

# Most shorted ahead of earnings

A review of how short sellers are positioning themselves in companies due to announce results in the coming week.

- Demand to borrow has soared in Neustar as short interest rises to 42%
- Recent M&A activity has squeezed out shorts in Bang & Olufsen
- Japanese West holdings has seen short interest double in the last quarter

## North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Neustar Inc	Data Processing & Outsourced Services	NSR	17/04/2015	42.7	-4%
Layne Christensen Co	Construction & Engineering	LAYN	14/04/2015	25.6	-1%
Athenahealth Inc	Health Care Technology	ATHN	18/04/2015	24.6	-4%
Triangle Petroleum Corp	Oil & Gas Exploration & Production	TPLM	14/04/2015	22.8	-2%
Titan Machinery Inc	Trading Companies & Distributors	TITN	16/04/2015	17.9	17%
Ocwen Financial Corp	Thriffs & Mortgage Finance	OCN	14/04/2015	17.7	14%
People's United Financial Inc	Thriffs & Mortgage Finance	PBCT	17/04/2015	14.2	-6%
Acacia Research Corp	Research & Consulting Services	ACTG	18/04/2015	13.5	-3%
W W Grainger Inc	Trading Companies & Distributors	GWW	17/04/2015	12.5	5%
Gencorp Inc	Aerospace & Defense	GY	16/04/2015	11.5	-4%
Advanced Micro Devices Inc	Semiconductors	AMD	18/04/2015	11.8	23%
Westamerica Bancorp	Regional Banks	WABC	16/04/2015	11.7	6%
Fastenal Co	Trading Companies & Distributors	FAST	15/04/2015	9.9	22%
First Financial Bankshares Inc	Regional Banks	FFIN	18/04/2015	9.3	8%
M&T Bank Corp	Regional Banks	MTB	15/04/2015	9.0	5%
Shaw Communications Inc	Cable & Satellite	SJR.B	15/04/2015	7.7	-71%
First Horizon National Corp	Regional Banks	FHN	18/04/2015	7.6	-15%
Seagate Technology Plc	Technology Hardware, Storage & Peripherals	STX	18/04/2015	6.4	21%
B&G Foods Inc	Packaged Foods & Meats	BGS	17/04/2015	6.0	-9%
Intertain Group Ltd	Casinos & Gaming	IT	16/04/2015	5.5	-19%

Short sellers have increased positions in Neustar, **remaining** the most shorted stock in the week it announces earnings for a consecutive quarter in North America.

## Neustar Inc



Source: Markit

Since the end of January 2015, shares outstanding on loan have increased by 22% for Neustar while the share price has risen 2%. This represents an interim recovery after it shares slumped 17% at the end of February.

Short sellers' resilience seems to have been bolstered by these price movements. The demand to borrow stock in Neustar has increased dramatically. Gauged by the benchmark fee to borrow, demand to short Neustar has risen from ~2% at the beginning of March 2015, touching levels of 20% recently.

## Triangle Petroleum Corp



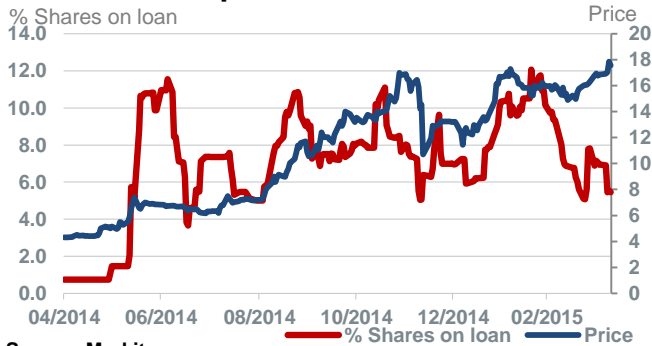
Source: Markit

Oil and gas producer Triangle Petroleum has been impacted by depressed oil prices and a glut in North American oil supplies. Operating in the Williston Basin in North Dakota and eastern Montana, short interest in the firm has increased to 22.8% with demand to borrow increasing as the fee edged towards 15% while utilisation of available stock to borrow reached 90%.

Among the most shorted ahead of earnings this week is Intertain Group which is the third most expensive to borrow ahead of earnings. The Toronto based gaming company

operates online casinos, bingo and poker games.

### Intertain Group Ltd



Source: Markit

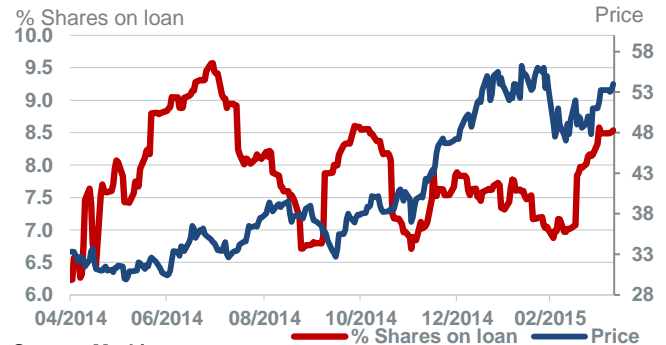
Short sellers have targeted Intertain since the beginning of 2014 but there has been a marked increase in the demand to borrow since the end of February 2014. The benchmark fee increased suddenly from below 0.5% to above 10% over a few days. The share price has however continued to rally and has risen 40% in the last three months and over 300% over the last 12 months.

