



The pharmaceutical industry's only publicly traded, globally integrated provider of development and manufacturing services.



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Why Patheon?

- Leading participant in the growing contract development and manufacturing market segments.
- Positioned as a preferred vendor for the pharma industry.
- Proven management team.
- Only publicly traded, pure play CMO (TSX: PTI).
 - Over 125m shares outstanding.
 - JLL Partners, a major private equity firm, owns 57%.
 - Remaining stock widely held.
- Strong capital structure with long-term debt maturities.
- Well positioned for market recovery.



History

- Started as a Canadian company in 1974.
 - listed on TSX in 1993.
- Grew by acquisition of legacy Pharma sites
 - Aventis, Roche, Novartis heritage.
- PDS business model initiated in 2001.
- MOVA acquisition in 2004.
- JLL investment in 2007.
- New management team.



Management Team

- Majority of management team joined Patheon during 2008-2009.
- Drawn from wide range of major Pharma companies.
- New team has cascaded staffing changes throughout the organization.



Bristol-Myers Squibb



GlaxoSmithKline



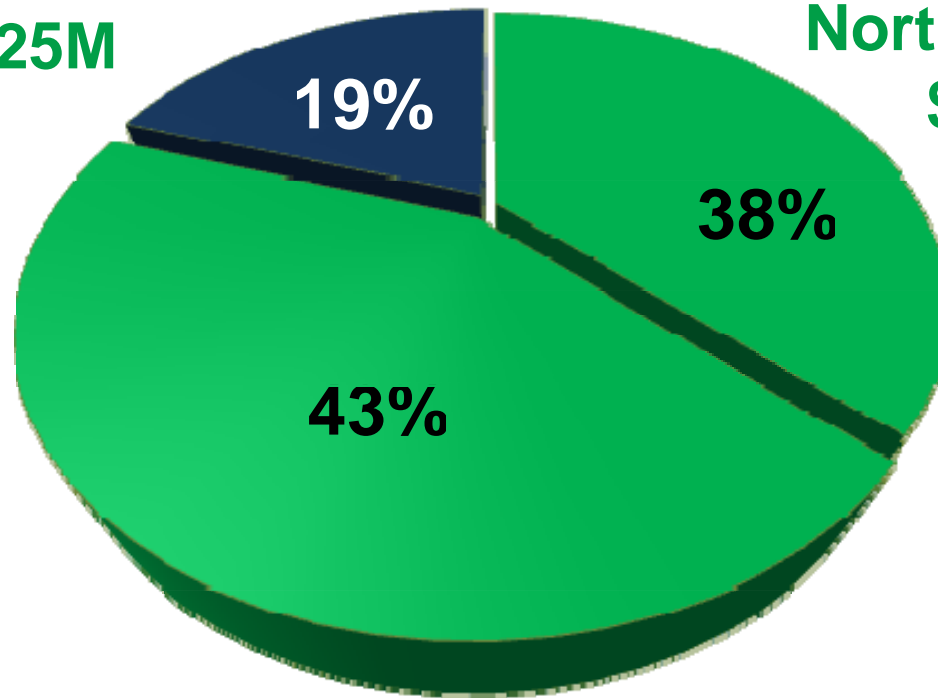
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One Company - Two Businesses

