



# Matsui Securities Co., Ltd.

(First Section of TSE and OSE: 8628)

## Annual Results for 3Q FY2012

January 2013

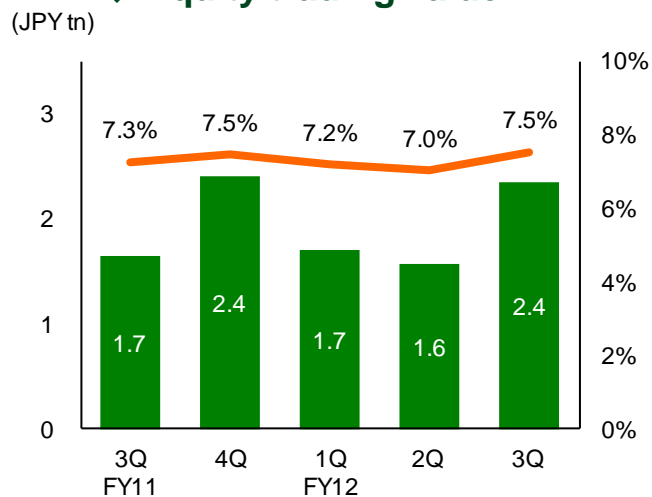
# Table of Contents

---

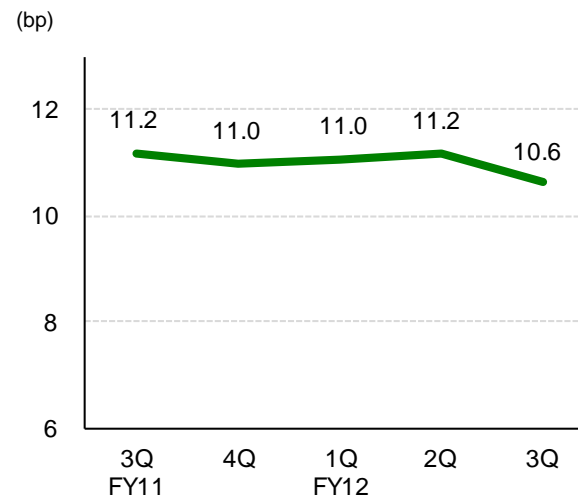
Section 1	Financial Summary	5
Section 2	Results of Operation	14
Section 3	Recent Developments	23

