

Pointerra Limited

Increasing PT to A\$ 0.14 (was A\$ 0.08)

Pointerra (ASX:3DP) recently hit our price target of A\$ 0.08 per share. In terms of a new 12-month price target, we are now starting to look to valuation multiples for FY19, specifically EV/EBITDA, given that we anticipate 3DP to turn EBITDA positive in the current financial year.

The average EV/EBITDA multiple for 3DP's peer group currently stands at nearly 21 (Figure 1). Given the company's high growth profile, one could argue that its multiple should actually be higher than that of its peer group, which on average will be growing substantially slower in the next few years. For now, though, we believe an EV/EBITDA target multiple of 20 for FY19 is justified for 3DP, which translates into a price target of A\$ 0.14 per share.

FIGURE 1: VALUATION MULTIPLES FOR 3DP'S PEER GROUP

Company	Code	EV/Revenues		EV/EBITDA	
		FY18	FY19	FY18	FY19
Nearmap	NEA	4.1	3.2	27.0	11.3
Tableau Software	DATA	4.6	4.0	47.2	34.2
Integrated Research	IRI	5.9	5.0	14.7	12.3
AutoDesk	ADSK	12.3	9.7	134.7	37.0
MYOB	MYO	5.3	4.8	11.7	10.8
XERO	XRO	8.0	6.3	56.5	30.9
Hexagon	HEXA B	4.9	4.6	15.4	14.0
Trimble	TRMB	4.0	3.6	19.0	16.2
		6.1	5.1	40.8	20.9
Pointerra	3DP	14.5	5.1	N/M	12.1

Source: TMT Analytics, S&P Capital IQ

De-risking of the investment case lowers the DCF discount rate

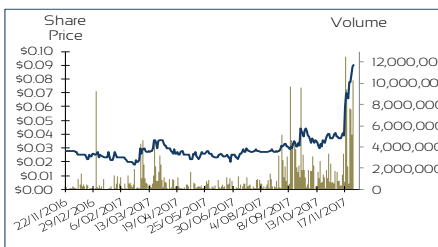
Due to 3DP's recent commercial successes, such as the AAM contract and the large opportunity from the current AutoDesk integration, we believe the investment case for 3DP is gradually de-risking. Consequently, there is room to lower the discount rate (WACC) in our DCF model, which we put at 15% at the time of research initiation in March 2017. We are lowering our WACC to 13%, implying a fair value of A\$ 0.14 per share.

We are increasing our price target to A\$ 0.14 per share

As we have mentioned in earlier research notes, we believe 3DP is one of the best globally scalable business listed on the ASX and the company is only just scratching the surface of its global monetization opportunities.

We reiterate our Buy recommendation for 3DP, while we increase our 12-month price target from A\$ 0.08 to A\$ 0.14 per share, which is a blend of 3DP's average peer group EV/EBITDA multiple for FY19 and the fair value derived from our DCF model.

Number of shares (m)	373.9
Number of shares FD (m)	604.7
Market capitalisation (A\$ m)	33.7
Free Float (%)	88%
12 month high/low A\$	0.10/0.017
Average daily volume (tr)	1,077



Pointerra Ltd.

(ASX:3DP)

Software & Services

Australia

Risk: High

Pointerra Limited (ASX:3DP) is focused on the commercialisation of its unique 3D geospatial data technology, providing the tools to map the world in 3D via its data-as-a-service solution for 3D geospatial data.

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BUY

Current price: A\$ 0.09

Price target: A\$ 0.14

(was A\$ 0.08)

29 November 2017

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