



Maxar Technologies' (TSX:MAXR) Stock Rebound Could Be Epic

Description

Space tech giant **Maxar Technologies** ([TSX:MAXR](#))([NYSE:MAXR](#)) is probably one of the most volatile stocks listed on the Toronto Stock Exchange. After losing over 80% of its value in 2018, the stock [spiked 81% in the second quarter of this year](#) and has since lost a fifth of its value again.

Investor sentiment seems to be swinging like a pendulum with every quarter, and for good reasons. The company has a debt burden that exceeds \$4.3 billion, while its market value hovers around \$438 million at the time of writing.

Spruce Point Capital Management called the company a fraud last year and said the value of the its equity could be effectively wiped out soon. That's certainly a possibility, but investors should also consider what happens if the company averts disaster.

If Maxar's management can pull off the seemingly impossible, by selling a subsidiary, raising external funds, or winning critical contracts, the stock's value could pop considerably. In fact, **JPMorgan Chase & Co.** estimates a potential upside of [60% from the current market price](#).

Here are three signs that could offer some hope of Maxar's survival and possible rebound to growth.

Still winning contracts

Despite its financial and operational issues, the company still seems to be attracting new clients. The team has won some major contracts this year alone.

In May, NASA awarded the company a contract to work on its Gateway lunar orbit platform. In August, the team announced it would work with the Canadian Space Agency on its Gateway External Robotic Interfaces project.

By September, management had signed up more major clients including the U.S. National Geospatial-Intelligence Agency and the International Defense and Intelligence service.

I find it hard to believe government agencies would be offering these highly valuable, multi-year deals if they believed Maxar was on the verge of going out of business soon.

U.S. domestication opens new opportunities

Moving the company's headquarters to the U.S. was a critical step that could ensure its survival. American companies and government agencies are, by far, the largest clients for the global commercial space sector right now.

Government intelligence, aerospace, and defence agencies may be restricted to domestic contractors for national security purposes. Which is why Maxar's move to Westminster, Colorado, may have enhanced its chances of winning pivotal government space contracts.

There's plenty of space (sorry) for growth

Bank of America Merrill Lynch and **Morgan Stanley** estimate that the commercial space technology industry could be worth anywhere from \$1.1 trillion to \$2.7 trillion by 2040. To put that into perspective, India's economy, currently the sixth largest in the world, is worth \$2.6 trillion today.

That means Maxar has plenty of room to grow for the foreseeable future, if it can simply survive over the next few years and turn its business around.

Foolish takeaway

Maxar Technologies is probably the riskiest stock on the market right now. It may very well go bankrupt imminently, but if management can avoid that fate the stock's rebound is likely to be spectacular. If you're a thrill-seeking speculator, add this to your watch list.

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