



Matsui Securities Co., Ltd.

(First Section of TSE: 8628)

Annual Results for FY2013

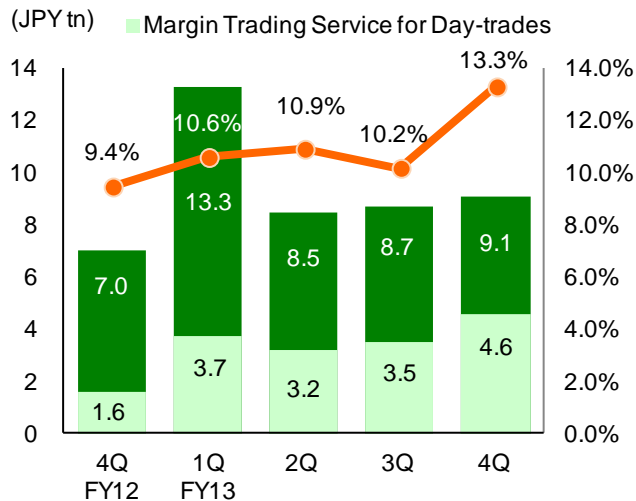
April 2014

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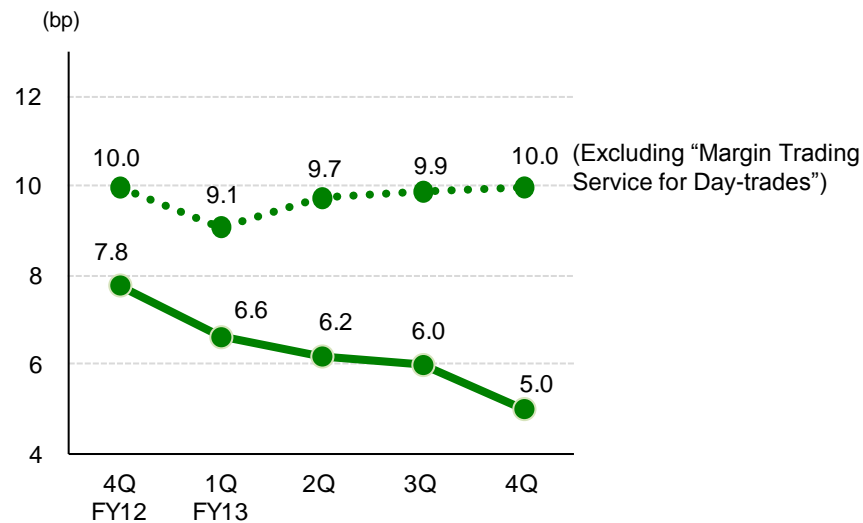
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Results of Operation

