AZ STOCKS
Stocks from A to Z

Globant

A cheap business in an industry that artificial intelligence has called into question

DEEP DIVE

November 2026

COMPANY PROFILE

Globant

THESIS

Globant went from being one of Latin America's fastest-growing tech companies to facing doubts about its business model. In this report I assess whether the market is overreacting or whether the deterioration is truly structural.

THE COMPANY

Globant is a technology services company born in Argentina, one of the country's first unicorns. It sells digital transformation, product engineering and, more recently, "AI Pods".

At its core, its business is selling engineers' working hours packaged as digital consulting. In 2025 it billed USD 2,454.9 million, growth of 1.6%, the sharpest slowdown in its history.

TARGET PRICE
USD 65

UPSIDE / DOWNSIDE
+39.5%

SECTOR
IT Services

EXCHANGE
NYSE

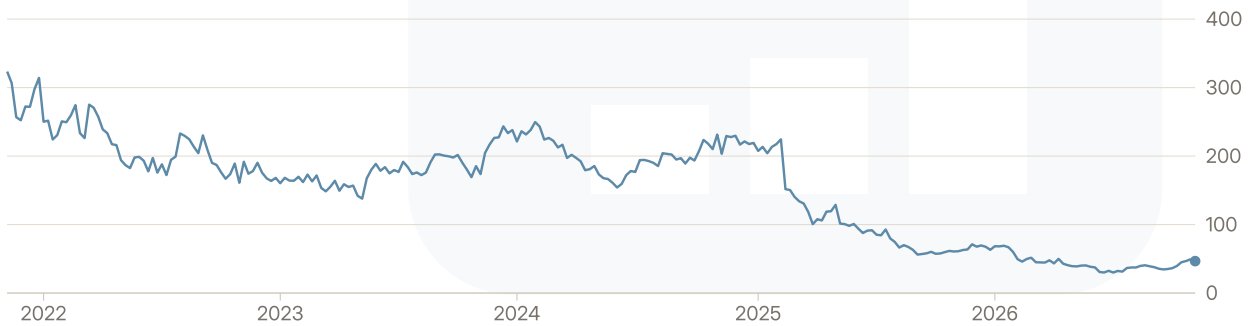
CURRENCY
USD

LAST UPDATED
November 2026

MARKET DATA AS OF 2026-11-06

PRICE	52-WEEK RANGE	5-YEAR CHANGE	BETA (5Y)
USD 46.59	27.56 – 72.10	-86%	0.77

WEEKLY SHARE PRICE, LAST 5 YEARS



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SECTION 01

Introduction

Globant is a technology services company born in Argentina that became one of the country's first "unicorns". It sells digital transformation, product engineering and, more recently, "AI Pods". But behind the innovation talk there is a much simpler business: **it sells engineers' working hours, packaged as digital consulting**.

That distinction is not a semantic detail. It is the core of the thesis. A product company sells something that scales without a headcount limit. A professional services company sells human time, and human time does not scale the same way: to grow, it needs to hire, train and retain people, and its profitability depends on how much it can charge per hour versus how much that hour costs.

In 2025 Globant generated revenue of **US$ 2,454.9 million** (+1.6% year over year, the sharpest slowdown in its history as a public company), a gross margin of **35.0%**, an operating margin of **10.0%**, a net margin of just **4.2%** and free cash flow of **US$ 281.95 million** (an FCF margin of 11.5%). The stock, which traded above US$ 350 in 2021, hit lows close to **US$ 32** in mid-2026 and today trades at around **US$ 47**, still very far from its highs.

That contrast (a company that multiplied its revenue almost 8 times in a decade but is now worth a fraction of what it was) is the starting point of this analysis. Globant is a hard company to analyze because its main opportunity and its main threat have the same name: **artificial intelligence**.

This report covers the business model, the history, the quality of the financial statements, management, the competitive structure, the risks and a valuation based on two DCF methods (perpetuity growth and exit multiple on EBITDA).

History

Globant was born in 2003, when **Martín Migoya, Guibert Englebienne, Martín Umaran and Néstor Nocetti** met in a Buenos Aires pub in the middle of the Argentine crisis and decided to build a software company for the world, not for the local market. The founding idea was simple: Argentina (and later the rest of Latin America) had quality software engineering at a much lower cost than the United States or Europe, and that cost gap, well packaged, could be sold to global clients.

In July 2014 Globant became **the first Latin American software company listed on the New York Stock Exchange**, going public at US$ 10 per share and raising close to US$ 59 million. Between 2016 and 2025 revenue went from **US$ 322.9 million to US$ 2,454.9 million**, with combined organic and inorganic growth above 25-30% a year for almost the whole decade. Migoya carried out more than **30 acquisitions** over the years (Belatrix, Pentalog, GUT, among others) to add capabilities, geographies and clients. But 2025 broke that pattern. Growth fell to just **+1.6%**, the stock collapsed and a shareholder class action called into question the regional expansion story the company had been telling. It is the first time in Globant's history as a public company that growth has stopped so abruptly, and it is the reason this analysis exists.

SECTION 02

Business model

Globant generates revenue by helping large organizations design, develop, modernize and operate digital products and processes. The work can range from a consumer-facing application to cloud migrations, data platforms, automation, cybersecurity, experience design, artificial intelligence or the transformation of internal processes.

The company organizes its offering into vertical **Studios**: Digital & Enterprise Studios (digital transformation, system modernization, enterprise productivity), Games & Media Studio, and a series of AI Industry Studios specialized by sector (financial services, media and entertainment, health, retail, among others). The common denominator of all of them is the same: teams of engineers, designers and consultants assigned to client projects, billed mostly on a time-and-materials or fixed-price basis.

THE "CLASSIC" BUSINESS: STUDIOS

Most of Globant's revenue still comes from this model: hiring engineers in Argentina, Colombia, Mexico, Uruguay, India and other relatively lower-cost geographies, and selling them to clients in the United States and Europe at hourly rates higher than their salary cost. It is a talent arbitrage business. It works very well when demand for digital transformation projects is high and the exchange rate favors dollar costs. It works badly when demand cools, because costs (salaries, offices, benefits) are much more rigid on the way down than revenue.

AI PODS: THE REINVENTION BET

In response to the slowdown, Globant launched **AI Pods**: "agent-orchestrated" work units that combine engineers with AI agents to deliver software faster and with less human intervention per unit of output. According to CEO Martín Migoya, AI Pods aim to turn Globant into "the AI-native partner that collapses the boundary between software and services". In the second quarter of 2026, the ARR of Glob.AI (which includes AI Pods) reached **US$ 52.8 million**, 61% more than three months earlier, and the company expects to end the year with no less than US$ 110 million. It is already present in a good part of its 20 largest accounts. AI Pods gross margins are around **45%-60%**, well above the consolidated gross margin of ~35-38%.

Globant signed partnerships with **Vercel** and **Anthropic** to boost this line, explicitly positioning itself as an "AI-native" firm. The problem today is scale: however fast it grows, AI Pods is a tiny fraction of a US$ 2,450 million business. The question for the coming years is whether this line can grow fast enough to offset the erosion of prices and demand in the traditional business.

Growing within clients

In the twelve months ended March 2026, 95.7% of revenue came from existing clients. The company had 943 accounts with more than USD 100,000 of annual billing and, as of June 2026, 331 with more than USD 1 million. The strategy called **100 squared** aims to develop 100 accounts with the potential to exceed USD 100 million of revenue each.

That strategy makes sense because the cost of opening an enterprise relationship is high. It also has a downside: when a large client cuts its budget, freezes projects or brings capabilities in-house, the impact can spread across multiple Studios and service lines.

The economics of the model

The main raw material is talent. Globant hires, trains and organizes professionals in countries with different salary structures, and then bills their work to global clients. The margin depends on utilization, geographic mix, team experience, the relationship between price and salary, the share of work at the client's premises, the available talent pool and the ability to sell higher value-added projects.

As I said before, this model can produce good returns when demand grows and the company keeps utilization high. But it has an uncomfortable degree of operating leverage: laying off or relocating talent takes time, while projects can be paused quickly. In periods of slowdown, the organization's fixed cost squeezes margins before the structure adjusts.

THE AI ERA: ALLY OR ENEMY?

This is undoubtedly the most important issue for understanding Globant's future, and the one that most divides analysts.

