Sony Group Corporation (SNEJF)

Updated May 21st, 2025 by Nathan Parsh

Key Metrics

Current Price:	$26	**5 Year CAGR Estimate:**	-7.2%	**Market Cap:**	$159 B
Fair Value Price:	$15.47	**5 Year Growth Estimate:**	2.0%	**Ex-Dividend Date:**	3/31/25
% Fair Value:	168%	**5 Year Valuation Multiple Estimate:**	-9.9%	**Dividend Payment Date:**	6/02/25
Dividend Yield:	0.6%	**5 Year Price Target**	$17.08	**Years Of Dividend Growth:**	6[1]
Dividend Risk Score:	D	**Sector:**	Consumer Discretionary	**Rating:**	Hold

Overview & Current Events

Sony Group Corp. is an electronics and technology company that was founded in 1946, and is headquartered in Japan. It designs and manufactures a wide range of electronics, including electronic equipment, instruments, devices, game consoles, and software, for both consumers and professionals. It has a wide variety of product segments, including video games, a movie studio, television programming, smartphones, televisions, cameras, and professional services. It also has a financial services arm which includes life and non-life insurance operations through its Japanese insurance and banking subsidiaries. The stock trades over-the-counter in the U.S. under the ticker symbol SNEJF and on the Tokyo Stock Exchange under the ticker SONY. The company employs approximately 113,000 people.

On October 1st, 2024, Sony completed its previously announced 5-for-1 stock split. All numbers in the table have been updated to reflect the split.

On May 14th, 2025, Sony reported Q4 FY 2024 results for the period ending March 31st, 2025. All figures listed in U.S. dollars. For the quarter, revenue decreased 19.5% to $17.9 billion, which was $3 billion less than expected. Adjusted earnings-per-share of $0.22 was down from $0.99 in the prior year, but this was $0.10 ahead of estimates. For the year, revenue declined 4.3% to $86.3 billion while adjusted earnings-per-share of $1.26 compared to $1.09 in FY 2023 and was $0.04 above our projection.

For the fiscal year, Games & Network Services, the largest component within Sony, grew 9% as gains in non-first-party game software titles and network sales were partially offset by weaker hardware and first-party to strength in hardware and first-party game titles. Music improved 14% due to strength in streaming services and live events. Pictures were unchanged as higher revenues from Crunchyroll and the addition of Alamo Drafthouse Cinema were offset by lower television deliveries and weaker subscription and advertising revenues in India. Entertainment, Technology & Services was down 2% due to fewer televisions and smartphones unit sales. Imaging & Sensing Solutions was up 12% as image sensors and mobile products benefited from higher unit sales and better product mix. Sales for Financial Services was lower by 47% due to declines in net gains on investments related to market fluctuations. Sony announced previously that it had received approval to spin off the Financial Services segment, which is expected to take place in October 2025.

We expect that Sony will earn $1.19 in FY 2025.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$0.21	$0.10	$0.71	$1.28	$0.85	$1.77	$1.26	$1.20	$1.09	$1.26	***$1.19***	***$1.31***
DPS	$0.02	$0.04	$0.04	$0.06	$0.07	$0.09	$0.11	$0.10	$0.11	$0.15	***$0.15***	***$0.17***
Shares[2]	6,305	6,315	6,325	6,350	6,350	6,350	6,350	6,175	6,205	6,150	***6,150***	***6,150***

As one can see in the above table, Sony has had difficulty maintaining consistent profitability over the past 10 years. This is due to the intensely competitive forces inherent in the consumer electronics industry. Sony has to spend billions on research and development, as well as advertising in order to stay ahead of the competition. Earnings were up

[1] In local currency

[2] In millions

significantly in recent years, but we project 2% growth given that Sony has not yet demonstrated longer-term consistency. Sony expects to distribute $0.15 of dividends per share this fiscal year at currency exchange rates.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	25.6	58.9	11.7	8.0	13.8	11.4	16.4	16.2	15.7	20.2	***21.8***	***13.0***
Avg. Yld.	0.3%	0.6%	0.5%	0.6%	0.6%	0.4%	0.5%	0.6%	0.7%	0.3%	***0.6%***	***1.0%***

Sony's stock valuation has been highly volatile over the past decade. Furthermore, in several years Sony posted a net loss, which meant that a price-to-earnings ratio could not be computed. As such, history does not lend itself to a fair judgment of value. We assign a 2030 price-to-earnings ratio of 13 to the stock as we are not willing to award the security a premium, or even average multiple. It is true that this view could be understated if earnings were to start growing from this point. However, given the recent past, we believe Sony needs to sustain growth over the intermediate-term to warrant a higher valuation. Shares of Sony have increased 4% since our February 25th, 2025 report. Using estimates for the fiscal year, the stock trades with a P/E of 21.8. If the stock reaches our target P/E over the next five years, then valuation would reduce annual returns by 9.9% through fiscal year 2030.

