DALALBYTES RESEARCH

Akamai
: The Stewardship Report

Why the buildout is a different game

NASDAQ: AKAM

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A capital-allocation, financing, and management review: the NVIDIA relationship, the $14.4B contracted backlog, and the neo-cloud contrast.

01 THE VERDICT

The game is different

The neo-cloud playbook is well understood by now: borrow against GPUs, raise convertible debt by the billions, issue shares, spend ahead of revenue, and hope the contracted backlog arrives before the interest bill does. Akamai is playing a different game, and this report is the evidence file.

In 2026 Akamai signed $14.4 billion of multi-year cloud infrastructure commitments, including the $11.6 billion, seven-year Anthropic agreement announced September 24. It financed the buildout with zero-coupon convertible notes, kept shrinking a diluted share count that has fallen 18.5% in a decade, and funded capital spending from the operating cash flow of a $4.2 billion revenue base. No junk-debt stack. No at-the-market equity dilution. The buildout is incremental, layered onto 4,300-plus points of presence the company already owns, rather than greenfield campuses financed at the project level.

That does not make it riskless. One customer accounts for most of the $14.4 billion. The payments are conditional on delivery and service availability. The S&P outlook is negative (second-hand). But the financing mechanics are the opposite of the neo-cloud template. Same AI infrastructure cycle, different game.

-18.5%	0%	$14.4B	$699M	4,300+
Diluted share count, 2015 to 2025	Coupon on the $3.5B 2026 converts	Contracted backlog, signed 2026	FY2025 free cash flow, funding the buildout	Points of presence: owned footprint

Five contrasts

- **-18.5% diluted share count, 2015 to 2025.** The neo-clouds dilute; Akamai shrinks. Roughly $6.1 billion spent on buybacks since 2015.
- **0% coupons on $3.5B of 2026 converts** (due 2030 and 2032), vs speculative-grade debt stacks elsewhere in the AI buildout.
- **$14.4B of contracted multi-year CIS backlog signed in 2026**, on infrastructure the company already owns.
- **$699M of FY2025 free cash flow.** The buildout is funded from operating cash flow, not from hope.
- **4,300-plus points of presence.** Incremental capex on an owned global footprint, not greenfield campuses.

02 A DECADE OF SHRINKING THE SHARE COUNT

Bought back, every year

Year	Diluted shares (M)	Buybacks ($M)	Avg price
2015	180.415	302.6	n/a
2016	176.215	373.8	$53.28
2017	172.711	361.2	n/a
2018	169.188	750.0	$73.54
2019 *	164.573	334.5	n/a
2020 *	165.213	193.6	$98.53
2021 *	165.804	522.3	n/a
2022 *	160.467	608.0	$94.96
2023	155.397	654.0	$83.84
2024	154.346	557.5	$99.14
2025	147.023	800.0	$79.76
H1 2026	151.854 GAAP	615.7	~$123

*Table: * = second-hand (press/data-provider reproduction). H1 2026 GAAP diluted includes ~9.0M in-the-money converts (average price exceeded the 2033 Notes' $93.01 conversion price); non-GAAP diluted adjusted for the note-hedge benefit was 148.508M.*

From 180.4M diluted shares in 2015 to 147.0M in 2025: an 18.5% decline over the decade. Shares outstanding fell from 163M (Dec 31, 2018) to 144M (Jun 30, 2026). Total cash spent on repurchases 2015 through H1 2026: roughly $6.1 billion.

Authorizations vs actuals

Feb 2016: $1.0B (through Dec 2018). Oct 2018: $1.1B (plus $124M remaining). Oct 2021: $1.8B (Jan 2022 to Dec 2024). May 2024: $2.0B (May 2024 to Jun 2027), with $1.2B remaining at Dec 31, 2025. The company has consistently spent against its authorizations, and bought hardest when the stock was cheapest: 2025 saw $800.0M repurchased at a ~$79.76 average, the heaviest buying in years, at prices roughly 30% below 2026 levels.

The CEO bought too

On Aug 11, 2025, Tom Leighton made open-market purchases (not a 10b5-1 plan) of 50,000 shares for ~$3.61M (2,076 shares at $71.3315 and 47,924 at $72.3012, via revocable trust; Form 4 filed Aug 12, 2025). No open-market sales by Leighton were found in the reviewed 2025-2026 filings (2024 Form 4s were not exhaustively reviewed, a coverage gap).

