

## Most shorted ahead of earnings

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

- Perennial short targets Zoe's Kitchen and Chesapeake prove more profitable in 2016
- Shorts attracted to Delta Lloyd as firm suspends dividend and conducts rights issue
- Record high short interest at Noble Group as shares stabilise ahead of earnings

### North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Zoe'S Kitchen Inc	Restaurants	ZOES	02/25/2016	48.7	-11%
Encore Capital Group Inc	Consumer Finance	ECPG	02/24/2016	39.8	10%
Iconix Brand Group Inc	Apparel, Accessories & Luxury Goods	ICON	02/25/2016	38.4	3%
Chesapeake Energy Corp	Oil & Gas Exploration & Production	CHK	02/24/2016	31.5	-2%
Iridium Communications Inc	Alternative Carriers	IRDM	02/25/2016	30.7	7%
Relypsa Inc	Pharmaceuticals	RLYP	02/24/2016	29.2	-5%
Southwestern Energy Co	Oil & Gas Exploration & Production	SWN	02/26/2016	29.0	-16%
Range Resources Corp	Oil & Gas Exploration & Production	RRC	02/25/2016	27.1	4%
J C Penney Company Inc	Department Stores	JCP	02/26/2016	26.3	-7%
Westmoreland Coal Co	Coal & Consumable Fuels	WLB	02/26/2016	25.8	3%
Air Methods Corp	Health Care Services	AIRM	02/25/2016	25.7	-1%
Bonanza Creek Energy Inc	Oil & Gas Exploration & Production	BCEI	02/25/2016	25.6	1%
Sanderson Farms Inc	Packaged Foods & Meats	SAFM	02/25/2016	24.9	-5%
Windstream Holdings Inc	Integrated Telecommunication Services	WIN	02/25/2016	24.2	8%
ZU Inc	Education Services	TWOU	02/25/2016	23.7	-1%
Comstock Resources Inc	Oil & Gas Exploration & Production	CRK	02/24/2016	23.2	11%
Depomed Inc	Pharmaceuticals	DEPO	02/22/2016	23.0	15%
Merrimack Pharmaceuticals Inc	Biotechnology	MACK	02/25/2016	22.8	2%
Universal Insurance Holdings Inc	Property & Casualty Insurance	UVE	02/24/2016	22.8	3%
Calldex Therapeutics Inc	Biotechnology	CLDX	02/23/2016	22.7	-2%

Most shorted ahead of earnings in North America is Zoe's Kitchen with almost half of its shares sold short. A longtime favourite among short sellers, shares in the restaurant franchise chain have fallen by a further 26% since **last ranking** as the most shorted.

### Zoe's Kitchen Inc



Speciality finance company Encore Capital Group is the second most shorted ahead of earnings in North America with 39% of shares outstanding on loan. Shares have plummeted by almost half in the last six months with the

company posting a net loss in the previous quarter.

### Encore Capital Group Inc



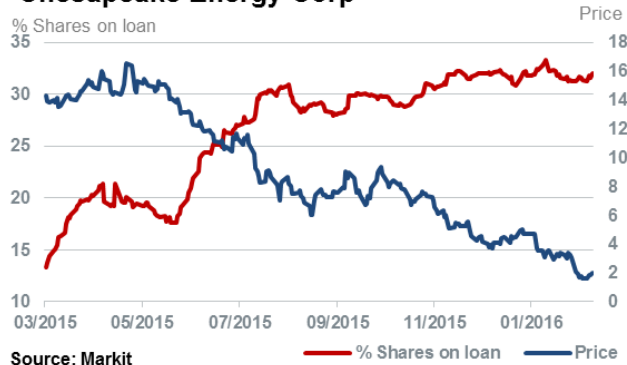
Iconix Brand Group, the owner of fashion brands such as Ed Hardy, Pony and Umbro has attracted a surge in short interest since announcing the restatement of the company's finances in November 2015 and receiving notice from the SEC that it is under formal investigation. Short selling has almost doubled with 38% of shares outstanding on loan currently. Shares have fallen by 80% in the past 12 months.

### Iconix Brand Group Inc



Shorts continue to take profits in a very **profitable short** trade in Chesapeake Energy Corp. The stock fell almost 80% in 2015 and has continued to do so in 2016, down by 56% year to date with just under a third of the company's shares remaining out on loan.

