

CISCO SYSTEMS NDQ-CSCO

RECENT PRICE **47.35** P/E RATIO **15.5** (Trailing: 17.3; Median: 12.0) RELATIVE P/E RATIO **0.95** DIV'D YLD **3.0%** **VALUE LINE**

TIMELINESS **1** Raised 11/9/18
 SAFETY **1** Raised 12/16/16
 TECHNICAL **3** Raised 10/19/18
 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 49.5
 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

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

2021-23 PROJECTIONS

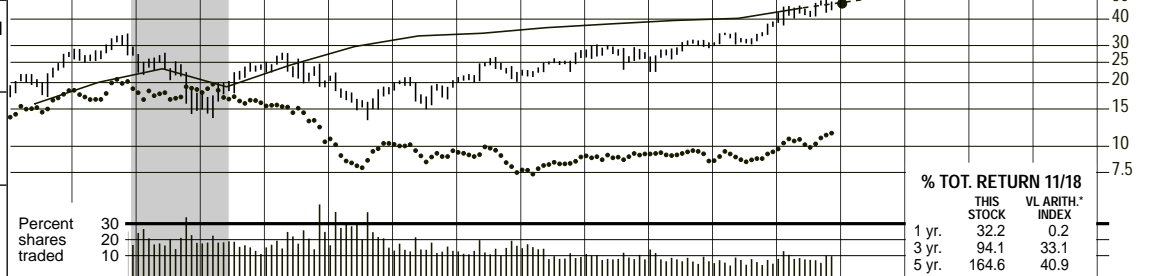
	Price	Gain	Ann'l Total
High	65	(+35%)	11%
Low	50	(+5%)	5%

Insider Decisions

	F	M	A	M	J	J	A	S	O
to Buy	0	0	0	0	0	0	0	0	0
Options	1	1	2	1	1	1	0	8	0
to Sell	1	1	0	0	1	0	0	4	0

Institutional Decisions

	102018	202018	302018
to Buy	868	915	923
to Sell	1124	1071	1076
Hlds(000)	35760373	34623443	364548



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	10.69	11.70	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	3.23	3.55	"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	3.05	Earnings per sh ^B	3.60
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.36	.10	.09	.11	.13	.21	.22	.17	.18	.22	.21	.22	.25	.24	.23	.19	.18	.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	9.36	8.20	Book Value per sh	10.95
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	4614.0	4425.0	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	15.1		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	.67	.78		Relative P/E Ratio	.90
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CAPITAL STRUCTURE as of 10/27/18

Total Debt \$25.5 bill. Due in 5 years \$17.2 bill.
 LT Debt \$18.3 bill. LT Interest \$880 mill.
 (30% of Cap'l)

Leases, Uncapitalized Annual rentals \$392 mill.

No Defined Benefit Pension Plan
 Pfd Stock None

Common Stock 4,495,961,730 shs.
 as of 11/15/18

MARKET CAP: \$213 billion (Large Cap)

39540	36117	40040	43218	46061	48607	47142	49161	49247	48005	49330	51650	Revenues (\$mill) ^A	57800
28.3%	25.2%	28.0%	32.0%	33.3%	31.0%	31.4%	31.6%	33.4%	32.1%	34.0%	34.5%	Operating Margin	35.0%
1744.0	1768.0	2030.0	2486.0	2602.0	2351.0	2432.0	2442.0	2150.0	2286.0	2192.0	1950	Depreciation (\$mill)	2850
8052.0	6134.0	7767.0	9033.0	10017	10866	10863	11354	12022	12067	12703	13720	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%	19.0%	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%	25.8%	26.6%	Net Profit Margin	26.2%
21841	30522	32188	39725	44202	43329	47305	52660	53808	56120	34802	25000	Working Cap'l (\$mill)	49550
6393.0	10295	12188	16234	16297	12928	20401	21457	24483	25725	20331	19000	Long-Term Debt (\$mill)	17500
34353	38647	44267	47226	51286	59120	56654	59698	63586	66137	43204	36285	Shr. Equity (\$mill)	57600
20.2%	12.9%	14.3%	14.7%	15.3%	15.5%	14.5%	14.3%	14.0%	13.6%	20.7%	25.0%	Return on Total Cap'l	20.0%
23.4%	15.9%	17.5%	19.1%	19.5%	18.4%	19.2%	19.0%	18.9%	18.2%	29.4%	38.0%	Return on Shr. Equity	26.5%
23.4%	15.9%	17.5%	17.7%	16.6%	12.8%	12.5%	12.2%	11.4%	9.9%	15.6%	20.0%	Retained to Com Eq	15.5%
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CURRENT POSITION 2017 2018 10/27/18 (\$MILL.)

