



# Matsui Securities Co., Ltd.

(First Section of TSE: 8628)

## Annual Results for 3QFY2014

January 2015

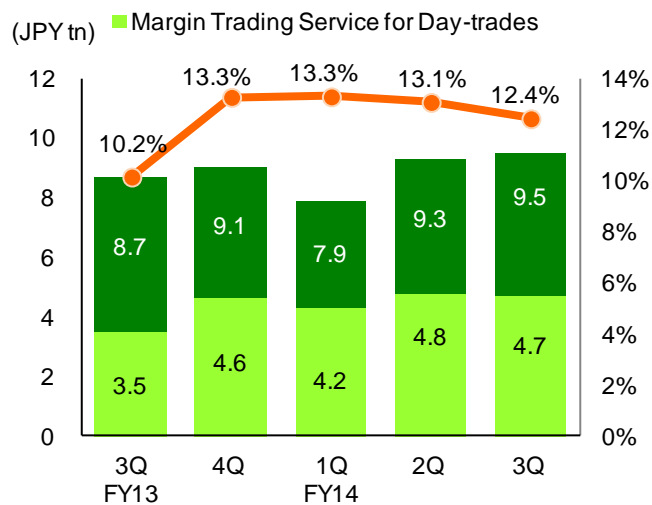
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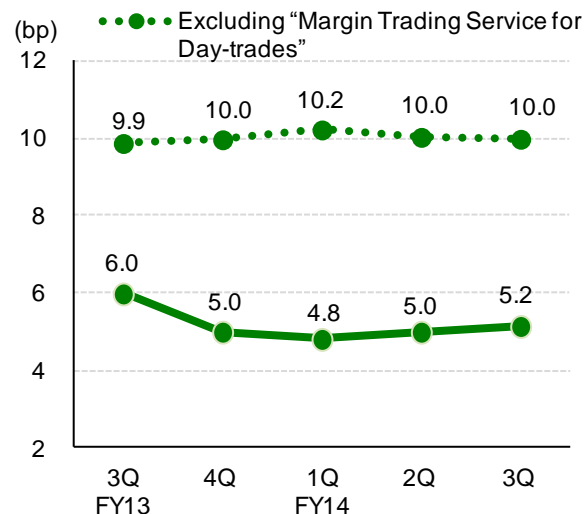
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# Results of Operation

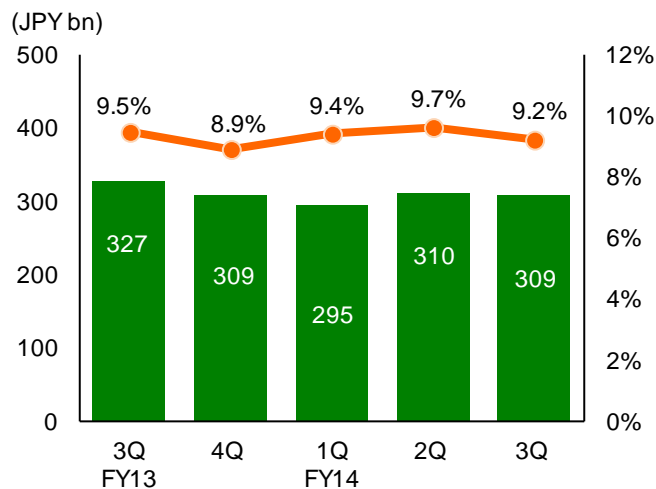
## ◆ Equity trading value / Market share



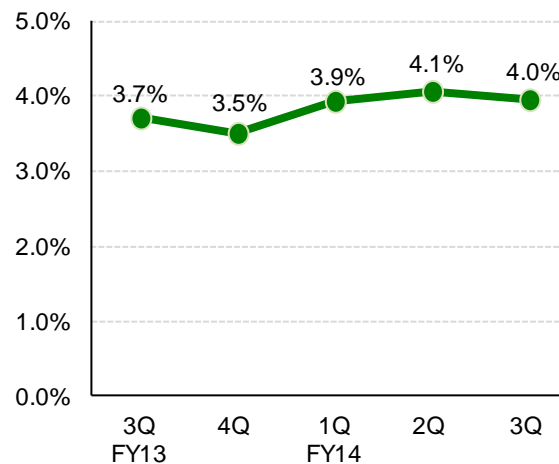
## ◆ Equity commission rate



## ◆ Margin balance / Market share



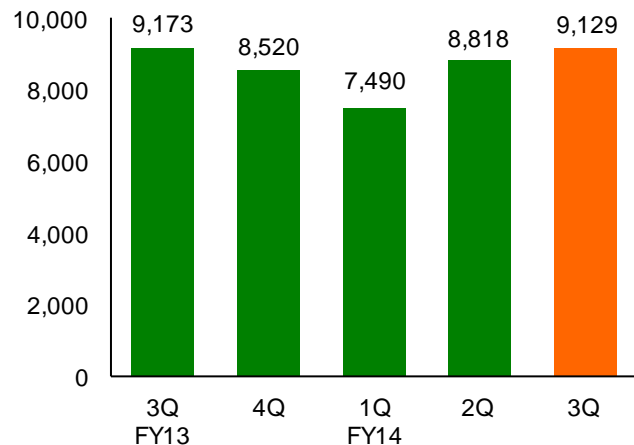
## ◆ Net interest income ratio



# Financial Results

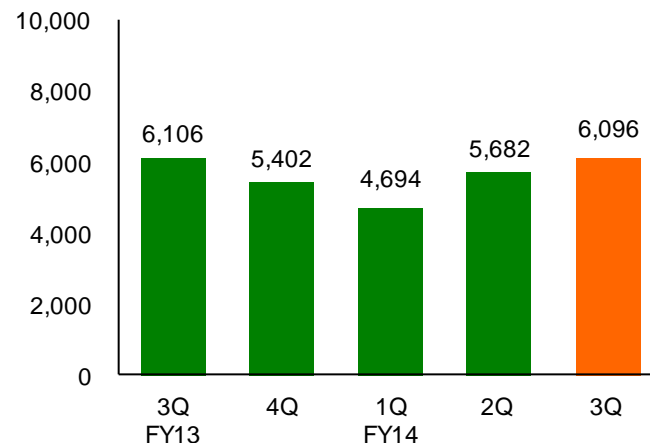
## ◆ Operating revenues

(JPY mn)



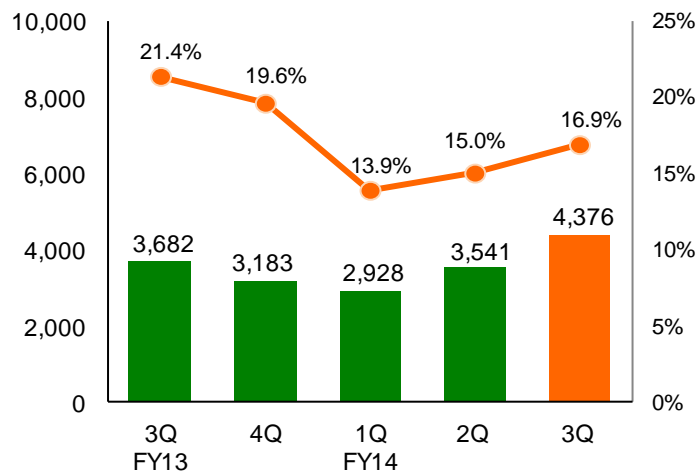
## ◆ Ordinary income

(JPY mn)

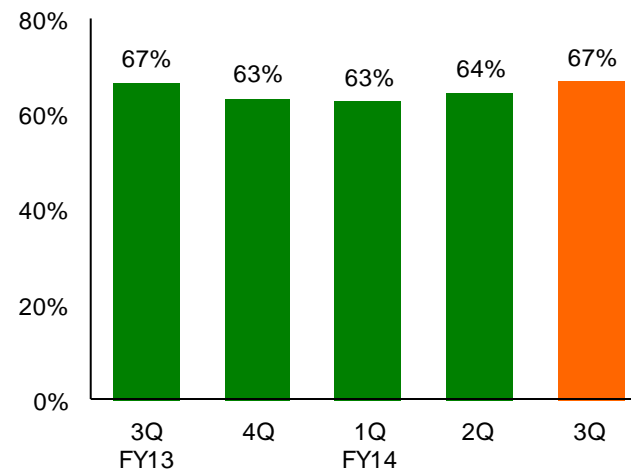


## ◆ Net income / ROE<sup>1</sup>

(JPY mn)

