



One Beaten-Down Company With Astonishing Growth Potential in 2020

Description

The Space Race 2.0 is now forging ahead in full force, and it presents a great opportunity not just for exploration but for investments as well. With big names like Jeff Bezos, Elon Musk, and Richard Branson all putting money into the industry, you should consider space stocks for your investment portfolio as well.

Provided you have an appetite for risk, investing in **Maxar Technologies** ([TSX:MAXR](#))([NYSE:MAXR](#)) could potentially land you with considerable upside. Here is why you should consider investing in this risky Canadian space company.

The risks

Maxar is a space technology manufacturing company, headquartered in Colorado. The company specializes in manufacturing communication, earth observation, radar, and on-orbit servicing satellites.

2018 for Maxar was nothing short of terrible. From a high of \$80.03 at the start of 2018, the stock's value rapidly plummeted to a paltry \$5.93 by the end of the first quarter of 2019. The biggest challenge to the company's growth has been cash flow and debt.

Currently, the company's long-term debt is nearly five times greater than the value of its equity. With more than \$680 million due within a year, and the company struggling to make a profit on its core business, the risk of bankruptcy is real.

The rewards

The good news is that the stock value has since [tripled in value](#) to a price of \$15. Investors' confidence has been renewed in the space company after it showed a willingness to sell off its unprofitable assets to regain financial stability. Maxar also completed its domestication in the U.S. this year.

Since its incorporation in the U.S., Maxar has managed to land some lucrative contracts with the U.S.

defense and space industries. Its clients even include NASA, which is providing the power and propulsion element for its lunar gateway.

With billions of dollars of potential profit on the books and the real possibility of Maxar securing even more contracts, the company's growth prospects [look bright for 2020](#).

Right now, the space industry is expected to grow at a compound annual growth rate (CAGR) of 5.6 to be valued at more than half a trillion U.S. dollars. If Maxar manages to balance its accounts and keeps acquiring new customers as it has done in the past few months, its growth figures could skyrocket. Not surprisingly, even the investment giant **JPMorganChase** elevated its shares to a "buy" status.

If trends continue to remain favourable for Maxar next year, investing in the company today could yield you massive returns by the end of next year.

Foolish takeaway

As with any new, untested frontier, investing in the space industry presents both high risks and high rewards. Maxar Technologies shows itself to be no exception to the rule, so be careful about the size of the position you would buy in the company. Despite the risks, the potential gains you can make investing here are huge. With the stocks already so beaten down, now could be a good entry point to buy.

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2. Tech Stocks

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