

SONY

Q3 FY2018 Consolidated Financial Results

(Three months ended December 31, 2018)

February 1, 2019

Sony Corporation

Please be aware that, in the following remarks, statements made 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. These statements are based on management's assumptions in light of the information currently available to it, and, therefore, you should not place undue reliance on them.

Sony cautions you that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements. For additional information as to risks and uncertainties, as well as other factors that could cause actual results to differ, please refer to today's press release, which can be accessed by visiting www.sony.net/IR.

- **Q3 FY2018 Consolidated Results and FY2018 Consolidated Forecast**
- **Segments Outlook**

- I am CFO Hiroki Totoki. Thank you for your time today.
- Today I would like to explain two topics:

Q3 FY2018 Consolidated Results

(Bln Yen, Mln US dollar)

	Q3 FY17	Q3 FY18	Change	Q3 FY18 USD Amount*1
Sales & operating revenue	2,672.3	2,401.8	-270.5 bln yen (-10%)	\$ 21,274
Operating income	350.8	377.0	+26.2 bln yen (+7%)	3,339
Income before income taxes	343.1	340.5	-2.6 bln yen (-1%)	3,016
Net income attributable to Sony Corporation's stockholders	295.9	429.0	+133.1 bln yen (+45%)	3,799
Net income attributable to Sony Corporation's stockholders per share of common stock (diluted)	228.91 yen	330.77 yen	+101.86 yen	2.93 USD
Restructuring charges*2	3.1	6.9	+122%	61
Additions to long-lived assets*3	94.8	93.9	-1%	832
Depreciation and amortization*4	88.2	106.6	+21%	944
Research and development expenses	115.8	121.0	+5%	1,072
Average rate				
1 US dollar	113.0 yen	112.9 yen		
1 Euro	133.0 yen	128.8 yen		

*1 US dollar amounts have been translated from yen, for convenience only, using the average rate listed on this slide.

*2 Restructuring charges are included in operating income as operating expenses (applies to all following pages).

*3 Does not include increase in intangible assets resulting from acquisitions (applies to all following pages).

*4 Includes amortization expenses for intangible assets and for deferred insurance acquisition costs (applies to all following pages).

- FY18 Q3 consolidated sales decreased 10% compared to the same quarter of the previous fiscal year ("year-on-year") to 2 trillion 401.8 billion yen.
- The majority of this decrease in sales was due to lower Financial Services revenue. Consolidated sales excluding the Financial Services segment decreased 3% year-on-year.*
- Consolidated operating income increased 7% year-on-year to 377.0 billion yen. A remeasurement gain of 116.9 billion yen resulting from the consolidation of EMI Music Publishing ("EMI") was included in operating income.
- Income before income taxes decreased 1% year-on-year to 340.5 billion yen, primarily due to the recording of a 44.8 billion yen loss on the revaluation of equity securities in other income and expenses.
- Net income attributable to Sony Corporation's stockholders for the quarter increased 45% year-on-year to 429.0 billion yen.
- The primary reason for this increase was a 154.2 billion yen reversal of valuation allowances against a portion of deferred tax assets in the U.S.

* Net sales for Sony without Financial Services is not a measure in accordance with U.S. GAAP. However, Sony believes that this disclosure may be useful information to investors. Please refer to F-10 in "Q3 FY18 Financial Statements" for Condensed Statements of Income for Sony without Financial Services.

Adjusted Operating Income (Q3)

	Operating Income	Adjusted Operating Income	Adjusted Operating Income excludes the following items*
Q3 FY17	350.8 bln yen	344.1 bln yen	<ul style="list-style-type: none"> Gain resulting from the sale of manufacturing equipment in the Semiconductors segment (+6.7 bln yen)
Q3 FY18	377.0 bln yen	260.1 bln yen	<ul style="list-style-type: none"> Remeasurement gain recorded in the Music segment as a result of the consolidation of EMI (+116.9 bln yen)
Change from FY17	+26.2 bln yen	-84.0 bln yen (-24%)	

* These monetary amounts have been disclosed in the Financial Statements, the Presentation slides and the Quarterly Securities Reports for the relevant quarters.

Adjusted operating income is not a measure in accordance with U.S. GAAP. However, Sony believes that this disclosure may be useful information to investors.

- As is shown in this slide, there are several extraordinary items included in the operating income for the current quarter and same quarter of the previous fiscal year.
- Excluding these items, adjusted operating income decreased 84.0 billion yen.

Adjusted Income Before Income Taxes (Q3)

	Income Before Income Taxes	Adjusted Income Before Income Taxes	Adjusted Income Before Income Taxes excludes the following items*
Q3 FY17	343.1 bln yen	336.4 bln yen	<ul style="list-style-type: none"> Gain resulting from the sale of manufacturing equipment in the Semiconductors segment (+6.7 bln yen)
Q3 FY18	340.5 bln yen	223.6 bln yen	<ul style="list-style-type: none"> Remeasurement gain recorded in the Music segment as a result of the consolidation of EMI (+116.9 bln yen)
Change from FY17	-2.6 bln yen	-112.8 bln yen (-34%)	

* These monetary amounts are disclosed in the Quarterly Financial Statements, the Presentation Slides and the Quarterly Securities Reports for the relevant quarters.

* Beginning from the fiscal quarter ended December 31, 2018, Adjusted Income Before Income Taxes will not include unrealized gains or losses recorded in the relevant quarter for securities investments which result from changes in their value, other than unrealized gains or losses resulting from the occurrence of an extraordinary event pertaining to such securities (e.g., such securities being listed on a securities exchange).

Adjusted income before income taxes is not a measure in accordance with U.S. GAAP. However, Sony believes that this disclosure may be useful information to investors.

- Adjusted income before income taxes, which excludes extraordinary items, is shown here.

Q3 FY2018 Consolidated Results

(Bln Yen, Mln US dollar)

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*4 Includes amortization expenses for intangible assets and for deferred insurance acquisition costs (applies to all following pages).

- We have not shown it on this slide, but adjusted net income, which excludes extraordinary items and also estimates and excludes the impact of such extraordinary items on income taxes, decreased 118.3 billion yen year-on-year from 276.2 billion yen to 157.9 billion yen.
- See page 5 of our earnings presentation for details of adjusted tax and net income for the quarter.

