

SONY

Sony IR Day 2018

Operation & Sales Platform Home Entertainment & Sound Segment

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Agenda

1. End-to-End Operations

1. Manufacturing / Procurement / Logistics
2. Sales

2. HE&S Segment

1. FY2017 Review
2. FY2018 Action Plan
 - TV Business
 - Video & Sound Business
 - Financial Forecast
3. FY2020 Financial Targets

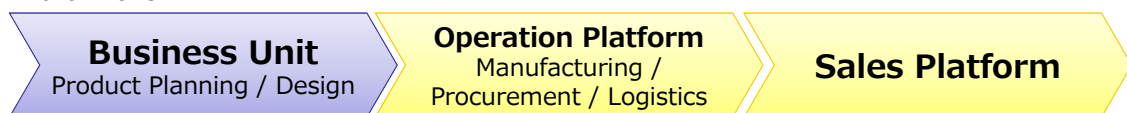
3. Reference Materials

1. End-to-End Operations

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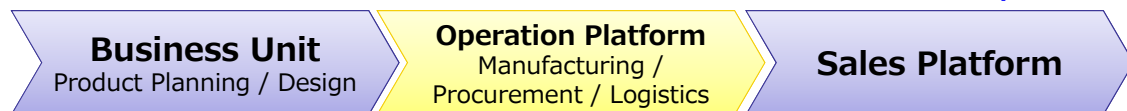
End-to-End Operations

Until March 2015



From April 2015 through March 2018

Collaboration between Business Units and Sales Platform → Saved 5 to 15 billion yen of Costs



From April 2018, Greater Efficiency of the Value Chain



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Manufacturing / Procurement / Logistics

◆ Manufacturing

- Align manufacturing strategy with our business strategy while improving efficiency.
- Enhance manufacturing technology, including automation, to support our product strategy.

◆ Procurement

- Leverage key partners to rebuild our procurement strategy to better align with our business and product strategy.
- Ensure seamless procurement and optimal component costs through One Sony sourcing.

◆ Logistics

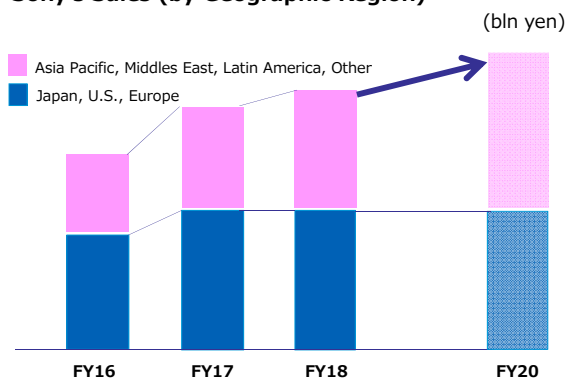
- Expand direct shipping and enhance logistical efficiencies based on our sales channel strategy.
- Quickly change transportation methods to adapt to changes in the market environment.

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Sales

Sales strategy focused on select regions and product categories

Sony's Sales (by Geographic Region)



■ Asian Pacific (including China), Middle East, Latin America, Other

- ✓ Invest primarily in growth areas such as audio
- ✓ Augment sales operations

■ Japan, U.S., Europe

- ✓ Maintain market position
- ✓ Manage downside risk
(Reduce costs and increase profit through better forecasting of market demand and improved supply chain communication)

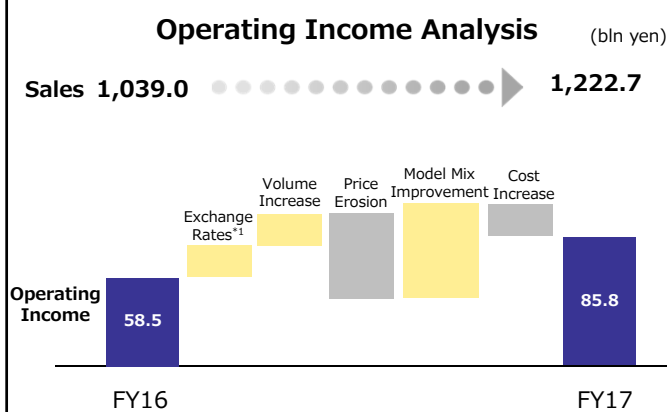
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2. HE&S Segment

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FY2017 Review

Home Entertainment & Sound Segment



Results

TV Business

- Introduction of OLED TVs secured our brand position in the premium segment of the market.
- Profitability improved due to high value-added product strategy focused on OLED, 4K and large-sized TVs.
- Incremental margins improved due to enhanced supply chain management and better control over inventory in response to changes in the market environment.

