



# Matsui Securities Co., Ltd.

(First Section of TSE: 8628)

## Annual Results for 1QFY2015

July 2015

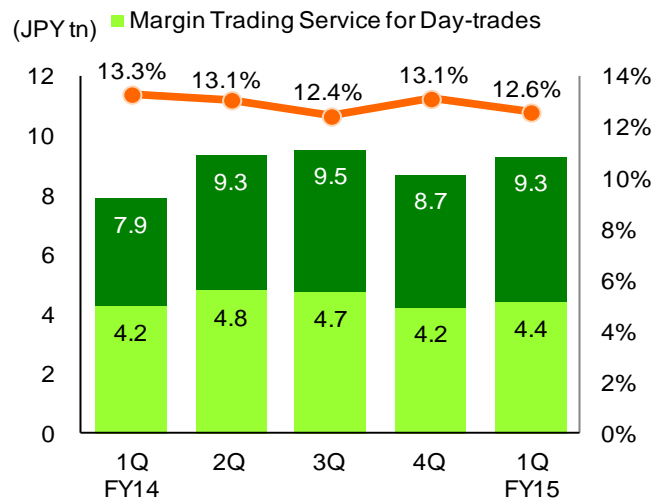
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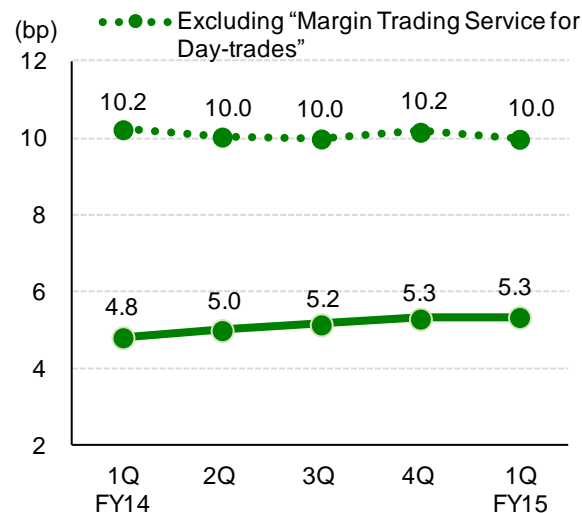
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# Results of Operation

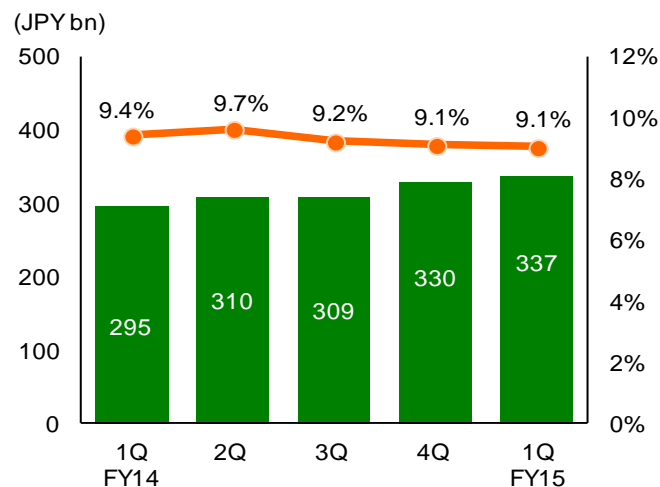
## ◆ Equity trading value / Market share



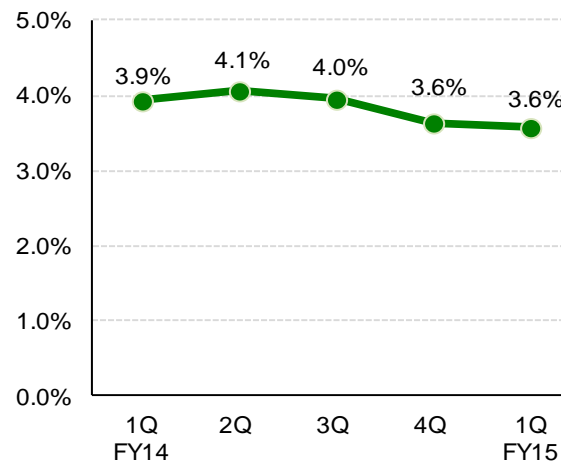
## ◆ Equity commission rate



## ◆ Margin balance / Market share



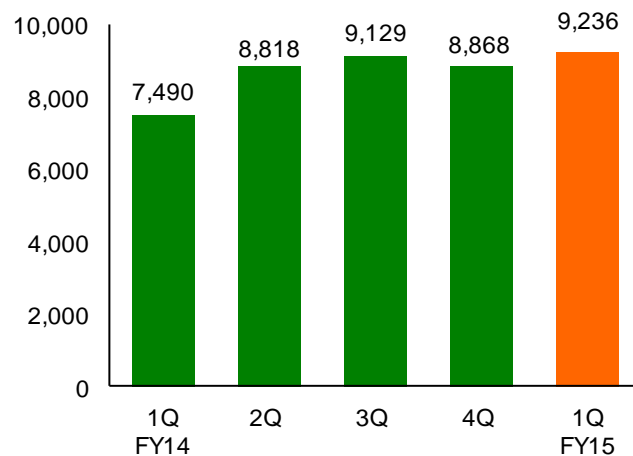
## ◆ Net interest income ratio



# Financial Results

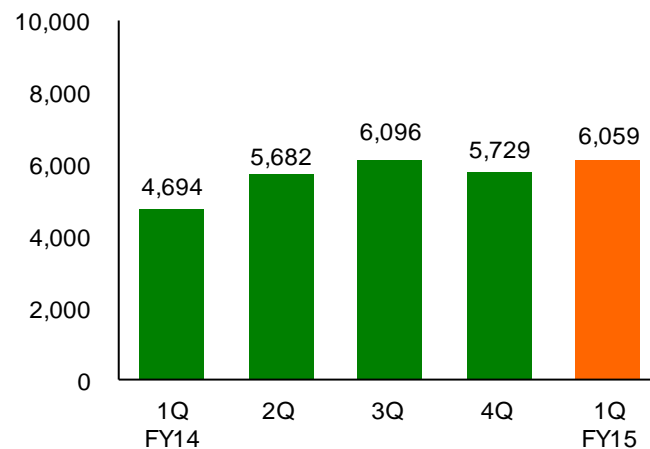
## ◆ Operating revenues

(JPY mn)



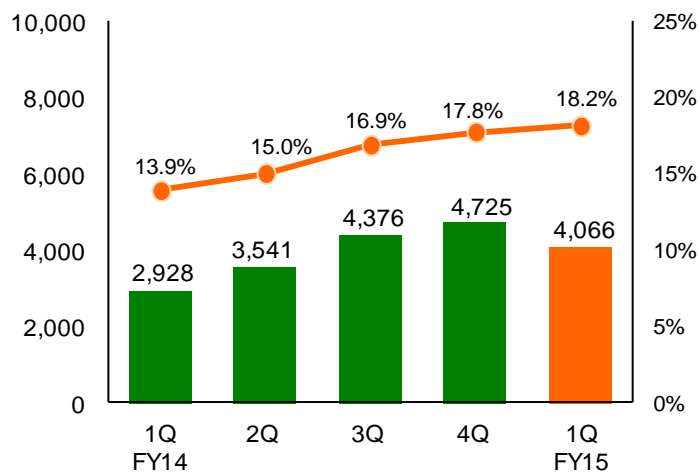
## ◆ Ordinary income

(JPY mn)

