

CHECK POINT SOFTWARE TECHNOLOGIES LTD

Form 6-K

October 23, 2014

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 October 2014

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.

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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-

| | |
|-----------------------------------|-----------------------------------|
| INVESTOR CONTACT | MEDIA CONTACT: |
| Kip E. Meintzer | James Rivas |
| Check Point Software Technologies | Check Point Software Technologies |
| +1.650.628.2040 | +1.650.628.2215 |
| ir@checkpoint.com | press@checkpoint.com |

CHECK POINT SOFTWARE TECHNOLOGIES REPORTS 2014 THIRD QUARTER FINANCIAL RESULTS

SAN CARLOS, CA – October 23, 2014 — Check Point® Software Technologies Ltd. (NASDAQ: CHKP), the worldwide leader in securing the Internet, today announced its financial results for the third quarter ended September 30, 2014.

- Total Revenue: \$370 million, representing an 8 percent increase year over year
- Non-GAAP Operating Income: \$215 million, representing 58 percent of revenues
- Non-GAAP EPS: \$0.93, representing a 9 percent increase year over year
- Deferred Revenues: \$660 million, representing a 16 percent increase year over year

“The third quarter represented another great quarter with results coming in at the high-end of our projections. We continued to deliver double-digit growth in our combined products and software blades revenues. Growth was driven by demand for our data center and enterprise security appliances and next generation threat prevention software blades,” said Gil Shwed, founder, chairman, and chief executive officer of Check Point Software Technologies.

Financial Highlights for the Third Quarter of 2014:

- Total Revenue: \$370 million compared to \$344 million in the third quarter of 2013.
- GAAP Operating Income: \$197 million compared to \$186 million in the third quarter of 2013.
- Non-GAAP Operating Income: \$215 million compared to \$201 million in the third quarter of 2013. Non-GAAP operating margin was 58 percent, same as in the third quarter of 2013.
- GAAP Net Income and Earnings per Diluted Share: GAAP net income was \$161 million compared to \$160 million in the third quarter of 2013. GAAP earnings per diluted share were \$0.84 compared to \$0.80 in the third quarter of 2013.
- Non-GAAP Net Income and Earnings per Diluted Share: Non-GAAP net income was \$177 million compared to \$169 million in the third quarter of 2013. Non-GAAP earnings per diluted share were \$0.93 compared to \$0.85 in the third quarter of 2013.
- Deferred Revenues: As of September 30, 2014, deferred revenues were \$660 million compared to \$567 million as of September 30, 2013.
- Cash Flow: Cash flow from operations was \$202 million compared to \$195 million in the third quarter of 2013.
- Share Repurchase Program: During the third quarter of 2014, the company repurchased 2.8 million shares at a total cost of \$192 million.
- Cash Balances, Marketable Securities and Short Term Deposits: \$3,656 million as of September 30, 2014, compared to \$3,664 million as of September 30, 2013.

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 the third quarter of 2014 Check Point launched new data center appliances: 13800 Appliance and 21800 Appliance.

13800 Appliance – Check Point 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 SecurityPower™ units (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 minimize maintenance costs.

Check Point Malware and Vulnerability Research Teams Update:

Check Point security research teams have continued to find vulnerabilities to critical infrastructure in various technologies including mobile platforms, Telco infrastructure, web infrastructure and security products.

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).

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.

TR-069 Deployments – 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.

Vulnerabilities Discovered in Three Network Security Vendors' 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 has notified the relevant vendors and provided them with the information to remedy the vulnerabilities.

Industry Accolades:

Number One in Worldwide Firewall Equipment Market Share – Check Point increased its lead in the worldwide market share for Firewall Equipment in Q2 2014, according to the Gartner Market Share: Enterprise Network Equipment by Market Segment, Worldwide, 2Q14 report.

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 Gartner's Magic Quadrant for Mobile Data Protection – Check Point is positioned as a Leader in Gartner's Magic Quadrant for Mobile Data Protection (MDP). The company has been in the Leaders quadrant for eight consecutive years.

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 Q2 2014, according to the IDC Worldwide Quarterly Security Appliance Tracker Q2 2014.

