

### Annual Contract Value up 40% to US\$6.88m

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 pole and power companies, resources companies, construction companies, government agencies, data capture companies and surveyor and mapping companies. 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, Pointerra is now partnering with its customers to create a data marketplace which delivers additional revenue and customer opportunities to the group. The company has announced that Annual Contract Value (ACV), is US\$6.88m at 29 January, which is ahead of our forecast for US\$6.37m at the end of Q2 FY21. Pointerra has also reported a better than forecast operating cashflow loss of \$0.23m (versus our forecast of a loss of \$1.1m), driven by a \$0.58m R&D grant and lower than expected operating expenditure. Our DCF valuation remains unchanged at \$0.75/share.

### 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 which aims to sell insights into assets condition through subscription- and event-based models.

### Q2 FY21 performance better than forecast

3DP has reported better than expected Q2 FY21 results with an operating cashflow loss of \$0.23m (versus our forecast for a loss of \$1.1m), driven by tight cost containment on staff and operating costs and receipt of a \$0.58m R&D grant. Cash receipts for the quarter were \$0.64m, up 4.3% on Q1 FY21 and 243% on Q2 FY20. 3DP ended the quarter with \$4.52m cash, compared with \$4.89m at the end of Q1 FY21. The company also announced Annual Contract Value (ACV) stands at US\$6.88m, an increase of US\$1.95m or 40% on ACV at 30 September and up 18% or US\$1.06m since last reported on 25 November. Existing customers, new US utilities customers and the US and Australian mapping sectors combined to lift ACV.

### Base case DCF valuation is \$0.75/share

We use the discounted cashflow methodology to value Pointerra using a WACC of 14.0% (beta 1.9, terminal growth rate of 2.2%) and this derives an equity value of \$0.75/share. Our terminal value is \$0.45/share within this valuation. Our valuation implies a compound annual growth rate (CAGR) in free cashflows 51.9% 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. Please refer to our initiation report for more detail.

#### Historical earnings and RaaS forecasts

Year end	ACV <sup>^</sup> (US\$m)	Total Revenue* (A\$m)	Gross Profit (A\$m)	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)	48.1	nm
06/22e	19.1	16.0	14.3	5.6	5.7	0.8	18.9	53.5

Source: Company data for historical earnings, RaaS estimates for FY21e and FY22e \*inc R&D grants <sup>^</sup>Annual Contract Value at period end

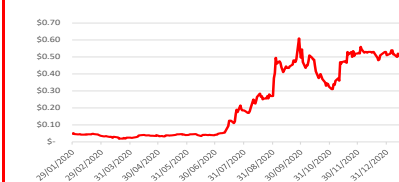
### Software & services

29<sup>th</sup> January 2021

#### Share details

ASX Code	3DP
Share price (29 Jan)	\$0.51
Market Capitalisation	\$342.2M
Shares on issue	671M
Net cash 31 Dec 2020	\$4.52M

#### Share 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 ACV
- Additional wins with US utilities
- Development of data marketplace

#### Board of Directors

Neville Bassett	Non-Executive Chairman
Paul Farrell	Non-Executive Director
Ian Olson	Managing Director/CEO

#### Company contact

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

#### RaaS Advisory contacts

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

\*Analyst holds shares

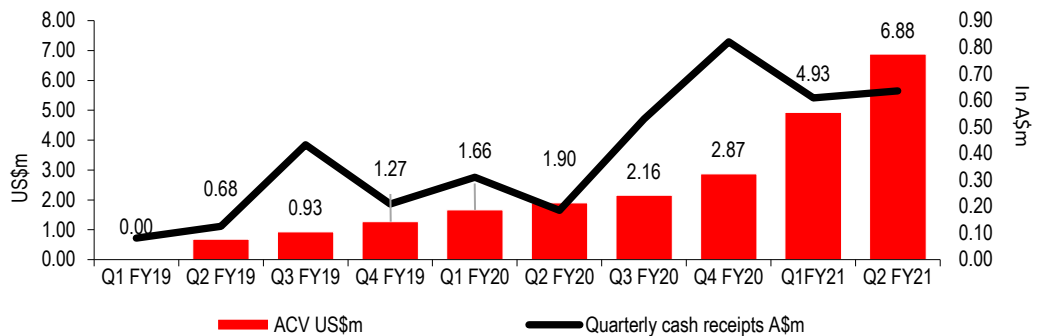
## Key points from Q2 FY21 result

Pointerra reported Q2 FY21 cash receipts of \$0.64m, up 4.3% on Q1 FY21 and 243% on Q1 FY20. The company noted it had additional \$0.96m in receivables and unbilled customer accounts at 31 December 2020. Customer spend was generated across the company’s suite of services – Data as a Service, Analytics as a Service, and Data Processing as a Service with a number of new, regular ongoing subscription customers using 3DP’s services. Pointerra noted in particular that Pacific Gas and Electric (PG&E) continued to be invoiced at least US\$35,000 per month for a mix of DaaS and AaaS subscriptions and that this should grow to US\$80,000 per month during the 3<sup>rd</sup> quarter as a result of more data, users and analytics tools being deployed across the wider enterprise.

