

Press release

Paris, May 5th, 2011

RHODIA REPORTS FIRST QUARTER 2011 RESULTS

Strong results reflect robust execution of Rhodia's profitable growth strategy

Full year EBITDA objective increased to over €1 billion

Forenote: The expressions "Rec. EBITDA" or "EBITDA" hereby refer to Recurring EBITDA before restructuring and other operating income and expenses.

✓ **Q1 2011 financial highlights**

- Record profitability with EBITDA up 28% to €283 million
- Volumes up 9%, reflecting sound business dynamics
- Strong €51 million pricing power impact at EBITDA level
- Net Profit of €151 million
- Free Cash Flow⁽¹⁾ of €100 million and Net Debt reduced to €1,063 million

✓ **Announcement on April 4th of the combination with Solvay to create a major player in chemicals, global leader in its businesses**

"In Q1, Rhodia continued to improve its performance, reflecting the remarkable execution of its profitable growth strategy. Our pricing power, differentiated geographic positions and recent acquisitions all contributed effectively to the quarter strong momentum. Anticipating sound business conditions to continue, we now expect our full year EBITDA to exceed €1 billion, on track with our mid-term ambition," commented Jean-Pierre Clamadieu, Chairman & CEO of Rhodia.

He added: *"This excellent performance reinforces our confidence in our project to create with Solvay a major player in the chemical industry, determined to carry out an ambitious growth strategy."*

(1) Defined as "net cash from operating activities" before margin call plus "non recurring refinancing cash costs" minus capital expenditure

Summary Income Statement Q1 2011

<i>In € million</i>	Q1 2010	Q1 2011	Year on Year Variation
Net Sales	1,176	1,503	28%
Recurring EBITDA	221	283	28%
Operating Profit	140	243	74%
Profit from continuing operations	70	154	
Profit from discontinued operations	(1)	(1)	
Net Profit/ Group Share	69	151	
Earnings per Share (in €), basic	0.70	1.45	
Free Cash Flow ⁽¹⁾	86	100	

1. Excellent results driven by sound business dynamics and strong pricing power

In the first quarter, **Net Sales** increased by 28% to €1,503 million from €1,176 million last year, driven by the positive contribution of all growth levers: a 9% organic volume growth, thanks to the sustained momentum across businesses and regions, a 13% overall price increase and the contribution of the Feixiang acquisition.

Rhodia reported new record quarter profitability with a **Recurring EBITDA** of €283 million compared to €221 million in Q1 2010. This performance was driven by both a strong level of demand and excellent pricing power, the latter reflecting the quality of the portfolio and generating a net positive price impact of €51 million in Q1 2011. Growth was particularly robust at Consumer Chemicals and Advanced Materials, both clusters totalling 48% of the Group's EBITDA⁽²⁾ in Q1 versus 36% in the same period last year, confirming their power to drive the Group's superior growth.

Operating Profit in Q1 was up 74% to €243 million, a sharp improvement compared to €140 million last year, reflecting the excellent performance in recurring EBITDA and a €25 million capital gain from the sale of a minority investment stake.

Net Financial charges stood at €(44) million in 2011 versus €(42) million in the prior year.

Income Tax was €(45) million for the first quarter versus €(28) million in 2010. This increase primarily reflects the higher operating profitability over the period.

The Net Profit Group Share stood at a record level of €151 million in Q1 2011 compared to €69 million in the same period last year, reflecting the strong operating performance of the Group.

Earnings per Share (basic) were €1.45 in Q1 2011 versus €0.70 in Q1 2010.

(1) Defined as "net cash from operating activities" before margin call plus "non recurring refinancing cash costs" minus capital expenditure
 (2) Excluding corporate and others

2. Business growth coupled with sustained financial discipline

The Group continued to demonstrate best-in-class management of **Operating Working Capital**, at 9.5% on total sales for Q1 2011, in line with its objective to stand below 10%.

Capital Expenditure amounted to €62 million in Q1 2011, compared to €44 million in the prior year. Growth Capex focused on highly dynamic markets such as surfactants and guar (China and USA), highly dispersible silica (USA and France) and biomass based energy investments in Brazil. For the full year, total spending is expected to be around €350 million, compared to €270 million invested in 2010.

Rhodia generated a solid **Free Cash Flow**⁽¹⁾ of €100 million in Q1 2011 versus €86 million in Q1 2010, as a result of a strong EBITDA generation and continued financial discipline.

As of March 31st 2011, Rhodia reported a **Consolidated Net Debt** of €1,063 million representing a further reduction of €131 million compared to the year-end level. This decrease was primarily driven by the generation of Free Cash Flow in the quarter.

3. Outlook

Global economic growth should remain strong throughout the year, driven by sustained demand, especially in fast-growing countries. Rhodia should continue therefore to benefit both from its strong exposure to high-growth economies and its portfolio well-suited to global market mega trends.

In a context of high raw material and energy costs, the Group confirms its ability to favorably manage selling prices.

Under current conditions, Rhodia expects to continue delivering a strong performance and now anticipates its 2011 Recurring EBITDA to exceed €1 billion, on track with its 2013-2015 ambition.

