



Check Point®
SOFTWARE TECHNOLOGIES LTD

SECOND QUARTER 2021 FINANCIAL RESULTS

July 26, 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 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; and our business and financial outlook, including our guidance for Q3 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 July 26, 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.

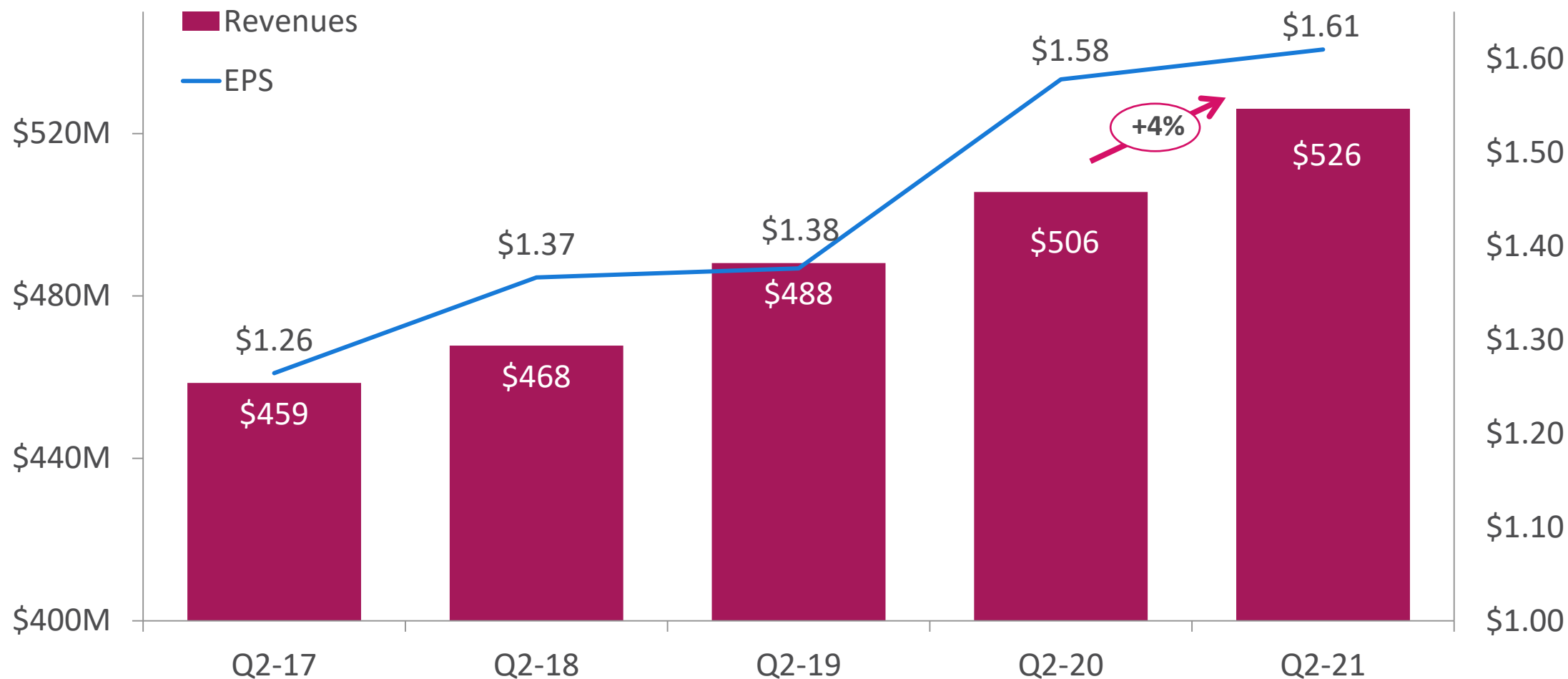
Agenda

- Business Highlights
- Case Studies
- Security Trends
- Summary
- Q&A



Q2-21 Financial Results

\$M



*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 our Q2-2017 through Q2-2021 earnings releases available at www.checkpoint.com.

Second Quarter 2021 Financial Results

	Q2-2020	Q2-2021	Change		Y/Y
Revenues	\$506M	\$526M	+20M	⬆️	4%
Operating Income (Non-GAAP) *	\$253M	\$257M	+4M	⬆️	2%
EPS (Non-GAAP)*	\$1.58	\$1.61	+3¢	⬆️	2%
Deferred Revenues	\$1,338M	\$1,472M	+134M	⬆️	10%
Operating Cash Flow	\$252M	\$264M	+12M	⬆️	4%

*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 our Q2-2017 through Q2-2021 earnings releases available at www.checkpoint.com.

