

EQUITY RESEARCH

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April 19, 2023

Earnings Update

THOMSON REUTERS CORPORATION

Staying Positive On A High-quality Business

Our Conclusion

TRI shares have had an excellent start to 2023, up 14% vs. TSX returns of 6% and the S&P 500 at 8%. With this note we are increasing our price target from \$126 to \$140 as we increase our target multiple on the 'Big 3' segments to 22.5x, a 1.5x premium to the current peer average given expectation of sector outperformance. While our price target reflects only an 8% return to target, we continue to recommend TRI as an Outperformer. With the state of the macro environment remaining uncertain, we view TRI as a resilient, high-quality name that is well suited for an uncertain environment. We have confidence in 2023 earnings estimates given TRI's strong recurring revenue base, sticky product, and end markets that are likely to see growth even in the event of broader economic contraction. Further, TRI is trading in line with its EV/EBITDA multiple prior to the announcement of the Change Program, while the Change Program has helped double organic growth from 3% to 6% and driven 600 bps of Big 3 EBITDA margin expansion post Refinitiv. Given the stability of the business and the proximity to historical valuation levels despite an improved operational profile, we do not see significant downside from the perspective of multiple contraction or negative earnings revisions.

Key Points

Valuation Overview: Adjusting for TRI's LSEG holdings, the consolidated business is trading at ~20x 2024E EBITDA, in line with where it traded before the announcement of the Change Program. Given the impact of the Change Program, we argue that the business should trade at a premium to those levels. Additionally, relative to a group of information services peers, TRI's Big 3 segments have comparable operating metrics and a revenue base that is more stable than some of the more cyclically exposed names. A strong start to 2023 for TRI has closed a large portion of the valuation gap relative to the peer average, but we expect the strong fundamentals and a combination of solid organic growth and defensive/recurring revenue to keep the sector in-favour in 2023, driving multiple expansion across the group.

Capital Return: With more than half of its LSEG stake now able to be sold, TRI will return capital in H2 through a \$4.67/share cash distribution/reverse share split that represents ~3.5% of the shares outstanding. With 17.4 million LSEG shares still available to be sold in 2023, the sale of the Elite business, and ~\$1.9 billion in 2023 free cash flow, TRI will be able to continue to repurchase shares going forward while maintaining growth investments.

Q1 Preview: TRI will report earnings the morning of May 2, and we will be looking for additional details on capital allocation (return of capital, asset sales, NCIB, M&A) given the multiple developments in the quarter. We are also expecting an update on the impact of the demand environment and the Elite sale on 2023 full-year guidance as well as management commentary on the disruptive potential of generative AI in TRI's key segments. More Q1 preview details can be found on page 7 of this report.

Outperformer

TRI-NYSE, Sector: Industrials

Current Price (4/19/23): US\$130.20

Price Target (12-18 mos.): **↑US\$140.00**

Previous: US\$126.00

CIBC Estimates and Valuation

| (Dec. 31) | 2021 | 2022 | 2023 | 2024 |
|------------------|----------|----------|----------|----------|
| Adj. EPS | 1.95A | 2.56A | 3.44E | 3.95E |
| Prior | | | 3.37E | |
| Adj. EBITDA(mln) | 1,970.0A | 2,329.0A | 2,672.9E | 2,925.2E |
| Adj. EPS | Q1 | Q2 | Q3 | Q4 |
| 2023 | 0.80E | 0.81E | 0.82E | 0.94E |
| Prior | | | 0.82E | |
| 2022 | 0.66A | 0.60A | 0.57A | 0.73A |
| Adj. EBITDA(mln) | Q1 | Q2 | Q3 | Q4 |
| 2023 | 660.0E | 661.4E | 636.1E | 715.4E |
| 2022 | 600.0A | 561.0A | 535.0A | 633.0A |
| Valuation | 2021 | 2022 | 2023 | 2024 |
| P/E | 66.7x | 51.0x | 37.8x | 33.0x |
| EV/EBITDA | 29.8x | 25.2x | 22.0x | 20.1x |

Stock Performance and Key Indicators

| | | | |
|-----------------|------------------------|---------------|----------------|
| Avg. Dly. Vol.: | 444K | Shares O/S: | 453.5M |
| Market Cap.: | US\$59,046M | Float: | 152.0M |
| 52-wk Range: | JS\$92.58 - US\$131.24 | Div. / Yield: | US\$1.78/1.37% |

TRI-NYSE



(Source: FactSet)

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.

