

Press release

Paris, July 28th, 2011

RHODIA REPORTS SECOND QUARTER 2011 RESULTS

***A further set of strong results:
Rhodia continues delivering on its profitable growth strategy***

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

✓ **Q2 2011 financial highlights**

- Highest ever EBITDA at €297 million
- Volumes up by 7%, reflecting solid business dynamics
- Strong pricing power: €58 million net positive price impact at EBITDA level
- Net Profit of €113 million
- Net Debt at €1,085 million

"In Q2, we delivered a further set of strong results, illustrating the remarkable execution of our profitable growth strategy. We continue to benefit from solid levels of demand across segments and regions as well as excellent pricing power", commented Jean-Pierre Clamadieu, Chairman & CEO of Rhodia. "We now look forward to creating with Solvay a major player in the chemical industry. Together, we will combine our respective strengths to further accelerate our growth dynamic".

Summary Income Statement Q2 2011

<i>In € million</i>	Q2 2010	Q2 2011	Year on Year Variation
Net Sales	1,330	1,617	22%
Recurring EBITDA	226	297	31%
Operating Profit	146	218	49%
Profit from continuing operations	46	116	
Profit from discontinued operations	(2)	(1)	
Net Profit/ Group Share	43	113	
Earnings per Share (in €), basic	0.43	1.09	
Free Cash Flow ⁽¹⁾	101	0	

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

1. A strong overall performance with a positive contribution from all growth levers

In the second quarter, **Net Sales** increased by 22% to €1,617 million from €1,330 million last year, driven by the combination of organic volume growth (+7%), the enlarged perimeter with Feixiang and overall increases in selling prices (+16%). The Consumer Chemicals and Advanced Materials business clusters were the major contributors to the Group's sales growth.

In Q2 2011, Rhodia reported its highest ever recurring **EBITDA** at €297 million, up 31% compared to €226 million in Q2 2010. This growth in profitability, despite an adverse foreign exchange impact of €21 million, was driven by both business robustness and excellent pricing power. In a context of inflationary raw material and energy costs, pricing power generated a net positive price impact of €58 million.

Operating Profit in Q2 2011 was up 49% to €218 million, a sharp improvement compared to €146 million last year, reflecting the excellent performance in recurring EBITDA.

Net Financial Charges amounted to €(40) million in Q2 2011 versus €(63) million in the prior year, with the latter including one-off charges linked to the partial refinancing of the Group's Floating Rate Notes due in 2013.

Income Tax was €(62) million for the second quarter versus €(37) million in Q2 2010. This increase reflects the higher operating profitability over the period.

The Net Profit Group Share stood at €113 million in Q2 2011 compared to €43 million in the same period last year, reflecting the strong operating performance of the Group.

Earnings per Share (basic) were €1.09 in Q2 2011 versus €0.43 in Q2 2010.

2. Investments for growth coupled with sustained financial discipline

The Group continued to demonstrate best-in-class management of **Operating Working Capital** at 9.9% on total sales for the first half of the year, in line with the Group's objective to stand below 10% on an annual basis.

Capital Expenditure amounted to €90 million in Q2 2011, compared to €56 million in the prior year. Growth investments continued to focus on highly dynamic markets such as surfactants and guar, highly dispersible silica and biomass-based energy in Brazil. For the full year, with new investments planned in rare earth recycling and other capacity expansion projects, total spending is expected to be around €370 million, compared to €270 million invested in 2010.

The Group's accelerated investments for growth and the slight increase in Operating Working Capital needs led to a **Free Cash Flow**⁽¹⁾ at zero in Q2 2011.

As of June 30th 2011, Rhodia reported a **Consolidated Net Debt** of €1,085 million, €109 million lower than year-end level mainly derived from the €100 million of Free Cash Flow generated in the first half of the year.

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

3. Outlook

Global economic growth should continue to be driven by sustained demand in fast-growing countries. Rhodia should therefore continue to benefit both from its strong exposure to high-growth economies and its business portfolio which is well-suited to global market mega trends.

Going forward, business dynamics should remain satisfactory though reflecting the usual summer seasonality effects.

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

Under current conditions, Rhodia reiterates its guidance for full year Recurring EBITDA to exceed €1 billion, on track with its 2013-2015 profitable growth ambition.

4. Solvay's Offer calendar

Solvay's friendly cash offer for Rhodia shares was launched on June 15th, 2011. The closing date for the offer will be published by the French Autorité des Marchés Financiers (AMF) following receipt of approval from the European Commission, which is expected on August 5th, 2011.