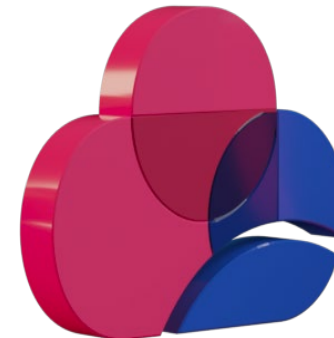
State of the Business

- Europe & Asia Completed Good First Half
 - Excellent 2nd Quarter in Europe
 - New Customer Momentum
- CloudGuard & Harmony Doubled
 - 2X Revenues Since 2019
 - 20% of Subscription Revenues
- Infinity Tripled
 - 3X Revenues Since 2020



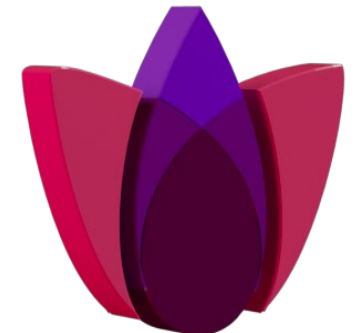
CLOUDGUARD

SECURE
THE CLOUD



HARMONY

SECURE
USERS & ACCESS

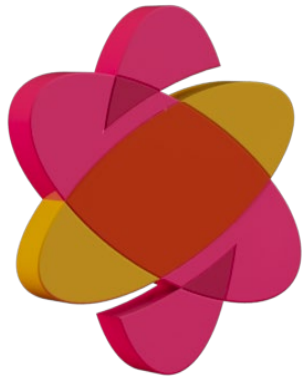


THE FUTURE OF CYBER SECURITY

INFINITY ARCHITECTURE

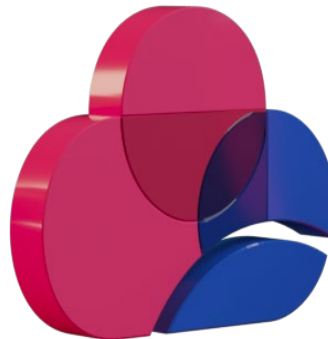
QUANTUM

SECURE THE
NETWORK



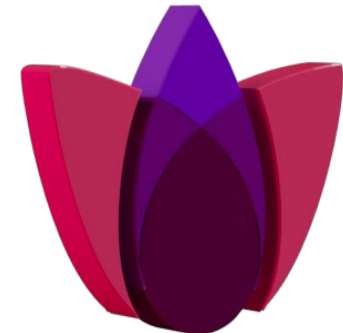
CLOUDGUARD

SECURE
THE CLOUD



HARMONY

SECURE
USERS & ACCESS

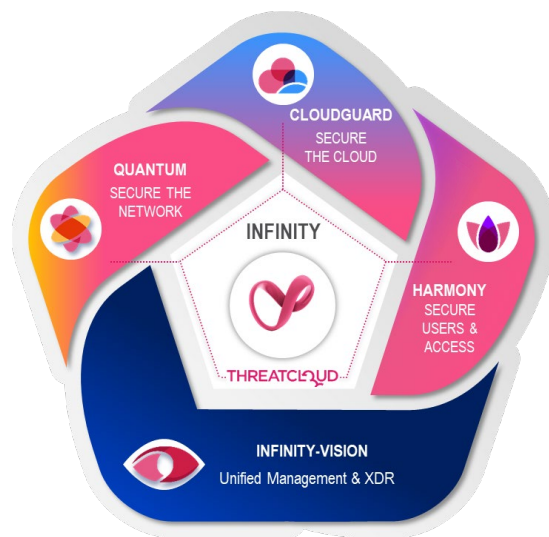


Infinity-Vision

03

THREATCLUD
Real-time Threat Prevention

INFINITY





Infinity Network & Cloud

8 Digit Deal with a Fortune 500 Financial Institution



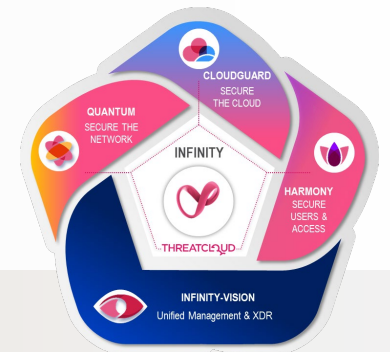
Business need:

