



This Canadian Tech Stock Gives You Direct Exposure to Space Exploration

Description

Ready for a trip to Mars? It could be happening soon thanks to Elon Musk and his new rocket. Dubbed the Starship, this vehicle is a critical piece of Musk's vision to send people to far-off planets. "The critical breakthrough that's needed for us to become a space-faring civilization is to make space travel like air travel," Musk noted. "This is basically the holy grail of space."

Other billionaires have also joined the race, including **Amazon.com, Inc.** founder Jeff Bezos and Virgin Galactic founder Richard Branson. According to **Bank of America Corp**, the commercial space sector will be worth \$2.7 trillion by 2045. If you want in on this burgeoning trillion-dollar opportunity, **Maxar Technologies Ltd.** ([TSX:MAXR](#))([NYSE:MAXR](#)) might be your best opportunity.

The race for space

Currently, the global space industry is worth just \$350 billion, but has seen annual growth between 7% and 8% for years. According to most investment banks, that growth should continue. Some market forecasts estimate the space industry could become a multi-trillion industry by 2040. That's a long way away, but we should see [consistent growth](#), year after year, until we reach that point.

For example, **Goldman Sachs Group Inc.** predicts the industry will surpass \$1 trillion in value sometime in the 2040s. Another study by **Morgan Stanley** projects a similar \$1.1 trillion market by the 2040s. **Bank of America**, meanwhile, sees the industry growing to \$2.7 trillion within the same timeframe.

When patching together the best estimates, it's likely that the space economy will be worth somewhere between \$1 trillion and \$3 trillion over the next two decades. While it may be tempting to bet on individual space companies, that's currently difficult as many of them aren't public. Even if it were possible, you'd be betting your money on an individual winner, not the industry as a whole.

Instead, the best investment is likely a *supplier* to the industry, a company that can win regardless of which space exploration business ultimately succeeds.

The place to be

Maxar Technologies is one of the largest suppliers in the world for space exploration organizations, both public and private. For example, in recent months, it was chosen to design and manufacture navigation antennas for an **Airbus SE** satellite, secured a contract with the Canadian Space Agency to assist with the design of a forest fire monitoring satellite, closed a four-year deal with the U.S. National Geospatial-Intelligence Agency for a global imaging system, won a bid to build a cloud-based geospatial intelligence analysis architecture for the U.S. Air Force, and delivered its sixth robotic arm for NASA's Mars 2020 rover.

In summary, Maxar is a serious contender for supplying the biggest and most reputable space organizations on the planet. Recently, however, accounting troubles have pushed the stock price down more than 80%. Note that these troubles don't have anything to do with the industry's promise, but rather management's alleged use of aggressive accounting measures.

In September, **JPMorgan Chase & Co.** decided shares were too much of a bargain, rating the stock as a "buy" while setting a price target 70% above the current trading range. Since then, Maxar has continued securing more projects and successfully delivering on its backlog.

Following the recent accounting dispute, shares trade at just 4 times 2019 earnings, and just 3.2 times 2020 earnings. There could be some discrepancy if accounting measures are tightened, but that rock-bottom valuation leaves plenty of room for error. If you want to capitalize on the space race, this might be your best chance ever.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:MAXR (Maxar Technologies)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Investing
2. Tech Stocks

Date

2025/08/18

Date Created

2019/11/03

Author

rvanzo

default watermark

default watermark