Q3 FY2018 Results by Segment

(Bln Yen)

		Q3 FY17	Q3 FY18	Change	FX Impact
Game & Network Services (G&NS)	Sales	718.0	790.6	+72.6	-9.5
	Operating income	85.4	73.1	-12.3	-4.2
Music	Sales	218.4	209.4	-9.1	-0.1
	Operating income	39.3	147.1	+107.8	
Pictures	Sales	260.3	276.7	+16.4	-0.2
	Operating income	10.5	11.6	+1.1	
Home Entertainment & Sound (HE&S)	Sales	429.8	388.8	-41.0	-12.9
	Operating income	46.2	47.5	+1.3	-10.2
Imaging Products & Solutions (IP&S)	Sales	181.1	188.0	+6.9	-3.3
	Operating income	26.0	34.2	+8.3	-2.4
Mobile Communications (MC)	Sales	217.5	137.2	-80.3	-1.1
	Operating income	15.8	-15.5	-31.3	-0.2
Semiconductors	Sales	250.9	230.3	-20.6	-0.3
	Operating income	60.6	46.5	-14.0	-0.2
Financial Services	Revenue	373.3	163.6	-209.7	
	Operating income	56.3	37.9	-18.4	
All Other	Sales	108.6	101.4	-7.2	
	Operating income	2.3	6.1	+3.8	
Corporate and elimination	Sales	-85.7	-84.2	+1.5	
	Operating income	8.5	-11.5	-20.0	
Consolidated total	Sales	2,672.3	2,401.8	-270.5	
	Operating income	350.8	377.0	+26.2	

· Sales and Revenue in each business segment represents sales and revenue recorded before intersegment transactions are eliminated. Operating income in each business segment represents operating income reported before intersegment transactions are eliminated and excludes unallocated corporate expenses (applies to all following pages).
 · Both Sales and Revenue include operating revenue and intersegment sales (applies to all following pages).

- This slide shows the results by segment for Q3.

Q1-Q3 FY2018 Consolidated Results

(Bln Yen, Mln US dollar)

	Q1-Q3 FY17	Q1-Q3 FY18	Change	Q1-Q3 FY18 USD Amount*
Sales & operating revenue	6,593.0	6,538.2	-54.8 bln yen (-1%)	\$58,797
Operating income	712.7	811.5	+98.8 bln yen (+14%)	7,298
Income before income taxes	690.6	899.0	+208.4 bln yen (+30%)	8,085
Net income attributable to Sony Corporation's stockholders	507.6	828.4	+320.8 bln yen (+63%)	7,450
Net income attributable to Sony Corporation's stockholders per share of common stock (diluted)	393.05 yen	638.89 yen	+245.84 yen	5.75 USD
Restructuring charges	7.1	11.9	+66%	107
Additions to long-lived assets	238.0	226.2	-5%	2,034
Depreciation and amortization	258.2	278.4	+8%	2,504
Research and development expenses	326.4	345.0	+6%	3,103
Average rate				
1 US dollar	111.7 yen	111.2 yen		
1 Euro	128.5 yen	129.5 yen		

* US dollar amounts have been translated from yen, for convenience only, using the average rate listed on this slide.

- This slide shows the cumulative results for the first nine months of the fiscal year.
- Adjusted profit can be found on pages 8 through 10 of our earnings presentation.

Q1-Q3 FY2018 Results by Segment

(Bln Yen)

		Q1-Q3 FY17	Q1-Q3 FY18	Change	FX Impact
Game & Network Services (G&NS)	Sales	1,499.2	1,812.8	+313.5	-3.3
	Operating income	157.8	247.2	+89.3	-0.3
Music	Sales	593.6	594.7	+1.1	-1.4
	Operating income	96.9	210.7	+113.8	
Pictures	Sales	710.1	692.7	-17.4	-2.6
	Operating income	8.7	27.5	+18.8	
Home Entertainment & Sound (HE&S)	Sales	987.6	935.8	-51.8	-18.0
	Operating income	93.2	89.3	-3.9	-15.1
Imaging Products & Solutions (IP&S)	Sales	493.5	516.1	+22.6	-1.6
	Operating income	68.1	82.1	+14.1	-1.5
Mobile Communications (MC)	Sales	570.8	387.5	-183.2	-2.8
	Operating income	17.0	-56.1	-73.0	+2.8
Semiconductors	Sales	683.6	687.0	+3.5	-2.3
	Operating income	165.4	123.6	-41.8	-1.9
Financial Services	Revenue	955.7	852.2	-103.4	
	Operating income	139.1	117.6	-21.5	
All Other	Sales	330.6	273.4	-57.2	
	Operating income	-6.0	11.4	+17.4	
Corporate and elimination	Sales	-231.7	-214.1	+17.6	
	Operating income	-27.4	-41.9	-14.5	
Consolidated total	Sales	6,593.0	6,538.2	-54.8	
	Operating income	712.7	811.5	+98.8	

- This slide shows the cumulative results by segment for the first nine months of the fiscal year.

FY2018 Consolidated Results Forecast

	FY17	FY18 October Forecast	FY18 February Forecast	Change from October Forecast
Sales & operating revenue	8,544.0	8,700	8,500	-200 bln yen (-2%)
Operating income	734.9	870	870	-
Income before income taxes	699.0	975	950	-25 bln yen (-3%)
Net income attributable to Sony Corporation's stockholders	490.8	705	835	+130 bln yen (+18%)
Restructuring charges	22.4	27	27	-
Additions to long-lived assets	332.1	360	360	-
Depreciation and amortization	361.4	360	370	+10 bln yen
Research and development expenses	458.5	470	470	-
Operating Cash Flow* (Sony without Financial Services)	770.6	830	830	-
Average rate	Actual	Assumption (2H FY18)	Assumption (Q4 FY18)	Dividend per Share
1 US dollar	110.9 yen	Approx. 112 yen	Approx. 111 yen	Interim 15 yen
1 Euro	129.7 yen	Approx. 132 yen	Approx. 127 yen	Year-end (Planned) 20 yen
				Full year (Planned) 35 yen

* Operating cash flow (Sony without Financial Services) is not a measure in accordance with U.S. GAAP. However, Sony believes that this disclosure may be useful information to investors. Please refer to F-11 in "Q3 FY18 Financial Statements" for Condensed Statements of Cash Flows for Sony without Financial Services.

- Next is the consolidated results forecast for FY18.
- The consolidated sales forecast has been downwardly revised by 200 billion yen from the October forecast to 8 trillion 500 billion yen and the consolidated operating income forecast is unchanged at 870 billion yen.
- The income before income taxes forecast has been downwardly revised 25 billion yen to 950 billion yen, primarily reflecting the loss on the revaluation of equity securities recorded in the third quarter.
- In addition, the forecast for net income attributable to Sony Corporation's stockholders was revised upward 130 billion yen to 835 billion yen primarily to reflect the reversal of a portion of valuation allowances against deferred tax assets in the third quarter.
- Operating cash flow excluding Financial Services for the nine months to date was 605.0 billion yen, and there is no change to our 830 billion yen forecast for the fiscal year.
- Assumed foreign exchange rates for the fourth quarter ending March 31, 2019 are 111 yen to the U.S. dollar and 127 yen to the Euro.
- We plan to issue a year-end dividend of 20 yen per share which, when combined with the interim dividend already paid, will make the total annual dividend for this fiscal year 35 yen per share.