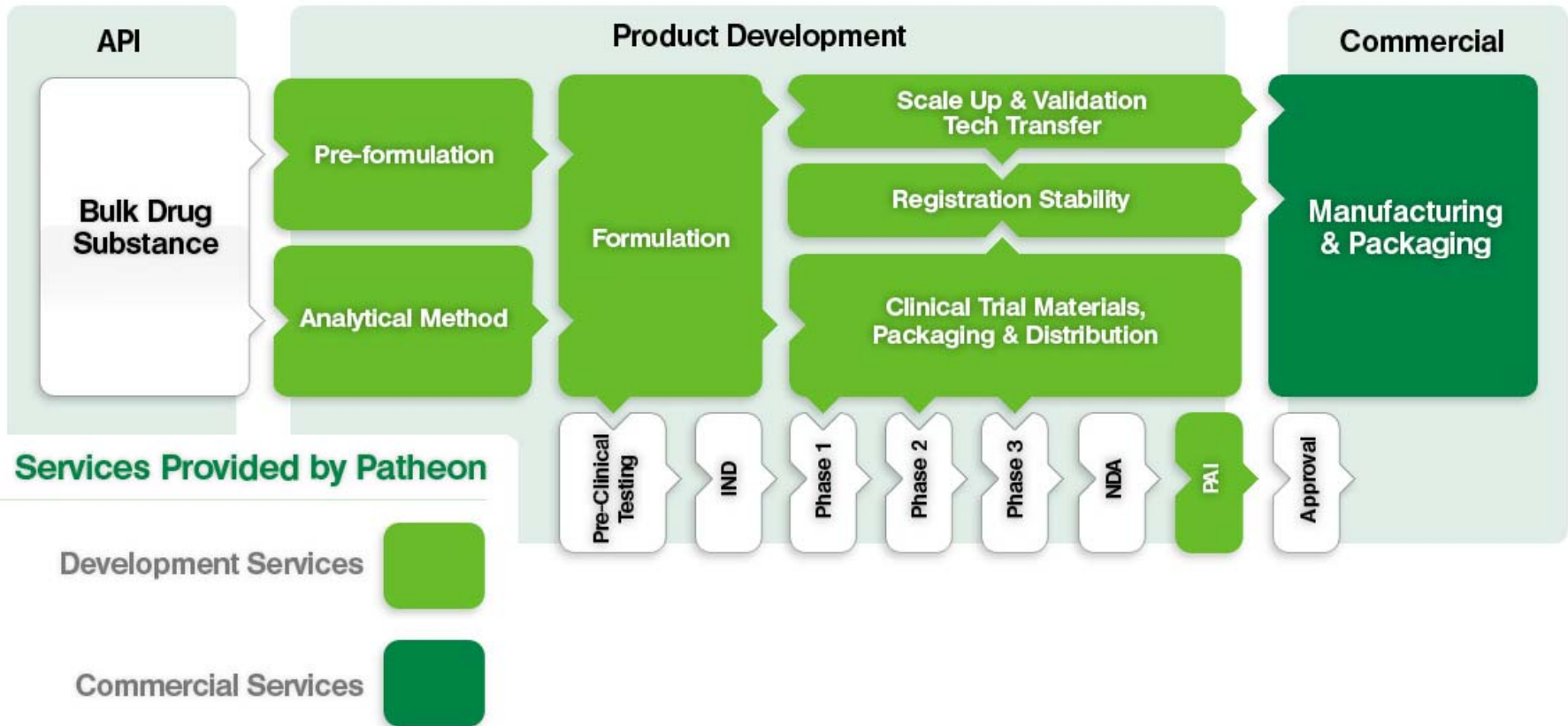
**Pharmaceutical
Development Services**
\$125M

**Commercial
North America**
\$249M



Commercial Europe
\$281M

Our Wide Range of Services Sets Us Apart



Capabilities

- Over 1,000 scientists and support staff, *including more than 100 PhDs.*
- Over 250,000 ft² of development space, *with more than 300 projects in the development process, and over 40 dosage forms.*
- Development centers in Europe and North America *have developed 7 of today's top 200 prescription drugs, and 11 of the "100 Great Investigational Drugs."*
- Over 4,400 employees worldwide in 3,000,000 ft² of commercial space *manufacturing 25 of the top 200 prescription drugs.*
- Approximately 300 products and over 2200 SKUs *delivered to over 120 countries worldwide.*



Pharmaceutical Development Services

- 4th largest contract development company.
- 10% market share.
- >600 scientists and support staff.
 - including >100 PhDs.
- More than 40 dosage forms and 300 development projects.
- Serves as a pipeline for the commercial business at Patheon.



Seven of today's top 200 prescription drugs were developed by Patheon.

Contract Manufacturing

- Second largest global CMO.
- 6% market share.
- Produce ~300 products and >2200 SKUs.
- Full spectrum of pharmaceuticals.
 - Sterile, liquid and lyo.
 - Peptides, proteins, MABs.
 - Tabs, caps, bi-layer, fast melt.
 - Semi-solids, nasal sprays.



