



# 2022 FIRST QUARTER FINANCIAL RESULTS

Apr 27, 2022

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# Forward Looking Statement

During the course of this presentation, Check Point's representatives may make certain forward-looking statements. These forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities and Exchange Act of 1934 include but are not limited to, statements related to Check Point's expectations regarding:

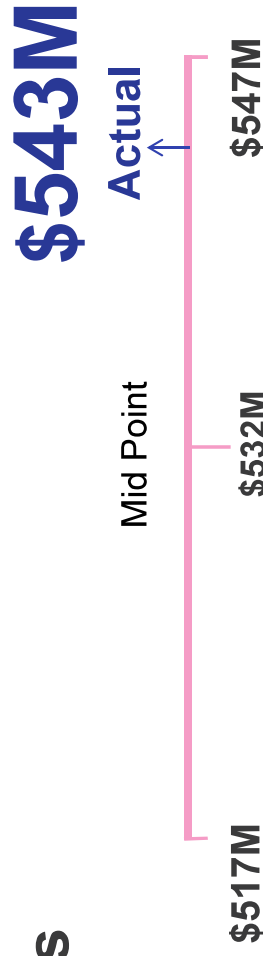
Our products and solutions, expectations regarding customer adoption of our products and solutions, expectations related to cybersecurity and other threats, expectations regarding our 2022 initiatives; our ability to continue to develop platform capabilities and solutions; customer acceptance and purchase of our existing solutions and new solutions; the market for IT security continuing to develop; competition from other products and services; and general market, political, economic and business conditions, including as a result of the impact of the Covid-19 pandemic. These forward-looking statements are also subject to other risks and uncertainties, including those more fully described in our filings with the Securities and Exchange Commission, including our Annual Report on Form 20-F filed with the Securities and Exchange Commission. The forward-looking statements in this presentation are based on information available to Check Point as of the date hereof, and Check Point disclaims any obligation to update any forward-looking statements, except as required by law.

In our press release, which has been posted on our website, we present GAAP and non-GAAP results, along with a reconciliation of such results as well as the reasons for our presentation of non-GAAP information.

# Q1-22: Revenues & EPS at High-end of Our Projections

Non-GAAP

## Revenues



**\$11 Million**

Above the mid-point  
of our projection

## EPS



**4 Cents**

Above the mid-point  
of our projection

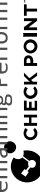
\*Non-GAAP excludes equity-based compensation charges, amortization of acquired intangibles and acquisition related expenses and their related tax effects. A reconciliation of non-GAAP to GAAP can be found in the appendix and our press release.

