

ENSCO PLC NYSE-ESV

RECENT PRICE **28.91**

P/E RATIO **5.0** (Trailing: 4.6 Median: 10.0)

RELATIVE P/E RATIO **0.27**

DIV'D YLD **10.4%** / **3.5%**

VALUE LINE

TIMELINESS 3 Raised 10/17/14
SAFETY 4 Lowered 11/7/14
TECHNICAL 2 Raised 1/30/15
BETA 1.20 (1.00 = Market)

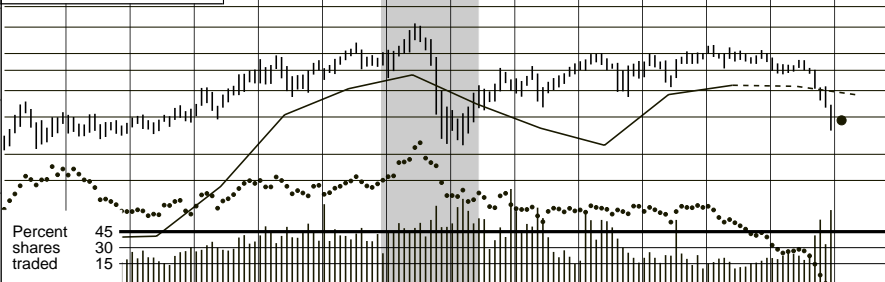
High: 31.1 34.2 50.3 58.8 67.6 83.2 51.3 53.9 60.3 61.5 65.8 57.4
 Low: 23.6 25.0 29.3 37.4 45.0 22.4 22.0 33.3 37.4 41.6 51.0 25.9

Target Price Range
 2017 2018 2019

2017-19 PROJECTIONS
 Price Gain Ann'l Total
 High 45 (+55%) 18%
 Low 30 (+5%) 10%

Insider Decisions
 M A M J J A S O N
 to Buy 0 0 0 0 0 0 1 0 0 0
 Options 0 0 0 0 0 0 0 0 0 0
 to Sell 0 0 1 3 0 1 0 0 0 0

Institutional Decisions
 10/2014 20/2014 30/2014
 to Buy 320 335 291
 to Sell 231 223 278
 Hlds(000) 196563 197013 197690



% TOT. RETURN 12/14
 THIS STOCK VL ARITH. INDEX
 1 yr. -43.9 6.9
 3 yr. -27.0 73.7
 5 yr. -9.7 107.3

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC	17-19
5.93	2.65	3.85	5.96	4.69	5.25	5.08	6.82	11.95	14.90	17.28	13.66	11.87	12.31	18.51	20.54	20.20	19.50	Revenues per sh	20.35
2.38	.70	1.33	2.38	1.51	1.61	1.63	2.81	6.14	8.17	9.52	6.93	5.31	4.41	7.66	8.50	8.30	7.60	"Cash Flow" per sh	8.50
1.73	d.01	.61	1.41	.72	.71	.68	1.82	4.96	6.73	8.19	5.45	3.80	3.08	5.23	6.09	6.15	4.85	Earnings per sh ^A	4.65
.10	.10	.10	.10	.10	.10	.10	.10	.10	.10	.10	.10	1.08	1.40	1.50	2.25	3.00	3.00	Div'd Decl'd per sh ^B	3.00
2.41	1.81	1.85	1.08	1.52	1.24	2.02	3.12	3.48	3.61	5.45	6.04	6.13	3.21	7.75	7.43	8.00	8.00	Cap'l Spending per sh	5.00
9.08	9.05	9.60	10.70	13.20	13.83	14.44	16.51	21.19	26.07	32.98	38.59	41.70	47.12	50.97	53.41	54.60	55.85	Book Value per sh	63.55
137.10	137.20	138.50	134.60	149.00	150.50	151.10	153.40	151.80	143.90	141.80	142.50	142.90	230.90	232.40	239.50	240.00	240.00	Common Shs Outst'g ^C	236.00
11.3	--	NMF	19.3	38.1	37.8	42.8	21.5	9.6	8.3	7.0	6.6	11.7	16.7	10.2	9.6	7.70	7.70	Avg Ann'l P/E Ratio	8.0
.59	--	NMF	.99	2.08	2.15	2.26	1.14	.52	.44	.42	.44	.74	1.05	.65	.54	.40	.40	Relative P/E Ratio	.50
.5%	.6%	.3%	.4%	.4%	.4%	.3%	.3%	.2%	.2%	.2%	.3%	2.4%	2.7%	2.8%	3.8%	6.5%	6.5%	Avg Ann'l Div'd Yield	8.0%

CAPITAL STRUCTURE as of 9/30/14
 Total Debt \$5957.7 mill. Due in 5 Yrs \$1123.7 mill.
 LT Debt \$5903.9 mill. LT Interest \$145.0 mill.
 (Total int. coverage: 3.9x)

Leases, Uncapitalized Annual rentals \$30.4 mill.
No Defined Benefit Pension Plan
Pfd Stock None
Common Stock 234,258,168 Class A Ordinary Shares
as of 10/23/14
MARKET CAP: \$6.8 billion (Large Cap)

2012	2013	9/30/14	2012	2013	9/30/14
768.0	1046.9	1813.5	2143.8	2450.4	1945.9
41.2%	54.2%	65.7%	65.3%	65.1%	59.4%
144.1	154.8	175.0	184.3	189.5	205.9
102.8	275.9	757.5	992.0	1160.0	780.9
25.8%	27.4%	25.0%	20.9%	17.3%	18.6%
13.4%	26.4%	41.8%	46.3%	47.3%	40.1%
277.9	347.0	602.3	625.8	973.0	1167.9
527.1	475.4	308.5	291.4	274.3	257.2
2181.9	2533.2	3216.0	3752.0	4676.9	5499.2
4.4%	9.6%	21.7%	24.6%	23.4%	13.7%
4.7%	10.9%	23.6%	26.4%	24.8%	14.2%
4.0%	10.3%	23.1%	26.0%	24.5%	13.9%
15%	6%	2%	1%	1%	2%

CURRENT POSITION (\$MILL.)

