Sony IR Day 2016

Sony Corporation

- Game & Network Services (G&NS) 2
- Pictures 19
- Music 50
- Mobile Communications (MC) 65
- Imaging Products & Solutions (IP&S) 81
- Home Entertainment & Sound (HE&S) 96
- Semiconductor Solutions 113
Sony IR Day 2016

Game & Network Services Segment

Jun 29, 2016

Andrew House

Executive Vice President
Officer in charge of Game & Network Services Business
Sony Corporation
President and Global CEO
Sony Interactive Entertainment LLC

Agenda

1. FY2015 Review
2. Establishment of Sony Interactive Entertainment
3. FY2016 Strategy

*FY2015 = Fiscal year ended on March 31, 2016
1. FY2015 Review

FY2015 Key Achievements

1. **Solid expansion of PlayStation®4 (PS4™) installed base**
   - Achieved 40Mil units, maintains fastest penetration in PlayStation® History

2. **Continued substantial growth of N/W business**
   - N/W total net sales: +51% vs FY14
   - Continuous growth of PlayStation®Plus (PS Plus) paid subscribers

3. **Investment for the future**
   - PlayStation™Vue (PS Vue) / PlayStation®VR (PS VR) / Partnership with Kojima Productions
### FY2015 O.P. Variation from FY2014

**(Billion yen)**

<table>
<thead>
<tr>
<th>Description</th>
<th>FY2014 Act</th>
<th>FY2015 Act</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>1,388.0</td>
<td>1,551.9</td>
</tr>
</tbody>
</table>

**Explanation:**

1. Solid expansion of PS4™ platform
2. Continued substantial growth in network services
3. Decrease of PlayStation®3 (PS3™) platform sales
4. FY2014 Temporary cost and SGA etc.
5. Unfavorable impact of exchange rates*1

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*1: Impact of foreign exchange fluctuations is calculated using the sales and costs denominated in each currency in FY2015 and comparing them with the previous fiscal year

---

### 2. Establishment of Sony Interactive Entertainment
Establishment of Sony Interactive Entertainment

Game & Network Services Segment

More joy through “play”
3. FY2016 Strategy

FY2016: No Change in Mid-range Core Strategy
FY16 Key Strategy Summary

1. Capitalize on opportunities enabled by digital growth
   - Business model: From package to recurring model
   - Content: Game + VR / non-game services

2. Continue investment for future growth
   - Non-game VR: Expand PS VR ecosystem to non-game business
   - PS Vue: Offer the best personalized TV viewing experience
   - Original Content: Strengthen PlayStation as a content brand

Business Model: From Package to Recurring Model Enabled by Digital Growth

1. PlayStation® Plus
   - FY2015/E 20.8Mil paid subscribers
   - Broaden audience beyond organic growth

2. “Game as a service” as an industry trend
   - Revenue opportunity for SIE as a platform holder

3. Leverage both package and NW download distribution channels to reach broadest user base
PlayStation®VR Brand New Game Experience and Beyond

Launch successfully as game platform
• PS4™ unified architecture and stable quality
• Affordable HW pricing enabled by PlayStation® total ecosystem
• A lot of playable opportunities: “Playing is believing”

Expand PS VR ecosystem to non-game applications and services
• VR enterprise solutions on various interactive technologies

PlayStation™Vue: Accelerate growth

Build a scalable business that offers the best personalized TV viewing experience with compelling features, content and channels

**Nationwide**
Expanding Availability

**Cloud DVR**
Differentiate Value Proposition
Multiple streams at once
TV Everywhere

**FY 16**
Provide Overwhelming Value
Enhance Awareness

**$39.99**
Social Moment
Game the System
PlayStation® Original Contents: Continued Investment for TV Series

- Broaden PlayStation® platform appeal
- Differentiate PlayStation® platform outside games
- Strengthen PlayStation® as a content brand

FY2016 O.P. Variation from FY2015

<table>
<thead>
<tr>
<th>(Billion yen)</th>
<th>FY2015 Act</th>
<th>FY2016 May Fct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>1,551.9</td>
<td>1,680.0</td>
</tr>
<tr>
<td></td>
<td>①</td>
<td>②</td>
</tr>
<tr>
<td></td>
<td>③</td>
<td>④</td>
</tr>
<tr>
<td></td>
<td>88.7</td>
<td>135.0</td>
</tr>
</tbody>
</table>

① Further growth of PS4™ and N/W business (Including PS VR)
② Decrease of PS3™ platform sales
③ Increase in SGA for overall sales growth etc.
④ Favorable impact of exchange rates*1

*1: Impact of foreign exchange fluctuations is calculated using the sales and costs denominated in each currency in FY2016 and comparing them with the previous fiscal year.
Sony IR Day 2016
Pictures Segment
Jun 29, 2016

Michael Lynton
Executive Vice President
Officer in charge of Pictures and Music Businesses
Sony Corporation
CEO, Sony Entertainment Inc.
Chairman & CEO, Sony Pictures Entertainment Inc.
CEO, Sony Corporation of America

Tom Rothman
Chairman, Sony Pictures Motion Picture Group
SPE FYE16 Review

($ in millions)

Sales $7,910 $7,875

Factors impacting performance:

1. Decrease in Motion Pictures sales due to lower home entertainment revenues, as the prior year benefitted from strong titles; underperformance of certain FYE16 titles

2. Higher SVOD revenues for Breaking Bad, The Blacklist and Better Call Saul, partially offset by higher production and marketing expenses for U.S. TV network programming

3. Year-on-year growth across the Media Networks portfolio, particularly in India and the U.K.

4. Unfavorable impact of foreign exchange rates

5. All other (includes higher cyberattack costs)

Note: FYE = Fiscal Year Ended (e.g., FYE16 = Fiscal Year Ended March 2016)
Source: Pictures Segment Supplemental Data, March 31, 2016
Global box office growth driven by international markets

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

Source: IHS
Note: “E” = Estimate (e.g., 2016E = Calendar Year 2016 Estimate)
The Meteoric Rise of China

Box Office ($ in billions)

<table>
<thead>
<tr>
<th>Year</th>
<th>North America</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$10.6</td>
<td>$1.5</td>
</tr>
<tr>
<td>2011</td>
<td>$10.3</td>
<td>$2.0</td>
</tr>
<tr>
<td>2012</td>
<td>$10.9</td>
<td>$2.7</td>
</tr>
<tr>
<td>2013</td>
<td>$10.9</td>
<td>$3.5</td>
</tr>
<tr>
<td>2014</td>
<td>$10.4</td>
<td>$4.8</td>
</tr>
<tr>
<td>2015</td>
<td>$10.9</td>
<td>$7.1</td>
</tr>
<tr>
<td>2016E</td>
<td>$11.2</td>
<td>$11.1</td>
</tr>
<tr>
<td>2017E</td>
<td>$11.2</td>
<td>$11.2</td>
</tr>
<tr>
<td>2018E</td>
<td>$11.4</td>
<td>$12.8</td>
</tr>
<tr>
<td>2019E</td>
<td>$11.5</td>
<td>$14.4</td>
</tr>
<tr>
<td>2020E</td>
<td>$11.6</td>
<td>$16.2</td>
</tr>
</tbody>
</table>

Number of Screens (in thousands)

