

**SONY**

# **Corporate Strategy Meeting**

June 29, 2016

**Sony Corporation**

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**Progress of Mid-Range  
Corporate Plan (FY2015~2017)**

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## Switched Gears from FY2015 to Profit Generation and Investment for Growth

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~FY2014

FY2015~2017

First Mid-Range Plan

Second Mid-Range Plan

**Transforming  
Sony**

**Profit generation and  
investment for growth**

**Transformation  
into  
a highly profitable  
enterprise**

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## Second Mid-Range Corporate Plan

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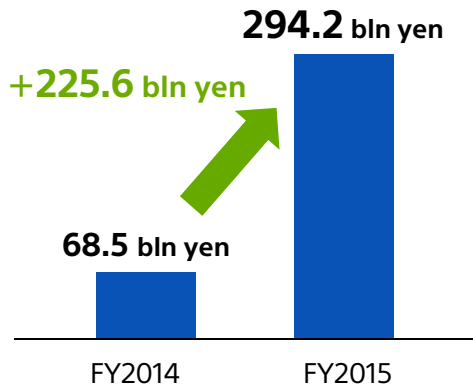
- Key Strategies -

- **Management that emphasizes profitability without necessarily pursuing volume**
- **Greater autonomy at business units with a focus on shareholder value**
- **Clearly defined positioning of each business**

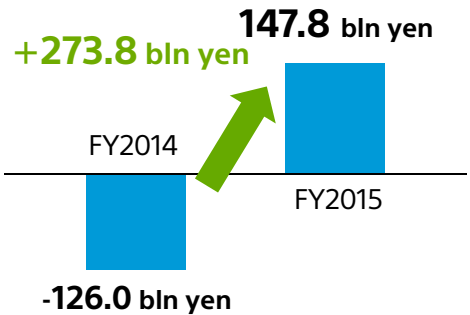
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# FY2015 Consolidated Results

## Operating income



## Net income attributable to Sony Corporation's stockholders



# Kumamoto Technology Center



## Sony Semiconductor Manufacturing Corporation Kumamoto Technology Center

Established in October 2001

Location : Kikuyo-machi, Kikuchi-gun Kumamoto

Number of Employees : 3,200 (including temporary)

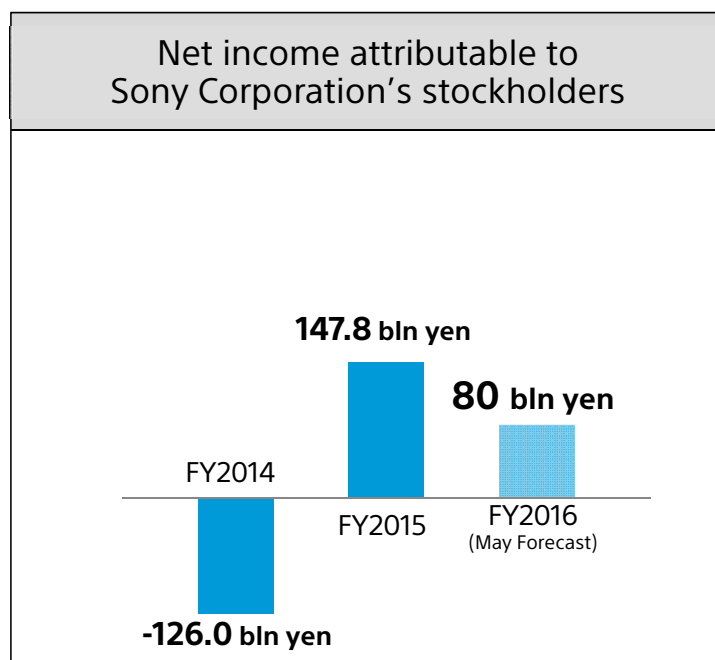
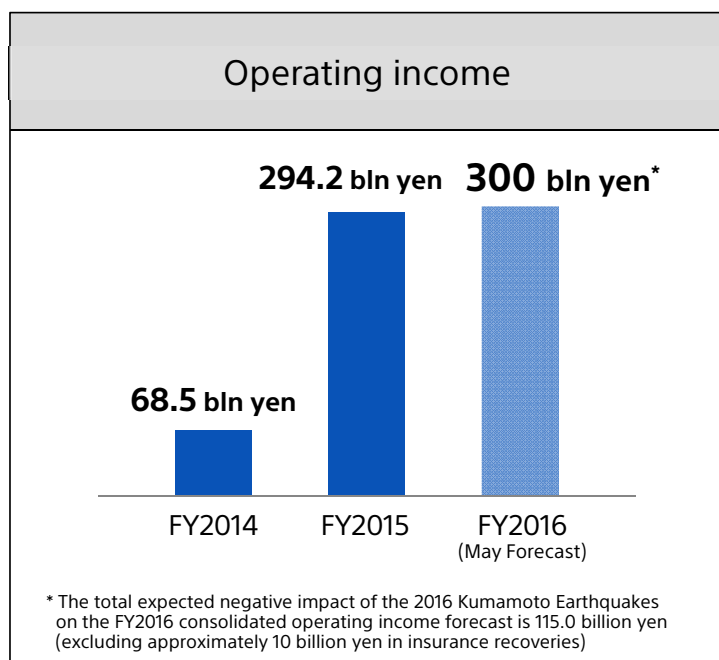
Main Products : CCD/CMOS Image Sensor

