BUY AKAM:
$80.73

Target Price:
$106.55

Upside:
34.3%

Akamai Technologies Inc. (NYSE: AKAM)

Network Infrastructure and Software

Sector Analysts: Jacob Udler, Vansh Sharma, Anton Kalinin

Company Overview

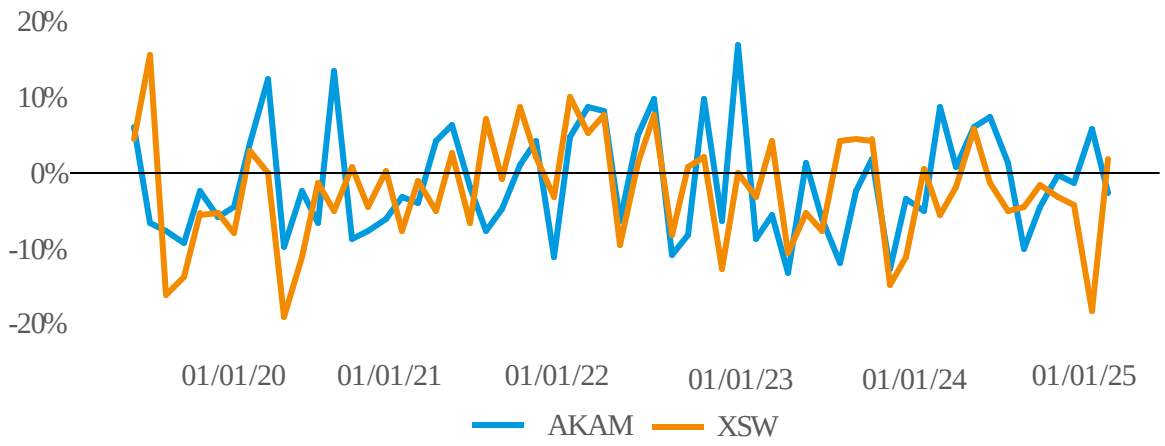
Business Overview

Provider of **Cloud**, **Computing**, and **Content Delivery Network (CDN)**

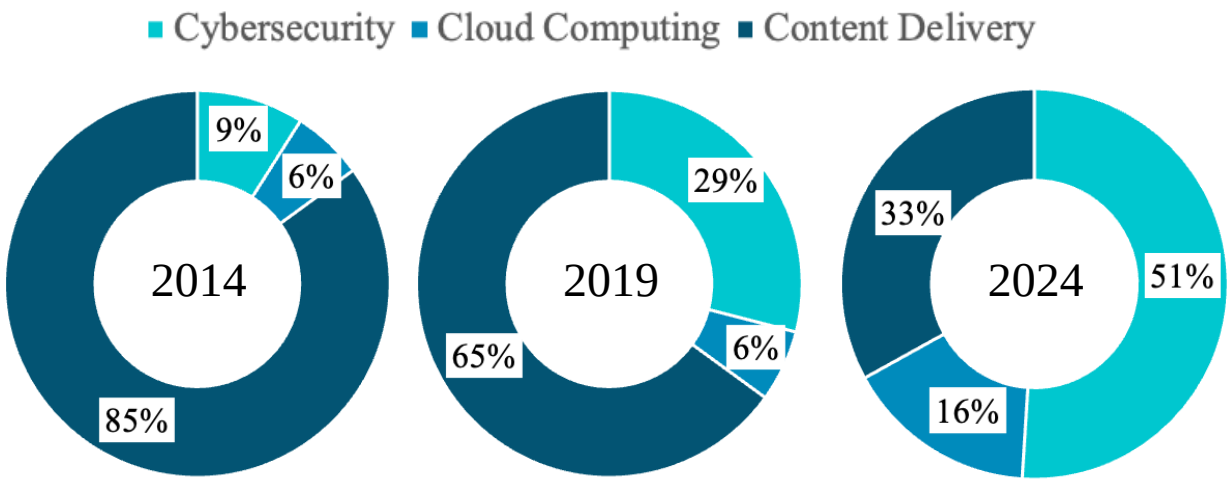
Helping **businesses develop/run applications and workloads** while keeping them safe

Operates in **over** 135 countries, with 365,000 servers in over 4,100+ locations

AKAM vs XSW % Change



Revenue Breakdown



Key Information

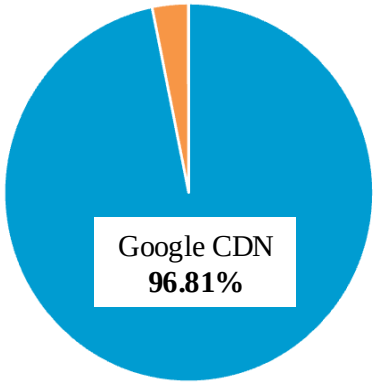
Key Information	in USD
Ticker (NYSE)	AKAM
Current Share Price	80.73
52 Week Range	75.50 - 110.14
Market Capitalization (in millions)	12,655.70
Enterprise Value (in millions)	14,329.34

Industry Overview

Brief Overview

Cybersecurity	Cloud Computing	Content Delivery
Global spend to reach $260B by 2026 (Gartner), with demand fueled by ransomware (+37% YoY attacks in 2023) and cloud migration	Cloud Computing industry grew ~ 10% in 2024 with IT spending at $5.11 trillion projected to hit $5.16 trillion in 2025	Projected to grow at 14% CAGR to $35B by 2028 (Grand View Research), driven by 5G adoption, IoT, and streaming (like Netflix, Disney+)

AKAM: Power & Protect Life Online



Market Share of the $101.3 B Content Delivery

Technology	Mkt Share %	Customers
Google CDN	96.81%	1,278,835
Akamai	3.15%	41,651
Incapsula	0.03%	414
MaxCDN	0.00%	17

Key Players

Recent Industry Trends

M&A activities have been up for cloud industries as Google recently announced the largest acquisition; **Wiz for $32 billion**

Shift from online gamers to **watching**, **streaming and E-sports**

CapEx spending **growing** with industry leaders expanding **IT and e-commerce operations**

Investment Thesis

Akamai's **global edge computing** is the backbone of its competitive advantage, enabling low-latency delivery at unmatched cost efficiency

Last Mile Infrastructure Dominance

TikTok's U.S. data localization mandates post-acquisition will **drive Akamai's edge server growth** and government cybersecurity contracts

TikTok Acquisition Catalyst

Surging demand for live streaming and gaming positions Akamai as the go-to platform for **high-performance content delivery**

Growth in E-Sports and Streaming

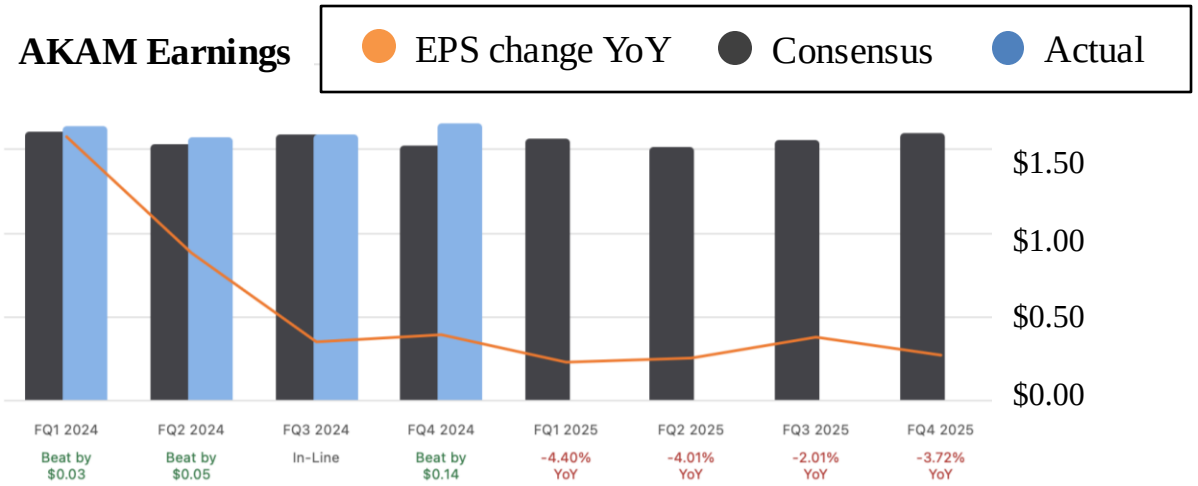
Akamai's **AI-powered cybersecurity solutions** protect 5G/IoT growth and mitigate risks in its expanding infrastructure

