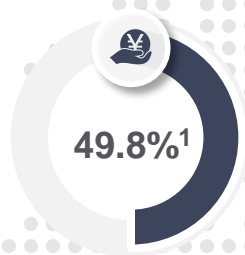
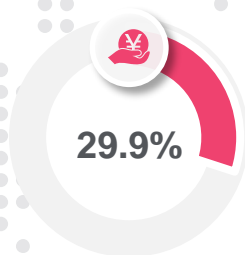
Source: Company public information, Frost & Sullivan

1. For FY2018, USD:RMB=7.15; 2. Limited digital presence.

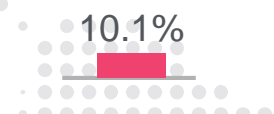
Marketing Efficiency and Profitability vs Pure Online Peers




Marketing expense
as % of revenue

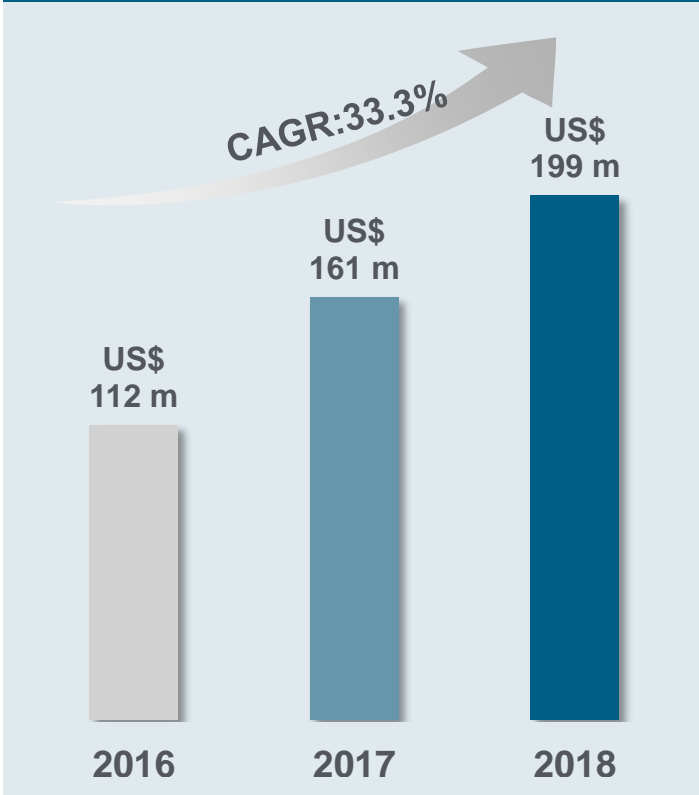



EBITDA margin

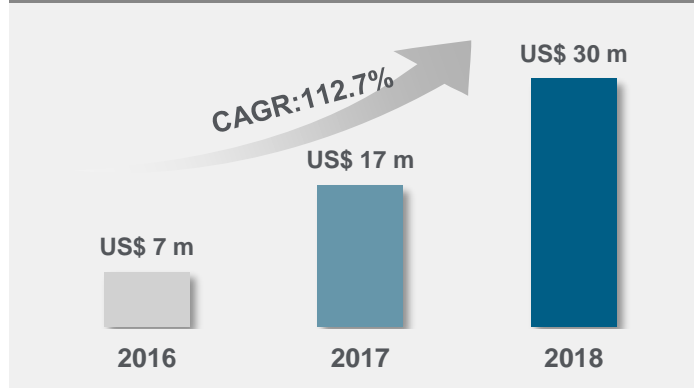


Strong Growth Trajectory and Sustainable Profitability

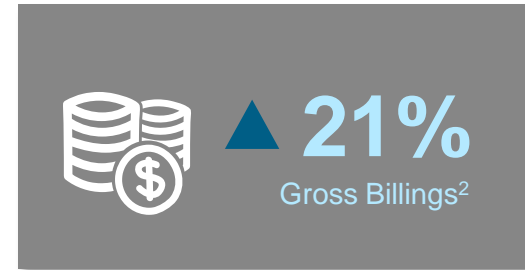
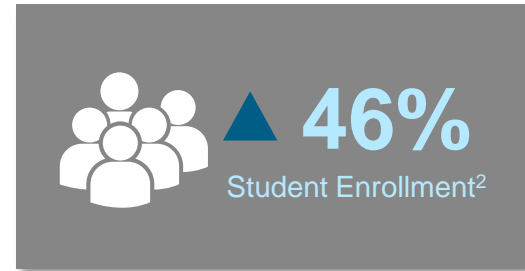
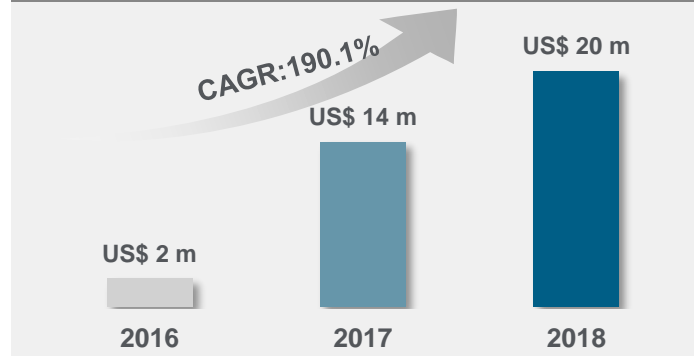
Recorded the HIGHEST revenue growth in the offline general ELT market in China¹



Online revenue is still booming



Adjusted EBITDA - sustainable profitability



Revenue
(Offline general ELT)³
CAGR
2016-2018



28.3%



27.7%



11.6%



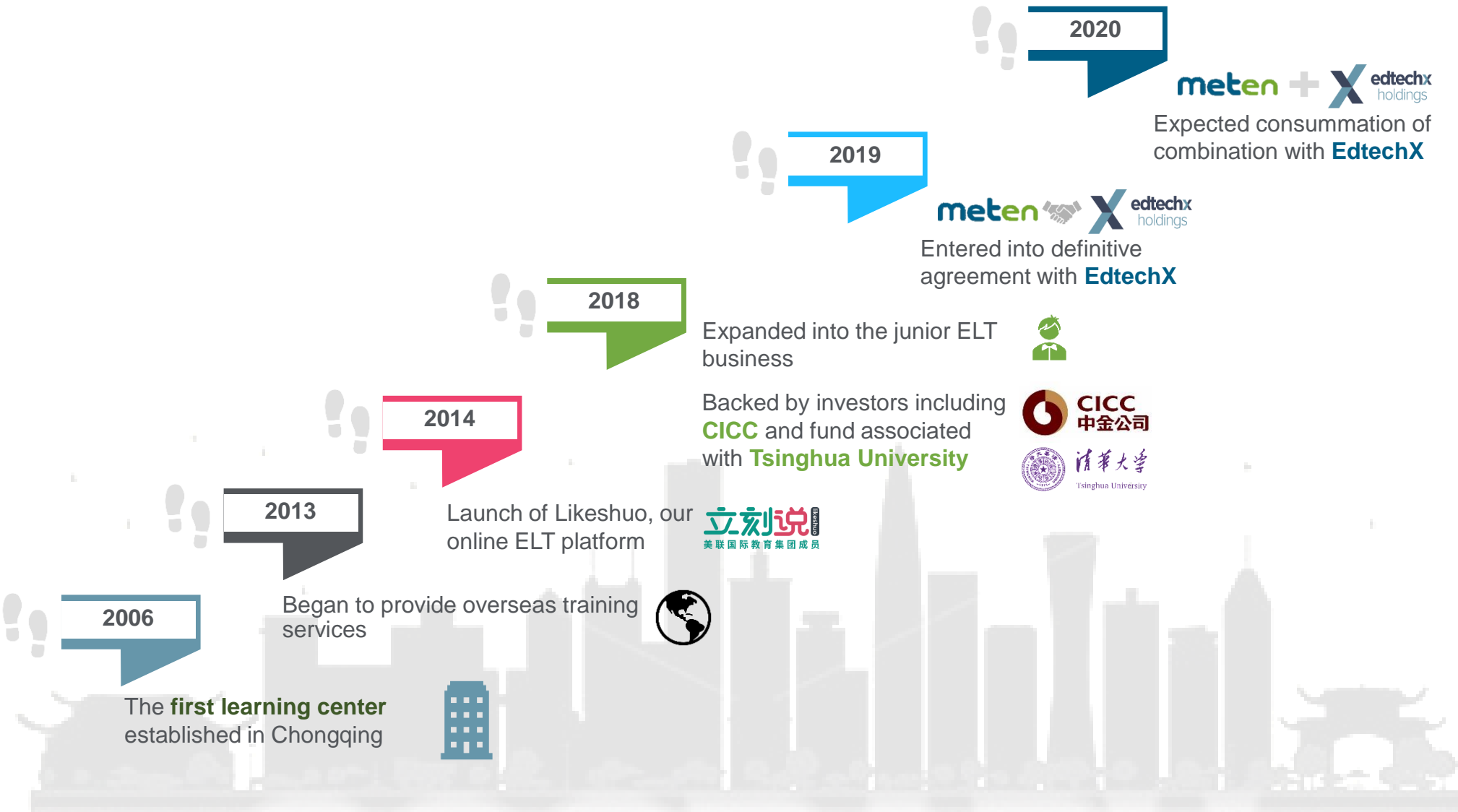
8.2%



3.9%

1. According to Frost & Sullivan, Meten recorded the highest revenue growth from 2016 to 2018 among the top five companies in terms of 2018 offline general ELT revenue in China;
2. CAGR from 2016 to 2018; 3. According to Frost & Sullivan, only include revenue from offline general ELT services

Established Track Record in ELT



02 Investment Highlights





Investment highlights

1

Leading English service provider with established track record and strong brand recognition

2

Operating in an attractive market with high growth potential

3

Highly efficient omnichannel business model

4

Outstanding network expansion capabilities with widest presence in tier 2 and 3 cities

5

Excellent acquisition and integration capabilities

6

Superior teaching quality and student satisfaction underpinned by cutting-edge technology

7

Experienced and innovative management team with high standards of corporate governance



Offline General Adult ELT Market in China¹



Offline General ELT Market in China¹



Online General Adult ELT Market in China¹



Highest Revenue Growth Rate in China's Offline General ELT Market² (2016-2018)

Awards and Accreditation

VENTURE50

- Zero2IPO Group's Venture 50 list of the **Most Investment-Worthy** enterprises in China in 2017



- The **ONLY** official language service provider of the 26th Universiade in 2011



- Ranked **FIRST** in terms of gross billings for the day among English language training service providers who participated in the "Singles' Day" nationwide promotion activity on Tmall.com in 2019³

Industry Awards from Leading Media Vendors



Source: Frost & Sullivan.

1. In terms of the 2018 revenue and among onni-channel players. 2. Meten recorded the highest growth rate from 2016 to 2018 among the top five companies in terms of 2018 offline general ELT revenue in China; 3. In terms of gross billings. Tmall.com is one of the world's biggest e-commerce website operated by Alibaba Group.

2 Operating in an Attractive Market with High Growth Potential

Fast-growing general ELT market with a low penetration rate¹

Total Revenue of China ELT Market

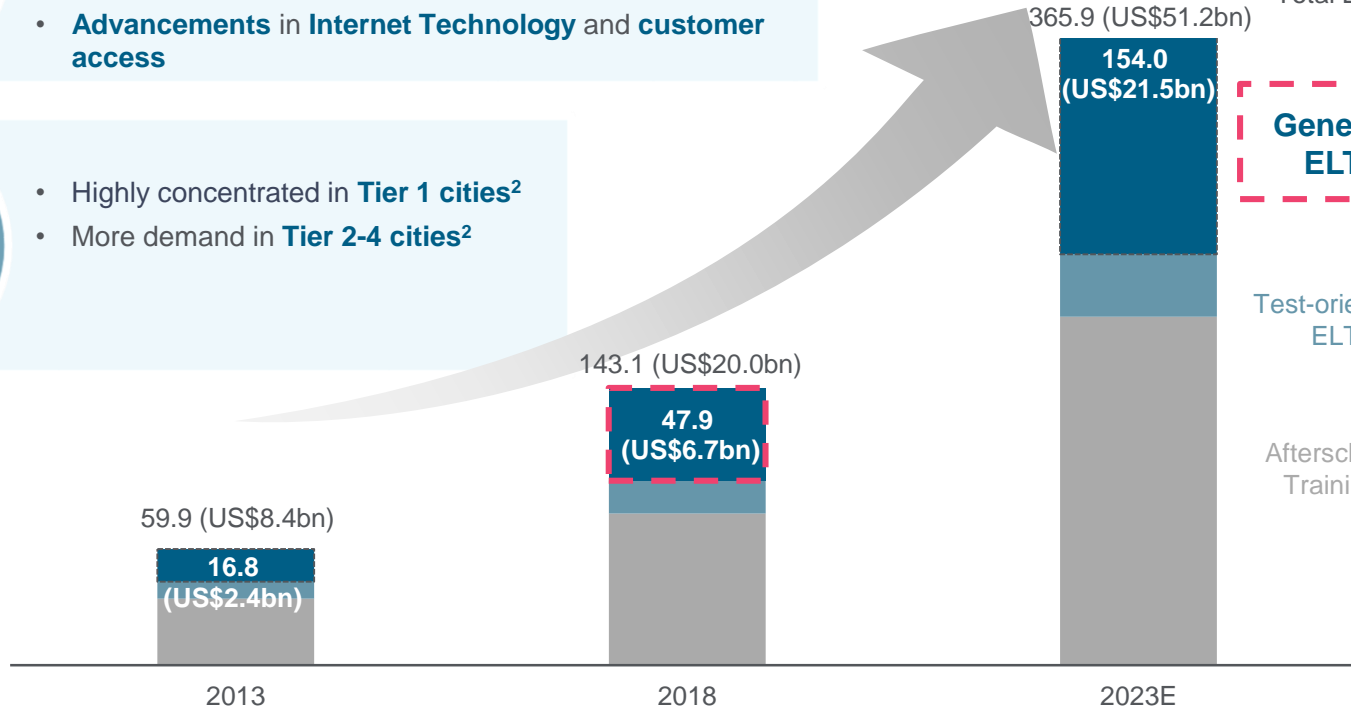
(Unit: Billion RMB)



- 1.4bn population in China with **1.1bn adults** in 2018
- **Increasing disposable income and expenditure** on education and training
- Growing number of students **studying abroad**
- **Advancements in Internet Technology** and **customer access**



- Highly concentrated in **Tier 1 cities²**
- More demand in **Tier 2-4 cities²**



Sectors	13/18 CAGR	18/23E CAGR
Total ELT	19.0%	20.7%
General ELT	23.3%	26.3%
Test-oriented ELT	14.1%	13.6%
Afterschool Training	17.9%	18.1%

