

## Most shorted ahead of earnings

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

- Short sellers benefit from sudden fall in Nektar Therapeutics after a presidential tweet storm
- Shorts hold onto Tesco even as positive earnings from Sainsbury's lifts sector's shares
- Earnings guidance at Europe's largest sugar refiner lifts shares ahead of earnings

### North America

Name	Industry	Ticker	Value on loan (\$m)	% Shares Outstanding On Loan	1 Month % Change
Lindsay Corp	Agricultural & Farm Machinery	LNN	214,647,968	27.6	11%
Nektar Therapeutics	Pharmaceuticals	NKTR	222,986,832	15.4	-13%
Aerjet Rocketdyne Holdings Inc	Aerospace & Defense	AJRD	134,489,232	13.1	-6%
Performance Sports Group Ltd	Leisure Products	PSG	59,920,460	9.5	6%
Advanced Drainage Systems Inc	Building Products	WMS	103,036,216	6.6	25%
Container Store Group Inc	Specialty Stores	TCS	47,791,892	6.9	23%
Sandvine Corp	Communications Equipment	SVC	13,609,581	4.7	18%
Progressive Corp	Property & Casualty Insurance	PGR	820,262,976	4.5	0%
Rpm International Inc	Specialty Chemicals	RPM	248,107,408	4.4	50%
Novagold Resources Inc	Gold	NG	43,464,932	3.9	8%

Lindsay Corp is the most shorted ahead of earnings this week in North America with 28% of shares outstanding on loan. Short sellers have **continued** to target the maker of irrigation equipment that's primarily used in agricultural markets.

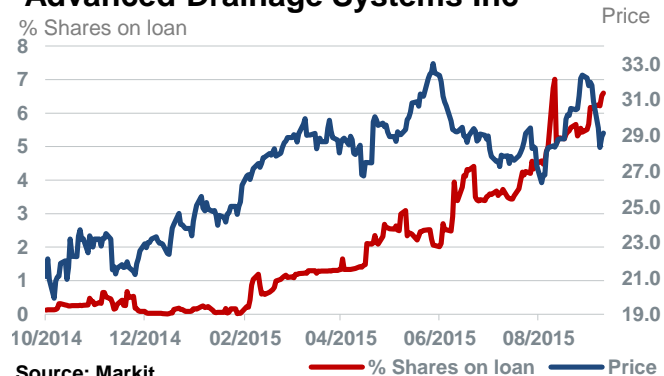
### Lindsay Corp



Shares in Lindsay have fallen 25% in the last three months with consensus forecasts indicating a 25% decline in earnings for the full year. Lower soft commodities prices have dampened sales growth for the firm and a stronger dollar has diluted foreign based earnings.

Another agriculturally focused firm in the US attracting short sellers is Advanced Drainage Systems, whose shares have rallied 36% in the last 12 months. This rise has seen a fourfold increase in short interest, increasing to 6.6% of shares outstanding on loan.

### Advanced Drainage Systems Inc



Short interest in Nektar Therapeutics plateaued prior to shares staging a rally in September.

### Nektar Therapeutics



However, shares subsequently fell 20% after a **tweet** by presidential candidate Hillary

Clinton was released and cited for sending **biotech stocks plunging**.

The third most shorted ahead of earnings with 13% of shares outstanding on loan is Aerojet Rocketdyne. Aerojet stock **plummeted** by a third over the past two weeks after a key contract was lost to competitor Orbital ATK.

### Aerojet Rocketdyne Holdings Inc



The lost contract supplied United Launch Alliance (a joint venture between Boeing and Lockheed) with solid rocket motors for Atlas V rockets. The joint venture was previously an acquisition target for Aerojet, but a \$2bn cash offer was rejected in early September.

### Performance Sports Group Ltd



Performance Sports, the owner of prominent hockey and baseball equipment brands Bauer and Easton, has seen short interest surge in the last 12 months to 9.2%.