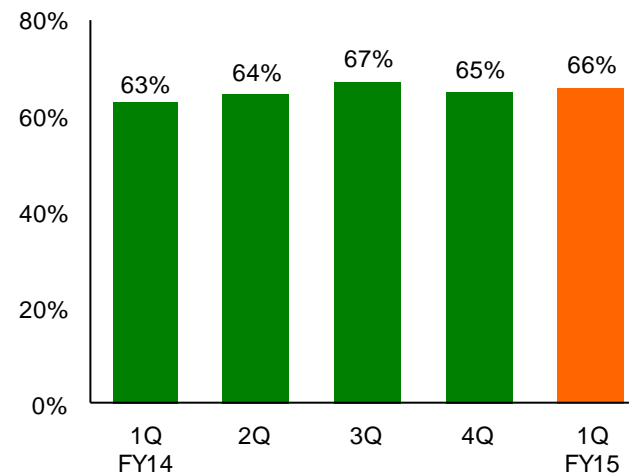


## ◆ Net income / ROE<sup>1</sup>

(JPY mn)

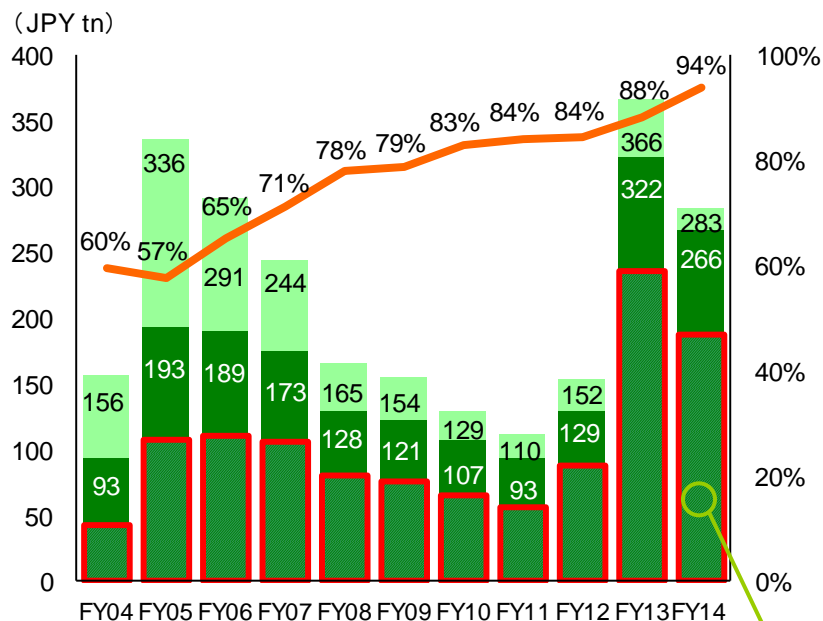


## ◆ Ordinary income ratio



# Overview of Retail Equity Trading Market

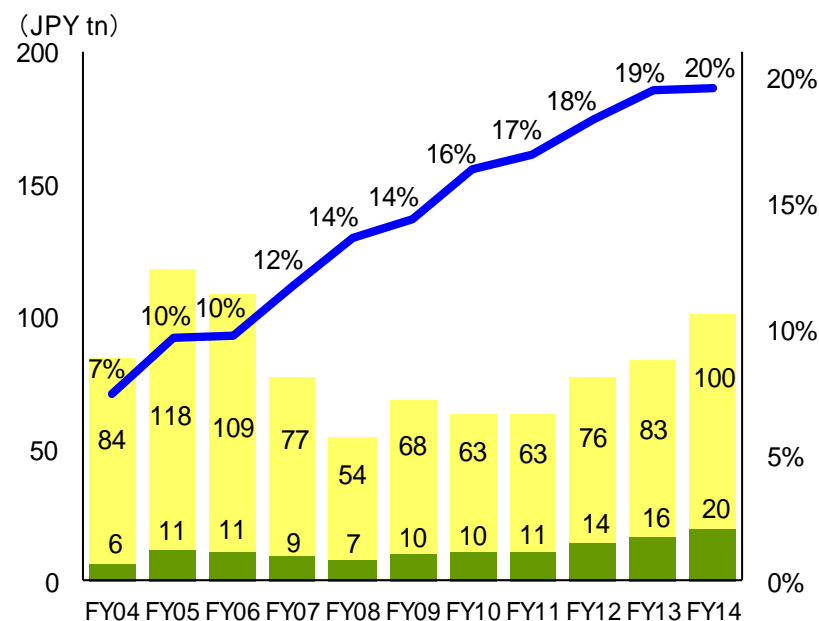
## ◆ Equity trading value of individuals<sup>1</sup> (FLOW)



■ Equity trading value of individuals  
■ Equity trading value of 7 on-line brokers  
— Proportion of trading value of 7 on-line brokers

**Super active traders<sup>2</sup>**  
**JPY 190 tn**  
**(Estimate)**

## ◆ Equity holdings by individuals<sup>1</sup> (STOCK)



■ Equity holdings by individuals  
■ Equity holdings by 5 on-line brokers  
— Proportion of equity holdings by 5 on-line brokers

# Financial Summary

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## Section 1

# Summary of Financial Results (Quarterly)

(JPY mn)

	FY15	FY14	QoQ	FY14			YoY	FY14 TOTAL
	1Q	4Q		3Q	2Q	1Q		
Operating Revenues	9,236	8,868	4%	9,129	8,818	7,490	23%	34,306
Commissions	5,880	5,577	5%	5,835	5,349	4,406	33%	21,167
Interest & dividend income	3,353	3,289	2%	3,290	3,466	3,082	9%	13,126
Interest expenses	448	442	1%	292	426	253	77%	1,413
Net operating revenues	8,788	8,426	4%	8,837	8,392	7,238	21%	32,893
SG&A	2,771	2,705	2%	2,778	2,718	2,604	6%	10,806
Operating income	6,017	5,720	5%	6,059	5,674	4,633	30%	22,087
Ordinary income	6,059	5,729	6%	6,096	5,682	4,694	29%	22,202
Net income	4,066	4,725	-14%	4,376	3,541	2,928	39%	15,571
Ordinary income ratio	66%	65%	-	67%	64%	63%	-	65%
Matsui's trading value (JPY tn)	9.3	8.7	7%	9.5	9.3	7.9	18%	35.4
Daily average trading value on TSE (JPY tn)	3.1	3.0	5%	3.0	2.3	2.3	36%	2.7

# Breakdown of Net Operating Revenues (Quarterly)

(JPY mn)

	FY15	FY14	QoQ	FY14			YoY	FY14 TOTAL
	1Q	4Q		3Q	2Q	1Q		
Commissions	5,880	5,577	5%	5,835	5,349	4,406	33%	21,167
Brokerage	5,566	5,221	7%	5,540	5,064	4,200	33%	20,025
Equity	4,990	4,624	8%	4,917	4,674	3,807	31%	18,022
Futures & Options	335	349	-4%	411	274	256	31%	1,290
Others	313	355	-12%	295	285	203	54%	1,139
Net gain (loss) on trading	2	2	24%	3	3	1	291%	8
Interest & dividend income (1)	3,353	3,289	2%	3,290	3,466	3,082	9%	13,126
Total operating revenues	9,236	8,868	4%	9,129	8,818	7,490	23%	34,306
Interest expenses (2)	448	442	1%	292	426	253	77%	1,413
Net operating revenues	8,788	8,426	4%	8,837	8,392	7,238	21%	32,893
Net interest income (1) - (2)	2,905	2,846	2%	2,998	3,039	2,830	3%	11,713
Average margin balance (JPY bn)	325	313	4%	303	299	288	13%	301



# Breakdown of SG&A (Quarterly)

(JPY mn)

