

## Most shorted ahead of earnings

A review of how short sellers are positioning themselves in companies due to announce results in the coming week.

- Retailers dominate the list of the most shorted companies in North America
- Asos is most shorted stock in Europe despite its shares having bounced by 48%
- Short sellers are targeting residential real estate developers in China ahead of earnings

### North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Freshpet Inc	Packaged Foods & Meats	FRPT	31/03/2015	18.6	-2%
Conn'S Inc	Computer & Electronics Retail	CONN	31/03/2015	14.3	17%
Uti Worldwide Inc	Air Freight & Logistics	UTW	30/03/2015	12.8	-5%
Amaya Inc	Casinos & Gaming	AYA	31/03/2015	12.5	16%
Cal-Maine Foods Inc	Packaged Foods & Meats	CALM	30/03/2015	12.2	4%
Kite Pharma Inc	Biotechnology	KITE	30/03/2015	11.0	51%
Gencorp Inc	Aerospace & Defense	GY	31/03/2015	10.8	-2%
Citizens Inc	Life & Health Insurance	CIA	02/04/2015	9.4	11%
Home Loan Servicing Solutions Ltd	Thriffs & Mortgage Finance	HLSS	31/03/2015	8.5	-9%
Carmax Inc	Automotive Retail	KMX	02/04/2015	7.8	-2%
Symyx Corp	Technology Distributors	SNX	31/03/2015	6.7	-9%
Sportsman'S Warehouse Holdings Inc	Specialty Stores	SPWH	01/04/2015	6.6	-27%
Intertain Group Ltd	Casinos & Gaming	IT	31/03/2015	5.7	-48%
Celladon Corp	Biotechnology	CLDN	31/03/2015	4.8	188%
Reitmans Canada Ltd	Apparel Retail	RET.A	02/04/2015	4.3	-14%
Micron Technology Inc	Semiconductors	MU	02/04/2015	3.9	-2%
Bankrate Inc	Internet Software & Services	RATE	30/03/2015	3.7	2%
Novagold Resources Inc	Gold	NG	31/03/2015	3.4	-27%
Azz Inc	Heavy Electrical Equipment	AZZ	02/04/2015	3.3	9%
Imperial Metals Corp	Diversified Metals & Mining	III	31/03/2015	3.3	-11%

North American retailers represent a fifth of the most shorted companies about to release earnings. Leading the pack is furniture retailer Conn's with 14% of its shares outstanding on loan, although this is down from the highs of 22% seen in 2014.

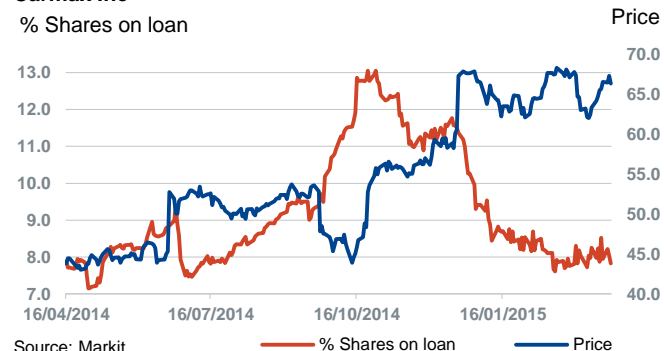
### Conn'S Inc



Conn's share price has recovered in this year after collapsing by more than two thirds in 2014, which was a tumultuous year for the company. Last September, rising bad debts caused the company to cut profit guidance and prompting the shares to collapse. Then

the shares slumped further after the firm adopted a **poison pill** takeover defence strategy.

### Carmax Inc



Second hand car retailer Carmax has sent short sellers covering in 2015. Sales for the year ending February 2015 are forecast by analysts to be higher while operating profit is expected to almost double.

### Reitmans Canada Ltd



In the last five years, Canadian fashion retailer Reitmans' sales have flat lined and earnings have collapsed. This has in part

been due to competition from cheap chic names such as H&M and Zara amid allegations of complacency among industry incumbents. The stock price has declined by 60% in the last four years but has rallied recently.

This rise looks to have squeezed out some short sellers as the number of shares out on loan has decreased by 65%.

Two US biotech stocks also make the list after having seen a significant increase in short interest in the last month ahead of earnings. Short sellers have increased positions in Kite Pharma and Celladon Corp by 55% and 183% to 11% and 4.8% of shares outstanding respectively.

