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Brief Company Profile

Cisco Systems, Inc., incorporated in December 1984, designs, manufactures, and sells Internet protocol (IP)-based networking and other products related to the communications and information technology (IT) industry and provide services associated with these products and their use. The Company provides a line of products for transporting data, voice, and video within buildings, across campuses, and around the world. Its products are designed to transform how people connect, communicate, and collaborate. Its products are installed at enterprise businesses, public institutions, telecommunications companies, commercial businesses, and personal residences. The Company has five segments: United States and Canada, European Markets, Emerging Markets, Asia Pacific, and Japan. The Emerging Markets consists of Eastern Europe, Latin America, the Middle East and Africa, and Russia and the Commonwealth of Independent States.

The Company's product offerings fall into three categories: its core technologies, routing and switching; advanced technologies, and other products. In addition to its product offerings, the Company provides a range of service offerings, technical support services and advanced services. The advanced services program supports networking devices, applications, solutions, and complete infrastructures.

Company Valuation Metrics & Key Facts

Valuation		Financial Strength		Trading Info	
Market Cap	100 Billion	Current Ratio	1.59	52 Week High	27.74
Trailing P/E	13.80	LT Debt to Equity	-	52 Week Low	16.97
Price/Sales	2.36	Total Debt/Equity	0.30	Shares Out/St.	5.53 Billion
Price/Book	2.19			Average Volume	71.8 Million
Price/ Cash Flow	9.3			Beta	1.18
Dividend Yield	1.39				

Financial Details

	Actual	Mean Estimate	Mean Estimate
	2010	2011	2012
Sales (Revenue)	40.04 Billion	43.77 Billion	48.46 Billion
Earnings /Share	\$1.61	\$ 1.58	\$1.70

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Charts (3 year incl. 52 week & 104 week EMA)



Basis of Recommendation

Cisco Systems continues to enjoy a status of a high calibre company with a market value of approximately \$ 100 Billion and consider to provide the best quality products in its industry.

Nonetheless the company have been facing some challenges recently in the form of lack of focus and difficulties in integrating acquired businesses. The company has to focus on accountability and stream line its various business activities to revalue upwards the gross profit margins of the corporation.

Mr. John Chambers has recently announced a plan to address the issues the company is currently facing in order to restore the corporation strength in its vast product and geographical spectrum.

The valuation metrics of the company outline the company's strength through its balance sheet, strong cash flows , low debt levels and industry position.

A restructuring or clean up of the company will be difficult to execute because of Cisco's size however this is a necessary exercise in order to shed non competitive businesses, nurture growth businesses and address the decision making processes within the group.

The risks to the outlook include competitive pressures in its servers business, a prolonged IT spending recovery, geopolitical risks.

Our conclusion remains that rewards from an eventual successful restructuring process will reward equity holder considering the underlying risks.

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