

Initiated 2026-10-21 · Price \$41.93 (intraday 2026-10-21 10:01am ET, stockanalysis.com) · Mkt cap \$1.81bn (43.23mm diluted shares) · Information technology / IT services · Model: verified

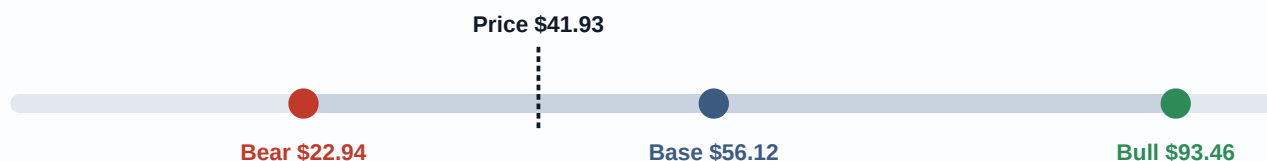
Rating: Buy — Conviction: High

Globant is priced as if AI permanently shrinks its business. It trades at ~7x model-basis EBITDA and ~7x the FY2026 adjusted EPS guide, and on FY2025 filings it generates an ~12% FCF yield. Leverage is modest: net debt is 0.8x EBITDA. Revenue is flat, headcount is down 9% and guidance was cut in August, but a Base case of flat 2026 and a slow return to mid-single-digit growth is still worth well above today's price. The price sits only a little more than halfway from Bear to Base.

Conviction tests (3a-v-c): T1 pass (Base +20.0% at +1pp, +51.5% at -1pp; Buy at both) · T2 pass (Gordon alone +44.6%, exit-multiple alone +23.0%; Buy on both) · T3 pass (every FY0 fact and historical series from EDGAR XBRL or the Q2 2026 6-K; no est. inputs) · T4 pass (the Q3 print on 2026-11-13 is a guidance event inside the cases; no pending deal, ruling or single-contract binary)

The rule gives High. The contested assumption is the Base recovery itself, and none of the four tests challenges it; the Bear case (-45%) is where that risk is expressed.

MODEL VALUE RANGE VS PRICE



Business overview

Globant sells digital product engineering, design, data and AI services to large enterprises. Most work is billed on time and materials, and it is now starting to price some work by output through "AI Pods". FY2025 revenue was \$2.45bn, up 1.6%, after acquisition-aided growth of 15–37% a year in FY2021–24 (EDGAR). In Q2 2026, North America was 52.8% of revenue, Latin America 20.8%, Europe 20.9% and New Markets 5.5%. USD revenue was 63%. The top client was 8.9% and the top ten 30.6% (Q2 6-K). Headcount was 27,411, down 8.9% on the year. Three variables drive earnings:

- revenue per professional, as AI tooling and output pricing change what a project bills;
- utilization of a smaller workforce after two years of restructuring (\$52.0mm in FY2025, \$32.3mm in Q2 2026);
- wage inflation in its largely Latin American delivery base against client bill rates.

Competition

Four competitors matter for the growth driver. Accenture grew FY2026 revenue 5% in local currency, Q4 +7%, and guides FY2027 to +3–6% (release, October 2026). EPAM's Q2 2026 organic constant-currency growth was +3.4% and it guides FY2026 to +2–3% (Q2 release). Globant's Q2 revenue of \$614.4mm was flat, and Q3 is guided to -1.6% to -0.3%, so it is losing relative growth to both. Endava is the distressed end of the group: a \$2.15 share price, 0.38x EV/sales and a -0.8% three-year consensus revenue forecast (stockanalysis.com,

2026-10-21). Pressure shows up first in deal size and price per deliverable: \$1mm+ accounts fell to 331 from 339 while the top 50 grew 6.9%. EPAM, the closest listed comparable, trades at 8.1x aggregator EV/EBITDA and 9.8x forward P/E, against Globant's 5.5x and 6.9x.