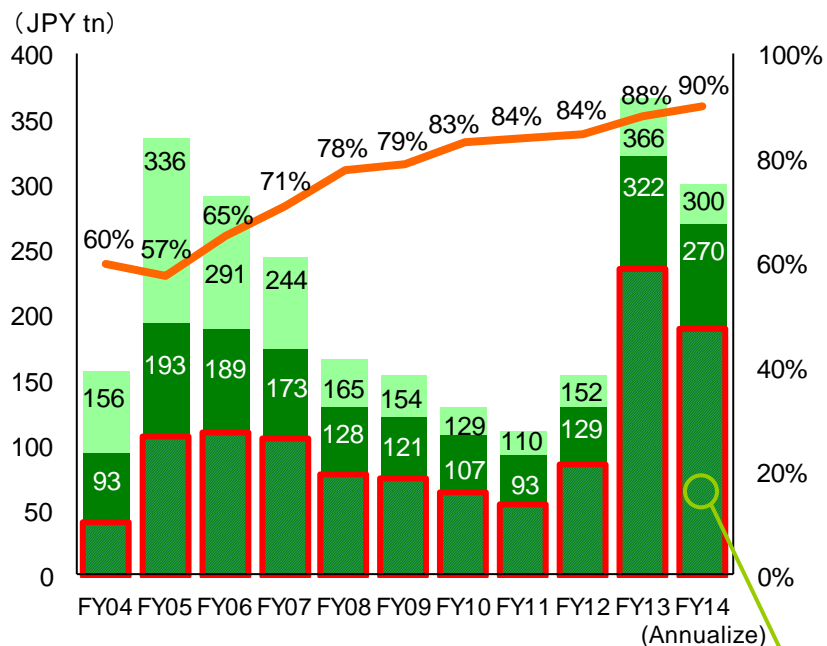


## ◆ Ordinary income ratio



# Overview of Retail Equity Trading Market

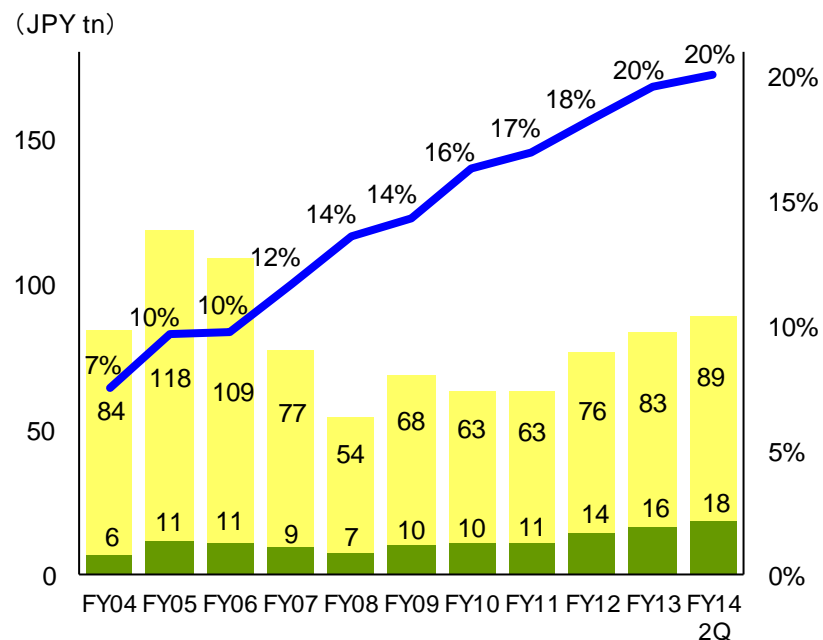
## ◆ Equity trading value of individuals<sup>1</sup> (FLOW)



■ 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

Source: TSE, BOJ, Company data, Company Website

Note 1: 5 on-line brokers are Matsui, SBI, Rakuten, Monex and Kabu.com

7 on-line brokers include the 5 brokers and GMO Click and Okasan Online

Note 2: Super active traders : number of trades per month is over 100 times

# Financial Summary

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## Section 1

# Summary of Financial Results (3Q FY14)

(JPY mn)

	3Q(Apr.-Dec.) FY2014	3Q(Apr.-Dec.) FY2013	YoY
Operating Revenues	25,438	31,363	-19%
Commissions	15,590	21,954	-29%
Interest & dividend income	9,838	9,396	5%
Interest expenses	971	864	12%
Net operating revenues	24,467	30,499	-20%
SG&A	8,100	8,809	-8%
Operating income	16,367	21,690	-25%
Ordinary income	16,472	21,772	-24%
Net income	10,845	13,117	-17%
Ordinary income ratio	65%	69%	-
Matsui's trading value (JPY tn)	26.7	30.4	-12%
Daily average trading value on TSE (JPY tn)	2.6	2.9	-11%

# Breakdown of Net Operating Revenues (3Q FY14)

(JPY mn)

	3Q(Apr.-Dec.) FY2014	3Q(Apr.-Dec.) FY2013	YoY
Commissions	15,590	21,954	-29%
Brokerage	14,804	21,111	-30%
Equity	13,398	19,320	-31%
Futures & Options	941	1,193	-21%
Others	784	838	-6%
Net gain (loss) on trading	6	10	-38%
Interest & dividend income (1)	9,838	9,396	5%
Total operating revenues	25,438	31,363	-19%
Interest expenses (2)	971	864	12%
Net operating revenues	24,467	30,499	-20%
Net interest income (1) - (2)	8,867	8,532	4%
Average margin balance (JPY bn)	297	312	-5%



# Breakdown of SG&A (3Q FY14)

(JPY mn)

	3Q(Apr.-Dec.) FY2014	3Q(Apr.-Dec.) FY2013	YoY
Transaction related expenses	3,532	3,717	-5%
Advertisement	393	411	-4%
Employees' compensation & benefits	1,416	1,607	-12%
Occupancy & rental	663	685	-3%
Data processing & office supplies	1,282	1,325	-3%
Depreciation	982	1,227	-20%
Duties & taxes other than income taxes	139	186	-25%
Provision of allowance for doubtful accounts	-18	-63	-
Others	104	125	-17%
<b>Total SG&amp;A</b>	<b>8,100</b>	<b>8,809</b>	<b>-8%</b>

# Summary of Financial Results (Quarterly)

(JPY mn)

	FY14	FY14	QoQ	FY14	FY13		YoY	FY13 TOTAL
	3Q	2Q		1Q	4Q	3Q		
Operating Revenues	9,129	8,818	4%	7,490	8,520	9,173	-0%	39,883
Commissions	5,835	5,349	9%	4,406	5,395	5,977	-2%	27,349
Interest & dividend income	3,290	3,466	-5%	3,082	3,123	3,192	3%	12,519
Interest expenses	292	426	-32%	253	281	274	7%	1,145
Net operating revenues	8,837	8,392	5%	7,238	8,239	8,900	-1%	38,738
SG&A	2,778	2,718	2%	2,604	2,838	2,825	-2%	11,648
Operating income	6,059	5,674	7%	4,633	5,400	6,075	-0%	27,090
Ordinary income	6,096	5,682	7%	4,694	5,402	6,106	-0%	27,175
Net income	4,376	3,541	24%	2,928	3,183	3,682	19%	16,300
Ordinary income ratio	67%	64%	-	63%	63%	67%	-	68%
Matsui's trading value (JPY tn)	9.5	9.3	2%	7.9	9.1	8.7	10%	39.5
Daily average trading value on TSE (JPY tn)	3.0	2.3	29%	2.3	2.9	2.7	11%	2.9

# Breakdown of Net Operating Revenues (Quarterly)

(JPY mn)

	FY14	FY14	QoQ	FY14	FY13		YoY	FY13 TOTAL
	3Q	2Q		1Q	4Q	3Q		
Commissions	5,835	5,349	9%	4,406	5,395	5,977	-2%	27,349
Brokerage	5,540	5,064	9%	4,200	5,069	5,728	-3%	26,180
Equity	4,917	4,674	5%	3,807	4,547	5,238	-6%	23,867
Futures & Options	411	274	50%	256	323	302	36%	1,516
Others	295	285	3%	203	326	249	18%	1,164
Net gain (loss) on trading	3	3	5%	1	1	3	5%	11
Interest & dividend income (1)	3,290	3,466	-5%	3,082	3,123	3,192	3%	12,519
Total operating revenues	9,129	8,818	4%	7,490	8,520	9,173	-0%	39,883
Interest expenses (2)	292	426	-32%	253	281	274	7%	1,145
Net operating revenues	8,837	8,392	5%	7,238	8,239	8,900	-1%	38,738
Net interest income (1) - (2)	2,998	3,039	-1%	2,830	2,841	2,919	3%	11,373
Average margin balance (JPY bn)	303	299	1%	288	324	315	-4%	315

# Breakdown of SG&A (Quarterly)

(JPY mn)