Artificial intelligence increases productivity, but it does not guarantee that the benefit stays with Globant. If a team produces twice as much and the contract is still based on hours, the client can demand fewer people or renegotiate prices. The challenge is to turn that productivity into more volume, new projects, outcome-based fees, intellectual property or subscriptions. **AI Pods is trying to solve that.**

The optimistic case: Globant was one of the first IT services companies to announce major partnerships with Anthropic and Vercel to build its AI Pods offering. The bullish thesis argues that services companies that adapt quickly can capture a huge share of the value generative AI will create in reinventing business processes: someone has to integrate the models, connect legacy systems, train teams and redesign workflows. Globant, with its two-decade relationships with enterprise clients and its project execution culture, could be that integrator.

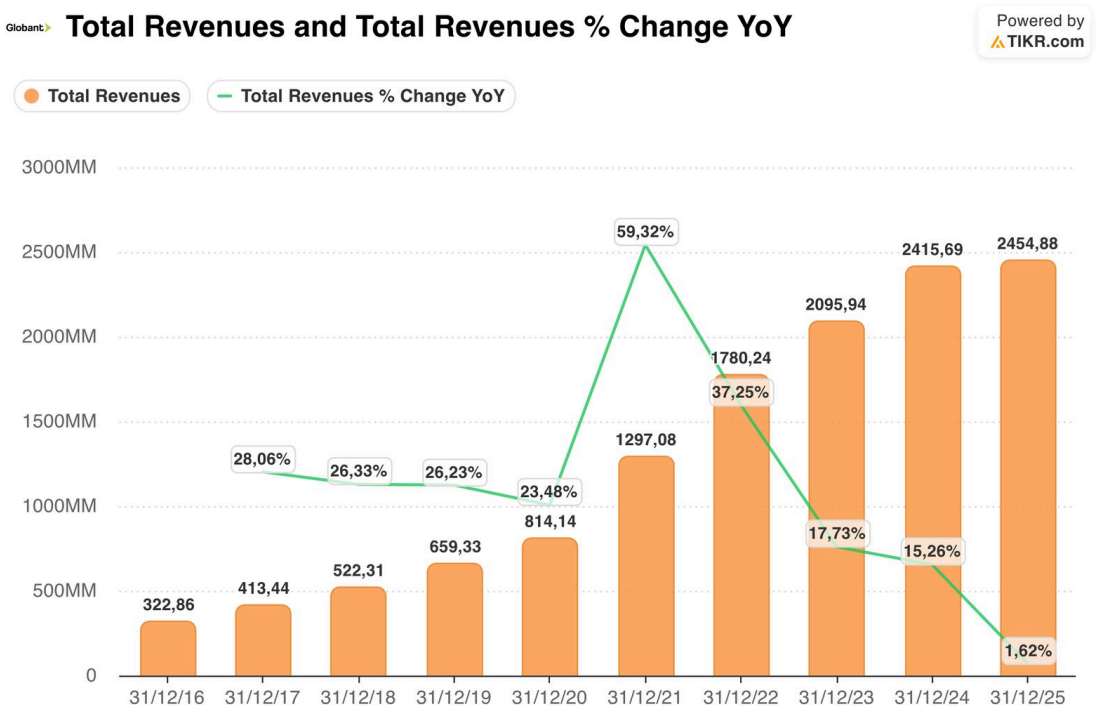
The pessimistic case: The bearish thesis is simpler and, over the last year, louder: if generative AI drastically reduces the cost of writing code, testing software and automating development tasks, the business model that supports Globant loses its reason to exist. In July 2026, Deutsche Bank, Wells Fargo, Itaú BBA and William Blair lowered their recommendations or price targets on Globant, explicitly citing the risk that AI is disrupting structural demand for traditional IT services, not just a cyclical dip.

There is no clear answer yet. And that uncertainty about whether the business model will still be valid in 5 or 10 years is the main reason behind the final conclusion of this analysis.

SECTION 03

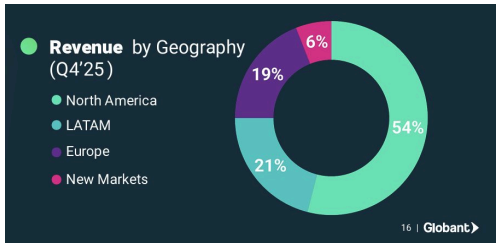
Business quality

REVENUE



Between 2016 and 2025, Globant's revenue grew from US$ 322.9 million to US$ 2,454.9 million. Annual growth was in the high double digits almost every year: +28.1% (2017), +26.3% (2018), +26.2% (2019), +23.5% (2020, even in the middle of the pandemic, as remote digital transformation accelerated demand), +59.3% (2021, with a strong inorganic boost), +37.3% (2022), +17.7% (2023), +15.3% (2024) and just **+1.6% (2025)**. The slowdown of the last two years, and particularly the sudden stop of 2025, is the structural break the market is trying to interpret: is it a cyclical dip or the natural ceiling of the model?

Revenue by region



Exposure to North America is both a strength and a risk. It is the market with the greatest technological depth and spending capacity, but also the most competitive and the first to cut discretionary projects when uncertainty rises. Latin America adds commercial diversification, although its most important role in the model is still the availability of talent and the time zone proximity to the United States.

Client concentration

Client Revenue Contribution (%)

Clients	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Top 1	9	12	10	10	11	11	11	11	11	9	9	9
Top 5	27	33	34	29	32	26	31	27	26	23	21	20
Top 10	44	47	47	42	44	39	42	39	36	32	29	29

Concentration is reasonable for a services company, although it is still a risk. In 2025 the largest client represented 9% of revenue, the top five 20% and the top ten almost 30%. This limits the damage from losing any single client, but the aggregate behavior of large clients is still decisive. The first-ever drop in the number of accounts above USD 1 million a year suggests that the pressure is not limited to a single contract.



Revenue by industry

Industria	Participación aproximada Q1 2026
Media y entretenimiento	21%
Banca, servicios financieros y seguros	20%
Consumo, retail y manufactura	19%
Viajes y hospitalidad	12%
Tecnología y telecomunicaciones	9%
Servicios profesionales	9%
Salud	8%
Otros	2%

Sector diversification reduces the risk of depending on a single industry, although it does not remove sensitivity to the technology investment cycle. Many digital initiatives are presented as strategic, but their implementation is usually discretionary. When clients face cost pressure, they can stop projects, reduce their scope or demand additional productivity.

Latest results: second quarter of 2026

On August 13 Globant reported second-quarter results. Revenue was **US$ 614.4 million, practically the same as a year earlier**. Adjusted operating margin fell from 15.0% to 13.2%, and the IFRS operating margin was just 3.2%, still affected by restructuring charges. Adjusted earnings per share were US$ 1.40, against US$ 1.53 a year earlier.

The most positive point was Glob.AI (the line that groups AI Pods and the rest of the AI offering): its ARR reached **US$ 52.8 million, 61% more than in the previous quarter**, and the company expects to close 2026 with no less than US$ 110 million. It is very fast growth, but it still represents only about 2% of sales.

Guidance for 2026 confirms that it will be another year without growth: revenue of US$ 2,428 to 2,462 million (between -1.1% and +0.3%) and an adjusted operating margin of 13.5-14.5%. For the third quarter it expects revenue of US$ 607 to 615 million, slightly below a year earlier. The number of clients with more than US$ 1 million of annual billing fell from 339 to 331, and concentration increased: the largest client represents 8.9% of sales and the top ten 30.6%.

