

Most shorted ahead of earnings

A review of how short sellers are positioning themselves ahead of earnings announcements in the coming week.

- Surge in demand to borrow Sunedison as late 10-K filing accelerates short interest
- 30% of KB Home shares shorted as surge in shares and short positions seen in 2016
- China Coal most shorted in Apac as industry struggles with overcapacity

North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Gamestop Corp	Computer & Electronics Retail	GME	03/24/2016	33.0	-13%
Kb Home	Homebuilding	KBH	03/23/2016	29.2	-4%
Sunedison Inc	Semiconductor Equipment	SUNE	03/22/2016	24.5	14%
Five Below Inc	Specialty Stores	FIVE	03/22/2016	23.1	-14%
Seabridge Gold Inc	Gold	SEA	03/24/2016	19.5	22%
Rex American Resources Corp	Oil & Gas Refining & Marketing	REX	03/23/2016	18.2	-2%
Mattress Firm Holding Corp	Homefurnishing Retail	MFRM	03/21/2016	14.9	-11%
Emerald Oil Inc	Oil & Gas Exploration & Production	EOX	03/22/2016	12.6	23%
Winnipeg Industries Inc	Automobile Manufacturers	WGO	03/24/2016	12.5	-4%
New Flyer Industries Inc	Construction Machinery & Heavy Trucks	NFI	03/23/2016	9.8	1%
Agf Management Ltd	Asset Management & Custody Banks	AGF.B	03/23/2016	9.4	-2%
Ampio Pharmaceuticals Inc	Pharmaceuticals	AMPE	03/22/2016	9.3	-5%
Exone Co	Industrial Machinery	XONE	03/22/2016	9.3	-9%
Healthequity Inc	Managed Health Care	HOY	03/22/2016	9.2	29%
Fred's Inc	General Merchandise Stores	FRED	03/24/2016	7.5	-6%
Francesca's Holdings Corp	Apparel Retail	FRAN	03/23/2016	7.5	2%
Gevo Inc	Oil & Gas Refining & Marketing	GEVO	03/24/2016	7.3	-4%
Fresh Market Inc	Food Retail	TFM	03/24/2016	6.8	-14%
Power Corporation Of Canada	Life & Health Insurance	POW	03/23/2016	6.3	8%
Commercial Metals Co	Steel	CMC	03/24/2016	6.1	21%

Most shorted ahead of earnings this week in North America is Gamestop with a third of shares sold short, despite short sellers substantially covering positions since 2015.

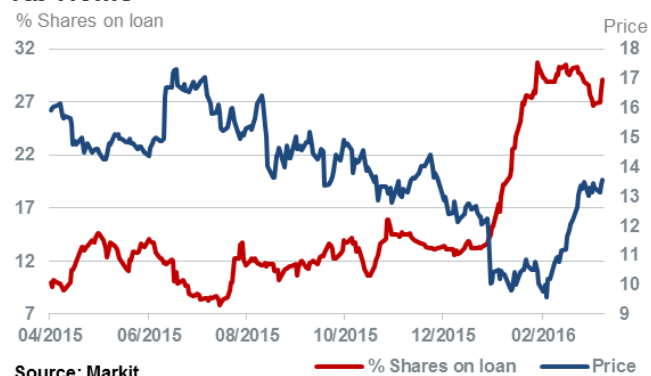
Gamestop Corp



Short sellers who held **their ground** in Gamestop over the last 12 months or so had begun to take their profits, slowly covering 25% of positions, but this has accelerated in 2016 as the stock rallied.

Still among the most shorted stocks in North America ahead of earnings, short interest in KB Home has surged 120% so far in 2016 with almost 30% of the company's shares currently shorted.

Kb Home



Third most shorted is renewables firm Sunedison which **delayed the release** of its 10-k filing, citing material weaknesses in its internal controls. Demand to short the stock has subsequently increased, with a quarter of the firm's shares currently sold short and the cost to borrow doubling to over 10% in the last month.

Sunedison Inc



Short sellers have continued to cover positions in Winnebago Industries (WGO) with shares rising almost 30% in the last two months. WGO recently resumed generating positive free cash flows with improved growth in sales and profit margins.

