



Investor Relations Data Sheet

Unaudited

Last updated: 04/26/18

In thousands, except percentages and Chegg Services subscribers

	FY 2014	FY 2015	Q1'16	Q2'16	Q3'16	Q4'16	FY 2016	Q1'17	Q2'17	Q3'17	Q4'17	FY 2017	Q1'18
REVENUE													
Total net revenues	\$ 304,834	\$ 301,373	\$ 66,654	\$ 53,036	\$ 71,343	\$ 63,057	\$ 254,090	\$ 62,602	\$ 56,317	\$ 62,640	\$ 73,507	\$ 255,066	\$ 76,949
Y/Y change	19.3%	-1.1%	-21.5%	-20.9%	-12.2%	-7.5%	-15.7%	-6.1%	6.2%	-12.2%	16.6%	0.4%	22.9%
Required Materials	\$ 236,717	\$ 207,088	\$ 41,098	\$ 23,159	\$ 41,667	\$ 18,831	\$ 124,755	\$ 21,567	\$ 11,617	\$ 23,165	\$ 13,034	\$ 69,383	\$ 20,672
Y/Y change	10.7%	-12.5%	-34.1%	-48.0%	-31.3%	-52.3%	-39.8%	-47.5%	-49.8%	-44.4%	-30.8%	-44.4%	-4.2%
Chegg Services	\$ 68,117	\$ 94,285	\$ 25,556	\$ 29,877	\$ 29,676	\$ 44,226	\$ 129,334	\$ 41,035	\$ 44,700	\$ 39,475	\$ 60,473	\$ 185,683	\$ 56,277
Y/Y change	62.8%	38.4%	13.7%	32.6%	43.9%	54.3%	37.2%	60.6%	49.6%	33.0%	36.7%	43.6%	37.1%
Non-GAAP total net revenues	\$ 134,228	\$ 166,103	\$ 46,799	\$ 40,703	\$ 55,521	\$ 56,396	\$ 199,419	\$ 62,602	\$ 56,317	\$ 62,640	\$ 73,507	\$ 255,066	\$ 76,949
Y/Y change	35.6%	23.7%	2.2%	20.4%	22.0%	37.5%	20.1%	33.8%	38.4%	12.8%	30.3%	27.9%	22.9%
Required Materials	\$ 66,111	\$ 71,818	\$ 21,243	\$ 10,826	\$ 25,845	\$ 12,170	\$ 70,085	\$ 21,567	\$ 11,617	\$ 23,165	\$ 13,034	\$ 69,383	\$ 20,672
Y/Y change	15.6%	8.6%	-8.9%	-4.0%	3.9%	-1.5%	-2.4%	1.5%	7.3%	-10.4%	7.1%	-1.0%	-4.2%
Chegg Services	\$ 68,117	\$ 94,285	\$ 25,556	\$ 29,877	\$ 29,676	\$ 44,226	\$ 129,334	\$ 41,035	\$ 44,700	\$ 39,475	\$ 60,473	\$ 185,683	\$ 56,277
Y/Y change	62.8%	38.4%	13.7%	32.6%	43.9%	54.3%	37.2%	60.6%	49.6%	33.0%	36.7%	43.6%	37.1%
Subscribers													
Chegg Services subscribers	737,000	1,039,000	755,000	764,000	862,000	977,000	1,527,000	1,139,000	1,180,000	1,181,000	1,438,000	2,210,000	1,642,000
Y/Y change	59%	41%	37%	41%	53%	48%	47%	51%	54%	37%	47%	45%	44%
EBITDA													
EBITDA	\$ 17,051	\$ (2,420)	\$ (8,152)	\$ (2,223)	\$ (9,863)	\$ 3,658	\$ (16,580)	\$ (1,346)	\$ (587)	\$ (5,691)	\$ 8,554	\$ 930	\$ 3,161
% of revenue	5.6%	-0.8%	-12.2%	-4.2%	-13.8%	5.8%	-6.5%	-2.2%	-1.0%	-9.1%	11.6%	0.4%	4.1%
Y/Y change	-27.3%	n/m	21.2%	n/m	14.9%	-72.1%	-585.0%	83.5%	73.6%	42.3%	133.8%	n/m	n/m
Adjusted EBITDA	\$ (12,952)	\$ 5,358	\$ (499)	\$ 7,183	\$ 212	\$ 13,904	\$ 20,800	\$ 9,531	\$ 10,080	\$ 5,703	\$ 21,085	\$ 46,399	\$ 16,707
% of revenue	-4.2%	1.8%	-0.7%	13.5%	0.3%	22.0%	8.2%	15.2%	17.9%	9.1%	28.7%	18.2%	21.7%
Y/Y change	-224.2%	n/m	88.3%	124.0%	n/m	-9.2%	288.2%	n/m	40.3%	n/m	51.6%	123.1%	75.3%
RECONCILIATION OF NET (LOSS) INCOME TO EBITDA AND ADJUSTED EBITDA													
Net (loss) income:	\$ (64,758)	\$ (59,210)	\$ (15,685)	\$ (9,008)	\$ (16,063)	\$ (1,489)	\$ (42,245)	\$ (6,401)	\$ (6,025)	\$ (11,516)	\$ 3,659	\$ (20,283)	\$ (2,617)
Interest expense, net	317	247	60	61	30	20	171	19	18	19	18	74	20
Provision for income taxes	186	1,479	400	509	554	244	1,707	647	716	598	(159)	1,802	541
Textbook library depreciation expense	70,147	43,553	4,496	2,724	1,683	364	9,267	—	—	—	—	—	—
Other depreciation and amortization	11,159	11,511	2,577	3,491	3,933	4,519	14,520	4,389	4,704	5,208	5,036	19,337	5,217
EBITDA	17,051	(2,420)	(8,152)	(2,223)	(9,863)	3,658	(16,580)	(1,346)	(587)	(5,691)	8,554	930	3,161
Textbook library depreciation expense	(70,147)	(43,553)	(4,496)	(2,724)	(1,683)	(364)	(9,267)	—	—	—	—	—	—
Share-based compensation expense	36,888	38,775	11,270	11,221	10,210	9,084	41,785	8,278	9,099	10,091	10,891	38,359	11,642
Other expense (income), net	(879)	(216)	(65)	63	148	151	297	199	9	(261)	(507)	(560)	(564)
Restructuring (credits) charges	-	4,868	(44)	(154)	(100)	(125)	(423)	900	59	64	24	1,047	220
Transitional logistic charges	-	6,033	—	—	—	—	—	—	—	—	—	—	—
Acquisition related compensation costs	2,583	1,871	988	1,000	1,500	1,500	4,988	1,500	1,500	1,500	2,123	6,623	2,248
Impairment of intangible assets	1,552	-	—	—	—	—	—	—	—	—	—	—	—
Adjusted EBITDA	\$ (12,952)	\$ 5,358	\$ (499)	\$ 7,183	\$ 212	\$ 13,904	\$ 20,800	\$ 9,531	\$ 10,080	\$ 5,703	\$ 21,085	\$ 46,399	\$ 16,707

