Sony IR Day 2016
Pictures Segment
Jun 29, 2016

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Officer in charge of Pictures and Music Businesses
Sony Corporation
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CEO, Sony Corporation of America

Tom Rothman
Chairman, Sony Pictures Motion Picture Group

SPE FYE16 Review

Factors impacting performance:

1. Decrease in Motion Pictures sales due to lower home entertainment revenues, as the prior year benefited from strong titles; underperformance of certain FYE16 titles
2. Higher SVOD revenues for *Breaking Bad*, *The Blacklist* and *Better Call Saul*, partially offset by higher production and marketing expenses for U.S. TV network programming
3. Year-on-year growth across the Media Networks portfolio, particularly in India and the U.K.
4. Unfavorable impact of foreign exchange rates
5. All other (includes higher cyberattack costs)

Note: FYE = Fiscal Year Ended (e.g., FYE16 = Fiscal Year Ended March 2016)
Source: Pictures Segment Supplemental Data, March 31, 2016
<table>
<thead>
<tr>
<th>PRODUCTION BUSINESSES</th>
<th>NETWORKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>FILM PRODUCTION &amp; DISTRIBUTION</td>
<td>TV PRODUCTION &amp; DISTRIBUTION</td>
</tr>
</tbody>
</table>

**Motion Picture Group**

- Resident Evil
- Angry Birds
- Passengers
- Who You Gonna Call
- Inferno
Global box office growth driven by international markets

Industry Global Box Office ($ in billions)

5% annual growth worldwide (7% annual growth internationally)


$31.7 $33.1 $34.7 $35.4 $35.9 $37.7 $40.7 $43.8 $46.6 $49.4 $52.3

$21.1 $22.8 $23.8 $24.5 $25.5 $26.6 $29.5 $32.5 $35.2 $37.9 $40.7

$10.6 $10.9 $10.9 $10.4 $11.1 $11.2 $11.3 $11.4 $11.5 $11.6

Note: "E" = Estimate (e.g., 2016E = Calendar Year 2016 Estimate)

Source: IHS

The Meteoric Rise of China

Box Office ($ in billions)


$10.6 $10.9 $10.9 $10.4 $11.1 $11.2 $11.3 $11.4 $11.5 $11.6 $16.2

$1.5 $2.7 $3.5 $4.8 $7.1 $9.2 $11.3 $11.4 $11.5 $11.5

$10.3 $10.9 $10.9 $10.4 $11.1 $12.8 $14.4 $14.4 $14.4 $11.6

Note: "E" = Estimate (e.g., 2016E = Calendar Year 2016 Estimate)

Source: IHS

Number of Screens (in thousands)


42.4 42.6 43.1 43.1 43.3 43.5 43.7 46.9 52.0 55.8 58.9

7.8 10.7 14.5 18.1 23.5 31.6 40.3 43.9 44.1 44.3

42.4 42.4 42.6 43.1 43.1 43.3 43.5 40.3 43.9 44.1 58.9

Note: "E" = Estimate (e.g., 2016E = Calendar Year 2016 Estimate)

Source: IHS
For successful films, there is more upside than ever

Number of Films Grossing Over $1 Billion of Worldwide Box Office

Prior to 2010, no more than one film per year had grossed over $1 billion at the WWBO
Since then, $1+ billion WWBO films have become a more frequent occurrence

2 films have already crossed $1 billion this year – Captain America: Civil War and Zootopia

The Importance of Branded IP

Top 50 Global Grossing Live-Action Films of the Last 5 Years

Original 68%
Remake 2%
Comic 10%
Book 12%
Sequel 8%

Source: OpusData and boxofficemojo.com
Growing international television sales generating more distribution opportunities for motion pictures

- More types of domestic and international content buyers
- Significant growth in the number of television buyers worldwide

Content
- Broadcast / Free-to-Air
- Basic Cable
- Premium Pay
- OTT Ad-Supported
- OTT Subscription

MORE COMPETITION IN THE MARKETPLACE

Motion Pictures’ growth strategy is built on three pillars

1. Global Reach
   - Globally-appealing titles
   - Local language production
   - Worldwide rights retention

2. IP Focus
   - Rebuild our own IP
   - Develop new IP

3. Financial Discipline
   - Smarter, more efficient spend
   - Improved risk management
   - Third-party film equity
### Global Reach

<table>
<thead>
<tr>
<th>More globally-appealing titles in our upcoming slate</th>
<th>Investing in local language films to capture growing local film markets</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1.png" alt="Spider-Man" /></td>
<td>The Mermaid <img src="image2.png" alt="Help, I Shrunk My Teacher" /></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Retaining global rights to strengthen our international distribution structure</th>
<th>Leadership with global experience</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1.png" alt="The Mermaid" /></td>
<td><img src="image3.png" alt="Leadership" /></td>
</tr>
</tbody>
</table>

