



Mitsubishi UFJ Securities Holdings

1QFY2020 Financial Summary

Mitsubishi UFJ Securities Holdings Co., Ltd.

July, 2020

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1Q Performance Trends

- Net operating revenue was JPY 64.5bn (-3% YoY), ordinary profit was JPY 6.1bn (+930% YoY) and profit attributable to owners of parent was JPY 4.3bn (+478% YoY) on financial accounting basis. Net operating revenue was JPY 78.0bn (-4% YoY), ordinary profit was JPY 6.2bn (+411% YoY) and profit attributable to owners of parent was JPY 4.4bn (+228% YoY) on substantial basis including MUSA.
- Domestic subsidiaries secured ordinary profit thanks to the cost structural reforms implemented in the previous year etc., although revenue decreased due to factors including a decrease in face-to-face business activities resulting from the spread of the novel coronavirus outbreak, a decrease in customer flow due to investors working from home, etc., and postponement of equity underwriting deals, etc.
- Overseas subsidiaries performed well in the Americas capital markets business in response to corporate liquidity needs. Trading business in Europe also grew under high volatility environment.

(JPY billion)	Financial basis			Substantial basis including MUSA *		
	FY2019 1Q	FY2020 1Q	YoY %	FY2019 1Q	FY2020 1Q	YoY %
Net operating revenue	66.8	64.5	(3)%	81.5	78.0	(4)%
SG&A	71.1	63.6	(10)%	84.7	76.5	(9)%
Ordinary profit	0.5	6.1	+930%	1.2	6.2	+411%
Profit (owners of parent)	0.7	4.3	+478%	1.3	4.4	+228%

Quarterly Performance Trends

- Domestic subsidiaries saw decreases in sales in all segments, due to factors including the abovementioned impact of the spread of the novel coronavirus outbreak and the absence of the factors at the end of the previous quarter.
- Overseas subsidiaries saw a decrease in revenue from the previous quarter whose performance was strong, despite efforts in the Americas capital markets business, European Flow Products business and equity business.

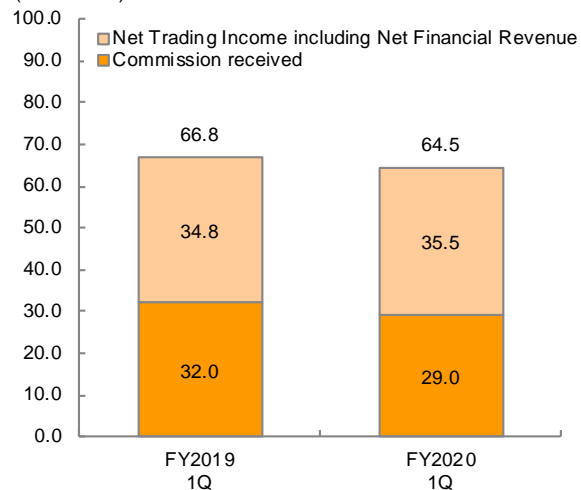
(JPY billion)	Financial basis			Substantial basis including MUSA *		
	FY2019 4Q	FY2020 1Q	QoQ %	FY2019 4Q	FY2020 1Q	QoQ %
Net operating revenue	94.4	64.5	(31)%	112.7	78.0	(30)%
SG&A	75.9	63.6	(16)%	89.8	76.5	(14)%
Ordinary profit	24.1	6.1	(74)%	28.0	6.2	(77)%
Profit (owners of parent)	10.5	4.3	(58)%	13.4	4.4	(67)%

* Figures represent the aggregation with the results of MUFG Securities America Inc. (hereinafter "MUSA"), given that MUSA, despite its deconsolidation in 3Q16 as a result of the application of the U.S. Enhanced Prudential Standards, continues to be included in the Company's internal revenue management.

1Q Performance Trends

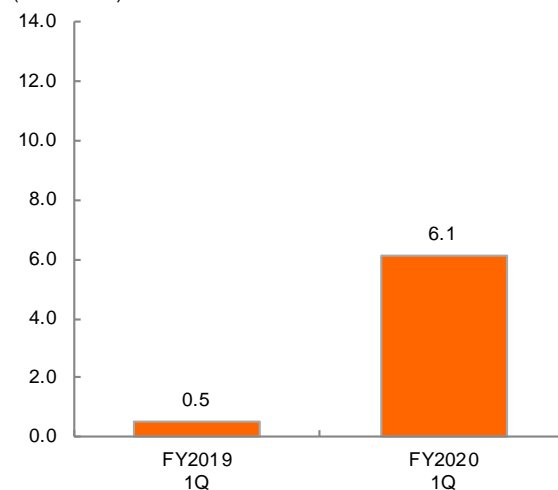
Net operating revenue

(JPY billion)



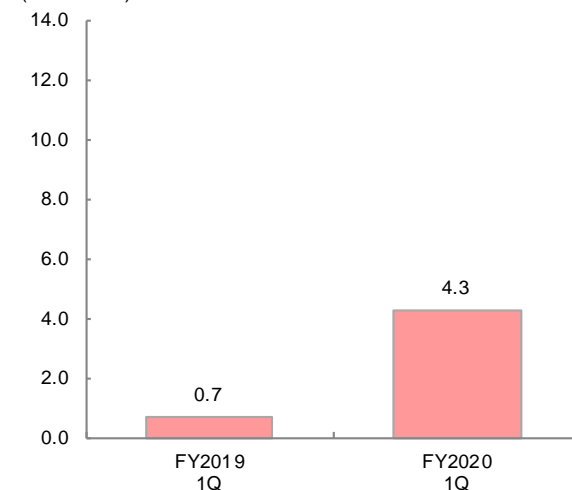
Ordinary profit

(JPY billion)



Profit (owners of parent)

