Sony IR Day 2015

Sony Corporation

- Game & Network Services (G&NS) 2
- Mobile Communications (MC) 14
- Imaging Products & Solutions (IP&S) 32
- Home Entertainment & Sound (HE&S) 49
- Devices 66
Sony IR Day 2015

Game & Network Services Segment

May 27, 2015

Andrew House

President and Global CEO
Sony Computer Entertainment Inc.
Group Executive in charge of Network Entertainment Business
Sony Corporation

Agenda

1. FY2014 Review

2. FY2015 Strategy

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

FY2014 Key Achievements

- Drove Strong PlayStation®4 (PS4™) Platform Momentum
  - Fastest hardware installed base growth to 20M units
  - Broad variety of game titles and new features

- Delivered rapid growth of network business leveraging the strength of PS4™
  - Expansion of PS Plus subscribers (2X from FY2013)
  - Growth of full game downloads

- Took on new challenges for future growth
  - Development of Project Morpheus
  - Launch of new services
    - PlayStation™Now: game streaming
    - PlayStation™Vue: new TV-viewing experience
**FY2014 Operating Income Change from FY2013**

(Billion yen)

- **① Growth of PS4™ platform**
  - Increased hardware installed base
  - Expansion of physical software sales
  - Hardware cost reduction

- **② Growth in network services**
  - Increase in PS Plus subscribers
  - Overall sales expansion including non-game

- **③ Decrease of PlayStation®3 (PS3™) platform sales**

- **④ Increase in fixed expenses and temporary cost**
  - Fixed expenses related to network platform
  - Write-off of PlayStation®Vita and PlayStation®TV components

- **⑤ Unfavorable impact of exchange rates**

*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.

**FY2014 Operating Income Change from Apr. Forecast**

(Billion yen)

- **① Higher performance of PS4™ platform**

- **② Higher performance in network services**

- **③ Slower than anticipated decrease of PS3™ platform**

- **④ Write-off of PS Vita components and etc.**

- **⑤ Unfavorable impact of exchange rates**

*1: Impact of foreign exchange fluctuations is calculated using the sales and costs denominated in each currency in FY2014 and comparing them with the April forecast.
2. FY2015 Strategy

**FY2015: Our First Step for 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
Maintain and strengthen PS4™ competitive advantage as a game console
- Strong support for 3rd party publishers and developers
- Continuous hardware cost reduction
- Additional features through system software updates
- Creation of innovative game experience via Project Morpheus (to be launched in CY2016.1st half)

Enhance PS Plus user value to realize higher conversion rate and improve retention rate
- Further expansion of online multiplayer titles
- Strengthen PlayStation® original contents
- Powers:
  - Highest user-rated TV content on PlayStation™Network
  - Powers viewing correlates to higher trial to paid conversion and retention
  - Season 2 greenlit

Acquire broader audience and increase ARPPU by enriching total content/service portfolio
- New development and release of 1st party exclusive game titles
- Foster PlayStation™Now business growth
- Expand rollout and content lineup of PlayStation™Vue
- Enhance PlayStation™Music with Spotify

Continue partnerships with best-in-class 3rd party services
FY2015 Operating Income Change from FY2014

<table>
<thead>
<tr>
<th>Operating Income (Billion yen)</th>
<th>FY14 Act</th>
<th>FY15 Apr. Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>1,388.0</td>
<td>1,370</td>
</tr>
<tr>
<td>Operating Income</td>
<td>48.1</td>
<td>40</td>
</tr>
</tbody>
</table>

1. Further expansion of PS4™ platform
2. Further improvement of network services profitability (excl. strategic investment on network platform)
3. Decrease in PS3™ platform sales and portable platform sales in US/EU
4. Decrease in fixed expenses and temporary cost such as write-off of components
5. Increase in strategic investment related to network services and platform
6. Unfavorable impact of exchange rates*1

*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.

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FY2015 Investment for the Future

- Continued network platform re-architecture
- PlayStation™Vue
- PlayStation® original contents
- Project Morpheus
Sony IR Day 2015
Mobile Communications Segment
May 27, 2015

Hiroki Totoki
President & CEO, Sony Mobile Communications Inc.
Group Executive, Sony Corporation

Agenda

1. **FY2014 Review**
   - FY2014 Results

2. **FY2015 Action Plan**
   - Smartphone Market Trends Forecast
   - Management Direction
   - Important Initiatives
   - FY2015 Results Forecast

3. **Reference Materials**

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

FY2014 Results vs FY2013

1. Unfavorable impact of foreign exchange rates*1
2. Improvement in product mix with focus on high value-added models
3. Increase in intellectual property related reserves and restructuring charges
4. 176.0 billion yen goodwill impairment charge

Profit decreased due to the goodwill impairment, the unfavorable impact of foreign exchange rates, and an increase in intellectual property related reserves and restructuring charges, partially offset by an improvement in product mix.