### IP Focus

<table>
<thead>
<tr>
<th>Developing opportunities in existing IP</th>
<th>Moving forward with new films with franchise potential</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image4.png" alt="Bad Boys" /> <img src="image5.png" alt="Jumanji" /> <img src="image6.png" alt="Men in Black" /> <img src="image7.png" alt="Spider-Man: Into the Spider-Verse" /></td>
<td><img src="image8.png" alt="Barbie" /> <img src="image9.png" alt="7" /> <img src="image10.png" alt="Dark Web" /> <img src="image11.png" alt="The Girl in the Spider's Web" /></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Building on the current momentum in animation</th>
<th>Increasing control of rights in key brands</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image12.png" alt="Hotel Transylvania" /> <img src="image13.png" alt="Hotel Transylvania 2" /> <img src="image14.png" alt="Hotel Transylvania 3" /> <img src="image15.png" alt="Hotel Transylvania 4" /></td>
<td><img src="image11.png" alt="The Girl in the Spider's Web" /> <img src="image16.png" alt="The Girl in the Spider's Web 2" /> <img src="image17.png" alt="Stieg Larsson’s The Girl with the Dragon Tattoo" /> <img src="image18.png" alt="Stieg Larsson’s The Girl with the Dragon Tattoo 2" /> <img src="image19.png" alt="Stieg Larsson’s The Girl with the Dragon Tattoo 3" /></td>
</tr>
</tbody>
</table>
"Be financially prudent so you can be creatively ambitious"

- Reducing average production costs across all titles
- Limiting talent shares on the back end
- Scrutinizing marketing spend
- Aligning development spend closely with production targets
- Employing equity financing for the slate
Redirecting the business is a multi-year process

- **FYE16**: Near-term challenges are primarily the result of films already in the release pipeline
- **FYE17**: Effects of new film slate begin to impact results
- **FYE18**: Impact of refreshed slate will become more evident in SPE’s financial results

**TV Production & Distribution**

- BLACKLIST
- OUTLANDER
- GÖLDBERGS
- PREACHER
Consumer behavior is driving change in the TV landscape

Growing universe of connected devices and new technology are powering consumer viewing

Increase in viewing has created a robust demand for high-quality, original content

Time Spent Per Day Watching Video (1)
(Hrs:Min) Adults 18+

<table>
<thead>
<tr>
<th>Year</th>
<th>Time Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>4:56</td>
</tr>
<tr>
<td>2015</td>
<td>5:31</td>
</tr>
</tbody>
</table>

+12%

Number of Scripted Original Series On the Rise (2)

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>267</td>
</tr>
<tr>
<td>2015</td>
<td>409</td>
</tr>
</tbody>
</table>

+53%

(1) Source: eMarketer, April 2015, Television & Digital Video Viewing (includes time spent watching digital video via game console, connected TV or OTT device), U.S. Total Day, A18+.
(2) Source: Based on report issued on 12/15/15 by FX Networks Research, as published in AdWeek, December 16, 2015

Sony Pictures Television (SPT) has more than twice the number of on-air series as it did 10 years ago and expects to continue increasing its output

Note: The number of on-air series for the 2015-16 broadcast season reflects the current programs ordered (excluding movies of the week and mini-series).
**SPT is focused on growing a diverse TV portfolio**

Our calendar 2016 U.S. program lineup airs across multiple outlets in a variety of genres

<table>
<thead>
<tr>
<th></th>
<th>Scripted</th>
<th>Non-Scripted</th>
<th>Movies of the Week / Miniseries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Drama</td>
<td>Comedy</td>
<td>Game Show</td>
</tr>
<tr>
<td>Broadcast</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Cable</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Digital</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>First-Run Syndication</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>

Note: The program lineup reflects the current SPT-produced or co-produced programs ordered.

**SPT’s carefully-crafted growth strategy springs from our entrepreneurial approach**

- Secure top creative talent to drive probability of success
- Customize licensing models
- Create new revenue streams for proven IP
The networks environment is growing

Global market growth

TV Subscription and Ad Spend By Region ($ in billions)

Source: PwC Global Entertainment and Media Outlook 2016-2020; TV subscription includes subscription video on demand (SVOD), and TV advertising includes broadcast, cable and online.

