



1 Out-of-This-World Space Play That's Ready to Soar into Orbit

Description

Maxar Technologies Ltd. ([TSX:MAXR](#))([NYSE:MAXR](#)), formerly known as MacDonald Dettwiler & Associates Ltd. under ticker TSX:MDA, recently closed its acquisition of DigitalGlobe and is now dual-listed on the TSX in addition to the NYSE. Since the stock is now available for Americans to own, shares of the company could experience an increase in trading volumes, as our neighbours south of the border start taking notice of this intriguing space play, which appears to be trading at a discount to its intrinsic value.

Potential synergies realized from DigitalGlobe could send Maxar skyrocketing

The \$3.1 billion DigitalGlobe deal is finally complete, and it's expected that the deal will open the door to many opportunities thanks to the numerous potential applications of the high-quality images of Earth taken from space. When combined with Maxar's radar technologies, the company can truly deliver the full package to prospective clients, including the U.S. government, which will need this technology for defence purposes.

Why have shares been hit so hard?

Many pundits believe that the satellite communications industry is on the secular decline, and this has caused shares of MDA to take a plunge to as low as \$65. Investors are afraid that once contracts expire, there may not be enough interest to replace them.

Going forward, Maxar is expected to be busy integrating DigitalGlobe to form an end-to-end solution with its radar technologies. In the eyes of clients, Maxar's services appear to be more attractive. As tensions continue to escalate with North Korea, it's likely that the U.S. government will increase their spending to see what Kim Jong-un is up to with his nuclear program.

Shares may be too cheap to ignore for value investors

Shares of MAXR currently trade at a 12 forward price-to-earnings multiple, a 2.3 price-to-book multiple, a 1.3 price-to-sales multiple, and a 25.3 price-to-cash flow multiple, all of which are lower than the company's five-year historical average multiples of 28.8, 4.5, 1.8, and 25.9, respectively.

The stock is dirt-cheap right now, and there are many reasons why MAXR could be poised for a rebound as DigitalGlobe opens a new runway for growth. There's a significant margin of safety involved with picking up shares right now, so if you've got the patience, now may be the time to pick up shares, while you collect the bountiful 2.1% dividend yield.

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