Game & Network Services Segment 3
Mobile Communications Segment 22
Imaging Products & Solutions Segment 36
  Digital Imaging Products
  Professional Solutions
Home Entertainment & Sound Segment 63
  Televisions
  Audio and Video
Devices Segment 81
Sony IR Day 2014
Game & Network Services Segment

November 25, 2014

Andrew House
President and Group CEO
Sony Computer Entertainment Inc.
Group Executive in Charge of Network Entertainment Business
Sony Corporation

Agenda

- Game & Network Services Segment
  1. Business Overview
  2. Mid-term Business Direction
  3. Financial Targets
  4. Summary
1-1. Business Overview

**Sony Computer Entertainment**
Research, development, and sales of hardware and software for PlayStation®4 (PS4™), PlayStation®3 (PS3™), PlayStation®Vita (PS Vita), and PSP® (PlayStation®Portable)

**Sony Network Entertainment**
Provide content and services for games, music and movies through Sony Entertainment Network for PlayStation®, Android, iOS based devices

---

**The History of Introduction of Platforms and Services**

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>Sony Computer Entertainment Inc. founded</td>
</tr>
<tr>
<td>1994</td>
<td>Introduction of original PlayStation®</td>
</tr>
<tr>
<td>1994</td>
<td>Introduction of CD-ROM as a major format</td>
</tr>
<tr>
<td>2000</td>
<td>Introduction of PlayStation®2</td>
</tr>
<tr>
<td>2000</td>
<td>DVD-ROM adaption</td>
</tr>
<tr>
<td>2004</td>
<td>Introduction of PSP® (PlayStation®Portable)</td>
</tr>
<tr>
<td>2004</td>
<td>First portable entertainment system developed by SCE</td>
</tr>
<tr>
<td>2006</td>
<td>Introduction of PlayStation®3</td>
</tr>
<tr>
<td>2006</td>
<td>BD-ROM adaption</td>
</tr>
<tr>
<td>2006</td>
<td>Launch of PlayStation®Network (PSN®)</td>
</tr>
<tr>
<td>2006</td>
<td>Global launch of network service</td>
</tr>
<tr>
<td>2006</td>
<td>PlayStation®Store (PS Store) Open</td>
</tr>
<tr>
<td>2006</td>
<td>Enabling digital content distribution</td>
</tr>
<tr>
<td>2008</td>
<td>Video delivery service launch on PS Store</td>
</tr>
<tr>
<td>2008</td>
<td>First service for purchase and rental of video content for PlayStation® platform</td>
</tr>
<tr>
<td>2009</td>
<td>Offer 3rd party video services</td>
</tr>
<tr>
<td>2009</td>
<td>Netflix support on PS3™</td>
</tr>
<tr>
<td>2010</td>
<td>Sony Network Entertainment International LLC founded</td>
</tr>
<tr>
<td>2010</td>
<td>Expansion of service offerings to non PlayStation® platforms</td>
</tr>
<tr>
<td>2011</td>
<td>Introduction of PlayStation®Vita</td>
</tr>
<tr>
<td>2011</td>
<td>Realized ultimate portable entertainment system</td>
</tr>
<tr>
<td>2013</td>
<td>Introduction of PlayStation®4</td>
</tr>
<tr>
<td>2013</td>
<td>Fastest 10 million units sales in PlayStation® history</td>
</tr>
</tbody>
</table>

---
1-2. Regional Headquarters & SCE Worldwide Studios

- Regional Headquarters
- SCE Worldwide Studios

Sony Computer Entertainment Europe Ltd.
London, UK

Sony Computer Entertainment Inc.
Tokyo, Japan

Sony Computer Entertainment America, LLC.
San Mateo, USA

Evolution Studios
Guerrilla Games
Guerrilla Cambridge
Media Molecule
London Studio

Japan Studio
Polyphony Digital Inc.

Bend Studio
Naughty Dog Inc.
San Diego Studio
San Mateo Studio
Santa Monica Studio
Sucker Punch Productions

1-3. Sales by Product/Region

- FY2013 Product Sales Ratio
- FY2013 Area Sales Ratio

Net Sales: 1,043.9 bln yen

Contents & Services: 44%
Hardware: 56%

Japan: 16%
Asia: 16%
Americas: 42%
Europe: 14%
Middle East: 3%
Others: 42%

Sony IR Day 2014

**Game & Network Services Segment**

1. **Profit improvement in HW**
   - PS4™: Profit improvement due to higher sales
   - PS3™: Profit reduction due to lower sales despite cost reduction
   - PS Vita: Profit increase due to new model launch

2. **Contents & Services**
   - Game SW: Profit reduction due to reduced number of major titles
   - Network: Profit increase due to growth of PlayStation®Plus (PS Plus), game content revenue, video and music services

3. **Profit reduction due to increased operating expenses**
   - Decrease in marketing cost related to HW
   - Increase in network infrastructure related costs

4. **Negative impact of the appreciation of the USD**

### 2. Mid-term Business Direction

**Game & Network Services Segment**

Expand the PlayStation® Ecosystem by delivering evolved and integrated game & network services

- **Strategy I**: Retain and expand engaged PlayStation® users
- **Strategy II**: Increase ARPPU and drive ancillary revenue

*ARPPU = Average Revenue Per Paying User*
2. Mid-term Business Direction

**PlayStation® Ecosystem**

- **PlayStation® Users**
  - 50M+ MAU

- **Contents & Services**
  - PS4™/PS Vita/PSN™

**MAU = Monthly Active Users**

---

**Game & Network Services Segment**

**Retain and expand engaged PlayStation® users**

Continuous enhancement of PS4™ game features to maintain and strengthen competitive advantage

**Deliver new experiences, enhance functions and usability**

**Relentless efforts on hardware cost reduction**
2. Mid-term Business Direction

Retain and increase engaged PlayStation® users
Acquire casual users while further strengthening the engagement of core gamers through relevant title offerings

Additional game title introduction for core user segment
Enrich games, video and music services for casual user segment

Remove constraints of console and waiting time with PS Now
2. Mid-term Business Direction

**Retain and increase engaged PlayStation® users**

Expand customer base through innovative network services like cloud TV and streaming games

**Provide innovative live + DVR experience through the cloud TV service**

PlayStation™Vue transforms the TV experience by putting the customer in control and enabling them to experience TV in a more personalized and interactive way