Second in a \$10 Billion Industry

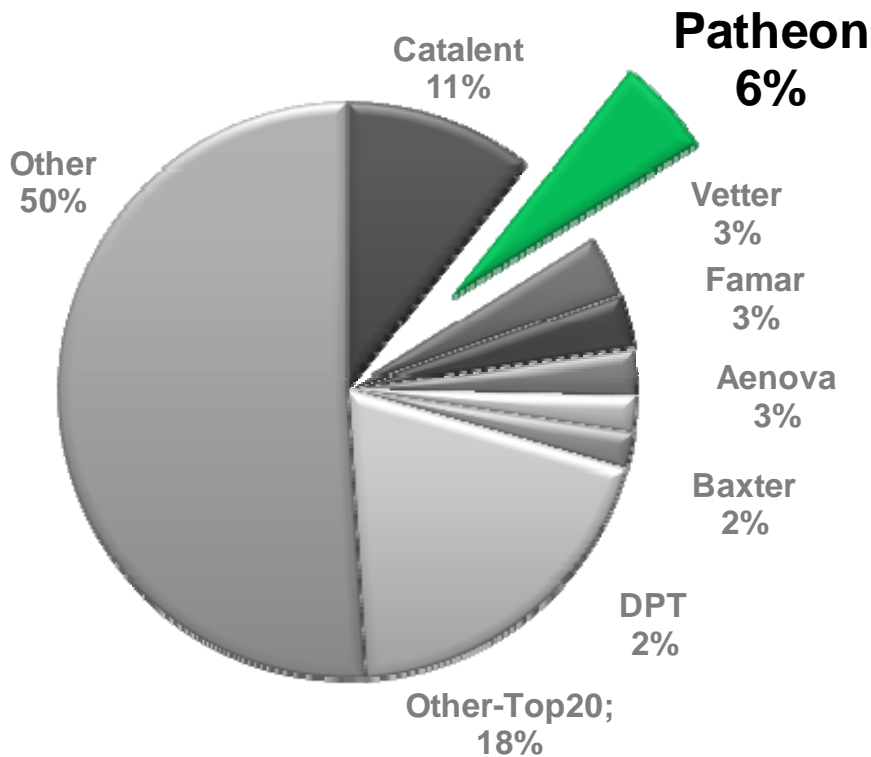
Top 15 CMOs		Revenues (USD millions)			
Company	Sites	Total	Inject	Solid/ Semi/Liq	Other
Catalent	NA, EU, Asia, SA	1,340	200	250	890
PATHEON	NA, EU	717	150	567	
Vetter	EU	405	405		
Baxter	NA, EU	400	400		
Famar	EU	368	75	368	
Aenova	EU, NA	294		69	225
Fareva	EU	294	60	214	20
Haupt	EU, Asia	265	60	205	
DPT	NA	250		250	
Recipharm	EU	219	55	149	15
Nextpharma	EU	213	60	153	
Hospira	NA, EU, Asia	200	175	25	
DSM	NA	200	100	100	
BI (inc.BV)	NA, EU	178	100	78	
Jubilant	NA	113	88	25	

Source: PharmSource. Based on 2008 data.

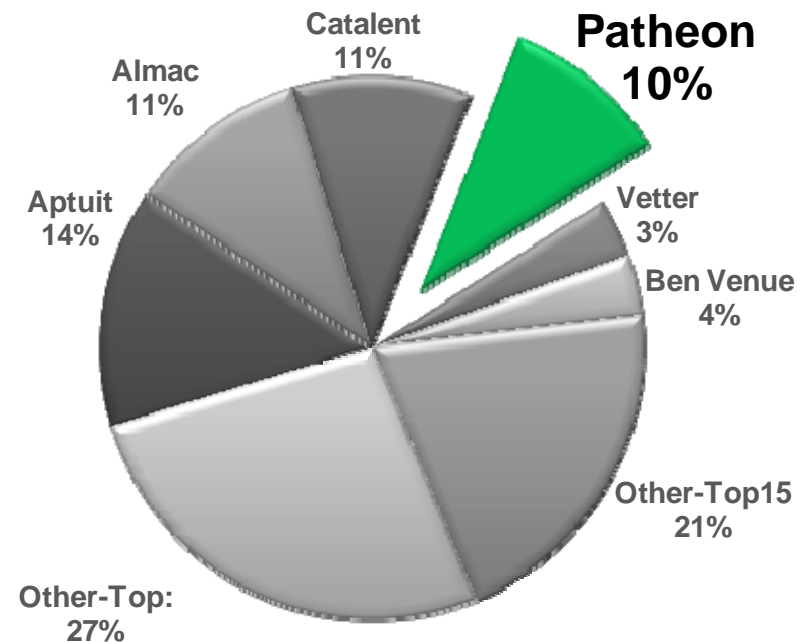


Market Positions

Contract Manufacturing Market: Key Competitors



Contract Development Market: Key Competitors



Source: Campbell Alliance estimates and customer interviews conducted July 2008. Note that the interview results contained in this document are largely of a qualitative nature.

Commercial Capacity

- Over 3,800 employees worldwide.
- 3 million ft² commercial space.
 - 55% utilized.
- Manufacturing 25 of the top 200 prescription drugs.
 - Including ~300 products and >2200 SKUs.
 - Delivered to >120 countries worldwide.