Winnebago Industries Inc



Markit Dividend Forecasting expects WGO to declare a flat quarterly dividend of \$0.11 per share, maintaining the current payout level at ~24% versus comparable peers at 28%. We expect dividends to grow in line with earnings.

Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan
Stroer Se & Co Kгаа	Advertising	SAX	03/22/2016	14.2
Meyer Burger Technology Ag	Semiconductor Equipment	MBTN	03/22/2016	12.4
Kuka Ag	Industrial Machinery	KU2	03/22/2016	10.9
Leoni Ag	Auto Parts & Equipment	LEO	03/23/2016	10.7
Drillisch Ag	Wireless Telecommunication Services	DRI	03/24/2016	9.6
Nanoco Group Plc	Semiconductors	NANO	03/23/2016	8.9
Trevi Finanziaria Industriale Spa	Construction & Engineering	TFI	03/23/2016	5.6
Corwert Immobilien Invest Se	Real Estate Development	CWI	03/23/2016	5.4
Cancom Se	IT Consulting & Other Services	COK	03/24/2016	5.4
Buzzi Unicem Spa	Construction Materials	BZU	03/24/2016	5.2
Rizzoli Comiere Della Sera Mediagroup Spa	Publishing	RCS	03/22/2016	5.0
Sgl Carbon Se	Electrical Components & Equipment	SGL	03/23/2016	4.7
Conzzeta Ag	Industrial Machinery	CON	03/23/2016	4.0
Schmolz & Bickenbach Ag	Steel	STLN	03/24/2016	3.8
Lpkl Laser & Electronics Ag	Electronic Equipment & Instruments	LPK	03/23/2016	2.5
Terna Rete Elettrica Nazionale Spa	Electric Utilities	TRN	03/21/2016	2.3
Siegfried Holding Ltd	Life Sciences Tools & Services	SFZN	03/22/2016	2.2
Baloise Holding Ag	Multi-line Insurance	BALN	03/22/2016	2.1
High Co Sa	Advertising	HCO	03/21/2016	2.1
Celyad Sa	Biotechnology	CYAD	03/24/2016	2.0

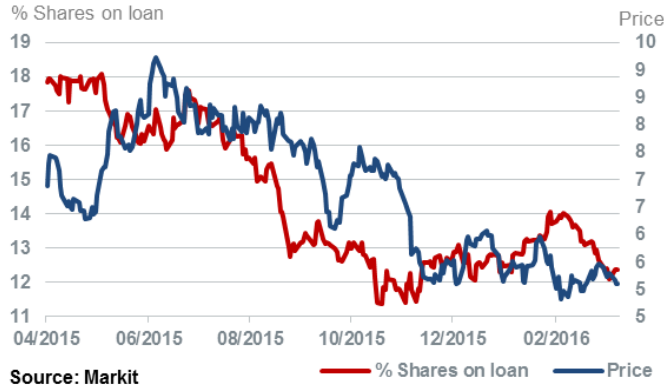
Most shorted ahead of earnings in Europe is the Stroer Group with 14% of shares outstanding on loan. The advertising and communications company saw negligible levels of short interest prior to November 2015, but has seen short sellers gravitate in the opening months of this year.

Stroer Se & Co Kгаа



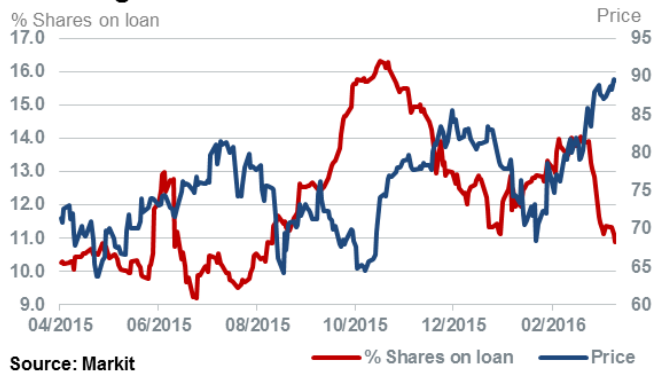
Despite short sellers covering a third of positions in photovoltaic equipment manufacturer Meyer Burger Technology over the last 12 months, it is still the second most shorted stock in Europe ahead of earnings.

Meyer Burger Technology Ag



Third most shorted with 11% of shares outstanding on loan is industrial robotics firm Kuka whose recent rally in the last few weeks has seen short sellers cut positions by 20%.

