

EQUITY RESEARCH

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Earnings Update

THOMSON REUTERS CORPORATION

What An ESG Acquisition Might Look Like

Our Conclusion

With TRI's multi-year Change Program reaching its final year, the business is well positioned with the financial and operational capacity to expand into a new service vertical or extend into new verticals through acquisition. Recent commentary from management has pointed to ESG as a potential new product area given TRI's expertise in areas with complex rules, regulations and data inputs. The recently announced **\$1B sale of LSEG shares to Microsoft** gives TRI a significant amount of available liquidity in the near term (~\$6.5B by year-end 2023) to acquire a business with enough scale to make a meaningful contribution. However, given the relatively small size of the ESG data and software market, we expect that an ESG acquisition would be more of an expansion of the Corporates vertical rather than a new vertical in and of itself. Therefore, we view a combination of M&A and capital return as the most likely approach for TRI's liquidity position.

Key Points

ESG Market Is Highly Competitive: In reviewing the ESG service provider landscape, we find that TRI would be a relatively late entrant into the ESG space with many data and analytics providers having already acquired their own ESG providers. Major players on the data provider side include Morningstar/Sustainalytics, MSCI, ISS, and S&P Global. A separate group of offerings assists users with the collection, assessment, and tracking of ESG data. In order to differentiate itself, we expect that TRI's focus would be on selling ESG into its existing corporate customer base for the primary purposes of risk management, performance tracking, and benchmarking.

Why ESG?: While the most well-known use case for ESG data has been for financial/investing purposes, we do not expect TRI to look to re-engage with the market it exited through the sale of Refinitiv. We do see potential for TRI to target its corporate and legal customers by integrating ESG data and collections tools into risk, fraud and compliance and other products. With a background in managing information in highly regulated fields (Legal/Tax/Accounting), ESG fits into TRI's strengths. Further, TRI has leveraged AI/ML to improve the functionality of its existing products, and we see potential for that expertise to be applied to ESG tools, creating a realistic path for product improvement and price increases/revenue synergies.

Money To Spend: We calculate that by the end of 2023 - inclusive of \$1B in gross LSEG/MSFT proceeds - TRI will have ~\$6.5B in available liquidity. With the entire ESG market size estimated to currently be less than \$1B, an ESG acquisition, or the consolidation of multiple providers, is not likely to require TRI's full liquidity capacity. If past capital return activity is any indication, a Substantial Issuer Bid is a possibility for the remaining capital with the existing liquidity position giving TRI the potential to repurchase 10% of the shares outstanding. Looking out further to 2025, a combination of free cash flow generation, LSEG proceeds, and increase in leverage to 2.5x provides a reasonable path to ~\$12B in liquidity.

All figures in US dollars unless otherwise stated.

Please see "Price Target Calculation and Key Risks to Price Target" information on page 9. For required regulatory disclosures please refer to "Important Disclosures" beginning on page 10.

Outperformer

TRI-NYSE, Sector: Industrials

Current Price (1/31/23): US\$118.75
Price Target (12-18 mos.): US\$124.00

CIBC Estimates and Valuation

(Dec. 31)	2020	2021	2022	2023
Adj. EPS	1.85A	1.95A	2.44E	3.12E
Prior				3.14E
Adj. EBITDA(mln)	1,975.0A	1,970.0A	2,305.3E	2,649.9E
Prior				

	Q1	Q2	Q3	Q4
Adj. EPS	0.77E	0.79E	0.74E	0.81E
Prior	0.78E	0.80E	0.75E	0.82E
2022	0.66A	0.60A	0.57A	0.62E
Prior				

	Q1	Q2	Q3	Q4
Adj. EBITDA(mln)	671.0E	670.4E	631.3E	677.1E
2023	600.0A	561.0A	535.0A	609.3E
2022				

Valuation	2020	2021	2022	2023
P/E	64.2x	60.9x	48.6x	38.0x
EV/EBITDA	25.5x	25.6x	21.9x	19.0x

Stock Performance and Key Indicators

Avg. Dly. Vol.: 522K Shares O/S: 468.3M
Market Cap.: US\$55,608M Float: 154.8M
52-wk Range: J\$92.58 - US\$118.75 Div. / Yield: US\$1.78/1.50%

