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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by and welcome to Tarena International, Inc. Second Quarter 2015 Earnings Conference Call. At this time, all participants are in a listen-only mode. After management's prepared remarks, there will be a question-and-answer session. Today's conference is being recorded. If you have any objections, you may disconnect at any time.

I would now like to turn the call over to your host for today's conference, Ms. Helen Song, Tarena's Investor Relations Manager. Please go ahead, Ms. Song.

Helen Song - Tarena International, Inc. - Investor Relations Manager

Thank you, operator. Hello, everyone and welcome to Tarena's second quarter 2015 earnings conference call. The Company's earnings results were released earlier today and are available on our IR website, ir.tarena.com.cn, as well as on newswire services.

Today, you will hear opening remarks from Tarena's Founder, Chairman and CEO, Mr. Shaoyun Han, followed by our Chief Financial Officer, Suhai Ji, who will take you through the Company's operational and financial results for the second quarter 2015 and give guidance for the third quarter and full year of 2015. After their prepared remarks, Mr. Han and Mr. Ji will be available to answer your questions.

Before we continue, please note that the discussion today will contain certain forward-looking statements made under the Safe Harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from our current expectations. Tarena does not assume any obligation to update any forward-looking statements except as required under applicable law.

Also please note that some of the information to be discussed includes non-GAAP financial measures as defined in Regulation G. The U.S. GAAP financial measures and information reconciling these non-GAAP financial measures to Tarena's financial results prepared in accordance with U.S. GAAP are included in Tarena's earnings release, which has been posted on the Company's IR website at ir.tarena.com.cn. Finally as a reminder, this conference is being recorded. In addition, a webcast of this conference call is available on Tarena's Investor Relations website.

I will now turn the call over to Mr. Shaoyun Han, Tarena's Founder, Chairman and CEO. Mr. Han will speak in Mandarin and Mr. Ji will translate.



Shaoyun Han - *Tarena International, Inc. - Founder, Chairman, CEO*

(Interpreted) Thank you, Helen and welcome everyone to our second quarter 2015 earnings conference call. In the second quarter of 2015, we achieved net revenue of \$40.3 million resulting in 29% year-over-year growth, but more importantly, we continued our strong business momentum post Chinese New Year and delivered another record high year-over-year quarterly student enrollment growth of 43% since becoming a public company in April 2014. This compared with student enrollment growth of 36% for the same period a year ago and 38% in the previous quarter. Such enrollment result is again due to the strong market demand for our high-quality professional education services as well as our continued investment in sales and marketing effort and the capacity expansion.

Our student enrollments defined as the number of new students recruited and registered to start their courses at the end of each month totaled 22,016 in the second quarter. We experienced strong enrollment growth in both IT and non-IT courses. Total student enrollments for the 11 IT courses grew by 26% year-over-year while enrollments for the 3 non-IT courses grew by 73% year-over-year. Our 3 non-IT courses digital art, online sales and marketing, and accounting all grew strongly and together they accounted for 44% of total student enrollments in the second quarter, while digital art continued to be the largest course in terms of student enrollment. Accounting was the number four course overall in the second quarter despite of being launched only at the end of 2014.

For our IT courses, Java, iOS and Android led the pack at the top three, with iOS being particularly strong in second quarter surpassing accounting to become the number three course overall in the second quarter. Reflecting the success of our efforts to diversify course offerings and expense beyond our core strength IT, the top six courses in terms of student enrollments in the second quarter were digital art, Java, iOS, accounting, online sales and marketing, and Android, all of which had enrollment number above 1,000 in the second quarter.

As we discussed on the first quarter earnings call, in order to better reconcile the revenue and the student enrollments, we are introducing another additional operating metric of course enrollments this quarter. Course enrollments is defined as the cumulative number of courses enrolled by our students within a period and is a better proxy to measure the correlation between revenue and the enrollment as it is a metric more aligned with the GAAP revenue recognition. Total course enrollments in the second quarter were 17,104, an increase of 31% year-over-year. Our CFO, Suhai will have more discussion on this metric later. I shall focus more on student enrollment in my discussion as this is more of a lead indicator for our near-term business growth and measures our success on student recruitment.

