

22nd April 2021

Pointerra

Operational cashflow positive, record Q3 cash receipts

Pointerra Ltd (ASX:3DP) provides an end to end, cloud-based data as a service solution for capturing, storing, manipulating and analysing massive 3D datasets in the geospatial sector. It has taken what has been a highly manual, slow and cost prohibitive process and turned it into a fast, efficient workflow solution for 3D data, enabling digital asset management from any device in any location. Its customer base spans companies across the pole and power sector, resources, construction, data capture and surveyor and mapping, as well as government agencies. It generates income from subscriptions to host and provide access to data (data as a service), to process the huge data sets (data processing as a service) and increasingly from analysing the data (analytics as a service). With expanded datasets on its platform through its agreement with global mapping giant Here Technologies, Pointerra has now launched its data marketplace, 3Dinsights.ai, offering Insights as a Service subscriptions. The company has announced today record quarterly cash receipts of \$1.37m, up from \$0.63m in Q2 FY20 and \$0.53m in Q3 FY20 and positive operating cashflow of \$0.21m, versus the negative operating cashflow of \$0.23m generated in Q2 FY21. The result was driven by both existing subscription customers growing spend and several new customers across a range of industries including the Architecture, Engineering and Construction Sector (AEC), which is benefitting from COVID-19 recovery infrastructure spend. Pointerra also noted it will separately release an Enterprise Sales & Annual Contract Value update before April 30.

Business model

Pointerra offers a suite of Software as a Service (SaaS) products to its clients: Data as a Service (DaaS), Analytics as a Service (AaaS), and Data Processing as a Service (DPaaS). Pointerra's DaaS offering manages 3D data using its digital management platform and is priced according to the amount of data (in terabytes) that Pointerra hosts on behalf of the client, and the number of users required. Additional revenue is generated from processing client data (DPaaS) and building and/or deploying analytics tools (AaaS) to interpret the client's 3D data. Pointerra has also recently soft-launched its 3D data marketplace, 3Dinsight.ai, which aims to sell insights into assets condition through subscription- and event-based models. In Q3, 3Dinsight.ai integrated baseline LiDAR mapping data from Here Technologies, enabling it to market its Insights as a Service to the commercial and government sectors across Australia, New Zealand and the US.

Record Q3 result

Pointerra has announced record Q3 cash receipts of \$1.37m which contributed to a net cash inflow from operating activities of \$0.21m for the quarter. The company also received \$0.38m from the exercise of unlisted options, which took net cash at the end of the quarter to \$5.09m. The result is in line with our expectations for this half year.

Base case valuation is \$0.75/share

Our base case DCF valuation of \$0.75/share is derived using a WACC of 14.0% (beta 1.9, terminal growth rate of 2.2%) Our valuation implies a compound annual growth rate (CAGR) in free cashflows 57.7% from FY22-FY30. Having examined comparable business models, which we refer to in our initiation report of 25 November 2020 [Sky's the limit](#), we are of the view that our forecasts are entirely achievable.

Historical earnings and RaaS Advisory estimates (in A\$m)

Year end	ACV ^A (US\$m)	Total Revenue*	Gross Profit	EBITDA (A\$m)	NPAT (A\$m)	EPS (c)	EV/Sales (x)	EV/EBITDA (x)
06/19a	1.3	0.9	0.9	(1.9)	(1.9)	(0.4)	nm	nm
06/20a	2.9	1.9	1.8	(1.7)	(1.8)	(0.3)	nm	nm
06/21e	10.2	5.9	5.3	(0.6)	(0.6)	(0.1)	69.27	nm
06/22e	19.1	16.0	14.3	5.6	5.7	0.8	22.55	59.24

Source: Company data, RaaS Advisory Estimates for FY21e, and FY22e

Share details

ASX Code	3DP
Share Price (21 Apr)	\$0.52
Market Capitalisation	\$351.1M
Shares on issue	675.2M
Net cash at 31 March	\$5.0M
Free float	~68%

Share price performance (12-months)



Upside Case

- Highly scalable business model
- Endorsed by tech veteran's recent investment in the stock
- Substantial growth opportunities in US market

Downside Case

- Long enterprise sales cycle taking 9-12 months
- Competing with multinationals for business
- Substantial growth built into current share price

Catalysts

- Demonstrated substantial growth in Annual Contract Value
- Additional contract wins in US utilities
- Development of data as a marketplace business

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FINANCIAL SERVICES GUIDE

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of

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AFSL 456663

Effective Date: 26th November 2018

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- how we transact with you
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- complaint processes

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Website: www.afca.org.au; Email: info@afca.org.au; Telephone: 1800931678 (free call)

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