

Edgar Filing: DATA I/O CORP - Form 8-K

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DATA I/O REPORTS 4th QUARTER AND 2003 PROFITABILITY

Redmond, Washington (February 18, 2004) -- Data I/O(R)Corporation (NASDAQ: DAIO) today announced net income for the year 2003 of \$1,241,000 or \$0.15 per share, compared to a net loss of (\$3,106,000), or (\$0.40) per share, for the year 2002. Revenues for the year 2003 were \$24.7 million, compared to \$22.8 million for the year 2002.

Net income for the fourth quarter of 2003 was \$272,000 or \$0.03 per share, compared to a net income of \$251,000, or \$0.03 per share, for the fourth quarter of 2002. Revenues for the fourth quarter of 2003 were \$6.6 million, compared to \$6.2 million for the fourth quarter of 2002.

Gross margins increased in dollars for the fourth quarter of 2003 compared with the same period of 2002 and were favorably impacted by the currency translation effects of the weaker U.S. Dollar compared to the Euro. Operating expenses for sales and marketing increased offset by lower engineering costs and restructure charge reversal of \$13,000 for the fourth quarter of 2003 compared a charge of \$135,000 in the same period of 2002.

"In 2003 the Company focused on newer technologies such as NAND flash and support for M-Systems DiskOnChip(R) technology," stated Fred Hume, President and CEO. "As a result, the Company secured initial and repeat orders from its global customers and gained market share. The new products to be introduced at the APEX trade show later this month will build on this momentum by satisfying new requirements in these same accounts as well as the unique needs of customers in Asia."

First Quarter 2004 Forward-Looking Statement: Management is committed to long-term profitable growth and believes that the financial results for the current quarter will be generally in line with the previous quarter. The Company remains in a strong financial position with a cash and short-term investment position of \$6.7 million and no debt at the end of the fourth quarter.

Web-Cast Conference Call: The Company has scheduled a conference call for today, Wednesday, February 18, 2004 at 1:30 p.m. Pacific Time regarding its fourth quarter results and a business update that will be broadcast on the web. Please see Data I/O Corporation's web site at "<http://www.dataio.com>" for details.

Forward-Looking Statements: Statements in this news release concerning future revenues, future results from operations, financial position, economic conditions, product releases 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 over 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.dataio.com>.

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

	Fourth Quarter			Tw
	12/31/03	12/31/02	Percent Change	12/31/
Net sales	\$6,595	\$6,209	6.2%	\$24,6
Gross margin	3,615	3,504	3.2%	13,6
Gross margin as percent of sales	54.8%	56.4%	-1.6%	55.
Operating expenses:				
Research & development	1,105	1,195	-7.5%	4,6
Selling, general and administrative	2,230	1,877	18.8%	7,7
Provision for business restructure	(13)	135		(
Operating income (loss)	293	297		1,2
Non-operating income (expense):				
Interest, net	31	12		
Foreign currency exchange	(10)	(122)		(1
Income/(loss) from operations before taxes	314	187		1,2
Income tax expense	42	(64)		
Net income/(loss)	\$272	\$251		\$1,2
Diluted earnings/(loss) per share	\$0.03	\$0.03		\$0.
Diluted weighted average shares outstanding	8,391	7,783		8,1

CONDENSED BALANCE SHEET
 (in thousands)

	12/31/03	12/31/
Cash and cash equivalents	\$4,380	\$4,3
Short-term investments	2,354	1,0
Accounts receivable, net	5,054	4,3

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Inventories	4,608	4,4
Other current assets	430	5
Land, building and equipment	1,151	1,5
Other long-term assets	11	
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Total assets	\$17,988	\$16,3
	=====	=====
Current liabilities	\$5,794	\$5,6
Deferred gain on sale of property	1,105	1,4
Shareholders' equity	11,089	9,2
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Total liabilities and shareholders' equity	\$17,988	\$16,3
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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 18, 2004

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