

## 9th issue of the weekly digest on SelfSanctions and impact of foreign companies' exit on RF economy

Prepared by the KSE Institute team and KSE members of the Board of Directors with the support of the International Renaissance Foundation; 03-10.07.2022

Disclaimer: At the beginning of the Russian invasion of Ukraine KSE Institute launched an analytical project, which was named "SelfSanctions", aimed to collect data on foreign companies operating in the Russian market and limiting or terminating their activities. Examination of data was conducted jointly with specialists from the Ministry of Economy, the Ministry of Foreign Affairs and the Ministry of Digital Transformation of Ukraine.

The database contains a lot of information, we collect daily statistics on changes in the status of foreign companies operating/operated in the Russian market and limiting or terminating their activities. Also, we created the Telegram bot [https://t.me/exit\\_ru\\_bot](https://t.me/exit_ru_bot) for tracking/monitoring of news on priority foreign companies (coverage 1, 2, 3 or 7 days of monitoring). Also, we do regular analysis of changes in share prices and capitalization of parent groups of companies that have or have had business in Russia.

KSE database is partly based on the [Yale's School of Management database](#), [epravda.com.ua](#), [squeezingputin.com](#) and [leave-russia.org](#) websites and other open sources. Data is verified and KSE status is assigned. Data on stocks is taken from Google and Yahoo Finance. At the same time, the KSE database is more complete and comprehensive and contains ~40 percent more information than most other similar databases, as it also includes data on number of staff, revenue, capital and other financial indicators, the latest updates and changes in statuses, links to used sources, and daily updates from the telegram-bot etc.

KSE Institute is glad to announce that we are finalizing a merge with project [leave-russia.org](#) which was developed by a team of volunteers.

### KSE DATABASE SNAPSHOT as of 10.07.2022

Number of the companies **that continue Russian operations** (KSE's status "stay"<sup>1</sup>) – **709 (+4 per week<sup>2</sup>)**

Number of the companies **that have reduced current operations and hold off new Investments** (KSE's status "wait") – **469 (+5 per week)**

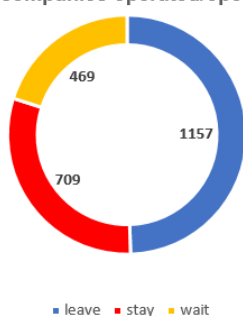
Number of the companies **that have curtailed Russian operations** (KSE's status "leave") – **1 157 (+2 per week)**

**As of July 10**, we have identified about **2,335 companies, organizations and their brands from 77 countries and 56 industries** and analyzed their position on the Russian market. About half of them are public ones, for ~ 800<sup>3</sup> public groups of companies, we also identified (where it was possible) their operating business in Russia (the presence of a controlling stake in a legal entity), which allowed us to calculate the value of capital invested in the country (about **\$116.7 billion**), local revenue (about **\$228.3 billion**), as well as staff (about **0.855 million people**). **1,626 foreign companies have reduced, suspended or ceased operations in Russia.**

As can be seen from the tables below, **As of July 10**, companies that declared a **complete withdrawal** from Russia had **\$44.3bn in revenues** and **\$24.8bn in capital**; companies that **suspended their operations** on the Russian market had **yearly revenue of \$61.0bn** and **\$33.3bn in capital**. TOP-70 companies-the largest taxpayers paid ~ **\$20,2bn of taxes annually** - haven't completely withdrawn yet, although suspended or scaled back.

#### KSE Institute

# of foreign companies operated/operating in RF



#### TOP-10 countries and industries by # of companies from KSE database

Country of HQ	# of companies
USA	607
Germany	254
Great Britain	214
France	138
Japan	115
Switzerland	101
China	90
Italy	84
Netherlands	78
Finland	78

Industry	# of companies
FMCG/Consumer goods	256
Finance and payments	167
IT	158
Energy, oil and gas	130
Industrial equipment	128
Automotive	115
Pharma, Healthcare	115
Electronics	112
Food&Beverages	110
Consulting & Law	75

<sup>1</sup> - KSE status "leave" - Companies that have published on the company's official website (or their release has appeared in a foreign publication such as FT, NYT, etc.) that are completely shutting down in Russia or companies that have officially announced that they are temporarily reducing operations in Russia

