

Reichman University Valuation Competition

Sponsored by the Phoenix Institute for Capital Markets Research

Name		Email
Yoel Salamon		Salamonyoel@gmail.com
Illy Hagege		Illyhagege@gmail.com
Gabriel Gichtin		Gabrielgichtin@gmail.com

Overview

Company: **Nova Ltd**
Sector: Semiconductor Equipment & Testing
Headquarters: Rehovot, Israel
Ticker: NVMI
Exchanges: NASDAQ & TASE
Recommendation: **Hold**
Target Price: 321\$
Upside/**Downside**: (6.7%)

P/E (TTM)	41
52-Wk Range (USD)	154.00 - 361.32
4 yr wkly Beta Vs S&P 500	1.69
Shares Outstanding(M)	29.9
Share Price (10.30.25)	344\$
Mkt Cap (M\$)	10,298

Terminology and Process overview

Semiconductor fabrication is a highly complex, multi-step process used to create integrated circuits on silicon wafers. Throughout this process, spanning photolithography, etching, deposition, doping, and final assembly, manufacturers must maintain extreme precision to avoid defects, performance variation, and costly rework. Metrology and process control tools play a critical role at every stage by measuring critical dimensions, material properties, and process uniformity. As device architectures become more advanced and three-dimensional, the number and sophistication of required metrology steps increase. This makes metrology one of the fastest-growing segments of the Wafer Fab Equipment (WFE) industry and central to enabling next-generation semiconductor nodes.

Business Description

Nova Ltd. (NVMI) is an Israeli-based innovator and key provider of advanced metrology and process control solutions used throughout the semiconductor fabrication lifecycle. The company is headquartered in Israel, where the majority of its personnel and operations are situated. At the end of 2024, the company had seven direct fully owned subsidiaries, in the U.S., Taiwan, Korea, China, Japan, Singapore and Germany. Until 2008, the company sold most of its products to process equipment manufacturers such as Applied Materials, Inc. and Ebara Corp., which later sold these products to semiconductor manufacturers. Since then, they have changed their business model, selling substantially all their products directly to semiconductor manufacturers. Nova's market offerings are structured around four core product lines¹:

¹ Source No. 1 - 2024 20-F: UNITED STATES, SEC, Washington, D.C.

1. **Dimensional Metrology (DM) Division:** Focuses on optical technology-based metrology solutions, available as both integrated and standalone products. The company offers both integrated (IM) and standalone DM solutions. IM systems are built directly into the factory machines. Their job is to give fast feedback *during* manufacturing, which helps keep the process stable for high-volume production. Stand Alone are separate machines placed next to the main equipment. Their job is high-accuracy inspection *after* key steps. They provide detailed measurements of critical dimensions (CD) and complex 3D structures to ensure quality control.
2. **Materials Metrology Division:** Specializes in solutions based on X-ray and SIMS (Secondary Ion Mass Spectrometry) and Raman technology.
3. **Chemical Metrology Division:** Provides chemical metrology and replenishment solutions. New device architectures, higher material costs, and tighter environmental regulations are driving up the costs of operations and increasing the need for manufacturers to carry out chemical process control on more elements and with increasing intensity.
4. **Modeling and Software:** Nova's Modeling and Software suite enhances its metrology hardware with advanced AI and physics-based computation. Nova's centralized fleet-management platform monitors all tools across the factory, providing predictive insights and simplifying operational control.

The company's manufacturing operations are globally distributed and focused primarily on assembly, integration, final testing, and calibration of specialized metrology tools. The company maintains multiple specialized production and repair centers: Israel houses the primary facilities for Optical-based product lines (including Raman technology). In 2023, Nova enhanced production capabilities here with a new, state-of-the-art cleanroom. United States: Dedicated to X-ray and SIMS-based product lines.

While Nova conducts its principal manufacturing activities in-house across these sites, it relies on subcontractors and suppliers for non-core activities like fabricating components, building subassemblies and to perform other non-core activities. Key components are engineered to specifications, and a small number of these critical components are sourced from a limited, or occasionally, a sole supplier.

The company exhibits significant consolidation in its revenue streams. A significant concentration of the company's 2024 revenue came from its largest customers. Specifically, the top five customers accounted for 53% of total revenue. Within this group, the two most important customers contributed 18% and 14%, respectively, to the company's 2024 revenues.

We see this consolidation when we look at geography as well. In 2024, China was the largest contributor, accounting for 39% of total revenue. Taiwan followed with 20%, South Korea with 18%, and the USA with 14%. The remaining 9% of revenue came from other regions². Revenue from China for 2025 is projected to drop to 30% according to the company's CFO.