VERTICAL ANALYSIS

Income Statement

Fiscal year Income Statement — % of revenue	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Total Revenues	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Cost of Goods Sold	(59.1%)	(63.7%)	(60.7%)	(61.5%)	(62.5%)	(61.8%)	(62.2%)	(63.9%)	(64.2%)	(65.0%)	**(64.4%)**	**(63.4%)**
Gross Profit	**40.9%**	**36.6%**	**39.5%**	**38.5%**	**37.5%**	**38.2%**	**37.9%**	**36.1%**	**35.7%**	**35.0%**	**35.6%**	**36.6%**
Selling General & Admin Expenses	(23.4%)	(25.2%)	(23.9%)	(22.3%)	(23.5%)	(24.3%)	(24.1%)	(24.6%)	(25.0%)	(24.8%)	**(24.8%)**	**(24.6%)**
Total Operating Expenses	**(25.3%)**	**(26.6%)**	**(25.9%)**	**(24.9%)**	**(25.9%)**	**(25.9%)**	**(25.4%)**	**(25.6%)**	**(25.2%)**	**(25.0%)**	**(25.3%)**	**(25.4%)**
Operating Income	**15.5%**	**9.8%**	**13.5%**	**13.7%**	**11.6%**	**12.3%**	**12.4%**	**10.5%**	**10.5%**	**10.0%**	**10.3%**	**11.1%**
Interest Expense	(0.3%)	(0.2%)	(0.1%)	(0.8%)	(1.1%)	(0.8%)	(0.8%)	(1.0%)	(1.2%)	(1.5%)	**(1.2%)**	**(1.1%)**
EBT Incl. Unusual Items	**15.5%**	**9.3%**	**12.9%**	**10.5%**	**9.4%**	**9.6%**	**10.8%**	**9.4%**	**8.7%**	**5.7%**	**7.9%**	**8.9%**
Income Tax Expense	(4.4%)	(2.0%)	(3.0%)	(2.3%)	(2.7%)	(2.2%)	(2.4%)	(1.9%)	(1.7%)	(1.4%)	**(1.7%)**	**(1.9%)**
Net Income	**11.1%**	**7.4%**	**9.9%**	**8.2%**	**6.7%**	**7.4%**	**8.4%**	**7.6%**	**6.9%**	**4.2%**	**6.2%**	**6.9%**
EBITDA	18.9%	13.7%	17.5%	17.5%	15.4%	16.7%	16.5%	15.3%	15.4%	16.0%	**15.6%**	**16.0%**

Source: author's analysis based on Tikr data.

The vertical analysis shows a **gradual deterioration in profitability**. Gross margin fell from 40.8% in 2016 to 35.0% in 2025, while operating expenses stayed relatively stable at around 25% of revenue. As a result, operating margin fell from 15.5% to 10.0%. In 2025, in addition, higher financial expenses and restructuring charges reduced net margin to 4.2%, its lowest level in the period analyzed.

Balance Sheet

Fiscal year Balance Sheet — % of total assets	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Total Cash And Short Term Investments	**21.0%**	**17.0%**	**19.7%**	**12.0%**	**23.1%**	**24.4%**	**15.5%**	**11.9%**	**5.0%**	**7.5%**	**8.1%**	**12.9%**
Total Receivables	**23.9%**	**25.9%**	**27.9%**	**27.2%**	**17.7%**	**18.3%**	**22.4%**	**20.5%**	**20.8%**	**19.7%**	**20.3%**	**20.3%**
Total Current Assets	**47.0%**	**43.7%**	**48.7%**	**40.1%**	**41.6%**	**43.5%**	**39.1%**	**33.9%**	**26.6%**	**28.8%**	**29.8%**	**34.4%**
Net Property Plant And Equipment	12.5%	12.3%	11.8%	21.2%	14.8%	14.7%	14.1%	10.3%	8.8%	7.2%	**8.8%**	**11.0%**
Long-term Investments	0.3%	0.4%	1.0%	0.6%	1.1%	1.3%	1.5%	1.2%	1.2%	0.9%	**1.1%**	**1.2%**
Goodwill	22.9%	27.7%	24.0%	27.5%	30.5%	30.1%	33.5%	40.5%	47.1%	48.3%	**45.3%**	**39.9%**
Other Intangibles	4.8%	3.2%	2.7%	3.9%	6.7%	5.4%	8.3%	10.4%	12.0%	10.4%	**10.9%**	**9.3%**
Total Assets	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Total Current Liabilities	**19.3%**	**20.7%**	**21.3%**	**21.2%**	**16.0%**	**20.5%**	**19.5%**	**24.4%**	**16.1%**	**17.5%**	**19.3%**	**19.6%**
Long-Term Debt	–	–	–	7.3%	2.0%	0.1%	0.0%	0.1%	9.2%	10.5%	**6.6%**	**4.0%**
Capital Leases	–	–	–	6.1%	5.6%	5.8%	4.4%	2.6%	2.8%	2.4%	**2.6%**	**3.6%**
Total Liabilities	**26.7%**	**26.3%**	**22.7%**	**36.2%**	**31.7%**	**30.6%**	**29.1%**	**34.1%**	**35.4%**	**34.9%**	**34.8%**	**32.8%**
Total Equity	**73.3%**	**73.7%**	**77.3%**	**63.8%**	**68.3%**	**69.4%**	**70.9%**	**65.9%**	**64.6%**	**65.2%**	**65.2%**	**67.2%**
Total Debt	**0.1%**	**1.7%**	**–**	**16.4%**	**8.8%**	**7.8%**	**6.3%**	**10.2%**	**13.0%**	**15.8%**	**13.0%**	**10.6%**
Net Debt	(20.9%)	(15.3%)	(19.7%)	4.4%	(14.3%)	(16.7%)	(9.2%)	(1.7%)	8.1%	8.2%	**4.9%**	**(2.3%)**

Source: author's analysis based on Tikr data.

The composition of the balance sheet reflects a company increasingly dependent on acquisitions. Goodwill came to represent **48.3% of assets in 2025**, and together with other intangibles it accounts for close to 59% of the total. At the same time, cash and short-term investments fell from 21.0% of assets in 2016 to 7.5%, while the weight of long-term debt increased. Even so, the financial structure is still reasonable, with equity funding approximately 65% of assets.

Cash Flow Statement

Fiscal year Cash Flow — % of revenue	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Net Income	**11.1%**	**7.4%**	**9.9%**	**8.2%**	**6.7%**	**7.4%**	**8.4%**	**7.6%**	**6.9%**	**4.2%**	**6.2%**	**6.9%**
Total Depreciation & Amortization	**3.4%**	**3.9%**	**3.9%**	**5.9%**	**6.0%**	**6.2%**	**6.1%**	**6.7%**	**6.5%**	**7.4%**	**6.8%**	**6.6%**
Stock-Based Compensation	1.1%	3.1%	2.0%	2.3%	2.8%	2.9%	3.4%	3.5%	3.4%	3.1%	**3.3%**	**3.2%**
Cash from Operations	**9.7%**	**10.4%**	**12.9%**	**12.1%**	**12.3%**	**13.8%**	**11.1%**	**15.2%**	**10.3%**	**12.3%**	**12.6%**	**12.5%**
Capital Expenditure	(5.5%)	(4.7%)	(3.7%)	(3.1%)	(3.6%)	(3.3%)	(2.6%)	(2.2%)	(1.1%)	(0.8%)	**(1.4%)**	**(2.0%)**
Cash Acquisitions	(7.0%)	(7.4%)	(2.9%)	(16.1%)	(9.2%)	(12.6%)	(8.4%)	(12.8%)	(12.5%)	(2.2%)	**(9.2%)**	**(9.7%)**
Cash from Investing	**(8.7%)**	**(13.9%)**	**(8.8%)**	**(23.1%)**	**(15.2%)**	**(21.0%)**	**(15.1%)**	**(16.7%)**	**(16.7%)**	**(5.5%)**	**(13.0%)**	**(15.0%)**
Total Debt Issued	**–**	**5.3%**	**–**	**13.7%**	**19.0%**	**1.0%**	**–**	**18.9%**	**18.3%**	**10.6%**	**15.9%**	**9.8%**
Total Debt Repaid	**(0.2%)**	**(3.9%)**	**(1.1%)**	**(8.5%)**	**(26.8%)**	**(3.9%)**	**(2.2%)**	**(14.8%)**	**(15.9%)**	**(8.8%)**	**(13.1%)**	**(9.1%)**
Repurchase of Common Stock	–	–	–	–	–	(0.6%)	(0.5%)	(0.5%)	(0.4%)	(2.3%)	**(1.1%)**	**(0.9%)**
Cash from Financing	**2.4%**	**4.0%**	**0.8%**	**8.6%**	**29.7%**	**18.8%**	**(3.7%)**	**2.1%**	**(0.2%)**	**(2.6%)**	**(0.2%)**	**2.9%**
Free Cash Flow	4.3%	5.7%	9.2%	9.0%	8.7%	10.5%	8.4%	13.0%	9.1%	11.5%	**11.2%**	**10.5%**

Source: author's analysis based on Tikr data.