# Strong Revenues and Growth Momentum

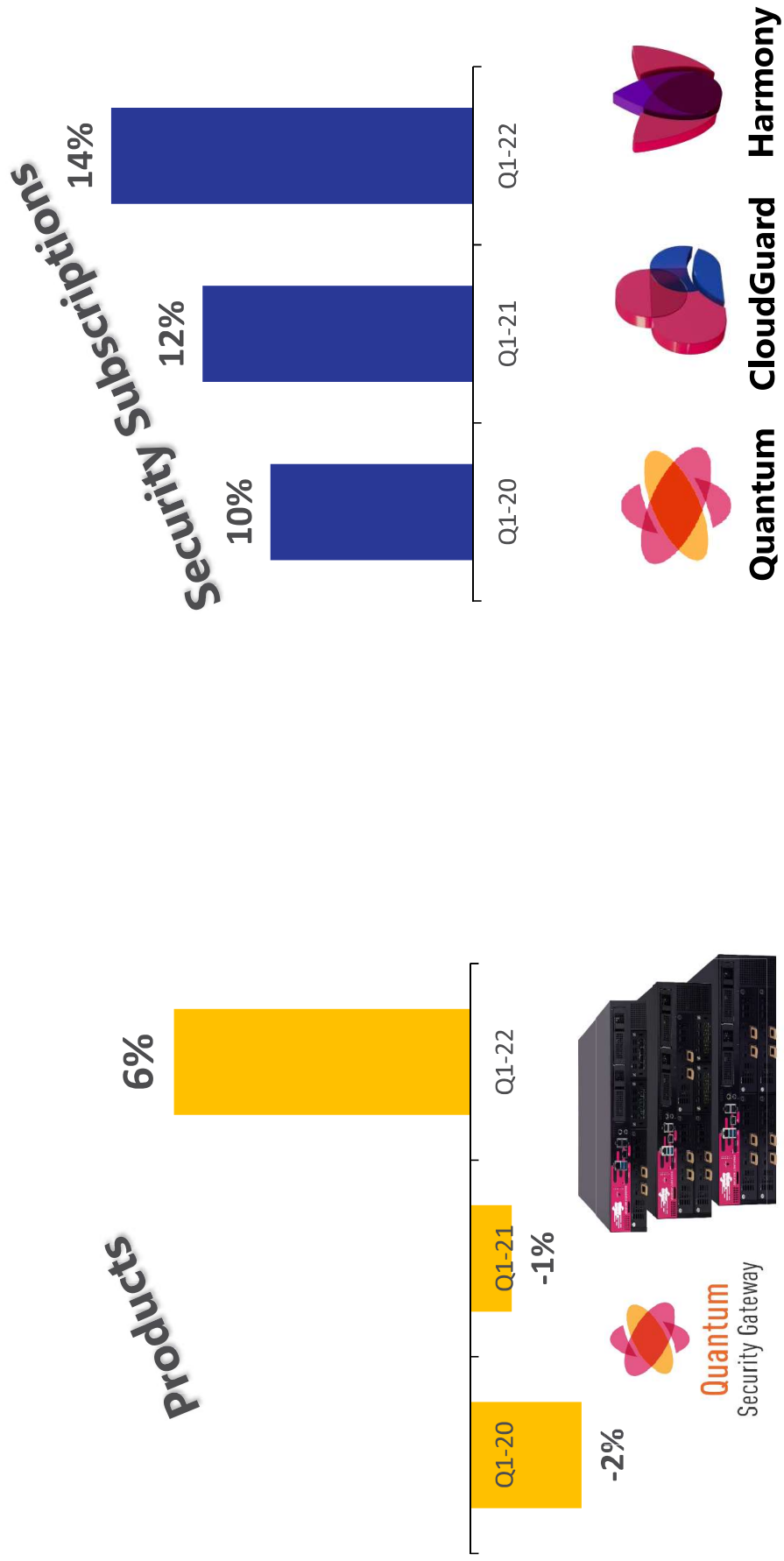
	Q1-21	Q1-22	Y/Y %
Revenues	\$508M	\$543M	7%
Deferred Revenues	\$1,458M	\$1,666M	14%

- **Strong double digit bookings**
- **Billings\* up by 4%**
- **Significant bookings are not part of billings yet**
- **Remaining Performance Obligation\*\* Increased by over 20%**

