# Reckitt Benckiser faces investor pullback amid tariff-driven cleaning division sale woes



Reckitt Benckiser, the British multinational consumer goods company, is confronting substantial challenges in divesting its household cleaning brands, which include popular products such as Air Wick and Cillit Bang. This planned sale comes at a time when global trade tensions and tariffs are causing unease among potential buyers, particularly leading private equity firms like Apollo Global Management, which have recently shown reluctance to proceed with bids.

The company's intent to sell its cleaning division is part of a broader strategy to refocus on more lucrative areas of its product portfolio. The division, generating annual revenues of approximately £1.9 billion, was initially expected to fetch between $4 billion and $5 billion in sale negotiations. However, recent market volatility and cautious investor sentiment have led to questions about whether these expectations will be met. Notably, some bidders have reportedly reduced their offers to as low as $3 billion to $4 billion, reflecting the shifted perceptions around the cleaning unit's value due to recurrent revenue declines.

In its latest quarterly earnings report, Reckitt acknowledged a substantial 7% fall in revenue for the cleaning division in the first quarter, significantly more than analysts had predicted. This decline has caused a ripple effect, further dissuading potential investors and prompting fears about the future profitability of the unit in a rapidly changing market landscape. Despite these setbacks, Reckitt has maintained its goal of exiting the homecare business by the end of 2025, emphasising its commitment to this strategic objective.

Compounding these issues are the ongoing trade tensions, particularly those stemming from the policies enacted during Donald Trump's presidency. The imposition of tariffs on imports from trading partners such as Mexico and Canada has led to increased operating costs for Reckitt. With more than 57% of its U.S. sales not being locally manufactured, the company finds itself at a competitive disadvantage when compared to rivals such as Haleon and Unilever, who maintain a more U.S.-centric supply chain. As Reckitt's CEO, Kris Licht, pointed out, the company is investing in its American supply chain to mitigate these impacts, including development of a new pharmaceutical site in North Carolina, yet the tension remains palpable.

The implications of this scenario extend beyond Reckitt itself. The current disruptions in trade and investor confidence could lead to broader market implications, affecting other companies engaged in mergers and acquisitions. The general hesitance among private equity firms highlights a careful approach in the face of uncertainty—reflecting a trend that may hold back corporate transactions across sectors.

Reckitt's struggle illustrates the complexities companies face in navigating global market dynamics while attempting to streamline their operations. As they contend with external pressures from tariffs and shifts in consumer behaviour, Reckitt and similar firms must carefully reassess their strategic paths to ensure resilience in an unpredictable future.

