



# FOURTH QUARTER & 2021 ANNUAL FINANCIAL RESULTS

Feb 3, 2022

Gil Shwed

Founder & CEO



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CFO & COO



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YOU DESERVE THE BEST SECURITY

# 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 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.



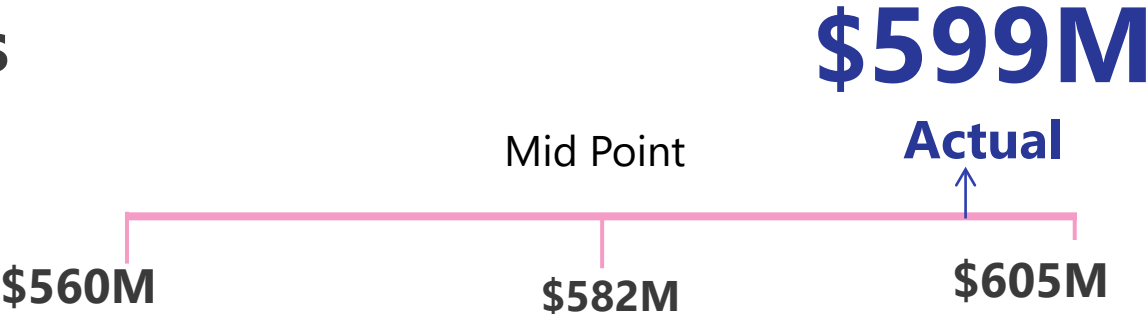
# FINANCIAL RESULTS REVIEW

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# Q4-21: Revenues & EPS Above Our Guidance

Non-GAAP

## Revenues



**\$17 Million**  
Above the mid-point  
of our guidance

## EPS

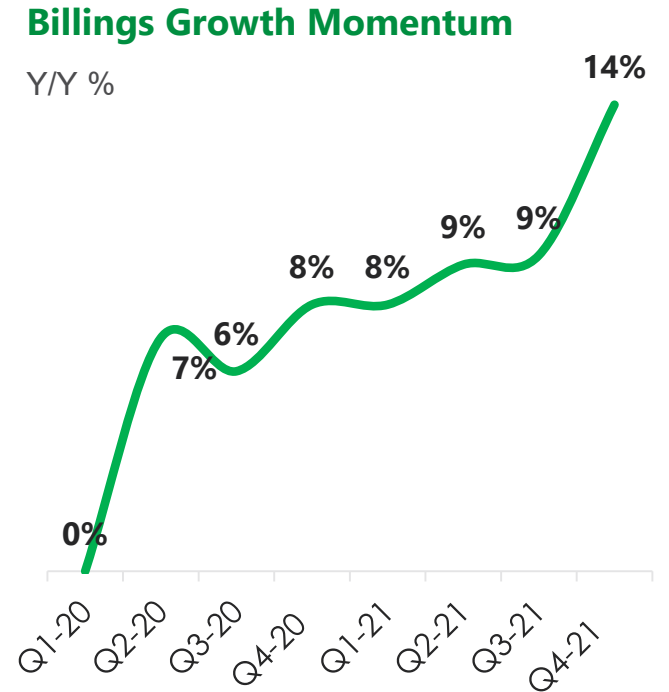


**3 Cents**  
Above the top end  
of our guidance

\*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.

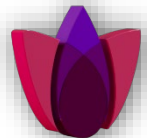
# Strong Revenues and Billings Growth Momentum

	Q4-20	Q4-21	Y/Y %
Revenues	\$564M	\$599M	6%
Billings*	\$744M	\$851M	14%
Deferred Revenues	\$1,482M	\$1,707M	15%

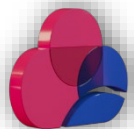


\*Billings is a non-GAAP measure that we define as total revenues recognized in accordance with GAAP plus the change in total deferred revenues during the period

