



Check Point[®]
SOFTWARE TECHNOLOGIES LTD

THIRD QUARTER 2021 FINANCIAL RESULTS

Oct 28, 2021



Gil Shwed – Founder & CEO | Tal Payne – CFO & COO | Kip E. Meintzer – Global Head of IR



Check Point[®]
SOFTWARE TECHNOLOGIES LTD

NEW WORLD
NEW OPPORTUNITIES
2021



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:

Business, financial performance and customers; The introduction of new products and programs and the success of those products and programs; The environment for security threats and trends in the market; Our strategy, focus areas and demand for our solutions; The impact of COVID-19 on our business, including on our supply chain, product development and sales and marketing efforts, and on our financial condition and results of operations; The impact of COVID-19 on our customers, suppliers and business partners and the macroeconomic environment as a whole; our acquisition Avanan; the growth of the markets in which we operate; and our business and financial outlook, including our guidance for Q4 2021.

Because these statements pertain to future events, they are subject to risks and uncertainties. Actual results could differ materially from Check Point's current expectations and beliefs. Factors that could cause or contribute to such differences are contained in Check Point's earnings press release issued on October 28, 2021, which is available on our website; and other factors and risks including those discussed in Check Point's latest annual report on Form 20-F, which is on file with the SEC.

Check Point assumes no obligation to update information concerning its expectations or beliefs 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.



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TAL PAYNE – CFO & COO



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NEW WORLD
NEW OPPORTUNITIES
2021



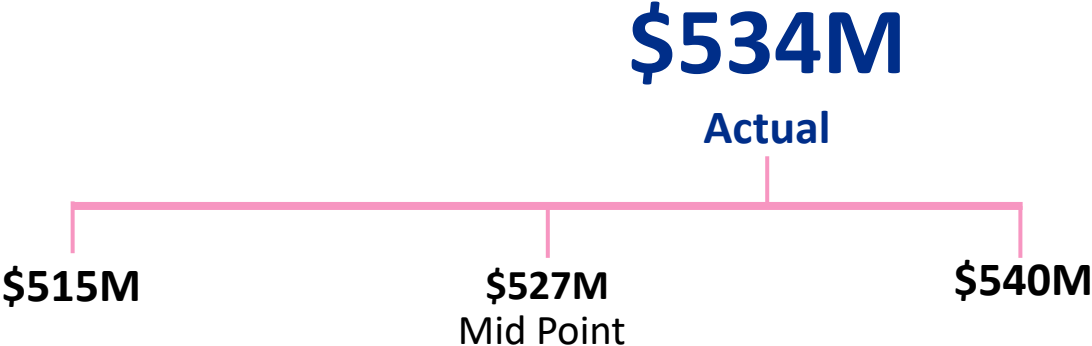
Revenues & EPS Above Our Guidance

Non-GAAP

Revenues

\$7 Million

Above the mid-point of our guidance



EPS

Surpassing the top end of our guidance



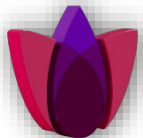
*Non-GAAP excludes equity-based compensation charges, amortization of acquired intangibles and acquisition related expenses and their related tax effects. A reconciliation of non-GAAP to GAAP can be found in the appendix and our press release.

Strong Billings and Revenues

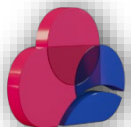
	Q3-20	Q3-21	Y/Y %
Revenues	\$509M	\$534M	5%
Billings*	\$473M	\$517M	9%
Deferred Revenues	\$1,302M	\$1,456M	12%

*Billings is a non-GAAP measure that we define as revenues recognized in accordance with GAAP plus the change in deferred revenues from the beginning to the end of the period less any deferred revenues balances acquired from business combination during the period