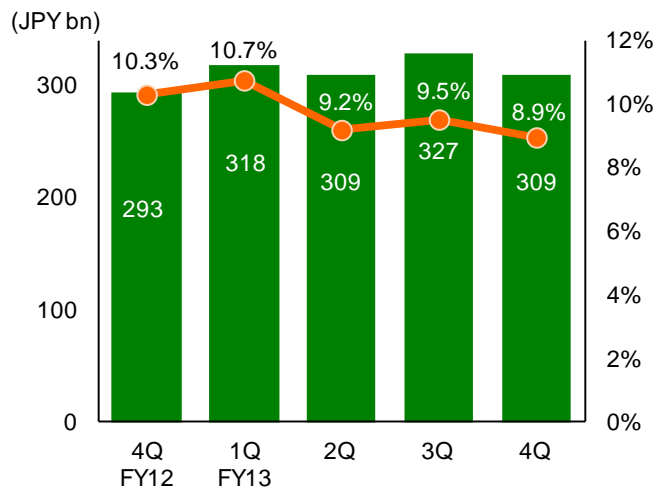
◆ Equity trading value / Market share



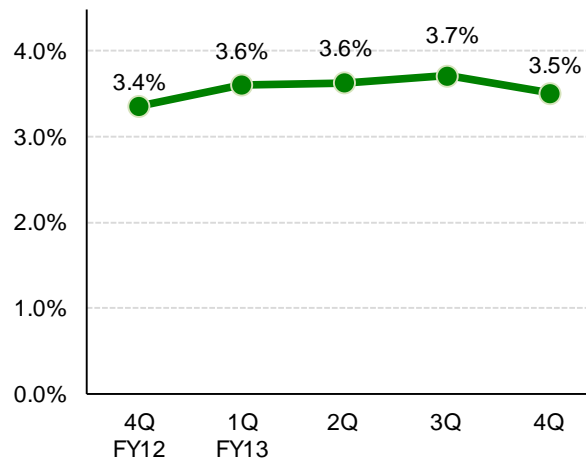
◆ Equity commission rate



◆ Margin balance / Market share

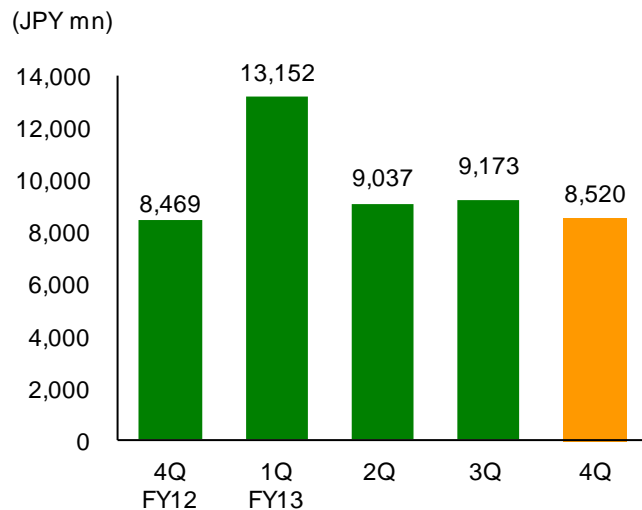


◆ Net interest income ratio

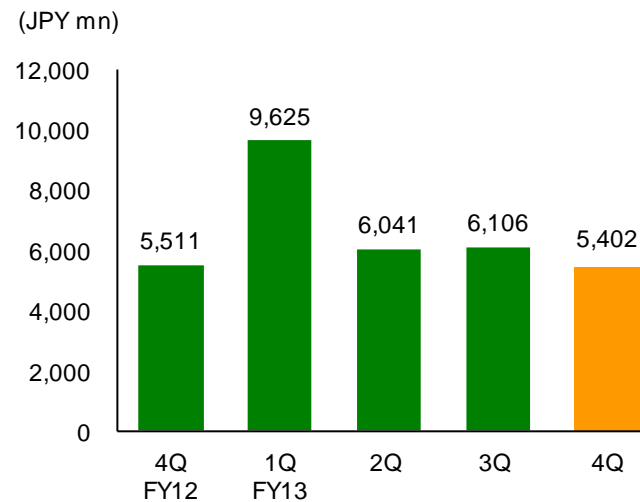


Financial Results

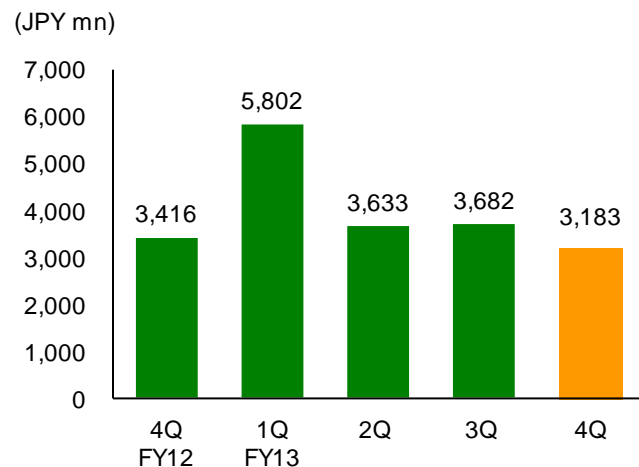
◆ Operating revenues



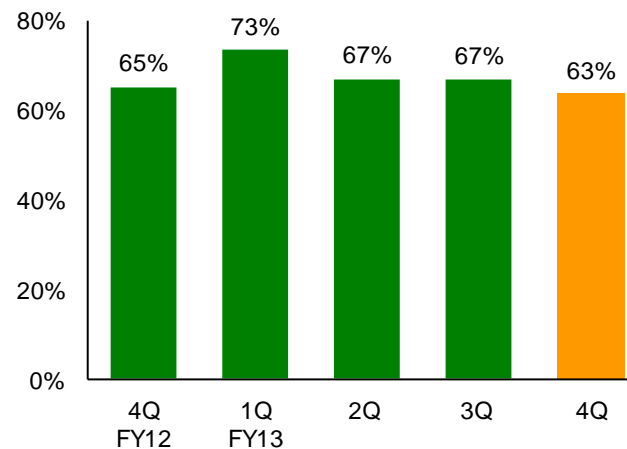
◆ Ordinary income



◆ Net income

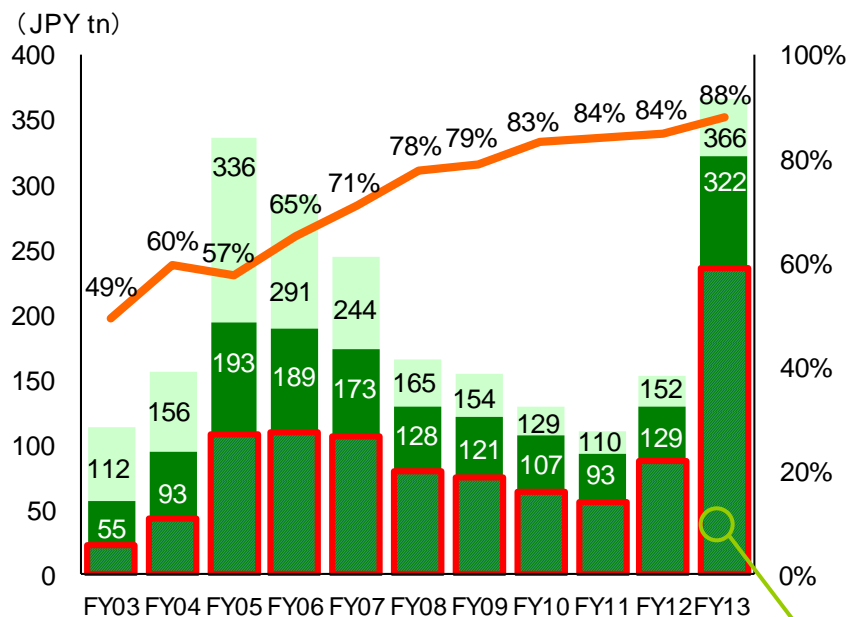


◆ Ordinary income ratio



Overview of Retail Equity Trading Market

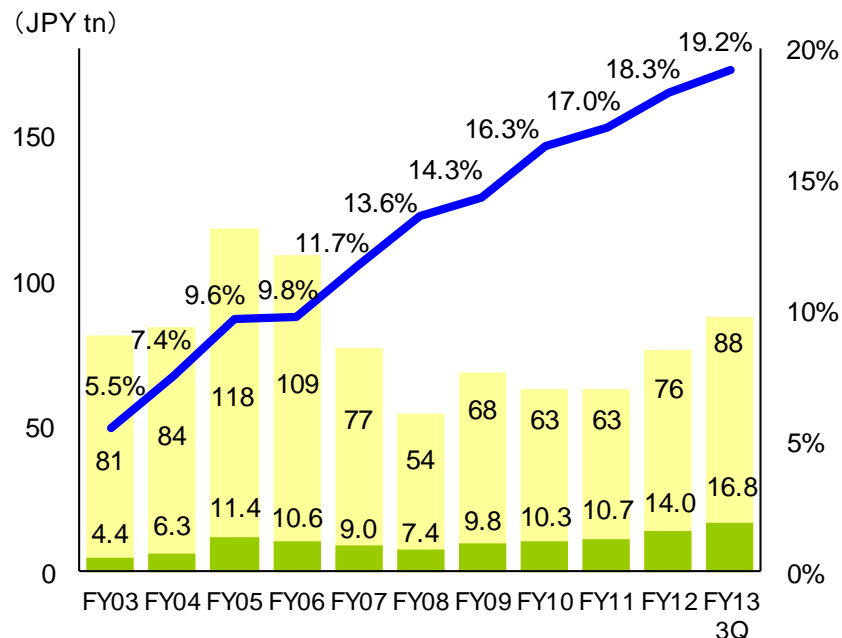
◆ Equity trading value of individuals¹ (FLOW)



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

Super active traders²
JPY 230 tn
(Estimate)

◆ Equity holdings by individuals¹ (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

Section 1

Summary of Financial Results (FY13)

(JPY mn)

	FY13 (Apr.13-Mar.14)	FY12 (Apr.12-Mar.13)	YoY
Operating Revenues	39,883	20,799	1.9x
Commissions	27,349	14,165	1.9x
Interest & dividend income	12,519	6,654	1.9x
Interest expenses	1,145	884	1.3x
Net operating revenues	38,738	19,915	1.9x
SG&A	11,648	9,719	1.2x
Operating income	27,090	10,195	2.7x
Ordinary income	27,175	10,245	2.7x
Net income	16,300	6,427	2.5x
Ordinary income ratio	68%	49%	-
Matsui's trading value (JPY tn)	39.5	12.6	3.1x
Daily average trading value on TSE (JPY tn)	2.9	1.5	1.9x

Source : TSE

Breakdown of Net Operating Revenues (FY13)

(JPY mn)

	FY13 (Apr.13-Mar.14)	FY12 (Apr.12-Mar.13)	YoY
Commissions	27,349	14,165	1.9x
Brokerage	26,180	13,072	2.0x
Equity	23,867	11,635	2.1x
Futures & Options	1,516	1,074	1.4x
Others	1,164	1,088	1.1x
Net gain (loss) on trading	11	-26	-
Interest & dividend income (1)	12,519	6,654	1.9x
Total operating revenues	39,883	20,799	1.9x
Interest expenses (2)	1,145	884	1.3x
Net operating revenues	38,738	19,915	1.9x
Net interest income (1) - (2)	11,373	5,770	2.0x
Average margin balance (JPY bn)	315	173	1.8x

Breakdown of SG&A (FY13)

(JPY mn)

	FY13 (Apr.13-Mar.14)	FY12 (Apr.12-Mar.13)	YoY
Transaction related expenses	4,957	3,356	48%
Advertisement	594	538	10%
Employees' compensation & benefits	2,075	1,832	13%
Occupancy & rental	905	925	-2%
Data processing & office supplies	1,745	1,625	7%
Depreciation	1,635	1,788	-9%
Duties & taxes other than income taxes	226	116	95%
Provision of allowance for doubtful accounts	-68	-36	-
Others	173	114	52%
Total SG&A	11,648	9,719	20%

Summary of Financial Results (Quarterly)

(JPY mn)

	FY13	FY13	QoQ	FY13		FY12	YoY	FY13
	4Q	3Q		2Q	1Q	4Q		TOTAL
Operating Revenues	8,520	9,173	-7%	9,037	13,152	8,469	1%	39,883
Commissions	5,395	5,977	-10%	6,052	9,925	6,389	-16%	27,349
Interest & dividend income	3,123	3,192	-2%	2,983	3,220	2,105	48%	12,519
Interest expenses	281	274	3%	239	352	228	23%	1,145
Net operating revenues	8,239	8,900	-7%	8,799	12,800	8,241	-0%	38,738
SG&A	2,838	2,825	0%	2,771	3,213	2,742	4%	11,648
Operating income	5,400	6,075	-11%	6,028	9,587	5,499	-2%	27,090
Ordinary income	5,402	6,106	-12%	6,041	9,625	5,511	-2%	27,175
Net income	3,183	3,682	-14%	3,633	5,802	3,416	-7%	16,300
Ordinary income ratio	63%	67%	-	67%	73%	65%	-	68%
Matsui's trading value (JPY tn)	9.1	8.7	4%	8.5	13.3	7.0	29%	39.5
Daily average trading value on TSE (JPY tn)	2.9	2.7	5%	2.4	3.5	2.5	17%	2.9

Breakdown of Net Operating Revenues (Quarterly)

(JPY mn)

	FY13	FY13	QoQ	FY13		FY12	YoY	FY13 TOTAL
	4Q	3Q		2Q	1Q	4Q		
Commissions	5,395	5,977	-10%	6,052	9,925	6,389	-16%	27,349
Brokerage	5,069	5,728	-12%	5,749	9,634	6,026	-16%	26,180
Equity	4,547	5,238	-13%	5,276	8,807	5,479	-17%	23,867
Futures & Options	323	302	7%	306	585	396	-18%	1,516
Others	326	249	31%	298	291	363	-10%	1,164
Net gain (loss) on trading	1	3	-65%	1	6	-26	-	11
Interest & dividend income (1)	3,123	3,192	-2%	2,983	3,220	2,105	48%	12,519
Total operating revenues	8,520	9,173	-7%	9,037	13,152	8,469	1%	39,883
Interest expenses (2)	281	274	3%	239	352	228	23%	1,145
Net operating revenues	8,239	8,900	-7%	8,799	12,800	8,241	-0%	38,738
Net interest income (1) - (2)	2,841	2,919	-3%	2,745	2,868	1,877	51%	11,373
Average margin balance (JPY bn)	324	315	3%	302	318	224	45%	315

Breakdown of SG&A (Quarterly)

(JPY mn)

