

Cisco Systems (CSCO)

\$76.04 (Stock Price as of 12/01/2025)

Price Target (6-12 Months): **\$82.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 05/29/24)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM: C

Value: D

Growth: B

Momentum: C

Summary

Cisco's business model has evolved with subscription revenues accounting for more than half of its total revenues. An increase in recurring revenue base bodes well for investors. Splunk's acquisition enhances the company's recurring revenue base. The buyout significantly expands Cisco's portfolio of software-based solutions, contributing more than \$4 billion in ARR and making it one of the largest software companies in the world. The launch of AI-powered Hypershield, which combines security and networking, strengthened Cisco's security portfolio. Networking sales benefited from strong demand for AI infrastructure and campus networking solutions. Product orders from service provider and cloud customers were strong, driven by high double-digit order growth in hyperscalers. However, stiffening competition is a headwind.

Data Overview

52 Week High-Low	\$80.06 - \$52.11
20 Day Average Volume (sh)	24,257,768
Market Cap	\$300.4 B
YTD Price Change	28.5%
Beta	0.87
Dividend / Div Yld	\$1.64 / 2.1%
Industry	Computer - Networking
Zacks Industry Rank	Top 17% (41 out of 243)

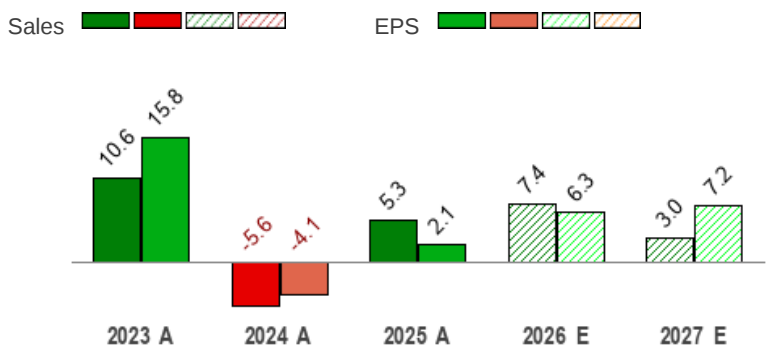
Last EPS Surprise	2.0%
Last Sales Surprise	0.7%
EPS F1 Est- 4 week change	-1.1%
Expected Report Date	02/11/2026
Earnings ESP	0.9%

P/E TTM	19.6
P/E F1	18.8
PEG F1	2.8
P/S TTM	5.2

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽²⁾



Sales Estimates (millions of \$)⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2027	15,517 E	15,416 E	15,623 E	16,195 E	62,697 E
2026	14,883 A	15,127 E	15,051 E	15,471 E	60,850 E
2025	13,841 A	13,991 A	14,149 A	14,673 A	56,654 A

EPS Estimates⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2027	1.07 E	1.08 E	1.08 E	1.13 E	4.34 E
2026	1.00 A	1.00 E	1.01 E	1.06 E	4.05 E
2025	0.91 A	0.94 A	0.96 A	0.99 A	3.81 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 12/01/2025.

(2) The report's text, the analyst-provided estimates, and the price target are as of 11/17/2025.

Overview

Cisco is rapidly expanding its presence in network security domain. Security includes products and services preventing unauthorized access to system resources and protecting from worms, spam, viruses and other malware. The Data Center product category includes Cisco Unified Computing System (UCS) and Server Access Virtualization. It also comprises of The Other products segment and Related Services.

Headquartered in San Jose, CA, the company offers identity and access, advanced threat, and unified threat management solutions. The company has introduced Secure Remote Worker, which leverages Zero Trust Architecture, combined with robust endpoint security portfolio of AnyConnect, Umbrella, Duo and AMP for Endpoints.

