

Century Casinos

Travel & Leisure

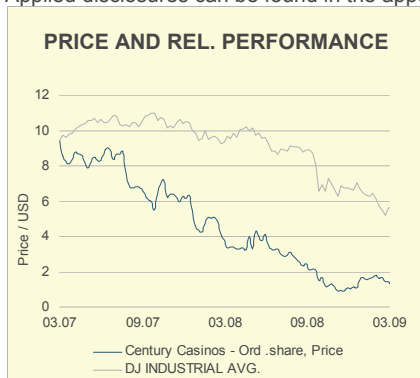
2009-03-17

Applied disclosures can be found in the appendix

Buy

Fair Value USD3.10

Price USD1.33 (Closing price as of 2009-03-16)



DISAPPOINTING SALES, NET PROFIT IN LINE

ASSESSMENT

- As assumed in our earnings preview, Q4 2008 results were affected considerably by the recent disposals of the South African and Czech assets. Century Casinos reported its Q4 and full year P&L excluding those entities except their impact on the bottom line. The South African and Czech business was reported under “discontinuing operations” and the net effect has been allocated directly to the company’s net result.
- The remaining sites (Edmonton, Cripple Creek, Central City, cruise ships) generated revenues of \$11.7m in Q4, 16% below our estimate (\$13.9m). Sales in Edmonton suffered from the declining Canadian dollar (-19% y-o-y), whereas the sites in Colorado were once again impacted by the economic downturn.
- Century Casinos achieved an EBIT of \$-0.6m in Q4. As sales of the remaining entities cannot finance the overhead costs at the head office, a negative EBIT has been expected.
- Based on goodwill impairments and tax provisions that were accounted for in Q3 (\$15.4m) Century Casinos posted a net loss of \$-13.5m in 2008 (vs. \$-14.0m estimated).

MARKET DATA

Reuters	CNTY.OQ
Bloomberg	CNTY US
Market cap USDm	31.8
EV USDm	31.5
Free float %	78.4

KEY DATA

Yr.end 12/31	2007	2008e	2009e
Revenues 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	-34.2
EV/EBIT	19.4	-9.0	25.9
EBIT mgn. %	12.0	-16.6	2.1
EPS CAGR 07-10e: -42 %			

VALUATION

- Century’s Q4 EBIT was in line with our estimates. We will update our estimates but our viewpoint on the company has not changed significantly.

Century Casinos: Q4 2008 results										
(USDm)	Q4 08	y-o-y	Q4 07	Q4 08 SOP	Δ %	FY 08	y-o-y	FY 07	FY 08 SOP	Δ %
Sales	11.7	nm	14.4	13.9	-16.0%	53.0	nm	59.0	55.9	-5.1%
Edmonton	4.9	-13.7%	5.7	5.6	-11.2%	22.0	13.8%	19.3	22.6	-2.8%
Cripple Creek	2.4	-24.8%	3.2	2.9	-16.1%	11.2	-32.8%	16.7	11.7	-4.0%
Central City	3.8	-22.5%	4.8	4.7	-19.4%	17.4	-14.4%	20.4	18.3	-4.9%
Cruise Ships	0.6	-4.5%	0.6	0.8	-26.5%	2.4	-7.8%	2.6	3.0	-20.0%
EBIT	-0.6	n.a.	n.a.	-0.5	16.5%	-9.3	nm	2.2	-9.3	-0.3%
Margin	-4.8%		n.a.	-3.4%		nm		3.7%	nm	
Net Profit						-13.5	nm	4.9	-14.0	-4%

EBIT of Q4 2007 not available after transformation of full year P&L

NEXT EVENTS

Quarterly results 2009-05-11

CONCLUSION

Century’s sales decreased more than expected, reflecting the economic downturn in Colorado and the declining Canadian dollar in Q4. The next triggers for the share price, in our view, could be the closing of the South African disposal (expected for Q2 2009) and the start of the more liberal casino law in Colorado coming into effect as of July 1.

