

London - November 20, 2009

Continuous improvement towards operational excellence...

... Leading to improved profitability and solid Free Cash Flow generation

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Agenda

- Continuous improvements towards operational excellence...
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- ... Leading to improved profitability and solid FCF generation

A lean organization to drive accountability and performance

CORPORATE

6 ENTERPRISES & 25 CASH UNITS

Polyamide

Novecare

Silcea

Energy
Services

Acetow

Eco Services

- P&L, Cash-flow and CFROI
- Business Strategy

Performance tracking & Incentive

SUPPORT FUNCTIONS

Finance

R&D

IT

Industrial

Purchasing

HR

Legal

Communication

Maximizing FCF generation

4 levers

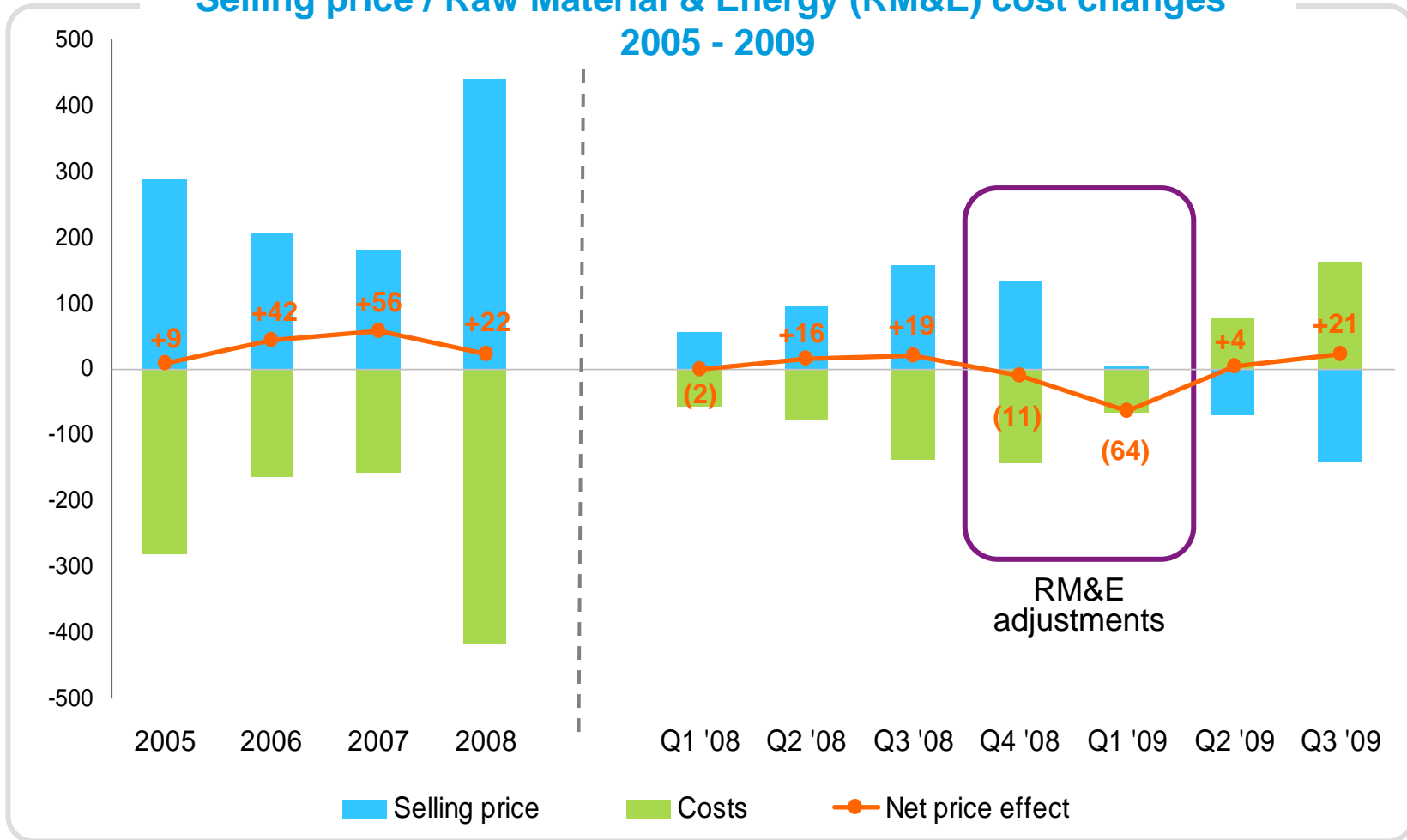
- Pricing management
- Cost structure optimization
- Working Capital
- Capital investments

