

Paris - February 25, 2009

Q4 & FY '08 Results

Analyst Meeting



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. Rhodia does not undertake to provide updates of these statements.

Copies of all recent filings, and additional information about Rhodia, are available through our web site :

<http://www.rhodia.com>

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

Jean-Pierre Clamadieu – Chairman and CEO

Q4 & FY '08 key highlights : a year of contrasts

- **Q4, volume contraction** by (17)% YoY⁽¹⁾, primarily reported by Polyamide and Silcea
 - Low demand **prevented from taking advantage** of decreasing raw material & energy costs
 - Steep decline in demand in major Polyamide's end-markets, **affecting industry balance**
- **Good performance** by Novecare, Energy Services, Acetow and Eco Services in Q4 and throughout the year
- **Sustained pricing power** : 11% price increase in Q4, 9.5% in FY '08
- Recurring **EBITDA⁽²⁾** at **€141m in Q4; €664m FY**
- **Strong Q4 FCF** generation of **€168m, positive FCF in the year**
- **Continued de-leveraging** : net debt down by 12% or €173m in 2008

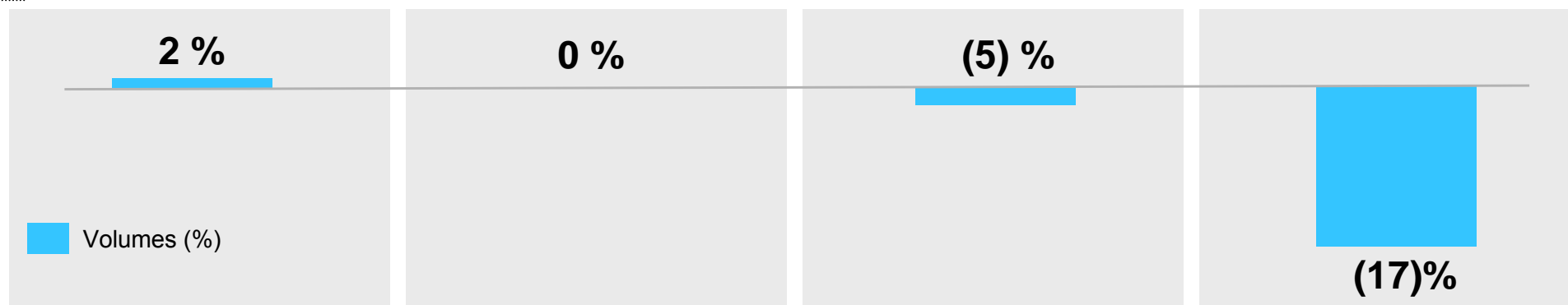
(1) YoY like-for-like evolution : at constant scope and currency conversion

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

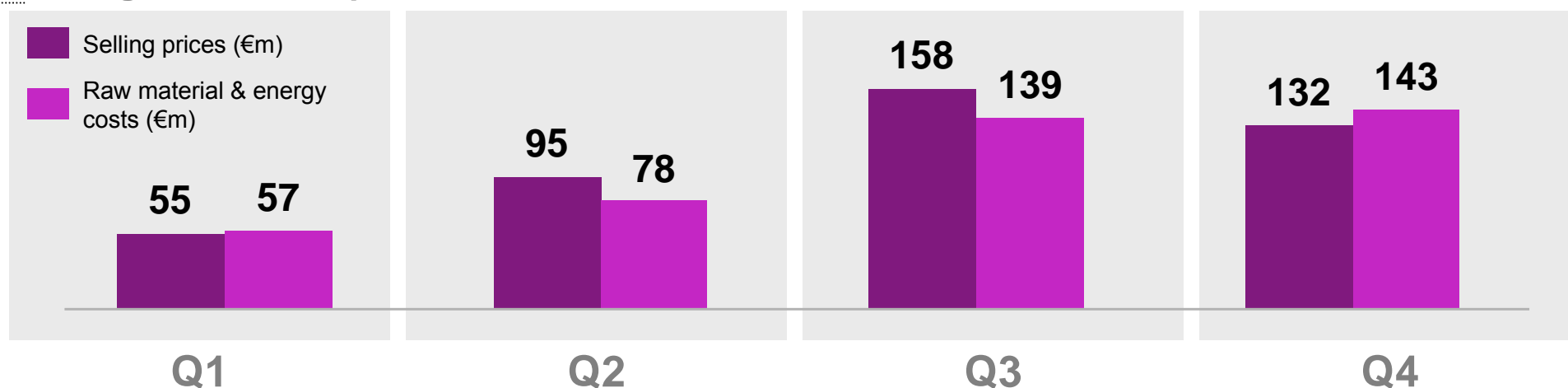
Q4, a significant drop in demand

2008 YoY like-for-like⁽¹⁾ evolution by quarter

Net Sales impacts



Recurring EBITDA⁽²⁾ impacts



Good resistance of selling prices in spite of volume decline, whilst raw material & energy costs still affecting P&L