# Results of Operation

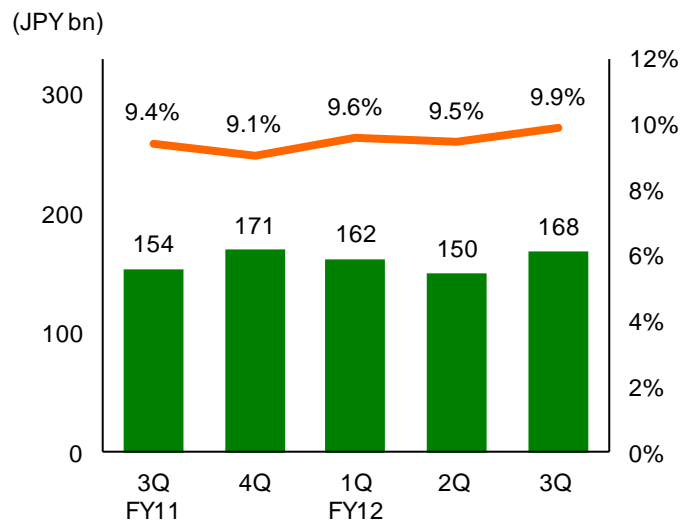
## ◆ Equity trading value



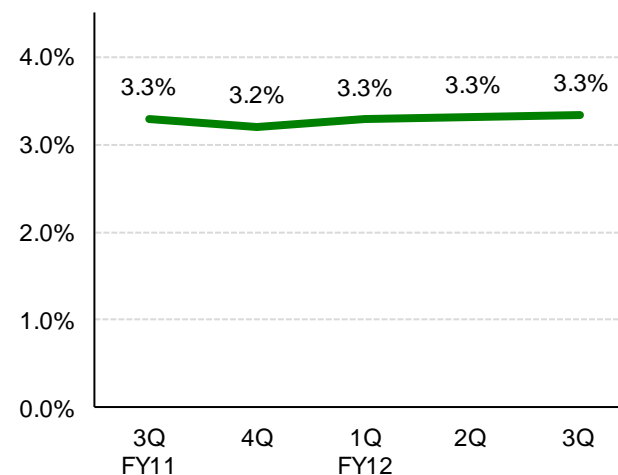
## ◆ Equity commission rate



## ◆ Margin balance

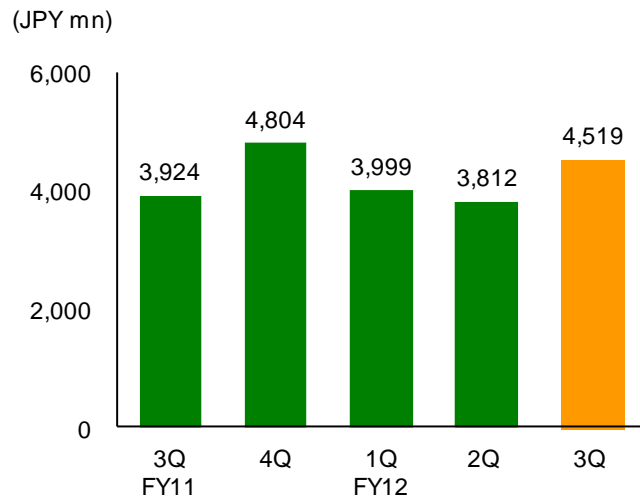


## ◆ Net interest income ratio

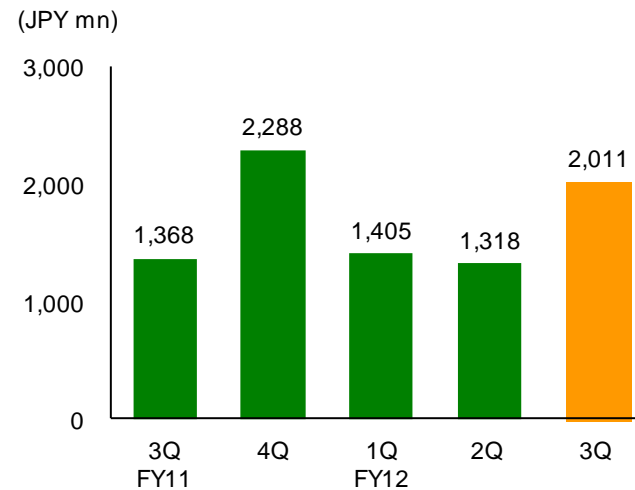


# Financial Results

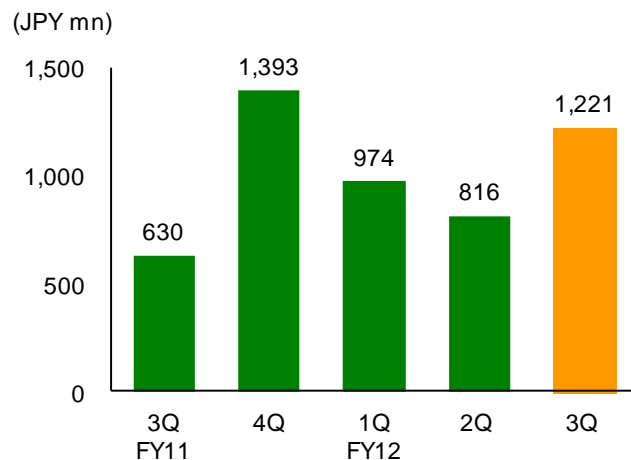
## ◆ Operating revenues



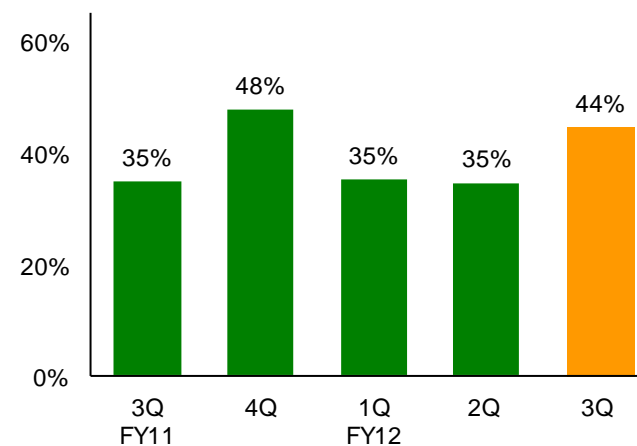
## ◆ Ordinary income



## ◆ Net income

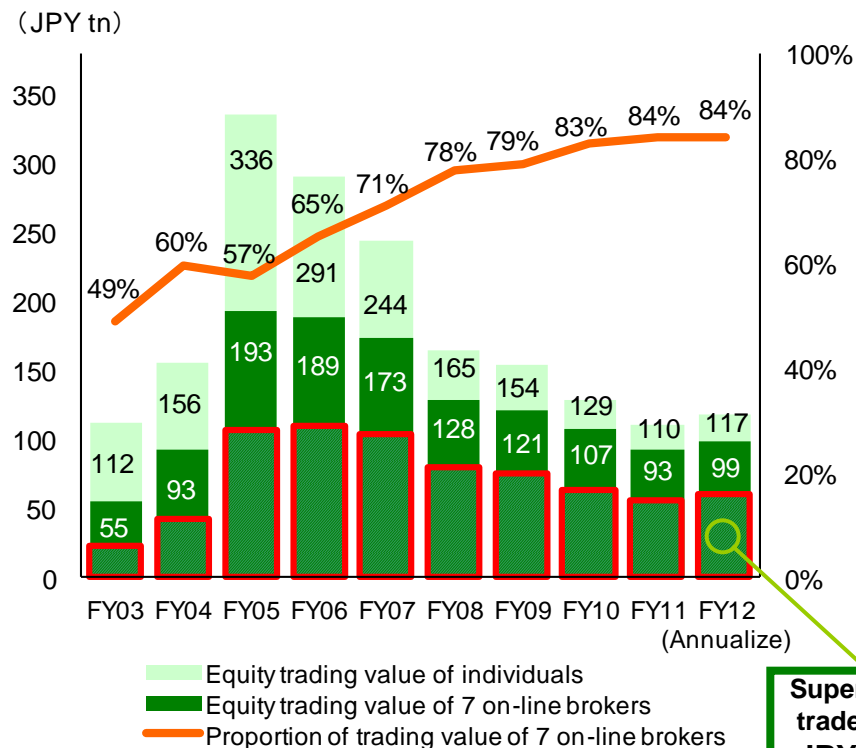


## ◆ Ordinary income ratio

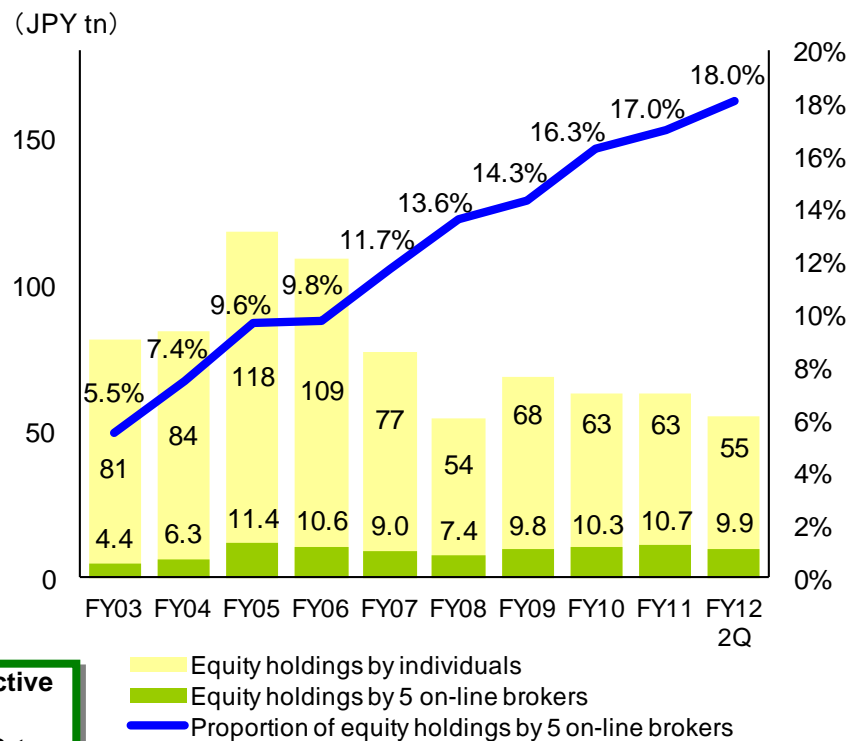


# Overview of Retail Equity Trading Market

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



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



**Super active traders**  
**JPY 60 tn**  
**(Estimate)**

# Financial Summary

---

## Section 1

# Summary of Financial Results (3Q FY12)

(JPY mn)

	3Q(Apr.-Dec.) FY2012	3Q(Apr.-Dec.) FY2011	YoY
Operating Revenues	12,330	12,900	-4%
Commissions	7,776	8,245	-6%
Interest & dividend income	4,550	4,711	-3%
Interest expenses	656	692	-5%
Net operating revenues	11,674	12,208	-4%
SG&A	6,977	7,106	-2%
Operating income	4,697	5,102	-8%
Ordinary income	4,734	5,139	-8%
Net income	3,010	2,870	5%
Ordinary income ratio	38%	40%	-
Matsui's trading value (JPY tn)	5.6	5.6	0%
Daily average trading value on TSE (JPY tn)	1.2	1.3	-5%

Source: TSE

# Breakdown of Net Operating Revenues (3Q FY12)

(JPY mn)

	3Q(Apr.-Dec.) FY2012	3Q(Apr.-Dec.) FY2011	YoY
Commissions	7,776	8,245	-6%
Brokerage	7,046	7,444	-5%
Equity	6,156	6,241	-1%
Futures & Options	677	758	-11%
Others	725	800	-9%
Net gain (loss) on trading	0	-56	-
Interest & dividend income (1)	4,550	4,711	-3%
Total operating revenues	12,330	12,900	-4%
Interest expenses (2)	656	692	-5%
Net operating revenues	11,674	12,208	-4%
Net interest income (1) - (2)	3,894	4,019	-3%



# Breakdown of SG&A (3Q FY12)

(JPY mn)

	3Q(Apr.-Dec.) FY2012	3Q(Apr.-Dec.) FY2011	YoY
Transaction related expenses	2,243	2,310	-3%
Advertisement	342	353	-3%
Employees' compensation & benefits	1,366	1,360	0%
Occupancy & rental	696	840	-17%
Data processing & office supplies	1,229	1,327	-7%
Depreciation	1,336	1,322	1%
Duties & taxes other than income taxes	76	73	3%
Provision of allowance for doubtful accounts	-56	-215	-
Others	88	89	-1%
<b>Total SG&amp;A</b>	<b>6,977</b>	<b>7,106</b>	<b>-2%</b>

# Summary of Financial Results (Quarterly)

(JPY mn)

	FY12	FY12	QoQ	FY12	FY11		YoY	FY11 TOTAL
	3Q	2Q		1Q	4Q	3Q		
Operating Revenues	4,519	3,812	19%	3,999	4,804	3,924	15%	17,703
Commissions	3,057	2,292	33%	2,428	3,302	2,470	24%	11,547
Interest & dividend income	1,461	1,519	-4%	1,570	1,500	1,453	1%	6,211
Interest expenses	203	237	-14%	216	283	211	-3%	975
Net operating revenues	4,316	3,575	21%	3,783	4,520	3,713	16%	16,728
SG&A	2,307	2,264	2%	2,407	2,254	2,347	-2%	9,360
Operating income	2,009	1,311	53%	1,376	2,266	1,366	47%	7,368
Ordinary income	2,011	1,318	53%	1,405	2,288	1,368	47%	7,426
Net income	1,221	816	50%	974	1,393	630	94%	4,263
Ordinary income ratio	44%	35%	-	35%	48%	35%	-	42%
Matsui's trading value (JPY tn)	2.4	1.6	50%	1.7	2.4	1.7	42%	8.0
Daily average trading value on TSE (JPY tn)	1.3	1.1	27%	1.2	1.4	1.1	25%	1.3

Source: TSE

# Breakdown of Net Operating Revenues (Quarterly)

(JPY mn)