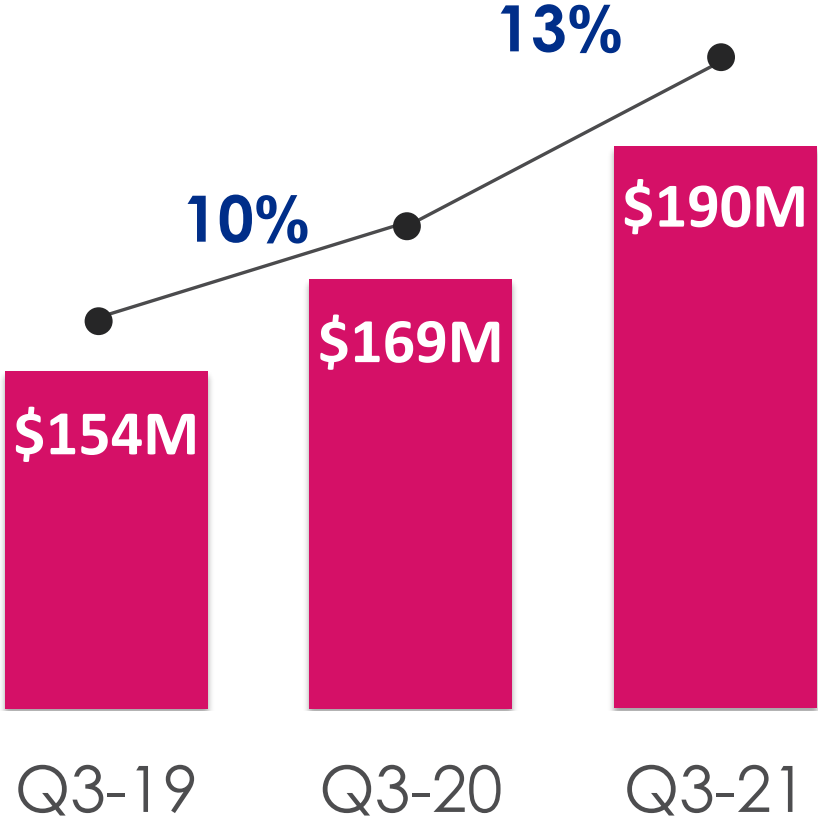
Security Subscriptions Accelerated growth



