



Sony
Interactive
Entertainment

Game & Network Services Segment

Sony Interactive Entertainment

Senior Vice President
Sony Corporation

President & CEO
Sony Interactive Entertainment

Jim Ryan

Game & Network Services Segment

Today

- PlayStation® Assets
- Platform Strategy - The Role of Next Gen
- Content Distribution Strategy – The Role of Cloud and Streaming
 - Today
 - Medium Term
 - Longer Term
- Questions we want to respond to
- One Sony Collaboration

Sony Corporation

■ PlayStation Assets



OWNED IP

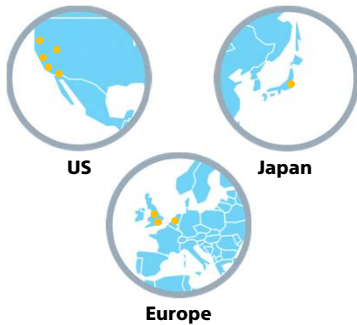
BRAND

COMMUNITY

Owned IP

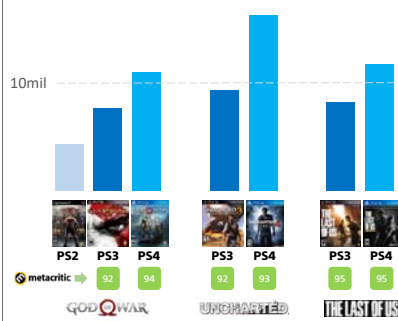
Distinguished Game Studios

13 Studios Worldwide



Franchise Strength Increasing

Lifetime unit image by title and platform



Improving Competence in 'Game as a Service' Revenue

Highest paying user spend of any Sports title on the US Store



MLB® The Show™ 19

* Comparison in PlayStation™Store 6weeks after launch

Our Brand Is Our Greatest Strength

#3

Rank	Brand (UK)
1	Apple
2	LEGO
3	PlayStation
4	Google
5	NETFLIX
6	fitbit
7	Spotify
8	amazon
9	NHS
10	sony

#7

Rank	Brand (DE)
1	Apple
2	Google
3	sony
4	LEGO
5	amazon
6	NETFLIX
7	PlayStation
8	Spotify
9	PayPal
10	SAMSUNG

#13

Rank	Brand (US)
1	Apple
2	amazon
3	Pinterest
4	NETFLIX
5	sony
6	Google
7	SAMSUNG
8	KitchenAid
9	Spotify
10	Nike
11	LEGO
12	YouTube
13	PlayStation

Prophet brand relevance index Sep-18

Community

Engagement



- 94M+* PlayStation™Network monthly active users
- Over 90% of all consoles ever seen have connected over the last 12 months
- Player used PS4 for over 21 hrs per week on average in FY18

Spend



- Consumer spend through the PS4 ecosystem estimated at over \$20bn for the first time in FY18
- Average lifetime device spend exceeds \$700
- Average launch year lifetime device spend exceeds \$1,600

PlayStation®Plus subscriber base exceeds 36 million*

* As of end of Mar, 2019

Sony Corporation

■ Platform Strategy

- The Role of Next Gen

Sony Corporation

Generational Transformation

Loading time (sec)

00:00.83



Next Generation
(under development)

Ultra High Speed

Loading time (sec)

00:08.10



PlayStation®4 Pro

SIE Believes in Generations

We will harness the power of new technology to offer completely transformative and immersive gaming experiences

We will leverage Backwards Compatibility to transition our community to Next Gen faster and more seamlessly than ever before

