

SONY CORP
Form 6-K
November 01, 2016

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of November 2016
Commission File Number: 001-06439

SONY CORPORATION
(Translation of registrant's name into English)

1-7-1 KONAN, MINATO-KU, TOKYO, 108-0075, JAPAN
(Address of principal executive offices)

The registrant files annual reports under cover of Form 20-F.

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F,

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form
is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities
Exchange Act of 1934, Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule
12g3-2(b):82-_____

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to
be signed on its behalf by the undersigned, thereunto duly authorized.

SONY CORPORATION
(Registrant)

By: /s/ Kenichiro Yoshida
(Signature)
Kenichiro Yoshida
Executive Deputy President and
Chief Financial Officer

Edgar Filing: SONY CORP - Form 6-K

Date: November 1, 2016

List of materials

Documents attached hereto:

i) Press release announcing Consolidated Financial Results for the Second Quarter Ended September 30, 2016

1-7-1 Konan, Minato-ku
News & Information Tokyo 108-0075 Japan

No. 16-107E
November 1, 2016

Consolidated Financial Results for the Second Quarter Ended September 30, 2016

Tokyo, November 1, 2016 -- Sony Corporation today announced its consolidated financial results for the second quarter ended September 30, 2016 (July 1, 2016 to September 30, 2016).

	(Billions of yen, millions of U.S. dollars, except per share amounts)			
	Second Quarter ended September 30			
	2015	2016	Change in yen	2016*
Sales and operating revenue	¥1,892.7	¥1,688.9	-10.8%	\$16,722
Operating income	88.0	45.7	-48.0	453
Income before income taxes	72.2	40.5	-43.9	401
Net income attributable to Sony Corporation's stockholders	33.6	4.8	-85.6	48
Net income attributable to Sony Corporation's stockholders per share of common stock:				
- Basic	¥26.64	¥3.84	-85.6	\$0.04
- Diluted	26.10	3.76	-85.6	0.04

* U.S. dollar amounts have been translated from yen, for convenience only, at the rate of 101 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of September 30, 2016.

All amounts are presented on the basis of Generally Accepted Accounting Principles in the U.S. ("U.S. GAAP").

Sony Corporation and its consolidated subsidiaries are together referred to as "Sony".

The average foreign exchange rates during the quarters ended September 30, 2015 and 2016 are presented below.

	Second Quarter ended September 30			
	2015	2016	Change	
The average rate of yen				
1 U.S. dollar	¥122.2	¥102.4	19.3%	yen appreciation
1 Euro	135.9	114.3	19.0	yen appreciation

Consolidated Results for the Second Quarter Ended September 30, 2016

Sales and operating revenue ("Sales") decreased by 10.8% compared to the same quarter of the previous fiscal year ("year-on-year") to 1,688.9 billion yen (16,722 million U.S. dollars). This decrease was mainly due to the impact of foreign exchange rates. On a constant currency basis, sales were essentially flat year-on-year, due to a decrease in Mobile Communications ("MC") segment sales reflecting a significant decrease in smartphone unit sales, substantially offset by an increase in revenues in the Financial Services segment due to an improvement in investment performance

in the separate account at Sony Life Insurance Co., Ltd. (“Sony Life”), as well as an increase in sales in the Pictures segment. For further details about the impact of foreign exchange rate fluctuations on sales and operating income (loss), see Notes on page 10.

Operating income decreased 42.3 billion yen year-on-year to 45.7 billion yen (453 million U.S. dollars). This significant decrease was mainly due to the deterioration of operating results in the Semiconductors and Components segments, partially offset by improvements in the Pictures and MC segments.

Operating income in the current quarter includes a 32.8 billion yen (325 million U.S. dollars) impairment charge related to the planned transfer of the battery business recorded in the Components segment. In addition, 1.2 billion yen (11 million U.S. dollars) of net charges from the earthquakes in the Kumamoto region in 2016 (the “2016 Kumamoto Earthquakes”) were recorded in the Semiconductors segment. The charges from the earthquakes include 7.2 billion yen (71 million U.S. dollars) of repair costs for certain fixed assets and a loss on disposal of inventories that were directly damaged (the “Physical Damage”), as well as 1.2 billion yen (11 million U.S. dollars) of idle facility costs at manufacturing sites and other costs. The entire amount of the Physical Damage was offset by the recognition of probable insurance recoveries.

