



## Third Quarter 2007 Results

*November 6, 2007*

# Forward Looking Statements and Regulation G



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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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<http://www.rhodia.com>



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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.

# Solid Q3 2007 Results and Perspectives

- Recurring EBITDA up 20% in a challenging foreign exchange and raw material environment (€192m Q3 2007 vs €160m Q3 2006)
- Positive Free Cash Flow (€53m Q3 2007 vs €(10)m Q3 2006)
- Investing in our high growth businesses

- 2007 Free Cash Flow expectation > €100m
- 2007 Net Debt / Recurring EBITDA ratio < 2x, a year ahead of commitment

# Q3 2007 Key Figures

€m

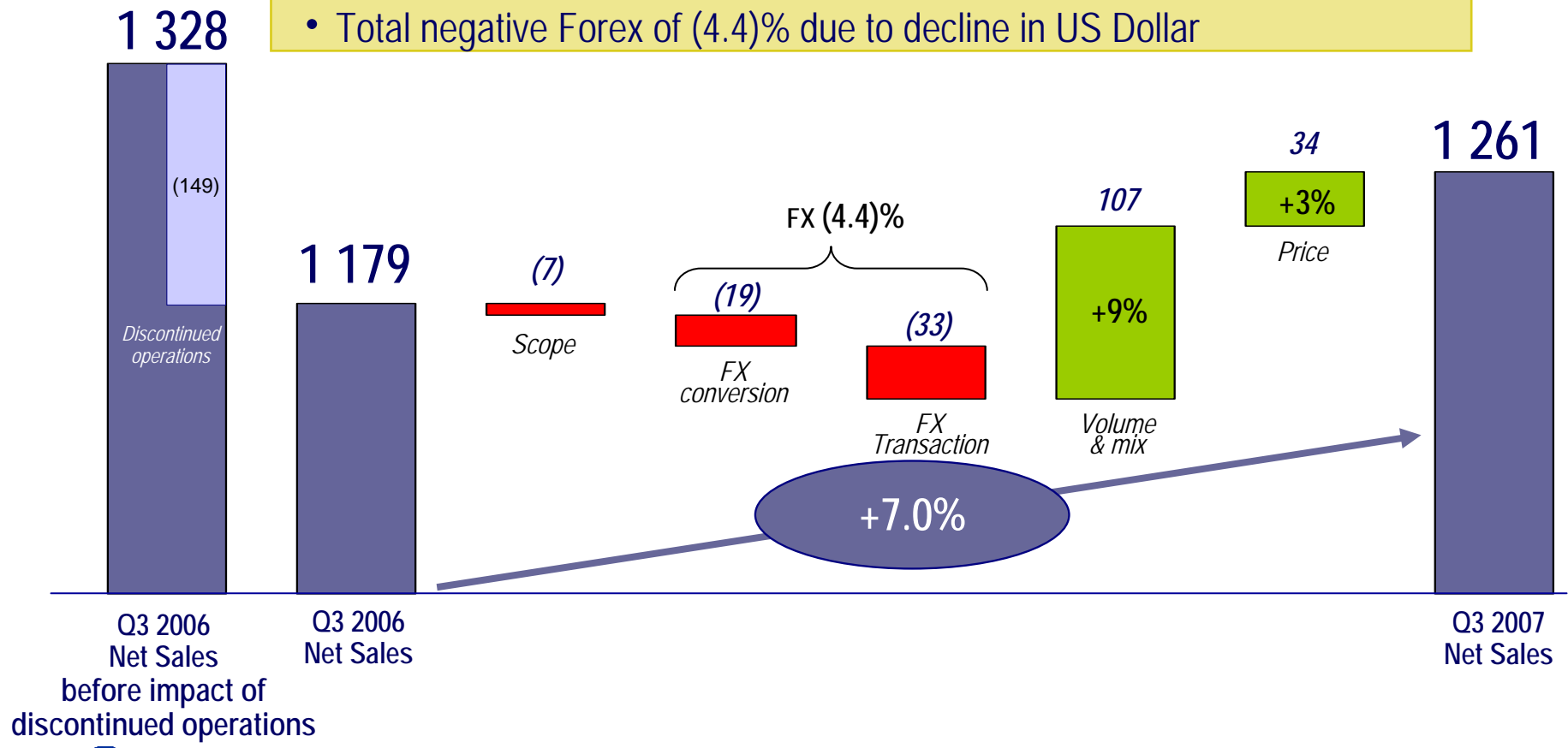
	Q3 2006	Q3 2007	Variation
Net Sales	1 179	1 261	+ 7%
Recurring EBITDA	160	192	+ 20%
Operating Profit	112	115	+ 2.7%
Profit from continuing operations	73	47	
Profit/(loss) from discontinued operations	(2)	(3)	
Net Profit Group Share	70	45	
	30.06.07	30.09.07	
Net Debt	1 648	1 623	



