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Reports In-Line 1Q09

Investment Summary

Hold
Target Price: NA

The pending sale of its two properties in South Africa, in our view, underscores Century's attractive valuation and will put the company in a stronger financial and strategic position. Accounting for the sale, we estimate Century will have about \$11 million in net cash and generate approximately \$10 million of EBITDA from its three stable properties, cruise ship management business, and ownership interest in Poland.

Discussion

- Century reported 1Q09 recurring operating EPS of \$(0.04), in line with the Street consensus and \$0.01 below our forecast. Operating EBITDA of \$2.1 million exceeded our \$1.5 million estimate due to lower corporate expense as property level results were generally in-line with our expectations.
- We are maintaining our 2009 annual EPS estimate, as we believe improving trends following the regulatory changes in Colorado will offset the \$0.01 shortfall in 1Q09.
- We believe the sale of the casinos in South Africa will leave Century Casinos in a much stronger financial condition, including a net cash position of \$11 million. Further, Century could benefit from the increased betting limits and hour of operations that become effective at its two Colorado casinos on July 1.

Valuation

Based on our pro forma 2009 estimates, CNTY trades at an EV/EBITDA multiple of 4.5x versus the group of larger-cap regional gaming companies of 7.5x. Although we continue to believe CNTY shares are undervalued and could appreciate to over \$3 upon the closing of the sale of its two South Africa casinos, we would like to see greater visibility on the use of its proceeds and growth before becoming more aggressive in our rating.

Price	\$2.45
52-Week High/Low	\$4.51 - 0.60
Shares Outstanding (mm)	23.88
Market Cap. (mm)	\$58.52
Average Daily Volume (mm)	0.06
Total Debt (mm)	\$33.72
Net Debt (mm)	\$26.31
Total Debt/EBITDA	2.68x

EPS	FY08A	FY09E	FY10E
Mar	\$0.02	\$(0.04)A	-
Prior	-	\$(0.03)	-
Jun	\$0.04	\$0.00	-
Sep	\$0.05	\$0.04	-
Dec	\$(0.03)	\$0.01	-
Prior	-	\$0.00	-
FY	\$0.08	\$0.02	-
Consensus	-	\$(0.03)	\$0.07
P/E	30.2x	138.7x	-
EBITDA (mm)	\$14.89	\$10.27	-



Source: BigCharts.com

Century's 1Q09 R results vs. Our Estimates

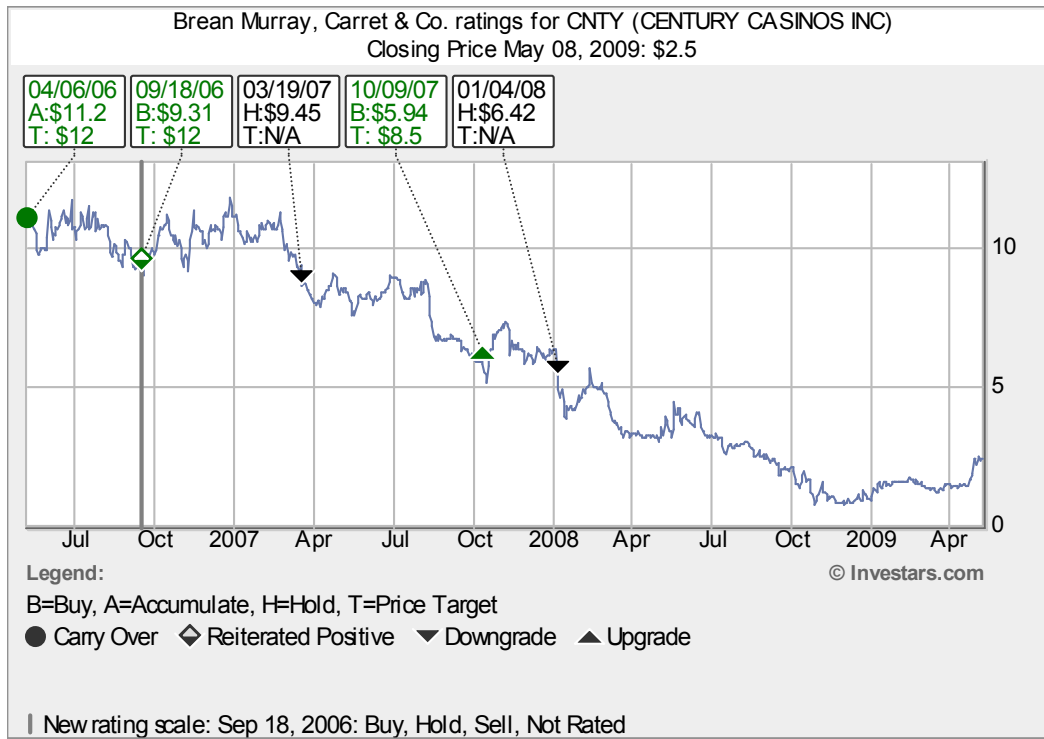
Century Casinos 1Q09
Quarterly Results vs. BMC Estimates

(\$MM)	1Q09	1Q08	% Chg.	Estimate	Variance
Revenues:					
Womacks	\$2.6	\$2.9	-11%	\$2.3	\$0.2
Caledon	0.0	4.2	-100%	0.0	0.0
Cruise Ships & Millenium	0.5	1.2	-61%	1.2	(0.7)
Central City	4.2	4.4	-6%	4.6	(0.5)
Edmonton	4.8	5.6	NA	5.9	(1.1)
New Castle	0.0	2.7	NA	0.0	0.0
Other	<u>0.0</u>	<u>0.0</u>	<u>NA</u>	<u>0.0</u>	<u>NA</u>
Total Net Revenue	12.0	21.0	-43%	14.1	(2.1)
EBITDA					
Womacks	\$0.5	0.3	77%	\$0.2	\$0.3
Caledon	0.0	1.5	-100%	0.0	0.0
Prague	0.0	0.0	NA	0.0	NA
Cruise Ships & Millenium	0.1	0.1	-15%	0.1	(0.0)
Central City	1.1	0.8	27%	0.9	0.1
Edmonton	1.8	1.9	NA	2.0	(0.3)
New Castle	0.0	0.0	NA	0.0	0.0
Management fees	0.0	0.9	NA	0.0	NA
Other/Poland	0.0	0.0	NA	0.4	(0.4)
Corporate	<u>(1.3)</u>	<u>(1.1)</u>	<u>-15%</u>	<u>(2.2)</u>	<u>0.9</u>
Consolidated EBITDA	2.1	4.4	-52%	1.5	0.6
Operating EPS	(\$0.04)	\$0.02	-285%	(\$0.03)	(\$0.01)

Source: Company data and Brean Murray, Carret & Co. estimates

Important Disclosures

Ratings and Target Price History



Priced intraday on 5/11/09.

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- Buy - Expected to appreciate by at least 10% within the next 12 months.
- Hold - Fully valued, not expected to appreciate or decline materially within the next 12 months.
- Sell - Expected to decline by at least 10% within the next 12 months.

	# of Securities	% of Total Securities	# of IB-Related Securities in Past 12 mos.	% of Total Securities
BUY	87	60.84%	8	9.2%
HOLD	44	30.77%	0	0%
SELL	10	6.99%	0	0%
NOT RATED	2	1.4%	0	0%
TOTAL	143			

Note : Stock price volatility may cause temporary non-alignment of some ratings with some target prices.

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