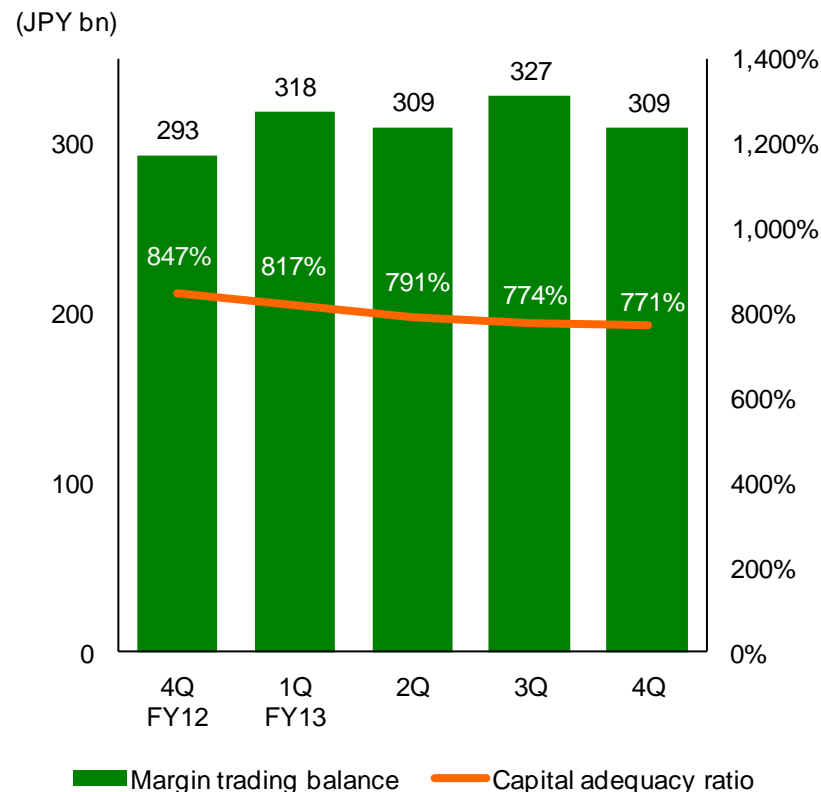
	FY13	FY13	QoQ	FY13		FY12	YoY	FY13 TOTAL
	4Q	3Q		2Q	1Q	4Q		
Transaction related expenses	1,240	1,158	7%	1,154	1,406	1,113	11%	4,957
Advertisement	183	126	46%	139	146	196	-7%	594
Employees' compensation & benefits	468	616	-24%	485	506	466	0%	2,075
Occupancy & rental	219	235	-7%	222	228	229	-4%	905
Data processing & office supplies	420	449	-7%	438	438	396	6%	1,745
Depreciation	407	400	2%	399	428	452	-10%	1,635
Duties & taxes other than income taxes	40	45	-10%	68	74	40	-0%	226
Provision of allowance for doubtful accounts	-4	-115	-	-32	84	20	-	-68
Others	49	38	28%	39	48	26	90%	173
Total SG&A	2,838	2,825	0%	2,771	3,213	2,742	4%	11,648

Capital Adequacy Ratio

◆ Capital adequacy ratio (As of 31 March 2014)

		(JPY mn)
Tier 1	(A)	76,969
Tier 2	Net unrealized gain on investment	3,260
	Statutory reserves	1,922
	Allowance for doubtful accounts	14
	Sub total (B)	5,196
Assets to be deducted from equity capital	(C)	4,882
Net Capital		
	(A) + (B) - (C) (D)	77,283
Total risk	Market risk	813
	Counterparty risk	6,518
	Basic risk	2,690
	Total (E)	10,022
Capital adequacy ratio	(D)/(E)	771.0%

◆ Margin trading balance and capital adequacy ratio



Shareholders Return

In accordance with the booming market conditions, we paid interim dividend of 30 yen per share for FY13.

We plan to pay year-end dividend of 20 yen per share for FY13.

