



Reach for the Stars, if You Dare, With This Leveraged Space Stock

Description

Maxar Technologies ([TSX:MAXR](#))([NYSE:MAXR](#)) is one of those companies that I [really want to love](#), no matter what. The former MacDonald DettWiler and Associates Ltd. is seeking to become a leader in space services and technologies, everything from space servicing and Earth observation to next-generation and robotics. That's right, for all you Trekkies out there; I posit that this company will hopefully be the first to design a warp-capable starship.

The company is involved in numerous space initiatives under a variety of different brands. The company has three operating segments: Space Systems, Imagery, and Services. The Space Systems segment consists of SSL, its communications and Earth observation satellite brand, and MDA, its space and ground infrastructure and systems brand. MDA is responsible for space robotics and defence.

The Imagery segment brand DigitalGlobe is responsible for satellite imagery and geospatial information. The Services segment is responsible for geospatial intelligence, analytics, and services. This segment is under the brand of Radiant Solutions, which focuses on machine learning. These business segments are involved in cutting-edge areas of space travel and space business. In the future, who knows what role this company will play?

The company recorded a net loss of US\$0.33 in its second-quarter results. Revenues increased by 51.8% over the second quarter of last year. The increase was primarily due to the DigitalGlobe acquisition. The loss was primarily due to the huge increase in interest from its acquisition-related long-term debt. For the time being, debt is going to be a major drag on the company's financials. Investors would be well served to keep tabs on Maxar's ability to service this debt and still grow its earnings and cash flow.

As interesting as the company is, though, the financials are not too amazing at the moment. Maxar pays a nice dividend of almost 4%, although I am not banking on the dividend, considering the amount of debt the company has on the books. Nevertheless, there is a dividend at the moment, which should ease some investors' minds while they wait for the company to pay down the debt.

In order to create this company, Maxar made a number of strategic acquisitions, including that of Neptec Design Group, a Leading Space Sensors Company in Canada and the United Kingdom. Maxar paid US\$8 million in cash and shares for the acquisition. This purchase, along with a number of others, has caused the company's [total debt](#) to skyrocket to US\$4.2 billion of total debt as of June 2018. Considering the company has a market capitalization of only \$2.3 billion, this is a little intimidating.

Even though this company's financials are not that amazing at the moment, I can't help but be drawn to what it does. The business initiatives, like space propulsion, robotics, and artificial intelligence, are amazing new technologies, and this company is poised to capitalize on the new space economy. Unfortunately, I cannot recommend this company on a financial level. Cautious investors should probably sit this one out until the merger-related debt begins to come down.

Personally, I'm taking a flyer on this one, because I have a dream of space as the next frontier.

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