A Work Project, presented as part of the requirements for the Award of a Master's Degree in International Finance from the Nova School of Business and Economics.

A STRATEGIC, OPERATIONAL, AND FINANCIAL REVIEW OF PROXIMA'S PERFORMANCE IN THE AUTOMOTIVE INDUSTRY SIMULATION AND CORRESPONDING PERSONAL REFLECTIONS

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10/09/2024

Abstract

This thesis examines the strategic turnaround of Proxima, a high-end electric automotive manufacturer, as part of a business simulation developed by Industry Masters. Proxima initially focused on producing premium electric vehicles but later expanded into mass-market segments to improve production efficiency and profitability. The study analyses Proxima's strategy using key performance indicators such as Economic Value Added (EVA), carbon emissions, and financial performance, emphasizing Proxima's sustainability and financial growth goals. Furthermore this dissertation provides a personal reflection on the author's role within their team in the simulation and highlights the importance of communication and its impact on conflict resolution.

Keywords: Capability based strategy, Operational volatility, Financial Performance analysis, Personal Insights on team collaboration

This work used infrastructure and resources funded by Fundação para a Ciência e a Tecnologia (UID/ECO/00124/2013, UID/ECO/00124/2019 and Social Sciences DataLab, Project 22209), POR Lisboa (LISBOA-01-0145-FEDER-007722 and Social Sciences DataLab, Project 22209) and POR Norte (Social Sciences DataLab, Project 22209).

1. Firm analysis: Proxima a Successful Strategic Turnaround

The car industry is undergoing a transformation shaped by crisis and innovation. European car manufacturers have faced unprecedented supply chain disruptions, caused by the CV-19 pandemic. The shortage of semiconductors and other necessary components disrupted vehicle production in 2020-2022, resulting in delays and output reductions (De Santis 2024). The Russia Ukraine war further negatively impacted manufacturers due to sanctions and the ensuing energy crisis (Carstea 2023). However, the most pressing issue for the industry remains the shift toward sustainability and fleet electrification. Caused by pressure from legislators to lower emissions (Cornet et al. 2023). Furthermore, carbon emissions have a consistently negative association with financial performance, related to low returns on sales (Palea and Santhià 2022), as consumer preferences shift because of environmental awareness. Consequently, the profit pool of the value chain depth of classical engines will largely vanish for OEMs, and therefore will likely shift and reduce the overall profit pool in the automotive industry. This dynamic, combined with advances in new technology and the rise of emerging markets, is reshaping the competitive landscape and will likely lead to a continued re-evaluation of OEMs in capital markets. Chinese car manufacturers have especially embraced sustainability and supply chain management as well as technological leadership as key capabilities to succeed in the era of software defined electric vehicle (Cornet et al. 2023). Against this backdrop, Proxima, premium automotive manufacturer, finds itself at a crossroads. This analysis will explore how Proxima navigated these multifaceted challenges, focusing on its transition towards electrification and its efforts to maintain a competitive edge amidst increasing global competition. Key considerations such as economic value creation, strategic decision making and, cost management will be analysed in relation to both Proxima's internal operations and the broader industry context.

1. 1. Proxima's Strategic Turnaround

1.1.1. Strategy Formulation

The strategy formation process of Proxima considered the importance of creating a capability-based strategy, that enabled a competitive advantage. Several approaches were used to establish it. Design school as one of the most prominent models for strategy definition aims to attain a fit between external possibilities and internal capabilities (Mintzberg, Ahlstrand, and Lampel 2009). The foundation being Proxima's SWOT analysis (see Figure 1) finding that the trend of increased importance of sustainability regarding automotive, would be a good instigator to facilitate the shift from combustion engines to a fully electrified fleet. According to Porter there are three generic strategies that can lead to above average performance in an industry: cost leadership, differentiation, and focus (see Figure 2). A cost leadership strategy requires for car companies to invest in large scale production facilities using economies of scale to lower overall operating costs (Mintzberg, Ahlstrand, and Lampel 2009). Toyota is an example of such low-cost broad target strategic positioning (Parnes 2011). Differentiation centres around customer and brand loyalty. Within this positioning, companies such as BMW, Mercedes and Audi offer cars that have high quality, perform better, and have unique features (Mintzberg, Ahlstrand, and Lampel 2009). Contingent on their cost management they can benefit from higher profit margins. However, this product differentiation requires considerable investment in R&D, skilled labour, and marketing (Parnes 2011). Focus serves a narrow market segment. Constituted out of cost focus and differentiation focus. Both strategies need firms to focus on specific customer segments, products, or geographical markets (Mintzberg, Ahlstrand, and Lampel 2009). Porsche, Ferrari and Lamborghini are instances of products being differentiated in the focal market. Within the car industry luxury cars have the highest profit margins and are resilient during recessions due to their price inelasticity (Dudenhöffer 2009). Proxima choose a broad target differentiation strategy to address the premium segment with sustainability and

superior battery technology as the core capabilities of its competitive advantage. The attractiveness of the premium segment remains due to its stable demand, growth potential and low sensitivity to economic fluctuations (Vošta and Kocourek 2017). Allowing Proxima's to focus on quality and technological superiority, much like e.g. BMW. Proxima's differentiation strategy and positioning focused on producing premium electric vehicles (EVs), leveraging modern battery technologies, such as Lithium-ion and Sodium-ion batteries, to meet growing consumer demands for sustainability and high performance.

1.1.2. Proxima's Vision, Mission, and Values

In that strategic context, Proxima's vision is "shaping sustainable mobility". The company's goal is to increase the value added of the company not only on its bottom line but also in society. The mission statement gives additional purpose showcasing Proxima's differences to its competitors. It identifies Proxima's operations in product and market terms: "Be a company that creates great electric vehicles to the highest degree of quality and modern battery technology. As a sustainable company we are committed to creating modern cars that our customers love to drive. Our customers feature happiness and unique driving experience is of the utmost importance while we offer a diversified portfolio we remain as cost efficient as possible and sensitive to their demand and preferences. " The corresponding company values were defined as sustainability, innovation and quality. Both concepts highlighting the company's focus on sustainability and customer-centricity.

1.1.3. Strategic Key Performance Indicators

To reflect capital market expectations on value creation maximizing Economic Value Added (EVA) was the primary objective and the central measure used to benchmark Proxima's strategic success. EVA as KPI measures if Proxima returns exceeded the cost of capital, a critical element in long-term value creation (Copeland 2005). In addition to financial metrics, Proxima's sustainability efforts were monitored through CO2 emissions. With the goal to reach

zero emissions as to avoid any penalty payments and reach a corresponding increase in its sustainability rating. As reduced CO2 emission have been positively linked with financial performance in the automotive sector (Palea and Santhià 2022).

1.1.4. Strategic Successes and Adaptations

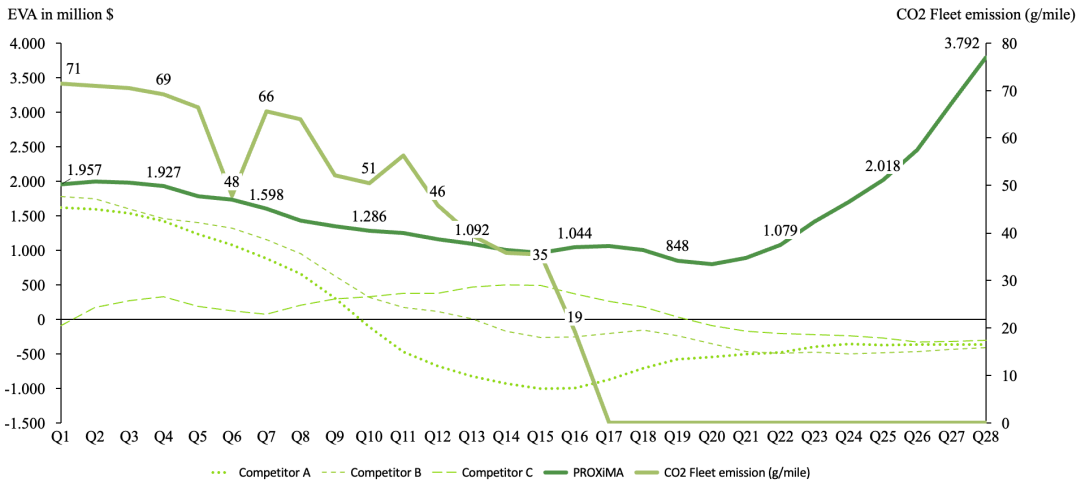

Figure 3: Proxima's Economic Value Added and CO2 Fleet Emissions (own illustration)

Retrospectively, Proxima´s strategic success can be distinguished in two phases illustrated by Figure 3. During phase one the company aimed to align its sustainability strategy with revenue growth and improved profit margins. Despite innovating solely in electric vehicles and achieving a reduction in fleet CO2 emissions, the company suffered from declining profitability and operational utilization challenges resulting in declining EVA. The profit margins, at their lowest point 3.42% in 2027, were not sufficient to support long-term growth, demonstrating a lack of strategic fit**.** It turned out that the target customer segment was not large enough to sustain the demand for the newly developed premium cars and was only sufficient to utilise one production line while two production lines were operated. Factory expansion in the USA and Europe also contributed to the overcapacity and utilization problems. In addition, the production of two similar models for different regions led to some cannibalization within the portfolio. These headwinds forced the company as a tactical measure to sell off inventory, such as the PMsport, by heavily discounting prices and increasing marketing expenditures. This

increased revenues considerably signifying overall growth, due to Proxima´s price competitiveness.