FY2018 Results Forecast by Segment

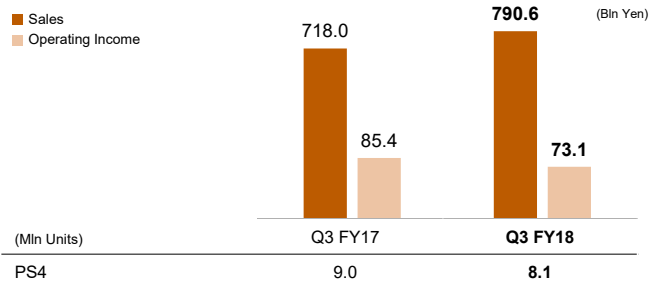
(Bln Yen)

		FY17	FY18 October Forecast	FY18 February Forecast	Change from October Forecast
Game & Network Services (G&NS)	Sales	1,943.8	2,350	2,350	-
	Operating income	177.5	310	310	-
Music	Sales	800.0	820	820	-
	Operating income	127.8	230	230	-
Pictures	Sales	1,011.1	1,000	1,000	-
	Operating income	41.1	50	50	-
Home Entertainment & Sound (HE&S)	Sales	1,222.7	1,150	1,150	-
	Operating income	85.8	86	86	-
Imaging Products & Solutions (IP&S)	Sales	655.9	680	670	-10
	Operating income	74.9	81	81	-
Mobile Communications (MC)	Sales	723.7	510	490	-20
	Operating income	-27.6	-95	-95	-
Semiconductors	Sales	850.0	910	870	-40
	Operating income	164.0	140	130	-10
Financial Services	Revenue	1,228.4	1,270	1,180	-90
	Operating income	178.9	170	160	-10
All Other, Corporate and elimination	Operating Income	-87.6	-102	-82	+20
Consolidated total	Revenue	8,544.0	8,700	8,500	-200
	Operating income	734.9	870	870	-

- The fiscal year forecasts for each segment are shown on this slide.
- In October, we incorporated a 20 billion yen contingency budget in All Other, Corporate and elimination. We have not incorporated a contingency budget this time.
- Now I will explain the situation in each of our business segments.

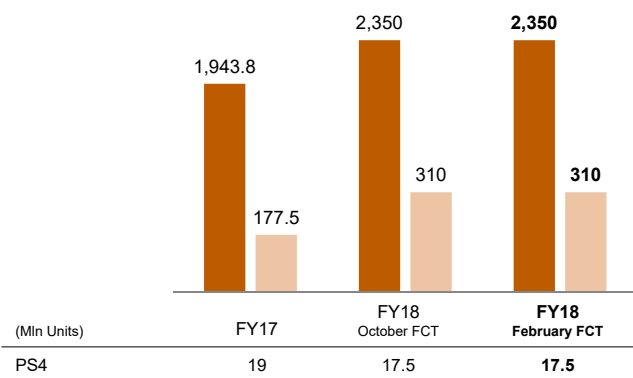
Game & Network Services Segment

Sales and Operating Income



Q3 FY2018 (year-on-year)

- Sales: 72.6 bln yen (10%) significant increase (FX Impact: -9.5 bln yen)
 - (+): Increase in game software sales
 - (-): Impact of decrease in PlayStation®4 (PS4™) hardware unit sales and selling at promotional prices during the year-end selling season
- OI: 12.3 bln yen decrease (FX Impact: -4.2 bln yen)
 - (-): Decrease in PS4 hardware sales
 - (-): Negative impact of foreign exchange rates
 - (+): Increase in game software sales



FY2018 Forecast

- Sales / OI : Remain unchanged from October forecast

- First I will talk about the Game & Network Services segment.
- Despite a decrease in sales resulting from a decrease in PlayStation®4 hardware unit sales, FY18 Q3 sales increased 10% year-on-year to 790.6 billion yen, primarily due to an increase in game software sales.
- Despite the increase in sales of game software, operating income decreased 12.3 billion yen year-on-year to 73.1 billion yen, primarily due to the decrease in sales of PS4™ hardware and the negative impact of foreign exchange rates.
- Now I will discuss the business environment in Q3.
- The decrease in operating income in Q3 was primarily due to aggressive promotional activities we undertook to sell PS4 hardware in an effort to further expand our user base.
- As a result of these efforts, we sold-in 8.1 million units of PS4 hardware in Q3, which was lower than the same quarter of the previous fiscal year, but in-line with our expectations for this sixth year of the platform.

Game & Network Services Segment – Business Environment in Q3

Further expand PlayStation® user base



PlayStation®4

91.6M units

Cumulative sales
as of Dec 31 2018

Grow PlayStation®Plus paid subscribers



PlayStation®Plus paid subscribers

26.4M

31.5M

36.3M

Mar-2017

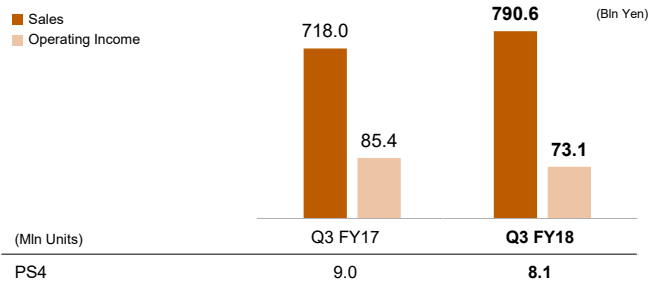
Dec-2017

Dec-2018

- Due to the expansion of the PS4, PlayStation®Plus subscribers increased 4.8 million year-on-year to 36.3 million and software sales increased significantly year-on-year.
- Although we need to be conscious of potential volatility in profitability due to the console cycle going forward, we are working to mitigate that volatility by leveraging the more-than 91.6 million unit cumulative install base of PS4 to benefit from the new business model created by network services and add-on content sales.

