

SONY

Sony IR Day 2017

Imaging Products & Solutions Segment

May 23, 2017

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Agenda

Imaging Products & Solutions Segment

1. IP&S Segment FY2016 Review

2. IP&S Segment FY2017 Action Plan

- Important Initiatives
- Key Initiatives
 - Digital Imaging business
 - Professional Solutions business
 - Medical business
- FY2017 Forecast

3. Reference Materials

FY2016 Review

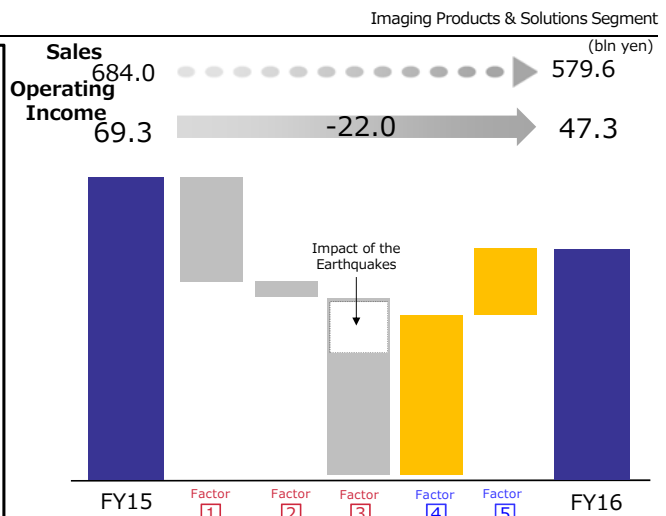
FY2016 Operating Income (vs FY2015)

Negative factors

- 1 Forex impact
- 2 One time items (decrease in insurance recovery from the Thai flood)
- 3 Decrease in unit sales (market shrinkage and opportunity loss due to the Kumamoto Earthquakes)

Positive factors

- 4 Increased value-added (shift to higher value-added models)
- 5 Improved OPEX (reduced sales expenses and enhanced operations)



Sales and operating income decreased due to forex impact and the Kumamoto Earthquakes
 Digital Imaging: Operating income was essentially flat due to improved value-added
 Professional: Operating income decreased due to forex and earthquake impacts

Enhanced Profitability Structure of Digital Imaging Business

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Enhance Profitability through Execution of FY14 Mid-Range Strategy

FY14 IR Day Targets and Strategy for DI

◆ Mid-term profitability target

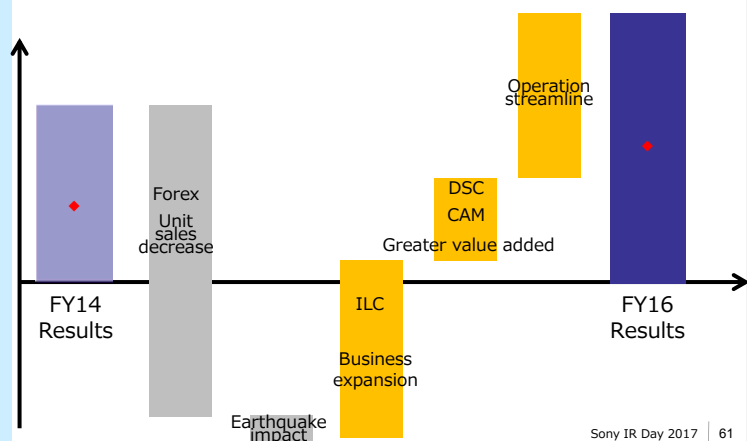
Maintain high profitability at the same level of FY14

◆ Mid-range strategy (priorities)

- Strengthen "a" interchangeable lens camera business
- Expand the "a" interchangeable lens business
- Accelerate the shift to higher value-added digital still cameras and camcorders
- Accelerate adoption of superior camera technology in the B2B market
- Further streamline operations

■ : Operating income ◆ : Operating income margin

Progress of consumer (DI) business profitability



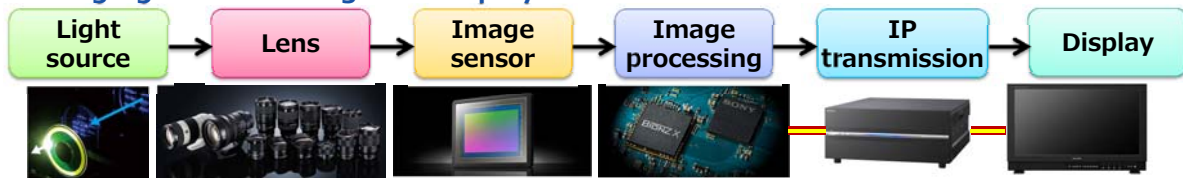
FY2017 Key Initiatives

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Shift from stable profit phase to growth phase
Transform the business structure and invest for growth in the future

