

2008

... First Quarter Results

Rhodia



May 7, 2008

Forward looking statements

This presentation contains elements that are not historical facts, including, without limitation, certain statements on future expectations and other forward-looking statements.

Such statements are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those anticipated.

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The presentation today may include the display of some company data that do not directly conform to generally acceptable accounting principles, or GAAP.

Management believes that the presentation of some non-GAAP data provides investors with additional insight into the ongoing operations of the business.

These measures should not be viewed as an alternative to GAAP measures of performance.

Furthermore, these measures may not be consistent with similar measures provided by other companies.

Key highlights

- Confirmation of solid demand with volumes up 2.4% like for like⁽¹⁾
- Pricing power allows price rises of 4.8% like for like⁽¹⁾ in local currency which offset almost all raw material & energy cost increases
- Significant negative Forex impact on recurring EBITDA
- Recurring EBITDA down 11% like for like⁽¹⁾
- Net Profit of €42m benefiting from reduced financing costs
- Isocyanates divestment completes portfolio refocusing
- Group organisation further simplified into 6 Entreprises

(1) Like for like: at constant scope and currency conversion

Q1 2008 Key figures

in €m

	Q1 2007	Q1 2008	Variation	Variation Like for like ⁽¹⁾
Net Sales	1 186	1 186		+ 3.8%
Recurring EBITDA ⁽²⁾	196	168	(14.3)%	(11.1)%
Operating Profit	125	93	(25.6)%	(6.1)%
Profit from continuing operations	(19)	40		
Profit/(loss) from discontinued operations	79	2		
Net Profit Group Share	59	42		
Free Cash Flow	(95)	(47)		

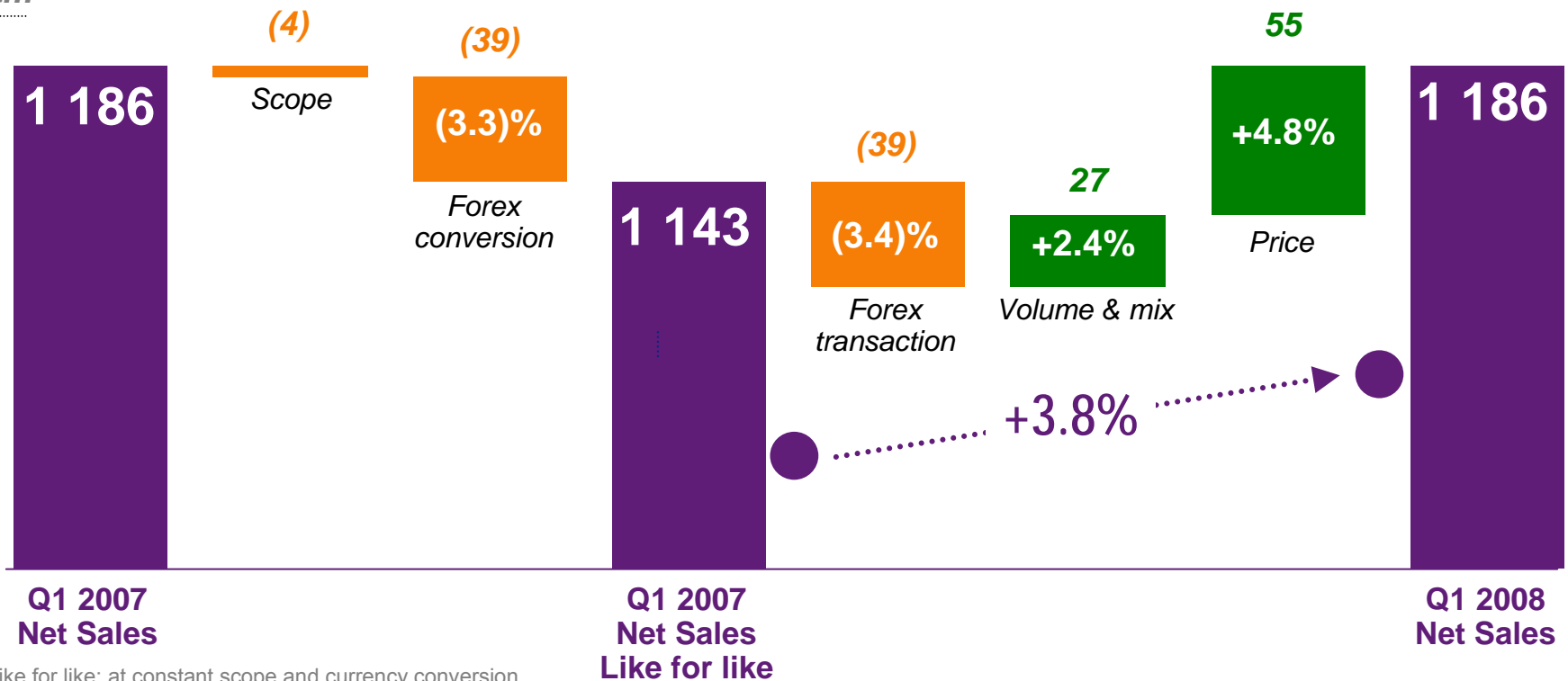
(1) Like for like: at constant scope and currency conversion