Game & Network Services Segment

Sales and Operating Income



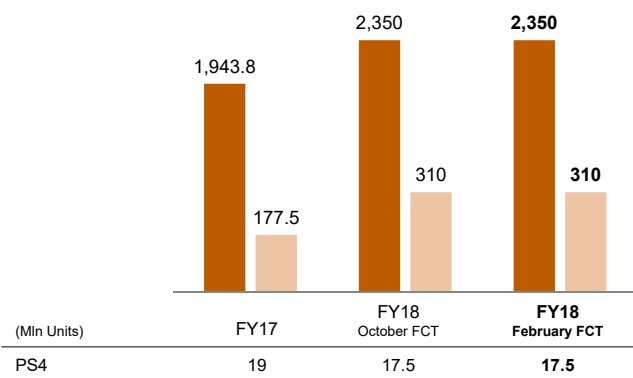
Q3 FY2018 (year-on-year)

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 - (+): Increase in game software sales

FY2018 Forecast

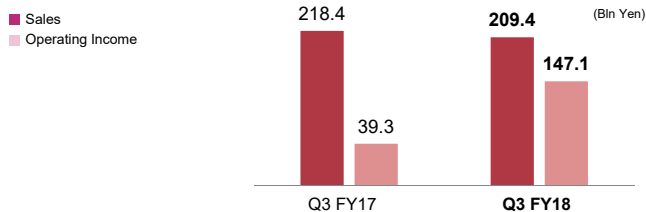
- Sales / OI : Remain unchanged from October forecast



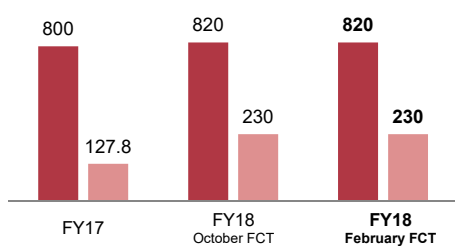
- The FY18 forecast remains unchanged from October.

Music Segment

Sales and Operating Income



Recorded Music Category Revenue	128.2	117.4
Streaming* Revenue (included above)	55.5	62.7



Recorded Music Category Revenue	447.0
Streaming* Revenue (included above)	197.4

* Streaming includes digital audio, digital video and digital radio, and includes revenue from both subscription and ad-supported services.

Q3 FY2018 (year-on-year)

- Sales: 9.1 bln yen (4%) decrease (FX Impact: -0.1 bln yen)
 - (-) Decrease in Recorded Music sales
 - (-) Impact of the new accounting standard
 - (-) Decrease in Visual Media & Platform sales
 - (-) Decrease in mobile game revenues
 - (+) Increase in Music Publishing sales primarily due to the consolidation of EMI
- OI: 107.8 bln yen significant increase
 - (+) Recording of a remeasurement gain (116.9 bln yen) resulting from the consolidation of EMI and recording of equity in net loss (5.2 bln yen) primarily resulting from expenses pursuant to the acquisition of the approximately 60% stake in EMI

FY2018 Forecast

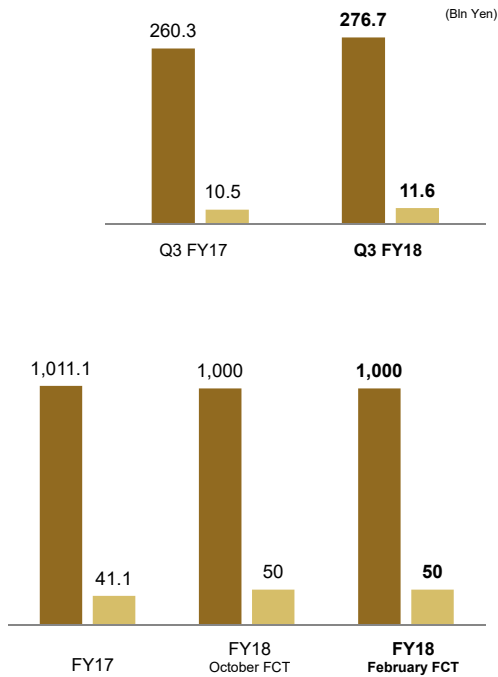
- Sales / OI : Remain unchanged from October forecast

- Next, I will talk about the Music segment.
- FY18 Q3 sales decreased 4% to 209.4 billion yen. This decrease was due to a decrease in recorded music sales, primarily resulting from the impact of a new accounting standard, and a decrease in sales from a mobile game application, partially offset by an increase in music publishing sales, primarily resulting from the positive impact of the consolidation of EMI.
- Operating income was 147.1 billion yen, an increase of 3.7 times year-on-year, primarily due to the recording of a 116.9 billion yen remeasurement gain from the consolidation of EMI.
- The FY18 forecast remains unchanged from October.

Pictures Segment

Sales and Operating Income

■ Sales
■ Operating Income



Q3 FY2018 (year-on-year)

The following analysis is on a U.S. dollar basis

- Sales: 16.4 bln yen (6%) increase (U.S. dollar basis: +147 mil USD / +6%)
 - (+) Increase in sales for Motion Pictures
 - (+) Increase in worldwide theatrical revenues due to the strong performance of *Venom*
 - (+) Higher television licensing revenues for catalog titles
 - (-) Decrease in sales for Television Productions due to lower licensing revenues for U.S. television series
- OI: 1.1 bln yen increase
 - (+) Impact of higher Motion Pictures sales
 - (-) Recording of programming write-offs and severance expenses related to a review of the channel portfolio within Media Networks undertaken to streamline the business (-11.3 bln yen)

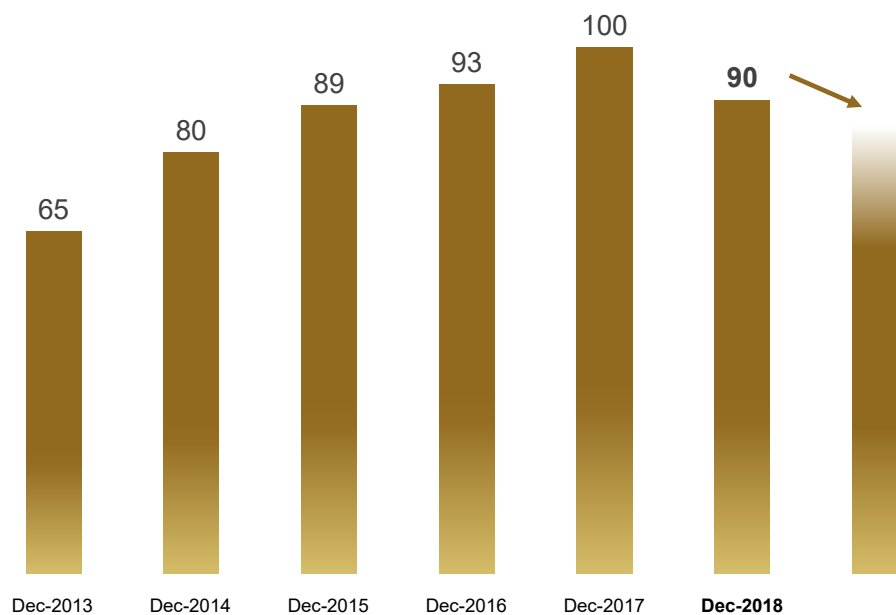
FY2018 Forecast

- Sales / OI : Remain unchanged from October forecast

- Next is the Pictures segment.
- FY18 Q3 sales increased 6% year-on-year to 276.7 billion yen. Although licensing revenues decreased in Television Productions, Motion Pictures sales increased primarily due to the strong performance of *Venom*.
- Operating income increased 1.1 billion yen year-on-year to 11.6 billion yen as the impact of the increase in sales was substantially offset by the recording of 11.3 billion yen in costs associated with a portfolio review within Media Networks.

