

## Most shorted ahead of earnings

Friday, February 24<sup>th</sup> 2017

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

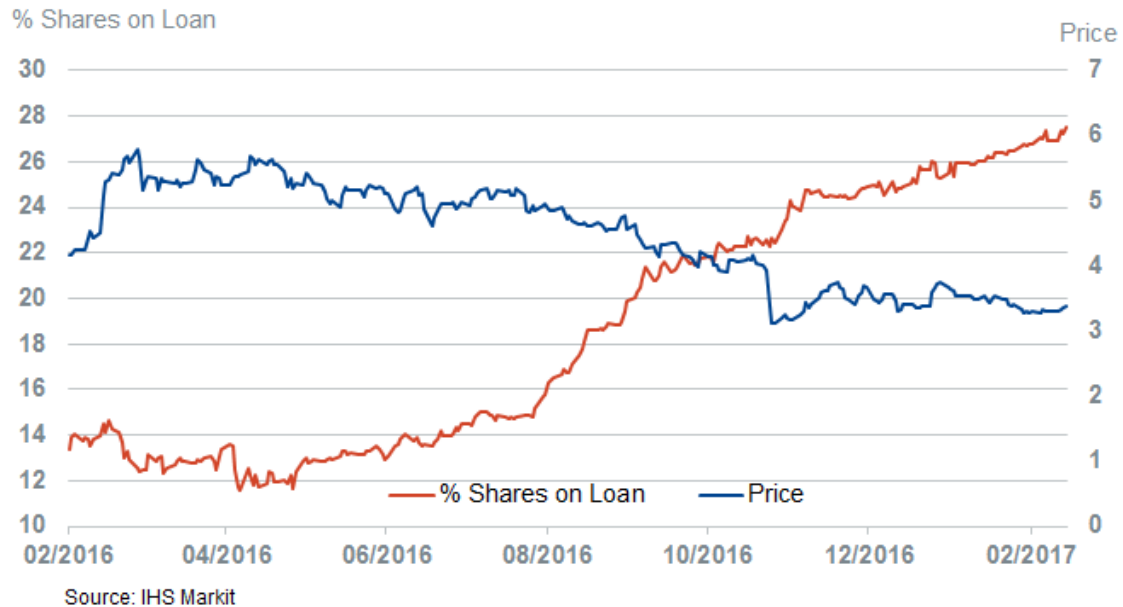
- Healthcare firms make up nearly half of heavily shorted North American stocks
- Carillion is most shorted European firm announcing earnings
- Australian small caps are the most shorted group announcing earnings

#### North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Frontier Communications Corp	Diversified Telecommunication Services	FTR	2/27/2017	27.5	4%
Us Concrete Inc	Construction Materials	USCR	2/28/2017	27.2	4%
Air Methods Corp	Health Care Providers & Services	AIRM	2/28/2017	26.6	8%
Kite Pharma Inc	Biotechnology	KITE	2/27/2017	24.7	5%
Eagle Pharmaceuticals Inc	Biotechnology	EGRX	3/1/2017	22.5	-6%
Amicus Therapeutics Inc	Biotechnology	FOLD	3/1/2017	21.6	-3%
Wingstop Inc	Hotels, Restaurants & Leisure	WING	3/2/2017	21.2	4%
Merrimack Pharmaceuticals Inc	Biotechnology	MACK	3/1/2017	20.7	-7%
Harmonic Inc	Communications Equipment	HLIT	2/28/2017	20.7	3%
Weight Watchers International Inc	Diversified Consumer Services	WTW	2/28/2017	20.5	11%
Novavax Inc	Biotechnology	NVAX	2/27/2017	20.4	11%
Canadian Western Bank	Banks	CWB	3/2/2017	20.3	1%
Windstream Holdings Inc	Diversified Telecommunication Services	WIN	3/1/2017	20.0	4%
Seritage Growth Properties	Equity Real Estate Investment Trusts (	SRG	2/28/2017	19.8	14%
Ebix Inc	Software	EBIX	2/28/2017	19.6	4%
American Outdoor Brands Corp	Leisure Products	AOBC	3/2/2017	19.6	-5%
Teladoc Inc	Health Care Providers & Services	TDOC	3/1/2017	19.5	12%
Medicines Co	Pharmaceuticals	MDCO	2/28/2017	19.1	2%

Frontier communication is the most shorted firm announcing earnings next week as the company, which provides telephone services to rural and remote areas, has more than 27% of its shares now out on loan. Frontier has been a favorite short target for quite some time as demand to borrow its shares has stood north of 10% of all issued shares for 12 months. The already lofty bearish sentiment in the firm has climbed to a new all-time high after the firm reported a widening loss back in November as it struggled to add new subscribers and monetize its existing customer base.