HLCD (High-temperature Poly-Si TFT LCD)

SXRD

**Aim to reach full utilization for CMOS Image Sensors  
on a wafer input basis around the end of August**

# FY2016 Consolidated Results Forecast



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## Revision of the FY2017 Financial Targets by Segment

(bln yen)		Before revision <sup>6</sup>	After revision (As of June 2016)
Assumed foreign currency exchange rates <sup>4</sup>		US 1\$ = ¥110 / 1€ = ¥138	US 1\$ = ¥113 / 1€ = ¥129
Mobile Communications (MC)	Sales <sup>5</sup>	1,000~1,250	900~1,050
	Operating Income Margin	3~5%	1.5~3.5%
Game & Network Services (G&NS)	Sales <sup>5</sup>	1,400~1,600	1,800~1,900
	Operating Income Margin	5~6%	8~10%
Imaging Products & Solutions (IP&S)	Sales <sup>5</sup>	680~730	630~680
	Operating Income Margin	7~9%	8~10%
Home Entertainment & Sound (HE&S)	Sales <sup>5</sup>	1,000~1,100	1,000~1,100
	Operating Income Margin	2~4%	3~5%
Devices	Sales <sup>5</sup>	1,300~1,500	1,000~1,050
	Operating Income Margin	10~12%	5~7%
(Semiconductor business only <sup>1</sup> )	Sales <sup>5</sup>	1,100~1,250	780~830
	Operating Income Margin	10~12%	6~8%
Pictures <sup>2</sup>	Sales <sup>5</sup>	10~11 bln U.S. dollars	9.5~10.5 bln U.S. dollars
	Operating Income Margin	7~8%	6~7%
Music <sup>3</sup>	Sales <sup>5</sup>	4.9~5.3 bln U.S. dollars	5.1~5.5 bln U.S. dollars
	Operating Income Margin	10.5~11.5%	11~12%

1. Semiconductor business includes image sensors, camera modules, LSI and micro-display devices.

2. The U.S. dollar targets 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.

3. The U.S. dollar targets in the Music segment are derived by converting Sony Music Entertainment Japan's yen target for the segment into U.S. dollars and adding the product to Sony Music Entertainment and Sony/ATV Music Publishing LLC's U.S. dollar target for each line item.

4. The revised FY2017 targets are calculated using the same assumed foreign currency exchange rates used to calculate the FY2016 business segment forecasts announced in April and May of 2016. The assumed foreign currency exchange rates used to calculate the FY2016 consolidated results forecast announced in May 2016 remain unchanged from the 110 yen to the U.S. dollar and 120 yen to the euro.

5. Includes operating revenue and intersegment sales.

6. Reclassifications have been made to conform with business segment realignments announced since November 2014 (February 2015 for Mobile Communications), when initial targets were announced.