TRI-NYSE



(Source: FactSet)

Thomson Reuters Corporation (TRI-NYSE) — Outperformer

Price (1/31/23) US\$118.75 12-18 mo. Price Target US\$124.00

Sector: Industrials

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Peer Comparison	2020	2021	2022E	2023E
P/E - RELX	31.0x	23.1x	14.8x	22.4x
P/E - Information Services Peers	30.4x	28.0x	18.8x	28.4x
EV/EBITDA - RELX	51,791.5x	20.2x	16.4x	20.1x
EV/EBITDA - Information Services	0.0x	24.1x	20.9x	24.7x
Key Financial Metrics	2020	2021	2022E	2023E
Effective Tax Rate	4%	129%	16%	19%
Net Debt	1,985	3,008	4,213	2,320
Net Debt/EBITDA	1.1x	1.6x	1.8x	0.9x
Free Cash Flow	1,330	1,256	1,302	1,921
Per Share Data	2020	2021	2022E	2023E
FCFPS	2.67	2.54	2.69	4.10
Diluted EPS	2.25	11.50	2.88	2.91
Adj. EPS Dil.	1.85	1.95	2.44	3.12
FD Number of Shares	498.0	494.5	483.9	468.3
Dividends per Share	1.47	1.57	1.74	1.96
Income Statement	2020	2021	2022E	2023E
Revenue	5,984	6,348	6,589	6,854
Tot Operating Exp	3,999	4,370	4,263	4,204
Adj. EBITDA	1,975	1,970	2,305	2,650
Adj EBITDA Margin	33.0%	31.0%	35.0%	38.7%
D&A	669	651	628	596
EBIT	1,929	1,242	1,619	1,928
Pretax profit	1,764	1,054	2,287	1,725
Net Income	1,122	5,689	1,391	1,363
Cash Flow Statement	2020	2021	2022E	2023E
Net CFO	1,745	1,773	1,814	2,402
Capex	504	487	520	440
Acquisit & Invest	167	18	690	0
Net CFI	(138)	(504)	(1,066)	2,025
Dividends Paid	732	775	841	919
Net CFF	(644)	(2,273)	(1,361)	(2,534)
Net Cash Flow	962	(1,009)	(621)	1,893
Free Cash Flow	1,330	1,256	1,302	1,921
Balance Sheet	2020	2021	2022E	2023E
Cash & ST Investment	1,787	778	157	2,050
Total Current Assets	3,975	2,453	2,084	3,927
Net PP&E	1,375	1,324	1,196	1,040
Intangible Assets	3,427	3,331	3,463	3,336
Goodwill	5,976	5,940	6,068	6,068
Total Assets	17,881	22,149	21,239	20,283
Tot Curr Liab	2,652	2,581	3,863	4,078
LT Int-Bearing Debt	3,772	3,786	3,700	3,700
Total Liabilities	7,901	8,315	9,302	9,397
Shareholders' Equity	9,980	13,834	11,937	10,886
Tot Liab & SE	17,881	22,149	21,239	20,283

Source: Company reports, FactSet and CIBC World Markets Inc.

Company Profile

Thomson Reuters is one of the world's largest providers of intelligent information services, ranking first or second in share in most major markets covered. Key end markets include Legal, and Tax & Accounting.

Investment Thesis

We expect the evolution of TRI's story to provide another leg of organic growth and EBITDA expansion as the company streamlines its operation to focus on growth initiatives and equips its customers with best-in-class software solutions. Given a large recurring revenue base, stable end market, and multiple levers to realize organic growth, we believe TRI should be a core investment holding, particularly in an uncertain economic environment.