<table>
<thead>
<tr>
<th>Year</th>
<th>North America</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>42.4</td>
<td>7.8</td>
</tr>
<tr>
<td>2011</td>
<td>42.4</td>
<td>10.7</td>
</tr>
<tr>
<td>2012</td>
<td>42.6</td>
<td>14.5</td>
</tr>
<tr>
<td>2013</td>
<td>43.1</td>
<td>18.1</td>
</tr>
<tr>
<td>2014</td>
<td>43.1</td>
<td>23.5</td>
</tr>
<tr>
<td>2015</td>
<td>43.3</td>
<td>31.6</td>
</tr>
<tr>
<td>2016E</td>
<td>43.5</td>
<td>40.3</td>
</tr>
<tr>
<td>2017E</td>
<td>43.7</td>
<td>46.9</td>
</tr>
<tr>
<td>2018E</td>
<td>43.9</td>
<td>52.0</td>
</tr>
<tr>
<td>2019E</td>
<td>55.8</td>
<td>44.1</td>
</tr>
<tr>
<td>2020E</td>
<td>58.9</td>
<td>44.3</td>
</tr>
</tbody>
</table>

Source: IHS
Note: “E” = Estimate (e.g., 2016E = Calendar Year 2016 Estimate)

For successful films, there is more upside than ever

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

<table>
<thead>
<tr>
<th>Year</th>
<th>North America</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>2006</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>2007</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>2008</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2009</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>2010</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>2011</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>2012</td>
<td>5</td>
<td>6*</td>
</tr>
</tbody>
</table>

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

Source: boxofficemojo.com
* Internal estimate

2 films have already crossed $1 billion this year – Captain America: Civil War and Zootopia
The Importance of Branded IP

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

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

Source: OpusData and boxofficemojo.com

Growing international television sales generating more distribution opportunities for motion pictures

- More types of domestic and international content buyers
  - Broadcast / Free-to-Air
  - Premium Pay
  - Basic Cable
  - OTT Ad-Supported
  - OTT Subscription

- Significant growth in the number of television buyers worldwide

1990s | 2000s | Today

MORE COMPETITION IN THE MARKETPLACE
Motion Pictures’ growth strategy is built on three pillars

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

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

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

---

Global Reach

More globally-appealing titles in our upcoming slate

Investing in local language films to capture growing local film markets

Retaining global rights to strengthen our international distribution structure

Leadership with global experience

- The Mermaid
- Help, I Shrunk My Teacher

---
### IP Focus

<table>
<thead>
<tr>
<th>Developing opportunities in existing IP</th>
<th>Moving forward with new films with franchise potential</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IP</strong></td>
<td><strong>Moving forward with new films</strong></td>
</tr>
<tr>
<td><strong>BAD BOYS</strong></td>
<td><strong>Barbie</strong></td>
</tr>
<tr>
<td><strong>MIB</strong></td>
<td><strong>Spider-Man</strong></td>
</tr>
<tr>
<td><strong>JUMANJI</strong></td>
<td><strong>HARRY POTTER</strong></td>
</tr>
<tr>
<td><strong>“22”</strong></td>
<td><strong>THE GOD OF VENGEANCE</strong></td>
</tr>
</tbody>
</table>

- Building on the current momentum in animation
- Increasing control of rights in key brands

### Financial Discipline

“Be financially prudent so you can be creatively ambitious”
Financial Discipline

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

Redirecting the business is a multi-year process

- FYE16: Near-term challenges are primarily the result of films already in the release pipeline
- FYE17: Effects of new film slate begin to impact results
- FYE18: Impact of refreshed slate will become more evident in SPE’s financial results
- FYE19:
Consumer behavior is driving change in the TV landscape

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

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

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

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

+12%

Number of Scripted Original Series On the Rise (2)

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

+53%

(1) Source: eMarketer, April 2015, Television & Digital Video Viewing (includes time spent watching digital video via game console, connected TV or OTT device), U.S. Total Day, A18+

(2) Source: Based on report issued on 12/15/15 by FX Networks Research, as published in AdWeek, December 16, 2015
Sony Pictures Television (SPT) has more than twice the number of on-air series as it did 10 years ago and expects to continue increasing its output.

<table>
<thead>
<tr>
<th>Season</th>
<th>2005-06 Season</th>
<th>2010-11 Season</th>
<th>2015-16 Season</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series</td>
<td>15</td>
<td>26</td>
<td>33</td>
</tr>
</tbody>
</table>

Note: The number of on-air series for the 2015-16 broadcast season reflects the current programs ordered (excluding movies of the week and miniseries).

SPT is focused on growing a diverse TV portfolio.
Our calendar 2016 U.S. program lineup airs across multiple outlets in a variety of genres.

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

Note: The program lineup reflects the current SPT-produced or co-produced programs ordered.
SPT’s carefully-crafted growth strategy springs from our entrepreneurial approach

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

Global market growth

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia-Pacific (including India)</td>
<td>$200</td>
<td>$250</td>
<td>$300</td>
<td>$350</td>
<td>$400</td>
<td>$450</td>
</tr>
<tr>
<td>India only</td>
<td>$100</td>
<td>$125</td>
<td>$150</td>
<td>$175</td>
<td>$200</td>
<td>$225</td>
</tr>
<tr>
<td>Latin America</td>
<td>$150</td>
<td>$180</td>
<td>$210</td>
<td>$240</td>
<td>$270</td>
<td>$300</td>
</tr>
<tr>
<td>Europe</td>
<td>$50</td>
<td>$60</td>
<td>$70</td>
<td>$80</td>
<td>$90</td>
<td>$100</td>
</tr>
<tr>
<td>North America</td>
<td>$50</td>
<td>$60</td>
<td>$70</td>
<td>$80</td>
<td>$90</td>
<td>$100</td>
</tr>
</tbody>
</table>

Source: PwC Global Entertainment and Media Outlook 2016-2020; TV subscription includes subscription video on demand (SVOD), and TV advertising includes broadcast, cable and online
Note: “E” = Estimate (e.g., 2016E = Calendar Year 2016 Estimate)

Our Global Footprint

Examples of SPT networks around the world

- AXN
- ANIMAX
- SONY CHANNEL
- GSN
- CINE SONY TELEVISION
- CRACKLE
- getTV
- SONY MOVIE CHANNEL
- SONY ESPN
- MOVIES4MEN

Note: As of June 16, 2016
Media Networks is an increasing growth area for SPE

- FYE04: 3% of Total SPE Revenue ($6.8 billion)
- FYE10: 11% of Total SPE Revenue ($7.7 billion)
- FYE16: 23% of Total SPE Revenue ($7.9 billion)

GSN covers two lines of business: linear and digital

- Linear TV: 45% of FYE16 revenue
- Digital Gaming: 55% of FYE16 revenue

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

Expanding digital gaming with a focus on the high-growth mobile gaming space.
India continues to stand out as a high-priority market

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

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

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

- 2015: 170 (in millions)
- 2020E: 193 (in millions)

**Competitive Position (3)**

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

- **SAB Entertainment Television**
- **Sony Entertainment Television**

(1) Source: IHS, May 28, 2016
(2) Note: "E" = Estimate (e.g., 2020E = Calendar Year 2020 Estimate)
(3) Source: BARC Ratings for Hindi General Entertainment Channels, Week 22 (June 9, 2016)

Our portfolio of digital businesses continues to grow

**Current examples:**

<table>
<thead>
<tr>
<th>TV Everywhere (Authenticated Access)</th>
<th>Over-The-Top (OTT)</th>
<th>Digital IP Extensions</th>
<th>Digital Advertising</th>
</tr>
</thead>
<tbody>
<tr>
<td>Networks</td>
<td>Subscription</td>
<td>Ad-Supported</td>
<td>Second Screen</td>
</tr>
<tr>
<td><strong>SONY CINE TELEVISION</strong></td>
<td><strong>ANIMAX</strong></td>
<td><strong>AXN Sync</strong></td>
<td><strong>HANNIBAL</strong></td>
</tr>
<tr>
<td><strong>AXN</strong></td>
<td><strong>HCOQ</strong></td>
<td><strong>SPORTS HD</strong></td>
<td><strong>TOP MODEL</strong></td>
</tr>
<tr>
<td><strong>CRACKLE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sony IR Day 2016 | 45
Media Networks is focused on three strategic priorities

