



Forget SpaceX. The Most Interesting Space Company Is Listed in Canada

Description

After Elon Musk, Richard Branson, and Jeff Bezos, it seems billionaires have collectively decided that the final frontier is the next fountain of opportunity. For the first time ever, money from the private sector is pouring into high-risk ventures like space mining, near-Earth orbital tourism, and satellite launches.

Musk's SpaceX is arguably the most well-known private space venture. It seems to suck up all the media attention and manages to get millions of viewers for every live-streamed launch. I think it's fair to say SpaceX has captured the imagination of the public like no other company in the industry.

At this point, there's little doubt that the Hawthorne-based firm will be a key player in a market that **Morgan Stanley** believes could someday be worth \$1.1 trillion (Yes, trillion with a *t*). However, investors need to look elsewhere for opportunities to get a slice of this lucrative market.

SpaceX isn't publicly listed, of course, but it's not the only player. In fact, four of the most experienced and interesting companies in the emerging space industry recently merged to create one gigantic conglomerate. This new company is publicly listed in both the U.S. and Canada.

MDA, SSL, DigitalGlobe, and Radiant Solutions merged at the end of 2017 to create **Maxar Technologies** ([TSX:MAXR](#))([NYSE:MAXR](#)). Technically, the firm is Canadian, but it's in the process of moving its domicile to the U.S. That's because the American government is still the largest customer in the space industry and American companies have a much higher chance of winning domestic security and federal contracts (for obvious reasons).

Through its four subsidiaries, Maxar delivers four different services. MDA and SSL manufacture satellites, assist with launch missions, offer space repair services, and operate complex space network infrastructure. DigitalGlobe collects high-resolution satellite imagery through its own network of small satellites in near-Earth orbit. Finally, Radiant Solutions offers machine learning AI and data analytics to comb through the sort of geospatial data DigitalGlobe collects.

You can see how all four businesses have genuine synergies. SSI makes the satellites, MDA maintains the network, DigitalGlobe uses the network to collect data, and Radiant analyses the data.

Consolidated, the company managed to generate \$2.3 billion in revenue and \$100 million in profit last year. That's right, the company is actually profitable. It's also operating cash flow positive. That's not all. Maxar is paying out a dividend of \$1.48 per share over the course of this year. At the current stock price of \$29.55, that's a jaw-dropping dividend yield of 5%. I checked the company's financial statements to see if this dividend was a one-off. [It turns out, it isn't](#). Maxar has been paying a consistent dividend since 2011. Dividends have grown at an annually compounded rate of 5.8% over that period.

Maxar has admitted that certain businesses, like satellite manufacturing, are facing near-term headwinds. However, the company expects growth to be driven by its data collection and data analytics services. If data is the new oil, Maxar's DigitalGlobe is collecting it in space and Radiant is processing it for commercial use.

I believe investors have overlooked this company since the merger flew under the radar last year. Maxar may not have SpaceX's brand power or media attention, but it does have experience, a strong balance sheet, and a long-term acquisition-driven strategy that I think is worth a closer look.

The commercialization of the final frontier is a once-in-a-generation opportunity. Billionaires understand that, which is why they're getting more involved. Retail investors shouldn't get left behind.

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