

Bayer's Covestro scales back IPO in wake of VW scandal

October 1 2015

Covestro, the polymers business of German pharmaceuticals giant Bayer, on Thursday delayed and scaled down its planned stock market flotation, originally slated for this week, due to the volatility triggered by the massive Volkswagen pollution-cheating scam.

"In light of the current deterioration and volatility in the capital [market](#) environment," Bayer and Covestro had scaled back the amount of cash they had hoped to raise from the [initial public offering](#) (IPO), they said in a statement.

And the shares would be listed on the Frankfurt [stock](#) exchange from October 6, instead of October 2 as originally planned.

"Since the start of the bookbuilding phase on September 21, 2015, the capital market situation has deteriorated significantly," the statement said.

"External factors such as uncertainty surrounding future economic growth in China or the (United States) Federal Reserve's interest rate policy have contributed to increased market volatility," it explained.

"In addition, the stock market has been impacted by the negative headlines from the automotive sector," the statement added, referring to the pollution-cheating scam that has engulfed German auto giant Volkswagen and wiped billions of euros off its market capitalisation.

Covestro, which describes itself as one of the world's leading polymer manufacturers, intends to issue between 61.2 million and 69.8 million new shares by way of a capital increase.

It had originally planned to price the shares somewhere in a range between 26.50 euros and 35.50 euros, which would have raised up to 2.5 billion euros in all.

But the price target has now been scaled back to a range of 21.50-24.50 euros, which would raise around 1.5 billion euros, Covestro said.

Covestro is to be listed on the regulated market segment of the Frankfurt stock exchange.

The shares are being offered to private and institutional investors in Germany and Luxembourg.

Covestro intends to use the proceeds from the IPO primarily to repay intercompany debt to Bayer.

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