- KSE status "wait" - Companies that have published on the company's official website (or their release has appeared in a foreign publication such as FT, NYT, etc.) that they are reducing only part of their business operations by continuing to work on other operations or companies that have reported delaying future investment / development / marketing , while continuing their core business

- KSE status "stay" - Companies that ignore exit / downsizing requirements in Russia, as well as companies that have officially stated that they remain in Russia or news of their exit have not been found

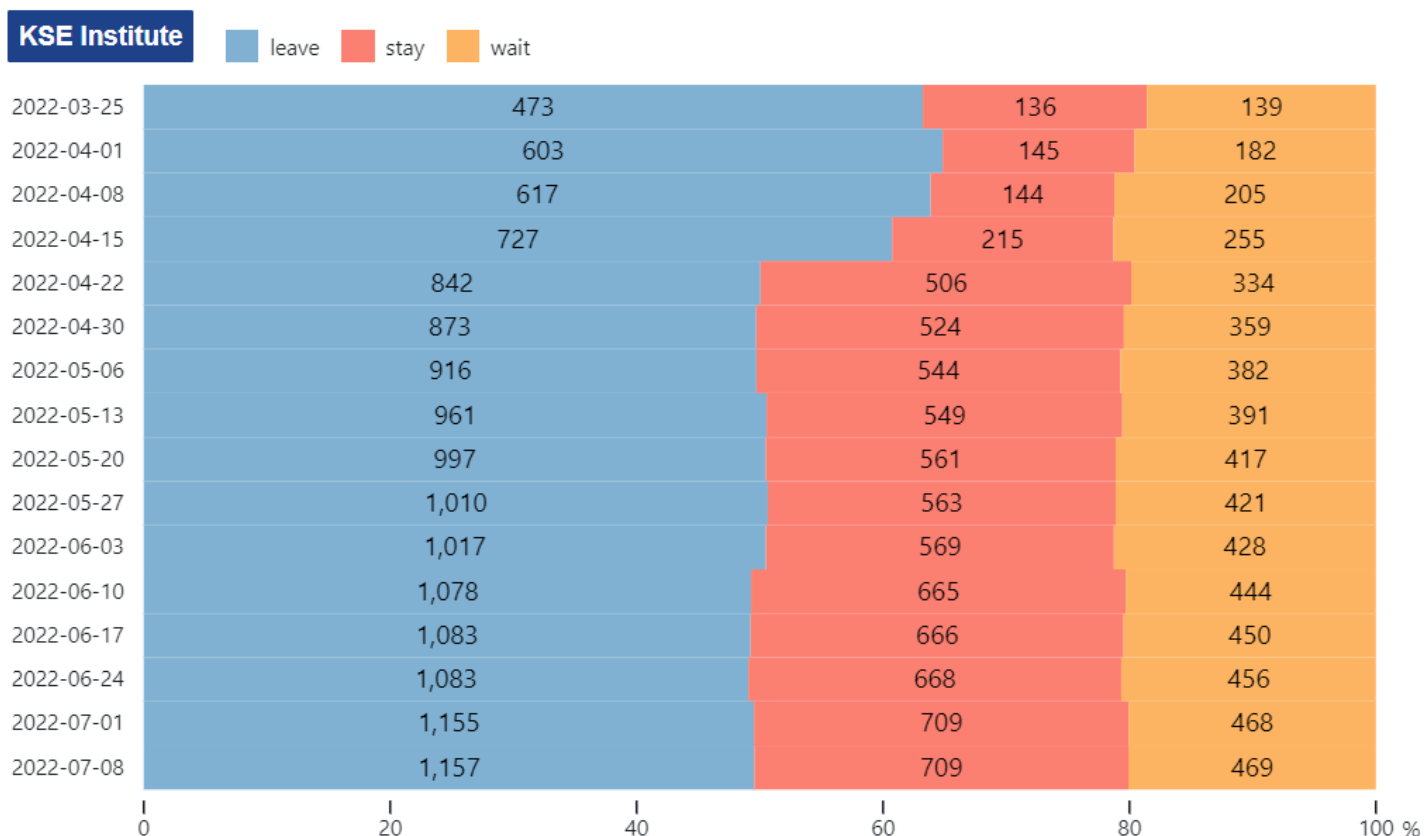
<sup>2</sup> Including 1 company with sub-status "returned" - **Hainan Airlines** which resumes flights to Russia