# Q3 2007 Net Sales Up 7%

€m

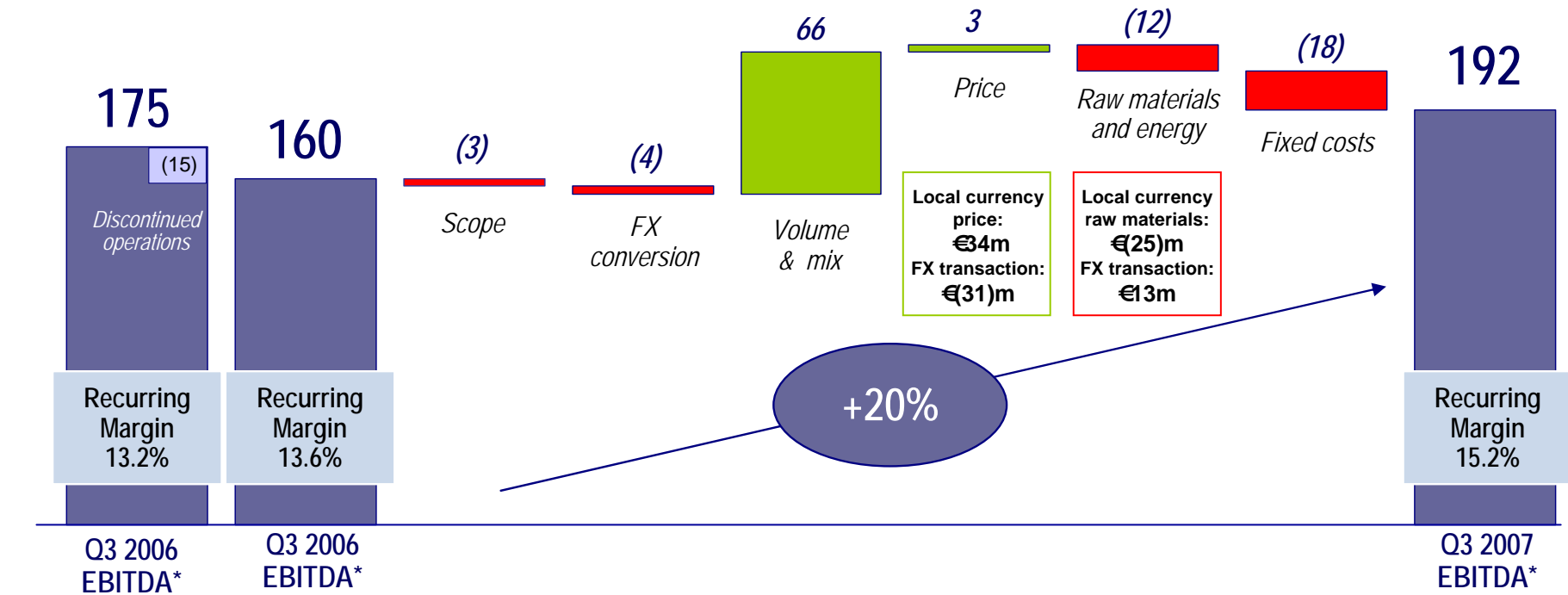
- Significant Q3 07 Net Sales growth with volume and price up 12%
- Strong top line volume growth: +9% (4.4% excluding CERs)
- Solid pricing: +3%
- Total negative Forex of (4.4)% due to decline in US Dollar



# Q3 2007 Recurring EBITDA Up 20%

€m

- Strong growth in volumes
- Solid pricing in local currency offsets raw material cost increases
- Recurring EBITDA Margins: 15.2% (12.7% excluding CERs)
- €22m negative Forex impact due to decline in US Dollar against Euro and Brazilian Real
- Fixed costs higher due to growth projects and reduction in inventory