Our Global Reach



Whilby
Commercial & Development



Toronto
Commercial & Development



Burlington
Commercial



Cincinnati
Commercial & Development



RTP Lab
Development



Research Triangle Park
US Headquarters



Caguas
Commercial



Manati
Commercial



A network of **16** locations around the world, including **11 Commercial facilities & 8 Development centers**



Swindon
Commercial & Development



Milton Park
Development



Zug
Pfizer Headquarters



Tokyo
Sales Office



Bourgoin-Jallieu
Commercial



BSP Pharmaceuticals
Commercial and Development



Ferentino
Commercial & Development



Monza
Commercial

The Industry Trusts Patheon

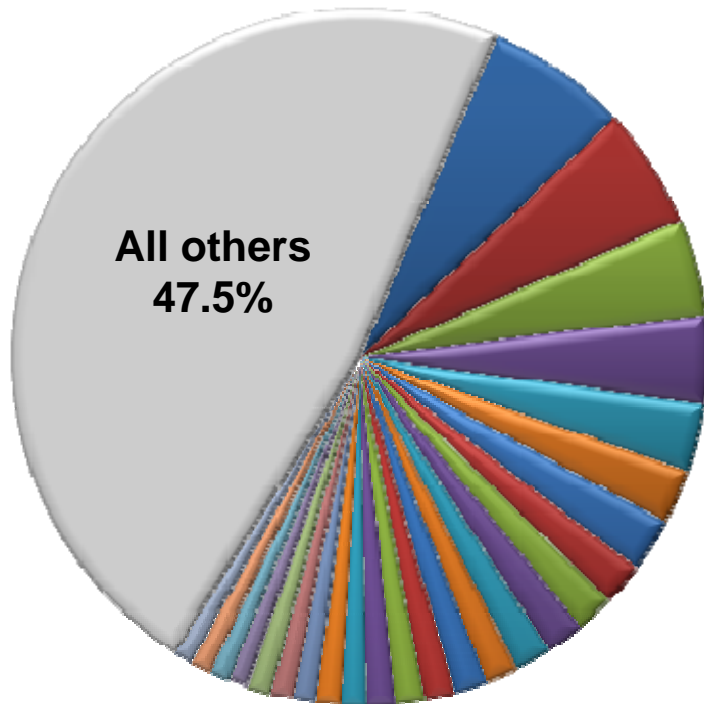
Large Pharma

Specialty Pharma & Biotechs



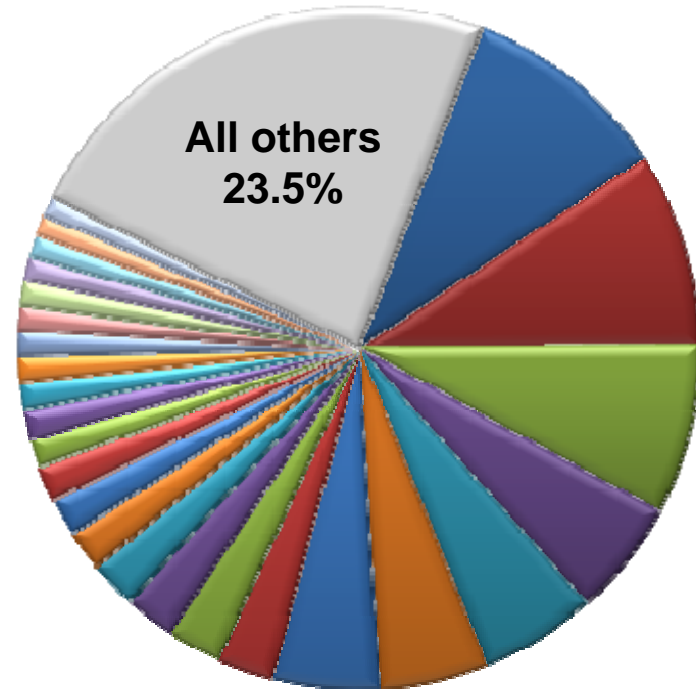
Business is Well Diversified

Top 25 Products



Largest product family – 6.7%

Top 25 Customers

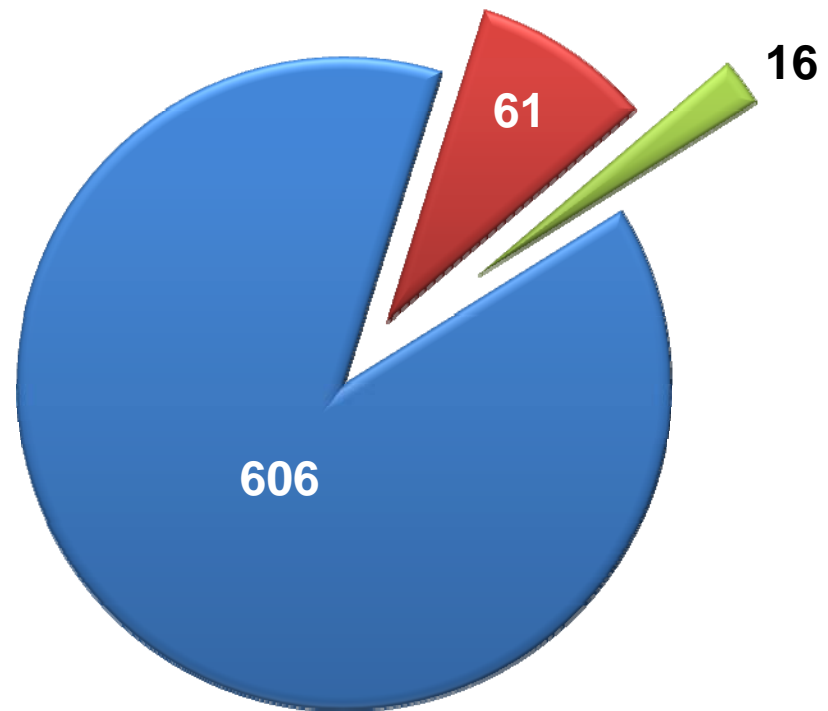


Largest customer – 9.9%

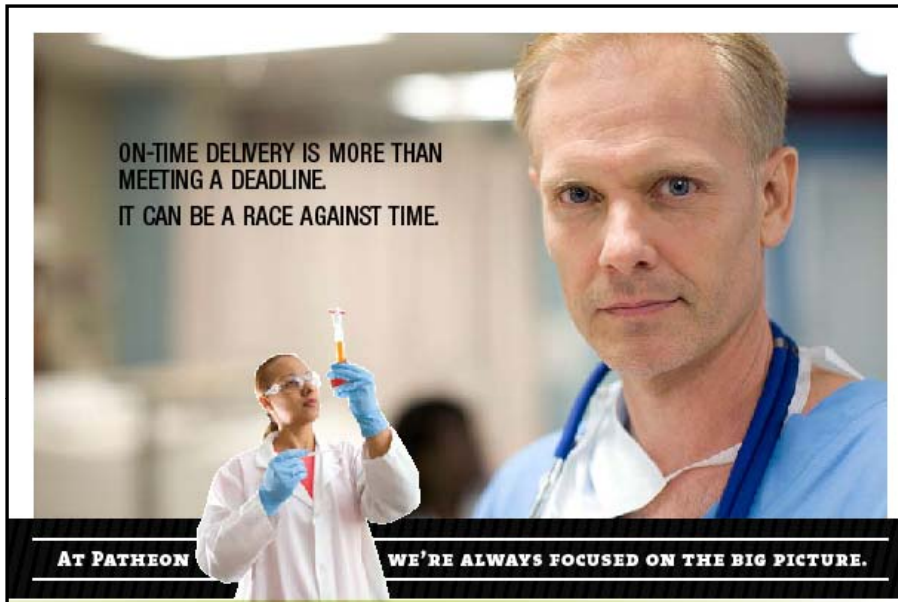
Quality Record is Unmatched

- Since 2007 Patheon sites have been inspected a total of 667 times.
- Of the 61 regulatory agency inspections, 16 were completed with **ZERO** observations.
- Patheon averages 4.7 inspections or audits/week.
- A total of 15 Pre-Approval Inspections have been waived since 2007.

667 Total Inspections and Audits



We Guarantee our Performance



ON-TIME DELIVERY IS MORE THAN
MEETING A DEADLINE.
IT CAN BE A RACE AGAINST TIME.

AT PATHEON

WE'RE ALWAYS FOCUSED ON THE BIG PICTURE.

CURRENT KPIs

On-Time
Delivery at **94%**

Batches Right
First Time at **92%**

2009 monthly average through July (all sites)

Patheon
Performance
GUARANTEE

With an On-Time Delivery average of 94%, we give you the security of knowing your products are where they need to be, when they need to be there.

For Patheon, our job is about more than just manufacturing drugs, it's about making a real difference in the lives of the people who need the products we make. That's why we're so committed to being the Contract Manufacturer with the best performance in the industry: in 2009 our Batches Right First Time average has been 92% and our On-Time Delivery average is an industry-leading 94%. These are impressive statistics, but at Patheon we never forget that the hard work that makes these numbers possible also helps people around the world get the products they need, when they need them.

