

## Empowering digital asset management

Pointerra Ltd (ASX:3DP) provides a powerful cloud-based solution for managing, visualising, analysing, using and sharing massive 3D point clouds and 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 government agencies and companies in the following sectors: pole and power, resources, construction, data capture, and surveying and mapping. 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). The company listed on the ASX in 2016 through an existing shelf company, Soil Sub Technologies, raising just under \$5m at \$0.03/share. The company has subsequently returned to the market in November 2018, raising \$1.15m at \$0.042/share, November 2019 raising \$2.5m at \$0.05/share and in July 2020, when it made a strategic investment to Australian tech investor, Bevan Slattery (co-founder of NextDC, Megaport & Superloop) raising \$2.5m at \$0.05/share. In May, 2021 Pointerra acquired US digital asset business Airovant for US\$1m in 3DP shares together with an earn-in of 8m shares for the four founders subject to performance. The acquisition is forecast to be EPS accretive in FY22 and is already yielding benefits in terms of Proof of Concept project wins and revenues.

### 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 launched its 3D data marketplace, 3Dinsight.ai, which aims to offer answers (insight), using 3D data to interpret and analyse asset condition, providing access to the results through an event- and subscription- based commercial model.

### Strong growth reported in FY21

Pointerra has reported FY21 sales revenue of \$3.98m, an increase of 224% on FY20 and on the back of Annual Contract Value (ACV) growth of 242% to US\$9.8m. Pointerra reported an underlying EBITDA loss of \$1.15m, which was a 32.5% improvement on the \$1.7m underlying EBITDA loss reported in FY20. Costs for the year were well contained at \$5.1m with the increase in costs from FY20 almost entirely human costs as Pointerra's head count grew from 12 to 29. The company noted on its presentation that FY22 had started strongly with several proof of concept (POC) projects promising to turn into ongoing revenue streams.

### Base case DCF valuation is \$0.90/share

We use the discounted cashflow methodology to value Pointerra using a WACC of 14.0% (beta 1.8, terminal growth rate of 2.2%) and this derives a base case valuation of 0.90/share (previously \$0.94). Our valuation is predicated on ACV reaching US\$50m by H1FY25. In terms of peers, investors tend to look at 3DP through the lens of Aerometrix, ikeGPS and Nearmap, however these companies all have capital intensive business models relative to Pointerra's software based recurring revenue model.

#### Historical earnings and ratios and RaaS's estimates

Year end	ACV* (US\$m)	Revenue (A\$m)	Gross Profit (A\$m)	EBITDA (A\$m)	NPAT (A\$m)	EPS (c)	EV/Sales (x)
06/20a	2.9	1.2	1.8	(1.7)	(1.8)	(0.3)	nm
06/21a	9.8	4.0	3.7	(1.1)	(1.2)	(0.2)	60.9
06/22e	21.0	14.5	13.4	5.6	3.8	0.6	16.3
06/23e	33.5	37.9	34.5	24.3	16.9	2.5	6.7

Source: Company data \*EBITDA and NPAT adj for one-time, non-cash items RaaS estimates for FY22e and FY23e \*ACV is Annual Contract Value

## Software & Services

10<sup>th</sup> September 2021

### Share details

ASX Code	3DP
Share price	\$0.365
Market Capitalisation	\$248.4M
Shares on issue	677.8M
Net cash at 30/06/2021	\$5.2M
Free float	58.68%

### Share performance (12 months)



### Upside Case

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

### Downside Case

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

### Catalysts/upcoming events

- Demonstrated substantial growth in ACV
- Commercialisation of data marketplace

### Comparable companies (Aust/NZ)

Aerometrix (ASX:AMX), ikeGPS (ASX:IKE), Nearmap (ASX:NEA)

### Top 5 shareholders

Cartovista P/L	12.55%
Bevan Slattery	7.38%
Ian Olson	7.01%
Michael Freeth	3.37%
Mark Morrison	3.01%

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# FINANCIAL SERVICES GUIDE

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