We provide stability of environment for content creators

Next Gen

What we have said so far

All New CPU, GPU

SSD

Backwards
Compatibility

Ray Tracing

8K

Disc Support

3D Audio

What we have not spoken about yet

Date



Price



Games



User Experience



Country Rollout



The Critical Role of PS4

Will remain the engine of engagement and profitability for the next three years



Will provide the fertile early adopter gamer base critical for Next Gen success



Outstanding roster of exclusive AAA games still to come

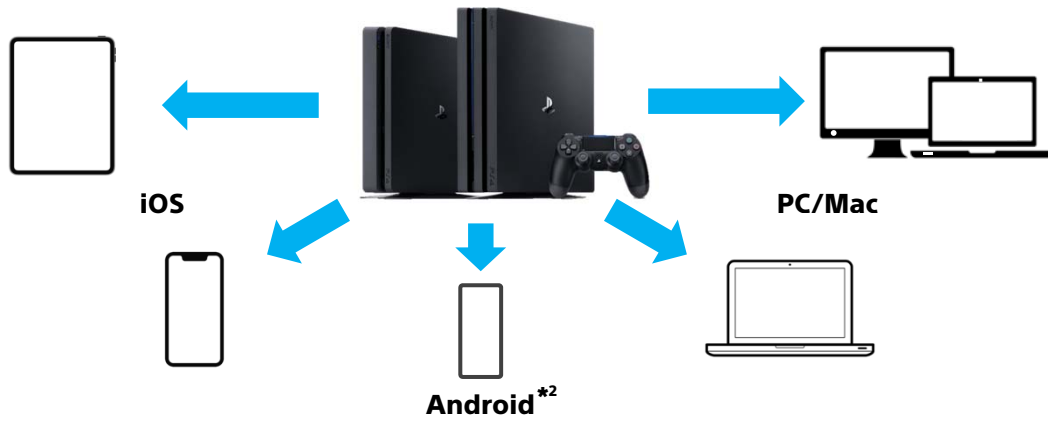


■ Content Distribution Strategy

– The Role of Cloud and Streaming

■ Today

PS4 Remote Play Offers Seamless Multi-Device Streaming Today



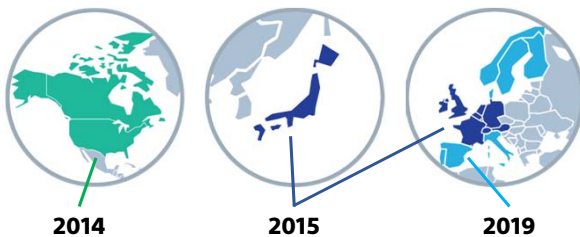
5.6 Million active users, 71M+ hours of gameplay*1

*1 FY18 yearly figure
*2 Xperia only as of today

PlayStation™Now – the History

Current area coverage > 70% PS4 base

Our experience in game streaming



- 2012** Acquisition of GAIKAI
 - 2014** PS Now rental service launch
 - 2015** Acquisition of OnLive IP
 - Sony BRAVIA, Blu-Ray, Samsung TVs support
 - 2016** PS Now subscription service launch
- Rich IP Portfolio**

