



Q1 Fiscal Year 2021

Conference Call

November 12, 2020

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 the Cisco Investor Relations website <https://investor.cisco.com/financial-information/financial-results/default.aspx>

Business Momentum & Key Trends

Q1 FY 2021 Highlights

- Off to a solid start in FY 2021: teams executing with excellence; making steady progress on our shift to a software and subscription-driven model; encouraged by signs of improvement in our business
- Remain closely aligned with customers to provide them with the mission critical technology they need; many are compressing years of work into just a few months
- Focused on building innovation that helps our customers – and Cisco – thrive in a hybrid cloud world
- Ongoing success of Catalyst 9K and strong growth in Webex, security solutions and business resiliency offers
- Introduced new technology solutions that help our customers adapt, accelerate and simplify their operations through new, agile automation platforms
- Focused on growing our business, guided by our purpose to power an inclusive future for all

Financial Overview

Q1 FY 2021 Revenue and Total Gross Margin

\$M (except percentages)	Revenue			Total Gross Margin %		
	Q1 FY'20	Q4 FY'20	Q1 FY'21	Q1 FY'20	Q4 FY'20	Q1 FY'21
Americas	\$7,977	\$7,185	\$7,198	66.6%	65.6%	67.3%
EMEA	3,283	3,106	2,964	66.0%	64.9%	63.9%
APJC	1,899	1,863	1,767	62.9%	63.2%	63.0%
Geographic Total	\$13,159	\$12,154	\$11,929	65.9%	65.0%	65.8%

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.

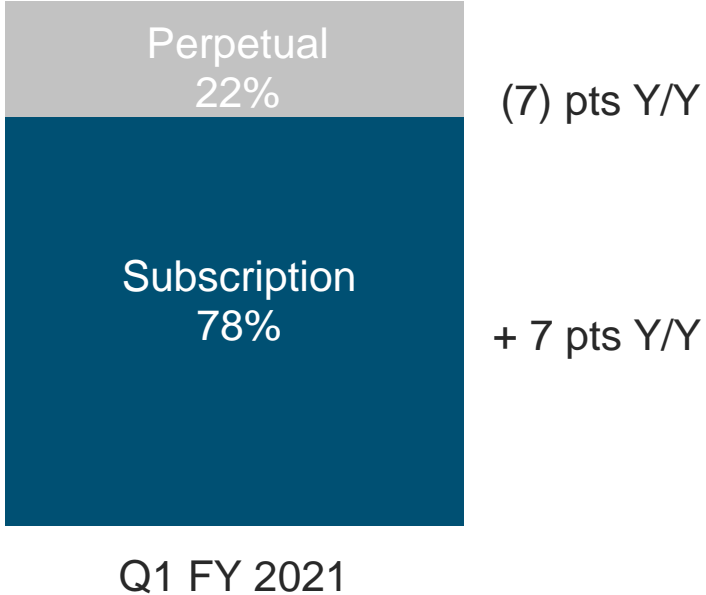
Amounts may not sum and percentages may not recalculate due to rounding.

Q1 FY 2021 Revenue Highlights

Product Category	\$M	Y/Y
Infrastructure Platforms	\$6,341	(16%)
Applications	1,380	(8%)
Security	861	6%
Other Products	5	(56%)
Services	3,342	2%
Total Cisco	\$11,929	(9%)

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

Subscriptions as a % of Software Revenue



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

Q1 FY 2021 Remaining Performance Obligations

\$M (except percentages)	Q1 FY 2020	Q4 FY 2020	Q1 FY 2021
Product	\$9,878	\$11,261	\$11,340
Y/Y	28%	17%	15%
Service	\$14,991	\$17,093	\$16,129
Y/Y	3%	9%	8%
Total RPO	\$24,869	\$28,354	\$27,469
Y/Y	11%	12%	10%

Q1 FY 2021 Product Orders

Total Cisco: (5%) Y/Y

Geographic Region	Y/Y
Americas	(5%)
EMEA	(1%)
APJC	(14%)

