



A world of  
**difference**

## **UBS Global Life Sciences Conference**

**Stephen P. DeFalco**  
President & Chief Executive Officer  
September 22, 2008



## Safe Harbour Statement & Use of Non-GAAP Measures

This document contains forward-looking statements. Some forward-looking statements may be identified by words like "expects", "anticipates", "plans", "intends", "indicates" or similar expressions. The statements are not a guarantee of future performance and are inherently subject to risks and uncertainties. MDS's actual results could differ materially from those expressed in the forward-looking statements due to these risks and a number of other factors, including, but not limited to, successful implementation of structural changes, including restructuring plans and acquisitions, technical or manufacturing or distribution issues, the competitive environment for MDS's products and services, the degree of market penetration of its products and services, the ability to secure a reliable supply of raw materials, the impact of our clients' exercising rights to cancel certain contracts, the strength of the Canadian and US economies, the impact of the movement of the US dollar relative to other currencies, particularly the Canadian dollar and the euro, uncertainties associated with critical accounting assumptions and estimates, and other factors set forth in reports and other documents filed by MDS with Canadian and US securities regulatory authorities from time to time, including MDS's quarterly and annual MD&A, annual information form, and annual report on Form 40-F for the fiscal year ended October 31, 2007 filed with the Securities & Exchange Commission.

Note that all financial data is now shown on a US GAAP basis. MDS converted to US GAAP reporting with the filing of its 2007 annual report and financial statements on January 29, 2008.

The use of non-GAAP measures including terms such as net revenues, adjusted EBITDA, and adjusted EPS are used to explain the operating performance of the Company. These terms are not defined by GAAP and MDS's use may vary from that of other companies. MDS uses certain non-GAAP measures so that investors and analysts have a better understanding of the significant events and transactions that have had an impact on results or may have an impact on MDS's financial outlook. MDS provides a description of these non-GAAP measures and a reconciliation of these non-GAAP measures for 2007 actual results to GAAP financial results in the MD&A of its 2007 annual report. Where MDS has provided 2008 guidance using non-GAAP measures, these are reconciled to a corresponding measure based on GAAP and reconciliations are available on the MDS website.

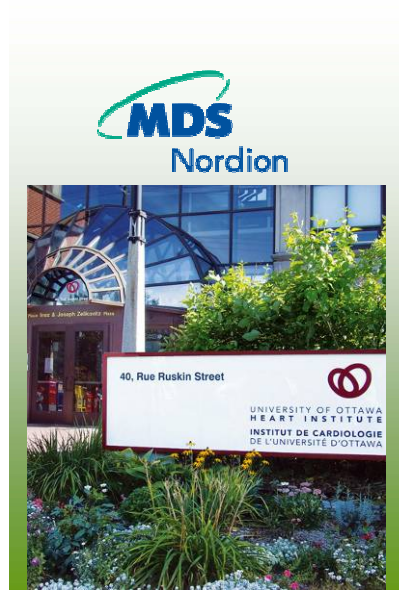
# About MDS

MDS is a global life sciences company that provides market-leading products and services used for the development of drugs and the diagnosis and treatment of disease.

Our customers are the most prestigious researchers in pharmaceutical, biotechnology, government, and academic institutions in the world.

