

Buy : CHKP

Price : \$126

PT : \$156

Upside : 24%



# Check Point Software Technologies [NASDAQ:CHKP]

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Lead Analyst: Gil Shimoni

# Industry Overview

## Cybersecurity Market

- Check Point competes in a crowded market with several large **established companies** in addition to **specialized startups**
- User data **regulatory** compliance requirements are growing, with laws like HIPPA, PCI DSS, and GDPR **evolving** to match threats
- In recent years, the industry has focused on **cloud security**, since secure information is now widely accessed on personal devices

## Key Industry Trends

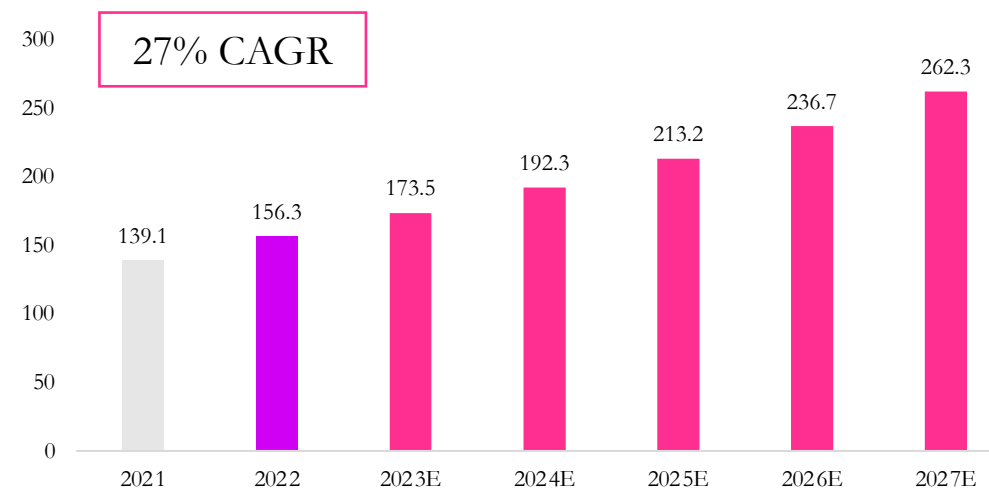
	Cybercrime increased 38% in 2022 causing \$8.4T in damages
	AI and ML have seen widespread adoption in threat prevention
	There are 14.4B IoT connected devices in 2023, up 18% in 2022

## Leading Competitors



	CHKP	PANW	FTNT	CRWD	NET
Market Cap	\$15B	\$57B	\$47B	\$27B	\$20B
2022 Revenue	\$2.3B	\$6.6B	\$4.4B	\$2.2B	\$975M
2022 Net Income	\$796M	(\$267M)	\$857M	(\$234M)	(\$193M)
2025 Forward P/E	15x	52x	42x	55x	384x

## Cyber Security Market Size (\$B)



# Company Profile

## Overview

Check Point is a cyber security solutions company whose **AI-based threat intelligence and prevention software** provides **automated security** against cyber threats.



Next generation firewalls that prevent 5<sup>th</sup> generation cyber attacks



Protects assets stored in cloud platforms from cyber threats

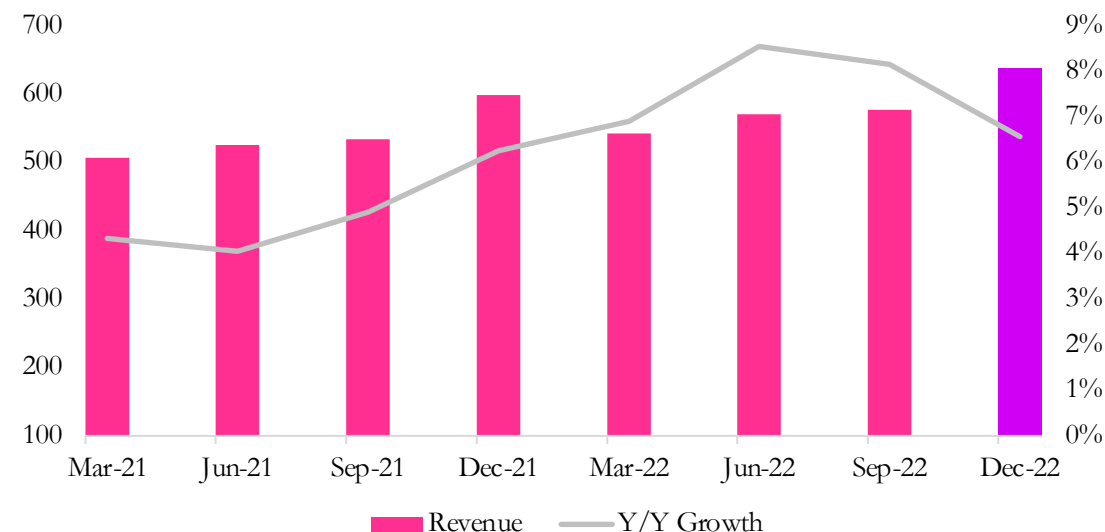


Provides security against internet connectivity threats

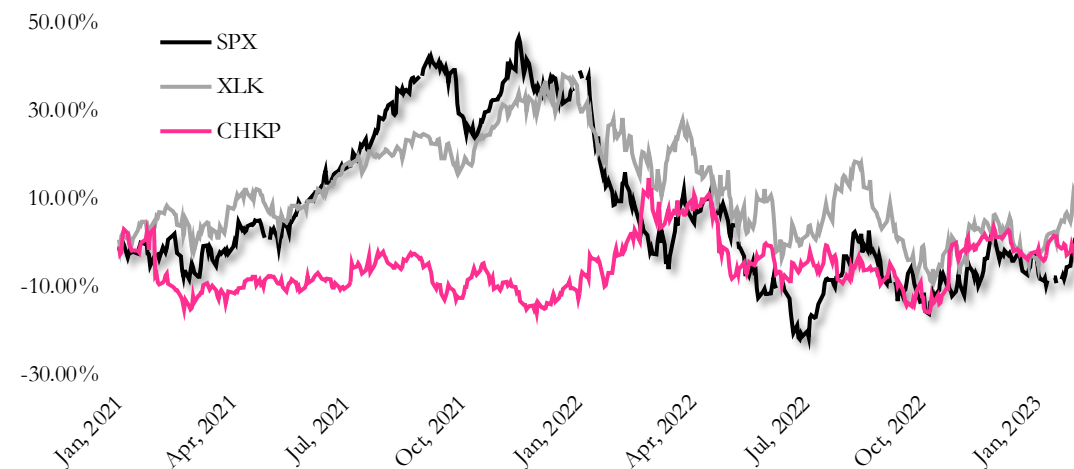
## Key Statistics

Current Share Price	\$126
52 Week Range	\$107.54 - 149.62
Market Cap.	\$15.4 B
Enterprise Value	\$11.9B
Net Margin	34%