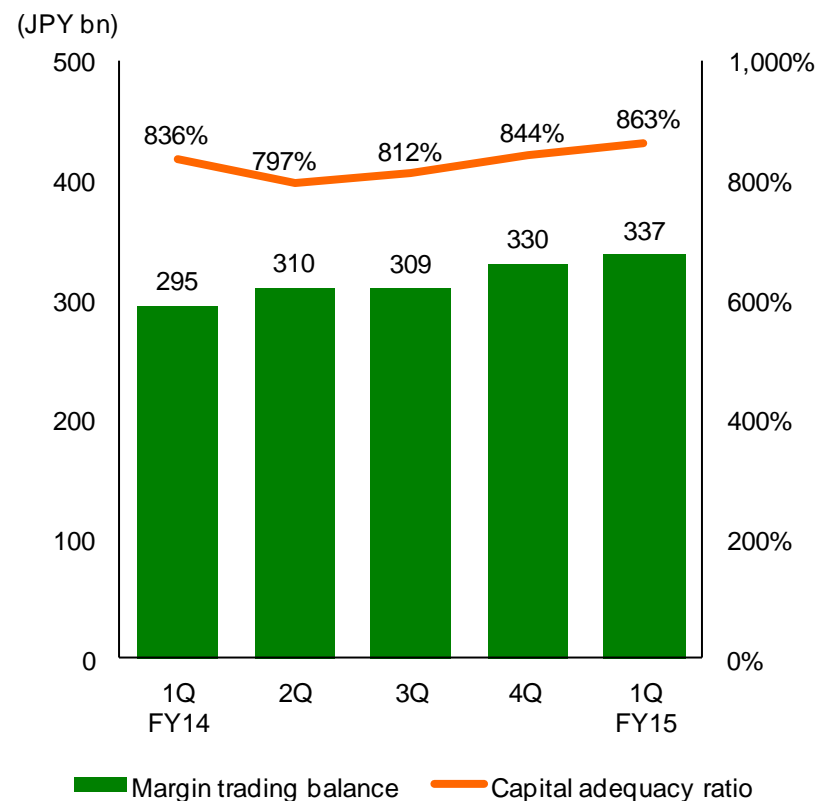
	FY15	FY14	QoQ	FY14			YoY	FY14 TOTAL
	1Q	4Q		3Q	2Q	1Q		
Transaction related expenses	1,197	1,187	1%	1,198	1,219	1,115	7%	4,719
Advertisement	121	153	-21%	130	144	119	2%	547
Employees' compensation & benefits	517	614	-16%	483	468	465	11%	2,030
Occupancy & rental	227	216	5%	220	222	222	3%	878
Data processing & office supplies	442	395	12%	435	421	427	4%	1,677
Depreciation	280	264	6%	302	315	364	-23%	1,246
Duties & taxes other than income taxes	80	54	47%	49	45	46	74%	194
Provision of allowance for doubtful accounts	-11	-59	-	50	7	-75	-	-77
Others	39	34	16%	43	20	41	-5%	138
Total SG&A	2,771	2,705	2%	2,778	2,718	2,604	6%	10,806

# Regulatory Capital

## ◆ Capital adequacy ratio (As of 30 June 2015)

(JPY mn)		
Tier 1	(A)	86,337
Tier 2	Net unrealized gain on investment	2,876
	Statutory reserves	2,830
	Allowance for doubtful accounts	8
Sub total (B)		5,715
Assets to be deducted from equity capital (C)		4,841
Net Capital		
(A) + (B) - (C) (D)		87,210
Total risk	Market risk	679
	Counterparty risk	6,810
	Basic risk	2,621
Total (E)		10,110
Capital adequacy ratio (D)/(E)		862.5%

## ◆ Margin trading balance and capital adequacy ratio



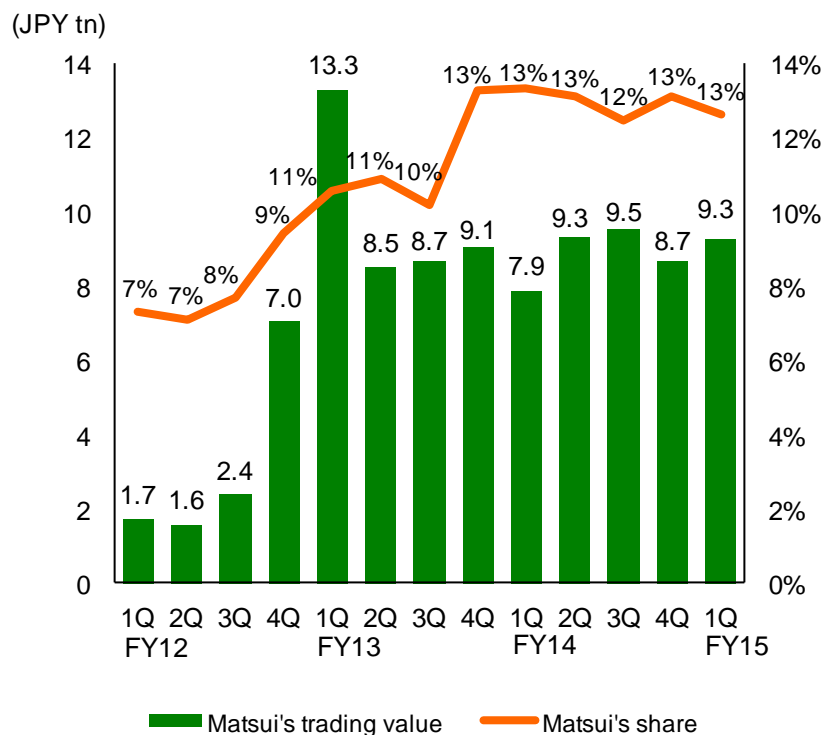
# Results of Operation

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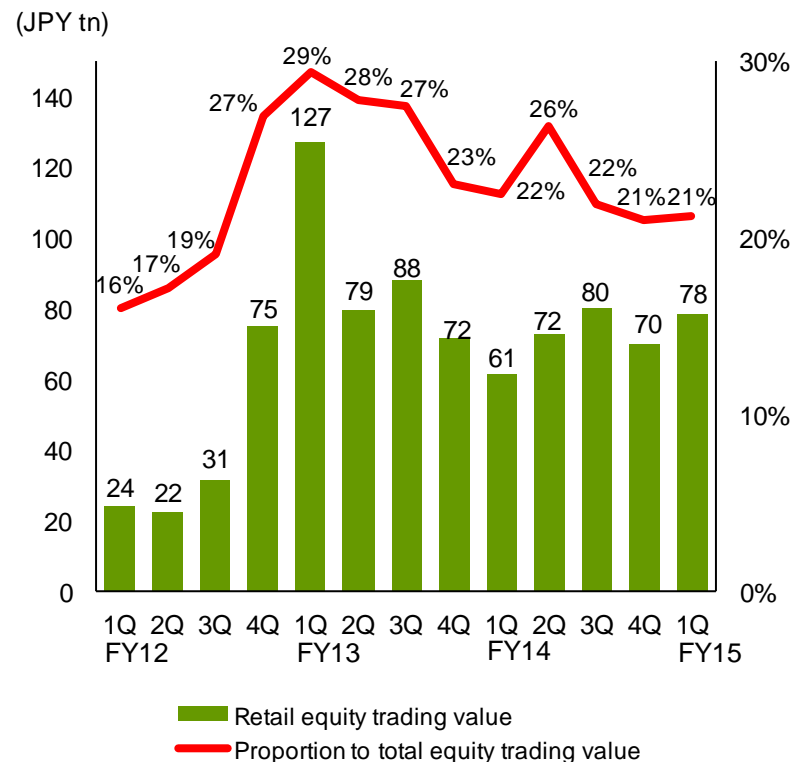
## Section 2