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Century Casinos - P&L (Cost of Sales)					
USDm (Yr. end: 12/31)	2006	2007	2008e	2009e	2010e
Sales	56.3	91.7	55.9	59.1	68.6
Cost of goods sold	-28.0	-45.4	-30.6	-32.6	-37.2
Gross profit	28.2	46.3	25.3	26.5	31.4
Administrative costs	-19.3	-27.2	-18.9	-19.7	-22.3
Other operating income/expenses (net)	0.0	0.6	0.7	0.8	1.0
EBITDA	8.9	19.7	7.1	7.6	10.1
EBIT	3.3	11.0	-9.3	1.2	3.1
Discontinuing operations	0.0	0.0	6.6	1.6	0.0
Interest result	-2.5	-6.1	-4.9	-2.2	-2.1
Financial result	2.7	-6.1	-4.9	-2.2	-2.1
Participation result	5.2	0.0	0.0	0.0	0.0
Other income / expenses (net)	0.5	0.9	0.2	0.0	0.2
Profit or loss on ordinary activities	6.0	5.0	-14.2	-0.9	1.0
EBT	6.4	5.9	-14.0	-0.9	1.2
Taxes	0.1	0.3	5.3	-0.1	0.2
Profit / loss for the year (cont. operations)	6.3	5.6	-19.3	-0.8	1.0
Discontinuing operations (net)	0.0	0.0	5.9	17.0	0.0
Minority	-1.3	0.6	0.6	0.1	0.0
Net profit	7.6	4.9	-14.0	16.1	1.0
+ /- Net profit adjustments	0.0	0.0	15.1	-17.0	0.0
Adjusted net profit	7.6	4.9	1.2	-0.9	1.0
Key ratios and figures					
USDm (Yr. end: 12/31)	2006	2007	2008e	2009e	2010e
Valuation					
PER	30.2	38.0	61.1	-34.2	31.4
P/BV	2.3	1.7	0.8	0.3	0.3
EV/Sales	5.6	2.3	1.5	0.5	0.4
EV/EBITDA	35.6	10.9	11.8	4.2	2.4
Sustainable FCF yield %	6.3	13.5	23.1	57.5	115.3
Data per share					
Weighted avg. number of shares	22.78	23.09	23.87	23.87	23.87
EPS (reported)	0.33	0.21	-0.58	0.67	0.04
Adj. EPS	0.33	0.21	0.05	-0.04	0.04
Book value per share	4.33	4.73	3.94	4.61	4.65
Sustainable FCFPS	0.9	1.3	0.8	0.8	1.2
Growth rates %					
Sales	50.3	62.8	-39.0	5.8	16.1
EBITDA	-2.6	121.4	-64.1	7.3	32.9
EBIT	-44.4	239.3	nm	nm	152.0
Net profit	70.3	-35.3	nm	nm	-93.7
adj. EPS	19.0	-36.2	-77.0	nm	nm
Margins %					
Gross	50.2	50.5	45.2	44.8	45.8
EBITDA	15.8	21.5	12.7	12.8	14.7
EBIT	5.8	12.0	-16.6	2.1	4.5
Net profit	13.6	5.4	-25.0	27.2	1.5
Expense ratios %					
Depreciation to sales (Cost of sales)	8.4	9.4	12.5	10.8	10.2
Tax rate	-2.1	-4.7	37.7	-12.0	-17.0
Other ratios					
Interest cover	2.6	2.8	1.4	2.5	3.4

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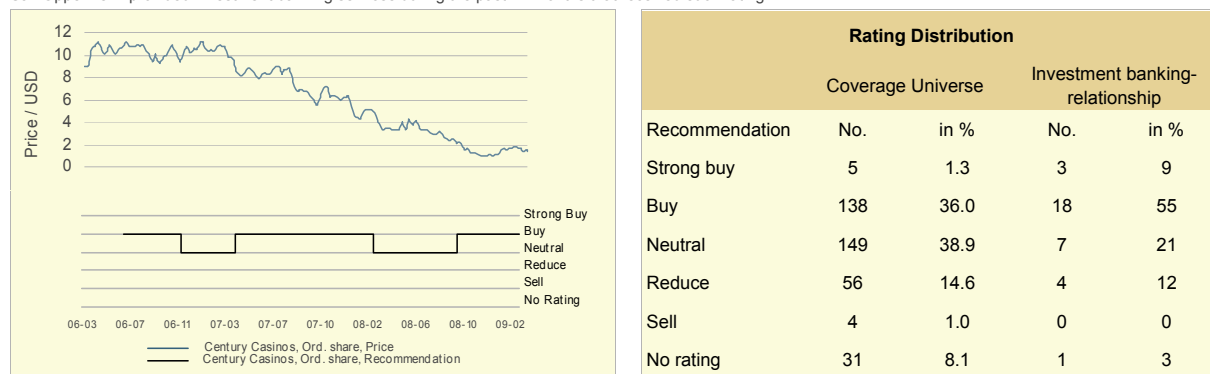
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