



MDS Third Quarter F2009
Teleconference

MDS Inc.
September 10, 2009



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Kim Lee
Senior Director, Investor Relations
September 10, 2009



Caution Regarding Forward Looking Statements



This document contains forward-looking statements, including statements with respect to the impact of the proposed sale of MDS Analytical Technologies on the Company's operations and financial results, the strategy of the continuing businesses, the proposed use of proceeds from the sale of MDS Analytical Technologies, if completed, the Company's intention to sell other assets of the Company, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words "may", "could", "should", "would", "suspect", "outlook", "believe", "plan", "anticipate", "estimate", "expect", "intend", "forecast", "objective", "optimistic", and words and expressions of similar import, are intended to identify forward-looking statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, which give rise to the possibility that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause our actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to: management of operational risks; the strength of the global economy, in particular the economies of Canada, the U.S., the European Union, Asia, and the other countries in which we conduct business; the stability of global equity markets; our ability to complete the proposed sale of MDS Analytical Technologies and the intended sale of MDS Pharma Services in a timely manner, or at all; our ability to retain customers as a result of any perceived uncertainty relating to the proposed sale of MDS Analytical Technologies and the intended sale of MDS Pharma Services; the fact that our operations will be substantially reduced as a result of the proposed sale of MDS Analytical Technologies and the intended sale of MDS Pharma Services; our likely need to negotiate a new credit agreement which may not be on terms favourable to us; liabilities that we will retain of businesses sold; our ability to complete other strategic transactions and to execute them successfully; our ability to remain in compliance with our senior unsecured notes and credit facilities covenants; our ability to secure a reliable supply of raw materials, particularly cobalt and critical medical isotopes; the impact of the movement of certain currencies relative to other currencies, particularly the U.S. dollar, Canadian dollar and the Euro; changes in interest rates in Canada, the U.S., and elsewhere; the effects of competition in the markets in which we operate; the timing and technological advancement of new products introduced by us or by our competitors; our ability to manage our research and development; the impact of changes in laws, trade policies and regulations, and enforcement thereof; regulatory actions; judicial judgments and legal proceedings; our ability to maintain adequate insurance; our ability to successfully realign our organization, resources and processes; our ability to retain key personnel; our ability to have continued and uninterrupted performance of our information technology systems; our ability to compete effectively; the risk of environmental liabilities; our ability to maintain effectiveness of our clinical trials; new accounting standards that impact the methods we use to report our financial condition; uncertainties associated with critical accounting assumptions and estimates; the possible impact on our businesses from third-party special interest groups, certain of our employees subject to collective-bargaining, environmental and other regulations; natural disasters, public-health emergencies and pandemics; international conflicts and other developments including those relating to terrorism; other risk factors described in section 3.10 of our AIF; and our success in anticipating and managing these risks.



Use of Non-GAAP Measures



In addition to measures based on U.S. Generally Accepted Accounting Principles (GAAP) used in this MD&A, the following terms are also used: adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA); adjusted EBITDA margin; adjusted earnings per share; operating working capital; and net revenue. These terms are not defined by GAAP and our use of such terms may vary from that of other companies. In addition, measurement of growth is not defined by GAAP and our use of growth may vary from that of other companies. Where relevant, and particularly for earnings-based measures, we provide tables in this document that reconcile the non-GAAP measures used to amounts reported on the face of the consolidated financial statements. Our executive management team assesses the performance of our businesses based on a review of results comprising GAAP measures and these non-GAAP measures. We also report on our performance to the Company's Board of Directors based on these GAAP and non-GAAP measures. In fiscal 2009, net revenues, adjusted EBITDA, and operating working capital are the primary metrics for our annual incentive compensation plan for senior management. In fiscal 2008, adjusted EBITDA and operating working capital were the primary metrics for our annual incentive compensation plan for senior management. We provide this non-GAAP detail so that readers have a better understanding of the significant events and transactions that have had an impact on our results, and so that these events and transactions can be viewed from our management's perspective.





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Stephen P. DeFalco
President & CEO
September 10, 2009



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Doug Prince
Chief Financial Officer
September 10, 2009



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(US\$ millions)	2009	2008	% Change
		(restated)	
Total revenues	\$ 199	\$ 252	
Reimbursement revenues	(7)	(8)	
Net revenues	\$ 192	\$ 244	(21%)
(Loss) Income from continuing operations	(48)	(5)	nm
Income taxes expense	1	2	
Interest expense, net	3	2	
Depreciation and amortization	21	23	
EBITDA	(23)	22	(205%)
Restructuring charges, net	5	8	
Impairment of property, plant and equipment, net	7	11	
Change in FDA estimate	(7)	-	
Impairment of goodwill	25	-	
Loss on sale of business	-	1	
Acquisition integration	1	-	
Adjusted EBITDA	\$ 8	\$ 42	(81%)
Adjusted EBITDA margin	4%	17%	



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	Net income		Earnings per share	
	(US\$ million)		(US\$/share)	
	2009	2008	2009	2008
		(restated)		(restated)
Loss from continuing operations - as reported	\$ (48)	\$ (5)	\$ (0.40)	\$ (0.04)
Adjusted for - after tax				
Restructuring charges, net	3	5	0.03	0.04
Impairment of property, plant and equipment, net	5	8	0.04	0.06
Change in FDA estimate	(5)	-	(0.04)	-
Impairment of goodwill	25	-	0.21	-
Acquisition integration	1	-	0.01	-
Loss on sale of business	-	1	-	0.01
Adjusted (Loss) Income from continuing operations	\$ (19)	\$ 9	\$ (0.15)	\$ 0.07



Q3 F2009 – MDS Pharma Services



(US\$ millions)	2009	2008	% Change
		(restated)	
Net revenues (Early Stage)	\$ 49	\$ 68	(28%)
Reimbursement revenues	7	8	
Total revenues	\$ 56	\$ 76	(26%)
Adjusted EBITDA	\$ (14)	\$ 1	nm
Adjusted EBITDA Margin	(29%)	1%	



Q3 F2009 – MDS Nordion



(US\$ millions)	2009	2008	% Change
Revenues	\$ 49	\$ 72	(32%)
Adjusted EBITDA	\$ 21	\$ 23	(9%)
Adjusted EBITDA Margin	43%	32%	



Q3 F2009 – MDS Analytical Technologies



(US\$ millions)	2009	2008	% Change
Revenues	\$ 94	\$ 104	(10%)
Adjusted EBITDA	\$ 13	\$ 21	(38%)
Adjusted EBITDA margin	14%	20%	



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