# Equity Trading Value

## ◆ Matsui's equity trading value and its market share<sup>1</sup>



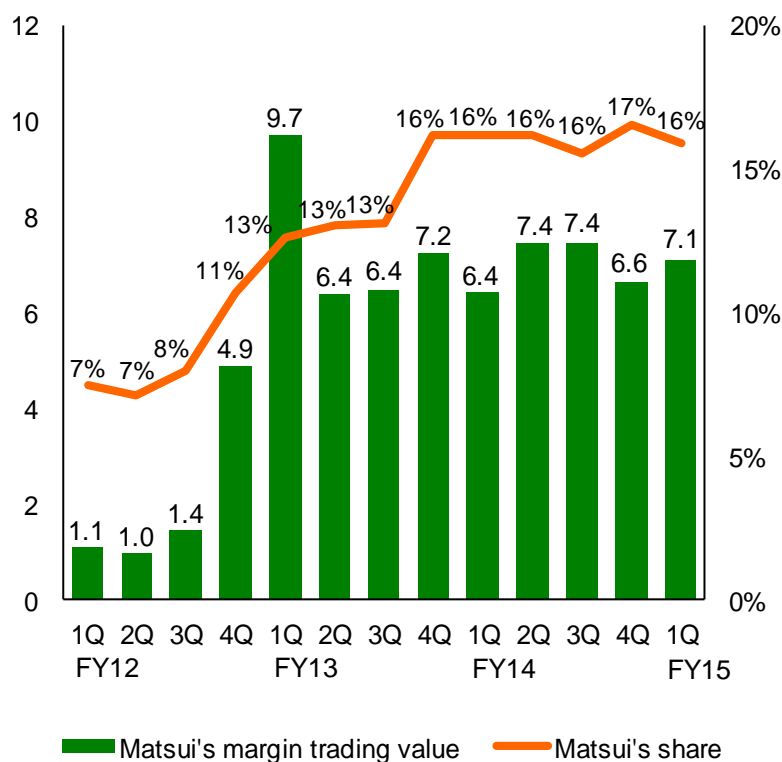
## ◆ Retail equity trading value<sup>1</sup> and proportion to total equity trading value



# Margin Trading Value

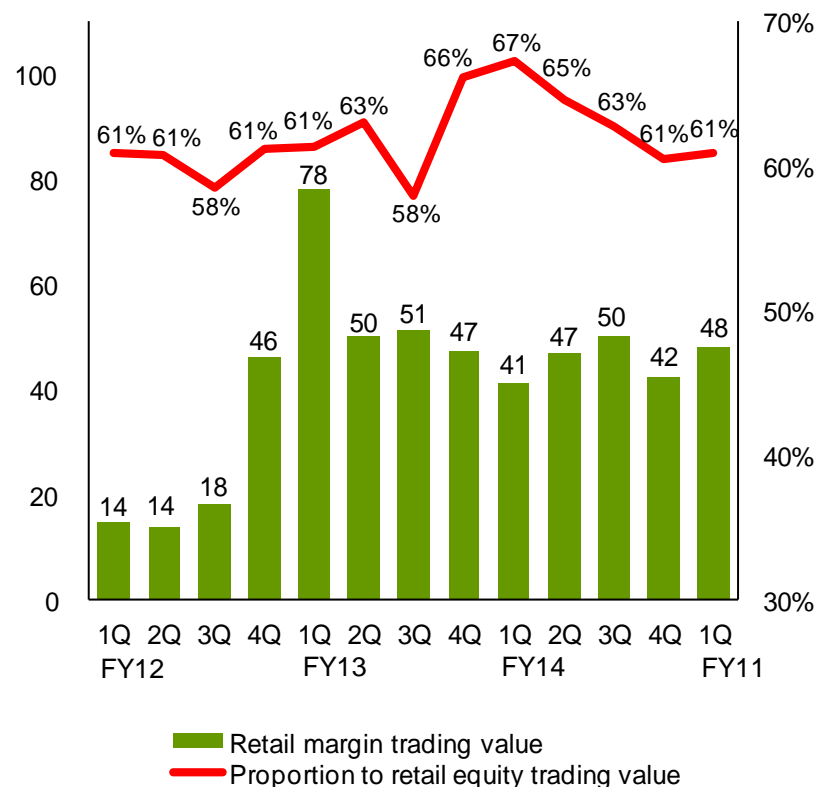
## ◆ Matsui's margin trading value and its market share<sup>1</sup>

(JPY tn)



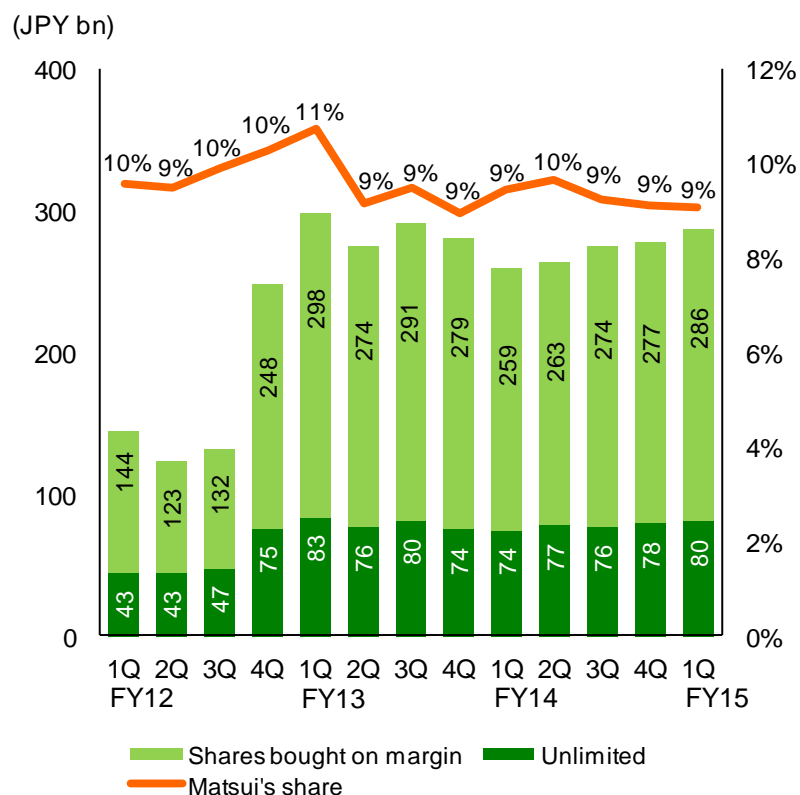
## ◆ Retail margin trading value<sup>1</sup> and proportion to total retail equity trading value

(JPY tn)

