# Reckitt struggles to secure sale of cleaning brands amid market volatility and legal challenges



Amidst an increasingly tumultuous economic landscape, Reckitt Benckiser’s planned divestiture of its cleaning products portfolio, which comprises popular brands such as Air Wick and Cillit Bang, is facing significant headwinds. With the consumer goods group’s discussions with private equity bidders noticeably stalling, questions linger about the feasibility of finalising any sale. Initially, Reckitt had aimed for a value between £4 billion and £5 billion, yet recent negotiations have seen at least one bidder reduce their offer to between $3 billion and $4 billion.

The backdrop to this situation is a broader corporate restructuring strategy initiated by Reckitt, driven by declining revenues and increasing operational pressures. In the first quarter of 2025, revenues from the cleaning division plummeted by 7% year-on-year, considerably more than analysts’ expectations of a 2% decline. Reckitt’s chief executive, Kris Licht, acknowledged during recent earnings calls that the company is still committed to exiting the cleaning unit by year-end, although he noted the adverse impact of volatile market conditions, stating, “We are encouraged by the interest that we have seen in the business... although we recognise that market conditions may impact this timeframe.”

The changing market dynamics have not only influenced Reckitt’s prospects but also reflect a broader pattern affecting private equity activity. Investors, once buoyant about seizing opportunities in the consumer goods sector, are now navigating through heightened volatility. The fallout from global tariffs introduced during the Trump administration is adding layers of complexity, forcing many firms to shift their focus towards managing existing investments rather than pursuing new acquisitions.

With its market capitalisation hovering around £34 billion, Reckitt’s stock performance has remained roughly unchanged this year, indicative of investor sentiment amid these ongoing challenges. The anticipated sale of the cleaning products unit is a pivotal part of Reckitt’s strategy to bolster its core healthcare and hygiene segments, which are seen as the company's growth drivers. This restructuring aims not only to unlock value but also to reposition Reckitt to better weather future market fluctuations.

However, Reckitt’s challenges extend beyond mere market conditions. The company continues to grapple with substantial legal liabilities, particularly concerning its infant nutrition division, which was thrust into the spotlight due to a recent court ruling that carries significant financial repercussions. This scenario has ignited urgency among shareholders, including activist investors like Eminence Capital, which sought to escalate demands for divestments that would enhance operational margins.

As Reckitt navigates this complex landscape of restructuring and potential revaluation, it remains unclear whether it will successfully pivot towards a more streamlined and profitable future or face intensified scrutiny and pressure from within and outside the organisation. With its divestiture ambitions still on the table, the outcome of these negotiations will play a critical role in determining Reckitt’s path forward in an ever-evolving consumer goods market.

The company’s future hinges on both its ability to secure a successful sale of its cleaning brands and mitigate the pressing challenges presented by its legal and financial entanglements.

### Reference Map

1. Paragraph 1: [[1]](https://www.ft.com/content/cec57de5-5dbf-47c3-b648-bbcea075e654), [[2]](https://www.reuters.com/markets/deals/uks-reckitt-shortlists-bidders-6-billion-homecare-portfolio-bloomberg-reports-2025-02-25/)
2. Paragraph 2: [[1]](https://www.ft.com/content/cec57de5-5dbf-47c3-b648-bbcea075e654), [[3]](https://www.ft.com/content/6e3de79e-96e3-4e2b-a856-c0a4a2084428)
3. Paragraph 3: [[1]](https://www.ft.com/content/cec57de5-5dbf-47c3-b648-bbcea075e654), [[4]](https://www.reuters.com/breakingviews/reckitt-gives-weak-scrub-valuation-stain-2024-07-24/)
4. Paragraph 4: [[1]](https://www.ft.com/content/cec57de5-5dbf-47c3-b648-bbcea075e654), [[5]](https://www.ft.com/content/cd039da0-98cb-4472-bcee-b8f7f42ac2d5)
5. Paragraph 5: [[1]](https://www.ft.com/content/cec57de5-5dbf-47c3-b648-bbcea075e654), [[6]](https://www.privateequitywire.co.uk/advent-and-apollo-among-potential-suitors-for-reckitts-6bn-homecare-division/), [[7]](https://www.business-standard.com/companies/news/reckitt-benckiser-starts-talks-on-7-9-billion-homecare-assets-sale-124091800004_1.html)

