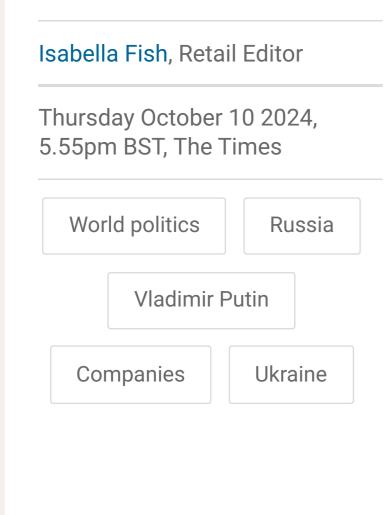
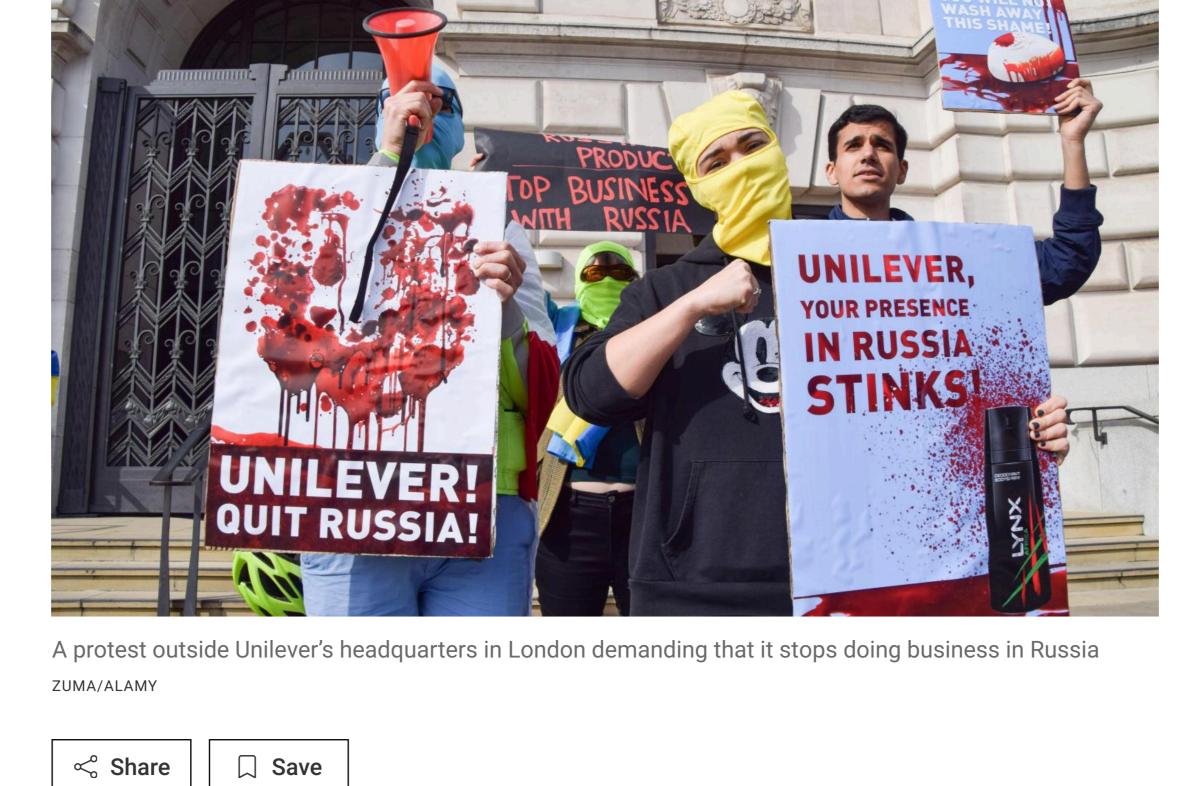
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Unilever sells Russian unit to local tycoon after years of pressure €520 million deal comes after the London-listed consumer goods company was

branded a 'sponsor of war' for not leaving sooner





Unilever has sold its Russian subsidiary to a local manufacturing group for a reported €520 million after repeated criticism for not ditching operations in the

country after its invasion of Ukraine.

products.

