

# ENSCO PLC

## FORM 8-K (Current report filing)

Filed 02/23/05 for the Period Ending 02/23/05

|             |                                   |
|-------------|-----------------------------------|
| Telephone   | 4402076594660                     |
| CIK         | 0000314808                        |
| Symbol      | ESV                               |
| SIC Code    | 1381 - Drilling Oil and Gas Wells |
| Industry    | Oil Well Services & Equipment     |
| Sector      | Energy                            |
| Fiscal Year | 12/31                             |

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K**

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT (Date of earliest event reported): February 23, 2005

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**ENSCO International Incorporated**

(Exact name of registrant as specified in its charter)

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**Delaware**

(State or other jurisdiction of  
incorporation)

**1-8097**

(Commission File Number)

**76-0232579**

(I.R.S. Employer  
Identification No.)

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**500 North Akard Street  
Suite 4300  
Dallas, Texas 75201-3331**

(Address of Principal Executive Offices and Zip Code)

Registrant's telephone number, including area code: **(214) 397-3000**

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**Not Applicable**

(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## **TABLE OF CONTENTS**

### INFORMATION TO BE INCLUDED IN THE REPORT

Item 8.01 Other Events

Item 9.01 Financial Statements and Exhibits

### SIGNATURES

### EXHIBIT INDEX

Press release issued by ENSCO International Incorporated dated February 23, 2005

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## INFORMATION TO BE INCLUDED IN THE REPORT

### Item 8.01 Other Events

Attached hereto as Exhibit 99.1 is a copy of the press release dated February 23, 2005 of ENSCO International Incorporated.

### Item 9.01 Financial Statements and Exhibits

(c) Exhibits

| <b><u>Exhibit No.</u></b> | <b><u>Description</u></b>  |
|---------------------------|--|
| 99.1                      | Press release issued by ENSCO International Incorporated dated February 23, 2005 |

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ENSCO International Incorporated

Date: February 23, 2005

/s/ H. E. MALONE, JR. \_\_\_\_\_

H. E. Malone, Jr.

Vice President

/s/ DAVID A. ARMOUR \_\_\_\_\_

David A. Armour

Controller

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## EXHIBIT INDEX

| <b>Exhibit No.</b> | <b>Description</b>  |
|--------------------|---|
| 99.1               | Press release issued by ENSCO International Incorporated dated February 23, 2005. |

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## **NEWS RELEASE**

### **ENSCO INTERNATIONAL INCORPORATED**

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500 North Akard • Suite 4300 • Dallas, Texas 75201-3331  
Tel: (214) 397-3000 • Fax: (214) 397-3370 • Web Site: [www.enscous.com](http://www.enscous.com)

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### **ENSCO REPORTS FOURTH QUARTER AND FULL YEAR 2004 RESULTS**

Dallas, Texas, February 23, 2005 ... ENSCO International Incorporated (NYSE: ESV) reported net income of \$38.5 million (\$0.26 per diluted share) on revenues of \$209.2 million for the three months ended December 31, 2004, compared to net income of \$26.5 million (\$0.18 per diluted share) on revenues of \$196.7 million for the three months ended December 31, 2003.

ENSCO's net income was \$102.8 million (\$0.68 per diluted share) on revenues of \$768.0 million for the year ended December 31, 2004, compared to net income of \$108.3 million (\$0.72 per diluted share) on revenues of \$781.2 million for the year ended December 31, 2003.

The average day rate for ENSCO's jackup rig fleet was \$57,500 for the fourth quarter of 2004, compared to \$49,400 in the prior year quarter. Utilization for the Company's jackup fleet increased slightly to 84% in the most recent quarter, up from 83% in the fourth quarter of 2003. Excluding rigs in a shipyard for contract preparation, regulatory inspection, repair and enhancement, ENSCO's jackup utilization was 94% in the most recent quarter, compared to 90% in the prior year quarter.

Carl Thorne, Chairman and Chief Executive Officer of ENSCO, commented on the Company's outlook and markets: "As we begin 2005, we see continuing strength in the offshore drilling market. We are experiencing improvement in rate structure, and increased contract backlog on a global basis. Our Asia and Pacific Rim market is showing particular strength. Two of our jackup rigs recently secured long-term commitments in Saudi Arabia, at rates significantly improved over prior commitments.

"Rate structures are improving in Europe & Africa, with recent fixtures for standard North Sea jackup work in the range of \$70,000 to \$75,000 per day. As anticipated, several of our jackup rigs in the region will experience downtime during the first half of 2005 as they undergo regulatory inspection, upgrade and repair, and/or await commencement of new commitments. This could result in approximately 100 idle rig days in the first quarter. We currently expect all of our Europe & Africa rigs to be in service by the middle of the second quarter, with most of the rigs committed well into the second half of 2005.

