

# ABOUT US

## THE COMPANY

### The Nespresso Philosophy

Nespresso's expertise lies in the skilled combination of a technically advanced and integrated system – machine and coffee capsule – with a rigorous selection of the finest coffees. The end result can be genuinely described as The Ultimate Coffee Experience.

### Nespresso Origins

During the 1970s Nestlé anticipated the growth of the gourmet coffee market and was inspired by espresso inventor Luigi Bezzera's original concept. The principle was straightforward: to offer the quality of espresso made in the best Italian coffee bars directly in homes and work places.

It became clear that over and above the selection of the finest coffee beans, the secret of perfecting espresso lies in the precise combination of freshly ground coffee, water and pressurized air, which allows superior extraction and emulsion of the coffee. After years of research on the technological development of the machine and the coffee capsule, including many patents, the project was completed in the mid 1980's.

The end result was the Nespresso system, a technically advanced espresso machine using unique, pre-measured ground coffee capsules that protect more than 900 coffee aromas from the damaging effects of light, air and moisture. This system consistently yields a superb espresso – the perfect marriage of aroma, body, taste and crema.

It marked the start of a new era: that of portioned coffee.

### Nespresso's Three Interlinked Components

Clean and simple to use, the Nespresso system successfully combines advanced machine technology with superior quality ground coffee in a unique capsule design. Together with the Nespresso Club - where customers can seek advice or order coffee and accessories 24 hours a day - the machine and the coffee capsules form the three key pillars of the Nespresso system.

### The NESPRESSO machine

**Two principal elements characterise the machines and guarantee coffee lovers consistently high-quality espresso:**

The machines are equipped with a 19 bar **high-pressure pump** especially adapted to the Nespresso system. The exact extraction pressure exerted on the coffee in the machine varies between 11 and 15 bars depending on the how finely the coffee has been ground (each variety is ground to a specific texture to allow optimum extraction). Such high pressure is essential to unleash more than 900 coffee aromas, to give the espresso its body and to enhance the smoothness of the crema (crema is the smooth creamy layer formed on the surface of a fine espresso that locks in the aromas until the coffee is stirred or tasted).

A good espresso must also be prepared at a precisely calibrated temperature. Too hot and the coffee will burn, too low and the coffee aromas will not be optimally extracted. Accordingly, Nespresso machines feature a **thermoblock**: a high precision system controlled by a thermostat to regulate the water temperature. This element ensures that the water is brought to an ideal temperature (86° - 91°), guaranteeing the espresso's taste and the formation of crema.



In addition, *Nespresso* machines are delivered with specially selected cups to compliment the perfectly prepared espresso. Made of porcelain, their thickness maintains the ideal temperature while their concave shape preserves the smoothness of the crema. Lastly, the tulip shape of the cup allows the coffee's aromas to be fully appreciated.

### **The coffee capsule**

*Nespresso* coffee varieties are packaged in exclusive, hermetically sealed aluminium capsules. The capsule protects the freshly ground coffee from air, light and moisture, preventing oxidization and preserving even the most volatile aromas. It is covered on the inside with a protective film to prevent any contact between the coffee and the metal. Each capsule contains the exact measure of freshly roasted and ground coffee to prepare a single cup, providing consistent results with no wastage. While opened bags of roast or roast and ground coffee quickly go stale, the freshness of each single-portion *Nespresso* capsule remains intact, meaning an end to throwing away half-used coffee bags.

*Nespresso* coffee experts regularly criss-cross the globe in search of only the highest quality green coffees. After rigorous selection, the coffees are inspected at every stage through to roasting, grinding and packaging at Nestlé *Nespresso*'s worldwide Production Centre in Orbe, Switzerland.

*Nespresso* offers fourteen, **exclusive premium coffees** of varying taste and body.