> *"Given the strong market demand for CIS, we are temporarily pausing share repurchases to reallocate capital to support our high growth CIS pipeline."*
>
> **Ed McGowan, CFO, Q2 2026 earnings call, August 6, 2026 (second-hand, MarketBeat transcript)**

Note the sequence: $409.9M was still repurchased in Q2 2026 itself, at $134.54 average; the pause was announced after quarter-end. A pause to fund contracted demand is the opposite of a pause to fund survival.

03 FINANCING LIKE AN ADULT

Converts at 0% to 1.125%, every one defended

Issue	Principal	Coupon	Maturity	Conv. price	Shareholder defense
May 2018	$1,150M	0.125%	May 1, 2025 (repaid)	n/a	$46.2M buyback at $74.59
Aug 2019	$1,150M	0.375%	Sep 1, 2027	$116.18	~$100M buyback at $89.37
Aug 2023	$1,265M	1.125%	Feb 15, 2029	$126.31	~$75M buyback at $103.11
May 2025	$1,725M	0.250%	May 15, 2033	$93.01	$605.8M note hedge; $330.9M warrants
May 2026	$1,750M	0%	May 15, 2030	$201.41	See $3.5B raise economics
May 2026	$1,750M	0%	May 15, 2032	$190.81	See $3.5B raise economics

Table: every convertible has carried a concurrent shareholder defense, buybacks, note hedges, or both. The company borrows at coupons of 0% to 1.125% and spends real money to neutralize the dilution.

The $3.5B zero-coupon 2026 raise

- **Gross $3.5B; net note proceeds $3,452.7M.** Two tranches, $1,750M each, both 0% coupon, due May 15, 2030 and May 15, 2032.
- **Note-hedge cost $893.7M; warrant proceeds $657.1M** (net hedge package cost ~$236.6M), offsetting dilution above the conversion prices.
- **~$350M of offering-connected buyback at $141.34/share**, retiring stock with the raise itself.
- Proceeds earmarked for accelerated CIS capital expenditure.

Balance sheet and maturity ladder

At Jun 30, 2026: converts carrying $7,562.8M on $7,640M principal; cash plus marketable securities $4,616.3M; net debt (carrying) ~$2.95B; $1.0B revolving credit facility undrawn, expiring Nov 22, 2028.

Maturity	Principal	Coupon
Sep 1, 2027	$1,150M	0.375%
Feb 15, 2029	$1,265M	1.125%
May 15, 2030	$1,750M	0%
May 15, 2032	$1,750M	0%
May 15, 2033 *	$1,725M	0.250%
Total	$7,640M	

The ~$1.7B shown as “current” at Jun 30, 2026 is the May 2033 Notes ($1,725M, 0.250%), reclassified as current after conditional conversion was triggered; the contractual maturity is unchanged at May 15, 2033, not a 12-month maturity.

Interest coverage and ratings

Interest coverage (EBIT/interest, EBIT = GAAP operating income): 2015, 25.2x; 2018, 8.4x; 2022, 60.9x (second-hand; ASU 2020-06 ended debt-discount amortization); 2025, 18.4x; H1 2026, 11.2x. Note: 2015-2021 interest expense was mostly non-cash convert discount amortization; the coupons were 0% to 0.375%.

Investment grade since Aug 2023: Moody’s Baa2 stable and S&P BBB+ stable (first-time IG, Akamai announcement). S&P affirmed BBB+ in Mar 2026 but revised the outlook to negative on leverage (~1.8x end-2024 vs a 1.5x threshold) (second-hand; no downgrade verified). Moody’s: no subsequent action located; Baa2 stable stands as last verified (changes unverified).