	FY12	FY12	QoQ	FY12	FY11		YoY	FY11
	3Q	2Q		1Q	4Q	3Q		TOTAL
Commissions	3,057	2,292	33%	2,428	3,302	2,470	24%	11,547
Brokerage	2,833	2,022	40%	2,191	2,991	2,205	28%	10,435
Equity	2,501	1,759	42%	1,896	2,657	1,844	36%	8,898
Futures & Options	251	207	22%	220	215	249	1%	973
Others	223	264	-16%	237	311	265	-16%	1,111
Net gain (loss) on trading	0	1	-42%	-1	1	1	-47%	-55
Interest & dividend income (1)	1,461	1,519	-4%	1,570	1,500	1,453	1%	6,211
Total operating revenues	4,519	3,812	19%	3,999	4,804	3,924	15%	17,703
Interest expenses (2)	203	237	-14%	216	283	211	-3%	975
Net operating revenues	4,316	3,575	21%	3,783	4,520	3,713	16%	16,728
Net interest income (1) - (2)	1,257	1,281	-2%	1,355	1,217	1,242	1%	5,236

# Breakdown of SG&A (Quarterly)

(JPY mn)

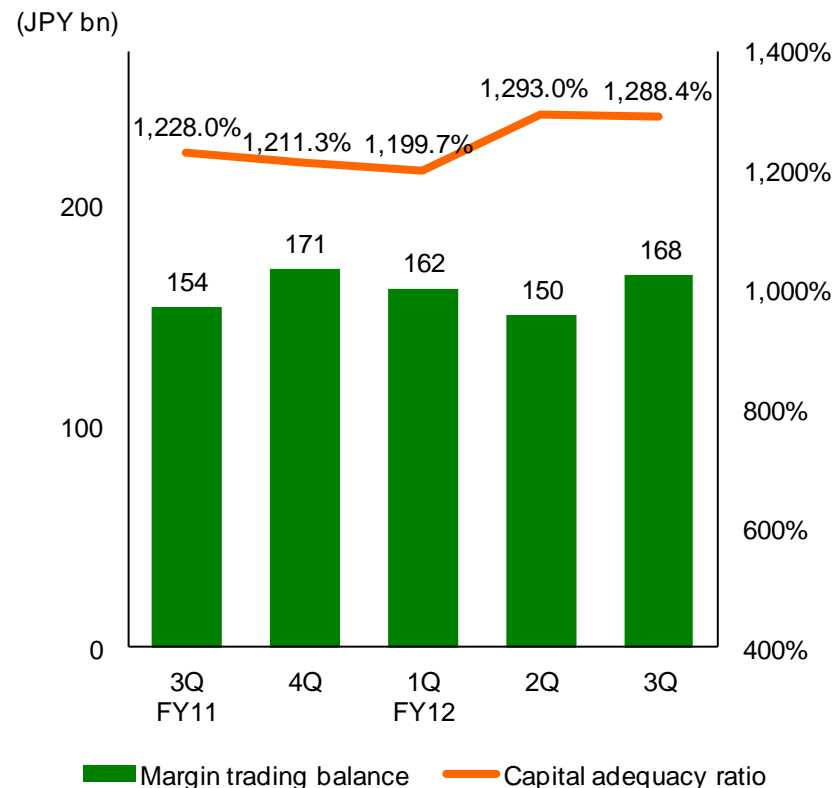
	FY12	FY12	QoQ	FY12	FY11		YoY	FY11 TOTAL
	3Q	2Q		1Q	4Q	3Q		
Transaction related expenses	770	700	10%	773	795	800	-4%	3,104
Advertisement	108	95	14%	139	126	180	-40%	479
Employees' compensation & benefits	455	453	0%	457	449	443	3%	1,809
Occupancy & rental	230	230	0%	236	237	262	-12%	1,077
Data processing & office supplies	406	402	1%	422	415	445	-9%	1,742
Depreciation	441	447	-1%	448	447	460	-4%	1,769
Duties & taxes other than income taxes	22	19	13%	35	25	18	17%	98
Provision of allowance for doubtful accounts	-40	-6	-	-9	-131	-96	-	-346
Others	24	18	34%	46	19	14	77%	108
<b>Total SG&amp;A</b>	<b>2,307</b>	<b>2,264</b>	<b>2%</b>	<b>2,407</b>	<b>2,254</b>	<b>2,347</b>	<b>-2%</b>	<b>9,360</b>

# Capital Adequacy Ratio

## ◆ Capital adequacy ratio (As of 31 December 2012)

		(JPY mn)
Tier 1	(A)	75,221
Tier 2	Net unrealized gain on investment	-
	Statutory reserves	1,067
	Allowance for doubtful accounts	5
	Sub total (B)	1,072
Assets to be deducted from equity capital	(C)	6,521
Net Capital		
	(A) + (B) - (C) (D)	69,772
Total risk	Market risk	0
	Counterparty risk	3,386
	Basic risk	2,028
	Total (E)	5,415
Capital Adequacy ratio (D)/(E)		1,288.4%

## ◆ Margin trading balance and capital adequacy ratio



# Policy of Profit Sharing with Shareholders

## Plan to pay 20 yen per share as dividends for FY12

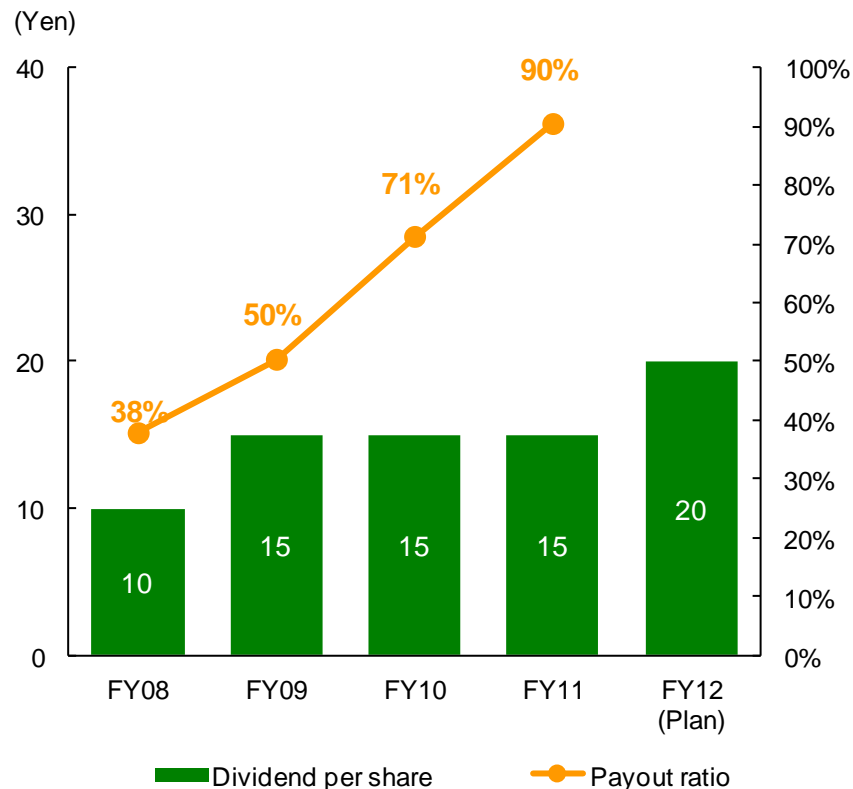
### ◆ Dividend policy

- Maintain the performance based return to the shareholders
- Target of payout ratio is “30% and above”

