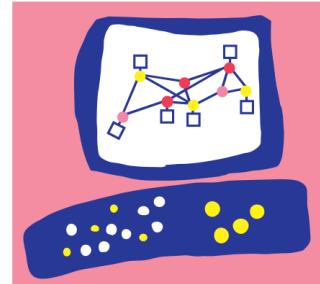


Janes Financial Center Residency Program

Check Point Software Technologies Ltd. (CHKP)



Check Point[®]
SOFTWARE TECHNOLOGIES LTD.

Sector: Technology

Industry: Software

Check Point Software Technologies Ltd is based in Tel Aviv, Israel, and develops, supports and markets products/services for information technology (IT) security. CHKP offers a platform to deploy independent, interoperable security applications and packages of cyber security needs grouped by functionality

Current Price	12 Month Target Price
\$115.97	\$163.92

All information sourced from Bloomberg or JFC Estimates unless otherwise noted.

Investment Summary

- Solid fundamentals with high profitability margins and no debt
- Value play from mispriced security estimating between 35-41% upside
- 6th Gen of Cybersecurity offers attractive growth opportunity, CHKP planning to introduce hyperscale network security called Maestro
- Organizations' cyber attack surface has become wider with remote work as the standard and as more business data transfers continually between Bring-Your-Own-Devices, SaaS applications (such as SalesForce.com) and multi-cloud environments (such as AWS and Azure)

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Generations of Cybersecurity

Generation 1 (Late 1980s) Virus attacks on PCs affect all business, drove the rise of anti-virus products.



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SOFTWARE TECHNOLOGIES LTD.

→ Generation 2 (1990s), Internet attacks affect all business and drove creation of the firewall.

Generation 3 (Early 2000s) Exploiting application vulnerabilities affect most businesses and drove the rise in intrusion prevention systems (IPS) products.

Generation 4 (Approx. 2010) Rise of targeted, evasive, polymorphic attacks which drove the increase in behavior analysis technologies such as sandboxing products.

Generation 5 (Approx. 2017) Large-scale and multi-vector attacks using advanced, fast-moving attacks so detection-only is not enough. Targets traditional attack vectors and expanded to mobile and cloud. Advanced threat prevention is required.

Generation 6 (2020-Future) Increase in attacks on the potential billions of IoT devices with limited or no security. Next generation of security will be based on nano security agents which are micro-plugins that work with any device or operating system, controlling all data that flows to and from IoT devices, ensuring always-on security

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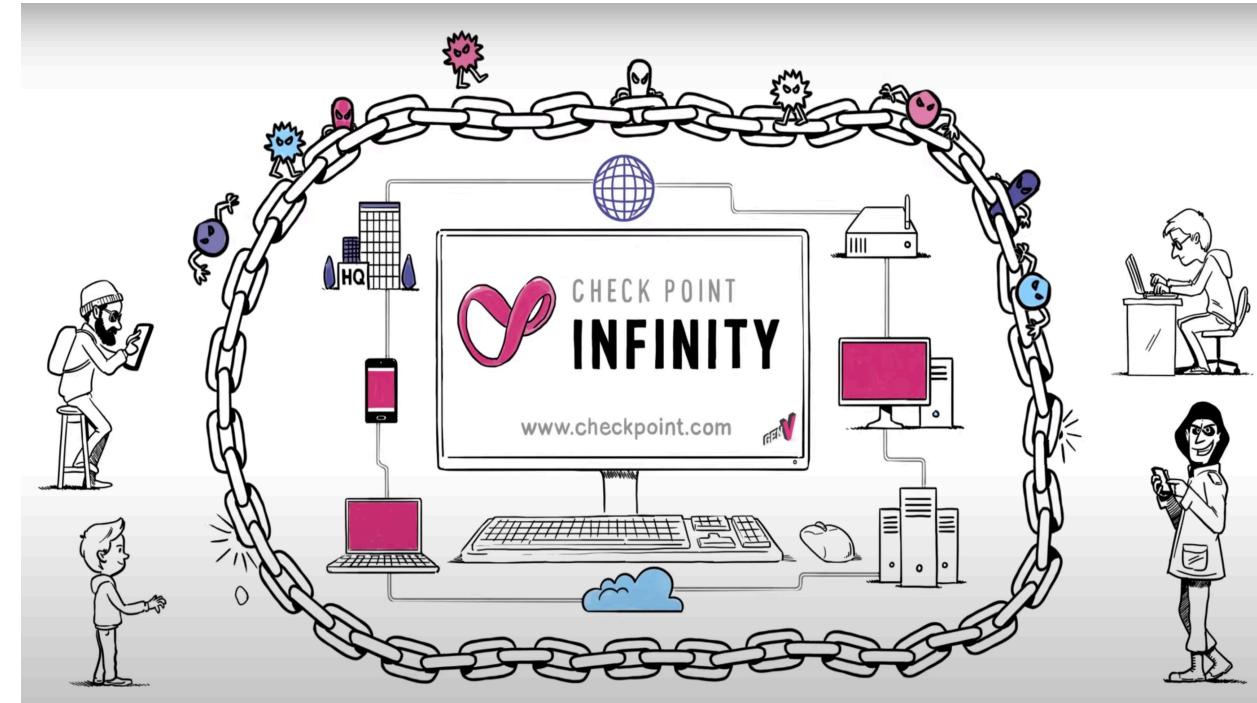


