



The only public, pure play provider of pharmaceutical development and manufacturing services.



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This presentation contains forward-looking statements which reflect management's expectations regarding Patheon's future growth, results of operations, performance (both operational and financial) and business prospects and opportunities. Where possible words such as "plans," "expects" or "does not expect," "budget," "forecasts," "anticipates" or "does not anticipate," "believes," "intends" and similar expressions or statements that certain actions, events or results "may," "could," "would," "might" or "will" be taken, occur or be achieved, have been used to identify these forward-looking statements. Although the forward-looking statements contained in this presentation reflect management's current assumptions based upon information currently available to management and based upon that which management believes to be reasonable assumptions, Patheon cannot be certain that actual results will be consistent with these forward-looking statements. Current material assumptions relate to foreign exchange rates, customer volumes and regulatory compliance. Forward-looking statements necessarily involve significant known and unknown risks, assumptions and uncertainties that may cause Patheon's actual results, performance, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things: international operations and foreign currency fluctuation; customer demand for Patheon's services; regulatory matters affecting manufacturing and pharmaceutical development services; divestiture of the Carolina site; exposure to complex production issues; substantial financial leverage; interest rate risks; potential environmental, health and safety liabilities; credit and customer concentration; competition; rapid technological change; product liability claims; intellectual property; use of non-GAAP financial measures; significant shareholder; supply arrangements; pension plans; derivative financial instruments; international operations; and dependence upon key management personnel and executives. For more details, please see the "Description of the Business – Risk Factors" section of the Annual information Form and the "Risk factors" section of Patheon's MD&A for the year ended October 31, 2009. Although Patheon has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, as noted above, readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date of this presentation and, except as required by law, Patheon assumes no obligation to update or revise them to reflect new events or circumstances.

# Why Invest?

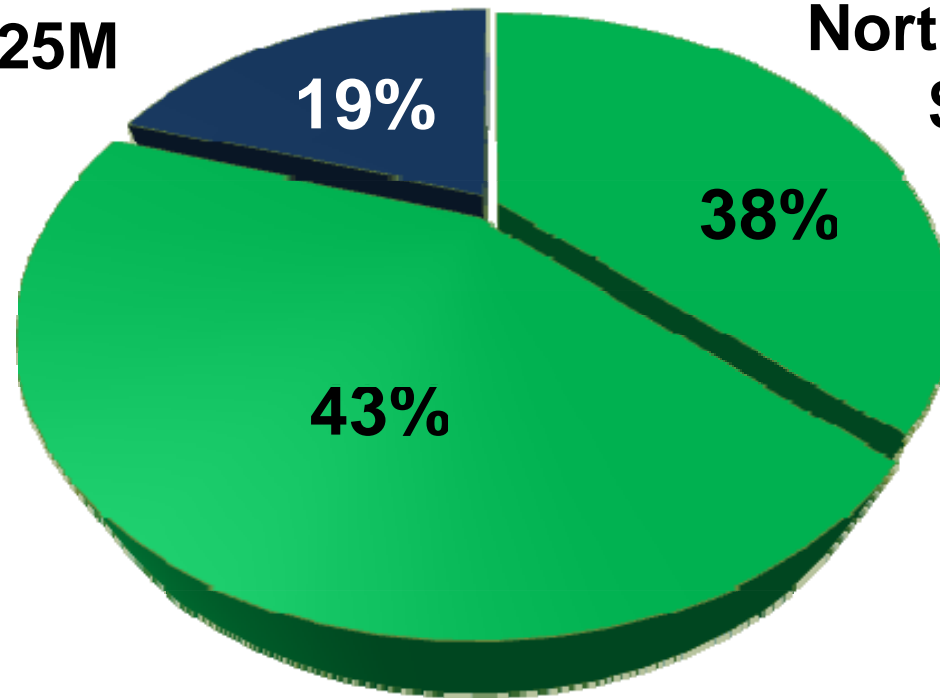
- **Favorable market dynamics**
- **Only publicly traded, pure play CMO**
  - JLL Partners, a major private equity firm, owns 57%
  - Remaining stock widely held
- **Strategy and team in place**
- **Compelling valuation**
- **Strong capital structure with long-term debt maturities**