Low Penetration Rate¹ of General ELT Market

1.0%

2.1%

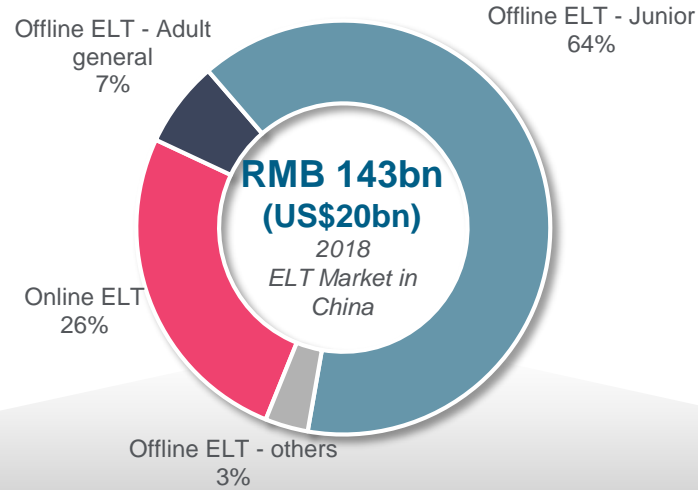
4.8%

Source: Frost & Sullivan Report

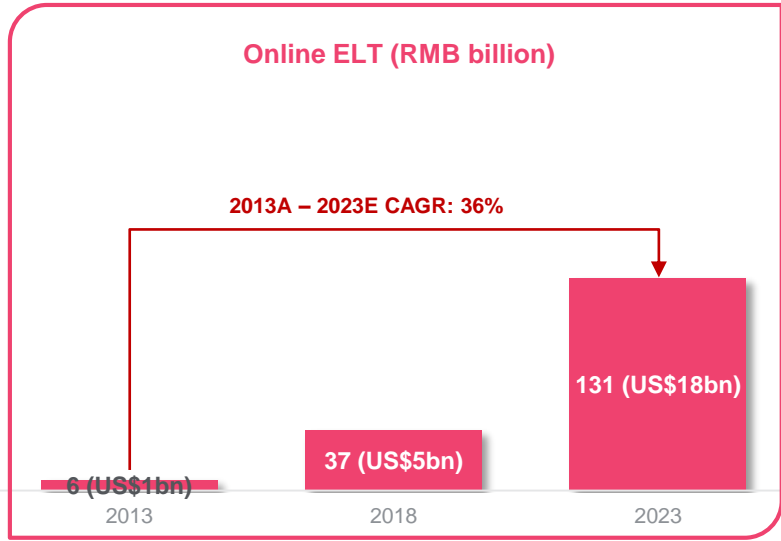
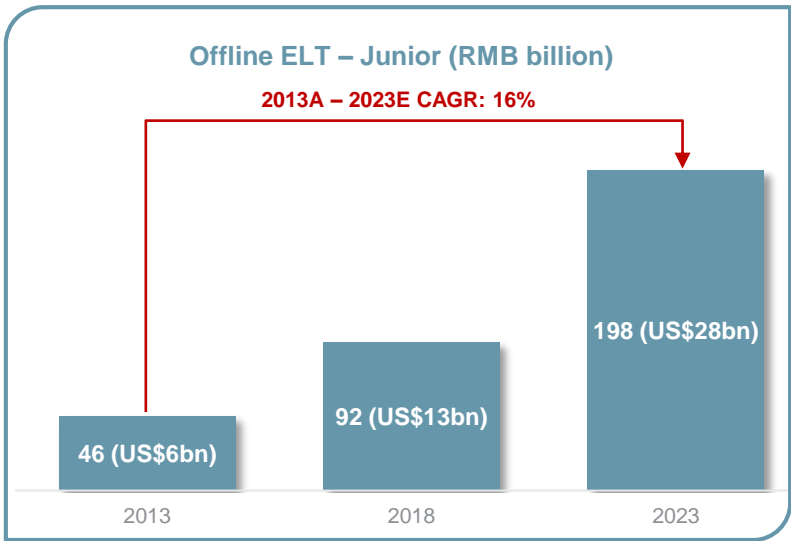
1. Defined as the ratio of the total enrollment of general ELT services divided by the total urban population aged from three to 49 in China; 2. Tier 1 cities: Beijing, Shanghai, Guangzhou and Shenzhen; Tier 2 cities: provincial capitals, regional centers or economically developed cities; Tier 3/4 cities: small- to mid sized cities that are strategically located or have relatively developed or large local economy USD:RMB=7.1477

2 Operating in an Attractive Market with High Growth Potential(Cont'd)

Junior ELT and online ELT are two key market segments with the highest growth potential

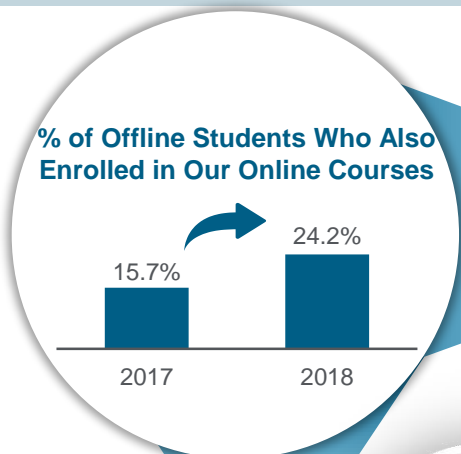


Overall ELT Market
2013A – 2018A CAGR: 19.0%
2018A - 2023E CAGR: 20.7%

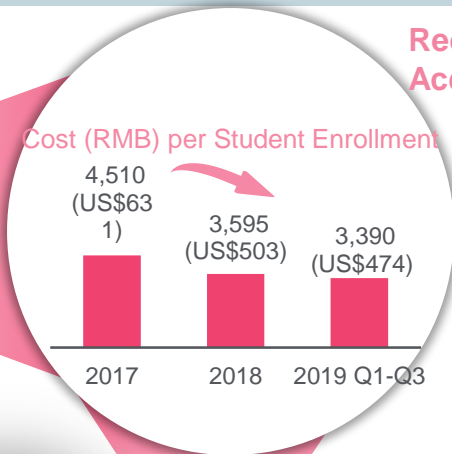


③ Highly Efficient Omnichannel Business Model

Cross-selling Capabilities



Reduced Customer Acquisition Cost¹

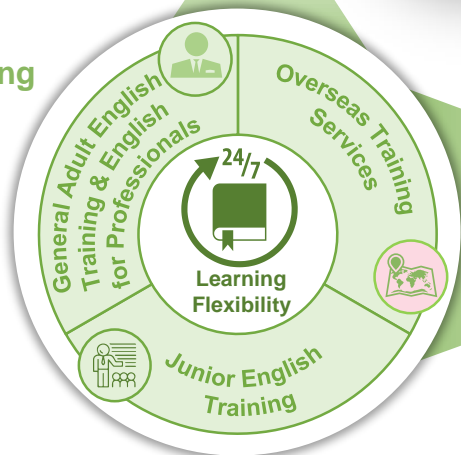


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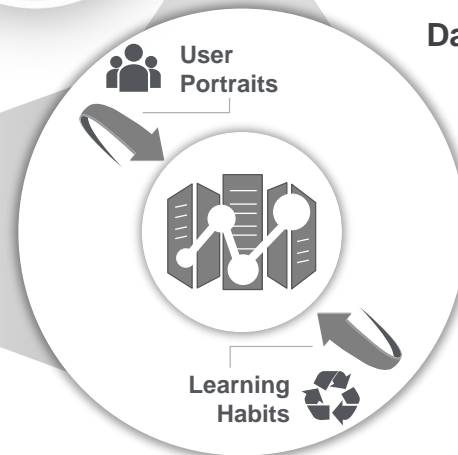
Synergetic Business Model

立刻说
美联国际教育集团成员
Online

Comprehensive and Flexible Product and Service Offering



Data Accumulation

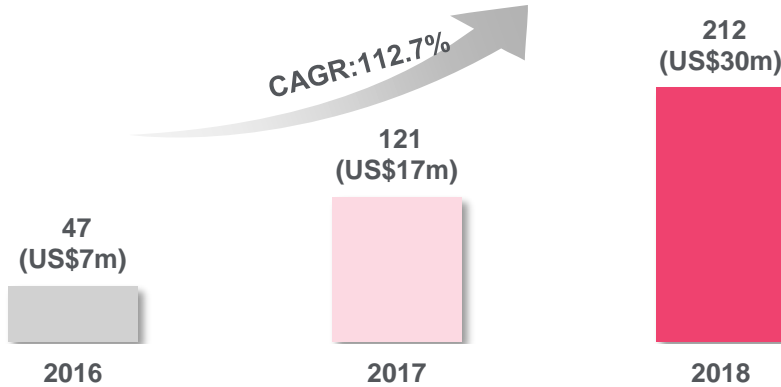


1. Customer acquisition cost = Selling and marketing expense / Student enrollment, including online and offline businesses.
USD:RMB=7.1477

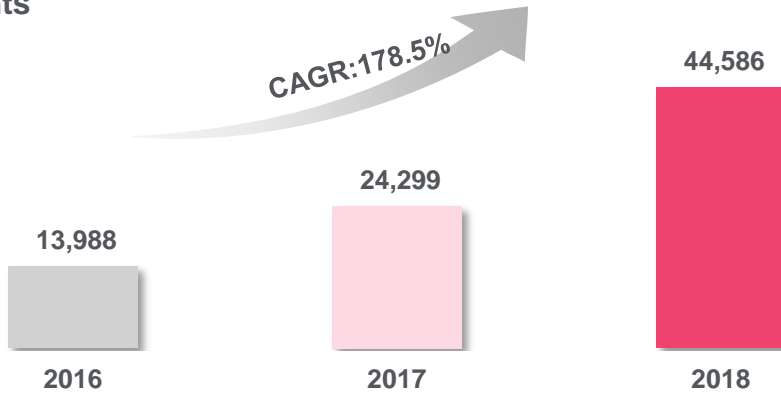


Rapid growth of digital revenue since the launch of Likeshuo

Online revenue
RMB million



Online enrollments



Made up for the deficiencies of traditional pure offline model



Solved pain point of long commute time in tier 1 cities

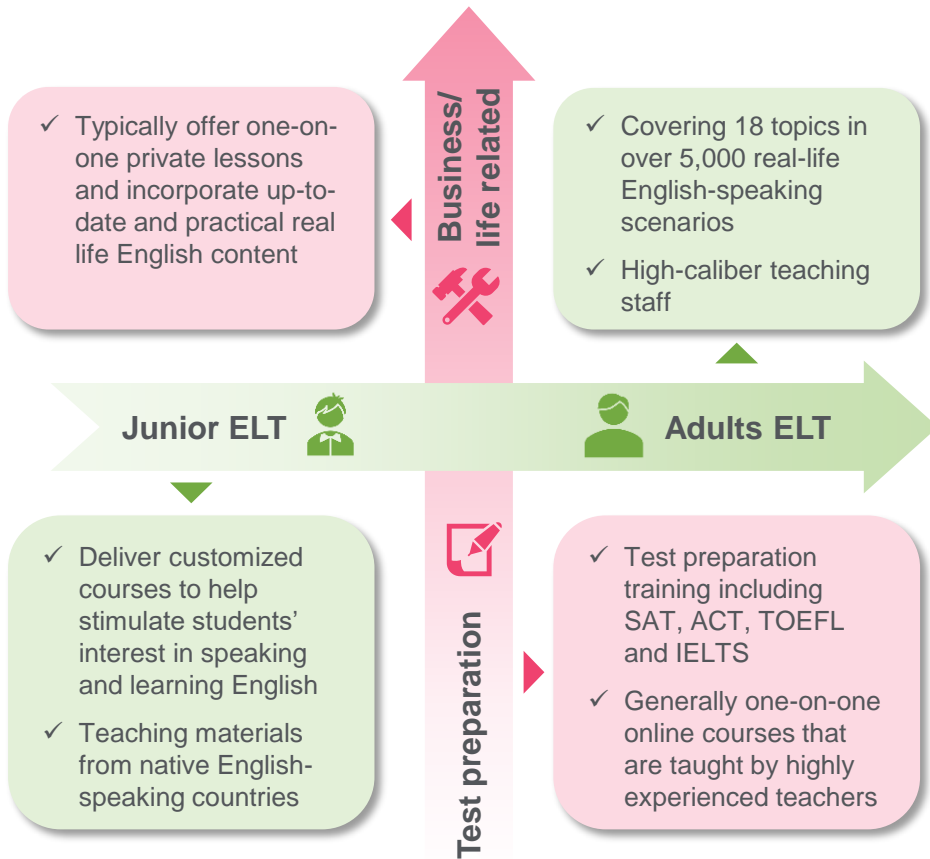


Easy access anywhere and anytime



Effective and personalized learning at an affordable price

Comprehensive and engaging online product offerings



Simple and well-structured interface



Variety of free open class to attract users



1.1 million¹
Registered users



200k¹
Paying users

Omnichannel delivery provides operational flexibility

Recent promotion activities of Likeshuo during the coronavirus outbreak¹



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话特别多
和老师
说个不停”


富有爱心和教学经验的
欧美外教1对1在线上课
当然聊得停不下来

欧美母语好老师

不开学 先开课
扫码享免费体验课+测评

宅家学英语 就上LikeABC
美联国际教育旗下在线青少年英语品牌




- 100k opportunities for free “The Brain” courses
- Free LikeABC course
- Free trial one-on-one course for students

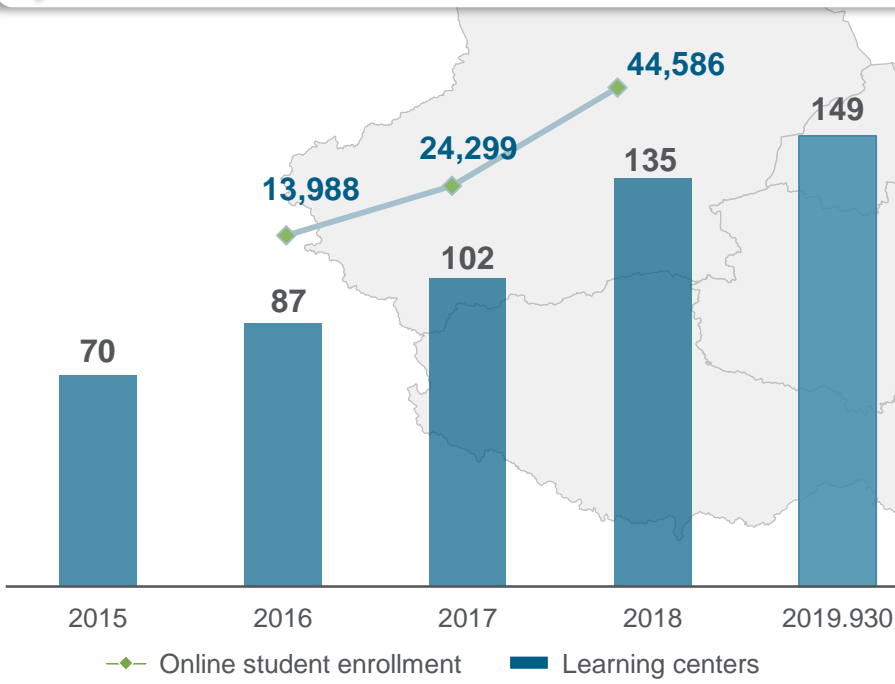
 **+287% YoY**
Online gross billing

for the period between 1st and 17th February 2020 (after the coronavirus outbreak¹)

4 Outstanding Network Expansion Capabilities

Best placed ELT provider to penetrate tier 2 and 3 cities

- 123 Learning centers under "Meten" brand¹  美联国际教育
- 26 Learning centers under "ABC" brand¹  ABC外语学校 www.abc.com.cn
- 5 Experiential marketing stores for online English training¹  立刻说 美联国际教育集团成员



Capability to diversify service offering supported by existing infrastructure

No. 1 provider in China Offline General ELT Market ^{2 3}

Provinces with learning centers presence

1. As of September 30, 2019; 2. According to Frost & Sullivan; 3. Based on the number of offline self-operated general ELT learning centers as of December 31, 2018