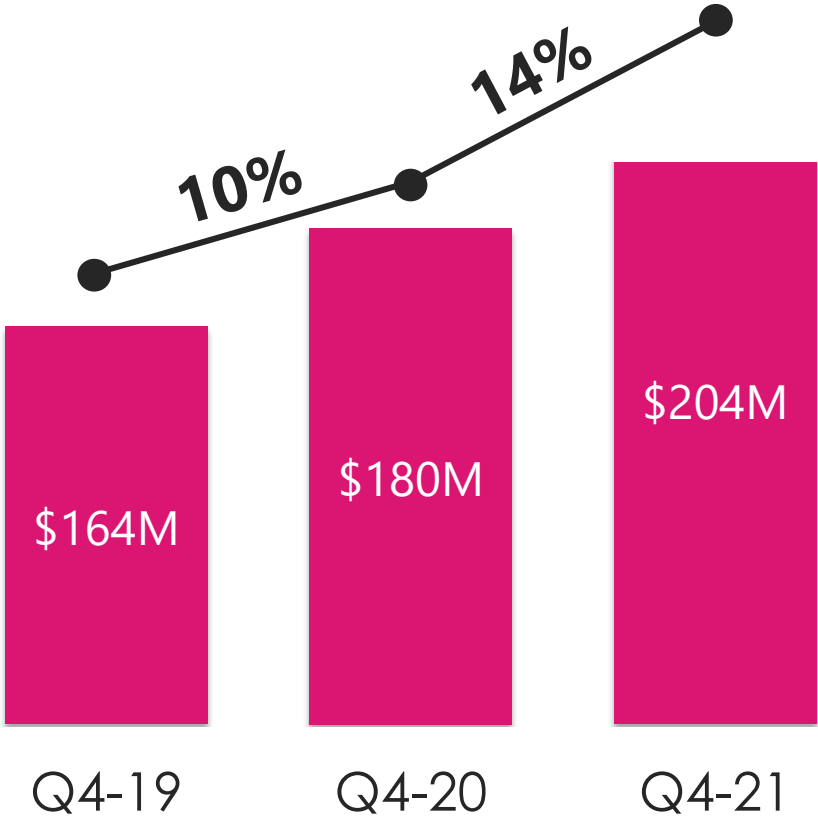
# Security Subscriptions Accelerated growth



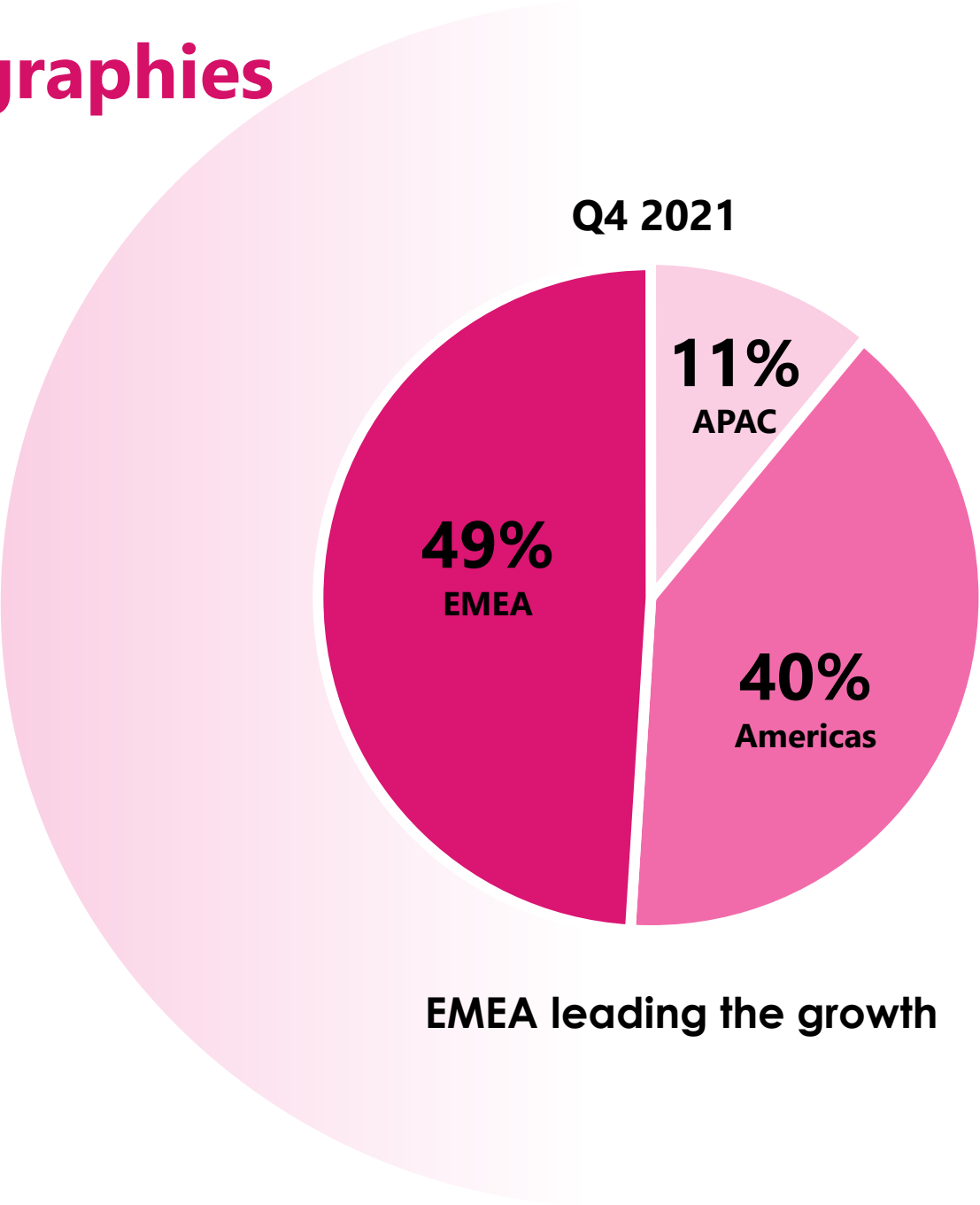
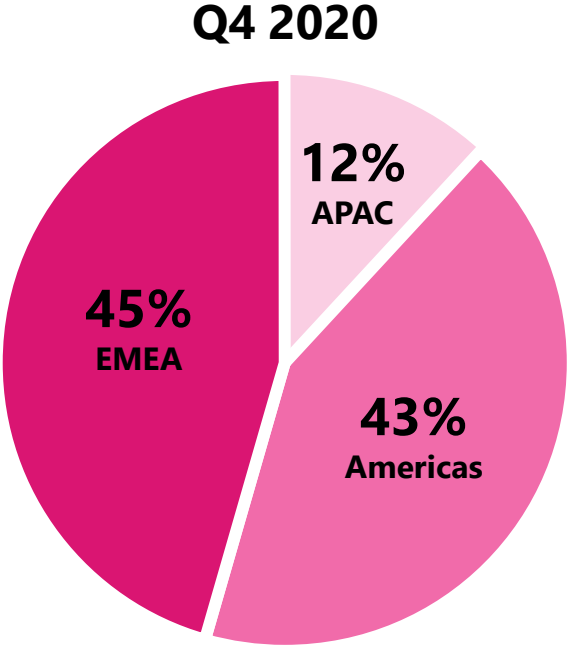
**Double Digit Growth in Harmony**



