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**NUCO2 REPORTS FOURTH QUARTER AND FISCAL 2006 RESULTS**

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**EBITDA, AS ADJUSTED, INCREASES TO \$11.2 MILLION –  
14<sup>TH</sup> CONSECUTIVE QUARTERLY GAIN**

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**4,500 NET NEW CUSTOMER ACTIVATIONS FOR FOURTH QUARTER AND  
13,300 FOR YEAR**

STUART, FLORIDA, August 16, 2006 – 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 fourth quarter and fiscal year ended June 30, 2006.

- Total revenues for the fourth quarter increased 16.1%, to \$30.4 million, compared to the corresponding year-ago period, and for the full fiscal year advanced 19.4%, to \$116.2 million.
- Gross profit for the quarter rose 19.1%, to \$17.0 million, as compared to the corresponding year-ago period, and as compared to the immediately preceding third quarter increased 9.3%, with gross profit margin for the fourth quarter equaling 56.1%, up from 54.7% last year and 53.4% in the 2006 fiscal third quarter.
- Excluding non-cash stock option expense of \$0.8 million, operating income for the quarter increased 20.3%, to \$6.4 million, from \$5.3 million last year, when there was no similar charge, and on the same basis for the full year was up 21%, to \$22.8 million.
- EBITDA (earnings before interest, taxes, depreciation and amortization), which the Company regards as useful information as to its liquidity, excluding non-cash stock option expense, totaled \$11.2 million for the fourth quarter, up from \$9.6 million a year ago. For the full year, EBITDA, on the same basis, totaled \$41.1 million, against \$35.3 million a year earlier.

- Cash earnings per share (GAAP earnings per share plus non-cash income taxes and stock option expense), which the Company regards as a principal measure of its financial performance, for the quarter amounted to \$0.38 per share, up from \$0.30 per share a year ago. For fiscal 2006, cash earnings per share equaled \$1.30, compared with \$0.83 for fiscal 2005, an increase of 56.6%.
- Bookings for the fourth quarter and fiscal 2006 totaled 2,443 and 12,539, respectively. Gross activations in the fourth quarter and fiscal 2006 totaled 5,585 and 17,768, respectively. Attrition totaled 1,110 in the fourth quarter and 4,493 for the fiscal year. As a result, net customer additions for all of fiscal 2006 amounted to 13,275, increasing the number of customer locations at year end to over 112,700.

“I am pleased to report that NuCO2 continued to make strong progress in fiscal 2006, with the fourth quarter showing particular improvement in gross margins as investments and other programs we have put into effect helped offset the challenges presented by higher fuel and raw material costs,” said Michael E. DeDomenico, Chairman and CEO. “NuCO2 continues to benefit from an active strategic acquisition program, enhanced density and productivity, as well as additional multi-year master service agreements with regional and national restaurant chains. We also continue to generate increasing levels of cash flow from operations which enables us to pay down debt.”

The acquisition on June 30, 2006 of approximately 3,100 bulk CO2 customers and related bulk CO2 assets from Coca-Cola Enterprises Inc. is expected, as previously stated, to add sales of approximately \$3.1 million annually, as well as be accretive to gross margin and EBITDA.

“The Company expects to benefit increasingly in fiscal 2007 from greater density as well as investments made to further productivity and improve service, while continuing to focus on managing controllable costs and enhanced efficiencies,” said Mr. DeDomenico. “Our revamped sales organization is expected to contribute to stronger results in the current year, and we are re-affirming our fiscal year 2007 targets of 15% revenue growth and 20% EBITDA growth.”

## **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](http://www.nuco2.com).

### **Conference Call**

A conference call to report operating results for the fourth quarter and fiscal 2006 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](http://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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**NuCO<sub>2</sub> Inc.**  
**CONDENSED BALANCE SHEETS**  
(In thousands)

<b>ASSETS</b>	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Current assets:		
Cash and cash equivalents	\$ 341	\$ 968
Trade accounts receivable, net of allowance for doubtful accounts of \$2,538 and \$1,850, respectively	12,955	8,568
Inventories	302	259
Prepaid insurance expense and deposits	5,846	1,281
Prepaid expenses and other current assets	1,598	854
Deferred tax assets - current portion	8,465	7,596
Total current assets	<u>29,507</u>	<u>19,526</u>
Property and equipment, net	<u>119,603</u>	<u>104,787</u>
Goodwill & other intangible assets, net	40,905	33,521
Deferred tax assets	8,807	15,123
Other	185	175
Total other assets	<u>49,897</u>	<u>48,819</u>
Total assets	<u>\$ 199,007</u>	<u>\$ 173,132</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 6,883	\$ 5,178
Accrued expenses & other current liabilities	5,945	3,146
Total current liabilities	<u>12,828</u>	<u>8,324</u>
Long-term debt	35,450	32,000
Customer deposits	3,805	3,624
Total liabilities	<u>52,083</u>	<u>43,948</u>
Total shareholders' equity	<u>146,924</u>	<u>129,184</u>
Total liabilities & shareholders' equity	<u>\$ 199,007</u>	<u>\$ 173,132</u>

