



Q1 Fiscal Year 2020

Conference Call

November 13, 2019

Forward-Looking Statements

This presentation contains projections and other forward-looking statements regarding future events or the future financial performance of Cisco, including future operating results. These projections and statements are only predictions. Actual events or results may differ materially from those in the projections or other forward-looking statements. Please see Cisco's filings with the SEC, including its most recent filing on Form 10-K, for a discussion of important risk factors that could cause actual events or results to differ materially from those in the projections or other forward-looking statements.

GAAP Reconciliation

During this presentation references to financial measures of Cisco will include references to non-GAAP financial measures. Cisco provides a reconciliation between GAAP and non-GAAP financial information on our website at www.cisco.com under "Financial Info" in the "Investor Relations" section.

<https://investor.cisco.com/investor-relations/financial-information/Financial-Results/default.aspx>

Business Momentum & Key Trends

Q1 FY2020 Highlights

- Delivered a solid quarter against a challenging macro environment
- Focused on driving innovation, transforming our business and exceeding our customers' expectations
- Announced several exciting additions to our portfolio including network automation and analytics, cloud-based networking, collaboration, as well as new security capabilities
- Remain well positioned to capitalize on the tremendous opportunities across cloud, automation, 5G, Security and Collaboration
- Confident about our portfolio and believe fully in our customers' commitment to our technology solutions

Financial Overview

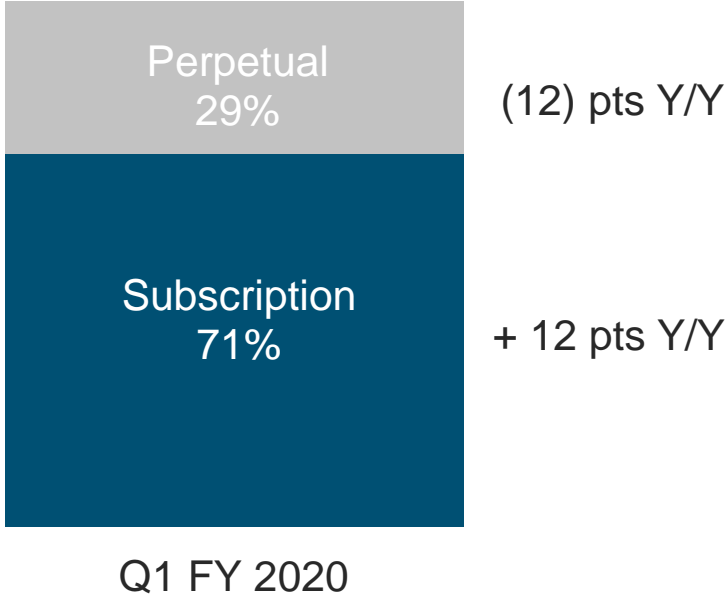
Q1 FY 2020 Revenue Highlights

Product Category	\$M	Y/Y*
Infrastructure Platforms	\$7,538	(1%)
Applications	1,499	6%
Security	815	22%
Other Products	26	(20%)
Services	3,281	4%
Total Cisco	\$13,159	2%

*Year over year growth normalized to exclude the Service Provider Video Software Solutions (SPVSS) business for Q1 FY2019, which was divested during Q2 FY2019 on October 28, 2018. SPVSS business revenue was \$168 million for Q1 FY 2019.

Amounts may not sum and percentages may not recalculate due to rounding.

Subscriptions as a % of Software Revenue



Normalized to exclude the SPVSS business for Q1 FY2019, which was divested during Q2 FY2019 on October 28, 2018. Amounts may not sum and percentages may not recalculate due to rounding.

Q1 FY 2020 Revenue and Total Gross Margin

\$M (except percentages)	Revenue			Total Gross Margin %		
	Q1 FY'19	Q4 FY'19	Q1 FY'20	Q1 FY'19	Q4 FY'19	Q1 FY'20
Americas	\$7,675	\$8,129	\$7,977	65.9%	66.8%	66.6%
EMEA	3,158	3,297	3,283	64.3%	65.2%	66.0%
APJC	2,072	2,002	1,899	57.6%	60.8%	62.9%
Geographic Total	\$12,905	\$13,428	\$13,159	64.2%	65.5%	65.9%

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 Info" in the "Investor Relations" section.

