

A world of
difference



MDS First Quarter F2008 Teleconference

MDS Inc.
March 6, 2008



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Kim Lee
Director, Investor Relations
March 6, 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, the degree of market penetration of its products, 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.

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Stephen DeFalco
President & CEO
March 6, 2008



Announced in Q1 2008



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globalization

+



innovation

+



operational excellence

Launched Apollo – a new proprietary study management system providing customers real-time study access anywhere in the world.

Opened new facility in Phoenix, Arizona – Largest state-of-the-art Phase I facility on the US West Coast.

Phase II-IV expansion in Brazil – new office positioned to take advantage of diverse population, abundant healthcare resources and year-round testing opportunities.

Divested two non-core product lines – a key step in executing growth strategy as a leading innovator of molecular medicine.



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Doug Prince
Chief Financial Officer
March 6, 2008



Q1 F2008 Performance



(US\$ millions)	2008	2007	% Change
Total revenues	\$ 322	\$ 264	
Reimbursement revenues	(26)	(23)	
Net revenues	\$ 296	\$ 241	23%
Income for continuing operations	17	-	nm
Income taxes (recovery) expense	(7)	3	
Net interest expense	-	2	
Depreciation and amortization	27	14	
EBITDA	37	19	95%
Restructuring charges, net	-	13	
Acquisition integration and in-process R&D	3	-	
Loss (gain) on sale of asset / investments	2	(2)	
Gain on interest rate swap	(2)	-	
Adjusted EBITDA	\$ 40	\$ 30	33%
Adjusted EBITDA margin	14%	12%	

nm = not meaningful



Q1 F2008 Performance



	Net income		Earnings per share	
	2008 (US\$ million)	2007	2008 (US\$/share)	2007
From continuing operations - as reported	\$ 17	\$ -	\$ 0.14	\$ -
Adjusted for - after tax				
Restructuring charges, net	-	11	-	0.08
Acquisition integration and in-process R&D	2	-	0.02	-
Gain on sale of business and long-term investments	-	(1)	-	(0.01)
Gain on interest rate swaps	(2)	-	(0.02)	-
Tax rate changes	(11)	-	(0.09)	-
Adjusted	\$ 6	\$ 10	\$ 0.05	\$ 0.07



Q1 F2008 – MDS Pharma Services



(US\$ millions)	2008	2007	% Change
Early-Stage	63	66	-5%
Late-Stage	57	55	4%
Net revenues	\$ 120	\$ 121	-1%
Reimbursement revenues	26	23	
Total revenues	\$ 146	\$ 144	
Operating loss	(1)	(15)	nm
Adjustments			
Restructuring charges - net	-	8	
Gain on settlement	(2)	-	
Depreciation and amortization	9	8	
Adjusted EBITDA	\$ 6	\$ 1	500%
Margins			
Gross	27%	26%	
Adjusted EBITDA	5%	1%	
Capital expenditures	\$ 6	\$ 2	

nm = not meaningful



Q1 F2008 – MDS Nordion



(US\$ millions)	2008	2007	% Change
Product revenues	59	67	
Service revenues	1	-	
Net revenues	\$ 60	\$ 67	-10%
Operating income	4	17	-76%
Adjustments			
Loss on sale of business	4	-	
Depreciation and amortization	3	3	
Adjusted EBITDA	\$ 11	\$ 20	-45%
Margins			
Gross	43%	47%	
Adjusted EBITDA	18%	30%	
Capital expenditures	\$ 3	\$ 1	



Q1 F2008 – MDS Analytical Technologies



(US\$ millions)	2008	2007	% Change
Product revenues	92	38	
Service revenues	24	15	
Net revenues	\$ 116	\$ 53	119%
Operating loss	\$ (5)	\$ (5)	0%
Adjustments			
Acquisition integration and in-process R&D	3	-	
Equity earnings	14	14	
Depreciation and amortization	15	3	
Adjusted EBITDA	\$ 27	\$ 12	125%
Margins			
Gross	44%	30%	
Adjusted EBITDA	23%	23%	
Capital expenditures	\$ 2	\$ 3	



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