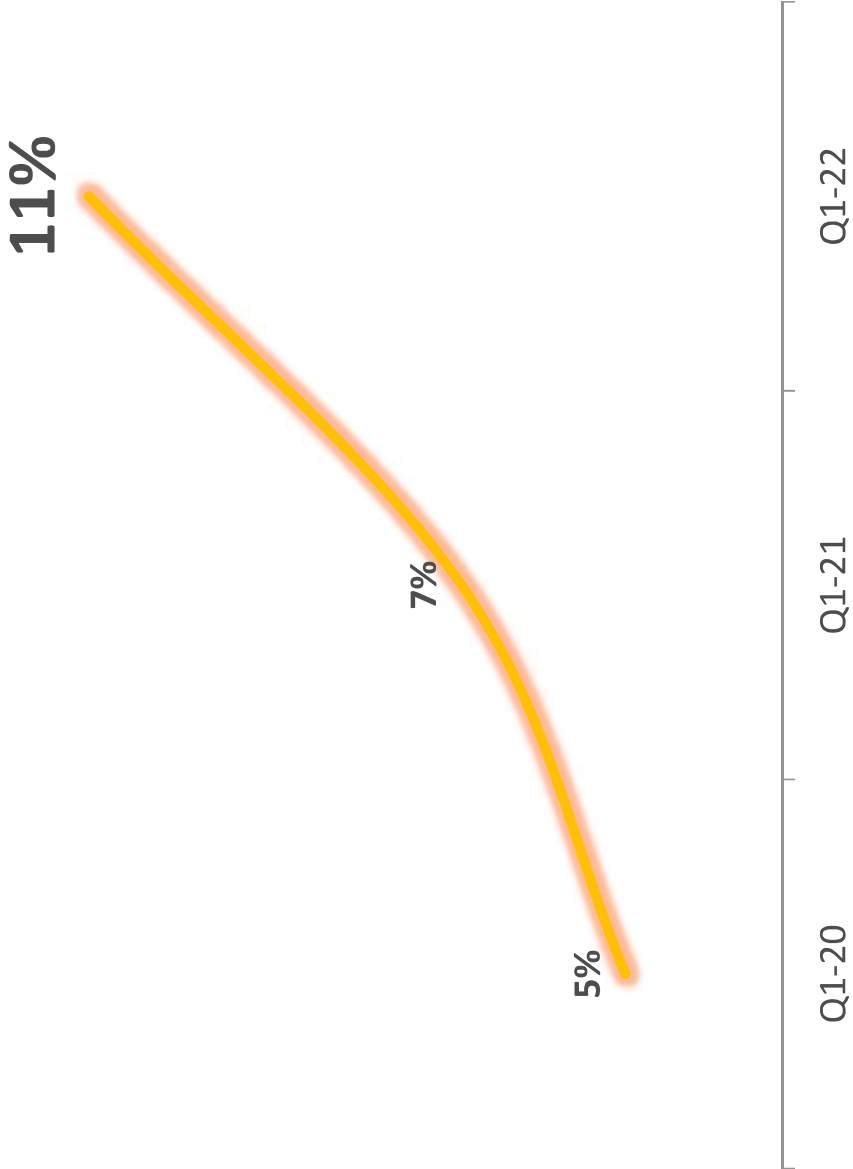
\* Billings is a non-GAAP measure that we define as total revenues recognized in accordance with GAAP plus the change in total deferred revenues during the period  
\*\* Remaining Performance Obligation represents the total future performance obligations to customers – i.e. bookings not yet recognized as revenues



# Accelerated Products & Subscriptions Growth

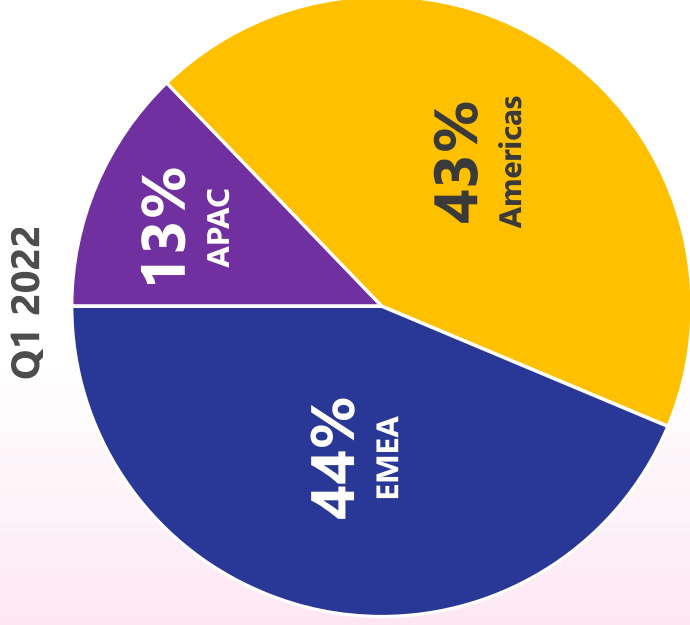
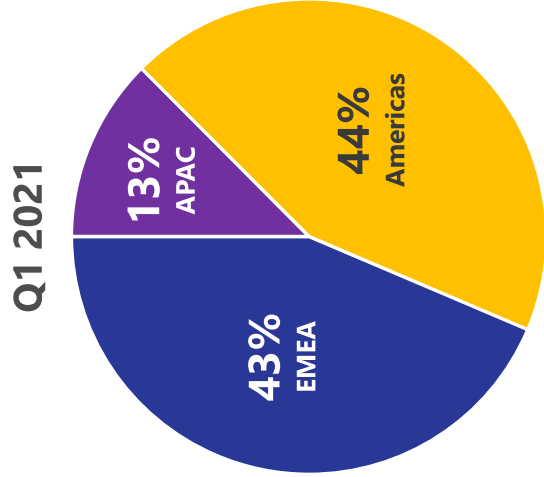