04 CASH MACHINE FIRST

Free cash flow, every year since 2015

Year	Revenue ($M)	Op margin	FCF ($M)	Capex / revenue
2015	2,197	21.2%	319	20.3%
2016	2,340	19.6%	550	13.5%

Year	Revenue ($M)	Op margin	FCF ($M)	Capex / revenue
2017	2,489	12.6%	386	16.7%
2018	2,714	13.4%	603	14.9%
2019 *	2,894	19.0%	496	19.4%
2020 *	3,198	20.6%	483	22.9%
2021 *	3,461	22.6%	859	15.8%
2022 *	3,617	18.7%	816	12.7%
2023	3,812	16.7%	618	19.2%
2024	3,991	13.4%	834	17.2%
2025	4,208	13.5%	699	19.5%
H1 2026	2,173	9.0%	221	19.2% cash / 25.4% accrual

*Table: * = second-hand line items (headlines primary-verified). FCF = operating cash flow minus cash capex.*

Free cash flow has been positive every year since 2015. The compression from $834M (2024) to $699M (2025) to ~$221M in H1 2026 is a funded choice, not a broken machine: H1 2026 accrual capex reached $552.9M ($346.5M in Q2 alone, 32% of Q2 revenue), 25.4% of revenue on an accrual basis vs 19.2% on a cash basis, as the company pre-buys supply chain components (including memory) for contracted builds. Offering proceeds were explicitly earmarked for accelerated CIS capex. The capex is going into capacity that is already sold: all GPU capacity was reported sold out on the Q2 2026 call.

05 CAPITAL ALLOCATION REPORT CARD

What they promised vs what they delivered

LINODE ($900M, announced Feb 15, 2022). The promise (Q4 2021 call): Linode was growing ~15%/yr; Akamai's goal was to accelerate to "the 30% vicinity relatively quickly." CFO McGowan: "before the acquisition, they were growing at about 15%, give or take... We think we can accelerate that business pretty considerably."

	Promised	Delivered
Growth	~30% vicinity	2024: 32% 2025: 36% H1 2026: ~39% FY2026 guide: ≥50%
2023 combined compute revenue	>$500M	$504.2M (segment growth 24% vs 30-35% band)
Payback	n/a	~$818M cumulative CIS vs $900M price (~$100M + $174M + $230M + $314M)

The “double 15% to ~30%” was met from 2024. Revenue payback was nearly complete by end-2025. Project Cirrus (moving Akamai workloads off hyperscalers onto its own cloud): “savings of well over $100 million per year” (Leighton, Feb 2025 call; second-hand).

HONEST CAVEAT: CIS is not standalone Linode.

Cloud Infrastructure Services includes EdgeWorkers and ISV solutions alongside the Linode platform, so the payback math flatters the acquisition itself. Standalone Linode revenue post-2022 is not disclosed.

GUARDICORE ($600M, Sep/Oct 2021). Guided FY2022 contribution: $30-35M revenue. Actual: $68M, roughly 2x the guide (Leighton, Q4 2022 call). The Guardicore Segmentation plus API Security line reached $293M in FY2025, +43% YoY.

NONAME ($450M, May 2024, all-equity). Guided ~$20M FY2024 revenue with ~$0.10 non-GAAP EPS dilution. Actual FY2024 contribution: unverified (folded into the Guardicore/API Security line). Early read is positive; the combined line is compounding at 43%.

Verdict: the two completed integrations beat their guides; the third is too young to grade and its disclosure is already folded away.

06 THE EXECUTIVES KNOW WHAT THEY ARE DOING

A founder-scaler with receipts

Tom Leighton: co-founder (1998), Chief Scientist, CEO since Jan 1, 2013. Revenue from “less than $1.4 billion in 2012” to “$4.2 billion in 2025”; security from “less than $25 million” to “$2.2 billion,” a majority of revenue (company bio). The Delivery-to-Security reinvention is on the record: security was 39% of revenue in 2021, crossed 50% in 2024 ($2.043B of $3.991B), and reached 53% in 2025 ($2.243B of $4.208B), while

Delivery fell from $1.669B (2022) to $1.257B (2025).

Skin in the game

- **$3.61M open-market purchase, Aug 11, 2025:** 50,000 shares (2,076 at $71.3315, 47,924 at $72.3012, via revocable trust), outside any 10b5-1 plan. No open-market sales found in the reviewed 2025-2026 filings.
- **$1 base salary since 2013;** "nearly 100% of Dr. Leighton's compensation is at risk" (2026 DEF 14A).
- **Annual bonus paid entirely in stock** (revenue 50%, non-GAAP operating income 50%): 2025 paid at 151.3% of target; Leighton earned $2,268,956 in stock.
- **Long-term equity:** 50% time RSUs, 20% PRSUs (revenue and non-GAAP EPS 2025-2027), 30% relative-TSR RSUs vs the S&P 500.
- **Ownership guidelines:** CEO 6x salary. **Clawback:** dual policies, including the Nov 2023 mandatory no-fault 3-year recovery under Exchange Act 10D.

