Agenda

1. Business Structure
2. Strengthen Business Foundation
3. Technology Development
4. Conclusion
1. Business Structure

2. Strengthen Business Foundation

3. Technology Development

4. Conclusion

SSS Business Summary

Return to growth in the image sensor business after overcoming the impact of the earthquakes

Sales Trend

<table>
<thead>
<tr>
<th></th>
<th>Image Sensor</th>
<th>Camera Module</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY15</td>
<td>739.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY16</td>
<td>773.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY17</td>
<td>880</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Key Business Strategy

- Further enhance the business as the core of the segment

Key Applications

- Image Sensor
- Camera module
  - Limit the scope of the business and focus on differentiated technology
- LSI, Display Device
  - Develop differentiated technology

※SSS = Sony Semiconductor Solutions Corporation
**FY2015 - FY2017**

**Semiconductors Segment**

Expect to achieve profitability that exceeds FY2015 in FY2017

**Operating Income (SSS Total)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Image Sensor</th>
<th>Other</th>
<th>Camera Module</th>
<th>Total (bn yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY15</td>
<td>14.5</td>
<td></td>
<td></td>
<td>120.1</td>
</tr>
<tr>
<td>FY16</td>
<td></td>
<td></td>
<td></td>
<td>110</td>
</tr>
<tr>
<td>FY17</td>
<td></td>
<td></td>
<td></td>
<td>110</td>
</tr>
</tbody>
</table>

1 USD = 120.1 yen

One-time item: gain on sale of factory

Restructuring Initiatives

1. Camera Module
2. LSI Field / New Business

**FY2016: Turnaround Year**

**Semiconductors Segment**

Image sensors returned to the same level of performance as FY2015 in the second half of FY2016

**Operating Income (Image Sensor)**

<table>
<thead>
<tr>
<th>Month</th>
<th>FY15 (120.1 yen)</th>
<th>FY16 (108.4 yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr</td>
<td>121.8 yen</td>
<td>118.4 yen</td>
</tr>
<tr>
<td>May</td>
<td>121.8 yen</td>
<td>105.3 yen</td>
</tr>
<tr>
<td>Jun</td>
<td>121.8 yen</td>
<td>111.5 yen</td>
</tr>
</tbody>
</table>

Kumamoto Earthquakes

1 USD = 121.8 yen

1 USD = 105.3 yen
FY2017: Growth Year

Steadily increase the profitability of image sensors and aim for further growth

Operating Income (Image Sensor)

Approximately 2 Times

1 USD = 120.1 yen

120.1 yen

110 yen

Image Sensor Market

Market to grow due to automotive and surveillance, but mobile to remain core

Global Revenue (CCD + CMOS Image Sensor)

Source: Sony
Mobile Sensors (1) - Business Environment

Trend in the mobile market is toward higher added-value products; this helps our business

- **Smartphone Market Share**
  - Superiority of top-class players is more conspicuous

  Smartphones from top-class players, which purchase high added-value sensors from Sony, are dominating more of the market.

- **Smartphone Feature Trend (1)**
  - Acceleration of the shift to higher resolution front-facing cameras

  The market for high added-value sensors (12 mega pixels and above) is expanding further due to a shift to higher resolution front-facing cameras.

- **Smartphone Feature Trend (2)**
  - Acceleration of dual lens camera adoption

  The sensor market is growing faster than the smartphone market due to greater adoption of dual lens cameras.

Mobile Sensors (2) – Direction of Evolution

Continue to drive evolution of smartphone cameras in the future and become the engine of market expansion

- **Camera Evolution (Evolution of Dual Lens)**

  High Sensitivity

  RGB

  Mono

  Zoom

  RGB

  Brightness Camera

  Color Camera

  Wide Camera

  Tele Camera

- **Diversification of New Functionality**

  Iris Recognition

  Facial Recognition

  Personal Authentication

  3D Sensing
AV/Surveillance Sensors – Direction of Business Expansion

Expand the business using our widely recognized superior technology, making this business another pillar along with mobile sensors.

Expand Opportunities to Capture Video

Sports Cam  Drone  360°/VR

Pursue reality in all scenes

Evolution of basic features of image sensors

Surveillance  FA  ITS

Deploy in the recognition space

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Aiming for Strong Operation

Improve all aspects of our performance as a semiconductor manufacturer in order to garner the trust of the market and improve our profitability

- Performance
- Yield rate
- Quality
- Lead-time
- Production Cost

SSS: World No. 1

SSS: Begin improving to become a global top-class player

Production Capacity

Deploy requisite capacity and enhance competitiveness and profitability

Sony Image Sensor: Wafer Production Capacity Trend

Unit: kilo slice per month
※300mm wafer basis/includes outsourced capacity

Approximately 100

Kumamoto Technology Center
Nagasaki Technology Center
Yamagata Technology Center
Oita Technology Center
Agenda

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Strengthen Technology Development

Work on pixel process and functionality as a source of market competitiveness
Developing Next Generation Sensor

Accelerate development with the expectation that applications will grow

① Automotive Sensor
② Polarization Sensor
③ Triple Layer Sensor

Agenda

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Summary of FY2016

**Sales:** 773.1 billion yen  
**Operating Loss:** 7.8 billion yen

**Operating Income Variance**

Sales: 739.1 billion yen  
Sales: 773.1 billion yen  
**Variance:** 14.5 billion yen

FY2016 Operating Income Variance

- **Positive Factors**
  ① Increase in image sensor profit  
  ⑤ Lower impairment charges related to the camera module business and other factors

- **Negative Factors**
  ② Impact of foreign exchange  
  ③ Increase in R&D costs  
  ④ Impact of Kumamoto earthquakes (net of insurance recoveries)

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FY2017 Forecast

**Sales:** 880 Billion yen  
**Operating Income:** 120 Billion yen

**Operating Income Variance**

Sales: 773.1 billion yen  
Sales: 880 billion yen  
**Variance:** -7.8 billion yen

FY2017 Operating Income Variance

- **Positive Factors**
  ① Image sensor profit increase  
  ② Impact of foreign exchange  
  ④ Impact of Kumamoto earthquakes (net of insurance recoveries)  
  ⑤ Lower impairment charges related to the camera module business, gain on sale and other factors

- **Negative Factors**
  ③ Increase in R&D expenses
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Semiconductors Segment

- FY2017 Forecast
  - Sales: 880 billion yen
  - Operating income: 120 billion yen (86.3 billion yen excluding one-time items)

- FY2017 Strategy
  - Focus on the core business of image sensors and aim to maximize customer value and profitability, primarily in the mobile, AV and surveillance areas.
  - Develop and strengthen image sensor applications for the mid- to long-term (automotive and industrial)

- Base-Line Profitability
  - Build a structure where 100 billion yen in operating income can be achieved even if the yen appreciates to 100 yen to $1.

Summary

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

Cautionary Statement