# Two Complimentary Businesses

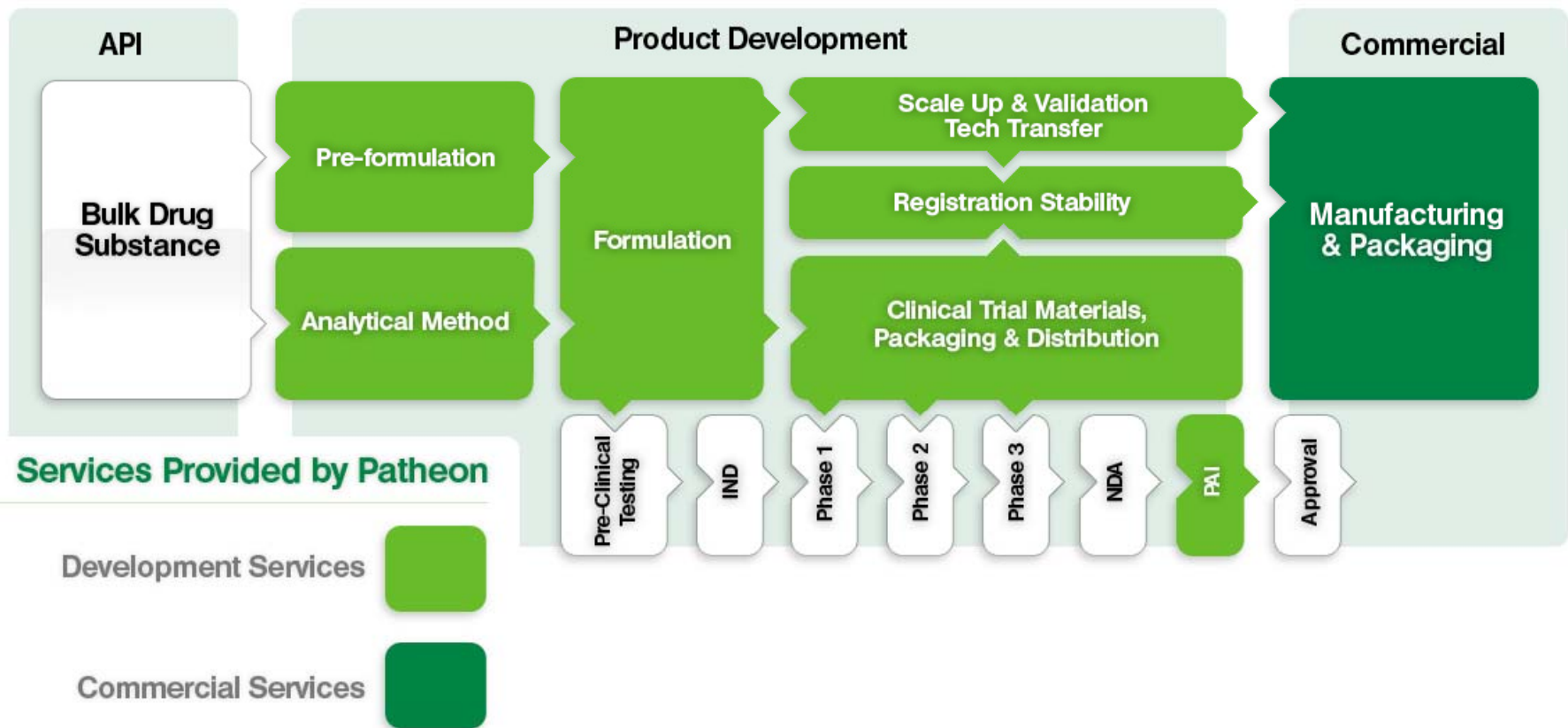
**Pharmaceutical  
Development Services  
\$125M**

**Commercial  
North America  
\$249M**



**Commercial Europe  
\$281M**

# Wide Range of Services Sets Us Apart



# Contract Manufacturing

- **Second largest global CMO**
- **6% market share**
- **Full spectrum manufacturing**
  - Sterile, liquid and lyo
  - Peptides, proteins, MABs
  - Tabs, caps, bi-layer, fast melt
  - Semi-solids, nasal sprays



