

Reckitt Benckiser

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Reckitt Benckiser plunges as US investment bank slams 'weak' work culture

Reckitt Benckiser Group PLC (LON:RB.) was among the top blue-chip losers on Thursday after US investment bank Jefferies downgraded its rating of the consumer goods giant.

Analysts are concerned that the weak cold and flu season in the season could hit sales of some of Reckitt's big brands such as Strepsils, Lemsip and Nurofen.

Those worries knocked 4% off the share price on Wednesday, and Jefferies thinks there is "still further to go".

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But the analysts' biggest issue is with the workplace culture, especially after the "surprise retirement" of chief executive Rakesh Kapoor who is due to leave by the end of the year.

"The surprise retirement of CEO Rakesh Kapoor crystallises long-brewing anxieties around RB's predicament," read a note to clients.

"There are strong runners and riders for the role aplenty. But this is a challenge

beyond mere fresh legs. The unique RB pay for performance model, so powerful for so long, is now under pressure, laying bare the fact that RB has the weakest culture and workstyle ratings in the peer group."

The analysts argue that the merger of GlaxoSmithKline PLC's (LON:GSK) and Pfizer's consumer health businesses - Reckitt was interested in Pfizer's assets - might have been "the straw that broke Kapoor's back".

"Not only does it stalemate RB strategically, it also cuts off a vital source of fresh innovation. That leaves RB's Health Relief portfolio reliant on under-pressure Mucinex and a yeoman infantry of Nurofen, Strepsils and Gaviscon fast running out of marching space."

Given its various fears, Jefferies has downgraded the FTSE 100 group to 'underperform' from hold, while it has also slashed its price target to 5,000p from 6,800p previously.

Reckitt shares fell 3% on Thursday morning to 5,611p, making it the biggest faller on London's blue-chip index.

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Price: 5878

Market Cap: £41.7 billion

1 Year Share Price Graph



Share Information

Code: RB.

Listing: LSE

52 week High Low
6778 5510

Sector: Fashion & brands

Website: www.reckitt.com

Company Synopsis:

Reckitt Benckiser is a manufacturer and marketer of branded products in household cleaning and health and personal care, selling a range through over 60 operating companies into around 180 countries. Its product groups include Fabric Care, Surface Care, Dishwashing, Home Care, Health & Personal Care, making up core business together with Other Household and Food.

action@proactiveinvestors.com

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

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