



# Matsui Securities Co., Ltd.

(First Section of TSE: 8628)

## Annual Results for FY2015

April 2016

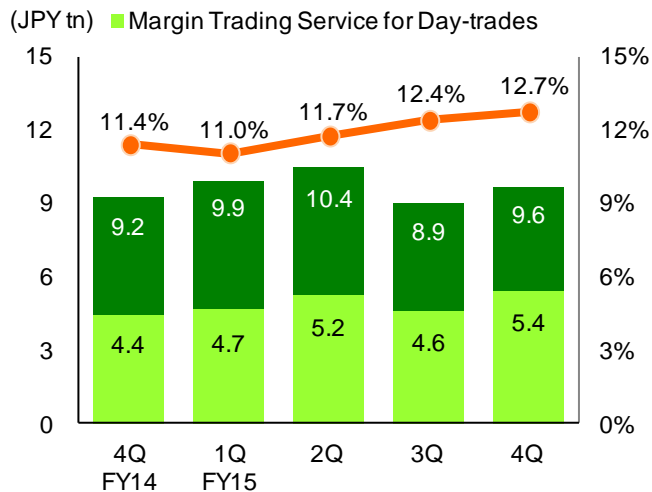
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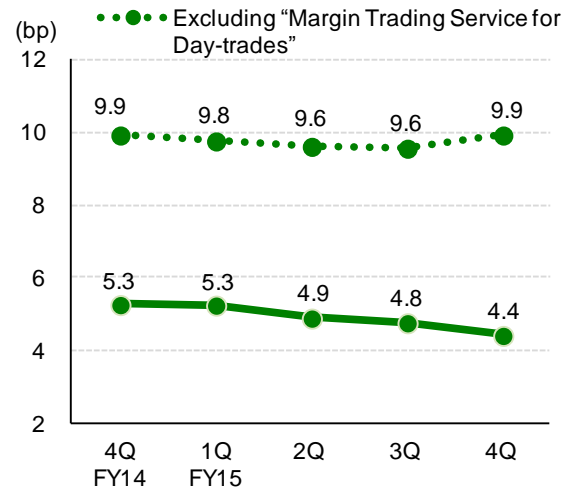
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# Results of Operation

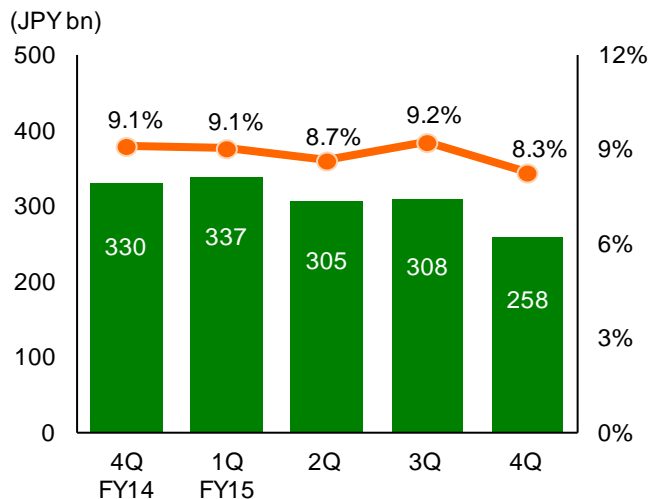
## ◆ Equity trading value / Market share