1.1.5. Strategic Shift: Moving Toward a becoming Full-Line Producer

In addition, Proxima moved from a differentiation strategy serving the premium segment only towards a full line producer also serving mass market to address the overcapacity challenge. The company innovated two new models—the PM Micro and PMbiz— both of which with lower feature sets and simpler battery design**.** The decision to move into a full-line production model contrasts with Porter's assertion that a company must choose between differentiation and cost leadership to avoid being "stuck in the middle" (Porter 1996). However, in oligopolistic industries, there is evidence that car manufacturers which shift between strategic positions can, at times, outperform their more focused competitors (Parnes 2011). Premium manufacturers such as BMW that expanded into subsections of the premium market and mass market have proven to be successful. They outperform competitors that remained merely focused on the premium segment (Madić, Marković, and Mijušković 2021). This was also the case with Proxima: by introducing the PM Micro and PMbiz, the company utilized previously difficult-to-fill production lines. Thus, increasing its pricing power and, in turn, profit margins. As a result, both the company's EVA and profitability improved significantly. The successful results of phase two in expanding into new segments suggests that becoming a full-line producer led to greater market resilience and financial performance, instead of diffused competitive advantage. Proximas ability to improve profit margins directly contributed to its higher EVA outperforming competition. Simultaneously, the company maintained its sustainability focus, as CO2 emissions continued to decrease. The success in balancing these dual objectives - financial performance and sustainability - demonstrate that the company could create value

while adhering to its environmental goals and its vision, although this ran contrary to Porter's advice against broadening a company's strategic focus (Porter 1996).

1.2. Review of Proxima's Financial Performance

1.2.1. Financial Performance Measures in the Automotive Sector

Within the automotive industry EVA as a primary KPI to is very useful to assess a firms ability to generate returns that exceed their cost of capital and create value (Thongnim, Sohail, and Abbas 2022). For instance, ROA and ROE reflect profitability but may overlook the cost of capital employed, whereas EVA ensures that capital investments meet or exceed their required returns (TUDOSE, RUSU, and AVASILCĂI 2020). EVA provides a superior measure of financial health because it considers both, operating performance and capital structure. Key financial ratios, including return on assets (ROA), return on equity (ROE), financial leverage, and liquidity ratios, serve as crucial tools to analyse EVA. Therefore, the assessment of the EVA evolution of Proxima consists of the financial performance of core business activities, the cash flow evolution as well as the capital management.

1.2.2. Financial Performance of Core Business

Key Ratios								
	2024	2025	2026	2027	2028	2029	2030	CAGR
Gross Margin	37.96%	36.16%	38.20%	36.72%	33.68%	35.61%	41.14%	1.35%
Net Profit Margin	15.21%	10.28%	9.58%	3.42%	8.34%	13.03%	17.90%	2.76%
Cash Conversion Cycle	108	145	202	179	138	122	112	0.51%
Current Ratio	7.69	8.98	14.99	9.38	6.55	9.07	6.24	-3.42%
Quick Ratio	5.23	5.80	9.01	5.57	3.94	5.88	3.78	-5.29%
Cash Ratio	1617.70	1593.04	1535.29	1419.98	1233.74	1077.57	878.30	
Net Debt-to-Equity	70.16%	84.40%	84.95%	79.02%	79.46%	58.96%	61.40%	-2.20%
ROE	23.43%	14.63%	13.91%	5.45%	12.37%	20.07%	33.28%	6.02%
ROA	14.07%	8.22%	8.05%	4.79%	7.66%	12.00%	18.75%	4.90%
ROIC	16.35%	10.15%	9.98%	6.00%	9.18%	14.60%	22.46%	5.43%

Figure 4: Proxima's Key Financial Ratios (own illustration)

Proxima had consistently increasing revenues almost doubling over the course of six years from $18.24 bn in FY2024 to $33.33 bn in FY2030. Top line growth was driven by cars such as the PMcity, which despite not having the highest margin (28.6%), generated the most revenue among the portfolio ($20.73M). While the gross margin overall increased with a CAGR of

1.35% it fluctuated between a minimum of 33.68% and maximum of 41.14%. The underlying reason being fluctuations in COGS, which outpaced topline growth in FY2025, FY2027 and FY2028. Thus, compressing the gross margin. Within the premium segment economies of scale did not lower COGS sufficiently. The net profit margin dropped sharply from 15.21% in FY2024 to 3.42% FY2027. Reflecting the strategy change, entailing investments and shifts in operations. Figure 4 shows that the net profit margin recovers and rises to 17.90% in FY2030. Caused by cars like the PMsport and 4x4 E, which are top performers in terms of profit contribution, with significant revenues and healthy long-term margins (30.3% and 26.5%, respectively). The higher-than-expected recovery in overall company profitability in later years is attributable to margins recovering. Epitomizing the positive impact, the company transformation has made on its bottom line. The increase in overall Net Profit Margin by FY2030 aligns with the strong performance of higher-margin models like PMlux **(**36.0%**)** and PMpickup (31.9%) (see Figure 5: Lifetime Profit Contribution Margin of Each Model). These models contributed substantially to profit recovery and helped reverse the mid-period margin compression observed in the company. Despite operational inefficiencies in earlier years, the premium quality product strategy ultimately paid off in terms of profitability recovery as the product mix started aligning better with consumer preferences (see Figure 5). To contextualize the margins comparable firms such as Audi and BMW have had net profit margins of respectively 11.52% and 12.11% in 2022 and 8.96% and 6.77% in 2023. However, both years were operationally challenging for European car manufacturers due to supply chain disruptions caused by the semi-conductor and gas crisis ("BMW Group Corporate Reports & Quarterly Figures" 2023; "Financial Publications | Audi.Com," n.d.). With a weighted average net income ratio of 11.38% Proxima's overall performance over the course of 6 years is average. This is mainly attributable to the mid period margin compression. The lack of clearly defined operation strategy led to high levels of volatility in factory and staff allocation driving up costs. Combined

with discount driven sales due to excessive inventory profit margins were compressed and led to an overall reduction in net income, however with the net income margin recovering at the end of the simulation period.

1.2.3. Liquidity Analysis

The car industry is tremendously capital-intensive; thus liquidity and leverage ratios are essential to assess Proxima's financial health. The current ratio, which measures the company's ability to cover its short-term obligations is of great importance for automobile firms (Thongnim, Sohail, and Abbas 2022). It displayed significant volatility, peaking at 14.99 in FY2026 before dropping to 6.24 in FY2030. A high current ratio generally indicates good short-term financial health. Conversely, Proxima's peak in FY2026 illustrates that the company was holding excessive current assets, particularly inventories of $6.38 bn, which are far less liquid than cash or receivables. Inventory had increased drastically due to the overproduction of the two new product lines PMcity and PMsport. Given that the quick ratio, excludes inventories, it provides a clearer picture of liquidity by focusing on more liquid assets including cash and cash equivalents as well as accounts receivable (Berk and DeMarzo 2020). Proxima's quick ratio was strongest in FY2026 at 9.01 but dropped to 3.78 by FY2030. This would typically indicate potential liquidity risks as the ratio declines. However due to the high capital intensity of the automotive industry it is more common than in other industries to relay on inventory turnover for short-term solvency. Thus, a quick ratio around 1 or even lower is considered adequate by industry standards. Figure 6 shows that large car manufacturers such as VW, BMW, and Mercedes all have ratios around 1 or slightly below. Implying that Proxima's quick ratio is unrealistic by automotive industry standards. The cash ratio, the most conservative liquidity measure, shows significant fluctuation, increasing to a high of 5.44 in FY2026 before declining to 1.61 by FY2030. This suggests that at times, Proxima struggled to cover its short-term

liabilities with cash alone, which could pose risks in periods of financial stress. The management of cash reserves was a challenge, particularly in FY2028 when cash and cash equivalents were significantly reduced by $1.38 bn compared to the previous year. Leading to a ratio of 1.85 in FY2028. This trend reflects the aggressive investment strategy during the year and increased COGS. However, the liquidity by industry standards is exceptionally high. Even Porsche which has the highest cash ratio at 0.43 compared with most other companies (see Figure 6), is significantly below Proxima's lowest cash ratio of 1.61. Exhibiting the fact that car manufacturers normally don't have enough cash to cover their short-term liabilities. This is logically consistent upon closer consideration, since short term liabilities are often used for operational financing. Moreover, high levels of the industry's current assets are made up out of raw materials and inventory. The interest coverage ratio continuously decreased from 8.63 in FY2024 to 4.33 in FY2027, reflecting an increase in interest expenses and a decrease in EBIT. This was due to large loans being taken out over the time frame to enable investments into new factories, sustainability policies and new car models.