(2) Recurring: before restructuring and other operating income and expenses

Q1 2008 Net Sales up 3.8% like for like⁽¹⁾

- Good demand levels across all businesses: Volumes grow 2.4% like for like⁽¹⁾
- Overall pricing power confirmed: Prices up 4.8% like for like⁽¹⁾
- Significant Forex impact due to decline in USD vs Euro and Brazilian Real

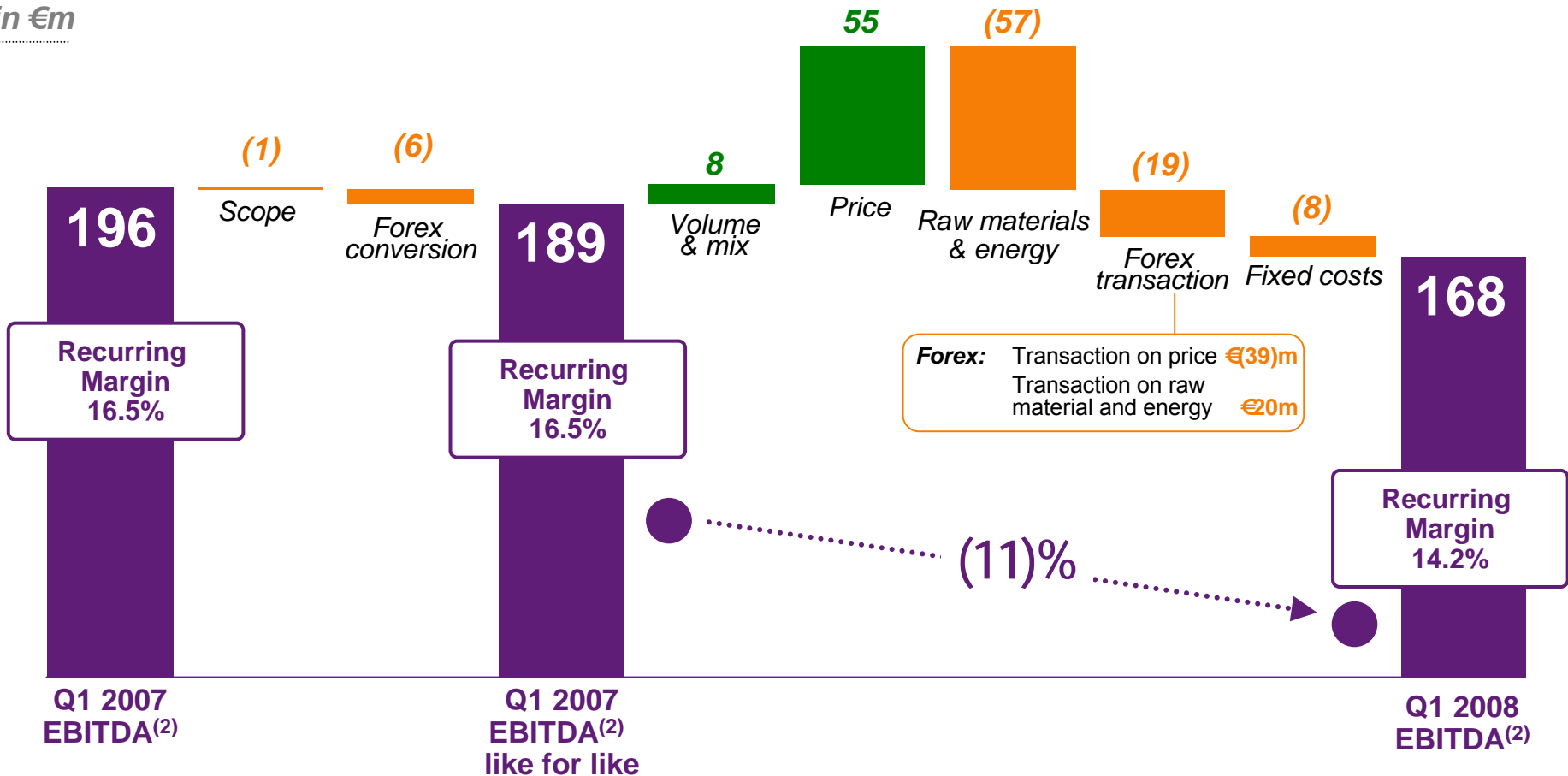
in €m



Q1 2008 recurring EBITDA down 11% like for like⁽¹⁾

- Price rises in local currency offset almost all raw material & energy cost increase
- €(19)m negative Forex transaction impact: USD impact €(7)m, Brazilian Real impact €(12)m

in €m



(1) Like for like: at constant scope and currency conversion

(2) Recurring: before restructuring and other operating income and expenses

Q1 2008 Income Statement

in €m

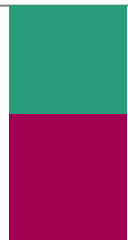
	Q1 2007	Q1 2008
Net Sales	1 186	1 186
Other Revenue	150	151
Recurring EBITDA⁽¹⁾	196	168
Recurring EBITDA Margin on Net Sales	16.5%	14.2%