In the second quarter, our student enrollments from the retail and university channels were 81% and 19% of total student enrollments respectively. The channel mix was especially unchanged from the same period a year ago compared to 89% from retail and 11% from university channels in the previous quarter. It is encouraging to see that we achieved 42% year-over-year growth in student enrollments from the university channels compared to 44% from the retail channel in the second quarter.

In the first half of 2015, we also established 32 joint major programs with 22 colleges in China, which will start enrolling students in the coming September. As mentioned on the first quarter earnings call, we believe that our university channel will continue to benefit from the favorable government policies that encouraged colleges to work with credible professional education service providers like Tarena and expect higher growth in university channel student enrollments in 2015.

In terms of course offerings, we had 14 courses in total in the second quarter of 2015, up from 11 in the same period a year ago and 13 from the previous quarter. We launched our accounting course in the fourth quarter of 2014 and the new IT course front-end web development in the first quarter of 2015 and then one more IT course Java Big Data in the second quarter. As we continue to expand our course offerings, our targeted demographic and market potential will also become broader, which we believe will drive sustained future growth.

In terms of new learning centers, we opened 7 in the second quarter of 2015 compared to gross addition of 10, net addition of 6 in the second quarter of 2014 and gross addition of 8, net addition of 4 in the previous quarter. Our utilization rate in the second quarter was 74% compared with 70% in the second quarter of 2014 and 69% in the previous quarter. We expect the utilization rate to further increase in the next two quarters as we reached the peak season and continued to ramp up student enrollments in the newly opened centers.

Specifically, in the second quarter, we opened three learning centers in April, one each in Suzhou, Hefei, and Nanchang. In May, we opened one learning center in Guangzhou. And in June, we opened another three learning centers, one each in Taiyuan, Hangzhou and Changsha. In the second quarter, we also merged one learning center in Changsha into an existing center due to changes in course offerings and center management considerations. Thus in total, we added a net of six learning centers in second quarter bringing the total number of learning centers to 128.

In addition to new learning center openings, we also disclosed another new operating metric this quarter plus total seat capacity defined as the total number of seats available in our learning centers. Total seat capacity increased by 25% to 38,870 as of the end of the second quarter. We consider total seat capacity as a better and more relevant metric to measure our capacity expansion that is the total number of learning centers. Because in addition to opening new learning centers, we are also increasing the capacity at existing learning centers by leasing more floor space wherever possible. We expect to open another 12 new learning centers for the remaining two quarters in 2015 and also increase the capacity at 9 existing centers.

Because we opened 11 new learning centers in December of 2014 and another 8 in the first quarter of 2015 and another 7 in the second quarter with cost associated with the new centers incurred ahead of the enrollment and revenue ramp, we experienced decline in operating margin compared with the same period in 2014. Also, we turned profitable in the second quarter compared to a small loss in the first quarter of 2015. Given the strong enrollment results in the first and second quarter and healthy business fundamentals, we are optimistic in our overall revenue outlook for the full year of 2015 in RMB terms. However, the recent depreciation in RMB against a U.S. dollar would have an impact on our financials in U.S. dollar terms and we have revised our revenue guidance to reflect such changes, which is by no means caused by business fundamental changes.

I also want to give you an update on the progress on our online learning platform, TMOOC.CN, which was launched in March 2015. Since we last reported in May, the number of total registered TMOOC users almost from 26,000 to more than 72,000 today and our proprietary content library currently offers about 7,000 hours of video content in around 750 different online classes. Through TMOOC, we also generated 2,145 VIP users to-date who have become our paying customers for full length courses. We continue to believe that TMOOC.CN complements our existing hybrid model wealth and enable us to target even broader customer base to drive future growth.

More recently, we signed a cooperation agreement with Oracle to target students enrolled in our Java big data course, which focused on high end students who can normally receive higher starting salary after completing the course. In addition to better accommodate for customized needs from students since the beginning of 2015, we have enlarged the offerings of shorter term modular curriculum in most of our courses. For example, our accounting course has three different learning modules or courses for students to combine or select from.

So, with that, I will now turn the call over to our CFO, Suhai Ji to discuss the second quarter financial results and outlook for the third quarter and full year.

Suhai Ji - Tarena International, Inc. - CFO

Thank you, Mr. Han and hello to everyone on the call. Since you already have all the detailed numbers in the press release, I will review our financial results for second quarter briefly and leave more time for Q&A. For the second quarter of 2015, we grew our net revenues by 29% year-over-year to \$41.3 million. Total student enrollments in the quarter increased by 43% year-over-year to 22,016. This 43% growth rate is another new high that we achieved since becoming a public company and measures the success of new student recruitment.