The London-listed consumer group, which has been branded a "sponsor of war" for not exiting Russia sooner, said it had reached an agreement to sell Unilever Rus to Arnest, a Russian manufacturer of cosmetics, perfumes and household

The sale includes all of Unilever's business in Russia and its four factories in the country, as well as the group's interests in Belarus. The Russian arm, which employs about 3,000 people, owns the local rights to brands ranging from Dove soap to Domestos disinfectant.

Arnest is owned by Alexey Sagal, a Russian businessman and a major

platforms and supply chains, as well as migrating brands to Cyrillic."

beneficiary of western companies' exodus from Russia. Last year he snapped up Heineken's Russian business, including seven breweries and 1,800 employees, for just €1. Hein Schumacher, the boss of Unilever, said on Thursday that the company had "been carefully preparing the Unilever Russia business for a potential sale" over

He added: "The completion of the sale ends Unilever Russia's presence in the country." The move comes almost three years after **Russia's invasion of Ukraine** in February 2022. Since then the maker of Marmite spread, Magnum ice cream and

the past year. "This work has been very complex, and has involved separating IT

Sir Chris Bryant, the senior Labour MP, said the "idea of Unilever making money out of selling Magnums to Russians, as essential items apparently — it angers me

Hellmann's mayonnaise has faced repeated calls from campaigners and

politicians to exit the country.

beyond belief". Ukraine's government called Unilever a "sponsor" of the war after the company paid 3.2 billion roubles (about £27 million) in corporate taxes in Russia in 2022.

Oleh Simoroz, a Ukrainian soldier injured in the war, had also urged the

consumer goods group to stop doing business in Russia, complaining that

"you're paying taxes to the aggressor country and thus financing terrorism".

Schumacher had argued that trading in the region remained the "best option" to avoid the risk of its business ending up in the hands of the Russian state, "either directly or indirectly, and to help protect our people". The Unilever boss has also

said previously that pulling out "could result in it being nationalised", pointing

to the takeover of the Russian subsidiary of Danone, the French yoghurt maker.

In September, The Moral Rating Agency, which highlights <u>corporations' ties with</u>

Russia, said Unilever should not be applauded over reports that it was due to sell

its Russian assets to the Arnest group. The agency said: "It is interesting that a payment of half a billion dollars might help it do the moral thing. While an exit would be good news, we should never forget that Unilever has been supporting the Russian economy at the rate of half a billion pounds a year, which is enough to pay for a thermobaric rocket every

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Schumacher said in July that the conglomerate had "substantially" localised its

nine days or an Iranian drone every 17 minutes."

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country (Tom Saunders writes).

operations in Russia over the past year and that its main objective was to minimise economic contributions to the Russian state. In March 2022 Unilever became the first big European food company to stop imports into and exports out of Russia.

A full exit from Russia is one of the most important decisions taken by

to reverse years of under-performance. From logistics to telecoms and medical equipment: the links remain Several British companies still operate in Russia, despite a large number of well-

FS Mackenzie International Group, the logistics company, states on its website

known names, such as Bet365, Next and Johnson Matthey all leaving the

Schumacher so far, who in his first year in charge <u>has overseen plans</u> to spin off

its ice cream business, lay off as many as 7,500 staff, and focus on 30 key brands

that it is "proud to have been one of the first international business teams to set foot in the Russian market". It has seven offices in the country and says that it is "committed to both developing and investing further into the Russian market". Other companies include BT Group, which must operate in the country and continue its relationship with Russia's state-backed telecoms operator,

Rostelecom, in order to allow people in the UK to make calls to Russia.

The chief financial officer of Smith & Nephew said several months after the

invasion of Ukraine in February 2022 that the medical equipment maker does

not source directly from Russia and has stopped new investments there but still

provides essential medical products. According to a paper by the Kyiv School of Economics, the number of foreign companies with assets in Russia has not significantly declined, with 1,519 businesses holding assets in 2021 compared with 1,304 at the end of 2023.

