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FOR IMMEDIATE RELEASE

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NUCO2 INC. REPORTS STRONG GAINS IN THIRD QUARTER RESULTS

- **TOTAL REVENUES UP 23%**
- **NET CUSTOMER ACTIVATIONS UP 65%**
- **NET INCOME AT RECORD LEVEL, INCREASING OVER 150%**

STUART, FLORIDA, May 2, 2005 – 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 fiscal third quarter ended March 31, 2005 in line with the Company's year-end targets.

“Our Company's progress in the fiscal third quarter was firmly in line with our fiscal 2005 goals,” said Michael E. DeDomenico, Chairman and CEO. “NuCO2 achieved solid improvements in virtually all categories. Bookings and net activations continued to increase, as did the aggregate number of serviced customer locations. The successful public offering of our common stock at the end of the quarter enabled the Company to significantly reduce debt, further strengthening our financial position for future continued growth.”

- Net customer activations for the quarter totaled 2,144, against 1,297 last year. New contract bookings for the quarter totaled 2,594 versus 2,537 last year.
- Total revenues, compared to the same quarter of the prior year, increased \$4.5 million, or 22.6%, to \$24.6 million. Excluding the effect of customer acquisitions that occurred in the second fiscal quarter, organic growth was 11.2% in the third quarter as compared to the prior year ago period.
- Gross profit for the quarter increased \$2.3 million. As a percentage of sales, gross margin equaled 54.4%, compared to 55.2% a year ago, reflecting increased expenses for driver operating costs.
- SG&A for the quarter improved as a percentage of total revenues to 16.5% from 18.7% in the prior year ago period.
- Operating income for the quarter increased 51%, to \$4.9 million from \$3.2 million in the corresponding year ago period.
- Net income rose 153% year over year, to \$2.7 million, with net income per diluted share almost triple that of last year, \$0.20 against \$0.07.
- EBITDA (earnings before interest, taxes, depreciation and amortization) increased 30.7% year over year, to \$9.2 million, and as a percentage of total revenues rose to 37.2%, from 34.9% a year ago.

- Capital Expenditures totaled \$5.6 million, of which \$4.8 million was related to growth and \$.8 million was for maintenance, including \$.5 million for compliance with Sarbanes-Oxley.

“This has been another quarter of sequential gains in our key financial metrics,” said Mr. DeDomenico. “Our business model is centered around sustained growth, particularly expansion of master service agreements with large chains, selected account acquisitions and increasing density that will assure optimum gross margins across our nationwide distribution network. While the quarter included higher expenses for driver wage adjustments, these increases are tied to the Company’s program to sustain performance and we fully expect to stay on track with our goal for continued growth in gross margins.”

For the fiscal year to date, total revenues increased 19%, to \$71.2 million, from \$59.8 million in the corresponding year-ago period. Nine-month gross margins progressed to 55.3%, from 54.5% a year ago with operating income advancing 59.5%, to \$13.5 million. Net income totaled \$7.0 million, or \$0.51 per diluted share, compared with \$0.4 million, or a net loss of \$0.01 per diluted share, a year ago.

On March 30, 2005, the Company closed its sale of 5,145,031 shares of common stock in an underwritten public offering, of which 2,041,713 shares, including exercise of the underwriters’ over-allotment option, were sold by NuCO2. Net proceeds to the Company, after deduction of underwriting discounts and commissions, were approximately \$46.6 million, which was used to pay down debt, including all of the Company’s long-term subordinated debt in April 2005. Annualized interest cost savings are expected to approximate \$5 million a year.

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 virtually all 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.

Conference Call

A conference call to report operating results for the third quarter of fiscal 2005 will be held tomorrow at 11:00 a.m. Eastern Time. It can be accessed over the Internet via NuCO2’s website at www.nuco2.com. To listen to the live call, please go to the website 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 on NuCO2's website shortly after the call.

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.

