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## Check Point Software Technologies Reports Fourth Quarter and Full Year 2014 Financial Results

SAN CARLOS, CA — Thu, 04 Feb 2015 – **Check Point® Software Technologies Ltd. (NASDAQ: CHKP)**, the largest pure-play security vendor globally, today announced its financial results for the fourth quarter and full-year ended December 31, 2014.

### *Fourth Quarter 2014:*

- Total Revenue: \$421 million, representing a 9 percent increase year over year
- Non-GAAP Operating Income: \$247 million, representing 59 percent of revenues
- Non-GAAP EPS: \$1.07, representing a 10 percent increase year over year
- Deferred Revenues: \$784 million, representing a 17 percent increase year over year

### *Full Year 2014:*

- Total Revenue: \$1,496 million, representing a 7 percent increase year over year
- Non-GAAP Operating Income: \$866 million, representing 58 percent of revenues
- Non-GAAP EPS: \$3.72, representing an 8 percent increase year over year

“We completed the year on a high note, with revenues and EPS at the upper-end of our projections. Our data center and small business solutions produced strong results, underscoring our architecture’s ability to address the security needs of customers of any size. Software blades continued to deliver strong growth as more customers adopted our advanced threat prevention technologies. We delivered the Check Point Capsule to secure mobile devices and mobile data, and demonstrated our industry leadership with our Threat Emulation, the only solution to achieve a 100% catch rate for advanced malware,” said Gil Shwed, founder, chairman, and chief executive officer of Check Point Software Technologies.

### *Financial Highlights for the Fourth Quarter of 2014:*

- **Total Revenue:** \$421 million, an increase of 9 percent, compared to \$387 million in the fourth quarter of 2013.
- **GAAP Operating Income:** \$229 million, an increase of 7 percent, compared to \$214 million in the fourth quarter of 2013.
- **Non-GAAP Operating Income:** \$247 million, an increase of 9 percent, compared to \$227 million in the fourth quarter of 2013. Non-GAAP operating margin was 59 percent, same as in the fourth quarter of 2013.
- **GAAP Net Income and Earnings per Diluted Share:** GAAP net income was \$186 million, compared to \$194 million in the fourth quarter of 2013. GAAP earnings per diluted share were \$0.98, compared to \$0.99 in the fourth quarter of 2013.
- **Non-GAAP Net Income and Earnings per Diluted Share:** Non-GAAP net income was \$203 million, an increase of 6 percent, compared to \$192 million in the fourth quarter of 2013. Non-GAAP earnings per diluted share were \$1.07, an increase of 10 percent, compared to \$0.98 in the fourth quarter of 2013.



- **Deferred Revenues:** As of December 31, 2014, deferred revenues were \$784 million, an increase of 17 percent, compared to \$672 million as of December 31, 2013.
- **Cash Flow:** Cash flow from operations was \$210 million compared to \$58 million in the fourth quarter of 2013. The fourth quarter of 2013 included a tax settlement payment for prior years executed with the Israeli Tax Authorities.
- **Share Repurchase Program:** During the fourth quarter of 2014, the company repurchased 2.6 million shares at a total cost of \$195 million.
- **Cash Balances, Marketable Securities and Short Term Deposits:** \$3,683 million as of December 31, 2014 compared to \$3,630 million as of December 31, 2013.