**EBITDA & FCF
performance**

Established pricing power

YoY change

Selling price / Raw Material & Energy (RM&E) cost changes*
2005 - 2009



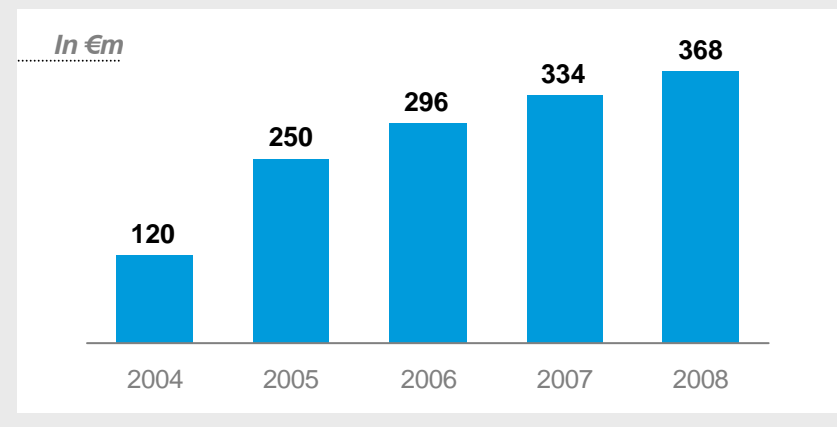
Year after year demonstrating favorable selling price / raw material cost balance

* Excluding Forex impacts

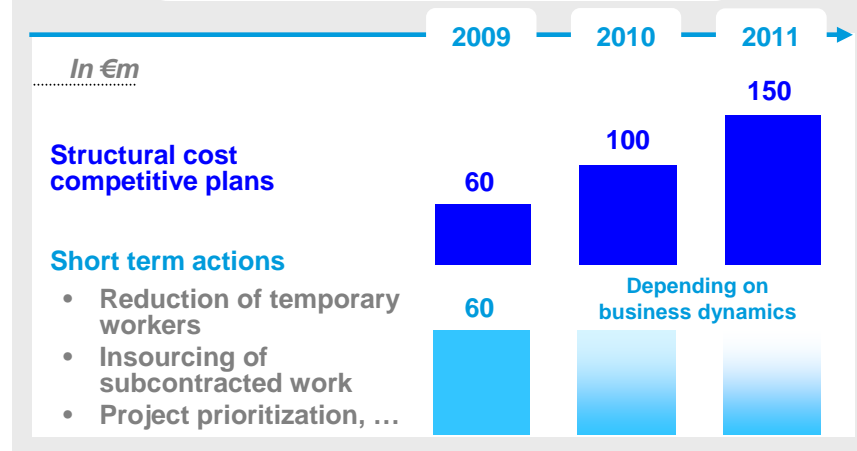


Proven track record of effective fixed costs management

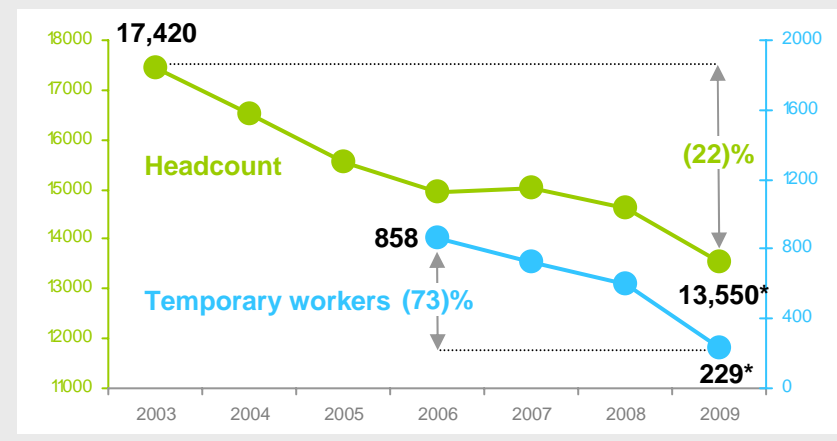
2004-2008
Cumulated savings vs. 2003⁽¹⁾



Cost savings vs. 2008 base



Rhodia headcount evolution⁽¹⁾



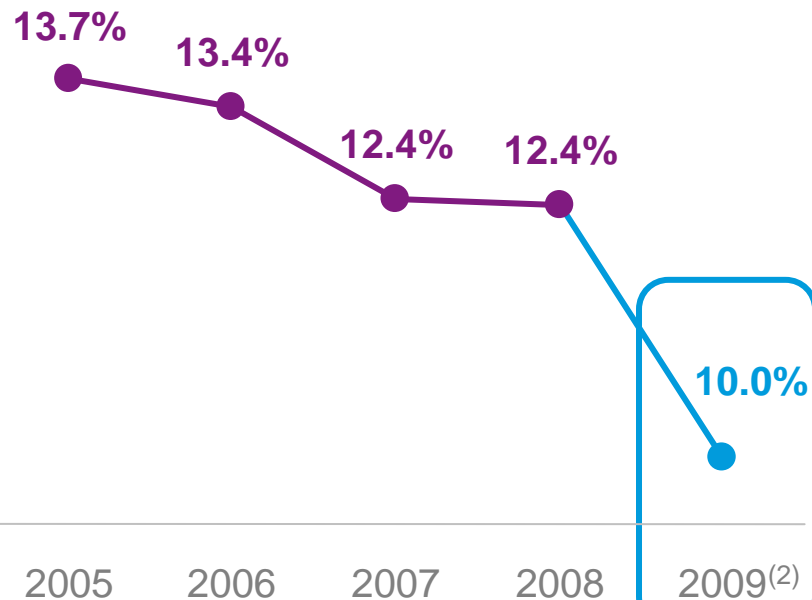
- Relentless search for productivity improvements and stringent cost management
- Fixed cost base reduced by 25% in 5 years (at constant perimeter) and continuing
- Ambitious additional cost savings targets to enhance margin