Pointerra also highlighted that its new customer Eversource Energy (NYSE:ES) which services customers in Connecticut, Massachusetts and New Hampshire utilised its platform during the quarter to support Eversource’s storm response and network integrity operations. The initial deployment of Pointerra’s DPaaS, DaaS and AaaS solutions totals US\$150,000 per month up to US\$600,000 in total for an initial 4 month program. Pointerra expects to agree to a material ongoing subscription with Eversource in the coming months.

These contracts together with US and Australian mapping customers helped drive Annual Contract Value to US\$6.88m by January 29. As the following exhibit demonstrates, Pointerra has gained traction with ACV over the past three quarters.

**Exhibit 1: Annual Contract Value and quarterly receipts**



Source: Company announcements, RaaS analysis

Pointerra also noted that during the quarter:

- The company was invited to participate in a number of online and in-person demonstrations to audiences across a range of US defence and intelligence sector agencies which resulted in Pointerra now being actively engaged with Army, Air Force, Navy and other military and intelligence agencies to pursue more than 25 opportunities to be funded through direct contracts, or through US Federal Government’s Small Business Innovation Research and Small Business Technology Transfer programs;
- Pointerra continues to work with its existing survey and mapping customers as well as asset owner customers in Australia and the US to secure data marketplace licence agreements for a range of terrestrial, mobile and aerial 3D data sets for Pointerra’s marketplace platform, 3Dinsight. Soft launch of the platform is continuing as more data sets are added.

## DCF Valuation

In our view, given the early stage nature of Pointerra's business, we believe the discounted cashflow methodology to be the most appropriate method for valuing the company. We derive a weighted average cost of capital (WACC) of 14.0% (beta 1.9, terminal growth rate 2.2%) and this gives us a base case valuation of \$501.5m or \$0.75/share. Our terminal value accounts for \$0.45/share in the valuation. This implies an EV/Revenue multiple of 14x based on our FY23 forecasts and EV/EBITDA multiple of 27x of the same year.

<b>Exhibit 24: DCF valuation</b>	
<b>DCF valuation</b>	<b>Parameters</b>
Discount Rate / WACC	14.0%
Beta	1.9
Equity Risk Premium	7.0%
Risk Free Rate	0.5%
Terminal growth rate	2.2%
<b>CAGR in FCF FY22-30</b>	<b>51.9%</b>
Sum of PV (A\$m)	196.4
PV of terminal Value (A\$m)	300.2
PV of Enterprise	496.6
Net Debt post restructure	(4.8)
Net Value - Shareholder	501.5
No of shares on issue	670.7
<b>NPV in A\$</b>	<b>0.75</b>
Source: RaaS Analysis	

