

18th 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;
05-11.09.2022

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](#) 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 finalized merging](#) with project [leave-russia.org](#) which was developed by a team of volunteers.

Also, we are in the negotiation phase of partnering with Rubargo. Rubargo allows you to find any brand or company that is operating in Russia. With our service, you can not only find such a company, but also check proof links with information about the company's public statement or public research that can confirm this information. You are able to scan barcodes and dynamically receive information about specific products and their origin. Impose your personal sanctions by downloading app here: [Apple App Store](#) | [Google Play](#).

KSE DATABASE SNAPSHOT as of 11.09.2022

Number of the companies **that continue Russian operations** (KSE's status "**stay**") – **1 144 (-21² per week)**

Number of the companies **that have reduced current operations and hold off new Investments** (KSE's status "**wait**") – **493 (-4 per week)**

Number of the companies **that have curtailed Russian operations** (KSE's status "**leave**") – **1 123 (-20 per week)**

Number of the companies **that completed withdrawal from Russia** (KSE's status "**exited**") – **105 (+55² per week)**

As of September 11, we have identified about **2,865 companies, organizations and their brands from 84 countries and 56 industries** and analyzed 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 **\$137.6 billion**), local revenue (about **\$295.3 billion**), local assets (about **\$217.2 billion**) as well as staff (about **1.253 million people**). **1,616 foreign companies** have reduced, suspended or ceased operations in Russia. Also, we added information about **105 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 11/09/2022**, companies which had already completely exited from the Russian Federation, had **244,200 personnel**, **\$24.4 bn in annual revenue** and **\$9.5 bn in capital**; companies, that declared a complete withdrawal from Russia had **149,200 personnel**, **\$34.2bn in revenues** and **\$19.7bn in capital**; companies that suspended operations on the Russian market had **172,400 personnel**, **annual revenue of \$64.8bn** and **\$31.0bn in capital**.

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

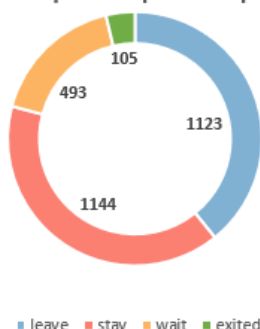
- KSE status "stay" - Companies that ignore exit / downsizing requirements in Russia, as well as companies that have officially stated that they remain in Russia or news of their exit have not been found

- KSE status "exited" - Companies that sold its business/assets or its part of the business to a local partner and leaved the market

² Companies migrated from the status "stay" to "exited" based on a monthly review of Russia's state registers.

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	Industry	# of companies
USA	663	FMCG/Consumer goods	296
Germany	353	Finance and payments	188
Great Britain	245	IT	177
France	157	Industrial equipment	163
Japan	153	Energy, oil and gas	149
Switzerland	136	Pharma, Healthcare	149
China	103	Automotive	146
Italy	98	Electronics	146
Netherlands	89	Food&Beverages	121
Finland	86	Manufacturing	107

The following table is based on data available for ~1 300 TOP public companies operated/operating in RF³:

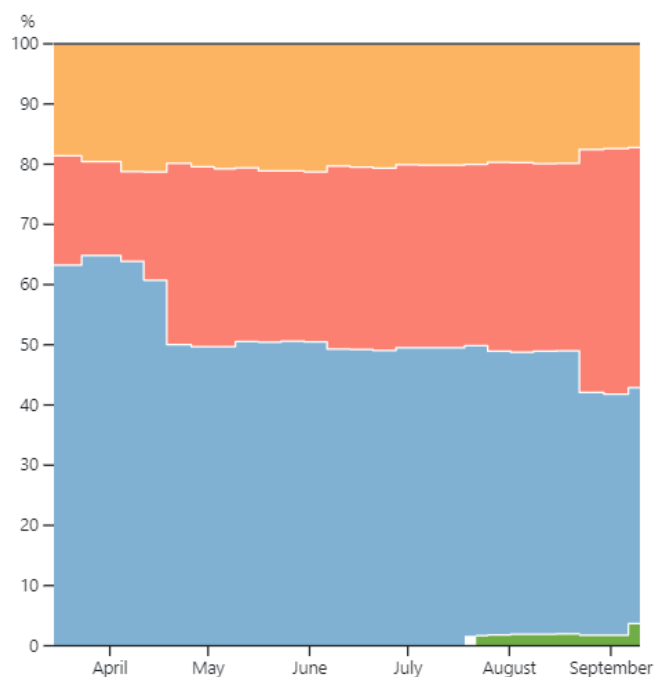
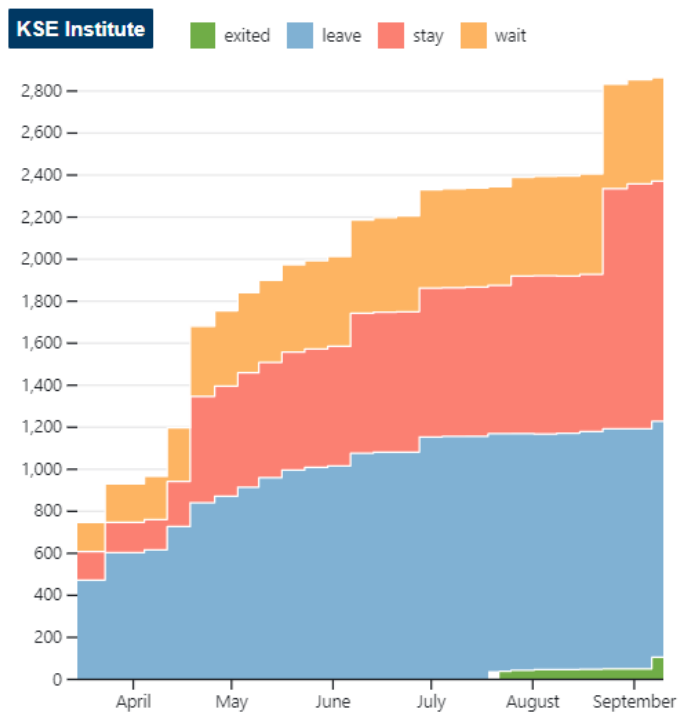
KSE Institute	Status by KSE	Number of staff	Revenue, USD m	Capital, USD m	Assets, USD m
	exited	244 243	24 397	9 458	25 933
	leave, including:	319 601	99 055	50 618	49 896
	<i>complete withdrawal</i>	149 169	34 240	19 654	21 550
	<i>suspended operations</i>	170 432	64 815	30 964	28 346
	wait	383 594	105 910	48 944	74 219
	stay	306 030	65 915	28 546	67 183
	Total	1 253 468	295 277	137 566	217 231

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 39.2% of foreign companies have already announced their withdrawal from the Russian market, but another 39.9% are still remaining in the country, 17.2% are waiting and only 3.7% made a complete exit⁴.

At the same time, it is difficult not to overestimate the impact on the Russian economy of only 105 companies that completely left the country, since they employed almost 20% of the personnel employed in foreign companies, and the companies owned about 12% of the assets invested by foreign companies in the country, and only last year they generated revenue of \$24.4 billion or 8.3% of total revenue, data on 1,300 TOP companies are presented in the table above.

³ 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 systematized in the form of a newKSE's status "exited".

⁴ On 24 July 2022, we introduced the new status "exited", which reflects the companies' actions to finalize 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/>.



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

THE KSE DATABASE HAS BEEN SUBSTANTIALLY UPDATED - OVER 100 COMPANIES HAVE EXITED COMPLETELY!

Until the middle of July this year, we had three statuses, which we used to describe the attitude of foreign companies to work on the Russian market: stay→wait→leave.

Since the middle of July, we have added a new status - exited. We assign it to those foreign companies that owned shares in legal entities, and have already disposed of them.

Exited - does not mean the best. There are cases when the company sells its Russian division to management, but continues to supply products there and receive a hidden profit. And there are cases when the company had no business, but stopped supplying.

But still, in our opinion, the exited status is important because it shows the final severance of legal ties with Russia. And the fact that the company stops paying taxes.