HONEST GAP: no CIS or backlog metric in executive pay.

No pay metric is tied to CIS growth, contracted CIS backlog, or compute targets. Pay is driven by total revenue, non-GAAP operating income, non-GAAP EPS, and relative TSR only. The largest buildout in company history has no line in the bonus formula.

07 THE NVIDIA RELATIONSHIP, EXACTLY

Seven announcements, all issued by Akamai

No NVIDIA-issued press release about Akamai was found, and no NVIDIA revenue commitments exist. The relationship is real and growing; its direction matters.

Apr 17, 2024
NAB, Las Vegas

Media cloud on NVIDIA GPUs

Akamai added a media-optimized cloud offering based on NVIDIA RTX 4000 Ada Generation GPUs for video processing (25x faster frame processing vs CPU, per Akamai's internal benchmark).

Oct 28, 2025
Inference Cloud

"Launched in partnership with NVIDIA"

RTX PRO Servers with RTX PRO 6000 Blackwell Server Edition GPUs, BlueField-3 DPUs, NVIDIA AI Enterprise software, on Akamai's distributed cloud, 20 initial locations.

Feb 23, 2026
Security

Guardicore + BlueField DPUs

Agentless zero-trust segmentation for OT/ICS, an architecture agreement between the two companies.

Mar 3, 2026
Blackwell buy

Thousands of Blackwell GPUs

Akamai to acquire thousands of NVIDIA Blackwell GPUs (RTX PRO 6000 SE, BlueField-3, RTX PRO Servers) across 4,400+ locations; company-claimed up to 2.5x latency reduction and up to 86% inference cost savings vs hyperscalers.

Mar 5, 2026
Customer deal

$200M, 4 years, Blackwell cluster

Technical detail on a four-year, $200M service agreement with an unnamed major U.S. tech company: a multi-thousand Blackwell GPU cluster.

Mar 16, 2026
GTC 2026

NVIDIA AI Grid reference design

Akamai unveiled the first global-scale implementation of the NVIDIA AI Grid reference design, routing inference across edge, regional, and core.

Jun 2, 2026
Security

Guardicore to Vera BlueField-4 STX

Expansion with NVIDIA DOCA; BlueField+DOCA integration H2 2026, Vera BlueField-4 STX H1 2027.

> *"Inference has become the most compute-intensive phase of AI, demanding real-time reasoning at planetary scale," said Jensen Huang, founder and CEO, NVIDIA. "Together, NVIDIA and Akamai are moving inference closer to users everywhere, delivering faster, more scalable generative AI and unlocking the next generation of intelligent applications."*
>
> **Jensen Huang, Akamai press release, October 28, 2025**

The GPU supply relationship runs one way: Akamai procures NVIDIA GPUs. The software is NVIDIA AI Enterprise plus NIM microservices plus DOCA. The reference architecture is NVIDIA AI Grid on Akamai's footprint. The March 2026 $200M Blackwell deal is a customer agreement (the customer is unnamed and is not NVIDIA) under which Akamai deploys NVIDIA GPUs; it is not an NVIDIA partnership commitment.

08 THE CONTRACTED BACKLOG

$14.4B signed in 2026

$200M	$1.8B	>$600M	$11.6B
4 yrs, Feb/Mar 2026 unnamed tech co.	7 yrs, May 2026 frontier-model provider	4 yrs, Aug 2026 robotics customer	7 yrs, Sep 2026 Anthropic

Verified arithmetic: “more than $2.8B” of multi-year CIS commitments before Anthropic (Sep 24 press release) + $11.6B = $14.4B signed year-to-date. The $2.8B company total includes smaller commitments beyond the three named deals above.

