Q4 and FY2008 Financial Results Conference Call

December 12, 2008

Disclaimer

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. A number of factors could cause actual results, performance, or achievements to differ materially from the results expressed or implied in the forward-looking statements. These factors should be considered carefully and readers should not place undue reliance on the forward-looking statements. 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; 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; significant shareholder; supply arrangements; pension plans; derivative financial instruments; international operations; and dependence upon key management personnel and executives. 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.

Welcome

Patheon Q4 and FY2008 Financial Results Call

Wes Wheeler
President and Chief Executive Officer

Eric Evans
Chief Financial Officer

Terry Novak
President, North America and Chief Marketing Officer

Jean Treadwell
Investor Relations
jean.treadwell@patheon.com, 905 816-8344

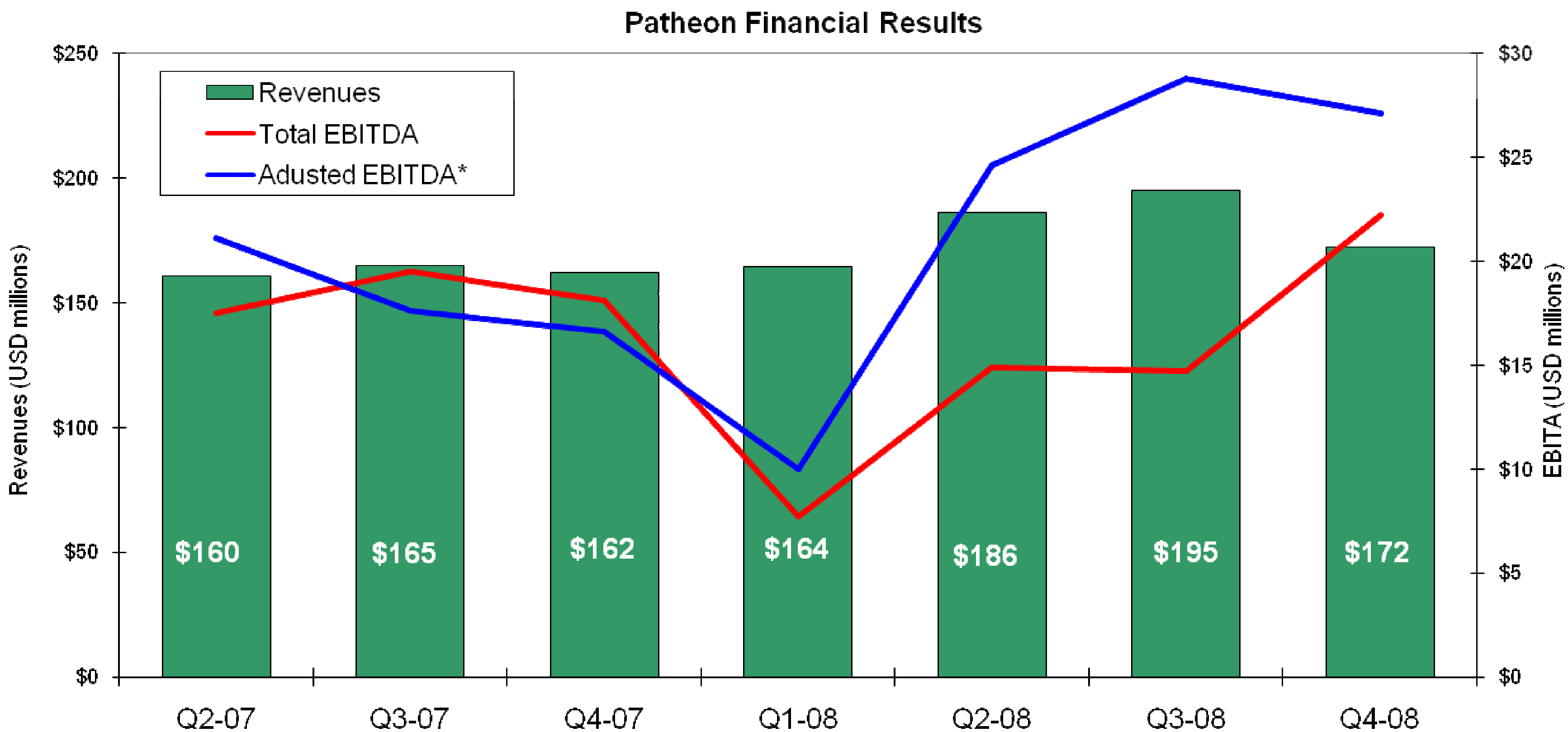
Q4 and FY 2008 Highlights

Improved performance resulting from a wide range of actions taken

- Fourth quarter revenue and margins in line with guidance
  - Puerto Rico continuing operations generated positive EBITDA before repositioning in Q4
- Q4 2008 revenue $172.1M, FY2008 revenue $717.3M
  - PDS and Commercial Manufacturing growth continue to outpace the market
- Q4 EBITDA $24.8M, FY 2008 EBITDA $82.6M
  - EBITDA reflects improving financial performance
  - Repositioning expenses declining as restructuring draws to a close

Revenue and EBITDA Trend

Adjusted EBITDA reflecting improved operating performance



* Adjusted Earnings Before Interest, Depreciation and Amortization (EBITDA) excludes repositioning expenses, the Q3 Cincinnati early retirement program and non-cash foreign exchange gains and losses related to the historic accounting treatment for the Company's preferred shares (which was changed during the fourth quarter to eliminate this non-cash foreign exchange volatility).

