Sony IR Day 2015

Imaging Products & Solutions Segment

May 27, 2015

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Agenda

1. Overview of Imaging Products & Solutions Segment
2. FY2014 Results
3. FY2015 Direction and Forecast
4. FY2015 Key Strategies
5. Summary
6. Reference Materials

*FY2014 = Fiscal year ended on March 31, 2015
Sony IR Day 2015

Overview of Imaging Products & Solutions (IP&S) Segment

### Digital Imaging Products Business
- **Consumer Cameras**
  - Compact Digital Still Camera
- **Interchangeable Lens Camera (Body/Lens)**
- **Consumer Video Camera (POV/Conventional)**
- **Video Camera for Pro-sumers**
- **Camera Block**
  - (Automotive, Machine Vision, Surveillance)

### Professional Solutions Business
- **Content Creation**
  - (*Incl. Video Camera for Professional*)
- **Projector**
- **Medical**
- **Surveillance, FeliCa**

#### FY2014 Sales by business category
- **720.0 Billion Yen**
  - **60%**
  - **40%**

### FY2014 Results

<table>
<thead>
<tr>
<th>Sales</th>
<th>Operating Income</th>
<th>Operating Income Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>741.2</td>
<td>26.3</td>
<td>+28.4 bln yen</td>
</tr>
<tr>
<td></td>
<td></td>
<td>54.7</td>
</tr>
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**Operating Income Change**

<table>
<thead>
<tr>
<th>FY13</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

**Reasons for FY2014 Operating Income Change**

#### Negative factors

- Decrease in unit sales as a result of the shrinking consumer digital imaging market
- Increase in restructuring charges

#### Positive factors

- Decrease in fixed and other costs due to improvement in operational efficiency
- Improvement in product mix due to a shift to premium products
- Favorable impact of foreign exchange rates
- Increase in extraordinary items

Realized significant improvement in profit, despite a shrinking consumer camera market, by reducing fixed costs through operational efficiencies and shifting focus to premium products.

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*1: 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.*
FY2015 Market Forecast

**Primary business market (Camera)****

- Video camera market
- Still camera market

**Still Camera : Market Value by Category**

- ILC Lens
- ILC Body
- Premium DSC
- Entry DSC

**Video Camera : Market Value by Category**

- Business Use
  - Professional
  - Prosumer
- Consumer Use
  - P.O.V
  - Conventional

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**FY2015 Business Direction and Forecast**

**Business Direction**

Sustain highly profitable business by continuously focusing on premium products while pursuing operational efficiencies. Focus particularly on reforming the business portfolio in order to further increase sales and profit in the professional solutions business.

**Reasons for FY2015 Operating Income Change**

**Negative factors**

- Decrease in unit sales as a result of the shrinking consumer digital imaging market
- Decrease in extraordinary items

**Positive factors**

- Decrease in fixed and other costs due to improvement in operational efficiency
- Improvement in product mix due to the shift to premium products
- Decrease in restructuring charges
- Favorable impact of foreign exchange rates

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* The FY2015 forecasts for the segments have been calculated using the assumed foreign currency rates of approx. 118 yen to the U.S. dollar and approx. 136 yen to the euro.

* 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.
FY2015 Key Strategies

Strategies by Business
(Recap of FY2014 IR day)

Professional Solutions Business
1. Expansion of professional camera product lineup
2. Reinforcement of other products/systems for content creation
3. Enhancement of laser light source projector business
4. Expansion of medical products by utilizing Sony’s imaging technologies

Digital Imaging Products Business
1. Enforcement of “α” interchangeable lens camera (ILC) business
2. Expansion of “α” interchangeable lens business
3. DSC/CAM further premium shift
4. Application of camera technology to B2B market
5. Continuous improvement in operational efficiency

IP&S sector unified strategies (today’s focus)
1. Apply technologies in the high-end professional sphere to consumer products
2. Establish ecosystem of strong differentiated products centered around our α-mount system
3. Expand operational best practices of the consumer business across the entire IP&S segment

Strategy ①: Apply technologies in the high-end professional sphere to consumer products

Create value for a diverse range of customers
“4K” “High Frame Rate” “Wide Color Gamut”
World’s First 4K System Camera with Three 2/3-inch 4K Image Sensors
HDC-4300 delivers 4K/HD capabilities for Sports and Event Broadcast

