## Sony IR Day 2019

May 21st, 2019

Sony Corporation

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<td>114</td>
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<td>142</td>
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# Opening Remarks

Senior Executive Vice President, CFO  
Sony Corporation  

Hiroki Totoki

## FY2018 Consolidated Results

<table>
<thead>
<tr>
<th></th>
<th>FY2017</th>
<th>FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales &amp; operating revenue</td>
<td>8,544.0</td>
<td>8,665.7</td>
</tr>
<tr>
<td>Operating income</td>
<td>734.9</td>
<td>894.2</td>
</tr>
<tr>
<td>Net income attributable to Sony Corporation’s stockholders</td>
<td>490.8</td>
<td>916.3</td>
</tr>
<tr>
<td>Operating Cash Flow*</td>
<td>770.6</td>
<td>753.4</td>
</tr>
</tbody>
</table>

* Sony Group consolidated without Financial Services Segment
Improvement in Financial Position

<table>
<thead>
<tr>
<th></th>
<th>As of the end of FY2017</th>
<th>As of the end of FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Ratio *</td>
<td>34.7%</td>
<td>40.3%</td>
</tr>
<tr>
<td>Net Cash Position* **</td>
<td>482.9 bln yen</td>
<td>397.7 bln yen</td>
</tr>
</tbody>
</table>

* Sony Group consolidated without Financial Services Segment
** This is the amount deducting interest-bearing debt from cash.

FY2018 Achievements in Each Segment

- **Game & Network Services Segment**
  - Accumulated total PS4® unit sales 96.8 million units,
    PS Plus subscribers 36.4 million users
  - Ratio of Network Services sales 62%

- **Music Segment**
  - Total streaming sales growth of Recorded Music/Music Publishing +16%*
  - Improved cash generation capability(EBITDA) by EMI consolidation approx. 29 billion yen*
    (Total music publishing EBITDA: approx. 43 billion yen*)

- **Pictures Segment**
  - US box office revenue share in CY2018 11%
    (exceeded double-digit/#4 position for the first time in 4 years)
  - Reduced cost by “Reimagine SPE” Project 15.0 billion yen/year

* Including EMI, year-round basis
### FY2018 Achievements in Each Segment

#### Electronics Products & Solutions Segment
- Free cash flow **89.5 billion yen**
- Reduced operation costs in MC Business **approx. ▲17%**
  (vs FY2017)

#### Semiconductors Segment
- Image sensors revenue share **51%**
- Image sensors capital expenditure **128.9 billion yen**
  (Invested 22% of approx. 600 billion yen of FY2018-20 budget)

#### Financial Services Segment
- Historically-high new policy amount in force at Sony Life **6.15 trillion yen**
  (Increased by **16%** vs. FY2017)
- Operating income **161.5 billion yen**

* Source: Sony

### FY18-20 Three Year Total Capital Allocation (without Financial Services)

<table>
<thead>
<tr>
<th>Operating Cash Flow</th>
<th>Capital Expenditure</th>
<th>Strategic Investment</th>
<th>Dividends</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.2 Trillion Yen or more</td>
<td>Approx. 1.1 Trillion yen</td>
<td>FY18 (Major achievements)</td>
<td></td>
</tr>
</tbody>
</table>
|                      |                      | ✓ Consolidation of EMI 392.8 bin yen
|                      |                      | ✓ Repurchase of Shares 100 bin yen |
|                      |                      | FY19 (Previously announced) |
|                      |                      | ✓ Setting of Parameters for Repurchase of Shares 200 bin yen (maximum) |

✓ Primarily in Image Sensors

✓ Key focus areas
  - Content IP
  - Technology acquisition

✓ Increase dividends in a stable and long-term manner
Policy Regarding Strategic Investment

Make investments for growth with higher return

Strategically repurchase own shares to increase capital efficiency

Today’s Speakers

Game & Network Services Segment
- Jim Ryan

Music Segment
- Rob Stringer
- Jon Platt
- Michinori Mizuno
- Shunsuke Muramatsu

Pictures Segment
- Tony Vinciquerra

Electronics Products & Solutions Segment
- Shigeki Ishizuka

Semiconductors Segment
- Terushi Shimizu
Game & Network Services Segment

Sony Interactive Entertainment

Senior Vice President
Sony Corporation

President & CEO
Sony Interactive Entertainment

Jim Ryan

Today

PlayStation® Assets

Platform Strategy - The Role of Next Gen

Content Distribution Strategy - The Role of Cloud and Streaming
  - Today
  - Medium Term
  - Longer Term

Questions we want to respond to

One Sony Collaboration
PlayStation Assets

OWNED IP

BRAND

COMMUNITY
Owned IP

Distinguished Game Studios

13 Studios Worldwide

US

Japan

Europe

Franchise Strength Increasing

Highest paying user spend of any Sports title on the US Store

MLB® The Show™ 19

* Comparison in PlayStation Store 6 weeks after launch

Our Brand Is Our Greatest Strength

#3

<table>
<thead>
<tr>
<th>Rank</th>
<th>Brand (UK)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Apple</td>
</tr>
<tr>
<td>2</td>
<td>Google</td>
</tr>
<tr>
<td>3</td>
<td>Netflix</td>
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<tr>
<td>4</td>
<td>Spotify</td>
</tr>
<tr>
<td>5</td>
<td>Amazon</td>
</tr>
<tr>
<td>6</td>
<td>Sundar</td>
</tr>
<tr>
<td>7</td>
<td>PlayStation</td>
</tr>
<tr>
<td>8</td>
<td>Spotify</td>
</tr>
<tr>
<td>9</td>
<td>PayPal</td>
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<td>Samsung</td>
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#7

