



Thomson Reuters Corporation (TRI)

Updated February 13th, 2025 by Quinn Mohammed

Key Metrics

Current Price:	\$178	5 Year CAGR Estimate:	4.5%	Market Cap:	\$79 B
Fair Value Price:	\$123	5 Year Growth Estimate:	11.0%	Ex-Dividend Date:	02/20/2025
% Fair Value:	145%	5 Year Valuation Multiple Estimate:	-7.1%	Payment Date:	03/10/2025
Dividend Yield:	1.3%	5 Year Price Target	\$207	Years of Dividend Growth:	32
Dividend Risk Score:	B	Retirement Suitability Score:	D	Rating:	Hold

Overview & Current Events

Thomson Reuters Corporation is a global financial information and data solutions provider for businesses and professionals in the fields of finance, accounting, tax, and media. Thomson Reuters was created in 2008 when the Thomson Corporation purchased the British company Reuters Group. The company is cross listed in Toronto and New York, where it trades under the ticker TRI on both exchanges. Accordingly, all figures referenced in this report are in USD and refer to the company's NYSE-listed common equity. However, Thomson Reuters has announced it will transfer its listing from the NYSE to the Nasdaq on February 25th, 2025.

On January 3rd, 2023, Thomson Reuters acquired SurePrep, a U.S.-based tax automation software and services company for \$500 million in cash, and in June 2023, it announced the agreement to acquire Casetext for \$650 million, which uses AI to improve the efficiency of legal professionals.

On December 2nd, 2024, the company completed the sale of its FindLaw business to Internet Brands.

In January 2025, Thomson acquired cPaperless, LLC (SafeSend) for \$600 million cash, for its tax automation capabilities.

In February 2025, Thomson Reuters announced a 10% increase to the dividend to \$2.38 per share, which marked the 32nd consecutive annual dividend increase.

Thomson Reuters reported fourth quarter 2024 results on February 6th, 2025, for the period ending December 31st, 2024. For the quarter, total company revenue grew 5% year-over-year to \$1.91 billion, of which the majority (81%) was recurring revenues. Thomson Reuters produced adjusted EPS of \$1.01 per share compared to adjusted EPS of \$0.98 in Q4 2023.

For 2025, Thomson Reuters forecasts total revenue growth of 3.0% to 3.5%, adjusted EBITDA margin of approximately 39%, and free cash flow of \$1.9 billion.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$2.13	\$1.79	\$2.51	\$0.75	\$3.11	\$2.25	\$11.50	\$2.62	\$3.51	\$3.77	\$3.86	\$6.50
DPS	\$1.34	\$1.36	\$1.38	\$1.39	\$1.44	\$1.52	\$1.62	\$1.78	\$1.96	\$2.16	\$2.38	\$3.04
Shares¹	784	749	720	550	503	490	489	480	455	451	448	400

In January 2021, Thomson Reuters sold Refinitiv to LSEG, then set off on a two-year Change Program, which resulted in the company transforming itself from a holding company to an operating company. Upon completing this program, Thomson Reuters became a content-driven technology company rather than a content provider.

At the end of Q4 2024, Thomson held approximately \$2 billion in cash and cash equivalents to target acquisitions that could boost its growth. Thomson is executing its "Build, Partner, Buy" strategy wherein it is investing more than \$200 million per year in AI. As part of this strategy, it recently completed the bolt-on acquisitions of Safe Sign, Materia, and SafeSend to improve its AI capabilities in Legal and Tax & Accounting.

¹ In millions

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The company has made it clear that share repurchases are a priority, which will help drive earnings-per-share higher over the long term. In 2022 and 2023, Thomson repurchased \$1.28 billion and \$1.08 billion of its shares. In November 2023, Thomson Reuters announced under its new share repurchase authorization it may repurchase up to \$1.0 billion worth of its shares, which it completed in Q2 2024.

Finally, Thomson Reuters completed the sale of its stake in LSEG as of Q2 2024. In 2023, TRI sold 56 million shares for gross proceeds of \$5.5 billion. It returned some of this to shareholders through a return of capital transaction, a cash distribution of \$4.67 per share and a reverse stock split which reduced the share count. In H1 2024, Thomson Reuters sold 16 million more shares of LSEG for \$1.8 billion.

Between 2025 and 2030, we expect Thomson Reuters to grow its earnings-per-share by 11% annually.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/E	23.9	29.9	23.2	64.4	8.9	33.1	15.3	40.7	37.1	43.0	46.2	31.9
Avg. Yld.	2.6%	2.5%	2.4%	3.2%	2.4%	1.9%	1.6%	1.5%	1.5%	1.3%	1.3%	1.5%

We see fair value for this stock at 31.9 times earnings and today shares trade for 46.2 times estimated earnings, significantly higher than the 5-year average of 33.8 and 10-year average of 31.9. We therefore forecast a meaningful headwind to total returns annually as the valuation moderates over time. We are forecasting 8% dividend growth as the company is targeting a 50% to 60% dividend payout ratio.

