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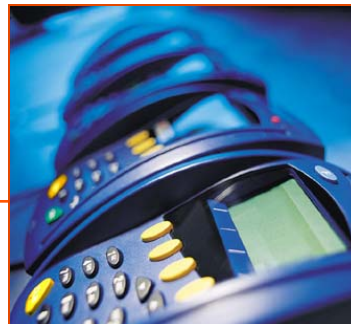
KEYCORP

HALF YEAR 2007 RESULTS ANALYST PRESENTATION



Agenda

- HY07 financial results
- Review of business segments
- Outlook



Key financial results



- Revenue decreased 27% to \$39.2m
- EBIT loss of \$6.0m in line with guidance given at AGM November 2006
- Net loss after tax of \$4.1m for the six months period
- Strong pipeline of new managed services opportunities estimated at \$50 million
- Expect improved performance in the second half and much stronger 2008

HY07 financial results



- Key contributors to loss include
 - Optimal Services Group (OSG) operating loss of \$1.9m offset by gain on acquisition of \$1.5m
 - Product component failure cost of \$1.5m
 - Restructuring cost of \$0.2m

Group Structure

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Smartcards



- MULTOS operating system
- Applications

Payment Solutions



- Payment terminals
- Applications
- Managed payments
- Retail payments
- Sales & marketing

Customer Service



- Fleet rental
- Install & training
- Service & repair
- Staging & distribution
- Asset management
- Help desk

Business Segment Review

\$'000 AUD

	Revenue		EBIT *	
	Dec-06	Dec-05	Dec-06	Dec-05
Continuing business				
Smartcards	10,204	11,130	(2,082)	(1,156)
Payment solutions	9,743	17,552	(6,818)	(3,850)
Customer services	19,285	25,023	1,372	8,788
Unallocated	-	29	-	-
Total continuing business	39,232	53,734	(7,528)	3,782
Gain on acquisition of OSG	-	-	1,504	-
Group Total - continuing operations	39,232	53,734	(6,024)	3,782

* Segment EBIT includes full corporate cost allocation

Smartcards



Financials \$'000

Smartcards	Dec-06	Dec-05
Revenue	10,204	11,130
EBIT	(2,082)	(1,156)

- Revenue decreased due to declining price and margins
- Business continues to sell into many countries and Keycorp is recognised as a leading brand in the global smart card market
- EMV will continue to drive demand for banking smartcards. Australian & Canadian markets now planning the adoption of EMV cards
- Visa Certification on Keycorp MULTOS widens market opportunities with revenue starting in FY08
- Anticipate growth in Contactless sales worldwide with increased demand for PayPass technology
- Keycorp is well positioned to secure business from smart card ID and banking initiatives in Australia and around the world

Payment Solutions



Financials \$'000

Payment Solutions	Dec-06	Dec-05
Revenue	9,743	17,552
EBIT	(6,818)	(3,850)

- Short term reduction in revenue due to transition to OEM model for terminals
- Invested in terminal agnostic software platform (key differentiator for managed services)
- Costs have been reduced and shift to solutions and services model continues
- EMV and compliance considerations will drive volume in Australia and Canada
- Won new customers – transit in Australia & Canada, Bank of Queensland managed services
- Invested in sales channel in Asia to grow managed services
- The business expects to grow revenues from the integrated POS market in FY08
- Contract negotiations underway on 3 managed services contracts in Australia and overseas

Customer Services



Financials \$'000

Customer Services - Australia	Dec-06	Dec-05
Revenue *	10,855	25,023
EBIT	3,314	8,788

Customer Services - Canada	Dec-06	Dec-05
Revenue	8,430	-
Trading result after depreciation and corporate allocations	(1,942)	-
Gain on acquisition	1,504	-
EBIT	(438)	-

* 2005 sales include terminal sales to Westpac under the managed services agreement of \$20.3m

- Revenue & EBIT from underlying service activities remains strong with Customer Services in Australia showing a profit of \$3.3m
- Integration of OSG business in Canada on track with business transformation underway
- Added Bank of Queensland as a services contract and additional services opportunities in Canada are currently being pursued
- Commenced significant refresh and expansion of Nab EFTPOS fleet

Optimal Services Group (OSG)



- Positions Keycorp as pre-eminent payment solutions & services company in Canada - managed services, POS, retail & high-end technical repairs
- Gives Keycorp the necessary service infrastructure to support a managed payment services model
- Good opportunity to offer managed services to major customers needing to update their terminal fleets to ensure EMV compliance (by end 2008)
- Extends our EFTPOS services model and broadens our reach into systems support for major retailers
- Business has annual turnover equivalent to about A\$35m – 50% greater than current services business in Australia. We expect the business to grow quite significantly from this level
- Majority of restructuring will conclude in first 12 months and business will be profitable by January 2008

Outlook



- The business is working on a number of managed services opportunities in Australia, Canada and Asia. Contracts being negotiated to the value of approximately \$50m
- The business has contracts that will start delivering revenue in the second half
- Large pipeline of opportunities under Telstra co-op agreement
- EMV, Contactless and ID projects in Australia and around the world should deliver strong revenue and profit growth for the Smartcard business
- The transformation to a services and solutions company continues

Guidance

- Expect revenues to be in the vicinity of \$63m in the second half
- Expect EBIT loss of \$3.0m in the second half
- May improve on that result if Keycorp books and ships business which is in the final stage of negotiation

