

7th June 2021

## Pointerra

### Airovant acquisition completed, EPS accretive in FY22

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 it has now completed the Airovant acquisition and based on the closing price (\$0.505) and USD/AUD exchange rate (US\$0.77/A\$1) on June 4, 2.58m shares will be issued to the Airovant founders. Of these shares, 1.29m will be held in voluntary escrow for 12 months. We have already incorporated the transaction in our forecasts and found it to be 12.9% accretive to our FY22 forecasts with Airovant forecast to deliver US\$2m in additional Annual Contract Value and A\$0.75m in EBITDA. Pointerra confirmed today that the four founders of Airovant, Jonathan Montague, Matthew Boyd, Logan McConnell, and Ori Paamoni, have joined 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. Airovant numbers several US poles and wire companies as clients and we expect it will help 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.

### Expanded US footprint

The acquisition of Airovant and employment of its four founders expands the scale and dimension of Pointerra's US business by adding 3D digital asset management technology to Pointerra's product suite. We see this strengthening Pointerra's competitive leverage to the COVID economic recovery and stimulus investment in local infrastructure being made by US local, state and federal government agencies. We have already incorporated the acquisition in our forecasts (refer to our report [Pointerra RaaS Update Report 4 May 2021](#)). We also have recently interviewed Pointerra Managing Director Ian Olson and Airovant Co-Founder Jonathan Montague which can be accessed here [Pointerra Airovant RaaS interview May 5 2021](#).

### Base case valuation is \$0.94/share (fully diluted)

Our base case DCF valuation of \$0.94/share (fully diluted for all employee options) is based on Pointerra achieving US\$50m ACV by H1FY25. We are expecting the Airovant acquisition to customer takeup and have factored in that Pointerra will achieve US\$50m ACV six months earlier than our previous forecasts. We see this transaction as a significant step forward for ACV growth and expect market acknowledgement to be reflected in the share price as the team delivers.

### 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	0.4	0.9	(1.9)	(1.9)	(0.4)	nm	nm
06/20a	2.9	1.2	1.8	(1.7)	(1.8)	(0.3)	nm	nm
06/21e	10.2	5.0	4.5	(0.6)	(0.8)	(0.1)	67.3	nm
06/22e	21.0	15.6	14.2	6.4	4.5	0.7	21.0	51.5

Source: Company data, RaaS Advisory Estimates for FY21e, and FY22e <sup>a</sup>Annual Contract Value

### Share details

ASX Code	3DP
Share Price (4 June)	\$0.505
Market Capitalisation	\$339.9M
Shares on issue	678M
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 ACV
- Additional contract wins in US utilities
- Development of data as a marketplace business

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## FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

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of

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ABN 92 168 734 530

AFSL 456663

Effective Date: 6<sup>th</sup> May 2021

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

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