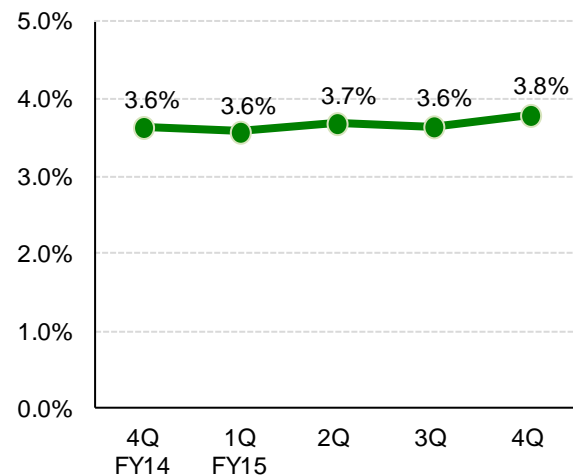
## ◆ Equity commission rate



## ◆ Margin balance / Market share

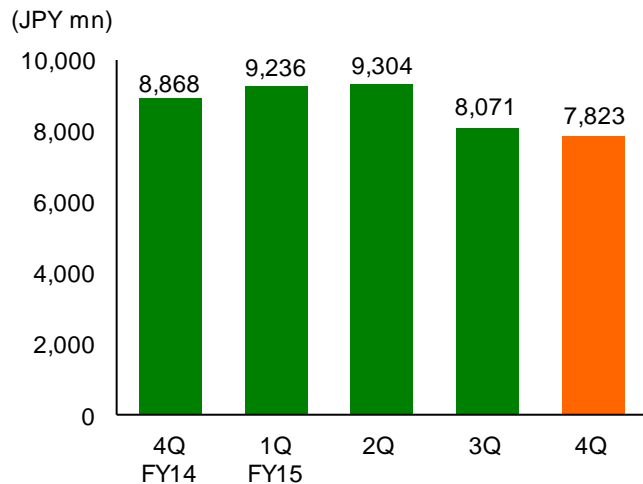


## ◆ Net interest income ratio

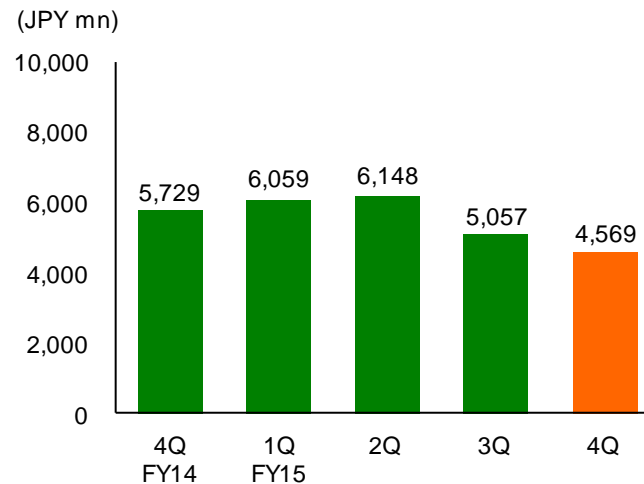


# Financial Results

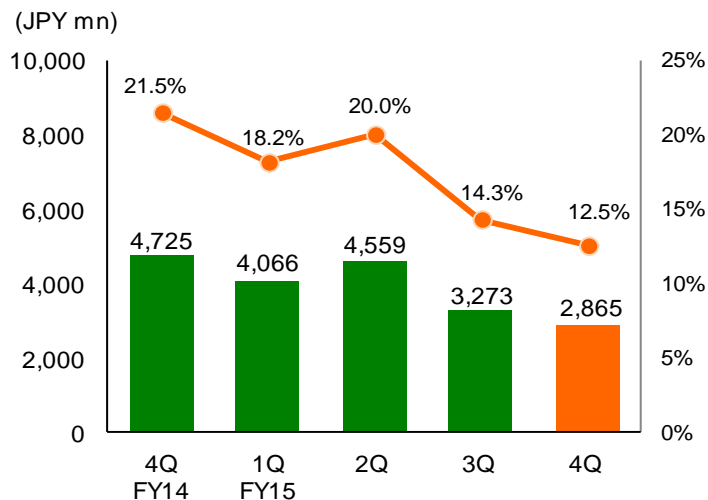
## ◆ Operating revenues



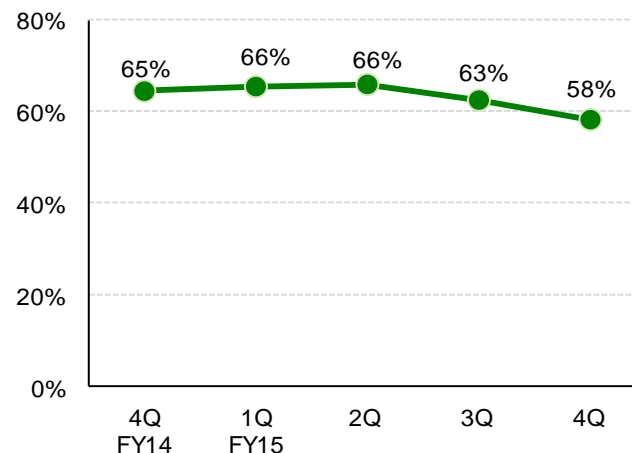
## ◆ Ordinary income



## ◆ Net income / ROE<sup>1</sup>

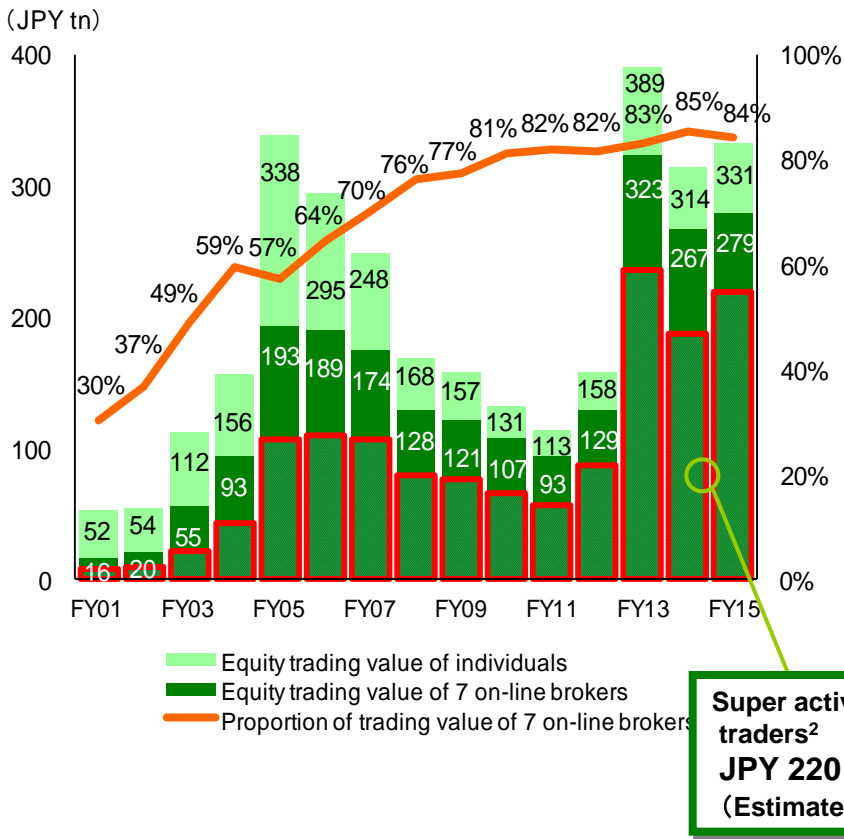


## ◆ Ordinary income ratio

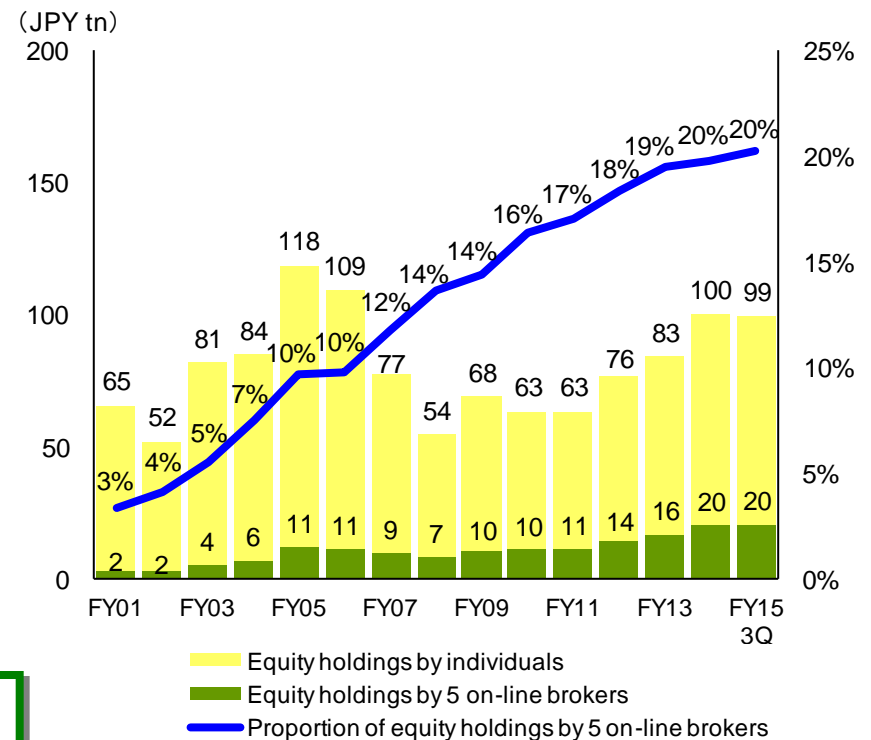


# Overview of Retail Equity Trading Market

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



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



# Financial Summary

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## Section 1

# Summary of Financial Results (FY15)

(JPY mn)

	FY15 (Apr.15-Mar.16)	FY14 (Apr.14-Mar.15)	YoY
Operating Revenues	34,435	34,306	0%
Commissions	21,742	21,167	3%
Interest & dividend income	12,682	13,126	-3%
Interest expenses	1,431	1,413	1%
Net operating revenues	33,003	32,893	0%
SG&A	11,258	10,806	4%
Operating income	21,745	22,087	-2%
Ordinary income	21,833	22,202	-2%
Net income	14,763	15,571	-5%
Ordinary income ratio	63%	65%	-
Matsui's trading value (JPY tn)	38.9	36.8	6%
Daily average trading value on TSE (JPY tn)	3.4	2.9	20%

# Breakdown of Net Operating Revenues (FY15)

(JPY mn)

	FY15 (Apr.15-Mar.16)	FY14 (Apr.14-Mar.15)	YoY
Commissions	21,742	21,167	3%
Brokerage	20,414	20,025	2%
Equity & ETF	18,898	18,686	1%
Futures & Options	1,516	1,290	18%
Others	1,278	1,139	12%
Net gain (loss) on trading	6	8	-21%
Interest & dividend income (1)	12,682	13,126	-3%
Total operating revenues	34,435	34,306	0%
Interest expenses (2)	1,431	1,413	1%
Net operating revenues	33,003	32,893	0%
Net interest income (1) - (2)	11,250	11,713	-4%
Average margin balance (JPY bn)	306	301	2%



# Breakdown of SG&A (FY15)

(JPY mn)

	FY15 (Apr.15-Mar.16)	FY14 (Apr.14-Mar.15)	YoY
Transaction related expenses	4,674	4,719	-1%
Advertisement	475	547	-13%
Employees' compensation & benefits	2,178	2,030	7%
Occupancy & rental	890	878	1%
Data processing & office supplies	1,713	1,677	2%
Depreciation	1,175	1,246	-6%
Duties & taxes other than income taxes	288	194	49%
Provision of allowance for doubtful accounts	216	-77	-
Others	123	138	-11%
<b>Total SG&amp;A</b>	<b>11,258</b>	<b>10,806</b>	<b>4%</b>

# Summary of Financial Results (Quarterly)

(JPY mn)

	FY15	FY15	QoQ	FY15		FY14	YoY	FY15 TOTAL
	4Q	3Q		2Q	1Q	4Q		
Operating Revenues	7,823	8,071	-3%	9,304	9,236	8,868	-12%	34,435
Commissions	4,997	4,946	1%	5,918	5,880	5,577	-10%	21,742
Interest & dividend income	2,823	3,123	-10%	3,382	3,353	3,289	-14%	12,682
Interest expenses	316	323	-2%	345	448	442	-29%	1,431
Net operating revenues	7,507	7,749	-3%	8,959	8,788	8,426	-11%	33,003
SG & A	2,938	2,732	8%	2,817	2,771	2,705	9%	11,258
Operating income	4,569	5,017	-9%	6,143	6,017	5,720	-20%	21,745
Ordinary income	4,569	5,057	-10%	6,148	6,059	5,729	-20%	21,833
Net income	2,865	3,273	-12%	4,559	4,066	4,725	-39%	14,763
Ordinary income ratio	58%	63%	-	66%	66%	65%	-	63%
Matsui's trading value (JPY tn)	9.6	8.9	7%	10.4	9.9	9.2	4%	38.9
Daily average trading value on TSE (JPY tn)	3.5	3.2	11%	3.6	3.4	3.3	7%	3.4

# Breakdown of Net Operating Revenues (Quarterly)

(JPY mn)

	FY15	FY15	QoQ	FY15		FY14	YoY	FY15 TOTAL
	4Q	3Q		2Q	1Q	4Q		
Commissions	4,997	4,946	1%	5,918	5,880	5,577	-10%	21,742
Brokerage	4,682	4,620	1%	5,546	5,566	5,221	-10%	20,414
Equity & ETF	4,253	4,286	-1%	5,128	5,231	4,868	-13%	18,898
Futures & Options	429	334	29%	418	335	349	23%	1,516
Others	315	277	14%	372	313	355	-11%	1,278
Net gain (loss) on trading	1	1	126%	2	2	2	-24%	6
Interest & dividend income (1)	2,823	3,123	-10%	3,382	3,353	3,289	-14%	12,682
Total operating revenues	7,823	8,071	-3%	9,304	9,236	8,868	-12%	34,435
Interest expenses (2)	316	323	-2%	345	448	442	-29%	1,431
Net operating revenues	7,507	7,749	-3%	8,959	8,788	8,426	-11%	33,003
Net interest income (1) - (2)	2,508	2,801	-10%	3,037	2,905	2,846	-12%	11,250
Average margin balance (JPY bn)	264	307	-14%	329	325	313	-16%	306

# Breakdown of SG&A (Quarterly)

(JPY mn)