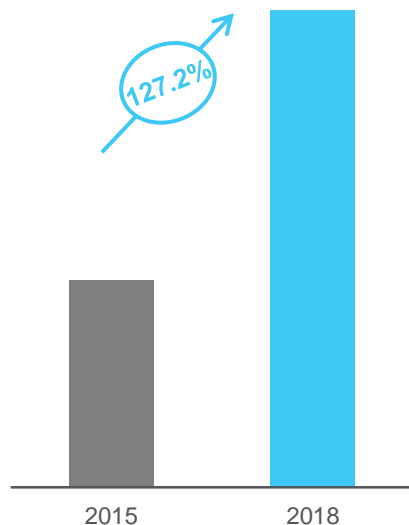
5 Excellent Acquisition and Integration Capabilities

Ten potential regional targets with 300+ centers and RMB2 bn gross billings



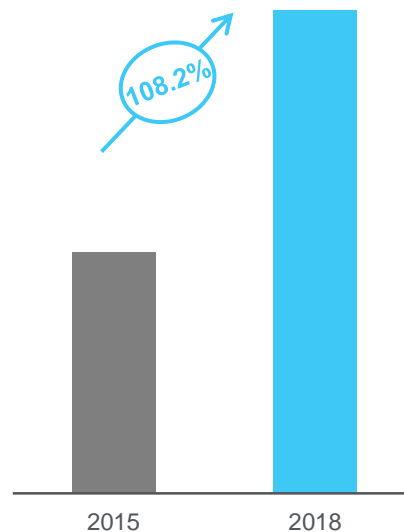
In 2014, Meten acquired **2** learning centers in Ningbo with **~0.5x** P/S

Revenue Growth Rate 2015-2018



In 2014, Meten acquired **3** learning centers in Nanjing with **~0.3x** P/S

Revenue Growth Rate 2015-2018



In June 2018, Meten acquired ABC Education Group which operates **26** learning centers¹ with **~1.0x** P/S



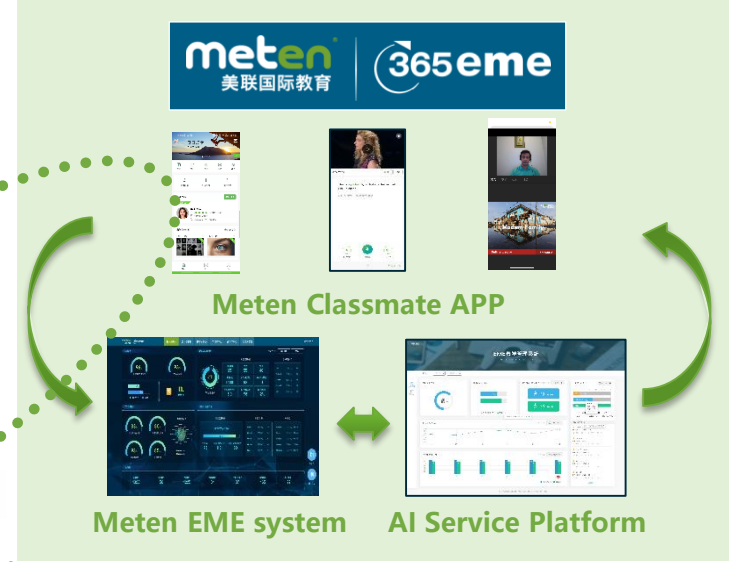
Provinces with learning centers presence
of learning centers under "ABC" brand

1. As of September 30, 2019.

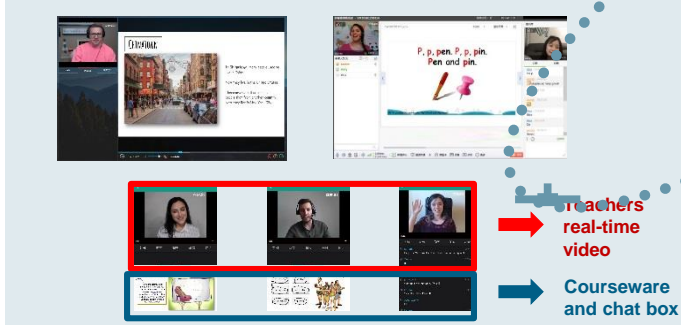
Meten CRM system



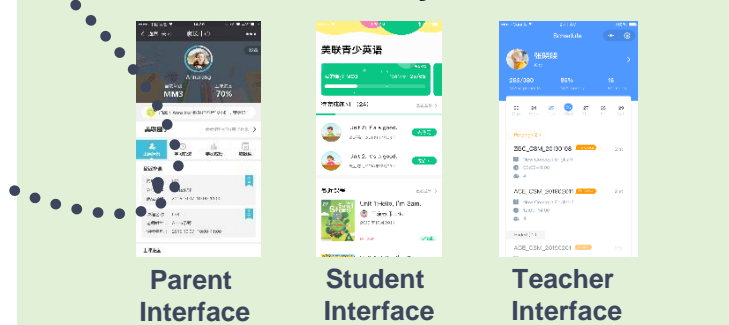
Meten EME system



Online Lisheshuo system



Junior MTS system

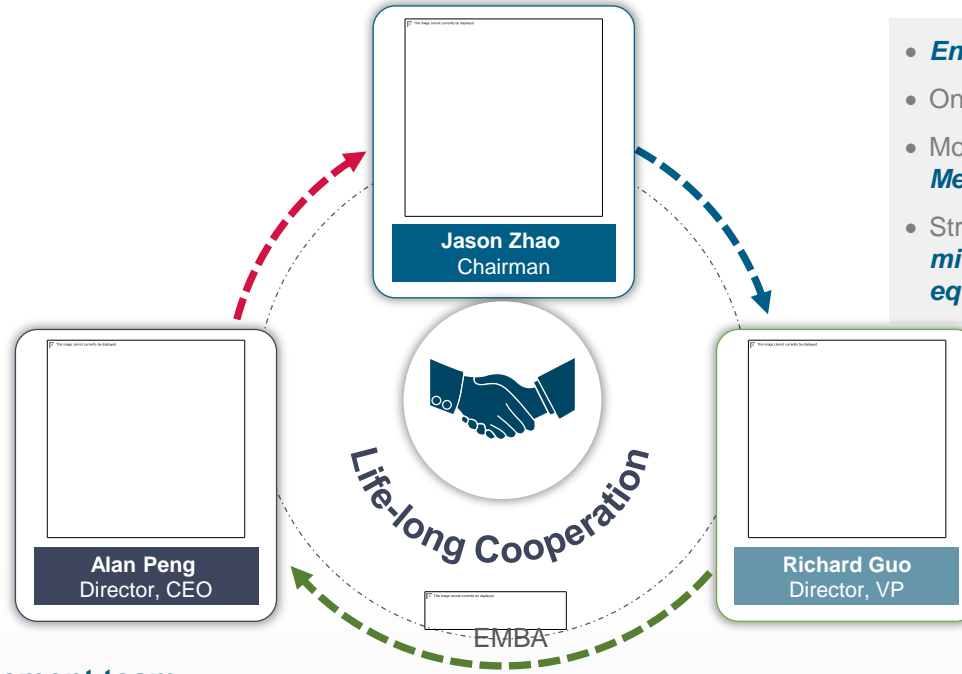


Both self-operated and franchised learning centers¹ are managed under centralized management systems

1. Only franchised learning centers under "Meten" brand.

7 Experienced and Innovative Management Team

Strong “partnership” culture based on the shared philosophy of innovation



- **Entrepreneurial and innovative**
- On average **>10 years** industry experience
- Most of senior management have been **with Meten since inception**
- Strong partnership culture with **the majority of mid-to-high level management holding equity interests in the Company**

Highly experienced senior management team

 Kevin Zhou VP, CEO of Likeshuo	 Ricky Ng CFO	 Maggie Zeng CHO	 May Zheng CMO
 Johnny He VP CEIBS EMBA	 Silvia Liu VP CEIBS EMBA	 Marc Zhou VP THU MBA	 David Yang Assistant President University of Glasgow Former executive of EF

7 High Standards of Corporate Governance

Board strengthened by combination with EdtechX



Jishuang Zhao

Chairman, Director Nominee

- Founder of Meten and has served as chairman of Meten's board of directors since inception
- EMBA of China Europe International Business School



Yongchao Chen

Director Nominee

- Joined Meten in May 2006 and Served as a director of Meten since April 2019
- Bachelor's degree in accounting computerization from Changsha University of Science & Technology



Yanli Chen

Independent Director Nominee

- Managing partner of Cornerstone Asset Management Co., Ltd
- EMBA of China Europe International Business School



Siguang Peng

CEO, Director Nominee

- Founder of Meten and has served as a director and chief executive officer of Meten since inception
- EMBA of China Europe International Business School



Charles McIntyre

Independent Director Nominee



- Chairman and CIO of EdtechX Holdings (NASDAQ: EDTX)
- Co-Founder at EdTech specialist investment bank : IBIS Capital and co-founder of media long short hedge fund IBIS Capital Hedge Fund
- Former executive at PE firm Apax Partners.
- Chairman of Board of technology company : Learn Light (Corporate training ELT)



Zhiye Xie

Independent Director Nominee

- General manager of Shenzhen Shenghongtao Technology Co., Ltd
- Bachelor's degree in law from Xiangtan University



Yupeng Guo

VP, Director Nominee

- Founder of Meten and has served as a director and vice president of Meten since inception
- EMBA of China Europe International Business School



Benjamin Vedrenne-Cloquet

Independent Director Nominee



- CEO and cofounder of EdtechX Holdings (NASDAQ: EDTX)
- Partner at Edtech specialist investment bank IBIS Capital and co-founder of education technology conference series EdtechX
- Previous Corporate Development and Strategy roles at listed large and midcaps Time Warner and Omnicom (NYSE), MTG (Nadsaq), Lagardere
- Chairman of Board of Trustee of French International school in London.



Ying Cheng

Independent Director Nominee

- Partner of Beijing Trans Technology Co., Ltd
- Previous Financial Director of Green Energy High-Tech Group Co., Ltd. (979.HK)
- EMBA of China Europe International Business School

03 Growth Strategies



1

Maintain Sustainable Growth of Online Business



- ✓ Offline-to-online cross-selling
- ✓ Invest in system upgrades and product developments
- ✓ Leverage support of offline network

2

Further Expand Offline Network Coverage



- ✓ Expand offline network nationwide
- ✓ Reinforce leading offline ELT brand
- ✓ Focus on tier 2-4 cities

3

Enhance and Diversify Education Service Offering



- ✓ Focus on general adult ELT business
- ✓ Diversify service offering by further expanding junior ELT business
- ✓ Develop Junior K12 Quality Education program

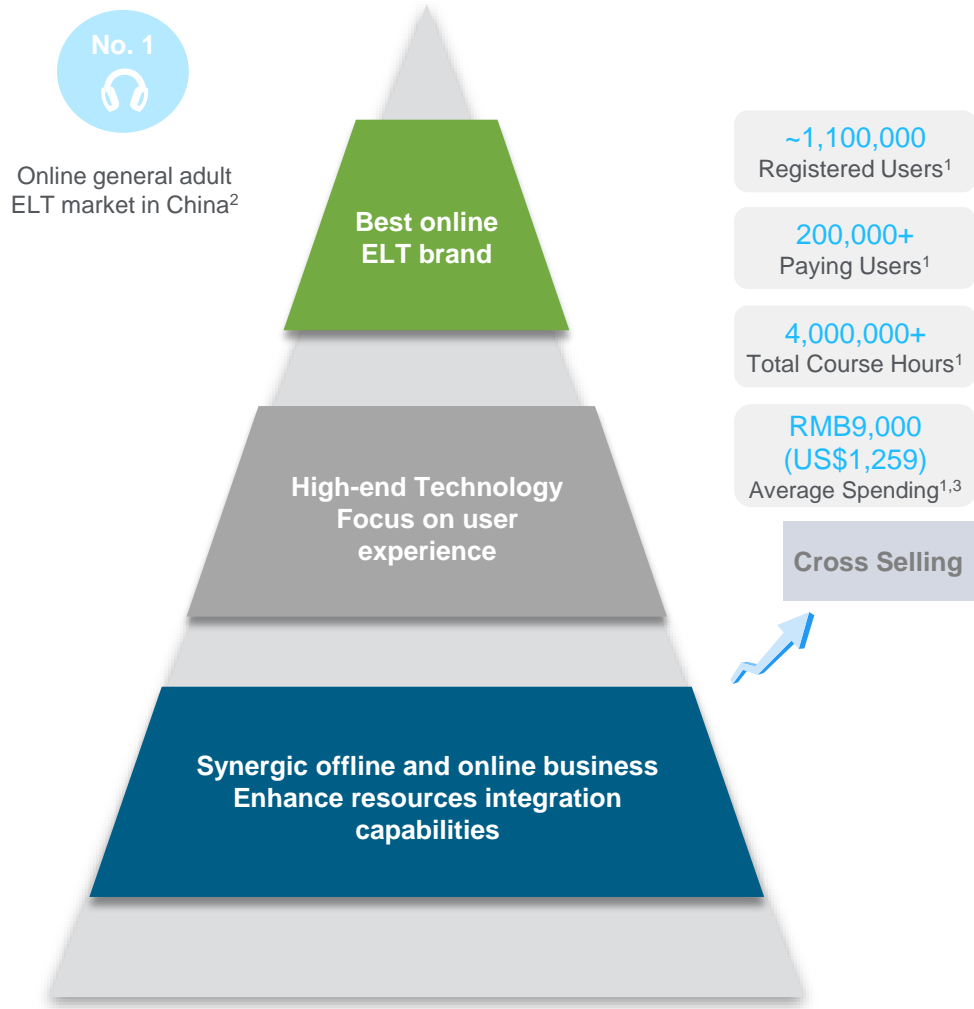
4

Selectively Pursue Strategic Acquisitions and Partnerships



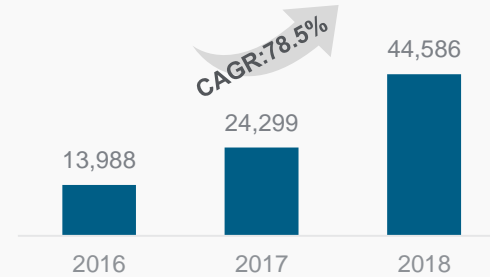
- ✓ Seek potential partnership opportunities
- ✓ Further expansion into junior ELT market
- ✓ Collaborate with non-ELT services providers and new technology companies

Omnichannel business model to facilitate growing penetration of likeshuo services



Offline-to-online cross-selling capabilities

Online Student Enrollment



Cross Selling % of offline students who also enrolled in our online courses¹

24.2%

Customer Acquisition Cost
1,889 RMB / Student⁴
(US\$264 / Student)