1.2.4. Capital Management

Looking at the capital structure, Proxima maintained a debt-to-equity ratio that fluctuated between 0.81 and 1.22, reflecting a relatively high reliance on debt financing, which is common in capital-intensive industries like automotive manufacturing. The Net Debt-to-Equity Ratio, which reached a high of 0.64 in 2028, suggests that the company had periods where it heavily relied on debt to finance its operations, to cover the shortfalls from its cash flow management issues. However, by 2030, the Net Debt-to-Equity ratio fell to 0.17, indicating a marked reduction in reliance on debt, attributable to the improved cash generation from top line growth and improved operational effectiveness. Proxima's Return on Equity (ROE) fluctuated significantly, starting at 23.43% in 2024, dropping to a low of 5.45% in 2027, and recovering

strongly to 33.28% in 2030. This trend is consistent with the fluctuations in net profit margin. It reflects the company's struggle to generate consistent returns during the first three years. The sharp improvement by 2030 shows that the company's strategic adjustments, such as streamlining operations and aligning the product mix with customer demands were successful in restoring profitability and shareholder value. The Return on Assets (ROA) follows a similar trajectory, with a dip to 4.79% in 2027 but recovering to 18.75% in 2030, indicating that the company was able to better leverage its asset base to generate returns after a period of underutilization and inefficiencies in production. The ROIC (Return on Invested Capital) also shows improvement from 16.3% in 2024 to 22.5% in 2030, reflecting better capital allocation decisions in the later years. The increase in ROIC means that Proxima was able to invest in projects or strategies that delivered returns in excess of its cost of capital, thereby creating value for the company and its shareholders. This is also reflected in a significant increase in stock market performance from a market capitalisation of $ 26bn in 2024 to $ 64bn in 2030 driven by a dividend CAGR of 13.6% p.a. and share buy-backs of $ 4.9bn.

1.3. Operational Complexities and Strategic Misalignment: A Capacity Problem

Proxima's operations strategy was defined by its ambition to maintain high flexibility and factory utilization while navigating fluctuating market demand, particularly for premium and electric vehicles. As a result, operational complexity increased, leading to trade-offs in cost management and production efficiency. A closer look at Proxima's operations through the lens of performance objectives, and data from the business simulation provides insight into the key challenges and decisions made during the six-year period.

1.3.1. Operations Strategy

Operations is the key capability to bring Proxima's strategy to life. Generally, production is a key success factor for OEMs because profit margins are determined at production level for car manufacturers (Vošta and Kocourek 2017). To enable Proxima's operating system to maximise value for its customers, it needed to build capabilities allowing the company to deliver a unique value proposition. Thus, it should ensure alignment across VCAP (Value = Capabilities (Assets + Processes)). To facilitate effective operations, trade-offs need to be made, to utilize resources and achieve a competitive advantage by focusing on certain manufacturing objectives (Skinner 1969). Thus, capability trade-offs needed to be aligned across cost, efficiency, speed, dependability, quality, and flexibility dimensions (Slack and Brandon-Jones 2019). Proxima's operations strategy was derived from its corporate strategy. The 4Vs framework illustrates the key methods of Proxima's car production approach. The model addresses Volume, Variety, Variation in Demand and Visibility (Slack and Brandon-Jones 2019). Within the premium segment car manufacturers are under constant pressure to remain cost efficient. They employ the hybrid strategy to blend low-cost production capabilities with the differentiation approach (Madić, Marković, and Mijušković 2021). In line with this finding Proxima's operations strategy in the 4Vs framework can be described as centred around producing medium-volume, high-variety vehicles with a strong focus on sustainability and innovation. The operational goal was to manage the variability in demand and visibility at moderate levels while sustaining its competitive edge. The resulting production strategy for Proxima was therefore mainly a problem of capacity steering to optimize both, efficiency and utilization of production facilities. For Proxima, this was characterised by limited demand and medium production quantities. Typically leading to higher unit costs, due to less systemisation and lower repetition of tasks. As a result, economies of scale were constrained for Proxima. Furthermore, Proxima offered a high variety of models (see Figure 7), which led to feature proliferation and production complexity. The flexible production lines were designed to accommodate multiple vehicle

configurations, including different battery technologies, hence allowing for this wide-ranging product mix. High variation in demand and the resulting unpredictable variability in volumes and features made it difficult for Proxima to optimize capacity and maintain efficiency. While Proxima's production process had medium visibility, as short-term decisions were often influenced by shifting customer preferences. This strategic approach was expected to result in elevated, though controlled, unit costs that exhibit only limited economies of scale.

1.3.2. Operational Key Performance Indicators The company's performance objectives were ambitious, focusing on delivering high quality and speed to market, but the cost was high. The translation of the premium segment strategy led to tradeoffs between quality, speed, dependability, flexibility, and costs (Slack and Brandon-Jones 2019). Figure 8 shows the desired and achieved level along those dimensions. Proxima's key trade-off decisions revolved around adjusting production quantities and factory utilization to prevent an excessive rise in Days of Inventory (DOI) illustrated in holding period and unit costs. The average holding period and the cash conversion cycle (CCC), generate further insights into inventory management.

1.3.3. Implementation of Operations Strategy and Adjustments

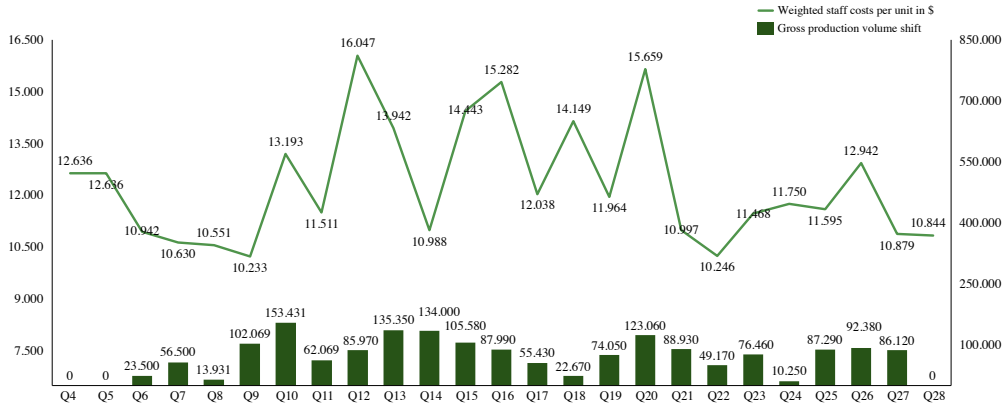

Figure 9: Relationship between Proxima's Gross Production Volume Shift and Average Staff Unit Cost (own illustration)

Figure 9 illustrates well what happened during applying above operations strategy. It shows the evolution of the average staff costs per unit produced as well as the gross production volume

shift stemming from additional production capacity or shift between two production facilities. Until Q9 staff costs per unit decreased and showed economies of scale while only limited additional production capacity was built. In the next phase additional capacity became available and high variation in demand, exacerbated by unforeseen market conditions, such as the rise tariffs on electric vehicle between Americas and the Asia to 100% and 40% respectively made it increasingly difficult to maintain efficient factory utilization. Proxima's newly innovated cars proofed to be too high end with medium features to produce them in two lines. Their focus on maintaining high factory utilization often came at the expense of operational efficiency, increasing days of inventory (DOI). With Proxima's average holding period, increasing drastically from 80 days in FY2024 to 168 days in FY2026 before declining to 100 days in FY2030. Which led to high operational costs and inventory holding expenses, specifically when demand became the bottle neck of production. Overproduction put pressure on Proxima's working capital and raised questions about its ability to efficiently match supply with demand. The high costs associated with frequent production changes were cause by staff hiring and firing, excess inventory, and unsold goods continued to challenge Proxima's profitability. The complexity of manufacturing luxury models like PMlux, compared to simpler ones like PMcity, led to varying staffing needs, driving up costs. Additional expenses from severance packages and the loss of know-how further strained finances. By 2028, Proxima shifted focus toward premium mass-market models to stabilize production. The graph shows that after this strategic pivot, both costs and production volume stabilized. This finding is further supported by the cash conversion cycle (CCC) used as a proxy for working capital to measure performance in automotive firms (Thongnim, Sohail, and Abbas 2022). Proxima's CCC, rose dramatically from 108 days in 2024 to 202 days in 2026, before improving to 112 days by 2030. While still extremely high it demonstrates an increase of operational efficiency.

