The Fund, Memorial University of Newfoundland
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MDA Space Ltd.
TSX: MDA

CIBC Mellon Student Investment Fund Conference 2026
Equity Research Report



EXECUTIVE SUMMARY

- **Recommendation: BUY, target C$49.66 (+16.7%).** MDA is the only Western, non-US prime that designs, manufactures and operates satellites, space robotics and Earth-observation data at scale. Its right to win rests on four assets competitors cannot replicate quickly: a sole-source position in Canadian sovereign space (RADARSAT, Canadarm), an ITAR-free, software-defined AURORA platform with in-house chips (SatixFy) and 400-satellite-a-year capacity in Montréal, a near-monopoly in on-orbit robotics, and unique C-band SAR data that CHORUS and CLS turn into an analytics business. Management has beaten the top of its revenue guidance in each of the last three years.
- **Risks.** Satellite Systems (68% of revenue) is fixed-price work for three customers that made up 77.6% of FY2025 revenue; EchoStar's September 2025 termination removed C$1.8B of backlog and TTM book-to-bill is 0.7x. Blue Canyon (BCT) and CLS were bought at ~20x and ~19x EBITDA, which on our numbers earns 2.6–3.1% year-one ROIC, below the 9.1% WACC: value from the deals depends on US market access and CHORUS distribution, not standalone returns. FY2026 free cash flow is negative as customer advances unwind. ~95% of our value sits in the terminal year, so the exit multiple matters more than any operating assumption.
- **Catalysts.** Conversion of the C$40B pipeline: ESCP-P Arctic satcom contracts (MDA is prime on UHF and X-band), the C$688M RADARSAT replenishment and the C$474M Lightspeed expansion already booked, four CHORUS satellites launching from late 2026, and the closing of BCT (end-2026) and CLS (early 2027). Management expects ~90% of 2027 revenue secured at the time of guidance; we expect 2027 guidance in March 2027 to confirm double-digit organic growth plus ~C$760M from acquisitions.
- **Valuation.** Five-year DCF (FY2026E–FY2030E) at a 9.1% WACC and a 16.5x exit EV/EBITDA multiple gives C$49.66 after deducting the PV of acquisition payments (C$2.07B) and CLS's 30% minority (C$386M), on 165.7M fully diluted shares and C$1.33B pro-forma net cash. The 16.5x sits between MDA's five-year (15.8x) and three-year (17.5x) average multiples, below the ~20x MDA paid for BCT, and in line with the 15–17x used by RBC, ATB Cormark and J.P. Morgan. A 15.0–17.0x comps cross-check on FY2027E EBITDA gives C$41.5–48.0. Bear C$29.45 (13x, CLS underdelivers, margins stall), bull C$67.88 (19x, CHORUS and US wins).

Estimates summary (C$ millions, base case)

	FY2025A	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
Revenue	1,633	1,850	2,868	3,203	3,518	3,816
growth	51.2%	13.3%	55.0%	11.7%	9.8%	8.5%
EBITDA (FY2025A: company adjusted)	324	308	537	624	698	771
margin	19.8%	16.7%	18.7%	19.5%	19.8%	20.2%
Unlevered free cash flow	232	(292)	162	187	199	241
Net income	109	77	122	195	255	317
EV / EBITDA (x)	17.7x	18.6x	14.6x	12.6x	11.2x	10.2x

EBITDA on the DCF basis (EBIT + D&A + research credits; SBC expensed). EV/EBITDA at the current enterprise value of C$5,722M for FY2025A–26E and after the C$2.1B acquisition outlay from FY2027E. Source: The Fund estimates, company filings.

Memorial University of Newfoundland

Price (05-Oct-2026)	**CAD 42.54**
Target Upside	**+16.7%**
Ticker	**TSX: MDA**

Scenario Analysis

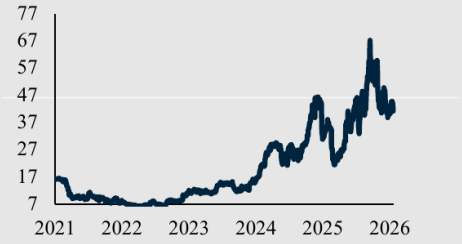


Key Market Metrics

Market Cap ($7,049 CAD mm, fully diluted)
Shares Outstanding (165.7 mm, fully diluted)
Net Cash, pro forma ($1,328 CAD mm)
52 Wk Avg Daily Volume (1.51 mm)
Dividend Yield (0.0%)
ROE LTM 6.7%
P/E LTM 47.4
EV/EBITDA LTM 18.8

Source: FactSet, Bloomberg LP, company filings

5-year Daily Chart
52 Week Range **$20.85 – 67.90**



Upcoming Catalysts

Q3 2026 results and backlog	**Nov 2026**
CHORUS first launches	**late 2026**
Blue Canyon closing	**end-2026**
CLS closing	**early 2027**
FY2027 guidance (~90% secured)	**Mar 2027**
ESCP-P UHF / X-band awards	**2027**

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Section One: Industry Overview

Porter's Five Forces

Competitive rivalry – Moderate. In satellite manufacturing MDA competes with Airbus, Thales Alenia Space, L3Harris, Lockheed Martin and a cohort of US LEO builders (York, Terran Orbital/Lockheed, Rocket Lab, Apex). Buyers select on price, delivery and, increasingly, sovereignty; MDA is one of the few non-US suppliers that can deliver a 200-plus satellite constellation. In space robotics rivalry is low: no other company has flown a comparable manipulator in orbit. In SAR data it competes with ICEYE, Capella and Umbra, which sell higher-cadence X-band imagery but not C-band wide-area maritime coverage.

Threat of new entrants – Low to moderate. A prime must fund a factory, a flight-proven bus and a 450-mission heritage before a government will award it a sovereign program; entry is easier at the component level. Venture-funded entrants (Apex, K2) are compressing bus prices, which is the real threat to Satellite Systems margins.

Supplier power – Moderate. Space-grade semiconductors, solar arrays and launch are concentrated. SatixFy (acquired July 2025) moves beamforming chips in-house; launch remains dependent on SpaceX pricing, which is also a cost MDA passes through to the customer.