"Rate structures for our Gulf of Mexico fleet continue to show improvement. Three of our 250' water depth capable jackup rigs are now committed at approximately \$50,000 per day, and leading edge day rates for higher specification jackups are approximately \$70,000. We have continuing commitments for our deepwater semisubmersible rig, ENSCO 7500, with rates increasing to approximately \$160,000 per day in the second quarter, and approximately \$185,000 by the third quarter, when the rig will commence a two-year contract.

"We continue to make good progress with our fleet renewal program, and anticipate substantial completion by the end of 2005. We have one major enhancement project, ENSCO 67, now underway in Singapore, with re-delivery of the rig currently expected in June 2005, whereupon the rig is contractually committed. Two of our Gulf of Mexico jackups, ENSCO 84 and ENSCO 99, are currently in a shipyard for life extension and enhancement, with estimated work completion in late February and late April, respectively. Only one major upgrade (ENSCO 87 commencing in March) and two minor projects (ENSCO 89 commencing in April and ENSCO 86 commencing in July) remain relative to our Gulf of Mexico fleet in 2005. ENSCO 64, which was severely damaged during Hurricane Ivan last September, remains in a shipyard pending completion of damage assessment, which will determine whether the rig will be declared a constructive total loss. One of our platform rigs, ENSCO 25, which also sustained damage during the hurricane, is currently expected to return to service by the end of this month.

"We are pleased with developments as we close 2004 and enter 2005, and are positive regarding our prospects for the remainder of this year."

Statements contained in this news release that state the Company's or management's intentions, hopes, beliefs, expectations, anticipations or predictions of the future are forward-looking statements made pursuant to the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include references to any trends in day rates or utilization, future rig utilization, deployment and contract commitments, the period of time and number of rigs that will be in a shipyard, and market trends, outlook, or conditions. It is important to note that the Company's actual results could differ materially from those projected in such forward-looking statements. The factors that could cause actual results to differ materially from those in the forward-looking statements include the following: (i) industry conditions and competition, (ii) cyclical nature of the industry, (iii) worldwide expenditures for oil and gas drilling, (iv) operational risks, (v) risks associated with operating in foreign jurisdictions, (vi) delay of commencement, renegotiation, nullification, or breach of contracts with customers or other parties, (vii) environmental or other liabilities that may arise in the future which are not covered by insurance or indemnity, (viii) the impact of current and future laws and government regulation, as well as repeal or modification of same, affecting the oil and gas industry in general and the Company's operations in particular, (ix) changes in the dates the Company's rigs undergoing shipyard work or enhancement will enter a shipyard or return to service, (x) the determination whether the ENSCO 64 will be repaired or declared a constructive total loss, (xi) availability of transport vessels to relocate rigs, (xii) political and economic uncertainty, and (xiii) other risks described from time to time in the Company's SEC filings. Copies of such filings may be obtained at no charge by contacting the Company's investor relations department at 214-397-3045 or by referring to the investor relations section of the Company's website at <http://www.enscous.com>.

All information in this press release is as of February 23, 2005. The Company undertakes no duty to update any forward-looking statement, to conform the statement to actual results, or reflect changes in the Company's expectations.

ENSCO, headquartered in Dallas, Texas, owns and operates a modern fleet of offshore drilling rigs servicing the petroleum industry on a global basis.

Contact: Richard LeBlanc  
214-397-3011

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ENSCO will conduct a conference call at 10:00 a.m. Central Time on Wednesday, February 23, 2005, to discuss its fourth quarter and full year 2004 results. The call will be broadcast live over the Internet at [www.enscous.com](http://www.enscous.com). Interested parties also may listen to the call by dialing 913.981.5543. We recommend that participants call five to ten minutes before the scheduled start time.

A replay of the conference call will be available on ENSCO's web site [www.enscous.com](http://www.enscous.com), or by phone for 24 hours after the call by dialing 719.457.0820 (access number 3695814).

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**ENSCO INTERNATIONAL INCORPORATED**  
**CONDENSED CONSOLIDATED STATEMENT OF INCOME**  
(In millions, except per share data)

