Maxar Technologies

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Seth Seifman: Hi, everyone. We're going to move along here. J.P. Morgan Aviation, Transportation and Industrials Conference. I'm Seth Seifman, the Aerospace Defense Equity Research Analyst.

We are very happy to have Maxar here with us to give a presentation and answer some questions. We have Dan Jablonsky and Biggs Porter. Dan is going to kick it off with some slides. Then we'll open things up for some Q&A. Dan, please go ahead.

Dan Jablonsky: Great. Thanks very much, Seth. Good to be here today. Thank you for staying around for the last presentation of the afternoon.

I am Dan Jablonsky. I'm the CEO of Maxar Technologies. I've been in the position for just over 45 days. As Seth noted, we've been fairly busy during that period of time.

Whoops. Obligatory forward-looking statements. Thank you. Everybody knows the information.

What I thought we'd cover today is give you a brief overview of Maxar, talk about our markets and key capabilities, and some of the customers that we have. Give a few observations and impressions that I've had during the first 45 days, as well as go through some of the actions we've taken during that period of time.

Give you a financial outlook on the company, update our leverage liquidity and cash flows. Then talk about the future and where we're headed and why I think this is a great and undervalued franchise play for a lot of people.

A couple of things. First off, Maxar is a global leader. We are number one in many, many markets in which we participate. Those include advanced space technology solutions, geospatial data and analytics, satellite space robotics, space infrastructure, etc.

We have over $2.1 billion in revenue, 5,900 employees across the world, primarily located in the
US and Canada, and customers in more than 70 countries. If you think about the breakdown of what we have, the imagery business, this is the legacy DigitalGlobe business. It does about $845 million in revenue.

The services businesses is a combination of pieces of the business that DigitalGlobe previously bought and had. Analytics -- think about that as very heavy US government focused, and we'll talk about that in just a little bit -- and the space systems business, which is a combination of legacy, SSL, and MDA.

It does a lot more than just space systems, but that's the bucket it's lumped into. We'll talk about some of those things.

Why Maxar? This is a leader in a growing and stable market, and we'll talk a bit about who the customers are. We are, especially with the stock price today, I'd say an overlooked and undervalued franchise asset.

If you think about the customers that we have, the predictive revenue and cash we're generating, we've got some things to work out. We'll talk about what those are as well. I think there's a great opportunity for investments in this portfolio of assets, as the company moves forward.

We've got some challenges. We announced that we're maintaining the Palo Alto facilities and keeping the geo-communications portion of the business.

That's not so much keeping the geo-communications portion of the business as it is, integrating that into what we think is going to be a success story going forward as we restructure and get back to profitability there but for space capabilities, engineering, manufacturing, and development of on-orbit assets.

The MDA business is facing some difficult year-over-year comparables as they roll off a large program called RCM, which is the Canadian RADARSAT program. As they roll that off, you'll see a strong single-digit growth with healthy margins in the mid to high teens in that business.

Into the future, as we talk about it, they've won some very large franchise programs or are in the competition for some very large franchise programs that they should win. The Canadian surface combatant electronic warfare suites for that, which also means electronic warfare suites for other navies.
The Canadarm 3, which was announced last week, which is the large robotics arm that will go billion-plus dollars' worth of investments. It will go on the lunar gateway NASA is working on to orbit the moon and back into space there.

We’re at a tipping point in the capital model. Capital intensity is higher this year than it will be in subsequent years.

We’re finishing off our internal WorldView Legion program which is the recapitalization of DigitalGlobe’s earth observation satellite components. We’re in the highest capex year of that. We’ve got a strategy towards scaling the analytics and insight business.

End markets, think about them as three key end markets. The US government, that’s our biggest set of customers, the most profitable set of customers that we have. We’re across a number of agencies. Our penetration there is not going down. What we’re seeing is increased budgets, particularly as the world gets more complicated.

Intel, intelligence assets, earth observation, the ability to analyze information that’s flowing through there, more and more key every day. We have large penetration in US allies, international governments. Think about these as countries that either do or don’t have their own overhead architecture.

If they do have their own architecture, we’re a supplement to that and a resiliency play. If they don’t have their own overhead architecture, we’re effectively the national reconnaissance office for them.

