

Gaming: Gaming Operators
Century Casinos, Inc. | CNTY - \$2.50 - NASDAQ | Buy
Analysis of Sales/Earnings

Estimates Changed, Target Price Changed

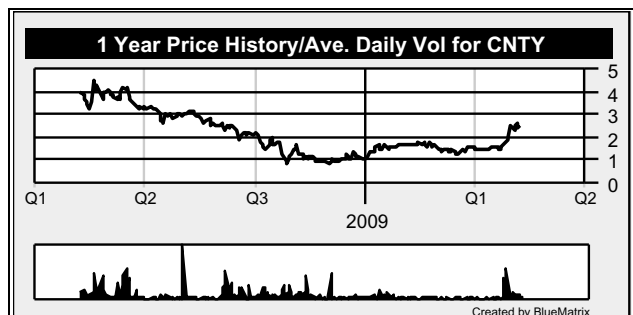
Stock Data	
52 Week Low - High	\$0.60 - \$4.51
Shares Out. (mil)	23.88
Mkt. Cap.(mil)	\$59.7
3-Mo. Avg. Vol.	40,159
12-Mo.Price Target	\$4.00
Cash (mil)	\$50.0
Tot. Debt (mil)	\$33.7
Est. 3Yr. EPS Growth	20%

EPS (\$)					
Yr Dec	2008	—2009E—		—2010E—	
	Actual	Curr	Prev	Curr	Prev
1Q	(0.02)A	(0.03)A	(0.04)E	0.03E	0.02E
2Q	(0.01)A	(0.01)E	(0.02)E	0.04E	0.04E
3Q	(0.65)A	0.02E	0.02E	0.05E	0.05E
4Q	(0.08)A	0.01E	0.01E	0.04E	0.03E
YEAR	(0.76)A	0.00E	(0.03)E	0.16E	0.14E
P/E	NM	NM	NM	15.6x	17.9x

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	Prev	Curr	Prev
1Q	12.8A	12.0A	11.8E	13.9E	13.7E
2Q	13.3A	12.6E	12.6E	14.6E	14.6E
3Q	13.4A	14.1E	14.2E	15.2E	15.2E
4Q	11.7A	13.1E	13.1E	14.3E	14.1E
YEAR	53.0A	51.8E	51.6E	58.0E	57.1E

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


1Q results better than expected; Raising est's and PT, Reiterate BUY

- 1Q Results.** Century reported rev of \$12.0M (ex S. Africa) and Cont ops EPS of (\$0.07). Revenue beat our est by \$0.2M and adj EPS of (\$0.03) beat our est by a penny on better than expected Colorado property performance. Adj EPS excludes a deferred tax asset creation (\$500k) and a FX charge (\$525k).
- Property Highlights.** CO revenue was down -8% y/y, but up +9% q/q, which was better than expected. Colorado EBITDA margins of 23% also surprised to the upside (18% est) on higher revenue and cost controls. Edmonton posted another solid quarter in local currency with rev up +7% (-14% y/y in USD) and EBITDA up +15% y/y (-7% y/y in USD).
- Strong cash position.** Mgt expects to close its S. Africa casino sale this qtr for net proceeds of US\$42M (\$1.75/share). We note the value in USD has increased since the announcement due to the recent +20% appreciation of the S. African Rand. We now est Century will exit 2Q in a net cash position of \$15M (\$49M cash, less \$33.7M debt). Mgt will likely use the proceeds to reduce long-term debt, buy back shares, and pursue M&A opportunities.
- Raising est's and PT.** We are increasing our FY09 and FY10 EPS est's by 2 cents each to reflect the upside to 1Q, as well as higher Colorado property revenue and margins. We are also taking our PT to \$4.00 from \$3.50 to reflect our new estimates.
- Valuation compelling, reiterate BUY.** Century is well positioned post asset sale with three majority owned casinos in two growth markets and a strong net cash position providing increased financial flexibility. We continue to believe shares are compelling trading for only 3x our FY10 EBITDA est. As such, we reiterate our BUY rating on CNTY shares.

