

SONY

Sony IR Day 2017

Mobile Communications Segment

May 23, 2017

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Agenda

Mobile Communications Segment

■ FY2016 Review

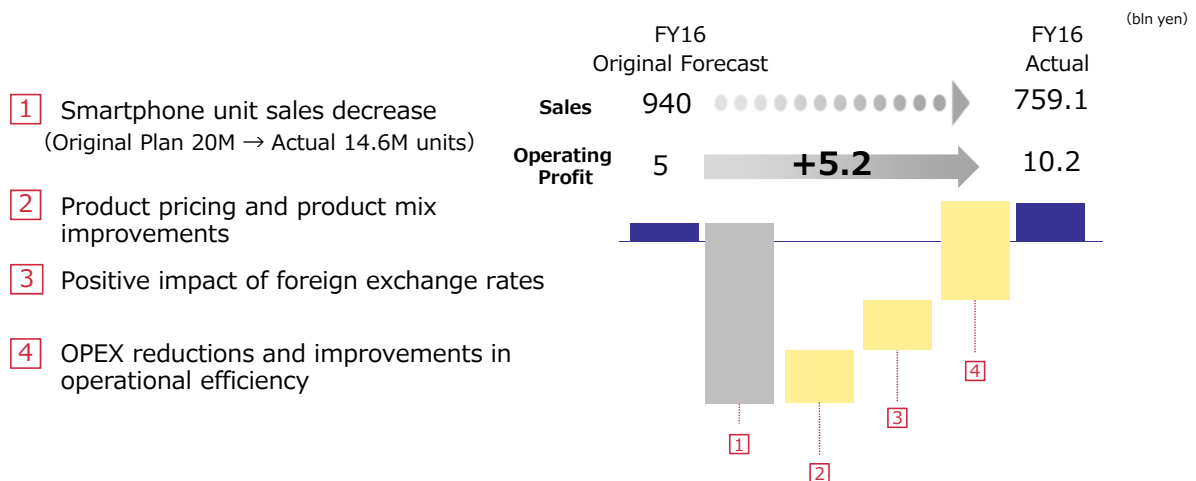
■ FY2017 Strategy

- Smartphone Market
- Business Directions and Strategy

■ Growth Initiatives for FY2018 and Beyond

1. FY2016 Review

FY2016 Operating Profit Analysis (comparison with Original Forecast) Mobile Communications Segment

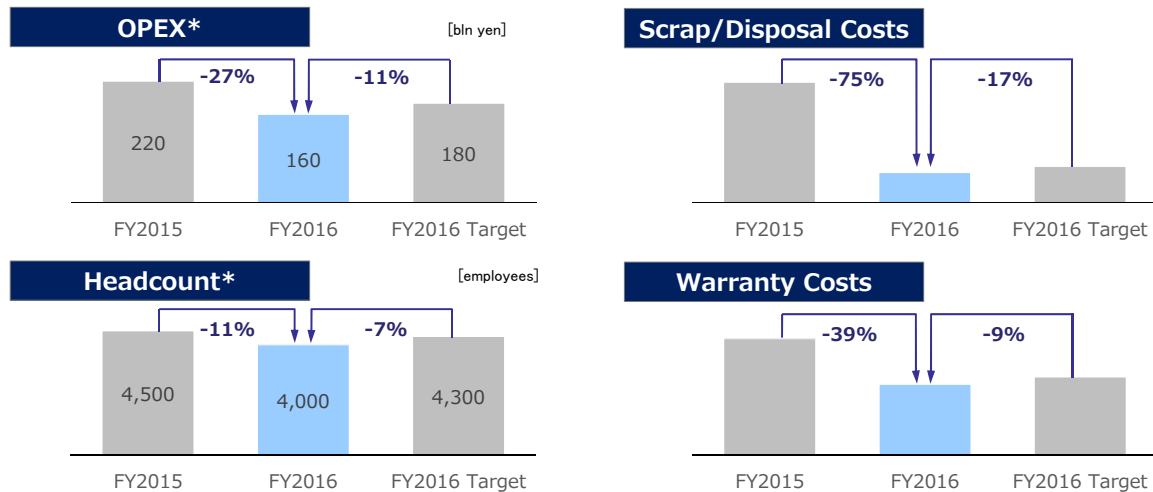


Achieved positive Operating Profit for both the Mobile Communications Segment and Smartphone Business

FY2016 Review: Transformation Results

Mobile Communications Segment

Improved "Operational Quality" through organizational delayering and process efficiency enhancement, in addition to OPEX and headcount reductions



*FY2014 forecast at the time of transformation planning: OPEX: 300 billion yen, Headcount: 7,100