The company's product revenue distribution for Q3 24 was approximately 70% from logic and foundry and approximately 30% from memory, compared to 75% and 25% respectively in Q3 25. Highlighting the memory segments growth, the CFO expects this trend to continue until they reach a 60-40 product mix.³

Advanced packaging now represents 20% of revenue, up from 15% last year. The company introduced new products such as the WMC platform, which has already been adopted by customers for High Bandwidth Memory and power devices. Management expects continued strong growth in advanced packaging, especially as AI-related demand grows. AI models, particularly for training large language models (LLMs) and deep learning, require processors (like advanced GPUs) to access massive datasets extremely quickly. HBM's high bandwidth and low latency make it the standard memory solution for these demanding AI accelerators.⁴

ESG⁵

Nova's **Environmental** strategy centers on "Green Metrology," enabling customers to reduce waste by detecting defects early, saving energy, water, and materials, supporting the Net Zero goals of major chipmakers. Internally, Nova has upgraded its facilities and aligned disclosures with TCFD to manage climate-related risks. On the **Social** front, the company focuses heavily on talent retention within Israel's competitive tech sector, supported by strong cultural values, ethical supply-chain standards, and KPIs to improve gender representation in engineering. From a **Governance** standpoint, Nova maintains a strong oversight structure, including separated CEO

² Appendix No.1

³ Source No. 2 - Q3 2025 Conference call

⁴ Source No. 3 - HBM: What It Is and Why It Matters in the Modern World of AI

⁵ Source No. 4 - Nova's Sustainability Official Page

and Chairman roles, a majority-independent board, and an active Audit Committee that monitors financial and ESG-related risks while aligning executive incentives with long-term performance.

Competitive Landscape and positioning

The Semiconductor Metrology and Inspection market encompasses systems designed for accurate measurement and inspection across various stages of production. This market was valued at \$13.03 Billion in 2025⁶. The market is projected to reach \$18.7 Billion by 2034, expanding at a CAGR of 6.9% between 2025 and 2034⁷. This growth profile is particularly compelling when compared to the broader WFE industry. Total WFE equipment shipments are projected to grow at a CAGR of 4.6% between 2024 and 2030⁸. The fact that the metrology sector's projected CAGR significantly exceeds the WFE equipment average implies a fundamental industry shift, process control equipment is consuming an increasing percentage of total fab capital expenditure

In 2024, the thin film metrology segment led the market share, driven by the need to control and optimize semiconductor manufacturing processes. It employs techniques such as ellipsometry, reflectometry, and spectrometry to evaluate the characteristics of the films. In 2025, the segment is anticipated to dominate with a 31.3% share. Thin film metrology employs techniques such as ellipsometry, reflectometry, and spectrometry. By device type, logic ICs held the largest market share (38% in 2024), while memory IC applications are projected to advance rapidly at an 8.5% CAGR through 2030.”⁹

The accelerating demand for advanced metrology is directly tied to monumental shifts in semiconductor device architecture: The transition to **Gate-All-Around (GAA) transistors**, which replace finFETs with smaller 3D structures, requires highly specialized measurement tools that standard metrology cannot support¹⁰, driving strong logic revenue for Nova¹¹ and securing its ELIPSON solution as a Tool of Record at a leading foundry¹². At the same time, the industry's shift toward **3D heterogeneous and advanced packaging** adds further manufacturing challenges as chips move from 2D layouts to vertically stacked designs. Nova has strengthened its position in

⁶ Source No. 5 - Intelligence, M. (2025, October 13). *Semiconductor Metrology and Inspection System Market - Size & Share*. Mordor Intelligence

⁷ Source No. 6 - Ugale, S., & Gujar, S. (2025). Semiconductor Metrology and Inspection Market Size – by type, technology, application, end use analysis, share, growth forecast, 2025 – 2034. In *Global Market Insights Inc.*

⁸ Source No. 7 - Yole Group. (2025, July 29). *Wafer Fab Equipment (WFE) market to hit \$184 billion by 2030 for equipment and services, driven by specialized segment growth and global manufacturing shifts*.

⁹ Source No. 8 - Semiconductor Metrology and Inspection Equipment Market Size [2032]. (n.d.).

¹⁰ Source No. 9 - Singer, P. (2020, October 1). *Metrology Solutions for Gate-All-Around transistors in high volume manufacturing - Semiconductor digest*. Semiconductor Digest.

¹¹ Source No. 10 - Nova's Q3 2025 Earnings call.

¹² Source No. 11- Nova's metrology solution selected by leading foundry for GAA processes

this fast-growing segment through its 2025 acquisition of Sentronics, helping advanced packaging reach 20% of revenue in Q3 2025¹³.

Competitors

The Semiconductor Metrology and Inspection sector is highly concentrated, with KLA Corporation (KLAC) maintaining a substantial, industry-leading position. KLA's market share stands at 50%-60% of the metrology market.¹⁴