(1) At constant perimeter

Best-in-class working capital management

Operating working capital⁽¹⁾

% of Total Sales



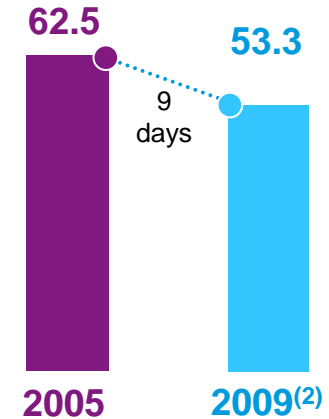
Record low level due to significant upgrade in supply-chain management

Working capital ratios⁽¹⁾

INVENTORIES

in days of variable & non-variable costs

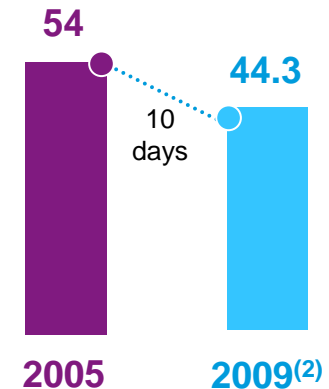
- Just Needed Inventory (JNI) methodology



TOTAL RECEIVABLES

in day of sales

- Dedicated credit platforms
- Systematic pre-collection
- Quarterly review of credit terms