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FY2016 Review: Sales Targets & Results

Mobile Communications Segment

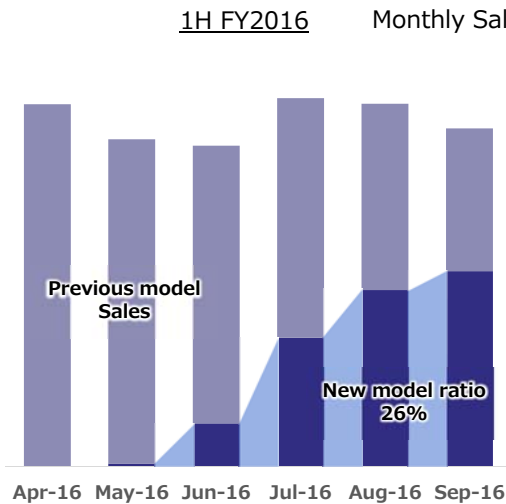
	Unit sales target achievement rate* (Global)	Unit sales target achievement rate* (Japan)	Unit sales target achievement rate* (Outside of Japan)
Flagship Models ➢ Xperia X Performance (Launched 6/2016) ➢ Xperia XZ (Launched 9/2016)	88%	104%	60%
Premium Standard Models ➢ Xperia X (Launched 5/2016) ➢ Xperia X Compact (Launched 8/2016)	43%	85%	31%
Total	73% 14.6M Units/20M Units	105%	62%

*Achievement rate: Ratio of actual results to target announced at the beginning of the fiscal year (IR Day 2016)

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FY2016 Review: Sales Targets & Results

Mobile Communications Segment



- High volume inventory of previous models due to sell-in focused sales plans
- Insufficient actions and delayed responses to channel inventory
- Required more optimized launch timings for new models
- ➔ Results: Not able to take full advantage of sales for new model that have higher profitability

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FY2016 Review: Sales Targets & Results

Mobile Communications Segment

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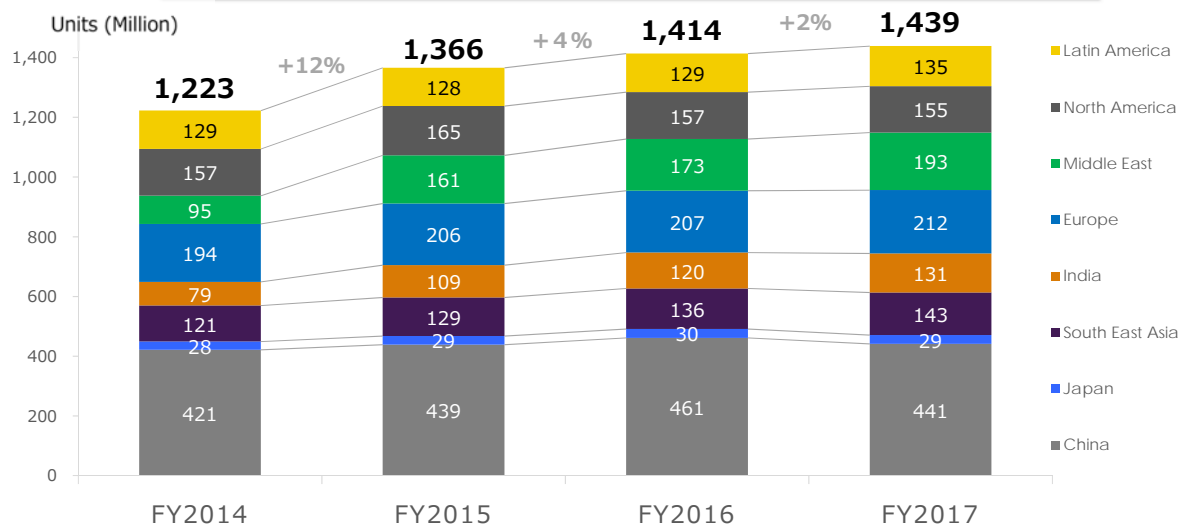
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2. FY2017 Strategy

Smartphone Market Trend Forecast

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Global market growth slowdown and maturation, mainly due to growth deceleration in emerging markets



