2008

Second Quarter Results

Rhodia

July 30, 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.

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.

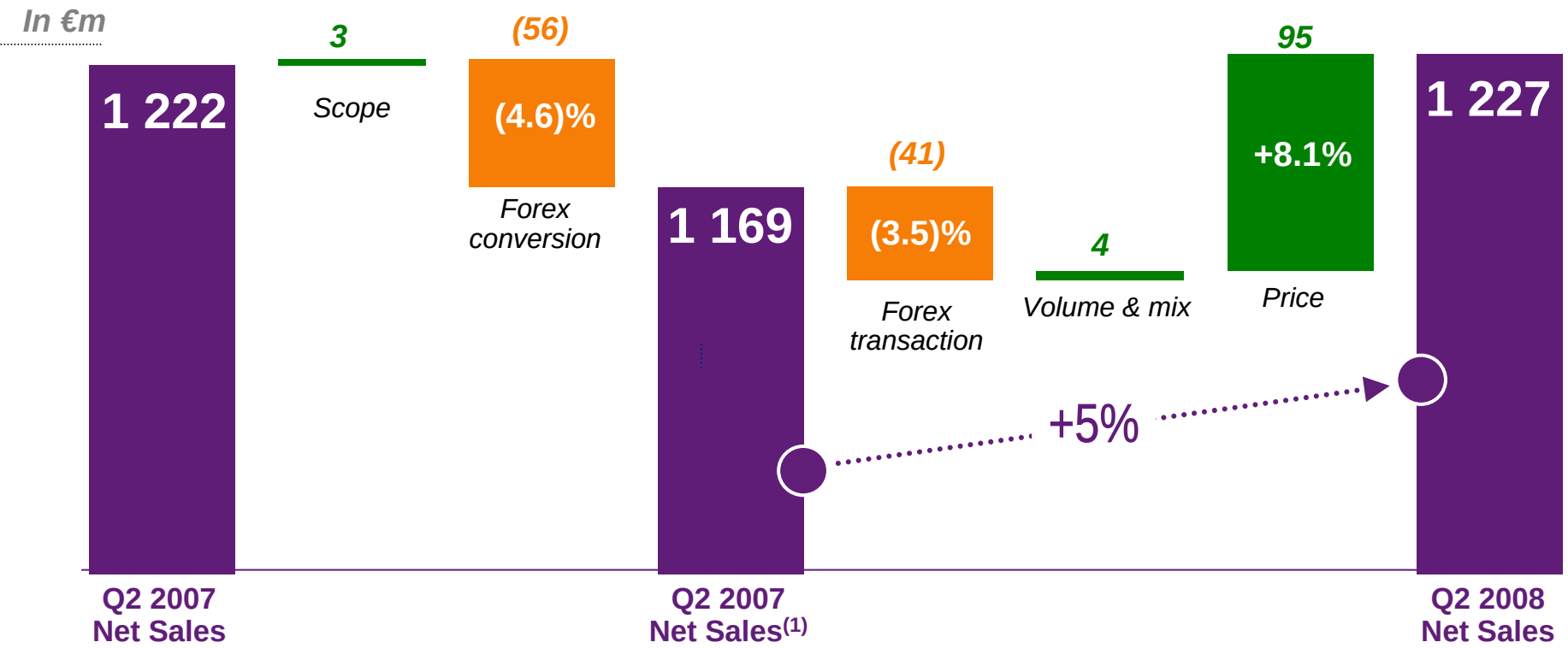
Key Q2 2008 highlights

- Confirmation of strong pricing power: **8.1%** like for like[1] **price increases**. Since 2005, Rhodia has been consistently able to more than offset raw materials & energy costs.
- **Stability of volumes** reflecting priority given to prices
- **Recurring EBITDA at €187m vs €185m** last year like for like[1] despite significant transactional Forex impact of €(23)m
- Substantial increase of **Net profit at €35m**
- Definitive agreement signed to divest Isocyanates

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

Q2 2008 Net Sales up 5%[1]

