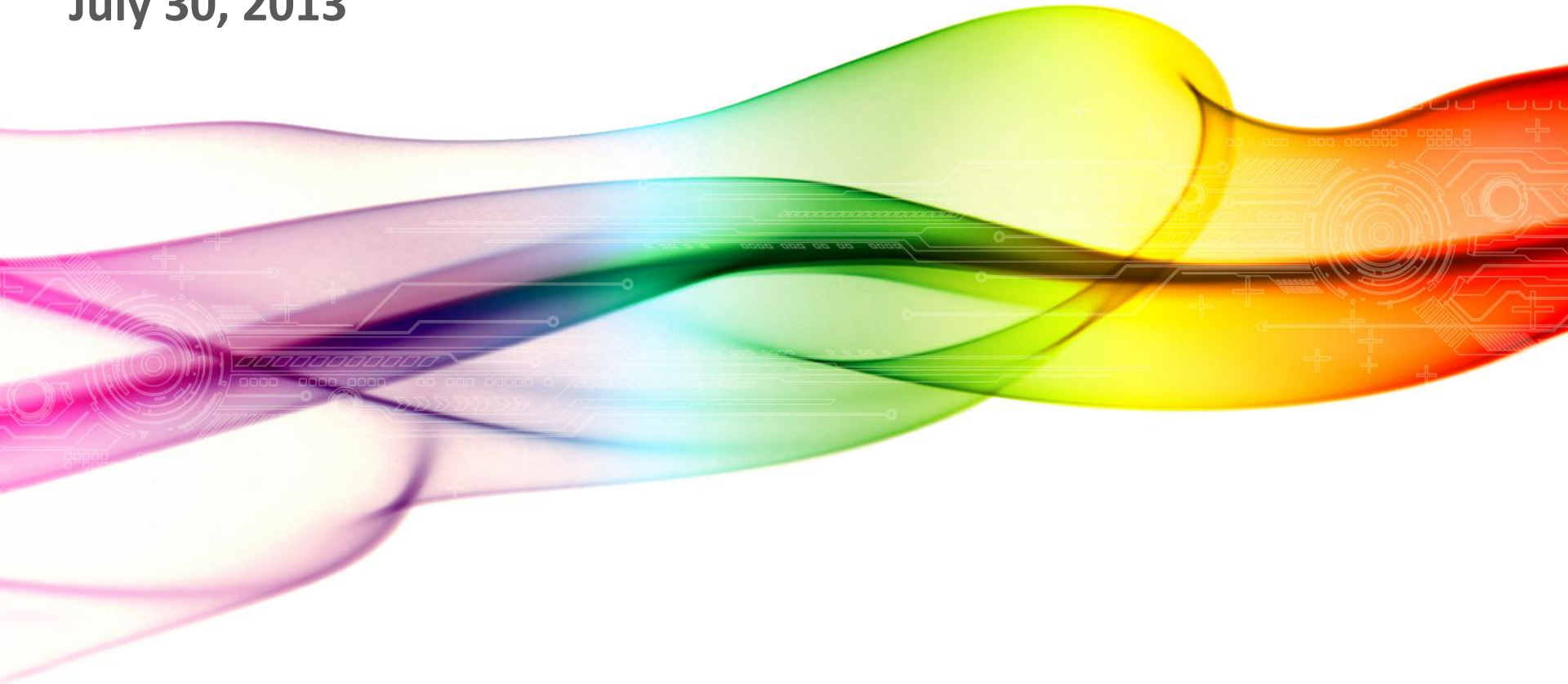


Financial Results

June Quarter 2013



July 30, 2013



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Cautionary Statement Regarding Forward-Looking Statements