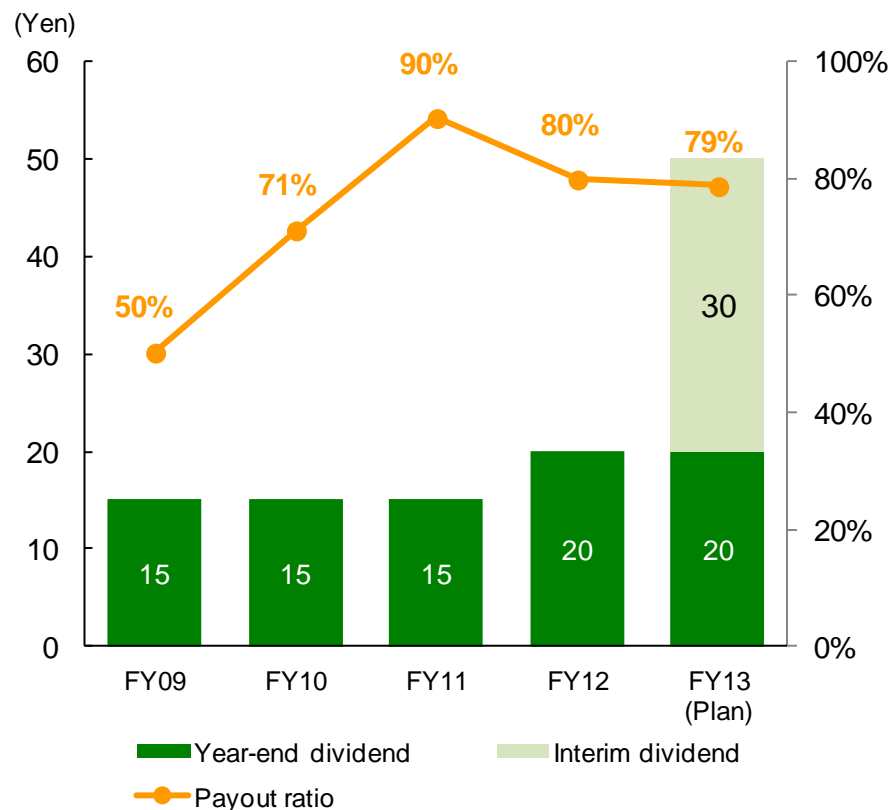
◆ Dividend policy

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

◆ Dividends for FY13

- Interim : Pay 30 yen per share
- Year-end : Plan to pay 20 yen per share

◆ Matsui’s dividend per share and payout ratio

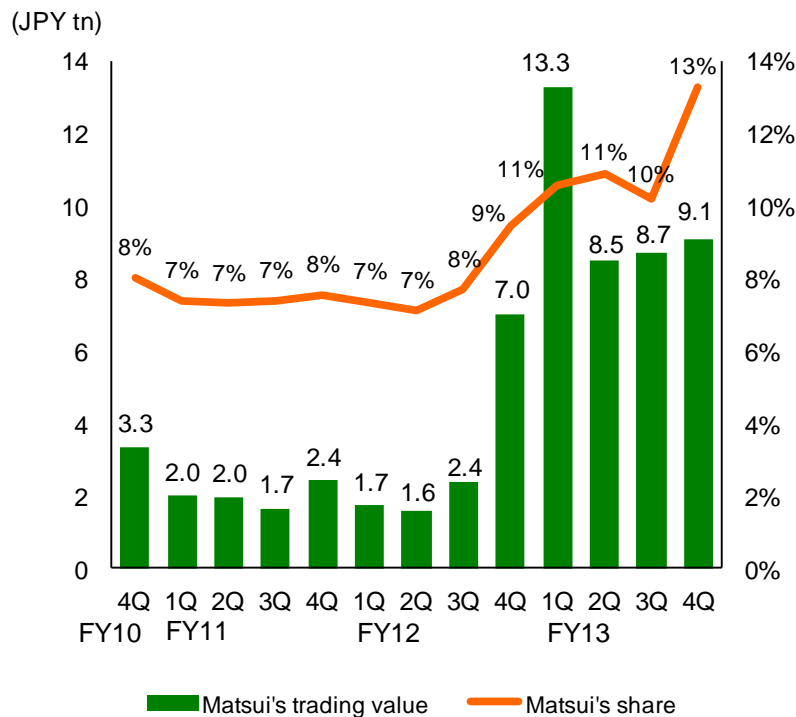


Results of Operation

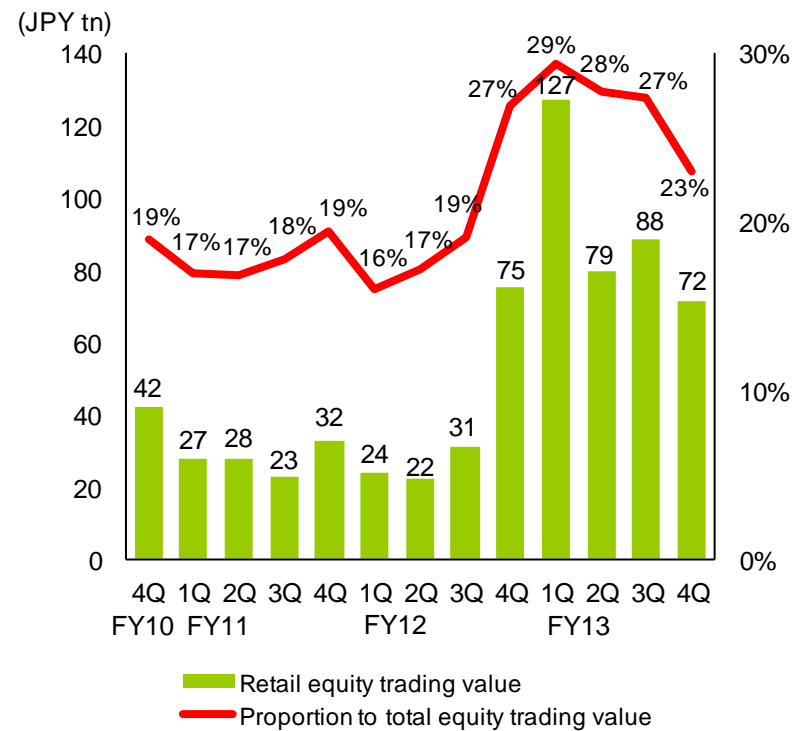
Section 2

Equity Trading Value

◆ Matsui's equity trading value and its market share¹

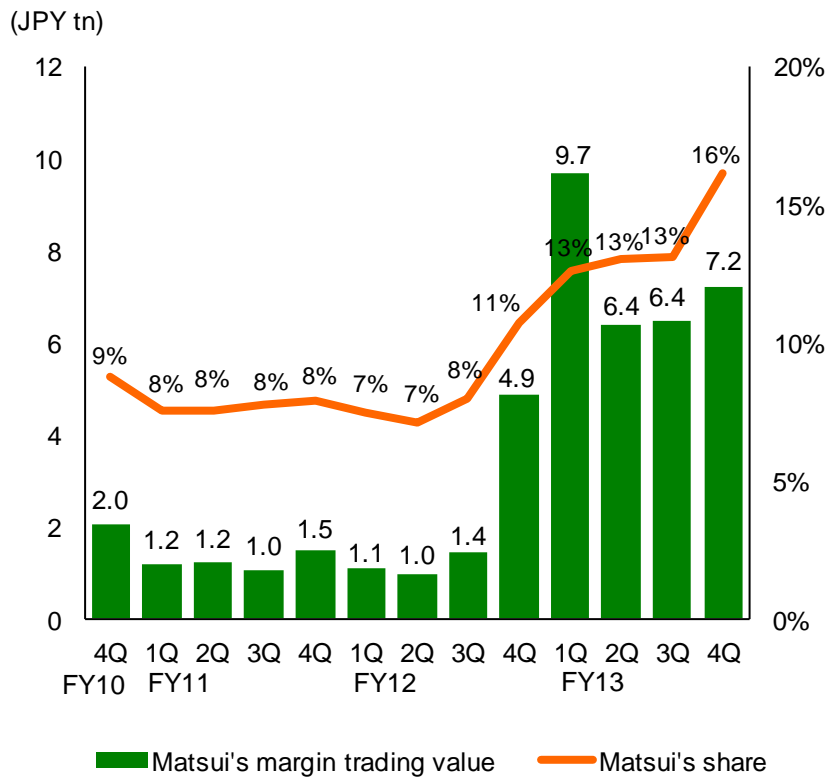


◆ Retail equity trading value¹ and proportion to total equity trading value

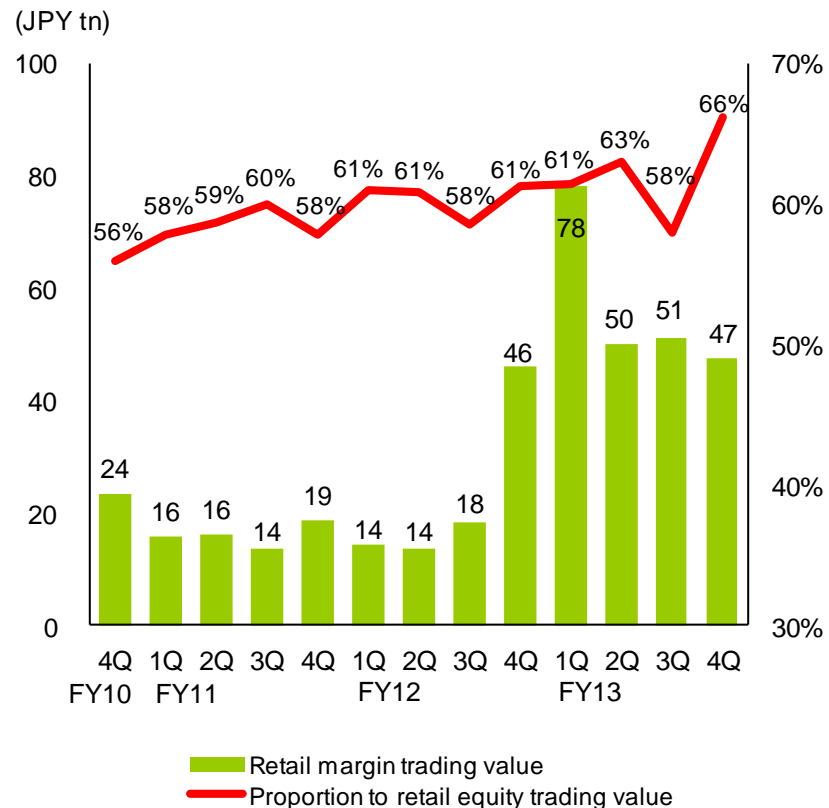


Margin Trading Value

◆ Matsui's margin trading value and its market share¹

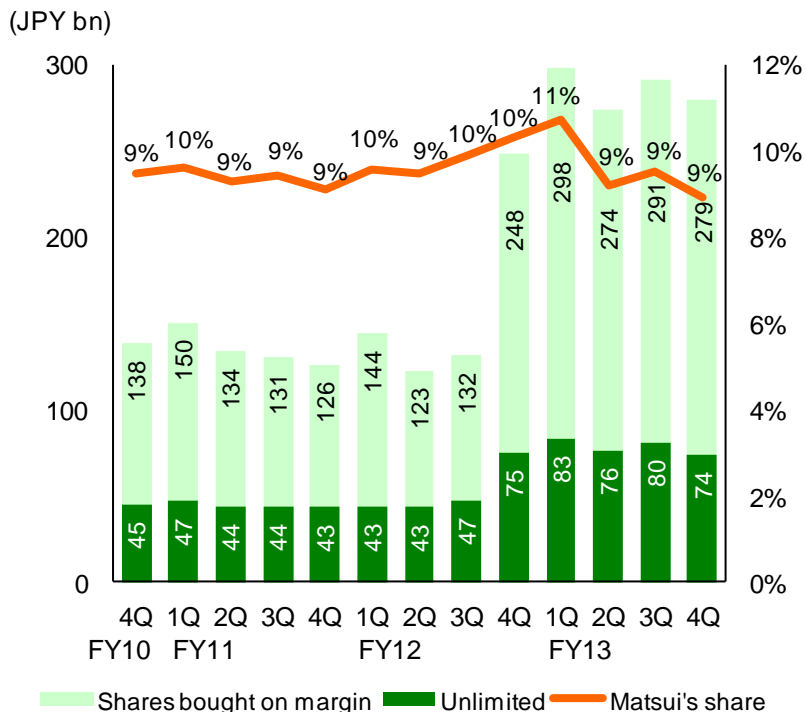


◆ Retail margin trading value¹ and proportion to total retail equity trading value

