

## Most shorted ahead of global earnings

Monday, July 10<sup>th</sup> 2017

### We reveal how short sellers are positioned in global companies announcing earnings this week

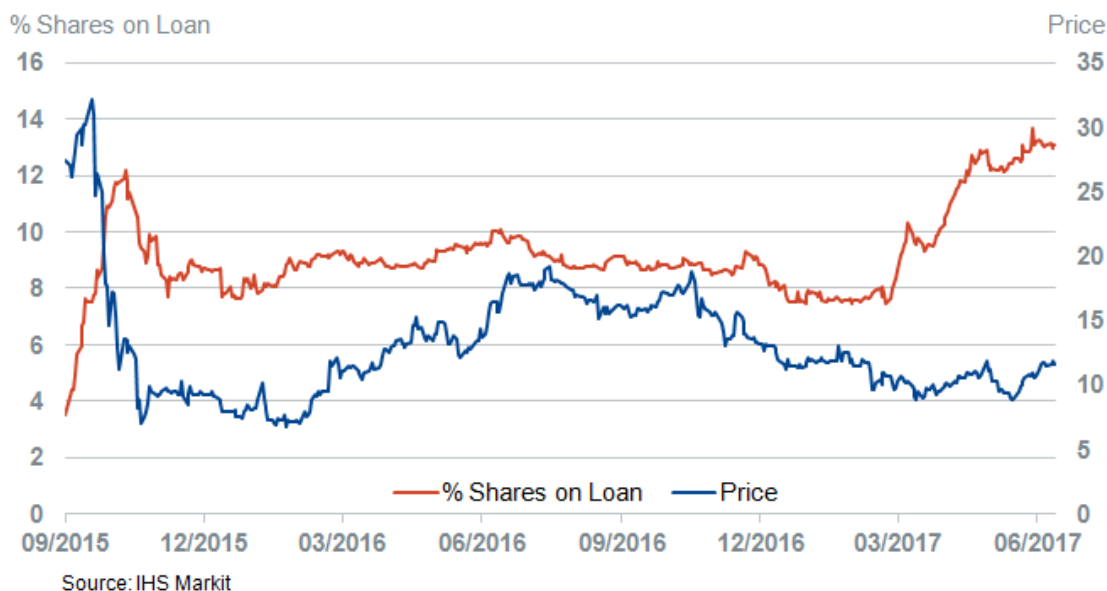
- Eros International is most shorted North American firm
- Scandinavian firms dominate the European short market
- Japanese software firms see heavy shorting activity

#### North America

Name	Industry	Ticker	Report Day	% Shares Outstanding On Loan	1 Month % Change
Eros International Plc	Media	EROS	Wednesday	13.1	4%
Synchronoss Technologies Inc	Software & Services	SNCR	Thursday	11.4	62%
Global Eagle Entertainment Inc	Media	ENT	Tuesday	10.7	-8%
Cogeco Communications Inc	Media	CCA	Thursday	8.5	-6%
Wd-40 Co	Household & Personal Products	WDFC	Monday	6.9	3%
Fastenal Co	Capital Goods	FAST	Wednesday	6.1	-8%
First Horizon National Corp	Banks	FHN	Friday	5.9	-20%
Bank Of The Ozarks	Banks	OZRK	Wednesday	5.5	-21%
Marriott Vacations Worldwide Corp	Consumer Services	VAC	Thursday	5.3	-14%
Healthcare Services Group Inc	Commercial & Professional Services	HCSG	Tuesday	4.8	-15%

The top North American short of this relatively quiet earnings week is Indian distributor Eros International. The company has been a top target for short sellers ever since 2015, when allegations surfaced that its accounts have been as creatively managed as the films it produces. Despite the lack of prosecutions or a smoking gun in this case, short sellers have shown little signs of relenting; demand to borrow Eros shares has increased by over 50% in the last six months to a new all-time high.

## Eros International Plc



Accounting problems are also the driving force behind this week's second highest conviction short, cloud software provider Synchronoss Technologies, which has 11.4% of its shares out on loan. Most of this shorting activity came in the wake of the company's disastrous first quarter that led to the ouster of its CEO and CFO, as well as a restatement of the company's accounts for the two previous years.

