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**FOR IMMEDIATE RELEASE**

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**NUCO2 REPORTS STRONG GAINS IN  
THIRD QUARTER OPERATING RESULTS**

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**Across the Board Improvement Achieved in Customer Count, Revenues,  
Gross Margins, EBITDA and Earnings**

STUART, FLORIDA, May 3, 2004 -- NuCO2 Inc. (Nasdaq: NUCO), the largest supplier in the U.S. of bulk CO2 systems and services for carbonating fountain beverages, today reported strong gains in operating results for the three months ended March 31, 2004.

- Customer count and order pipeline continue to grow
- Revenues increased 9.4% versus prior year quarter
- Gross margin increased to 55.2%
- EBITDA rose 29.7% from year-ago, and 5.9% sequentially, to \$7.0 million
- Operating income increased to \$3.2 million, or 16.1% of revenues
- Net income posted \$1.8 million improvement versus year-ago loss
- Per share net income, fully diluted, amounted to \$0.07
- Debt pay-down of \$3.1 million

“The third quarter was another solid performance by NuCO2, I am pleased to report,” said Michael E. DeDomenico, Chairman and CEO. “While our Company continued to grow or improve in virtually every category, what is especially noteworthy is the fact that we have reached the stage in our strategic plan, implemented roughly two years ago, where the gains we are experiencing reflect primarily organic growth through the addition of new accounts, greater efficiency, heightened density and enhanced productivity. Financially and operationally, our Company has never been in better condition.”

For the third quarter of fiscal 2004, revenues amounted to \$20.1 million, compared with \$19.5 million in the immediately preceding quarter and \$18.3 million in the corresponding year-ago period. As a percentage of revenues, cost of sales declined to 44.8%, from 47.7% a year earlier, while gross profit increased to \$11.1 million, and gross margin advanced to 55.2%, from 54.9% in the preceding December quarter and 52.3% in the corresponding year-ago period.

Selling, general and administrative expenses amounted to \$3.7 million, compared with \$3.8 million in both the immediately preceding quarter and the corresponding year-ago period. Selling, general and administrative expenses, as a percentage of revenues, improved to 18.7%, from 19.4% in the preceding December quarter and 20.9% in the corresponding year-ago period. Operating income totaled \$3.2 million, or 16.1% of revenues, compared to \$2.8 million in the immediately preceding quarter and \$1.0 million a year ago. Net income totaled \$1.1 million, or \$0.07 per diluted share, compared to a year-ago loss of \$0.8 million, or a loss of \$0.09 per share.

EBITDA (earnings before interest, taxes, depreciation and amortization), a number the company views as useful information regarding its ability to service debt and other obligations, continued to increase, totaling \$7.0 million in the fiscal third quarter, up from \$6.6 million in the preceding second fiscal quarter and 29.7% greater than \$5.4 million in the corresponding year-ago period. EBITDA for the third quarter, as a percentage of revenues, was 34.9%.

During the third quarter, NuCO2 announced the signing of master agreements with Independent Purchasing Cooperative, Inc., the representative for purchases and services for SUBWAY® restaurant franchisees, and Restaurant Services, Inc., the independent member-owned purchasing cooperative serving BURGER KING® restaurant operators in the United States. Master agreements where NuCO2 has been designated preferred or approved supplier represent a strong pipeline of future business. For the nine months ended March 31, 2004, the Company activated 4,252 net new customers. Both customer activations and new contract signings are in line with the Company's plan for fiscal 2004. As of the end of the third quarter, the Company served over 78,000 bulk CO2 customers and had almost 4,300 signed accounts awaiting activation.

## **About NuCO2**

NuCO2 Inc. is the leading and only national provider of bulk CO2 products and services to the U.S. fountain beverage industry. With service locations within reach of 99% of the fountain beverage users in the Continental U.S., NuCO2's experienced professionals comprise the largest network of sales and support specialists in the industry serving national restaurant chains, convenience stores, theme parks and sports and entertainment complexes, among others. NuCO2's revenues are largely derived from the installation, maintenance and rental of bulk CO2 systems and delivery of beverage grade CO2, which are increasingly replacing high pressure CO2, until now the traditional method for carbonating fountain beverages. The technology offers consistent quality, greater ease of operation, and heightened efficiency and safety utilizing permanently installed on-site cryogenic storage tanks. NuCO2 provides systems and services that allow its customers to spend more time serving their customers. Visit the Company's website at [www.nuco2.com](http://www.nuco2.com).

*Statements contained in this press release concerning the Company's outlook, competitive position and other statements of management's beliefs, goals and expectations are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by the statements. With respect to such forward-looking statements, we claim protection under the Private Securities Litigation Reform Act of 1995. These risks and uncertainties include, but are not limited to, the ability of the Company to add new accounts, competition and future operating performance. The Company disclaims any obligation to update any forward looking statement as a result of developments occurring after the date of this press release.*

## **Conference Call**

A conference call to report operating results for the third quarter of fiscal 2004 will be held tomorrow at 11:00 a.m. Eastern Time. It can be accessed over the Internet via NuCO2's web site at [www.nuco2.com](http://www.nuco2.com). To listen to the live call, please go to the web site at least fifteen minutes early to register, download and install any necessary audio software. For those who cannot listen to the live broadcast, a replay will be available shortly after the call.