We have an increasing ability to do more and more analytics and behind the firewall applications with those customers. There’s a strong growth path for that part of the business.

Then commercial. In commercial, we do everything from components for satellites for other companies as a merchant vendor, building satellites for large telecommunications companies. On the imagery side of the business, if you carried a mobile phone around today and used an online mapping application or anything that might use imagery in that way, shape or form, you’ve used our stuff.

Every good business starts with good customers, and we have great customers, and on that we are building the foundation for great business.
On the left side, you see many of the logos for our government customers, nation states, defense and intelligence programs that they handle, the largest organizations inside the US defense and military establishments. We've been with them for two decades now, many of them.

On the right-hand side, you see commercial customers. The commercial customers are some of the most demanding customers in the world in terms of the applications we do, the resiliency we provide for them, the type of data we provide on a daily and ongoing basis, as well as putting some of their most critical assets in space and managing that aspect of the world for them.

You can't have a great business without great customers and great products. We've got both, and that's a great foundation. What we don't have quite correct yet is the capital structure, and we'll talk about that and work on it.

The imagery part of business, a quick snapshot for you. It did $845 million in revenue with 61.3 percent margins last year. It has a very healthy backlog, both funded and unfunded, and is a participant in major programs that have existed for more than a decade now, and are growing programs. We've grown them year over year and time over time.

We've got a pipeline of very, very compelling pursuits as well for continued growth in the business -- satellite imagery, analytics, information products. Increasingly, we've been able to stabilize the business.

It has historically been a very lumpy business, but with analytics and subscription products, we've been able to normalize some of the spikes that we saw previously, and also build a much better, resilient base for the business.

We lost a satellite this past quarter. Even though we did that, we were able to hold revenue and EBITDA for 2019 flat. We lost one of five satellites and we're still able to hold revenue and EBITDA flat, and that's because of the resiliency of the business and the customer base that we have.

A very exciting piece of work on the services business. Historically and today, this has been a US government-focused business, so doing some of the most cutting-edge analytics, and software development, and intelligence applications for customers.

A number of major programs are listed here that support intel missions and otherwise -- a number of programs that aren't listed because they're classified -- for key customers. We're doing sensor-
to-ground modernization, data to add insight and analytics, and also agile intelligence.

Think of those as code phrases for artificial intelligence, machine learning, and software development, mostly based on a services model. We are able to commercialize the output of that, so as we have deep penetration into the international defense and intelligence customers, nation states, we're able to increasingly grow this business abroad.

Some of these applications and intellectual property are able to be productized and used in the commercial markets as well. Very nascent. We're just kind of getting ramped into and starting that.

Then the Space Systems Group. This includes the legacy MDA and SSL businesses. Very, very significant on-orbit heritage for communications satellites, world-recognized leader in that part of the business.

Also a lot of other non-GEOSAT work that's being done -- robotics, Restore-L, the OneWeb constellation, providing all the antennas for that constellation; WorldView Legion, which is the next LEO -- Low Earth Orbit -- constellation that DigitalGlobe contracted with prior to the merger with SSL; space robotics; Psyche going out to mine asteroids.

A lot of places that a lot of capital will be spent, is being spent now, but a lot more in future years, to increase the utilization exploration of space.

As I think about the business, we have some existing amazing franchises. These are programs that are growing, that are compelling, that are with very large customers and aren't going away. That's the EnhancedView Follow-On program. That was recently extended to 2023.

That program moved from the National Geospatial-Intelligence Agency to the National Reconnaissance Office in October of this year. It was extended, and additional awards were given to increase resiliency and infrastructure for the type of work we do.

Small Business awards that DAF -- that's the direct access facilities. Those are facilities that you can uplink and downlink directly with our satellites in foreign nations. They're able to take imagery, give tasking commands directly to the satellite while it's in their region, get imagery directly down from a satellite, put it behind their firewalls and use it for their national intelligence needs.
Space robotics, the Canadarm 3 program, which the prime minister just announced is going to happen now, but they announced it last week. It's a $1.9 billion program. MDA has done Canadarm 1, Canadarm 2, and we fully expect them to win Canadarm 3.