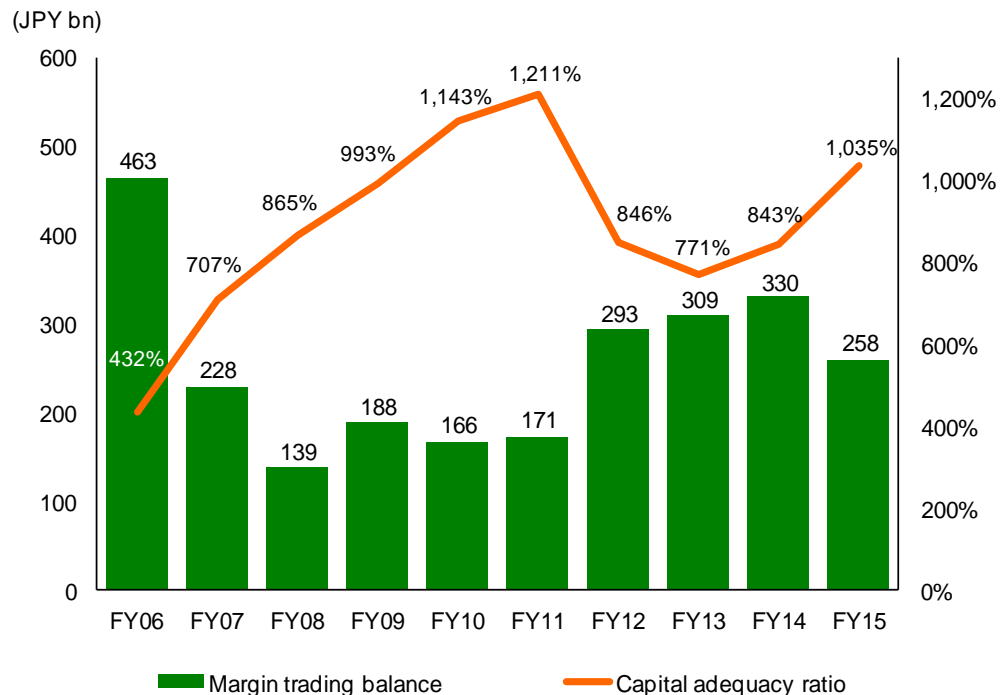
	FY15	FY15	QoQ	FY15		FY14	YoY	FY15 TOTAL
	4Q	3Q		2Q	1Q	4Q		
Transaction related expenses	1,156	1,122	3%	1,199	1,197	1,187	-3%	4,674
Advertisement	112	120	-7%	122	121	153	-27%	475
Employees' compensation & benefits	536	542	-1%	584	517	614	-13%	2,178
Occupancy & rental	222	221	0%	219	227	216	3%	890
Data processing & office supplies	424	428	-1%	419	442	395	7%	1,713
Depreciation	309	298	4%	288	280	264	17%	1,175
Duties & taxes other than income taxes	66	62	6%	80	80	54	22%	288
Provision of allowance for doubtful accounts	206	21	-	- 0	-11	-59	-	216
Others	19	37	-48%	28	39	34	-43%	123
<b>Total SG &amp; A</b>	<b>2,938</b>	<b>2,732</b>	<b>8%</b>	<b>2,817</b>	<b>2,771</b>	<b>2,705</b>	<b>9%</b>	<b>11,258</b>

# Regulatory Capital

## ◆ Capital adequacy ratio (As of 31 March 2016)

(JPY mn)		
Tier 1		(A) 85,480
Tier 2	Net unrealized gain on investment	2,102
	Statutory reserves	3,349
	Allowance for doubtful accounts	6
Sub total		(B) 5,458
Assets to be deducted from equity capital		(C) 5,426
Net Capital		
(A) + (B) - (C)		(D) 85,512
Total risk	Market risk	478
	Counterparty risk	5,083
	Basic risk	2,694
Total		(E) 8,256
Capital Adequacy ratio		(D)/(E) 1,035%

## ◆ Margin trading balance and capital adequacy ratio



# Shareholders Return I

Plan to pay year-end dividend of 20 yen per share for FY15.  
(Annual dividend of 45 yen per share for FY15)

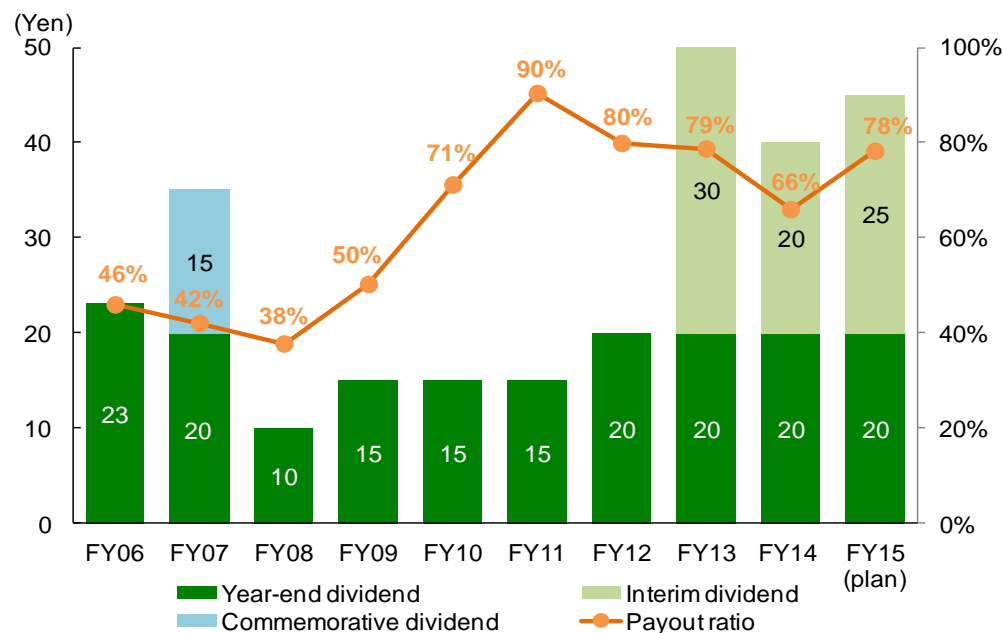
## ◆ Dividends for FY15

- Interim : 25 yen per share
- Year-end : 20 yen per share
- Dividends payout ratio : **78%**
- DOE : **13%**  
(ROE : 16%)

## ◆ Dividend policy<sup>1</sup>

- Dividends Payout Ratio:  
Between 60% and 100% inclusive  
and
- Dividends on Equity(DOE) : 7% and above

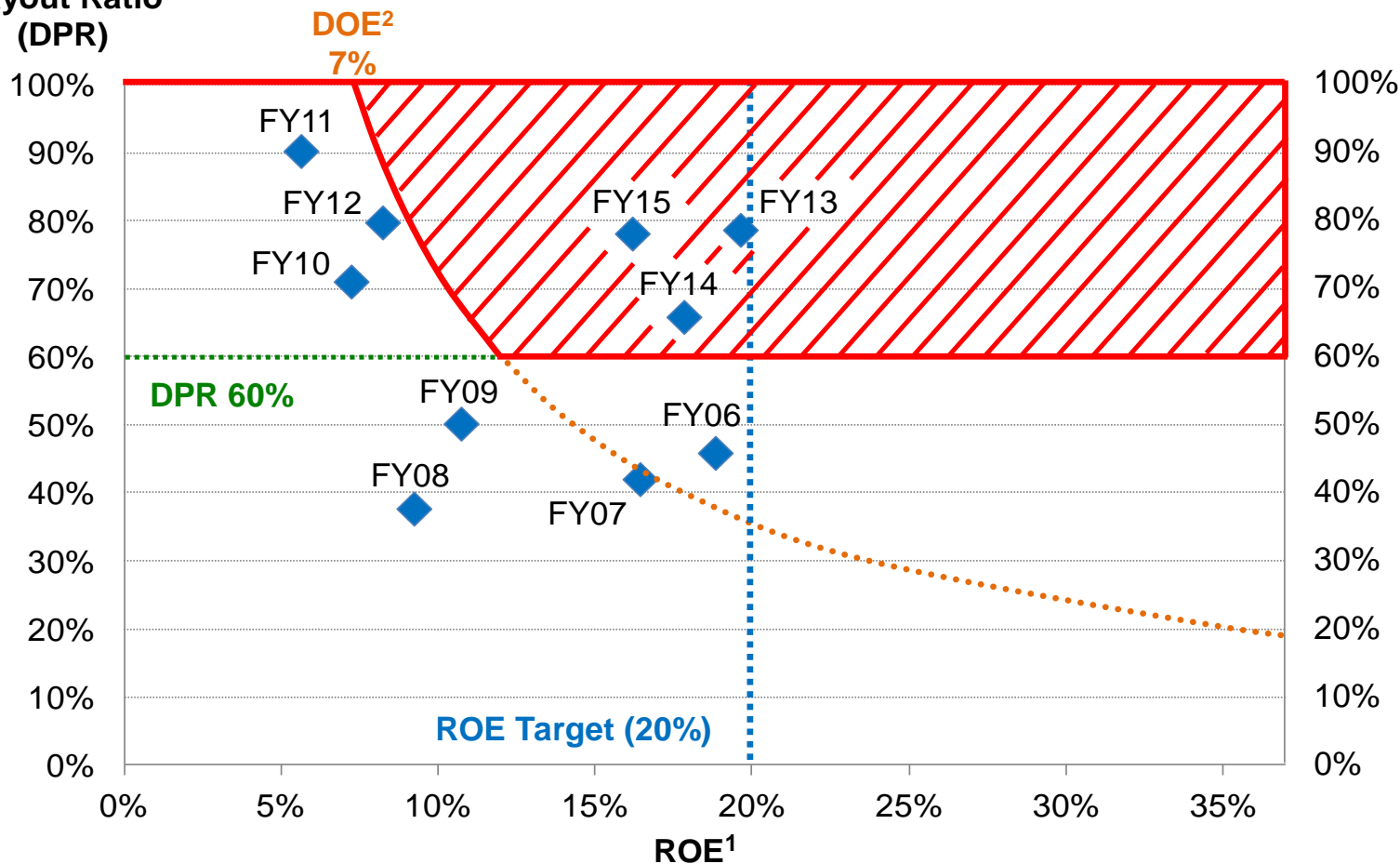
## ◆ Matsui's dividend per share and payout ratio<sup>2</sup>



