

Ensco plc
Form 11-K
March 29, 2019

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-8097

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Ensco Multinational Savings Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Ensco plc
6 Chesterfield Gardens
London, England W1J 5BQ

ENSCO MULTINATIONAL SAVINGS PLAN
TABLE OF CONTENTS TO FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

Financial Statements:

<u>Report of Independent Registered Public Accounting Firm</u>	<u>1</u>
<u>Statements of Net Assets Available for Benefits</u> <u>as of December 31, 2018 and 2017</u>	<u>2</u>
<u>Statements of Changes in Net Assets Available for Benefits</u> <u>for the years ended December 31, 2018, 2017 and 2016</u>	<u>3</u>
<u>Notes to Financial Statements</u>	<u>4</u>

Supplemental Information:

Schedule I - Investments as of December 31, 2018

Signature

Exhibits:

Consent of Independent Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

To the Plan Participants and Trustee of the
Ensco Multinational Savings Plan

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of the Ensco Multinational Savings Plan (the “Plan”) as of December 31, 2018 and 2017, and the related statements of changes in net assets available for benefits for each of the years in the three-year period ended December 31, 2018, and the related notes and schedule (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2018 and 2017, and the changes in net assets available for benefits for each of the years in the three-year period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Plan’s management. Our responsibility is to express an opinion on the Plan’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Supplemental Information

The supplemental schedule of Schedule I - Investments as of December 31, 2018 has been subjected to audit procedures performed in conjunction with the audit of the Plan’s financial statements. The supplemental schedule is the responsibility of the Plan’s management. Our audit procedures included determining whether the supplemental schedule reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In our opinion, the supplemental schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Whitley Penn LLP

We have served as the Plan’s auditor since 2009.

Houston, Texas
March 29, 2019

ENSOCO MULTINATIONAL SAVINGS PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2018	2017
ASSETS:		
Investments, at fair value:		
Mutual Funds (cost \$22,031,085 and \$29,519,535)	\$32,646,615	\$34,965,780
Money Market Fund (cost \$14,115,976 and \$13,445,555)	14,115,976	13,445,555
Ensco Class A Fund (cost \$5,572,254 and \$5,213,033)	2,959,617	3,948,004
Total investments	49,722,208	52,359,339
Cash	394,220	984,244
Employee contributions receivable	492,561	444,735
Employer contributions receivable	281,909	—
NET ASSETS AVAILABLE FOR BENEFITS	\$50,890,898	\$53,788,318

The accompanying notes are an integral part of these financial statements.

ENSOC MULTINATIONAL SAVINGS PLAN
 STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE
 FOR BENEFITS

	Year Ended December 31,		
	2018	2017	2016
ADDITIONS TO NET ASSETS ATTRIBUTED TO:			
Investment income (loss):			
Interest and dividends	\$340,512	\$100,536	\$18,597
Realized and unrealized gains (losses)	(4,671,343)	3,680,986	329,990
Net investment income (loss)	(4,330,831)	3,781,522	348,587
Contributions:			
Participant	6,030,864	5,159,430	5,654,414
Employer	3,071,839	2,710,142	6,684,116
Total contributions	9,102,703	7,869,572	12,338,530
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:			
Distributions to participants	(7,528,042)	(9,413,787)	(16,162,740)
Administrative expenses	(141,250)	(135,188)	(167,313)
Total deductions	(7,669,292)	(9,548,975)	(16,330,053)
NET INCREASE (DECREASE)	(2,897,420)	2,102,119	(3,642,936)
NET ASSETS AVAILABLE FOR BENEFITS:			
Beginning of year	53,788,318	51,686,199	55,329,135
End of year	\$50,890,898	\$53,788,318	\$51,686,199
The accompanying notes are an integral part of these financial statements.			

ENSco MULTINATIONAL SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS

1. PLAN ORGANIZATION AND DESCRIPTION

The Ensco Multinational Savings Plan (the “Plan”) is a defined contribution plan available to international expatriate employees (“Eligible Employees”) of Ensco plc and subsidiaries (the “Company” or “Ensco”). The Plan was established on January 1, 2009 to provide a retirement benefit for Eligible Employees through Company annual discretionary contributions and matching contributions based on Eligible Employee contributions and to promote and encourage Eligible Employees to provide additional security and income for their retirement through a systematic savings program. Based upon current law and published interpretations, the Company does not believe that the Plan is subject to any of the provisions of the U.S. Employee Retirement Income Security Act of 1974, as amended. The following description of the Plan provides only general information. Participants in the Plan (“Plan Participants”) should refer to the Plan document for a more complete description of the Plan’s provisions.

