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Takata adds nearly \$30 million to special loss to cover air bag recalls, cuts outlook

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By [Mari Saito](#) and [Chang-Ran Kim](#)

TOKYO (Reuters) - Japanese air bag maker Takata Corp (7312.T: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) booked nearly \$30 million in extra charges for vehicle recalls to replace potentially deadly air bag inflators, as well as other costs, tipping it toward a bigger annual loss than previously forecast.

Embroiled in a long-running global recall crisis, Takata on Thursday reported a nine-month net loss of 32.5 billion yen (\$277 million). It now expects its full-year net loss to be 31 billion yen, wider than the 25 billion yen it previously forecast and broadly in line with analysts' estimates.

Takata's air bag inflators have been found to explode with too much force, spraying metal fragment inside cars and have forced automakers to recall nearly 25 million vehicles worldwide since 2008. The component has been linked to six deaths, all on cars made by its top customer, Honda Motor Co (7267.T: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)).

The Tokyo-based company booked a total special loss of 53.1 billion yen to cover recalls and other quality-related costs in the nine months through December. It had already booked a special loss of 49.9 billion yen for its fiscal first half ended last September.

Takata published its results and forecast in a statement without holding a briefing for reporters. The company's top executive, founding family member Shigehisa Takada, has not made a public appearance since Takata's annual shareholders' meeting last June.

The total recall tally includes voluntary fixes by some automakers aimed at finding out what is causing the defect. Automakers are shouldering the cost of those "investigative" recalls, paying Takata for replacement parts at least until a cause is identified as the responsibility of the supplier.

A consortium of 10 automakers led by Toyota Motor Corp (7203.T: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) is preparing to hire a former top U.S. auto safety regulator and an independent engineering firm to probe the string of air bag problems supplied by Takata.

Takata said on Thursday that it could not estimate the possible cost from such investigative recalls without determining the exact cause of the defect.

The air bag maker also said in its statement that it was "difficult" to estimate fines and potential penalty it could face in the United States. On top of the repeated recalls, Takata is also subject to multiple class action lawsuits, a probe from the U.S. auto safety regulator and a criminal investigation.

(\$1 = 117.24 yen)

(Editing by Kenneth Maxwell)



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