# Pharmaceutical Development Services

- **4th largest contract development company**
- **10% market share**
- **Serves as a pipeline for the commercial business**

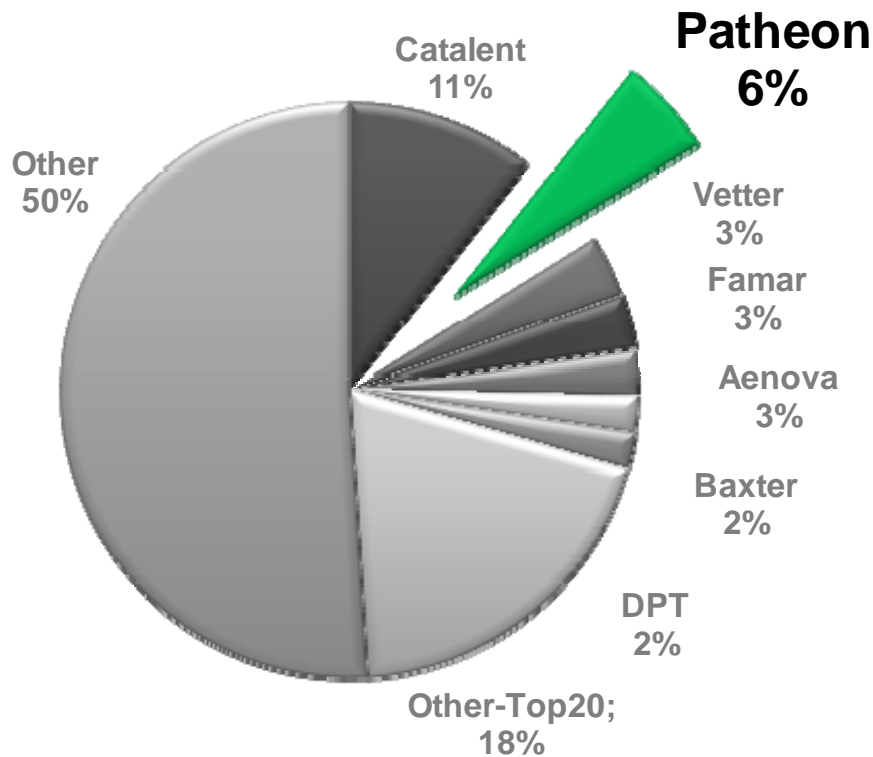


**Developed seven of today's top 200 prescription drugs  
11 of the "100 Great Investigational Drugs"\***

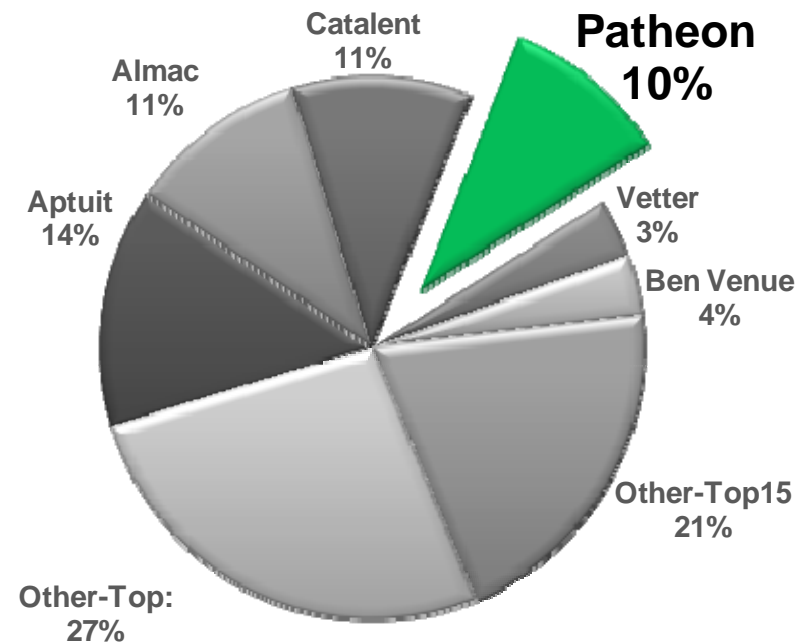
Source: Med Ad News

# Market Positions

## Contract Manufacturing Key Competitors



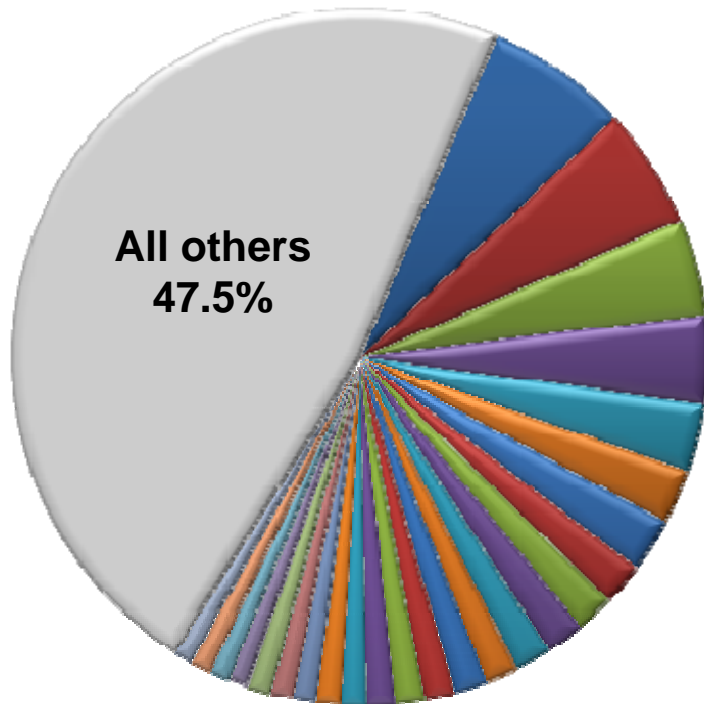
## Contract Development Key Competitors



Source: Campbell Alliance estimates and customer interviews conducted July 2008.

