

JUSTICE NEWS

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Justice Department Requires TransDigm Group to Divest Airplane Restraint Businesses Acquired From Takata

Divestiture Will Restore Competition in the Development, Manufacture, and Sale of Restraint Systems Used on Commercial Airplanes

The Department of Justice announced today that TransDigm Group Incorporated will be required to divest two businesses it acquired from Takata Corporation. The divestitures will restore competition in markets for several types of restraint systems used on commercial airplanes. TransDigm acquired the businesses—SCHROTH Safety Products GmbH and SCHROTH Safety Products LLC (collectively, “SCHROTH”)—from Takata in February 2017 in a \$90 million transaction that, due to its structure, was not reportable under the Hart-Scott-Rodino Antitrust Improvements Act.

The Justice Department’s Antitrust Division filed a civil antitrust lawsuit in the U.S. District Court for the District of Columbia challenging the consummated acquisition. At the same time, it filed a proposed settlement that, if approved by the court, would resolve the Department’s competitive concerns.

“Today’s settlement, which requires TransDigm to divest the entire SCHROTH business, restores competition without relying on a regulatory behavioral decree,” said Assistant Attorney General Makan Delrahim of the Justice Department’s Antitrust Division. “TransDigm’s AmSafe subsidiary is the world’s largest supplier of restraint systems used on commercial airplanes and SCHROTH was its only meaningful competitor.”

According to the Department’s complaint, AmSafe and SCHROTH develop, manufacture, and sell a wide range of restraint systems used on commercial airplanes, including traditional two-point lapbelts, three-point shoulder belts, technical restraints, and more advanced “inflatable” restraint systems such as airbags. The complaint alleges that prior to the acquisition, SCHROTH was a growing competitive threat to AmSafe that was challenging AmSafe on price and investing heavily in the research and development of new restraint technologies. According to the complaint, the acquisition eliminated TransDigm’s most significant competitor, and the loss of competition between AmSafe and SCHROTH was likely to result in higher prices and reduced innovation.

Under the terms of the proposed settlement, TransDigm must divest the entirety of SCHROTH, including its facilities in Pompano Beach, Florida, and Arnsberg, Germany, to a consortium between Perusa Partners Fund 2, L.P. and SSP MEP Beteiligungs GmbH & Co. KG (MEP KG), or an alternate acquirer approved by the United States. Pursuant to an agreement with the Antitrust Division, TransDigm held SCHROTH separate from AmSafe during the pendency of the Division’s investigation.

Perusa is a diversified German private equity fund that invests in mid-sized companies. MEP KG is a German limited partnership owned by several members of the existing management team of SCHROTH, including executives who have extensive experience in the airplane restraint systems business. The Department said that the divestiture will remedy the acquisition’s anticompetitive effects by quickly reestablishing SCHROTH as an independent competitor.

TransDigm, a Delaware corporation headquartered in Cleveland, Ohio, is a leading global designer, manufacturer, and supplier of highly engineered airplane components. In 2016, TransDigm’s global revenues were \$3.1 billion.

TransDigm's AmSafe subsidiary is a Delaware corporation headquartered in Phoenix, Arizona. AmSafe had global revenues of approximately \$198 million in 2016.

SCHROTH Safety Products GmbH (SSPG) is a German limited liability corporation based in Arnsberg, Germany. SCHROTH Safety Products LLC (SSPL) is a Delaware corporation based in Pompano Beach, Florida. SSPG and SSPL collectively had approximately \$37 million in revenue in fiscal year 2016.

As required by the Tunney Act, the proposed consent decree, along with the Department's competitive impact statement, will be published in the Federal Register. Any person may submit written comments concerning the proposed settlement within 60 days of its publication to Maribeth Petrizzi, Chief, Defense, Industrials, and Aerospace Section, Antitrust Division, U.S. Department of Justice, 450 Fifth Street, N.W., Suite 8700, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the court may enter the final judgment upon a finding that it serves the public interest.

Attachment(s):

[Download Competitive Impact Statement](#)

[Download Complaint](#)

[Download Explanation of Consent Decree Procedures](#)

[Download Hold Separate Stipulation and Order](#)

[Download Proposed Final Judgment](#)

Topic(s):

Antitrust

Component(s):

[Antitrust Division](#)

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