

Press release

Paris, November 4, 2010

THIRD QUARTER 2010 RESULTS

Rhodia reports a new set of strong results and increases full-year guidance

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

Q3 2010 highlights

- ✓ Record recurring EBITDA⁽²⁾ of €235 million
- ✓ Volumes up by 10% compared to Q3 2009
- ✓ Strong pricing power: €43 million net positive price impact at EBITDA level
- ✓ Net Profit of €56 million
- ✓ Free Cash Flow⁽³⁾ of €64 million and Net Debt at €794 million

Jean-Pierre Clamadieu, Chairman & CEO of Rhodia commented: *“In Q3, we delivered another set of strong results, showing a continuous increase quarter after quarter. We took advantage of the positive business momentum across segments and geographies. In addition, our very effective operational management led to steady cash flow generation and allowed us to support our growth projects while improving our leverage ratio”.*

He added: *“For the full year 2010 we expect to post record profitability, providing a solid foundation for our growth ambition. The markets we serve continue to display favorable dynamics, giving us confidence as we approach 2011.”*

Summary income statement Q3 2010

In € million	Q3 2009	Q3 2009 like for like⁽¹⁾	Q3 2010	Variation like for like⁽¹⁾
Net Sales	1,041	1,128	1,360	21%
Recurring EBITDA ⁽²⁾	174	188	235	25%
Operating Profit	104	114	151	33%
Profit/(loss) from continuing operations	35		59	
Profit/(loss) from discontinued operations	(20)		(2)	
Net Profit/(loss) Group Share	14		56	
Earnings per Share (in €), basic	0.14		0.55	
Free Cash Flow ⁽³⁾	112		64	

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

(2) Before restructuring and other operating income and expenses

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

1. Strong performance driven by sustained favorable business dynamics

In the third quarter, **Net Sales** increased by 21% to €1,360 million from €1,128 million in Q3 2009. Thanks to the sustained momentum across business segments, volumes improved by 10% year-on-year.

Recurring EBITDA in Q3 was €235 million compared with €188 million in Q3 2009, which was already a demanding comparative base. This excellent profitability level, which continued to increase after a strong first half, was driven by both strong activity and pricing power (€43 million positive net impact).

Operating Profit was €151 million in Q3 compared to €104 million in the prior year, reflecting the higher performance at EBITDA level.

Net Financial Charges in Q3 were €(57) million compared to €(44) million in Q3 2009. They included €12 million one-off charges linked to the partial refinancing of the Group's Floating Rate Notes due in 2013 for an equivalent amount of €306 million.

Income Tax at €(34) million reflected tax charges on the quarter's profitability.

Net Profit Group Share was €56 million in Q3 versus €14 million reported in Q3 2009.

Earnings per Share Group Share (basic) were €0.55 in Q3 versus €0.14 a year earlier.

2. Continued operational discipline and selective investments

The Group continued to post a best-in-class **Operating Working Capital** ratio. At 8.4% of Total Sales in the current quarter, it remains well below our 10% annual target.

Capital Expenditure amounted to €69 million in Q3 versus €34 million in Q3 2009. For the full year, total spending is expected to be around €270 million, with growth investments largely driven by new capacities focused on fast growing regions and markets.

Thanks to good profitability level, Rhodia generated a solid **Free Cash Flow** of €64 million compared to €112 million in Q3 2009. Since the beginning of the year, Free Cash Flow generation amounts to €251 million.

As of September 30th 2010, Rhodia reported a **Consolidated Net Debt** of €794 million compared to €883 million as of June 30th 2010. This reduction was primarily driven by the generation of Free Cash Flow in Q3. In the course of the quarter, Rhodia also completed an employee shareholding plan resulting in the issuance of 3 million new shares for a net capital increase of approximately €38 million.

Since the beginning of 2010, the Group has taken advantage of favourable market conditions to refinance €806 million of its 2013-Floating Rate Notes and significantly extended its debt maturity profile up to 2020.

3. Rhodia accelerates in China

This year, Rhodia is celebrating its 30th anniversary of presence in China. With currently 2,000 employees and 13 production sites, the country is today spearheading Rhodia's development in the Asia-Pacific zone.

Rhodia's facilities in China constitute a powerful network that is being reinforced with recent capital investments such as:

- a new highly dispersible silica plant in Qingdao, China's third largest seaport in Shandong province. This plant increases Rhodia's worldwide capacity for highly dispersible silicas used in energy-efficient tires by more than 30% to 300,000 metric tons per year.
- the development of a new industrial platform in Zhenjiang, Jiangsu province, bringing together Aroma Performance and Novecare production lines. This new facility is increasing Novecare's production capacity in China by 20%.

The Chinese anti-trust authorities furthermore have just authorized Rhodia to complete the Feixiang Chemicals acquisition. The closing is expected at the end of November 2010. With the integration of Feixiang Chemicals, Rhodia is significantly strengthening its leadership positions in the surfactants business, while enhancing its footprint in China. Following the completion of this acquisition, Rhodia will generate around one third of its net sales in Asia-Pacific.

