

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Hudson Ltd.

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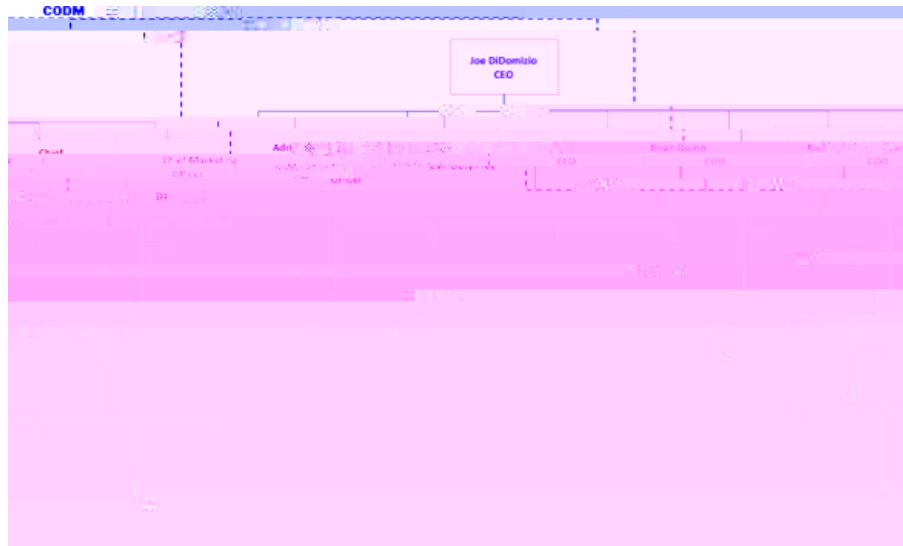
7. To assist us in better understanding how you have applied IAS 36 to your particular circumstances, please tell us more about how you determined Hudson Group has a single operating segment.

7.1. We note the disclosure in Note 5 that your CODM is the Group Executive Committee, formerly the Divisional Committee of Dufry. Please tell us the title and describe the role of each individual who is part of this group CODM. Also tell us the title and describe the role of each individual who directly reports to this group CODM. Please provide us with an organizational chart reflecting the members of the group CODM and the individuals who report to the group CODM to assist us in understanding your response.

Response:

CODM Membership and Functioning

The Company acknowledges the Staff's comment and presents below an organizational chart reflecting the members of the group CODM and the individuals who report to the group CODM:



The Company has considered the guidance in IFRS 8.7, which defines the CODM as the function that allocates resources to, and assess the performance of, a company's operating segments. In light of the applicable guidance, Hudson Group identified the Group Executive Committee ("GEC") (consisting of the Chief Executive Officer ("CEO") (Mr. DiDomizio), the Chief Financial Officer ("CFO") (Mr. Bartella) and each of the two Chief Operating Officers ("COOs") (Mr. Quinn and Mr. Fordyce)) as the CODM of Hudson Group for the following reasons:

- The GEC was formed for the purpose of managing Hudson Group, *i.e.*, Dufry's North America division. It was formerly the Dufry Divisional Committee for North America.
 - The collective expertise of the GEC in its role as CODM is derived from its constituent members having regard to the following:
 - o The CEO is included in the CODM because he is responsible for leading the overall commercial plan and business development of the Company, providing leadership to the management team, overseeing business execution and performance. In addition, the CEO is accountable for the profit and loss of the Company as a whole.
 - o The COOs are included in the CODM because they are responsible for coordinating the organization of department heads, with a focus on the overall operational and financial goals of the Company. Each of the COOs has profit and loss responsibility for the part of the business that he manages. They ensure that the Company's financial operating objectives are maintained and initiate timely remedial action plans as required. The COOs are also responsible for developing annual budget recommendations, as described in greater detail in response to comment 7.7 below, and for approving financial projections and business terms on all Requests for Proposal ("RFPs") and extensions of existing business, as described in greater detail below.
 - o The CFO is included in the CODM because he is responsible for leading the business across all areas of financial management, including tax, treasury, corporate accounting, regulatory and financial reporting and controllership.
 - The GEC meets monthly to assess the performance of the Company's operations and to make strategic and operational decisions. Generally, the GEC discusses matters including: evaluating consolidated business performance, assessing business development opportunities and potential bids on new concessions, considering extensions of existing concessions, expanding existing locations and other capital expenditure projects, overseeing M&A and the competitive landscape and managing partner relations and human resource initiatives. The GEC typically assesses the Company's performance based on consolidated financial information. In some cases, the GEC also considers financial information available for the 170 districts, depending on specific circumstances, as described in more detail in response to comment 7.3 below.
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- In addition, the GEC makes decisions on the allocation of resources as part of the annual budget process. This process includes a review of the consolidated budget, the 170 district budgets and the headquarters budget, as described in more detail in response to comment 7.6 below.
- The CODM's decision making process is based on reaching a consensus among its four members on all decisions whenever possible. Typically, the CODM member who is an expert in the matter being assessed presents his views and proposes a course of action that the CODM as a group adopts. For example, the CFO drives decisions on the financing and tax structure of the group, while the COOs are responsible for approving sales mix or promotional income opportunities and the CEO is responsible for new strategic projects. In the rare event that the CODM is unable to reach a consensus, the CEO decides the appropriate course of action.
- Finally, the Company identified the GEC as the CODM because, while some of its meetings are attended by other members of management who report to the GEC, this occurs only when topics relating to an individual's area of responsibility are discussed. Although these other members of management are consulted by the GEC on specific topics, they are not considered to be part of the CODM, as these other members of management do not take part in the decision making process regarding the allocation of resources and the performance assessment

