

Share placement and SPP to fund US sales force/WC

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 SaaS platform which delivers predictive digital insights and definitive answers to complex physical asset management questions. The Pointerra3D suite of solutions spans target sectors including survey and mapping; architecture, engineering, and construction (AEC); utilities; transport; resources, and defence and intelligence. Pointerra has announced it has completed an institutional share placement of \$2m, issued at \$0.12/share, an 11.1% discount to the last closing price, and will offer an additional 12.5m shares to shareholders to raise an additional \$1.5m. The \$3.5m transaction including the non-underwritten SPP has been undertaken by Veritas Securities. Pointerra intends to use the proceeds to recruit senior business development executives in the US market to drive the adoption of Pointerra3D's digital twin solutions and for general working capital purposes. Pointerra3D has recently been chosen by an existing customer and major US energy utility to identify and prioritise grid assets requiring remediation or replacement as part of a US\$15b electric grid resilience capex programme. As we highlighted in our [28 July Flash Comment](#), this programme could be worth from US\$60m to US\$120m in revenue to Pointerra over the 10-year life of the programme. There is an opportunity for Pointerra to participate in similar programmes with the capital raised used to hire BDM executives to target the surge in US investment in civil infrastructure assets. We have assumed the company secures the full \$3.5m and have incorporated this into our numbers along with the additional shares. Our base-case valuation is now \$0.39/share or \$287m.

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, while Answers creates predictive insights and delivers business intelligence, risk mitigation and ESG improvement suggestions to users. The platform has also developed and is deploying a new innovative Quick Load pole engineering tool which has extended Pointerra3D's power distribution analytics capability into the grid resilience and hardening programmes being undertaken by a number of its US utility clients. These programmes are multi-year and multi-billion-dollar undertakings with Pointerra3D at the front-end of identification, predicting and engineering the work programme.

Capital raised to accelerate sales team recruitment

Pointerra has announced it will raise up to \$3.5m at \$0.12/share following the completion of a \$2.0m share placement to institutional and professional investors and a \$1.5m shareholder share placement (SPP) which will close on September 13. The proceeds of the issue, which will result in an additional 29.2m shares on issue, will be used to recruit senior business development executives in the US to target the recent surge in US investment in civil infrastructure assets across the power, water, road, and rail sectors, and for general working capital. Pointerra noted that the raise ensures that it is well-funded to execute its strategic initiatives through FY24 and beyond.

Base-case DCF valuation is \$0.39/share

We use the DCF methodology to value Pointerra, using a WACC of 16.0% and terminal growth rate of 2.2%, and this derives a base-case valuation of \$0.39/share following the share placement and SPP. Our valuation is predicated on ACV surpassing US\$50m by FY26 end.

Historical earnings and RaaS' forecasts (in \$A unless otherwise stated)

Year end	ACV ^A (US\$m)	Revenue	Gross profit	EBITDA adj.	NPAT adj.	EPS (c)	EV/Sales (x)	EV/EBITDA (x)
06/22a	18.22	9.80	8.89	0.03	0.01	0.001	7.9	nm
06/23f	23.62	11.14	10.13	(3.72)	(3.76)	(0.56)	7.3	nm
06/24f	31.47	19.48	17.73	2.84	1.94	0.20	3.8	25.9
06/25f	40.98	29.25	26.62	6.49	4.50	0.64	2.4	11.0

Source: Company data for historical earnings; RaaS estimates for FY23f-FY25f; ^AAnnual Contract Value

Software & Services

17 August 2023

Share Details

ASX code	3DP
Share price (17-Aug)	\$0.12
Market capitalisation	\$84.84M
Shares post-issue/SPP	707M
Net cash est.	\$5.0M

Share Performance (12 months)



Upside Case

- Highly scalable business model
- Proven track record with Florida Power & Light is opening up new opportunities in US
- Substantial growth opportunities in US market

Downside Case

- Long enterprise sales cycle taking 9-12 months
- Competing with multinationals for business
- Enterprise customers can be slow to pay

Catalysts

- Demonstrated substantial growth in ACV
- Additional wins with US and Australian clients
- Development of data marketplace

Board of Directors

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

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Exhibit 1: Financial Summary