---

Markets with future growth potential including China and Latin America

Gaming culture transition, e.g. in Germany and the Middle East
2. Mid-term Business Direction

Increase ARPPU and drive ancillary revenue
Realize higher conversion rate and improve retention rate of PS Plus by enhancing its user value

PS Plus
Number of Subscribers

End of Sep 2014

PS4™ launched

2010 2013 2017

Strong online multiplayer titles

Selection of relevant complementary titles
Prioritized invitation for a/b testing

2. Mid-term Business Direction

Increase ARPPU and drive ancillary revenue
Create more demand via personalized TV, Video and Music distribution services
Increase revenue through partnerships with best-in-class services, leveraging an attractive user base

“Just for you” curation for PlayStation® gamers
Original content programming
Offer 3rd party video services to increase frequency of console usage
2. Mid-term Business Direction

Expand the PlayStation® Ecosystem by delivering evolved and integrated game & network services

- **Strategy I : Retain and expand engaged PlayStation® users**
  - Continuous enhancement of PS4™ game features to maintain and strengthen competitive advantage
  - Acquire casual users while further strengthening the engagement of core gamers through relevant title offerings
  - Expand customer base by innovative network services like Cloud TV service and Streaming game service
  - Addressing growth opportunities in markets with economic development and cultural transitions

- **Strategy II : Increase ARPPU and drive ancillary revenue**
  - Realize higher conversion rate and improve retention rate of PS Plus by enhancing its user value
  - Create more demand via personalized TV, Video and Music distribution services
  - Increase revenue through partnerships with best-in-class services by leveraging attractive user base

ARPPU = Average Revenue Per Paying User

3. Initiatives to Improve Profitability (FY2014 to FY2017)

1. Maintain and expand devoted PlayStation® users
2. Increase ARPPU and ancillary revenue
3. Operating expense management

Sales

<table>
<thead>
<tr>
<th></th>
<th>FY12</th>
<th>FY13</th>
<th>FY14 (Forecast as of October 2014)</th>
<th>FY17 (Target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>749.9</td>
<td>1,043.9</td>
<td>1,290</td>
<td>1,400~1,600</td>
</tr>
<tr>
<td>Operating Income Margin</td>
<td></td>
<td></td>
<td>2.7%</td>
<td>5%~6%</td>
</tr>
</tbody>
</table>

Sony IR Day 2014
4. Summary

**FY2017 Financial Targets**

- **Sales**: 1,400~1,600 billion yen
- **Operating Income Margin**: 5%~6%

Increase sales and profit through expansion of PlayStation® users, providing compelling and cutting edge game/network experiences.
1-1. FY2013 Business Overview

- FY2013 Sales by Key Product Groups
  - Tablet
  - Smartphone
  - Accessories and Others
  - Sales: 1,191.8 bil yen

- FY2013 Sales by Region
  - Japan
  - United States
  - China
  - Europe
  - Asia-Pacific
  - Other Areas
  - Sales: 1,191.8 bil yen
1-2. Market Share in Key Markets

Inside figure: FY13 market size
Outside figure: Sony share

Japan
- Market share: 17.5%
- Market size: 1.4 trillion yen

Europe
- Market share: 8.8%
- Market size: 4.4 trillion yen

North America
- Market share: 0.7%
- Market size: 5.3 trillion yen

China
- Market share: 0.9%
- Market size: 7.5 trillion yen

Asia-Pacific
- Market share: 5.9%
- Market size: 3.3 trillion yen

Middle East and Africa
- Market share: 5.4%
- Market size: 1.8 trillion yen

Latin America
- Market share: 6.5%
- Market size: 1.7 trillion yen

Source: Sony Mobile

2-1. Changes in FY2014 Operating Income (vs. FY2013)

- Unfavorable impact of the appreciation of the US dollar
- Sales increase, mainly in high-end products
- Increase in marketing, R&D and IP expenses
- Increase in restructuring charges
- Impairment charge of goodwill 176 bil yen

Despite recording a sales increase, mainly in high-end products, a larger operating loss is expected, primarily due to the impairment charge of goodwill, the increase of marketing expenses, the unfavorable impact of foreign exchange rates, and the expected increase of restructuring charges.
2-2. Changes in FY2014 Operating Income (vs. May FCT, excl. impairment charge)  

1. Unfavorable impact of the appreciation of the US dollar  
2. Decrease in sales in mid/low-end smartphone segment  
3. Reduction of marketing expenses and research and development expenses  
4. Increase in restructuring charges  

Operating income is expected to decline sharply versus May forecast, primarily due to the decrease in sales in mid/low-end smartphones mainly in South East Asia, China and Europe, partially offset by a reduction in marketing and R&D expenses.

3-1. Smartphone Market Trends (by price segment)  

<table>
<thead>
<tr>
<th>Price Segment</th>
<th>Value (trillion yen)</th>
<th>CAGR (FY14-17)</th>
<th>Unit (billion units)</th>
<th>CAGR (FY14-17)</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-end (&gt; 30,000 yen)</td>
<td>31.2</td>
<td>4.1%</td>
<td>1.64</td>
<td>10.1%</td>
</tr>
<tr>
<td>Mid-range (14,000 - 30,000 yen)</td>
<td>30.2</td>
<td>3.3%</td>
<td>28.9</td>
<td>5.4%</td>
</tr>
<tr>
<td>Low-end (&lt; 14,000 yen)</td>
<td>27.5</td>
<td>2.7%</td>
<td>22.0</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

ASP decline in overall market due to growth slowdown in the high-end segment and rapid growth in the low-end segment.

