

28th issue of the weekly digest on 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;
14-20.11.2022

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 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](#), <https://bloodyenergy/> 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 [have finalised merging](#) with project [leave-russia.org](#) which was developed by a team of volunteers.

Also, we became partners with [Rubargo](#). Rubargo allows you to find any brand or company that is operating in Russia just by scanning barcodes.

KSE DATABASE SNAPSHOT as of 20.11.2022

Number of the companies **that continue Russian operations** (KSE's status "stay"¹) – **1 189 (+4 per week)**

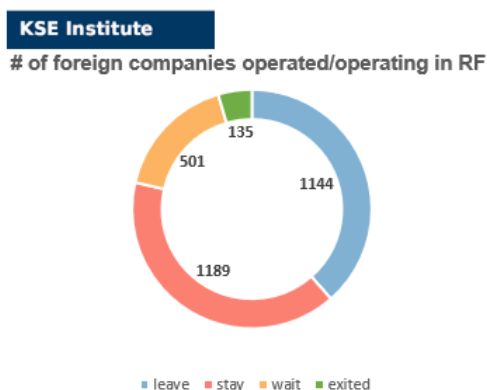
Number of the companies **that have reduced current operations and hold off new investments** (KSE's status "wait") – **501 (-2 per week)**

Number of the companies **that have curtailed Russian operations** (KSE's status "leave") – **1 144 (0 per week)**

Number of the companies **that completed withdrawal from Russia** (KSE's status "exited") – **135 (+2 per week)**

As of November 20, we have identified about **2,969 companies, organisations and their brands from 86 countries and 56 industries** and analysed their position on the Russian market. About 40% of them are public ones, for ~1 300 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) and updated the data for 2021, which allowed us to calculate the value of capital invested in the country (about **\$137.7 billion**), local revenue (about **\$294.2 billion**), local assets (about **\$211.3 billion**) as well as staff (about **1.277 million people**) and taxes paid (about **\$24.4 billion**, added this week). **1,645 foreign companies** have reduced, suspended or ceased operations in Russia. Also, we added information about **135 companies that have completed the sale of their business in Russia** based on the information collected from the official registers.

As can be seen from the tables below, **as of November 20**, companies which had already completely exited from the Russian Federation, had at least **282,000 personnel, \$34.5 bn in annual revenue, \$15.3 bn in capital and \$32.4 bn in assets**; companies, that declared a complete withdrawal from Russia had **126,900 personnel, \$32.5bn in revenues, \$13.8bn in capital and \$15.6 bn in assets**; companies that suspended operations on the Russian market had **263,000 personnel, annual revenue of \$53.0bn, \$28.4bn in capital and \$33.7 bn in assets**.



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

Country of HQ	# of companies
USA	677
Germany	370
Great Britain	250
Japan	161
France	159
Switzerland	136
China	104
Italy	103
Netherlands	91
Finland	87

Industry	# of companies
FMCG/Consumer goods	300
Finance and payments	201
IT	178
Industrial equipment	167
Energy, oil and gas	161
Automotive	151
Pharma, Healthcare	149
Electronics	148
Food&Beverages	125
Manufacturing	111

