

Philips to cut 4,000 jobs after millions of devices recalled over safety concerns

The boss of [Philips](#) has said he will cut as many as 4,000 jobs, just nine days after stepping into the role as he seeks to chart a new course to restore the [reputation](#) of the beleaguered health technology firm.

CEO Roy Jakobs, who became CEO on the 15th of October, said the move was part of a drive to improve patient safety and quality management after the firm shocked investors when it was forced to recall millions of devices over health concerns in June last year.

The Amsterdam-based business posted a whopping 1.5 billion Euro (£1.3 billion) loss as sales fell 5% to 4.3 billion Euros in the third quarter. The firm said it expected a further downturn in sales in the next quarter.

The [job losses](#) represent a cut of about 5% of the workforce, and will be part of a 300 million Euro restructuring programme in a bid to slash costs and improve productivity.

Jakobs said: "My immediate priority is to improve execution so that we can start rebuilding the trust of patients, consumers and customers."

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“This includes the difficult, but necessary decision to immediately reduce our workforce by around 4,000 roles globally, which we do not take lightly and will implement with respect towards impacted colleagues. These initial actions are needed to start turning the company around.”

Philips shares fell 2.4% to 13.08 Euros this morning. The stock has fallen almost 70% over the past twelve months, after the firm revealed it had to recall some 5.5 million ventilators over potential health risks in June last year.

The ventilators, which were used to treat respiratory conditions such as sleep apnoea, contained a polyester-based foam which could disintegrate over time and be breathed in or swallowed, potentially causing permanent injury. Philips said the side-effects included “headache, irritation, inflammation, respiratory issues, and possible toxic and carcinogenic effects.”

The company remains under investigation by the US Department of Justice and faces a number of class-action lawsuits over personal injury claims.

Former CEO Frans van Houten said: “We deeply regret any concern and inconvenience that patients using the affected devices will experience because of the proactive measures we are announcing to ensure patient safety.”