Pictures Segment – Media Network Portfolio Review

Number of channels

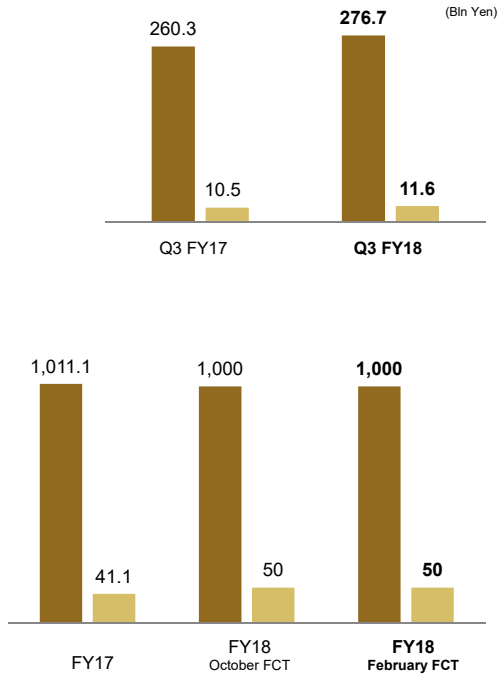


- Several of the channels Sony Pictures operates around the world face challenges such as poor growth prospects going forward or a low level of profitability.
- Consequently, since taking over as head of the television businesses within the Pictures segment, Mike Hopkins has been conducting a concentrated review of each channel. During the current quarter, we decided to downsize or exit several channels, and this resulted in the recording of cost. We expect the benefit of these actions to manifest itself from the fiscal year ending March 31, 2020 and beyond.
- We will continue our efforts to improve the profitability of the Pictures segment going forward.

Pictures Segment

Sales and Operating Income

■ Sales
■ Operating Income



Q3 FY2018 (year-on-year)

The following analysis is on a U.S. dollar basis

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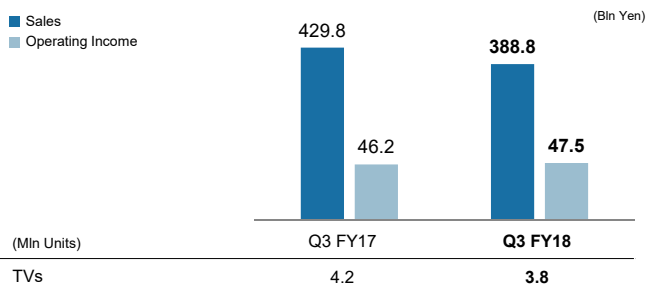
FY2018 Forecast

- Sales / OI : Remain unchanged from October forecast

- The FY18 forecast remains unchanged from October.

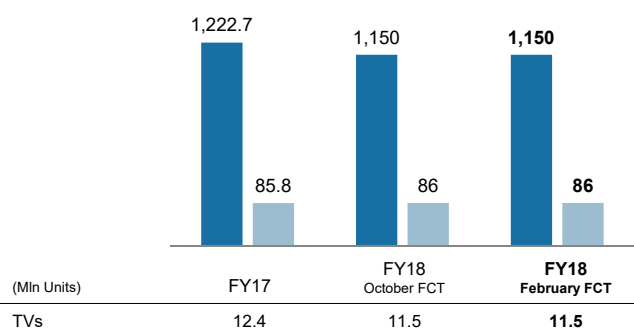
Home Entertainment & Sound Segment

Sales and Operating Income



Q3 FY2018 (year-on-year)

- Sales: 41.0. bln yen (10%) decrease (FX impact: -12.9 bln yen)
 - (-) Decrease in television unit sales resulting from a strategic decision not to pursue scale in order to focus on profitability
 - (-) Impact of foreign exchange rates
- OI: 1.3 bln yen increase (FX Impact: -10.2 bln yen)
 - (+) Improvement in the product mix of televisions reflecting a shift to high value-added models
 - (+) Decrease in indirect costs at sales companies*
 - (-) Negative impact of foreign exchange rates
 - (-) Decrease in sales



FY2018 Forecast

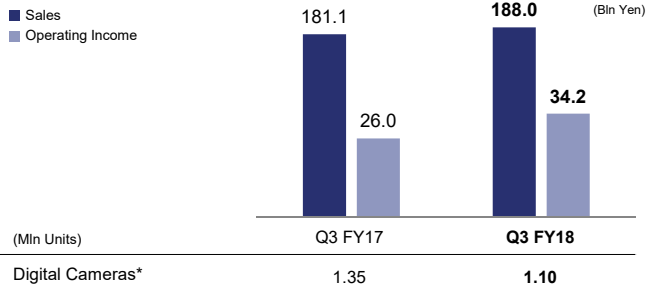
- Sales / OI : Remain unchanged from October forecast

*A change has been made to the calculation method used for allocating indirect expenses incurred by sales companies to the segments every quarter. For details, please refer to F-5 in "Q3 FY18 Financial Statements".

- Next I will explain the Home Entertainment & Sound segment.
- FY18 Q3 sales decreased 10% year-on-year to 388.8 billion yen primarily due to a decrease in unit sales of televisions and the negative impact of foreign exchange rates.
- Operating income increased 1.3 billion yen to 47.5 billion yen. The negative impact of foreign exchange rates and the decrease in sales was substantially offset by a shift to high value-added models and a decrease in indirect costs at sales companies.
- Since the time of our April forecast, we have expected annual unit sales of televisions to decrease because, in this segment, we are following a strategy of not pursuing scale in order to focus on profitability. The decrease this quarter is in-line with this strategy.
- The FY18 forecast remains unchanged from October.