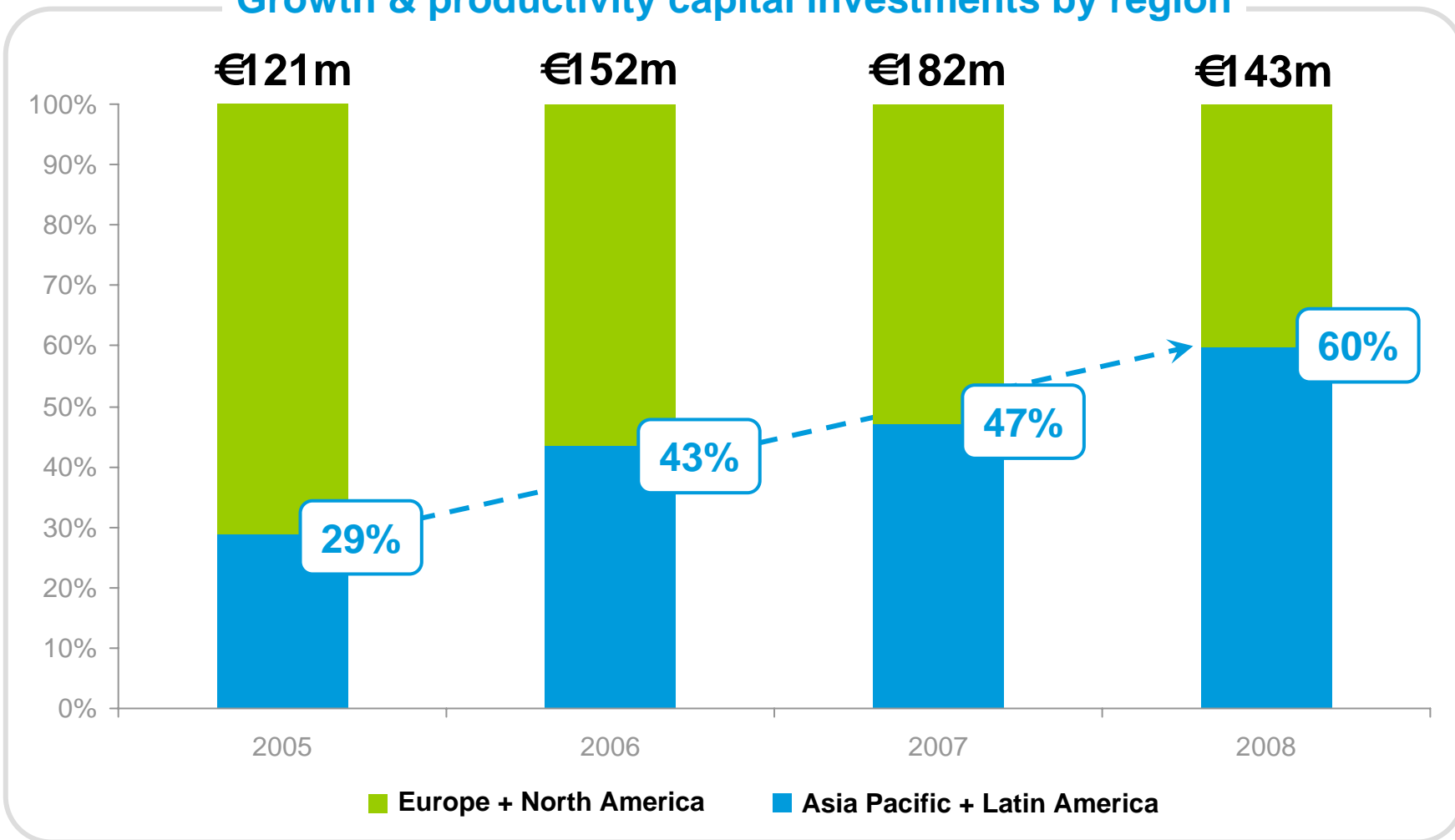


(1) Average quarterly actuals
(2) YTD Sept. '09

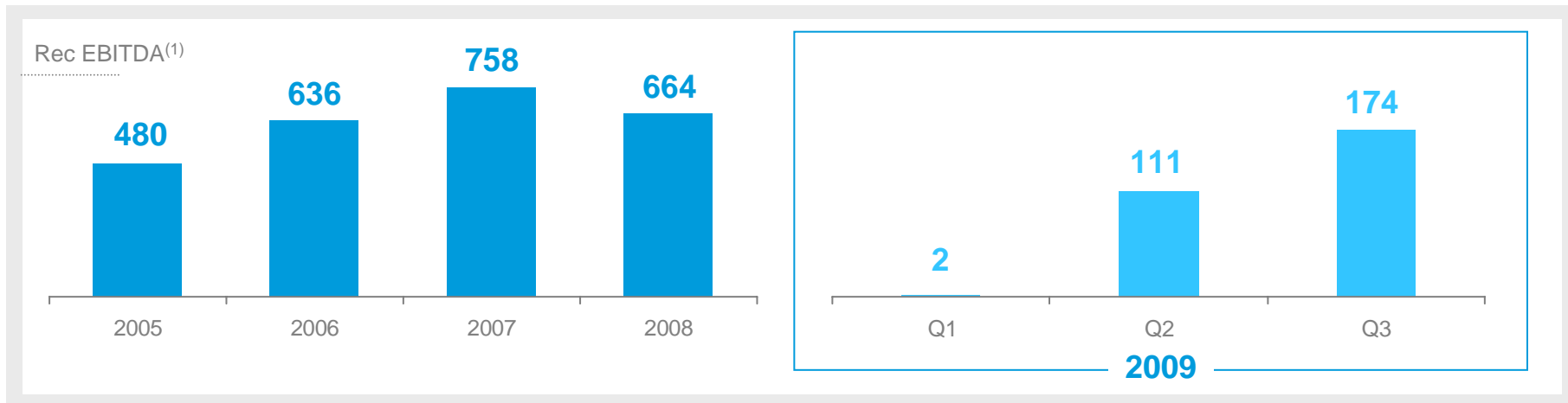
Emerging markets capturing a larger portion of growth capital investments

Basis 100

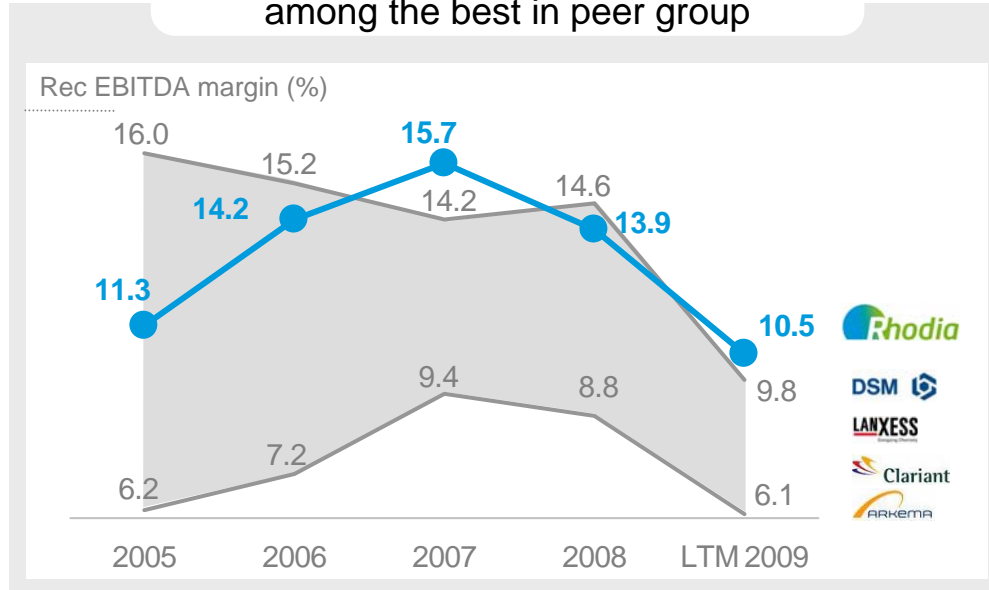
Growth & productivity capital investments by region



