

Gaming: Gaming Operators
Century Casinos, Inc. | CNTY - \$2.55 - NASDAQ | Buy
Stock Data

52 Week Low - High	\$0.60 - \$4.50
Shares Out. (mil)	23.88
Mkt. Cap.(mil)	\$60.9
3-Mo. Avg. Vol.	41,974
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	Curr
1Q	(0.02)A	(0.03)A	0.03E
2Q	(0.01)A	(0.01)E	0.04E
3Q	(0.65)A	0.02E	0.05E
4Q	(0.08)A	0.01E	0.04E
YEAR	(0.76)A	0.00E	0.16E
P/E	NM	NM	15.9x

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

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


S. Africa Casino Sale Moves Closer; Weak US Dollar Drives Value Increase

- Western Cape Approves Casino Sale.** Century announced yesterday that the West Cape Gambling and Racing Board approved the sale of its two S. African casinos. The Western Cape approval represents the third of four approvals needed to finalize the sale. The KwaZulu-Natal Gambling Board is the final approval needed. We don't anticipate any problems with the buyer obtaining final approval and we anticipate the sale to occur later this month or early July.
- Weak US Dollar drives increase in value.** The rapid decline of the USD relative to the the S. Africa Rand has increased the value of the transaction in US Dollars by ~18% since the deal was announced. Specifically, the net proceeds to Century (Gross sale less related S. African debt and minority owners) is now projected to be US\$44 million (~\$1.87/share) vs. US\$37 million when the deal was first announced on Dec. 22, 2008.
- Outlook remains positive.** We continue to believe Century is well positioned post asset sale with three majority owned casinos in two growth markets (Edmonton and Colorado). We also note the company will have a strong net cash position (post asset sale) of \$15 million providing increased financial flexibility to pursue further debt reduction, share repurchases, or new casino projects.
- Valuation remains compelling, Reiterate BUY.** We continue to believe shares are compelling trading for only 3.0x our FY10 EBITDA est vs. the peer group avg of 7.5x FY10 estimates. We continue to look for Colorado gaming expansion and the sale of the company's S. African casinos to serve as near term catalysts. As such, we reiterate our BUY rating on CNTY shares.

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 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 \$4.00 price target 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

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 06/09/09	
			Count	Percent
BUY [B]	124	61.4	8	6.5
HOLD [H]	74	36.6	1	1.4
SELL [S]	3	1.5	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.