Q2 2011 OVERVIEW BY BUSINESS CLUSTER

Consumer Chemicals

Consumer Chemicals combines the Novecare, Coatis and Aroma Performance Global Business Units. This cluster primarily serves consumer products markets, with an offering suited to the major trends of these markets. Novecare 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>	Q2 10	Q2 11	Year-on-year Variation
Net Sales	497	625	26%
Recurring EBITDA	82	100	22%

In Q2, healthy business dynamics resulted in 7% organic growth within the Consumer Chemicals activity compared to the same period last year. The three GBUs enjoyed good pricing power.

Novecare reported 10% year-on-year organic volume growth, mostly driven by Oil & Gas and Agro markets and by Feixiang's double-digit sales growth that should continue going forward. Looking ahead, the Group's leading position in bio-sourced formulations will support developments in Oil & Gas applications. The GBU has also announced a strategic alliance with Sibur to create a specialty surfactant leader in Russia.

Coatis posted volumes up by over 5% year-on-year, primarily driven by the solvents business.

Advanced Materials

Advanced Materials brings together the Silica and Rare Earth Systems Global Business Units, targeting high-performance industries such as energy-efficient tires, automotive catalysts or energy-efficient lighting. The growth of this cluster, greater than the organic growth of the markets served, is driven by the challenges of sustainable development. Rhodia's competitive advantage relies on its technological lead, its economies of scale, its innovative capability and its worldwide presence.

<i>In € million</i>	Q2 10	Q2 11	Year-on-year Variation
Net Sales	132	217	64%
Recurring EBITDA	28	71	154%

In Q2, the Advanced Materials activity benefited from a global volume expansion of over 20% year-on-year. It also reported strong margins based on pricing power and optimized competitive sourcing.

Silica continued to post solid growth.

Rare Earth Systems enjoyed solid demand primarily from Electronics markets. The rare earth export quotas allocated by China to Rhodia for the second half of 2011 are similar to H1 2011 levels. As part of its sourcing diversification strategy, Rare Earth Systems has announced two recycling projects: one to recover rare earths from low energy lamps, another one in partnership with Umicore to recycle rare earths contained in Nickel Metal Hydride rechargeable batteries. Furthermore, in addition to its long-term supply agreement with Lynas, the GBU is working on new sourcing opportunities.

Polyamide Materials

Polyamide Materials combines the 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 positions in the most profitable sectors and excellent competitiveness. The automotive industry is one of their major markets with solutions responding to the challenges of sustainable mobility.

<i>In € million</i>	Q2 10	Q2 11	Year-on-year Variation
Net Sales	430	475	10%
Recurring EBITDA	62	62	-

In Q2, demand was sustained in a normalized supply context. Polyamide Materials enjoyed satisfactory volumes with healthy dynamics at Engineering Plastics (volumes up by 8% year-on-year and 5% quarter-on-quarter) while Fibras experienced lower demand in a weak Brazilian textile market. Adipic Acid contracts with selling prices indexed on raw materials costs were fully effective.

Acetow & Eco Services

Acetow is a worldwide producer of acetate tow and Eco Services offers sulfuric acid regeneration services to chemical manufacturers and oil refiners in North America. Acetow and Eco Services operate in very specific, mature and stable markets where partnerships with customers are built on reliability, quality of service and supply security. This cluster combines innovative capacity and operational excellence, by seizing opportunities in sustainable development.

<i>In € million</i>	Q2 10	Q2 11	Year-on-year Variation
Net Sales	201	214	6.5%
Recurring EBITDA	48	53	10%

In Q2, Acetow reported a robust performance driven by continuous sound demand. Eco Services also benefited from a solid activity level.

Energy Services

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

<i>In € million</i>	Q2 10	Q2 11	Year-on-year Variation
Net Sales	38	58	53%
Recurring EBITDA	29	47	62%

In Q2, Energy Services reported recurring EBITDA of €47 million, a significant increase against a low comparative base in Q2 2010 when part of CER sales was postponed to the second half of 2010. A large majority of expected CER production is already hedged at a price close to 13€ per ton, despite low market prices.

Note: Rhodia's Board of Directors met on July 27, 2011 to examine the half-year ended June 30, 2011 Financial Statements. The Group's Statutory auditors carried out a limited review on such Financial Statements and issued their report thereon. Rhodia will publish its half-year ended June 30, 2011 Financial Report next week.

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 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

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