

SONY

# Corporate Strategy Meeting

May 23, 2017

Sony Corporation

## FY2017 Financial Targets for Second Mid-Range Plan

**ROE**

**10% +**

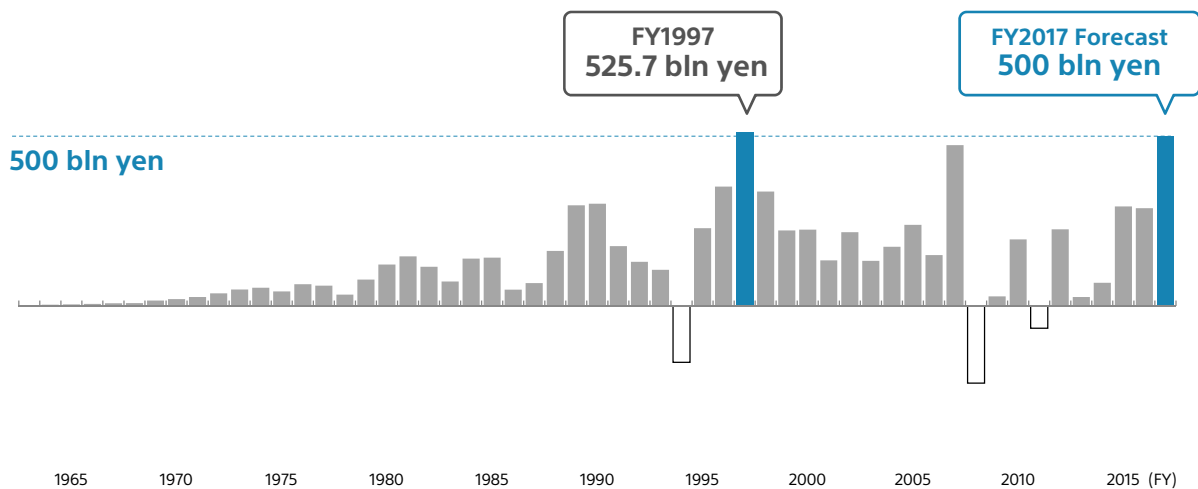
**Operating  
Income**

**500 billion yen +**

## FY2017 Results Forecast by Segment

		(bln yen)	
		FY2017 Forecast	
Mobile Communications	Sales		820
	Operating Income		5
Game & Network Services	Sales		1,890
	Operating Income		170
Imaging Products & Solutions	Sales		640
	Operating Income		60
Home Entertainment & Sound	Sales		1,120
	Operating Income		58
Semiconductors	Sales		880
	Operating Income		120
Pictures	Sales		1,020
	Operating Income		39
Music	Sales		630
	Operating Income		75
Financial Services	Revenue		1,170
	Operating Income		170
All Other, Corporate and elimination	Operating Income		-197
	<b>Consolidated total</b>		
		Sales	<b>8,000</b>
		Operating Income	<b>500</b>

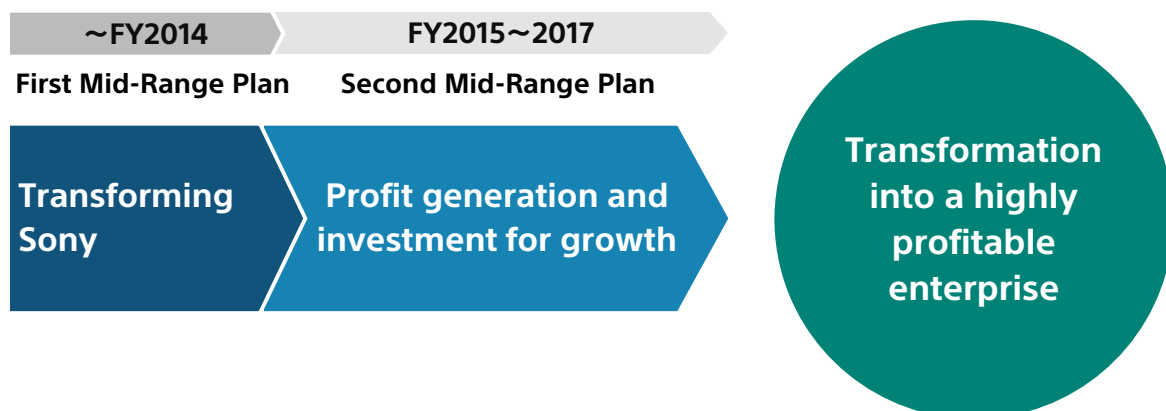
## Consolidated Operating Income Trend (FY1963~)