Depreciation & amortization	(71)	(70)
Other gains and losses	19	(3)
Restructuring costs	(19)	(2)
Operating Profit	125	93
Net financial charges	(118)	(42)
Profit before income tax	7	51
Income tax	(26)	(11)
Profit from continuing operations	(19)	40
Profit/(loss) from discontinued operations	79	2
Net Profit Group Share	59	42
Earnings per share (€)	€0.59	€0.41

(1) Recurring: before restructuring and other operating income and expenses

Q1 2008 Forex impact of €25m on Recurring EBITDA

Impact US Dollar

€(14)m



Conversion €(7)m

Transaction €(7)m

	€ / USD	Q1 07	Q1 08
Conversion Before Hedging		1.31	1.50
Transaction After Hedging		1.30	1.40

Impact Brazilian Real

€(11)m



Conversion €1m

Transaction €(12)m

		Q1 07	Q1 08
Conversion	€ / BRL	2.76	2.60
Transaction	USD / BRL	2.11	1.74



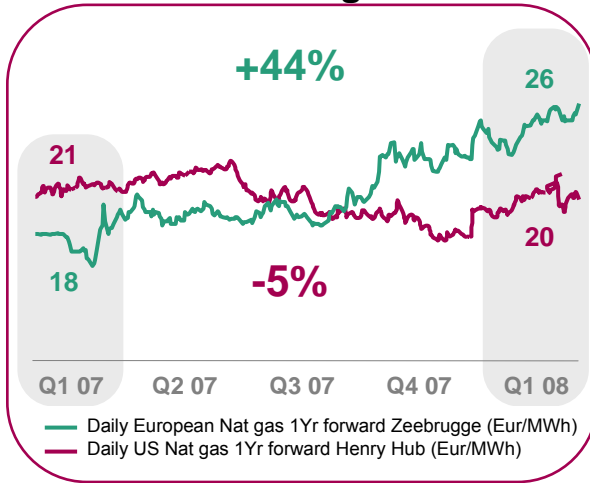
Full Year Forex sensitivity on Recurring EBITDA

Forex sensitivity before mitigation actions (current environment and scope)

