

ModernGraham Valuation

Akamai Technologies,
Inc.



Company Name:

Company Ticker AKAM

Date of Analysis

5/4/2018

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	\$12,278,244,575	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.29	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	127.27%	Pass
6. Moderate PEmg Ratio	PEmg < 20	33.96	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.66	Fail

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	1.29	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	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 Score		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.12
MG Growth Estimate	6.65%
MG Value	\$46.23
MG Value based on 3% Growth	\$30.75
MG Value based on 0% Growth	\$18.03
Market Implied Growth Rate	12.73%

MG Opinion

Current Price	\$72.01
% of Intrinsic Value	155.77%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$0.92
Graham Number	\$37.45
PEmg	33.96
Current Ratio	1.29
PB Ratio	3.66
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

Useful Links:

[ModernGraham tagged articles](#)
[Google Finance](#)
[Yahoo Finance](#)
[GuruFocus](#)

[Morningstar](#)
[MSN Money](#)
[Seeking Alpha](#)
[SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.20	Next Fiscal Year Estimate	\$2.12
Dec2017	\$1.26	Dec2017	\$1.61
Dec2016	\$1.79	Dec2016	\$1.73
Dec2015	\$1.78	Dec2015	\$1.63
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	Balance Sheet Information 3/1/2018	
Dec2000	-\$10.07	Total Current Assets	\$1,459,726,000
Dec1999	-\$1.98	Total Current Liabilities	\$1,130,595,000
Dec1998	-\$0.05	Long-Term Debt	\$0
		Total Assets	\$4,686,904,000
		Intangible Assets	\$1,692,134,000
		Total Liabilities	\$1,300,647,000
		Shares Outstanding (Diluted Average)	172,004,000





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 Valuation – January 2017 \\$AKAM](#)
- [15 Best Undervalued Stocks of the Week – 8/20/16](#)
- [Akamai Technologies Inc Valuation – August 2016 \\$AKAM](#)
- [18 Best Stocks For Value Investors This Week – 1/30/16](#)
- [Akamai Technologies Inc Valuation – January 2016 \\$AKAM](#)

Other ModernGraham posts about related companies

- [Symantec Corp Valuation – April 2018 \\$SYMC](#)
- [Intuit Inc Valuation – April 2018 \\$INTU](#)
- [CommVault Systems Inc Valuation – April 2018 \\$CVLT](#)
- [Constellation Software Inc Valuation – April 2018 \\$TSE-CSU](#)
- [Adobe Systems Inc Valuation – April 2018 \\$ADBE](#)
- [Synopsys Inc Valuation – April 2018 \\$SNPS](#)
- [Autodesk Inc Valuation – April 2018 \\$ADSK](#)
- [F5 Networks Inc Valuation – April 2018 \\$FFIV](#)
- [Cadence Design Systems Inc Valuation – Initial Coverage \\$CDNS](#)
- [Oracle Corporation Valuation – March 2018 \\$ORCL](#)