

A world of
difference



MDS Second Quarter F2008 Teleconference

MDS Inc.
June 5, 2008



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Kim Lee
Senior Director, Investor Relations
June 5, 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
June 5, 2008



Announced in Q2 2008



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globalization

+



innovation

+



operational excellence

Continued to attract talent – Welcomed Dr. Peter Covitz to lead innovation at MDS Nordion, Teresa Winslow to drive global revenue growth at MDS Pharma Services, and Jim Miskel to MDS Pharma Services to lead strategy and corporate development.

Launched Arcturus XT – next generation laser capture microdissection instrument that offers researchers improved speed, precision and flexibility for microdissection experiments.

Completed divestiture of 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
June 5, 2008



Q2 F2008 Performance

(US\$ millions)	2008	2007	% Change
Total revenues	\$ 350	\$ 286	
Reimbursement revenues	(24)	(23)	
Net revenues	\$ 326	\$ 263	24%
Income for continuing operations	11	(55)	nm
Income taxes (recovery) expense	5	(27)	
Net interest expense	2	(2)	
Mark-to-market on interest rate swaps	-	(1)	
Depreciation and amortization	23	18	
EBITDA	41	(67)	nm
Restructuring charges, net	1	25	
Valuation provisions	3	6	
Loss on sale of asset / investments	-	3	
Provision for FDA-related costs	(10)	61	
Acquisition integration	(1)	3	
Adjusted EBITDA	\$ 34	\$ 31	10%
Adjusted EBITDA margin	10%	12%	

nm = not meaningful



Q2 F2008 Performance

	Net income		Earnings per share	
	2008 (US\$ million)	2007	2008 (US\$/share)	2007
From continuing operations - as reported	\$ 11	\$ (55)	\$ 0.09	\$ (0.40)
Adjusted for - after tax				
Restructuring charges, net	1	21	0.01	0.15
FDA-related provision	(7)	40	(0.06)	0.29
Valuation provisions	3	5	0.03	0.04
MAPLE investment tax credits	-	(2)	-	(0.02)
Loss on sale of asset / investments	-	4	-	0.03
Acquisition integration	(1)	2	(0.01)	0.02
Adjusted	\$ 7	\$ 15	\$ 0.06	\$ 0.11



Q2 F2008 – MDS Pharma Services



(US\$ millions)	2008	2007	% Change
Early-Stage	68	60	13%
Late-Stage	60	55	9%
Net revenues	\$ 128	\$ 115	11%
Reimbursement revenues	24	23	
Total revenues	\$ 152	\$ 138	
Operating loss	-	(98)	nm
Adjustments			
Provision for FDA-related costs	(10)	61	
Restructuring charges	1	23	
Loss on sale of business	-	4	
Depreciation and amortization	8	10	
Adjusted EBITDA	\$ (1)	\$ -	nm
Margins			
Gross	26%	30%	
Adjusted EBITDA	-1%	0%	
Capital expenditures	\$ 9	\$ 5	

nm = not meaningful



Q2 F2008 – MDS Nordion



(US\$ millions)	2008	2007	% Change
Product revenues	76	67	
Service revenues	4	4	
Net revenues	\$ 80	\$ 71	13%
Operating income	21	20	5%
Adjustments			
Loss on sale of business	-	(1)	
Depreciation and amortization	3	3	
Adjusted EBITDA	\$ 24	\$ 22	9%
Margins			
Gross	45%	50%	
Adjusted EBITDA	30%	31%	
Capital expenditures	\$ 3	\$ 1	



Q2 F2008 – MDS Analytical Technologies



(US\$ millions)	2008	2007	% Change
Product revenues	93	62	
Service revenues	25	15	
Net revenues	\$ 118	\$ 77	53%
Operating loss	\$ (4)	\$ (3)	nm
Adjustments			
Equity earnings	10	11	
Acquisition integration	(1)	3	
Depreciation and amortization	12	4	
Adjusted EBITDA	\$ 17	\$ 15	13%
Margins			
Gross	42%	36%	
Adjusted EBITDA	14%	19%	
Capital expenditures	\$ 1	\$ 1	

nm = not meaningful



F2008 Revised Guidance



US\$ million except earnings per share	2007A	Guidance	
		Previous 2008	Revised 2008
Total Revenues	1,210	1,350 - 1,410	1,350 - 1,400
Net Revenue	1,119	1,250 - 1,300	1,250 - 1,290
Adjusted EBITDA	145	175 - 185	160 - 170
Adjusted EPS	0.34	0.37 - 0.43	0.27 - 0.33
Income (loss) from continuing operations	(33)	55 - 65	45 - 55
Basic EPS	(0.25)	0.45 - 0.53	0.37 - 0.45
Capital expenditures	71	65 - 75	60 - 70
Effective tax rate	41%	0% - 10%	10% - 20%



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