* wholesale price
3-2. Smartphone Market Trends (by region)

* Trillion yen, FY14-17 CAGR %

- **Europe**: Growth in high-end
  - FY14: 4.6 trillion yen, CAGR 3.8%
  - FY17: 5.1 trillion yen
- **China**: Market growth slowing down
  - FY14: 7.9 trillion yen, CAGR 2.2%
  - FY17: 8.5 trillion yen
- **Japan**: Limited growth
  - FY14: 1.3 trillion yen, CAGR 2.4%
  - FY17: 1.4 trillion yen
- **Asia-Pacific**: Fastest growing market, primarily in low-end
  - FY14: 3.6 trillion yen, CAGR 10.5%
  - FY17: 4.8 trillion yen
- **North America**: Stable growth, mainly in high-end
  - FY14: 5.8 trillion yen, CAGR 8.0%
  - FY17: 6.3 trillion yen
- **Middle East and Africa**: Growth mainly in low-end
  - FY14: 2.1 trillion yen, CAGR 7.2%
  - FY17: 2.6 trillion yen
- **Latin America**: Mid/low-end comprises 2/3 of market
  - FY14: 2.2 trillion yen, CAGR 5.0%
  - FY17: 2.5 trillion yen

Source: Sony Mobile

**Growth in China is slowing down, and the market growth will be largely driven by low-end smartphone market.**

3-3. Channel Development

**Operator Channels**
- Low-end: FY14: 1.7 trillion yen, FY17: 2.0 trillion yen
- Mid-range: FY14: 3.0 trillion yen, FY17: 3.5 trillion yen
- High-end: FY14: 9.7 trillion yen, FY17: 10.9 trillion yen

**Smartphone Market Worldwide**
- 27.5 Trillion Yen (FY14)
- 31.2 Trillion Yen (FY17)

**Open Channels**
- Low-end: FY14: 3.0 trillion yen, FY17: 4.5 trillion yen
- Mid-range: FY14: 3.7 trillion yen, FY17: 3.9 trillion yen
- High-end: FY14: 6.4 trillion yen, FY17: 6.4 trillion yen

Source: Sony Mobile

**Limited growth in high-end and mid-range in operator channels, but rapid growth in low-end in open channels**
Selection and Focus:
Transforming to better compete in the quickly moving mobile industry

- Selection and Focus 1
  Revise sales and marketing strategy by region, and consider transformation in order to improve the efficiency of our investments and enhance profit management

- Selection and Focus 2
  Streamline product portfolio, and improve efficiency of both hardware and software development in order to enhance cost competitiveness

- Selection and Focus 3
  Shift marketing focus from acquisition to retention, utilizing data analytics to improve cost efficiency and marketing effectiveness

- Selection and Focus 4
  Reshape corporate structure and drive transformation, particularly in HQ and support functions

4-2. Sales & Marketing Set-up (current)

[Map of Sales & Marketing Set-up]
4-3. Streamline Product Portfolio

Company A: Approx. 50% reduction
Company B: Approx. 50% reduction
Company C: Approx. 40% reduction
Company D: Approx. 70% reduction
Sony Mobile: Approx. 50% reduction
Approx. 30% reduction

Average of the above four companies: Approx. 50% reduction

Source: Sony Mobile

Improve profitability by reducing number of products, and improving resource allocation per product

4-4. Marketing Efficiency Improvement

Net Promoter Score of Xperia Customers:
- Retained customers show high score

Retention Rate of Xperia Customers:
- Continuously improving

Steadily improve retention rate of Xperia customers

* Net Promoter Score is a KPI measuring customer loyalty.
Drive transformation to generate stable profit

Sony IR Day 2014
Imaging Products & Solutions Segment

November 25, 2014

Shoji Nemoto
EVP, Corporate Executive Officer
President of Imaging Products and Solutions Sector,
President of Professional Solutions Group

Shigeki Ishizuka
SVP, Corporate Executive
President of Digital Imaging Business Group
Sony Corporation
Agenda

- Overview of Imaging Products & Solutions Segment
- Digital Imaging Products
  1. Business Overview
  2. Forecasted Market Trends
  3. Mid-term Business Direction
- Professional Solutions
  4. Business Overview
  5. Mid-term Business Direction
- Imaging Products & Solutions Segment
  6. Business Performance
  7. Summary

Overview of Imaging Products & Solutions Segment

Mission: With continuous innovation in the Digital Imaging category, we aim to firmly maintain Sony’s leading position in the industry and contribute to the Sony Group by generating stable profit.
1-1. Business Overview

- FY2013 Sales by Products
  - Video Camera
  - Still Camera
  - Others
  
  Sales: 442.7 bln yen

- FY2013 Sales by Region
  - Japan
  - US
  - Europe
  - China
  - Asia, Middle East & Africa
  - Others
  
  Sales: 442.7 bln yen

Category breakdown:
- Video Camera: Consumer Video Camera ("Consumer CAM")  
  Professional Video Camera ("Professional CAM")  
- Still Camera: Compact Digital Still Camera ("DSC"), Interchangeable Lens Camera ("ILC"), Interchangeable Lens

*1. abbreviated name in parentheses () will be used in this presentation

Video Camera: Consumer Video Camera ("Consumer CAM")  
  Professional Video Camera ("Professional CAM")  
Still Camera: Compact Digital Still Camera ("DSC"), Interchangeable Lens Camera ("ILC"), Interchangeable Lens

*2. CAM=Video Camera
*3. Including Action Camera

1-2. Key Products' Market Share (Value basis)

- FY2013 Still Camera Market
  - Market Size: 2,300 bln yen
  - No.3 Share

- FY2013 Video Camera Market
  - Market Size: 320 bln yen
  - No.1 Share

<table>
<thead>
<tr>
<th>Market Share by Product Category</th>
<th>FY2013 Still Camera Market</th>
<th>FY2013 Video Camera Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>DSC</td>
<td>19% (No.3) (Premium DSC*1 share: over 30% (No.1))</td>
<td>Consumer CAM: 37% (No.1) (Conventional video camera share: 50% (No.1))</td>
</tr>
<tr>
<td>ILC (Inc. Lens)</td>
<td>9% (No.3) (Mirror-less camera share: 40% (No.1))</td>
<td>Professional CAM: 48% (No.1)</td>
</tr>
</tbody>
</table>

Source: Sony

*1. Premium DSC= DSC with large (1/1.7inch over) imager or high zoom (x20 over)
2. Forecasted Market Trends by Product

The video camera market is expected to shrink slightly, while the still camera market is expected to shrink significantly. In still cameras, the percentage of mirror-less ILCs will increase.

![Chart showing market trends for video and still cameras](chart.png)

- **Video Camera Market**: Expected to shrink slightly.
- **Still Camera Market**: Expected to shrink significantly.
- ** ILCP**: Mirror-less ILCs will increase.

