

Thyssenkrupp nears \$17.4-billion compromise deal with Tata Steel

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Thyssenkrupp and Tata Steel are nearing a €15-billion (\$17.4 billion) deal this week to combine their European assets into a global steel giant, sources familiar with the talks told Reuters.

Talks to hammer out the final details are progressing well and a compromise has been reached on closing a valuation gap between the businesses, three of the people said. The combination of Thyssenkrupp's and Tata Steel's European

steel assets, first announced in September, will create the continent's second-largest steel-maker after ArcelorMittal with €15 billion in combined sales.

Sources told Reuters this month that the compromise options included a cash payment to Thyssenkrupp, changing the 50-50 ownership structure of the venture, lowering the debt to be transferred to it, or limiting dividend payments to Tata Steel for a number of years.

"Talks are very constructive, they are on the final stretches,"

one of the people said. Negotiations are ongoing and could still be delayed or collapse at the last moment, the people said, adding that both companies had a great interest in getting a deal done. Thyssenkrupp and Tata Steel both declined to comment.

Timetable slippage

The joint venture was originally planned to be signed in early 2018 but was delayed after Thyssenkrupp's steel business performed much better than Tata Steel's, requiring a reassess-

ment of the deal. Signing is now planned by the end of June, but due to disagreement over the size of the valuation gap — with estimates ranging from €500 million to €3 billion — that timeline, too, has been called into question.

While giving Thyssenkrupp boss Heinrich Hiesinger more leverage in negotiations, the gap has also enabled activist fund Elliott, who disclosed a stake in the steel-to-submarines group last month, to put more pressure on the CEO to deliver.