### Exhibit 3: Financial Summary

Pointerra Ltd						Share price (29 January 2021)						A\$	0.48				
Profit and Loss (A\$m)						Interim (A\$m)						H119F	H219F	H120A	H220A	H121F	H221F
Y/E 30 June	FY18A	FY19A	FY20A	FY21F	FY22F	Annual contract revenue (US\$)	0.68	1.27	1.90	2.87	6.37	10.22					
Annual contract value (US\$m)	n.a	1.3	2.9	10.2	19.1	Revenue	0.1	0.3	0.5	0.7	1.9	4.0					
Sales Revenue	0.3	0.4	1.2	5.4	15.5	EBITDA	(1.3)	(0.5)	(1.3)	(0.4)	(1.1)	0.5					
Total Revenue	0.8	0.9	1.9	6.5	16.0	EBIT	(1.3)	(0.6)	(1.3)	(0.5)	(0.7)	0.5					
Gross Profit	0.8	0.9	1.8	5.9	14.3	NPAT (normalised)	(1.3)	(0.6)	(1.3)	(0.5)	(0.7)	0.5					
EBITDA	(1.5)	(1.9)	(1.7)	0.0	5.6	Minorities	-	-	-	-	-	-					
Depn	(0.0)	(0.0)	(0.0)	(0.2)	0.0	NPAT (reported)	(1.3)	(0.7)	(1.3)	(1.2)	(0.7)	0.5					
Amort	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	EPS (normalised)	(0.27)	(0.12)	(0.24)	(0.10)	(0.10)	0.08					
EBIT	(1.5)	(1.9)	(1.8)	(0.2)	5.6	EPS (reported)	(0.26)	(0.13)	(0.25)	(0.20)	(0.10)	0.08					
Interest	0.0	0.0	(0.0)	0.0	0.1	Dividend (cps)	-	-	-	-	-	-					
Tax	0.0	0.0	0.0	0.0	0.0	Imputation	-	-	-	-	-	-					
Minorities	0.0	0.0	0.0	0.0	0.0	Operating cash flow	(0.6)	(0.8)	(0.7)	(0.1)	(0.6)	2.5					
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0	Free Cash flow	(0.6)	(0.8)	(0.7)	(0.0)	(0.5)	2.5					
NPAT pre significant items	(1.5)	(1.9)	(1.8)	(0.1)	5.7	<b>Divisions</b>	<b>H119F</b>	<b>H219F</b>	<b>H120A</b>	<b>H220A</b>	<b>H121F</b>	<b>H221F</b>					
Significant items	0.0	(0.0)	(0.7)	0.0	0.0	Contract revenue	0.1	0.3	0.5	0.7	1.9	3.5					
NPAT (reported)	(1.7)	(1.9)	(2.5)	(0.1)	5.7	R&D grants	0.0	0.5	0.0	0.7	0.0	0.5					
<b>Cash flow (A\$m)</b>						<b>Total Revenue</b>	<b>0.1</b>	<b>0.8</b>	<b>0.5</b>	<b>1.4</b>	<b>1.9</b>	<b>4.0</b>					
Y/E 30 June	FY18A	FY19A	FY20A	FY21F	FY22F	COGS	0.0	0.0	0.0	0.1	0.2	0.4					
EBITDA	(1.5)	(1.9)	(1.7)	0.0	5.6	<b>Gross Profit</b>	<b>0.1</b>	<b>0.8</b>	<b>0.5</b>	<b>1.3</b>	<b>1.7</b>	<b>3.7</b>					
Interest	0.0	0.0	(0.0)	0.0	0.1	R&D costs	(0.0)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)					
Tax	0.0	0.0	0.0	0.0	0.0	Employment	(0.9)	(0.8)	(1.1)	(1.2)	(2.2)	(2.5)					
Working capital changes	0.1	0.4	0.9	2.3	3.9	General & Admin costs	(0.3)	(0.3)	(0.4)	(0.3)	(0.3)	(0.3)					
Operating cash flow	(1.4)	(1.4)	(0.8)	2.3	9.6	Other costs	(0.1)	(0.0)	(0.1)	0.0	(0.1)	(0.1)					
Mtce capex	(0.0)	(0.0)	(0.1)	(0.1)	(0.0)	EBITDA	(1.3)	(0.5)	(1.3)	(0.4)	(1.1)	0.5					
Free cash flow	(1.4)	(1.5)	(0.9)	2.2	9.6	<b>Margins, Leverage, Returns</b>	<b>FY18A</b>	<b>FY19A</b>	<b>FY20A</b>	<b>FY21F</b>	<b>FY22F</b>						
Growth capex	(0.0)	(0.0)	(0.0)	(0.0)	0.0	EBITDA	(481.3%)	(419.2%)	(138.7%)	0.2%	36.5%						
Acquisitions/Disposals	0.0	0.0	0.0	0.0	0.0	EBIT	(494.4%)	(430.6%)	(147.1%)	(3.4%)	36.5%						
Other	0.0	0.0	0.0	0.0	0.0	NPAT pre significant items	(487.4%)	(429.0%)	(149.4%)	(2.8%)	37.0%						