During the current quarter, restructuring charges, net, increased 27.0 billion yen year-on-year to 32.6 billion yen (322 million U.S. dollars) primarily due to the above-mentioned impairment charge related to the planned transfer of the battery business. This amount is recorded as an operating expense included in the above-mentioned operating income.

Equity in net income of affiliated companies, recorded within operating income, increased 0.2 billion yen year-on-year to 1.1 billion yen (11 million U.S. dollars).

The net effect of other income and expenses improved 10.6 billion yen year-on-year to an expense of 5.2 billion yen (52 million U.S. dollars), primarily due to a year-on-year decrease in net foreign exchange loss.

Income before income taxes decreased 31.7 billion yen year-on-year to 40.5 billion yen (401 million U.S. dollars).

During the current quarter, Sony recorded 23.5 billion yen (232 million U.S. dollars) of income tax expense, resulting in an effective tax rate of 58.0% which exceeded the effective tax rate of 33.1% in the same quarter of the previous fiscal year. This higher effective tax rate was mainly due to the fact that Sony Corporation and its national tax filing group in Japan, which has established valuation allowances for deferred tax assets, recorded losses during the current quarter versus profits in the same quarter of the previous fiscal year.

Net income attributable to Sony Corporation’s stockholders, which deducts net income attributable to noncontrolling interests, decreased 28.7 billion yen year-on-year to 4.8 billion yen (48 million U.S. dollars).

Operating Performance Highlights by Business Segment

“Sales and operating revenue” in each business segment represents sales and operating revenue recorded before intersegment transactions are eliminated. “Operating income (loss)” in each business segment represents operating income (loss) reported before intersegment transactions are eliminated and excludes unallocated corporate expenses.

Mobile Communications (MC)

(Billions of yen, millions of U.S. dollars)
Second Quarter ended September 30
Change

	2015	2016	Change in yen	2016
Sales and operating revenue	¥279.2	¥168.8	-39.6%	\$1,671
Operating income (loss)	(20.6)	3.7	-	37

Sales decreased 39.6% year-on-year (a 34% decrease on a constant currency basis) to 168.8 billion yen (1,671 million U.S. dollars). This significant decrease was mainly due to a reduction in mid-range smartphone unit sales, as well as a reduction in smartphone unit sales in unprofitable regions where downsizing measures were implemented during the previous fiscal year, partially offset by an improvement in the product mix of smartphones as a result of a concentration on high value-added models.

Operating income of 3.7 billion yen (37 million U.S. dollars) was recorded, compared to an operating loss of 20.6 billion yen recorded in the same quarter of the previous fiscal year. Despite the effect of the above-mentioned decrease in sales, profitability improved significantly due to cost reductions, mainly resulting from the benefit of restructuring initiatives, an improvement in product mix, the positive impact of foreign exchange rates and a decrease in restructuring charges. During the current quarter, there was a 5.4 billion yen positive impact from foreign exchange rate fluctuations (net of the impact of foreign exchange hedging).

Game & Network Services (G&NS)

(Billions of yen, millions of U.S.
dollars)

Second Quarter ended September 30

	2015	2016	Change in yen	2016
Sales and operating revenue	¥360.7	¥319.9	-11.3%	\$3,167
Operating income	23.9	19.0	-20.6	188

The G&NS segment includes the Hardware, Network, and Other categories. Hardware includes home and portable game consoles; Network includes network services relating to game, video and music content provided by Sony Interactive Entertainment; Other includes packaged software and peripheral devices.

Sales decreased 11.3% year-on-year (a 2% increase on a constant currency basis) to 319.9 billion yen (3,167 million U.S. dollars). This significant decrease was primarily due to the impact of foreign exchange rates and the impact of a price reduction for PlayStation®4 (“PS4”) hardware, partially offset by an increase in PS4 software sales including sales through the network.

Operating income decreased 4.9 billion yen year-on-year to 19.0 billion yen (188 million U.S. dollars). This decrease was primarily due to the effects of the price reduction for PS4 hardware as well as a decrease in PlayStation®3 software sales, partially offset by PS4 hardware cost reductions and the above-mentioned increase in PS4 software sales. During the current quarter, there was a 0.9 billion yen negative impact from foreign exchange rate fluctuations.

