



Space Stocks Are in a Trillion-Dollar Race: Get in Early!

Description

What was science fiction a few years ago is a tangible reality now. Two of the richest men in the world have created reusable rockets that have lowered the cost of space entry. As a consequence, several space stocks and startups have emerged to service this new frontier industry.

American space stocks are in a heated battle to dominate a sector that could be worth well over US\$1.4 trillion by the end of the decade. If you're a growth investor with a long-term time horizon, this emerging trend should certainly be on your radar. Here's a closer look.

The final frontier

Governments already have infrastructure in space. The Global Positioning System (GPS) has been around since the late-1970s. Today, the 33 satellites in the GPS constellation help billions of people navigate. Similarly, other governments have satellite communications systems and spyware infrastructure built in space.

However, these satellites were prohibitively expensive to develop. Getting them into orbit via rocket launches was just as capital-intensive and complicated. Both these issues have been resolved in recent years. The cost of creating a mini satellites has declined, while reusable rockets have made space entry cheaper than ever.

That's opened up the industry to corporations and startups from across the world. **Bank of America** believes the sector could be worth well over US\$1.4 trillion by 2030. That's nearly as big as the cryptocurrency sector today. Fortunately, investors can get into this industry early by betting on publicly-listed space stocks.

Canadian space stocks

The **Toronto Stock Exchange** is home to several space stocks. In fact, these are well-established and profitable companies with existing government and private contracts.

Montreal-based **CAE Inc.** ([TSX:CAE](#))([NYSE:CAE](#)) is a good example. The company has been developing and deploying simulation and training technologies for aerospace engineers and pilots since 1947. Its facilities are now spread across 35 countries and the company registered over \$3 billion in revenue over the past year.

Unsurprisingly, the company is profitable, cash flow positive and has a backlog of contracts worth over \$7.8 billion. I imagine this backlog could expand as more companies enter the space race in the years ahead.

Another noteworthy [space stock](#) listed just this week: **MDA Ltd.** ([TSX:MDA](#)). The company developed the Canadarm program in the 1980s. Upgrades to this program are still ongoing and the team has outstanding contracts with several government agencies and private enterprises.

MDA raised \$400 million in its Initial Public Offering (IPO) this week. That influx of cash coupled with the company's existing backlog of contracts and talent pool of 2,000 employees puts it in an excellent position to dominate the space race. Unsurprisingly, the stock has surged since listing. It's currently trading 22.8% higher than its IPO price.

Steady cash flow and hundreds of millions in cash allows MDA to acquire emerging spacetechnology startups. This should help it sustain the head-start it has in the space race and generate tremendous value for shareholders as the nascent sector matures. Keep an eye on this one.

Bottom line

Space stocks like MDA should be on your radar if you're seeking growth investments.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CAE (CAE Inc.)
2. TSX:CAE (CAE Inc.)
3. TSX:MDA (MDA Ltd.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
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Author

vraisinghani

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