Double Digit Growth in Harmony



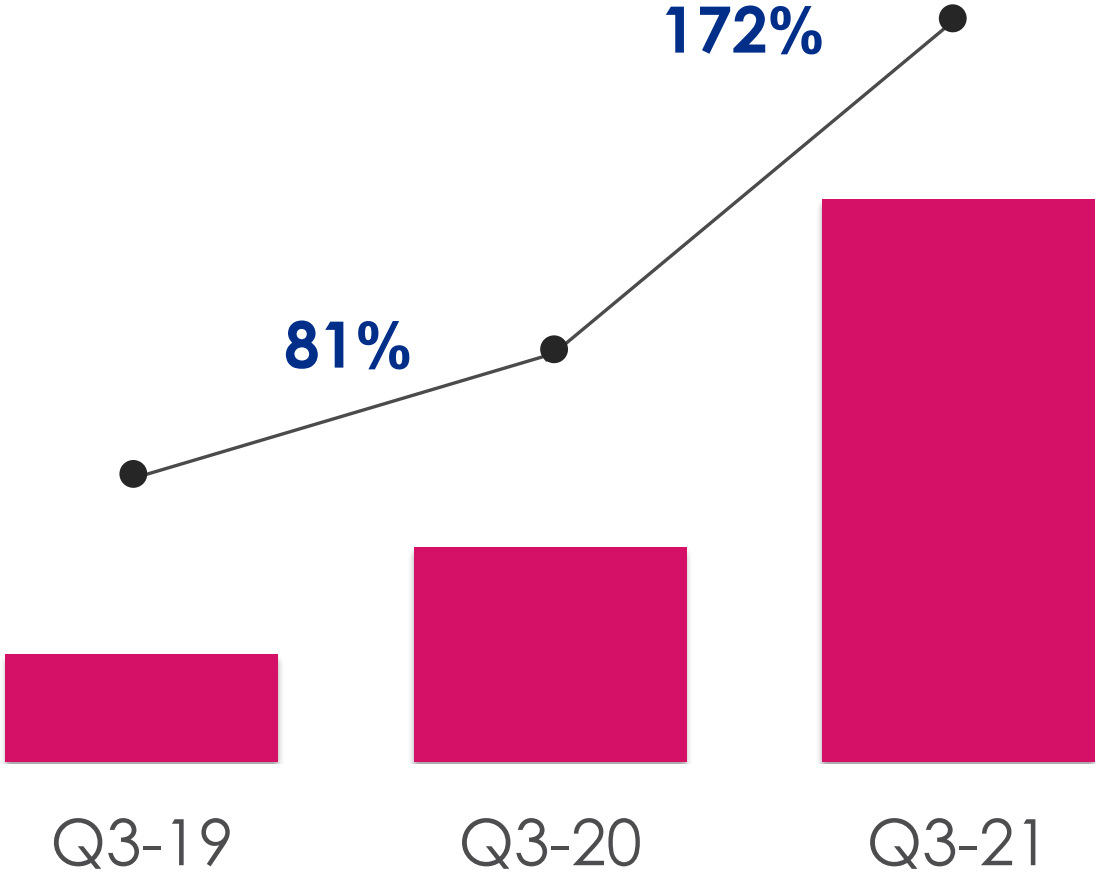
Double Digit Growth in CloudGuard



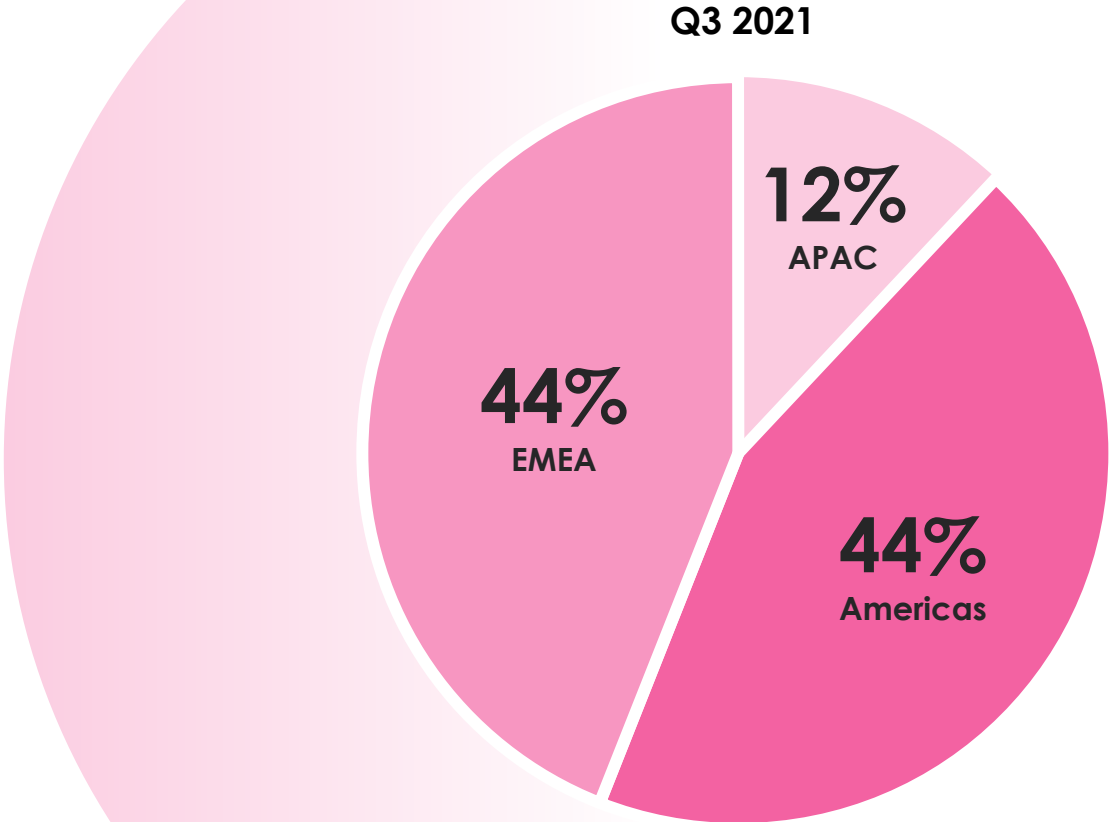
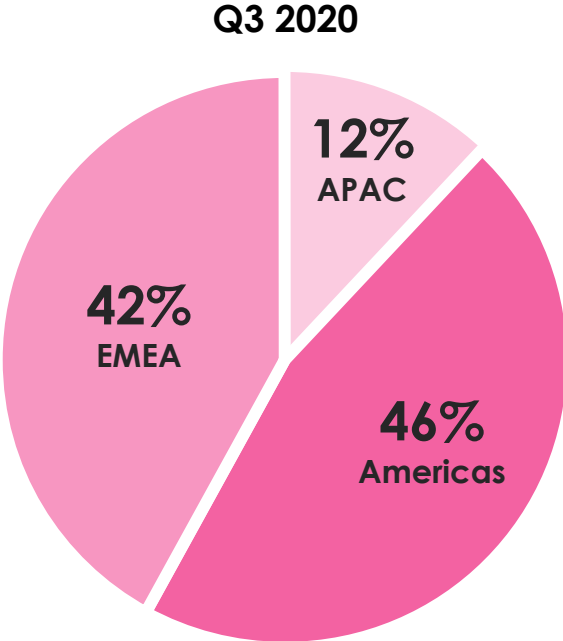
Strong Adoption Of Our Infinity Strategy



CHECK POINT
INFINITY



Revenues By Geographies



EMEA and APAC with Double Digit Growth Year Over Year

P&L Highlights

Non-GAAP

	Q3-20	Q3-21
Revenues	\$509M	\$534M
Gross profit	\$458M	\$474M

- **Gross profit strong \$474M @ 89%**
- **Investment in cloud infrastructure as we grow the cloud business and services**
- **Delivery on time to our customers with higher cost relating to supply chain constraints**

*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

Non-GAAP

	Q3-20	Q3-21	Y/Y %
Research and Development	\$53M	\$62M	17%
Selling and Marketing	\$124M	\$134M	8%
General and Administrative	\$16M	\$17M	8%
Operating Expenses	\$193M	\$213M	10%

