Sony IR Day 2017

Entertainment Business (Pictures/Music)

May 23, 2017

Kazuo Hirai
President and CEO, Representative Corporate Executive Officer
Sony Corporation
Chairman and Co-CEO, Sony Entertainment Inc.

Philip Rowley
Senior Executive Vice President &
Chief Financial Officer
Sony Pictures Entertainment Inc.

Rob Stringer
Chief Executive Officer
Sony Music Entertainment Inc.

Kevin Kelleher
Chief Operating Officer
Sony Music Entertainment Inc.
Sony's Music Business

SONY

SONY Music
Sony/ATV Music Publishing
EMI Music Publishing

(Equity Method)

Recording Music
Visual Media & Platform
Outside Sales (FY2016 Actual)

Sony Music Entertainment (Japan) (SMEJ)

Success in Growing Market

Smartphone Game Application
Fate/Grand Order

Create New Business

SMEJ's First Museum Entertainment
SNOOPY MUSEUM TOKYO

Create and Maximizing

Create New Hit Content
Maximize Catalogue Value

Create hit content in growing market and expand utilization of catalogue IP

Create new business and revitalize existing IP

Maximize catalogue value
Sony/ATV Music Publishing (Sony/ATV)

No.1 Music Publisher

September, 2016
Sony/ATV became a wholly owned subsidiary of Sony Corporation

Entertainment Industry Trends

Motion Pictures
Larger share of revenue concentrated on fewer tent-pole films

Television Productions
Networks seeking to own more content rights

Media Networks
TV distributors reevaluating their network portfolios
Issues of Sony Pictures Entertainment

Motion Pictures
Implementing turnaround strategy

Television Productions
Maintain and strengthen relationships with top content producers and major networks

Media Networks
Generate stable profit through recurring-revenue business model

Anthony Vinciquerra
Chairman and CEO, Sony Pictures Entertainment effective on June 1, 2017

Chairman and CEO, Fox Network Group

Senior Advisor, Texas Pacific Group
Board Director, STX Entertainment

Extensive experience in media, entertainment and technology space
### SPE FYE17 Review

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>FYE16 Actual</th>
<th>FYE17 Actual</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$7,875</td>
<td>$8,292</td>
<td>+5.3%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$346</td>
<td>$280*</td>
<td></td>
</tr>
</tbody>
</table>

**All businesses saw topline growth; however, fully allocated OI decreased for several reasons:**

1. Motion Pictures’ FYE17 films had higher marketing costs for films released in the last quarter of FYE17 compared to the prior year’s films.
2. In Television Productions, less favorable product mix (prior year included an SVOD sale of *Breaking Bad*).
3. Media Networks had higher programming costs (including increased programming investment and a write-off of programming in Italy).
4. FYE17 incurred one-off charges due to reductions in centralized costs.

Note: FYE = Fiscal Year Ended (e.g., FYE17 = Fiscal Year Ended March 2017)

* FYE17 operating income excludes the $962 goodwill impairment write-down

Source: Pictures Segment Supplemental Data, March 31, 2017
SPE FYE18 Forecast

($ in millions)

Sales

<table>
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<th>FYE17 Actual</th>
<th>FYE18 Forecast</th>
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<td>$8,292</td>
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Operating Income

<table>
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<th>FYE17 Actual</th>
<th>FYE18 Forecast</th>
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<tr>
<td>$280*</td>
<td>$359**</td>
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Factors impacting performance:

1. Improvements in current year’s films and cost reductions in Motion Pictures partially offset by lower catalog sales
2. Television Productions growth driven by syndication of The Goldbergs and several new show launches
3. Media Networks growth driven by GSN and India, somewhat offset by TEN Sports
4. Unfavorable impact of budget FX rates and one-time costs

* FYE17 operating income excludes the $962 goodwill impairment write-down
** FYE18 sales forecast converted at 110.00 JPY/USD and rounded down to the nearest 10 billion yen to ¥1,020,000 million

Source: Pictures Segment Supplemental Data, March 31, 2017 and SPE Management
SME FYE17 Achievements/Highlights

Successful, Profitable Year For Sony Music On Multiple Fronts

Recognition through industry awards
- Adele awarded 5 Grammys, including the top 3 – Album of the Year, Record of the Year and Song of the Year
- SME’s other winners includes David Bowie (5), Beyoncé (2), The Chainsmokers, Maren Morris, Solange, Cage The Elephant, Pentatonix and many others
- Sony Music won an unprecedented 10 out of 13 Brit Awards, the most in company history

