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President and CEO
Data I/O Corporation

B. Riley Conference
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Safe Harbor

“The matters that we discuss today will include forward-looking statements that involve risks factors that could cause Data I/O Corporation’s results to differ materially from management’s current expectations. We encourage you to review the Safe Harbor statement contained in the earnings release as well as our most recent SEC filings for a complete description. Additionally, those forward-looking statements are made as of today, and we take no obligation to update them.”

Focused on Programming and Value Added SW in Manufacturing

Wireless and Consumer



Automotive Electronics



Semiconductor Industry



Industrial



Data iQ

The New Data I/O

- **New leadership and strategy: Focused on our core business with leadership products, managed costs. We are achieving our milestones in the plan.**
- **New products drive top line growth. The PSV7000 is winning in the marketplace. Our available market increases by ~\$10M later this year with new, lower cost products.**
- **Cost controls have taken \$1.5M/year from expenses , lowered the break even and created strong operating leverage.**
- **\$9M in cash (~\$1.10/share) and no debt.**
- **Capital Equipment Markets are cyclical. An upswing in the capital purchase cycle combined with new products and strong operating leverage can create significant upside for the company.**

Results to Date

- **Growth in the Core**

- 2013 Growth of nearly 10% in a weak macro environment
- Strong Q1 2014 bookings of \$5.8M
- Key wins in Consumer Electronics and Emerging Markets

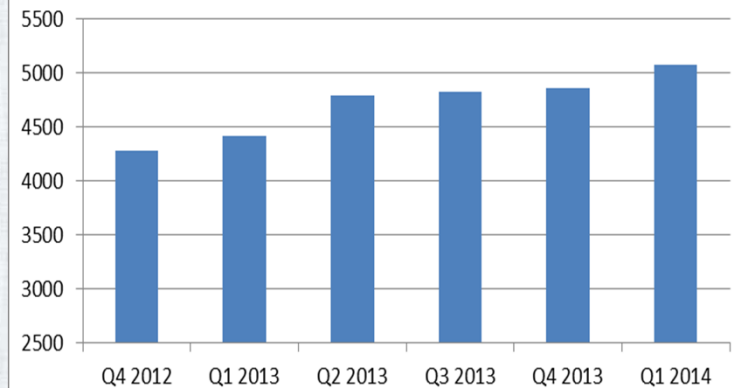
- **Award Winning New Products**

- PSV7000 is the premier automated programming system with 4 major awards and significant sales momentum
- Further new product and feature announcements in 2014 plan

- **Cost Control**

- \$1.5M/year annual cost savings since 2012.
- Operating Breakeven ~\$5M/quarter in revenues

Bookings Trend
(4 quarter moving average, \$k)



Recognized Global Leader



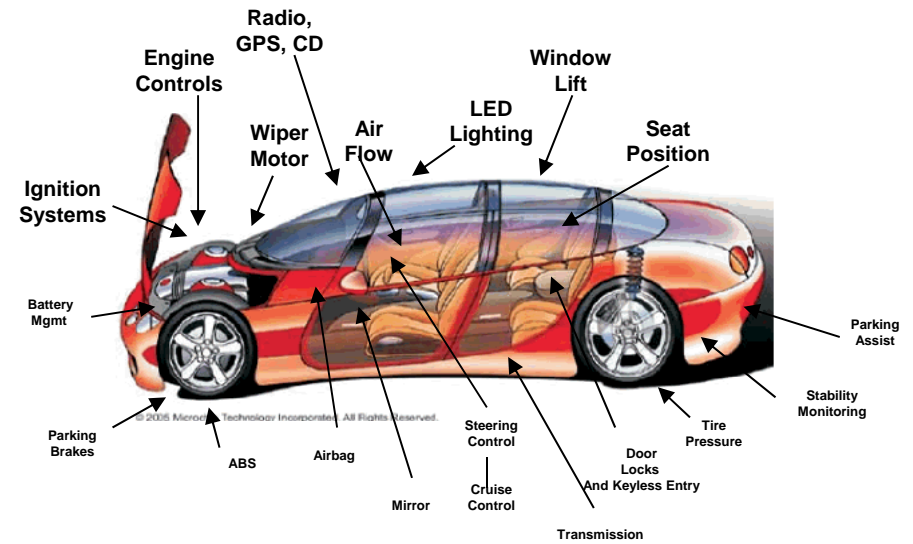
Automated Solutions – PSV7000



PSV7000 is the world's premier automated programming system with the speed, flexibility and fast changeover to handle any job at the lowest total cost of ownership.

PSV7000

Serving Today's Growth Markets.....



