



A 1-Stop Shop to Invest in Space Technology

Description

Value investing is one of the safest ways to invest and made good returns. Buying on dips in fundamentally sound companies that are priced at a value is the way to go.

Maxar Technologies Ltd. ([TSX:MAXR](#))([NYSE:MAXR](#)) stock has obviously dipped and is trading near its 52-week low. Should you consider the stock as a [value play](#) today?

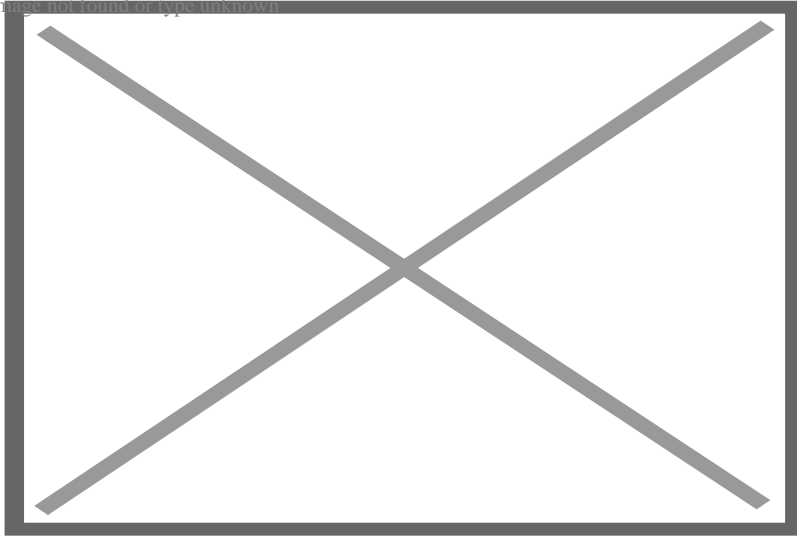
Let's first take a look at what the company does.

The business

You might be more familiar with Maxar's former name, MacDonald, Dettwiler and Associates. Maxar provides advanced space technology solutions for commercial and government markets, including satellites, Earth imagery, geospatial data and analytics, globally.

Maxar provides end-to-end advanced systems capabilities and integrated solutions expertise to help its customers. An application for its high-resolution imagery is supporting autonomous driving applications.

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Recent results

In the first quarter, Maxar generated US\$557.7 million of revenue. Its business segments include the Space Systems segment, the Imagery segment, and the Services segment, which contributed about 52.6%, about 38%, and about 12.6% to the first-quarter revenue, respectively.

Maxar saw strong growth in its Imagery and Services segments, and it expects that to continue, as “demand remains robust given a dynamic global geopolitical environment and the continued expansion of commercial use cases for geospatial data and insights,” said Howard Lance, president and CEO of Maxar.

Notably, Maxar has been transforming drastically, as its revenue mix in the first quarter of 2017 was about 91% from the Space Systems segment, about 2% from the Imagery segment, and about 6.8% from the Services segment.

In the first quarter, Maxar’s adjusted earnings before interest, taxes, depreciation, and amortization were US\$187.4 million, and its adjusted earnings per share were US\$1.47. It’s not meaningful to compare the quarterly results with the same period from a year ago because of the company’s big changes.

Notably, Maxar had US\$3.3 billion of backlog projects at the end of the quarter.

Valuation and upside potential

Maxar estimates adjusted earnings per share to be US\$4.65-4.85 this year. If so, the company is trading, at worst, at a forward price-to-earnings multiple of about 10.4 at about US\$48.30 per share.

The analyst consensus from **Thomson Reuters Corp.** has a 12-month target of US\$63.70 per share on the stock, which represents almost 32% near-term upside potential.

Investor takeaway

As Maxar is still transforming, it expects revenue decline of 2-4% this year. The company is trading at a

discounted multiple, but it can deliver double-digit growth over the next three to five years. So, investors looking for a medium- to long-term [growth idea](#) should look further into Maxar.

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