Price Target (Base Case): US\$124.00

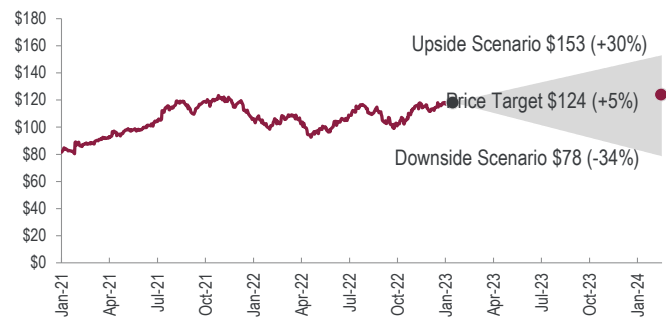
Our base case price target is based on our EV/EBITDA valuation where we apply a 22x EBITDA multiple to TRI's core Legal, Tax & Accounting, and Corporates segments, a 7.5x multiple to value Global Print and Reuters News and back-out normalized corporate costs using a 20x multiple. We also carry TRI's stake in LSEG at mark-to-market value.

Upside Scenario: US\$153.00

In this scenario, we assume organic growth of 9% and a 25x EV/EBITDA multiple on the Big 3 segments coupled with higher consolidated EBITDA margins.

Downside Scenario: US\$78.00

In this scenario, we assume a reduction in peer multiples that results in a 15.0x EV/EBITDA multiple on the Big 3 segments. In addition, we assume a step back in Big 3 organic growth to 2% and that the company is not able to fully implement the change program, leading to lower consolidated margins.



ESG Market Overview

What Do ESG Providers Do?

In response to the rise in prominence of ESG, data and information services providers have built out databases of environmental, social and governance data and in many cases developed a process of assigning company-level ratings and scores in accordance with the compiled data. Examples of available ESG data include GHG emissions, workforce statistics, historical ESG-related events and other items related to ESG risks. Exhibit 1 includes a representative section of CIBC’s ESG tear sheet for Thomson Reuters itself. There is also a market for ESG software tools that assists investors or corporate customers with ESG data collection, tracking, analysis and reporting. These ESG software tools are typically sold as part of Environment, Health and Safety (EHS) product suites that are more targeted to a corporate user base.

Exhibit 1: ESG Data Example – CIBC ESG Tear Sheet Excerpt

Sustainalytics Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Report

Issue Name	ESG Risk Exposure	ESG Risk Management	ESG Risk Rating	Contribution to ESG Risk Rating
	Score Category	Score Category	Score Category	
Corporate Governance	9.0 High	55.7 Strong	4.0 Low	45.2%
Human Capital	1.9 Low	53.4 Strong	0.9 Negligible	10.6%
Product Governance	1.9 Low	60.6 Strong	0.7 Negligible	8.5%
Business Ethics	4.8 Medium	56.3 Strong	2.2 Low	25.0%
Data Privacy and Security	1.9 Low	63.0 Strong	0.9 Negligible	10.7%
Overall	19.4 Low	56.7 Strong	8.8 Negligible	100%

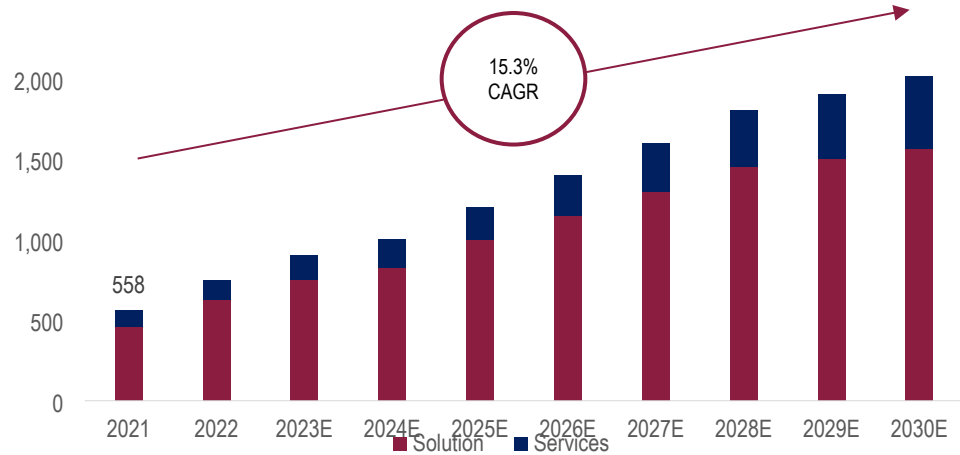
Source: Sustainalytics and CIBC World Markets Inc.