“Our security focus and advanced threat research has paid off once again this quarter with advanced protections against several new types of cyber-attacks. We continue to expand the reach of our security leadership with new technologies to fight the most critical cyber threats,” concluded Shwed.

Fourth Quarter 2014 Investor Conference Participation Schedule:

- RBC Global Technology Conference
November 11, 2014 – New York, NY
- Wells Fargo Securities Media & Technology Conference
November 12, 2014 – New York, NY
- UBS Global Technology Conference
November 19, 2014 – Sausalito, CA
- Credit Suisse Annual Technology Conference
December 3, 2014 – Scottsdale, AZ
- Raymond James Supply Chain Conference
December 9, 2014– New York, NY
- Barclays Global Technology Conference
December 10, 2014– San Francisco, CA

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. The schedule is subject to change.

Conference Call and Webcast Information

Check Point will host a conference call with the investment community on October 23, 2014 at 8:30 AM ET/5:30 AM PT. To listen to the live webcast, please visit the website at: www.checkpoint.com/ir. A replay of the conference call will be available through November 1, 2014 on the company's website or by telephone at +1.201.612.7415, replay ID number 13593342.

About Check Point Software Technologies Ltd.

Check Point Software Technologies Ltd. (www.checkpoint.com), the worldwide leader in securing the Internet, is the only vendor to deliver Total Security for networks, data and endpoints, unified under a single management framework. Check Point provides customers with uncompromised protection against all types of threats, reduces security complexity and lowers total cost of ownership. Check Point first pioneered the industry with FireWall-1 and its patented stateful inspection technology. Today, Check Point continues to innovate with the development of the Software Blade Architecture™. The dynamic Software Blade Architecture delivers secure, flexible and simple solutions that can be fully customized to meet the exact security needs of any organization or environment.

Check Point customers include tens of thousands of businesses and organizations of all sizes including all Fortune 100 companies. Check Point's award-winning ZoneAlarm solutions protect millions of consumers from hackers, spyware and identity theft.

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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 continued expansion of the reach of our security leadership with new technologies to fight the most critical cyber threats. 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.

CHECK POINT SOFTWARE TECHNOLOGIES LTD.
CONSOLIDATED STATEMENT OF INCOME

(In thousands, except per share amounts)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|-------------|------------------------------------|-------------|
| | 2014 | 2013 | 2014 | 2013 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Revenues: | | | | |
| Products and licenses | \$ 126,029 | \$ 119,526 | \$ 358,310 | \$ 343,971 |
| Software Blades subscriptions | 67,164 | 55,046 | 192,664 | 156,550 |
| Total revenues from products and software blades | 193,193 | 174,572 | 550,974 | 500,521 |
| Software updates and maintenance | 177,177 | 169,555 | 524,200 | 506,508 |
| Total revenues | 370,370 | 344,127 | 1,075,174 | 1,007,029 |
| Operating expenses: | | | | |
| Cost of products and licenses | 24,076 | 21,727 | 66,489 | 61,492 |
| Cost of software blades subscriptions | 1,269 | 1,095 | 3,871 | 3,941 |
| Total cost of products and software blades | 25,345 | 22,822 | 70,360 | 65,433 |
| Cost of Software updates and maintenance | 19,324 | 17,247 | 54,078 | 50,454 |
| Amortization of technology | 60 | 60 | 180 | 552 |
| Total cost of revenues | 44,729 | 40,129 | 124,618 | 116,439 |
| Research and development | 32,605 | 30,034 | 99,022 | 88,717 |
| Selling and marketing | 74,741 | 68,783 | 223,176 | 201,093 |
| General and administrative | 20,914 | 18,690 | 56,558 | 53,995 |
| Total operating expenses | 172,989 | 157,636 | 503,374 | 460,244 |
| Operating income | 197,381 | 186,491 | 571,800 | 546,785 |
| Financial income, net | 7,313 | 9,098 | 21,760 | 25,548 |
| Income before taxes on income | 204,694 | 195,589 | 593,560 | 572,333 |
| Taxes on income | 43,647 | 35,888 | 119,772 | 113,664 |
| Net income | \$ 161,047 | \$ 159,701 | \$ 473,788 | \$ 458,669 |
| Earnings per share (basic) | \$0.86 | \$0.82 | \$2.50 | \$2.33 |
| Number of shares used in computing earnings per share (basic) | 187,293 | 194,931 | 189,736 | 196,570 |
| Earnings per share (diluted) | \$0.84 | \$0.80 | \$2.45 | \$2.29 |
| Number of shares used in computing earnings per share (diluted) | 190,984 | 198,668 | 193,360 | 200,380 |