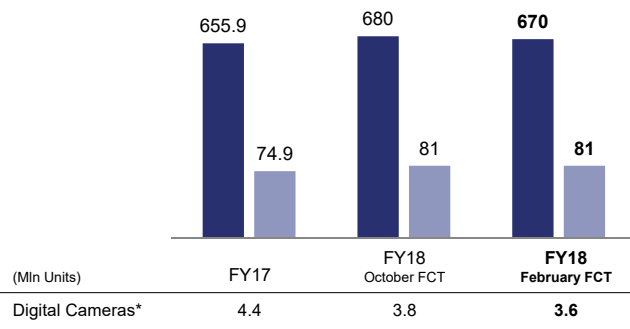
Imaging Products & Solutions Segment

Sales and Operating Income



Q3 FY2018 (year-on-year)

- Sales: 6.9 bln yen (4%) increase (FX Impact: -3.3 bln yen)
 - (+) Improvement in the product mix reflecting a shift to high value-added models
- OI: 8.3 bln yen increase (FX Impact: -2.4 bln yen)
 - (+) Improvement in the product mix reflecting a shift to high value-added models
 - (+) Reductions in operating costs



FY2018 Forecast (change from October forecast)

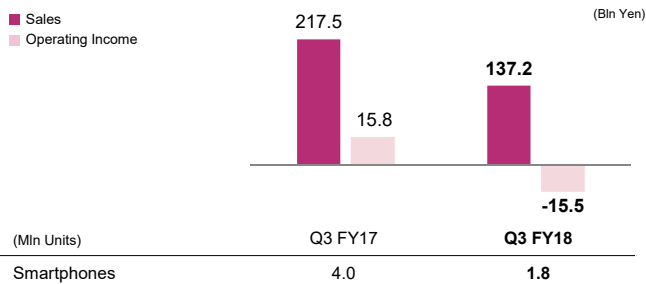
- Sales: 10 bln yen (1%) downward revision
 - (-) Decrease in unit sales of compact digital cameras
- OI: Remain unchanged from October forecast
 - (+) Improvement in product mix reflecting a shift to high value-added models
 - (+) Reductions in operating costs
 - (-) Decrease in sales

* Includes compact digital cameras and interchangeable single-lens cameras / Excludes interchangeable lenses.

- Next I will discuss the Imaging Products & Solutions segment.
- FY18 Q3 sales increased 4% year-on-year to 188.0 billion yen.
- Although unit sales of digital cameras decreased due to the impact of the market, segment sales increased primarily due to an increase in sales of high value-added products, primarily interchangeable lens mirrorless cameras and lenses themselves.
- Operating income increased 8.3 billion yen year-on-year to 34.2 billion yen primarily due to the increase in sales of high value-added products I just mentioned.
- The FY18 sales forecast was revised downward to 670 billion yen primarily due to a downward revision in the unit sales forecast for compact digital cameras.
- Despite the impact of the decrease in sales, the operating income forecast remains unchanged from October primarily due to a shift to high value-added models.

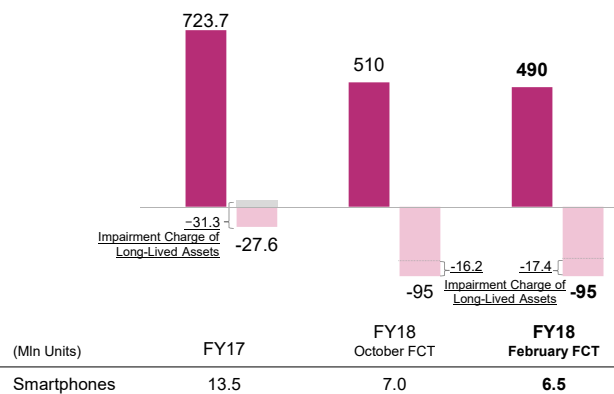
Mobile Communications Segment

Sales and Operating Income



Q3 FY2018 (year-on-year)

- Sales: 80.3 bln yen (37%) significant decrease (FX Impact: -1.1 bln yen)
 - (-) Decrease in smartphone unit sales mainly in Japan, Europe and Latin America
- OI: 31.3 bln yen deterioration (FX Impact: -0.2 bln yen)
 - (-) Decrease in sales
 - (+ Reductions in operating costs



FY2018 Forecast (change from October forecast)

- Sales: 20 bln yen (4%) downward revision
 - (-) Decrease in smartphone unit sales mainly in Japan, Europe, and East Asia
- OI: Remains unchanged from October forecast
 - (-) Decrease in sales
 - (+ Reductions in operating costs

- Next I will talk about the Mobile Communications segment.
- FY18 Q3 sales decreased 37% year-on-year to 137.2 billion yen primarily due to a decrease in unit sales of smartphones.
- Primarily due to this decrease in sales, an operating loss of 15.5 billion yen was recorded in the current quarter compared to operating income of 15.8 billion yen in the same quarter of the previous fiscal year.
- The FY18 sales forecast was downwardly revised to 490 billion yen primarily due to a reduction in the unit sales forecast for smartphones.
- On the other hand, the forecast for operating loss remains unchanged from October because the impact of the decrease in sales is expected to be substantially offset by operating cost reductions and other actions.
- The plan I outlined previously to reduce operating costs incurred in the business in the fiscal year ending March 31, 2021 to approximately 50% of the level recorded in the fiscal year ended March 31, 2018 is progressing according to plan and we will continue to implement it.

Semiconductors Segment

Sales and Operating Income

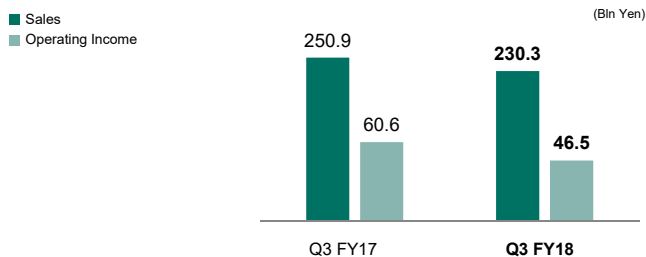


Image Sensors Sales	200.3	186.5
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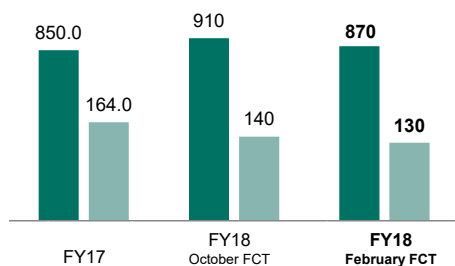


Image Sensors Sales	649.4	740	700
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Additions to long-lived assets for Semiconductors Segment	128.1	160	160
for Image Sensors (included above)	106.6	130	130