Patheon *Guarantees* On-Time Delivery.

For more information on our performance guarantee contact your Patheon Representative or email us at doingbusiness@patheon.com

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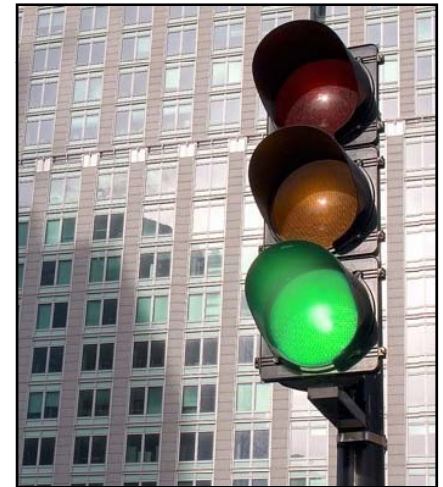
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Patheon.
Performance the World Over

Patheon
Performance the World Over

Market Dynamics

- Demand for outsourcing services is expected to grow:
 - Pharma mergers, product pricing pressure and generic events expected to drive increased outsourcing.
 - Continued growth of virtual companies creating outsourcing demand.
 - Pharma industry need for greater R&D efficiency and productivity.
- Highly fragmented vendor base → many limited and marginal participants.
- Pharma moving to a preferred vendor approach.



Strategy

- **Clear differentiation from competitors.**
 - Size and breadth of capabilities and geographies.
 - Security of supply through industry-leading quality, on time delivery and service.
 - Financial stability.
- **Customer recognition through preferred vendor relationships.**