Twelve *Nespresso* varieties are available all year-round. These Grands Crus are subtly blended from coffees of different origins to bring out their best characteristics, with each variety offering a unique personality. The colour of the capsule differentiates each of the nine Espresso varieties: Ristretto, Arpeggio, Roma, Capriccio, Livanto, Così, Volluto, Decaffeinato Intenso and Decaffeinato as well as the three Lungo varieties: Vivalto, Decaffeinato Lungo and Finezzo. Since the freshness of each individually sealed capsule is guaranteed for up to nine months for the Espresso varieties and seven months for the Lungo varieties, coffee lovers are able to keep a selection of different varieties on hand.

In addition, two rare coffee varieties are offered to customers for limited periods every year. Special Club (in the Autumn) and Limited Edition (in the Spring) varieties are blended from highly selective coffee harvests chosen for the exceptional character of their vintage or the extraordinary personality of their aroma.

While the personality of a *Nespresso* coffee is developed during green coffee selection, blending, roasting and grinding, only very precise extraction can reveal the true character of these Grands Crus. The ***Nespresso* extraction system** operates only once the ideal water pressure of 11 to 15 bars is reached inside the capsule. Then the capsule is perforated at several points by the exclusive, built-in opening and filtration system. A jet of instantly heated fresh water penetrates the capsule and flows through all of the ground coffee at once, allowing *Nespresso*'s superior extraction of all the precious, volatile coffee aromas at optimal pressure to produce incomparable body and taste enhanced by smooth crema.

Most importantly for home users, *Nespresso* machines offer a system that is extremely clean and simple to use. Thanks to the self-contained capsules, there is no need to measure out ground coffee or pour away used coffee granules. In addition, the open-jaw technology employed in recent *Nespresso* machine designs means that the capsule is simply popped into the top of the unit and then "swallowed" by the machine when the coffee has been extracted and the jaw is re-opened.



## **NESPRESSO Club: the cornerstone of the NESPRESSO system**

*Nespresso* coffee capsules and accessories are available around the world through the *Nespresso Club*. Open 24 hours a day, seven days a week, the *Nespresso Club* offers members personalized service. As a centre for expertise on the coffee varieties and the system, including advice on machine use and maintenance, it serves as a direct link with consumers while providing valuable feedback from members. *Nespresso Clubs* guarantee fast and secure delivery within 48 hours of coffee and accessories ordered via mail, the Internet or by toll-free telephone and fax numbers.

Anyone purchasing a *Nespresso* system machine automatically becomes a member of the *Nespresso Club*. Today, it has over 1,2 million active affiliated members served by its facilities in principal European markets (Austria, Belgium, France, Germany, Great Britain, Italy, Norway, Portugal, the Netherlands, Spain and Switzerland) as well as in Australia, Israel, Japan, Russia, the United States and Canada.

Alternatively, customers can visit the nearest *Nespresso Boutique* for information and advice as well as sample different blends and purchase coffee capsules and accessories. There are currently 31 *Nespresso Boutiques* in more than 29 locations, including Paudex, Geneva, Bern, Basel, Zurich, Lucerne, Paris, Marseille, Lyon, Nice, Lisbon, Rome, Milan, Amsterdam, Brussels, Antwerp, Hamburg, Düsseldorf, Munich, London, Vienna, Barcelona, Madrid, Moscow, Tel-Aviv, New York, Tokyo, Osaka and Ginza. In addition, new Boutiques will be opening in the following locations in 2004: Bordeaux and Strasbourg.

## **Nespresso Design & Technology**

*Nespresso* machines are timeless designs. The first machine range is based on sleek, angular lines, while the second range offers a more organic, avant-garde approach. The compact size of *Nespresso* machines allows them to fit into any environment.

For more than ten years *Nespresso* machines have been designed by industrial designer Antoine Cahen and his company, Les Ateliers du Nord (ADN), based in Lausanne, Switzerland. ADN has designed the entire range of *Nespresso* machines with the exception of the Alessi *Nespresso* machine, created by German designer Richard Sapper.