System upgrades and product developments



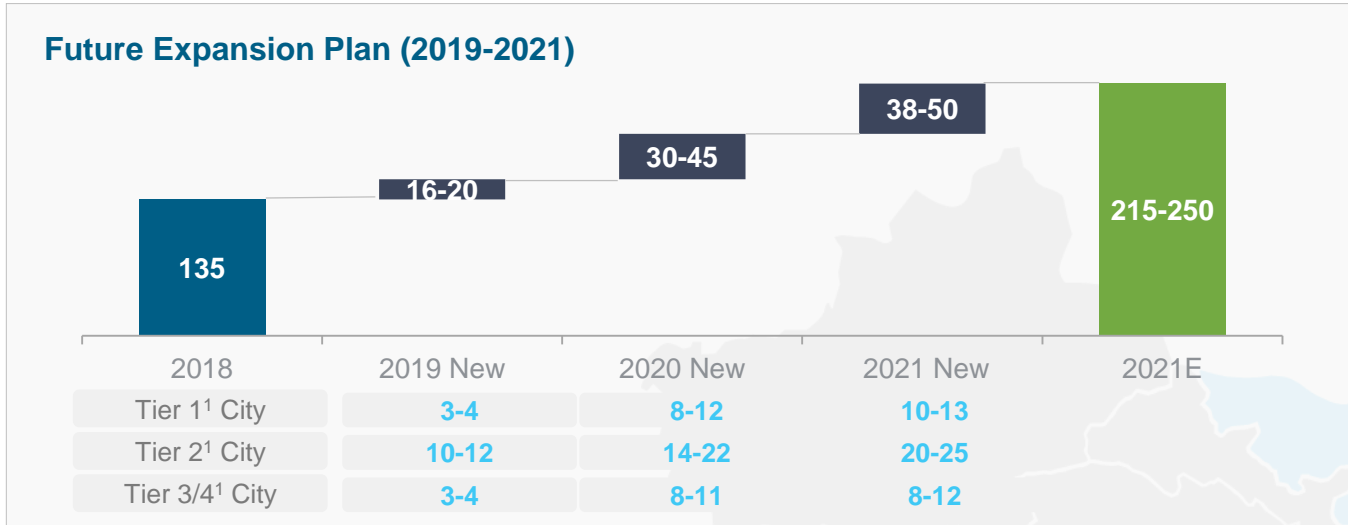
- AI
- Big Data
- Dual Teacher
- Real Time

Interface on PC

Interface on Mobile

② Further Expand Offline Network Coverage

Many provinces and regions in China are yet to be covered



- ①
- New satellite areas in tier 1 cities with low rental costs
 - Provincial capitals or regional economic centers

- ②
- More focus on Junior ELT centers

- ③
- Initial investment to open a center is ~RMB2 million (c.US\$0.3m)
 - Payback period is 3 months and breakeven is 15 months

The Number and Gross Billings of Self-operated Learning Centers in 2018

	No.	% as of total gross billings
Tier 1 ¹ City	40	37.1%
Tier 2 ¹ City	50	40.8%
Tier 3/4 ¹ City	29	22.0%

② Huge Untapped Potential in Non Tier 1 Cities in China

Huge untapped potential in **200+** Non Tier 1 Cities¹

No large adult & junior ELT brands in Tier 3 and 4 cities

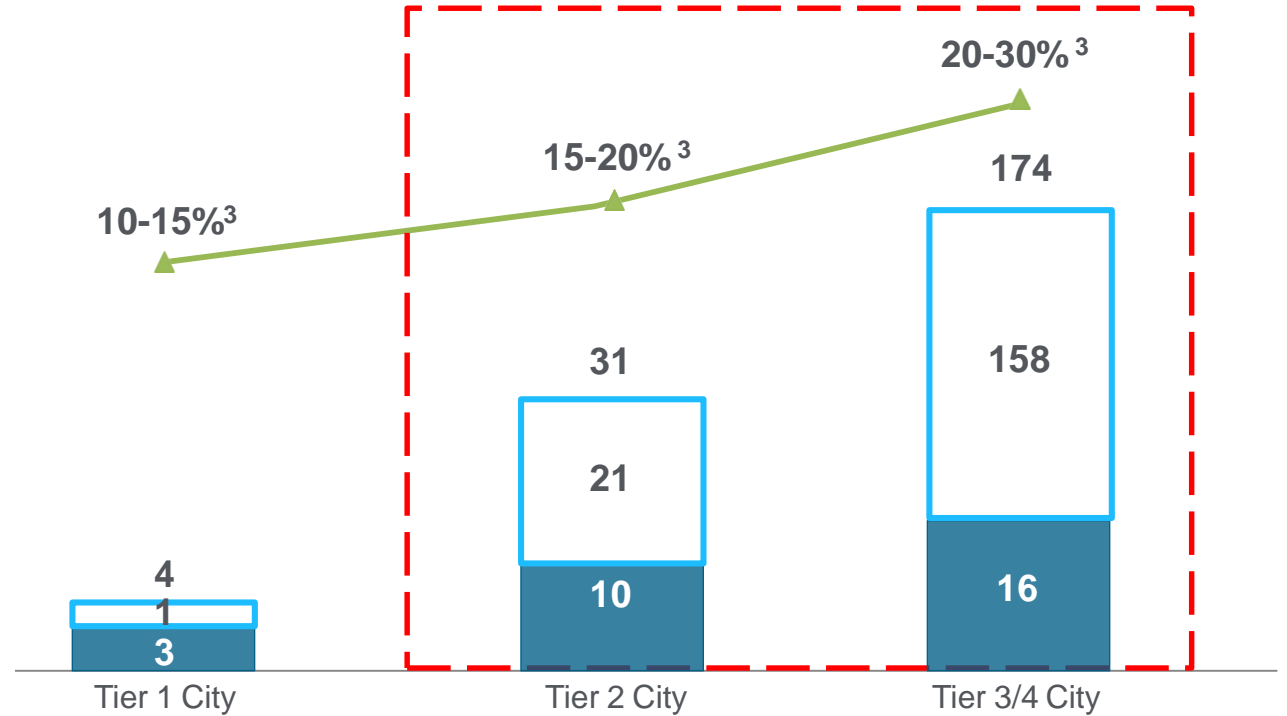
Very limited number of foreign teachers in Tier 3 and 4 cities



500+
Foreign Teachers



RMB10~15 m
(US\$1.4~2.1m)
Single Store Sales²



■ Number of cities with our learning centers □ Number of cities without our learning centers ▲ Net profit margin of our learning centers

4mn+
Population

RMB80bn+
(US\$11bn+)
Total GDP

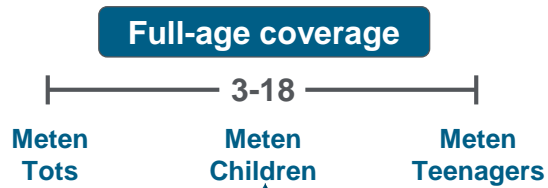
RMB30k+
(US\$4k+)
Per Capita GDP

10,000 km²
City Area

1. As of September 30, 2019; 2. In 2017 and 2018, our adult ELT learning center in Mianyang, Sichuan, a tier 3 city, has recorded Gross Billings of 15-18 million RMB, which is higher than country average; 3. profit margins for typical mature learning centers
USD:RMB=7.1477

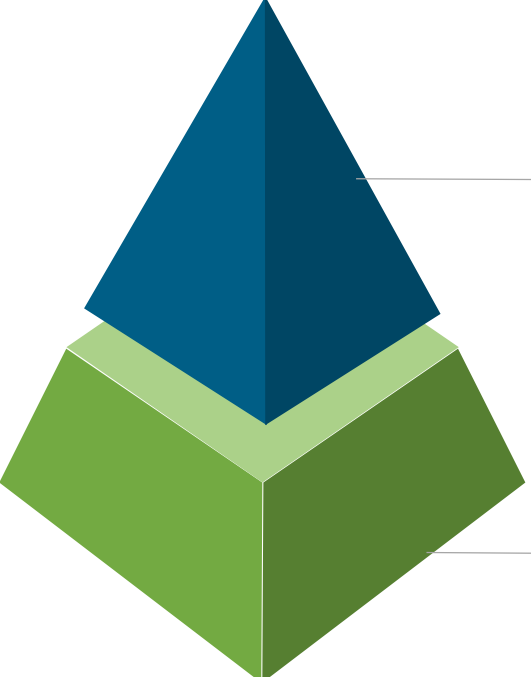
3 Further Expand Junior English K12 Training Business

Build a high-end brand with the Company's own junior brand and position the acquired ABC brand as a mid-end brand



Offline Junior
Integrated Online and Offline Courses

Online Junior
Online and Offline Cross Selling System



High-end: meten 美联英语

Planned new independent junior English center

Year	Count
2019E	3
2020E	17
2021E	19

- Rely on existing strong offline network to expand to **100+** centers

Cross Selling: Adult Courses, Junior Courses

Mid-end: ABC 外语学校 www.abc.com.cn

More focus on the age of 6-18

ELA CEFR IELTS

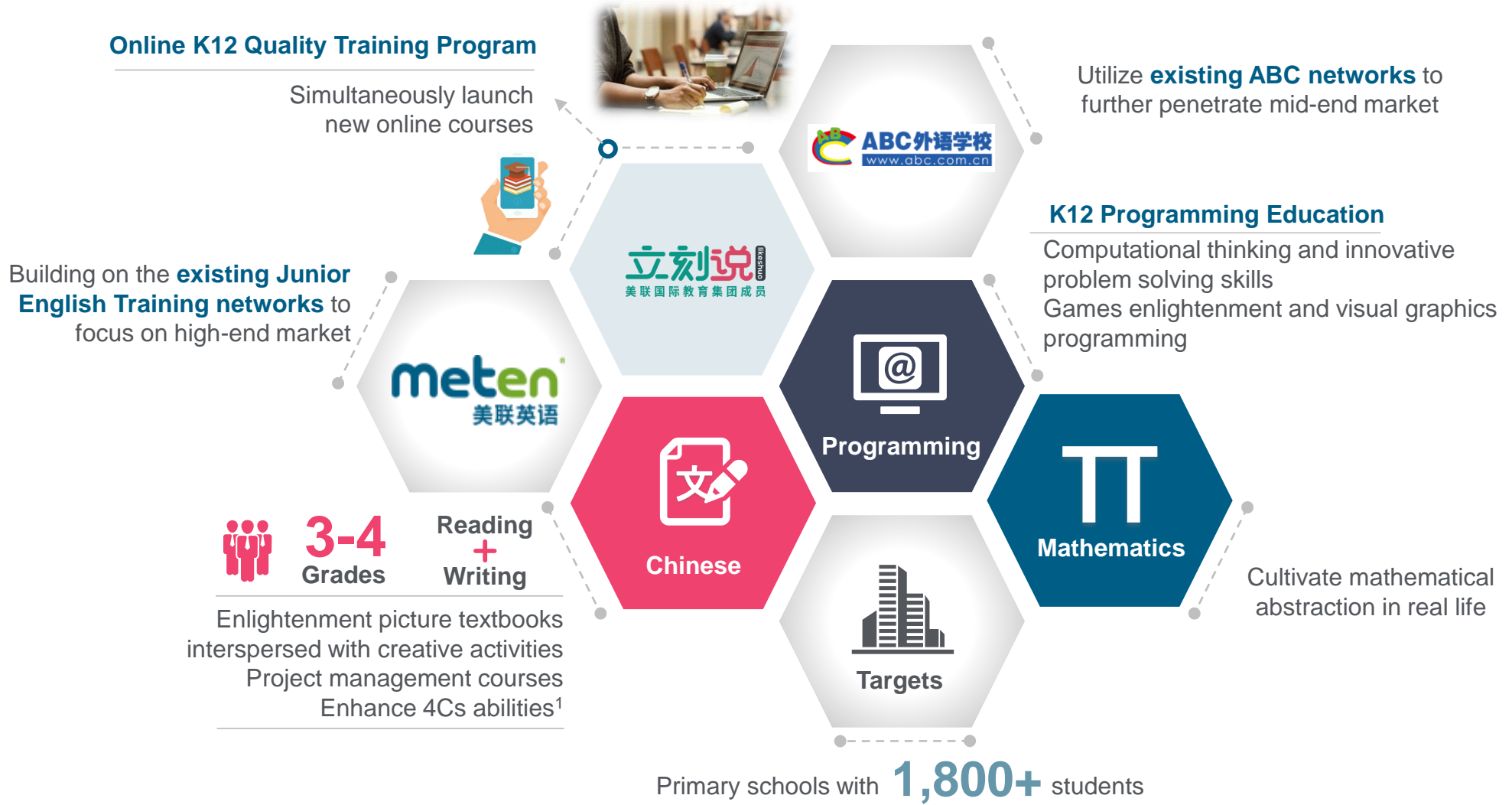
- Improve ABC's operational management efficiency and gradually integrate into Meten's system
- Cross Selling:** promote "Likeshuo" and overseas training products to ABC's customers

- IT Support
- Update CRM & MTS system

Continue to pursue M&A opportunities and partners in junior ELT sector

3 Selectively Explore Junior K12 Quality Education

Launch Junior K12 Quality Education program in March 2020



1. Critical thinking, communication skills, collaboration and creativity and innovation

4 Leverage M&A Integration Capabilities

Greater focus on offline junior English training and general adult English training

M&A Criteria

Substantial regional presence and brand recognition

1

Strong content development capabilities

2

Shared values and goals

3

Utilize advanced technologies in connection with their business operations

4



Junior English K12 Training and Quality Education

Potential Targets

Leading Regional Companies

Gross Billing RMB50-200m (US\$7-28m)

Two Potential Provincial Leading Targets

Future Strategies

1

Enhance targets' operational capabilities

2

Multi-brand strategy, with potential for brand unification in the long term

3

Strong content development abilities



General Adult English Training

Potential Targets

3-10 Regional Brands

Attractive Valuation

Future Strategies

1

Strong brand and market recognition from operational track record

2

Future M&A related to adult business will adhere to single brand of "Meten"

