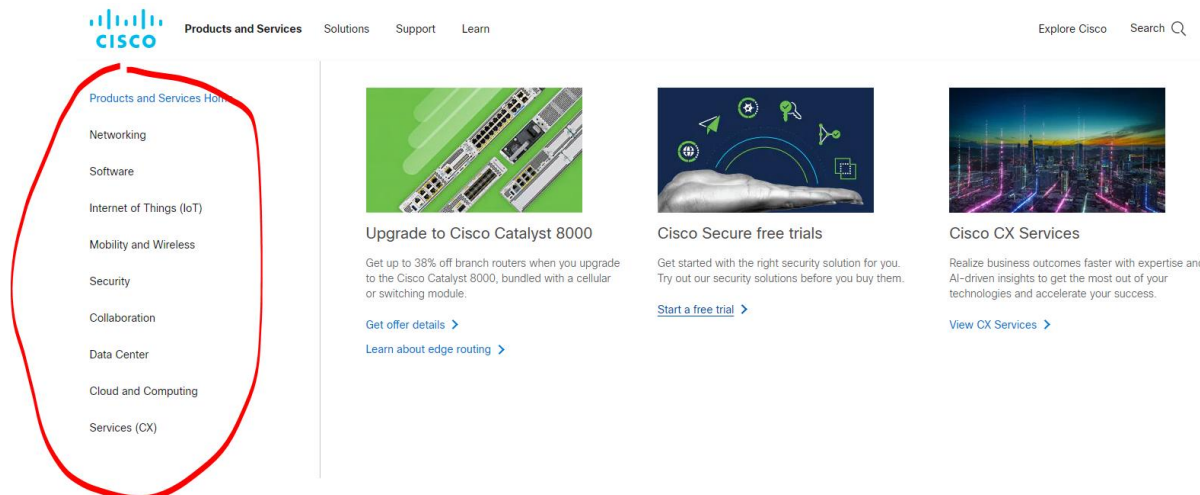


Cisco Stock 2 Page Investing Summary

Cisco is the company selling the infrastructure to all what is going on in the world.



As the Internet of Things environment expands, Cisco has achieved record backlog, they have turned from paying down debt to rewarding shareholders and really did a log of buybacks last quarter.

The free cash flows are around \$14 billion per year and the expected growth is around 5%. If that holds, then we are looking towards a 5% FCF yield (dividends and buybacks) and a 5% growth on top of that for a 10% return.

Cisco [LINK](#)
Market capitalization 232.63
[STOCK VALUE LIST 'IA1](#)

Scenario	FCF for divs and buyba	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Terminal Value	Growth rate	
Scenario 1 normal case in EUR	14.00	14.70	15.44	16.21	17.02	17.87	18.76	19.70	20.68	21.72	22.80	325.78	5%	next 5 years
	10%)	13.36	12.76	12.18	11.62	11.09	10.59	10.11	9.65	9.21	8.79	125.60	5%	5 to 10 years
	INTRINSIC VALUE	234.97											10%	Discount rate
		234.97											15.0	Terminal multiple
Scenario 2 best case in EUR	14.00	14.70	15.44	16.21	17.02	17.87	18.76	19.70	20.68	21.72	22.80	434.37	5%	next 5 years
	10%)	13.36	12.76	12.18	11.62	11.09	10.59	10.11	9.65	9.21	8.79	167.47	5%	5 to 10 years
	Present value sum	276.83											10%	Discount rate
			276.83											20.0
Scenario 3 worst case in EUR	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	140.00	0%	next 5 years
	10%)	12.73	11.57	10.52	9.56	8.69	7.90	7.18	6.53	5.94	5.40	53.98	0%	5 to 10 years
	Present value sum	140.00											10%	Discount rate
			140.00											10.0

Scenario	Probability	PV	Part
Scenario 1 (normal case)	0.6	234.97	140.98
Scenario 2 (best case)	0.2	276.83	55.37
Scenario 3 (worst case)	0.2	140.00	28.00
Sum			224.35



Disclaimer: This is just for educational purposes and not for investing advice!
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Valuation assuming total FCF paid out in dividends and buybacks and various growth rates on a 10% discount rate.

But, the current valuation is 20, which puts it a bit on the riskier side from an absolute perspective but still relatively cheaper than the market from a relative perspective.

I would assume the returns ahead will be between 5% and 15% depending on what the market thinks where buybacks could really push the stock higher. So, expected return of around 10% from a business perspective where the key risks come from:

- Valuation – a PE ratio of 20 is always risk
- Economy and demand for products – bad economy will mean delays in orders and lower revenue

I would say Cisco is a medium risk company and medium reward.