

Gaming: Gaming Operators
Century Casinos, Inc. | CNTY - \$1.40 - NASDAQ | Buy
Stock Data

52 Week Low - High	\$0.60 - \$4.51
Shares Out. (mil)	23.88
Mkt. Cap.(mil)	\$33.4
3-Mo. Avg. Vol.	28,599
12-Mo.Price Target	\$4.00
Cash (mm)	\$8.3
Tot. Debt (mil)	\$49.0
Est. 3Yr. EPS Growth	15%

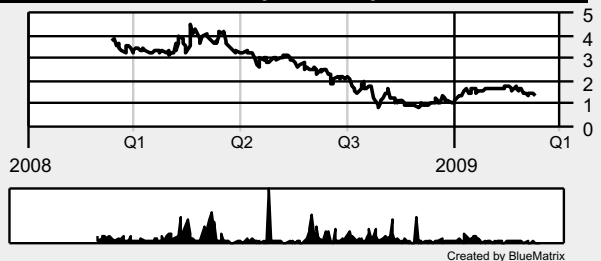
EPS (\$)

Yr Dec	2008	—2009E—	—2010E—
	Actual	Curr	Curr
1Q	0.02A	0.01E	—
2Q	0.04A	0.03E	—
3Q	0.05A	0.05E	—
4Q	0.00E	0.07E	—
YEAR	0.11E	0.16E	0.22E
P/E	12.7x	8.8x	6.4x

All EPS estimates are pro forma. Please see attached model for details.

Revenue (\$ millions)

Yr Dec	2008	—2009E—	—2010E—
	Actual	Curr	Curr
1Q	21.0A	19.9E	—
2Q	21.5A	20.8E	—
3Q	21.9A	21.5E	—
4Q	20.2E	21.9E	—
YEAR	84.6E	84.1E	89.4E

1 Year Price History/Ave. Daily Vol for CNTY

4Q08 Earnings Preview

- **4Q08 Details.** Century Casinos is scheduled to release its 4Q results on Monday morning at 7am pacific time and mgt will host a conf call with investors the following day at 8am pacific time. Domestic dial-in number is 800-895-1715, Conf ID is "Quarter4".
- **Expectations.** On an operating basis we are not looking for any upside considering the poor economic conditions in Colorado market (~33% of trailing EBITDA) and negative foreign currency movements (Strong USD relative to S. African RAND and Canadian Dollar). Our 4Q estimates call for revenue of \$20.2 million and break-even EPS.
- **Colorado Gaming Expansion.** While current market conditions remain challenging (Mrkt down -18% y/y in Dec qtr) we look for a return to growth in 2H09 with the approval of gaming expansion in Colorado. Recall voters passed Amendment 50 on Nov 4th, which increased the max bet from \$5 to \$100, allows 24hr ops, caps the tax rate, and allows table games (craps, roulette). New regulations take effect July 1st.
- **Strong cash position ex asset sale.** Century currently expects to close on the sale of its two S. Africa Casinos in 2Q09 for net proceeds of US\$37 million. The buyer is Tsogo Sun Gaming, which is jointly owned by Hosken Consolidated Investments (listed on Johannesburg Stock Exchange) and SAB Miller (Listed on the London Stock Exchange). The purchase price is guaranteed by the parent company. Following the sale we project a net cash position of \$7 million.
- **Valuation Remains Compelling.** Most casino operators are out of favor with investors due to declining financial performance and balance sheet issues (i.e. too much debt). However, we believe Century is in a much better position than its competitors with expectations for growth in key markets (Edmonton and Colorado) and a pending transaction that should place it in a net cash position. Furthermore, we believe shares are compelling trading for only 2x our adj EBITDA post transaction. As such, we maintain our BUY rating on CNTY shares heading into earnings.

Price: \$1.42 intraday-1:13pm Eastern

VALUATION

Shares of CNTY currently trade for 2x our expected CY09 adj EBITDA estimate post asset sale and including Casinos Poland minority interest. Our \$4.00 PT represents an EV/EBITDA multiple of 6x our CY09 adj EBITDA estimate.

Impediments

Our estimates assume that Century Casinos, Inc. will maintain all current and any future gaming licenses; there will be no material change to the current level of acceptance of gaming; and that there will be no material changes to the regulatory environment where the company currently has casino operations.

RISKS

Investing in shares of Century Casinos, Inc. involves various risks that could adversely affect the company's operations and stock price. These risks include any future reversal in attitude towards consumer acceptance of gaming domestically and internationally, the ability to maintain current gaming licenses and secure future licenses in new markets, the ability to secure additional sources of financing, foreign exchange fluctuations, and any material changes to the current regulatory environment in which the company has operations within.

COMPANY DESCRIPTION

Century Casinos, Inc. is an owner, operator, and developer of mid-sized domestic and international casinos. The company owns and operates the Womacks Casino and Hotel in Cripple Creek, CO, the Century Casino and Hotel in Central City, CO, the Century Casino and Hotel in Edmonton, Alberta, Canada, the Caledon Hotel, Spa, and Casino in Caledon, South Africa, the Monte Vista Casino in Newcastle, South Africa, the Casino Millennium in Prague, Czech Republic, and the company operates casinos aboard three different cruise lines.

MENTIONED COMPANIES

Disclosures:

ROTH makes a market in shares of Century Casinos, Inc. and as such, buys and sells from customers on a principal basis.



Each box on the Rating and Price Target History chart above represents a date on which an analyst made a change to a rating or price target, except for the first box, which may only represent the first note written during the past three years. **Distribution Ratings/IB Services** shows the number of companies in each rating category from which Roth or an affiliate received compensation for investment banking services in the past 12 month.

Distribution of IB Services Firmwide

Rating	Count	Percent	IB Serv./Past 12 Mos. as of 03/13/09	
			Count	Percent
BUY [B]	126	64.9	12	9.5
HOLD [H]	64	33.0	2	3.1
SELL [S]	1	0.5	0	0
NOT RATED [NR]	3	1.5	0	0

Our rating system attempts to incorporate industry, company and/or overall market risk and volatility. Consequently, at any given point in time, our investment rating on a stock and its implied price movement may not correspond to the stated 12-month price target.