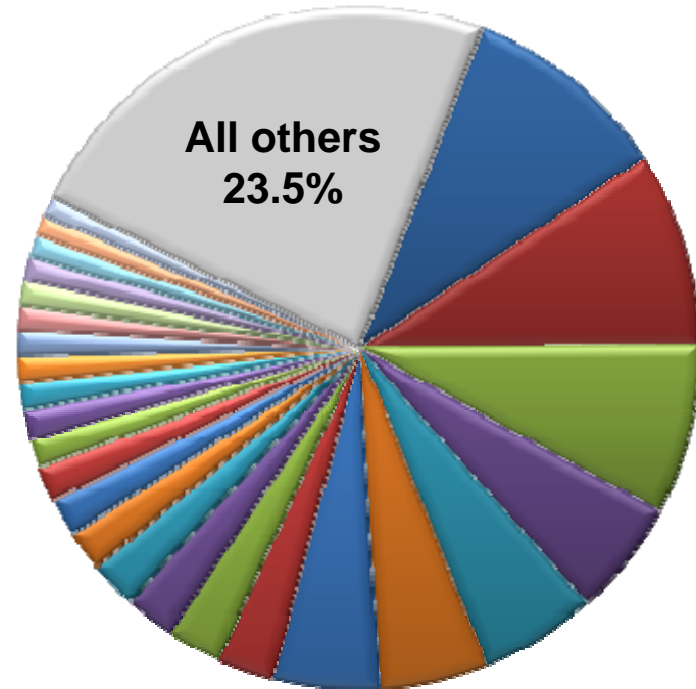
# Well Diversified

## Top 25 Products



Largest product family – 6.7%

## Top 25 Customers



Largest customer – 9.9%

# 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



Swindon  
Commercial & Development



Milton Park  
Development



Zug  
Preclear Headquarters



Tokyo  
Sales Office



Bourgoin-Jallieu  
Commercial



BSP Pharmaceuticals  
Commercial and Development



Ferentino  
Commercial & Development



Monza  
Commercial

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

\* Recently announced project to establish a development center at Bourgoin, France commercial site



