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Q4 and FY 2021 Highlights & Akamai's Future with Linode Dr. Tom Leighton, CEO & Co-Founder

#### **Cloud and Edge Computing**

Adam Karon, COO & GM, Edge Technology Group

Transaction Specifics, Q4 and FY 2021 Results & 2022 Guidance Ed McGowan, EVP & CFO

**Q&A**All Speakers

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This presentation and related materials contain information about future expectations, plans and prospects of Akamai's management that constitute forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995, including statements about expected future financial performance and benefits from the previously-announced acquisitions. Actual results may differ materially from those indicated by these forward-looking statements as a result of various important factors including, but not limited to, failure to integrate acquisitions fully; inability to continue to generate cash at the same level as prior years; failure of our investments in innovation to generate solutions that are accepted in the market, particularly with respect to security solutions; inability to increase our revenue at the same rate as in the past and keep our expenses from increasing at a greater rate than our revenues; the impact of competition; impact of the COVID-19 pandemic; and other factors that are discussed in the Company's Annual Report on Form 10-K, quarterly reports on Form 10-Q, and other documents periodically filed with the SEC.

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# Q4 and FY 2021 Highlights & Akamai's Future with Linode



**Dr. Tom Leighton**CEO and Co-Founder

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#### Q4 and FY21 Financial Results (\$ in M, except earnings per share)

	Q4 2021	FY 2021
Revenue	\$905	\$3,461
y/y growth	+7% (+8% cc)	+8% (+7% cc)
Security Revenue	\$365	\$1,335
y/y growth	+23% (+25% cc)	+26% (+25 cc)
CDN Revenue	\$541	\$2,126
y/y growth	-2% (-1% cc)	0% (-1 cc)
Non-GAAP Operating Margin	31%	32%
Non-GAAP EPS	\$1.49	\$5.74
y/y growth	+12%	+10%
Free Cash Flow	\$277	\$859
y/y growth	+124%	+78%

### **Our Mission**

We power and protect life online.

### **Our Purpose**

We make life better for billions of people, billions of times a day.

**20**+ YEARS

## Akamai has a rich history of market-changing innovation

Content Delivery

Streaming Video

Application Acceleration

**Security** 

Cloud and Edge Computing



The cloud company that powers and protects life online

The world's most distributed compute platform – from cloud to edge – making it easier for developers and businesses to **build**, **run**, **and secure applications** 

## **A Transformational Opportunity**

What we showed at our 2021 IR Day



## **Akamai Tomorrow**

The world's most distributed cloud services provider, with leading solutions for:

Security

Delivery

Compute

# Cloud and Edge Computing



Adam Karon
COO and GM, Edge
Technology Group

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## **Akamai Tomorrow**

The world's most distributed cloud services provider, with leading solutions for:

Security

Delivery

Compute

## **Linode Product Portfolio**

Compute & Storage with a Leading Developer Experience

Compute	Storage	Cloud Orchestration	Dev Tools
Shared CPU	Block Storage	DNS	CLI
Dedicated CPU	Object Storage	Load Balancing	API
High Memory	<i>Beta:</i> Managed Database	VLAN	Terraform
Bare Metal			Ansible
GPU			Marketplace
Kubernetes			

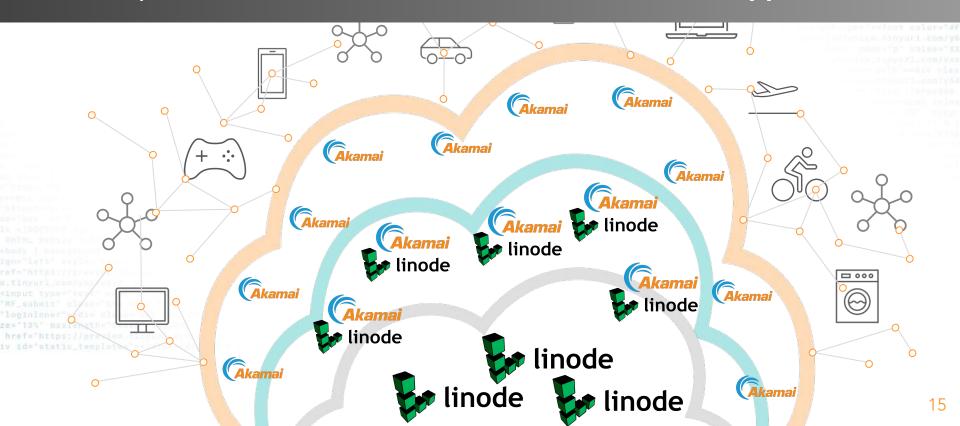
Linode's products are sold via traditional "cloud models" including online trial and purchase

## Akamai's Future Compute Portfolio

with Linode products

Compute Storage Cloud Optimization Developer Tools Edge Applications

Akamai's compute products will be sold via Linode's traditional "cloud models" and via Akamai's globally located enterprise salesforce and robust channel ecosystem Akamai and Linode: The world's most distributed compute platform – from cloud to edge – making it easier for developers and businesses to build, run, and secure applications.



