Sony IR Day 2015

Home Entertainment & Sound Segment

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Sony Corporation
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Agenda

1. HE&S Segment FY2014 Review
2. HE&S Segment FY2015 Action Plan
   1. TV Business
      • Market Trends and Sony Sales Plan
      • New Model Concept
      • Business Direction
   2. Video & Sound Business
      • Priorities
   3. HE&S Segment Forecast
3. Consumer AV Sales Platform
4. Reference Materials

*FY2014 = Fiscal year ended on March 31, 2015
1. FY2014 Review

Home Entertainment & Sound Segment

Operating Income Analysis

<table>
<thead>
<tr>
<th></th>
<th>FY13</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,199.3</td>
<td>1,238.1</td>
</tr>
<tr>
<td>Operating Income</td>
<td>▲21.0</td>
<td>24.1</td>
</tr>
</tbody>
</table>

- Model Mix Improvement
- Price Erosion
- Cost Reduction

Results

- TV Business
  - Reinforced shop front sales in US and Europe
  - Increase sales of high value-added products
  - Cost reductions / operational improvement
- Video & Sound Business
  - Strong high value-added products (High resolution etc.)
  - Cost reduction by operational improvement

Issues

- TV Business
  - Counteract foreign exchange rates
  - Maintain stable profitable structure
- Video & Sound Business
  - Sales expansion in Audio growth category

*: Impact of foreign exchange fluctuations is calculated using the sales and costs denominated in each currency in FY2014 and comparing them with the previous fiscal year.
2. FY2015 Action Plan

TV Business - Market Trends and Sony Sales Plan

Achievable sales plan focused on high value-added segment and a conservative market assumption

**LCD TV Market Trends (by units)**

<table>
<thead>
<tr>
<th>Year</th>
<th>4K (Million Units)</th>
<th>2K (Million Units)</th>
<th>Premium 4K (Million Units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14 (Prior Forecast)</td>
<td>210 (92%)</td>
<td>199 (86%)</td>
<td>17 (8%)</td>
</tr>
<tr>
<td>FY15 (Prior Forecast)</td>
<td>233 (14%)</td>
<td>216 (11%)</td>
<td>34 (14%)</td>
</tr>
<tr>
<td>FY15 (Latest Forecast)*2</td>
<td>210 (92%)</td>
<td>199 (86%)</td>
<td>17 (8%)</td>
</tr>
</tbody>
</table>

**Sony Sales Amount**

<table>
<thead>
<tr>
<th>Year</th>
<th>4K LCD (Yen)</th>
<th>2K LCD (Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14 (Prior Forecast)</td>
<td>835.1</td>
<td>780</td>
</tr>
<tr>
<td>FY15 (Apr. Forecast)</td>
<td>11%</td>
<td>14%</td>
</tr>
</tbody>
</table>

*1 Source: DisplaySearch
*2 Source: Sony
TV Business – New Model Concept

Pursue customer value through appealing products

- **Immersive Picture Quality**
  - New 4K Processor

- **Sony Unique Design**
  - Ultra Slim

- **Extremely Easy Content Access**
  - One-Flick Entertainment
  - Android OS

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TV Business – Business Direction

**Further Strengthen the 3 elements that contributed to last fiscal year’s profit to establish a consistently profitable business**

◆ Power of products
  - Enhance fundamental value and introduce products that the target customer will appreciate

◆ Competitive cost structure
  - Low cost operation based on achievable sales plan

◆ Operational excellence
  - Continue to strengthen operations so as to quickly respond to unexpected risks
    - Continue to strengthen supply chain management
      - (Utilizing ROIC as one of the measures of performance)
    - Firmly control each region’s P/L
Video & Sound Business - Priorities

Increase high value-added products & strengthen profitable business structure

- Increase line-up & grow the market for high value-added products (High-resolution)
- Strengthen products in the growth category of Audio (Headphone, Sound Bar, Wireless Speaker)
- Continue investment in differentiated technologies

High-resolution products sales amount ratio in Japan: 20% → 30%

Sales expansion in the Audio growth category

FY2015 Forecast

Operating Income Analysis

Operating Income: 24.1 (FY14) → 22 (FY15 Forecast)

TV Business

- Focus on customer value with strong products
- Enhancement of cost competitiveness
- Strengthen operations
  - Continue supply chain management improvement
  - Firm management of each region’s profitability

Video & Sound Business

- Increase line-up & grow market for high value-added products
- Strengthen products in the Audio growth category
- Continue investment in differentiated technologies

*1: Forecasted impact of foreign exchange fluctuations is calculated using the sales and costs denominated in each currency in the FY2015 business plan and comparing them with the previous fiscal year.
3. Consumer AV Sales Platform

Consumer AV Sales Platform Management Policy

- Steadily generate profits through centralized management, ranging from development to sales

  - Reliable management execution
    - Comprehensive enhancement of sales company management and sales operations basic practices
      - Effectively showcase product value to end customers
      - Process for profit recovery (management of inventory, sales investment, sales expense, etc.)
    - Accountability
      - Achieve accountability from the perspective of both sales companies & business units, so as to realize profit of the entire value chain

- More responsive sales activities thanks to speedy decision making resulting from splitting out business units
Established profit making structure without relying on scale, thanks to restructuring and enhancement of sales company management

- Thorough profit control according to each region’s market characteristics & cost structure
  - Japan: Position high value-added products as primary sources of profit
  - EU/NA: Solidify profit making structure by enhancement of sales operation basic practices
  - Asia: Maintain & enhance low cost/high profit structure; continue investment in developing markets
  - Latin: Return to a profit making structure by enhancement of sales operation basic practices in order to promptly respond to environmental changes

Continue to generate profit in all regions

4. Reference Materials
TV Business - FY2014 Sales & Unit / Value Share

- **Sales by Key Product**
  - Sales 835.1 bln yen
  - 4K
  - 2K

- **Sales by Region**
  - Asia-Pacific
  - China
  - Europe
  - United States
  - Other Areas

- **LCD TV Unit Share by Manufacturer**
  - #3
  - Source: Sony
  - For the most recent year

- **LCD TV Value Share by Manufacturer**
  - #3
  - Source: Sony
  - For the most recent year

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Video & Sound Business – FY2014 Sales by Key Products & Sales by Region

- **Sales by Key Product**
  - Sales 396.9 bln yen
  - Video
  - Audio Others
  - Audio Growth Category
  - Others
  - Headphones
  - Sound Bars
  - Wireless Speakers
  - System Stereos
  - Audio Component

- **Sales by Region**
  - Asia-Pacific
  - United States
  - Japan
  - Other Areas

- *The figures for sales include pre-installed automotive audio products which were previously included in the Devices segment.*
- *1: “Audio Growth Category” includes Sound Bar, Wireless Speaker and Headphone as its main products.*
### Video & Sound Business - Key Products’ Market Share (Value basis)

#### Home Entertainment & Sound Segment

- **Headphones**: #2 in Japan, US, EU5
- **Wireless Speakers**: #1 in Japan
- **Sound Bars**: #3 in Japan, US, EU3
- **Digital Music Players (WALKMAN)**: #1 in Japan
- **Home Video (Blu-ray Players/Recorders)**: #3 in Japan

*Source: Sony*

For the most recent year

*1 EU5: UK, France, Germany, Italy, Spain  *
*2 EU3: UK, France, Germany

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4. 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;
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11. The impact of 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;
12. Sony’s ability to conduct successful asset liability management in the Financial Services segment;
13. Sony’s earnings from operations in the Financial Services segment;
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