



Unusual Call Buying in Small Cap Star Globant

Ticker/Price: GLOB (\$123.75)

Analysis:

Globant (GLOB) traded 8X daily call volume on 1/20 with the most notable activity in March \$130 calls where 550X traded to open \$6 to \$6.55. GLOB shares started 2020 with a key break above the 2019 highs and out of a range that targets \$135 upside while shares currently flagging nicely on the daily chart and earnings not expected until late February. The \$137.70 level would be a 138.2% Fibonacci extension target of the 2018/2019 range. GLOB is a \$4.55B technology services company trading 44.4X Earnings and 7X EV/Sales. It has consistently posted 25%+ revenue growth and EPS is growing 30.7% in 2019 followed by 22.5% growth expected in 2020. GLOB is helping companies achieve digital and cognitive transformations and by 2022, 60%+ of global GDP will be digitized with growth in every industry driven by digitally enhanced offerings, operations, and relationships and almost \$7 trillion in IT spending in 2019-2022. Digital Services is expected to be a \$155B market by 2022 growing at a 19.2% CAGR. AI revenues is one big area of growth seen growing at a 60% CAGR through 2025. GLOB has been seeing steady growth in \$1M+ client contracts and revenues per client growing strong. Analysts have an average target of \$113.50 on shares with short interest at 4.4% of the float. GLOB does not see a lot of coverage, in October KeyBanc upgraded shares to Overweight on greater appreciation of the growth drivers and margin stability. Hedge Fund ownership rose 5.1% in Q3 filings, Wasatch Advisors a top concentrated holder as are Riverbridge Partners.

Hawk Vision:



Hawk's Perspective: GLOB has long been a favorite small cap and continues to deliver impressive results, setting up well once again and a name to own while options are fairly thinly traded.

Confidence Ranking: \$\$