

SONY

Sony IR Day 2016

Home Entertainment & Sound Segment

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Agenda

Home Entertainment & Sound Segment

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

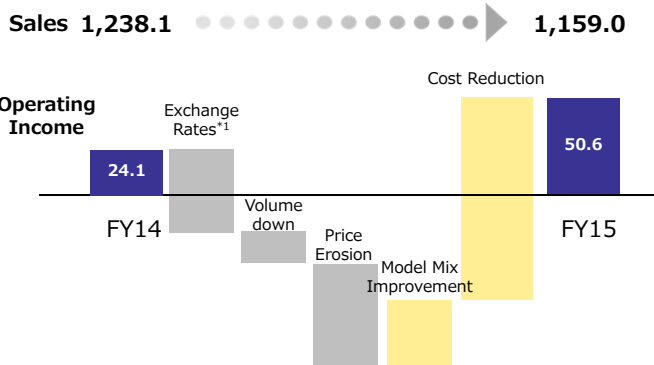
4. Reference Materials

*FY2015 = Fiscal year ended on March 31, 2016

1. FY2015 Review

1. FY2015 Review

Operating Income Analysis (bln yen)



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

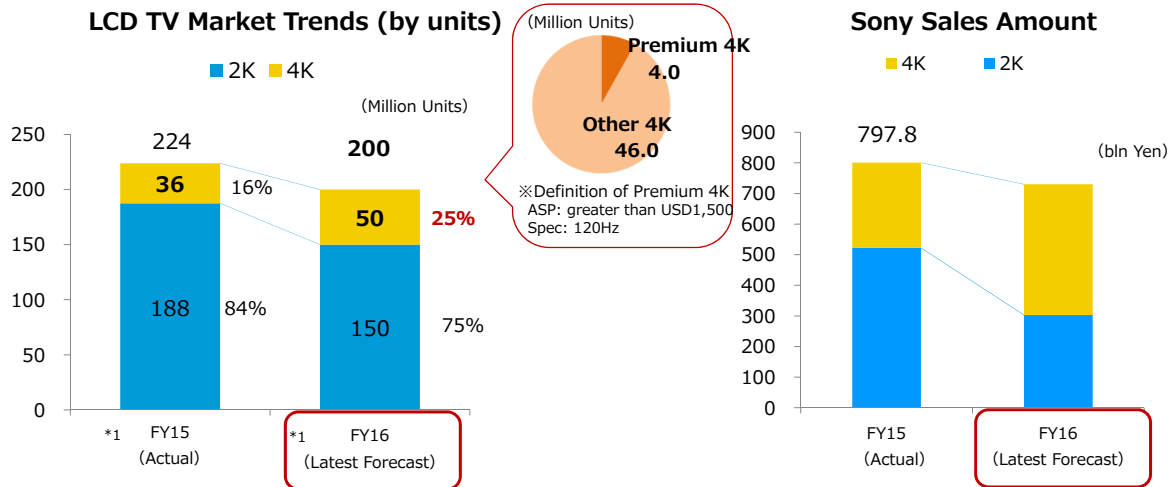
- TV Business
 - Counteract foreign exchange rates
 - Maintain stable profitable structure
- Video & Sound Business
 - Sales expansion in Audio growing categories