Recent news that Synchronoss is up for sale hasn't deterred short sellers –the demand to borrow the firm's shares increased by nearly two thirds in the last month, and is now the highest level on record.

Regional US banks also feature prominently on this week's list of top short targets. First Horizon National Corp and Bank Of The Ozarks have more than 5% of their shares out on loan ahead of earnings. Both firms benefited from the post-election rally, but short sellers have yet to give up, as both firms have seen a sharp increase in the demand to borrow their shares over the last 21 months.

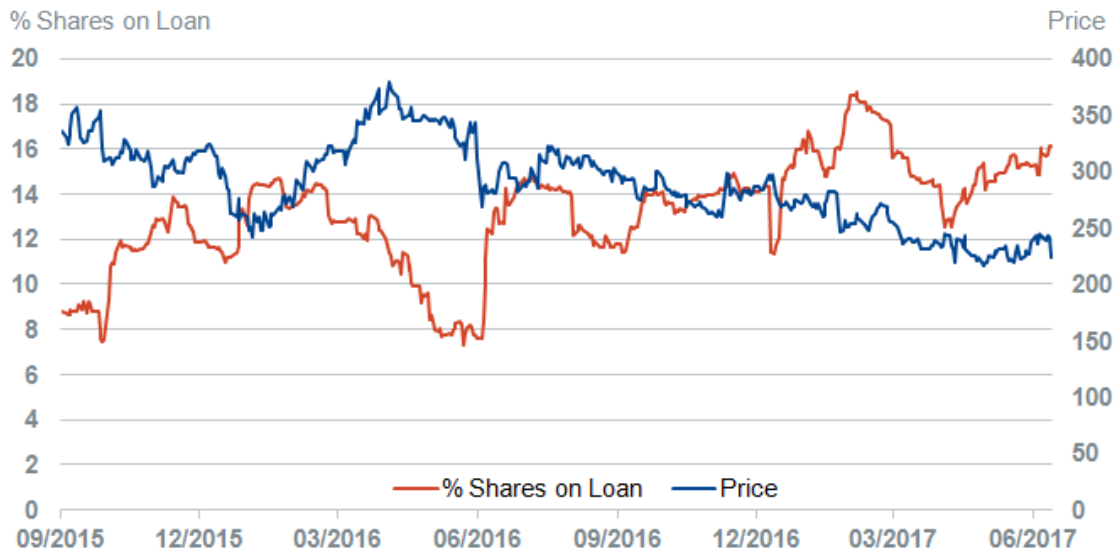
## Europe

Name	Industry	Ticker	Report Day	% Shares Outstanding On Loan	1 Month % Change
Norwegian Air Shuttle Asa	Transportation	NAS	Thursday	16.1	3%
Mycronic Ab (Publ)	Technology Hardware & Equipment	MYCR	Friday	10.5	8%
Avanza Bank Holding Ab	Diversified Financials	AZA	Thursday	5.6	-14%
Nordic Semiconductor Asa	Semiconductors & Semiconductor Equ	NOD	Thursday	5.6	-7%
Netent Ab (Publ)	Software & Services	NET B	Thursday	4.3	16%

Scandinavian firms make up the entirety of the five heavily shorted European companies announcing earnings next week. This relatively small group is led by airline firm Norwegian Air Shuttle (NAS) which has over 16% of its shares outstanding on loan; this is a third higher than the levels seen three months ago. Rising short interest puts the airline at odds with its peers considering that most other European airline short targets, including NAS rival SAS, have seen some sustained short covering in recent weeks. NAS's continuing high short interest

speaks to the company’s relatively high exposure to the UK market, which has suffered due to the pound’s post-Brexit fall. There have also been questions about the company’s ability to execute its ambitious plans to expand its low cost offering to transatlantic routes.

### Norwegian Air Shuttle Asa



Source: IHS Markit

Short sellers may not be up for much of a payday come Thursday: last week’s news that Norwegian’s CFO Frode Foss was stepping down sent its shares lower by over 10%.

