

| | |
|-------------------------------|----------------|
| Company name | Cnooc Ltd. ADR |
| Company ticker | CEO |
| Required yearly return | 10,00% |

| | |
|-----------------------------|-----------|
| PPS (USD) | 168,70 |
| Number of shares (M) | 447,35 |
| Market value (M) | 75 467,56 |

| Asset valuation | |
|-------------------------|---------|
| BVPS | 136,91 |
| P/B | 1,23 |
| IAPS | 5,95 |
| PTBV | 1,29 |
| Equity ratio | 57,27% |
| 3y SE gwth (2012-2014) | 22,74% |
| 5y SE gwth (2010-2014) | 76,28% |
| 10y SE gwth (2005-2014) | 388,67% |
| 3y SE CAGR (2012-2014) | 13,13% |
| 5y SE CAGR (2010-2014) | 16,91% |
| 10y SE CAGR (2005-2014) | 20,00% |

| | |
|------------------|---|
| <i>Valuation</i> | <i>Upside</i> |
| TBVPS | 130,96 -22% |

| | |
|--|--|
| Total y return (10y SE CAGR + Dividend) | 24,36% |
| (10y SE CAGR + Dividend)/PTBV | 18,91% 89% |
| -> Motivated price | 319,01 |

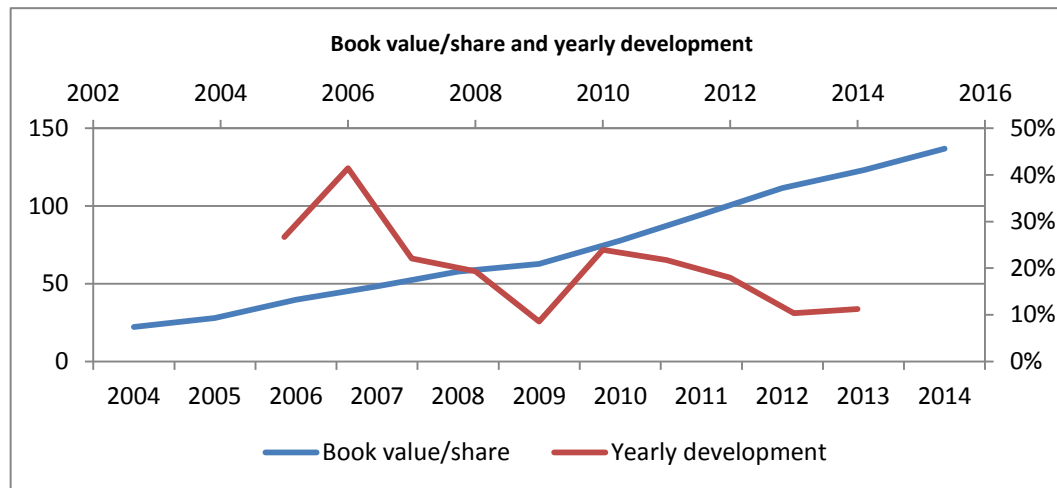
| Number of outstanding shares | |
|------------------------------|--------|
| 3y (2012-2014) | -0,16% |
| 5y (2010-2014) | -0,19% |
| 10y (2005-2014) | 5,54% |

| Earnings power valuation | | | |
|--------------------------|--------|---------------|--|
| LTME | 20,96 | | |
| 3yE (2012-2014) | 20,74 | | |
| 5yE (2010-2014) | 21,31 | | |
| 10yE (2005-2014) | 16,05 | | |
| | | <i>Return</i> | |
| P/LTME | 8,05 | 12,42% | |
| P/3yE (2012-2014) | 8,13 | 12,30% | |
| P/5yE (2010-2014) | 7,92 | 12,63% | |
| P/10yE (2005-2014) | 10,51 | 9,51% | |
| | | <i>Upside</i> | |
| <i>Valuation</i> | | | |
| LTMEPV | 209,57 | 24% | |
| 3yEPV (2012-2014) | 207,43 | 23% | |
| 5yEPV (2010-2014) | 213,06 | 26% | |
| 10yEPV (2005-2014) | 160,47 | -5% | |

