CISCO SYSTEMS NDQ-CSCO

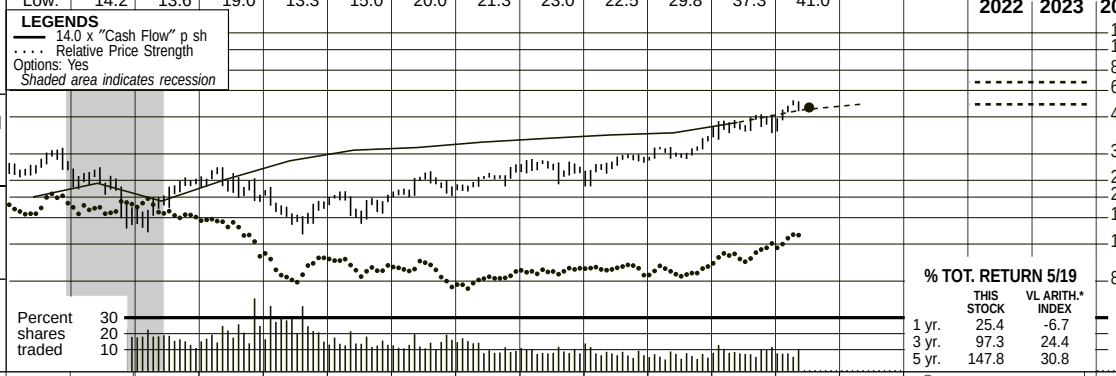
RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
53.23	16.4	(Trailing: 18.0 Median: 12.0)	0.99	2.6%	VALUE LINE

TIMELINESS 1 Raised 11/9/18
SAFETY 1 Raised 12/16/16
TECHNICAL 2 Raised 5/24/19
BETA 1.10 (1.00 = Market)

High:	27.7	24.8	27.7	22.3	21.3	26.5	28.6	30.3	32.0	39.0	49.5	57.5
Low:	14.2	13.6	19.0	13.3	15.0	20.0	21.3	23.0	22.5	29.8	37.3	41.0

Target Price Range
2022 | 2023 | 2024

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



2022-24 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	70	(+30%)	*10%*
Low	55	(+5%)	*4%*

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	0	0	0	0	0
Options	0	8	0	0	8	0	0	0	0
to Sell	0	4	0	3	2	0	1	2	0

Institutional Decisions

	3Q2018	4Q2018	1Q2019
to Buy	923	1069	1031
to Sell	1076	1088	1193
Hld's(000)	3364548	3294695	3193527

% TOT. RETURN 5/19

	THIS STOCK	VL ARITH.* INDEX
1 yr.	25.4	-6.7
3 yr.	97.3	24.4
5 yr.	147.8	30.8

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	© VALUE LINE PUB. LLC	22-24
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	*12.15*	*12.90*	Revenues per sh A	*14.95*
.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	*3.70*	*3.95*	"Cash Flow" per sh	*4.60*
.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	*3.07*	*3.40*	Earnings per sh B	*3.90*
--	--	--	--	--	--	--	--	.12	.28	.62	.72	.80	.94	1.10	1.24	*1.36*	*1.50*	Div'ds Decl'd per sh E	*2.00*
.10	.09	.11	.13	.21	.22	.17	.18	.22	.21	.22	.25	.24	.23	.19	.18	*.25*	*.30*	Cap'l Spending per sh	*.35*
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	*8.15*	*8.50*	Book Value per sh	*12.50*
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	*4270.0*	*4150.0*	Common Shs Outst'g C	*4000.0*
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	*Bold figures are*		Avg Ann'l P/E Ratio	*16.0*
1.39	1.56	1.15	1.15	1.17	1.24	1.18	1.14	.75	.62	.58	.59	.62	.60	.67	.81	*Value Line*		Relative P/E Ratio	*.90*
--	--	--	--	--	--	--	--	.6%	1.6%	3.0%	3.1%	2.9%	3.5%	3.5%	3.2%	*estimates*		Avg Ann'l Div'd Yield	*3.2%*

CAPITAL STRUCTURE as of 4/27/19

Total Debt $23.7 bill. **Due in 5 years** $17.2 bill.
LT Debt $15.9 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 4,280,733,008 shs.
as of 5/16/19