- Added over 250 employees
- Dollar weakness increased cost by ~\$5M

*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 Profitability

Non-GAAP

	Q3-20	Q3-21
Operating Income	\$265M	\$261M
Financial Income, Net	\$15M	\$9M
Income Taxes	(\$49M)	(\$50M)
Net Income	\$231M	\$220M
EPS	\$1.64	\$1.65

49% Operating margin

41% Net income margin

*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

\$251 Million

Operating Cash Flow*

\$234 Million

Net cash paid for Avanan Acquisition

\$325 Million

Share Repurchase

*Include \$14M relating to Avanan Acquisition

Share Repurchase Program

Expansion of **\$2 Billion**

Up to **\$325 Million** a quarter

Business Update



THE STATE OF CYBER SECURITY

The threat landscape has never been greater
Surge in Large Scale Gen 5 attacks

SOLAR WINDS

CODECOV

COLONIAL PIPELINE

KASEYA

“Everywhere Employee”



WHY IS THIS HAPPENING ?



Cloud Transformation



Hybrid Datacenter

EXISTING SOLUTIONS FAIL TO ADDRESS



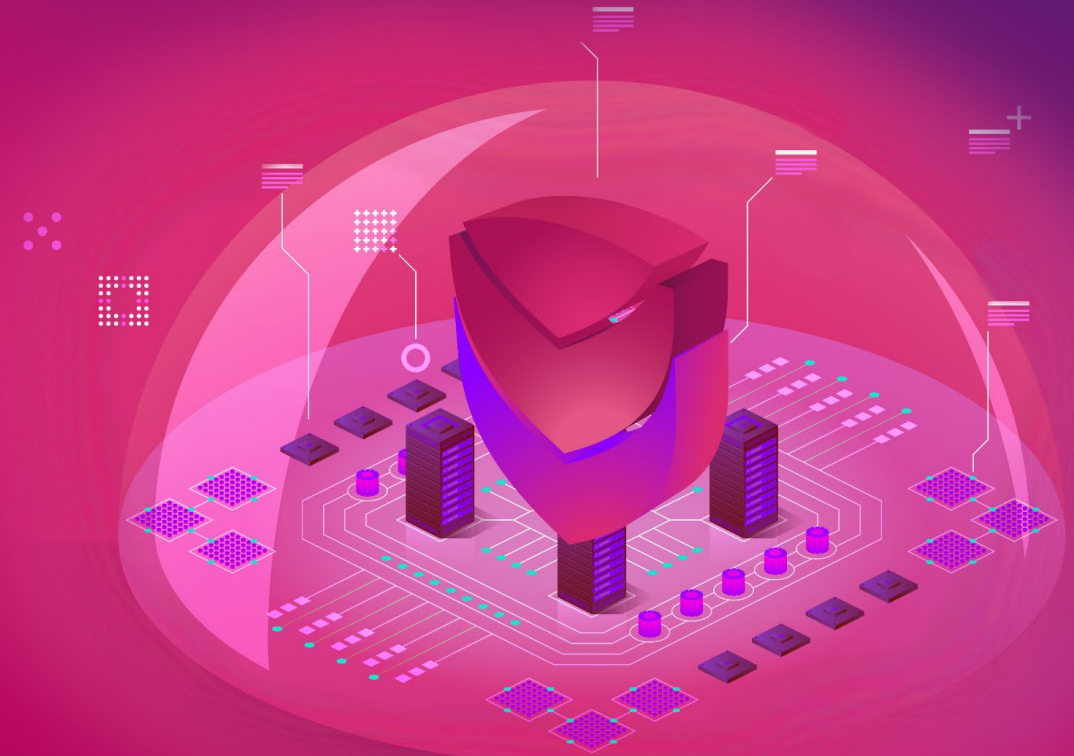
DON'T FOCUS ON PREVENTION



FRAGMENTED SECURITY STACK



**LACK OF INTEGRATION AND
MANAGEABILITY**



INFINITY – WE HAVE THE SOLUTION TO ADDRESS EVERY POSSIBLE THREAT