Customer Segment	Y/Y
Enterprise	(15%)
Public Sector	5%
Commercial	(8%)
Service Provider	(5%)

Q1 FY 2021 Non-GAAP Income Statement Highlights

\$M (except per-share amounts and percentages)	Q1 FY 2020	Q4 FY 2020	Q1 FY 2021
Revenue	\$13,159	\$12,154	\$11,929
<i>Year/Year Change</i>	2%	(9%)	(9%)
Product	\$9,878	\$8,832	\$8,587
Service	\$3,281	\$3,322	\$3,342
Gross Margin	65.9%	65.0%	65.8%
Product Gross Margin	66.1%	63.2%	65.3%
Service Gross Margin	65.4%	69.8%	67.1%
Operating Expenses	\$4,260	\$3,890	\$3,952
OPEX (% of Revenue)	32.4%	32.0%	33.1%
Operating Income (% of Revenue)	33.6%	33.0%	32.7%
Net Income	\$3,608	\$3,394	\$3,211
<i>Year/Year Change</i>	5%	(5%)	(11%)
Earnings per Share (diluted)	\$0.84	\$0.80	\$0.76
<i>Year/Year Change</i>	12%	(4%)	(10%)

Q1 FY2020 growth rates exclude the divested Service Provider Video Software Solutions (SPVSS) business.

Q1 FY 2021 GAAP Income Statement Highlights

\$M (except per-share amounts and percentages)	Q1 FY 2020	Q4 FY 2020	Q1 FY 2021
Revenue	\$13,159	\$12,154	\$11,929
<i>Year/Year Change</i>	1%	(9%)	(9%)
Product	\$9,878	\$8,832	\$8,587
Service	\$3,281	\$3,322	\$3,342
Gross Margin	64.3%	63.2%	63.6%
Product Gross Margin	64.3%	61.2%	62.7%
Service Gross Margin	64.3%	68.7%	65.8%
Operating Expenses	\$4,885	\$4,437	\$5,011
OPEX (% of Revenue)	37.1%	36.5%	42.0%
Operating Income (% of Revenue)	27.2%	26.7%	21.5%
Net Income	\$2,926	\$2,636	\$2,174
<i>Year/Year Change</i>	(18%)	19%	(26%)
Earnings per Share (diluted)	\$0.68	\$0.62	\$0.51
<i>Year/Year Change</i>	(12%)	22%	(25%)

Q1 FY 2021 Key Financial Measures

\$M	Q1 FY 2020	Q4 FY 2020	Q1 FY 2021
Cash, Cash Equivalents and Investments	\$28,035	\$29,419	\$30,012
Operating Cash Flow	\$3,587	\$3,802	\$4,096
Accounts Receivable	\$4,878	\$5,472	\$3,980
Inventory	\$1,344	\$1,282	\$1,303
Deferred Revenue:	\$18,602	\$20,446	\$20,473
Product Deferred Revenue	\$7,105	\$7,895	\$8,139
Service Deferred Revenue	\$11,497	\$12,551	\$12,334

Q1 FY 2021 Capital Allocation

Total Capital Allocation	
Share Repurchases (\$M)	\$800
Dividends Paid (\$M)	1,520
Total	\$2,320
Quarterly Dividends Per Share	\$0.36

Share Repurchases	
Amount Purchased (\$M)	\$800
Number of Shares (M)	20
Avg. Price Per Share	\$40.44

Approximately \$10.0B remaining authorized funds in repurchase program as of the end of Q1 FY 2021.

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 improvement in our business as we continue to navigate the pandemic and other macro uncertainties, our ability to execute on our strategy to focus on winning with a differentiated innovative portfolio, long-term growth and being a trusted technology partner offering choice and flexibility to our customers, our future opportunities as every company in every industry is accelerating its digital-first strategy, our ability to continue to transform our business through more software offerings and subscriptions, and our ability to continue to deliver strong growth in operating cash flow and return value to our 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: the impact of the COVID-19 pandemic; 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; any other 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 3, 2020. 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 24, 2020 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.

