

Why Endeavour Silver Stock Plunged 10% Today

Description

What happened?

Endeavour Silver (TSX:EDR)(NYSE:EXK) stock tanked sharply on Wednesday morning after the company revealed bought-deal financing. At the time of writing, EDR stock was trading at \$6.12 per share with more than 10% losses for the day against a nearly 230-point gain in the **TSX Composite** benchmark. Today's losses trimmed Endeavour Silver's year-to-date gains to less than 15%.

So what?

Endeavour Silver is a Vancouver-based precious metals mining firm with a market cap of about \$1.2 billion. Earlier today, the company announced that it has entered an agreement with a syndicate of underwriters for bought-deal financing with 8,081,000 common shares at a price of US\$4.95 per share. In its press release, EDR said that it plans "to use the net proceeds of the offering to pay the US\$35 million cash consideration payable to SSR Mining Inc. at closing in respect of the company's acquisition of the Pitarrilla project in Durango State, Mexico and for the company's general corporate purposes and working capital."

Notably, the per-share price of bought-deal is significantly lower from US\$5.37 per share — Endeavour Silver stock's (NYSE-listed) closing price on Tuesday. This could be the primary reason why this news triggered a selloff in its stock today.

Now what?

In the last couple of years, <u>Endeavour Silver has benefited</u> from strengthening production and a strong commodity price environment. In 2021, the company surpassed its production guidance, which helpedit post the highest revenue in five years. Endeavour Silver's total revenue last year stood at US\$165.3 million, showcasing 19.4% year-over-year gains. More importantly, its adjusted earnings stood at US\$0.08 per share in 2021 from just US\$0.01 per share in the previous year.

While this bought-deal financing agreement seems to have hurt investors' confidence, Endeavour Silver's consistently improving financial growth trend could help its stock recover fast and keep its stock soaring in the long term.

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- 1. Investing
- 2. Metals and Mining Stocks

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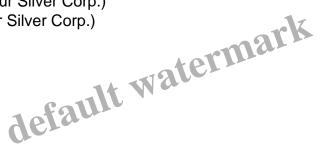
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