SECURE THE CLOUD

SECURE THE NETWORK

SECURE USERS & ACCESS

CONSOLIDATED MANAGEMENT & SECURITY OPERATIONS



CUSTOMER WINS



SIEMENS



Pérez-Llorca



TopRx



TOYOTA



Kingdee 金蝶



SAMSUNG RESEARCH AMERICA



wilkin chapman llp



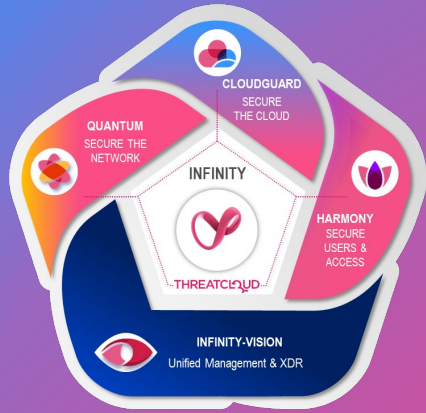
Central New Mexico Community College

KOCH MEDIA



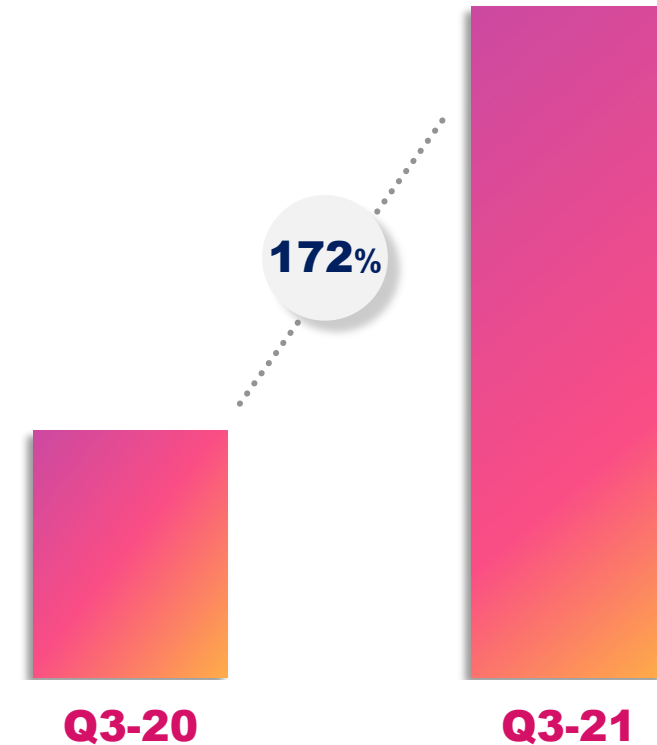
Medical Advocacy & Outreach





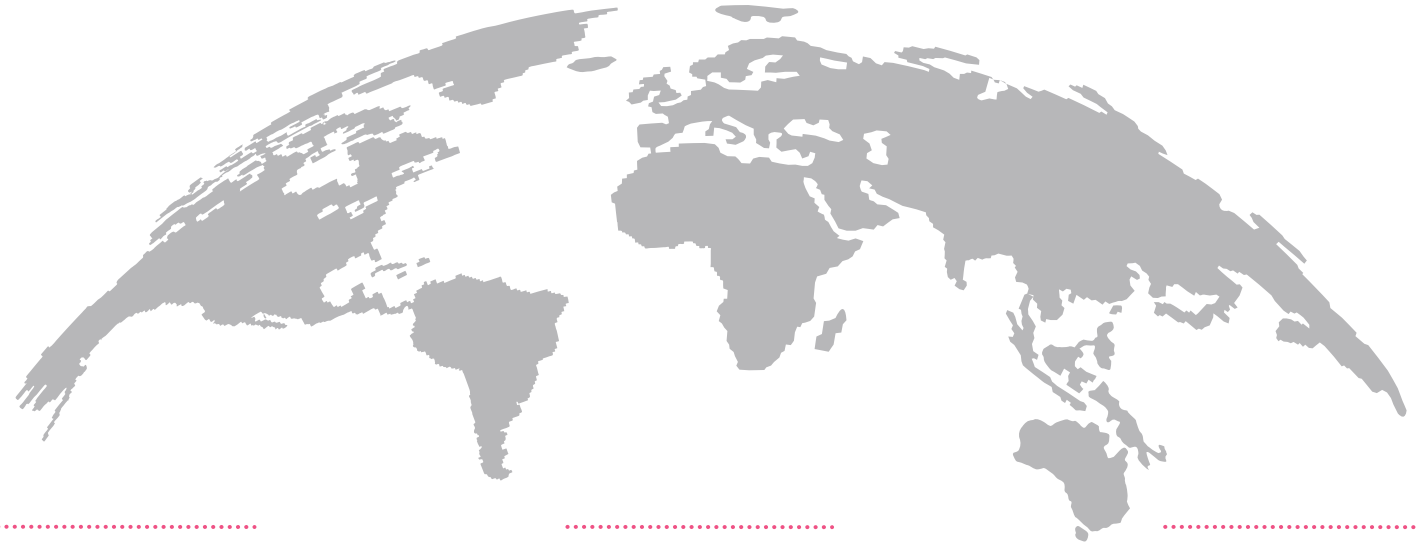
INFINITY

GAINING MARKET TRACTION



INFINITY MOMENTUM

Across geographies
and industries



US



OIL REFINEMENT
Fortune 500 company



LARGE HEALTH SERVICES
63,000 Employees



**MEDICAL DEVICES
MANUFACTURER**
\$10B Revenues

EMEA



**GERMANY, OIL & GAS
CORPORATION**
12% of Germany's oil capacity



**MULTINATIONAL
TELECOM COMPANY**
18M mobile subscribers

APAC



**AUSTRALIA,
UTILITIES COMPANY**
Covering 95% of the
state geography



**LARGE INSURANCE
COMPANY**
14,000 employees

INFINITY WIN

SAMPLE CUSTOMER

Large apparel manufacturer

60,000 employees

Operates in 160 countries

7 Digits deal

WHY CHECK POINT



CONSOLIDATED SOLUTION

protecting Network, Endpoint,
Mobile and Cloud



