

20th September 2021

Pointerra

Multiple new contracts worth A\$2.1m (~US\$1.5m)

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 announced that in September it has secured an additional A\$2.1m across multiple contracts from existing and new customers. Some of these contracts are for proof of concept (PCO) and we suspect, if successful, could lead to much larger opportunities for Pointerra. The company has been retained by existing customers Florida Power & Light (FPL), NextEra Energy, and Pacific Gas & Electric (PGE) to undertake defined scope projects designed to confirm Pointerra3D's ability support the additional requirements of these utility customers. These projects are separate to the ongoing enterprise deployment of Pointerra3D. Pointerra expects that successful completion of these projects will result in additional enterprise subscriptions and ultimately be reflected in its regularly reported Annual Contract Value (ACV). The company last reported ACV of US\$9.8m on July 29.

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.

Demonstrating why ACV will continue to grow

Pointerra's "land and expand" strategy with customers in target sectors has previously lead to material growth in customer spend. The award of these new projects reinforces that this strategy is on track and demonstrates Pointerra's ability to work with customers to solve digital asset management problems, while securing ACV growth along the way. Today, FPL has awarded Pointerra a 16-month, US\$0.63m project to study and model the likely impact on powerline infrastructure of vegetation adjacent to the powerline network and a US\$0.4m project to work with FPL aerial capture contractor SMG to use Pointerra3D to perform change detection after significant weather events. FPL has also engaged 3DP to work with ikeGPS (ASX:IKE) to demonstrate the benefits of integrating IKE's Poleforeman utility pole engineering software into Pointerra3D. This initially will generate US\$0.05m but could lead to ongoing projects for both IKE and the Pointerra3D platform across the FPL network. NextEra Energy (the parent company to FPL) has engaged Pointerra3D for an initial US\$0.05m renewable energy expansion project. PGE has awarded 3DP a US\$0.18m, six-month R&D project to further develop Pointerra3D platform analytics to support vegetation management by the utility. New customer Gridvision has appointed 3DP for two projects worth A\$0.27m for a global tier-1 miner.

Base case valuation is \$0.90/share (fully diluted)

Our base case DCF valuation of \$0.90/share (fully diluted for all employee options) is based on Pointerra achieving US\$50m ACV by H1FY25. Our valuation is derived from a WACC of 14.0% (beta 1.8, terminal growth rate of 2.2%).

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

Year end	ACV ^A (US\$m)	Total Revenue	Gross Profit	EBITDA (A\$m)	NPAT (A\$m)	EPS (c)	EV/Sales (x)	EV/EBITDA (x)
06/20a	2.9	1.2	1.8	(1.7)	(1.8)	(0.3)	nm	nm
06/21a	9.8	4.0	3.7	(1.1)	(1.2)	(0.2)	89.8	nm
06/22e	21.0	14.5	13.4	5.6	3.8	0.6	24.3	62.9
06/23e	33.5	37.9	34.5	24.3	16.9	2.5	10.1	14.0

Source: Company data, RaaS Advisory Estimates for FY21e, and FY22e ^AAnnual Contract Value

Share details

ASX Code	3DP
Share Price (intraday)	\$0.52
Market Capitalisation	\$353.6M
Shares on issue	680M
Net cash at 30 June	\$5.2M
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 ACV
- Additional contract wins in US utilities
- Development of data as a marketplace business

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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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