700k Subscribers : 40% CAGR*

* As of end of Mar, 2019

PlayStation™Now – Today

15 Data Centers
37 Network POPs

780 games
No developer effort required

19 Countries

Streaming + Download

PS4/PC Client

170 Publishers Supporting

* As of end of Mar, 2019

Sony Corporation

PlayStation™Now and its technology

Ultra Low latency with only 5Mbps bandwidth required

Server

Dynamic Adaptive Streaming

Stream Shaping

Network

Congestion Control

Network Protocol

Client

Low Latency Client

Packet Loss Concealment

Sony Corporation

■ Medium Term

PlayStation™Now – Our Plans

Support
1080p
and beyond

Improve
Quality of
Content

Maximize
Off-console
Opportunity

Leverage
Existing
Capacity

Strengthen
Marketing
Support

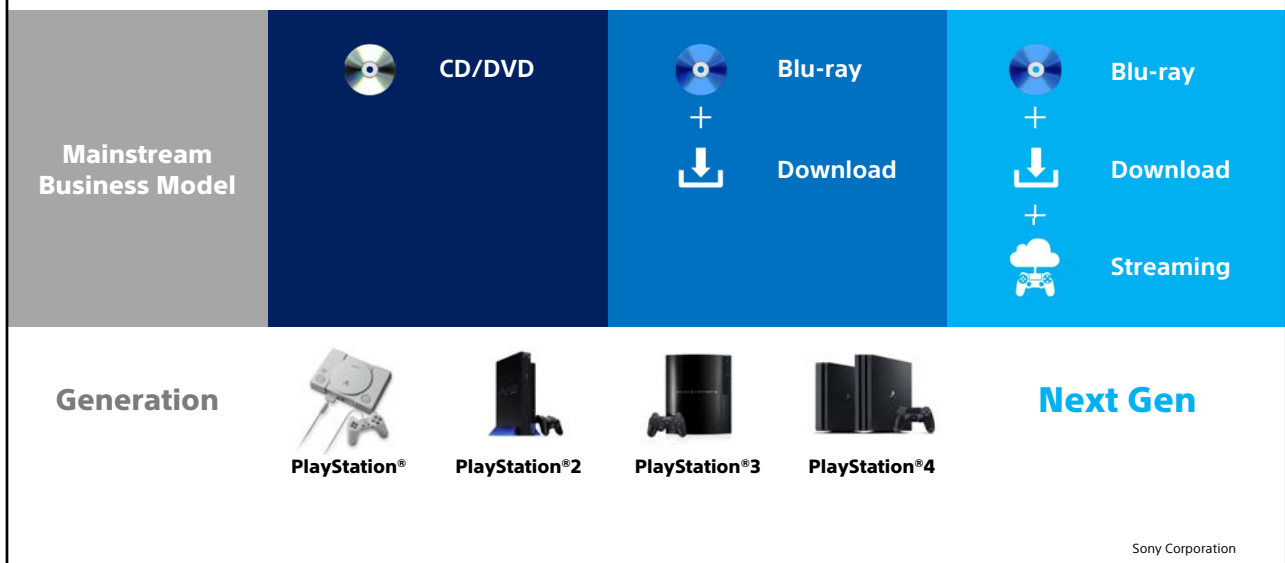


Increase CAGR to over 50%

Existing capacity investments support 5 mil subscriber base

■ Longer Term

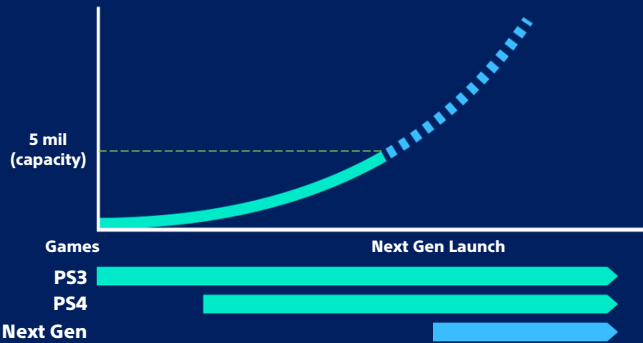
SIE Believes in Gamer Choice



Role of Streaming in Next Gen

Our Vision

A massively enhanced PlayStation community where enriched and shared PlayStation experiences can be seamlessly enjoyed independent of time and place – with or without a console



Engines of Growth

- Portable Client devices
- Static Client devices
- New Entitlement models
- Next Gen Hardware
- Next Gen Games
- Evolved services

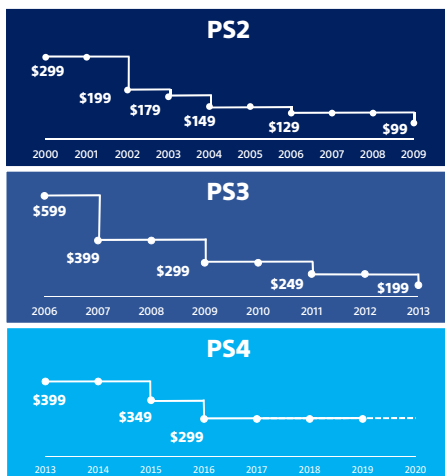
Using Partnership to Achieve Scale



- We will leverage existing and new partnerships to achieve growth and scale faster than ever before
- This follows the model successfully followed in growing our PSN business