Revisit security architecture following a merger

Purchased Check Point Infinity:

CONSOLIDATED SOLUTION with wide portfolio for all segments: Quantum and Cloud to deliver all inclusive best TCO

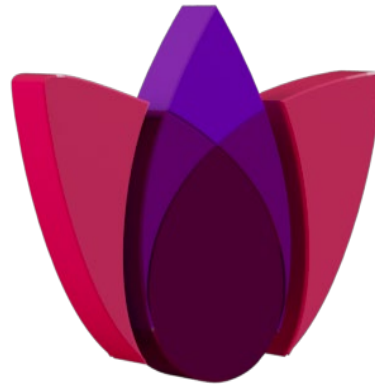
Competitive Replacement: Cisco, FireEye and Trend Micro



HARMONY

HARMONY

**SECURE
USERS & ACCESS**





Harmony Mobile

Fortune 500 Food & Beverage Company

Business need:

30,000 employees' mobile devices

Why Check Point?

- Complete protection for their mobile workforce
- **SUPERIOR THREAT PREVENTION**
- Blocks malicious applications and stops network-based attacks

Replaced: Symantec

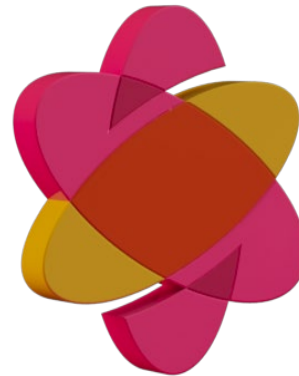


Harmony
Mobile

QUANTUM

QUANTUM

**SECURE THE
NETWORK**





Quantum Network

7 Digit Deal

Large Energy Company



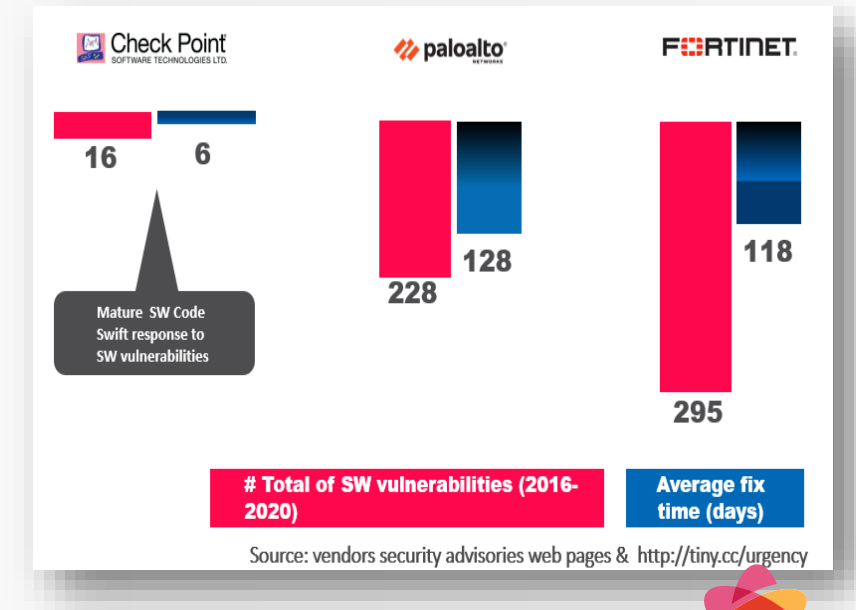
Business need:

Consolidate security across 3 main sites & 36 remote sites

Why Check Point?

- **SUPERIOR MANAGEMENT** experience with a single console
- Best **MALWARE CATCH RATE**
- Lowest # of vulnerabilities & fastest to respond

Replaced: Palo Alto Networks





Quantum Maestro

7 Digit Deal
European
Government Office



Business need:

Looking to protect their growing infrastructure for current and future requirements

Why Check Point?