Institutional investors are the primary users of ESG data, but there is also a market for corporate users to implement ESG data in internal functions. Typical use cases for corporate users include progress tracking on internal ESG initiatives, monitoring ESG related risks in ongoing operations and potential projects, and benchmarking against standards and competitors. Another area of particular relevance to TRI is the growth in legal concerns related to ESG. A 2022 Wolters Kluwer survey indicated that more than half of surveyed legal professionals expect ESG-related compliance and consultation work to grow going forward. Only 39% of those surveyed said that their legal departments are ready to meet the company’s ESG responsibilities. This suggests to us a gap in the supply and demand for legal ESG products focused on regulatory compliance and audit-related functionalities.

Market Size and Growth

A recent research report from Acumen Research estimates that the ESG reporting software market generated \$558MM in 2021 and is forecast to reach US\$2.0B by 2030, a 15.3% CAGR from 2021-2030. While the market is growing relatively quickly, the entire \$2.0B size of the ESG software market would only be ~70% of the size of Thomson’s share of the Legal Professionals market. Given how fragmented the market is, it is unlikely that TRI would be able to establish a market share that was large enough for ESG to be established as its own vertical that was on par with even TRI’s smallest segment, Global Print, at ~\$600MM in annual revenue.

Exhibit 2: ESG Software Market (\$USD MM), 2021 – 2030E



Source: Acumen Research and CIBC World Markets Inc.

The Key Players

As mentioned, the ESG-provider space is divided into ESG data/analytics platforms as well as ESG reporting software providers. The ESG data/analytics software industry is headlined by the larger business data/analytics platforms, which have launched/acquired ESG capabilities to cross-sell into their existing customer bases. We expect that these information services companies will continue to dominate the ESG data market given their deep relationships with exchanges, issuers, and investors/end users. In addition, their expertise in analyzing and rating both structured and non-structured information dovetails well with ESG.

According to SquareWell’s latest study, 38 out of the top 50 global asset managers are currently using two or more ESG rating services (28 of 50 use three or more), suggesting significant differences in the makeup of the datasets. According to Opimas.com, the top three ESG data providers (namely MSIC, ISS ESG, and Sustainalytics) account for 60% of the total ESG data market. Despite the strong consolidation among the biggest players, there are also a number of boutique players focused on niche offerings. An overview of the participants in the ESG Data & Analytics market and some key data points are included in Exhibit 3.

Exhibit 3: List Of Major ESG Data & Analytics Platforms - Present

Major Market Data Providers	ESG Revenue Growth %	Revenue Sources/Types	ESG Employee Count	# Of Companies Covered
Morningstar (Sustainalytics)	40%+	ESG Ratings, Compliance Solutions, Controversies Research, Climate Data, Impact Reporting, Second Party Opinions	800+	16,300
MSCI	30%-40%	ESG Ratings, Climate Data, Impact Solutions, Risk Reporting, Climate Data, ESG Reporting, Sustainable Finance, Second Party Opinions	270+	7,000
ISS ESG	-	ESG Scores, Climate Data, Indices, Impact Reporting, Sustainability Assessment, Governance Data, Indices, Second Party Opinions	180+	7,300
FactSet (Truvalue)	-	ESG Data & Analytics, Third Party Data	-	-
Fitch Ratings	-	ESG Scores, ESG Credit Ratings, Climate Data, Sustainable Finance	-	-
Intercontinental Exchange	-	ESG Data, ESG Indices, Emission Estimates	-	3,500
Moody’s	-	ESG Scores, ESG Credit Ratings, Climate Data, Risk Analytics, Regulatory Reporting, Sustainable Finance, Second Party Opinions	120+	5,700
Bloomberg	-	ESG Scores, Research, Emissions Estimates, Indices, Research Workflows	-	14,000
Refinitiv (LSEG)	-	ESG Scoring, Indices, ESG Risk Assessment	150+	12,500

Source: Squarewell, HBS, Company reports, and CIBC World Markets Inc.