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

(In thousands, except per share amounts)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|---------------------|------------------------------------|---------------------|
| | 2014 (unaudited) | 2013 (unaudited) | 2014 (unaudited) | 2013 (unaudited) |
| GAAP operating income | \$ 197,381 | \$ 186,491 | \$ 571,800 | \$ 546,785 |
| Stock-based compensation (1) | 16,979 | 13,642 | 46,037 | 38,564 |
| Amortization of intangible assets (2) | 518 | 662 | 1,588 | 2,410 |
| Non-GAAP operating income | \$ 214,878 | \$ 200,795 | \$ 619,425 | \$ 587,759 |
| GAAP net income | \$ 161,047 | \$ 159,701 | \$ 473,788 | \$ 458,669 |
| Stock-based compensation (1) | 16,979 | 13,642 | 46,037 | 38,564 |
| Amortization of intangible assets (2) | 518 | 662 | 1,588 | 2,410 |
| Taxes on the above items (3) | (1,751) | (5,115) | (8,619) | (6,426) |
| Non-GAAP net income | \$ 176,793 | \$ 168,890 | \$ 512,794 | \$ 493,217 |
| GAAP Earnings per share (diluted) | \$ 0.84 | \$ 0.80 | \$ 2.45 | \$ 2.29 |
| Stock-based compensation (1) | 0.09 | 0.07 | 0.24 | 0.19 |
| Amortization of intangible assets (2) | - | - | - | 0.01 |
| Taxes on the above items (3) | - | (0.02) | (0.04) | (0.03) |
| Non-GAAP Earnings per share (diluted) | \$ 0.93 | \$ 0.85 | \$ 2.65 | \$ 2.46 |
| Number of shares used in computing Non-GAAP earnings per share (diluted) | 190,984 | 198,668 | 193,360 | 200,380 |
| (1) Stock-based compensation: | | | | |
| Cost of products and licenses | \$ 14 | \$ 19 | \$ 52 | \$ 60 |
| Cost of software updates and maintenance | 293 | 266 | 718 | 714 |
| Research and development | 2,241 | 2,108 | 6,995 | 6,897 |
| Selling and marketing | 3,526 | 3,201 | 9,728 | 8,773 |
| General and administrative | 10,905 | 8,048 | 28,544 | 22,120 |
| | 16,979 | 13,642 | 46,037 | 38,564 |
| (2) Amortization of intangible assets: | | | | |
| Amortization of technology-cost of revenues | 60 | 60 | 180 | 552 |
| Selling and marketing | 458 | 602 | 1,408 | 1,858 |
| | 518 | 662 | 1,588 | 2,410 |
| (3) Taxes on the above items | (1,751) | (5,115) | (8,619) | (6,426) |
| Total, net | \$ 15,746 | \$ 9,189 | \$ 39,006 | \$ 34,548 |

CHECK POINT SOFTWARE TECHNOLOGIES LTD.
CONDENSED CONSOLIDATED BALANCE SHEET DATA

(In thousands)

ASSETS

| | September 30, 2014 (unaudited) | December 31, 2013 (audited) |
|---|---|--------------------------------------|
| Current assets: | | |
| Cash and cash equivalents | \$249,861 | \$408,432 |
| Marketable securities and short-term deposits | 989,969 | 758,382 |
| Trade receivables, net | 216,351 | 379,648 |
| Prepaid expenses and other current assets | 66,197 | 53,856 |
| Total current assets | 1,522,378 | 1,600,318 |
| Long-term assets: | | |
| Marketable securities | 2,416,123 | 2,463,110 |
| Property and equipment, net | 39,424 | 37,991 |
| Severance pay fund | 5,823 | 6,488 |
| Deferred tax asset, net | 13,447 | 13,557 |
| Other intangible assets, net | 14,602 | 16,191 |
| Goodwill | 727,875 | 727,875 |
| Other assets | 26,453 | 20,907 |
| Total long-term assets | 3,243,747 | 3,286,119 |
| Total assets | \$4,766,125 | \$4,886,437 |