(1) YoY like-for-like evolution : at constant scope and currency conversion

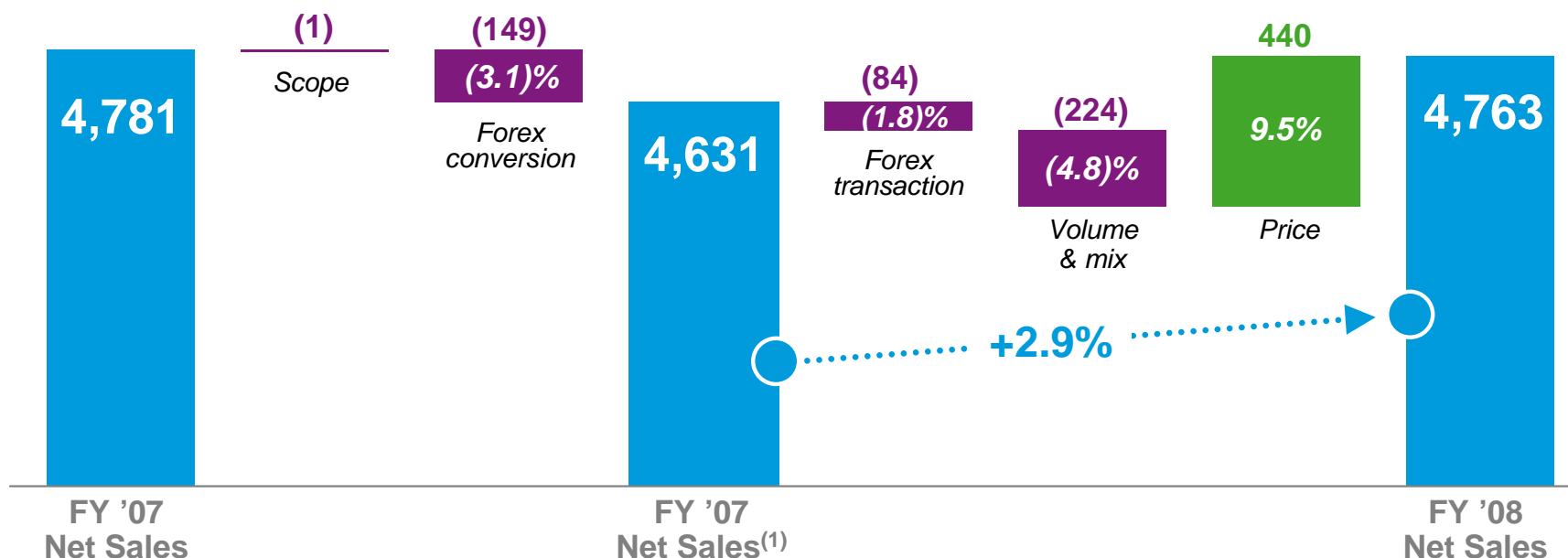
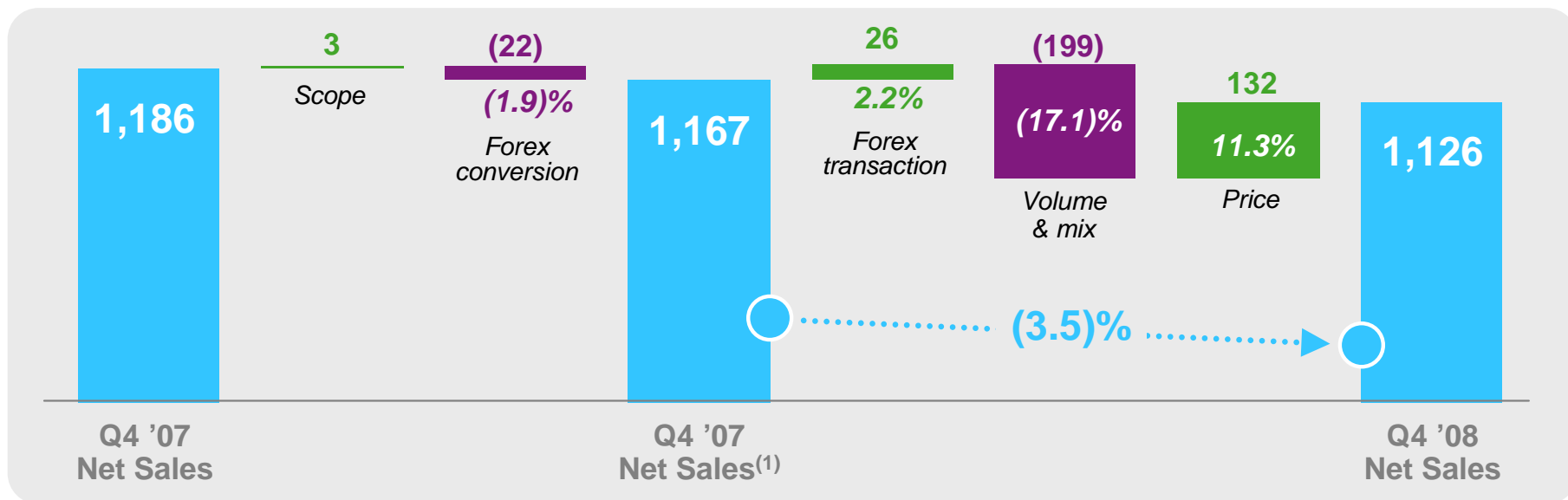
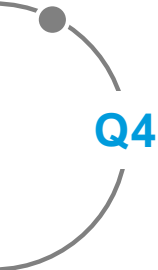
(2) Recurring : before restructuring and other operating income and expenses

Q4 & FY '08 Results

Pascal Bouchiat - CFO

Q4 & FY '08 Net Sales : sustained pricing power throughout the year, despite volume contraction

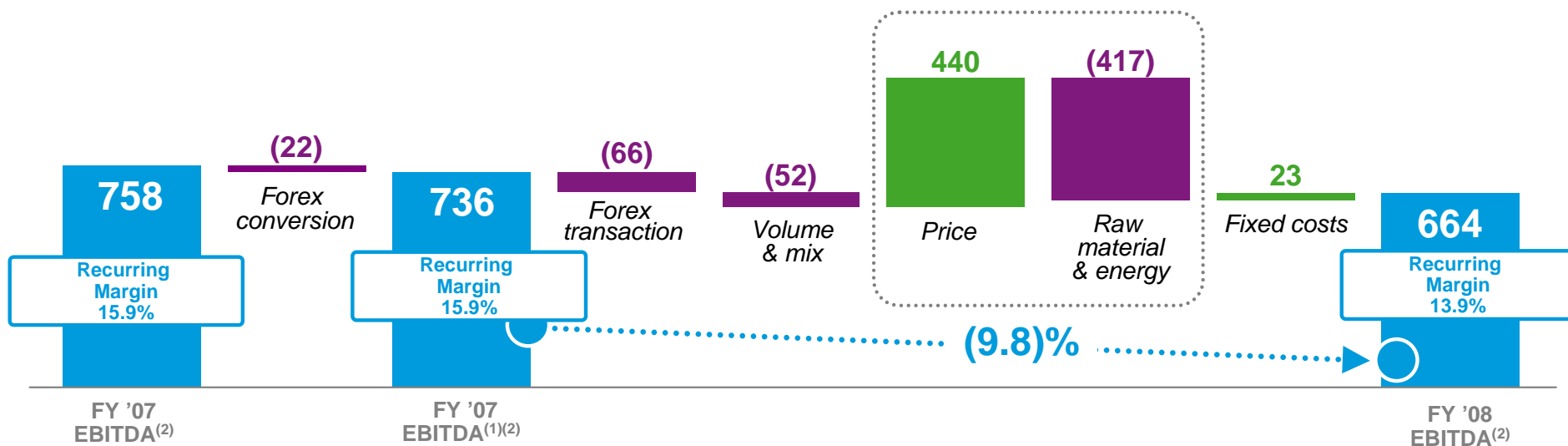
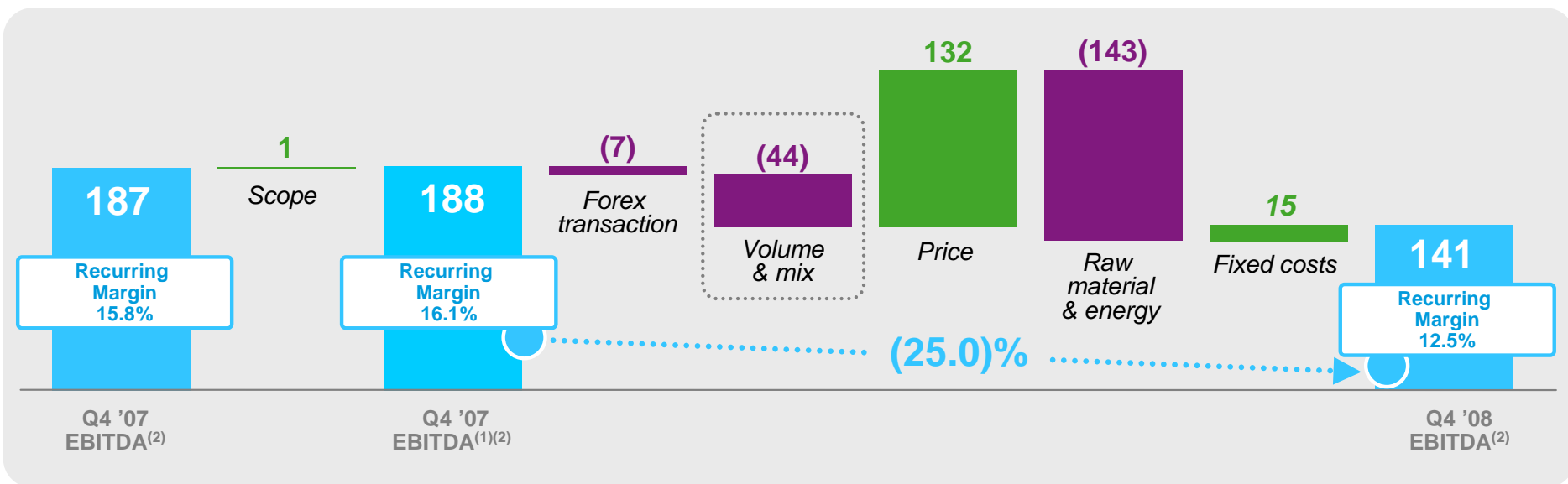
In €m