Source: Sony

3-1. FY2014 Business Outlook and Mid-term Business Direction

**Reasons for Improvement from FY2013→FY2014**

1. Improvement in product mix due to the shift to premium products (ILC, DSC)
2. Growth of "α" interchangeable lens business
3. Improvement in operational efficiency
   - Reduction in sales company SGA
   - Reduction in fixed costs associated with manufacturing
   - Improvement in development efficiencies by propelling Design Platform

**Change in FY2014 Operating Income**

- **Operational Improvement**
- **Growth of Lens Biz.**
- **Premium Shift**
- **Decline in Shipments due to Market Shrinkage**
- **Negative Factor**
- **Positive Factor**

**Mid-term Business Direction**

Aim to sustain highly profitable business by continuously focusing on premium and growing markets while pursuing operational efficiencies.
3-2. Mid-term Business Direction

Aim to sustain highly profitable business by continuously focusing on premium and growing markets while pursuing operational efficiencies

- **Strategy I**
  Enforcement of “α” Interchangeable Lens Camera (ILC) Business

- **Strategy II**
  Expansion of “α” Interchangeable Lens Business

- **Strategy III**
  DSC/CAM Further Premium Shift

- **Strategy IV**
  Application of Camera Technology to B2B Market

- **Strategy V**
  Continuous Improvement in Operational Efficiency

---


<table>
<thead>
<tr>
<th>FY2013</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High-end User</strong></td>
<td><strong>Middle &amp; Entry User</strong></td>
</tr>
<tr>
<td>World’s First, 35mm Full Frame</td>
<td>World’s Fastest Autofocus*1</td>
</tr>
<tr>
<td>Released Nov. 2013</td>
<td>Released May 2014</td>
</tr>
<tr>
<td>Optical Low-pass Filter-less Ultra High Resolution (35M pixels)</td>
<td>Wide-area</td>
</tr>
<tr>
<td>Released Nov. 2013</td>
<td>179-point focal plane phase-detection AF sensor</td>
</tr>
<tr>
<td>World’s Highest Sensitivity ISO409600</td>
<td>Depth</td>
</tr>
<tr>
<td>Released Jun. 2014</td>
<td>World’s fastest* AF speed of 0.06 sec</td>
</tr>
<tr>
<td>World’s First Full Frame ILC with 5-axis image stabilization</td>
<td>AF algorithm for steadfast and accurate prediction of next move</td>
</tr>
<tr>
<td>To be released Dec. 2014</td>
<td><strong>New</strong></td>
</tr>
<tr>
<td>Entry and Middle class Mirror-less camera line-up with top market share</td>
<td>4D FOCUS</td>
</tr>
<tr>
<td>Released Sep. 2014</td>
<td><strong>4D FOCUS</strong></td>
</tr>
</tbody>
</table>

*1 α6000 as of Feb. 2014

- Create New Full Frame Mirrorless Camera Market
- The World’s Best Technology in a Compact Body
- Establish clear differentiation from others by utilizing 3 key in-house core technologies

High-end User

Middle & Entry User

Ultimate Resolution
Ultimate Speed
Ultimate Sensitivity
Image Stabilization

4K AF

Image Cube

3-5. Strategy II. Expansion of “α” Interchangeable Lens Business

Accelerate lens business by expanding rich lens line-up, especially on full frame E-mount (FE) lens, and marketing them with “G” brand and “Zeiss” brand backed by cutting edge in-house lens technology

In-house lens technologies

Expansion of FE line-up

Rich lens line-up offering versatile shooting options

Total Lens Line-up:

- FY2013: 56 Lenses
- FY2014: 64 Lenses
- FY2015+: Over 70 Lenses

Cumulative production:

- Over 30 mil. units
- Over 70 Lenses

Branding Strategy

- Branding mainly for Standard to Telephoto
- Zoom type Lenses

- Branding mainly for Wide ~ Standard
- Prime type Lenses

- Established brand of optics from analog era

*1. Including lenses under development and to be released within fiscal year 2014 (~March, 2015).
*2. Total number of interchangeable lens produced for Sony ILC, including lens produced by Konica Minolta in the past.
*3. Total number of interchangeable lenses in Sony ILC line-up.
3-6. Strategy III. DSC/CAM Further Premium Shift

Keep competitiveness of premium products by evolving and combining in-house core technologies which realize new photography experiences and customer value.

**RX100 (FY2012)**
- “Pocket-sized, pro performance”
- Premium DSC with 1.0-type Sensor

**RX100M2 (FY2013)**
- “Ultra-sensitive artistry”
- New 1.0-type back-illuminated Sensor

**RX100M3 (FY2014)**
- “Wide angle / High resolution”
- New large aperture lens
- New EVF
- New image processing engine

**AX100**
- “Your Story. In 4K detail”
- World’s first 4K Consumer CAM with 1.0-type Sensor

**PXW-FS7**
- “Expansion a mount family to professional CAM”
- Professional CAM with E-mount Interchangeable lens system

---

3-7. Strategy IV. Application of Camera Technology to B2B Market

Planning to expand B2B camera business by applying our strong core camera technologies cultivated in the competitive consumer camera market.

**Automotive Camera**

**Machine Vision Camera**

**Camera Block for Surveillance Camera**
3-8. Strategy V. Continuous Improvement in Operational Efficiency

- Propel camera design platform to realize engineering efficiencies and reinforce our core technologies
- “Be Particular” and “Decide Practically”
- Lean management of fixed cost to meet tough business conditions
- Streamline sales function in accordance with corporate strategy

3-9. Summary

Aim to sustain highly profitable business by continuously focusing on premium and growing markets while pursuing operational efficiencies

Key Strategies

I. Enforcement of “α” Interchangeable Lens Camera (ILC) Business
II. Expansion of “α” Interchangeable Lens Business
III. DSC/CAM Further Premium Shift
IV. Application of Camera Technologies to B2B Market
V. Continuous Improvement in Operational Efficiency

(Sony IR Day 2014)
4-1. Business Overview

Three Core Business Areas

- Solutions business aimed toward broadcasters’ and other content creators’ mission-critical tasks (Content Creation)
- Projection systems for sophisticated and diversified content (Projector)
- Medical products and systems using Sony’s imaging and device technologies for capturing, printing, sharing and presenting images (Medical)

FY2013 Sales by Key Business Areas

- Broadcasters
- Film Studios
- Sports Stadiums
- Operating Rooms
- Endoscopes
- Ultrasound Examination Rooms
- Radiation
- Classrooms/Meeting Rooms
- Auditoriums
- Home Theaters
- Digital Cinemas
4-2. Business Overview - Content Creation