### ◆ Dividends for FY12

- Plan to pay 20 yen per share
- 5 yen per share increase compared to FY11

### ◆ Matsui’s dividend per share and payout ratio<sup>1</sup>



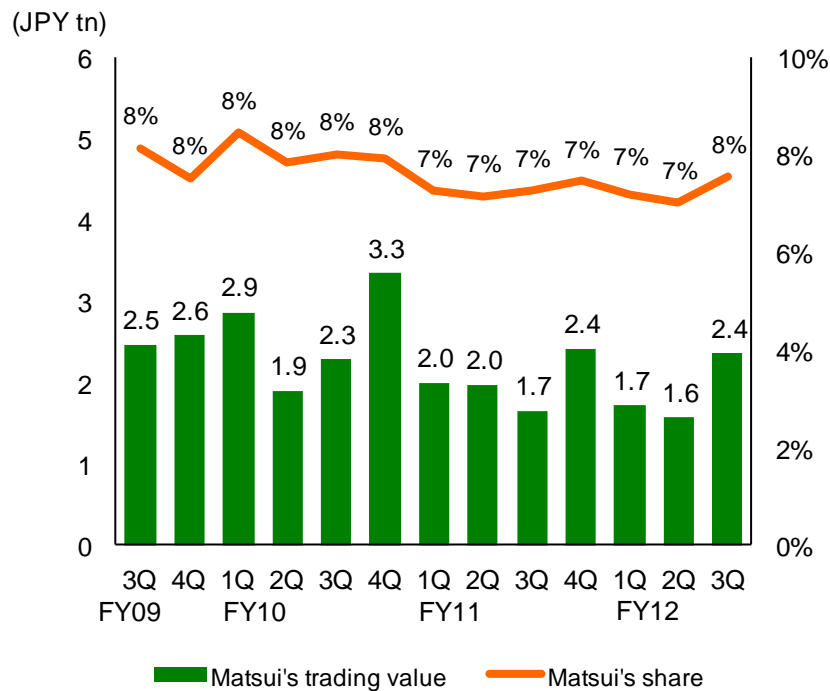
# Results of Operation

---

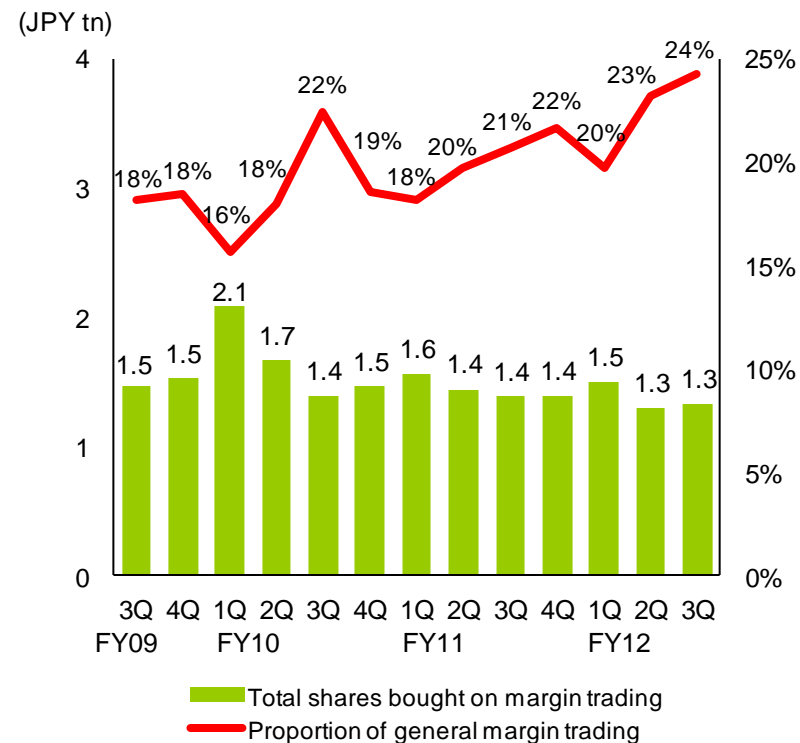
## Section 2

# Equity Trading Value

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



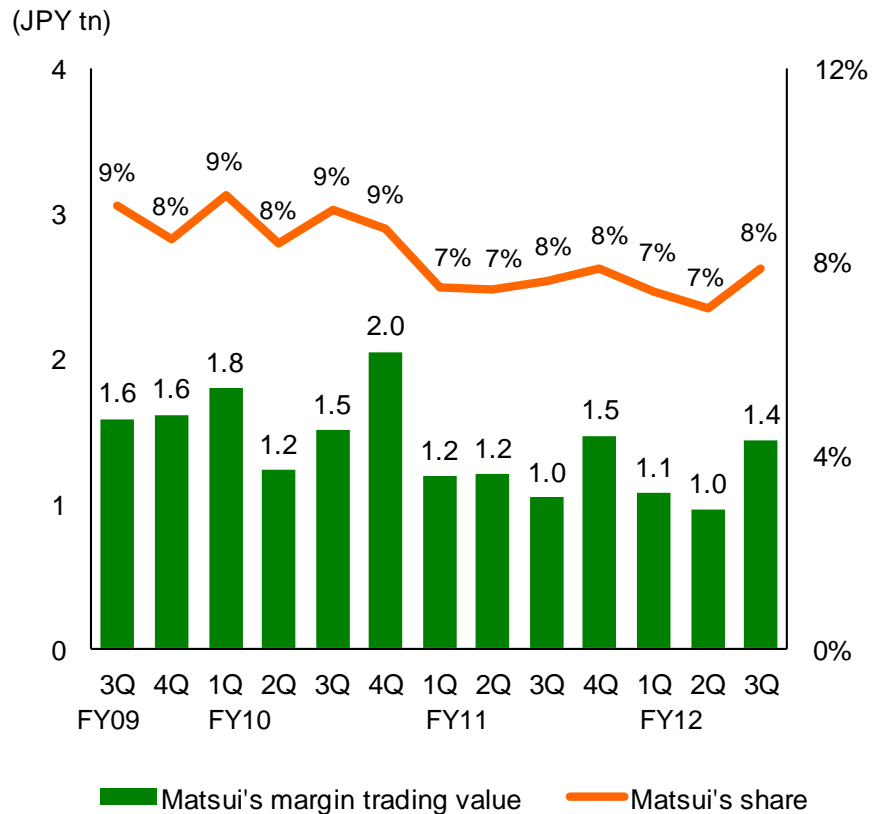
## ◆ Retail equity trading value<sup>1</sup> and proportion to total equity trading value