- Digital Imaging Business
Generate higher sales and profit through enhancement of Sony as a camera brand
- Professional Solutions Business
Thoroughly streamline older businesses so as to adapt to industry trends and continue to invest in the services and solutions business
- Medical Business
Expand the product and solutions line-up centered on our imaging platform

Imaging Platform "Light to Display"



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Digital Imaging Business Initiatives

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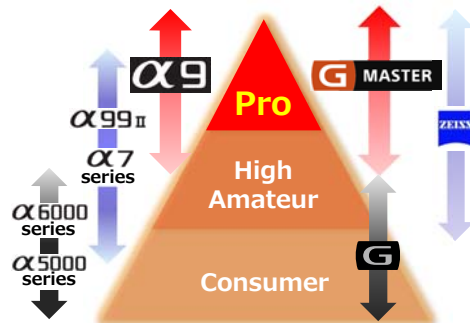
Generate higher sales and profit through enhancement of Sony as a camera brand

Sales growth of ILC body
(FY16→FY17*1)

CAGR +27%



α Mount System

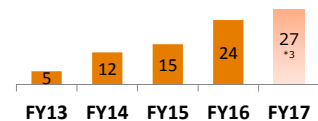


Sales growth of interchangeable lens*2
(FY16→FY17*1)

CAGR +27%



Number of full-frame E-mount lenses



*1: FY17 forecast

*2: includes lens in the same package as the camera body

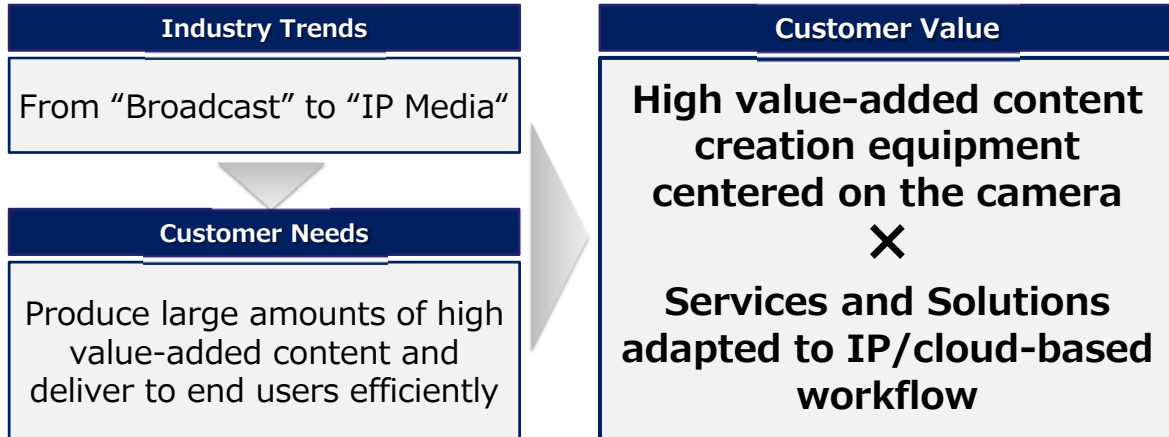
*3: as of May 23, 2017

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Professional Solutions Business <Industry Trends>

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Urgent need to provide customer value that adapts to media industry trends