Competitor Product Trends

Mobile Communications Segment

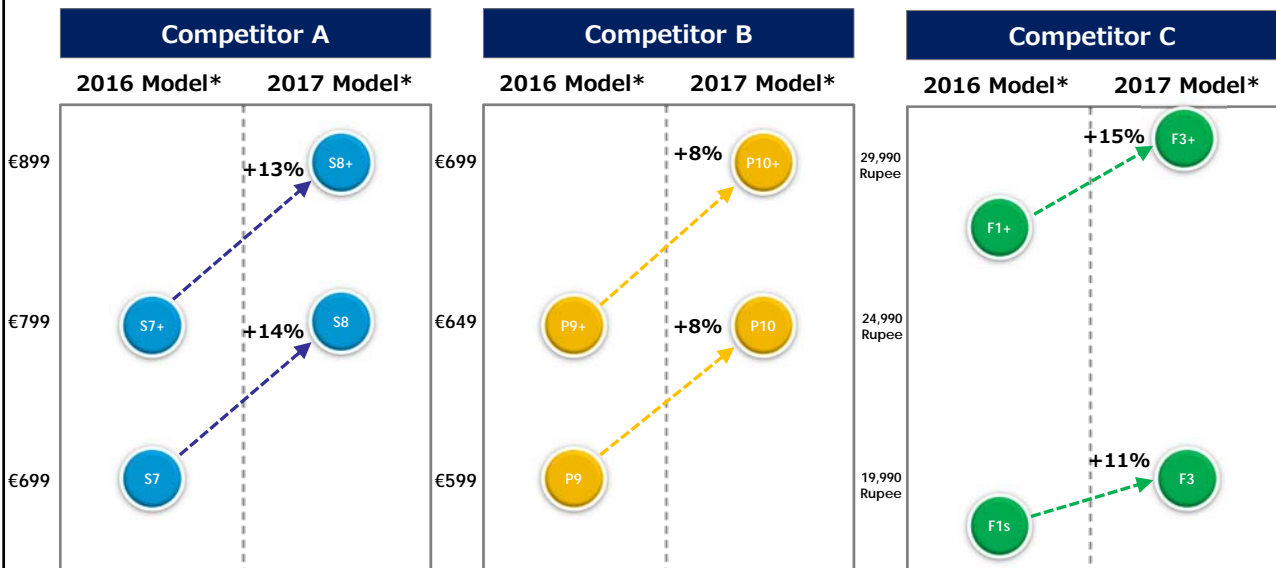
Competitors aim to differentiate their flagship products with new, high-end features. At the same time, many features and form factors are becoming similar to each other



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Competitor Product Prices

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*Prices at time of product announcement

Source: Sony

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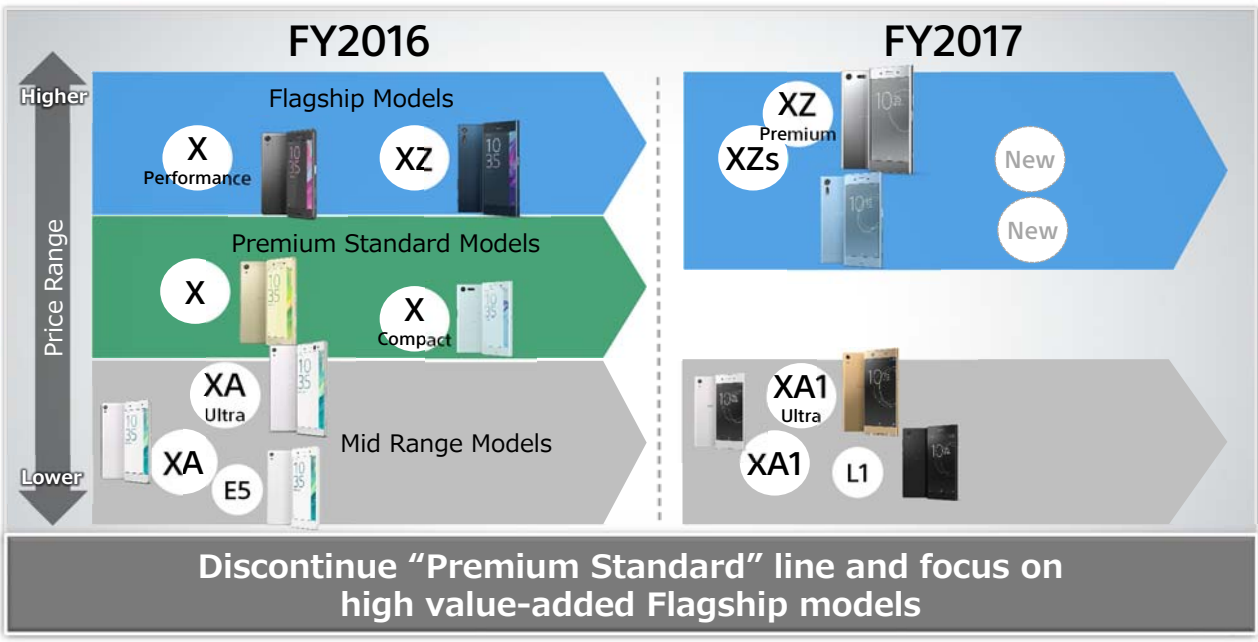
Maintaining Profitability in FY2017

