

30<sup>th</sup> April 2021

## Pointerra

### Acquiring a US sales and dev team with wings

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. Its customer base spans companies across the pole and power sector, resources, construction, data capture and surveyor and mapping, as well as government agencies. Pointerra has today announced that it will acquire the business assets and undertakings of US drone-based digital asset management business, Airovant, for US\$1m in Pointerra stock. The deal, which is expected to be completed in June, will bring an additional estimated US\$2m in annual recurring revenue (ARR) to Pointerra in FY22. The four founders of Airovant, Jonathan Montague, Matthew Boyd, Logan McConnell, and Ori Paamoni, will join Pointerra's US sales and development teams and under their employment agreements will each earn up to 2m shares in Pointerra vesting over three years of continuous employment with Pointerra. Based on the current share price, the transaction is worth an estimated \$7.6m, putting it on a modest 3.0x FY22 ACV. Airovant numbers several US poles and wire companies as clients and potentially will compress the sales cycle for Pointerra.

#### 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 soft-launched its 3D data marketplace, 3Dinsight.ai, which sells insights into assets condition through subscription- and event-based models.

#### A complementary acquisition that delivers profits and scale

The acquisition of Airovant and employment of its four founders promises a step-change in the scale and dimension of Pointerra's US business. Airovant has been profitable for with revenues generated in the energy utilities, AEC (architecture, engineering and construction) sector and facilities management, averaging US\$1.4m over calendar 2018, 2019 & 2020. We anticipate that Airovant has the potential to deliver ACV of US\$2m to Pointerra in FY22. Importantly, the company is gaining a team of like-minded individuals capable of helping Pointerra significantly lift its presence, and shorten its enterprise sales cycle, in key US markets. Post-acquisition, which is expected to complete in June, Pointerra will integrate elements of Airovant's existing cloud digital asset management platform, AIROPORT, and underlying 2D data analytics technology stack into Pointerra's cloud platform, with Airovant's IP delivering a new 2D imagery layer and augmenting Pointerra's DaaS and AaaS solutions.

#### Base case valuation is \$0.75/share, based on US\$50m ACV by FY25

Our base case DCF valuation of \$0.75/share is based on Pointerra achieving US\$50m ACV by FY25. The Airovant acquisition has the ability to hasten customer takeup and, therefore, reduce the time it takes for Pointerra to get to US\$50m ACV. We see this transaction as a significant step forward for ACV growth.

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

Year end	ACV <sup>A</sup> (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)	nm	nm
06/22e	19.1	16.0	14.3	5.6	5.7	0.8	33.96	89.19

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

#### Share details

ASX Code	3DP
Share Price (29 Apr)	\$0.76
Market Capitalisation	\$509.8M
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 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

#### Company contact

Ian Olson (MD/CEO) +61 417 998 328  
ian.olson@pointerra.com

#### RaaS Advisory contact

Finola Burke\* +61 414 354 712  
finola.burke@raasgroup.com

\*The analyst holds shares

## FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

Effective Date: 26<sup>th</sup> November 2018

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- our services
- how we transact with you
- how we are paid, and
- complaint processes

Contact Details, BR and RaaS

BR Head Office: Level 14, 344 Queen Street, Brisbane, QLD, 4000

RaaS. 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: [finola.burke@raasgroup.com](mailto:finola.burke@raasgroup.com)

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In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

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