**Double Digit Growth in CloudGuard**



# Q4-21 Revenues By Geographies



# Gross Profits Highlights

Non-GAAP

	Q4-20	Q4-21
Revenues	\$564M	\$599M
Gross profit	\$500M	\$524M

- **Gross profit strong \$524M @ 87.5%**
- **Delivery to our customers with higher cost related to supply chain constraints**
- **Increased cloud costs, relating to the success of our Harmony and CloudGuard**

\*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

	Q4-20	Q4-21	Y/Y %
Research and Development	\$59M	\$73M	24%
Selling and Marketing	\$139M	\$148M	7%
General and Administrative	\$17M	\$18M	8%
Operating Expenses	\$215M	\$239M	11%

- Accelerated workforce growth: ~9% Y/Y
- Dollar weakening against the Israeli Shekel effects mainly R&D 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.

# Strong Profitability

Non-GAAP

	Q4-20	Q4-21
Operating Income	\$285M	\$285M
Financial Income, Net	\$14M	\$10M
Tax Benefit (Expense)	\$2M	\$(1M)
Net Income	\$301M	\$294M
EPS	\$2.17	\$2.25

**EPS 3 cents above the Top of our range**

**47%** Operating margin

**49%** 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

**\$294 Million**

Operating Cash Flow\*

**\$325 Million**

Share Repurchase

\*Includes \$4 million of income related to our currency hedging transactions compared to \$26 million in the fourth quarter of 2020



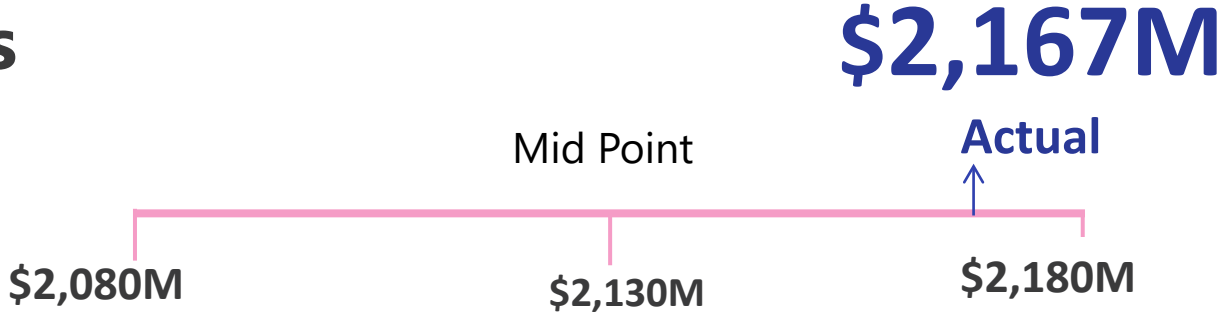
# FULL YEAR 2021

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# FY 2021 Revenues & EPS Above Our Original Guidance

