

## Most shorted ahead of earnings

A review of how short sellers are positioning themselves in stocks ahead of earnings announcements in the coming week, plus names identified at risk of experiencing a short squeeze.

- Short sellers continue relentless campaigns targeting Zoe's Kitchen and Gamestop
- Energy firms remain under pressure and Mattress Firm at risk of a short squeeze
- **Markit Dividend Forecasting** expecting a 53% dividend cut for Australian Worleyparsons

### North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Zoe'S Kitchen Inc	Restaurants	ZOES	27/08/2015	45.6	11%
Gamestop Corp	Computer & Electronics Retail	GME	27/08/2015	43.7	-1%
Sanderson Farms Inc	Packaged Foods & Meats	SAFM	25/08/2015	35.1	9%
Abercrombie & Fitch Co	Apparel Retail	ANF	26/08/2015	26.9	2%
Big Lots Inc	General Merchandise Stores	BIG	28/08/2015	23.5	10%
Rex American Resources Corp	Oil & Gas Refining & Marketing	REX	27/08/2015	22.0	26%
Lannett Company Inc	Pharmaceuticals	LCI	25/08/2015	21.5	15%
Guess? Inc	Apparel Retail	GES	26/08/2015	13.5	0%
National Bank Of Canada	Diversified Banks	NA	26/08/2015	12.0	14%
Violin Memory Inc	Technology Hardware, Storage & Peripherals	VMEM	27/08/2015	11.0	-4%
Childrens Place Inc	Apparel Retail	PLCE	25/08/2015	9.3	27%
Splunk Inc	Application Software	SPLK	27/08/2015	8.4	1%
Veeva Systems Inc	Health Care Technology	VEEV	27/08/2015	8.3	-10%
Performance Sports Group Ltd	Leisure Products	PSG	27/08/2015	8.0	6%
Nimble Storage Inc	Technology Hardware, Storage & Peripherals	NMBL	25/08/2015	6.8	-20%
Fred'S Inc	General Merchandise Stores	FRED	27/08/2015	6.8	29%
Toronto-Dominion Bank	Diversified Banks	TD	27/08/2015	6.6	0%
Bank Of Montreal	Diversified Banks	BMO	25/08/2015	6.6	7%
Canadian Imperial Bank Of Commerce	Diversified Banks	CM	27/08/2015	6.2	15%
Valspar Corp	Specialty Chemicals	VAL	25/08/2015	5.9	22%

### Gamestop Corp

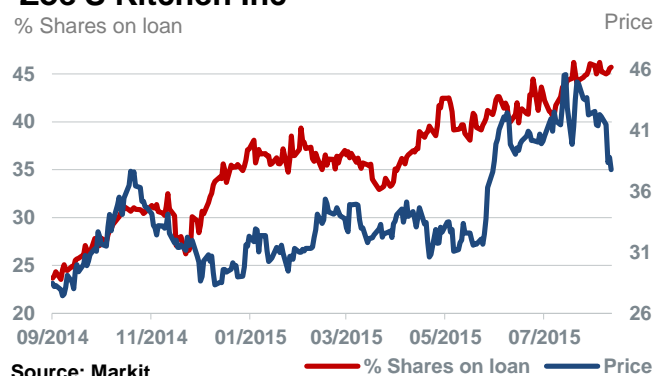


Source: Markit

Another **regular** name featuring among the most shorted ahead of earnings is Gamestop with 43.7% of shares outstanding on loan. Short sellers have bumped up positions by 15% in the last three months with the stock rising 11%.

Short seller's **resilience** in targeting Zoe's Kitchen has been rewarded in past few weeks with the stock falling 11% since the beginning of August.

### Zoe'S Kitchen Inc



Source: Markit

Since its **IPO** in 2014, leveraging off other names such as Chipotle, short sellers have consistently tracked the fast casual diner. Currently 45.7% of shares are outstanding on loan.

### Rex American Resources Corp



Source: Markit

Alternative energy producer Rex American Resources has seen short interest spike by 60% in the last month. Shares outstanding on loan have increased to 22% as the

company's stock plummeted by a 25% in the last three months.

