

SONY

Sony IR Day 2015

Home Entertainment & Sound Segment

May 27, 2015

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Sony Corporation
Representative Director & President
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Agenda

Home Entertainment & Sound Segment

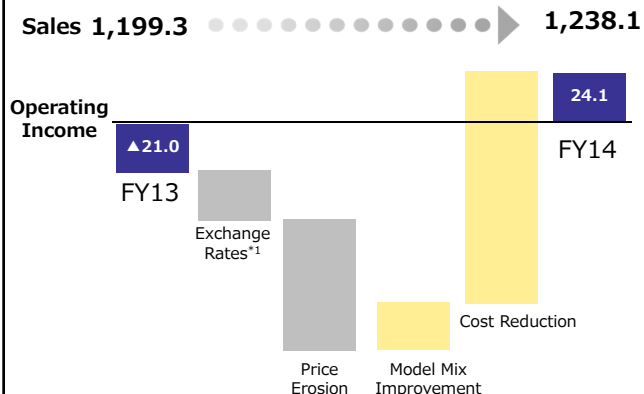
- 1. HE&S Segment FY2014 Review**
- 2. HE&S Segment FY2015 Action Plan**
 1. TV Business
 - Market Trends and Sony Sales Plan
 - New Model Concept
 - Business Direction
 2. Video & Sound Business
 - Priorities
 3. HE&S Segment Forecast
- 3. Consumer AV Sales Platform**
- 4. Reference Materials**

*FY2014 = Fiscal year ended on March 31, 2015

1. FY2014 Review

1. FY2014 Review

Operating Income Analysis (bln yen)



Results

- TV Business
 - Reinforced shop front sales in US and Europe
 - Increase sales of high value-added products
 - Cost reductions / operational improvement
- Video & Sound Business
 - Strong high value-added products (High resolution etc.)
 - Cost reduction by operational improvement

Issues

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

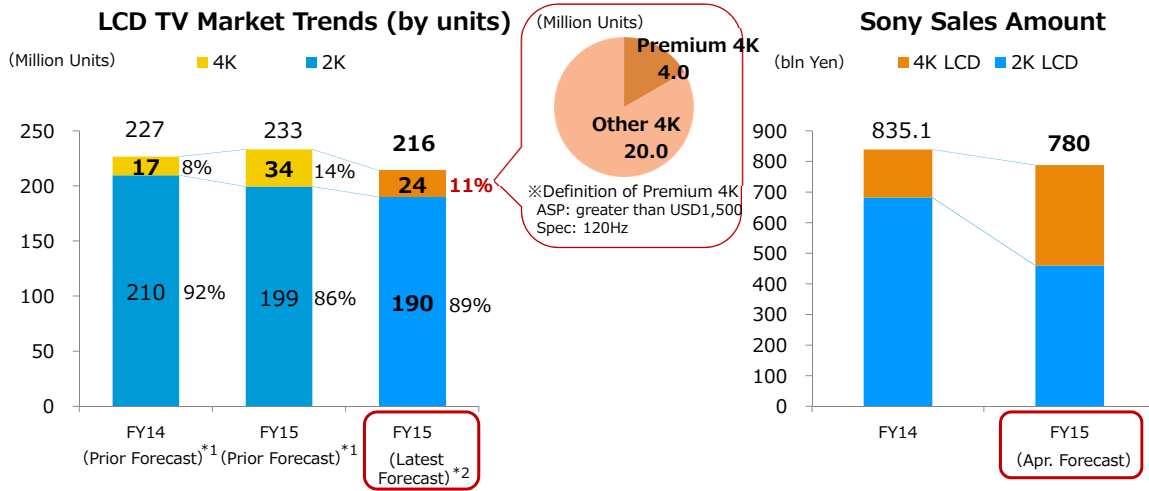
· The figures for sales & operating income include pre-installed automotive audio products which were previously included in the Devices segment.

*1: Impact of foreign exchange fluctuations is calculated using the sales and costs denominated in each currency in FY2014 and comparing them with the previous fiscal year.