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<td>Amazon</td>
</tr>
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<td>4</td>
<td>Netflix</td>
</tr>
<tr>
<td>5</td>
<td>YouTube</td>
</tr>
<tr>
<td>6</td>
<td>KitchenAid</td>
</tr>
<tr>
<td>7</td>
<td>Samsung</td>
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<tr>
<td>8</td>
<td>Spotify</td>
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<td>PayPal</td>
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<td>10</td>
<td>Samsung</td>
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#13

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<td>Apple</td>
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<td>2</td>
<td>Amazon</td>
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<tr>
<td>3</td>
<td>Netflix</td>
</tr>
<tr>
<td>4</td>
<td>YouTube</td>
</tr>
<tr>
<td>5</td>
<td>KitchenAid</td>
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<td>Spotify</td>
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<td>YouTube</td>
</tr>
<tr>
<td>13</td>
<td>PlayStation</td>
</tr>
</tbody>
</table>
Community

**Engagement**
- 94M+* PlayStation™ Network monthly active users
- Over 90% of all consoles ever seen have connected over the last 12 months
- Player used PS4 for over 21 hrs per week on average in FY18

**Spend**
- Consumer spend through the PS4 ecosystem estimated at over $20bn for the first time in FY18
- Average lifetime device spend exceeds $700
- Average launch year lifetime device spend exceeds $1,600

PlayStation® Plus subscriber base exceeds 36 million *  
* As of end of Mar, 2019

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**Platform Strategy**
- The Role of Next Gen
Generational Transformation

SIE Believes in Generations

We will harness the power of new technology to offer completely transformative and immersive gaming experiences.

We will leverage Backwards Compatibility to transition our community to Next Gen faster and more seamlessly than ever before.

We provide stability of environment for content creators.
## Next Gen

### What we have said so far

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>All New CPU, GPU</td>
<td>SSD</td>
</tr>
<tr>
<td>Ray Tracing</td>
<td>Backwards Compatibility</td>
</tr>
<tr>
<td>8K</td>
<td>Disc Support</td>
</tr>
<tr>
<td>Disc Support</td>
<td>3D Audio</td>
</tr>
</tbody>
</table>

### What we have not spoken about yet

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>Price</td>
</tr>
<tr>
<td>Games</td>
<td>User Experience</td>
</tr>
<tr>
<td>Country Rollout</td>
<td>Game &amp; Network Services Segment</td>
</tr>
</tbody>
</table>

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## The Critical Role of PS4

- Will remain the engine of engagement and profitability for the next three years
- Will provide the fertile early adopter gamer base critical for Next Gen success
- Outstanding roster of exclusive AAA games still to come
Content Distribution Strategy
– The Role of Cloud and Streaming

Today
PS4 Remote Play Offers Seamless Multi-Device Streaming Today

5.6 Million active users, 71M+ hours of gameplay

PlayStation™Now – the History

Current area coverage > 70% PS4 base

Our experience in game streaming

2012: Acquisition of GAIKAI
2014: PS Now rental service launch
2015: Acquisition of OnLive IP
2016: PS Now subscription service launch

Rich IP Portfolio

Sony BRAVIA, Blu-Ray, Samsung TVs support

700k Subscribers : 40% CAGR

* As of end of Mar, 2019
PlayStation™Now – Today

<table>
<thead>
<tr>
<th>15 Data Centers</th>
<th>780 games</th>
</tr>
</thead>
<tbody>
<tr>
<td>37 Network POPs</td>
<td>No developer effort required</td>
</tr>
<tr>
<td>19 Countries</td>
<td>Streaming + Download</td>
</tr>
<tr>
<td>PS4/PC Client</td>
<td>170 Publishers Supporting</td>
</tr>
</tbody>
</table>

* As of end of Mar, 2019

PlayStation™Now and its technology

Ultra Low latency with only 5Mbps bandwidth required

<table>
<thead>
<tr>
<th>Server</th>
<th>Network</th>
<th>Client</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dynamic Adaptive Streaming</td>
<td>Congestion Control</td>
<td>Low Latency Client</td>
</tr>
<tr>
<td>Stream Shaping</td>
<td>Network Protocol</td>
<td>Packet Loss Concealment</td>
</tr>
</tbody>
</table>
Medium Term

PlayStation™ Now – Our Plans

- Support 1080p and beyond
- Improve Quality of Content
- Maximize Off-console Opportunity
- Leverage Existing Capacity
- Strengthen Marketing Support

Increase CAGR to over 50%

Existing capacity investments support 5 mil subscriber base
Longer Term

SIE Believes in Gamer Choice

Mainstream Business Model
- CD/DVD
- Blu-ray
- Blu-ray Download

Generation
- PlayStation®
- PlayStation®2
- PlayStation®3
- PlayStation®4

Next Gen
Role of Streaming in Next Gen

Our Vision
A massively enhanced PlayStation community where enriched and shared PlayStation experiences can be seamlessly enjoyed independent of time and place – with or without a console.