Content Creation – business strengths:
- Overwhelming trust from customers derived from Sony’s long-term contribution to their mission-critical tasks
- Global No. 1 market share in camera system

- FY2013 Sales by Key Products / Systems
- FY2013 Sales by Region

4-3. Business Overview - Projector

Projector – business strengths:
- In-house production of key devices provides us with technological differentiation and high quality
- Successful laser light source model that is more advanced than our competitors has allowed us to increase our share in the middle-brightness market
- Expansion of market share in high-end home projector with 4K SXRD panel

- FY2013 Sales by Key Products / Systems
- Strength of vertical integration

“BrightEra” is the name of our own LCD micro-display device which realizes high picture quality
4-4. Business Overview - Medical

Medical – business strengths:
- Global No. 1 market share in medical printers for endoscope and ultrasound systems
- Expansion of medical products other than printers
  Example: head-mount image processing unit for endoscopic image display

- FY2013 Sales by Key Products / Systems

- Head-mount image processing unit enables more flexible work styles

5-1. Mid-term Business Direction

Utilizing the strengths of the three core businesses, we will reinforce the competitiveness and profitability of each business, and contribute to stable and sustainable profit for Sony’s electronics business


  Content Creation
  Addressable Market
  CAGR 2-3%

  Projector
  Installation Projectors
  CAGR 11-13%

  Medical
  Addressable Market
  CAGR 5-7%

*1. CAGR: Compound Annual Growth Rate

Source: Sony
5-2. Mid-term Business Direction - Content Creation

Maintain competitiveness by offering innovative value in total workflow from acquisition to distribution utilizing the strengths of our camera systems, and respond to customer’s demand for higher resolution and further efficiency.

- **4K for HD solution**
- **IP Live Production**
- **Archive System**
- **Media Lifecycle Service**

- Create new efficiencies and new business based on customer’s media assets and archives.

The remote production environment can be easily simplified compared to a conventional system using multiple coaxial cables.

5-3. Mid-term Business Direction - Projector

- Continue to invest in “one and only” differentiated technologies
- Propose Sony’s unique visual entertainment experience to the customers

Elemental technologies necessary to realize immersive “Kando” experience.

- **SXRD**
- **3LCD**
- **Laser Light Source**
5-4. Mid-term Business Plan - Medical

Offer innovative products and systems for images in medical workflow by optimizing Sony’s imaging and device technologies and resources

Expansion of products for key accounts
Distribution of surgery video in hospitals

*product photos are current model.

6-1. IP&S Segment: Change in FY2014 Operating Income

<table>
<thead>
<tr>
<th></th>
<th>FY12</th>
<th>FY13</th>
<th>Var.</th>
<th>FY14 (Forecast as of October 2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>756.2</td>
<td>741.2</td>
<td>Var.</td>
<td>710.0</td>
</tr>
<tr>
<td>Operating Income</td>
<td>1.4</td>
<td>26.3</td>
<td>Var.</td>
<td>52.0</td>
</tr>
</tbody>
</table>

1. Decrease in sales as a result of the shrinking consumer digital imaging market
2. Improvement in product mix due to a shift to higher-margin products
3. Reduction of sales, engineering, and production costs
4. Positive impact of foreign exchange rates

Operating income is forecasted to increase as a result of 1. an improvement in the product mix which covered the decline in sales due to the shrinking consumer digital imaging market, and 2. fixed cost reductions
Although the market size of our existing commoditized businesses is shrinking, we plan to increase operating income through the expansion of new consumer and professional businesses, in addition to controlled fixed costs.

### 7. Summary

**FY2017 Financial Targets**

- **Sales**: 650~700 billion yen
- **Operating Income Margin**: 7% ~ 9%

IP&S will aim to generate stable profit by promoting technology-driven product development and establishing new customer segments.
Sony IR Day 2014
Home Entertainment & Sound Segment

November 25, 2014

Masashi Imamura
Representative Director and President, Sony Visual Products Inc.

Ichiro Takagi
SVP, Corporate Executive / President of Video and Sound Business Group
Representative Director and Vice President, Sony Visual Products Inc.

Agenda

- Televisions
  1. Business Overview
  2. Forecasted Market Trends
  3. Mid-term Business Direction
- Audio and Video
  4. Business Overview
  5. Forecasted Market Trends
  6. Mid-term Business Direction
- Home Entertainment & Sound Segment
  7. Business Performance
  8. Summary
1-1. FY2013 LCD TV Sales Unit / Value Share

- FY2013 Sales by Key Product
  - 4K TV
  - Sales 754.3 bln yen

- FY2013 Sales by Region
  - Japan
  - Europe
  - China
  - Asia-Pacific
  - Other Areas

- FY2013 LCD TV Value Share by Manufacturer
  - #3

- FY2013 LCD TV Unit Share by Manufacturer
  - #3

Source: Sony

1-2. TV Business Operation Sites

- Sony Visual Products Inc.
- Malaysia Factory
- Shanghai Factory
- Aichi Inazawa Factory
- EMS
- EMS

- Transformed site
- Production, assembly factory
- D&D, R&D site
2-1. Forecasted LCD TV Market Trends

Although the market is expected to grow slightly on a unit basis, it is expected to decline on a value basis due to a decline in ASPs. Even in this environment, the 4K market will grow steadily.

2-2. Forecasted LCD TV Market Trends by Area

Developed markets are expected to level out, however emerging markets, especially Pan-Asia, are expected to grow steadily.
3-1. Mid-term Business Direction

Establish a stable, profitable business by differentiating our products and selecting and concentrating where we use our resources

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>OP</td>
<td>-147.5 *</td>
<td>-69.6</td>
<td>-25.7</td>
<td>Breakeven (waypoint)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<bln yen>

TV Turnaround Plan

(1) Move away from structure which was based on growth
- remove waste and inefficiencies
- transform organization, reduce fixed costs
- improve quality, closely control inventory, reduce idle factory spaces

(2) Reduce panel costs
- cancellation of S-LCD joint venture

(3) Enhance product competitiveness

Establish “Stable Profitable Business”

(1) Differentiation by enhancing basic functions
(2) Selection and concentration of where to use resources

→Profitable business structure even if sales fall by 20~30%

* A 60 billion yen loss related to the sale of Sony’s shares of S-LCD is not included.

