

## AUCHAN: INTERNATIONAL EXPANSION AND MARKET EXIT DILEMMA<sup>1</sup>

*Julianne Sellin and Bertrand Guillotin wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.*

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The day after Russia's invasion of Ukraine, Yves Claude, chairman and chief executive officer (CEO) of Auchan Retail Group (Auchan), a leading French retailer, presented the company's 2021 financial results.<sup>2</sup> Amid disappointing results in France, there were reasons to celebrate: Auchan had finally achieved a long-awaited turnaround in Russia, its third-largest market after France and Spain.<sup>3</sup> However, because of the war, the celebration itself did not occur.

"I spare a compassionate thought for our [Ukrainian] teams . . . and I obviously send them a message of support,"<sup>4</sup> declared Claude, as a preamble to his presentation. On February 24, 2022, Russia indeed launched an invasion of Ukraine, plunging into chaos a region that represented over a quarter of Auchan's 2021 global revenue.<sup>5</sup>

Within a few days, Russian individuals and companies would be slammed by international economic sanctions.<sup>6</sup> Foreign companies, caught in the crossfire of Cold War-style tensions, would be placed under incredible pressure to reconsider their market positions in Russia.<sup>7</sup> After twenty years of operating in the country, Auchan was no exception. In March 2022, Auchan's CEO now had to make a crucial decision: stay the course or leave the now-recovered Russian market (see Exhibit 1).<sup>8</sup>

### GEOPOLITICAL BACKGROUND AND UNSUSTAINABLE "BUSINESS AS USUAL"

It could be argued that the 2022 invasion of Ukraine by Russia was no real surprise from a geopolitical and historical standpoint. The origin of the conflict dated back to the Ukrainian Revolution, which took place in 2014; led to Russia's annexation of Crimea; and triggered a series of sanctions against Russia from the United States, Canada, and European countries.<sup>9</sup> These sanctions, coupled with a steep drop in the price of oil (a major revenue source for Russia), had sent the ruble plunging and had led to soaring inflation and a shrinking gross domestic product (GDP) in Russia.<sup>10</sup> The financial difficulties that followed had not spared foreign companies that were doing business in Russia, including Auchan; they saw their stock prices plummet and their sales and profits drop, closed some of their stores, and were soon affected by what was seen as a "tit-for-tat response" to sanctions.<sup>11</sup> Vianney Mulliez, then chair of Auchan France, commented, "The Group's performance was significantly impacted by foreign currency effects, notably in Russia and Ukraine."<sup>12</sup>

However, as geopolitical tensions eased after 2016, it became evident that there had not been a large-scale corporate exodus from Russia, despite the financial strains faced by foreign companies in Russia.<sup>13</sup> In fact, the complexity of the Russian market had not deterred Auchan's ambitions in the country. On the contrary, Jean-Pierre Germain, then-president of Auchan Russia, declared during the opening of the company's 100th hypermarket in the country, in December 2016, that "the investment budget is rising . . . and we don't have a reason to reduce it."<sup>14</sup> By that time, the company had already invested about €200 billion<sup>15</sup> in Russia<sup>16</sup> and expected to strengthen its commitment to doing business in the country.<sup>17</sup> The following year, in 2017, Auchan opened a €2.5 billion meat-processing plant in central Russia,<sup>18</sup> with the objectives of securing a local supply and developing agribusiness in the country, after a 2014 embargo had prohibited the importation of many agricultural products from countries that had imposed sanctions on Russia.<sup>19</sup> Although it had been experiencing some long-term financial difficulties in the country since 2012, as new political sanctions were adopted between 2019 and 2021,<sup>20</sup> Auchan continued investing in Russia, unveiling a three-year €227 million investment plan in June 2021.<sup>21</sup>

This strategy paid off in 2021, when Auchan achieved its turnaround in Russia.<sup>22</sup> But this good news was quickly overshadowed by growing concerns over the resurging tensions between Russia and Ukraine and a potential war, which ultimately began on February 24, 2022.<sup>23</sup> The aggression triggered the adoption of a series of unprecedented economic sanctions against Russia—the toughest ever taken against a G20 member.<sup>24</sup> By effectively denying Moscow's major financial institutions access to Western markets<sup>25</sup> and severely disrupting international trade, these sanctions posed operational and financial challenges to companies that continued to operate in Russia.<sup>26</sup> Specifically, with the intention to cripple the Russian system and pressure the Putin regime to end its military operations in Ukraine, a large coalition made up of the European Union and countries such as the United States, the United Kingdom, and Canada, removed several Russian banks from the Society for Worldwide Interbank Financial Telecommunications (SWIFT) international payment messaging system.<sup>27</sup>