Continue to rank favorably vs. our peers



EBITDA margin among the best in peer group

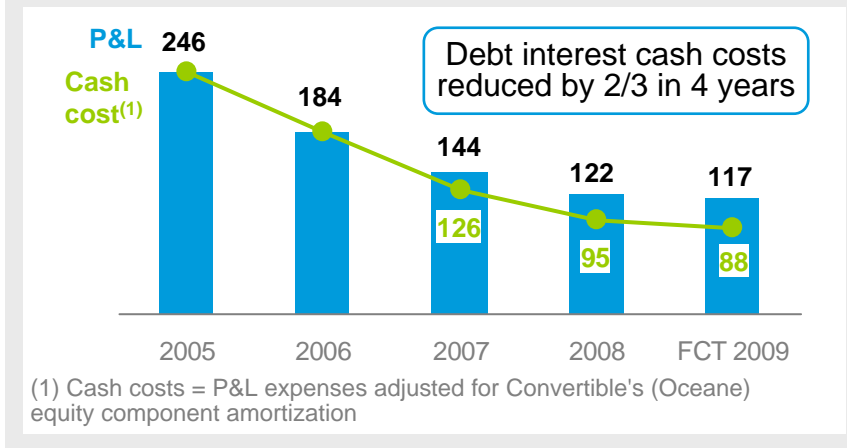


- **Steady progression** only interrupted by the economic downturn
- Q3 '09 **EBITDA back to pre-crisis** level despite 9% drop in volume
- **EBITDA margin among the best** in our European peer group

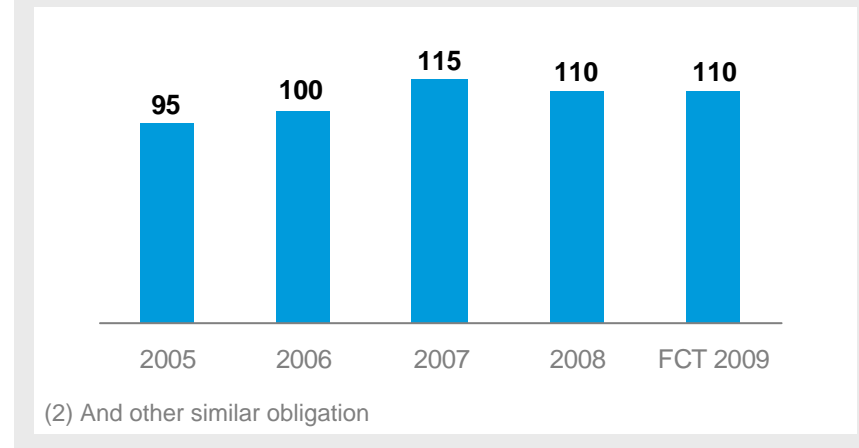
(1) 2005-2007 restated at 2008 perimeter

