



**Check Point®**  
SOFTWARE TECHNOLOGIES LTD

# FIRST QUARTER 2021 FINANCIAL RESULTS

April 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 Q2 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 April 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.

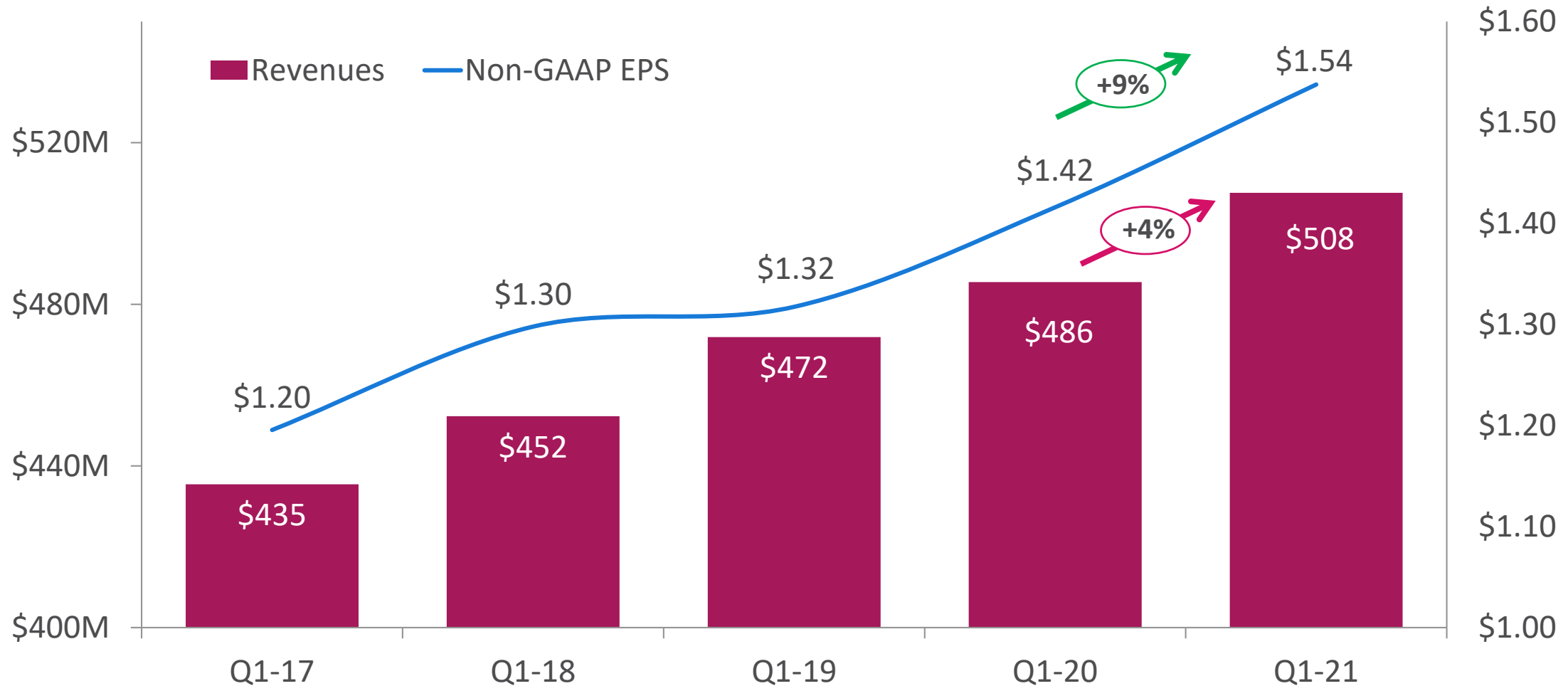
# Agenda

- Business Highlights
- Infinity 2021
- Summary
- Q&A



# First Quarter 2021 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 Q1-2017 through Q1-2021 earnings releases available at [www.checkpoint.com](http://www.checkpoint.com).

