

# ModernGraham Valuation

Company Name:

Cisco Systems, Inc.

Company Ticker CSCO

Date of Analysis

2/23/2018



## 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	\$217,519,338,608	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.43	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	84.23%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	20.91	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.17	Fail

*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	2.43	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.51	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
	Score		

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$2.10
MG Growth Estimate	5.56%
<b>MG Value</b>	<b>\$41.30</b>
MG Value based on 3% Growth	\$30.52
MG Value based on 0% Growth	\$17.89
Market Implied Growth Rate	6.20%

### MG Opinion

Current Price	\$44.00
% of Intrinsic Value	106.53%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>B-</b>

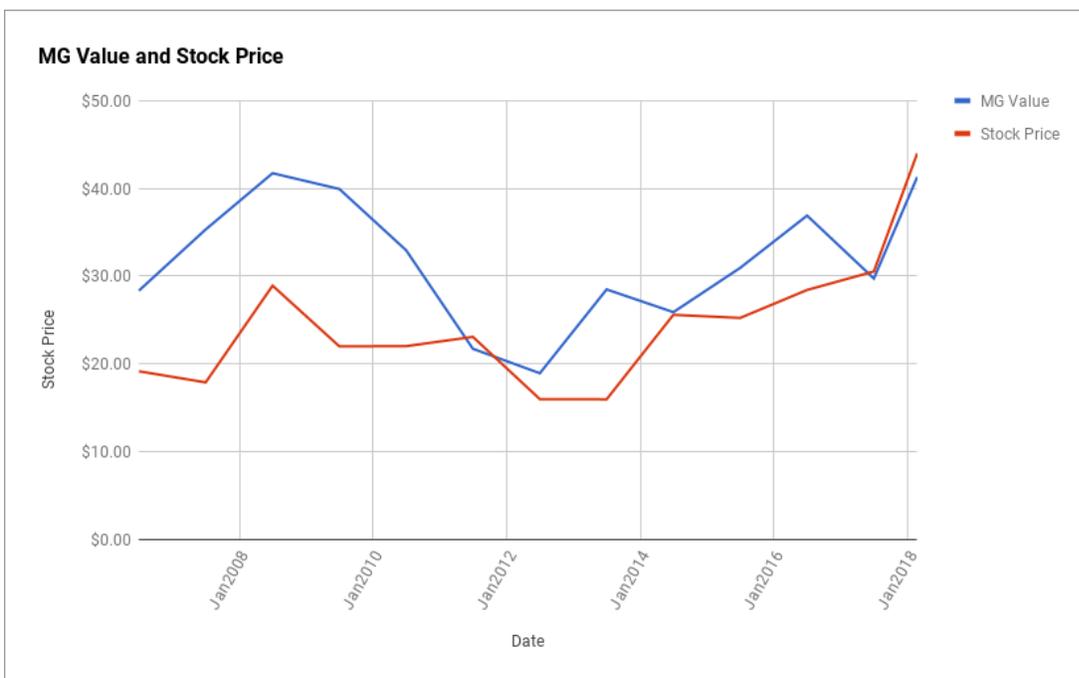
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$1.32
Graham Number	\$27.49
PEmg	20.91
Current Ratio	2.43
PB Ratio	4.17
Current Dividend	\$1.10
Dividend Yield	2.50%
Number of Consecutive Years of Dividend Growth	7

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.53	Next Fiscal Year Estimate	\$2.10
Jul2017	\$1.90	Jul2017	\$1.87
Jul2016	\$2.11	Jul2016	\$1.82
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	<b>Balance Sheet Information 1/1/2018</b>	
Jul2000	\$0.36	Total Current Assets	\$86,050,000,000
Jul1999	\$0.29	Total Current Liabilities	\$35,364,000,000
Jul1998	\$0.20	Long-Term Debt	\$25,625,000,000
		Total Assets	\$131,510,000,000
		Intangible Assets	\$32,865,000,000
		Total Liabilities	\$79,528,000,000
		Shares Outstanding (Diluted Average)	4,924,000,000





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

- [5 Undervalued Companies for the Defensive Investor Near 52 Week Lows – February 2016](#)
- [26 Best Stocks For Value Investors This Week – 2/6/16](#)
- [Cisco Systems Inc Valuation – February 2016 \\$CSCO](#)
- [10 Undervalued Companies for the Defensive Dividend Stock Investor – February 2016](#)
- [10 Undervalued Companies for the Defensive Dividend Stock Investor – December 2015](#)

Other ModernGraham posts about related companies

- [Symantec Corp Valuation – August 2017 \\$SYMC](#)
- [Intuit Inc Valuation – March 2017 \\$INTU](#)
- [CommVault Systems Inc Valuation – Initial Coverage \\$CVLT](#)
- [Leidos Holdings Inc Valuation – Initial Coverage \\$LDOS](#)
- [Constellation Software Inc Valuation – Initial Coverage \\$TSE:CSU](#)
- [Adobe Systems Inc Valuation – February 2017 \\$ADBE](#)
- [Synopsys Inc Valuation – Initial Coverage \\$SNPS](#)
- [Microsoft Corporation Valuation – February 2017 \\$MSFT](#)
- [Cisco Systems Inc Valuation – January 2017 \\$CSCO](#)
- [Autodesk Inc Valuation – December 2016 \\$ADSK](#)