## Frontier Communications Corp



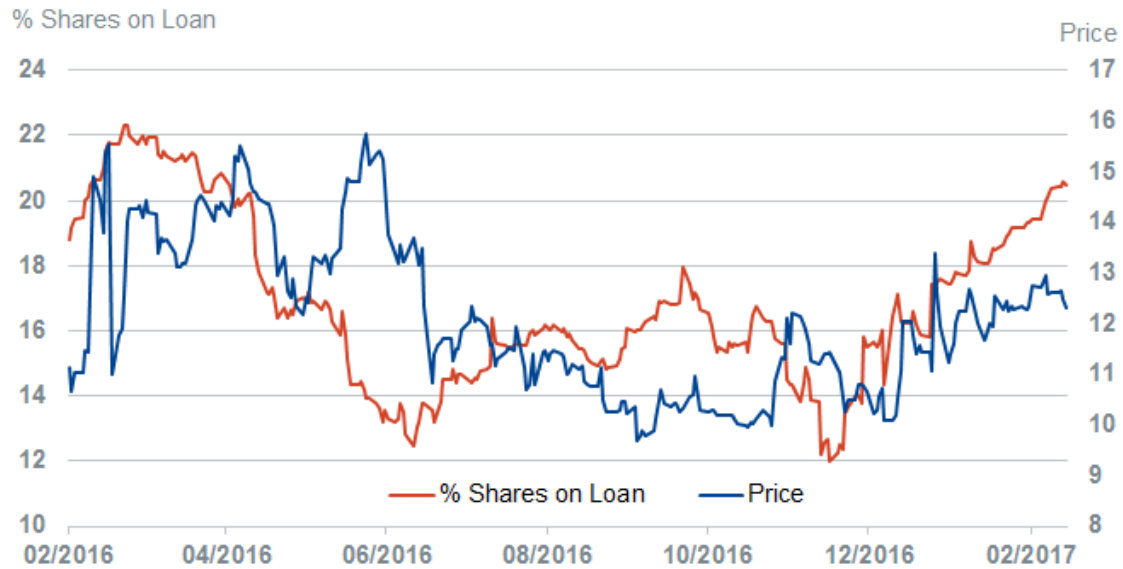
Fellow telecommunication firms Windstream Holdings also makes the list of the firms seeing high short interest in the lead-up to earnings as it now has a fifth of its shares now out on loan.

The healthcare sector, particularly biotech firms, continues to create plenty of short targets and this week sees nearly half of the highest conviction shorts coming from the sector. The sector's high conviction bearish plays announcing earnings this week are led by air ambulance operator Air Methods. Air Method's shares have been heavily shorted for much of the last year and over a third of its shares were out on loan at one point. The heavy short interest has abated somewhat in the post-election market which has seen Air Method's shares rally by more than 50%. The rally continued in the last few weeks as reports surfaced that the firm was considering strategic alternatives including a potential sale. This rally prompted some short sellers to cover however sceptics still abound as there are still over a quarter of Air Method shares now out on loan.

The other healthcare short targets leading making this week's list of heavily shorted names include Kite and Eagle Pharmaceutical and Amicus Therapeutics.

Short sellers have also been keen to short household names such as Weight Watchers International which has just over 20% of its shares out on loan. Weight Watchers holds plenty of painful memories for short sellers which got squeezed out back in 2015 when US television personality Oprah announced that she had taken a large stake in the company. Weight Watcher shares have since given back most of the ground gained in the post Oprah rally and short sellers are lining up to profit for a further slide in its shares as demand to borrow the stock has climbed by over a third in the last couple of months.