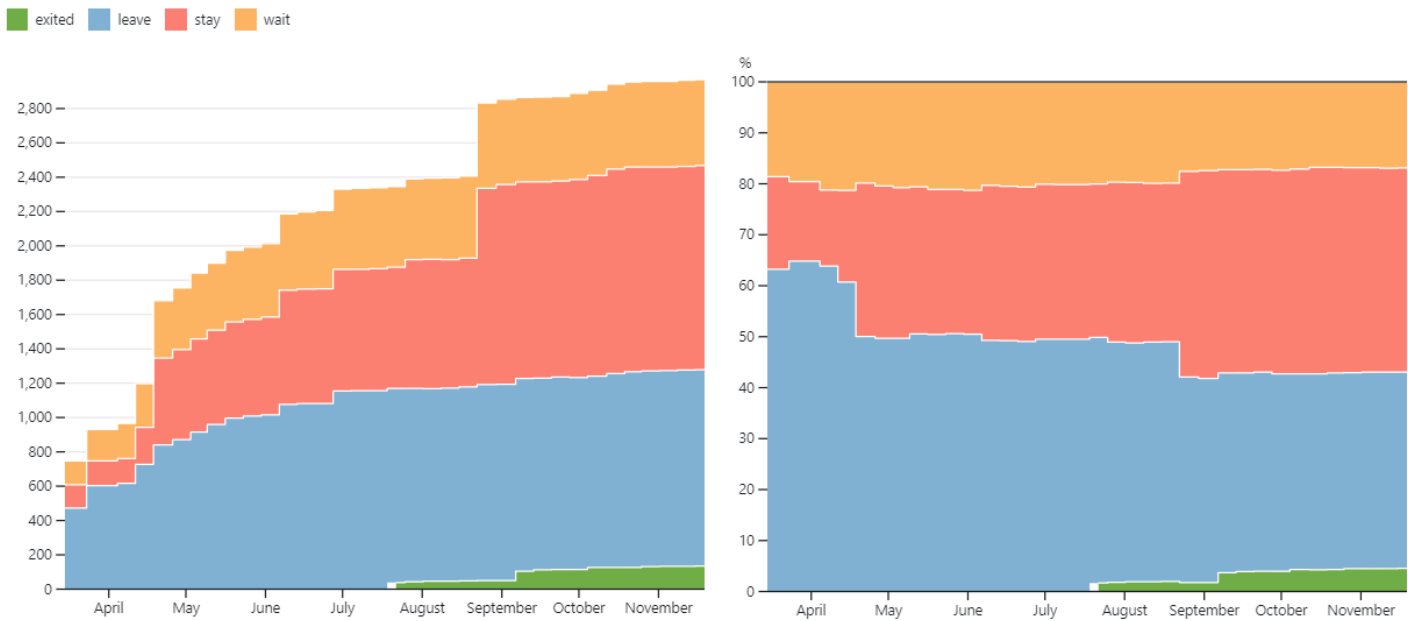
¹ - KSE status "leave" - Companies that have published on the company's official website (or their release has appeared in a foreign publication such as FT, NYT, etc.) that are completely shutting down in Russia or companies that have officially announced that they are temporarily reducing operations 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
 - KSE status "exited" - Companies that sold its business/assets or its part of the business to a local partner/terminated relations and left the market

The following table is based on data available for ~1 300 TOP public companies operated/operating in RF²:

KSE Institute	Status by KSE	Number of staff	Revenue, USD m	Capital, USD m	Assets, USD m	Taxes, USD m
	exited	282 203	34 492	15 271	32 386	3 109
	leave, including:	389 880	85 539	42 188	49 221	3 643
	complete withdrawal	126 912	32 529	13 756	15 564	1 255
	suspended operations	262 968	53 010	28 432	33 657	2 388
	wait	331 222	112 089	51 783	60 041	14 798
	stay	273 417	62 114	28 470	69 683	2 824
	Total	1 276 722	294 234	137 712	211 331	24 375

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 38.5% of foreign companies have already announced their withdrawal from the Russian market, but another 40.0% are still remaining in the country, 16.9% are waiting and only 4.5% made a complete exit³.

At the same time, it is difficult not to overestimate the impact on the Russian economy of only 135 companies that completely left the country, since they employed almost 22.1% of the personnel employed in foreign companies, the companies owned about 15.3% of the assets, had 11.1% of capital invested by foreign companies, and only last year they generated revenue of \$33.5 billion or 11.7% of total revenue and paid \$3.1 billion of taxes or 12.8% of total taxes paid by the companies observed. Data on 1,300 TOP companies are presented in the table above.



More infographics and analytics see in a special section at the link <https://leave-russia.org/bi-analytics>

² As of 19/06/2022, we updated the database with extended information on ~ + 400 new companies, and as of 28/08/2022, we have updated data for another 422 companies with data on personnel, revenue, capital and assets for 2021. 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. The collected information is already available and systematised in the form of a newKSE's status "exited".