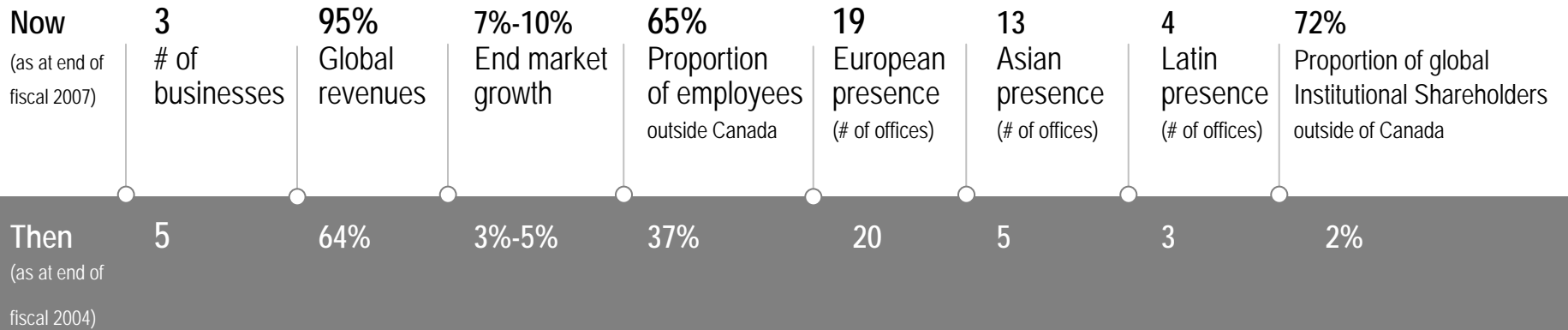


*Science advancing health*

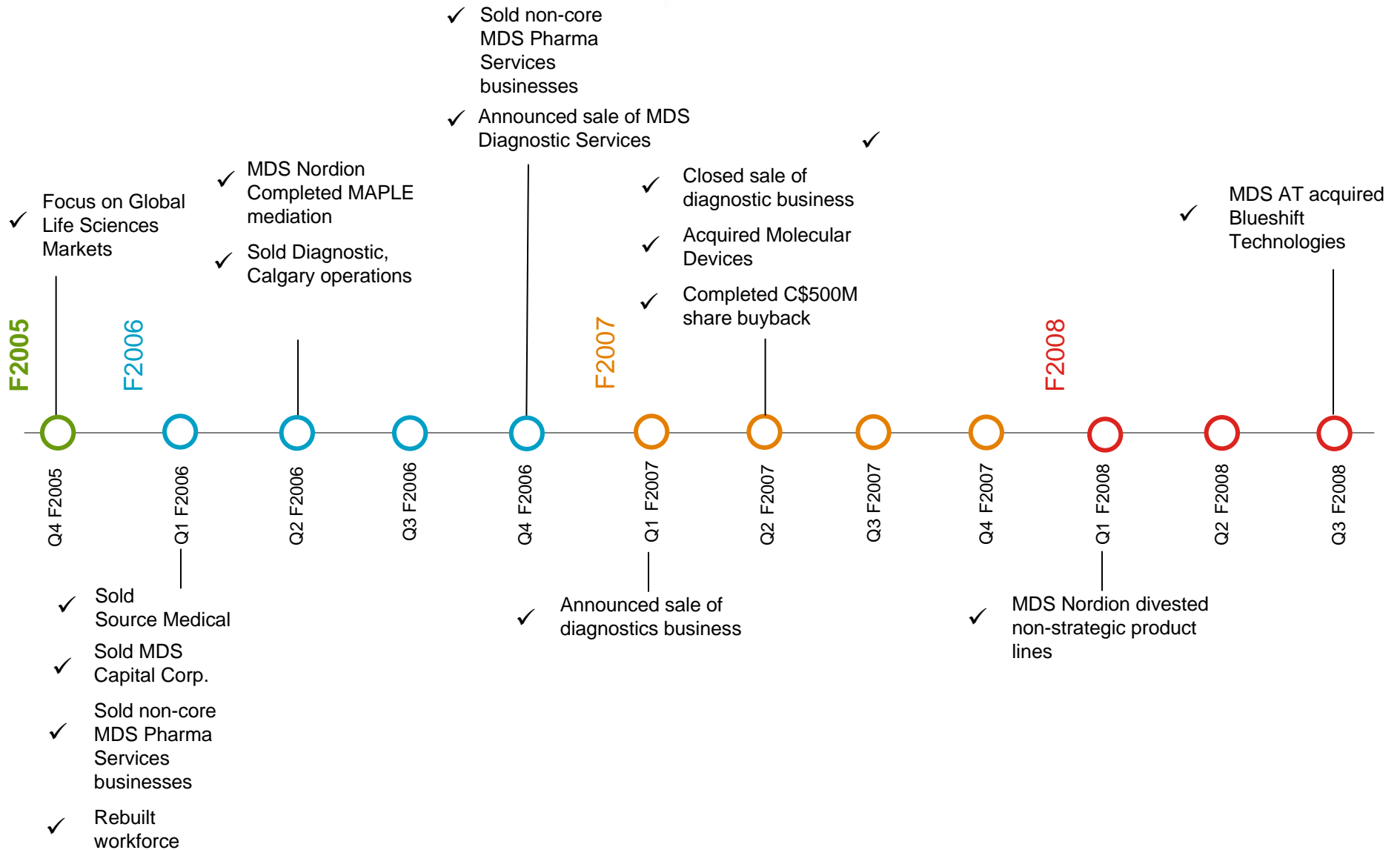


# MDS Then and Now