1300-class bus, that's the GEO communications satellite bus frame that's used in ground stations across the world. In the SSL reformatted type of way we're doing business, we'll run two lines of business. The 1300-class over on the left side, and what we're calling the 500-class, which is a Legion type bus, over on the right side.

We're very bullish about not just the Legion assets for that, but additional Legion awards, and using that bus to reformat and do other missions for Low Earth orbit. Increasingly, we’re talking to some customers about MEO or GEO type orbits for that.

The Canadian Surface Combatant Program, which is another multibillion-dollar program, Lockheed Martin is announced as the winner for the Canadian Surface Combatant Program. MDA Canada, a Maxar company, is doing the electronics warfare suites for that class of ships. As Lockheed wins that, we come in, draft in behind, and do the electronic warfare suites.

That's the Canadian piece of the operations, but assuming that that becomes the standardized electronic warfare suite for surface combatants in allied nations, then there’s an opportunity to export that technology and the business from that to other allied nations, as well as to the US.

That playbook's been run before. As the US builds more ships or retrofits old ships, that work can be done.

Then something we've talked about some in the past, but we're increasingly excited about, is the Legion-X program.

That's taking the Legion-class program that we have and selling a services model to a foreign nation where they fund upfront the upfront capital needs. Then we leverage our ability to monetize that asset over the rest of the world and deliver services to them in their region interest.

45 days in, we have some amazing strengths. The imagery business is solid. The services business continues to have robust demand. MDA Canada has solid franchises and big programs. It will continue to win.

Very, very bullish about the resilient and underlying pieces of the business. We have room for
improve. We are too highly-levered. We are committed as a management team and as a board to deleveraging over time.

All options are on the table to do that, and we'll talk about that more in a bit here. We've got to fix the Palo Alto side of the business. It's an amazing franchise, and they do amazing work. As I went around the world and the country and talked to customers about what it is they do, just an amazing level of excitement about the place they play in the supply chain.

What they do with on-orbit heritage, the type of quality they provide. Their satellites are up. They work. They deliver on schedule, but they're not making money. We need to turn that piece of it around. We need to get down to a smaller footprint to be more responsible and nimble to market conditions.

We can do that a couple of ways. We're doing all those things, but to pull in the footprint, to decrease the workforce size, to do more cross-training, and to leverage both the 500 bus, the future aspects of the business with the Legion program, as well as the legacy GEO 1300 buses, in a more organized fashion to be able to pull down the overhead rates.

We're focused on running the business. The capital structure, we have too much leverage. We recognize that, and we are committed to deleveraging. We reduced the dividend to one cent per quarter on the call. That saves us money annually.

We were able to sell one of our assets, land, 1 Fabian Way in Palo Alto, about a 4.2-acre piece of property with an office building for $70 million. Let's see. We talked about some of those.

We also stopped the RSGS program, which was a burn of cash. It was a DARPA program that we spent about $50 million on this year. We've initiated recovery for the insurance proceeds, which we expect to be paid this year -- $183 million on a World View 4 loss.

We announced a pretty significant reorganization to take $60 million out of the business this year, $70 million on a run rate basis. Those actions started Wednesday and Thursday last week. The HR meetings were held. Notifications were made. Those efforts are underway.

We've gotten rid of the business unit structure, and are working more as one operating model now, with Canada held separate as a vertically integrated company. Are able to operate more nimbly, and also at a much better cost structure than we did previously.
That’s without taking, as we see it, any really key capabilities out of the business. We were able to reduce those costs without taking capabilities away.

All that said, we understand we have a lot more to do. We’re committed to doing it, and we’re committed to doing it at the velocity that our investors and debtholders expect. Talked about synergies.

I just would like to note that that’s in addition to the $60 million to $120 million of run rate synergies that were announced as part of the merger. This is additive and in addition to those.

Key focus areas, we talked about that. The financial outlook, we provided guidance for good chunks of the business, but not everything, on the fourth quarter earnings call.

We said the imagery services at MDA, net of corporate expenses, would do better than $550 million in adjusted EBITDA. SSL would have improved EBITDA, but the cash flow would still be difficult, given the timing of the milestones and the restructuring for the business, and that we’d have higher capex this year because of the Legion program.