1.4. Conclusion and Key Takeaways from Proxima's Strategic Journey

Proxima in line with its name had a vision of the future to addressed what is next in the automobile industry, which stands at the intersection of innovation and sustainability. Proxima's strategic focus on broad target differentiation and a fully electrified fleet initially positioned the company as a potential key player in the premium EV segment. However, the firm encountered significant operational and financial hurdles along the way. Analysing Proxima's performance revealed a number of shortcomings, particularly in its early years. One of the critical issues was misalignment between its premium differentiation strategy and production capacity. As seen through the fluctuation in profitability and excessive capital intensity, Proxima's strategic focus on premium vehicles led to inefficiencies in factory utilization and a failure to accurately balance demand with production output. The misalignment between production capacity and market demand limited Proxima's ability to create value in the initial phases. To alleviate these operational pressures Proxima shifted its strategy to become a full-line producer, serving both premium and mass-market segments, mark a turning point. The introduction of the PM Micro and PMbiz models allowed the company to address its overcapacity issue, stabilize production, and enter new, previously untapped market segments. This strategy adaptation mirrors industry trends, where premium car manufacturers such as BMW successfully transitioned from serving only high-end markets to capturing mass-market segments (Madić, Marković, and Mijušković 2021). This shift led to positive outcomes for Proxima both in terms of financial metrics such as EVA and profit margins, and sustainability metrics such as CO2 emissions. The company's experience shows that, under certain market conditions, adapting between strategic positions can provide advantages contrary to Porter's advice on maintaining focus. Reducing carbon emissions have been proven to have a positive impact on the cost of debt financing (Caragnano et al. 2020). The integration of sustainability into Proxima's broader strategy, thus ultimately led to a more profitable and

competitive standing in an increasingly regulated, sustainability-driven market. Proxima's financial performance reflects a company that experienced significant volatility in profitability and efficiency, particularly due to misaligned operational strategies and over-reliance on capacity utilization. However, the strong recovery in the final years, supported by improved margins, better cash flow management, and stronger returns on equity and capital, illustrate the positive impact the strategy adjustment has had on valuation. In summary, Proxima's journey through significant challenges, especially in operational efficiency and financial management, highlights the necessity of flexibility and strategic adjustment. The company succeeded by transitioning from focusing solely on premium products to becoming a versatile producer, all while upholding its sustainability commitments. This underscores the importance of cohesive planning across strategy, finance, and operations. Key takeaways from Proxima's experience include the critical roles of operational alignment, data-driven forecasting, and adaptability for sustained success in the competitive and regulated automotive industry. However, this analysis has limitations, focusing mainly on three areas and perhaps not capturing the full scope of Proxima's transformation. A comprehensive view would also examine human resources, marketing, and innovation. Due to space limits, the discussion here is focused and not exhaustive, offering a snapshot rather than a comprehensive exploration of Proxima's journey.

2. Personal Reflection

The following personal reflection provides an analysis of two critical incidents that reflect pivotal personal turning points. Throughout the simulation experience, I encountered two significant critical incidents that challenged my teamwork and leadership skills. The first incident centered on conflict resolution during a high-pressure decision-making process after Year 3. This incident revealed personal weaknesses in communication and emotional regulation, especially when managing conflict in teams. The second critical incident concerned realization of my cultural ineptness and intercultural blind spots within the team setting. This

revealed that my personal preferences align with the cultural ones which makes for an even starker contrast. These incidents are relevant for analysis because they exposed my lack of understanding of underlying dynamics within our team and the impact of my actions within the team setting. To make a structurally sound analysis the following examination of the two critical incidents is performed with the help of the Graham Gibbs' Reflective Cycle (Galli and New 2022).

2.2. 1st Critical Incident – Conflict Resolution and Emotional Regulation

2.2.1 Description

By year three, team communication had already deteriorated, with meetings becoming unstructured and agendas breaking down. Instead of having collective discussions, we split into smaller conversations, leading to confusion and misalignment on decisions. Tensions peaked in a heated discussion after a simulation clinic, where we were recommended to innovate a new car and overhaul our operational strategy. As operations manager, I acknowledged the issues: "My bad guys, now at least we know what we need to change." The team gathered around the whiteboard, but the conversation soon lacked structure. Factory allocations and decisions on which cars to innovate or discontinue became the focus, with marketing, a finance director, and I as the main participants. Though initially polite, the conversation escalated, with ideas being dismissed quickly, and people talking over each other. The innovation and HR directors, usually quieter, had to assert themselves to be heard. This was unusual, as we typically ensured their input was heard. At a certain point, I became deeply frustrated and disengaged temporarily. However, after some time, the team calmed down, and we collaboratively reviewed the options on the board. This part of the meeting was more composed, allowing everyone to present their ideas. We agreed to discontinue one car and determined what could be produced in each factory. In the end, we reached a solution that everyone was genuinely satisfied with, marking a sense

of true cohesion. Though it came after significant friction, the team committed to the decision and signed off on the new factory allocations.

2.2.2 Response

I felt a deep sense of responsibility for Proxima's operational struggles and thus felt on edge and ashamed about Proxima's poor performance. However, I also wanted to acknowledge my mistakes to myself and the team and reassure that I can adjust and adapt to fix them. Therefore, I tried to approach the initial discussion with openness and vulnerability, engaging fully in the conversation and listening to the teams' ideas. At first, I found it to be quite productive, even using the energy from the disagreement to spark new ideas and collaborate with the team. Nevertheless, as the conversation progressed, frustration set in as I began to feel unheard. This led me to react by becoming stubborn, clinging to my position, and resisting alternative viewpoints from my teammates. I'm aware of my tendency to try and dominate in conflicts, to regain control and feel save. As I became aware of the fact that my irritation was growing, I used box breathing to regulate my parasympathetic nervous system and sat back down sitting to let others speak and share their thoughts. I'm aware that my natural response in conflicts is to either compete or overcorrect by being overly accommodating and disengaging. After my teammates had calmed down, I was able to engage with them again.

2.2.3 Evaluation

Reflecting on my personal performance, I recognized that I contributed to the escalation of tensions. I became frustrated when I felt unheard, yet I was also unwilling to compromise my views. During the incident, I struggled to balance my natural tendency toward domination with the need for collaboration. However, I worked to regulate my emotions, with techniques I've learned to manage my panic attacks, such as box breathing and acupressure on my K27 point, to regain internal balance and calm my nervous system. This enabled me to make a conscious

effort to actively listen and be open to my team members perspectives rather than viewing their disagreement as an attack. However, my situational awareness and recognition that my frustration was escalating into anger were not immediate, which made me sound irritated before I managed to calm down. Finding a balance between being impervious to advice and disengaging remains a challenge for me. Nonetheless, this experience reflects progress in my situational self-awareness. A positive outcome was the realization that effective communication and decision-making require a higher level of collaboration.