Anthropic terms (Sep 24, 2026 Akamai press release)

- **$11.6B contractual commitment over seven years;** expansion option of up to ~$9B more, for ~$20B total potential.
- **CPU workloads confirmed:** the commitment “will support Anthropic’s accelerating CPU workload demands by leveraging Akamai Cloud’s distributed AI infrastructure and software.”
- **Related capex ~$5.5B total,** including +~$1.7B in 2026 to secure and pre-purchase critical supply chain components (including memory); no impact on 2026 revenue guidance.
- **Warrant:** non-voting convertible Series B Preferred, 7.7M common shares as-converted (~5% of common outstanding), exercise $111.33. ~2% vests with the announced commitment; the remaining ~3% vests at ~1% per additional $3B of cloud services purchased at mutually agreed terms.
- MSA signed May 5, 2026; Project Plans 2 and 3 signed Sep 18, 2026 (each 7-year term begins at service start). Full agreement to be filed with the Q3 10-Q.

> *“Anthropic is advancing the AI revolution and we are thrilled they chose Akamai’s capabilities for building and operating AI infrastructure at scale,” said Dr. Tom Leighton, co-founder and CEO, Akamai. “Akamai has an unparalleled reputation for helping our customers achieve their business-critical goals and build the future. Our expanding global footprint, combined with our years of experience serving the world’s largest enterprises, positions us to be the infrastructure provider for secure and responsible AI applications and workloads.”*
>
> **Tom Leighton, Anthropic agreement announcement, September 24, 2026**

Demand, in management’s words

> *“GPU demand remains exceptionally strong. As a result, all of our GPU capacity is completely sold out.”*
>
> **Ed McGowan, CFO, Q2 2026 earnings call, August 6, 2026**

> *"In Q4, I do expect to see a big hockey stick of acceleration for a number of reasons. One, we're now able to start getting revenue for the GPUs that we've sold, that we've taken into inventory and starting to rack and stack and get revenue for those contracts."*
>
> **Ed McGowan, CFO, Q2 2026 earnings call, August 6, 2026**

HONEST TERMS: no take-or-pay language found.

No public "take-or-pay" or minimum-commitment language was found for these specific AI contracts; press releases say "contractual commitments." Anthropic's payments are CONDITIONED on Akamai meeting delivery and service availability; a material outage can give Anthropic the right to end an affected project plan (subject to conditions); Anthropic can terminate for unremedied material breach or a change of control to a direct competitor. (8-K summaries via secondary outlets; full text pending the Q3 10-Q filing.)

09 THE NEO-CLOUD CONTRAST

How the AI buildout is financed elsewhere

Six neo-cloud builders, one pattern: leverage and dilution fund the buildout, and the backlog is monetized into debt capacity. Akamai is the negative image of every column.

Company	Buildout debt	Equity raises since 2023	Share-count story	Contracted backlog
CoreWeave	~$31.6B (Jun 30, 2026 10-Q); +$4.2B converts Sep 2026	IPO Mar 2025 (~$1.46B); 35M-share ATM Sep 2026	~575M fully diluted at IPO; converts + ATM add	$104B (Jun 30, 2026); 98% take-or-pay
Nebius	~$12B converts in ~14 months	$700M placement Dec 2024; $2B Nvidia equity *	~199M to ~252M; +15.8M Aug 2026 swap	$40B+ claimed *
Crusoe	~$9.4B non-recourse project debt	Series E $1.375B; Series F $3.9B at $30.9B post	Private; $10B+ to $30.9B valuation	$140B+ claimed *
IREN	~$7.59B total debt (~31x adj. EBITDA)	$4.74B via ordinary shares FY26	+52.7% YoY in FY26	Microsoft $9.7B 5-yr, 20% prepaid
Cipher	~$1.25B converts	$221.7M (2024) + $117.4M (9M 2025) ATM	+59% since 2022	AWS $5.5B 15-yr; Google-backstopped Fluidstack ~$3B

Company	Buildout debt	Equity raises since 2023	Share-count story	Contracted backlog
Hut 8	$7.5B non-recourse IG project notes (Aug 2026); parent recourse-free	ATM $500M / $1B	~124M post-merger (Finnhub *)	Fluidstack 15-yr $7B triple-net; Google backstop

*Table: * = second-hand (press, company claims via secondary sources, or aggregator data).*

Four ways GPUs get financed

- **CoreWeave** borrows against GPUs (GPU-collateralized delayed-draw facilities).
- **Nebius** borrows against equity via converts (Nvidia takes equity).
- **IREN** gets customers to prepay and backstop GPUs (Microsoft prepaid 20%; newer customers 45-55%).
- **Cipher and Hut 8** make tenants bring the GPUs and finance only the powered shell.
- **Akamai's fifth way:** contracted backlog on infrastructure it already owns, funded from operating cash flow. Its customers do not prepay its capex; it never needs them to.