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

Q4 & FY '08 EBITDA hit by massive raw material inflation and volume contraction

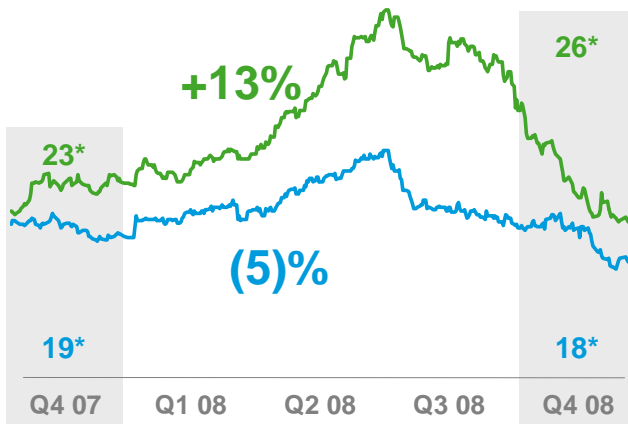
In €m



(1) Like-for-like : at constant scope and currency conversion
 (2) Recurring : before restructuring and other operating income and expenses

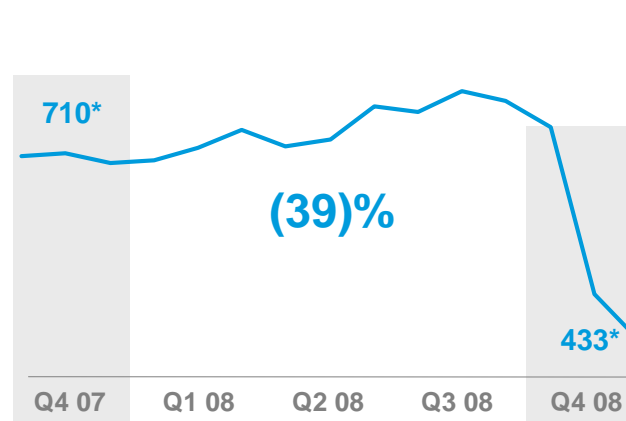
High volatility of raw material market prices

NATURAL GAS



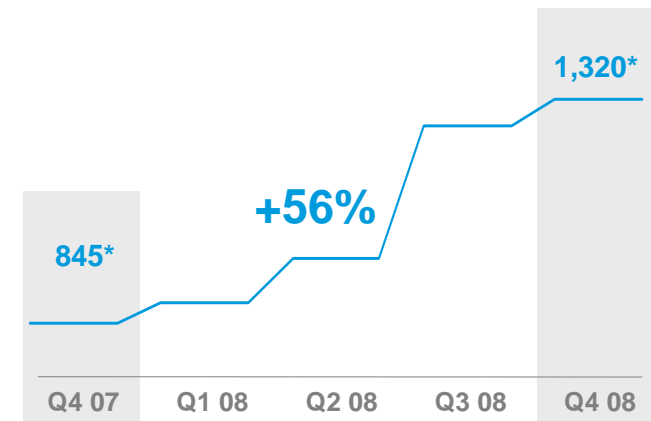
— Daily European Nat gas 1Yr forward Zeebrugge (Eur/MWh)
 — Daily US Nat gas 1Yr forward Henry Hub (Eur/MWh)

BENZENE



— Monthly Benzene contract price NorthWest Europe (€/T)

BUTADIENE



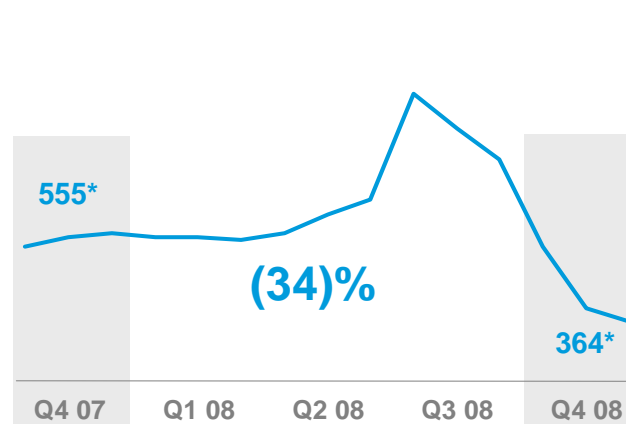
— Quarterly Western Europe contract market delivered (€/T)

SULPHUR



— Quarterly average data from Tempa Sulfur (US\$/T)

NAPHTA



— Monthly trend of Naphta Northwest Europe Cargoes CIF NWE / Basis ARA (€/T)

AMMONIA



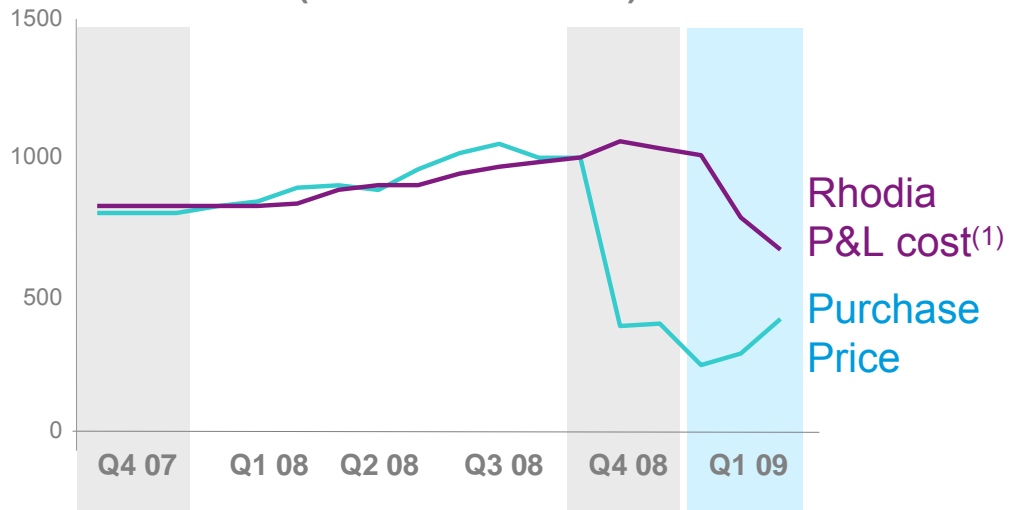
— Monthly average CFR NW Europe (€/T)