# Welcome! Our Geo Sales Leadership



## APAC

- Sharat Sinha
- Joined February 2019



## Europe

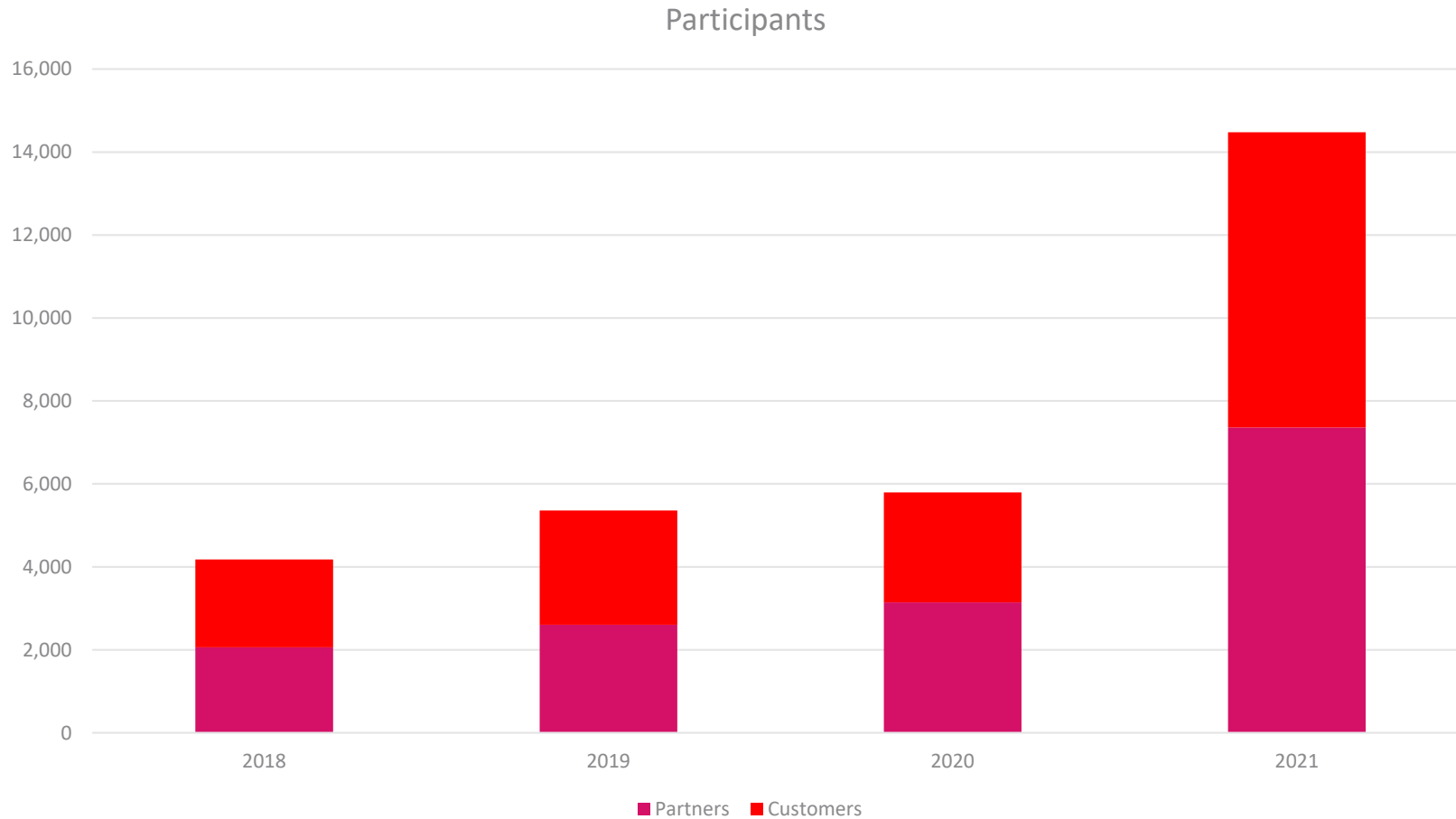
- Thorsten Freitag
- Joined October 2020



## Americas

- Geoff Waters
- Joined Today

# Over 14,000 Customers and Partners at Check Point Experience 360 2021





INFINITY 2021

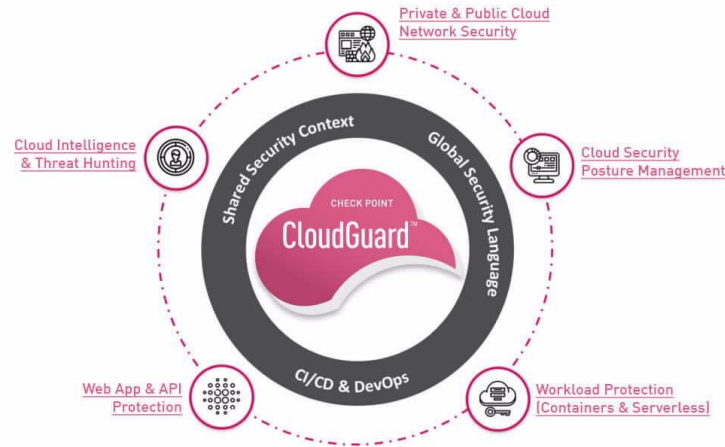
The background features a series of overlapping circles in various shades of red, pink, and blue. The circles are semi-transparent, creating a layered effect. The colors transition from deep red on the left to bright pink and then to a vibrant blue on the right. The overall composition is abstract and modern.