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# FY2017 Financial Target

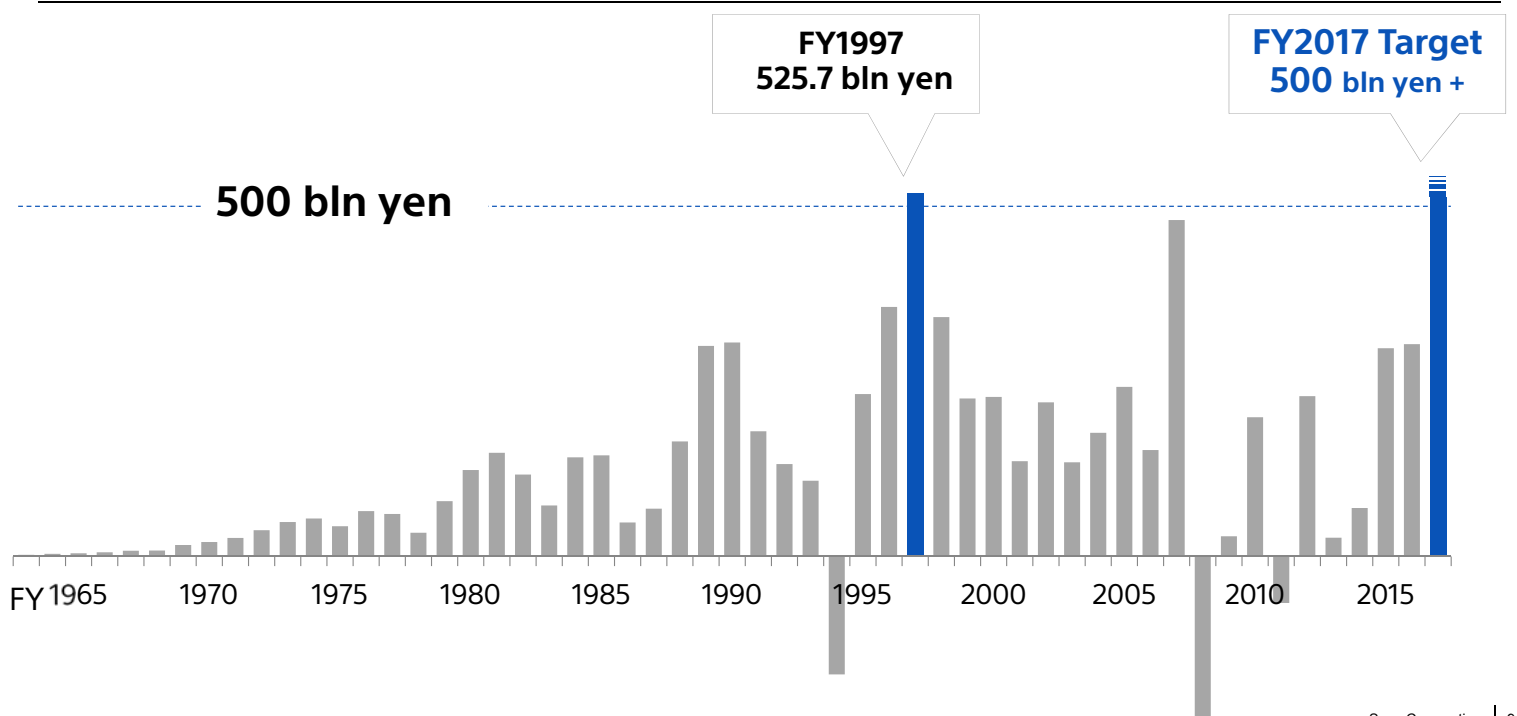
**ROE**

**10% +**

**Operating  
Income**

**500 billion yen +**

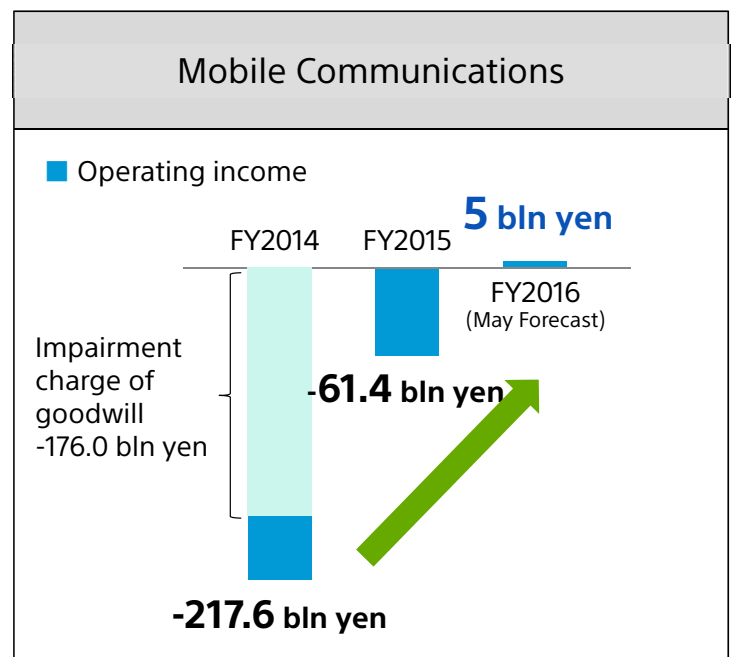
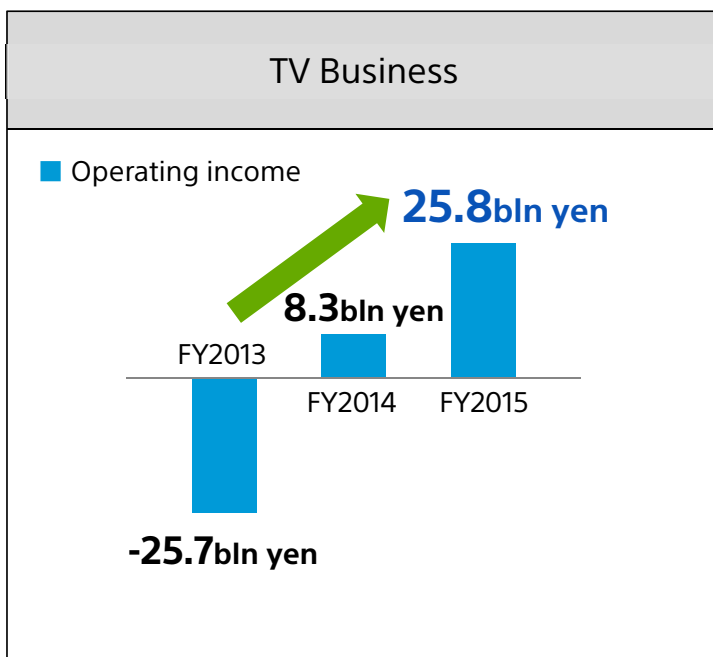
## Consolidated Operating Income Trend (FY1963~)