3-2. Mid-term Business Direction

Establish a stable, profitable business by differentiating our products, and selecting and concentrating where we use our resources

Enhance basic functions:

=> Fascinating products that meet our customers’ needs

1) Enhance essential values: picture quality, cosmetic design, ease of use

2) Combine our differentiated technologies and industry standard technologies
   - Differentiated technologies: back lights + signal processing
   - Commoditized panels
   - Utilization of the Android Platform
3-3. Mid-term Business Direction

Establish a stable, profitable business by differentiating our products, and selecting and concentrating where we use our resources

- Selection and concentration ➔ Profitable business structure even if sales fall by 20~30%

1) Accelerated decision-making after splitting out the TV Business
2) Reduction of product line-up
   - 30% reduction from FY2014 to FY2017
3) Clear focus on sales strategy by area
   - US: Shop in shop
   - EU: Build up shop front (as an interface to our customers)
4) Further improvement in design efficiency and low cost operations by global mother factory in Malaysia
5) Reduction of headquarter costs and fixed sales cost

4-1. FY2013 Business Overview

- FY2013 Sales by Key Product
- FY2013 Sales by Region

*1: “Audio Growing Category” includes Sound Bar, Wireless Speaker and Headphone as its main products.
*2: Sales are based on the organizational structure as of October 2014, which includes a transferred business.
4-2. Key Products’ Market Share

<table>
<thead>
<tr>
<th>Product</th>
<th>Market Share</th>
<th>Value Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headphones</td>
<td>#2 Japan</td>
<td>EU5: UK, France, Germany, Italy, Spain</td>
</tr>
<tr>
<td>Wireless Speakers</td>
<td>#1 Japan</td>
<td>Japan</td>
</tr>
<tr>
<td>Sound Bars</td>
<td>#3 in Japan</td>
<td>EU3: UK, France, Germany</td>
</tr>
<tr>
<td>Digital Music Players (WALKMAN)</td>
<td>#2 Japan</td>
<td>#1 (latest) as of November 2014</td>
</tr>
<tr>
<td>Home Video (Blu-ray Recorders)</td>
<td>#3 Japan</td>
<td>#2 since October 2014</td>
</tr>
</tbody>
</table>

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

4-3. Audio & Video Business Operation Sites

R&D / Design base sites are located in Tokyo (Osaki). Malaysia and Thailand manufacturing sites also have some design functions. Brazil factory performs local manufacturing.
5. Forecasted Market Trends by Product

By FY2017, the audio growing category (Headphones, Sound Bars, and Wireless Speakers) will expand to almost 50% of the market, while the Home Video portion of the market will shrink.

6-1. Mid-term Business Direction

Establish firmly profitable structure without relying on sales growth

- **Strategy I**: Deliver the best sound and picture to customers through high value-added products with high-res technology.
  
  - Increase sales and profit through high value-added products in the audio growing category (Headphones, Sound Bars, and Wireless Speakers) positioning high-res as our core technology.
  
  - Improve profitability by reviewing regional strategy to meet market and competition changes.

- **Strategy II**: Strengthen design and operational efficiencies.
  
  - Save fixed costs and loss costs through strong operational ties between design and manufacturing which is led by key factories.

- **Strategy III**: Enhance brand with the best sound & the best picture.
  
  - With high-resolution products, raise Sony brand awareness as high-quality sound and picture brand.
6-2. Mid-term Business Direction

Aim to improve profitability through an expansion of our high-res product portfolio

Expand SONY’s audio products in living room by its original high-res experience

7-1. HE&S Segment: Change in FY2014 Operating Income

1. Improvement in model mix, cost reduction
   Significant improvement through an increase in high value-added models, and a reduction in material costs

2. Reductions in sales company costs

3. Negative impact of foreign exchange rates

4. Increase in design & manufacturing costs

Significant improvement due to an increase in high value-added models, and a reduction in cost

*The figures for sales and operating income are based on the organizational structure as of October 2014, which includes a transferred business.
## 7-2. HE&S Segment: Initiatives to Improve Profitability (FY2014 to FY2017)

### Televisions
1. Improvement in profitability through product differentiation by enhancing basic functions
2. Fixed cost reductions realized by selecting and concentrating where to utilize our resources

### Audio & Video
1. Increase in sales and operating income due to the introduction of premium products such as high-res
2. Fixed cost reductions through efficiencies in design and manufacturing.

---

### Target a 2~4% operating margin by improving product margins through stronger products and fixed costs reductions.

*The figures for sales and operating income are based on the organizational structure as of October 2014, which includes a transferred business.*

---

## 8. Summary

### FY2017 Financial Targets

- **Sales**: $1,000~1,100$ billion yen
- **Operating Income Margin**: 2~4%

---

*The figures for sales and operating income are based on the organizational structure as of October 2014, which includes a transferred business.*
Sony IR Day 2014

Devices Segment

November 25, 2014

Tomoyuki Suzuki

EVP, Corporate Executive Officer
President of Device Solutions Business Group
Sony Corporation

Agenda

- **Devices Segment**
  1. Business Overview
  2. Mid-term Business Direction
     1. Business policy
     2. Image Sensor
     3. Energy
  3. Summary
**FY2013 Business Overview**

### Devices Segment

#### FY2013 Sales by Key Products

<table>
<thead>
<tr>
<th>Category</th>
<th>[Sales (bln yen)]</th>
<th>[Product/Application]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Image Sensor</td>
<td>320.0</td>
<td>Mobile, Security cameras, DLSR/DSC</td>
</tr>
<tr>
<td>Camera Module</td>
<td>50.0</td>
<td>Mobile</td>
</tr>
<tr>
<td>LSI</td>
<td>120.0</td>
<td>LSI for Game, Laser, RF SW</td>
</tr>
<tr>
<td>Energy</td>
<td>140.0</td>
<td>Polymer, Cylindrical, ESS (Energy Storage)</td>
</tr>
<tr>
<td>Storage Media</td>
<td>90.0</td>
<td>Tape, Memory, Disk</td>
</tr>
</tbody>
</table>

* The figures for sales and operating income are based on the organizational structure as of October 2014, which excludes a transferred business.

