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# Chegg

By Michael Garb

NYSE: \$CHGG

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

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**Chegg**

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# 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)

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# 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
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# 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)
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# 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

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# Income Statement

All numbers in thousands

Annual

[Quarterly](#)

Revenue	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total Revenue	255,066	254,090	301,373	304,834
Cost of Revenue	79,861	118,511	184,552	200,451
<b>Gross Profit</b>	<b>175,205</b>	<b>135,579</b>	<b>116,821</b>	<b>104,383</b>

## 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	-	-	-	-
Total Operating Expenses	276,738	293,063	353,234	361,737
<b>Operating Income or Loss</b>	<b>-21,672</b>	<b>-38,973</b>	<b>-51,861</b>	<b>-56,903</b>



# Chegg, Inc. (CHGG) [Add to watchlist](#)

NYSE - Nasdaq Real Time Price. Currency in USD

**35.66** -0.18 (-0.50%)

As of 1:31PM EST. Market open.

Indicators Comparison Events Date Range 1D 5D 1M 3M 6M YTD 1Y 2Y 5Y Max Interval 1W Candle Draw

CHGG 14.91 ^DJI 23557.99 ^IXIC 6889.16 ^RUT 1519.16

2013: New CEO, takes company public

Acquired  
Imagine Easy  
Solutions

Increased EPS from  
\$0.07 to \$0.18

Data  
breach  
+ bad  
market



**Chegg, Inc. (CHGG)** [★ Add to watchlist](#)

NYSE - NYSE Delayed Price. Currency in USD

**34.46** **+0.08 (+0.23%)** **34.46** 0.00 (0.00%)

At close: 4:02PM EST

After hours: 4:48PM EST

[+](#) Indicators [+](#) Comparison [⚡](#) Events [📅](#) Date Range 1D 5D 1M 3M 6M YTD 1Y 2Y 5Y Max [📊](#) Interval 1W [📈](#) Line [📐](#) Draw



**Chegg, Inc. (CHGG)** [☆ Add to watchlist](#)

NYSE - Nasdaq Real Time Price. Currency in USD

**34.50** +0.12 (+0.35%)

As of 11:35AM EST. Market open.

[+ Indicators](#) [+ Comparison](#) [⚡ Events](#) | [📅 Date Range](#) [1D](#) [5D](#) [1M](#) [3M](#) [6M](#) [YTD](#) **[1Y](#)** [2Y](#) [5Y](#) [Max](#) | [📊 Interval 1D](#) [📈 Line](#) [📐 Draw](#)

[⚙ Settings](#)



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# Why buy Cegg?

1. 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
  3. Moving towards operating fully digital
    - a. Lower operating costs
    - b. More diversification
  4. Great future outlook
    - a. Gaining lots of attention by institutional investors
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# 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
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# 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)