# INFINITY 2020: OVER 80 PRODUCTS & TECHNOLOGIES

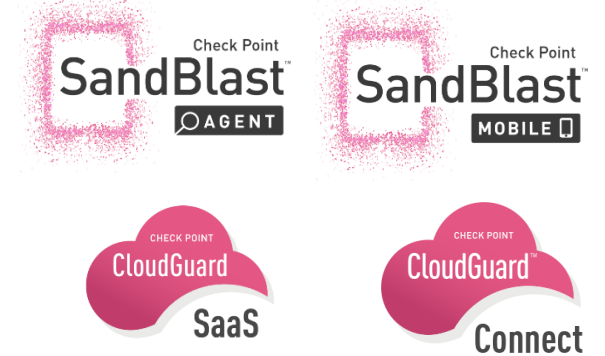
## SECURE THE NETWORK



## SECURE THE CLOUD



## SECURE USERS & ACCESS



## UNIFIED MANAGEMENT | UNIFIED SOC | THREAT INTELLIGENCE

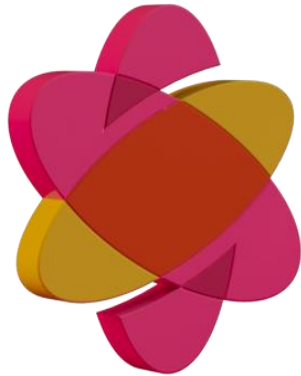




# INFINITY 2021: CONSOLIDATION, SIMPLICITY, ENHANCED SECURITY

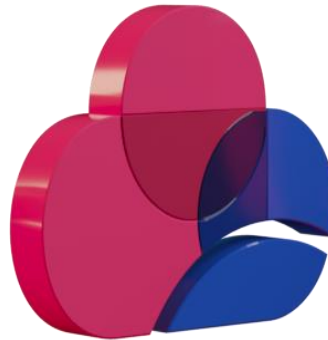
## QUANTUM

SECURE THE  
NETWORK



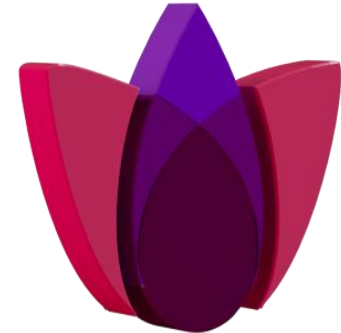
## CLOUDGUARD

SECURE  
THE CLOUD



## HARMONY

SECURE  
USERS & ACCESS



Infinity-Vision

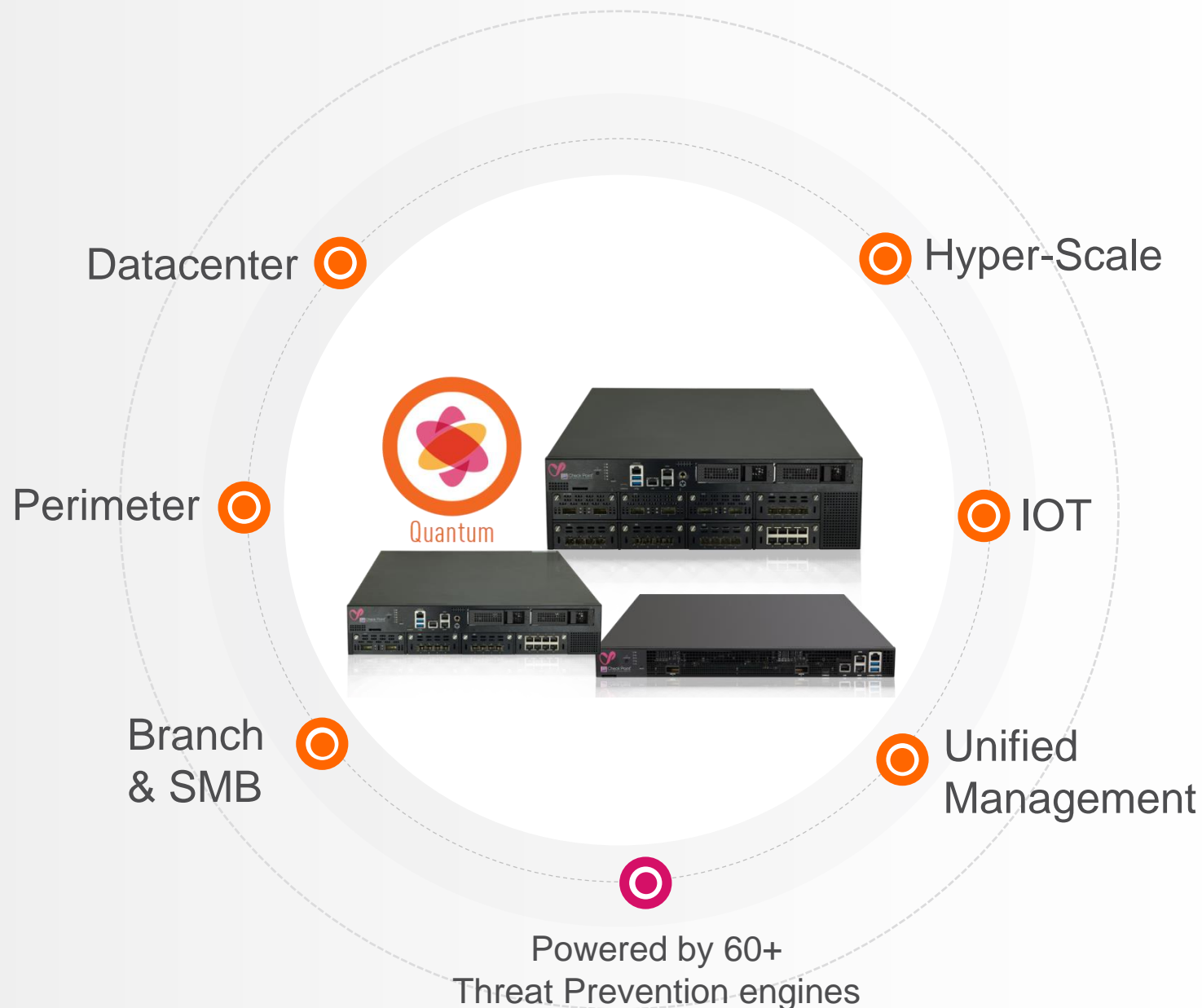
**THREATCLUD**  
Real-time Threat Prevention



# Quantum

## SECURE THE NETWORK

Protect your Enterprise Network  
and Datacenter with superior  
Security Gateways  
and highest-caliber Threat  
Prevention



# Quantum Recent Announcements



## QUANTUM SPARK – SMB SECURITY

- 2Gbps Models – Expand Segment
- Set-up in 60 second, Intuitive, On-the-Go management



## NEW SECURITY MANAGEMENT APPLIANCES

- Manage 2X Gateways, 80% Log Processing Capacity
- Latest security with R81



## MAESTRO – ELASTIC SECURITY

- Elasticity of the Cloud, delivered on premise
- Increase Capacity to 3.2Tbps (!)

## HIGHLIGHTS

- **21 years** of leadership in **Gartner Magic Quadrant** for Network Firewall
- **60%** of **Global 2000** purchased **Quantum**<sup>1</sup>

1: Customers represent all customers acquired since the year of 2000



# Harmony

## SECURE USERS & ACCESS

The Industry's First Unified Security Solution for Users, Devices and Access. Highest levels of security for remote workforce