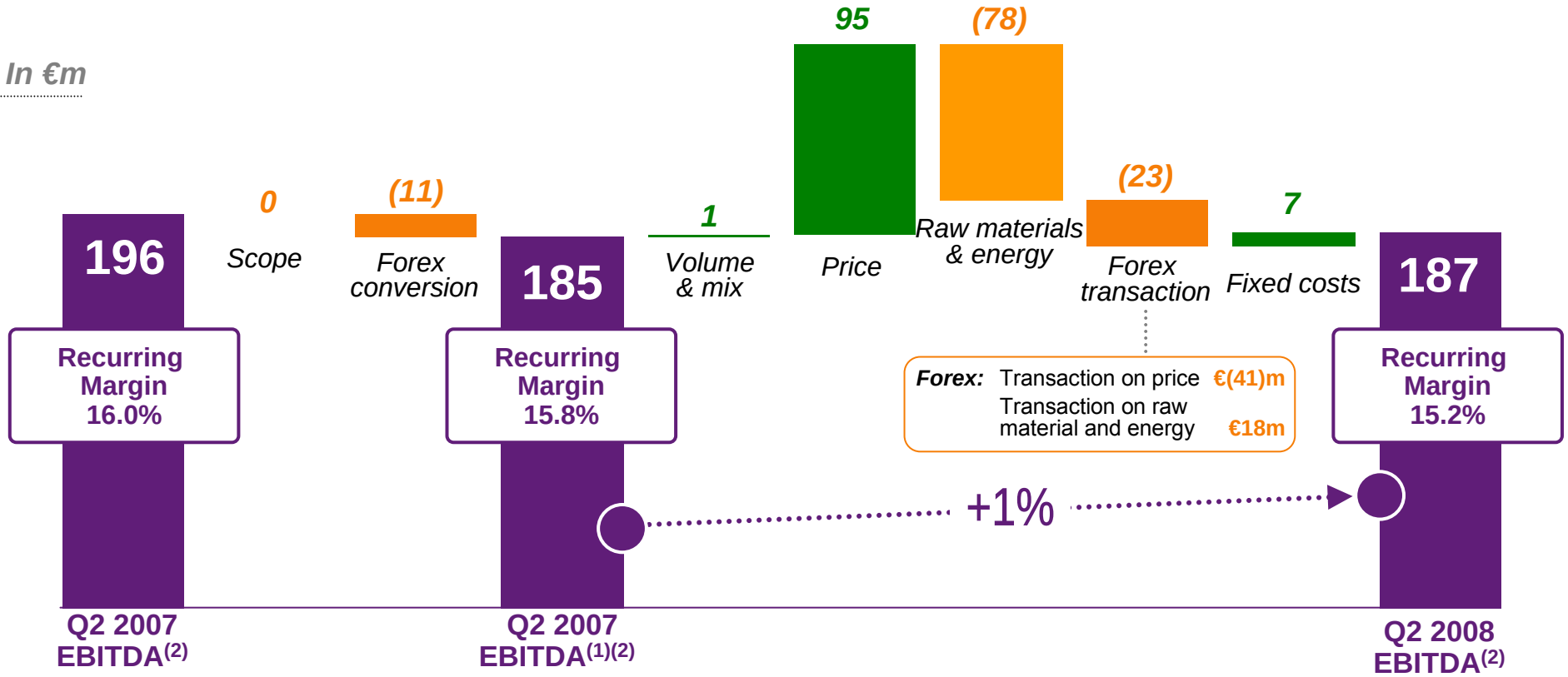
- Strong pricing power confirmed: **+8.1%[1]**
- Stability of volumes reflecting priority given to prices
- Significant Forex impact due to decline in USD vs Euro and Brazilian Real



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

Q2 2008: stable[1] recurring EBITDA

- Strong price increases in local currency more than offset rapidly escalating raw materials and energy costs
- **€(23)m** negative Forex transaction: $ impact €(10)m, Brazilian Real impact €(13)m
- Fixed costs under control



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

Q2 2008 Income Statement

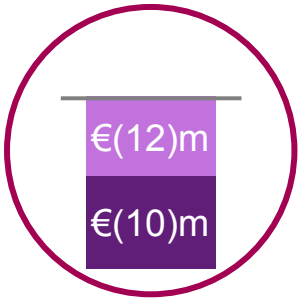
In €m	Q2 2007	Q2 2007 Like for like[1]	Q2 2008
Net Sales	1 222	**1 169**	**1 227**
Other Revenue	85		107
Recurring EBITDA[1]	196	**185**	**187**
Recurring EBITDA Margin on Net Sales	16.0%	**15.8%**	15.2%
Depreciation & amortization	(66)		(69)
Other gains and losses	(12)		1
Restructuring costs	(3)		(4)
Operating Profit	115	**99**	**115**
Net financial charges	(84)		(56)
Share of profit of associates	-		1
Profit before income tax	31		**60**
Income tax	(24)		(26)
Profit from continuing operations	7		**34**
Profit/(loss) from discontinued operations	(3)		2
Net Profit Group Share	3		**35**
Earnings per share (€)	0.03		**0.35**

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

Q2 2008 Forex impact of €(34)m on Recurring EBITDA

US Dollar[1] impact

€(22)m



Conversion
Transaction

	€ / USD	Q2 07	Q2 08
Conversion	Before hedging	1.35	1.56
Transaction	After hedging	1.33	1.45

€/USD

Brazilian Real impact

€(12)m

Conversion
Transaction

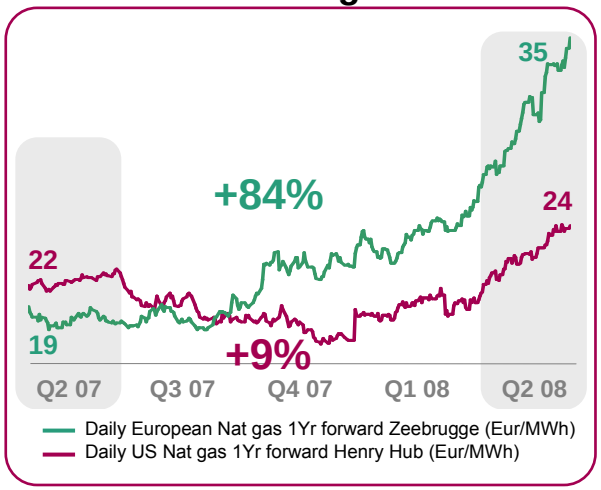
		Q2 07	Q2 08
Conversion	€ / BRL	2.67	2.58
Transaction	USD / BRL	1.98	1.65

USD/BRL

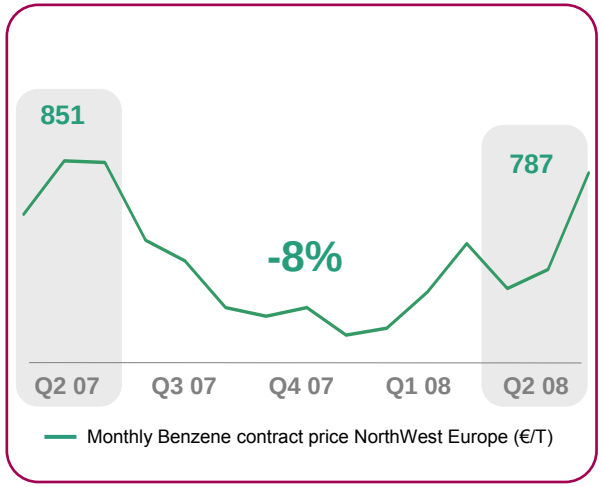
(1) And other USD related currencies

Raw material increases Q2 08 vs Q2 07 (market prices)