## Achieve financial targets of Second Mid-Range Plan

Continue to be a company that generates  
a sustainably high level of profit  
and creates new value

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

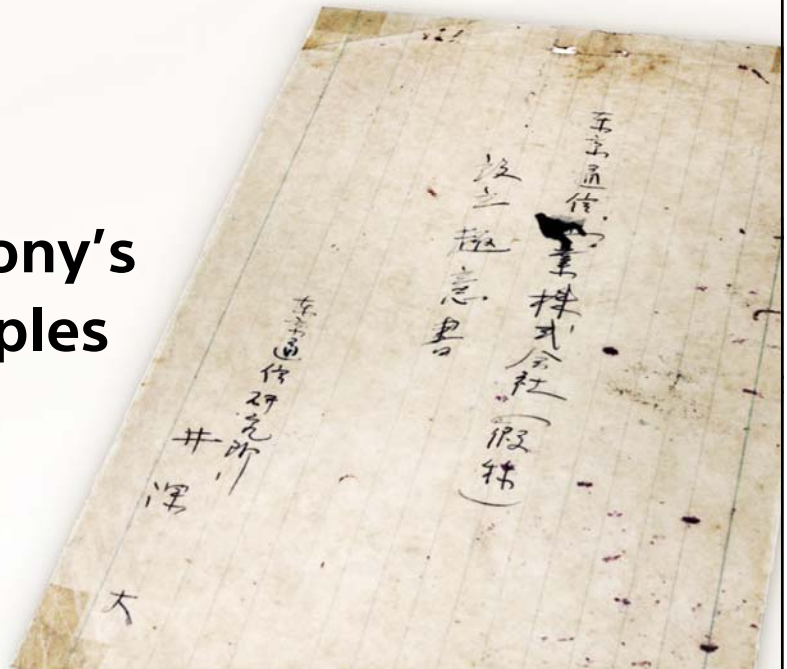


## Revitalization of Consumer Electronics

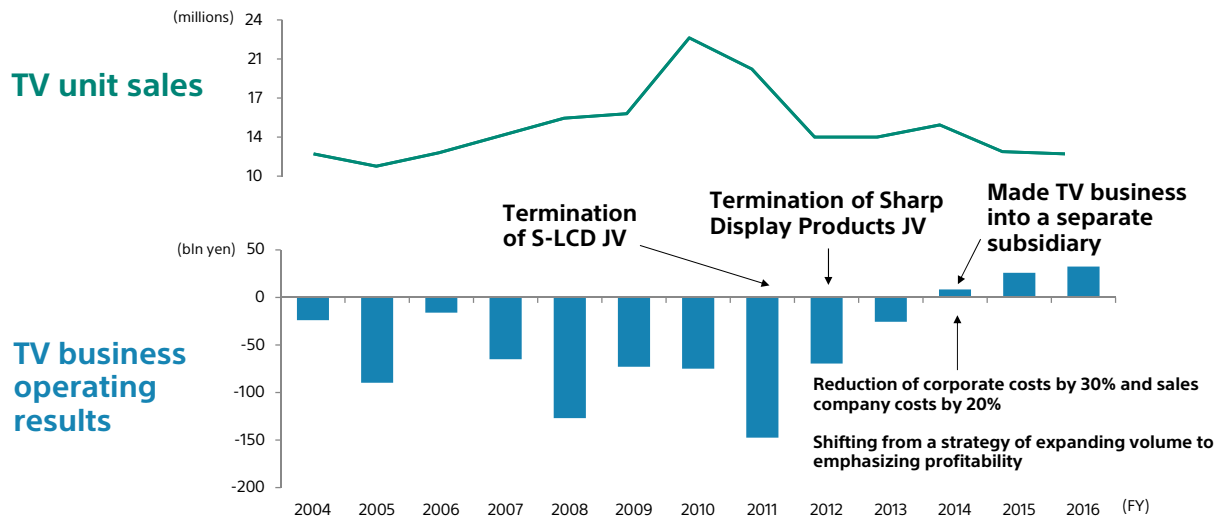


**Emphasizing differentiation, not volume**

## Reawakening Sony's Founding Principles



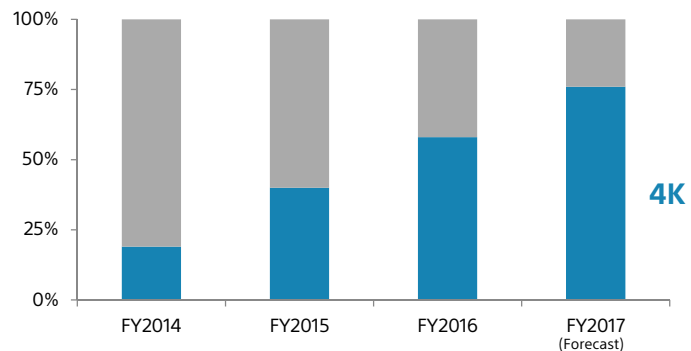
## Operating Results Trend in TV Business (FY2004~)



## Focus on High Added-Value TVs



### 4K Ratio (Revenue basis)



ASP\* **¥57,000** → **¥67,000**

