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China Nepstar Chain Drugstore Ltd.

(NYSE: NPD)

1Q 2015 Earnings Conference Call
May 26, 2015





Safe Harbor



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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



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



Mr. Zixin Shao
Chief Financial Officer



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Conference Call Agenda

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

Company Overview



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Who We Are

- We are a leading drugstore chain with a network of 1,969 directly operated stores across China

Our Retail Network*

- Nepstar has a total of 1,969 stores in operation
- National presence in 74 cities

(*As of March 31, 2015)

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



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First Quarter 2015 Results





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1Q 2015 Highlights

Revenue increased 11.9% to RMB759.1 million (US\$123 million) compared to RMB678.3 million for the first quarter of 2014

Same Store Sales: 13.6%

Gross Margin: 40.8%

Net loss: RMB3.4 million (US\$0.5 million)

All cash/cash equivalent and bank deposits: RMB 328 million

1Q 2015 Revenue by Segment



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	Three-Month Period Ended	
	Mar 31, 2015	Mar 31, 2014
Total revenue	RMB 759M	RMB 678M
Same-store sales growth	YoY 13.6%	YoY 7.9%
Prescription drugs	23.7%	23.3%
OTC drugs	41.2%	40.3%
Nutritional supplements	12.3%	14.8%
Herbal products	4.6%	4.5%
Other merchandise sales	18.2%	17.1%

Private-Label Products (PLPs)



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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 2015:	2,146
PLPs as % of revenue in 1Q 2015:	15.4%
PLPs as % of gross profit in 1Q 2015:	22.7%

1Q 2015 Income Statement



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(in Millions of RMB, except % analysis)

	Three-Month Period Ended	
	March 31, 2015	March 31, 2014
Revenue	759	678
Store counts	1,969	2,057
Gross Margin	40.8%	41.0%
Gross Profit	309	278
Selling & Mkting / Rev	36.5%	39.9%
G&A / Rev	4.3%	5.4%
Loss from Operations	(0.2)	(28.8)
Interest Income	1.7	2.5
Net loss	(3.4)	(18.2)

Strong Balance Sheet



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(in Millions of RMB)

March 31, 2015

December 31, 2014

Cash & cash equivalents & Rst Cash	316	290
Short-term & long-term Bank Deposits	12	27
Amount due from Related Parties	4.0	3.4
Accounts Receivables	127	137
Inventories	555	546
Total current liabilities	616	609
Shareholders' equity	828	832



Questions and Answers



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Thank you!

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