

Century Casinos Reports Q2 2008 Earnings

2008-08-11

5% decrease in net operating revenue

Century Casinos, Inc. (Nasdaq: CNTY, Vienna Stock Exchange) reported today the financial results for the three and six months ended June 30, 2008.

Second Quarter 2008

For the second quarter of 2008, net operating revenue was US\$21,546,000 and consolidated Adjusted EBITDA* was US\$4,550,000. This represents a 5% decrease in net operating revenue over the same quarter of last year (US\$22,673,000 in the second quarter of 2007) and a 5% decrease in consolidated Adjusted EBITDA* (US\$4,784,000 in the second quarter of 2007). Declines in net operating revenue at our properties in Colorado were partially offset by an increase in net operating revenue at the Company's property in Edmonton.

The Company reported net earnings of US\$835,000, or US\$0.04 per basic and fully diluted share for the second quarter of 2008. Net earnings for the second quarter of 2007 were US\$1,041,000, or US\$0.04 per fully diluted share (US\$0.05 per basic share).

Six months ended June 30, 2008

For the first six months of 2008, net operating revenue was US\$42,526,000 and consolidated Adjusted EBITDA* was US\$8,943,000. This represents a 3% decrease in net operating revenue over the same period of last year (US\$43,734,000 in the first six months of 2007) and a 10% decrease in consolidated Adjusted EBITDA* (US\$9,989,000 in the first six months of 2007). Declines in net operating revenue at our properties in Colorado, particularly at Womacks, and a decline in the average exchange rate between the U.S. dollar and South African rand ("rand") were partially offset by an improvement in net operating revenue at the Company's property in Edmonton.

The Company reported net earnings of US\$1,376,000, or US\$0.06 per basic and fully diluted share for the six months ended June 30, 2008. Net earnings for the first six months of 2007 were US\$2,583,000, or US\$0.11 per basic and fully diluted share.

Property Results

Century Casino & Hotel (Edmonton, Alberta, Canada) - Net operating revenue at the Century Casino & Hotel in Edmonton increased 29% to US\$5,795,000 for the second quarter of 2008 compared to US\$4,480,000 for the second quarter of 2007. Adjusted EBITDA* was US\$2,262,000 for the second quarter of 2008 and US\$1,165,000 for the second quarter of 2007, an increase of 94%. In the second half of 2007, the Company converted a dinner theater to a showroom venue that has drawn better attendance. The Alberta Gaming and Liquor Commission increased the number of slot machines at the casino from 600 to 650 in September 2007. In addition, the Company introduced 24-hour poker at the casino during the fourth quarter of 2007. All of these factors have led to additional play at the casino.

Net operating revenue at the Century Casino & Hotel in Edmonton increased 32% to US\$11,352,000 for the six months ended June 30, 2008 compared to US\$8,632,000 for the six months ended June 30, 2007. Adjusted EBITDA* was US\$4,190,000 for the six months ended June 30, 2008 compared to US\$2,148,000 in the same 2007 period, a 95% increase.

Womacks Casino (Cripple Creek, Colorado, USA) - Net operating revenue at Womacks Casino in Cripple Creek, Colorado decreased 36% to US\$2,859,000 for the second quarter of 2008 from US\$4,440,000 for the second quarter of 2007. Gaming revenue in the Cripple Creek market as a whole declined 7.9% compared to a 35.4% decline at Womacks. Management attributes this to a decline in consumer discretionary income, increased fuel prices and a smoking ban that went into effect on January 1, 2008. In addition, management believes that Womacks lost a significant amount of its customers due to a renovation that began during the fourth quarter of 2007 and continued through the first quarter of 2008. Finally, in late May 2008, a new larger casino opened in Cripple Creek. The Company is reviewing strategies to improve revenue at Womacks. The Company has replaced the property manager and reduced staffing levels at the casino. Womacks' Adjusted EBITDA* for the second quarter of 2008 was US\$433,000 compared to US\$1,679,000 in the second quarter of 2007. The decrease in Adjusted EBITDA* is due to the decline in revenue, which management believes was a result of the above mentioned factors.

Womacks' net operating revenue was US\$5,741,000 for the six months ended June 30, 2008 compared to US\$8,499,000 for the six months ended June 30, 2007. Gaming revenue in the Cripple Creek market as a whole declined 10.2% compared to a 30.2% decline at Womacks. Womacks' Adjusted EBITDA* for the six months ended June 30, 2008 was US\$712,000 compared to US\$2,972,000 in the same 2007 period. The decrease in Adjusted EBITDA* is primarily due to the decline in revenue.

Century Casino and Hotel (Central City, Colorado, USA) - Net operating revenue at the Century Casino and Hotel decreased 9% to US\$4,617,000 for the second quarter of 2008 compared to US\$5,060,000 reported for the second quarter of 2007. Adjusted EBITDA* for the second quarter of 2008 increased to US\$1,216,000 compared to US\$1,078,000 in the second quarter of 2007. The increase in Adjusted EBITDA* is primarily due to a decrease in general and administrative expenses resulting from a property tax accrual adjustment in the second quarter of 2007. Gaming revenue in the Central City market as

a whole decreased 15.7% compared to a decrease of 10.8% for the Century Casino and Hotel.

The Century Casino and Hotel's net operating revenue was US\$9,024,000 for the six months ended June 30, 2008 compared to US\$9,575,000 for the six months ended June 30, 2007, a decline of 5.8%. Gaming revenue in the Central City market as a whole decreased 12.6% compared to a decrease of 7.7% for the Century Casino and Hotel. The Century Casino and Hotel's Adjusted EBITDA* for the six months ended June 30, 2008 was US\$2,051,000 compared to US\$2,133,000 in the same 2007 period. The decrease in Adjusted EBITDA* is primarily due to the decline in revenue.