Notes:

*Non-GAAP total net revenues is total net revenues as if Chegg had already transitioned to a fully commission-based revenue model with Ingram for its print textbook business. Beginning in the first quarter of 2017, total net revenues and non-GAAP total net revenues are the same as the transition to Ingram is complete.

*Non-GAAP Required Materials Revenue includes Chegg Print Textbooks as if the transition to Ingram was complete, Ingram Commission, eTextbooks

*Chegg Services revenue includes Chegg Study, Chegg Writing, Chegg Tutors, Test Prep, Brand Partnership and Enrollment Marketing services

*Chegg Services subscribers include Chegg Study, Chegg Tutors, and Chegg Writing customers who have paid to access the service during the time period

*Adjusted EBITDA is earnings before interest, taxes, depreciation and amortization, or EBITDA, adjusted to include textbook depreciation and to exclude share-based compensation expense, acquisition-related compensation costs, restructuring (credits) charges, transitional logistic charges and other (expense) income, net

*The presentation of these non-GAAP financial measures is not intended to be considered in isolation from, as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP, and may be different from non-GAAP financial measures used by other companies.

*Please refer to the second page of this Investor Relations Data Sheet and our press release issued on April, 26, 2018 under the header "Use of Non-GAAP Measures" for a more detailed description of our use of Non-GAAP measures and our reconciliation to GAAP.