- **Scaled up their security on demand**
- A flexible solution for a fast changing environment

High Level of Compliance - EAL4+

Replaced: Cisco

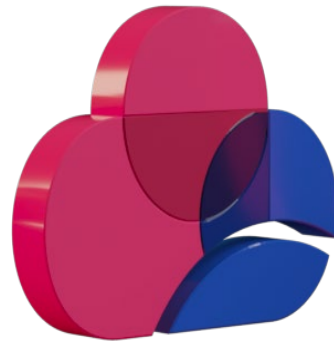


Quantum

CLOUDGUARD

CLOUDGUARD

**SECURE
THE CLOUD**





CloudGuard

7 Digit Deal Large Technology Company

Business need:

Acquired several cloud startups and needed visibility into their cloud environment.

Purchased CloudGuard Posture Management and Threat Intelligence:

- **BEST VISIBILITY** across multiple cloud environments
- **SUPERIOR FLEXIBILITY** in automation and scripting

Competitive Win: Over Palo Alto Networks





CloudGuard & Quantum Maestro

7 Digit Deal
Fortune 500 Media
Company

Business need:

Hybrid Cloud – New data center & moving apps to the cloud

Why Check Point?

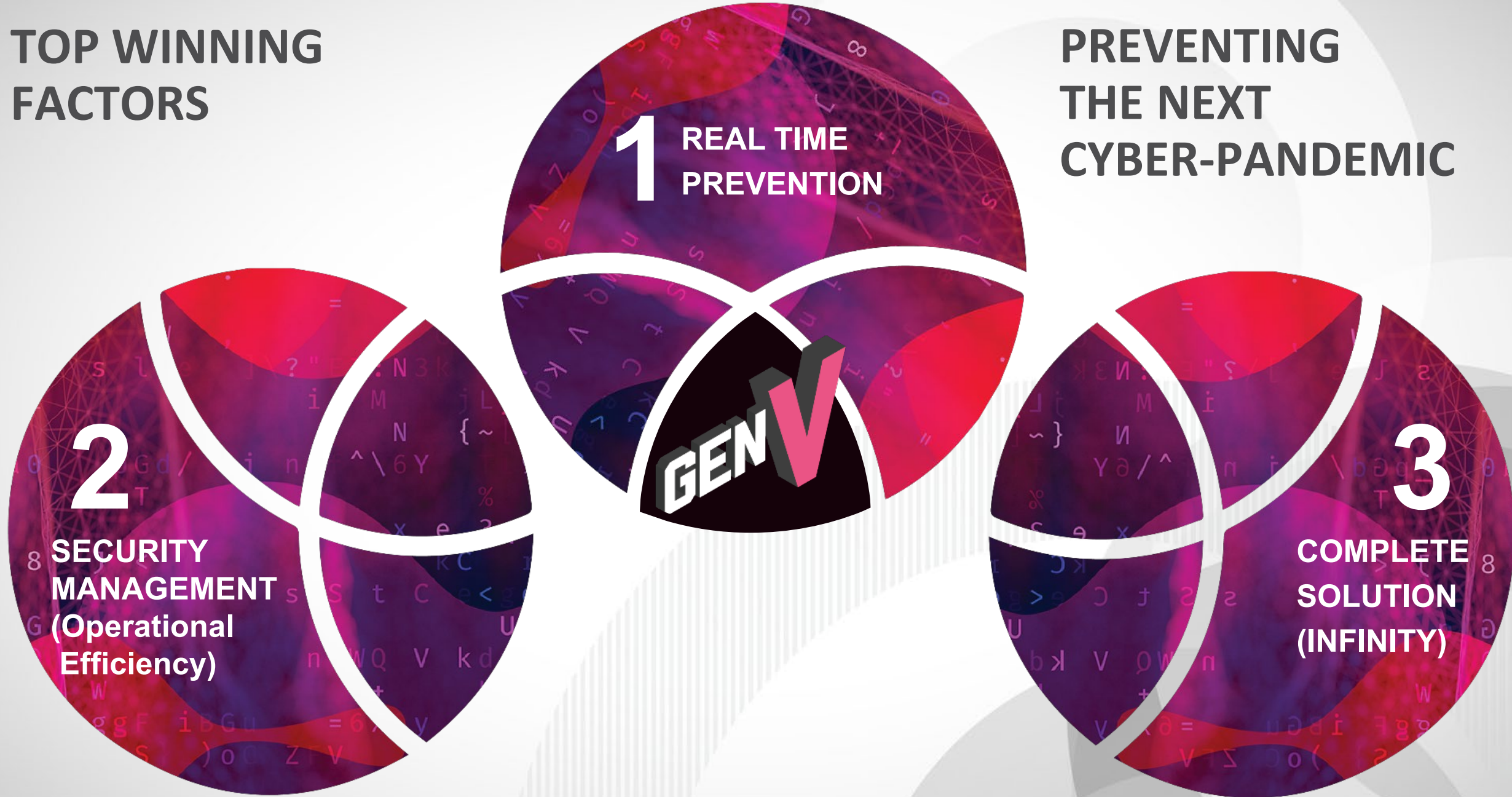
- Unmatched scalability with **MAESTRO**
- Increased efficiency of **UNIFIED MANAGEMENT** (Network and Cloud security)
- Superior results in **REAL LIFE TESTING**