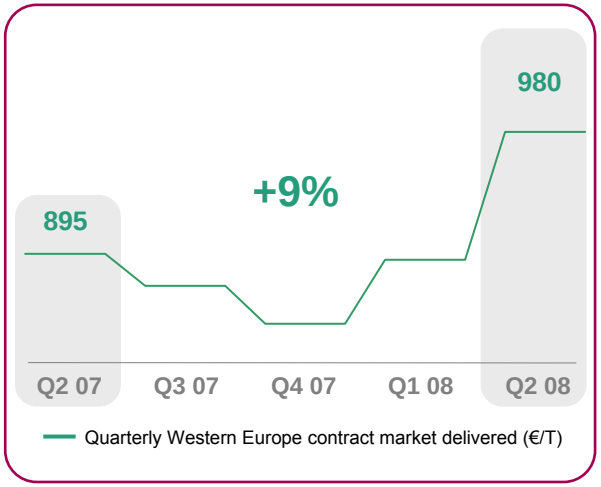
Natural gas



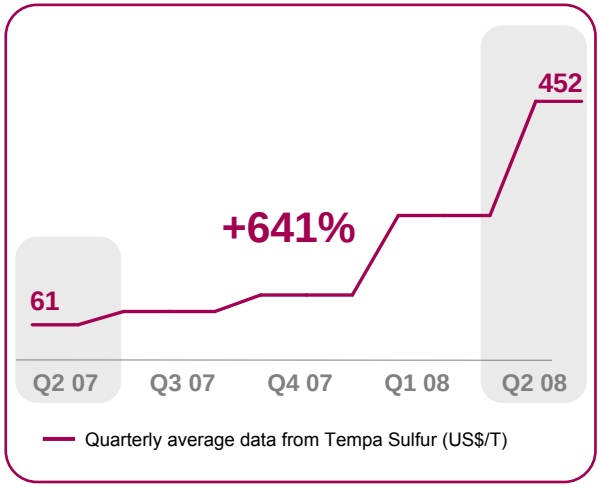
Benzene



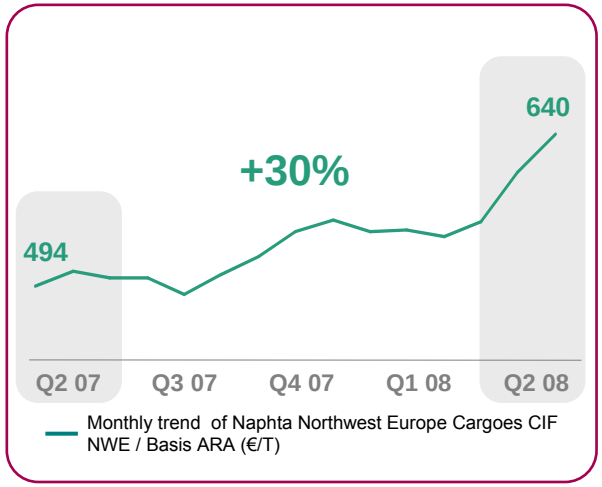
Butadiene



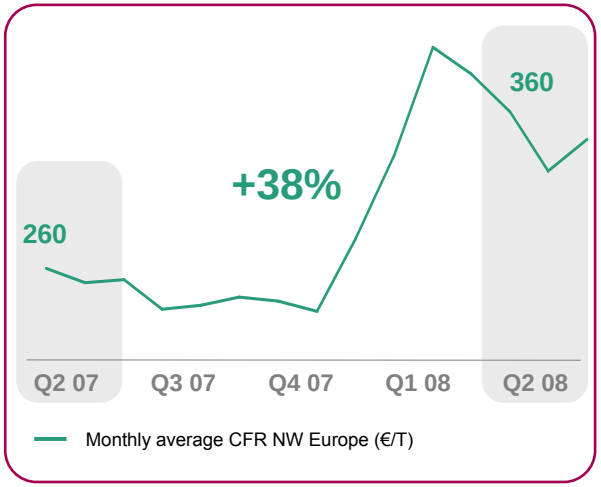
Sulphur



Naphta



Ammonia

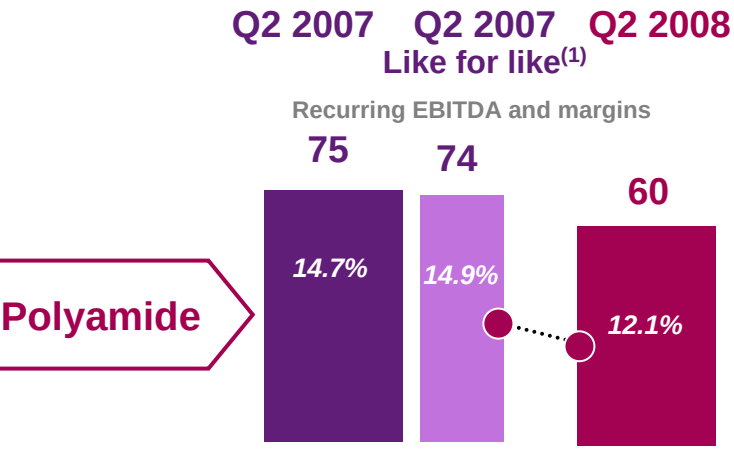


Rhodia's procurement policy

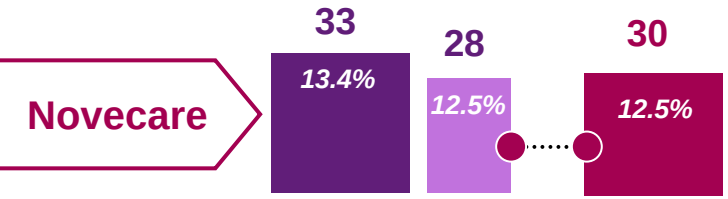
- Procurement policy based on:
  - Medium term contracts
  - Multi sourcing procurement policy
- For petrochemical products, contractual prices are set on a published monthly or quarterly reference prices used by the industry
- This policy allows us to secure volumes availability, avoiding spot price volatility in case of tight supply/demand market (Butadiene)