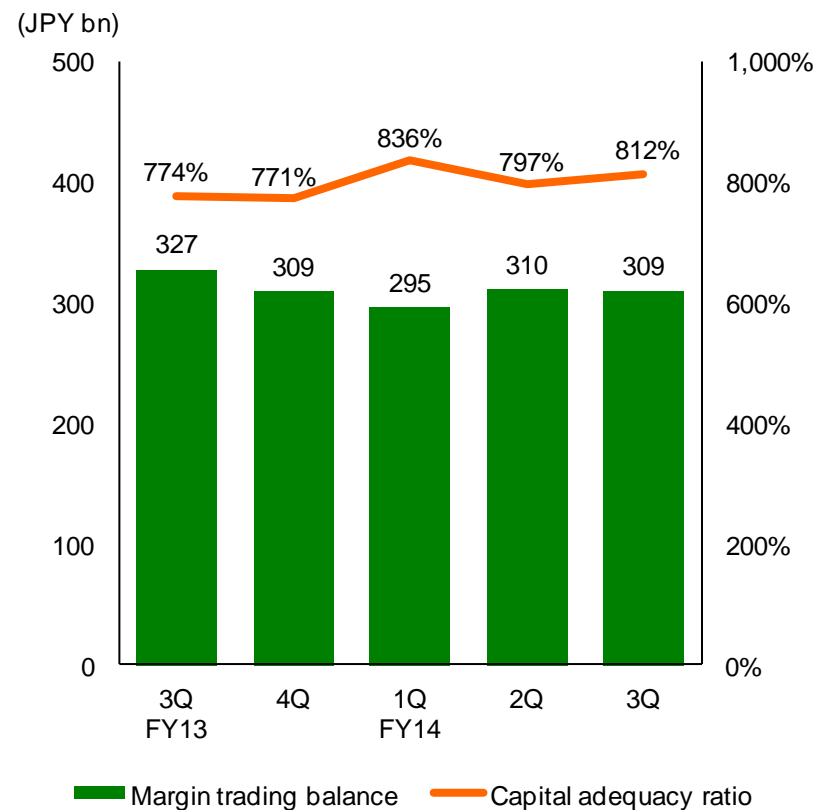
	FY14	FY14	QoQ	FY14	FY13		YoY	FY13 TOTAL
	3Q	2Q		1Q	4Q	3Q		
Transaction related expenses	1,198	1,219	-2%	1,115	1,240	1,158	4%	4,957
Advertisement	130	144	-10%	119	183	126	4%	594
Employees' compensation & benefits	483	468	3%	465	468	616	-22%	2,075
Occupancy & rental	220	222	-1%	222	219	235	-7%	905
Data processing & office supplies	435	421	3%	427	420	449	-3%	1,745
Depreciation	302	315	-4%	364	407	400	-25%	1,635
Duties & taxes other than income taxes	49	45	7%	46	40	45	9%	226
Provision of allowance for doubtful accounts	50	7	588%	-75	-4	-115	-	-68
Others	43	20	108%	41	49	38	11%	173
<b>Total SG&amp;A</b>	<b>2,778</b>	2,718	2%	2,604	2,838	2,825	-2%	11,648

# Regulatory Capital

## ◆ Capital adequacy ratio (As of 31 December 2014)

		(JPY mn)
Tier 1	(A)	77,545
Tier 2	Net unrealized gain on investment	3,120
	Statutory reserves	2,477
	Allowance for doubtful accounts	30
	Sub total (B)	5,627
Assets to be deducted from equity capital	(C)	4,670
Net Capital		
	(A) + (B) - (C) (D)	78,503
Total risk	Market risk	777
	Counterparty risk	6,275
	Basic risk	2,612
	Total (E)	9,664
Capital adequacy ratio (D)/(E)		812.3%

## ◆ Margin trading balance and capital adequacy ratio



# Shareholders Return

We paid interim dividend of 20 yen per share for FY14.

We plan to pay year-end dividend of 20 yen per share for FY14.

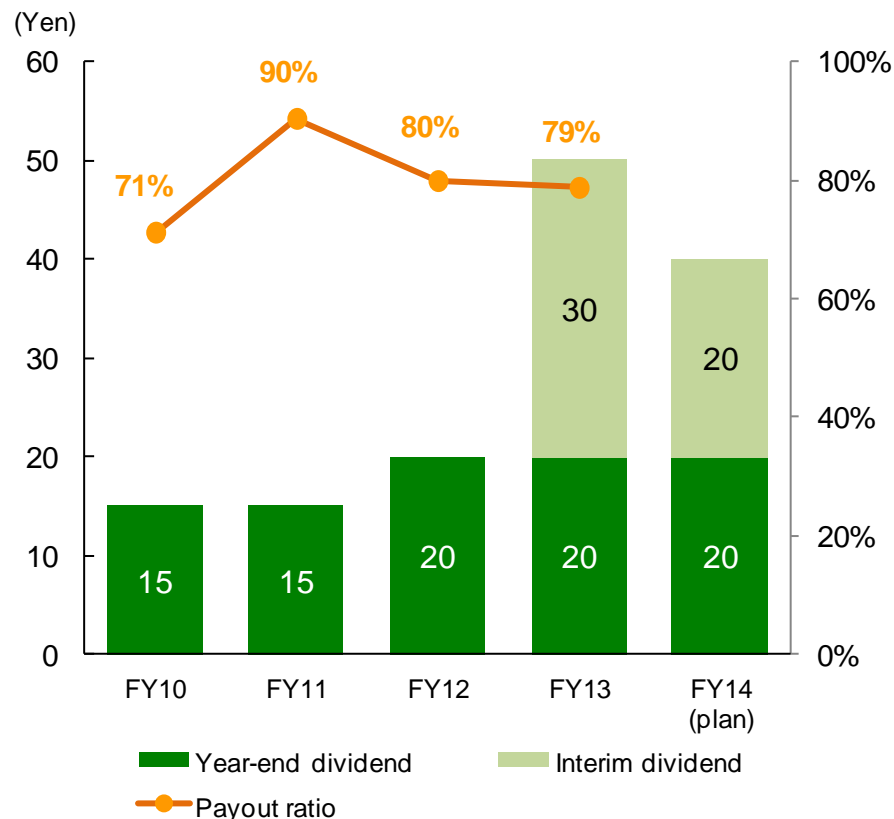
## ◆ Dividend policy

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

## ◆ Dividends for FY14

- Interim : Paid 20 yen per share
- Year-end : Plan to pay 20 yen per share

## ◆ Matsui’s dividend per share and payout ratio



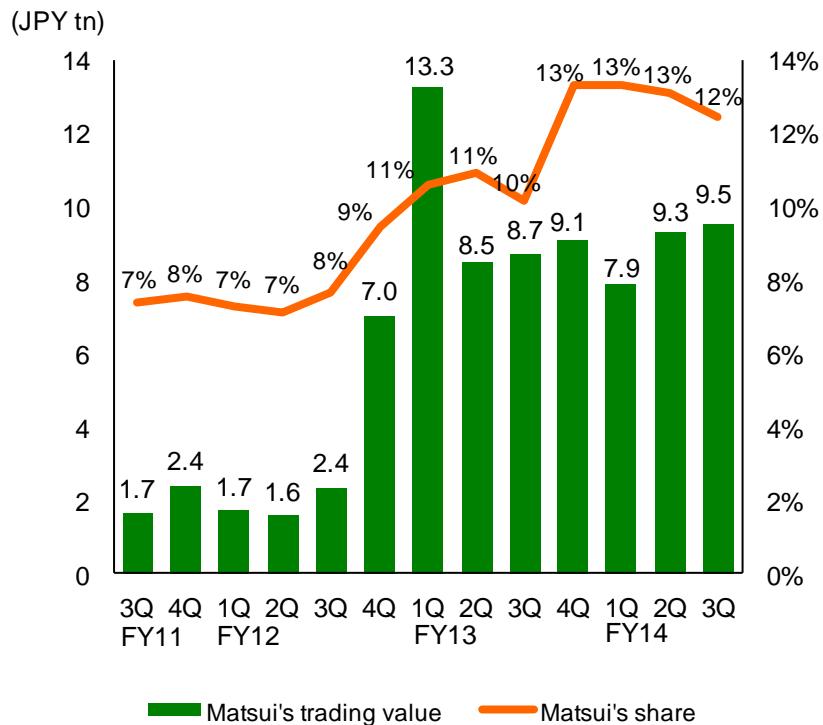
# Results of Operation

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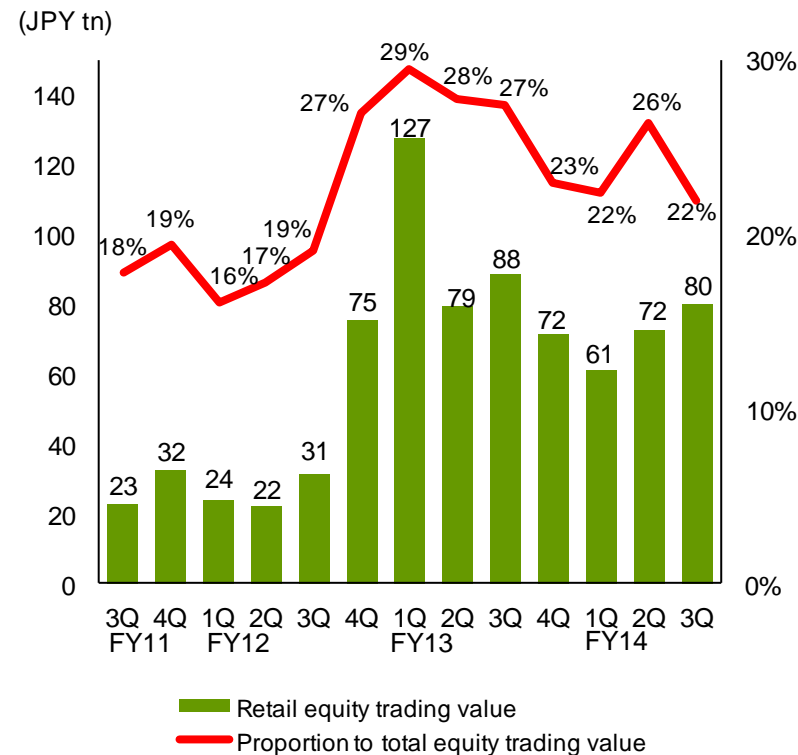
## Section 2

