



Forget SpaceX! This Canadian Firm Has Already Enabled Space Broadband

Description

When Elon Musk's SpaceX launched its ambitious Starlink project earlier this year, the media portrayed the move as ground-breaking. The Hawthorne, California-based company deployed 60 satellites this year as part of a satellite constellation development plan that could create an internet service provider that would beam down data from low-Earth orbit.

The plan sounds surreal and futuristic, until you consider the current state of space technology and the economics of the wireless communications industry. Over recent years, the development of reusable rockets and satellite miniaturization has drastically reduced the price of creating infrastructure in orbit around our planet.

Meanwhile, the demand for wireless internet is expanding, despite the high costs and lack of available coverage in most parts of the world. The wireless service industry is ripe for disruption, and SpaceX seems to be leading the way.

However, Musk's firm isn't the only one trying to create a space-based internet service. In fact, it isn't even the first company to come up with this innovative idea. Back in 1996, a group of engineers launched HughesNet, the world's first satellite internet service for consumers and small businesses.

In 2017, the company launched two new satellites — EchoStar XVII and XIX — with higher throughput. This means they can now provide 25 megabits per second (Mbps) download speeds and three Mbps upload speeds with monthly plans starting at \$60. The service already has more than 1.3 million subscribers across North America.

In other words, space internet is a reality, and the company that made it possible was Canadian satellite manufacturer **Maxar Technologies** ([TSX:MAXR](#))([NYSE:MAXR](#)). Maxar designed and developed the EchoStar satellites that power HughesNet's network.

Over the past few years, Maxar has acquired new space technology businesses and relocated to the United States to win American government and commercial contracts. That strategy has already worked out.

Earlier this year, Maxar won a contract with the National Aeronautics and Space Administration (NASA) to update and modify the agency's space-based communications architecture. In June, the

company announced it had won a study contract with the U.S. National Reconnaissance Office for Commercial Imagery Capabilities (NRO).

Maxar is also currently building the JUPITER 3 satellite, which will provide more concentrated capacity for the HughesNet network.

These early victories could indicate that management is finally turning the business around. Maxar's stock has been languishing since 2015 and has lost over 90% of its value since then. Investors are anxious about the company's debt burden and lack of consistent cash flows. [Major repayments are due](#) over the next few years, which means the company is teetering over the edge.

However, winning more contracts with government agencies and private companies like HughesNet could help management mitigate the debt burden and bolster their lead in the space technology industry. This could potentially lead to a windfall for contrarian investors who buy early.

The stock has already doubled over the course of this quarter. However, it's still trading at less than two times forward earnings, 26% of trailing revenue, and 93% of book value. Maxar's turnaround story hasn't been baked into the price just yet, which means optimistic investors with an appetite for risk still have a chance to get in.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:MAXR (Maxar Technologies)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing
2. Tech Stocks

Tags

1. Editor's Choice

Date

2025/07/28

Date Created

2019/07/05

Author

vraisinghani

default watermark

default watermark