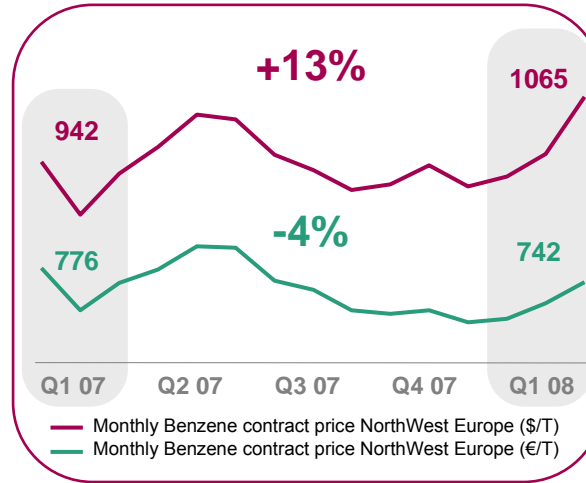
€m	Conversion	Transaction	Total
10 cents variation in € / USD	€(17)m	€(30)m	€(47)m
10 cents variation in USD / BRL	N.A.	€(13)m	€(13)m

Raw material increases Q108 vs Q107 (market prices)

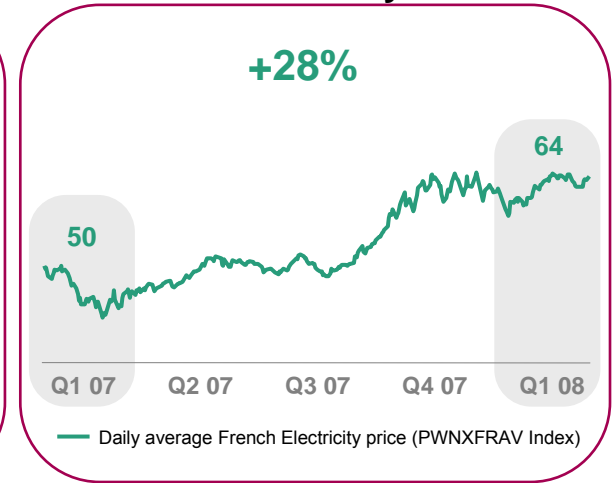
Natural gas



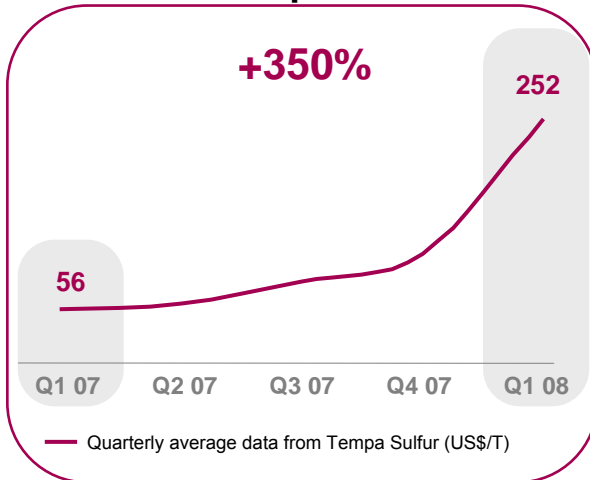
Benzene



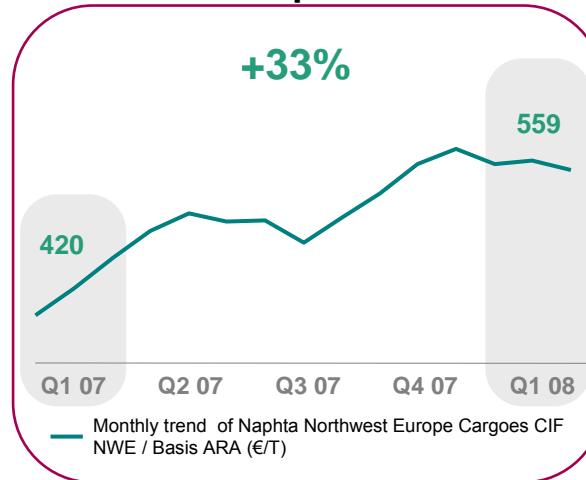
Electricity



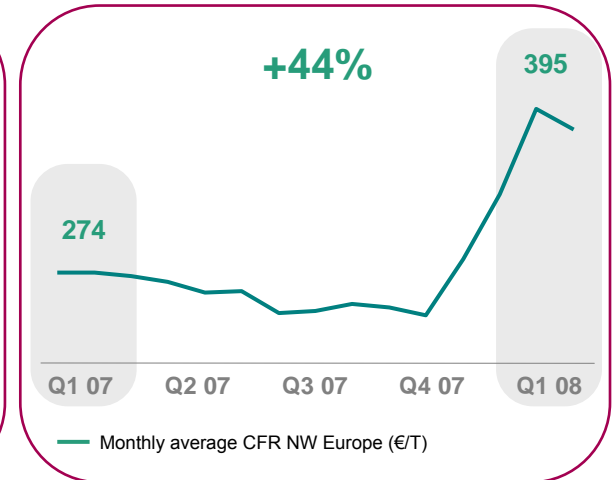
Sulphur



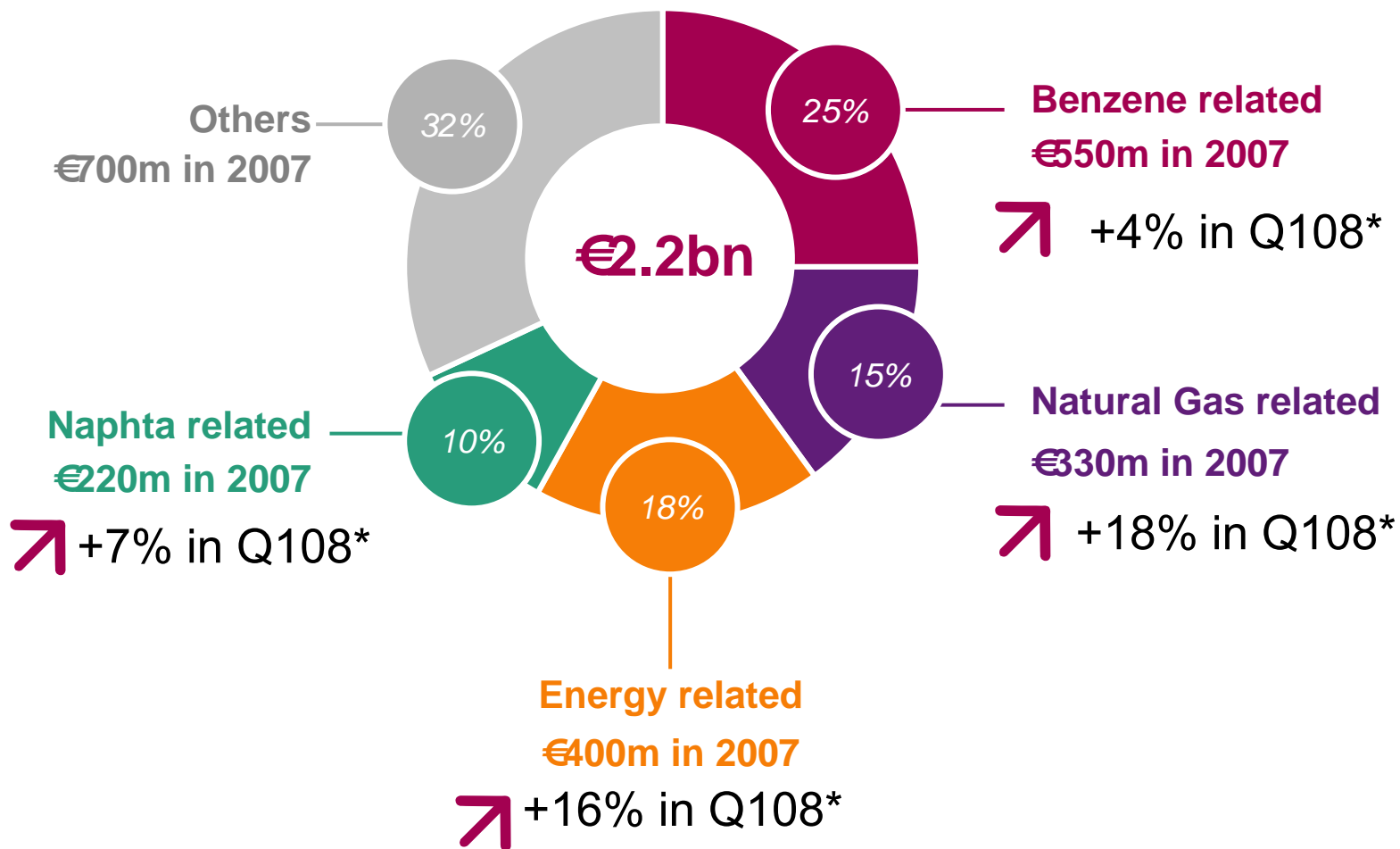
Naphta



Ammonia



Raw Material & Energy costs by type ⁽¹⁾



(*) Price increase Q108 vs Q107
(1) 2007 actual data

