

**SONY**

# **Sony IR Day 2017**

## **Game & Network Services Segment**

May 23, 2017

### **John (Tsuyoshi) Kodera**

Business Executive  
Sony Corporation  
Deputy President  
Sony Interactive Entertainment

## **Agenda**

Game & Network Services Segment

- 1. FY2016 Review**
- 2. FY2017 Strategy**

\*FY2017 = Fiscal year ending on March 31, 2018

# 1. FY2016 Review

## FY2016 Key Achievements

1



**Highly successful growth and development of PlayStation®4 (PS4™) ecosystem**

2



**Continued innovation with mid-lifecycle upgrade with PS4™Pro**

3



**Successful launch of PlayStation®VR (PS VR) for brand-new immersive entertainment**

## FY2016 Operating Profit Variation from FY2015

Game & Network Services Segment

(Billion yen)

Net Sales  
1,551.9 → 1,649.8



- ① Continuous expansion of PS4™ platform
- ② Successful growth in network revenue
- ③ Decrease of PlayStation®3 (PS3™) platform sales
- ④ SGA increase to support business expansion, etc.
- ⑤ Unfavorable impact of exchange rates\*1

\*1: Impact of foreign exchange fluctuations is calculated using the sales and costs denominated in each currency in FY2016 and comparing them with the previous fiscal year

Game & Network Services Segment

## 2. FY2017 Strategy

## Growth of the PS4™ ecosystem based on MRP direction

Game & Network Services Segment



## FY17 Key Strategy

Game & Network Services Segment

1



**PS4™ eco-system: Maximize profit during the “harvest” period**

2



**PS VR: Further expand PS VR as a game and entertainment medium, incubate new content ecosystem**

3



**PlayStation™Vue: Deliver the best-in-class viewing experience in the OTT TV market**

4



**Develop new audience: Create a new mobile content opportunity in Japan/Asia region**

## PS4™ eco-system: Maximize profit during the “harvest” period

### Further expand PlayStation® user base



Cumulative hardware units sold in by the end of FY2017

**78 Mil**

MAU at the end of FY2016

**70 Mil+**

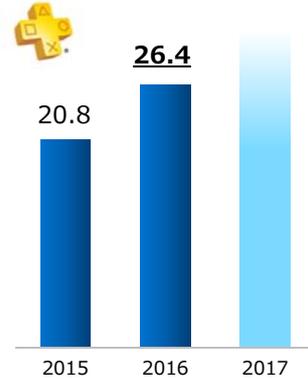
### Enhance game line-up



+  
catalog assets

### Grow PlayStation®Plus paid subscribers

\*Year-end paid subscribers  
\*In millions



## PS VR: Expand as a game and entertainment medium, incubate new content ecosystem

### Expand as a game and entertainment medium

- Industry-leading immersive VR platform
- Affordable HW pricing enabled by PlayStation® ecosystem
- Enhance game title line-up and PS4™Pro compatibility



### Incubate new content ecosystem

- Expand VR content line-up such as movie and music
- Initiatives in location-based entertainment as a new challenge



Offer the best personalized TV viewing experience with compelling features, content and channels

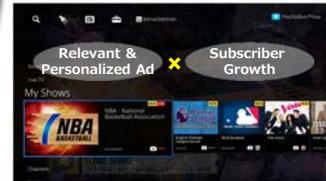
Product Differentiation & Quality



Optimized Content Line-up and Cost



Personalized Ad & Monetization



Develop new audience: Create a new mobile content opportunity in Japan/Asia region