Company Overview (CHKP)

Business Model

CHKP expanded its IT security innovation by developing its Software Blade offerings, which deliver flexible solutions that can be customized to meet any organization or environment's security needs

Biggest expense coming from Selling & Marketing which is used to develop client relationships and understand needs



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Product Offerings

Check Point Infinity Architecture

Quantum & Maestro – Security Gateways for Networks

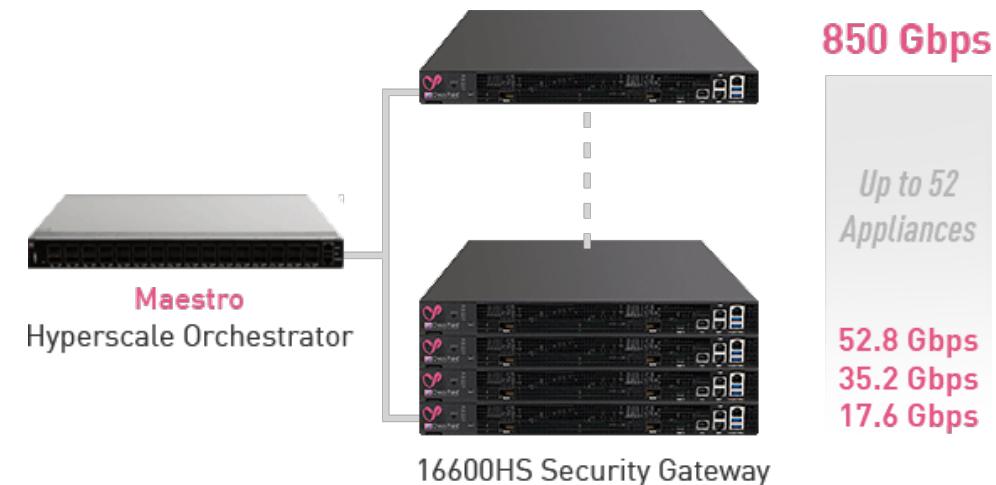


Check Point Threat Prevention Technologies & Products

CloudGuard – Secure the Cloud

Harmony – Securing Users and Access

Infinity-Vision - Check Point Security Management



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Recent Acquisitions

October 2018: Dome9 Security Ltd., Specializes in security and compliance for rapid public cloud adoption used across Amazon AWS, Microsoft Azure and Google Cloud. Dome9 provides significant cloud-native security capabilities. Integrated in CheckPoint's Cloudguard solutions.



January 2019: ForceNock Security Ltd., Developed a Web Application and API Protection (WAAP) technology, utilizing machine learning, and reputation-based security engines. Plan is to integrate into CheckPoint's Infinity total protection architecture.



November 2019: Cymplify, Developed on-device software security hardening module for IoT security and provides a tailor-made, embedded security suite for every device, protecting from zero-day exploits. Plan is to integrate into Infinity architecture.



