



## Is Maxar Technologies (TSX:MAXR) a Buy?

### Description

It's been an incredibly rough year for shareholders of **Maxar Technologies** ([TSX:MAXR](#))([NYSE:MAXR](#)). Once trading near \$70 per share only a year ago, the stock plummeted to a 52-week low of \$5.10. Since then, the stock has doubled, trading at the time of writing at \$11.60; but that's nowhere near where it used to be.

Yet over the last few months, there have been some boosts for the stock. Most recently, shares jumped about 16.5% on July 2 after news the company could potentially be teaming up with Italian aerospace company Leonardo SpA and France's Thales SA. This could bring in US\$1 billion for the once great company.

But before we get ahead of ourselves and buy this stock based on some recent news, let's take a deep dive into whether Maxar is still worth your investment.

### What happened

The aerospace developer satellite communications technology suffered a huge loss at the beginning of 2018 after its WorldView-4 satellite suffered a gyro [malfunction](#). The malfunction led to a multi-million-dollar satellite loss as well as the loss of a huge income stream for Maxar.

Luckily for the company, the satellite was insured, with the company's insurer agreeing to pay all the \$183 million value of its defunct satellite. However, that doesn't bring back the \$85 million in annual revenue that Maxar was getting from its satellite photography.

Before disaster struck Maxar was already struggling, operating at a loss and using up its cash on acquisitions and [re-investment](#). It now has \$3.3 billion in long-term debt, with no cash to pay it down. That's why every potential influx of cash for this company has led to a boost in share price, with investors hoping *this* time it will bring back what the company lost.

## Turning point

Then came a turning point when NASA said it would use Maxar to “design, build and demonstrate operations of a spacecraft that could support returning humans to the surface of the Moon by 2024.” The Artemis project, as it’s been named, will put \$325 million in Maxar’s pocket, and provide it with an opportunity to prove itself once again. That could be quick, as a 2024 deadline means a 2022 deadline for the completion of the aircraft for testing.

Now with Italy and France considering Maxar, things are looking up for the company’s bottom line. Of course, there are those who think the rumours of US\$1 billion are far too high, but it will still add a lot to the company’s books and prove to investors that there is still value in Maxar.

## Should you buy?

Here’s the main issue still with Maxar: cash flow. Should all three of these projects come to fruition, it still won’t be enough to fix the company’s balance sheet and immense amount of debt. While revenue is great, the reason investors fled after the malfunction was that was *recurring* revenue out the window. Until Maxar has that back on the books, the company will likely continue to struggle.

However, the move from NASA cannot be ignored, and these latest additions from Italy and France are also great news for the company. Showing trust in the company from such agencies gives investors something to trust in as well and could bring investor confidence back in spades once the projects are completed.

Now granted, analysts say that the current share price is far below fair value of around \$30 per share, but investors are running scared. For every new quarterly earnings report, more investors flee the scene, as the company continues to miss expectations. This will likely continue to happen until these — and more — projects are well underway, and those millions promised are handed over.

For now, I would wait for another dip before buying up Maxar. The potential for capital gains is huge, but there is still quite a lot of risk with this company to go ahead and buy up every share you can.

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alegatewolfe

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