Good control of cash elements under EBITDA

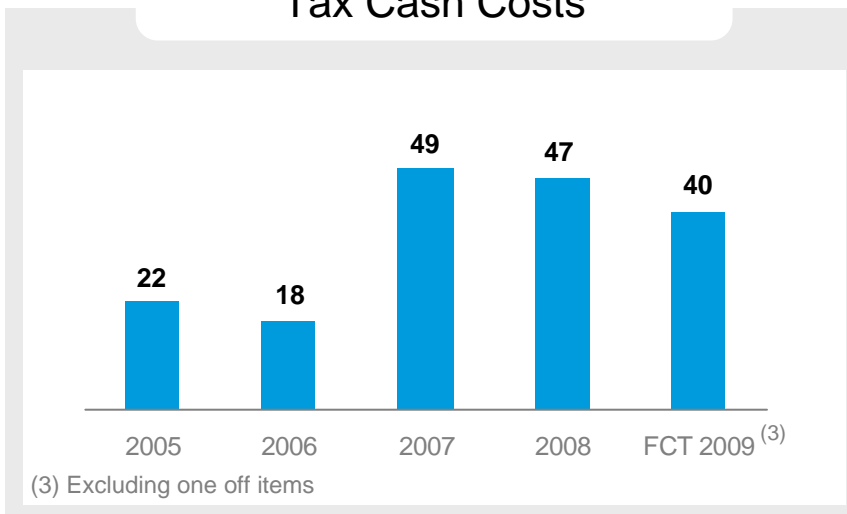
Interest Expenses



Pension Cash Costs⁽²⁾



Tax Cash Costs



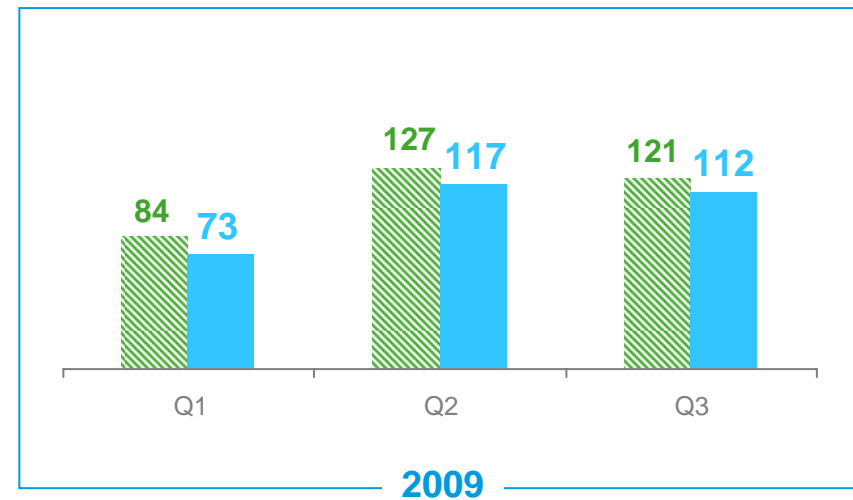
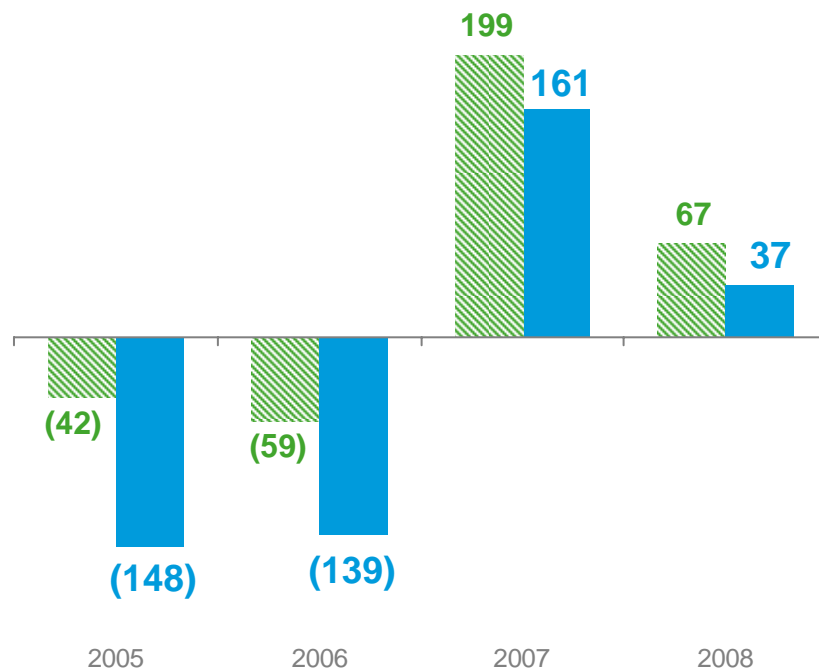
- **Sharp reduction in interest expenses** following debt reduction and 06/07 refinancing
- **Pension cash costs well under control** and expected to remain stable around €110m /year
- Tax cash-out expected to be within €50-70m going forward