# Shareholders Return II

## ◆ Dividend payment for last 10 years

Dividend  
Payout Ratio  
(DPR)



Note1: ROE = 
$$\frac{\text{Net income for fiscal year}}{(\text{Total net assets at the beginning of fiscal year} + \text{Total net assets at the end of fiscal year}) / 2}$$

Note2: DOE = 
$$\frac{\text{Dividends per share (annual)}}{(\text{Stockholders' equity per share at the beginning of fiscal year} + \text{Stockholders' equity per share at the end of fiscal Year}) / 2}$$

# Results of Operation

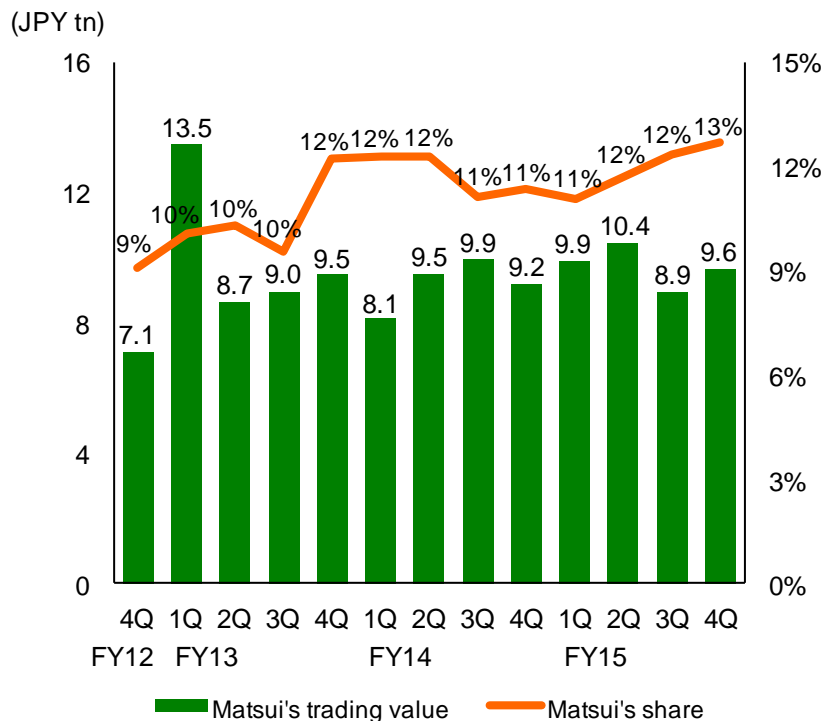
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## Section 2