Gaining Market Share

- **Current Customers/Traditional Markets**

- The PSV7000 has reinvigorated our automotive and industrial customer base worldwide.
- Winning new and former customers, as well as upgrading the installed base
- PSV7000 now deployed on 4 continents



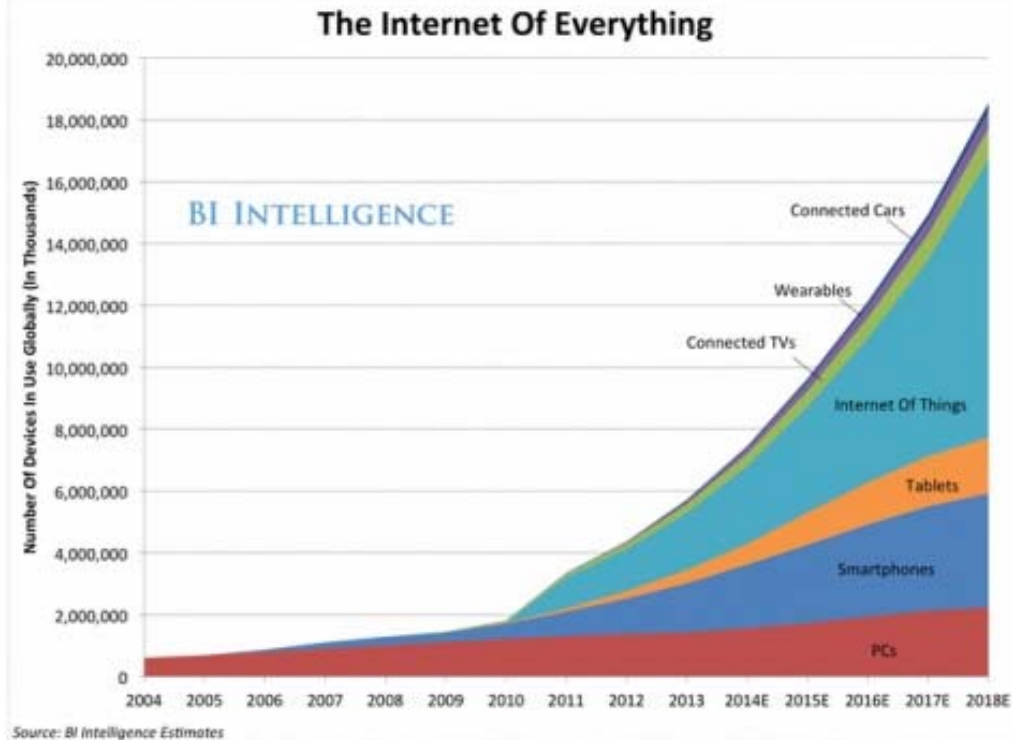
- **New Customers/New Markets--\$10M market expansion**

- New Products to enter lower initial cost markets in Asia
- Lower Total Cost of Programming to convert Manual to Automated customers

- **“Onshoring” also opens new opportunities in North America.**

- LEAN manufacturing and shorter supply chains lead customers to program locally

Future Growth in Programming



- Wearables
- Smart homes
- “Internet of Things”

