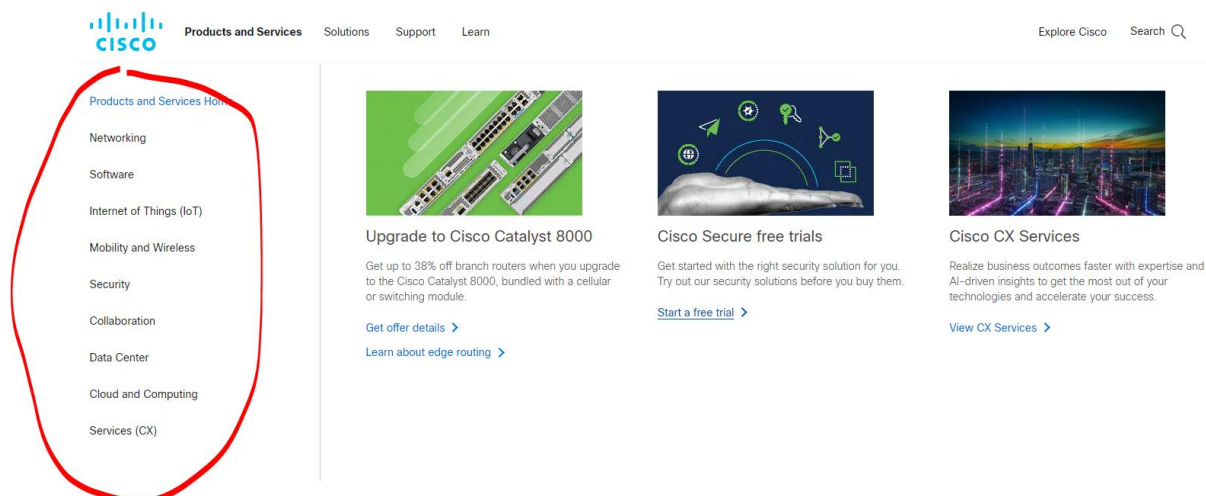


Cisco Stock 2 Page Investing Summary

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. (the market cap is lower now in May 2022, thus the FCF yield is already at 7.5%, plus growth).

Cisco

LINK

232.63

STOCK VALUE LIST!A1

Scenario 1

normal case

in EUR

FCF for divs and buyba	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2030	Terminal Value	Growth rate	
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	10%	Discount rate	
INTRINSIC VALUE	234.97											15.0	Terminal multiple	

Scenario 2

best case

in EUR

FCF for divs and buyba	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2030	Terminal Value	Growth rate	
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	10%	Discount rate	
Present value sum	276.83											20.0	Terminal multiple	

Scenario 3

worst case

in EUR

FCF for divs and buyba	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2030	Terminal Value	Growth rate	
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	10%	Discount rate	
Present value sum	140.00											10.0	Terminal multiple	

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

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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. (May 2022, valuation is also lower)

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.

May 2022 Update – as the stock price goes lower, this is a better buy.!!!