Participation

Eligible Employees of the Company may participate in the Plan upon meeting certain citizenship or residency requirements if they are not employed in their own country of tax residency and are not contributing to, or receiving benefits from, any other employer-sponsored savings plan. Eligible Employees may elect to participate in the employee savings feature of the Plan immediately following employment with the Company.

Eligible Employees participate in the discretionary contribution feature of the Plan after completing at least 90 days of continuous full-time employment if they are employed at calendar year-end or reach the normal retirement age during the calendar year. All contributions are at the discretion of the Board of Directors as disclosed below.

Contributions

Plan Participants may elect to make contributions to the Plan through salary and cash incentive award deferrals (“Savings Contributions”), which may or may not qualify for tax deferral based on each Plan Participant’s local tax requirements. Under the Plan, Savings Contributions are limited to 50% of the participant’s compensation. Plan Participants may elect to increase, decrease or suspend their Savings Contributions within certain limits, as defined in the Plan.

At the discretion of its Board of Directors, the Company may make contributions to the Plan (“Matching Contributions”) in the form of a stated dollar amount or in the form of a matching percentage of Savings Contributions. For the years ended December 31, 2018, 2017 and 2016, the Company made Matching Contributions to active participant Eligible Employee accounts in the amount of 100% of the first 5% of eligible compensation.

Total Matching Contributions for the years ended December 31, 2018, 2017 and 2016 were \$3,071,839, \$2,710,142 and \$3,327,398, respectively, and are included in employer contributions in the statements of changes in net assets available for benefits.

For the year ended December 31, 2016, at the discretion of the Board of Directors, the Plan provided for a fixed contribution of 5% of each Plan Participant's base salary for a total of \$3,356,718. Along with the Matching Contributions, these amounts were included in employer contributions in the statements of changes in net assets available for benefits. The Company did not make a discretionary fixed contribution for the years ended December 31, 2018 and 2017.

Plan Administration

Assets in the Plan are held in trust by Butterfield Trust (Cayman) Limited as trustee on behalf of, and for the benefit of, Plan Participants. The trustee was selected upon the recommendation of Company management.

The trustee has the authority to manage or dispose of Plan assets as if it were the beneficial owner thereof. However, the trustee and the Company have delegated the management of day-to-day investment elections and administration of the Plan to Global Group Services Incorporated, the administrator, and UBS Financial Services, Inc., the custodian. Global Group Services Incorporated performs all record-keeping services.

Vesting

Employer contributions included in a Plan Participant's account balance become vested and nonforfeitable upon the completion of years of service with the Company, as follows:

Completed years of service Vested percentage

Less than one year	—	%
One year	33	%
Two years	67	%
Three or more years	100	%

A Plan Participant may also become fully vested in his or her employer contributions upon certain events, including death or disability, attaining the age of 65 or a full termination of the Plan. A Plan Participant's Savings Contribution account balance is fully vested at all times.

The unvested portion of employer contributions of terminated Plan Participants are forfeited to the Plan and may be used to pay certain administrative expenses of the Plan or to reduce the amount of future employer contributions. The Plan held forfeiture balances totaling \$123,617, \$396,427 and \$607,889 included in net assets available for benefits as of December 31, 2018, 2017 and 2016, respectively. During the year ended December 31, 2018 and 2017, the Plan used \$284,593 and \$254,532, respectively, of its forfeiture balance to reduce the funding requirement for a portion of the Company's Matching Contributions. The Plan did not use forfeiture balances for administrative expenses or employer contributions in 2016.

Distributions

Distributions of a Plan Participant's Savings Contributions and the vested portion of a participant's employer contributions occur when a Plan Participant's employment with the Company ends, and are generally made within 60 days of the last date of employment. As of December 31, 2018, 2017 and 2016, there was \$283,840, \$96,655 and \$177,092, respectively, allocated to accounts of Plan Participant's whose employment from the Company had ended but the corresponding distributions had not yet been made.

