

## Most shorted ahead of earnings

Monday, August 14<sup>th</sup> 2017

### We reveal how short sellers are positioning themselves in companies announcing earnings this week

- Retail still the favorite topic of North American short sellers
- Meyer Burger shorts increase to the highest in over two years
- Australian short sellers target pizza firm Domino's

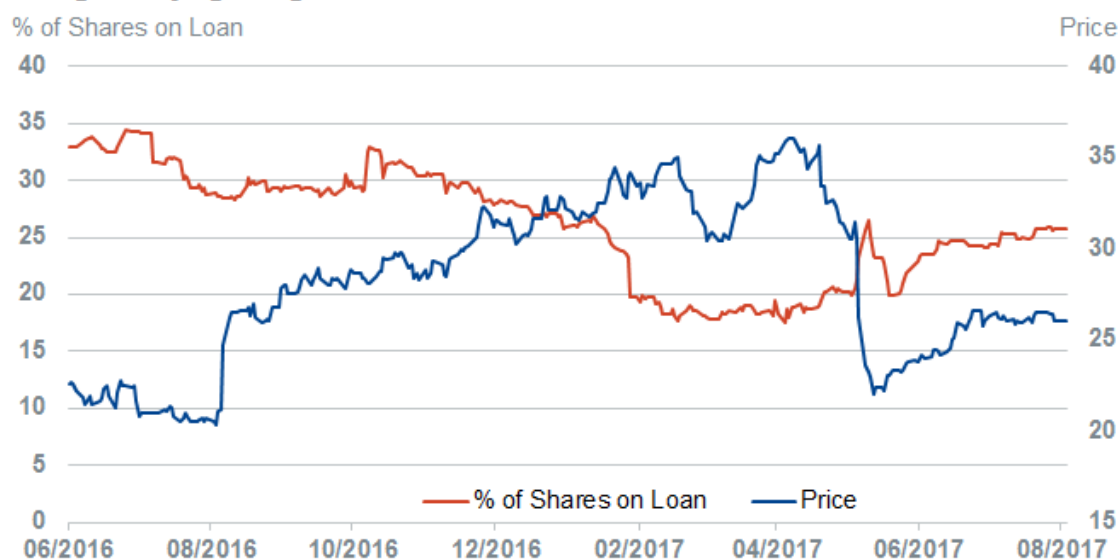
#### North America

Name	Industry	Ticker	Report Day	% Shares Outstanding On Loan	1 Month % Change
Zoe'S Kitchen Inc	Hotels, Restaurants & Leisure	ZOES	Thursday	32.2	-1%
Badger Daylighting Ltd	Construction & Engineering	BAD	Monday	25.7	2%
Immunomedics Inc	Biotechnology	IMMU	Wednesday	22.5	8%
Jinkosolar Hldg Adr Rep 4 Ord	Semiconductors & Semiconductor Equ	JKS	Wednesday	22.3	24%
Geron Corp	Biotechnology	GERN	Thursday	17.2	-4%
Urban Outfitters Inc	Specialty Retail	URBN	Tuesday	17.0	3%
Hibbett Sports Inc	Specialty Retail	HIBB	Friday	14.7	-2%
Buckle Inc	Specialty Retail	BKE	Thursday	14.5	-8%
Sportsmans Warehouse Holdings	Specialty Retail	SPWH	Thursday	13.6	-18%
America'S Car-Mart Inc	Specialty Retail	CRMT	Thursday	12.1	7%
Absolute Software Corp	Software	ABT	Thursday	10.6	7%
Pengrowth Energy Corp	Oil, Gas & Consumable Fuels	PGF	Monday	9.6	-5%
Globant Sa	Software	GLOB	Thursday	9.0	0%

Casual dining chain Zoe's Kitchen once again finds itself highly shorted in the run-up to earnings. The company has been a favorite target of short sellers for quite some time – over the last 12 months, more than a third of its shares have been out on loan. This commitment has rewarded bearish investors, as Zoe's shares have lost two thirds of their value following a string of poor earnings.

The second most heavily shorted stock is excavation firm Badger Daylighting. Since disappointing analysts with a weak sales announcement in Q2, short sellers have increased their positions in the firm by more than a quarter.

## Badger Daylighting Ltd



Retail continues to be high on the list of shorts this week, with eight specialty and general retail stocks targeted. These bets come on the heels of bad news from Macy's and Kohl's last Thursday; both shares lost significant value since announcing weak sales and gross margins.

The top retail focus this week is fashion retailer Urban Outfitters, which has 17% of its shares on loan. Sports firms Hibbett Sports and Sportsmans Warehouse are also worth watching. Both have around 14% of outstanding shares on loan.

