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## **MDS Fourth Quarter F2008 Teleconference**

**MDS Inc.**

December 17, 2008



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## **MDS Fourth Quarter F2008 Teleconference**

**Kim Lee**

Senior Director, Investor Relations

December 17, 2008



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# 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 global economy, the stability of global equity markets, the availability and cost of financing, the impact of the movement of the U.S. 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 U.S. 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.

Also note that all financial data is now shown on a U.S. GAAP basis. MDS converted to U.S. 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 revenue, adjusted EBITDA, adjusted EPS, new orders and backlog 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.



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## **MDS Fourth Quarter F2008 Teleconference**

**Stephen DeFalco**  
President & CEO  
December 17, 2008





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## **MDS Fourth Quarter F2008 Teleconference**

**Doug Prince**  
Chief Financial Officer  
December 17, 2008

# Q4 F2008 MDS Inc.



## Preliminary and Unaudited

Results excluding the estimated \$270 - \$370 million write-down of MDS Pharma Services goodwill

(US\$ millions)	2008	2007	% Change
<b>Total revenues</b>	\$ 322	\$ 327	
Reimbursement revenues	(27)	(20)	
<b>Net revenues</b>	\$ 295	\$ 307	(4%)
<b>Income (loss) from continuing operations<sup>1</sup></b>	(255)	17	NM
Income taxes (recovery) expense	(89)	1	
Net interest expense	3	(3)	
Mark-to-market on interest rate swaps	-	(1)	
Depreciation and amortization	25	23	
<b>EBITDA</b>	(316)	37	(954%)
Restructuring charges, net	2	(4)	
Asset Impairment	-	-	
Valuation provisions	8	2	
Loss on sale of business / investments	-	(5)	
Acquisition integration	2	5	
MAPLE write-offs	341	-	
<b>Adjusted EBITDA</b>	\$ 37	\$ 35	6%
<b>Adjusted EBITDA margin</b>	13%	11%	

<sup>1</sup>Subject to finalization of MDS Pharma Services goodwill impairment charge

# Q4 F2008 MDS Inc.



## Preliminary and Unaudited

Results excluding the estimated \$270 - \$370 million write-down of MDS Pharma Services goodwill

	Net income		Earnings per share	
	2008	2007	2008	2007
	(US\$ million)		(US\$/share)	
<b>From continuing operations - as reported<sup>1</sup></b>	\$ (255)	\$ 17	\$ (2.11)	\$ 0.14
Adjusted for - after tax				
Restructuring charges, net	1	(2)	0.01	(0.02)
Valuation provisions	8	1	0.07	0.01
Mark-to-market on interest rate swaps	-	(1)	-	(0.01)
Loss on sale of business and long-term investments	-	(5)	-	(0.04)
Acquisition integration	2	2	0.02	0.02
MAPLE write-off and forgiveness of debt	246	-	2.03	-
<b>Adjusted</b>	\$ 2	\$ 12	\$ 0.02	\$ 0.10

<sup>1</sup>Subject to finalization of MDS Pharma Services goodwill impairment charge

# Q4 F2008 – MDS Pharma Services



(US\$ millions)	2008	2007	% Change
Early-Stage	65	66	(2%)
Late-Stage	47	57	(18%)
<b>Net revenues</b>	<b>\$ 112</b>	<b>\$ 123</b>	<b>(9%)</b>
Reimbursement revenues	27	20	
<b>Total revenues</b>	<b>\$ 139</b>	<b>\$ 143</b>	
<b>Adjusted EBITDA</b>	<b>\$ 8</b>	<b>\$ 1</b>	<b>700%</b>
<b>Margin</b>	<b>7%</b>	<b>1%</b>	

# Q4 F2008 – MDS Nordion



(US\$ millions)

	2008	2007	% Change
<b>Revenues</b>	\$ 84	\$ 76	11%
<b>Adjusted EBITDA</b>	\$ 21	\$ 20	5%
<b>Margins</b>	25%	26%	

# Q4 F2008 – MDS Analytical Technologies



(US\$ millions)	2008	2007	% Change
<b>Revenues</b>	\$ 99	\$ 108	(8%)
<b>Adjusted EBITDA</b>	\$ 17	\$ 27	(37%)
<b>Margins</b>	17%	25%	



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