Globant keeps a **good conversion of profit into cash**, helped by the business's low capital intensity. In 2025 operating cash flow represented 12.3% of revenue and free cash flow reached 11.5%, since capex was just 0.8%. However, a significant part of cash generation comes from non-cash charges, especially amortization of intangibles and stock-based compensation. In addition, acquisitions keep absorbing capital and explain part of the increase in goodwill, debt and intangible assets on the balance sheet.

FINANCIAL RATIOS

- **Growth**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Growth												
Revenue growth		27.9%	26.4%	26.2%	23.5%	59.3%	37.2%	17.8%	15.3%	1.6%	**11.5%**	**26.2%**
EBIT growth		(19.0%)	74.0%	28.3%	4.1%	69.7%	38.1%	(0.5%)	15.5%	(3.5%)	**3.8%**	**23.9%**
Diluted EPS growth		(16.8%)	67.9%	1.4%	(4.2%)	66.4%	52.2%	4.9%	2.2%	(38.4%)	**(10.4%)**	**17.5%**
Change in diluted shares (dilution / buybacks)		1.9%	1.7%	2.7%	5.4%	5.9%	1.9%	1.7%	2.3%	0.9%	**1.6%**	**2.5%**

Source: author's analysis based on Tikr data.

The table clearly shows the break. Globant grew more than 20% a year between 2017 and 2022 (59% in 2021, with a strong inorganic component) and from there slowed to 1.6% in 2025. EBIT fell 3.5% in 2025 and earnings per share 38%. In addition, the share count rises close to 2% a year because of stock-based compensation, something that only started to be offset by buybacks in 2025.

- **Profitability**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Profitability												
Gross margin	40.9%	36.6%	39.5%	38.5%	37.5%	38.2%	37.9%	36.1%	35.7%	35.0%	**35.6%**	**36.6%**
SG&A % revenue	23.4%	25.2%	23.9%	22.3%	23.5%	24.3%	24.1%	24.6%	25.0%	24.8%	**24.8%**	**24.6%**
R&D % revenue	–	–	–	–	–	–	–	–	–	–	–	–
EBIT margin	15.5%	9.8%	13.5%	13.7%	11.6%	12.3%	12.4%	10.5%	10.5%	10.0%	**10.3%**	**11.1%**
EBITDA margin (EBIT + D&A)	18.9%	13.7%	17.5%	19.6%	17.5%	18.5%	18.5%	17.2%	17.0%	17.4%	**17.2%**	**17.7%**
Net margin	11.1%	7.4%	9.9%	8.2%	6.7%	7.4%	8.4%	7.6%	6.9%	4.2%	**6.2%**	**6.9%**
Stock-based compensation % revenue	1.1%	3.1%	2.0%	2.3%	2.8%	2.9%	3.4%	3.5%	3.4%	3.1%	**3.3%**	**3.2%**
Effective tax rate	28.6%	21.0%	23.5%	21.8%	29.2%	22.8%	22.5%	20.0%	19.7%	25.3%	**21.7%**	**22.1%**

Source: author's analysis based on Tikr data.

Gross margin fell from 40.9% in 2016 to 35.0% in 2025, while overhead stayed at around 24-25% of sales. The result is an EBIT margin that fell from 15.5% to 10.0%. Stock-based compensation represents more than 3% of sales, a real cost for shareholders even if it involves no cash outflow.

- **Cash flow and reinvestment**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Cash flow & reinvestment												
Cash from operations % revenue	9.7%	10.4%	12.9%	12.1%	12.3%	13.8%	11.1%	15.2%	10.3%	12.3%	**12.6%**	**12.5%**
FCF margin (TIKR FCF / revenue)	4.3%	5.7%	9.2%	9.0%	8.7%	10.5%	8.4%	13.0%	9.1%	11.5%	**11.2%**	**10.5%**
FCF conversion (FCF / net income)	38.5%	76.6%	92.9%	109.9%	130.2%	141.6%	100.7%	171.7%	133.1%	273.8%	**192.9%**	**164.2%**
Capex % revenue	5.5%	4.7%	3.7%	3.1%	3.6%	3.3%	2.6%	2.2%	1.1%	0.8%	**1.4%**	**2.0%**
D&A % revenue	3.4%	3.9%	3.9%	5.9%	6.0%	6.2%	6.1%	6.7%	6.5%	7.4%	**6.8%**	**6.6%**
Capex / D&A	1.6x	1.2x	0.9x	0.5x	0.6x	0.5x	0.4x	0.3x	0.2x	0.1x	**0.2x**	**0.3x**
D&A % beginning net PP&E		45.2%	46.8%	75.5%	33.2%	42.0%	38.8%	45.3%	55.3%	65.1%	**55.2%**	**49.3%**
Acquisitions % revenue	7.0%	7.4%	2.9%	16.1%	9.2%	12.6%	8.4%	12.8%	12.5%	2.2%	**9.2%**	**9.7%**

Source: author's analysis based on Tikr data.

Free cash flow stays at around 9-13% of sales thanks to very low capital intensity (capex fell to 0.8% of sales). The problem is that much of that cash was used to buy companies: acquisitions represented between 8% and 16% of sales almost every year, until 2025, when they fell to 2.2%.

- **Working capital**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Working capital												
Receivables days (DSO)	76.8	81.5	85.1	101.4	101.7	96.8	100.2	97.0	98.5	96.7	**97.4**	**97.8**
Inventory days (DIO)	–	–	–	–	–	–	–	–	–	–	**–**	**–**
Payables days (DPO)	3.7	10.1	7.1	9.6	12.1	10.1	11.8	13.2	13.1	7.7	**11.3**	**11.2**
Cash conversion cycle (DSO + DIO − DPO)	73.1	71.4	78.0	91.9	89.6	86.7	88.4	83.7	85.3	89.0	**86.0**	**86.6**
Deferred revenue % revenue	–	–	0.1%	–	–	0.6%	0.2%	0.4%	0.2%	0.8%	**0.5%**	**0.4%**
Operating NWC % revenue	7.4%	7.4%	7.3%	10.5%	7.1%	2.2%	7.7%	7.0%	8.7%	9.4%	**8.4%**	**7.0%**

Source: author's analysis based on Tikr data.

It is the typical profile of a services company: it has no inventory, but it collects from clients in about 97 days and pays suppliers in under 10. That leaves a cash conversion cycle of almost 90 days, which means every dollar of growth requires working capital. Days receivable rose from 77 in 2016 to almost 100 since 2019.

- **Returns on capital**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Returns on capital												
NOPAT = EBIT × (1 − normalized tax rate)	40	32	57	73	75	128	177	176	203	196	**192**	**176**
Invested capital = debt + equity − cash & ST inv.	149	208	252	470	696	995	1,354	1,749	2,287	2,436	**2,157**	**1,764**
ROIC = NOPAT / average invested capital		18.2%	24.6%	20.1%	12.9%	15.1%	15.1%	11.4%	10.1%	8.3%	**9.9%**	**12.0%**
ROIC incl. cash = NOPAT / average (debt + equity)		13.6%	18.6%	16.3%	9.8%	10.5%	11.2%	9.3%	9.0%	7.6%	**8.7%**	**9.5%**
Pre-tax ROIC = EBIT / average invested capital (reference)		22.7%	30.7%	25.1%	16.2%	18.9%	18.8%	14.2%	12.6%	10.4%	**12.4%**	**15.0%**
ROE = net income / average equity		12.9%	17.2%	13.9%	8.2%	8.8%	10.4%	9.5%	8.7%	4.9%	**7.7%**	**8.5%**
ROA = net income / average total assets		9.5%	13.0%	9.6%	5.5%	6.1%	7.3%	6.5%	5.7%	3.2%	**5.1%**	**5.7%**

Source: author's analysis based on Tikr data.