Company	Role & Focus	Nova's Relation
KLA Corporation (KLAC)	The Dominant Leader. Offers a broad portfolio.	Primary Competitor. Nova explicitly identifies KLA as one of its main competitors. KLA competes directly with Nova across the board.
Applied Materials, Inc. (AMAT)	Integrated Metrology Leader. Offers integrated metrology and inspection solutions that work seamlessly with their massive deposition and etch equipment platforms.	Competitor & Partner. AMAT is a Process Equipment Manufacturer, which Nova has historically sold products to, but also competes with as AMAT develops in-situ sensors and metrology products.
Hitachi High-Tech Corporation	E-Beam & Precision Leader. A global player known for leveraging advanced metrology solutions. A major strength is in E-beam technology.	Competitor. Also identified as a competitor, particularly in high-precision and E-beam inspection where they leverage their advanced metrology solutions.
Onto Innovation, Inc. (ONTO)	Direct Competitor in CD/Thin Films. Sells CD, thin films, and chemical metrology and process control systems. Known for leadership in optical methods.	Primary Direct Competitor. Nova specifically names Onto as a key competitor. Both companies compete heavily in optical dimensional and materials metrology.
Camtek Ltd. (CAMT)	Advanced Packaging/Assembly Focus. Specializes in automated inspection and metrology primarily for the back-end process: advanced packaging, wafer-level inspection, and bump inspection.	Segment Competitor. Camtek is a direct rival in the fast-growing Advanced Packaging inspection segment, where Nova is also expanding its capabilities through the Sentronics acquisition.
ASML Holding N.V. (ASML)	Lithography Metrology Leader. a massive lithography equipment maker, it also provides integrated metrology solutions, particularly in the crucial lithography metrology segment.	Competitor & OEM: one of the Process Equipment Manufacturers (PEMs) against whom Nova competes, but also one whose tools may integrate Nova's metrology

¹³ Source No. 10: Q3 2025 Earnings Call

¹⁴ Source No. 11: Arhaan. (2025, July 30). *KLA: Semiconductor Inspection Market Leader*. Yahoo Finance.

Nova is successfully gaining market share by focusing on the most complex, high-intensity metrology challenges that define the next generation of chip manufacturing. The best evidence of market share capture is Nova's superior growth trajectory: its product revenue CAGR of ~24.5% (2019-2024) significantly exceeded the broader Process Control sector's projected CAGR of 16.0%. This means Nova is capturing a larger slice of the market's overall growth¹⁵.

Financial Performance

Nova has historically achieved high growth rates, significantly driven by the semiconductor industry's expansion and its strategic pivot to a highly diversified product portfolio (Dimensional, Materials, and Chemical Metrology). **In the past five years FYs (2019-2024), the company achieved a positive Compound Annual Growth Rate (CAGR) of products revenues of approximately 24.5%¹⁶ and an overall revenue CAGR of 20.73%.** Since 2011 the revenue CAGR has been 16.6% and NI CAGR of 17%. ¹⁷Nova's overall growth has been fueled by both strong organic momentum and strategic inorganic expansion. ¹⁸The company's revenue mix is consistently weighted toward product sales, which accounted for approximately 80% of total revenues in FY 2024, with the remaining 20% derived from services.

Nova operates with high gross and operating margins, typical of a niche capital equipment provider with proprietary technology. Profitability has consistently improved over the last three fiscal years; however, Nova's margins still lag behind the sector leaders. ¹⁹ The increase in Net margin has been supported by considerable net Financial Income (interest income), which stems from the company's large cash reserves and the current environment of high interest rates. This financing income amounted to \$41.4 million for the trailing twelve months (TTM), 14.2% of TTM pre-tax income (Part of this is Revaluation of operating lease and intercompany loans.) This dynamic has helped lead to net income margin expansion outpacing operating margin expansion. Deducting interest income, the net income margin for Q3 2025 would've been nearly 1% lower. Next quarter's interest income will demonstrate the full impact of the proceeds from the recent convertible bond offering. The next few quarters will most likely show elevated NI margins. Nova's CFO performance signals a significant acceleration in the quality and scale of its business, achieving a strong Compound Annual Growth Rate of 40.5% for the 2020-2024 period.

¹⁵ Source No. 1: 2024 20-F: UNITED STATES, SEC, Washington, D.C

¹⁶ Source No. 1: 2024 20-F: UNITED STATES, SEC, Washington, D.C

¹⁷ Appendix No. 2

¹⁸ Appendix No. 3

¹⁹ Appendix No. 4

CFO nearly doubled in FY 2024, surging from \$123.5 million in FY 2023 to a record \$235.3 million FY 2024. This surge was underpinned by record Net Income and efficient working capital management.

Nova Ltd. demonstrates solid profitability and capital efficiency metrics, with a **Return on Equity (ROE) of 24%** and a **Return on Invested Capital (ROIC) of 23%**. Nova's metrics, including a **Return on Assets (ROA) of 13%** and a **Return on Capital Employed (ROCE) of 17%**, are competitive within the specialized segment of the WFE sector. Nova still operates at a lower scale and profitability relative to industry leaders like KLA and ASML, which significantly outperform the group²⁰.

The company recently completed an upsized private offering of \$650 million aggregate principal amount of 0.00% Convertible Senior Notes due 2030. They spent \$44.9 million on capped call transactions, financial instruments designed to reduce potential equity dilution upon conversion. This is the company's second convertible debt offering since 2020.

The **company currently does not pay a dividend** and plans to continue to retain earnings for the foreseeable future. The Board authorized a \$100 million share repurchase program, of which Nova utilized \$51.5 million by December 31, 2024, at an average price of \$186.50. In the first quarter of 2025, the company repurchased an additional \$20 million with share prices ranging from \$184 to \$273.