Disagreement about the firm's retail strategy and incentives led to a recent attempt by former chairmen of Bauer to gain a board

seat in a bid to control the company through a **proxy war**. However these efforts have been abandoned.

### Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Tesco Plc	Food Retail	TSCO	08/10/2015	5.1	6%
Suedzucker Ag	Packaged Foods & Meats	SZU	09/10/2015	3.1	9%
Zardoya Otis Sa	Industrial Machinery	ZOT	09/10/2015	3.1	-1%
Kappahl Publ Ab	Apparel Retail	KAHL	09/10/2015	1.7	-2%
Compagnie Maritime Belge Sa	Marine	CMB	08/10/2015	1.4	-25%

Most shorted ahead of earnings in Europe is UK retailer Tesco with 5.1% of shares outstanding on loan.

### Tesco Plc



UK retailers have continued to **struggle** but shares across the major chains bounced higher **this past week** as Sainsbury's reported stronger than expected earnings to the market.

### Suedzucker Ag



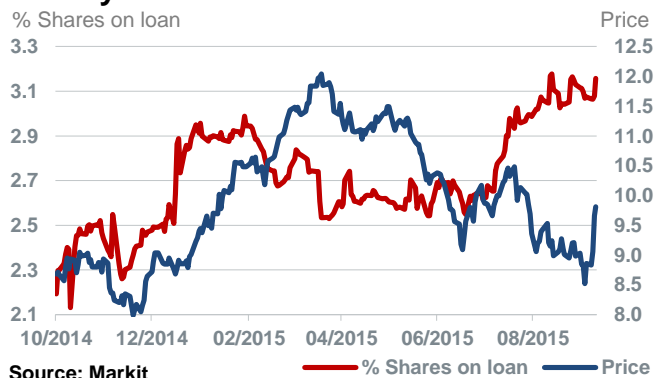
Despite shorts covering positions by two-thirds since the beginning of the year,

Suedzucker is still the second most shorted in Europe ahead of earnings this week.

The company's share performance is in **stark contrast** to that at the beginning of the year, when it was removed from the MSCI Germany index and lowered its dividend payments as sugar markets globally suffered from falling prices.

Suedzucker shares have risen 46% in the past nine months as prospects for Europe's largest sugar refiner begin to improve. Shares jumped 13% on guidance released in September that indicated better than anticipated earnings.

### Zardoya Otis Sa



The third most shorted in Europe ahead of earnings is elevator manufacturer and installer Zardoya Otis. The company has seen short sellers increase positions with shares outstanding on loan rising to 3.2%. Revenue and earnings have declined since 2012 for the largest maker of people-moving products.

### Apac

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Sankyo Tateyama Inc	Building Products	6932	06/10/2015	6.6	39%
Keiyo Co Ltd	Home Improvement Retail	8168	07/10/2015	6.1	50%
Aeon Co Ltd	Hypermarkets & Super Centers	8267	08/10/2015	5.5	-22%
Osg Corp	Industrial Machinery	6136	06/10/2015	5.1	23%
Broccoli Co Ltd	Movies & Entertainment	2706	10/10/2015	5.0	0%
Mani Inc	Health Care Supplies	7730	09/10/2015	4.9	7%
Cosmos Pharmaceutical Corp	Drug Retail	3349	10/10/2015	4.8	16%
San-A Co Ltd	Food Retail	2659	06/10/2015	4.5	-3%
Fast Retailing Co Ltd	Apparel Retail	9983	09/10/2015	3.7	12%
Hogy Medical Co Ltd	Health Care Supplies	3593	10/10/2015	3.4	24%

The top two most shorted companies in Apac ahead of earnings this week are Japan's Sankyo Tateyama and Keyio with 6.6% and 6.5% of shares outstanding on loan, respectively.

### Sankyo Tateyama Inc



Sankyo Tateyama develops and sells commercial and residential building materials, including rolled aluminium products. Shares in Keiyo, a manufacturer of electronic components, have fallen 10% in the last three months but are flat year to date.

### Keiyo Co Ltd



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