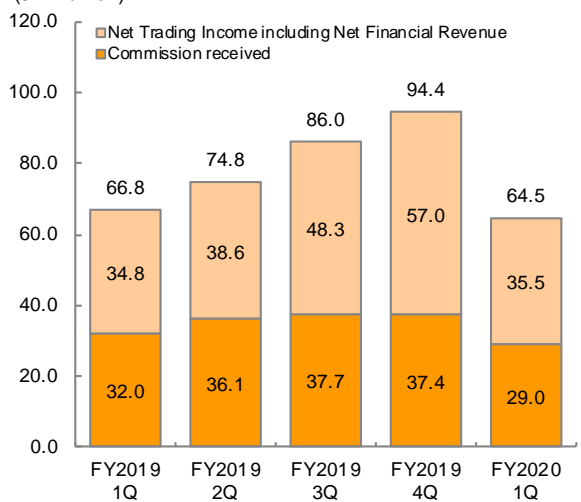
(JPY billion)



Quarterly Performance Trends

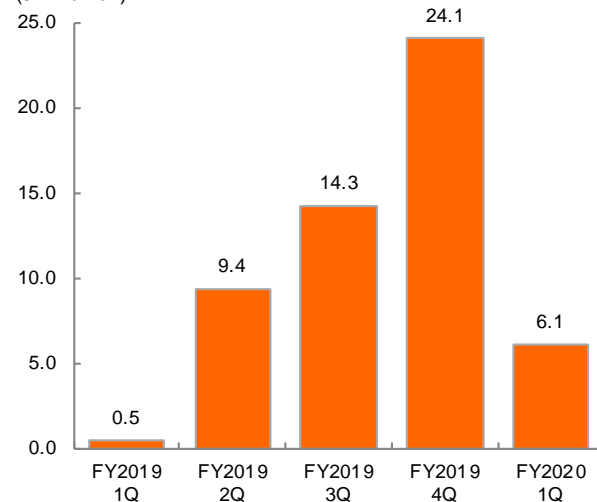
Net operating revenue

(JPY billion)



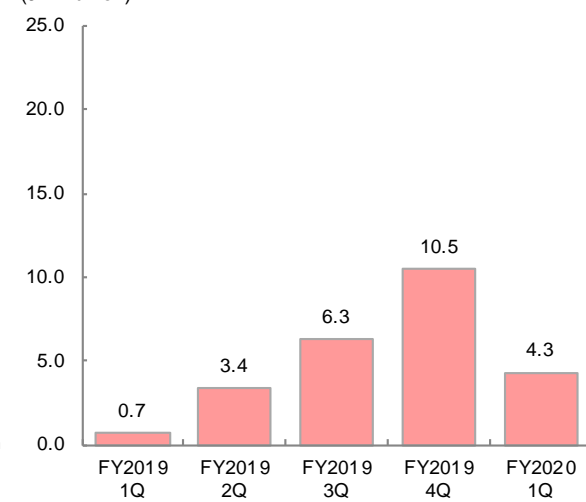
Ordinary profit

(JPY billion)



Profit (owners of parent)

(JPY billion)



Consolidated Financial Summary (1)

Commission Received (Financial basis)

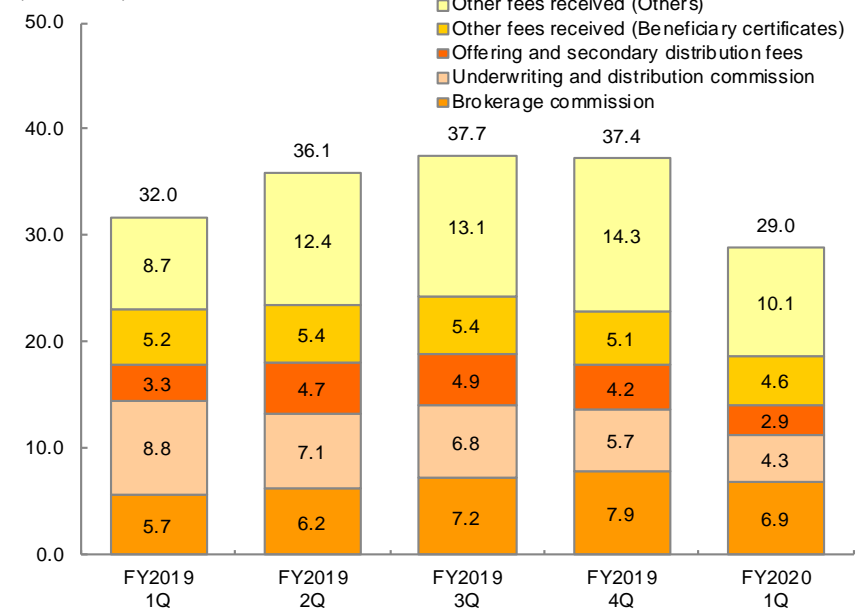
Commission received

FY2020 1Q : JPY 29.0 billion

- YoY JPY (2.9) billion (9)%
 - Brokerage commission: Revenue increased due to recovery of stock trading volume.
 - Underwriting and distribution commission: Revenue decreased due to factors including the postponement of equity underwriting deals and the absence of large-scale bond deals in the same period of the previous year.
 - Offering and secondary distribution fees: Revenue decreased due to a decrease in solicitation of privately placed funds (real estate, etc.), although sales of publicly offered investment trusts increased compared with the same period of the previous year.
 - Other fees received (Others): Contributed by monetization of M&A deals announced in the previous year.
- QoQ JPY (8.4) billion (22)%
 - Brokerage commission: Decreased brokerage orders from institutional investors.
 - Underwriting and distribution commission: Mainly due to the postponement of equity underwriting deals.
 - Offering and secondary distribution fees: Declined sales of investment trusts caused by a decrease in face-to-face business activities.
 - Other fees received (Others): M&A related revenue decreased from the previous quarter.