Other notable shorts in North America include out of favour fashion retailers Abercrombie & Fitch and Guess, with 26.7% and 13.5% of shares outstanding on loan respectively.

**Short Squeeze**

**Research Signal's** Short Squeeze model\* identifies companies highly likely to suffer a squeeze under current trading conditions. One such company currently identified is bedding retailer Mattress Firm.

**Mattress Firm Holding Corp**



In the last three months, shares outstanding on loan have increased by a third to 11.5% and the stock is up 10%. The company is expected to release earnings on the September 2<sup>nd</sup> 2015.

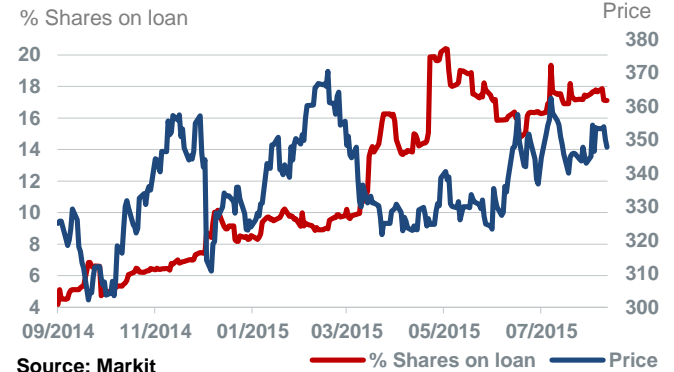
**Europe**

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Carillion Plc	Construction & Engineering	CLLN	26/08/2015	17.1	1%
Seadrill Ltd	Oil & Gas Drilling	SDRL	27/08/2015	13.1	17%
Gemalto Nv	Application Software	GTO	27/08/2015	11.4	-19%
Hansteen Holdings Plc	Industrial REITs	HSTN	27/08/2015	11.7	2%
Petrofac Ltd	Oil & Gas Equipment & Services	PFC	25/08/2015	11.2	-3%
Trexi Finanziaria Industriale Spa	Construction & Engineering	TFI	28/08/2015	10.3	50%
Flsmidth & Co A/S	Construction & Engineering	FLS	25/08/2015	10.5	4%
Brunello Cucinelli Spa	Textiles	BC	26/08/2015	7.4	-5%
Conwert Immobilien Invest Se	Real Estate Development	CWI	26/08/2015	7.2	-8%
Evolve Holding Sa	Specialty Chemicals	EVE	26/08/2015	7.4	-8%
Amec Foster Wheeler Plc	Oil & Gas Equipment & Services	AMFW	27/08/2015	6.8	28%
Ablinx Nv	Biotechnology	ABLX	27/08/2015	7.2	11%
Salvatore Ferragamo Spa	Apparel, Accessories & Luxury Goods	SFER	27/08/2015	6.5	26%
Hunting Plc	Oil & Gas Equipment & Services	HTG	27/08/2015	5.8	-12%
Rizzoli Corriere Della Sera Mediagroup Spa	Publishing	RCS	25/08/2015	5.5	2%
Bavarian Nordic A/S	Biotechnology	BAVA	25/08/2015	4.7	34%
Gulf Keystone Petroleum Ltd	Oil & Gas Exploration & Production	GKP	27/08/2015	4.5	36%
888 Holdings Plc	Casinos & Gaming	888	28/08/2015	3.7	-6%
Antofagasta Plc	Diversified Metals & Mining	ANTO	25/08/2015	3.9	2%
Apr Energy Plc	Diversified Support Services	APR	26/08/2015	3.5	-13%

UK based building and infrastructure services provider Carillion is the most shorted ahead

of earnings in Europe this week with 17.1% of shares outstanding on loan.