Two cross-cutting observations

Google is the systemic backstop of the neo-cloud cycle: guaranteeing Fluidstack lease payments to Cipher ($1.4B) and Hut 8 (base term), taking warrants, securing AI compute without building it. **Dilution is the universal exhaust:** IREN +52.7% shares in one fiscal year; Cipher +59% since 2022; CoreWeave layering converts and an ATM in a single month; Nebius carrying ~$12B of convert overhang. Akamai's share count moves the other way.

10 WHY THE STORY IS DIFFERENT

The thesis, argued from the facts

- **Contracted backlog on owned infrastructure.** $14.4B signed in 2026 lands on a network Akamai already operates, not on campuses it must still build.
- **Funded from operating cash flow.** A $4.2B revenue base throwing off $699M of FCF in 2025 is the funding source; the 2026 zero-coupon raise supplements it at 0%.
- **Incremental capex on existing PoPs, not greenfield.** Adding compute to 4,300-plus existing locations is a different risk profile from multi-GW campuses financed with non-recourse project debt.
- **CPU distributed inference, not the GPU training arms race.** The Anthropic commitment is explicitly for CPU workloads; Akamai is not bidding against the hyperscalers for training clusters.

- **Investment grade, not debt-fueled.** Baa2/BBB+ with $4.6B of cash and securities, vs speculative-grade stacks (CoreWeave B+/Ba3) and ~31x leverage (IREN).
- **Buybacks, not dilution.** -18.5% in a decade, with the CEO buying $3.6M in the open market, vs +52.7% in a year elsewhere.

11 WHAT COULD STILL GO WRONG

The honest list

1. **Anthropic concentration:** $11.6B from one customer is ~2.75x FY2025 revenue ($4.208B). The relationship IS the backlog.
2. **Execution on the largest buildout in company history:** ~$5.5B of related capex, gated on memory and GPU supply chains, with payments conditional on delivery.
3. **Legacy erosion continues:** Delivery fell from $1.669B (2022) to $1.257B (2025); the growth engines must outrun it.
4. **S&P outlook negative** (second-hand, Mar 2026): leverage is the watch item if delivery slips.
5. **~5% warrant dilution at $111.33** if the Anthropic expansion vests.
6. **Succession:** a founder-led company; the buildout's pay formula contains no CIS metric (Section 06), so execution rests on the current team.

12 SOURCES & METHODOLOGY

How this report was built

Primary (SEC filings or Akamai releases read directly): FY2025 10-K; Q2 2026 earnings release (H1 2026 figures, debt table, buybacks); Form 4 filings; 2026 DEF 14A (compensation, ownership); Akamai press releases Apr 2024 through Jun 2026 (NVIDIA timeline); Sep 24, 2026 Anthropic press release; Feb 2022 Linode announcement (8-K Ex. 99.2); Aug 2023 investment-grade rating announcement.

Second-hand (press or data-provider reproduction, labeled in the text): 2019-2022 financial line items; Q2 2026 call transcript quotes (MarketBeat); S&P Mar 2026 outlook revision; Moody's interim status; Project Cirrus savings figure; Leighton Feb 2026 bonus-grant summary; Anthropic 8-K terms via secondary outlets (full text pending the Q3 10-Q); Nebius $2B Nvidia equity and $40B+ backlog; Crusoe contracted value and Jane Street contract; Hut 8 share count (Finnhub).

Unverified / coverage gaps: conditional-conversion trigger language (Q2 2026 10-Q not obtained); H2 2025 buyback split; Noname FY2024 actuals; Leighton 2024 Form 4s; Moody's interim affirmations.

All quotes are verbatim as published in the cited sources. Numbers are in USD. "Current" classifications follow GAAP presentation at Jun 30, 2026. Prepared for educational purposes only, not financial advice.