



Apple's (AAPL) iPhone 14 Satellite Feature Benefits MDA (TSX:MDA)

Description

The satellite-powered Emergency SOS feature was the highlight of **Apple's** ([NASDAQ:AAPL](#)) iPhone 14 announcement last week. The new feature added an extra layer of protection for iPhone users and gives the world's most successful consumer technology company an unparalleled competitive advantage.

It also benefits a little-known Canadian space [tech company](#) called **MDA** ([TSX:MDA](#)). Here's a closer look at how MDA's services could enable the new feature and what this means for the company's future.

iPhone 14 satellite emergency feature

Most smartphones have emergency communication features built-in. This allows you to contact 911 or your local emergency service quickly. However, this feature usually requires Wifi or network coverage to function. This creates a potentially dangerous situation for consumers in remote locations or for those facing a network outage.

Apple's iPhone 14 solves this issue by using satellites instead of Wifi or the local telecom network. The service is only available in the U.S. (including Puerto Rico and the U.S. Virgin Islands) and Canada.

The feature is powered by Louisiana-based mobile satellite communications company **Globalstar**. Apple signed an agreement with the company to operate the system for its latest devices. As part of the agreement, Apple will have access to a small stake in the company and will pay hundreds of millions of dollars over several years for new satellites and recurring service fees.

Globalstar's plans to launch new satellites until 2026 is based on a contract with Canada's MDA.

MDA's role

Earlier this year, Globalstar selected MDA as the supplier of its upcoming satellites. The contract lays

out US\$327 million to significantly expand Globalstar's constellation of satellites in Low-Earth Orbit (LEO).

MDA is expected to deliver 17 new units over the next few years. Globalstar also has an option to add nine additional units by 2025. 95% of this project's funding has already been secured by Apple.

Put simply, MDA has secured a significant boost to its revenue for the next three years. This is why the stock was up 9.7% over the past week.

MDA's valuation

Despite its recent rally, MDA stock is still down for the year. The company has lost 16% of its market value since January.

However, the underlying business is firing on all cylinders. Besides the Globalstar/Apple contract, MDA continues to work on its Canadaarm3 project with NASA, the Laser Rangefinder (LRF) altimeter for the JAXA (Japan Aerospace Exploration Agency), and the Telesat Lightspeed project.

Altogether, its backlog of orders stands at \$829 million, up 30% from the previous quarter. The company also expects to deliver \$750-\$800 million in revenue and \$140-\$160 million in adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) for 2022.

Based on these targets, MDA stock is trading at 1.2 times revenue and six times adjusted EBITDA. That's a [fair price](#) for a company providing critical technology to a rapidly expanding sector. Growth investors should keep an eye on this underrated opportunity.

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