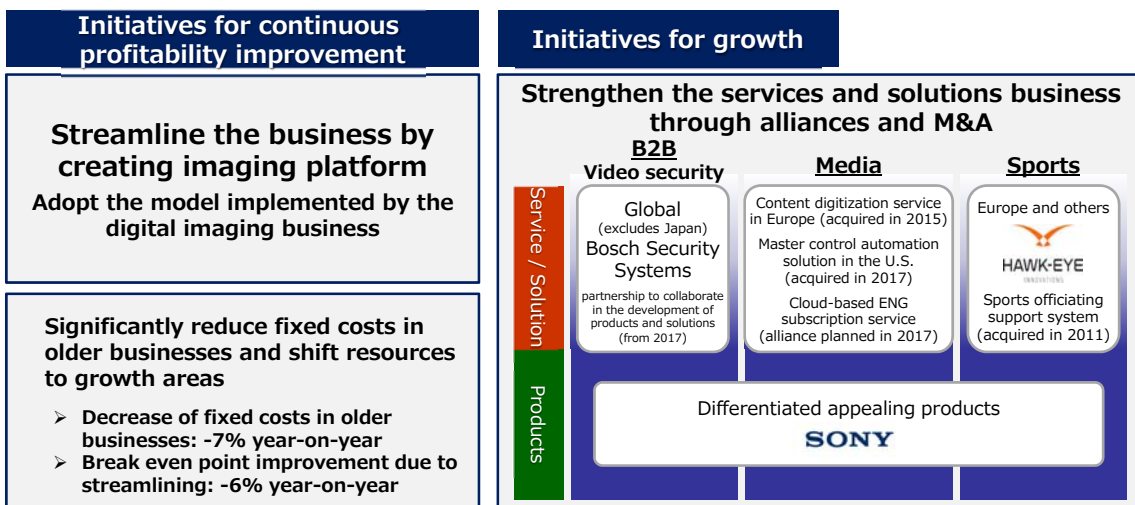


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Professional Solutions Business <Initiatives>

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Streamline older businesses and continue to invest in the services and solutions business



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Professional Solutions Business <Initiatives>

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Examples of strengthened services and solutions business in FY17

【Media】

Cloud-based ENG subscription service "XDCAM Air"

To be launched in the U.S. in summer 2017



【Sports】

Sports officiating support technology "HAWK-EYE"

Expand the geographies where our ball-tracking and multi-camera video officiating system is deployed



【Simulation & Entertainment】

Large display solution using Crystal LED

Offer a new video experience encompassing products and solutions

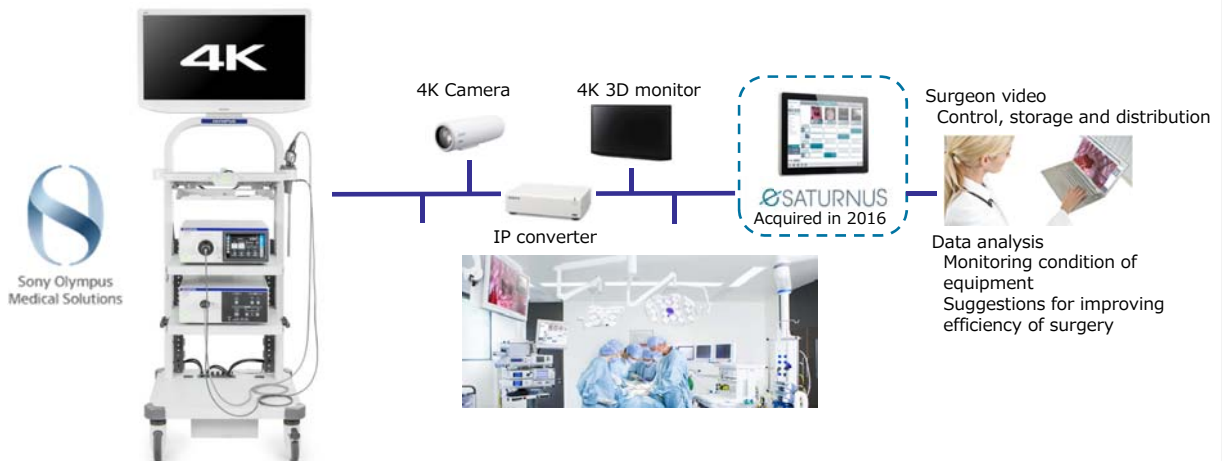


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Medical Business Initiatives

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Expand products and solutions centered on imaging platform



Enhance operating room solutions by introducing 4K IP enabled products and maximizing the utilization of eSATURNUS

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FY2017 Forecast

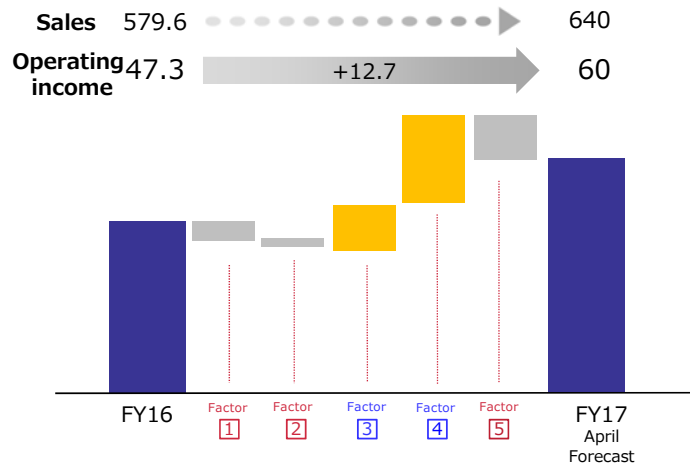
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FY2017 Operating income (vs FY2016)