Thomson Reuters Corporation (TRI-NYSE) — Outperformer

Price (4/19/23) US\$130.20 12-18 mo. Price Target US\$140.00

Sector: Industrials

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| Peer Comparison | 2021 | 2022 | 2023E | 2024E |
|----------------------------------|---------|---------|---------|---------|
| P/E - TRI | - | 51.1x | 37.9x | 33.0x |
| P/E - Information Services Peers | - | 28.0x | 26.9x | 25.0x |
| EV/EBITDA - TRI | - | 25.5x | 22.2x | 20.3x |
| EV/EBITDA - Information Services | - | 25.3x | 23.4x | 21.1x |
| Key Financial Metrics | 2021 | 2022 | 2023E | 2024E |
| Effective Tax Rate | 129% | 11% | 14% | 15% |
| Net Debt | 3,008 | 3,692 | 1,814 | (899) |
| Net Debt/EBITDA | 1.6x | 1.7x | 0.8x | (0.2x) |
| Free Cash Flow | 1,256 | 1,340 | 1,879 | 2,105 |
| Per Share Data | 2021 | 2022 | 2023E | 2024E |
| FCFPS | 2.54 | 2.76 | 4.14 | 4.64 |
| Diluted EPS | 11.50 | 2.88 | 3.22 | 3.71 |
| Adj. EPS Dil. | 1.95 | 2.56 | 3.44 | 3.95 |
| FD Number of Shares | 494.5 | 484.9 | 453.5 | 453.5 |
| Dividends per Share | 1.57 | 1.73 | 6.86 | 2.16 |
| Income Statement | 2021 | 2022 | 2023E | 2024E |
| Revenue | 6,348 | 6,627 | 6,931 | 7,366 |
| Tot Operating Exp | 4,370 | 4,280 | 4,258 | 4,440 |
| Adj. EBITDA | 1,970 | 2,329 | 2,673 | 2,925 |
| Adj EBITDA Margin | 31.0% | 35.1% | 38.6% | 39.7% |
| D&A | 651 | 625 | 602 | 582 |
| EBIT | 1,242 | 1,834 | 1,943 | 2,207 |
| Pretax profit | 1,054 | 2,082 | 1,743 | 2,007 |
| Net Income | 5,689 | 1,402 | 1,462 | 1,685 |
| Cash Flow Statement | 2021 | 2022 | 2023E | 2024E |
| Net CFO | 1,773 | 1,915 | 2,408 | 2,607 |
| Capex | 487 | 595 | 488 | 460 |
| Acquisit & Invest | 18 | 191 | 0 | 0 |
| Net CFI | (504) | (462) | 3,201 | 1,205 |
| Dividends Paid | 775 | 837 | 3,111 | 979 |
| Net CFF | (2,273) | (1,156) | (3,731) | (1,099) |
| Net Cash Flow | (1,009) | 291 | 1,878 | 2,713 |
| Free Cash Flow | 1,256 | 1,340 | 1,879 | 2,105 |
| Balance Sheet | 2021 | 2022 | 2023E | 2024E |
| Cash & ST Investment | 778 | 1,069 | 2,947 | 5,660 |
| Total Current Assets | 2,453 | 2,811 | 4,671 | 7,378 |
| Net PP&E | 1,324 | 1,336 | 1,222 | 1,100 |
| Intangible Assets | 3,331 | 3,219 | 3,091 | 2,955 |
| Goodwill | 5,940 | 5,882 | 5,482 | 5,482 |
| Total Assets | 22,149 | 21,711 | 19,587 | 20,319 |
| Tot Curr Liab | 2,581 | 4,891 | 5,036 | 5,182 |
| LT Int-Bearing Debt | 3,786 | 3,114 | 3,114 | 3,114 |
| Total Liabilities | 8,315 | 9,762 | 9,787 | 9,813 |
| Shareholders' Equity | 13,834 | 11,949 | 9,800 | 10,506 |
| Tot Liab & SE | 22,149 | 21,711 | 19,587 | 20,319 |

