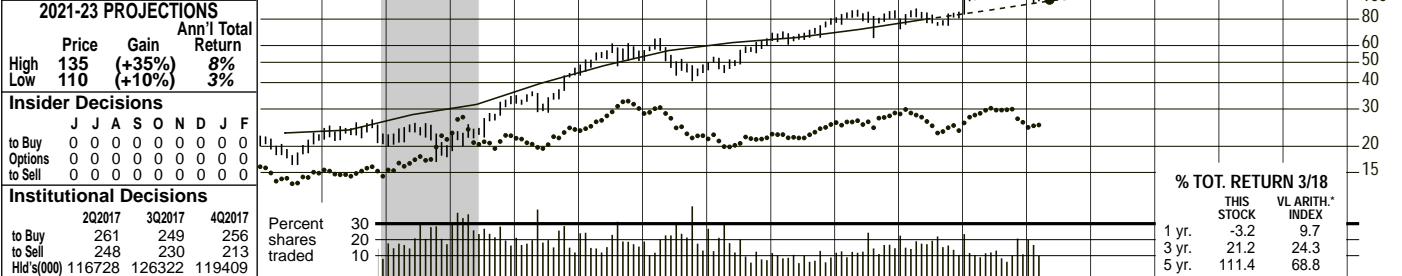


CHECK POINT SOFT. NDQ-CHKP

RECENT PRICE **99.01** P/E RATIO **18.8** (Trailing: 20.5 Median: 18.0) RELATIVE P/E RATIO **1.02** DIV'D YLD **Nil** VALUE LINE

TIMELINESS 3 Lowered 3/2/18	High: 26.8 25.8 34.6 47.1 61.6 65.0 64.9 80.8 88.5 90.0 119.2 107.1	Target Price Range 2021 2022 2023
SAFETY 1 Raised 1/12/18	Low: 20.5 16.8 18.9 28.8 43.2 40.6 44.4 60.5 65.1 71.6 84.0 95.0	
TECHNICAL 2 Raised 4/6/18	LEGENDS 18.0 x "Cash Flow" p sh Relative Price Strength Options: Yes Shaded area indicates recession	
BETA .80 (1.00 = Market)		



2021-23 PROJECTIONS		© VALUE LINE PUB. LLC 21-23																												
Price	Gain	Ann'l Total Return	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Revenues per sh	"Cash Flow" per sh	Earnings per sh ^A	Div'ds Decl'd per sh	Cap'l Spending per sh	Book Value per sh ^B	Common Shs Outst'g ^C	Avg Ann'l P/E Ratio	Relative P/E Ratio	Avg Ann'l Div'd Yield
High 135	(+35%)	8%	1.74	1.74	2.08	2.37	2.55	3.34	3.85	4.42	5.27	6.06	6.75	7.25	8.14	9.32	10.49	11.50	12.65	13.30	16.15	4.90	6.80	Nil	.20	33.85	155.00	18.0	1.00	Nil
Low 110	(+10%)	3%	1.07	1.00	1.04	1.35	1.28	1.33	1.57	1.75	2.21	2.68	3.15	3.44	3.64	3.98	4.43	4.90	5.45	5.80	6.95	4.43	6.80	Nil	.20	33.85	155.00	1.00	1.08	Nil
Insider Decisions																														
Institutional Decisions																														

CAPITAL STRUCTURE as of 9/30/17		© VALUE LINE PUB. LLC 21-23																																					
Total Debt None		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Revenues (\$mill)	Operating Margin	Depreciation (\$mill)	Net Profit (\$mill)	Income Tax Rate	Net Profit Margin	Working Cap'l (\$mill)	Long-Term Debt (\$mill)	Shr. Equity (\$mill) ^B	Return on Total Cap'l	Return on Shr. Equity	Retained to Com Eq	All Div'ds to Net Prof							
Leases, Uncapitalized: Annual rentals \$8.9 mill.		808.5	924.4	1097.9	1247.0	1342.7	1394.1	1495.8	1629.8	1741.3	1854.7	2000	2085	2500	44.8%	45.9%	49.4%	52.1%	56.2%	55.2%	54.2%	52.2%	49.6%	52.5%	53.5%	53.5%	2500	54.0%	20.0	1055	21.0%	42.2%	2050	Nil	5250	20.0%	20.0%	20.0%	Nil
No Defined Benefit Pension Plan		791.9	648.9	753.6	1007.5	1053.7	737.6	815.0	678.9	726.6	757.5	1000	1200	16.1%	19.8%	19.8%	20.4%	21.2%	18.0%	20.5%	21.5%	19.2%	20.0%	20.0%	21.0%	2050	Nil	5250	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%				
Pfd Stock None		2015.9	2319.7	2719.3	3073.1	3346.3	3602.1	3637.6	3531.9	3491.1	3600.1	4150	4375	16.1%	15.4%	16.7%	17.7%	18.5%	18.1%	18.1%	19.4%	20.8%	21.5%	20.5%	20.5%	2050	Nil	5250	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%				
Common Stock 161,100,000 shs.		16.1%	15.4%	16.7%	17.7%	18.5%	18.1%	18.1%	19.4%	20.8%	21.5%	20.5%	20.5%	16.1%	15.4%	16.7%	17.7%	18.5%	18.1%	18.1%	19.4%	20.8%	21.5%	20.5%	20.5%	2050	Nil	5250	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%					
MARKET CAP: \$16.0 billion (Large Cap)		16.1%	15.4%	16.7%	17.7%	18.5%	18.1%	18.1%	19.4%	20.8%	21.5%	20.5%	20.5%	16.1%	15.4%	16.7%	17.7%	18.5%	18.1%	18.1%	19.4%	20.8%	21.5%	20.5%	20.5%	2050	Nil	5250	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%					