September 2020: Odo Security Ltd, Developed a new cloud-based, clientless SASE technology that delivers secure remote access for users. Plan is to integrate into CheckPoint Harmony to provide secure, remote, zero-trust access

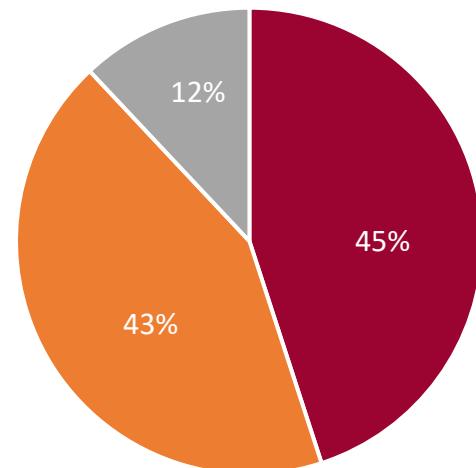


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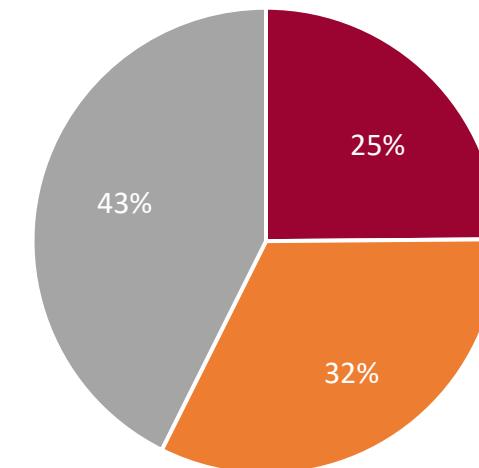


Company Overview (CHKP)

Revenues by Region



Revenue Segment Breakdown



■ Americas, principally U.S.

■ Europe, Middle East and Africa

■ Asia-Pacific

■ Products & Licenses

■ Security Subscriptions

■ Software Updates & Maintenance

All information sourced from Bloomberg or JFC Estimates unless otherwise noted.

Customers & Enterprise Users

CheckPoint Software's products and services are sold to enterprises, service providers, small and medium sized businesses and end consumers.

Customers include:

- Governments: U.S, Belgium, Italy, France, Denmark
- Retail: Smart&Final, Good Sam Club, Arcopedico, Pacific Coffee
- Financial Services: SREI, Canal Bank, Old Mutual, RCB Bank
- Healthcare: Britain and Scotland NHS, Lightbeam, Mutua Universal
- Manufacturing: Henny Penny, Midwest Rubber, Sysmex, Goglio

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Industry Overview

IDC estimated the network security market was approx. \$17 billion in 2019 with CHKP holding 11.1% market share (Fourth leading player after Cisco, Palo Alto Networks, and Fortinet)

CheckPoint holds approx. 10% of global security appliance market share

Market Growth will come from smaller and mid-sized businesses adopting security and companies spending to meet the increasing threats from mobile computing