We also disclosed another new operating metric, course enrollment this quarter to better measure the correlation between our revenue and the enrollments. As discussed on our first quarter earnings call, course enrollments for period is defined as the cumulative total number of courses enrolled in by our students during such period. So, for example, a student commences a Java course at the end of the month on March 31 with a course duration of four months. For the second quarter, in April, May and June, the course enrollment will be three quarter or 0.75. This way the course enrollment and revenues generated in the quarter will be more aligned.

In the second quarter, our course enrollments totaled 17,104, a 31% year-over-year growth. Understandably, this growth rate is slower than the student enrollment growth. And for the full fiscal year, course enrollments should also be smaller than the students' enrollments as we continue



to have growth in the student enrollment number. Average revenue for course enrollment in the second quarter as defined by net revenues divided by course enrollment was 2,417 compared to 2,441 in the same period a year ago. The slight 1% decrease was mostly caused by the greater number of students selecting shorter term or modular courses, which had lower price points than the full lengthy four months course.

As our CEO mentioned earlier on the call, since the beginning of 2015, we have enlarged the offerings of short-term modular curriculum in most of our courses to better accommodate for customized needs from students. Most of our courses both IT and the non-IT have different learning modules or courses for students to combine or select from starting from minimum course duration of one month. Other factors that would also have impact on average revenue per course includes the nominal tuition fee increase which we have been doing for the past 5 years and the channel mix between retail and the university given university channel students received significant discount from the nominal tuition fees. We will provide analysts and investors with historical quarterly course enrollment data from 2012 to-date in our updated investor presentation to be posted on our IR website later today.

Now moving on to the cost of revenues and operating expenses, cost of revenues in the second quarter increased by 39% year-over-year to \$30 million mainly due to higher personnel costs, higher rental and higher depreciation expenses. Gross profit increased by 26% year-over-year to \$29 million. Gross margin decreased to 69% in the second quarter mainly due to costs associated with increased number of learning centers and some residual revenue impact associated with the late timing of the Chinese New Year in the first quarter partially offset by higher center utilization rate which increased to 74% from 70% in the same period a year ago. Selling and marketing expenses increased by 63% year-over-year to \$17 million mainly due to higher personnel costs and expanded marketing efforts in advertising as we expanded our network capacity.

General and administrative expenses increased by 15% year-over-year to \$9 million, mainly due to higher compensation costs and higher rental and office expenses. Research and development expenses increased by 48% year-over-year to \$2 million, mainly due to higher personnel cost. Our non-GAAP operating income for the second quarter was \$2.6 million with the non-GAAP operating margin of 6.4% compared with \$5.1 million and 15.9% operating margins in the same period a year ago. The year-over-year decline in operating income and operating margin were mainly due to the investment we made in network expansion and sales and marketing to drive the student enrollment growth. However, our operating cash flow remains very strong and we have generated almost \$16 million in positive operating cash flow in the second quarter. Our net income for the second quarter was \$2.9 million and non-GAAP net income was \$4.3 million. GAAP basic and diluted net income per ADS were \$0.05. Non-GAAP basic and diluted net income were \$0.08 and \$0.07 respectively for the second quarter.

Looking forward to the third quarter of 2015 and in light of the recent significant RMB depreciation against the U.S. dollar, we expect total net revenues to be in the range of \$52.5 million to \$53.5 million representing an increase of 30% to 33% on the year-over-year basis. To reflect the recent significant change in RMB exchange rate against the U.S. dollar we would further revise our revenue guidance for the full year of 2015 to be between \$170 million and \$177.5 million representing an increase of 26% to 30% on year-over-year basis. Please note that this revision to the previous full year revenue guidance is made solely as a result of the 4.5% anticipated depreciation of RMB against the U.S. dollar.

Lastly given the strong cash flow and healthy business fundamentals the Company is considering to execute a dividend policy by the end of the fiscal year 2015. We will announce the details as they become available.

This concludes my remarks and I would now hand the call over to the operator and open the line for questions. Operator?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Your first question is from the line of Daniel Chen from Morgan Stanley. Your line is open. Please go ahead.