Buyer power – Moderate to high. Three customers were 77.6% of FY2025 revenue. Switching after design freeze is expensive for the buyer, but termination is possible: EchoStar cancelled a C$1.8B order in September 2025. Government buyers (CSA, DND) negotiate hard but rarely cancel once funded.

Threat of substitutes – Low to moderate. Fibre and terrestrial cellular substitute for satcom where ground infrastructure exists; drones substitute for some imaging. For Arctic coverage, maritime surveillance and large-area change detection, satellites have no substitute.

SWOT

Strengths: sovereign Canadian prime with Canadarm and RADARSAT heritage; vertically integrated (bus, payload, chips, ground, data); C$4.0B backlog; net cash balance sheet after the 2026 raises; three consecutive years of beating revenue guidance. **Weaknesses:** customer and program concentration (Telesat Lightspeed, Globalstar, Canadarm3); fixed-price exposure in a segment running at an estimated ~16% EBITDA margin; FactSet-basis ROIC of 7.1% is below WACC; a pending class action on EchoStar disclosure. **Opportunities:** Canadian defence spending rising from ~C$63B (2025) toward ~C$150B by 2035 under the Defence Industrial Strategy; ESCP-P; 4–6 anchor satcom customers (Germany and South Korea named by management); a possible Canadian direct-to-device constellation; CLS doubling recurring revenue. **Threats:** pipeline conversion slipping (TTM book-to-bill 0.7x); US entrants pricing buses below MDA; NASA's Gateway cancellation forcing a Canadarm3 re-scope; integration of two acquisitions at once.

MDA's right to win *Why MDA captures share of a market that everyone can see*

Management estimates 20–30% of the 40,000–50,000 satellites to be launched in 2025–2034 are addressable by MDA, and the company carries a C$40B five-year pipeline (C$30B active pursuits, C$10B down-selected). A large TAM is not a thesis; the question is why MDA, and not Airbus or a Colorado start-up, wins a share of it. We see four reasons, each with evidence:

- **The independent, ITAR-free prime.** Governments outside the US (Canada, Germany, South Korea) and commercial operators that do not want a US-controlled supply chain have one scaled option. Telesat (Lightspeed, now 225 satellites) and Globalstar chose MDA over US primes; the Canadian military selected MDA as prime for ESCP-P UHF and X-band satellites. AURORA's software-defined digital beamforming lets customers re-allocate beams and bandwidth in orbit, which J.P. Morgan's September management meetings identified as the technical differentiator in these competitions.
- **Sovereign monopoly at home.** MDA has built every Canadian government SAR satellite since RADARSAT-1 and every Canadarm. The C$688M RADARSAT replenishment (June 2026) was awarded, not competed internationally, and the Defence Industrial Strategy targets 70% of defence procurement going to Canadian firms. ~63% of FY2025 revenue is Canadian.
- **Scale and cost position in LEO manufacturing.** The 185,000 sq. ft. Montréal facility (opened May 2026) is designed for 400 satellites a year, and SatixFy chips remove a third-party margin from each bus. Capex of C$1.0B since 2022 is sunk; incremental constellation orders fall on a largely fixed cost base, which is the source of our margin expansion to 20% by FY2030.
- **Proprietary data, soon with distribution.** RADARSAT-2 and the four CHORUS satellites give MDA C-band SAR that no US or European commercial operator offers; about half of Geointelligence revenue is data sales. CLS adds 100-plus salespeople, 14,000 customers in 150 countries and downstream analytics, converting a data feed into a platform with higher recurring revenue.

Three factors that drive industry valuation and performance

1. Defence and sovereign budgets. Canadian defence spending is rising toward NATO targets and ~50% of MDA's pipeline is now defence or government. Awards are lumpy, so the stock trades on contract announcements; a quarter without a large booking (as in 2H25) de-rates the multiple. **2. Constellation volume and cash conversion.** The industry has moved from one-off satellites to 100-plus unit production. Investors pay for throughput that converts to cash: MDA's FY2026 FCF is guided neutral-to-negative as Lightspeed customer advances unwind, and the multiple will depend on FY2027 conversion. **3. Data and analytics mix.** Earth-observation data businesses (Planet, BlackSky) trade at 7–12x sales versus 2–3x for manufacturers. Every point of mix shift toward Geointelligence and CLS supports a higher blended multiple, which is the logic behind both acquisitions.

Industry data point	Figure	Period	Why it matters for MDA
Satellites to be launched globally	40,000–50,000	2025–2034	Management sees 20–30% as addressable; a 5% share at ~C$5M per bus is C$10B+ of revenue over the decade.
MDA opportunity pipeline (five-year)	C$40B	Q2 2026	C$30B active pursuits, C$10B down-selected or follow-on; ~50% defence or government; converting 10% a year would double current revenue.
Canadian defence spending	C$63B → ~C$150B	2025 → 2035	Defence Industrial Strategy targets 70% of acquisitions to Canadian firms; MDA is the only domestic space prime of scale.
ESCP-P Arctic satcom program	C$2.3B	Awarded 2026	MDA selected as prime for the UHF and X-band satellites; the first C$474M Lightspeed expansion is booked, further phases pending.
Telesat Lightspeed constellation	225 satellites	2026–2028 build	MDA's largest program and the main driver of FY2026–27 Satellite Systems revenue; delivery cadence sets backlog conversion.
Earth-observation data peers, EV/Sales	7–12x	Nov 2026	Planet Labs and BlackSky trade on data multiples against 2–3x for manufacturers; mix shift to Geointelligence and CLS supports a higher blended multiple.

Sources: company filings and releases (Q4 2025, Q2 2026, BCT and CLS announcements), FactSet, J.P. Morgan (14-Sep-2026), RBC Capital Markets (9-Aug and 14-Aug-2026), ATB Cormark (10-Aug-2026), Canada Defence Industrial Strategy, NATO.