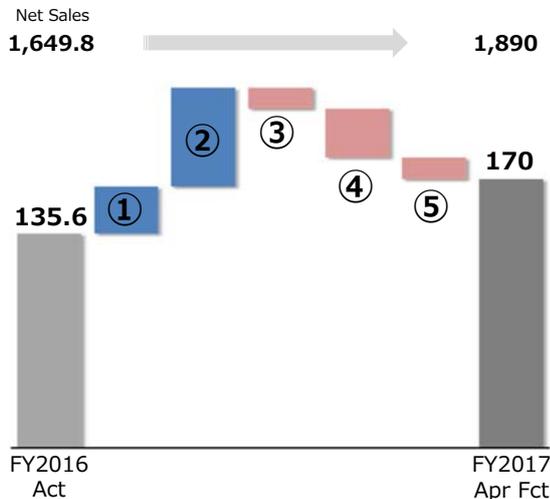
- Establish new service business for smart devices in Japan/Asia
- Leverage strength accumulated in traditional console business
  - SIE's IP and knowhow in game development
  - Close relationship with 3<sup>rd</sup> party publishers and developers
- Build a title portfolio in a wide range of genres and develop original IP
- Create brand-new play through collaborations within Sony Group (Project FIELD)



## FY2017 Operating Profit Variation from FY2016

Game & Network Services Segment

(Billion yen)



- ① Further growth of PS4™ business (Including PS VR)
- ② Continued growth in network revenue
- ③ Decrease of PS3™ platform sales
- ④ Increase in SGA for overall sales growth, etc.
- ⑤ Unfavorable impact of exchange rates\*1

\*1: Impact of foreign exchange fluctuations is calculated using the sales and costs denominated in each currency in FY2017 and comparing them with the previous fiscal year

## Cautionary Statement

Statements made in this presentation with respect to Sony's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Sony. Forward-looking statements include, but are not limited to, those statements using words such as "believe," "expect," "plans," "strategy," "prospects," "forecast," "estimate," "project," "anticipate," "aim," "intend," "seek," "may," "might," "could" or "should," and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions, judgments and beliefs in light of the information currently available to it. Sony cautions investors that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore investors should not place undue reliance on them. Investors also should not rely on any obligation of Sony to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Sony disclaims any such obligation. Risks and uncertainties that might affect Sony include, but are not limited to:

- (i) the global economic environment in which Sony operates and the economic conditions in Sony's markets, particularly levels of consumer spending;
- (ii) foreign exchange rates, particularly between the yen and the U.S. dollar, the euro and other currencies in which Sony makes significant sales and incurs production costs, or in which Sony's assets and liabilities are denominated;
- (iii) Sony's ability to continue to design and develop and win acceptance of, as well as achieve sufficient cost reductions for, its products and services, including televisions, game and network platforms and smartphones, which are offered in highly competitive markets characterized by severe price competition and continual new product and service introductions, rapid development in technology and subjective and changing consumer preferences;
- (iv) Sony's ability and timing to recoup large-scale investments required for technology development and production capacity;
- (v) Sony's ability to implement successful business restructuring and transformation efforts under changing market conditions;
- (vi) Sony's ability to implement successful hardware, software, and content integration strategies for all segments excluding the Financial Services segment, and to develop and implement successful sales and distribution strategies in light of the Internet and other technological developments;
- (vii) Sony's continued ability to devote sufficient resources to research and development and, with respect to capital expenditures, to prioritize investments correctly (particularly in the electronics businesses);
- (viii) Sony's ability to maintain product quality and customers' satisfaction with its existing products and services;
- (ix) the effectiveness of Sony's strategies and their execution, including but not limited to the success of Sony's acquisitions, joint ventures and other strategic investments;
- (x) significant volatility and disruption in the global financial markets or a ratings downgrade;
- (xi) Sony's ability to forecast demands, manage timely procurement and control inventories;
- (xii) the outcome of pending and/or future legal and/or regulatory proceedings;
- (xiii) shifts in customer demand for financial services such as life insurance and Sony's ability to conduct successful asset liability management in the Financial Services segment;
- (xiv) the impact of changes in interest rates and unfavorable conditions or developments (including market fluctuations or volatility) in the Japanese equity markets on the revenue and operating income of the Financial Services segment;
- (xv) Sony's ability to anticipate and manage cybersecurity risk, including the risk of unauthorized access to Sony's business information, potential business disruptions or financial losses; and
- (xvi) risks related to catastrophic disasters or similar events.

Risks and uncertainties also include the impact of any future events with material adverse impact.