Valuation

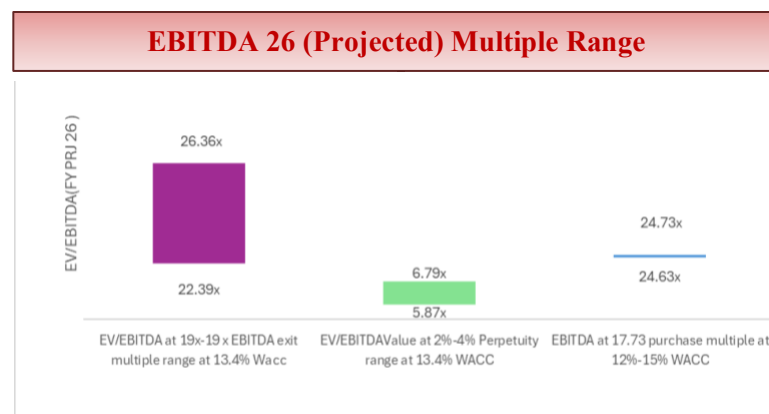
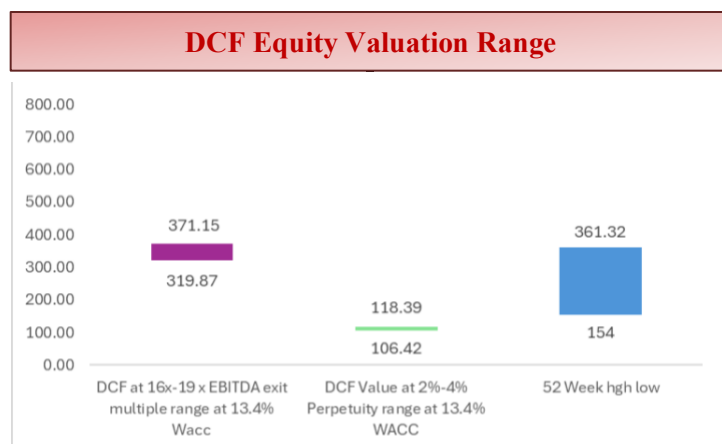
DCF²¹: We find the Exit Multiple Approach to be the most appropriate valuation methodology for Nova Ltd. (NVMI), as the company's projected growth trajectory within the high-growth semiconductor sector exceeds what can be reliably modeled through a long-term Perpetuity Growth Method.

Our Discounted Cash Flow / analysis, utilizing a terminal exit multiple of **17.73x** on projected 2030 EBITDA, yields a target price of **\$349 per share**. This target is tightly aligned with the current market price of **\$344 per share**, which implicitly suggests the market is pricing in a 2030 exit multiple of 17.5x. Our target price of \$349 per share implies a **Forward EV/EBITDA multiple of 24.7x**. This places the company's current and near-term growth at a valuation premium

²⁰ Appendix No. 5

²¹ Appendix No.6

that is closely aligned with Nova's historical performance, specifically its **5-year median EV/EBITDA of 25.3x**. Conversely, the implied 2030 exit multiple of 17.5x is lower than the peer-set's industry average and significantly below its own 5-year historical median²².



Relative Valuation Analysis²³

We valued Nova Ltd. using a peer-based comparison against leading semiconductor process control and metrology companies. Based on this analysis, Nova (NVMI) trades at a distinct premium to the industry average on headline multiples. **However, on a growth-adjusted basis, the valuation remains attractive. Nova's TTM PEG²⁴ ratio of 0.95x²⁵** indicates that the market is pricing the stock reasonably relative to its high growth rate. This is in line with top-tier peers like KLA (0.81x) and ASML (0.99x), while notably lower than Onto Innovation (1.56x). Using a weighted average of our DCF valuation and Relative, we reach a target share price of **\$321²⁶**.

Relative Valuation Table		
Valuation Method	Industry Average Multiple	Nova's Implied Share Price
EV / EBITDA	22.2x	\$251
P/E Ratio	29.6x	\$257
Average		\$254

²² Appendix No. 7
²³ Appendix No. 8
²⁴ Appendix No.9
²⁵ Appendix No. 9
²⁶ Appendix No. 13

Risks

China Exposure	39% of FY2024 revenue, though projected to drop to 30% in FY2025. Risk stems from U.S. - China trade tensions and export controls.
Customer Concentration	53% of 2024 revenue came from the top five customers. Orders from the two largest customers alone accounted for 18% and 14% of revenue. Loss of a major customer would materially impact performance.
Shareholder Concentration	42% of shares are held by the top eight institutional investors. This concentration grants significant voting influence over corporate decisions and increases stock volatility risks from large-block sales.
Gov't Grant Obligations	Technology developed with Israeli grants is subject to IIA approval for transfer or licensing. Relocating grant-funded production outside of Israel could trigger costly repayment penalties.
Currency Risk	Revenue is primarily in USD, but major costs are in NIS and EUR. This creates FX exposure, which is partially mitigated through hedging.
Supplier Dependence	Reliance on a limited number of suppliers, including occasional sole-source vendors, increases vulnerability to supply chain disruptions, delays, and pricing pressure.
Dependence on Advanced Nodes and Packaging	Nova's growth is closely tied to the industry's transition toward gate-all-around (GAA) technologies and advanced packaging. Any slowdown in adoption or stronger competitive pressures in these segments could weaken Nova's revenue trajectory and market positioning.
Wafer Fab Equipment (WFE) Market Share Momentum	Nova's process-control market share has increased by about 200 bps over 12 years and ~30 bps in the past year, but there's no guarantee this continues. Rising competition or slower adoption of Nova's tools could limit further share gains and cause Nova's growth to lag overall WFE spending.