\* TV business revenue / TV unit sales

## Digital Imaging Business



## Digital Imaging Business



RX100



RX100 II



RX100 III



RX100 IV



RX100 V

## Mobile Communications Segment



## Path to Achieving Second Mid-Range Plan Targets

Generate stable profit in consumer electronics

+

Increase profit in the Game & Network Services segment

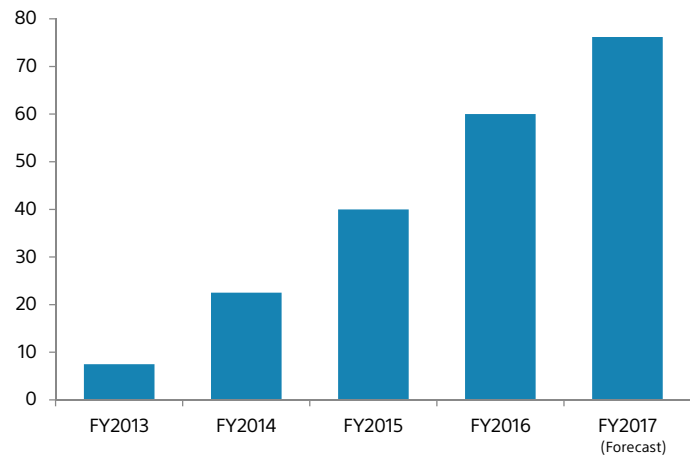
Revive the image sensor business for mobile use

Deliver a consistently high level of profit in the Music  
and Financial Services segments

## Expanding PlayStation®4 Platform



PS4™ cumulative unit sales  
(millions)