2.2.4. Analysis

The Five Dysfunctions of a Team model by (Joosr 2015) provides a useful framework to understand some of the deeper issues at play in our team dynamics. For me there was a lack of psychological safety within the team, which made it difficult for me to feel comfortable admitting vulnerability; especially because I had to stand by my miss steps as operations director. This led me to adopt a competing style of conflict resolution, as highlighted in the Thomas-Kilmann Model (Thomas and Kilmann 1976). While this approach allowed me to assert my stance, it also alienated others and reinforced the breakdown in communication. The tension, compounded by my impatience with the marketing and finance directors who did not listen to my points and disagreed with me heatedly, prevented true collaboration. The conflict I experienced during this critical incident further reinforced aspects of my conflict resolution style, confirming some personal tendencies I had already observed. According to the Five Levels of Awareness model I operated primarily at a level of unawareness during the initial stages of the conflict. Becoming aware of the growing tension, I failed to fully engage with my emotions in a way that allowed for constructive resolution – elevating me to perception, which is defined as the “aware, but not able to respond effectively in the moment” (third level of awareness). After influencing my nervous system with breathing techniques, I finally managed

to respond constructively. This corresponds to reaching resilience, the 4th level of awareness. However, I was not able to reach dual awareness in action because I was not able to pivot from the mode of protection to learning in the moment (Brassey, De Smet, and Kruyt 2023). Additionally, my withdrawal from the conflict when I felt it becoming overheated can be interpreted as avoidance - an attempt to manage the situation by disengaging rather than resolving it. In my effort to avoid exacerbating the tension and being unempathetic toward my team, I became both unassertive and uncooperative, confirming the shifting dynamics of conflict styles within me (Thomas and Kilmann 1976). This aligns with my dual awareness journey, where I could recognize my feelings of irritation and anger but struggled to regulate them in the moment (Brassey, De Smet, and Kruyt 2023). Considering the disengagement from the perspective of psychological safety, my reluctance to openly share my frustrations and emotional reactions suggests that trust within the team was compromised. The avoidance of accountability surfaced (see Figure 10) when I hesitated to fully own my role in the conflict, a reflection of my discomfort with vulnerability (Joosr 2015). This protection mechanism stifled potential innovation and open dialogue, forcing me to operate defensively rather than collaboratively (Ginka Toegel and Barsoux 2016). This discomfort with vulnerability in the academic context stems from the deep-seated shame I have from being bullied as a child because of my dyslexia. Thus, my difficulties to be vulnerable in a team setting is one of the biggest challenges I face, in becoming a good team member and collaborator.

2.2.5. Conclusion and Action Plan

This incident challenged my self-perception, revealing that I struggle with managing my reactions in conflict situations. My competitive nature often leads me to either avoid conflict entirely or engage too intensely, which can come across as hostile to others. While I was never impolite, my strong need to "win" the conflict may have been perceived as confrontational by

my teammates, making them feel unsafe or hesitant to voice their opinions. This highlights a lack of psychological safety within the team, not only for others but also for me. Recognizing my tendency to become stubborn as conflict escalates, I need to increase my self-awareness moving forward. It's essential that I become more receptive to the perspectives of others and work on enhancing my empathy and collaboration. My behaviour in this situation would have been inappropriate in a professional setting, where being a team player and fostering a healthy team environment is critical. Since a well-functioning team creates value, whereas a dysfunctional team can destroy it (West 1994). To improve my teamwork skills, I need to address my emotional regulation and control issues. I have realized the importance of active listening, especially in conflict situations, and plan to practice techniques such as mindfulness and taking pauses before responding in high-pressure situations. Additionally, I will apply the learning from our peer feedback session in team dynamics to preemptively identify areas of potential conflict before they arise. I need to work on becoming more comfortable with vulnerability and less defensive in conflict situations. Instead of feeling shame and trying to make others back down when I sense I've made a mistake, I need to acknowledge my errors openly. Doing so will allow me to correct them more effectively, and foster trust within the team. Moving forward, I should aim for growth mindset instead of a fixed mindset, where mistakes are seen as a chance to learn (Dweck 2006).

2.3. 2nd Critical incident - Intercultural and Communication Blind Spots

2.3.1. Description The second incident is closely related to the first incident. After the intense conflict in the morning, I wanted to improve our teamwork and atmosphere, so I organized a Team Clinic, which we all participated in openly and with trust (see Figure 11).

Additionally, we also had to complete a mandatory Peer Review. Surprisingly, the Team Clinic and the Peer Review led to different results. While the self-led Team Clinic allowed for an open discussion about challenges in areas such as time management, communication, and decision-making, the Peer Review revealed significant cultural differences in how team performance was assessed. Despite having the same evaluation criteria, some members – particularly from Italy, China, and Portugal – interpreted the Peer Review more as an evaluation of motivation rather than performance. This led to skewed results, with many top ratings (5 out of 5) being given, whereas others, like myself and the Portuguese finance director, used a stricter rating scale. This discrepancy changed my understanding of the evaluation process and highlighted the importance of interpreting feedback through both cultural and personal lenses. This marked a critical incident for me, as it hadn't occurred to me that cultural differences could influence how people perceived a numerical rating with objectively clearly defined grading criteria. Independent of the rating being better or worse. The other team members who were both from Portugal had interpreted the criteria in a much stricter way however the innovations director also only employed a range from 3 to 5. Which made me and the Portuguese finance director the only people to employ a scale of 2 to 5. Therefore, the discrepancy between my Peer-and Self-Evaluation was skewed because of the many fives. However, even considering this I was surprised to find that my lowest self-ranked dimension, interacting with teammates, to be almost five. This experience taught me the importance of seeing feedback through both cultural and personality lenses, highlighting the complexities of working in a multicultural team.

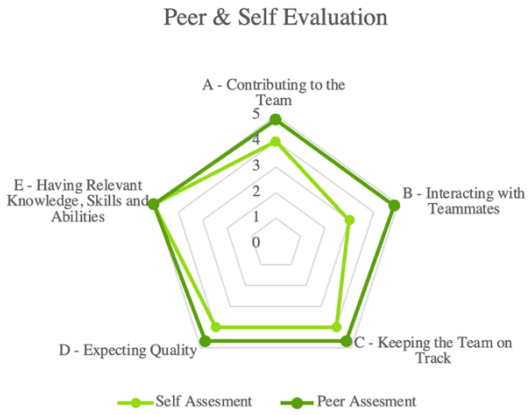

Figure 11: Peer Review Feedback

2.3.2. Response

I was genuinely surprised to discover this blind spot in my understanding of the team's dynamics. I had initiated the quantitative feedback session, expecting that the numbers would provide a clear picture of how my teammates perceived both themselves and the team's performance. However, the peer evaluation showed that my assumptions were misguided. As a result, I felt insecure about how my communication style might have unintentionally influenced others and became increasingly concerned about missing cues due to cultural differences. Furthermore, when I found out that several team members rated everyone a 5, I felt uneasy. I had rated everyone, including myself, more critically to provide constructive feedback. My intention was not to criticize but to help others - and myself - identify areas for improvement, as was intended by the survey. I believed that a more nuanced evaluation could guide personal growth of myself and others. Especially considering the fact, that in a professional environment, people rarely offer such honest and unfiltered feedback. Despite this, I was particularly struck by the discrepancy in how I perceived my own weakest area - interacting with teammates - versus how the team had rated me. It was the dimension I had been consciously working on the longest, and seeing others rate it so highly left me surprised and somewhat conflicted. I was glad and proud of the fact that they viewed my contributions positively, it also made me question my own self-awareness and approach to teamwork.

2.3.4. Evaluation

Ultimately, this experience taught me a valuable lesson about the influence of cultural and personality differences in feedback interpretation. Although my previous international work and study experiences had made me aware of certain intercultural differences, this incident revealed deeper layers of communication nuances that I had not recognized. It underscored the complexities of collaborating within a multicultural team and highlighted the need for greater

self-reflection. It also brought to light a certain hubris I held about my ability to work effectively in diverse settings. This incident made me aware of the importance of fostering deeper understanding and empathy, when navigating peer evaluations in such a diverse context.

2.3.5. Analysis

This incident exposed a significant blind spot in how I approach communication and teamwork within a multicultural environment. Despite my confidence in my intercultural abilities, I failed to recognize the deeper layers of how culture and personality influence communication and feedback. Drawing on Hofstede's cultural dimensions, the disconnect became clear: my low-context, direct communication style clashed with my team members' high-context, relational approach (Magala et al. 2024). In my view, the content of the message was all that mattered, while for my colleagues from China, Italy, and Portugal, much of the communication was implied, grounded in relationships rather than explicit words. My rigidity showed during the peer feedback session, where I expected objective, skill-based evaluations. However, several team members rated everyone highly, not because of performance, but because of their emotional connections within the team. This reflected a fundamental misalignment. I saw the feedback tool as an analytical instrument, while others viewed it through a relational and motivational lens. This left me feeling frustrated and unsure of whether I was miscommunicating or simply missing critical cultural cues. On a personal level, my MBTI-based personality type INTJ (logical, independent, and task-driven) further distanced me from the emotional and relational dynamics my team valued (Breckenridge 2024). I realized that my tendency to prefer working alone, contributed to this disconnect. I had been too focused on the task and less on building strong interpersonal connections, which my team clearly valued. My self-perception, particularly in areas like collaboration and interaction, was clearly out of sync with how others saw me, which was a stark realization.

2.3.5. Conclusion and Action Plan

This incident exposed a significant gap in my ability to work effectively in a multicultural team, particularly in terms of communication and feedback. Moving forward, I need to enhance my cultural sensitivity, recognizing that my direct communication style doesn't always translate well in high-context environments. Paying closer attention to non-verbal cues and relational dynamics will help me better navigate the complexities of multicultural teams, where relationship-building often holds as much weight as task execution. I must also encourage open discussions around feedback styles. Given the diverse cultural backgrounds within the team, it's important that we openly discuss how each of us interprets and responds to feedback to pre-empt conflict (Ginka Toegel and Barsoux 2016). This will help create a more inclusive environment where everyone's preferences are respected. At the same time, I need to adapt my own feedback approach, softening my critique and providing balanced feedback that not only addresses areas for improvement but also highlights strengths. This balance will foster a more constructive and motivating team dynamic.