Puerto Rico Continuing Operations

Improved performance resulting from a wide range of actions taken

- Q4 results of continuing operations achieved positive EBITDA due to:
  - increased production volumes
  - Improved productivity
  - headcount reduction savings
  - energy cost reduction

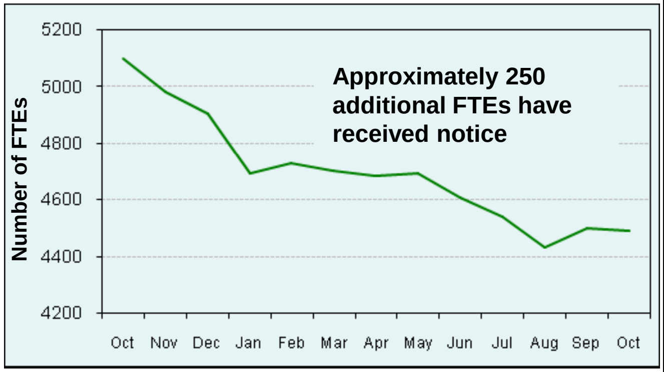
Q4 and FY 2008 Highlights

- Major upgrades to sales and marketing organization

- Cost reduction programs well underway
  - Reduction of 850 FTEs
  - Energy cost reduction initiatives

- Facility rationalization substantially complete
  - Sale of Niagara/Burlington OTC site
  - Consolidation of York Mills/Whitby sites
  - Conversion of Caguas to a satellite of Manati
  - Carolina facility will be shut down during Q1 absent a timely sale agreement (shutdown and severance payments estimated at $3m)

Fiscal 2008 FTE Trend



Q4 and FY 2008 Highlights continued

- Companywide focus on performance and customer KPIs
- Lean Six Sigma program implemented across the company
- First phase of new IT integration strategy completed
- New headquarters in RTP and Zug
- Legacy of Quality

Q4 and FY2008 Financial Results

Consolidated Statements of Income (Loss)

(in thousands of U.S. dollars, except income (loss) per share)	Three months ended October 31, 2008	2007	Years ended October 31, 2008	2007
	$	$	$	$
Revenues	**172,106**	161,821	**717,251**	634,146
Cost of goods sold	**130,818**	126,890	**562,370**	502,738
Gross profit	**41,288**	34,931	**154,881**	131,408
Selling, general and administrative expenses	**30,022**	28,069	**121,277**	97,525
Repositioning expenses	**2,567**	6,336	**19,899**	14,467
Operating income	**8,699**	526	**13,705**	19,416
Interest expense, net	**6,672**	7,460	**30,789**	29,119
Impairment charge				
Foreign exchange gain	**(1,630)**	(5,828)	**(1,448)**	(8,921)
Refinancing expenses	**-**	-	**-**	13,471
Foreign exchange loss on foreign operations	**-**	-	**-**	858
(Gain) loss on sale of fixed assets	**134**	-	**(282)**	-
Gain on extinguishment of debt	**(34,934)**	-	**(34,934)**	-
Income (loss) from continuing operations before income taxes	**38,457**	(1,106)	**19,580**	(15,111)
Current			**13,939**	14,642
Future			**(12,461)**	5,015
Provision for (recovery of) income taxes	**(2,866)**	4,771	**1,478**	19,657
Income (loss) from continuing operations	**41,323**	(5,877)	**18,102**	(34,768)
Loss from discontinued operations	**(4,419)**	(1,645)	**(19,543)**	(59,833)
Net income (loss) for the period	**36,904**	(7,522)	**(1,441)**	(94,601)
Dividends on convertible preferred shares	**1,463**	-	**1,463**	-
Net income (loss) attributable to restricted voting shareholders	**35,441**	(7,522)	**(2,904)**	(94,601)
Basic and diluted earnings (loss) per share				
From continuing operations	**$0.44**	($0.06)	**$0.18**	($0.37)
From discontinued operations	**($0.05)**	($0.02)	**($0.21)**	($0.65)
	$0.39	($0.08)	**($0.03)**	($1.02)