Enhanced Free Cash Flow generation power

Free Cash Flow 2005/2009

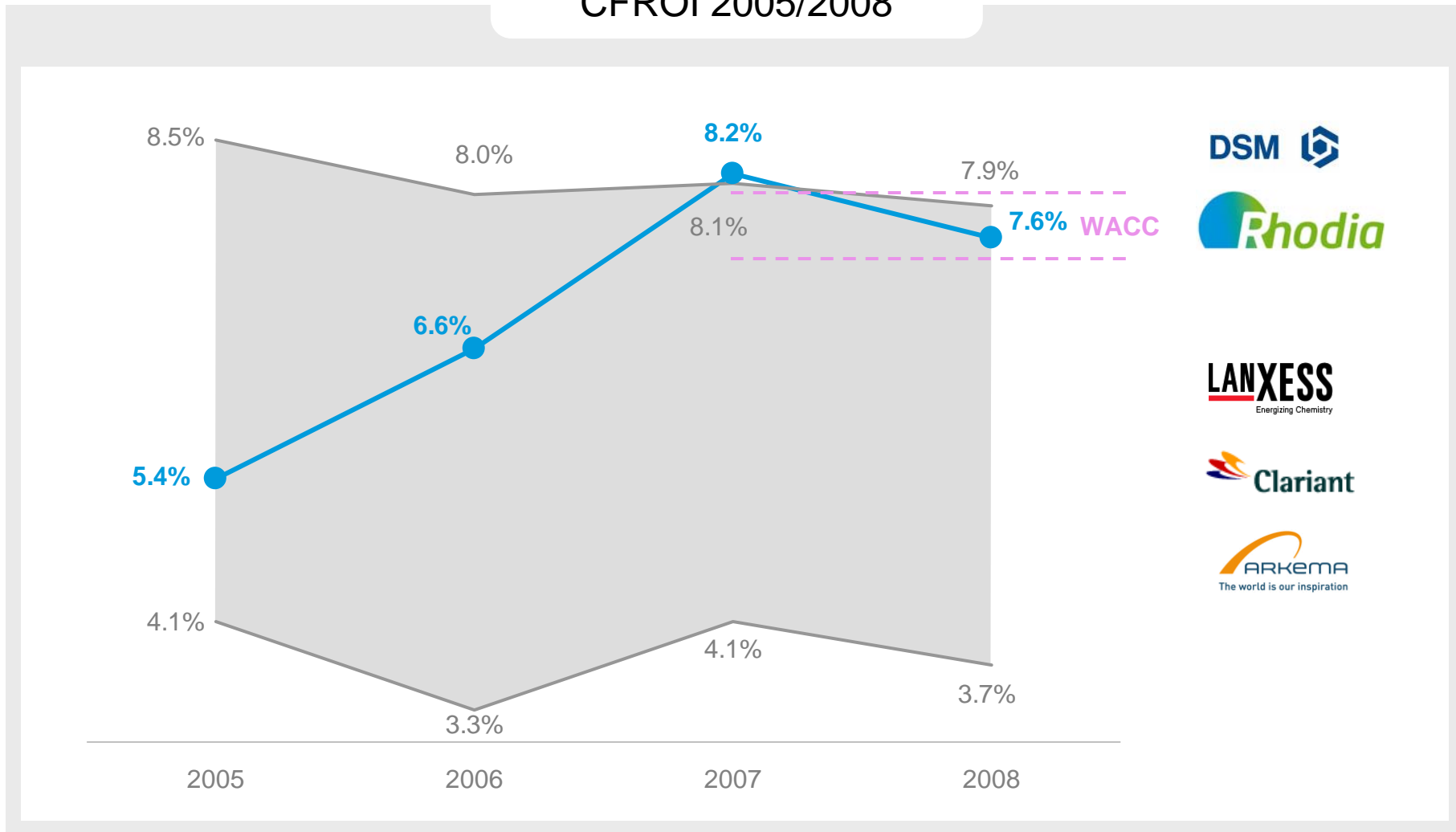
Free Cash Flow

Free Cash Flow excl. restructuring



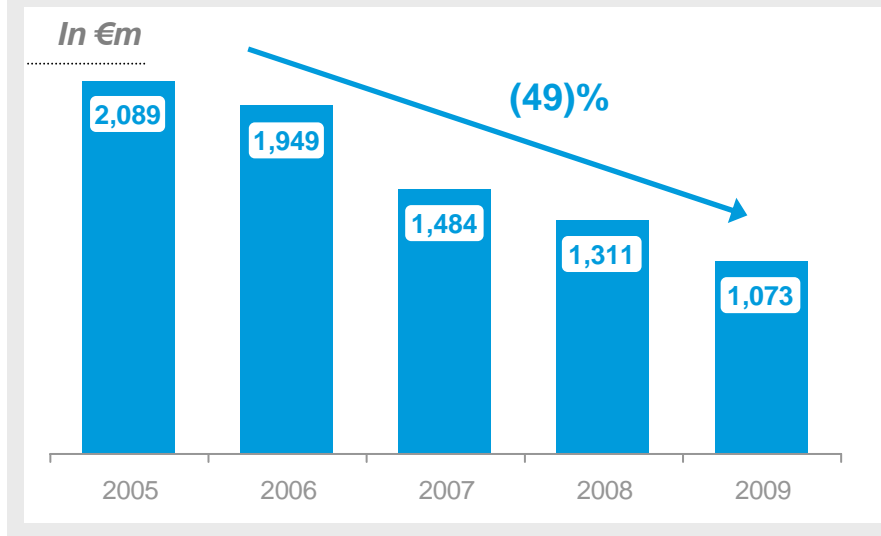
CFROI among the best in our European peer group

CFROI 2005/2008

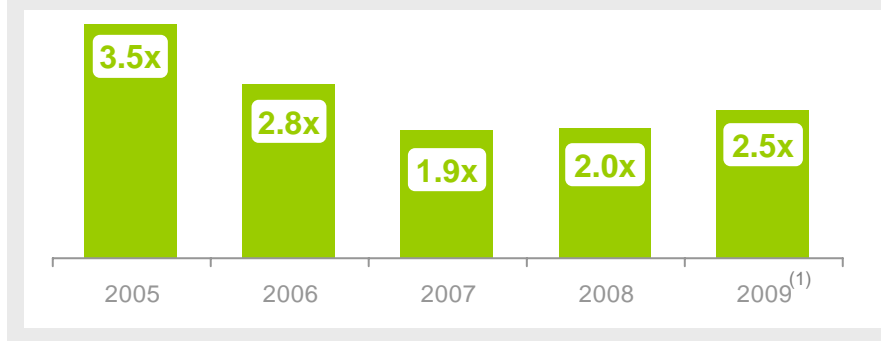


Uninterrupted reduction of net debt: Halved in less than 4 years

Net Debt
2005 – Sept. 2009



Leverage Net Debt / Rec EBITDA
2005 – Sept. 2009



(1) September 2009 actual

13 • Rhodia • 2009 Capital Market Day

- Long-maturity debt
- No major reimbursement before Q4 '13
- Cheap financing
 - Average cash-cost on gross debt 4.5% or €85m/year
- Leverage well under control despite economic downturn