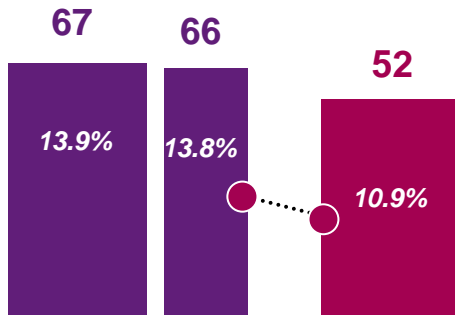
Business performance

in €m

Q1 2007 Q1 2007 Q1 2008
Like for like⁽¹⁾

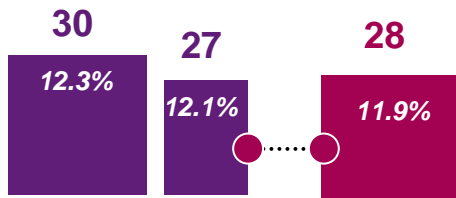
Recurring EBITDA and margins

Polyamide



- Good volume growth in Engineering Plastics and Intermediates, especially in Asia
- Price rises cover 75% of raw material & energy cost increases. Price increases limited by US competitors benefiting from favorable currency, natural gas costs & available volumes due to US slowdown
- €(13)m negative Forex due to decline in USD against BRL and Euro

Novecare