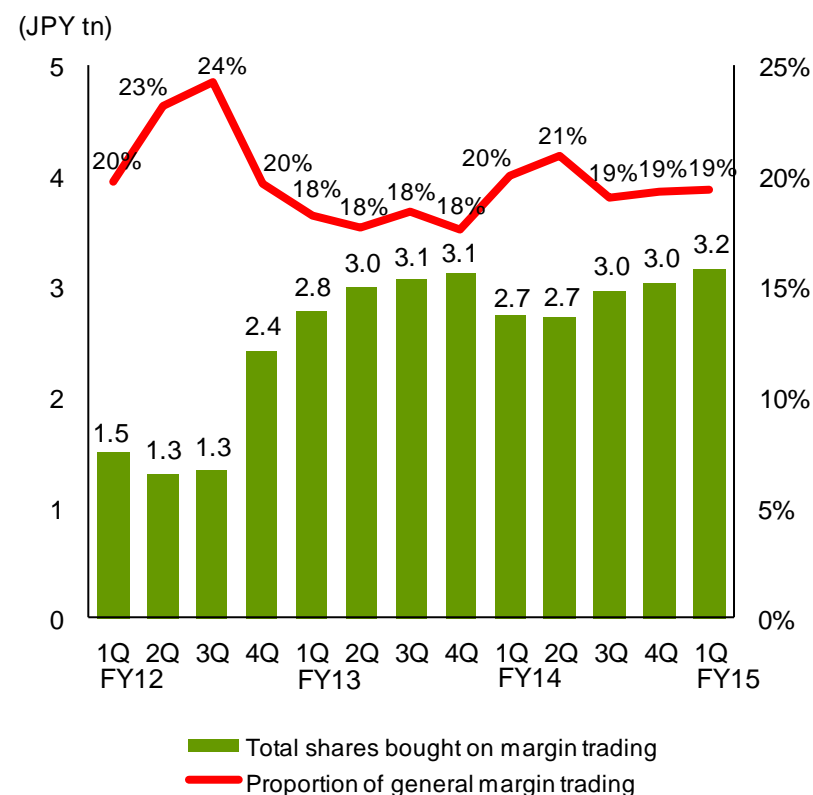


# Margin Trading Balance

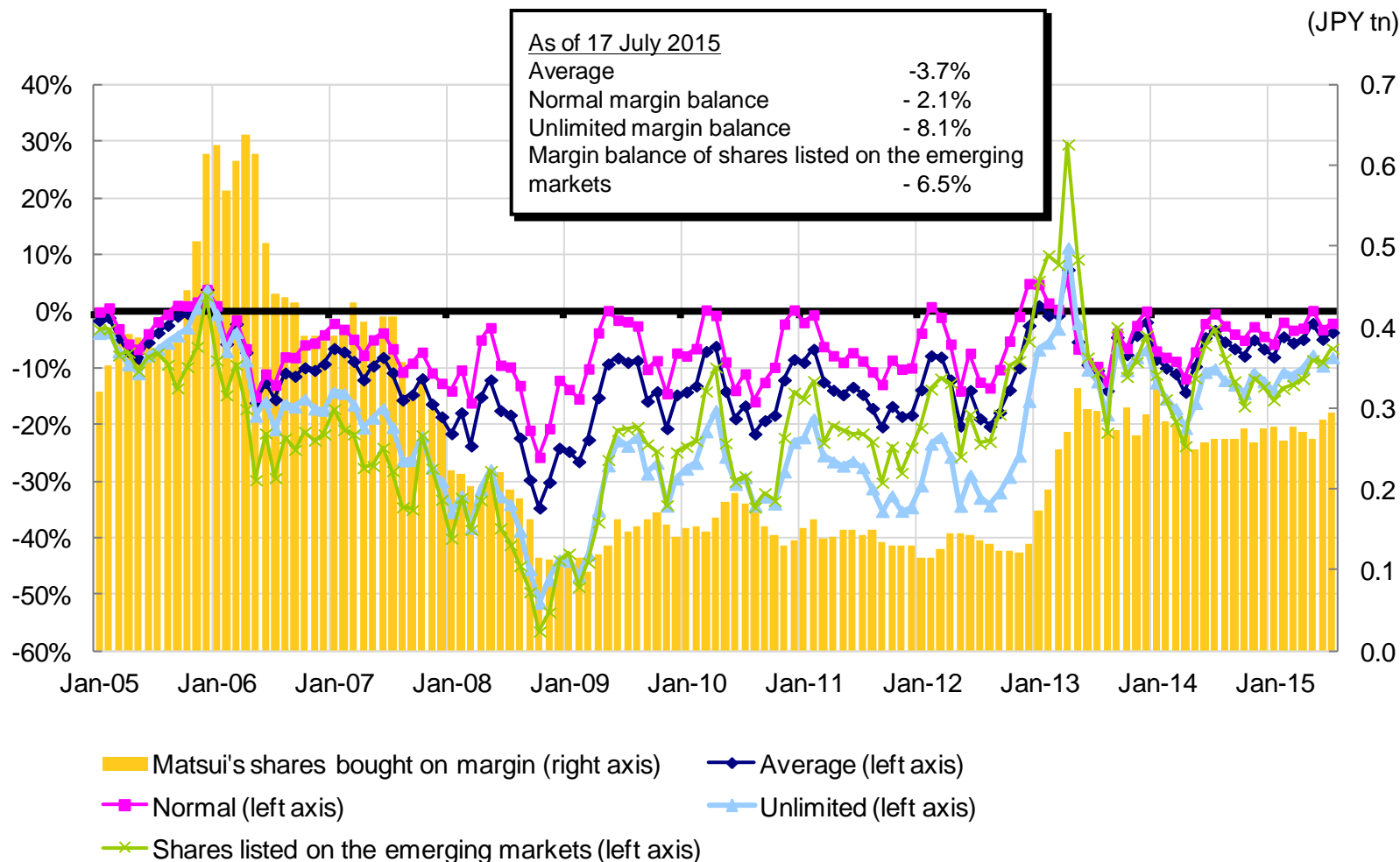
## ◆ Matsui's shares bought on margin<sup>1</sup> and its market share<sup>2</sup>



