

Pointerra Ltd

Company Update

Good start to FY25 with US Dept of Energy contract

Pointerra Ltd (ASX:3DP) provides a powerful cloud-based solution (Pointerra3D) for managing, visualising, analysing, using and sharing massive 3D point clouds and datasets. Pointerra3D is a proprietary digital twin Software-as-a-Service (SaaS) platform which delivers predictive digital insights and definitive answers to complex physical asset management questions. Pointerra has announced it has been awarded a US\$1.63m (A\$2.47m) contract for a programme to model a range of electric grid resilience investment scenarios by electric utilities ([ASX release 28 June](#)). The contract, also announced by the [US DoE's Grid Deployment Office](#) will see Pointerra collaborate with three electric utilities (Avangrid, Eversource, and National Grid) and three university partners (Cornell University, University at Albany – State University of New York and the University of Connecticut) to develop a cost-benefit methodology to determine the long-term resilience value of grid resilience investments in the US north-east region. We see the contract as validation of Pointerra's digital twin solution for managing large-scale physical inventory with the potential to provide the company with invaluable exposure to new and existing US clients in the US electric utility sector. We have not made any changes to our forecasts as a result of this announcement, although note that we have already factored in substantial revenue growth in FY25f. Our base-case valuation remains unchanged.

Business model

Pointerra's patented, cloud-deployed technology, and AI-driven algorithms create digital twins of physical assets, solving a long-standing problem of efficiently, effectively, and rapidly converting massive 3D datasets into analytics and insights to provide definitive answers. The Pointerra3D product has three key components each with different features and capabilities: Core, Analytics and Answers. Core provides the processing, storage, sharing, visualisation and management of data; Analytics creates the digital twin for the physical world, analyses and classifies the data; while Answers creates predictive insights and delivers business intelligence, risk mitigation and ESG improvement suggestions to users.

Pointerra3D will be pivotal to the DoE programme

The US Department of Energy's Grid Deployment Office announced on [27 June](#) it would invest US\$4.6m in six projects to accelerate analysis of regional climate change threats and impacts on electric grid infrastructure. In the north-east region, the DoE announced it would fund a cost-benefit analysis of grid resilience programmes. Pointerra, which says it will receive US\$1.63m for the project, will acquire the light detection and ranging (LiDAR) technology and imagery data and use its Pointerra 3D platform to create a digital twin for each utility's service territory. Pointerra's utilities and academic partners will then use these digital twins for modelling and simulation of resilience investments such as asset hardening, line undergrounding and vegetation management. The DoE noted that this best practice approach is intended to be scalable across multiple regions throughout North America. This suggests that the programme could be extended to other regions and utilities using Pointerra's digital twin technology. We have not changed our forecasts as a result of this announcement but note that we have factored in significant (+116%) growth in revenue in FY25f over our FY24f forecasts.

Base-case DCF valuation is \$0.31/share, unchanged

We use the discounted cash-flow methodology to value Pointerra, using a WACC of 16.5% and terminal growth rate of 2.2%, and this derives a base-case valuation of \$0.31/share (please see our report of [7 May](#) for DCF calculation in full). In our view, continued evidence of contracted and recurring revenues should help underpin a recovery in the company's share price.

Historical earnings and RaaS' forecasts (in A\$m unless otherwise stated)								
Year end	Sales revenue	Gross profit	EBITDA adj.*	NPAT adj.	EPS (c)	EV/Sales (x)	EV/EBITDA (x)	PER (x)
06/22a	9.8	9.3	(0.02)	0.01	0.00	2.6	n.m.	n.m.
06/23a	7.3	6.4	(4.68)	0.39	0.00	4.0	n.m.	n.m.
06/24f	6.4	5.3	(4.81)	(5.70)	(0.78)	5.0	n.m.	n.m.
06/25f	13.8	11.7	1.50	1.44	0.18	2.3	20.8	24.1

Source: Company data, RaaS estimates for FY24f-FY25f; Adjusted for one-time and non-cash items

Software & Services

3 July 2024

Share Details

ASX code	3DP
Share price (2-Jul)	\$0.043
Market capitalisation	\$34.6M
Shares on issue	805.1M
Net cash (est)	~\$2.8M

Share Performance (12 months)



Upside Case

- Highly scalable business model
- Proven track record with major US utilities is leading to new opportunities in US
- Substantial growth opportunities in US market

Downside Case

- Long enterprise sales cycle taking 12+ months
- Competing with multinationals for business
- Enterprise customers can be slow to pay

Catalysts

- Meaningful growth in revenue and cash receipts
- Additional wins with US and Australian clients
- Demonstrated substantial growth in contracts

