



Why TransCanada's Name Change Could Be a Big Move for the Stock

Description

It might seem silly that a stock's name can have an impact on the underlying share price. However, sometimes a name change can bring about a fresh start, especially if investors haven't been following the stock before and might not know all the history associated with it in the past.

A good example of this is **Bausch Health Companies Inc** ([TSX:BHC](#))([NYSE:BHC](#)), which previously traded under the name Valeant Pharmaceuticals Inc. The company was seeing a lot of bad press, and the name change helped distance it from its past while showing investors that it was a different brand.

The company's chairman and CEO, Joseph Papa said the change was meaningful because Bausch was a "highly respected name in the health care space" and the move "sets the stage for our future as we continue to transform the company."

Over the past five years, the stock has lost around 80% of its value, and so it's no wonder that the company would want to try and brand itself in a more favourable light. Although the name change didn't lead to significant growth for the stock, as it has been down a modest 1% since the change was finalized, at the very least the share price has seen a bit more stability.

In August of 2017, **Stars Group Inc** ([TSX:TSGI](#))([NASDAQ:TSG](#)) announced it had completed its name change from Amaya Inc., which it had previously traded under. Amaya had also suffered some bad press when its CEO was accused of insider trading. That's the kind of thing that will erode the trust that investors have in a company. Shifting over to Stars Group also helped to focus on the company's PokerStars brand, which has helped generate strong results for the stock.

The stock has [risen](#) more than 9% since the name change, and that's even after Stars Group declined significantly. However, it's impossible to determine how much of the improvement in share price was a result of a name change versus actual results. If nothing else, it helps remind prospective investors that Stars Group is the PokerStars company.

The above two stocks have shown some signs of improvement since their name changes, and **TC Energy Corp** ([TSX:TRP](#))([NYSE:TRP](#)), formerly TransCanada Corporation, is hoping to get a positive impact from the change in name as well. While CEO Russ Girling states that the change is to focus on

energy and “the breadth of our business,” what’s perhaps more noticeable is that the company has dropped “Canada” from its name.

That could be to help reflect the fact that the company isn’t just operating in Canada or that it just doesn’t want the stock to have a negative connotation given that the country hasn’t been very friendly to pipelines lately.

There’s no denying that the Canadian industry has been much worse off than its U.S. counterparts, and that oil and gas stocks here have continued to struggle even as oil prices have been [recovering](#). Although TC Energy hasn’t exactly struggled, with its share price rising 13% in the past year, it’s still a modestly priced stock with a price-to-earnings multiple of around 15 and a lot of potential upside left. With the name change, it might be able to help attract U.S. investors in an effort to improve the overall valuation of the company.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BHC (Bausch Health Companies Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:BHC (Bausch Health Companies Inc.)
4. TSX:TRP (TC Energy Corporation)

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Date

2025/06/30

Date Created

2019/05/08

Author

djagielski

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