ROIC went from 24.6% in 2018 to 8.3% in 2025. Invested capital multiplied by ten (from US$ 250 to 2,400 million), mainly because of acquisitions, while after-tax operating profit only quadrupled. **Today Globant earns less on its capital than its capital costs.**

- **Leverage and liquidity**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Leverage & liquidity												
Net debt (debt − cash & ST inv.)	(60)	(55)	(86)	31	(184)	(313)	(202)	(47)	254	274	**160**	**(7)**
Net debt / EBITDA	(1.0x)	(1.0x)	(0.9x)	0.2x	(1.3x)	(1.3x)	(0.6x)	(0.1x)	0.6x	0.6x	**0.4x**	**(0.2x)**
Interest coverage (EBIT / interest expense)	61.1x	46.1x	103.9x	17.7x	10.6x	15.3x	15.7x	11.0x	8.9x	6.5x	**8.8x**	**11.5x**
Debt / (debt + equity), book	0.1%	2.2%	–	20.5%	11.5%	10.1%	8.2%	13.4%	16.8%	19.5%	**16.6%**	**13.6%**
Current ratio	2.44	2.11	2.29	1.89	2.60	2.12	2.00	1.39	1.65	1.64	**1.56**	**1.76**

Source: author's analysis based on Tikr data.

Globant went from net cash to net debt of US$ 274 million in 2025, equivalent to 0.6 times EBITDA. It is a low level, but interest coverage fell from more than 15 to 6.5 times. Short-term liquidity is good (current ratio of 1.64).

- **Shareholder returns and valuation**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Shareholder returns & market valuation (TIKR, at fiscal year end)												
Dividends + buybacks % FCF	–	–	–	–	–	5.3%	6.2%	4.2%	4.8%	19.9%	**9.7%**	**8.1%**
EV / EBITDA	18.0x	28.2x	21.3x	34.2x	66.9x	58.2x	23.2x	31.4x	25.2x	8.3x	**21.6x**	**29.3x**
EV / revenue	3.4x	3.9x	3.7x	6.0x	10.3x	9.7x	3.8x	4.8x	3.9x	1.3x	**3.3x**	**4.7x**
P/E	32.1x	53.4x	39.2x	71.9x	158.8x	135.3x	47.1x	63.3x	55.7x	28.0x	**49.0x**	**65.9x**
FCF yield (FCF / market cap)	1.2%	1.4%	2.4%	1.5%	0.8%	1.0%	2.1%	2.7%	2.4%	9.8%	**5.0%**	**3.6%**

Source: author's analysis based on Tikr data.

Until 2024 Globant returned practically no capital to shareholders. In 2025 it used 20% of free cash flow for buybacks. The most striking point is valuation: the stock ended 2025 at 8.3 times EBITDA with an FCF yield of 9.8%, when its five-year average was 29 times EBITDA. The market went from valuing it as a high-growth company to valuing it as a declining business.

SECTION 04

Management and capital allocation

Martín Migoya, co-founder, has been Globant's CEO since 2003 and also chairs the board (there is no separation between the chair and the chief executive, something many consider a weakness in oversight). More than two decades at the head of the same company is an unusual case of founder continuity at an NYSE-listed company. That continuity can be read as a cultural strength (nobody knows the business better than the person who founded it) or as a governance risk (lack of renewal and of a critical outside view on strategic decisions).

And it is not just Migoya: **all four co-founders are still active in leadership roles** more than 20 years after founding the company. Guibert Englebienne has been on the board since 2003 and since 2021 has chaired Globant X, Globant Ventures and the Latin American operation. Martín Umaran is Chief Corporate Development Officer and President for EMEA. Néstor Nocetti is Chief Corporate Affairs Officer, in charge of relations with governments and chambers of commerce. It is a leadership with zero generational renewal in two decades, which deepens the same dilemma: continuity and deep knowledge of the business, in exchange for little fresh outside perspective on key decisions.

The governance problem became concrete in April 2026, when the Ohio Carpenters' Pension Fund filed a **shareholder class action** in the Southern District of New York against Globant, Migoya, CFO Juan Ignacio Urthiague (in the role since 2018) and former COO Patricia Pomies. The suit covers investors who bought shares between February 15, 2024 and August 14, 2025, and alleges that the company made false or misleading statements about the success of its US$ 1,000 million "strategic pivot" towards Latin America, while hiding falling demand, client losses, project cancellations and salary freezes in Mexico and Argentina that created internal discontent. According to the suit, Urthiague said on earnings calls that the company was "very confident" in its ability to grow in the region, while Migoya described the local macro environment as "pretty healthy", both statements flagged as misleading in light of what was later revealed. The truth came out through three corrective disclosures during 2025, coinciding with the stock's collapse from more than US$ 210 to levels of US$ 66 (and, later, to lows close to US$ 32). The litigation is still open and is a real idiosyncratic risk, regardless of how the industry evolves in general.

A detail that stands out within the suit itself is the **timing of Patricia Pomies' departure**: the former COO (in the role since 2021) resigned by "mutual agreement" on July 28, 2025, effective July 31, and Globant decided not to name a replacement, redistributing her duties among the rest of the leadership. That resignation came shortly before the company disclosed a 2% headcount reduction and a US$ 47.6 million restructuring charge, a timing coincidence the suit uses as part of its argument.

As for **skin in the game**: Migoya holds around 680,323 shares, just ~1.55% of the company. Insiders as a whole hold only 4.87% of the capital, against 90.61% held by institutions. For a founder with more than 20 years at the helm, it is a low stake in my opinion, probably the result of years of dilution through stock-based compensation rather than large one-off sales, but it is a relevant data point when assessing how aligned management is with minority shareholders.

In terms of capital allocation, Globant funded its growth mainly through more than 30 acquisitions over two decades. With organic growth stalled, the company started to shift towards returning capital: in May 2026 it approved a new **US$ 125 million share buyback program** (up to US$ 50 million per quarter), after completing the previous program with US$ 25 million repurchased in the second quarter. It is a relevant change of stance (from "growing by buying" to "returning capital at a price management itself considers cheap") but it can also be read as a sign that M&A opportunities at attractive returns are no longer as plentiful as before.

SECTION 05

Competitive position

INDUSTRY

Globant does not compete in a single market: it operates at the intersection of consulting, software engineering, experience, cloud, data and AI.

The “technology services” label covers a wide range of services. At one end are strategy consulting firms that help define a transformation. At the other, operators that maintain infrastructure and applications under multi-year contracts. In between there are systems integrators, digital engineering firms, creative agencies, data specialists, cybersecurity providers, BPO and engineering research and development companies.

Globant was born and positioned itself closer to digital product engineering and user experience than to traditional infrastructure outsourcing. Its offering combines creativity, technology and vertical knowledge, usually to build or reinvent products, channels, platforms and experiences. Over time it broadened its scope to cloud, data, AI, consulting and managed services. That move increases the addressable market, but it also puts it up against much larger competitors and makes it harder to tell which part of its revenue is truly differentiated.

Submercado	Qué compra el cliente	Economía típica	Ejemplos de proveedores
Consultoría y estrategia	Diagnóstico, diseño del modelo operativo, roadmap y cambio.	Alta tarifa; menor escala; depende de seniority y confianza.	Accenture, Deloitte, IBM Consulting, boutiques.
Digital engineering	Productos digitales, plataformas, apps, modernización y experiencia.	Proyectos; más exposición discrecional; diferenciación técnica y creativa.	EPAM, Globant, Endava, CI&T, Thoughtworks.
ADM / managed services	Operación, mantenimiento y evolución continua de aplicaciones.	Contratos largos; volumen; fuerte presión de precio y productividad.	TCS, Infosys, Cognizant, HCLTech, Wipro.
Cloud, data e IA	Migración, arquitectura, integración, datos, modelos, agentes y gobierno.	Crecimiento alto; ecosistemas; riesgo de que la plataforma capture valor.	Accenture, hyperscalers, integradores y especialistas.
ER&D	Ingeniería de productos físicos y software embebido.	Conocimiento vertical; ciclos industriales; mayor barrera técnica.	HCLTech, EPAM, LTTS, Tata Elxsi.
BPO y operaciones	Procesos de back office, atención, finanzas, supply chain.	Escala y automatización; ahorro compartido; contratos por SLA o resultado.	Genpact, Accenture, Cognizant, TCS.

Two companies can both call themselves “AI transformation partners” and have very different exposures. A provider with a high share of recurring maintenance can be more defensive, but suffer greater price deflation. A digital engineering firm can grow more when the cycle helps, but also see quick cancellations when clients cut discretionary spending. A large consulting firm can capture big end-to-end programs, although it needs to sustain an expensive and complex organization.

MAIN COMPETITORS

The peer group is made up of EPAM, Infosys, Endava and CI&T. They are not identical businesses in scale, geography or mix, but they allow us to see how Globant's digital proposition translates into growth, profitability, liquidity, leverage and return on capital. A methodological note: some companies in the group close their fiscal year on dates different from Globant's, which introduces minor timing differences in the data compared. The values were not normalized because the goal is to capture trends and relative magnitudes, not to build a table of adjusted figures that would give false precision to a comparison that, by its nature, will always be approximate.