2. FY2015 Action Plan

TV Business - Market Trends and Sony Sales Plan

Achievable sales plan focused on high value-added segment and a conservative market assumption



*1 Source: DisplaySearch
*2 Source: Sony

Pursue customer value through appealing products

**Immersive
Picture Quality**

New 4K Processor



**Sony Unique
Design**

Ultra Slim



**Extremely Easy
Content Access**

One-Flick
Entertainment

×
Android OS

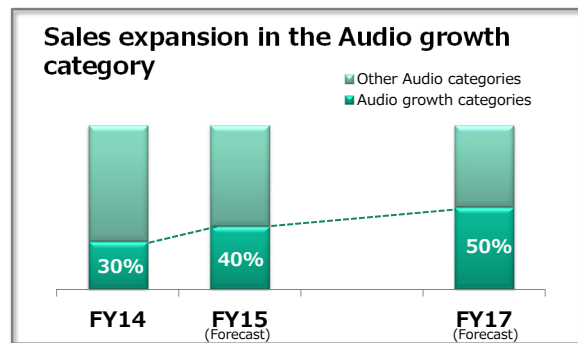
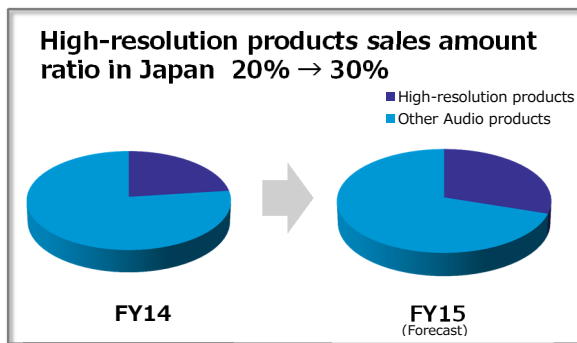


Further Strengthen the 3 elements that contributed to last fiscal year's profit to establish a consistently profitable business

- ◆ Power of products
Enhance fundamental value and introduce products that the target customer will appreciate
- ◆ Competitive cost structure
Low cost operation based on achievable sales plan
- ◆ Operational excellence
Continue to strengthen operations so as to quickly respond to unexpected risks
 - Continue to strengthen supply chain management
(Utilizing ROIC as one of the measures of performance)
 - Firmly control each region's P/L

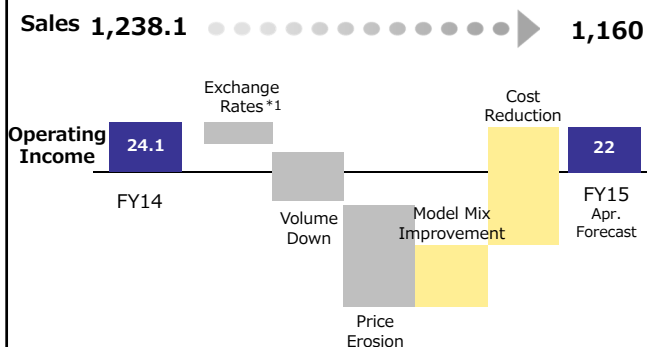
Increase high value-added products & strengthen profitable business structure

- ◆ Increase line-up & grow the market for high value-added products (High-resolution)
- ◆ Strengthen products in the growth category of Audio (Headphone, Sound Bar, Wireless Speaker)
- ◆ Continue investment in differentiated technologies



Operating Income Analysis

(bln yen)



TV Business

- Focus on customer value with strong products
- Enhancement of cost competitiveness
- Strengthen operations
 - Continue supply chain management improvement
 - Firm management of each region's profitability

Video & Sound Business

- Increase line-up & grow market for high value-added products
- Strengthen products in the Audio growth category
- Continue investment in differentiated technologies