# Revitalize Consumer Electronics

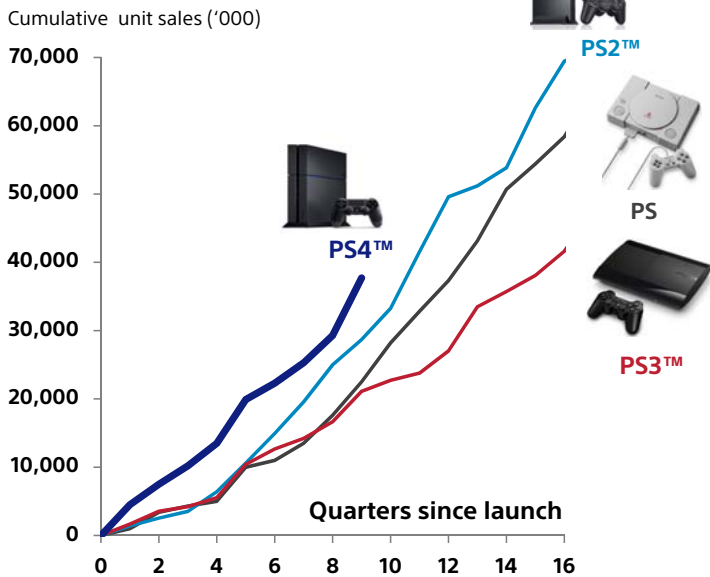


## Significant Improvement in Operating Income



# Game & Network Services

## PlayStation® series cumulative unit sales since launch



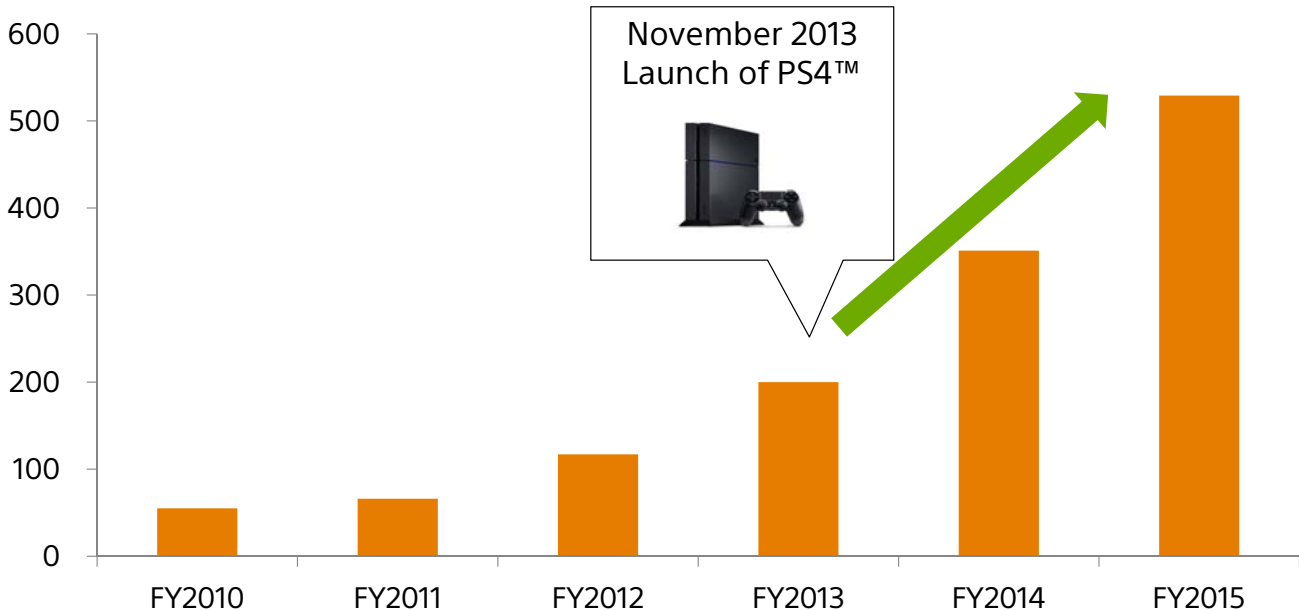
## PlayStation®4

- PlayStation®4 sales surpass 40 million units worldwide\*
- Continue to demonstrate the fastest-selling console in PlayStation® history

\* As of May 22, 2016.