# Equity Trading Value

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



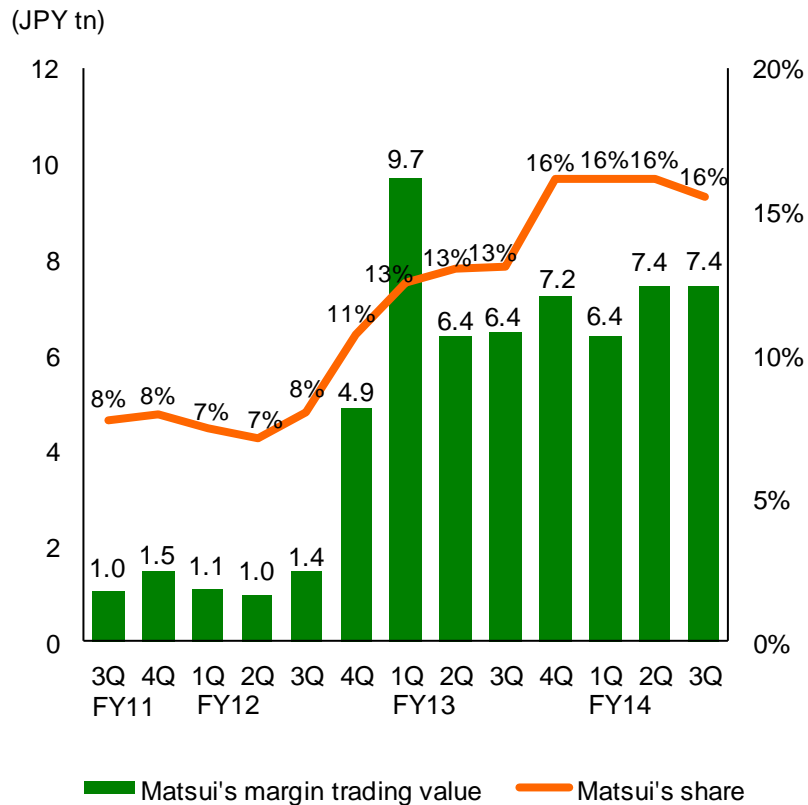
## ◆ Retail equity trading value<sup>1</sup> and proportion to total equity trading value