Non-GAAP

## Revenues



**\$37 Million**  
**Above the mid-point**  
**of our guidance**

## EPS



**17 Cents**  
**Above the top end**  
**of our guidance**

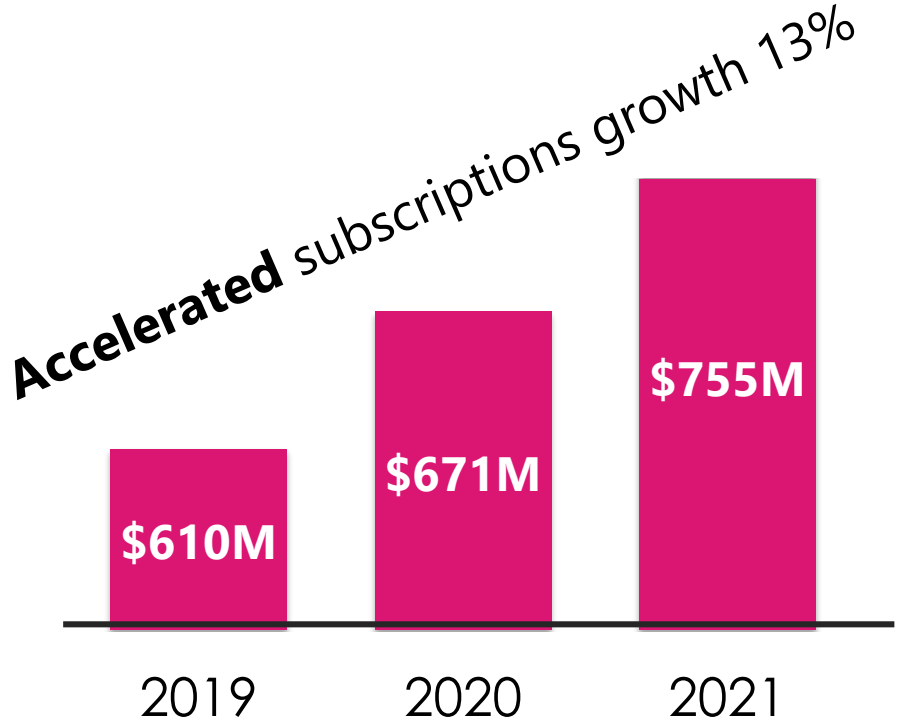
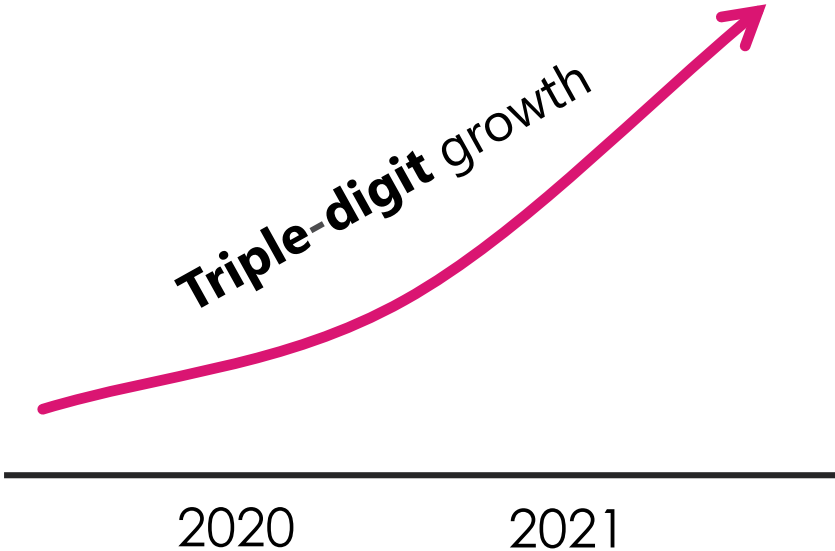
\*Non-GAAP excludes equity-based compensation charges, amortization of acquired intangibles and acquisition related expenses and their related tax effects. A reconciliation of non-GAAP to GAAP can be found in the appendix and our press release.

# Strong Billings and Revenues

	2020	2021	Y/Y %
Revenues	\$2,065M	\$2,167M	5%
Billings*	\$2,160M	\$2,392M	11%
Deferred Revenues	\$1,482M	\$1,707M	15%

\*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

# Adoption Of Infinity Strategy Leading Revenues Growth



# P&L Highlights

Non-GAAP

	2020	2021
Revenues	\$2,065M	\$2,167M
<b>Gross profit</b>	<b>\$1,850M</b>	<b>\$1,922M</b>
<i>Gross margin</i>	89.6%	88.7%
<b>Operating Expenses</b>	<b>\$815M</b>	<b>\$873M</b>
<b>Operating Income</b>	<b>\$1,035M</b>	<b>\$1,049M</b>
Financial Income, Net	\$67M	\$42M
Tax expenses	\$139M	\$149M
<b>Net Income</b>	<b>\$963M</b>	<b>\$942M</b>
<b>EPS</b>	<b>\$6.78</b>	<b>\$7.02</b>

\*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

**\$1,183 Million**

Operating Cash Flow\*

**\$1.3 Billion**

Share Repurchase

\*included \$14 million in acquisition related costs and \$1 million in currency hedge transactions while 2020 included \$6 million in acquisition related costs and \$25 million in currency hedge transactions income.

