

CHECK POINT SOFTWARE TECHNOLOGIES LTD

Form 6-K

April 25, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of April 2018

Commission File Number 0-28584

CHECK POINT SOFTWARE TECHNOLOGIES LTD.

(Translation of registrant's name into English)

5 Ha'solelim Street, Tel Aviv, Israel
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ____

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ____

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether the registrant by furnishing the information contained in this Form, is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

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CHECK POINT SOFTWARE TECHNOLOGIES REPORTS

2018 FIRST QUARTER FINANCIAL RESULTS

SAN CARLOS, CA – April 25, 2018 — Check Point® Software Technologies Ltd. (NASDAQ: CHKP), today announced its financial results for the first quarter ended March 31, 2018.

First Quarter 2018:

- Total Revenue: \$452 million, a 4 percent increase year over year
- Deferred Revenues: \$1,166 million, a 10 percent increase year over year
- GAAP Operating Income: \$213 million, representing 47 percent of revenues
- Non-GAAP Operating Income: \$239 million, representing 53 percent of revenues
- GAAP EPS: \$1.16, a 7 percent increase year over year
- Non-GAAP EPS: \$1.30, a 9 percent increase year over year
- Cash flow from operations: \$419 million, an 18% increase year over year

“First quarter revenues were above the midpoint of our projections while EPS reached the top of our guidance range,” said Gil Shwed, Founder and CEO of Check Point Software Technologies. “The global cyber threat landscape is becoming increasingly sophisticated. Attacks are now in their 5th generation, while 97 percent of enterprises are not prepared for these attacks and remain primarily focused on protections for 2nd or 3rd generation attacks. During the first quarter we introduced the Infinity Total Protection Gen V prevention solution, along with its CloudGuard family of security products, and both solutions generated nice wins in the quarter,” Shwed continued.

Financial Highlights for the First Quarter of 2018:

- Total Revenue: \$452 million compared to \$435 million in the first quarter of 2017, a 4 percent increase year over year. Revenues were above the midpoint of our guidance.
- GAAP Operating Income: \$213 million compared to \$211 million in the first quarter of 2017, representing 47 percent and 48 percent of revenues in the first quarter of 2018 and 2017, respectively.
- Non-GAAP Operating Income: \$239 million compared to \$233 million in the first quarter of 2017, representing 53 percent and 54 percent of revenues in the first quarter of 2018 and 2017, respectively.
- GAAP Taxes on Income: \$41 million compared to \$39 million in the first quarter of 2017.
- GAAP Net Income and Earnings per Diluted Share: GAAP net income was \$187 million compared to \$183 million in the first quarter of 2017. GAAP earnings per diluted share were \$1.16 compared to \$1.08 in the first quarter of

2017, a 7 percent increase year over year.

Non-GAAP Net Income and Earnings per Diluted Share: Non-GAAP net income was \$210 million compared to \$202 million in the first quarter of 2017. Non-GAAP earnings per diluted share were \$1.30 compared to \$1.20 in the first quarter of 2017, a 9 percent increase year over year.

Deferred Revenues: As of March 31, 2018, deferred revenues were \$1,166 million compared to \$1,063 million as of March 31, 2017, a 10 percent increase year over year.

Cash Flow: Cash flow from operations of \$419 million compared to \$355 million in the first quarter of 2017, which included a tax refund of \$45 million related to a prior year.

Share Repurchase Program: During the first quarter of 2018, the company repurchased approximately 2.4 million shares at a total cost of approximately \$249 million.

Cash Balances, Marketable Securities and Short Term Deposits: \$4,009 million as of March 31, 2018, compared to \$3,848 million as of December 31, 2017.

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.”

First Quarter Key Highlights

New Product of the Year – Check Point Infinity: Check Point Infinity Voted ‘New Product of the Year’ at Network Computing Awards 2018. Check Point Infinity delivers a broad set of security technologies to protect organizations against the most advanced and unknown Gen V threats and can now be deployed using Check Point Infinity Total Protection (ITP). ITP is a game-changing new consumption model with a simple all-inclusive, per-user, per-year subscription offering. The solution provides the key elements of a security infrastructure, including the network security hardware and hardware upgrades, network security software, endpoint, mobile and cloud security software, security updates, support and subscriptions all as a single annuity subscription.