Engines of Growth
- Portable Client devices
- Static Client devices
- New Entitlement models
- Next Gen Hardware
- Next Gen Games
- Evolved services

Using Partnership to Achieve Scale

- We will leverage existing and new partnerships to achieve growth and scale faster than ever before
- This follows the model successfully followed in growing our PSN business

May 14, 2019

Sony and Microsoft to explore strategic partnership

'Ve are excited to work with Microsoft to bring new experiences and opportunities to PlayStation fans around the world,' said Jim Ryan, President and Group CEO, Sony Interactive Entertainment. 'This partnership will allow us to explore new ways to deliver entertainment and gaming experiences to our customers.'

Microsoft President Brad Smith added, 'We are thrilled to partner with Sony to drive innovation and enhance the gaming experiences of millions of gamers worldwide.'
Questions we want to respond to

Console promotional activity has been proportionate and has positive ROI

2018 Black Friday – $199 promotional pricing self-financed during FY18

All FY19 promotions will self-finance this year
The 99, Not the 1

Cost Management

We recognize the need for a more stringent approach to the management of our cost base

PlayStation™Vue will not negatively impact our P&L from FY20 onward
One Sony Collaboration

Original music for 1st party games
VR content with Sony artists

Collaboration on Contents IP
### FY2018 Operating Profit Variation from FY2017

**Sales Revenue**

- **FY2017 Act**: 1,943.8 (Bil yen)
- **FY2018 Act**: 2,310.9 (Bil yen)

**Operating Profit**

- **FY2017 Act**: 177.5
- **FY2018 Act**: 311.1

1) Sales growth of both 1st and 3rd party game software and add-on contents

2) Sales growth of network services mainly in PS Plus

3) Unit decrease due to lifecycle and higher console cost in hardware and peripherals

4) Increase of SGA in enhancement and expansion of network business, 1st party game software development and R&D cost of next generation

5) Negative impact of exchange rate *1 etc.

*1: Impact of foreign exchange fluctuations is calculated using the sales and costs denominated in each currency in FY2018 and comparing them with the previous fiscal year.
**FY2019 Operating Profit Variation from FY2018**

1) Continuous sales growth of network services mainly in PS Plus
2) Cost improvement more than unit decrease due to lifecycle in hardware and peripherals
3) Sales decrease of 1st party game software that had big hit titles in FY2018
4) Increase of SGA in acceleration of next generation development activities
5) Negative impact of exchange rate* etc.

*B: Impact of foreign exchange fluctuations is calculated using the sales and costs denominated in each currency in FY2019 and comparing them with the previous fiscal year.
Sony’s Music Segment

Music Segment

Sony Music Entertainment

Rob Stringer

Executive Vice President
Sony Corporation
Chief Executive Officer
Sony Music Entertainment
Recorded Music Market
Four Consecutive Years of Solid Revenue Growth; Expected to Continue
($B, includes Japan)

Source: IFPI. Note: Digital Figures Include Digital Radio (SoundExchange)

Global Success

2018 Grammy Awards

Childish Gambino
- Record of the Year
- Song of the Year
- Best Rap/Sung Performance
- Best Music Video

Camila Cabello
IFPI 2018 Best Selling Global Single “Havana”
2.9Bn Streams LTD
2019 So Far...

Over 1.5Bn Streams 2019 YTD
5.8Bn Streams LTD
Approaching 4M Album Equivalent Units Globally

50M Monthly Listeners
Now #1 Global Spotify Artist

“Old Town Road”
900M Streams
#1 Track of This Year

7 #1 Albums On Billboard Album Chart
Future, Backstreet Boys, Hozier, Khalid, BTS, P!nk, Vampire Weekend

SME Financial Highlights
Strong Growth in Operating Income, Cash Flow and Margin

CAGR +25%

Operating Income
FY16
FY17
FY18*
FY19 FCT

Profit Margin
+6.5 pts Vs. FY16

* Excludes one-time $1B Spotify gain

Source: Spotify, Nielsen Music Connect, SME Sales Reporting
Successful Investment in The Orchard

- **24,000 Labels**
- **600,000 Artists**
- **13 Million Tracks**
- **30,000 New Tracks per Week**

**Continued Expansion of Global Footprint & Service Capabilities**

- **40+ Markets Worldwide**

**Operating Income CAGR Since FY15**
+26%

**NOTE:** The Orchard Revenue Reported On A Net Fee Basis

---

Increased Investment in Talent Acquisition and Development

- **Increased Resources in Creative Staff**
  - Talent Discovery Headcount: +75% vs. FY15

- **Increased Investment In Talent**
  - Annual Talent Investment: +46% vs. FY15

- **Increased Artist Signings**
  - Annual Signings: +91% vs. FY15

- **Increased Roster Size**
  - Roster Size: +45% vs. FY15

* Number of Persons

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Sony Corporation | 52
Expanding Repertoire Centers and Creative Resources

New Leadership at Key Creative Centers
- New President and Co-Heads of A&R
- Newly Structured Region
- New Head of GSA

Relaunch of Arista Records
- Additional Major U.S. Label
- 20 New Artists Signed
- Experienced Executive Team
- Management & Publishing Divisions

Establishing Joint Venture Labels
- Keep Cool
- Visionary
- September
- Six Course
- SamePlate
- Palm Tree Records
- Palm Tree

Driving Global Music Market Development
Working With Commercial Partners to Drive Paid Subscription Growth

Supporting Partner Innovation
- Voice Activation
- Accretive Bundles
- New Business Models

Sharing Market Intelligence With DSPs
- Genre Opportunities
- Untapped Demographics
- Promotion Effectiveness
- Consumer Behavior

Collaborative Marketing
- Acquisition and Conversion Campaigns
Driving Global Music Market Development
Emerging and Growth Markets

Subscription Model Creating Opportunities In...