EPAM Systems: the most direct competitor in scale and business model, with a strong presence in Eastern Europe as well as Latin America. In 2025 EPAM showed revenue growth well above Globant's (driven in part by acquisitions, such as the purchase of NEORIS), although starting from a different geographic and talent base.

Infosys: one of the Indian IT services giants, much larger and more diversified than Globant. It does not grow faster than the rest of the group, but it is by far the most profitable: operating margin and ROIC well above any other player on this list, proof of what can be achieved in this industry with scale and capital discipline.

Endava: a smaller competitor, with similar exposure to Latin America and Eastern Europe as talent sources. Within this group, it is the weakest case in profitability: margins and ROIC well below the rest.

CI&T: a Brazilian competitor of similar or somewhat smaller scale than Globant, with a strong focus on Latin America. In size and geography it is the comparable most similar to Globant in the whole group, and even so it shows better profitability on almost every metric.

Let's look at some metrics to see how each of these companies performed:

Revenue growth

REVENUES										
% Change YoY	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
GLOBANT SA	-	28%	26%	26%	24%	59%	37%	18%	15%	2%
EPAM SYSTEMS, INC.	-	25%	27%	25%	16%	41%	28%	-3%	1%	15%
INFOSYS LIMITED	-	7%	8%	8%	6%	20%	12%	2%	4%	5%
ENDAVA PLC	-	38%	37%	32%	22%	27%	47%	21%	-7%	4%
CI&T INC.	-	-	-	-	-	64%	5%	-2%	12%	5%

Globant was one of the fastest-growing companies, but in 2025 it was clearly the worst performer in the group, at 1.6%. EPAM grew 15.4%, although part of that expansion was linked to acquisitions and it also came from a much lower comparable base in previous years. Infosys, Endava and CI&T posted mid-single digits. What the table shows is a strong slowdown across the industry in general.

Margins

MARGINS										
% Gross Margins	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
GLOBANT SA	41%	36%	39%	39%	37%	38%	38%	36%	36%	35%
EPAM SYSTEMS, INC.	36%	36%	36%	35%	35%	34%	33%	31%	31%	29%
INFOSYS LIMITED	37%	35%	34%	32%	34%	33%	30%	29%	30%	30%
ENDAVA PLC	35%	32%	33%	34%	29%	35%	33%	33%	25%	26%
CI&T INC.	35%	35%	35%	35%	35%	35%	34%	34%	32%	31%
% Operating Margin	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
GLOBANT SA	16%	10%	14%	14%	12%	12%	12%	10%	11%	10%
EPAM SYSTEMS, INC.	12%	12%	13%	13%	14%	15%	15%	12%	13%	11%
INFOSYS LIMITED	25%	24%	23%	21%	25%	23%	21%	21%	21%	20%
ENDAVA PLC	17%	15%	12%	11%	6%	15%	15%	14%	5%	5%
CI&T INC.	19%	20%	19%	18%	18%	19%	13%	12%	13%	13%
% Net Income Margin	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
GLOBANT SA	11%	7%	10%	8%	7%	7%	8%	8%	7%	4%
EPAM SYSTEMS, INC.	9%	5%	13%	11%	12%	13%	9%	9%	10%	7%
INFOSYS LIMITED	21%	23%	19%	18%	19%	18%	16%	17%	16%	16%
ENDAVA PLC	14%	11%	9%	8%	6%	10%	13%	12%	2%	3%
CI&T INC.	9%	9%	8%	8%	9%	9%	6%	6%	8%	8%

The **35.0% gross margin** is the best in the group. This suggests that Globant sells a relatively premium mix and that its proposition keeps its value at the first layer of the income statement. However, the advantage disappears further down. Its **10.0% operating margin** is just below EPAM's and far from Infosys' 20.3%. The **4.2% net margin** only beats Endava.

The gap between gross margin and operating margin is an important signal. Globant carries a heavy burden of SG&A, amortization and corporate structure. A truly differentiated company should turn its higher gross margin into superior operating profitability or, at least, into higher growth. In 2025 it achieved neither.

Liquidity and leverage

LIQUIDITY Current [Current Assets / Current Liabilities]	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
GLOBANT SA	2,43x	2,11x	2,29x	1,89x	2,60x	2,12x	2,00x	1,39x	1,65x	1,64x
EPAM SYSTEMS, INC.	5,56x	5,30x	4,56x	3,81x	4,11x	2,97x	3,69x	4,79x	2,96x	2,59x
INFOSYS LIMITED	3,83x	3,55x	2,84x	2,62x	2,55x	2,00x	1,81x	2,31x	2,27x	1,98x
ENDAVA PLC	1,08x	1,20x	0,96x	2,53x	2,45x	1,85x	2,56x	2,88x	1,74x	2,32x
CI&T INC.	-	-	-	-	2,64x	1,47x	2,00x	1,53x	1,33x	1,33x

Debt to EBITDA [Total debt / EBITDA]	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
GLOBANT SA	0,00x	0,00x	0,00x	0,87x	0,80x	0,61x	0,42x	0,77x	1,00x	1,11x
EPAM SYSTEMS, INC.	0,16x	0,12x	0,09x	0,65x	0,52x	0,35x	0,23x	0,25x	0,22x	0,19x
INFOSYS LIMITED	0,00x	0,00x	0,00x	0,20x	0,19x	0,17x	0,23x	0,23x	0,21x	0,21x
ENDAVA PLC	0,02x	0,01x	0,00x	0,00x	1,40x	0,71x	0,45x	0,47x	2,79x	2,81x
CI&T INC.	-	-	-	-	2,97x	2,79x	2,11x	2,05x	1,55x	1,71x

The current ratio of 1.64x is sufficient, although lower than EPAM's, Infosys' and Endava's. There is no liquidity alarm. Debt to EBITDA of 1.11x is also reasonable, but contrasts with the practically debt-free balance sheets of EPAM and Infosys. Globant is in an intermediate position: more leveraged than the higher-quality competitors financially, but much less than Endava and CI&T.

Return on capital

ROA [Net Income / Average Total Assets]	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
GLOBANT SA	12,6%	8,6%	11,8%	7,9%	4,2%	5,1%	6,8%	5,8%	5,3%	3,1%
EPAM SYSTEMS, INC.	10,7%	5,8%	14,9%	11,6%	12,0%	13,7%	10,5%	9,6%	9,6%	7,7%
INFOSYS LIMITED	16,6%	20,3%	17,9%	19,0%	17,6%	19,0%	19,5%	19,2%	18,1%	20,1%
ENDAVA PLC	22,9%	15,8%	12,6%	10,8%	5,6%	9,3%	13,4%	12,2%	1,7%	2,3%
CI&T INC.	-	-	-	-	19%	8%	8%	10%	15%	14%

ROE [Net Income / Average Total Equity]	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
GLOBANT SA	17,2%	11,6%	15,3%	12,3%	6,2%	7,3%	9,6%	8,8%	8,2%	4,8%
EPAM SYSTEMS, INC.	12,7%	7,5%	19,0%	16,4%	16,5%	19,3%	14,0%	12,0%	12,5%	10,3%
INFOSYS LIMITED	20,1%	25,0%	23,4%	26,8%	24,9%	29,6%	32,3%	29,9%	28,1%	33,7%
ENDAVA PLC	56,1%	34,5%	27,3%	14,4%	8,6%	14,7%	19,2%	16,5%	2,7%	3,6%
CI&T INC.	-	-	-	-	24%	9%	10%	12%	15%	11%

ROIC [EBIT / Average short and long-term debt and equity]	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
GLOBANT SA	24,0%	15,4%	20,9%	16,4%	9,5%	11,0%	13,0%	10,6%	10,4%	9,3%
EPAM SYSTEMS, INC.	16,7%	17,3%	19,1%	16,3%	16,9%	20,0%	22,1%	15,4%	15,9%	15,2%
INFOSYS LIMITED	23,7%	26,7%	28,7%	29,2%	30,6%	35,0%	37,4%	33,0%	33,5%	37,8%
ENDAVA PLC	65,9%	48,3%	38,3%	19,8%	7,0%	18,6%	19,6%	17,9%	4,1%	4,7%
CI&T INC.	-	-	-	-	-	14%	18%	15%	12%	13%

In the comparison table ROIC is calculated as pre-tax EBIT over average debt and equity, the same for every company. That is why Globant shows 9.3%, while the 8.3% in the ratios section uses after-tax operating profit. ROIC of 9.3% is one of the most relevant metrics for assessing quality. EPAM reaches 15.2%, CI&T 13.0% and Infosys 37.8%. Only Endava is below. The gap with Infosys is especially wide and shows that scale, cost discipline and a more efficient capital base can generate far higher returns even with a lower gross margin.

