CISCO SYSTEMS NDQ-CSCO

RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
44.29	16.6	(Trailing: 18.1 Median: 12.0)	0.87	3.0%	VALUE LINE

TIMELINESS 3 Raised 11/24/17
SAFETY 1 Raised 12/16/16
TECHNICAL 4 Lowered 2/2/18
BETA 1.05 (1.00 = Market)

High:	34.2	27.7	24.8	27.7	22.3	21.3	26.5	28.6	30.3	32.0	39.0	45.9
Low:	24.8	14.2	13.6	19.0	13.3	15.0	20.0	21.3	23.0	22.5	29.8	37.3

Target Price Range
2021 | 2022 | 2023

LEGENDS
—— 10.0 x "Cash Flow" p sh
. . . . Relative Price Strength
Options: Yes
Shaded area indicates recession

2021-23 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	65	(+45%)	13%
Low	50	(+15%)	7%

Insider Decisions

	M	J	J	A	S	O	N	D	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	1	0	0	9	0	1	10	0
to Sell	1	2	0	1	4	0	3	2	0

Institutional Decisions

	2Q2017	3Q2017	4Q2017
to Buy	979	856	880
to Sell	827	896	791
Hld's(000)	4076940	4078980	3735893

% TOT. RETURN 2/18

	THIS STOCK	VL ARITH.* INDEX
1 yr.	35.5	10.1
3 yr.	67.8	24.2
5 yr.	150.3	76.2

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE LINE PUB. LLC	21-23
2.59	2.70	3.31	3.95	4.70	5.73	6.71	6.24	7.08	7.95	8.69	9.02	9.23	9.67	9.79	9.63	*10.25*	*10.60*	Revenues per sh A	*13.75*
.54	.77	.95	1.08	1.13	1.43	1.66	1.37	1.73	2.12	2.38	2.45	2.60	2.71	2.82	2.88	*3.05*	*3.30*	"Cash Flow" per sh	*4.30*
.39	.59	.76	.87	.89	1.17	1.31	1.05	1.33	1.62	1.85	2.02	2.06	2.21	2.36	2.39	*2.60*	*2.85*	Earnings per sh B	*3.60*
- -	- -	- -	- -	- -	- -	- -	- -	- -	.12	.28	.62	.72	.80	.94	1.10	*1.20*	*1.30*	Div'ds Decl'd per sh E	*1.90*
.36	.10	.09	.11	.13	.21	.22	.17	.18	.22	.21	.22	.25	.24	.23	.19	*.25*	*.25*	Cap'l Spending per sh	*.35*
3.92	4.01	3.88	3.69	3.95	5.16	5.83	6.68	7.83	8.69	9.68	10.97	11.09	11.74	12.64	13.27	*10.55*	*14.90*	Book Value per sh	*18.95*
7303.0	6998.0	6650.4	6274.7	6059.0	6100.0	5893.0	5785.0	5655.0	5435.0	5298.0	5389.0	5107.0	5085.0	5029.0	4983.0	*4800.0*	*4770.0*	Common Shs Outst'g C	*4200.0*
42.4	24.3	29.6	21.6	21.3	22.0	20.6	17.7	17.9	11.9	9.7	10.3	11.3	12.3	11.5	13.3	*Bold figures are*		Avg Ann'l P/E Ratio	*16.0*
2.32	1.39	1.56	1.15	1.15	1.17	1.24	1.18	1.14	.75	.62	.58	.59	.62	.60	.65	*Value Line*		Relative P/E Ratio	*.90*
- -	- -	- -	- -	- -	- -	- -	- -	- -	.6%	1.6%	3.0%	3.1%	2.9%	3.5%	3.5%	*estimates*		Avg Ann'l Div'd Yield	*3.3%*

CAPITAL STRUCTURE as of 1/27/18

Total Debt $39.3 bill. **Due in 5 years** $24.7 bill.
LT Debt $25.6 bill. **LT Interest** $950 mill.
(33% of Cap'l)
Leases, Uncapitalized Annual rentals $417 mill.

No Defined Benefit Pension Plan
Pfd Stock None

Common Stock 4,817,517,410 shs.
as of 2/15/18

MARKET CAP: $213 billion (Large Cap)

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		21-23
39540	36117	40040	43218	46061	48607	47142	49161	49247	48005	*49130*	*50500*	Revenues ($mill) A	*57800*
28.3%	25.2%	28.0%	32.0%	33.3%	31.0%	31.4%	31.6%	33.4%	32.1%	*35.0%*	*35.5%*	Operating Margin	*35.0%*
1744.0	1768.0	2030.0	2486.0	2602.0	2351.0	2432.0	2442.0	2150.0	2286.0	*2050*	*2120*	Depreciation ($mill)	*2850*
8052.0	6134.0	7767.0	9033.0	10017	10866	10863	11354	12022	12067	*12500*	*13600*	Net Profit ($mill)	*15120*
21.5%	20.3%	17.5%	21.3%	21.9%	20.8%	20.8%	21.7%	21.8%	22.1%	*21.0%*	*21.0%*	Income Tax Rate	*21.0%*
20.4%	17.0%	19.4%	20.9%	21.7%	22.4%	23.0%	23.1%	24.4%	25.1%	*25.4%*	*27.0%*	Net Profit Margin	*26.2%*
21841	30522	32188	39725	44202	43329	47305	52660	53808	56120	*52000*	*50000*	Working Cap'l ($mill)	*49550*
6393.0	10295	12188	16234	16297	12928	20401	21457	24483	25725	*25000*	*24000*	Long-Term Debt ($mill)	*17500*
34353	38647	44267	47226	51286	59120	56654	59698	63586	66137	*50550*	*52550*	Shr. Equity ($mill)	*79600*
20.2%	12.9%	14.3%	14.7%	15.3%	15.5%	14.5%	14.3%	14.0%	13.6%	*16.5%*	*18.0%*	Return on Total Cap'l	*15.5%*
23.4%	15.9%	17.5%	19.1%	19.5%	18.4%	19.2%	19.0%	18.9%	18.2%	*24.5%*	*26.0%*	Return on Shr. Equity	*19.0%*
23.4%	15.9%	17.5%	17.7%	16.6%	12.8%	12.5%	12.2%	11.4%	9.9%	*13.5%*	*10.0%*	Retained to Com Eq	*9.0%*
- -	- -	- -	7%	15%	30%	35%	36%	40%	46%	*46%*	*46%*	All Div'ds to Net Prof	*53%*