# Financial Summary

- **Strong Financial Results**
  - Revenues at top part of the guidance
  - EPS exceeded guidance
  - Strong billings
- **Growth across focus areas:**
  - Harmony double digit
  - CloudGuard double digit
- **Strong profitability**



# BUSINESS UPDATE

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# 2022 Key Initiatives

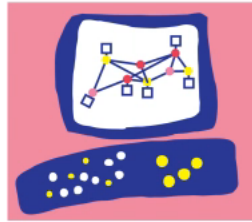
- New message:  
“You Deserve the Best Security”
- Leapfrogged the industry with unprecedented price/performance
- Invest in Check Point “rockets”
- Grow our frontline sales force by 25%





**BEST SECURITY**

**YOU DESERVE THE BEST SECURITY**



**Check Point**<sup>®</sup>  
SOFTWARE TECHNOLOGIES LTD



**YOU DESERVE THE BEST SECURITY**

**THE WORLD IS DEPENDENT ON THE INTERNET.  
WE NEED TO KEEP IT SECURE.**

**SUPPLY CHAIN ATTACKS, RANSOMWARE, LOG4J,  
AND WHATEVER COMES NEXT...**



[Internal Use] for Check Point employees



WHEN IT COMES TO  
CYBER SECURITY,

“SECOND BEST”

WILL GET YOU

BREACHED



AND ONLY ONE VENDOR DELIVERS  
**THE BEST SECURITY** TO PROTECT AGAINST GEN V ATTACKS

**CHECK POINT.**

# Check Point *Infinity* Providing unified solution for every possible threat



Quantum

**SECURE THE NETWORK**



CloudGuard

**SECURE THE CLOUD**



Harmony

**SECURE USERS & ACCESS**








Infinity-Vision

**THREATCLQUD**

Real-time Threat Prevention

# Widest security coverage

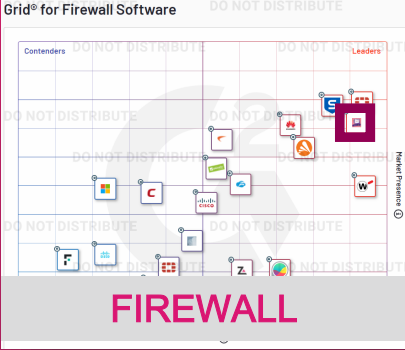
## ATTACK VECTORS

	MOBILE DEVICES	NETWORK ATTACKS	CORPORATE EMAIL	WEB SERVERS	END POINT DEVICE	CLOUD
 <b>CHECK POINT</b>	Full coverage	Full coverage	Full coverage	Full coverage	Full coverage	Full coverage
 <b>paloalto</b> NETWORKS	Basic product (URLF)	No prevention for unknown	No Product	Partial coverage (No AI)	Partial coverage (No web & traffic protection)	Full Coverage
 <b>FORTINET</b>	No Product	No prevention for unknown	No API-based cloud email	Partial coverage (Legacy WAF)	Partial coverage (EDR Focus)	Partial Coverage
 <b>zscaler</b>	Basic product (URLF)	No prevention for unknown	No Product	No Product	Partial No run-time security	Partial (CSPM Only)
 <b>CROWDSTRIKE</b>	Basic product (EDR Focus)	No Gateway. Endpoint based only	No Product	Partial coverage (No WAF)	Full coverage	Partial coverage (No kubernetes)

# INFINITY LEADS IN 9 CATEGORIES!



AN ACHIEVEMENT  
SECOND TO NONE.