Note: “E” = Estimate (e.g., 2016E = Calendar Year 2016 Estimate)
Our Global Footprint

Examples of SPT networks around the world

- Sony Channel
- AXN
- GSN
- CRACKLE
- getTV
- Cine Sony Television
- ANIMAX
- TING POP
- TRUE CHANNELS
- Sony ESPN
- movies4men

178 countries
1.4 billion subscribers
168 channel feeds
31 languages

Note: As of June 16, 2016

Media Networks is an increasing growth area for SPE

<table>
<thead>
<tr>
<th>FYE04</th>
<th>FYE10</th>
<th>FYE16</th>
</tr>
</thead>
<tbody>
<tr>
<td>3%</td>
<td>11%</td>
<td>23%</td>
</tr>
</tbody>
</table>

Total SPE Revenue: $6.8 billion
Total SPE Revenue: $7.7 billion
Total SPE Revenue: $7.9 billion
GSN covers two lines of business: linear and digital

Television side of the business remains strong with solid carriage and good ratings

Expanding digital gaming with a focus on the high-growth mobile gaming space

% of FYE16 revenue

India continues to stand out as a high-priority market

TODAY: Top 10 – Number of TV Households in 2015 (1)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>TV Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China</td>
<td>404</td>
</tr>
<tr>
<td>2</td>
<td>India</td>
<td>170</td>
</tr>
<tr>
<td>3</td>
<td>U.S.</td>
<td>119</td>
</tr>
<tr>
<td>4</td>
<td>Indonesia</td>
<td>66</td>
</tr>
<tr>
<td>5</td>
<td>Brazil</td>
<td>62</td>
</tr>
<tr>
<td>6</td>
<td>Russia</td>
<td>56</td>
</tr>
<tr>
<td>7</td>
<td>Japan</td>
<td>51</td>
</tr>
<tr>
<td>8</td>
<td>Germany</td>
<td>39</td>
</tr>
<tr>
<td>9</td>
<td>Mexico</td>
<td>28</td>
</tr>
<tr>
<td>10</td>
<td>France</td>
<td>28</td>
</tr>
</tbody>
</table>

FUTURE: Strong growth of TV Households in India (1)

- 2015: 170
- 2020E: 193 (+14%)

Competitive Position (3)

SPT is established as a top network operator in India with two of the top six Hindi general entertainment channels.

(1) Source: IHS, May 26, 2016
(2) Note: “E” = Estimate (e.g., 2020E = Calendar Year 2020 Estimate)
(3) Source: BARC Ratings for Hindi General Entertainment Channels, Week 22 (June 9, 2016)
Our portfolio of digital businesses continues to grow

*Current examples:*

<table>
<thead>
<tr>
<th>TV Everywhere (Authenticated Access)</th>
<th>Over-The-Top (OTT)</th>
<th>Digital IP Extensions</th>
<th>Digital Advertising</th>
</tr>
</thead>
<tbody>
<tr>
<td>Networks</td>
<td>Subscription</td>
<td>Ad-Supported</td>
<td>Second Screen</td>
</tr>
<tr>
<td><img src="image1.png" alt="Sony Channel" /></td>
<td><img src="image2.png" alt="Animax" /></td>
<td><img src="image3.png" alt="AXN" /></td>
<td><img src="image4.png" alt="Hannibal" /></td>
</tr>
<tr>
<td><img src="image6.png" alt="Cine Sony Television" /></td>
<td><img src="image7.png" alt="Crackle" /></td>
<td><img src="image8.png" alt="AXN Sync" /></td>
<td><img src="image9.png" alt="Sports" /></td>
</tr>
<tr>
<td><img src="image11.png" alt="Sony" /></td>
<td><img src="image12.png" alt="Ad Sales" /></td>
<td><img src="image13.png" alt="Topmodel" /></td>
<td><img src="image14.png" alt="IM" /></td>
</tr>
</tbody>
</table>

Media Networks is focused on three strategic priorities

- Invest in growth areas
- Build asset value
- Drive profitability
SPE FYE17 Forecast

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$7,875</td>
<td>$9,015</td>
</tr>
<tr>
<td>+14.5%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Factors impacting performance:

1. Lower earnings from original television series, primarily as a result of a significant Breaking Bad sale in the prior year
2. Growth across Media Networks portfolio, most notably in India and Latin America
3. Cost savings initiatives
4. Sony overhead allocation (new item)
5. Unfavorable impact of foreign exchange rates
6. All other (includes lower cyberattack costs)
SPE Targets for FYE18

<table>
<thead>
<tr>
<th></th>
<th>Previous Guidance*</th>
<th>Current Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$10-11B</td>
<td>$9.5-10.5B</td>
</tr>
<tr>
<td>Operating Profit Margin</td>
<td>7-8%</td>
<td>6-7%</td>
</tr>
</tbody>
</table>

* November 2014 IR Day

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," "prospect," "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:

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(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 and network 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 and customers’ satisfaction with its existing products and services;
(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 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) 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
(xvi) risks related to catastrophic disasters or similar events.
Risk and uncertainties also include the impact of any future events with material adverse impact.