Supplement to Fourth Quarter and Full-Year 2017 Results Press Release

26 February 2018

EPS (LPS) Reconciliation

In $ millions, except per share amounts	Three Months Ended December 31, 2017					
	As Reported	Impairment Charge	Bargain Purchase Gain	Atwood Transaction Costs	Discrete Tax Items	Adjusted
Net income (loss) from continuing operations attributable to Ensco shares	(208.6)	182.9	(140.2)	49.4	19.2	(97.3)
Earnings (loss) per share from continuing operations	(0.49)	0.43	(0.33)	0.11	0.05	(0.23)

In $ millions, except per share amounts	Three Months Ended December 31, 2016			
	As Reported	Exchange of Debt for Equity	Discrete Tax Items	Adjusted
Net income (loss) from continuing operations attributable to Ensco shares	28.3	(9.0)	7.0	26.3
Earnings (loss) per share from continuing operations	0.10	(0.03)	0.02	0.09

Contract Intangible Asset Amortization

Under purchase accounting rules, drilling contracts were measured at fair value based on market rates at the date of acquisition. Since we acquired drilling contracts that were above current market rates, we established a contract intangible asset that will be amortized against revenue over the remaining term of these contracts as follows:

In $ millions	1Q	2Q	3Q	4Q	FY
2017	n/a	n/a	n/a	16.1	16.1
2018E	2.0	3.8	2.8	2.8	11.4
2019E	2.6	2.6	0.6	-	5.8

Transaction Costs

In $ millions	1Q17	2Q17	3Q17	4Q17	FY17
Contract Drilling Expense	n/a	-	0.4	7.0	7.4
G&A Expense	n/a	4.2	5.1	42.4	51.7
Total	**n/a**	**4.2**	**5.5**	**49.4**	**59.1**

In $ millions	1Q18E	2Q18E	3Q18E	4Q18E	FY18E
Contract Drilling Expense	8.5	3.1	0.5	0.6	12.7
G&A Expense	3.9	0.8	0.1	0.0	4.8
Total	**12.4**	**3.9**	**0.6**	**0.6**	**17.5**

Total transaction costs of $98 million includes approximately $21 million of costs incurred by Atwood prior to the acquisition closing on 6 October 2017

Bargain Purchase Gain

In $ millions	December 31, 2017
Assets	
Cash and cash equivalents	445.4
Accounts receivable	62.3
Other current assets	118.1
Property and equipment	1,762.0
Other assets	23.7
Liabilities	
Accounts payable and accrued liabilities	(64.9)
Other liabilities	(118.7)
Net assets acquired	**2,227.9**
Merger consideration	(781.8)
Repayment of Atwood debt	(1,305.9)
Bargain purchase gain	**140.2**

The provisional amounts of acquired Atwood assets and liabilities assumed are based on preliminary estimates of their fair values as of the acquisition date

Net Income (Loss) to Adjusted EBITDA Reconciliation

In $ millions	Three Months Ended December 31	
	2017	2016
Net income (loss)	(207.1)	40.5
Income from discontinued operations, net of tax	(1.4)	(9.9)
Income (loss) from continuing operations	**(208.5)**	**30.6**
Income tax expense	42.4	3.9
Interest expense	57.2	56.3
Other income	(144.5)	(10.1)
Operating income (loss)	**(253.4)**	**80.7**
Depreciation expense	119.5	110.2
Amortization, net	(5.4)	(25.6)
Loss on impairment	182.9	-
Gain on asset disposals	(0.4)	(1.2)
Transaction costs	49.4	-
Adjusted EBITDA	**92.6**	**164.1**

Liquidity and Capital Resources
Pro Forma vs. Actual

In $ millions	As of December 31, 2017	
	Pro Forma	Actual
Total debt	5,057.5	4,750.7
Cash and cash equivalents	721.6	445.4
Short-term investments	440.0	440.0
Net debt	3,895.9	3,865.3
Total capital	12,613.2	12,597.4
Net debt-to-capital	30.9%	30.7%

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