# Harmony

## SECURE USERS & ACCESS

One Solution  
for the  
Hybrid World





## Market Recognition



**Top Product** in Corporate Endpoint Protection



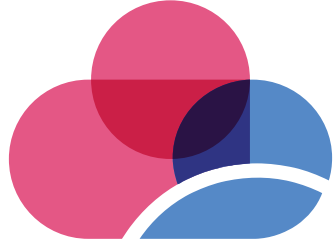
**Leader** in Mobile Threat Management



**Leader** in Endpoint Security with 100% Detection

**A Foundation for Public Good**

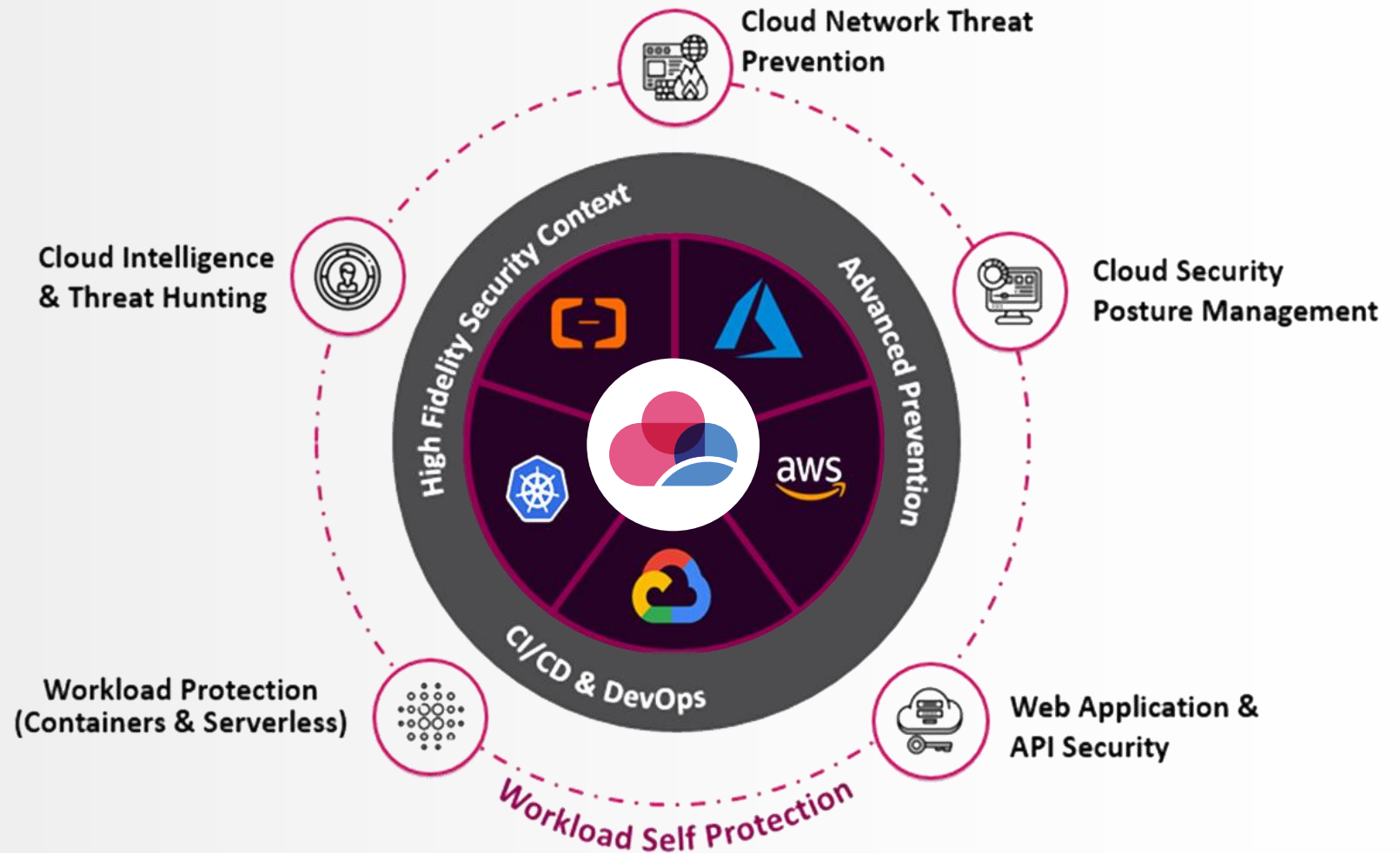




# CloudGuard

## SECURE THE CLOUD

Secure the Cloud with a unified cloud native security platform



# CloudGuard Recent Announcements



## NEXT GENERATION WEB APPLICATION FIREWALL



- Protects web applications and APIs
- Eliminate False Positives With Contextual AI
- 90% of customers in prevent mode
- Quick Deployment (hours vs. months)