Quarterly Trends

(JPY billion)



(JPY billion)	FY2019 1Q	FY2020 1Q	YoY %	FY2019 4Q	FY2020 1Q	QoQ %
Brokerage commission	5.7	6.9	+21%	7.9	6.9	(11)%
Underwriting and distribution commission	8.8	4.3	(50)%	5.7	4.3	(24)%
Offering and secondary distribution fees	3.3	2.9	(13)%	4.2	2.9	(31)%
Other fees received (Beneficiary certificates)	5.2	4.6	(12)%	5.1	4.6	(10)%
Other fees received (Others)	8.7	10.1	+15%	14.3	10.1	(29)%
Total	32.0	29.0	(9)%	37.4	29.0	(22)%

Consolidated Financial Summary (2)

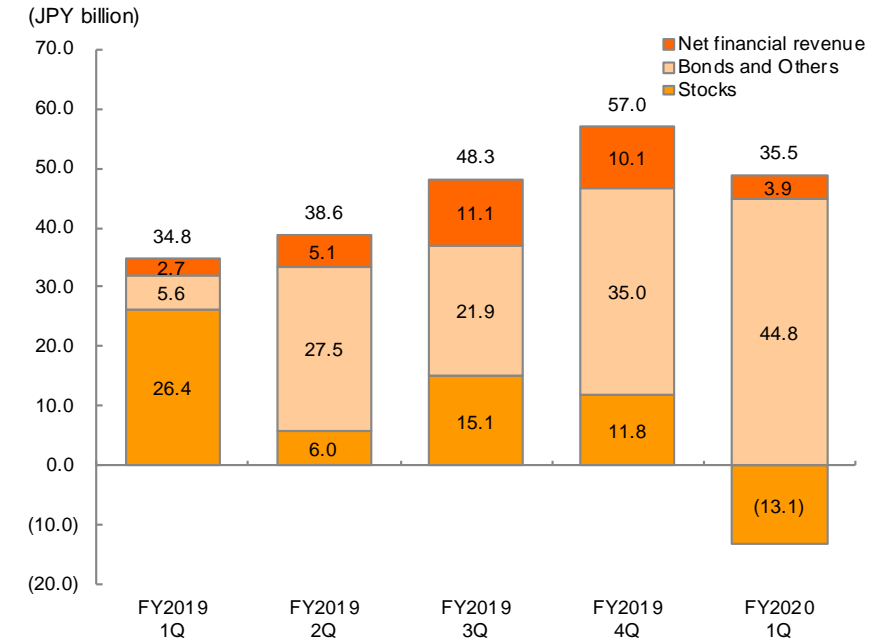
Net Trading Income ▪ Net Financial Revenue (Financial basis)

Net Trading Income ▪ Net Financial Revenue

FY2020 1Q : JPY 35.5 billion

- YoY JPY +0.7 billion +2%
 - Equity business: Domestic subsidiaries saw sluggish derivative business due to a decrease in structured bond flows which is premised on face-to-face businesses, although foreign equity showed signs of recovery. On the other hand, overseas subsidiaries saw growth in European derivative business, resulting in an increase in revenue overall.
 - Fixed income business: Domestic subsidiaries recorded revenue mainly by leveraging investor flow of highly liquid interest rate such as JGBs etc. Meanwhile, overseas subsidiaries decreased revenue due to sluggish credit business etc., despite good performance of repo, rates and structured businesses. Overall revenue remained almost at the same level.
- QoQ JPY (21.4) billion (37)%
 - Equity business: Domestic subsidiaries saw a decrease in revenue due to a decline in customer flows, although overseas subsidiaries saw growth in European derivatives, resulting in an increase in revenue overall.
 - Fixed income business: Overall revenue decreased due to factors such as the absence of the factors at the end of the previous quarter at domestic subsidiaries, and the recording of position losses due to widening of credit spreads at overseas subsidiaries.

Quarterly Trends



(JPY billion)	FY2019 1Q	FY2020 1Q	YoY %
Stocks	26.4	(13.1)	—
Bonds and Others	5.6	44.8	+692%
Net financial revenue	2.7	3.9	+44%
Total	34.8	35.5	+2%

FY2019 4Q	FY2020 1Q	QoQ %
11.8	(13.1)	—
35.0	44.8	+28%
10.1	3.9	(61)%
57.0	35.5	(37)%

【Reference】 Management accounting basis

Equity business	7.3	12.2	+68%
Fixed income business	16.7	16.5	(1)%
Total	24.0	28.7	+20%

10.2	12.2	+19%
29.7	16.5	(45)%
40.0	28.7	(28)%

Consolidated Financial Summary (3)

SG & A (Financial basis)

