

GEM Investment Club

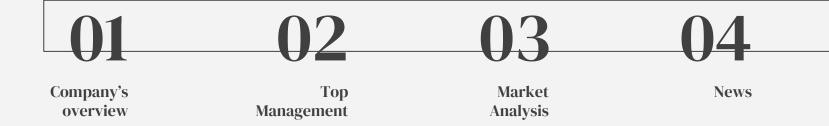
Analysis of Globant

Globant>

By Paul Willem & Hugo Thorel

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Company's Overview

What does the company do?



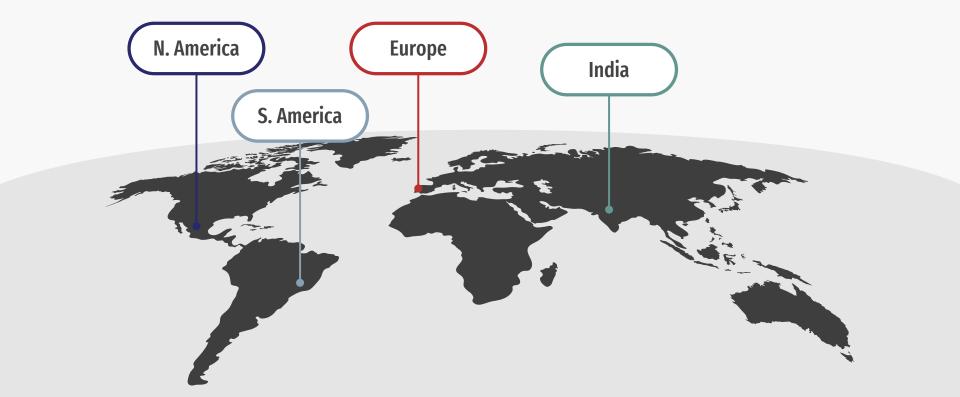
Globant is a digitally native technology services companies. It builds journeys, which consists of different software products, including mobile apps, Web apps, sensors and other software and hardware appliances that work orchestrated by a backend that uses big data.

Globant is working with companies such as EA, Dell, Airline companies or even the Metropolitan police. Case studies are also done in cooperation with the Stanford University, the MIT or Cambridge. Becoming the first partner outside the Googleplex to work with Google.



Where the company is doing business

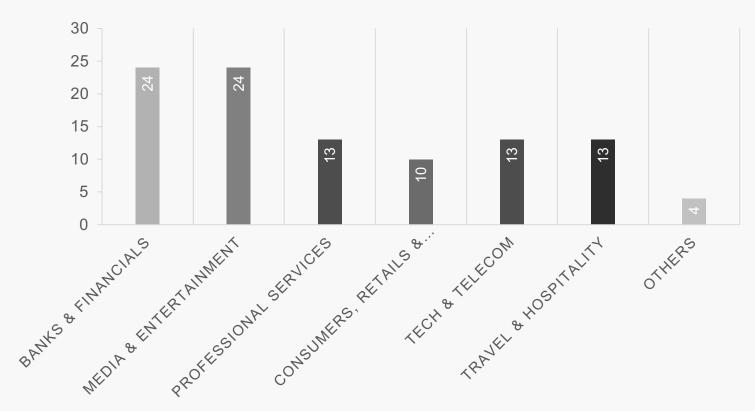




Customers



% of Revenue



Suppliers



Not relevant for this company

Strenghts









- Implemented in several continents (emerging and developed ones),
- Customers in very diversified sectors,
- Constantly innovating and disrupting,
- Named leader in Worldwide Digital Strategy Consulting

- May loose efficiency due to poor inventory management practices,
- The cash shortage or insufficient current assets negatively affect the liquidity position and harms the overall business performance.
- Large and fast growing addressable markets (by 2022, 60% of global GDP will be digitized),
- Digital Services market expected to be a \$154.4B market by 2022 and to grow at 19,2% per year,
- Artificial Intelligence Revenue is expected to grow at a 60% CAGR through 2025.

 Shortage of skilled labour in the market can make it difficult for the organization to attract talent with the right skill set,

Threats

 Inability to comply with changed regulations raises the risk of expensive law suits.