In these circumstances, more than 300 companies had decided to either suspend or scale down their Russian operations within two weeks of the conflict<sup>28</sup> (see Exhibit 2), calling into question the orthodoxy of "unfettered globalization."<sup>29</sup> Now, 20 years after its entry into Russia and one month after the initiation of war, Auchan's strategy of "business as usual" in Russia could not be left unquestioned. But the decision was not straightforward as the company was forced to weigh not only the loss of a huge market, but also other potential consequences associated with an exit from this market—including threats of nationalization, formulated by Vladimir Putin.<sup>30</sup>

## COMPANY ORIGINS: FROM A LOCAL FAVOURITE TO A NATIONAL LEADER

In December 1960, Gérard Mulliez, the future founder of Auchan, travelled to the United States.<sup>31</sup> There, he attended the famous Modern Merchants Methods seminars, which were organized by the National Cash Register Corporation and hosted by the "Pope of Supermarketing," Bernardo Trujillo.<sup>32</sup> With founders of other future retailing giants such as Leclerc, the precursor of discount stores in France, and Carrefour, which preceded the hypermarket in the early 1960s, he learned about emerging distribution strategies and the "art" of modern retail. This experience prompted him to launch his own grocery retail business in Roubaix in 1961.

Building on the local success of this business, Mulliez progressively developed his company. First, he focused on extending it in his native region, the Nord-Pas-de-Calais, before expanding the network of stores to the entire French territory during the 1970s. In 1967, the first Auchan hypermarket opened in Roncq. The company pioneered the mall format in Europe in 1969.<sup>33</sup> Auchan quickly became a staple in the French retail industry.

In January 1990, the retailer ran forty hypermarkets, making it the seventh-largest hypermarket brand in the country.<sup>34</sup> Over time, Auchan's position in the grocery industry remained relatively stable and the company maintained its position within the top five French grocery retailers with 10 per cent of market share on average.<sup>35</sup> In 2015, the retailer was organized under Auchan Holding (renamed ELO Group in 2021), a privately held group headquartered in Croix and owned by the Mulliez family, one of the richest in France, which held over 95 per cent of the company. As of December 31, 2021, the company operated a network of 2,060 points of sale in all food retail formats and employed 163,098 workers. In 2021, Auchan achieved €30.544 billion in revenue and €1,498 million in earnings before interest, taxes, depreciation, and amortization (EBITDA). Besides experiencing a slight decline (-€61 million) in 2021 after two-and-a-half years of growth, the EBITDA remained in steep increase of about €276 million, or 23 per cent over two years.<sup>36</sup>

## PROCESS OF INTERNATIONALIZATION

Auchan, as a key player in its home market, leveraged its capabilities abroad. While France remained its biggest market and represented the majority of its turnover (53 per cent, or €16,233 million in 2021), Auchan operated in thirteen different countries over three continents (see Exhibit 3).<sup>37</sup>

### Internationalization as a Strategic Opportunity

The national success of French hypermarkets and supermarkets—which represented about two-thirds of the food distribution market and over 18 per cent of non-food retail in the country<sup>38</sup>—largely inspired the development of such stores around the globe, even though they remained an American invention.<sup>39</sup>

Many factors explained why the grocery retail industry, a low-margin business, went through a significant process of internationalization.<sup>40</sup> On the one hand, there were push factors, including a lack of opportunities for market expansion, strong competition, and high price pressures in saturated markets. For instance, as early as 1973, French regulators started taking measures to impose restrictions on retail giants (e.g., through laws known as Loi Royer and Loi Raffarin, which introduced limitations on the physical size of some businesses, or again, Loi Galland, which tightened restrictions relative to below-cost pricing).<sup>41</sup> On the other hand, there were pull factors, such as the exploitation of economies of scale and scope and advantages of ownership (e.g., diversification of risks) or location (e.g., the prevention of trade, market entry barriers, or new markets).

### An International Success

Following Carrefour, which opened its first hypermarket in Barcelona in 1973,<sup>42</sup> Auchan started its internationalization process in 1981 by setting up its first store in Spain under the brand Alcampo. Investments in neighbouring Western European markets followed. By the turn of the 20th century, the company decided to take on Asia as well as Eastern and Central Europe, following the multiple waves of grocery retail internationalization from the 1990s to the late 2000s.<sup>43</sup> During the 2000s, the company continued its geographical expansion by opening new stores in these regions while penetrating the African continent from the mid-2010s.<sup>44</sup>