**Carillion Plc**



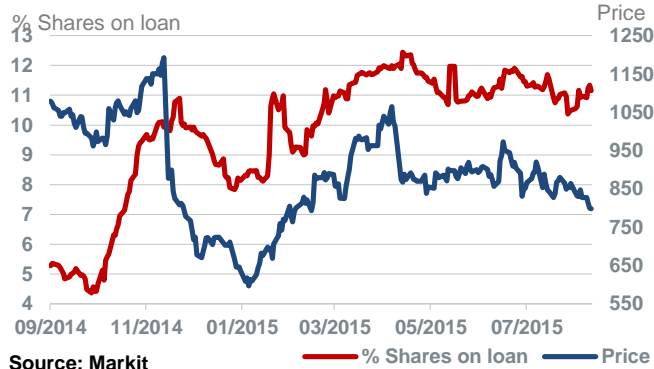
Second most shorted is Seadrill which has continued to come under immense pressure as oil prices hit fresh six year lows. Short sellers have **increased** their positions by 20% since May 2015 while the stock has fallen by a further 40%.

**Seadrill Ltd**



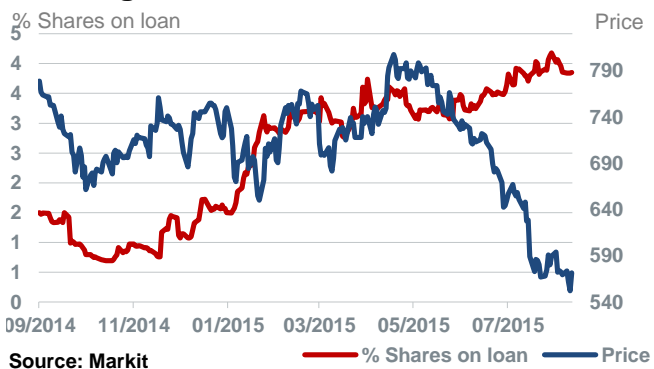
Petrofac and Antofagasta make the top twenty most shorted ahead of earnings and are expected by **Markit Dividend Forecasting** to cut dividends.

### Petrofac Ltd



A 43% dividend reduction is expected for Petrofac, an oilfield services company. A June trading update indicated net debt for the firm rose to \$1.2bn as of May 31<sup>st</sup> 2015, compared to \$0.7bn a year earlier. In April the company issued its third profit warning in a year, announcing it would book a second write down of £130m, following a previous £154m hit.

### Antofagasta Plc



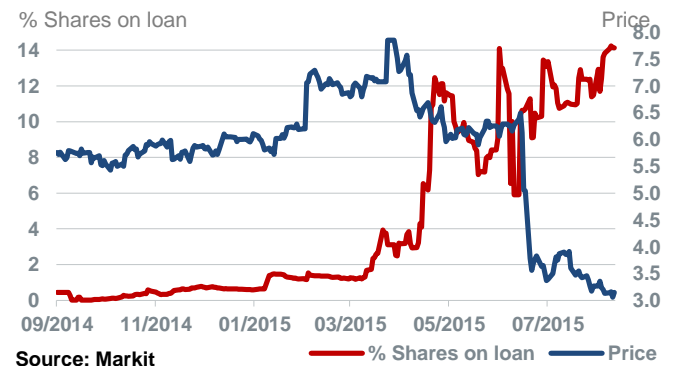
A larger cut of 57% to the dividend is expected for Chile-based copper mining group Antofagasta. This is following lower production numbers and higher costs reported for Q1. On a full year basis, Markit's dividend forecast is broadly in line with the target payout ratio, using the current earnings consensus estimates.