<sup>3</sup> +400 new public groups of companies added a total of approximately + \$30 billion in annual revenue and +114 thousand staff as of 19/06/2022

The following table is based on data available for ~800 TOP public companies operated/operating in RF<sup>4</sup>:

KSE Institute	Status by KSE	Number of staff	Revenue, USD m	Capital, USD m
	<b>leave</b> , including:	409 174	105 309	58 031
	<i>complete withdrawal</i>	284 641	44 301	24 756
	<i>suspended operations</i>	124 533	61 008	33 275
	<b>wait</b>	294 446	76 338	40 719
	<b>stay</b>	134 861	42 472	16 551
	N/A	17 025	4 158	1 426
	<b>Total</b>	<b>855 506</b>	<b>228 277</b>	<b>116 727</b>

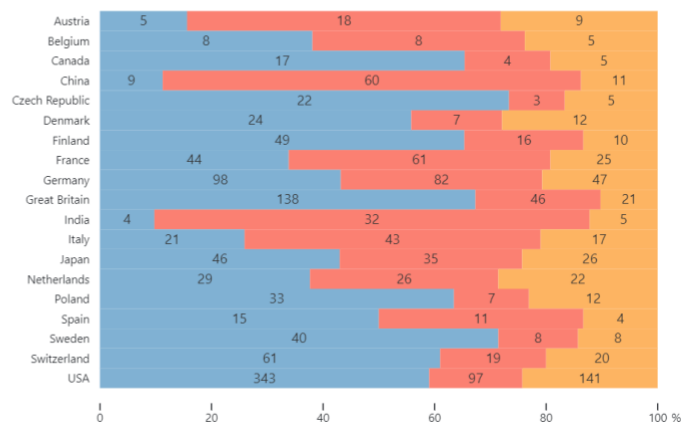
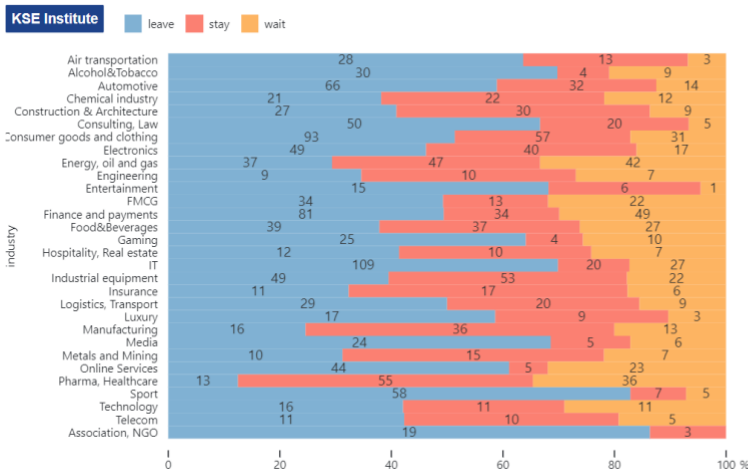
If since the beginning of the Russian invasion of Ukraine, the percentage of companies that closed operations in Russia has risen sharply by mid-March, in the last month the ratio of those who leave or stay is virtually unchanged. although we still see a periodic increase in the share of those companies that remain in the Russian market. However, about a half (49.6%) of foreign companies have already announced their withdrawal from the Russian market, but another 30.4% are still remaining in the country.



The actions of companies by sector (based on the KSE database, with at least 20 companies representing the industry or country) are shown in the graphs below.

#### Decisions of Western companies by country and sector:

<sup>4</sup> As of 19/06/2022, we updated the database with extended information on ~ + 400 new companies. Also, we started to monitor additionally whether companies really stated any actions to exit the country (currently we observe a very small number of such companies). So far we found information only about a few companies which started selling their business in Russia. Even for most of them – it's just an intention or they just started the process of sale. Everything else is mostly the statements or some preliminary steps. More details will be available soon once we analyze more data/information and find the reputable sources for verification.