## ◆ Total shares bought on margin<sup>1</sup> and proportion of general margin trading

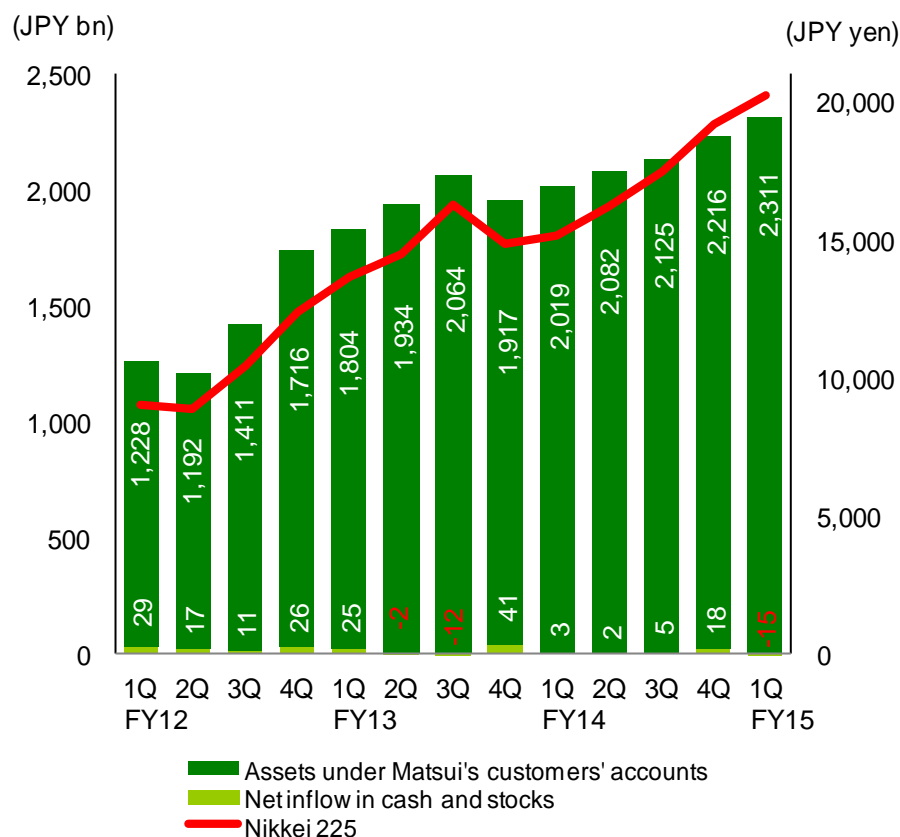


# Unrealized Losses on Matsui's Margin Balance

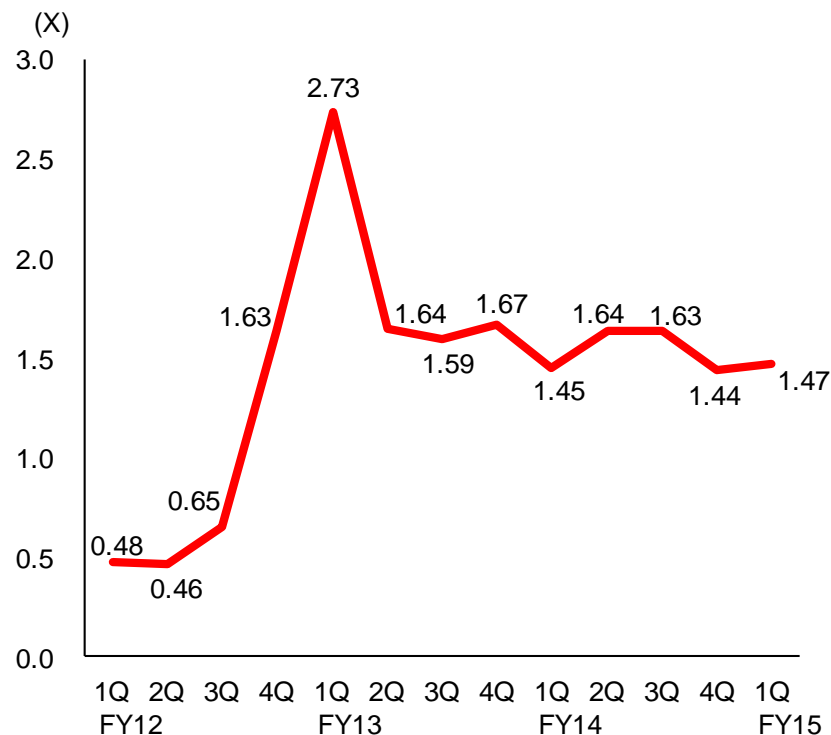


# Assets under Customers' Accounts / Trading Turnover

## ◆ Assets under Matsui's customers' accounts



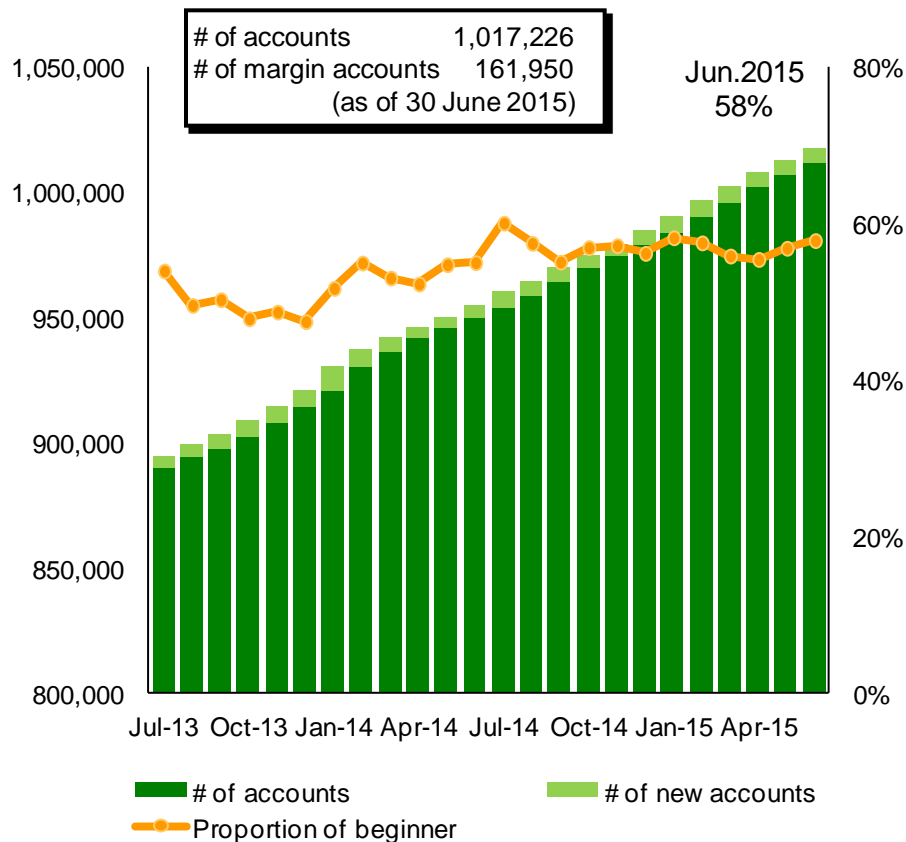
## ◆ Equity trading turnover<sup>1</sup> of Matsui's customers