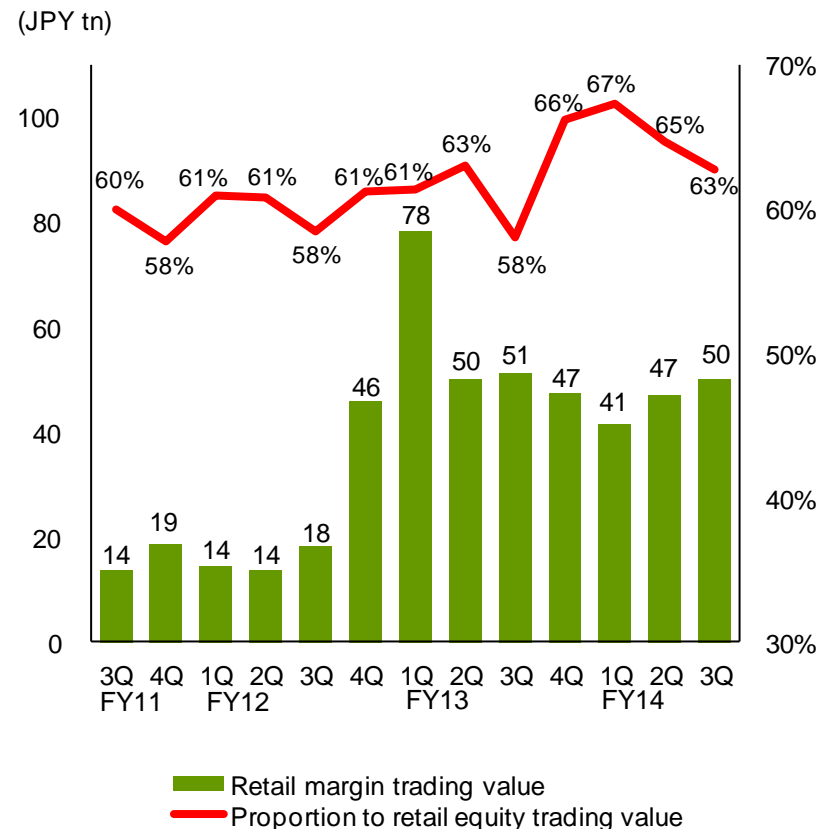


# Margin Trading Value

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

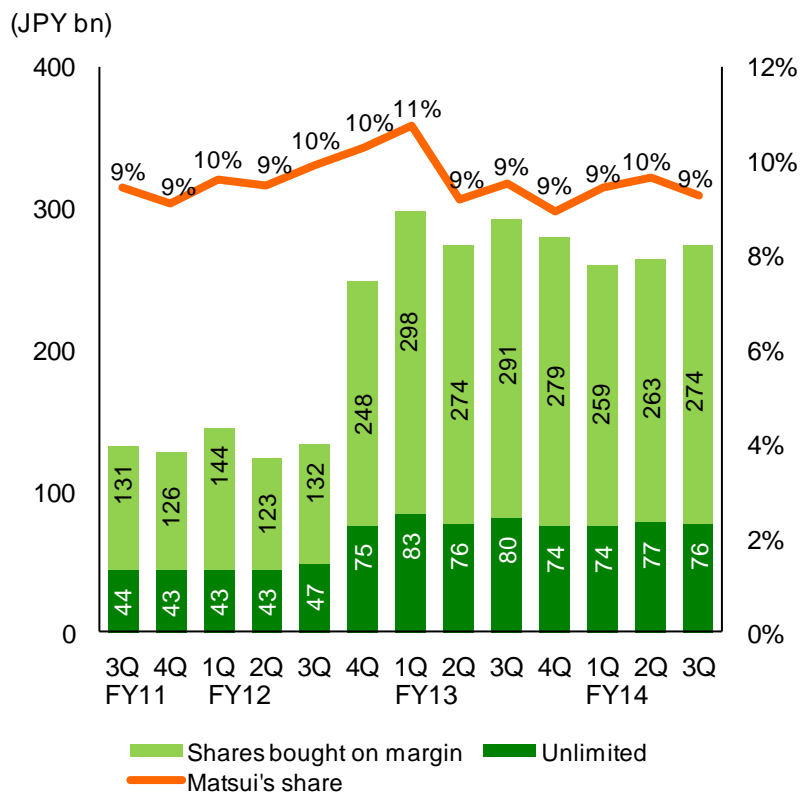


## ◆ Retail margin trading value<sup>1</sup> and proportion to total retail equity trading value

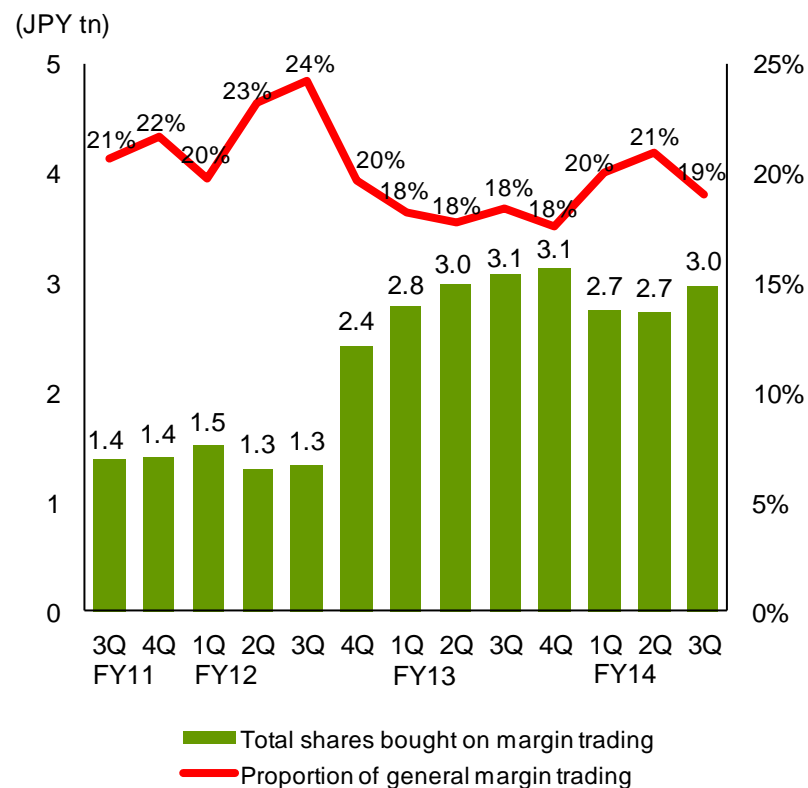


# Margin Trading Balance

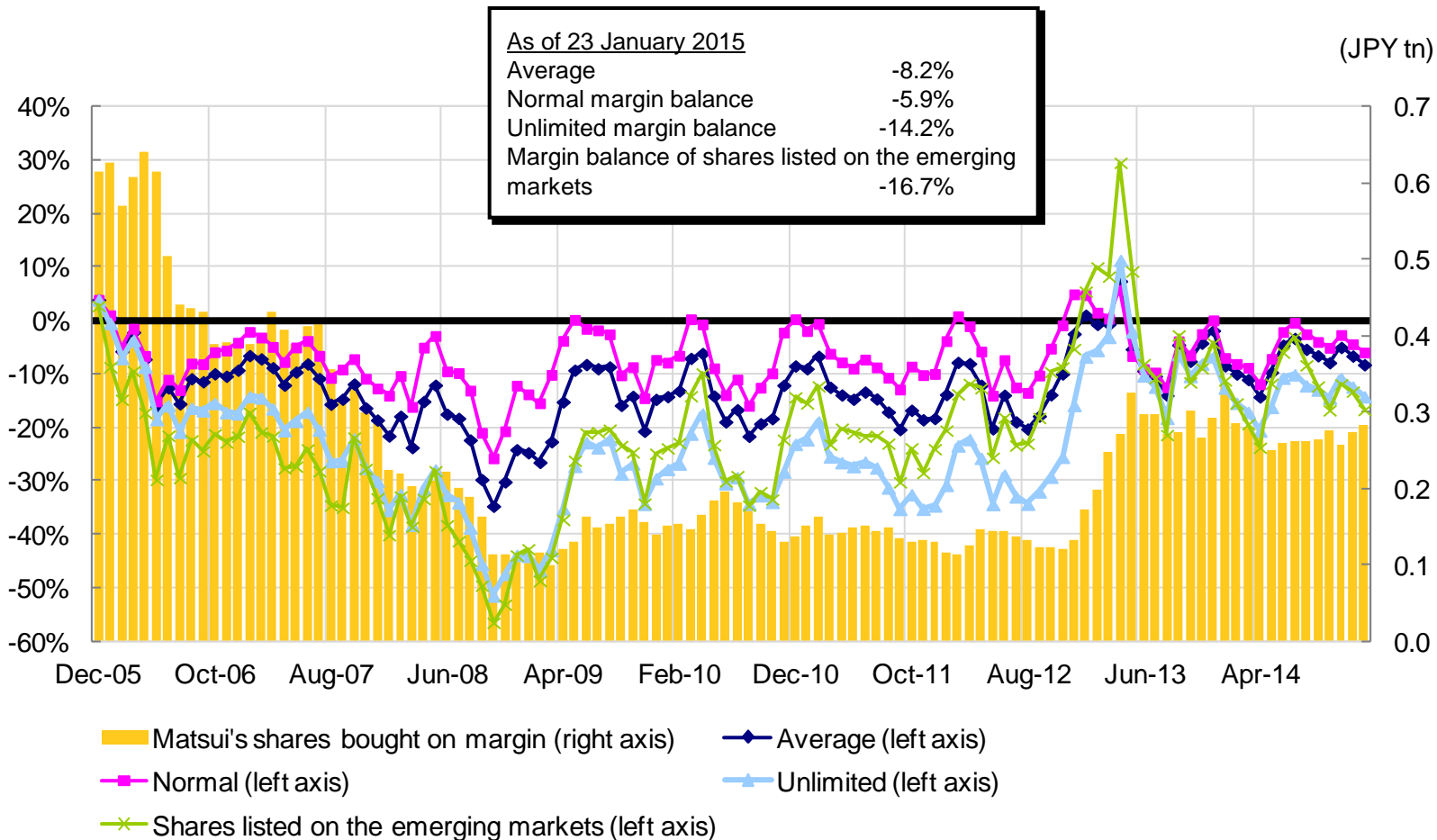
## ◆ Matsui's shares bought on margin<sup>1</sup> and its market share<sup>2</sup>