Investment Thesis

Nova continues to gain market share, with product revenue growing at a ~24.5% CAGR, well above the broader process-control market. Its strong positioning in two high-growth areas, GAA transistors and advanced packaging, adds further momentum, supported by wins such as ELIPSON's Tool-of-Record selection and advanced packaging reaching 20% of revenue. Solid capital efficiency (ROE 24%, ROIC 23%), a sizable net-cash position, and a 0% convertible issuance give the company ample flexibility to invest in growth. Management is also reducing China exposure while increasing its mix toward advanced logic and memory. While fundamentals are strong, the valuation already reflects much of this strength. With limited upside, **we maintain a Hold rating and a \$321 target price.**

SOURCES & APPENDIX

Use Of AI

We used AI to help us summarize our writing. Our report was nearly 15 pages long and we used AI to help us edit and improve our writing. We didn't use AI to help us draw any conclusions or help with our analysis. We may have asked a model questions throughout our work in a similar fashion to which one would use google to help him understand and learn new things.

SOURCES

1. 2024 20-F: UNITED STATES, SEC, Washington, D.C.

<https://www.sec.gov/ix?doc=/Archives/edgar/data/1109345/000117891325000572/zk2532701.htm>

2. Nova Ltd. (NVMI) Q3 FY2025 earnings call transcript

https://finance.yahoo.com/quote/NVMI/earnings/NVMI-Q3-2025-earnings_call-372035.html

3. HBM: What It Is and Why It Matters in the Modern World of AI

<https://medium.com/@theserverguru42/hbm-what-it-is-and-why-it-matters-in-the-modern-world-of-ai-2bc31effc81a>

4. Nova's Sustainability Official Page

<https://www.novami.com/sustainability/>

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<https://www.gminsights.com/industry-analysis/semiconductor-metrology-and-inspection-market>

7. Yole Group. (2025, July 29). *Wafer Fab Equipment (WFE) market to hit \$184 billion by 2030 for equipment and services, driven by specialized segment growth and global manufacturing shifts*.

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<https://www.semiconductor-digest.com/metrology-solutions-for-gate-all-around-transistors-in-high-volume-manufacturing/>

10. Q3 2025 Earnings call.

https://finance.yahoo.com/quote/NVMI/earnings/NVMI-Q3-2025-earnings_call-372035.html

11. Nova’s metrology solution selected by leading foundry for GAA processes

<https://www.investing.com/news/company-news/novas-metrology-solution-selected-by-leading-foundry-for-gaa-processes-93CH-4272335>

12. Arhaan. (2025, July 30). KLA: Semiconductor Inspection Market Leader. Yahoo Finance.

<https://finance.yahoo.com/news/kla-semiconductor-inspection-market-leader-085740680.html>

APPENDIX

1.1. Sales by Geographic Area (as Percentage of Total Sales) - Table

Q4 2024 20-F: UNITED STATES, SEC, Washington, D.C.

<https://www.sec.gov/ix?doc=/Archives/edgar/data/1109345/000117891325000572/zk2532701.htm>

Sales by Geographic Area (as Percentage of Total Sales):

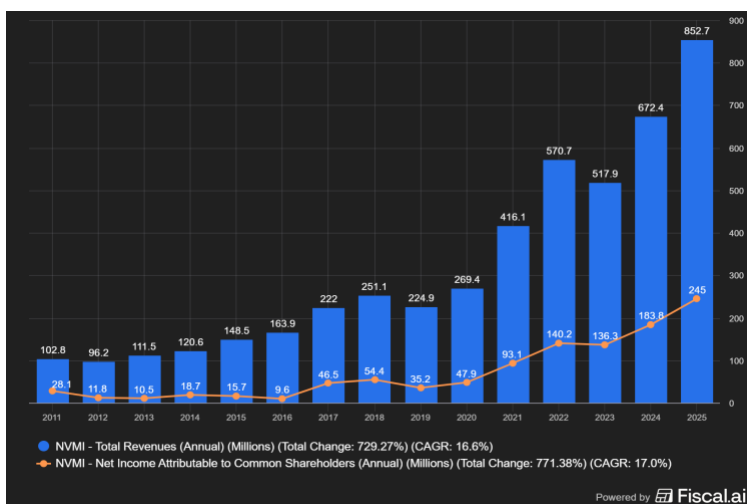
	Year ended December 31,		
	2024	2023	2022
	%	%	%
China	39	36	28
Taiwan, R.O.C.	20	18	32
Korea	18	20	13
USA	14	13	16
Other	9	13	11
Total	100	100	100