However, sales have fallen by 39.2 per cent from \$319 billion to around \$194

billion. The greatest revenue reduction was seen among companies from the

United States and Germany, while companies from China had the largest growth.

Profits remained largely unchanged with the companies collectively making \$18.4 billion in 2021 versus \$16.7 billion in 2023. Chinese companies are among the main beneficiaries of the exit of western corporations. For example, they quickly moved in to fill the space left by a dozen

Haval, the Chinese automotive company, increased its revenue from \$818

BT said: "We strongly condemn the invasion of Ukraine, and we adhere

million in 2021 to \$3.79 billion in 2023. Chery Automobile's revenue rose from

western car brands that halted operations in Russia.

\$0.86 billion to \$6.53 billion.

which takes time.

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rigorously to all international sanctions. We continue to maintain connectivity into and out of Russia — in line with our view that an unconnected world is even more dangerous."

A spokesman for FS Mackenzie said: "We still have offices in Russia. However,

activity there and are in the process of restructuring our organisation in Russia,

"Business activity from the UK to Russia is almost zero, apart from transporting

some medical or humanitarian goods. Our company strictly adheres to the rules

of the western sanctions. We also have offices in the Ukraine as well."

for the last two years, we have significantly scaled down our operation and

Smith & Nephew declined to comment. Business & Money > Companies World politics Vladimir Putin Ukraine Companies Russia

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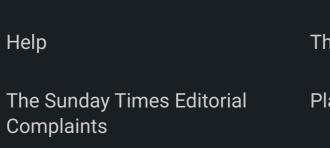
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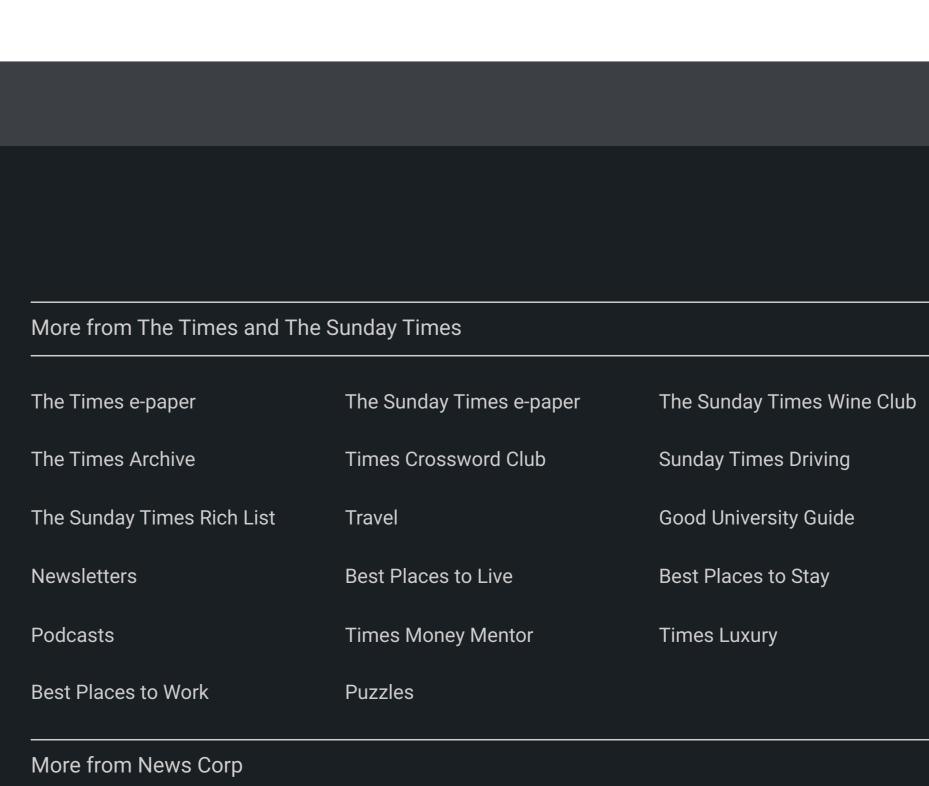
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