• Support of the ITU-R BT.2020 broadcast standard’s widened color space with the most advanced 4K image sensors
• Super slow motion (up to 8x) at HD Resolution due to high frame rate capture
• Ability to directly attach B4 HD lenses and use the high magnification wide zoom range lenses

Strategy ①: Apply technologies in the high-end professional sphere to consumer products

Leading the digital imaging world with Sony’s cutting-edge technologies in professional cameras

Strategy ②: Establish ecosystem of strong differentiated products centered around our α-mount system

Enhance competitiveness of all Sony cameras by strengthening our α mount system while seamlessly expanding the system to all camera products
Strategy ②:
Establish ecosystem of strong differentiated products centered around our α-mount system

Strong demand in target markets for 1st fusion models released in FY2014

PXW-FS7

- Super 35 Exmor™ CMOS sensor
- 4K/60p internal recording
- Super slow motion up to 180fps
- Flexible style design
- α Mount System (E-mount)

α7s

- Exceptional exposures no matter the light world’s Highest Sensitivity “ISO409,600”
- Approx. 12 megapixels
- Unparalleled 4K movie output

Percentage of α7s purchasers who are pro/prosumers (US ・ EU)

52% 55%

Source: Sony

WW shipments of Large Format Sensor Models*1

After the release of FS7


×2

*1: Video cameras for business use with large format image sensor larger than µ 4/3 format

Strategy ②:
Establish ecosystem of strong differentiated products centered around our α-mount system

Accelerate expansion of full frame lens line-up with cutting edge technology which brings out the full potential of α mount system products

Full-frame E-mount (FE) lens expansion roadmap

2015.5 (current)

2015

Total lens lineup

FE Lens lineup

2015

2014

2013

Competitive advantage of Full-frame E-mount Lens

Ultra High Resolution
Still: World’s highest resolution
Movie: Unparalleled 4K movie

High Speed / Silent
Autofocus/ Zoom/ Continuous shooting

Compact
Compact and light size lens suitable for compact body
### Key directions

- Propel sector-wise expansion of camera design platform to realize engineering efficiencies
- Lean management of manufacturing fixed costs to meet tough business conditions
- Streamline sales function in accordance with corporate strategy

### Strategy ③: Expansion of operational best practices across the entire IP&S segment

Expand the efficient operational knowhow cultivated in the digital imaging business across the entire IP&S segment to increase profitability.

### Sales and fixed costs trends

(Digital Imaging Products Business: FY2012→2014)

- FY12→14 -20%
- FY12→14 -4%

### Summary

**FY2015 Forecast**

- Sales: 690 billion yen
- Operating income ratio: 7%

**FY2015 Business Direction**

Sustain highly profitable business by continuously focusing on premium products while pursuing operational efficiencies. Focus particularly on reforming the business portfolio in order to further increase sales and profit in the professional solutions business.
Reference Materials

IP&S Segment Business Overview

- **FY2014 Sales by Products**
  - Sales 720.0 billion Yen
  - Still Camera
  - Video Camera
  - Content Creation (excluding professional video cameras)
  - Projector
  - Others
  - Medical

- **FY2014 Sales by Region**
  - Sales 720.0 billion Yen
  - Others
  - US
  - Europe
  - China
  - Asia, Middle East & Africa
  - Japan
Key Products’ Market Share (Value basis)

**Imaging Products & Solutions Segment**

**FY2014 Still Camera Market**

Market Size: 1,850 billion yen

- **No.3 Share**
  - ILC (Incl. Lens): 11% (No.3) (Mirror-less camera share: Approx. 60% (No.1))
  - DSC: 20% (No.2) (Premium DSC*: share: over 30% (No.1))

**FY2014 Video Camera Market**

Market Size: 520 billion yen

- **No.1 Share**
  - Video cameras for Consumer (POV + Conventional)
  - 20% (No.2)
  - Video cameras for Business (Pro-sumer + Professional)

*1: Premium DSC= DSC with large (1/1.7inch over) imager or high zoom (x20 over)

Source: Sony

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(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 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;
(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 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 effort to anticipate and manage cybersecurity risk, including the risk of 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.