#### ***Financial Highlights for the Year Ended December 31, 2014***

- **Total Revenues:** \$1,496 million, an increase of 7 percent, compared to \$1,394 million in 2013.
- **GAAP Operating Income:** \$801 million, an increase of 5 percent, compared to \$761 in
- **Non-GAAP Operating Income:** \$866 million, an increase of 6 percent, compared to \$815 million in 2013. Non-GAAP operating margin was 58 percent, same as in 2013.
- **GAAP Net Income and Earnings per Diluted Share:** GAAP net income was \$660 million, an increase of 1 percent, compared to \$653 million in 2013. GAAP earnings per diluted share were \$3.43, an increase of 5 percent, compared to \$3.27 in 2013.
- **Non-GAAP Net Income and Earnings per Diluted Share:** Non-GAAP net income was \$715 million, an increase of 4 percent, compared to \$685 million in 2013. Non-GAAP earnings per diluted share were \$3.72, an increase of 8 percent, compared to \$3.43 in 2013.
- **Cash Flow:** Cash flow from operations was \$753 million compared to \$790 million in 2013. These years' cash flow includes tax settlement payments and tax refund for prior years executed with the Israeli Tax Authorities.
- **Share Repurchase Program:** In 2014, we repurchased approximately 11.2 million shares in an aggregate amount of approximately \$765 million, which represented an average repurchase per quarter of \$191 million. Today, the company announced that its board of directors has authorized an extension and expansion to the company's on-going share repurchase program. Under the updated plan, effective immediately, Check Point is authorized to increase the quarterly repurchase of its outstanding shares by 25% up to \$250 million and the overall program by 50% to an aggregate of \$1.5 billion.

For information regarding the Non-GAAP financial measures discussed in this release, as well as a reconciliation of such Non-GAAP financial measures to the most directly comparable GAAP financial measures, please see "Use of Non-GAAP Financial Information" and "Reconciliation of GAAP to Non-GAAP Financial Information."

#### ***Business Highlights***

During 2014, we introduced the following products and technologies:

**Check Point Capsule** – A mobile solution that offers powerful protection for business data and mobile devices. The Check Point Capsule is a single solution that offers multi-layer security allowing for the protection of business data without having to manage the device; is designed to prevent internal and external data leakages by attaching security that travels with documents; and extends the corporate security policy to protect devices from threats when outside of the corporate network.



**Software-Defined Protection (SDP)** – A modular and dynamic security architecture that provides a three-layer infrastructure, allowing for operational resilience and real-time, proactive protection. Designed to address today’s ever-changing threat landscape.

**ThreatCloud IntelliStore** – The ThreatCloud IntelliStore is the industry’s first and only threat intelligence marketplace that enables organizations to select from a wide range of threat intelligence feeds relevant to them, use this intelligence to pinpoint and focus on the advanced threats, and proactively stop them.

**Super High-end 41000 & 61000 Systems** – The 61000 provides multi-blade hardware architecture with scalable performance and 12 modular security gateway modules (SGM). We delivered new gateway modules that double the performance of the 61000 systems, delivering up to 400 Gbps of firewall performance, 130 Gbps IPS performance, up to 33,000 SecurityPower™ Units (SPU). The 61000 continues to be the industry’s fastest security system. We’ve also delivered the new 41000 high performance system with smaller footprint and performance of up to 11,000 SPUs.

**Smart-1 Appliance Family** – Upgraded the entire line of the Smart-1 security management Appliance family with five new Appliances that deliver cyber security management for the era of big data. Smart-1 Appliances enable organizations to consolidate security policy, log, and event management. The new Smart-1 Appliances allow for more effective storage capacity, and report generation is greatly accelerated.

**Next-Generation SmartEvent** – Announced the availability of Next-Generation SmartEvent, a new and powerful event monitoring solution for real-time processing and storing of threat detection data. Next-Generation SmartEvent offers one single view for all security threats and network components, to more easily manage and analyze big data security, and to make faster and more informed security decisions.

**13800 Appliance** – Launched the 13800 Appliance, extending the 13000 Data Center Appliance line. The 13800 offers exceptional security protections and advanced performance, with up to 3,800 SPU and 6.5 Gbps of IPS throughput.

**21800 Appliance** – Check Point augmented the 21000 Data Center Appliance family with the 21800 Appliance. The 21800 delivers up to 4,300 SPU and 7 Gbps of IPS throughput, supplies the low latency required by the most demanding network environments, and provides high reliability and serviceability to reduce maintenance costs.

**Check Point Virtual Appliance for Azure** – An extension of its security offerings for public cloud services, the Check Point Virtual Appliance for Azure brings Check Point security gateway software to the Microsoft Azure Marketplace.

### **Security Reports**

During the year, numerous security reports were published by the company, including:

**Miercom Advanced Threat Prevention with Sandbox Analysis Report** – Check Point Next Generation Threat Prevention with ThreatCloud Emulation Service delivered one hundred percent protection against Zero-Day threats, outperforming competitors by more than twenty seven percent in a recent assessment performed by Miercom, an independent product test center.