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

($ in millions)

<table>
<thead>
<tr>
<th>Factors impacting performance:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Lower earnings from original television series, primarily as a result of a significant <em>Breaking Bad</em> sale in the prior year</td>
</tr>
<tr>
<td>2. Growth across Media Networks portfolio, most notably in India and Latin America</td>
</tr>
<tr>
<td>3. Cost savings initiatives</td>
</tr>
<tr>
<td>4. Sony overhead allocation (new item)</td>
</tr>
<tr>
<td>5. Unfavorable impact of foreign exchange rates</td>
</tr>
<tr>
<td>6. All other (includes lower cyberattack costs)</td>
</tr>
</tbody>
</table>

Sales

FYE16 Actual: $7,875

FYE17 Forecast: $9,015

Sales Growth: +14.5%

Operating Income

FYE16 Actual: $346

FYE17 Forecast: $382

SPE Targets for FYE18

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

* November 2014 IR Day
Sony IR Day 2016

Music Segment

Jun 29, 2016

Michael Lynton
Executive Vice President
Officer in charge of Pictures and Music Businesses
Sony Corporation
CEO, Sony Entertainment Inc.
Chairman & CEO, Sony Pictures Entertainment Inc.
CEO, Sony Corporation of America

Kevin Kelleher
Executive Vice President and CFO
Sony Music Entertainment

Sony Music Business Overview

Visual Media & Platform: 19%
Music Publishing: 12%
Recorded Music: 69%

Outside Sales (FYE16Act)
FYE16 Operating Income Change from FYE15

($ in millions)

Sales $5,063 \rightarrow $5,156

Factors impacting performance:

1. The Orchard Step up gain
2. Physical & Download
3. Streaming
4. Visual Media & Platform
5. Publishing
6. FX & Others

Strong year → Achieved growth in operating profit (excluding Orchard gain) despite significant negative foreign currency impact

Sony/ATV FYE16 Achievements/Highlights

Announced Acquisition of Remaining 50% of Sony/ATV

- Total payments of $750M (purchase price of $733M, plus $17M of previously committed distributions)
- Immediate financial benefits (eliminates JV profit share / cash dividend; reduced administration; tax benefits)
- Demonstrates Sony’s commitment to Music Publishing as a stable, long-term investment

Highly Diverse Catalog of Iconic Songs and Hit-Making Songwriters

Sony/ATV Remains the #1 Music Publisher

(1) Music & Copyright, April 2016. Based on worldwide revenue for calendar year 2015.

Awards and Highlights

- Sony/ATV writers were represented on more than 30 Grammy Award winners, including:
  - Taylor Swift (Album of the Year)
  - Ed Sheeran (Song of the Year)
- Sony/ATV songwriters won several awards at the 88th Academy Awards
  - Sam Smith’s “Writing’s On The Wall” won for Best Song
  - Ennio Morricone’s score for The Hateful Eight won for Best Score

- Catalog:
  - Stevie Wonder
  - Kendrick Lamar
  - Bruno Mars
  - Taylor Swift
- Current:
  - Bruno Mars
  - Taylor Swift
  - Stevie Wonder

(1) Music & Copyright, April 2016. Based on worldwide revenue for calendar year 2015.
Sony/ATV Key Strategic Priorities

1. Continuously Pursue Talent
2. Maximize Synch Opportunities Worldwide
3. Optimize Value of Digital Rights through Direct Licensing Deals
4. Proactive Catalog Approach
SME FYE16 Achievements/Highlights

Completed acquisition of the remaining 49% of The Orchard

- Full ownership of the premier independent digital music, film and television content distribution services company in the world
- Leverage Orchard’s technology and infrastructure to complement existing indie physical / digital supply chain
- Immediately EBIT accretive on a consolidated basis

Rapid growth of paid subscription revenue offsetting decline in physical and download businesses

- Spotify more than doubled its paid subscriber base in calendar 2015 (+15M)
- Encouraging early results from June 2015 launch of Apple Music streaming service
- Accelerating decline of digital downloads (-11% in calendar 2015; -22% from January to March 2016) and continued decline of physical (-7% in calendar 2015)

Success from multiple repertoire centers

- Tremendous success of Adele '25' in the US and Latin America
  - Record shattering 3.4M week one sales in the US
  - 9M album units and $90M in revenue in 5 months
- 2 of the Top 5 on the IFPI 2015 Global Artist chart
- FYE16 top sellers include international superstars, Catalog artists, new artists

Breaking new talent to create future superstars and augment catalog value

- Broke Maitre Gims, Little Mix, ZAYN, Kygo, Fifth Harmony, Travis Scott, Bryson Tiller in FYE16

Successful, profitable year for Sony Music On Multiple Fronts

Recorded Music Market Profile
($ in billions; excludes Japan)

- Market returned to growth in 2015 after over 15 years of flat to declining revenue (+2.7% ex. Perf rights / Synch)
- Digital accounts for over 60% of sales
- 68 million paid subscribers in 2015 (+27M Y-o-Y)
- Expect essentially flat market in 2016
- Continued rapid growth of streaming
- Greater download and physical declines
- Industry positioned for growth beyond 2016

Industry stabilizing with paid subscription growth offsetting physical / download decline

Source: IFPI
SME Key Strategic Priorities

1. Maximize Talent Development and Grow Market Share
   - Deliver on key strategic releases
   - Maximize value of catalog
   - Break developing artists globally

Close market share gap with Universal

2. Expand and Grow Digital Revenue
   - Working with partners to market and promote services to drive paid streaming subscription growth
   - Support new paid streaming players entering the market (Amazon, Pandora, SoundCloud, iHeartMedia)
   - Manage decline of downloads through new offers / windowing
   - Maximize investments in The Orchard and VEVO

Close value gap between ad-supported model and paid subscription

3. International Growth and Expansion In Emerging Markets
   - Focus on breaking artists with regional / global potential
   - Aggressively pursue acquisitions / joint ventures to increase repertoire base (e.g. Essential, Century Media)
   - Grow market share in emerging markets (China, India, Africa, Latin America)

Maximize results across all our international territories

4. Redefine Our Organizational Blueprint
   - Continue to re-evaluate organizational structure as the market transitions to digital
     - Analytics based decision making
     - Leverage new marketing and promotion channels / tools
     - Strengthen IT security and compliance
     - Increase transparency to artists on sales and royalties

Invest in analytics and IT platforms and resources
SME Key Strategic Priorities (cont’d)

5. Expand Ancillary Income Streams and Invest in Growth Opportunities

- Create and expand global brands through the recently extended Syco JV deal with Simon Cowell (X Factor, Got Talent, La Banda)
- Capture and exploit broader rights from new artist signings
- Further develop new business ventures (Astronauts Wanted, Provident, Sony Music Originals)

Create Global Brands Through World Leading Music and Entertainment Content

FYE17 Operating Income Change from FYE16

($ in millions)

Sales $5,156 $4,934

Operating Income FYE16 Actual $727

FYE17 Forecast $564

Factors impacting performance:

1. The Orchard Step up gain
2. Physical & Download
3. Streaming
4. FX & Others
5. HQ Fee

Slightly lower profitability due to increased cost allocations from Corporate and unfavorable impact of foreign exchange rates
### Music Segment Guidance for FYE18

<table>
<thead>
<tr>
<th></th>
<th>Previous Guidance</th>
<th>Current Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$4.9-5.3B</td>
<td>$5.1-5.5B</td>
</tr>
<tr>
<td><strong>Operating Profit Margin</strong></td>
<td>10.5-11.5%</td>
<td>11-12%</td>
</tr>
</tbody>
</table>

On track to exceed targets

### Appendix
Footnotes to the U.S. dollar financial results, targets and forecasts

**Pictures**
- The U.S. dollar results, targets and forecasts in the Pictures segment are consistent with the U.S. dollar figures that Sony Pictures Entertainment consolidates from its global operations prior to reporting them to Sony Corporation in Tokyo, where they are converted into yen.