These investments, which had allowed Auchan to extensively expand its market over the last two decades, had put the French player at the top of the global grocery retail industry, even though it had been losing speed since the late 2010s. Indeed, the company ranked 17th in the 2022 Top 50 Global Retailers list of the world's largest retail trade association, the National Retail Federation. (It had been included in the top 10 before 2020.)<sup>45</sup> In Europe, Auchan was listed as the 8th leading company in the food retail sector in 2020–2021.<sup>46</sup>

Between 2019 and 2021, however, Auchan proceeded to important exits by divesting from its less-profitable locations, notably in Italy and Asia—a region that, by itself, represented around 28 per cent of the company's global revenue in 2019.<sup>47</sup> In fiscal year 2021, Western Europe (except France) represented 19 per cent of Auchan Retail's total turnover (€5,673 million); Central and Eastern Europe represented 28 per cent (€8,461 million); and the other countries represented less than 1 per cent (€178 million).

## AUCHAN'S HISTORY IN RUSSIA

Auchan invested in Central and Eastern Europe relatively early in its internationalization process and became one of the first foreign players in the Russian industry in 2002.<sup>48</sup> Its choice to establish itself in Russia was not random. The USSR, which legally ceased to exist on December 31, 1991, gave way to the newly independent Russian Federation, which, upon independence, faced economic collapse. Indeed, the country faced several serious challenges, including hyperinflation and regular shortages, while transitioning toward democracy and a market economy.<sup>49</sup>

### The Russian Market in the Early 2000s: A Relatively Blank Slate

As the Russian market started stabilizing and opening up, foreign companies quickly saw in Russia a large market in which local companies could not satisfy the demand.<sup>50</sup> Although foreign retailers had already begun establishing themselves in the country as early as the 1980s, despite early privatization of shops beginning in April 1992,<sup>51</sup> their presence did not become truly significant until 2000, with the establishment of the Swedish multinational Inter IKEA Systems BV (IKEA) in the country. The German Metro AG (Metro Group) and Dutch SPAR International (SPAR) followed in 2001;<sup>52</sup> Auchan arrived in 2002; and other German groups—Marktkauf and Tengelmann Group (OBI) in 2003 and REWE Group (Billa) in 2004—came later. After 2005, the dynamic slowed down, giving way to the development of multiformat activities and the regional expansion of the main actors.<sup>53</sup>

### Russia: A High-Risk, High-Reward Market

Russia had always represented many opportunities for retailers. It was by far the largest country in the world, at 17,098,247 square kilometres (6,601,670 square miles), and it was strategically positioned between Europe and Asia. It counted around 145 million inhabitants, and although its population was the smallest among the BRIC economies (Brazil, Russia, India, and China), it had historically been the wealthiest in per capita terms, until China caught up in 2020.<sup>54</sup> Russia also ranked higher than China, India, and Brazil in the World Bank's 2020 Doing Business rating, where it was in the 28th position.<sup>55</sup> Moreover, since the end of the Cold War, the country's economy had continuously opened up. More than two decades of advancing integration had made Russia a relatively open economy, with a trade-to-GDP ratio of 52 per cent (about the world's average), according to World Bank data.<sup>56</sup> In 2021, Russia was estimated to be the world's 11th largest economy in terms of GDP, according to the International Monetary Fund.<sup>57</sup>

There was a positive dynamic for retailers in Russia. According to Market Watch, the Russian food and grocery retail market had doubled since Auchan's entry to reach total revenues of \$252.4 billion in 2020.<sup>58</sup> With a compound annual growth rate (CAGR) of 6.6 per cent between 2016 and 2020, it was projected to become the 8th largest grocery retail market in the world by 2022.<sup>59</sup> If the traditional retail channel was losing speed, consumers were showing a growing interest in innovations such as self-checkouts, cashless payments, and electronic labelling systems within the sector. Modern retail channels such as mobile e-commerce were developing fast and creating new growth opportunities.<sup>60</sup>

The Russian market was difficult to navigate, however. Historically, levels of political risk had stayed consistently high. The 2021 Corruption Perceptions Index, which measured how corrupt each country's public sector was perceived to be, ranked Russia 136 out of 180 countries.<sup>61</sup> The country ranked 93 out of 178 countries on the Heritage Foundation's 2021 Index of Economic Freedom, which considered many factors relevant to political risk.<sup>62</sup> The main areas of concerns were the rule of law, transparency, and access to credit. Ultimately, the new sanctions adopted at the beginning of the conflict with Ukraine, and the overall uncertainty that hovered over the Russian economy, cast doubts on predictions of future growth.<sup>63</sup>