- Strong growth for Agrochemical products and solid volumes in Home & Personal Care. Industrial formulation volumes flat with Asian growth offsetting US slowdown
- Price rises offset raw material & energy cost increases
- Fixed cost increase mainly due to growth projects

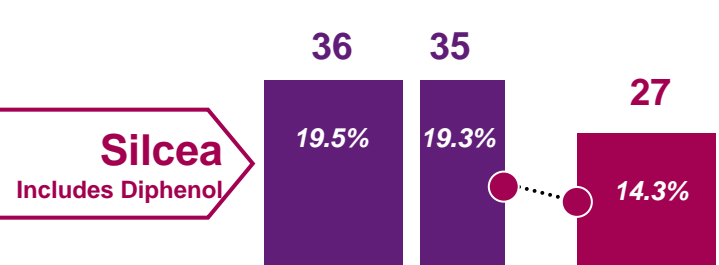
(1) Like for like: at constant scope and currency conversion

Business performance

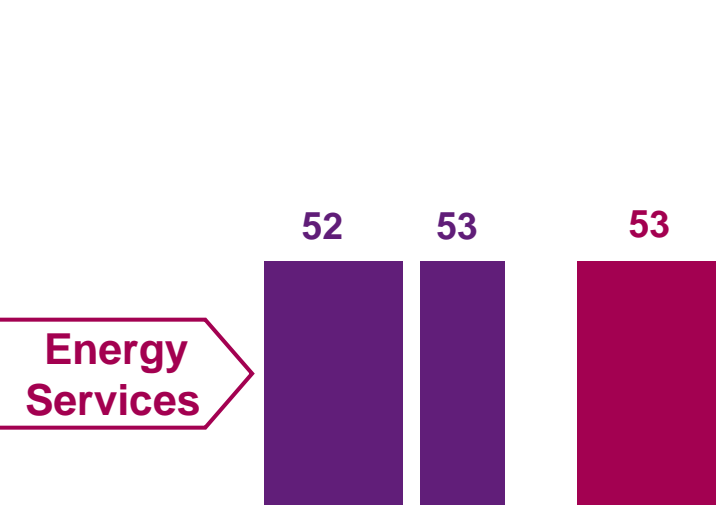
in €m

Q1 2007 Q1 2007 Q1 2008
 Like for like⁽¹⁾

Recurring EBITDA and margins



- Price rises now in place to offset significant raw material & energy cost increases after timelag in Q1 impacted recurring EBITDA
- Volumes temporarily affected by price rises