Bull case

- AI Pods restart growth.** Glob.AI ARR reached \$52.8mm in Q2, up 61% on the quarter, with "no less than \$110mm" guided for exit-2026. Subscription and output pricing add more than AI-assisted coding removes, and growth reaches 8–9% in FY2028–29. Plays out if FY2027 is guided to positive growth and ARR meets the exit target. *Model: rev_growth*
- Margin recovers once restructuring ends.** A smaller workforce on stable revenue, plus higher-margin Pods, take model-basis EBITDA margin from ~13% back to the FY2021–22 band and to 16.5% by FY2030. Plays out if adjusted operating margin returns to ~15% and restructuring charges stop. *Model: ebitda_margin*
- Re-rating toward EPAM and Cognizant.** Visible growth earns a 9x exit, near peer multiples of 7.9–8.1x and below Accenture's 10.6x. *Model: exit_ev_ebitda*

Bear case

- AI deflates the services model.** Output pricing cuts revenue per project faster than new AI work replaces it. Revenue falls 4% in FY2027 and 3% in FY2028, and has not recovered by FY2030. Plays out if FY2027 is guided to a decline, or \$1mm+ accounts keep falling. *Model: rev_growth*
- Concessions and bench cost compress margin.** Margin settles at 11.5%, below every year since FY2021. Plays out if adjusted operating margin falls below the 13.5% guide floor. *Model: ebitda_margin*
- Structural de-rating with leverage.** The market keeps pricing Globant like a shrinking labor business: a 5x exit and a +2pp discount-rate premium. The \$422mm of bank debt (2028 maturity) and \$208mm of acquisition liabilities and minority interests leave less margin for error than at net-cash EPAM. *Model: exit_ev_ebitda, wacc*

Valuation & balance sheet

Metric (definition)	Current	Own history (range or 5y avg)	Peers	Source, as-of
EV/EBITDA, model basis (EV \$2.27bn = mkt cap \$1.81bn – cash \$0.17bn + debt \$0.42bn + other claims \$0.21bn; EBITDA = IFRS operating profit + D&A excluding ROU depreciation; leases excluded)	7.0x FY2025; ~7.0x FY2026E (est., ~\$323mm)	n/a (unverified)	aggregator TTM: EPAM 8.1x · CTSH 7.9x · ACN 10.6x · DAVA 9.3x (GLOB 5.5x on that basis)	model-inputs.json ; stockanalysis.com 2026-10-21
P/E	7.0x the \$5.75–6.15 FY2026 adjusted EPS guide; 16.1x aggregator TTM IFRS	n/a (unverified)	forward: EPAM 9.8x · CTSH 11.3x · ACN 16.3x · DAVA 3.1x (GLOB 6.9x)	stockanalysis.com 2026-10-21; Q2 2026 6-K
FCF yield	11.7% (FY2025 operating cash flow \$301.2mm – PP&E and intangible capex \$89.5mm, on mkt cap); 18.0% aggregator TTM	n/a (unverified)	aggregator: EPAM 7.2% · CTSH 8.5% · ACN 8.2% · DAVA 25.4%	EDGAR XBRL; stockanalysis.com 2026-10-21

Model-implied value range (from model-summary.json ; generic module, Gordon-growth DCF and exit-EV/EBITDA DCF, midpoints): Bear \$22.94 · Base \$56.12 · Bull \$93.46 per share, i.e. implied returns of –45.3% / +33.8% / +122.9% vs \$41.93. *These ranges show how the bull and bear drivers translate into value; they are not price targets.*

- What's priced in.** The price sits ~57% of the way from Bear to Base, so the market prices meaningful odds of the shrinking-hours outcome and none of the bull.

- **Re-rating.** Base's 7.0x exit is a ~1% re-rating from today's 7.0x model-basis multiple. The methods differ by 18% (Gordon \$60.65, exit \$51.59). At 9.9% and 3% terminal growth, the Gordon method embeds roughly 8.7x terminal EBITDA (est.), a ~25% re-rating. The exit-multiple method, at +23.0%, is the one without a re-rating.
- **No tail run.** No client is near 50% of revenue, and Bear is a decline, not a plateau.

Balance sheet: net leverage 0.78x FY2025 EBITDA (net debt \$253mm; gross 1.29x). Coverage is 14.9x EBITDA/interest. Liquidity is \$168.8mm of cash and short-term investments. The nearest material maturity is the \$422mm credit agreement (term loans and revolver) on 2028-05-30, priced at SOFR + 1.25–1.875% on a leverage grid. Ratings: unrated bank debt. Acquisition liabilities (\$148.0mm) and minority interests (\$60.4mm) are treated as claims ahead of equity. Base turns net cash by FY2028.

