



Why MDA Stock Jumped 13% on Thursday

Description

MDA ([TSX:MDA](#)) shares climbed 13% on Thursday, as the space technology company reported stellar earnings and profit for the fourth quarter.

What happened?

MDA stock announced profit of \$600,000 for its recent quarter [compared](#) to a loss of \$12.6 million the year before. Revenue also rose by 15% year over year, reaching \$476.9 million for the year up 16%. Not only was the company able to make a profit of \$167.8 million for the full year and adjusted EBITDA of \$137.1 million, but it continues to have a strong backlog of projects for investors to look forward to.

That backlog now stands at \$864.3 million as of Dec. 31 — an increase from \$562.5 million at the end of last year. Yet this doesn't include the recent winning of a \$269 million contract from the Canadian Space Agency announced earlier in March. Nor does it include the earlier approximately \$415 million contract from Globalstar's LEO satellite constellation.

So what?

The pandemic proved hard on the aerospace industry, and MDA stock was no exception. Management now sees 2021 as a year that saw them return to some sort of normalcy. The recent growth in contract wins and strong profit and cash flow all point to this as well, according to Mike Greenley, CEO of MDA.

“With our return to public markets, multiple strategic new customer awards, and increased scale across the business, 2021 was a transformational year for MDA, setting a strong financial and operational foundation for ongoing growth ... I am pleased with our fourth quarter performance which demonstrates strong execution and our team’s ability to navigate the challenges resulting from the resurgence of the Covid-19 pandemic and supply chain disruptions. With continued business momentum, we see opportunities for significant value creation in the coming years.”

Mike Greenley, MDA CEO

Now what?

With an enormous backlog growing larger by the minute, the next step is to start chipping away at it. A new resurgence of COVID-19 in China could prove difficult, as well as supply chain [disruptions](#). So, it’s ideal to get started as soon as possible. However, MDA stock is being selective in its process, looking for the industry trends that would continue to deliver robust growth.

MDA stock provided a consistent outlook from its third quarter, expecting \$750 to \$800 million in revenue for 2022. This represents year-over-year growth of 55-65%. This remains supported by the continued contracts won by the company.

Shares of MDA stock were up 9% as of writing, with analysts giving it a potential upside of 92%.

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