PROVEN HIGHEST PERFORMANCE AGAINST COMPETITION

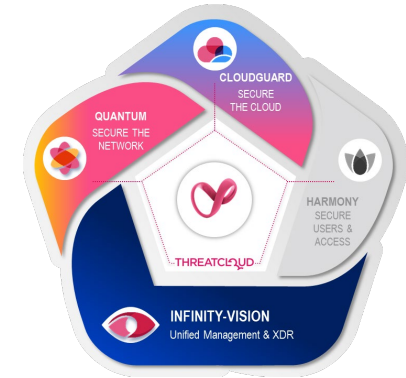


SUPERIOR MANAGEMENT

Easy and intuitive, centralized from single console



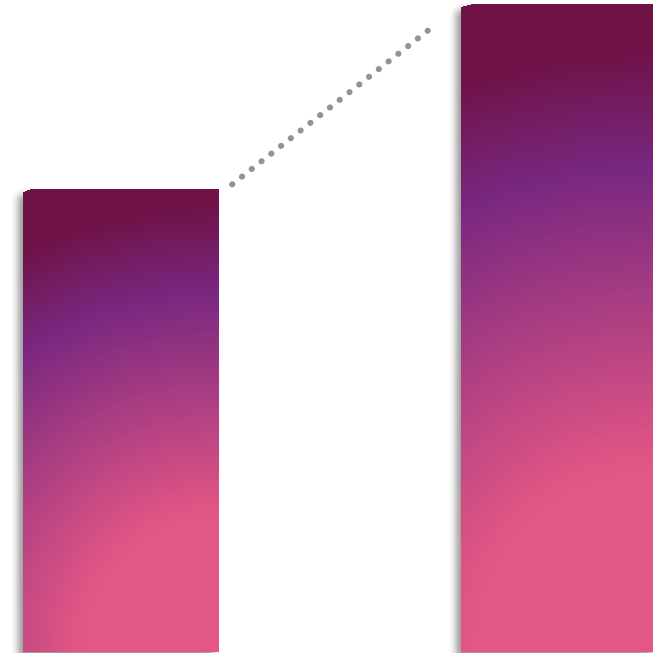
SCALABILITY with MAESTRO





HARMONY

EXPANDING BUSINESS
MOMENTUM



DOUBLE DIGIT GROWTH

HARMONY MOMENTUM

Across geographies
and industries



US



SEMICONDUCTOR MANUFACTURER
75,000 mobile users



WATER PURIFICATION
Malware package for more than 40,000 users

EMEA



SOFTWARE COMPANY
New Customer. Competitive replacement



HEALTHCARE SERVICES
New customer. More than 450,000 patients a year.
Replacing two vendors with Harmony



GOVERNMENT INSTITUTION
90,000 Endpoint users. 20 Million Customers

HARMONY ENDPOINT WIN

SAMPLE CUSTOMER

An international health
and lifestyle company

40,000 employees

Operates in 48 countries



FROM RANSOMWARE TO PREVENTION IN 12 DAYS



CONSOLIDATED SOLUTION

Replaced multiple vendors



THREAT INTELLIGENCE & THREAT HUNTING

Real-time alerts to block attacks



HARMONY

EXTEND HARMONY WITH
CLOUD E-MAIL



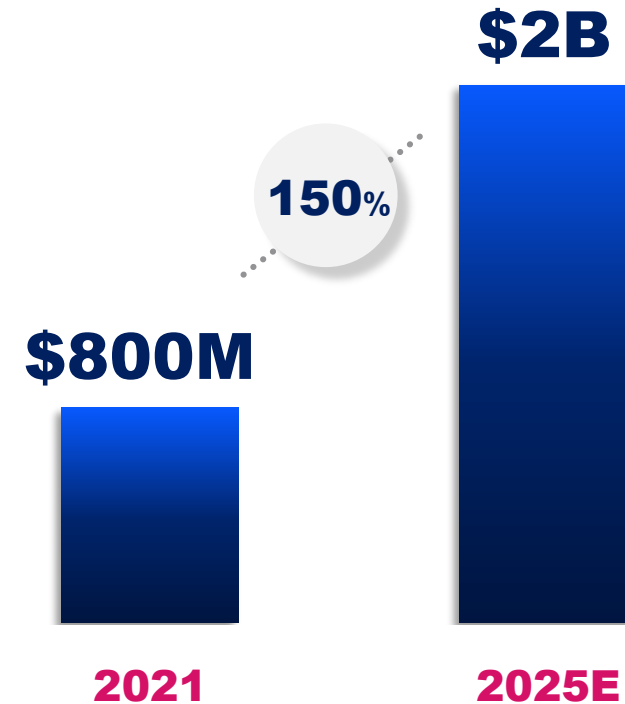
CLOUD EMAIL SECURITY MARKET



Enterprises moving email to the cloud (Office 365, G-Suite)



