

**SONY**

# **Sony IR Day 2016**

## **Imaging Products & Solutions Segment**

June 29, 2016

### **Shigeki Ishizuka**

Executive Vice President  
Officer in charge of Imaging Products and Solutions Business  
Sony Corporation

## **Agenda**












Imaging Products & Solutions Segment

- 1. Segment Overview**
- 2. FY2015 Results**
- 3. FY2016 Direction and Forecast**
  - IP&S Business Direction and Important Initiatives
  - Key Initiatives
    - Consumer business
    - Professional solutions business
    - Medical business
  - FY16 Forecast
- 4. Reference Materials**

# Segment Overview

Imaging Products & Solutions Segment

## Imaging Products & Solutions (IP&S) Segment

Consumer business	Professional Solutions business	Medical business
<p><u>Interchangeable Lens Camera</u></p>  <p><u>Compact Digital Still Camera</u></p>  <p><u>Consumer Video Camera</u></p> 	<p><u>Professional Video Camera</u></p>  <p><u>Contents Creation System</u></p>  <p><u>Projector/Display</u></p>  <p><u>Surveillance, Camera Block(Industrial)</u></p>  <p>FeliCa</p> 	<p><u>Surgical Imaging System</u> (Sony Olympus Medical Solutions)</p>  <p><u>Medical Peripherals</u></p>  <p><u>Life Science(Cell Analyzing System)</u> <small>For research use only</small></p> 

※Change in Category from 2015 IR Day (IN) Medical Business Unit(MBU) All Other → IP&S  
(OUT) Automotive Camera Module IP&S → Devices

## FY2015 Results

### FY2015 Operating Income (vs FY2014)

#### Negative factors

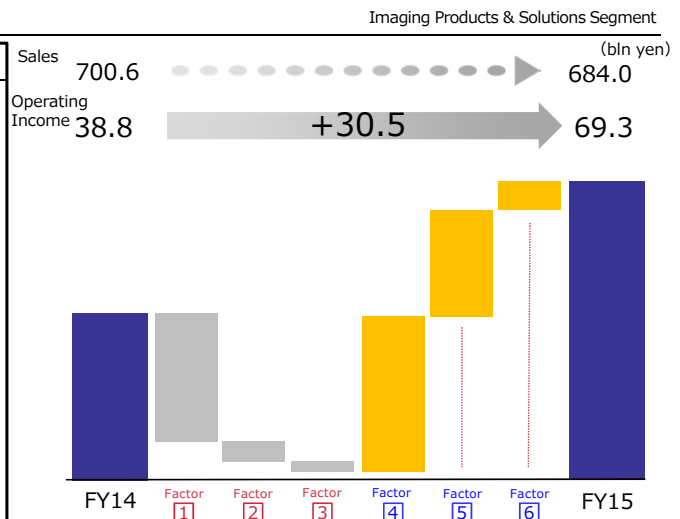
- 1 Decrease in unit sales, due to shrinking consumer digital imaging market
- 2 Forex impact
- 3 One time items

#### Positive factors

- 4 Product mix improvement by shifting focus to premium products
- 5 Decrease in fixed and other costs due to improvement in operational efficiency
- 6 Decrease in restructuring charges

Note: Operating income YoY change by business

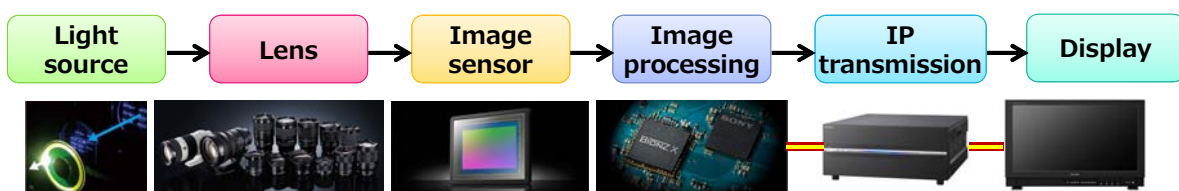
Consumer	+16.5
Professional Solution	+11.0
Medical	+3.0



Significant improvement in profit, despite a shrinking consumer camera market, by reducing fixed and other costs through operational efficiencies and shifting focus to premium products.