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.ft.com/content/cec57de5-5dbf-47c3-b648-bbcea075e654> - Please view link - unable to able to access data
2. <https://www.reuters.com/markets/deals/uks-reckitt-shortlists-bidders-6-billion-homecare-portfolio-bloomberg-reports-2025-02-25/> - Reckitt Benckiser has shortlisted private equity firms Lone Star Funds, Advent, and Apollo Global for a potential buyout of its homecare brands, including Air Wick and Cillit Bang. The portfolio is valued between £4 billion and £5 billion. The sale process is ongoing, and it's uncertain whether a deal will be finalized. Reckitt aims to divest these assets to refocus on its core healthcare and hygiene segments.
3. <https://www.ft.com/content/6e3de79e-96e3-4e2b-a856-c0a4a2084428> - Reckitt Benckiser is restructuring by selling its baby formula division and low-growth home care products, which account for 30% of its £14.6 billion sales. This move aims to unlock value through proceeds from disposals and a higher rating for its remaining higher-growth, higher-margin businesses. However, the restructuring is complex due to legal liabilities from the infant nutrition unit and operational risks. Failure to improve operational performance may lead to demands for a more radical overhaul.
4. <https://www.reuters.com/breakingviews/reckitt-gives-weak-scrub-valuation-stain-2024-07-24/> - Reckitt Benckiser CEO Kris Licht plans to improve the company's valuation by selling its home cleaning brands and potentially exiting the troubled baby milk division, which faces legal issues in the U.S. After an Illinois court verdict awarded $60 million in damages related to Mead Johnson formula milk, Reckitt's market value dropped by £5 billion. Further legal losses could reach £2 billion. Inflation is also impacting sales growth, leading to an 18% decline in shares this year.
5. <https://www.ft.com/content/cd039da0-98cb-4472-bcee-b8f7f42ac2d5> - Activist investor Eminence Capital has acquired a stake of at least 0.5% in Reckitt, the consumer goods producer of brands such as Clearasil and Durex. This comes as Reckitt faces significant financial pressures stemming from a U.S. jury ruling that a Reckitt infant formula product caused the death of a premature infant, resulting in a $60 million damages penalty and potential liabilities estimated between £400 million and £8 billion. Eminence’s investment is likely to increase demands for Reckitt’s CEO Kris Licht to sell the baby formula division and improve operating margins.
6. <https://www.privateequitywire.co.uk/advent-and-apollo-among-potential-suitors-for-reckitts-6bn-homecare-division/> - Private equity firms Advent International and Apollo Global are reportedly exploring bids to acquire Reckitt’s homecare division, which includes well-known brands such as Air Wick air fresheners and Cillit Bang cleaning products. UK-based Reckitt announced in July that it plans to divest its portfolio by the end of 2025, and, according to unnamed sources, is working with Morgan Stanley to manage the sale, with hopes of achieving a valuation exceeding £6bn ($7.74bn).
7. <https://www.business-standard.com/companies/news/reckitt-benckiser-starts-talks-on-7-9-billion-homecare-assets-sale-124091800004_1.html> - Reckitt Benckiser Group Plc has started early discussions with some of the potential suitors for its homecare assets, which could fetch more than £6 billion ($7.9 billion) in a deal. The beleaguered consumer giant is working with Morgan Stanley for the brands including air freshener Airwick and Cillit Bang cleaners. Mostly financial investors as well as some consumer companies have shown interest in the assets, the people said. A formal sale process is likely to kick off within months and be completed in 2025.