Hudson Group Organizational and Management Structure Generally

Hudson Group operates a functional group of^{PC}

The detailed reports described above and the specific information discussed in the weekly business development calls or calls with SVP Operations are typically not discussed in CODM meetings. Instead, for the purposes of CODM meetings, COOs aggregate this information to provide operational updates on a consolidated level, as the discussion in CODM meetings is primarily focused on the consolidated results of the Company, as described in more detail in response to comment 7.3 below.

All other functions are performed centrally at headquarters and led by individuals who report directly to the Chief Executive Officer, as presented in the chart above. These functions have implications across Hudson Group's business, including with respect to: (i) the operation of the retail business (such as identifying and sourcing core product offerings from suppliers, establishing marketing and promotional programs and choosing appropriate core brands to carry across all stores); (ii) interfacing with current and potential landlords (including identifying new retail opportunities, renewing existing concession agreements, negotiating with airports, preparing, presenting and responding to RFPs (requests-for-proposal) and calculating and paying concession fees and rents); and (iii) capital expenditures and other strategic operational decisions (such as transitioning certain stores from Hudson News to the Hudson brand, designing retail spaces, determining product store layout category allocation, creating retail concepts, store construction and refurbishment and capital expenditure decisions). In addition, headquarters is responsible for other day-to-day management of the business, including hiring of General Managers and other senior roles, compliance with local laws and regulations, payroll, information technology and the implementation of the foregoing.

The managerial structure for the Company's retail operations is structured as follows:

- Stores: 989 stores operated by Hudson Group are led by store managers.
 - Districts: the stores are allocated into approximately 170 districts. A legal entity may comprise one or more districts and a district may be comprised of one or more concession agreements. There are two key criteria that the Company considers when allocating concession agreements to districts: legal ownership and geographic location
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- o For example, a new concession agreement in a new airport where the Company has no operations would generally result in the Company creating a new district. By contrast, if the new concession agreement is in an airport where the Company has existing operations and if the new concession agreement is entered into by the legal entity that owns the existing concession agreements in that airport, the new concession agreement is incorporated into the existing district. However, if the new concession agreement is in a location that is not a district, the new concession agreement is incorporated into the existing district.
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· Group: at the group level, management is comprised of seven Se, ra



- 7.3. Please tell us how often the group CODM meets to review operating results of the business. Describe to us any financial information the group CODM regularly reviews to prepare for these meetings and, if different, the financial information the group CODM regularly discusses during these meetings. If any financial information is provided to the CODM in more detail than the consolidated level, clearly describe the individual metrics provided and tell us the portion of the company for which this information is presented, such as by concession agreement or by geographic region.

Response:

Frequency of meetings: The CODM meets on a monthly basis to review the operating results.

Financial information regularly provided to the CODM:

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17. Please tell us whether any of the CODM's direct reports regularly attend the CODM meetings, or describe any other meetings or other communications that the CODM regularly holds with its direct reports in which it discusses financial information.

Response: The CODM members meet regularly to assess the performance of Hudson Group and make strategic and operational decisions, including those related to the allocation of resources. In addition, the CODM may hold other meetings to manage and understand the status of other key initiatives, such as the progress of marketing campaigns or the hiring of key personnel, or review and approve annual budgets or new business plans.

After analyzing Hudson Group's business in accordance with IFRS 8, the Company has determined that it operates one single segment. The CODM allocates resources and assesses business performance on the basis of the information it reviews as described in the Company's response to comment 7.3. Notwithstanding the fact that the CODM occasionally looks at selected district information (i.e. in order to understand larger budget deviations or when annually assessing the budget), it is the Company's determination that Hudson Group's operations still form a single segment for the following reasons:

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