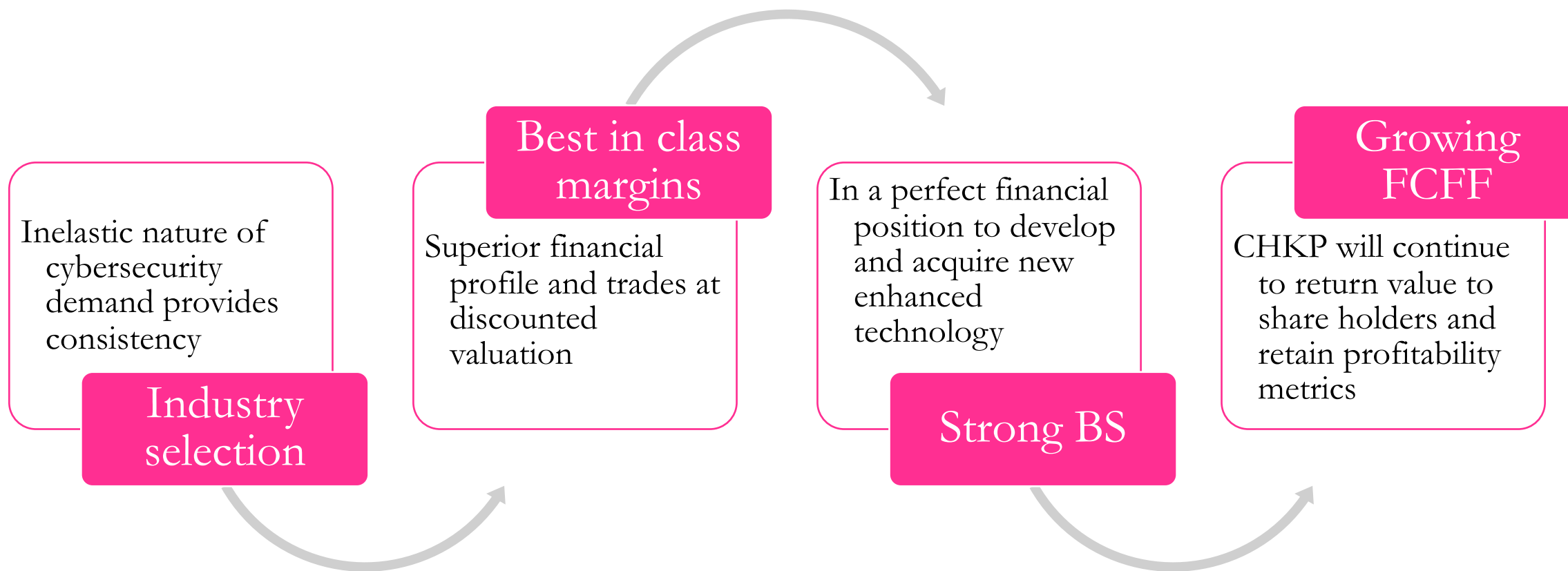
## CHKP Revenue (\$M) and Y/Y Growth (%)



## Historical Stock Performance



# Investment Thesis



# Cyber Security Inelasticity

## Inelastic Demand

**85%**

of small and midsize enterprises intend to **increase** IT security spending in 2023

**3.5M**

**Cybersecurity** job positions now open worldwide

**15%**

Annual increase of costs related to **cybercrime**; will reach \$10.5 trillion a year in 2025

## Hacker Don't Care About Recessions



**Spending** will remain consistent as **businesses** must comply laws such as General Data Protection Regulation (**GDPR**)



From February 2020 to March 2020, the number of **ransomware** attacks in the world spiked by **148%**



Hackers become more active in **economic downturns** and take advantage of companies going through **economic strains**

## Average Cost Per Data Breach (\$M)



## Growing Factors

**Continuous need**

A typical organization gets **1100 attacks** every single week

**Sophisticated Attacks**

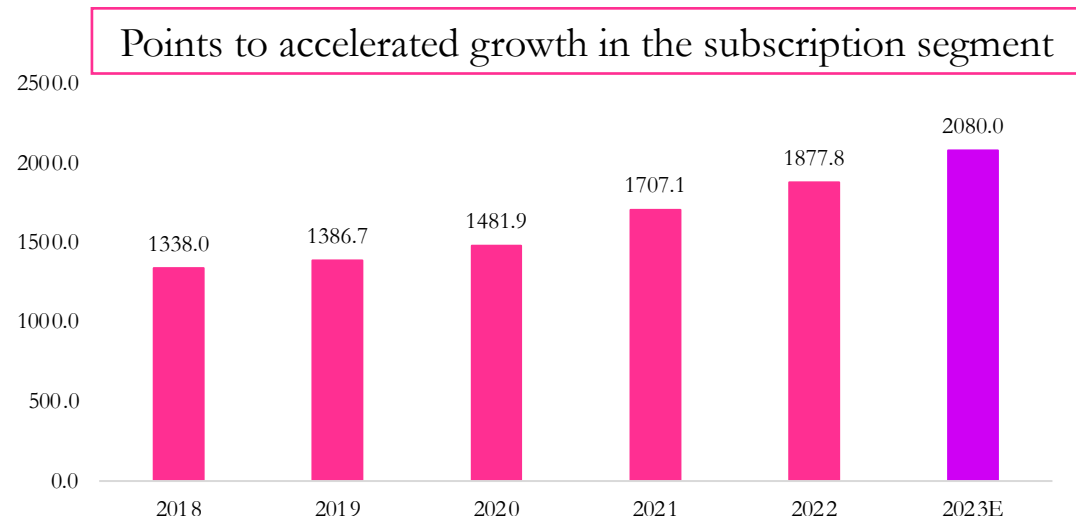
Attacks are becoming more **complex** using AI and Machine learning