Cash flow pre financing	(1.4)	(1.5)	(0.9)	2.2	9.6	Net Debt (Cash)		1.4	0.9	2.3	7.0	16.6					
Equity	0.0	1.2	2.5	2.9	0.0	Net debt/EBITDA (x)	(x)	n/a	n/a	n/a	708.8	2.9					
Debt	0.0	0.0	0.0	0.0	0.0	ND/ND+Equity (%)	(%)	(867.7%)	448.2%	209.0%	248.2%	247.7%					
Dividends paid	0.0	0.0	0.0	0.0	0.0	EBIT interest cover (x)	(x)	n/a	n/a	n/a	n/a	-					
Net cash flow for year	(1.4)	(0.4)	1.6	5.1	9.6	ROA			(100.0%)	(69.5%)	(2.7%)	36.4%					
<b>Balance sheet (A\$m)</b>						ROE			(168.0%)	(258.4%)	(5.5%)	81.4%					
Y/E 30 June	FY18A	FY19A	FY20A	FY21F	FY22F	ROIC			126.1%	149.1%	10.3%	(131.6%)					
Cash	1.4	0.9	2.3	7.0	16.6	NTA (per share)		0.00	0.00	0.00	0.01	0.01					
Accounts receivable	0.6	0.5	0.6	2.3	4.1	<b>Working capital</b>		0.1	0.0	(0.2)	1.9	2.9					
Inventry	0.0	0.0	0.0	0.0	0.0	<b>WC/Sales (%)</b>		43.6%	8.0%	(15.5%)	35.1%	18.5%					
Other current assets	0.0	0.1	0.0	0.0	0.0	<b>Revenue growth</b>			42.1%	176.9%	336.1%	188.6%					
Total current assets	2.0	1.6	3.0	9.3	20.8	EBIT growth pa		n/a	n/a	n/a	n/a	(3192.4%)					
PPE	0.1	0.1	0.1	(0.0)	(0.0)	<b>Pricing</b>	<b>FY18A</b>	<b>FY19A</b>	<b>FY20A</b>	<b>FY21F</b>	<b>FY22F</b>						
Intangibles and Goodwill	0.1	0.1	0.1	0.1	0.0	No of shares (y/e)	(m)	494	521	613	671	671					
Investments	0.0	0.0	0.0	0.0	0.0	Weighted Av Dil Shares	(m)	407	509	559	1,031	671					
Deferred tax asset	0.0	0.0	0.0	0.0	0.0	EPS Reported	cps	(0.4)	(0.4)	(0.5)	(0.0)	0.8					
Other non current assets	0.0	0.0	0.4	0.4	0.4	EPS Normalised/Diluted	cps	(0.4)	(0.4)	(0.3)	(0.0)	0.9					
Total non current assets	0.1	0.1	0.5	0.4	0.4	EPS growth (norm/dil)		n/a	n/a	n/a	n/a	(3967.9%)					
<b>Total Assets</b>	<b>2.1</b>	<b>1.7</b>	<b>3.5</b>	<b>9.8</b>	<b>21.2</b>	DPS	cps	-	-	-	-	-					
Accounts payable	0.5	0.5	0.8	0.4	1.3	DPS Growth		n/a	n/a	n/a	n/a	n/a					
Short term debt	0.0	0.0	0.0	0.0	0.0	Dividend yield		0.0%	0.0%	0.0%	0.0%	0.0%					
Tax payable	0.0	0.0	0.0	0.0	0.0	Dividend imputation		0	0	0	0	0					
Deferred revenue	0.1	0.4	1.2	4.8	9.7	PE (x)		-	-	-	-	56.0					
Total current liabilities	0.6	0.9	2.0	5.3	11.0	PE market		18.0	18.0	18.0	18.0	18.0					
Long term debt	0.0	0.0	0.0	0.0	0.0	Premium(discount)			(100.0%)	(100.0%)	(100.0%)	211.3%					
Other non current liabs	0.0	0.0	0.3	0.3	0.3	EV/EBITDA		nm	nm	nm	nm	53.5					
Total long term liabilities	0.0	0.0	0.3	0.3	0.3	FCF/Share	cps	(0.3)	(0.3)	(0.1)	0.4	1.4					
<b>Total Liabilities</b>	<b>0.6</b>	<b>0.9</b>	<b>2.3</b>	<b>5.6</b>	<b>11.3</b>	Price/FCF share		(173.2)	(174.5)	(392.6)	134.4	33.2					
<b>Net Assets</b>	<b>1.5</b>	<b>0.7</b>	<b>1.2</b>	<b>4.2</b>	<b>9.9</b>	Free Cash flow Yield		(0.6%)	(0.6%)	(0.3%)	0.7%	3.0%					
Share capital	5.7	6.8	9.2	12.1	12.1												
Accumulated profits/losses	(5.7)	(7.6)	(10.2)	(10.2)	(4.4)												
Reserves	1.5	1.6	2.2	2.2	2.2												
Minorities	0.0	0.0	0.0	0.0	0.0												
<b>Total Shareholder funds</b>	<b>1.5</b>	<b>0.7</b>	<b>1.2</b>	<b>4.2</b>	<b>9.9</b>												