Model note: tier `full` , status `built` , verification `verified` (3,207 formula cells matched in LibreOffice). No unverified inputs and no assumptions without a basis. Scenario consistency is `OK` on all 14 rows.

- **Sourcing.** Revenue, operating profit, depreciation, amortization, receivables, payables and capex come from EDGAR XBRL (ifrs-full) 20-F annual values for FY2021–25. Cash, debt, other claims and diluted shares come from the Q2 2026 6-K.
- **EBITDA basis.** IFRS, excluding right-of-use depreciation so EBITDA is after rent. SBC, restructuring and acquired-intangible amortization stay in as costs.
- **EPS vs guidance.** Base Y1 EPS \$3.18 is far below the \$5.95 adjusted guide midpoint, which excludes SBC, acquired amortization and restructuring. No IFRS EPS guide is given (1H26 IFRS diluted EPS \$0.89).
- **WACC.** 9.9% = CAPM-based WACC of 8.9% (rf 5.12% + beta 0.98 × 5% ERP = 10.0% cost of equity; 18.9% debt weight at 4.1% after tax) plus a stated +1.0pp premium for Latin American delivery concentration and the AI-pricing transition.
- **Placeholders and overlap.** The 5.2% coupon is an estimate (SOFR ~3.95% + 1.25%) that moves only EPS and net cash. Other claims may double-count if minority puts sit inside acquisition liabilities; kept whole as the conservative reading.

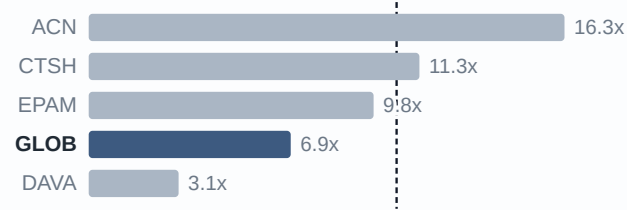
RELATIVE VALUE VS PEERS

Metric	GLOB	EPAM	CTSH	ACN	DAVA	Peer median	vs median
P/E (TTM)	16.1x	17.9x	14.8x	17.6x	n/a	17.6x	−8%
P/E (forward)	6.9x	9.8x	11.3x	16.3x	3.1x	10.5x	−34%
PEG	4.0x	1.1x	1.5x	2.4x	n/a	1.5x	+176%
EV/EBITDA (TTM)	5.5x	8.1x	7.9x	10.6x	9.3x	8.7x	−37%
EV/Sales (TTM)	0.9x	1.1x	1.5x	1.9x	0.4x	1.3x	−31%
P/B	0.8x	1.9x	2.1x	4.5x	0.5x	2.0x	−59%
FCF yield	18.0%	7.2%	8.5%	8.2%	25.4%	8.3%	+9.7pp

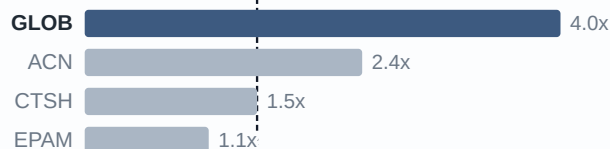
P/E (TTM)



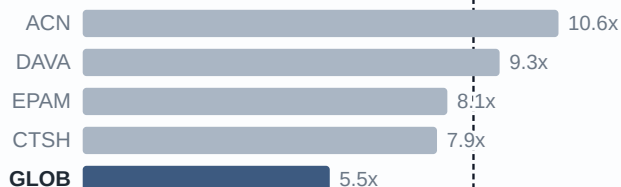
P/E (forward)



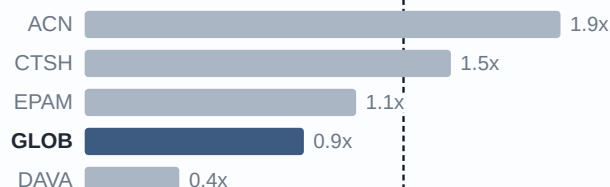
PEG



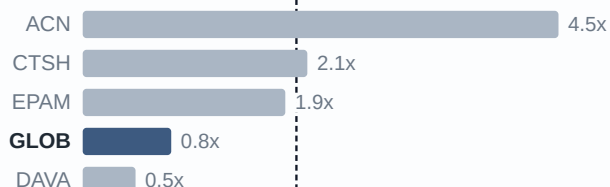
EV/EBITDA (TTM)