Pointerra Ltd						Share price (17 August 2023)						A\$	0.12				
Profit and Loss (A\$m)						Interim (A\$m)						H122A	H222A	H123A	H223F	H124F	H224F
Y/E 30 June	FY21A	FY22A	FY23F	FY24F	FY25F	Annual contract revenue (US\$m)	14.4	18.2	20.2	23.6	27.4	31.5					
Annual contract value (US\$m)	9.8	18.2	23.6	31.5	41.0	Total Revenue	3.2	7.4	4.1	7.5	8.5	11.0					
Sales Revenue	4.0	9.8	11.1	19.5	29.2	EBITDA	(1.2)	1.2	(3.5)	(0.3)	0.5	2.3					
Total Revenue	4.6	10.7	11.6	19.5	29.2	EBIT	(1.3)	1.0	(3.6)	(0.3)	0.5	2.3					
Gross Profit	3.7	8.9	10.1	17.7	26.6	NPAT (normalised)	(1.3)	1.3	(3.6)	(0.2)	0.3	1.6					
EBITDA Adjusted	(1.1)	0.03	(3.7)	2.8	6.5	Minorities	-	-	-	-	-	-					
Depn	(0.1)	(0.1)	(0.1)	(0.0)	(0.0)	NPAT (reported)	(2.3)	(0.4)	(3.2)	(0.2)	0.3	1.6					
Amort	(0.0)	(0.2)	(0.0)	(0.0)	(0.0)	EPS (normalised)	(0.20)	0.20	(0.52)	(0.03)	0.05	0.23					
EBIT Adjusted	(1.3)	(0.3)	(3.8)	2.8	6.4	EPS (reported)	(0.35)	(0.04)	(0.47)	(0.03)	0.05	0.23					
Interest	0.0	0.00	(0.0)	(0.0)	(0.0)	Dividend (cps)	-	-	-	-	-	-					
Tax	0.0	0.29	0.1	(0.8)	(1.9)	Imputation	-	-	-	-	-	-					
Minorities	0.0	0.00	0.0	0.0	0.0	Operating cash flow	(0.1)	(1.3)	(0.9)	0.7	3.7	1.2					
Equity accounted assoc	0.0	0.00	0.0	0.0	0.0	Free Cash flow	0.0	(1.2)	(0.9)	0.7	3.7	1.2					
NPAT pre significant items	(1.2)	0.01	(3.8)	1.9	4.5	Divisions	H122A	H222A	H123A	H223F	H124F	H224F					
Significant items	(0.2)	(2.7)	0.0	0.0	0.0	Contract revenue	3.2	6.6	3.8	7.3	8.5	11.0					
NPAT (reported)	(1.5)	(2.7)	(3.8)	1.9	4.5	R&D grants	0.1	0.8	0.2	0.2	0.0	0.0					
Cash flow (A\$m)	Total Revenue						3.2	7.4	4.1	7.5	8.5	11.0					
Y/E 30 June	FY21A	FY22A	FY23F	FY24F	FY25F	COGS	0.5	0.5	0.4	0.7	0.8	1.0					
EBITDA	(1.1)	0.0	(3.7)	2.8	6.5	Gross Profit	2.8	7.0	3.7	6.9	7.7	10.0					
Interest	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	R&D costs	(0.3)	(0.4)	(0.3)	(0.4)	(0.3)	(0.5)					
Tax	0.0	0.0	0.0	(0.8)	(1.9)	Employment	(2.6)	(3.2)	(3.8)	(4.0)	(4.1)	(4.3)					
Working capital changes	0.9	(1.4)	3.5	2.8	(2.3)	General & Admin costs	(0.7)	(1.0)	(2.8)	(2.5)	(2.5)	(2.6)					
Operating cash flow	(0.3)	(1.4)	(0.2)	4.8	2.2	Other costs	(0.3)	(1.1)	(0.3)	(0.3)	(0.3)	(0.3)					
Mtce capex	(0.1)	(0.2)	(0.0)	(0.0)	(0.0)	EBITDA	(1.2)	1.2	(3.5)	(0.3)	0.5	2.3					
Free cash flow	(0.4)	(1.6)	(0.3)	4.8	2.2	Margins, Leverage, Returns	FY21A	FY22A	FY23F	FY24F	FY25F						
Growth capex	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	EBITDA	(28.9%)	0.3%	(33.4%)	14.6%	22.2%						
Acquisitions/Disposals	0.0	0.0	0.0	0.0	0.0	EBIT	(32.0%)	(3.1%)	(34.5%)	14.3%	22.0%						
Other	0.0	0.0	0.0	0.0	0.0	NPAT pre significant items	(31.0%)	0.1%	(33.8%)	10.0%	15.4%						
Cash flow pre financing	(0.4)	(1.6)	(0.3)	4.7	2.1	Net Debt (Cash)	4.8	3.2	3.1	11.1	13.2						
Equity	3.3	0.0	0.0	3.5	0.0	Net debt/EBITDA (x)	(x)	n/a	126.1	n/a	3.9	2.0					
Debt	0.0	0.0	(0.0)	0.0	0.0	ND/ND+Equity (%)	(%)	2389.2%	(7884.3%)	87.2%	175.7%	335.0%					
Dividends paid	0.0	0.0	0.0	0.0	0.0	EBIT interest cover (x)	(x)	n/a	n/a	n/a	0.0	0.0					