**Leader** quadrant for Cloud  
Data Security



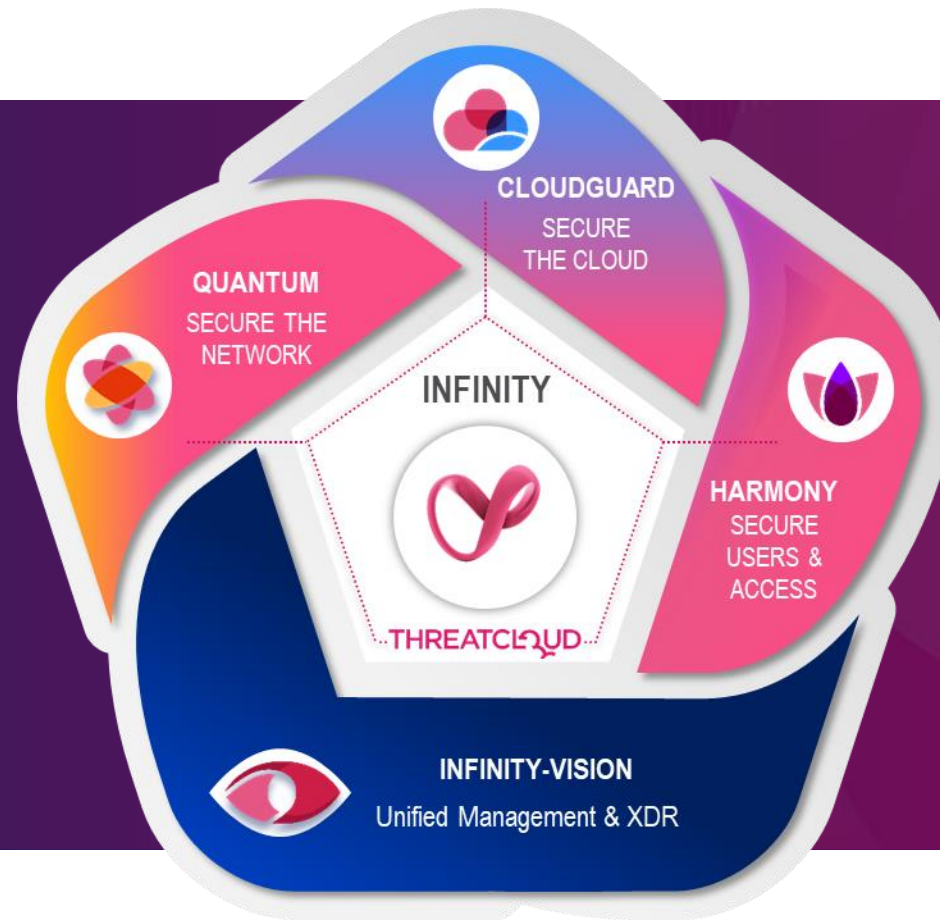
**169% ROI in 3 years**  
**Strong Performer** - Cloud Workload  
Security

## HIGHLIGHTS

- **50% ARR<sup>1</sup> growth**
- **Over 4,000** customers,<sup>2</sup> protect their Cloud with CloudGuard
- **1 in 5 Global 2000** is already a **CloudGuard** customer<sup>2</sup>

1: ARR = Annual Recurring Revenue; ARR is annualized revenue of all active contracts as of the final day of the reporting period  
2: Customers represent all customers acquired since the year of 2000