Not an ideal situation. ’19’s not going to be an easy for us on that front, but we’re setting up the conditions for a much better 2020 as we do this, and a much healthier business.

A lot of people have asked recently about our debt and our leverage ratios. On a gap EBITDA basis, it’s just too high. We’re committed to delevering. That’s just us getting the business healthy. In terms of the coverage covenants with the banks, we’re very comfortable. We’ve restructured the facilities, amended the facilities, in December.

The cap is six times leverage, and when do you all the add-backs, all the [indecipherable] to gap transitions and everything like that, coming out of 2018, we were at 4.2. We feel we’ve got plenty of overhead to get done what we need to get done over the near term, and have over $670 million of access based on cash on the books in our revolver.

Our view of the future, we’re excited about the future. We know we’ve got a lot of challenges to get through, a lot of work to do. We’re committed to doing that work. Our teammates are committed to doing that work, but we’re in large and growing markets.

We’ve got a great set of customers. We have products and services that they need, want, and are willing to spend more for. We’ve committed to right-sizing the operations. We’re productizing, and
we’re moving towards a lower capital intensity model with our next constellations.

Just to give you a flavor for that, the WorldView Legion constellation, which a multi-satellite constellation that will launch in early 2021 -- possibly late 2020, if we’re able to pull it to the left a little bit -- is done for $600 million all-in.

That includes the satellites, the constellation, the instrument, the launches, as well as the insurance. That's replacement plus growth capacity for WorldView-1 and WorldView-2.

The reason we haven't announced replacement capacity for WorldView-4 is because doing some things here, we're able to model in some of the lost capacity. We're looking at other options for whether or not we have to fund any additional capacity. We're able to make some technology advances that allow us to do most of the recapture there.

Not quite as much of a growth, but most of the recapture. We’re committed to delivering, as I've said, hopefully, several times during this meeting. If you have missed anything, it's that we are committed to delevering, and we'll consider all alternatives to delever. Nothing is sacred within the portfolio. With that, I will sit down and will answer questions. Thank you very much.

Seth: Great. Thanks, Dan. Maybe we'll start off. We'll take a look around the room, see if there any questions. I've got some as well that we could ask, but maybe we'll start down over here in the front. We've got a microphone coming for you.

Audience Member: I know the GEOSat business was up for sale. You do speak highly of it in this presentation. Can you discuss what happened there, and also what the pipeline is in terms of a replacement cycle? I think the Japanese are looking for geosats for the 2020 Olympics, of course. That's probably already baked in. What's beyond that?

Dan: Thanks for the question. It was not an easy decision, as we went through the entire strategic review of the SSL GEO Com piece of the business. As people probably remember, there were announcements made publicly in July of 2018, about the ultimate path forward for that business.

In late December, we announced we still had not come to a resolution. In January, when I took over, we looked at all of the strategic alternatives, and all the discussions that we had and we're having, including joint venture and others, that might have been a better solution than the one we arrived at.
Quite simply and plainly, we did not, A, get to a deal on that side, and B, believed that all of the things we’ve been discussing we’re not as good a value for our shareholders as re-engineering and focusing on the 1300 and 500 bus lines. A couple of things. One was related to risk associated with the wind-down. That looked as something that we did not want to see on the downside.

We didn't reach a set of discussions, to the point where we could close on something for a value proposition that we thought would be acceptable to our shareholders, in the context of a joint venture or merger. We increasingly came to see upside in the 500 portion of the business.

Going through the strategic review process, we found out a lot more about some of the programs that might happen on that side of the business. We also spoke with all of our customers on the 1300 side and decided that on a reduced footprint operating model...and think about it in the 500 million revenue range.

That's one to two GEOs a year, plus awards we believe we're going to win on either the US government or the other side of the business on the 500s. We can get to break even, both in terms of profitability in cash flow. We're very confident in our ability to do that.

Now, we got to go win a couple of awards. We don't need the historical four, to five, to six, to be able to have profitability in the business, and so we're fully committed to doing that.

Megan Fitzgerald, who was previously head of manufacturing, the operator, is in charge of the facilities out in Palo Alto. She is well underway with the team and the finance folks, as well as some efficiency experts, getting the place in the shape it needs to be.