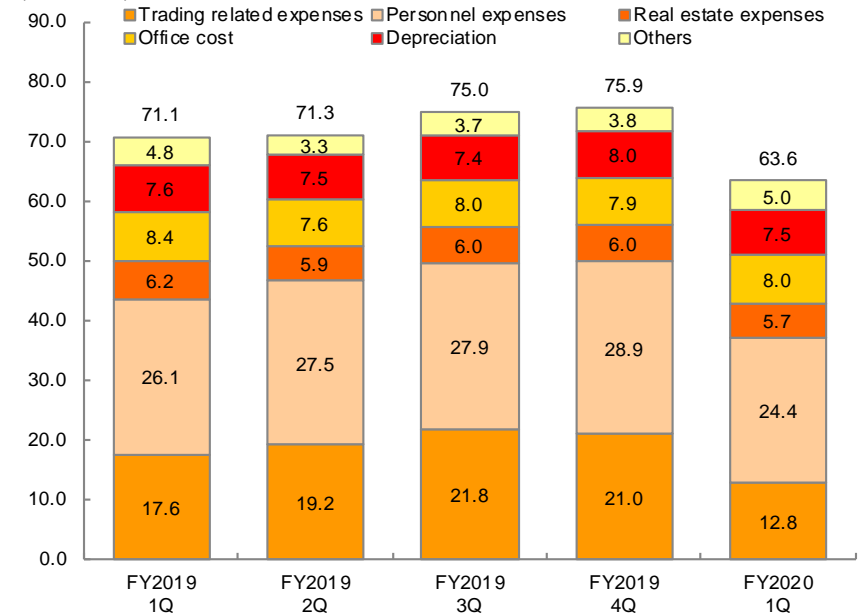
SG & A

FY2020 1Q : JPY 63.6 billion

- YoY JPY (7.4) billion (10)%
 - Domestic subsidiaries: Trading related expenses including brokerage commission decreased, and travel expenses and entertainment expenses decreased due to the restriction on business caused by the novel coronavirus. Cost structural reforms implemented in the previous year also contributed to the decreases.
 - Overseas subsidiaries: The expenses converted into yen decreased due to the appreciation of the yen against the pound, in addition to the reduction of personnel expenses due to the cost structural reforms implemented in the previous fiscal year.
- QoQ JPY (12.3) billion (16)%
 - Both domestic and overseas subsidiaries decreased revenue due to the abovementioned factors.

Quarterly Trends

(JPY billion)



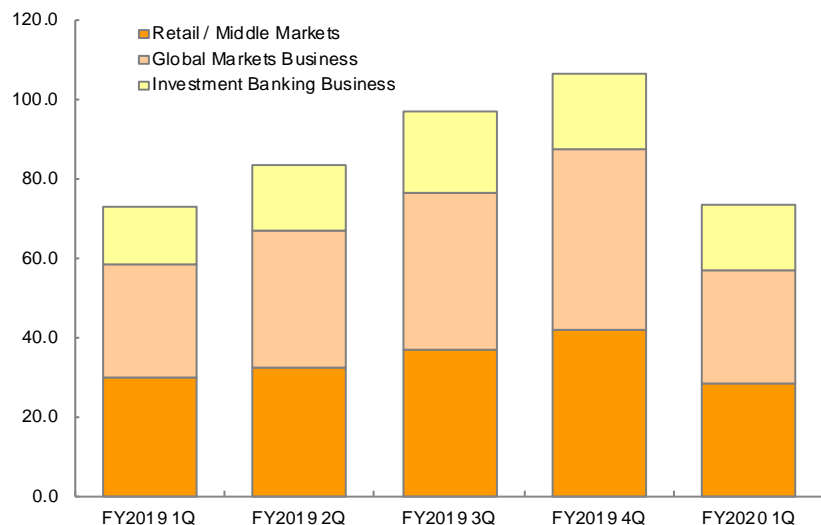
(JPY billion)	FY2019 1Q	FY2020 1Q	YoY %	FY2019 4Q	FY2020 1Q	QoQ %
Trading related expenses	17.6	12.8	(27)%	21.0	12.8	(39)%
Personnel expenses	26.1	24.4	(6)%	28.9	24.4	(15)%
Real estate expenses	6.2	5.7	(8)%	6.0	5.7	(4)%
Office cost	8.4	8.0	(5)%	7.9	8.0	+0%
Depreciation	7.6	7.5	(0)%	8.0	7.5	(5)%
Others	4.8	5.0	+3%	3.8	5.0	+29%
Total	71.1	63.6	(10)%	75.9	63.6	(16)%

Overview by Business Segments in FY2020 1Q

- Revenue decreased from the previous quarter for all segments.
- Retail / Middle Markets: Sales of retail foreign bonds including structured bonds and stock investment trusts declined significantly due to the restriction on face-to-face business activities and refraining from active solicitation (refer to Page 11).
- Global Markets: Revenue decreased despite efforts to capture profit opportunities due to rising volatility in domestic fixed income business and overseas flow products business.
- Investment Banking: Domestic subsidiaries saw a decrease in revenue due to a large decrease in equity underwriting deals, although revenue remained at the same level at overseas subsidiaries due to the increase in U.S. bond issuance.

Quarterly Trends

(JPY billion)



* Figures are based on management accounting basis including MUSA.

Appendix

Consolidated Statement of Income

JPY million

	Cumulative		Quarter				
	FY2019 1Q	FY2020 1Q	FY2019				FY2020
			1Q	2Q	3Q	4Q	1Q
Operating revenue	97,828	107,264	97,828	106,826	117,999	133,125	107,264
Commission received	32,012	29,014	32,012	36,117	37,720	37,441	29,014
Net trading income	32,114	31,676	32,114	33,555	37,162	46,836	31,676
Other operating revenue	4	4	4	0	—	—	4
Financial revenue	33,698	46,568	33,698	37,153	43,116	48,848	46,568
Financial expenses	30,997	42,665	30,997	32,023	31,937	38,658	42,665
Net operating revenue	66,830	64,599	66,830	74,802	86,062	94,467	64,599
SG & A	71,132	63,669	71,132	71,370	75,096	75,987	63,669
Operating profit (loss)	(4,301)	929	(4,301)	3,432	10,966	18,480	929
Non-operating income	4,934	5,839	4,934	6,055	3,426	7,126	5,839
Non-operating expenses	32	587	32	75	72	1,438	587
Ordinary profit	599	6,181	599	9,412	14,320	24,169	6,181
Extraordinary income	1	—	1	531	—	1,169	—
Extraordinary losses	265	138	265	345	40	1,819	138
Income taxes	(441)	1,526	(441)	2,867	5,532	7,432	1,526
Profit attributable to non-controlling interests	24	156	24	3,297	2,385	5,492	156
Profit attributable to owners of parent	753	4,359	753	3,433	6,362	10,594	4,359