# CHECK POINT INFINITY - SECURE YOUR EVERYTHING



**IS THERE ANOTHER WAY TO:**

**SECURE THE  
NEW WORLD**

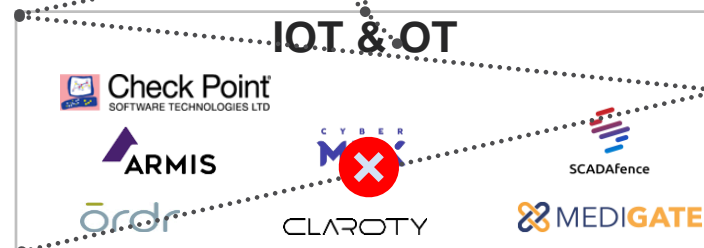
**FIGHT THE CYBER  
PANDEMIC**

**ACHIEVE GEN V  
SECURITY**



# YOU CAN TRY AND BUILD YOUR OWN SECURITY STACK

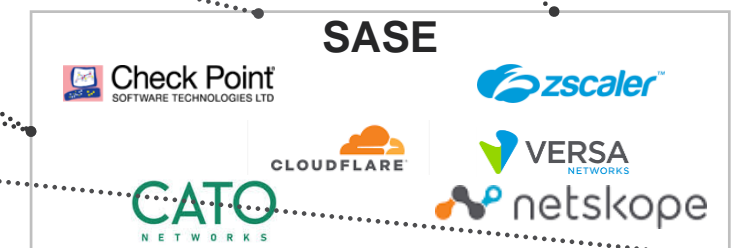
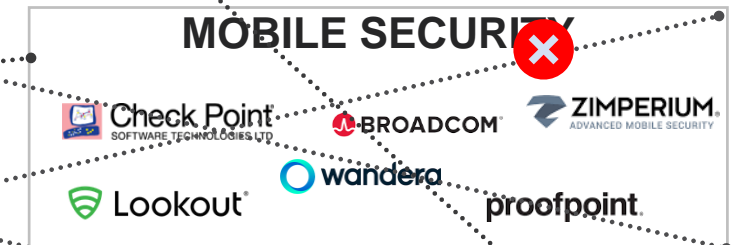
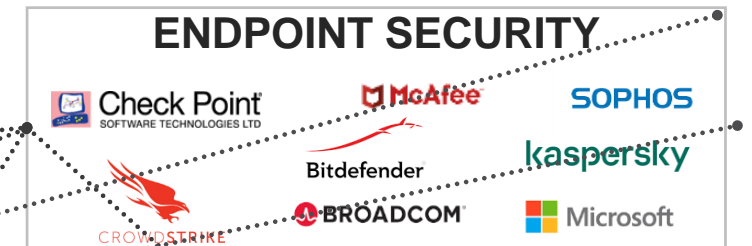
## NETWORK SECURITY



## CLOUD SECURITY



## SECURE USERS & ACCESS





# YOU CAN TRY AND BUILD YOUR OWN SECURITY STACK



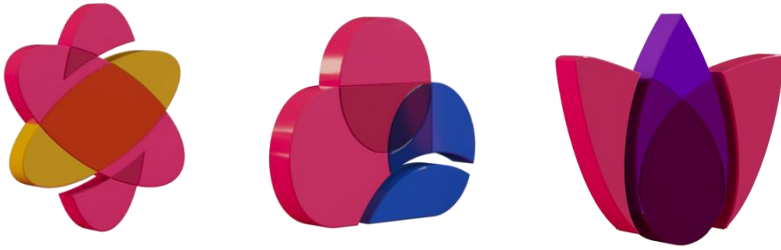


# SECURITY THAT WORKS TOGETHER

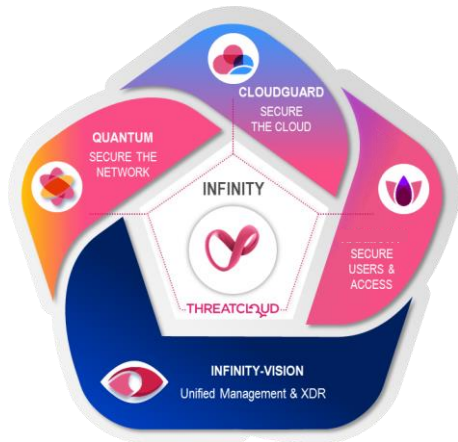




# TO SUMMARIZE....



# Summary



- **Strong First Quarter Financial Results**
  - Revenue & EPS Toward Top-End of Range
  - Double-Digit Growth CloudGuard & Harmony
- **New World, New Opportunities**
  - Harmony – Hybrid User Security
  - CloudGuard – Cloud Security
  - Quantum – Network Security



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

# Q&A





# Appendix



# GAAP Consolidated Statement of Income

(In millions, except per share amounts)	Q1-20	Q1-21
Products and Licenses	\$ 110.2	\$ 109.3
Security Subscriptions	158.8	177.4
<b>Total Products &amp; Security Subscriptions</b>	<b>269.0</b>	<b>286.7</b>
Software updates and maintenance	217.5	220.9
<b>Total Revenues</b>	<b>486.5</b>	<b>507.6</b>
Cost of products and licenses	20.9	21.6
Cost of security subscriptions	6.5	8.0
<b>Total Cost of products and security subscriptions</b>	<b>27.4</b>	<b>29.6</b>
Cost of software updates and maintenance	23.2	25.3
Amortization of technology	1.6	1.7
<b>Total Cost of revenues</b>	<b>52.2</b>	<b>56.6</b>
Research & Development	62.2	68.4
Sales & Marketing	143.0	140.0
General & Administrative	28.5	27.8
<b>Operating Expenses</b>	<b>285.9</b>	<b>292.8</b>
<b>Operating Income</b>	<b>200.6</b>	<b>214.8</b>
Financial & Other Income, Net	19.3	12.6
Income Taxes (Tax Benefit)	41.2	44.5
<b>Net Income</b>	<b>\$ 178.7</b>	<b>\$ 182.9</b>
<b>Diluted Earnings per share</b>	<b>\$ 1.23</b>	<b>\$ 1.33</b>
Number of Shares (M), diluted	145.4	137.3



