

Proposed acquisition of Cobham by Advent International – Business Secretary to consult on undertakings

Today (19 November 2019) the Business Secretary Andrea Leadsom has announced that she is 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. She is minded to accept undertakings offered by the acquiring company to address the concerns identified. No decision will be taken until the consultation has concluded and the representations have been carefully considered.

This decision follows further advice from the Ministry of Defence.

The proposed undertakings are now out for public consultation until midnight at the end of 17 December 2019, in accordance with the process set out in the Enterprise Act 2002. They would require Cobham's new owners to:

1. ensure that existing security arrangements which currently apply to Cobham and protect sensitive HMG information will be continued and strengthened, ensuring new Board structures that Advent plan to institute will also comply with nationality requirements, in addition to existing boards
2. maintain capability and honour the terms of existing contracts, notify the Ministry of Defence (MOD) in advance if there is a material change to Cobham's ability to supply key services, and also refrain from withdrawing from any of the specified service, for 5 years
3. give the MOD prior notice of plans to sell-on the whole, or elements of, Cobham's business

Business Secretary Andrea Leadsom said:

Following my update to Parliament on 5 November, I have now reviewed further national security advice from the MOD and met with both Cobham and Advent who have offered legally-binding undertakings designed to mitigate national security concerns, which I am minded to accept.

They will now be considered by a public consultation and I will provide a further update once that process has concluded. No decision will be taken on whether to accept the undertakings until the consultation has closed and the representations have been carefully considered.

This decision on the national security considerations is separate to any discussions on the economic implications of the proposed merger.

The Business Secretary's decision is made in a quasi-judicial capacity, which means that the Secretary of State must act, and be seen to act, in a scrupulously fair and impartial manner.