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Growth Opportunities

Cybersecurity industry estimated to grow at 10-12% CAGR from 2021 to 2028

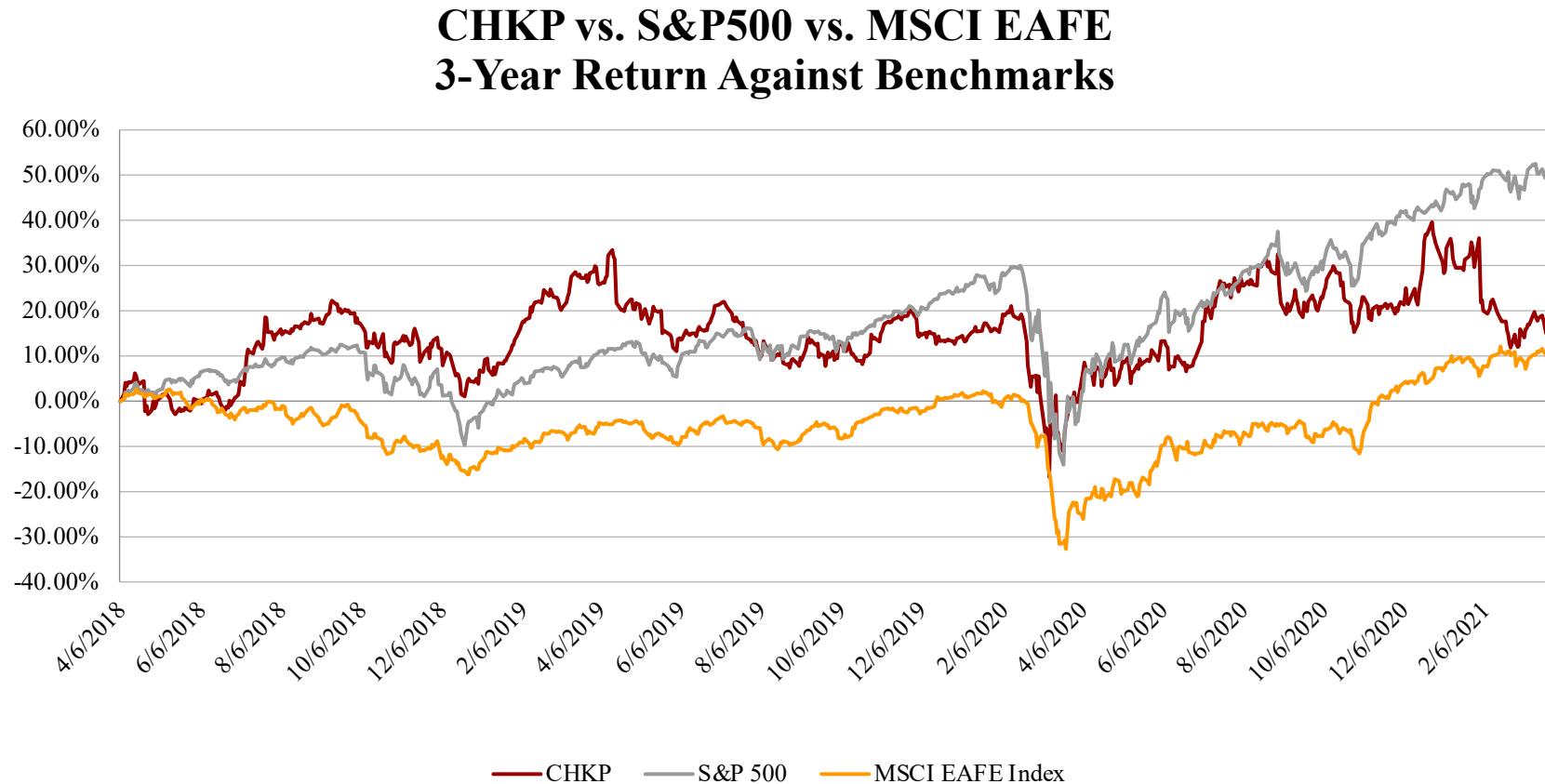
Enterprise spending on cloud security solutions is predicted to increase 26.5% CAGR from 2020-2023

Strength in Checkpoint's Cloud Business and cloud security subscriptions which have grown approx. 10% yoy

Expansion into new but adjacent market and into China and India

All information sourced from Bloomberg or JFC Estimates unless otherwise noted.

Price Performance



All information sourced from Bloomberg or JFC Estimates unless otherwise noted.

Financial Highlights

52-Week Range	\$ 99.01-139.26
Market Cap	\$15.9 Billion
Beta	0.65
P/E Ratio	19.0

	CHKP	Peers
Gross Margin	89%	66.2%
Operating Margin	43.8%	16.4%
Net Profit Margin	41%	12.8%
Current Ratio	1.5	1.62
ROA	14.6%	6.74%
ROE	24.1%	17.7%
ROI	19.5%	9%

Highlights:

- No Debt
- High EPS Growth (5 yr CAGR of 9.8%)
- Impressive Cash Flow

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Valuation

WACC	
Beta	0.66
Rm	9.00%
Rf	1.67%
Tax Rate	12.77%
CoE	6.51%
CoD	0.00%
E Amt	3,466.0
D Amt	-
%E	100.00%
%D	0.00%
Equity	6.51%
Debt	0.00%
WACC =	6.51%

Year	0	1	2	3	4	5
g		5.34%	4.50%	3.67%	2.83%	2.00%
FCF	\$ 1,161.00	\$ 1,223.05	\$ 1,278.12	\$ 1,325.01	\$ 1,362.57	\$ 1,389.82
WACC		6.51%				
Horizon Value (Vop 4)						\$ 30,831.41
PV		\$ 1,148.32	\$ 1,126.70	\$ 1,096.67	\$ 25,017.79	
			\$ 1,200.03	\$ 1,168.04	\$ 26,645.90	
Vop			\$ 28,389.48	\$ 29,013.96		
+ Short-Term Investments						
+ Non-Operating Assets		\$ 2,313.00	\$ 2,313.00			
Value of Firm		\$ 30,702.48	\$ 31,326.96			
- Total debt		\$ -	\$ -			
- Preferred Equity and Minority Interest		\$ -	\$ -			
- Value of Equity		\$ 30,702.48	\$ 31,326.96			
Current Shares Outstanding		140.00	140.00			
FCF Price		\$ 219.30				
12-month Target				\$ 223.76		