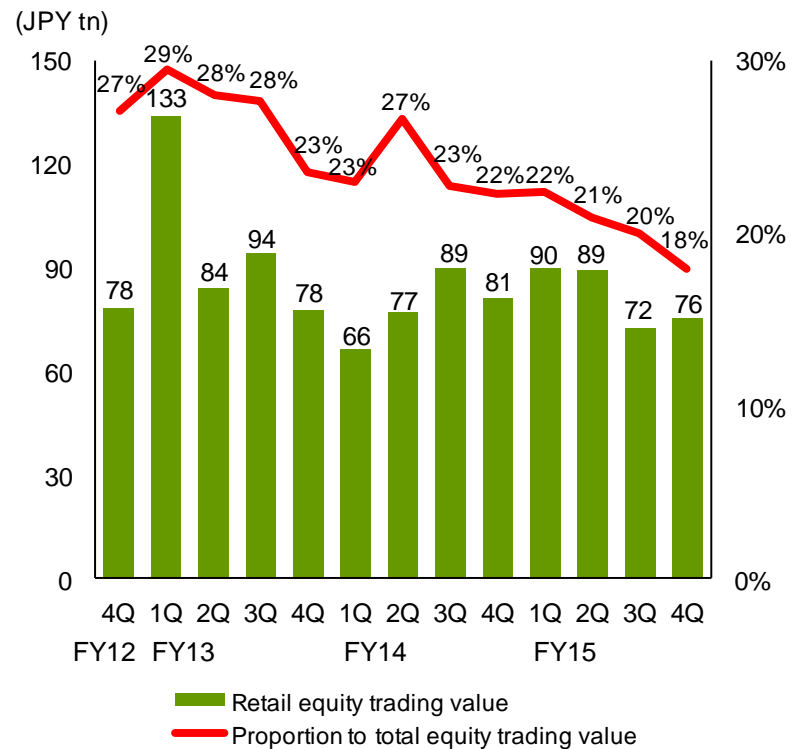


# Equity Trading Value

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

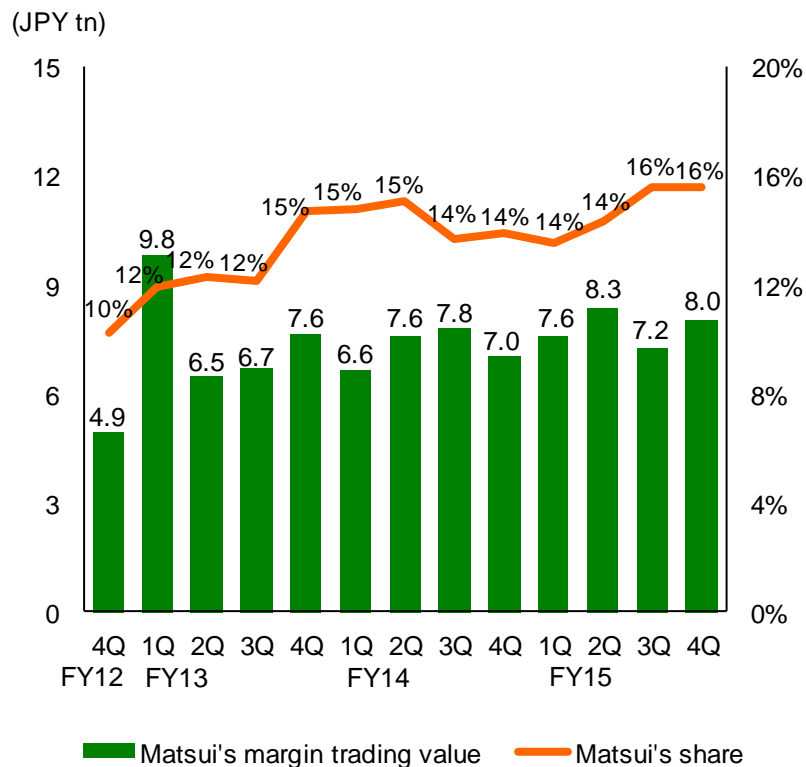


## ◆ Retail equity trading value<sup>1</sup> and proportion to total equity trading value

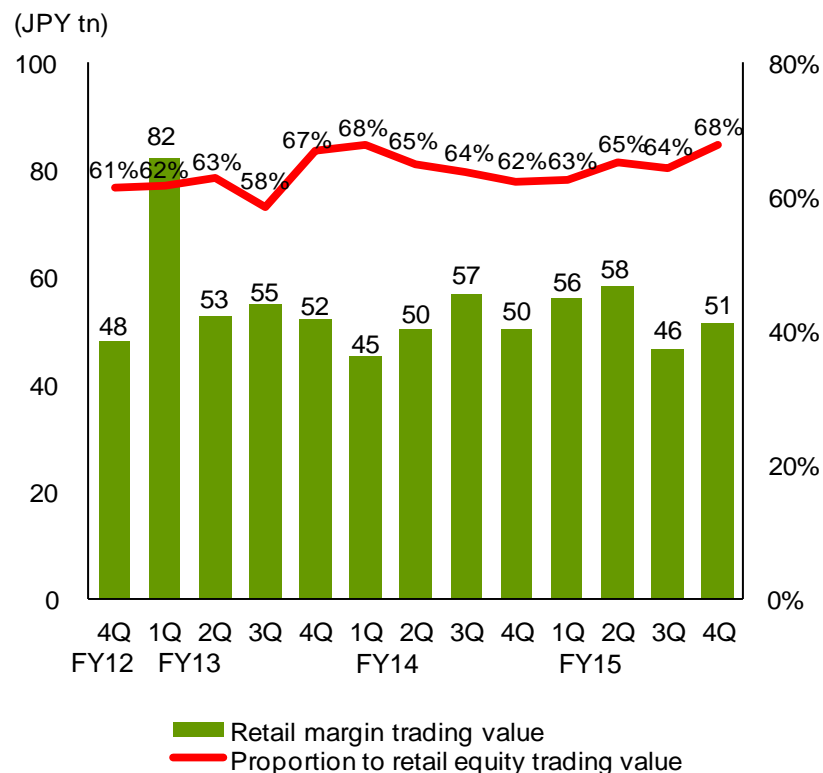


# Margin Trading Value

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

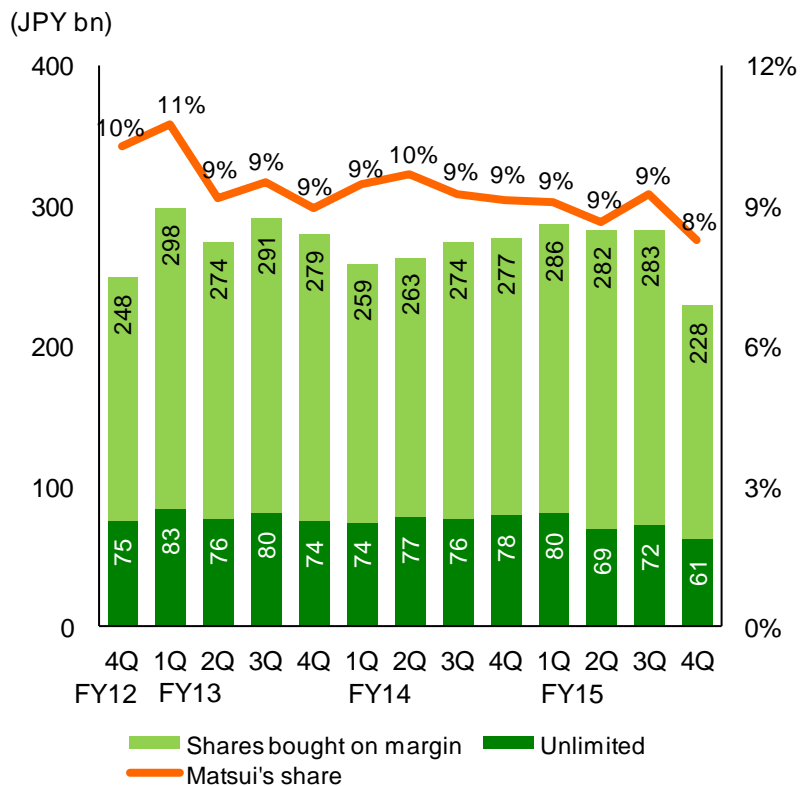


## ◆ Retail margin trading value<sup>1</sup> and proportion to total retail equity trading value

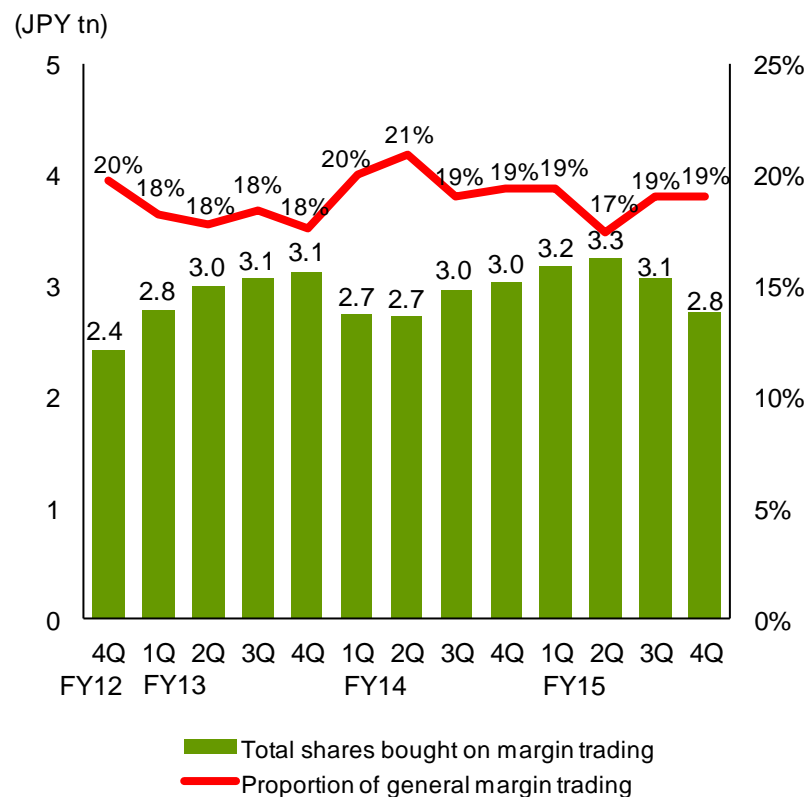


# Margin Trading Balance

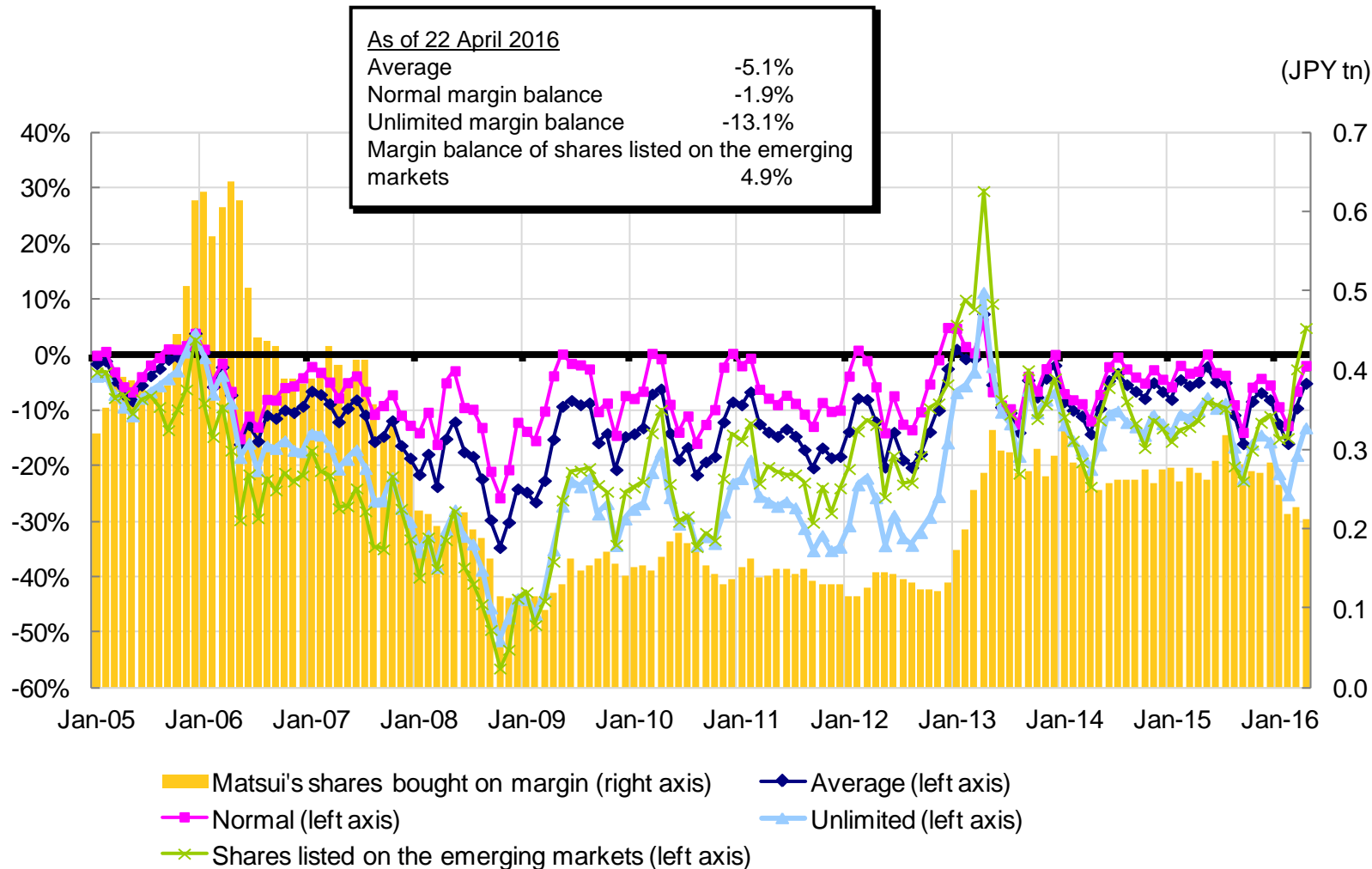
## ◆ Matsui's shares bought on margin<sup>1</sup> and its market share<sup>2</sup>