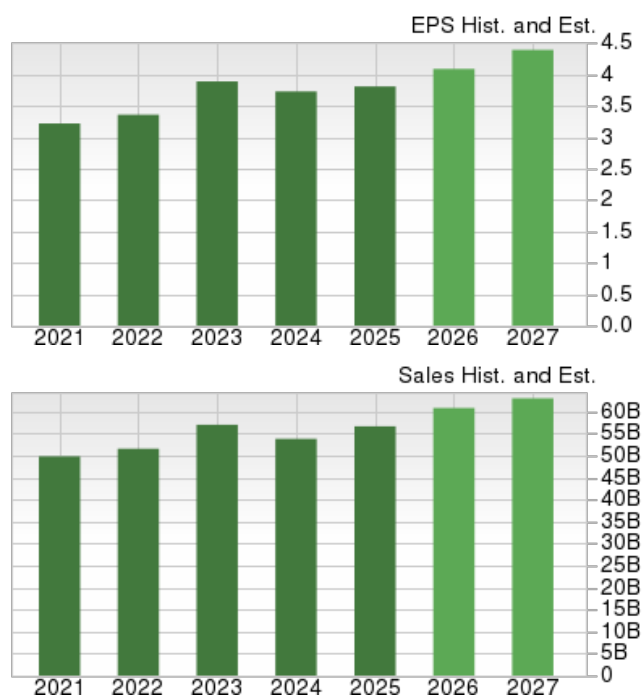
Cisco provides Next-Generation Network (NGN) Routers, that transport data, voice and video information from one IP network to another. Collaboration products integrate voice, video, data and mobile applications on fixed and mobile networks. Key products are Unified Communications and Cisco TelePresence Systems products.

Wireless technology includes networking products: wireless LAN controllers, wireless integrated switches and routers, wireless management software, wireless LAN clients and client software, bridges, antennas, and accessories.

Total revenue was \$56.7 billion in fiscal 2025. Product and Services segments contributed 73% and 27%, respectively, to total revenues in fiscal 2025. Cisco has realigned its Product reporting segment into six distinct categories – Secure, Agile Networks, Internet for the Future, Collaboration, End-to-End Security, Optimized Application Experiences and Other products.

Americas, EMEA and APJC generated 59.4%, 26.2% and 14.4% of total revenues in fiscal 2025, respectively..

The company competes in the networking and communications equipment markets with companies like Amazon Web Services, Check Point Software Technologies, Dell, F5 Networks, FireEye, Fortinet, IBM, Hewlett-Packard Enterprise, Juniper Networks and Microsoft, to name a few.



As of 11/17/2025



As of 12/01/2025

Reasons To Buy:

