



Don't Miss Your Chance to Get in Early on the Space Race 2.0!

Description

Introducing Space 2.0

First there was the post-World-War II space race between the United States and Russia, beginning with Sputnik in 1957 and ending with the Atlantis flight in 2011.

America, and capitalism, emerged as the victor of that first space battle, but now the world is embarking on a new frontier — Space 2.0 — which will see private companies compete for their share of the intergalactic space market.

But you don't have to wait for Elon Musk to release an initial public offering (IPO) to get in on the action.

Maxar Technologies Ltd. ([TSX:MAXR](#))([NYSE:MAXR](#)) was created last fall out of the merger of MacDonald, Dettwiler and Associates Ltd. and Digital Globe.

The newly formed company is now a vertically integrated satellite imaging business with the U.S. government as its key customer.

MacDonald Dettwiler & Associates, the Canadian half of the new company, used to be concentrated on building satellite communications systems for the commercial market, primarily media companies.

However, as margins on the company's satellite builds started to fall, management knew it had to take drastic action or else risk becoming obsolete.

The result was [Maxar's acquisition of Digital Globe](#) in 2017 for \$2.4 billion.

The transformative purchase will go a long way to help the company as it makes a pivot towards securing U.S. defence contracts through its space systems and imaging business units.

But to compete for those contracts, the U.S. defence department has a set of very stringent criteria that Maxar will have to meet first.

One of the main obstacles standing in Maxar's way is the establishment of a U.S. domiciled company

headquarters.

The acquisition of Digital Globe, which is already based in the U.S., makes significant strides in that regard, and Maxar has plans to fully staff a U.S.-based headquarters within the next two years.

Not to mention that Digital Globe already has existing relationships with the federal government, giving you reason to believe the company's chances of entering the lucrative U.S. defence market are a lot better now than when MacDonald, Dettwiler and Associates Ltd. was a standalone entity.

Recent disappointing quarterly results have put the company on sale

There's no question that Maxar is currently in a transition period, moving from its old satellite business to the newer space systems and imagery business — and we all know how difficult transitions can sometimes be.

But it seems as though the market wasn't willing to cut Maxar much slack when it reported its fourth-quarter results last month.

Despite making progress on many of the initiatives that it hopes will one day help it become a key supplier to the U.S. government, the market seemed more hung up on a temporary decline in sales and profits that stemmed from decreased activity in the company's geostationary communications satellite construction unit.

Shares fell 22% on the company's [Q4 results](#) and are now down about 25% from their previous highs.

This is your opportunity

Investors who have held shares in the company in years gone by may be selling them now either because they don't appreciate — or simply don't understand — the company's big plans for its space systems and satellite imagery business.

But investors focused on disappointing quarterly results may not be seeing the forest for the trees and may find themselves shaking their heads in five or 10 years, wondering what could have been if they had taken a chance with this company, which is on the verge of making a big breakthrough in the next space race.

CATEGORY

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Author

jphillips

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