- Adjust our product portfolio to recover lost market share in FY2016
- Differentiate products with technologies that only Sony can deliver
- Improve sales operations
- Further focus on markets where we can leverage our strengths

Growth Initiatives for FY2018 and Beyond

- Continuously enhance smartphone product competitiveness
- Create new communication devices and services
- Stabilize business portfolio by growing recurring revenue businesses

Xperia Product Portfolio



Smartphone Business: FY2017 Product Strategy

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Xperia Flagship Smartphone: Differentiation through Sony's strengths in audio-visual and communications technologies

Camera



- World's first Memory Stacked CMOS image sensor and Motion Eye™ camera system
 - Super-slow motion that records video at 960 frames per second
 - Predictive Capture features

Display



- World's first smartphone with a 4K HDR (High Dynamic Range) Display
- Stream/download 4K HDR content from Amazon Prime Video

Network



- Unique antenna and RF technologies that enables download speeds up to 1Gbps



■ GSMA "Best New Smartphone at MWC 2017"



■ GSMArena readers poll results "Best Flagship of 1H 2017"

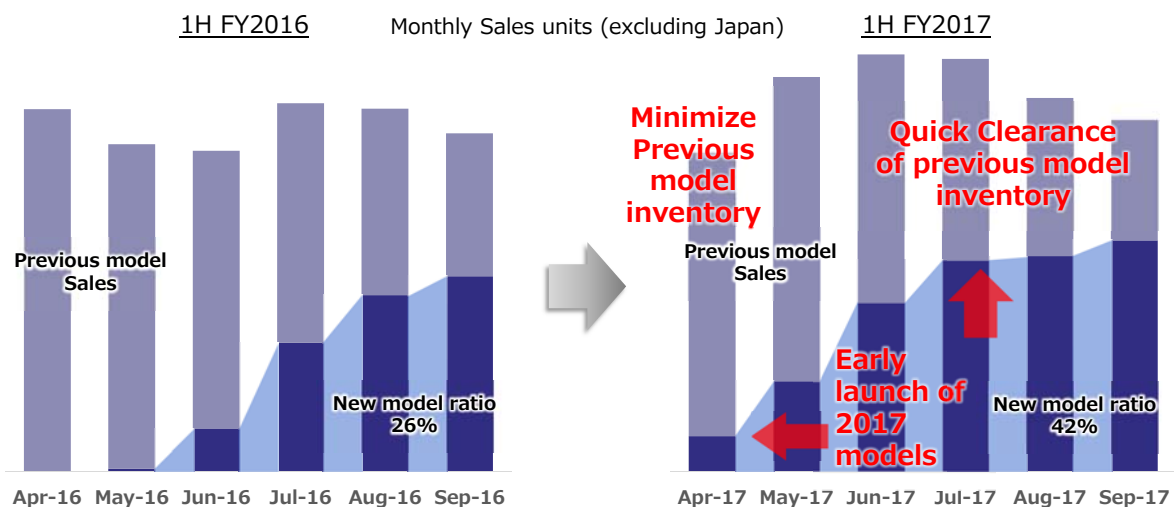


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Sales Operations Improvements

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Further improve sales planning & operations (in sync with sell-through), introduced in FY2016



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Initiatives for FY2018 Growth: New Communication Devices

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Xperia Smart Products



XPERIA Ear



XPERIA Touch



XPERIA Ear
Open-style CONCEPT

Unique user interfaces to deliver new communication experiences

Initiatives for FY2018 Growth: Recurring Revenue Businesses

Mobile Communications Segment

IoT Business (Japan)

Accelerate business growth in Smart Home area

- Monitoring services
- Home automation services
- Communication with family members living separately



Collaboration with business partners that have broad user base, expand with thorough services.