**Growing demand**

Growing **threats** in the **Healthcare** and **manufacturing** industries

# Superior Financial Position

## Deferred Revenue



## Best In Class Margins



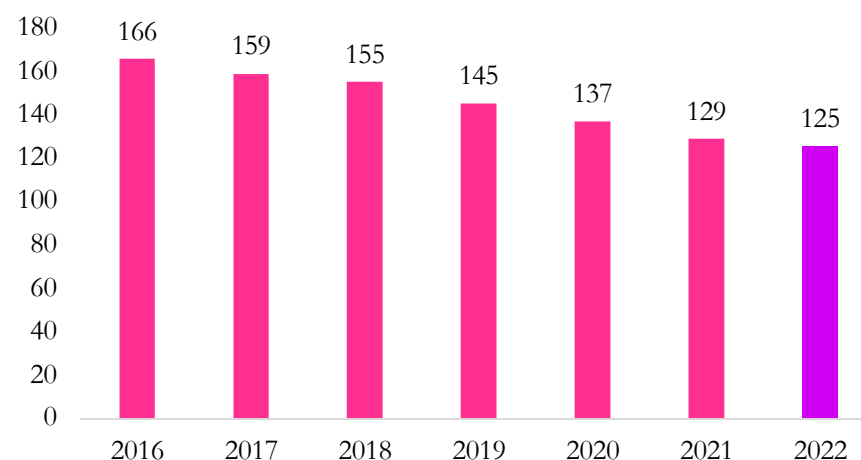
## Unleveraged Balance Sheet

- The need in the industry to innovate and overcome competition is enormous
- Companies need to be able to quickly adapt to new trends organically or through M&A activity
- CHKP is perfectly set for such environment and is why management is keeping an unleveraged balance sheet, with no debt and high cash on balance

**\$3.5B**  
Cash and Marketable Securities

**\$0**  
Debt

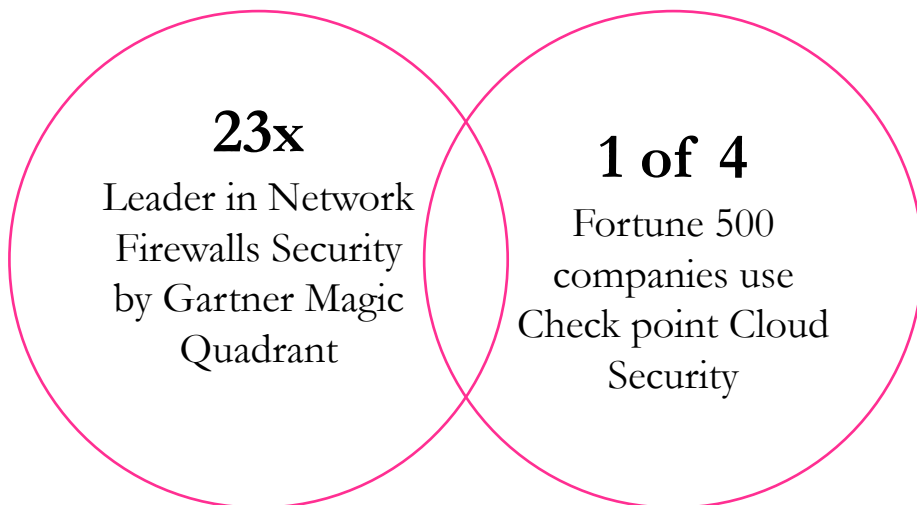
## Shares Outstanding (Shares in M)



Board of directors has authorized a **\$2.0 billion** expansion of the company's on-going share repurchase program

# Differentiated Products

## Outstanding Products



## Positive Company Culture

Recognized by **Forbes** as World's **Leading**  
Cybersecurity Employer

**+6000**  
Employees across the  
world



**ESG Committed**  
Strives to become  
carbon neutral

## Checkpoint Infinity



“The only  
prevention-  
first  
consolidated  
security  
architecture”



CHECK POINT  
**INFINITY**

Seen triple digit  
growth while  
addressing a  
growing need in  
MDR/MPR  
Market



Unique one  
solution across  
all attack  
vectors that's  
provided as a  
SaaS solution