On December 31, 2007, the Company acquired the remaining 35% of all issued and outstanding partnership units from the minority investor in its casino in Central City, Colorado. The Company now recognizes the casino's net income or losses at 100% going forward.

The Caledon Hotel, Spa and Casino (Caledon, South Africa) - Net operating revenue at the Caledon decreased 8% to US\$4,071,000 for the second quarter of 2008 compared to US\$4,414,000 reported for the second quarter of 2007, primarily due to a decline in the average exchange rate between the U.S. dollar and South Africa rand. Net operating revenue in rand increased to ZAR 31,603,000 for the second quarter of 2008 from ZAR 31,252,000 for the second quarter of 2007. Our market share of the Western Cape gaming revenue declined from 5.0% for the second quarter of 2007 to 4.7% for the second quarter of 2008. In June 2007, a competitor in Cape Town added 500 slot machines to its gaming floor. This represents a 16% increase in gaming positions in the Western Cape. The Caledon maintained net operating revenue at levels near 2007 despite the increase in gaming positions in the market, lower consumer discretionary income resulting from increased interest rates and higher fuel and food costs. The Caledon Hotel, Spa and Casino's Adjusted EBITDA* for the second quarter of 2008 was US\$1,380,000 compared to US\$1,733,000 in the second quarter of 2007. The decrease in Adjusted EBITDA* is primarily due to the decline in the average exchange rate and in revenue.

The Caledon Hotel, Spa and Casino's net operating revenue was US\$8,289,000 for the six months ended June 30, 2008 compared to US\$8,798,000 for the six months ended June 30, 2007. The decrease is primarily due to the decline in the average exchange rate between the U.S. dollar and rand. In rand, net operating revenue was ZAR 63,312,000 for the six months ended June 30, 2008 compared to ZAR 62,694,000 for the six months ended June 30, 2007. Our market share of the Western Cape gaming revenue declined from 5.0% for the six months ended June 30, 2007 to 4.7% for the six months ended June 30, 2008. As mentioned above, in June 2007, a competitor in Cape Town added 500 slot machines to its gaming floor. This represents a 16% increase in gaming positions in the Western Cape. The Caledon Hotel, Spa and Casino maintained net operating revenue at levels near 2007 despite the increase in gaming positions in the market, lower consumer discretionary income resulting from increased interest rates and higher fuel and food costs. The Caledon Hotel, Spa and Casino's Adjusted EBITDA* for the six months ended June 30, 2008 was US\$2,884,000 compared to US\$3,249,000 in the same 2007 period. The decrease in Adjusted EBITDA* is primarily due to the decline in the average exchange rate and in revenue.

Century Casino and Hotel (Newcastle, South Africa) - Net operating revenue decreased 6% to US\$2,886,000 for the second quarter of 2008 compared to US\$3,057,000 reported for the second quarter of 2007, primarily due to a decline in the average exchange rate between the U.S. dollar and rand. Net operating revenue in rand increased 3% to ZAR 22,395,000 for the second quarter of 2008 from ZAR 21,726,000 for the second quarter of 2007. The Century Casino and Hotel's Adjusted EBITDA* for the second quarter of 2008 was US\$256,000 compared to US\$246,000 for the second quarter of 2007.

The Century Casino and Hotel's net operating revenue was US\$5,599,000 for the six months ended June 30, 2008 compared to US\$5,710,000 for the six months ended June 30, 2007. The decrease is primarily due to the decline in the average exchange rate between the U.S. dollar and rand. In rand, the Century Casino and Hotel's net operating revenue increased to ZAR 42,858,000 for the six months ended June 30, 2008 from ZAR 40,900,000 for the six months ended June 30, 2007. The Century Casino and Hotel's Adjusted EBITDA* for the six months ended June 30, 2008 was US\$1,750,000 compared to US\$1,973,000 in the same 2007 period. The decrease in Adjusted EBITDA* is primarily due to the decline in the average exchange rate.

Other Operations - The Company's other operations, which include the Century Casino Millennium in Prague and the Company's ship-based casinos, contributed net operating revenue of US\$1,317,000 and Adjusted EBITDA* of US\$111,000 for the second quarter of 2008 compared to net operating revenue of US\$1,221,000 and Adjusted EBITDA* of US\$30,000 for the second quarter of 2007. The increase in Adjusted EBITDA* is primarily due to improved ship-based operations. These operations contributed net operating revenue of US\$2,518,000 and US\$2,513,000 for the six months ended June 30, 2008 and 2007, respectively and contributed Adjusted EBITDA* of US\$179,000 and US\$273,000 for the six months ended June 30, 2008 and 2007, respectively. The decline in Adjusted EBITDA* is primarily due to increased general and administrative expenses at the Century Casino Millennium.

Corporate - Corporate operations reports negative Adjusted EBITDA* of US\$1,703,000 for the second quarter of 2008 compared to negative Adjusted EBITDA* of US\$2,030,000 for the second quarter of 2007. The increase in Adjusted EBITDA* is primarily due to a decrease in general and administrative expenses of US\$282,000.

Corporate operations reports negative Adjusted EBITDA* of US\$2,823,000 for the six months ended June 30, 2008 compared to negative Adjusted EBITDA* of US\$2,759,000 for the six months ended June 30, 2007. The slight decrease in Adjusted EBITDA* is due to a decrease in foreign currency gains recognized period over period of US\$716,000, offset by decreased general and administrative expenses of US\$151,000 and the recognition of an additional US\$494,000 of equity earnings from our investment in Casinos Poland. We acquired a 33.3% interest in Casinos Poland in March 2007.

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