The region’s tech firms will also weigh heavily on short seller’s minds. Electronics manufacturer Mycronic joins NAS as the only other European firm to see more than 10% of its shares out on loan ahead of earnings. Nordic Semiconductor and Netent also make this week’s list, even though the demand to borrow their shares is relatively lower.

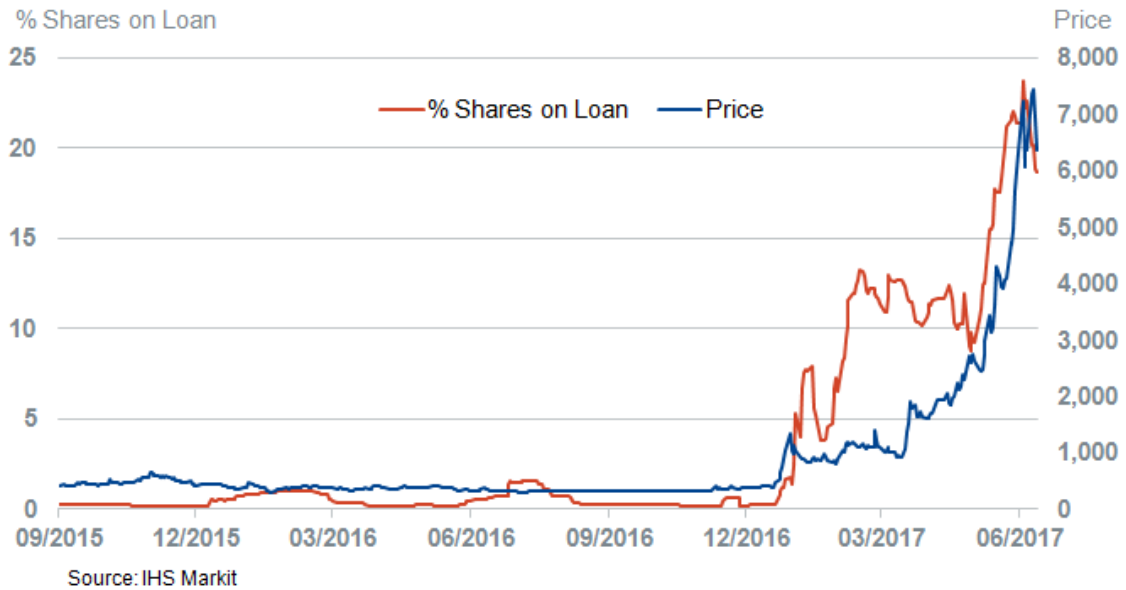
### Asia

Name	Industry	Ticker	Report Day	% Shares Outstanding On Loan	1 Month % Change
Cyberstep Inc	Software & Services	3810	Friday	18.6	6%
Broccoli Co Ltd	Media	2706	Friday	14.7	29%
Idom Inc	Retailing	7599	Wednesday	10.3	2%
Osg Corp	Capital Goods	6136	Wednesday	9.4	-2%
Singapore Press Holdings Ltd	Media	T39	Friday	8.3	-1%
U-Shin Ltd	Automobiles & Components	6985	Friday	8.2	-4%
Sankyo Tateyama Inc	Capital Goods	5932	Wednesday	7.1	19%
Bronco Billy Co Ltd	Consumer Services	3091	Friday	6.6	12%
Familymart Uny Holdings Co Ltd	Food & Staples Retailing	8028	Tuesday	6.2	-12%

Japanese mid cap Games designer Cyberstep comes in as the most shorted Asian stock announcing earnings this week. The company announced earlier this year that it was developing an app for Hello Kitty publisher Sanrio, which sent its shares up by

a staggering 1,600% YTD. Short sellers seem unimpressed by this recent run of form and have continued to increase their positions, despite the pain incurred by the recent rally.

### Cyberstep Inc



Short sellers have been equally resolute in manga firm Broccoli, the second most shorted Asian company announcing earnings next week. The company's shares have nearly doubled year to date, while demand to borrow its shares has tripled.

The only non-Japanese company to make this week's list of high conviction short targets is Singaporean newspaper publisher Singapore Press Holdings, with 8.3% of its shares out on loan. Short sellers have steadily increased their positions in the last 12 months after headwinds in its media business lost over a quarter of its profits in the first half of its fiscal year.

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