Appendix

Consolidated Balance Sheet

JPY billion

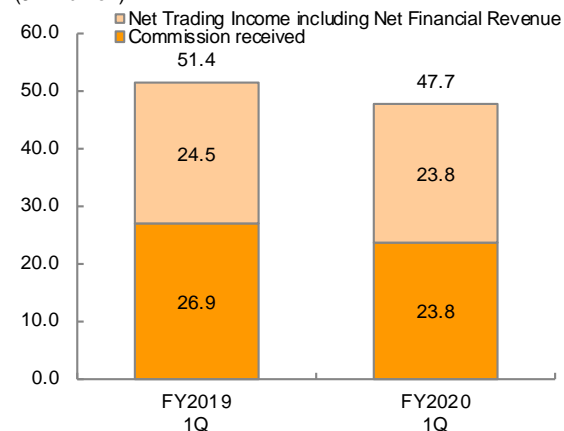
	As of Mar. 31, 2020	As of Jun. 30, 2020	Change
ASSETS			
Current assets	31,238	31,458	+219
Cash and deposits	2,185	1,374	(811)
Trading products	12,869	15,161	+2,291
Loans secured by securities	13,241	11,159	(2,082)
Others	2,941	3,763	+822
Non-current assets	627	630	+3
PP & E	32	30	(1)
Intangible assets	106	104	(2)
Investments and other assets	488	495	+6
Total assets	31,866	32,088	+222

	As of Mar. 31, 2020	As of Jun. 30, 2020	Change
LIABILITIES			
Current liabilities	29,128	29,423	+295
Trading products	11,765	12,346	+580
Borrowings secured by securities	10,234	11,636	+1,402
Short-term borrowings	3,259	1,559	(1,699)
Others	3,868	3,881	+12
Non-current liabilities	1,789	1,742	(47)
Bonds payable	1,017	963	(54)
Long-term borrowings	753	760	+7
Others	19	18	(0)
Total liabilities	30,922	31,169	+247
NET ASSETS			
Shareholders' equity	701	697	(3)
Accumulated other comprehensive income	(27)	(45)	(17)
Non-controlling interests	270	266	(3)
Total net assets	943	919	(24)
Total liabilities and net assets	31,866	32,088	+222

1Q Performance Trends

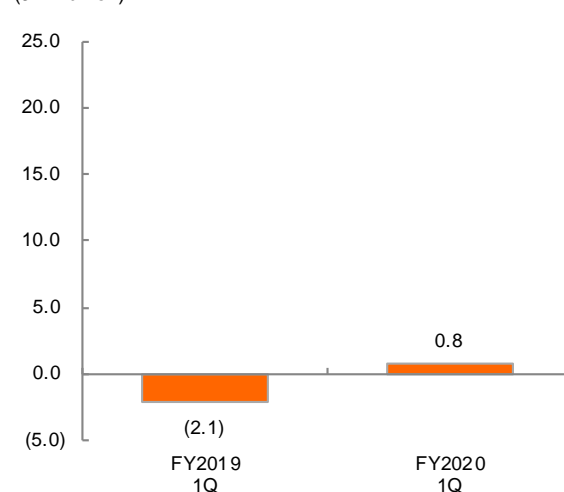
Net operating revenue

(JPY billion)



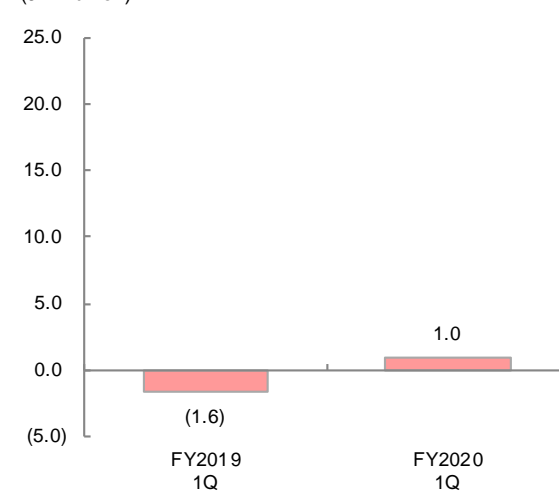
Ordinary profit (loss)

(JPY billion)



Profit (loss) (owners of parent)

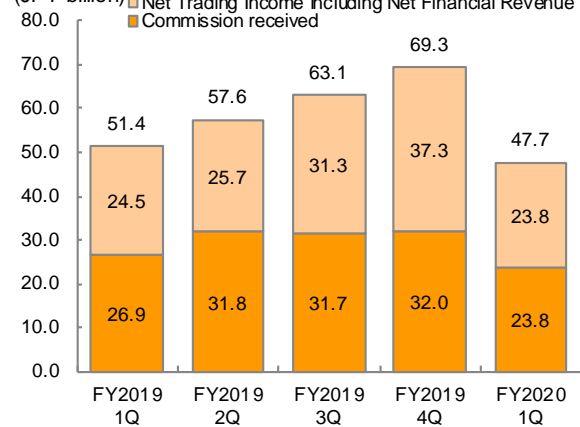
(JPY billion)



Quarterly Performance Trends

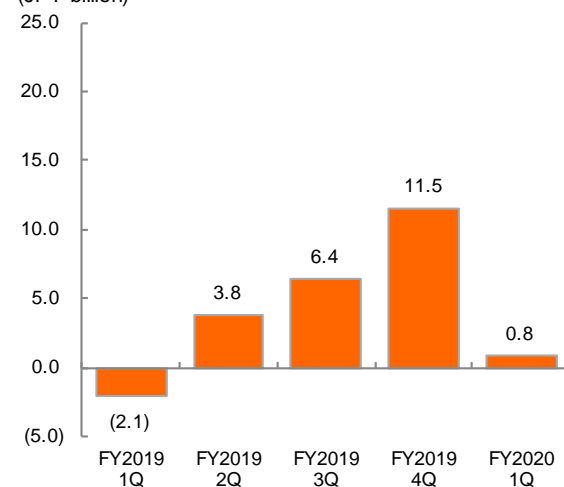
Net operating revenue

(JPY billion)