# INFINITY LEADS IN 9 CATEGORIES!

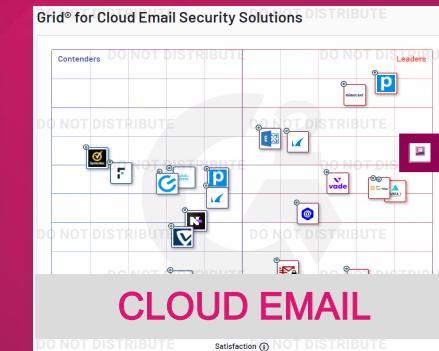
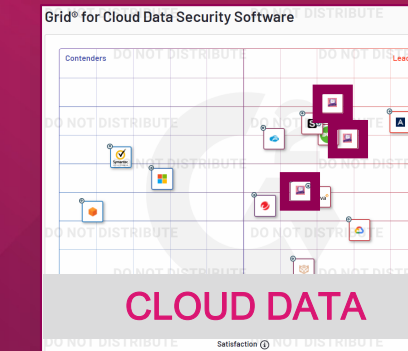
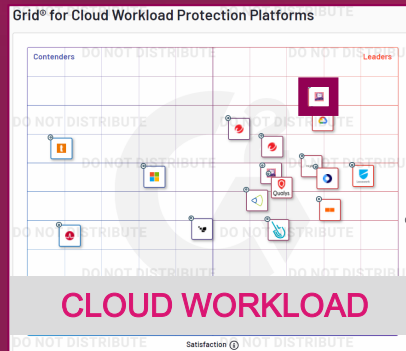
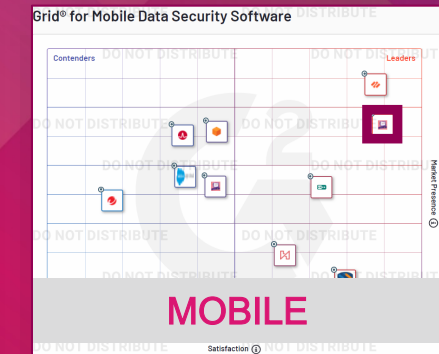
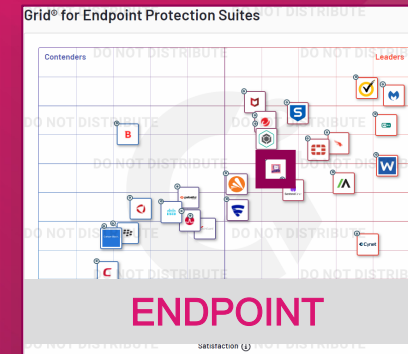
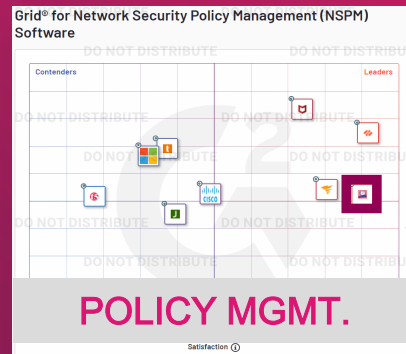
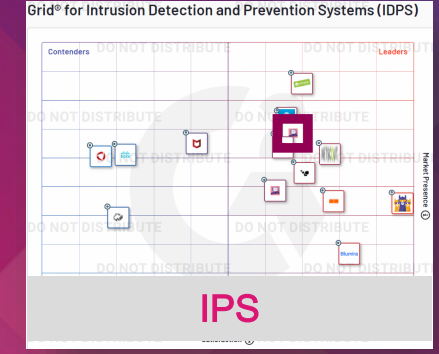
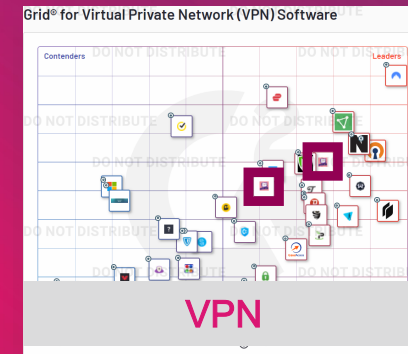
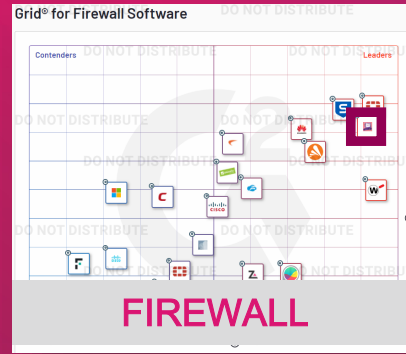


AN ACHIEVEMENT  
SECOND TO NONE.

# CUSTOMERS



# CHECK POINT





# INNOVATION – RECORD PERFORMANCE & PRICE/PERFORMANCE

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**QUANTUM LIGHTSPEED**

***Introducing the World's Fastest Datacenter Firewall***

***20X better security price-performance***



# Time for a network security paradigm shift Can you beat that?



**Check Point LightSpeed  
LS-250, 250Gbps, \$45K**



**20% Better than Fortinet  
20x better than PAN**



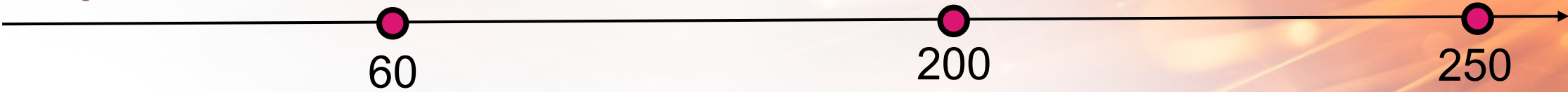
Fortinet FG-1800F  
198Gbps, \$42K



Quantum 16200  
78 Gbps, \$136K



Palo Alto 5260  
58 Gbps, \$200K



# Time for a network security paradigm shift Can you beat that?

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LS-250, 250Gbps, \$45K**



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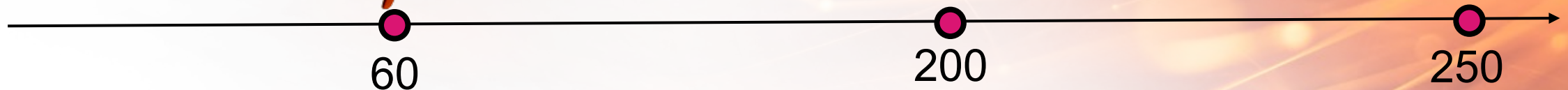
Fortinet FG-1800F  
198Gbps, \$42K



