



This Canadian Tech Stock Powers the iPhone 14: Is it a Buy?

Description

Apple ([NASDAQ:AAPL](#)) released the latest version of its flagship smartphone last month. The new iPhone 14 has a slew of new features that place it ahead of the competition. However, one feature is particularly “out of this world.”

The Emergency SOS via satellite feature sets the latest iPhone apart. It allows users to contact emergency services, even in the most remote locations. It’s a game changer for private security but also a milestone for the ongoing commercial space race.

Interestingly, a Canadian tech company enables this new feature. Here’s what investors need to know.

iPhone 14’s satellites

Almost all smartphones have the ability to quickly contact emergency services. Your phone, for instance, can dial emergency services instantly by clicking a button. However, these services are connected through local wireless service providers. That means your safety could be compromised if you’re in a remote location with lack of network coverage.

The iPhone 14 solves this by relaying emergency messages and phone calls through a constellation of satellites in low-Earth orbit. The service is available across the U.S. (including Puerto Rico and the U.S. Virgin Islands) and Canada.

To enable the feature, Apple has funded a service contract through a company called **Globalstar**. Globalstar, in turn, has subcontracted manufacturing and maintenance contract with **MDA** ([TSX:MDA](#)). The contract is worth US\$327 million and could see the construction of 17-26 new satellites by 2025.

This contract is already 95% funded. That means MDA’s revenue is secured for the foreseeable future. However, the company’s valuation doesn’t reflect this. MDA is worth \$833 million — roughly twice the value of this contract alone! And the company has a huge backlog of other contracts.

Space race

Ontario-based MDA is at the forefront of the ongoing commercial [space race](#). The iPhone 14 highlights how mature this industry has become and how lucrative it could be for service providers like MDA.

MDA's order book reflects this. As of August 2022, the company had a backlog of orders worth roughly \$1.52 billion. That's nearly double the size of its current market value.

These contracts include a constellation of satellites for the U.S. Space Development Agency, the Canadarm3 for NASA's upcoming Artemis mission to the moon, and a Synthetic Aperture Radar (SAR) satellite imagery contract with the Government of Canada to monitor the ongoing conflict in Ukraine.

These missions are critical and well-funded for several years, which makes MDA's future revenue reliable. I believe it also makes the [tech stock](#) undervalued. Investors seeking a niche growth stock should certainly add this to their watch list.

Bottom line

Apple's iPhone 14 emergency services are satellite based. These satellites are being manufactured by a Canadian company. The contract is worth half of MDA's current market value. Investors should keep this underrated and undervalued stock on their radars.

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