1.2. Sales by Geographic Area (as Percentage of Total Sales) - Pie Chart



2. Nova Revenue and Net incomes

<https://fiscal.ai/company/NasdaqGS-NVMI/>



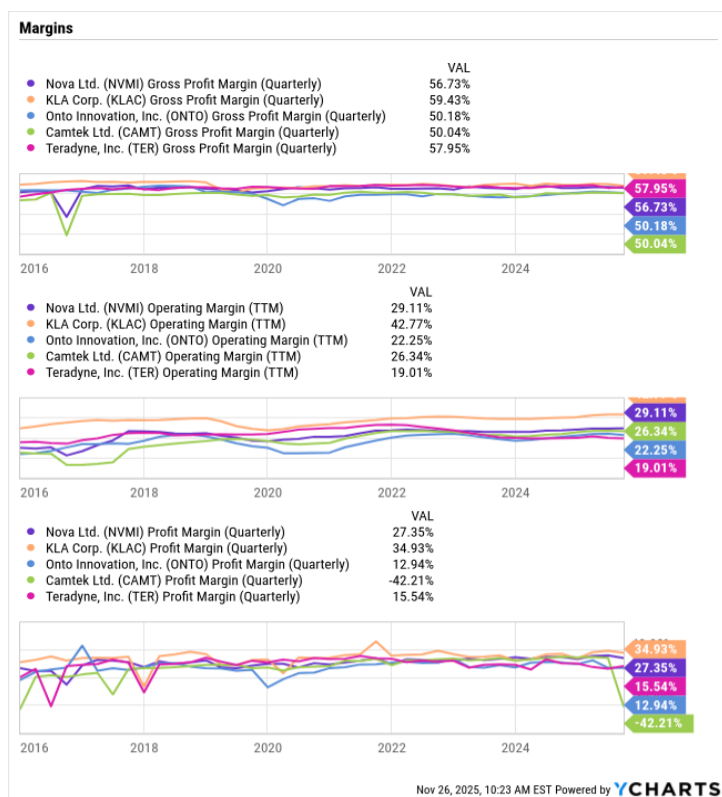
3. Nova's History of Acquisitions

<https://my.pitchbook.com/profile/58888-36/company/profile#investments>

Target Company	Closing Date	Deal Type	Deal Size (Cash/Total)	Industry/Technology	Note on Business Impact
Sentronics Metrology GmbH	Jan 30, 2025	Merger/Acquisition	\$60.0 M (All-cash)	Dimensional Metrology (Modular tools for Advanced Packaging/Backend)	Diversified offering in advanced wafer-level packaging and specialty devices.
Ancosys GmbH	Jan 25, 2022	Merger/Acquisition	\$90 M (Cash) to \$100 M (Total, including \$10M earnout)	Chemical Analysis and Metrology	Established Nova's Chemical Metrology Division (CMD), expanding capability into front-end and back-end wet processes.
ReVera Inc.	Apr 2, 2015	Merger/Acquisition	\$46.5 M (All-cash)	Materials Metrology (Thin-films, Composition, XPS solutions)	Expanded the portfolio beyond optical metrology, enabling solutions for complex, multi-layer film stacks in advanced nodes.
HyperNex, Inc.	Aug 1, 2006	Merger/Acquisition	\$4.0 M (approx..)	Materials Metrology (X-Ray Diffraction measurement systems for process control)	Expanded capability into X-Ray materials metrology.

4. Margins Across Peers

<https://ycharts.com/companies/NVMI/>



5. Profitability/Efficiency Ratios

<https://www.alphaspread.com/security/nasdaq/nvmi/profitability>

Metric	NVMI	ASML	AMAT	KLAC	Onto	Camt	Hitachi
ROE	24%	54%	37%	99%	9%	24%	11%
ROA	13%	22%	21%	26%	8%	15%	5%
ROCE	17%	42%	32%	46%	11%	16%	13%
ROIC	23%	27%	26%	43%	17%	17%	7%

6. DCF ASSUMPTIONS

A. WACC Calculation

- **Methodology:** WACC calculated using CAPM.
- **Beta:** Derived from a 4-year regression of weekly returns vs. the S&P 500.
- **Risk-Free Rate:** US 10Y Treasury = 4.13%.
- **Equity Risk Premium:** 5.5%.
- **Capital Structure Treatment:**
 - Convertible notes treated entirely as equity (fully dilutive), incorporated only at the end of the valuation.
 - Very low debt weighting as only operating leases were included as debt (IFRS treatment).
 - **Cost of Debt:** Discount rate obtained from the 2024 Q4 20-F.
- **Resulting WACC:** 13.39%.

B. Operating Forecast Assumptions

- **Revenues:** Analyst projections through 2029.
 - **2030:** Assumed 10% YoY growth.
- **COGS, SG&A, R&D:** Modeled as a % of sales based on a 3-year historical average.
- **Depreciation:** % of PPE.
- **Amortization:** Based directly on 20-F disclosures.
- **Tax Rate:** 16%.
- **Working Capital:** Forecast using historical efficiency ratios applied to revenue and COGS.
- **Warranty Expenses:** Modeled as a % of sales (3-year average).

C. Stub Period Adjustment

- 2025 cash flows discounted back to October 30th, reflecting only two months of value for 2025.

D. Terminal Value

- **Perpetuity Growth Method:** $G = 3\%$.
- **Exit Multiple Method:** $17\times$ EBITDA.

