

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

PPS (USD)	132,00
Number of shares (M)	447,37
Market value (M)	59 053,14

Asset valuation

BVPS	131,36
P/B	1,00
IAPS	6,02
PTBV	1,05
Equity ratio	55,26%
3y SE gwth (2012-2014)	18,36%
5y SE gwth (2010-2014)	69,99%
10y SE gwth (2005-2014)	371,24%
3y SE CAGR (2012-2014)	11,77%
5y SE CAGR (2010-2014)	16,07%
10y SE CAGR (2005-2014)	19,56%

Valuation

TBVPs	125,34	<i>Upside</i>	-5%
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Number of outstanding shares

3y (2012-2014)	-0,05%
5y (2010-2014)	-0,08%
10y (2005-2014)	5,66%

Return on incremental equity

3y (2012-2014)	-3,69%
5y (2010-2014)	1,96%
10y (2005-2014)	11,81%

Total return (10y SE CAGR + Dividend)

24,45%

Earnings power valuation

LTME	21,65
3yE (2012-2014)	20,91
5yE (2010-2014)	21,36
10yE (2005-2014)	16,05
P/LTME	6,10
P/3yE (2012-2014)	6,31
P/5yE (2010-2014)	6,18
P/10yE (2005-2014)	8,23

Valuation

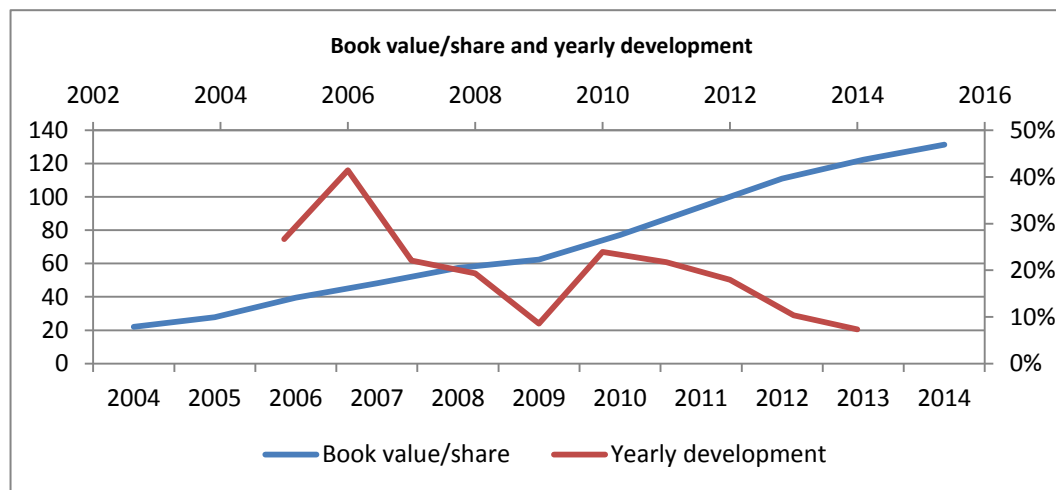
LTMEPV	216,54	<i>Upside</i>	64%
3yEPV (2012-2014)	209,07		58%
5yEPV (2010-2014)	213,60		62%
10yEPV (2005-2014)	160,47		22%

Profitability

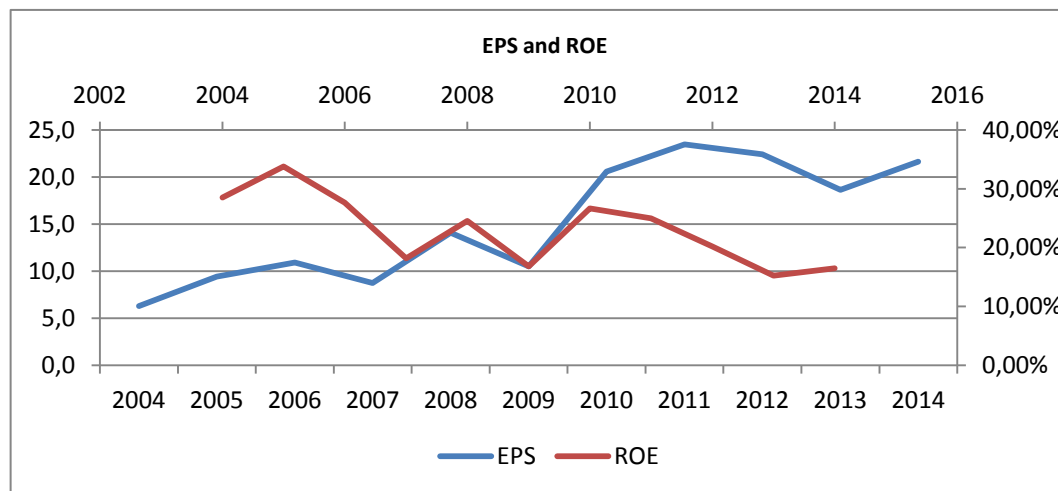
LTM ROE	16,48%
3y avg ROE (2012-2014)	17,30%
5y avg ROE (2010-2014)	20,70%
10y avg ROE (2005-2014)	22,46%

