



I Love This Company But Hate to Recommend it

Description

Maxar Technologies ([TSX:MAXR](#))([NYSE:MAXR](#)) is the definition of a high-risk, high-reward stock. It has been under pressure for almost a year now, falling from a high of around \$100 a share to a low of under \$10, an almost 95% drop in its share price. But I've loved the idea of space travel all my life, so I can't help but put a bit of cash into the dream.

A series of missteps and bad luck have pummeled the company, leaving it with a decimated dividend, weakened shares, and a disheartened shareholder base. Nevertheless, this company is involved in a business segment that could become a high-growth sector.

Maxar focuses on developing space-based technologies. It owns and operates a series of satellites which it uses to provide companies and governments with space-based intelligence solutions. A large percentage of its overall revenues come from the satellite business. It was the failure of one such satellite, the Worldview 4 Satellite, that was the final straw that led to the final collapse in Maxar's share price and the ultimate destruction of its dividend.

The loss of revenue from the satellite put more doubt about the future of the technology company into analysts' minds. Year-over-year revenue was 9.9% — not an encouraging number. The [Q1 net earnings loss](#) of \$59 million also hit the company hard. Since Maxar is heavily indebted since its transformational merger, the lost revenue hit the company much harder than would have been the case had it maintained a stronger balance sheet.

Fortunately, the satellite was fully insured, and Maxar has since claimed that the company will recover the cost of the satellite. Of course, this does not replace the lost revenue the company will face in the future, but it mitigates some of the damage done to its balance sheet and reputation.

The truth is, Maxar is not just a satellite company. It is involved in multiple areas of the new space race. It has a space robotics business segment, which includes technologies such as the Canadarm, the giant robotic implement used by space vessels to release and repair satellites in orbit.

But the most exciting aspect of the company is its positioning for the future of space travel. Maxar is also engaged in developing new space-propulsion technologies that will one day carry us back to the moon and beyond. Recently, the company announced that it has been hired to aid in the development of NASA's lunar gateway, which will hopefully help establish a presence on the moon.

This brings me to my final point. A large portion of Maxar's revenues come [from governments](#). With nations acting as major customers, there is a very good chance that its income will be stable over the long term. After all, Maxar doesn't only focus on dreamy activities like space travel. It also sells technologies that aid in defence, especially to the United States government.

This is a stock for dreamers, so buy in small amounts

I'm not generally enthused about buying companies with mountains of debt, a slashed dividend, and a terrible stock chart. But in the case of Maxar, I make an exception. Every time I read through the company's presentations, financial reports, and the web page, I am drawn in by its commitment to space exploration and travel.

I could make the case that Maxar is a value play, with its low price-to-book and shattered share price. But the truth is, this is a high-risk company that you do not want to invest in unless you believe in the future of space exploration and travel. Yes, the company has other revenue sources like its satellite business, but it is risky. Only put a small amount of money into this company as a long shot if you, like me, are excited about humanity's future in space.

CATEGORY

1. Dividend Stocks
2. Investing
3. 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. Dividend Stocks
2. Investing

3. Tech Stocks

Tags

1. Editor's Choice

Date

2025/08/15

Date Created

2019/07/18

Author

krisknutson

default watermark

default watermark