Imaging Products & Solutions (IP&S)

(Billions of yen, millions of U.S.
dollars)

Second Quarter ended September 30

	2015	2016	Change in yen	2016
Sales and operating revenue	¥180.9	¥135.4	-25.2%	\$1,340
Operating income	23.1	14.9	-35.7	147

The IP&S segment includes the Still and Video Cameras as well as Other categories. Still and Video Cameras includes interchangeable lens cameras, compact digital cameras, consumer video cameras and video cameras for broadcast; Other includes display products such as projectors and medical equipment. Due to certain changes in Sony’s organizational structure, sales and operating revenue and operating income (loss) of the IP&S segment of the comparable prior period have been reclassified to conform to the current presentation. For details, please see Notes on page 10.

Sales decreased 25.2% year-on-year (a 14% decrease on a constant currency basis) to 135.4 billion yen (1,340 million U.S. dollars). This significant decrease in sales was mainly due to lower sales of Still and Video Cameras, primarily reflecting a contraction of the market and the difficulty of procuring components due to the 2016 Kumamoto Earthquakes, as well as the impact of foreign exchange rates, partially offset by an improvement in the product mix of Still and Video Cameras, reflecting a shift to high value-added models.

Operating income decreased 8.2 billion yen year-on-year to 14.9 billion yen (147 million U.S. dollars). This significant decrease was mainly due to the impact of the above-mentioned decrease in sales and the negative impact of foreign exchange rates, partially offset by such factors as the above-mentioned improvement in product mix and a

reduction of fixed costs. During the current quarter, there was a 9.5 billion yen negative impact from foreign exchange rate fluctuations.

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Home Entertainment & Sound (HE&S)

(Billions of yen, millions of U.S.
dollars)

Second Quarter ended September 30

	2015	2016	Change in yen	2016
Sales and operating revenue	¥289.1	¥234.9	-18.7%	\$2,326
Operating income	15.8	17.6	+11.4	174

The HE&S segment includes the Televisions as well as Audio and Video categories. Televisions includes LCD televisions; Audio and Video includes Blu-ray Disc™ players and recorders, home audio, headphones and memory-based portable audio devices.

Sales decreased 18.7% year-on-year (a 5% decrease on a constant currency basis) to 234.9 billion yen (2,326 million U.S. dollars). This was primarily due to the impact of foreign exchange rates and a decrease in home audio and video unit sales reflecting a contraction of the market.

Operating income increased 1.8 billion yen year-on-year to 17.6 billion yen (174 million U.S. dollars). This increase was primarily due to an improvement in product mix reflecting a shift to high value-added models and cost reductions, partially offset by the negative impact of foreign exchange rates as well as the above-mentioned decrease in sales. During the current quarter, there was a 6.0 billion yen negative impact from foreign exchange rate fluctuations.

Semiconductors

(Billions of yen, millions of U.S.
dollars)

Second Quarter ended September 30

	2015	2016	Change in yen	2016
Sales and operating revenue	¥203.9	¥193.7	-5.0%	\$1,918
Operating income (loss)	34.1	(4.2)	-	(41)

The Semiconductors segment includes image sensors and camera modules. Due to certain changes in Sony's organizational structure, sales and operating revenue and operating income (loss) of the former Devices segment of the comparable prior period have been reclassified to conform to the current presentation. For details, please see Notes on page 10.

Sales decreased 5.0% year-on-year (a 12% increase on a constant currency basis) to 193.7 billion yen (1,918 million U.S. dollars). This decrease was primarily due to a decrease in sales of image sensors, reflecting the impact of foreign exchange rates, partially offset by an increase in the unit sales of image sensors for mobile products. Sales to external customers increased 1.1% year-on-year.

