

# Most shorted ahead of earnings

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

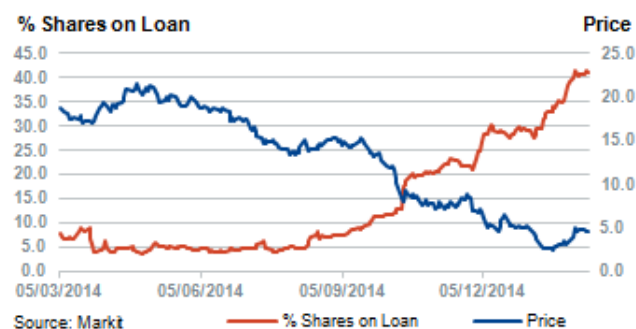
- Oil and gas exploration continues to be a key focus for North American short sellers with 6 firms among the top twenty
- Italian and Portuguese Telecoms firms see the highest short interest in Europe
- Australian mineral firms dominate most shorted companies in APAC

## North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Rex Energy Corp	Oil & Gas Exploration & Production	REXX	19/02/2015	41.2	26%
Keyw Holding Corp	Aerospace & Defense	KEYW	19/02/2015	33.3	8%
Goodrich Petroleum Corp	Oil & Gas Exploration & Production	GDP	20/02/2015	25.1	3%
Exact Sciences Corp	Biotechnology	EXAS	21/02/2015	24.1	-12%
Paragon Offshore Plc	Oil & Gas Drilling	PGN	20/02/2015	23.1	6%
Denbury Resources Inc	Oil & Gas Exploration & Production	DNR	21/02/2015	22.5	16%
Financial Engines Inc	Asset Management & Custody Banks	FNGN	20/02/2015	22.6	22%
Ultra Petroleum Corp	Oil & Gas Exploration & Production	UPL	20/02/2015	21.5	-8%
Iconix Brand Group Inc	Apparel, Accessories & Luxury Goods	ICON	21/02/2015	22.3	5%
Gulfmark Offshore Inc	Oil & Gas Equipment & Services	GLF	18/02/2015	19.7	3%
Dorman Products Inc	Auto Parts & Equipment	DORM	20/02/2015	19.2	1%
Vasco Data Security International Inc	Systems Software	VDSI	18/02/2015	19.0	9%
Pra Group Inc	Consumer Finance	PRAA	20/02/2015	17.1	-10%
Phh Corp	Specialized Finance	PHH	18/02/2015	17.3	28%
Aniad Pharmaceuticals Inc	Biotechnology	ARIA	20/02/2015	17.1	-1%
Veeco Instruments Inc	Semiconductor Equipment	VECO	18/02/2015	15.1	-5%
Spectranetics Corp	Health Care Supplies	SPNC	20/02/2015	16.6	13%
Osisko Gold Royalties Ltd	Gold	OR	21/02/2015	16.3	52%
Vanda Pharmaceuticals Inc	Biotechnology	VNDA	20/02/2015	15.4	1%
Ipg Photonics Corp	Electronic Manufacturing Services	IPGP	21/02/2015	15.2	7%

Six oil and gas firms crowd the top ten most short sold companies in North America this week, seeing an average of 25% of shares outstanding on loan. Topping the list is Rex Energy Group, an oil and natural gas explorer and producer with 41% of shares outstanding on loan.

### Rex Energy Corp



Rex is yet **another example** of how far commodity markets have shifted in just over six months. The company's **previous earnings filing** described a much healthier

operating environment despite a then 17% drop in oil prices within the third quarter. The firm reported record strong third quarter production volume growth of 72% year on year realising \$90 per barrel produced. In the fourth quarter, for which the company will release results next week, oil prices dropped by a further 39%. Short sellers have climbed into the stock and investors seem to be heading to the door, however the firm seems to be relatively **well hedged** based on a January presentation. 70% of 2015 oil production prices are locked in with an average floor price of \$71. The company is due to release earnings on February 19<sup>th</sup> 2015.

Cyber security and geospatial solution provider Keyw is the most shorted non-oil related company in North America ahead of earnings. Keyw shares are trading at \$9.23, below the company's 2010 IPO price of \$10 after seeing a 52% decline in the past year while shares outstanding on loan increased to 33%. The firm, which works predominantly with government agencies, has seen analysts cut forecasts with a consensus loss expected for the quarter and full year.



Other notable companies in North America ahead of earnings where short sellers have made large moves in the last month include;

Financial Engines has seen shares outstanding out on loan increase by a fifth in the last month to 22%. The company provides technology based portfolio, investment and retirement planning services.