## **Distinctions**

*Nespresso* machines have won several design awards:

- **1996:** "Design Innovations" awards for the C125 and C250 *Nespresso* systems at the Essen trade show
- **1998:** The "iF" (International Product Design Award) for the *Nespresso* system C220 at the Hanover trade show
- **1998:** "Award for High Design Quality" for the *Nespresso* system C280 at the Essen trade show
- **2002:** A "Red Dot: Best of the Best" prize for highest quality in international product design was awarded to the *Nespresso G 190* (Concept Machine) by the renowned Design Zentrum Nordrhein-Westfalen in Essen, Germany
- **2002:** the *Nespresso G 190* (Concept Machine) received a coveted "Good Design" Award by the Chicago Athenaeum Museum of Architecture and Design in the U.S.A.
- **2004:** the *Nespresso M 200 Automatic* (Concept Machine) won the Small Electrical Appliance of the Year Award at the UK's 2004 Industry Awards in London.



## **Diversification and Innovation**

As well as operations within the “Home” sector, *Nespresso* has successfully expanded into the “Out-of-Home” sector:

- **Hotels, Restaurants and Cafes**

In 1993, *Nespresso* introduced its first commercial machine in the premium restaurant sector in conjunction with the renowned Italian coffee machine manufacturer, Gaggia.

- ***Nespresso* Aviation system**

In 1995, the first *Nespresso* machine developed for airlines was launched with the British company Aerolux Ltd. The *Nespresso* Aviation system received the IFCA Mercury Golden Award in the “Equipment for In-flight Service and Airline Catering” category in 1996. Today, it is used by Swiss International Airlines, British Airways, Lufthansa, Cathay Pacific, Qantas, Malaysia Airlines, Finair, Middle East Airlines, Eva Air, Varig, Qatar Airways, Aeroflot, Amiri Flight and Saudi Arabian Airlines, among others. Each day more than 10,000 *Nespresso*'s are served in first class onboard some 1,500 long distance carriers.

- ***Nespresso* Professional system**

In 1997, the company introduced the *Nespresso* Professional system, offering premium portioned coffee and enhanced machine convenience especially designed for small to medium-sized businesses. *Nespresso* Professional machines operate on a slightly different extraction system and with distinct coffee capsules, called “pods”. The six coffee varieties of differing taste and body are blended to allow the choice of short cup (such as espresso) or long cup (such as cappuccino) or even decaffeinated coffee throughout the day.

Today, the *Nespresso* Professional system is sold in more than 30 countries and represents 25 per cent of the company's portioned coffee sales volume.

## ***Nespresso* and the Environment**

Nestlé *Nespresso* SA operates according to the environmental policy of the Nestlé Group, managed by the Nestlé Environmental Management System (NEMS).

This policy requires environmental measures to be integrated throughout the supply chain, covering all aspects of a product's life cycle from the acquisition of raw materials to the finished product, including the manufacturing and disposal of product packaging.

Production processes of the Group are regularly subject to environmental audits to evaluate manufacturing effectiveness, verify adherence to applicable environmental legislation, closely examine incidents likely to effect the environment and promptly instigate appropriate action.

In 1998, the *Nespresso* capsule and packaging production unit received a favourable ecological appraisal following an in-depth study conducted by the Elektrowatt SA engineering firm of Zürich, Switzerland.



# OUR HISTORY

## A Chronology of Nestlé Nespresso SA's Corporate History

### From 1970 to 1985, 15 years of research

- In 1970, Nestlé's Research and Development department invents the capsule containing freshly ground coffee and its pressurized coffee extraction process.
- In 1976, Nestec, the Nestlé Group's development centre, files the first patent application for the process.

### 1986, the launch of the system

- In 1986, the Nespresso SA company, wholly owned by the Nestlé Group, is founded in Vevey. In partnership with Swiss manufacturer, Turmix, it launches the Nespresso system in the office coffee sectors of Switzerland and Italy. Capsule production is centralised at Nestlé's factory in Orbe, Switzerland.

