Could These Companies' Shares Reach $50?

Description

As it stands, neither **Thomson Reuters** (TSX: TRI)(NYSE: TRI) nor **Rogers Communications** (TSX: RCI.B)(NYSE: RCI) are very popular among investors. While Thomson is one of the most heavily shorted stocks by Americans, Rogers has a beaten-up share price and trades at a discount to its peers.

At the same time, both companies have their advantages, chief among them a subscription-based revenue model with low customer attrition. They also both have very nice dividend yields, with share prices hovering around $40. So will either of them reach $50 any time soon? Below we take a look at each company.

Rogers Communications

It hasn't been the best year for Rogers or its shareholders. Over the past 12 months, the stock has lagged behind the market, returning about 0%. So far in 2014, the shares have lost 9%.

The company's financial results over this time period have been mediocre at best, and customers are sick of getting poor service. The good news is that new CEO Guy Laurence has made customer service a top priority after "neglecting our customers after so many years". Part of his plan involves moving all customer service functions into one department — time will tell how this works out, but it's nice to see these kinds of intentions.

In the meantime, the company is still able to make very stable and predictable revenue from its many subscribers. Investors can continue to count on steady earnings funding a nice dividend, which currently yields 4.3%. If Mr. Laurence can execute on his overhaul, investors should be able to count on some nice capital gains too.

Thomson Reuters

Thomson Reuters has had better results of late — its shares returned 44% in 2013 — but many people aren't convinced. In fact, the company is one of the most heavily shorted stocks by Americans.

Like Rogers, Thomson makes its money off of subscription-based products, which allows the company to earn fairly predictable revenues. But also like Rogers, Thomson has had its problems over the years, and its customers have not been happy.

The issues primarily revolve around the company's financial and risk division, which has struggled ever since the merger between Thomson and Reuters in 2007. First came the financial crisis, then a botched rollout of its new product, Eikon, then a string of market share losses. Now it looks like Thomson has finally got its act together, with a much-improved product offering and better sales numbers, and the stock has started to react accordingly.

However, the company's shares still are not as expensive as they could be, and as a result yield a healthy 3.4%. Dividend investors, take note.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:TRI (Thomson Reuters)
2. NYSE:RCI (Rogers Communications Inc.)
3. TSX:RCI.B (Rogers Communications Inc.)
4. TSX:TRI (Thomson Reuters)

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