

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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Results Fact Sheet: Q1 '10

Income Statement			
€ million	Q1* '09	Q1* '10	Variation
Net Sales	920	1,176	27,8%
Other revenue	146	131	
Recurring EBITDA	2	221	NM
Recurring EBITDA Margin	0,2%	18,8%	
Depreciation & Amortization excl. Amos restr	(67)	(66)	
Other Gains and Losses	(6)	(7)	
Restructuring Costs	(20)	(8)	
Operating Profit	(91)	140	NM
Financial Results	(45)	(42)	
Profit/(loss) before income tax	(136)	98	NM
Income tax	8	(28)	
Profit/(loss) from continuing operations	(128)	70	
Profit/(loss) from discontinued operations	(7)	(1)	
Net Profit/(loss)	(135)	69	
Net Profit/(loss) (Group Share)	(134)	69	NM
Earnings per share €	(1.35)	0.70	NM
Average number of shares outstanding	99,294,931	99,934,094	

€ million	Net Sales			Recurring EBITDA			Operating Profit	
	Q1* '09	Q1* '10	Variation	Q1* '09	Q1* '10	Variation	Q1* '09	Q1* '10
RHODIA	920	1,176	27,8%	2	221	NM	(91)	140
POLYAMIDE	286	486	69,9%	(96)	71	NM	(132)	48
NOVECARE	209	245	17,2%	14	38	171,4%	(1)	30
SILCEA	142	187	31,7%	3	43	NM	(11)	33
ENERGY SERVICES	41	45	9,8%	48	48	0,0%	44	46
ACETOW	135	129	(4,4)%	34	31	(8,8)%	26	18
ECO SERVICES	66	49	(25,8)%	24	14	(41,7)%	20	10
CORPORATE & Others	41 ⁽¹⁾	35⁽¹⁾	(14,6)%	(25)	(24)	4,0%	(37)	(45)

(1) including intercompany sales elimination

Net Financial Debt

March 31, 2009*	December 31, 2009	March 31, 2010*
1,324	1,029	949

Outlook

FY '10 context

- Continuation of the world economic recovery but uncertainty prevailing for H2 in Europe
- Raw materials & energy prices trending upwards

2010 objective

- Rec. EBITDA around 50% higher than 2009 level
- Continuous focus on Cash Flow generation

* Unaudited

Results Fact Sheet: Q1 '10

POLYAMIDE	<ul style="list-style-type: none"> Sharp activity recovery (+41% yoy) across geographies and business segments. Similar volume vs. Q4 '09 Strong pricing power in a tight supply market Marginal impact from maintenance turnarounds
NOVE CARE	<ul style="list-style-type: none"> Profit improvement driven by volume recovery (+18% yoy) across regions, in particular Asia Solid recovery in Industrial & Agrochemicals markets Progressive slow recovery at Oilfield quarter after quarter
SILCEA	<ul style="list-style-type: none"> Record level of EBITDA Strong activity increase (+ 39% yoy) across the three segments. Volumes also improved sequentially Robust pricing power
ENERGY SERVICES	<ul style="list-style-type: none"> Stable CER activity Usual high seasonality for Energy Services' traditional activities
ACETOW	<ul style="list-style-type: none"> Volume fairly stable Less favorable 2010 pricing conditions partially impacting first quarter
ECO SERVICES	<ul style="list-style-type: none"> EBITDA yoy comparison affected by exceptionally positive indexation mechanism time-lag effect in Q1 '09 Improved demand levels, both yoy and sequentially

€ million	Net Sales Q1* '09	Scope	Foreign Exchange conversion	Net Sales Q1* '09 like for like	Foreign Exchange transaction	Volume & mix	Selling Price	Net Sales Q1* '10	Variation Q1* '09 – Q1* '10	Variation Q1* '09 – Q1* '10 like for like
RHODIA	920	17	20	957	(45)	238	26	1,176	27,8%	22,9%
POLYAMIDE	286	2	30	318	(36)	131	73	486	69,9%	52,8%
NOVE CARE	209	17	(5)	221	(2)	39	(13)	245	17,2%	10,9%
SILCEA	142	-	(1)	141	(3)	55	(6)	187	31,7%	32,6%
ENERGY SERVICES	41	-	-	41	-	10	(6)	45	9,8%	9,8%
ACETOW	135	-	1	136	(4)	(4)	1	129	(4,4)%	(5,1)%
ECO SERVICES	66	-	(3)	63	-	8	(22)	49	(25,8)%	(22,2)%
CORPORATE & Others including inter-company sales elimination	41	(2)	(2)	37	-	(1)	(1)	35	(14,6)%	(5,4)%