Cybersecurity meets Artificial Intelligence

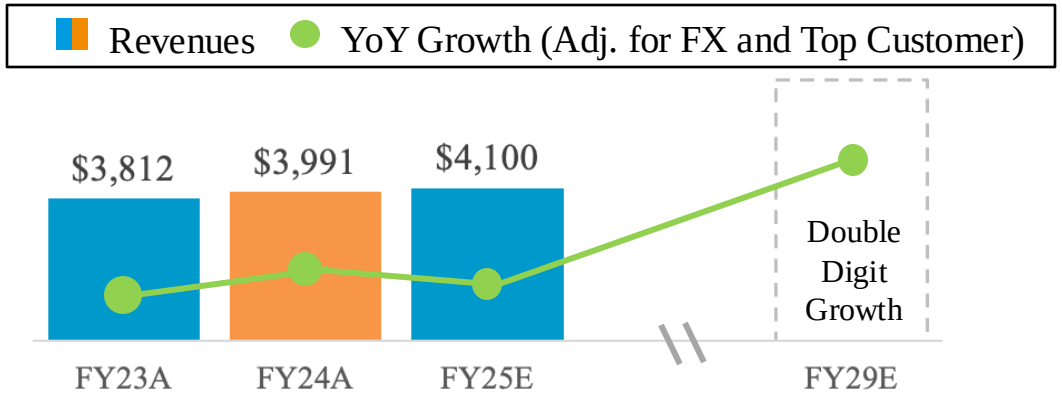
Akamai's Growth Story

Last Mile Infrastructure Dominance

Confidence in Management and Expectations



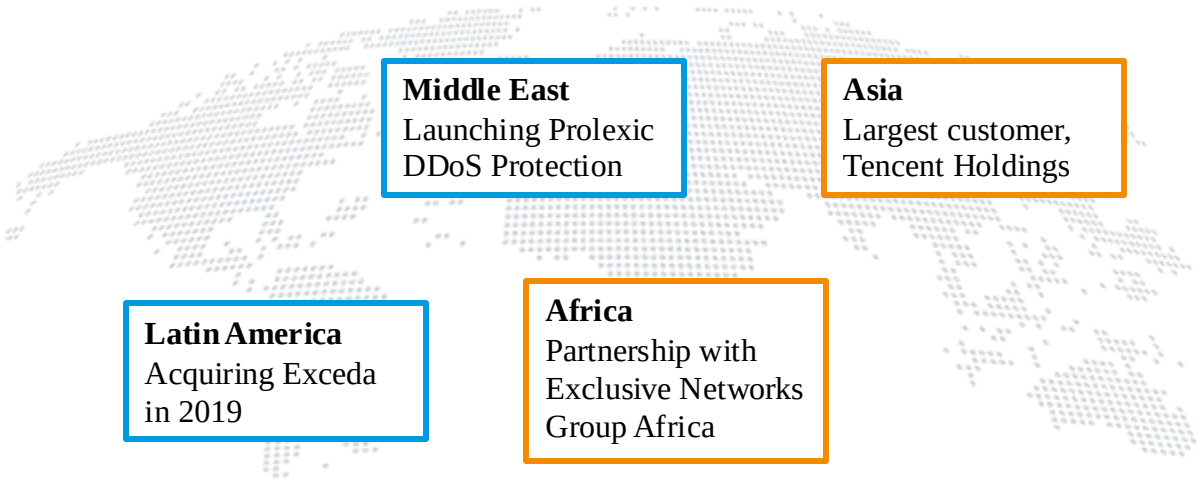
Management Positive on Revenues Growth



Building Blocks - Competitive Advantage

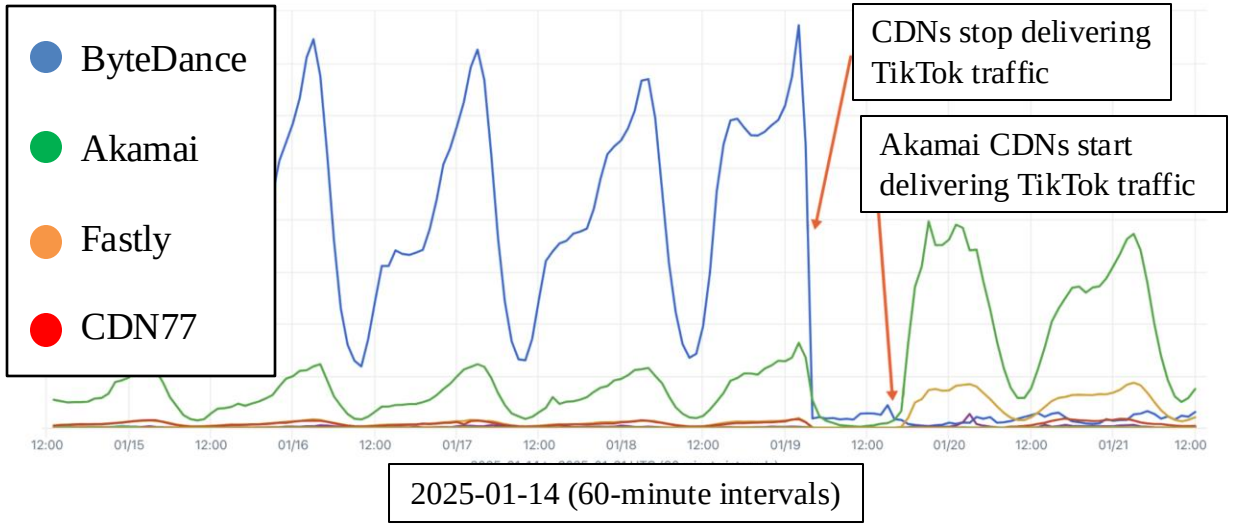
- **Acquisition of Linode** for $900M
- Critical for **AI inference** at the edge
- Edge AI to grow by **25% CAGR**
- **More than** 4,300+ locations
- Focus on **emerging countries**
- **Smaller data centers** than big ones
- **5G Adoption** in emerging markets
- Reaching **75%** of users within 1 sec

Growth in Emerging Markets



TikTok Acquisition Catalyst

Internet traffic for TikTok in the US



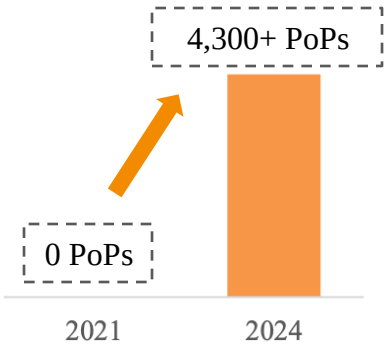
Akamai Q4 – 2024 Earnings Call

TikTok is navigating **political challenges** in the US and pursuing a DIY (CDN) strategy, which could impact **Akamai's revenues**

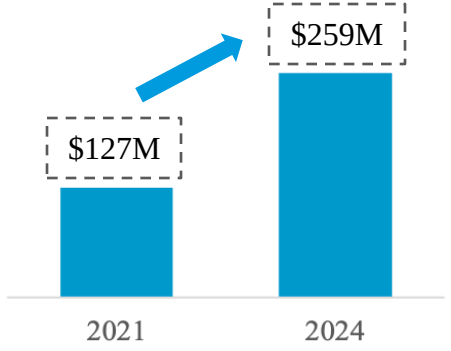
Secured a 5-year contract from TikTok with **substantial minimum annual spend**, reducing exposure

Forecasting Y/Y CIS ARR growth acceleration to **40-45% in 2025**

Accelerating US Edge Infrastructure



Edge PoPs in Core Locations



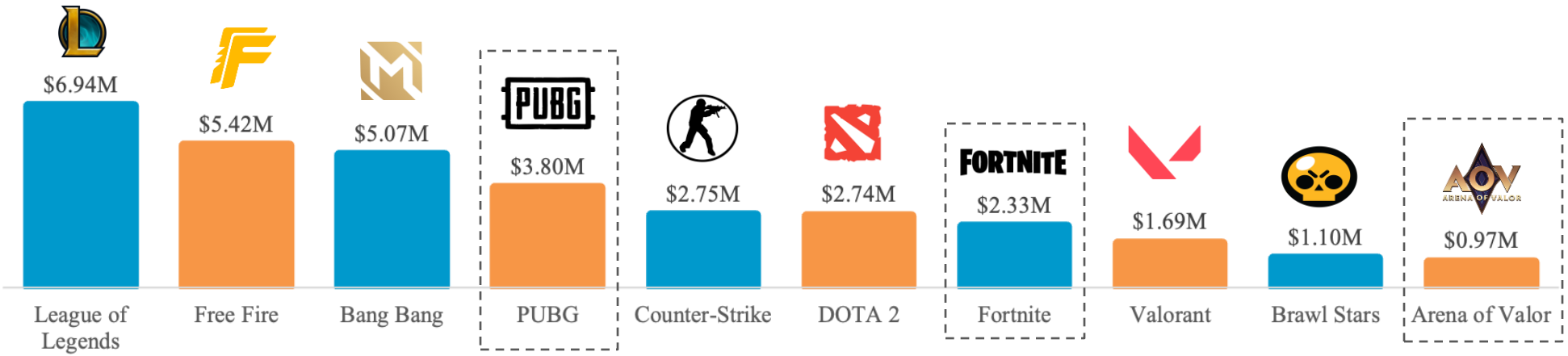
Cloud Infrastructure Services ARR

Upside Catalysts and Downside Risks

Upside Catalysts	Downside Risks
Akamai's **$900 million** acquisition of Linode, positions it to capitalize on TikTok's US expansion	Perplexity AI offers updated bid for TikTok, allowing **50%** US government stake, affecting Akamai's revenues

Growth in E-Sports and Streaming

Top 10 most popular esports games – based on streaming and viewership



Tencent created LOL clone called **Arena of Valor**

Tencent Games and Bluehole **owns PUBG**

Tencent invested **$330M** in Epic Games (2012)

Why gaming is important for Akamai?