before impact of discontinued operations

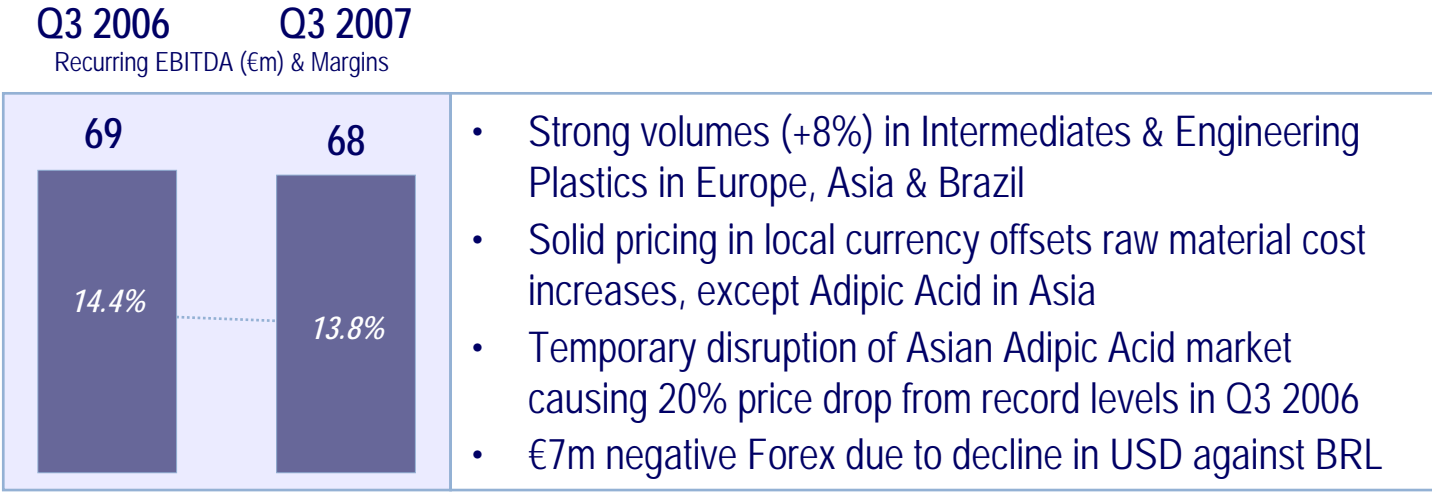


\* Recurring: before restructuring and other operating income and expenses

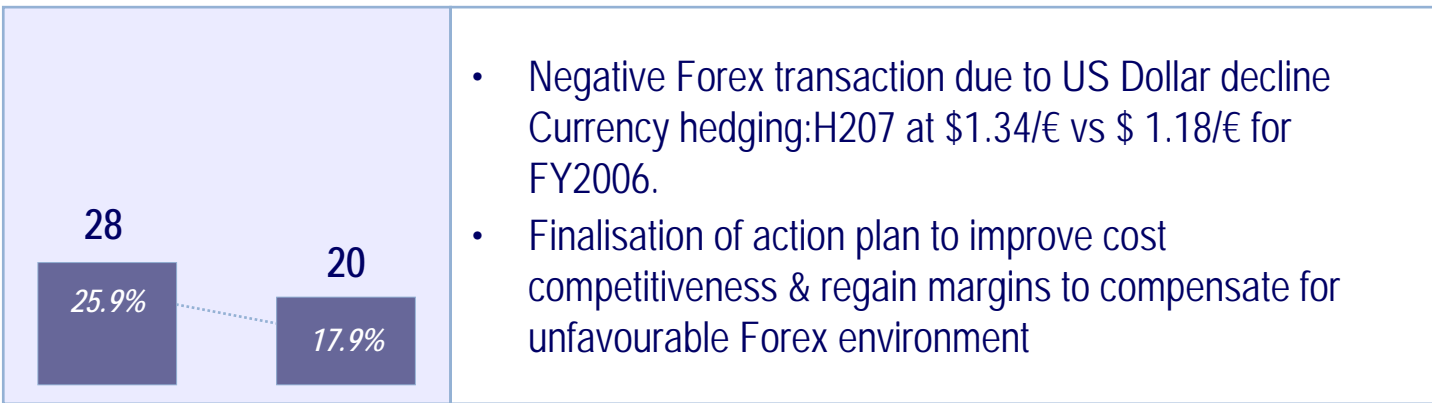
# Q3 07 Business Performance



## Polyamide



## Acetow

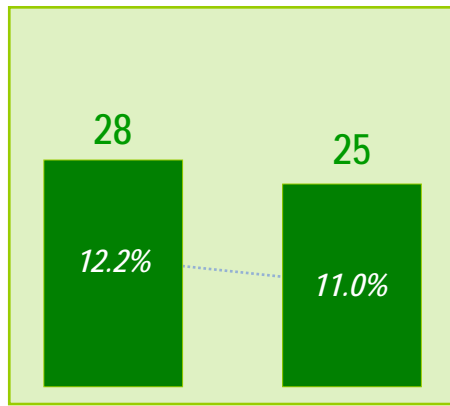


# Q3 07 Business Performance

€m

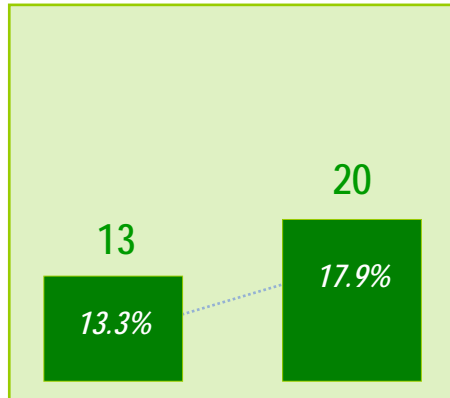
Q3 2006      Q3 2007  
Recurring EBITDA (€m) & Margins

## Novecare



- Volume growth (+2%) in spite of slowdown in US housing market
- Performance solutions for Oil Field & Agro chemicals continue to grow strongly
- Growth projects push fixed costs higher

## Silcea



- Strong volume growth continues (+7%) in Silica systems (tyres) and Rare Earths (catalysis)
- Pricing trends offset raw material cost increases
- Successful integration of Alumina Washcoat business



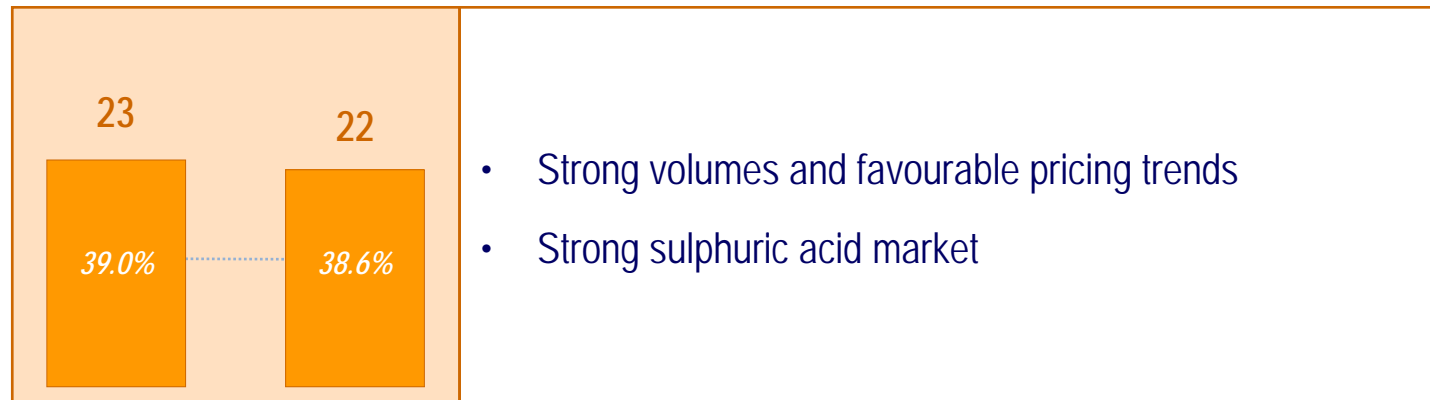


# Q3 07 Business Performance



Q3 2006      Q3 2007  
Recurring EBITDA (€m) & Margins

## Eco Services



## Organics



# Q3 07 Business Performance



## Energy Services

Q3 2006      Q3 2007  
Recurring EBITDA (€m) & Margins



- €55m Net Sales with €39m recurring EBITDA generated from CERs, after production, selling and Group service costs
- Usual seasonal lapse in other activities (Cogeneration, Energy purchasing)



# Q3 2007 Income Statement

€m

	Q3 2006	Q3 2007
<b>Net Sales</b>	<b>1 179</b>	<b>1 261</b>
Other Revenue	75	86
<b>Recurring EBITDA</b>	<b>160</b>	<b>192</b>
Recurring EBITDA Margin on Net Sales	13.6%	15.2%
Depreciation & amortization	(73)	(75)
Other gains and losses	27	3
Restructuring costs	(2)	(5)
<b>Operating Profit</b>	<b>112</b>	<b>115</b>
Net finance costs	(62)	(43)
<b>Profit before income tax</b>	<b>50</b>	<b>72</b>
Income tax	23	(25)
<b>Profit from continuing operations</b>	<b>73</b>	<b>47</b>
Profit/(loss) from discontinued operations	(2)	(3)
<b>Net Profit Group Share</b>	<b>70</b>	<b>45</b>