Section Two: Company Overview

Business model and segment economics *Appendix A*

MDA designs, builds and operates satellites, space robotics and Earth-observation data services, acting as prime contractor on sovereign programs and as a subsystem supplier to other primes. It reports one operating segment, so the margins below are our estimates, triangulated from the 25% gross margin, the cost structure of each business and peer data-business margins:

Business area	FY25 revenue (C$M)	Mix	FY21–25 CAGR	Est. adj. EBITDA margin	Economics and what drives it
Satellite Systems	1,109.5	68%	64%	~16%	Fixed-price constellation builds (Lightspeed, Globalstar), AURORA buses, antennas and payloads for other primes. Lowest margin: materials and subcontract heavy, milestone-billed, customer advances fund work. Capex-intensive. Growth is lumpy and backlog-driven.
Robotics & Space Ops	309.3	19%	23%	~22%	Canadarm3 (CSA, cost-plus style funded program), ISS operations, commercial servicing. Steady, government-funded, high engineering content; limited scale but defensible. Canadarm3 re-scope is the risk.
Geointelligence	214.4	13%	3%	~32%	RADARSAT-2 data sales (~50%), ground systems, analytics for defence and maritime. Highest margin, most recurring; flat until CHORUS launches (late 2026) and CLS closes (2027). Mix shift here is the margin story.
Total	**1,633.2**	**100%**	**36%**	**19.8% reported**	***Weighted estimate 19.6% vs 19.8% company adjusted EBITDA margin.***

Investment thesis. (1) Sovereign demand is converting into contracts: ESCP-P (C$2.3B program; MDA prime on UHF/X-band), RADARSAT replenishment (C$688M), Lightspeed expansion (C$474M), a Mitsubishi Electric defence payload and BAE missile-warning antennas. (2) Constellation scale on a fixed cost base lifts the Satellite Systems margin from ~16% toward 18%. (3) Geointelligence becomes a platform: CHORUS plus CLS lifts the highest-margin business from 13% of revenue to ~25% by FY2027E (including CLS at 100%), which is the main driver of our FY2030E 20.2% EBITDA margin.

Management assessment *What they said, what they delivered, what we think*

Year	First guidance	Last guidance	Actual	vs. top of range	Adj. EBITDA guide → actual	Capex guide → actual	Our read
FY2024	1,020–1,060 (Aug)	1,045–1,065	1,080.1	+1.4%	200–210 → 217.1	200–220 → 138	Beat; capex under-spent
FY2025	1,500–1,650 (Mar)	1,570–1,630	1,633.2	+0.2%	290–320 → 323.9	210–240 → 175	Beat despite EchoStar
FY2026	1,700–1,900 (Mar)	1,800–1,900 (Aug)	our 1,850	n/a	320–370 → our 350	225–275	Raised low end twice; 2H implies +2% y/y

CEO Mike Greenley and CFO Guillaume Lavoie have delivered above the top of the revenue range in each of the last three years and have been conservative on capex (actual 25–35% below guidance in FY2024–25). We rate execution as strong and guidance as credible. Two marks against: the EchoStar termination was disclosed to the market as a backlog reduction while insiders sold shares in 2025, which is the subject of a proposed class action, and the company issued C$1.15B of equity at C$48.22 in July 2026, below the 52-week high, to fund two acquisitions at ~20x EBITDA. Capital allocation has shifted from organic capacity (2022–25) to M&A; the 2025 ROIC of 7.1% (FactSet basis) is below WACC, so returns depend on the FY2027–30 ramp we model. We score capital stewardship 7 out of 10.

Acquisitions: strategic value and price paid

Deal	Closed	Consideration	Target revenue	EV/Revenue	EV/EBITDA	Yr-1 ROIC (ours)	Strategic logic and our assessment
SatixFy (Israel)	Jul-2025	C$450M	n.m. (pre-revenue chips)	n.m.	n.m. (loss)	n.m.	Beamforming ASICs for AURORA; a technology buy whose payoff shows up in satellite COGS, not SatixFy's P&L.
Blue Canyon (US)	exp. end-2026	US$620M / C$875M cash	C$225M (2026E)	3.9x	~20x	2.6%	US defence access, Colorado factory, ~US$3.5B pipeline; RTX made 48% on it. Full price: value needs AURORA sales into US programs. We model 10% growth, no synergies.
CLS (France), 70%	exp. early 2027	€567M / C$920M + €198M debt refinanced	C$465M (2026E), +22% CAGR	3.5x	~19x	3.1%	Doubles recurring revenue; 100+ salespeople and analytics for CHORUS; CNES keeps 30%. Accretive to adj. EPS in year one per management; ROIC below WACC without synergies.

Financial analysis and five-year forecast *Appendix B/C/D*

Revenue grew at a 36% CAGR from FY2021 to FY2025 (Satellite Systems 64%, Robotics 23%, Geointelligence 3%). We forecast by business area: Satellite Systems +16/13/10/8% in FY2027–30 as Lightspeed deliveries peak and ESCP-P and new anchor customers replace Globalstar; Robotics +6–8% on Canadarm3 Phase D; Geointelligence +16/15/12/10% as CHORUS data comes online. FY2026E is C$1,850M (guidance midpoint). BCT and CLS add C$760M in FY2027E, taking consolidated revenue to C$2,868M and C$3,816M by FY2030E (18.5% CAGR; 11.4% organic). **Backlog quality:** existing-MDA backlog converts at 35–46% a year; FY2024 bookings of C$2.4B (2.2x) were followed by net bookings of only C$1.26B in FY2025 (0.8x) after EchoStar, and Q2 2026 bookings of C$809M (1.6x) started the rebuild. We assume book-to-bill of 1.2x in FY2026 fading to 1.0x by FY2030, so backlog grows to C$5.1B without any acquired backlog. **Margins:** cash COGS falls from 72.2% to 70.7% of revenue and SG&A ex-SBC from 6.2% to 5.6%, taking FactSet-basis EBITDA margin from 14.2% (FY2026E, acquisition costs) to 18.7% and DCF-basis (including research credits) to 20.2%, inside management's 18–20% adjusted framework. The effective tax rate is low because of SR&ED credits; the DCF taxes NOPAT at 26.5% and shows credits as a separate cash inflow. Capex falls from 16.9% of revenue to 9.9% as the Montréal build completes; FY2026E FCF is –C$292M on advance unwinds, then C$162–241M a year.