---

**FY2014 Business Overview**

### Devices Segment

#### Sales & Operating income (bln yen)

<table>
<thead>
<tr>
<th>Category</th>
<th>FY13 Actual</th>
<th>FY14 October Forecast</th>
<th>FY14 May Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>742.3</td>
<td>860.0</td>
<td>820.0</td>
</tr>
<tr>
<td>Operating income</td>
<td>-16.9</td>
<td>+117.7</td>
<td>+40.0</td>
</tr>
<tr>
<td>Energy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Camera Module</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Image Sensor</td>
<td>-16.9</td>
<td>+79.9</td>
<td>+36.0</td>
</tr>
<tr>
<td>Operating income</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Changes from previous year

- **Sales increased by 16%, OP increased by 79.9 bln yen**
  - Robust smartphone market conditions (Image Sensor/Energy)
  - Strong demand for power tools (Energy)
  - Profit improvement in image sensors
  - Sales decrease in System LSIs due to the shift from PS3 to PS4
  - Recording impairment loss for Energy’s long-lived assets in FY13

* Changes from May forecast

- **Sales increase by 5%, OP increase by 36.0 bln yen**
  - Favorable exchange rates
  - Robust smartphone market conditions (Image Sensor/Energy)
  - Strong demand for power tools (Energy)
  - Profit improvement in image sensors

* Operating loss in FY13 includes a 32.1 billion yen impairment charge related to long-lived assets in the energy business.

* The figures for sales and operating income are based on the organizational structure as of October 2014, which excludes a transferred business.
**Direction**

- Strengthen profitability
  - "Selection and concentration" of business
  - Concentrate resources to main business areas
  - Strengthen profitability in mature business areas
  - Healthy asset management/Advance investment for future business

- Always be the first in the market
  - "Technological differentiation" and advantage
  - Exceed competitors by strengthening our device competitiveness
  - Always be the first to introduce products by advancing technologies and developing cutting-edge technologies

- Be the source of Sony’s end products’ competitiveness
  - "Device innovation"
  - Increase customer value with system solutions
  - Strengthen ties with customers and strategic partnership

---

**Product Lifecycle**

<table>
<thead>
<tr>
<th>DSBG Strategy</th>
<th>Business Area</th>
<th>Development</th>
<th>Strengthen</th>
<th>Reconstruct</th>
<th>Terminate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Life Space UX</strong></td>
<td>Image Sensor</td>
<td>Tuner</td>
<td>Game/TV LSI</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Wearable</strong></td>
<td>Camera Module</td>
<td>MMIC</td>
<td>Conventional-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Automotive System</strong></td>
<td>Energy</td>
<td>SXRD/HTPS</td>
<td>Laser</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Medical</strong></td>
<td></td>
<td>Storage Media</td>
<td>Optical Pickup</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ARAM system</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
FY2017 Business Portfolio

Expand sales by differentiating technologies in Image Sensors (incl. Camera Module) and Energy

- **FY2013 Sales by Key Products**
  - **Sales**: 742.3 bln yen
  - **Image Sensor**: 18%
  - **Energy**: 18%
  - **LSI**: 18%
  - **Camera Module**: 18%
  - **Others**: 18%

- **FY2017 Sales by Key Products**
  - **Sales**: 1,300 ~ 1,500 bln yen
  - **Image Sensor**: 63%
  - **Energy**: 15%
  - **LSI**: 15%
  - **Camera Module**: 15%
  - **Others**: 15%

* The figures for sales and operating income are based on the organizational structure as of October 2014, which excludes a transferred business.

### Image Sensor Market Overview

**Concentrate on expanding market for mobile, IP Security cameras and automotive**

- **Compact DSC**: FY13 ~ FY17
- **ILC**: FY13 FY17
- **CCTV Security**: FY13 FY17
- **Tablet**: FY13 FY17
- **Automotive**: FY13 FY17
- **IP Security**: FY13 FY17

*Sony Share (units)*

**Sony IR Day 2014**
Concentrate on expanding market for mobile, IP Security cameras and automotive

<<Winning strategy>>
- Strengthen Imaging
- Evolve to Sensing

### Image Sensor Market Overview

<table>
<thead>
<tr>
<th>Category</th>
<th>FY13</th>
<th>FY17</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compact DSC</td>
<td>51</td>
<td>13mil.pcs</td>
<td>89%</td>
</tr>
<tr>
<td>Smartphone</td>
<td>1,061</td>
<td>1,607mil.pcs</td>
<td>90%</td>
</tr>
<tr>
<td>Automotive</td>
<td>36</td>
<td>87mil.pcs</td>
<td>89%</td>
</tr>
<tr>
<td>Tablet</td>
<td>409</td>
<td>567mil.pcs</td>
<td>90%</td>
</tr>
<tr>
<td>ILC</td>
<td>18</td>
<td>10mil.pcs</td>
<td>90%</td>
</tr>
<tr>
<td>CCTV Security</td>
<td>97</td>
<td>79mil.pcs</td>
<td>90%</td>
</tr>
<tr>
<td>IP Security</td>
<td>13</td>
<td>97mil.pcs</td>
<td>90%</td>
</tr>
</tbody>
</table>

*Compact DSC: Compact Digital Still Camera, ILC: Interchangeable Lens Camera, CAGR: Compound Average Growth Rate*
Strengthen Imaging: “New imaging world” realized by Sony’s cameras

- 8.9MP Super 35mm CMOS Image Sensor:
  Installation of a global shutter allowing clear images without motion skew and other rolling shutter distortions.

- 12.2MP 35mm Full Size CMOS Image Sensor:
  Wide pixel pitch delivers about 3 times sensitivity, about 2.3 times signal saturation and phenomenal sensitivity up to ISO 409600.

- α6000:
  Apply phase- and contrast-detection autofocus.
  179 phase detection points phase-detection AF sensor can shoot in 0.06 seconds: the world’s fastest autofocus.

- RX100:
  In spite of Compact DSC size 20.2MP 1” CMOS Image Sensor.

