

CAN TIM HORTONS TAKE MANHATTAN?

Analysts are applauding **Tim Hortons Inc.**'s (THI/TSX) take-over of a dozen Dunkin' Donut sites in New York City, saying the move could help raise the made-in-Canada chain's brand profile in the United States.

"It is, in our view, a very rare opportunity to obtain such high-profile sites in Manhattan," analyst Keith Howlett of Desjardins Securities wrote in a note to clients. He rates the shares "hold" with a target price of \$32.

"The sites offer the potential (far from a certainty) to begin to seed Tim Hortons' brand in the minds of Americans. The brand is not well known outside of western New York state, the Detroit

area, and Columbus, Ohio."

Under its recent arrangement with the ice cream chain Cold Stone Creamery, Tim Hortons will also open three dual-branded outlets in early August at three existing Cold Stone Creamery locations in New York, which the analyst also sees as positive.

"Cold Stone Creamery is a brand that has captured positive mental shelf space with U.S. consumers as being associated with an interesting and high-quality ice cream experience," he wrote. "We view these market initiatives as important steps in developing brand awareness of Tim Hortons in the U.S."

Hollie Shaw



BRENDAN MCDERMID / REUTERS

Pedestrians walk past a new Tim Hortons coffee and bake shop in Midtown Manhattan section of New York yesterday.