**Connectivity + Intelligence + Security
= Demand for Programming**

Planning for the next 50B devices



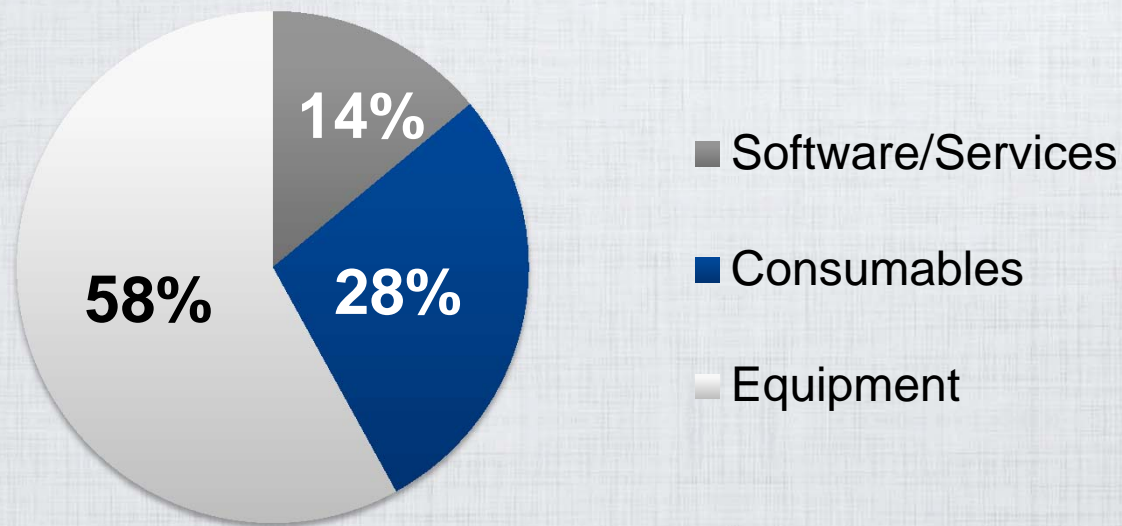
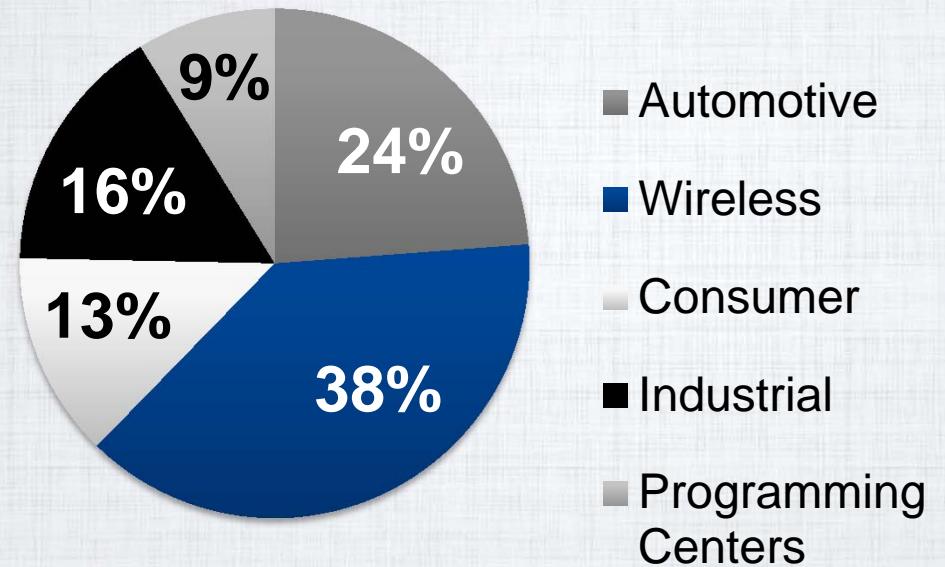
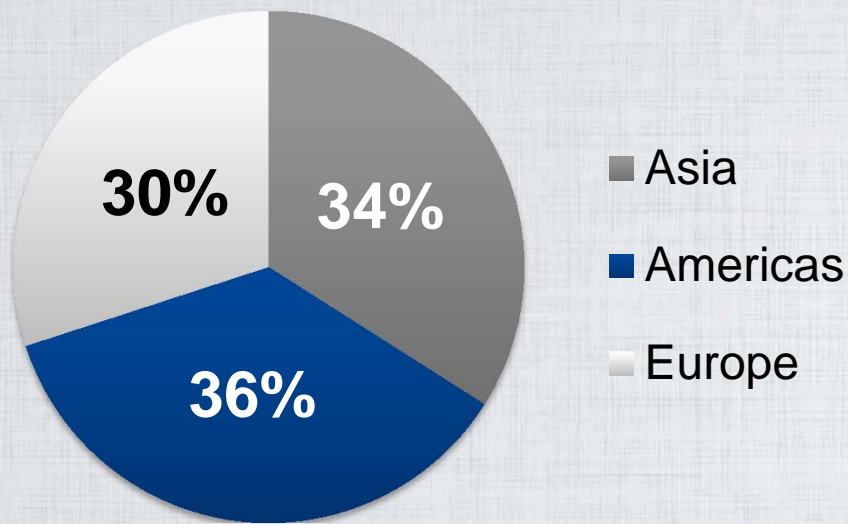
Source: BI.com

