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DATA I/O CORP  
Form 8-K  
February 21, 2003

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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FORM 8 - K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 20, 2003

Data I/O Corporation  
(Exact name of registrant as specified in its charter)

Washington  
(State of other jurisdiction of incorporation)

0-10394 91-0864123  
(Commission File Number) (IRS Employer Identification No.)

10525 Willows Road N.E., Redmond, WA 98073-9746  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (425) 881-6444

Not Applicable  
(Former name or former address, if changed since last report)

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Item 9. Regulation FD Disclosure

A copy of a press release made on February 20, 2003 entitled "Data I/O reports fourth quarter profits" follows:

Data I/O Corporation  
10525 Willows Road N.E.  
Redmond, WA 98052  
Tel: (425) 881-6444

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For information please contact:

Joel Hatlen  
VP Finance/CFO  
425/881-6444

Fred Hume  
President/CEO  
425/881-6444

### DATA I/O REPORTS FOURTH QUARTER PROFITS

Redmond, Washington (February 20, 2003) -- Data I/O(R) Corporation (NASDAQ: DAIO) today announced a net income for the fourth quarter of 2002 of \$251,000, or \$0.03 per share, compared to a net loss of \$1.4 million, or (\$0.18) per share, for the fourth quarter of 2001. Revenues for the fourth quarter of 2002 were \$6.2 million, compared to \$6.0 million for the fourth quarter of 2001.

Gross margins increased in dollars and as a percentage of sales for the fourth quarter of 2002 compared with the same period of 2001, primarily due to reduced costs resulting from the Company's restructuring actions taken during the last year, unfavorable inventory reserves recorded in 2001 and the impact of the weakening US dollar versus the Euro. Operating expenses were significantly reduced due to the Company's restructuring actions partially offset by increases in rent expense, due to rate increases and the expiration of a sublease. Restructuring charges of \$135,000 in the fourth quarter of 2002 compared with \$252,000 in the fourth quarter of 2001 were each associated with workforce reductions.

"I am pleased to report success in managing Data I/O's return to profitability and improving our cash position. The Company remains in a strong financial position with a cash and short-term investment position of \$5.4 million and no debt at the end of the fourth quarter," stated Fred Hume, President and CEO. "I am pleased to see key manufacturing new product customers making repeat purchases of our products."

First Quarter 2003 Forward-Looking Statement: Management is committed to long-term profitable growth and has reason to believe that the financial results for the current quarter will be in line with the previous quarter. However, there are economic and political forces affecting the Company's customers that could impact the Company's financial performance. For this reason, the Company has decided not to provide specific earnings guidance.

Web-Cast Conference Call: The Company has scheduled a conference call for Thursday February 20, 2003 at 1:30 p.m. Pacific Time regarding its fourth quarter results and the outlook for the first quarter that will be broadcast on the web. Please see Data I/O Corporation's web site at "<http://www.data-io.com>" for details.

Forward-Looking Statements: Statements in this news release concerning future revenues, future results from operations, breakeven operations, financial position, economic conditions, and any other statement that may be construed as a prediction of future performance or events are forward-looking statements which involve known and unknown risks, uncertainties and other factors which may cause actual results to differ materially from those expressed or implied by such statements. These factors include uncertainties as to levels of orders, ability to record revenues based upon the timing of product deliveries and installations, market acceptance of new products, changes in economic conditions and market demand, pricing and other activities by competitors, and other risks including those described from time to time in the Company's filings on Forms 10K and 10Q with the Securities and Exchange Commission (SEC), press releases and other communications.

Corporate Information: Celebrating 30 years of innovative leadership in the

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device programming industry, Data I/O Corporation provides manual and automated device programming systems that specifically address the requirements of engineering and manufacturing customers. The Company, which is publicly traded (NASDAQ: DAIO), is headquartered in Redmond, Wash., and has sales and service offices worldwide. The Company's worldwide web address is <http://www.data-io.com>.

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### DATA I/O CORPORATION COMPARATIVE STATEMENTS OF EARNINGS (in thousands except per share data)

|   | Fourth Quarter |           |                   | Twelve Months |
|---|----------------|-----------|-------------------|---------------|
|   | 12/31/02       | 12/31/01  | Percent<br>Change | 12/31/02      |
| Net sales                                   | \$6,209        | \$5,979   | 3.8%              | \$22,838      |
| Gross margin                                | 3,504          | 2,848     | 23.0%             | 11,282        |
| Gross margin as percent of sales            | 56.4%          | 47.6%     |                   | 49.4%         |
| Operating expenses:                         |                |           |                   |               |
| Research & development                      | 1,195          | 1,587     | -24.7%            | 5,331         |
| Selling, general and administrative         | 1,877          | 2,250     | -16.6%            | 8,254         |
| Provision for business restructure          | 135            | 252       | -46.4%            | 632           |
| Operating income (loss)                     | 297            | (1,241)   |                   | (2,935)       |
| Non-operating income (expense):             |                |           |                   |               |
| Interest, net                               | 12             | 41        |                   | 69            |
| Foreign currency exchange                   | (122)          | (38)      |                   | (301)         |
| Income/(loss) from operations before taxes  | 187            | (1,238)   |                   | (3,167)       |
| Income tax expense                          | (64)           | 132       |                   | (61)          |
| Net income/(loss)                           | \$251          | \$(1,370) |                   | \$(3,106)     |
| Diluted earnings/(loss) per share           | \$0.03         | \$(0.18)  |                   | \$(0.40)      |
| Diluted weighted average shares outstanding | 7,783          | 7,614     |                   | 7,704         |

### CONDENSED BALANCE SHEET (in thousands)

|                           | 12/31/02 | 12/31/01 |
|---------------------------|----------|----------|
| Cash and cash equivalents | \$ 4,383 | \$ 2,656 |
| Short-term investments    | 1,076    | 3,236    |

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|  |          |          |
|--|----------|----------|
| Accounts receivable, net                   | 4,328    | 5,666    |
| Inventories                                | 4,476    | 6,388    |
| Other current assets                       | 509      | 485      |
| Land, building and equipment               | 1,508    | 1,741    |
| Other long-term assets                     | 87       | 168      |
|  | -----    | -----    |
| Total assets                               | \$16,367 | \$20,340 |
|  | =====    | =====    |
| <br>                                       |          |          |
| Current liabilities                        | \$ 5,647 | \$ 6,421 |
| Deferred gain on sale of property          | 1,435    | 1,765    |
| Shareholders' equity                       | 9,285    | 12,154   |
|  | -----    | -----    |
| Total liabilities and shareholders' equity | \$16,367 | \$20,340 |
|  | =====    | =====    |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Data I/O Corporation

February 20, 2003

By //s//Frederick R. Hume  
 Frederick R. Hume  
 President  
 Chief Executive Officer

By //s//Joel S. Hatlen  
 Joel S. Hatlen  
 Vice President - Finance  
 Chief Financial Officer  
 Secretary and Treasurer