Performance. The World Over

# Compliance Record is Unmatched

- **Sites inspected 667 times\***
- **Of 61 regulatory agency inspections, 16 completed with **ZERO** observations**
- **Average 4.7 inspections or audits/week**
- **15 Pre-Approval Inspections waived**

\*Note: Over 24 month period



# The Industry Trusts Us

## Large Pharma

## Specialty Pharma and Biotech



# Outsourcing Dynamics

## Why do pharmaceutical companies outsource?

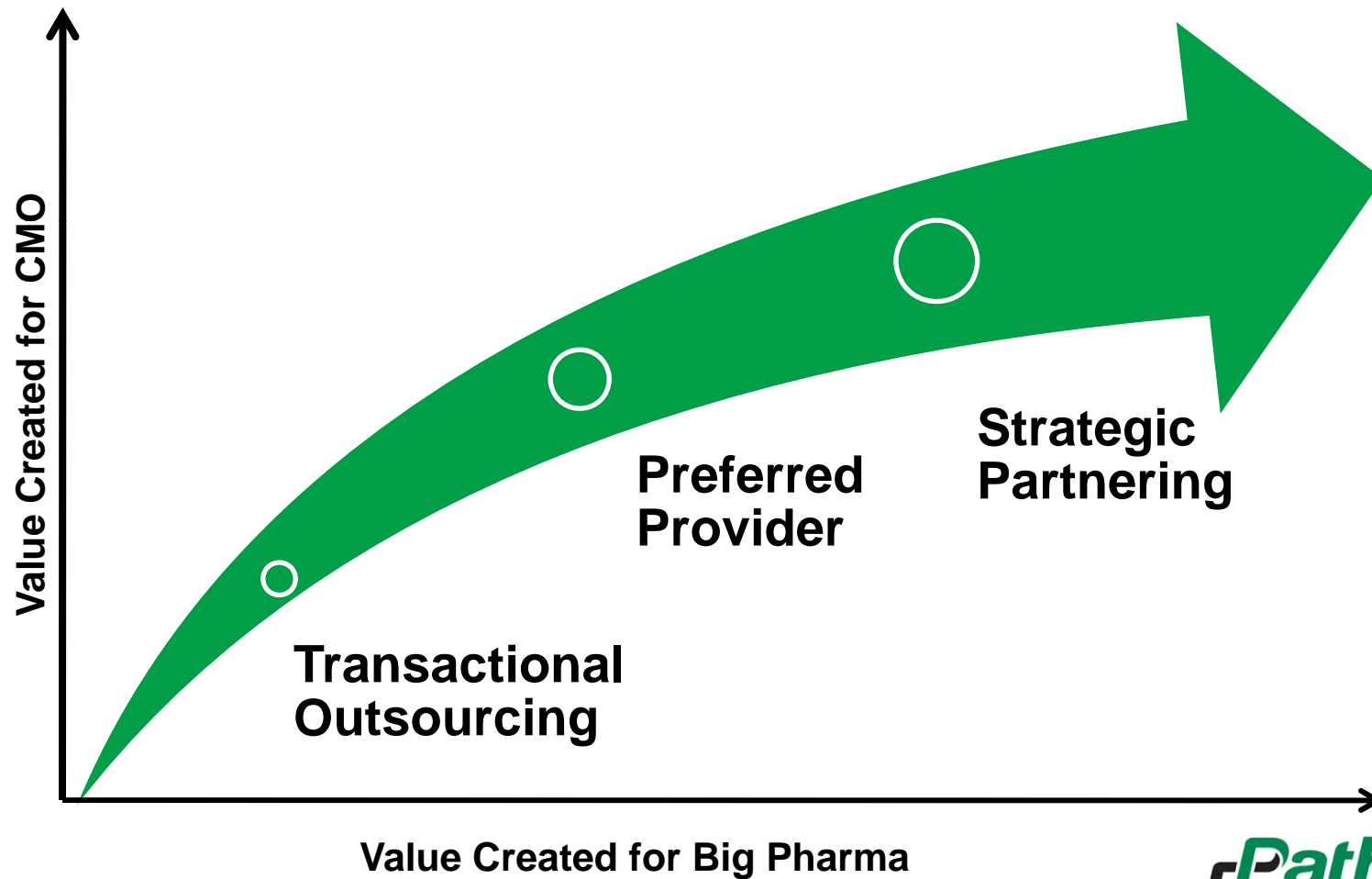
- Margin pressure on pharma companies
- Need for greater R&D efficiency and productivity
- Merger integration programs
- Solutions not available internally (virtual companies, dosage requirements of integrated companies)
- Risk management – dual source