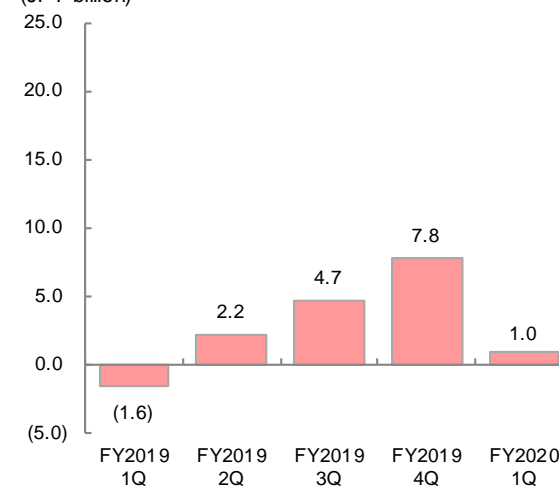
Ordinary profit (loss)

(JPY billion)



Profit (loss) (owners of parent)

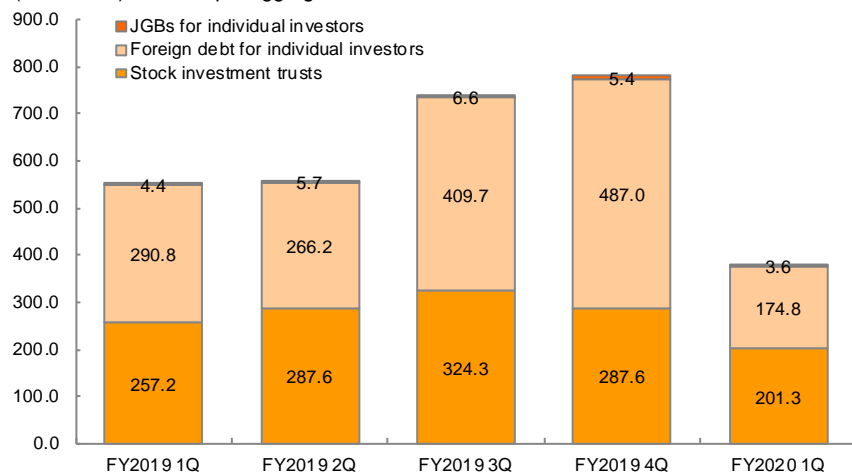
(JPY billion)



Sales of Retail / Middle Market Division

Quarterly Trends

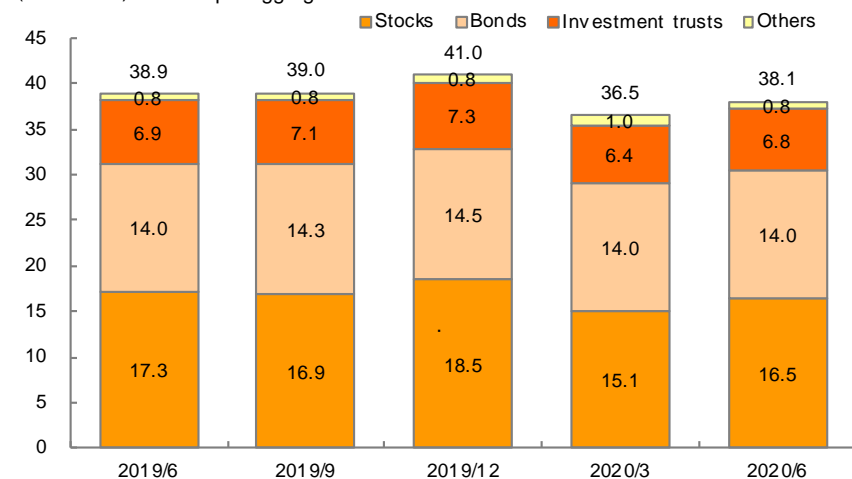
(JPY billion) * Simple aggregation of MUMSS and MUMSPB



Trends of AUM

Quarterly Trends

(JPY trillion) * Simple aggregation of MUMSS and MUMSPB





Investment banking business ~ League Table (from April, 2020 to June, 2020)

Japan Domestic Debt*1

Rank	Securities Firm	Share (%)
1	Nomura Securities	21.7
2	Daiwa Securities	19.4
3	Mitsubishi UFJ Morgan Stanley	19.1
4	Mizuho Securities	18.9
5	SMBC Nikko Securities	15.7
6	Tokai Tokyo Securities	1.5
7	Goldman Sachs Japan	1.4
8	Shinkin Securities	1.1
9	Okasan Securities	0.5
10	SBI Securities	0.5

Japan Equity and Equity-linked*2

Rank	Securities Firm	Share (%)
1	Bank of America Merrill Lynch	31.1
2	Sumitomo Mitsui Financial Group	21.0
3	Nomura	16.6
4	Citi	13.7
5	Mizuho Financial Group	9.7
6	Daiwa Securities Group	2.4
7	Tokai Tokyo Financial Holdings	2.3
8	Credit Suisse	1.7
9	SBI Holdings	0.8
10	OKASAN Securities Group	0.3

M&A Advisory / Based on Rank Value*3

Rank	Financial Advisor	JPY billion
1	Deloitte	645
2	Mitsubishi UFJ Morgan Stanley	566
3	Nomura	425
4	Plutus Consulting Co Ltd	407
5	Goldman Sachs & Co	396
6	KPMG	250
7	Sumitomo Mitsui Financial Group	225
8	Frontier Management	191
9	BofA Securities	160
10	Daiwa Securities Group	134

*1 Source: REFINITIV, REFINITIV DealWatch (data compiled by Mitsubishi UFJ Morgan Stanley)

Includes Japanese Straight Bonds, Ex-FILP Agency Bonds (incl. Expressway company's Bonds) and Municipal Bonds Related. Based on lead manager's credit.