Latin Iberia
Build On #1 Leadership Position In Latin Iberia
+13% Market Growth Y-o-Y*
+33% Streaming Growth Y-o-Y*
3 of Top 15 Global Markets

China
Aggressive SME Growth Strategy
#7 Global Market
Headcount & Roster Growth

New Markets
Expand Global Footprint

Sony Music’s Extensive Value Proposition to Artists

- Creative Excellence
- Marketing Expertise
- Relationships and Access
- Global Reach
- Data & Analytics

World-Class Global Workforce
Core: Talent / Artists
Sony Music Value Proposition

Investing In Capabilities to Expand Our Value Proposition and Deepen Our Relationship with Artists

- Premium New Content
- Podcasting Production
- Brands
- Merchandising Services
- Creative Studio Centers
- Live / Ticketing
- Artist Management Hubs
- Artist-Led Ventures

Enhancing Data & Analytics Capabilities

Continued Investment In People & Technology

- Simple, Insightful Tools and Dashboards
- Enhanced Internal Capabilities
  - Talent Discovery
  - Marketing Efficiency
  - Audience Development
  - Commercial Sales
- Cutting Edge Analytical Techniques
Industry Leader in Artist Relations

Sony Music Industry Leading Approach to...

**Fair Compensation For Artists**
- Extremely Positive Reaction to SME Spotify Equity Payments

**Transparent Artist — Label Relationship**
- Simple Flexible Artist Contracts
- Best-In-Class Artist Sales and Royalty Portals

**Real Time Royalty Accounting**
- Introducing Real Time Royalties & Cash Out

---

Pharrell Williams & Sony Partnership

**CES Presentation**
- January 2019, Las Vegas

**In The Water Festival**
- April 2019, Virginia

**Music Technology Development Project**
- Ongoing

**Sony HQ Visit**
- November 2018 Tokyo
Sony Competitive Differentiation

Sony Music Position as Part of the Sony Family of Companies Enabling Unique Commercial, Promotional, and Creative Opportunities Across Business Units

Appendix
Sony Music Operating Income: FY17 Act to FY18 Act

(US Dollars)

1. Physical & Download
2. Streaming
3. Higher prior year one time expenses and current year savings offset by increased investment in talent, SG&A, and unfavorable FX

Sony Music Operating Income: FY18 Act to FY19 Forecast

(US Dollars)

1. Physical & Download
2. Streaming
3. Investment in talent, data analytics, emerging markets, and new business verticals
Music Segment
Sony/ATV Music Publishing

Chairman & Chief Executive Officer
Sony/ATV Music Publishing

Jon Platt

Music Publishing Overview

Diversified Sources of Revenue

Radio Stations  Physical & Downloads  Digital Streaming  Advertising

Television Networks  Cable Networks  Film Soundtrack and Trailers  Video Games  Live Concert and Stage
**Music Publishing Market**

### Growth Trajectory

<table>
<thead>
<tr>
<th>Year</th>
<th>Global Music Publishing Revenues ($ billion)</th>
<th>Growth %</th>
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</thead>
<tbody>
<tr>
<td>CY 2013</td>
<td>$4.0</td>
<td>2%</td>
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<tr>
<td>CY 2014</td>
<td>$4.0</td>
<td>2%</td>
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<td>CY 2015</td>
<td>$4.2</td>
<td>4%</td>
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<td>CY 2016</td>
<td>$4.4</td>
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<td>CY 2017</td>
<td>$4.9</td>
<td>11%</td>
</tr>
<tr>
<td>CY 2018</td>
<td>$5.5</td>
<td>11%</td>
</tr>
<tr>
<td>CY 2021E</td>
<td></td>
<td>5.7% CAGR</td>
</tr>
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</table>

Source: Music & Copyright

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**Importance of EMI Acquisition**

Exemplifies Sony Corp’s Content Strategy

- High Margin
- Diverse Revenue Stream
- Recurring Revenue
- Decade Spanning
- Stable Cash Flow
- Genre Diversity
- One Sony Projects

2.1 Million Copyrights
Impact of EMI Acquisition

Material Increase to Operating Income

<table>
<thead>
<tr>
<th></th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2019 FCT</th>
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<tbody>
<tr>
<td></td>
<td>39.8% Equity</td>
<td>100% Owned</td>
<td>100% Owned</td>
</tr>
<tr>
<td></td>
<td>Interest</td>
<td>November 2018</td>
<td>Full Year</td>
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</table>

Roster of the Most Talented Songwriters

Taylor Swift  The Beatles  Ed Sheeran  Drake  Carole King  Stevie Wonder
Luis Fonsi  Lady Gaga  Sara Bareilles  Pharrell  Queen  P!nk
Top Earning Songs By Release Year

1960s & Older
- Bob Dylan
- John Lennon
- Paul McCartney
- Elton John

1970s & 1980s
- David Bowie
- Michael Jackson
- George Michael
- Metallica

1990s & 2000s
- Eminem
- U2
- Coldplay
- Beyoncé

2010s & Today
- Lady Gaga
- Taylor Swift
- Bruno Mars
- Ed Sheeran

#1 Publisher Around the World

Based on CY 2018 Worldwide Revenue (1)

Based on CY 2018 Radio Airplay in the U.S. (2)

Based on CY 2018 Singles Market in the UK (3)

