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FOR IMMEDIATE RELEASE

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**NUCO2 REPORTS RECORD OPERATING RESULTS
FOR FOURTH QUARTER AND FULL FISCAL YEAR 2004**

Strong Gains Posted in Customer Activations, Revenues, EBITDA, and Profitability

STUART, FLORIDA, August 16, 2004 -- NuCO2 Inc. (Nasdaq: NUCO), the largest supplier in the U.S. of bulk CO2 systems and services for carbonating fountain beverages, today reported operating results for the three months and fiscal year ended June 30, 2004. The Company also provided information on the outlook for fiscal 2005.

The Company achieved its growth, service and profitability targets for 2004, in particular realizing EBITDA of \$27.6 million on 6,948 net new customer activations on target with the Company's guidance of 35% - 40% EBITDA growth and 7,000 net customer activations.

"Fiscal 2004 was a successful and gratifying year, and NuCO2 is poised for another year of solid growth and profit gains," said Michael E. DeDomenico, Chairman and CEO. "We are clearly realizing the benefits of our strategic focus on unmatched customer service and supply coupled with NuCO2's unique ability to sign long term contracts with major restaurant chains and franchisees on both a national scale and local level," added Mr. DeDomenico.

Fourth Quarter Results

Net customer activations in the fourth quarter ended June 30, 2004 were 2,696. Total revenues increased 9.2%, to \$21.1 million, compared with \$19.3 million in the corresponding year-ago period. Gross margin improved to 57.2%, from 53.6% in the year-ago period, and operating income increased to \$3.9 million, compared with \$2.0 million in the year-ago fourth quarter, a rise of 95.3%. Net income amounted to \$1.8 million, compared with \$0.3 million a year ago, and fully diluted earnings per share amounted to \$0.13, compared with \$0.01 a year ago. Also during the quarter, the Company reduced its outstanding debt by \$3.5 million.

Fiscal 2004 Results

For fiscal 2004, total revenues increased 8.6%, to \$80.8 million, compared with \$74.4 million in the prior year. Gross margin for the 12-months rose to 55.2%, compared with 52.2% in fiscal 2003, achieving the Company's goal of 55%. Selling, general and administrative expenses were reduced to \$15.7 million, compared with \$17.5 million a year earlier, and as a percentage of revenues declined to 19.4%, from 23.5%. Operating income for the year totaled \$12.4 million, compared to \$2.5 million a year ago, and as a percentage of revenues increased from 3.4% to 15.4%. Net income totaled \$2.2 million, compared to a year-ago net loss of \$4.9 million, an improvement of \$7.1 million.

EBITDA (earnings before interest, taxes, depreciation and amortization), one of the principal financial measures by which the Company measures its financial performance, continued to improve sequentially in the fourth quarter, the sixth straight quarter it has done so. EBITDA for the quarter amounted to \$7.7 million, a 27.8% increase over the corresponding fourth quarter a year earlier, and 9.5% greater than the preceding quarter. For fiscal 2004, EBITDA amounted to \$27.6 million, a 40.2% increase over fiscal 2003.

The increase in net activations for the year reflects the benefits of 31 master supply agreements NuCO2 entered into with major restaurant chains, including Subway® and Burger King® signed in 2004 as well as the ongoing impact of Yum!® Brands. The Company is actively working on expanding the number of master supply agreements with numerous restaurant chains, including some of the largest operators.

Fiscal 2005 Outlook

“NuCO2 is well positioned to continue its growth. The market for bulk CO2 systems provides significant growth potential and we have in place the infrastructure to support that growth. In 2004, we strengthened our service and supply platform while ramping up our sales and marketing capabilities. In fiscal 2005, we will further upgrade our selling effectiveness through sales force expansion and marketing process improvements. Our 2005 growth programs will enable significant continuous top-line gains,” said Mr. DeDomenico.

In the current fiscal year ending June 30, 2005, NuCO2 will be accelerating revenue growth and is targeting an increase in EBITDA of 25%.

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.

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 fourth quarter and 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. 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.