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

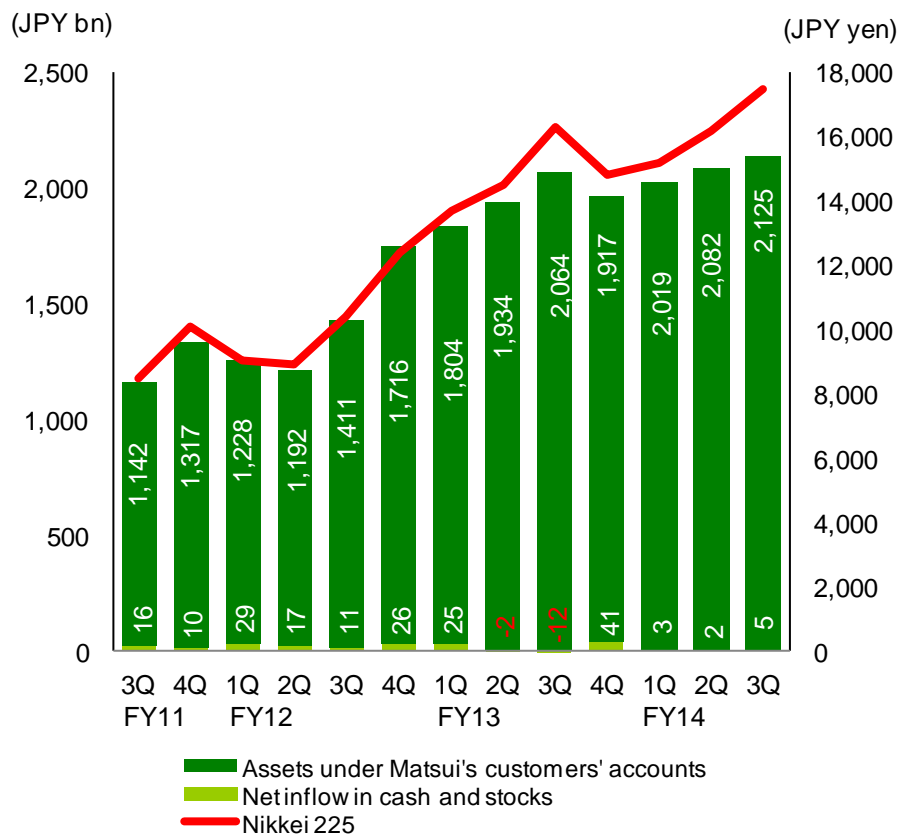


# Unrealized Losses on Matsui's Margin Balance

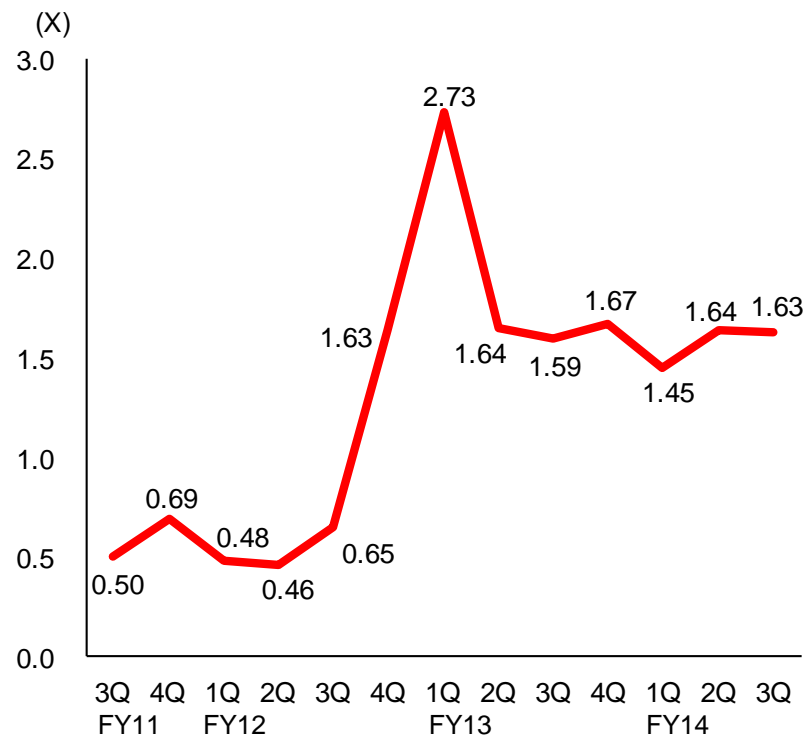


# Assets under Customers' Accounts / Trading Turnover

## ◆ Assets under Matsui's customers' accounts

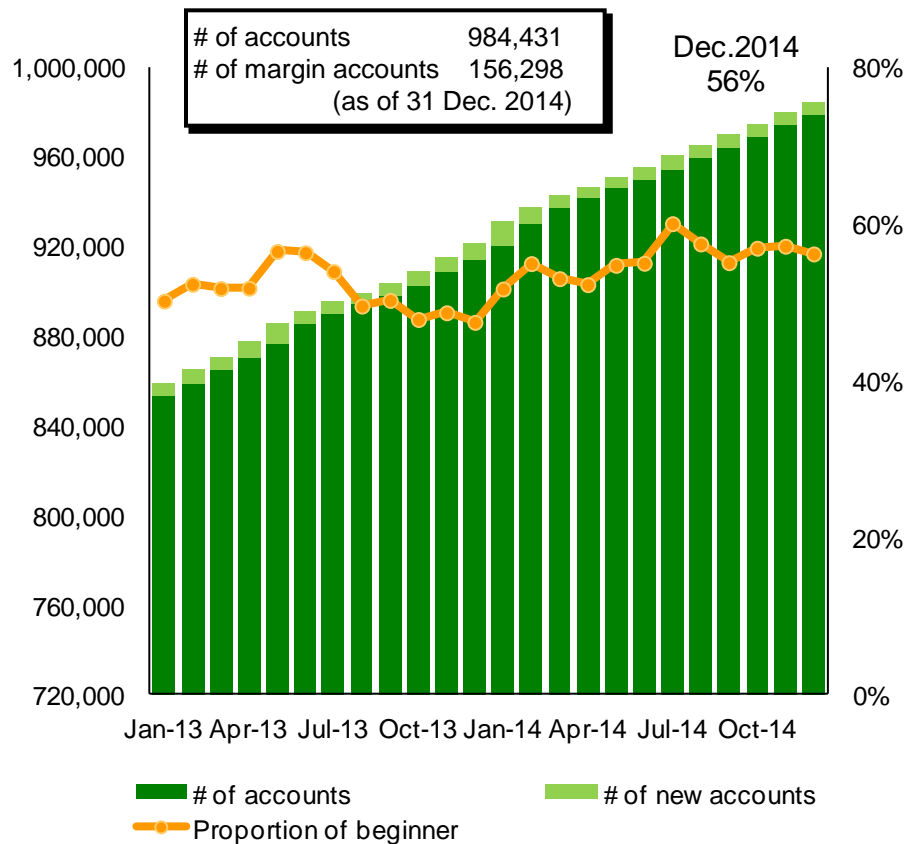


## ◆ Equity trading turnover<sup>1</sup> of Matsui's customers

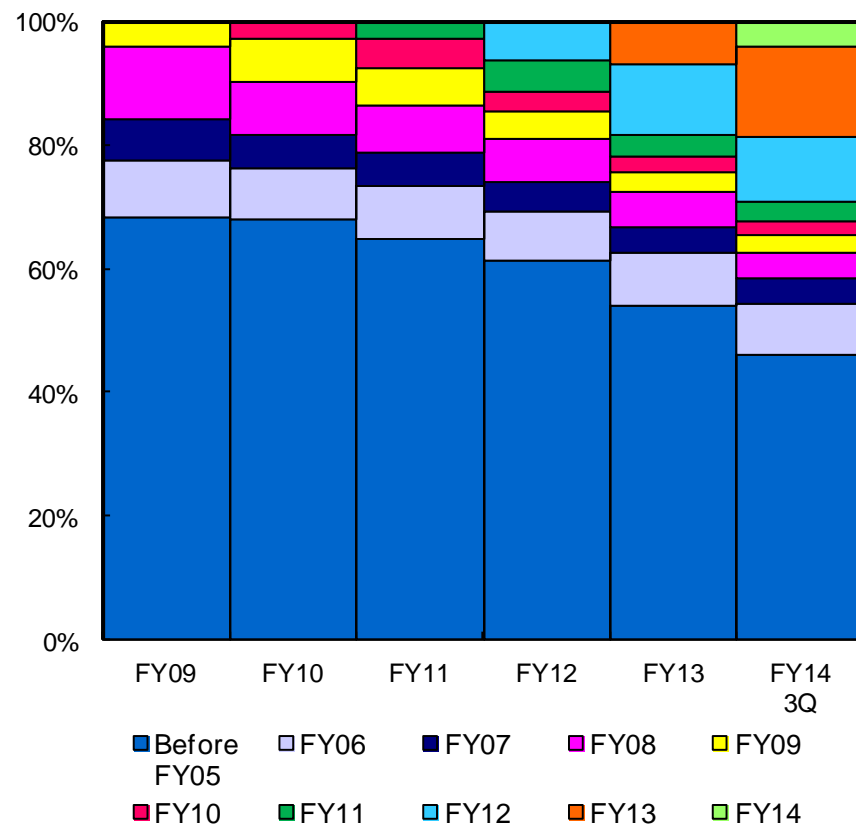


# Number of Accounts / Breakdown of Trading Value

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

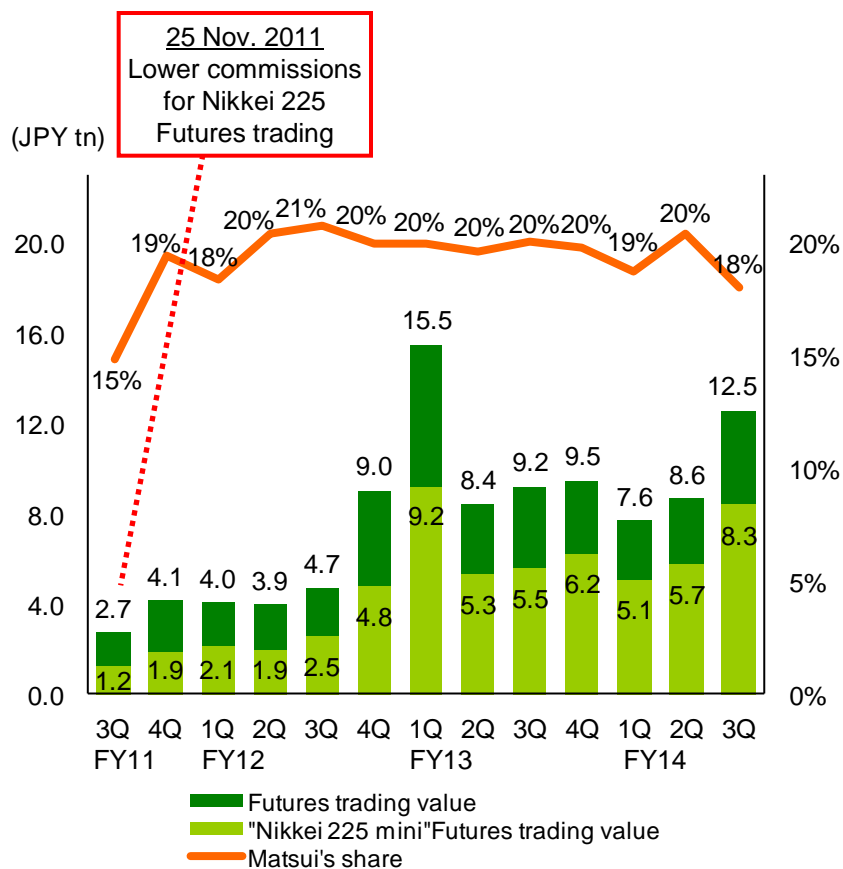


## ◆ Breakdown of trading value by customers opening the accounts in each fiscal year

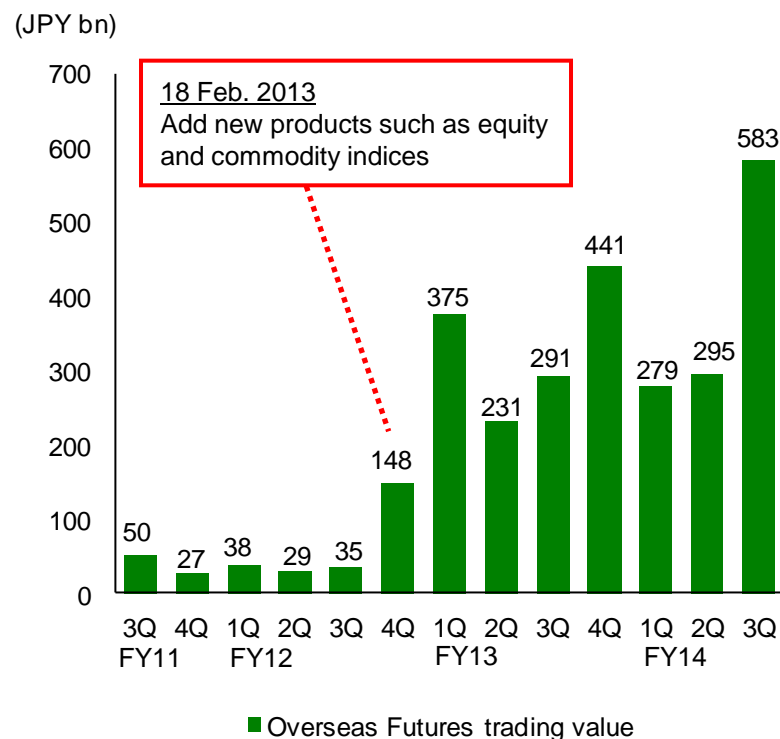


# Futures trading value

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

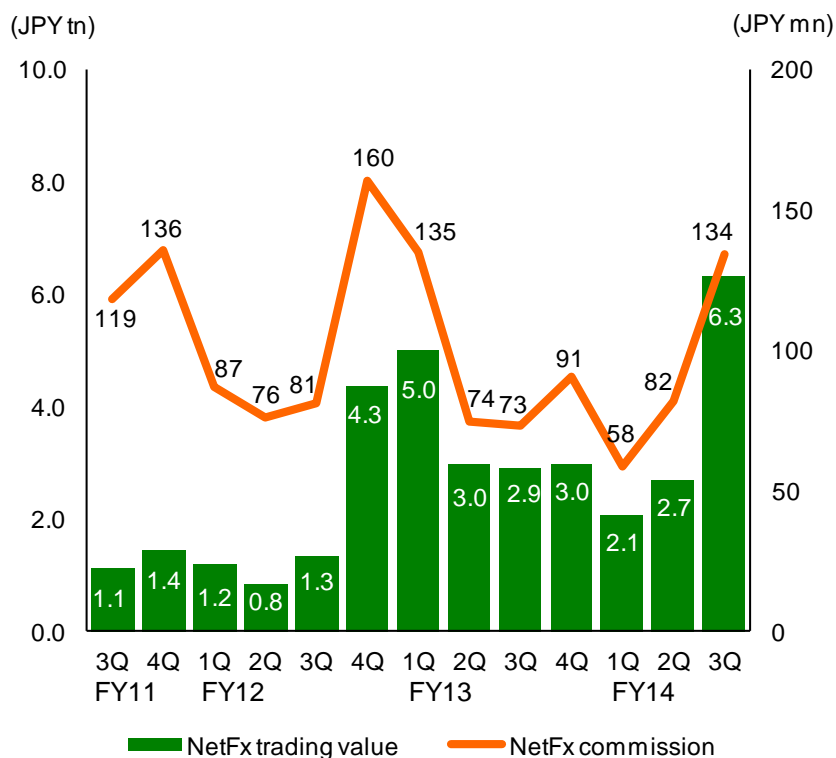