Q4 and FY2008 EBITDA

USD thousands

Adjusted EBITDA before Repositioning

	Q107	Q207	Q307	Q407	TOTAL	Q108	Q208	Q308	Q408	TOTAL
Revenue	**147,370**	**160,218**	**164,737**	**161,821**	**634,146**	**164,172**	**185,997**	**194,976**	**172,106**	**717,251**
YoY change in revenue						*11.4%*	*16.1%*	*18.4%*	*6.4%*	*13.1%*
EBITDA before repositioning - restated	**18,674**	**21,140**	**20,649**	**23,684**	**84,147**	**10,043**	**23,114**	**24,718**	**24,771**	**82,646**
EBITDA margin	*12.7%*	*13.2%*	*12.5%*	*14.6%*	*13.3%*	*6.1%*	*12.4%*	*12.7%*	*14.4%*	*11.5%*
YoY change in EBITDA						*-46.2%*	*9.3%*	*19.7%*	*4.6%*	*-1.8%*
EBITDA Adjustments										
FX on Debt net of hedge		(1,156)	(3,634)	(7,541)	(12,331)	2,004	820	1,281	2,299	6,403
Curtailment gain on other benefit plans				(4,292)	(4,292)					0
Cincinnati early retirement/other								3,300		3,300
Adjusted EBITDA before repositioning	**18,674**	**19,984**	**17,015**	**11,843**	**67,524**	**12,046**	**23,934**	**29,299**	**27,070**	**92,348**
Adjusted EBITDA margin	*12.7%*	*12.5%*	*10.3%*	*7.3%*	*10.6%*	*7.3%*	*12.9%*	*15.0%*	*15.7%*	*12.9%*
YoY change in adjusted EBITDA						*-35.5%*	*19.8%*	*72.2%*	*128.6%*	*36.8%*

Financial Performance by Segment

Strong results in EU Commercial and global PDS

USD thousands

	Fiscal 2008				
	Q1	Q2	Q3	Q4	2008
Commercial - Europe					
Revenue	68,453	78,966	87,087	64,661	299,167
EBITDA before repositioning	7,288	14,835	20,141	12,144	54,408
EBITDA margin	*10.6%*	*18.8%*	*23.1%*	*18.8%*	*18.2%*
Commercial - North America					
Revenue	65,460	72,243	70,186	70,679	278,568
EBITDA before repositioning	3,395	6,230	1,554	11,909	23,088
EBITDA margin	*5.2%*	*8.6%*	*2.2%*	*16.8%*	*8.3%*
PDS					
Revenue	30,258	34,789	37,703	36,766	139,516
EBITDA before repositioning	5,874	9,597	13,931	12,727	42,129
EBITDA margin	19.4%	27.6%	36.9%	*34.6%*	*30.2%*
Total Company					
Revenue	164,172	185,997	194,976	172,106	717,251
EBITDA before repositioning	10,043	23,114	24,718	24,771	82,646
EBITDA margin	6.1%	12.4%	12.7%	*14.4%*	*11.5%*

Segment revenues do not equal total revenues due to intercompany activity.

Patheon Capital Structure

Stable, long maturity capital structure in place

USD millions	Balance 10/31/2008	Balance 7/31/2008
Bank Debt*	209.4	229.2
Convertible preferred shares - debt component	-	151.2
Total Debt	209.4	380.4
Convertible preferred shares - equity component	149.2	15.9
Accumulated other comprehensive income (loss)	(3.9)	60.4
Remaining Equity	96.1	74.0
Total Shareholders' Equity	241.4	150.3
Debt to Equity Ratio	87%	253%
Debt to Total Capital	46%	72%
Debt to 2008 EBITDA before repositioning	253%	460%

* Term debt maturities in 2014; Revolver maturity in 2012

Guidance

Outlook

Revenues are expected to decline slightly for the first quarter of fiscal 2009 vs. the same quarter last year due to strengthening of the US dollar. EBITDA in the first quarter is expected to be comparable with the first quarter of 2008, reflecting the normal seasonality in the business due to the December holiday shutdowns and customer purchasing practices around the calendar yearend. These forecasts are subject to the strength of the U.S. dollar relative to the Canadian dollar, euro and pounds sterling.

These expectations are based on internal management forecasts, which in the case of the revenue forecasts, are based on client purchase orders and forecasts of anticipated demand and other factors. These internal management forecasts were prepared for internal planning purposes and may not be appropriate for forecasting future financial results or for other purposes.

JLL Proposed Offer

- Patheon's Board of Directors has appointed a special committee of independent directors, none of whom is associated with JLL, to review and evaluate the proposed unsolicited bid from JLL and make recommendations to the Board of Directors

- Patheon's Board of Directors will advise shareholders of its recommendation with respect to this proposed bid in due course and until such time shareholders have been advised to take no action with respect to the bid

Strategic Focus for 2009 and Beyond

Opportunity exists to distance Patheon from its competitors

- Differentiate on:
  - 95% service: on time in full, no exceptions
  - ‘Legacy of Quality’
- Develop best in industry sales, marketing & intelligence
- Fully integrate the company through IT and improved processes
- Achieve industry-leading margins through:
  - operational excellence
  - maximizing existing capacity through selective investments and de-bottlenecking
- Continue to build the PDS business:
  - expanded services and new customer-facing facilities
  - enhance and further develop specialized formulation expertise

Q4 and FY2008 Financial Results Conference Call

December 12, 2008