**Chesapeake Energy Corp**



**Aixtron Se**

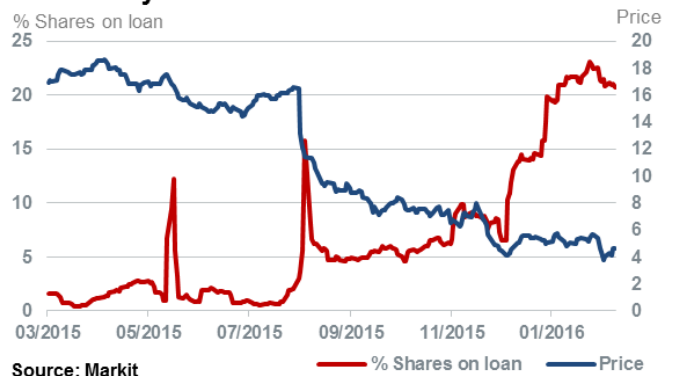


Second most shorted ahead of earnings in Europe is Dutch insurance company, Delta Lloyd with 20.7% of shares outstanding on loan. The firm announced **suspension** of its FY15 final dividend and a **rights issue** to transition the firm to the "Solvency II regime".

**Europe**

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Aixtron Se	Semiconductor Equipment	AIXA	02/23/2016	21.5	4%
Delta Lloyd Nv	Life & Health Insurance	DL	02/24/2016	20.7	-4%
Petrofac Ltd	Oil & Gas Equipment & Services	PFC	02/24/2016	13.5	-3%
Drax Group Plc	Independent Power Producers & Energy	DRX	02/23/2016	11.8	24%
Distribuidora Internacional De Alim	Hypermarkets & Super Centers	DIA	02/24/2016	11.0	-11%
Seadrill Ltd	Oil & Gas Drilling	SDRL	02/25/2016	10.3	1%
Bolsas Y Mercados Espanoles So	Specialized Finance	BME	02/26/2016	10.2	3%
Melia Hotels International Sa	Hotels, Resorts & Cruise Lines	MEL	02/25/2016	9.6	-11%
Gerry Weber International Ag	Apparel, Accessories & Luxury Goods	GW11	02/26/2016	9.5	-9%
Ablynx Nv	Biotechnology	ABXL	02/25/2016	9.1	27%
Fugro C Gdr	Oil & Gas Equipment & Services	FUR	02/26/2016	9.9	9%
Imi Plc	Industrial Machinery	IMI	02/26/2016	7.9	7%
Sulzer Ag	Industrial Machinery	SUN	02/26/2016	8.4	0%
Amadeus It Holding Sa	Data Processing & Outsourced Services	AMS	02/26/2016	8.2	-32%
Technip	Oil & Gas Equipment & Services	TEC	02/25/2016	7.5	-16%
Kaz Minerals Plc	Diversified Metals & Mining	KAZ	02/25/2016	7.7	-8%
Peugeot Sa	Automobile Manufacturers	UG	02/24/2016	7.5	-11%
Rizzoli Corriere Della Sera Mediagr	Publishing	RCS	02/22/2016	6.6	4%
Intu Properties Plc	Retail REITs	INTU	02/26/2016	5.8	12%
Weir Group Plc	Industrial Machinery	WEIR	02/24/2016	5.3	-15%

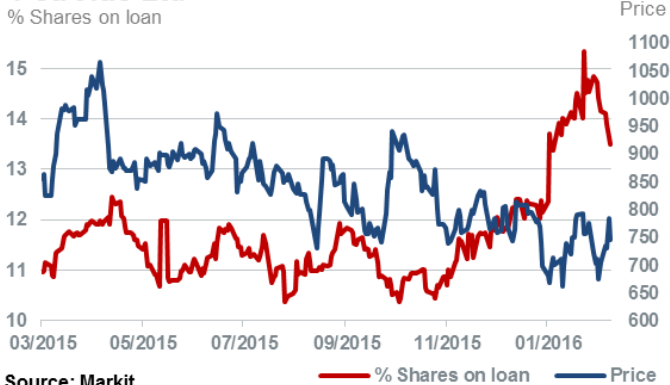
**Delta Lloyd Nv**



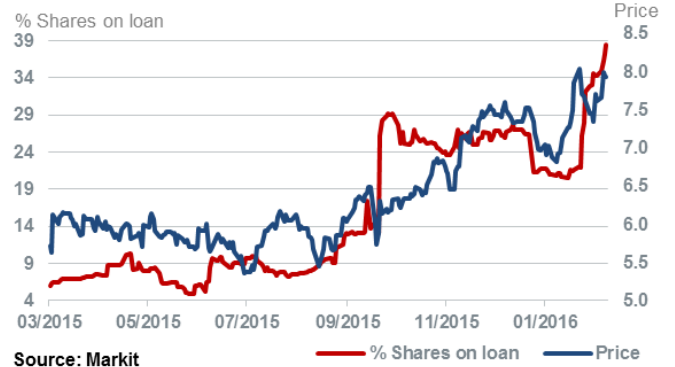
Third most shorted ahead of earnings in Europe is Petrofac with 13.5% of shares outstanding on loan. Since **August 2015**, short interest has jumped higher by 21%, while the stock has continued to slide further, down 16% which has created some **attractive dividend yields**.