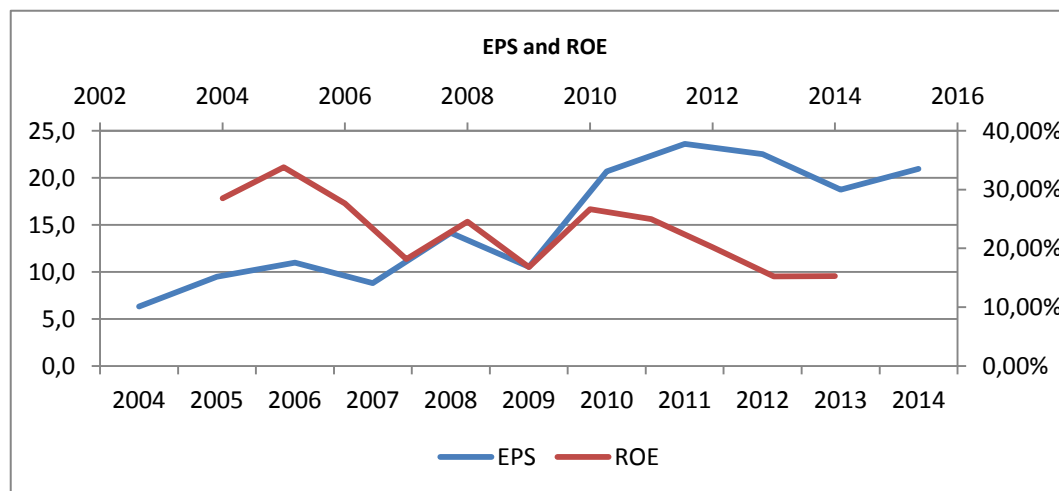
| Profitability | |
|-------------------------|--------|
| LTM ROE | 15,31% |
| 3y avg ROE (2012-2014) | 16,91% |
| 5y avg ROE (2010-2014) | 20,47% |
| 10y avg ROE (2005-2014) | 22,34% |

| | |
|-------------------------------|-------|
| Current dividend yield | 4,36% |
|-------------------------------|-------|

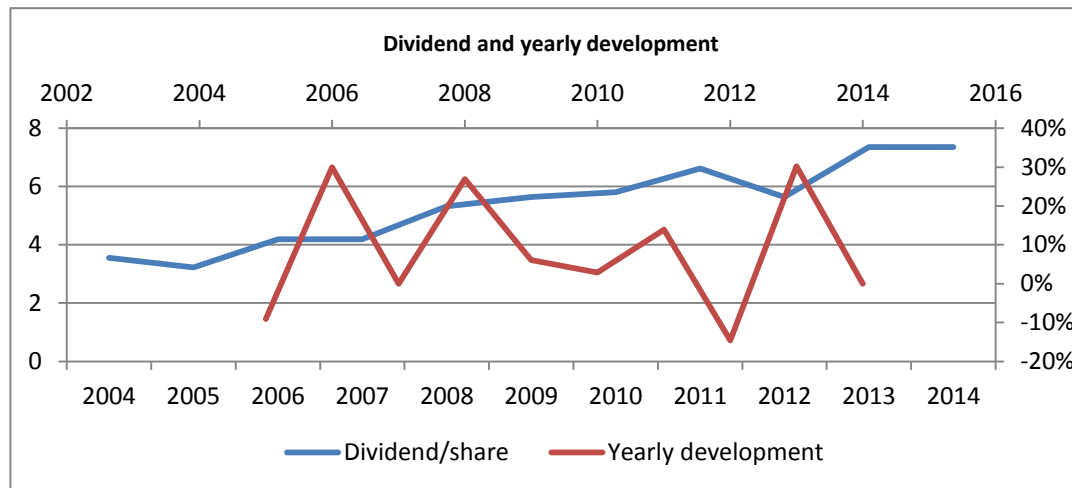
| Return on incremental equity | |
|------------------------------|--------|
| 3y (2012-2014) | -6,16% |
| 5y (2010-2014) | 0,43% |
| 10y (2005-2014) | 10,54% |