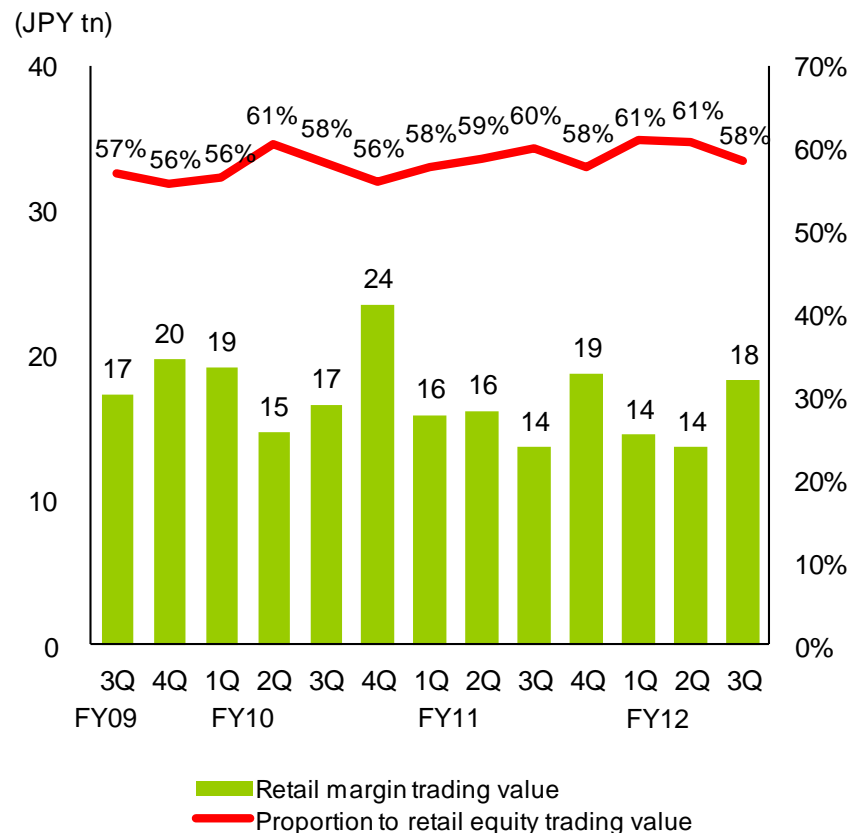


# Margin Trading Value

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

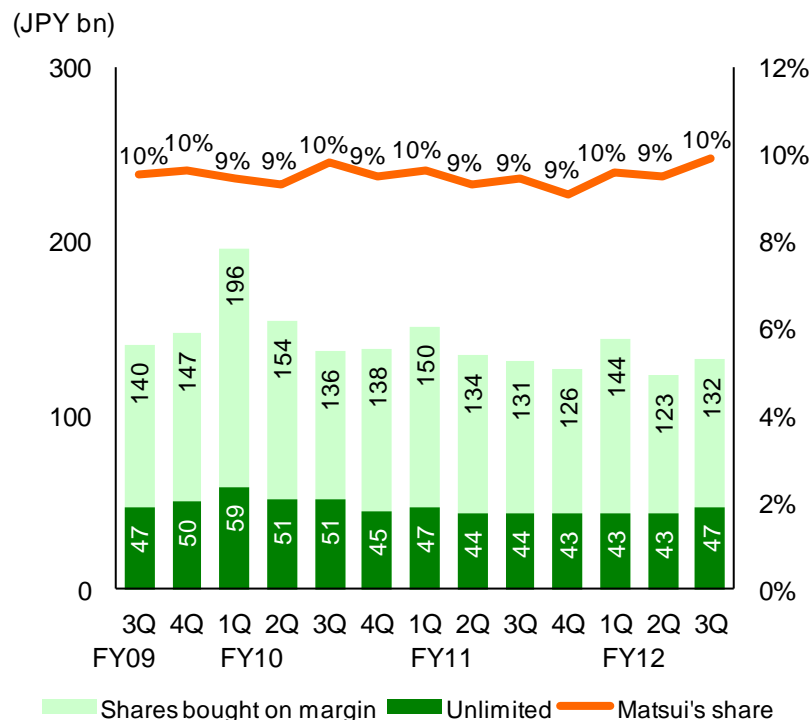


## ◆ Retail margin trading value<sup>1</sup> and proportion to total retail equity trading value

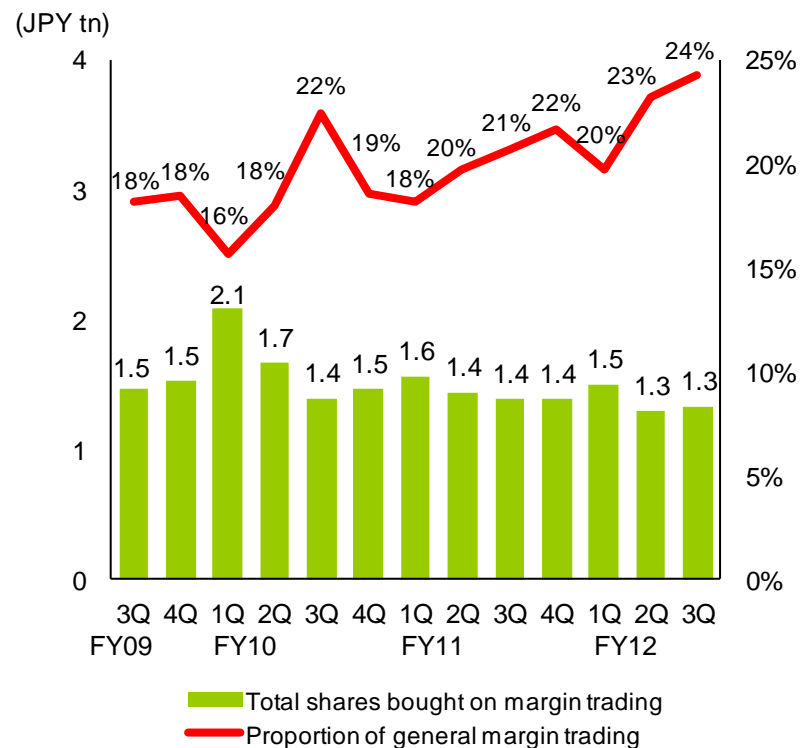


# Margin Trading Balance

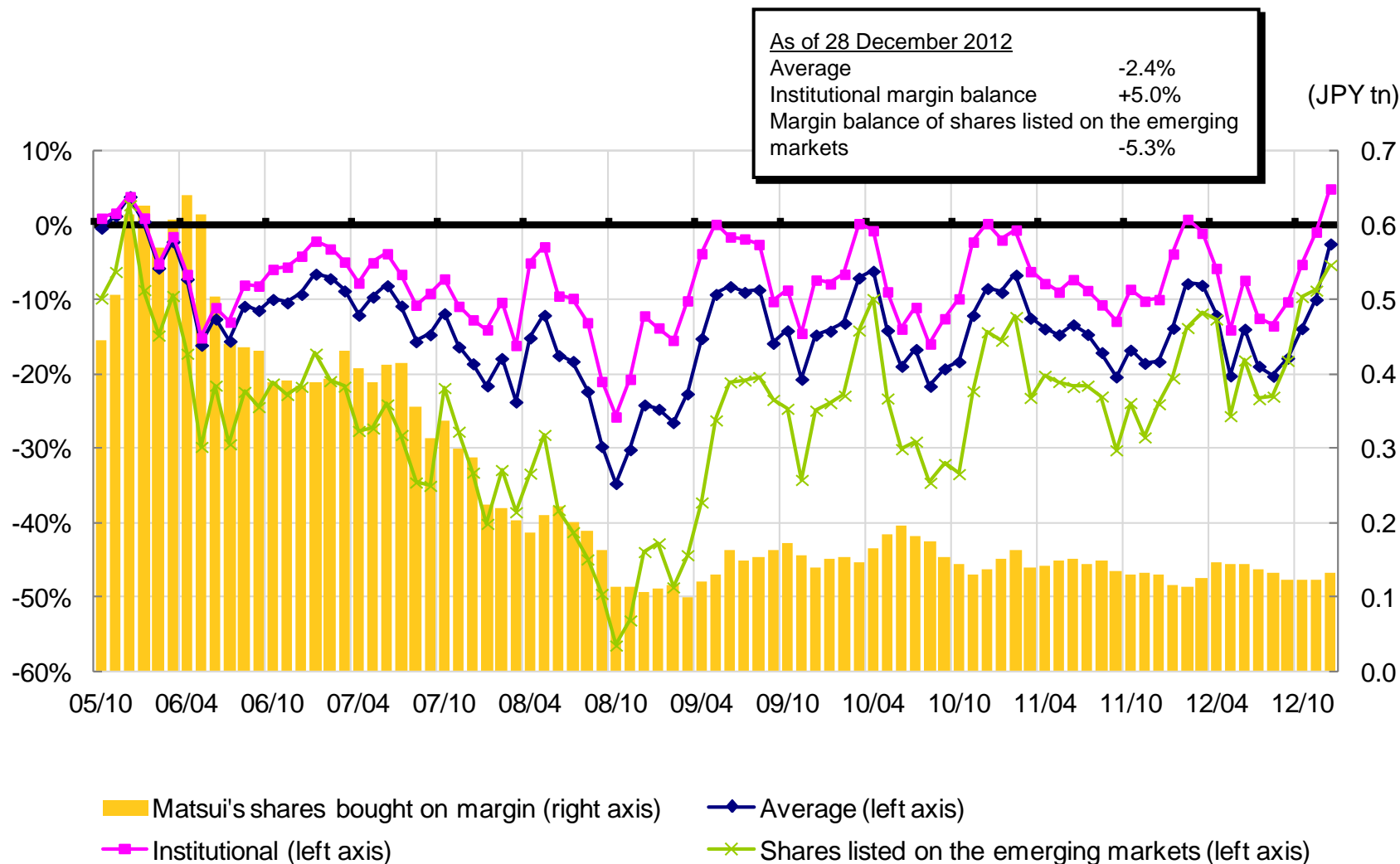
## ◆ Matsui's shares bought on margin<sup>1</sup> and its market share<sup>2</sup>



