

Takata Air-Bag Crisis Said to Start Having Broader Sales Impact

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The crisis involving Takata Corp.'s defective air bags has started to hurt demand for its steering wheels, according to people familiar with the matter.

The Japanese auto supplier, whose air bags are behind the largest automotive-safety recall, told its lenders in recent weeks that it has seen a substantial impact on its steering business, as the two components are closely linked, said the people, who asked not to be identified discussing confidential information. The people briefed on the impact weren't provided with specifics. Steering wheels account for almost a fifth of Takata's sales, while air bags contribute 37 percent.

A decline in orders for Takata's other businesses would complicate the company's ability to withstand the costs involved with replacing air bags in more than 40 million vehicles. Safety regulators have said Takata air-bag inflators run an unacceptably high risk of rupturing when they deploy, a defect that's killed eight and injured about 100 motorists. Takata lowered its full-year profit forecast last month, as it incurred recall losses and automakers led by Honda Motor Co. banned the inflators from future cars.

Takata declined to comment on whether its steering wheels have been affected by the air-bag recalls. In an e-mailed statement, the company said it's working closely with its automotive customers to provide them with products that advance the safety of the driving public.

"Takata has proven, innovative steering-wheel products and is continually developing new ways to enhance vehicle safety and support the long-term growth of steering-wheel sales through new technologies

such as driver monitoring aids, active front steering and intelligent integrated airbag designs,” it said.

Air bags remained the biggest contributor to Takata’s revenue for the six months ended September, followed by seat belts at 33 percent and 17 percent for steering wheels. The company had 642.8 billion yen (\$5.2 billion) in revenue for the year through March.

Steering wheels house air-bag modules and differ in size and specifications by model, unlike components such as seat belts that vary little. By being forced to shift to a different chemical propellant, Takata may have to adjust the specifications of its inflators, leading to a domino effect for the air-bag modules and steering wheels.

Safety regulators in the U.S. and Japan have ordered Takata to phase out the use of ammonium nitrate for its air-bag inflators amid investigations into the chemical propellant’s role in the inflator ruptures. The company has said it’s unable to estimate its share of recall costs until root-cause investigations are completed.

Takata’s shares have declined more than 40 percent this year, compared with the 11 percent gain in the benchmark Topix index.