*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.
2. FY2015 Action Plan

Smartphone Market Trends Forecast (by Price Segment)

ASP slightly decline in overall market due to slowdown in the high-end and rapid growth in the low-end
**FY2015 Management Direction**

- Complete transformation in order to record a profit in FY2016
- Focus resources through model count reduction and develop technology and appealing products for FY2016 and beyond
- Clarify regional strategy and enhance profit management in each region
- Take bold steps to develop new businesses

**Strengthen the smartphone business and invest in new businesses in related areas**

---

**Complete Transformation**

**Operating Expenses**

<table>
<thead>
<tr>
<th>(bln yen)</th>
<th>FY14</th>
<th>FY15 (Forecast)</th>
<th>FY16 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approx. 60 Billion Yen Reduction</td>
<td>300</td>
<td>240</td>
<td>210</td>
</tr>
<tr>
<td>Approx. 30 Billion Yen Reduction</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Headcount**

<table>
<thead>
<tr>
<th>(Headcount)</th>
<th>As of Oct. 1, 2014</th>
<th>As of Apr. 1, 2016 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approx. 2,100 Reduction</td>
<td>7,100</td>
<td>5,000</td>
</tr>
</tbody>
</table>

**Delayering:**
- Layers from CEO are reduced from 8 to 6.

**Simplify and avoid duplications:**
- No. of operating units reduced from 43 to 32.
- 20 out of 32 unit heads are based in Tokyo.
**Major Xperia Products in 1st half of FY2015**

<table>
<thead>
<tr>
<th>Product</th>
<th>Main Feature</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>XPERIA Z4</strong></td>
<td>• Design focusing on ultimate quality and functionality</td>
</tr>
<tr>
<td></td>
<td>• 25mm wide-angle lens main/front camera</td>
</tr>
<tr>
<td></td>
<td>• LDAC™ compatible high quality sound experience</td>
</tr>
<tr>
<td><strong>XPERIA M4 Aqua</strong></td>
<td>• Excellent waterproof: IP65/68 certified</td>
</tr>
<tr>
<td></td>
<td>• Battery life lasting up to 2 days</td>
</tr>
<tr>
<td><strong>XPERIA Z4 Tablet</strong></td>
<td>• Sophisticated design</td>
</tr>
<tr>
<td></td>
<td>• Design focusing on ultimate quality and functionality</td>
</tr>
<tr>
<td></td>
<td>• Latest CPU/OS installed</td>
</tr>
<tr>
<td></td>
<td>• Excellent waterproof: IP65/68 certified</td>
</tr>
</tbody>
</table>

**Examples of Focusing Resources Through Portfolio Size Optimization**

<table>
<thead>
<tr>
<th></th>
<th>R&amp;D Expense</th>
<th>Number of Platforms</th>
<th>Number of Variants</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
<td>91.0 bln yen</td>
<td>7</td>
<td>61</td>
</tr>
<tr>
<td>FY16 (Forecast)</td>
<td>Approx. 30% reduction</td>
<td>Approx. 60% reduction</td>
<td>Approx. 50% reduction</td>
</tr>
</tbody>
</table>

Realize more efficient development by focusing resources on a smaller number of models.
Defining Each Region’s Position

- **Japan**: As the most important region due to its high profitability, aim to maintain profits and expand new business opportunities by leveraging the business platform.
- **Europe**: Despite relatively high market share compared to other regions, profitability is low, so aim to enhance profitability by improving model mix and strengthening profit management.
- **China**: Drastically downsized this business, so continue to operate the business in limited channels with minimized costs.
- **US**: Minimize losses by concentrating on limited carriers and focus only on the premium segment.

Split the 13 sales companies into 5 regions and develop an optimal sales & marketing strategy for each region to enhance investment efficiency and improve profit management.