- ▲ Cisco has been integrating AI into its product portfolios across networking, security, collaboration and observability. Strong demand for Cisco's products in developing AI infrastructure has been a game changer for the company. In fiscal 2025, the company received AI infrastructure orders from web-scale customers in excess of \$2 billion. Data center switching orders jumped double digits year over year in fiscal third quarter implying strong demand. These orders are coming from some of the biggest players in cloud computing and reflect a growing demand for AI-optimized networks. Cisco Systems is expanding its AI portfolio for data centers with new solutions like the Unified Nexus Dashboard, Cisco Intelligent Packet Flow, configurable AI PODs, and 400G bidirectional (BiDi) optics.
- ▲ Cisco's rich partner base is a key catalyst. The company is leveraging its collaboration with NVIDIA to strengthen its footprint in the AI infrastructure domain. Cisco Secure AI Factory with NVIDIA is founded on the NVIDIA Spectrum-X Ethernet networking platform. Security is at the core of the solution and helps enterprises simplify, deploy, manage and secure AI infrastructure at any scale. Meanwhile, the NVIDIA RTX PRO 6000 Blackwell Server Edition GPU is now available to order with Cisco UCS C845A M8 servers. Cisco is strengthening its relationship with NVIDIA by including Cisco AI Defense and Cisco Hypershield in the NVIDIA Enterprise AI Factory validated design. Moreover, Cisco has been selected as a technological partner to HUMAIN, a new AI company in Saudi Arabia. The company has joined the AI infrastructure partnership alongside BlackRock Global Infrastructure Partners, MGX, Microsoft, NVIDIA, XAI and Energy Partners GE Vernova and Nextera Energy.
- ▲ Security portfolio has been benefiting from strong demand for Threat Intelligence, Detection, and Response offerings, which includes the offerings from Splunk, as well as growth in SASE and Network Security offerings. The \$28 billion acquisition of Splunk is already paying off, highlighted by deals with the likes of NVIDIA and Microsoft. Cisco's products like Secure Access, XDR, Hypershield and AI Defense have gained traction by adding more than 750 new customers in the fourth quarter of fiscal 2025.
- ▲ Cisco's strategy of infusing AI across Security and Collaboration platforms and developing Agentic capabilities across the portfolio is a key catalyst. The company is leveraging Agentic AI to improve customer experience. The launch of Renewals Agent, an Agentic AI-driven solution co-developed with Mistral, and a new Assistant to help customers digitize and de-risk Network Change Management have been noteworthy developments in this regard.
- ▲ Cisco has been benefiting from a flexible and diversified supply chain that is driving gross margin expansion. This improvement, along with productivity improvements and disciplined cost management, bodes well for operating margin expansion. Cisco's investments in regional manufacturing and logistics have minimized exposure to high-tariff areas, helping the company cut import-related expenses. Cisco expects second-quarter fiscal 2026 non-GAAP gross margin to be between 67.5% and 68.5%. Non-GAAP operating margin is expected to be between 33.5% and 34.5%. Strong demand for AI infrastructure and security solutions is expected to drive the company's ability to sustain margin momentum.
- ▲ Management's execution has been good despite the supply chain constraints and challenging macroeconomic scenario. As of Oct. 25, 2025, Cisco's cash & cash equivalents and investments balance were \$15.7 billion against total debt (short-term plus long-term) of \$16.1 billion. In the first-quarter fiscal 2026, the company returned \$3.6 billion through share repurchases and dividends. Given its strong liquidity position, Cisco can easily fund the debt and pursue growth opportunities, including acquisitions, simultaneously.

Cisco benefits from an expanding security product portfolio and completion of the Splunk acquisition.

Reasons To Sell:

- ▼ Cisco's near-term prospects are likely to suffer from declining new orders. This trend is expected to hurt Cisco's performance over the next couple of quarters thereby hurting top-line growth.
- ▼ Cisco has been forced to offer discounts and deals in response to stiff competition from Arista Networks, Juniper, HPE and Huawei, in Ethernet switch and router market. Cisco's competitors are revamping their product lines with faster and power-efficient products. Although the edge business remains strong, the competitive pressure at the core remains intense and is likely to hurt profitability.
- ▼ Cisco generates significant portion of revenues from outside the Americas, subjecting the company to exchange rate volatility. Unfavorable movement in exchange rates of foreign currencies like renminbi, euro, pound sterling, Costa Rican colon, and yen related to the U.S. dollar can adversely impact results and undermine its growth potential to some extent.
- ▼ Cisco's strategy of frequent acquisitions improves revenue opportunities, but increases integration risks. Cisco's balance sheet features a high level of goodwill and net purchased intangible assets, which totaled \$67.83 billion or 56% of total assets, as of Oct. 25, 2025.

Cisco is facing integration risks as well as stiff competition from smaller players.

Last Earnings Report

Cisco Q1 Earnings Top Estimates, Revenues Up Y/Y

Cisco Systems reported first-quarter fiscal 2026 non-GAAP earnings of \$1 per share, beating the Zacks Consensus Estimate by 2.04%. The figure increased 9.9% year over year.

Revenues of \$14.88 billion surpassed the Zacks Consensus Estimate by 0.71%. The top line increased 7.5% year over year. Total Annual Recurring Revenues (ARR) were \$31.4 billion, up 5% with product ARR growth of 7%. Total subscription revenues were \$8 billion and represented 54% of Cisco's total revenues. Total software revenue was up 3% year over year to \$5.7 billion.