(1) Music & Copyright (2) Nielsen BDS (3) Music Week
### Long Term Strategies

1. Be the Destination For the Best Songwriters in the World
2. Leverage Our World Class Licensing Organization
3. Achieve Fair Digital Streaming Royalty Rates
4. Expand Our Presence in Emerging Markets
5. Differentiate and Grow through Proprietary Technology

### Long Term Strategies (Continued)

1. Be the Destination For the Best Songwriters in the World

- Khalid
- Cardi B
- Travis Scott
2. Leverage Our World Class Licensing Organization

3. Achieve Fair Digital Streaming Royalty Rates
Long Term Strategies (Continued)

4 Expand Our Presence in Emerging Markets

Tencent 腾讯

Bollywood

Long Term Strategies (Continued)

5 Differentiate and Grow through Proprietary Technology

Administration

Licensing

Creative

Classic Uplifting Songs

SATV Proprietary Software

New Songwriter Discover & Accompanying Analysis
Appendix

OP Bridge from FY17 to FY18

1. Removal of 39.8% prior ownership of EMI
2. Consolidation of 100% of EMI
3. Declines in Physical and Digital Download
4. Growth in Streaming
5. FX/All Other
Music Segment
Sony Music Entertainment (Japan) Inc.

Executive Vice President
Sony Corporation
Chairman and Representative Director of the Board, CEO Sony Music Entertainment (Japan) Inc.

Michinori Mizuno

President and Representative Director of the Board, COO Sony Music Entertainment (Japan) Inc.

Shunsuke Muramatsu
Sony Music

Executive Vice President
Sony Corporation
Chairman and Representative Director of the Board, CEO
Sony Music Entertainment (Japan) Inc.

Michinori Mizuno

Creating and Maximizing Hits
✓ Strengthen music and anime IP
✓ Leverage IP

Road to General Entertainment Company
Function-basis
- Label, Marketing & Distribution
- Artist Management & Publishing
- Visual
- Solution
- Net & Media/Live

Contents-basis
- Artist & Music
- Visual & Character
- Entertainment Solution
President and Representative Director of the Board, COO
Sony Music Entertainment (Japan) Inc.

Shunsuke Muramatsu
Pictures Segment
Sony Pictures Entertainment

Executive Vice President
Sony Corporation

Chairman & CEO
Sony Pictures Entertainment

Tony Vinciquerra
State of the Entertainment Industry
Increase in Sony Pictures Streaming Shows

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>4</td>
</tr>
<tr>
<td>2019</td>
<td>17</td>
</tr>
</tbody>
</table>

- Behind Her Eyes
- The Commons
- Them: Covenant
- White Lines
- Wheel of Time

"Reimagine" SPE

- Global Digital Centers for Theatrical Marketing
- Consolidation of Media Networks, TV Distribution and Home Entertainment
- Media Networks Portfolio Review
“Reimagine” SPE

Approximate Annualized Savings of $135 million

Margin Improvement

Operating Margin

FY17 4.1%  FY18 5.5%  FY19E 6.0%  FY20E  FY21E Growing to over 7% by FY21
Controlling Cost/Managing Risk

- Controlling Production Costs
- Managing Marketing Spend
- Co-financing/Strategic Partnerships

Managing Risk & Volatility

Expanded relationships, co-financing partners
Four Pillars

Strong I.P.  Independent Studio  Content Library  One Sony Collaboration

Strong I.P.

Sony Pictures Universe of Marvel Characters

Extending SPE's Library I.P.

Focus on I.P.-Based Material and Franchises

Sony Corporation
Independent Studio

Diversified Portfolio of Shows...
...Across All Platforms

Content Library
One Sony Collaboration

Sony Music  

cinderella

PlayStation.

Sony’s Breadth and Scale

Sony/ATV Music Publishing  
Sony Interactive Entertainment  
SONY PICTURES  
SONY  
SONY MUSIC  
PlayStation.
Revenue Decreased 3% To $8.9 Billion; OI Grew 30% To $489 Million

1. Substantial increase in Motion Pictures’ OI driven by the carryover performance in FY18 of higher margin FY17 titles such as Jumanji: Welcome to the Jungle and Peter Rabbit (no comparable carryover performance in FY17 from FY16 titles), higher television/home entertainment sales and margins, and development/overhead savings

2. In Television Productions, lower revenues in the current year from various current and prior U.S. television series

3. Media Networks had lower advertising and subscription revenues at SPNI and various international channels

4. One-off charges due to Media Networks portfolio review costs, partially offset by impact of GAAP rules change

Note: FY17 Revenues and OI are under Old GAAP; FY18 Revenues and OI are under New GAAP.
Source: Pictures Segment Supplemental Data, March 31, 2019
SPE FY19 Forecast

Sales revenue
$8,870 → $9,820* (+10.7%)  
Operating income
$489 → $593

FY18 Actual  FY19 Forecast

Assumptions for FY19:
1. Projected decrease in Motion Pictures OI is due primarily to slate mix and timing (e.g., larger 4th quarter theatrical marketing expense in FY19) and less carryover performance from the FY18 slate than the carryover into FY18 from the FY17 slate
2. Television Productions is forecasting an increase in OI related to the 3rd season of The Crown and assumed new and returning series, partially offset by increased development expense
3. Media Networks growth primarily from India as well as the projected improvement in earnings from the MN portfolio review undertaken in FY18
4. One-off charges in FY18 due to Media Networks portfolio review costs

* FY19 sales forecast converted at 110 JPY/USD to ¥1,080 billion

Note: Revenues and OI are under New GAAP
Source: Pictures Segment Supplemental Data, March 31, 2019 and SPE Management

Sony Corporation

Electronics Products & Solutions Segment

Senior Executive Vice President
Officer in charge of Electronics Products & Solutions Business
Sony Corporation

Representative Director and President
Sony Imaging Products & Solutions Inc.