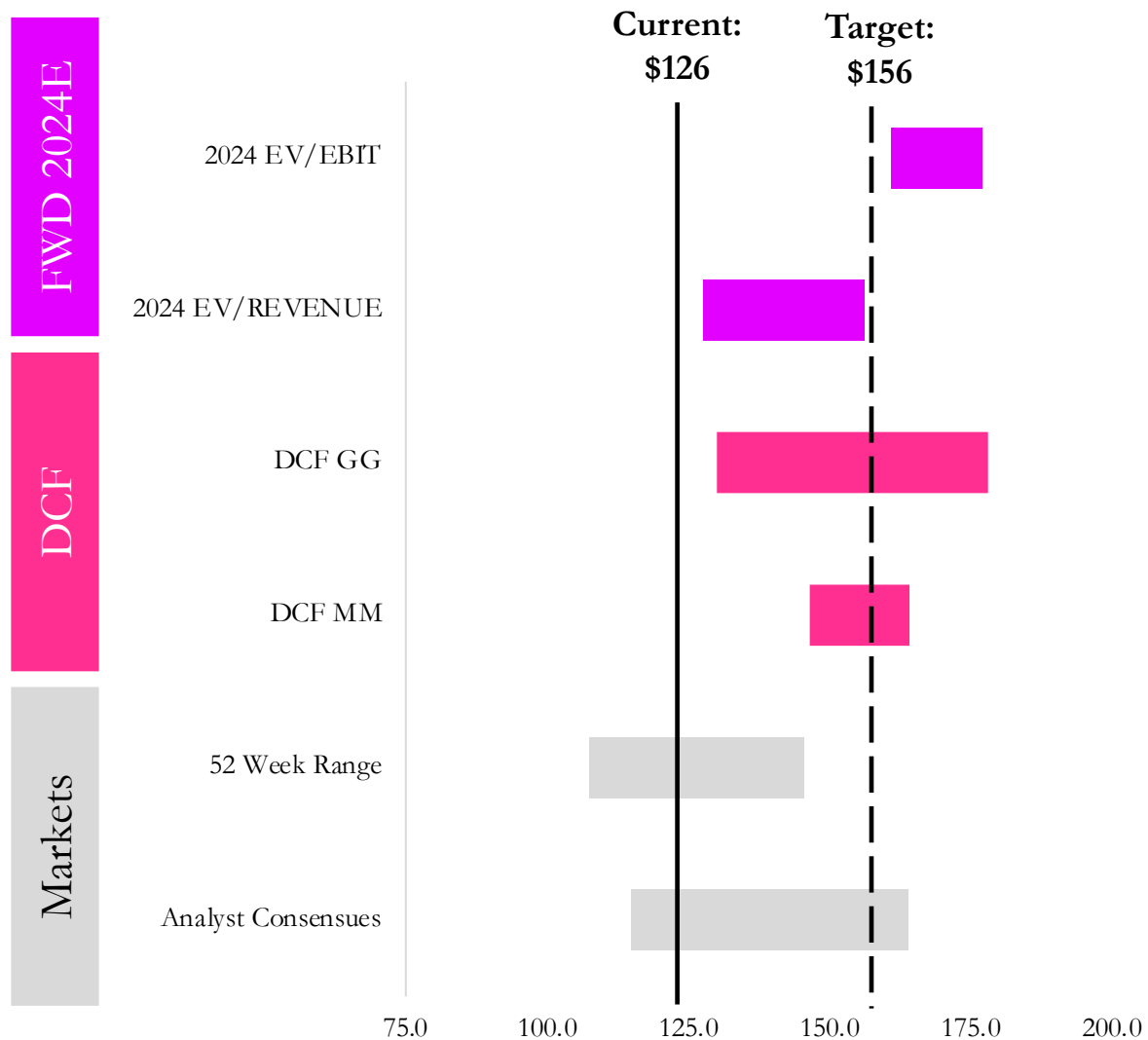
## Introduction of New Products

- Newly introduced SD-WANN technology allows the company to now offer single vendor SASE solutions
- Vast customer base presents the company an opportunity to upsell products within its installed user base
- Establishes itself as the complete package

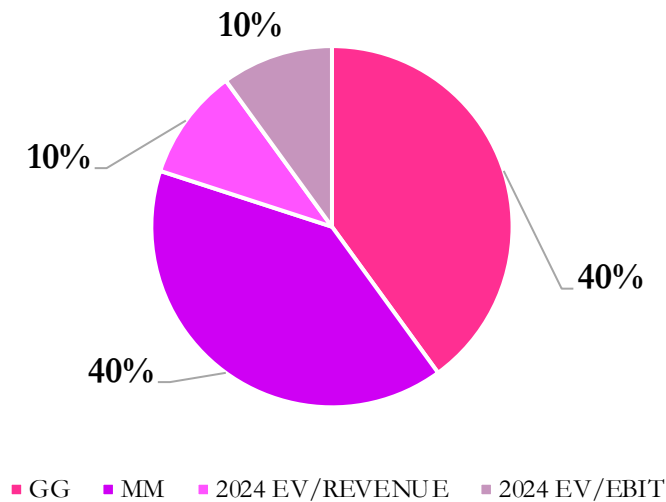
# Valuation

## Football Field Analysis

Binghamton Investment Fund



## Valuation weight



## Assumptions

EV/EBTIDA: <b>11.00x</b>	WACC: <b>7.20%</b>
Premium: <b>24%</b>	Terminal Growth Rate: <b>2.00%</b>



# Risks

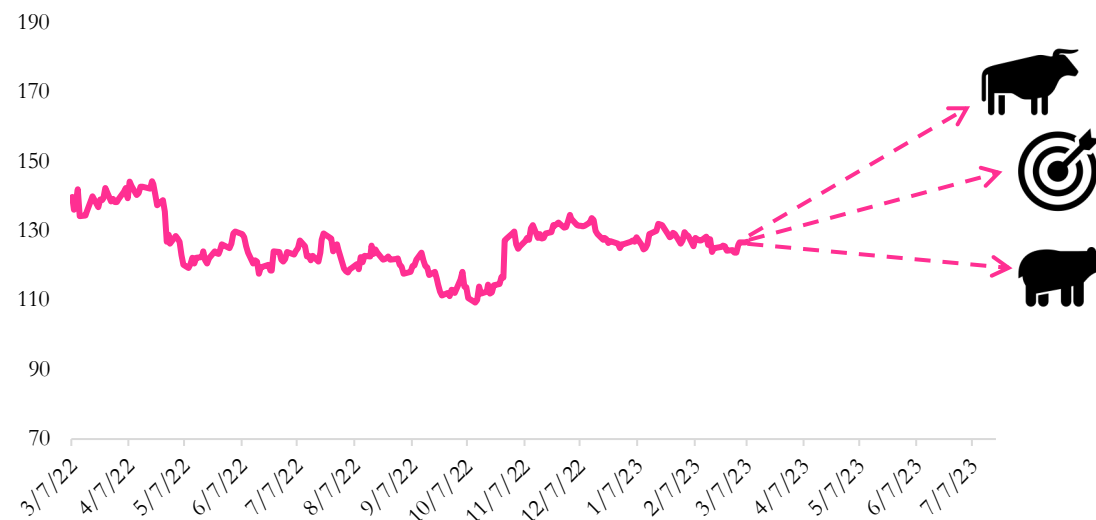
## Potential Risks

Continued adoption of **“cloud” infrastructure** by organizations slows down

Competition for highly **skilled personnel** is intense and can lead to higher SG&A

Competition for **market share** is fierce

## Bull-Bear Case



### Bear Case

2024 EV/EBITDA: 7.5x  
Share Price \$120

Loss of market share due to fierce competition, in addition to slowdown in industry’s growth

### Base Case

2024 EV/EBITDA: 11.0x  
Share price \$156

Continue to develop or acquire new technologically advanced products, while keeping margins high

### Bull Case

2024 EV/EBITDA: 14.0x  
Share Price: \$179

Successful M&A activity and organic innovation lead to higher than expected growth and additional market share

# Conclusion

Buy : CHKP

Price : \$126

PT : \$156

Upside : 24%

## Thank You

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Questions?