Business performance

In €m



- **Price-before-volume strategy: new price increases aimed at fully covering raw materials and energy cost increases. Price rises limited by US competitors with available volumes due to US slowdown, benefiting from favorable currency and natural gas costs.**
- **Stable volumes**
- **€(13)m negative Forex due to decline in USD against BRL and Euro**



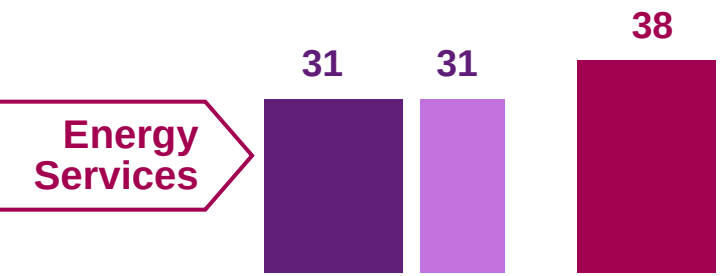
- **Strong price rises more than offset raw materials & energy cost increases**
- **Solid demand across all segments. Industrial formulations flat, with growth in Asia and Latin America compensating for slowdown in the US.**
- **€(5)m negative non cash Forex conversion**

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

Business performance

In €m

- As expected, significant rise in EBITDA vs Q1 08 (+30%), reflecting new price increases, especially in Silica and Rare Earths
- Increase in fixed costs vs Q2 07 resulting from growth projects and new diphenol facility in China
- €(5)m negative Forex impact



- €32m recurring EBITDA generated from CERs vs €29m Q2 07
- Usual seasonality in cogeneration business

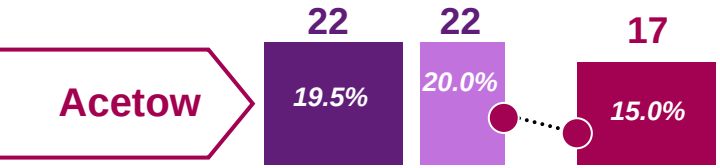
(1) Like for like: at constant scope and currency conversion

Business performance

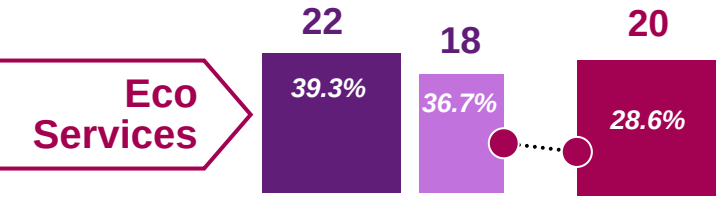
In €m

Q2 2007 | Q2 2007 Like for like[1] | Q2 2008

Recurring EBITDA and margins



- Prices rises more than offset impact of raw materials and energy cost increases
- Good level of demand
- Substantial negative Forex impact €(7)m

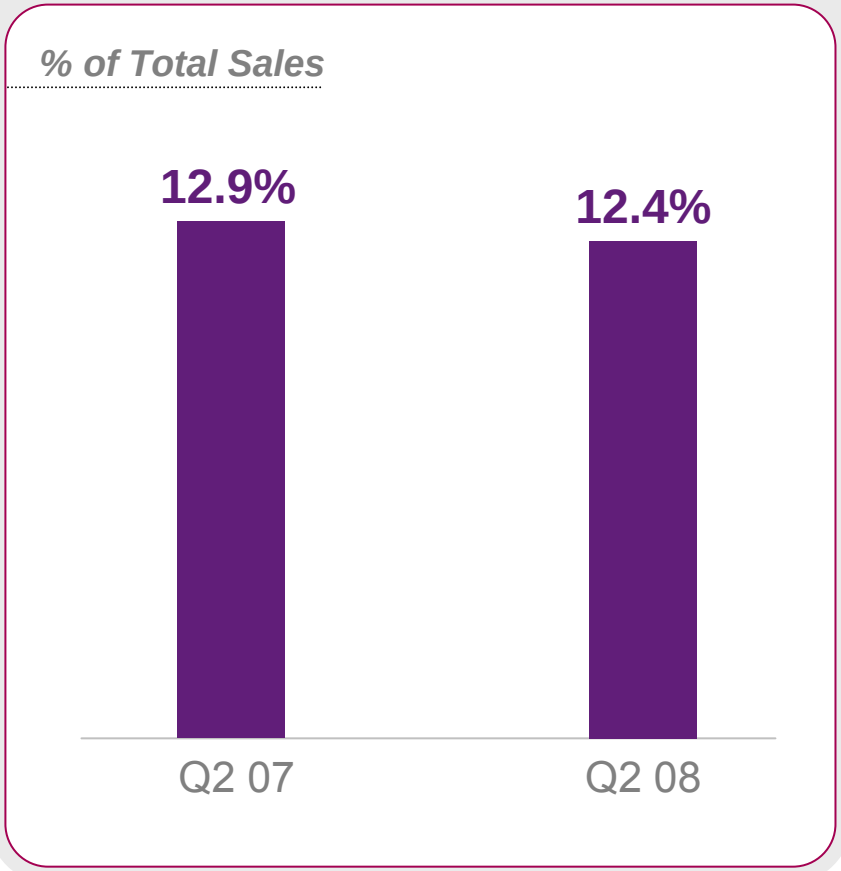


- Strong pricing more than offsets rapidly increasing raw materials (sulphur) and energy costs
- €(4)m negative non cash Forex conversion