E. Share Count (Fully Diluted)

Included:

- Basic shares outstanding
- RSUs (Q4 2024)
- Options (Q4 2024)
- Convertible debt (as dilutive equity)
- Incremental dilutive instruments from Q4 2024 to Q3 2025

7. Nova's EV/EBITDA History

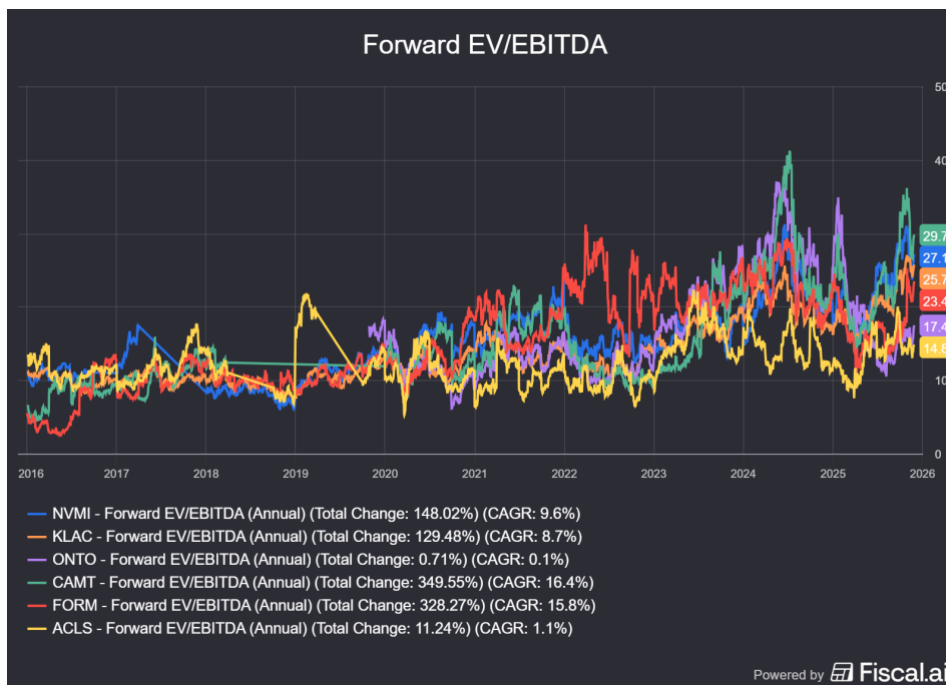
<https://www.alphaspread.com/security/nasdaq/nvmi/relative-valuation/ratio/enterprise-value-to-ebitda>



8. Peers used for relative valuation and their multiples

<https://fiscal.ai/company/NasdaqGS-NVMI/>

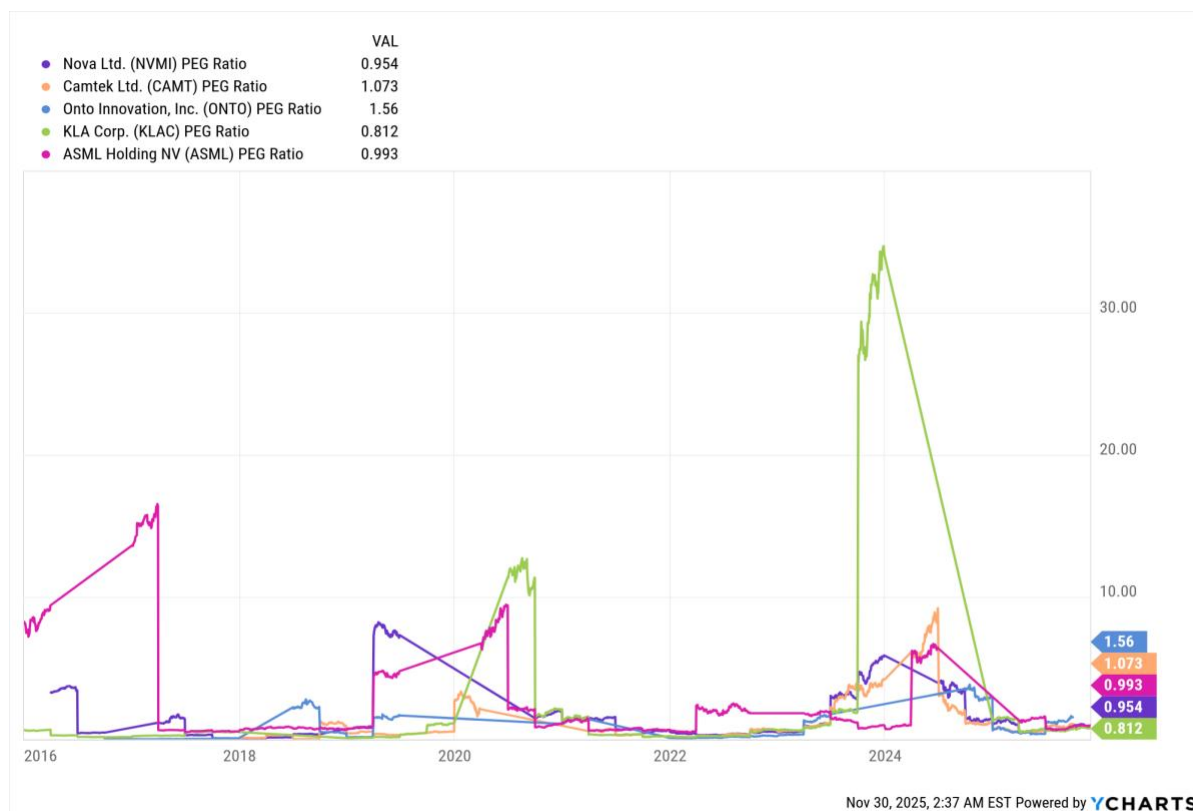
Company	Ticker	P/E NTM	EV/EBITDA NTM
Nova Ltd.	NVMI	34.8	27.1
KLA Corp.	KLAC	31.8	25.7
Onto Innovation Inc.	ONTO	26	17.5
Camtek Ltd.	CAMT	33.6	29.5
FormFactor Inc.	FORM	38.2	23.5
Axcelis Technologies	ACLS	18.6	14.8



