

## Most shorted ahead of earnings

Monday, May 15<sup>th</sup> 2017

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

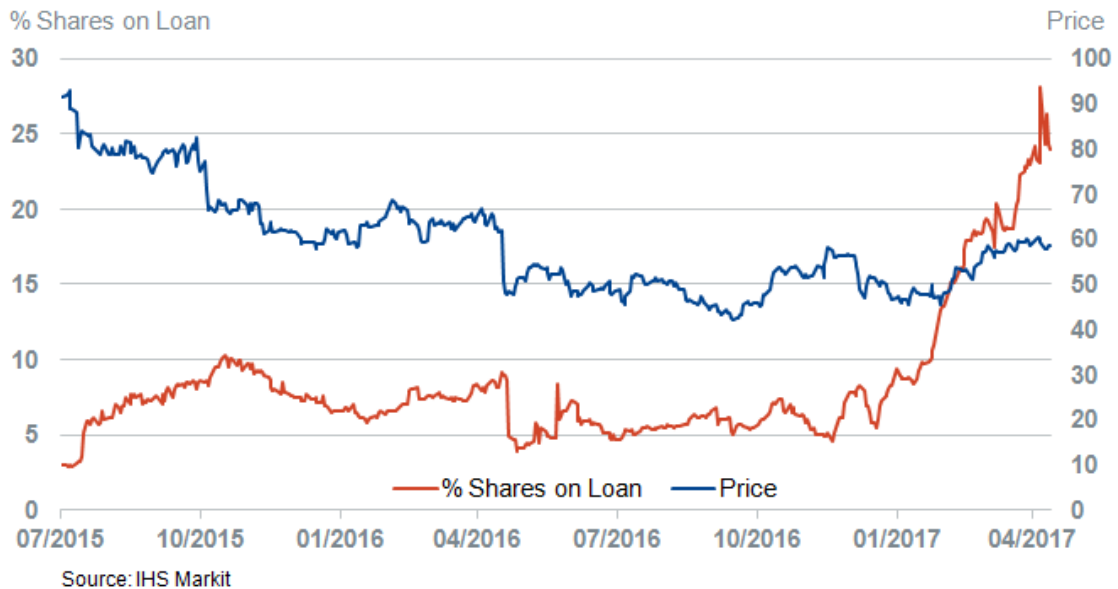
- Consumer focused firms make up three quarters of this week's top North American short targets
- Easyjet sees short double down in the face of recent rally
- Ofx Group most shorted firm announcing earnings in Asia

#### North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Red Robin Gourmet Burgers Inc	Hotels Restaurants & Leisure	RRGB	5/16/2017	24.0	29%
Hibbett Sports Inc	Specialty Retail	HIBB	5/18/2017	18.5	8%
Buckle Inc	Specialty Retail	BKE	5/18/2017	16.6	-3%
Childrens Place Inc	Specialty Retail	PLCE	5/18/2017	12.5	-17%
Sportsmans Warehouse Holdings	Specialty Retail	SPWH	5/18/2017	11.6	12%
Editas Medicine Inc	Biotechnology	EDIT	5/15/2017	10.4	-2%
Urban Outfitters Inc	Specialty Retail	URBN	5/16/2017	10.1	-5%
Virtusa Corp	IT Services	VRTU	5/16/2017	10.1	21%
American Eagle Outfitters Inc	Specialty Retail	AEO	5/17/2017	9.5	-4%
Stratasys Ltd	Technology Hardware Storage & Peripl	SSYS	5/16/2017	9.3	9%
Teekay Corp	Oil Gas & Consumable Fuels	TK	5/18/2017	8.9	127%
Monro Muffler Brake Inc	Specialty Retail	MNRO	5/18/2017	8.1	-22%
Trevali Mining Corp	Metals & Mining	TV	5/15/2017	7.9	9%
Globant Sa	Software	GLOB	5/18/2017	7.3	8%
Destination XI Group Inc	Specialty Retail	DXLG	5/19/2017	7.0	18%

The high conviction short among North American firms announcing earnings this week is Red Robin Burgers which has just under a quarter of its shares out on loan at the moment. Short sellers started to target the company in earnest over the last few months after it announced a 3.3% fall in same store sales over 2016. Analysts are expecting the sales slump to continue over the first half of the year. Short sellers have been emboldened by this slide in sales given that demand to borrow the firm's shares is now five times higher than when it last reported earnings. Red Robin isn't the only burger firm to be scrutinized by short sellers. Shake Shack has recently seen short interest climb to the highest level since its IPO. This could be an indication that the market is generally turning cold on the "better burger" casual dining investment.