2.4. Conclusion and Reflective Insights

The previously described incidents have provided me with two key insights. First, I have developed a certain level of self-regulation in conflict situations, though there is still room for further growth. Additionally, my content-driven thinking and communication style tends to be very direct, often coming across as harsh. In this area, I aim to cultivate significantly more sensitivity. The feedback I received through peer review has revealed that my perception and self-awareness are not in line with reality. I have mistakenly believed that my social skills are inferior to my intellectual abilities, when in fact my peers have rated the opposite to be true. This indicates that I lack self-awareness and need to work on improving it in order to be an effective team member in the workplace.

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Appendices Table of Contents

Appendix A: Strategy Figures

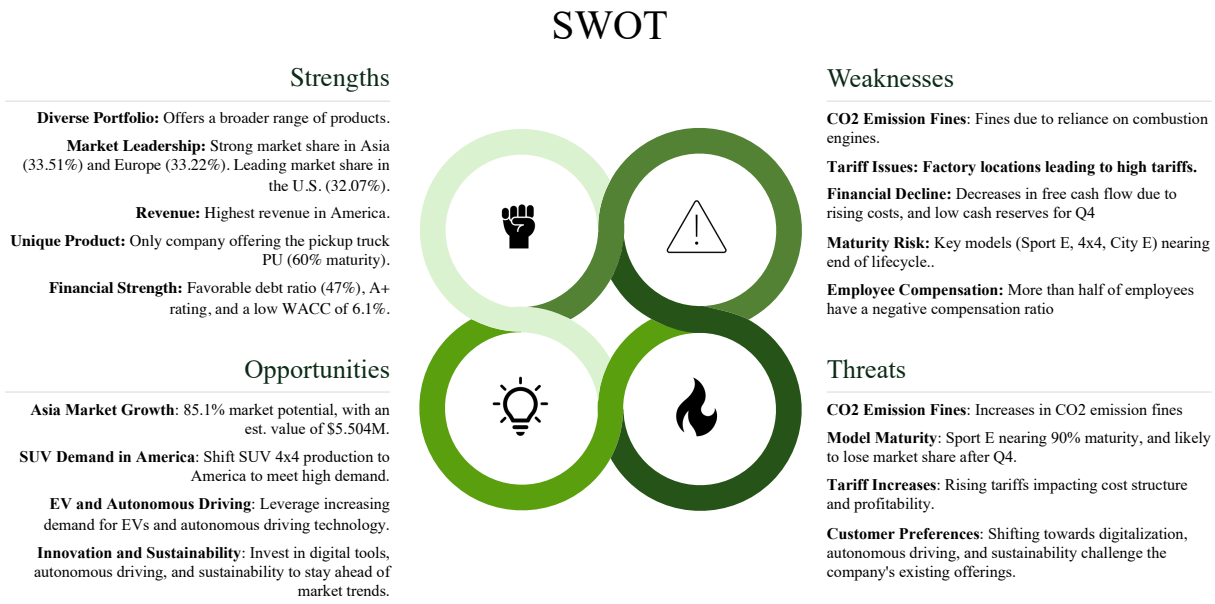

Figure 2: Proxima's SWOT Analysis at the Beginning of the Simulation (own illustration)

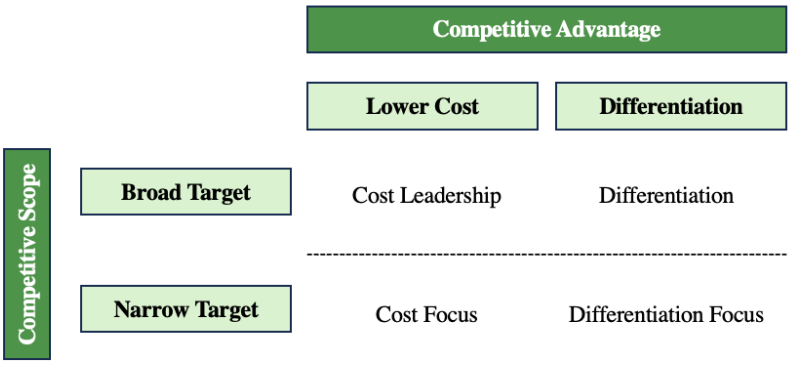

Figure 3: Porters Three Generic Strategies (Mintzberg, Ahlstrand, and Lampel 2009) (own illustration)

Appendix B: Financial Figures

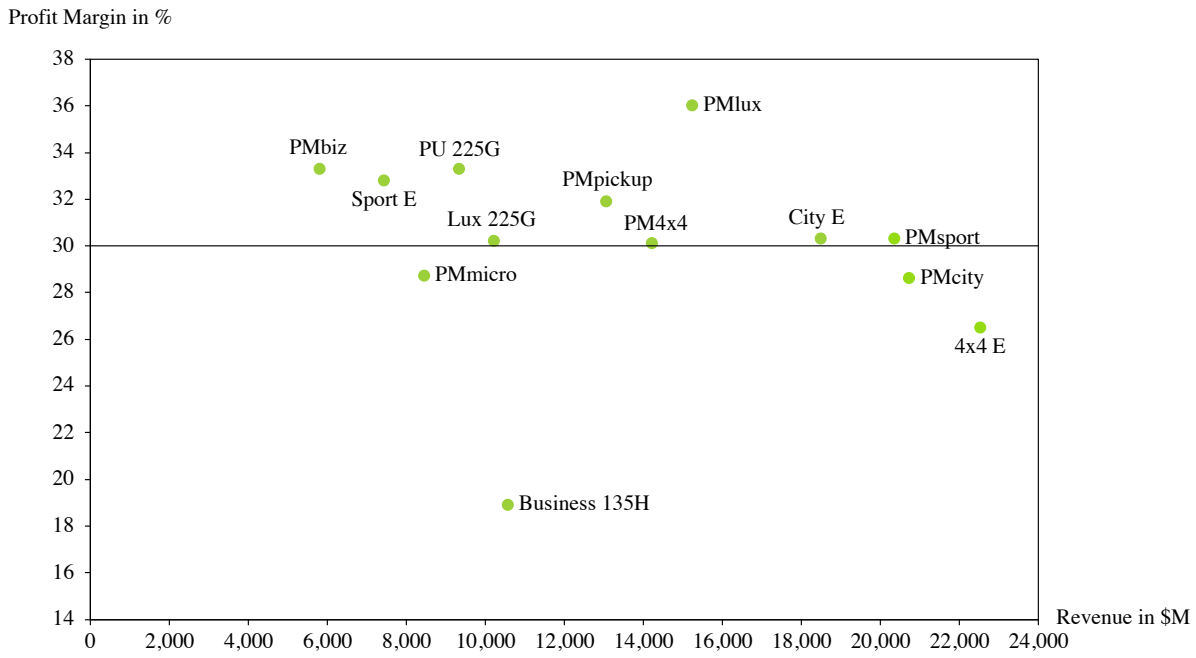

Figure 5: Lifetime Profit Contribution Margin of Each Model (own illustration)

Profitability from Operations							
In thousands $	VW	BMW	GM	Ford	Porsche	Merzedes	Toyota
Gross Margin	19.35%	19.09%	11.30%	9.17%	29.29%	22.44%	20.77%
EBIT Margin (operating	7.01%	11.89%	5.41%	3.10%	17.82%	11.37%	11.87%
Net Profit Margin	5.15%	7.26%	5.89%	2.47%	12.72%	9.31%	10.97%
Current Ratio	1.16	1.09	1.08	1.20	1.48	1.26	1.19
Quick Ratio	0.90	0.82	0.90	1.04	1.04	0.93	1.03
Cash Ratio	0.21	0.20	0.20	0.24	0.43	0.19	0.32

Figure 6: Selected Financial Ratios from the Automotive Industry ("Companies - GlobalData Intelligence Center - Explorer," n.d.) (own illustration)

