

ModernGraham Valuation

Company Name:

Cisco Systems, Inc.

Company Ticker CSCO

Date of Analysis

4/6/2019



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	\$243,035,961,849	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.80	Fail
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	21.55%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	31.37	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	6.10	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	1.80	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.67	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

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.76
MG Growth Estimate	1.20%
MG Value	\$19.19
MG Value based on 3% Growth	\$25.52
MG Value based on 0% Growth	\$14.96
Market Implied Growth Rate	11.43%

MG Opinion

Current Price	\$55.21
% of Intrinsic Value	287.64%
Opinion	Overvalued
MG Grade	C+

Stage 3: Information for Further Research

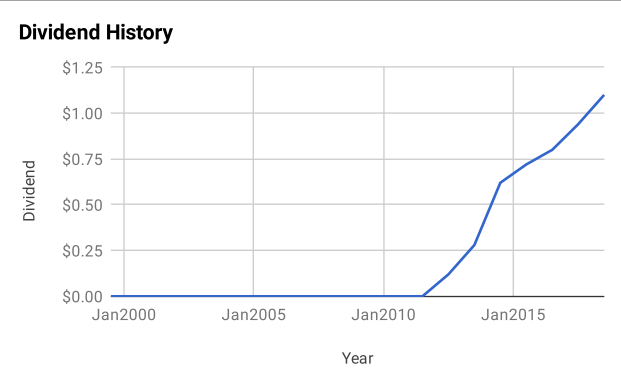
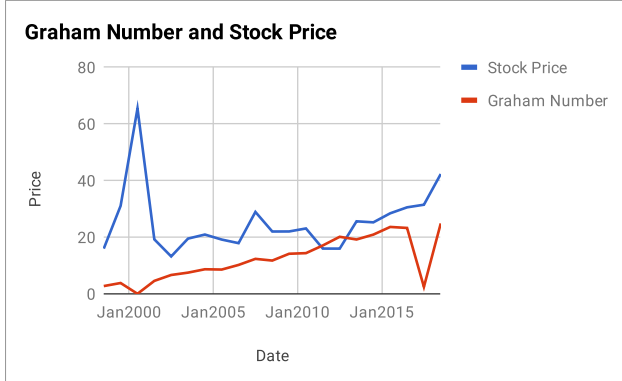
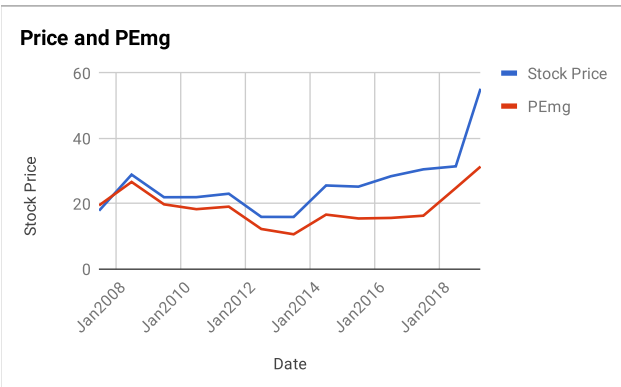
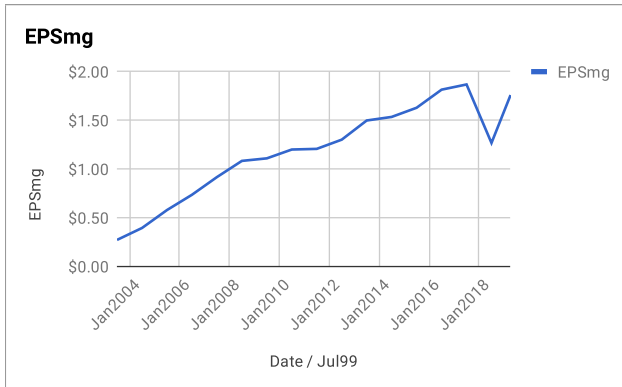
Net Current Asset Value (NCAV)	-\$1.90
Graham Number	\$24.85
PEmg	31.37
Current Ratio	1.80
PB Ratio	6.10
Current Dividend	\$1.24
Dividend Yield	2.25%
Number of Consecutive Years of Dividend Growth	8

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.93	Next Fiscal Year Estimate	\$1.76
Jul2018	\$0.02	Jul2018	\$1.27
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	Balance Sheet Information 1/1/2019	
Jul2001	-\$0.14	Total Current Assets	\$53,117,000,000
Jul2000	\$0.36	Total Current Liabilities	\$29,479,000,000
Jul1999	\$0.29	Long-Term Debt	\$15,893,000,000
		Total Assets	\$102,462,000,000
		Intangible Assets	\$35,563,000,000
		Total Liabilities	\$61,673,000,000
		Shares Outstanding (Diluted Average)	4,505,000,000





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

- [Cisco Systems Inc Valuation – November 2018 \\$CSCO](#)
- [Cisco Systems Inc Valuation – February 2018 \\$CSCO](#)
- [5 Undervalued Dow Components to Research – March 2017](#)
- [10 Undervalued Companies for the Defensive Dividend Stock Investor – February 2017](#)
- [5 Undervalued Dow Components to Research – February 2017](#)

Other ModernGraham posts about related companies

- [Salesforce.com Inc Valuation – March 2019 #CRM](#)
- [Akamai Technologies Inc Valuation – February 2019 \\$AKAM](#)
- [Accenture PLC Valuation – February 2019 \\$ACN](#)
- [Fortinet Inc Valuation – February 2019 \\$FTNT](#)
- [Synopsys Inc Valuation – February 2019 \\$SNPS](#)
- [Symantec Corp Valuation – February 2019 \\$SYMC](#)
- [Intuit Inc Valuation – February 2019 \\$INTU](#)
- [Adobe Inc Valuation – February 2019 \\$ADBE](#)
- [Autodesk Inc Valuation – February 2019 \\$ADSK](#)
- [F5 Networks Inc Valuation – February 2019 \\$FFIV](#)