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

## Bibliography

1. <https://finimize.com/content/deal-uncertainty-for-reckitt-benckiser-amid-trade-tensions> - Please view link - unable to able to access data
2. <https://www.ft.com/content/cec57de5-5dbf-47c3-b648-bbcea075e654> - Reckitt Benckiser's plan to sell its household cleaning product portfolio, including Air Wick, is facing potential collapse due to ongoing market volatility. The £1.9 billion revenue-generating unit had attracted interest from private equity firms like Advent and Lone Star, but progress in negotiations has slowed, and Apollo Global reportedly did not submit a final bid. Although a deal is still possible, no agreements have been finalized. Reckitt previously warned that market conditions might delay the sale, though it remains committed to exiting the business by year-end. The division, which also includes brands like Dettol and Cillit Bang, was expected to fetch between $4 billion and $5 billion, but some offers have been reduced to $3 billion to $4 billion. The company's restructuring efforts and a recent 7% revenue decline in the unit have added pressure. Additionally, global trade tensions under U.S. President Donald Trump have deterred dealmaking and contributed to private equity firms becoming more cautious. Reckitt and the involved private equity groups have declined to comment further on the ongoing sale process.
3. <https://www.reuters.com/markets/deals/uks-reckitt-shortlists-bidders-6-billion-homecare-portfolio-bloomberg-reports-2025-02-25/> - Reckitt Benckiser has narrowed down the potential buyers for its homecare brands to private equity firms Lone Star Funds, Advent, and Apollo Global, according to Bloomberg News. The British consumer company announced its intention to sell its homecare assets, which include Air Wick air fresheners and Cillit Bang cleaner, in July of the previous year. The portfolio is estimated to be valued between 4 billion and 5 billion pounds ($5.07 to $6.33 billion).
4. <https://www.ft.com/content/70209988-24c3-46a1-8f4f-00e09557935d> - Reckitt has issued a warning that turbulent market conditions could impede its plans to sell its Essential Home cleaning products division, which includes brands like Cillit Bang and Air Wick. The unit, initially expected to fetch between $4bn and $5bn, has seen diminished interest, with at least one private equity firm lowering its offer. This volatility, partly attributed to President Donald Trump's unpredictable trade policies, has led to increased caution among investors. In its latest quarterly update, Reckitt reaffirmed its intention to exit the homecare business by the end of 2025 despite market headwinds. The division's revenues fell 7% to £482mn in the first quarter, more than the anticipated 2% drop, contributing to a 6.9% share price drop. While group like-for-like revenues rose 1.1%, narrowly missing forecasts, the core Reckitt business posted a stronger-than-expected 3.1% growth. Analysts have expressed concerns that the cleaning unit’s weak performance will deter potential buyers. Meanwhile, the Mead Johnson baby formula unit, also under review for potential sale following investor pressure and litigation issues, posted a smaller-than-expected 0.5% revenue decline. Despite these challenges, Reckitt maintained its 2025 revenue growth outlook at 2-4%.
5. <https://www.reuters.com/markets/deals/advent-apollo-among-potential-bidders-reckitts-homecare-assets-bloomberg-news-2024-11-06/> - Advent International and Apollo Global Management are among the private equity firms considering a bid for Reckitt's homecare assets, which include brands like Air Wick air fresheners and Cillit Bang cleaner, Bloomberg News reports. Reckitt, a UK-based consumer goods company, announced in July its intention to sell the homecare portfolio by the end of 2025, working with Morgan Stanley to achieve a valuation of over 6 billion pounds ($7.74 billion). Other interested parties include Clayton Dubilier & Rice and PAI Partners. This move is part of Reckitt's broader organizational review to refocus on healthcare and hygiene, alongside exploring options for its Mead Johnson Nutrition business. Apollo did not comment, while PAI Partners and Advent International declined to comment.
6. <https://www.reuters.com/business/retail-consumer/trade-war-intensifies-reckitt-may-be-more-exposed-than-some-rivals-2025-03-17/> - Reckitt Benckiser (RKT.L) may face higher costs or need to raise prices in the U.S. due to its exposure to new tariffs on imports from Mexico and other regions. As only 57% of its U.S. sales volumes are locally manufactured, Reckitt is more exposed compared to rivals like Haleon and Unilever, who produce most of their U.S. supplies domestically. The recent imposition of 25% tariffs on imports from Mexico and Canada by President Trump's administration has heightened concerns among companies. Reckitt's CEO, Kris Licht, remains cautious about the impact of these tariffs but emphasizes ongoing investments in the American supply chain, including a new pharmaceutical site in North Carolina. The situation puts Reckitt in a challenging position to balance between higher costs and price increases, potentially affecting margins or alienating consumers. Competitors with robust U.S.-centric supply chains are deemed to be in a more favorable position amid the tariff uncertainty.
7. <https://www.bloomberg.com/news/articles/2024-11-06/buyout-firms-said-to-circle-reckitts-6-billion-homecare-assets> - Advent International and Apollo Global Management Inc. are among buyout firms studying a potential acquisition of Reckitt Benckiser Group Plc’s homecare assets, according to people familiar with the matter. Clayton Dubilier & Rice and PAI Partners are also some of the interested parties for the business, the people said, asking not to be identified as the information isn’t public. Reckitt is targeting a valuation of more than £6 billion ($7.7 billion) for the assets, while some of the potential suitors believe the business should be valued lower, the people said. Reckitt has sent out teasers with an overview of the business to potential buyers, they said.