Appendix C: Operations Figures

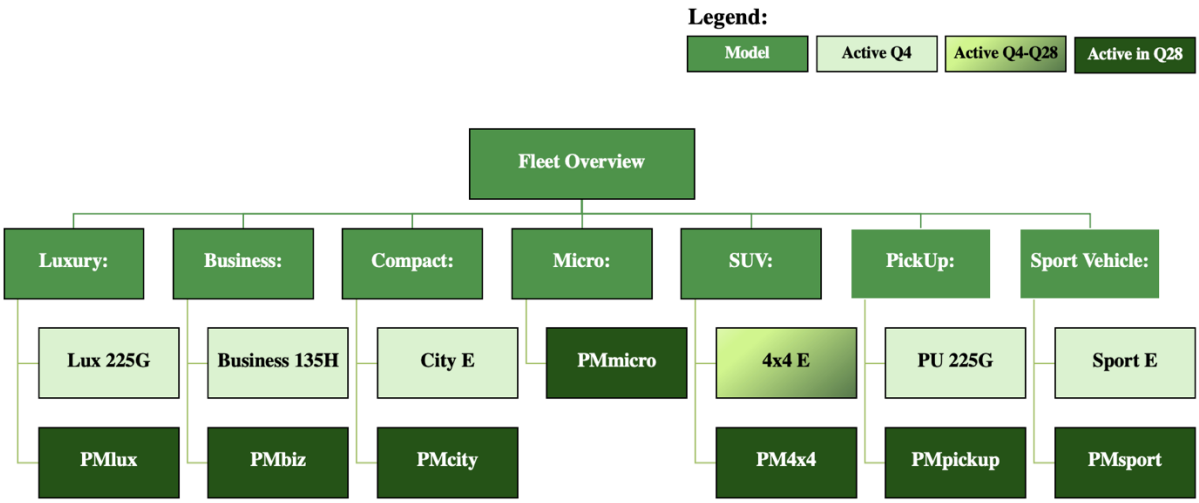

Figure 7: Proxima's Fleet Overview (own illustration)

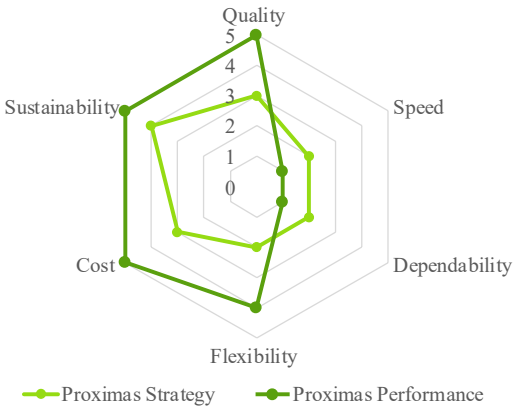

Figure 8: Proxima's Operations Trade-offs (Slack and Brandon-Jones 2019) *(own illustration)*

Appendix D: Personal Reflection Figures

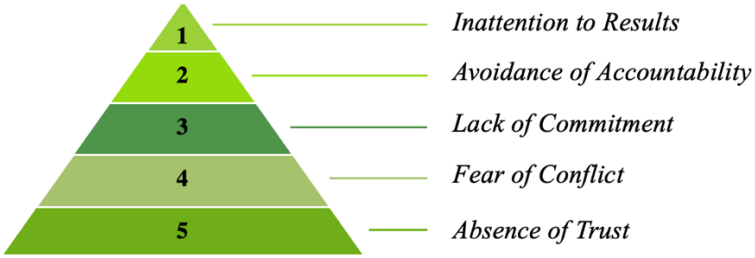

Figure 10: Five Dysfunctions of a Team (Joosr 2015) (own illustration)

	Operations	Operations	HR	Finance	Marketing	Innovation	Finance	Average
Attendance	5	5	5	5	5	4	5	**4.9**
Performance/quality management	5	5	5	5	4	5	5	**4.9**
Time keeping and time management	5	3	3	4	4	3	3	**3.6**
Communication & Language	4	4	4	4	4	4	3	**3.9**
Attitudes and etiquette	5	5	5	5	5	5	5	**5.0**
Team Culture	5	5	5	5	5	5	5	**5.0**
Dealing with disagreement and conflict management	5	4	5	5	5	4	4	**4.6**
Commitment	5	5	5	5	5	5	5	**5.0**
Feedback and criticism	5	5	5	5	5	5	5	**5.0**
Decision making	5	3	4	4	4	3	3	**3.7**
Free riders	5	5	5	5	5	5	5	**5.0**
Average	**4.9**	**4.5**	**4.6**	**4.7**	**4.6**	**4.4**	**4.4**	**4.6**

Figure 11: Self Led Team Clinic (own illustration)

Appendix E: Additional Financial Figures

Profitability from Operations								
In thousands $	2024	2025	2026	2027	2028	2029	2030	CAGR
Gross Margin	**37.96%**	**36.16%**	**38.20%**	**36.72%**	**33.68%**	**35.61%**	**41.14%**	1.35%
Gross Profit	6,922,120	6,670,509	8,581,640	9,174,634	8,456,071	10,553,815	13,713,886	12.07%
Revenues	18,235,096	18,449,510	22,462,879	24,982,041	25,106,263	29,638,741	33,332,356	10.58%
EBITDA Margin	**34.48%**	**28.61%**	**29.82%**	**26.68%**	**26.86%**	**32.69%**	**39.52%**	2.30%
EBITDA	6,287,485	5,277,788	6,698,802	6,665,426	6,742,695	9,690,305	13,173,068	13.12%
Revenues	18,235,096	18,449,510	22,462,879	24,982,041	25,106,263	29,638,741	33,332,356	10.58%
EBIT Margin	**24.57%**	**17.57%**	**18.52%**	**14.37%**	**14.68%**	**20.65%**	**28.44%**	2.47%
EBIT	4,481,046	3,240,822	4,159,855	3,589,160	3,684,938	6,120,164	9,480,441	13.30%
Revenues	18,235,096	18,449,510	22,462,879	24,982,041	25,106,263	29,638,741	33,332,356	10.58%
Net Profit Margin	**15.21%**	**10.28%**	**9.58%**	**3.42%**	**8.34%**	**13.03%**	**17.90%**	2.76%
Net Income	2,773,025	1,897,451	2,152,442	854,205	2,093,722	3,862,068	5,967,081	13.62%
Revenues	18,235,096	18,449,510	22,462,879	24,982,041	25,106,263	29,638,741	33,332,356	10.58%

Figure 12: Proxima's Profitability Ratios

Cash Flow Management							
In thousands $	2024	2025	2026	2027	2028	2029	2030
Activity ratios							
Average holding period	**80**	**125**	**168**	**154**	**121**	**98**	**100**
Inventories	$ 2,479,800.00	$ 4,026,725.00	$ 6,383,153.00	$ 6,665,550.00	$ 5,500,098.00	$ 5,139,532.00	$ 5,394,567.00
COGS	$ 11,312,976.00	$ 11,779,001.00	$ 13,881,239.00	$ 15,807,407.00	$ 16,650,192.00	$ 19,084,926.00	$ 19,618,470.00
Average payable period	**33**	**39**	**28**	**40**	**46**	**31**	**41**
Payables	$ 1,009,442.00	$ 1,265,548.00	$ 1,067,011.00	$ 1,752,762.00	$ 2,111,470.00	$ 1,610,679.00	$ 2,189,742.00
COGS	$ 11,312,976.00	$ 11,779,001.00	$ 13,881,239.00	$ 15,807,407.00	$ 16,650,192.00	$ 19,084,926.00	$ 19,618,470.00
Average collection period	**61**	**59**	**62**	**65**	**64**	**55**	**52**
Receivables	$ 3,035,286.00	$ 2,996,416.00	$ 3,809,233.00	$ 4,476,788.00	$ 4,407,989.00	$ 4,459,285.00	$ 4,743,519.00
Revenues	$ 18,235,096.00	$ 18,449,510.00	$ 22,462,879.00	$ 24,982,041.00	$ 25,106,263.00	$ 29,638,741.00	$ 33,332,356.00
Cash conversion cycle	**108**	**145**	**202**	**179**	**138**	**122**	**112**
Average holding period	80	125	168	154	121	98	100
Average collection period	61	59	62	65	64	55	52
Average payable period	33	39	28	40	46	31	41
Liquidity ratios							
Current ratio	**7.69**	**8.98**	**14.99**	**9.38**	**6.55**	**9.07**	**6.24**
Current Assets	$ 7,759,519.00	$ 11,366,257.00	$ 15,998,176.00	$ 16,434,368.00	$ 13,822,443.00	$ 14,616,101.00	$ 13,661,689.00
Current Liabilities	$ 1,009,442.00	$ 1,265,548.00	$ 1,067,011.00	$ 1,752,762.00	$ 2,111,470.00	$ 1,610,679.00	$ 2,189,742.00
Quick ratio	**5.23**	**5.80**	**9.01**	**5.57**	**3.94**	**5.88**	**3.78**
Current assets excl. inventories	$ 5,279,719.00	$ 7,339,532.00	$ 9,615,023.00	$ 9,768,818.00	$ 8,322,345.00	$ 9,476,569.00	$ 8,267,122.00
Current liabilities	$ 1,009,442.00	$ 1,265,548.00	$ 1,067,011.00	$ 1,752,762.00	$ 2,111,470.00	$ 1,610,679.00	$ 2,189,742.00
Cash Ratio	**2.22**	**3.43**	**5.44**	**3.02**	**1.85**	**3.12**	**1.61**
Cash and Cash equivalents	$ 2,244,432.00	$ 4,343,116.00	$ 5,805,790.00	$ 5,292,031.00	$ 3,914,356.00	$ 5,017,283.00	$ 3,523,603.00
Current liabilities	$ 1,009,442.00	$ 1,265,548.00	$ 1,067,011.00	$ 1,752,762.00	$ 2,111,470.00	$ 1,610,679.00	$ 2,189,742.00
Net working capital	**$ 6,750,077.00**	**$ 10,100,709.00**	**$ 14,931,165.00**	**$ 14,681,606.00**	**$ 11,710,973.00**	**$ 13,005,422.00**	**$ 11,471,947.00**
Current Assets excl. Cash	$ 7,759,519.00	$ 11,366,257.00	$ 15,998,176.00	$ 16,434,368.00	$ 13,822,443.00	$ 14,616,101.00	$ 13,661,689.00
Current liabilities	$ 1,009,442.00	$ 1,265,548.00	$ 1,067,011.00	$ 1,752,762.00	$ 2,111,470.00	$ 1,610,679.00	$ 2,189,742.00