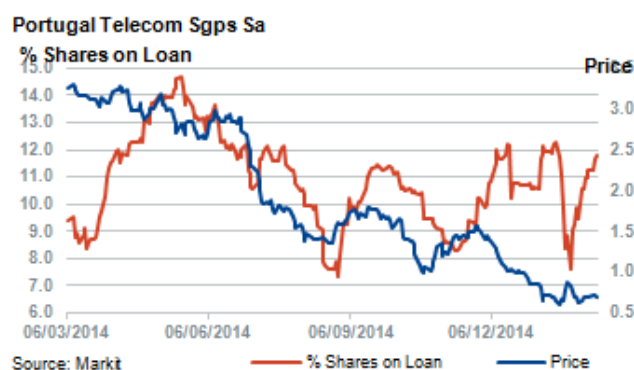
Shares outstanding on loan for Phh, a specialised outsource provider of mortgage management services have increased by 28% in the last month to 17% while the stock has been trading within a 5% range over the last 12 months.

### Western Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Telecom Italia Spa	Integrated Telecommunication Services	TIT	20/02/2015	15.1	0%
Portugal Telecom Sgpps Sa	Integrated Telecommunication Services	PTC	20/02/2015	11.8	-4%
Air France Klm Sa	Airlines	AF	20/02/2015	10.5	4%
Sasipem Spa	Oil & Gas Equipment & Services	SPM	17/02/2015	9.5	30%
Basilea Pharmaceutica Ag	Biotechnology	BSLN	18/02/2015	8.5	-7%
Bertrandt Ag	Research & Consulting Services	BDT	17/02/2015	10.9	3858%
Monitise Plc	Application Software	MOMI	18/02/2015	8.0	-9%
Kering Sa	Apparel, Accessories & Luxury Goods	KER	18/02/2015	4.1	-70%
Carlsberg A/S	Brewers	CARL B	19/02/2015	4.0	-15%
Pfeiffer Vacuum Technology Ag	Industrial Machinery	PFV	21/02/2015	3.6	-19%
Evs Broadcast Equipment Sa	Communications Equipment	EVS	20/02/2015	3.8	-23%
Tnt Express Nv	Air Freight & Logistics	TNTE	18/02/2015	3.6	-12%
Koninklijke Bam Groep Nv	Construction & Engineering	BAMNB	21/02/2015	3.0	-24%
Innate Pharma Sa	Biotechnology	IPH	20/02/2015	3.2	3%
Indra Sistemas Sa	IT Consulting & Other Services	IDR	20/02/2015	2.7	-17%
Coca Cola Hbc Ag	Soft Drinks	CCH	19/02/2015	2.7	14%
John Wood Group Plc	Oil & Gas Equipment & Services	WG	18/02/2015	2.6	13%
Clariant Ag	Specialty Chemicals	CLN	19/02/2015	2.8	-2%
Gn Store Nord A/S	Health Care Equipment	GN	19/02/2015	2.5	33%
Peugeot Sa	Automobile Manufacturers	UG	19/02/2015	2.6	21%

Portugal Telecom and Telecom Italia are the most shorted companies in Europe this week ahead of earnings.

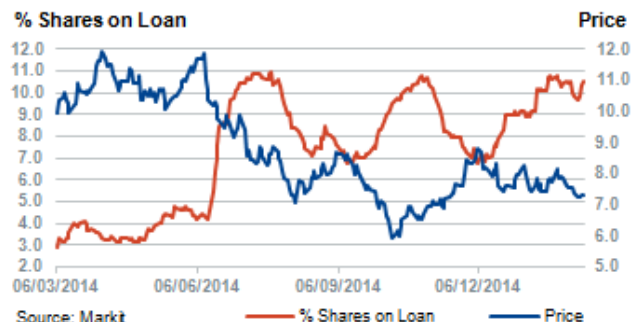
With 12% and 15% of shares outstanding out on loan respectively both companies have seen large increases in short interest over the last 12 months.



Short sellers have followed Portugal Telecom and covered positions as the share price declined over 79% but shorting activity has increased in the past few weeks. Telecom Italia has rallied by 14% over the same time period, with short sellers holding on.

The telecoms market globally continues to go through a stage of consolidation as ‘**quad play**’ emerges and larger operators compete to acquire businesses to drive growth as revenues stagnate and margins compress.

**Air France Klm Sa**



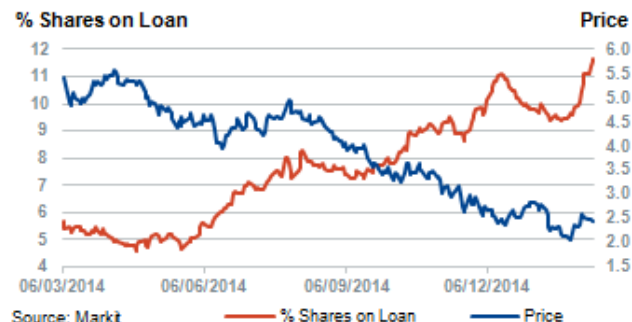
Third most short sold in Europe is Air France KLM which has seen a substantial increase in short interest over the last year, and while the company might have benefited more from lower oil costs than **low cost carriers** due to being relatively less hedged, other issues such as pension costs, underperforming routes and the worst strike in the company's history has seen shares outstanding on loan increase to 11% while shares declined by 15%.