Daniel Chen - Morgan Stanley - Analyst

Good morning management. Thank you for taking my question. I have two questions. My first question is regarding your cooperation with Oracle, could you share with us your insight on -- influence on the enrollment and average tuition fees for this year and maybe the years going forward. And my second question is regarding your online education platform. So what our TMOOC platform's competitive advantage compared to other MOOC platforms in China and also what is our strategy to promote this platform in this year? Thank you.

Suhai Ji - Tarena International, Inc. - CFO

Daniel can you speak Mandarin, maybe if you can ask the question in Mandarin for our CEO--

Daniel Chen - Morgan Stanley - Analyst

Sure.

Suhai Ji - Tarena International, Inc. - CFO

Okay. Our CEO will address the question in Chinese and I will translate. So there are two aspects for the cooperation with Oracle. One is we will work together with Oracle to expand our joint major programs with the colleges so basically it would be a three way cooperation. And with Oracle we have better positioned to establish those joint major programs with those colleges, so that's one aspect. And two is our students from this Java big data course will also be qualified to take the certification exam provided by Oracle to get their international certificate in Java. And we will share the certification fees with Oracle and that will also improve our revenue on the incremental basis.

Regarding the TMOOC, there are two key differences compared to the competitors. One is really on the content side all of the content on our TMOOC platform has been developed on a proprietary basis by our own instructors and the teaching assistants, which numbered close to 150 in terms of instructors and close to 900 in terms of TAs. So, all the content belonged to Tarena and they are developed in-house. And we have the expertise in the IT training. So, we are more capable in developing the proprietary content for our platform. That's one area of difference.

And the second one is on the sales and marketing, because this year we are projecting around 80,000 new student enrollments, but that's coming from around 1 million potential students who make the inquiries. So, for those 80,000 students, they would automatically become the registered TMOOC users, but we will also broadcast or market the TMOOC to those 1 million students, potential students who make the inquiry. So, the cost of promoting our platform will be smaller than many of our competitors in terms of sales channels. And because we already have existing sales network in over 38 cities in China, we are also better able to push the TMOOC towards the potential audience through our existing sales channel, so we will also benefit from the existing sales marketing network as compared to competitors.

Daniel Chen - Morgan Stanley - Analyst

That's very helpful.

Suhai Ji - Tarena International, Inc. - CFO

And also just to add your first question on the average revenue per course, so for the joint major programs, those students just pay whatever the rates that we charge for the university channel students if it is a joint major program than for the certificate that's additional incremental revenue aside from the tuition fees that they pay.



Daniel Chen - Morgan Stanley - Analyst

I see. Thank you for the color.

Suhai Ji - Tarena International, Inc. - CFO

Thank you.

Operator

Your next question is from the line of Jack Yang from T.H. Capital. Your line is open. Please go ahead.

Jack Yang - T.H. Capital - Analyst

I have a question about the 3Q guidance, since your 3Q revenue guidance is about 32%, which is so much lower than the enrollment growth at 34%. I wonder can you give us more color on the 3Q 2015 guidance based on the course enrollments and ASP? Thank you.

Suhai Ji - Tarena International, Inc. - CFO

Yes. So, I will just address this question in English. Yes, you are right, in the Q1, our student enrollment was 38% and our revenue growth was 18%. And in Q2, the student enrollment growth was 43% and the revenue growth rate was 29%. And that's because as we discussed earlier, the student enrollment number is more of a lead indicator. It's a front running factor ahead of the revenue. That's why this quarter we have disclosed the course enrollment. So, if you look at the course enrollment gross number in Q2, it's around 30%. So, that's in line more aligned with the revenue growth in the second quarter. And in the third quarter, our guidance was about 31% to 33% year-over-year growth for the second quarter and that's mostly due to the guidance revision that we made in light of the close to 5% depreciation. So, we basically marked down the full year guidance using the anticipated new exchange rate.

So, in RMB terms, our growth rate would be higher, even more than 5% higher than the current guidance. So, it would have been close to 40% year-over-year growth. So, the only reason it came down is because we are using the full year guidance lowered by the exchange rate, by the RMB depreciation rate and we are deducting that from the Q1 and Q2 numbers, which actually were converted on the previous exchange rates. So, that caused the Q3 and the Q4 number to come lower than original expected number in U.S. dollar terms. But for the RMB -- in terms of RMB, they remain unchanged and that gross rate will be close to 40% for Q3 and Q4.