How do we know about it? As we wrote earlier, for approximately 1.3 thousand companies from our database, we know their legal assets in the Russian Federation (almost 1.8 thousand JSCs and LLCs). We have now built a system that automatically scans Russian registers of legal entities and detects cases of sales of shares or shares by foreigners to the benefit of Russian companies or individuals. This allowed us to expand the database about companies that fully exited more than twice - up to 105 cases (it should be understood that the addition to our database does not mean the release date, it could have happened much earlier). Their total revenue in the Russian Federation is more than 24 billion US dollars (the total revenue of 1.3 thousand foreign companies in the Russian Federation is 295 billion US dollars).

Here are just a few deals that happened in the last week:

Petro Welt Technologies (Austria, Energy, oil and gas) sold all its Russian assets (PETRO WELT TECHNOLOGIES, KATKONEFT, KATOBNEFT, KATOIL - LEASING, KATOIL-DRILLING) to managers (headed by the chairman of the board Denis Stankevich). Revenue in the Russian Federation - 268 million US dollars.

Schmitz Cargobull (Germany, Automotive) owned LLC "Schmitz Cargobull Russland", which was sold to a local firm. Revenue in the Russian Federation - 233 million US dollars.

Halliburton (USA, Energy, oil and gas) on September 8 announced it completed the sale of its Russia operations to a Russia-based management team made up of former Halliburton employees. As a result, Halliburton no longer conducts operations in Russia. The company owned Burservice LLC, which was sold to a group of managers. Business turnover in the Russian Federation - 64 million US dollars.

Helly Hansen (Norway, Consumer goods and clothing) is a Norwegian manufacturer and seller of clothing and sports equipment. The company sold LLC "HELLY HANSEN" to a Russian company. Revenue in the Russian Federation - USD 33 million.

Sony Music Group (USA, Entertainment) completely withdraws from Russia 6 months after ceasing operations in the country. The company was owned by Sony Music Entertainment LLC, which was sold to management and changed its name. Revenue in the Russian Federation - USD 36 million.

More information and examples at this link <https://leave-russia.org/companies-that-exited>

Of course, if you have information that a company has sold its Russian business, you can always write to us via the feedback form at <https://leave-russia.org/>

WEEKLY FOCUS: Did well-known catering companies leave the Russian market, or did they just change their brand design?

Since the beginning of the full-scale invasion of Russia on Ukraine, many international companies have left the Russian market to not cooperate with the aggressor country and not become a sponsor of the war. Among these companies are well-known catering brands.

Such companies as [Burger King](#), [Compass Group](#), [Dunkin Donuts](#), [Jamie Oliver Group](#), [Little Caesars](#), [Ninja Sushi](#), [Papa John's](#), [Starbucks](#), [Krispy Kreme](#), [Hesburger](#), [Marugame Seimen](#), [Autogrill](#), [McDonald's](#) have announced their intention to cease operations in Russia completely.

But only McDonald's and Starbucks stopped their activities and sold their business in the aggressor country.

Russian companies believe that if they copy some foreign brand creating a similar logo design, it will become an adequate substitute for the company. Previously, owners of original brands could go to court and copying or creating similar logos was prohibited. Currently, the possibility of obtaining fair verdicts from Russia's courts is limited.

[McDonald's](#) became one of the first companies to condemn Russia's actions and began the exit procedure in the spring. In May, the company completed the sale to existing licensee Oleksandr Govor. In June, the new owner announced the opening of all restaurants in two months. Some of these restaurants received a new name, "Vkusno & tochka" ("Tasty & that's it"), with the design very similar to the original - McDonald's.

After [Starbucks](#) exited the Russian market, coffee shops with a similar design but with a different name, Stars Coffee, were opened. The media even wrote⁵ that it was the international company that rebranded and did not leave the Russian market, but there is no evidence to confirm this.

Not all international companies in the catering sector have entirely left the Russian market.