### From 1987 to 2004, continued expansion

- In 1987, Nespresso is launched in the Japanese household market.
- In 1989, the Swiss household market is opened with machine partner Turmix and the Nespresso Club concept is introduced.
- In 1991, Krups becomes the machine partner for international operations. The system is launched in France and the U.S.A.
- In 1992, the Belgian, German and Dutch markets follow. Matsushita Electric Industrial becomes a new commercial partner for Japan.
- In 1993, Nespresso is launched in the Middle East. Koenig and Philips are appointed machine partners for Switzerland and Japan respectively.
- In 1995, the system is introduced in Australia, Spain and Austria.
- In 1996, Nestlé Nespresso SA celebrates ten years of success with 3,500 points of sale and 180,000 affiliated Club members. The system is also launched in Great Britain, Malaysia, Singapore and Taiwan.
- In 1997, new machine partnerships include Jura for Switzerland and Magimix for France and the Benelux.
- In 1998, the company widens its range: in partnership with Alessi it launches a machine of distinctively avant-garde design. Marking a strategically important evolution, it introduces its first major advertising campaign in the European press and expands its horizons with a newly redesigned Internet site: [www.nespresso.com](http://www.nespresso.com).
- In 1999, market penetration is extended in Italy and in the Middle East. Nestlé Nespresso develops an intensive program of renovation and innovation for its machine range, points of sale and Club customer services.
- In 2000, the company renews the design of its espresso machines, including a range of colour machines. The first Nespresso TV advertising campaign is aired across Europe and a growing number of orders are placed on-line. A new "shop-in-the-shop" merchandising concept is launched in more than fifty European outlets. At the end of



2000, Nestlé *Nespresso* SA moves into new corporate headquarters in Paudex, Switzerland.

- **2001** saw impressive growth. The ease-of-use and striking ergonomic design offered by the *Nespresso* “Concept Machine” launch led to record machine sales. Nestlé *Nespresso* SA begins construction of a new production centre for coffee capsules in Orbe, Switzerland.
- **In 2002**, construction of the new production facility in Orbe is complete and capsule production capacity is expanded 400 per cent to meet future growth requirements. Expanding its machine offer, a uniquely convenient “automate” version of the system is introduced. The introduction of *Nespresso* Boutiques provides an additional presence for the brand in major cities, while on-line orders increase 94 per cent during the year. E-business now accounts for 30 per cent of the company’s turnover.
- **In 2003**, Nestlé *Nespresso* SA inaugurates its new worldwide Production Centre in Orbe. After 12 months of construction and preparation, the Production Centre is now fully operational with 123 full-time staff and is responsible for the worldwide production of *Nespresso*’s unique coffee capsules for the household and out-of-home markets.

The new Automatic *Nespresso* Machine is launched, marking a significant breakthrough in cappuccino preparation technology after five years of research and development.

At the Sintercafé Convention in Costa Rica, Nestlé *Nespresso* SA announces the launch of its “AAA Sustainable Quality Coffee” programme designed to promote production and supply of sustainable, highest quality coffee. *Nespresso* announces its co-sponsorship of Team Alinghi, the Defender of the 32nd America’s Cup, the sailing world’s most prestigious competition and the oldest trophy in sport.

**In 2004**, Nestlé *Nespresso* SA signs an event Supporter agreement with AC Management, making *Nespresso* the Official Coffee of the 32nd America’s Cup and providing excellent brand exposure over a four year program of prestigious sailing competitions culminating in 2007 in Valencia.



## OUR PARTNERS

### ***Nespresso* – An International Company**

The Nestlé *Nespresso* SA company is one of the fastest growing operating units of the Nestlé Group, the world's leading food, beverage, nutrition and wellness company. While benefiting from Nestlé's expertise, it is a strategic business in its own right with overall responsibility for its own research and development, the supply of its raw materials as well as the production and the marketing of its coffee products.

