

ACV and Q1 tracking to expectations

Pointerra Ltd (ASX:3DP) provides a powerful cloud-based solution (Pointerra3D) for managing, visualising, analysing, using and sharing massive 3D point clouds and datasets. It has taken what has been a highly manual, slow and cost prohibitive process and turned it into a fast, efficient workflow solution for 3D data, enabling digital asset management from any device in any location – simplifying the complex. 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 reported Annual Contract Value (ACV) of US\$11.7m at 29 October, up 19% on the ACV of US\$9.8m reported on 29 July. Given the second quarter is seasonally the strongest quarter for Pointerra, we are comfortable with our forecast for ACV to be at US\$15.4m at the end of January. Pointerra also reported Q1FY22 cash receipts of A\$0.98m and noted that it had invoiced but not received an additional A\$0.83m of receivables from Q1 activities. Costs for the quarter were A\$1.91m, 40% higher than Q4FY21 almost entirely due to employee costs, with the head count rising to 31 in the quarter. Pointerra finished the quarter with A\$4.26m cash in hand. We have maintained our forecasts and valuation. Our base case valuation of A\$0.90/share is predicated on Pointerra getting to ACV of US\$50m by December 2024.

Business model

Pointerra offers a suite of Software as a Service (SaaS) products to its clients: Pointerra3D Core, Analytics & Answers. Pointerra3D Core 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 and building and/or deploying analytics tools (Pointerra3D Analytics & Pointerra3D Answers) to interpret the client's 3D data. Pointerra has also recently soft-launched its 3D data marketplace which aims to sell insight into assets condition through both subscription and event-based models.

ACV and Q1FY22 result in line with expectations

Pointerra has announced ACV of US\$11.7m (A\$15.5m) at October 29, up 19% on the ACV reported on July 29 and 137% ahead of same quarter a year ago. This is a strong result, given Q1 is seasonally the slowest quarter for the company due to the US summer. We are comfortable with our forecast for US\$15.4m ACV at January end. Pointerra is now seeing broader adoption of its solution beyond US utilities and survey and mapping to all its target sectors with this being driven by the company's investment in new business development and sales resources. Q1FY22 cash receipts were A\$0.98m, up 61% on the same period in FY21. The company noted that it had invoiced for but not received payment for an additional A\$0.83m for services provided in Q1. The combined A\$1.81m in paid and unpaid receipts is 25% ahead of those reported in Q4FY21 and put the company on track to meet our H1FY22 forecast for A\$5.7m in cash receipts. Our earnings forecasts are unchanged.

Base case DCF valuation is A\$0.90/share

We use the discounted cashflow methodology to value Pointerra using a WACC of 14.0% (beta 1.8, terminal growth rate of 2.2%) and this derives a base case valuation of A\$0.90/share. Our valuation is predicated on ACV reaching US\$50m by H1FY25. We have dimensioned an upside case whereby ACV hits US\$50m by H1FY24 and this delivers a valuation of A\$1.81/share. Further earnings upside can be derived from 3DP's 3Dinsight.ai data marketplace which we have not yet included in our modelling, being very early stage.

Historical earnings and RaaS forecasts

Year end	ACV [^] (US\$m)	Sales Revenue (A\$m)	Gross Profit (A\$m)	EBITDA Adj (A\$m)	NPAT Adj (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)	61.75	nm
06/22e	21.0	14.5	13.4	5.6	3.8	0.6	16.5	42.9
06/23e	33.5	37.9	34.5	24.3	16.9	2.5	6.8	9.3

Source: Company data for historical earnings, RaaS estimates for FY22e and FY23e [^]Annual Contract Value

Software & Services

1st November 2021

Share Details

ASX code	3DP
Share price (29 Oct)	\$0.37
Market capitalisation	\$236.9M
Shares on issue	677.8M
Net cash 30 June 2021	\$4.26M

Share 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 wins with US and Aust clients
- Development of data marketplace