### A Strategic Market for Auchan

In 2002, under the name АШАН, Auchan entered Russia—a country that represented about 10 per cent of Auchan Retail's total turnover and was its third-largest country of operations after France and Spain<sup>64</sup> (see Exhibit 1). By the end of 2021, the company counted about 30,000 employees<sup>65</sup> and operated about 230 stores in the country, making Russia home to the second largest number of Auchan supermarkets and hypermarkets after France.<sup>66</sup> With an estimated 30 per cent of people regularly doing their in-person grocery and beverage shopping at Auchan—21 per cent of those doing their shopping online,<sup>67</sup> the company was ranked 6th by market share among food retailers in Russia.<sup>68</sup> In 2021, the company was also ranked 10th on *Forbes* magazine's list of the 50 largest foreign companies in Russia by revenue.<sup>69</sup> It had ranked first between 2015 and 2018.

As an early entrant in the Russian market, Auchan enjoyed a form of first-mover advantage and managed to succeed while other industry giants such as Carrefour and Walmart had failed.<sup>70</sup> The company had invested a significant amount of time and money in the market. Upon entry, the group had worked hard to understand Russian customers, sending three French business students to live with Russian families to observe their habits and preferences. It had also set up a price observatory to better understand the market and position itself accordingly. The company's winning strategy also involved investing in and relying on local suppliers to guarantee low prices<sup>71</sup> and to secure procurement through various waves of sanctions, which ultimately forced the development of local agribusiness.<sup>72</sup>

## CHALLENGES

Beyond the difficulty associated with navigating the Russian market, the company managed to grow its ambitions in Russia. Consolidating its position throughout the 2010s, Auchan eventually erupted as a leader in the country's retail sector. Yet, Auchan's winning strategy in Russia was soon weakened by the rise of new challenges: new customer demands, new competitive dynamics, and new geopolitical tensions.

### Competitive Dynamics

Until the mid-2000s, the supermarket as it was currently known was relatively uncommon in Russia. By 2018, however, supermarkets had reached market saturation, as indicated by a score of zero on the Global Retail Development Index.<sup>73</sup> The market was in a consolidation phase, with chains progressively crowding out small local shops, yet a fair amount of fragmentation still existed. While the top five players held an average 60 per cent of market shares in developed markets,<sup>74</sup> in Russia, they had only about 32 per cent. The Russian grocery retail market was dominated by local companies and brands (see Exhibit 4A). X5 Retail Group (X5), a major Russian grocery company that had experienced impressive growth in its market share over the 2014–2019 period, became the leader in Russia and Eastern Europe by 2019. Auchan arrived in 6th position in 2021.<sup>75</sup>

Auchan's position in the industry had declined over the last decade, however, as the company lost market shares to its Russian competitors (see Exhibit 4A). Auchan experienced some difficulties not only in France<sup>76</sup> but also in Russia. The earnings of the company's Russian subsidiary had consistently declined over five consecutive years, going from P344 billion in 2015 to P223 billion<sup>77</sup> in 2020.<sup>78</sup> While the market grew by 11 per cent per year between 2017 and 2020,<sup>79</sup> Auchan's sales declined by around 9 per cent per year. The company, which had revolutionized post-Soviet distribution, struggled to reinvent its outdated model<sup>80</sup> in the face of increasing competition and innovation. It also suffered from a major supplier-related corruption scandal, which was estimated to have cost the firm 2–3 per cent of its turnover per year,<sup>81</sup> and a recession, from which Russia had been trying to recover since 2014–2015.

This decline in Russia triggered a change in leadership. François Rémy, who was named the new managing director of Auchan Russia in July 2017,<sup>82</sup> initiated a plan to close inefficient stores.<sup>83</sup> He was then replaced by Johannes Tholey two years later, in 2019. In 2020, the group decided to sell its Chinese activities as part of a recovery plan. To avoid condemning the Russian operations to the same fate, Tholey began replacing French expatriates with Russian employees as heads of purchasing offices to regain commercial efficiency and catch up with evolving preferences within the Russian market.<sup>84</sup>

### A Slow Machine in Need of Renewal

The competition between grocery retail formats was expected to intensify. Especially after the COVID-19 pandemic, Russian customers were increasingly limiting their trips to large stores and going to convenience stores, which were smaller and closer to their homes.<sup>85</sup> Since 2018, the total number and size of hypermarkets continued to decline, and the main retailers were likely to refocus their attention on smaller supermarkets.<sup>86</sup> To remain attractive to modern consumers, retailers were also forced to invest in e-commerce and, more generally, to become omnichannel sellers.<sup>87</sup>