Safety, Quality, Competitive Advantage, & Recession Resiliency

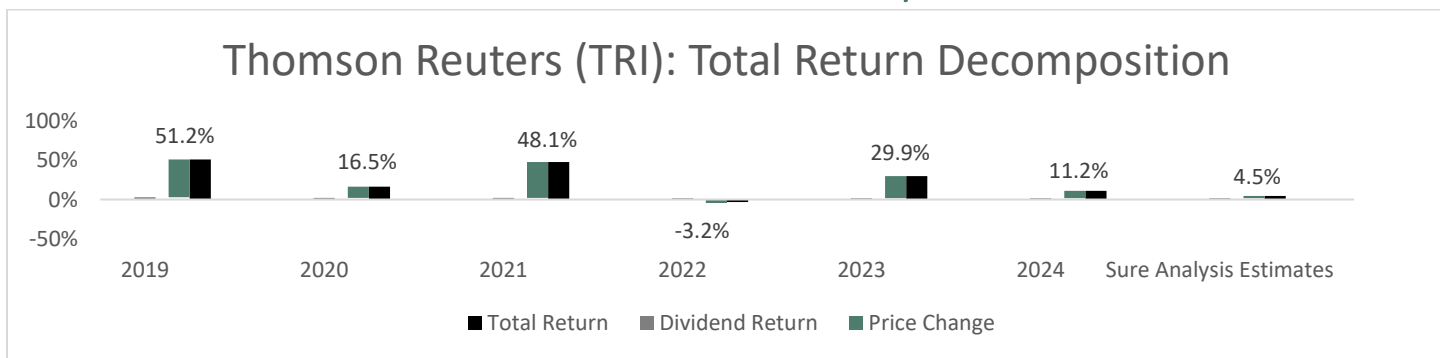
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	63%	76%	55%	185%	46%	68%	14%	68%	56%	57%	62%	54%

Qualitatively, Thomson Reuters' strongest competitive advantage is its brand recognition, which provides it with strong pricing power in the competitive world of financial information. The company's payout ratio appears to be safe today, and we expect the 32-year annual dividend streak to continue. TRI was founded during the last recession, so it is difficult to know exactly how much its business was impacted. As Thomson Reuters generates most of its revenue from selling information and software solutions electronically and on a subscription basis (with 81% of revenue recurring), the business has historically been resilient, and this resiliency has benefited them throughout the pandemic impact.

Final Thoughts & Recommendation

We see total annual returns for Thomson Reuters coming in at 4.5%, stemming from 11% earnings-per-share growth and the 1.3% dividend yield, partly offset by -7.1% P/E multiple contraction. The company has completed its two-year Change Program, and now brands itself as a content-driven technology company. TRI maintains its hold rating, but shares are expensive, trading at 145% of our fair value estimate.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	11,257	11,166	5,297	5,501	5,906	5,984	6,348	6,627	6,794	7258
Gross Profit	6,832	6,566	2,844	2,805	3,475	3,715	3,870			NA
D&A Exp.	1,582	1,552	605	619	717	792	770	724	725	822
Operating Profit	1,520	1,410	1,034	775	1,199	1,919	1,234	1,834	2,332	2109
Op. Margin	13.5%	12.6%	19.5%	14.1%	20.3%	32.1%	19.4%	27.7%	34.3%	29.1%
Net Profit	1,255	3,098	1,395	3,933	1,564	1,122	5,689	1,402	2,695	2210
Net Margin	11.1%	27.7%	26.3%	71.5%	26.5%	18.8%	89.6%	21.2%	39.7%	30.4%
Free Cash Flow	1,887	2,079	1,510	1,486	197	1,241	1,286	1,320	1,797	1850
Income Tax	34	-15	-134	136	-1198	71	1,607	195	417	-123

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	29,112	27,852	26,480	17,018	17,295	17,881	22,149	21,711	18,680	18440
Cash & Equivalents	966	2,368	874	2,706	825	1,787	708	1,069	1,298	1968
Acc. Receivable	1,714	1,327	1,415	1,069	1,120	1,122	1,038	1,069	1,122	1087
Inventories	33	32	31	33	23	26	28			NA
Goodwill & Int.	23,781	21,534	21,815	9,308	10,271	10,233	10,093	10,023	11,120	11850
Total Liabilities	16,012	14,596	12,905	7,808	7,735	7,901	8,315	9,762	7,620	6431
Accounts Payable	282	311	307	326	265	217	227	1,222	1,114	1091
Long-Term Debt	8,424	7,389	7,026	3,216	3,255	3,772	3,786	4,761	3,277	2820
Total Equity	12,503	12,663	12,967	9,100	9,450	9,870	13,724	11,949	11,060	12010
LTD/E Ratio	0.67	0.58	0.54	0.35	0.34	0.38	0.27	0.40	0.30	0.23

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	4.2%	10.9%	5.1%	18.1%	9.1%	6.4%	28.4%	6.4%	13.3%	11.9%
Return on Equity	9.4%	24.6%	10.9%	35.6%	16.9%	11.6%	48.2%	10.9%	23.5%	19.2%
ROIC	5.7%	14.7%	6.8%	23.8%	12.4%	8.4%	36.3%	8.2%	17.4%	15.2%
Shares Out.	784.0	749.0	720.0	550.0	503.0	490.0	494.5	484.9	464.0	451
Revenue/Share	15.81	16.42	8.10	8.23	11.75	12.02	12.84	13.67	14.64	16.1
FCF/Share	2.65	3.06	2.31	2.22	0.39	2.49	2.60	2.72	3.87	4.1

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

Disclaimer

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