Risks and mitigants

Execution on fixed-price constellations: overruns hit Satellite Systems directly; mitigated by milestone billing, customer advances (C$799M at FY2025) and in-house chips. **Concentration and cancellation:** three customers are 77.6% of revenue; BCT and CLS lower this to ~55% pro forma. **Acquisition integration:** two closings within a quarter; financing is complete (C$1.15B equity, C$600M 2033 notes) so the risk is operational, and our base case excludes synergies. **Canadarm3 re-scope:** CSA intends to repurpose the technology for the lunar surface after NASA cancelled Gateway; Robotics is 19% of revenue and we model only 6–8% growth. **Terminal-value dependence:** ~95% of our value is the exit multiple; we address this with a 13x bear case and a comps cross-check rather than a higher multiple.

Governance

Separate chair and CEO; 94.5% say-on-pay support (May 2026); dual TSX/NYSE listing since March 2026 raises disclosure standards. The proposed class action on EchoStar disclosure and 2025 insider sales is the open issue, and CNES's 30% stake in CLS introduces a French state minority partner in Geointelligence. We treat governance as adequate, not a differentiator.

Sources: company filings; FactSet guidance history and M&A data; Space Intel Report (BCT multiples); RBC Capital Markets and J.P. Morgan estimates for acquisition contributions. ROIC = year-one NOPAT on acquired EBITDA at 19% margin less estimated D&A, over total consideration including assumed debt and minority value.

Section Three: Company Valuation

Target price C$49.66, +16.7%, BUY. We value MDA with a five-year DCF (FY2026E–FY2030E) using the exit-multiple method as the primary approach, cross-checked against trading comparables and a perpetuity-growth calculation. The target is an intrinsic value as of 5 October 2026 without a 12-month roll-forward. All values deduct the PV of the BCT and CLS cash payments and assumed debt, so the forecast cash flows and the price paid for them are both in the number; the headline is after the CLS minority. Shares are 165.7M fully diluted after the July 2026 bought deal, and cash and debt are pro forma for that offering and the August 2026 notes.

Unlevered free cash flow (C$M)	FY2026E*	FY2027E	FY2028E	FY2029E	FY2030E
EBIT (DCF basis)	90.6	203.1	294.1	367.5	435.4
Less: cash taxes at 26.5%	(33.8)	(65.0)	(90.5)	(111.2)	(130.2)
NOPAT	**56.8**	**138.1**	**203.6**	**256.3**	**305.2**
Add: D&A	180.6	292.0	282.5	278.7	279.5
Less: capital expenditures	(250.0)	(283.3)	(317.6)	(348.6)	(377.0)
Less: change in net working capital	(294.3)	(12.3)	(16.4)	(24.2)	(7.8)
Add: research credits and grants, less new leases[1]	14.9	27.5	35.2	37.0	41.1
Unlevered free cash flow	**(292.0)**	**161.9**	**187.4**	**199.2**	**240.9**
Year fraction from 5-Oct-2026	0.24	1.00	1.00	1.00	1.00
Cash flow in DCF	(69.6)	161.9	187.4	199.2	240.9
Present value at 9.1%	**(68.2)**	**145.5**	**154.4**	**150.4**	**166.8**

Enterprise-to-equity bridge	C$M
PV of FY2026–30 cash flows	548.9
PV of terminal value (16.5x FY2030E EBITDA of 771.0)	8,808.8
Less: PV of BCT and CLS payments (C$2,115M, Jan-2027)	(2,071.3)
Enterprise value	**7,286.4**
Add: cash (pro forma, Sep-2026)	2,154.0
Less: debt incl. C$600M 2033 notes	(826.0)
Less: PV of CLS 30% minority interest	(386.1)
Equity value	**8,228.3**
Fully diluted shares (M)	165.7
Value per share	**C$49.66**
Upside to C$42.54	**16.7%**

**FY2026E includes only the 24% of the year remaining after 5-Oct-2026. [1] SR&ED credits utilised plus capital grants, less new lease assets (C$15–41M a year, 10–17% of FCF). Research credits are also why the effective tax rate in the income statement is below 26.5%.*

Exit multiple: what supports 16.5x, and on which EBITDA

Exit multiple support (EV/EBITDA)	Multiple	Basis
MDA FY2021–25 average (range 10.1–22.9x)	15.8x	FactSet, year-end
MDA FY2023–25 average	17.5x	FactSet, year-end
MDA at C$42.54 (LTM)	18.8x	FactSet LTM EBITDA
Defence primes median (AIR, LHX, NOC, LMT, HO)	14.3x	LTM, 6-Nov-2026
Paid for Blue Canyon / CLS	~20x / ~19x	2026E EBITDA
Street target multiples (ATB / RBC / JPM)	15.0 / 16.3 / 17x	FY27–28E adj. EBITDA
Perpetuity cross-check (3.5–5% growth, normalised capex)	7.3–10.1x	Implied, see text
Selected exit multiple (FY2030E)	**16.5x**	**DCF basis**

The multiple applies to FY2030E EBITDA of C$771M on the DCF basis: EBIT plus D&A plus research credits, with share-based compensation kept as an expense. This is 8% above the FactSet basis (C$715M) and ~6% below the company's adjusted definition (which adds back SBC). Trading comps are quoted on the FactSet basis, so a like-for-like comparison would raise the peer multiples slightly; the transaction and Street multiples are on adjusted EBITDA. We chose 16.5x because it is (i) inside MDA's own five- and three-year averages, (ii) below what MDA itself just paid for smaller, less-integrated assets, and (iii) the mid-point of the sell side, which is valuing the same pro-forma company. We do not use MDA's FY2024 peak of 22.9x or the 18.5x at which it traded entering 2026: ~8% organic growth in FY2030E does not justify a peak multiple. The perpetuity method, on FY2030E FCF normalised for capex at 1.15x D&A, implies only 7–10x; the gap is the market paying for growth beyond FY2030, which is the largest judgement in our valuation and the reason the bear case cuts the multiple to 13x rather than only trimming growth.