Top 3 Suppliers

BXP Inc
SG&A: 6.52%

Juniper Networks Inc
CapEx: 0.38%

Oracle Corp
COGS: 0.20%

AKAM

Top 3 Customers

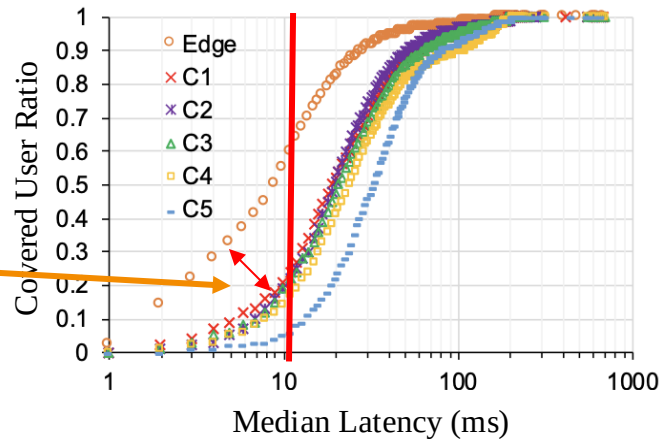
Tencent Holdings Ltd
Revenue: 2.29%

Sony Group Corp
Revenue: 2.13%

Apple Inc
Revenue: 1.97%

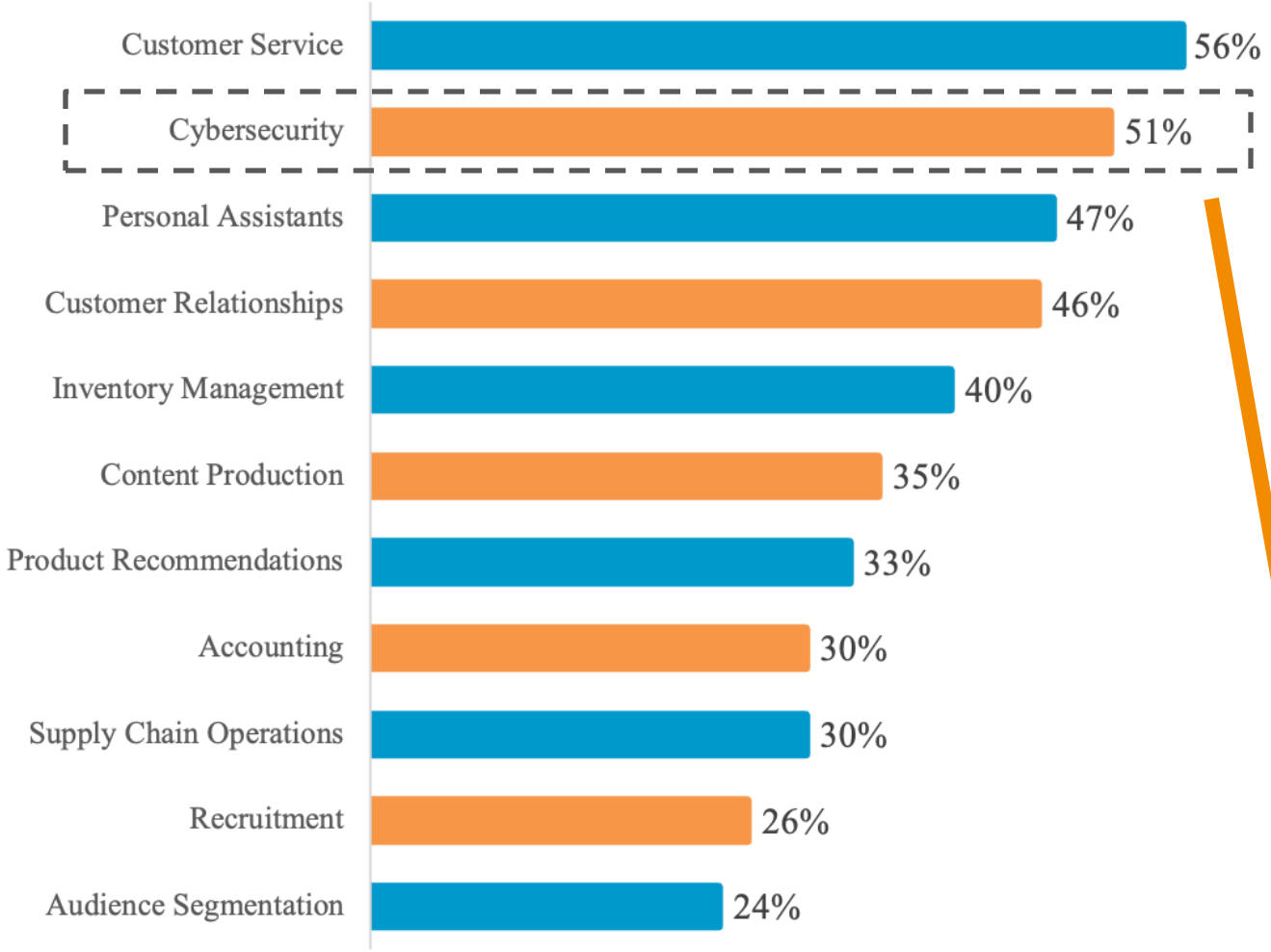
Akamai combating Latency in Live Streams

55% of end-users can find a nearby Akamai's Edge Server with less than 10ms latency

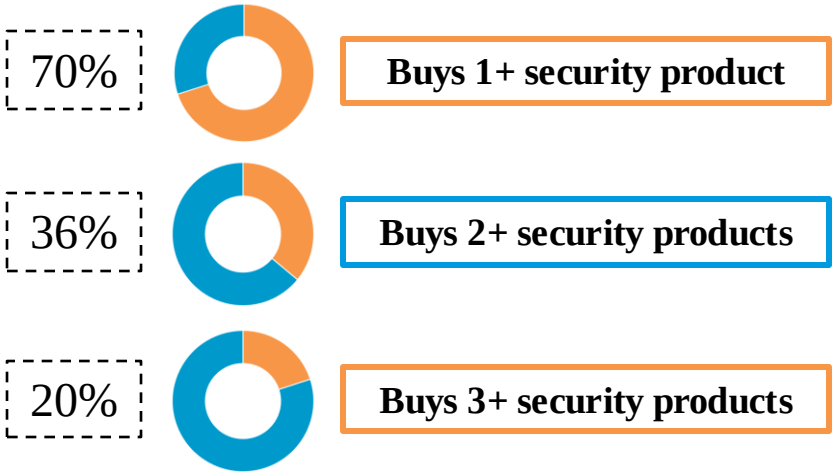


Cybersecurity meets Artificial Intelligence

Methods of using AI – Use Cases



Cybersecurity product penetration



~ 800 customers buys 4+ security products

AI benefits Akamai in multiple ways

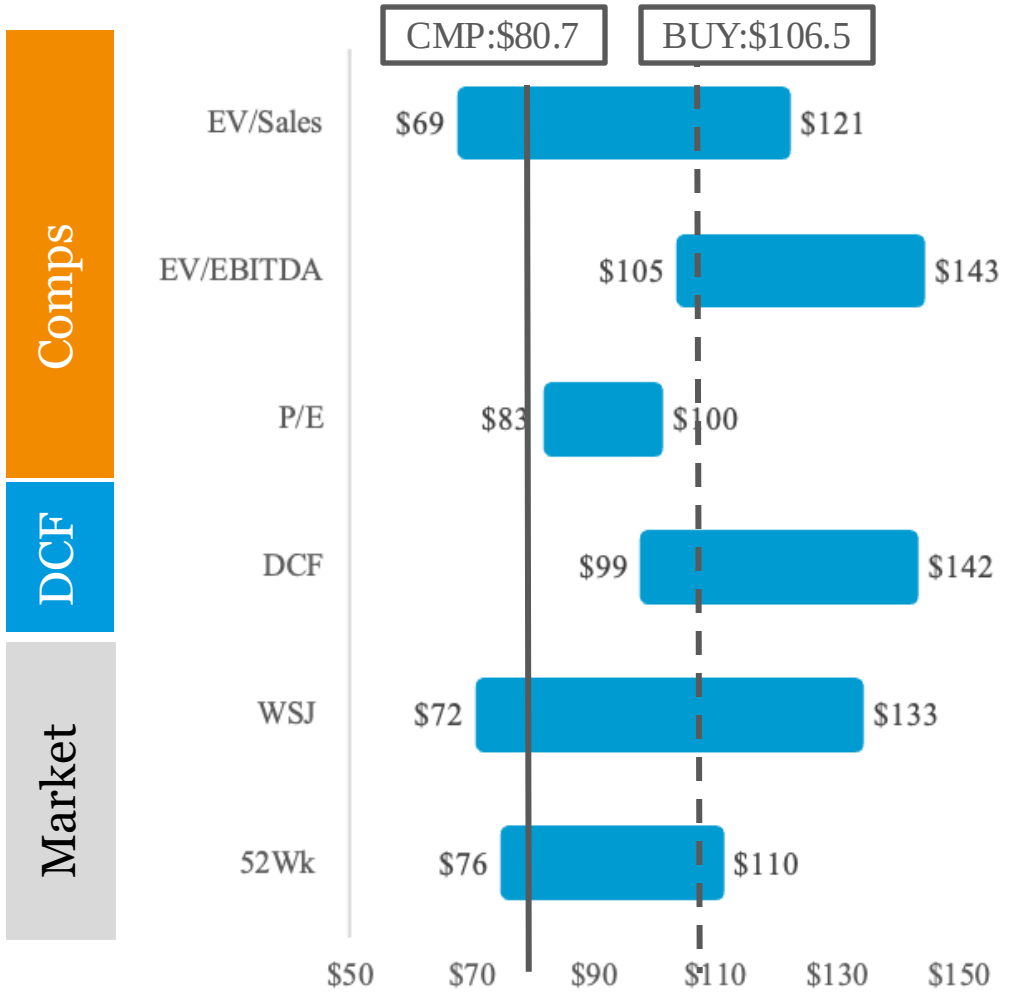
Run AI applications at scale, with **cybersecurity for AI solutions**

Protect applications from advanced AI-powered threats with cybersecurity solutions such as **Guardicore** Segmentation

Over **10+ years of experience**, Akamai uses AI to improve customer security, experience, and employee productivity