**Zero Second Protection Test Report** – Check Point analysts built and tested the speed at which security solutions from Check Point and three other competitors recognized, responded to, and protected against known malware. Of the four products tested, Check Point ThreatCloud identified malware in four minutes,



blocked malware in zero minutes, and malware spent zero seconds on the network. This outperformed the three other solutions, who took a total average of over 11 minutes to identify malware.

**Check Point 2014 Security Report** – Check Point published its annual industry security report which provides insight into the major security events that occurred in organizations across the world and offers recommendations on how to protect against them. The report is based on collaborative research from our Security Checkup assessments, Threat Emulation sensors, ThreatCloud™ and Endpoint Security reports, and includes in-depth analysis of 200,000+ hours of monitored network traffic from over 9,000 security gateways across 996 organizations of various industries worldwide. The report is available at: </campaigns/2014-security-report/>

### ***Security Vulnerability Research***

Check Point Malware and Vulnerability Research Teams identified numerous critical vulnerabilities, in different elements of Internet infrastructure. Key findings include: **Android – Man in the Binder** – Researchers at Check Point studied Android’s unique operating system (OS) architecture and demonstrated the potential capture of data and information being stored and communicated on Android devices through the Binder, the message passing mechanism in Inter-process Communication (IPC).

**Mozilla – Bugzilla** – Check Point uncovered a critical privilege escalation vulnerability in the popular bug-tracking platform called Bugzilla. Check Point’s security researchers informed the Mozilla Foundation, and the team leading the Bugzilla project quickly fixed the exploit.

**Telco Infrastructure – TR-069 Vulnerabilities** – Check Point uncovered a number of critical zero-day vulnerabilities that might have resulted in the compromise of millions of homes and business worldwide, through flaws in several TR-069 server implementations. Check Point has provided guidance to many telcos and technology providers to remedy the situation.

**Network Security Products – Vulnerabilities in System Admin Portals** – Check Point discovered vulnerabilities in the admin WebUI portals of three network security vendors. If targeted and exploited, these vulnerabilities would give hackers administrative control over the vendors’ security systems, potentially leaving business networks exposed to attacks. Check Point notified the relevant vendors and provided them with the information to remedy the vulnerabilities.

**Home Routers – Misfortune Cookie** – Check Point uncovered Misfortune Cookie, a critical vulnerability that allows an intruder to remotely take over a residential gateway device and use it to attack the devices connected to it. To date, researchers have distinctly detected at least 12 million readily exploitable devices connected to the Internet across the globe, making this one of the most widespread vulnerabilities revealed in recent years.

### ***Industry Accolades:***

**Leader in the Gartner Magic Quadrant for Enterprise Network Firewall** – Check Point is positioned as a Leader in the Gartner Magic Quadrant for Enterprise Network Firewall. The company has been in the Leaders quadrant since 1999.



**Leader in the Gartner Magic Quadrant for Unified Threat Management** – Check Point is positioned as a Leader in the Gartner Magic Quadrant for Unified Threat Management (UTM). This is the company's fourth consecutive year in the Leaders quadrant.

**Leader in the Gartner Magic Quadrant for Mobile Data Protection** – Check Point is positioned as a Leader in the Gartner Magic Quadrant for Mobile Data Protection (MDP). This is the company's eighth consecutive year in the Leaders quadrant.

**Number One in Worldwide Firewall Equipment Market Share** – Check Point led in the worldwide market share for Firewall Equipment for Q1, Q2 and Q3 2014, according to the Gartner Market Share: Enterprise Network Equipment by Market Segment, Worldwide reports.

**Top Position in Worldwide Combined Firewall and UTM Appliance Market** – Check Point continued to be the number one vendor in worldwide combined Firewall and UTM appliance revenue for Q1 through Q3 2014, according to the IDC Worldwide Quarterly Security Appliance Trackers.

**Person of The Year** – Gil Shwed, founder, chairman, and chief executive officer of Check Point was named "Person of The Year" by Globes Business News, Israel's leading business publication, for his entrepreneurial success that has translated into over 20 years of value creation for the Israeli economy, and Check Point employees and long-term shareholders.

