



## Why Thomson Reuters Shares Could Fly to \$45

### Description

*While Fools should generally take the opinion of Wall Street with a grain of salt, it's not a bad idea to take a look at particularly stock-shaking analyst upgrades and downgrades — just in case their reasoning behind the call makes sense.*

**What:** Shares of **Thomson Reuters** ([TSX: TRI](#))(NYSE: TRI) climbed 2% yesterday morning after TD Securities upgraded the financial information provider from “hold” to “buy”.

**So what:** Along with the upgrade, analyst Vince Valentini planted a price target of \$44 on the stock, representing about 17% worth of upside to Friday's close. While momentum traders might be turned off by Thomson's year-to-date price weakness, Valentini's call could reflect a sense on Bay Street that its long-term growth prospects are becoming too cheap to pass up.

**Now what:** According to TD Securities, Thomson's risk/reward trade-off is rather attractive at this point. “Since we last had a Buy rating 18 months ago, we believe that the new senior management team has delivered an impressive array of cost-reduction initiatives and product enhancements, while at the same time global macroeconomic headwinds have gradually eased,” said Valentini. “We are certainly not seeing any tailwinds yet in terms of demand from large financial institutions, and we believe that a return to positive organic revenue growth for the Financial & Risk (F&R) sector is still 12-15 months away, but with enough passage of time, and with the underperformance of TRI shares YTD, we are now willing to recommend that long-term investors get back into the stock.”

When you couple Thomson's 15-plus P/E ratio with its still-hefty debt load, however, I'd hold out for an even wider margin of safety before buying into that bullishness.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NASDAQ:TRI (Thomson Reuters)
2. TSX:TRI (Thomson Reuters)

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