# NuCO<sub>2</sub> Inc.

## STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	Three Months Ended		Fiscal Year Ended	
	June 30,		June 30,	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues:				
Product sales	\$ 20,042	\$ 16,329	\$ 75,959	\$ 60,518
Equipment rentals	<u>10,339</u>	<u>9,839</u>	<u>40,237</u>	<u>36,822</u>
Total Revenues	<u>30,381</u>	<u>26,168</u>	<u>116,196</u>	<u>97,340</u>
Costs and expenses:				
Cost of products sold, excluding depreciation & amortization	12,611	11,222	49,397	41,278
Cost of equipment rentals, excluding depreciation & amortization	724	628	3,086	2,391
Selling, general and administrative expenses	6,550	4,245	24,146	17,019
Depreciation and amortization	4,806	4,271	18,333	16,484
Loss on asset disposal	<u>132</u>	<u>512</u>	<u>1,733</u>	<u>1,332</u>
	<u>24,823</u>	<u>20,878</u>	<u>96,695</u>	<u>78,504</u>
Operating income	5,558	5,290	19,501	18,836
Loss on early extinguishment of debt	-	5,817	-	5,817
Gain on financial instrument	-	-	(177)	-
Interest expense	<u>526</u>	<u>546</u>	<u>1,989</u>	<u>6,985</u>
Income before provision for income taxes	5,032	(1,073)	17,689	6,034
Provision (benefit) for income tax	<u>2,458</u>	<u>(19,664)</u>	<u>7,341</u>	<u>(19,558)</u>
Net income	<u>\$ 2,574</u>	<u>\$ 18,591</u>	<u>\$ 10,348</u>	<u>\$ 25,592</u>
Weighted average number of common and common equivalent shares outstanding				
Basic	<u>15,576</u>	<u>15,217</u>	<u>15,427</u>	<u>12,808</u>
Diluted	<u>16,063</u>	<u>16,020</u>	<u>15,997</u>	<u>14,295</u>
Net income per basic common share	<u>\$ 0.17</u>	<u>\$ 1.22</u>	<u>\$ 0.67</u>	<u>\$ 1.98</u>
Net income per diluted common share	<u>\$ 0.16</u>	<u>\$ 1.16</u>	<u>\$ 0.65</u>	<u>\$ 1.79</u>

RECONCILIATION OF GAAP NET INCOME TO EBITDA AND EBITDA  
EXCLUDING STOCK OPTION EXPENSE

	<u>Three Months Ended</u>		<u>Fiscal Year Ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Net income	\$ 2,574	\$ 18,591	\$ 10,348	\$ 25,592
Interest expense	526	546	1,989	6,985
Depreciation & amortization	4,806	4,271	18,333	16,484
Gain on financial instrument	-	-	(177)	-
Provision for income taxes	2,458	(19,664)	7,341	(19,558)
Loss on early extinguishment of debt	-	5,817	-	5,817
EBITDA	<u>\$ 10,364</u>	<u>\$ 9,561</u>	<u>\$ 37,834</u>	<u>\$ 35,320</u>
Noncash option expense	<u>806</u>	<u>-</u>	<u>3,298</u>	<u>-</u>
EBITDA excluding stock option expense	<u>\$ 11,170</u>	<u>\$ 9,561</u>	<u>\$ 41,132</u>	<u>\$ 35,320</u>
 Cash flows provided by (used in):				
Operating activities	\$ 9,311	\$ 10,857	\$ 33,577	\$ 29,651
Investing activities	\$ (12,984)	\$ (8,402)	\$ (41,682)	\$ (38,781)
Financing activities	\$ 3,684	\$ (39,892)	\$ 7,477	\$ 9,593

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 lender also uses 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.

## RECONCILIATION OF GAAP NET INCOME TO CASH EARNINGS PER SHARE

	Three Months Ended		Fiscal Year Ended	
	June 30,		June 30,	
	2006	2005	2006	2005
Net income	\$ 2,574	\$ 18,591	\$ 10,348	\$ 25,592
Provision for income taxes	2,458	(19,664)	7,341	(19,558)
AMT/other cash taxes	249	106	(140)	-
Loss on early extinguishment of debt	-	5,817	-	5,817
Stock option expense	806	-	3,298	-
	<u>\$ 6,087</u>	<u>\$ 4,850</u>	<u>\$ 20,847</u>	<u>\$ 11,851</u>
Cash earnings per diluted share	<u>\$ 0.38</u>	<u>\$ 0.30</u>	<u>\$ 1.30</u>	<u>\$ 0.83</u>

Cash Earnings per Share is one of the principal financial measures by which the Company measures its financial performance. Cash Earnings per Share, presented in conjunction with EBITDA, provides useful information regarding the Company's ability to service its debt and other obligations and is an accepted financial indicator used by investors, lenders and analysts to analyze and compare companies on the basis of operating performance. However, Cash Earnings per Share 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 performance. A significant component of Cash Earnings per Share is to add back our provision for income taxes, which represents a non-cash expense to the Company due to the benefit of net operating loss carryforwards of \$102 million incurred by the Company through the fiscal year ended June 30, 2006 and subtract taxes payable under the provisions of the Alternative Minimum Tax ("AMT") and certain state/local taxes. However, while the Company anticipates continuing to recognize a full tax provision in future periods, the Company expects to pay only the AMT and certain state/local taxes until such time that its net operating loss carryforwards are fully utilized.