³ On 24 July 2022, we introduced the new status "exited", which reflects the companies' actions to finalise the exit from the Russian market. The status relies on data from the Uniform State Register of Legal Entities in Russia (USRLE or EGRUL) and complementary analysis such as companies' announcements and media publications of company activities. At the same time, companies' activities can be hard to track and can be missed in the analysis, especially for companies less covered in the media. We encourage our readers to inform us if they are familiar with the companies' actions that contradict their announcements about the exit via the [Feedback Form](https://leave-russia.org/) at <https://leave-russia.org/>.

WEEKLY FOCUS: Analysis on Finnish companies and their positions in Russia

Russia with its geographical location is a natural and significant economic partner for Finland.

The Russian market plays a key role for Finnish export companies and organisations that use production facilities in Russia. Especially the markets of St. Petersburg and the Leningrad region actively attracted Finnish companies to the region, which created the largest concentration of representatives of Finnish business life outside of Finland.

With the onset of Russian aggression against Ukraine in 2014, many Finnish companies adapted to the emerging geopolitical situation and took a wait-and-see position regarding further investments in the Russian economy within the framework of Western sanctions against Russia.

For reference: As of 2020, about 900 Finnish companies or companies with a share of Finnish capital were operating on the Russian market. The big business of Finland was represented in almost all regions of Russia⁴. As of the end of 2021, the foreign trade turnover of Finland and Russia amounted to 19.6 billion US dollars. At the same time, Finland occupied the 15th place in Russia's foreign trade turnover⁵. In 2020, the volume of accumulated investments of Finnish companies in Russia was estimated at approximately 14 billion US dollars⁶.

Russian invasion of Ukraine in 2022 affected the activities of Finnish companies in Russia. Russia's military actions and sanctions imposed on Russia by the West have both direct and indirect effects on Finnish companies and their exports.

For reference: The EU imposed major sanctions against Russia and Belarus due to the attack on Ukraine. The tasks of Finnish customs as an executive body include ensuring compliance with import and export sanctions agreed at the EU level. Customs enforcement focuses on the control of commercial shipments because it has a greater impact. With the control of passenger traffic, customs prevents evasion of sanctions imposed on Russia. The list of prohibited products is extensive and constantly changing. Russia cannot import paints or automotive lubricants, export luxury items⁷. Already in March 2022, the value of exports of goods from Finland to Russia fell by 42% compared to the corresponding period in 2021. As for imports from Russia, the volume of imports of crude oil by Finland decreased the most (value of crude oil imports dropped by 45 per cent, and the quantity of imported crude oil decreased by 70 per cent). Import of crude oil has been replaced mainly with import from Norway⁸.

According to data collected by the KSE Institute⁹, in 2021 **87** Finnish companies (with share in capital 50+%) provided jobs for **21,800 people**, those companies generated **\$6.7 bn in annual revenue**, paid **\$467 mn of taxes**, had **\$5.2 bn in capital** and **\$5.5 bn in assets**.

12 companies (14% of 87 companies observed) have already completely exited Russia by selling their shares, about **23%** of employees have already left or will soon leave their previous jobs due to their exit. Another **51 companies** announced plans to leave Russia, in 2021 they employed **11 600 people**, generated **\$4.2 bn (62%) in annual revenue**, had **\$2.2 bn in capital** and **\$2.4 bn in assets**. But at least **14 companies** are still staying and **10 companies** are waiting and limiting their investments.

The following table is based on data available for TOP Finnish public companies operated/operating in RF:

Status by KSE	Number of companies	Number of staff, previous year	Revenue in RF, USD m	Capital in RF, USD m	Assets in RF, USD m	Taxes paid in RF, USD m
exited	12	5 067	866	308	416	36
leave	51	11 623	4 153	2 162	2 387	156
stay	14	3 001	1 206	2 604	2 541	260
wait	10	2 076	489	161	202	15
Total	87	21 767	6 714	5 235	5 546	467

⁴ <https://www.fontanka.ru/longreads/69553513/>

⁵ https://spbvedomosti.ru/news/country_and_world/vneshnetorgovvy-oborot-rossii-i-finlyandii-vyros-na-70-6-v-2021-godu/