Strengthen Imaging: Exceed the limits of the human eye

- Limits of speed
- Limits of sensitivity
- Limits of dynamic range
- Limits of viewing field
- Limits of distance
Strengthen Imaging: “1msec world”

Able to switch to 1000fps whenever recording moving images

<<Winning strategy>>

- Strengthen Imaging
- Evolve to Sensing
**Evolve to Sensing:** Entry into automotive & wearable world based on strengthening imaging technologies

- **No.1 share in smartphone market**
  - Image Sensor technologies

- **Further improve the value of smartphone**
  - Realize imaging quality/function/usability with technologies in high-end DSC
  - Improve video functions
  - Thinner

- **Improve automotive safety**

- **Drive development in wearable products**

---

**Evolve to Sensing:** Meet customer needs by Module & System Solution

- **Target**
  - High speed (Low power consumption)
  - High sensitivity
  - High resolution

- **Image Sensor**
  - Embedded
  - Super high resolution

- **Camera Module**
  - Compact/Thinness
  - Z1 6.321 mm
  - Z3 5.632 mm
  - 11% thinner

- **System Solution**
  - Recognition
    - Smile Shutter
    - PS4 Face log-in
  - Extraction
  - Depth Sensing

- **Assembly technologies**
  - Column-parallel ADC
  - Back-illuminated structure
  - Stacked structure

- **Information system technologies**
  - Camera signal-processing technologies
Evolve to Sensing: Meet customer needs by Module & System Solution

**Evolve to Sensing: New functions delivered by system solutions**

- **Recognition/Distance**
  - Able to accurately calculate distances quickly
  - Recognition/Distance realized by the combination of dual cameras and signal processors
  - Under study for LiDAR using SWIR

- **Extraction**
  - Able to capture clear images even in bad weather
  - Images that surpass the limits of the human eye are delivered by system LSIs cultivated in TV image processing
  - Defog
  - Backlight correction

- **High-speed processing**
  - Able to capture fast-moving subjects
  - High-speed readout and processing realized by high-performance image sensors and back-illuminated structure
**Business Scenario by Category**

**Mobile**
Main business for further added value
- Application: Smartphone, Tablet
- Scenario: Entry into Chinese smartphone makers

**Non-Mobile**
Base business for utilizing technological advantage
- Application: DSC/CAM/DSLR, Professional Camera, Security Camera

**New Business**
Business for meeting customer needs by System Solution
- Application: Medical, Automotive

**Sales target by category**

**Image Sensor Wafer Production Capacity**

Proactively execute domestic investment

(300mm wafer basis; unit: 1,000 wafers/month)

<table>
<thead>
<tr>
<th>Year</th>
<th>wafers/month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec. 2010</td>
<td>25</td>
</tr>
<tr>
<td>Mar. 2012</td>
<td>50</td>
</tr>
<tr>
<td>Nov. 2014</td>
<td>60</td>
</tr>
<tr>
<td>2015~2016</td>
<td>75</td>
</tr>
</tbody>
</table>

<Recent investment>

- Press Release in Sep 2010, Kumamoto TEC approx. 40
- Press Release in Dec 2010, Nagasaki TEC approx. 100
- Press Release in Jun 2012, Nagasaki TEC approx. 80
- Press Release in Jan 2014, Yamagata TEC approx. 35
- Press Release in July 2014, Nagasaki/Kumamoto TEC approx. 35

Studying further capacity increase
**For AV/IT**
- Linked with Sony’s core business by utilizing gel polymer batteries
  - Application: Smartphone, Wearable
  - Scenario: Entry into major smartphone makers, Entry into Chinese smartphone makers

**For Non-AV/IT**
- New market creation by Olivine-type batteries
  - Application: Power tool, ESS (Energy Storage system), Automotive
  - Scenario: Entry into Megawatt level large-sized ESS, Establishment of JV with Hydro-Québec

**Branded batteries**
- Stable business with Sony brand & battery technology
  - No.1 in quality in the industry

### Sales target by category

<table>
<thead>
<tr>
<th>Category</th>
<th>FY13</th>
<th>FY14</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>AV/IT</td>
<td></td>
<td></td>
<td>+25%</td>
</tr>
<tr>
<td>Non-AV/IT</td>
<td></td>
<td></td>
<td>+60%</td>
</tr>
<tr>
<td>Branded</td>
<td></td>
<td>+10%</td>
<td></td>
</tr>
</tbody>
</table>

**For AV/IT Winning Strategy by Sony Gel Polymer Batteries**

- **Higher energy density**
  - Realize higher energy density by Sony’s unique gel polymer (gel electrolyte) structure
- **Long life**
  - More stable structure of gel polymer compared with competitors’ electrolyte
  - Gel electrolyte keep steam pressure low even if the temperature rise
  - Low swelling ratio
- **High safety**
  - Gel electrolyte is flame-retardant

**Company 1**
- Atsugi TEC
- Koriyama plant
- Material development, Product design, + Basic research
- Report at the Energy business meeting held on Apr. 2014

**Company 2**
- Sony
- Gel electrolyte

**Sony**
- Realized higher energy density by Sony’s unique gel polymer (gel electrolyte) structure
Structure of cathode

- Highly bound Non-oxide type electrode materials (lithium iron phosphate)
- Very safe due to no oxygen dissociative adsorption
- Long life due to stable structure

Capture stable electricity even when charging

Stable structure = Safety + Long life
Stable discharge characteristics = large-scale system
Quick charge

- Realize high speed charging by high-power charging
- High affinity to wind power and solar power

Sales 1,300 ~ 1,500 billion yen
Operating Income Margin 10% ~ 12%

Image Sensors: Focus on wearables and automotive in addition to smartphones
Energy: Focus on smartphones/wearables, power tools and ESS

Trend from FY2012

Sales 752.7 742.3 860.0 1,300 ~ 1,500 bn yen
Operating Income margin 5% -2% 7% 10% ~ 12%

*Operating loss in FY13 includes a 32.1 billion yen impairment charge related to long-lived assets in the energy business.
*The figures for sales and operating income are based on the organizational structure as of October 2014, which excludes a transferred business.
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,” “plans,” “strategy,” “projects,” “forecast,” “estimate,” “project,” “anticipate,” “sem,” “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 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 business restructuring and transformation efforts under changing market conditions;
(vii) Sony’s ability to implement successful sales and distribution strategies in light of the Internet and other technological developments;
(viii) 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;
(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) the outcome of pending and/or future legal and/or regulatory proceedings;
(xi) 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;
(xii) 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; and
(xiii) risks related to catastrophic disasters or similar events.
Risks and uncertainties also include the impact of any future events with material adverse impact.

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