|   | <b>Three Months Ended</b> |             | <b>Twelve Months Ended</b> |             |
|---|---------------------------|-------------|----------------------------|-------------|
|   | <b>December 31,</b>       |             | <b>December 31,</b>        |             |
|   | <b>2004</b>               | <b>2003</b> | <b>2004</b>                | <b>2003</b> |
| OPERATING REVENUES                                    | \$209.2                   | \$196.7     | \$768.0                    | \$781.2     |
| OPERATING EXPENSES                                    |                           |             |                            |             |
| Contract drilling                                     | 105.7                     | 113.9       | 425.5                      | 445.2       |
| Depreciation and amortization                         | 36.5                      | 33.2        | 144.1                      | 130.2       |
| General and administrative                            | 6.4                       | 6.1         | 26.3                       | 22.0        |
|   | 148.6                     | 153.2       | 595.9                      | 597.4       |
| OPERATING INCOME                                      | 60.6                      | 43.5        | 172.1                      | 183.8       |
| OTHER INCOME (EXPENSE)                                |                           |             |                            |             |
| Interest income                                       | 1.2                       | 0.9         | 3.7                        | 3.4         |
| Interest expense, net                                 | (8.2)                     | (9.5)       | (36.6)                     | (36.7)      |
| Other, net  | --                        | 2.1         | 0.3                        | 1.7         |
|   | (7.0)                     | (6.5)       | (32.6)                     | (31.6)      |
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | 53.6                      | 37.0        | 139.5                      | 152.2       |
| PROVISION FOR INCOME TAXES                            | 15.1                      | 10.2        | 36.0                       | 43.1        |
| INCOME FROM CONTINUING OPERATIONS                     | 38.5                      | 26.8        | 103.5                      | 109.1       |
| DISCONTINUED OPERATIONS                               | --                        | (0.3)       | (0.7)                      | (0.8)       |
| NET INCOME  | \$ 38.5                   | \$ 26.5     | \$102.8                    | \$108.3     |
| EARNINGS (LOSS) PER SHARE - BASIC                     |                           |             |                            |             |
| Continuing operations                                 | \$ 0.26                   | \$ 0.18     | \$ 0.69                    | \$ 0.73     |
| Discontinued operations                               | --                        | (0.00)      | (0.01)                     | (0.01)      |
|   | \$ 0.26                   | \$ 0.18     | \$ 0.68                    | \$ 0.72     |
| EARNINGS (LOSS) PER SHARE - DILUTED                   |                           |             |                            |             |
| Continuing operations                                 | \$ 0.26                   | \$ 0.18     | \$ 0.69                    | \$ 0.73     |
| Discontinued operations                               | --                        | (0.00)      | (0.01)                     | (0.01)      |
|   | \$ 0.26                   | \$ 0.18     | \$ 0.68                    | \$ 0.72     |
| AVERAGE COMMON SHARES OUTSTANDING                     |                           |             |                            |             |
| Basic   | 150.6                     | 150.0       | 150.5                      | 149.6       |
| Diluted   | 150.9                     | 150.3       | 150.6                      | 150.1       |

**ENSCO INTERNATIONAL INCORPORATED**  
**CONDENSED CONSOLIDATED BALANCE SHEET**  
(In millions)

|   | <u>December 31,</u><br><u>2004</u> | <u>December 31,</u><br><u>2003</u> |
|---|------------------------------------|------------------------------------|
| <b>ASSETS</b>                               |                                    |                                    |
| <b>CURRENT ASSETS</b>                       |                                    |                                    |
| Cash and cash equivalents                   | \$ 267.0                           | \$ 354.0                           |
| Accounts receivable, net                    | 183.0                              | 149.4                              |
| Prepaid expenses and other                  | 43.7                               | 39.9                               |
| <hr/>                                       |                                    |                                    |
| Total current assets                        | 493.7                              | 543.3                              |
| PROPERTY AND EQUIPMENT, NET                 | 2,431.3                            | 2,217.2                            |
| GOODWILL                                    | 341.0                              | 342.7                              |
| OTHER ASSETS                                | 56.0                               | 79.8                               |
| <hr/>                                       |                                    |                                    |
|   | \$3,322.0                          | \$3,183.0                          |
| <hr/>                                       |                                    |                                    |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b> |                                    |                                    |
| <b>CURRENT LIABILITIES</b>                  |                                    |                                    |
| Accounts payable and accrued liabilities    | \$ 192.8                           | \$ 164.4                           |
| Current maturities of long-term debt        | 23.0                               | 23.0                               |
| <hr/>                                       |                                    |                                    |
| Total current liabilities                   | 215.8                              | 187.4                              |
| LONG-TERM DEBT                              | 527.1                              | 549.9                              |
| DEFERRED INCOME TAXES                       | 375.3                              | 345.9                              |
| OTHER LIABILITIES                           | 21.9                               | 18.7                               |
| STOCKHOLDERS' EQUITY                        | 2,181.9                            | 2,081.1                            |
| <hr/>                                       |                                    |                                    |
|   | \$3,322.0                          | \$3,183.0                          |
| <hr/>                                       |                                    |                                    |