⁶ <https://helsinki.mid.ru/rossijsko-finlandskie-otnosenia>

⁷ <https://tulli.fi/en/-/import-and-export-sanctions-on-goods-also-apply-to-private-individuals-crossing-the-finnish-russian-border>

⁸ <https://tulli.fi/en/-/exports-to-russia-collapsed-in-march-2022-but-value-of-imports-increased-by-63->

⁹ <https://docs.google.com/spreadsheets/d/1EF1hBQYyvRdSn4U6CY2yomeHEhTqbMKS/edit>

the Finnish companies are among the examples of clean breaks from the Russian market, while others defy demands for exit despite pressure.

Clean breaks

12 Finnish companies (or 14%) included in the KSE database have completely left the Russian market and sold their shares (all of them have "exited"¹² status by KSE, legally there are no Finnish beneficiaries anymore):

Teknos (Chemical industry, Status by KSE - *exited*) suspended its Russian operations in March 2022 and in April 2022 announced planning of controlled exit from Russian market. The process was completed on 11th of July 2022 as 100% of shares in Russian entity – Teknos OOO - were sold.

Boreo (Electronics, Status by KSE - *exited*) Boreo has sold its 90% shareholding in the electronic component distribution business in Russia ("YE Russia") to companies controlled by Mr. Yrjö Pönni, current General Director and 10% shareholder of YE Russia (new owner).

Wartsila (Industrial equipment, Status by KSE - *exited*) Wartsila, a top global marine and energy equipment maker, has suspended all deliveries and sales to Russia and Belarus due to the war in Ukraine and would take action to "follow the European Union sanctions framework as it evolves", a company spokesperson said in the spring. In July 2022 company sold their shares in Russia and Nortsev Konstantin became the new founder of the organisation.

Fiskars (Consumer goods and clothing, Status by KSE - *exited*) Fiskars Group has decided to withdraw completely from the Russian market. The company has operated locally mainly through its Fiskars brand and has employed approximately 70 people in Moscow and in the St. Petersburg area. The net sales of the Russian business in 2021 was approximately 1% of the global net sales of the company. The exit from the Russian market will not have a significant impact on the company's financial standing or the 2022 results. The company completely withdrew from the Russian market, liquidated the legal entity.

Atria (Food & Beverages, Status by KSE - *exited*), **Fazer** (FMCG, Status by KSE - *exited*), **Paulig** (FMCG, Status by KSE - *exited*), **Stora Enso** (FMCG, Status by KSE - *exited*), **Accountor** (Finance and payments, Status by KSE - *exited*), **Sokotel** (Hospitality, Real estate, Status by KSE - *exited*), **Tietoevry** (IT, Status by KSE - *exited*), **Raisio** (Food & Beverages, Status by KSE - *exited*) - companies that completely stopped cooperation with Russia.

Companies that ignore the exit

Fortum (Energy, oil and gas, Status by KSE - *stay*) The company has power plants in Russia. As of September 2013, 40% of Fortum's employees worked in Russia; The company's total investment in the Russian energy sector amounted to 4 billion euros. Announced withdrawal from the Russian market but Fortum receives fuel from TVEL, a subsidiary of the Russian state concern Rosatom. The contract was concluded before the expiration of the current licences for the operation of Loviis reactors.

Cinia (Telecom, Status by KSE - *stay*) The Finnish company Cinia will keep the connection with Russia open for the time being. CEO Ari-Yussi Knaapila says that Cinia also has network cables on the Russian border. According to Knaapila, Cinia's customers in Russia are telecommunications operators with whom the company exchanges traffic on the Finnish border. "We have inter-transport interfaces, that is, traffic exchange stations specifically on the border between Finland and Russia, and these stations mostly follow the lines of other border crossings"¹³.

Selected industries analysis

Automotive

Nokian Tyres (Status by KSE - *leave*) Nokian Tyres initiated a "controlled exit" from Russia. The company planned to make a decision on the new plant, which will replace the Russian production, in the third quarter. And as a result, the new plant will be built in Romania after Russia's withdrawal.