(*) Average market prices over the reference period

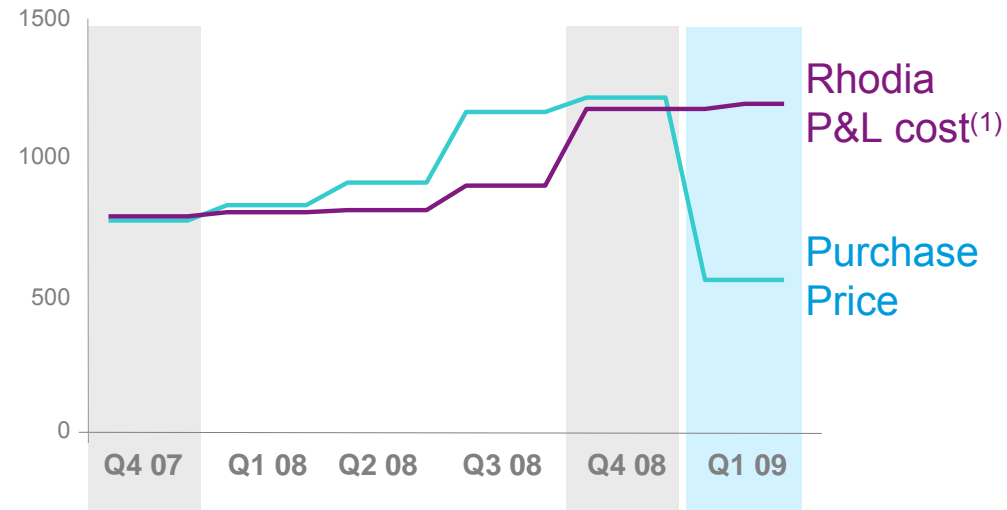
Delay of decreasing raw material impact into P&L

In €/T

CYCLOHEXANE (Benzene derivative)



BUTADIENE



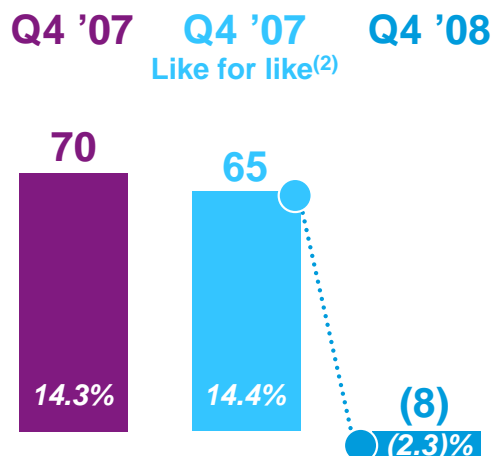
- Time-lag between purchase prices and Rhodia's P&L costs⁽¹⁾ evolution, impacting Q4 '08 and Q1 '09
- Sudden lower demand in Q4 '08 prevented the Group from taking advantage of decreasing raw material & energy costs

(1) Rhodia P&L cost : cost of goods sold valued as per First-In-First-Out methodology

Q4 '08 performance by Enterprise

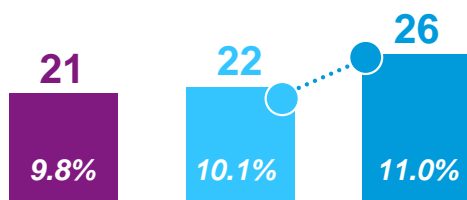
In €m

Recurring EBITDA⁽¹⁾ and margins



- Volume down (31)% due to crisis in auto and continuous erosion in housing and textile markets
- Remaining high raw material costs in P&L
- Still negative Forex impact

Novecare



- Home & Personal Care and Oil Field resilient
 - Agro continued to grow
 - But significant slowdown in Industrial end-markets
 - Sustained good pricing power more than offsetting high raw material & energy costs
 - EBITDA improvement from both pricing and cost control
- Overall (9)% volume reduction

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

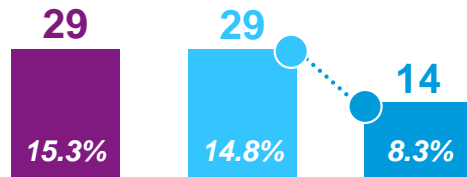
(2) Like-for-like : at constant scope and currency conversion

Q4 '08 performance by Enterprise

In €m

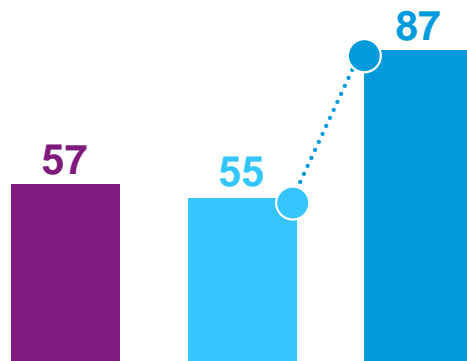
Recurring EBITDA⁽¹⁾ and margins

Q4 '07 Q4 '07 Q4 '08
Like for like⁽²⁾



Silcea

- Slowdown across the 3 segments (volumes overall down by 23%⁽²⁾) from crisis in automotive & electronics and to a lesser extent in other industrial end-markets
- Price increases offset rises in raw material & energy costs



Energy Services

- Higher volumes from phasing, as anticipated
- CERs contributed €59m EBITDA in the quarter

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

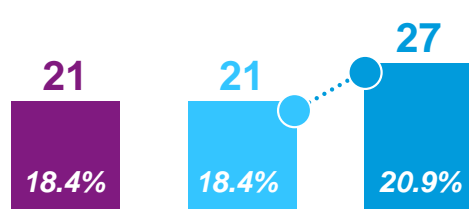
(2) Like-for-like : at constant scope and currency conversion

Q4 '08 performance by Enterprise

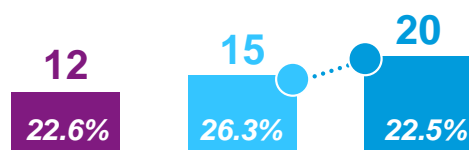
In €m

Recurring EBITDA⁽¹⁾ and margins

Q4 '07 Q4 '07 Q4 '08
Like for like⁽²⁾



- Proven resilience. Tight supply / demand
- Raw material cost inflation successfully offset through selling prices
- Good progress in cost competitive programs : €15m savings achieved in 2008
- US\$/€ exposure practically neutralized



- Good performance due to pricing
- Easing raw material and energy costs contributed to EBITDA expansion