Source: RaaS Advisory



# 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**



## About Us

BR Securities Australia Pty Ltd (BR) is the holder of Australian Financial Services License ("AFSL") number 456663. RaaS Advisory Pty Ltd (RaaS) is an Authorised Representative (number 1248415) of BR.

This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS's services and includes such things as

- who we are
- 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)

RaaS is the entity providing the authorised AFSL services to you as a retail or wholesale client.

**What Financial Services are we authorised to provide?** RaaS is authorised to

- provide general advice to retail and wholesale clients in relation to
  - Securities
- deal on behalf of retail and wholesale clients in relation to
  - Securities

The distribution of this FSG by RaaS is authorized by BR.

## Our general advice service

Please note that any advice given by RaaS is general advice, as the information or advice given will not take into account your particular objectives, financial situation or needs. You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Prospectus, Product Disclosure Statement or like instrument. As we only provide general advice we will not be providing a Statement of Advice. We will provide you with recommendations on securities

## Our dealing service

RaaS can arrange for you to invest in securities issued under a prospectus by firstly sending you the offer document and then assisting you fill out the application form if needed.

## How are we paid?

RaaS earns fees for producing research reports. Sometimes these fees are from companies for producing research reports and/or a financial model. When the fee is derived from a company, this is clearly highlighted on the front page of the report and in the disclaimers and disclosures section of the report.

We may also receive a fee for our dealing service, from the company issuing the securities.

## Associations and Relationships

BR, RaaS, its directors and related parties have no associations or relationships with any product issuers other than when advising retail clients to invest in managed funds when the managers of these funds may also be clients of BR. RaaS's representatives may from time to time deal in or otherwise have a financial interest in financial products recommended to you but any material ownership will be disclosed to you when relevant advice is provided.

## Complaints

If you have a complaint about our service you should contact your representative and tell them about your complaint. The representative will follow BR's internal dispute resolution policy, which includes sending you a copy of the policy when required to. If you aren't satisfied with an outcome, you may contact AFCA, see below. BR is a member of the Australian Financial Complaints Authority (AFCA). AFCA provide fair and independent financial services complaint resolution that is free to consumers.

Website: [www.afca.org.au](http://www.afca.org.au); Email: [info@afca.org.au](mailto:info@afca.org.au); Telephone: 1800931678 (free call)

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

## Professional Indemnity Insurance

BR has in place Professional Indemnity Insurance which satisfies the requirements for compensation under s912B of the Corporations Act and that covers our authorized representatives.

#### DISCLAIMERS and DISCLOSURES

This report has been commissioned by Pointerra Ltd prepared and issued by RaaS Advisory Pty Ltd. RaaS Advisory has been paid a fee to prepare this report. RaaS Advisory's principals, employees and associates may hold shares in companies that are covered and, if so, this will be clearly stated on the front page of each report. This research is issued in Australia by RaaS Advisory and any access to it should be read in conjunction with the Financial Services Guide on the preceding two pages. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable. Opinions contained in this report represent those of the principals of RaaS Advisory at the time of publication. RaaS Advisory provides this financial advice as an honest and reasonable opinion held at a point in time about an investment's risk profile and merit and the information is provided by the RaaS Advisory in good faith. The views of the adviser(s) do not necessarily reflect the views of the AFS Licensee. RaaS Advisory has no obligation to update the opinion unless RaaS Advisory is currently contracted to provide such an updated opinion. RaaS Advisory does not warrant the accuracy of any information it sources from others. All statements as to future matters are not guaranteed to be accurate and any statements as to past performance do not represent future performance.

Assessment of risk can be subjective. Portfolios of equity investments need to be well diversified and the risk appropriate for the investor. Equity investments in listed or unlisted companies yet to achieve a profit or with an equity value less than \$50 million should collectively be a small component of a balanced portfolio, with smaller individual investment sizes than otherwise.

The science of climate change is common knowledge and its impacts may damage the global economy. Mitigating climate change may also disrupt the global economy. Investors need to make their own assessments and we disclaim any liability for the impact of either climate change or mitigating strategies on any investment we recommend.

Investors are responsible for their own investment decisions, unless a contract stipulates otherwise. RaaS Advisory does not stand behind the capital value or performance of any investment. Subject to any terms implied by law and which cannot be excluded, RaaS Advisory shall not be liable for any errors, omissions, defects or misrepresentations in the information (including by reasons of negligence, negligent misstatement or otherwise) or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the information. If any law prohibits the exclusion of such liability, RaaS Advisory limits its liability to the re-supply of the Information, provided that such limitation is permitted by law and is fair and reasonable. Copyright 2021 RaaS Advisory Pty Ltd (A.B.N. 99 614 783 363). All rights reserved.