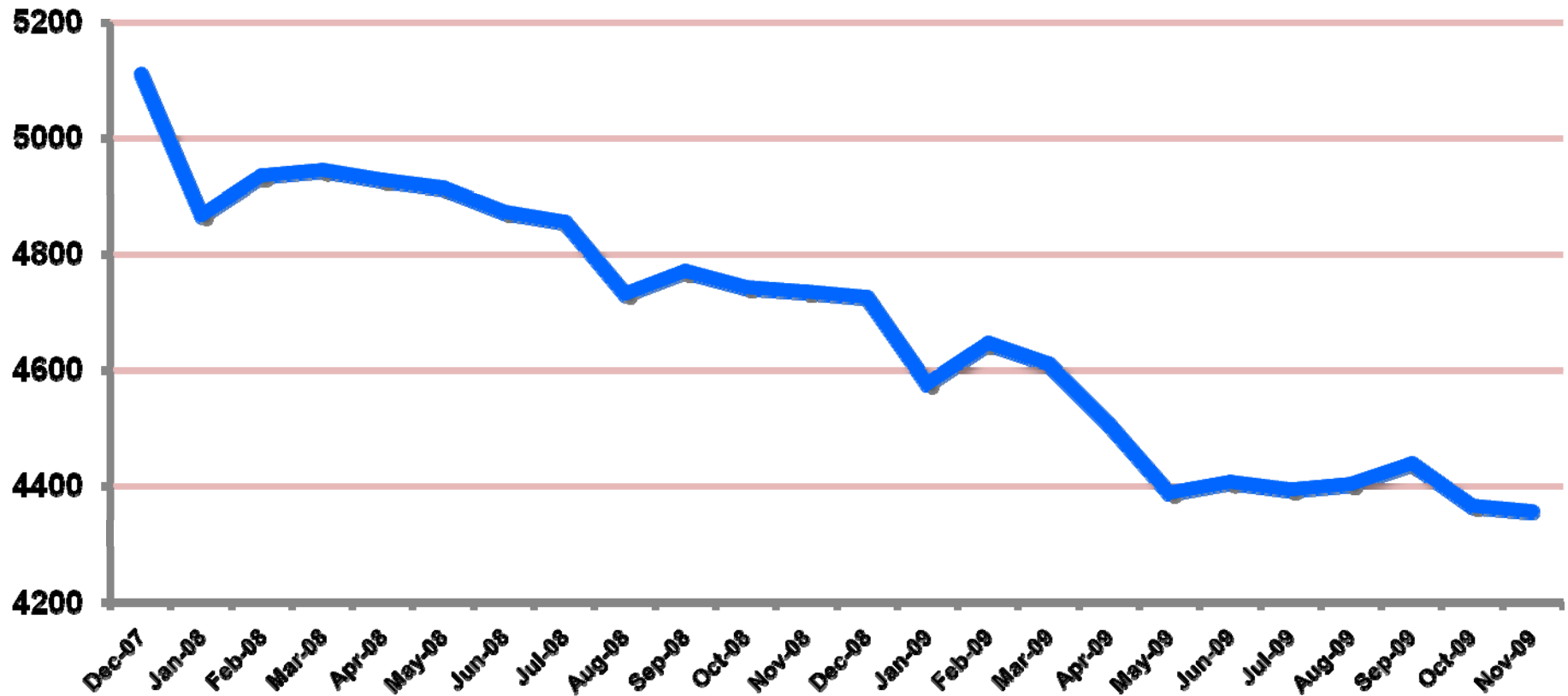
Repositioning the Company

- Facility rationalization:
 - Sold Niagara/Burlington OTC site in January 2008.
 - Closed Carolina site in January 2009.
 - Consolidated York Mills site in Whitby in August 2009.
 - Consolidating Caguas site into Manati in 2011.
- Focus on SG&A.
- Cost reduction programs:
 - Global procurement program.
 - Capital spending maximized.
 - Energy cost reduction initiatives.
 - Headcount reductions through productivity.



Headcount Reduction

15% Headcount Reduction Since December 2007



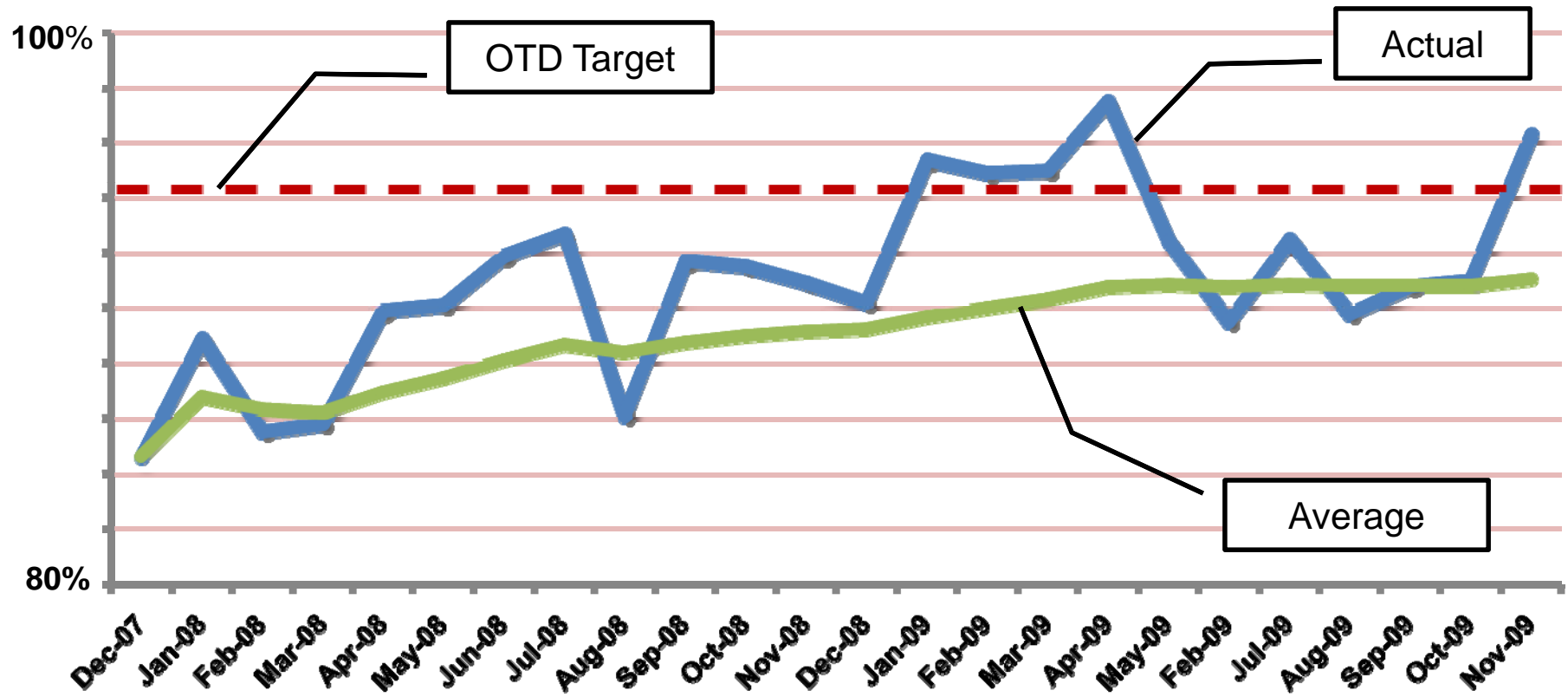
Building Momentum



- New five year Strategic Plan.
- Lean 6 Sigma program implemented across the company.
- Common SAP instance being installed worldwide.
- Major upgrades to sales and marketing organization.
- **OnePatheon** initiative to drive consistency.
- Intense focus on service KPIs and quality.