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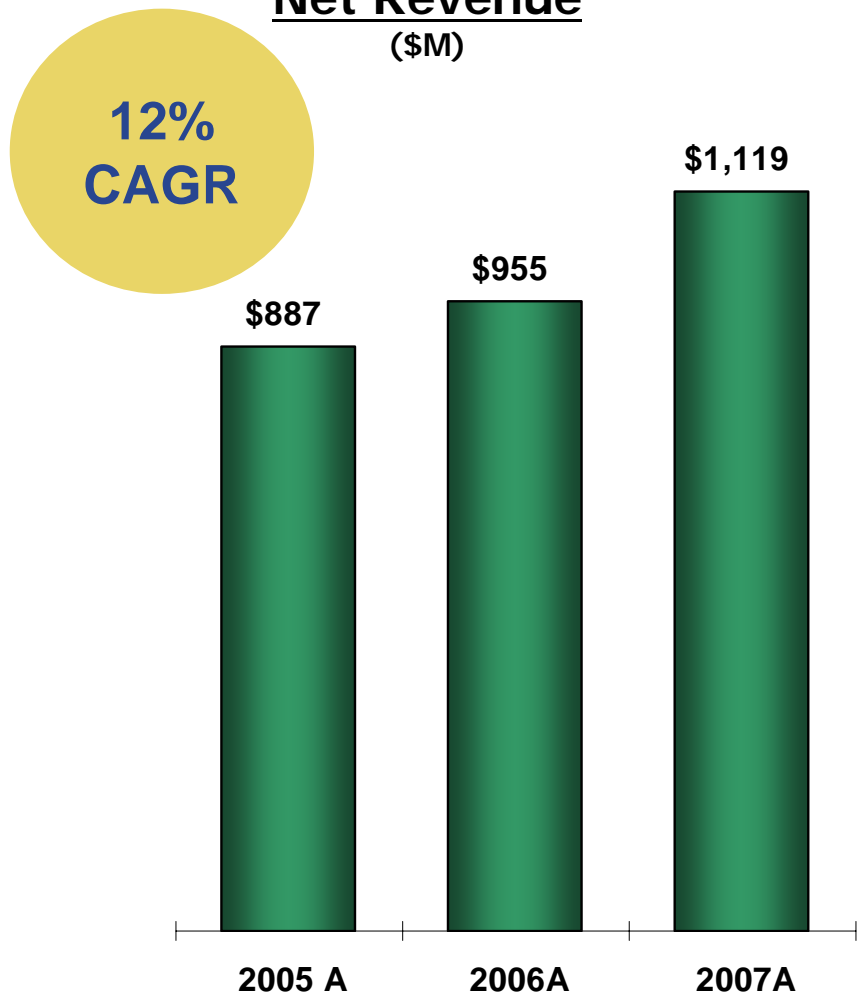
# Proven Track Record of Portfolio Execution



