

Pointerra Limited

Sales momentum is accelerating

3DP's 4C announcement, published on 24 January, highlighted several key points for us:

- Firstly, just in the last quarter, the company has grown the number of individual deals in its sales pipeline by 70% q-o-q.
- Successful conversion of the most advanced prospects in this pipeline would already lift 3DP into cash flow positive territory, this early in the company's monetization stage.
- The company now has sales boots on the ground in North America and is making solid inroads into the vast North American energy utilities market (poles and wires) comprising hundreds of companies in the energy sector alone. We believe an individual client win in this space may translate into hundreds of thousands of dollars in revenues to 3DP annually.
- While 3DP's cash receipts grew to \$46k in the December quarter, from \$20k in the prior quarter, revenue figures were not released in the 4C. However, we expect 3DP will have seen a clear uptick in revenues, based on its growing client base. Moreover, these revenues should translate onto "strongly growing" cash receipts in the current and subsequent quarters according to 3DP.

Price target and rating unchanged

In our view, the recent sell off in 3DP shares is yet another example of the market's extreme focus on cash generation by emerging Tech companies.

We believe investors' real focus should be on tech companies' long-term ability to dominate their specific subsegment, which will determine how much of the available value they can capture in that subsegment. This is especially true for 3DP with its relatively low cash burn (~550k/quarter) and unrivaled 3D data management technology and market opportunity.

We believe 3DP is clearly building sales momentum, especially now that the company has launched US sales operations that specifically target the asset-rich energy transmission sector. We expect to see this momentum translated into top line revenues in the very near term, with the usual lag with respect to cash receipts due to typically long payment cycles for Enterprise customers.

Therefore, we reiterate our Buy recommendation for 3DP as well as our recently increased price target of A\$ 0.14 per share.



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Flash note

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\$ 0.099

Price target: A\$ 0.14

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TMT Analytics' issues a BUY recommendation in case of an expected total shareholder return (TSR, share price appreciation plus dividend yield) in excess of 25% within the next twelve months, an ACCUMULATE recommendation in case of an expected TSR between 5% and 25%, a HOLD recommendation in case of an expected TSR between -5% and +5% within the next twelve months and a SELL recommendation in case of an expected total return lower than -5% within the next twelve months.