On Time Delivery Performance

On time delivery average has increased from 87% in 2007 to 93% in 2009



2009 Financial Performance

- Major improvements in cost structure and operating performance set the stage for 2010.
- Market conditions created revenue challenges that delayed full income impact:
 - Product regulatory approval delays/disappointing customer launches.
 - PDS growth impacted by industry conditions.
 - FX impacted revenues (limited impact on Adjusted EBITDA).
- Compensating actions preserved flat Adjusted EBITDA and improved cash flow performance.

Patheon is well positioned for market recovery.

Fiscal 2009 Financial Performance

USD millions	<u>2008</u>	<u>2009</u>	<u>Variance</u>	
Commercial Revenue	577.8	530.0	(47.8)	-8.3%
PDS Revenue	139.5	125.1	(14.4)	-10.3%
Total Revenues	<u>717.3</u>	<u>655.1</u>	(62.2)	-8.7%
Gross Profit	157.1	143.9	(13.2)	-8.4%
<i>Gross Margin</i>	21.9%	22.0%		
SG&A	121.3	105.5	15.8	13.0%
<i>SG&A as % of revenues</i>	16.9%	16.1%		
Repositioning expense	<u>19.9</u>	<u>2.1</u>	<u>17.8</u>	89.4%
Operating Income	15.9	36.3	20.4	128.3%
<i>Operating margin</i>	2.2%	5.5%		
Special Committee Costs (SCC)	<u>-</u>	<u>8.0</u>		
Operating Income excluding SCC*	15.9	44.3	28.4	178.6%
<i>Operating margin</i>	2.2%	6.8%		
Adjusted EBITDA excluding SCC*	82.6	82.0	(0.6)	-0.7%

* Excludes Special Committee Costs (SCC) (see appendix for reconciliation of Adjusted EBITDA excluding SCC to Net Income before Discontinued Operations.)

Current Capital Structure

Long-Term Debt

Senior secured term debt	146.3	2014	USD
Senior secured revolver	37.7	2012	USD
Italian mortgages	44.4	2014	EUR
Capital lease obligations	7.4	Various	USD/EUR
Unsecured Italian government loan	3.1	2014	EUR
Deferred financing	(2.4)		
Total long-term obligations	236.5		

Shareholders' Equity

271.3

Long-Term Debt to Capitalization	47%	Before SCC
Adjusted EBITDA interest coverage	5.10 X	5.65 X
Long-Term Debt to Adjusted EBITDA	3.16 X	2.85 X
Coverage Ratio	1 3.32 X	3.00 X
Leverage Ratio	2 3.59 X	3.24 X

1) Coverage Ratio - Senior Debt to trailing 12 month Adjusted EBITDA.

2) Leverage Ratio – Total indebtedness (incl. customer deposits) to Adjusted EBITDA .



Patheon
Performance the World Over

Adjusted EBITDA Excluding SCC Bridge

	<u>Year Ending October 31,</u>	
	<u>2009</u>	<u>2008</u>
	\$	\$
Adjusted EBITDA excluding SCC	82.0	82.6
Depreciation and amortization	(42.6)	(45.3)
Repositioning expenses	(2.1)	(19.9)
Interest expense, net	(15.8)	(30.8)
Special Committee costs	(8.0)	-
Impairment charge	-	(0.4)
Gain on sale of fixed assets	-	0.7
Gain on extinguishment of debt	-	34.9
Income taxes	(12.5)	(1.5)
Income before discontinued operations	1.0	20.3

References in this presentation to Adjusted EBITDA excluding SCC are to income (loss) before discontinued operations, before repositioning expenses, interest expense, foreign exchange losses reclassified from other comprehensive income, refinancing expenses, gains and losses on sale of fixed assets, gain on extinguishment of debt, income taxes, asset impairment charge, depreciation and amortization and Special Committee costs.

Since Adjusted EBITDA excluding SCC is a non-GAAP measure that does not have a standardized meaning, it may not be comparable to similar measures presented by other issuers. Readers are cautioned that these non-GAAP measures should not be construed as alternatives to net income (loss) determined in accordance with GAAP as indicators of performance. Adjusted EBITDA excluding SCC is used by management as an internal measure of profitability. The Company has included these measures because it believes that this information is used by certain investors to assess financial performance of the Company, before non-cash charges and large non-recurring costs.