## Europe

Name	Industry	Ticker	Report Day	% Shares Outstanding On Loan	1 Month % Change
Meyer Burger Technology Ag	Semiconductors & Semiconductor Equ	MBTN	Wednesday	21.6	19%
Bilfinger Se	Commercial Services & Supplies	GBF	Monday	15.6	20%
K&S Ag	Chemicals	SDF	Tuesday	15.4	0%
Hikma Pharmaceuticals Plc	Pharmaceuticals	HIK	Thursday	11.3	3%
Evolve Holding Sa	Chemicals	EVE	Monday	9.8	-1%
Wirecard Ag	IT Services	WDI	Thursday	8.7	-24%
Ica Gruppen Ab	Food & Staples Retailing	ICA	Wednesday	7.8	-3%
Ratos Ab	Capital Markets	RATO B	Thursday	7.8	-8%
Hargreaves Lansdown Plc	Capital Markets	HL	Tuesday	6.3	4%
Balfour Beatty Plc	Construction & Engineering	BBY	Wednesday	6.3	2%
Allied Minds Plc	Capital Markets	ALM	Thursday	5.8	-13%
Brunel International Nv	Professional Services	BRNL	Friday	5.5	-17%
Alk-Abello A/S	Pharmaceuticals	ALK B	Wednesday	5.3	1%

Solar panel manufacturer Meyer Burger is the most shorted European firm announcing earnings this week; it has more than 21% of shares out on loan. The German company's shares rallied heavily in the last few months based on expectations that it may break even next year. Short sellers are betting against this

outcome, and the demand to borrow Meyer Burger increased by more than a fifth in the last month. This recent wave of bearish sentiment has pushed the firm's short interest to a 2.5 year peak.

## Meyer Burger Technology Ag



One company which short sellers are unwilling to short is payment processor Wirecard. Payment processing is the darling of deep pocketed private equity companies of late, which has led to several takeover deals. To the chagrin of short sellers, Wirecard shares have been dragged to new highs by this takeover frenzy, and the demand to borrow its shares plummeted more than 50% in the last six months.

UK short sellers are keeping a close eye on Hikma Pharmaceutical. The demand to borrow its shares is at the highest level in more than three years.

## Asia

Name	Industry	Ticker	Report Day	% Shares Outstanding On Loan	1 Month % Change
Aeria Inc	Software	3758	Monday	12.7	28%
Jb Hi-Fi Ltd	Specialty Retail	JBH	Monday	12.4	1%
Cyberdyne Inc	Health Care Equipment & Supplies	7779	Monday	12.2	4%
Domino'S Pizza Enterprises Ltd	Hotels, Restaurants & Leisure	DMP	Tuesday	11.6	7%
Aluminum Corp Of China Ltd	Metals & Mining	2600	Thursday	10.3	-6%
Oci Co Ltd	Chemicals	010060	Monday	9.8	-15%
Hyundai Wia Corp	Auto Components	011210	Monday	9.0	14%
Cosmax Inc	Personal Products	192820	Monday	8.2	-7%
Gs Engineering & Construction Co	Construction & Engineering	006360	Monday	8.1	7%
Kumho Tire Co Inc	Auto Components	073240	Monday	7.0	15%

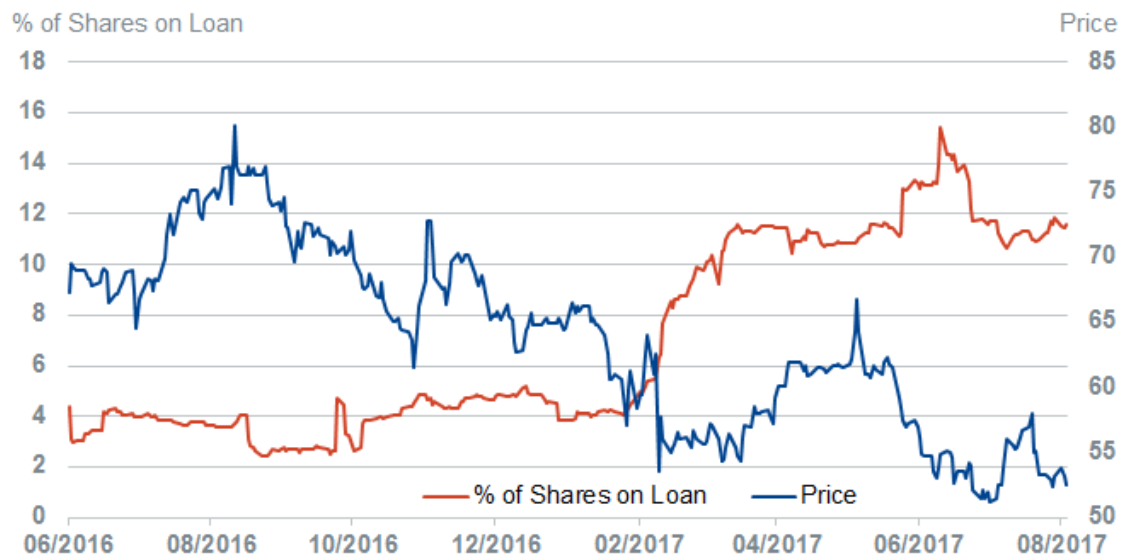
With just under 13% of its shares out on loan, Aeria is the most shorted Asian company announcing earnings this week. A large part of this borrow is unlikely to be

directional; the software company is in the process of acquiring a peer through a stock swap, and the deal is expected to close in the coming weeks.

Directional short sellers are likely behind the demand to borrow speaker manufacturer Jb Hi-Fi. They started targeting the firm back in February, after it failed to live up to profit expectations. Since then, investor sentiment has significantly cooled, and the demand to borrow Jb Hi-Fi's shares surged by more than tenfold.

Australian short sellers are also increasingly bearish about Domino's Pizza Enterprises. The pizza firm's share price has fallen more than 14% YTD following disappointing revenues. Short sellers think that more pain is in the offing, and they have doubled their positions in the firm since the start of the year.

## Domino'S Pizza Enterprises Ltd



Source: IHS Markit

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