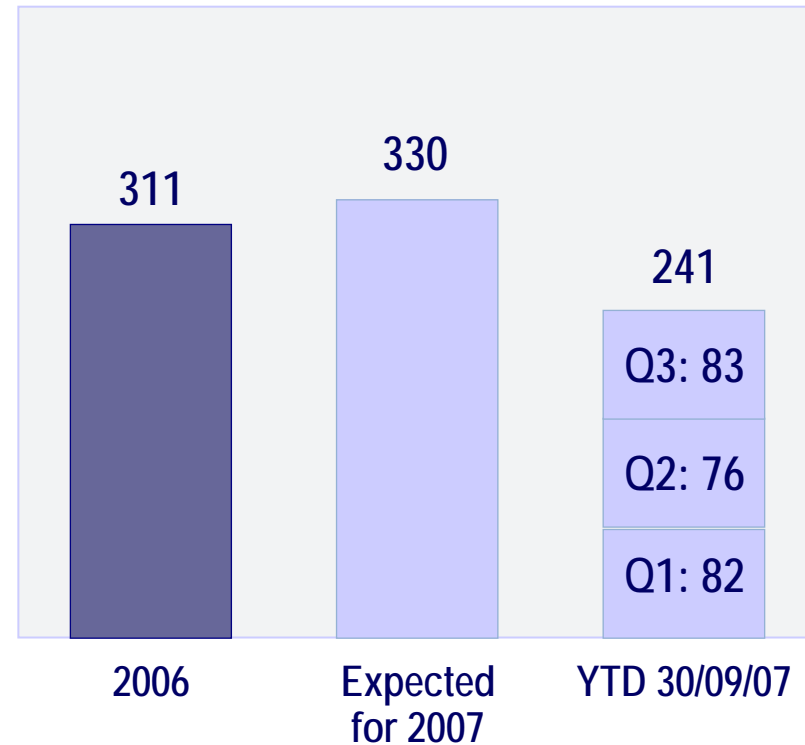
# Working Capital and Capex Well Controlled

€m

### Operational working capital (% of Total Sales)

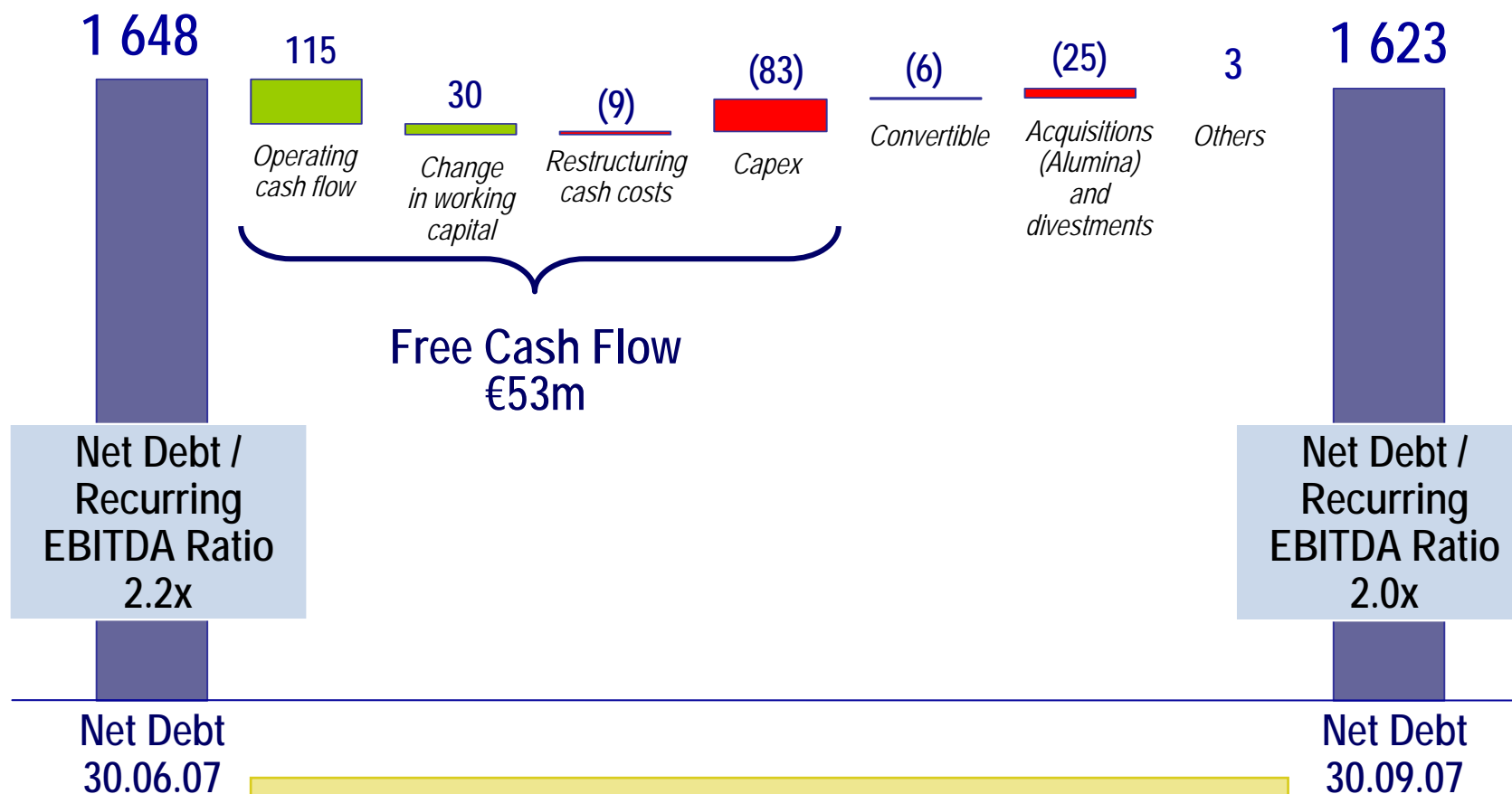


### Capital expenditure (Cash)



# Positive Free Cash Flow & Higher EBITDA Allow Significant Reduction in Financial Leverage

€m



- Long-term maturity profile (FRN 2013 & convertible 2014)
- Majority of debt at fixed rate (including FRN swapped)