This presentation includes statements that constitute forward-looking statements within the meaning of safe harbor provisions of the Private Securities Litigation Reform Act of 1995 relating to future events or our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, level of activity, performance or achievements to be materially different than expressed or implied by these forward looking statements. You should not place undue reliance on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are in some cases beyond our control and which could materially affect actual results, level of activity, performance or achievements. These risks and other factors include but are not limited to: our dependency on two product lines; the highly cyclical nature of the markets we target; our inability to reduce spending during a slowdown in the semiconductor industry; our ability to respond effectively on a timely basis to rapid technological changes; our dependency on PEM; risks related to exclusivity obligations and non-limited liability that may be included in our commercial agreements and arrangements; cyber security risks; risks related to open source technologies; our ability to retain our competitive position despite the ongoing consolidation in our industry; risks related to our dependence on a single manufacturing facility; risks related to our lease agreements; our ability to expand our manufacturing capacity or marketing efforts to support our future growth; risks related to quarterly fluctuations in our operating results; risks related to the extremely competitive market we are operation in; our dependency on a small number of large customers and small number of suppliers; our dependency on our key employees; risks related to changes in our order backlog; risks related to the financial, political and environmental instabilities in Asia; risks related to our intellectual property; changes in customer demands for our products; new product offerings from our competitors; changes in or an inability to execute our business strategy; unanticipated manufacturing or supply problems; changes in tax requirements; changes in customer demand for our products; risks related to currency fluctuations and risks related to our operations in Israel.

The matters discussed in this presentation also involve risks and uncertainties summarized under the heading "Risk Factors" in Nova's most recent Annual Report on Form 20-F filed with the Securities and Exchange Commission. These factors are updated from time to time through the filing of reports and registration statements with the Securities and Exchange Commission.