Internet of Things (IoT) Strategy

- **Services & HW**
  - Data Analytics
  - Applications
  - Device Management

- **Access**
  - Network Services
  - Device Management

- **Devices & HW**
  - Gateways
  - Devices
  - Components/SOC

Expand business together with Sony Mobile and So-net.

**So-net**
Utilize accumulated knowhow in communication technologies, customer management, billing, CRM etc.

**SONY**
Leverage Sony competence Create HW ecosystem.
Challenges for New Business Creation

- Launch of Seed Acceleration Program by Sony Mobile
- Accelerate the development of smart products with communication at their core, in the area of Internet of Things (IoT)
- Enter the B2B market through collaboration with So-net Corporation and strengthen efforts to build recurring businesses

Sales Trends (FY2014/FY2015)

- **Smartphone Unit Sales**
  - FY14: 39,100 (z units)
  - FY15: 30,000
  - **Other Smartphones**
    - FY14: 39,100
    - FY15: 30,000
    - **Z Series Smartphones**
      - FY14: 32%
      - FY15: 7%
      - **Sales Amount**
        - FY14: 1,410.2
        - FY15: 1,310
        - **Others**
          - FY14: -7%
          - FY15: -22%
          - **Z Series Smartphones**
            - FY14: -22%
            - FY15: +1%

  - **Other Smartphones**
    - FY14: -23%
    - FY15: -32%

  - **So-net**
    - FY14: 39,100
    - FY15: 30,000

- The figures for sales include So-net Corporation and its subsidiaries which were previously included in All Other.
Complete structural reform within FY2015, aiming for a business structure that generates profits without relying on volume. Despite the favorable impact of FY2014 restructuring efforts, operating loss is expected to decrease slightly due to an increase in restructuring charges and the negative impact of FX (excluding the impairment in FY2014).

1. 176.0 billion yen goodwill impairment charge
2. Reduction in low- and mid-range smartphone unit sales
3. Sales price change
4. Cost structure improvement through OPEX reduction
5. Unfavorable impact of foreign exchange rates
6. Increase in restructuring charges

The figures for sales & operating income include So-net Corporation and its subsidiaries which were previously included in All Other.

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.

*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.
FY2014 Sales by Key Product / Region

- Sales by Key Product Groups
  - Smartphone
  - Tablet
  - Accessories and Others

- Sales by Region
  - Japan
  - North America
  - Europe / Middle East
  - Asia-Pacific
  - China
  - Other Areas
  - Other Areas

<table>
<thead>
<tr>
<th>Sales by Key Product Groups</th>
<th>Sales by Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales 13,233 Oku yen</td>
<td>Sales 13,233 Oku yen</td>
</tr>
</tbody>
</table>

FY2014 Smartphone Market Share in Key Markets (Value basis)

- Japan: 15.7% (1.9 trillion yen)
- Europe: 8.7% (5.2 trillion yen)
- North America: 0.6% (6.7 trillion yen)
- China: 0.6% (8.8 trillion yen)
- Asia-Pacific: 4.9% (4.3 trillion yen)
- Middle East and Africa: 6.0% (2.3 trillion yen)
- Latin America: 7.1% (2.0 trillion yen)

Source: Sony Mobile
Sony IR Day 2015
Imaging Products & Solutions Segment
May 27, 2015

Shigeki Ishizuka
EVP, Corporate Executive Officer
Officer in charge of Imaging Products & Solutions Business
Sony Corporation

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
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**
- 60%: 720.0 Billion Yen
- 40%

**FY2014 Results**

**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

**Key Figures**
- **Sales**: 741.2 bln yen → 720.0 bln yen
- **Operating Income**: 26.3 → +28.4 bln yen → 54.7

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

---

*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

Source: Sony

### 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.

<table>
<thead>
<tr>
<th>Operating Income</th>
<th>FY14</th>
<th>FY15 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>720.0</td>
<td></td>
</tr>
<tr>
<td>Operating Income</td>
<td>54.7</td>
<td>▲ 4.7 bln yen</td>
</tr>
</tbody>
</table>

**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

* 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.
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

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

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

α Mount System

Ecosystem of strong products centered around single mount system

Consumer Still Camera

Cutting edge tech. / Customer needs

Gather key factors for differentiation (Cutting edge tech. backed by strong market needs) of each products to “α” interchangeable lens mount system

B2B Video Camera

Cutting edge tech. / Customer needs
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

FY14.Q2 FY14.Q3 ×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) 12 lenses 63 lenses
Early FY2016 Over20 lenses Over70 lenses

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
**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.