CloudGuard™ Product Family: Protecting enterprises from Gen V cyber-attacks on cloud applications and infrastructure. CloudGuard is the industry’s first set of technologies designed to provide advanced security and threat prevention for software-as-a-service (SaaS) applications and infrastructure-as-a-service (IaaS) solutions. CloudGuard SaaS is designed to prevent account hijacking, utilizing patent-pending ID-Guard technology for cloud-based applications such as Microsoft Office365, Google G-Suite, Salesforce, ServiceNow, Slack, Box, Dropbox and more. Formerly vSEC and now a member of the CloudGuard family, CloudGuard IaaS provides advanced Gen V security/threat prevention of attacks on infrastructure and workloads for leading public and private cloud platforms, including: Amazon Web Services, Google Cloud Platform, Microsoft Azure, Cisco ACI, OpenStack, VMware NSX, VMware Cloud on AWS, VMware ESX, Alibaba Cloud, KVM, Hyper-V and more.

‘Gen V’ Security Management: The latest Smart-1 Appliances power Gen V security management by consolidating multiple consoles and enabling collection, correlation and analysis of security events, monitoring the state of security and managing security policies for all sizes of enterprise in a single device. The New Gen V Smart-1 family boosts performance by up to 8x, enabling collection of up to 100,000 logs/sec and provides high capacity storage for security event analysis.

The Israel Prize: Check Point founder & CEO Gil Shwed was awarded the prestigious Israel Prize for his contributions to the Israeli technology industry. The Israel Prize is an award handed out by the State of Israel and is generally regarded as the state's highest honor. It’s awarded to those who have displayed excellence in their field(s), or contributed strongly to Israeli culture or the State. It was awarded by the president, prime minister, speaker of the Israeli parliament, minister of education, and the president of the Supreme Court in a ceremony that closed Israel’s 70th Independence Day celebrations.

“I was personally moved when I received the call announcing the decision to award me the Israel Prize. The prize is a testament to the global leadership that Check Point has achieved, the company’s importance to Israel and the role that the innovation generated by our employees plays in the future of cyber-security,” concluded Shwed.

Conference Call and Webcast Information

Check Point will host a conference call with the investment community on April 25, 2018, at 8:30 AM ET/5:30 AM PT. To listen to the live webcast or replay, please visit the website at: www.checkpoint.com/ir.

Second Quarter Investor Conference Participation Schedule:

Jefferies 2018 Global Technology, Media and Telecom Conference
May 9, 2018 – Beverly Hills, CA

J.P. Morgan 46th Annual Technology, Media and Telecom Conference
May 16, 2018 – Boston, MA

Cowen & Company 46th Annual Technology Media & Telecom Conference
May 30, 2018 – New York, NY

Bank of America Merrill Lynch 2018 Global Technology Conference
June 5, 2018 – San Francisco, CA (Meetings Only)

2018 Baird Global Consumer, Technology & Services Conference
June 7, 2018 – New York, NY (Meetings Only)

Nasdaq 38th Investor Conference
June 12, 2018 – London, UK (Meetings Only)

Members of Check Point's management team are expected to 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. The schedule is subject to change.

About Check Point Software Technologies Ltd.

Check Point Software Technologies Ltd. (www.checkpoint.com) is a leading provider of cyber security solutions to governments and corporate enterprises globally. Its solutions protect customers from cyber-attacks with an industry leading catch rate of malware, ransomware and other types of attacks. Check Point offers a multilevel security architecture that defends enterprises' cloud, network and mobile device held information, plus the most comprehensive and intuitive one point of control security management system. Check Point protects over 100,000 organizations of all sizes.

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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 our products and solutions, including the Check Point Infinity architecture, CloudGuard™ Product Family, and Gen V security management, and our participation in investor conferences during the second quarter of 2018. Our expectations and beliefs regarding these matters may not materialize, and actual results or events in the future are subject to risks and uncertainties that could cause actual results or events 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 April 28, 2017. 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 operating income, net income and earnings per diluted share, which are adjustments from results based on GAAP to exclude, as applicable, stock-based compensation expenses, amortization of intangible assets and acquisition related expenses 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.