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\$140.00

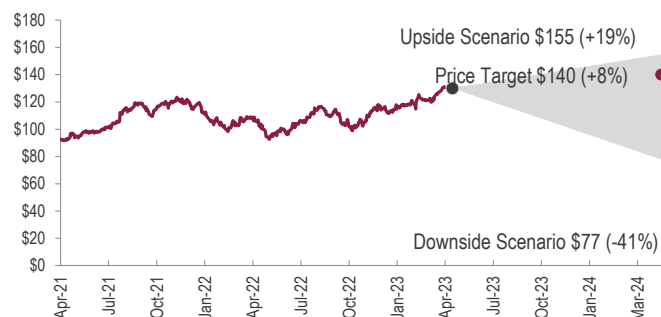
Our base case price target is based on our EV/EBITDA valuation where we apply a 22.5x EBITDA multiple to TRI's core Legal, Tax & Accounting, and Corporates segments, a 7.5x multiple to value Global Print and Reuters News and back-out normalized corporate costs using a 20.9x multiple. We also carry TRI's stake in LSEG at mark-to-market value.

Upside Scenario: US\$155.00

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\$77.00

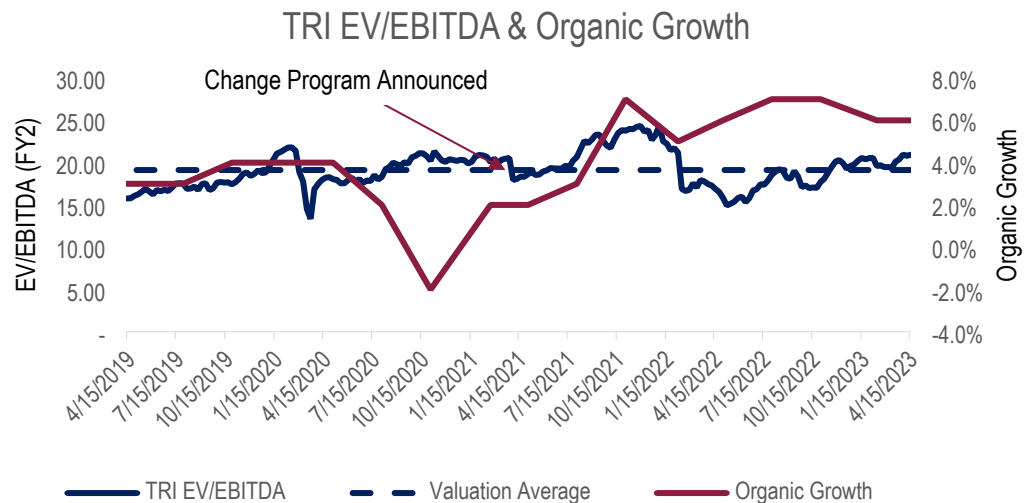
In this scenario, we assume a reduction in peer multiples that results in a 15.0x EV/EBITDA multiple on the Big 3 segments. In addition, we assume a step back in Big 3 organic growth to 2% and an erosion in Big 3 EBITDA margins.



Valuation Overview

TRI is currently trading at 20.9x our 2024E EBITDA after adjusting for the market value of its London Stock Exchange Group (LSEG) holdings. While the current multiple represents a ~1.5x premium to the average multiple in the four years following the sale of Refinitiv, it is also in line with where the stock traded in a six month period prior to March 2021 when the Change Program was announced. The Change Program has resulted in significant fundamental improvement in the business since it was announced, leading to consolidated organic growth doubling from initial post-Refinitiv levels in 2019 of 3% to 6% in 2022 while adjusted EBITDA margins in the Big 3 segments expanded from 36.0% to 42.0% over the same period. Given the improved fundamentals, we do not see it as unreasonable to value the shares at a 1.5x -2.0x premium to where they traded at the time the change program was announced.

