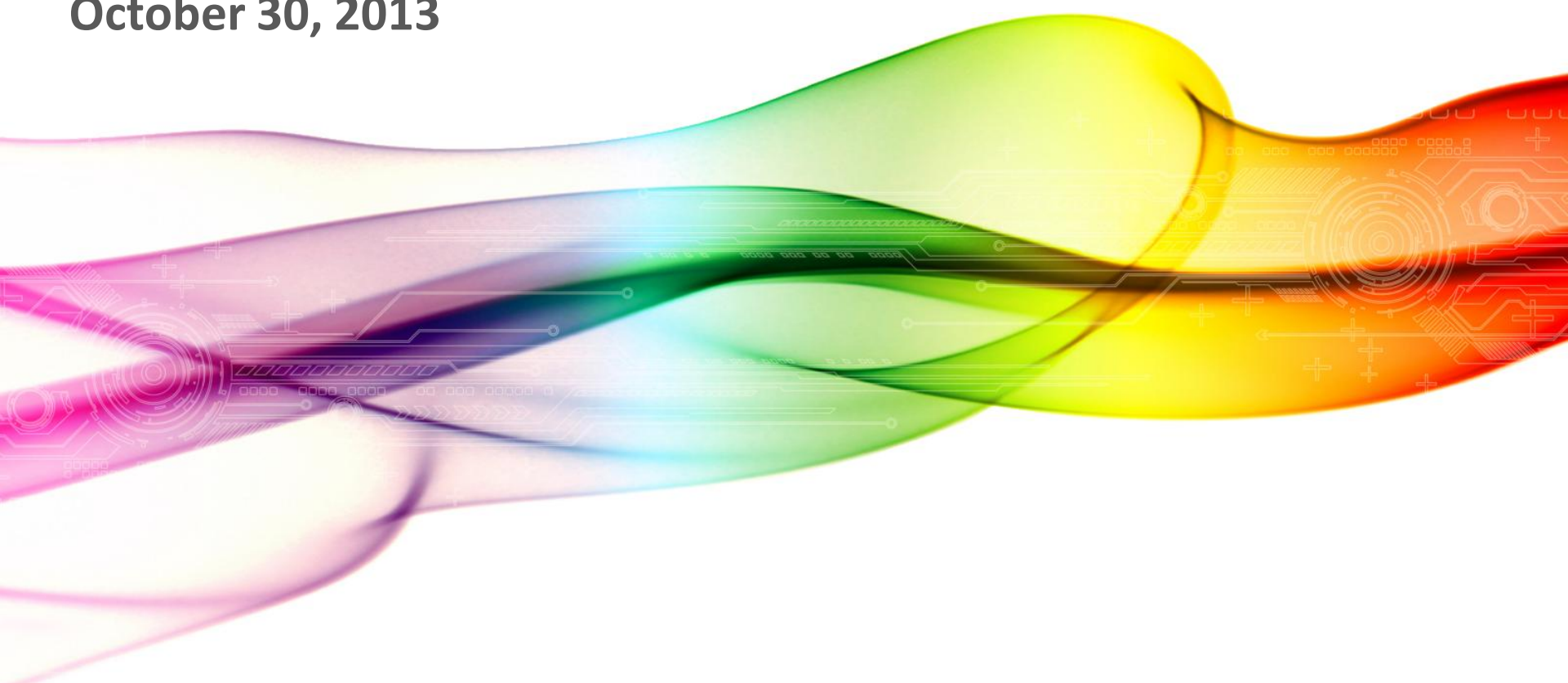


Financial Results

September Quarter 2013



October 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.

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 Summary

September Quarter 2013

Eitan Oppenheim
President and Chief Executive Officer



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- **Sales revenues – consistent with our guidance**
 - Revenues - \$25.8M USD
 - Non GAAP net income - \$2.7 Million USD
- **Outperforming the industry with 10% growth pace YoY**
- **Booking levels increased significantly - highest level this year**
 - Q3 – more than 80% of the orders - 2Xnm nodes
 - Q4 – expecting at least 15% of the orders - 1Xnm nodes
- **Foundry customers – main driver for Q3 revenues**
- **Recent successful selections as PTOR for multiple process steps**
- **Selected as PTOR for 20nm by a leading Foundry**
 - Shipments Pull-in into Q4 and continued through H1 2014
 - Following a 12 months cooperation with the customer's R&D group
 - Nova's most advanced fleet and SW solutions

Q3 Results - Business Highlights (2)

- **Accelerated transition towards 14/16nm FinFet**
 - R&D cooperation started to enable next year transition
- **Pick up in Memory orders with few customers**
- **Improved position in Memory**
 - Adding a new leading Memory customer

- **Our advanced fleet (T600, i500, Nova MARS) is well adopted**
 - Stand Alone and Integrated Metrology
 - All segments
 - All advanced nodes
 - Multiple steps
- **Successful TSV V2600 market roll out**
 - All install base was accepted and recognized
 - New evaluations are taking place with major customers
- **Product diversification - process control SW solutions**
 - Good progress with our Integrated Process Control SW
 - Two customers adopted Fleet Management
- **2nd 450mm system was installed and accepted by an OEM vendor**