## Weight Watchers International Inc



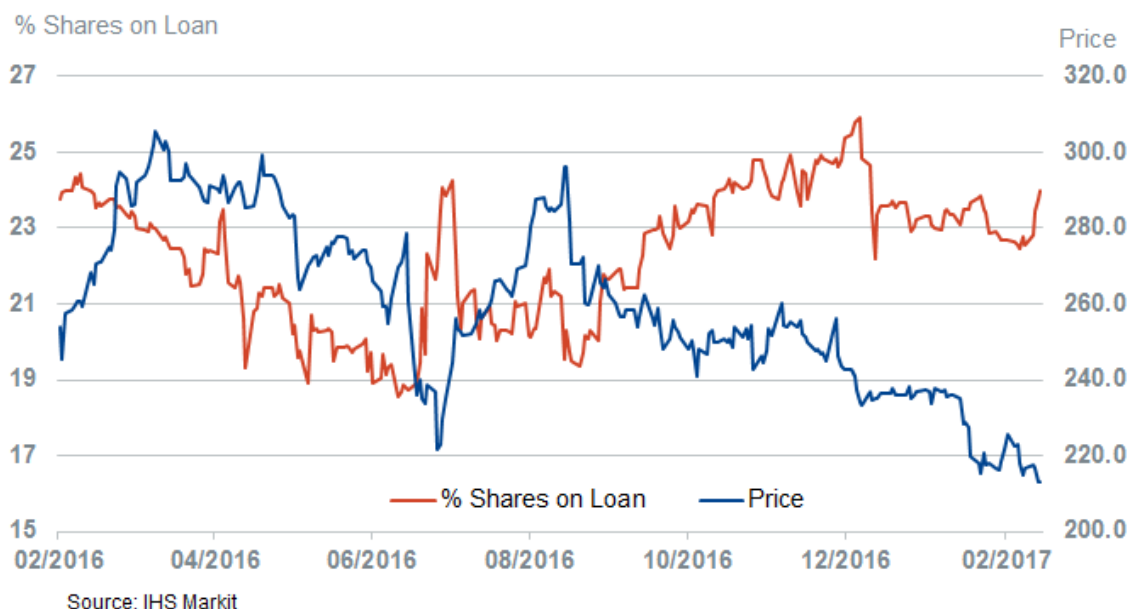
Source: IHS Markit

## Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Carillion Plc	Construction & Engineering	CLLN	3/1/2017	24.0	1%
Elekta Ab (Publ)	Health Care Equipment & Supplies	EKTA B	3/1/2017	14.4	8%
Asm International Nv	Semiconductors & Semiconductor Equ	ASM	3/2/2017	14.4	0%
Nordex Se	Electrical Equipment	NDX1	3/1/2017	13.9	-18%
Seadrill Ltd	Energy Equipment & Services	SDRL	2/28/2017	13.1	4%
Cobham Plc	Aerospace & Defense	COB	3/2/2017	9.3	55%
Obrascon Huarte Lain Sa	Construction & Engineering	OHL	2/28/2017	9.3	3%
Subsea 7 Sa	Energy Equipment & Services	SUBC	3/2/2017	8.8	-10%
Gemalto Nv	Software	GTO	3/3/2017	8.7	-17%
Capita Plc	Professional Services	CPI	3/2/2017	6.7	39%
Gam Holding Ag	Capital Markets	GAM	3/2/2017	6.5	0%
Alstria Office Reit Ag	Equity Real Estate Investment Trusts	AOX	3/3/2017	5.7	10%
Piaggio & C Spa	Automobiles	PIA	2/27/2017	5.2	-8%
Geox Spa	Textiles, Apparel & Luxury Goods	GEO	3/2/2017	5.1	32%

UK service firm Carillion is the main high conviction short target in Europe this week as it has 24% of its shares out on loan. Carillion generates over three quarters of its revenues from the UK and short sellers are betting that its heavy reliance on the country will hurt profits as the government's ongoing cost cutting efforts have seen squeezed budgets for the type of services Carillion offers.