Any forward-looking statements contained in this presentation are made as of the presentation date and Nova Measuring Instruments Ltd. is under no obligation to revise or update these forward-looking statements.

This following presentation includes financial measures that are not calculated in accordance with generally accepted accounting principals (GAAP). The presentation of this non-GAAP financial information is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. Nova's earning release, including a presentation of the most directly comparable financial measures calculated and presented in accordance with GAAP and a reconciliation of each GAAP to non-GAAP financial measure discussed in the press release is available at the Investors section of the company's website.

Certain of the information contained herein concerning economic trends and performance is based upon or derived from information provided by third party consultants and other industry sources. We have not independently verified and cannot assure the accuracy of any data obtained by or from these sources.

Business Overview

June Quarter 2013

Gabi Seligsohn

President and Chief Executive Officer



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The last 7 years have been a great run

- Nova went from being a single product, non profitable OEM to multiproduct profitable supplier to industry leaders
- Strong team across the globe with excellent technology foundation
- Company at positive inflection point and opportunity to further expand SAM over the next several years
- We are grateful for our customers' trust in Nova
- We appreciate the support of our shareholders over the years
- Nova's greatest days are still ahead of it!

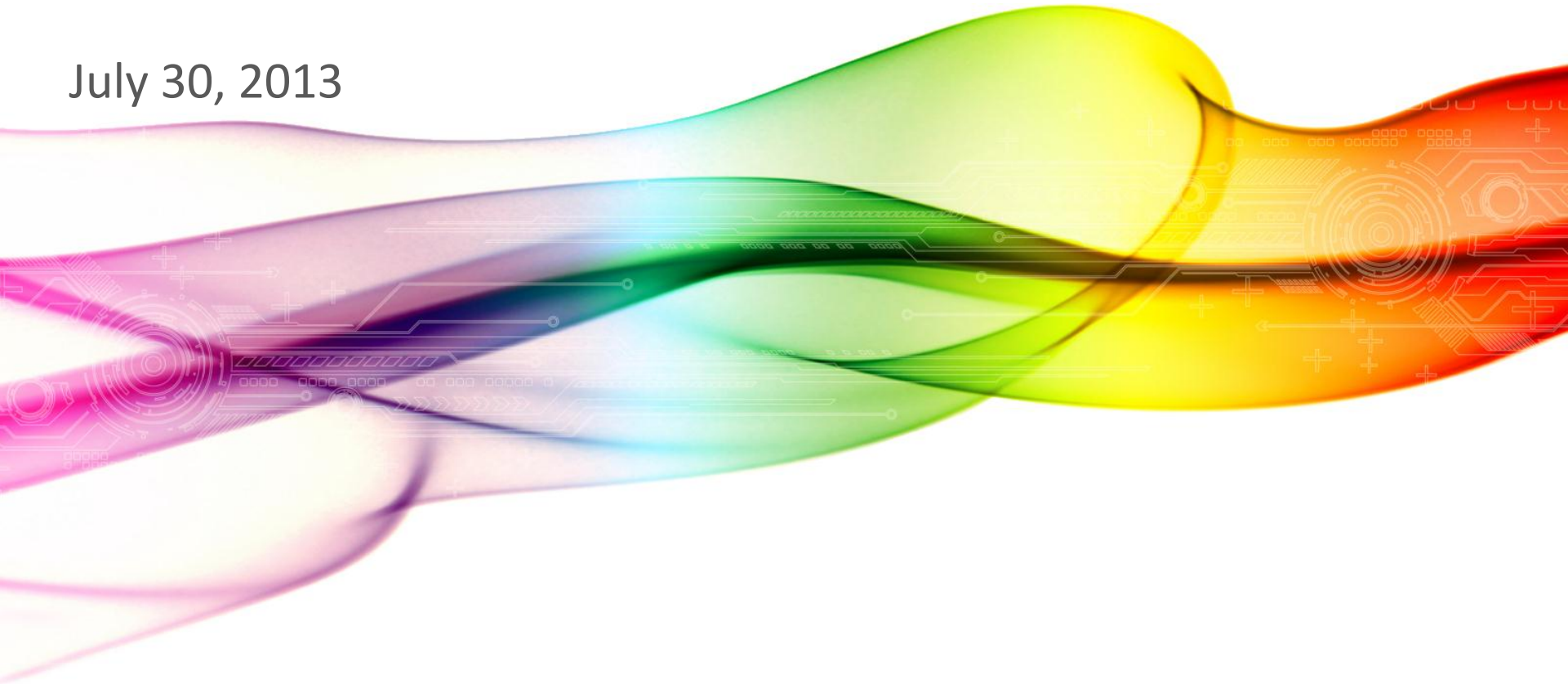
- **Combination of fleet upgrades with multiple installations at <20nm pilot lines and 16/14nm R&D sites**
- **Significant orders for SW upgrades to support transition of existing fleet to <20nm**
- **The Nova T600 and the Nova i500 are in wide scale adoption having been selected as PTOR at multiple sites:**
 - Supporting pilot lines for 20nm at multiple process steps
 - Supporting R&D efforts at <20nm
- **Service revenues at record high levels with high profitability**
- **Newly announced NovaMARS 6.0 offers breakthrough in time to solution and ease of use**

