

# Top European shorts of 2014

December has seen an increased bout of volatility. Against this backdrop a number of trends that paid off for short sellers across the last 12 months can be revealed.

- 104 of the largest 2000 companies have seen their shares fall by more than 20% after seeing new annual highs in short interest
- Energy firms and Capital Goods make up nearly 40% of best performing short sales, led by New World Resources and Polarcus
- Punch Taverns has been the most profitable stocks for short sellers in Europe

From the vantage point of the year-end, 2014's best timed short sales within 2000 of the largest European companies at the start of the year can be revealed. This analysis is based on a weekly screen of the companies seeing a fresh new 52 week highs in short interest, among those that see more than 3.0% of shares out on loan.

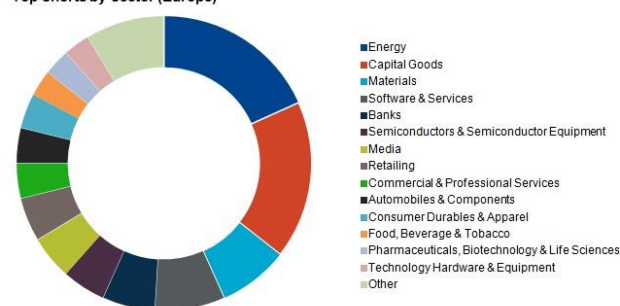
Across 2014 just under a quarter of European companies have been targeted by short sellers, as with 457 companies make at least one appearance in the screen. Short sellers appear to have been largely successful at targeting underperforming shares as the companies that make the list have seen their shares fall by 3% on average since appearing on our screen.

On the most successful end of the scale, 104 companies have seen their shares fall by more than 20% since seeing a fresh new annual high in demand to borrow.

## Energy shares most successful short sales

Energy firms make up one third of the top 20 most successful short sales this year.

Top Shorts by Sector (Europe)



Source: Markit

The collapse in energy prices has seen a sharp drop off in energy share prices, and this is represented in the screen with almost 20% of all successful short sales coming out of the energy sector.

Name	Ticker	Sector	New High Date	Return Since New High	% Shares out on loan (event)	Change since high (%)
Punch Taverns Plc	PUB	Consumer Services	16/06/2014	-97%	3.80	-90%
New World Resource	NWR	Materials	10/03/2014	-97%	4.99	-97%
Blinkx Plc	BLNX	Software & Services	13/01/2014	-88%	12.64	-72%
African Minerals Ltd	AMI	Materials	14/07/2014	-86%	6.12	-69%
Polarcus Ltd	PLCS	Energy	06/01/2014	-85%	4.70	-86%
Akastor Asa	AKA	Energy	21/04/2014	-81%	10.03	-40%
Premier Foods Plc	PFD	Food, Beverage & Tobacco	10/03/2014	-80%	15.63	-85%
Seamless Distribution	SEAM	Software & Services	06/01/2014	-79%	3.25	-27%
Petropavlovsk Plc	POG	Materials	21/07/2014	-77%	19.96	-2%
Iofina Plc	IOF	Energy	13/01/2014	-74%	3.38	-78%
Apr Energy Plc	APR	Utilities	03/02/2014	-71%	7.50	-44%

The most successful energy short sales go to Polarcus, closely followed by Akastor.

**Polarcus Ltd**



Both firms provide auxiliary services to the oil and natural gas industries and have come under significant pressure in the wake of a 50% decline the price of crude. Polarcus has seen shares decline by 85% and Akastor is down 81%.

**Blinkx Plc**



Online video advertising platform, Blinkx came under short selling [scrutiny](#) in late 2013 and was a top three short in European markets in 2014. The stock is down 88% with shares outstanding and stock price peaking in January and February of this year at 12.6% and 209p respectively. The stock currently trades near 25p.

New World Resources, a central European coal and coke producer, has been the second

best performing short sale for 2014. The company filed for chapter 15 Bankruptcy in July in an effort to reorganise the company and restructure debt. The share price is down 97%.

**New World Resources Plc**



Narrowly beating New World Resources by 0.2% is embattled Pub operator Punch taverns. The group's share price is down over 97% as hefty dilution had to be incurred in order to fend off total collapse. The group managed to forge ahead with a [restructuring](#) plan in October 2014 and the company's large debt burden, built up in the early 2000s, has been partially converted into equity.

**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.