Business development with solutions utilizing in-house technologies

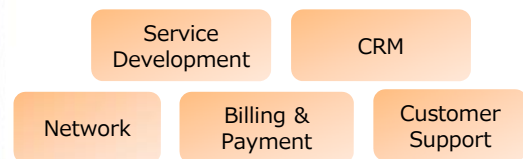
- Healthcare** Health management solutions and services, using wearable devices and image analysis
- Transportation** Solutions with wide range tracking and positioning, using Sony's unique LPWA* communications technology

*LPWA: Low Power Wide Area

Develop common infrastructure for business growth



Utilize assets and resources from Sony Network Communications



Initiatives for FY2018 Growth: Recurring Revenue Businesses

Mobile Communications Segment

IoT Business (Outside of Japan)

Position tracking solution for machinery and other assets



Tracking & alert services for pet health and activities



Smart Office solutions



IT Solutions to support energy-saving designs for IoT devices



Strengthen partnerships and collaborations for quick business launches

Initiatives for FY2018 Growth: Recurring Revenue Businesses

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Fixed line communications business

NURO: Focus on growth through new user acquisition while maintaining high customer satisfaction levels

Rated highly for Connection Speed & Performance

NURO



RBB TODAY
Broadband Award 2016
Carrier (Kanto area) No.1



RBB SPEED AWARD 2016
No. 1 Network Provider
(Kanto Area)



Kakaku.com
Net connection
Customer satisfaction 2017
Kanto-Koushinetsu area No.1



J.D. Power 2017
Japan fixed line broadband
Connection service
Customer satisfaction No.1

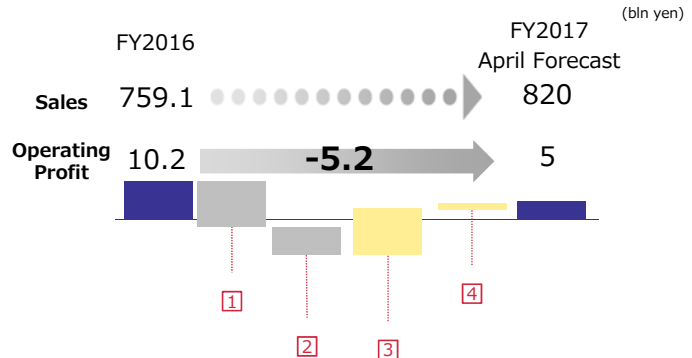
ISP: Profit growth by region, service line-up and channel strategy

Grow business while keeping balance with profitability

Summary: FY2017 Forecast

Mobile Communications Segment

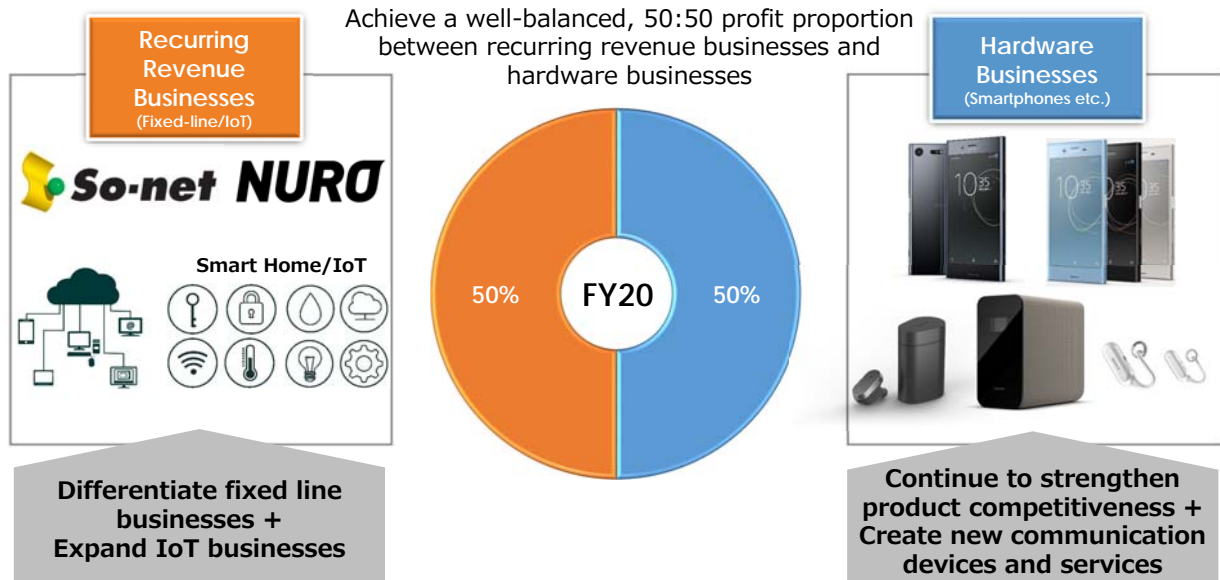
- 1 Unfavorable impact of foreign exchange rates
- 2 Impact from increase in materials/parts cost
- 3 Sales increase
- 4 OPEX reductions



Maintain profitability in FY2017 while undertaking initiatives to build a stable business structure for FY2018 and beyond

Mid/Long-term Directions: Stable Business Portfolio

Mobile Communications Segment



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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;
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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 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.

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