(1) Defined as "net cash from operating activities" before margin call plus "non recurring refinancing cash costs" minus capital expenditure

Q1 2011 OVERVIEW BY BUSINESS CLUSTER

Consumer Chemicals

Consumer Chemicals gathers Novacare, Coatis and Aroma Performance Global Business Units. This cluster primarily serves consumer products markets, with an offer adapted to the main market mega-trends. Novacare provides high performance chemicals to a broad range of industries in key segments of the beauty/personal care and detergent, agrochemical, oil and gas, coatings and industrial applications sectors. Leader in Latin America, Coatis manufactures and markets phenol and its derivatives as well as oxygenated solvents that serve the paint, surface coating, automotive, lumber and construction markets. The world's leading producer of diphenols, Aroma Performance is a reference supplier for manufacturers of flavorings and aromas.

<i>In € million</i>	Q1 10	Q1 11	Year-on-year Variation
Net Sales	421	585	39%
Recurring EBITDA	63	92	46%

In Q1, Consumer Chemicals continued to enjoy strong growth across segments (volumes up 16% compared to the same period last year). At a constant perimeter, Novacare reported 20% year-on-year growth, mostly driven by Oil & Gas and Agro markets and led by robust demand and innovation. Coatis posted volumes up 13% year-on-year, namely from phenol and solvent businesses while Aroma Performance's volumes increased by 5% year-on-year. Feixiang delivered strong growth, with integration progressing well on track. A new surfactant site at Zhuhai currently under construction should become operational in Q3 2011, expanding capacity by 50,000 metric tons per year.

In Q2, Consumer Chemicals should continue to report good performance.

Advanced Materials

Advanced Materials gathers Silica and Rare Earth Systems Global Business Units which are intended for high-performance industries such as energy-efficient tires, automotive catalysts or energy-efficient lighting. The growth of this Business Cluster, greater than the organic growth of the markets served, is driven by the challenges of sustainable development. Rhodia's competitive edge lies in its technological lead, its savings of scale, its innovative capability and its worldwide presence.

<i>In € million</i>	Q1 10	Q1 11	Year-on-year Variation
Net Sales	118	184	56%
Recurring EBITDA	24	53	121%

In Q1, Advanced Materials activity was driven by very robust business dynamics, with an overall organic volume growth up by 25% year-on-year. Activity at Silica was boosted by first important deliveries from the new Qingdao plant in China. Rare Earth Systems enjoyed strong demand from all markets, satisfied thanks to Rhodia's efficient sourcing capabilities.

Activity is expected to remain solid in Q2.

Polyamide Materials

Polyamide Materials gathers Polyamide & Intermediates, Engineering Plastics and Fibras Global Business Units that bring together the polyamide chain activities. Their advantages stem from the integrated polyamide 6.6 production line, their leading position in the most profitable sectors and excellent competitiveness. The automobile industry is one of their major markets with solutions responding to the challenges of sustainable mobility.

<i>In € million</i>	Q1 10	Q1 11	Year-on-year Variation
Net Sales	386	442	14.5%
Recurring EBITDA	56	68	21%

In Q1, demand remained solid in a tight supply environment. Sound Engineering Plastics dynamics, with organic volume growth up 10% year-on-year, compensated a shortfall at Polyamide & Intermediates (P&I). Force Majeure net EBITDA impact was €15 million in the quarter, with a further €5 million to come in Q2 2011.

In Q2, Polyamide Materials should benefit from sustained demand level. Besides, Adipic Acid contracts with selling prices indexed on raw materials costs will be fully effective.

Acetow & Eco Services

Acetow is a worldwide producer in cellulose acetate cable and Eco Services offers sulphuric acid regeneration services to chemical manufacturers and oil refiners in North America. Acetow & Eco Services operate in very specific, mature and stable markets where partnerships with customers are built on reliability, quality of service and dependable supply. Acetow & Eco Services combine a capacity for innovation and operational excellence by taking advantage of the opportunities presented by sustainable development.

<i>In € million</i>	Q1 10	Q1 11	Year-on-year Variation
Net Sales	178	207	16.3%
Recurring EBITDA	44	46	4.5%

In Q1, Acetow performance remained robust and demand satisfactory. Eco Services was negatively affected by one-off customer events.

In Q2, business dynamics is expected to remain stable in Acetow segments while Eco Services should benefit from the start of the driving season in the US.

Energy Services

Energy Services relies on its expertise in energy optimization and the reduction of greenhouse gas emissions to develop “Climate Care” solutions that also help respond to the challenges of sustainable development through the generation of renewable energies.

<i>In € million</i>	Q1 10	Q1 11	Year-on-year Variation
Net Sales	45	56	24%
Recurring EBITDA	51	47	(7.8%)

In Q1, Energy Services reported good CER/ERU volumes. Traditional energy services (Co-generation and natural gas supply) were lower than last year given a demanding comparative base. Investments are ongoing in the renewable energy “Climate Care” business in Brazil. In Q2, CER activity should sequentially remain stable. Low seasonality is expected in Energy Services’ traditional activities.

Note: Rhodia's Board of Directors, which met on May 4th, 2011, examined the Q1 2011 Financial Statements.

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. The Structured around 11 Global Business Units (GBUs) within 5 business clusters, 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 14 000 people worldwide and generated sales of €5.23 billion in 2010. Rhodia is listed on Euronext Paris.

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

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