*2 Source: REFINITIV (data compiled by Mitsubishi UFJ Morgan Stanley)

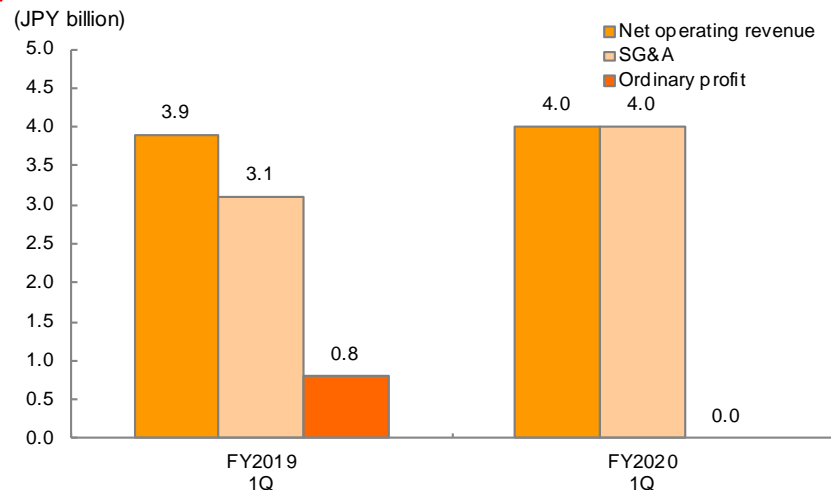
Mitsubishi UFJ Morgan Stanley includes domestic offerings of Japanese issuers underwritten by Morgan Stanley MUFG Securities as well as global offerings of Japanese issuers underwritten by Morgan Stanley. Based on underwriting amount.

*3 Source: REFINITIV (data compiled by Mitsubishi UFJ Morgan Stanley)

Any Japanese involvement announced including property acquisitions. Mitsubishi UFJ Morgan Stanley includes deals advised by Morgan Stanley.

