

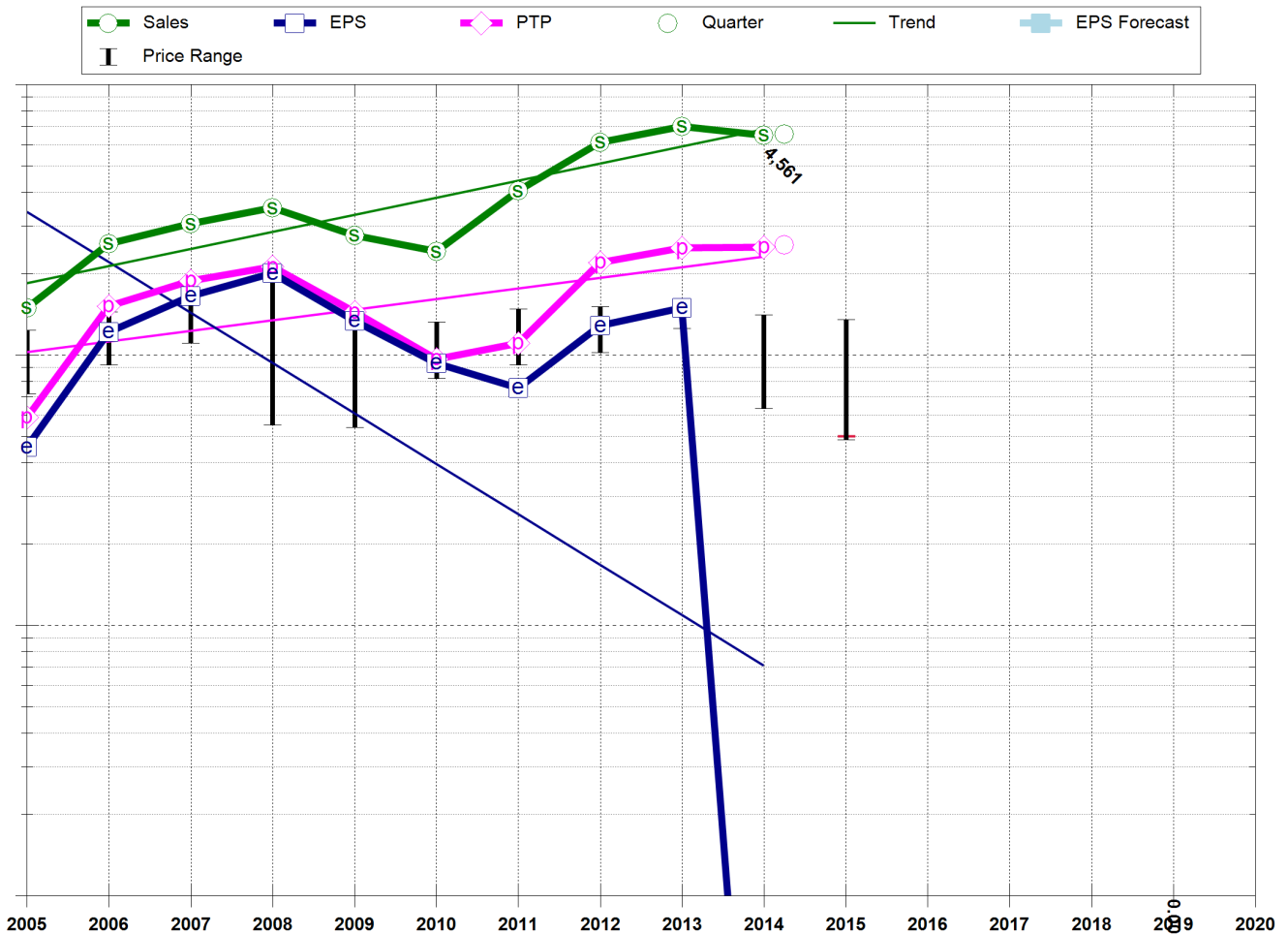
Company	EnSCO PLC		Date	7/10/2015	
Prepared by	WRIGHT		Data taken from	BI Stock Data	
Where traded	NYS	Industry	Oil & Gas Drilling		
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Diluted Shares (M)	231.9		2.0	87.5	
Debt (\$M)	6,130.8	% to Tot Cap	41.9	% Pot Dil	0.0