Sony pays a semi-annual dividend. The first dividend payment is paid in June, and the second installment is paid in December. It should be noted that buying shares of international stocks exposes investors to currency risk as well as dividend withholding taxes.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	10%	40%	6%	5%	8%	5%	9%	8%	10%	12%	***13%***	***13%***

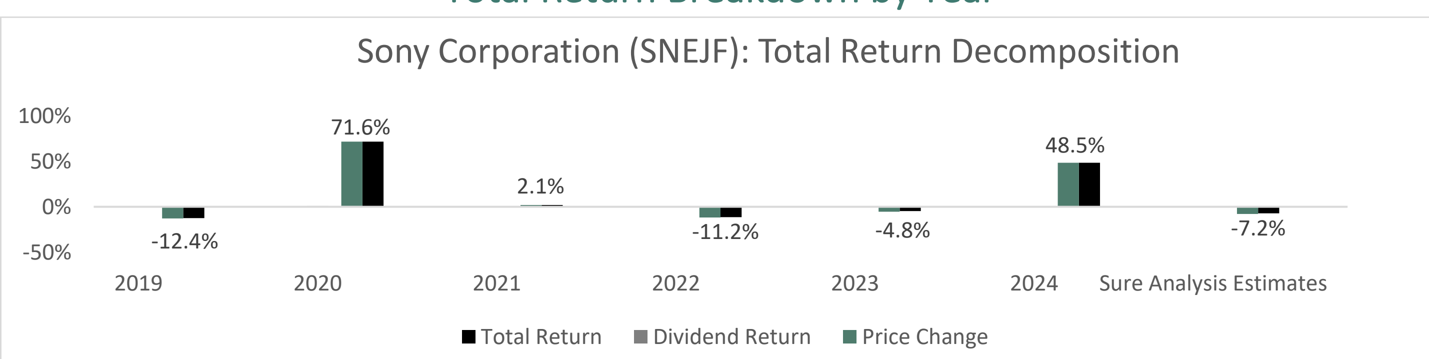
Sony struggled to post a profit not just during the last recession, but throughout the last decade. Significant improvements have been made as of late, with much higher earnings to show for it, but the company's businesses are finicky and require substantial R&D investment to stay ahead of changing trends in the tech industry.

Sony is one of the top companies in the entertainment space and produces top of the line products. For example, Sony's image sensor is considered to be ideal for creating high quality pictures. The company's image sensor has been used by leading smart phone manufacturers, including Apple (AAPL), which has used Sony's image sensor since the iPhone 4. Sony has also worked to create an ecosystem for its products, including its PlayStation segment, which offers a monthly subscription for consumers.

Final Thoughts & Recommendation

Sony Corporation is now expected to return -7.2% annually through fiscal year 2030, compared to our prior estimate of an annual return of -6.2%. Business results were mixed during fiscal year 2024. We now rate shares as a hold.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	67548	70308	77113	78166	75998	84886	88377	85459	90232	
Gross Profit	16926	17940	20881	21671	21482	22933	24065	23260	23042	
Gross Margin	25.1%	25.5%	27.1%	27.7%	28.3%	27.0%	27.2%	27.2%	25.5%	
SG&A Exp.	14100	13926	14289	14223	13825	13897	14150	14583	14942	
D&A Exp.	5806	5775	6505	6517	6868	6484	7440	7440	7935	
Operating Profit	2826	4015	6592	7448	7671	9027	10533	8731	8304	
Op. Margin	4.2%	5.7%	8.5%	9.5%	10.1%	10.6%	11.9%	10.2%	9.2%	
Net Profit	1232	678	4430	8265	5357	9713	7858	6940	6726	
Net Margin	1.8%	1.0%	5.7%	10.6%	7.0%	11.4%	8.9%	8.1%	7.5%	
Free Cash Flow	3114	4383	8944	8534	8373	6247	7060	(2214)	5192	
Income Tax	790	1147	1370	407	1630	(433)	2041	1753	1997	

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	148343	157956	179407	189233	231020	249359	249731	240469	225348	
Cash & Equivalents	8751	8588	14927	13259	13995	16199	16793	11114	12600	
Acc. Receivable					11051	12378	13342	13343	14259	
Inventories	6078	5732	6521	5892	5180	5771	7161	11018	10034	
Goodwill & Int.	10873	9899	9953	15211	19071	19759	22490	25523	13893	
Total Liab.	120479	129805	145000	149139	175553	188402	190764	185771	174104	
Accounts Payable	4902	4829	4409	4438	12126	14473	15102	14004	13643	
Long-Term Debt	7950	10729	12657	12261	17229	22307	27460	29049	27012	
Total Equity	21916	22335	27923	33789	45103	60557	58535	54259	50128	
LTD/E Ratio	0.36	0.48	0.45	0.36	0.38	0.37	0.47	0.54	0.54	

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.9%	0.4%	2.6%	4.5%	2.5%	4.0%	3.1%	2.8%	2.9%	
Return on Equity	4.7%	2.4%	14.2%	22.2%	11.2%	16.7%	13.1%	12.2%	12.7%	
ROIC	3.6%	1.8%	10.3%	16.6%	8.6%	12.5%	9.3%	8.2%	8.3%	
Shares Out.	1,261	1,263	1,265	1,270	1,270	1,270	1,270	1,235	1,241	
Revenue/Share	53.70	54.57	59.67	60.38	60.21	67.89	70.63	68.84	73.04	
FCF/Share	2.48	3.40	6.92	6.59	6.63	5.00	5.64	(1.78)	4.20	

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.