Board of Directors

Neville Bassett	Non-Executive Chairman
Damon Fieldgate	Non-Executive Director
Ian Olson	Managing Director/CEO

Company Interview

Pointerra (ASX:3DP) RaaS Interview 7 May 2024

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Exhibit 1: Financial Summary

Pointerra Ltd						Share price (2 July 2024)						A\$		0.04
Profit and Loss (A\$m)						Interim (A\$m)		H122A	H222A	H123A	H223A	H124A	H224F	
Y/E 30 June	FY21A	FY22A	FY23A	FY24F	FY25F									
						Total Revenue		3.2	7.4	4.1	4.3	2.4	4.8	
Sales Revenue	4.0	9.8	7.3	6.4	13.8	EBITDA		(1.2)	1.2	(3.5)	(1.2)	(3.7)	(1.1)	
Total Revenue	4.6	10.7	8.4	7.3	14.7	EBIT		(1.3)	1.0	(3.6)	(1.3)	(3.7)	(1.2)	
Gross Profit	3.7	9.3	6.4	5.3	11.7	NPAT (normalised)		(1.3)	1.3	(3.6)	(1.3)	(3.7)	(1.2)	
EBITDA Adjusted	(1.1)	(0.02)	(4.7)	(4.8)	1.5	Minorities		-	-	-	-	-	-	
Depn	(0.1)	(0.1)	(0.2)	(0.1)	(0.0)	NPAT (reported)		(2.3)	(0.4)	(3.2)	(1.3)	(4.5)	(1.2)	
Amort	(0.0)	(0.2)	(0.0)	(0.0)	(0.0)	EPS (normalised)		(0.20)	0.20	(0.52)	0.52	(0.53)	(0.15)	
EBIT Adjusted	(1.3)	(0.3)	(4.9)	(4.9)	1.5	EPS (reported)		(0.35)	(0.04)	(0.47)	(0.19)	(0.63)	(0.15)	
Interest	0.0	0.00	0.0	(0.0)	(0.0)	Dividend (cps)		-	-	-	-	-	-	
Tax	0.0	0.29	0.0	0.0	0.0	Imputation		-	-	-	-	-	-	
Minorities	0.0	0.00	0.0	0.0	0.0	Operating cash flow		(0.1)	(1.3)	(0.9)	(1.1)	(1.9)	(1.3)	
Equity accounted assoc	0.0	0.00	0.0	0.0	0.0	Free Cash flow		0.0	(1.2)	(0.9)	(1.1)	(1.9)	(1.3)	
NPAT pre significant items	(1.2)	0.01	0.0	(4.9)	1.4	Divisions		H122A	H222A	H123A	H223A	H124A	H224F	
Significant items	(0.2)	(2.7)	0.4	(0.8)	0.0	Contract revenue		3.2	6.6	3.8	3.5	2.4	3.9	
NPAT (reported)	(1.5)	(2.7)	0.4	(5.7)	1.4	R&D grants		0.1	0.8	0.2	0.8	0.0	0.9	
Cash flow (A\$m)						Total Revenue		3.2	7.4	4.1	4.3	2.4	4.8	
Y/E 30 June	FY21A	FY22A	FY23A	FY24F	FY25F	COGS		0.5	0.0	0.4	0.6	0.4	0.7	
EBITDA	(1.1)	(0.0)	(4.7)	(4.8)	1.5	Gross Profit		2.8	7.4	3.7	3.7	2.0	4.2	
Interest	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	R&D costs		(0.3)	0.1	(0.3)	(0.3)	(0.3)	(0.3)	
Tax	0.0	0.0	0.0	0.0	0.0	Employment		(2.6)	(3.7)	(3.8)	(3.1)	(3.8)	(3.4)	
Working capital changes	0.9	(1.3)	2.7	1.6	(1.1)	General & Admin costs		(0.7)	(1.6)	(2.9)	(0.3)	(1.3)	(1.4)	
Operating cash flow	(0.3)	(1.4)	(2.0)	(3.2)	0.4	Other costs		(0.3)	(1.1)	(0.3)	(1.2)	(0.3)	(0.3)	
Mtce capex	(0.1)	(0.2)	(0.0)	(0.0)	(0.0)	EBITDA		(1.2)	1.2	(3.5)	(1.2)	(3.7)	(1.1)	
Free cash flow	(0.4)	(1.6)	(2.0)	(3.3)	0.4	Margins, Leverage, Returns			FY21A	FY22A	FY23A	FY24F	FY25F	
Growth capex	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	EBITDA			(28.9%)	(0.2%)	(63.9%)	(75.5%)	10.9%	
Acquisitions/Disposals	0.0	0.0	0.0	0.0	0.0	EBIT			(32.0%)	(3.1%)	(66.2%)	(77.2%)	10.5%	
Other	0.0	0.0	0.0	0.0	0.0	NPAT pre significant items			(31.0%)	0.1%	0.0%	(76.4%)	10.4%	