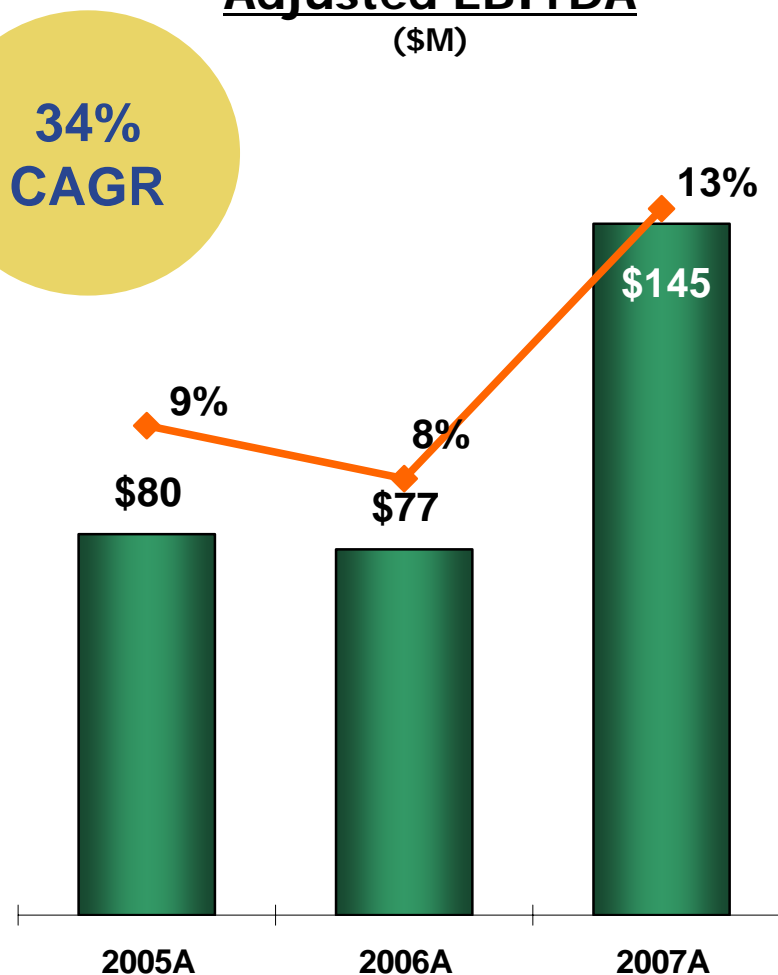
# Financial Trends

(\$ millions)

### Net Revenue (\$M)



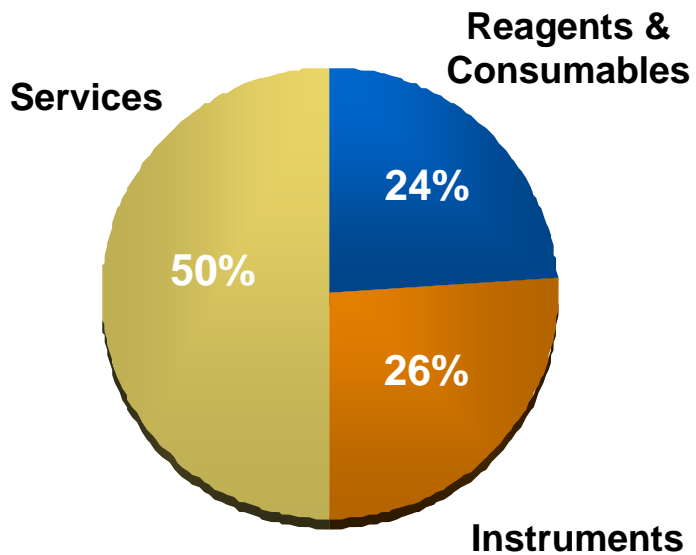
### Adjusted EBITDA (\$M)