Shigeki Ishizuka
EP&S Organization

Shigeki Ishizuka
Senior Executive Vice President
Officer in charge of
Electronics Products & Solutions Business

Ichiro Takagi
Senior Executive Vice President
Deputy Officer in charge of
Electronics Products & Solutions Business

Imaging Products & Solutions Business
- Digital Imaging
- Professional
- Medical

Mobile Communication Business
- Smart Phone
- Internet Service

Home Entertainment & Sound Business
- TV
- Audio / Video

Sales & Marketing Platform

Manufacturing / Logistics / Procurement / Engineering Platform

EP&S Basic Policy

EP&S
- Maintain financial discipline and accountability in each business
- Create new customer value that exceeds the confines of each business by leveraging technology
- Maximize growth and eradicate opportunity loss through operational efficiency
- Nurture next generation talent and deploy personnel across business units

HE&S

TV
Maintain a stable business foundation based on large panel premium product strategy

V&S
Consistently grow sales and profits through greater product and technology competitiveness in growth categories

IP&S

DI
Establish top brand position in overall camera market
Maintain No.1 position in mirrorless on a revenue basis

Medical
Aim to expand the business over the mid to long term

Professional Solution
Expand the B2B solution business by leveraging EP&S products

MC

Smartphone
Become profitable in FY2020
- Reduce OPEX by completing transformation in FY2019
- Strengthen product appeal by leveraging leading technology from the Sony Group

Internet Service / IoT
Strengthen recurring services
EP&S Business Foundation

Business Foundation (Key Strategies)

1. Sony Brand (B2B&C)
   Strengthen products & services under the Sony brand

2. Customer Real-Time Benefit
   Create customer value with “time”

3. Differentiation by Technology
   In-house technology
   “Light to Display/Sound/Communication”

4. Strengthen Solutions Business
   Sony Network Communication,
   Professional Product Solution Group

Customer Value

1. Sony Brand (B2B&C)
2. Real-Time Benefit
3. Differentiation by Technology
4. Strengthen Solution Business

Home Entertainment & Sound Business (HE&S)
TV Business  
**Maintain Stable Business Foundation Based on Large Panel Premium Product Strategy**

<table>
<thead>
<tr>
<th>Immersive Picture Quality Regardless of Panel Source</th>
<th>High Quality Sound That is Part of Visuals Immersive and Realistic</th>
<th>Easy Hands-Free Operation For both Broadcast and Internet</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="OLED" /></td>
<td><img src="image" alt="Acoustic Surface Audio+" /></td>
<td><img src="image" alt="Acoustic Multi-Audio" /></td>
</tr>
<tr>
<td>For OLED models</td>
<td>For LCD models</td>
<td></td>
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</tbody>
</table>

**Further Evolution of End-to-End Supply Chain Management from Procurement to Manufacturing to Sales**

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Video & Sound Business  
**Consistently Grow Sales and Profits Through Greater Product and Technology Competitiveness in Growth Categories**

Audio market 10% annual growth, lead by the headphone market(*)

- **Strengthen Premium Products**
  - Best-in-Class Noise Cancelling Headphone (1000X series)
    - WH-1000XM3
    - WI-1000X
    - WF-1000X
  - Premium Home Speaker
    - DOLBY ATMOS
    - VERTICAL SURROUND WAVE
    - dts:X
    - HT-Z9F

- **Launch of 360 Reality Audio**
  (Evolution of Sound Technology)
  Sony’s leading spatial sound technology creates the New Experience of Being Engulfed by Sound
  Pursue partnerships with studios, labels and content providers

Feel the sound coming from all around

---

* Source: Sony
Imaging Products & Solutions Business (IP&S)

Digital Imaging Business

Establish top brand position in overall camera market
Maintain No.1 position in mirrorless on amount basis

Strengthen Camera Lineup
- Full-size
- APS-C

One Mount Strategy
- Full-size × APS-C seamless compatibility

Strengthen Lens Lineup
- Fundamental lens launched and further expansion

The Five Fundamentals
- Technology that supports new standard for mirrorless
- Speed
- Image quality
- Stamina
- Compact design
- Lens
Medical Business

Aim to expand the business over the mid to long term

Surgical Imaging
Business expansion in the 4K & operating room solutions space

- Launched in 2015 4K Surgical Endoscopy System
- Acquired in 2016 Operating Room Solution eSATURNUS
- Launched in 2017 4K/3D Video Microscope System

Life Science
Expand lineup and increase recurring business
CAGR 10%+ \(^{(1)}\)

- Launched in 2018 Cell Sorter MA900
- Disposable Sorting Chip

Contributing to the Medical Field with Imaging Technology
Turn positive in FY18

* Since FY2013

Electronics Products & Solutions Segment

Mobile Communication Business (MC)
Smartphone Business Transformation

Withdrew from certain Regions and Conducted Sales, Engineering and Manufacturing Review

- **Non-Focus and Defocused Regions**
- **Focus Regions** (Japan, Europe, Taiwan, Hong Kong)
- **Reviewed Sales, Engineering and Manufacturing**

Sweden (Engineering)
- Reduced focus on mobile
- Shifted R&D focus to communication technology and new businesses