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

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

Income Statement

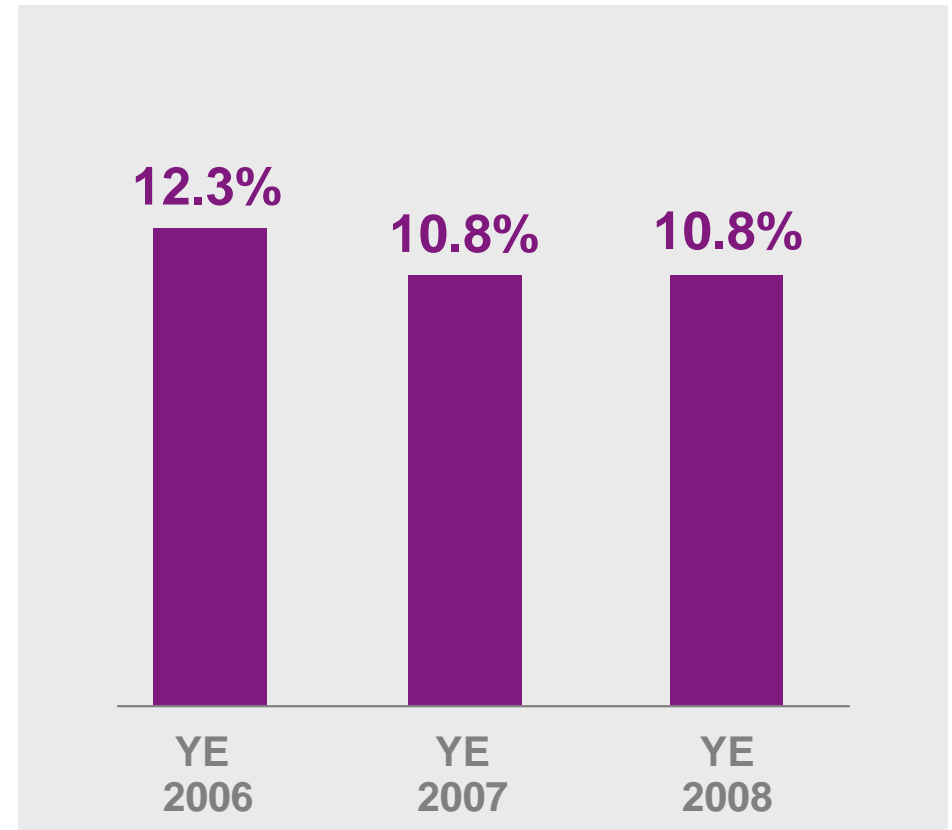
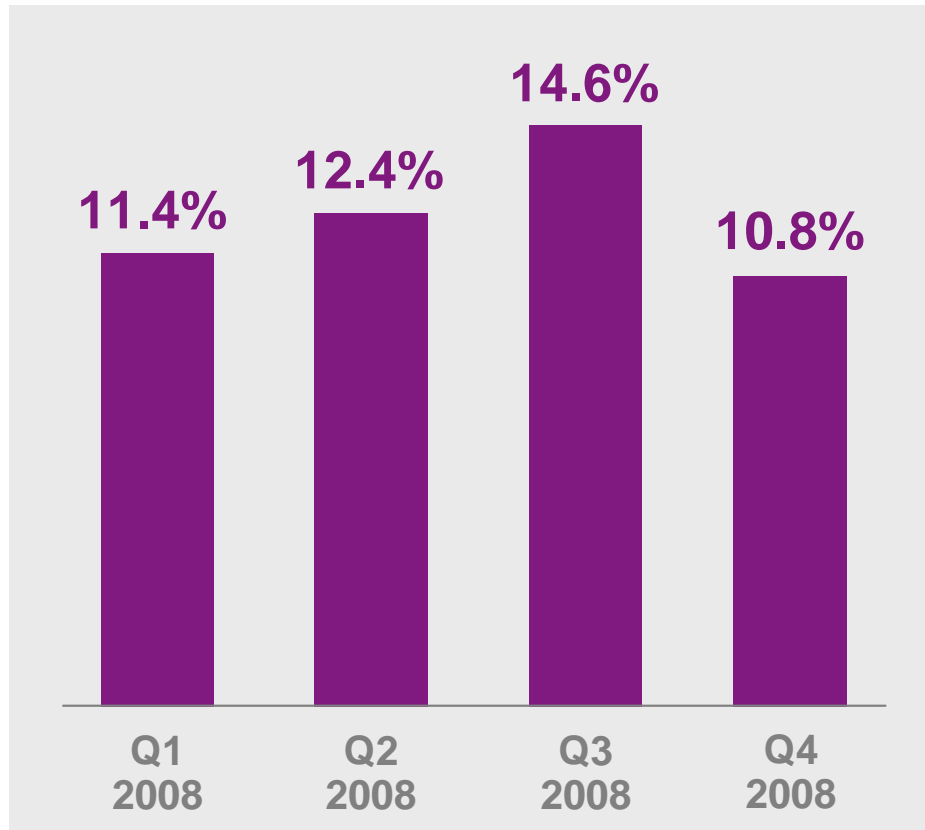
In €m

	Q4 '07	Q4 '08	FY '07	FY '08
Net Sales	1,186	1,126	4,781	4,763
Other Revenue	145	170	463	550
Recurring EBITDA*	187	141	758	664
Recurring EBITDA Margin on Net Sales	15.8%	12.5%	15.9%	13.9%
Depreciation & amortization	(73)	(70)	(281)	(288)
Other gains and losses	(10)	(23)	-	(27)
Restructuring costs	(27)	(34)	(55)	(40)
Operating Profit	77	14	422	309
Net financial charges	(48)	(36)	(294)	(178)
Share of Profit/(Loss) of associates	2	(2)	2	(1)
Income tax	(8)	3	(83)	(55)
Profit/(Loss) from continuing operations	23	(21)	47	75
Profit/(Loss) from discontinued operations	-	(6)	84	32
Net Profit/(Loss) Group Share	22	(28)	129	105
Earnings Per Share, basic (in €)	0.23	(0.27)	1.29	1.05