## Outlook & Perspectives

# Organics: Concentrating On Fast Growing Diphenol Leadership Position

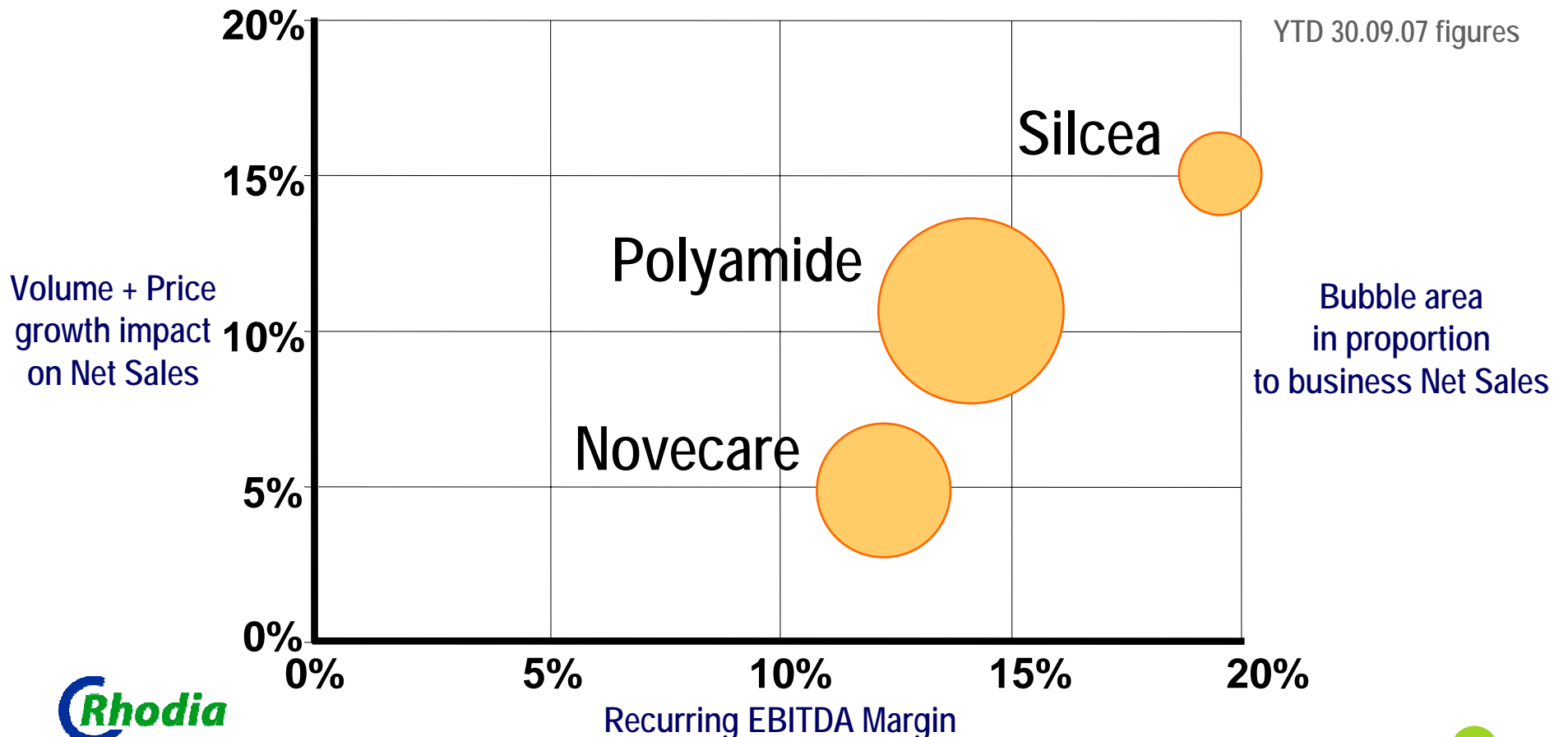


Business	Current Status	Strategic Direction
<p><b>Diphenol Chain</b></p> <p><i>LTM Net Sales €266m</i></p> <p><i>LTM Rec.EBITDA Margin 18.5%</i></p>	<p>Global N°1 with market share &gt;50%</p> <p>Market growth +4% pa</p> <p>Global manufacturing footprint complemented by new Chinese plant</p> <p>➔ A very strong leadership position</p>	<ul style="list-style-type: none"> <li>• Grow the business worldwide with a focus on Asian leadership</li> </ul>
<p><b>Fine Organics</b></p> <p><i>LTM Net Sales €562m</i></p> <p><i>LTM Rec.EBITDA Margin 6.2%</i></p> <p><b>Isocyanates</b></p>	<p>Overall overcapacity with strong Asian competitors</p> <p>➔ Unsatisfactory profitability Ongoing restructuring</p> <hr/> <p>Long-term TDI tolling contract at Pont de Claix</p> <p>➔ Improved industrial reliability and cost competitiveness</p>	<ul style="list-style-type: none"> <li>• Restructure/Exit non viable businesses:             <ul style="list-style-type: none"> <li>• Closure of 3 facilities announced: Mulhouse, Roussillon Paracetamol (FR) and Avonmouth (UK)</li> </ul> </li> <li>• Driving for operational excellence</li> <li>• Review strategic options</li> </ul>



# Portfolio Strength Driving Growth Forward

- 3 high growth businesses: Polyamide, Silcea and Novecare with high margin leadership in strong growth markets (c.70% of portfolio)
- Other businesses managed for cash