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

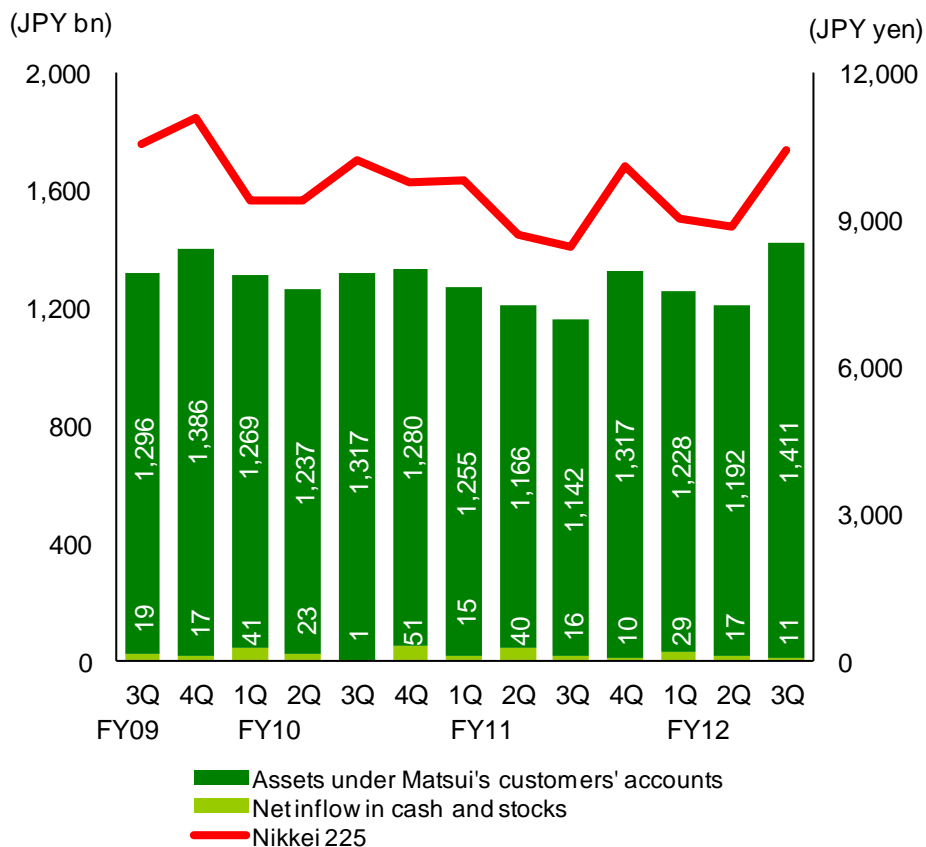


# Evaluation Losses on Matsui's Margin Balance

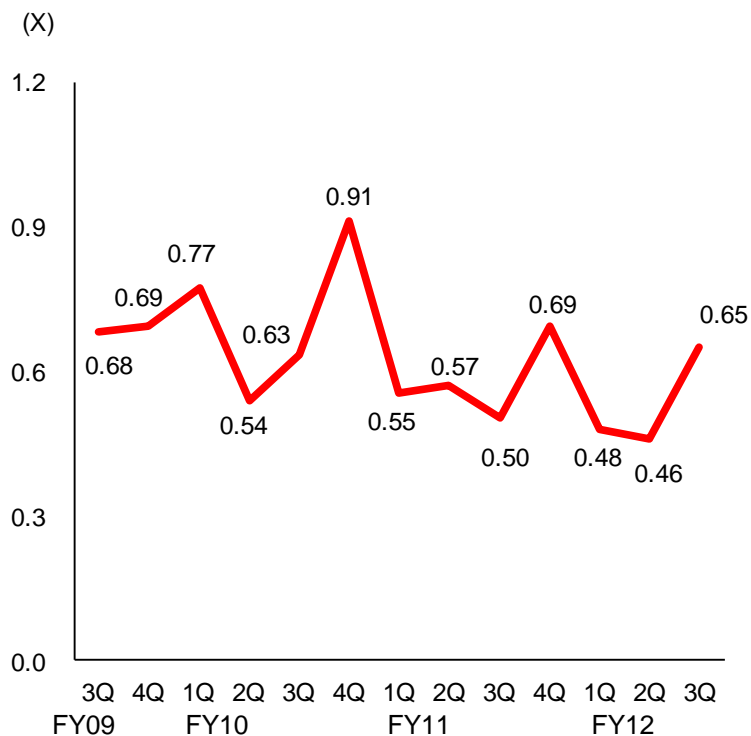


# Assets under Customers' Accounts / Trading Turnover

## ◆ Assets under Matsui's customers' accounts



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



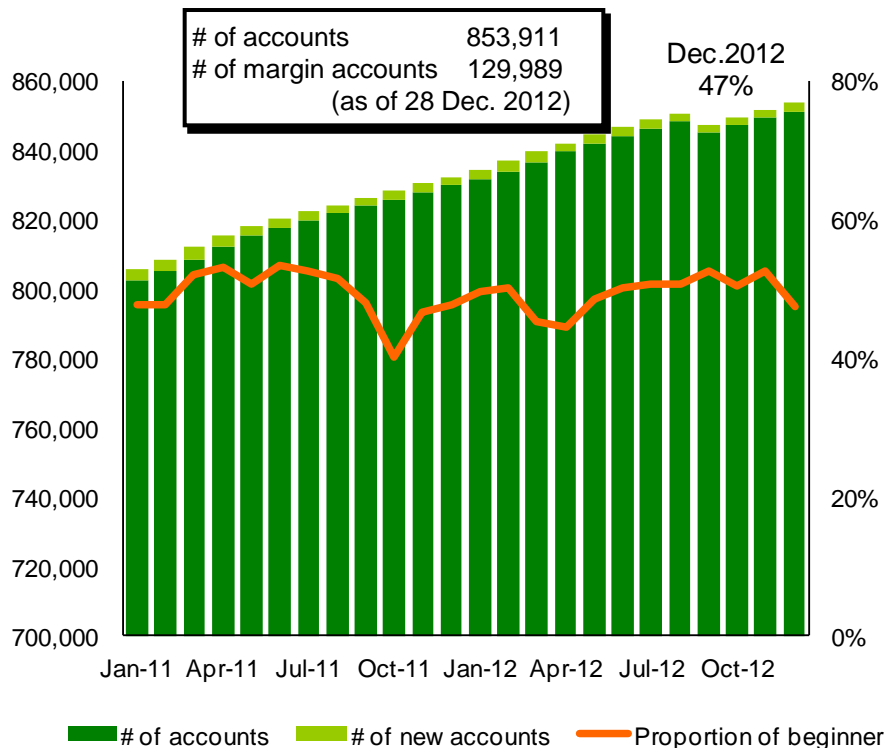
Note 1: Equity trading turnover = (monthly average trading value) / (quarterly average assets under customers' accounts\*)

\* assets under customers' accounts of Matsui's related persons are excluded

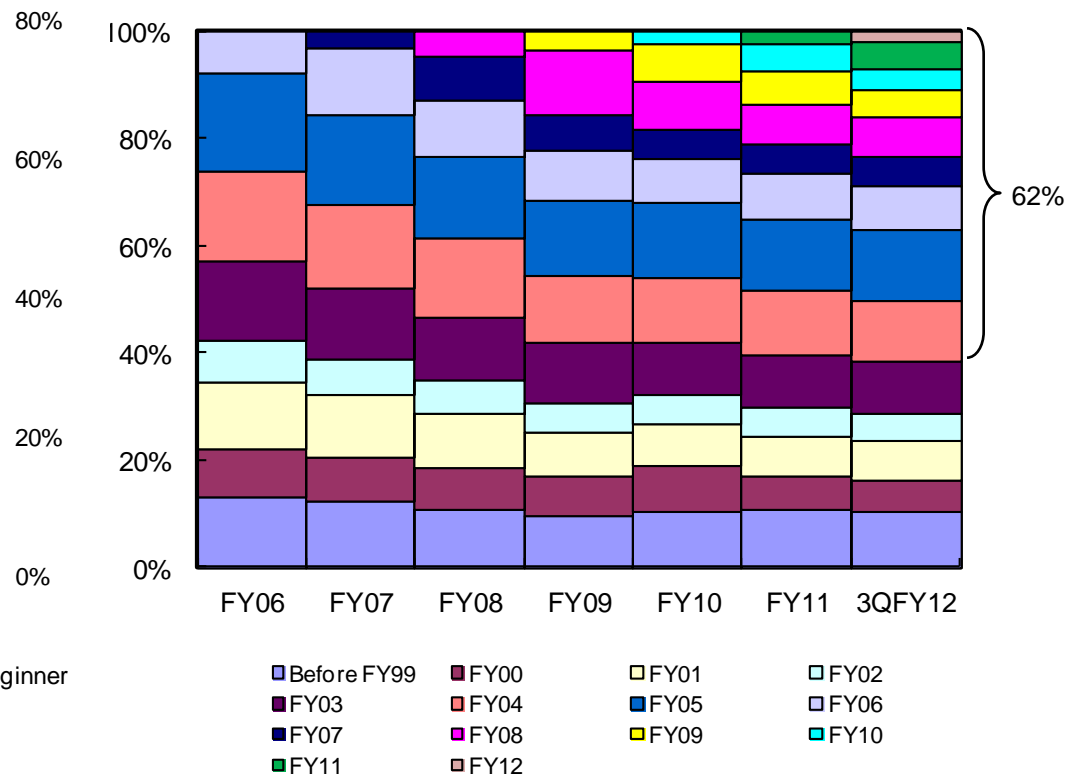
Note 2: Nikkei 225 is the closed price at the end of each quarter