## Red Robin Gourmet Burgers Inc



Red Robin isn't the only consumer focused firm to see high short interest in the run-up to earnings as eight retailers join the list of this week's heavily shorted stocks. While US consumer spending has remained buoyant in recent months, short sellers are targeting the change in consumer shopping habits as shoppers turn to online retailers at the expense of specialty bricks and mortar stores. This conviction was vindicated last week when both JC Penney and Macy's announced a worse than expected results driven by falling same store sales.

This week's high conviction retail shorts include sports retailers Hibbett Sports and Sportsmans Warehouse, fashion retailers Buckle, American Eagle and Urban Outfitters.

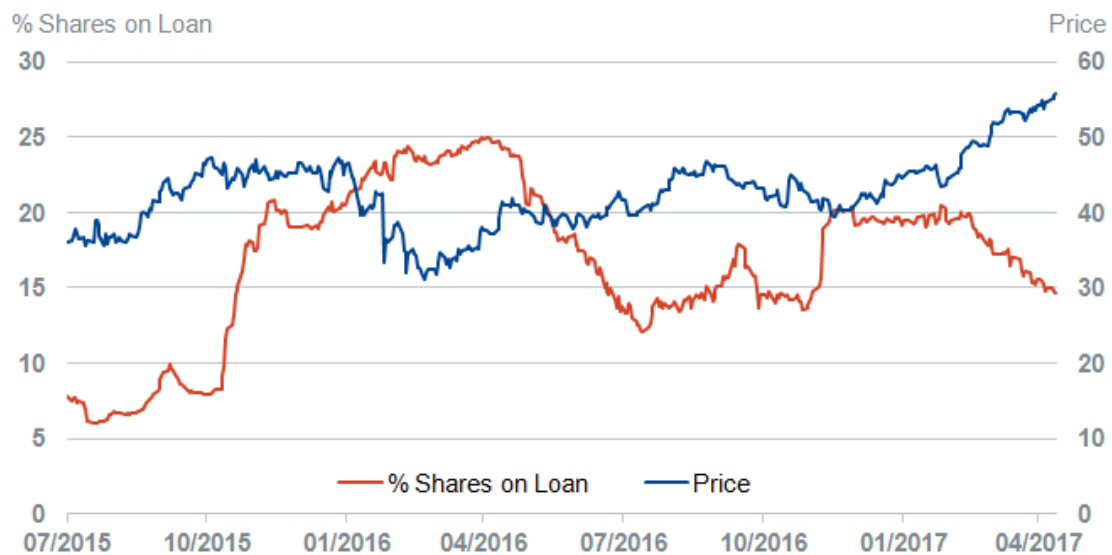
Short sellers will also be keeping a close eye on 3D printing firm Stratasys which also features on the list of this week's high conviction shorts. Stratasys has seen demand to borrow its shares nearly double over the last couple of months. This rise in bearish sentiment has yet to pay off however, as Stratasys shares have rallied strongly over the last few days after competitor 3D Systems posted better than expected results.

## Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Wirecard Ag	IT Services	WDI	5/18/2017	14.8	-13%
Bilfinger Se	Commercial Services & Supplies	GBF	5/15/2017	11.7	-4%
Dairy Crest Group Plc	Food Products	DCG	5/18/2017	10.8	-4%
Easyjet Plc	Airlines	EZJ	5/16/2017	9.3	18%
Aurubis Ag	Metals & Mining	NDA	5/15/2017	9.2	3%
Sonova Holding Ag	Health Care Equipment & Supplies	SOON	5/16/2017	7.2	15%
Lonmin Plc	Metals & Mining	LMI	5/15/2017	7.0	-10%
Parrot Sa	Communications Equipment	PARRO	5/15/2017	4.7	4%
Victrex Plc	Chemicals	VCT	5/15/2017	4.6	5%
Marston'S Plc	Hotels Restaurants & Leisure	MARS	5/18/2017	4.5	10%
Btg Plc	Pharmaceuticals	BTG	5/16/2017	4.1	3%
Salzgitter Ag	Metals & Mining	SZG	5/15/2017	4.0	58%