Net cash flow for year	2.9	(1.6)	(0.3)	8.2	2.1	ROA	(21.4%)	(3.8%)	(52.6%)	23.0%	32.8%						
Balance sheet (A\$m)	Working capital						(0.7)	1.3	(0.6)	1.4	2.6						
Y/E 30 June	FY21A	FY22A	FY23F	FY24F	FY25F	WC/Sales (%)	(16.5%)	13.0%	(4.9%)	7.0%	8.8%						
Cash	5.2	3.6	3.4	11.4	13.6	Revenue growth	224.4%	146.0%	13.6%	74.9%	50.1%						
Accounts receivable	1.1	3.5	3.0	5.2	7.8	EBIT growth pa	n/a	n/a	n/a	(172.4%)	131.1%						
Inventory	0.0	0.0	0.0	0.0	0.0	Pricing	FY21A	FY22A	FY23F	FY24F	FY25F						
Other current assets	0.0	0.0	0.0	0.0	0.0	No of shares (y/e)	(m)	678	678	707	707						
Total current assets	6.2	7.1	6.4	16.7	21.4	Weighted Av Dil Shares	(m)	640	678	678	707	707					
PPE	0.2	0.2	0.1	0.1	0.1	EPS Reported	cps	(0.2)	(0.4)	(0.5)	0.2	0.6					
Intangibles and Goodwill	1.6	0.1	0.1	0.1	0.1	EPS Normalised/Diluted	cps	(0.2)	0.0	(0.6)	0.2	0.6					
Investments	0.0	0.0	0.0	0.0	0.0	EPS growth (norm/dil)	n/a	(100.5%)	n/a	(135.3%)	224.8%						
Deferred tax asset	0.0	0.0	0.1	0.1	0.1	DPS	cps	-	-	-	-	-					
Other non current assets	0.3	0.3	0.3	0.3	0.3	DPS Growth	n/a	n/a	n/a	n/a	n/a						
Total non current assets	2.1	0.5	0.6	0.6	0.6	Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%						
Total Assets	8.4	7.7	7.0	17.2	22.0	Dividend imputation	0	0	0	0	0						
Accounts payable	1.7	2.2	3.5	3.8	5.2	PE (x)	-	-	-	61.2	18.8						
Short term debt	0.1	0.1	0.1	0.1	0.1	PE market	15.0	15.0	15.0	15.0	15.0						
Tax payable	0.0	0.0	0.0	0.0	0.0	Premium/(discount)	(100.0%)	(100.0%)	(100.0%)	308.0%	25.6%						
Deferred revenue	1.4	1.7	3.5	8.2	7.1	EV/EBITDA	nm	nm	-	21.9	25.9	11.0					
Total current liabilities	3.2	4.0	7.1	12.1	12.4	FCF/Share	cps	(0.0)	(0.2)	0.0	0.7	0.3					
Long term debt	0.3	0.3	0.2	0.2	0.2	Price/FCF share	(557.7)	(66.2)	-	406.3	17.4	37.7					
Other non current liabs	0.3	0.1	0.1	0.1	0.1	Free Cash flow Yield	(0.2%)	(1.5%)	(0.2%)	5.7%	2.7%						
Total long term liabilities	0.6	0.4	0.3	0.3	0.3												
Total Liabilities	3.8	4.4	7.4	12.5	12.7												
Net Assets	4.6	3.3	(0.4)	4.8	9.3												
Share capital	13.8	13.8	13.9	17.4	17.4												
Accumulated profits/losses	(11.7)	(14.4)	(17.8)	(15.8)	(11.3)												
Reserves	2.5	3.8	3.4	3.2	3.2												
Minorities	0.0	0.0	0.0	0.0	0.0												
Total Shareholder funds	4.6	3.3	(0.4)	4.8	9.3												

Source: RaaS estimates, company data for actuals



FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

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Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

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AFSL 456663

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

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 - Securities
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Website: www.afca.org.au; Email: info@afca.org.au; Telephone: 1800931678 (free call)

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

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