	2012	2013	9/30/14
Cash Assets	487.1	165.6	1173.7
Receivables	811.4	855.7	869.8
Inventory	--	--	--
Other	425.4	513.9	986.9
Current Assets	1723.9	1535.2	3030.4
Accts Payable	357.8	341.1	423.8
Debt Due	47.5	47.5	53.8
Other	584.4	658.7	653.9
Current Liab.	989.7	1047.3	1131.5

BUSINESS: EnSCO plc is an international offshore contract drilling company. Its fleet of jackups and ultra-deepwater semisubmersible rigs is geographically balanced among Asia/Pacific (including the Middle East), Europe/Africa, North America, and South America regions, Brazil, W. Africa. Major customers: Petrobras, 17% of 2013 revs; five largest customers, 45%. Acq. Dual Drilling 6/96; Chiles Offshore, 8/02; Pride International, 5/11. Sold marine transportation fleet 2/03. Has about 9,000 employees. Off. & dir. own 0.7% of common stock; BlackRock, 5.8%; Vanguard, 5.1%; FMR, 5.0% (4/14 proxy). President and CEO: Carl Trowell, Inc.: UK. Address: 6 Chesterfield Gardens, London, W1J5BQ, England. U.S. Tel.: 214-397-3000. Internet: www.enscoplc.com.

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '11-'13
of change (per sh)	10 Yrs.	5 Yrs.	to '17-'19
Sales	12.5%	3.0%	3.0%
"Cash Flow"	14.0%	-3.0%	3.5%
Earnings	17.5%	-6.0%	-5%
Dividends	33.0%	76.5%	10.0%
Book Value	15.0%	13.5%	4.0%

QUARTERLY REVENUES (\$ mill.)

Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	361.5	564.2	915.6	1001.4	2842.7
2012	1020.6	1071.1	1123.5	1085.5	4300.7
2013	1149.9	1248.1	1266.2	1255.6	4919.8
2014	1187.0	1203.0	1262.2	1197.8	4850
2015	1150	1175	1200	1150	4675

EARNINGS PER SHARE^A

Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.45	.59	.88	.99	3.08
2012	1.20	1.45	1.55	1.04	5.23
2013	1.36	1.55	1.62	1.56	6.09
2014	1.25	1.58	1.93	1.39	6.15
2015	1.20	1.30	1.15	1.20	4.85

QUARTERLY DIVIDENDS PAID^B

Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.35	.35	.35	.35	1.40
2012	.375	.375	.375	.375	1.50
2013	.50	.50	.50	.75	2.25
2014	.75	.75	.75	.75	3.00
2015					

Lower crude prices are weighing on shares of EnSCO. Indeed, the stock has dropped nearly 45% since the start of June. We think there is more pain in store for the offshore drillers, as E&Ps are cutting back capital spending and deferring projects. Consequently, we expect older rigs to be scrapped and stacked in the near term. What's more, there is an incoming supply of newbuilds, which should further put pressure on dayrates. Similarly, we do not foresee a quick recovery in crude prices, as U.S. production should be healthy in the first half of the year and OPEC maintains its current output. Too, demand appears to be weakening, largely due to slowdowns in Europe and China. In response, we have cut our longer-term earnings forecasts for most of our offshore drillers, including EnSCO.

The capital allocation policy is worth paying attention to. The company recently took on more debt to finance its capital spending initiatives, which should peak in 2015. Management believes it has the capacity to maintain the current dividend policy. We think the company is in a better position than most of its competi-

tors, but continued weakness in the crude markets could alter that policy in the coming years. Furthermore, we are less concerned about a suspension or reduction of the dividend in the near term. But we do expect the company's ability to generate free cash flow to deteriorate in the coming years, due to the unfavorable dynamics in offshore markets.

We are cutting our 2015 full-year share-net estimates again. Lower crude prices and the worsening outlook for deep-water industry prompted us to reduce our near- and long-term projections. What's more, the offshore market's supply glut should persist in 2015, which will put pressure on margins. Consequently, we are now expecting 2015 year-end earnings to come in at \$4.85 a share.

This neutrally ranked stock has worthwhile long-term total return potential. However, we think there could be further pain in store for offshore drilling stocks and suggest investors proceed with caution. While the dividend appears secure for the time being, we are splitting it in our presentation.

Michael Collins
 February 6, 2015

(A) Diluted earnings. Excludes nonrecurring gains (losses): '98, 8¢; '99, 6¢; '01, 9¢; '02, (30¢); '03, 1¢; '06, 8¢. Excludes gains/(loss) from disc. operations: '08, (6¢); '09, 3¢; '10, 26¢; '12, (19¢). Next earnings report due late February. Earnings may not sum due to rounding and/or changes in dil. share count. (B) Dividends historically paid mid-March, June, Sept., and Dec. (C) In millions.	Company's Financial Strength	B
	Stock's Price Stability	50
	Price Growth Persistence	50
	Earnings Predictability	60