Financial Overview June Quarter 2013



Dror David
Chief Financial Officer

July 30, 2013



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- **Quarterly revenues of \$28.1 million, +3% Q/Q**
 - Record service revenues of \$5.7M level
 - Including sales of SW licenses for existing installed base
- **Products bookings breakdown:**
 - Foundry/Memory: 85%/15%
 - Regional distribution: Asia Pacific - 55%; Europe - 36%, US - 9%
- **Quarterly blended gross margins of 55% (Q1/13 - 54%)**
 - Products gross margins of 58%
 - Strong dependency on product mixture
 - Services gross margins of 40%
 - SW licenses for existing installed base

June Quarter Financial Results

- **Operating expenses of \$12 million**
 - On-going operating expenses of \$12.2 million
 - Strong dependency on R&D prototype related expenses

- **Tax expenses of \$0.8M**
 - Mainly conversion of deferred tax assets
 - GAAP effective tax rate of 22%

- **GAAP net income of \$2.8M, or \$0.10 per diluted share**

- **NON-GAAP net income of \$3.8M, or \$0.14 per diluted share**

- **Positive cash flow from operating activities of \$3.5M**

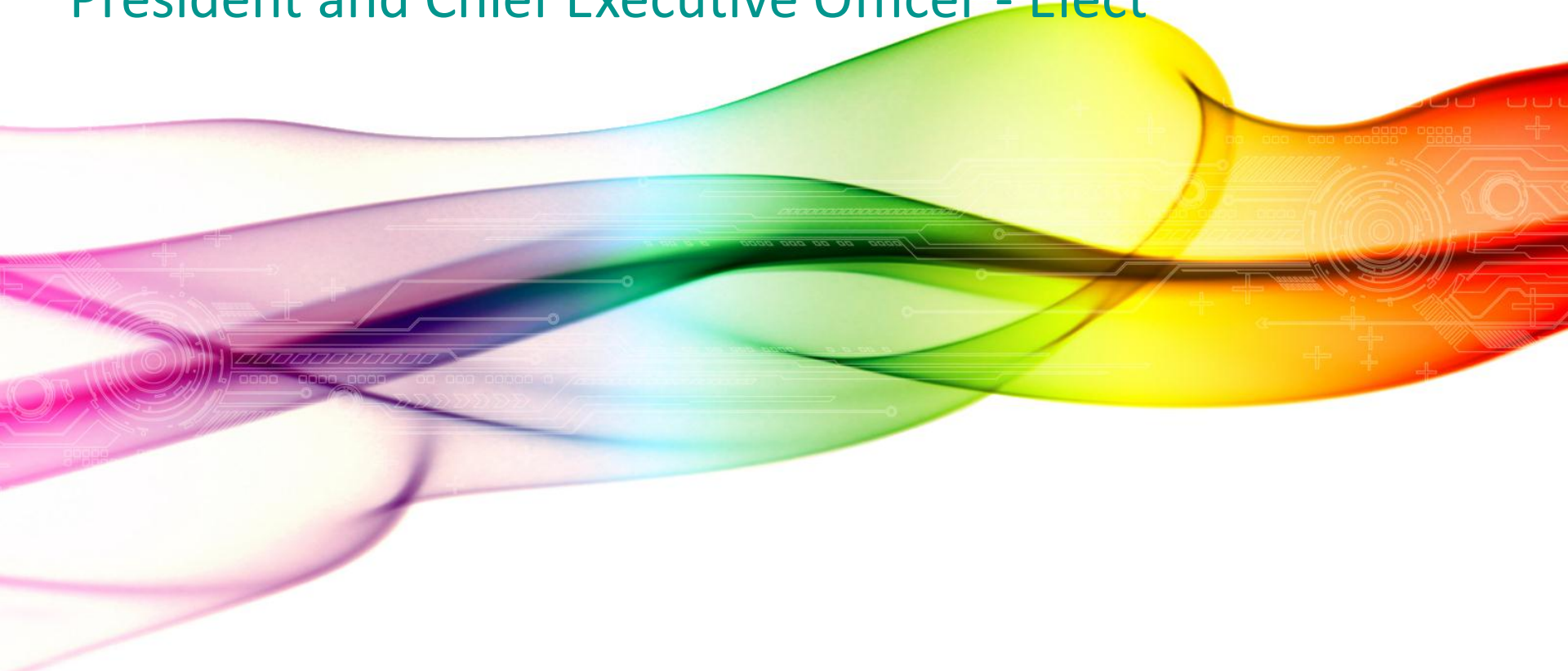
Key Balance Sheet Metrics

Key Metrics	Three Months Ended	
	Jun 13	Mar 13
Total Cash Reserves	\$97.6M	\$94.3M
Accounts Receivables	\$19.7M	\$19.0M
DSO	62	60
Inventory	\$16.2M	\$16.8M
Inventory Turns	3.1	2.9
Deferred Revenues	\$3.2M	\$5.0M
Capital Investments (gross)	\$1.2M	\$1.9M
Depreciation	\$0.9M	\$0.8M

Business Outlook June Quarter 2013

Eitan Oppenheim

President and Chief Executive Officer - Elect



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- **28 nanometer ramp up in foundries in full swing at TSMC and other leading foundries**
- **The struggle between foundries to supply 28nm market demand**
 - Has accelerated the technical maturity of these customers in 28nm
 - Triggered a faster transition to advanced nodes below 28nm
- **While ramping 28nm we were qualified by our largest customer for the 20nm and systems were shipped for a pilot line**
- **Our main Foundry customers are deeply engaged in the development phase of their FinFet gates for 16 and 14nm**
 - Initial tools shipments for R&D lines
 - Nova is well positioned with these customers with both its SA and IM tools for multiple critical process steps
- **Advanced processing requires additional manufacturing steps**
 - An increasing opportunity of around 15%-20% growth in metrology demand when moving between tech nodes below 28nm

- **On the memory front**
 - Positive indications both in DRAM and Flash segments
 - Incremental Flash memory expansions and transitions by major players
 - We may see some progress with VNAND development
 - We believe it will be initial stages only
 - HVM is still 2 years ahead
 - On the DRAM front we believe that the current market conditions will trigger capacity investments mainly in 2014
- **Both in Foundry and Memory the transition to 3D structures in advanced tech nodes in 2Xnm and below as well as the shrinkage in the DRAM below 3Xnm increase the process control and optical metrology intensity**
 - Nova is well positioned to enjoy these transitions and expansions

