Sony IR Day 2018

Music Segment

May 22, 2018

Sony Music Business Overview

Outside Sales (FYE18 ACT)

Recorded Music: 57%

Visual Media & Platform: 34%

Music Publishing: 9%
FYE21 Financial Target

- Operating Income: 110~130 billion yen

※ Sales Amount (For Reference): 800 billion yen

Sony IR Day 2018

Music Segment

Sony IR Day 2018

Music Segment (SME)

May 22, 2018

Business Executive
Sony Corporation

Chief Executive Officer
Sony Music Entertainment

Rob Stringer

Chief Operating Officer
Sony Music Entertainment

Kevin Kelleher
Sony Music FYE18 Achievements and Highlights

Strong Financial Results
Year over Year increases in:
- Revenue
- Operating Income
- Cash Flow
- Operating Margin

A Global Leader
- 25.1% Market Share
- #2 Global Music Company

Stronger Growth Global Market (ex Japan)
- Streaming +44%
- Digital Video +42%
- Total Market +10.5%

Strong Repertoire Performance

2017 Top Global Albums
- Pink
- Rag 'n' Bone Man
- Harry Styles
- Beautiful Trauma
- Human

2017 Top Global Singles
- Chainsmokers
- Closer
- DJ Khaled
- Something Just Like This
- I'm The One

New Artists
- 21 Savage
- Camila Cabello
- Childish Gambino
- Kane Brown
- Maluma
- Khalid
Evolution of Streaming Landscape

**Strategies:**

1. **Drive Paid Subscription Around the World**
   - Transition Established and Open Developing Markets to Paid Subscription

2. **Increase Revenue Per User**
   - Modernize Product and Plan Offerings
     - Create greater differentiation between paid and free tiers
     - Construct new product configurations and content to up-sell subscribers
     - Expand the use of voice, a driver of music consumption in the home and soon in the car
     - Launch pre-pay subscription options for developing markets

**CURRENT FOCUS**

**LONG-TERM FOCUS**

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**Strategic Investment In The Orchard**

**MUSIC**

**VIDEO**

**TECH**

**DISTRIBUTION**

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**Phonofile** + **finetunes**
World Class Analytics Capabilities

Talent Discovery
- Analytics in the Creative Process
- Digging Deeper To Find Talent Earlier

Breaking Hits
- Targeted Marketing and Promotion
- Predictive Analytics = Measured Risk Taking

Optimizing Revenue
- Marketing ROI Increasingly Measurable
- Advanced Partner Analytics

Strengthening Artist Relationships
- Transparency in Payments
- Real Time Sales Reporting

Creative, Artist-Centric Approach

Increase Creative Workforce
Artist Relationships
Creativity & Musical Instinct
Streaming Genre Focus
Creative & Business Services
Healthy industry performance overall supports SME growth

Sony IR Day 2018
Sony Music Operating Income: FYE17 Act → FYE18 Act

(US Dollars)

Sony Music Operating Income: FYE18 Act → FYE19 Forecast

(US Dollars)