[Yum Brands](#) has only partially withdrawn from Russia. It is an American fast-food corporation that manages the [KFC](#) brand. The company announced a complete exit in July following the completion of the KFC Yum! Brands transaction, but as of now, the transaction has not been confirmed.

[AmRest](#), [Focus Brands \(Cinnabon\)](#), [Subway](#), [Hard Rock Café](#), [Inspire Brands \(Dunkin' Donuts, Baskin Robins\)](#), and [DP Eurasia](#) are companies that have partially withdrawn from the Russian market. The reasons for partial withdrawal are different for each company.

For example, [DP Eurasia](#), which manages the [Domino's Pizza](#) brand in Turkey and Russia, saw a 1.5% decline in sales in Russia in the first four months of the year, which is relatively insignificant. *"It's still very early to talk about new store openings (in Russia). But ... our Russian business is sustainable"* CEO Aslan Saranga told analysts⁶, saying the group had good relationships with its franchisees in the country.

The CEO said in April that half of the group's stores in Russia were franchised, and even if the company wanted to close them, it could not do it. This company is also present in Ukraine and still works despite the war.

As can be seen, most international catering brands are in no hurry to exit the market and continue to sponsor the war with few exceptions. On the other hand, the exit of certain companies, especially McDonald's, had great reputational significance, and no attempt by local companies to replace it on the market could be successful. Therefore, even if public catering businesses are not of critical importance to the Russian economy, their withdrawal is also essential.

You can also contribute by spreading the status of the company calling for the exit from Russia on social networks directly from the company cards on the website <https://leave-russia.org/>.

⁵ <https://www.forbes.com/sites/brianbushard/2022/08/18/starbucks-stores-in-russia-reopening-as-stars-coffee/?sh=636e7c1d4d7e>

⁶ <https://www.reuters.com/world/middle-east/pizza-company-dp-eurasias-4-month-sales-jump-strong-turkish-demand-2022-05-26/>

What's new last week - key news from Daily monitoring (updated on a weekly basis)⁷

06.09.2022

***Great Wall Motor Co.** (China, Automotive) Status by KSE - *stay*

China's Great Wall Motor posts profit surge on Russia business

<https://asia.nikkei.com/Business/Automobiles/China-s-Great-Wall-Motor-posts-profit-surge-on-Russia-business>

***Hino Motors** (Japan, Automotive) Status by KSE - *wait*

A subsidiary of Toyota, the Japanese manufacturer of trucks and buses Hino Motors has abandoned plans to put its Russian plant into operation in Khimki, Moscow region.

<https://news.finance.ua/ua/yapons-ka-kompaniya-hino-motors-zhortaye-zapusk-vyrobnyctva-vantazhivok-v-rf>

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

Huawei relocated Chinese and Russian managers and heads of divisions to Kazakhstan and Uzbekistan over fears of Western sanctions. Some Russian managers were "sent on long-term business trips" to these countries. Kazakhstan-based staff will be responsible for Huawei's business development in the entire post-Soviet market.

<https://www.themoscowtimes.com/2022/09/05/chinas-huawei-moves-russian-staff-to-central-asia-vedomosti-a78716>

***Equinor** (Norway, Energy, oil and gas) Status by KSE - *exited*

Equinor signed an agreement to leave the Kharyaga project. Norwegian Equinor was the first major oil and gas company to complete an exit from Russia.

<https://www.equinor.com/news/20220902-completes-exit-process-from-russia>

07.09.2022

***Norsk Hydro** (Norway, Energy, oil and gas) Status by KSE - *leave*

Norsk Hydro will exclude Russian metal from deals to buy aluminum for 2023

<https://www.reuters.com/markets/commodities/norsk-hydro-bans-russian-aluminium-2023-purchase-deals-2022-09-06/>

***China National Petroleum Corporation** (China, Energy, oil and gas) Status by KSE - *stay*

Agreed to use rouble, yuan for gas payments

<https://www.reuters.com/business/energy/peetrochina-signs-gas-agreement-with-russias-gazprom-2022-09-07/>

