



Elon Musk Fans: Bet on This Space Tech Stock

Description

Elon Musk's SpaceX is an undoubtedly awe-inspiring venture. However, Musk isn't the only billionaire that's reaching for the stars. British entrepreneur Sir Richard Branson could be listing his space tourism company, Virgin Galactic, next week. Meanwhile, Jeff Bezos has also poured billions into his space tech venture since 2000.

These mega-bets on an emerging technology seem to be indicating that the market for space tourism and commercial activities could be immense. **Bank of America** Merrill Lynch and **Morgan Stanley** estimate the industry could be worth anywhere from \$1 trillion to \$3 trillion by 2040.

Fortunately for Canadian investors, there's already a well-established space technology company listed on the stock exchange: **Maxar Technologies** ([TSX:MAXR](#))([NYSE:MAXR](#)).

Maxar is the amalgamation of four space tech firms that offer satellite construction, space equipment, space imagery, and data analytics. In other words, it's a company that rolls up all the serious space commercial activities into one publicly listed stock.

That stock, however, has had a rough ride over the past few years. Since last year, the company has lost nearly 85% of its value. Last year, short-seller Spruce Point's allegations that the company's finances were severely mismanaged butchered the stock price.

Investors now believe the company could buckle under the weight of its sizable debt and [potentially go bankrupt](#) before the space tech revolution kicks off. After all, the company has restructured itself and cut dividends in an effort to manage its immense \$4 billion in long-term debt.

However, there are signs that the company could turn things around and steady the ship.

Maxar's dramatic turnaround

As I discussed in an earlier article, [Maxar stock](#) has been showing signs of revival over the past year.

Firstly, and most importantly, the company has moved its headquarters to the United States. This makes it more likely to win U.S. government contracts that could be sensitive to national security. In

fact, the company has already struck deals with the defence and intelligence agencies.

Secondly, the company plenty of valuable assets that can be spun off to generate cash and repay debt before bonds mature. For example, the firm could strike a licensing deal for some of its intellectual property or sell one of its subsidiaries to a space tech startup for billions.

I can't say for sure if the management will be able to pull this off and salvage the company, but if they do the returns for shareholders could be massive. **JPMorgan Chase** estimates the upside could be as much as 60% if operations improve and the stock gets re-rated by Bay Street and Wall Street investors.

Bottom line

Elon Musk isn't the only pioneer in the space race. Canada's homegrown space tech company has been around for decades and is now facing a transition period that could either unlock tremendous value or destroy wealth.

If you're a growth-seeking investor with an appetite for risk and a positive outlook for the space tech industry, Maxar should certainly be on your radar.

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