# Products & Subscriptions Revenues



Reaching a significant milestone of **DOUBLE-DIGIT** Growth

# Q1-22 Revenues By Geographies



Revenue growth across all geographies

# Gross Profits Highlights

Non-GAAP

	Q1-21	Q1-22
Revenues	\$508M	\$543M
Gross profit	\$454M	\$477M

- **Strong gross margin @ 88%**
- **Delivery to our customers with higher materials cost**

\*Non-GAAP excludes equity-based compensation charges, amortization of acquired intangibles and acquisition related expenses and their related tax effects. A reconciliation of non-GAAP to GAAP can be found in the appendix and our press release.



# Operating Expenses Highlights

Non-GAAP

	Q1-21	Q1-22	Y/Y %
Research and Development	\$61M	\$74M	22%
Selling and Marketing	\$130M	\$146M	13%
General and Administrative	\$17M	\$18M	4%
Operating Expenses	\$208M	\$238M	15%

- **Grew our work force by 15%**
- **Includes both Avanan and Spectral acquisitions**

\*Non-GAAP excludes equity-based compensation charges, amortization of acquired intangibles and acquisition related expenses and their related tax effects. A reconciliation of non-GAAP to GAAP can be found in the appendix and our press release.

# High Profitability

Non-GAAP

	Q1-21	Q1-22
Operating Income	\$246M	\$239M
Financial Income, Net	\$13M	\$7M
Tax Expenses	\$48M	\$42M
Net Income	\$211M	\$204M
EPS	\$1.54	\$1.57

**44% Operating margin**

**EPS 4 cents above the mid-point**

\*Non-GAAP excludes equity-based compensation charges, amortization of acquired intangibles and acquisition related expenses and their related tax effects. A reconciliation of non-GAAP to GAAP can be found in the appendix and our press release.

## Cash Flow and Cash Position

**\$3.8 Billion**

Cash, Marketable Securities & ST Deposits

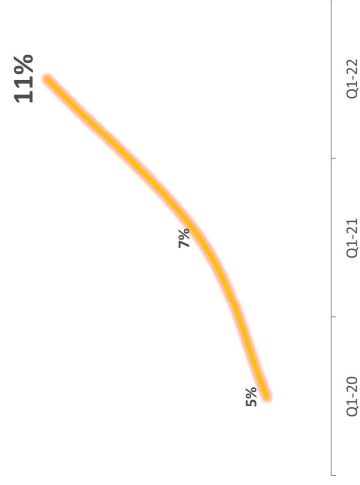
**\$398 Million**

Strong Operating Cash Flow  
Growth from \$375 Million in Q1-21

**\$325 Million**

Share Repurchase

# Financial Summary



- **Strong Financial Results**
- Revenues & EPS at High end of our projections
- Growth in all geographies
- Double digit growth in Product & subscription revenues
- Continued Focus on Top line growth