# Growth of Network Business

## Network Sales (Billion yen)





## PlayStation VR

October 2016 Scheduled for Launch in Japan, North America, Europe and Asia

# Entertainment Businesses

Pictures

Breaking Bad



Better Call Saul



Blacklist



Music

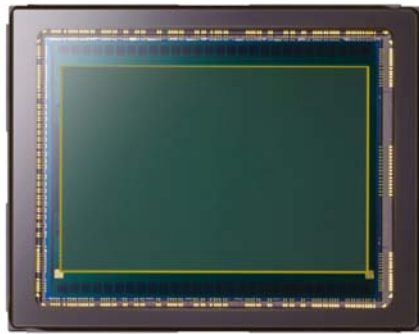


Adele

- Expanding digitization and the rise of streaming services
- Greater demand for content from customers
- Advantage lies in our ability to create premium content



# Devices



CMOS Image Sensors

- **Speed** of response to changes in the market environment
- **Focus** on Sony's areas of strength
- **Expanding image sensor applications and growth in market size over the mid-range**

## Expanding image sensor applications and growth in market size

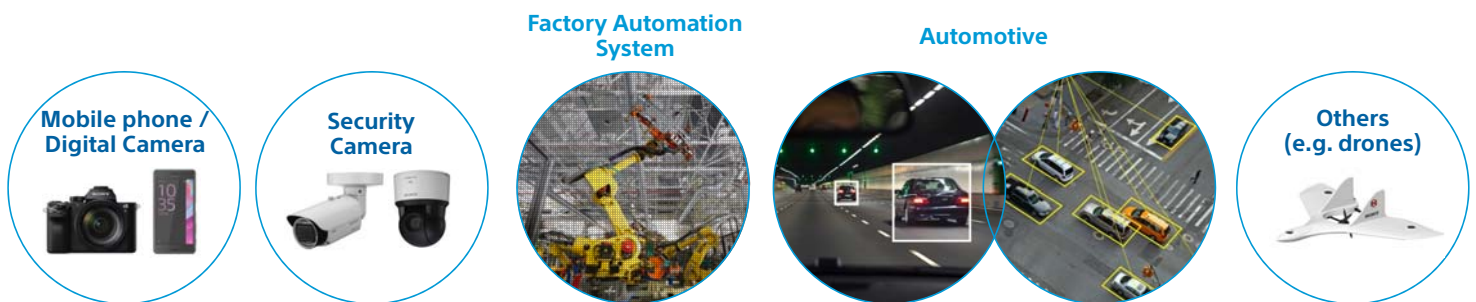
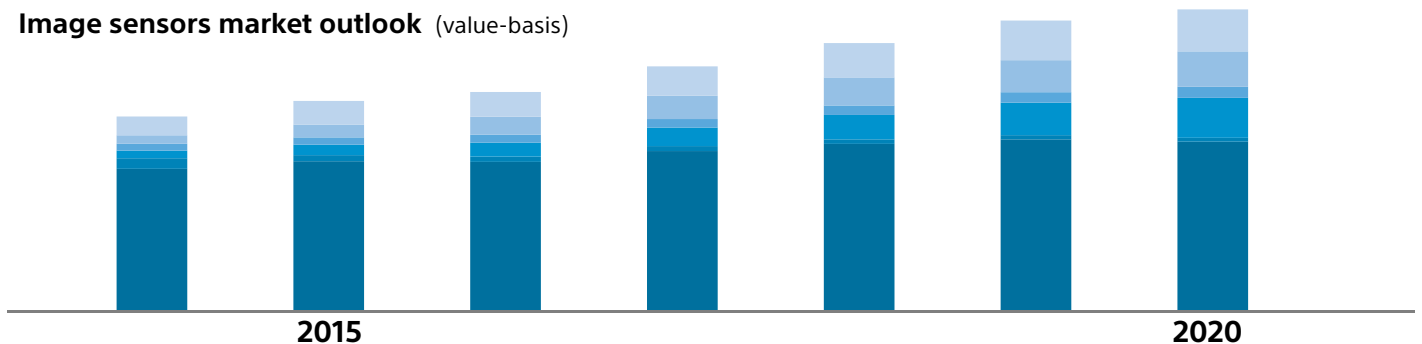


Image sensors market outlook (value-basis)



# Financial Services



 Sony Financial Holdings



- Responding to the ultra-low interest rate environment
- Expect profits to grow over the mid-range from the provision of high quality and convenient financial services

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## Mid-Range Strategy Steps Toward the Future

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## Mission

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**A company that inspires and  
fulfills your curiosity**

