

# Thyssenkrupp doubtful about sealing Jindal Steel deal

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**SENIOR OFFICIALS**AT German company Thyssenkrupp are increasingly doubtful that a potential deal to sell the company's steel division to Jindal Steel International can be agreed, people familiar with the matter said.

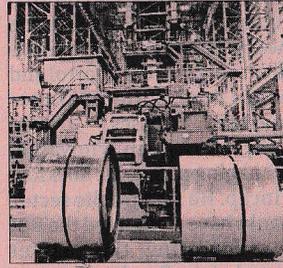
Talks with Jindal are wavering on several important issues, including how much funding the group would be able to provide to support Thyssenkrupp Steel Europe (TKSE) through a prolonged downturn in Europe's steel market, according to the people.

There have also been dis-

agreements over how much cash Thyssenkrupp itself would need to inject into TKSE before handing control to a new owner, the people said, asking not to be identified because the information is confidential. Thyssenkrupp could have to commit at least €2 billion (\$2.3 billion) over a period of time to make a deal work, the people said.

Thyssenkrupp shares were trading 4.6% lower at 1:34 p.m. in Frankfurt on Thursday, giving the company a market value of about €5.4 billion.

Jindal announced in September that it was entering discussions about acquiring the TKSE business. The company said at the time that it



In September last year, Jindal Steel announced holding negotiations for acquiring Thyssenkrupp Steel Europe

was committed to a future of green steel production in Germany and Europe.

TKSE has been seeking billions of euros in subsidies from the German government to

help fund a raft of decarbonisation measures, but uncertainty around approvals for this state aid are also complicating negotiations, the people said. Discussions are ongoing and no final decisions have been taken, according to the people. Thyssenkrupp and Jindal could still find a path to a deal, they said.

A spokesperson for Thyssenkrupp said talks with Jindal were continuing, declining to comment further. A representative for Jindal declined to comment.

The complex negotiations underscore the scale of the challenge facing Thyssenkrupp Chief Executive Officer Miguel Ángel López Borrego as

he seeks to break up the sprawling conglomerate. Offloading or spinning off the loss-making steel unit has long been viewed internally as the most difficult and politically sensitive element of that overhaul. López said in a speech this month that discussions over a potential sale were continuing.

Essen-based Thyssenkrupp has been pursuing a separation of its steel business for years after repeated efforts to merge it with European rivals collapsed. More recently, the group has examined carve-outs, partial sales and joint ventures as it grapples with weak demand, high energy prices and competition from cheaper imports. —BLOOMBERG