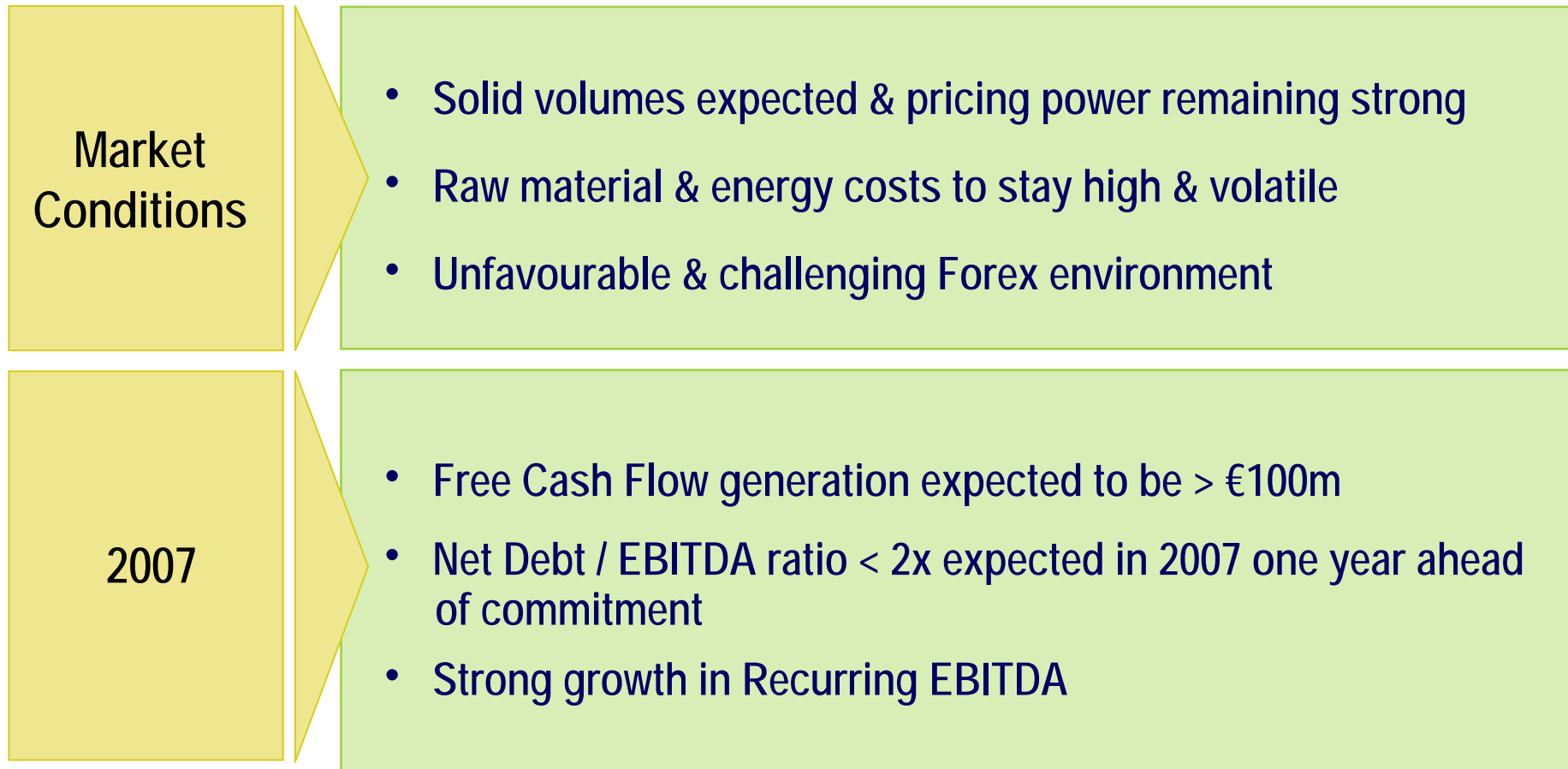


# Investing In Our High Growth Businesses

- Growth projects underway
  - Polyamide: South Korean polymerisation plant start up expected around 2007 year end
  - Silcea: Successful integration of Alumina acquisition in the US will deliver growth opportunities in attractive automotive emissions control market
  - Novecare: New speciality surfactant plant in India for Home and Personal Care market
  - Organics/Diphenol: New facility up and running in China. 1<sup>st</sup> unit on new first class 40 hectare Rhodia site close to Shanghai.
- Mid-term growth projects being prepared/evaluated
  - Silcea: Asian Silica production plant to support double digit growth to be announced soon
  - Polyamide: New Asian ADN/HMD plant



# Accelerated delivery of our financial commitments in 2007





## Appendix 1 Third Quarter 2007 Results

# Q3 2007 Net Finance Costs

€m

	Q3 2006	Q3 2007
Net financial charges & other financial charges	(49)	(32)
Non recurring financial restructuring charges	0	0
Interest cost on environmental & pension liabilities	(12)	(10)
Forex gains & losses	2	(2)
Other miscellaneous	(3)	1
<b>Total financial expenses</b>	<b>(62)</b>	<b>(43)</b>