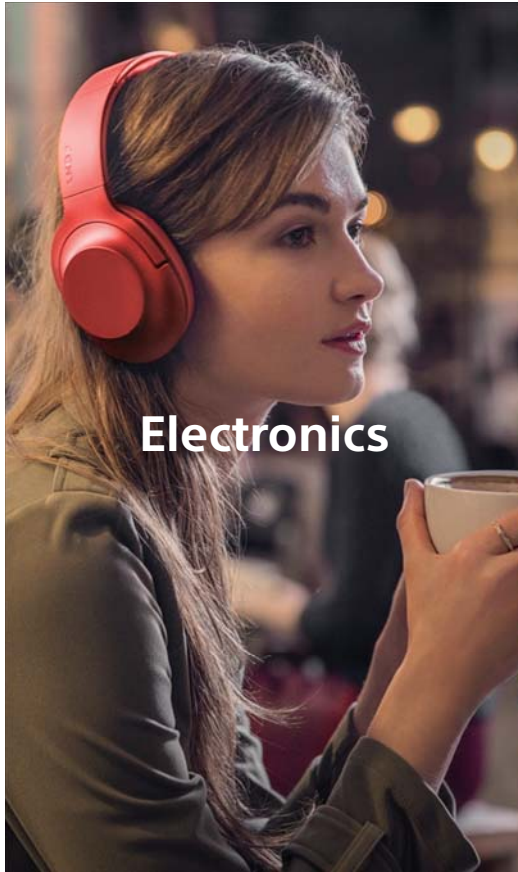


## Vision

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**Using our unlimited passion for technology,  
content and services to deliver,  
groundbreaking new excitement and  
entertainment, as only Sony can.**





