



## Put Buyers See Further Weakness for Legacy CDN with Slowing Growth

Ticker/Price: AKAM (\$91)

### Analysis:

**Akamai (AKAM)** drawing bearish flows on 6/29 including over 2,350 of the January \$90 puts bought up to \$8.20 to open and 3,400 of the \$85 puts bought up to \$6.10. AKAM has seen buyers in the February \$87.50 puts recently while the November \$92.50 and \$85 puts and the January \$92.50 puts have opened in size recently as well. AKAM shares have bounced back to the declining 21-EMA and room back under the recent lows at \$87.50 which can open up a bigger gap back down to \$75. The \$14.4B company trades 15X earnings, 4X sales, and 13.3X FCF with low-double digit growth. AKAM is a legacy cloud delivery network providing services for securing, delivering, and optimizing content and business applications. AKAM is coming off a messy quarter where they missed estimates and cut both near-term and FY outlooks citing slower traffic growth and margin pressures. AKAM now sees just 1% growth Y/Y in 2022 and potential to see slowing spending from tech giants. Analysts have an average target for shares of \$127.50 with a Street High \$168. MSCO cut their estimates in early June citing waning traffic growth, exiting its Russian business, foreign exchange headwinds, and a higher tax rate. They think uncertainty will weigh on EPS estimates and keep shares under pressure. Piper slashed estimates in May too noting that checks continue to suggest CDN share loss is occurring and multiple competitors' delivery is growing mid-teens. Short interest is 8%.

### Hawk Vision:



**Hawk's Perspective:** AKAM has pulled back a bit off that declining 21-EMA but name to keep in focus for a potential move under the recent lows as concerns over growth continue

**Confidence Ranking:** \$\$