



## Why Fortuna Silver Stock Fell Sharply Today

### Description

### What happened?

Shares of **Fortuna Silver Mines** ([TSX:FVI](#))([NYSE:FSM](#)) dived by as much as 7% this morning to around \$4.87 per share, despite minor optimism in the [TSX Composite Index](#). While an intraday rally in the mining sector helped FVI stock pare some of its losses by the afternoon, it was still trading on a negative note. Year to date, Fortuna stock is now trading with minor 2% gains.

### So what?

Fortuna Silver is a Vancouver-based gold and silver mineral producer with its main operations in countries like Argentina, Burkina Faso, Mexico, and Peru. Today's sharp selloff in FVI stock came after the company announced its Q4 and full-year 2021 results yesterday.

In the December quarter, Fortuna Silver [registered](#) a solid 92.1% YoY (year-over-year) jump in its total revenue to a record US\$198.9 million — also exceeding analysts' estimates of around US\$182.8 million. While its Burkina Faso-based Yaramoko mine's gold sales contributed nearly US\$52.2 million to its Q4 revenue, nearly US\$65.6 million of it came from its Argentina-based Lindero mine.

Despite its far better-than-expected record revenue figure in the fourth quarter, Fortuna Silver's adjusted earnings for the quarter of US\$0.12 per share remained unchanged on a YoY basis. With this, the company also missed analysts' earnings estimate of US\$0.14 per share. This could be the primary reason why Fortuna Silver stock dived on Thursday after releasing its financial results last evening.

### Now what?

It's important to note that losses in derivative contracts, higher interest rates, and higher effective tax rate were the key factors hurting Fortuna Silver's latest quarterly earnings. While losses in derivative

contracts could be a temporary negative factor, higher interest and tax rates are external factors that shouldn't change its financial growth outlook much for the long term.

Overall, Fortuna Silver's financial growth remained strong last year, as its adjusted net profit jumped to US\$100.6 million in 2021 from just US\$37.4 million in the previous year. Strong demand and favourable commodity prices should help the company maintain a strong profit growth trend this year as well. Given that, any dip in FVI stock could be a great buying opportunity for long-term investors.

## CATEGORY

1. Investing
2. Metals and Mining Stocks

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1. NYSE:FSM (Fortuna Silver Mines)
2. TSX:FVI (Fortuna Silver Mines)

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