

Sustainable Growth Hypothesis:

DSV is a global company specialising in transport and logistics, expected to expand significantly in the next decade through both growth and acquisitions. Their focus on efficient operations and reducing carbon emissions aims to boost profits and make a positive environmental impact.

1. Growth: How likely is the company to deliver 10% p.a. profit growth over the next decade?

— DSV's robust business model and strong market position make substantial profit growth likely over the next decade. Its scalable operations and potential for market share gains in a fragmented industry support this optimistic outlook.

2. Resilience: How much control does the company have over its own success?

— While external factors like global trade volumes are beyond DSV's control, the company demonstrates strong influence over elements it can manage directly. Its adaptable structure and operational efficiency ensure resilience, particularly in areas such as strategic decision-making and internal processes.

3. Valuation: What is our insight?

— DSV's ability to sustain long-term earnings growth through organisational efficiency, industry fragmentation, and margin improvements appears underappreciated. The company's adaptability and potential for compounding profits make its growth prospects compelling.

4. Products: To what extent will the core products & services create value for society over the next decade?

— As one of the largest transport and logistics companies, DSV plays a significant role in global supply chains by facilitating efficient product movement and enabling effective supply chain construction. Over the next decade, DSV's core services can positively impact society by improving efficiency and sustainability within the challenged logistics industry.

5. Practices: Does the company show leadership in its business practices?

— DSV demonstrates leadership in its business practices through its clear commitment to decarbonisation and industry-wide influence. The company has set ambitious climate targets, taken responsibility for reducing emissions across its supply chain, and actively reports on customer emissions to drive positive change in the logistics sector.

6. Ambition: What is the company's purpose, and how ambitious are they?

— DSV demonstrates a strong commitment to making a difference through its ambitious climate targets and the launch of Green Logistics. By prioritising decarbonisation and enabling sustainable supply chains, it actively contributes to addressing environmental challenges in the logistics industry.

7. Trust: Should we trust the company with our clients' capital?

— DSV's long history, experienced leadership, and proactive approach to sustainability reflect a responsible and forward-thinking organisation. Its alignment of business goals with a sustainable future highlights their dedication to creating long-term value.

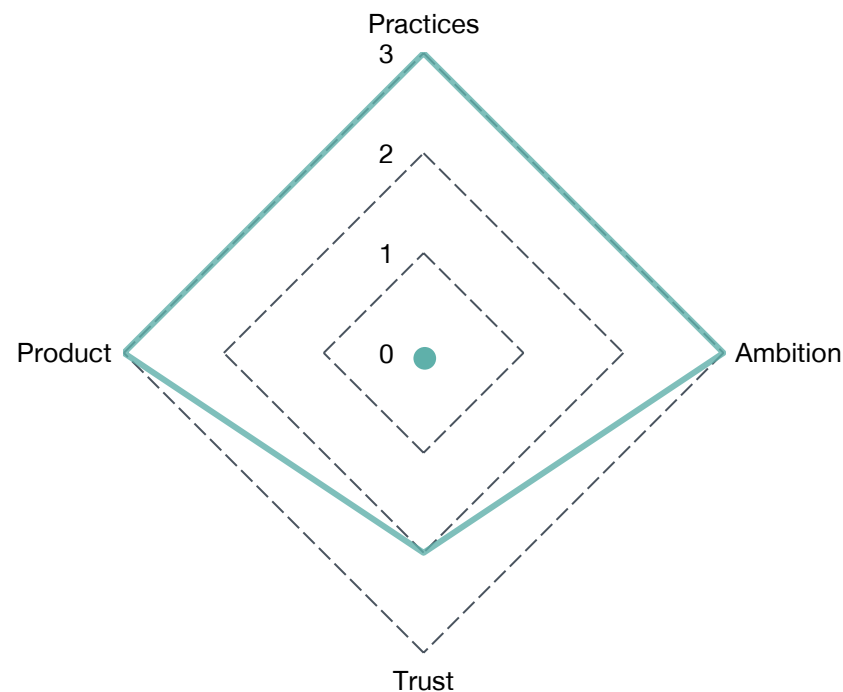
8. Engagement: No company is perfect, what should be our engagement priority?

— Its decarbonisation strategy. It is crucial to assess their commitment to reducing emissions meaningfully, rather than relying on offsets, and to gain clearer insights into how they are implementing green supply chain optimisation.

9. Milestones: What developments should we pay most attention to? Where could we be wrong?

— Two key developments to monitor are the integration of a recent major acquisition and the evolution of global trade dynamics. The success of the merger, particularly in achieving synergies and maintaining market share, will be crucial. Additionally, geopolitical factors like potential trade tariffs and shipping route disruptions could significantly impact the company's performance and growth trajectory.

Compass Scores



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