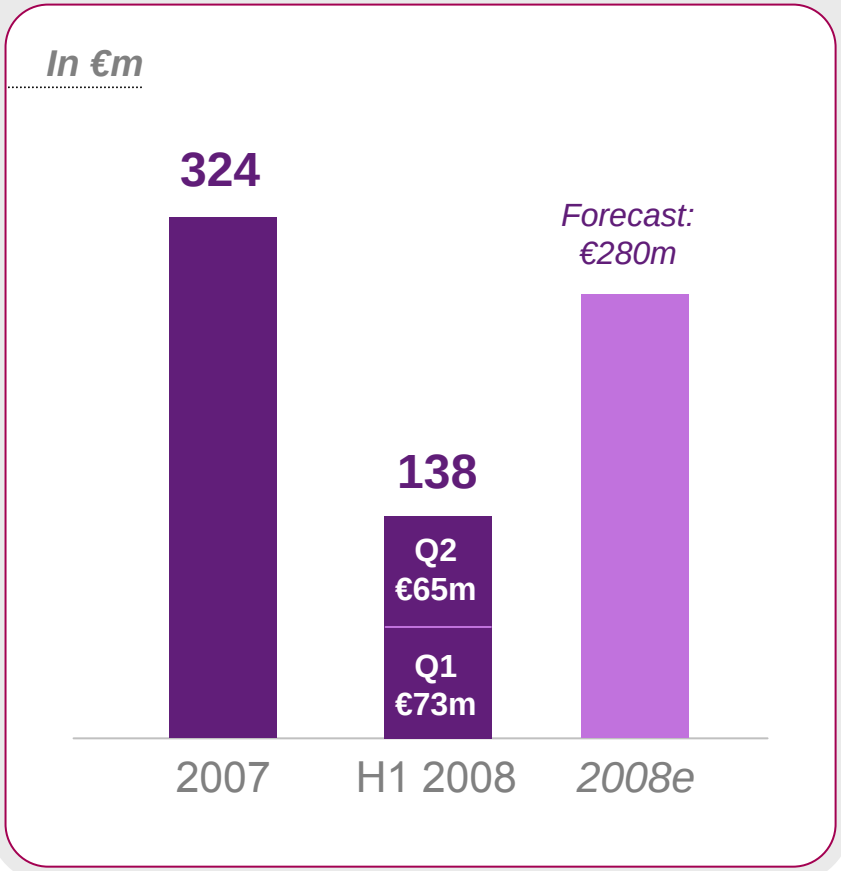
(1) Like for like: at constant scope and currency conversion