Kuka Ag



Wire and cabling system supplier Leoni has just over 10% of its shares sold short and its stock has declined some 50% over the past 12 months with short interest increasing two fold.

Leoni Ag



Markit Dividend Forecasting currently expects Leoni to cut its dividend by almost 40%. The firm issued a Q3 profit warning due to surprisingly heavy charges in its wiring systems division with Q3 EBIT significantly weaker than anticipated.

Lpkf Laser & Electronics Ag



With a relatively low amount of outstanding on loan of 2.5% currently, a possible short squeeze appears to have occurred in German laser and 3D manufacturing firm LPKF. Shares have spiked 21% in the past two weeks with short interest declining by a third. Markit Dividend forecasting expects LPKF to suspend its dividend after cutting it by 50% last year, and consensus earnings show further deterioration is expected.

Apac

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
China Coal Energy Co Ltd	Coal & Consumable Fuels	1898	03/22/2016	8.7	-10%
Gcl-Poly Energy Holdings Ltd	Semiconductor Equipment	3800	03/23/2016	8.1	-22%
Hiwin Technologies Corp	Industrial Machinery	2049	03/23/2016	5.7	-14%
Doosan Infracore Co Ltd	Industrial Machinery	042670	03/21/2016	5.6	-14%
Doosan Heavy Industries & Construction Co	Heavy Electrical Equipment	034020	03/21/2016	5.5	-6%
Kingsoft Corp Ltd	Home Entertainment Software	3888	03/22/2016	5.3	1%
China National Building Material Co Ltd	Construction Materials	3323	03/25/2016	5.3	-6%
China Steel Corp	Steel	2002	03/25/2016	4.6	-11%
Aac Technologies Holdings Inc	Electronic Manufacturing Services	2018	03/23/2016	4.5	-31%
Taiwan Styrene Monomer Corp	Commodity Chemicals	1310	03/23/2016	4.4	-1%
Supreme Electronics Co Ltd	Technology Distributors	8112	03/21/2016	4.3	-18%
Geely Automobile Holdings Ltd	Automobile Manufacturers	175	03/22/2016	4.3	-16%
Radiant Opto-Electronics Corp	Semiconductors	6176	03/21/2016	4.3	-10%
Genius Electronic Optical Co Ltd	Electronic Components	3406	03/21/2016	4.2	0%
Anhui Conch Cement Co Ltd	Construction Materials	914	03/23/2016	4.2	2%
Lotes Co Ltd	Electronic Components	3533	03/25/2016	4.1	9%
Koh Young Technology Inc	Semiconductor Equipment	098460	03/21/2016	4.1	37%
Gome Electrical Appliances Holding Ltd	Computer & Electronics Retail	493	03/21/2016	4.0	2%
Zijin Mining Group Co Ltd	Gold	2899	03/25/2016	3.9	-42%
Paradise Co Ltd	Casinos & Gaming	034230	03/21/2016	3.9	-17%

Most shorted ahead of earnings in Apac is China Coal Energy with 8.7% of shares outstanding on loan. China is battling with overcapacity in the industry and labour unrest due to the collapse in prices in oil and coal

with companies adopting “wartime work atmospheres” – in order to cut the **bloated workforce**. Accordingly Markit Dividend Forecasting is expecting a suspension in the firm’s dividend.

China Coal Energy Co Ltd



Gcl-Poly Energy Holdings is the second most shorted ahead of earnings in Apac with 8.1% of shares sold short. Shares in the photovoltaic materials supplier have declined by 41% in the last 12 months with short sellers covering 40% of positions in the last four months.

Gcl-Poly Energy Holdings Ltd



Short interest has increased almost two fold to 5.3% in China National Building Material. Full year earnings are projected to decrease by over 70%, attributed to a substantial slowdown in cement demand growth and severe overcapacity in the industry. Markit Dividend Forecasting is expecting the dividend to be cut by three quarters.

China National Building Material Co Ltd



Markit Dividend forecasting also expects a substantial 60% cut to China Steel Corp’s dividend with the company hurt by decreasing average selling prices, weak steel demand and regional oversupply. However shorts have recently covered, with shares rising by 24% in the past three months. 4.6% of shares are currently outstanding on loan.

China Steel Corp



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