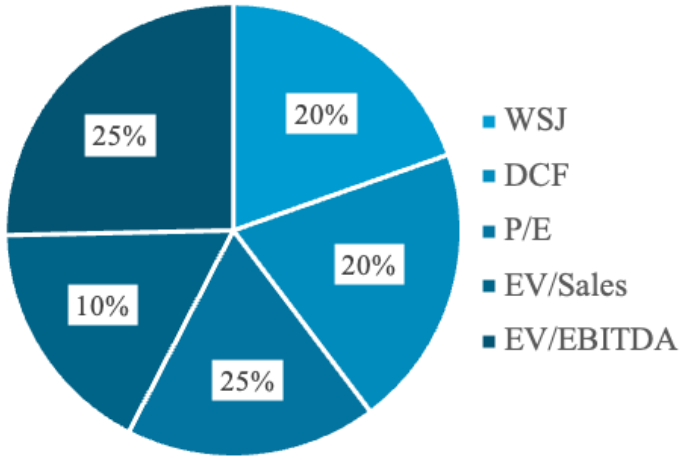
Valuation

Football Field



Weighted Share Price

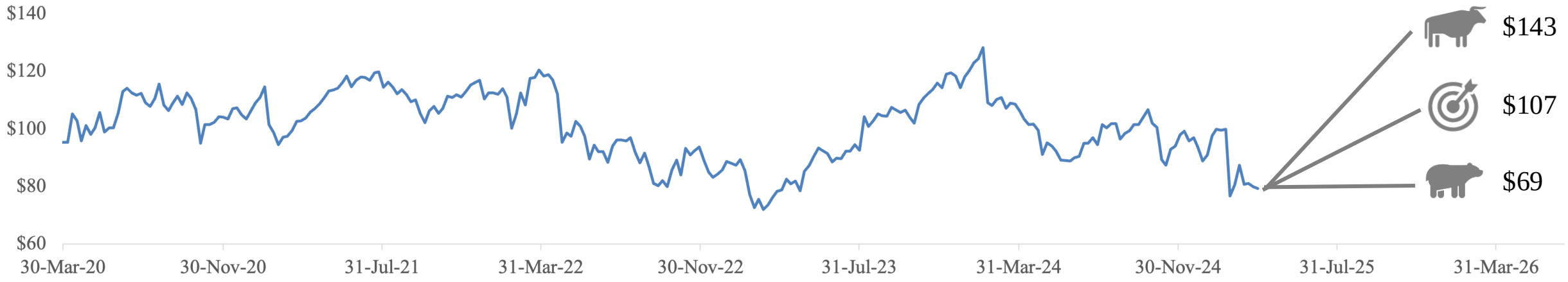
Weighted Share Price		
Method	Price	Weight
WSJ	$102	20%
DCF	$105	20%
P/E	$93	25%
EV/Sales	$89	10%
EV/EBITDA	$132	25%
Share Price		$106.55
Upside		34.3%



Analyst Consensus

Analysts	Rating	Price
HSBC Securities	BUY	$121
Oppenheimer	OUTPERFORM	$100
TD Cowen	HOLD	$98
Piper Sandler	NEUTRAL	$100
BofA Securities	NEUTRAL	$100

Bear, Bull and Base Case



Upside/Downside Analysis

Bear Case

Rising interest expenses increasing debt service costs and pricing pressure from big players such as Cloudflare, AWS and Fastly squeezing the top line

Slow growth in internet traffic growth affecting CDN business post covid, will keep going

3.10x in 2026; Forward EV/Sales: $69
Downside: 14%

Base Case

Usual expected growth in Edge computing, based on expected market growth of 16.50% (Source: Statista) and expansion in emerging markets

Cybersecurity market grows with strict compliance regulations and rising cyber threats

Akamai continues to expand its distributed edge networks across 4K+ locations worldwide

Bull Case

Rise in AI requiring ultra-low-latency, adding to edge computing needs and combat sophisticated AI driven cyber attacks

Gain more traction in AI startups and Web3 firms with Linode (Akamai Connected Cloud)

20.05x in 2026; Forward EV/EBITDA: $143
Upside: 79%

BUY AKAM:
$80.73

Target Price:
$106.55

Upside:
34.3%

Thank you!

Questions?

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Appendix A – Balance Sheet

10-K - https://www.sec.gov/Archives/edgar/data/1086222/000108622225000028/akam-20241231.htm

Particulars - USD ($) in thousands	2022	2023	2024	2025	2026	2027	2028	2029	2030
Assets:									
Cash and cash equivalents	$ 1,105,316	$ 864,439	$ 1,596,583	$ 1,918,010	$ 2,272,920	$ 2,813,524	$ 3,557,394	$ 4,721,479	$ 6,320,521
Accounts Receivables	$ 679,206	$ 724,302	$ 727,687	$ 961,064	$ 1,215,471	$ 1,511,597	$ 1,859,879	$ 2,218,907	$ 2,588,515
Other Assets	$ 639,239	$ 758,751	$ 888,452	$ 1,049,212	$ 1,326,953	$ 1,650,239	$ 2,030,466	$ 2,422,423	$ 2,825,932
Property, plant and equipment, net	$ 2,353,554	$ 2,734,578	$ 3,001,809	$ 3,781,416	$ 4,782,408	$ 5,947,547	$ 7,317,904	$ 8,730,540	$ 10,184,804
Investments	$ 320,531	$ 1,431,354	$ 275,592	$ 275,592	$ 275,592	$ 275,592	$ 275,592	$ 275,592	$ 275,592
Intangibles, net	$ 441,716	$ 536,143	$ 727,585	$ 727,585	$ 727,585	$ 727,585	$ 727,585	$ 727,585	$ 727,585
Goodwill	$ 2,763,838	$ 2,850,470	$ 3,151,077	$ 3,151,077	$ 3,151,077	$ 3,151,077	$ 3,151,077	$ 3,151,077	$ 3,151,077
Total assets	**$ 8,303,400**	**$ 9,900,037**	**$ 10,368,785**	**$ 11,863,957**	**$ 13,752,006**	**$ 16,077,161**	**$ 18,919,898**	**$ 22,247,604**	**$ 26,074,027**
Liabilities:									
Accounts payable	$ 145,420	$ 146,927	$ 130,447	$ 127,273	$ 160,964	$ 200,179	$ 246,302	$ 293,848	$ 342,795
Other Liabilities	$ 623,176	$ 619,976	$ 725,376	$ 958,012	$ 1,211,611	$ 1,506,796	$ 1,853,973	$ 2,211,861	$ 2,580,295
Total Debt	$ 3,174,617	$ 4,535,979	$ 4,634,605	$ 4,634,605	$ 4,634,605	$ 4,634,605	$ 4,634,605	$ 4,634,605	$ 4,634,605
Stockholders' Equity	$ 4,360,187	$ 4,597,155	$ 4,878,357	$ 6,144,067	$ 7,744,827	$ 9,735,580	$ 12,185,018	$ 15,107,290	$ 18,516,332
Total Liabilities and Equity	**$ 8,303,400**	**$ 9,900,037**	**$ 10,368,785**	**$ 11,863,957**	**$ 13,752,006**	**$ 16,077,161**	**$ 18,919,898**	**$ 22,247,604**	**$ 26,074,027**
Check	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Appendix B – Income Statement

10-K - https://www.sec.gov/Archives/edgar/data/1086222/000108622225000028/akam-20241231.htm

Particulars - USD ($) in thousands	2022	2023	2024	2025	2026	2027	2028	2029	2030
Net sales	$ 3,616,654	$ 3,811,920	$ 3,991,168	$ 5,271,180	$ 6,666,533	$ 8,290,702	$ 10,200,940	$ 12,170,112	$ 14,197,313
Operating expenses:									
Cost of Goods and Services Sold (COGS)	$ (1,383,819)	$ (1,511,063)	$ (1,620,793)	$ (1,581,354)	$ (1,999,960)	$ (2,487,211)	$ (3,060,282)	$ (3,651,033)	$ (4,259,194)
Research and Development (R&D)	$ (391,434)	$ (406,048)	$ (470,876)	$ (368,983)	$ (466,657)	$ (580,349)	$ (714,066)	$ (851,908)	$ (993,812)
Selling, general and administrative expenses (SG&A)	$ (1,086,615)	$ (1,134,077)	$ (1,178,566)	$ (1,475,930)	$ (1,866,629)	$ (2,321,397)	$ (2,856,263)	$ (3,407,631)	$ (3,975,248)
Other Operating Expenses	$ (88,945)	$ (135,690)	$ (207,083)	$ (273,497)	$ (345,895)	$ (430,166)	$ (529,279)	$ (631,450)	$ (736,632)
Total	**$ (2,950,813)**	**$ (3,186,878)**	**$ (3,477,318)**	**$ (3,699,764)**	**$ (4,679,142)**	**$ (5,819,122)**	**$ (7,159,890)**	**$ (8,542,023)**	**$ (9,964,885)**
Earnings before interest and income taxes (EBIT)	**$ 665,841**	**$ 625,042**	**$ 513,850**	**$ 1,571,416**	**$ 1,987,392**	**$ 2,471,580**	**$ 3,041,050**	**$ 3,628,089**	**$ 4,232,427**
Interest Expense	$ (11,096)	$ (17,709)	$ (27,117)	$ (35,814)	$ (45,294)	$ (56,329)	$ (69,308)	$ (82,687)	$ (96,460)
Extraordinary Income	$ 3,258	$ 45,194	$ 100,280	$ 66,561	$ 84,181	$ 104,690	$ 128,812	$ 153,677	$ 179,276
Earnings before income taxes	**$ 658,003**	**$ 652,527**	**$ 587,013**	**$ 1,602,164**	**$ 2,026,279**	**$ 2,519,941**	**$ 3,100,554**	**$ 3,699,079**	**$ 4,315,243**
Income tax expense	$ (134,331)	$ (104,898)	$ (82,095)	$ (336,454)	$ (425,519)	$ (529,188)	$ (651,116)	$ (776,807)	$ (906,201)
Net earnings	**$ 523,672**	**$ 547,629**	**$ 504,918**	**$ 1,265,710**	**$ 1,600,760**	**$ 1,990,754**	**$ 2,449,438**	**$ 2,922,273**	**$ 3,409,042**