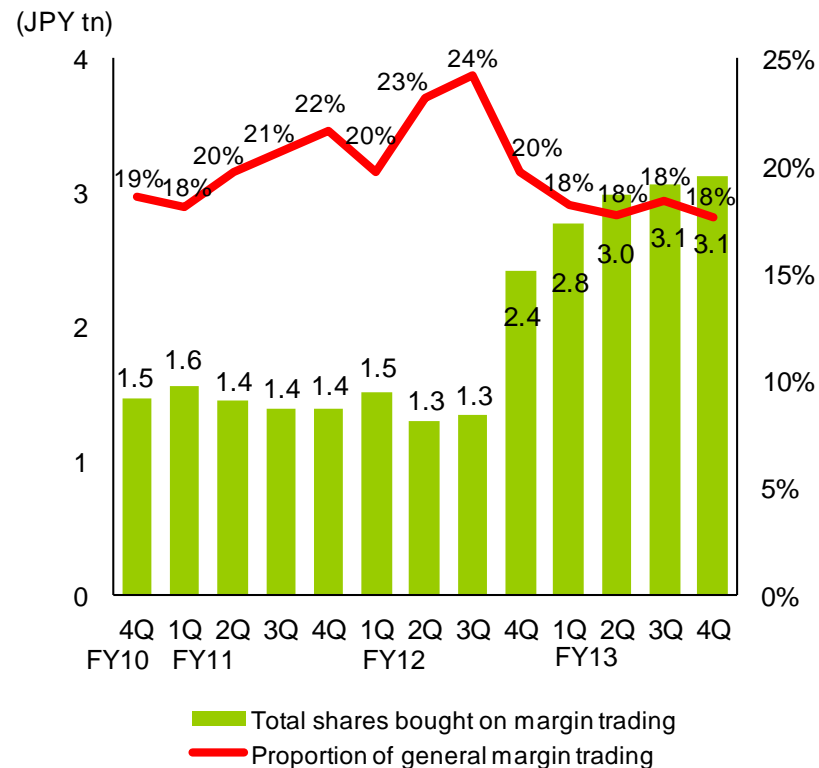


Margin Trading Balance

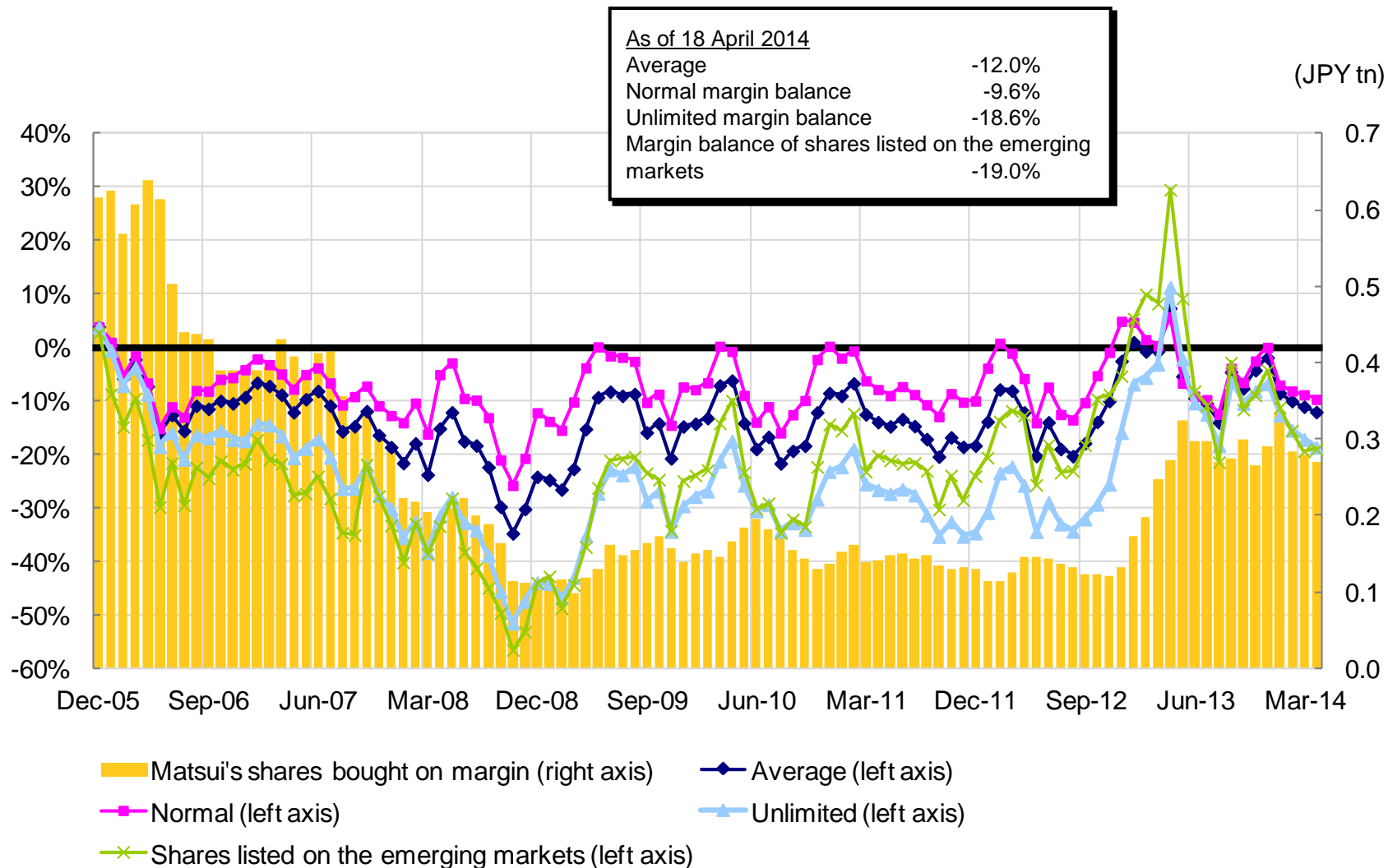
◆ Matsui's shares bought on margin¹ and its market share²