In December 2020, e-commerce represented 2.0 per cent of Auchan's sales, compared to only 0.4 per cent in March that same year. In June 2021, this increased to 4.0 per cent,<sup>88</sup> and Auchan planned to invest more in e-commerce—both to make up for lost time and to catch up with its competitors (see Exhibit 4B). The company then announced it would launch a P20 billion (€227.5 million) investment plan before 2024 to further expand its online presence.<sup>89</sup> In November 2021, the company set an objective to have digital reach 20 per cent of sales by the end of 2023. To achieve this objective, Auchan Russia entered a seven-year strategic partnership with SberMarket,<sup>90</sup> the top e-grocery company in the country, which was also a unit of SberBank, one of the banks targeted by international sanctions.<sup>91</sup>

Another priority for Auchan in Russia would be to develop the ultra-convenience store format. Auchan, which had pioneered the suburban supercentre format, had failed to capitalize on the growing success of small to medium urban formats, which its competitors had quickly developed.<sup>92</sup> In 2017, Auchan had opened 13 small stores, named Moï, while X5 was projected to open 2,500 new stores, most of them in small formats.

### Factoring In What Matters

After the war began at the end of February, Auchan's management had to consider many things in order to make decisions regarding the future of the company's operations in Russia. The more immediate concerns related to people. The press, along with civil society inside and outside Russia, were rushing companies to make decisions about whether to exit or to stay in the Russian market. These pressures in turn triggered high reputational risks for the company in the context of a conflict that was getting incredible media coverage.<sup>93</sup> For Auchan, this translated into threats of boycotts,<sup>94</sup> protests,<sup>95</sup> and accusations that the retailer

was supporting an authoritarian regime by feeding Moscow's tax machine and war funds. At the same time, Auchan had to consider the impact of the war on its customers, both in Russia and in the rest of its markets.

Management also had to worry about its employees—who were often shareholders themselves—and their families in both Ukraine (a market Auchan had entered in 2008) and Russia. In fact, while rumours around Auchan's exit from the market started mounting in the first half of March 2022, a spokesperson for Auchan's Russian subsidiary talked to the Russian press and put an end to these rumours by declaring to the Russian newspaper *Kommersant* that, at the time, the stores were open and working as usual.<sup>96</sup> This information was later confirmed by an internal source in the French newspaper *Les Echos*, who added that “employees were not responsible for the war and needed their jobs.”<sup>97</sup>

Auchan also had to deal with concerns regarding its operations in Russia. Indeed, the war seemed likely to impact the costs and revenues of its Russian subsidiary, notably because of the sanctions, which would likely cause significant damage not only to the country's economy but also to its supply chain.<sup>98</sup> Looking ahead, Auchan's management had to factor in the current dynamics and future prospects in the Russian market for the company. After a difficult few years in a market that represented a large share of its global revenue, the company had managed to turn things around, while its European subsidiaries had performed poorly in the last two years. This had happened through massive investments in the country in the midst of lingering geopolitical tensions and growing competition in the industry. Considering long-term prospects for the company in Eastern Europe, the decision to stay in or exit the Russian market would also have implications for Auchan's future business in Ukraine and Russia and, more generally, in Eastern Europe. This concern was reinforced by the threat of expropriation of foreign assets, formulated by Vladimir Putin, as US and European companies started exiting the country.<sup>99</sup>

Amid these rapidly evolving market trends and unprecedented pressures, Auchan's CEO was torn between reaping the profits of a turnaround in Russia or exiting that market altogether after twenty years of efforts and investments. As of March 10, 2022, Auchan's German competitor, Metro Group, was still operating in the country.<sup>100</sup> On March 27, 2022, Yves Claude was invited to an interview with the popular French newspaper *Le Journal du Dimanche*. What should he say?

**EXHIBIT 1: AUCHAN RETAIL GLOBAL AND RUSSIAN STORES AND REVENUES**

	Auchan Retail Russia		Auchan Retail Global			
	# Stores	Annual Revenue (in billion ₺)	# Stores (including franchisees)	# Stores (excluding franchisees)	Annual Revenue (in billion euros)	Reported Evolution (comparable basis)
2016	300	₺333.10	3,715	1,923	€51.70	-1.90%
2017	310	₺294.32	N/A	2,254	€52.00	0.50%
2018	305	₺270.66	4,084	2,534	€50.30	-3.30%
2019	277	₺254.17	2,293	2,014	€45.80	-1.40%
2020	256	₺223.17	1,985	1,715	€31.60	-5.20%
2021	231	₺229.04	2,060	1,784	€30.50	-1.00%

Source: Compiled by case authors based on Auchan Retail, Financial Reports 2016, 2017, 2018, 2019, 2020 and 2021, accessed September 28, 2022, <https://www.auchan-retail.com/fr/category/rapports-activite/>; Statista Research Department, "Revenue of Auchan in Russia from 2014 to 2021 (in billion Russian rubles)," Statista, May 9, 2022, <https://www.statista.com/statistics/1017464/auchan-turnover-in-russia/>.