# BUSINESS UPDATE

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# Intense Threat Landscape

01

**54% increase** in avg. weekly cyber attacks globally

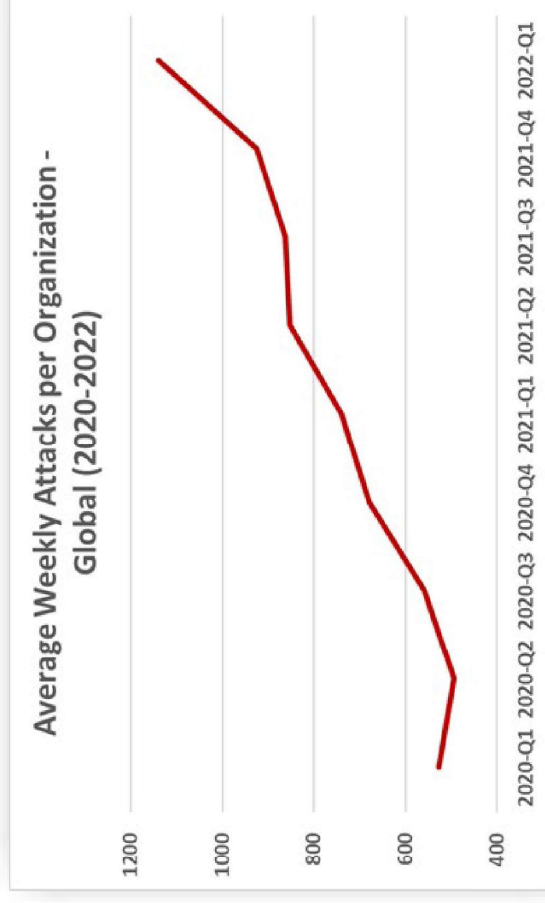
02

**1 in every 53** organizations is impacted by ransomware. **24% increase** YoY

03

Gen V attacks (Multi-vector, sophisticated) **become frequent**

\*source: Check Point research



# A wave of Supply chain and Gen V attacks

01

**Log4J – 46M exploitation attempts.**  
Targeting **50%** of corporate networks

02

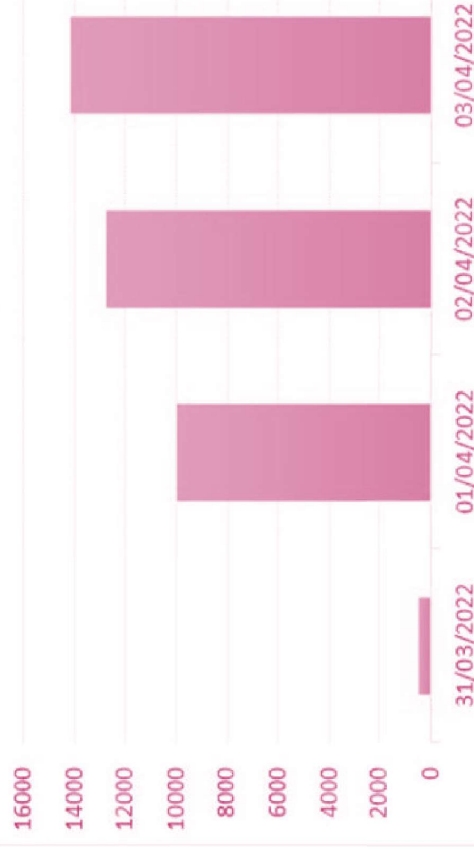
**Spring4Shell - Exploit attempts seen in**  
**33%** of corporate networks

***CloudGuard AppSec – the only solution to provide preemptive protection***

\*source: Check Point research



Vulnerability Allocation Attempts Since Outbreak



Predictions become reality:  
**Cyber attacks at all-time high**

- **Continuous wave of Gen V attacks**
- **Organizations are only protected against Gen 3**
- **Increased demand for Consolidation Prevention Best security**

BRIEFING ROOM

## Statement by President Biden on our Nation's Cybersecurity

MARCH 21, 2022 • STATEMENTS AND RELEASES

**This is a critical moment** to accelerate our work to improve domestic cybersecurity .....

Your vigilance and urgency today **can prevent** or mitigate attacks tomorrow.