In addition to ESG data providers, there is also a group of companies that provide ESG reporting software tools. This segment of the market is potentially more relevant to TRI given the value it can provide to TRI's corporate customers. Within the ESG reporting software landscape, we note that TRI competitor Wolters Kluwer offers an ESG solution as part of its Enablon offering. Enablon ESG focuses on collecting, managing, and analyzing data as well as progress tracking on areas ranging from water consumption to GHG emissions, ensuring compliance and reducing reputational risks. This suggests that the software is more closely incorporated within corporate customers' day-to-day operations than an ESG data platform.

Other competitors in the space include Cority, Intellex, and Sphera (Exhibit 4). Beyond EHS software providers, ESG/governance-specific SaaS players include Diligent and Workiva. These companies have more of an audit and compliance emphasis than traditional EHS software.

Exhibit 4: List Of Major ESG Reporting Software Providers - Present

	Software Focus	Product Focus	Employee Count	# Of Clients
Diligent	Enterprise Risk Management (ERM), ESG	Enterprise Risk Management; Internal Controls Management; SOX Audit Compliance; Carbon Accounting; Board Diversity Benchmarking	1800+	25,000
Workiva	ESG, Audit & Compliance	ESG Reporting Software; Internal Audit Management; SOX Compliance; SEC Reporting	2100+	5,300
Sphera	EHS, ESG, Enterprise Risk Management (ERM),	GHG Emissions Management; Audit & Compliance; Incident Management; Operational Risk Management; Carbon Accounting	1000+	3,000
Intellex	EHS, ESG, Incident Management	Safety Incident Management, ISO Compliance, Sustainability Metrics, Quality Management, Supplier Management, Audit Management	450+	1,400
Cority	EHS, Environment Management Software (EMS)	GHG Emissions Management; Sustainability Management; Waste Management; Water Management	650+	1,300
Wolters Kluwer - Enablon	EHS, ESG, Governance Risk & Compliance	GHG Emissions Management; ESG Reporting Software; Stakeholder Management Software; Performance Metrics Software; Action Plan Management Software	500+	1,000
IBM - Envizi	Environment Management Software (EMS)	Air Emissions Management; ESG Reporting; Decarbonization	50+	NA

Source: Verdantix, KBV Research, LinkedIn, RocketReach, Company Reports.

M&A Trends In The ESG Space

M&A in the ESG space has been very active as the larger information services peers have looked to acquire providers in addition to build out their own services. In Exhibit 5 below, we highlight notable ESG acquisitions from July 2019 onwards. The targets are primarily focused on ESG data & reporting as well as climate risk/emission measurement.

ESG offerings are becoming a strategic growth area for many data/analytics platforms with Morningstar and MSCI seeing 30%+ organic growth from their ESG offerings, well above the mid-teens growth for their overall portfolios. While most companies do not break down ESG revenue into a distinct reporting segment, managements view these assets as highly strategic and continue to add capabilities via either internal R&D, acquisitions, and partnerships.

We expect that TRI would also look to acquire rather than develop its own software. Given the fragmented nature of the market, we see the potential for TRI to acquire a number of similar ESG providers, aggregating data and software capabilities and selling an integrated solution into its existing customer.

Exhibit 5: Select ESG Software M&A Deals – July 2019 - Present

Date	Buyer	Target	Target Business	Deal Value (US\$MM)	EBITDA Margin (%)	Sales Growth (%)	EV/ Sales LTM	EV/ EBITDA LTM
09-22	Sphera	riskmethods	Emissions management					
06-22	Morningstar	Aquantix	Climate risk measurement					
06-22	Nasdaq	Metrio	ESG data, analytics & reporting					
01-22	S&P Global	The Climate Service	Climate risk measurement					
12-21	S&P Global	Shades Of Green	ESG second party opinion provider					
08-21	Moody's	RMS	Climate risk measurement	\$2,000	17%	9%	6x	36x
07-21	Blackstone	Sphera	ESG data & analytics	\$1,400				
06-21	BlackRock	Baringa Climate Change Scenario Model	Climate risk measurement					
05-21	Cority	WeSustain	ESG data, analytics & reporting					
03-21	Deutsche Borse	ISS - 80% stake	ESG data, analytics & reporting	\$2,275	35%	5%	8x	23x
11-20	Moody's	MioTech	ESG & KYC					
10-20	FactSet	Truvalue Labs	ESG data, analytics & reporting	\$42				
04-20	Morningstar	Sustainalytics	ESG data, analytics & reporting	\$184				
09-19	MSCI	Carbon Delta	Climate risk measurement					
07-19	Moody's	Four Twenty Seven - Majority Stake	Climate risk measurement					