Jack Yang - T.H. Capital - Analyst

Thank you. That's all from us. Thank you.

Operator

Your next question is from the line of Anne Shih from Brean Capital. Your line is open. Please go ahead.

Anne Shih - Brean Capital - Analyst

Hi, thanks for taking my question. It's related to the selling and marketing expenses, we saw it spiked this quarter. I understand this was largely driven by branding and network expansion, but could you just provide more color on the specifics for this given that network expansion doesn't seem to be more aggressive than in the past and any thoughts on outlook for spending in these areas for the second half of the year? Thank you.



Suhai Ji - *Tarena International, Inc. - CFO*

Okay. I will translate the question briefly for Han. Okay, I will address your question. Yes, actually the only big reason for the decline in operating margin in second quarter was mostly due to the sales and marketing expenses, which grew 63% on a year-over-year basis. And within the sales and marketing expenses, the two biggest items are the personnel cost for sales and marketing personnel and also advertising expenses. So, they each accounted close to half of the total sales and marketing expenses.

So, for personnel costs, that increased by 65% on a year-over-year basis and for advertising it grew close to 80% on a year-over-year basis. So, that is because as we accept new learning centers, we have to hire those sales and marketing staff ahead of the revenue and the enrollment ramp and also the advertising dollars will be incurred as well, especially for the newer courses such as accounting. So, each new centers offering those courses, for example, we opened mostly accounting centers in Q4 last year and Q1 this year. So, this was ahead of the revenue that's being generated, but in Q3 and Q4 usually the pattern is the total absolute dollar amount spent on sales and marketing. We were relatively kind of flattish in Q3 and Q4 compared to Q2. That's why we are expecting a much higher operating margin for the third and fourth quarter.

Anne Shih - *Brean Capital - Analyst*

That's very helpful. Thank you.

Operator

Your next question is from the line of Dick Wei from Credit Suisse. Your line is open. Please go ahead.

Evan Zhou - *Credit Suisse - Analyst*

Hi, good morning Helen. Thanks for taking my question. This is Evan Zhou calling on behalf of Dick Wei. And can you share with us your strategy on the non-IT courses and plan to launch new courses to be the next driver in the coming quarters?

Suhai Ji - *Tarena International, Inc. - CFO*

Yes. We will continue to expand on the offerings of our non-IT courses. We are currently doing some feasibility study on the new course and we plan to launch another non-IT course most likely in the first half of next year.

Evan Zhou - *Credit Suisse - Analyst*

Thank you very much.

Operator

Your next question is from the line of Cynthia Meng from Jefferies. Your line is open. Please go ahead.

Cynthia Meng - *Jefferies - Analyst*

So, my first question is on the mix of IT versus non-IT enrollments this year and next year, does management have any outlook for the mix? My second question is for the 43% enrollment growth, how much was attributed to rising utilization of existing centers and how much was attributed by new centers? Thank you.



Suhai Ji - *Tarena International, Inc. - CFO*

Thanks, Cynthia. For the first question, for the IT and non-IT enrollment split, as you can see from the numbers we disclosed in first quarter and second quarter, the percentage of the student enrollment in first quarter and the second quarter contributed by IT and non-IT remained relatively stable. So, the non-IT enrollment is close to 44% and the rest is being IT. And towards the end of the year, we think the number will get close to probably half-half by end of the year, because the non-IT have been experiencing higher growth than the IT courses. So, by end of the year, that non-IT could exceed more than half of the total student enrollment.

And on your second question regarding the 43% increase in enrollment, how much of it coming from the new center versus existing center? It's a more tricky question, because it depends on how new those centers are. If you are only talking about the new centers, we established in Q2 than most of the contribution would come from the existing centers for the centers were opened before the second quarter this year and that's coming from the utilization rate increase as we disclosed 74% in the second quarter on an average basis for all the learning centers for Tarena. And so that will be probably 80% or 20%, so it depends on again how new the centers are.

Cynthia Meng - *Jefferies - Analyst*

Thank you.

Operator

Your next question is from the line of Fan Liu from Goldman Sachs. Your line is open. Please go ahead.