## Enhance User Engagement

 PlayStation Network | 

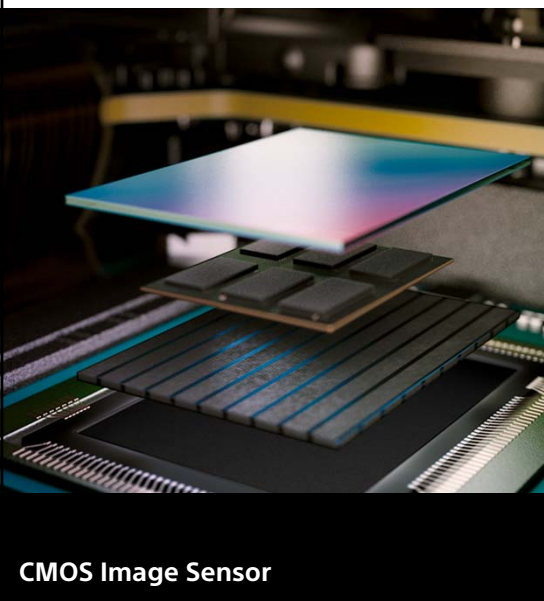
**Monthly Active Users: 70 Million**



## PlayStation®VR



## Reviving the Image Sensor Business for Mobile Use



CMOS Image Sensor

- Respond to changes in the environment in a speedy manner

Drastic downsizing of the camera module business

- Focus on strong CMOS image sensor business

- Trends in the mobile market

Acceleration of dual-lens adoption  
Migration to higher resolution front-facing cameras  
More emphasis on video functionality



## Transform into a More Highly Profitable Business

Smartphone

FA

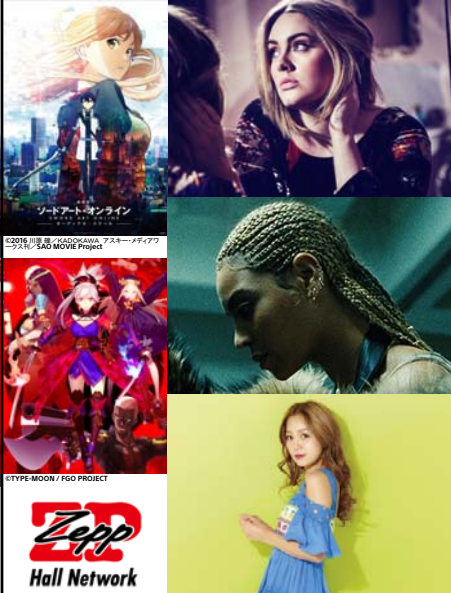


Security

Automotive



## Music Segment



- Generate hits, discover and develop artists
- Pro-actively invest, wholly own subsidiaries  
The Orchard in April 2015  
Sony/ATV Music Publishing in September 2016
- Create new businesses in Japan