## **Potential Use Cases**

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	Sports	IoT	E-Commerce	Metaverse	<b>Health Care</b>
Application	Watch Along App using WebRTC	Fleet Management	Dynamic Personalization	Persistent virtual experience	Video Processing
Key Capabilities	Distributed VMs Load Balancing High Throughput Egress	MQTT Distributed VM Direct Connects	Managed DB Kubernetes FaaS	Distributed GPU Low Latency Private Backbone	Bare Metal Object Storage
Example	A sports league could leverage Akamai's platform to deploy WebRTC to enable a Watch Along App that allows a group of friends to watch a game in synch while communicating with each other in real time	A shipping company builds a distributed app to collect and parse video and telemetry data from trucks in route before backhauling the data to their data warehouse	A e-commerce site leverages Akamai to dynamically personalize their site based on the users previous and current browsing activity without have to go back to their data lake.	A game studio is working on a new project that connects users from across the globe in a fully immersive VR experience from any console, mobile device or browser	A hospital could leverage Akamai to create a platform that captures and archives videos of surgical procedures to help train Doctors on new and emerging techniques
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## **Market Positioning**

We plan to combine Linode's ease of use and developer-friendliness with Akamai's market-leading scale, performance, and security

We expect this combined offering to:

- Appeal to developers by offering the core cloud compute functionality, ease of use, and tools they need
- Appeal to enterprises with the security, uptime, and reliability they require
- Drive modern use cases as new applications can take advantage of the throughput, performance, and distribution of a market leading global network

## Akamai & Linode: Why We Can Win

Highly secure, elastic compute with storage capabilities on the world's largest edge network

Category leading security

Edge computing platform for latency sensitive workloads

Akamai's global private network

Global enterprise salesforce

Robust channel ecosystem

# Q4 and FY 2021 Results, Linode Transaction Specifics, & 2022 Guidance



Ed McGowan
EVP and CFO

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#### **Q4 and FY21 Financial Results**

\$ in M, except earnings per share

	Q4 2021	FY 2021
Revenue Growth	+7%	+8%
	+8% cc	+7% cc
Cash Gross Margin	77%	76%
Adjusted EBITDA Margin	45%	45%
Non-GAAP Operating Margin	31%	32%
Non-GAAP EPS	 \$1.49	\$5.74
y/y growth	+12%	+10%
Operating Cash Flow	*387	\$1,405
y/y growth	+33%	+16%
Capex (% of revenue)	13%	 15%

#### Revenue

**Guardicore:** Q4 revenue of \$10M, ahead of plan given two large deals

Edge Applications: >\$200M annual revenue run-rate,grew 30% y/y in '21

**International:** revenue +13% y/y in Q4; now 47% of total revenue

#### Profitability & Cash Flow

Non-GAAP Operating Margin: 31% in Q4 and 32% for 2021

Operating Cash Flow: \$1.4B in 2021, 41% of revenue

Capex: 15% of 2021 revenue, in-line with long-term model

## **Linode Transaction Specifics**

**PURCHASE PRICE:** 

~\$900M

cash consideration

Expected to close in late Q1 2022, subject to regulatory approvals

## Treated as asset purchase for tax purposes

Expected to generate annual cash tax savings with a net present value (NPV) of approximately \$120M

No expected impact on non-GAAP tax rate

#### Transaction Has an Attractive Financial Profile

#### **Profitable Business**

#### Expected to be:

- Accretive to Akamai in 2022 (~\$0.05-\$0.06 of non-GAAP EPS)
- Immaterial impact to 2022 non-GAAP operating margin

#### We Expect Akamai Can Bring Significant Revenue and Cost Synergies by:

- Leveraging Go-to-Market and Marketing
- Leveraging our large global private network
- Enabling greater scale from existing supply chain and deployment processes

#### **Capex Implications**

- Expected to add ~2% to total company capex in the first year
- Longer-term we expect to operate within Akamai's mid-teens (% of revenue) capex goal

## **Anticipated Future Revenue Reporting**

(upon transaction close)

Security

No change to STG business

Delivery

Existing ETG
business minus
Edge Apps and
Net Storage

## Compute

Linode

+ Edge Apps

+ Net Storage

### **Guidance Factors**

Linode NOT included in guidance until transaction closes

Expect significant FX headwinds

Q1 revenue and expense seasonality

Multiple top customer renewals in H1

## Q1 2022 Guidance (excludes proposed acquisition of Linode)

Revenue	\$896 — 910M +6-8%, +8-10% cc
Cash Gross Margin	76%
Adjusted EBITDA Margin	43%
Non-GAAP Operating Margin	30%
Non-GAAP EPS	\$1.39 — 1.43 +1-3%, +2-8% cc
Capex	\$120-124M ~14% of Revenue

## FY 2022 Guidance (excludes proposed acquisition of Linode)

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Security Growth	20%
Non-GAAP Operating Margin	29 – 30%
Non-GAAP EPS	\$5.82 – 5.97
Capex	14% of Revenue

## In Summary



**Dr. Tom Leighton**CEO and Co-Founder

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## Our future is bright

Security

Delivery

Compute







The cloud company that powers and protects life online

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