FY Quarter Ending **7/31/2025**

Earnings Reporting Date	Nov 12, 2025
Sales Surprise	0.70%
EPS Surprise	2.04%
Quarterly EPS	1.00
Annual EPS (TTM)	3.89

CSCO's Q1 Top-Line Details

Revenues from Networking in the first quarter of fiscal 2026 were \$7.77 billion, up 15% on a year-over-year basis. Security revenues were \$1.98 billion, down 2% year over year. Collaboration revenues were \$1.06 billion, down 3% year over year. Observability revenues were \$274 million, up 6% year over year.

Total Product revenues in the first quarter of fiscal 2026 were \$11.08 billion, comprising 74.4% of Cisco's total revenues. On a year-over-year basis, product revenues increased 9.5%. Service Revenues were \$3.81 billion, comprising 25.6% of Cisco's total revenues and up 2.1% on a year-over-year basis.

Region-wise, the Americas' revenues increased 9% year over year to \$8.99 billion. EMEA (Europe, Middle East and Africa) revenues climbed 5% year over year to \$3.78 billion. APJC (Asia Pacific Japan China) revenues climbed 5% year over year to \$2.11 billion.

In the first quarter of fiscal 2026, AI Infrastructure orders from webscale customers exceeded \$1.3 billion.

CSCO's Q1 Operating Details

First-quarter fiscal 2026 non-GAAP gross margin was 68.1%, which expanded 120 basis points (bps) year over year. On a non-GAAP basis, the product gross margin decreased 30 bps on a year-over-year basis to 50%. Service gross margin decreased 90 bps to 18.1%.

In the first quarter of fiscal 2026, Cisco reported total non-GAAP operating expenses of \$5.02 billion, up 3% year over year. As a percentage of revenues, operating expenses declined 150 bps year over year.

Consequently, CSCO reported a non-GAAP operating income of \$5.12 billion, up 8.4% year over year. Operating margin expanded 30 bps year over year to 34.4%.

CSCO's Balance Sheet Details

As of Oct. 25, 2025, cash and cash equivalents and investments totaled \$15.7 billion, which decreased from \$16.1 billion as of July 26.

Total debt was \$28.1 billion as of Oct. 25, 2025, compared with \$28.1 billion as of July 26.

The remaining performance obligations (RPO) at the end of the first quarter of fiscal 2026 were \$42.9 billion, up 7%. Product RPO was up 10%, and services RPO was up 4%.

In the first quarter of fiscal 2026, CSCO returned \$3.6 billion to stockholders through share buybacks (\$2 billion) and dividends (\$1.6 billion).

CSCO Offers Positive Guidance

For the second quarter of fiscal 2026, Cisco expects non-GAAP earnings between \$1.01 per share and \$1.03 per share. Revenues are expected to be in the range of \$15 billion-\$15.2 billion.

Non-GAAP gross margins are expected to be between 67.5% and 68.5%. Non-GAAP operating margin is anticipated to be between 33.5% and 34.5%.

For fiscal 2026, Cisco expects non-GAAP earnings between \$4.08 per share and \$4.14 per share. The company expects revenues between \$60.2 billion and \$61 billion.

Recent News

On Sept. 9, Cisco announced agentic AI-powered Splunk Observability, Splunk Enterprise Security Essentials Edition and Splunk Enterprise Security Premier Edition.

On Sept. 4, Cisco announced the expansion of Cisco Secure AI Factory with NVIDIA to new use cases, including the acceleration of retrieval-augmented generation (RAG) pipelines with faster data extraction and retrieval.

On June 10, Cisco is expanding its AI portfolio for data centers with new solutions like the Unified Nexus Dashboard, Cisco Intelligent Packet Flow, configurable AI PODs, and 400G bidirectional (BiDi) optics.

On May 28, Cisco unveiled Duo Identity and Access Management (IAM), a new security solution that transforms how organizations combat persistent identity-based attacks that are accelerating in the AI era. Duo IAM is the latest advancement in Cisco's long-standing commitment to user-friendly Zero Trust security.