€ million	Rec. EBITDA Q1* '09	Scope	Forex conversion	Rec. EBITDA Q1* '09 like for like	Volume & mix	Selling Price	Raw materials & Energy	Forex transaction	Fixed Costs	Rec. EBITDA Q1* '10	Rec. EBITDA Margin Q1* '10
RHODIA	2	3	(9)	(4)	102	26	112	(10)	(5)	221	18,8%
POLYAMIDE	(96)	(1)	(4)	(101)	49	73	58	(7)	(1)	71	14,6%
NOVE CARE	14	3	-	17	18	(13)	17	(1)	-	38	15,5%
SILCEA	3	1	-	4	25	(6)	21	(2)	1	43	23,0%
ENERGY SERVICES	48	-	-	48	6	(6)	3	-	(3)	48	NM
ACETOW	34	-	(1)	33	(2)	1	1	-	(2)	31	24,0%
ECO SERVICES	24	-	(2)	22	6	(22)	9	-	(1)	14	28,6%
CORPORATE & Others	(25)	-	(2)	(27)	-	(1)	3	-	1	(24)	NM

* Unaudited

Results Fact Sheet Quarterly results

€m	Q1* '09	Q1* '10	Q2* '09	H1 '09	Q3* '09	Q4* '09	H2 '09	FY '09
RHODIA								
Net Sales	920	1,176	987	1,907	1,041	1,083	2,124	4,031
Recurring EBITDA	2	221	111	113	174	200	374	487
Rec. EBITDA margin	0,2%	18,8%	11,2%	5,9%	16,7%	18,5%	17,6%	12,1%
Operating Profit	(91)	140	38	(53)	104	109	213	160
POLYAMIDE								
Net Sales	286	486	347	633	397	446	843	1,476
Recurring EBITDA	(96)	71	6	(90)	52	69	121	31
Rec. EBITDA margin	NM	14,6%	1,7%	NM	13,1%	15,5%	14,4%	2,1%
Operating Profit	(132)	48	(21)	(153)	28	45	73	(80)
NOVE CARE								
Net Sales	209	245	208	417	207	203	410	827
Recurring EBITDA	14	38	22	36	30	27	57	93
Rec. EBITDA margin	6,7%	15,5%	10,6%	8,6%	14,5%	13,3%	13,9%	11,2%
Operating Profit	(1)	30	11	10	22	22	44	54
SILCEA								
Net Sales	142	187	149	291	167	177	344	635
Recurring EBITDA	3	43	17	20	29	35	64	84
Rec. EBITDA margin	2,1%	23,0%	11,4%	6,9%	17,4%	19,8%	18,6%	13,2%
Operating Profit	(11)	33	6	(5)	19	20	39	34
ENERGY SERVICES								
Net Sales	41	45	51	92	46	51	97	189
Recurring EBITDA	48	48	37	85	34	46	80	165
Operating Profit	44	46	30	74	29	32	61	135
ACETOW								
Net Sales	135	129	140	275	138	136	274	549
Recurring EBITDA	34	31	33	67	35	31	66	133
Rec. EBITDA margin	25,2%	24,0%	23,6%	24,4%	25,4%	22,8%	24,1%	24,2%
Operating Profit	26	18	26	52	27	25	52	104
ECO SERVICES								
Net Sales	66	49	55	121	49	41	90	211
Recurring EBITDA	24	14	20	44	16	10	26	70
Rec. EBITDA margin	36,4%	28,6%	36,4%	36,4%	32,7%	24,4%	28,9%	33,2%
Operating Profit	20	10	15	35	12	6	18	53
CORPORATE & OTHERS								
Sales & intercompany sales eliminations	41	35	37	78	37	29	66	144
Recurring EBITDA	(25)	(24)	(24)	(49)	(22)	(18)	(40)	(89)
Operating Profit	(37)	(45)	(29)	(66)	(33)	(41)	(74)	(140)

* Unaudited

CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2010

(in millions of euros)	Quarter ended March 31,		Year ended December
	2010 *	2009*	2009
Net sales	1,176	920	4,031
Other revenue	131	146	446
Cost of sales	(1,007)	(991)	(3,684)
Administrative and selling expenses	(127)	(122)	(504)
Research and development expenditure	(18)	(18)	(73)
Restructuring costs	(8)	(20)	(33)
Other operating income	5	3	39
Other operating expenses	(12)	(9)	(62)
Operating profit/(loss)	140	(91)	160
Finance income	24	20	87
Finance costs	(66)	(70)	(287)
Foreign exchange gains/(losses)	-	5	10
Profit/(loss) before income tax	98	(136)	(30)
Income tax benefit/(expense)	(28)	8	(71)
Profit/(loss) from continuing operations	70	(128)	(101)
Profit/(loss) from discontinued operations	(1)	(7)	(31)
Net profit for the period	69	(135)	(132)
Attributable to:			
Equity holders of Rhodia S.A.	69	(134)	(132)
Minority interests	-	(1)	-
Earnings per share (in euros)			
Continuing and discontinued operations			
- Basic	0.70	(1.35)	(1.32)
- Diluted	0.69	(1.35)	(1.32)
Continuing operations			
- Basic	0.69	(1.28)	(1.01)
- Diluted	0.69	(1.28)	(1.01)
Average number of shares before dilution	99,934,094	99,294,931	99,888,021
Average number of shares after dilution	100,744,100	99,312,863	100,673,945