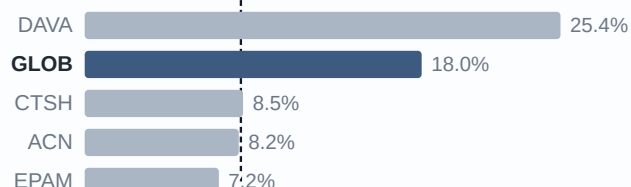
EV/Sales (TTM)



P/B



FCF yield



As of 2026-10-21. One source and one definition for every company: aggregator TTM and consensus-forward multiples, EV netting reported cash and including lease liabilities in debt. Not the model's own EV basis (see the report's valuation table). Quotes taken intraday 2026-10-21 between 9:41 and 10:03am ET, market open. Dashed line = peer median. Source: stockanalysis.com/stocks/<ticker>/statistics/, fetched 2026-10-21.

Notes. PEG as given by the source, resting on its consensus growth estimates; Endava n/a on the source. Endava has a TTM net loss, so P/E TTM is null. GLOB's 5.49x uses the source's \$391mm TTM EBITDA (includes right-of-use depreciation); on the model's basis (IFRS operating profit + D&A ex-ROU, leases excluded, acquisition liabilities and minorities added to EV) it is 7.0x FY2025.

Scenario stress test

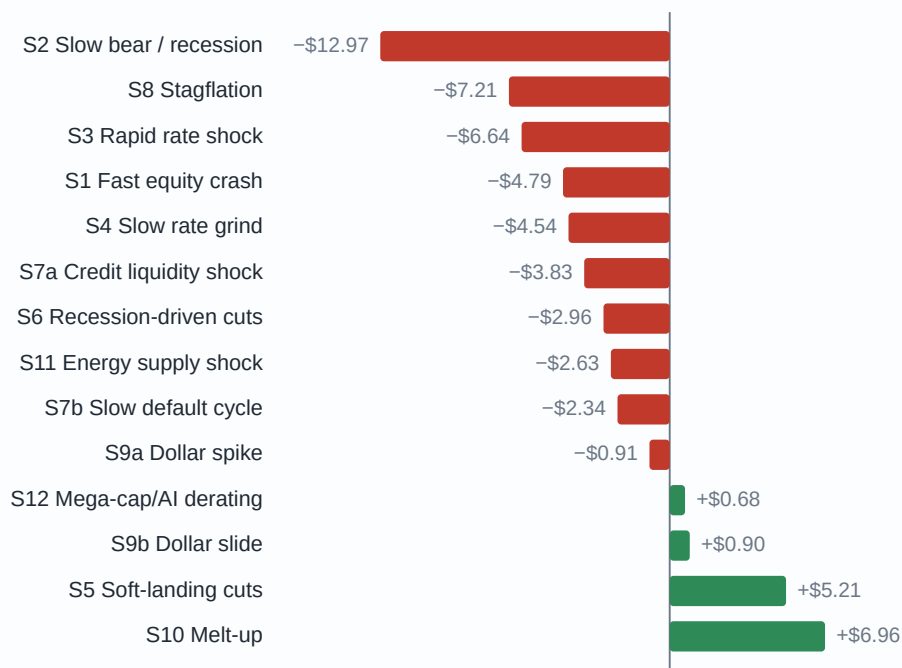
Reasoned from the bull/bear drivers above. The model column comes from the scenario overlays (Base case + shock).

Scenario	Effect	Mechanism	Magnitude	Model Δ value vs Base (\$/sh)
S1 Fast equity crash	-	Liquidity de-rating of a small-cap, already de-rated name	Med	-\$4.79
S2 Slow bear / recession	-	Clients cut discretionary digital projects first; bench cost and bank debt amplify. Milder than Base – Bear (\$33) because it is a two-year cycle, not a permanent shrinking of the services pool	High	-\$12.97
S3 Rapid rate shock	-	Higher discount rate plus floating-rate bank debt	High	-\$6.64
S4 Slow rate grind	-	Grinding rates slow client tech budgets	Med	-\$4.54
S5 Soft-landing cuts	+	Easier financing restarts deferred projects	Med	+\$5.21
S6 Recession-driven cuts	-	Project cancellations outweigh lower rates	Low	-\$2.96

