

Philips sales jump, bounces back from respirator recall

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Philips said it sales to grow in the mid-single-digits for the rest of the year.

Dutch medical tech firm Philips posted a nine percent jump in second-quarter sales and a return to profit on Monday as it bounces back from a global recall of sleep respirators.

The Amsterdam-based company said sales rose to 4.5 billion euros (\$4.9 billion).

It reported a net profit of 74 million euros following a loss of 20 million euros over the same period last year.

"I am pleased with our improved operational performance across all segments and geographies in the quarter," Philips chief executive Roy Jakobs said.

The medical device maker in 2021 announced a major recall of its DreamStation machines for sleep apnoea, a disorder in which breathing stops and starts during sleep.

Users were said to be at risk of inhaling or swallowing pieces of toxic soundproofing foam that could cause irritation or headaches.

Philips also mentioned a "potential" cancer risk in the long term.

But it announced in May that independent tests showed the sleep respirators at the center of the massive recall were "unlikely" to harm patients.

The replacement of suspected faulty devices has now been almost completed, with "the vast majority" of the sleep devices back with patients and home care providers, Jakobs said.

"We are fully focused on the remediation of the affected ventilators," he said.

The recall hit the 132-year-old company hard and by January it announced it was slashing 10,000 jobs out of a total workforce of just under 80,000 employees around the globe.

To date Philips has cut 6,600 jobs out of the planned total set for 2025, the company said.

Philips has faced a US Department of Justice probe over the respirator issue and was negotiating with US authorities over a financial settlement.

It is also a defendant in several class action lawsuits in the United States and other litigation elsewhere.

While "uncertainties remain", Philips said it expected sales to grow in the mid-single-digits for the rest of the year.

The outlook, however, "excludes the impact" of ongoing litigation and the US investigation, it said.

Philips however seemed unable to temper investor concern over new orders, which declined by eight percent year-on-year.

The firm blamed lower figures on a high order intake last year and loss of orders from Russia in the wake of its full-scale invasion of Ukraine.

Its share price fell by around 4.5 percent in lunchtime trade on the Amsterdam stock exchange's blue chip AEX index, trading at around 19.8 euros a share.

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