PORTER'S 5 FORCES

Threat of new entrants = High. Barriers to entry for setting up a software development boutique are low, and generative AI is lowering them even further by reducing the cost of producing code.

Supplier bargaining power = Medium. The critical "supplier" is human talent: engineers have some individual bargaining power (turnover, salaries), although Globant's geographic diversification partly mitigates this risk.

Customer bargaining power = High. Enterprise clients have scale, alternative providers and low switching costs. Contracts are easily renegotiated or cancelled, as the shareholder suit itself showed.

Threat of substitutes = Very high and rising. Generative AI tools for writing and testing code, in-housing by large clients, and lower-cost providers in other geographies compete directly for the same budget.

Competitive rivalry = High. The industry is fragmented, with dozens of players competing for the same enterprise contracts in a context of weak demand, which favors price competition.

SWOT ANALYSIS

Strengths

- A talent pool and infrastructure built over more than 20 years in Latin America
- Gross margin higher than its direct comparables (EPAM, Endava)
- Long-term relationships with top global brands
- Early partnerships with Anthropic and Vercel in generative AI

Opportunities

- Scaling AI Pods as a higher-margin line (45%-60% vs. ~35-38% for the traditional business)
- Expanding the vertical AI Industry Studios
- Share buybacks at historically low multiples
- Positioning itself as an agentic AI integrator for enterprise clients

Weaknesses

- A people-intensive model with little pricing power against large clients
- Falling ROIC and margins
- An active shareholder lawsuit over allegedly misleading statements by management
- Little leadership renewal (the same founders since 2003)

Threats

- Disruption of the traditional staffing model by generative AI
- A global slowdown in discretionary technology spending
- Further multiple compression if the market stops believing in a reacceleration
- Reputational and legal risk from the ongoing class action

SECTION 06

The bulls vs. the bears

Few technology services companies generate as much debate today as Globant. And the debate is, at its core, about artificial intelligence.

What do the bulls say?

The first argument is **valuation**. At 8 times EBITDA and with an FCF yield close to 10%, the price assumes a permanent decline. If the business simply stabilizes, the stock has plenty of room to rise.

The second is Glob.AI. ARR grew 61% in a single quarter and the company expects to double it in the second half of the year. If this line, with gross margins of 45-60%, comes to represent a meaningful share of sales, overall profitability can improve a lot.

The third is that AI does not eliminate the need for integrators: someone has to connect the models with companies' systems, redesign processes and train teams. Globant has twenty-year relationships with large clients and partnerships with Anthropic and Vercel.

What do the bears say?

The first argument is structural: if AI drastically reduces the cost of writing and testing code, the business of selling engineers' hours loses its reason to exist. The lack of growth in 2025 and 2026 would be the first sign of that, not a cyclical dip.

The second is return on capital: an 8% ROIC after more than 30 acquisitions shows that the growth of the last decade was much less profitable than it seemed.

The third is governance: an open class action, a founder who is both chairman and CEO, and a leadership team that has not been renewed in more than twenty years.

And fourth, dilution: stock-based compensation is still high and buybacks are only just starting to offset it.

SECTION 07

Valuation

To value Globant I built a ten-year **discounted cash flow (DCF) model** with two methods to calculate the terminal value: **perpetuity growth** and **exit multiple on EBITDA**.

Model inputs and assumptions

Both methods share the following **assumptions or drivers**:

2. Operating drivers by scenario (explicit forecast)

Driver	Δ vs Base	FY2023A	FY2024A	FY2025A	3Y avg	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	FY2031E	FY2032E	FY2033E	FY2034E	FY2035E
Forecast year #						*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*
Revenue growth ▸ selected scenario		17.8%	15.3%	1.6%	**11.3%**	**(0.4%)**	**2.0%**	**3.1%**	**4.5%**	**4.5%**	**4.5%**	**4.0%**	**3.5%**	**3.5%**	**3.0%**
Best case	2.0%					1.6%	4.0%	5.1%	6.5%	6.5%	6.5%	6.0%	5.5%	5.5%	5.0%
Base case						(0.4%)	2.0%	3.1%	4.5%	4.5%	4.5%	4.0%	3.5%	3.5%	3.0%
Worst case	(2.0%)					(2.4%)	–	1.1%	2.5%	2.5%	2.5%	2.0%	1.5%	1.5%	1.0%
Gross margin ▸ selected scenario		36.1%	35.7%	35.0%	**35.6%**	**34.5%**	**35.0%**	**35.0%**	**35.2%**	**35.5%**	**35.5%**	**35.5%**	**35.5%**	**35.5%**	**35.5%**
Best case	1.0%					35.5%	36.0%	36.0%	36.2%	36.5%	36.5%	36.5%	36.5%	36.5%	36.5%
Base case						34.5%	35.0%	35.0%	35.2%	35.5%	35.5%	35.5%	35.5%	35.5%	35.5%
Worst case	(1.0%)					33.5%	34.0%	34.0%	34.2%	34.5%	34.5%	34.5%	34.5%	34.5%	34.5%
EBIT margin ▸ selected scenario		10.5%	10.5%	10.0%	**10.3%**	**9.0%**	**9.5%**	**10.0%**	**10.0%**	**10.5%**	**10.5%**	**10.5%**	**10.5%**	**10.5%**	**10.5%**
Best case	2.0%					11.0%	11.5%	12.0%	12.0%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
Base case						9.0%	9.5%	10.0%	10.0%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
Worst case	(2.0%)					7.0%	7.5%	8.0%	8.0%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Capex % of revenue ▸ selected scenario		2.2%	1.1%	0.8%	**1.4%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**
Best case	(0.5%)					2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Base case						2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Worst case	0.5%					3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Source: author's analysis.

Year 1 of the model is 2026.

Base case

The base case assumes that **2026 will be another year without growth** (-0.4%, at the midpoint of company guidance), followed by a gradual recovery towards mid-single-digit rates: 2% in 2027, 3.1% in 2028 and 4.5% between 2029 and 2031, then easing to 3% at the end of the period.

The central hypothesis is that demand for technology services improves gradually, but without Globant recovering the double-digit rates that characterized much of its history. AI brings new commercial opportunities and productivity gains, although it also puts pressure on the traditional model based on billable hours.

Gross margin recovers from 34.5% to 35.5%, while EBIT margin improves gradually from 9% to 10.5%. This expansion comes from more efficient use of talent, some cost normalization and greater operating discipline, but without assuming a return to historical profitability levels.

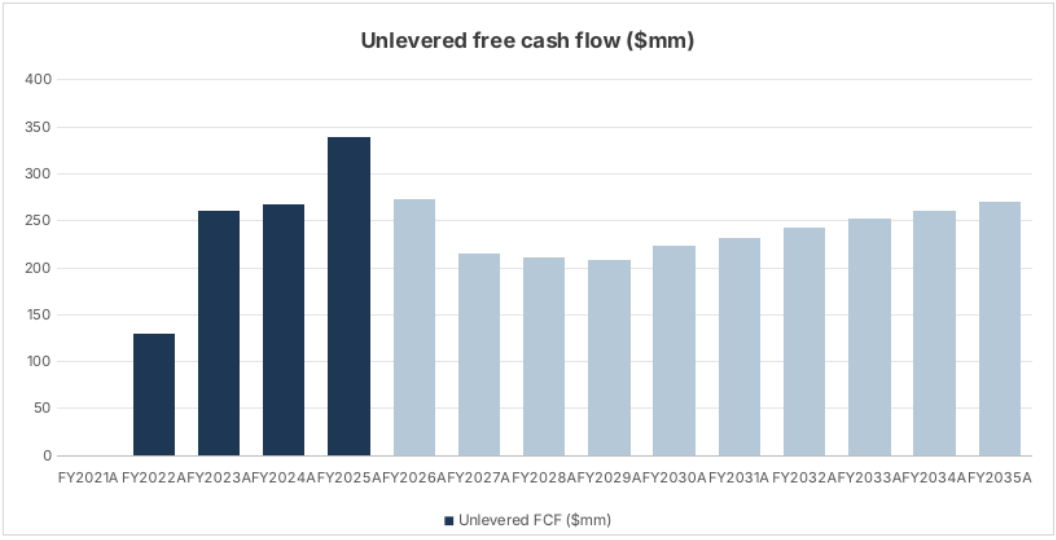
For capex I use 2.5% of sales, above 2025's 0.8%, because in the last quarter investment returned to levels close to 3% of sales.