...administration has worked to strengthen additional cyber defenses, mandating extensive cybersecurity measures for the Federal Government and those critical infrastructure sectors where we have authority to do so, and creating innovative partnerships and initiatives to enhance cybersecurity. Congress has partnered with us on numerous occasions. Members of Congress worked across the aisle to address the most serious incidents to the





# Execution on our High Growth Strategy



- ✓ **Company rebrand – You Deserve the Best Security**
- ✓ **A new Go-to-Market organization**
- ✓ **Launch of the Check Point Rockets**
- ✓ **Product breakthrough with Quantum Lightspeed**
- ✓ **Investment in growing our frontline sales teams**

Aligned to  
address  
market  
demands



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# Check Point Infinity Unified solution for every possible threat



Quantum

**SECURE THE NETWORK**



CloudGuard

**SECURE THE CLOUD**



Harmony

**SECURE USERS & ACCESS**



**THREATCLOUD**  
Real-time Threat Prevention

# New Go-To-Market Organization

## Extend

Extend the reach of our technology to new customers and segments

## Integrate

Integrate Sales and Marketing for greater impact

## Scale

Scale and extend our partner relationships



Led by Rupal Hollenbeck  
Chief Commercial Officer

- **Oracle** – Chief Marketing Officer
- **Intel** – 20+ Years, \$20B+ Global Data Center