## WEEKLY FOCUS. HOW MUCH WILL FOREIGN COMPANIES LOSE OVER LEAVING RUSSIA?

Despite the Russian government's statement that leaving Russia will be unpleasant for foreign companies, it will not be a disaster for them. At the same time, hundreds of thousands of jobs, billions of lost companies' revenues and budget income are at risk within the country.

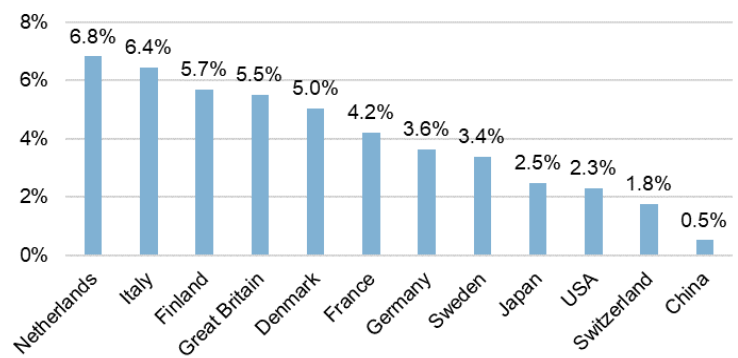
KSE Institute analyzed annual reports of about 500 companies and their decisions to exit Russia. It concluded that for most foreign companies operating in Russia before February 24th, business in this country accounted, on average, for less than 4% of total revenues (see graph to the right).

The share of business for those companies that have already announced their exit from Russia (on average, 3.2% for 229 analyzed companies) is significantly lower than for companies that remain (5.7% for 98 companies) and slightly lower for wait-and-see companies (3.4% for 150 companies), see graph to the right.

If we analyze these data by industry, the following sectors have a share of local revenue higher than 4%: **Alcohol and tobacco** (12.4%), **FMCG/consumer goods** (10.6%), **Online - services** (6.8%), **Engineering** (6.7%), **Food and Beverages** (5.0%), **Public catering** (4.8%), **Industrial Production** (4.7%) and **Chemical industry** (4.1%), see graph to the right.

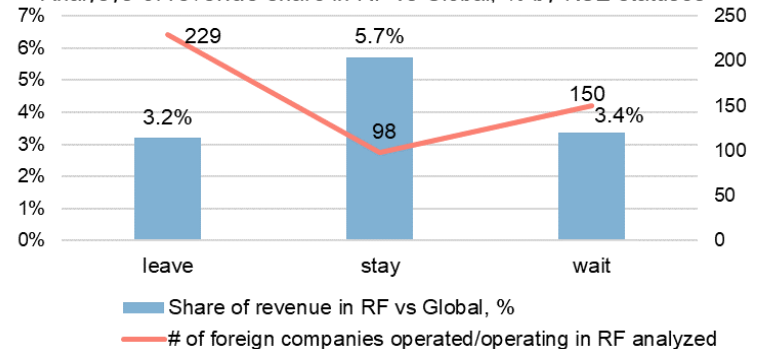
For separate companies, dependency on the Russian market can be much higher. For instance, for Dutch retailer **Spar** and French **Leroy Merlin**, the share of Russian revenue is close to 60%. And for Turkish glass producer **Şişecam** and Italian manufacturer of chocolate and confectionery products, **Ferrero** is above 50%. No wonder these companies are reluctant to leave the market. At the same time, there are examples of decisions to leave Russia even with high exposure to the market. Latvian **Elko Grupa**, a distributor of IT and consumer electronics with a share of sales in Russia at 53%, was one of the first to exit the market entirely.