Optimistic scenario

The optimistic scenario assumes Globant manages to position itself as one of the winners of the AI-driven transformation. It adds two points of growth per year and two points of EBIT margin: the company manages to turn its AI capabilities into relevant contracts, deepen its relationships with large clients and offset the automation of traditional tasks with new higher value-added services.

Pessimistic scenario

The pessimistic scenario considers that the current weakness is not only cyclical but reflects more structural changes in the industry. It takes away two points of growth per year (with falling sales in 2026 and 2027) and two points of EBIT margin. Automation reduces part of the demand for traditional development, increases price pressure and makes it harder for Globant to offset the fall in billable hours with new AI projects.



Source: author's analysis.

Discount rate (WACC)

5. Discount rate (WACC)

		Value
Risk-free rate		4.9%
Equity beta (levered)	x	1.10
Equity risk premium		4.2%
Country risk premium		–
Cost of equity		9.5%
Pre-tax cost of debt		6.5%
Tax rate (debt tax shield)		20.0%
After-tax cost of debt		5.2%
Market value of equity	$ mm	2,012
Total debt	$ mm	524
Debt / (Debt + Equity)		20.7%
Equity / (Debt + Equity)		79.3%
WACC		8.6%

Source: author's analysis.

The cost of equity is 9.5%, the result of combining a risk-free rate of 4.9% (10-year US Treasury) with an equity risk premium of 4.2% and a beta of 1.1. The historical five-year beta is only 0.77, but given Globant's current risk profile (an open shareholder lawsuit, structural uncertainty about the impact

of AI and a fall of more than 80% from its highs) I think it underestimates the real risk, so I preferred to use a higher value. The pre-tax cost of debt is 6.5%. With a capital structure of 79% equity and 21% debt, **the WACC is 8.6%**.

To go from Enterprise Value to Equity Value I subtracted net debt and other claims of US$ 313 million. The diluted share count is 43.2 million.

What is Globant worth? The two methods and what they say

Method 1: Perpetuity growth

With perpetual growth of 2.5% and a return on new invested capital of 10%, the base case gives an Enterprise Value of US$ 3,159 million, an Equity Value of US$ 2,846 million and a value per share of **US$ 65.91**, with a range between US$ 41.87 (worst) and US$ 99.39 (best).



Source: author's analysis.

The sensitivity shows that the value depends much more on the WACC than on perpetual growth, because Globant earns on its capital only slightly more than it costs: growth adds almost no value.

Method 2: Exit multiple on EBITDA

For this method I assigned the following multiples: Best Case 10x; **Base Case 8x**; Worst Case 6x. The 8x is practically in line with the current multiple (8.3x) and implies perpetual growth of just 0.8%, that is, it assumes the market will keep valuing Globant as a mature, low-growth business.

With that multiple, the Enterprise Value is US$ 3,111 million, the Equity Value US$ 2,798 million and the value per share **US$ 64.79 in the base case**, with a range between **US$ 38.88 (worst)** and **US$ 101.43 (best)**.

Globant S.A.

GLOB · Discounted Cash Flow · Exit Multiple Method

Valuation date 6 Nov 2026 · USD mm · Scenario: Base Case

AZ STOCKS Acciones de la A a la Z

INTRINSIC VALUE PER SHARE

$64.79

Current share price	$46.59
Upside / (downside)	+39.1%

VALUATION SUMMARY

Enterprise value	3,111
Equity value	2,798
PV of forecast cash flows	1,486
PV of terminal value	1,625
Terminal value % of EV	52.2%
Implied perpetual growth	0.8%

KEY ASSUMPTIONS

WACC (year 1)	8.6%
Terminal WACC	8.6%
Exit EV / EBITDA	8.0x
EBITDA, final forecast year	433
Net debt & other claims	313
Diluted shares (mm)	43.2

SCENARIOS

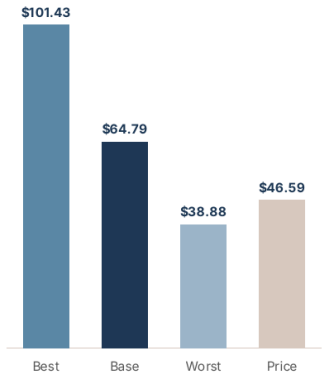
Scenario	Exit multiple	Enterprise value	Equity value	Value per share	Upside
Best case	10.0x	4,693	4,380	**$101.43**	+117.7%
Base case	8.0x	3,111	2,798	**$64.79**	+39.1%
Worst case	6.0x	1,992	1,679	**$38.88**	(16.5%)
Current share price				*$46.59*	

SENSITIVITY · VALUE PER SHARE

Exit EV / EBITDA multiple

WACC / multiple	6.0x	7.0x	8.0x	9.0x	10.0x
7.6%	$59.25	$64.37	$69.48	$74.60	$79.72
8.1%	$57.27	$62.18	$67.09	$71.99	$76.90
8.6%	$55.38	$60.08	**$64.79**	$69.49	$74.19
9.1%	$53.56	$58.07	$62.58	$67.09	$71.60
9.6%	$51.82	$56.15	$60.47	$64.80	$69.12

VALUE PER SHARE VS. CURRENT PRICE



Source: author's analysis.

Reading the two methods together

Averaging both methods in the base case gives a **target price of US$ 65 per share**, against a current price of US$ 46.59. That is an upside of around 40%.

What is interesting is that both methods agree quite closely, and that even the worst case is close to the current price (between US$ 39 and 44). In other words, today's price already assumes a very pessimistic scenario.

But, as with any services business trading at depressed multiples, that upside depends on the business stabilizing. If AI ends up permanently eroding demand, the worst-case assumptions could fall short.

SECTION 08

Conclusion

On the numbers, Globant has an attractive upside. Between the perpetuity method and the exit multiple, the base case suggests the stock could be worth considerably more than it trades for today, even after the recovery of recent months. If you only look at the spreadsheet, the story looks interesting.

But I do not like the industry Globant competes in, and honestly I do not see such a clear future for it over the long term. It is a sector crossed by enormous uncertainty: on the one hand, companies like Globant may end up playing a relevant role in this new era of artificial intelligence, integrating models, redesigning processes and capturing part of the value AI will create in companies. On the other, it is just as possible that AI ends up eroding the reason this type of business exists: selling engineers' hours at a premium price, when fewer and fewer people are needed to produce the same amount of software. Neither story can be ruled out, and that ambiguity, sustained over time, does not make me want to be invested for the long term.

The growth of Glob.AI is good news, but it still represents a very small part of the business. And the latest results show no signs of recovery in the traditional business: 2026 will be another year without growth.

A Warren Buffett quote comes to mind that sums up my position quite well: **"it's far better to buy a wonderful company at a fair price than a fair company at a wonderful price"**. Globant is a fair business (or, at best, a good one, but not wonderful) that today trades at a price that could be wonderful. It is not the same thing. And in a sector where the business model itself is under review, I prefer to overpay for quality than to pay little for uncertainty.

There is also an opportunity cost that is not always given enough weight: the capital allocated to this type of company (of debatable quality, in an industry being redefined) is capital that is not allocated to higher-quality businesses, with more durable moats and more predictable cash flows. That opportunity cost, sustained over years, can weigh much more than any one-off valuation upside.

Even so, if there are readers convinced that the IT services industry will come out stronger from this transition to AI, it is probably more worthwhile to look at one of Globant's competitors rather than Globant itself: both EPAM and Infosys currently show better margins, better ROIC and, in Infosys' case, far more scale and diversification to get through the transition with less risk than Globant carries with its shareholder lawsuit still open.

Alan



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