◆ Total shares bought on margin¹ and proportion of general margin trading

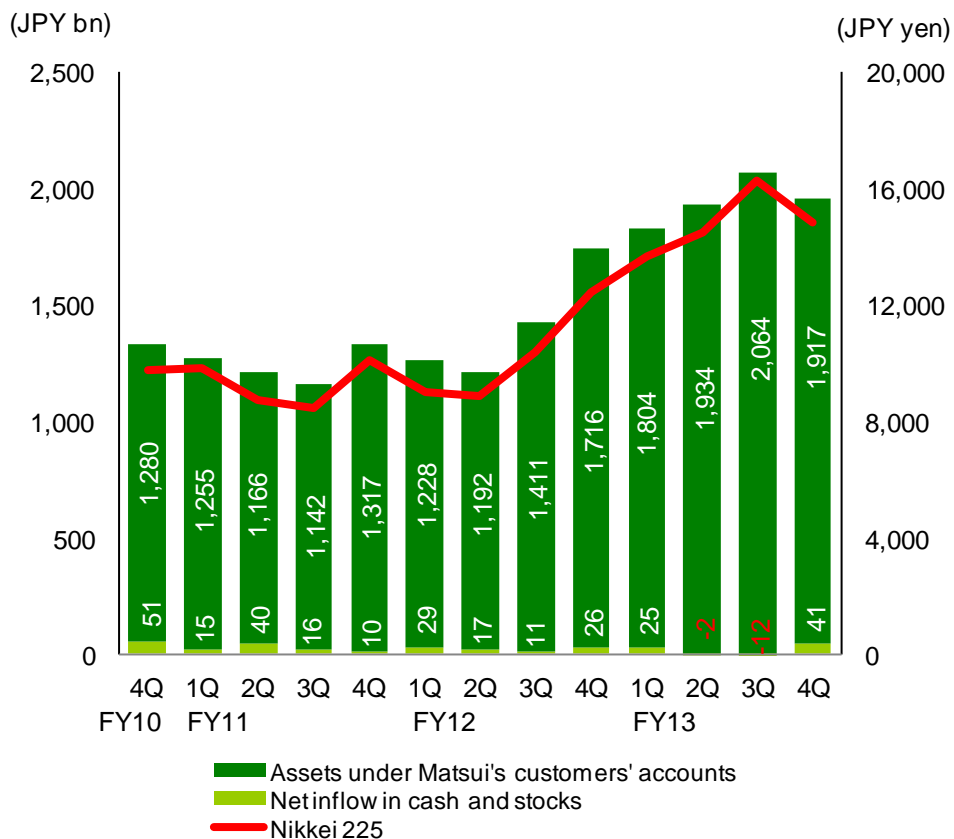


Unrealized Losses on Matsui's Margin Balance

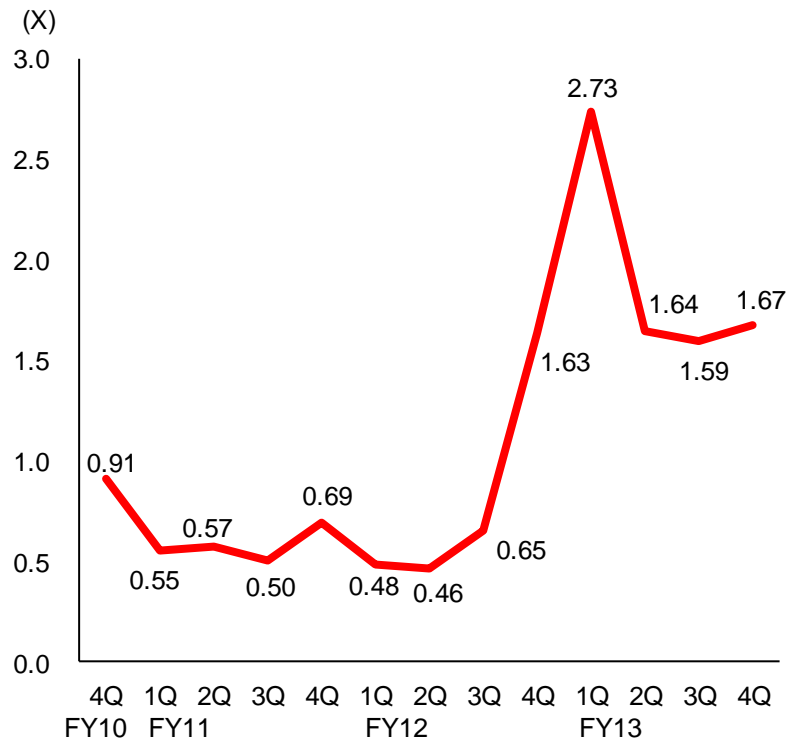


Assets under Customers' Accounts / Trading Turnover

◆ Assets under Matsui's customers' accounts

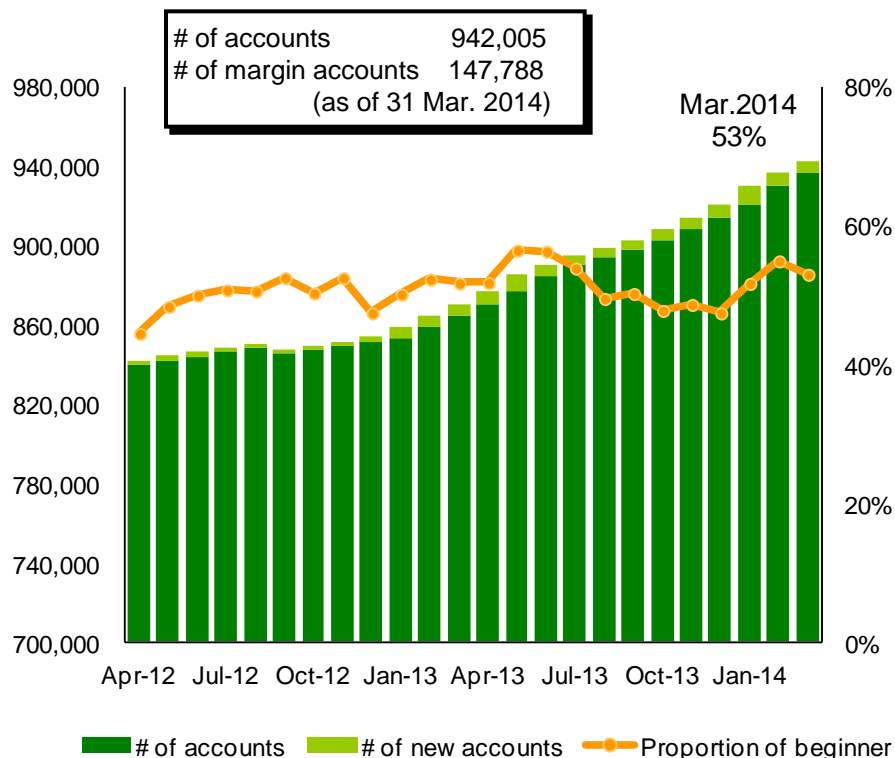


◆ Equity trading turnover¹ of Matsui's customers

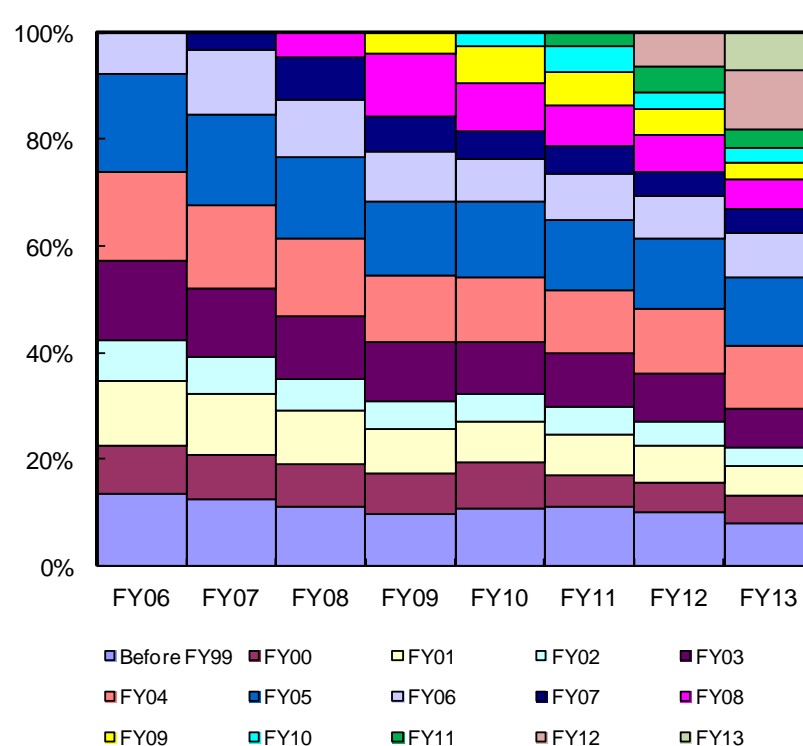


Number of Accounts / Breakdown of Trading Value

◆ Number of accounts at Matsui¹

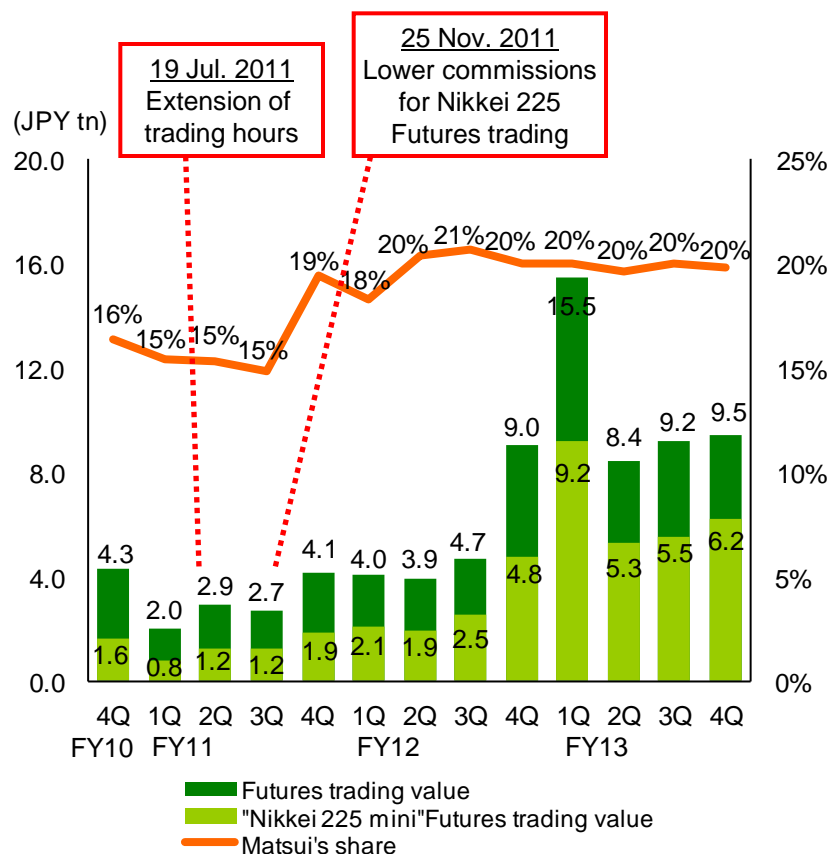


◆ Breakdown of trading value by customers opening the accounts in each fiscal year

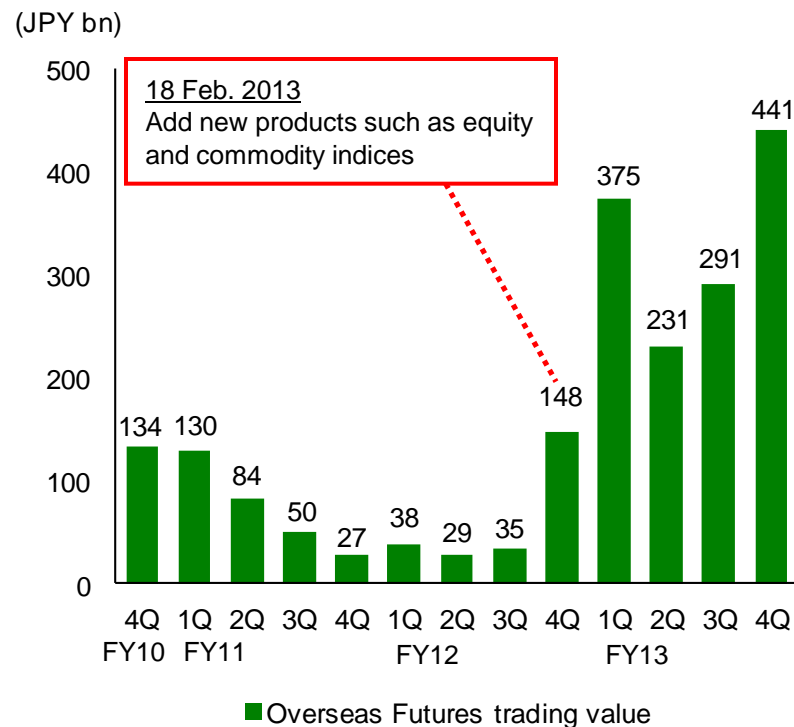


Futures trading value

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

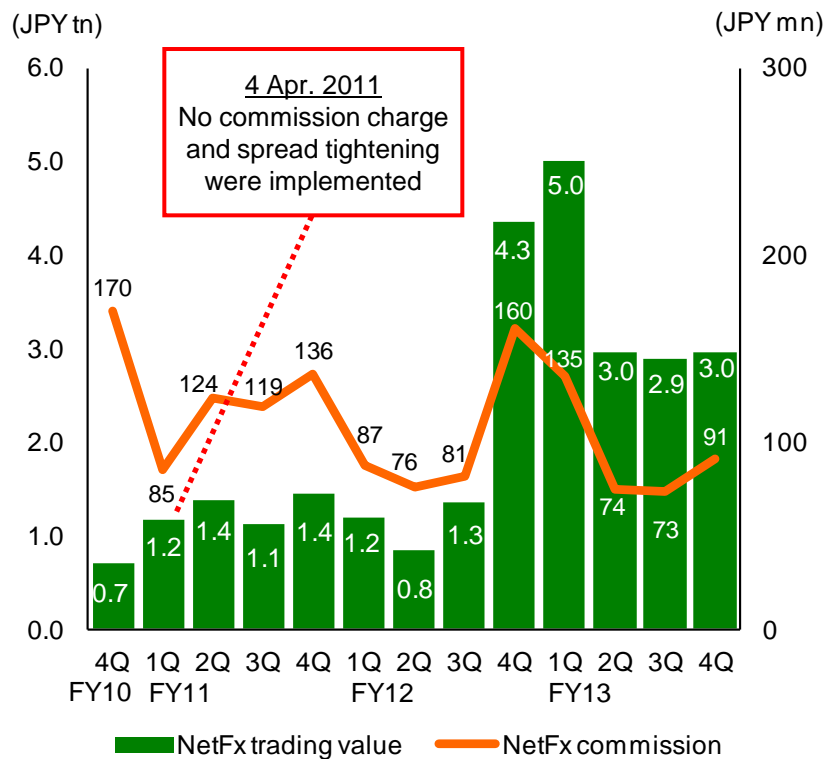


◆ Matsui's Overseas Futures trading value (CME)