- ◆ Utilize our new imaging platform as the basis for maximizing customer value in the Consumer, Professional and Medical businesses
- ◆ As the new IP&S Segment, aspire to change our position from a “stable profit generator” to a “growth driver” in the mid and long term

### New Imaging Platform “Light to Display”



## FY2016 Important Initiatives

- **Consumer**  
Strengthen “camera brand” and maintain a high level of profitability centered on Interchangeable Lens Camera (ILC)
- **Professional Solutions**  
Transform into a customer based organization  
Stable profit growth
- **Medical**  
Enhance the business based on our new imaging platform

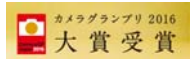
## Consumer Business Initiatives

Imaging Products & Solutions Segment

**Strengthen "camera brand" and maintain a high level of profitability centered on Interchangeable Lens Camera (ILC)**

- **Camera Body: Reinforcement in product strength** (higher resolution, sensitivity and speed)
- **Interchangeable Lens: ILC lineup enhancement, develop into a core business through brand establishment**
- **Expand α-mount ecosystem**

"α7R II" with 42M back-illuminated 35mm full-frame sensor



α7R II

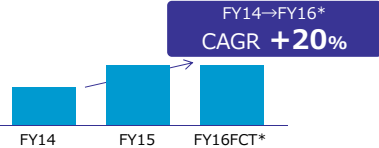
"G Master" interchangeable lens series



(from left)  
FE 85mm F1.4 GM  
FE 24-70mm F2.8 GM  
FE 70-200mm F2.8 GM OSS

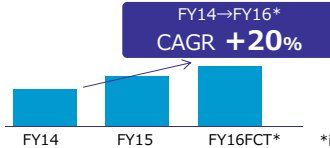
<Sales growth of mid-high class ILC body>

※A7/A6000 series



<Sales growth of interchangeable lens>

※excl. lens in same package with body



<Expansion of α-mount>

**9 Partners**  
**/50 models**

Number of E-mount license partners  
/Number of E-mount lens models introduced by license partners

\*incl. earthquake impact

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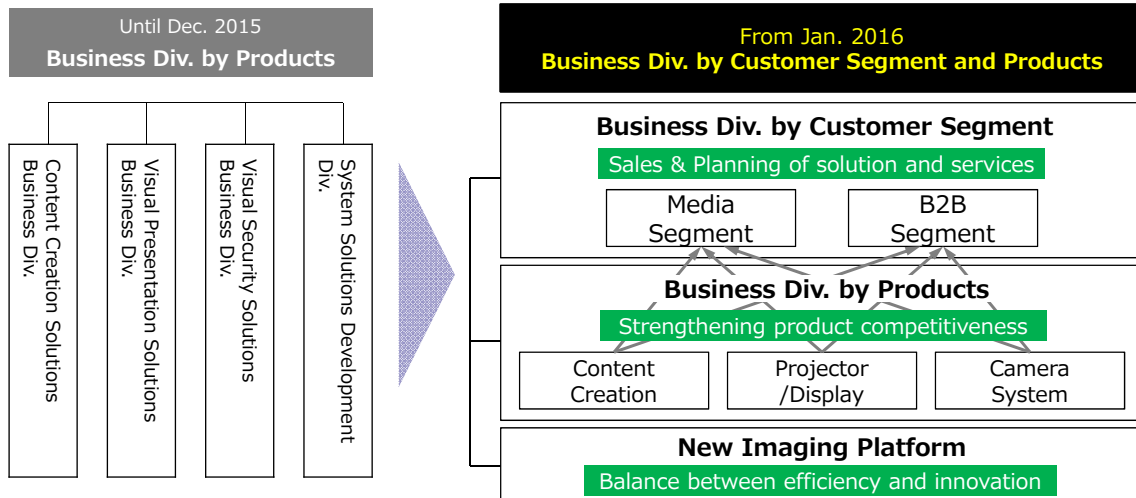
## Professional Solutions