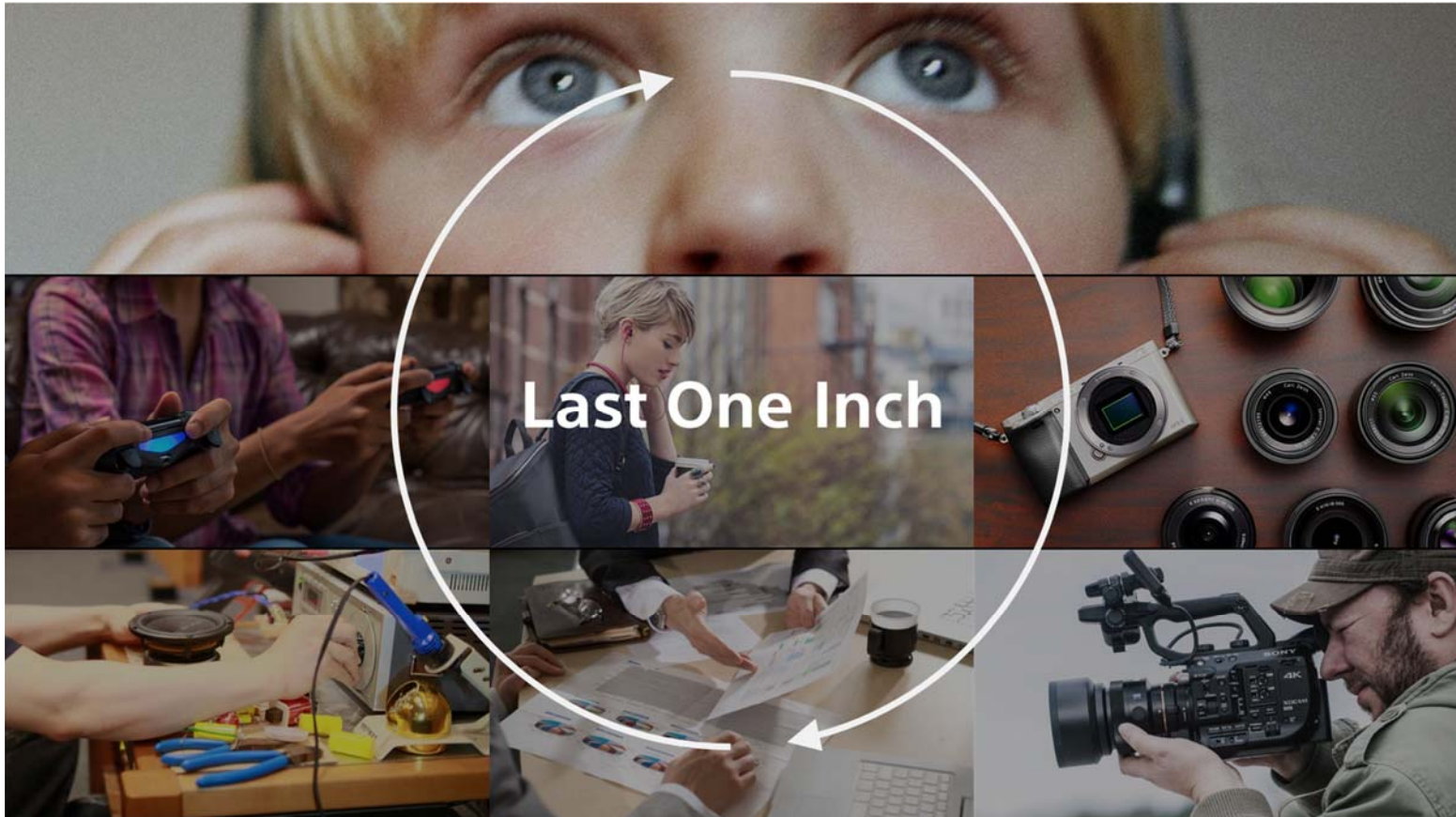
**Electronics**



**Entertainment**



**Financial Services**



**Last One Inch**

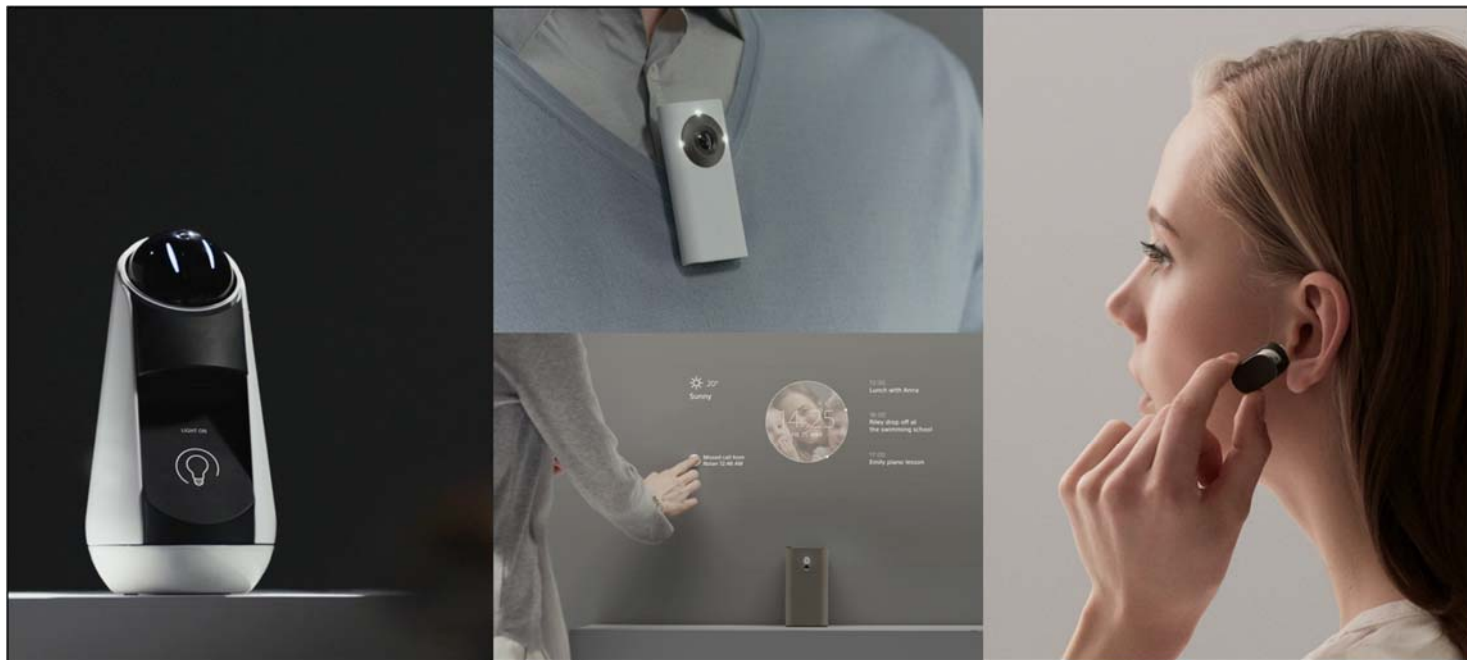




## Expanding the Scope of the Electronics Business



# XPERIA Smart Products



AI  
x  
Robotics

A graphic illustration featuring a human figure on the left, a central 'AI x Robotics' logo, and a network of nodes on the right. The background is a dark gradient with a network of white lines and nodes on the right side.