Avg share of revenue in RF vs Global (by country)\*, %

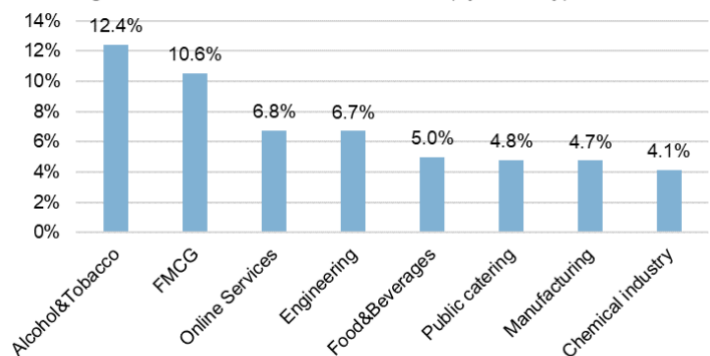


\*For countries that have more than ten companies analysed

Analysis of revenue share in RF vs Global, % by KSE statuses



Avg share of revenue in RF vs Global (by industry), %



Recently, Finland's **Nokian Tires** announced their decision to leave Russia, despite the share of Russian revenues being 49%.

KSE Institute also analyzed 18 popular brands in the consumer sector that sold food and beverages, clothing, cosmetics and household chemicals, five hotel chains and seven restaurant chains. For most consumer brands that left or intended to leave Russia, business in this country accounted, on average, for less than 4% of revenue. On the other hand, Russians will first feel the absence of these products and services. At the same time, the total number of locations in the Russian Federation for analyzed companies was 6,741 compared to 240,911 locations worldwide, so the share of premises in Russia is also relatively low - 2.8%.

Company name	Type	Country of HQ	Status by KSE as of 30/06	Number of staff	Revenue in RF, USD m	Global Revenue, USD m	Share of revenue in RF vs Global, %	# of locations in RF	# of locations Worldwide	type of locations	Share of locations in RF vs Worldwide
Leroy Merlin	Private	France	stay	5,750	4,822	8,400	57.4%	143	464	stores	30.8%
Adidas	Public	Germany	leave	7,000	629	22,449	2.8%	500	1,668	stores	30.0%
Mothercare	Public	Great Britain	leave	2,235	174	630	27.5%	116	618	stores	18.8%
Puma	Public	Germany	leave	1,303	151	7,195	2.1%	110	722	stores	15.2%
Nike	Public	USA	leave	134	179	46,820	0.4%	116	932	stores	12.4%
Intercontinental Hotels	Public	Great Britain	wait			2,318		26	210	hotels	12.4%
Inditex	Public	Spain	leave	9,000	1,138	29,301	3.9%	502	5,975	stores	8.4%
Lush	Private	Great Britain	leave					48	871	stores	5.5%
Mango	Private	Spain	wait	877	171			120	2,327	stores	5.2%
Hilton	Public	USA	wait			2,444		29	584	hotels	5.0%
Marks & Spencer	Public	Great Britain	leave	1,200	76			48	1,011	stores	4.7%
KFC	Public (Yum! EUSA)	USA	stay	40,000	61			1,086	25,000	restaurants	4.3%
Burger King	Private	USA	leave	3,914	489	5,730	8.5%	800	18,700	restaurants	4.3%
Pandora	Private	Denmark	leave			2,700		270	6,530	stores	4.1%
L'Occitane	Public	France	leave	700	58	1,710	3.4%	112	2,976	stores	3.8%
H&M (Hennes and Mauritz)	Public	Sweden	leave	6,910	688			168	4,633	stores	3.6%
SPAR	Public	Netherlands	stay	2,270	163	255	63.7%	466	13,000	stores	3.6%
Decathlon	Private	France	wait	2,500	303	11,400	2.7%	60	1,687	stores	3.6%
Papa John's	Public	USA	leave			2,068		185	5,650	restaurants	3.3%
LVMH	Public	France	leave	3,500	246	67,888	0.4%	124	5,376	stores	2.3%
McDonald's	Public	USA	leave	62,000	2,300	23,223	9.9%	847	38,153	restaurants	2.2%
Prada	Public	Italy	leave	153	54	3,558	1.5%	13	622	stores	2.1%
Chanel	Private	France	leave	300	168	10,100	1.7%	5	305	stores	1.6%
Fast Retailing/Uniqlo	Public	Japan	leave			15,798		50	3,477	stores	1.4%
Dunkin Donuts	Private	USA	leave			1,370		150	11,300	restaurants	1.3%
Accor	Public	France	wait			2,330		55	5,100	hotels	1.1%
Subway	Private	USA	wait					446	42,000	restaurants	1.1%
Hyatt	Public	USA	wait			1,445		6	1,150	hotels	0.5%
Starbucks	Public	USA	leave	2,000	50	30,362	0.2%	130	31,870	restaurants	0.4%
Marriott	Public	USA	leave			3,932		10	8,000	hotels	0.1%
<b>Total:</b>				<b>151,746</b>	<b>11,920</b>	<b>303,426</b>	<b>3.9%</b>	<b>6,741</b>	<b>240,911</b>		<b>2.8%</b>