Key Facts and Figures

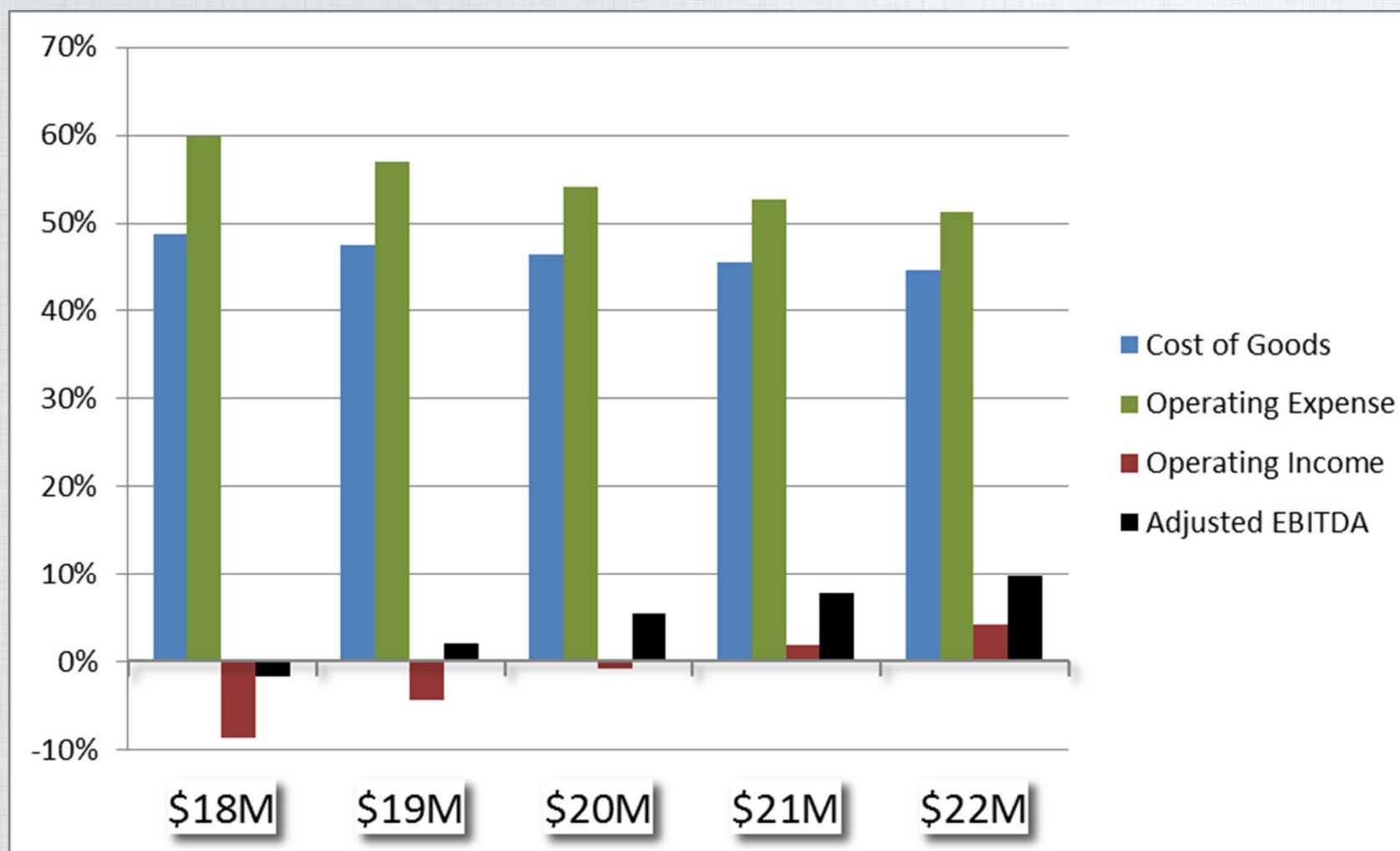
Core Focus Areas	Flash Memory and Microcontroller programming for electronics manufacturing
Key Markets	Wireless, Automotive, Consumer, and Industrial Electronics
Presence	Global HQ in Redmond, WA USA with facilities near Munich Germany and Shanghai China
Personnel	82 employees @ April 30, 2014 with 14 in Germany and 24 in China.
Financial Overview <small>(as of 3/31/2014 unless noted)</small>	<ul style="list-style-type: none"> • <u>2013</u> Revenue \$18.8M up 10% from 2012 • 51% Gross Margin; 42% recurring revenues in 2013 • Q1 '14 revenue of \$4.8M; bookings of \$5.8M; backlog \$2.6M • Cash: \$9M, no debt • 52 week stock price range: \$1.47-\$3.48 • 7.8M shares outstanding
Structure	Founded in 1972; publicly traded NASDAQ: DAIO

2013: Balanced Revenues by Region & Market

42% Recurring Revenues



Model P/L and Operating Leverage



For Illustrative Purposes only
Adjusted EBITDA excludes stock based compensation

March 31, 2014 Balance Sheet Highlights (in millions)

	<u>Q1'14</u>
Cash & Securities	\$ 8.8
Acct. Receivable	\$ 3.6
Inventory	\$ 3.8
Fixed Assets	\$ 0.8
Other	\$ 0.4
<u>Total Assets</u>	<u>\$17.4</u>
Current liabilities	\$ 3.2
Deferred revenue	\$ 1.5
LT debt & liabilities	\$ 0.3
Equity	\$ 12.4

The New Data I/O

$$\begin{aligned} &\text{New Leadership} \\ &+ \\ &\text{New Products} \\ &+ \\ &\text{Addressable Market Expansion} \\ &+ \\ &\text{Reduced Breakeven} \\ &+ \\ &\text{Strong Operating Leverage and Recurring Revenue} \\ &+ \\ &\text{Improved CAPEX environment} \\ &= \\ &\text{Opportunity} \end{aligned}$$

Thank You