■ Questions we want to respond to

Console promotional activity has been proportionate and has positive ROI

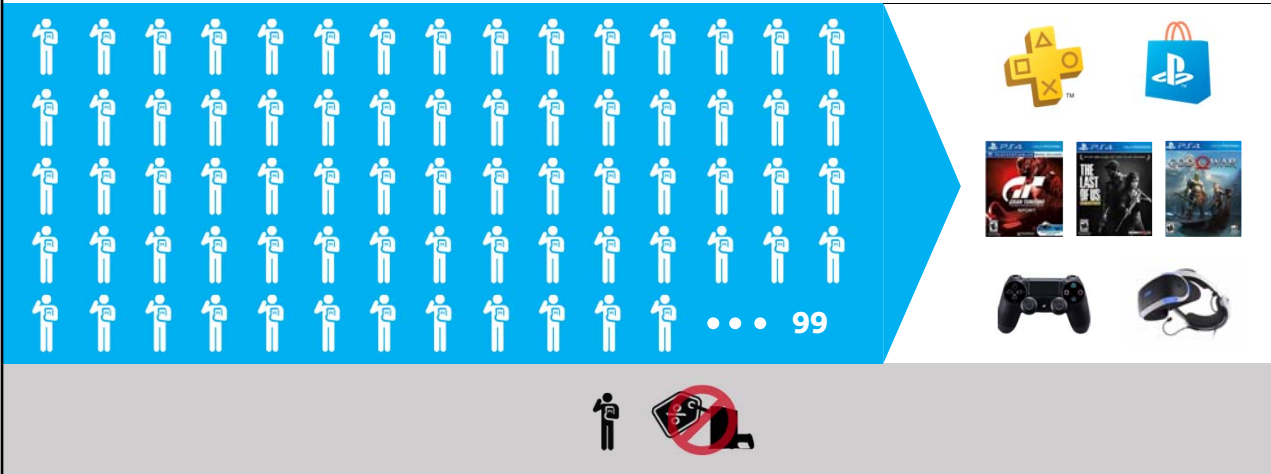


2018 Black Friday – \$199 promotional pricing self-financed during FY18

All FY19 promotions will self-finance this year



The 99, Not the 1



Cost Management



We recognize the need for a more stringent approach to the management of our cost base



PlayStation™Vue will not negatively impact our P&L from FY20 onward

■ One Sony Collaboration

One Sony Collaboration



*Sony*Music



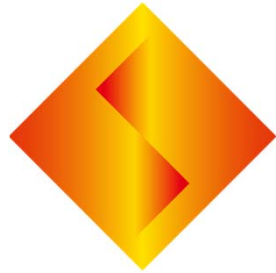
Original music for 1st party games

VR content with Sony artists



Collaboration
on Contents IP



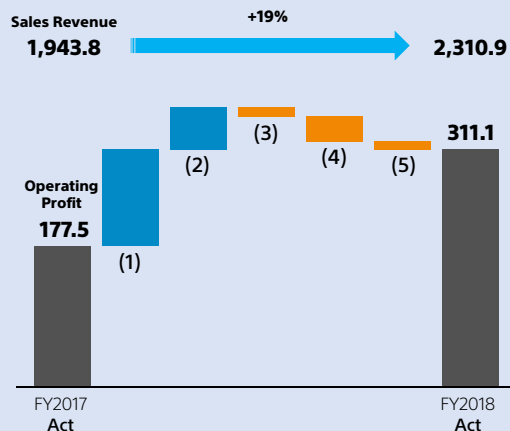


Sony
Interactive
Entertainment

Game & Network Services Segment

FY2018 Operating Profit Variation from FY2017

(Bil yen)



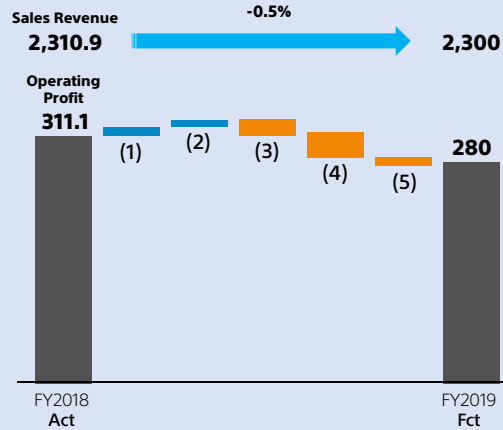
- 1) Sales growth of both 1st and 3rd party game software and add-on contents
- 2) Sales growth of network services mainly in PS Plus
- 3) Unit decrease due to lifecycle and higher console cost in hardware and peripherals
- 4) Increase of SGA in enhancement and expansion of network business, 1st party game software development and R&D cost of next generation
- 5) Negative impact of exchange rate ^{*1} etc.

*1: Impact of foreign exchange fluctuations is calculated using the sales and costs denominated in each currency in FY2018 and comparing them with the previous fiscal year.

Sony Corporation

FY2019 Operating Profit Variation from FY2018

(Bil yen)



- 1) Continuous sales growth of network services mainly in PS Plus
- 2) Cost improvement more than unit decrease due to lifecycle in hardware and peripherals
- 3) Sales decrease of 1st party game software that had big hit titles in FY2018
- 4) Increase of SGA in acceleration of next generation development activities
- 5) Negative impact of exchange rate** etc.

*1: Impact of foreign exchange fluctuations is calculated using the sales and costs denominated in each currency in FY2019 and comparing them with the previous fiscal year.

SONY