

## Pointerra Ltd

### Gaining ground

Pointerra Ltd (ASX:3DP) has developed a cloud-based solution to search, manage, visualise, analyse and share 3D geospatial imaging data and is commercialising it using a Data as a Service (DaaS) model. The company listed on the ASX in July 2016 through an existing shelf company, Soil Sub Technologies, raising just under \$5m at \$0.03/share. At the time, 3DP also issued 86.7m shares to the existing shareholders of Pointerra, 165m performance shares under three classes and with conditions precedent, and 102m options to the lead manager of the issue and directors at a strike price of \$0.05/share and expiry of 30<sup>th</sup> June 2019. The company raised \$1.15m at \$0.042/share in an oversubscribed placement November 2018 to accelerate its growth strategy following material growth in the international and regional sales pipeline. At 31 December 2018, the company had cash in hand of \$1.865m.

### Business model

Pointerra has patent pending algorithms which allow massive 3D geospatial datasets to be stored, processed, retrieved, analysed and shared in a substantially faster manner than contemporary methods. The Pointerra platform delivers material workflow efficiency gains to its target customers in the civil infrastructure, mining, oil and gas, construction and government sectors as well as companies who produce 3D data analytics. Pointerra generates revenue principally from monthly subscriptions to its DaaS cloud platform with customers paying from US\$200 to US\$20,000+ a month. The company also generates revenue from 3D data analytics and by being a market-maker for reselling 3D data.

### H119 result and outlook

Pointerra reported an interim loss of \$1.28m for H119 after sales declined 25% to \$93,584, although the company noted that cash receipts were \$206,419, compared with \$65,960 in the previous corresponding period. The company has commenced reporting the annual contract value (ACV) which indicates the annualised value of the contracts it has won. ACV at 31 January 2019 was \$0.93m. Cash burn in H119 was \$0.64m, and the company anticipated that its cash requirements pre cash receipts in the March 2019 quarter would be \$0.62m, suggesting that the current cash in hand is sufficient until the end of Q1 FY20.

### Increasing sales

The company announced in March 2019 that one of its major customers, PrecisionHawk, a US-based privately held drone and aerial technology company, had advised it expected to increase usage of 3DP's cloud platform for 3D digital asset management from 5 terabytes to 10 terabytes by the end of the March quarter and that its usage would continue to grow through calendar 2019. Pointerra noted that it expected to grow revenues from PrecisionHawk from the current US\$5,000 per calendar month (pcm) DaaS subscription to US\$10,000 pcm. The company highlighted that it was also experiencing increased monthly DaaS subscriptions from its Australian customers, where its largest customer is currently on a US\$15,000 pcm subscription.

#### Earnings history (A\$m)

Y/E	Revenue	EBITDA	EBIT	NPAT	EPS(c)
06/17	0.0	(1.3)	(1.3)	(1.3)	(0.40)
06/18	0.3	(1.7)	(1.7)	(1.7)	(0.41)

Source: Company data

#### Share details

ASX Code	3DP
Share Price	\$0.041
Market Capitalisation	\$21.4M
Number of shares	521.22M
Enterprise Value	\$20.3M
Sector	Software & IT Services
Free Float	53.2%

#### Share price performance



#### RaaS RAP 5-point score\* = 1/5

Revenue increasing (1); EPS increasing (0); Return on Capital Employed [ROCE] (0); EBIT interest cover >3x (0) Gross Operating cash flow/EBITDA >90%(0)

#### Upside Case

- Highly scalable business model
- Global enterprises have become customers
- Beyond Proof of Concept and generating recurring revenues

#### Downside Case

- Long sales cycle with customers taking several months to
- Additional capital raisings likely until the company reaches profitability
- Some of the promise of early deals with companies like Autodesk have not yet been reflected in sales

#### Catalysts

- Rapid growth in annual contract value

#### Comparative companies (Australia & NZ)

4DS, BRN, ELO, NEA

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# FINANCIAL SERVICES GUIDE

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

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