## ◆ Matsui's Overseas Futures<sup>1</sup> trading value (CME)

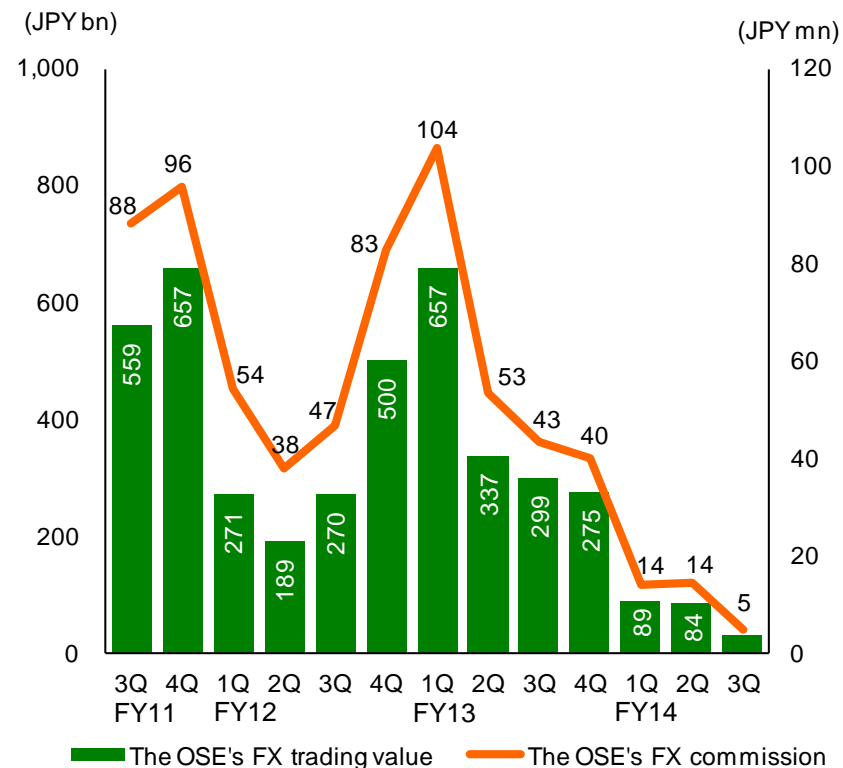


# FX Margin Trading

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



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



Note1 : OSE's FX was terminated in 23 October.2014

# Recent Developments

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## 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 Trading Service for Day-trades"
- ◆ Introduced "Premium Short-Selling Service"

## Our Direction

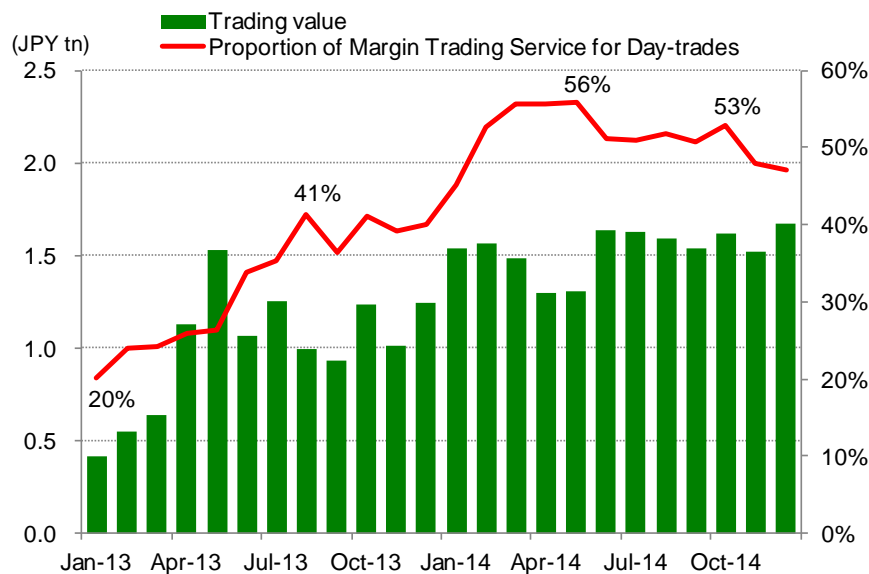
- ◆ Develop unique and innovative services
- ◆ Focus on brokerage business
- ◆ Pursue the services which expand brokerage (flow) business rather than asset gathering related (stock) services

# Margin Trading Service for Day-trades I

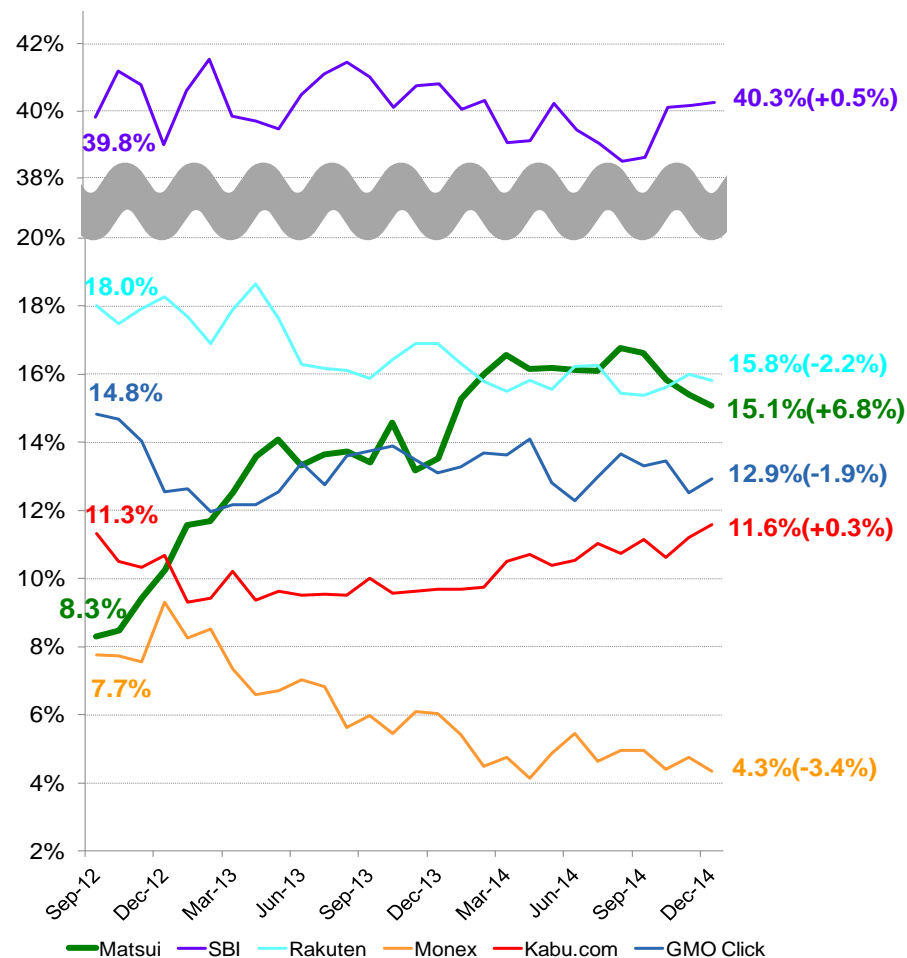
## ◆ Outline of Margin Trading Service for Day-trades

