



TM

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INDEPENDENT

INITIAL REPORT

Century Casinos, Inc.

(NasdaqCM: CNTY)

DECEMBER 20, 2007 | TARGET PRICE: \$9.00 | RATING: BUY

INVESTMENT CONCLUSION: ACCUMULATE ON CURRENT WEAKNESS AND STRONG GROWTH PROSPECTS

COMPANY OVERVIEW: *A Compelling Value Play in the Gaming Sector*

In the late nineteenth century, people flocked to Cripple Creek, Colorado, in hopes of making a fortune in gold. Today, people can flock there to make their fortune on slots or gaming tables thanks to Century Casinos, Inc. (NasdaqCM: CNTY)—an international casino entertainment company. CNTY's principal activity is to own and operate gaming casinos and their related lodging and restaurant facilities in the United States, Canada, South Africa, and Poland. In addition, the Company provides casino management services and operates casino operations on international cruises. CNTY shares have recently experienced a precipitous decline due to the company reporting flat, third-quarter earnings compared to the same quarter in the previous year. The reported \$0.08 cents a share was a penny short of analysts' earnings forecasts of \$0.09 a share. CNTY has solid fundamentals and strong growth prospects, and we believe that at current levels CNTY presents investors with a compelling value play.

FUTURE PROSPECTS: *Burgeoning Industry Fueled by Investment Capital and Favorable Legislation*

The global casino and gaming industry has seen explosive growth recently, driven by billions of investment capital for development, mergers and acquisitions. Over the last year, Macau surpassed Vegas as the top revenue-generating jurisdiction, and the rest of the world surpassed North America in terms of the aggregate number of gaming properties. The continued growth in M&A was fueled by opportunities to consolidate markets or expansion opportunities into new markets. In 2006, global gambling revenues were approximately \$101.6 billion and are projected to grow about 7.2% on an annual basis.

We believe that these trends will continue on a global scale as public perception, governments, and corporate interest begin to embrace the idea that the gaming industry is a catalyst for tourism, jobs, and economic development. In the United States, a retiring baby boom generation, rising per capita income, and legislation passed banning online gambling should continue to drive revenue growth in the industry.

CURRENT STATUS: *Strong Growth and Low Market Valuation*

For the past five years, CNTY has recorded average top-line growth of 13.8% and average bottom-line growth of 14.1%. For the nine months ended September 30, 2007, CNTY has reported revenue of \$68.5 million, which is an increase of 79% from \$38.3 million for the comparable period in the previous year. For Q3 2007,

RESEARCH ANALYST

Tony Telan, MBA
Tony@redchip.com
1-800-RED-CHIP

AT A GLANCE

TICKER	CNTY
RATING	BUY
INDUSTRY	RESORTS & CASINOS
FISCAL YEAR	DEC 31
RECENT PRICE	\$6.14
TARGET PRICE	\$9.00
MARKET CAP	145.3M
52-WEEK HIGH	\$11.89
52-WEEK LOW	\$5.25
PRICE/EARNINGS (TTM)	20.2X
PRICE/SALES (TTM)	1.68X
PRICE/BOOK (MRQ)	1.32X
AVG 3 MOS VOLUME	161,882
SHARES OUTSTANDING	23.1M
FLOAT	21.6M
ROE (TTM)	7.14%
ROA (TTM)	2.60%
INSIDE OWNERSHIP	17.9%
CO-CEO	ERWIN HAITZMANN
CO-CEO & PRESIDENT	PETER HOETZINGER

As of December 18, 2007



Century Casinos Inc.
1263 Lake Plaza Drive, Suite A
Colorado Springs, CO 80906
Phone: 719-527-8300
Fax: 719-527-8301
Web Site: <http://www.cnty.com>