

Cisco Q2 2021 Earnings

Stagnating revenue, margins up.

Q2 FY 2021 Revenue and Total Gross Margin

\$M (except percentages)	Revenue			Total Gross Margin %		
	Q2 FY'20	Q1 FY'21	Q2 FY'21	Q2 FY'20	Q1 FY'21	Q2 FY'21
Americas	\$7,013	\$7,198	\$6,969	66.9%	67.3%	67.5%
EMEA	3,134	2,964	3,207	65.8%	63.9%	66.9%
APJC	1,859	1,767	1,784	65.6%	63.0%	64.8%
Geographic Total	\$12,005	\$11,929	\$11,960	66.4%	65.8%	66.9%

Certain reclassifications have been made to the amounts for prior periods in order to conform to the current period's presentation. Historical revenue and gross margin by segment is available on our website at <https://investor.cisco.com> under "Financial Information" in the "Investor Relations" section.
 Amounts may not sum and percentages may not recalculate due to rounding.

Dividends and buybacks

Capital Allocation

Q2 FY 2021 Results

Total Capital Allocation	
Share Repurchases (\$M)	\$801
Dividends Paid (\$M)	1,521
Total	\$2,322
Quarterly Dividends Per Share	\$0.36

Share Repurchases	
Amount Purchased (\$M)	\$801
Number of Shares (M)	19
Avg. Price Per Share	\$42.82

Approximately \$9.2B remaining authorized funds in repurchase program as of the end of Q2 FY 2021.

Going Forward

- Increased quarterly dividend \$0.01, up 3% y/y.

I have modelled 5% dividend growth, 3% organic and 2% from buybacks, thus the market cap ends up being a bit higher than intrinsic value for a 4% terminal dividend. Given the industry, I feel volatility ahead, so that is the key to watch. For the rest, business as usual.

Cisco

LINK

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Scenario 1	Dividend in billions	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Terminal	Growth rate	
												Value		
normal case	6.00	6.36	6.74	7.15	7.57	8.03	8.51	9.02	9.56	10.14	10.75	253.42	6%	next 5 years
in EUR	10%)	5.78	5.57	5.37	5.17	4.99	4.80	4.63	4.46	4.30	4.14	97.71	10%	Discount rate
	INTRINSIC VALUE	146.92											25.0	Terminal multiple