**NuCO<sub>2</sub> Inc.**  
**CONDENSED BALANCE SHEETS**  
(In thousands)

<b>ASSETS</b>	<u>March 31, 2004</u>	<u>June 30, 2003</u>
Current assets:		
Cash and cash equivalents	\$ 292	\$ 455
Trade accounts receivable, net of allowance for doubtful accounts of \$2,179 and \$2,299, respectively	5,832	6,217
Inventories	228	210
Prepaid expenses and other current assets	<u>3,258</u>	<u>1,605</u>
Total current assets	<u>9,610</u>	<u>8,487</u>
Property and equipment, net	<u>91,984</u>	<u>92,448</u>
Goodwill & other intangible assets, net	25,662	24,717
Other	190	194
Total other assets	<u>25,852</u>	<u>24,911</u>
Total assets	<u>\$ 127,446</u>	<u>\$ 125,846</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Current maturities of long-term debt	\$ 4,897	\$ 2,294
Accounts payable	4,424	4,095
Accrued expenses & other current liabilities	<u>2,993</u>	<u>3,837</u>
Total current liabilities	12,314	10,226
Senior debt, less current maturities	35,624	28,659
Long-term subordinated debt	28,726	39,576
Customer deposits	<u>3,241</u>	<u>3,191</u>
Total liabilities	79,905	81,652
Redeemable preferred stock	9,824	9,258
Total shareholders' equity	<u>37,717</u>	<u>34,936</u>
Total liabilities & shareholders' equity	<u>\$ 127,446</u>	<u>\$ 125,846</u>

**STATEMENTS OF OPERATIONS**  
(In thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues:				
Product sales	\$ 12,361	\$ 11,132	\$ 36,576	\$ 33,991
Equipment rentals	<u>7,711</u>	<u>7,208</u>	<u>23,188</u>	<u>21,128</u>
Total Revenues	20,072	18,340	59,764	55,119
Costs and expenses:				
Cost of products sold, excluding deprec & amort	8,361	7,957	25,364	23,688
Cost of equipment rentals, excluding deprec & amort	627	793	1,844	2,915
Selling, general and administrative expenses	3,748	3,832	11,530	13,591
Depreciation and amortization	3,776	4,355	11,481	13,171
Loss on asset disposal	<u>331</u>	<u>357</u>	<u>1,050</u>	<u>1,210</u>
	<u>16,843</u>	<u>17,294</u>	<u>51,269</u>	<u>54,575</u>
Operating income	3,229	1,046	8,495	544
Loss on early extinguishment of debt	-	-	1,964	-
Unrealized loss on financial instrument	177	-	177	-
Interest expense	<u>1,980</u>	<u>1,823</u>	<u>5,927</u>	<u>5,745</u>
Income (loss) before taxes	1,072	(777)	427	(5,201)
Provision for income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss)	<u>\$ 1,072</u>	<u>\$ (777)</u>	<u>\$ 427</u>	<u>\$ (5,201)</u>
Weighted average number of common and common equivalent shares outstanding				
Basic	<u>10,683</u>	<u>10,633</u>	<u>10,656</u>	<u>10,320</u>
Diluted	<u>11,964</u>	<u>10,633</u>	<u>10,656</u>	<u>10,320</u>
Net income (loss) per basic share	<u>\$ 0.08</u>	<u>\$ (0.09)</u>	<u>\$ (0.01)</u>	<u>\$ (0.55)</u>
Net income (loss) per diluted share	<u>\$ 0.07</u>	<u>\$ (0.09)</u>	<u>\$ (0.01)</u>	<u>\$ (0.55)</u>

## RECONCILIATION OF GAAP AND EBITDA

	<u>Three Months Ended</u>			<u>Nine Months Ended</u>	
	<u>March 31,</u>		<u>Dec 31,</u>	<u>March 31,</u>	
	<u>2004</u>	<u>2003</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Reconciliation of Net Income to EBITDA					
Net income (loss)	\$ 1,072	\$ (777)	\$ 774	\$ 427	\$ (5,201)
Interest expense	1,980	1,823	2,050	5,927	5,745
Depreciation & amortization	3,776	4,355	3,793	11,481	13,171
Unrealized loss on financial instrument	177	-	-	177	-
Loss on early extinguishment of debt	-	-	-	1,964	-
	<u>\$ 7,005</u>	<u>\$ 5,401</u>	<u>\$ 6,617</u>	<u>\$ 19,976</u>	<u>\$ 13,715</u>
Cash flows provided by (used in):					
Operating activities	\$ 6,895	\$ 7,601	\$ 3,894	\$ 14,288	\$ 11,097
Investing activities	\$ (4,047)	\$ (3,460)	\$ (4,108)	\$ (11,732)	\$ (10,612)
Financing activities	\$ (2,758)	\$ (3,818)	\$ 263	\$ (2,719)	\$ (1,530)

Earnings before interest, taxes, depreciation and amortization (“EBITDA”) is one of the principal financial measures by which the Company measures its financial performance. EBITDA is a widely accepted financial indicator used by many investors, lenders and analysts to analyze and compare companies on the basis of operating performance, and the Company believes that EBITDA provides useful information regarding the Company’s ability to service its debt and other obligations. However, EBITDA does not represent cash flow from operations, nor has it been presented as a substitute to operating income or net income as indicators of the Company’s operating performance. EBITDA excludes significant costs of doing business and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with accounting principles generally accepted in the United States of America. In addition, the Company’s calculation of EBITDA may be different from the calculation used by its competitors, and therefore comparability may be affected. The Company’s lenders also use EBITDA to assess the Company’s compliance with debt covenants. These financial covenants are based on a measure that is not consistent with accounting principles generally accepted in the United States of America. Such measure is EBITDA (as defined) as modified by certain defined adjustments