¹² The status relies on data from the Uniform State Register of Legal Entities in Russia (USRLE or EGRUL) and complementary analysis such as companies' announcements and media publications of company activities.

¹³ <https://www.iltalehti.fi/kotimaa/a/926c0655-5af2-40c5-997d-f426c0b58927>

Ponsse PLC (Status by KSE - *leave*) Ponsse Plc sold all shares of OOO Ponsse, its subsidiary that provided PONSSE services in Russia and Belarus. The transaction is expected to close by the end of Q3 2022. The deal requires approval from local competition authorities.

Vianor (Status by KSE - *leave*) "*Vianor Finland's business is not related to the business of Vianor's partners operating in Russia. The partners are private tire repair shops. We revoke the right to use the brand in Russia. In the future, the Vianor brand will be used exclusively in the Nordic countries and Central Europe.*" the company's statement says.

Online trading

Aspo (Status by KSE - *wait*) Aspo condemns Russia's military action on Ukraine. Due to the tragic events in Ukraine, Aspo is adjusting its operations in Russia. Most of ESL Shipping's business operations in Russia will be discontinued in the coming days. The aim is to transfer the freed-up capacity to other traffic areas. ESL Shipping has also suspended the start-up measures of its previously established Russian subsidiary. Leipurin's operations in Russia will be reduced in certain regions and raw material sourcing will be shifted to the local level. No new projects related to Leipurin's own machine manufacturing will be launched in Russia.

Manufacturing

Stockmann (Status by KSE - *leave*) The company has not been operating in Russia since 2015. All business in Russia was stopped after the annexation of Crimea. There are nine more department stores under the Stockmann brand in Russia, which are owned and operated by Reviva Holdings with a licence to use the Stockmann name until 2023.

Koskinen (Status by KSE - *leave*) Koskisen's wood processing company has sold its sawing operations located in Russia to Cherepovetsles. Koskisen's Russian operations were discontinued as planned previously. The Russian business operations made up a small share of Koskisen's net sales, and the financial impacts of the sale of the operations on the company are minor, as previously reported in a company press release.

FMCG

Valio (Status by KSE - *leave*) Suspension of operations in Russia and the company's statement condemning Russia's invasion of Ukraine. Previously, exports from Finland to Russia and Belarus, as well as imports of ingredients and packaging from Russia, were suspended (operations consist of processed cheese factory, contract manufacturing partners and sales offices).

Tikkurila Oyj (Status by KSE - *wait*) "*Since the war began, we made immediate decisions to refrain from sales to Russian state-owned entities, parties that fall within the scope of recent regulations and the aerospace market. The company is also not doing any new investments and has taken steps to wind down various other operations in Russia. We intend to continue to sell a minimum amount of essential products in Russia because it is necessary to generate local currency in order to maintain employment and meet payroll.*" - according to the company's statement in the spring.

Summary

Amid the geopolitical crisis in Europe, according to the OECD, Finland's GDP growth has slowed sharply to 1.1% in 2022 and 0.6% in 2023, respectively¹⁴. The war in Ukraine has hampered Finland's economic recovery after the shock of COVID-19. The Russian-Ukrainian war led to an increase in energy prices in Finland. Merchandise exports to Russia (5.5% of merchandise exports in 2021) will decline sharply this year and remain low. After Finland applied to join NATO in May 2022, Russia stopped exporting gas and electricity to Finland.

For reference: the Russian company "Gazprom Export" stopped supplying gas to Finland from May 21, 2022. This is connected with the refusal of the Finnish authorities to pay for Russian gas under the proposed "gas for rubles" scheme¹⁵.

Although most of the gas was imported from Russia, the gas accounts for only 5% of total energy consumption and is planned to be sourced elsewhere. Finland's economic measures in response to Russian aggression in Ukraine set 0.8% of GDP in its structural deficit of budget this year.