# Appendix

[Appendix A: Income Statement](#)

[Appendix B: Balance Sheet](#)

[Appendix C: Cashflow Statement](#)

[Appendix D: Revenue Build](#)

[Appendix E: WACC](#)

[Appendix F: NWC](#)

[Appendix G: FCFF](#)

[Appendix H: DCF](#)

[Appendix I: Sensitivity Tables](#)

[Appendix J: Comparable Companies](#)

[Appendix K: Valuation Breakdown](#)

[Appendix L: Over Achievement & conservative growth prospects](#)

# Appendix A- Income Statement

CONSOLIDATED STATEMENTS OF INCOME - USD (\$) \$ in	12 Months				2023E	2024E	2025E	2026E	2027E
	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022					
<b>Revenues:</b>									
Total revenues	1994.80	2064.90	2166.80	2329.90	2478.95	2642.10	2799.40	2939.27	3055.88
Total cost of revenues	215.40	226.50	258.10	304.40	322.26	317.05	335.93	352.71	336.15
<i>Gross margin</i>	89.2%	89.0%	88.1%	86.9%	87%	88%	88%	88%	89%
Research and development	239.20	252.80	292.70	349.90	371.84	393.67	414.31	426.19	443.10
% of Sales	12.0%	12.2%	13.5%	15.0%	15%	15%	15%	15%	15%
Selling and marketing	552.70	569.90	597.80	675.20	694.10	726.58	755.84	793.60	794.53
% of Sales	27.71%	27.60%	27.59%	28.98%	28%	28%	27%	27%	26%
General and administrative	105.70	111.50	110.70	116.10	136.34	145.32	153.97	161.66	168.07
% of Sales	5.30%	5.40%	5.11%	4.98%	6%	6%	6%	6%	6%
Total operating expenses	1,113	1,161	1,259	1,446	1,525	1,583	1,660	1,734	1,742
Operating income	<b>881.8</b>	<b>904.2</b>	<b>907.5</b>	<b>884.3</b>	<b>954.4</b>	<b>1,059.5</b>	<b>1,139.4</b>	<b>1,205.1</b>	<b>1,314.0</b>
Financial income, net	80.6	66.6	42.1	\$ 44.0	\$ 44.0	\$ 44.0	\$ 44.0	\$ 44.0	\$ 44.0
Income before taxes on income	962.4	970.8	949.6	928.3	998.4	1,103.5	1,183.4	1,249.1	1,358.0
EBIT Margin	48.2%	47.0%	43.8%	39.8%	40.3%	41.8%	42.3%	42.5%	44.4%
Taxes on income	136.7	124.2	134	\$ 131.4	209.66	231.73	248.50	262.31	285.19
Tax %	14.20%	12.79%	14.11%	14.15%	21%	21%	21%	21%	21%
Net income	<b>\$ 825.7</b>	<b>\$ 846.6</b>	<b>\$ 815.6</b>	<b>\$ 796.9</b>	<b>\$ 788.7</b>	<b>\$ 871.8</b>	<b>\$ 934.8</b>	<b>\$ 986.8</b>	<b>\$ 1,072.8</b>
Net Profit	41.4%	41.0%	37.6%	34.2%	31.8%	33.0%	33.4%	33.6%	35.1%
Basic earnings per ordinary share	\$ 5.48	\$ 6.03	\$ 6.13	\$ 6.39	6.42	7.09	7.61	8.03	8.73
Diluted earnings per ordinary share	\$ 5.43	\$ 5.96	\$ 6.08	\$ 6.33	6.39	7.06	7.58	8.00	8.69

# Appendix B- Balance Sheet

CONSOLIDATED BALANCE SHEETS - USD (\$) \$ in Millions			
	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 255.70	\$ 271.90	\$ 196.00
Short-term bank deposits	\$ 214.50	\$ 492.50	\$ 1,441.60
Marketable securities	\$ 1,217.50	\$ 929.30	
Trade receivables, net	\$ 540.80	\$ 597.80	\$ 644.20
Prepaid expenses and other assets	\$ 50.10	\$ 46.40	\$ 50.00
Total current assets	\$ 2,278.60	\$ 2,337.90	\$ 2,331.80
<b>LONG-TERM ASSETS:</b>			
Marketable securities	\$ 2,311.90	\$ 2,089.70	\$ 1,865.60
Property and equipment, net	\$ 88.10	\$ 83.40	\$ 82.80
Deferred tax asset, net	\$ 34.40	\$ 51.70	\$ 77.60
Intangible assets, net	\$ 38.50	\$ 61.00	
Goodwill	\$ 1,002.20	\$ 1,196.20	\$ 1,295.50
Other assets	\$ 85.50	\$ 80.30	\$ 71.50
Total long-term assets	\$ 3,560.60	\$ 3,562.30	\$ 3,393.00
Total assets	\$ 5,839.20	\$ 5,900.20	\$ 5,724.80
<b>CURRENT LIABILITIES:</b>			
Payables & Accruals	\$ 435.20	\$ 454.70	\$ 475.80
Deferred revenues	\$ 1,108.60	\$ 1,257.40	\$ 1,363.40
Total current liabilities	\$ 1,543.80	\$ 1,712.10	\$ 1,839.20
<b>LONG-TERM LIABILITIES:</b>			
Deferred revenues	\$ 373.30	\$ 449.70	\$ 514.40
Income tax accrual	\$ 422.80	\$ 454.90	\$ 419.70
Other liabilities	\$ 33.10	\$ 26.40	\$ 22.20
Total long-term liabilities	\$ 829.20	\$ 931.00	\$ 956.30
Total liabilities	\$ 2,373.00	\$ 2,643.10	\$ 2,795.50
<b>SHAREHOLDERS' EQUITY:</b>			
Ordinary shares, NIS 0.01 par value, 500.0 shares authorized at December 31, 2020 and 2019; 261.3 shares issued at December 31, 2020 and 2019; 137.2 and 145.5 shares outstanding at December 31, 2020 and 2019, respectively	\$ 0.80	\$ 0.80	\$ 0.80
Additional paid-in capital	\$ 2,028.40	\$ 2,276.70	\$ 2,500.70
Treasury shares at cost, 124.1 and 115.8 ordinary shares at December 31, 2020 and 2019, respectively	\$ (9,319.00)	\$ (10,550.70)	\$ (11,802.10)
Accumulated other comprehensive income	\$ 40.70	\$ (0.60)	\$ (97.90)
Retained earnings	\$ 10,715.30	\$ 11,530.90	\$ 12,327.80
Total shareholders' equity	\$ 3,466.20	\$ 3,257.10	\$ 2,929.30
Total liabilities and shareholders' equity	\$ 5,839.20	\$ 5,900.20	\$ 5,724.80

