Ensco PLC (ESV) Headquarters: London Market Capitalization: 5.9 B

Introduction

Ensco PLC is one of the leading providers of offshore contract drilling services to the international oil and gas industry. Ensco currently own and operate an offshore drilling rig fleet of 70 rigs, including seven rigs currently under construction, with drilling operations in most of the strategic markets around the globe. The rig fleet includes ten drill-ships, 13 dynamically positioned semisubmersible rigs, five moored semisubmersible rigs and 42 jackup rigs. The fleet is the world's second largest amongst competitive rigs, its ultra-deepwater fleet is one of the newest in the industry, and its premium jackup fleet is the largest of any offshore drilling company.

Ensco's customers include many of the leading national and international oil companies, in addition to many independent operators. Ensco is among the most geographically diverse offshore drilling companies, with current operations and drilling contracts spanning approximately 20 countries on six continents in nearly every major offshore basin around the world. The markets in which Ensco operates include Australia, Brazil, the Mediterranean, Mexico, the Middle East, the North Sea, Southeast Asia, the U.S. Gulf of Mexico and West Africa.

Ensco provides drilling services on a "day rate" contract basis. Under day rate contracts, Ensco provides a drilling rig and rig crews and receives a fixed amount per day for each day performing drilling or related services. Ensco's customers bear substantially all of the ancillary costs of constructing the well and supporting drilling operations, as well as the economic risk relative to the success of the well. In addition, customers may pay all or a portion of the cost of moving Ensco's equipment and personnel to and from the well site. Ensco does not provide "turnkey" or other risk-based drilling services.

Operating results in the offshore contract drilling industry are cyclical and directly related to the demand for drilling rigs and the available supply of drilling rigs. While the cost of moving a rig and the availability of rig-moving vessels may cause the balance of supply and demand to vary somewhat between regions, significant variations between regions are generally of a short-term nature due to rig mobility.

Financial Data at a Glance

Ticker Symbol:	ESV	
Industry:	Energy – Drilling	
Market Cap.	5.9 B	Mid-Cap
P/E:		4.1
EPS Present | 5-Years Ago	6.07	8.02
Total Current Assets:		1,535
Accounts Receivable:		841
Total Current Liabilities:		1,047
Net Income:		1,428
Long-Term Debt:		4,719
Shareholders' Equity:		12,792

ROE | ROC	11.51	9.06
ROE | ROC (5-Year Avg.)	10.87	10.34
ROA | ROA (5-Year Avg.)	7.46	7.9
Debt to Equity:		0.37
Net Margin		32.80
Asset Turnover:		0.23
Net Goodwill:		3,274
5-Year Revenue Growth:		10.60
1-Year Revenue Growth:		4.00
Insider Ownership:		2%
Insider Activity:	Selling	
Shares Outstanding:		234.3 M
Share Buyback Rate:		-6.30%
TBV Present | 5-Years Ago	40.32	36.23
52 Week High | Low	55.89	19.78
Price to Buy at:		22
Sell Short-Term Profit:	At: 55	33
Dividend Rate | Annual	3	
DCF (10 Years):		89.54
Margin of Safety:		72%
Initial Rate of Return:		27.6%
Projected 9-Year EPS:		19.71
Projected 9-Year Annual C. Return:		13.98
Long-Term or Trade:	Trade	

* Calculations utilized pre-industry-downturn data. 2013 data for investment decision.

Relative Value - Company vs. Treasury Bonds			
Name of Company	Initial Rate of Return	Growth Rate	RoR of T. Bonds
Ensco PLC	27.6%	13.98	2.10

Effect of Utilization of Retained Earnings on Shareholders' Wealth							
Name of Company	EPS 9 Years Ago	EPS Present	Past-Present Total EPS	Past-Present Dividend PO	Retained Earnings PS	Resulting A. Income	Total Return
Ensco PLC	1.87	6.07	45.39	6.73	38.66	4.2	10.86%

Special Notes:

- Selling under Tangible Book Value.
- Strong, Growing Earnings per Share for the Past 3 Years.
- Strong, Growing Book Value per Share for the Past 5 Years.
- 5-Year Return on Capital average of 10.34%
- 5-Year Return on Assets average of 7.9%
- Net Income of 1,428 M versus Long-Term Debt of 4,719 M.
- Rated #1 offshore driller for **five consecutive years**.
- Tangible Book Value per Share of $40.32. | Recommended Buying Price: $22 | DCF: $89.54
- Margin of Safety of 72%
- **Catalyst:** Industry Recovery.
- **Estimated Holding Period:** 1-2 years.

Post-Investment Notes:
I ended up buying at $21 and I have a planned holding period of 1-2 years or until the price reaches my planned sell-point (**$55**). I categorize this as a short-term value trade.
The stock currently trades at $26.57