Board of Directors

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

Company Contact

Ian Olson (MD/CEO)	+61 417 998 328
ian.olson@pointerra.com	

RaaS Advisory Contact

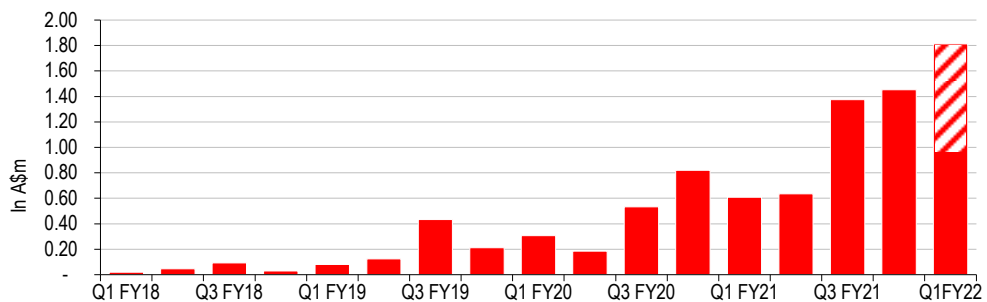
Finola Burke*	+61 414 354 712
finola.burke@raasgroup.com	

*Analyst holds shares

Q1FY22 Results Analysis

Pointerra reported Annual Contract Value (ACV) of US\$11.7m at 29 October, up 19% on the ACV reported on July 29 and 137% ahead of Q1FY21's reported ACV of US\$4.93m. Cash receipts for the period were \$0.93m and the company noted that it had invoiced but not received payment for another \$0.83m from Q1 activity. Combined these paid and unpaid receipts (A\$1.81m) exceed the cash receipts reported in Q4FY21. Had these invoices been paid, the Q1FY22 deficit would have been \$0.1m. Operating costs were A\$1.91m, up 40% on Q4 driven by a 43.6% increase in staff (including R&D) costs over Q4FY21. The company's head count is now 31, up from 29 at the end of June, with increased investment in sales and business development human resources. The company ended Q1 with A\$4.26m in cash.

Exhibit 1: Quarterly cash receipts Q1FY18-Q1FY22*



Source: Company reports *Q1FY22 shaded area includes A\$0.83m in invoiced but unpaid receipts.

Exhibit 2: Q1FY22 versus Q1FY21 and Q4FY21 (in A\$m unless otherwise stated)

	Q1FY21	Q4FY21	Q1FY22
ACV US\$m	4.93	9.80	11.70
Cash receipts	0.61	1.45	0.98
Cash outflows	(0.94)	(1.36)	(1.91)
Net interest	(0.01)	(0.01)	(0.01)
Other inc R&D grants	-	0.01	-
Operating cashflow	(0.33)	0.10	(0.93)
Cash at the end of the period	4.849	5.129	4.263

Source: Company data, RaaS analysis

Pointerra noted in its commentary that it had added new customers and that existing customers had increased ACV spend across all six target sectors – survey and mapping; energy utilities; transport; mining, oil and gas; and architecture, engineering and construction. The power utilities sector is currently the company's largest by ACV spend and during the quarter Pointerra added Western Power (Western Australia) as a customer, renewed SA Power Works (South Australia) and increased the scope of existing contracts with US energy giant NextEra and its wholly owned entity Florida Power & Light (FPL) which added to ACV.

DCF Valuation

In our view, given the early stage nature of Pointerra's business, the discounted cashflow methodology is the most appropriate method for valuing the company. We derive a weighted average cost of capital (WACC) of 14.0% (beta 1.8, terminal growth rate 2.2%) and this gives us a base case valuation of A\$615m or A\$0.90/share, fully diluted. Our valuation is predicated on Pointerra reaching an ACV of US\$50m by H1FY25.

Exhibit 3: DCF valuation

DCF valuation	Parameters
Discount Rate / WACC	14.0%
Beta	1.8
Terminal growth rate	2.2%
Sum of PV (A\$m)	244.7
PV of terminal value (A\$m)	364.8
PV of enterprise	609.5
Net cash at 30 Sept 2021	(4.3)
Net value - shareholder	614.7
No of shares on issue (fully diluted)	685.8
NPV in A\$	\$0.90
Source: RaaS analysis	

