

Introduction

At HEMA, we design our products ourselves and we have been doing so ever since 1926. We believe happiness can lie in the simple things in life.

All our products have the typical HEMA style, the 'Design hollandais' so to speak: they are modern, attractive, simple and easy to use. Everyday objects are given a special appearance, because even the simplest items can be beautiful, such as the '*chien Takkie gonflable*' and the bestselling food product in France, the '*gaufres hollandaises*'.

HEMA France

In 2009 HEMA's first store opened in Créteil (near Paris). In 2012 right in the middle of world's best known train stations the Gare du Nord in Paris HEMA opened its ninth store.

In July 2016 at 1 Rue de Rivoli in Paris HEMA has opened its first brand new flagship store, with three floors one of the largest of all HEMA stores in France.

In the second European capital Strasbourg the 50th store was opened in October 2017 by the Dutch Ambassador in France, Mr. Ed Kronenburg and a number of Dutch MEP's (VVD, CDA and D66).



At this moment HEMA France is counting 75 stores all over France¹. HEMA will open 2 more flagship stores in Paris by the end of 2019 in continuation of the planned store expansion. HEMA builds its stores by working closely together with Dutch and French suppliers and contractors.

Doing business abroad: intercultural aspects do stimulate many inspiring effects

In general, Dutch people are pragmatic. They always seem to be going directly to the best decision and act for what the best is for the company. French people tend to be more passionate with a strong historical sense of being part of the larger European construction.

Both kinds of colleagues are working well together in our company. And sure, the French aren't fond of Dutch 'rookworst', but they do love the 'stroopwafels'.

National legislation and international relations

HEMA is an internationally operating retailer. HEMA France is a showcase of Dutch entrepreneurship, founded on firm international teamwork with all of our French colleagues and all of our suppliers in France.

Having said this, this international relationship is vulnerable when it comes to national legislation. Sudden changes in national legislation could easily hamper doing international business with e.g. French SMEs or exporting products made by Dutch SMEs.

¹ For your information, HEMA has opened its 750th store in April 2019.



Example of national French legislation with a negative effect

French government has decided in April 19 to ban all food products with E171 additive, effectively by 1 January 2020. Mind you, E171 is authorized at the European Union level.

This national rule will have a huge negative impact in HEMA, as HEMA will have to remove more than 140 (popular) food products from all French stores. France will be the only European country to implement this national rule.

From HEMA's perspective as a known successful internationally operating retailer, it's of the utmost importance that national Dutch legislation is supporting export to France, cross border transport and expansion in France.

Current Dutch example of the role of national politics

At this very moment the intended change in the 'payment terms law' (*Wet uiterste betaaltermijn van zestig dagen voor grote ondernemingen*², 2017) is an immediate threat of HEMA's plans for innovation and expansion in France.

Last week's political debate in Dutch Parliament as part of the sudden urge to forbid any payment terms longer than 30 days in respect of SMEs is simply ignoring the cold calculated fact of free entrepreneurship as well as a dramatic negative cash impact of a larger company such as HEMA.

The intention of this change of law is to protect small suppliers and to reverse extensions of the payment term that went up from 30 days.

It's our point of view that this new legislation will cause a negative impact on the international business with France regarding expansion and on the business with SMEs in the Netherlands.

In 2018 HEMA reduced its payment terms from 90 days to 60 days in line with new Dutch law. This has costed HEMA an amount of € 25 Million, which equates to 50 new stores that HEMA is no longer be able to build. This new law has also reduced our liquidity position in the same year.

Now, going from a 60 to 30 days payment term will lead again to a € 20 to € 25 Million loss in cash. That equates again 40 to 50 new stores HEMA can't build.

This easily will lead to an end of the international expansion in France. And given the fact HEMA doesn't have this cash it may be the beginning of the end of the company.

Conclusions

National legislation has an immediate effect on the international operating Dutch companies in France.

As for HEMA the intended change in the 'payment terms law' (*Wet uiterste betaaltermijn van zestig dagen voor grote ondernemingen*) is a threatening example of dramatic effects on international business.

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² <https://zoek.officielebekendmakingen.nl/stb-2017-170.html>



Contact HEMA France

Stéphane Frenkel
Directeur général France
stephane.frenkel@hema.com
+33 (0)1 42 21 88 82

52, Rue Montmartre
75002 Paris
www.hema.fr

**Contact HEMA Support Office
Amsterdam**

Arnold Drijver
Head of Corporate
Communications
arnold.drijver@hema.nl
0031 (0)6-46741652