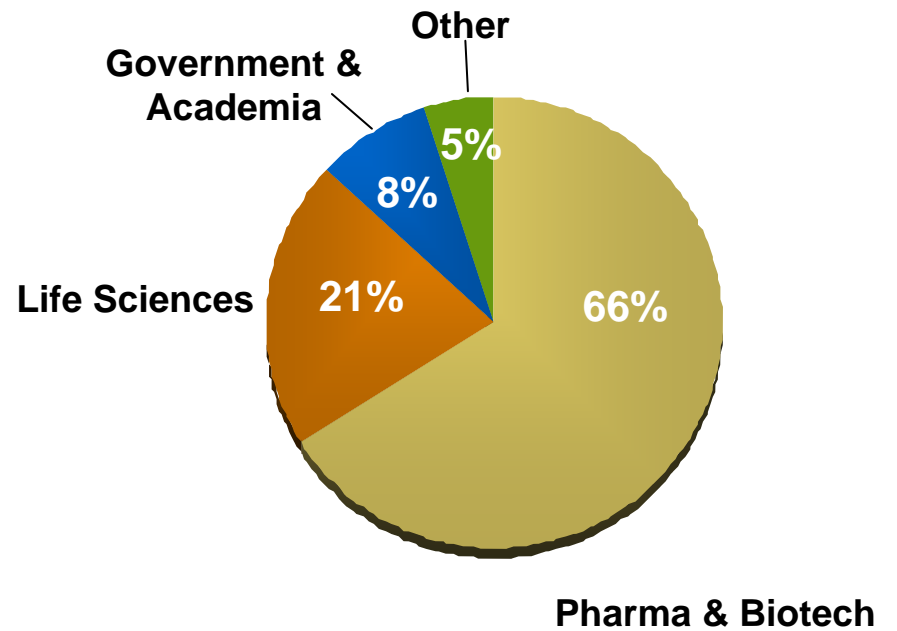
Adjusted EBITDA EBITDA Margin

# MDS Revenue Profile

## Revenue Mix






## Revenue by Client Type

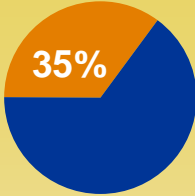
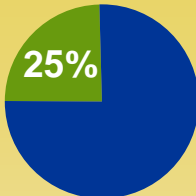
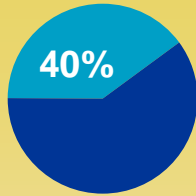


Source: MDS Data



# Business Update

	Challenge	Action
 <p><b>MDS Pharma Services</b></p>	Delayed improvement in profitability at Pharma Services	<ul style="list-style-type: none"><li>• Continued focus on new business wins</li><li>• Accelerate conversion of backlog to revenue</li><li>• Q3 restructuring and expense control</li><li>• Ongoing operational improvements</li></ul>
 <p><b>MDS Nordion</b></p>	Long-term supply of medical isotopes	<ul style="list-style-type: none"><li>• AECL and the Government of Canada have committed to ensuring a stable supply of isotopes from the NRU</li><li>• MDS filed arbitration and lawsuit to address MAPLE situation</li><li>• Beginning to explore alternate long-term isotope supply</li><li>• Continue to deliver strong EBITDA</li></ul>
 <p><b>MDS Analytical Technologies</b></p>	Softness in demand for high-end instruments	<ul style="list-style-type: none"><li>• Continued introduction of new products, software and services</li><li>• Active selling across client organization</li><li>• Expand Asian manufacturing and supply chain</li><li>• Q3 Restructuring and expense control</li></ul>

# Strong Platforms in Attractive Markets

MDS Analytical Technologies	MDS Nordion	MDS Pharma Services
 <p>35% of total net revenues</p>	 <p>25% of total net revenues</p>	 <p>40% of total net revenues</p>
<p><b>Markets</b></p> <ul style="list-style-type: none"> <li>• Life Sciences Mass Spectrometers</li> <li>• Drug Discovery</li> <li>• BioResearch</li> </ul>	<p><b>Markets</b></p> <ul style="list-style-type: none"> <li>• Medical Imaging Isotopes</li> <li>• Radiotherapeutic Products</li> <li>• Sterilization Technologies</li> </ul>	<p><b>Markets</b></p> <ul style="list-style-type: none"> <li>• Early-Stage</li> <li>• Late-Stage</li> </ul>
<p><b>Market Size:</b> \$6 billion</p> <p><b>Market Growth:</b> 6% - 10%</p>	<p><b>Market Size:</b> \$4 billion</p> <p><b>Market Growth:</b> 5% - 7%</p>	<p><b>Market Size:</b> \$15 billion</p> <p><b>Market Growth:</b> 10% - 13%</p>

# MDS Pharma Services

	<b>2007 Revenue: \$477 Million</b>	
	<b>Early Stage: \$254M</b>	<b>Late Stage: \$223M</b>
		
