

**Gaming: Gaming Operators**
**Century Casinos, Inc. | CNTY - \$2.42 - NASDAQ | Buy**
**Stock Data**

|                      |                 |
|----------------------|-----------------|
| 52 Week Low - High   | \$0.60 - \$4.51 |
| Shares Out. (mil)    | 23.88           |
| Mkt. Cap.(mil)       | \$57.8          |
| 3-Mo. Avg. Vol.      | 39,803          |
| 12-Mo.Price Target   | \$3.50          |
| Cash (mil)           | \$45.8          |
| Tot. Debt (mil)      | \$37.4          |
| Est. 3Yr. EPS Growth | 15%             |

**EPS (\$)**

| Yr Dec | 2008    | —2009E— | —2010E— |
|--------|---------|---------|---------|
|        | Actual  | Curr    | Curr    |
| 1Q     | (0.02)A | (0.04)E | 0.02E   |
| 2Q     | (0.01)A | (0.02)E | 0.04E   |
| 3Q     | (0.65)A | 0.02E   | 0.05E   |
| 4Q     | (0.08)A | 0.01E   | 0.03E   |
| YEAR   | (0.76)A | (0.03)E | 0.14E   |
| P/E    | NM      | NM      | 17.3x   |

EPS est. are from cont. ops. See model for details. Cash and debt reflects pending sale of S. African casinos.

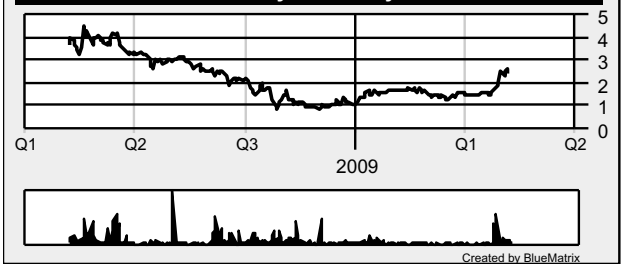
**Revenue (\$ millions)**

| Yr Dec | 2008   | —2009E— | —2010E— |
|--------|--------|---------|---------|
|        | Actual | Curr    | Curr    |
| 1Q     | 12.8A  | 11.8E   | 13.7E   |
| 2Q     | 13.3A  | 12.6E   | 14.6E   |
| 3Q     | 13.4A  | 14.2E   | 15.2E   |
| 4Q     | 11.7A  | 13.1E   | 14.1E   |
| YEAR   | 53.0A  | 51.6E   | 57.1E   |

CY08 quarterly revenue does not add up to annual due to the removal of S. African Ops

**Earnings Preview; Awaiting Asset Sale and Colorado Expansion**

- **1Q09 details and expectations.** Century Casinos is scheduled to release 1Q results on Monday morning at 6:30am pacific time and mgt will host a conf call with investors at 9:30am pacific (dial-in 1-800-895-0198). We are looking for revenue of \$11.8 million and EPS of (\$0.04), which is in line with the Street.
- **Edmonton expectations.** Our Edmonton property est assumes a revenue decline of -13.4% y/y in US Dollars, but represents +7% y/y growth in local currency. Our estimate assumes an avg FX rate of 1.24 in the quarter.
- **Colorado revenue stabilizes.** Colorado gaming revenue is down -4% y/y for the March quarter, but up +9% q/q. We note our combined Colorado property est assumes +4% q/q growth in revenue implying some modest upside potential.
- **Gaming expansion to drive growth.** In 2H09 we look for a return to y/y growth in Colorado with the approval of gaming expansion. 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 regs 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\$38 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.** Post asset sale Century should be well positioned with three properties in two growth markets (Edmonton, Colorado), and a net cash position providing financial flexibility. We believe shares are compelling trading for only 4x our adj EBITDA post transaction. As such, we maintain our BUY rating on CNTY shares heading into earnings.

**1 Year Price History/Ave. Daily Vol for CNTY**


Refer to important disclosure information and rating System Definition on page 3 of this report. Regulation Analyst Certification ("Reg AC"): The research analyst primarily responsible for the content of this report certifies the following under Reg AC: I hereby certify that all views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

## VALUATION

We believe shares of CNTY are compelling trading for only 4x our expected CY09 adj EBITDA estimate (post asset sale, including Casinos Poland). Our \$3.50 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.<br>as of 05/08/09 |         |
|----------------|-------|---------|---|---------|
|                |       |         | Count                                   | Percent |
| BUY [B]        | 122   | 64.9    | 7                                       | 5.7     |
| HOLD [H]       | 62    | 33.0    | 3                                       | 4.8     |
| SELL [S]       | 3     | 1.6     | 0                                       | 0       |
| NOT RATED [NR] | 1     | 0.5     | 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.