Q3 FY2018 (year-on-year)

- Sales: 20.6 bln yen (8%) decrease (FX Impact: -0.3 bln yen)
 - (-) Decrease in sales of image sensors for mobile products
 - (-) Decrease in unit sales
 - (+ Improvement in the product mix reflecting a focus on high value-added models
 - (-) Significant decrease in sales of camera modules business
- OI: 14.0 bln yen decrease (FX Impact: -0.2 bln yen)
 - (-) Decrease in sales of image sensors for mobile products
 - (-) Increase in research and development expenses as well as in depreciation and amortization expenses
 - (-) Absence of 6.7 billion yen gain resulting from the sale of manufacturing equipment recorded in Q3 FY17
 - (+ Reductions in manufacturing operating costs

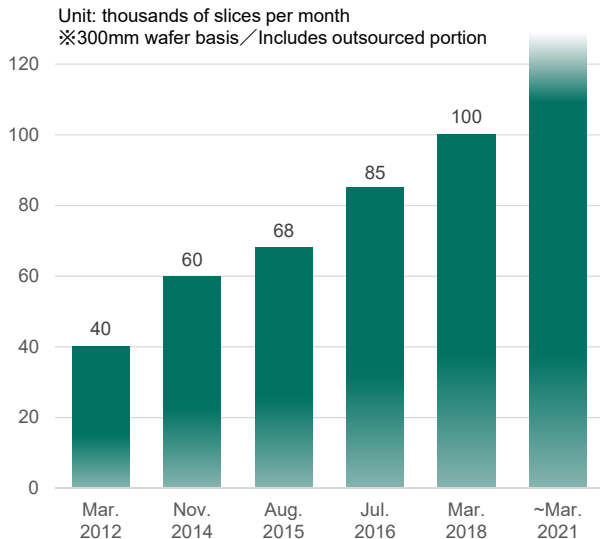
FY2018 Forecast (change from October forecast)

- Sales: 40 bln yen (4%) downward revision
 - (-) Decrease in lower-than-expected unit sales of image sensors for mobile products and for factory automation and surveillance cameras
 - (+ Improvement in the product mix of image sensors for mobile products
- OI: 10 bln yen downward revision
 - (-) Decrease in sales

- Next is the Semiconductors segment.
- FY18 Q3 sales decreased 8% year-on-year to 230.3 billion yen, primarily due to a decrease in unit sales of image sensors for mobile devices.
- Operating income decreased 14.0 billion yen year-on-year to 46.5 billion yen.
- This was primarily due to the impact of the decrease in sales, an increase in research and development and depreciation expenses and the recording of a 6.7 billion yen gain on the sale of manufacturing equipment in the same quarter of the previous fiscal year.
- We have downwardly revised our FY18 sales forecast to 870 billion yen and operating income to 130 billion yen.
- This downward revision is primarily due to a reduction in the unit sales forecast for image sensors resulting from a deterioration in the smartphone market.

Semiconductors Segment – Production Capacity Expansion

CMOS Image Sensors: Wafer Production Capacity Trends (Input Basis)



CMOS Image Sensor: Manufacturing Centers



Kumamoto Technology Center



Nagasaki Technology Center



Yamagata Technology Center

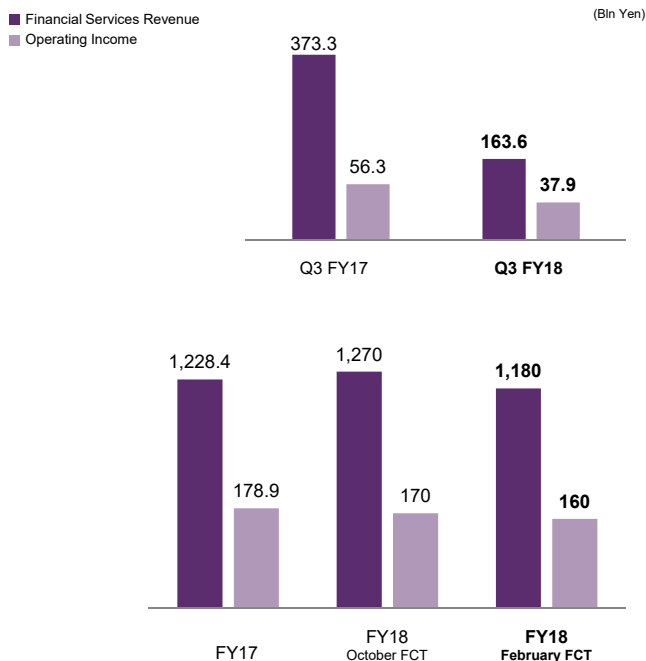


Oita Technology Center

- Although we expect the difficult market environment for smartphones to continue going forward, we are seeing high-end sensors adopted in both high-end and mid-range models as smartphone makers seek to differentiate their products through camera functionality.
- Consequently, there is no change to our view that demand for the high-end image sensors that Sony excels at making will continue to increase due to the trend toward multi-lens cameras and larger die-sizes. There is also no change to the plan I recently outlined to increase our production capacity to nearly the maximum that can fit into our existing facilities.
- However, as I have said in the past, if trends in demand change going forward, we will modify things like timing in a flexible manner.

Financial Services Segment

Financial Services Revenue and Operating Income



Q3 FY2018 (year-on-year)

- Revenue: 209.7 bln yen (56%) significant decrease
 - (-) Significant decrease in revenue at Sony Life (209.2 bln yen decrease, revenue: 130.1 bln yen)
 - (-) Deterioration of investment performance in the separate accounts
- OI: 18.4 bln yen significant decrease
 - (-) Significant decrease at Sony Life (17.0 bln yen decrease, OI: 35.8 bln yen)
 - (-) Absence of a gain on the sale of real estate held for investment purposes recorded in Q3 FY17
 - (-) Recording of a loss on the valuation of securities investments at Sony Bank

FY2018 Forecast (change from October forecast)

- Sales: 90 bln yen (7%) downward revision
 - (-) Deterioration in investment performance in the separate accounts at Sony Life
- OI: 10 bln yen downward revision
 - (-) Sony Life: Recording of a loss on the valuation of securities investments in the general account
 - (-) Sony Bank: Recording of a loss on the valuation of securities

- Next, I will explain the Financial Services segment.
- In FY18 Q3, Financial Services revenue decreased 56% year-on-year to 163.6 billion yen, primarily due to a deterioration in investment performance in the separate accounts at Sony Life.
- However, the impact of this change in performance on the operating income of Sony Life is limited because the majority of the losses from variable life insurance products in the separate accounts were borne by customers.
- Operating income decreased 18.4 billion yen year-on-year to 37.9 billion yen primarily due to the recording in the same quarter of the previous fiscal year of a gain on the sale of real estate held for investment purposes.
- We have revised downward our FY18 forecast for sales to 1 trillion 180 billion yen and our forecast for operating income to 160 billion yen to reflect the impact of the market environment.