Video & Sound Business

- Grew sales primarily in the growth area of Audio.
- Improved profitability as a result of high value-added products.
- Improved branding.

Issues

TV Business

- Can improve how we adapt to changes in panel prices.

Video & Sound Business

- Can improve operations further.
- Can improve collaboration with sales channels.

*1: Impact of foreign exchange fluctuations is calculated using the sales and costs denominated in each currency in FY2017 and comparing them with the previous fiscal year.

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Maintain a stable business by pursuing a high-value added strategy

◆ Product Competitiveness

Deliver the best customer experience through our proprietary technology.
Continue investing in technological innovation for the future.

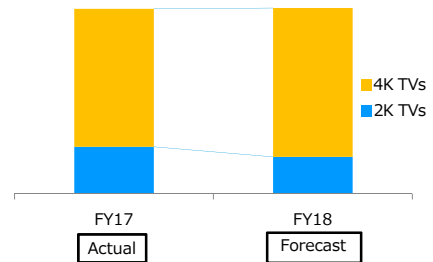
◆ Cost Competitiveness

Manage expenses and streamline component procurement.

◆ Operational Competitiveness

Continue improving our end-to-end operations (from production to sales) so as to adapt to changes in the market.

Sony's TV Sales



	FY17 Actual	FY18 Forecast	Market
Ratio of 4K TVs* (Volume Basis)	35%	45%	(Market)
Average Inch Size*	44 inches	45 inches	(Market)
	46 inches	47 inches	(Sony)

*Source: Sony

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Drive expansion of the premium 4K market 

Best Picture/Sound Quality



X-Motion Clarity
X-tended Dynamic Range PRO

Unique Design



Acoustic Surface

Ease of Use

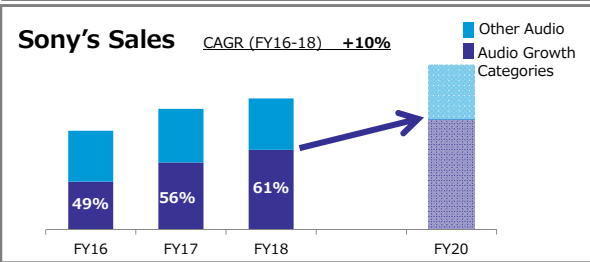
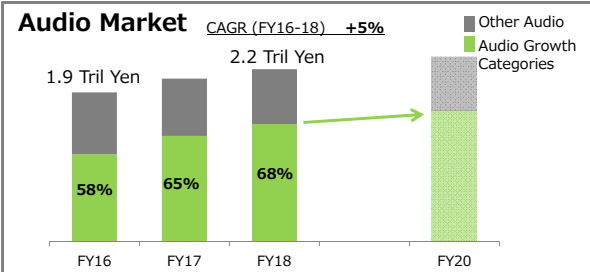


androidtv



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Consistently grow sales and profits through greater product competitiveness in growth categories

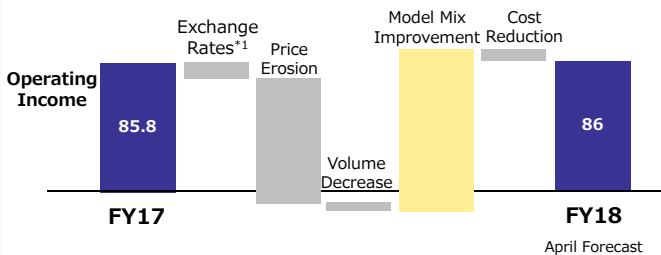


- ◆ Enhance competitiveness of products in growth categories (e.g. headphones, wireless speakers)
- ◆ Invest in technological innovation for future growth (acoustics which make you feel like you are there)
- ◆ Strengthen operations
- ◆ Enhance collaboration with sales platform

FY2018 Forecast

Operating Income Analysis (bln yen)

Sales 1,222.7 → 1,150



TV Business

- Further increase added value of products through proprietary technologies for high picture and sound quality, and excellent design and usability.
- Customize product and sales strategy to each geographic region.
- Further improve operations that adapt quickly to changes in the market environment.

Video & Sound Business

- Enhance product competitiveness in audio growth categories.
- Strengthen operations.
- Address differences in geographic regions through greater collaboration with sales channels.

* The FY2018 forecasts for the segments have been calculated using the assumed foreign currency rates of approx. 105 yen to the U.S. dollar and approx. 125 yen to the euro.
 *1: Forecasted impact of foreign exchange fluctuations is calculated using the sales and costs denominated in each currency in the FY2018 business plan and comparing them with the previous fiscal year.