- €39m recurring EBITDA generated from CERs
- 90% of 2008 CER expected volumes (13 Mt) secured at €15/t
- Forward sales secured for c.25% of 2009-2012 CER volumes at c.€15/t
- CER sales of 8mt to Japanese Government
- First 2013 transaction made by Orbeo

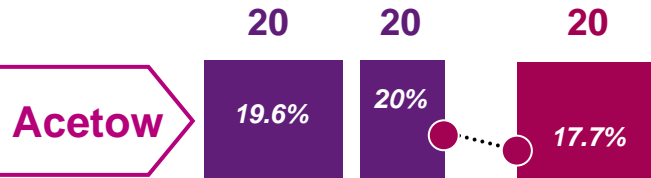
(1) Like for like: at constant scope and currency conversion

Business performance

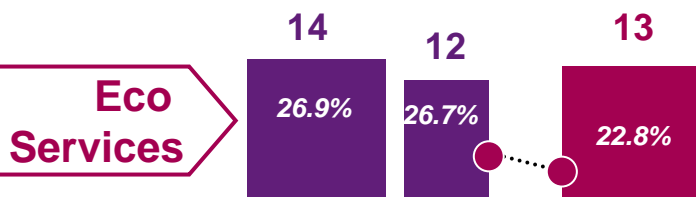
in €m

Q1 2007 Q1 2007 Q1 2008
Like for like⁽¹⁾

Recurring EBITDA and margins



- Recurring EBITDA stable despite €(4) of negative Forex
- Volume recovery from low Q107
- Price rises offset raw material and energy cost increases
- Competitiveness plan well underway & benefits to flow in H2



- Strong pricing more than offsets raw material and energy cost increases
- Volume growth driven by growth in sulphuric acid market