## EXHIBIT 2: LIST OF ORGANIZATIONS THAT HAD EITHER SUSPENDED OR SCALED DOWN THEIR DEALINGS WITH RUSSIA (AS OF MARCH 10, 2022)

3M Co	Bombardier Inc	Dentons	Hilton Worldwide Holdings Inc
Accenture Inc	Boohoo Group Plc	DHL	Hines Interests LP
Activision Blizzard Inc	Booking Holdings Inc	Diageo PLC	Hitachi Construction Machinery Co., Ltd
Adidas AG	BP PLC	DirectTV	HMM Co., Ltd
Adobe Inc	British American Tobacco PLC	Discover Financial Services	Honda Motor Co, Ltd
AECOM	Brown-Forman Corp	(The) Walt Disney Co	Honeywell International Inc
AerCap Holdings NV	Budweiser Budvar	Dow Inc	Hewlett Packard Enterprise Co
Airbnb Inc	Bumble Inc	DSV A/S	HSBC Holdings Plc
Airbus SE	Burberry Group Plc	DXC Technology Co	Hyatt Hotels Corp
Akamai Technologies Inc	Canada Goose Holdings Inc	eBay Inc	Hyundai Motor Co
Alaska Airlines Inc	Canadian Tire Corp	Electronic Arts Inc	International Business Machines Corp
Alcoa Corp	Carlsberg AS	Eni SpA	Industrial & Commercial Bank of China Ltd
Allen & Overy LLP	Carnival Corp	EPAM Systems Inc	IKEA
Alphabet Inc	Caterpillar Inc	Equinor ASA	Imperial Brands PLC
Alstom SA	CBRE Group Inc	Telefonaktiebolaget LM Ericsson	Industria de Diseño Textil SA (Inditex)
Amadeus IT Group SA	Chanel Ltd	Esri Inc	ING Groep NV
Amazon.com Inc	Cisco Systems Inc	(The) Estee Lauder Companies Inc	Intel Corp
Advanced Micro Devices Inc (AMD)	Cleary Gottlieb & Hamilton LLP	Eurovision	Intercontinental Exchange Inc
American Airlines Group Inc	Clifford Chance LLP	Expedia Group Inc	Intercontinental Boxing Federation
American Express Co	(The) Clorox Co	Exxon Mobil Corp	Intercontinental Cat Federation
Anheuser-Busch InBev SA/NV	CMA-CGM Group	Ernst & Young International Ltd	Intercontinental Cycling Union
AP Møller – Maersk A/S	(The) Coca-Cola Co	Farfetch Ltd	Intercontinental Ice Hockey Federation
Apple Inc	Cogent Communications Holdings Inc	Fazer Group	Intercontinental Skating Union
Asda Group Ltd	Coinbase Global Inc	FedEx Corp	Intercontinental Tennis Federation
Asian Infrastructure Investment Bank	Companie Générale des	Ferrari NV	Intercontinental Weightlifting Federation
Asos PLC	Établissements Michelin	Fieldfisher LLP	International Olympic Committee
Assicurazioni Generali SpA	Coöperatieve Rabobank UA	FIFA	Iveco Group NV
Aston Martin Lagonda Global Holdings PLC	Coty Inc	Fitch Ratings Inc	J Sainsbury PLC
Atlas Copco AB	Coupa Software Inc	Ford Motor Co	Jaguar Land Rover Automotive PLC
Autodesk Inc	Coursera Inc	Formula One	JC Bamford Excavators Ltd
Avid Technology Inc	Credit Suisse Group AG	Fortinet Inc	JD Sports Fashion PLC
Bain & Co Inc	Crocs Inc	Freshfields Bruckhaus Deringer LLP	JPMorgan Chase & Co
Baker McKenzie LLP	Daimler Truck Holding AG	General Electric Co	JYSK A/S
Bank of China Ltd	Danone SA	Geodis	Kearney
BASF SE	Dassault Aviation SA	GlobalFoundries Inc	Kellogg Co
British Broadcasting Corp (BBC)	David Chipperfield Architects Ltd	General Motors Co	Kering SA
(The) Boston Consulting Group Inc	DB Schenker	(The) Goldman Sachs Group Inc	Kimberly-Clark Corp
Bentley Motors Ltd	Deere & Co	Grammarly Inc	Kinross Gold Corp
BlackRock Inc	Deezer SA	Grant Thornton LLP	Knight Frank LLP
	Dell Technologies Inc	H&M Hennes & Mauritz AB	
	Deloitte Touche Tohmatsu LLC	Hapag Lloyd AG	
Bloomberg LP	Delta Airlines Inc	Harley-Davidson Inc	
BNP Paribas SA	Dell Technologies Inc	Heineken NV	
(The) Boeing Co	Deloitte Touche Tohmatsu LLC	Henkel AG & Co. KGaA	
Bolt Technology OU	Delta Airlines Inc	Hermes International	