CURRENT POSITION (\$MILL)		2015	2016	12/31/17
Cash Assets	1284.2	1372.9	1410.7	
Receivables	410.8	478.5	472.2	
Other	40.8	41.1	81.5	
Current Assets	1735.8	1892.5	1964.4	
Accts Payable	17.8	18.0	18.2	
Debt Due	--	--	--	
Other	1039.1	1147.9	1188.7	
Current Liab.	1056.9	1165.9	1206.9	

ANNUAL RATES of change (per sh)		Past 10 Yrs.	Past 5 Yrs.	Est'd '14-'16 to '21-'23
Revenues	15.0%	12.0%	8.0%	
"Cash Flow"	12.5%	12.5%	8.0%	
Earnings	13.0%	12.5%	8.5%	
Dividends	--	--	Nil	
Book Value	11.0%	9.5%	7.5%	

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun. 30	Sep. 30	Dec. 31	
2015	372.6	395.3	403.9	458.1	1629.9
2016	404.3	422.8	427.6	486.6	1741.3
2017	435.5	458.6	454.6	506.0	1854.7
2018	465	485	500	550	2000
2019	490	505	515	575	2085

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun. 30	Sep. 30	Dec. 31	
2015	.86	.88	.92	1.08	3.74
2016	.95	.95	.99	1.31	4.20
2017	1.08	1.12	1.16	1.46	4.82
2018	1.20	1.25	1.35	1.55	5.35
2019	1.30	1.35	1.45	1.60	5.70

Cal-endar	QUARTERLY DIVIDENDS PAID				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2014					
2015					
2016					
2017					
2018					
2019					

BUSINESS: Check Point Software Tech. engages in the development, marketing, and support of Internet security solutions. The company provides firewall, and virtual private networking solutions. Through its NGX platform, it delivers unified security architecture for various perimeter, internal, Web, and endpoint security solutions that protect business communications and resources for corporate networks and applications, remote employees, branch offices, and partner extranets. Its ZoneAlarm products offer endpoint security solutions that protect personal computers from hackers, spyware, and data theft. Has about 2,860 empl. Chief Executive Officer: Gil Shwed. Inc.: DE. Addr.: 5 Ha'Soleim Street, Tel Aviv, Israel, 6789705. Tel.: 972-3-753-4555. Internet: www.checkpoint.com.

Check Point Software delivered decent results to conclude 2017. The Internet security solutions provider generated \$506 million in revenue for the December period, up only a modest 4% from the previous year tally. Indeed, U.S. sales execution and the transition of its sales team kept the lid on top-line growth in the fourth quarter. On the earnings front, CHKP bested our call by \$0.02, to \$1.46 a share. The figure was helped along by lower commission expenses and a reduced share count.

New products, such as Infinity Total Protection, ought to reignite revenue growth in 2018 and beyond. Management believes the majority of security solutions presently in use are outdated and may lack the sophistication to keep pace with rapidly evolving malware that can bypass traditional network security technology. In response, Check Point Infinity provides a comprehensive solution to hardware, software, and mobile attacks across the entire enterprise network. This should boost subscription revenues going forward, assuming the company can get its salesforce back on the right track.

Is the competitive landscape heating up? There is little question as to whether demand for cloud security solutions will remain elevated or not, especially considering the global need for network and mobile protection across all industries. The concern, however, is thinning market share, stemming from the potential intrusion of larger cloud providers (such as Amazon and Microsoft) entering the security space. While this has yet to become an immediate issue, prospects for increased competition are now on our radar as a possible future headwind.

Share buybacks ought to persist into next decade. The company recently loosened its purse strings and bolstered its repurchase authorization up to \$1 billion. As a result, the outstanding share count ought to continue to shrink, thereby supporting reportable share net.

This equity holds little investment appeal at this time. Shares of CHKP are just neutrally ranked (3), and offer below-average price appreciation potential out to 2021-2023. Plus, we think it wise to wait for sales execution risks to subside.

Nicholas P. Patrikis
April 13, 2018

(A) Diluted earnings. Next earnings report due mid-May. Earnings may not sum to total due to rounding. (B) Includes intangibles. In 2016: \$834.2 mill., \$5.02 a share. (C) In millions.

Company's Financial Strength	A+
Stock's Price Stability	90
Price Growth Persistence	85
Earnings Predictability	100