Fan Liu - *Goldman Sachs - Analyst*

Hi, Han, Ji and Helen. Thanks for taking my questions. So, my first question is regarding to our advertising expenses, can we have an update of breakdown between the expenses related to Baidu and those that's related to other websites such as (inaudible)? And also the second question is regarding to our short-term curriculums, will the management share with us in second quarter what's the percentage of our course enrollment related to short-term curriculums and apologies if I miss what's the pricing difference between the short courses and our regular courses?

Suhai Ji - *Tarena International, Inc. - CFO*

So, on your first question, on the advertising, still over 90% of the advertising budget is with Baidu and the reason why that price -- that the total expenses went up and it's also because of competitive bidding. So, we see some increasing competition in certain regions leading up the key words of price and the Baidu discounts that we mentioned in the last quarter has not really been put into effect in Q2. We are only expecting to see some of those benefits in Q3 and Q4. So, that's one of the reasons for the hike in advertising expenses.

Shaoyun Han - *Tarena International, Inc. - Founder, Chairman, CEO*

(Interpreted) Yes, for the short-term curriculum or the modular courses that we are offering, the enrollment number is less than 10%. That's on the student enrollment number, because that's when they register, they indicate their intentions how long the course duration that they want to take. So, on the course enrollment basis, we will be even smaller than 10%. In terms of the pricing, on the overall pricing per course on the module basis would be definitely lower than the full length course, but on an hour basis, it will be actually higher than the four months courses, but the average revenue per course we calculated is on the per course basis. So, that will potentially drag down a little bit on the overall ASP, but the percentage of students enrolling in those short-term courses still very small. For one month course it's less than 0.5%. So, there are more people who are taking the two month course or the three month course. And the minimum one month price for IT courses starting at RMB6800. So the minimum, the short-term courses that we offer is at least one month.



Operator

(Operator Instructions). Your next question is from the line of (inaudible) from the Summitview Capital. Your line is open. Please go ahead.

Unidentified Participant

(speaking in foreign language).

Suhai Ji - Tarena International, Inc. - CFO

Okay, I am putting the data. So, this revenue is actually not the GAAP revenue we disclosed is more on a contract revenue basis. So, basically when you enroll and register we will have contract revenue. And on that the total is -- do you have other questions I am pulling out this?

Unidentified Participant

(speaking in foreign language).

Suhai Ji - Tarena International, Inc. - CFO

Okay. Let me address your second question first. On the TMOOC we have three different type of TMOOC courses and the VIP users that we mentioned on earnings call and in the press release those are basically people who come to TMOOC who are taking part-time and weekend courses, so they are paying almost the full -- basically the full amount as the regular courses like RMB16,800 per course. Then we have the modular TMOOC courses, so people would take them in different modules. So for those people basically can do it purely online and they get online help.

For those number of people is still very, very small. We only see increasing number of those students coming starting in July, so our expectation for those type of revenue is still very small for the full year of 2015. And the third type is those on the subscription basis on the per month or the per year basis and those are for the people who just look through the video clips on our platform so those we only charge like RMB200 on a monthly basis or RMB18,000 on a yearly basis. So those revenue will be gradual would be incremental, but we have not really budgeted any revenues from those kind of students for 2015. So the initial goal is do try to ramp up the registered user base and also increase of the VIP users who are really taking our courses on the full price basis.

Okay. On your first question for in terms of contractual revenue for people who take one month course, the amount is only 0.07% of the total contract revenue we get in second quarter. And for people who take the second -- two month courses is about 2%. And the three months is about 3.8%. So in total it's only about 6% of the contractual revenue for people who take those short-term modular courses, so still relatively small.

Unidentified Participant

(speaking in foreign language).

Suhai Ji - Tarena International, Inc. - CFO

Yes, because the first half this year our operating margins were not as strong as we saw, Q1 was expected -- Q2 mostly because we are driving the enrollment growth which was higher than we expected. So that brought the margin down. So for the full year in 2015 we expect operating margins roughly in line or maybe slightly lower than 2014 than last year. And also it's because it has a lot to do with the currency depreciation as well because we trimmed down the top line and that will also impact the margins. Thank you.



Operator

There are no further questions in the queue. Please continue.

Suhai Ji - *Tarena International, Inc. - CFO*

Operator, I think that's it. We can wrap up the call now.

Operator

And ladies and gentlemen, that does conclude today's conference. Thank you for your participation.

Editor

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