<b>Market Size</b>	<b>\$5 B</b>	<b>\$10 B</b>
<b>Our Position</b>	<b>Top 3</b>	<b>Top 10</b>

## Market Served:

- Pharma
- Biotech
- Generic
- Drug Delivery

## Market Drivers:

- Increased R&D spending
- Biotech growth
- Pharma's increased propensity to outsource
- Globalization of CRO providers

## Market Potential:

10% -13% growth rate overall



# Stronger Global Sales Execution

## Before

- Limited sales strategy setting; limited incentives and focus on new opportunities
- Sales teams selling by location or line of business
- No MDS Pharma Services key accounts
- Limited transparency into sales performance
- Limited sales training

## 2007

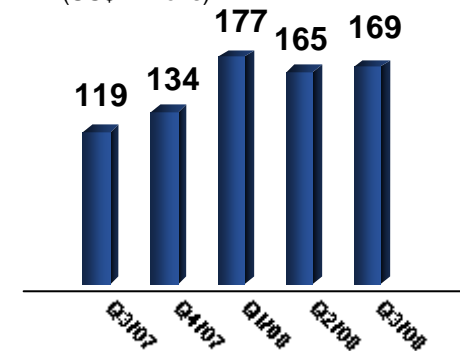
- Redesigned sales force compensation
- Cross-selling with clear early success
- Key account managers against clear cross-line of business account plans
- CRM operational, enabling clear performance tracking
- Sales teams deployed against mapped demand

## 2008

- Robust sales training program raising level of business development quality
- Increased cross-selling emphasis
- Direct integration of sales and marketing to optimize return on marketing investment
- Key account executives developing unique client partnerships (e.g., functional outsourcing, site management)

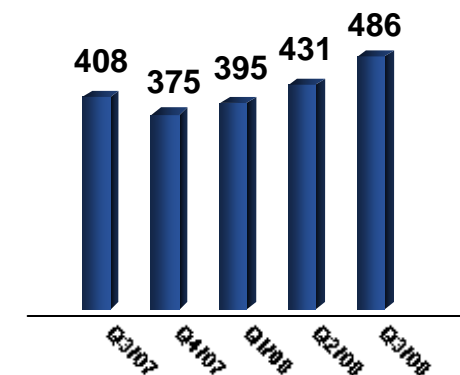
## New Business Wins

(US\$ millions)



## Period-end Backlog

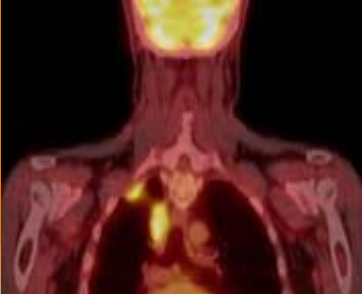


(US\$ millions)



Source: McKinsey, team analysis

Source: MDS Data

# MDS Nordion

2007 Revenue: \$290 Million			
Market Segment	Molecular Imaging	Radiotherapy	Sterilization Technologies
			
Market Size	\$3.5 B	\$0.2 B	\$0.2 B
Our Position	#1 Medical isotopes	#1 Non-Hodgkin's Lymphoma #2 Liver cancer	#1 Sterilization systems

Source: Bio-Tech Systems Inc 2007

## Key Markets:

- Therapeutic Focus - Cardiology, Oncology, Neurology
- Global expansion - Over 50 countries

## Market Drivers:

- Increasing disease incidence and new molecular imaging agents – Coronary artery disease, Cancer, Neurodegenerative disorders
- Penetration of PET/CT and SPECT/CT cameras
- Heightened demand for food safety and alternative sterilization technologies
- Continued demand for sterilized single-use medical devices



# MDS Nordion: Collaborating for Growth

- Enhancing diagnosis and treatment innovation
- Unique capabilities in developing product formulations, increasing production scale, commissioning dedicated manufacturing facilities for the purpose of clinical and commercial supply of promising new radiolabeled drugs



Cell Therapeutics, Inc

- **Treating non-Hodgkin's lymphoma** (Zevalin™)



