

Press release

Paris, April 28, 2010

FIRST QUARTER 2010 RESULTS

Rhodia reports record operating profitability and improves its 2010 objectives

Forenote: All period variances referred to in this document are to be deemed on a year-on-year like for like⁽¹⁾ basis, unless otherwise stated

Q1 2010 highlights

- ✓ Volumes up by 25% year-on-year, back to pre-crisis levels
- ✓ Strong pricing power: €138 million net positive price impact at EBITDA⁽²⁾ level
- ✓ Record operating profitability: recurring EBITDA⁽²⁾ at €221 million
- ✓ Net Income at €69 million
- ✓ Free Cash Flow generation of €86 million and Net Debt below €1.0 billion

“Rhodia posted a record performance in the first quarter, driven by volume recovery and strong pricing power. We continued to generate a significant amount of cash flow and further reduced our debt to its lowest level ever. These achievements combined with the ongoing business momentum lead us to revise our guidance upwards”, commented Chairman & CEO Jean-Pierre Clamadieu. “We are firmly committed to deliver on our profitable and sustainable growth ambition. To prepare for this challenge, our management model is evolving to enhance responsiveness and entrepreneurship within the Group.”

Summary income statement Q1 2010

In € million	Q1 2009	Q1 2009 like for like⁽¹⁾	Q1 2010	Variation like for like⁽¹⁾
Net Sales	920	957	1,176	23%
Recurring EBITDA ⁽²⁾	2	(4)	221	<i>n.m</i>
Operating Profit	(91)	(99)	140	<i>n.m</i>
Profit/(loss) from continuing operations	(128)		70	
Profit/(loss) from discontinued operations	(7)		(1)	
Net Profit/(loss) Group Share	(134)		69	
Earnings per Share (in €), basic	(1.35)		0.70	
Free Cash Flow ⁽³⁾	73		86	

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

(2) Before restructuring and other operating income and expenses

(3) Defined as “net cash provided by operating activities” before margin call plus “non recurring refinancing cash costs” minus Capital Expenditure

1. Volumes back to pre-crisis levels

In the first quarter, **Net Sales** increased by 23% to €1,176 million from €957 million in Q1 2009. Driven by a strong momentum across business segments and regions, volumes recovered by 25% year-on-year and are now restored to their pre-crisis levels.

The company reported record operating profitability with a **recurring EBITDA** of €221 million versus €(4) million in Q1 2009. This performance was driven by both higher volumes and strong pricing power (net positive price impact of €138 million).

Operating Profit in Q1 was €140 million compared to €(99) million last year, reflecting the EBITDA evolution.

Income Tax at €(28) million reflected tax charges on the quarter's profitability. In Q1 2009, reported Income Tax of €8 million included the recognition of deferred tax assets in Brazil.

The **Net Profit Group Share** was €69 million in Q1 versus €(134) million reported in Q1 2009.

Earnings per Share Group Share (basic) were €0.70 in Q1 2010 versus €(1.35) reported a year earlier.

2. High level of cash generation and further reduction in debt

Capitalizing on breakthrough improvements implemented in 2009, the Group continued posting a best-in-class Q1 operating **Working Capital** ratio of 9% of Total Sales compared with a quarterly average of 9.6% in 2009.

Capital Expenditures amounted to €44 million in Q1 versus €52 million in Q1 2009. After a slow start in Q1, Capex should progressively increase with selective investments focused on high growth regions and markets. For the full year, total spending should be up by 30% compared to the €191 million invested in 2009.

Rhodia generated a positive **Free Cash Flow** of €86 million versus €73 million in Q1 2009 driven by the EBITDA generation and the low requirements in operating Working Capital.

As of March 31st, Rhodia reported a **Consolidated Net Debt** of €949 million, a further reduction of €80 million compared to the year-end level.

3. Outlook

The world economic recovery should continue, with sustained strong momentum in emerging markets. However, uncertainty still prevails in Europe for the second part of the year. The upward trend in raw material and energy costs is expected to continue. In this environment, Rhodia will maintain its focus on operational discipline and cash generation.

In the light of the Q1 performance and the ongoing business dynamics, Rhodia has improved its 2010 objectives. The Group now expects a full-year recurring EBITDA around 50% higher than its 2009 level.

OVERVIEW BY ENTERPRISE

Polyamide

Rhodia Polyamide serves the automotive, electricals, electronic components, sportswear and leisure markets. Its expertise in the polyamide chain has allowed it to develop activities upstream in intermediates and polymers and downstream in engineering plastics.

<i>In € million</i>	Q1 2009	Q1 2009 Like for Like ⁽¹⁾	Q1 2010	Variation Like for Like ⁽¹⁾
Net Sales	286	318	486	53%
Recurring EBITDA ⁽²⁾	(96)	(101)	71	<i>n.m</i>

With volumes up by 41%, Polyamide saw a sharp recovery in activity year-on-year across regions and reported similar volume levels as those posted in Q4 2009. The Enterprise further benefited from strong pricing power in a tight supply market, leading to a high level of profitability.