The company operates in two market segments: the "In-Home" sector with the *Nespresso* Classic system for households, and the "Out-of-Home" sector, with *Nespresso* Professional for the workplace, *Nespresso* Gastronomy in top restaurants and *Nespresso* Aviation for airlines.

Nestlé *Nespresso* SA has sustained more than 25 per cent annual growth since its market introduction in 1988. Turnover in 2003 totalled CHF 450 million (€ 295 million).

Headquartered in Paudex, Switzerland, Nestlé *Nespresso* SA currently employs close to 1'000 people. Its products are sold in more than 30 countries through 17 subsidiaries located in Switzerland, France, Belgium, the Netherlands, Germany, Spain, Great Britain, Austria, Italy, Portugal, Norway, Poland, Russia, Japan, Hong Kong, Australia and the U.S.A., as well as through a network of independent agents, spread throughout several countries in Europe, Asia, the Caribbean and the Middle East.

In the In-Home sector, Nestlé *Nespresso* SA has developed close relations since its beginning with carefully selected, renowned household appliance manufacturers. Each machine partner is responsible for the distribution and marketing of its own-branded machines, machine stocking by retail stores and after-sales service. Today, the company has 10 household machine partners, offering different *Nespresso* machine models.



**The principal machine distributors per country are:**

<b>Switzerland:</b>	Turmix, Koenig, Jura, Alessi, Miele, Siemens
<b>France:</b>	Benelux Krups, Magimix, Alessi, Jura, Miele, Siemens
<b>Germany:</b>	Krups, Jura, Alessi, Miele, Siemens
<b>Spain:</b>	Krups, Alessi, DeLonghi, Jura, Miele, Siemens
<b>Italy:</b>	Krups, DeLonghi, Jura, Miele, Siemens
<b>Portugal:</b>	Krups, Miele
<b>Russia:</b>	Krups, Miele
<b>Great:</b>	Britain Krups, Magimix, Alessi, Jura, Miele
<b>Austria:</b>	Turmix, Alessi, DeLonghi, Jura, Miele, Siemens
<b>Australia:</b>	Krups, Magimix, Miele
<b>Norway:</b>	<i>Nespresso</i> Norway, Miele
<b>Poland:</b>	<i>Nespresso</i> Poland
<b>Japan:</b>	<i>Nespresso</i> Japan
<b>Hong:</b>	Kong <i>Nespresso</i> Hong Kong
<b>U.S.A:</b>	<i>Nespresso</i> U.S.A, Miele

*Nespresso* household machines are currently sold in more than 12,000 points of sale, predominantly large department stores. Thus, *Nespresso* machines can be found in such prestigious retailers as Globus in Switzerland, Harrods in Great Britain, Les Galleries Lafayette in France, Kaufhof in Germany, De Bijenkorf in the Netherlands, Kréfel in Belgium, La Rinascente in Italy, Bloomingdale's in the U.S.A, and Ginza in Japan, among others.

*Nespresso* household machines and capsules are also available to customers through a growing number of *Nespresso* Boutiques in major European cities. In addition, customers can use *Nespresso*'s dedicated Web site, [www.nespresso.com](http://www.nespresso.com) where on-line orders increased by 41 per cent in 2003 vs. 2002. In 2003, *Nespresso*'s Web site managed more than 1.3 million on-line orders.

In the Out-of-Home sector, *Nespresso* Professional machines and capsules are offered through a dedicated Web site, [www.nespresso.com](http://www.nespresso.com), as well as through a distribution network comprised of independent Sales and Service Partners, Nestlé *Nespresso* SA owned subsidiaries and Nestlé local operations. Today, its Out-of-Home business represents 25 per cent of Nestlé *Nespresso*'s portioned coffee sales turnover.