Competitive Win: Palo Alto Networks & Cisco



TOP WINNING FACTORS

PREVENTING THE NEXT CYBER-PANDEMIC

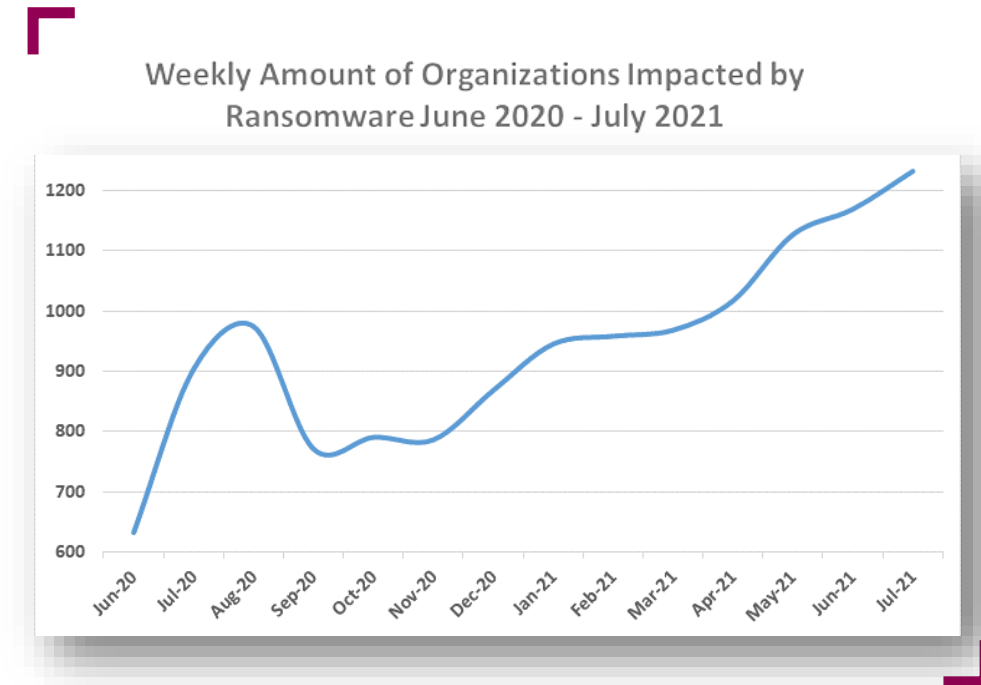


CHECK POINT RESEARCH



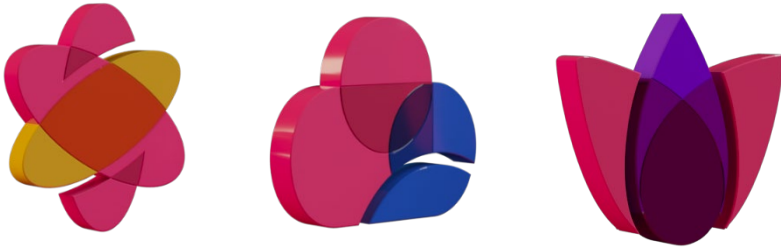
93% Yearly Increase in Gen V Attacks

- Over 1,210 organizations impacted weekly
- Latin America and Europe sees largest increase
- Gen V attacks
 - Multi-vector, Supply Chain, Zero Day

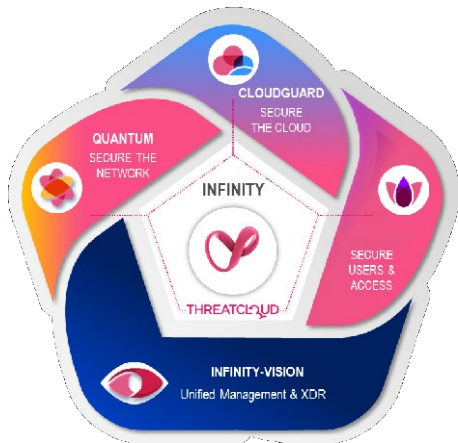




TO SUMMARIZE....

