

Akamai Technologies Inc

AKAM reported solid Q3 results, beating on the top- and bottom-line, mainly driven by its security business growing revenue by 19% y/y in c.c. and its much smaller unit compute business growing the top-line by 77% y/y in c.c. Adj. EBITDA and EBIT margins also improved and should be taken positively by investors. Revenues grew 3% y/y (+7% y/y in c.c.) to USD882m, in line and almost meeting the upper end of the guided range of USD868m-USD883m, with ca USD33m contribution from Linode. Geographically, revenues rose 3% y/y in the US (USD461m) and 2% y/y in international (USD421m, +12% y/y in c.c.) markets. Security technology group revenue (43% of total revenues) grew (y/y) 13% (+19% in c.c.) to USD380m (in line), while compute surged 72% (+77% in c.c., in line) to USD109m. Meanwhile, revenues in delivery fell 15% y/y (-11% y/y in c.c., a 3% beat) to USD393m. Non-GAAP cash gross profits stood flat y/y at USD659m (margin: -1ppt y/y to 75%). Meanwhile, non-GAAP OP declined 12% y/y to USD243m (margin: -4ppt y/y to 28%, yet 40bps beat). Non-GAAP EPS declined 13% y/y to USD 1.26 (-7% y/y in c.c.). FCF was down 1% y/y to USD271m (improved significantly q/q). AKAM initiated Q4 2022 guidance, expecting revenues of USD890m-USD915m (up 3%-6% y/y in c.c.), non-GAAP OM of ca 27%, and non-GAAP EPS of USD 1.23-USD 1.30. For 2022, AKAM updated its targets and now expects revenues of USD3.58bn-USD3.6bn (vs USD3.57bn-USD3.61bn previously; up 7%-8% y/y in c.c.), non-GAAP OM of 28% (vs 28%-29% earlier), and non-GAAP EPS of USD 5.23-USD 5.30 (vs USD 5.19-USD 5.37 previously). Moreover, management now expects 2022 capex to be ca 13% of revenues (vs 12%-13% of revenues earlier).

Corporate Ratings	Periodicity	Fiscal Quarterly	Currency	Default	Parent/Consolidated	C	Data	Adjusted (If Available)
S&P NR								
Outlook -								
Moody's -								
Outlook -								
Fitch -								
Outlook -								

CDS Data	Income Statement Summary	03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
5 YR CDS N/A Curncy	Revenue	917.8	903.6	3,594.2	881.9	903.3	903.6	905.4	860.3	852.8	842.7	846.3
% 3 Months N/A Curncy	Operating Income	255.2	245.5	757.4	166.6	185.5	192.3	213.1	207.1	197.5	189.5	185.9
% 6 Months N/A Curncy	Pretax Income	251.7	241.2	731.4	164.3	180.4	188.7	197.9	191.8	183.3	175.5	173.0
% 1 Year N/A Curncy	Income bef XO Items	139.9	128.8	507.4	108.2	119.5	119.2	160.5	178.9	156.5	155.7	113.4
52 Week Low N/A Curncy	Net Income	212.2	201.8	623.6	139.1	154.8	156.4	173.3	169.9	154.0	155.7	143.0
52 Week High N/A Curncy	Basic EPS Before XO Items	--	--	3.89	0.88	0.97	0.97	1.07	1.04	0.94	0.95	0.88
	Basic EPS	1.34	1.27	5.49	1.26	1.35	1.39	1.49	1.45	1.42	1.38	1.33
	Diluted EPS Before XO Items	--	--	3.84	0.87	0.96	0.96	1.05	1.03	0.93	0.94	0.86
	Diluted EPS	--	--	3.12	0.68	0.74	0.73	0.97	1.08	0.94	0.94	0.68
	Dividends per Share	--	--	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	EBITDA	382.0	366.7	1,551.9	368.5	388.3	391.3	403.9	396.0	385.7	375.4	364.1
	Return on Common Equity	18.8	14.1	11.5	11.5	13.2	14.3	14.8	13.9	13.9	14.8	14.1

Profitability	Balance Sheet Summary	03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
EBIT 757	Total Current Assets			1,695.6	1,695.6	1,566.2	1,464.5	1,920.4	2,761.9	2,253.3	2,161.4	1,929.5
Operating Margin 21.07	Total Long-Term Assets			6,411.8	6,411.8	6,644.9	6,839.3	6,218.2	5,353.6	5,667.7	5,656.5	5,834.6
Pretax Margin 20.35	Total Assets			8,107.4	8,107.4	8,211.1	8,303.8	8,138.7	8,115.5	7,920.9	7,817.9	7,764.1
Return on Assets 7.69	Total Current Liabilities			753.0	753.0	817.1	869.3	790.3	731.4	647.4	715.1	758.2
Return on Common Equity 14.15	Total Long-Term Liabilities			3,121.2	3,121.2	3,113.5	3,134.0	2,818.3	2,801.6	2,796.8	2,781.4	2,754.7
Return on Capital 8.73	Total Liabilities			3,874.2	3,874.2	3,930.6	4,003.3	3,608.7	3,533.0	3,444.3	3,496.6	3,512.8
Asset turnover 0.44	Total Shareholders' Equity			4,233.2	4,233.2	4,280.5	4,300.5	4,530.0	4,582.4	4,476.7	4,321.4	4,251.3
	Shares Outstanding			157.9	157.9	159.5	160.5	160.5	162.4	163.0	163.2	162.7
	Book Value per Share	28.1	27.3	26.8	26.8	26.8	26.8	28.2	28.2	27.5	26.5	26.1
	Tangible Book Value / Sh			6.5	6.5	6.5	6.5	12.8	16.6	15.8	14.8	14.4
	Shareholder Equity/Total Liab			52.2	52.2	52.1	51.8	55.7	56.5	56.5	55.3	54.8

Structure	Cash Flow Summary	03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
Current Ratio 2.25	Net Income	139.9	128.8	507.4	108.2	119.5	119.2	160.5	178.9	156.5	155.7	113.4
Quick Ratio 1.74	Depreciation and Amortization	127.4	126.2	493.5	125.9	125.8	121.2	120.6	119.1	115.9	111.5	108.2
Total Debt to Total Assets 38.89	Change in Working Capital			-1,087.9	193.5	153.9	-534.9	-900.3	424.6	159.5	274.9	-354.7
Total Debt to Com Equity 74.49	Cash - Operating Activities			1,320.1	369.3	341.4	222.5	386.9	389.7	378.1	249.8	291.1
Acct Receivable Turnover 7.81	Capital Expenditures	-133.8	-124.9	-457.2	-98.0	-118.2	-131.4	-109.7	-116.2	-154.6	-164.7	-167.4
Inventory Turnover --	Cash - Investing Activities			-1,371.6	-95.5	-115.2	-316.9	-844.0	393.0	-159.6	-36.3	-617.9
Gross Margin 62.45	Cash - Financing Activities			-754.8	-241.5	-179.7	-62.3	-271.4	-98.2	-95.8	-107.9	-63.7
EBIT / Total Inter 27.18	Net Changes in Cash			-806.4	32.3	46.5	-156.7	-728.4	684.5	122.7	105.6	-390.5
	Free Cash Flow	146.2	230.5	862.9	271.3	223.3	91.1	277.2	273.5	223.6	85.1	123.6

Growth Potential												
Sales 1yr Growth 8.23												
Asset 1yr Growth 4.82												
Capital 1yr Growth 5.13												

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