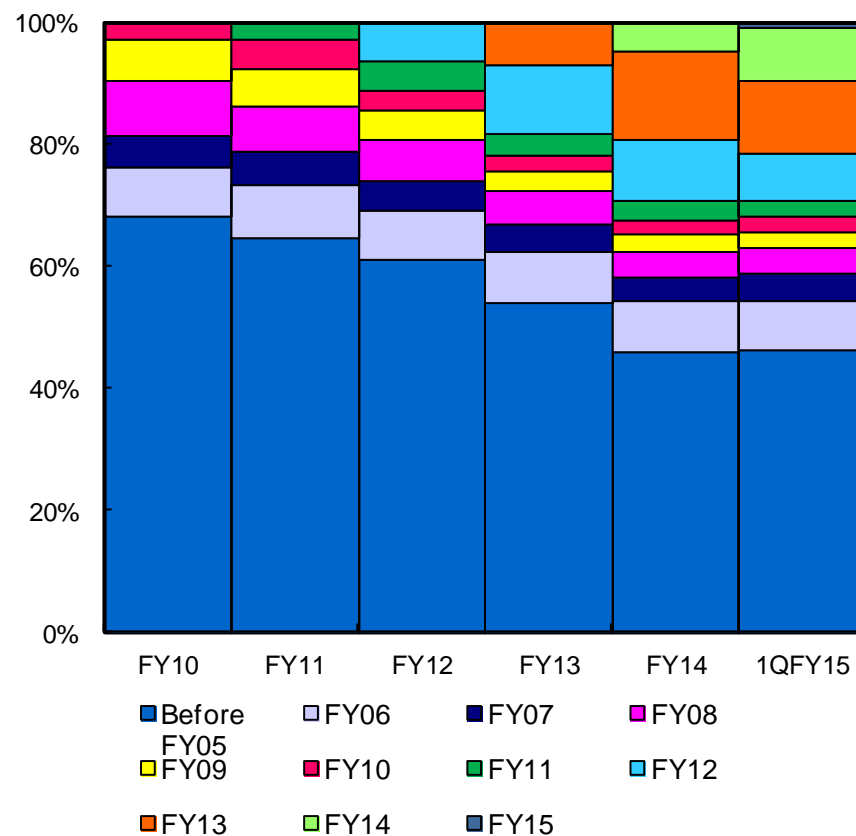


# Number of Accounts / Breakdown of Trading Value

## ◆ Number of accounts at Matsui<sup>1</sup>

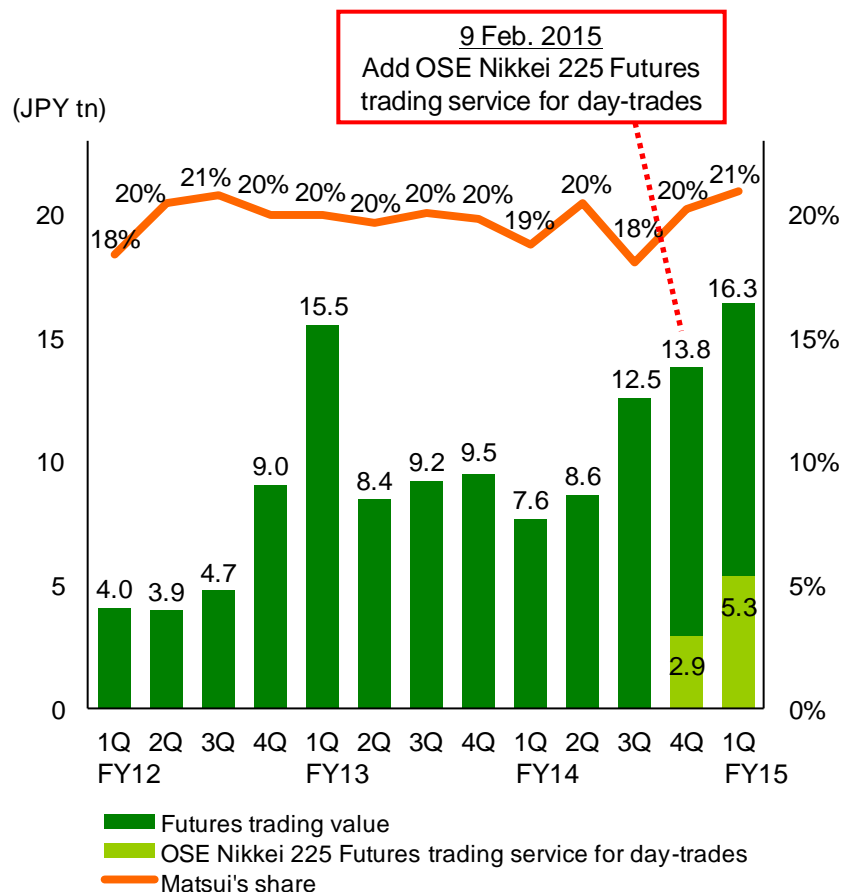


## ◆ Breakdown of trading value by customers opening the accounts in each fiscal year

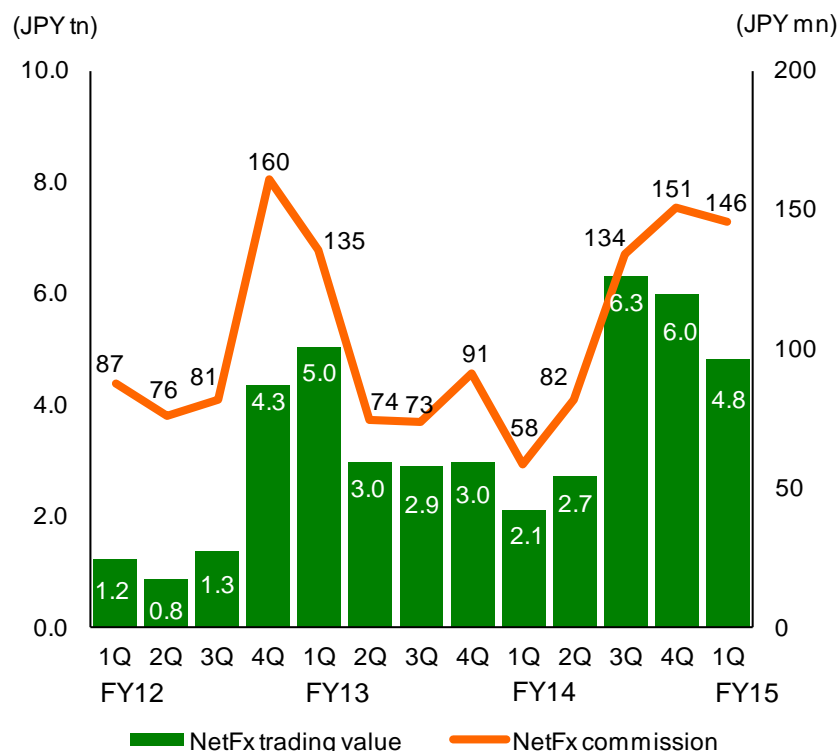


# Futures Trading Value / FX Margin Trading Value

## ◆ Matsui's OSE Nikkei 225 Futures trading value and its market share<sup>1</sup>



## ◆ Matsui's OTC FX trading value and commission



# Recent Developments

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## Section 3

# Corporate Strategy

## Our Purpose

We are to provide superior quality of trading platform for retail investors based upon "customer-centric approach"



## Business Strategy

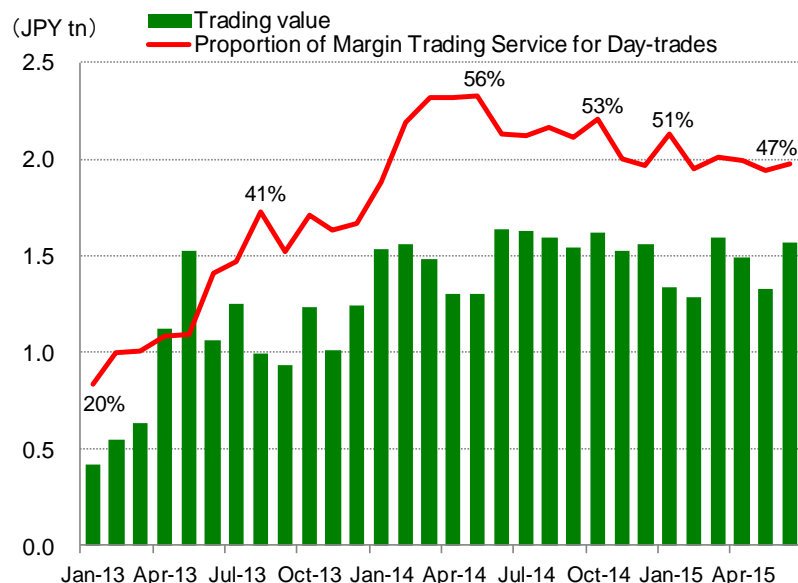
- ◆ Stimulate demand for customers and offer services in advance of other firms
- ◆ Develop unique and innovative services regardless of industry practice or tradition
- ◆ Focus on profitable online based brokerage business in Japan and adopt a policy of no heedless diversification and no useless activity

## Basic Policy for Service Development

- ◆ Continue to focus on expansion of services for active customers  
e.g. Margin trading services for day-trading, Premium short-selling services, Intraday-trading service for Nikkei 225 Futures
- ◆ Develop suitable services for inactive but affluent customers (who have low transaction value but high assets in custody)  
e.g. Trading system and platform, automated asset allocation platform

# Margin Trading Service for Day-trades

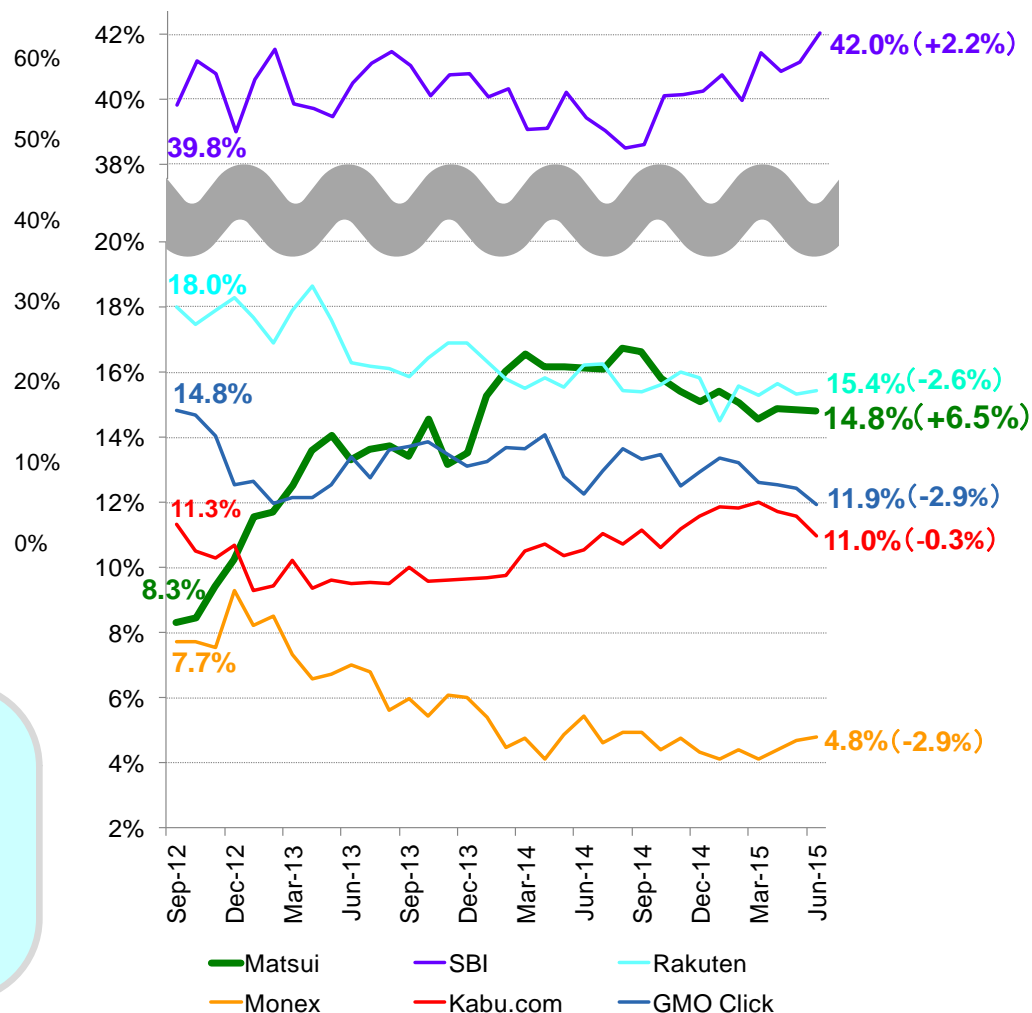
## ◆ Trading results



## ◆ Future Developments

Implement continuous improvements of the Premium Short-Selling Service, such as increase number of eligible stocks for short-selling, development of trading tools, expansion of investment information including day-trade performance of each customer etc.

