



All You Need to Know About Maxar Technologies and its Growth Prospects

Description

It's encouraging to see private companies entering the space industry, which is currently dominated by government institutions. An expected trillion-dollar industry is still in the nascent stages but offers attractive growth prospects over the next few decades.

Maxar Technologies

Among the broad space technology industry, imagery, and data analysis is one of the fastest-growing subsectors. U.S.-based **Maxar Technologies** ([TSX:MAXR](#))([NYSE:MAXR](#)) is one of the dominant players in this space.

A \$1.5 billion company, Maxar provides space technology solutions and offers services like robotics, earth imagery, and geospatial data analytics and insights. Geospatial imagery is gathering information and providing analytics services about human activities happening on the earth's surface.

This is mainly used for security purposes by governments as well as by commercial customers. Also, Maxar helps them explore space, enable broadband communications, and navigate the changing planet.

Maxar Technologies generates more than 60% of its revenues from the geospatial data and analysis segment. The rest comes from the Space Infrastructure segment, which includes making observation satellites and satellite servicing vehicles. Though Maxar has a recurring revenue base driven by its multi-year contracts, its top line has been notably volatile.

Strong growth prospects

On July 1, Maxar closed an acquisition of 3D data and analytics company Vricon for US\$140 million. Vricon has a significant presence in areas like satellite-derived 3D data for defence, software that enhances 3D mapping, earth intelligence data, and military simulation.

In February 2020, NASA selected Maxar to construct a robotic arm for a spacecraft designed to repair a satellite. Apart from this, Maxar is working with NASA for a couple of other projects as well.

NASA has [sought](#) higher-than-expected funds from the Congress for 2021, which, if granted, will be highly beneficial for companies like Maxar.

Countries across the globe will continue to spend heavily on satellite imagery services given its importance in national security. Interestingly, higher investments in the sector driven by the ambitious global space race could be a boon for the entire industry.

As corporate investments continue to pour in, higher spending on research and development will lower the overall technology cost. This will ultimately result in higher margins and improved profitability for these companies.

Maxar Technologies stock has received a much fanfare recently. It has soared more than 110% in the last 12 months. Interestingly, the space technology industry is significantly gaining ground among global investors. The aerospace company **Virgin Galactic**, which offers spaceflight for individuals, also stole the focus early this year. It has surged around 55% in the last 12 months.

The Foolish takeaway

Despite the recent rally, Maxar stock looks attractively valued based on its estimated revenues for 2020. However, the stock could continue to trade volatile, given the uncertainties in the sector.

The space industry is still in the embryonic stage and thus can be a risky bet for investors. However, it won't be a surprise if, after 10 years or so, these companies offer multi-bagger returns, just like these [hot tech stocks](#) today.

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