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

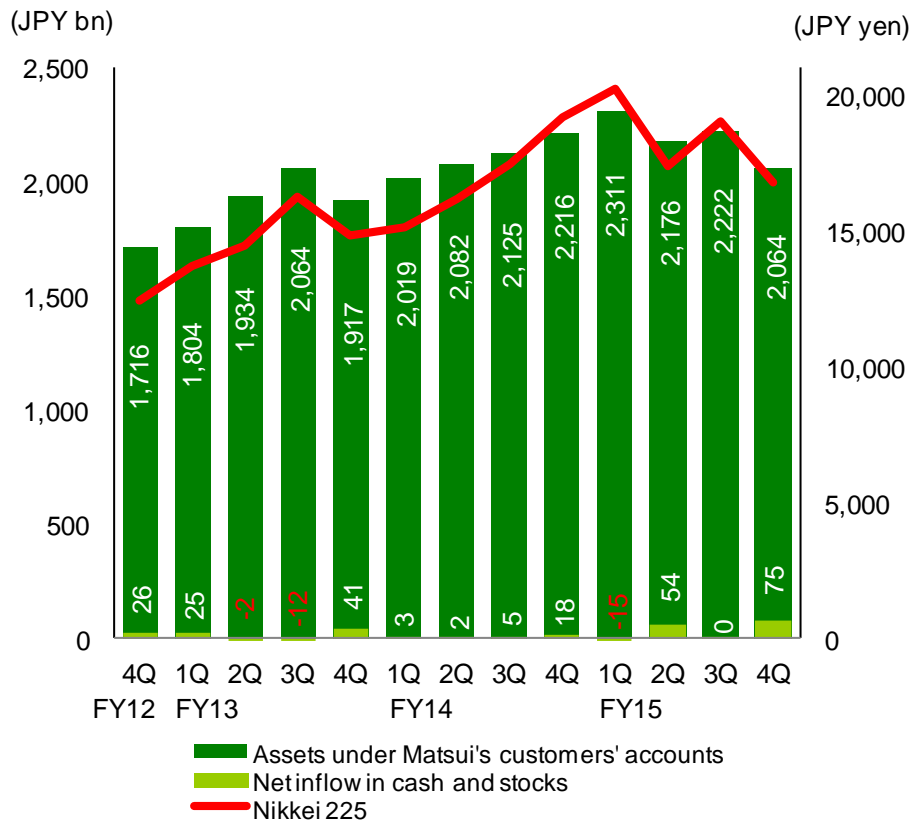


# Unrealized Losses on Matsui's Margin Balance

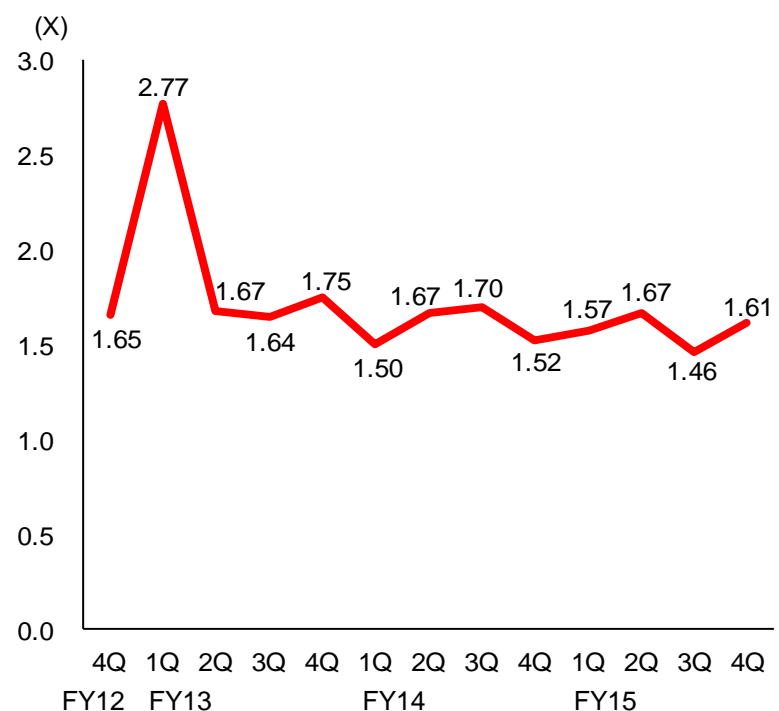


# Assets under Customers' Accounts / Trading Turnover

## ◆ Assets under Matsui's customers' accounts



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



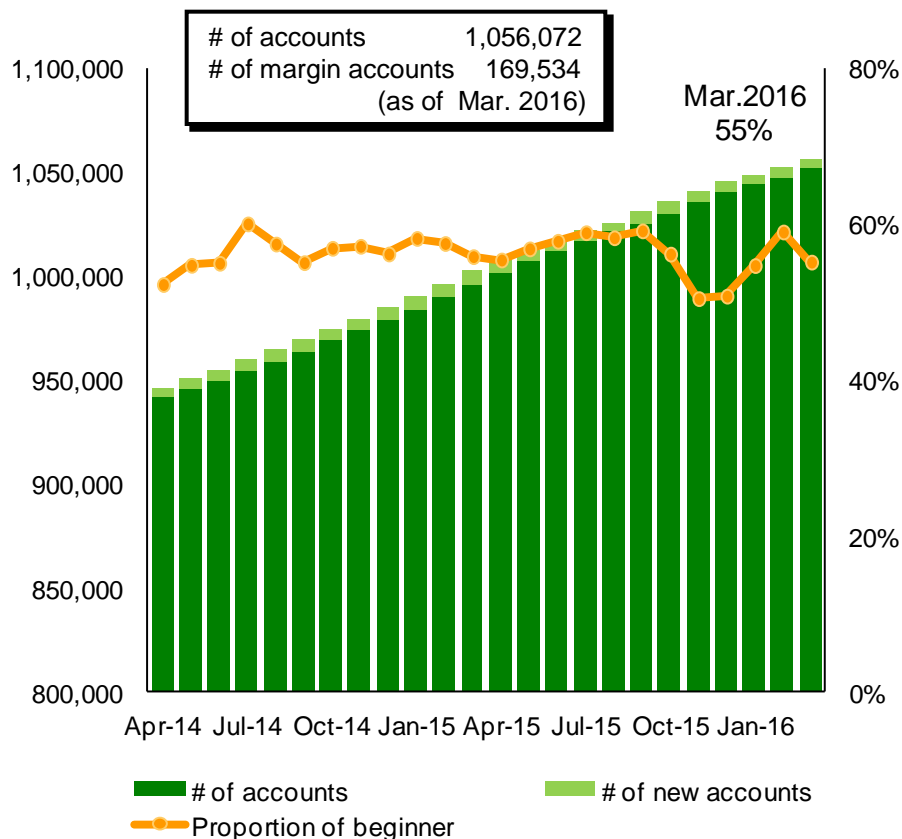
Note 1: Equity trading turnover = (monthly average trading value) / (quarterly average assets under customers' accounts\*)

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

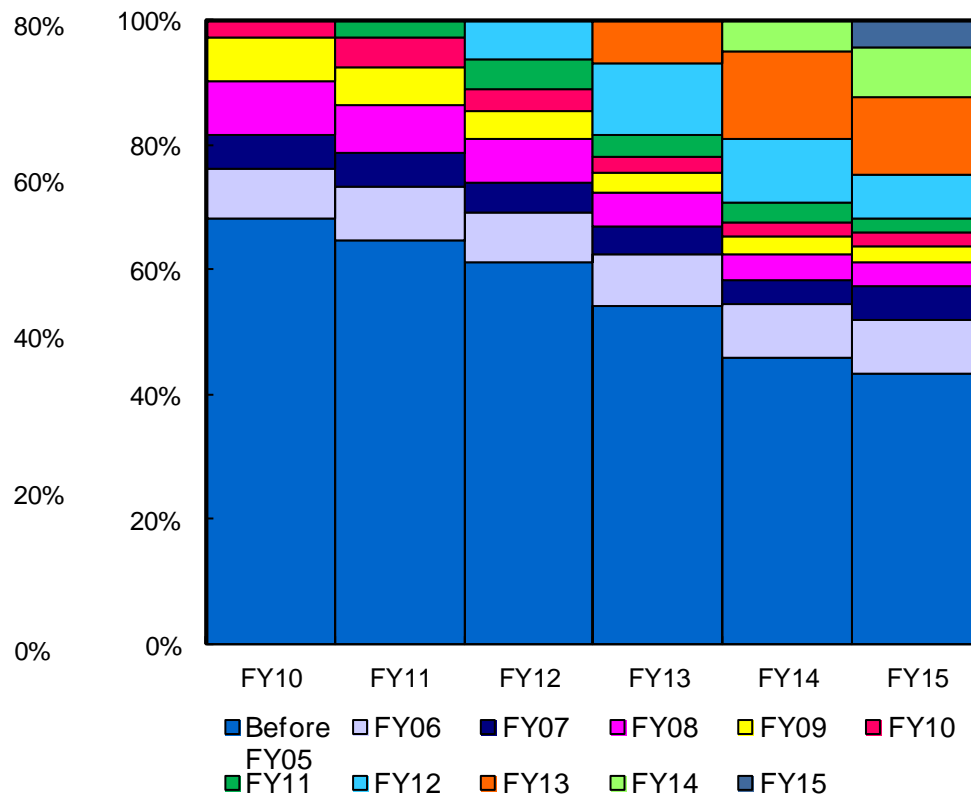
Note 2: Nikkei 225 is the closed price at the end of each quarter