- **Foundry segment**
 - Few customers continue ramping up 28nm
 - Intensive 20nm ramp up by our major customer
 - Starting in Q4 and will continue during H1 2014
 - Significant shift to advanced 1Xnm nodes development
 - Acceleration in FinFet development for 14nm and 16nm
 - Customers' goal - qualify 1X FinFet structures before the end of 2014
 - Overall foundry sector continues to be positive
 - Investment to continue throughout 2014
 - Our position is stronger - expect the segment to continue growing and fueling our growth in 2014

- **Memory segment**
 - Positive spending indications
 - Incremental expansions & transitions
 - **VNAND development – technical progress in 2014**
 - 32 and 64 layers
 - Expansions led by 2 customers in 2014
 - **DRAM - additional investments & conversations**
 - Mainly in existing lines
 - Favorable price scheme & increasing demand for mobile DRAM
- **Transitions to 3D advanced structures, as well as device shrinkage, increase process control and optical metrology intensity – positive indication towards 2014 growth**

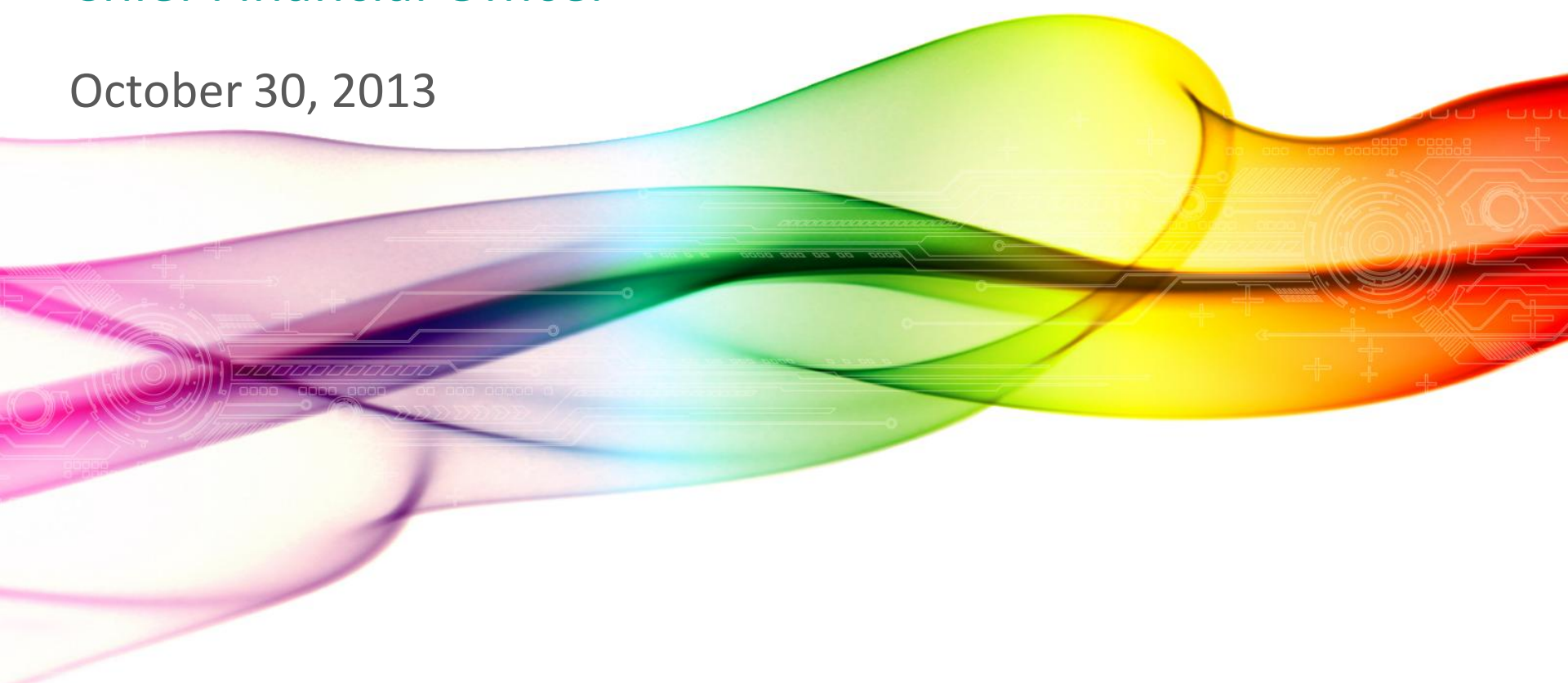
- **Guidance for the 4th quarter of 2013:**
 - Revenues of \$27-\$30 million
 - Diluted earnings per share of \$0.06-\$0.13 on a GAAP basis
 - Diluted earnings per share of \$0.10-\$0.17 on a NON-GAAP basis