**\$10B+ market today – growing 35% over five years\***

\*Source: PharmSource

# Outsourcing Dynamics

Pharma moving to strategic partnering



# Corporate Strategies

- **Build the best team in the CDMO industry**
- **Maintain strict regulatory compliance**
- **Focus on delivery and service**
- **Continuous cost reduction focus**
- **Build / acquire new technologies for PDS**
- **Expand specialized capacity / services**
- **Sell up to 80 percent of available capacity**



# Management Team

Drawn from wide range of major pharma companies

Wesley Wheeler



GlaxoSmithKline



Bristol-Myers Squibb

Eric Evans



Peter Bigelow

Dr. Doug Mendenhall



Andrew Kelley



Dr. Colin Minchom

Norman Barras



Antonella Mancuso



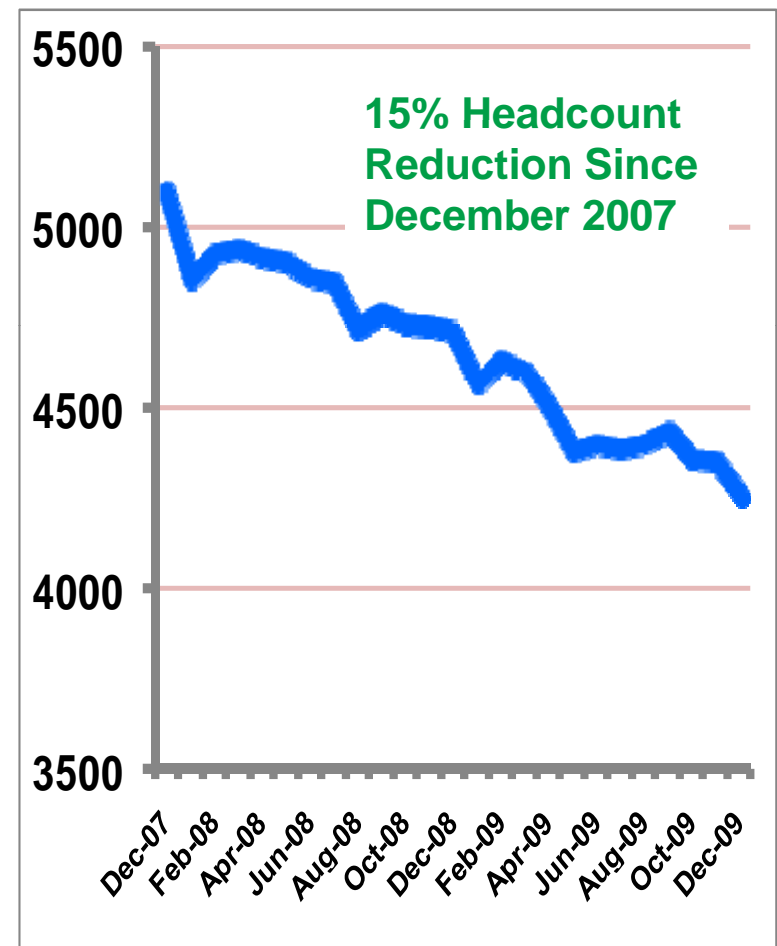
# Restructuring

## Facility rationalization

- 2008 - sold Niagara/Burlington site
- 2009 - closed Carolina site
- 2009 - consolidated York Mills into Whitby
- 2011 - consolidating Caguas into Manati