**Music**
- The U.S. dollar results in the Music segment are derived by converting Sony Music Entertainment Japan’s (“SMEJ”) monthly operating results translated from JPY into U.S. dollars using the average exchange rate for the month and adding the product to Sony Music Entertainment (“SMEI”) and Sony/ATV Music Publishing’s (“Sony/ATV”) U.S. dollar results.
- The U.S. dollar targets and forecasts are derived by converting SMEJ’s yen target and forecast into U.S. dollars at the rate assumptions below and adding the product to SMEI and Sony/ATV’s U.S. dollar targets and forecasts.
  - The rate assumption for the previous guidance was ¥110 = U.S. $1, which was the assumed foreign currency exchange rate for the second half of the fiscal year ending March 31, 2015 at the time when we announced the guidance.
  - The rate assumption for the current guidance and forecast is ¥113 = U.S. $1, which is the assumed foreign currency exchange rate for the fiscal year ending March 31, 2017.
Agenda

Smartphone Market Trends

Transformation of the Mobile Business
  1. Key Priorities
  2. Business Review and Financials
  3. Future-Oriented Actions

1. Smartphone Market Trends
**Smartphone Market Trend Forecast**

- Global average annual growth slowing to +1.4% due to growth slowdown in emerging markets.
- Sony’s priority is to focus on markets where Sony can leverage its strengths to ensure profitability improvements.

**CAGR (FY15-17)**

<table>
<thead>
<tr>
<th>Units (million)</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAGR +1.4%</td>
<td>1,322</td>
<td>1,332</td>
<td>1,358</td>
</tr>
</tbody>
</table>

(IR Day 2015 assumption: +7.1%)

**Growth in China, India, Indonesia, Brazil (45% of volume market) slowing to 0.3%**

(IR Day 2015 assumption: +8.1%)

**Smartphone Market by Price Segment**

- Growth is anticipated only in the entry/mid-tier segments.
- However, competition with Chinese and Indian players is expected to intensify in entry/mid-tier segments.
- Sony to maintain its core focus in the high value-added segment and develop its business through product differentiation, since players that can offer high value-added smartphones globally are limited.

**Competition (# of players)**

- $250+: ~10
- $100-250: Several 10s
- <$100: Hundreds

**Source**: Sony estimate
2. Transformation of the Mobile Business

Mobile Business Transformation

<table>
<thead>
<tr>
<th>FY2015 (Phase 1)</th>
<th>FY2016 (Phase 2)</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bolster Area Strategy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enhance Product Appeal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transformation: Execution &amp; Completion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continue &amp; Maintain Healthy Business Structure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engage in New Future-Minded Businesses</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

FY2016 Turnaround through Completion of Phases 1 & 2
**Mobile Business Transformation – Phase 1**

**FY2015: Transformation Interim Report**

<table>
<thead>
<tr>
<th>KPI from IR Day 2015</th>
<th>Target</th>
<th>Result / Update</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPEX: FY14 300 bln yen</td>
<td>FY15: 240 bln yen FY16: 210 bln yen</td>
<td>Achieved</td>
</tr>
<tr>
<td>Headcount: 7,100 (As of Oct. 1, 2014)</td>
<td>Headcount: 5,000 (As of Apr. 1, 2016)</td>
<td>Achieved</td>
</tr>
<tr>
<td>Organization Delayering:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Organization layers below CEO level: 8 to 6</td>
<td>6 layers</td>
<td>Achieved</td>
</tr>
<tr>
<td>- Units 2 layers below CEO level: 43 to 32</td>
<td>32 units</td>
<td>Achieved</td>
</tr>
<tr>
<td>- Locate 20 of 32 units in Tokyo</td>
<td>20 units</td>
<td>Achieved</td>
</tr>
<tr>
<td>R&amp;D Expense Reduction (FY14→16):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Approx. 30% Reduction</td>
<td>Approx. 35% Reduction</td>
<td>Achieved</td>
</tr>
<tr>
<td>- Number of Platforms (FY15→16):</td>
<td>Approx. 60% Reduction</td>
<td>Achieved</td>
</tr>
<tr>
<td>- Number of Variants (FY14→16):</td>
<td>Approx. 50% Reduction</td>
<td>Achieved</td>
</tr>
</tbody>
</table>

**Completed profit structure transformation for business turnaround in FY2016**

**Mobile Business Transformation – Phase 2: Area Strategy**

<table>
<thead>
<tr>
<th>Region</th>
<th>Key Priority</th>
<th>Business Direction</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Asia (inc. Japan), Europe, Middle East</td>
<td>Maximize sales &amp; profit contribution</td>
<td>Strengthen Business / Growth</td>
</tr>
<tr>
<td>Latin America, Other Asia Pacific</td>
<td>Continue to generate and maintain steady profit</td>
<td>Preserve Business</td>
</tr>
<tr>
<td>U.S.A., Brazil, India, China</td>
<td>Significant operating loss reduction through transformation (FY14→FY16 reduction: approx. 40 bln yen)</td>
<td>Business Contraction</td>
</tr>
</tbody>
</table>

Completed in FY2015
## Mobile Business Transformation – Phase 2: Area Strategy

### Region

<table>
<thead>
<tr>
<th>Region</th>
<th>Key Priority</th>
<th>Business Direction</th>
</tr>
</thead>
<tbody>
<tr>
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<tr>
<td>Latin America, Other Asia Pacific</td>
<td>Continue to generate and maintain steady profit</td>
<td>Preserve Business</td>
</tr>
<tr>
<td>U.S.A., Brazil, India, China</td>
<td>Significant operating loss reduction through transformation</td>
<td>Business Contraction</td>
</tr>
</tbody>
</table>

### Japan

- **Maximize profit by enhancing high value-added product competitiveness**
  - Z5 Premium: Strong sales, highly appreciated by customers

- **Focus on customer value and make Xperia the “brand of choice”**
  - Deliver unique and superior user experience
  - Brand change and alignment with new Xperia X series

- **Enhance engagement with operators and other business partners**
  - Technological collaboration/co-development with target operators e.g.: achieved fastest network connection speed on our high value-added smartphone

- **Roll out best practices in Japan to other key regions**

---

*1 Source: Sony Mobile
*2 Source: Dentsu Segmentation Brand Survey (January 2016)
### Mobile Business Transformation – Phase 2: Product Strategy

- Focus on the essential functions most valued by our targeted user base
- Enhance user experiences using “intelligent” technologies to achieve high customer satisfaction