Recently our partners, [We are Ukraine](#), analyzed the [Top-100 most expensive brands](#) by comparing their business in Russia and abroad and came to the conclusion that only 22 out of the 100 most valuable global brands haven't been working in or with Russia at the time when it waged a full-scale war against Ukraine on February 24, 2022. The rest of the 78 companies faced the dilemma — leave the aggressor country for good, reduce some operations in the hope of buying some time, or ignore the world's biggest humanitarian disaster since WWII and continue doing business as usual in Russia.

## What's new last week - key news from Daily monitoring (updated on a weekly basis)

**04.07.2022**

\***Mitsui OSK Lines** (Japan, Marine Transportation) Status by KSE - *stay*

Japan's largest shipping company, Mitsui OSK, President and CEO Takeshi Hashimoto said on the 3rd that Japan had no choice but to continue buying Russian liquefied natural gas (LNG).

<https://news.v.daum.net/v/20220704142411489>

\***Schneider Electric** (France, Electronics) Status by KSE - *leave*

France's Schneider Electric to sell Russia unit to local management

[https://www.reuters.com/technology/frances-schneider-electric-sell-russia-unit-local-management-2022-07-04/?taid=62c2ac356dc5730001a556b4&utm\\_campaign=trueAnthem:+Trending+Content&utm\\_medium=trueAnthem&utm\\_source=twitter](https://www.reuters.com/technology/frances-schneider-electric-sell-russia-unit-local-management-2022-07-04/?taid=62c2ac356dc5730001a556b4&utm_campaign=trueAnthem:+Trending+Content&utm_medium=trueAnthem&utm_source=twitter)

**05.07.2022**

\***Indian Institute of Spices Research (IISR)** (India, Agriculture) Status by KSE - *stay*

The Indian Institute of Spices Research (IISR) under the Indian Council for Agricultural Research (ICAR) inked a Memorandum of Understanding (MoU) with Lysterra LLC, a Russia-based company for commercialisation of biocapsule, an encapsulation technology for bio-fertilisation.

<https://economictimes.indiatimes.com/news/economy/agriculture/boosting-agri-ties-india-russia-sign-mou-for-commercialisation-of-biocapsule/articleshow/92664512.cms>

\***MSD** (USA, Pharma, Healthcare) Status by KSE - *wait*

The American MSD stops supplying the Russian Federation with vaccines against chickenpox, rubella, measles and mumps, which are also produced by other manufacturers, but will retain sales of its drugs that do not have analogues.

<https://www.kommersant.ru/doc/5446031>

\***IKEA** (Sweden, Consumer goods and clothing) Status by KSE - *leave*

IKEA reopens for online fire sale in Russia before market exit

<https://www.reuters.com/business/retail-consumer/ikea-reopens-online-fire-sale-russia-before-market-exit-2022-07-05/>

\***Huawei** (China, Electronics) Status by KSE - *wait*

Huawei is actively recruiting new employees in Russia

<https://www.kommersant.ru/doc/5436796>

\***PwC** (Great Britain, Consulting & Law) Status by KSE - *leave*

On 30 June the legal agreement for the departure of the firm in Russia from the PwC Network was signed. " We can confirm that today (4 July 2022) all aspects of the departure of the former PwC firm in Russia have been completed and PwC no longer has a firm in Russia".