# Non GAAP Consolidated Statement of Income

(In millions, except per share amounts)	Q1-20	Q1-21
Products and Licenses	\$ 110.2	\$ 109.3
Security Subscriptions	158.8	177.4
<b>Total Products &amp; Security Subscriptions</b>	<b>269.0</b>	<b>286.7</b>
Software updates and maintenance	217.5	220.9
<b>Total Revenues</b>	<b>486.5</b>	<b>507.6</b>
Cost of products and licenses	20.8	21.5
Cost of security subscriptions	6.5	8.0
<b>Total Cost of products and security subscriptions</b>	<b>27.3</b>	<b>29.5</b>
Cost of software updates and maintenance	22.3	24.4
<b>Total Cost of revenues</b>	<b>49.6</b>	<b>53.9</b>
Research & Development	56.6	60.6
Sales & Marketing	133.4	129.8
General & Administrative	15.7	17.0
<b>Operating Expenses</b>	<b>255.3</b>	<b>261.3</b>
<b>Operating Income</b>	<b>231.2</b>	<b>246.3</b>
Financial & Other Income, Net	19.3	12.6
Income Taxes (Tax Benefit)	44.6	47.7
<b>Net Income</b>	<b>\$ 205.9</b>	<b>\$ 211.2</b>
<b>Diluted Earnings per share</b>	<b>\$ 1.42</b>	<b>\$ 1.54</b>
Number of Shares (M), diluted	145.4	137.3

# GAAP to Non-GAAP Operating Income Reconciliation

(In millions)	Q1-20	Q1-21
<b>GAAP Operating Income</b>	<b>\$ 200.6</b>	<b>\$ 214.8</b>
<b>Stock-based compensation:</b>		
Cost of products and licenses	0.1	0.1
Cost of software updates and maintenance	0.9	0.9
Research & Development	4.8	6.5
Selling & Marketing	7.8	8.3
General & Administrative	12.8	10.8
	<b>26.4</b>	<b>26.6</b>
<b>Amortization of intangible assets and acquisition related expenses:</b>		
Amortization of technology - Cost of Revenues	1.6	1.7
Research & Development	0.8	1.3
Selling & Marketing	1.8	1.9
	<b>4.2</b>	<b>4.9</b>
<b>Non-GAAP Operating Income</b>	<b>\$ 231.2</b>	<b>\$ 246.3</b>

# GAAP to Non-GAAP Net Income Reconciliation

(In millions)	Q1-20	Q1-21
<b>GAAP Net Income</b>	<b>\$ 178.7</b>	<b>\$ 182.9</b>
<b>Stock-based compensation:</b>		
Cost of products and licenses	0.1	0.1
Cost of software updates and maintenance	0.9	0.9
Research & Development	4.8	6.5
Selling & Marketing	7.8	8.3
General & Administrative	12.8	10.8
	<b>26.4</b>	<b>26.6</b>
<b>Amortization of intangible assets and acquisition related expenses:</b>		
Amortization of technology - Cost of Revenues	1.6	1.7
Research & Development	0.8	1.3
Selling & Marketing	1.8	1.9
	<b>4.2</b>	<b>4.9</b>
<b>Taxes on the above items</b>	<b>(3.4)</b>	<b>(3.2)</b>
<b>Non-GAAP Net Income</b>	<b>\$ 205.9</b>	<b>\$ 211.2</b>

# GAAP to Non-GAAP Diluted Earnings Per Share Reconciliation

	Q1-20		Q1-21	
GAAP Diluted Earnings per share	\$	1.23	\$	1.33
Stock-based compensation		0.18		0.19
Amortization of intangible assets and acquisition related expenses		0.03		0.04
Taxes on the above items		(0.02)		(0.02)
<b>Non-GAAP Diluted Earnings per share</b>	<b>\$</b>	<b>1.42</b>	<b>\$</b>	<b>1.54</b>