4. Outlook

From a macroeconomic perspective, we observe differing growth rates across geographies, with fast growing regions driving the global economy. Our leading positions in Latin America and Asia give us confidence going forward.

In this favorable business environment, with raw material and energy prices remaining stable at high levels, we expect good market dynamics to continue in the forthcoming quarters.

Our strong performance throughout the year leads us to increase our 2010 guidance to a recurring EBITDA of around €900 million.

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>	Q3 2009	Q3 2009 Like for Like ⁽¹⁾	Q3 2010	Variation Like for Like ⁽¹⁾
Net Sales	397	443	569	28%
Recurring EBITDA ⁽²⁾	52	61	89	46%

Polyamide reported an improved level of profitability, driven both by volumes and continued strong pricing power. The Enterprise benefited from 9% year-on-year volume growth across businesses, with the Engineering Plastics segment registering 17% year-on-year volume increase. Tight supply market conditions prevailed.

In Q4, Polyamide expects satisfactory supply-demand balance.

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>	Q3 3009	Q3 3009 Like for Like ⁽¹⁾	Q3 2010	Variation Like for Like ⁽¹⁾
Net Sales	207	225	276	23%
Recurring EBITDA ⁽²⁾	30	34	41	21%

Novecare report strong volume growth (up by 21% year-on-year) across segments and regions, particularly in Asia. The Enterprise benefited from the highest growth in the Oil & Gas and Agro markets.

In Q4, Novecare's business trends should remain unchanged with the usual low season in the Agro market. The closing of the Feixiang Chemicals acquisition is expected in the end of November.

Silcea

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

<i>In € million</i>	Q3 2009	Q3 2009 Like for Like ⁽¹⁾	Q3 2010	Variation Like for Like ⁽¹⁾
Net Sales	167	178	218	23%
Recurring EBITDA ⁽²⁾	29	32	49	53%

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

⁽²⁾ Before restructuring and other operating income and expenses

Silcea benefited from solid business momentum across all three segments (volumes up by 16% year-on-year). The automotive and electronics end markets continued to be very dynamic. The improvement in profitability was also driven by good pricing power.

The Enterprise has just inaugurated Highly Dispersible Silica (HDS) plant in China - 72kT per year - adding more than 30 percent of capacity to global HDS production network.

In Q4, 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>	Q3 2009	Q3 2009 Like for Like ⁽¹⁾	Q3 2010	Variation Like for Like ⁽¹⁾
Net Sales	46	48	54	13%
Recurring EBITDA ⁽²⁾	34	34	37	8.8%

With the usual low season in Energy Services' traditional activities, the business's increase in profitability mainly derived from higher CER/ERU activity.

In Q4, Energy Services' traditional activities should benefit from the usual high season. For the full year, CER/ERU production is expected to reach 14 million tons but the UNFCCC⁽³⁾ approval lead times remain an issue which could result in delaying sales of CER from December to beginning of 2011.

Acetow

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

<i>In € million</i>	Q3 2009	Q3 2009 Like for Like ⁽¹⁾	Q3 2010	Variation Like for Like ⁽¹⁾
Net Sales	138	143	137	(4.2)%
Recurring EBITDA ⁽²⁾	35	35	34	(2.9)%

Acetow maintained excellent levels of performance. Furthermore, the Enterprise finalized the optimization of its industrial footprint with the closure of its Venezuela plant.

In Q4, Acetow's business dynamics should remain stable.

Eco Services

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

<i>In € million</i>	Q3 2009	Q3 2009 Like for Like ⁽¹⁾	Q3 2010	Variation Like for Like ⁽¹⁾
Net Sales	49	55	71	29%
Recurring EBITDA ⁽²⁾	16	19	23	21%

Eco Services benefited from good demand levels leading to higher volumes, up by 5% year-on-year. Improvement in profitability was driven by both volumes and pricing.

In Q4, Eco Services activity should experience the usual low season.

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

⁽²⁾ Before restructuring and other operating income and expenses

⁽³⁾ United Nations Framework Convention on Climate Change

Note: Rhodia's Board of Directors met on November 3, 2010 to examine the third quarter results ended September 30, 2010.

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. 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)

Upcoming events

- **Press conference call on November 4, 2010** (in French) at 10am CET
Host: Jean-Pierre Clamadieu, Chairman and Chief Executive Officer
- **Analysts conference call on November 4, 2010** (in English) at 10am CET
Host: Pascal BOUCHIAT, Executive Vice President and Chief Financial Officer
WEBCAST on Rhodia website www.rhodia.com (Investors section)

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- **Capital Markets Day will take place on December 1st, 2010**
 - **Rhodia's 2010 results will be published on February 23rd, 2011**

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