Chegg

By Michael Garb

NYSE: \$CHGG

Buy ~\$2,000-\$3,000 worth of CHGG (56-85 shares)

Saving broke students one textbook at a time

Save up to 90% on textbooks*



The people of Chegg

Dan Rosensweig - CEO (President)

-Was COO of Yahoo! ('02-'06), CEO of Guitar Hero series ('09)

Andrew Brown - CFO (Finance)

Mike Osier - COO (Operations)

Esther Lem - CMO (Marketing)

Chegg's services

- -Textbook rental service
- -Study support/textbook help at \$15/month
- -Online tutoring at \$30/hr
- -Math support at \$10/month
- -Several more online help services

Major Acquisitions

- Insta EDU 2014 (\$30M)
- Imagine Easy Solutions 2016 (\$42M)
- MATH 42 2017 (\$14M)
- WriteLab 2018 (\$15M)
- StudyBlue 2018 (\$21M)
- 5 others under \$10M

Partnerships:

- Ingram Content Group, (warehouses and shipping)
- Pearson (provides students on pearson with rental service)

The numbers

Market Cap: \$4B

IPO Market Cap (2013): \$1.1B

52 Week Range: \$15.50 - \$34.80

Average Vol: 1.5M

Forward P/E: 55

Quarterly

12/31/2014

361,737

-56,903

12/31/2015

353,234

-51,861

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Total Operating Expenses

Operating Income or Loss

Revenue

Total Revenue	255,066	254,090	301,373	304,834
Cost of Revenue	79,861	118,511	184,552	200,451
Gross Profit	175,205	135,579	116,821	104,383
Operating Expenses				
Research Development	81,926	66,331	59,391	49,386
Selling General and Administrative	114,951	108,221	109,291	111,900
Non Recurring	-	_	-	_
Others	_	_	-	_

276,738

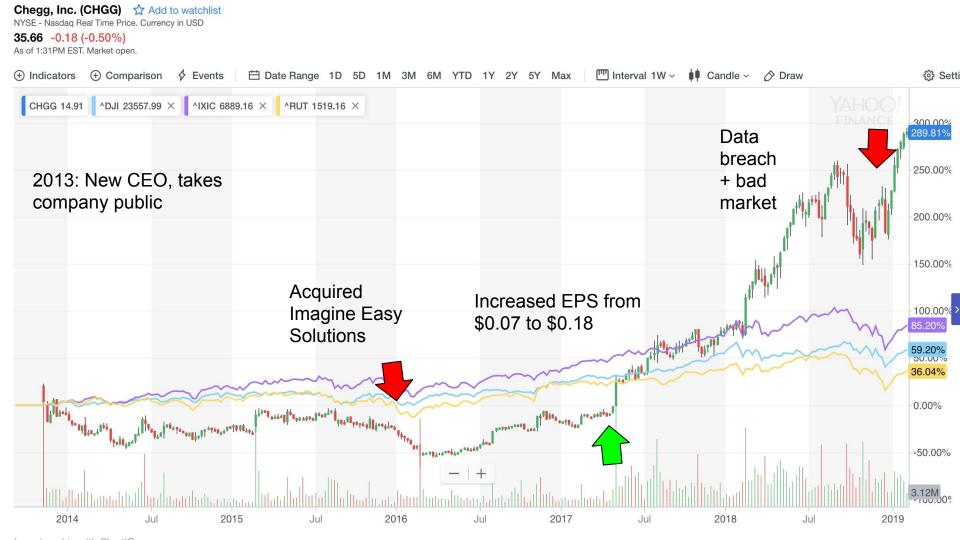
-21,672

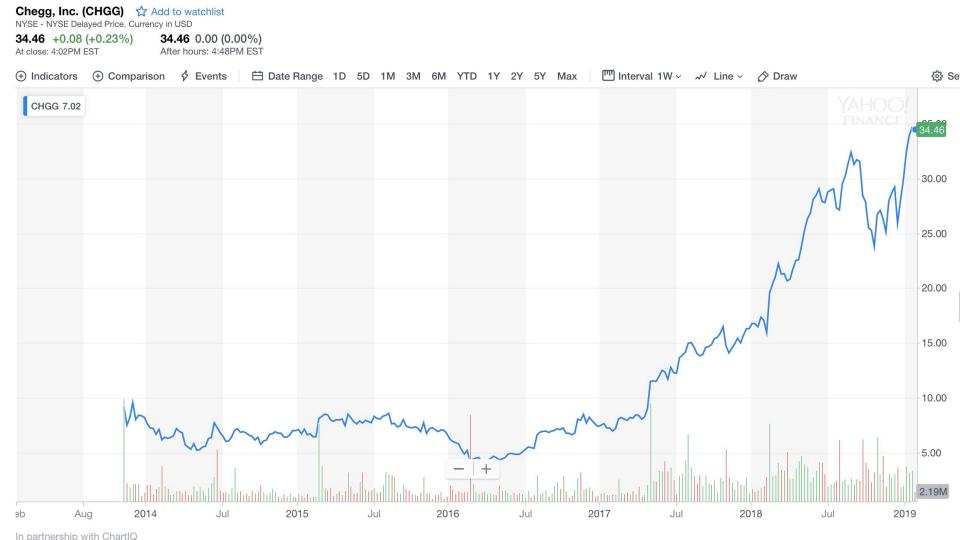
12/31/2017

12/31/2016

293,063

-38,973







Why buy Chegg?

- Corporate knows what they're doing
- 2. College degrees are significantly more important today
 - a. Schools are becoming more competitive
 - b. More people attending college
- Moving towards operating fully digital
 - a. Lower operating costs
 - b. More diversification
- 4. Great future outlook
 - a. Gaining lots of attention by institutional investors

To avoid cognitive bias

- 1. As of Q3 2018, Chegg has been losing money
 - a. However, that amount has been decreasing each year
 - b. The market does not represent a company's current value
- 2. The price is at an all time high
 - a. Buy winners and hold long
 - b. Fast recovery after economy wonkiness
- 3. Volatile price
 - a. In the short term this can be bad, but we are holding for years

Extra info in case of questions

- The Purdue University Online
 Writing Lab and Chegg Partner
 to Make World-Class Writing
 Education Tools More
 Accessible (40 minutes ago)
- Chegg Selected to Join World Economic Forum (1/24/18)