Exhibit 1: TRI – EV/EBITDA vs. Organic Growth



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

It is also worth considering TRI's multiple relative to a group of comparable information services peers. The six peers included in the chart below are the businesses that most closely resemble TRI, providing industry-specific data and information with analytics capabilities that leverage and enhance the underlying data. As a group, the information services businesses are high performing, typically generating organic growth in the high single digits with strong EBITDA and free cash flow margins. It is no surprise that businesses of this quality trade at an average multiple of ~21x EBITDA.

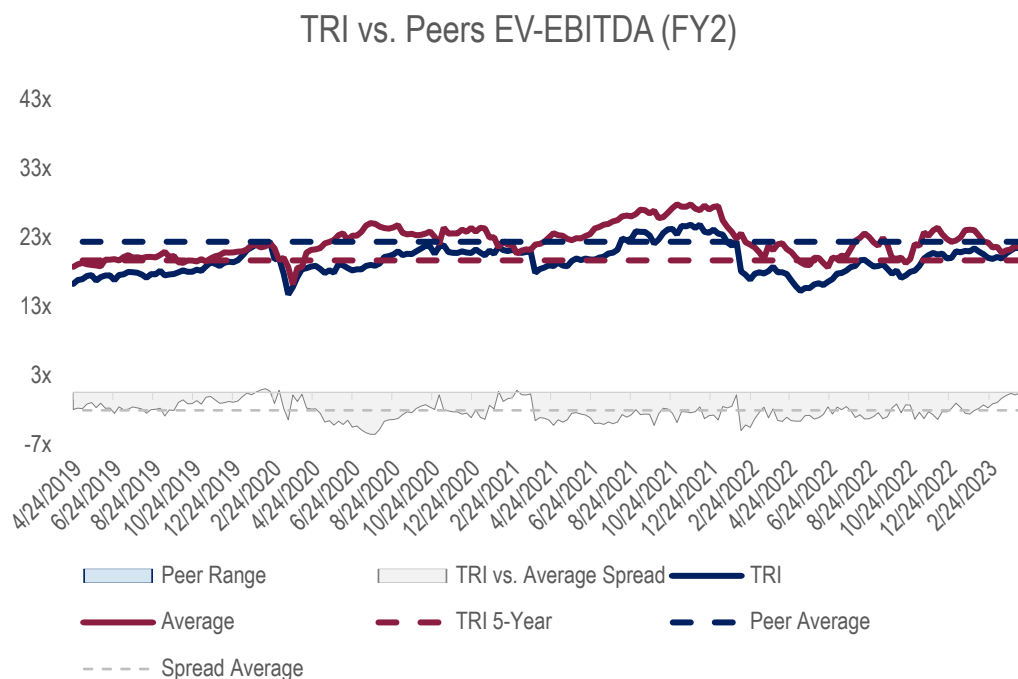
Relative to this peer set, TRI's Big 3 segments (Legal, Corporate, Tax & Accounting) are comparable, outperforming in certain KPIs while underperforming in others. On organic growth, peers with ratings-linked revenue (SPGI, MCO) are more impacted by cyclical factors, highlighted by the steep drop in organic growth in 2022. At TRI, where 89% of BIG 3 revenue is generated from recurring contracts, there was an 80 bps organic growth acceleration in the consolidated business in 2022, despite macro headwinds. Of the group, Verisk Analytics is the most comparable business to TRI, with a similar organic growth and subscription revenue profile, with only slightly stronger FCF margins. Verisk's 22x current and four-year average multiple appear to be an appropriate benchmark for a target multiple on TRI's Big 3 segments.

Exhibit 2: Information Services – Comp Table Vs. TRI ‘Big 3’ Segments – 2021 – 2024E