**Biggs Porter:** To answer your question, we're not counting on a resurgence of the GEO business. We're counting on say, one or two awards. There's upside there, should the GEO business come back more strongly.

**Audience Member:** What is the timing of those awards that might happen? Is it a year from now, two years from now, three years from now?

**Dan:** There are awards that are worth winning right now. We're in the bid phase on several of them. Now, we've got to go regain customers’ trust, because we've been through a process that froze the marketplace. We haven't had any awards since the summer time when we made public
commentary about the state of that business.

We believe, having sat in the CEOs offices and traveled around and met with folks that we're in the hunt to be able to win those. We provide a very compelling offer, both in terms of economics, and in terms of heritage, and on reliability.

The people we're speaking with know the people that are running the facilities and have delivered for them in the past, or proofpoint customers that have delivered for them in the past. We're going to win. I can't give you a better timeline than that right now, but we're fiercely competing for those awards.

**Biggs:** The timing of those awards is what's critical, in terms of determining how quickly we can get back to break even from the EBITDA, from a cash flow standpoint.

**Audience Member:** What is it about the market for the 500 right now that makes that more of a growth opportunity?

**Dan:** Two things. One is that the world hasn't gotten less complicated in terms of geospatial intelligence needs. That turns out to be the constellation design we've done with the WorldView Legion. We're two-plus years into the program now. It provides a very compelling cost point in technology capability. We're very excited about that.

The second thing is that that bus turns out to be in the sweet spot for a lot of other programs, both on the classified and unclassified side of the world, that we're looking at with different types of payloads and otherwise. We're the ones that have that bus and have been spending the time designing it.

Now, we're in the build phase. The work that we did is very compelling to the work that is being seen in the future there.

**Audience Member:** Hi, I have two questions. The first one on the insurance for WorldView-4. What process of mediation, are your counterparties in agreement that it's their fault? What timeline? Whatever you can say on it. Number two, just want to confirm the Palo Alto sale -- is that completed?

**Dan:** The land?
Audience Member: The land.

Dan: On the first question on the insurance proceeds, we are insured for $183 million. We expect full recovery of that amount. We are modeling that in 2019. We've made the claims. Willis is our broker. This is the first one we've done in a very long time, I think 18 years, inside our piece of the business, for an insurance claim like this.

It's pretty clear-cut and dried from the contracts. Nobody's disputing that. We've provided the information. Of course, you have to go through the process of answering a lot of questions and that kind of thing. We're very confident that we'll receive the proceeds this year.

In terms of the sale of the Palo Alto real estate, yes, that did complete. That was the building, 1 Fabian Way, which was an office building with a parking lot associated with it, in an area where a lot of other people have offices and parking lots. We used the $70 million to pay down debt.

Audience Member: Was that pay down in Q1?

Biggs: It was Q4.

Seth: We've got another question in the front here.

Audience Member: I wanted to ask about the capital structure. I think it was on the previous slide, which you skipped over. I think the term loan is mature in October of next year.

You just talked to the banks, so your covenant is really very recently. How come there wasn't a...Was there a discussion of extending the bank facility during that conversation? It seemed like that's a pressing issue as well.

Biggs: There's a $250 million installment in October, fourth quarter of 2020. That's the first installment on the term loan. From the standpoint of the covenant discussions, no. Our primary concern in the marketplace, really more than even internally, at the time was on the covenant.

We just quickly acted with our banks to go and address the covenants. We did not discuss an extension at that point in time. It didn't feel like we needed to. Overall, I would just say our real focus is on deleveraging. It's not about the covenants. It's not about any maturity in 2020.

It's about just our need to feel like, on a gap basis, our leverage is too high and we want to bring it
down. What we said was we are looking at every alternative, evaluating every alternative to do that, sooner as opposed to later.

**Seth:** How do you think about where you want the capital structure to be longer term?

**Biggs:** It's a good question. We had said previously and would say again, that something on a gap basis having turns below four, three and a half, let's say, was a reasonable target point.

That's not instantaneous, but that's certainly, we think, a good place to get to from overall capital structure standpoint, giving us the right kind of leverage cost of capital blend. We'll target that, and we'll see where we go from there.