WACC (9.1%)

WACC build	
Risk-free rate (GoC 10-yr)	3.67%
Equity risk premium	4.23%
Unlevered peer beta (median of 5)	1.31
Relevered beta (6.6% debt)	1.38
Cost of equity	**9.49%**
Pre-tax cost of debt (8.75% 2033 notes blended)	5.06%
Tax rate	26.5%
Weights E / D	93.4% / 6.6%
WACC	**9.11%**

Beta is the median unlevered beta of OHB, Planet Labs, BlackSky, Intuitive Machines and Globalstar (1.31), relevered at MDA's pro-forma 6.6% debt weight. MDA's own five-year beta (1.06) would give an 8.2% cost of equity; we use the higher peer figure. Cost of debt blends the 8.75% 2033 notes with the revolver.

Sensitivity: value per share (C$)

WACC \ Exit multiple	13.0x	14.5x	16.5x	18.5x	20.0x
8.1%	40.1	45.1	51.8	58.5	63.6
8.6%	39.3	44.2	50.7	57.3	62.3
9.1%	38.4	43.2	**49.7**	56.1	60.9
9.6%	37.6	42.3	48.6	54.9	59.6
10.1%	36.8	41.4	47.6	53.8	58.4

Comparables cross-check

Applying 15.0–17.0x (ATB to J.P. Morgan) to FY2027E DCF-basis EBITDA of C$537M, the first full year with both acquisitions, and deducting the C$2.1B of payments, assumed debt and the CLS minority gives C$41.5–48.0 per share. The market at C$42.54 is therefore paying roughly 15x FY2027E for the pro-forma company; our target requires the multiple to hold while EBITDA compounds at 13% a year to FY2030E.

Scenarios *Each case changes growth, cost and the exit multiple; the multiple is the largest swing factor*

Scenario	Bear	Base	Bull
Target price	**C$29.45**	**C$49.66**	**C$67.88**
Return vs C$42.54	–30.8%	+16.7%	+59.6%
Exit EV/EBITDA	13.0x	16.5x	19.0x
FY2030E revenue (C$M)	3,363	3,816	4,186
FY2025–30 revenue CAGR	15.5%	18.5%	20.7%
FY2030E EBITDA, DCF basis	629	771	888
FY2030E EBITDA margin	18.7%	20.2%	21.2%
FY2030E free cash flow	170	241	301
Enterprise value (C$M)	3,938	7,286	10,306

Bear (C$29.45): Satellite Systems grows six points below base from FY2027 (a constellation award slips a year and Globalstar rolls off), Robotics and Geointelligence two to three points lower, cash COGS 1.5 points higher as fixed-price pressure persists (FY2021–25 cash COGS rose from 60% to 71%), and the market re-rates to 13x, the FY2022–23 range, as CLS integration disappoints and recurring revenue growth fails to show. Revenue still compounds at 15.5% because the acquisitions close; the downside is a multiple and margin story. **Base (C$49.66):** guidance midpoint for FY2026, segment growth as described in Section Two, acquisitions from 1 January 2027 at 10% growth and no synergies, 16.5x exit. **Bull (C$67.88):** ESCP-P and a second government anchor lift Satellite Systems four points above base, CHORUS and CLS cross-selling add three points to Geointelligence, cash COGS one point lower on volume, and the multiple holds at 19x, near where MDA trades today.

Sources: The Fund model, FactSet (multiples as of 6-Nov-2026; capital structure as of Sep-2026), company filings, ATB Cormark (10-Aug-2026), RBC Capital Markets (9-Aug-2026), J.P. Morgan (18-Aug and 14-Sep-2026).

Section Four: Invest in Canada

Canadian growth with international markets *Appendix F*

MDA's commercial value is tied directly to its Canadian operations. At year-end 2025, C$2.36B of C$2.44B of PP&E, right-of-use assets, intangibles and goodwill (96.7%) sat in Canada, and roughly 1.05M sq. ft. of MDA's facilities were Canadian against ~49,000 sq. ft. across the US, UK and Israel. The 185,000 sq. ft. Montréal facility opened in May 2026 doubled manufacturing floor space, is designed for up to 400 satellites a year and was announced with 600 new high-skill technology jobs in Québec. The company earned 63% of FY2025 revenue from Canadian customers and 37% abroad, so the Canadian base is the platform from which Telesat, Globalstar, Mitsubishi Electric and BAE Systems are served.

Innovation and IP

MDA invested C$138.8M in research and new technology development in 2025 and ranked among Canada's top 35 corporate R&D spenders for the third consecutive year. Its patent portfolio has grown by over 400% since the 2021 IPO through filings and acquisitions and ranks in the top 20 among Canadian companies by patent families. SR&ED credits are material to cash flow (C$15–41M a year in our model) and are the policy mechanism through which Canada funds this work. In August 2026 the company launched MDA Space LaunchPad Ventures to invest in Canadian space and defence SMEs across 25 focus areas, and in February 2026 it created 49North, an Ottawa subsidiary focused on secure C4ISR capabilities for Canadian defence priorities outside the space domain.

Strategic sovereignty: commercial technology for national value

The June 2026 C$688M Canadian Space Agency award for the RADARSAT Constellation Mission replenishment satellite keeps a sovereign Earth-observation capability in Canadian hands. Existing RCM data is used by over a dozen federal departments for Arctic surveillance, maritime safety, environmental monitoring and emergency response; by building and integrating the replacement in Canada, MDA preserves Canadian control over sensitive data and critical space infrastructure. MDA's selection as prime contractor for the UHF and X-band satellites of ESCP-P, the Arctic military communications program, extends the same model to defence satcom. In 2025 it also took over operations of Ottawa's David Florida Laboratory, the national spacecraft test facility.

