

# Philips takes fresh hit from safety recall

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Dutch electronics firm Philips said on Monday that sales had taken a fresh hit from a recall of faulty sleep and respiratory care equipment and from supply chain issues.

Philips added that it faced an unknown possible impact from lawsuits over the devices, which were recalled in June after the firm announced they put users at risk of inhaling or swallowing pieces of degraded sound-dampening foam.

The company said in a statement that third quarter sales fell 7.6 percent to 4.2 billion euros (\$4.8 billion) from a year earlier "due to headwinds caused by global supply chain challenges and sleep and respiratory care recall consequences."

The safety recall had caused a 150-million-euro "headwind" while supply issues accounted for about the same amount, CEO Frans van Houten told a conference call.

Net profit increased from 340 million euros to almost three billion euros, mainly driven by the sale in March of its domestic appliances business as it focuses on healthcare.

The company said in June that profits had fallen after it set aside 250 million euros to deal with the recall.

Philips had so far produced 750,000 repair kits and replacement devices for the faulty respirator equipment of which more than 250,000 had

reached customers in the US and other markets, it said.

"I am conscious of the impact this is having on patients and care givers, and we are doing everything we can to deliver a solution as fast as possible," said van Houten.

Philips confirmed it was a defendant in a number of consumer class action lawsuits from users of the devices as well as some personal injury claims.

"Given the uncertain nature and timing of the relevant events and potential associated liabilities, if any, the company is unable to reliably estimate the financial effect of these matters," the Philips statement said.

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