MARKET CAP: $228 billion (Large Cap)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		22-24
36117	40040	43218	46061	48607	47142	49161	49247	48005	49330	*51850*	*53450*	Revenues ($mill) A	*59800*
25.2%	28.0%	32.0%	33.3%	31.0%	31.4%	31.6%	33.4%	32.1%	34.0%	*35.5%*	*35.5%*	Operating Margin	*35.5%*
1768.0	2030.0	2486.0	2602.0	2351.0	2432.0	2442.0	2150.0	2286.0	2192.0	*1950*	*2000*	Depreciation ($mill)	*2850*
6134.0	7767.0	9033.0	10017	10866	10863	11354	12022	12067	12703	*13750*	*14400*	Net Profit ($mill)	*15600*
20.3%	17.5%	21.3%	21.9%	20.8%	20.8%	21.7%	21.8%	22.1%	21.0%	*19.0%*	*19.0%*	Income Tax Rate	*19.0%*
17.0%	19.4%	20.9%	21.7%	22.4%	23.0%	23.1%	24.4%	25.1%	25.8%	*26.5%*	*26.9%*	Net Profit Margin	*26.1%*
30522	32188	39725	44202	43329	47305	52660	53808	56120	34802	*25000*	*27000*	Working Cap'l ($mill)	*49550*
10295	12188	16234	16297	12928	20401	21457	24483	25725	20331	*16000*	*16000*	Long-Term Debt ($mill)	*15500*
38647	44267	47226	51286	59120	56654	59698	63586	66137	43204	*34750*	*35280*	Shr. Equity ($mill)	*49980*
12.9%	14.3%	14.7%	15.3%	15.5%	14.5%	14.3%	14.0%	13.6%	20.7%	*27.0%*	*28.0%*	Return on Total Cap'l	*24.0%*
15.9%	17.5%	19.1%	19.5%	18.4%	19.2%	19.0%	18.9%	18.2%	29.4%	*39.5%*	*41.0%*	Return on Shr. Equity	*31.0%*
15.9%	17.5%	17.7%	16.6%	12.8%	12.5%	12.2%	11.4%	9.9%	15.6%	*21.0%*	*22.0%*	Retained to Com Eq	*15.0%*
--	--	7%	15%	30%	35%	36%	40%	46%	47%	*44%*	*44%*	All Div'ds to Net Prof	*51%*

CURRENT POSITION ($MILL.)	2017	2018	4/27/19
Cash Assets D	70492	46548	34643
Receivables	5146	5554	3795
Inventory (FIFO)	1616	1846	1513
Other	6449	7889	7360
Current Assets	83703	61837	47311
Accts Payable	1385	1904	2022
Debt Due	7992	5238	7777
Other	18206	19893	18114
Current Liab.	27583	27035	27913

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '16-'18 to '22-'24
Revenues	6.0%	3.5%	*6.5%*
"Cash Flow"	8.0%	5.0%	*7.5%*
Earnings	8.0%	6.0%	*8.0%*
Dividends	--	26.5%	*11.5%*
Book Value	9.0%	4.0%	*NMF*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Oct.Per	Jan.Per	Apr.Per	Jul.Per	Full Fiscal Year
2016	12682	11927	12000	12638	49247
2017	12352	11580	11940	12133	48005
2018	12136	11887	12463	12844	49330
2019	13072	12446	12958	*13374*	*51850*
2020	*13525*	*12880*	*13300*	*13745*	*53450*

Fiscal Year Ends	EARNINGS PER SHARE AB Oct.Per	Jan.Per	Apr.Per	Jul.Per	Full Fiscal Year
2016	.59	.57	.57	.63	2.36
2017	.61	.57	.60	.61	2.39
2018	.61	.63	.66	.70	2.60
2019	.75	.73	.78	*.81*	*3.07*
2020	*.84*	*.81*	*.85*	*.90*	*3.40*

Cal-endar	QUARTERLY DIVIDENDS PAID E Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2015	.40	--	.21	.21	.82
2016	.21	.26	.26	.26	.99
2017	.26	.29	.29	.29	1.13
2018	.29	.33	.33	.33	1.28
2019	.33	.35			

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.

Cisco Systems is firing on all cylinders. Total revenue increased 6% year over year in the April quarter. Adjusted earnings per share of $0.78 rose 18%. Total product revenue increased 7%, while product orders grew 4%. The Infrastructure Platforms division increased sales 5%, with all businesses contributing. The switching subdivision did well thanks to strength from the *Catalyst 9000* line of switches. Routing sales were also positive, driven largely by gear for software-defined wide-area networks. The applications unit increased its top line 9%, owing to Unified Communications software, Telepresence, and AppDynamics. Elsewhere, the Security business was up 21% and Services revenue rose 3%. Software subscriptions were 65% of total software revenue, up nine percentage points year over year.

Growth from different customer groups varied. Sales to enterprises increased 9%, small and midsized businesses grew 5%, public sector was up 10%, and service provider decreased a dismal 13%. Management reported that service provider weakness was largely isolated to North America. It maintains that results will be lumpy until significant 5G network buildouts commence. Too, the results were not as bad as the overall service provider capital spending environment, which Cisco claims was down almost 20%.

The company is relatively well insulated from the intensifying trade war with China. At present, China only makes up around 5% of total revenue, and Cisco said it will make pricing adjustments on goods and services sold there when necessary. In regards to the supply chain, it has already proactively optimized this by moving to other countries. In fact, Cisco has already done everything it needs to operationally in terms of offsetting the impact of 25% tariffs, and it expects minimal impact. Because of this, we think Cisco shares will likely be viewed as a safe haven in the coming quarters. Furthermore, the fact that the U.S. recently banned the export of components to Huawei will likely help Cisco's global competitive positioning in the 5G space and networking equipment in general.

These timely shares are a solid choice for conservative investors.

Kevin Downing *June 14, 2019*

(A) Fiscal year ends on last Saturday in July (four 13-week quarters). (B) Diluted earnings. Excludes nonrecurring items: '03, (9¢); '04, (14¢). May not sum due to rounding. Next egs. report due mid-August. 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

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