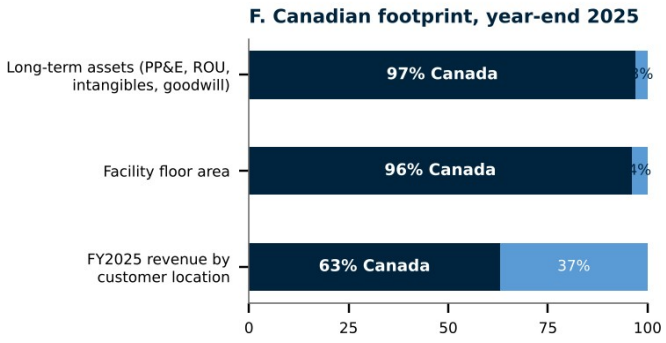
Scaling a Canadian platform globally

MDA aligns with Invest in Canada's 2026–27 plan, which names advanced manufacturing and defence as priority sectors, and with the Defence Industrial Strategy, which targets 70% of defence acquisitions awarded to Canadian firms alongside ~C$180B of projected direct procurement by 2035. The March 2026 NYSE listing (US$300M gross proceeds) and the July 2026 C$1.15B offering widened the company's access to international investors, a group the plan explicitly wants to deepen relationships with, and MDA was named to the 2026 TSX30 (ranked 14th) on a 617% three-year dividend-adjusted return to 30 June 2026. The pending Blue Canyon and CLS acquisitions add US and European footprints, but the acquisitions are financed, governed and integrated from Canada: headquarters, the engineering base, the satellite factory and the data assets remain anchored here, and management expects to stay within its 1.5–2.5x net debt to adjusted EBITDA target once both deals close.

Net effects on Canada

Economic: 600 new Montréal jobs, C$1.0B of capital investment since 2022 and a C$4.0B backlog that is largely executed in Canada. Industrial: the only Canadian prime able to deliver a full constellation, which makes the Defence Industrial Strategy's 70% domestic target achievable in space. Data and IP: sovereign C-band SAR data, a top-20 Canadian patent portfolio and in-house semiconductors. Strategic sovereignty: Arctic communications and surveillance built, controlled and operated domestically. The international expansion increases MDA's reach without diluting the Canadian core; on balance the effect on Canada is strongly positive.

Canadian program or investment	Value	Canadian effect
RADARSAT Constellation replenishment (CSA, Jun-2026)	C$688M	Sovereign Earth observation built in Canada
Lightspeed expansion with ESCP-P military Ka-band	C$474M	Arctic defence communications; Montréal production
Canadarm3 (CSA, Phase C/D)	C$1B+ program	Robotics IP retained in Brampton; re-scope pending
Montréal satellite facility (opened May 2026)	C$1.0B capex since 2022	600 Québec jobs; 400 satellites a year of capacity
R&D and new technology development (2025)	C$138.8M	Top-35 Canadian corporate R&D spender
David Florida Laboratory operations (2025)	National test facility	Spacecraft qualification kept domestic
49North (Feb-2026) and LaunchPad Ventures (Aug-2026)	New subsidiaries	Defence C4ISR and SME ecosystem investment



Sources: MDA 2025 Annual Report and financial statements, Q2 2026 results, company releases (RADARSAT replenishment, Lightspeed expansion, LaunchPad Ventures, 49North, NYSE listing, TSX30), Invest in Canada 2026–27 Corporate Plan, Canada Defence Industrial Strategy.

Bottom line. The Canadian base is what qualifies MDA for the programs that make up roughly half of its pipeline: ESCP-P, RADARSAT replenishment and the Lightspeed military payload are open only to a Canadian prime with cleared facilities and domestic IP. The acquisitions do not dilute that; they add US and European distribution for data and components that are still designed and built in Montréal, Brampton and Richmond. For an Invest in Canada reader the test is simple: every incremental contract in our forecast adds Canadian engineering hours and export revenue, and none of our C$49.66 target depends on moving work offshore.

Appendix

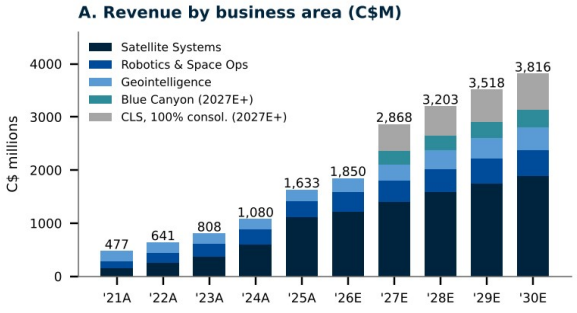
Appendix B – Income statement, base case (C$ millions)