# Stock Selection Guide

Symbol: **ESV**

## 1 VISUAL ANALYSIS of Sales, Earnings, and Price

FY2015 Quarter Ending (03/15)	Sales (\$M)	Earnings Per Share
Latest Quarter	1,163.9	1.38
Year Ago Quarter	1,187.0	1.25
Percentage Change	-1.9%	10.4%



- |                                   |       |                                                |         |
|-----------------------------------|-------|------------------------------------------------|---------|
| (1) Historical Sales Growth       | 15.7% | (3) Historical Earnings Per Share Growth       | -34.9%  |
| (2) Estimated Future Sales Growth | 0.0%  | (4) Estimated Future Earnings Per Share Growth | -100.0% |

## 2 EVALUATING Management

EnSCO PLC

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Last 5 Year Avg.
Pre-tax Profit on Sales	37.4%	55.8%	58.5%	57.6%	49.3%	38.0%	25.9%	34.1%	33.7%	36.6%	33.7%
% Earned on Equity	11.8%	24.9%	25.8%	24.8%	14.1%	9.1%	6.6%	10.3%	11.3%	-23.2%	2.8%
% Debt To Capital	16.3%	12.9%	7.6%	5.9%	4.8%	4.1%	31.7%	29.0%	27.1%	41.9%	26.8%

## 3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

PRESENT PRICE 20.4

HIGH THIS YEAR 54.95

LOW THIS YEAR 19.78

		A	B	C	D	E	F	G	H
	Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
		High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
1	2010	53.9	33.3	3.80	14.2	8.8	1.08	28.3	3.2
2	2011	60.3	37.4	3.08	19.6	12.1	1.40	45.5	3.7
3	2012	61.5	41.6	5.23	11.8	8.0	1.50	28.7	3.6
4	2013	65.8	51.0	6.09	10.8	8.4	2.25	36.9	4.4
5	2014	57.5	25.9	NMF	NMF	NMF	3.00	NMF	11.6
	AVERAGE		37.8		14.1	9.3		34.8	
	CURRENT/TTM			-11.66			0.60	-5.1	
AVERAGE PRICE EARNINGS RATIO 11.7					CURRENT PRICE EARNINGS RATIO -1.7				

## 4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

### A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 20.00 X Estimate High Earnings/Share 1.00 = Forecasted High Price \$ 20.0

### B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 9.31 X Estimate Low Earnings/Share -11.70 = Forecasted Low Price \$ -108.9

(b) Avg. Low Price of Last 5 Years 37.8

(c) Recent Market Low Price 19.78

(d) Price Dividend Will Support  $\frac{\text{Present Dividend}}{\text{High Yield}} = \frac{0.600}{11.60\%} = 5.2$

Selected Forecasted Low Price \$ 10.0

### C ZONING using 25%-50%-25%

Forecasted High Price 20.0 Minus Forecasted Low Price 10.0 = 10.0 Range. 25% of Range 2.5

Buy Zone 10.0 to 12.5

Hold Zone 12.5 to 17.5

Sell Zone 17.5 to 20.0

Present Market Price of 20.39 is in the **Sell** Zone

### D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{20.0 - 20.39}{20.39 - 10.0} = \frac{-0.39}{10.39} = \text{Invalid To 1}$

### E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price}}{\text{Present Market Price}} = \frac{20.0}{20.39} = 0.98 \text{ X } 100 = 98.09 - 100 = -1.9 \text{ \% Appreciation}$

## 5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A  $\frac{\text{Present Full Year's Dividend \$}}{\text{Present Price of Stock}} = \frac{0.60}{20.39} = 0.03 = 2.9 \text{ \% Present Yield}$

### B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{22.7 \text{ \%}}{20.00} = 1.1 \text{ \%}$

### C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation -0.4 %

Average Yield 1.1 %

Annualized Rate of Return 0.8 %