Conventional email security solutions don't fit cloud email



CLOUD EMAIL SECURITY MARKET SIZE (GARTNER)

Source: Gartner, Information security and risk management worldwide 1Q21

EMAIL SECURITY

MORE CRUCIAL THAN EVER, ATTACKED MORE THAN EVER



95% of Cyber Attacks
Start with E-Mail

CHECK POINT ACQUIRES AVANAN



A Check Point Company

THE FASTEST GROWING CLOUD EMAIL SECURITY VENDOR

5,000

Customers

2.5M

Protected Users

#1

on peer-insights
for email security

30%

more attacks are
prevented

UNIQUE TECHNOLOGY FOR CLOUD EMAIL SECURITY



- 🛡️ **Born in Cloud, API based**
- 🛡️ **Prevention-first**
- 🛡️ **Best catch rate**

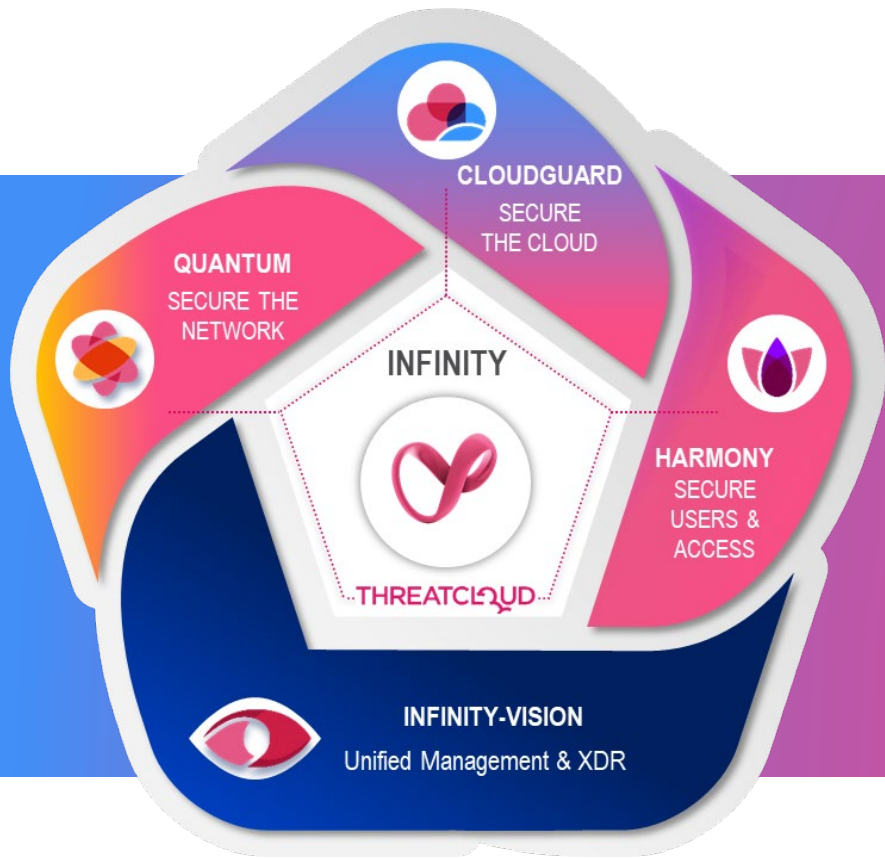


HARMONY E-MAIL & COLLABORATION

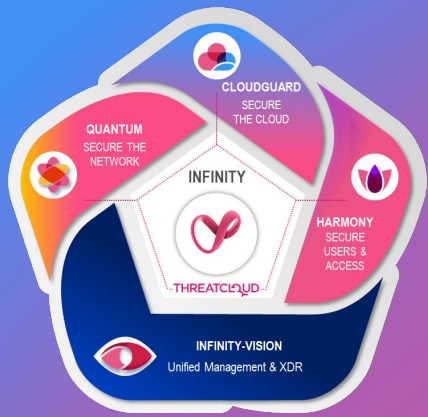
GREAT EXPANSION OPPORTUNITY

IMPORTANT ACQUISITION





SUMMARY



SUMMARY

SOLID EXECUTION ON STRATEGY

Strong Q3-2021 Financial Results

Revenues at the Top Half of Our Guidance
EPS Exceeded Guidance

Infinity Gaining Momentum

Double-Digit Growth in CloudGuard & Harmony
Triple-Digit Growth for Infinity Deals

Expanding into the cloud email security market



ONE MORE THING...