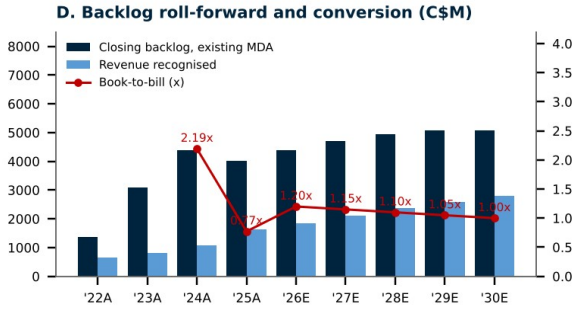
C$ millions, FYE 31 Dec	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
Revenue	**476.9**	**641.2**	**807.6**	**1,080.1**	**1,633.2**	**1,850.0**	**2,867.6**	**3,203.4**	**3,517.7**	**3,815.9**
growth		34.5%	26.0%	33.7%	51.2%	13.3%	55.0%	11.7%	9.8%	8.5%
Cost of goods sold, incl. D&A	365.4	465.3	610.1	845.4	1,308.1	1,516.0	2,344.1	2,560.9	2,774.6	2,977.2
Gross profit	**111.5**	**175.9**	**197.5**	**234.7**	**325.1**	**334.0**	**523.4**	**642.6**	**743.1**	**838.8**
SG&A, excluding R&D	71.8	68.5	80.7	91.0	129.2	138.8	209.3	227.4	246.2	263.3
R&D, before credits	46.7	87.3	71.6	79.2	82.5	81.4	111.0	121.0	129.4	140.0
Other operating expenses	0.0	0.0	0.0	0.0	0.0	31.2	0.0	0.0	0.0	0.0
EBIT	**(7.0)**	**20.1**	**45.2**	**64.5**	**113.4**	**82.7**	**203.1**	**294.1**	**367.5**	**435.4**
Other non-operating (income) / loss	(24.9)	11.3	3.6	(25.2)	(3.8)	0.0	0.0	0.0	0.0	0.0
Interest income	0.0	0.0	(2.0)	(7.0)	(7.8)	(30.4)	(5.1)	(8.1)	(11.9)	(16.2)
Interest expense	32.2	29.1	8.6	28.0	17.0	45.2	84.5	84.4	84.3	76.1
Earnings before tax	(14.3)	(20.3)	35.0	68.7	108.0	67.9	123.7	217.8	295.0	375.5
Tax expense / (benefit), net of credits	(17.2)	(46.6)	(13.8)	(10.7)	(0.5)	(9.2)	1.8	22.9	40.0	58.3
Net income	**2.9**	**26.3**	**48.8**	**79.4**	**108.5**	**77.1**	**121.9**	**194.9**	**255.1**	**317.2**
EBITDA (FactSet basis)	**72.8**	**96.3**	**123.3**	**155.5**	**254.0**	**263.3**	**495.1**	**576.6**	**646.2**	**714.9**
margin	15.3%	15.0%	15.3%	14.4%	15.6%	14.2%	17.3%	18.0%	18.4%	18.7%
Company adjusted EBITDA (reported)	–	–	174.2	217.1	323.9	330–370 guide				
Memo: SBC (in SG&A)	13.5	8.5	10.0	12.4	17.7	24.1	37.3	41.6	45.7	49.6
Memo: D&A (in COGS)	79.8	76.2	78.1	91.0	140.6	180.6	292.0	282.5	278.7	279.5

Appendix A/D – Revenue build by business area and backlog roll-forward

Revenue build (C$M)	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
Satellite Systems	153	252	362	598	1,110	1,210	1,404	1,586	1,745	1,884
Robotics & Space Operations	133	194	248	280	309	380	403	435	465	493
Geointelligence	191	195	198	202	214	260	302	347	388	427
Existing MDA	**477**	**641**	**808**	**1,080**	**1,633**	**1,850**	**2,108**	**2,368**	**2,599**	**2,805**
Blue Canyon (100%)	–	–	–	–	–	–	248	273	300	330
CLS (100%, 70% owned)	–	–	–	–	–	–	512	563	619	681
Consolidated revenue	**477**	**641**	**808**	**1,080**	**1,633**	**1,850**	**2,868**	**3,203**	**3,518**	**3,816**
Opening backlog, existing MDA						4,013	4,383	4,699	4,936	5,066
Bookings / net adjustments			2,368.6*	1,260.6*		2,220	2,424	2,605	2,729	2,805
Closing backlog, existing MDA	**864**	**1,378**	**3,097**	**4,386**	**4,013**	**4,383**	**4,699**	**4,936**	**5,066**	**5,066**
Book-to-bill			2.19x	0.77x		1.20x	1.15x	1.10x	1.05x	1.00x

**FY2024 bookings derived from the backlog roll-forward (C$3,097M + bookings – C$1,080M revenue = C$4,386M). FY2025 net bookings of C$1,200M plus a C$60.5M SatixFy opening-backlog adjustment, after the EchoStar termination. Acquired backlog is not disclosed and is excluded.*

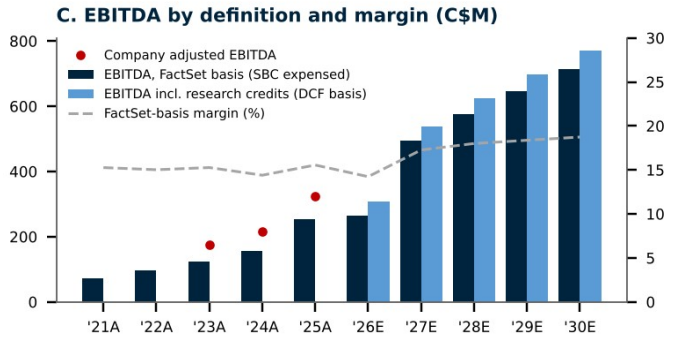


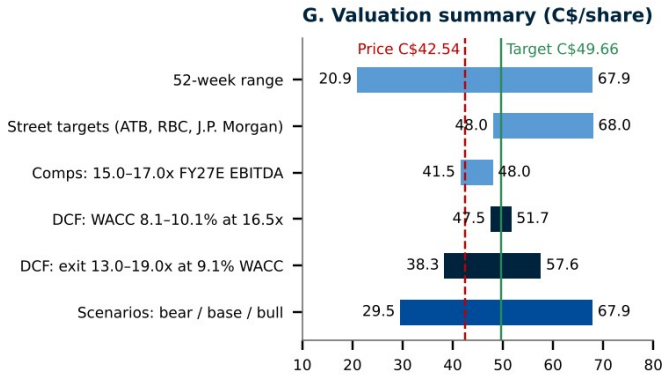


Appendix A: revenue by business area, FY2021A–FY2030E, with Blue Canyon and CLS consolidated from FY2027E. Appendix D: existing-MDA backlog, revenue recognised and book-to-bill; FY2022–23 bookings are not disclosed on a comparable basis.

