

# Philips raises outlook despite sleep machine saga

October 23 2023

---



Credit: Unsplash/CC0 Public Domain

Dutch medical device maker Philips raised its 2023 earnings outlook on Monday after posting stronger third quarter sales and profits despite a recent setback for its sleep machines in the United States.

The [company](#) in 2021 announced a major recall of its DreamStation machines for [sleep apnea](#), 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.

The recall and provisions for possible legal settlements pushed the firm deep into the red in 2022 and provoked the loss of thousands of jobs.

But Philips' operating performance has begun to bounce back, with a [net profit](#) of 90 million euros (\$95 million) in the third quarter, compared to a loss of 1.3 billion during the same period last year.

Sales rose 11 percent, to 4.5 billion euros, but orders fell by nine percent on a comparable basis.

"Based on our improved performance, we are further raising the outlook for both sales and profitability for the full year 2023, although recognizing uncertainties remain in an increasingly volatile geopolitical environment," chief executive Roy Jakobs said in a statement.

The Amsterdam-based company now expects a six-seven percent increase in sales on a comparable basis, with operating earnings rising by 10-11 percent.

"The progress we are making reinforces our confidence in delivering on the three-year plan to create value with sustainable impact," added Jakobs.

Philips has said that independent tests showed the sleep respirators at the center of the massive recall were "unlikely" to harm patients but last month said it had clinched a deal in the United States to settle claims

related to the machines.

At the beginning of this month, US regulators demanded additional tests on the recalled machines, with Philips' shares taking a hit.

The company's shares were down four percent in morning trading on the Amsterdam stock exchange.

The company has faced lawsuits in several other countries, including in France, where more than 200 people filed a case in June accusing the firm of involuntary manslaughter over the respirators.

Once famous for making lightbulbs and televisions among other products, Philips in recent years has sold off its subsidiaries to focus on medical care technology.

© 2023 AFP

Citation: Philips raises outlook despite sleep machine saga (2023, October 23) retrieved 29 April 2024 from <https://techxplore.com/news/2023-10-philips-outlook-machine-saga.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.