Appendix C – IS Assumptions

10-K - https://www.sec.gov/Archives/edgar/data/1086222/000108622225000028/akam-20241231.htm

Case scenarios:
Case 1: Best case
Case 2: Base case
Case 3: Worst case

Particulars - USD ($) in thousands	2022	2023	2024	2025	2026	2027	2028	2029	2030
Cost of goods sold	$ (1,383,819)	$ (1,511,063)	$ (1,620,793)	$ (1,581,354)	$ (1,999,960)	$ (2,487,211)	$ (3,060,282)	$ (3,651,033)	$ (4,259,194)
% of revenues	-38%	-40%	-41%	*-30%*	*-30%*	*-30%*	*-30%*	*-30%*	*-30%*
Case 1				*-30%*	*-30%*	*-30%*	*-30%*	*-30%*	*-30%*
Case 2				*-40%*	*-40%*	*-40%*	*-40%*	*-40%*	*-40%*
Case 3				*-42%*	*-42%*	*-42%*	*-42%*	*-42%*	*-42%*
Research and Development	$ (391,434)	$ (406,048)	$ (470,876)	$ (368,983)	$ (466,657)	$ (580,349)	$ (714,066)	$ (851,908)	$ (993,812)
% of revenues	-11%	-11%	-12%	*-7%*	*-7%*	*-7%*	*-7%*	*-7%*	*-7%*
Case 1				*-7%*	*-7%*	*-7%*	*-7%*	*-7%*	*-7%*
Case 2				*-11%*	*-11%*	*-11%*	*-11%*	*-11%*	*-11%*
Case 3				*-13%*	*-13%*	*-13%*	*-13%*	*-13%*	*-13%*
SG&A	$ (1,086,615)	$ (1,134,077)	$ (1,178,566)	$ (1,475,930)	$ (1,866,629)	$ (2,321,397)	$ (2,856,263)	$ (3,407,631)	$ (3,975,248)
% of revenues	-30%	-30%	-30%	*-28%*	*-28%*	*-28%*	*-28%*	*-28%*	*-28%*
Case 1				*-28%*	*-28%*	*-28%*	*-28%*	*-28%*	*-28%*
Case 2				*-30%*	*-30%*	*-30%*	*-30%*	*-30%*	*-30%*
Case 3				*-32%*	*-32%*	*-32%*	*-32%*	*-32%*	*-32%*
Other OpEx	$ (88,945)	$ (135,690)	$ (207,083)	$ (273,497)	$ (345,895)	$ (430,166)	$ (529,279)	$ (631,450)	$ (736,632)
% of revenues	-2%	-4%	-5%	*-5%*	*-5%*	*-5%*	*-5%*	*-5%*	*-5%*
Case 1				*-5%*	*-5%*	*-5%*	*-5%*	*-5%*	*-5%*
Case 2				*-4%*	*-4%*	*-4%*	*-4%*	*-4%*	*-4%*
Case 3				*-6%*	*-6%*	*-6%*	*-6%*	*-6%*	*-6%*
Extraordinary Income	$ 3,258	$ 45,194	$ 100,280	$ 66,561	$ 84,181	$ 104,690	$ 128,812	$ 153,677	$ 179,276
% of revenues	0%	1%	3%	*1%*	*1%*	*1%*	*1%*	*1%*	*1%*
Case 1				*1%*	*1%*	*1%*	*1%*	*1%*	*1%*
Case 2				*1%*	*1%*	*1%*	*1%*	*1%*	*1%*
Case 3				*1%*	*1%*	*1%*	*1%*	*1%*	*1%*
Interest Expenses	$ (11,096)	$ (17,709)	$ (27,117)	$ (35,814)	$ (45,294)	$ (56,329)	$ (69,308)	$ (82,687)	$ (96,460)
% of revenues	-0.3%	-0.5%	-0.7%	*-1%*	*-1%*	*-1%*	*-1%*	*-1%*	*-1%*
Case 1				*-1%*	*-1%*	*-1%*	*-1%*	*-1%*	*-1%*
Case 2				*-1%*	*-1%*	*-1%*	*-1%*	*-1%*	*-1%*
Case 3				*-1%*	*-1%*	*-1%*	*-1%*	*-1%*	*-1%*

Appendix D – BS Assumptions

10-K - https://www.sec.gov/Archives/edgar/data/1086222/000108622225000028/akam-20241231.htm

Particulars - USD ($) in thousands	2022	2023	2024	2025	2026	2027	2028	2029	2030
Accounts receivable	$ 679,206	$ 724,302	$ 727,687	$ 961,064	$ 1,215,471	$ 1,511,597	$ 1,859,879	$ 2,218,907	$ 2,588,515
Days receivables (DSO)	67.61	68.40	65.64	*65.64*	*65.64*	*65.64*	*65.64*	*65.64*	*65.64*
Accounts payable	$ 145,420	$ 146,927	$ 130,447	$ 127,273	$ 160,964	$ 200,179	$ 246,302	$ 293,848	$ 342,795
Days payables (DPO)	37.83	35.00	28.97	*28.97*	*28.97*	*28.97*	*28.97*	*28.97*	*28.97*
PP&E	$ 2,353,554	$ 2,734,578	$ 3,001,809	$ 3,781,416	$ 4,782,408	$ 5,947,547	$ 7,317,904	$ 8,730,540	$ 10,184,804
as a % of revenues	65%	72%	75%	*72%*	*72%*	*72%*	*72%*	*72%*	*72%*
Other assets	$ 639,239	$ 758,751	$ 888,452	$ 1,049,212	$ 1,326,953	$ 1,650,239	$ 2,030,466	$ 2,422,423	$ 2,825,932
as a % of revenues	18%	20%	22%	*20%*	*20%*	*20%*	*20%*	*20%*	*20%*
Other liabilities	$ 623,176	$ 619,976	$ 725,376	$ 958,012	$ 1,211,611	$ 1,506,796	$ 1,853,973	$ 2,211,861	$ 2,580,295
as a % of revenues	17%	16%	18%	18%	18%	18%	18%	18%	18%

Appendix E – Cash Flow Statement

10-K - https://www.sec.gov/Archives/edgar/data/1086222/000108622225000028/akam-20241231.htm

Particulars - USD ($) in thousands	2024	2025	2026	2027	2028	2029	2030
EBIT	$ 513,850	$ 1,571,416	$ 1,987,392	$ 2,471,580	$ 3,041,050	$ 3,628,089	$ 4,232,427
Taxes	$ (107,909)	$ (329,997)	$ (417,352)	$ (519,032)	$ (638,621)	$ (761,899)	$ (888,810)
Operating Tax Rate %	-21%	-21%	-21%	-21%	-21%	-21%	-21%
NOPAT	**$ 405,942**	**$ 1,241,419**	**$ 1,570,039**	**$ 1,952,548**	**$ 2,402,430**	**$ 2,866,190**	**$ 3,343,618**
Add: D&A	$ 648,410	$ 203,526	$ 241,518	$ 273,295	$ 307,106	$ 342,917	$ 380,671
Gross Cash Flow	**$ 1,054,352**	**$ 1,444,945**	**$ 1,811,557**	**$ 2,225,843**	**$ 2,709,535**	**$ 3,209,108**	**$ 3,724,289**
Account Receivable	$ (3,385)	$ (233,377)	$ (254,407)	$ (296,125)	$ (348,283)	$ (359,028)	$ (369,608)
Account Payable	$ (16,480)	$ (3,174)	$ 33,691	$ 39,216	$ 46,123	$ 47,546	$ 48,947
Other Assets	$ (129,701)	$ (160,760)	$ (277,741)	$ (323,286)	$ (380,227)	$ (391,958)	$ (403,508)
Other Liabilities	$ 105,400	$ 232,636	$ 253,599	$ 295,185	$ 347,177	$ 357,888	$ 368,434
Net Working Capital	**$ (44,166)**	**$ (164,676)**	**$ (244,858)**	**$ (285,011)**	**$ (335,210)**	**$ (345,552)**	**$ (355,735)**
CapEx	**$ (915,641)**	**$ (983,133)**	**$ (1,242,510)**	**$ (1,438,434)**	**$ (1,677,464)**	**$ (1,755,553)**	**$ (1,834,936)**
Other Investments	$ 663,713	$ -	$ -	$ -	$ -	$ -	$ -
Extraordinary Items	$ 100,280	$ 66,561	$ 84,181	$ 104,690	$ 128,812	$ 153,677	$ 179,276
UFCF	**$ 858,538**	**$ 363,698**	**$ 408,370**	**$ 607,089**	**$ 825,673**	**$ 1,261,680**	**$ 1,712,894**
Interest Expenses	$ (27,117)	$ (35,814)	$ (45,294)	$ (56,329)	$ (69,308)	$ (82,687)	$ (96,460)
Change in Operating Taxes	$ 25,814	$ (6,457)	$ (8,166)	$ (10,156)	$ (12,496)	$ (14,908)	$ (17,391)
Change in Debt	$ 98,626	$ -	$ -	$ -	$ -	$ -	$ -
Change in Equity	$ (223,716)	$ -	$ -	$ -	$ -	$ -	$ -
Net Cash Flow	**$ 732,144**	**$ 321,427**	**$ 354,910**	**$ 540,604**	**$ 743,870**	**$ 1,164,085**	**$ 1,599,042**
Opening Cash	$ 864,439	$ 1,596,583	$ 1,918,010	$ 2,272,920	$ 2,813,524	$ 3,557,394	$ 4,721,479
Closing Cash	$ 1,596,583	$ 1,918,010	$ 2,272,920	$ 2,813,524	$ 3,557,394	$ 4,721,479	$ 6,320,521
Check	*$ 1,596,583*	*$ 1,918,010*	*$ 2,272,920*	*$ 2,813,524*	*$ 3,557,394*	*$ 4,721,479*	*$ 6,320,521*
	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Appendix F – Net Working Capital