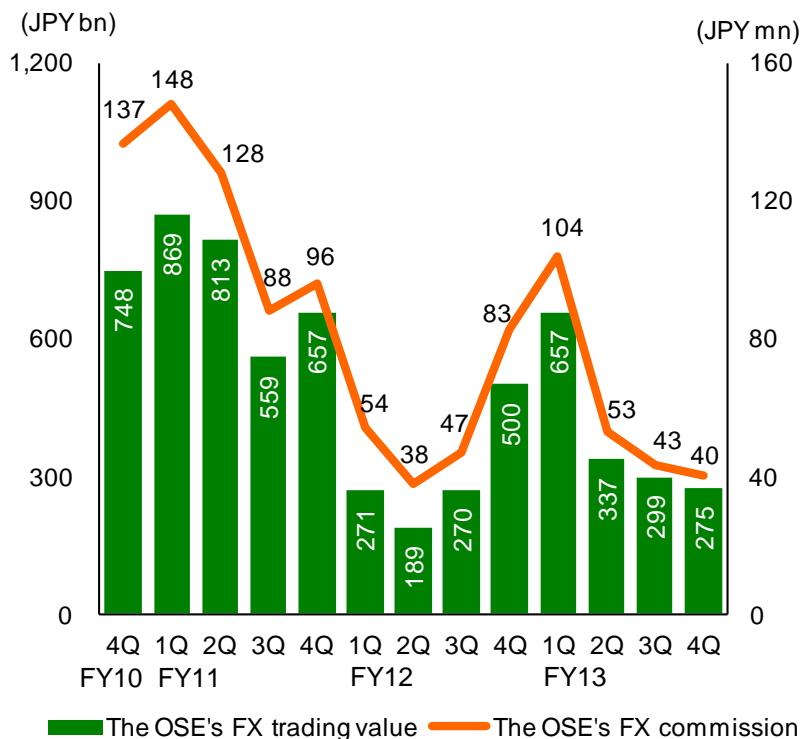


FX Margin Trading

◆ 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 Trading Service for Day-trades"

Our Direction

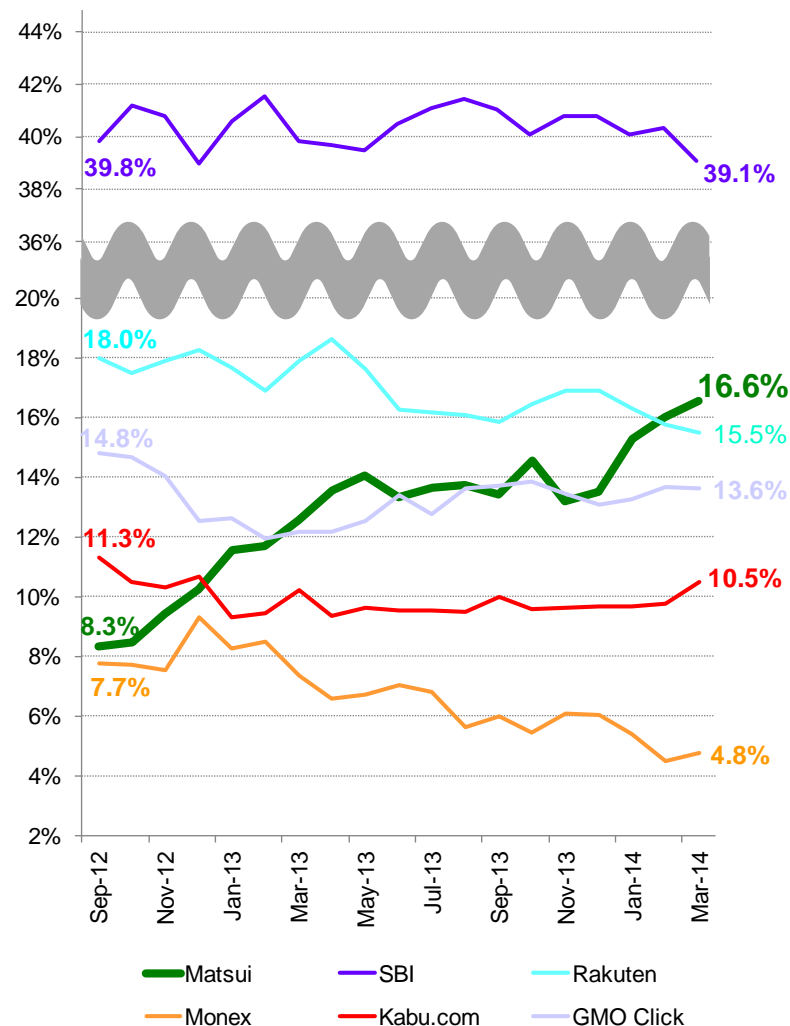
- ◆ Develop unique and innovative services
- ◆ Focus on brokerage business
- ◆ Pursue the services which expand brokerage (flow) business rather than asset gathering related (stock) services

Margin Trading Service for Day-trades I

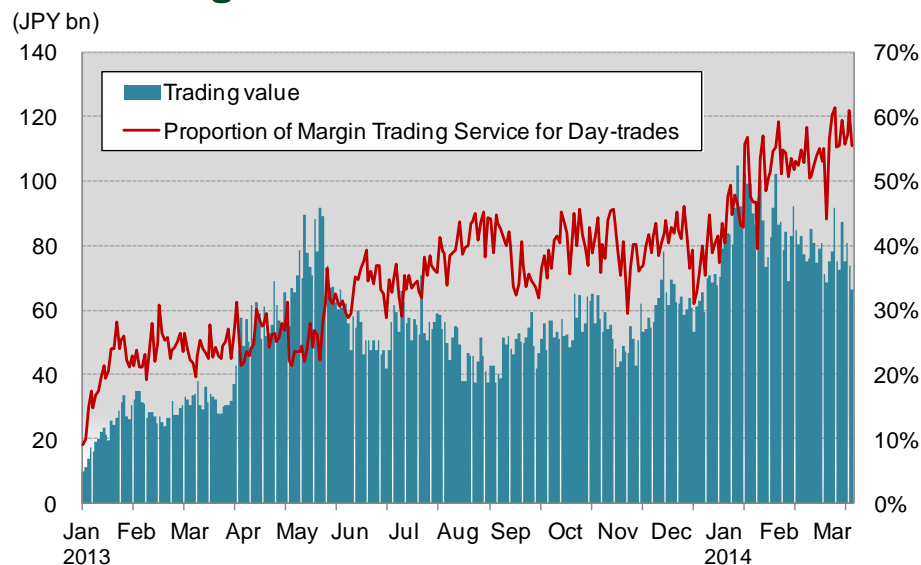
◆ Outline of Margin Trading Service for Day-trades

Commisson	0Yen	
Interest rate p.a.	Trading value per an order	rate
	JPY3mn or above	0%
	Under JPY3mn	2%
Due date	One day ¹	
Number of accounts	34,568(as of Mar. 31)	

◆ Market share² of margin trading



◆ Trading results



Margin Trading Service for Day-trades II

Introduced the premium short-selling service since Mar. 27, 2014

◆ Outline of the premium short-selling service

Number of eligible stocks	25 stocks(as of Apr. 24)
Commissions	Charge the stock lending fee
Upper limit on margin balance	30 unit per person in each stock

◆ Advantage

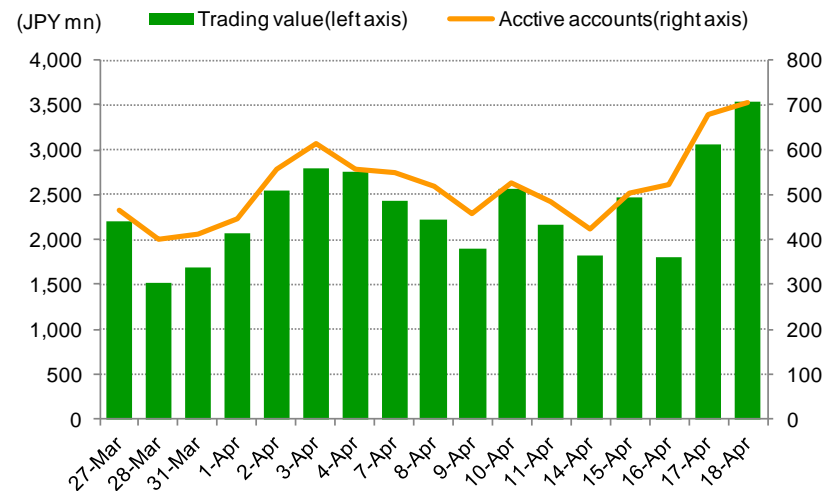
- Enable to do short-selling of unique stocks listed on the emerging markets which are not available for short-selling under the normal type of margin transaction at any online securities
- Charge additional stock lending fee which is approximately 10~20bp per each stock

◆ List of eligible stocks for the premium short-selling

- FreeBit (3843)
- Hotto link (3680)
- Micronics Japan (6871)
- CYBERDYNE (7779)
- Adways (2489)

◆ Trading results (from Mar. 27 to Apr. 18, 2014)

	Total	Daily average
Trading value (JPY mn)	39,543	2,326
Active accounts (account)	2,084	519



◆ 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 premium short-selling service, etc.