### Western Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Nordic Semiconductor Asa	Semiconductors	NOD	19/04/2015	8.5	21%
Bang & Olufsen A/S	Consumer Electronics	BO	17/04/2015	7.3	-34%
Wh Smith Plc	Industrial Machinery	SMWH	19/04/2015	5.0	-2%
Asml Holding Nv	Investment Banking & Brokerage	ASML	16/04/2015	4.1	5%
Debenhams Plc	Specialty Stores	DEB	17/04/2015	3.2	7%
Investment Ab Oresund	Semiconductor Equipment	ORES	16/04/2015	2.5	5251%
Kuehne Und Nagel International Ag	Integrated Telecommunication Services	KNIN	17/04/2015	1.8	25%
Velocys Plc	Department Stores	VLS	17/04/2015	1.3	-1%

Most shorted ahead of earnings in Europe this week is Nordic Semiconductor with 8.5% of shares outstanding on loan. Spun out of the Technical University of Trondheim in 1983, the company manufactures ultra-low power wireless chips. Short sellers have increased positions by 42% over the last 12 months, unconvinced by the parallel 48% rally in the share price over the same period.

### Nordic Semiconductor Asa



Source: Markit

Short sellers have been squeezed out of positions in Bang and Olufsen as the stock rallied over a third after it was **announced** that the company plans to sell its automotive division. Shares outstanding on loan have decreased 32% since the announcement with the stock up 28% on the March 31<sup>st</sup> 2015, the day of the announcement.

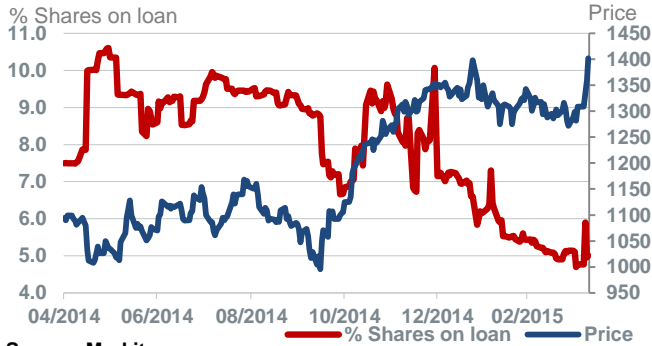
### Bang & Olufsen A/S



Source: Markit

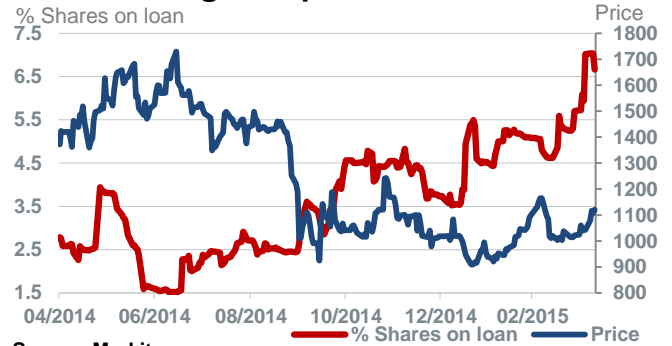
Third most shorted in Europe ahead of earnings is WH Smith, whose rising stock price has continued to send short sellers covering since November 2014. Despite a decline in high street and overall sales, the company has been able to **increase** underlying earnings for almost ten years by cutting costs and focusing intently on travel locations. Shares outstanding on loan have halved since the end of February 2015 to 5.5%.

### Wh Smith Plc



Source: Markit

### West Holdings Corp



Source: Markit

Shares outstanding on loan in West Holdings have increased by 120% in over the last six months while the share price has remained stagnant.

### Asia Pacific

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
U-Shin Ltd	Auto Parts & Equipment	6985	11/04/2015	8.0	-2%
West Holdings Corp	Homebuilding	1407	15/04/2015	6.7	44%
Singapore Press Holdings Ltd	Publishing	T39	15/04/2015	6.9	-9%
Bic Camera Inc	Computer & Electronics Retail	3048	11/04/2015	6.6	12%
Tpk Holding Co Ltd	Electronic Components	3673	15/04/2015	6.4	-8%
Uny Group Holdings Co Ltd	Hypermarkets & Super Centers	8270	11/04/2015	5.8	-20%
Jin Co Ltd	Specialty Stores	3046	15/04/2015	5.1	-20%
Ten Network Holdings Ltd	Broadcasting	TEN	11/04/2015	5.0	-4%
Kohnan Shoji Co Ltd	Home Improvement Retail	7516	14/04/2015	4.8	-21%
Yoshinoya Holdings Co Ltd	Restaurants	9861	11/04/2015	3.8	7%

Appearing in the top three most shorted ahead of earnings in Apac for a **consecutive** quarter are Japanese auto component manufacturer U-Shin and publisher Singapore Press Holdings. Joining the top three most shorted is West Holdings, a Japanese housing and green energy developer which is also involved in large scale solar projects.

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