LIABILITIES AND

SHAREHOLDERS' EQUITY

| | | |
|--|-----------|-----------|
| Current liabilities: | | |
| Deferred revenues | \$545,358 | \$586,696 |
| Trade payables and other accrued liabilities | 253,480 | 396,102 |
| Total current liabilities | 798,838 | 982,798 |
| Long-term liabilities: | | |
| Long-term deferred revenues | 114,765 | 84,927 |
| Income tax accrual | 228,214 | 205,420 |
| Deferred tax liability, net | 570 | 308 |
| Accrued severance pay | 9,999 | 10,887 |
| Total long-term liabilities | 353,548 | 301,542 |
| Total liabilities | 1,152,386 | 1,284,340 |
| Shareholders' equity: | | |

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| | | |
|--|-------------|-------------|
| Share capital | 774 | 774 |
| Additional paid-in capital | 835,922 | 774,917 |
| Treasury shares at cost | (2,942,705) | (2,421,278) |
| Accumulated other comprehensive income | 115 | 1,839 |
| Retained earnings | 5,719,633 | 5,245,845 |
| Total shareholders' equity | 3,613,739 | 3,602,097 |
| Total liabilities and shareholders' equity | \$4,766,125 | \$4,886,437 |
| Total cash and cash equivalents, marketable securities and short-term deposits | \$3,655,953 | \$3,629,924 |

CHECK POINT SOFTWARE TECHNOLOGIES LTD.
SELECTED CONSOLIDATED CASH FLOW DATA

(In thousands)

| | Three Months Ended | | Nine Months Ended | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2014 | September 30, 2013 | September 30, 2014 | September 30, 2013 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Cash flow from operating activities: | | | | |
| Net income | \$ 161,047 | \$ 159,701 | \$ 473,788 | \$ 458,669 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation of property and equipment | 2,244 | 2,205 | 6,683 | 6,302 |
| Amortization of intangible assets | 518 | 662 | 1,588 | 2,410 |
| Stock-based compensation | 16,979 | 13,642 | 46,037 | 38,564 |
| Realized gain on marketable securities | (152) | (226) | (306) | (1,300) |
| Decrease in trade and other receivables, net | 22,167 | 7,595 | 152,182 | 112,846 |
| Increase (decrease) in deferred revenues, trade payables and other accrued liabilities | 913 | 19,986 | (128,587) | 132,547 |
| Excess tax benefit from stock-based compensation | (874) | (3,075) | (2,826) | (9,180) |
| Deferred income taxes, net | (381) | (5,012) | (6,068) | (9,279) |
| Net cash provided by operating activities | 202,461 | 195,478 | 542,491 | 731,579 |
| Cash flow from investing activities: | | | | |
| Investment in property and equipment | (3,584) | (2,759) | (8,115) | (7,385) |
| Net cash used in investing activities | (3,584) | (2,759) | (8,115) | (7,385) |
| Cash flow from financing activities: | | | | |
| Proceeds from issuance of shares upon exercise of options | 14,067 | 18,030 | 61,485 | 51,460 |
| Purchase of treasury shares | (192,401) | (128,276) | (573,271) | (402,710) |
| Excess tax benefit from stock-based compensation | 874 | 3,075 | 2,826 | 9,180 |
| Net cash used in financing activities | (177,460) | (107,171) | (508,960) | (342,070) |
| Unrealized gain (loss) on marketable securities, net | (8,248) | 8,089 | 613 | (13,199) |
| Increase in cash and cash equivalents, marketable securities and short term deposits | 13,169 | 93,637 | 26,029 | 368,925 |
| Cash and cash equivalents, marketable securities and short term deposits at the beginning of the period | 3,642,784 | 3,570,652 | 3,629,924 | 3,295,364 |
| Cash and cash equivalents, marketable securities and short term deposits at the end of the period | \$ 3,655,953 | \$ 3,664,289 | \$ 3,655,953 | \$ 3,664,289 |

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

October 23, 2014