### Initiative ① Transform into a customer based organization

Imaging Products & Solutions Segment

**Enhance customer based organizational structure and accelerate the provision of the best solutions and services to customers**

Pursue enhanced customer value through collaboration of sales, planning and engineering




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**Professional Solutions Initiative ② Stable and profitable growth**


Imaging Products & Solutions Segment

Enhance the B2B segment business in addition to the media segment business


**【Media Segment】**  
Expand 4K related products and accelerate the proposal of 4K/IP Solutions




4K ultra slo-motion camera  
**HDC-4800**



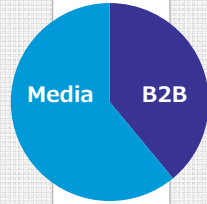
Live server system  
**PWS-4500**



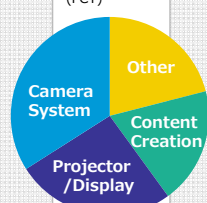
Production switcher  
**XVS-7000**



55-inch 4K OLED picture monitor  
**PVM-X550**





**FY16 Sales by Segment**  
(FCT)



**FY16 Sales by Products**  
(FCT)

**【B2B Segment】**  
Enhance AV/IT total solutions for universities and companies

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**Medical Business Initiatives**

Imaging Products & Solutions Segment

Enhancement of the business based on our new imaging platform



**Main business**

**Medical Peripherals Business**

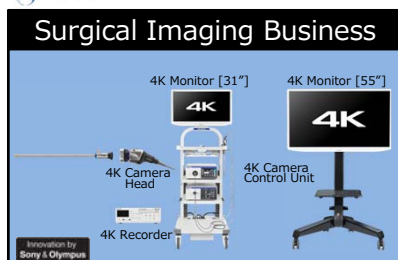


Printer, Recorder, Camera, Monitor

4K IP Converter (Under development), Content Management System

**Expansion of system integration business by 4K IP capable products**

**Surgical Imaging Business**



4K Camera Head, 4K Recorder, 4K Camera Control Unit, 4K Monitor [31"], 4K Monitor [55"]

Oct. 2015 Launch 4K Surgical Endoscopy System

\* The system is sold by Olympus Corporation.  
\* With the exception of the monitor and recorder, this system is manufactured by Olympus Medical Systems Corporation.  
\* Monitor and recorder is manufactured by Sony Corporation.

**Full swing introduction of 4K Surgical Endoscopy System (Japan/US/EU)**

## FY2016 Forecast

Imaging Products & Solutions Segment

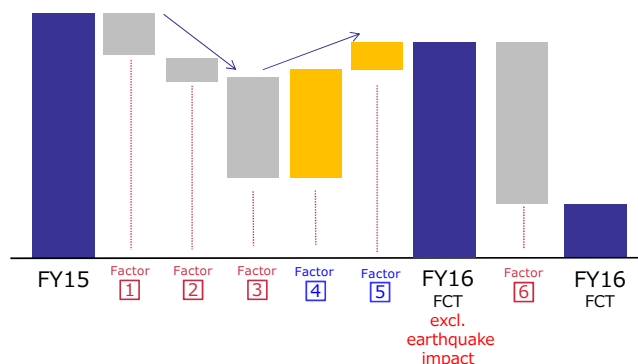
### FY2016 Operating Income (vs FY2015)

- ❑ Negative factors
- ❑ Positive factors

- 1 Forex impact
- 2 One time including change in corporate expense allocation
- 3 Decrease in unit sales, due to the shrinking consumer digital imaging market
- 4 Product mix improvement due to a shift to higher value-added models
- 5 Decrease in fixed and other costs due to improvement in operational efficiency
- 6 Impact of earthquake in Kumamoto