We relied primarily on the EV/EBITDA multiple for this valuation, as it is the industry standard for capital-intensive hardware companies. EV/EBITDA neutralizes differences in leverage and tax structures, allowing for a cleaner comparison of operating performance. Given Nova’s sizable net cash position (approximately \$700M), this metric provides the most accurate representation of the company’s underlying operating value.

9. PEG Ratios

<https://ycharts.com/companies/NVMI>



Formula

PEG Ratio = (P/E Ratio) / (TTM Earnings Growth Rate)

- **Growth Rate Format:** A 15 percent growth rate is entered as 15, not 0.15.
- **PE Ratio Used:** YCharts uses the trailing 12-month (TTM) P/E ratio, although some sources alternatively use a forward P/E.
- **Growth Rate Used:** YCharts calculates earnings growth by comparing TTM EPS to EPS from the previous four quarters.
- **Other sources may use:** Analyst forward EPS growth estimates and longer- or shorter-term historical EPS growth windows

10. NVMI Non-Operating Income (Annual) (Millions)

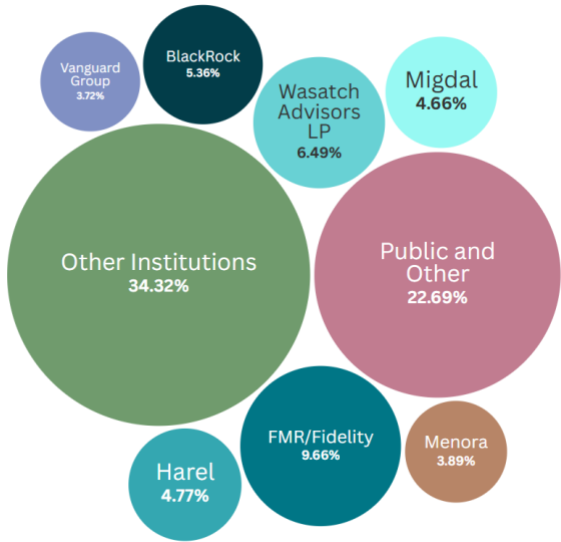
<https://fiscal.ai/company/NasdaqGS-NVMI/>



11. Large Institutional Investors

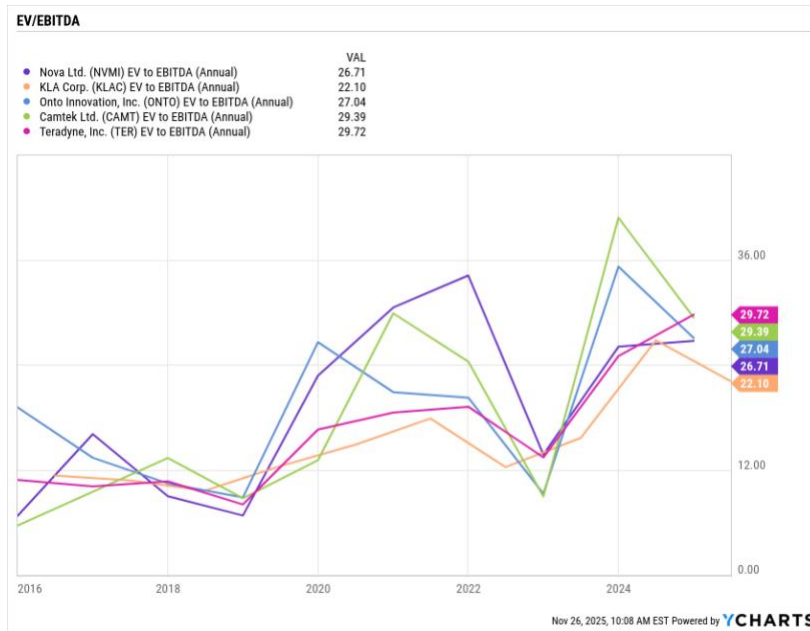
Authors, derived from the institutions Q3 2025 20-F.

<https://www.novami.com/investors/filings/>



12. EV/EBITDA

<https://ycharts.com/companies/NVMI>



13. Valuation Weighting Rationale

We applied a 70% weight to the DCF and 30% to the relative valuation. The DCF received a higher weighting because it better reflects Nova's long-term growth outlook and cash-generating fundamentals, whereas relative valuation is more exposed to short-term market sentiment and multiple volatility.