**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

Establish an efficient design, manufacturing and sales operation across the IP&S segment

---

**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
  - Medical
  - Others

- **FY2014 Sales by Region**
  - Sales: 720.0 billion Yen
  - Japan
  - US
  - Europe
  - Others
  - Asia, Middle East & Africa
  - China
Sony IR Day 2015

Home Entertainment & Sound Segment

May 27, 2015

Ichiro Takagi

Group Executive in charge of Home Entertainment & Sound Business, Consumer AV Sales Platform
Sony Corporation
Representative Director & President
Sony Visual Products Inc.
## 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

**Operating Income Analysis**

<table>
<thead>
<tr>
<th>Sales</th>
<th>Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,199.3</td>
<td>1,238.1</td>
</tr>
</tbody>
</table>

**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

---

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)

(Million Units)

Sony Sales Amount

(Million Units)

*1 Source: DisplaySearch
*2 Source: Sony

TV Business – New Model Concept

Pursue customer value through appealing products

Immersive Picture Quality

Sony Unique Design

Extremely Easy Content Access

New 4K Processor

Ultra Slim

One-Flick Entertainment

Android OS
**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**

- **FY14**: 20%
- **FY15 (Forecast)**: 30%

**Sales expansion in the Audio growth category**

- **FY14**: 30%
- **FY15 (Forecast)**: 40%
- **FY17 (Forecast)**: 50%
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

Restructuring and Enhancing Management Capability of Sales Companies

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**
  - 4K
  - 2K
  - Sales 835.1 bln yen

- **Sales by Region**
  - Asia-Pacific
  - United States
  - Japan
  - China

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

- **LCD TV Value Share by Manufacturer**
  - Source: Sony
  - For the most recent year
  - #3
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.
Sony IR Day 2015

Devices Segment

May 27, 2015

Tomoyuki Suzuki

Executive Deputy President, Corporate Executive Officer
Officer in charge of Device Solutions Business, RDS Platform (R&D, Common Software Design)
Sony Corporation

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Agenda

1: FY2014 Results

2: FY2015 Business Policy
   - Overview
   - Image Sensors
   - Summary

*FY2014 = Fiscal year ended on March 31, 2015
Sony Products Leveraging Image Sensor Strength (from Nov 2014)

- 35 mm full-frame 24MP CMOS image sensor
  - Enabled the shooting of sharp still images and movies without vibration, even for scenes that used to require tripods, by installing our 5-axis stabilization feature

- 4K action cam with high-definition video & high-quality sound
  - 1/2.3 type, 12MP

- Handycam
  - Enabled the 18MP unit to be shrunk by shrinking the image sensor from a 1.0 type to a 1/2.3 type

- Sony Products Leveraging Image Sensor Strength (from Nov 2014)

- Stability for all image acquisition
  - α7 II
  - 4K action cam with high-definition video & high-quality sound
    - 1/2.3 type, 12MP

- World’s first 4K/HD system camera using three 2/3-inch 4K image sensors capable of 8x HD super slow motion

- New flagship model
  - Enables shooting & sharing with others
  - Installed with 25mm wide angle front camera
  - High-quality wireless sound system

- [Front camera] 5MP image sensor
  - [Main camera] 1/2.3 type 20MP image sensor
  - Module technologies allow thinner model
    - (Thinness Z3 7.4mm to Z4 6.3mm)
1: FY2014 Results

2: FY2015 Business Policy
   ・Overview
   ・Image Sensors
   ・Summary
Sony’s Strengths in Imaging Technology

Total differentiation through technologies from input to output

- High dynamic range (HDR)
- High frame rate (HFR)
- Super high resolution
- Low light
- High speed AF
- Polarization imaging

- Super high resolution
- Depth sensing
- Object recognition technology
- Infrared/multi spectrum
- Stackable projector
- Video codec technology

- Short throw projector
- Portable projector
- Pico projector
- Crystal LED Display
- SmartEyeglass
- Laser source

Evolution of Image Sensor Technology

Strengthen Imaging

High Dynamic Range
- Short exposure
- Long Exposure

High Frame Rate
- 4K Super slow motion

Evolve to Sensing

Sony IR Day 2015  73
Evolution of Projector Technology

Light source
- High-intensity
- Wide color gamut
- Low speckle

Micro display
- High resolution
- High contrast

Optical design
- Ultra short throw
- Compact
- Aberration-reduced holographic

4K Ultra Short Throw Projector

Pico Projector

Portable Projector

Device Solutions Business Policy

Direction | Strategy
--- | ---
Strengthen profitability | Selection and concentration of businesses
- Concentrate resources on main business areas
- Strengthen profitability in mature business areas
Healthy asset management/invest in future business