**Rhodia has significantly strengthened
its financial situation and has all it takes
to deliver sustainable FCF**

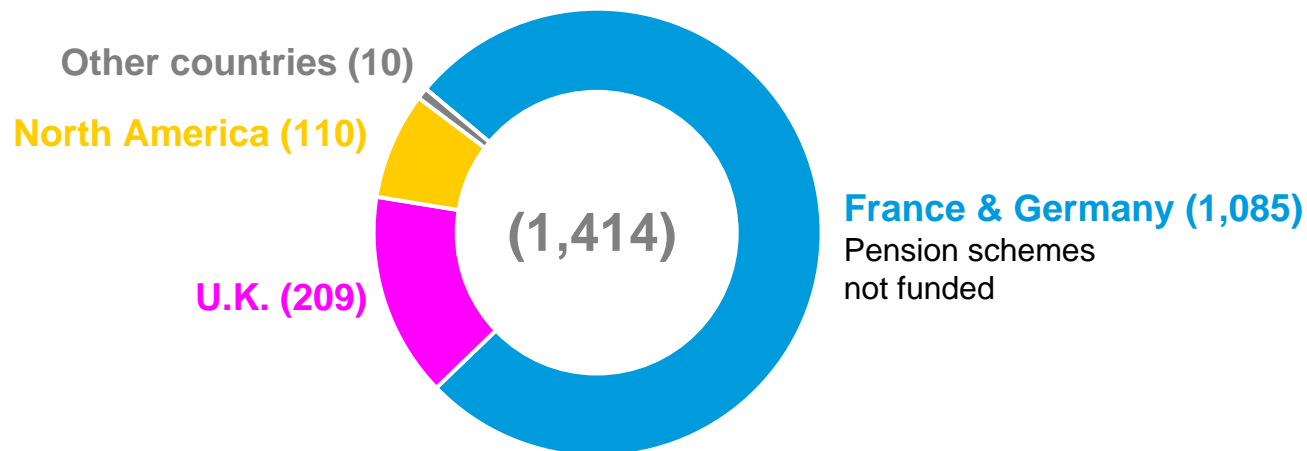
Appendices

Stable well-managed pension situation → weathered the financial turmoil smoothly

In €m

	2005	2006	2007	2008	2009
Net deficit	1,350	1,325	1,246	1,248	1,414⁽¹⁾
Cash out	95	100	115	110	110⁽²⁾

As of Sept 30, 2009



No exceptional cash contributions anticipated in 2010

(1) End of September

(2) FY '09 estimate

Rhodia Forex sensitivity and hedging policy

Forex & Policy exposure

Conversion

- No cash effect
- No coverage provided

Transaction

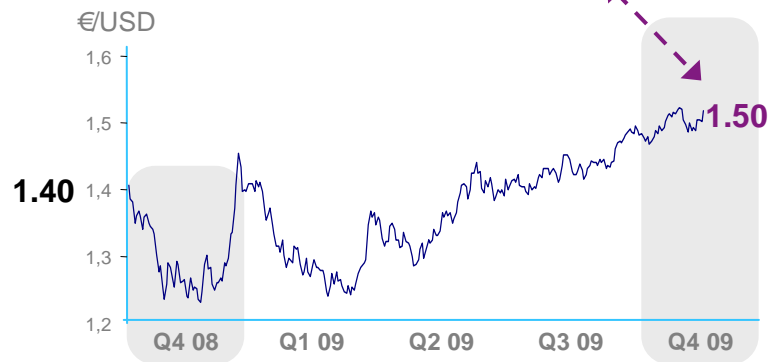
- Coverage on a 6-12 month rolling-forward
- Annual Group overall exposure before hedging: 300m US\$ and 300mBRL

Forex sensitivity

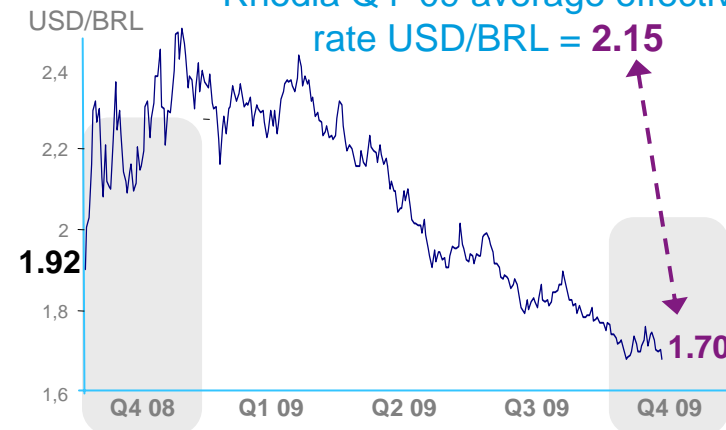
10 cents variation

In €m	Conversion	Transaction
€/ USD	€(10)m	< €(15)m
USD / BRL	N.A.	< €(15)m

Rhodia Q4 '09 average effective rate €/USD = 1.41



Rhodia Q4 '09 average effective rate USD/BRL = 2.15



**Forex exposure reduce by 40% following actions at Acetow
Hedging policy providing visibility (6 – 12 months)**