## Cost reduction

- Productivity focus
- SG&A
- Global procurement
- Capital spending
- Energy



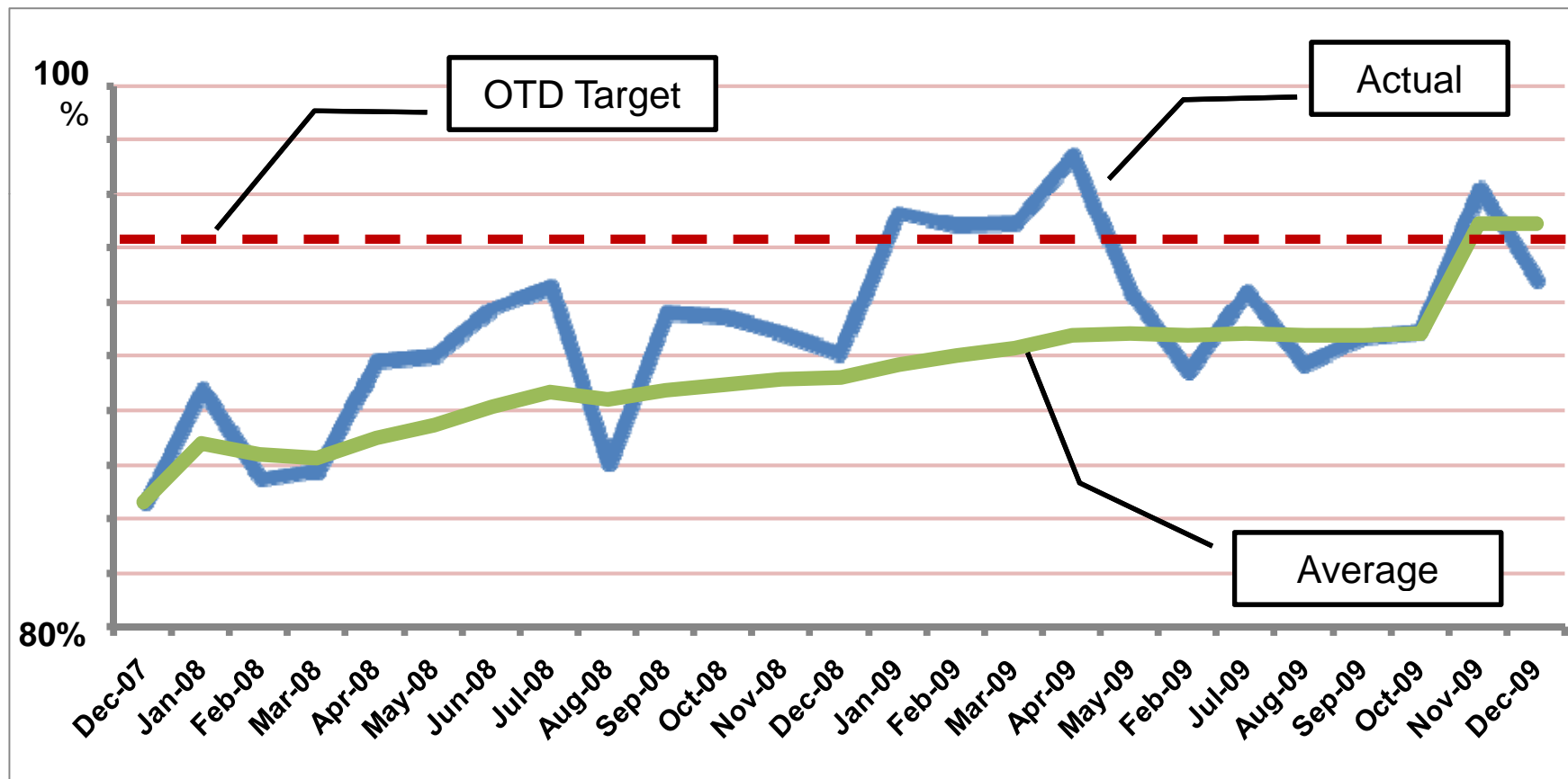
# Restructuring

- **Focus on service and quality**
- **LeanSixSigma program company-wide**
- **Common SAP worldwide**
- **Revamp sales and marketing organization**
- **OnePatheon initiative to drive consistency**