Scenario	Effect	Mechanism	Magnitude	Model Δ value vs Base (\$/sh)
S7a Credit liquidity shock	-	De-rating plus wider bank spreads; 2028 maturity not immediate	Med	-\$3.83
S7b Slow default cycle	-	Financial-services and LatAm clients trim spend; leverage-grid step-up	Low	-\$2.34
S8 Stagflation	-	Latin American wage inflation outruns bill rates while budgets tighten	High	-\$7.21
S9a Dollar spike	-	Translation loss on 37% non-USD revenue, partly offset by cheaper LatAm delivery costs	Low	-\$0.91
S9b Dollar slide	+	Translation gain, partly offset by dearer LatAm delivery costs	Low	+\$0.90
S10 Melt-up	+	Deeply de-rated name re-rates in a risk-on tape	High	+\$6.96
S11 Energy supply shock	-	European client budgets (21% of revenue) squeezed by energy costs	Low	-\$2.63
S12 Mega-cap/AI derating	±	Smaller AI-disruption discount on services vs shrinking tech-client AI budgets; roughly offsetting	Low	+\$0.68

Currently active/on watch per the playbook: S3 partially active (price-level leg only); S8, S10 and S11 on watch.

MODEL VALUE CHANGE VS BASE, BY SCENARIO



What would change the call

Upgrades if: not applicable to the rating itself. Conviction would be firmer if the Q3 print (2026-11-13) lands inside the \$607–615mm guide with FY2026 held, and the FY2027 guide calls for positive growth. **Downgrades if:** Q3 or Q4 brings another guide cut, the FY2027 guide calls for a revenue decline, adjusted operating margin falls below 13.5%, Glob.AI ARR misses the $\geq$ \$110mm exit target by a wide margin, or net debt rises again on acquisitions or buybacks. Any of these would move the call to Hold.

Watch items

- **W1:** Q3 revenue — within the \$607–615mm guide, with FY2026 \$2,428–2,462mm held — Q3 2026 6-K — 2026-11-13 — *Model: rev_growth*
- **W2:** Glob.AI ARR — $\geq$ \$110mm exiting 2026 (vs \$52.8mm in Q2) — Q4 2026 release — ~Feb 2027 — *Model: rev_growth*
- **W3:** Margin — adjusted operating margin within 13.5–14.5% in Q3 and FY2026, with business-optimization charges tapering — Q3/Q4 2026 releases — *Model: ebitda_margin*
- **W4:** FY2027 guidance — growth $\geq$ 2% (Base) vs a decline (Bear) — Q4 2026 release — ~Feb 2027 — *Model: rev_growth, ebitda_margin*

Sources

- Globant (GLOB) statistics — <https://stockanalysis.com/stocks/glob/statistics/> — accessed 2026-10-21
- EPAM, Cognizant, Accenture, Endava statistics — <https://stockanalysis.com/stocks/epam/statistics/> · /ctsh/ · /acn/ · /dava/ — accessed 2026-10-21
- EDGAR XBRL companyfacts, Globant S.A., CIK 0001557860 — <https://data.sec.gov/api/xbrl/companyfacts/CIK0001557860.json> — accessed 2026-10-21
- Globant Q2 2026 results, Form 6-K exhibit 99.1 — https://www.sec.gov/Archives/edgar/data/0001557860/000110465926095916/tm2623064d1_ex99-1.htm — accessed 2026-10-21
- Globant credit agreement amendment (June 2025) — <https://www.tipranks.com/news/company-announcements/globant-s-a-expands-credit-capacity-with-375-million-loan-amendment> — accessed 2026-10-21
- Globant Q3 2026 earnings date — <https://www.earningswhispers.com/article/GLOB/2608136184> — accessed 2026-10-21
- Accenture Q4 and FY2026 results — <https://newsroom.accenture.com/content/4q-full-fy26-earnings/accenture-reports-fourth-quarter-and-full-year-fiscal-2026-results.pdf> — accessed 2026-10-21
- EPAM Q2 2026 results — https://www.sec.gov/Archives/edgar/data/0001352010/000135201026000043/exhibit99_q2x2026.htm — accessed 2026-10-21
- Macro log, 10Y 5.12% and fed funds on 2026-10-20 — [logs/macro-2026-10.md](#) — accessed 2026-10-21

Independent single-name research. Directional characterization, not a price target, execution instruction, or portfolio recommendation.