## Appendix 2 YTD 30.09.07 Results

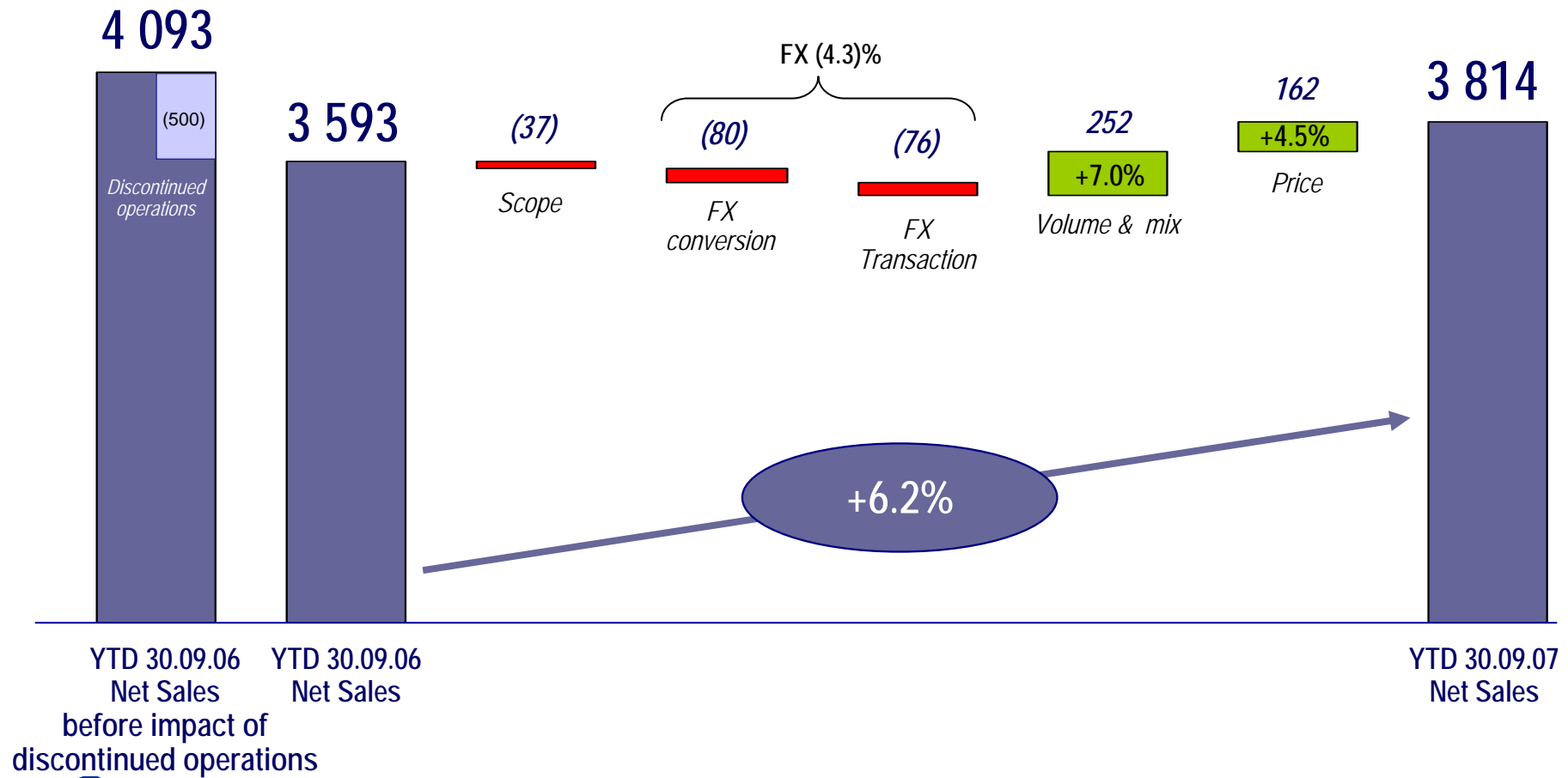
# YTD 30.09.07 Income Statement

€m

	YTD 30.09.06	YTD 30.09.07
Net Sales	3 593	3 814
Other Revenue	322	326
<b>Recurring EBITDA</b>	<b>488</b>	<b>600</b>
Recurring EBITDA margin on Net Sales	13.6%	15.7%
Depreciation & amortization	(226)	(219)
Other gains and losses	23	10
Restructuring costs	(14)	(27)
<b>Operating Profit</b>	<b>271</b>	<b>364</b>
Net finance costs	(171)	(246)
<b>Profit before income tax</b>	<b>100</b>	<b>118</b>
Income tax	57	(75)
<b>Profit from continuing operations</b>	<b>157</b>	<b>43</b>
Profit/(loss) from discontinued operations	(43)	65
<b>Net Profit group share</b>	<b>111</b>	<b>107</b>