<table>
<thead>
<tr>
<th>Function</th>
<th>User Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Camera</td>
<td>• Latest camera innovations from α™ and Cyber-shot®</td>
</tr>
<tr>
<td></td>
<td>➢ 0.6s launch &amp; capture</td>
</tr>
<tr>
<td></td>
<td>➢ Predictive hybrid auto-focus</td>
</tr>
<tr>
<td>Stamina</td>
<td>• Batteries that perform well even after 2 years of use</td>
</tr>
<tr>
<td></td>
<td>• Longer battery life through “Stamina Mode”</td>
</tr>
<tr>
<td>Design</td>
<td>• Refined, comfortable design</td>
</tr>
<tr>
<td></td>
<td>• Smooth, rounded form factor</td>
</tr>
<tr>
<td></td>
<td>• Bring the best digital camera experiences to your everyday life</td>
</tr>
<tr>
<td></td>
<td>• Never miss the perfect shot</td>
</tr>
<tr>
<td></td>
<td>• Clear shots even with moving objects</td>
</tr>
<tr>
<td></td>
<td>• Battery performs well even with long-term use</td>
</tr>
<tr>
<td></td>
<td>• Keep your phone active for longer</td>
</tr>
<tr>
<td></td>
<td>• Luxurious textures and colors in harmony with your daily life</td>
</tr>
<tr>
<td></td>
<td>• Perfect fit in the palm of your hand</td>
</tr>
</tbody>
</table>

### Changes in Operating Income: FY2014 ~ FY2016

1. Goodwill impairment charge: +176 bln yen (charge recorded in FY14)
2. Unfavorable impact from foreign exchange rates
3. Unit sales reduction following strategic refocusing
   - Region refocus (defocus China, India, US etc.)
   - Product refocus (focus on high value-added models)
4. Margin improvement resulting from focus on high value-added models
   - Margin ratio +3 ppt (FY14→FY16)
5. OPEX reductions, etc.
   - OPEX reductions: 120 bln yen

<table>
<thead>
<tr>
<th></th>
<th>FY14 Sales</th>
<th>FY16 May Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income</td>
<td>1,410.2</td>
<td>940</td>
</tr>
<tr>
<td>-217.6</td>
<td>+222.6</td>
<td>5</td>
</tr>
</tbody>
</table>

Includes approx. 40 bln yen from shrinking losses from unprofitable regions

**FY17 KPI:**
- Sales: 900~1,050 bln yen
- Operating Profit Margin: 1.5%~3.5%
New Future-Minded Businesses – 1

◆Pursue new communication device concepts

Offer new “communication styles” that go beyond what smartphones can do
Deliver devices and services that connect people to each other and become
essential and beloved parts of their lives

XPERIA
Smart Products & Concepts

• Product & concept examples

• Supported by the latest technologies

Voice recognition & analysis
Movement recognition & analysis
Environment recognition & analysis

“This Intelligence & Assist” Technology

New Future-Minded Businesses – 2

◆Developing solution-based recurring businesses

Create B2B and B2B2C solutions through the combination of hardware and unique services

• Aerosense Inc. commences solution services
From drone manufacturing and flight management to data gathering and analysis, offering solutions including soil measurements and facility/equipment inspections.

• IoT business development
- Accelerating efforts to develop IoT-related businesses, in combination of hardware/ device technologies, recurring business platform and our capability to deliver solutions
- Assemble IoT related resources of Sony HQ and Sony Network Communications Inc. *1 together under Sony Mobile.

*1 Effective 1st July, So-net Corporation will change its company name to “Sony Network Communications Inc.”
Summary

**Execution & Completion of Transformation**

**Bolster Area Strategy**

**Enhance Product Appeal**

**Engage in New Future-Minded Businesses**

**FY2016: Business turnaround and steps for business re-growth**

Sony IR Day 2016

Imaging Products & Solutions Segment

June 29, 2016

Shigeki Ishizuka

Executive Vice President
Officer in charge of Imaging Products and Solutions Business
Sony Corporation
## Agenda

1. **Segment Overview**

2. **FY2015 Results**

3. **FY2016 Direction and Forecast**
   - IP&S Business Direction and Important Initiatives
   - Key Initiatives
     - Consumer business
     - Professional solutions business
     - Medical business
   - FY16 Forecast

4. **Reference Materials**

### Segment Overview

#### Imaging Products & Solutions (IP&S) Segment

<table>
<thead>
<tr>
<th>Consumer business</th>
<th>Professional Solutions business</th>
<th>Medical business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interchangeable Lens Camera</td>
<td>Professional Video Camera</td>
<td>Surgical Imaging System (Sony Olympus Medical Solutions)</td>
</tr>
<tr>
<td>Compact Digital Still Camera</td>
<td>Contents Creation System</td>
<td>Medical Peripherals</td>
</tr>
<tr>
<td>Consumer Video Camera</td>
<td>Projector/Display</td>
<td>Life Science (Cell Analyzing System)</td>
</tr>
<tr>
<td></td>
<td>Surveillance, Camera Block (Industrial)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>FeliCa</td>
<td></td>
</tr>
</tbody>
</table>

*Change in Category from 2015 IR Day*  
(IN) Medical Business Unit (MBU)  
(OUT) Automotive Camera Module  
All Other → IP&S  
IP&S → Devices
### FY2015 Results

#### FY2015 Operating Income (vs FY2014)

<table>
<thead>
<tr>
<th>Negative factors</th>
<th>Positive factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Decrease in unit sales, due to shrinking consumer digital imaging market</td>
<td>- Product mix improvement by shifting focus to premium products</td>
</tr>
<tr>
<td>- Forex impact</td>
<td>- Decrease in fixed and other costs due to improvement in operational efficiency</td>
</tr>
<tr>
<td>- One time items</td>
<td>- Decrease in restructuring charges</td>
</tr>
</tbody>
</table>

Note: Operating income YoY change by business
- Consumer: +16.5
- Professional Solution: +11.0
- Medical: +3.0

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

### IP&S Business Direction

- Utilize our new imaging platform as the basis for maximizing customer value in the Consumer, Professional and Medical businesses
- As the new IP&S Segment, aspire to change our position from a “stable profit generator” to a “growth driver” in the mid and long term

### New Imaging Platform “Light to Display”

[Diagram of the imaging platform “Light to Display” showing the flow from light source to display.]
FY2016 Important Initiatives

■ **Consumer**
  Strengthen “camera brand” and maintain a high level of profitability centered on Interchangeable Lens Camera (ILC)

■ **Professional Solutions**
  Transform into a customer based organization
  Stable profit growth

■ **Medical**
  Enhance the business based on our new imaging platform

---

**Consumer Business Initiatives**

**Strengthen “camera brand” and maintain a high level of profitability centered on Interchangeable Lens Camera (ILC)**

■ **Camera Body:** Reinforcement in **product strength** (higher resolution, sensitivity and speed)

■ **Interchangeable Lens:**
  ILC lineup enhancement, develop into a core business through brand establishment

■ **Expand α-mount ecosystem**

- "α7RⅡ" with 42M back-illuminated 35mm full-frame sensor
- "G Master" interchangeable lens series

- <Sales growth of mid-high class ILC body>
  ※A7/A6000 series
  FY14→FY16*
  CAGR +20%

- <Sales growth of interchangeable lens>
  ※excl. lens in same package with body
  FY14→FY16*
  CAGR +20%

- <Expansion of α-mount>
  9 Partners /50 models
  Number of E-mount license partners /Number of E-mount lens models introduced by license partners

- "α7RⅡ" with 42M back-illuminated 35mm full-frame sensor
- "G Master" interchangeable lens series

- FE 85mm F1.4 GM
- FE 24-70mm F2.8 GM
- FE 70-200mm F2.8 GM OSS

"α7RⅡ" with 42M back-illuminated 35mm full-frame sensor
"G Master" interchangeable lens series
FE 85mm F1.4 GM
FE 24-70mm F2.8 GM
FE 70-200mm F2.8 GM OSS

*ind. earthquake impact
Professional Solutions
Initiative ① Transform into a customer based organization

Enhance customer based organizational structure and accelerate the provision of the best solutions and services to customers
Pursue enhanced customer value through collaboration of sales, planning and engineering

Until Dec. 2015
Business Div. by Products
- Content Creation Solutions Business Div.
- Visual Presentation Solutions Business Div.
- System Solutions Development Div.