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

Working capital down by €188m in Q4 '08

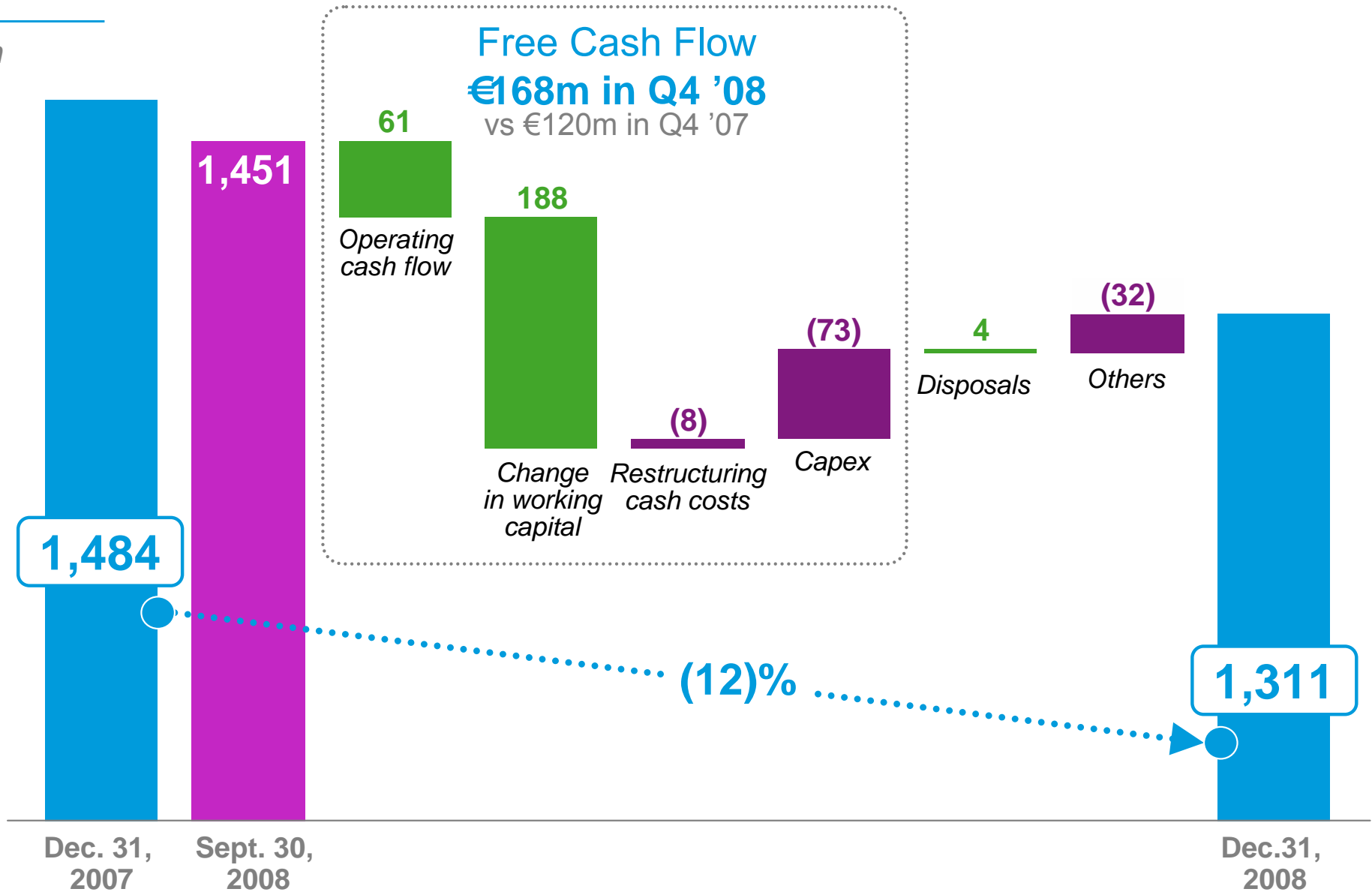
% of Total Sales



Best in class working capital management

Decrease in Net Debt

In €m



Strong Free Cash Flow generation in Q4 '08



Financial resources and net debt structure

As of Dec. 31, 2008

Net Debt €(1,311)m

Cash and
Cash equivalent⁽¹⁾

€520m



Credit Line,
Undrawn⁽²⁾

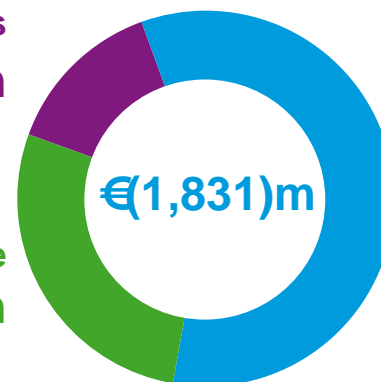
€600m

Gross Debt

Bilateral, Securitization
& Others
€(274)m



Convertible
€(509)m



Floating
Rate Notes
€(1,048)m

- Continued reduction of **Net Debt**, **down** by €173m in 2008
- **Long dated-maturity** debt, no refinancing until 2013
- **Ample liquidity**

(1) Cash, cash equivalents and other current financial assets

(2) Undrawn, except for letters of credit for €66m

Business Dynamics, Strategy and Outlook

Jean-Pierre Clamadieu – Chairman and CEO



Uncertain business environment

Polyamide

- Demand remains depressed
- De-stocking of expensive raw materials impacting P&L until end of Q1 '09

Industry overcapacity requiring restructuring

Novecare

- Home and Personal Care & Agrochemical markets showing good resilience
- Oilfield Chemical and other industrial markets' demand dropping

Temporary drop in demand

Silcea

- Low level of demand persisting in Q1 '09 in the 3 segments

Energy Services

- 13mT expected in 2009; 55% hedged already at 15.5€/T
- CER volume seasonally low in Q1 '09

Eco Services

- Good resilience under favorable pricing

Resilient

Acetow

- Steady level of demand

Our responses and priorities

- 1. Cautious implementation of our development strategy**
- 2. Financial discipline**
- 3. Reinforcement of Group's competitiveness**

Coming out of the crisis stronger

McIntyre acquisition : strengthening Novecare leading positions

McIntyre

- Global manufacturer of **specialty surfactants**, mainly active in Home and Personal Care
- Two manufacturing facilities in **USA and UK**
- **~200 people**
- 2008 estimates :
 - **US\$146m Sales**
 - **~10% EBITDA* margin**

- **Perfect fit** with Novecare's growth platform
- Reinforced position in resilient Home and Personal Care market
- Compelling financial metrics : expected **synergies** of ~US\$15m

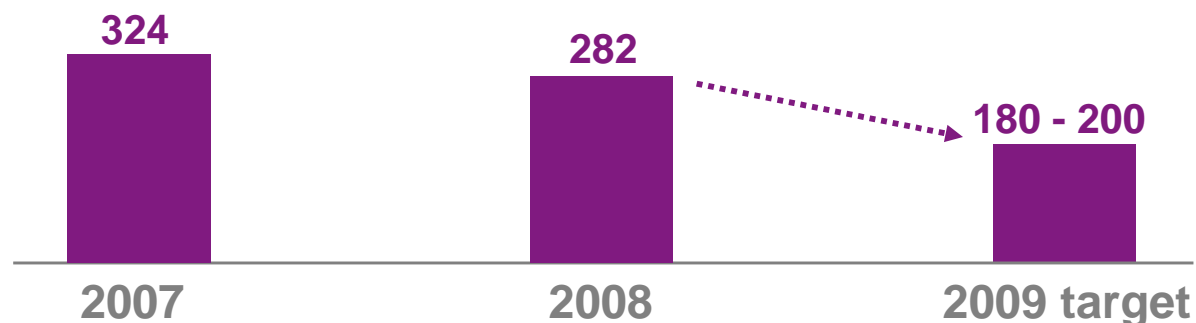
(*) Recurring EBITDA : before restructuring and other operating income and expenses