Exhibit 4: Financial Summary

Pointerra Ltd						Share price (29 October 2021)						A\$		0.41					
Profit and Loss (A\$m)						Interim (A\$m)						H120A		H220A	H121A	H221A	H122F	H222F	
Y/E 30 June	FY19A	FY20A	FY21A	FY22F	FY23F	Annual contract revenue (US\$m)	1.90	2.87	6.88	9.80	15.40	21.00							
Annual contract value (US\$m)	1.3	2.9	9.8	21.0	33.5	Revenue	0.5	0.7	1.6	3.0	5.2	9.4							
Sales Revenue	0.4	1.2	4.0	14.3	38.1	EBITDA	(1.3)	(0.4)	(1.0)	(0.2)	1.0	4.5							
Total Revenue	0.9	1.9	4.6	14.6	38.1	EBIT	(1.3)	(0.5)	(1.0)	(0.3)	0.9	4.4							
Gross Profit	0.9	1.8	3.7	13.3	34.7	NPAT (normalised)	(1.3)	(0.5)	(0.9)	(0.3)	0.6	3.0							
EBITDA	(1.9)	(1.7)	(1.1)	5.4	24.5	Minorities	-	-	-	-	-	-							
Depn	(0.0)	(0.0)	(0.1)	(0.1)	(0.0)	NPAT (reported)	(1.3)	(1.2)	(1.0)	(0.5)	0.6	3.0							
Amort	(0.0)	(0.1)	(0.0)	(0.2)	(0.1)	EPS (normalised)	(0.24)	(0.10)	(0.15)	(0.04)	0.09	0.45							
EBIT	(1.9)	(1.8)	(1.3)	5.2	24.3	EPS (reported)	(0.25)	(0.20)	(0.15)	(0.08)	0.09	0.45							
Interest	0.0	(0.0)	0.0	(0.0)	(0.0)	Dividend (cps)	-	-	-	-	-	-							
Tax	0.0	0.0	0.0	(1.6)	(7.3)	Imputation	-	-	-	-	-	-							
Minorities	0.0	0.0	0.0	0.0	0.0	Operating cash flow	(0.7)	(0.1)	(0.7)	0.5	0.8	3.1							
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0	Free Cash flow	(0.7)	(0.0)	(0.7)	0.6	0.9	3.2							
NPAT pre significant items	(1.9)	(1.8)	(1.2)	3.6	17.0	Divisions	H120A	H220A	H121A	H221A	H122F	H222F							
Significant items	(0.0)	(0.7)	(0.2)	0.0	0.0	Contract revenue	0.5	0.7	1.6	2.4	5.2	9.2							
NPAT (reported)	(1.9)	(2.5)	(1.5)	3.6	17.0	R&D grants	0.0	0.7	0.0	0.6	0.0	0.2							
Cash flow (A\$m)	Total Revenue						0.5	1.4	1.6	3.0	5.2	9.4							
Y/E 30 June	FY19A	FY20A	FY21A	FY22F	FY23F	COGS	0.0	0.1	0.1	0.2	0.4	0.7							
EBITDA	(1.9)	(1.7)	(1.1)	5.4	24.5	Gross Profit	0.5	1.3	1.5	2.8	4.8	8.7							
Interest	0.0	(0.0)	(0.0)	(0.0)	(0.0)	R&D costs	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)							
Tax	0.0	0.0	0.0	(1.6)	(7.3)	Employment	(1.1)	(1.2)	(1.7)	(2.2)	(3.1)	(3.4)							
Working capital changes	0.4	0.9	0.9	0.1	0.2	General & Admin costs	(0.4)	(0.3)	(0.3)	(0.4)	(0.4)	(0.4)							
Operating cash flow	(1.4)	(0.8)	(0.3)	4.0	17.4	Other costs	(0.1)	0.0	(0.2)	(0.2)	(0.2)	(0.2)							
Mtce capex	(0.0)	(0.1)	(0.1)	(0.0)	(0.0)	EBITDA	(1.3)	(0.4)	(1.0)	(0.2)	1.0	4.5							
Free cash flow	(1.5)	(0.9)	(0.4)	4.0	17.4	Margins, Leverage, Returns		FY19A	FY20A	FY21A	FY22F	FY23F							
Growth capex	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	EBITDA		(419.2%)	(138.7%)	(28.9%)	37.9%	64.3%							
Acquisitions/Disposals	0.0	0.0	0.0	0.0	0.0	EBIT		(430.6%)	(147.1%)	(32.0%)	36.4%	63.8%							
Other	0.0	0.0	0.0	0.0	0.0	NPAT pre significant items		(429.0%)	(149.4%)	(31.0%)	25.4%	44.6%							