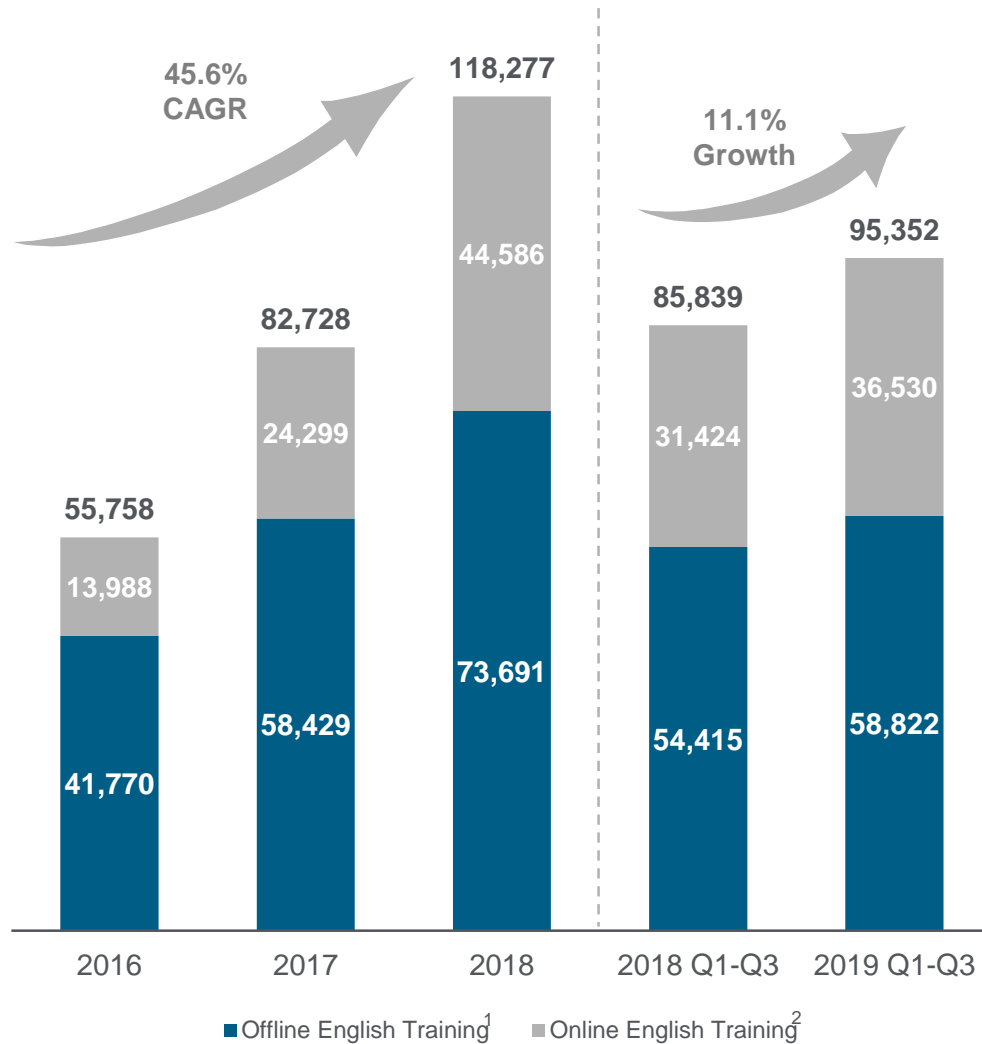
3

Accelerate regional consolidation

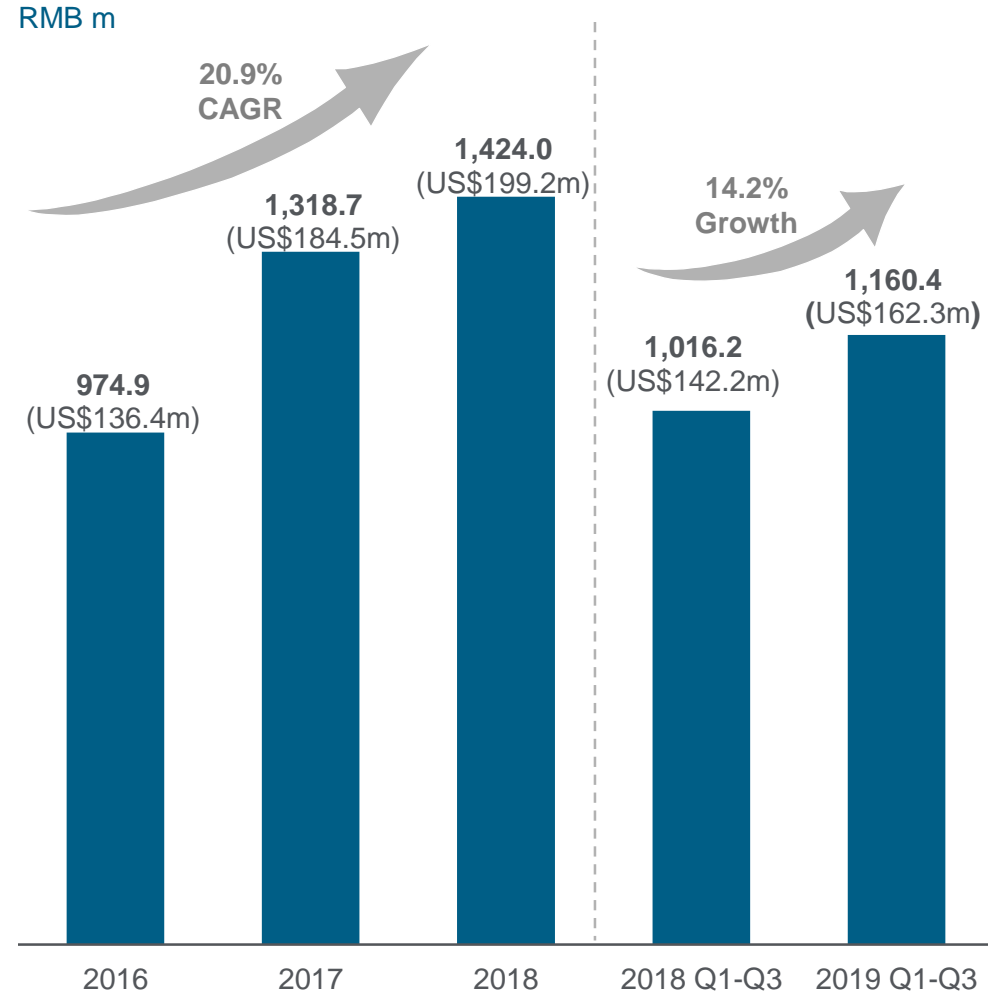
04 Financial Highlights



Student Enrollment



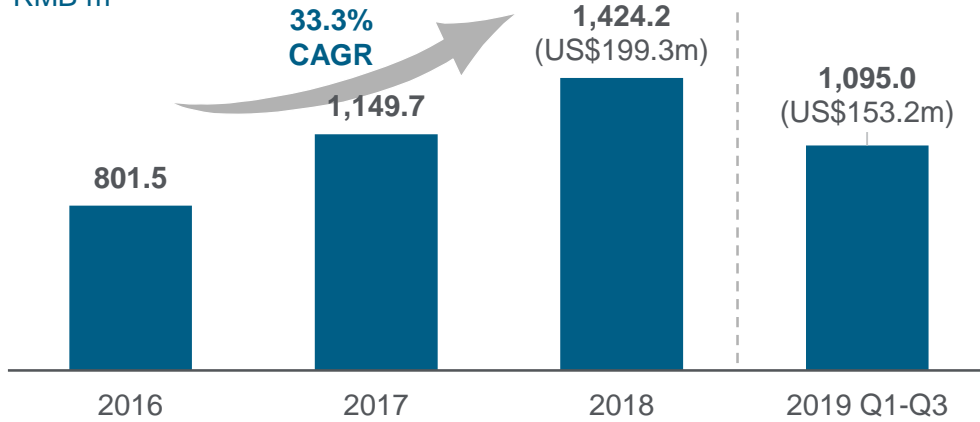
Gross Billings



1. We started to offer junior English training in January 2018 and acquired ABC Education Group in June 2018. The number of student enrollments for the year ended December 31, 2018 also included the students enrolled with ABC Education Group; 2. Student enrollment in our online English training represents the total number of student enrollments on our online "Likeshuo" platform. USD:RMB=7.1477

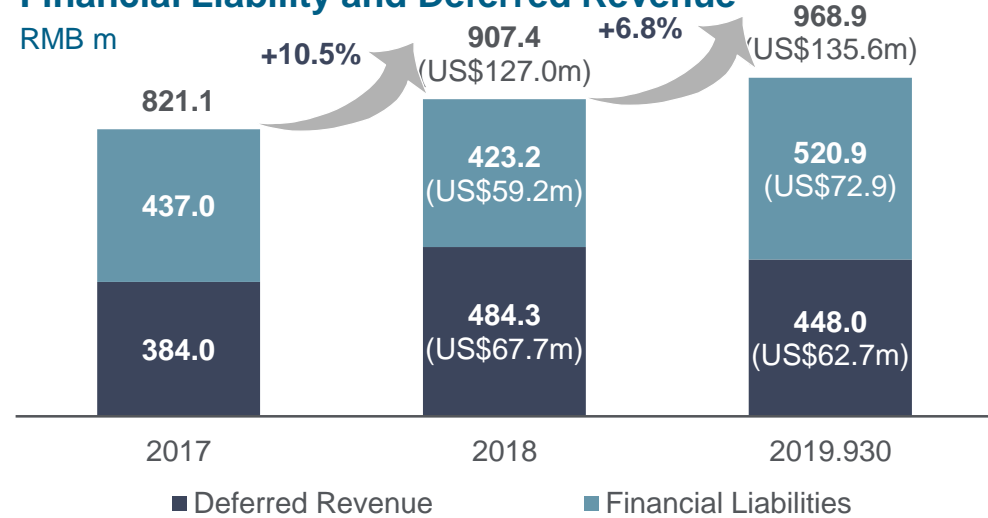
Revenue

RMB m



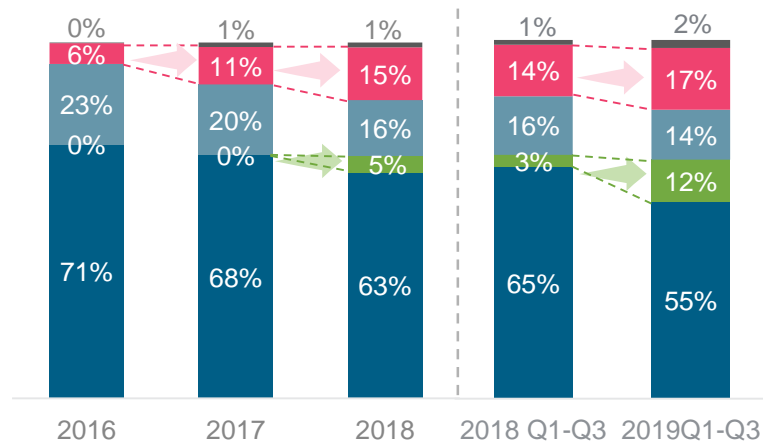
Financial Liability and Deferred Revenue¹

RMB m

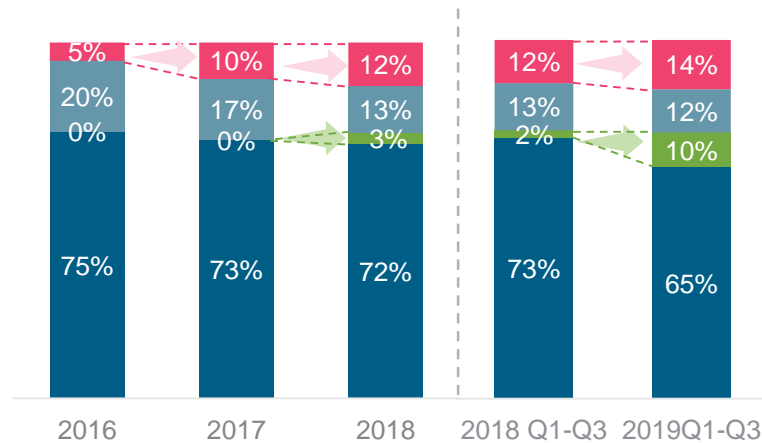


Increasing revenue and profit contribution from online ELT and Junior ELT

Revenue breakdown



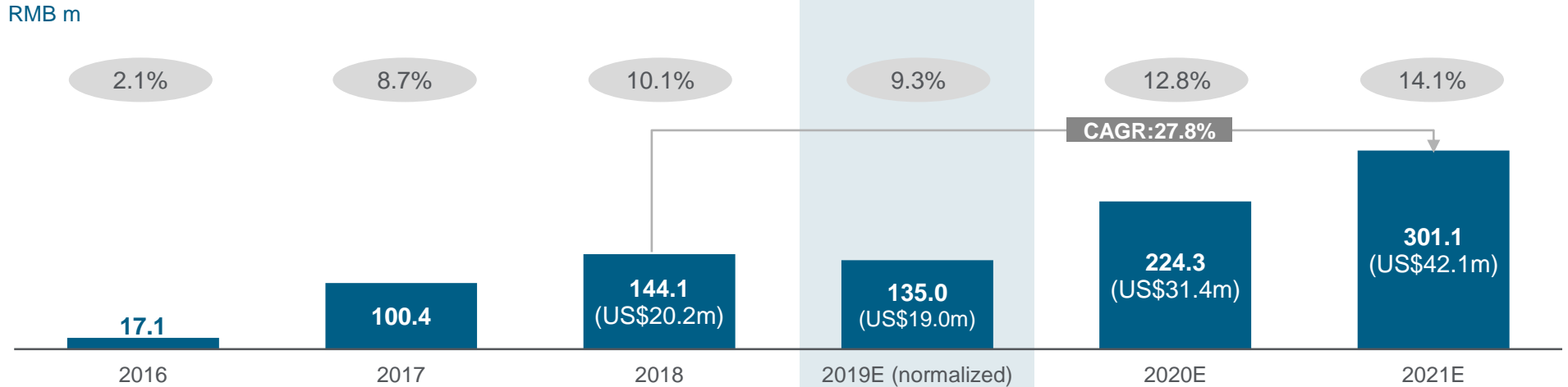
Gross profit breakdown



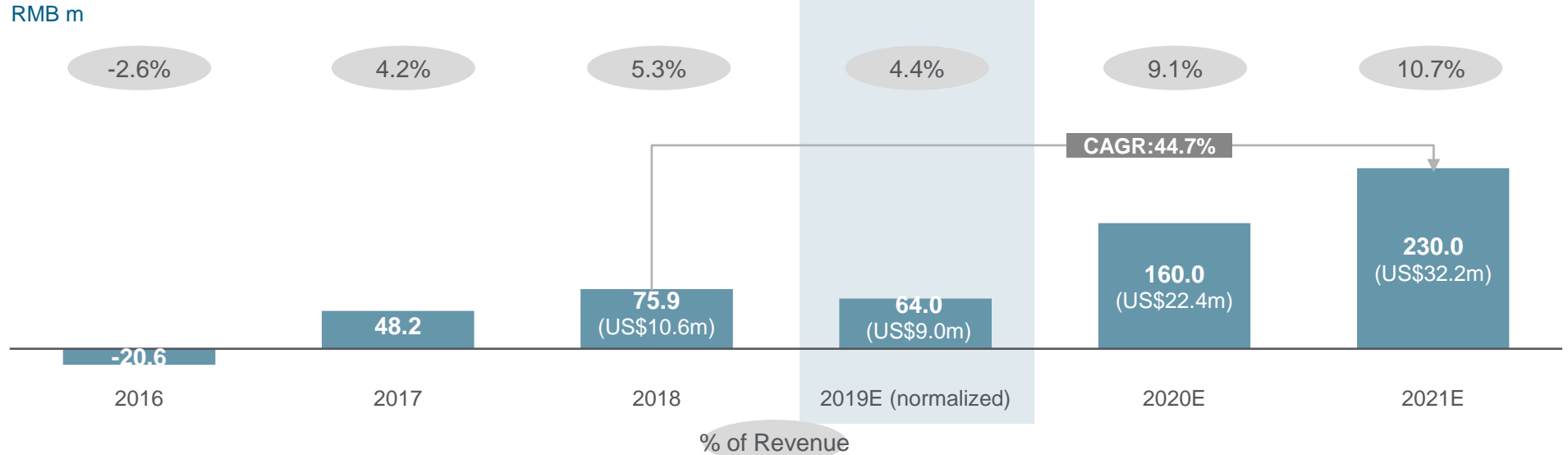
- General adult English training
- Overseas training services
- Junior English training
- Online English training
- Other English language-related services

3-year Forecast - Profitability Analysis

Adjusted EBITDA¹



Adjusted net income²

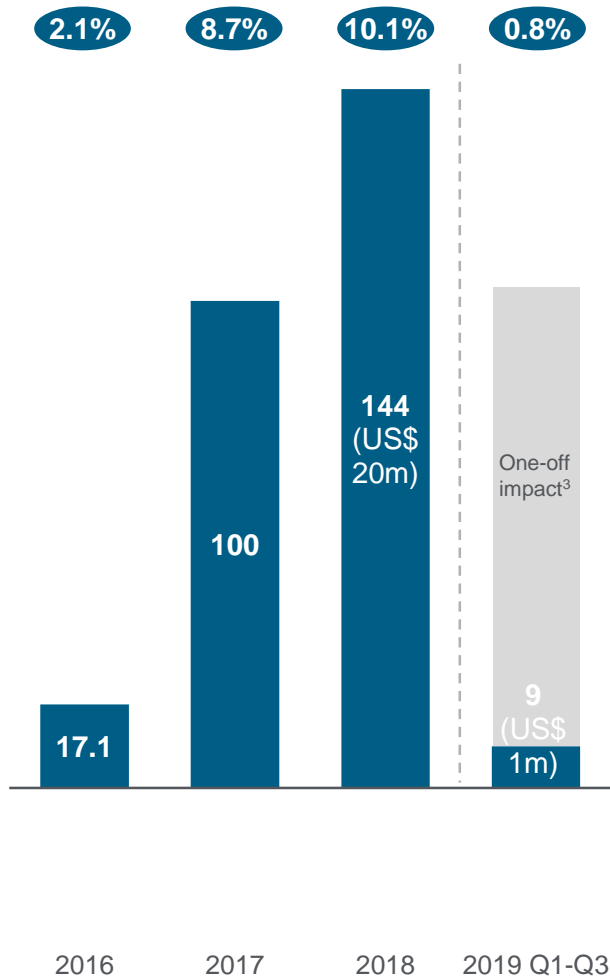


1. Adjusted EBITDA = Net income/(loss) - Net interest income + Income tax expenses + Depreciation and amortization (excluding amortization of operating lease right-of-use assets) + Share-based compensation expenses + One-off offering related expenses; 2. Adjusted net income = Net income/(loss) + Share-based compensation expenses + One-off offering related expenses.
 USD:RMB=7.1477 (except for historical financial data)