## Carillion Plc



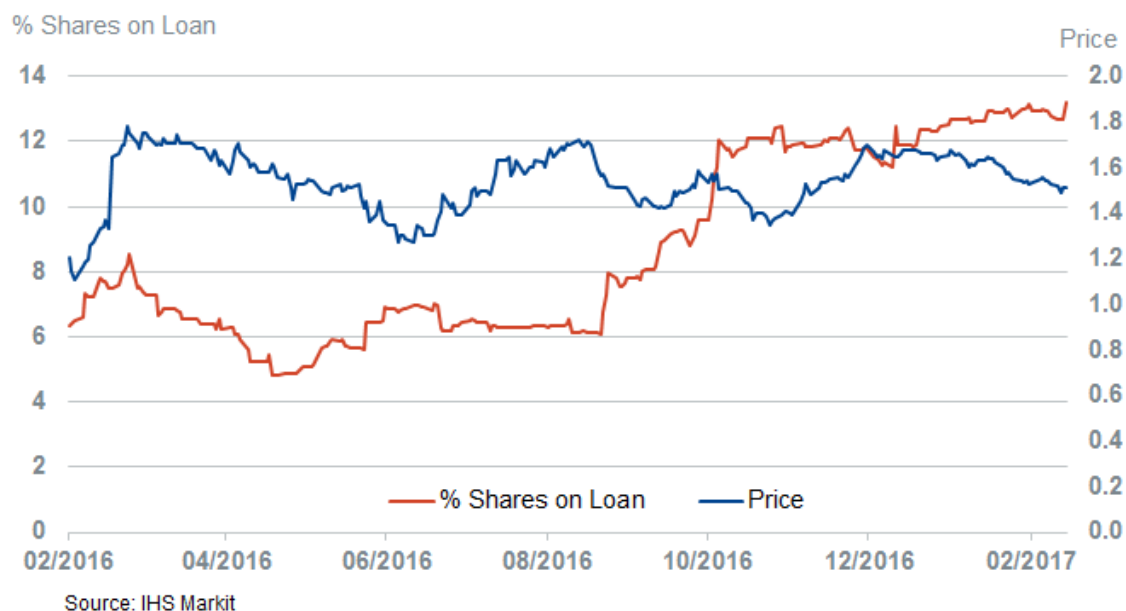
Fellow service provider Capita also finds itself on the list of high conviction shorts as it has over 6% of its shares out on loan, an all-time high for the firm. Capita short sellers were vindicated back in September of last year when its shares sank by a third after the company released a profits warning announced owing to weak trading conditions after the Brexit vote.

## Asia

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Tfs Corporation Ltd	Paper & Forest Products	TFC	2/27/2017	13.2	2%
Gateway Lifestyle Group Unt	Real Estate Management & Developm	GTY	2/27/2017	11.2	8%
Orocobre Ltd	Metals & Mining	ORE	2/28/2017	10.3	31%
Hotel Shilla Co Ltd	Specialty Retail	008770	3/3/2017	10.3	4%
Perseus Mining Ltd	Metals & Mining	PRU	3/1/2017	8.9	6%
H.I.S. Co Ltd	Hotels, Restaurants & Leisure	9603	2/28/2017	7.4	-7%
Bellamy'S Australia Ltd	Food Products	BAL	2/27/2017	7.3	-10%
Japara Healthcare Ltd	Health Care Providers & Services	JHC	2/27/2017	5.3	-18%
Coson Co Ltd	Personal Products	069110	2/27/2017	5.2	15%
Samsung Engineering Co Ltd	Construction & Engineering	028050	2/28/2017	5.0	-13%
Dawonsys Co Ltd	Machinery	068240	2/27/2017	4.6	13%
Dacian Gold Ltd	Metals & Mining	DCN	3/2/2017	4.6	37%
Slater & Gordon Ltd	Diversified Consumer Services	SGH	2/28/2017	4.5	0%
Select Harvests Ltd	Food Products	SHV	2/28/2017	4.3	48%
Crystal Genomics Inc	Biotechnology	083790	2/27/2017	4.3	0%
Asm Pacific Technology Ltd	Semiconductors & Semiconductor Equ	522	3/2/2017	4.2	-3%

Australian firms make up the vast majority of heavily shorted Asian names announcing earnings this week. The shorting is led by sandalwood farm TFS Corporation which has 13% of its shares out on loan to short sellers. This represents an all-time high for the firm.

## Tfs Corporation Ltd



Almond farmer Select Harvest has registered the largest rise in shorting activity out of any Asian firms leading up to earnings with a 48% rise in demand to borrow its shares in the month leading up to earnings.

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