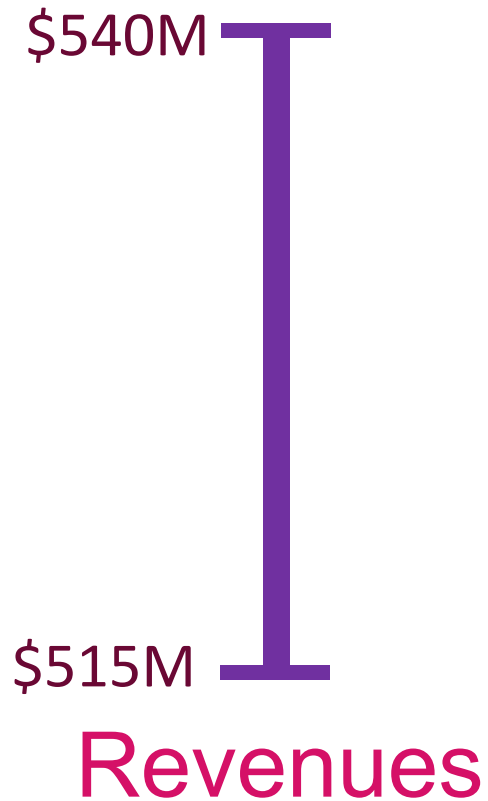


Summary

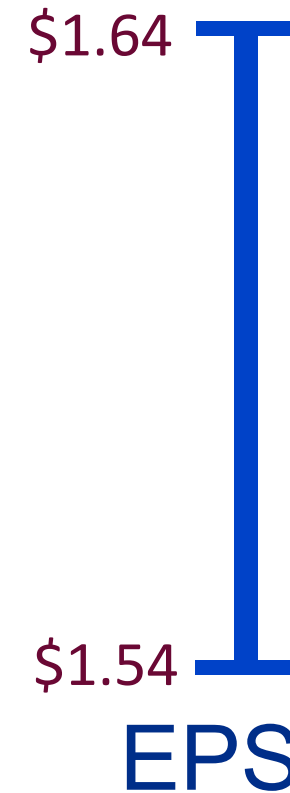


- **Strong Q2-2021 Financial Results**
 - Revenue Toward Top-End of Range
 - EPS Exceeded Range
- **Infinity Gaining Momentum**
 - Double-Digit Growth CloudGuard & Harmony
 - Triple-Digit Growth for Infinity Deals

Q3-2021 Projections



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



GAAP EPS is expected to be 24 cents less



Check Point®
SOFTWARE TECHNOLOGIES LTD

Q&A



Appendix

Q2 -2021



GAAP Consolidated Statement of Income

(In millions, except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2021	2020	2021
Products and Licenses	\$ 122.6	\$ 119.1	\$ 232.8	\$ 228.4
Security Subscriptions	164.0	183.7	322.8	361.1
Total Products & Security Subscriptions	286.6	302.8	555.6	589.5
Software updates and maintenance	219.0	223.3	436.5	444.2
Total Revenues	505.6	526.1	992.1	1,033.7
Cost of products and licenses	22.5	23.2	43.4	44.8
Cost of security subscriptions	6.1	8.7	12.6	16.7
Total Cost of products and security subscriptions	28.6	31.9	56.0	61.5
Cost of software updates and maintenance	24.0	25.6	47.2	50.9
Amortization of technology	1.6	1.7	3.2	3.4
Total Cost of revenues	54.2	59.2	106.4	115.8
Research & Development	62.4	67.5	124.6	135.9
Sales & Marketing	140.4	148.9	283.4	288.9
General & Administrative	27.7	28.2	56.2	56.0
Operating Expenses	284.7	303.8	570.6	596.6
Operating Income	220.9	222.3	421.5	437.1
Financial & Other Income, Net	18.7	10.4	38.0	23.0
Income Taxes (Tax Benefit)	43.2	46.7	84.4	91.2
Net Income	\$ 196.4	\$ 186.0	\$ 375.1	\$ 368.9
Diluted Earnings per share	\$ 1.38	\$ 1.38	\$ 2.58	\$ 2.71
Number of Shares (M), diluted	142.6	134.8	145.3	136.1