UK (European Business Sales)
- Merged sales & marketing functions with Sony Europe

China (Factory)
- Ceased Production

Japan (Headquarters)
- Reduced outsourced design
- Transferred corporate functions to Sony

Smartphone Business Transformation

**Complete Structural Reforms in FY2019**
Reduce OPEX by 50% and Overall Cost by 57% in FY2020 ※ vs FY2017 Actual

- **OPEX**
  - Impairment
  - Operating Loss
  - One time transformation cost 44 billion yen
  - Profit Margin

FY2017 Actual
FY2018 Actual
FY2019 Plan
FY2020 Plan

※ vs FY2017 Actual
Smartphone Business Competitive Products

2019 Flagship Model
Leveraging Leading Technology from the Sony Group

Image Processing Algorithm from α series
- AF/AE following 10fps burst mode
- Eye AF

Professional Monitor-Level Picture Reproduction
- 4K OLED
- BT2020 color space
- 10-bit HDR

High Quality Picture Technology from BRAVIA
- X1 for mobile engine
- HDR remaster

Supervised by Sony Pictures Mixer for 3D Sound Design
- Dolby Atmos

VENICE Cinematography experience with "Cinema Pro"
- Adopted VENICE color Look

21:9 Wide Screen Format for Mobile Gaming
- Immersive gaming in 21:9 format such as
  - Fortnite
  - Asphalt 9
  - Arena of valor

Solution Business
Create new customer value that exceeds the confines of each business (B2B&C)

1. Large Display Solution
   New Visual Experience with Large Displays, from Consumer to B2B

2. Personal Entertainment Solution
   Merge Sound and Communication Technologies to Create New Value

Create new customer value that exceeds the confines of each business (B2B&C)

3. 5G Solution

Pursuing Real-Time Benefit in Various Applications

Capture
Live content transmission with 5G (wide bandwidth / low latency)

Create
Low cost, live content creation solution with 5G (MEC / low latency)

Listen / Experience
Real-time viewing and listening to content taken from multiple cameras

Applicable to sport, music live, movie, news distribution etc.
Create new customer value that exceeds the confines of each business (B2B&C)

4xR Solution

Create New Visual Experiences and VR Content by Leveraging the Sony Group’s Strength

Provide Highly immersive VR content and solutions

Applicable to sport and various live events as well as music

Create New Value, Connect Creators and Users Through the Power of Technology
Appendix

FY2018 Review – HE&S

Sales  Operating Income
FY17  1,222.7  85.8
FY18  1,155.4  89.7

FY2018 Operating Income (vs FY2017)

Positive Factor
1. Improvement in the product mix reflecting a shift to high value-added models

Negative Factors
2. Price decline
3. Negative impact of foreign exchange rate
4. Decrease in sales
5. Increase in OPEX (research and development expenses for competitive products)
FY2018 Review – IP&S

Sales (bn yen) 655.9 → 670.5
Operating Income 74.9 → 84.0

FY2018 Operating Income (vs FY2017)

Positive Factors
1. Improvement in the product mix reflecting a shift to high value-added models
2. Improvement in OPEX

Negative Factors
3. Negative impact of foreign exchange rate
4. Decrease in sales

FY2018 Review – MC

Sales (bn yen) 723.7 → 498.0
Operating Income 27.6 → -97.1

FY2018 Operating Income (vs FY2017)

Negative Factors
1. Decrease in smartphone unit sales
2. Increase in expense primarily for the write-down of excess inventory due to regional withdraw and clearing market inventory
3. Increase in restructuring charges

Positive Factors
4. Reduction in operating costs
5. Decrease in the impairment charge recorded against long-lived assets
FY2019 Forecast – EP&S

Sales 2,320.6  →  2,240 (bn yen)
Operating Income 76.5  →  121

FY2019 Operating Income (vs FY2018)

Positive Factors
1. Improvement in the product mix reflecting a shift to high value-added models in TV and DI Business
2. Improvement in OPEX in MC Business

Negative Factors
3. Decrease in sales
4. Negative impact of foreign exchange rate

TV Business: FY2018 Sales by Product Type & Region / Unit and Revenue Share

Sales by Product Type
- 4K TVs 791.8 bn yen

Sales by Region
- U.S. Sales 791.8 bn yen
- Japan
- Asia Pacific
- Europe
- China
- Other

LCD TV Unite Share by Manufacturer
(Source: Sony / For the most recent year)
- #5

LCD TV Revenue Share by Manufacturer
(Source: Sony / For the most recent year)
- #3
Video & Sound Business: FY2018 Sales by Product Type & Region

- Sales by Product Type
  - Video
  - Audio Growth Category
  - Sound Bars
  - Headphones
  - Other

- Sales by Region
  - Japan
  - Europe
  - U.S.
  - Asia Pacific
  - China

*1: “Audio Growth Category” includes Headphones, Sound Bars and Wireless Speakers as its main products.