<https://www.pwc.com/gx/en/news-room/press-releases/2022/statement-on-pwc-russia-sanctions-update-4-July-2022.html>

#### 06.07.2022

\***KFC** (USA, Public catering) Status by KSE - *wait*

Company is also in advanced stages of transferring ownership of its KFC restaurants, operating system and master franchise rights, including the network of franchised restaurants, to a local operator.

<https://www.yum.com/wps/portal/yumbrands/Yumbrands/news/company-stories/Update+on+Yum+Brands+Plan+to+Exit+Russia>

\***Yum Brands** (USA, Public catering) Status by KSE - *leave*

Announced the current process of exiting the Russian market. Last month, Yum! completed the transfer of ownership of all assets of the Pizza Hut franchise to a local operator. The company is also in the advanced stages of transferring ownership of its KFC restaurants.

<https://www.yum.com/wps/portal/yumbrands/Yumbrands/news/company-stories/Update+on+Yum+Brands+Plan+to+Exit+Russia>

\***UniCredit Bank** (Italy, Finance and payments) Status by KSE - *stay*

Still operating in Russia. UniCredit is considering leaving the Russian Federation, but with the possibility of returning after the war - Bloomberg

<https://news.finance.ua/ua/unicredit-rozhlyadaye-vyhid-z-rf-ale-z-mozhlyvisty-povernutysya-pislya-vivny-bloomberg>

\***Volvo** (Sweden, Automotive) Status by KSE - *leave*

Automaker Volvo Group will reduce employees in the Russian Federation during the year. The company produced trucks at the plant in Kaluga, which is currently idle.

<https://news.finance.ua/ua/volvo-protyahom-roku-provede-skorochennya-spivrobitnykiv-u-rosii>

\***BitMEX** (Seychelles, Finance and payments) Status by KSE - *wait*

BitMEX (Crypto exchange) to Restrict Services to Russians in EU due to sanctions, Russians in Russia will not be affected

<https://cryptobriefing.com/bitmex-to-restrict-services-to-russians-in-eu/>

\***Espersen** (Denmark, Food & Beverages) Status by KSE - *leave*

Supplied fish to McDonalds, suspended operations 17.03.2022 after McDonalds closed restaurants, 6.07.2022 decides to sell Russian business

<https://www.intrafish.com/processing/danish-seafood-giant-espersen-decides-to-sell-russian-business/2-1-1243570>

\***Women's Tennis Association** (USA, Sport) Status by KSE - *wait*

suspend Russian partnerships, bans participation under the name or flag of Russia or Belarus, but allows participation of individual athletes. Issued fines for the tournaments that banned participation of individual athletes from Russia and Belarus

[https://en.as.com/other\\_sports/wimbledon-2022-tournament-organizers-appeal-wtas-1-million-fine-for-ban-on-russia-n/?omnil=resrelrecom](https://en.as.com/other_sports/wimbledon-2022-tournament-organizers-appeal-wtas-1-million-fine-for-ban-on-russia-n/?omnil=resrelrecom)

\***ArcelorMittal** (Luxembourg, Metals and Mining) Status by KSE - *leave*

Resumed shipment of steel to Russia from its production in Kazakhstan

<https://www.kommersant.ru/doc/5446717?tg>

#### 07.07.2022

\***HSBC** (Great Britain, Finance and payments) Status by KSE - *wait*

HSBC Is in Talks to Sell Russian Unit to Expobank.

<https://www.bloomberg.com/news/articles/2022-07-06/hsbc-is-in-talks-to-sell-russian-unit-to-local-lender-expobank>

\***Total Energies** (France, Energy, oil and gas) Status by KSE - *wait*

TotalEnergies quits Russia's Kharyaga oil project in wake of sanctions

<https://www.reuters.com/business/energy/exclusive-total-quits-russias-kharyaga-oil-project-wake-sanctions-2022-07-06/>

\***Starbucks** (USA, Food & Beverages) Status by KSE - *leave*

The coffee shops of the American chain Starbucks in Russia can be bought by a local restaurateur, the founder of the company Pinsky&Co, Anton Pinsky.

<https://www.epravda.com.ua/news/2022/07/7/688941/>

\***Volkswagen** (Germany, Automotive) Status by KSE - *leave*

This week, the Volkswagen company will announce the liquidation of the production site in Nizhny Novgorod, says "Gazeta.ru" with reference to two sources, in particular - in the Russian office of the German company.

