

# ModernGraham Valuation

## Company Name:

Company Ticker AKAM  
Date of Analysis

Akamai Technologies,  
Inc.

1/27/2016



## Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

*Defensive Investor; must pass 6 out of the following 7 tests.*

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$8,220,779,005	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.65	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	214.79%	Pass
5. Earnings Growth	PEmg < 20	26.77	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.59	Fail
7. Moderate Price to Assets			

*Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.*

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	3.65	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.70	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.66
MG Growth Estimate	12.76%
<b>MG Value</b>	<b>\$56.34</b>
MG Value based on 3% Growth	\$24.02
MG Value based on 0% Growth	\$14.08
Market Implied Growth Rate	9.14%

### MG Opinion

Current Price	\$44.35
% of Intrinsic Value	78.71%
<b>Opinion</b>	<b>Fairly Valued</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$0.62
Graham Number	\$26.99
PEmg	26.77
Current Ratio	3.65
PB Ratio	2.59
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.87	Next Fiscal Year Estimate	\$1.66
Dec2014	\$1.84	Dec2014	\$1.47
Dec2013	\$1.61	Dec2013	\$1.22
Dec2012	\$1.12	Dec2012	\$1.00
Dec2011	\$1.07	Dec2011	\$0.90
Dec2010	\$0.90	Dec2010	\$0.76
Dec2009	\$0.78	Dec2009	\$0.77
Dec2008	\$0.79	Dec2008	\$0.78
Dec2007	\$0.56	Dec2007	\$0.72
Dec2006	\$0.34	Dec2006	\$0.57
Dec2005	\$2.11	Dec2005	-\$1.09
Dec2004	\$0.25	Dec2004	-\$4.16
Dec2003	-\$0.25	Dec2003	-\$6.76
Dec2002	-\$1.81	Dec2002	-\$9.18
Dec2001	-\$23.59	Dec2001	-\$10.95
Dec2000	-\$10.07	Dec2000	-\$3.89
Dec1999	-\$1.98	Dec1999	-\$0.67
Dec1998	-\$0.05	<b>Balance Sheet Information</b> <b>Sep2015</b> Total Current Assets \$1,210,985,000 Total Current Liabilities \$332,006,000 Long-Term Debt \$619,365,000 Total Assets \$4,184,809,000 Intangible Assets \$1,294,478,000 Total Liabilities \$1,099,146,000 Shares Outstanding (Diluted Average) 180,364,000	
Dec1997	\$0.00		
Dec1996	\$0.00		
Dec1995	\$0.00		





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

## Recommended Reading:

Other  
ModernGraham  
posts about the  
company

[Akamai Technologies Inc. Analysis – August 2015 Update \\$AKAM](#)  
[Akamai Technology Stock Analysis – May 2015 Quarterly Update \\$AKAM](#)  
[28 Companies in the Spotlight This Week – 2/28/15](#)  
[Akamai Technologies Inc. Quarterly Valuation – February 2015 \\$AKAM](#)  
[22 Companies in the Spotlight This Week – 11/29/14](#)

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[Total System Services Inc. Valuation – November 2015 Update \\$TSS](#)  
[International Business Machines Corp Valuation – November 2015 Update \\$IBM](#)  
[Motorola Solutions Inc. Valuation – November 2015 Update \\$MSI](#)  
[Qualcomm Inc. Valuation – October 2015 Update \\$QCOM](#)  
[Cognizant Technology Solutions Corp Analysis – October 2015 Update \\$CTSH](#)  
[Infosys Limited Analysis – October 2015 Update \\$INFY](#)  
[Teradata Corporation Analysis – September 2015 Update \\$TDC](#)  
[Akamai Technologies Inc. Analysis – August 2015 Update \\$AKAM](#)  
[Total System Services Inc. Analysis – August 2015 Update \\$TSS](#)