

# Philips take hit by supply problems, respirator recall

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Philips is now focussing on medical equipment.

Philips on Monday reported net losses of over 150 million euros in the first quarter of 2022 as the Dutch health technology firm battled a faulty respirator recall and supply chain problems.

The Amsterdam-based firm, which has sold off its domestic appliance arm to focus on [medical equipment](#), said sales fell by 4 percent to 3.918

billion euros (\$4.2 billion).

The [first quarter](#) losses were in stark contrast to the 40-million-euro profit the year before.

"We recorded better than expected sales... in very challenging circumstances," Philips chief executive Frans van Houten said, maintaining a positive spin.

But there were "significant supply chain headwinds as well as the consequences of the Respironics field action," Van Houten said.

Philips set aside a further 165 million euros to recall faulty respiratory equipment that puts users at risk of inhaling toxic foam.

The company previously reserved 725 million euros to fix the problem.

Philips said it was replacing and repairing devices "as fast as possible and are continuing to update patients and customers about the progress of the program".

The devices are mainly for use in the home for patients with problems such as [sleep apnoea](#), a disorder in which breathing stops and starts.

Philips recalled them in June last year after announcing that users were at risk of inhaling or swallowing pieces of degraded sound-dampening foam.

"We are committed to supporting the community of patients who rely on our sleep and respiratory care solutions for their health and quality of life, and the physicians and customers who are dedicated to meeting patient needs," Van Houten said.

Philips and a number of its subsidiaries however were subpoenaed earlier this month by the US Justice Department "to provide information related to events leading to the Respiroics recall" it said.

"The relevant subsidiaries are cooperating with the agency," Van Houten said.

Philips' [share price](#) plunged around 11 percent in early afternoon trade on the Amsterdam stock exchange's AEX index to around 25 euros per share.

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