Financial Overview September Quarter 2013



Dror David
Chief Financial Officer

October 30, 2013



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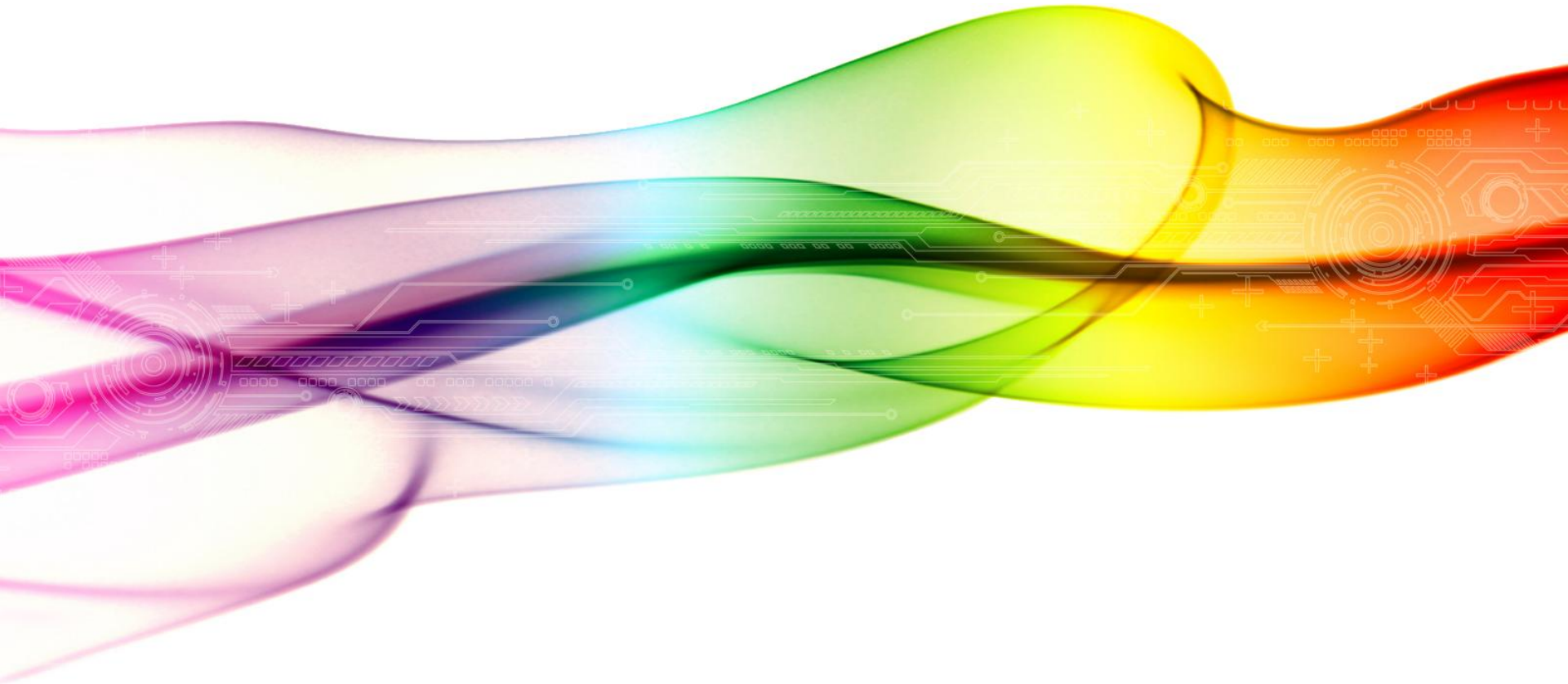
- **Quarterly revenues of \$25.8 million**
 - Record service revenues of \$5.9M level
 - Including sales of SW licenses for existing installed base
- **Products bookings breakdown:**
 - Foundry/Memory: 85%/15%
 - Regional distribution: Europe - 50%, Asia Pacific - 39%, US & Japan - 11%
- **Quarterly blended gross margins of 51%**
 - Products gross margins of 55%
 - Strong dependency on product mix
 - Services gross margins of 38%
 - Revenues increase offset by higher costs related to supporting penetrations

- **Operating expenses of \$10.9 million**
 - Strong dependency on R&D prototype related expenses
- **Tax expenses of \$0.2M**
 - 2014 effective tax rate expected to be <5%
- **GAAP net income of \$2.2M, or \$0.08 per diluted share**
- **NON-GAAP net income of \$2.7M, or \$0.10 per diluted share**
- **Positive cash flow from operating activities of \$3.3M**

Key Balance Sheet Metrics

Key Metrics	Three Months Ended	
	Sep 13	Jun 13
Total Cash Reserves	\$100.1M	\$97.6M
Accounts Receivables	\$20.8M	\$19.7M
DSO	71	62
Inventory	\$16.2M	\$16.2M
Inventory Turns	3.1	3.1
Deferred Revenues	\$4.0M	\$3.2M
Capital Investments (gross)	\$0.8M	\$1.2M
Depreciation	\$0.9M	\$0.9M

Thank you



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