Sony Music gaining market share in growing market
- Calendar 2016 market share grew +0.5% to 26.0%
- The market grew 6% year-over-year driven by 60% growth in streaming
- Acceleration of paid subscription offsetting declines in Physical and Download
- Future upside from new entrants into the market (Amazon, Pandora and iHeartRadio)

Success from multiple repertoire centers
- 7 of the Top 20 on the IFPI 2016 Global Album chart, including #1 (Beyoncé) and #2 (Adele)
- 9 of the Top 20 on the IFPI 2016 Global Singles chart, including breakout tracks from The Chainsmokers, ZAYN, Alan Walker
- FYE17 top sellers include international superstars, Catalog artists, new artists

Broke new talent to create future superstars
- Broke The Chainsmokers, G-Eazy, Rag’n’Bone Man, DJ Khaled, Alan Walker, Zara Larsson in FYE17

VISION
A Global Entertainment Leader, Building Artist Brands and Careers and Maximizing Profit Through The Best Creative Teams, A Culture of Entrepreneurial Innovation, and Aggressive Investments

Two Key Areas of Focus:
- Direct Reporting Lines
- Data Analytics
- Talent Development
- Aggressive Growth Investment
- Digital Growth
- Commercial Opportunities
- New Business Strategies
- International Expansion
- One Sony Initiatives

Maximize Profits, Improve Margins and Grow Market Share
Recorded Music Market Profile ($ in billions; excludes Japan)

- Two years of solid market growth
- Streaming growth more than offsetting declines in physical and download markets
- Streaming represents 41% of total market
- Paid subscription revenue up 32% year over year
- 97 million premium paid subscribers
- Expect slight market growth in 2017
- Continued rapid growth of streaming, reaching 56% of total market
- Greater download and physical declines

Healthy industry performance overall supports SME growth

Source: IFPI

Streaming Landscape

Top Streaming Partners

1. Spotify
2. Apple Music
3. Others

New Entrants Into Market

Amazon Music Unlimited
Pandora
iHeartRadio

Product Innovation

- Price tier innovation
- Voice will become a more important component of services
- Visual (not just video) will enhance the listening experience
- Video is a different experience and must establish and maintain a separate value with consumers and services
- No streaming service right now is optimized or successful in the car
- Individual upsell opportunities exist for super fans

Goal: Incentivize users to upgrade from free to paid users
Music FYE16 Act → FYE17 Act

Sales $5,156 → $5,976

1. The Orchard Step up gain
2. Physical & Download
3. Streaming
4. Visual Media & Platform
5. Publishing
6. FX & Others

FYE16 Act
1$=120.1 yen

FYE16 Act Excl. The Orchard Gain
1$=108.4 yen

FYE17 Act
1$=110 yen

Strong year → Achieved growth in operating profit (excluding The Orchard gain) despite significant physical/download market shrink and negative foreign currency impacts.

Music FYE17 Act → FYE18 4F

Sales $5,976 → $5,727

1. Physical & Download
2. Streaming
3. Visual Media & Platform
4. Publishing
5. FX & Others

FYE17 Act
1$=108.4 yen

FYE18 4F
1$=110 yen

Similar level of profitability despite negative impacts from continuing physical / download market declines, unfavorably FX and difficult year over year comparison due to strong success of Fate / Grand Order in FYE17.
Music Segment Financial Trend

(USD mil.)

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Operating Income</th>
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<tbody>
<tr>
<td>FYE15ACT</td>
<td>FYE16ACT</td>
</tr>
<tr>
<td>$5,086</td>
<td>$5,156</td>
</tr>
<tr>
<td>$551</td>
<td>$720</td>
</tr>
<tr>
<td>$569</td>
<td>$683</td>
</tr>
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* Excludes The Orchard step up gain

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,” “plan,” “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 television, game and network platforms and smartphones, which are offered in highly competitive markets characterized by severe price competition and continual new product 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 develop and implement successful sales and distribution strategies in light of the Internet and other technological developments;
(vii) Sony’s ability to maintain product quality and customers’ satisfaction with its existing products and services;
(viii) 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;
(ix) 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) the outcome of pending and/or future legal and/or regulatory proceedings;
(xii) 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;
(xiii) 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;
(xiv) 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
(xv) risks related to catastrophic disasters or similar events.

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