From Jan. 2016
Business Div. by Customer Segment and Products

Business Div. by Customer Segment
- Sales & Planning of solution and services
  - Media Segment
  - B2B Segment

Business Div. by Products
- Strengthening product competitiveness
  - Content Creation
  - Projector / Display
  - Camera System

New Imaging Platform
Balance between efficiency and innovation

Professional Solutions
Initiative ② Stable and profitable growth

Enhance the B2B segment business in addition to the media segment business

[Media Segment]
Expand 4K related products and accelerate the proposal of 4K/IP Solutions

[4K ultra slow-motion camera
HDC-4800

Live server system
PWS-4500

Programmer switcher
XVS-7000

55-inch 4K OLED picture monitor
PVM-X550

[Media]
[55-inch 4K OLED picture monitor]

FY16 Sales by Segment (TCT)
- Media
- B2B

[Camera System]
[Content Creation]
[Projector / Display]

FY16 Sales by Products (TCT)

[B2B Segment]
Enhance AV/IT total solutions for universities and companies

[Live server system
PWS-4500

Programmer switcher
XVS-7000

55-inch 4K OLED picture monitor
PVM-X550

[Media]
[55-inch 4K OLED picture monitor]

FY16 Sales by Segment (TCT)
- Media
- B2B

[Camera System]
[Content Creation]
[Projector / Display]

FY16 Sales by Products (TCT)
Medical Business Initiatives

Enhancement of the business based on our new imaging platform

Light source → Lens → Image sensor → Image processing → IP transmission → Display

Main business

Medical Peripherals Business
- Printer
- Camera

Surgical Imaging Business
- 4K Monitor [31”]
- 4K Monitor [55”]
- 4K Camera Read
- 4K Camera Control Unit
- 4K Recorder

Oct. 2015 Launch 4K Surgical Endoscopy System

Expansion of system integration business by 4K IP capable products

Full swing introduction of 4K Surgical Endoscopy System (Japan/US/EU)

FY2016 Forecast

FY2016 Operating Income (vs FY2015)

□ Negative factors
□ Positive factors

1. Forex impact
2. One time including change in corporate expense allocation
3. Decrease in unit sales, due to the shrinking consumer digital imaging market
4. Product mix improvement due to a shift to higher value-added models
5. Decrease in fixed and other costs due to improvement in operational efficiency
6. Impact of earthquake in Kumamoto

FY2016 forecast with YoY operating income change analysis (bn yen)

Sales 684.0 (630.0) ▲52 530.0
Operating Income 69.3 ▲8.3 ▲45 16.0

FY15 FY16 FCT excl. earthquake impact

Factor 1 Factor 2 Factor 3 Factor 4 Factor 5

FY16 FCT 684.0 69.3 ▲8.3 16.0

Sony IR Day 2016
Summary

■ FY2016 Forecast
  ■ Sales 530.0 bln yen
    (Incl. earthquake impact ▲100 bln yen)
  ■ Operating income 16.0 bln yen
    (Incl. earthquake impact ▲45 bln yen)

■ FY2016 Direction
  ◆ Utilize our new imaging platform as the basis for maximizing customer value in the Consumer, Professional and Medical businesses
  ◆ As the new IP&S segment, aspire to change our position from a “stable profit generator” to a “growth driver” in the mid and long term

■ FY2017 Target
  ■ Sales : 630-680 bln yen
  ■ Operating income % : 8%〜10%
IP&S Sales by business category and area

- **FY2015 Sales by business category**
  - Medical
  - Consumer
  - Professional
  - Other
  - Still and Video Cameras
  - Sales 684bn yen

- **FY2015 Sales by Area**
  - Asia, Middle East & Africa
  - Others
  - Japan
  - US
  - Europe
  - China
  - Sales 684bn yen

IP&S Key products’ market share (amount basis)

- **FY2015 Still Camera Market**
  - Market size: 1,810bn yen
  - Sony 14%

  - Components
    - ILC (Incl. Lens): 12% (No.3)
    - (No.1 in Mirror-less camera)
    - DSC: 20% (No.2)
    - (No.1 in Premium DSC*)

- **FY2015 Video Camera Market**
  - Market size: 480bn yen
  - Sony 31%

  - Components
    - Video cameras for consumer (POV + Conventional)
    - Video cameras for business (Prosumer + Professional)

*1: Premium DSC= DSC with large (1/1.7inch and over) imager or high zoom (20x and over)

Source: Sony
Sony IR Day 2016
Home Entertainment & Sound Segment
June 29, 2016

Ichiro Takagi
Executive Vice President
Officer in charge of Home Entertainment & Sound Business, Consumer AV Sales & Marketing
Sony Corporation
Representative Director & President
Sony Visual Products Inc.
Representative Director & President
Sony Video & Sound Products Inc.

Agenda
1. HE&S Segment FY2015 Review
2. HE&S Segment FY2016 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 & Marketing
4. Reference Materials

*FY2015 = Fiscal year ended on March 31, 2016
1. FY2015 Review

**Results**
- **TV Business**
  - Increase sales of high value-added products
  - Cost reductions such as inventory disposal costs
  - Operational improvement
- **Video & Sound Business**
  - Line up expansion in high value-added products (high resolution etc.)
  - Cost reduction through operational improvement

**Issues**
- **TV Business**
  - Counteract foreign exchange rates
  - Maintain stable profitable structure
- **Video & Sound Business**
  - Sales expansion in Audio growing categories

---

*The figures for sales & operating income include pre-installed automotive audio products which were previously included in the Devices segment.*

*1: Impact of foreign exchange fluctuations is calculated using the sales and costs denominated in each currency in FY2015 and comparing them with the previous fiscal year.*
2. FY2016 Action Plan

TV Business - Market Trends and Sony Sales Plan

**Shift to premium 4K TV segment based on conservative market assumption**

**LCD TV Market Trends (by units)**

- 2K: 188 (16%), 242 (16%
- 4K: 50 (25%), 200 (25%)

**Sony Sales Amount**

- 4K: 797.8 (bln Yen)
- 2K: 150 (bln Yen)

*Source: Sony*

- Definition of Premium 4K: ASP greater than USD1,500, Spec: 120Hz
TV Business – New Model Concept

Enhance the product value by 4K HDR

**Immersive Picture Quality**
New backlight system
4K HDR Processor

**Sony Unique Design**
Ultra slim form becomes “a slice of living room”

**Extremely Easy Content Access**
Easy to operate TV and access content

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TV Business – Business Direction

Maintain and enhance a profitable business consistently

◆ **Power of products**
  Enhance fundamental value and pursue innovativeness and differentiation in high value-added products

◆ **Competitive cost structure**
  Mitigate risk by reducing costs based on a sound sales forecast

◆ **Operational excellence**
  ▪ Continue strong supply and demand chain management and measure ROIC to increase capital efficiency
  ▪ Close inventory control and minimize loss
Video & Sound Business - Priorities

Increase profitability through reinforcing products and sales resources in audio growth categories

- Expand and diffuse premium products
- Strengthen products competitiveness in audio growth categories.
  (Headphones, Sound Bars, Wireless Speakers)
- Most suitable marketing in each region and reinforcement of sales
- Continuous investment in R&D for the future