10-K - https://www.sec.gov/Archives/edgar/data/1086222/000108622225000028/akam-20241231.htm

Particulars - USD ($) in thousands	2023	2024	2025	2026	2027	2028	2029	2030
Accounts Receiveables	$ 724,302	$ 727,687	$ 961,064	$ 1,215,471	$ 1,511,597	$ 1,859,879	$ 2,218,907	$ 2,588,515
Other current assets	$ 758,751	$ 888,452	$ 888,452	$ 888,452	$ 888,452	$ 888,452	$ 888,452	$ 888,452
Total Current Assets	**$ 1,483,053**	**$ 1,616,139**	**$ 1,849,516**	**$ 2,103,923**	**$ 2,400,049**	**$ 2,748,331**	**$ 3,107,359**	**$ 3,476,967**
Account Payables	$ 146,927	$ 130,447	$ 127,273	$ 160,964	$ 200,179	$ 246,302	$ 293,848	$ 342,795
Other Lia	$ 619,976	$ 725,376	$ 725,376	$ 725,376	$ 725,376	$ 725,376	$ 725,376	$ 725,376
Total Current Liabilities	**$ 766,903**	**$ 855,823**	**$ 852,649**	**$ 886,340**	**$ 925,555**	**$ 971,678**	**$ 1,019,224**	**$ 1,068,171**

Particulars - USD ($) in thousands	2023	2024	2025	2026	2027	2028	2029	2030
Net Working Capital	$ 716,150	$ 760,316	$ 997,230	$ 1,261,211	$ 1,568,480	$ 1,929,869	$ 2,302,408	$ 2,685,924
Change in Net Working Capital		$ 44,166	$ 236,914	$ 263,980	$ 307,269	$ 361,389	$ 372,539	$ 383,517
Revenues	$ 3,811,920	$ 3,991,168	$ 5,271,180	$ 6,666,533	$ 8,290,702	$ 10,200,940	$ 12,170,112	$ 14,197,313
NWC as a % of Revenues	*18.79%*	*19.05%*	*18.92%*	*18.92%*	*18.92%*	*18.92%*	*18.92%*	*18.92%*

Appendix G – Revenue Build

10-K - https://www.sec.gov/Archives/edgar/data/1086222/000108622225000028/akam-20241231.htm

Case Scenario	*Base*											
Revenue Projections												
$ in thousands	**2024A**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
Cybersecurity Market Size (Worldwide)	$ 186,762,336	$ 202,080,000	$ 217,397,664	$ 233,876,407	$ 251,604,239	$ 270,675,840	$ 284,209,632	$ 298,420,113	$ 307,372,717	$ 313,520,171	$ 316,655,373
Market Share %	*1.1%*	*1.3%*	*1.5%*	*1.7%*	*1.9%*	*2.1%*	*2.3%*	*2.6%*	*2.8%*	*2.9%*	*3.0%*
Security	$ 2,042,661	$ 2,627,040	$ 3,260,965	$ 3,975,899	$ 4,780,481	$ 5,684,193	$ 6,607,874	$ 7,609,713	$ 8,529,593	$ 9,052,895	$ 9,499,661
CDN Delivery Market Size (Worldwide)	$ 27,590,000	$ 33,604,620	$ 40,930,427	$ 49,853,260	$ 60,721,271	$ 73,958,508	$ 85,052,284	$ 97,810,127	$ 112,481,646	$ 123,729,811	$ 129,916,301
Market Share %	*4.78%*	*4.55%*	*4.30%*	*4.00%*	*3.70%*	*3.40%*	*3.30%*	*3.20%*	*3.10%*	*3.05%*	*3.00%*
Delivery	$ 1,318,131	$ 1,529,010	$ 1,760,008	$ 1,994,130	$ 2,246,687	$ 2,514,589	$ 2,806,725	$ 3,129,924	$ 3,486,931	$ 3,773,759	$ 3,897,489
Cloud Computing Market Size (Worldwide)	$ 595,650,000	$ 743,420,000	$ 866,084,300	$ 1,008,988,210	$ 1,175,471,264	$ 1,369,424,023	$ 1,506,366,425	$ 1,657,003,067	$ 1,822,703,374	$ 2,004,973,712	$ 2,205,471,083
Market Share %	0.11%	0.15%	0.19%	0.23%	0.27%	0.29%	0.32%	0.35%	0.37%	0.39%	0.40%
Compute	$ 630,376	$ 1,115,130	$ 1,645,560	$ 2,320,673	$ 3,173,772	$ 3,971,330	$ 4,782,713	$ 5,716,661	$ 6,789,570	$ 7,744,211	$ 8,821,884
Total	**$ 3,991,168**	**$ 5,271,180**	**$ 6,666,533**	**$ 8,290,702**	**$ 10,200,940**	**$ 12,170,112**	**$ 14,197,313**	**$ 16,456,298**	**$ 18,806,094**	**$ 20,570,865**	**$ 22,219,035**
Industry											
Cybersecurity Market Growth %		7.58%	7.58%	7.58%	7.58%	7.58%	5.00%	5.00%	3.00%	2.00%	1.00%
Best		*10.00%*	*10.00%*	*10.00%*	*8.00%*	*8.00%*	*6.00%*	*6.00%*	*5.00%*	*5.00%*	*2.00%*
Base		*7.58%*	*7.58%*	*7.58%*	*7.58%*	*7.58%*	*5.00%*	*5.00%*	*3.00%*	*2.00%*	*1.00%*
Worst		*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*2.00%*	*2.00%*	*1.00%*	*1.00%*	*1.00%*
CDN Delivery Market Growth %		21.80%	21.80%	21.80%	21.80%	21.80%	15.00%	15.00%	15.00%	10.00%	5.00%
Best		*23.00%*	*23.00%*	*23.00%*	*23.00%*	*23.00%*	*20.00%*	*20.00%*	*17.00%*	*15.00%*	*10.00%*
Base		*21.80%*	*21.80%*	*21.80%*	*21.80%*	*21.80%*	*15.00%*	*15.00%*	*15.00%*	*10.00%*	*5.00%*
Worst		*15.00%*	*15.00%*	*15.00%*	*15.00%*	*15.00%*	*10.00%*	*10.00%*	*10.00%*	*5.00%*	*3.00%*
Cloud Computing Market Growth %		16.50%	16.50%	16.50%	16.50%	16.50%	10.00%	10.00%	10.00%	10.00%	10.00%
Best		*20.00%*	*20.00%*	*20.00%*	*20.00%*	*20.00%*	*16.50%*	*16.50%*	*12.00%*	*12.00%*	*12.00%*
Base		*16.50%*	*16.50%*	*16.50%*	*16.50%*	*16.50%*	*10.00%*	*10.00%*	*10.00%*	*10.00%*	*10.00%*
Worst		*15.00%*	*15.00%*	*15.00%*	*15.00%*	*15.00%*	*15.00%*	*12.00%*	*12.00%*	*8.00%*	*8.00%*

Appendix H – WACC & Beta

Sector of Akamai Technologies Inc		**Technology**
Industry of Akamai Technologies Inc		**Software - Infrastructure**
Median Beta		1.18
Median D/E		0.10
Marginal Tax Rate %		23.15%
Unlevered Beta		1.09
Median Cash/Firm Value		5.82%
Adj. Unlevered Beta		**1.16**
Market Capitalization	$	12,221,876
Market Value of Debt	$	3,162,460
Debt to Equity		0.26
Debt Ratio		20.56%
Levered Beta		**1.39**

Cost of Equity	
$ Risk Free Rate	4.43%
AKAM's Equity Risk Premium	4.67%
AKAM's Bottom Up Beta	1.39
Cost of Equity	**10.93%**

Pre-Tax Cost of Debt	
$ Risk Free Rate	4.43%
Weighted Avg CRP	0.93%
Current Synthetic Rating	AAA
AKAM's Default Spread	0.75%
Pre-Tax Cost of Debt	**6.12%**

Cost of Capital		
Cost of Equity		10.93%
Market Value of Equity ($T)	$	12,221,876
Pre Tax Cost of Debt		6.12%
Market Value of Debt ($T)	$	3,162,460
Marginal Tax Rate %		23.15%
% Equity		79.44%
% Debt		20.56%
WACC		**9.65%**