¹⁴ <https://www.oecd.org/economy/finland-economic-snapshot/>

¹⁵ <https://www.bbc.com/russian/news-61530276>

Considering the above, it is worth noting that the deterioration of Russia's relations with the West, provoked by the war in Ukraine, led to sanction wars. As a member of the EU, Finland has joined the sanctions against Russia, which imposes a significant impact on further economic relations between Russia and Finland.

What's new last week - key news from Daily monitoring (updated on a weekly basis)¹⁶

15.11.2022

***SIS Pitches** (Great Britain, Sport) Status by KSE - *stay*

The leading manufacturer of football fields, SIS Pitches, seems to be continuing its work in the Russian Federation for the ninth month of the war

<https://www.epravda.com.ua/news/2022/11/15/693870/>

***BioMarin** (USA, Pharma, Healthcare) Status by KSE - *leave*

"Coping with the consequences of pandemic, followed by the war in Ukraine and our exit from Russia, our organisation has focused on improving commercial and operational excellence.

<https://thefishsite.com/articles/biomar-bounces-back-despite-russian-business-embargo>

***Sysco Canada** (Canada, Food & Beverages) Status by KSE - *wait*

Sysco Canada contemplated halting reprocessed Russian-origin seafood

<https://www.intrafish.com/markets/we-would-ve-basically-killed-the-entire-category-sysco-canada-contemplated-halting-reprocessed-russian-origin-seafood/2-1-1351148>

***Orsu Metals** (Great Britain, Metals and Mining) Status by KSE - *leave*

Orsu Metals Completes its Exit from Russia and Makes Management Changes

<https://www.marketscreener.com/quote/stock/ORSU-METALS-CORPORATION-49478320/news/Orsu-Metals-Completes-its-Exit-from-Russia-and-Makes-Management-Changes-42320136/>

<https://www.accesswire.com/725137/Orsu-Metals-Completes-its-Exit-from-Russia-and-Makes-Management-Changes>

***Dentsu International** (Great Britain, Advertising, PR) Status by KSE - *leave*

While announcing a new global management structure made up of existing senior leadership to service under president and chief executive Hiroshi Igarashi, agency network Dentsu has also revealed the conclusion of the sale of its joint venture in Russia to its local partners.

<https://www.adweek.com/agencies/dentsu-reveals-new-leadership-structure-and-russian-ops-sale/>

***Imperial Brands** (Great Britain, Alcohol&Tobacco) Status by KSE - *exited*

Imperial Brands takes £400mn-plus hit to profits as it pulls out of Russia

<https://www.ft.com/content/030a9481-f1ce-4890-9bd4-e741ff4b3190>

16.11.2022

***Hypertherm Associates** (USA, Manufacturing) Status by KSE - *leave*

Hypertherm Associates, a U.S. based manufacturer of industrial cutting products and software, plans to formally close its legal entity in Russia.

<https://www.mmsonline.com/news/hypertherm-associates-plans-to-close-russian-business->

***Arconic Corp** (USA, Metals and Mining) Status by KSE - *leave*

Arconic Corp sells its Russian operations for \$230 million

<https://www.reuters.com/markets/deals/arconic-corp-sells-its-russian-operations-230-million-2022-11-15/>

<https://www.post-gazette.com/business/pittsburgh-company-news/2022/11/15/arconic-sale-russian-operations-ukraine-war-aluminum/stories/202211160037>

17.11.2022

***Prosus** (Netherlands, Online services) Status by KSE - *exited*

Prosus walks away from Russia-based VK (or VKontakte).

<https://aimgroup.com/2022/11/17/prosus-walks-away-from-russia-based-vk/>

18.11.2022

***International Paralympic Committee (IPC)** (Germany, Sport) Status by KSE - *leave*

Russia and Belarus' Paralympic committees were banned by the International Paralympic Committee (IPC), likely into next fall.

<https://olympics.nbcsports.com/2022/11/17/russia-paralympic-committee-banned-ipc/>

¹⁶ Recently, a new section "[Company news](https://leave-russia.org/)" was added to the project site <https://leave-russia.org/>, follow daily updates directly on the site

Get more details on a daily basis:

[KSE Telegram bot on news monitoring @exit_ru_bot](#)

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[Leave-russia.org website](#)

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