# Number of Accounts / Breakdown of Trading Value

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



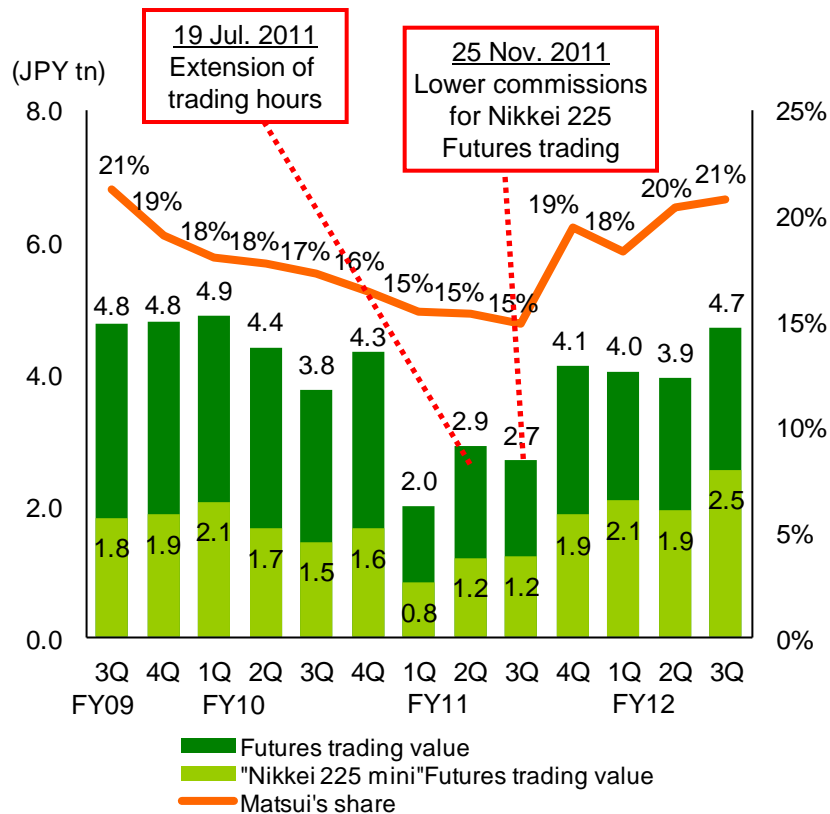
## ◆ Breakdown of trading value by customers opening the accounts in each fiscal year



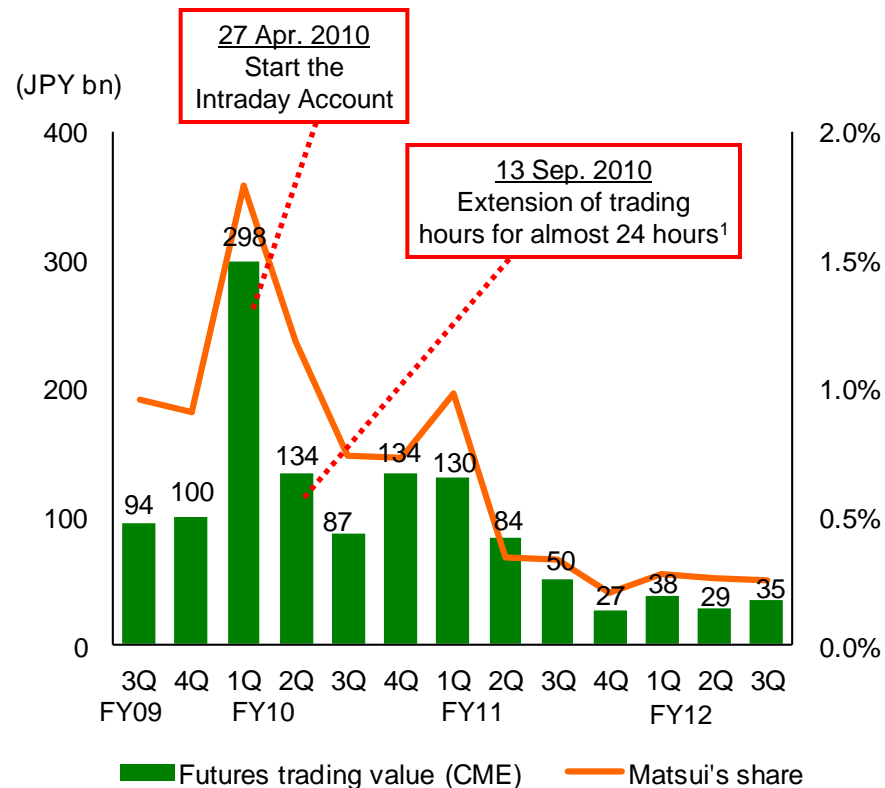
Note 1: Number of accounts as of the end of each month  
 Dormant accounts were closed down 5,009 in Sep.2012

