



海王星辰

NEPSTAR
DRUGSTORE

China Nepstar Chain Drugstore Ltd.

(NYSE: NPD)

1Q 2016 Earnings Conference Call
May 31, 2016



Safe Harbor



海王星辰

NEPSTAR
DRUGSTORE

This presentation contains forward-looking statements. These statements constitute “forward-looking” statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates” and similar statements. Among other things, the quotations from management in this press release and the Company’s strategic operational plans, contain forward-looking statements. Such statements involve certain risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Further information regarding these and other risks is included in the Company’s filings with the U.S. Securities and Exchange Commission, including its annual report on Form 20-F. The Company does not undertake any obligation to update any forward-looking statement as a result of new information, future events or otherwise, except as required under applicable law.

Conference Call Presenters



海王星辰

NEPSTAR
DRUGSTORE



**Ms. Rebecca
Yingnan Zhang**
Chief Executive Officer



Mr. Zixin Shao
Chief Financial Officer



海王星辰

NEPSTAR
DRUGSTORE

Conference Call Agenda

1

Quarterly Result Overview

2

2016 Q1 Financial Highlights

3

Business Outlook

4

Q&A (Ms. Rebecca Zhang, Mr. Zixin Shao)



海王星辰

NEPSTAR
DRUGSTORE

Company Overview

Who We Are

- We are a leading drugstore chain with a network of 2,000 directly operated stores across China

Our Retail Network*

- Nepstar has a total of 2,000 stores in operation
- National presence in 69 cities

(*As of March 31, 2016)

Our Business Model

- Neighborhood drugstore of 80-120sqm in size
- Directly operated stores to ensure consistent service standard
- Optimized product offerings including private label products

Our Key Strategies

- Broaden product offerings and bring convenience to customers
- Grow store productivity to drive customer spending per visit
- Improve operation efficiency and service quality



海王星辰

NEPSTAR
DRUGSTORE

First Quarter 2016 Results





海王星辰

NEPSTAR
DRUGSTORE

1Q 2016 Highlights

Revenue increased 9.9% to RMB834.3 million (US\$129.4 million) compared to RMB759.1 million for the first quarter of 2015

Same Store Sales: 9.8%

Gross Margin: 42.0%

Net income: RMB7.5 million (US\$1.1 million)

All cash/cash equivalent and bank deposits: RMB 385.9 million

1Q 2016 Revenue by Segment



海王星辰

NEPSTAR
DRUGSTORE

	Three-Month Period Ended	
	Mar 31, 2016	Mar 31, 2015
Total revenue	RMB 834M	RMB 759M
Same-store sales growth	YoY 9.8%	YoY 13.6%
Prescription drugs	24.4%	23.7%
OTC drugs	45.4%	41.2%
Nutritional supplements	10.5%	12.3%
Herbal products	5.1%	4.6%
Other merchandise sales	14.6%	18.2%

Private-Label Products (PLPs)



海王星辰

NEPSTAR
DRUGSTORE

Private-label products offer high margin contribution, flexibility in pricing and more control over product quality

First PLP Launched:	Sept. 2005
# of PLPs at end of 1Q 2016:	2,172
PLPs as % of revenue in 1Q 2016:	14.0%
PLPs as % of gross profit in 1Q 2016:	20.6%

1Q 2016 Income Statement



海王星辰

NEPSTAR
DRUGSTORE

(in Millions of RMB, except % analysis)

	Three-Month Period Ended	
	March 31, 2016	March 31, 2015
Revenue	834	759
Store counts	2,000	1,969
Gross Margin	42.0%	40.8%
Gross Profit	350	309
Selling & Mktng / Rev	36.3%	36.5%
G&A / Rev	3.9%	4.3%
Income / (loss) from Operations	14.4	(0.2)
Interest Income	1.6	1.7
Net Income / (loss)	7.5	(3.4)



海王星辰

NEPSTAR
DRUGSTORE

Strong Balance Sheet

(in Millions of RMB)

March 31, 2016

December 31, 2015

	March 31, 2016	December 31, 2015
Cash & cash equivalents & Rst Cash	386	357
Short-term & long-term Bank Deposits	-	9
Amount due from Related Parties	5.0	4.9
Accounts Receivables	179	157
Inventories	592	574
Total current liabilities	697	677
Shareholders' equity	879	871



Questions and Answers



海王星辰

NEPSTAR
DRUGSTORE

Thank you!

Contacts:

Nepstar Investor Relations

Tel: +86-755-2641-4065

Email: IR@Nepstar.cn