Working Capital and Capex well controlled

Efficient control over Operational Working Capital

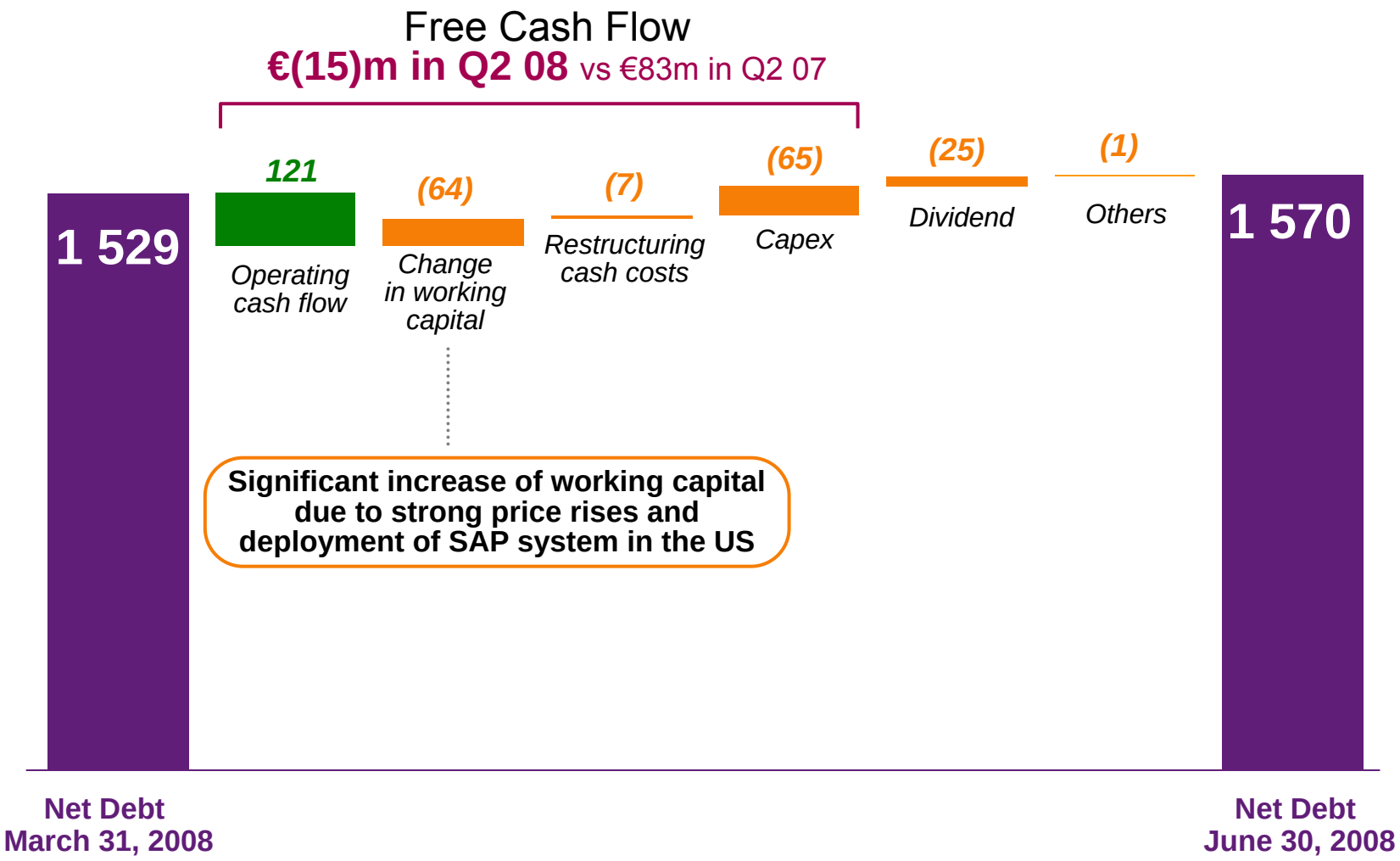


Disciplined Capital Expenditure management



Q2 2008 Net Debt

In €m



2008 Outlook

Rhodia

2008 Business Outlook

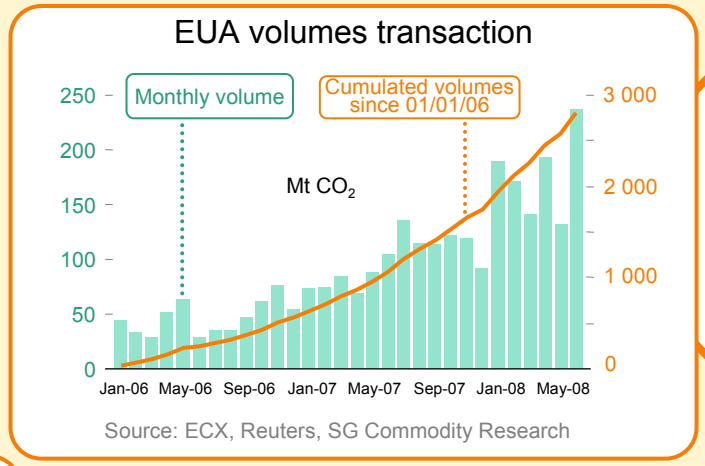
Polyamide	• New price rises underway to compensate for continuous raw materials inflation (Butadiene)
Novecare	• Strong pricing opportunities supported by favorable market trend
Silcea	• Overall good level of demand expected to continue
Energy Services	• 92% of 2008 (13 mT) secured at 15.2 €/T
Acetow	• Current initiatives expected to deliver EBITDA improvement as soon as Q3
Eco Services	• Strong pricing power allowing to fully pass through sulphur cost increases

Acetow: ongoing initiatives to start delivering in Q3

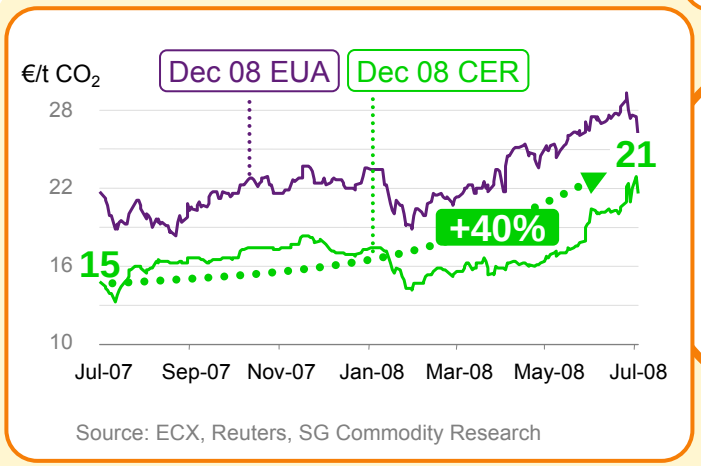
- Cost competitiveness program set to deliver as expected in 2008
  - Savings target: c. €30m in 2010 vs 2007
- Reduced net $ exposure by 50% by year end
  - Significant proportion of Acetow sales shifted from $ to €
  - Shift taking place in Q3 and finalized in Q4 2008
- New price rises
  - Energy surcharges effective August 2008

Carbon credits: Rhodia well positioned to benefit from market momentum

A positive market momentum



Rapidly growing market



Announced ITL implementation in H2 08 reduces CER price discount over EUA

Rhodia's unique positioning

→ Excellent track record of our production units allows us to confirm **13mT/Year volumes until 2013**

→ **Orbeo:** a leader in its business and a high performing selling platform

EUA: EUropean Allowances
CER: Credit Emission Reduction
ITL: International Transaction Log

2008 outlook

- Satisfactory level of demand
- Raw materials costs continuing to increase
- Price before volume strategy to continue
- Q3 traditionally lower than other quarters reflecting usual seasonality in continental Europe (Polyamide, Silcea) and CER sales phasing
- Recurring EBITDA confirmed within 5% of the level achieved in 2007 at current conditions
- EPS increase vs 2007 confirmed
- Solid generation of Free Cash Flow in H2 and disposal of Isocyanates business to drive further reduction of Net Debt vs the end of 2007

Rhodia's resilient profile

- **Diversified portfolio** serving resilient markets

- **Substitution drives growth**: 30% of Sales generated by products responding to environmental priorities
- Large proportion (44%) of Sales in **fast growing regions**
- **Carbon business** brings additional **stability and visibility** to earnings streams