**Western Europe**

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Asos Plc	Internet Retail	ASC	02/04/2015	11.2	-9%
Rib Software Ag	Application Software	RSTA	01/04/2015	7.6	21%
Orpea Sa	Health Care Facilities	ORP	01/04/2015	6.9	4%
Evolva Holding Sa	Pharmaceuticals	EVE	01/04/2015	6.7	-7%
Neopost Sa	Technology Hardware, Storage & Peripherals	NEO	01/04/2015	6.5	-1%
Buwog Ag	Real Estate Operating Companies	BWO	01/04/2015	5.6	-9%
Quindell Plc	Data Processing & Outsourced Services	QPP	31/03/2015	4.2	11%
Naturex Sa	Agricultural Products	NRX	01/04/2015	3.7	-14%
Banca Popolare Dell Etruria E Del Lazio Sc	Regional Banks	PEL	01/04/2015	3.7	-6%
Bary Callebaut Ag	Packaged Foods & Meats	BARL	02/04/2015	3.4	-4%
Ehrngltinger Ag	Auto Parts & Equipment	ZIL2	01/04/2015	2.8	26%
Pirelli & C Spa	Tires & Rubber	PC	01/04/2015	1.2	-20%
Sword Group Sa	Systems Software	SWP	01/04/2015	1.9	0%
Valora Holding Ag	Specialty Stores	VALN	29/03/2015	1.8	-8%
Meta Engrl Saps Sa	Construction & Engineering	EGL	01/04/2015	1.6	-6%
Pne Wind Ag	Heavy Electrical Equipment	PNE3	01/04/2015	1.3	-22%
Nicox Sa	Biotechnology	COX	31/03/2015	1.3	-24%
Kingfisher Plc	Home Improvement Retail	KGF	01/04/2015	1.2	13%
Hamburger Hafen Und Logistik Ag	Maine Ports & Services	HHFA	31/03/2015	1.0	2%
Follil Follie Commercial Manufacturing And Techn Specialty Stores		FFGRP	01/04/2015	0.9	0%

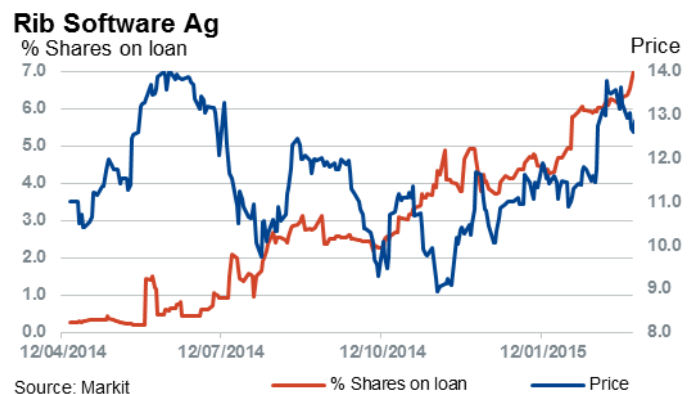
Across the Atlantic, retailers are also high on the list of short targets with UK based internet retailer Asos the most shorted stock ahead of earnings. Shares outstanding on loan have climbed from 1.2% to 11.2% in the last 12 months as short sellers continued to build out positions.

Asos reported sales growth and margins that were **below** expectations during 2014 after a robust 2013 period in which shares rallied strongly. After experiencing lagging international sales and industry **headwinds** in 2014, investor sentiment has turned sour. The shares have bounced back 48% this year

to date and short sellers have covered positions by 17%.

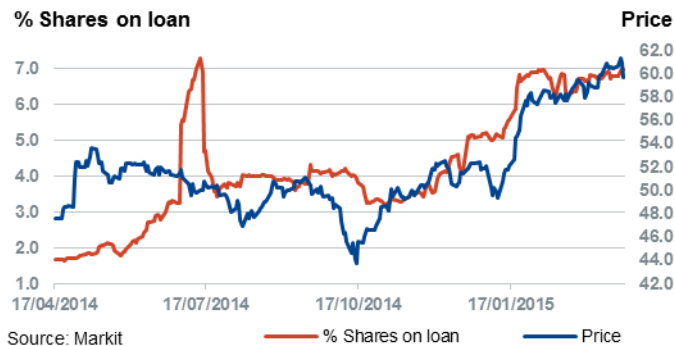


Rib Software provides solutions to the construction industry and is the second most shorted stock in Europe ahead of earnings. Shares outstanding on loan have increased by 22% in the last month reaching 7.7%. Shares in Rib delivered stellar returns in 2014, outperforming the DAX by 49%. However consensus forecasts now expect 2015 earnings to fall, despite higher sales forecast.