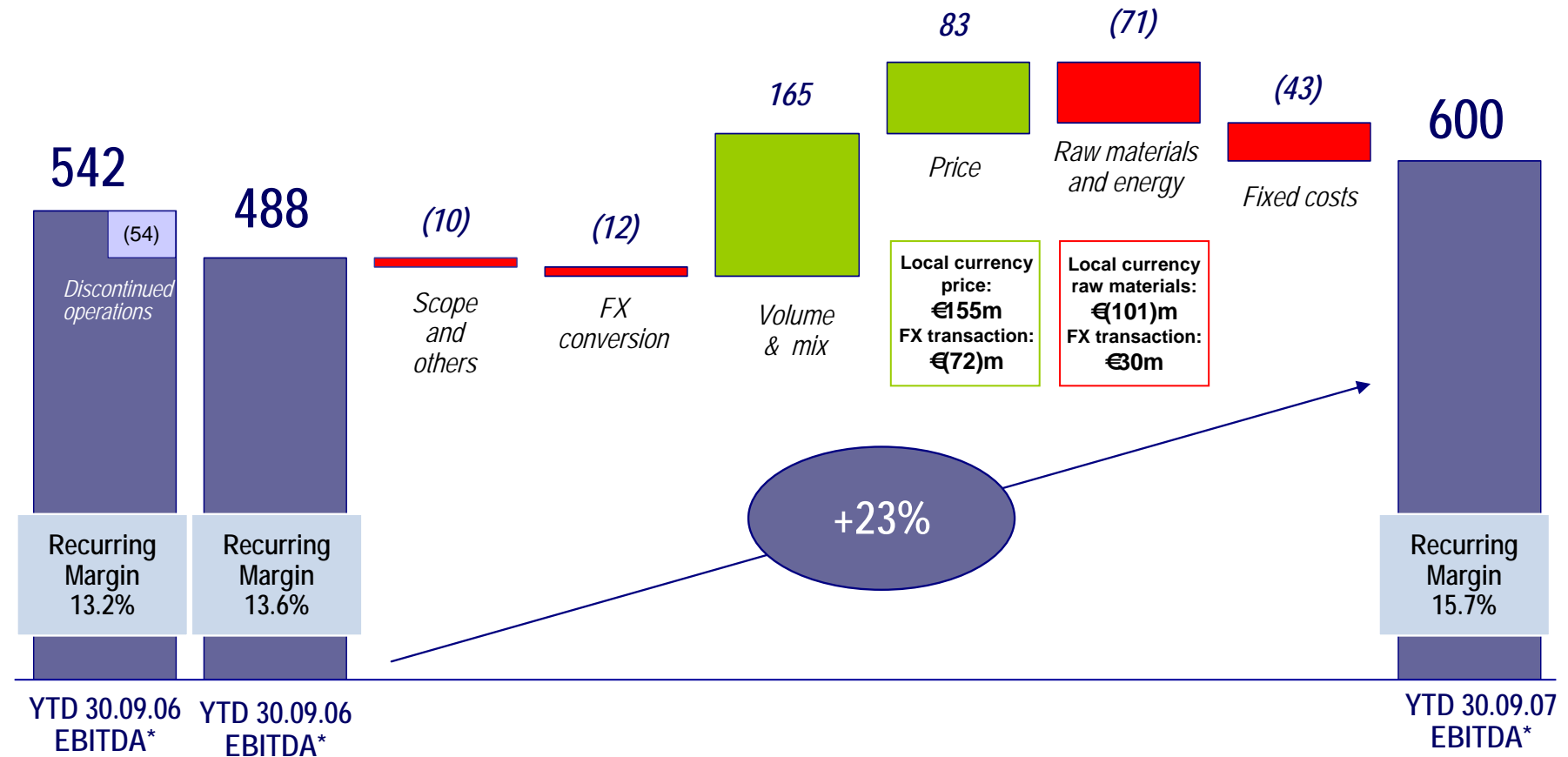
# YTD 30.09.07 Net Sales Up 6.2%

€m



# YTD 30.09.07 Recurring EBITDA Up 23%

€m



YTD 30.09.06 EBITDA\* before impact of discontinued operations



\* Recurring: before restructuring and other operating income and expenses



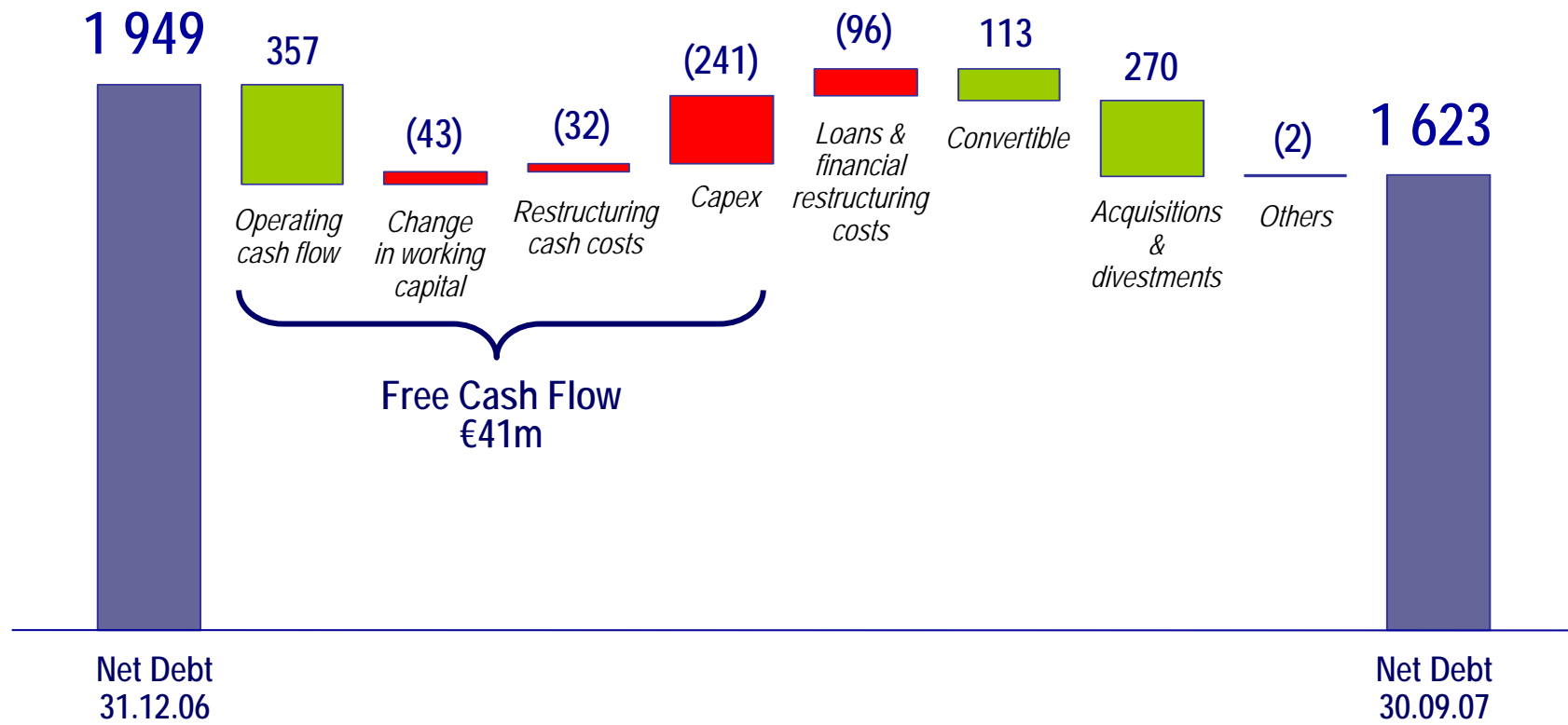
# YTD 30.09.07 Net Finance Costs

€m

	YTD 30.09.06	YTD 30.09.07
Net financial charges & other financial charges	(136)	(113)
Non recurring financial restructuring charges	0	(96)
Interest cost on environmental & pension liabilities	(28)	(33)
Forex gains & losses	5	(1)
Other miscellaneous	(12)	(3)
<b>Total financial expenses</b>	<b>(171)</b>	<b>(246)</b>

# Net Debt

€m





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