| | EV/EBITDA 2024E | Organic Growth | | % Subscription 2022 | 2024E EBITDA Margin | 2024E FCF Conversion | 2024E FCF Margin |
|----------------------------------|--------------------|----------------|-------------|------------------------|------------------------|-------------------------|---------------------|
| | | 2021 | 2022 | | | | |
| S&P Global | 19.5x | 12.0% | -3.0% | 73.0% | 48.7% | 77.2% | 37.6% |
| Moody's | 20.3x | 9.7% | -13.0% | 75.0% | 46.8% | 66.7% | 31.2% |
| MSCI Inc. | 28.2x | 18.7% | 8.9% | 73.8% | 60.5% | 78.6% | 47.6% |
| Nasdaq | 15.4x | 14.0% | 7.0% | NA | 54.0% | 74.0% | 40.0% |
| FactSet | 20.2x | 7.2% | 9.3% | 98.7% | 37.7% | 78.2% | 29.5% |
| Verisk | 22.0x | 6.9% | 6.5% | 81.0% | 54.9% | 59.5% | 32.7% |
| Average | 20.9x | 11.4% | 2.6% | 80.3% | 50.4% | 72.4% | 36.4% |
| Median | 20.3x | 10.9% | 6.8% | 75.0% | 51.4% | 75.6% | 35.1% |
| Thomson Reuters Big 3 | | 6.2% | 7.0% | 89% | 42.4% | 72.0% | 30.5% |
| Relative to Median | | -42.9% | 3.7% | 18.5% | -17.5% | -4.8% | -13.1% |

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

Relative to the peer average, TRI has closed the valuation spread with its strong performance in 2023 and is now trading at only a slight 0.4x discount to the peer average. While TRI has typically traded at a larger discount (grey shaded area in Exhibit 3), the improved fundamentals and less cyclical exposure than some of the names argue for at least an in-line multiple. Additionally, given the strength of the businesses models of the peer group and high proportion of recurring revenue, there is potential that the information services group, particularly the less cyclically exposed names, remain an in-favour defensive trade over the course of 2023, lending further upside to group multiples.

Exhibit 3: TRI Vs. Information Services Peers – EV/EBITDA – 2019 - 2023

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

Capital Return Progress

As a portion of TRI's LSEG holdings come off of lock-up in 2023, management has been active in liquidating the newly eligible-to-be-sold shares with the intention of returning sale proceeds to shareholders. Larger transactions in collaboration with Blackstone have accelerated the process, with TRI realizing gross proceeds of \$2.15 billion through a block sale to Microsoft and a brokered private placement to institutional investors in March. A [return of capital transaction](#) using the sale proceeds that includes a \$4.67/share distribution has already been announced, with the distribution representing a 3.6% yield relative to the current share price.

In addition to the announced stand-alone return of capital transaction, TRI has an active NCIB to repurchase 5% of shares outstanding that we expect was completed in April. During the Q4 earnings call in February, management noted there was ~\$500 million to be spent on the current NCIB. We also expect TRI to renew its buyback program in June for another 5% of shares outstanding once the timeframe covered by the current NCIB is finished. In Exhibit 4, we overview the impact of TRI's share capital activity on the company's cash balance, LSEG position and share count.

Exhibit 4: TRI – Impact Of Return Of Capital & LSEG Share Sales

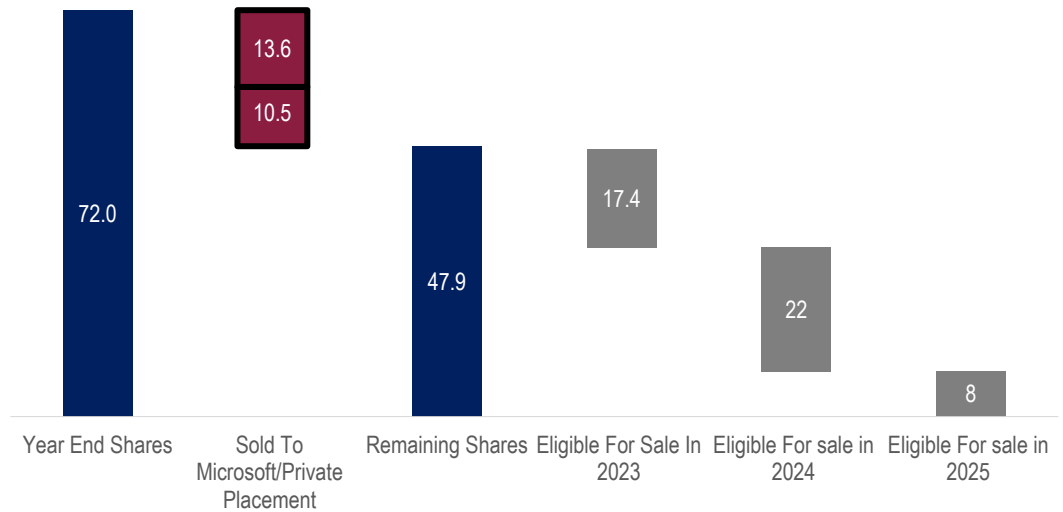
| | Cash (\$MM) | # LSEG Shares (MM) | TRI Shares Outstanding (MM) |
|-------------------------------|--------------|--------------------|-----------------------------|
| | 1,069 | 72.0 | 474.1 |
| MSFT Sale | 1,000 | (10.5) | - |
| Private Placement | 1,151 | (13.6) | - |
| Distribution/Reverse Split | (2,200) | - | (16.8) |
| Existing NCIB | (500) | - | (3.8) |
| Elite Sale* | 400 | - | - |
| 2023E Free Cash Flow | 1,879 | | |
| Post Return Of Capital | 2,799 | 47.9 | 453.5 |
| Additional 2023 LSEG Sales | 1,723 | (17.4) | |
| New NCIB - 2.5% of Shares | (1,000) | - | (7.7) |
| 2023E Year End | 3,522 | 30.5 | 445.8 |