Appendix I – DCF

Particulars - USD ($) in Millions	2024	2025	2026	2027	2028	2029	2030
EBIT	$ 513,850	$ 1,571,416	$ 1,987,392	$ 2,471,580	$ 3,041,050	$ 3,628,089	$ 4,232,427
Operating Taxes	$ (107,909)	$ (329,997)	$ (417,352)	$ (519,032)	$ (638,621)	$ (761,899)	$ (888,810)
Taxes	-21%	-21%	-21%	-21%	-21%	-21%	-21%
NOPAT	**$ 405,942**	**$ 1,241,419**	**$ 1,570,039**	**$ 1,952,548**	**$ 2,402,430**	**$ 2,866,190**	**$ 3,343,618**
Add: D&A	$ 648,410	$ 203,526	$ 241,518	$ 273,295	$ 307,106	$ 342,917	$ 380,671
Less: CapEx	$ (457,909)	$ (508,815)	$ (569,873)	$ (476,658)	$ (507,163)	$ (537,171)	$ (566,309)
Less: Change in Non Cash Working Capital	$ (44,166)	$ (236,914)	$ (263,980)	$ (307,269)	$ (361,389)	$ (372,539)	$ (383,517)
Free Cash Flow to the Firm	**$ 552,277**	**$ 699,215**	**$ 977,703**	**$ 1,441,916**	**$ 1,840,983**	**$ 2,299,398**	**$ 2,774,463**
		1	2	3	4	5	6
Present Value of FCFF	$ 6,864,456						
Terminal Value	$ 20,856,146						
Present Value of Terminal Value	$ 11,998,139	**$ 637,662**	**$ 813,143**	**$ 1,093,654**	**$ 1,273,414**	**$ 1,450,487**	**$ 1,596,095**
Value of Operating Assets	**$ 18,862,595**						
Add: Cash & Cash Eq.	$ 1,596,583						
Less: Minority Interest	$ -						
Less: Value of Debt	$ (3,162,460)						
Value of Equity	**$ 17,296,718**						
Shares Outstanding	151,392						
Per share value	**$ 114.25**						

Growth Rate	2.00%
WACC	9.65%

Terminal Growth %	Discount Rate %				
$114.25	7.00%	8.00%	9.67%	10.00%	11.00%
1.00%	$ 175.33	$ 141.82	$ 104.87	$ 99.31	$ 85.23
1.50%	$ 187.65	$ 149.82	$ 109.14	$ 103.13	$ 87.99
2.00%	$ 202.45	$ 159.15	$ 113.98	$ 107.42	$ 91.05
2.50%	$ 220.53	$ 170.18	$ 119.49	$ 112.29	$ 94.47
3.00%	$ 243.13	$ 183.41	$ 125.83	$ 117.85	$ 98.33

Appendix J – Comparables

Industry: Software - Infrastructure
all figures in mil

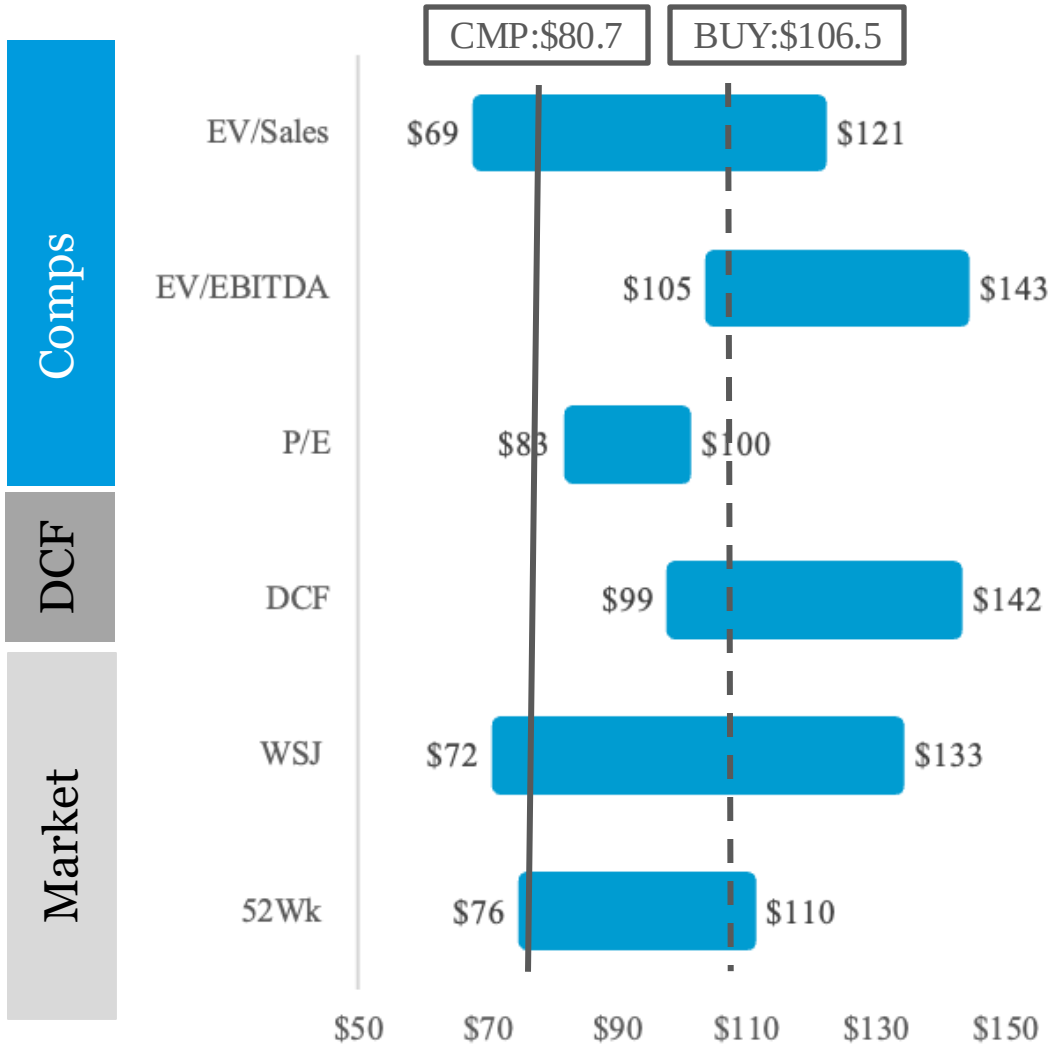
Companies	Ticker	Levered Beta	Market Cap (m)	Debt (m)	Firm Value	Cash	EV	Cash/Firm Value	Gross D/E	Sales	EV/Sales
Sailpoint Inc	SAIL	*NA*	$ 13,110	$ *1,587*	$ 14,697	$ 7	$ 14,690	0.0%	0.12	$ 824	17.82
Sangoma Technologies Corporation	SANG	*1.51*	$ 195	$ *89*	$ 284	$ 16	$ 268	5.7%	0.46	$ 241	1.11
Synchronoss Technologies Inc	SNCR	*2.05*	$ 104	$ *166*	$ 270	$ 25	$ 246	9.1%	1.60	$ 171	1.44
Synopsys, Inc	SNPS	*1.13*	$ 73,420	$ *684*	$ 74,104	$ 4,050	$ 70,054	5.5%	0.01	$ 6,260	11.19
StoneCo Ltd	STNE	*2.34*	$ 2,940	$ *5,519*	$ 8,459	$ 12,056	$ (3,597)	142.5%	1.88	$ 987	-3.64
SolarWinds Corp	SWI	*0.98*	$ 3,140	$ *1,256*	$ 4,396	$ 259	$ 4,137	5.9%	0.40	$ 797	5.19
Taoping Inc	TAOP	*0.44*	$ 4	$ *9*	$ 13	$ 1	$ 12	9.8%	2.10	$ 43	0.28
Teradata Corp	TDC	*0.71*	$ 2,230	$ *640*	$ 2,870	$ 486	$ 2,384	16.9%	0.29	$ 1,750	1.36
Tenable Holdings Inc	TENB	*0.85*	$ 4,610	$ *413*	$ 5,023	$ 474	$ 4,549	9.4%	0.09	$ 900	5.05
TELUS International (Cda) Inc	TIXT	*0.67*	$ 925	$ *1,525*	$ 2,450	$ 174	$ 2,276	7.1%	1.65	$ 2,660	0.86
Telos Corp	TLS	*0.89*	$ 229	$ *11*	$ 240	$ 99	$ 141	41.3%	0.05	$ 123	1.15
Toast Inc	TOST	*1.99*	$ 20,810	$ *44*	$ 20,854	$ 87	$ 20,767	0.4%	0.00	$ 4,960	4.19
Tuya Inc ADR	TUYA	*0.49*	$ 1,990	$ *8*	$ 1,998	$ 790	$ 1,208	39.5%	0.00	$ 281	4.30
Twilio Inc	TWLO	*1.44*	$ 17,530	$ *1,177*	$ 18,707	$ 4,012	$ 14,695	21.4%	0.07	$ 4,460	3.29
U-BX Technology Ltd	UBXG	*NA*	$ 11	$ *1*	$ 12	$ 5	$ 7	39.6%	0.06	$ 52	0.14
Usio Inc	USIO	*1.79*	$ 46	$ *3*	$ 50	$ 5	$ 44	10.7%	0.07	$ 81	0.55
Veritone Inc	VERI	*3.43*	$ 127	$ *143*	$ 270	$ 79	$ 190	29.5%	1.13	$ 119	1.60
Virnetx Holding Corp	VHC	*1.30*	$ 34	$ -	$ 34	$ 54	$ (20)	158.8%	0.00	$ 0	-1983.70
Glimpse Group Inc	VRAR	*1.00*	$ 33	$ *1*	$ 33	$ 2	$ 31	5.6%	0.02	$ 9	3.39
Varonis Systems Inc	VRNS	*0.84*	$ 4,840	$ *754*	$ 5,594	$ 568	$ 5,026	10.2%	0.16	$ 551	9.12
Verint Systems, Inc	VRNT	*1.29*	$ 1,510	$ *450*	$ 1,960	$ 242	$ 1,718	12.4%	0.30	$ 921	1.87
Verisign Inc	VRSN	*0.89*	$ 21,930	$ *1,802*	$ 23,732	$ 600	$ 23,132	2.5%	0.08	$ 1,560	14.83
WEX Inc	WEX	*1.59*	$ 5,990	$ *4,375*	$ 10,365	$ 947	$ 9,418	9.1%	0.73	$ 2,630	3.58
Wix.com Ltd	WIX	*1.62*	$ 11,020	$ *996*	$ 12,016	$ 2	$ 12,014	0.0%	0.09	$ 1,760	6.83
Xunlei Ltd ADR	XNET	*1.14*	$ 198	$ *23*	$ 221	$ 272	$ (51)	122.8%	0.12	$ 316	-0.16
Block Inc	XYZ	*2.74*	$ 42,360	$ *6,072*	$ 48,432	$ 770	$ 47,661	1.6%	0.14	$ 24,120	1.98
Yext Inc	YEXT	*1.35*	$ 836	$ *106*	$ 942	$ 210	$ 732	22.3%	0.13	$ 409	1.79
ZenaTech Inc	ZENA	*NA*	$ 80	$ *8*	$ 88	$ 0	$ 88	0.0%	0.10	$ 1	60.01
Zeta Global Holdings Corp	ZETA	*1.18*	$ 4,920	$ *184*	$ 5,104	$ 132	$ 4,972	2.6%	0.04	$ 901	5.52
Zscaler Inc	ZS	*0.87*	$ 30,470	$ *1,238*	$ 31,708	$ 2,410	$ 29,298	7.6%	0.04	$ 2,300	12.74
Zuora Inc	ZUO	1.7	$ 1,540	$ *403*	$ 1,943	$ 514	$ 1,429	26.5%	0.26	452.8	3.16
		1.18						**5.82%**	**0.10**		**3.78**

