ModernGraham Valuation

Company Name:

Cisco Systems, Inc.

Modern Graham

Company Ticker
Date of Analysis

11/4/2015

Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

CSCO

Adequate Size of the Enterprise	Market Cap > \$2Bil	\$144,576,261,714 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.23 Pass
3. Earnings Stability	Positive EPS for 10 years prior	Pass
4. Dividend Record	Dividend Payments for 10 years prior	Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at	
5. Earnings Growth	beginning and end	52.97% Pass
6. Moderate PEmg Ratio	PEmg < 20	15.50 Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.44 Pass

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	3.23 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.41 Pass
3. Earnings Stability	Positive EPS for 5 years prior	Pass
4. Dividend Record	Currently Pays Dividend	Pass
5. Earnings Growth	EPSmg greater than 5 years ago	Pass

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.83
MG Growth Estimate	6.11%
MG Value	\$37.94
MG Value based on 3% Growth	\$26.56
MG Value based on 0% Growth	\$15.57
Market Implied Growth Rate	3.50%

MG Opinion

Outstan	Hardamada ad	
% of Intrinsic Value		74.85%
Current Price		\$28.40

Opinion Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$4.39
Graham Number	\$23.89
PEmg	15.50
Current Ratio	3.23
PB Ratio	2.44
Dividend Yield	2.82%
Number of Consecutive Years of Dividend Growth	6

Morningstar

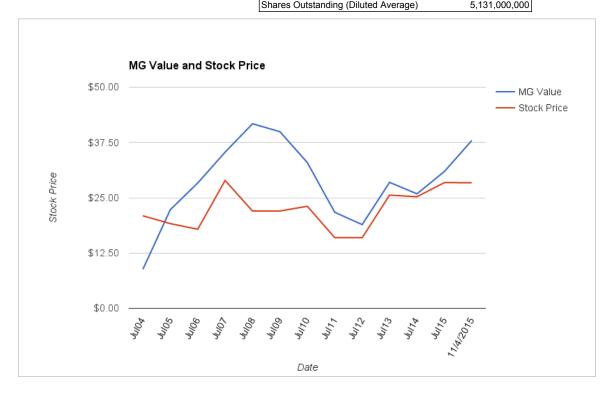
Useful Links: ModernGraham tagged articles

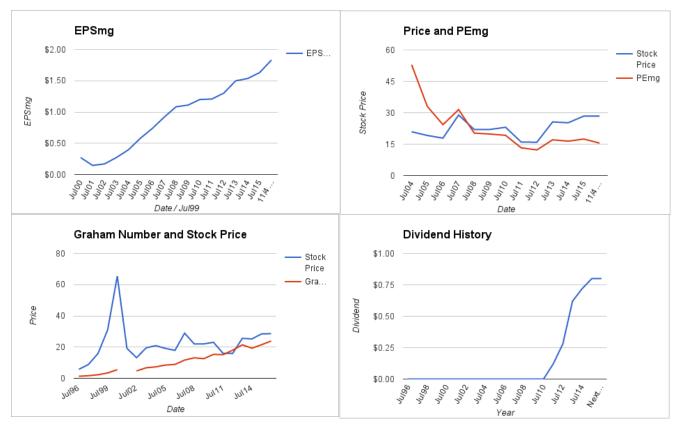
 Google Finance
 MSN Money

 Yahoo Finance
 Seeking Alpha

 GuruFocus
 SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.16	Next Fiscal Year Estimate	\$1.83
Jul15	\$1.75	Jul15	\$1.63
Jul14	\$1.49	Jul14	\$1.54
Jul13	\$1.86	Jul13	\$1.50
Jul12	\$1.49	Jul12	\$1.30
Jul11	\$1.17	Jul11	\$1.21
Jul10	\$1.33	Jul10	\$1.20
Jul09	\$1.05	Jul09	\$1.11
Jul08	\$1.31	Jul08	\$1.08
Jul07	\$1.17	Jul07	\$0.92
Jul06	\$0.89	Jul06	\$0.74
Jul05	\$0.87	Jul05	\$0.58
Jul04	\$0.62	Jul04	\$0.40
Jul03	\$0.50	Jul03	\$0.27
Jul02	\$0.25	Jul02	\$0.17
Jul01	-\$0.14	Jul01	\$0.15
Jul00	\$0.36	Jul00	\$0.27
Jul99	\$0.29	Balance Sheet Information	Jul15
Jul98	\$0.20	Total Current Assets	\$76,283,000,000
Jul97	\$0.17	Total Current Liabilities	\$23,623,000,000
Jul96	\$0.16	Long-Term Debt	\$21,457,000,000
		Total Assets	\$113,481,000,000
		Intangible Assets	\$26,845,000,000
		Total Liabilities	\$53,783,000,000
		Shares Outstanding (Diluted Average)	5.131.000.000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company The Best Companies of the Software Industry – August 2015
The 8 Best Stocks For Value Investors This Week – 8/8/15
Cisco Systems Inc. Analysis – August 2015 Update \$CSCO
47 Companies in the Spotlight This Week – 5/16/15
Cisco Systems Inc. Quarterly Valuation – May 2015 \$CSCO

Other ModernGraham posts about related companies Alphabet Inc. Valuation – October 2015 Update \$GOOG \$GOOGL

Intuit Inc. Analysis – October 2015 Update \$INTU

Oracle Corporation Analysis - October 2015 Update \$ORCL

CA Inc. Analysis – August 2015 Update \$CA

The Best Companies of the Software Industry – August 2015

Ansys Inc. Analysis – Initial Coverage \$ANSS

Yahoo! Inc. Analysis - August 2015 Update \$YHOO

Autodesk Inc. Analysis – August 2015 Update \$ADSK

Microsoft Corporation Analysis – August 2015 Update \$MSFT

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