**Seth:** You talked about the imagery segment a little bit, and the ability to stay flat there in 2019. What's enabling you to do that? When can we see a return to growth in inventory?

**Dan:** We're guiding towards no worse than flat right now. That's could happen faster. [laughs] What's enabling that is when we lost WorldView-4, which was a very early demise of a world-class satellite that was built by and procured from Lockheed Martin. It wasn't one of the ones we built.

We announced that there was about $85 million of pretty high-margin revenue on that satellite, at the time. Through the rest of the constellation assets, the other four satellites that are still doing their full range of missions we were able to recover $10 million to $15 million of that, maybe more. That's why we're very comfortable in saying we can recover from the constellation assets.

In 2018, we won some additional awards from the US government to make our infrastructure more forward-leaning, and cloud-based, and compatible with things that they are doing. We haven't and aren't able to talk about the size of those programs, but that's contributing to it on the growth side for the US government. That's most of the revenue piece of the equation.

We also had a lot of resiliency built into the revenue side of the equation. When I talked about the productization of what we've done, the subscription business and some of the products that are multi-satellite, multi-sensor, even some other people's information in them, the loss of WorldView-4 hasn't impacted those products to a very great degree. That's highly recurring revenue.

On the EBITDA side, the other thing we did was we took pretty swift action to get the cost structure at the imagery side of the business, back aligned with the loss of that much revenue.
We’re holding revenue and EBITDA flat for the year.

Seth: Excellent. The level of profitability in that business, as someone who doesn't know the company as well, is quite striking. It obviously makes sense in terms of what you’re doing. Is there anything changing in the landscape in that business that would endanger the return on sales in that business?

Dan: Just on the gap EBITDA, we’re very comfortable with those margins. Those have been the historical margins for a long period of time. It's in that 55 to 65 range. There is a large slug of deferred revenue that’s rolling off in the 2020-ish time frame, that had been carried both on an [indecipherable] and a gap basis, as a result of the merger.

It's an imputed interest. It's non-cash. The margins will come down as that imputed interest and free EBITDA. Non-cash EBITDA isn't there anymore. Going into the future, one thing we've been working an awful lot on is making the business less capital intensive.

You see that with the WorldView Legion investments. Those are much less capital-intensive than the other satellites in the constellation.

We've also been expanding our range of products and services we provide. Some of those have higher COGS and development costs associated with them than just straight imagery and data sales.

Over time, while the business becomes more capital-efficient, you might see margins drop just a little bit as we change the mix of products and services we offer. It's very profitable. It'll be a very strong net impact for profitability, but it might not be at quite the same margin rates. If you're build it once, sell it many times, that's an OK model.

Seth: Absolutely. One of the things we hear from a lot of defense companies these days is the emergence of contested space as a key item to think about and the need to do more to protect space assets. How does that factor into your business with the government?

Dan: For us, not that I want to see space contested because we're all very excited about the opportunities of space, but it's an opportunity. It's part of the reason you see as much interest as you do in smaller-class constellation assets like the WorldView Legion 500 kg class. Resiliency is part of contested space. More is better in that regard.
We are also doing some pretty advanced work with robotic arms and other things that could eventually become part of what contested space is. On the Legion base bus, it's very good for the current mission needs.

Depending on other mission needs, you can do enhancements to it, either that the Air Force, or NRO, or others might want, that can increase our ability to do that. Having the design, and the engineers, and the facility in Palo Alto allows us to more readily compete for that type of business. We're pretty excited about it.

Allies think about the same thing, which is why our ability to have a multi-element constellation, to add at a very efficient cost point additional assets gives you a lot more flexibility in terms of how you think about that and in terms of making sure that even in a contested environment, what you want to watch, what you want to find data about, what you want to monitor, that you're able to do.

**Seth:** I think you guys have talked about the labor market in Washington impeding the ability to find people and grow in the services segment. How do you think about addressing that over time?

**Dan:** It's no secret that the Northern Virginia/DC-based area has a tight labor market. It's even tighter if you're working on classified programs and need security clearances. We have more funded and unfunded backlog than we can complete right now, in the services piece of the business.