- **Detecting heart attacks** (Zemiva™ for cardiac ischemia)
- **Diagnosing & treating brain cancer** (Azedra™ for neuroendocrine tumours)



- **Treating brain cancer** (Iotrex™ for glioblastoma multiforme)



- **Diagnosing heart disease** (Cardiogen™ for cardiac perfusion imaging)



- **Treating brain cancer** (Neuradiab™ for glioblastoma multiforme)



- **Diagnosing Alzheimer's** (research to image beta amyloid plaque)



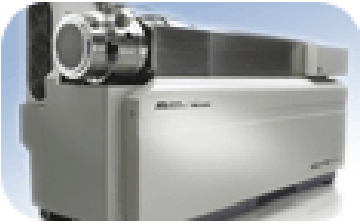


- **Diagnosing Parkinson's disease** (Altropane™)



- **Treating non-Hodgkin's lymphoma** (Bexxar™)

# MDS Analytical Technologies

2007 Revenue: \$352 Million

	Mass Spectrometer	BioResearch	Drug Discovery
			
<b>Market Size</b>	\$2.4 B	\$2.5 B	\$1.6 B
<b>Our Position</b>	Leader	Leader in Segments	Leader in Segments

## Markets Served:

Pharma, Biotech, Life science research, food safety, environmental, clinical research, forensics.

## Market Drivers:

Throughput, sensitivity, regulatory requirements, ease of use, integrated solutions.

## Market Potential:

Growth of 5% -10%

Geographic: India & China

Applications:

Cell-based assays

Label-free detection

Food safety

# MDS Analytical Technologies: Recent Product Launches



## Arcturus XT™

- Laser capture instrument offering researchers improved speed and precision



## MetaMorph® ICS Confocal Microscope

- First of its kind turnkey confocal microscope with ultra-high-speed acquisition



## AquaMax® 2000 and AquaMax® 4000 series microplate washers

- Microplate washer designed for increased reliability, speed and flexibility



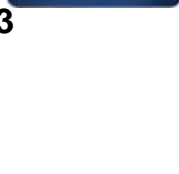
## Neurotransmitter Transporter Uptake Assay Kit

- Breakthrough assay kit to measure uptake of neurotransmitter in live cells



## SpectraMax L

- Microplate reader automated measuring of flash and glow assays with increased reliability, flexibility



## ImageXpress Ultra

- Fully integrated system to capture and analyze images for high throughput cell content screening

## Potassium Ion Channel Reagent Screening Kit

- Sensitive and functional assay to measure potassium channel activity in compound screening and safety profiling of new drugs



## Analyst 1.5 software

- Runs our systems and enables screening of more analytes with greater accuracy and precision



## Discovery Quant Software

- Improves the speed and efficiency in analyzing drug candidates in high-throughput ADME studies



## Cliquant™ Drug Screen and Quant Software

- New software application for greater confidence in test results for forensic investigations

## New food testing method

- A method to specifically identify food contaminants melamine and cyanuric acid

## Protein Pilot™

- Software to augment performance of 4800 Plus MALDI TOF/TOF™ for biomarker research



## FlashQuant™

- First-of-its-kind Mass Spectrometry platform designed to provide 25-fold increase in speed for small molecule quantification

## Amino Acid 20/20™ Analyzer

- New system combining mass spectrometry with unique tagging reagents for amino acid analysis



## LightSight™ Software

- Metabolite identification solution for fast and accurate screening of drug candidates

## Cliquant™ Software

- Microplate data acquisition, analysis, graphing and reporting

# Investment Thesis

- ✓ \$1.2 billion global life sciences company with three strong leading platforms in attractive markets
- ✓ Opportunity for value creation:
  - MDS Analytical Technologies (Sciex/MD combination) represents an enhanced platform for value creation
  - MDS Nordion driving higher organic growth by innovating through collaborations and partnerships
  - MDS Pharma Services striving for accelerated revenue growth and margin expansion
- ✓ Strong balance sheet enables continued investment in growth and selected acquisitions
- ✓ Strong management with a proven track record of execution

A world of  
difference



globalization

+



innovation

+



operational excellence



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