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Valuation

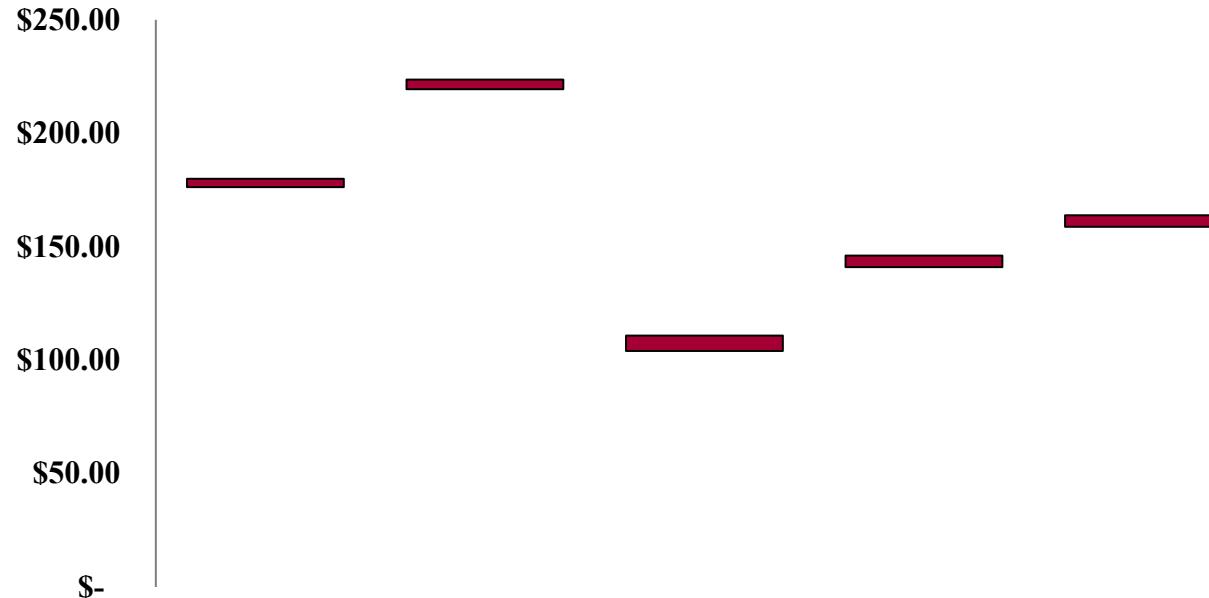
	Competitors' Average Multipliers	Company Price
Price to Book Ratio	10.47	259.17
Price to Sales Ratio	5.87	46.13
Price to EPS Before Abnormal Items	35.03	226.18
Price to FCF	24.25	201.07
Price to EBITDA	20.86	148.70
Average		176.25

	Today	1 Year
FCFM	\$ 219.30	\$ 223.76
RIM	\$ 104.02	\$ 110.78
MVAM	\$ 141.01	\$ 146.07
Average	\$ 154.78	\$ 160.21

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Valuation

Target Price Analysis



Current Price	
....	\$115.97
1 Year Target Price	
....	\$163.92
Investment Potential	
41.35%	

	Multiples	FCFM	RIM	MVAM	Target Price
Today's Price	\$ 176.25	\$ 219.30	\$ 104.02	\$ 141.01	\$ 158.86
Difference	\$ 3.52	\$ 4.46	\$ 6.77	\$ 5.06	\$ 5.07
1 Year Price	\$ 179.77	\$ 223.76	\$ 110.78	\$ 146.07	\$ 163.92
Weights	19.00%	27.00%	27.00%	27.00%	100%

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Investment Thesis & Risk

Thesis

- -Value play based on solid fundamentals
- -Rapidly growing market for network security
- -Expanding into newer markets and will likely increase its presence in the small to medium-sized business segment as a result of its expanded appliance offering

Risk

LOW	MEDIUM	HIGH
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- -Intensely competitive market for information and network security
- -Only moderate growth in core business

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Thank You



Q&A

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