



## FEATURED OPTIONS RADAR REPORT



As Legacy CDN Puts Cash to Work on M&A, Growth Initiatives, Bulls See Return to Highs

Ticker/Price: AKAM (\$105.50)

### Analysis:

**Akamai (AKAM)** options flow active on 10/1 trading over 4X average calls with 2,300 January \$105 calls bought around \$5.60 to \$6 and the \$110 calls bought 1300X up to \$4.30. Friday's action follows buyers recently in the January 2023 \$110 calls, 1700X, for more than \$2M. Put sellers also active in the November \$110 and \$95 strikes. Shares have been trading in a well-defined range since mid-2020 between \$120 and \$95 and now back around the 61.8% retracement off the highs. AKAM is also right back at the 38.2% Fibonacci of the rally from the March 2020 lows. The \$17B company trades 17.22X earnings, 5.11X sales, and 15X FCF. AKAM is a leading CDN, cybersecurity, and cloud service company that has benefited from growth in traffic for data across mobile over the last two years. They posted strong results for their security business last quarter with higher spending on web app firewall, bot management, DDOS prevention and Access Control. AKAM struck a deal last week for Guardicore which expands their reach into application flows which will help companies detect problems earlier and apply corrective actions. Analysts have an average target for shares of \$126 with a Street High \$140. Raymond James with an Outperform on 8/9 citing confidence around the long-term viability of CDNs which are an important part of the telecom ecosystem and are well-positioned in the world of data. Among the CDNs, Akamai pioneered this broad deployment approach and he believes Akamai achieves a level of consistency and lower latency that is not as easy to replicate going through third party data centers. Short interest is 5.88%. Hedge fund ownership fell 2.8%.

### Hawk Vision:



**Hawk's Perspective:** AKAM is giving a nice spot to trade against and think they have a lot of runway in security for growth into 2022/2023 although within the CDN space I still prefer NET overall

**Confidence Ranking:** \$\$