Price: intraday \$2.45, 2:45pm Eastern, 5/11/09

Refer to important disclosure information and rating System Definition on pages 4 - 5 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 3x our expected FY10 EBITDA estimate (post asset sale, including Casinos Poland equity). We believe investors should value shares of CNTY on expected FY10 performance as it reflects a full year of expanded gaming regulations in Colorado. Our new \$4.00 price target (previously \$3.50) represents an EV/EBITDA multiple of 6x our FY10 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

CNTY — Income Statement (\$ in 000s, except per share data)

Year End: Dec	2007	Mar Q1:08	Jun Q2:08	Sep Q3:08	Dec Q4:08	2008	Mar Q1:09	Jun Q2:09E	Sep Q3:09E	Dec Q4:09E	2009E	Mar Q1:10E	Jun Q2:10E	Sep Q3:10E	Dec Q4:10E	2010E
Net Revenue																
Womacks	16,722	2,882	2,859	3,086	2,416	11,243	2,572	2,630	3,271	2,899	11,373	3,086	3,235	3,500	3,044	12,866
Edmonton	19,297	5,557	5,795	5,656	4,948	21,956	4,796	5,027	5,058	5,155	20,035	5,130	5,379	5,412	5,515	21,436
Central City	20,374	4,407	4,617	4,655	3,756	17,435	4,163	4,340	5,027	4,319	17,850	4,663	4,991	5,279	4,535	19,468
Other (Cruise Ships)	2,603	683	0	0	551	2,401	468	600	750	750	2,568	1,000	1,000	1,000	1,250	4,250
Corporate & Eliminations	47	1	1	0	4	7	0	0	0	0	0	0	0	0	0	0
Total Net Revenue (Consolidated)	59,043	13,530	13,272	13,397	11,675	53,042	11,999	12,598	14,106	13,123	51,826	13,879	14,605	15,191	14,345	58,019
% change y/y	85.6%	n/a	n/a	n/a	-17.3%	-10.2%	-11.3%	-9.2%	1.0%	12.4%	-2.3%	15.7%	15.9%	7.7%	9.3%	12.0%
Adjusted EBITDA																
Womacks	5,439	279	433	616	339	1,667	494	552	818	667	2,531	772	841	945	731	3,288
Edmonton	5,673	1,912	2,262	2,129	1,677	7,996	1,775	1,910	1,972	2,010	7,668	2,052	2,152	2,165	2,206	8,574
Central City	4,922	835	1,216	1,184	671	3,906	1,063	1,128	1,357	1,080	4,629	1,166	1,298	1,478	1,179	5,121
Other (Cruise Ships)	283	150	0	0	125	454	58	90	150	150	448	250	250	250	313	1,063
Corporate (Includes equity earnings)	(5,983)	(1,229)	(1,703)	(1,507)	(1,774)	(6,101)	(1,291)	(1,250)	(1,200)	(1,150)	(4,891)	(1,135)	(1,135)	(1,135)	(1,135)	(4,540)
Total Adj. EBITDA (Consolidated)	10,334	1,947	2,208	2,422	1,038	7,922	2,099	2,431	3,098	2,757	10,385	3,104	3,406	3,703	3,293	13,506
% margin	17.5%	14.4%	16.6%	18.1%	8.9%	14.9%	17.5%	19.3%	22.0%	21.0%	20.0%	22.4%	23.3%	24.4%	23.0%	23.3%
Depreciation & amortization	6,379	1,669			1,648	6,922	1,572	1,572	1,572	1,572	6,288	1,562	1,552	1,542	1,532	6,188
% of net revenue	10.8%				14.1%	13.1%	13.1%	12.5%	11.1%	12.0%	12.1%	11.3%	10.6%	10.2%	10.7%	10.7%
Share-based compensation		348			398	1,443	349	350	350	350	1,399	350	350	350	350	1,400
Non-recurring charges (gain)	(95)	0			0	9,357	0	0	0	0	0	0	0	0	0	0
Non-operating (income) expense	4,706	1,102			1,038	4,099	891	830	600	475	2,796	425	375	325	275	1,400
% of net revenue	8.0%				8.9%	7.7%	7.4%	6.6%	4.3%	3.6%	5.4%	3.1%	2.6%	2.1%	1.9%	2.4%
Pretax income	(1,580)	(1,168)			(2,065)	(13,797)	(1,240)	(321)	576	360	(625)	767	1,129	1,486	1,136	4,518