**Asia Pacific**

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Fortescue Metals Group Ltd	Steel	FMG	18/02/2015	11.7	24%
Super Retail Group Ltd	Automotive Retail	SUL	20/02/2015	10.2	-3%
Mineral Resources Ltd	Diversified Support Services	MIN	20/02/2015	10.0	11%
Kingsgate Consolidated Ltd	Gold	KCN	19/02/2015	9.8	-8%
Cardno Ltd	Construction & Engineering	CDD	18/02/2015	8.5	14%
Monadelphous Group Ltd	Construction & Engineering	MMD	18/02/2015	8.7	-19%
Primary Health Care Ltd	Health Care Services	PRY	19/02/2015	8.1	60%
Reject Shop Ltd	General Merchandise Stores	TRS	19/02/2015	7.4	-1%
Pacific Brands Ltd	Distributors	PBG	19/02/2015	7.6	6%
Ezion Holdings Ltd	Oil & Gas Equipment & Services	SME	17/02/2015	8.4	7%
Cabcharge Australia Ltd	Diversified Support Services	CAB	21/02/2015	7.2	-9%
Federation Centres Ltd	Retail REITs	FDC	20/02/2015	4.2	166%
Mount Gibson Iron Ltd	Steel	MGX	19/02/2015	5.8	-2%
Iluka Resources Ltd	Diversified Metals & Mining	ILU	18/02/2015	5.9	28%
Transpacific Industries Group Ltd	Environmental & Facilities Services	TPI	21/02/2015	5.7	-1%
Gwia Group Ltd	Building Products	GWA	18/02/2015	4.3	-26%
Dick Smith Holdings Ltd	Computer & Electronics Retail	DSH	18/02/2015	5.7	0%
Carsales.Com Ltd	Internet Software & Services	CRZ	19/02/2015	5.1	7%
Dnilsearch Energy Ltd	Oil & Gas Exploration & Production	DLS	20/02/2015	4.7	-12%
Trade Me Group Ltd	Internet Retail	TME	19/02/2015	2.7	-19%

Australian firms represent the most shorted companies due to report earnings in the next week in APAC. Leading the pack is Fortescue Metals Group with a 24% increase in shares outstanding on loan in the last month to 12%.

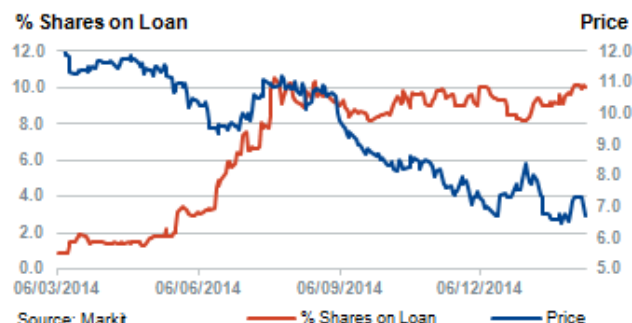
**Fortescue Metals Group Ltd**



The explorer and producer of iron ore projects worldwide has seen its share price decline by 50% over the last 12 months as iron ore prices drop and demand from its biggest customer, China, is showing signs of slowing.

In third position is Mineral Resources, an Australian based company providing crushing services to the gold, iron ore and coal companies.

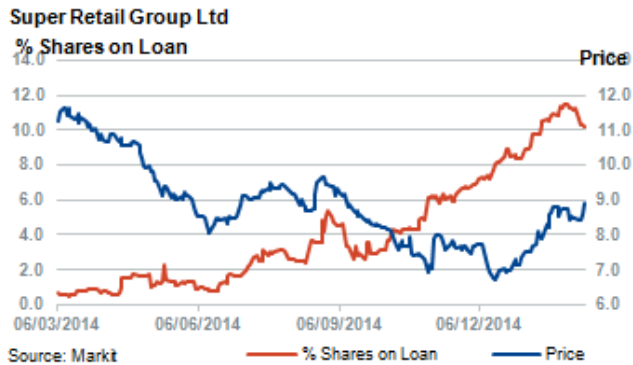
**Mineral Resources Ltd**



Short sellers had already taken positions in mineral resources in the middle half of 2014 when shares outstanding on loan peaked at 10.6%. Currently the figure is closer to 10% but has remained between 10.6% and 8% since July 2014 as shares declined by 39%.

Second most shorted in APAC is Australian and New Zealand based retailer, Super Retail, which has 10% of its shares outstanding on loan. The company focuses on automotive parts and accessories, camping products, gardening and outdoor products and boating equipment. Short interest in the stock has steadily increased over the last 12 months

and is up 475% while the share price has decreased by 15%.



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