Sales expansion in the growth categories

<table>
<thead>
<tr>
<th></th>
<th>Sales expansion in the growth categories</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Audio Other Category</td>
</tr>
<tr>
<td>FY14</td>
<td>30%</td>
</tr>
<tr>
<td>FY15</td>
<td>43%</td>
</tr>
<tr>
<td>FY16(Fct)</td>
<td>51%</td>
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</table>

FY2016 Forecast

Operating Income Analysis

<table>
<thead>
<tr>
<th></th>
<th>Operating Income Analysis</th>
<th>(bn yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong> 1,159.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td></td>
<td>1,040</td>
</tr>
<tr>
<td>FY15 50.6</td>
<td></td>
<td></td>
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<tr>
<td>FY15 Volume Down</td>
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<tr>
<td>FY15 Price Erosion</td>
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<td>FY15 Cost Reduction</td>
<td></td>
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<tr>
<td>FY16 Model Mix</td>
<td></td>
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<tr>
<td>FY16 Improvement</td>
<td></td>
<td></td>
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<tr>
<td>FY16 May, Forecast</td>
<td></td>
<td></td>
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<tr>
<td>FY16 Exchange Rates</td>
<td></td>
<td>36</td>
</tr>
<tr>
<td>FY16 Exchange Rates*1</td>
<td></td>
<td></td>
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<tr>
<td>FY16 Exchange Rates*2</td>
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<td></td>
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<tr>
<td>FY16 Forecast</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

TV Business

- Maintain and strengthen market competitiveness through high value-added products
- Further strengthen operations
  - Continue sell-through oriented operation and flexible production
  - ROSIC oriented management

Video & Sound Business

- Increase high value-added through strengthening products competitiveness in higher value zone & growth categories
- Operational Improvement
- Structure reinforcement for future R&D investment

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*1 The figures for sales & operating income include pre-installed automotive audio products which were previously included in the Devices segment.
*2 The FY2016 forecasts for the segments have been calculated using the assumed foreign currency rates of approx. 113 yen to the U.S. dollar and approx. 129 yen to the euro.
*3 Forecasted impact of foreign exchange fluctuations is calculated using the sales and costs denominated in each currency in the FY2016 business plan and comparing them with the previous fiscal year.
3. Consumer AV Sales & Marketing

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
    - Steadily execute basic practices of sales & marketing
    - 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

- Develop integrated sales activities with business units
Establish competitive global Sales & Marketing operation

Unify and integrate domestic and overseas resources and know-how, further enhance global Sales & Marketing operation to improve profit

- Establish new Sony Marketing Inc.
  - Unify Sales & Marketing functions, and execute speedy decision making in sales companies
  - Enhance operation globally by sharing best practices
  - Utilize and develop both domestic and overseas human resources
  - Integrate with business unit marketing organizations

Establish Sales & Marketing operation that continues to generate profit in all regions

4. Reference Materials
TV Business - FY2015 Sales & Unit / Value Share

- Sales by Key Product

- Sales by Region

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

- LCD TV Value Share by Manufacturer
  Source: Sony
  For the most recent year

Video & Sound Business – FY2015 Sales by Key Products & Sales by Region

- Sales by Key Product

- Sales by Region

- 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.
Video & Sound Business - Key Products’ Market Share (Value basis)

Headphones

#3 in Japan
#1 in Japan/Europe

Wireless Speakers

#1 in Japan

Sound Bars

#4 in Japan

Digital Music Players (WALKMAN)

#1 in Japan

Home Video (Blu-ray Players/Recorders)

#3 in Japan

※ Source: Sony
For the most recent year
*1 EU5: UK, France, Germany, Italy, Spain
*2 EU3: UK, France, Germany

Sony IR Day 2016
Semiconductor Business
June 29, 2016

Terushi Shimizu
Business Executive
Sony Corporation
Representative Director and President
Sony Semiconductor Solutions Corporation
1. FY2015 Business Overview
2. FY2016 Business Overview

1. FY2016 Business Overview
The image sensor business is our core business

Sales by Products

- **Image Sensor**
  - Strengthen as the primary pillar of the business
- **Camera Module**
  - Restructure
- **LSI, Display Device etc.**
  - Develop differentiated technology

**FY2015 Sales**

- **Image Sensor**
- **Camera Module**
- LSI, Laser Display Device etc.

- **740 bln yen**

**Applications**

- **Image Sensor**
- **Camera Module**
- **LSI, Display Device etc.**

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Semiconductor Business Overview

**The image sensor business is our core business**

Image sensors, camera modules, LSI, micro-display devices, optical pickups and other products are included in the above sales of the semiconductor business. This is different from the definition of semiconductors sales which have been disclosed at previous earnings announcements because optical pickups and other products were not included in those sales.

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FY2015 Financial Performance

Decline in profit of image sensor and camera module businesses

<table>
<thead>
<tr>
<th>Sales (bln-yen)</th>
<th>700</th>
<th>740</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Operating Income</th>
</tr>
</thead>
</table>

- **Foreign Exchange rate**
- **Factors related to sales**
- **Increase of OPEX**
- **Impairment of Module Assets**

**Image Sensor**

- In the mobile space, supply constraints occurred in the first half and demand for image sensors for high-end smartphones weakened in the second half
- Operating income downwardly revised

**Camera Module**

- Revised projected future demand
  - Impairment incurred

---

Currency Exchange rate

- **FY14**
  - 1USD= 110JPY
- **FY15**
  - 120JPY
2. FY2016 Business Overview

FY2016 Financial Performance

1st priority is to improve the profitability of the image sensor business for mobile

- **Image Sensor**
  - In the mobile space, re-acquire customers lost in FY15 and recover market share
  - Aggressively expand sales to the high-end and middle-end of the smartphone market

- **Camera Module**
  - Consider the appropriate size of the business

---

### FY2015

- **Sales (bln-yen)**: 740
- **Operating Income (bln-yen)**: 740

### FY2016 (Forecast as of May 2016)

- **Sales (bln-yen)**: 113
- **Operating Income (bln-yen)**: 113

---

- **Currency Exchange rate**
  - 1USD = 120JPY
  - 113JPY

- **Factors related to sales**
  - Increase of OPEX

- **Impact of FY15 Module impairment**

- **Restructuring Module Business**

- **Foreign Exchange rate**

- **Earthquake Impact Including Insurance Benefit**

- ▲30

- ▲50
FY2016 Business Direction

1. **Image Sensor business for mobile**
   - Focus on increasing market share
   - Enhance high-value added products
   - Prepare for the arrival of multi-camera smartphones

2. **Expand in the sensing field**
   - Attempt to expand in the areas of security, automotive and factory automation (“FA”)

---

**Image Sensor Business for Mobile**

- Aim to expand Sony’s market share through differentiated technology and revitalize the high-value added image sensor market

![Shipments composition forecast of Sony image sensor](chart1)

![Worldwide shipment forecast of smartphones](chart2)

(Source: Sony)
Long-term Business Vision

Continue to be a leading company which is essential to society even after a decade

---

Forecasted Market Trend of Image Sensors

Sensing as well as mobile business is expected to grow

(Bil. USD)

Image sensing market size trend (amount)

- Mobile phone
- Tablet
- Notebook
- DSC/Camcoder
- Security
- Automotive
- FA
- Medical
- Others

CAGR* (2014-2020)

8% 27% 30% 4%

FA
Automotive
Security
Mobile phone

(Source: Sony)

