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ANANDRATHI
INTERNATIONAL VENTURES(IFSC)
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Update On Cisco Systems

Cisco reported strong revenue and profit numbers along with optimistic forecast of sales annually

Shares of the networking company Cisco is down almost 24% in 2022 while on the other hand Nasdaq has fallen by 17%. The company grew after result of fiscal fourth-quarter in which Cisco earned 83 cents per share vs. estimates of 82 cents per share as per analysts surveyed by Refinitiv. Revenue also topped expectations, and was seen at \$13.1 billion compared with the average estimate of \$12.73 billion.

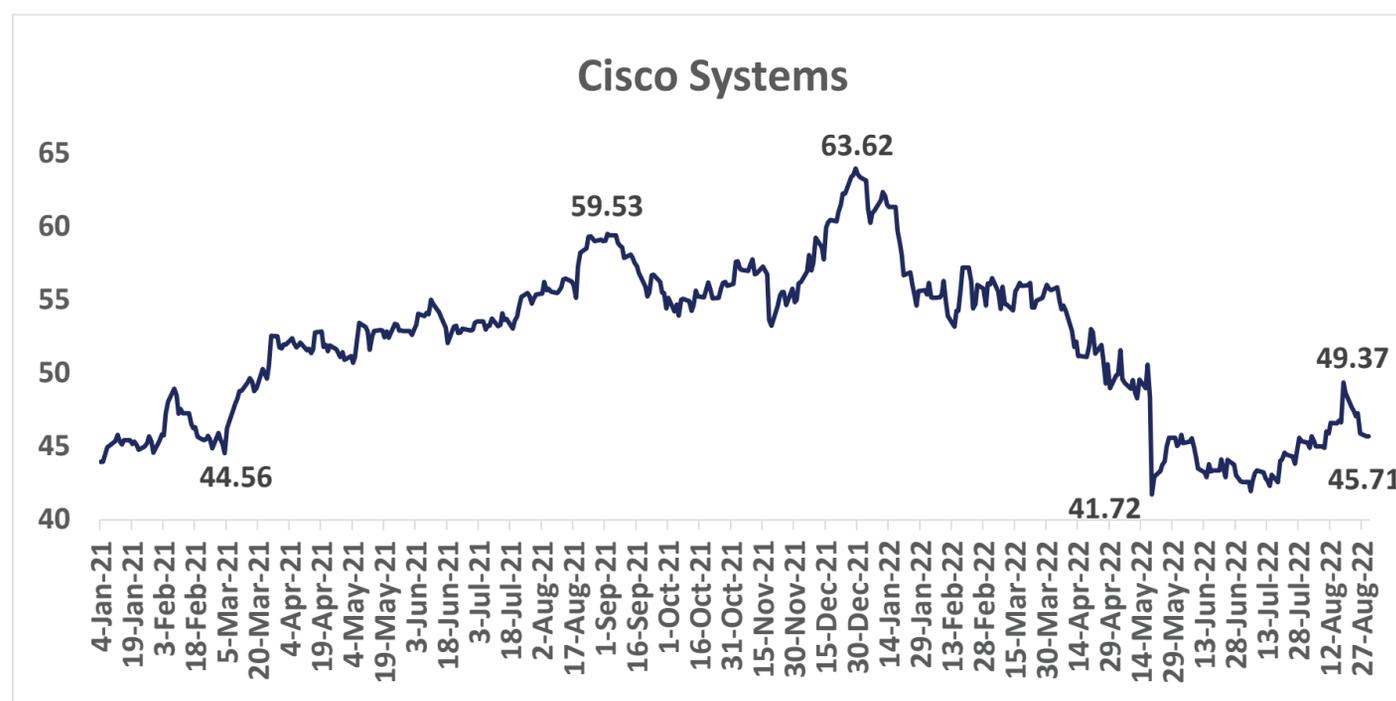
While Cisco's reported numbers better than estimates, the company is still struggling to grow as the technology world rapidly shifts to cloud and subscription software and away from buying physical boxes. Revenue for the quarter ending 30th July 2022 declined slightly as per the company's statement. Net income also decreased by 6% to \$2.82 billion as the company's adjusted gross margin narrowed to 63.3% against analyst prediction of 64.7% and from 65.3% in the previous quarter.

Cisco's major contribution of business comes from Secure, Agile Networks, which includes data-center networking switches and this segment delivered around 46% of total revenue at \$6.09 billion. The mentioned revenue was down 1% from a year earlier but however above the analyst poll of \$5.86 billion which was conducted by StreetAccount.

The second biggest contributor to company is Internet for the Future, which contains routed optical networking hardware and acquired Acacia Communications in 2021 acquisition which kicked in \$1.26 billion in revenue but was down 10% and below the \$1.36 billion consensus from StreetAccount.

Adding to this, Cisco collaborated with Webex and contributed \$1.16 billion in revenue, which was up 2% and above the expectations of \$1.10 billion. During the quarter, Cisco announced a new video desk phone and broader availability of background noise removal software for its Webex video-calling service.

For the 2023 fiscal year, Cisco expects adjusted earnings per share of \$3.49 to \$3.56 and 4% to 6% in revenue growth. As per the analyst poll by Refinitiv adjusted earnings are forecasted at \$3.53 per share, with revenue of \$52.79 billion, or growth of 2.3%. In the 2022 fiscal year, revenue increased by 3.4%.



Cisco Systems Performance	
CMP (US \$)	45.71
1 day % chg	-0.39
Weekly % chg	-4.19
Monthly % chg	0.74
Yearly % chg	-22.69
Y-t-d % chg	-27.87

Source: Bloomberg (CMP as on 29th August, 2022)

The update and data points are compiled from Bloomberg, NSE IFSC website along with other media reports