*All information provided in this data sheet is as of the date hereof and Chegg undertakes no duty to update this information except as required by law.

*n/m is not meaningful

CHEGG, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(in thousands, except percentages and per share amounts)
(unaudited)

	FY 2014	FY 2015	Q1'16	Q2'16	Q3'16	Q4'16	FY 2016	Q1'17	Q2'17	Q3'17	Q4'17	FY 2017	Q1'18
Total net revenues	\$ 304,834	\$ 301,373	\$ 66,654	\$ 53,036	\$ 71,343	\$ 63,057	\$ 254,090	\$ 62,602	\$ 56,317	\$ 62,640	\$ 73,507	\$ 255,066	\$ 76,949
Adjustment as if transition to Ingram is complete	(170,606)	(135,270)	(19,855)	(12,333)	(15,822)	(6,661)	(54,671)	-	-	-	-	-	-
Non-GAAP total net revenues	\$ 134,228	\$ 166,103	\$ 46,799	\$ 40,703	\$ 55,521	\$ 56,396	\$ 199,419	\$ 62,602	\$ 56,317	\$ 62,640	\$ 73,507	\$ 255,066	\$ 76,949
Operating expenses	\$ 158,983	\$ 169,224	\$ 43,021	\$ 40,004	\$ 47,975	\$ 43,559	\$ 174,559	\$ 46,742	\$ 44,557	\$ 51,444	\$ 51,115	\$ 193,858	\$ 59,345
Share-based compensation expense	(36,271)	(38,513)	(11,242)	(11,180)	(10,164)	(9,027)	(41,613)	(8,211)	(9,011)	(10,018)	(10,803)	(38,043)	(11,548)
Amortization of intangible assets	(4,970)	(4,761)	(628)	(1,186)	(1,402)	(1,389)	(4,605)	(1,403)	(1,375)	(1,371)	(1,382)	(5,531)	(1,417)
Restructuring credits (charges)	-	(4,868)	44	154	100	125	423	(900)	(59)	(64)	(24)	(1,047)	(220)
Acquisition related compensation costs	(2,583)	(1,871)	(988)	(1,000)	(1,500)	(1,500)	(4,988)	(1,500)	(1,500)	(1,500)	(2,123)	(6,623)	(2,248)
Impairment of intangible assets	(1,552)	-	-	-	-	-	-	-	-	-	-	-	-
Non-GAAP operating expenses	\$ 113,607	\$ 119,211	\$ 30,207	\$ 26,792	\$ 35,009	\$ 31,768	\$ 123,776	\$ 34,728	\$ 32,612	\$ 38,491	\$ 36,783	\$ 142,614	\$ 43,912
Operating expenses as a percent of net revenues	52.2%	56.2%	64.5%	75.4%	67.2%	69.1%	68.7%	74.7%	79.1%	82.1%	69.5%	76.0%	77.1%
Non-GAAP operating expenses as a percent of net revenues	37.3%	39.6%	45.3%	50.5%	49.1%	50.4%	48.7%	55.5%	57.9%	61.4%	50.0%	55.9%	57.1%
Operating income (loss)	\$ (65,134)	\$ (57,700)	\$ (15,290)	\$ (8,375)	\$ (15,331)	\$ (1,074)	\$ (40,070)	\$ (5,536)	\$ (5,282)	\$ (11,160)	\$ 3,011	\$ (18,967)	\$ (2,620)
Share-based compensation expense	36,888	38,775	11,270	11,221	10,210	9,084	41,785	8,278	9,099	10,091	10,891	38,359	11,642
Amortization of intangible assets	4,970	4,761	628	1,186	1,402	1,389	4,605	1,403	1,375	1,371	1,382	5,531	1,417
Restructuring (credits) charges	-	4,868	(44)	(154)	(100)	(125)	(423)	900	59	64	24	1,047	220
Transitional logistic charges	-	6,033	-	-	-	-	-	-	-	-	-	-	-
Acquisition related compensation costs	2,583	1,871	988	1,000	1,500	1,500	4,988	1,500	1,500	1,500	2,123	6,623	2,248
Impairment of intangible assets	1,552	-	-	-	-	-	-	-	-	-	-	-	-
Non-GAAP operating income (loss)	\$ (19,141)	\$ (1,392)	\$ (2,448)	\$ 4,878	\$ (2,319)	\$ 10,774	\$ 10,885	\$ 6,545	\$ 6,751	\$ 1,866	\$ 17,431	\$ 32,593	\$ 12,907
Net income (loss)	\$ (64,758)	\$ (59,210)	\$ (15,685)	\$ (9,008)	\$ (16,063)	\$ (1,489)	\$ (42,245)	\$ (6,401)	\$ (6,025)	\$ (11,516)	\$ 3,659	\$ (20,283)	\$ (2,617)
