



FEATURED OPTIONS RADAR REPORT



Upside Calls Hot in Maxar Tech on Space Opportunity

Ticker/Price: MAXR (\$54.7)

Analysis:

Maxar Tech (MAXR) shares are extended having climbed 26% YTD but worth a closer look with hot action on 1/19 in OTM calls and overall traded 15,970 calls which is 10X daily average with IV30 rising 8% on a day shares were up 12.5%. MAXR saw call buyers active in March \$55 and \$60 calls, April \$60 calls and February \$75 calls. MAXR shares broke out of a bull flag in late November at the \$30 level and a longer rising channel pattern forming with near-term room to \$60 but would look for a pullback and base in a name that has run so far already, the most recent breakout point was at \$40. MAXR is a leading provider of solutions in Earth intelligence and space infrastructure. The DigitalGlobe Transaction created a company that is uniquely positioned to capture growth in the U.S. and global Earth observation and geospatial services markets given its ability to provide complete, end-to-end space systems, Earth imagery and geospatial solutions. MAXR now is a global leader in high-resolution Earth imagery and radar data and a supplier of space-based and ground-based infrastructure, robotics, components and information solutions to government agencies, and satellite operators. The Earth Intelligence business accounts for 60% of revenues and is largely recurring, multi-year contracts, while Space Infrastructure is typically multi-year contracts. MAXR has transformed its portfolio and now looks to reduce debt and return to growth with a lower capital intensity business driving higher margins and ROIC. MAXR jumped last week on talks of the ARK Space ETF for which it is likely to be a component. MAXR completed an acquisition of Vricon as well which it is excited about, a 3D software technology based on some proprietary intellectual property and algorithms that Saab designed that takes satellite imagery and takes that large stack of satellite inventory and creates 3D models out of it. MAXR estimates a \$30B opportunity for 3D-type-enabled environment. MAXR currently has a market cap of \$2.84B and trades 48.7X Earnings, 13X EBITDA and 1.7X Sales with forecasts seeing 8-10% revenue growth the next two years and EBITDA growth to accelerate in 2022. Analysts have an average target of \$28.50 with short interest elevated at 10.5% of the float but falling 20% Q/Q. Canaccord has been one of the lone Analysts covering MAXR seeing it as a top Space Infrastructure play with strong positions in both commercial and government markets. Hedge Fund ownership rose 4% in Q3 filings.

Hawk Vision:



Hawk's Perspective: MAXR has a dominant position in an interesting industry and Space coming into focus as a key theme, while the 3D opportunity noted also intriguing, a name to consider on dips.

Confidence Ranking: \$\$