# Number of Accounts / Breakdown of Trading Value

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

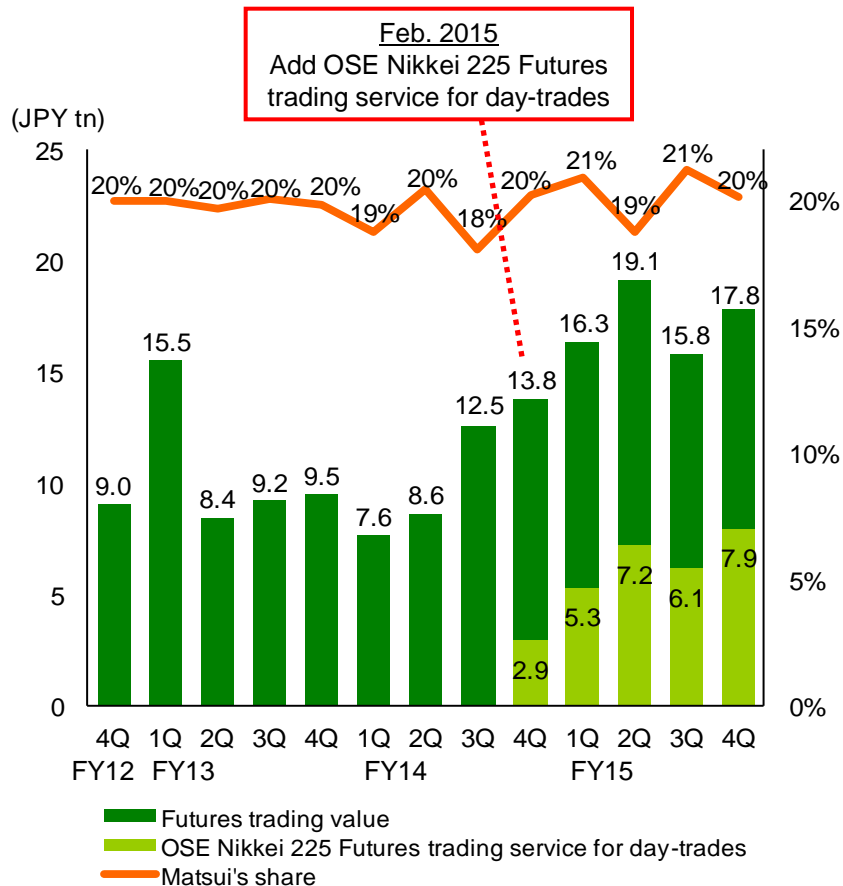


## ◆ Breakdown of trading value by customers opening the accounts in each fiscal year

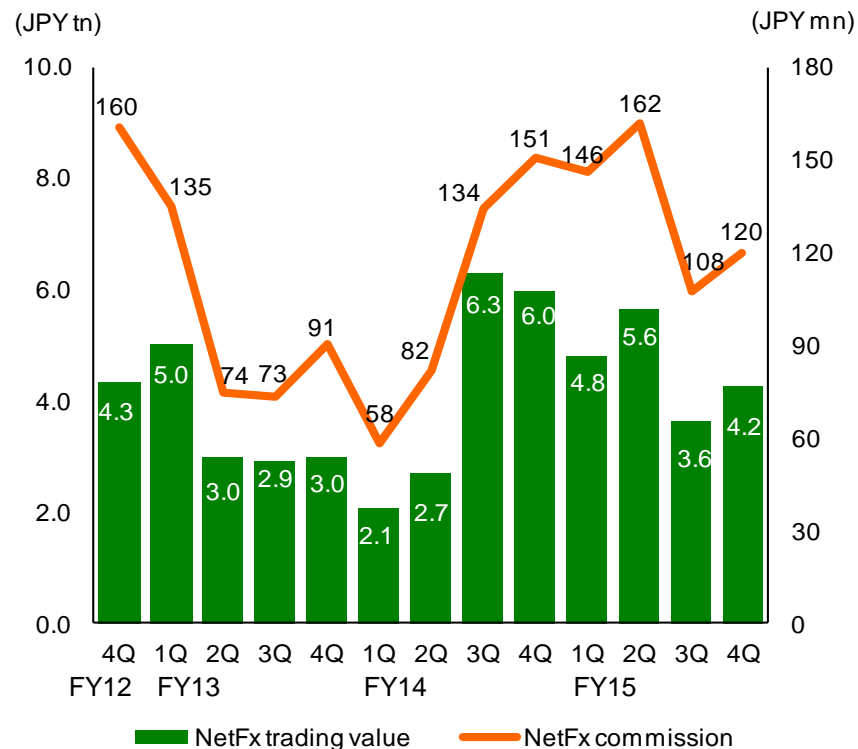


# Futures Trading Value / FX Margin Trading Value

## ◆ 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

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## Business Principle

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

## Basic Policy for Service Development

- ◆ Continue to focus on expansion of services for active customers  
e.g. Margin trading services for day-trades, 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. New trading platform "Netstock Smart", mutual funds business

# Mutual Fund Business

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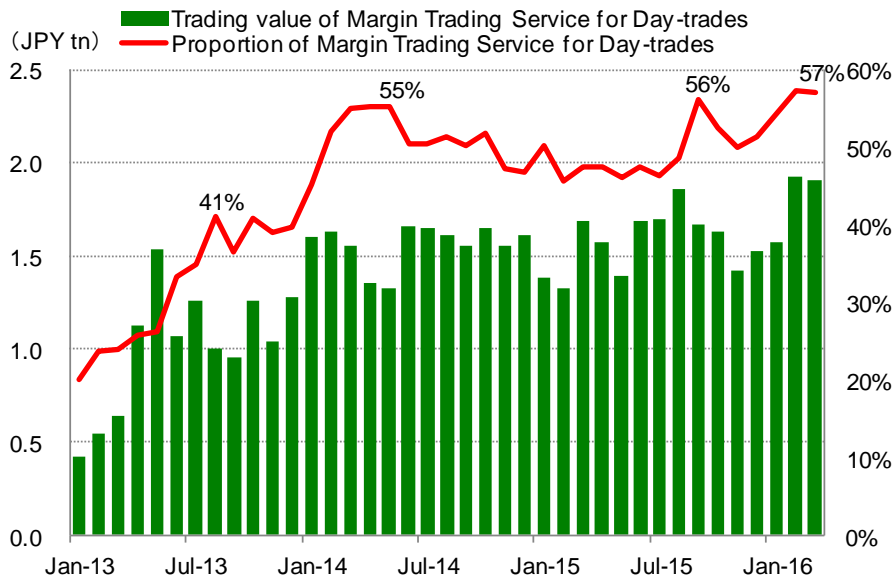
**Plan to start dealing with mutual funds and to simultaneously offer the asset allocation service based on Robo-advisor within the year 2016**

## Features of our asset allocation service

- ✓ Offer the competitive fees and commissions being lot inexpensive
  - Line-up of no-load mutual funds with the lowest level of custodian fees (wide selection of globally diversified asset class)
  - Provide optimum diversified investment portfolio based on the assessment or profiling of customers' financial goal or risk tolerance through Robo-advisor
  
- ✓ Support long-term diversified investment management for wide range of customer class
  - Lower minimum investment amount and installment investment function to support asset building of younger generation
  - Customized function for investment portfolio to support customers with comprehensive financial literacy

