

North America United States

TMT Technical Software

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COMPANY ALERT**Check Point Software****CHKP reports a solid quarter****Results****Hold**

Reuters:CHKP.OQ Exchange:NSM Ticker:CHKP

Price (USD)	51.98
Price target	49.00
52-week range	51.98 - 29.17
Market cap (USDm)	10,850.3
Shares outstanding (m)	208.7
Free float (%)	100
Volume (13 Apr 2011)	923,833
S&P 500 INDEX	1,314.41

FYE 12/31	2010A	2011E	2012E
1Q EPS	-	-	-
2Q EPS	-	-	-
3Q EPS	-	-	-
4Q EPS	-	-	-
FY EPS (USD)	2.35	2.63	2.83
P/E (x)	15.3	19.8	18.4

* Includes the impact of FAS123R requiring the expensing of stock options.

Check Point 1Q11 earnings appear solid

Check Point's 1Q11 results appear solid as it exceeded expectations across the board. Bookings of \$277m were above our expectation of \$270m. The company repurchased shares for \$75m in the quarter. We would be looking to get insights into the core fire-wall business and traction in the appliance business. Other issues include incremental color on the company's organic growth profile, usage of cash and guidance.

1Q11 revenue and EPS came above expectations

* Total revenue \$281m was above our estimate of \$277m and consensus of \$277m.

* Product license revenue was \$105.3m (+15.6% y/y) vs. our \$104.7m estimate.

* Software update, maintenance and service revenue was \$176.0m (+14.3% y/y) vs. our forecast of \$172.5m.

* Pro forma EPS of \$0.64 was above our estimate of \$0.63 and consensus of \$0.62.

* Bookings of \$277m (+16% y/y) were above our forecast of \$270m.

* Operating margins of 57.1% were ahead of our 56.6% forecast.

* The company repurchased shares for \$75m in the quarter.

Deferred revenue was above while cash flow was light

* Deferred revenue of \$460m came in above our estimate of \$458m.

* Cash flow from operations was \$212m compared to consensus of \$215m.

Guidance will be provided on 8:30am conference call

* 2Q11 consensus estimates are \$293m in revenue and pro forma EPS of \$0.65.

* 2011 consensus estimates are \$1.21b in revenue and pro forma EPS of \$2.73.

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