On May 22, Cisco announced the signing of a Memorandum of Understanding (MoU) to join the Stargate UAE consortium as a preferred technology partner. Stargate UAE consortium envisions the construction of an AI data center in Abu Dhabi with a target capacity of 1 GW, with an initial 200 MW capacity to be delivered in 2026.

On May 13, Cisco announced that it will collaborate with the AI Infrastructure Partnership (AIP), which is led by BlackRock, Global Infrastructure Partners (GIP), MGX, Microsoft, NVIDIA and xAI. Cisco's addition as a technology partner to AIP, alongside previously announced energy collaborations with GE Vernova and NextEra Energy, further strengthens the AIP platform as it seeks to invest in secure, efficient and scalable infrastructure to support AI workloads.

On April 28, Cisco and ServiceNow announced a strategic partnership to simplify and secure AI adoption for enterprises. The companies will integrate Cisco AI Defense with ServiceNow Security Operations (SecOps) to help businesses manage AI risk and governance at scale.

Valuation

Cisco shares are up 31.8% year to date and 36.1% in the trailing 12-month period. Stocks in the Zacks sub-industry are up 31.2%, while the same in the Zacks Computer & Technology sector are up 23.6% in the year-to-date period. Over the past year, the Zacks sub-industry is up 35.2% while the sector is up 27.3%, respectively.

The S&P 500 index is up 16% year to date and 16.3% in the past year.

The stock is currently trading at 18.86X forward 12-month earnings compared with 22.82X for the Zacks sub-industry, 28.37X for the Zacks sector and 23.2X for the S&P 500 index.

Over the past five years, the stock has traded as high as 22.78X and as low as 12.44X, with a five-year median of 15.95X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$82 price target reflects 19.8X forward 12-month earnings.

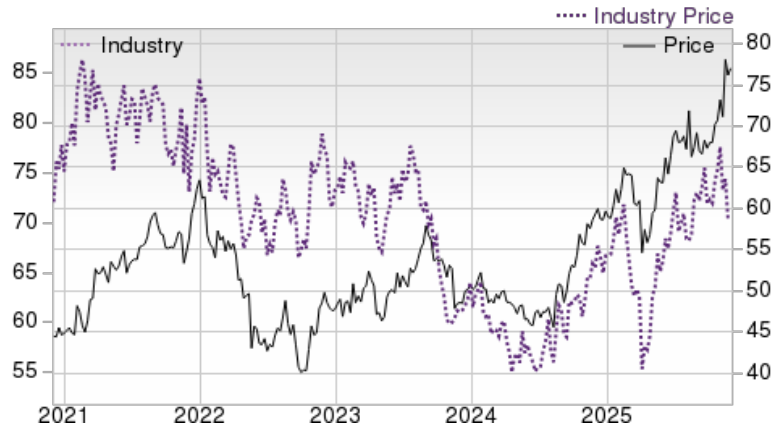
The table below shows summary valuation data for CSCO

Valuation Multiples - CSCO					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	18.86	22.82	28.37	23.2
	5-Year High	22.78	22.82	30.04	23.81
	5-Year Low	12.44	12.45	18.7	15.73
	5-Year Median	15.95	15.98	26.62	21.2
P/S F12M	Current	5.05	4.62	6.69	5.29
	5-Year High	5.06	4.62	7.4	5.52
	5-Year Low	2.97	2.78	4.25	3.84
	5-Year Median	3.83	3.58	6.3	5.06
EV/Sales TTM	Current	5.43	5.23	7.87	5.62
	5-Year High	5.43	5.23	8.33	5.82
	5-Year Low	2.94	2.72	4.17	3.78
	5-Year Median	3.7	3.57	6.92	5.12

As of 11/14/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 17% (41 out of 243)