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CHECK POINT SOFTWARE TECHNOLOGIES LTD.
CONSOLIDATED STATEMENT OF INCOME

(In thousands, except per share amounts)

| | Three Months Ended March 31, | |
|--|---------------------------------|------------|
| | 2018 | 2017 |
| | (unaudited)(unaudited) | |
| Revenues: | | |
| Products and licenses | \$ 118,139 | \$ 126,326 |
| Security subscriptions | 127,251 | 112,064 |
| Total revenues from products and Security subscriptions | 245,390 | 238,390 |
| Software updates and maintenance | 206,936 | 197,060 |
| Total revenues | 452,326 | 435,450 |
| Operating expenses: | | |
| Cost of products and licenses | 19,378 | 23,886 |
| Cost of security subscriptions | 3,641 | 4,080 |
| Total cost of products and security subscriptions | 23,019 | 27,966 |
| Cost of Software updates and maintenance | 20,677 | 20,785 |
| Amortization of technology | 546 | 546 |
| Total cost of revenues | 44,242 | 49,297 |
| Research and development | 53,363 | 46,092 |
| Selling and marketing | 119,758 | 106,187 |
| General and administrative | 21,538 | 23,044 |
| Total operating expenses | 238,901 | 224,620 |
| Operating income | 213,425 | 210,830 |
| Financial income, net | 14,860 | 10,368 |
| Income before taxes on income | 228,285 | 221,198 |
| Taxes on income | 41,145 | 38,647 |
| Net income | \$ 187,140 | \$ 182,551 |
| Basic earnings per share | \$ 1.18 | \$ 1.11 |
| Weighted-average number of shares used in computing basic earnings per share | 158,192 | 165,110 |
| Diluted earnings per share | \$ 1.16 | \$ 1.08 |
| Weighted-average number of shares used in computing diluted earnings per share | 161,711 | 168,539 |

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CHECK POINT SOFTWARE TECHNOLOGIES LTD.S
ELECTED FINANCIAL METRICS

(In thousands, except per share amounts)

| | Three Months Ended March 31, | |
|--|---------------------------------|------------|
| | 2018 | 2017 |
| | (unaudited)(unaudited) | |
| Revenues | \$452,326 | \$ 435,450 |
| Non-GAAP operating income | 238,998 | 233,164 |
| Non-GAAP net income | 209,891 | 201,500 |
| Diluted Non-GAAP Earnings per share | \$ 1.30 | \$ 1.20 |
| Number of shares used in computing diluted Non-GAAP earnings per share | 161,711 | 168,539 |

CHECK POINT SOFTWARE TECHNOLOGIES LTD.
RECONCILIATION OF GAAP TO NON GAAP FINANCIAL INFORMATION

(In thousands, except per share amounts)

| | Three Months Ended March 31, | |
|--|---------------------------------|------------|
| | 2018 | 2017 |
| | (unaudited)(unaudited) | |
| GAAP operating income | \$213,425 | \$ 210,830 |
| Stock-based compensation (1) | 22,314 | 19,075 |
| Amortization of intangible assets and acquisition related expenses (2) | 3,259 | 3,259 |
| Non-GAAP operating income | \$238,998 | \$ 233,164 |
| GAAP net income | \$187,140 | \$ 182,551 |
| Stock-based compensation (1) | 22,314 | 19,075 |
| Amortization of intangible assets and acquisition related expenses (2) | 3,259 | 3,259 |
| Taxes on the above items (3) | (2,822) | (3,385) |
| Non-GAAP net income | \$209,891 | \$ 201,500 |
| Diluted GAAP Earnings per share | \$ 1.16 | \$ 1.08 |
| Stock-based compensation (1) | 0.14 | 0.11 |
| Amortization of intangible assets and acquisition related expenses (2) | 0.02 | 0.02 |
| Taxes on the above items (3) | (0.02) | (0.01) |
| Diluted Non-GAAP Earnings per share | \$ 1.30 | \$ 1.20 |
| Number of shares used in computing diluted Non-GAAP earnings per share | 161,711 | 168,539 |
| (1) Stock-based compensation: | | |
| Cost of products and licenses | \$37 | \$ 16 |
| Cost of software updates and maintenance | 686 | 557 |
| Research and development | 4,036 | 3,685 |
| Selling and marketing | 5,290 | 2,732 |

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| | | |
|---|----------|-----------|
| General and administrative | 12,265 | 12,085 |
| | 22,314 | 19,075 |
| (2) Amortization of intangible assets and acquisition related expenses: | | |
| Amortization of technology-cost of revenues | 546 | 546 |
| Research and development | 1,897 | 1,897 |
| Selling and marketing | 816 | 816 |
| | 3,259 | 3,259 |
| (3) Taxes on the above items | (2,822) | (3,385) |
| Total, net | \$22,751 | \$ 18,949 |

