

RECENT PRICE	46.50	P/E RATIO	14.2 (Trailing: 15.0 Median: 12.0)	RELATIVE P/E RATIO	0.88	DIV'D YLD	3.0%	VALUE LINE
--------------	-------	-----------	------------------------------------	--------------------	------	-----------	------	------------

2022-24 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	70	(+50%)	13%
Low	55	(+20%)	7%

Insider Decisions

	N	D	J	F	M	A	M	J	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	1	1	0
to Sell	3	2	0	1	2	0	2	1	0

Institutional Decisions

	4Q2018	1Q2019	2Q2019
to Buy	1069	1031	956
to Sell	1088	1193	1237

Hld's(000)329469531935273172877

	% TOT. RETURN 8/19
THIS STOCK	VL ARITH. INDEX
1 yr.	0.7
3 yr.	63.5
5 yr.	119.3

CAPITAL STRUCTURE as of 7/27/19	36117	40040	43218	46061	48607	47142	49161	49247	48005	49330	51904	53450	Revenues (\$mill) ^	59800
	25.2%	28.0%	32.0%	33.3%	31.0%	31.4%	31.6%	33.4%	32.1%	34.0%	35.9%	35.5%	Operating Margin	35.5%
Total Debt \$24.7 bill. Due in 5 years \$17.2 bill.	1768.0	2030.0	2486.0	2602.0	2351.0	2432.0	2442.0	2150.0	2286.0	2192.0	1897	2000	Depreciation (\$mill)	2850
LT Debt \$14.5 bill. LT Interest \$880 mill. (30% of Cap'l)	6134.0	7767.0	9033.0	10017	10866	10863	11354	12022	12067	12703	13787	14400	Net Profit (\$mill)	15600
Leases, Uncapitalized Annual rentals \$392 mill.	20.3%	17.5%	21.3%	21.9%	20.8%	20.8%	21.7%	21.8%	22.1%	21.0%	20.0%	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%	26.6%	26.9%	Net Profit Margin	26.1%
No Defined Benefit Pension Plan	30522	32188	39725	44202	43329	47305	52660	53808	56120	34802	16043	27000	Working Cap'l (\$mill)	49550
Pfd Stock None	10295	12188	16234	16297	12928	20401	21457	24483	25725	20331	14475	16000	Long-Term Debt (\$mill)	15500
Common Stock 4,269,000,000 shs.	38647	44267	47226	51286	59120	56654	59698	63586	66137	43204	33571	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%	28.7%	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%	41.1%	41.0%	Return on Shr. Equity	31.0%
MARKET CAP: \$199 billion (Large Cap)	15.9%	17.5%	17.7%	16.6%	12.8%	12.5%	12.2%	11.4%	9.9%	15.6%	22.2%	22.0%	Retained to Com Eq	15.0%
CURRENT POSITION 2017 2018 7/27/19	--	--	7%	15%	30%	35%	36%	40%	46%	47%	44%	44%	All Div'ds to Net Prof	51%

<p>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 as-</p>	<p>sociated 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.</p>
<p>Cisco Systems' stock has taken a turn</p>	<p>to be a ways off. Management reported</p>

for the worse. The shares are down 10% in price since our June report, owing largely to disappointing guidance. The company expects October-quarter earnings to come in between \$0.80 and \$0.82, below our prior estimate of \$0.84, and reflecting year-over-year growth of 7%–9%. The revenue

The company is starting to feel the pinch from the China-U.S. trade war. Gross profit and revenue were flat in the

Companywide order growth was flat in the July quarter. The company experienced continued weakness from Chinese service providers and enterprises. In fact, the Cisco isn't even allowed to bid on projects anymore. China also contributed to enterprise sales falling 2% in the July period.

That country accounts for less than 3% of total revenue, which demonstrates just how dramatic the decline was there. According to the company, the trade war is having a significant impact on demand from China.

Meaningful 5G revenues still appear

China trade tensions and weak service provider spending, it remains well positioned to take advantage of many long-term growth drivers in the technology space such as security, the cloud, IoT, and, more programmable virtual networks.

Kevin Downing *September 13, 2019*

<p>(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-November. 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.</p>	<p>Company's Financial Strength A++ Stock's Price Stability 85 Price/Growth Persistence 65 Earnings Predictability 100</p>
<p>To subscribe call 1-800-VALUELINE</p>	