

# SAL. OPPENHEIM

## Century Casinos

Travel & Leisure

2009-03-16

Applied disclosures can be found in the appendix

Buy

Fair Value USD3.10

Price USD1.38 (Closing price as of 2009-03-11)

KEY DATA			
	2007	2008e	2009e
Sales m	91.65	55.89	59.15
Net Profit m	4.93	-13.96	16.11
adj. EPS	0.21	0.05	-0.04
PER	38.0	61.1	-35.5
EV/EBITDA	10.9	11.8	4.3
EBIT margin %	12.0	-16.6	2.1
Yield %	0.0	0.0	0.0
EPS CAGR: 07-2010			-41.7

### RESULTS AFFECTED BY RECENT DISPOSALS

Our Q4 forecasts – reflecting US GAAP requirements – excluded sales and expenses of the South African and Czech assets that were recently sold. The discontinuing operations will only affect Century's net earnings. The weakness of the rand (down 47% vs. USD in Q4 yoy) is expected to burden the net profit of the South African operations by \$0.6m in Q4. We expect revenues of the remaining assets to come in 3-10% below Q4 2007 and EBIT to be negative, as overhead costs cannot be financed by the remaining three main assets.

### DISPOSALS ARE AFFECTING 2008 RESULTS

Based on US GAAP rules we expect Century Casinos to report its Q4 and full year P&L, excluding the South African and Czech entities except their impact on the bottom line. These operations will probably be reported under "discontinuing operations" and the net effect will be allocated directly to Century's net earnings.

### MARKET DATA

Reuters	CNTY.OQ
Bloomberg	CNTY US
Market cap USDm	33.0
EV USDm	32.9
Free float %	78.4

### REMAINING SITES WITH DECLINING SALES EXPECTED

As sales in Colorado (Cripple Creek, Central City) started to decline in Q4 2007, we expect the yoy momentum to improve compared to the previous quarters. We estimate the remaining entities to have achieved sales of \$13.9m in Q4/08 compared with pro-forma sales of \$14.5m in Q4/07.

### NEXT EVENTS

Full year results	2009-03-16
Quarterly results	2009-05-11

### NEGATIVE EBIT DUE TO EXCLUSION OF SA AND CZECH ASSETS

We anticipate Century's EBIT in Q4 to be negative resulting from the exclusion of the operating result generated in Caledon, Newcastle and Prague. Including those assets would have resulted in an EBIT of +USD0.8m in Q4e. Net profit in the full year 2008 probably came in negative (USD14m expected) due to the goodwill impairments and tax provisions that have been accounted for in Q3 (USD15.4m).

Century Casinos: Q4 2008 results						
(USDm)	Q4 08 SOP	y-o-y	Q4 07	FY 08 SOP	y-o-y	FY 07
<b>Sales</b>	<b>13.9</b>	<b>nm</b>	<b>23.2</b>	<b>55.9</b>	<b>nm</b>	<b>91.7</b>
Edmonton	5.6	-2.9%	5.7	22.6	17.0%	19.3
Cripple Creek	2.9	-10.4%	3.2	11.7	-30.0%	16.7
Central City	4.7	-3.9%	4.8	18.3	-10.0%	20.4
* Caledon	3.1	-34.8%	4.8	15.4	-15.0%	18.1
* Newcastle	2.3	-32.5%	3.4	10.9	-9.0%	12.0
* Prague & Ships	1.3	10.1%	1.2	5.3	4.0%	5.1
<b>EBIT</b>	<b>-0.5</b>		<b>2.3</b>	<b>-9.3</b>	<b>nm</b>	<b>11.0</b>
Margin	-3.4%		10.1%	nm		12.0%
<b>Net Profit</b>				<b>-14.0</b>	<b>nm</b>	<b>4.9</b>
* sold entities not included in Sales and EBIT of 2008 but included in all sums of 2007						

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Source: Oppenheim Research