

Government update on the proposed acquisition of Cobham PLC by Advent International

On 19 November 2019, the Business Secretary Andrea Leadsom announced that she was consulting on steps to address the national security concerns raised by the proposed acquisition of Cobham, a UK defence company, by Advent International, a US private equity firm. This government consultation on the undertakings offered by the companies to address the concerns identified ran until 17 December 2019.

After meetings with the parties, advice from the Defence Secretary and carefully considering the consultation responses, Ms Leadsom has made the decision that the undertakings offered by the parties mitigate the national security risks identified to an acceptable level. She has therefore accepted the undertakings that were consulted on, rather than referring to the Competition and Markets Authority for a Phase 2 investigation and cleared the merger to proceed.

Under the Enterprise Act 2002, the Business Secretary has the power to intervene over any future sale of Cobham that raises national security concerns.

Business Secretary Andrea Leadsom said:

This decision has been meticulously thought over, and I have taken advice from the Defence Secretary, the Deputy National Security Adviser and government officials across multiple departments. I have also met with both of the companies on several occasions, as have several senior members of my Department.

Having considered the consultation responses and further advice from the Defence Secretary, I am satisfied that the undertakings mitigate the national security risks identified to an acceptable level and have therefore accepted them and cleared the merger to proceed.

While trade and investment play an important part in the UK economy, when intervening in mergers on national security grounds, I will not hesitate to use my powers to protect national security, if it is appropriate to do so.

Separately, the companies have given a legally binding commitment that there will be significant protection of jobs and have also agreed with the Takeover Panel that Cobham's headquarters will remain in the UK, that the Cobham name will continue to be used and that there will be a guaranteed level of R&D spend. This will

secure the future of Cobham and the important role it plays in our world-leading defence sector and economy.

The undertakings to mitigate the national security concerns, which came into force today, are:

- ensuring that sensitive Government information continues to be protected
- honouring the terms of existing contracts and notifying the Government if there is a material change to the ability to supply key services
- requiring prior notice to the Ministry of Defence and Home Office if there are plans to sell the whole, or elements of, Cobham's business

In agreement with the parties, a number of non-material amendments to the undertakings were made.

Separate to the public interest intervention and the mitigation of national security concerns, the discussions about the economic implications with the parties have concluded. The parties have made post-offer undertakings to the Takeover Panel to:

- maintain Cobham's headquarters in the UK for each of its each of its Communications & Connectivity, Aviation Services UK and Missions Systems UK businesses
- continue the use of Cobham as a registered name in the UK
- ringfence the level of research and development spend in the UK
- the parties have made a further legally binding commitment to the Business Secretary to significantly protect jobs. (This commitment has been made through a [deed, published alongside this announcement.](#))

The UK greatly benefits from foreign direct investment (FDI) being the top destination in Europe for inward investment. The UK's merger regime is an important part of this and is characterised by transparent rules and administered consistently by independent institutions. Each merger is judged on a case by case basis on whether it raises national security concerns, irrespective of the country acquiring or investing in a transaction in the UK.

Read the [decision notice](#).