08.09.2022

***Fuchs Petrolub** (Germany, Chemical industry) Status by KSE - *wait*

Russian Market Remains Crucial to Fuchs

https://www.lubesngreases.com/lubereport-emea/5_36/russian-market-remains-crucial-to-fuchs/

***Finnair** (Finland, Air transportation) Status by KSE - *leave*

Shifts strategy away from Russian airspace, as Russian airspace remains closed for Finland

<https://www.paddleyourowncanoo.com/2022/09/07/finnair-plans-to-sell-planes-and-cut-employee-wages-as-it-shifts-strategy-away-from-russian-airspace/>

***Sony Music Group** (USA, Entertainment) Status by KSE - *exited*

Sony Music fully exits Russia, 6 months after suspending operations in country.

<https://www.billboard.com/pro/sony-music-exits-russia-after-suspending-operations/>

09.09.2022

***Air Moldova** (Moldova, Air transportation) Status by KSE - *stay*

Air Moldova announced the resumption of flights to Russia. Air Moldova announced the resumption of flights to Moscow from October 1.

<https://www.epravda.com.ua/news/2022/09/9/691315/>

***Safiran Airport Services** (Iran, Aircraft industry) Status by KSE - *stay*

US Sanctions Iranian Company for Providing Drones to Russia

<https://www.bloomberg.com/news/articles/2022-09-08/us-sanctions-iranian-company-for-providing-drones-to-russia>

***Halliburton** (USA, Energy, oil and gas) Status by KSE - *exited*

September 8, 2022 - Halliburton Company today announced it completed the sale of its Russia operations to a Russia-based management team made up of former Halliburton employees. As a result, Halliburton no longer conducts operations in Russia.

<https://www.halliburton.com/en/about-us/press-release/halliburton-completes-sale-russia-operations>

***Eutelsat** (France, Telecom) Status by KSE - *stay*

Reporters Without Borders (RSF) has asked France's broadcasting regulator, ARCOM, to order French TV satellite operator Eutelsat to stop carrying three Russian TV channels that are spearheads of the Kremlin's war propaganda

<https://rsf.org/en/rsf-asks-french-regulator-order-eutelsat-stop-carrying-russian-war-propaganda>

***HMD Global** (Finland, Electronics) Status by KSE - *leave*

HMD Global has started the process of liquidating its Russian subsidiary HMD Mobile Russia, reports Kommersant.ru citing sources.

HMD Global has made no official statement on the issue yet.

<https://www.telecompaper.com/news/hmd-global-to-close-russian-branch-report--1436621>

⁷ 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

***Bharat Petroleum (BPCL)** (India, Energy, oil and gas) Status by KSE - *stay*

Bharat Petroleum plans to load 700k barrels of Russia's Sokol cargo in Sept, booked the Russian tanker Yuri Senkevich and is trying to obtain insurance coverage

https://wap.business-standard.com/article/companies/bpcl-plans-to-load-700k-barrels-of-russia-s-sokol-cargo-in-sept-report-122090800672_1.html

10.09.2022

***Bell Equipment** (South Africa, Automotive) Status by KSE - *leave*

Bell Equipment (makes and sells heavy machinery) has a relatively small business in Russia (3% of revenue), paused operations amid sanctions, avoid any write-downs

<https://www.news24.com/fin24/companies/bell-grows-profits-almost-a-fifth-despite-supply-chain-pressures-russian-sanctions-20220909>

***Intracom Telecom** (Greece, Telecom) Status by KSE - *leave*

Intracom Telecom, a global telecommunication systems and solutions vendor, reached the deal on selling the 100% of its Russian subsidiary, Intracom SVYAZ LLC, on September 5th 2022

https://www.intracom-telecom.com/en/news/press/press2022/2022_09_09.htm

***Roblox** (USA, Gaming) Status by KSE - *stay*

Roblox Corp.'s popularity in Russia is increasing. Russia sees more than 2 million active Roblox users a day. Russians are among Roblox's largest consumer base after the US, Brazil and the Philippines.

<https://www.bloomberg.com/news/articles/2022-09-09/roblox-boasts-of-growth-in-russia-even-after-rivals-left>

Get more details on a daily basis:

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