### Apac

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Slater & Gordon Ltd	Specialized Consumer Services	SGH	28/08/2015	14.1	29%
Ugl Ltd	Construction & Engineering	UGL	24/08/2015	13.4	10%
Fortescue Metals Group Ltd	Steel	FMG	24/08/2015	11.6	-5%
Yanzhou Coal Mining Co Ltd	Coal & Consumable Fuels	1171	28/08/2015	11.9	21%
Flight Centre Travel Group Ltd	Hotels, Resorts & Cruise Lines	FLT	27/08/2015	11.0	0%
Sunny Optical Technology Group Co Ltd	Electronic Components	2382	24/08/2015	10.5	75%
Independence Group NI	Diversified Metals & Mining	IGO	25/08/2015	10.4	-4%
China Cosco Holdings Co Ltd	Marine	1919	27/08/2015	10.0	9%
Worleyparsons Ltd	Oil & Gas Equipment & Services	WOR	26/08/2015	9.6	-14%
Awe Ltd	Oil & Gas Exploration & Production	AWE	24/08/2015	8.5	14%
Gcl-Poly Energy Holdings Ltd	Semiconductor Equipment	3800	28/08/2015	8.5	10%
China Singyes Solar Technologies Holdings Ltd	Construction & Engineering	750	26/08/2015	8.1	-26%
Vocus Communications Ltd	Alternative Carriers	VOC	28/08/2015	8.1	2%
Paladin Energy Ltd	Coal & Consumable Fuels	PDN	27/08/2015	7.9	16%
Byd Co Ltd	Automobile Manufacturers	1211	26/08/2015	7.3	22%
Woolworths Ltd	Food Retail	WOW	28/08/2015	7.1	-1%
China Shipping Container Lines Co Ltd	Marine	2866	27/08/2015	7.0	23%
Aac Technologies Holdings Inc	Electronic Manufacturing Services	2018	24/08/2015	6.9	7%
Senex Energy Ltd	Oil & Gas Exploration & Production	SXY	25/08/2015	6.7	-2%
Spark Infrastructure Group Unt	Electric Utilities	SKI	24/08/2015	6.7	55%

Most short sold in Apac ahead of earnings this week is dominated by engineering, energy and commodities exposed firms; particularly in Australia. However, Legal services provider Slater & Gordon leads the pack with 14.1% of shares outstanding on loan.

### Slater & Gordon Ltd



Slater & Gordon acquired **beleaguered Quindell**, a previous target of short sellers in the UK. Slater & Gordon recently **announced** to the market that it has lost a longstanding commercial agreement with a UK insurer. 14% of shares are currently outstanding on loan.

### Fortescue Metals Group Ltd

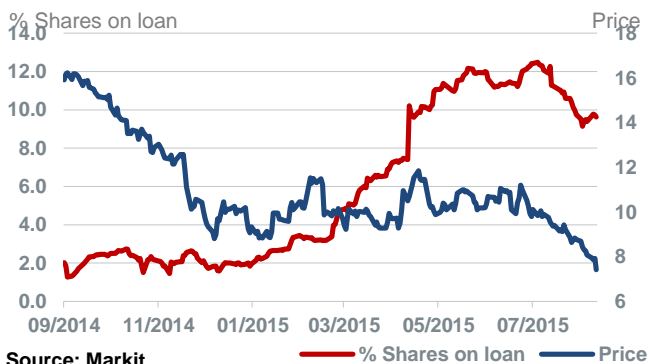


Source: Markit

Short sellers have continued to hold positions in iron ore miner Fortescue Metals with shares outstanding on loan currently at 11.9%. The stock has lost more than half its value over the last 12 months.

**Dividend cut expected at WorleyParsons**  
**Markit Dividend Forecasting** is expecting a dramatic 53% cut in the final dividend from WorleyParsons Limited. Currently there are 9.6% of shares outstanding on loan with the stock falling by a third in the last three months.

### Worleyparsons Ltd



Source: Markit

WorleyParsons delivers large scale engineering projects in the resource and energy sector and therefore has a large exposure to industry capital expenditure.

The company announced another major restructuring plan on May 4th 2015, with AUD 125m pretax costs estimated for redundancies, onerous leases and general provisions due to weaker market conditions.

\*To receive more information on **securities finance** or other products please **contact us**.

To read this article on our commentary website please click [here](#)

### Relte Stephen Schutte

Analyst  
 Markit  
 Tel: +44 207 064 6447  
 Email: [relte.schutte@markit.com](mailto:relte.schutte@markit.com)

For further information, please visit [www.markit.com](http://www.markit.com)

The intellectual property rights to this report provided herein is owned by Markit Group limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omission or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, consequential damages, arising out of the use of the data. Markit is a trademark owned by the Markit group.

This report does not constitute nor shall it be construed as an offer by Markit to buy or sell any particular security, financial instrument or financial service. The analysis provided in this report is of a general and impersonal nature. This report shall not be construed as providing investment advice that is adapted to or appropriate for any particular investment strategy or portfolio. This report does not and shall not be construed as providing any recommendations as to whether it is appropriate for any person or entity to "buy", "sell" or "hold" a particular investment.