Appendix K – Football Field

BUY AKAM:
$80.73

Target Price:
$106.55

Upside:
34.3%



Appendix L – Latency in Edge Servers

Source:
https://par.nsf.gov/servlets/purl/10184999

Latency Comparison of Cloud Datacenters and Edge Servers

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***Abstract*—Edge computing has become a recent approach to bring computing resources closer to the end-user. While offline processing and aggregate data reside in the cloud, edge computing is promoted for latency-critical and bandwidth-hungry tasks. In this direction, it is crucial to quantify the expected latency reduction when edge servers are preferred over the cloud locations. In this paper, we performed an extensive measurement to assess the latency characteristics of end-users with respect to the edge servers and cloud data centers. We also evaluated the impact of capacity limitations of edge servers on the latency under various user workloads. We measured latency from 8,456 end-users to 6,341 Akamai edge servers and 69 cloud locations. Measurements of latencies show that while 58% of end-users can reach a nearby edge server in less than 10 ms, only 29% of end-users obtain a similar latency from a nearby cloud location. Additionally, we observe that the latency distribution of end-users to edge servers follows a power-law distribution, which emphasizes the need for non-uniform server deployment and load balancing by an edge provider.**

***Index Terms*—Edge computing, Fog computing, Cloud computing, Latency measurement.**

the variety of edge devices keep growing. The use cases of the edge services include: (i) real-time applications such as connected health, disability aids, and augmented reality; (ii) cognitive computing tasks such as intelligent personal assistants and machine learning for model training/inference; (iii) smart homes to support peak demands from home devices; (iv) video analytic/monitoring for prompt decisions at the edge (e.g., crime detection or prevention, human-device interaction); and (v) autonomous vehicles to support intermittent data access or large data transfers.

Although cloud computing offers high-capacity and reliable services, communication overhead with the cloud may deteriorate the user experience by increasing latency and power consumption. On the other hand, edge servers may lack the capacity to satisfy stringent resource requirements of applications. Hence, complementing edge devices with on-demand cloud services emerged as a potential solution to take advantage of both and improve quality of experience.

Appendix M – AI Statistics 2024

Source: https://www.aiprm.com/ai-statistics/

Artificial intelligence (AI) is a rapidly growing field with the potential to revolutionize many aspects of our lives, from how we work to how we travel and communicate. According to the latest artificial intelligence statistics, the global AI market is also an economic powerhouse, worth almost $455bn.

Appendix N – Perplexity bidding TikTok

Source: https://thehill.com/policy/technology/5108850-tiktok-merger-perplexity-ai/

TECHNOLOGY

Perplexity offers updated bid for TikTok, allowing 50 percent US government stake

BY JULIA SHAPERO - 01/27/25 1:31 PM ET

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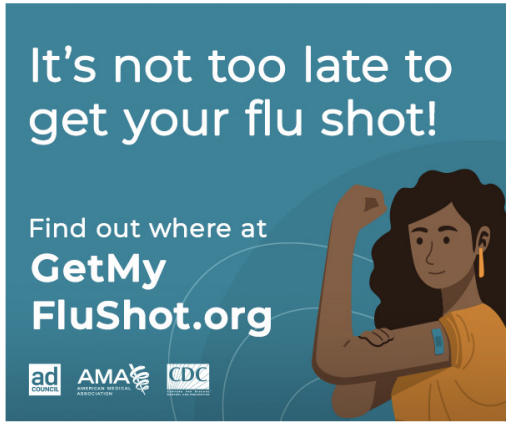
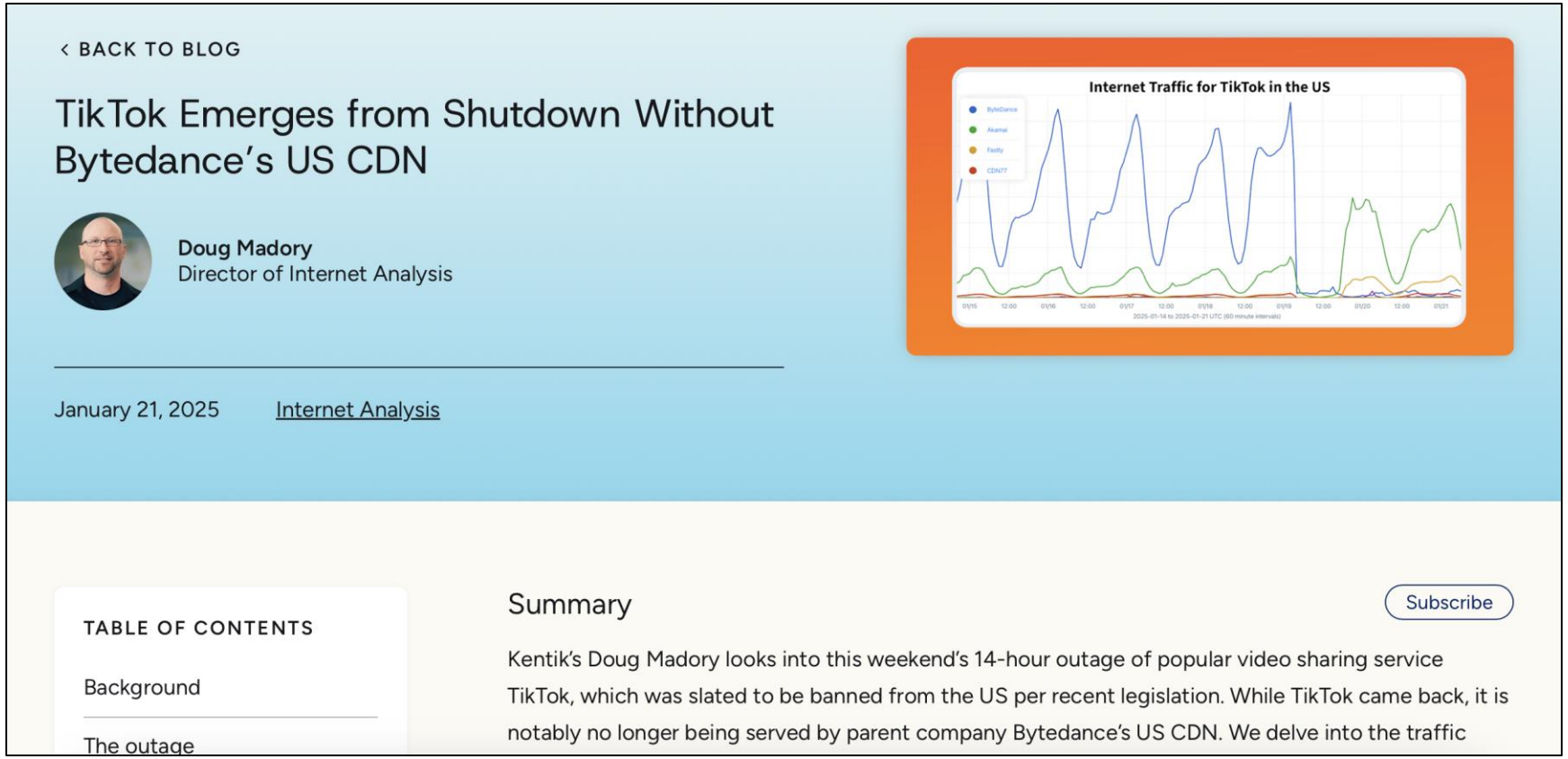


Appendix O – Q4 2024 Earnings Call

Q4 - 2024:
https://www.ir.akamai.com/static-files/cb634f1a-6dcd-4235-b2e5-2396cd249846

Appendix P – TikTok Shutdown

Source: https://www.kentik.com/blog/tiktok-emerges-from-shutdown-without-bytedances-us-cdn/



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TikTok Emerges from Shutdown Without Bytedance's US CDN

Doug Madory
Director of Internet Analysis

January 21, 2025 Internet Analysis

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Background

The outage

Summary

Subscribe

Kentik's Doug Madory looks into this weekend's 14-hour outage of popular video sharing service TikTok, which was slated to be banned from the US per recent legislation. While TikTok came back, it is notably no longer being served by parent company Bytedance's US CDN. We delve into the traffic