# **Sony Innovation Fund**

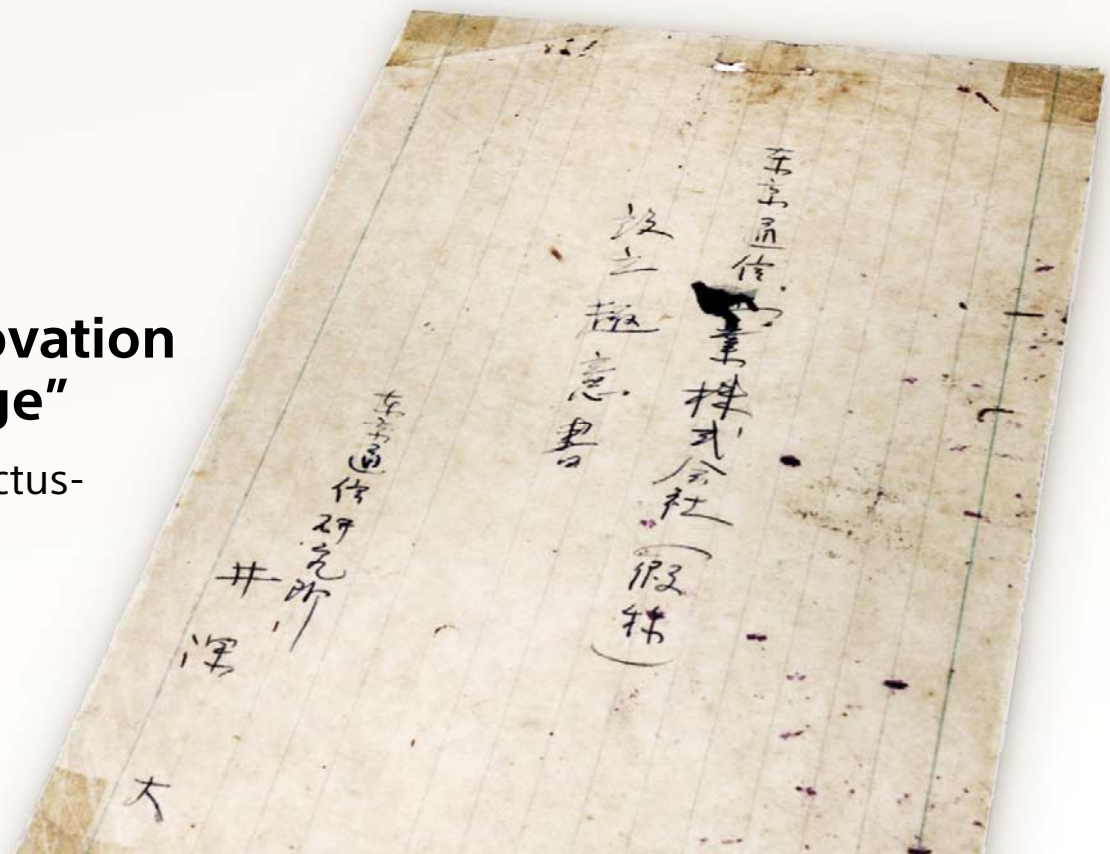
**July 2016 Scheduled for Launch**



70<sup>th</sup>  
SINCE 1946

**"Spirit of innovation  
and challenge"**

- Founding Prospectus -





# SONY

## Cautionary Statement

Statements made in this presentation with respect to Sony's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Sony. Forward-looking statements include, but are not limited to, those statements using words such as "believe," "expect," "plans," "strategy," "prospects," "forecast," "estimate," "project," "anticipate," "aim," "intend," "seek," "may," "might," "could" or "should," and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions, judgments and beliefs in light of the information currently available to it. Sony cautions investors that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore investors should not place undue reliance on them. Investors also should not rely on any obligation of Sony to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Sony disclaims any such obligation. Risks and uncertainties that might affect Sony include, but are not limited to:

- (i) the global economic environment in which Sony operates and the economic conditions in Sony's markets, particularly levels of consumer spending;
- (ii) foreign exchange rates, particularly between the yen and the U.S. dollar, the euro and other currencies in which Sony makes significant sales and incurs production costs, or in which Sony's assets and liabilities are denominated;
- (iii) Sony's ability to continue to design and develop and win acceptance of, as well as achieve sufficient cost reductions for, its products and services, including televisions, game 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;
- (vii) Sony's continued ability to devote sufficient resources to research and development and, with respect to capital expenditures, to prioritize investments correctly (particularly in the electronics businesses);
- (viii) Sony's ability to maintain product quality and customers' satisfaction with its existing products and services;
- (ix) the effectiveness of Sony's strategies and their execution, including but not limited to the success of Sony's acquisitions, joint ventures and other strategic investments;
- (x) significant volatility and disruption in the global financial markets or a ratings downgrade;
- (xi) Sony's ability to forecast demands, manage timely procurement and control inventories;
- (xii) the outcome of pending and/or future legal and/or regulatory proceedings;
- (xiii) shifts in customer demand for financial services such as life insurance and Sony's ability to conduct successful asset liability management in the Financial Services segment;
- (xiv) the impact of changes in interest rates and unfavorable conditions or developments (including market fluctuations or volatility) in the Japanese equity markets on the revenue and operating income of the Financial Services segment;
- (xv) Sony's ability to anticipate and manage cybersecurity risk, including the risk of unauthorized access to Sony's business information, potential business disruptions or financial losses; and
- (xvi) risks related to catastrophic disasters or similar events.

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