Most shorted ahead of earnings for a **consecutive year** in Europe is Aixtron with 21.5% of shares outstanding on loan. Shorts sellers have increased positions by 28% in the last 12 months while the stock price has halved.

### Petrofac Ltd

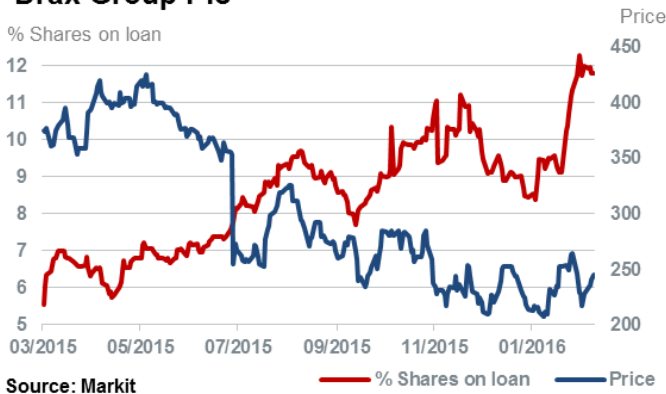


### Vocus Communications Ltd



Drax Group operates the UK's largest coal fire power station and has seen short interest **spike higher** to 12% of shares outstanding ahead of earnings.

### Drax Group Plc



The Australian telecom network has seen shares rally by 40% in the last 12 months. This impressive rise has however, attracted short sellers who have increased positions six fold in the same period, reaching 39% of shares outstanding on loan.

### Noble Group Ltd



### Asia Pacific

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Vocus Communications Ltd	Integrated Telecommunication Services	VOC	02/22/2016	38.5	86%
Noble Group Ltd	Trading Companies & Distributors	N21	02/24/2016	15.5	5%
Worleyparsons Ltd	Oil & Gas Equipment & Services	WOR	02/24/2016	14.9	37%
Hotel Shilla Co Ltd	Specialty Stores	008770	02/24/2016	13.5	1%
Alumina Ltd	Aluminum	AWC	02/25/2016	13.4	-1%
Flight Centre Travel Group Ltd	Hotels, Resorts & Cruise Lines	FLT	02/24/2016	13.3	11%
Seek Ltd	Human Resource & Employment Service	SEK	02/25/2016	11.5	29%
Awe Ltd	Oil & Gas Exploration & Production	AWE	02/24/2016	11.2	11%
Fortescue Metals Group Ltd	Steel	FMG	02/24/2016	10.7	-4%
Asm Pacific Technology Ltd	Semiconductor Equipment	522	02/23/2016	10.2	1%
Qube Holdings Ltd	Highways & Railtracks	QUB	02/24/2016	9.4	61%
Retail Food Group Ltd	Restaurants	RFG	02/25/2016	8.4	22%
Hyundai Merchant Marine Co Ltd	Marine	011200	02/24/2016	8.4	5%
Woolworths Ltd	Food Retail	WOW	02/26/2016	8.2	1%
Beach Energy Ltd	Oil & Gas Exploration & Production	BPT	02/26/2016	8.1	56%
Select Harvests Ltd	Agricultural Products	SHV	02/25/2016	7.7	72%
Mma Offshore Ltd	Marine	MRM	02/23/2016	7.5	3%
Tfs Corporation Ltd	Forest Products	TFC	02/26/2016	7.3	-6%
G8 Education Ltd	Education Services	GEM	02/23/2016	6.6	23%
Cardno Ltd	Construction & Engineering	CDD	02/23/2016	6.2	49%

Most shorted ahead of earnings in Apac is fast growing Vocus Communications with 38.5% of shares outstanding on loan.

Short sellers continue to hold positions in Noble Group which is the second most shorted in Apac.. The firm came under increased **scrutiny** in 2015 but the outlook for the firm has since **improved**, with the CEO reaffirming that no changes will be made to the firm's dividend policy for FY15.

Due to positive cash flow and improving financial health, Markit **Dividend Forecasting** is currently forecasting the company will maintain the low end of its target payout ratio.

### WorleyParsons Ltd



The outlook for WorleyParsons has been subdued by the downturn in the commodity and energy market. Currently there are 15% of shares outstanding on loan, while the share price has plummeted by almost two thirds in the last 12 months. The heavy civil and engineering firm is exposed to large capital projects across the mining and oil industry in Australia. With elevated debt levels and net debt/equity above 60% which surpasses its peers, Markit is not anticipating any recovery in the company's dividend growth momentum.

LED and semiconductor maker ASM Pacific Technology currently has 10% of shares sold short and shares have fallen by a quarter in the last 12 months. Markit Dividend Forecasting expects to see a dividend cut this year after the firm posted a 33.4% contraction

in billings last quarter as customers cut budgets and delayed orders.

### Asm Pacific Technology Ltd



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