Quantum 16200  
78 Gbps, \$136K



Palo Alto 5260  
58 Gbps, \$200K



# Redefining Security Speed



QUANTUM LIGHTSPEED

01

HYPER-FAST FIREWALL SECURITY GATEWAYS  
250 TO 800 GBPS HYPER-FAST THROUGHPUT  
ULTRA LOW LATENCY AT  $<3\mu\text{S}$  (10X FASTER)  
SCALABILITY UP TO 3TBPS

02

USING NVIDIA'S ASIC  
FIRST TIME IN CHECK POINT



***20% Better than Fortinet, 20X times better than PAN,  
25x times better than Cisco***



# ACCELERATING GROWTH – ROCKETS

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# 3 New Rockets

## Spearhead Growth in High Potential Markets

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



# CloudGuard Rocket

- Preemptive Prevention of Log4J  
*The Only Solution*
  - AI Technology – CloudGuard AppSec
- Continued Expansion
  - 5<sup>th</sup> Acquisition
  - Code security / Developer first security



# Cloud Code Security – Developer First Security Acquires Spectral

## Wide Range of use cases

IaC scanning, Code Tampering Prevention,  
Secrets Detection

## Open-source community

30,000 Downloads

## For developers, By developers

Deployment in <5 minutes  
Accurate results in seconds



**Spectral**

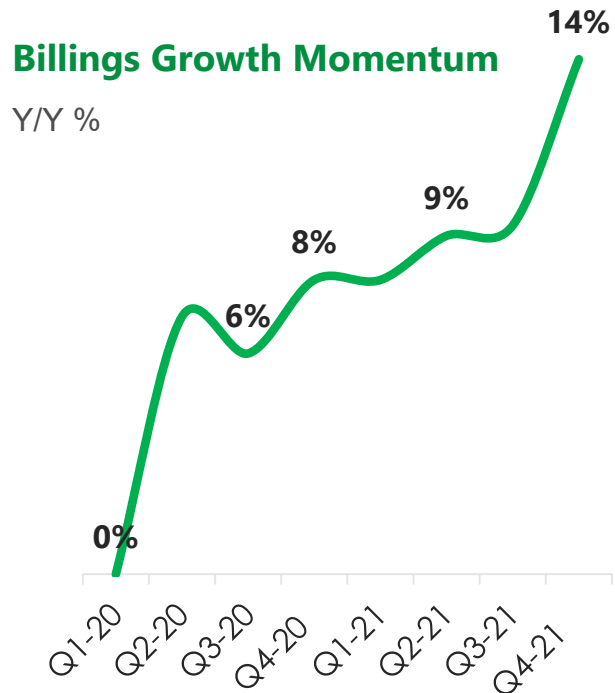


# SUMMARY

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# Summary



- Accelerated Results
  - Strong Financials
  - Double-Digit Billings Growth
- Accelerating Innovation
  - LightSpeed
  - Cloud Code Security
- Accelerating Investment
  - Salesforce Expansion
  - Rockets



**THANK YOU!**

**YOU DESERVE THE BEST SECURITY**



# PROJECTIONS - 2022

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# 2022 Projections

**Revenues**

**\$2,200M - \$2,375M**

6% Growth at the Midpoint  
10% Growth at the High End

**Non-GAAP EPS**

**\$6.90 - \$7.50**

GAAP EPS is expected to be \$1.22 less

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

# Q1-2022 Projections

**Revenues**

**\$517M - \$547M**

**Non-GAAP EPS**

**\$1.48 - \$1.58**

GAAP EPS is expected to be 32 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

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# APPENDIX

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# Q4-2021:GAAP to Non-GAAP Consolidated Statement of Income Reconciliation