## ◆ Market share<sup>1</sup> of margin trading



# Introduction of “Netstock Smart”

Launched the new trading platform for online trading in May 2015

## ◆Features

### 1. User-friendly screen design

- Simple design for easily handling to analyze market data and make an order
- High degree of usability for PC and tablet

### 2. Automatic delivery of various information

- Automatic update of real-time customer's account information such as each balance, order situations and unrealized loss
- Pop-up message notifying completion of execution

### 3. Useful market data for investment

- Functional chart for technical analysis
- Ranking suitable stocks for day-trading
- etc.



## ◆Future Developments

Plan to implement continuous improvements of the service, such as introducing the Futures and Options trading and quick order function.

# NISA I

Active account ratio for NISA<sup>1</sup> is 52.8%, high level among Online Securities brokers

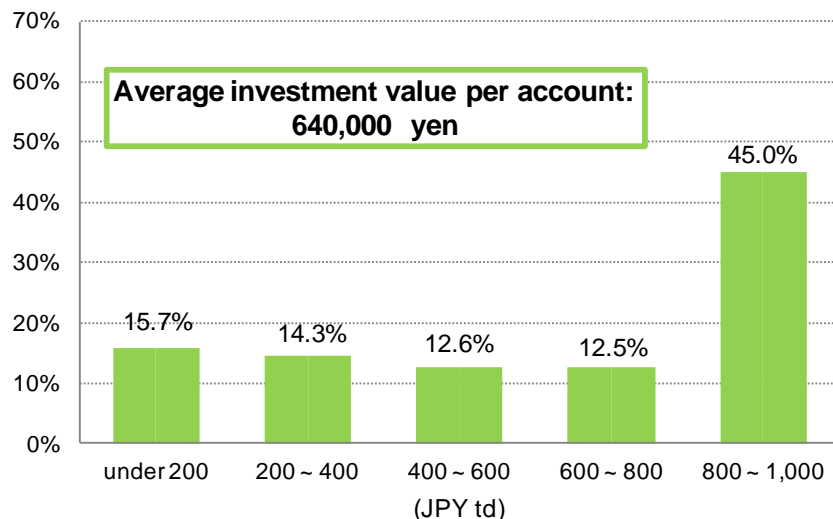
## ◆ Number of NISA accounts and customers' assets (as of Jun. 30, 2015)

Total number of accounts	94,100
Number of active accounts <sup>2</sup>	49,675
Active account ratio	52.8%
Total investment value(JPY mn) <sup>3</sup>	31,604
Customers' assets(JPY mn) <sup>4</sup>	46,511

## ◆ Top 3 ranking in trading value (from Jan. to Jun. 2015)

Rank	Equity	ETF / REIT
1	Mizuho Financial Group	NEXT FUNDS Nikkei 225 Leveraged Index ETF
2	Mitsui Corporation	WTI Crude Oil Price Linked ETF
3	Mitsubishi UFJ Financial Group	NEXT FUNDS NOMURA Crude Oil Long Index Linked ETF

## ◆ Distribution of the invested amount (as of Jun. 30, 2015)



## ◆ Situation of NISA

NISA has been introduced since January 2014. Main customer base is advanced and senior investors. From January 2016, in order to promote investment in NISA account, the upper limit of 1 million yen for annual investment amount has raised to 1.2 million yen and “Junior NISA” will be also introduced in April 2016.

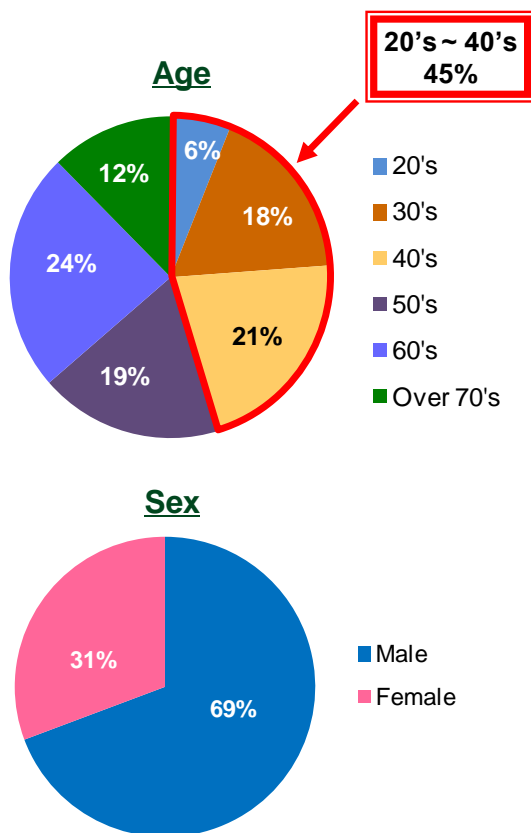
## ◆ Matsui's development

Matsui has offered commission free campaign for the infant accounts and promoted the use of “Living Donation Support Service”; it would be critical to promote the transfer of assets to future generations and to support to the generations for their investment management in order to shift individual financial assets from savings to investment.

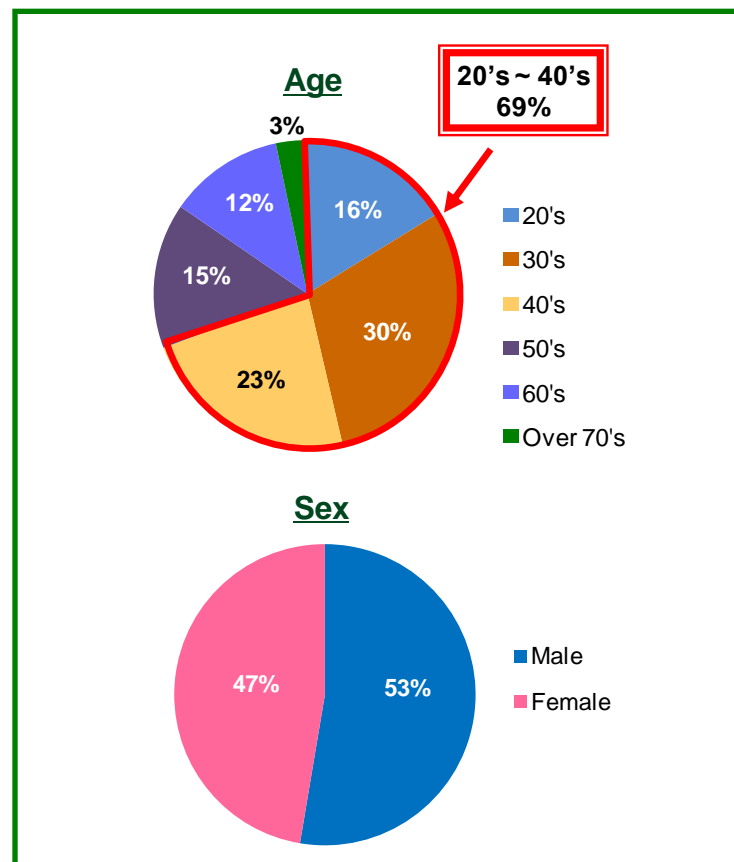
# NISA II

Number of new customers<sup>1</sup> accounts is 16,366 (as of Jun. 30, 2015 ),  
66% of the new customers' accounts is beginner

◆ Breakdown of NISA accounts  
94,100 accounts (as of Jun. 30, 2015)



◆ Breakdown of the new customers  
16,366 accounts (as of Jun. 30, 2015)





The material is intended to provide the financial results for the quarter ended 30 June 2015 and the company's business strategy, and does not constitute a solicitation of an offer to buy the securities issued by the company. The material is created based upon information as of July 2015. The information herein identifies our views at the time of creation of the material, and the company does not make any representation or warranty as to its accuracy or completeness, therefore, the information may be changed without any notices. The company does not assume responsibility for any omissions or errors of any data and descriptions in the material.

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