The most shorted European company announcing results this week is payment processing firm Wirecard which has 15% of its shares out on loan. Wirecard continues to see residual short interest after becoming the target of an activist short campaign last year. The campaign accused the firm of fraud - something which it vigorously refuted. The market has since moved on as evidenced by the fact that Wirecard share have doubled from their post accusation lows to a new all-time high. Short sellers were initially willing to ride the tally, however the appetite to short Wirecard has waned in recent weeks as demand to borrow the firm's shares has fallen by 13% in the last month.

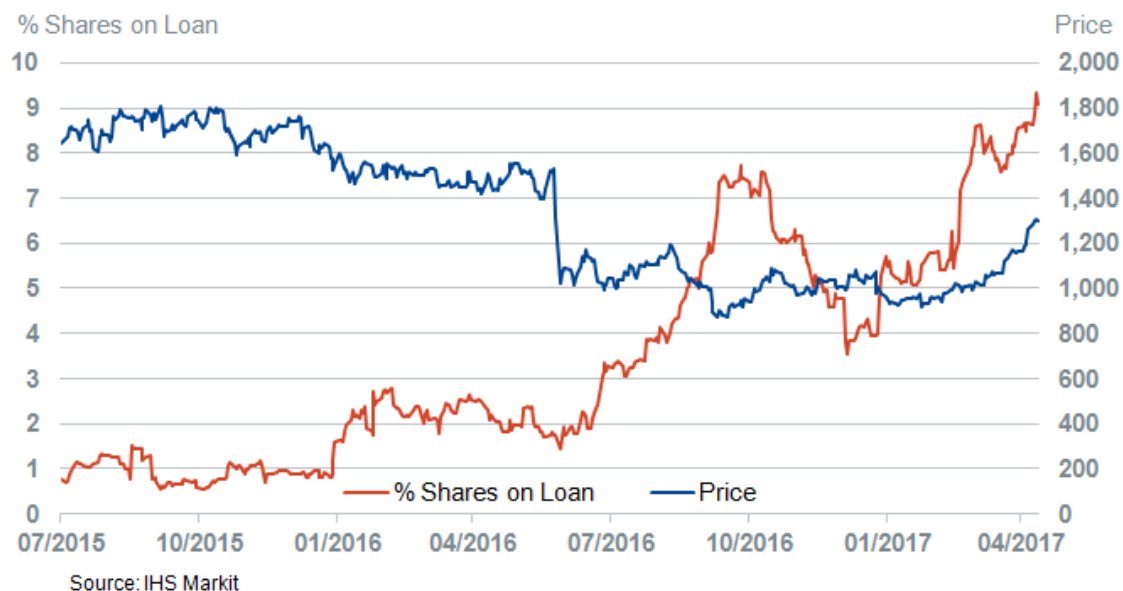
### Wirecard Ag



Source: IHS Markit

UK firms, led by Dairy Crest and Easyjet make up several of the high conviction short targets announcing earnings this week. Both firms have come under pressure from short sellers in recent weeks as they have to contend with shrinking margins due to rising input costs. Easyjet has seen its shares surge recently although short sellers have been willing to double down as evidenced by the fact that demand to borrow its shares has jumped by a fifth in the last month.