· 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



*1 Source: Sony

Enhance the product value by 4K HDR



Immersive Picture Quality

New backlight system
4 K 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

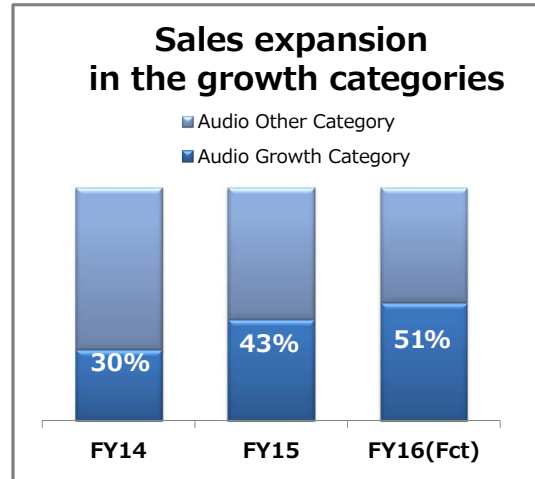


Maintain and enhance a profitable business consistently

- ◆ 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

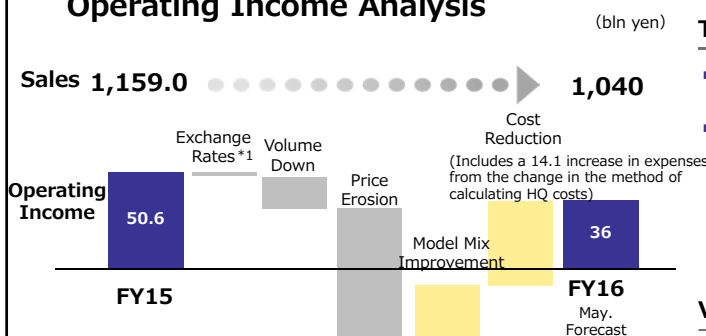
Increase profitability through reinforcing products and sales resources in audio growth categories

- ◆ 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



FY2016 Forecast

Operating Income Analysis



TV Business

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

* The figures for sales & operating income include pre-installed automotive audio products which were previously included in the Devices segment.
 * 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.
 *1: 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



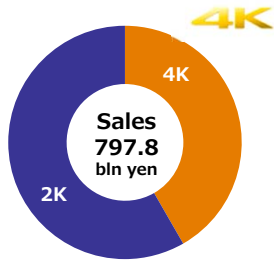
Establish Sales & Marketing operation that continues to generate profit in all regions

4. Reference Materials

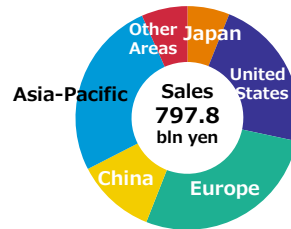
TV Business - FY2015 Sales & Unit / Value Share

Home Entertainment & Sound Segment

Sales by Key Product

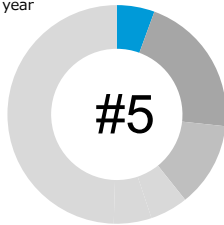


Sales by Region



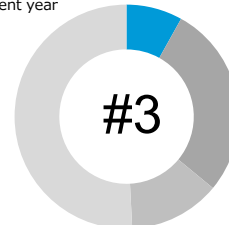
LCD TV Unit Share by Manufacturer

Source: Sony
For the most recent year



LCD TV Value Share by Manufacturer

Source: Sony
For the most recent year



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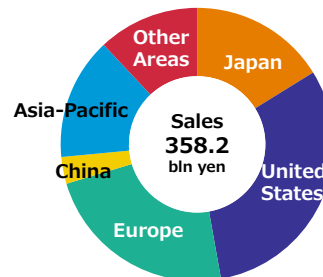
Video & Sound Business – FY2015 Sales by Key Products & Sales by Region

Home Entertainment & Sound Segment

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.

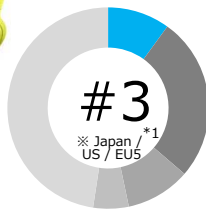
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Video & Sound Business - Key Products' Market Share (Value basis)

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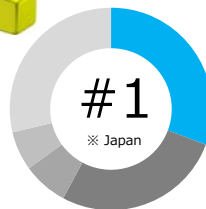
Headphones



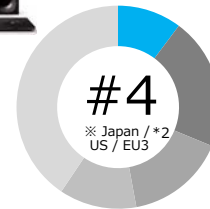
#1 in Japan/Europe



Wireless Speakers



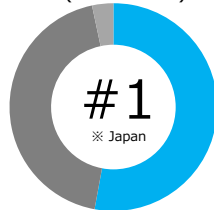
Sound Bars



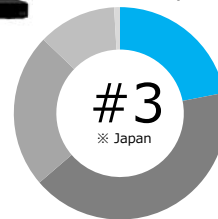
#1 in Japan



Digital Music Players (WALKMAN)



Home Video (Blu-ray Players/Recorders)



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

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- (ii) foreign exchange rates, particularly between the yen and the U.S. dollar, the euro and other currencies in which Sony makes significant sales and incurs production costs, or in which Sony's assets and liabilities are denominated;
- (iii) Sony's ability to 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.