## EXHIBIT 2 (CONTINUED)

Komatsu LTD	(The) New Development Bank	Roku Inc	Uber Technologies Inc
Korean Air Lines Co Ltd	(The) National Hockey League (NHL)	Rolex SA	(The) Union of European Football
KPMG International Cooperative	Nike Inc	Rolls-Royce Holdings PLC	Associations
(The) Kraft Heinz Co	Nintendo Co Ltd	S&P Global Inc	Under Armour Inc
Kuehne + Nagel International AG	Nissan Motor Co Ltd	Sabre Corp	Unilever PLC
Latham & Watkins LLP	Nokia Oyj	Samsung Electronics Co Ltd	Uniper SE
Lego A/S	Nokian Tyres PLC	Sandvik AB	Uniqlo Co Ltd
Levi Strauss & Co	Norsk Hydro ASA	SAP SE	United Airlines Holdings Inc
Linklaters LLP	Norton Rose Fulbright LLP	Savills PLC	Universal Pictures Ltd
Live Nation Entertainment Inc	Norwegian Cruise Lines Holdings Ltd	Scandinavian Tobacco Group A/S	United Parcel Service Inc (UPS)
Logitech International SA	Nvidia Corp	Scania AB	Upwork Inc
London Stock Exchange Grp. PLC	Oceania Cruises S de RL	Shell PLC	Valero Energy Corp
L'Oreal SA	Oliver Wyman Inc	Sidley Austin LLP	Valio Oy
Louis Dreyfus Co BV	OMV AG	Siemens AG	Visa Inc
Lumen Technologies Inc	OneWeb Ltd	Siemens Energy AG	Viva Energy Group Ltd
LVMH Moët Hennessy Louis Vuitton	Oracle Corp	Skoda Auto a.s.	VMware Inc
SE	Panasonic Holdings Corp	Snap Inc	Volkswagen AG
Marks & Spencer Group PLC	Papa John's International Inc	Societe Generale SA	Volvo AB
Mars Inc	Par Pacific Holdings Inc	Sony Group Corp	Waitrose Ltd
Mastercard Inc	Paramount Pictures Corp	Spotify Technology SA	WarnerMedia Holdings Inc
Mazda Motor Corp	Paulig AB	Starbucks Corp	Whirlpool Corp
McDonald's Corp	Payoneer Global Inc	State Street Corp	White & Case LLP
McKinsey & Co Inc	Paypal Holdings Inc	Stellantis NV	Wise PLC
Mercedes-Benz Group AG	PepsiCo Inc	Subaru Corp	Women's Tennis Association
Meta Platforms Inc	Philip Morris International Inc	Swarovski AG	World Athletics Council
Metso Outotec Oyj	Prada SpA	(The) Swatch Group AG	World Boxing Association
Microsoft Corp	Preem AB	Sylvamo Corp	World Boxing Council
Moncler SpA	(The) Procter & Gamble Co	Take-Two Interactive Software Inc	World Boxing Organization
Monroe Energy LLC	Punto Fa SL (Mango)	The New York Times Co	World Federation of Exchanges
Moody's Corp	Puma SE	Thermo Fisher Scientific Inc	World Rowing Federation
Morgan Lewis & Bockius LLP	PVH Corp	TikTok Inc	World Rugby Union
Wm Morrison Supermarkets PLC	PricewaterhouseCoopers LLP (Pwc)	TJX Companies Inc	WP Company LLC
Mothercare PLC	R&A	TotalEnergies SE	WPP PLC
MSC Mediterranean Shipping Co SA	Radio Free Europe	Toyota Motor Corp	World Wrestling Entertainment Inc
MSCI Inc	Raytheon Technologies Corp	Trafigura Group Pte Ltd	YOOX Net-a-porter Group SpA
MVRDV	Regent Seven Seas Cruises Inc	Trimble Inc	YouTube Inc
Nasdaq Inc	Remitly Global Inc	TripAdvisor Inc	Yum! Brands Inc
Neste Oyj	Renault SA	Taiwan Semiconductor Manufacturing	Zaha Hadid Holdings Ltd (ZHA)
Nestle SA	Compagnie Financière Richemont SA	Company Ltd	
Netflix Inc	Rockwell Automation Inc	Twitter Inc	