Financial discipline

→ Strong focus on Free Cash Flow generation

- Tight monitoring of demand evolution
- Optimizing plant running rate to further reduce inventory
- Reducing fixed cost structure and managing variable costs more aggressively
 - Temporary workers already reduced by 500 since end of Q3 '08
 - Hiring and salary freeze
 - Flexible working arrangements and scheduling
 - Temporary insourcing of subcontractors work
- Ultra selective Capex policy

In €m



→ Dividend withheld in current uncertain business context

Reinforcement of Group competitiveness : Savings of €150m by 2011

Vs 2008 cost base

Operations : €130m by 2011

- Industrial footprint optimizations
- Site reorganizations
- Raw material and energy yield improvements

Polyamide

€60m

Novecare

€30m

Acetow

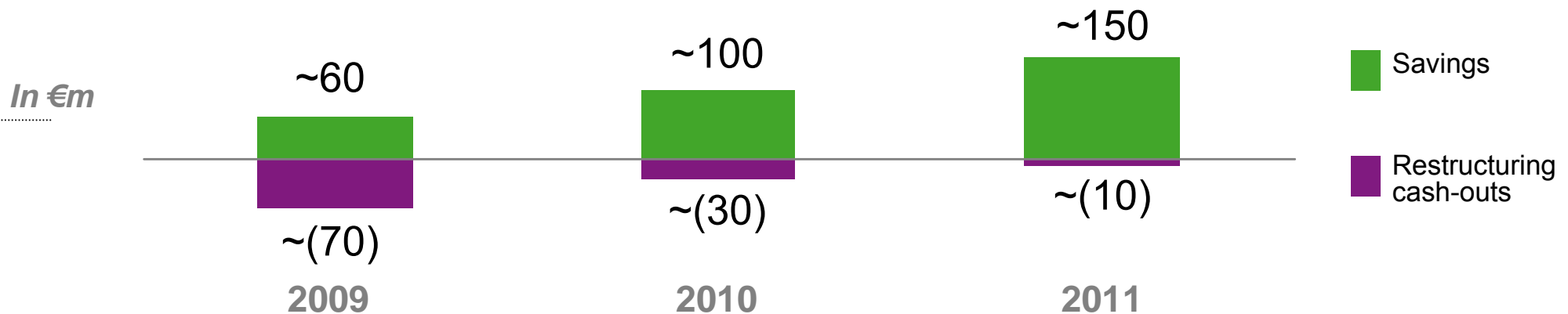
€20m

Silcea & Others

€20m

Support functions : €20m by 2011

- Productivity improvements in all support functions



2009 : focus on Free Cash Flow generation

Q1 '09 outlook

- Low visibility
- Volumes not showing signs of recovery from December low levels
- Raw material inventory impacts weighing on EBITDA until de-stocking of costly raw material completed

2009 priority

**Strong
management focus
to generate
Free Cash Flow**

Coming out of the crisis stronger

Appendices

Q4 & FY '08 Net Finance Costs

Appendix 1

Q4 & FY '08 Net Finance Costs

In €m

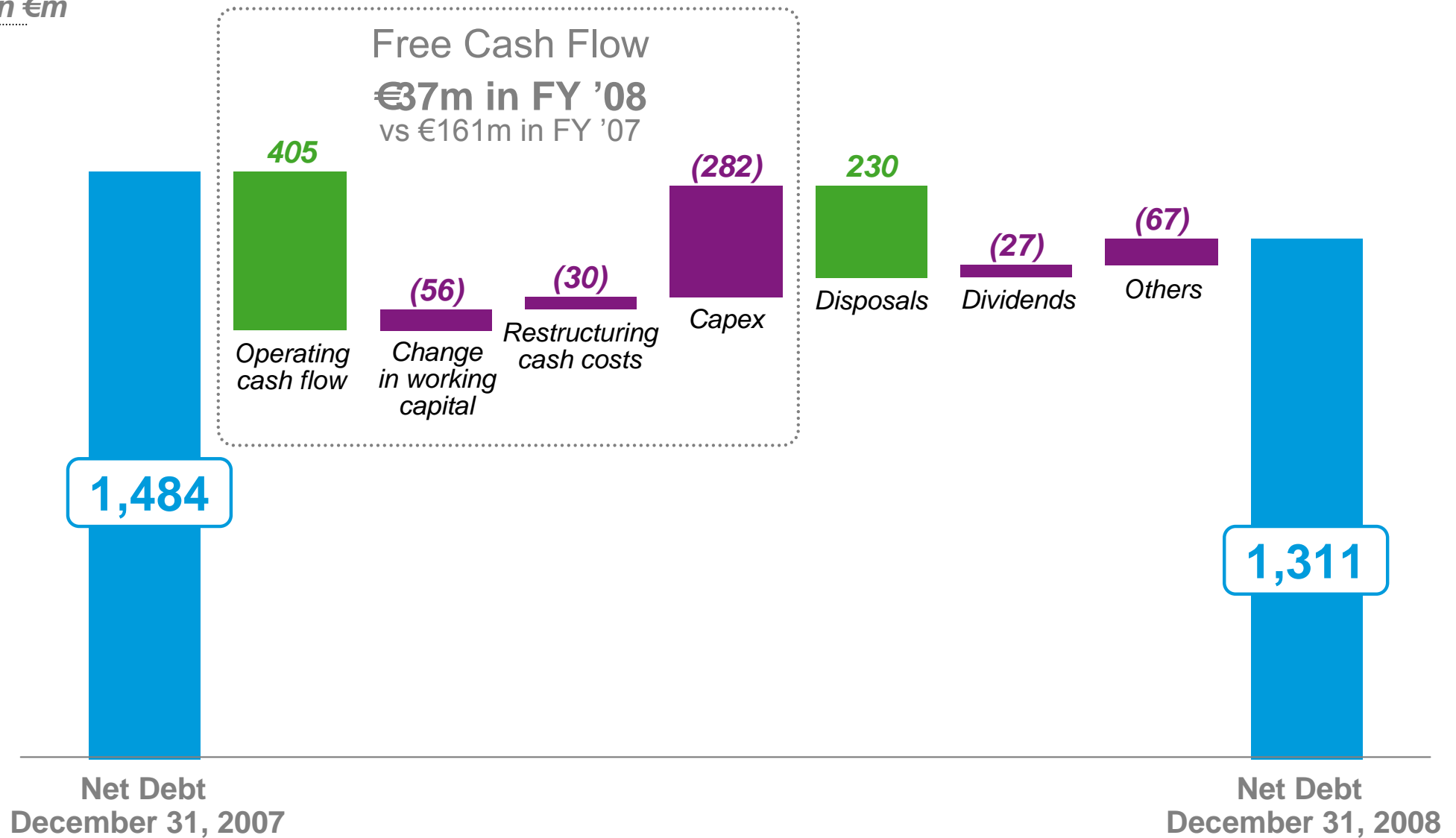
	Q4 '07	Q4 '08	FY '07	FY '08
Net financial charges & other financial charges	(31)	(30)	(144)	(122)
Non recurring financial restructuring charges	0	0	(96)	0
Interest cost on environmental & pension liabilities	(12)	(15)	(45)	(62)
Forex gains & losses	(2)	(6)	(3)	(3)
Other	(3)	15	(6)	9
Total net financial expenses	(48)	(36)	(294)	(178)