## Easyjet Plc

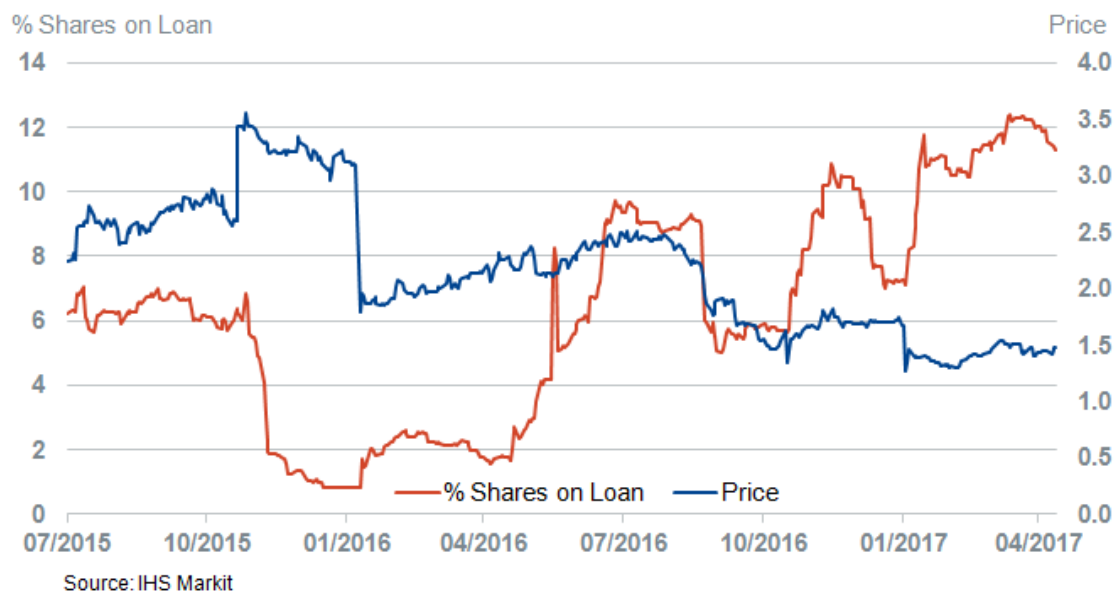


## Asia

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Ofx Group Ltd	Diversified Financial Services	OFX	5/17/2017	11.3	-8%
Cyberdyne Inc	Health Care Equipment & Supplies	7779	5/15/2017	11.2	2%
Doosan Infracore Co Ltd	Machinery	042670	5/15/2017	10.6	-2%
Takara Leben Co Ltd	Real Estate Management & Development	8897	5/16/2017	10.2	-8%
Hotel Shilla Co Ltd	Specialty Retail	008770	5/15/2017	10.2	-15%
V Technology Co Ltd	Electronic Equipment Instruments & C	7717	5/15/2017	8.9	1%
Gs Engineering & Construction Co	Construction & Engineering	006360	5/15/2017	8.2	25%
Ffri Inc	Software	3692	5/15/2017	8.0	-6%
Gni Group Ltd	Biotechnology	2160	5/15/2017	7.8	-12%
Ai Holdings Corp	Electronic Equipment Instruments & C	3076	5/15/2017	7.5	-2%
Realworld Inc	Internet Software & Services	3691	5/15/2017	7.3	7%
Cj Korea Express Corp	Road & Rail	000120	5/15/2017	7.3	-3%
Pc Depot Corp	Specialty Retail	7618	5/15/2017	7.3	-12%
Softfront Holdings	Software	2321	5/16/2017	7.1	4%
Nuts Inc	Leisure Products	7612	5/15/2017	7.1	10%

Ofx Group is the highest conviction Asian short of this week as it has over 11% of the forex provider's shares out on loan to short sellers. The company has by and large disappointed investors since its stock market flotation back in 2013 as its shares have fallen to less than half of their original value in over the last four years. The company's woes have accelerated in the wake of the Brexit referendum as the pound's slump since the referendum has lowered the Australian Dollar value of commissions derived from one its most popular FX "crosses". These woes led the firm to issue a profits warning back in February which took over a quarter off the value of its shares. Short sellers are bracing for more pain ahead for the company as demand to borrow its shares has nearly doubled in the last four months.

## Ofx Group Ltd



Japanese exoskeleton manufacturer Cyberdyne sees nearly the same short interest as Ofx after the firm was targeted by activist short selling firm Citron Research. They claimed the firm was overvalued relative to its peers and failing behind its competition in the race to commercialise products.

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