Cash flow pre financing	(0.4)	(1.6)	(2.0)	(3.3)	0.4	Net Debt (Cash)			4.8	3.2	1.2	2.8	3.2	
Equity	3.3	0.0	0.0	5.1	0.0	Net debt/EBITDA (x)		(x)	n/a	n/a	n/a	n/a	2.1	
Debt	0.0	0.0	0.0	0.0	0.0	ND/ND+Equity (%)		(%)	2389.2%	(7884.3%)	43.0%	67.8%	103.1%	
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	0.0	
Net cash flow for year	2.9	(1.6)	(2.0)	1.8	0.4	ROA			(21.4%)	(3.8%)	(78.7%)	(104.8%)	26.2%	
Balance sheet (A\$m)						ROE			(50.7%)	(67.4%)	45.1%	389.8%	(230.6%)	
Y/E 30 June	FY21A	FY22A	FY23A	FY24F	FY25F	ROIC			(75.9%)	32.7%	127.7%	132.4%	(69.9%)	
Cash	5.2	3.6	1.5	3.1	3.5	NTA (per share)			0.00	0.00	n/a	n/a	n/a	
Accounts receivable	1.1	3.5	2.7	1.1	2.4	Working capital			(0.7)	1.3	0.1	(1.6)	(0.6)	
Inventory	0.0	0.0	0.0	0.0	0.0	WC/Sales (%)			(16.5%)	13.0%	1.5%	(25.6%)	(4.2%)	
Other current assets	0.0	0.0	0.1	0.1	0.1	Revenue growth			224.4%	146.0%	(25.2%)	(13.2%)	116.6%	
Total current assets	6.2	7.1	4.3	4.3	6.0	EBIT growth pa			n/a	n/a	n/a	n/a	(129.5%)	
PPE	0.2	0.2	0.1	0.1	0.1	Pricing			FY21A	FY22A	FY23A	FY24F	FY25F	
Intangibles and Goodwill	1.6	0.1	0.1	0.1	0.1	No of shares (y/e)		(m)	678	678	714	806	806	
Investments	0.0	0.0	0.0	0.0	0.0	Weighted Av Dil Shares		(m)	640	678	-	58	806	
Deferred tax asset	0.0	0.0	0.0	0.0	0.0	EPS Reported		cps	(0.2)	(0.4)	(0.7)	(0.8)	0.2	
Other non current assets	0.3	0.3	0.2	0.2	0.2	EPS Normalised/Diluted		cps	(0.2)	0.0	0.0	(0.7)	0.2	
Total non current assets	2.1	0.5	0.4	0.4	0.4	EPS growth (norm/dil)			n/a	(100.5%)	(100.0%)	n/a	(126.3%)	
Total Assets	8.4	7.7	4.7	4.7	6.4	DPS		cps	-	-	-	-	-	
Accounts payable	1.7	2.2	2.6	2.8	3.0	DPS Growth			n/a	n/a	n/a	n/a	n/a	
Short term debt	0.1	0.1	0.1	0.1	0.1	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	1.4	1.7	3.4	3.0	3.0	PE (x)			-	-	-	-	24.2	
Total current liabilities	3.2	4.0	6.0	5.8	6.1	PE market			18.0	18.0	18.0	18.0	18.0	
Long term debt	0.3	0.3	0.2	0.2	0.2	Premium/(discount)			(100.0%)	(100.0%)	(100.0%)	(100.0%)	34.5%	
Other non current liabs	0.3	0.1	0.0	0.0	0.0	EV/EBITDA			nm	nm	-	6.2	-	
Total long term liabilities	0.6	0.4	0.2	0.2	0.2	FCF/Share		cps	(0.0)	(0.2)	-0.3	-0.4	0.1	
Total Liabilities	3.8	4.4	6.3	6.0	6.3	Price/FCF share			(199.8)	(23.7)	-	15.3	-	
Net Assets	4.6	3.3	(1.6)	(1.3)	0.1	Free Cash flow Yield			(0.5%)	(4.2%)	(6.5%)	(9.3%)	1.4%	
Share capital	13.8	13.8	13.9	19.1	19.1									
Accumulated profits/losses	(11.7)	(14.4)	(18.8)	(24.6)	(23.2)									
Reserves	2.5	3.8	3.4	4.2	4.2									
Minorities	0.0	0.0	0.0	0.0	0.0									
Total Shareholder funds	4.6	3.3	(1.6)	(1.3)	0.1									

Source: RaaS estimates; Company data for actuals

FINANCIAL SERVICES GUIDE

RaaS Research Group Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415, of

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