*Elite sold at \$500M Valuation. Assumes TRI retained 20% of ELITE.

Source: Company reports and CIBC World Markets Inc.

Exhibit 5 visualizes TRI's LSEG holdings, updated for the private placement in March. Following the 90-day lock-up on LSEG sales in the wake of the private placement, we expect TRI to actively look to sell the remaining 17.4 million shares eligible to be sold in 2023. LSEG itself has publicly stated a desire to repurchase shares from TRI/Blackstone, providing at least one avenue for further block sales. We view future share sales and associated return of capital/buybacks an important piece of our TRI Outperformer thesis.

Exhibit 5: TRI – LSEG Shares – 2022 – 2025 (MM)



Source: Company reports and CIBC World Markets Inc.

Q1 Preview

Earnings Date: Tuesday May 2. Earnings release pre-market.

Conference Call Details: 9 a.m. ET. [Link To Webcast](#)

1. **Update On Capital Allocation:** Since reporting earnings in February, TRI has completed a private placement of LSEG shares, [finalized details of a return of capital transaction](#) and announced the [sale of a majority stake of its Elite business](#) at a \$500 million valuation. We are expecting additional details on each of the completed transactions, as well as an update on future capital allocation plans. Our current expectation is that excess cash will be used for further capital return and tuck-in M&A, but management may provide more specifics on how it plans to approach capital allocation in the coming quarters.
2. **Impact Of Generative AI:** A common topic of discussion with regards to TRI has been the potential disruptive impact of generative AI. The legal field is frequently mentioned as a prime candidate for AI disruption, and current advances in generative AI are no different. TRI has made good use of AI and Machine Learning to enhance its legal products to date, but the massive step change in functionality of Generative AI and Large Language Models presents a new challenge. We will be looking for commentary on how management plans to respond to the threat the new technology poses and whether the technology can be integrated within TRI's products to improve functionality.
3. **Guidance Update:** TRI has been almost entirely successful in meeting or exceeding the detailed two-year guidance it gave at the outset of the Change Program in 2021. Recent quarters have included minor downward tweaks to revenue growth and margin expectations that primarily reflect the impact of acquisition and dispositions. With Q1 results, we are likely to get updated 2023 guidance given the sale of the Elite business as well as an update on whether the demand environment remains resilient in key verticals. Commentary with Q4 results suggested an acceleration of organic growth into 2024, and we may also get additional colour on how management thinks organic growth will trend beyond 2023.