Profitability Analysis: Profit Margin

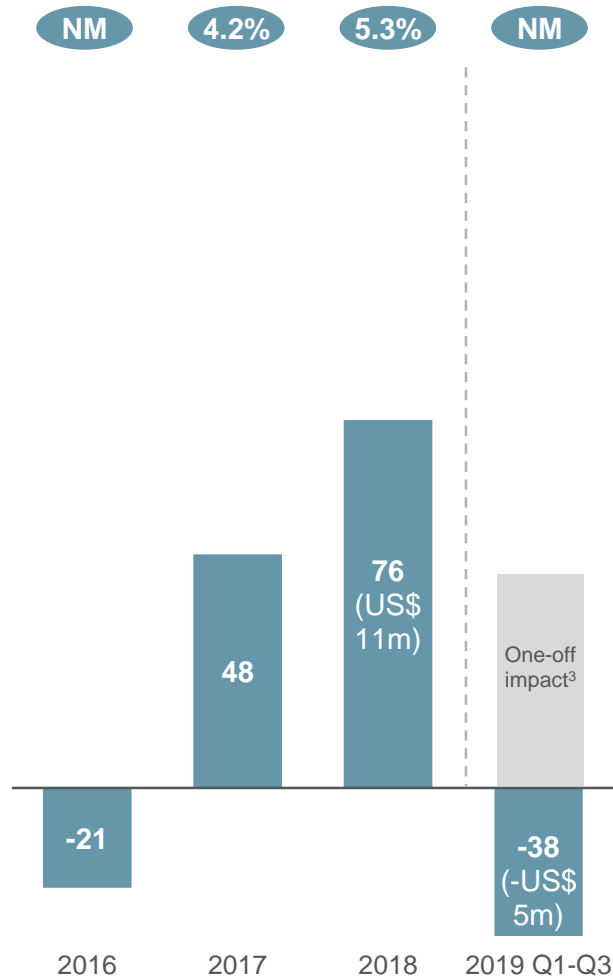
Adjusted EBITDA¹

RMB m



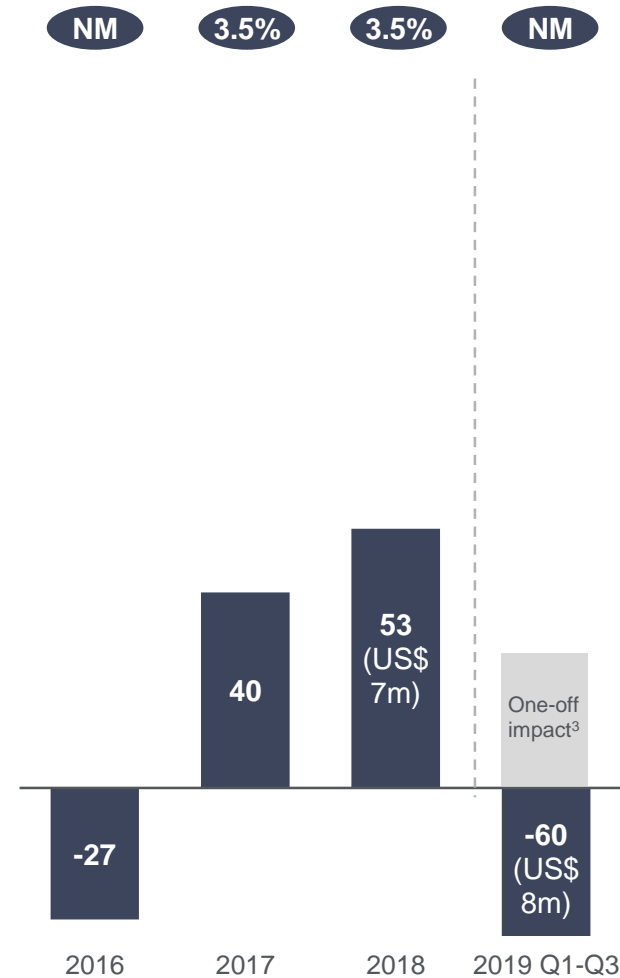
Adjusted Net Income²

RMB m



Net Income

RMB m



%Revenue

1. Adjusted EBITDA = Net income/(loss) - Net interest income + Income tax expenses + Depreciation and amortization + Share-based compensation expenses + One-off offering related expenses;
2. Adjusted net income = Net income/(loss) + Share-based compensation expenses + One-off offering related expenses; 3. Please refer to detailed one-off impact in page 38 and page 39.

Q3 performance turned around and recorded 13% YoY increase in adj.net income

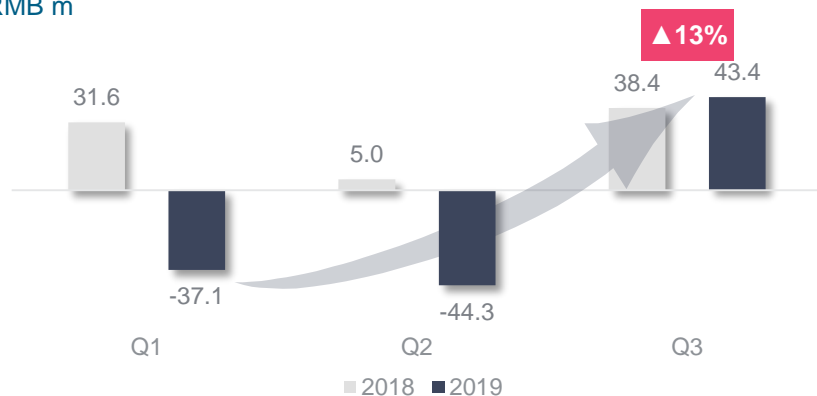
Adjusted EBITDA¹

RMB m



Adjusted net income²

RMB m



One-off impact - investment for the future growth

Curriculum upgrade



- Rollout collaboration with the renowned **National Geographic Learning**, completed in May 2019.
- The curriculum change resulted in **a temporary decrease in our delivery** of course hours and segment revenue as we focused on training teaching staff and delivering new courses in a small class settings during the initial implementation stage
- Gross billings increased with continuous demand while revenue recognition was delayed (please refer to the Appendix for details of revenue recognition)

ABC integration costs



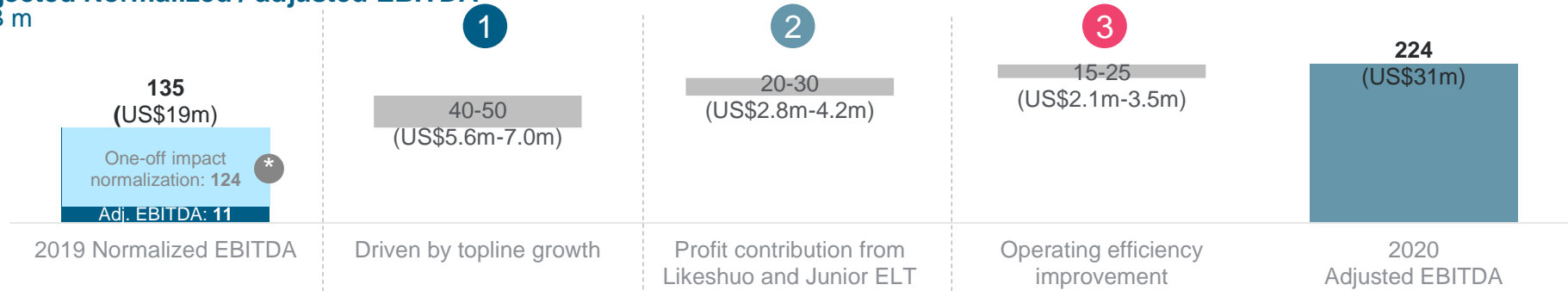
- Following acquisition by Meten, ABC Junior went through a management restructuring and systems upgrade

Accepting students from WEBi³



- There was a one-off accrued expense from accepting students from WEBi. Associated revenues will be deferred over the lifetime of the course delivery. We aim to convert these students into our customers after their current contracts with WEBi are concluded

Projected Normalized / adjusted EBITDA¹ RMB m



Projected Normalized / adjusted net income² RMB m



*

One-off impact normalization in 2019 (a conservative estimate)

- Curriculum upgrade: RMB54m (US\$7.6m) impact on adjusted EBITDA and RMB49m impact on adjusted net income
- ABC integration: RMB50m (US\$7.0m) impact on adjusted EBITDA and RMB45m (US\$6.3m) impact on adjusted net income
- Winding down of WEBi³: Approximately RMB20m (US\$2.8m) impact on projected 2019 adjusted EBITDA (including (i) accrued expenses from providing free courses to certain number of students from WEBi to continue their classes; (ii) a decrease of student enrollment and the resulting decrease in our revenue as compared with 2018; and (iii) a decrease in course hours delivered and the resulting decrease in our revenue as compared with 2018) and approximately RMB18m (US\$2.5m) impact on projected 2019 adjusted net income

1. Growth driven by topline growth

- Revenue from the 8 and 13 self-operated centers opened in 2018 and 2019, respectively, expected to accelerate in 2020 after the ramp-up period
- Additional market share resulting from WEBi shutdown

2. Profit contribution from Likeshuo and Junior ELT⁴

- As the businesses mature, Likeshuo and junior segment are close to profitable in 2019, and are expected to reach profitability in 2020

3. Operating efficiency increase

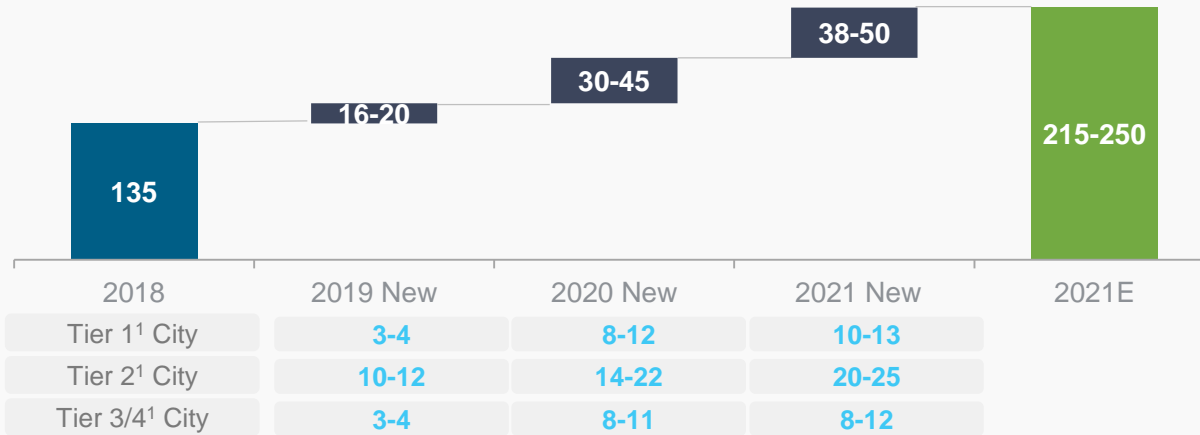
- Cost saving activities in administration
- More cross selling between online and offline / adult and junior to reduce marketing expenses
- More franchised centers to avoid loss during the ramp-up period

1. Adjusted EBITDA = Net income/(loss) - Net interest income + Income tax expenses + Depreciation and amortization + Share-based compensation expenses + One-off offering related expenses;

2. Adjusted net income = Net income/(loss) + Share-based compensation expenses + One-off offering related expenses; 3. WEBi was one of the top 5 offline general adult ELT players with 6% market share in 2018. WEBi closed most of its centers during the last several months due to financial difficulties; 4. Including junior ELT business under "Metem" brand and "ABC" brand

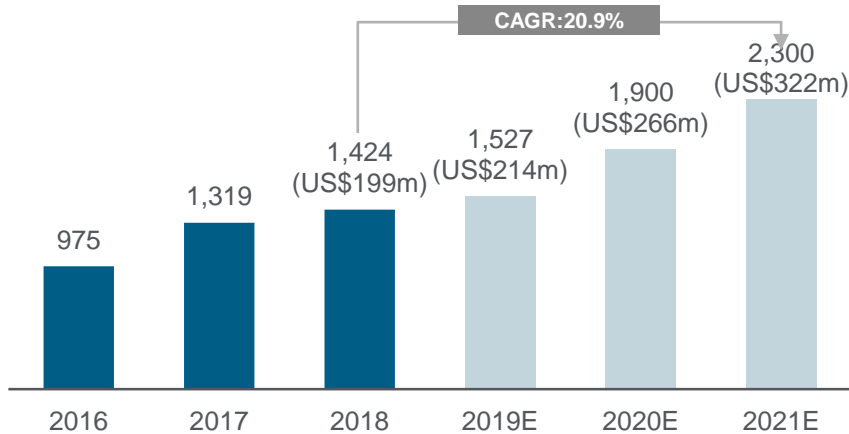
USD:RMB=7.1477

Retail network pipeline (2019-2021)

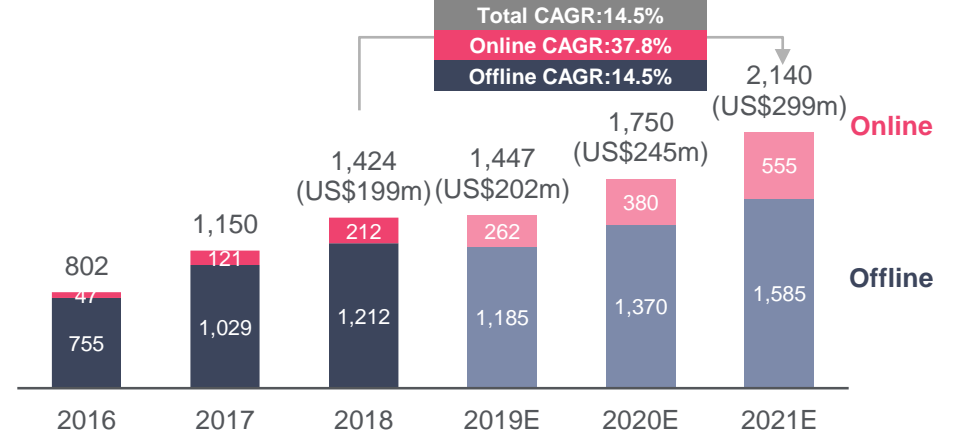


- New satellite areas in tier 1 cities with low rental costs
 - Provincial capitals or the regional economic centers
- More focus on franchised centers and Junior ELT centers
- Initial investment to open a center is ~RMB2 million
 - Payback period is 3 months and breakeven is 15 months

Gross billing growth (RMBm)



Revenue growth (RMBm)