Cash flow pre financing	(1.5)	(0.9)	(0.4)	3.9	17.3	Net Debt (Cash)		0.9	2.3	4.8	8.7	26.0							
Equity	1.2	2.5	3.3	0.0	0.0	Net debt/EBITDA (x)	(x)	n/a	n/a	n/a	1.6	1.1							
Debt	0.0	0.0	0.0	0.0	0.0	ND/ND+Equity (%)	(%)	448.2%	209.0%	2389.2%	1779.2%	3288.3%							
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	(0.4)	1.6	2.9	3.9	17.3	ROA		(100.0%)	(69.5%)	(21.4%)	46.8%	97.6%							
Balance sheet (A\$m)	ROE								(168.0%)	(258.4%)	(50.7%)	56.8%	101.6%						
Y/E 30 June	FY19A	FY20A	FY21A	FY22F	FY23F	ROIC		(140.4%)	149.1%	272.0%	(440.4%)	(871.2%)							
Cash	0.9	2.3	5.2	9.1	26.4	NTA (per share)		0.00	0.00	0.00	0.01	0.03							
Accounts receivable	0.5	0.6	1.1	2.9	7.6	Working capital		0.0	(0.2)	(0.7)	0.6	4.3							
Inventory	0.0	0.0	0.0	0.0	0.0	WC/Sales (%)		8.0%	(15.5%)	(16.5%)	4.4%	11.2%							
Other current assets	0.1	0.0	0.0	0.0	0.0	Revenue growth		42.1%	176.9%	224.4%	259.7%	166.0%							
Total current assets	1.6	3.0	6.2	12.0	34.0	EBIT growth pa		n/a	n/a	n/a	(509.9%)	365.7%							
PPE	0.1	0.1	0.2	0.2	0.1	Pricing		FY19A	FY20A	FY21A	FY22F	FY23F							
Intangibles and Goodwill	0.1	0.1	1.6	1.5	1.4	No of shares (y/e)	(m)	521	613	678	680	683							
Investments	0.0	0.0	0.0	0.0	0.0	Weighted Av Dil Shares	(m)	509	559	640	680	683							
Deferred tax asset	0.0	0.0	0.0	0.0	0.0	EPS Reported	cps	(0.4)	(0.5)	(0.2)	0.5	2.5							
Other non current assets	0.0	0.4	0.3	0.3	0.3	EPS Normalised/Diluted	cps	(0.4)	(0.3)	(0.2)	0.5	2.5							
Total non current assets	0.1	0.5	2.1	2.0	1.8	EPS growth (norm/dil)		n/a	n/a	n/a	(377.4%)	365.4%							
Total Assets	1.7	3.5	8.4	13.9	35.9	DPS	cps	-	-	-	-	-							
Accounts payable	0.5	0.8	1.7	2.2	3.3	DPS Growth		n/a	n/a	n/a	n/a	n/a							
Short term debt	0.0	0.0	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	0.4	1.2	1.4	2.8	6.6	PE (x)		-	-	-	75.7	16.2							
Total current liabilities	0.9	2.0	3.2	5.1	10.0	PE market		18.0	18.0	18.0	18.0	18.0							
Long term debt	0.0	0.0	0.3	0.3	0.3	Premium/(discount)		(100.0%)	(100.0%)	(100.0%)	320.7%	(9.8%)							
Other non current liabs	0.0	0.3	0.3	0.3	0.3	EV/EBITDA		nm	nm	nm	49.1	-							
Total long term liabilities	0.0	0.3	0.6	0.6	0.6	FCF/Share	cps	(0.3)	(0.1)	(0.0)	0.6	2.5							
Total Liabilities	0.9	2.3	3.8	5.7	10.6	Price/FCF share		(148.8)	(334.7)	(1,882.2)	68.6	15.9							
Net Assets	0.7	1.2	4.6	8.2	25.2	Free Cash flow Yield		(0.7%)	(0.3%)	(0.1%)	1.5%	6.3%							
Share capital	6.8	9.2	13.8	13.8	13.8														
Accumulated profits/losses	(7.6)	(10.2)	(11.7)	(8.1)	9.0														
Reserves	1.6	2.2	2.5	2.5	2.5														
Minorities	0.0	0.0	0.0	0.0	0.0														
Total Shareholder funds	0.7	1.2	4.6	8.2	25.2														