Operating loss of 4.2 billion yen (41 million U.S. dollars) was recorded, compared to operating income of 34.1 billion yen recorded in the same quarter of the previous fiscal year. This significant deterioration was primarily due to the negative impact of foreign exchange rates and 9.4 billion yen (93 million U.S. dollars) in inventory write-downs of certain image sensors for mobile products, partially offset by the above-mentioned increase in the unit sales of image sensors for mobile products. Operating loss in the current quarter includes the above-mentioned net expense of 1.2 billion yen (11 million U.S. dollars) resulting from the 2016 Kumamoto Earthquakes. During the current quarter, there was a 19.7 billion yen negative impact from foreign exchange rate fluctuations.

Components

(Billions of yen, millions of U.S.
dollars)

Second Quarter ended September
30

	2015	2016	Change in yen	2016
Sales and operating revenue	¥61.2	¥46.7	-23.7%	\$462
Operating loss	(1.5)	(36.6)	-	(363)

The Components segment includes batteries and recording media. Due to certain changes in Sony's organizational structure, sales and operating revenue and operating income (loss) of the former Devices segment of the comparable prior period have been reclassified to conform to the current presentation. For details, please see Notes on page 10.

Sales decreased 23.7% year-on-year (an 11% decrease on a constant currency basis) to 46.7 billion yen (462 million U.S. dollars). This decrease was primarily due to the impact of foreign exchange rates and a decrease in sales in the battery business due to increasingly competitive markets.

Operating loss increased 35.1 billion yen year-on-year to 36.6 billion yen (363 million U.S. dollars). This increase was primarily due to a 32.8 billion yen (325 million U.S. dollars) impairment charge related to the planned transfer of the battery business. During the current quarter, there was a 1.6 billion yen negative impact from foreign exchange rate fluctuations.

* * * * *

Total inventory of the six Electronics* segments above as of September 30, 2016 was 772.6 billion yen (7,650 million U.S. dollars), a decrease of 60.9 billion yen, or 7.3% year-on-year. Inventory increased by 136.4 billion yen, or 21.4% compared with the level as of June 30, 2016.

* The term “Electronics” refers to the sum of the MC, G&NS, IP&S, HE&S, Semiconductors and Components segments.

In connection with the realignment made from the first quarter of the fiscal year ending March 31, 2017, total inventory of the six Electronics segments as of September 30, 2015 has been reclassified to conform to the current presentation. For further details, please see Notes on page 10.

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Pictures

(Billions of yen, millions of U.S. dollars)
 Second Quarter ended September 30

	2015	2016	Change in yen	2016
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Sales and operating revenue	¥183.7	¥192.1	+4.6%	\$1,902
Operating income (loss)	(22.5)	3.2	-	32

The Pictures segment is comprised of the Motion Pictures, Television Productions, and Media Networks categories. Motion Pictures includes the worldwide production, acquisition and distribution of motion pictures and direct-to-video content; Television Productions includes the production, acquisition and distribution of television programming; Media Networks includes the operation of television and digital networks worldwide.

The results presented in Pictures are a yen-translation of the results of Sony Pictures Entertainment Inc. (“SPE”), a U.S.-based operation that aggregates the results of its worldwide subsidiaries on a U.S. dollar basis. Management analyzes the results of SPE in U.S. dollars, so discussion of certain portions of its results is specified as being on “a U.S. dollar basis.”

Sales increased 4.6% year-on-year (a 25% increase on a U.S. dollar basis) to 192.1 billion yen (1,902 million U.S. dollars). The increase in sales on a U.S. dollar basis was due to higher sales for Motion Pictures, Television Productions and Media Networks. The significant increase in Motion Pictures sales was primarily due to higher theatrical revenues from films released in the current quarter including Ghostbusters, Sausage Party and Don’t Breathe. Sales in Television Productions increased significantly due to higher subscription video-on-demand licensing revenues for The Crown and The Get Down. Media Networks sales increased primarily due to higher

advertising and subscription revenues in India, Europe and Latin America.

Operating income of 3.2 billion yen (32 million U.S. dollars) was recorded, compared to an operating loss of 22.5 billion yen recorded in the same quarter of the previous fiscal year. This significant improvement in operating results was primarily due to the above-mentioned increase in sales.

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Music

(Billions of yen, millions of U.S.
dollars)

Second Quarter ended September 30

	2015	2016	Change in yen	2016 \$
Sales and operating revenue	¥139.1	¥150.2	+8.0%	\$1,487
Operating income	14.3	16.5		