1. Tier 1 cities: Beijing, Shanghai, Guangzhou and Shenzhen; Tier 2 cities: provincial capitals, regional centers or economically developed cities; Tier 3/4 cities: small- to mid sized cities that are strategically located or have relatively developed or large local economy
USD:RMB=7.1477 (except for historical financial data)

05 Business Combination and Valuation Consideration



Pro Forma Valuation

Pro forma valuation	
Illustrative share price (per share)	\$ 10.40
Shares outstanding ¹	\$ 62,387,020
Pro Forma Equity Value	\$ 648,824,999
Est. Closing Cash on Balance Sheet	\$ 90,033,043
Est. Debt Obligations as of 09/30/19 ²	\$ 75,352,000
Est. Cash as of 09/30/19	\$ 20,171,000
Pro Forma Enterprise Value	\$ 613,972,956

Pro Forma Valuation	Metrics (in \$mm)	Multiples
2020E Adj. EBITDA	31.4	19.6x
2020E Adj. Net Income	22.4	29.0x
2021E Adj. EBITDA	42.1	14.6x
2021E Adj. Net Income	32.2	20.2x

Pro Forma Equity Ownership⁵

	Pro Forma Share Price					
	\$10.40		\$12.50		\$15.00	
	Shares	%	Shares	%	Shares	%
Meten Initial Shareholders ³	50,480,770		50,480,770		50,480,770	
Earnout Shares, cumulative			4,000,000		11,000,000	
Meten Initial Shareholders	50,480,770	80.9%	54,480,770	80.7%	61,480,770	80.2%
FPA & PIPE Investors ⁴	4,000,000	6.4%	4,320,000	6.4%	4,933,333	6.4%
EDTX Sponsors	1,581,250	2.5%	1,883,650	2.8%	2,463,250	3.2%
EDTX Public Shareholders	6,325,000	10.1%	6,831,000	10.1%	7,800,833	10.2%
Pro Forma Shares Outstanding	62,387,020	100.0%	67,515,420	100.0%	76,678,186	100.0%

Illustrative Sources and Uses

Sources of Funds		
EDTX Cash in Trust ¹	\$65,780,000	10.2%
Meten Shareholder Equity Rollover ³	\$525,000,000	81.1%
FPA & PIPE Investors ⁴	\$40,000,000	6.2%
Sponsor Promote	\$16,445,000	2.5%
Total Sources	\$647,225,000	100.0%

Uses of Funds		
Equity Issued to Meten Shareholders	\$525,000,000	81.1%
Cash to Meten Shareholders	\$10,000,000	1.5%
Cash to Balance Sheet	\$90,033,043	13.9%
Estimated Transaction Costs	\$5,746,956	0.9%
Sponsor Promote	\$16,445,000	2.5%
Total Uses	\$647,225,000	100.0%

Note: 1. shares outstanding at close of the merger; assuming no redemption from the trust; including 1.6mm EDTX founder shares; including 3.0mm share options rolled over; excluding public and private placement warrants striking at \$11.50/share; 2. including \$68mm operating lease obligations as of 09/30/19; 3. assuming full cash-out amount of \$10mm paid to Meten shareholders and including 3,050,701 share options rolled over; 4. assuming full FPA amount is requested and an aggregate of \$20mm from PIPE investors is raised; 5. giving effect to private and public warrants striking at \$11.50/share, using treasury method to calculate the fully diluted shares outstanding at \$12.50 and \$15.00 respectively; excluding unit purchase options

Omnichannel

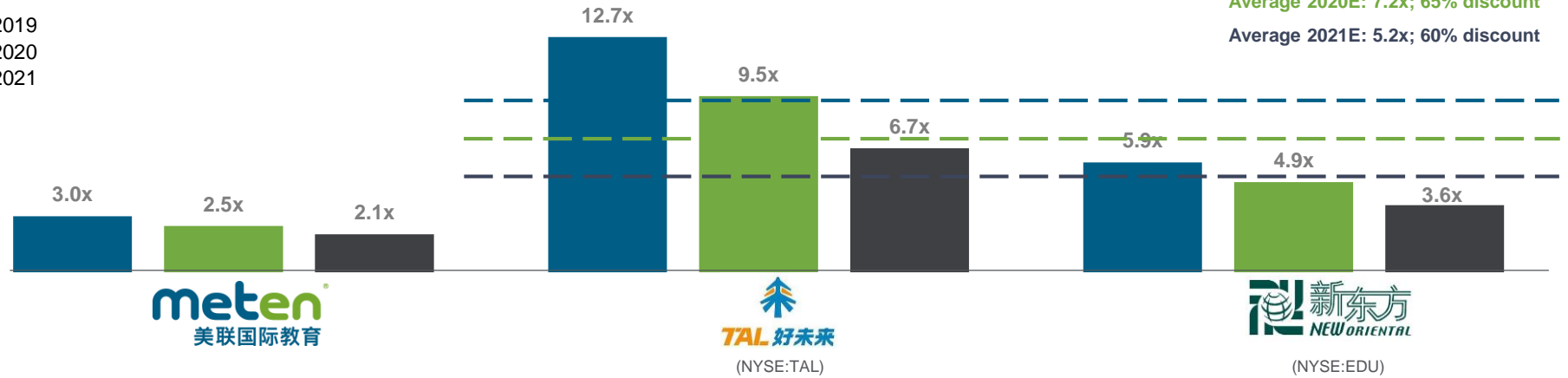
EV / Sales:

■ 2019
■ 2020
■ 2021

Average 2019E: 9.3x; 68% discount

Average 2020E: 7.2x; 65% discount

Average 2021E: 5.2x; 60% discount



Online

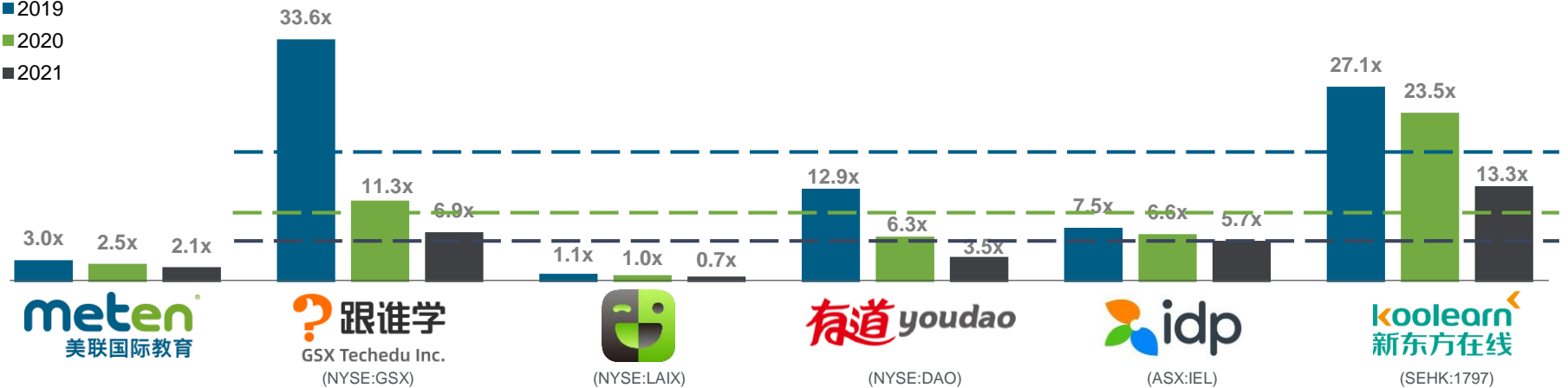
EV / Sales:

■ 2019
■ 2020
■ 2021

Average 2019E: 16.5x; 82% discount

Average 2020E: 9.7x; 74% discount

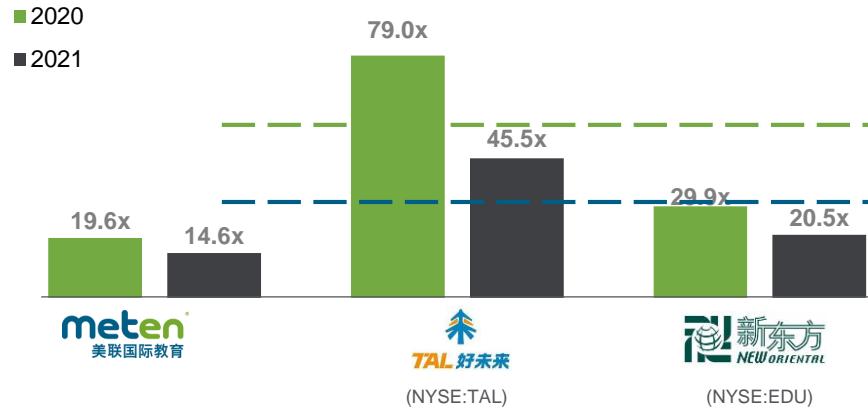
Average 2021E: 6.0x; 66% discount



Omnichannel

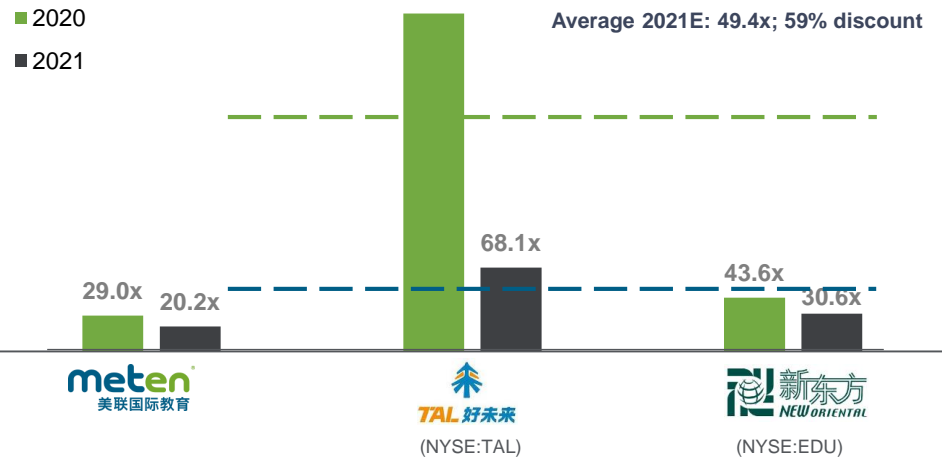
EV / Adj. EBITDA:

Average 2020E: 54.4x; 64% discount
Average 2021E: 33.0x; 56% discount



Price / Adj. Earnings:

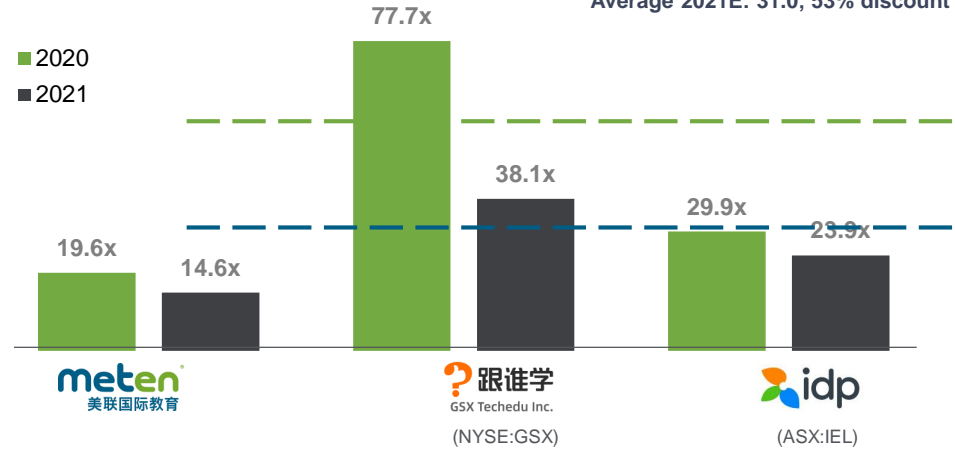
Average 2020E: 158.8x; 82% discount
Average 2021E: 49.4x; 59% discount



Online

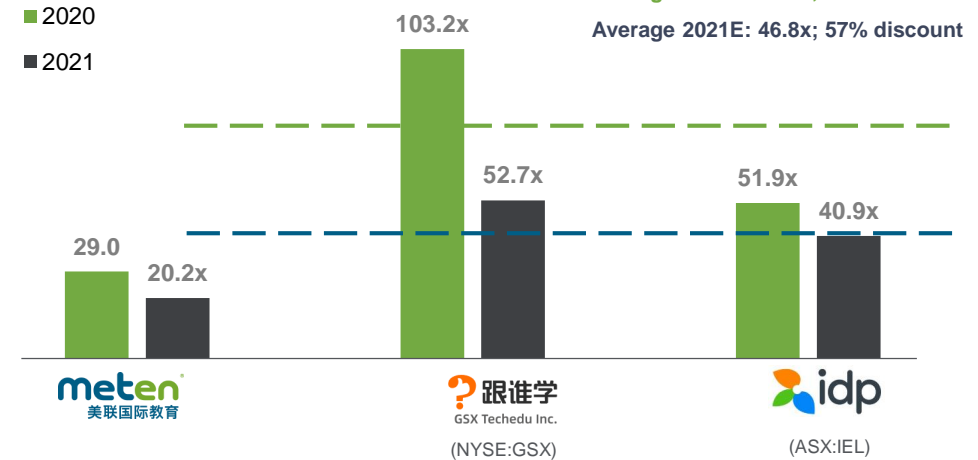
EV / Adj. EBITDA:

Average 2020E: 53.8x; 64% discount
Average 2021E: 31.0x; 53% discount



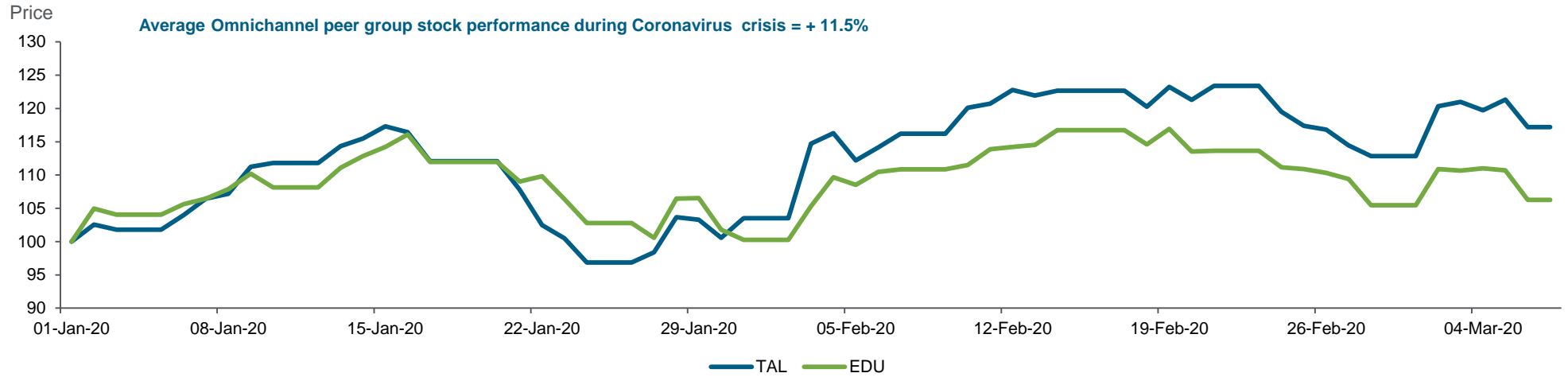
Price / Adj. Earnings:

