

ModernGraham Valuation

Company Name:

Cisco Systems, Inc.

Company Ticker CSCO

Date of Analysis

8/14/2016



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.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$154,865,867,347	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.27	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 beginning and end	52.41%	Pass
5. Earnings Growth	PEmg < 20	16.91	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.51	Pass
7. Moderate Price to Assets			

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	3.27	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.45	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	6.03%
MG Value	\$37.53
MG Value based on 3% Growth	\$26.47
MG Value based on 0% Growth	\$15.52
Market Implied Growth Rate	4.21%

MG Opinion

Current Price	\$30.87
% of Intrinsic Value	82.26%
Opinion	Fairly Valued
MG Grade	B

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$4.40
Graham Number	\$24.42
PEmg	16.91
Current Ratio	3.27
PB Ratio	2.51
Current Dividend	\$0.89
Dividend Yield	2.88%
Number of Consecutive Years of Dividend Growth	6

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.14	Next Fiscal Year Estimate	\$1.83
Jul2015	\$1.75	Jul2015	\$1.63
Jul2014	\$1.49	Jul2014	\$1.54
Jul2013	\$1.86	Jul2013	\$1.50
Jul2012	\$1.49	Jul2012	\$1.30
Jul2011	\$1.17	Jul2011	\$1.21
Jul2010	\$1.33	Jul2010	\$1.20
Jul2009	\$1.05	Jul2009	\$1.11
Jul2008	\$1.31	Jul2008	\$1.08
Jul2007	\$1.17	Jul2007	\$0.92
Jul2006	\$0.89	Jul2006	\$0.74
Jul2005	\$0.87	Jul2005	\$0.58
Jul2004	\$0.62	Jul2004	\$0.40
Jul2003	\$0.50	Jul2003	\$0.27
Jul2002	\$0.25	Jul2002	\$0.17
Jul2001	-\$0.14	Jul2001	\$0.15
Jul2000	\$0.36	Jul2000	\$0.27
Jul1999	\$0.29	Balance Sheet Information 4/1/2016	
Jul1998	\$0.20	Total Current Assets	\$78,571,000,000
Jul1997	\$0.17	Total Current Liabilities	\$24,003,000,000
Jul1996	\$0.16	Long-Term Debt	\$24,431,000,000
		Total Assets	\$118,654,000,000
		Intangible Assets	\$29,506,000,000
		Total Liabilities	\$56,296,000,000
		Shares Outstanding (Diluted Average)	5,065,000,000





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.

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