One of the things that's inhibiting our growth right now is we can't hire fast enough into programs that we've already won, to be able to deliver milestones faster. A couple of ways you can do that. We've been fairly clever about some of these. We're getting better about other pieces of them.

One is that not every piece of software development you're working on needs to be in the classified environment. You can do work in an unclassified environment and then do the last stages of the work with classified teams to get it up into the systems integration and other places you need it to be.

We can do that work in DC. We can do that work in Colorado. We can do that work down in Tampa, Florida. We can do some of that work in other locations as long as we follow certain protocols. We can do labor arbitrage on that.

The second is that we're working very, very hard to hire the right people and have the right set of benefits and packages to keep them in the business and excite them to be here. We think
operating as one Maxar, we've got a very compelling story for that.

**Seth:** That dovetails into maybe the next question. I was reading a little bit about you before today. You come to this with a varied background in terms of naval officer, nuclear engineer, attorney.

You've got a company that's come together from a lot of different pieces and been through some challenges recently. How do you think about building up the company over time? Is there a need to create more of a common company across Maxar?

**Dan:** Absolutely. I think that was one of the decisions we, as a leadership team -- it's a team, it's not just me; it's a leadership team -- and the board recognized very quickly was operating as four different business units and one corporation over the top of that meant five brands, and five strategies, meant a lot of things that didn't necessarily contribute to that compelling one vision.

As of February 28th, we are one Maxar. MDA is still held as a vertically integrated piece of the business. The feedback from that has been very high. The engagement we've seen across the company has been fantastic.

What we want to be able to do is go in and for the large customers offer the full range and suite of everything we do to win their business, and win their trust, and win their programs.

I'm thrilled with the team we have. We have a great group of not just a leadership team. Going around to the sites, the background, and the depth, and just the mental prowess of the employee base we have, the teammates, is just fantastic.

The people that work on the classified programs in Washington, DC, and other places, some of them were deployed with our customers. The level of commitment to excellence in Palo Alto on the space programs, the pride in the Canadian parts of the operations for the things they've done and how important they are to multi-decade programs that have taken place there, it's just fantastic.

One of our core values is the mission success of our customers. People live and breathe that. It's really powerful when that's the pull in the right direction.

**Seth:** I'll take quick look out to the room, see if there are any more questions. I guess we have time for maybe one or two more.
When you talked about I think it was the Legion capital being fairly heavy in the near term, when you move out beyond that, what's the sustainable capital spending level you see at the company? Given the type of business this is, how capital-efficient can you really be?

**Dan:** Much more capital-efficient than we've been. That's the first point [laughs] to start with. We're not giving multi-year guidance, but we did say that 2019 was a high capex year for us. We also said we are committed to protecting the capex holiday in the 2021 to 2024-ish time frame. We've put some previous slides up there.

When you roll off a big capex program in our line of business and you don't have to start one for another period of time at that 60 percent margin rate, you can generate a lot of cash. Previously, when we did that at DigitalGlobe, we bought back a lot of stock and had the company in a very good capital structure position.

We expect to use that cash, whatever the range of alternatives is, to be a very compelling part of the investment thesis at that time. We're committed to protecting that cash generation and deleveraging.

**Seth:** I think we've got maybe time for one more question here in the corner.

**Audience Member:** Maybe in the Canadian MDA business, you've been talking about some of the potential wins. I was just wondering when do you think those could run into revenue? When could those be really to see the financials?

**Dan:** The big Canadian wins, the, for example, Lunar Gateway, the Canadarm 3, the Canadian Surface Combatant program. There's just an awful lot of other business being done up there. I don't want to overly focus on those. In regards to those, we think they start small. You won't see a lot of impact on those in 2019.

Then they start to ramp. Then for a solid period of time, depending on the length of those programs, like RCM, you'll see a very attractive cash and revenue generation in that part of the business. Not a big impact in 2019, but 2020, 2021 time frame is when both of those should hit pretty hard and run for several years.

**Dan:** We've had the clock run down here. Thanks. Thanks very much, everyone, for joining us. Dan, Biggs, thanks very much for being here. We really appreciate it.
Biggs: Thank you.

Dan: Thanks. Really appreciate it.