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NuCO₂ Inc.
CONDENSED BALANCE SHEETS
(In thousands)

ASSETS	<u>March 31, 2005</u>	<u>June 30, 2004</u>
Current assets:		
Cash and cash equivalents	\$ 38,405	\$ 505
Trade accounts receivable, net of allowance for doubtful accounts of \$1,962 and \$2,095 respectively	7,953	6,141
Inventories	249	226
Prepaid insurance expense and other deposits	2,036	2,193
Prepaid expenses and other current assets	1,422	719
Total current assets	<u>50,065</u>	<u>9,784</u>
Property and equipment, net	<u>101,681</u>	<u>92,969</u>
Goodwill & other intangible assets, net	34,974	25,602
Other	174	181
Total other assets	<u>35,148</u>	<u>25,783</u>
Total assets	<u>\$ 186,894</u>	<u>\$ 128,536</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$ 5,666	\$ 6,048
Current maturities of subordinated debt	30,495	-
Accounts payable	5,050	4,579
Accrued expenses & other current liabilities	2,671	3,760
Total current liabilities	<u>43,882</u>	<u>14,387</u>
Senior debt, less current maturities	32,332	30,962
Long-term subordinated debt	-	29,163
Customer deposits	3,560	3,247
Total liabilities	<u>79,774</u>	<u>77,759</u>
Redeemable preferred stock	-	10,021
Total shareholders' equity	<u>107,120</u>	<u>40,756</u>
Total liabilities & shareholders' equity	<u>\$ 186,894</u>	<u>\$ 128,536</u>

NuCO₂ Inc.

STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues:				
Product sales	\$ 15,578	\$ 12,361	\$ 44,719	\$ 36,576
Equipment rentals	<u>9,033</u>	<u>7,711</u>	<u>26,453</u>	<u>23,188</u>
Total Revenues	24,611	20,072	71,172	59,764
Costs and expenses:				
Cost of products sold, excluding deprec & amort	10,504	8,364	29,975	25,375
Cost of equipment rentals, excluding deprec & amort	724	624	1,844	1,833
Selling, general and administrative expenses	4,063	3,748	12,774	11,530
Depreciation and amortization	4,276	3,776	12,213	11,481
Loss on asset disposal	<u>163</u>	<u>331</u>	<u>820</u>	<u>1,050</u>
	<u>19,730</u>	<u>16,843</u>	<u>57,626</u>	<u>51,269</u>
Operating income	4,881	3,229	13,546	8,495
Loss on early extinguishment of debt	-	-	-	1,964
Unrealized loss on financial instrument	-	177	-	177
Interest expense	<u>2,171</u>	<u>1,980</u>	<u>6,439</u>	<u>5,927</u>
Income before provision for income taxes	2,710	1,072	7,107	427
Provision for income tax	<u>-</u>	<u>-</u>	<u>106</u>	<u>-</u>
Net income	<u>\$ 2,710</u>	<u>\$ 1,072</u>	<u>\$ 7,001</u>	<u>\$ 427</u>
Weighted average number of common and common equivalent shares outstanding				
Basic	<u>12,807</u>	<u>10,683</u>	<u>11,996</u>	<u>10,656</u>
Diluted	<u>13,826</u>	<u>11,964</u>	<u>13,395</u>	<u>10,656</u>
Net income (loss) per basic common share	<u>\$ 0.21</u>	<u>\$ 0.08</u>	<u>\$ 0.57</u>	<u>\$ (0.01)</u>
Net income (loss) per diluted common share	<u>\$ 0.20</u>	<u>\$ 0.07</u>	<u>\$ 0.51</u>	<u>\$ (0.01)</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>2005</u>	<u>2004</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Reconciliation of Net Income to EBITDA					
Net income (loss)	\$ 2,710	\$ 1,072	\$ 2,437	\$ 7,001	\$ 427
Interest expense	2,171	1,980	2,228	6,439	5,927
Depreciation & amortization	4,276	3,776	4,197	12,213	11,481
Unrealized loss on financial instrument	-	177	-	-	177
Provision for income taxes	-	-	52	106	-
Loss on early extinguishment of debt	-	-	-	-	1,964
	<u>\$ 9,157</u>	<u>\$ 7,005</u>	<u>\$ 8,914</u>	<u>\$ 25,759</u>	<u>\$ 19,976</u>
Cash flows provided by (used in):					
Operating activities	\$ 8,865	\$ 6,897	\$ 6,652	\$ 18,794	\$ 14,289
Investing activities	\$ (5,677)	\$ (4,048)	\$ (20,261)	\$ (30,379)	\$ (11,733)
Financing activities	\$ 35,168	\$ (2,759)	\$ 10,466	\$ 49,485	\$ (2,719)

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.