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CHECK POINT SOFTWARE TECHNOLOGIES LTD.
CONDENSED CONSOLIDATED BALANCE SHEET DATA

(In thousands)

ASSETS

| | March 31, 2018 (unaudited) | December 31, 2017 (unaudited) |
|---|----------------------------------|--|
| Current assets: | | |
| Cash and cash equivalents | \$213,100 | \$245,014 |
| Marketable securities and short-term deposits | 1,297,172 | 1,165,716 |
| Trade receivables, net | 288,469 | 472,223 |
| Prepaid expenses and other current assets | 45,135 | 81,478 |
| Total current assets | 1,843,876 | 1,964,431 |
| Long-term assets: | | |
| Marketable securities | 2,498,782 | 2,437,315 |
| Property and equipment, net | 78,552 | 77,767 |
| Deferred tax asset, net | 114,477 | 119,431 |
| Goodwill and other intangible assets, net | 829,468 | 830,407 |
| Other assets | 57,076 | 33,575 |
| Total long-term assets | 3,578,355 | 3,498,495 |
| Total assets | \$5,422,231 | \$5,462,926 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Deferred revenues | \$861,682 | \$878,287 |
| Trade payables and other accrued liabilities | 316,016 | 328,638 |
| Total current liabilities | 1,177,698 | 1,206,925 |
| Long-term liabilities: | | |
| Long-term deferred revenues | 304,372 | 308,286 |
| Income tax accrual | 348,509 | 337,453 |
| Accrued severance pay | 10,232 | 10,139 |
| | 663,113 | 655,878 |
| Total liabilities | 1,840,811 | 1,862,803 |
| Shareholders' equity: | | |
| Share capital | 774 | 774 |
| Additional paid-in capital | 1,321,757 | 1,305,130 |
| Treasury shares at cost | (6,116,958) | (5,893,182) |
| Accumulated other comprehensive loss | (33,446) | (15,634) |
| Retained earnings | 8,409,293 | 8,203,035 |

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| | | |
|--|-------------|-------------|
| Total shareholders' equity | 3,581,420 | 3,600,123 |
| Total liabilities and shareholders' equity | \$5,422,231 | \$5,462,926 |
| Total cash and cash equivalents, marketable securities and short-term deposits | \$4,009,054 | \$3,848,045 |

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CHECK POINT SOFTWARE TECHNOLOGIES LTD.
SELECTED CONSOLIDATED CASH FLOW DATA

(In thousands)

| | Three Months Ended March 31, | |
|---|---------------------------------|-------------|
| | 2018 | 2017 |
| | (unaudited) | (unaudited) |
| Cash flow from operating activities: | | |
| Net income | \$187,140 | \$182,551 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation of property and equipment | 3,888 | 2,981 |
| Amortization of intangible assets | 940 | 940 |
| Stock-based compensation | 22,314 | 19,075 |
| Realized loss on marketable securities | 2 | 75 |
| Decrease in trade and other receivables, net | 181,395 | 191,182 |
| Increase (decrease) in deferred revenues, trade payables and other accrued liabilities | 19,207 | (52,753) |
| Deferred income taxes, net | 3,947 | 11,362 |
| Net cash provided by operating activities | 418,833 | 355,413 |
| Cash flow from investing activities: | | |
| Investment in property and equipment | (4,672) | (7,953) |
| Net cash used in investing activities | (4,672) | (7,953) |
| Cash flow from financing activities: | | |
| Proceeds from issuance of shares upon exercise of options | 19,945 | 24,382 |
| Purchase of treasury shares | (249,408) | (247,862) |
| Payments related to shares withheld for taxes | (299) | (209) |
| Net cash used in financing activities | (229,762) | (223,689) |
| Unrealized gain (loss) on marketable securities, net | (23,390) | 3,964 |
| Increase in cash and cash equivalents, marketable securities and short term deposits | 161,009 | 127,735 |
| Cash and cash equivalents, marketable securities and short term deposits at the beginning of the period | 3,848,045 | 3,669,024 |
| Cash and cash equivalents, marketable securities and short term deposits at the end of the period | \$4,009,054 | \$3,796,759 |

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHECK POINT SOFTWARE TECHNOLOGIES
LTD.

By: /s/ Tal Payne
Tal Payne
Chief Financial Officer & Chief Operating Officer

April 25, 2018

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