# Margin Trading Service for Day-trades

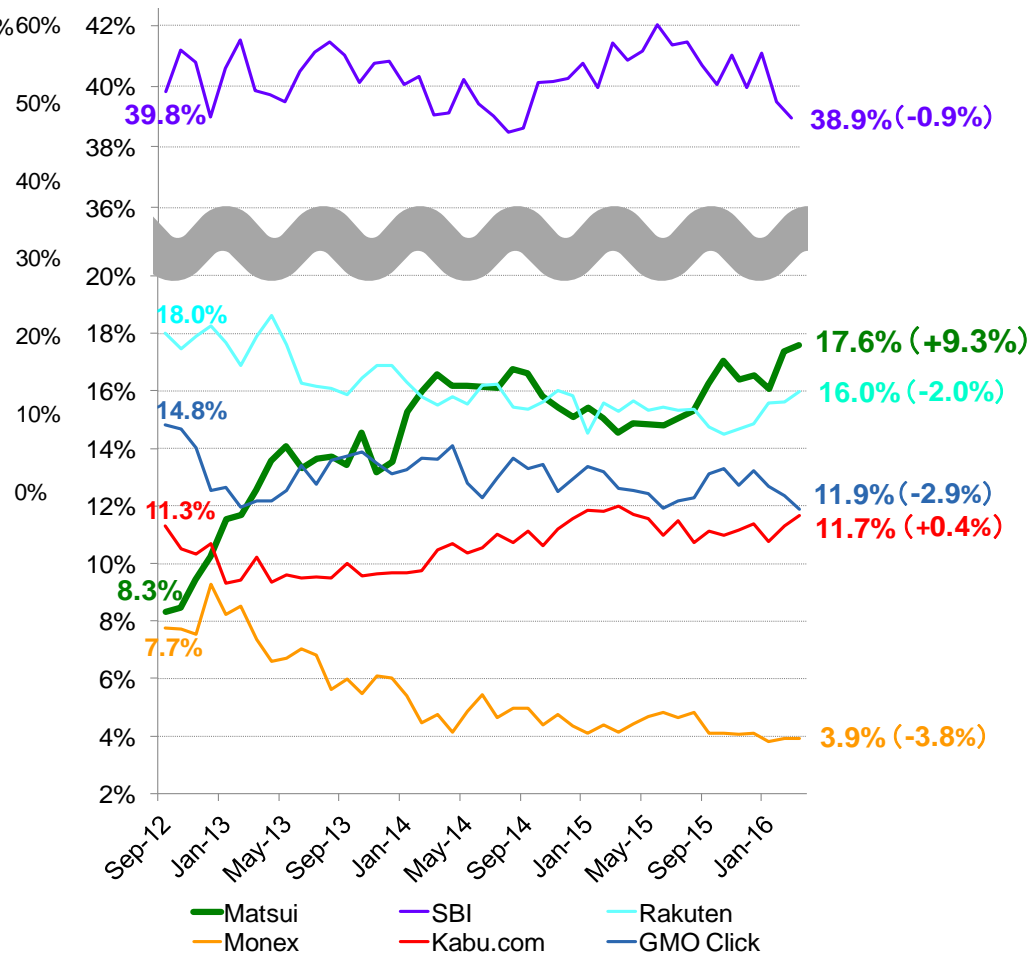
## ◆ Trading results



## ◆ Recent developments

- Implement continuous improvements such as increase number of eligible stocks for the Premium Short-Selling Service, development of trading tools, expansion of investment information including trading report for each customer etc.
- Acquired the patent rights on system realizing the Premium Short-Selling Service in January 2016.

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



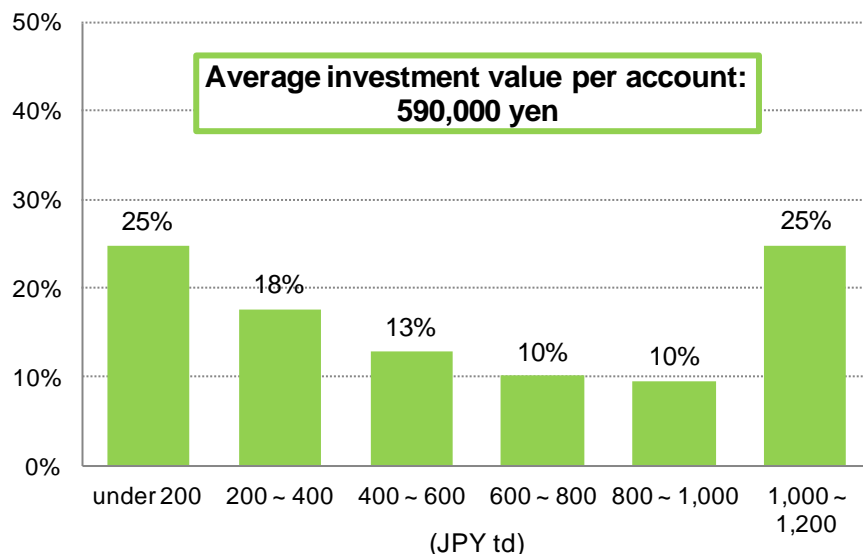
# NISA I

Active account ratio for NISA<sup>1</sup> is 42%, the highest level among 5 online securities brokers<sup>2</sup>

## ◆ Number of NISA accounts and customers' assets (as of Mar. 2016)

	NISA	Junior NISA
Total number of accounts	105,303	979
Number of active accounts <sup>3</sup>	44,548	
Active account ratio	42%	
Total investment value(JPY mn) <sup>4</sup>	26,081	
Customers' assets(JPY mn) <sup>5</sup>	65,035	

## ◆ Distribution of the invested amount (as of Mar. 2016)



## ◆ Top 5 ranking in trading value (from Jan. to Mar. 2016)

Rank	Equity	ETF / REIT
1	Mizuho Financial Group (8411)	NEXT FUNDS Nikkei 225 Leveraged Index ETF (1570)
2	Mitsui Corporation (8031)	NEXT NOTES Nikkei-TOCOM Leveraged Crude Oil ETN (2038)
3	Mitsubishi UFJ Financial Group (8306)	Nikkei 225 ETF (1321)
4	Toyota Motor Corporation (7203)	NEXT FUNDS NOMURA Crude Oil Long Index Linked ETF (1699)
5	Canon Inc. (7751)	Simplex WTI ETF (1671)

## ◆ Situation of NISA

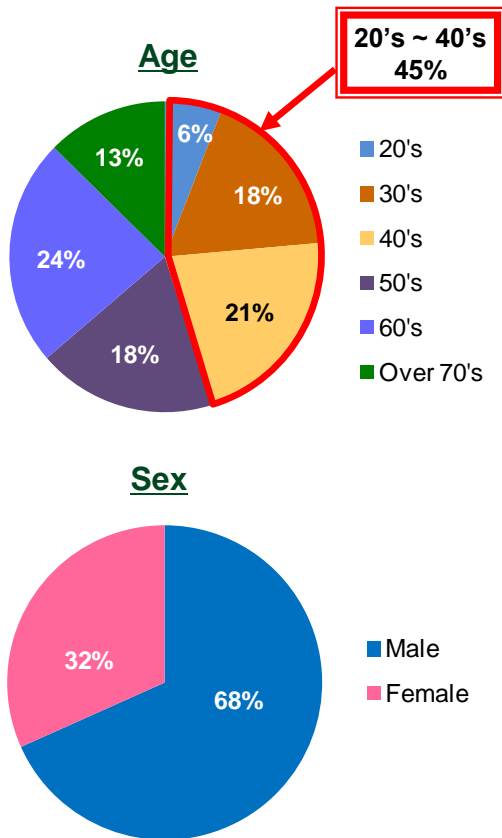
NISA has been introduced since January 2014. Main customer base is advanced and senior investors. Junior NISA has also been introduced since April 2016. The increase of Junior NISA accounts is rather slow compared to NISA accounts.

There is difference in top 5 ranking of trading value between NISA and Junior NISA. Customers tend to prefer stocks with high dividend yield on NISA accounts, and prefer certain stocks which have gifts for shareholders on Junior NISA accounts.

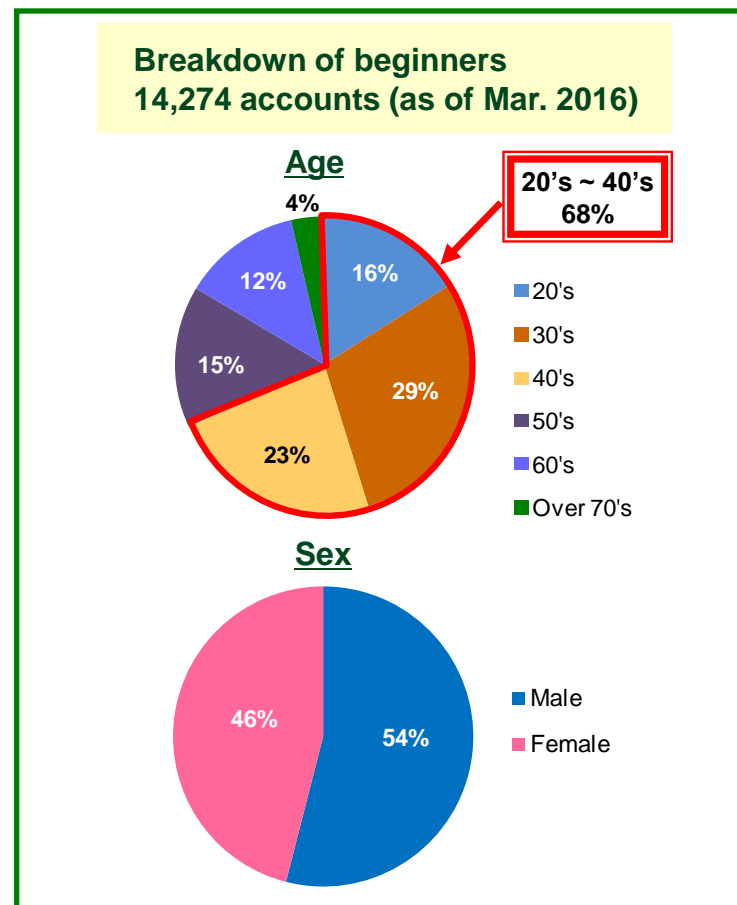
# NISA II

Number of new customers<sup>1)</sup> accounts is 20,807 (as of Mar. 2016),  
69% of the new customers' accounts is beginner

◆ Breakdown of NISA accounts  
105,303 accounts (as of Mar. 2016)



◆ Number of new customers  
20,807 accounts (as of Mar. 2016)



The material is intended to provide the financial results for the quarter ended 31 March 2016 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 27 April 2016. 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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## Contact information

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