## Financial Services Segment

 **Sony Financial Holdings**

 Sony Life       Sony Bank

 Sony Assurance       Sony Lifecare

# Sony Pictures Entertainment



Photo by Joshua White

# Create High Quality Content



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## **Anthony Vinciguerra**

**New CEO of Sony Pictures Entertainment  
Effective June 1, 2017**

## **Sony's Mission**



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





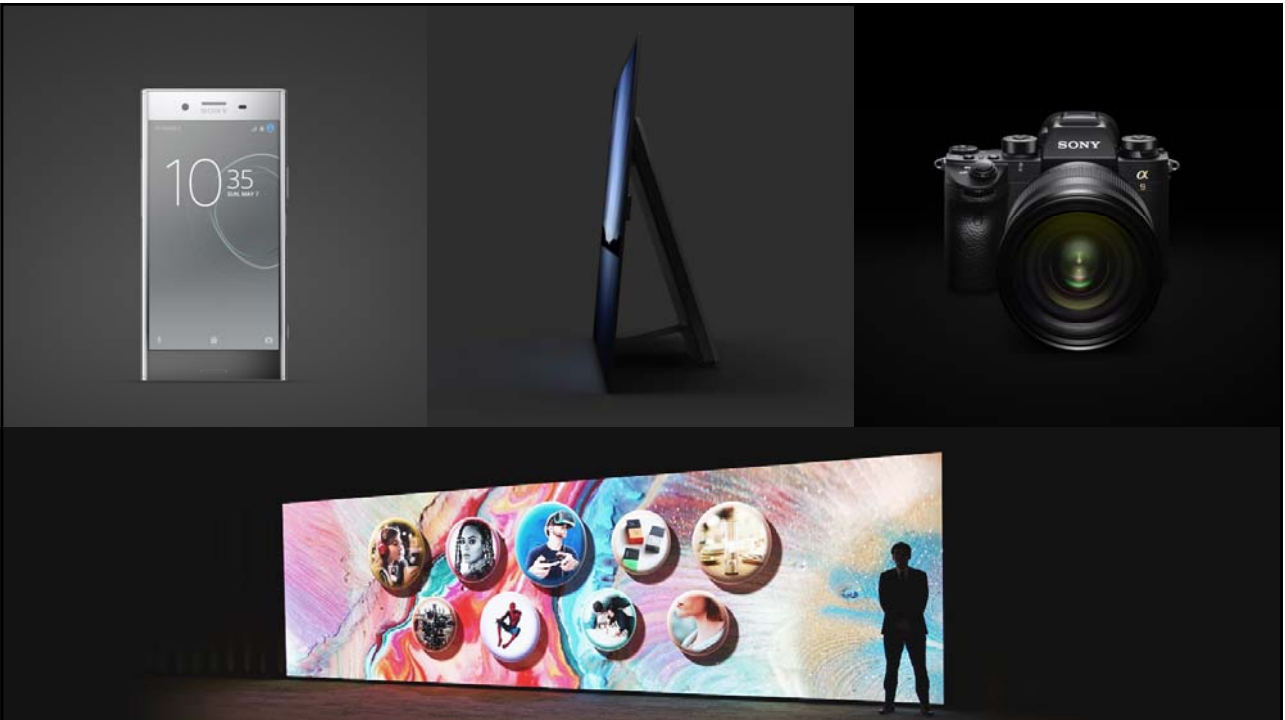
## Looking Forward to FY2018 and Beyond

**"KANDO @ Last One Inch"**

**Enhance recurring revenue business models**

**Be a diverse company that undertakes new businesses**

# KANDO @ Last One Inch



# VR Initiatives across the Sony Group

Creators



Sony  
Interactive  
Entertainment



SONY  
PICTURES



SONY MUSIC

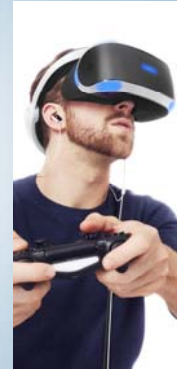
SonyMusic™



PlayStation®VR



Users



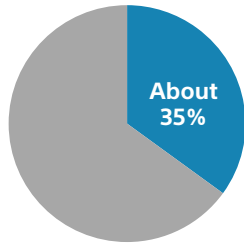
# The Chainsmokers "Paris.VR"



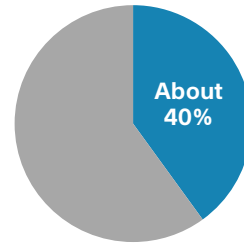


## Enhance Recurring Revenue Businesses

Recurring revenue ratio of consolidated sales



FY2015



FY2017  
(Forecast)



## Genealogy of New Businesses Born of Diversity and Integration

Music	<b>SonyMusic.</b>		+	<b>SONY</b>	1968
Life Insurance	Sony Lifecare		+	<b>SONY</b>	1981
Game	Sony Interactive Entertainment	<b>SonyMusic.</b>	+	<b>SONY</b>	1993
ISP	<b>So-net</b>	<b>SonyMusic.</b>	+	<b>SONY</b>	1995
Mobile	<b>XPERIA</b> Sony Smartphone	<b>ERICSSON</b>	+	<b>SONY</b>	2001
Medical	<b>Sony Olympus Medical Solutions</b>	<b>OLYMPUS</b>	+	<b>SONY</b>	2013

## Medical



## Pursuing New Businesses



# SONY

## Cautionary Statement

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- (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.