Revenue and gross margin data exclude the SPVSS business for all periods. SPVSS business revenue for Q1 FY2019 was \$168 million. The SPVSS business was divested during Q2 FY2019 on October 28, 2018.

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Q1 FY 2020 Product Orders

Total Cisco: (4%) Y/Y*

Geographic Region	Y/Y*
Americas	(3%)
EMEA	(3%)
APJC	(5%)

Customer Segment	Y/Y*
Enterprise	(5%)
Public Sector	6%
Commercial	(5%)
Service Provider	(13%)

*Year over year growth normalized to exclude the SPVSS business for Q1 FY2019, which was divested during Q2 FY2019 on October 28, 2018.

Q1 FY 2020 Non-GAAP Income Statement Details

\$M (except per-share amounts and percentages)	Q1 FY 2019			Q1 FY 2020			Y/Y Change Excluding SPVSS Business
	Total Cisco	SPVSS Business	Excluding SPVSS Business	Total Cisco	SPVSS Business	Excluding SPVSS Business	
Revenue	\$13,072	\$168	\$12,905	\$13,159	-	\$13,159	2%
Gross Margin	63.8%	36.2%	64.2%	65.9%	-	65.9%	1.7pts
Operating Expenses	\$4,174	\$59	\$4,115	\$4,260	-	\$4,260	4%
OPEX (% of Revenue)	31.9%	35.4%	31.9%	32.4%	-	32.4%	0.5pts
Operating Income	\$4,167	\$1	\$4,166	\$4,416	-	\$4,416	6%
Operating Income (% of Revenue)	31.9%	0.8%	32.3%	33.6%	-	33.6%	1.3pts
Net Income	\$3,452	\$1	\$3,451	\$3,608	-	\$3,608	5%
EPS (diluted)	\$0.75	\$0.00	\$0.75	\$0.84	-	\$0.84	12%

The SPVSS business was divested during Q2 FY2019 on October 28, 2018.

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Q1 FY 2020 GAAP Income Statement Highlights

\$M (except per-share amounts and percentages)	Q1 FY 2019	Q4 FY 2019	Q1 FY 2020
Revenue ⁽¹⁾	\$13,072	\$13,428	\$13,159
<i>Year/Year Change</i>	8%	5%	1%
Product	\$9,890	\$10,120	\$9,878
Service	\$3,182	\$3,308	\$3,281
Gross Margin	62.3%	63.9%	64.3%
Product Gross Margin	61.6%	62.9%	64.3%
Service Gross Margin	64.6%	66.8%	64.3%
Operating Expenses	\$4,341	\$4,884	\$4,885
OPEX (% of Revenue)	33.2%	36.4%	37.1%
Operating Income (% of Revenue)	29.1%	27.5%	27.2%
Net Income ⁽²⁾	\$3,549	\$2,206	\$2,926
<i>Year/Year Change</i>	48%	(42%)	(18%)
Earnings per Share (diluted) ⁽²⁾	\$0.77	\$0.51	\$0.68
<i>Year/Year Change</i>	60%	(37%)	(12%)

⁽¹⁾ Includes SPVSS business revenue for Q1 FY2019 of \$168 million. The SPVSS business was divested during Q2 FY2019 on October 28, 2018.

⁽²⁾ GAAP results for Q4 FY2019 include a \$0.9 billion charge related to the Tax Cuts and Jobs Act.

Q1 FY 2020 Key Financial Measures

\$M	Q1 FY 2019	Q4 FY 2019	Q1 FY 2020
Cash, Cash Equivalents and Investments	\$42,593	\$33,413	\$28,035
Operating Cash Flow	\$3,763	\$3,942	\$3,587
Accounts Receivable	\$4,536	\$5,491	\$4,878
Inventory	\$1,572	\$1,383	\$1,344
Deferred Revenue:	\$16,814	\$18,467	\$18,602
Service Deferred Revenue	\$11,062	\$11,709	\$11,497
Product Deferred Revenue	\$5,752	\$6,758	\$7,105

Q1 FY 2020 Capital Allocation

Total Capital Allocation	
Share Repurchases (\$M)	\$768
Dividends Paid (\$M)	1,486
Total	\$2,254
Quarterly Dividends Per Share	\$0.35

Share Repurchases	
Amount Purchased (\$M)	\$768
Number of Shares (M)	16
Avg. Price Per Share	\$48.91

Approximately \$12.7B remaining authorized funds in repurchase program as of the end of Q1 FY 2020.