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>

## ◆ Trading results



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



# Margin Trading Service for Day-trades II

Introduced the Premium Short-Selling Service since Mar. 2014

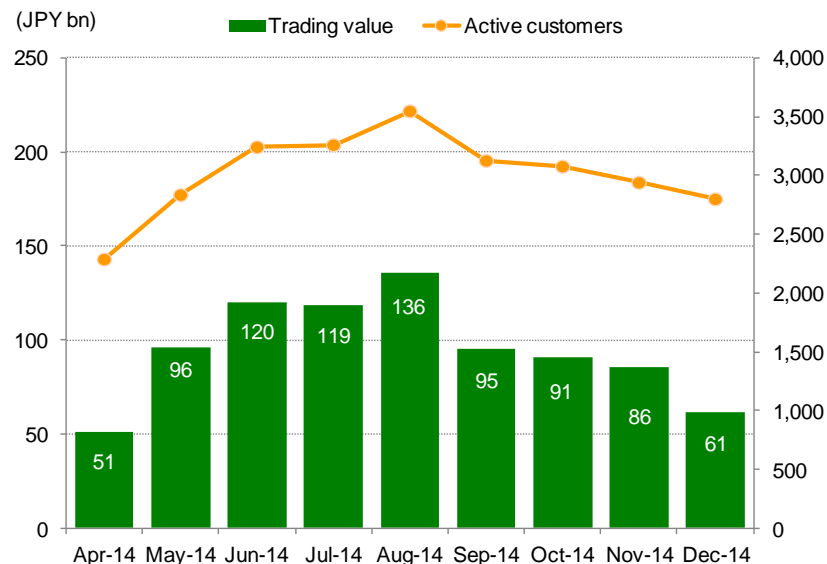
## ◆ Advantage

- Charge additional stock lending fee of approximately 10~20bp per each stock
- Enable to do short-selling of unique stocks listed on the emerging markets which are not available for short-selling under the normal type of margin transaction

## ◆ Top 10 ranking in trading value

Rank	October	November	December
1	mixi	mixi	mixi
2	Klab	TOREX SEMICONDUCTOR	Japan Communications
3	FFRI	OPTiM	Pharma Foods International
4	CYBERDYNE	Pharma Foods International	FFRI
5	TOREX SEMICONDUCTOR	FFRI	MCJ
6	Japan Communications	Klab	OPTiM
7	Asukanet	Morpho	CRI Middleware
8	D. Western Therapeutics Institute	COLOPL	CYBERDYNE
9	MICRONICS JAPAN	Eneres	SHIFT
10	Japan Investment Adviser	Digital Media Professionals	MICRONICS JAPAN

## ◆ Trading results



## ◆ Future Developments

Plan to implement continuous improvements of the service, such as increase number of eligible stocks for short-selling, expansion of the upper limit for the short-selling service, development of trading tools etc.

# NISA I

## Active account ratio for NISA<sup>1</sup> is 68.1%, high level among Online Securities brokers

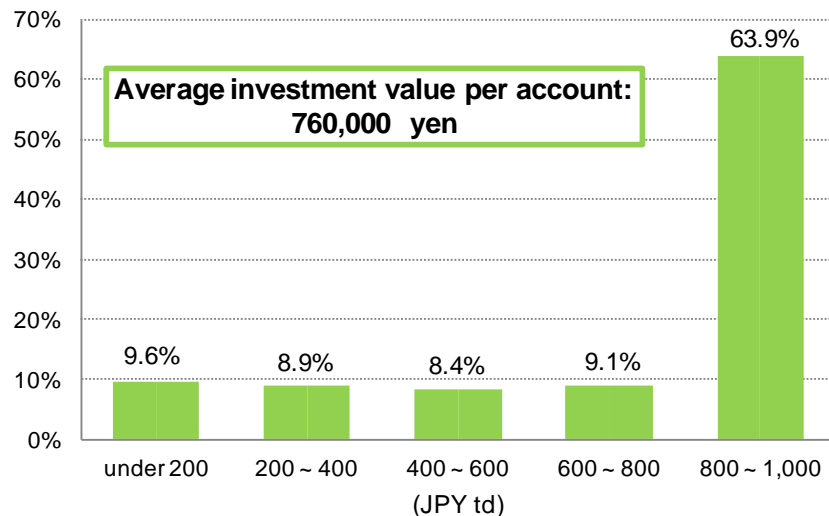
### ◆ Number of NISA accounts and customers' assets (as of Dec. 30, 2014)

Total number of accounts	81,038
Number of active accounts <sup>2</sup>	55,219
Active account ratio	68.1%
Total investment value(JPY mn)	41,859
Customers' assets(JPY mn)	28,431

### ◆ Top 3 ranking in trading value (from Jan. to Dec. 2014)

Rank	Equity	ETF / REIT
1	Mizuho Financial Group	NEXT FUNDS Nikkei 225 Leveraged Index Exchange Traded Fund
2	Takeda Pharmaceutical	Nikkei 225 Exchange Traded Fund
3	Aeon	TOPIX Exchange Traded Fund

### ◆ Distribution of the invested amount (as of Dec. 30, 2014)



### ◆ Situation of NISA

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

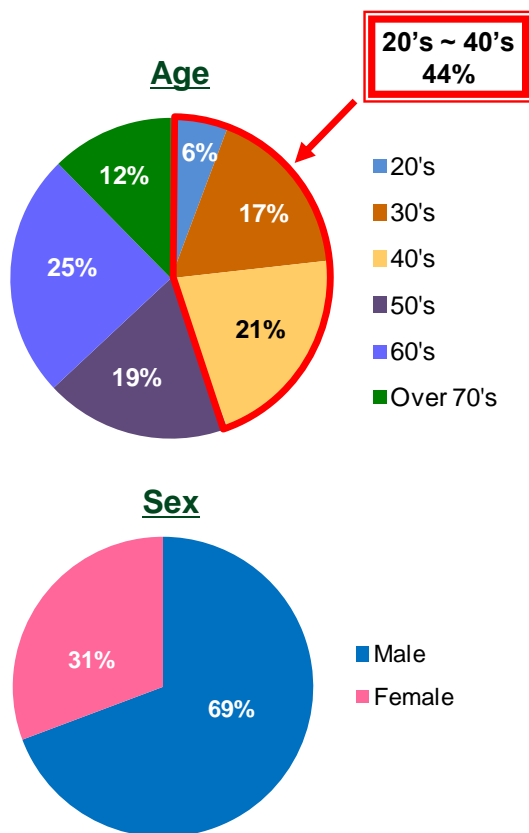
### ◆ Matsui's development

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.

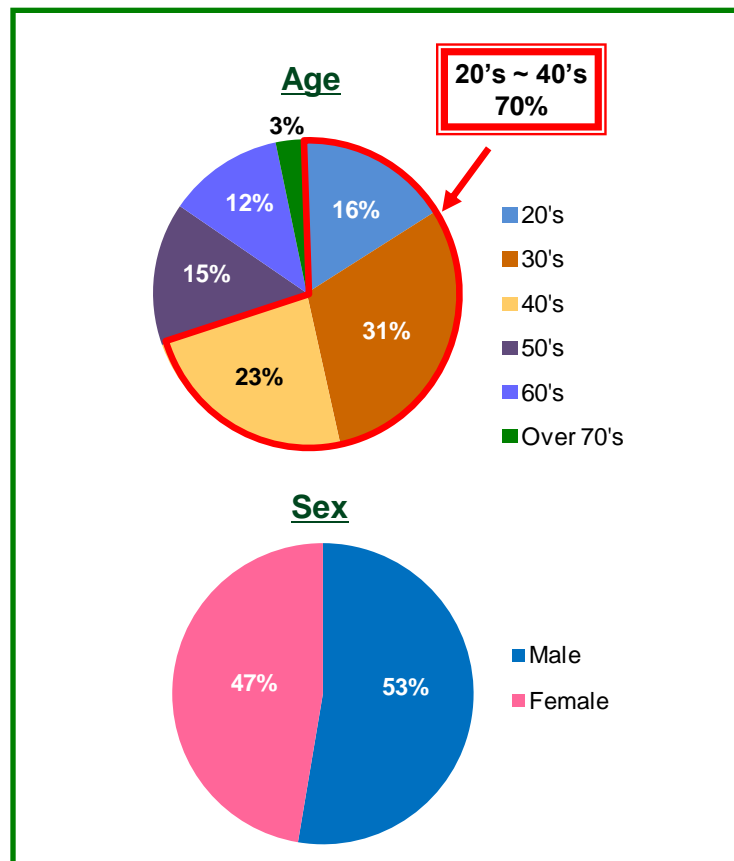
# NISA II

Number of new customers<sup>1)</sup> accounts is 12,003 (as of Dec. 30, 2014 ),  
62% of the new customers' accounts is beginner

◆ Breakdown of NISA accounts  
81,038 accounts (as of Dec. 30, 2014)



◆ Number of beginners, out of the new customers  
7,434 accounts (as of Dec. 30, 2014)



The material is intended to provide the financial results for the quarter ended 31 December 2014 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 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.

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

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