Appendix 1
Q2 2008 Net Finance Costs

Rhodia

Q2 2008 Net Finance Costs

In €m

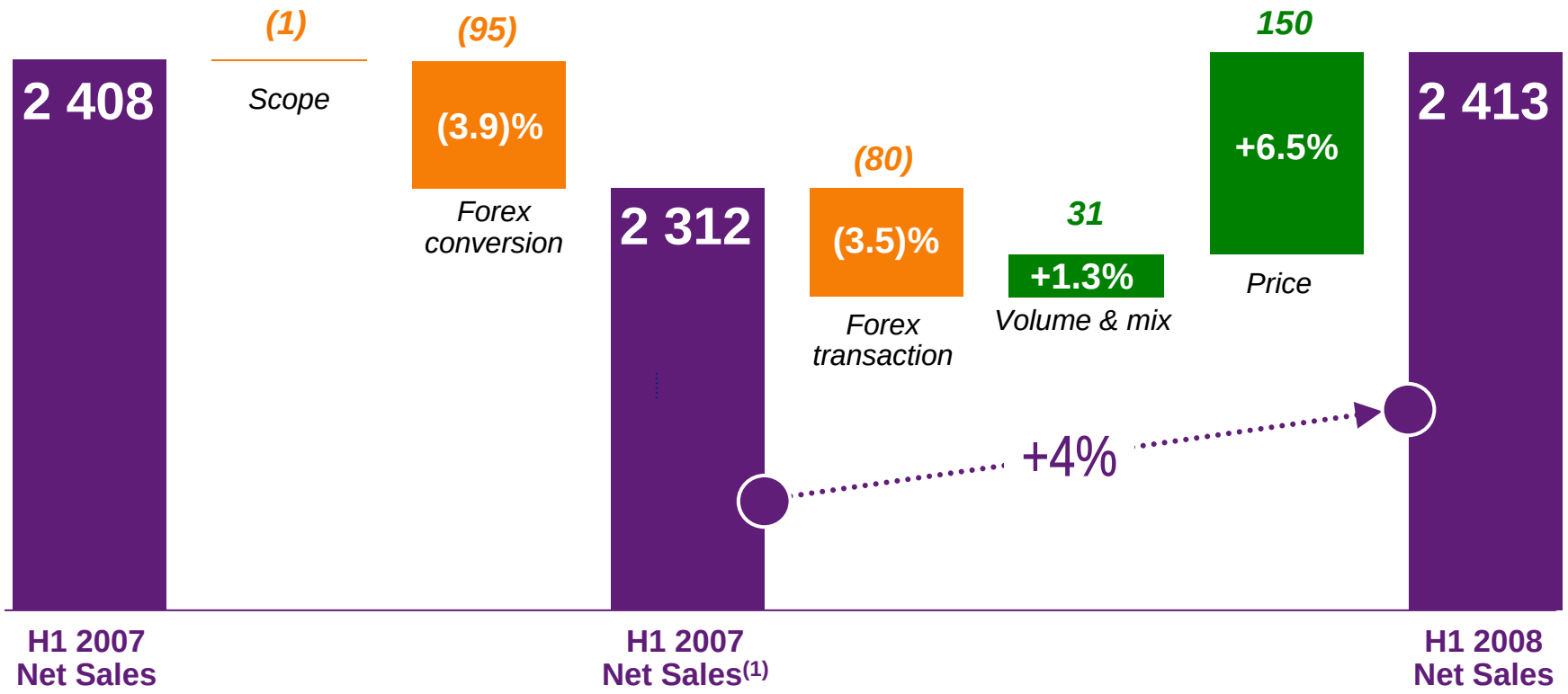
	Q2 2007	Q2 2008
Net financial charges & other financial charges	(38)	**(33)**
Non recurring financial restructuring charges	(34)	**0**
Interest cost on environmental & pension liabilities	(11)	**(21)**
Forex gains & losses	1	**1**
Other miscellaneous	(2)	**(3)**
Total financial expenses	**(84)**	**(56)**

Appendix 2
H1 2008 Results

Rhodia

H1 2008 Net Sales up 4%[1]