Q&A

FORWARD-LOOKING STATEMENTS

These presentation slides and the related conference call contain forward-looking statements, which are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, among other things, statements regarding future events (such as our ability to drive innovation, transform our business and exceed our customers' expectations, our continued progress in transforming our business model with software subscriptions, and our investment in our innovation pipeline to generate long-term profitable growth and deliver value for shareholders) and the future financial performance of Cisco that involve risks and uncertainties. Readers are cautioned that these forward-looking statements are only predictions and may differ materially from actual future events or results due to a variety of factors, including: business and economic conditions and growth trends in the networking industry, our customer markets and various geographic regions; global economic conditions and uncertainties in the geopolitical environment; overall information technology spending; the growth and evolution of the Internet and levels of capital spending on Internet-based systems; variations in customer demand for products and services, including sales to the service provider market and other customer markets; the return on our investments in certain priorities, key growth areas, and in certain geographical locations, as well as maintaining leadership in routing, switching and services; the timing of orders and manufacturing and customer lead times; changes in customer order patterns or customer mix; insufficient, excess or obsolete inventory; variability of component costs; variations in sales channels, product costs or mix of products sold; our ability to successfully acquire businesses and technologies and to successfully integrate and operate these acquired businesses and technologies; our ability to achieve expected benefits of our partnerships; increased competition in our product and service markets, including the data center market; dependence on the introduction and market acceptance of new product offerings and standards; rapid technological and market change; manufacturing and sourcing risks; product defects and returns; litigation involving patents, intellectual property, antitrust, shareholder and other matters, and governmental investigations; our ability to achieve the benefits of the announced restructuring and possible changes in the size and timing of the related charges; cyber-attacks, data breaches or malware; vulnerabilities and critical security defects; terrorism; natural catastrophic events; a pandemic or epidemic; our ability to achieve the benefits anticipated from our investments in sales, engineering, service, marketing and manufacturing activities; our ability to recruit and retain key personnel; our ability to manage financial risk, and to manage expenses during economic downturns; risks related to the global nature of our operations, including our operations in emerging markets, currency fluctuations and other international factors; changes in provision for income taxes, including changes in tax laws and regulations or adverse outcomes resulting from examinations of our income tax returns; potential volatility in operating results; and other factors listed in Cisco's most recent report on Form 10-K filed on September 5, 2019. The financial information contained in these presentation slides and the related conference call should be read in conjunction with the consolidated financial statements and notes thereto included in Cisco's most recent report on Form 10-K as it may be amended from time to time. Cisco's results of operations for the three months ended October 26, 2019 are not necessarily indicative of Cisco's operating results for any future periods. Any projections in these presentation slides and the related conference call are based on limited information currently available to Cisco, which is subject to change. Although any such projections and the factors influencing them will likely change, Cisco will not necessarily update the information, since Cisco will only provide guidance at certain points during the year. Such information speaks only as of the date of these presentation slides and the related conference call.

Supplemental Materials

SP Video Software Solutions Business

Historical Financial Information⁽¹⁾

\$M (except per-share amounts)	Q1 FY 2018	Q2 FY 2018	Q3 FY 2018	Q4 FY 2018	Q1 FY 2019
Revenue	\$248	\$230	\$219	\$206	\$168
Gross Margin	\$68	\$92	\$66	\$89	\$61
Operating Expenses	\$67	\$64	\$61	\$59	\$59
Operating Income	\$1	\$28	\$5	\$30	\$1
Net Income	\$1	\$22	\$4	\$24	\$1
EPS (diluted)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

⁽¹⁾Stand-alone financial information is unaudited. SPVSS business was divested during Q2 FY 2019 on October 28, 2018.

Amounts may not recalculate due to rounding.