Top Management

Board

Martin Migoya



Chairman of the board, CEO & Co-Founder



Chief Financial Officer

Juan Urthiague Martin Gonzalo Umaran

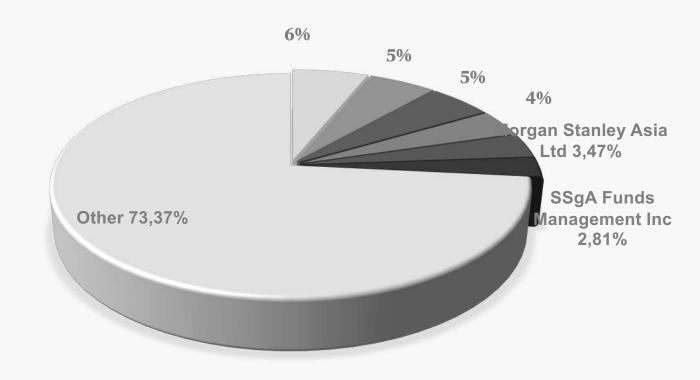


Chief of Staff, Head of M&A and Co-Founder

Stockholders

3 8 9

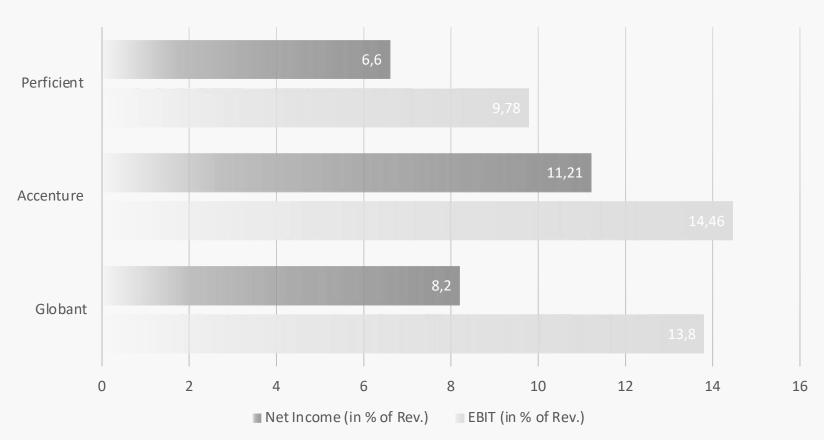
% Ownership



Market Analysis

Analysis of the market

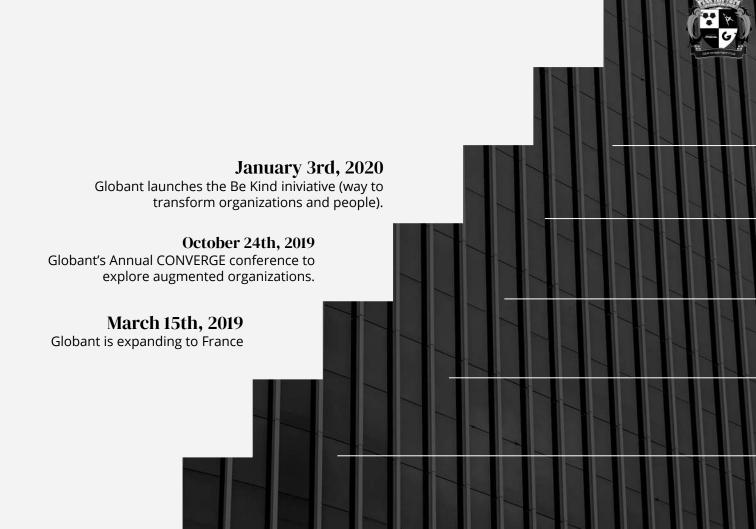
Technology and services





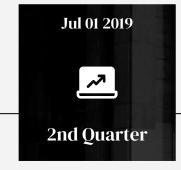


News

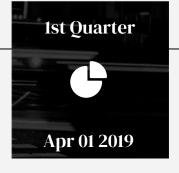


Earnings











Fundamental Analysis

Income Statement



	201	8	2019)
Revenues(1)	522,310	100.0%	659,325	100.0%
Cost of revenues ⁽²⁾	(318,554)	-61.0%	(405,164)	-61.5%
	203,756	39.0%		
Selling, general and administrative expenses ⁽³⁾	(133,187)	-25.5%	(172,478)	-26.2%
Net impairment losses on financial assets(4)	(3,469)	-0.7%	(228)	0.0%
Other operating (expenses) income, net ⁽⁵⁾	(306)	-0.1%	(720)	-0.1%
	66,794	12.8%		
Gain on transactions with bonds ⁽⁶⁾		0.0%	1,569	0.2%
Finance income	11,418	2.2%	13,643	2.1%
Finance expense	(16,968)	-3.2%	(26,801)	-4.1%
	(5,550)	-1.1%		
Share of results of investments in associates ⁽⁸⁾	S a S	0.0%	(224)	0.0%
Other income & expense in net ⁽⁹⁾	6,220	1.2%	(114)	0.0%
	67,464	12.9%		
Income tax ⁽¹⁰⁾	(15,868)	-3.0%	(15,017)	-2.3%
	51,596	9.9%		

Balance Sheet



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DATA As of December 31	2018	2019
Cash and cash equivalents	77,606	62,721
Investments (current & non-current)	9,162	20,198
Trade receivables	110,898	156,676
Other receivables (current & non-current)	49,538	28,118
Other assets (current & non-current)		21,235
Other financial assets (current & non-current)	895	6,210