CURRENT POSITION ($MILL.)	2016	2017	1/27/18
Cash Assets D	65756	70492	73683
Receivables	5847	5146	3963
Inventory (FIFO)	1217	1616	1896
Other	5899	6449	6508
Current Assets	78719	83703	86050
Accts Payable	1056	1385	1060
Debt Due	4161	7992	13741
Other	19694	18206	20563
Current Liab.	24911	27583	35364

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '15-'17 to '21-'23
Revenues	7.5%	4.0%	*6.0%*
"Cash Flow"	8.5%	6.0%	*7.5%*
Earnings	9.0%	7.5%	*7.5%*
Dividends	- -	48.0%	*12.5%*
Book Value	11.5%	7.5%	*7.0%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Oct.Per	Jan.Per	Apr.Per	Jul.Per	Full Fiscal Year
2015	12245	11936	12137	12843	49161
2016	12682	11927	12000	12638	49247
2017	12352	11580	11940	12133	48005
2018	12136	11887	*12400*	*12707*	*49130*
2019	*12540*	*12300*	*12685*	*12975*	*50500*

Fiscal Year Ends	EARNINGS PER SHARE AB Oct.Per	Jan.Per	Apr.Per	Jul.Per	Full Fiscal Year
2015	.54	.53	.54	.60	2.21
2016	.59	.57	.57	.63	2.36
2017	.61	.57	.60	.61	2.39
2018	.61	.63	*.65*	*.71*	*2.60*
2019	*.68*	*.69*	*.70*	*.78*	*2.85*

Cal-endar	QUARTERLY DIVIDENDS PAID E Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2014	.17	.19	.38	- -	.74
2015	.40	- -	.21	.21	.82
2016	.21	.26	.26	.26	.99
2017	.26	.29	.29	.29	1.13
2018	.29	.33			

BUSINESS: Cisco Systems, Inc. is a leading provider of Internet Protocol-based networking and other products for transporting data, voice, and video across geographically dispersed local-area-networks, metropolitan-area networks, and wide-area networks. Devices are primarily integrated by Cisco IOS Software and include Routers, Switches, New Products, and Other. Provides services associated with these products. Foreign business accounted for 40.9% of 2017 revenues. R&D, 12.6% of revenues. Has about 72,900 employees. Officers/Directors hold less than 1.0% of stock; BlackRock, 6.8%, Vanguard, 6.7%. (9/17 proxy). Chrmn. & CEO: Chuck Robbins. Inc.: CA. Address: 170 W. Tasman Drive, San Jose, CA 95134-1706. Tele.: 408-526-4000. Web: www.cisco.com.

Cisco's core business may have turned the corner. The infrastructure unit saw revenue rise 2% year over year in the January quarter, after declining 4% in the October interim. In switching, growth was strong from data centers, but campus switch revenue was still down modestly. Nonetheless, Cisco's most advanced switch line, the *Catalyst 9000*, doubled its customer base sequentially to 3,100, marking the fastest ramp in company history. Too, orders for campus switches were "very, very strong," which should aid revenue.

The company's plan appears to be working. "The Network. Intuitive.," a strategy launched last June aiming to revolutionize the enterprise networking space, has begun to bear fruit. The name is supposed to imply a network that is intuitive. It uses automation, algorithms, machine learning, and data to continuously monitor, learn from, and adapt networks for the better. The industry term is intent-based networking, and Cisco's version bundles powerful software with new hardware, or upgrades compatible legacy switches and routers. The main platform is called Digital Network Architecture (DNA Center) which acts as a dashboard and enables other key products, like Software-Defined Access. The new software helps to better establish which users, devices, and IoT items have access to what parts of a network when, and under what circumstances. This ultimately provides an easier way to execute a historically complex and convoluted process, potentially saving some businesses weeks of man-hours and millions in network operating costs. Further, the system is less prone to human error, and should ultimately result in improved network control, flexibility, security, reliability, visibility, and return on investment. We view "The Network. Intuitive." as an innovative and sticky long-term strategy that capitalizes on increased corporate demand for security, scale, and innovative functionality. We think it differentiates Cisco from established vendors, as well as new entrants with open-sourced software-defined networking switches.

Cisco's ability to foresee technology transitions will likely translate into solid long-term earnings growth.

Kevin Downing *March 16, 2018*

(A) Fiscal year ends on last Saturday in July (four 13-week quarters). (B) Diluted earnings. Excludes nonrecurring items: '02, (14¢); '03, (9¢); '04, (14¢). May not sum due to rounding. Next egs. report due mid-May. GAAP egs. prior to 2011, pro-forma thereafter. (C) In millions, adjusted for stock splits. (D) Long- and short-term investments in current assets beginning in fiscal 2006. (E) Dividend commenced March 29, 2011, paid in late Jan., April, July, and Oct.

Company's Financial Strength	A++
Stock's Price Stability	80
Price Growth Persistence	35
Earnings Predictability	100

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