■ Operating Income: 75 to 105 Billion Yen

※ Sales Amount (For Reference): 1,200 billion yen

Continue to generate stable cash flow through enhanced product competitiveness centered on high value-added products and enhanced end-to-end operations

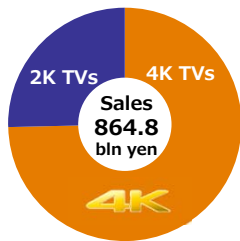
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3. Reference Materials

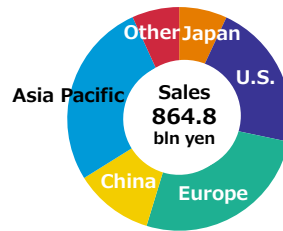
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TV Business: FY2017 Sales by Product Type & Region / Unit and Revenue Share Home Entertainment & Sound Segment

Sales by Product Type

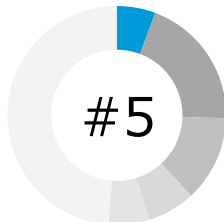


Sales by Region



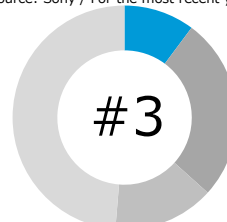
LCD TV Unit Share by Manufacturer

(Source: Sony / For the most recent year)



LCD TV Revenue Share by Manufacturer

(Source: Sony / For the most recent year)



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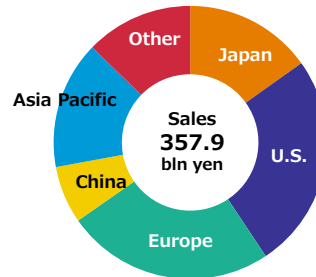
Video & Sound Business: FY2017 Sales by Product Type & Region

Home Entertainment & Sound Segment

Sales by Product Type



Sales by Region

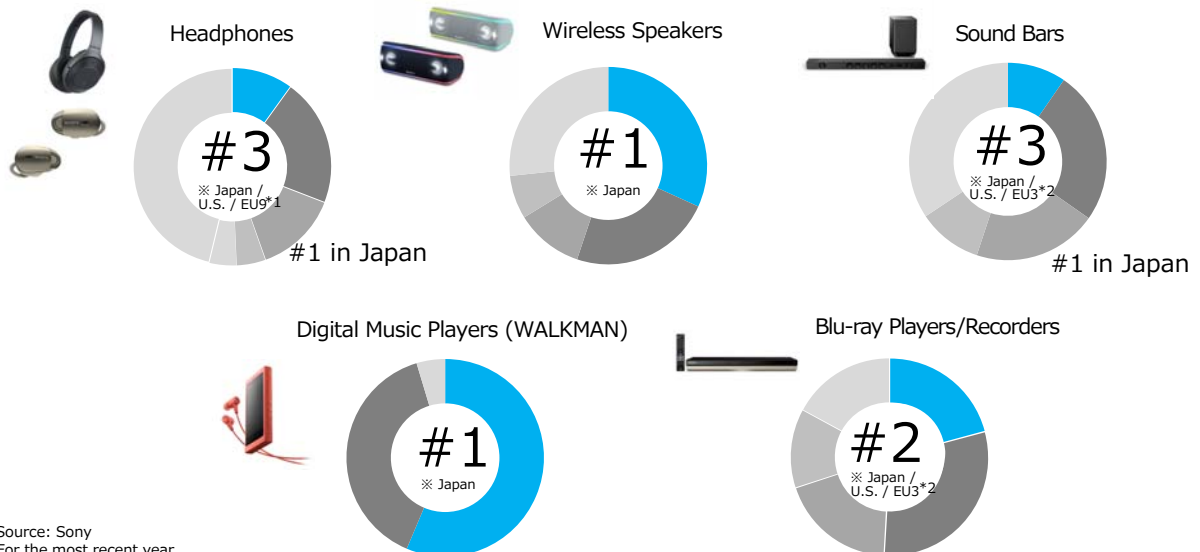


*1: "Audio Growth Category" includes Headphones, Sound Bars and Wireless Speakers as its main products.

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Video & Sound Business: Key Products' Market Share (Revenue Basis)

Home Entertainment & Sound Segment



※ Source: Sony
For the most recent year

*1 EU9: UK, France, Germany, Italy, Spain, Netherlands, Sweden, Poland, Czech

*2 EU3: UK, France, Germany

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