Average 2020E: 77.5x; 63% discount
Average 2021E: 46.8x; 57% discount



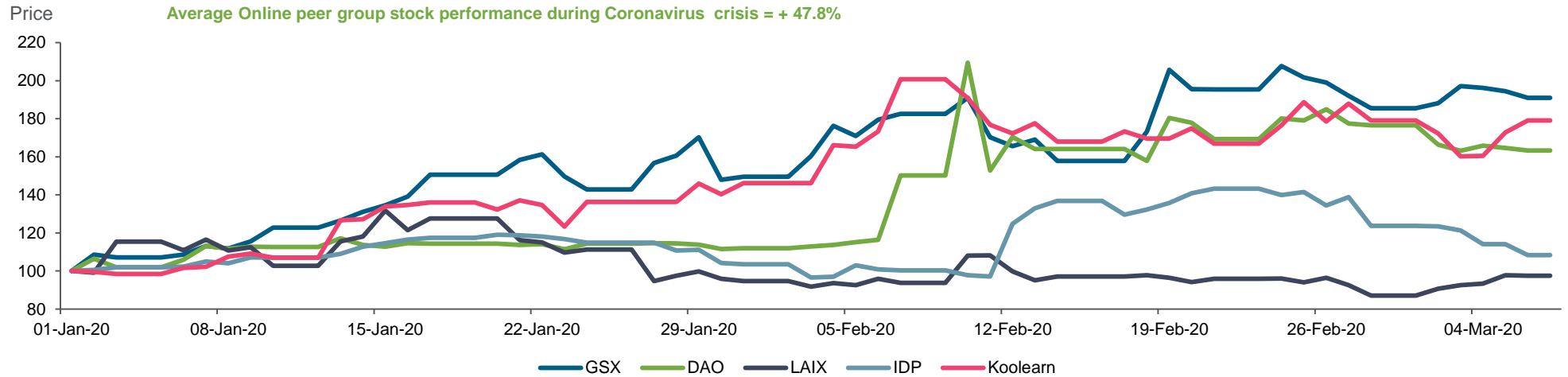
Coronavirus' Impact on Comparable Companies

Omnichannel



Note: Price has been standardized

Online

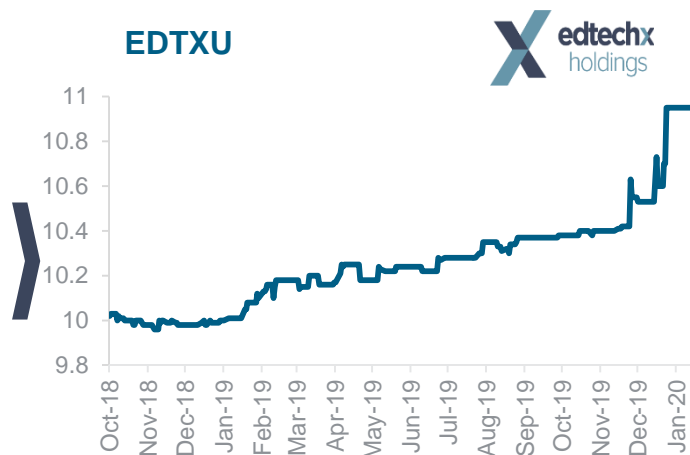


Note: Price has been standardized

Education and EdTech Specialist Investment Vehicle

Company Profile

Company Name	EdtechX Holdings
Exchange	NASDAQ: EDTX, EDTXU, EDTXW
Website	www.edtechxcorp.com
Cash to Date²	~\$65M (~\$10.4 per share)



Targeting growing and profitable management owned companies willing to merge with EdtechX Holdings [...] to make the most of the consolidation and digital disruption opportunities available in the education and training sector globally”

EdtechX Holdings Prospectus

Select Institutional Investors in EdtechX Holdings (from IPO to date)

Name	Total Assets (\$billions) -est
1 Amundi (Europe)	\$1,600
2 Azimut Asset Management (Europe)	\$60 (Cornerstone)
3 Banco Intesa San Paolo (Europe)	\$250
4 Bank of Montreal (Canada)	\$438
5 HSBC Asset Management (Europe)	\$370
6 Panagora Asset Management (US)	\$43



Covered by Thematic Equity Research :



EDUCATION: POWER TO THE PEOPLE

Exploring Opportunities for Private Capital in Education



EdtechX Holdings Provides A Low-Risk Way To Invest In An Education Technology IPO

May 14, 2019 2:55 AM ET | 2 comments | 2 Likes | About: EdtechX Holdings Acquisition Corp. (EDTX); EDTXU; E

Source: EdtechX's prospectus, <https://www.privateequitywire.co.uk/2018/10/08/269189/edtechx-holdings-makes-nasdaq-debut>

1. As of Dec 3rd, 2018; 2. As of September 20, 2019.

Edtech Sector Specialist + Experience with Capital Markets / M&A / Digital Transition



Charles McIntyre
Chairman of the Board and Chief Investment Officer - 51 years old

- Over 25 years of experience of building businesses across sectors including Edtech, Media, and Financial Services
- Co-founder, CEO of IBIS Capital since 2003
- Began his career with the investment firm Apax Partners, spun off its investment banking arm and developed it into a pan-European investment bank. Sold it for >US\$200M in 2005.
- In 2006, co-founded IBIS Capital long/short global hedge fund focused on the media sector
- In 2013, co-founded EdTech Global to build a conference and research business focused on the education technology and training
- Involved in a number of other initiatives including as a Governor of the National Institute of Economic and Social Research, Chairman of Learnlight, Immerse, founder of EdTech Global Foundation



Benjamin Vedrenne-Cloquet
Chief Executive Officer - 42 years old

- Over 20 years of operational, investment and advisory experience in the Education, Technology and Media industries
- Operating Partner at IBIS Capital since Jan 2013, and co-founder of EdtechX Global
- 2008 – 2012, International Head of Corporate Development, Strategy and New Ventures for Time Warner (NYSE:TWX). Lead digital transformation of TV and Digital brands (CNN, Cartoon Network...), representing \$650M in revenues and distribution in 15+ countries.
- 2000-2008: Senior management positions at various listed Media and Communication mid caps including Omnicom (NYSE: OMC), Modern Times Group (NASDAQ OMX- MTGA) and Lagardere (EPA: MMB)
- Founder and Chair of the London Edtech Week
- Advisory Board Member of SXSW EDU Conference
- Chairman of the Board of CFBL, an international French Bilingual School in London
- Co-founder Director of Ski Tuition marketplace: SkiBro Technologies Ltd..

Education / Edtech / Training
M&A + Investment Experts



International Institutional Support



Owners of leading Edtech industry
EdtechX conferences and expert network

Education / Training / Edtech Specialist
Investment bank with global coverage



Investors



"Many, many genuinely innovative and exciting companies"



"The latest innovations in the sector that's most tapped to transform the world we live in"



"EdTechXEurope: 'TED Talks' meet the global EdTech community"



Appendix

- Picture Gallery
- Revenue Recognition
- Summary Financial Data



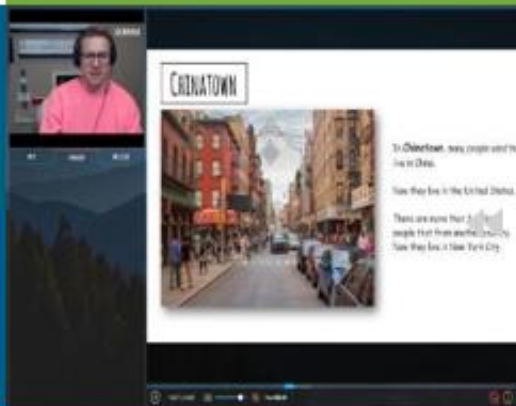




Foreign
Teachers



Online
Dictionary



PC
Interface

Having an
Online Class
at Anytime

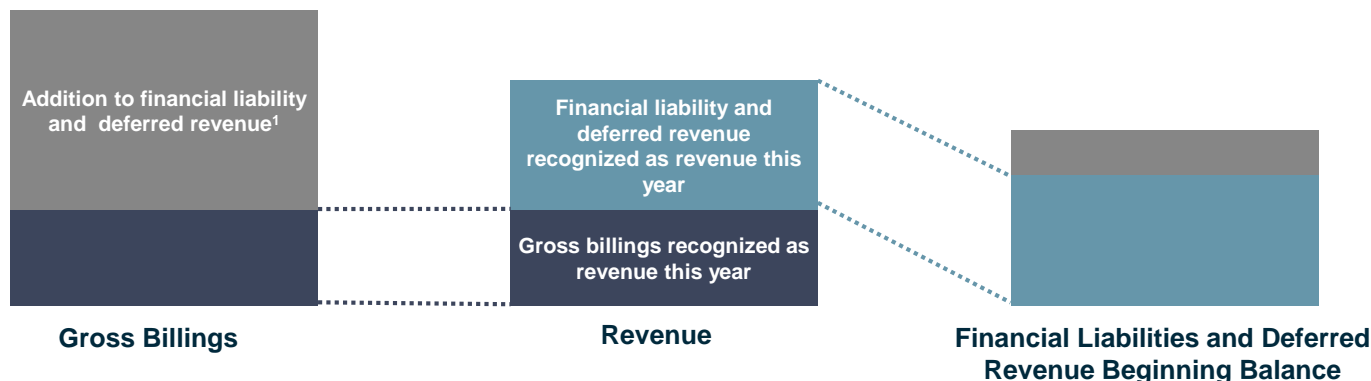


Open
Class



A. Illustrative Revenue Recognition¹

Course fees are initially recorded as financial liabilities/ deferred revenues and recognized proportionally throughout the service period



General adult ELT and overseas training services

- The general adult English training service primarily consist of English classroom-based training. Course fees are generally collected in advance as a package or paid under installment plans
- Course fee received are initially recorded as financial liabilities from contracts with customers. Revenues are recognized proportionately as the course hours are consumed

Online ELT services

- We operate “Likeshuo” platform to offer online live streaming English training services. Customers enroll for online courses by the use of prepaid study cards
- The proceeds collected from the study cards are initially recorded as financial liabilities from contracts with customers. Revenues are generally recognized proportionately as the course/service hours are delivered

Junior ELT services

- We offer junior English training services under “Meten” brand and “ABC” brand. Customers attend the classroom-based training for predetermined course hours over a predetermined period of time.
- The proceeds collected for the study cards are initially recorded as financial liabilities from contracts with customers. Revenues are generally recognized proportionately as the course/service hours are delivered

1. For course fees generated from general adult English training, international standardized test preparation courses and online English training.

Summary Consolidated Income Statement

	For the Year Ended December 31,				For the Nine months ended September 30,		
	2016	2017	2018		2018	2019	
	RMB	RMB	RMB	US\$	RMB	RMB	US\$
(In Thousands, Except for Percentages)			Unaudited		Unaudited	Unaudited	Unaudited
Revenues	801,545	1,149,721	1,424,234	199,258	1,064,617	1,094,967	153,192
Cost of Revenues	(344,810)	(467,967)	(627,996)	(87,860)	(457,881)	(558,775)	(78,175)
Gross Profit	456,735	681,754	796,238	111,398	606,736	536,192	75,017
Operating Expenses:							
Selling and Marketing Expenses	(268,643)	(373,065)	(425,217)	(59,490)	(315,586)	(323,254)	(45,225)
General and Administrative Expenses	(198,431)	(237,509)	(293,157)	(41,014)	(208,944)	(256,382)	(35,869)
Research and Development Expenses	(18,187)	(21,217)	(26,178)	(3,662)	(20,075)	(25,365)	(3,550)
(Loss)/Income from Operations	(28,526)	49,963	51,686	7,232	62,131	(68,809)	(9,627)
Interest Income	2,578	4,103	1,150	161	836	677	95
Interest Expenses	(769)	(9)	(8)	(1)	(7)	(1,541)	(216)
Foreign Exchange Gain/(Loss), Net	67	(184)	21	3	48	(25)	(3)
Gains on disposal of subsidiaries	-	-	-	-	-	583	82
Gains on Available-for-sale Investments	890	2,485	3,916	548	3,909	-	-
Government Grants	4,434	4,046	7,817	1,094	5,832	5,184	725
Equity in Income/(Loss) on Equity Method Investments	(842)	(150)	1,668	233	2,913	3,590	502
Others, Net	2,890	(373)	1,649	231	(555)	3,085	432
(Loss)/Income Before Income Tax	(19,278)	59,881	67,899	9,501	75,107	(57,256)	(8,010)
Income Tax Expense	(7,869)	(19,539)	(14,454)	(2,022)	(13,187)	(2,296)	(321)
Net (Loss)/Income	(27,147)	40,342	53,445	7,479	61,920	(59,552)	(8,331)
Add:							
Share-based compensation	6,557	7,886	7,648	1,070	5,825	5,364	750
Offering expenses	-	-	14,766	2,066	7,284	16,212	2,268
Adjusted net income	(20,590)	48,228	75,859	10,615	75,029	(37,976)	(5,313)
Subtract:							
Net interest income / (loss)	1,809	4,094	1,142	160	829	(864)	(121)
Add:							
Income expense / (benefit)	7,869	19,539	14,454	2,022	13,187	2,296	321
Depreciation and amortization	31,659	36,768	54,944	7,687	34,149	43,439	6,077
Adjusted EBITDA	17,129	100,441	144,115	20,164	121,536	8,623	1,206

Consolidated Balance Sheet

(In Thousands)	As of December 31,			As of September 30,	
	2017	2018		2019	
	RMB	RMB	US\$	RMB	US\$
			Unaudited	Unaudited	Unaudited
Cash and Cash Equivalents	321,776	174,679	24,438	144,173	20,171
Operating lease right-of-use assets	-	-	-	495,681	69,348
Total Assets	905,514	1,006,746	140,849	1,504,538	210,494
Deferred Revenue (current)	341,328	432,083	60,451	408,829	57,197
Deferred Revenue (non-current)	42,707	52,169	7,299	39,220	5,487
Financial Liability from Contracts with Customers	437,027	423,163	59,203	520,855	72,870
Operating lease liabilities (current)	-	-	-	154,293	21,586
Operating lease liabilities (non-current)	-	-	-	332,304	46,491
Total liabilities	958,870	1,121,349	156,882	1,673,258	234,097
Total mezzanine equity	219,619	-	-	-	-
Total Shareholders' Deficit	(272,975)	(114,603)	(16,034)	(168,720)	(23,603)
Total Liabilities, Mezzanine Equity and Shareholders' Equity	905,514	1,006,746	140,849	1,504,538	210,494

Consolidated Cash Flow Statement

	For the Year Ended December 31,				For the Nine Months Ended September 30,		
	2016	2017	2018		2018	2019	
	RMB	RMB	RMB	US\$	RMB	RMB	US\$
(In Thousands)				Unaudited	Unaudited	Unaudited	Unaudited
Net Cash Flow Generated from Operating Activities	92,624	259,708	78,535	10,987	12,685	7,627	1,068
Net Cash Used in Investing Activities	(110,586)	(128,629)	(74,793)	(10,464)	(83,624)	(71,954)	(10,066)
Net Cash Generated From/Used in Financing Activities	123,636	6,021	(142,633)	(19,955)	(96,238)	33,177	4,641
Net Increase/(decrease) In Cash And Cash Equivalents and Restricted Cash	105,674	137,100	(138,891)	(19,432)	(167,177)	(31,150)	(4,357)
Cash and Cash Equivalents and Restricted Cash at the Beginning of Year	85,583	191,257	328,357	45,939	328,357	189,466	26,507
Cash and Cash Equivalents and Restricted Cash at the End of the Year	191,257	328,357	189,466	26,507	161,180	158,316	22,150