Exhibit 6: TRI – Q1/23 Estimate Summary

| | Q1-F2023 (Ending March) | | | Fiscal Year (Ending December) | | |
|------------------------|-------------------------|-----------|----------|-------------------------------|-----------|----------|
| | CIBCe | Consensus | Year Ago | CIBCe | Consensus | Year Ago |
| Revenue (\$MM) | 1,744 | 1,732 | 1,674 | 6,931 | 6,935 | 6,627 |
| Adjusted EBITDA (\$MM) | 660 | 663 | 600 | 2,673 | 2,695 | 2,329 |
| Adjusted EBITDA (%) | 37.8% | 38.3% | 35.8% | 38.6% | 38.9% | 35.1% |
| Adjusted EPS (\$) | 0.80 | 0.80 | 0.66 | 3.44 | 3.28 | 2.56 |

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

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

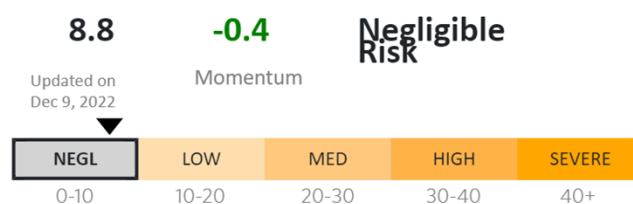
CIBC ESG Metrics

| 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 (1 st = lowest risk) | PERCENTILE (1 st = lowest risk) |
|------------------------|---|---|
| Global Universe | 123/15361 | 2nd |
| Media INDUSTRY | 4/287 | 2nd |
| Publishing SUBINDUSTRY | 4/60 | 6th |

Sustainalytics Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Report

| Issue Name | ESG Risk Exposure Score Category | ESG Risk Management Score Category | ESG Risk Rating Score Category | Contribution to ESG Risk Rating |
|---------------------------|---------------------------------------|---|-------------------------------------|---------------------------------|
| 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

| Within Sector | | | Within S&P/TSX Comp. | | |
|----------------|------|-------|----------------------|------|-------|
| Style | Rank | Delta | Style | Rank | Delta |
| Value | 22 | +1 | Value | 192 | +1 |
| Momentum | 7 | -2 | Momentum | 14 | +4 |
| Quality | 16 | +3 | Quality | 117 | +24 |
| Market | 2 | 0 | Market | 27 | 0 |
| Low Volatility | 1 | +1 | Low Volatility | 10 | +2 |
| Growth | 13 | +5 | Growth | 93 | +36 |

Note: Ranking out of 27 stocks

Note: Ranking out of 233 stocks

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 | 9 | Momentum | A |
| Beta | 0.78 | MACD | A |
| Volatility | ↑ | Alpha (Sector) | A |
| 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.

Source: Sustainalytics, Compustat, FactSet, Bloomberg and CIBC World Markets Inc.

Price Target Calculation

Our base case price target is based on our EV/EBITDA valuation where we apply a 2024E 22.5x 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 20.9x blended average 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 and 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.

Important Disclosures

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CIBC World Markets Inc. Stock Rating System

| Stock Ratings | Abbreviation | Description |
|----------------|--------------|---|
| Outperformer | OP | Stock is expected to outperform similar stocks in the coverage universe during the next 12-18 months. |
| Neutral | NT | Stock is expected to perform in line with similar stocks in the coverage universe during the next 12-18 months. |
| Underperformer | UN | Stock is expected to underperform similar stocks in the coverage universe during the next 12-18 months. |
| Tender | TR | Shareholders are advised to tender shares to a specific offer as we do not believe a superior offer will materialize. |
| Not Rated | NR | CIBC World Markets does not maintain an investment recommendation on the stock. |
| Restricted | R | CIBC World Markets is restricted (due to potential conflict of interest) from rating the stock. |

| Sector Ratings | Abbreviation | Description |
|----------------|--------------|---|
| Overweight | O | Sector is expected to outperform the broader market averages. |
| Marketweight | M | Sector is expected to equal the performance of the broader market averages. |
| Underweight | U | Sector is expected to underperform the broader market averages. |
| None | NA | Sector rating is not applicable. |

Note: Broader market averages refer to S&P 500 in the U.S. and S&P/TSX Composite in Canada.

CIBC World Markets Inc. Price Chart

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| (as of 19 Apr 2023) | Count | Percent | Inv. Banking Relationships | Count | Percent |
|---------------------|-------|---------|----------------------------|-------|---------|
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| Neutral | 129 | 44% | Neutral | 128 | 99% |
| Underperformer | 7 | 2% | Underperformer | 6 | 86% |
| Tender | 0 | 0% | Tender | 0 | 0% |
| Restricted | 12 | 4% | Restricted | 12 | 100% |

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