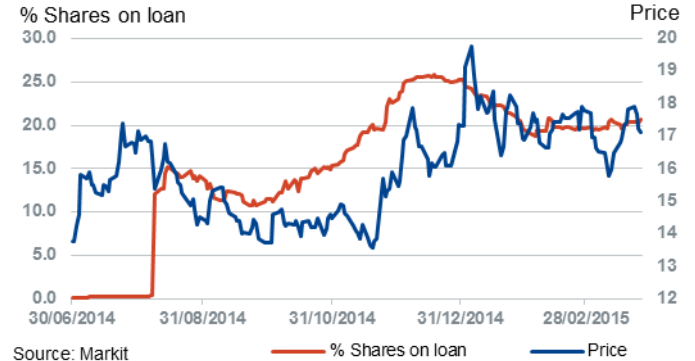


The third most shorted company in Europe is French based health centre provider Orpea. Orpea's shares have risen 25% in the last 12 months with increased sales and earnings reported. Short sellers do not seem to be convinced as demand to borrow has increased three fold to 7% of shares outstanding on loan.

**Orpea Sa**



**China Vanke Co Ltd**



**Asia Pacific**

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
China Vanke Co Ltd	Real Estate Development	2202	01/04/2015	20.3	-3%
Evergrande Real Estate Group Ltd	Real Estate Development	3333	31/03/2015	9.0	-2%
Acer Incorporated	Technology Hardware, Storage & Peripherals	2353	01/04/2015	7.7	6%
Gigastorage Corp	Semiconductors	2405	31/03/2015	7.6	-3%
China Petrochemical Development Corp	Commodity Chemicals	1314	01/04/2015	6.9	-3%
China Oilfield Services Ltd	Oil & Gas Drilling	2883	31/03/2015	6.6	2%
First Tractor Co Ltd	Agricultural & Farm Machinery	38	31/03/2015	6.1	-6%
Hitron Technologies Inc	Communications Equipment	2419	01/04/2015	5.9	5%
Wafer Works Corp	Semiconductor Equipment	6182	31/03/2015	5.9	0%
Solartech Energy Corp	Semiconductors	3561	31/03/2015	5.6	2%
China Singyes Solar Technologies Holdings Ltd	Construction & Engineering	750	31/03/2015	5.5	-4%
Ritek Corp	Technology Hardware, Storage & Peripherals	2349	01/04/2015	4.9	4%
Asahi Co Ltd	Specialty Stores	3333	04/04/2015	4.8	-26%
Unimicron Technology Corp	Electronic Components	3037	01/04/2015	4.4	10%
China Precious Metal Resources Holdings Co Ltd	Gold	1194	31/03/2015	4.1	3%
Green Energy Technology Inc	Semiconductor Equipment	3519	01/04/2015	4.0	-1%
Jastec Co Ltd	Systems Software	9717	02/04/2015	4.1	0%
Hanergy Thin Film Power Group Ltd	Semiconductor Equipment	566	31/03/2015	4.0	-2%
Chaowei Power Holdings Ltd	Auto Parts & Equipment	951	01/04/2015	4.0	4%
E Ink Holdings Inc	Electronic Components	8069	01/04/2015	3.9	3%

The most shorted stock in Asia this week is newly listed China Vanke, the largest real estate developer in China by market value. Short interest in the company currently stands at 20% of shares out on loan.

Property sales, selling prices and accordingly volumes have been weaker in China since early 2014 and developers have been heavily discounting to offload stock, adding to concerns of a continued slowdown in the Chinese housing market.

The second most shorted stock in the Apac region the second largest real estate developer in China, Evergrande Real Estate Group. The amount of shares out on loan has decreased by 15% since October 2014 while the share price has climbed by 22%

Markit's dividend forecasting team expects a lower final cash dividend for Evergrande of CNY 0.24 as concerns mount on the company's ability to maintain a high payout ratio given the weak market environment.

**Evergrande Real Estate Group Ltd**



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