



## FEATURED OPTIONS RADAR REPORT



### Limelight Networks Call Action Surges All Week

Ticker/Price: LLNW (\$6)

#### Analysis:

**Limelight Networks (LLNW)** trading 8X average calls again today with buyers active in the March \$10 calls over 5,250X up to \$1.05 and the November \$8 calls bought 6450X. LLNW has seen buyers recently in the November \$7 calls and the July \$7 calls over 6000X, some spread with the \$5 puts in bull risk reversals. Shares are weak today with the **Fastly (FSLY)** announcement and back at the rising 21-MA today after a strong run and basing since August along the 200-day with a series of higher lows and higher highs. LLNW is a broad channel higher from the 2019 lows and recent pullback to support has a measured move up to \$8.25+ on a run higher. The \$725M company trades 50X earnings and 3.2X EV/sales with expectations for accelerating top and bottom line growth through FY22. LLNW is a Content Delivery Network with a global footprint, 120 delivery locations, and growing ISP reach. They're looking to gain share in edge computing at a time when global video traffic is expected to triple by 2024 with an emphasis on next-gen video and services where low-latency data delivery will be mission critical. And the market is big and expanding at around \$9.2B today and expected to grow into a \$20B+ opportunity by 2024. LLNW is expanding their mix of revenue into more edge computing while their geographic diversity is broadening with Asia expected to be a major driver over the next five years as they continue to invest in capacity. Analysts have an average target for shares of \$8 with 7 buy ratings and 1 hold. Truist shares a Street High \$9 PT and started coverage in September seeing room for gains in the \$9B CDN market at a time when its industry growth is accelerating. They see the company comfortably hitting their long-term targets as secular trends have been exacerbated by the pandemic, causing traffic growth to remain elevated. Short interest is high at 12.4% and up from around 5% at the start of the year. Hedge fund ownership fell 7% in Q2, Driehaus Capital a top holder.

#### Hawk Vision:



**Hawk's Perspective:** LLNW is the forgotten small name in a hot space and likely a lot of winners in CDN the next few years, its not as great of a story as the others, but can see the value at this level and a possible M&A target.

**Confidence Ranking:** \$\$