Source: Company data for actuals, RaaS estimates



FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

Effective Date: 6th May 2021



About Us

BR Securities Australia Pty Ltd (BR) is the holder of Australian Financial Services License ("AFSL") number 456663. RaaS Advisory Pty Ltd (RaaS) is an Authorised Representative (number 1248415) of BR.

This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS's services and includes such things as

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

Contact Details, BR and RaaS

BR Head Office: Suite 5GB, Level 5, 33 Queen Street, Brisbane, QLD, 4000

RaaS. 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: finola.burke@raasgroup.com

RaaS is the entity providing the authorised AFSL services to you as a retail or wholesale client.

What Financial Services are we authorised to provide? RaaS is authorised to

- provide general advice to retail and wholesale clients in relation to
 - Securities
- deal on behalf of retail and wholesale clients in relation to
 - Securities

The distribution of this FSG by RaaS is authorized by BR.

Our general advice service

Please note that any advice given by RaaS is general advice, as the information or advice given will not take into account your particular objectives, financial situation or needs. You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Prospectus, Product Disclosure Statement or like instrument. As we only provide general advice we will not be providing a Statement of Advice. We will provide you with recommendations on securities

Our dealing service

RaaS can arrange for you to invest in securities issued under a prospectus by firstly sending you the offer document and then assisting you fill out the application form if needed.

How are we paid?

RaaS earns fees for producing research reports. Sometimes these fees are from companies for producing research reports and/or a financial model. When the fee is derived from a company, this is clearly highlighted on the front page of the report and in the disclaimers and disclosures section of the report.

We may also receive a fee for our dealing service, from the company issuing the securities.

Associations and Relationships

BR, RaaS, its directors and related parties have no associations or relationships with any product issuers other than when advising retail clients to invest in managed funds when the managers of these funds may also be clients of BR. RaaS's representatives may from time to time deal in or otherwise have a financial interest in financial products recommended to you but any material ownership will be disclosed to you when relevant advice is provided.

Complaints

If you have a complaint about our service you should contact your representative and tell them about your complaint. The representative will follow BR's internal dispute resolution policy, which includes sending you a copy of the policy when required to. If you aren't satisfied with an outcome, you may contact AFCA, see below. BR is a member of the Australian Financial Complaints Authority (AFCA). AFCA provide fair and independent financial services complaint resolution that is free to consumers.

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.

Professional Indemnity Insurance

BR has in place Professional Indemnity Insurance which satisfies the requirements for compensation under s912B of the Corporations Act and that covers our authorized representatives.

DISCLAIMERS and DISCLOSURES

This report has been commissioned by Pointerra Ltd prepared and issued by RaaS Advisory Pty Ltd. RaaS Advisory has been paid a fee to prepare this report. RaaS Advisory's principals, employees and associates may hold shares in companies that are covered and, if so, this will be clearly stated on the front page of each report. This research is issued in Australia by RaaS Advisory and any access to it should be read in conjunction with the Financial Services Guide on the preceding two pages. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable. Opinions contained in this report represent those of the principals of RaaS Advisory at the time of publication. RaaS Advisory provides this financial advice as an honest and reasonable opinion held at a point in time about an investment's risk profile and merit and the information is provided by the RaaS Advisory in good faith. The views of the adviser(s) do not necessarily reflect the views of the AFS Licensee. RaaS Advisory has no obligation to update the opinion unless RaaS Advisory is currently contracted to provide such an updated opinion. RaaS Advisory does not warrant the accuracy of any information it sources from others. All statements as to future matters are not guaranteed to be accurate and any statements as to past performance do not represent future performance.

Assessment of risk can be subjective. Portfolios of equity investments need to be well diversified and the risk appropriate for the investor. Equity investments in listed or unlisted companies yet to achieve a profit or with an equity value less than \$50 million should collectively be a small component of a balanced portfolio, with smaller individual investment sizes than otherwise.

The science of climate change is common knowledge and its impacts may damage the global economy. Mitigating climate change may also disrupt the global economy. Investors need to make their own assessments and we disclaim any liability for the impact of either climate change or mitigating strategies on any investment we recommend.

Investors are responsible for their own investment decisions, unless a contract stipulates otherwise. RaaS Advisory does not stand behind the capital value or performance of any investment. Subject to any terms implied by law and which cannot be excluded, RaaS Advisory shall not be liable for any errors, omissions, defects or misrepresentations in the information (including by reasons of negligence, negligent misstatement or otherwise) or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the information. If any law prohibits the exclusion of such liability, RaaS Advisory limits its liability to the re-supply of the Information, provided that such limitation is permitted by law and is fair and reasonable. Copyright 2021 RaaS Advisory Pty Ltd (A.B.N. 99 614 783 363). All rights reserved.