**CRN Channel Chief Award** – Check Point President, Amnon Bar-Lev, was named one of CRN's 2014 Channel Chiefs. This is the seventh year that Mr. Bar-Lev has appeared on CRN's prestigious list of the most powerful leaders in the IT channel. The CRN Channel Chief Award recognizes those executives directly responsible for driving channel sales and growth within their organization, while evangelizing the importance of the channel throughout the entire IT Industry.

"We are focusing on securing the future of the Internet. In 2015, we intend to make further investments in advanced threat prevention and mobility through the expansion of our development, sales, and marketing teams. This will enable more customers to adopt the best security technology for the future," concluded Shwed.

***First Quarter Investor Conference Participation Schedule:***

- Oppenheimer 5th Annual Research Summit February 11, 2015 –London, UK
- Raymond James 33rd Annual Institutional Investor Conference March 2, 2015 – Orlando, FL
- Morgan Stanley Global Technology, Media and Telecommunications Conference March 5, 2015 – San Francisco, CA
- Morgan Stanley/Nasdaq Third Annual Asia Technology, Media and Telecommunications Conference March 13, 2015 – Kowloon, Hong Kong

Members of Check Point's management team will present at these conferences and discuss the latest company strategies and initiatives. Check Point's conference presentations are expected to be available via webcast on the company's web site. To view these presentations and access the most updated information please visit the company's web site at [www.checkpoint.com/ir](http://www.checkpoint.com/ir). The schedule is subject to change.



## Conference Call and Webcast Information

Check Point will host a conference call with the investment community on January 29, 2015 at 8:30 AM ET/5:30 AM PT. To listen to the live webcast, please visit the website at: [www.checkpoint.com/ir](http://www.checkpoint.com/ir). A replay of the conference call will be available through February 5, 2015 on the company's website or by telephone at +1.201.612.7415, replay ID number 13598649.

## Legal Notice Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements generally relate to future events or our future financial or operating performance. Forward-looking statements in this press release include, but are not limited to, statements related to our expectations regarding continued expansion of the reach of our security leadership with new technologies to fight the most critical cyber threats, and our intention to make further investments in 2015 in advanced threat prevention and mobility through the expansion of our development, sales and marketing teams. Our expectations and beliefs regarding these matters may not materialize, and actual results in future periods are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These risks include 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. The forward-looking statements contained in this press release 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 on March 28, 2014. The forward-looking statements in this press release 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.

## Use of Non-GAAP Financial Information

In addition to reporting financial results in accordance with generally accepted accounting principles, or GAAP, Check Point uses non-GAAP measures of net income, operating income, operating margin and earnings per share, which are adjustments from results based on GAAP to exclude stock-based compensation charges, amortization of intangible assets and the related tax affects. Check Point's management believes the non-GAAP financial information provided in this release is useful to investors' understanding and assessment of Check Point's ongoing core operations and prospects for the future. Historically, Check Point has also publicly presented these supplemental non-GAAP financial measures in order to assist the investment community to see the Company "through the eyes of management," and thereby enhance understanding of its operating performance. The presentation of this non-GAAP financial information is not intended to be considered in isolation or as a substitute for results prepared in accordance with GAAP. A reconciliation of the non-GAAP financial measures discussed in this press release to the most directly comparable GAAP financial measures is included with the financial statements contained in this press release. Management uses both GAAP and non-GAAP information in evaluating and operating business internally and as such has determined that it is important to provide this information to investors.

[Read the Full Press Release \(includes financial tables\)](#)

## About Check Point Software Technologies Ltd.

Check Point Software Technologies Ltd. ([www.checkpoint.com](http://www.checkpoint.com)), is the largest pure-play security vendor globally, provides industry-leading solutions, and protects customers from cyberattacks with an unmatched



catch rate of malware and other types of attacks. Check Point offers a complete security architecture defending enterprises' networks to mobile devices, in addition to the most comprehensive and intuitive security management. Check Point protects over 100,000 organizations of all sizes. At Check Point, we secure the future.

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