



Is This the Best Stock to Buy for the 2nd Space Race?

Description

Canada has lost its foremost space company, Macdonald, Dettwiler And Associates (MDA), to the United States, which some in Canada view as a catastrophe. This situation may be catastrophic, but a savvy Canadian investor looks at investing in stocks from a global perspective because forces in other countries impact companies across the globe.

This interconnectedness can be a result of many factors, including governmental or regime impacts. A predictable example would be the American government. Changes happen every election cycle, and to some degree, the two-party system allows the world to predict what sort of changes to expect.

The current United States administration appears to be very pro space. **MAXAR Technologies** ([TSX:MAXR](#))([NYSE:MAXR](#)) — the parent company of MDA — made a move to America because a dependable governmental aspect of the U.S.A. is that it is the number one customer in the space industry.

The MAXAR relocation had much to do with that and the benefits of becoming an American company concerning the increased possibility of winning contracts. The international space company brought its global administrative operations to the Denver, Colorado, area after its acquisition of Digital Globe. It also grew its technical force there, which was part of the intent to move to such a vibrant specialized talent market.

The company decided to temporarily move to the mile-high city after locating in San Francisco, which was meant to be temporary. An exhaustive search for a final location led the company to Westminster. The move was great news for Colorado and further cemented the state's highest ranking in the United States as a monster aerospace employer.

The move has produced tax incentives and other benefits as well as a better position for securing American business. Unfortunately, even with the positive aspects of combining the Canadian company with a massive presence in the United States, 2018 proved to be very challenging. A failed satellite, which was left unstable and unable to collect visual data, caused investors to sell, resulting in a drop of over 50% of the stock's value. Legal issues around the company inflating assets were soon to follow.

All of this made for a very tough year.

MAXAR has not seen better vistas in 2019. The stock is extremely risky due to multiple issues — a legacy division that is consuming cash instead of producing money through support contracts, a growth plan that will require new expertise the company must deliver, a balance sheet that is highly leveraged, and promises to investors and creditors that indicate an enormous capex challenge to launch its signature products.

These challenges are essential considerations. Still, this is a company worth keeping a close eye on. One significant new development is the viable interest NASA has shown towards MAXAR.

On April 8, 2019, MAXAR announced that it's building a spacecraft bus based on the proven 1300 class platform to be retrofitted by NASA to restore the U.S. government owned Landsat 7 satellite, which is currently in orbit. MAXAR is also working with NASA on plans to carry a NASA pollution sensor on a 1300 class platform spacecraft bus as well. Another unusual situation is the reported European interest in a buyout of MAXAR, which has yet to see fruition.

Earnings per share are \$-22.93, the price-to-earnings ratio this year is null, and the price-to-earnings ratio over five years is \$25.20. Shares are down -85.28% over 52 weeks. That's not exactly a rosy picture, right?

But, if MAXAR can vitalize and improve its workforce to bring about focused, innovative efforts with laser-sharp direction on their product creation and expansion, great things could happen. In other words, the stars need to align. That would be something to see and possibly very lucrative.

The Space Race is the new hot market. It requires research and careful consideration. The excitement is brewing because mankind cannot resist the wonder of the possibility of traveling in the Final Frontier.

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