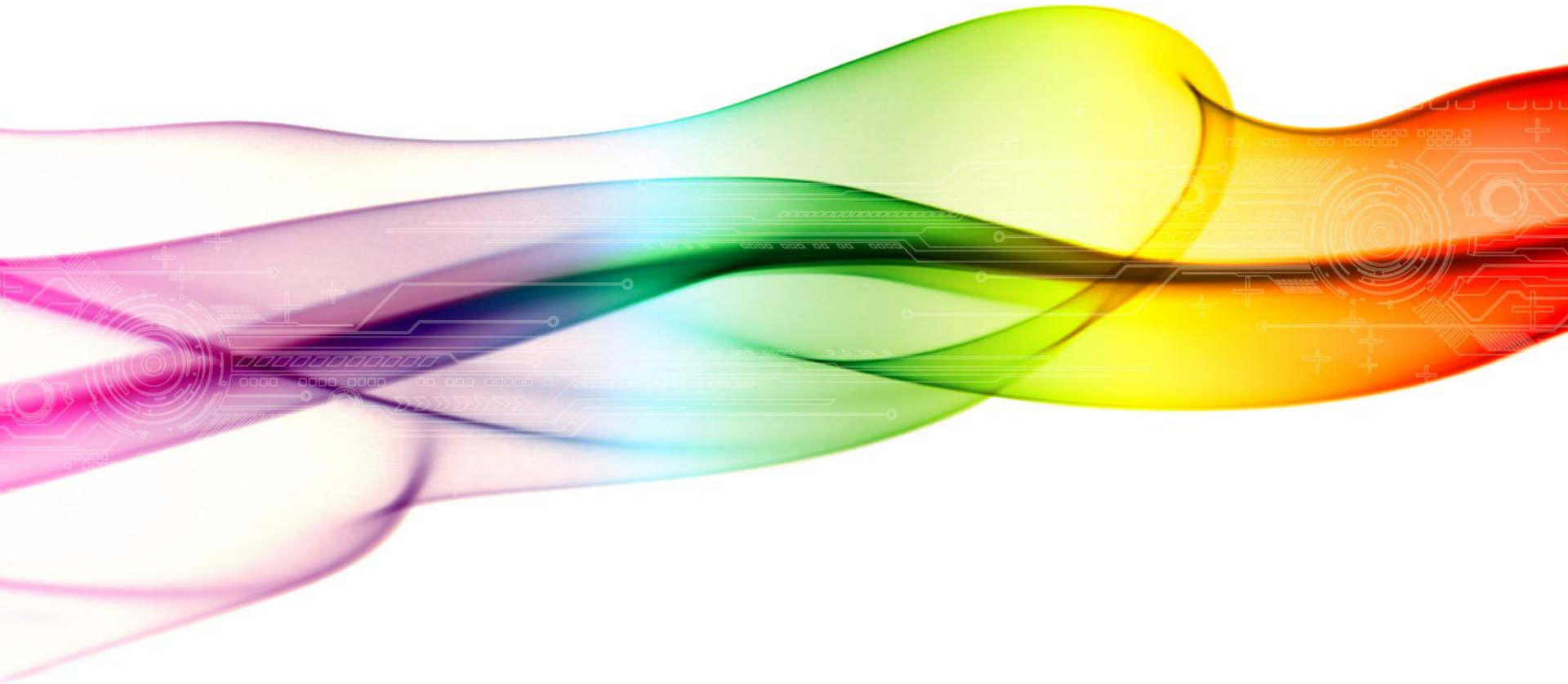
Key business objectives for Q314

- **Orders from the industry leading foundry to continue to be soft in the current quarter**
 - **At the same time we are experiencing some order pick up from other Foundries for their 28nm ramp up**
- **In Q3 we will continue to deliver tools to the 20nm pilot lines**
 - **Both our SA and IM tools were certified for multiple process steps in 20nm**
 - **We are well prepared to ship significant amounts of tools once the ramp starts**
- **Shipping our high-end tools for 16/14nm R&D lines for FinFet development with major foundry customers**
 - **Will be shipped with our latest modeling SW tool to allow extensive 3D development in R&D environment**
- **We expect some Memory orders later this year from a fab build out by one of our major memory customers. We also expect some orders from capacity additions with few other customers**
- **Continue our efforts to keep penetrating the growing 3D interconnect market where our 4th tool will finalize an intensive evaluation and should be accepted**

Guidance for third quarter of 2013

- **Guidance for the 3rd quarter of 2013:**
 - Revenues of \$24-\$27 million
 - Diluted earnings per share of \$0.03-\$0.08 on a GAAP basis
 - Diluted earnings per share of \$0.06-\$0.12 on a NON-GAAP basis

Thank you



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