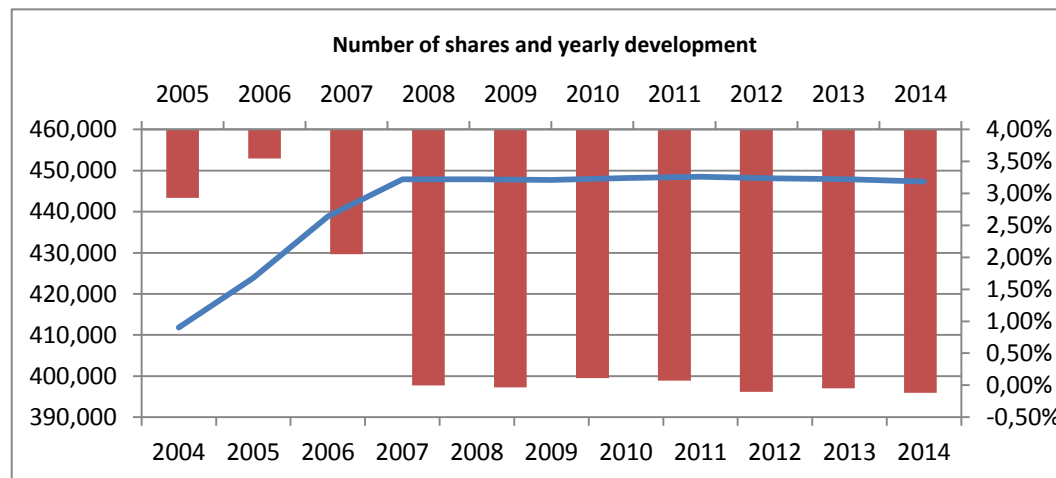
| 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|-------|--------|--------|--------|--------|-------|--------|--------|--------|--------|--------|
| 22,11 | 28,02 | 39,63 | 48,39 | 57,73 | 62,68 | 77,67 | 94,55 | 111,54 | 123,07 | 136,91 |
| | 26,69% | 41,47% | 22,08% | 19,30% | 8,58% | 23,91% | 21,74% | 17,97% | 10,33% | 11,25% |



| 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 6,31 | 9,48 | 10,97 | 8,79 | 14,16 | 10,54 | 20,70 | 23,60 | 22,52 | 18,75 | 20,96 |
| 28,53% | 33,83% | 27,67% | 18,17% | 24,54% | 16,82% | 26,65% | 24,96% | 20,19% | 15,24% | 15,31% |



| 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|------|--------|--------|-------|--------|-------|-------|--------|---------|--------|-------|
| 3,55 | 3,23 | 4,19 | 4,19 | 5,32 | 5,65 | 5,81 | 6,62 | 5,65 | 7,35 | 7,35 |
| | -9,09% | 30,00% | 0,00% | 26,92% | 6,06% | 2,86% | 13,89% | -14,63% | 30,24% | 0,00% |



| 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 411,795 | 423,861 | 438,881 | 447,874 | 447,861 | 447,717 | 448,212 | 448,536 | 448,080 | 447,871 | 447,348 |
| | 2,93% | 3,54% | 2,05% | 0,00% | -0,03% | 0,11% | 0,07% | -0,10% | -0,05% | -0,12% |

Comments

Cnooc LTD (CEO) has been compounding its book at an unbelievable rate of 20% on average per year during the last 10 years.

Include last years dividend and you get 24,36% as a total annual return.

What is the value of the business?**Asset value:**

With an annual book value growth at 20%, a 10% annual investor requirement, and a current price to tangible book at 1,29 the remaining upside is 89% motivating a share price of 319 USD/share.

Earnings power value:

5yEPV upside of 26%.

10y average EPV has a downside of 5%. Return on incremental equity last 10 years is at 10,54% explaining the increase of earnings over time thru good capital allocation.

Exchange rates used in calculations

| | |
|---------------------------------|----------|
| 1 Renminbi (RMB) in USD | 0,161342 |
| 1 Hong Kong Dollar (HKD) in USD | 0,129032 |