



Why Maxar Technologies Stock Broke out Recently

Description

What happened?

Only a few weeks back, **Maxar Technologies** ([TSX:MAXR](#)) ([NYSE:MAXR](#)) stock was tumbling big. It fell to 52-week lows before breaking out last week. The stock has soared almost 30% over the previous three trading sessions.

So, what was behind its recent gains? Was the rally backed by fundamentals?

So what?

The space technology company reported its Q4 2021 earnings last month. However, those numbers were nothing to cheer about. The recent [Russia-Ukraine war](#) has given an exceptional exposure to Maxar.

It is Maxar that has provided satellite images of war-torn Ukraine since last week. It has made available important insights about movements of the Russian convoy and digital imagery of the destruction.

So, should you enter MAXR stock at these levels?

MAXR stock is still down 32% since last year. The recent spotlight will likely increase its business prospects in the short term. But how and when such publicity gets converted into sustainable financial growth remains to be seen.

Maxar is a \$3 billion company that provides space technology solutions and specializes in services like robotics, earth imagery, and geospatial data analytics.

This is mainly used for security purposes by governments and by commercial customers as well. Maxar also aids them to explore space, enabling broadband communications, and navigating the changing planet.

However, the fundamentals-driven sustainable rally still seems a distant dream for Maxar investors. Flattish revenue growth and [unstable profits](#) have been a concern for them for a while.

Though it has been repaying debt aggressively, it still has a sizeable burden with a net debt-to-EBITDA ratio of 4.8.

On the positive side, very few private players operate in the space technology domain. Plus, Maxar has a recurring revenue base, which could be constructive in the long term.

Now what?

Moreover, with the recent rally, the stock has reached a price-to-earnings [valuation](#) of 80 times. That seems stretched for a company like Maxar.

Though Maxar operates in a high-growth area and has important government contracts, its financial growth has really been subdued over the years. The stock could turn multi-bagger in the long term, but it seems to be a risky bet at the moment.

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