### FY2016 forecast with YoY operating income change analysis (bln yen)

Sales 684.0 → (630.0) → 530.0  
 Operating Income 69.3 → ▲8.3 → (61.0) ▲45 → 16.0



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## Summary

Imaging Products & Solutions Segment

### ■ FY2016 Forecast

- Sales

**530.0** bln yen  
 (Incl. earthquake impact ▲100 bln yen)

- Operating income

**16.0** bln yen  
 (Incl. earthquake impact ▲45 bln yen)

### ■ FY2016 Direction

- ◆ Utilize our new imaging platform as the basis for maximizing customer value in the Consumer, Professional and Medical businesses
- ◆ As the new IP&S segment, aspire to change our position from a "stable profit generator" to a "growth driver" in the mid and long term

### ■ FY2017 Target

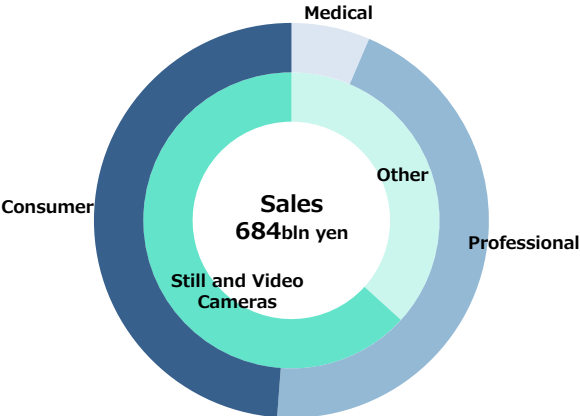
■ Sales : **630-680** bln yen      ■ Operating income % : **8%~10%**

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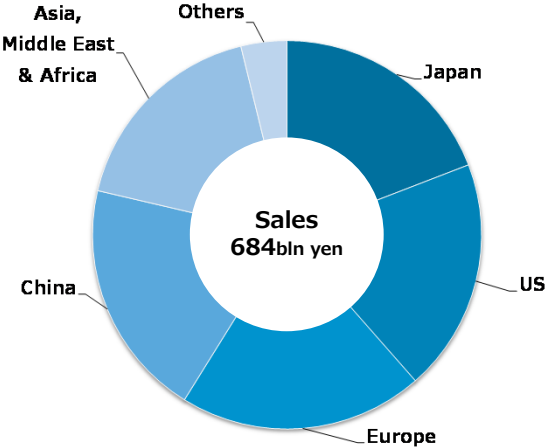
# Reference Materials

## IP&S Sales by business category and area

■ FY2015 Sales by business category



■ FY2015 Sales by Area

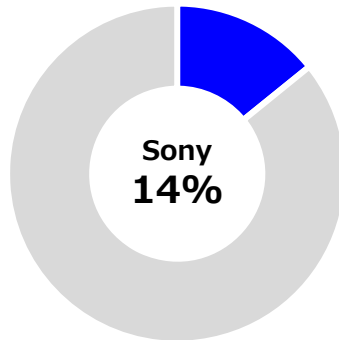


## IP&S Key products' market share (amount basis)

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### ■ FY2015 Still Camera Market

Market size : 1,810bln yen

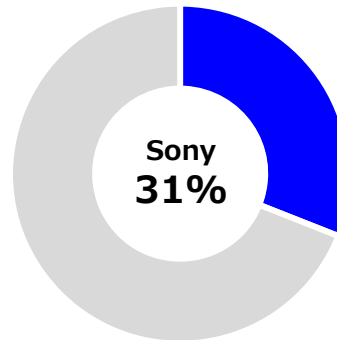


#### Components

ILC (Incl. Lens): 12% (No.3)  
(No.1 in Mirror-less camera)  
DSC: 20% (No.2)  
(No.1 in Premium DSC\*1)

### ■ FY2015 Video Camera Market

Market size : 480bln yen



#### Components

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

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

Source: Sony

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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;
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