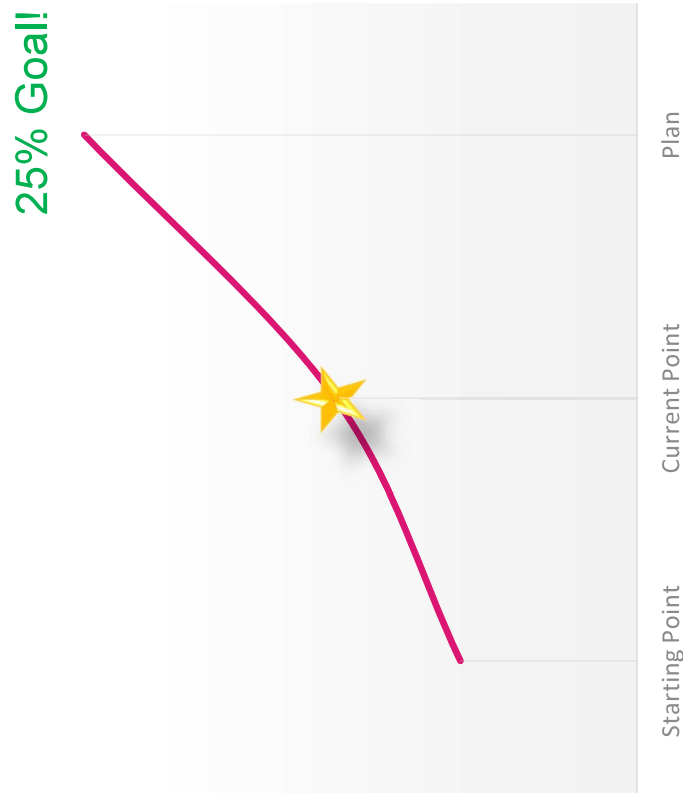
# Investment in Growing our Headcount

01

On target to reach **25% Growth** in Front Line Sales

02

R&D: **Successful hiring** despite a challenging environment



## 3 New Rockets

### Spearhead Growth in High Potential Markets

- Focus: Agility & Growth
- Align & Invest - R&D, Sales, Marketing



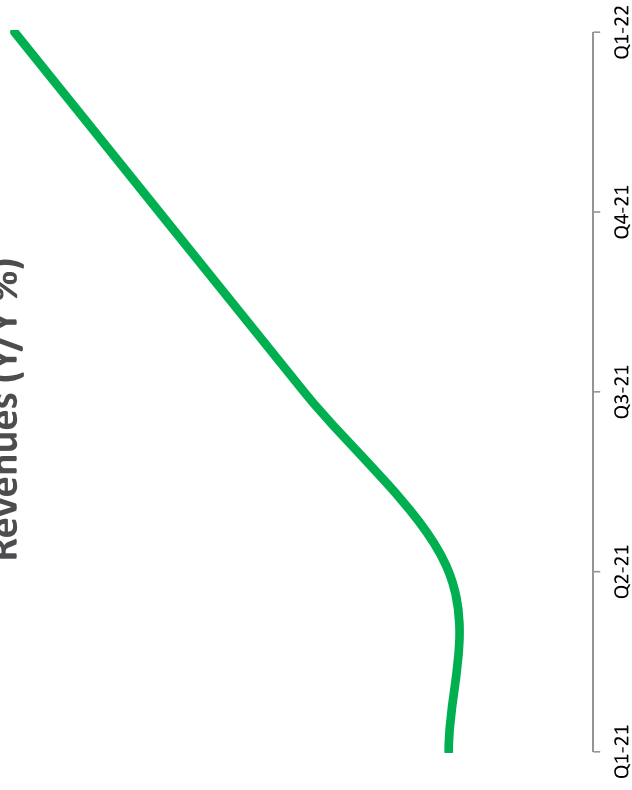


# BUSINESS MOMENTUM

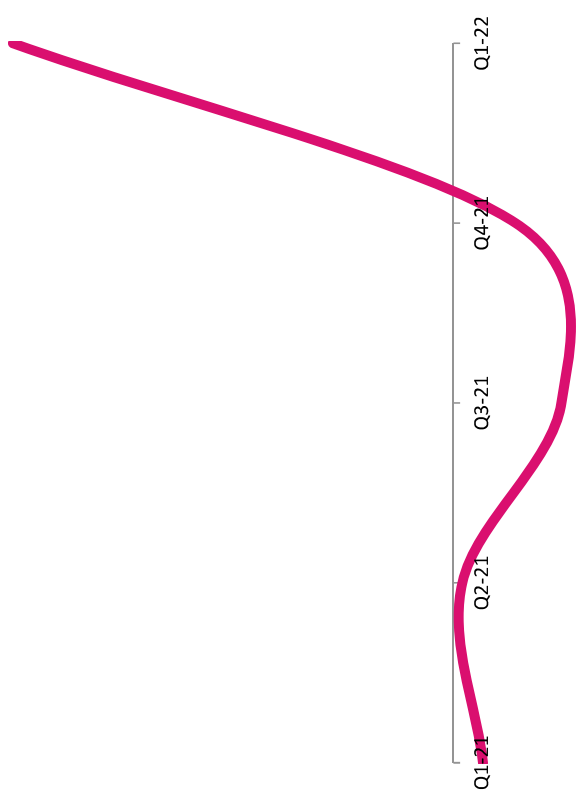
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# Revenues Growth Continues

Revenues (Y/Y %)



Americas revenues (Y/Y%)  
Exceptional Turnaround





# Best Security – Harmony E-Mail



Harmony  
Email & Collaboration

## NORTH AMERICA MANUFACTURING

Email security - 15,000 users

Had an email-based attack

Best catch rate against unknown zero days



Harmony  
Email & Collaboration

## US GOVERNMENT AGENCY

Email security - 40,000 users

Within 10 minutes we identified 50,000 phishing attacks

Replacement of Proofpoint



# Consolidation with Infinity



## US TRANSPORTATION

Quantum Maestro and  
Harmony Endpoint

Replacing Cisco and Sophos



## US SPORTS FRANCHISE

Infinity: Network, Endpoint,  
Mobile, Cloud

Better security and  
management

Winning against: Palo Alto



## EUROPE ENERGY & UTILITIES

Quantum Network and  
Harmony Endpoint

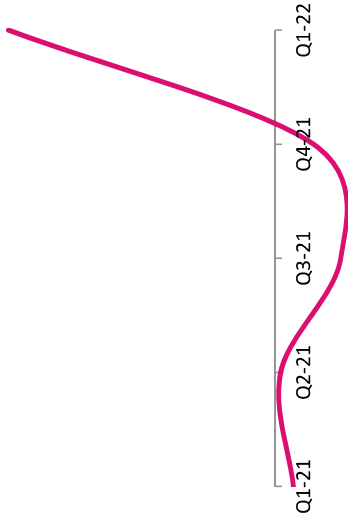
Winning against:  
Fortinet and Cisco



# SUMMARY

## Superior Execution on Strategy

Americas with Exceptional Turnaround



- Strong Performance
  - Revenue & EPS at High end of projections
  - America strikes back
- Healthy Market
  - Strong demand for cyber security
  - Consolidation and Prevention
- Continue to invest in growth