Appendix H – Scenario assumptions (growth by business area FY2027E–30E, cash COGS as % of revenue, exit multiple)

Driver	Case	FY2027E	FY2028E	FY2029E	FY2030E	Driver	Case	Assumption
Satellite Systems growth	Bear	10%	7%	4%	2%	Cash COGS / revenue	Bear	73.1% → 72.2%
	Base	16%	13%	10%	8%		Base	71.6% → 70.7%
	Bull	20%	17%	14%	12%		Bull	70.6% → 69.7%
Robotics & Space Ops growth	Bear	4%	6%	5%	4%	Exit EV/EBITDA (FY2030E)	Bear	13.0x
	Base	6%	8%	7%	6%		Base	16.5x
	Bull	8%	10%	9%	8%		Bull	19.0x
Geointelligence growth	Bear	13%	12%	9%	7%	Blue Canyon and CLS	All	Close 1-Jan-2027; +10% a year; no synergies
	Base	16%	15%	12%	10%	WACC	All	9.11%
	Bull	19%	18%	15%	13%	FY2026E revenue	All	C$1,850M (guidance midpoint)





Appendix C: EBITDA on the FactSet basis (SBC expensed, before research credits), on the DCF basis (credits added) and as adjusted by the company. Appendix G: valuation ranges from Section Three and Street targets (ATB Cormark C$48, RBC C$60, J.P. Morgan US$50, about C$68).

Appendix E – Trading comparables (FactSet, 6-Nov-2026; LTM; C$)

Company	Ticker	Mkt cap (C$M)	EV (C$M)	LTM sales	LTM EBITDA	EBITDA margin	EV/Sales	EV/EBITDA
MDA Space (at C$42.54)	**MDA-CA**	**7,049**	**5,722**	**1,960**	**304**	**15.5%**	**2.9x**	**18.8x**
Airbus	AIR-FR	245,050	246,035	123,539	15,143	12.3%	2.0x	16.3x
L3Harris	LHX-US	68,943	80,305	32,378	5,379	16.6%	2.5x	14.9x
Northrop Grumman	NOC-US	105,670	121,930	60,489	8,533	14.1%	2.0x	14.3x
Lockheed Martin	LMT-US	186,005	211,251	109,785	15,220	13.9%	1.9x	13.9x
Thales	HO-FR	71,966	70,133	36,782	5,662	15.4%	1.9x	12.4x
OHB	OHB-DE	6,241	5,809	2,061	177	8.6%	2.8x	32.9x
Globalstar	GSAT-US	16,006	16,250	385	116	30.1%	42.2x	n.m.
Planet Labs	PL-US	6,998	6,410	524	(76)	neg.	12.2x	n.m.
BlackSky	BKSY-US	1,350	1,334	183	5	2.7%	7.3x	n.m.
Intuitive Machines	LUNR-US	3,529	3,468	677	(52)	neg.	5.1x	n.m.
Redwire	RDW-US	2,575	2,147	599	(155)	neg.	3.6x	n.m.
Spire Global	SPIR-US	525	395	86	(71)	neg.	4.6x	n.m.
Defence primes median (5)						**13.9%**	**2.0x**	**14.3x**
Space pure-plays median (6)						**neg.**	**6.2x**	**n.m.**

EV/EBITDA on the FactSet basis (SBC expensed, before research credits). MDA shown at the 5-Oct-2026 price with the 6-Nov pro-forma net cash; peers as of 6-Nov-2026. Space pure-plays have negative or negligible EBITDA and are shown for EV/Sales context only; MDA is valued on EBITDA because it is the only profitable company in the set at scale.

Appendix I – Peer beta build (Bloomberg 5-year adjusted)

Peer	Levered beta	Debt (M)	Equity (M)	Tax	Unlevered
OHB	0.82	378	3,574	25.8%	0.76
Planet Labs	1.64	499	6,367	21.0%	1.55
BlackSky	2.08	221	897	21.0%	1.75
Intuitive Machines	1.44	430	3,384	21.0%	1.31
Globalstar	1.21	419	10,782	21.0%	1.17
Median	**1.44**				**1.31**
MDA relevered (D 826 / E 7,049; 26.5%)	1.38	826	7,049	26.5%	1.31
MDA own 5-year beta (reference)	1.06				0.98

Appendix J – Our estimates against the Street (C$M)

	FY26E rev.	FY26E adj. EBITDA	FY27E rev.	FY27E adj. EBITDA
Company guidance (Aug-2026)	1,800–1,900	330–370	–	–
J.P. Morgan (Aug-2026)	1,895	357	2,850	537
RBC Capital Markets (standalone)	1,883	362	2,277	436
ATB Cormark (Aug-2026)	1,890	358	2,781	565
The Fund (DCF basis; add SBC for adj.)	**1,850**	**308 + 19**	**2,868**	**537 + 29**

Appendix K – Perpetuity-growth cross-check on FY2030E free cash flow

Terminal growth rate	2.5%	3.0%	3.5%	4.0%	5.0%
Terminal value at 9.11% WACC (C$M)	4,717	5,130	5,615	6,192	7,775
Implied exit EV/EBITDA on FY2030E C$771M	6.1x	6.7x	7.3x	8.0x	10.1x
Value per share using this terminal value	C$22.3	C$24.0	C$26.0	C$28.4	C$35.0

Normalised FY2030E FCF of C$304M = NOPAT C$305M + D&A C$280M – capex at 1.15x D&A (C$321M) + research credits and grants C$41M, with working capital flat. The exit-multiple method is used because the perpetuity method implies an exit multiple of 6–10x, below any point in MDA's five-year trading history, and the forecast period ends while the company is still growing at ~8% with margins expanding.

Appendix L – Model mechanics and conventions

Valuation date and stub. Cash flows are discounted to 5-Oct-2026; FY2026E counts only the 24% of the year remaining, and the FY2026 year-end balance sheet (cash C$2,154M, 2033 notes C$826M) is pro forma for the July 2026 equity raise and the August notes.

Acquisitions. Blue Canyon (C$2.07B, closing end-2026) and CLS (C$0.6B for 70%, early 2027) are consolidated from 1-Jan-2027 at 100%; the purchase prices are discounted as outflows in the bridge and the 30% CLS minority is deducted at its implied value (C$386M), so neither the revenue nor the EBITDA they add is counted without its cost.

Working capital and shares. Working capital is days-based, with payables tapering from 125 to 105 days as supplier terms normalise, which is why FY2026E shows a C$294M build as Lightspeed advances unwind and later years show only small movements. The share count is 165.7M fully diluted after the July 2026 offering; all per-share values use this figure.