Source: Center for Climate-Aligned Finance, Datawrapper, ESGtoday.com, and CIBC World Markets Inc.

Liquidity Overview

As we highlighted in our note at the time of the [share sale to Microsoft](#), TRI accelerated the monetization process of its equity stake in LSEG, bolstering an already strong balance sheet. We continue to expect that TRI will monetize the ~24MM LSEG shares eligible to be sold in 2023, with net proceeds of \$1.9B at current LSEG prices. Combining our free cash flow forecast for Q4 and 2023E with the LSEG proceeds, TRI has nearly \$6.5B in liquidity. Further, if TRI was to spend the entire \$6.5B in 2023, it would finish the year with leverage of only 2.2x (excluding the impact of any acquired EBITDA) which is below management's stated comfort level of 2.5x.

Exhibit 6: TRI – Current Liquidity Overview

F2023 Liquidity Overview	US \$MM
Q3/22 Cash Balance	459
Q4/22E & 2023E Free Cash Flow	2,430
Revolver Availability	1,800
Microsoft LSEG Sale -Net of Tax	800
One-third of LSEG Stake - Current MV Net of Tax	1,902
Dividend Payments	(917)
Total Liquidity	6,474

Source: Company reports, FactSet and CIBC World Markets Inc.

Other Capital Allocation Opportunities

We see two primary alternatives to TRI pursuing a deal in the ESG space: 1) continuing to add on to current verticals with mid-size tuck-in acquisitions; 2) a larger return of capital transaction such as a substantial issuer bid/cash distribution. TRI has taken both approaches in recent years, with the late 2021 acquisition of SurePrep a good example of what a medium-sized vertical enhancing deal could look like. On the return of capital front, TRI used

a substantial issuer bid (SIB), cash distribution and reverse stock split in 2018 to return \$9B to shareholders after the sale of the Refinitiv business. The 2018 SIB reduced the outstanding share count by 19.8%, and if TRI were to spend the full \$6.5B of available liquidity on buybacks at the current share price, this would reduce the outstanding share count by just over 11%. These two alternative options are not mutually exclusive, and we would not be surprised to see a combination of less transformational M&A and a return of capital transaction given the size of TRI's liquidity position.

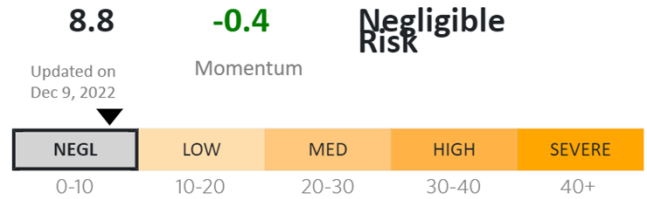
Environmental, Social and Governance (ESG) Metrics for TRI-NYSE

CIBC ESG Metrics

Governance Metrics	2017	2018	2019	2020	2021
Insider Ownership	60.7%	65.7%	65.8%	67%	68%
Board Gender Diversity	18.2%	18.2%	16.7%	20%	38%
Separation of Chair & CEO	YES	YES	YES	YES	YES
Dual-class Ownership?	YES	YES	YES	YES	YES
Disclose ESG Data?	YES	YES	YES	YES	YES
Social Metrics	2017	2018	2019	2020	2021
CEO Comp./Mkt Cap*	\$0.5	\$0.6	\$0.4	\$0.3	\$0.2
Diversity Targets	NO	NO	NO	NO	YES
Women Managers	39%	40%	43%	43%	41%
Environmental Metrics	2017	2018	2019	2020	2021
Emissions Intensity**	50	18	16	12	12
Net-zero Targets?	NO	NO	NO	YES	YES