# Appendix C- Cash Flow Statement

CONSOLIDATED STATEMENTS OF CASH FLOWS - USD (\$) \$ in Millions	12 Months Ended								
	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022	2023E	2024E	2025E	2026E	2027E
<b>Cash flows from operating activities:</b>									
Net income	\$ 825.7	\$ 846.6	\$ 815.6	\$ 796.9	\$ 788.7	\$ 871.8	\$ 934.8	\$ 986.8	\$ 1,072.8
<b>Adjustments required to reconcile net income to net cash provided by operating activities:</b>									
Depreciation of property and equipment	16.7	18.9	20.6	36.2	39.08	38.26	40.13	43.99	45.49
Amortization of premium and accretion of discount on marketable securities, net	2	9.4	21						
<i>As a % of CapEx</i>	72%	147%	262%	164%	161%	161%	161%	161%	161%
Realized loss (gain) on sale of marketable securities, net	(0.7)	(4.5)	(1.4)						
Amortization of intangible assets	7.3	8.2	10.1						
Stock-based compensation	106.7	112.5	120.3	131.4					
Deferred income tax expense	9.5	10.5	(4)	-0.5					
Increase in trade receivables, net	(0.4)	(45)	(51.6)						
Decrease in prepaid expenses and other assets	15.5	20.2	1.2						
Increase (decrease) in trade payables	(4.8)	1.6	(7.7)						
Increase in employees and payroll accruals	39.8	36.1	(8.9)						
Increase in income tax accrual and accrued expenses and other liabilities	34.6	46.1	66.4						
Increase in deferred revenues	48.7	95.2	216.8	116					
Other	3.7	5.2	5.5						
<b>Net cash provided by operating activities</b>	<b>1,105.0</b>	<b>1,162.5</b>	<b>1,206.5</b>	<b>1,081.6</b>					
<b>Cash flows from investing activities:</b>									
Change in Fixed & Intang (CapEx)	-25.90	-19.30	-15.90	-22.10	-24.27	-23.75	-24.92	-27.31	-28.24
<i>A % of Sales</i>	1.30%	0.93%	0.73%	0.95%	0.98%	0.90%	0.89%	0.93%	0.92%
Net Cash from Acq & Div	(37.6)	(23.1)	(219.7)	-48.3					
Other Investing Activities	123.5	(55.8)	160.3	0					
<b>Net cash provided by (used in) investing activities</b>	<b>60</b>	<b>(98)</b>	<b>(75)</b>	<b>(70)</b>					
<b>Cash flows from financing activities:</b>									
Proceeds from issuance of treasury shares upon exercise of options	95.3	216.8	194	141.1					
Purchase of treasury shares at cost	(1,278)	(1,297.7)	(1,299.5)	-1309.1					
Payments related to shares withheld for taxes	(6)	(5.4)	(6.9)	0					
Other Financing activities	0	0.0	0.0	-121.8					
<b>Net cash used in financing activities</b>	<b>(1,188.7)</b>	<b>(1,086.3)</b>	<b>(1,112.4)</b>	<b>-1289.8</b>					
Increase (decrease) in cash and cash equivalents	(23.7)	(22.0)	18.8	(278.6)					
Cash and cash equivalents at the beginning of the year	303.6	279.2	255.7	271.9					
Cash and cash equivalents at the end of the year	279.2	255.7	271.9	(6.7)					
<b>Supplemental disclosure of cash flow information:</b>									
Cash paid during the year for taxes on income	87.3	90.8	101						
<b>Non-cash investing activity</b>									
Fair value of awards attributable to pre-acquisition services	0.5	0.2	1.8						
Operating lease liabilities arising from obtaining right of use assets	\$ 33.4	\$ 10.3	\$ 1.4						

# Appendix D- Revenue Build

Revenue Build									
Segment	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
<b>Product and Licences</b>	510.80	513.60	513.60	554.90	582.65	611.78	642.37	668.06	688.10
<i>% Change</i>		0.5%	0.0%	8.0%	5.0%	5.0%	5.0%	4.0%	3.0%
<i>% of Total</i>	25.6%	24.9%	23.7%	23.8%	23.5%	23.2%	22.9%	22.7%	22.5%
<b>Security Subscriptions</b>	610.30	671.10	755.20	858.00	960.96	1,076.28	1,183.90	1,278.61	1,355.33
<i>%Change</i>		10.0%	12.5%	13.6%	12.0%	12.0%	10.0%	8.0%	6.0%
<i>% of Total</i>	30.6%	32.5%	34.9%	36.8%	38.8%	40.7%	42.3%	43.5%	44.4%
<b>Software updates and Maintenanc</b>	873.70	880.20	897.70	917.00	935.34	954.05	973.13	992.59	1,012.44
<i>%Change</i>		0.7%	2.0%	2.1%	2.0%	2.0%	2.0%	2.0%	2.0%
<i>% of Total</i>	43.8%	42.6%	41.4%	39.4%	37.7%	36.1%	34.8%	33.8%	33.1%
<b>Total Revenue</b>	\$1,995	\$2,065	\$2,167	\$2,330	\$2,479	\$2,642	\$2,799	\$2,939	\$3,056
		4%	5%	8%	6%	7%	6%	5%	4%

# Appendix E- WACC

CHKP WACC	
<b>Cost of Equity</b>	
Long-term treasury yield	3.88%
Beta	0.65
Expected Market return	9.0%
Equity Risk Premium	5.12%
<b>Cost of Equity</b>	<b>7.20%</b>
<b>Cost of Debt</b>	
Long-term treasury yield	3.88%
Interest coverage ratio	N/A
Tax Rate	21%
<b>Cost of Debt</b>	
Shares outstanding	122,900,000
Share Price	\$ 124.20
<b>Market Value of Equity</b>	<b>\$ 15,264,180,000</b>
<b>Market Value of Debt</b>	<b>\$ -</b>
<b>Equity % of Capitalization</b>	<b>100%</b>
<b>Debt % of Capitalization</b>	<b>0%</b>
<b>WACC</b>	<b>7.20%</b>