% margin	-2.7%				-17.7%	-26.0%	-10.3%	-2.5%	4.1%	2.7%	-1.2%	5.5%	7.7%	9.8%	7.9%	7.8%
Tax provision (benefit)	(1,038)	(645)			(189)	4,060	219	0	86	54	359	115	169	223	170	678
% tax rate	65.7%				9.2%	-29.4%	-17.7%	0.0%	15.0%	15.0%	-57.5%	15.0%	15.0%	15.0%	15.0%	15.0%
Minority interest, net of tax	(14)	45			(46)	77	14	0	0	0	14	0	0	0	0	0
Preferred dividends	0	0			0	0	0	0	0	0	0	0	0	0	0	0
Cont Ops Net income	(528)	(568)			(1,830)	(17,934)	(1,473)	(321)	489	306	(999)	652	959	1,263	966	3,840
% margin	-0.9%	-4.2%			-15.7%	-33.8%	-12.3%	-2.5%	3.5%	2.3%	-1.9%	4.7%	6.6%	8.3%	6.7%	6.6%
Discontinued Ops	5,461	1,109			1,179	4,461	1,818	0	0	0	1,818	0	0	0	0	-
GAAP Net income	4,933	541			(651)	(13,473)	345	(321)	489	306	819	652	959	1,263	966	3,840
% margin	8.4%	4.0%			-5.6%	-25.4%	2.9%	-2.5%	3.5%	2.3%	1.6%	4.7%	6.6%	8.3%	6.7%	6.6%
Continuing Ops EPS - Diluted	(\$0.02)	(\$0.02)	(\$0.01)	(\$0.65)	(\$0.08)	(\$0.76)	(\$0.07)	(\$0.01)	\$0.02	\$0.01	(\$0.04)	\$0.03	\$0.04	\$0.05	\$0.04	\$0.16
GAAP EPS - Diluted	\$0.21	\$0.02	\$0.04	(\$0.60)	(\$0.03)	(\$0.57)	\$0.01	(\$0.01)	\$0.02	\$0.01	\$0.03	\$0.03	\$0.04	\$0.05	\$0.04	\$0.16
Pro forma EPS - Diluted*	(\$0.02)	(\$0.02)	(\$0.01)	(\$0.65)	(\$0.08)	(\$0.76)	(\$0.03)	(\$0.01)	\$0.02	\$0.01	(\$0.00)	\$0.03	\$0.04	\$0.05	\$0.04	\$0.16
Basic common shares	23,088	23,303	23,468	23,526	23,551	23,455	23,524	23,524	23,524	23,524	23,524	23,524	23,524	23,524	23,524	23,524
Weighted shares outstanding (fully-diluted)	23,879	23,632	23,568	23,526	23,551	23,455	23,500	23,500	23,500	23,500	23,500	23,500	23,500	23,500	23,500	23,500

Notes

*Pro forma results adjusts for the following one-time items:

2009: 1Q09 excludes \$0.6M in FX losses and a \$0.2M deferred tax valuation allowance.

*Quarterly results may not add to annual results due to reclassifications and the removal of S. Africa Ops to discontinued ops.

n/a = not applicable or data not available

Source: Company reports and Roth Capital Partners estimates.

Todd J. Eilers
Roth Capital Partners, LLC
949-720-5781
teilers@rothcp.com
5/11/2009

Adam Krejcik
Roth Capital Partners, LLC
949-720-7187
akrejcik@rothcp.com
5/11/2009

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 05/11/09	
			Count	Percent
BUY [B]	121	63.0	7	5.8
HOLD [H]	67	34.9	3	4.5
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.

Ratings System Definitions - ROTH employs a rating system based on the following:

Buy: A security, which at the time the rating is instituted and or reiterated, indicates an expectation of a total return of at least 10% over the next 12 months.

Hold: A security, which at the time the rating is instituted and or reiterated, indicates an expectation of a total return between negative 10% and 10% over the next 12 months.

Sell: A security, which at the time the rating is instituted and or reiterated, indicates an expectation that the price will depreciate by more than 10% over the next 12 months.

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