<https://news.finance.ua/ua/volkswagen-likviduye-zavod-u-nyzhn-omu-novhorodi>

\***LPP** (Poland, Consumer goods and clothing) Status by KSE - *leave*

The new owner of "RE Trading" LLC — the Russian division of the Polish retailer LPP — is the UAE-registered company "Farist Services-Fzco". The record of this in the register is dated June 30.

<https://www.kommersant.ru/doc/5446520?query=«PE%20Трэйдинг»>

**08.07.2022**

\***Vilhelm Parfumerie** (France, FMCG) Status by KSE - *stay*

In the first quarter, a mono-boutique Vilhelm Parfumerie was opened in the format of street retail

<https://www.epravda.com.ua/rus/news/2022/07/7/688944/>

<https://www.forbes.ru/biznes/470827-kriticeskij-minimum-za-polugodie-na-rynok-retejla-vysli-lis-dva-inostrannyh-brenda>

\***Li-Ning** (China, Consumer goods and clothing) Status by KSE - *stay*

in the second quarter, the first Chinese sportswear and footwear store of the Li-Ning brand was opened

<https://www.epravda.com.ua/rus/news/2022/07/7/688944/>

<https://www.forbes.ru/biznes/470827-kriticeskij-minimum-za-polugodie-na-rynok-retejla-vysli-lis-dva-inostrannyh-brenda>

\***Prisma** (Finland, FMCG) Status by KSE - *leave*

close all business operations in Russia

<https://s-ryhma.fi/en/news/s-group-will-close-all-business-operations-in-russ/1ryWAf2TE38Wo9OFv2BrUJ>

<https://www.esmmagazine.com/retail/russias-x5-to-buy-st-petersburg-chain-from-finlands-prisma-176842>

\***Four Season hotels** (Canada, Hospitality, Real estate) Status by KSE - *leave*

Canadian Four Seasons has suspended direct management of hotels in Russia

<https://news.finance.ua/ua/kanads-ka-four-seasons-pryzupynyla-pryame-upravlinnya-hotelyamy-v-rosii>

\***HDFC Bank** (India, Finance and payments) Status by KSE - *stay*

HDFC Bank facilitated a domestic cement maker's yuan trade purchase of Russian coal to avoid USD

<https://www.asiafinancial.com/indias-hdfc-bank-aided-yuan-trade-in-russian-coal>

\***Koskinen** (Finland, Manufacturing) Status by KSE - *leave*

Koskinen manufactures and markets wood products 7/07 has sold its sawing operations located in Russia to Cherepovetsles 8/03 discontinue its operations in Russia

[https://www.lesprom.com/en/news/Koskisen\\_sells\\_its\\_Russian\\_production\\_facility\\_to\\_Cherepovetsles\\_103722/](https://www.lesprom.com/en/news/Koskisen_sells_its_Russian_production_facility_to_Cherepovetsles_103722/)

\***Hainan Airlines** (China, Air transportation) Status by KSE - *stay* (sub-status - *returned*)

<https://www.flightglobal.com/networks/in-rare-move-hainan-airlines-resumes-flights-to-russia/149324.article>

\***BBK Electronics** (China, Electronics) Status by KSE - *stay*

Xiaomi, **Realme**, Honor (a spinoff of smartphone maker Huawei), and **Oppo** now hold 61% of Russia's smartphone market by sales as of May 2022

<https://fortune.com/2022/07/07/russia-ukraine-apple-samsung-china-smartphones-sales-realme-honor-xiaomi/>

**08.07.2022**

\***Turkish Airlines** (Turkey, Air transportation) Status by KSE - *stay*

Still flying to Russia, extended suspension of flights to Minsk, Yekaterinburg, Rostov, and Sochi until the end of August.

<https://twitter.com/turkiyenews/status/1544972798631739392>

Get more details on a daily basis:

[KSE Telegram bot on news monitoring @exit\\_ru\\_bot](#)

[Twitter of SelfSanctions project](#)

[Leave-russia.org website](#)

[Твіттер сайту leave-russia.org](#)

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