Always be the first in the market | Technological differentiation and advantages
- Outpace competitors by strengthening our device competitiveness
- Always be the first to introduce products with advanced technologies and to develop 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 partnerships
Positioning of Device Solutions Business

Product Lifecycle

Strategy
- Develop
- Strengthen
- Reconstruct
- Terminate

Business Area
- Life Space UX
- Wearable
- Vehicle
- Medical
- ARAM

- Image Sensor
- Camera Module
- Energy

- Tuner
- MMIC
- SXRD/HTPS
- Laser
- Tape/OD (B2B)

- Game/TV LSI
- OD (CE)

Agenda

1: FY2014 Results
2: FY2015 Business Policy
   - Overview
   - Image Sensors
   - Summary
Image Sensor Business Conditions

- **Mobile**: Increase our share in the robust smartphone market using our technological strengths and reinforce our production capacity
- **Non-Mobile**: Increase our share in the shrinking AV market and ensure sales equal to FY2014 due to increased demand for security cameras
- **New business**: Steadily prepare for medical and automotive businesses

### Sales target by category

<table>
<thead>
<tr>
<th>Year</th>
<th>Mobile</th>
<th>Non-Mobile</th>
<th>New Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY13</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY14</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY15 (Apr. Forecast)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY17 (Target announced in Nov. 2014)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Mobile**: Main business focused on adding greater value
  - Applications: Smartphone, Tablet
- **Non-Mobile**: Base business utilizing technological advantage
  - Applications: Digital camera/Video camera, Professional Camera, Security Camera
- **New Business**: Meet customer needs with system solutions
  - Applications: Medical, Automotive

### Image Sensor Wafer Production Capacity

- **Proactively invest in production capacity to meet customer demand**
- **Improve ROIC through efficient investment**

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

#### <Recent investments>

- Press Release in Dec. 2010, Nagasaki TEC: approx. 100
- Press Release in Feb. 2015, Nagasaki/Kumamoto/Yamagata TEC: approx. 105
- Press Release in Apr. 2015, Nagasaki/Yamagata TEC: approx. 45
Reliably produce high quality image sensor wafers at Sony Semiconductor’s 3 TECs in Japan and meet worldwide customer needs from 7 global sales bases.
**FY2015 Business Overview**

- A smooth start to the first year of the mid-term plan (FY2015-2017)
- Steady expansion of Image Sensor and Camera Module businesses

Unit: Billion yen

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY15 (Apr. Forecast)</th>
<th>FY17 (Target announced in Nov. 2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>927.1</td>
<td>1,080</td>
<td>1,300~1,500</td>
</tr>
<tr>
<td>Operating Income (Margin)</td>
<td>89.0 (10%)</td>
<td>121 (11%)</td>
<td>10%~12%</td>
</tr>
</tbody>
</table>

**Operating Income** is expected to increase by 32.0 bln yen compared with FY2014 and operating income margin is expected to be 11%

Proactively concentrate management resources in focus areas according to our mid-range plan

- Robust smartphone market conditions
- Exchange rates $1=118 yen → $1=110 yen
- Reinforce R&D /Startup
- Increase in costs due to production increase
- Funded smartphone market conditions
- Exchange rates $1=118 yen → $1=110 yen
- Increase in costs due to production increase
- Start-up expenses for Yamagata TEC’s production lines
- Restructuring charges related to Oita’s closing
- Litigation-related reserves
- Strengthen imaging
- Evolve to sensing
- Invest in new businesses
- Start-up expenses for Yamagata TEC’s production lines

*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.
### Financial Targets of the Electronics Businesses