(In millions, except per share amounts)	Three Months Ended December 31, 2020					Three Months Ended December 31, 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	\$ 160.6				\$ 160.6	\$ 166.4				\$ 166.4
Security Subscriptions	179.5				179.5	204.1				204.1
<b>Total Products &amp; Security Subscriptions</b>	<b>340.1</b>				<b>340.1</b>	<b>370.5</b>				<b>370.5</b>
Software updates and maintenance	223.7				223.7	228.6				228.6
<b>Total Revenues</b>	<b>563.8</b>				<b>563.8</b>	<b>599.1</b>				<b>599.1</b>
Cost of products and licenses	30.5	0.1			30.4	40.0	0.1			39.9
Cost of security subscriptions	7.9				7.9	9.9				9.9
<b>Total Cost of products and security subscriptions</b>	<b>38.4</b>	<b>0.1</b>			<b>38.3</b>	<b>49.9</b>	<b>0.1</b>			<b>49.8</b>
Cost of software updates and maintenance	26.2	1.1			25.1	26.3	1.2			25.1
Amortization of technology	1.7		1.7			2.9		2.9		
<b>Total Cost of revenues</b>	<b>66.3</b>	<b>1.2</b>	<b>1.7</b>		<b>63.4</b>	<b>79.1</b>	<b>1.3</b>	<b>2.9</b>		<b>74.9</b>
Research & Development	66.9	6.3	1.3		59.3	85.5	10.3	1.7		73.5
Sales & Marketing	150.7	10.0	1.9		138.8	160.6	11.3	1.4		147.9
General & Administrative	28.5	11.5			17.0	28.0	9.7			18.3
<b>Total Operating Expenses</b>	<b>312.4</b>	<b>29.0</b>	<b>4.9</b>		<b>278.5</b>	<b>353.2</b>	<b>32.6</b>	<b>6.0</b>		<b>314.6</b>
<b>Operating Income</b>	<b>251.4</b>	<b>29.0</b>	<b>4.9</b>		<b>285.3</b>	<b>245.9</b>	<b>32.6</b>	<b>6.0</b>		<b>284.5</b>
Financial & Other Income, Net	14.2				14.2	9.9				9.9
Income Taxes (Tax Benefit)	(5.2)			(3.7)	(1.5)	(3.9)		(4.3)		0.4
<b>Net Income</b>	<b>\$ 270.8</b>	<b>29.0</b>	<b>4.9</b>	<b>(3.7)</b>	<b>\$ 301.0</b>	<b>\$ 259.7</b>	<b>32.6</b>	<b>6.0</b>	<b>(4.3)</b>	<b>\$ 294.0</b>
<b>Diluted Earnings per share</b>	<b>\$ 1.95</b>	<b>0.21</b>	<b>0.04</b>	<b>(0.03)</b>	<b>\$ 2.17</b>	<b>\$ 1.98</b>	<b>0.25</b>	<b>0.05</b>	<b>(0.03)</b>	<b>\$ 2.25</b>
Number of Shares (M), diluted	138.9				138.9	130.9				130.9



# FY 2021: GAAP to Non-GAAP Consolidated Statement of Income Reconciliation

(In millions, except per share amounts)	Twelve Months Ended December 31, 2020					Twelve Months Ended December 31, 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	\$ 513.6				\$ 513.6	\$ 513.9				\$ 513.9
Security Subscriptions	671.1				671.1	755.2				755.2
<b>Total Products &amp; Security Subscriptions</b>	<b>1,184.7</b>				<b>1,184.7</b>	<b>1,269.1</b>				<b>1,269.1</b>
Software updates and maintenance	880.2				880.2	897.7				897.7
<b>Total Revenues</b>	<b>2,064.9</b>				<b>2,064.9</b>	<b>2,166.8</b>				<b>2,166.8</b>
Cost of products and licenses	96.8	0.4			96.4	110.7	0.4			110.3
Cost of security subscriptions	26.4				26.4	35.9				35.9
<b>Total Cost of products and security subscriptions</b>	<b>123.2</b>	<b>0.4</b>			<b>122.8</b>	<b>146.6</b>	<b>0.4</b>			<b>146.2</b>
Cost of software updates and maintenance	96.7	4.1			92.6	103.0	4.4			98.6
Amortization of technology	6.6		6.6			8.5		8.5		
<b>Total Cost of revenues</b>	<b>226.5</b>	<b>4.5</b>	<b>6.6</b>		<b>215.4</b>	<b>258.1</b>	<b>4.8</b>	<b>8.5</b>		<b>244.8</b>
Research & Development	252.8	23.5	4.1		225.2	292.7	31.8	5.6		255.3
Sales & Marketing	569.9	36.8	7.3		525.8	597.8	42.8	7.3		547.7
General & Administrative	111.5	47.7			63.8	110.7	40.9			69.8
<b>Total Operating Expenses</b>	<b>1,160.7</b>	<b>112.5</b>	<b>18.0</b>		<b>1,030.2</b>	<b>1,259.3</b>	<b>120.3</b>	<b>21.4</b>		<b>1,117.6</b>
<b>Operating Income</b>	<b>904.2</b>	<b>112.5</b>	<b>18.0</b>		<b>1,034.7</b>	<b>907.5</b>	<b>120.3</b>	<b>21.4</b>		<b>1,049.2</b>
Financial & Other Income, Net	66.6				66.6	42.1				42.1
Income Taxes (Tax Benefit)	124.2			(14.4)	138.6	134.0		(15.3)		149.3
<b>Net Income</b>	<b>\$ 846.6</b>	<b>112.5</b>	<b>18.0</b>	<b>(14.4)</b>	<b>\$ 962.7</b>	<b>\$ 815.6</b>	<b>120.3</b>	<b>21.4</b>	<b>(15.3)</b>	<b>\$ 942.0</b>
<b>Diluted Earnings per share</b>	<b>\$ 5.96</b>	<b>0.79</b>	<b>0.13</b>	<b>(0.1)</b>	<b>\$ 6.78</b>	<b>\$ 6.08</b>	<b>0.9</b>	<b>0.16</b>	<b>(0.12)</b>	<b>\$ 7.02</b>
Number of Shares (M), diluted	142.0				142.0	134.1				134.1