Maintenance turnarounds during the quarter have had a marginal impact on the business so far.

In Q2, Polyamide should continue to benefit from a sustained level of demand, although we expect production capacity and profitability to be impacted by further scheduled maintenance turnarounds.

Novecare

Rhodia Novecare provides high-performance products and solutions to a wide range of industries including cosmetics, detergents, agrochemicals and oil, as well as industrial applications.

<i>In € million</i>	Q1 2009	Q1 2009 Like for Like ⁽¹⁾	Q1 2010	Variation Like for Like ⁽¹⁾
Net Sales	209	221	245	11%
Recurring EBITDA ⁽²⁾	14	17	38	124%

Novecare reported significant improvement in profit driven by increased activity (volumes up by 18% year-on-year) across regions, particularly in Asia. Volumes in the Industrial and the Agrochemical markets enjoyed a strong recovery. The Oilfield chemicals business is progressively recovering quarter after quarter.

In Q2, Novecare should continue to deliver good performance.

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

⁽²⁾ Before restructuring and other operating income and expenses

Silcea

Rhodia Silcea produces high performance silicas for tires, rare earth-based materials to serve the automotive emissions reduction, lighting and electronics markets, and diphenols for flavors and fragrances markets.

<i>In € million</i>	Q1 2009	Q1 2009 Like for Like ⁽¹⁾	Q1 2010	Variation Like for Like ⁽¹⁾
Net Sales	142	141	187	33%
Recurring EBITDA ⁽²⁾	3	4	43	<i>n.m</i>

Silcea reported a record level of recurring EBITDA. This performance was mainly driven by a strong demand momentum across its three segments with volumes up by 39% year-on-year as well as solid pricing power.

In Q2, Silcea's activity is expected to remain robust.

Energy Services

Rhodia Energy Services is responsible for the Group's energy supply and the management of Rhodia's projects related to the reduction of greenhouse gas emissions.

<i>In € million</i>	Q1 2009	Q1 2009 Like for Like ⁽¹⁾	Q1 2010	Variation Like for Like ⁽¹⁾
Net Sales	41	41	45	9.8%
Recurring EBITDA ⁽²⁾	48	48	48	-

The Carbon Emission Reduction (CER) activity remained stable year-on-year. Moreover, the first quarter is usually a strong quarter for Energy Services' traditional activities, due to high seasonality.

In Q2, traditional activities should decrease due to low seasonality. The CER activity should be in line with the full year forecast of 14 million tons.

Acetow

Rhodia Acetow is a global producer of filter tow, mainly used for making cigarette filters.

<i>In € million</i>	Q1 2009	Q1 2009 Like for Like ⁽¹⁾	Q1 2010	Variation Like for Like ⁽¹⁾
Net Sales	135	136	129	(5.1)%
Recurring EBITDA ⁽²⁾	34	33	31	(6.1)%

Acetow continued to register fairly stable volume levels. The Enterprise however experienced less favorable pricing conditions that partially impacted its Q1 results.

In Q2, Acetow should be fully impacted by these less favorable 2010 pricing conditions.

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

⁽²⁾ Before restructuring and other operating income and expenses

Eco Services

Rhodia Eco Services offers sulfuric acid regeneration services to chemical manufacturers and oil refiners in North America.

<i>In € million</i>	Q1 2009	Q1 2009 Like for Like ⁽¹⁾	Q1 2010	Variation Like for Like ⁽¹⁾
Net Sales	66	63	49	(22)%
Recurring EBITDA ⁽²⁾	24	22	14	(36)%

Eco Services registered improved demand levels. However, compared to last year, recurring EBITDA decreased due to the indexation mechanism time-lag effect that was exceptionally favorable in Q1 2009.

In Q2, Eco Services should benefit from the start of the driving season in the US.

Safe Harbor for forward looking statements

This press release 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 is an international chemical company resolutely committed to sustainable development. As a leader in its businesses, the Group aims to improve its customers' performance through the pursuit of operational excellence and its ability to innovate. Structured around six Enterprises, Rhodia is the partner of major players in the automotive, electronics, flavors and fragrances, health, personal and home care markets, consumer goods and industrial markets. The Group employs around 13,600 people worldwide and generated sales of €4.03 billion in 2009. Rhodia is listed on Euronext Paris.

For more information, please visit our [website www.rhodia.com](http://www.rhodia.com)

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

⁽²⁾ Before restructuring and other operating income and expenses

Upcoming events

- **Analysts conference call on April 28, 2010 at 08:30am CET**
Host: Pascal BOUCHIAT, Chief Financial Officer
WEBCAST on Rhodia website www.rhodia.com (Investors section)

 - **Press conference call on April 28, 2010 (in French) at 09:30am CET**
Host: Jean-Pierre Clamadieu, Chairman and Chief Executive Officer

 - **The Annual Meeting of Rhodia Shareholders will take place on April 28, 2010 at 3:00pm CET** (Pavillon d'Armenonville, Allée de Longchamp, Bois de Boulogne, 75116 Paris)
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- **Rhodia's second quarter 2010 results will be published on July 30, 2010**
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