FY'08 Net Debt Evolution

Appendix 2

FY '08 Net Debt

In €m

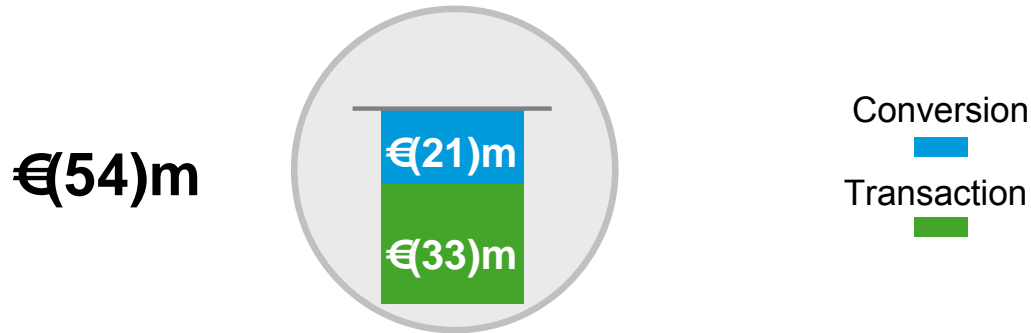


Forex

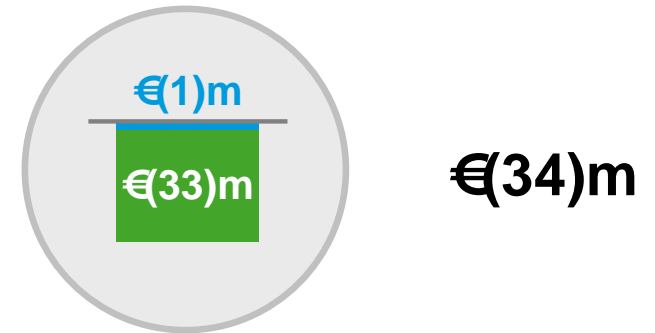
Appendix 3

FY '08 adverse forex impact of €(88)m on Recurring EBITDA

US Dollar⁽¹⁾ (USD) impact

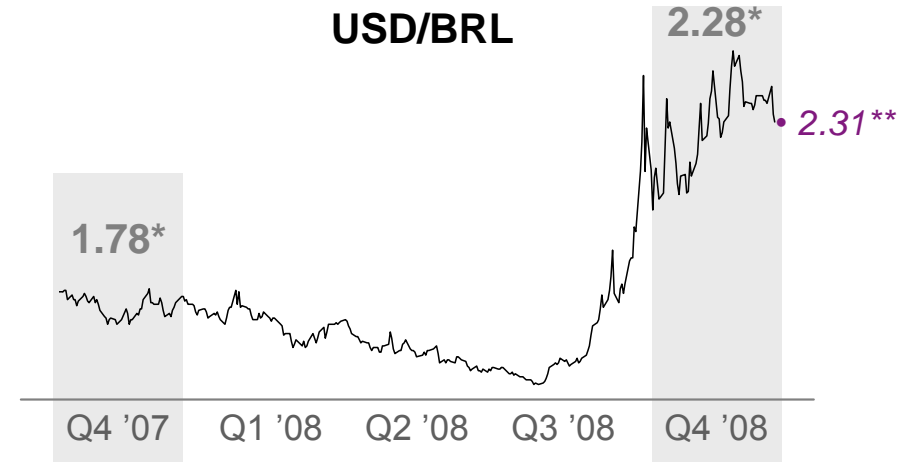
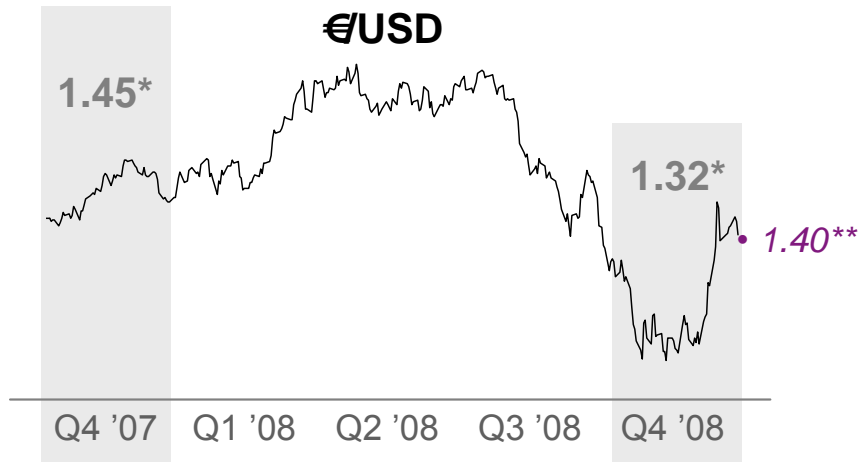


Brazilian Real (BRL) impact



	€ / USD	FY '07*	FY '08*
Conversion	Before hedging	1.37	1.47
Transaction	After hedging	1.32	1.49

		FY '07*	FY '08*
Conversion	€ / BRL	2.66	2.67
Transaction	USD / BRL	1.97	1.70



(1) Including other USD related currencies
 (*) Exchange rate average over the reference period
 (**) Exchange rate at the end of the period

Financial resources Pension situation

Appendix 4

Solid financial resources

Debt maturity and Covenants

YE '08

Revolving Credit Facility

€0.6bn

Financial Covenants

June 2012 maturity

Leverage

$\frac{\text{Net Debt}}{\text{Rec. EBITDA}}$

<3x

2.0x

Undrawn except for letters of credit

Coverage

$\frac{\text{Rec. EBITDA}}{\text{Net Interest expenses}}$

>4x

5.9x

Long dated maturity Debt

€1.6bn

Floating Rate Notes (2013 maturity)

Convertible Bonds (2014 maturity)

No Financial Covenants

Sound financial resources providing stability in current context

Pension situation

In €m

Net deficit

Dec 31, 2007

(1,246)

Sept 30, 2008

(1,165)

Dec 31, 2008

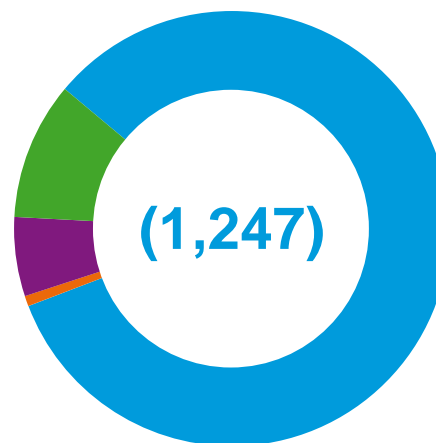
(1,247)

- Gross obligation down, offsetting erosion of pension assets
- Globally, discount long term interest rates slightly up

North America (128)

U.K. (72)

Other countries (10)



France & Germany (1,037)
Pension schemes
not funded

No exceptional cash contributions anticipated in 2009

Paris - February 25, 2009

Q4 & FY '08 Results

Analyst Meeting