# Nikkei 225 Futures

## ◆ Matsui's OSE Nikkei 225 Futures trading value and its market share

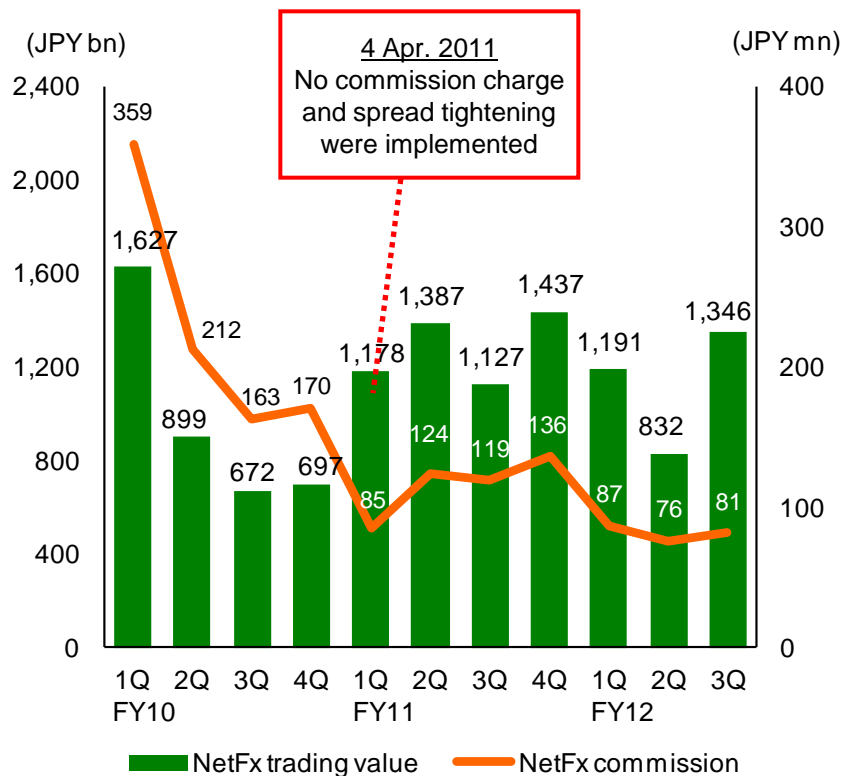


## ◆ Matsui's CME Nikkei225 Futures trading value and its market share

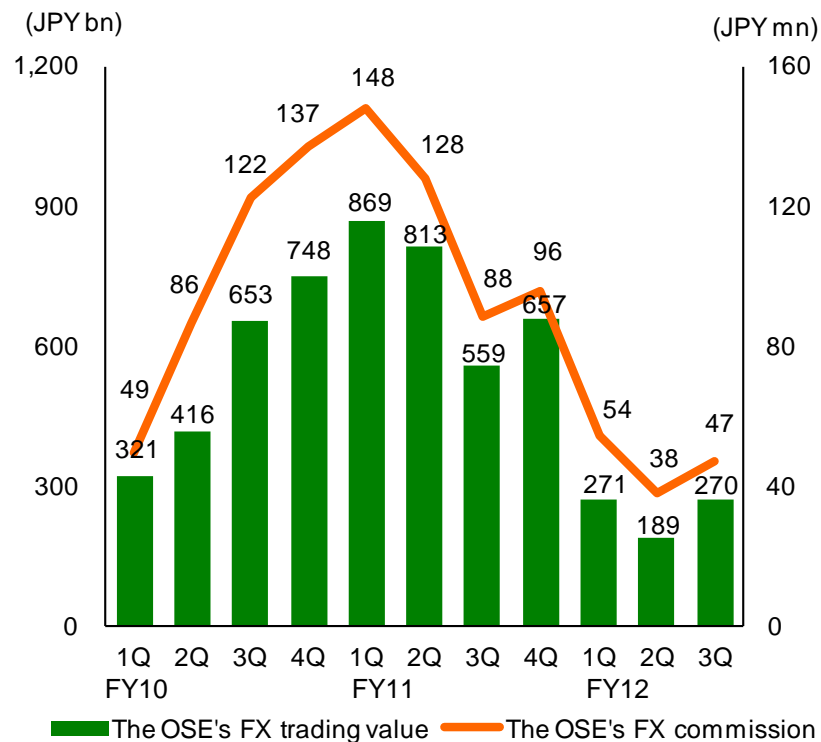


# FX Margin Trading

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



## ◆ The OSE's FX trading value in Matsui and commission



# Recent Developments

---

## Section 3



# Corporate Strategy

---

## Our Purpose

We will provide superior quality of trading platform for retail investors based upon "customer-centered strategy"



## Our Achievements

- ◆ Pioneer in providing full-fledged online brokerage services in Japan
- ◆ Pioneer in providing online margin trading in Japan
- ◆ "Box Rate" fee structure
- ◆ Pioneer in developing unlimited margin trading
- ◆ Pioneering approach to "NetFx" "Nikkei 225 futures and Nikkei 225 Options"
- ◆ Pioneer in providing specific application available for smartphone
- ◆ Introduced "Margin Account for Day-trades"

## Our Direction

- ◆ Develop unique and innovative services
- ◆ Focus on brokerage business
- ◆ Pursue the services which expand brokerage (flow) business rather than asset gathering related (stock) services

# Deregulation of Margin Trading

Deregulation of margin trading has been implemented since Jan. 2013

## ◆ Outline of Deregulation

Current rules prohibit the collateral pledged on a margin trade from being available for other trades until 1day after closing the positions. The new rules allow re-use of the collateral within the same day upon closing the positions.

Enable retail investors to day-trade several times in a single day without having to source new deposits

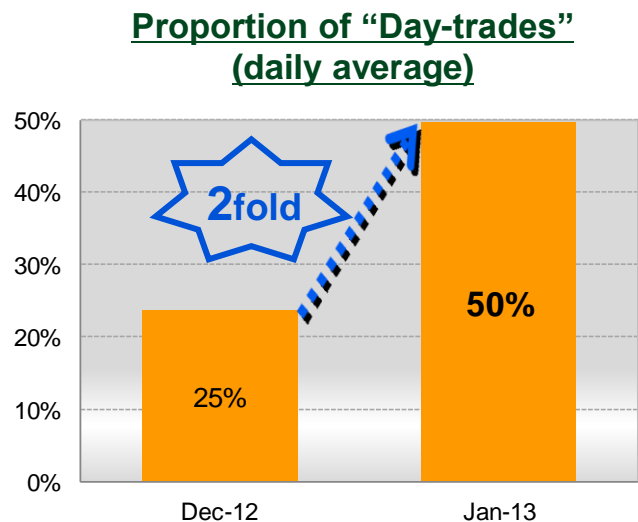
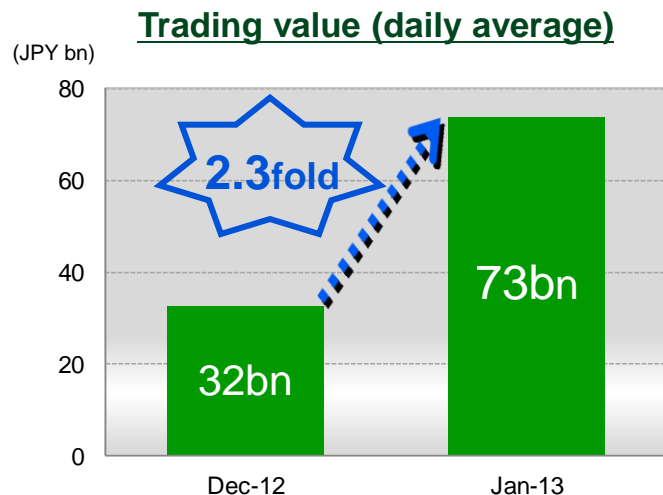
➡ Greater trading opportunities for “super active traders” on margin

## ◆ Recent Developments

Introduction of new service by taking advantage of the benefits under the new rules

→ Introduction of “Margin Account for Day-trades”

## ◆ Results of Margin trading in Jan.



# Margin Account for Day-trades

## Introduced “Margin Account for Day-trades” from January 4, 2013

~ It is designed to take full advantage of the benefits under the newly relaxed deposit rules for margin trading and basically charges no commission and interest

### ◆ Outline of Margin Account for Day-trades

Commisson	<b>0Yen</b>	
Interest rate p.a.	Trading value per an order	rate
	JPY3mn or above	<b>0%</b>
	Under JPY3mn	<b>2%</b>
Due date	One day	
Eligible shares	All shares listed on exchanges for long-position and shares selected by the Company for short-position (562 shares as of Jan. 24)	
Number of accounts	7,602 (as of Jan. 24)	

### ◆ Trading Results (Daily average)

Trading value (JPY mn)	19,428
Proportion to the total margin trading value	26.5%
Value of orders (JPY mn)	42,782
Number of executed trades	20,871
Number of orders	22,468
Number of active accounts	1,047

(4 to 24 Jan.)

### ◆ Recent Developments

- Add 35 eligible shares for short-position (Jan. 16)
- Lower the commissions for settlement of the overdue positions\* (Jan. 23)

Previous	From Jan. 23
1.05% of the value	<b>0.315%</b> of the value

\* If the positions are not closed within a single day, the Company would close the positions the following day.

### ◆ Future Developments

Plan to implement continuous improvements of the service, such as enhancement of trading tools and addition of conditional executing orders etc.

# Details of Newly Offered Services

Campaign/Promotion	Improvement in Quality of Services to Customers
<ul style="list-style-type: none"> <li>◆ Cash back campaign for transferring stocks from other brokers or depositing new cash in the account (2012/10/11-2013/1/31)</li> <li>◆ Starting campaign for new customers (2012/10/11-2013/1/31) ~No commission charge for the customers who open the new account</li> <li>◆ Starting campaign for new customers to trade ETF (2012/12/3-2013/2/28)</li> <li>◆ Cash back campaign for OSE FX trading (2013/1/2-3/30)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Introduce the online cash transfer services for smartphone to account holders at Resona Bank (2012/10/15-)</li> <li>◆ Introduce “Margin Account for Day-trades” (2013/1/4-)</li> <li>◆ Disclose the ranking of top 10 shares for the trading value of day-trades (2013/1/7-)</li> <li>◆ Renewal of research reporting service “QUICK Research net” (2013/1/22-)</li> <li>◆ Lower the commissions for settlement of the overdue positions (2013/1/23-)</li> </ul>

The material is intended to provide the financial results for the quarter ended 31 December 2012 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 January 2013. 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.

This presentation may contain forward looking information. Please keep in mind that they are based on projections of the company and subject to changes depending on the situation. We will under no circumstances assume the obligation to revise this presentation in case such situation occurs.

## Contact information

### **Matsui Securities Co., Ltd.**

URL: <http://www.matsui.co.jp/ir/en/>

Tel: +81-3-5216-0784 Fax: +81-3-5216-8638

Mail: [ir@matsui.co.jp](mailto:ir@matsui.co.jp)

Akira WARITA, Managing Director : [a-warita@matsui.co.jp](mailto:a-warita@matsui.co.jp)

Kumiko HAYASHI : [k-hayashi@matsui.co.jp](mailto:k-hayashi@matsui.co.jp)