Deferred tax assets	16,916	26,868
Investment in associates	4,000	3,776
Property and equipment	51,460	87,533
Intangible assets	11,778	27,110
Right-of-use asset	(4)	58,781
Goodwill	104,846	188,538
	437,099	
Trade payables (current & non-current)	17,578	36,987
Payroll and social security taxes payable	58,535	72,252
Borrowing (current & non-current)	14	51,386
Other financial liabilities (current & non-current)	12,765	10,554
Lease Liabilities (current & non-current)	2	61,363
Tax liabilities	7,399	12,510
Deferred tax liabilities	1/2"	1,028
Other liabilities and provisions	2,906	2,970
	99,183	
	337.916	
	437.099	

Cash Flow Statement

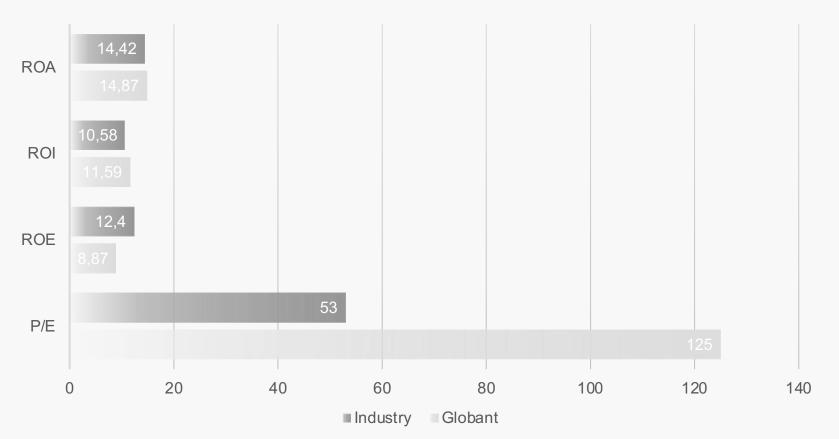


For the year ended December 31,	2018	2019
Net cash provided by operating activities	67,197	79,709
Net cash used in investing activities	(46,117)	(151,558)
Net cash provided by financing activities	4,094	56,712
Effect of exchange rate changes on cash and cash equivalents	(93)	252
Cash and cash equivalents at beginning of the year	52,525	77,606
Cash and cash equivalents at end of the year	77,606	62,721
Net (decrease) increase in Cash and cash equivalent at end of year	25,081	(14,885)

Ratios

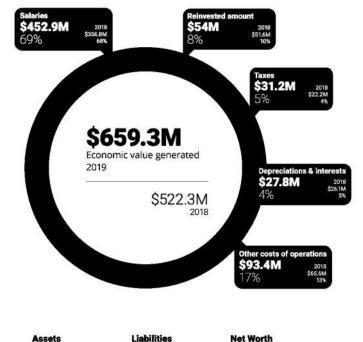


Technology and services



Enterprise valuation







\$ 687.8M \$ 249.1M \$ 438.7M \$ 437.1M \$ 99.2M \$ 337.9M 2018

Chart Analysis





















Consensus Analysis

Consensus analysis





Risks & Opportunities



Opportunities

Tech values are very popular in this great economic context

Risks

How will the stock behave outside of the channel



Current Price	Take profit	Stop Loss
112,47€	134,72 €	105,6 €
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