Valuation

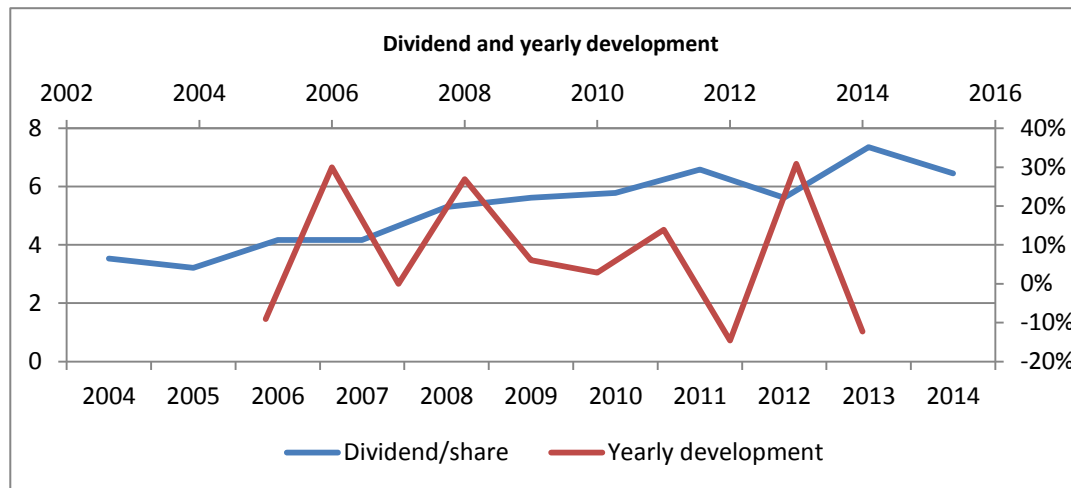
P on LTM ROE	206,61	<i>Upside</i>	57%
P on 3y avg ROE (2012-2014)	216,89		64%
P on 5y avg ROE (2010-2014)	259,52		97%
P on 10y avg ROE (2005-2014)	281,45		113%



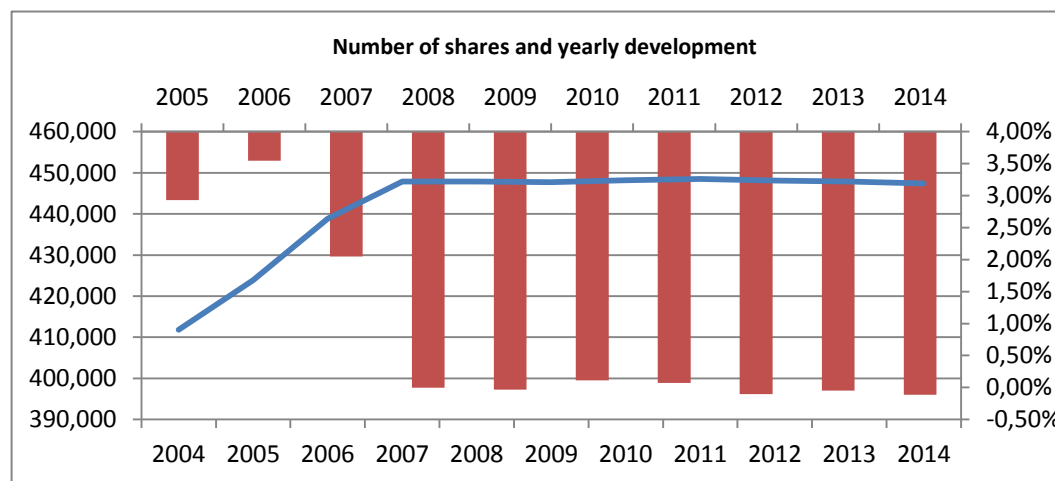
2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
22,00	27,88	39,44	48,14	57,44	62,37	77,28	94,08	110,98	122,45	131,36
	26,69%	41,47%	22,08%	19,30%	8,58%	23,91%	21,74%	17,97%	10,33%	7,28%



2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
6,28	9,43	10,91	8,75	14,09	10,49	20,60	23,48	22,41	18,66	21,65
28,53%	33,83%	27,67%	18,17%	24,54%	16,82%	26,65%	24,96%	20,19%	15,24%	16,48%



2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
3,53	3,21	4,17	4,17	5,30	5,62	5,78	6,58	5,62	7,35	6,45
	-9,09%	30,00%	0,00%	26,92%	6,06%	2,86%	13,89%	-14,63%	30,86%	-12,28%



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	447,372
	2,93%	3,54%	2,05%	0,00%	-0,03%	0,11%	0,07%	-0,10%	-0,05%	-0,11%

Comments

Cnooc LTD (CEO) has been compounding its wealth at an unbelievable rate of 19,56% per year the last 10 years.

Including last years dividend it is 24,45% as a total yearly return.

What is such a business worth?

It depends on your required yearly return. I require 10% in my calculation.

With that in mind its value could easily double considering you currently can buy a piece of this business at a 5% premium compared to the actual tangible book value per share.

Why is the market not liking the business?

I would say it is mainly connected to the low oil price at the moment.

As far as I can see though the company keeps compounding its money at a decent rate.

Interim report 2014 showed a 7,28% increase of shareholders' equity compared to end of 2013.

Exchange rates used in calculations

1 Renminbi (RMB) in USD	0,160532
1 Hong Kong Dollar (HKD) in USD	0,128996