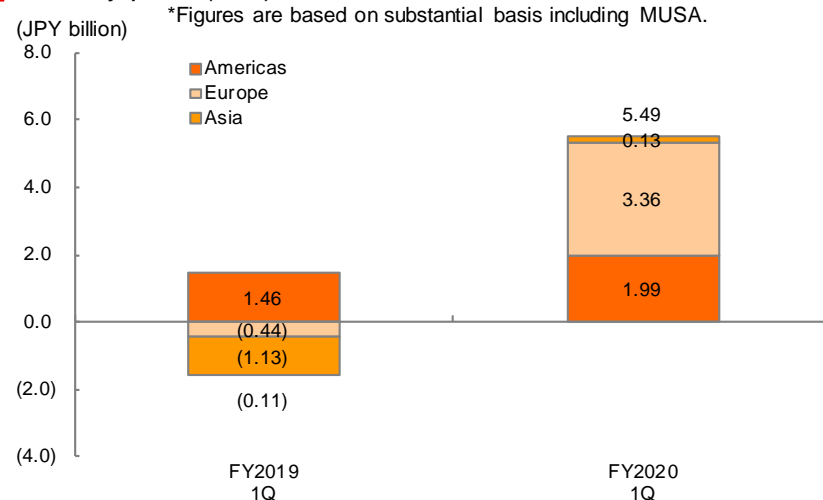
au Kabucom 1Q Performance Trends

Trends



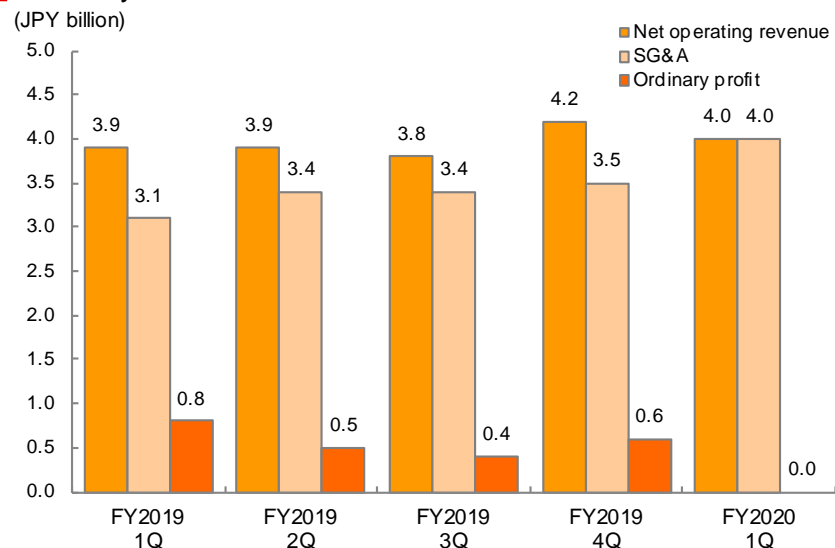
Overseas Business 1Q Performance Trends

Ordinary profit (loss) : Trends



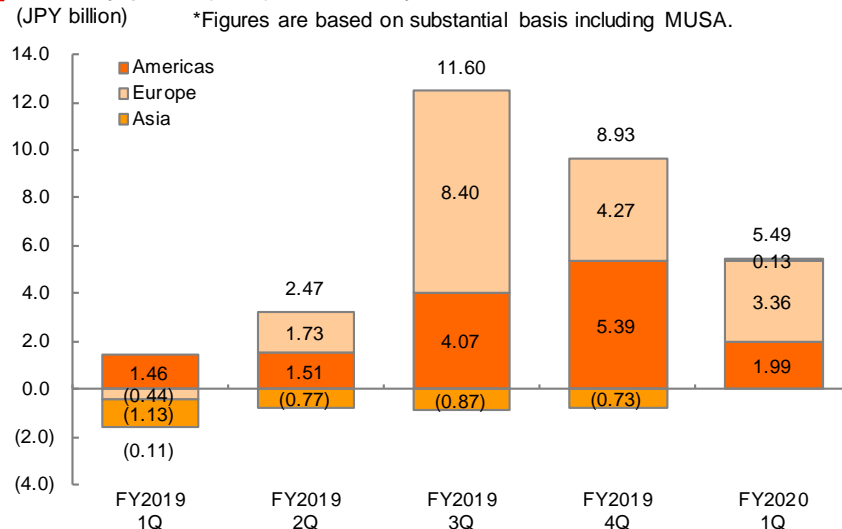
au Kabucom Quarterly Performance Trends

Quarterly Trends



Overseas Business Quarterly Performance Trends

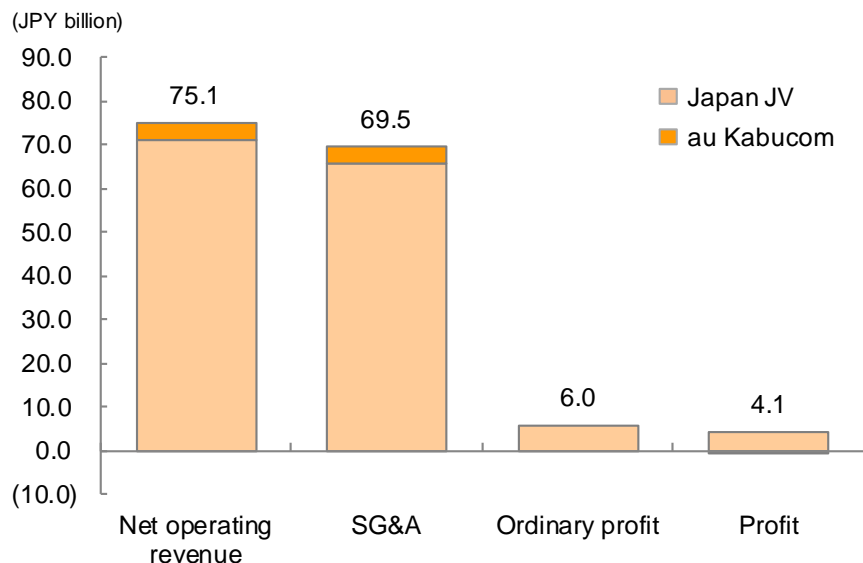
Ordinary profit (loss) : Quarterly Trends



Domestic Securities Companies' Performance

- Net operating revenue of the Domestic Securities Companies is over JPY 70 billion on a simple sum basis.
It includes the full net operating revenue from Morgan Stanley MUFG Securities Co., Ltd. ("MSMS"); this is one of the joint venture securities companies with Morgan Stanley in Japan and an associated company accounted for by using the equity-method.
- "Domestic Securities Companies" consists of four companies including three joint venture companies with Morgan Stanley ("Japan JV") and au Kabucom Securities Co., Ltd.

Performance of FY 2020 1Q



* The figures in the graph above represent the simple sum of the Domestic Securities Companies.

Simple sum of the figures for the Domestic Securities Companies (JPY billion)	FY 2020 1Q
Net operating revenue	75.1
Japan JV	71.0
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Consolidated base ("MUMSS" + "MUMSPB") *1	47.7
Morgan Stanley MUFG Securities Co., Ltd. ("MSMS") *2	23.3
au Kabucom Securities Co., Ltd. ("au Kabucom")	4.0
SG & A	69.5
Japan JV	65.5
MUMSS Consolidated base	47.3
MSMS	18.1
au Kabucom	4.0
Ordinary profit	6.0
Japan JV	5.9
MUMSS Consolidated base	0.8
MSMS	5.0
au Kabucom	0.0
Profit	4.1
Japan JV	4.3
MUMSS Consolidated base (Profit attributable to owners of parent)	1.0
MSMS	3.3
au Kabucom	(0.2)

*1 MUMSS Consolidated base includes Mitsubishi UFJ Morgan Stanley PB Securities Co., Ltd. (MUMSPB).

*2 MSMS is an associated company accounted for by using the equity-method.

Credit Rating

	R&I	JCR	Moody's	S&P	Fitch
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Mitsubishi UFJ Securities Holdings

Long-term	AA-	AA	A1	A-	—
Short-term	a-1+ *	—	P-1	A-2	—

Mitsubishi UFJ Morgan Stanley Securities

Long-term	AA-	AA	A1	A	A-
Short-term	a-1+ *	—	P-1	A-1	F1

MUFG Securities EMEA plc

Long-term	AA- **	AA **	A1	A	—
Short-term	—	—	P-1	A-1	—

MUFG Securities (Canada), Ltd.

Long-term	—	—	—	A	A-
Short-term	—	—	—	A-1	F1

MUFG Securities (Europe) N.V.

Long-term	—	—	A1	A	—
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*CP rating

**Euro Medium Term Note Programme rating (senior bonds)

Capital Adequacy

Capital Adequacy Ratio MUMSS (non-consolidated)

Capital adequacy ratio of MUMSS at FY2020 1Q can be found on the following URL.

https://www.sc.mufig.jp/company/finance/cp_ratio.html



Mitsubishi UFJ Securities Holdings

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