Deemed dividend to preferred stockholders	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based compensation expense	36,888	38,775	11,270	11,221	10,210	9,084	41,785	8,278	9,099	10,091	10,891	38,359	11,642
Amortization of intangible assets	4,970	4,761	628	1,186	1,402	1,389	4,605	1,403	1,375	1,371	1,382	5,531	1,417
Restructuring (credits) charges	-	4,868	(44)	(154)	(100)	(125)	(423)	900	59	64	24	1,047	220
Transitional logistic charges	-	6,033	-	-	-	-	-	-	-	-	-	-	-
Acquisition related compensation costs	2,583	1,871	988	1,000	1,500	1,500	4,988	1,500	1,500	1,500	2,123	6,623	2,248
Impairment of intangible assets	1,552	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition related income tax benefit	(1,291)	-	-	-	-	-	-	-	-	-	-	-	-
Non-GAAP net income (loss)	\$ (20,056)	\$ (2,902)	\$ (2,843)	\$ 4,245	\$ (3,051)	\$ 10,359	\$ 8,710	\$ 5,680	\$ 6,008	\$ 1,510	\$ 18,079	\$ 31,277	\$ 12,910
Weighted average shares used to compute net income (loss) per share	83,205	86,818	89,118	90,416	91,059	91,526	90,534	92,830	95,047	103,041	121,557	100,022	110,904
Effect of dilutive options, restricted stock units and warrants	-	-	-	2,468	-	8,887	6,476	6,944	9,517	12,251	-	11,063	12,912
Non-GAAP weighted average shares used to compute net income (loss) per share	83,205	86,818	89,118	92,884	91,059	100,413	97,010	99,774	104,564	115,292	121,557	111,085	123,816
Net income (loss) per share	\$ (0.78)	\$ (0.68)	\$ (0.18)	\$ (0.10)	\$ (0.17)	\$ (0.02)	\$ (0.47)	\$ (0.07)	\$ (0.06)	\$ (0.11)	\$ 0.03	\$ (0.20)	\$ (0.02)
Adjustments	\$ 0.54	\$ 0.65	\$ 0.15	\$ 0.15	\$ 0.14	\$ 0.12	\$ 0.56	\$ 0.13	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.48	\$ 0.12
Non-GAAP net income (loss) per share	\$ (0.24)	\$ (0.03)	\$ (0.03)	\$ 0.05	\$ (0.03)	\$ 0.10	\$ 0.09	\$ 0.06	\$ 0.06	\$ 0.01	\$ 0.15	\$ 0.28	\$ 0.10

Notes:

*Non-GAAP total net revenues is total net revenues as if Chegg had already transitioned to a fully commission-based revenue model with Ingram for its print textbook business. Beginning in the first quarter of 2017, total net revenues and non-GAAP total net revenues are the same as the transition to Ingram is complete.

*Non-GAAP net loss as net loss excluding share-based compensation expense, amortization of intangible assets, acquisition related compensation costs, restructuring charges (credits), transitional logistic charges and acquisition-related income tax benefit

*Non-GAAP weighted average shares outstanding as weighted average shares outstanding adjusted for the effect of dilutive options, restricted stock units and warrants

*Non-GAAP EPS as non-GAAP net loss divided by the non-GAAP weighted average number of shares of common stock outstanding during the period, less weighted-average unvested common stock subject to repurchase or forfeiture

*The presentation of these non-GAAP financial measures is not intended to be considered in isolation from, as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP, and may be different from non-GAAP financial measures used by other companies.

*All information provided in this data sheet is as of the date hereof and Chegg undertakes no duty to update this information except as required by law.