

# Philips sees hit from product safety fault

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Dutch firm Philips said Monday it anticipates a hit of up to 250 million euros (\$302 million) from a possible safety risk in some sleep and respiratory care products, even as first quarter profits edged higher.

The company, which has diversified into healthcare and last month sold off its domestic appliance business, said [net profit](#) was 40 million euros in the three months to March 31, a 2.6-percent rise on a year earlier.

Philips had sales of 3.8 billion euros in the first quarter, up 3.6 percent from the same period last year.

"Regretfully, we have identified a quality issue in a component that is used in certain sleep and respiratory care products, and are initiating all precautionary actions to address this issue, for which we have taken a 250 million [euro](#) provision," Philips CEO Frans van Houten said in a statement.

Philips said there were "possible risks to users" from sound-dampening foam in some sleep and respiratory care devices, which could degrade under conditions including unapproved cleaning methods, plus high humidity and temperature.

The firm said it was talking to regulators about the problem, which mainly affects first generation DreamStation products, and "initiating appropriate actions to mitigate these possible risks."

Amsterdam-based Philips started off as a lighting company more than

100 years ago but has undergone major changes in recent years, focusing in particular on remote healthcare.

Philips announced in March that it was selling its home appliance business to Asian investment firm Hillhouse Capital for 3.7 billion euros, and sales from this were now listed under discontinued operations, Monday's results statement said.

The firm said that despite continued "uncertainty" related to the COVID-19 pandemic it had upgraded its sales forecast for 2021 on the back of increased demand for its healthcare products.

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