Figure 13: Proxima's Liquidity Ratios

Capital Structure Ratios							
In thousands $	2024	2025	2026	2027	2028	2029	2030
Gearing ratio	**0.37**	**0.39**	**0.38**	**0.37**	**0.39**	**0.32**	**0.34**
Net Debt	8,303,470	10,949,850	13,143,301	12,383,024	13,449,232	11,346,011	11,008,123
Invested Capital	22,382,553	28,266,087	34,420,373	33,345,545	34,290,300	35,607,247	32,459,392
Debt-to-Equity	**0.89**	**1.18**	**1.22**	**1.13**	**1.03**	**0.85**	**0.81**
Total Debt	10,547,902	15,292,966	18,949,091	17,675,055	17,363,588	16,363,294	14,531,726
BV Equity	11,834,651	12,973,121	15,471,282	15,670,490	16,926,712	19,243,953	17,927,666
Market Debt-to-Equity	**0.38**	**0.81**	**0.75**	**0.86**	**0.83**	**0.42**	**0.23**
Total Debt	10,547,902	15,292,966	18,949,091	17,675,055	17,363,588	16,363,294	14,531,726
Market Value Equity	27,731,900	18,974,900	25,340,595	20,591,025	20,937,210	38,622,045	63,925,785
Net Debt-to-Equity	**0.30**	**0.58**	**0.52**	**0.60**	**0.64**	**0.29**	**0.17**
Net Debt	8,303,470	10,949,850	13,143,301	12,383,024	13,449,232	11,346,011	11,008,123
Market Value Equity	27,731,900	18,974,900	25,340,595	20,591,025	20,937,210	38,622,045	63,925,785
Net Debt-to-Equity	**0.70**	**0.84**	**0.85**	**0.79**	**0.79**	**0.59**	**0.61**
Net Debt	8,303,470	10,949,850	13,143,301	12,383,024	13,449,232	11,346,011	11,008,123
BV Equity	11,834,651	12,973,121	15,471,282	15,670,490	16,926,712	19,243,953	17,927,666
Debt to Enterprise Value	**0.23**	**0.37**	**0.34**	**0.38**	**0.39**	**0.23**	**0.15**
Net Debt (Total Debt - Cash)	8,303,470	10,949,850	13,143,301	12,383,024	13,449,232	11,346,011	11,008,123
Market Value Equity	27,731,900	18,974,900	25,340,595	20,591,025	20,937,210	38,622,045	63,925,785
Enterprise Value	36,035,370	29,924,750	38,483,896	32,974,049	34,386,442	49,968,056	74,933,908
Solvency Ratio	**1.02**	**0.78**	**0.77**	**0.81**	**0.87**	**1.07**	**1.07**
Equity	11,834,651	12,973,121	15,471,282	15,670,490	16,926,712	19,243,953	17,927,666
Liabilities	11,557,345	16,558,514	20,016,101	19,427,818	19,475,058	17,973,973	16,721,468
Financial Autonomy Ratio	**0.51**	**0.44**	**0.44**	**0.45**	**0.46**	**0.52**	**0.52**
BV Equity	11,834,651	12,973,121	15,471,282	15,670,490	16,926,712	19,243,953	17,927,666
Assets	23,391,996	29,531,635	35,487,383	35,098,308	36,401,770	37,217,926	34,649,135
Interest Coverage Ratio	**8.63**	**6.11**	**5.91**	**4.33**	**5.31**	**10.15**	**17.87**
EBIT	4,481,046	3,240,822	4,159,855	3,589,160	3,684,938	6,120,164	9,480,441
Interest Expense	519,315	530,166	703,325	828,263	693,868	602,777	530,561
Interest Coverage Ratio	**12.11**	**9.95**	**9.52**	**8.05**	**9.72**	**16.08**	**24.83**
EBITDA	6,287,485	5,277,788	6,698,802	6,665,426	6,742,695	9,690,305	13,173,068
Interest Expense	519,315	530,166	703,325	828,263	693,868	602,777	530,561

Figure 14: Proximas Capital Structure Ratios

Return and Efficiency Ratios							
In thousands $	2024	2025	2026	2027	2028	2029	2030
ROE	**23.43%**	**14.63%**	**13.91%**	**5.45%**	**12.37%**	**20.07%**	**33.28%**
Net income	2,773,025	1,897,451	2,152,442	854,205	2,093,722	3,862,068	5,967,081
BV Equity	11,834,651	12,973,121	15,471,282	15,670,490	16,926,712	19,243,953	17,927,666
ROE (=ROA x Leverage)	**27.82%**	**18.71%**	**18.46%**	**10.74%**	**16.47%**	**23.20%**	**36.24%**
ROA	**14.07%**	**8.22%**	**8.05%**	**4.79%**	**7.66%**	**12.00%**	**18.75%**
Net income + Interest Expense	3,292,340	2,427,617	2,855,767	1,682,468	2,787,590	4,464,845	6,497,642
Total Assets	23,391,996	29,531,635	35,487,383	35,098,308	36,401,770	37,217,926	34,649,135
Leverage	2.0	2.3	2.3	2.2	2.2	1.9	1.9
Equity	11,834,651	12,973,121	15,471,282	15,670,490	16,926,712	19,243,953	17,927,666
Total assets	23,391,996	29,531,635	35,487,383	35,098,308	36,401,770	37,217,926	34,649,135
ROE (=Net margin x Asset turnover x Leverage)	**23.43%**	**14.63%**	**13.91%**	**5.45%**	**12.37%**	**20.07%**	**33.28%**
Net margin	**15.2%**	**10.3%**	**9.6%**	**3.4%**	**8.3%**	**13.0%**	**17.9%**
Net income	2,773,025	1,897,451	2,152,442	854,205	2,093,722	3,862,068	5,967,081
Sales	18,235,096	18,449,510	22,462,879	24,982,041	25,106,263	29,638,741	33,332,356
Assets turnover	**78.0%**	**62.5%**	**63.3%**	**71.2%**	**69.0%**	**79.6%**	**96.2%**
Sales	18,235,096	18,449,510	22,462,879	24,982,041	25,106,263	29,638,741	33,332,356
Total assets	23,391,996	29,531,635	35,487,383	35,098,308	36,401,770	37,217,926	34,649,135
ROIC	**16.3%**	**10.1%**	**10.0%**	**6.0%**	**9.2%**	**14.6%**	**22.5%**
Net income + Interest Expense	3,292,340	2,427,617	2,855,767	1,682,468	2,787,590	4,464,845	6,497,642
Invested Capital = Net Debt + BV Equity	20,138,121	23,922,971	28,614,583	28,053,514	30,375,944	30,589,964	28,935,789
ROIC	**15.6%**	**9.5%**	**10.2%**	**7.5%**	**8.5%**	**14.0%**	**22.9%**
EBIT*(1-Tax rate)	3,136,732	2,268,576	2,911,899	2,105,005	2,579,457	4,284,115	6,636,309
Invested Capital	20,138,121	23,922,971	28,614,583	28,053,514	30,375,944	30,589,964	28,935,789

Figure 15: Proxima's Return and Efficiency Ratios