IP&S Sales by Business Category and Geographic Area

- FY2018 Sales by Business Category
  - Digital Imaging
  - Professional
  - Medical
  - Other
  - Sales 670 bln yen

- FY2018 Sales by Geographic Area
  - Japan
  - North America
  - Europe
  - Asia
  - China
  - Other
  - Sales 670 bln yen
IP&S Key Product Market Share (Revenue Basis)

- **FY2018 Still Camera Market**
  - Market Size: 1,300 bln yen
  - Sony 24%

- **FY2018 Video Camera Market**
  - Market Size: 300 bln yen
  - Sony 29%

**Components of Video Camera Pie Chart**
- Video cameras for consumer (POV + Conventional)
- Video cameras for business (Prosumer + Professional)

(Source: Sony)

Terushi Shimizu
Executive Vice President
Sony Corporation

Representative Director and President
Sony Semiconductor Solutions Corporation

Representative Director and President
Sony Semiconductor Manufacturing Corporation

Sony Semiconductors Segment
1. Business Environment

2. Long-Term Business Strategy

1. Business Environment
**Worldwide Image Sensor Shipments (Revenue Basis)**

**New Area**
- Automotive: No change in the speed of growth of the ADAS market
- Factory Automation: Growth market in the mid to long term
- Security: Stagnant market from late FY18 to early FY19. Expect recovery in FY19

**Mobile Area**
- Market expansion from multiple lens and large sized sensors
- Steady adoption of sensing products although the pace of market growth is slower than expected

**AV Area**
- No change in expansion of high-end sensor market

*Source: Sony*

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**Mobile Market Growth: Smartphone Units x Multiple Lens x Larger Size**

**Approximately 15%** average annual increase in multiple lens adoption

**Approximately 20%** average annual increase in sensor size

**Increase in Sensor Units and Number of Wafers**

**Smartphone Multiple Lens Adoption Rate**

**Smartphone Sensor Optical Size**

*Source: Sony’s Forecast*
Toyota Corolla Sports vehicle with Sony’s sensor was awarded the top score in the automatic braking tests for night-time pedestrians (1st half of FY18)

Automotive Initiatives

Current Model

IMX490

IMX224 (1.27M pixels)

• Achieve quality and functionality for automotive - high sensitivity, high resolution, and capable of reducing LED flicker while maintaining high dynamic range

Recent initiatives
Automotive image sensor space

• Able to integrate large amounts of raw data from camera images, LiDAR and milliwave radar
• Identify objects even in harsh conditions

Initiatives for the future
Sensor fusion

Semiconductors Segment

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**Automotive Initiatives: Sensor Fusion**

**Current Technology**

- Identify car ahead despite fog making it difficult to see
- Identify car ahead despite glare making it difficult to see
- Identify car ahead despite headlights and rain making it difficult to see

**Scene 1: Fog**  **Scene 2: Backlight**  **Scene 3: Night & Rain**

---

**Image Sensor Revenue Share Target**

- **Sony 51%**
- **Sony 60%**

*Source: Sony*
Revenue Portfolio Target

Sensing
Several%

FY18

30%
FY25 Target

Image Sensor CAPEX

Approx. 700 billion yen

FY12-14  FY15-17  FY18-20E  FY21E-23E
2. Long-Term Business Strategy
Long-Term Business Strategy

**Market Environment**
- FY19-21: Market for mobile-use image sensors grows, Mobile 3D sensing penetration expands
- Beyond FY21: Sensor market growth stabilizes, Use case diversifies

**HW Strategy**
- FY19-21: Aggressively invest to maintain No.1 position in imaging and take No.1 position in sensing
- Beyond FY21: Generate cash flow, Expand the business through new use cases in sensing

**SW Strategy**
- FY19-21: Pursue partner strategy in the software space
- Beyond FY21: Combine edge AI processing with sensor hardware, Pursue a recurring revenue business model

*HW: hardware, SW: software

Sony Sensors Used in Various Applications Around the World

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Cloud and Edge AI Processing

**Cloud AI Processing**
- Processing

**Benefit:**
- Big data processing is possible
- Less influence from edge device performance

**Edge AI Processing**
- Processing

**Benefit:**
- Ensure privacy
- Reduces data transfer time
- Reduces cloud usage costs
- Reduces bandwidth

---

Image Sensors × AI Possibilities

**Imaging** × **AI**

**Better Picture Quality**
- Possibilities limited to the number of human eyes
- Utilizes complementary colors
- High sensitivity and color reproduction

**Moire**
- Eliminates moire
- Correction beyond physical limitations

**Sensing** × **AI**

**Recognition and Machine Vision**
- Unlimited Possibilities
- Mobile
- Car
- Camera
- Building

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Role of Image Sensors in the AI Era

What Image Sensors Aimed To Do Up Until Today
Create clean images based on how human eyes see the world

What Image Sensors Aim To Do Going Forward
Create clean image data based on how AI sees the world

Integration of Edge AI Processing and Sensor Hardware

Sony Image Sensors
Approximately 51%* global market share
Superb expertise in data output space

AI

Applications

Integrate edge AI processing and sensor hardware
Pursue a recurring revenue business model

*Revenue basis, Source: Sony
Increase Image Sensor Possibilities with Stacked Structure

Growth in Image Sensor Business
- Sensing
- Edge AI
Appendix

FY2018 Review

Operating Income Analysis (bn yen)

<table>
<thead>
<tr>
<th>Sales</th>
<th>850.0</th>
<th>879.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Image Sensors</td>
<td>649.3</td>
<td>711.4</td>
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Operating Income

<table>
<thead>
<tr>
<th>FY17</th>
<th>164.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY18</td>
<td>143.9</td>
</tr>
</tbody>
</table>

Achievements

- Increase in sales and OI in image sensors for mobile-use due to the shift to multiple lenses and larger sized sensors
- Adoption of Sony’s ToF sensors for mobile applications
- Increased presence in the automotive market

Issues

- Adaptability to market volatility for factory automation and security cameras

* Please refer to slide 24 of Presentation Material for FY2018 Earnings.
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