NuCO₂ Inc.
CONDENSED BALANCE SHEETS
(In thousands)

ASSETS	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Current assets:		
Cash and cash equivalents	\$ 505	\$ 455
Trade accounts receivable, net of allowance for doubtful accounts of \$2,095 and \$2,299, respectively	6,141	6,217
Inventories	226	210
Prepaid expenses and other current assets	<u>2,912</u>	<u>1,605</u>
Total current assets	<u>9,784</u>	<u>8,487</u>
Property and equipment, net	<u>92,969</u>	<u>92,448</u>
Goodwill & other intangible assets, net	25,602	24,717
Other assets	<u>181</u>	<u>194</u>
Total other assets	<u>25,783</u>	<u>24,911</u>
Total assets	<u><u>\$ 128,536</u></u>	<u><u>\$ 125,846</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$ 6,048	\$ 2,294
Accounts payable	4,579	4,095
Accrued expenses & other current liabilities	<u>3,760</u>	<u>3,837</u>
Total current liabilities	14,387	10,226
Senior debt, less current maturities	30,962	28,659
Long-term subordinated debt	29,163	39,576
Customer deposits	<u>3,247</u>	<u>3,191</u>
Total liabilities	77,759	81,652
Redeemable preferred stock	10,021	9,258
Total shareholders' equity	<u>40,756</u>	<u>34,936</u>
Total liabilities & shareholders' equity	<u><u>\$ 128,536</u></u>	<u><u>\$ 125,846</u></u>

NuCO₂ Inc.

STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	Three Months Ended		Fiscal Year Ended	
	June 30,		June 30,	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues:				
Product sales	\$ 13,111	\$ 11,842	\$ 49,900	\$ 45,833
Equipment rentals	7,961	7,448	30,936	28,576
Total Revenues	<u>21,072</u>	<u>19,290</u>	<u>80,836</u>	<u>74,409</u>
Costs and expenses:				
Cost of products sold, excluding depreciation and amortization	8,495	8,359	33,859	32,047
Cost of equipment rentals, excluding depreciation and amortization	525	598	2,369	3,513
Selling, general and administrative expenses	4,192	3,893	15,722	17,484
Depreciation and amortization	3,753	3,996	15,234	17,167
Loss on asset disposal	192	440	1,242	1,650
	<u>17,157</u>	<u>17,286</u>	<u>68,426</u>	<u>71,861</u>
Operating income	3,915	2,004	12,410	2,548
Loss on early extinguishment of debt	-	-	1,964	-
Unrealized loss on financial instrument	-	-	177	-
Interest expense	<u>2,020</u>	<u>1,742</u>	<u>7,947</u>	<u>7,487</u>
Income (loss) before taxes	1,895	262	2,322	(4,939)
Provision for income taxes	<u>142</u>	<u>-</u>	<u>142</u>	<u>-</u>
Net income (loss)	<u>\$ 1,753</u>	<u>\$ 262</u>	<u>\$ 2,180</u>	<u>\$ (4,939)</u>
Weighted average number of common and common equivalent shares outstanding				
Basic	<u>10,787</u>	<u>10,633</u>	<u>10,689</u>	<u>10,396</u>
Diluted	<u>12,394</u>	<u>10,926</u>	<u>11,819</u>	<u>10,396</u>
Net income (loss) per basic share	<u>\$ 0.14</u>	<u>\$ 0.01</u>	<u>\$ 0.13</u>	<u>\$ (0.54)</u>
Net income (loss) per diluted share	<u>\$ 0.13</u>	<u>\$ 0.01</u>	<u>\$ 0.12</u>	<u>\$ (0.54)</u>

RECONCILIATION OF GAAP AND EBITDA

	<u>Three Months Ended</u>			<u>Fiscal Year Ended</u>	
	<u>June 30,</u>		<u>March 31,</u>	<u>June 30,</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2004</u>	<u>2003</u>
Reconciliation of Net Income to EBITDA					
Net income (loss)	\$ 1,753	\$ 262	\$ 1,072	\$ 2,180	\$ (4,939)
Interest expense	2,020	1,742	1,980	7,947	7,487
Depreciation & amortization	3,753	3,996	3,776	15,234	17,167
Provision for income taxes	142	-	-	142	-
Unrealized loss on financial instrument	-	-	177	177	-
Loss on early extinguishment of debt	-	-	-	1,964	-
	<u>\$ 7,668</u>	<u>\$ 6,000</u>	<u>\$ 7,005</u>	<u>\$ 27,644</u>	<u>\$ 19,715</u>
Cash flows provided by (used in):					
Operating activities	\$ 7,367	\$ 4,729	\$ 6,895	\$ 21,657	\$ 15,826
Investing activities	\$ (4,862)	\$ (3,279)	\$ (4,047)	\$ (16,595)	\$ (13,891)
Financing activities	\$ (2,294)	\$ (1,512)	\$ (2,758)	\$ (5,012)	\$ (3,042)

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