Cash Assets ^D	70492	46548	42593
Receivables	5146	5554	4536
Inventory (FIFO)	1616	1846	1572
Other	6449	7889	6985
Current Assets	83703	61837	55686
Accts Payable	1385	1904	1805
Debt Due	7992	5238	7241
Other	18206	19893	17368
Current Liab.	27583	27035	26414

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 41.1% of 2018 revenues. R&D, 12.8% of revenues. Has about 74,200 employees. Officers/Directors hold less than 1.0% of stock; BlackRock, 7.3%, Vanguard, 7.8% (9/18 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.

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '16-'18 to '21-'23

of change (per sh)	10 Yrs.	5 Yrs.	to '16-'18	to '21-'23
Revenues	6.0%	3.5%	6.5%	6.5%
"Cash Flow"	8.0%	5.0%	7.5%	7.5%
Earnings	8.0%	6.0%	8.0%	8.0%
Dividends	--	26.5%	11.5%	11.5%
Book Value	9.0%	4.0%	NMF	NMF

Cisco Systems has been one of the best performing Dow stocks in 2018. The networking equipment bellwether's share price has appreciated over 25% year-to-date, well above the 3% return from the Dow Jones Industrial Average. **Solid results have been driving the outperformance.** Investors were pleased with Cisco's fiscal first quarter performance. Revenue of \$13.1 billion increased 8% year over year, well above our 4% estimate. Total product sales (75% of total sales) grew 9%, and Service revenue rose 3%. Earnings per share of \$0.75 were \$0.03 more than our forecast, and 23% higher year over year.

QUARTERLY REVENUES (\$ mill.) ^A

Fiscal Year Ends	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	12463	12844	49330
2019	13072	12400	12850	13328	51650

The infrastructure business is in good shape. Its *Catalyst 9000* switches have become the fastest-selling product line in company history. Cisco recently launched the *9200*, which extends intent-based networking (software that identifies services to run and how the network should configure accordingly) to entry-level customers, and the *9800*, a wireless controller that can be used for enhanced security automation and analytics. Importantly, the routing category finally returned to

EARNINGS PER SHARE ^{AB}

Fiscal Year Ends	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	.66	.70	2.60
2019	.75	.72	.76	.82	3.05

growth, thanks largely to a 2% advance in revenue from service providers. The software and security businesses remain crucial to Cisco's growth story. The Applications segment increased revenue 18% during the October period, owing to Unified Communications and TelePresence. The newly-acquired AppDynamics has also been contributing. That business uses application monitoring and analytics to improve customers' business outcomes and agility. Meanwhile, the rising need for secure virtualized infrastructure is helping the Security unit post double-digit revenue growth. We like the recent \$2.35 billion cash purchase of Duo Security. That business provides cloud-based identity solutions for easier security access and multi-factor identification. **Recent price appreciation leaves these shares with limited long-term potential.** Cisco's one-stop-shopping experience and sophisticated security solutions should ensure demand remains strong. The stock is favorably ranked for Timeliness, and those with a conservative strategy may find the stock suitable.

QUARTERLY DIVIDENDS PAID ^E

Calendar	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	.33	.33	

Kevin Downing December 14, 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-February. 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 85
Price Growth Persistence 45
Earnings Predictability 100