❑ Negative factors ❑ Positive factors

- ❶ Forex impact
- ❷ One time items (absence of insurance recovery from Kumamoto earthquakes and increase in corporate costs)
- ❸ Sales increase due to recovery from the Kumamoto Earthquakes
- ❹ Higher added-value
- ❺ OPEX increase (return to post-earthquake operational levels and investment in priority areas)

FY2017 Operating Income Forecast Analysis (bln yen)



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Summary

Imaging Products & Solutions Segment

■ FY2017 Forecast

■ Sales: **640** billion yen ■ Operating income: **60** billion yen

■ Mid-Range Strategy

~FY2016 Thorough strengthening of profitability by not chasing scale

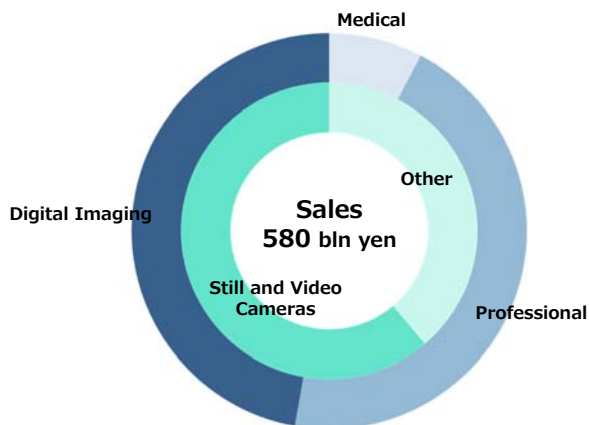
FY2017~ Continuous transformation of the business structure with an eye on the future and utilize stable profit to investing in growth areas

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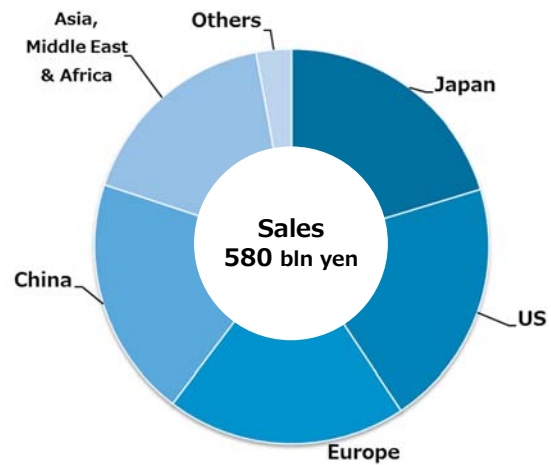
Reference Materials

IP&S Sales by Business Category and Geographic Area Imaging Products & Solutions Segment

■ FY2016 Sales by Business Category



■ FY2016 Sales by Geographic Area

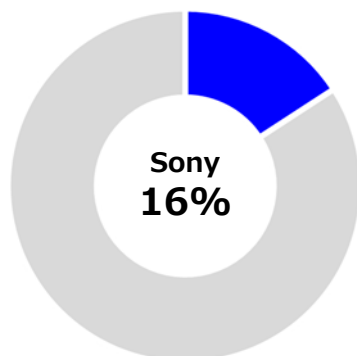


IP&S Key Product Market Share (Revenue Basis)

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■ FY2016 Still Camera Market

Market Size: 1,370 bln yen

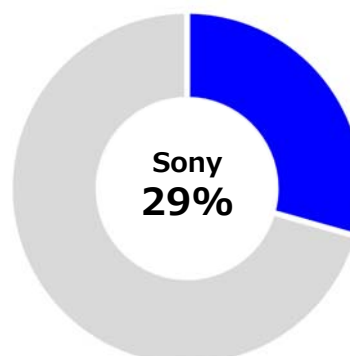


ILC (Incl. Lens): 14% (No. 3)
(No. 1 in Mirror-less Camera)

DSC: 23% (No. 2)
(No. 1 in Premium DSC*¹)

■ FY2016 Video Camera Market

Market Size: 390 bln yen



Components of Video Camera Pie Chart

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

Source: Sony

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

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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;
- (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
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