(1) Like for like: at constant scope and currency conversion

Working Capital and Capex well controlled

Efficient Control over Operational Working Capital

% of Total Sales

13.4%



Q1 2007

11.4%



Q1 2008

Disciplined Capital Expenditure management

in €m

324



2007

73

forecast of €280/300m in 08

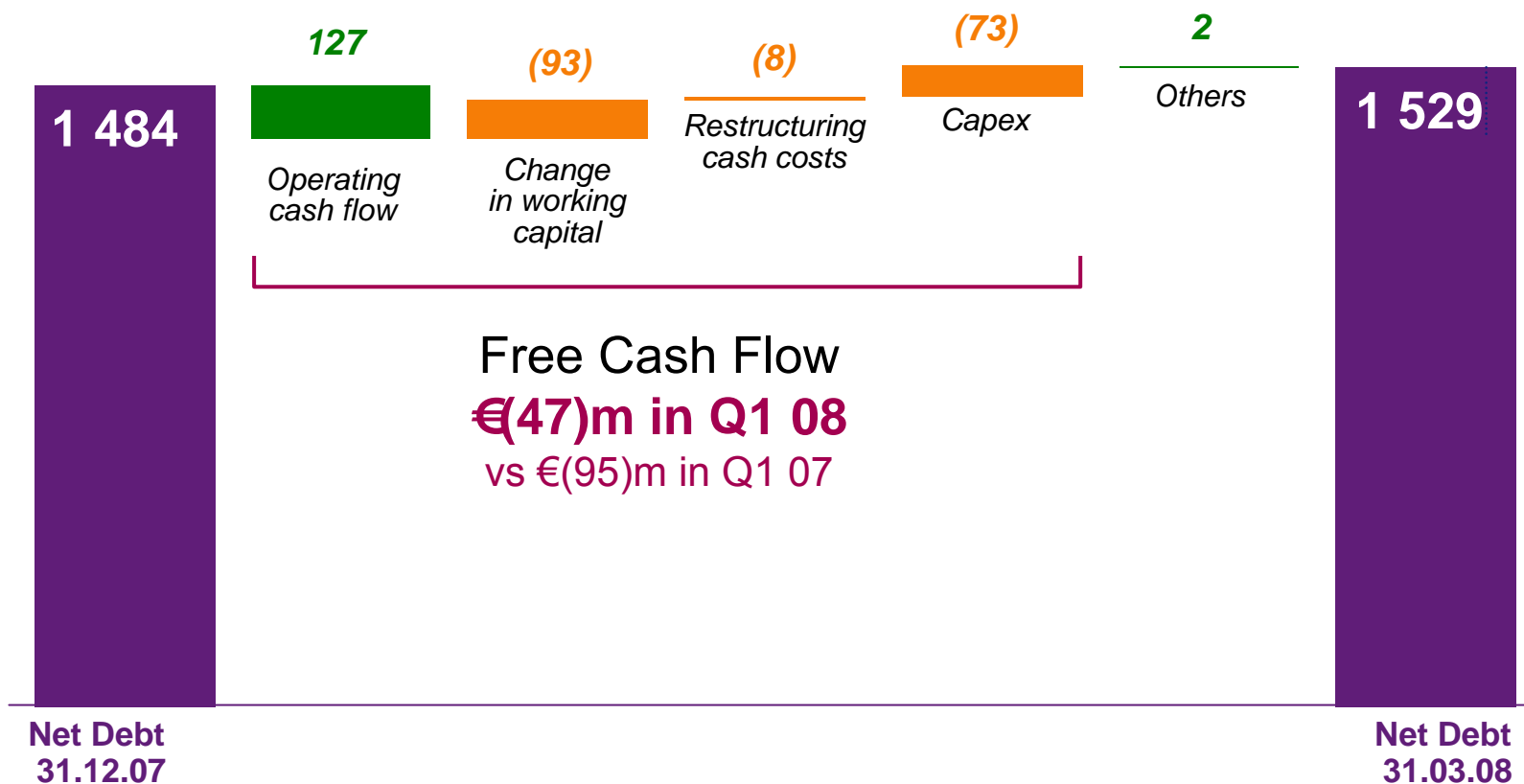


Q1 2008

Q1 2008 Net Debt

in €m

Better management of seasonality allows for strong improvement in cash profile vs Q1 07





2008 Outlook

 **Rhodia**



2008 Key Priorities

Exercise Pricing Power

- In Q108 a proven ability to increase prices
 - Prices rises : +4.8% in Q108 versus Q107
 - Prices rises compensated €5m out of €7m increase in raw materials & energy
- Further price increases underway in all businesses

Forex: Better match currency revenues and costs

- Increase proportion of sales in production currency (Acetow, PA)
- Develop cost competitiveness programs (Acetow, PA)
- Direct growth capex to USD related zones (Asia)

Focus on Free Cash Flow management

- Continue best in class working capital management
- Increase selectivity in Capex management (-11% vs Q107)

Finalize restructuring

- Complete Isocyanates divestment
- Finalize exit from Fine Organics

2008 Business Outlook

Polyamide

- Good volumes expected to remain particularly across Asia and Latin America
- Ability to offset fully the adverse raw material, energy and Forex impact challenged by US competitors taking advantage of their Natural gas & Forex situation and temporary volume availability due to US slowdown

Novecare

- Market trends remain positive in Agrochemicals, Home & Personal Care and Oil Field Chemicals

Silcea

- Demand to continue strong with significant EBITDA improvement as soon as Q2

Energy Services

- Solid and predictable CER revenue generation to continue.

Acetow

- Positive trends return with good dynamics in volumes, prices & cost reduction

Eco Services

- Significant price increases to continue to pass through sulphur costs

2008 Outlook

Raw materials, Energy & Forex

- Increased headwinds
 - Decline in US Dollar
 - Unrelenting increase in key raw material costs

Market demand & Pricing

- Solid volumes expected
- Price rises to continue

Recurring EBITDA

- Current conditions prevailing, Recurring EBITDA for 2008 is expected within 5% of the level achieved in 2007.

EPS

- Confirmation of EPS increase vs 2007 despite challenging operating environment

Appendix 1

Q1 2008 Net Finance Costs



Q1 2008 Net Finance Costs

in €m

	Q1 2007	Q1 2008
Net financial charges & other financial charges	(43)	(28)
Non recurring financial restructuring charges	(62)	0
Interest cost on environmental & pension liabilities	(11)	(14)
Forex gains & losses	0	1
Other miscellaneous	(2)	(1)
Total financial expenses	(118)	(42)

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