

## Data I/O Takes Q4 Loss, Regroups

Written by Mike Buetow  
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**REDMOND, WA -- Data I/O** swung to a net loss in the fourth quarter on impairment charges and lower orders.

The maker of advanced programming and IP management solutions for memory devices took a technology impairment charge of \$2.4 million, bringing its total loss to \$3.4 million, compared with net income of \$3,000 in the fourth quarter of 2011.

Revenues for the fourth quarter were \$3.7 million, down 35% from 2011. On a regional basis, revenue declined in Asia 52% and Europe 42%, with the Americas revenue increasing 4% compared to the fourth quarter 2011.

Data I/O said the decline in revenue relates primarily to a continuing trend of reduced capital spending and excess equipment capacity, resulting from a downturn in Asia-based electronics manufacturing and economic uncertainty related to the European sovereign debt situation, as well as the emergence of very low cost competitive automated handlers and other programming solutions in Asia.

Orders for the fourth quarter were \$3.5 million, resulting in an ending backlog of \$900,000 million, compared to \$1 million at the start of the quarter and \$800,000 on Dec. 31, 2011.

"(It) was a difficult quarter with performance in all regions below plan," said Anthony Ambrose, president and chief executive. "We delivered on our spending savings coming out of the September restructuring actions. The RoadRunner3 combined with Factory Integration Software (FIS) was a bright spot in 2012, growing revenues versus 2011. We also won two new automotive customers and new customers for the FLXHD and FLX500" in the quarter.

For the year, revenue decreased 36% to \$17.1 million, and the net loss was \$6.4 million, compared to net income of \$1.1 million in 2011. The RoadRunner family revenue was up 15% and all other product families declined for the year 2012 compared with 2011. International revenues were 83% of total revenue.

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"2013 will be a transition year," said Ambrose. "We have modeled the second half as stronger than the first half, primarily due to macro-economic conditions. Our business is highly cyclical, even within the quarter, with almost 50% of the quarterly revenue shipping in the last calendar month of the quarter." Through eight weeks of the current quarter, 2013 is off to a better start for bookings than the December period or the first quarter 2012, he added.