(*) Unaudited figures

CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2010

Assets		
(in millions of euros)	At March 31, 2010 *	At December 31, 2009
Property, plant and equipment	1,479	1,458
Goodwill	225	215
Other intangible assets	215	193
Investments in associates	12	12
Other non-current financial assets	118	118
Deferred tax assets	172	170
Non-current assets	2,221	2,166
Inventories	514	475
Income tax receivable	11	26
Trade and other receivables	789	692
Derivative financial instruments	81	113
Other current financial assets	73	100
Cash and cash equivalents	799	691
Assets classified as held for sale	1	3
Current assets	2,268	2,100
TOTAL ASSETS	4,489	4,266

(*) Unaudited figures

Equity (deficit) and liabilities		
(in millions of euros)	At March 31, 2010 *	At December 31, 2009
Share capital	1,213	1,213
Additional paid-in capital	138	138
Other reserves	248	213
Deficit	(2,269)	(2,299)
<i>Equity deficit attributable to equity holders of Rhodia S.A.</i>	(670)	(735)
Minority interests	17	16
Total equity deficit	(653)	(719)
Borrowings	1,661	1,655
Retirement benefits and similar obligations	1,508	1,459
Provisions	374	370
Deferred tax liabilities	25	28
Other non-current liabilities	50	36
Non-current liabilities	3,618	3,548
Borrowings	160	165
Derivative financial instruments	116	115
Retirement benefits and similar obligations	90	94
Provisions	164	160
Income tax payable	25	16
Trade and other payables	969	887
Current liabilities	1,524	1,437
TOTAL EQUITY DEFICIT AND LIABILITIES	4,489	4,266

(*) Unaudited figures

CONSOLIDATED STATEMENTS OF CASH FLOWS AS OF MARCH 31, 2010

(in millions of euros)	For the Quarter ended March 31,		Year ended December 31,
	2010 *	2009*	2009
Net profit/(loss) for the period attributable to equity holders of Rhodia S.A.	69	(134)	(132)
<i>Adjustments for:</i>			
Minority interests	-	(1)	-
Depreciation and impairment of non-current assets	69	75	284
Net increase/(decrease) in provisions and employee benefits	(10)	-	41
Impairment of non-current financial assets	-	-	(3)
Other income and expense	10	9	36
Gain/(loss) on disposal of non-current assets	(2)	(2)	(12)
Deferred tax expense (income)	4	(18)	(5)
Foreign exchange losses	4	41	29
Net cash flow from operating activities before changes in working capital	144	(30)	238
<i>Changes in working capital</i>			
• (Increase)/decrease in inventories	(22)	193	231
• (Increase)/decrease in trade and other receivables	(67)	62	89
• Increase/(decrease) in trade and other payables	48	(164)	(134)
• Increase/(decrease) in other current assets and liabilities	27	64	122
Net cash from operating activities before margin calls	130	125	546
Margin calls (1)	7	7	(9)
Net cash from operating activities	137	132	537
Purchases of property, plant and equipment	(36)	(46)	(167)
Purchases of other non-current assets	(8)	(6)	(24)
Proceeds on disposal of non-current assets	3	(1)	11
Purchases of entities, net of cash acquired	-	(78)	(76)
(Purchases of)/repayments of loans and financial investments	19	10	(66)
Net cash from/(used by) investing activities	(22)	(121)	(322)
Treasury share purchase costs	-	-	(2)
Dividends paid to minority interests	-	-	(4)
New non-current borrowings, net of costs	-	-	55
Repayments of non-current borrowings, net of costs	(7)	(16)	(80)
Net increase/(decrease) in current borrowings	(12)	36	(24)
Net cash from/(used by) financing activities	(19)	20	(55)
Effect of foreign exchange rate changes	12	5	39
Net increase/(decrease) in cash and cash equivalents	108	36	199
Cash and cash equivalents at the beginning of the year	691	492	492
Cash and cash equivalents at the end of the year	799	528	691

(1) The margin call agreements are standardized credit risk reduction contracts, which are concluded with the clearing house of an organized market or bilaterally by private contract with a counterparty.

(*) Unaudited figures