# PROJECTIONS

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# Q2-2022 Projections

**Revenues**

**\$545M - \$575M**

**Non-GAAP EPS**

**\$1.55 - \$1.65**

GAAP EPS is expected to be 35 cents less

Projecting future results is very challenging, there is always a high level of uncertainty  
Results can be better or worse than our projections



**THANK YOU**

**YOU DESERVE THE BEST SECURITY**



# Q&A

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# APPENDIX

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# Q1-2022:GAAP to Non-GAAP Consolidated Statement of Income Reconciliation

(In millions, except per share amounts)	Three Months Ended March 31, 2021				Three Months Ended March 31, 2022					
	GAAP	Stock-based compensation	Amortization of intangible assets and acquisition related expenses	Taxes on reconciliation items	Non-GAAP	GAAP	Stock-based compensation	Amortization of intangible assets and acquisition related expenses	Taxes on reconciliation items	Non-GAAP
Products and Licenses	\$ 109.3			\$	109.3	\$ 115.9			\$	115.9
Security Subscriptions	177.4			177.4		201.6			201.6	
<b>Total Products &amp; Security Subscriptions</b>	<b>286.7</b>			<b>286.7</b>		<b>317.5</b>				<b>317.5</b>
Software updates and maintenance	220.9			220.9		225.2			225.2	
<b>Total Revenues</b>	<b>507.6</b>			<b>507.6</b>		<b>542.7</b>				<b>542.7</b>
Cost of products and licenses	21.6	0.1		21.5		31.4	0.1			31.3
Cost of security subscriptions	8.0			8.0		10.0				10.0
<b>Total Cost of products and security subscriptions</b>	<b>29.6</b>	<b>0.1</b>		<b>29.5</b>		<b>41.4</b>	<b>0.1</b>			<b>41.3</b>
Cost of software updates and maintenance	25.3	0.9		24.4		25.5	1.0			24.5
Amortization of technology	1.7		1.7			3.2		3.2		
<b>Total Cost of revenues</b>	<b>56.6</b>	<b>1.0</b>	<b>1.7</b>	<b>53.9</b>		<b>70.1</b>	<b>1.1</b>	<b>3.2</b>		<b>65.8</b>
Research & Development	68.4	6.5	1.3	60.6		86.5	10.5	2.0		74.0
Sales & Marketing	140.0	8.3	1.9	129.8		158.6	11.1	0.8		146.7
General & Administrative	27.8	10.8		17.0		27.3	9.7			17.6
<b>Total Operating Expenses</b>	<b>292.8</b>	<b>26.6</b>	<b>4.9</b>	<b>261.3</b>		<b>342.5</b>	<b>32.4</b>	<b>6.0</b>		<b>304.1</b>
<b>Operating Income</b>	<b>214.8</b>	<b>26.6</b>	<b>4.9</b>	<b>246.3</b>		<b>200.2</b>	<b>32.4</b>	<b>6.0</b>		<b>238.6</b>
Financial & Other Income, Net	12.6			12.6		7.1				7.1
Income Taxes	44.5		(3.2)	47.7		37.9		(4.2)		42.1
<b>Net Income</b>	<b>\$ 182.9</b>	<b>26.6</b>	<b>4.9</b>	<b>\$ 211.2</b>		<b>\$ 169.4</b>	<b>32.4</b>	<b>6.0</b>		<b>\$ 203.6</b>
Diluted Earnings per share	\$ 1.33	0.19	0.04	1.54		1.30	0.25	0.05		1.57
Number of Shares (M), diluted	137.3			137.3		129.8				129.8