GUIDANCE

Q4-2021 Projections

Revenues

\$560M - \$605M

EPS

\$2.02 - \$2.22

GAAP EPS is expected to be 26 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

Updated 2021 Projections

Revenues

\$2,127M - \$2,172M

EPS

\$6.81 - \$7.01

GAAP EPS is expected to be 94 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

Q&A



GAAP to Non-GAAP Consolidated Statement of Income Reconciliation

(In millions, except per share amounts)	Three Months Ended September 30, 2020					Three Months Ended September 30, 2021				
	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	\$ 120.2				\$ 120.2	\$ 119.1				\$ 119.1
Security Subscriptions	168.8				168.8	190.0				190.0
Total Products & Security Subscriptions	289.0				289.0	309.1				309.1
Software updates and maintenance	220.0				220.0	224.9				224.9
Total Revenues	509.0				509.0	534.0				534.0
Cost of products and licenses	22.9	0.1			22.8	25.9	0.1			25.8
Cost of security subscriptions	5.9				5.9	9.3				9.3
Total Cost of products and security subscriptions	28.8	0.1			28.7	35.2	0.1			35.1
Cost of software updates and maintenance	23.3	1.1			22.2	25.8	1.2			24.6
Amortization of technology	1.7		1.7			2.2		2.2		
Total Cost of revenues	53.8	1.2	1.7		50.9	63.2	1.3	2.2		59.7
Research & Development	61.3	6.9	1.1		53.3	71.3	7.8	1.3		62.2
Sales & Marketing	135.8	10.2	1.8		123.8	148.3	12.7	2.1		133.5
General & Administrative	26.8	10.8			16.0	26.7	9.4			17.3
Total Operating Expenses	277.7	29.1	4.6		244.0	309.5	31.2	5.6		272.7
Operating Income	231.3	29.1	4.6		265.0	224.5	31.2	5.6		261.3
Financial & Other Income, Net	14.4				14.4	9.2				9.2
Income Taxes (Tax Benefit)	45.0			(3.6)	48.6	46.7		(4.0)		50.7
Net Income	\$ 200.7	29.1	4.6	(3.6)	\$ 230.8	\$ 187.0	31.2	5.6	(4.0)	\$ 219.8
Diluted Earnings per share	\$ 1.42	0.21	0.03	(0.02)	\$ 1.64	\$ 1.40	0.24	0.04	(0.03)	\$ 1.65
Number of Shares (M), diluted	141.1				141.1	133.4				133.4

GAAP to Non-GAAP Consolidated Statement of Income Reconciliation

(In millions, except per share amounts)	Nine Months Ended September 30, 2020					Nine Months Ended September 30, 2021				
	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	\$ 353.0				\$ 353.0	\$ 347.5				\$ 347.5
Security Subscriptions	491.6				491.6	551.1				551.1
Total Products & Security Subscriptions	844.6				844.6	898.6				898.6
Software updates and maintenance	656.5				656.5	669.1				669.1
Total Revenues	1,501.1				1,501.1	1,567.7				1,567.7
Cost of products and licenses	66.3	0.3			66.0	70.7	0.3			70.4
Cost of security subscriptions	18.5				18.5	26.0				26.0
Total Cost of products and security subscriptions	84.8	0.3			84.5	96.7	0.3			96.4
Cost of software updates and maintenance	70.5	3.0			67.5	76.7	3.2			73.5
Amortization of technology	4.9		4.9			5.6		5.6		
Total Cost of revenues	160.2	3.3	4.9		152.0	179.0	3.5	5.6		169.9
Research & Development	185.9	17.2	2.8		165.9	207.2	21.5	3.9		181.8
Sales & Marketing	419.2	26.8	5.4		387.0	437.2	31.5	5.9		399.8
General & Administrative	83.0	36.2			46.8	82.7	31.2			51.5
Total Operating Expenses	848.3	83.5	13.1		751.7	906.1	87.7	15.4		803.0
Operating Income	652.8	83.5	13.1		749.4	661.6	87.7	15.4		764.7
Financial & Other Income, Net	52.4				52.4	32.2				32.2
Income Taxes (Tax Benefit)	129.4			(10.7)	140.1	137.9		(11.1)		149.0
Net Income	\$ 575.8	83.5	13.1	(10.7)	\$ 661.7	\$ 555.9	87.7	15.4	(11.1)	\$ 647.9
Diluted Earnings per share	\$ 3.99	0.58	0.09	(0.08)	\$ 4.58	\$ 4.13	0.66	0.11	(0.08)	\$ 4.82
Number of Shares (M), diluted	144.4				144.4	134.4				134.4