* CAGR: Compound Annual Growth Rate
Expectations in the Industrial Segment

**Security**
- Security System Network

**Automotive**
- Self-driving System
  (combination of automotive cameras and town cameras)

**FA**
- Manufacturing System

Attempt to expand our business in the sensing market with an eye to social

Security: Sony’s Technology Drives the Potential of the Market

- The resolution and sensitivity of our sensors, which exceed the limits of the human eye, dramatically expand the possibilities of security cameras

- By enhancing the functionality of image sensors, we can recognize a variety of scenes and make possible social smartification in the future

*STARVIS™* is back-illuminated pixel technology used in surveillance cameras to clearly recognize objects in low light situations

**Characteristics of STARVIS**
- Back-illuminated pixel technology
- Enhanced sensitivity in the near-infrared range

Conventional product

Comparison using 0.08lx illuminance

* Condition with F5.6, 1s, 706cd/m² light source, Color version
Automotive: Deploy the Best Low-Defect Image Sensors in Automotives

By proving their environmental durability which was their weakness, image sensors are playing a role in automated driving

Characteristics of Sony’s Image Sensor

<table>
<thead>
<tr>
<th>Type</th>
<th>Application</th>
<th>Object sensing</th>
<th>Distance sensing</th>
<th>Environmental Durability</th>
<th>Install Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single lens camera</td>
<td>Mid-short distance sensing, white lines, traffic signal sensing</td>
<td>◎</td>
<td>◯</td>
<td>◯</td>
<td>○</td>
</tr>
<tr>
<td>Stereo camera</td>
<td>Long-mid distance sensing, white lines, traffic signal sensing</td>
<td>◎</td>
<td>◯</td>
<td>◯</td>
<td>△</td>
</tr>
</tbody>
</table>

Characteristics of Other Sensors

<table>
<thead>
<tr>
<th>Type</th>
<th>Application</th>
<th>Object sensing</th>
<th>Distance sensing</th>
<th>Environmental Durability</th>
<th>Install Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrared</td>
<td>Night-time sensing</td>
<td>◎</td>
<td>◯</td>
<td>◯</td>
<td>×</td>
</tr>
<tr>
<td>77GHz Radar</td>
<td>Long-mid distance sensing (30m or more)</td>
<td>×</td>
<td>◯</td>
<td>◯</td>
<td>△</td>
</tr>
<tr>
<td>24GHz Radar</td>
<td>Short distance sensing (up to 30m)</td>
<td>×</td>
<td>◯</td>
<td>◯</td>
<td>◯</td>
</tr>
<tr>
<td>Laser Rader</td>
<td>Angle functionality</td>
<td>◯</td>
<td>◯</td>
<td>△</td>
<td>×</td>
</tr>
<tr>
<td>Ultrasonic</td>
<td>Ultra-short distance sensing (up to 2m)</td>
<td>×</td>
<td>×</td>
<td>△</td>
<td>◯</td>
</tr>
</tbody>
</table>

FA: Significantly Improve Factory Productivity through Image Sensor Evolution

- Make high performance robot systems with Sony’s high performance image sensors

• Recognizes the position of objects faster than before through high speed capturing and image processing technology
• This technology is expected to be used on many production lines
**Sensing Solution: ToF Image Sensor & Image Processing LSI**

Starting to approach the potential markets where these technologies can be used

- Combination with Softkinetic’s and Sony’s technology
- Start to develop a small ToF based image sensor

**Potential Market**

- Face recognition
- Gesture recognition
- Object recognition
- Stereo-depth measurement
- Eye-gaze tracking
- Iris verification

**Image Recognition LSI**

**Product Release (planned)**

- ’16
- ’17
- ’18

**ToF based Image Sensor**

**Potential use case**

- Sales: 1,100〜1,250 bln yen
- Operating Income Margin: 10%〜12%

**Financial Target for FY2017**

**Previous Target**

Sales: 1,100〜1,250 bln yen
Operating Income Margin: 10%〜12%

**Latest Target**

Sales: 780〜830 bln yen
Operating Income Margin: 6%〜8%

- Sales and operating income are downwardly revised due to lower projected growth of high-end and multi-camera type smartphones as well as our change in strategy regarding the camera module business
- Aim to quickly improve the profitability of the image sensor business for mobile by expanding sales and increasing the proportion of high-value added image sensors
Revision of the FY2017 Financial Targets by Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>Assumed foreign currency exchange rates</th>
<th>Before revision</th>
<th>After revision (As of June 2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US 1$ = ¥110 / 1€ = ¥138</td>
<td></td>
<td>US 1$ = ¥113 / 1€ = ¥129</td>
</tr>
<tr>
<td>Mobile Communications (MC)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>1,000〜1,250</td>
<td>3〜5%</td>
<td>900〜1,050</td>
</tr>
<tr>
<td>Operating Income Margin</td>
<td></td>
<td></td>
<td>1.5〜3.5%</td>
</tr>
<tr>
<td>Game &amp; Network Services (G&amp;NS)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>1,400〜1,600</td>
<td>5〜6%</td>
<td>1,800〜1,900</td>
</tr>
<tr>
<td>Operating Income Margin</td>
<td></td>
<td></td>
<td>8〜10%</td>
</tr>
<tr>
<td>Imaging Products &amp; Solutions (IP&amp;S)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>680〜730</td>
<td>7〜9%</td>
<td>630〜680</td>
</tr>
<tr>
<td>Operating Income Margin</td>
<td></td>
<td></td>
<td>8〜10%</td>
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<tr>
<td>Home Entertainment &amp; Sound (HE&amp;S)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>1,000〜1,100</td>
<td>2〜4%</td>
<td>1,000〜1,100</td>
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<tr>
<td>Operating Income Margin</td>
<td></td>
<td></td>
<td>3〜5%</td>
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<tr>
<td>Devices</td>
<td></td>
<td></td>
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<tr>
<td>(Semiconductor business only)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>1,300〜1,500</td>
<td>10〜12%</td>
<td>1,000〜1,050</td>
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<tr>
<td>Operating Income Margin</td>
<td></td>
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<td>5〜7%</td>
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<tr>
<td>Sales</td>
<td>1,100〜1,250</td>
<td>10〜12%</td>
<td>780〜830</td>
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<tr>
<td>Operating Income Margin</td>
<td></td>
<td></td>
<td>6〜8%</td>
</tr>
<tr>
<td>Pictures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>10〜11 bln U.S. dollars</td>
<td>7〜8%</td>
<td>9.5〜10.5 bln U.S. dollars</td>
</tr>
<tr>
<td>Operating Income Margin</td>
<td></td>
<td></td>
<td>6〜7%</td>
</tr>
<tr>
<td>Music</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Sales</td>
<td>4.9〜5.3 bln U.S. dollars</td>
<td>7〜8%</td>
<td>5.1〜5.5 bln U.S. dollars</td>
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<tr>
<td>Operating Income Margin</td>
<td></td>
<td></td>
<td>11〜12%</td>
</tr>
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</table>

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(iii) Sony’s ability to continue to design and develop and win acceptance of, as well as achieve sufficient cost reductions for, its products and services, including televisions, game and network platforms and smartphones, which are offered in highly competitive markets characterized by severe price competition and continual new product and service introductions, rapid development in technology and subjective and changing consumer preferences;
(iv) Sony’s ability and timing to recoup large-scale investments required for technology development and production capacity;
(v) Sony’s ability to implement successful business restructuring and transformation efforts under changing market conditions;
(vi) Sony’s ability to implement successful hardware, software, and content integration strategies for all segments excluding the Financial Services segment, and to develop and implement successful sales and distribution strategies in light of the Internet and other technological developments;
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(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;
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(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;
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