Covariance	0.00052696
Variance	0.00081158
Beta	<b>0.65</b>



# Appendix F- NWC

CHKP								
NWC	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
Current Assests								
Trade Receivables	541	598	644	673	726	768	804	837
<i>A/R days</i>	96	101	101	99	100	100	100	100
Prepaid Expenses	50	46	50	59	62	66	70	72
<i>As a % of SG&amp;A</i>	164	153	157	158	156	157	157	157
<b>Total Current Assests</b>	<b>591</b>	<b>644</b>	<b>694</b>	<b>732</b>	<b>788</b>	<b>834</b>	<b>873</b>	<b>910</b>
Current Liabilities								
Deferred Revenue	1,109	1,257	1,363	1,431	1,561	1,664	1,757	1,847
<i>As a % of Sales</i>	54%	58%	59%	58%	59%	59%	60%	60%
Payables & Accruals	435	455	476	549	540	572	600	572
<i>A/P Days</i>	701	643	571	621.35	621.35	621.35	621.35	621.35
<b>Total Current Liabilities</b>	<b>1,544</b>	<b>1,712</b>	<b>1,839</b>	<b>1,980</b>	<b>2,101</b>	<b>2,236</b>	<b>2,357</b>	<b>2,419</b>
<b>Net Working Capital</b>	<b>(953)</b>	<b>(1,068)</b>	<b>(1,145)</b>	<b>(1,248)</b>	<b>(1,313)</b>	<b>(1,402)</b>	<b>(1,484)</b>	<b>(1,509)</b>
<b>Change in NWC</b>		<b>(115)</b>	<b>(77)</b>	<b>(103)</b>	<b>(65)</b>	<b>(89)</b>	<b>(82)</b>	<b>(26)</b>
Sales								
	2064.9	2166.8	2329.9	2478.945	2642.09925	2799.39657	2939.26599	3055.87651
Cost of Goods Sold								
	226.5	258.1	304.4	322.26285	317.05191	335.927588	352.711918	336.146416
Selling, general and administrative expenses								
	111.5	110.7	116.10	136.34	145.32	153.97	161.66	168.07

# Appendix G- FCFF

CHKP

## Discounted Cash Flow Analysis

<i>Figures in Millions</i>	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
<b>Revenue</b>	2064.90	2166.50	2329.90	2478.95	2642.10	2799.40	2939.27	3055.88
<i>% growth</i>		4.9%	7.5%	6.4%	6.6%	6.0%	5.0%	4.0%
<b>EBIT</b>	970.80	949.60	928.30	998.39	1103.48	1183.35	1249.10	1358.03
<i>EBIT Margin</i>	47.0%	43.8%	39.8%	40.3%	41.8%	42.3%	42.5%	44.4%
<b>Taxes</b>	124.20	134.00	131.40	209.66	231.73	248.50	262.31	285.19
<i>Rate %</i>	12.79%	14.11%	14.15%	21.00%	21.00%	21.00%	21.00%	21.00%
<b>NOPAT</b>	846.60	815.60	796.90	788.73	871.75	934.85	986.79	1072.84
Plus: D&A	28.30	41.60	36.20	39.08	38.26	40.13	43.99	45.49
Less: CapEx	-19.30	-15.90	-22.10	-24.27	-23.75	-24.92	-27.31	-28.24
Less: Δ NWC	0.00	-115.00	-77.10	-103.17	-65.30	-88.92	-81.52	-25.57
<b>Free Cash Flow</b>	855.60	956.30	888.10	906.72	951.56	1038.99	1084.99	1115.66
<i>% change</i>		12%	-7%	2%	5%	9%	4%	3%
<i>Discount Factor</i>				0.5	1.5	2.5	3.5	4.5
Present Value of Cash Flows				875.72	857.27	873.13	850.51	815.78

# Appendix H- DCF

## Terminal Value Calculations

<b>Perpetuity Method</b>	
Terminal Cash Flow	815.78
WACC	7.20%
Terminal Growth Rate	2%
Terminal Value	15988.23
PV of Terminal Value	11690.77
<b>Enterprise Value</b>	<b>15963.18</b>
Less: Debt	0.00
Add: Cash	3503.20
<b>Equity Value</b>	<b>19466.38</b>
DSO	122,900,000
<b>Price Per Share</b>	<b>158.39</b>

<b>Terminal Multiple Method</b>	
Terminal EBITDA	1403.52
WACC	7.20%
EV/EBITDA	11.00x
Terminal Value	15438.71
PV of Terminal Value	11288.95
<b>Enterprise Value</b>	<b>15561.37</b>
Less: Debt	0.00
Add: Cash	3503.20
<b>Equity Value</b>	<b>19064.57</b>
DSO	122,900,000
<b>Price Per Share</b>	<b>155.12</b>

# Appendix I- Sensitivity Tables

WACC	Terminal Growth Rate					
	158.39	1.00%	1.50%	2.00%	2.50%	3.00%
5.20%	203.27	222.74	248.29	283.31	334.25	
6.20%	166.70	178.17	192.38	210.43	234.13	
7.20%	142.37	149.73	158.51	169.16	182.34	
8.20%	125.14	130.14	135.96	142.80	150.95	
9.20%	112.37	115.92	119.97	124.63	130.03	

WACC	EV/EBITDA					
	155.12	10.00x	10.50x	11.00x	11.50x	12.00x
5.20%	155.85	160.39	164.94	169.48	174.03	
6.20%	151.21	155.56	159.92	164.27	168.63	
7.20%	146.79	150.97	155.14	159.32	163.50	
8.20%	142.59	146.59	150.60	154.60	158.61	
9.20%	138.58	142.43	146.27	150.11	153.96	

