

14 January 2025

## Pointerra

### US\$2m contract extension underlines Pointerra3D benefit

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 that it has been awarded a US\$2.0m (A\$3.2m) contract extension by the US Department of Energy (DOE) to the existing programme modelling a range of electric grid resilience investment scenarios by electric utilities. The programme extension will use Pointerra3D to evaluate the impact of hurricane response activities by utilities. This extended contract brings total spend to date by the DOE with Pointerra under this programme to US\$3.63m. The initial DOE contract of US\$1.63m, announced on 28 June 2024, was awarded to fund the use of Pointerra3D to develop a dynamic risk assessment model with scenario analyses capabilities to evaluate the impacts of various grid resilience investments under forecasted climate change scenarios. We view the contract extension as important validation of Pointerra3D's benefit to the US electric utility sector. The company says it expects the programme to be completed by 31 December 2025. We make no changes to our forecasts following the announcement and maintain our DCF valuation at \$0.31/share.

#### 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 and sharing, visualisation and management of data. Analytics creates the digital twin for the physical world, analyses and classifies the data. Answers creates predictive insights and delivers business intelligence, risk mitigation and ESG improvement suggestions to users.

#### Validation of the importance of Pointerra3D to US energy utilities

Pointerra has announced ([13 January 2025](#)) that it has been awarded a US\$2.0m contract extension by the DOE to an existing R&D programme previously announced on [28 June 2024](#). The extended contract will see Pointerra undertake a hurricane impact analysis programme that will help provide best practices for regional utilities to optimise resource allocation and aim to reduce the duration of power outages after extreme events. The US DOE's Grid Deployment Office, via its partnership intermediary DEFENSEWERX (doing business as ENERGYWERX) will pay Pointerra on a programme milestone completion basis, with the programme expected to be completed by 31 December 2025. Our forecasts already anticipate a recovery in US energy utility spend, which includes an uptick in expenditure on grid resilience programmes. This underpins our forecast for 116% growth in revenue in FY25. Given the forecasts we have built into our modelling we do not anticipate making any changes to our current estimates.

#### Base-case DCF valuation is \$0.31/share

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. In our view, continued evidence of contracted and recurring revenues should help underpin a recovery in the company's share price. Please see our report of [14 November 2024](#) for more detail on our valuation.

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

Year end	Revenue	Gross profit	EBITDA adj. <sup>^</sup>	NPAT adj. <sup>^</sup>	EPS (c) <sup>^</sup>	EV/Sales (x)	EV/EBITDA (x)	PER (x)
06/23a	7.3	6.4	(4.68)	(4.47)	(0.72)	4.5	n.m.	n.m.
06/24a	6.4	5.7	(4.06)	(5.22)	(0.73)	5.6	n.m.	n.m.
06/25f	13.8	12.7	2.19	2.15	0.27	2.4	15.3	18.0
06/26f	23.1	21.2	8.66	6.03	0.75	1.2	3.3	6.4

Source: Company data; RaaS Research Group estimates for FY25f-FY26f; <sup>^</sup>Adjusted for one-time and non-cash items

#### Share Details

ASX code	3DP
Share price (13-Jan)	\$0.048
Market capitalisation	\$38.6M
Shares on issue	805M
Net cash at 30-Sept-2024	\$2.99M
Free float	~68%

#### Share Price 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

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Research as a Service

# FINANCIAL SERVICES GUIDE

## RaaS Research Group Pty Ltd

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

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