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY15 Forecast</th>
<th>FY17 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sales</td>
<td>Operating income</td>
<td>Operating income margin</td>
</tr>
<tr>
<td><strong>Mobile Communications (MC)</strong></td>
<td>1,410.2</td>
<td>-217.6</td>
<td>-15.4%</td>
</tr>
<tr>
<td></td>
<td>1,310</td>
<td>-39</td>
<td>-3.0%</td>
</tr>
<tr>
<td></td>
<td>1,000 - 1,250</td>
<td>3% - 5%</td>
<td></td>
</tr>
<tr>
<td><strong>Game &amp; Network Services (G&amp;NS)</strong></td>
<td>1,388.0</td>
<td>48.1</td>
<td>3.5%</td>
</tr>
<tr>
<td></td>
<td>1,370</td>
<td>40</td>
<td>2.9%</td>
</tr>
<tr>
<td></td>
<td>1,400 - 1,600</td>
<td>5% - 6%</td>
<td></td>
</tr>
<tr>
<td><strong>Imaging Products &amp; Solutions (IP&amp;S)</strong></td>
<td>720.0</td>
<td>54.7</td>
<td>7.6%</td>
</tr>
<tr>
<td></td>
<td>690</td>
<td>50</td>
<td>7.2%</td>
</tr>
<tr>
<td></td>
<td>650 - 700</td>
<td>7% - 9%</td>
<td></td>
</tr>
<tr>
<td><strong>Home Entertainment &amp; Sound (HE&amp;S)</strong></td>
<td>1,238.1</td>
<td>24.1</td>
<td>1.9%</td>
</tr>
<tr>
<td></td>
<td>1,160</td>
<td>22</td>
<td>1.9%</td>
</tr>
<tr>
<td></td>
<td>1,000 - 1,100</td>
<td>2% - 4%</td>
<td></td>
</tr>
<tr>
<td><strong>Devices</strong></td>
<td>927.1</td>
<td>89.0</td>
<td>9.6%</td>
</tr>
<tr>
<td></td>
<td>1,080</td>
<td>121</td>
<td>11.2%</td>
</tr>
<tr>
<td></td>
<td>1,300 - 1,500</td>
<td>10% - 12%</td>
<td></td>
</tr>
</tbody>
</table>

### Foreign exchange rates

<table>
<thead>
<tr>
<th>Currency</th>
<th>FY14 Actual Rate</th>
<th>FY15 Segment Forecast Rate Assumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 US dollar</td>
<td>109.9 yen</td>
<td>118 yen</td>
</tr>
<tr>
<td>1 euro</td>
<td>138.8 yen</td>
<td>136 yen</td>
</tr>
</tbody>
</table>

*Due to Sony’s modification to its organizational structure on April 1, 2015, certain figures in FY2014 have been reclassified to conform to the presentation of FY2015.*
Return on Invested Capital (ROIC) by Segment Forecast  (As of Apr. 30, 2015)

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY15 Forecast</th>
<th>FY17 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile Communications (MC)</td>
<td>—</td>
<td>—</td>
<td>8 - 15%</td>
</tr>
<tr>
<td>Game &amp; Network Services (G&amp;NS)</td>
<td>7.8%</td>
<td>6.4%</td>
<td>11 - 15%</td>
</tr>
<tr>
<td>Imaging Products &amp; Solutions (IP&amp;S)</td>
<td>22.2%</td>
<td>20.1%</td>
<td>20 - 27%</td>
</tr>
<tr>
<td>Home Entertainment &amp; Sound (HE&amp;S)</td>
<td>7.9%</td>
<td>6.9%</td>
<td>6 - 13%</td>
</tr>
<tr>
<td>Devices</td>
<td>11.0%</td>
<td>11.5%</td>
<td>12 - 16%</td>
</tr>
<tr>
<td>Pictures</td>
<td>5.5%</td>
<td>4.8%</td>
<td>6 - 7%</td>
</tr>
<tr>
<td>Music</td>
<td>18.2%</td>
<td>20.0%</td>
<td>13 - 15%</td>
</tr>
</tbody>
</table>

ROIC is operating income after tax divided by invested capital

Tax Rate: A 34% rate has been applied to all segments

Invested Capital: The total of long-lived assets, goodwill, investment and inventory have been used for the MC, G&NS, IP&S, HE&S and Devices segments. The total of equity and net debt have been used for the Pictures and Music segments (deposits in group companies are excluded from debt).

The amount of inventory of the MC, G&NS, IP&S, HE&S and Devices segments and the invested capital of the Pictures and Music segments have been calculated by averaging the amount at each of the five points in time – the beginning of the fiscal year and the end of each of the four quarters. The amount of long-lived assets, goodwill and investments of the MC, G&NS, IP&S, HE&S and Devices segments have been calculated by averaging the amount at the beginning and end of the fiscal year.

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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 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 cyber/physical security 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.