# Appendix J- Comparable Companies

\$USD in Millions, Except Share Price and shares outstanding

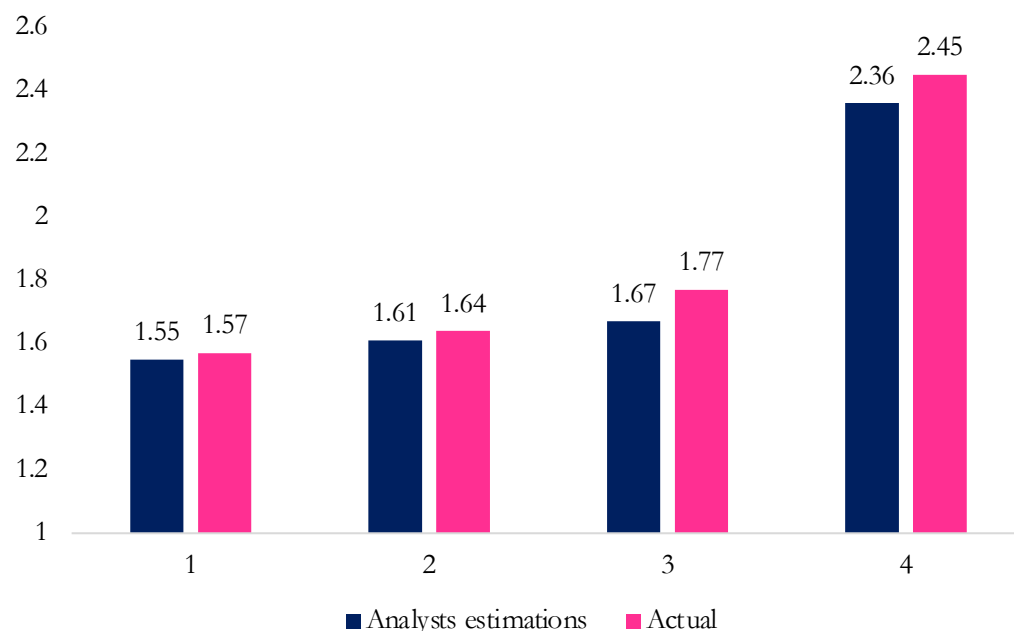
Comparable companies analysis	Ticker	Share price	Market Cap	Shares Outstanding	Cash	Total Debt	Preferred&Other	Enterprise value
Checkpoint	CHKP	\$ 124.20	15264.18	122900000	3,503	0	0	11,761
CrowdStrike	CRWD	\$ 120.51	28413.7		2705.4	783.6	23.8	26,516
Palo Alto Networks	PANW	\$ 185.72	56158		3346.9	3854.5	0	56,666
Fortinet	FTNT	\$ 59.21	46424.6		2211	1086.1	0	45,300
Okta	OKTA	\$ 82.15	13249		2580	2368	0	13,037
Cisco Systems	CSCO	\$ 48.64	198893.6		22061	9915	0	186,748

	Last 12 Months								FWD 2024E							
	Revenue	EBITDA	EBIT	EPS	EV/Revenue	EV/EBITDA	EV/EBIT	P/E	Revenue	EBITDA	EBIT	EPS	EV/Revenue	EV/EBITDA	EV/EBIT	P/E
	2329.9	964.5	928.3	\$ 6.33	5.05x	12.19x	12.67x	19.62x	2642.10	1141.74	1103.48	7.06	4.45x	10.30x	10.66x	17.58x
	2241.2	-94.6	-188.4	-0.79	11.83x	-280.29x	-140.74x	-152.54x	3874	821.6	501.2	-0.43	6.84x	32.27x	52.90x	-280.26x
	6155.7	348	63.5	0.07	9.21x	162.83x	892.37x	2653.14x	8353.9	2166.6	1849.1	1.33	6.78x	26.15x	30.64x	139.64x
	4417	1109	1004.7	1.07	10.26x	40.85x	45.09x	55.34x	6453.7	1811.5	1676.7	1.47	7.02x	25.01x	27.02x	40.28x
	1857.8	-620.8	-774.8	-5.17	7.02x	-21.00x	-16.83x	-15.89x	2556.8	282.6	239.5	-3.53	5.10x	46.13x	54.43x	-23.27x
	53161	16492	14340	2.73	3.51x	11.32x	13.02x	17.82x	58937	21511.1	19859	3.32	3.17x	8.68x	9.40x	14.65x
<u>Minimum</u>					3.51x	-280.29x	-140.74x	-152.54x					3.17x	8.68x	9.40x	-280.26x
<u>Quartile 1</u>					5.54x	-12.92x	-9.45x	-7.46x					4.61x	13.98x	14.75x	-13.79x
<u>Median</u>					8.11x	11.76x	12.85x	18.72x					5.94x	25.58x	28.83x	16.12x
<u>Quartile 3</u>					9.99x	33.68x	37.07x	46.41x					6.83x	30.74x	47.34x	34.60x
<u>Maximum</u>					11.83x	162.83x	892.37x	2653.14x					7.02x	46.13x	54.43x	139.64x
<u>Average</u>					7.81x	-12.35x	134.26x	429.58x					5.56x	24.76x	30.84x	-15.23x
<u>Minimum</u>					95.10	(2,171.19)	(1,034.56)	(965.61)					96.62	109.16	112.94	(1,979.85)
<u>Quartile 1</u>					133.53	(72.88)	(42.89)	(47.24)					127.68	158.35	160.92	(97.43)
<u>Median</u>					182.28	120.78	125.53	118.49					156.22	266.15	287.37	113.85
<u>Quartile 3</u>					217.95	292.85	308.52	293.76					175.32	314.11	453.55	244.46
<u>Maximum</u>					252.79	1,306.39	6,768.85	16,794.39					179.40	457.07	517.25	986.47
<u>Average</u>					176.60	(68.41)	1,042.64	2,719.24					148.05	258.51	305.44	(107.59)

# Appendix K- Valuation Breakdown

CHKP	1st Quartile	Spread	Average
2024 EV/EBIT	160.92	16.09	177.01
2024 EV/REVENUE	127.68	28.54	156.22
DCF GG	130.14	48.03	178.17
DCF MM	146.59	17.68	164.27
52 Week Range	107.54	38.00	145.54
Analyst Consensuses	115	49.00	164
DCF GG	158.39	40.0%	63.36
DCF MM	155.12	40.0%	62.05
EV/REVENUE	141.95	10.0%	14.20
EV/EBIT	168.97	10.0%	16.90
		100%	\$156.50

# Appendix L: Over Achievement & Conservative Growth Prospects



December 2022 earnings call: Crowd strike  
 Implies during guidance a subscription revenue growth rate only in the low 30s  
 Stock dops 20% after hours

November 2022: Cloudflare beats top and bottom line expectation and implies guidance of 41% Y/Y growth  
 Stock plummets 20% because of the idea that growth might be slowing