NISA I

NISA¹ has started since January 2014

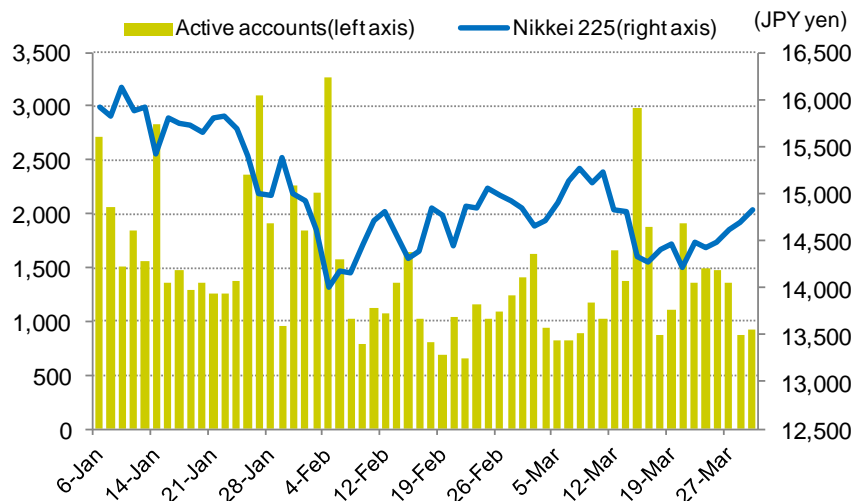
◆ Number of NISA accounts and customers' asset (as of Mar. 31, 2014)

Total number of accounts	59,848
Number of active accounts ²	26,632
Active account ratio	44.5%
Assets(JPY mn)	13,415

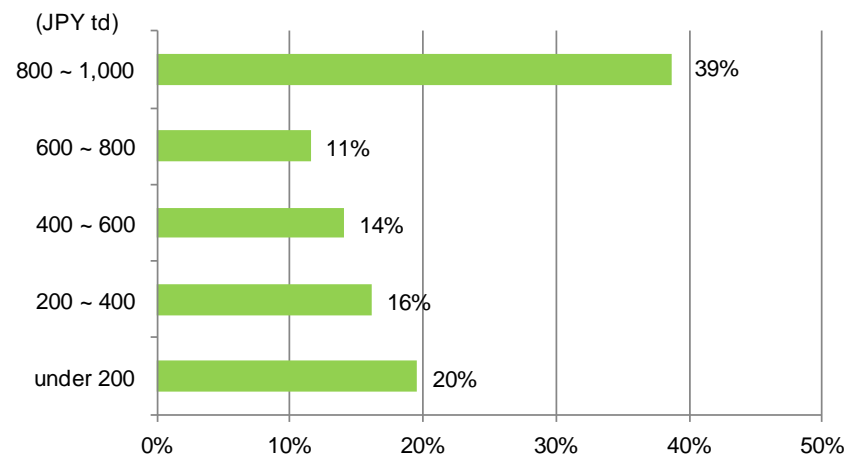
◆ Trading value through NISA accounts

(JPY mn)			
Jan-14	Feb-14	Mar-14	4Q FY13
7,886	3,767	3,981	15,634

◆ Number of active accounts



◆ Distribution of the invested amount (as of Mar. 31, 2014)



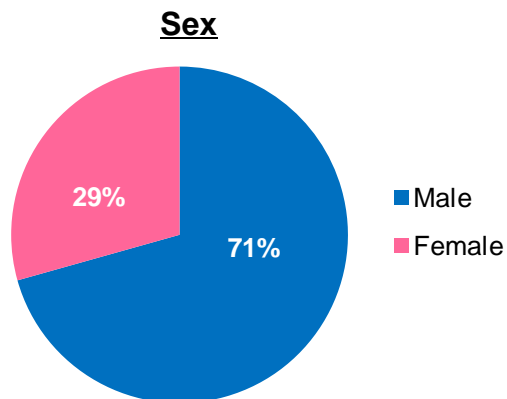
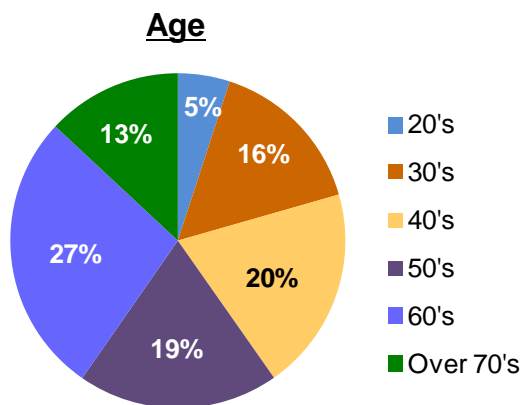
◆ Top 10 ranking in trading value (from Jan. to Mar. 2014)

Rank	Code	Stock
1	8411	Mizuho Financial Group
2	4502	Takeda Pharmaceutical
3	7751	Canon
4	8306	Mitsubishi UFJ Financial Group
5	8267	Aeon
6	7203	Toyota Motor
7	8058	Mitsubishi Corporation
8	9437	NTT Docomo
9	8628	Matsui Securities
10	8304	Aozora Bank

NISA II

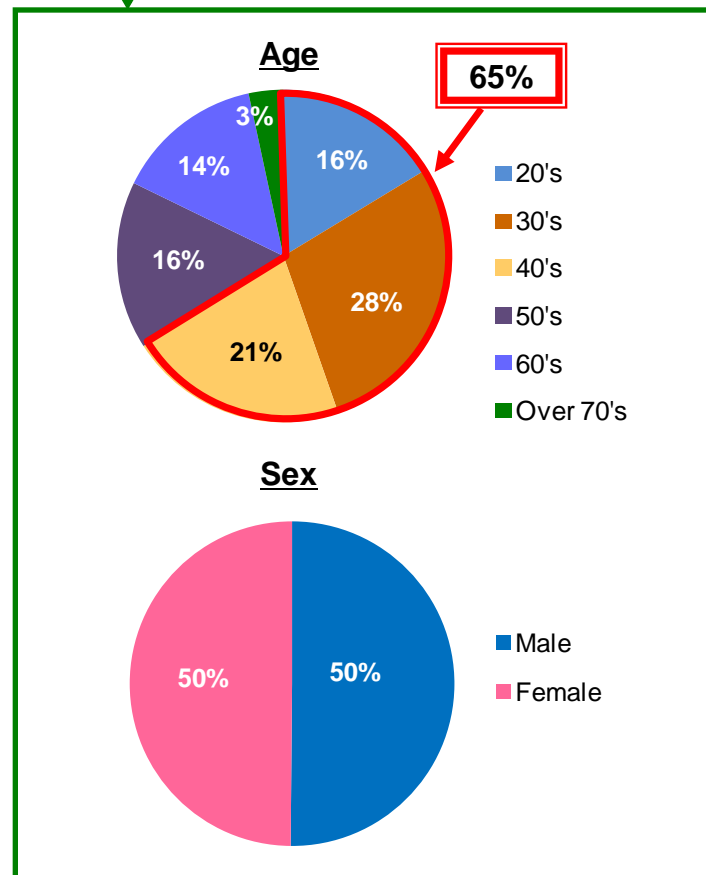
◆ Total number of NISA accounts

59,848 accounts (as of Mar. 31, 2014)



◆ Number of beginners

2,880 accounts (as of Mar. 31, 2014)



Details of Newly Offered Services

Campaign/Promotion	Improvement in Quality of Services to Customers
<ul style="list-style-type: none"> ◆ Cost-free campaign for margin trading service for day-trades (2014/1/6-3/31) No commission charge and no interest rate ◆ Starting campaign for trading ETF (2014/1/6-1/31) ◆ Cash-back campaign for trading ETF (2014/3/3-4/30) 「KODEX200 ETF」 「Samsung KODEX Samsung Group Securities Exchange Traded Investment Trust」 ◆ Cash-back campaign for trading ETN (2014/3/12-4/30) 「NEXT NOTES STOXX ASEAN-Five Select Dividend 50 (NR-JPY) ETN」 	<ul style="list-style-type: none"> ◆ Introduce the information tool for ETF (2014/1/4-) Enable to search ETF stocks easily and compare the performance with similar mutual funds, etc ◆ No commission charge for equity trading on NISA* accounts (2014/1/6-) *NISA : Japanese version of Individual Savings Account ◆ Enhance the trading function for “KABU touch” (2014/2/10-) Introduce new function such as stock chart, etc ◆ Introduce the premium short-selling service (2014/3/27-) Enable to do short-selling of unique stocks which are not available under the normal type of margin transaction

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