Non GAAP Consolidated Statement of Income

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions, except per share amounts)	2020	2021	2020	2021
Products and Licenses	\$ 122.6	\$ 119.1	\$ 232.8	\$ 228.4
Security Subscriptions	164.0	183.7	322.8	361.1
Total Products & Security Subscriptions	286.6	302.8	555.6	589.5
Software updates and maintenance	219.0	223.3	436.5	444.2
Total Revenues	505.6	526.1	992.1	1,033.7
Cost of products and licenses	22.4	23.1	43.2	44.6
Cost of security subscriptions	6.1	8.7	12.6	16.7
Total Cost of products and security subscriptions	28.5	31.8	55.8	61.3
Cost of software updates and maintenance	23.0	24.5	45.3	48.9
Total Cost of revenues	51.5	56.3	101.1	110.2
Research & Development	56.0	59.0	112.6	119.6
Sales & Marketing	129.8	136.5	263.2	266.3
General & Administrative	15.1	17.2	30.8	34.2
Operating Expenses	252.4	269.0	507.7	530.3
Operating Income	253.2	257.1	484.4	503.4
Financial & Other Income, Net	18.7	10.4	38.0	23.0
Income Taxes (Tax Benefit)	46.9	50.5	91.5	98.2
Net Income	\$ 225.0	\$ 217.0	\$ 430.9	\$ 428.2
Diluted Earnings per share	\$ 1.58	\$ 1.61	\$ 2.96	\$ 3.15
Number of Shares (M), diluted	142.6	134.8	145.3	136.1

GAAP to Non-GAAP Operating Income Reconciliation

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2020	2021	2020	2021
GAAP Operating Income	\$ 220.9	\$ 222.3	\$ 421.5	\$ 437.1
Stock-based compensation:				
Cost of products and licenses	0.1	0.1	0.2	0.2
Cost of software updates and maintenance	1.0	1.1	1.9	2.0
Research & Development	5.5	7.2	10.3	13.7
Selling & Marketing	8.8	10.5	16.6	18.8
General & Administrative	12.6	11.0	25.4	21.8
	\$ 28.0	\$ 29.9	\$ 54.4	\$ 56.5
Amortization of intangible assets and acquisition related expenses:				
Amortization of technology - Cost of Revenues	1.6	1.7	3.2	3.4
Research & Development	0.9	1.3	1.7	2.6
Selling & Marketing	1.8	1.9	\$3.6	3.8
	\$ 4.3	\$ 4.9	\$ 8.5	\$ 9.8
Non-GAAP Operating Income	\$ 253.2	\$ 257.1	\$ 484.4	\$ 503.4

GAAP to Non-GAAP Net Income Reconciliation

(In millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2021	2020	2021
GAAP Net Income	\$ 196.4	\$ 186.0	\$ 375.1	\$ 368.9
Stock-based compensation:				
Cost of products and licenses	0.1	0.1	0.2	0.2
Cost of software updates and maintenance	1.0	1.1	1.9	2.0
Research & Development	5.5	7.2	10.3	13.7
Selling & Marketing	8.8	10.5	16.6	18.8
General & Administrative	12.6	11.0	25.4	21.8
	\$ 28.0	\$ 29.9	\$ 54.4	\$ 56.5
Amortization of intangible assets and acquisition related expenses:				
Amortization of technology - Cost of Revenues	1.6	1.7	3.2	3.4
Research & Development	0.9	1.3	1.7	2.6
Selling & Marketing	1.8	1.9	3.6	3.8
	\$ 4.3	\$ 4.9	\$ 8.5	\$ 9.8
Taxes on the above items	\$ (3.7)	\$ (3.8)	\$ (7.1)	\$ (7.0)
Non-GAAP Net Income	\$ 225.0	\$ 217.0	\$ 430.9	\$ 428.2

GAAP to Non-GAAP Diluted Earnings Per Share Reconciliation

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2021	2020	2021
GAAP Diluted Earnings per share	\$ 1.38	\$ 1.38	\$ 2.58	\$ 2.71
Stock-based compensation	0.20	0.22	0.37	0.42
Amortization of intangible assets and acquisition related expenses	0.03	0.04	0.06	0.07
Taxes on the above items	(0.03)	(0.03)	(0.05)	(0.05)
Non-GAAP Diluted Earnings per share	\$ 1.58	\$ 1.61	\$ 2.96	\$ 3.15