Hardship Withdrawals

Should a Plan Participant experience a hardship, he or she may elect to withdraw all or part of his or her vested account balance from the Plan. All cases of hardship must be presented in writing to, and approved by, the Company and the Trustee. The Company may request additional supporting documentation from Plan Participants to substantiate any case of hardship. The Company and the Trustee may, at their discretion, approve all or part of the withdrawal request. Hardship withdrawals are recorded as distributions in the period in which they are paid. Hardship withdrawals totaling \$3,176,352, \$3,507,934 and \$1,634,470 were paid during the years ended December 31, 2018, 2017 and 2016, respectively, and are included in distributions to participants in the statements of changes in net assets.

Investments

The Plan allows participants to direct all contributions among a number of different investment funds held by UBS Financial Services, Inc.

The Plan includes investments in cash alternatives, mutual funds and Ensco plc Class A Ordinary Shares (the "Ensco Class A Fund"). The Plan limits the portion of a participant's aggregate account balance that may be invested in the Ensco Class A Fund to 25%.

The daily value of each investment unit is determined by dividing the total fair market value of all assets in each fund by the total number of units in that fund. The cash alternatives are investments in money market funds which seek to preserve the value of investment at \$1.00 per share.

Investment income, including certain administrative fees and net appreciation (depreciation) of the fair value of investments, is allocated to each Plan Participant's account based on the change in unit value for each investment fund in which the participant has an account balance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The Plan's financial statements are prepared on the accrual basis of accounting in accordance with U.S. GAAP.

The Plan's investments are stated at fair value using quoted market prices. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year-end and there are no redemption restrictions associated with those investments. Purchases and sales of shares in mutual funds and the Ensco Class A Fund are recorded on a trade-date basis. Interest is recorded on the accrual basis and dividends are recorded on the ex-dividend date. See "Note 4 - Fair Value Measurements" for additional information on the fair value measurement of the Plan's net assets.

In the statement of changes in net assets available for benefits, the Plan presents the realized and unrealized gains (losses) on investments. Realized gains (losses) are calculated as the beginning of the year market values on investments plus the purchase price of investments, if purchased during the year, less the market values on date of sale. Unrealized gains (losses) are calculated as the beginning of the year market values on investments plus the purchase price of investments, if purchased during the year, less the end of the year market value on investments.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Plan Sponsor, Ensco, to make estimates and assumptions that affect the reported amounts of assets and liabilities and related changes in net assets available for benefits, as well as disclosures of gain and loss contingencies at the date of the financial statements. Actual results could differ from those estimates.

Distributions

Distributions of benefits to Plan Participants are recorded when paid.

3. GAINS AND LOSSES ON PLAN INVESTMENTS

During 2018, 2017 and 2016, the Plan's investments, including gains and losses on investments bought and sold, as well as held during the year, appreciated (depreciated) in value as follows:

	2018	2017	2016
Proceeds	\$23,133,966	\$15,214,450	\$24,974,955
Aggregate cost	23,078,670	15,463,863	28,039,822
Realized losses	55,296	(249,413)	(3,064,867)
Unrealized appreciation (depreciation)	(4,726,639)	3,930,399	3,394,857
Realized and unrealized gains (losses)	\$(4,671,343)	\$3,680,986	\$329,990

4. FAIR VALUE MEASUREMENTS

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value and assigns the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (“Level 1”) and the lowest priority to unobservable inputs (“Level 3”). Level 2 measurements are inputs that are observable for assets or liabilities, either directly or indirectly, other than quoted prices included within Level 1. The following fair value hierarchy table categorizes information regarding the Plan’s net assets measured at fair value on a recurring basis as of December 31, 2018 and 2017:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
As of December 31, 2018				
Cash Alternatives	\$ 14,115,976	\$ —	—\$	—\$14,115,976
Mutual Funds	32,646,615	—	—	32,646,615
Employer Securities:				
Ensco Class A Fund	2,959,617	—	—	2,959,617
Total Investments	\$ 49,722,208	\$ —	—\$	—\$49,722,208
As of December 31, 2017				
Cash Alternatives	\$ 13,445,555	\$ —	—\$	—\$13,445,555
Mutual Funds	34,965,780	—	—	34,965,780
Employer Securities:				
Ensco Class A Fund	3,948,004	—	—	3,948,004
Total Investments	\$ 52,359,339	\$ —	—\$	—\$52,359,339

5. ADMINISTRATIVE FEES

The Plan has no employees. All administrative expenses of the Plan are paid by the participants. Total fees paid by the participants and the Plan for administrative expenses, investment management and other related services amounted to \$141,250, \$135,188 and \$167,313 for the years ended December 31, 2018, 2017 and 2016, respectively.

6. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan. In the event of Plan termination, Plan Participants will become 100% vested in their accounts.

7. TAX STATUS

The Plan is not qualified under Section 401(a) of the United States Internal Revenue Code of 1986, as amended. In consideration that Plan Participants are not U.S. citizens, permanent residents or otherwise U.S. tax residents at any time they are participating, Plan Participants will not be directly subject to U.S. federal income tax on any dividends paid on stock of a U.S. corporation. However, the Cayman Islands trust that holds the Plan’s assets will be subject to U.S. federal income tax on such dividends at a rate of 30%, withheld at source. The trust will not be entitled to any lower tax treaty rates even if a Plan Participant would have been eligible for such lower treaty rates if he or she held the stock directly. Depending on a Plan Participant’s country of residence, he or she may be entitled to a credit against his or her local income tax (if applicable) for the U.S. federal income tax on dividends received by the trust.

Accounting principles generally accepted in the United States of America require plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more-likely-than-not, based on the technical merits, to be sustained upon examination by the relevant tax authority. The plan administrator has analyzed the tax positions taken by the Plan and has concluded that, as of

December 31, 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audit by taxing jurisdictions for all Plan years since the Plan was established. There are currently no audits for any tax periods in progress.

8. PARTY-IN-INTEREST AND RELATED PARTY TRANSACTIONS

Transactions in Class A ordinary shares of the Company held by the Plan in the Ensco Class A Fund qualify as party-in-interest transactions.

9. RISKS AND UNCERTAINTIES

The Plan invests in various investment options that are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of the investments will occur in the near term and that such changes could materially affect Plan Participants' account balances and the amounts reported in the statements of net assets available for benefits.

10. SUBSEQUENT EVENTS

For the year ended December 31, 2018, subsequent events were evaluated through March 29, 2019, the date the financial statements were issued. Effective January 1, 2019, the requirement for participants to complete years of service with the Company for account balance to vest is annulled, and all participants are immediately 100% vested in their contributions, including earnings and losses thereon, at all times.

Supplemental Information

Schedule I

ENSCO MULTINATIONAL SAVINGS PLAN

SCHEDULE I - INVESTMENTS

AS OF DECEMBER 31, 2018

Description	Number of shares/units	Market Value	Percentage of Net Assets	
Invesco AIM US Dollar Liquidity Portfolio	14,115,976	\$14,115,976	27.7	%
Vanguard US 500 Stock Index	356,929	10,020,079	19.7	%
MFS Meridian Global Total Return Fund	98,101	2,985,201	5.9	%
Invesco Global Bond Fund	348,886	2,975,997	5.8	%
Janus Flexible Income	226,310	2,645,559	5.2	%
Vanguard Global Stock Index	93,265	2,318,858	4.6	%
Vanguard Emerging Markets Stock Index	10,382	1,771,742	3.5	%
Morgan Stanley Global Property Fund A	62,479	1,745,676	3.4	%
Vanguard MSCI World Small Cap Index	7,442	1,603,531	3.2	%
Vanguard European Stock Index Fund	77,829	1,566,147	3.1	%
MFS Meridian Global Equity	64,703	1,385,300	2.7	%
Pioneer Funds Global Select	12,842	1,308,727	2.6	%
Pioneer Funds US Dollar Short Term	15,182	787,793	1.5	%
Fidelity AW Pacific	35,436	773,565	1.5	%
Nuveen Global Infrastructure	15,137	424,751	0.8	%
PIMCO Commodity Plus	65,174	333,689	0.7	%
Employer securities:				
*Ensco Class A Fund	831,353	2,959,617	5.8	%
Total Investments		\$49,722,208		

* Party-in-interest

SIGNATURE

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

Ensco Multinational Savings Plan

Date: March 29, 2019 /s/ Rosalie Twohey
By: Rosalie Twohey
Authorized Signatory
Butterfield Trust (Cayman) Limited as Trustee

Date: March 29, 2019 /s/ Renee Maycock
By: Renee Maycock
Authorized Signatory
Butterfield Trust (Cayman) Limited as Trustee

EXHIBIT INDEX

Exhibit	Description
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23.1	<u>Consent of Independent Registered Public Accounting Firm</u>
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