# On Time Delivery

On time delivery average has increased from 87% in 2007 to 95% in 2010



# 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	<b>94%</b>
Batches Right First Time at	<b>92%</b>

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](mailto:doingbusiness@patheon.com)*

US Headquarters  
Patheon Inc.  
PO Box 110145  
Research Triangle Park, NC 27709-5145  
P: 919.226.3200  
F: 919.474.2269  
[www.patheon.com](http://www.patheon.com)

European Headquarters  
Patheon International AG  
Lindenstrasse 14  
6340 Esch  
Switzerland  
P: +41 41 768 2580  
F: +41 41 768 2581  
[www.patheon.com](http://www.patheon.com)

**Patheon.**  
*Performance the World Over*

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# Growth Opportunities

- Sof-gel capsules
- Pre-filled syringes
- Fast melt tablets
- Hot melt extrusion
- North American sterile capacity
- PDS centers in biotech 'hubs'



# Fiscal 2009 Financial Performance

USD millions	<u>2008</u>	<u>2009</u>	<u>Variance</u>	
<b>Commercial Revenue</b>	578	530	(48)	<b>-8%</b>
<b>PDS Revenue</b>	140	125	(14)	<b>-10%</b>
<b>Total Revenues</b>	<b>718</b>	<b>655</b>	(62)	<b>-9%</b>
<b>Gross Profit</b>	<b>157</b>	<b>144</b>	(13)	<b>-8%</b>
<i><b>Gross Margin</b></i>	<b>22%</b>	<b>22%</b>		
<b>SG&amp;A</b>	<b>121</b>	<b>106</b>	16	<b>13%</b>
<i><b>SG&amp;A as % of revenues</b></i>	<b>17%</b>	<b>16%</b>		
<b>Repositioning expense</b>	<b>20</b>	<b>2</b>	18	<b>89%</b>
<b>Operating Income</b>	<b>16</b>	<b>36</b>	20	<b>128%</b>
<i><b>Operating margin</b></i>	<b>2%</b>	<b>6%</b>		
<b>Special Committee Costs (SCC)</b>	-	8		
<b>Operating Income excluding SCC*</b>	<b>16</b>	<b>44</b>	28	<b>179%</b>
<i><b>Operating margin</b></i>	<b>2%</b>	<b>7%</b>		
<b>Adjusted EBITDA excluding SCC*</b>	<b>83</b>	<b>82</b>	(1)	<b>-1%</b>
<i><b>EBITDA margin</b></i>	<b>11.5%</b>	<b>12.5%</b>		

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

# Current Capital Structure

<i>USD millions</i>	<u>Oct 31 2009</u>	<u>Maturity</u>
<b>Long-Term Debt</b>		
Senior secured term debt	146	2014
Senior secured revolver	38	2012
Italian mortgages	44	2014
Other long-term obligations	<u>8</u>	Various
<b>Total long-term obligations</b>	<b>236</b>	
<b>Shareholders' Equity</b>	<b>271</b>	

				<u>Before SCC</u>
Long-Term Debt to Capitalization		47%		47%
Adjusted EBITDA interest coverage		5.1	X	5.7 X
Long-Term Debt to Adjusted EBITDA		3.2	X	2.9 X
Coverage Ratio	1	3.3	X	3.0 X
Leverage Ratio	2	3.6	X	3.2 X

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

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

# Why Invest?

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- **Only publicly traded, pure play CMO**
  - JLL Partners, a major private equity firm, owns 57%
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**Patheon**  
*Performance the World Over*

# Adjusted EBITDA Excluding SCC Bridge

	<u>Year Ending October 31,</u>	
	<u>2009</u>	<u>2008</u>
	\$	\$
<b>Adjusted EBITDA excluding SCC</b>	<b>82</b>	83
Depreciation and amortization	<b>(43)</b>	(45)
Repositioning expenses	<b>(2)</b>	(20)
Interest expense, net	<b>(16)</b>	(31)
Special Committee costs	<b>( 8)</b>	-
Gain on extinguishment of debt	-	35
Income taxes	<b>(12)</b>	(2)
<b>Income before discontinued operations</b>	<b>1</b>	20

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.