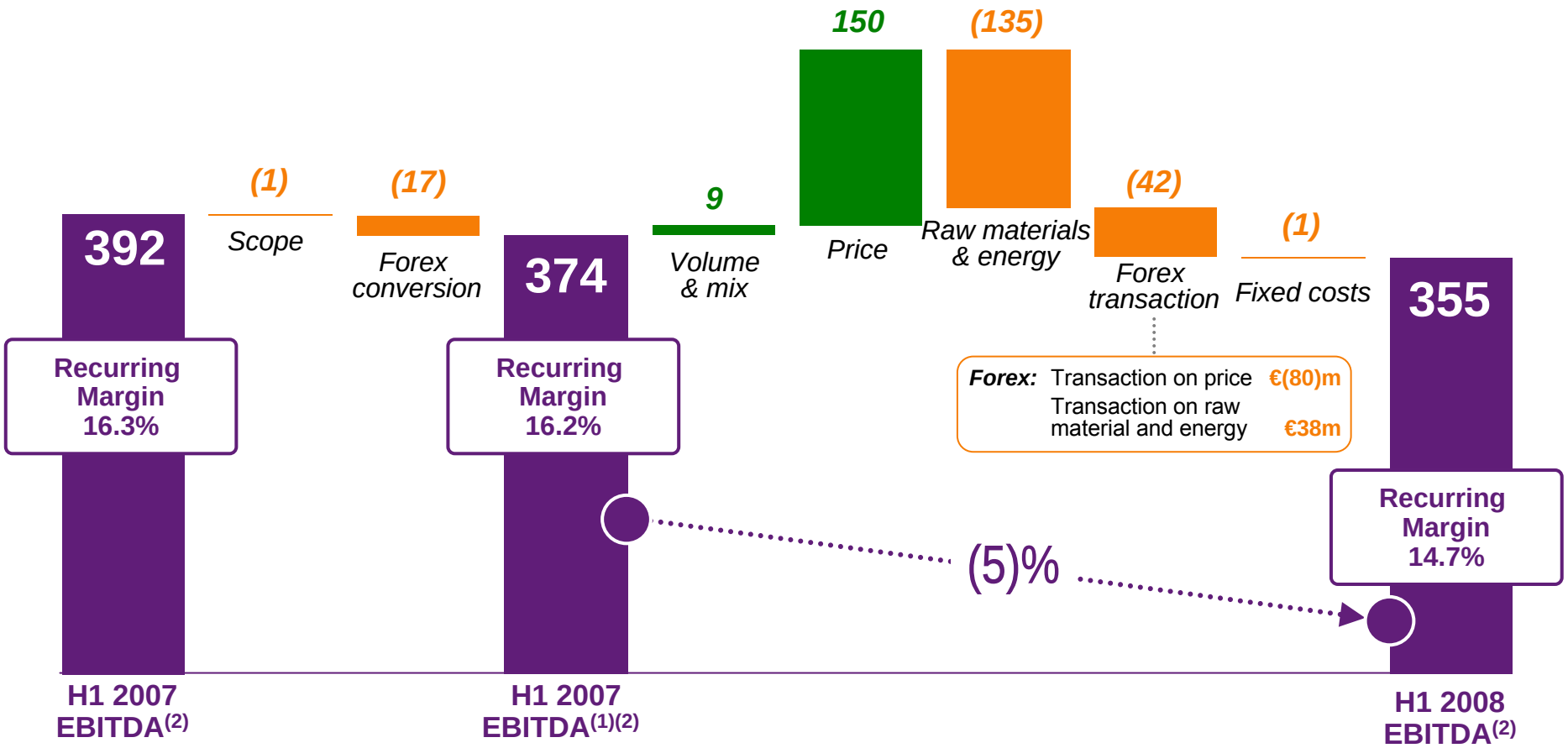
In €m



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

H1 2008 recurring EBITDA down 5%[1]

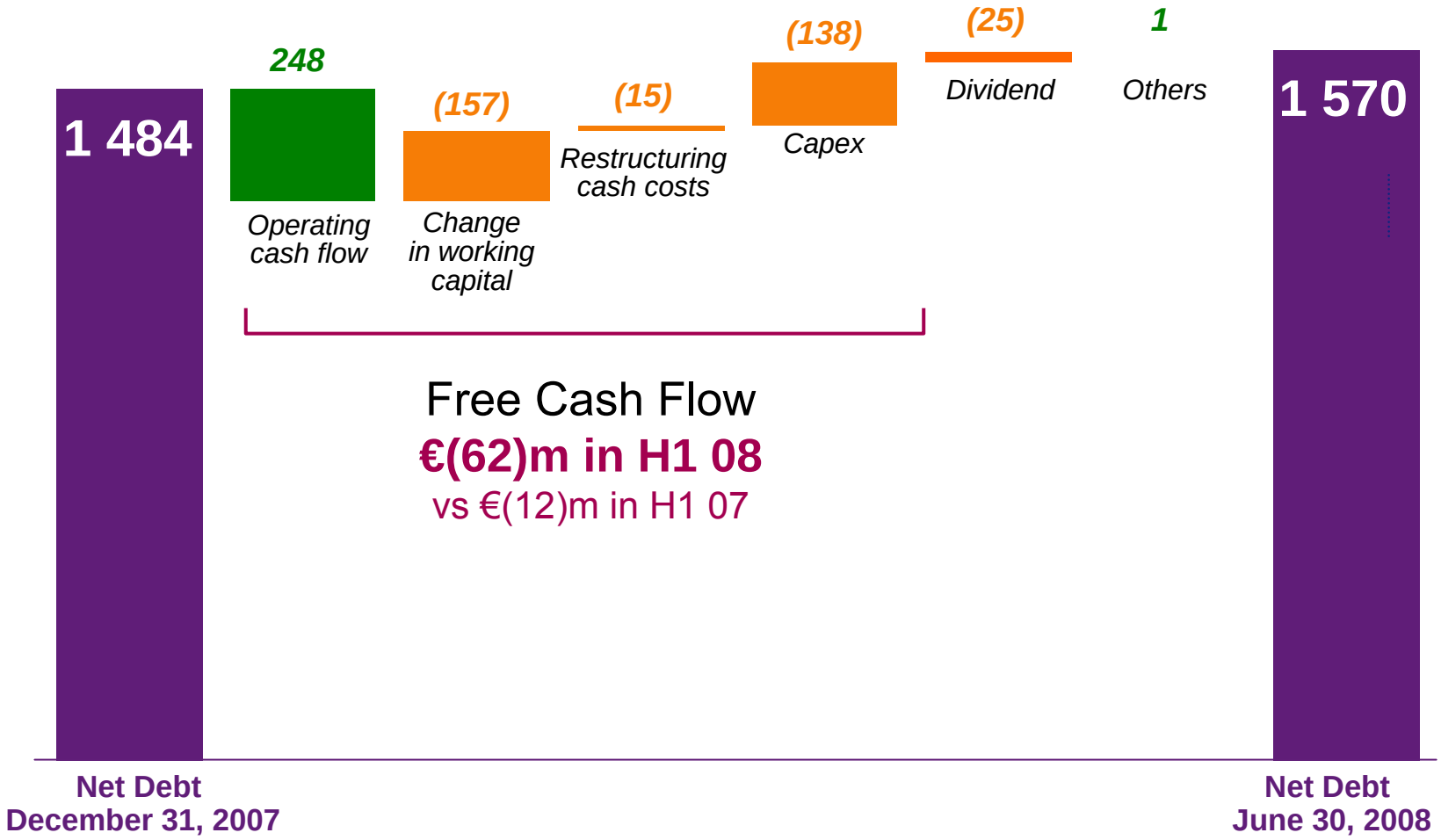
In €m



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

H1 2008 Net Debt

In €m



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