View of the Operating Environment

- That concludes my explanation of our financial results but, before I close, I would like to say a few things about my view of the operating environment going forward.
- We cannot be too optimistic about the future since several macroeconomic and geopolitical risks have emerged since the second half of last year, including the smartphone market that I discussed earlier.
- As CFO, I have asked each business to increase their sensitivity to changes in the environment and to prepare for risks.
- Preparing for risks means a thorough review of the operations of each of our businesses and a strengthening of each business to minimize potential damage.
- It also means preparing to recover quickly and go on the offensive once the environment improves. In our first and second mid-range plans, we were able to transform Sony's business model and improve our profitability.
- In our third mid-range plan, we are continuing to work to strengthen our operating efficiency to achieve steady growth over the long-term.
- This concludes my remarks.

Notes

Sales on a Constant Currency Basis and Impact of Foreign Exchange Rate Fluctuations

The descriptions of sales on a constant currency basis reflect sales calculated by applying the yen's monthly average exchange rates from the previous fiscal year, or the same quarter of the previous fiscal year, to local currency-denominated monthly sales in the current fiscal year, or the current quarter, respectively. For Sony Music Entertainment, Sony/ATV Music Publishing and EMI Music Publishing ("EMI") in the Music segment, and in the Pictures segment, the constant currency amounts are calculated by applying the monthly average U.S. dollar / yen exchange rates after aggregation on a U.S. dollar basis.

The impact of foreign exchange rate fluctuations on sales is calculated by applying the change in the yen's periodic weighted average exchange rates for the previous fiscal year, or the same quarter of the previous fiscal year, from the current fiscal year, or the current quarter, respectively, to the major transactional currencies in which the sales are denominated. The impact of foreign exchange rate fluctuations on operating income (loss) is calculated by subtracting from the impact on sales the impact on cost of sales and selling, general and administrative expenses calculated by applying the same major transactional currencies calculation process to cost of sales and selling, general and administrative expenses as for the impact on sales. Additionally, the MC segment enters into its own foreign exchange hedging transactions. The impact of those transactions is included in the impact of foreign exchange rate fluctuations on operating income (loss) for that segment.

This information is not a substitute for Sony's consolidated financial statements measured in accordance with U.S. GAAP. However, Sony believes that these disclosures provide additional useful analytical information to investors regarding the operating performance of Sony.

Notes about Financial Performance of the Music, Pictures and Financial Services segments

On November 14, 2018, Sony acquired the entirety of the approximately 60% equity interest held by the investor consortium led by Mubadala Investment Company in DH Publishing, L.P., which owned and managed EMI, resulting in EMI becoming a wholly-owned subsidiary of Sony. Financial results of EMI included in the Music segment include Sony's equity earnings (loss) in EMI from April 1 through November 13, 2018 and sales and operating income (loss) of EMI from November 14, 2018 through December 31, 2018, as well as a non-cash gain recorded as a result of the remeasurement to fair value of the approximately 40% equity interest in EMI that Sony owned prior to the acquisition.

The Music segment results include the yen-translated results of Sony Music Entertainment, Sony/ATV Music Publishing and the above-mentioned EMI, all U.S.-based operations which aggregate the results of their worldwide subsidiaries on a U.S. dollar basis, and the results of Sony Music Entertainment (Japan) Inc., a Japan-based music company which aggregates its results in yen.

The results presented in Pictures are a yen-translation of the results of Sony Pictures Entertainment Inc., a U.S.-based operation that aggregates the results of its worldwide subsidiaries on a U.S. dollar basis.

The Financial Services segment results include Sony Financial Holdings Inc. ("SFH") and SFH's consolidated subsidiaries such as Sony Life Insurance Co., Ltd., Sony Assurance Inc. and Sony Bank Inc. The results of SFH and its consolidated subsidiaries discussed in the Financial Services segment differ from the results that these companies disclose separately on a Japanese statutory basis.

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) Sony's ability to maintain product quality and customer satisfaction with its products and services;
- (ii) 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 image sensors, game and network platforms, smartphones and televisions, 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 customer preferences;
- (iii) Sony's ability to implement successful hardware, software, and content integration strategies, and to develop and implement successful sales and distribution strategies in light of new technologies and distribution platforms;
- (iv) the effectiveness of Sony's strategies and their execution, including but not limited to the success of Sony's acquisitions, joint ventures, investments, capital expenditures, restructurings and other strategic initiatives;
- (v) changes in laws, regulations and government policies in the markets in which Sony and its third-party suppliers, service providers and business partners operate, including those related to taxation, as well as growing consumer focus on corporate social responsibility;
- (vi) Sony's continued ability to identify the products, services and market trends with significant growth potential, to devote sufficient resources to research and development, to prioritize investments and capital expenditures correctly and to recoup its investments and capital expenditures, including those required for technology development and product capacity;
- (vii) Sony's reliance on external business partners, including for the procurement of parts, components, software and network services for its products or services, the manufacturing, marketing and distribution of its products, and its other business operations;
- (viii) the global economic and political environment in which Sony operates and the economic and political conditions in Sony's markets, particularly levels of consumer spending;
- (ix) Sony's ability to meet operational and liquidity needs as a result of significant volatility and disruption in the global financial markets or a ratings downgrade;
- (x) Sony's ability to forecast demands, manage timely procurement and control inventories;
- (xi) 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, liabilities and operating results are denominated;
- (xii) Sony's ability to recruit, retain and maintain productive relations with highly skilled personnel;
- (xiii) Sony's ability to prevent unauthorized use or theft of intellectual property rights, to obtain or renew licenses relating to intellectual property rights and to defend itself against claims that its products or services infringe the intellectual property rights owned by others;
- (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) 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;
- (xvi) risks related to catastrophic disasters or similar events;
- (xvii) the ability of Sony, its third-party service providers or business partners to anticipate and manage cybersecurity risk, including the risk of unauthorized access to Sony's business information and the personally identifiable information of its employees and customers, potential business disruptions or financial losses; and
- (xviii) the outcome of pending and/or future legal and/or regulatory proceedings.

Risks and uncertainties also include the impact of any future events with material adverse impact. Important information regarding risks and uncertainties is also set forth in Sony's most recent Form 20-F, which is on file with the U.S. Securities and Exchange Commission.