Top Peers ⁽¹⁾

Company (Ticker)	Rec	Rank
CrowdStrike (CRWD)	Outperform	3
Arista Networks, Inc...(ANET)	Neutral	3
Broadcom Inc. (AVGO)	Neutral	3
CyberArk Software Lt...(CYBR)	Neutral	2
Intel Corporation (INTC)	Neutral	3
Microsoft Corporatio...(MSFT)	Neutral	3
Okta, Inc. (OKTA)	Neutral	3
SentinelOne, Inc. (S)	Neutral	3

Industry Comparison⁽¹⁾ Industry: Computer - Networking

	CSCO	X Industry	S&P 500	ANET	AVGO	MSFT
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	C	-	-	C	C	C
Market Cap	300.44 B	85.11 M	37.98 B	161.33 B	1,823.21 B	3,617.64 B
# of Analysts	9	2	22	7	14	15
Dividend Yield	2.16%	0.00%	1.46%	0.00%	0.61%	0.75%
Value Score	D	-	-	D	D	D
Cash/Price	0.05	0.11	0.04	0.06	0.01	0.03
EV/EBITDA	19.97	10.78	14.48	47.28	81.87	22.75
PEG Ratio	2.79	1.04	2.21	2.22	1.10	1.85
Price/Book (P/B)	6.41	1.97	3.36	13.55	24.88	9.96
Price/Cash Flow (P/CF)	20.16	17.78	14.93	62.59	67.28	26.89
P/E (F1)	18.78	17.58	20.30	44.64	42.09	31.18
Price/Sales (P/S)	5.21	1.84	3.10	19.10	30.42	12.31
Earnings Yield	5.38%	5.69%	4.91%	2.24%	2.38%	3.21%
Debt/Equity	0.46	0.02	0.57	0.00	0.86	0.10
Cash Flow (\$/share)	3.82	0.14	8.99	2.09	5.99	18.29
Growth Score	B	-	-	B	C	A
Hist. EPS Growth (3-5 yrs)	1.91%	30.34%	8.16%	46.44%	20.92%	14.94%
Proj. EPS Growth (F1/F0)	6.30%	48.44%	8.18%	26.43%	38.19%	14.44%
Curr. Cash Flow Growth	-0.57%	-0.57%	7.00%	33.04%	36.05%	23.15%
Hist. Cash Flow Growth (3-5 yrs)	1.19%	16.90%	7.31%	29.26%	15.75%	18.96%
Current Ratio	0.93	2.32	1.19	3.25	1.50	1.40
Debt/Capital	31.31%	8.15%	38.15%	0.00%	46.16%	8.88%
Net Margin	18.38%	0.24%	12.82%	39.73%	31.59%	35.71%
Return on Equity	27.29%	3.93%	17.00%	30.28%	36.60%	32.45%
Sales/Assets	0.48	0.70	0.53	0.54	0.36	0.50
Proj. Sales Growth (F1/F0)	7.40%	3.34%	5.53%	26.70%	22.90%	15.40%
Momentum Score	C	-	-	C	A	C
Daily Price Chg	1.14%	0.00%	0.54%	2.37%	1.36%	1.34%
1 Week Price Chg	-2.44%	-4.90%	3.73%	-10.61%	-0.66%	-7.46%
4 Week Price Chg	5.24%	-3.31%	0.13%	-17.13%	9.02%	-4.98%
12 Week Price Chg	15.01%	4.06%	5.67%	-8.52%	20.33%	-0.60%
52 Week Price Chg	29.94%	14.21%	13.54%	28.81%	148.62%	16.19%
20 Day Average Volume	24,567,958	59,564	2,762,023	9,481,270	21,332,594	23,974,044
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	-1.05%	2.98%	0.15%	0.97%	1.65%	2.39%
(F1) EPS Est 12 week change	-0.74%	2.98%	0.60%	1.24%	8.75%	3.25%
(Q1) EPS Est Mthly Chg	-0.38%	-0.38%	-0.04%	1.82%	0.27%	1.43%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

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Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	D
Growth Score	B
Momentum Score	C
VGM Score	C

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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