**ENSCO INTERNATIONAL INCORPORATED**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
(In millions)

|   | <b>Twelve Months Ended</b> |                    |
|---|----------------------------|--------------------|
|   | <b>December 31,</b>        |                    |
|   | <b><u>2004</u></b>         | <b><u>2003</u></b> |
| <b>OPERATING ACTIVITIES</b>   |                            |                    |
| Net income  | \$ 102.8                   | \$ 108.3           |
| Adjustments to reconcile net income to net cash provided<br>by operating activities of continuing operations: |                            |                    |
| Depreciation and amortization   | 144.1                      | 130.2              |
| Changes in working capital and other  | 11.5                       | 52.1               |
| <b>Net cash provided by operating activities of continuing<br/>operations</b>                                 | <b>258.4</b>               | <b>290.6</b>       |
| <b>INVESTING ACTIVITIES</b>   |                            |                    |
| Additions to property and equipment   | (304.6)                    | (186.1)            |
| Net proceeds from sale of discontinued operations   | --                         | 78.8               |
| Other   | (8.2)                      | 30.1               |
| <b>Net cash used in investing activities of continuing operations</b>   | <b>(312.8)</b>             | <b>(77.2)</b>      |
| <b>FINANCING ACTIVITIES</b>   |                            |                    |
| Proceeds from long-term borrowings  | --                         | 26.7               |
| Reduction of long-term borrowings   | (23.0)                     | (23.0)             |
| Cash dividends paid   | (15.1)                     | (15.0)             |
| Other   | 7.4                        | 5.9                |
| <b>Net cash used in financing activities of<br/>continuing operations</b>                                     | <b>(30.7)</b>              | <b>(5.4)</b>       |
| <b>EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH<br/>AND CASH EQUIVALENTS</b>                                  | <b>(2.0)</b>               | <b>0.9</b>         |
| <b>NET CASH PROVIDED BY (USED IN) DISCONTINUED<br/>OPERATIONS</b>   | <b>0.1</b>                 | <b>(2.0)</b>       |
| <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>   | <b>(87.0)</b>              | <b>206.9</b>       |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>   | <b>354.0</b>               | <b>147.1</b>       |
| <b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>   | <b>\$ 267.0</b>            | <b>\$ 354.0</b>    |

**ENSCO INTERNATIONAL INCORPORATED**  
**OPERATING STATISTICS**

|                                  | <u>Fourth Quarter</u> |             | <u>Third</u>   |
|----------------------------------|-----------------------|-------------|----------------|
|                                  | <u>2004</u>           | <u>2003</u> | <u>Quarter</u> |
|                                  |                       |             | <u>2004</u>    |
| <b>Contract drilling</b>         |                       |             |                |
| Average day rates                |                       |             |                |
| Jackup rigs                      |                       |             |                |
| North America                    | \$ 48,352             | \$ 38,114   | \$ 43,001      |
| Europe/Africa                    | 61,779                | 56,107      | 62,767         |
| Asia Pacific                     | 63,875                | 63,812      | 63,355         |
| South America/Caribbean          | 82,062                | 89,228      | 88,791         |
| <hr/>                            |                       |             |                |
| Total jackup rigs                | 57,501                | 49,368      | 54,751         |
| Semisubmersible rig - N. America | 97,727                | 187,197     | 86,605         |
| Barge rigs                       |                       |             |                |
| Asia Pacific                     | 51,758                | 41,788      | 51,777         |
| South America/Caribbean          | 34,351                | 38,396      | na             |
| <hr/>                            |                       |             |                |
| Total barge rigs                 | 43,608                | 39,601      | 51,777         |
| Platform rigs - North America    | na                    | 25,957      | 30,384         |
| <hr/>                            |                       |             |                |
| Total                            | \$ 57,879             | \$ 51,039   | \$ 54,414      |
| <hr/>                            |                       |             |                |
| Utilization                      |                       |             |                |
| Jackup rigs                      |                       |             |                |
| North America                    | 81%                   | 88%         | 83%            |
| Europe/Africa                    | 93%                   | 94%         | 77%            |
| Asia Pacific                     | 83%                   | 68%         | 83%            |
| South America/Caribbean          | 100%                  | 100%        | 100%           |
| <hr/>                            |                       |             |                |
| Total jackup rigs                | 84%                   | 83%         | 82%            |
| Semisubmersible rig - N. America | 100%                  | 92%         | 36%            |
| Barge rigs                       |                       |             |                |
| Asia Pacific                     | 100%                  | 100%        | 100%           |
| South America/Caribbean          | 15%                   | 30%         | 0%             |
| <hr/>                            |                       |             |                |
| Total barge rigs                 | 27%                   | 40%         | 14%            |
| Platform rigs - North America    | 62%                   | 53%         | 33%            |
| <hr/>                            |                       |             |                |
| Total                            | 76%                   | 76%         | 70%            |
| <hr/>                            |                       |             |                |