* The figures for sales & operating income include pre-installed automotive audio products which were previously included in the Devices segment.
 * The FY2015 forecasts for the segments have been calculated using the assumed foreign currency rates of approx. 118 yen to the U.S. dollar and approx. 136 yen to the euro.
 *1: Forecasted impact of foreign exchange fluctuations is calculated using the sales and costs denominated in each currency in the FY2015 business plan and comparing them with the previous fiscal year. Sony IR Day 2015 | 58

3. Consumer AV Sales Platform

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
 - ◆ 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



More responsive sales activities thanks to speedy decision making resulting from splitting out business units

Restructuring and Enhancing Management Capability of Sales Companies

Established profit making structure without relying on scale, thanks to restructuring and enhancement of sales company management

- Thorough profit control according to each region's market characteristics & cost structure
 - Japan : Position high value-added products as primary sources of profit
 - EU/NA: Solidify profit making structure by enhancement of sales operation basic practices
 - Asia : Maintain & enhance low cost/high profit structure; continue investment in developing markets
 - Latin : Return to a profit making structure by enhancement of sales operation basic practices in order to promptly respond to environmental changes



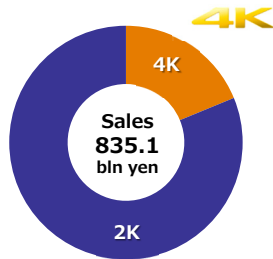
Continue to generate profit in all regions

4. Reference Materials

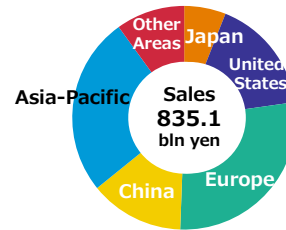
TV Business - FY2014 Sales & Unit / Value Share

Home Entertainment & Sound Segment

Sales by Key Product

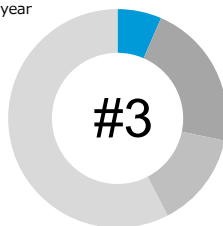


Sales by Region



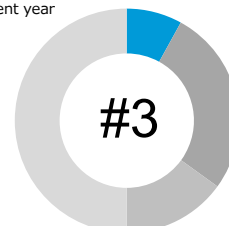
LCD TV Unit Share by Manufacturer

Source: Sony
For the most recent year



LCD TV Value Share by Manufacturer

Source: Sony
For the most recent year



Sony IR Day 2015 | 63

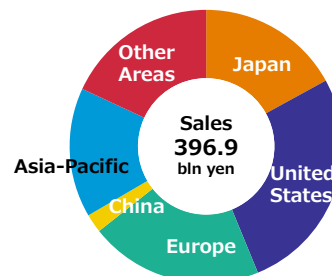
Video & Sound Business – FY2014 Sales by Key Products & Sales by Region

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.

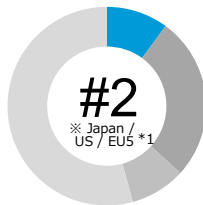
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Video & Sound Business - Key Products' Market Share (Value basis)

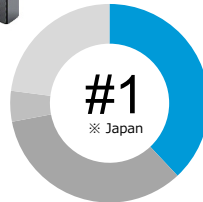
Home Entertainment & Sound Segment



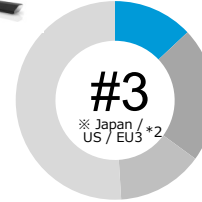
Headphones



Wireless Speakers



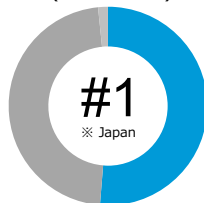
Sound Bars



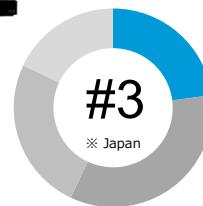
#1 in Japan



Digital Music Players (WALKMAN)



Home Video (Blu-ray Players/Recorders)



* Source: Sony
For the most recent year

*1 EUS: UK, France, Germany, Italy, Spain

*2 EUS: UK, France, Germany

Sony IR Day 2015 | 65

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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 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;
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 - (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 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 effort to anticipate and manage cybersecurity risk, including the risk of 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.