*CEO Compensation is shown as per thousand dollars of market capitalization
 **Emissions Intensity calculated as total emitted CO2e divided by million \$ of CAD revenue

Sustainalytics ESG Risk Rating



Sustainalytics ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	143/15536	2nd
Media INDUSTRY	5/298	2nd
Publishing SUBINDUSTRY	4/61	6th

Sustainalytics Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Report

Issue Name	ESG Risk Exposure	ESG Risk Management	ESG Risk Rating	Contribution to ESG Risk Rating
	Score Category	Score Category	Score Category	
Corporate Governance	9.0 High	55.7 Strong	4.0 Low	45.2%
Human Capital	1.9 Low	53.4 Strong	0.9 Negligible	10.6%
Product Governance	1.9 Low	60.6 Strong	0.7 Negligible	8.5%
Business Ethics	4.8 Medium	56.3 Strong	2.2 Low	25.0%
Data Privacy and Security	1.9 Low	63.0 Strong	0.9 Negligible	10.7%
Overall	19.4 Low	56.7 Strong	8.8 Negligible	100%

CIBC Quantitative Scorecard

Style	Within Sector			Within S&P/TSX Comp.		
	Rank	Delta	Style	Rank	Delta	
Value	22	-1	Value	194	-2	
Momentum	4	0	Momentum	13	+21	
Quality	17	0	Quality	152	-3	
Market	2	0	Market	28	0	
Low Volatility	2	+1	Low Volatility	11	+24	
Growth	18	0	Growth	136	+6	

Note: Ranking out of 26 stocks (Sector) / 235 stocks (S&P/TSX Comp.)

General Notes Behind the Quantitative Scorecard

Delta refers to the change in the ranking over the past month. Number of stocks "Within Sector" is defined by the number within the GICS. In the "Within S&P/TSX" category, we use all stocks in the S&P/TSX Composite. For detail on the Quant Factors included in each style above, please contact the CIBC Portfolio Strategy Team.

The table above is based upon quantitative, statistical, and mathematical analysis and is not intended to serve as a fundamental recommendation.

CIBC Technical Scorecard

Factor	TSM Score	Factor	TSM Score
TSM	7	Momentum	A
Beta	0.75	MACD	B
Volatility	↗	Alpha (Sector)	B
Trend	↑	Alpha (Index)	A
RSI	Neutral		

General Notes Behind the Technical Scorecard

TSM: The Trendspotting Matrix uses technical factors to score uptrend durability. **Momentum and alpha** metrics compare performance over one-month, one-quarter and one-year timeframes, outputting a rating from A to D. **Trend/Volatility** metrics measure price deviations relative to underlying moving averages. **RSI** is an oscillator that provides mean-reversion estimations. **MACD** is a momentum indicator rated from A to D based off the strength of its signal.

The table above is based upon a technical methodology that examines the past trading patterns and trades and is not intended to serve as a fundamental recommendation.

Price Target Calculation

Our base case price target is based on our EV/EBITDA valuation where we apply a 22x EBITDA multiple to TRI's core Legal, Tax & Accounting, and Corporates segments, a 7.5x multiple to value Global Print and Reuters News and back-out normalized corporate costs using a 20x multiple. We also carry TRI's stake in LSEG at mark-to-market value.

Key Risks To Price Target

Execution Risk With Change Program: The change program is expected to result in a material lift to EBITDA margins given a number of operational changes. If the change program does not meet management targets for margin improvement, investors are likely to discount the multiple they are willing to pay.

Execution Risk With New Product and Version Launches: Part of Thomson Reuters' growth strategy involves developing new products or services and improving existing products to meet the needs of end customers. There is risk in new product introduction stemming from missed product expectations and disruptions of service.

Acquisition Risk: Some portion of Thomson Reuters' growth still stems from acquisitions, and the company continues to look for opportunities to enter new product markets that complement the existing business lines. There is risk associated with realizing returns from these investments and elevated costs associated with integration.

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