Source: Compiled by case authors based on data from Ward Williams, "Nearly 330 Companies Have Withdrawn From Russia," Investopedia, March 10, 2022, <https://www.investopedia.com/nearly-330-companies-have-withdrawn-from-russia-5221814>; Yale School of Management, "Over 1,000 Companies Have Curtailed Operations in Russia—But Some Remain," Yale School of Management Chief Executive Leadership Institute, February 21, 2023, <https://som.yale.edu/story/2022/over-1000-companies-have-curtailed-operations-russia-some-remain>.

**EXHIBIT 3: AUCHAN RETAIL'S INTERNATIONAL EXPANSION MILESTONES**

<b>Date</b>	<b>Event(s)</b>
1981	Start of international expansion: first Alcampo store opened in Spain
1989	First hypermarket opened in Italy
1996	First hypermarkets opened in Poland and Luxembourg
1998	Launch of operations in Hungary
1999	First hypermarkets opened in China
2001	Entrance into partnership with Ruentex in China and acquisition of the Taiwanese hypermarkets RT Mart Opening of first supermarkets in Poland with the acquisition of the Billa stores, which became Elea
2002	Opening of the first Auchan hypermarkets in Russia
2006	Opening of the first hypermarket in Romania
2008	Launch of the first Auchan hypermarket in Ukraine
2012	Entrance into partnership with SMG in Tunisia
2014	Entrance into partnership with CT Group in Vietnam; opening of first store in Senegal
2016	Opening of 100th hypermarket in Russia
2019	Sale of Italian subsidiary to Conad
2020	Sale of Chinese subsidiary SunArt to its partner Alibaba
2021	Sale of Taiwanese activities to the Taiwanese group PX Mart
2022	Launch of operations in Côte d'Ivoire

Source: Compiled by the authors based on data from Auchan Retail, "Newsroom," Auchan Retail, accessed September 28, 2022, <https://www.auchan-retail.com/en/category/news/>; Auchan Retail, "Who We Are?," Auchan Retail, accessed September 28, 2022, <https://www.auchan-retail.com/en/who-we-are/>.

**EXHIBIT 4A: FOOD RETAIL MARKET IN RUSSIA**

	Percentage of Market Shares					
	2021	2020	2019	2018	2017	2016
X5 Retail Group N.V	12.7	12.6	11.5	10.7	9.5	8.0
Magnit PJSC	9.5	8.7	7.6	7.7	7.5	7.4
Mercury Retail Group Limited (previously DKBR)	5.9	6.2	5.7	5.1	2.9*	3.6*
IPJSC Lenta	2.4	2.4	2.5	2.8	2.5	2.1
Svetofor Group	1.8	1.3	0.7	0.6	<0.6	<0.7
Auchan Retail	1.4	1.4	1.5	1.9	2.2	2.9
Metro AG	1.1	1.2	1.1	1.3	1.4	1.6
O'Key Group S.A	1.1	1.1	1.0	1.1	1.2	1.2
VkusVill LLC	1.0	0.8	<0.6	<0.6	<0.6	<0.6
Monetka	0.8	0.8	0.7	0.6	0.6	0.6
<b>Total for Top 10</b>	<b>37.7</b>	<b>36.5</b>	<b>32.3</b>	<b>31.8</b>	<b>24.9</b>	<b>23.8</b>

Note: \* = sum of shares for Dixy and Red&White (SPS Holding) only.

Source: Compiled by the authors based on data from X5 Retail Group NV, "Annual Reports," X5 Group, September 19, 2022, <https://www.x5.ru/en/Pages/Investors/Reports.aspx>.

**EXHIBIT 4B: ONLINE FOOD RETAIL MARKET IN RUSSIA**

	Percentage of Market Share	
	2021	2020
SberMarket	13.7	11.2
X5 Retail Group N.V	12.9	13.0
VkusVill LLC	12.9	9.4
Yandex LLC	10.5	7.9
Samokat	10.4	6.3
Ozon Holdings PLC	7.9	8.3
Wildberries OOO	7.7	7.8
Utkonos	3.7	9.0
Delivery Club LLC	3.3	0.6
IPJSC Lenta	2.4	0.7
<b>Total for Top 10</b>	<b>85.4</b>	<b>74.2</b>

Source: Compiled by the authors based on data from X5 Retail Group NV, "Annual Reports," X5 Group, September 19, 2022, <https://www.x5.ru/en/Pages/Investors/Reports.aspx>.

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